

# Pioneering Financial Inclusion in Ghana



## Agency Banking Experiences from the Pacesetting Ghanaian Institution – Fidelity Bank Gh. Ltd.

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für Internationale  
Zusammenarbeit (GIZ) GmbH

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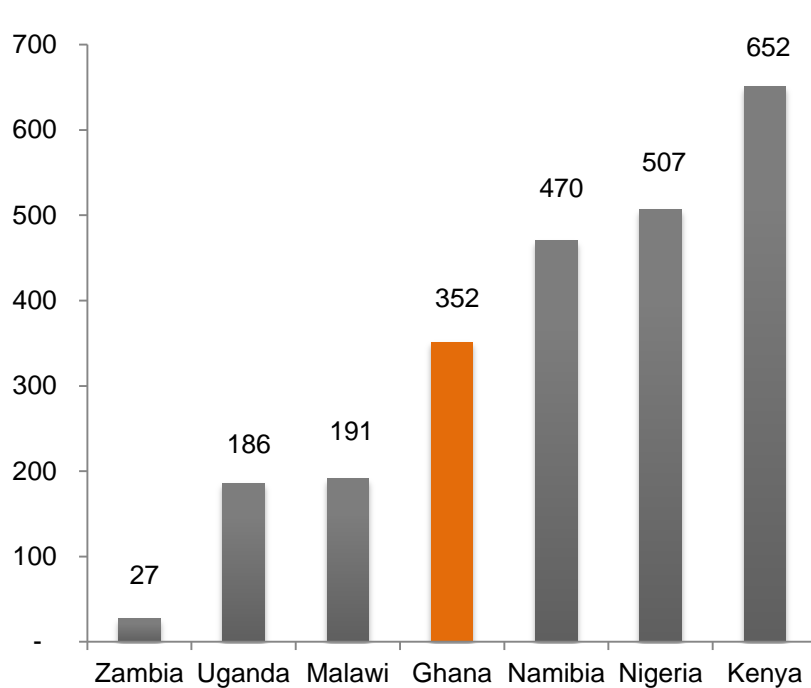
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# Ghana's banking sector remains largely unpenetrated compared to its peers posting similar growth (in terms of GDP) figures

Large prospects for growth

Bank account per 1000 adults



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• The number of bank branches that exist per 100,000 persons in Ghana

29.2%

• Of persons in rural areas saved money in 2011, either informally or with a formal institution

43%

• Of Ghanaians have any form of financial literacy

70%

• Of Ghanaians lack access to formal financial services and products

• SOURCE: <http://www.quandl.com/browse/worldbank/global-financial-development> - 2011

## There are many barriers to access to finance in Ghana, though technology is speeding up the rate of financial inclusion

### Access

- The ratio of persons to bank branches in Ghana is very low. Many branches are located in urban areas and are often choked with queues. Some peri-urban areas are fortunate to have sparse branches with rural areas often not within the radar of established institutions.

### KYC

- Stringent Know Your Customer requirements are keeping clients out of the financial services sector as many do not have the multiple documents required to open accounts.

### Financial Literacy

- Financial literacy remains low in Ghana. This is compounded by low literacy rates in rural areas.

### Connectivity

- Data connectivity is very unreliable in rural areas. This means that even with financial inclusion models such as Agency Banking which cut cost by leveraging on technology, access still becomes an issue.

### Cost

- The cost of setting up and maintaining an expansive brick and mortar branch network is extremely high. Even for models such as Agency Banking, the start-up cost on technology, hardware and customer & agent acquisition tends to be high.

# THE FIDELITY BANK STORY



Established in 2006, Fidelity is the largest private indigenous Ghanaian commercial bank, ranked 6<sup>th</sup> in terms of deposits with a customer base of over 400,000; 52 branches and 75 ATMs

Recently adjudged the 2013 Financial Institution of the Year with Marketing Man of the Year awarded to the MD by CIMG. Last time both were awarded concurrently was 5 years ago

Setup Financial Inclusion Unit in 2013 to extend financial services and products to Ghana's 70% unbanked and underbanked population

As part of its Financial Inclusion efforts, pioneered the Agency Banking model in Ghana. Currently the only bank licensed by the Bank of Ghana to do so

