



FINANCIAL SERVICES ASSESSMENT

Does Intense Marketing Increase Outreach? The Case of Opportunity International Bank in Rural Malawi

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ABOUT THE PROJECT

The *Financial Services Assessment* project is designed to examine the impact of financial services on the lives of poor people across the developing world. This project is funded by the Bill & Melinda Gates Foundation, which is committed to building a deep base of knowledge in the microfinance field. The IRIS Center at the University of Maryland, College Park, together with its partner, Microfinance Opportunities, will assess a diverse range of innovations in financial services. The results of this project will shed light on the design and delivery of appropriate financial products and services for the poor and the potential to scale up successful innovations to reach larger numbers of low-income households.



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ABSTRACT

In this paper, based on data collected over a period of 14 months in rural Malawi, we show that intense information campaign significantly helps Opportunity International Bank in Malawi increase its breadth of outreach in new client registrations, as compared to mass media campaigns. The effect of intense campaign appears to be pronounced in rural areas farther from trading and major financial centers and during seasons when demand for services is high. The effect of intense campaign was very noticeable in the first 18 weeks of the intense campaign but dissipated after that.

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INTRODUCTION

In this paper we examine if an intense information campaign, relative to mass media campaign, helps microfinance institutions attain better breadth of outreach in terms of number of new clients, especially in rural areas with a fairly crowded market. We use the case of Opportunity International Bank of Malawi (OIBM) to illustrate the effectiveness of both types of campaigns.

OIBM entered rural Malawi in August 2007 to provide financial services using a roving mobile van that makes weekly visits to selected marketing centers. At that time, competition among financial service providers was growing and awareness of the available financial institutions and financial services and products was found to affect access to and demand for financial services (McGuinness, 2008).¹ Many financial institutions, including OIBM, were only using mass media such as radio and public meetings to promote their products and services. Indeed, firms offering new products commonly use mass media in order to efficiently reach a wide audience within a short time period.

With increasing competition and little product specialization, however, many financial institutions, including OIBM, were struggling to capture market share using information disseminated through the mass media. Radio coverage and ownership was limited in rural areas and public meetings were generally held only in town and trade centers. McGuinness (2008) found that information flows in rural Malawi were not consistent, resulting in out dated and uneven knowledge of the details of financial products and providers.²

Therefore, OIBM, with the help of the IRIS Center at the University of Maryland, developed an alternate method to mass media marketing of its products to increase its outreach in rural areas. The new method uses an intense information campaign - akin to “personal marketing” or “relationship marketing” – to help deliver specific information provided through the mass media to prospective clients’ door steps.

The intense information campaign also functioned as an integral part of a research study conducted by the IRIS center to examine the welfare impacts of OIBM on client households. The welfare impact study uses a Randomized Encouragement Trial (RET) design to gather data.³ As a result, data for this paper could be gathered in 118 enumeration areas (EAs), randomized to receive intense information campaign or mass media campaign, within the three

¹ The major formal providers of deposit services in the study area are six commercial banks and one parastatal, Malawi Savings Bank. On the loan side, the major formal suppliers include eight microfinance institutions, NGOs, savings and credit cooperatives (SACCOs) and parastatals. Five institutions provide both savings and loans, including Malawi Rural Finance Company Ltd. (MRFC) and SACCOs such as Finance Cooperative Ltd. (FINCOOP) and OIBM.

² There was misinformation and misunderstanding about financial services due to the low education level of rural residents. It was not uncommon to hear reports that “banks have enough customers and do not want any more” or “the bank’s computer system is full and they cannot take any new customers” even from community leaders (McGuinness, 2008).

³ In Randomized Encouragement Trial (RET) design, instead of randomizing services/products from an institution across the population, encouragement is used to motivate adoption / use of the products. The entire study population could be exposed and access the services from the institution, but some segments are encouraged to take the products. The difference between the treatment and control groups is the difference in the level of encouragement. In the IRIS welfare impact study, encouragement is provided through intense information/marketing campaign only in selected areas of the study locations for a selected duration.

districts of rural Central Malawi.⁴ While all 118 randomly chosen EAs for the welfare impact study received similar types of mass media campaigns, a sub set of a randomly selected 59 EAs (called treatment EAs) among them additionally received an intense information campaign specifically designed by the IRIS center and OIBM. The intense marketing campaign started in treatment EAs in April 2008 and lasted until March 2010.

