



MOBILE FINANCIAL SERVICES FOR FEMALE ENTREPRENEURS (MFS)

Background

Most Indonesians still do not have access to banking and other financial services. Many are unaware of the services, live far from a bank branch and/or are deterred by the burdensome bank fees and requirements. Based on the World Bank report: *Improving Access to Financial Services in Indonesia*, April 2010, it is estimated that only 20% of adult Indonesians have access to formal financial institutions. As part of the strategy, Indonesia recently adopted a new law designed to promote financial inclusion through branchless banking (Layanan Keuangan Tanpa Kantor untuk Keuangan Inklusif or *LAKU PANDAI*) as a means to increase access to financial services among its large unbanked population, through mobile banking. Thus, Mercy Corps Indonesia sees this as a potential in improving the access to banking and also promoting women entrepreneurs investment through personal savings.

The reason for that is there's research shows that women entrepreneurs invest their personal savings in their businesses, more than credit. Studies have also shown that when women's savings are private they invest a higher percentage in their business. Based on this information, the ExxonMobil foundation is working to pilot a mobile savings program in two countries, Indonesia and Tanzania, with an impact evaluation to test the theory that women entrepreneurs with access to mobile savings will be able to save more, invest their increased savings in their businesses and see increased income from those businesses.

Program Period

January 2016 to October 2018

Goal and Objective

Goal:

To identify a cost-effective and sustainable approach to promote female entrepreneurs' uptake of mobile financial services as a way to increase investment in and profit from their business.

Objectives:

- i. To improve business women's incomes through increased access to mobile savings.
- ii. To improve supply of branchless banking services and women's demand for these services.
- iii. To measure the impact evaluation including cost effectiveness of services by using a rigorous method.

Outputs:

Female Entrepreneurs:

- » Improved access to financial services, in particular formal savings
- » Reduced transaction costs
- » Increased financial and business literacy
- » More efficient business management
- » Increased savings
- » Increased gross sales

Branchless Banking Agents:

- » Increased capacity on branchless banking and agent's role and responsibilities
- » Increased number of users of Basic Saving Account (BSA) and other financial services
- » Increased number of BSA and other financial service transactions

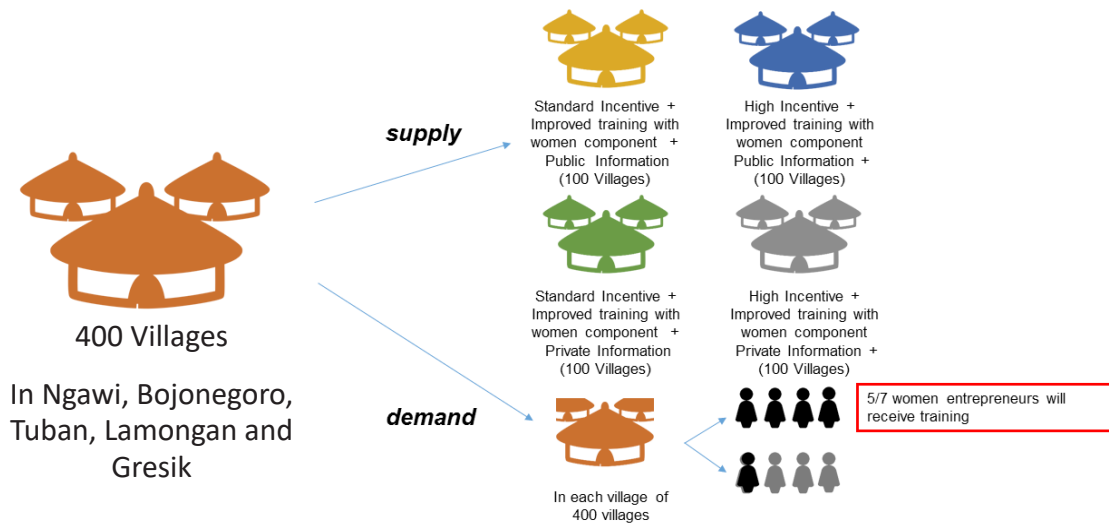
➤ Approach

By using a pilot research-based approach through a Randomized Control Trial (RCT)/ Randomized Evaluation method, which focusing the treatments on monetary incentive for branchless banking Agents, improved training for branchless banking Agents, financial literacy and business management training for Female Entrepreneurs and public/private information sharing on incentive of Agents.



Method illustration:

INTERVENTION



Partnership:

- i. Mercy Corps Indonesia
- ii. Bank Mandiri
- iii. Abdul Latif Jameel Poverty Action Lab in South East Asia (J-PAL SEA)
- iv. Center for Global Development
- v. SurveyMETER

➤ Target group, beneficiaries

- a. 400 branchless banking Agents
- b. 2,000 female entrepreneurs

➤ Target locations

5 districts in East Java: Ngawi, Bojonegoro, Tuban, Lamongan and Gresik

Supported by: ➤ **ExxonMobil**