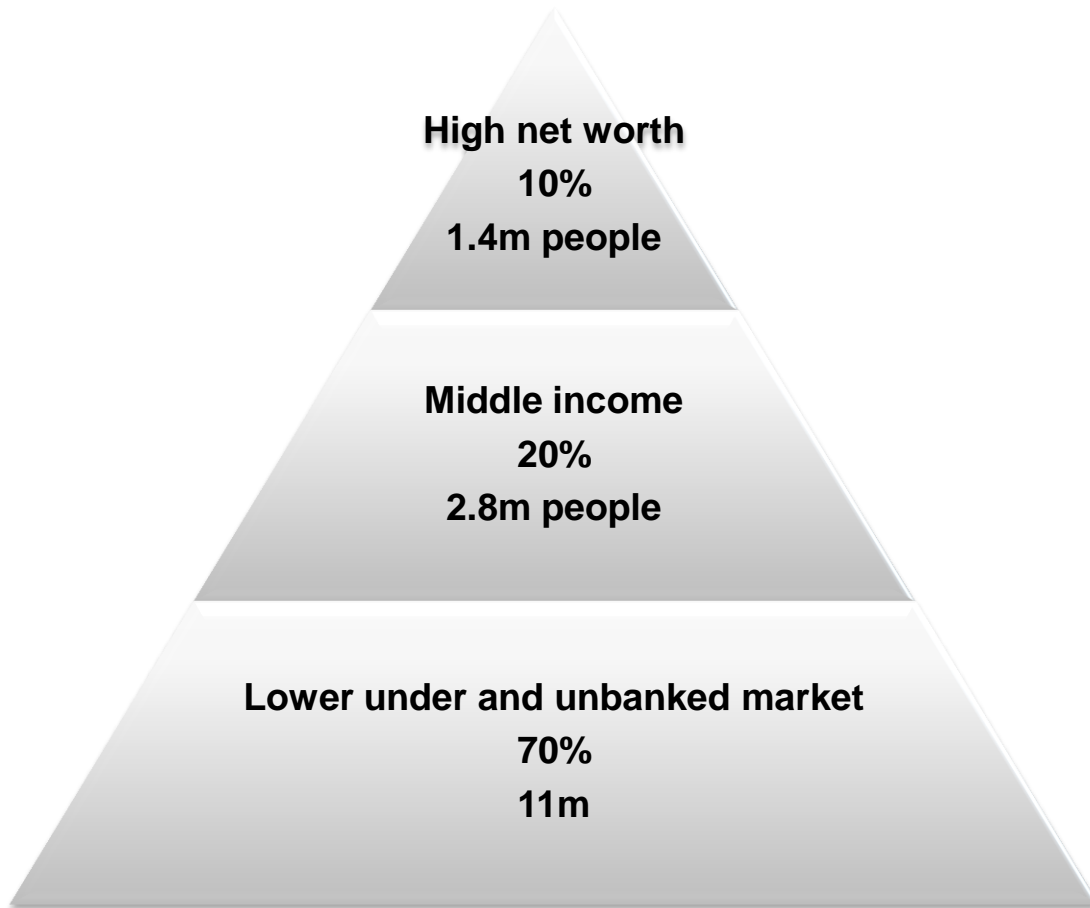
Agency Banking is an economical model whereby a bank partners with retail agents (shops, stores, pharmacies etc.) to extend financial services and products

Also created the Smart Account, a fully fledged bank account which requires only a valid National ID and that can be opened in 5 minutes using a mobile phone

In a year, Fidelity has over 300 Smart Agents and over 160,000 Smart Accounts in the Greater Accra, Ashanti, Northern, Upper East and Upper West Regions

Fidelity recently acquired ProCredit Ghana, with a view to strengthen its offerings to the SME sector. With this, Fidelity is now strategically positioned to serve the broad spectrum of Ghana's bankable population.

## As Ghana's leading private indigenous bank, Fidelity is deeply committed to and sees the business case for extending its services to the BOP



### Key opportunities include:

- Growth in the bankable population will come from the lower end of the market
- Opportunity to graduate customers to consumer banking to derive more value for the bank and customers
- Provision of low cost deposits to support bank
- Growth of an inclusive bank that provides solutions to all sectors of the market
- Support of the development and anti-poverty vision of the country

# Financial Inclusion to Fidelity is a comprehensive strategy, it's not simply extending a service or product

## Financial Inclusion

- Providing high quality financial products and services through innovative e-channels
- Providing the education, information and advice
- Ensuring that the lives of the clients are improved

