



OPPORTUNITY BANK MALAWI

Area of Focus: Microfinance

How it works: Opportunity Bank Malawi (OBM) is a commercial microfinance bank owned by Opportunity International. They occupy a unique space in the Malawian financial system, as unlike microfinance institutions, they take deposits. OBM targets Malawian populations in peri-urban and rural areas where commercial banks do not operate. Agricultural loans can also be in-kind loans made through institutional contract farmers that OBM calls extension service providers (ESPs). OBM's loan decision is facilitated by collecting individual farmer data (i.e. size of plot, crop history) using mobile devices and cross referencing it with the farmer's loan repayment history and any information the ESP provides. Each farmer has an OBM savings account and, at the time of sale, the ESP calculates the net balance due to the farmer after the loan is repaid and deposits it into their account. Farmers can check their balance and make transactions on OBM's Bank Manja mobile phone platform. Alternatively, farmers can make transactions using OBM's Bank Mkhonde point of sale (POS) devices located at Kalima Gold input depots.

Technology used: Mobile phones, electronic data capture POS devices, customer relationship management (CRM) and loan portfolio management software tools, unstructured supplementary service data (USSD)

Implementer/funder: Both of these services are operated by OBM, a commercially oriented, for-profit bank.

Fees: Users pay a fee each time they access OBM's mobile banking menu via USSD, and can perform multiple transactions/functions each time.

Primary markets: Malawi

Users: Primarily peri-urban and rural individuals, including farmers.

Business model: The business case for mobile banking is that fees to access the services provide a new revenue stream for OBM. Also, these alternative delivery channels help OBM reach rural populations and decongest their physical branches. The bank is consistently profitable and currently has more than 500,000 clients.

Impact: OBM has not conducted any impact evaluations of its banking services. Farmers who use OBM's mobile services can, however, benefit from lower transaction costs by no longer having to travel to distant branch locations. In addition, a traceable audit trail can be used to create a financial identity and history for users to determine credit worthiness. OBM also benefits from reduced side-selling and loan disbursement/repayment costs.

For more information visit: <http://www.oibm.mw/>

Sources: Company website and interviews with numerous OBM staff, including Alice Abillu, Acting CEO, Jim Henderson, Chief Agriculture Officer, and several others.

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This profile is supported by USAID's Fostering Agriculture Competitiveness Employing Information Communication Technologies (FACET) project under the Financial Integration, Economic Leveraging, Broad-Based Dissemination and Support Leaders with Associates award (FIELD-Support LWA). It was written by Chris Statham (consultant for ACIDI/VOCA), Kirsten Pfeiffer and Lee H. Babcock of ACIDI/VOCA. FACET offers on-demand field support to help missions with the challenges of using these ICT interventions in agricultural development. To learn more about field support options, contact Judy Payne, ICT Advisor, (jpayne@usaid.gov).

Last updated December 2012