



» VISIONFUND IMPACT EVALUATION

Finance Accelerating Savings group Transformation (FAST)

Independent studies conducted by 60_Decibels | February 2022

Report by Martina Crailsheim, Director - Savings Group Linkage



ABOUT THE STUDY

» Key programme objectives

Through generous donor funding, VisionFund commissioned 60_Decibels to conduct two impact evaluations in Malawi to determine if VisionFund's FAST programme – lending to savings groups, accomplished our main programme objectives:

- Reach the financially excluded, rural poor
- Primarily target women
- Ensure the loan is invested in income generating activities
- Show increases in household income
- Improve the quality of life for the family, especially the children

The surveys were conducted in June 2021 (357 respondents, 80% women) and January 2022 (242 respondents, 65% women), and provided beneficial client feedback on what is working well and what needs improvement.

The research firm 60_Decibels, is an impact-focused research company, using a 'lean data' approach. Through telephone interviews clients were contacted in Malawi to record their experiences and the changes to their lives that they associate with the FAST loan.

» Malawi client facts

All respondents were active members of a savings group that had received a FAST loan. The typical client surveyed is a woman in her early 40s who cares for three to four children and lives in a village or in the countryside, being on average 40 minutes away from the next paved road and her main income source is farming. Despite having a large rural population, Malawi has high mobile phone penetration with 81% of the respondents possessing a phone.

In Malawi, the main income source is agriculture which employs nearly 80% of the population. VisionFund Malawi works with 30,700 clients and 3,700 of them are FAST clients.

Survey Findings

» Highlights

- **Women represented 88%** of FAST loan clients
- **87%** of the respondents **could not find a good alternative** to the cashbox loan
- **89%** of FAST loan clients **live below the national poverty line**
- **91%** of members reported that the **cashbox loan improved their quality of life** through:
 - Starting a business
 - Expanding an existing business
 - Supporting the family
- **79%** reported **the loan increased their savings**
- **91%** reported an **increase in their ability to support their children**, specifically, they can:
 - Better afford education expenses
 - Provide food
 - Meet basic needs (e.g., soap, better housing, etc.)

» Financial solution for the most vulnerable

In Malawi, 69% of the population is financially excluded¹. This is mainly due to distance to the nearest banking service, lack of personal collateral which banks require to secure a loan, and/or the self-confidence and knowledge about how and which service to use.

The FAST loan for savings groups was designed to provide access to financial services and remove the barriers with the use of mobile money, the built-in financial education and the collateral-free and low interest set up of the loan product.

87% of respondents said they could not find a good alternative to the cashbox loan. This shows that VisionFund reaches areas where other financial institutions do not reach.



FROM MALAWI CLIENTS

I can now provide my household three meals a day which was not possible previously. For my children, I am easily able to pay school fees, provide them with education needs like notebooks, pens and uniforms.

When my children get sick, I am able to take them to a private clinic where they get better service than in public health centres.

I managed to enrol my daughter in nursery school, which is good for her development.



FROM MALAWI CLIENTS

I used to struggle to get clothes for my children, but the business has helped me to change this. Now I am able to provide decent clothing for my children.

I can afford to get nutritious food for my children as recommended by the health surveillance officer.

My children no longer miss school due to school fees as I am able to support payments from the business.

¹ The survey was conducted by the University of Malawi (Unima)'s Department of Economics in conjunction with the Reserve Bank of Malawi (RBM)

Survey Findings

» Economic empowerment and increased income

The FAST loan's purpose is for members to invest in income generating activity; the study found that 9 of 10 members used their cashbox loan for income generating activities. More than half of the members sell agricultural produce, 25% sell food products and 20% sell clothing.

Other income generating activities include small grocery shops or hardware shops, hair dressing and barbershops. For those investing in a business, 77% of the respondents reported investing in an existing business and 22% started a new business.



91% report an improvement in their quality of life due to the FAST loan. 36% of those say their lives “very much” improved. Those members who reported improved quality of life were also more likely to report an increased savings level (100%) and improved ability to support their children (99%). There is a clear correlation between accessing a FAST loan and increasing the family income through an existing or new income generating activity.

» Clients’ ability to care for their children

In both surveys, 9 out of 10 group members reported that the FAST loan increased their ability to better support their children. Parents were able to afford education expenses (school fees, clothing or books), provide nutritious food, and provide basic needs such as soap or improved housing conditions. There is a clear correlation between the access to the FAST loan, investment in business, generating more income and positively improving the lives of children.

» Financial outcomes for women

In the first survey, we found that female members were more likely to save their money, repay loans, cover household finances. One downside is that they faced higher levels of stress compared to males. The men in the groups reported a higher ability to directly contribute to the household incomes and control over their finances.

The second survey was done after groups had paid back their loans and had gone through their annual share-out. Results for these women showed that all the following indicators improved, meaning decreased financial stress levels, increased ability to repay the loan and to contribute to household finances as well as an increased sense of control over finances.

- Current financial stress level - decreased
- Ability to repay the loan - increased
- Ability to plan household finances - increased
- Ability to directly contribute to household income - increased
- Sense of control over finances - increased
- Ability to save - increased

Survey Findings

» VisionFund areas of improvement

Loan use: Through our financial education training, we encourage group members, especially when they access the loan for the first time, to invest in an existing business. The profit from that first business can be used for something new, but the primary investment of the first loan should not fund a new business as this poses too high a risk to the client and might lead to repayment struggles. We encourage clients to diversify their income, with their profits, since most clients rely on highly seasonal agricultural activities.

Staff training: the FAST loan is a cashless product using mobile money and, as much as possible, a paperless product. This means our staff are collecting all the information including capturing pictures and signatures in the field with a smartphone or tablet. The staff need ongoing training to properly implement all the procedures, so they feel comfortable with the technology which allows us to serve more rural clients.

Client training: one of the most attractive features of the FAST loan is the digital component which allows our staff to conduct the business with the client where they meet as a group. The clients do not have to travel to our branch because everything can be done digitally. For clients, using mobile money can be daunting at the beginning, especially for rural populations where we have low literacy levels. Good and frequent client training is key to success, and we need to constantly improve on this crucial client service.

» Going forward

These surveys have proved to be a very powerful means of demonstrating the impact of the work of VisionFund, and will provide greater evidence of the transformational changes that are enabled by the work of VisionFund amongst the poorest and most vulnerable communities that we serve.

Read the full report for [Malawi](#).

Our Livelihoods Promise

VisionFund Malawi currently works with 47 field officers and will reach 1,500 groups, 25,500 clients (with at least 75% women), and 76,500 children in the next year.

In the VisionFund network, nine MFIs in sub-Saharan Africa are implementing the FAST loan product. By 2030 we want to add three more African countries and grow from 4,000 groups to 40,000 groups.

In FY2021, VisionFund International's network of microfinance institutions provided loans to one million clients, with 69% of these going to women and over a third to clients actively involved in farming.

To learn more, visit [VisionFund.org](https://www.visionfund.org)