### Agency Banking

### Digital and Mobile Banking

### Microfinance Services

Agent Network

Smart Account Sales

Mobile banking

Mobile Payments Services

Micro Finance Institutions

Asset Finance

### Strategic Partnerships & Corporate Social Responsibility

Strategic alliances to enhance financial capability and access

## In July 2013 Fidelity piloted the innovative low KYC Smart Account and Smart Agency network in Ghana

### Smart Account & Agency Banking

- Fidelity Agency Banking contracts, trains and certifies third party merchants to offer banking services on behalf of Fidelity Bank. Smart Agents service the Smart Account.
- Fidelity Smart Account is a low KYC account for the BOP requiring only a valid National ID

### Core Purpose and Mission

- The ratio of customers to branches in Ghana stands at 100000 to 1, and our aim is to go beyond bricks and mortar to bring quality, secure banking to the doorsteps of Ghanaians, be they in urban centres or rural areas.

### Strategic Fit with Bank Strategy

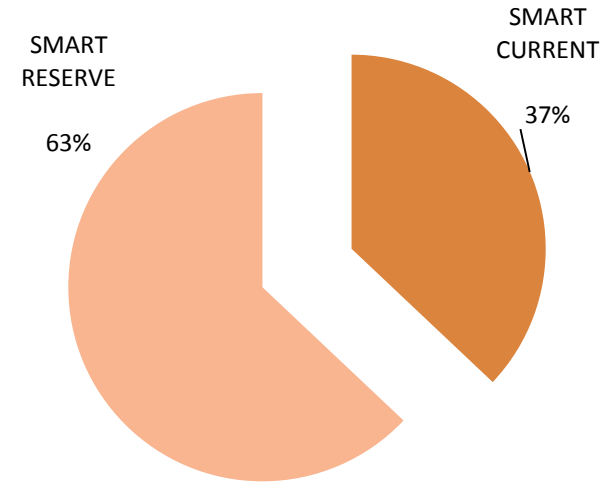
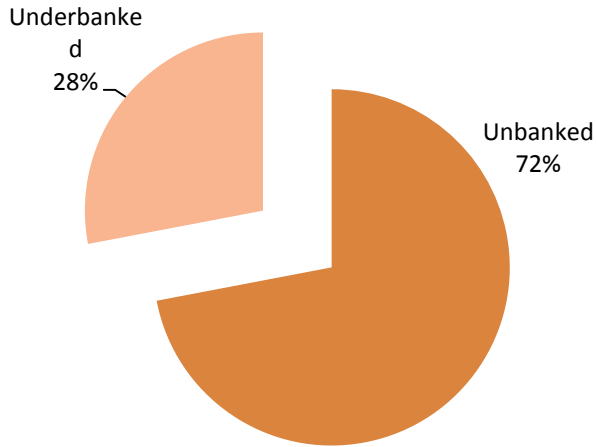
- To mobilize cheap deposits for the bank, significantly impact bank's profitability through transaction revenue generation, as well ensure a vast nationwide presence.



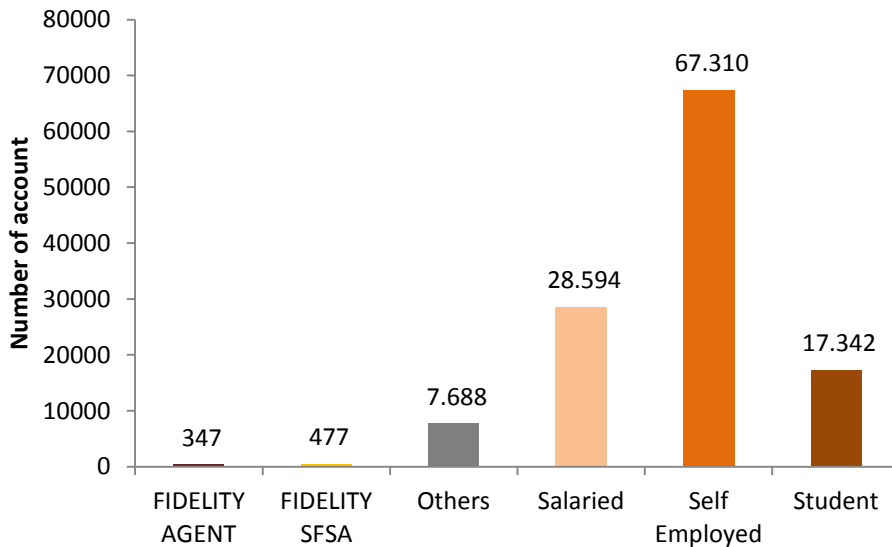
**Smart Accounts are opened by our itinerant sales ambassadors called Smart Friends, who have been equipped with mobile phones for the account opening process**