Data were collected from all new clients by OIBM in these 118 EAs from April 2008 to May 2009.⁵ Using the data gathered for the study, we focused on two aspects: a) client uptake of OIBM products and services in the control and treatment areas to understand the effectiveness of the intense information campaign, and b) client uptake over time to understand if client uptake is affected by the length of their exposure to the intense information campaign. Four metrics were used to examine the effectiveness of the intense information campaign relative to the mass media campaign:

- Total number of new clients in control and treatment areas,
- Number of enumeration areas (EAs) with at least one new client,
- Number of new clients per EA, and
- Total number of new clients adjusted for EA population size.

Our study shows that OIBM's intense campaign significantly helped OIBM to increase new client registrations, as compared to only the mass media campaign. The effect appears to be pronounced in areas farther from trading and major financial centers. The effect of the intense campaign, however, does not increase monotonically with the length of the campaign. We find that the effect was noticeable more in the first 18 weeks of the intense campaign than during the entire study period of 56 weeks.

⁴ "Enumeration area" (EA) is a geographic area typically composed of one to five villages with about 250 households or about 1,000 people. It is used by the national statistical agency for gathering census data.

⁵ This data is separate from the baseline and end line data collected by the IRIS center in 2008 and 2010, respectively, from a random selection of 2,500 households in the 118 EAs to study welfare impacts of OIBM services on their clients.

STUDY DESIGN

A. STUDY AREA AND SAMPLING FRAME

In 2007, the Bill & Melinda Gates Foundation provided funding to Opportunity International Bank in Malawi (OIBM) to purchase a mobile bank. The roving mobile bank was fitted with the latest information technology mechanisms to provide rural Malawians increased access to financial services. It was introduced in August 2007 to serve three districts in central Malawi: Lilongwe, Mchinji and Dedza. While OIBM, a new entrant into these rural districts, did not have a branch office, the OIBM mobile bank visits a total of six points – Dedza Boma, Mchinji Boma, Nkhoma, Nsundwe, Kamwendo, and Chimbiya - to provide financial services to its clients. The mobile bank stops at each of these six calling points, parked in a prominent place in the trading centers, once or twice a week. Two of these calling points – one each in Dedza Boma and Mchinji Boma – are also near other formal financial institutions.

By December 31, 2007, the mobile van serviced 490 clients.⁶ The new client take up in Mchinji district calling points (Mchinji Boma and Kamwendo) was about three times larger than that was reported for Dedza district calling points (Dedza Boma and Chimbiya). OIBM used only mass media such as radio to provide information about the products and services. Radio advertisements were short, only providing general information on major services and the locations of OIBM mobile van calling points. OIBM also held public meetings with 31 District Executive Committees to which news reporters were also invited. But, no individual village or mobile bank calling point was targeted for an intense campaign.

Focus group discussions conducted in early February 2008 by the IRIS center among villagers in the areas serviced by the mobile van found that information was largely spread through word of mouth followed by limited exposure to mass media such as radio.⁷ There was demand for improved access to accurate and specific information on financial services. Many suggested that easy and continuous access to information on terms and conditions of the products and methods to access them would improve take up of financial services. Based on the findings from the research, IRIS team discussed with the OIBM marketing team about an intense information campaign that could be designed by IRIS to improve outreach. OIBM was very cooperative and agreed to conduct the campaign in collaboration with IRIS. The two teams then designed an intense information advertising campaign to provide information on OIBM products at the door steps of potential clients and also post OIBM information in crucial public places.⁸

In order to clearly understand the effects of the intense information campaign relative to mass media campaign, the sampling design used for the IRIS welfare impact survey was utilized. 59 matched pairs of EAs, each pair matched by population and distance from the six OIBM call centers within the rural Lilongwe, Mchinji, and Dedza districts selected for the impact study were also used for this study.

Within each pair, one EA was randomly assigned to receive intense information campaign and also mass media campaign while the other EA only received mass media campaign. As a result, 59 EAs (treatment EAs) covering about 14,750 households in 280 villages received intense marketing and mass media

⁶ Data obtained from OIBM on new clients on Mchinji and Dedza Mobile routes.

⁷ Word of Mouth Advertising Media (WOMAM) – was the primary mode of information dissemination in interior areas.

⁸ A study by Bertrand et al., (2010) indicates that well tailored advertising of attributes of financial products increases loan demand as much as a 25% reduction in the interest rate would.

marketing campaigns. The other 59 similar EAs (control EAs), covering about 14,588 households in 325 villages, only received mass media marketing.⁹ Note that, by study design, the control EAs are similar to the treatment EAs in population and distance from trading and financial centers. Utmost care was taken to ensure that control EAs were located at least 4 km away in every direction from the treatment EAs to avoid the dissemination of the information from treatment areas to control areas.

