



# project results

## DIGITAL RURAL FINANCE INITIATIVE IN ZAMBIA



### Beneficiary organisation

**AB Bank Zambia (ABZ) is a commercial bank** founded by Access Holding and established in 2011 after receiving a banking license from the Central Bank of Zambia. ABZ is a member of Access Group. It is positioned between the lower end of banking and the upper end of microfinance segments. Most of its clients are in the trade sector in urban areas.

### The challenge

The FinScope 2020 Survey Report revealed that, **in Zambia, 43% of rural adults and 40% of individuals relying primarily on farming are financially excluded, with women particularly affected.** The use of informal financial services is widespread. Additionally, rural communities often lack financial literacy and business skills.

**AB Bank Zambia (ABZ), therefore, identified a potential target market of approximately 4.3 million rural and remote customers and set ambitious goals to expand its agricultural portfolio.** The bank's strategy aimed to serve this segment profitably and sustainably, reaching over 15% of this group within three years. A significant portion of this group would be new to the financial system, and ABZ projected that more than 55% of them would be women.

### The proposed solutions

**The technical assistance project was designed to help ABZ tackle the barriers to financial access in rural Zambia and expand its footprint through the "Digital Rural Finance Initiative",** which included the following key activities:

- Establishing 10 cashless satellite branches in Zambia's prime agricultural regions.
- Enabling rural clients to access digital services via the bank's mobile wallet platform "eTumba", including savings, village and women's savings groups, agricultural loans, financial education and rural business management. Notable new features included:
  - Digital agricultural loans using an automated scoring system based on crop cards, promoted through satellite branches and disbursed through eTumba.
  - A rural business management tool integrated into eTumba to help MSMEs and small-scale farmers manage invoices, receivables and payments, as well as to provide access to crucial market and business management information.
- Forming strategic partnerships with agricultural aggregators such as agro-dealers to onboard new farmers onto eTumba and expand the client base.

### The expected outcomes of the project were:

- 1 **Onboarding 200,000 small-scale farmers** onto eTumba by the end of 2023.
- 2 **Growing the agricultural loan portfolio** from EUR 379,000 (ZMW 11 million) as of December 2020 to EUR 6,9 million (ZMW 200 million) by December 2023.

### IMPACT INVESTOR



### BENEFICIARY ORGANISATION

**AB Bank**  
Zambia

### NUMBER OF FARMERS REACHED

**5,236**

### AGRICULTURAL VALUE CHAIN

**Multiple**

### START DATE

**November 2021**

### END DATE

**June 2023**

### TOTAL EXPENDITURE

**€ 399,801**

Including € 135,766 (34%)  
financed by SSNUP



# key results



## Opening of 1 rural main branch in the Chipata region and of 3 satellite rural cashless branches in the Lusaka region

The Chipata main branch was the bank's first branch outside the Lusaka region and was instrumental in launching the activities in the Eastern Province.

# 35



## staff and senior managers of the new rural branches (33% women) were trained and coached

on agricultural lending, credit cycle operations, relationship management, initiating value chain partnerships and financial literacy.

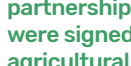
# 5



## crop cards were deployed,

enabling the rural branches to conduct automated loan assessments for five types of agricultural activities: soybeans, sunflowers, groundnuts, onions and maize.

# 3



## partnership agreements were signed with agricultural enterprises (Comaco, WidEnergy and Good Nature Agro).

## SDGs supported by the project



### 1. No poverty

1.4 Access to basic services, including microfinance

### 2. Zero hunger

2.4 Adoption of productive, sustainable and resilient agricultural practices

### 8. Decent work and economic growth

8.10 Capacity building for financial institutions



# 5,127

## clients (56% women) accessed eTumba services through the partnerships with Comaco and WidEnergy.

COMACO, a social enterprise, trains small-scale farmers in sustainable agriculture and buys their crops to make high-value food products. Under this partnership with ABZ, over 5,000 farmers in COMACO's network were onboarded on eTumba and can access financial services digitally.

WidEnergy is a women-led, pay-as-you-go company that offers clean energy solutions and employs women as sales agents. The partnership with ABZ provided farmers with digital payments via eTumba, customised products and financial education in four chiefdoms.

# 4



## financial literacy sessions were broadcast live on Breexe FM Zambia radio to 1.5 million people (42% women)

on keeping good business records, how to obtain an agricultural loan from a bank, savings and improving business growth while protecting the environment. The sessions were also shared on Facebook to facilitate broader access.

# 1,326



## rural clients obtained loans (77% were smallholder farmers and 52% were women).

631 farmers used e-Tumba to receive loans disbursed by the satellite branches as they did not have cash facilities. The loan purposes were diverse, covering on-farm and off-farm activities (retail, real estate, services, catering, etc.), stimulating the local rural economy.

### Among them,

# 42



## farmers (40% women) received Climate Smart eTumba loans coupled with training on agroforestry and climate-smart agricultural practices.

The newly developed loan product has embedded incentives to adopt climate-smart farming, including better interest rates and collateral requirements. All the beneficiaries were Comaco clients.



# lessons learnt

## Non-financial services such as skills training are crucial for smallholders

Low literacy levels in rural areas can hinder the adoption and proper use of financial and digital services. Broadly accessible channels such as radio shows can effectively disseminate training content to a large audience.

## Successful partnerships with agricultural value chain actors require significant upfront trust-building and effective communication

ABZ encountered challenges in building relationships with agro-dealers and stakeholders, as each had distinct priorities for company development and commercial goals. Consequently, investing in analytical and strategic skills for partnership development was crucial to aligning these priorities and forging mutually beneficial relationships.

## The strong engagement of ABZ and constructive support from Symbiotics were the success factors of this technical assistance project

Strong trust and collaboration between Symbiotics and ABZ underpinned the project's success. Regular check-ins enabled effective management of delays and challenges during the COVID pandemic. Excellent, flexible project management facilitated necessary adjustments due to competing priorities. ABZ's robust engagement promises a sustainable future for the intervention.

### Outlook

The project struggled to achieve the expected results during the COVID pandemic. Despite this, its achievements were promising and slightly increased ABZ's agricultural portfolio.

After the project ended, ABZ opened further branches across the province and in other regions, sought new partnerships with previously shortlisted agro stakeholders and conducted an agricultural insurance market analysis to integrate insurance into its services.