# Smart Account acquisition has risen steadily, to date, we have opened over 160,000 Smart Accounts, with many of our clients first to bank persons

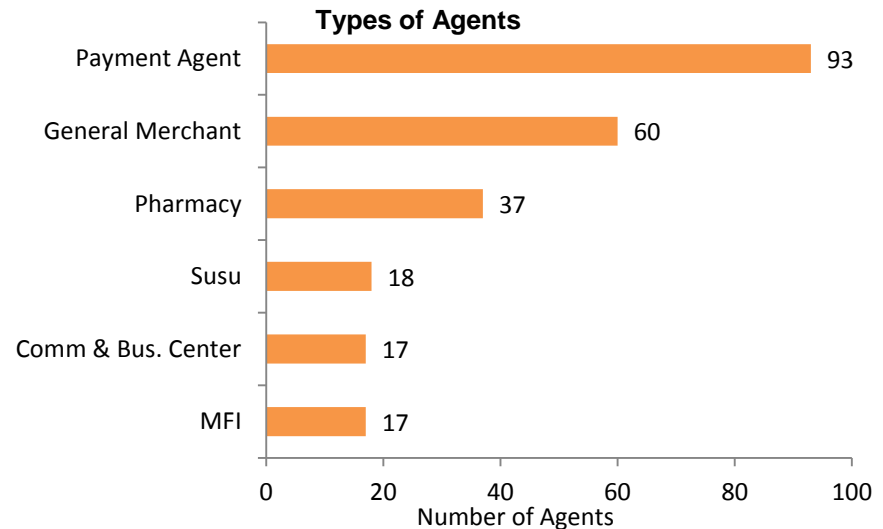


Account type



## Since pilot in 2013, Fidelity's Smart Agent network has also grown steadily, with a focused nationwide expansion plan in place

Our over 300 Smart Agents are spread across 4 regions of Ghana. Our expansion to the rural areas has largely been aided by our work with our international partners





# Strategic Partnerships with international organizations have, and continue to play, a critical role

## Building Lives Programme

Leverages the skills and assets of the financial inclusion department to undertake targeted socio-economic developmental projects funded/co-funded by donor partners.



## All our projects with our partners fall under four strategic thematic areas



**Rural finance & savings promotion**



**Education & child development**

**How can we use our financial expertise to impact these areas?**



**Income generation & employment for youth**



**Women & Health**

# Driving Financial Capability in Ghana

Building the financial capability of Ghanaians by developing and disseminating financial literacy communications materials and a TOT Financial Education component to be integrated into our Smart Agents' and Smart Friends' training.

€200,000	• Grant from the German government
400,000	• New Smart Accounts
50	• Team leaders and managers to receive TOT
30	• Market storms
15	• Existing and new financial literacy tools developed
4	• Regions – Greater Accra, Central, Ashanti, Western

GIZ/Fidelity discussions commence in October

Proposal submitted in November

Health Screening & FL market storm drama begin in January

First reprint and distribution Of FL materials start April



Launch slated for end of November

Nov/Dec – TOT curriculum dev.



German Ministry awards grant in December; Fidelity and GIZ sign

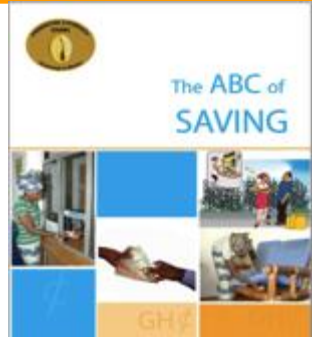


Activities Inception Workshop held June

August; Baseline survey of agents & communities start for TOT & new materials



Financial  
Literacy



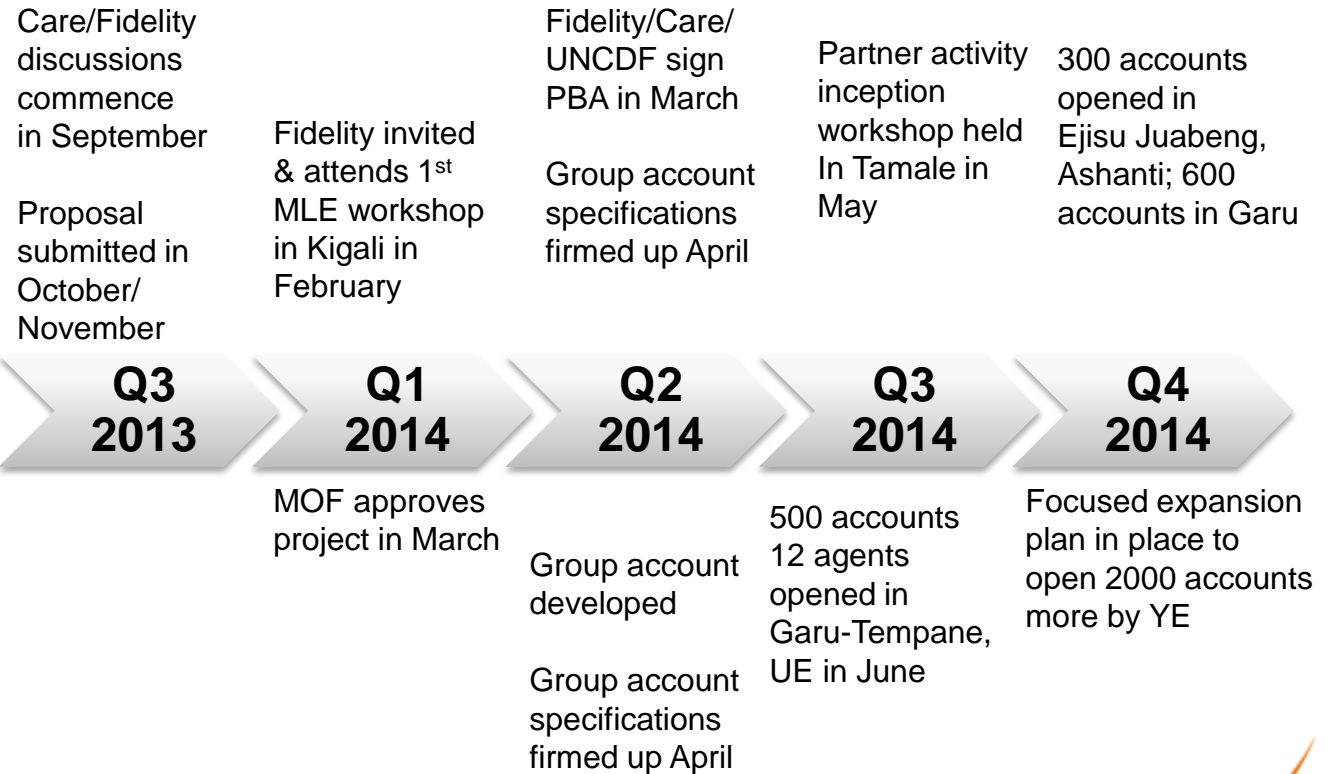
→  
**Behavioural Change**

Financial  
Capability

# Revolutionizing Rural Finance

Providing savings, credit and financial education to over 2000 Village Savings and Loans Associations (VSLA) in Brong Ahafo, Northern, Upper East and Upper West regions.

\$200,000	• Grant from UNCDF under its MLE programme
72,500	• VSLA members to be given Smart Accounts
1000	• Smart Agents to be setup
4	• Regions – Upper East & West, Northern, BA





## As the pacesetter, though we have chalked many successes, there have been significant challenges

### Technology

- Data connectivity has been a big issue, even in urban areas. Also, as technology evolves constantly, so does technological solutions to inclusive banking. How do we scale up and upgrade without rendering existing technology obsolete and driving costs up? How can we use new technologies to serve customers better and drive revenue?

### Agent Profitability

- Driving agent profitably is another issue. How does an institution maintain the careful balance between responsible pricing for clients yet profitable business for Agents? What else can one do to motivate Agents?

### Big Data

- With a market so vast, diverse and expanding, what do we do with the data that we collect? How best can we use this to maximize our efficiency, set the bar for client centricity and create products that meet and respond to client needs?

### Marketing to the BOP

- Marketing and Communication to the BOP is a whole new ball game on its own. As a commercial bank which is going downmarket, this has and continues to be a learning curve.

### Cost

- Though Agency Banking is less costly than a traditional brick and mortar approach, cost of logistics of extending agent network to rural areas, of hardware and of relatively high setup cost for technology need to be factored in. Cash management is another issue that can potentially raise cost.

# Questions??