At the start of this study in February 2008, mass media campaigns through radio and town hall meetings were in place in all the 59 pairs of EAs. The intense campaign started in treatment EAs in April 2008 and continued until October 2009. Mass media campaigns continued in both treatment and control EAs during the same study period.

B. DESIGN OF THE INTENSE MARKETING CAMPAIGN

The intense information campaign was designed to be carried out by Field-Based Promotional Assistants (FBPA). The FBPA's were hired, trained, and paid by OIBM. They visited their assigned villages on different days and at different times each week, so as to increase contact with potential clients (some villagers may have regular schedules that would make them unavailable/busy at certain times during the week). The FBPA's carried supporting materials and OIBM literature (pamphlets) to provide detailed information marketing OIBM products and services in that village.

Each FBPA was also supported by two Village-Based Volunteers (VBVs) in each village, who were also provided with similar educational and promotional materials. They were not remunerated by OIBM nor were trained by OIBM. Participation was entirely voluntary. Care was taken to ensure gender balance within the pair of VBVs in each village. The VBVs were educated and respectable members of the community that villagers were comfortable approaching for information. Care was also taken to avoid reference from the village headman for recruiting VBVs; in many villages not everyone felt comfortable approaching close friends of the headman. The VBVs were expected to be available to answer questions from village residents. The VBVs were not required to report or provide feedback to OIBM on the FBPA's work in the area¹⁰.

IRIS and OIBM teams designed the promotional materials that included the following:

- *T-Shirts*: OIBM T-shirt, worn by the FBPA and the VBVs.
- *Posters*: Three types of colorful posters in local language – given to each of the VBVs, to be posted on the outer wall of their home and in public places in the village (each VBV received one copy of each of the 3 posters). The first type of posters included information on terms and conditions and promotions for the latest savings product, second type included information on terms and conditions of the latest loan product, and the third poster included information on major products and services offered by OIBM, Malswitch card – a biometric card - that can be used at Automated Teller Machines (ATMs), and the minimal identification requirement to open account with OIBM.
- *Fliers*: Fliers to give to each of the potential clients (every FBPA had over 1,000 of these fliers). The fliers – folded into 4 sections and printed on both sides - contained information in local language on all the products and services provided by OIBM, marketing promotions

⁹ The number of households is approximate since the data relates to 1998 census. There was no recent information on village size. There were no abnormal migration or death rates noticed, however, in the study area during the decade.

¹⁰ While many villages agreed to provide VBVs, only a few villages finally had them in place at the start of the study.

for becoming clients of OIBM, information on Malswitch card, identification requirements for opening an account, and also location and times of operation for the mobile van.

- *Referral Card:* This is the card that villagers hand in to the mobile bank, with the FBPA's name on it, so that s/he gets credit for that new customer. The referral card was not used until the last few months of the campaign in 2009.

The FBPA's were paid a fixed monthly salary (US\$42). While no strict target was fixed, an incentive scheme for the FBPA's was designed that included a MK 500 bonus (US\$3.6) to the fixed monthly salary of US\$42 per month for exceeding average new client registration per month in the three districts. The FBPA's were also made aware that good performance might lead to advancement opportunities at OIBM as it grows.

FBPA's were required to meet with mobile bank branch managers (their immediate supervisors) weekly. The meeting was intended to provide the crucial communication link with OIBM, to ensure quality control of information flow, assist with any questions the FBPA had trouble with and other trouble-shooting issues in their assigned areas.

The 18 FBPA's were hired and trained by OIBM in March of 2008. The FBPA's were then placed in about 59 randomly selected enumeration areas (EAs) ("treatment areas/treatment EAs") covering 280 villages. The FBPA's were put in charge of a group of two to five EAs which could be easily reached by bike, by minibus, or by bus-bike combination, from the FBPA's home. Each FBPA was given a monthly bus/bicycle allowance of MK 2,000 (US\$ 14) to help them cover the cost of purchasing/using a bicycle or minibus to reach the villages where they work. They were limited to only visit and work in their assigned EAs that were part of the intensive campaign EAs. In other words, the FBPA's were not allowed to visit any EA outside their assigned area. The VBVs were asked to only operate in their own village. The FBPA's started visiting their assigned areas from April 20, 2008 at least once per week. The campaign lasted until March of 2010.

In order to avoid contamination from control villages, FBPA's were advised to say that while everyone could access services from OIBM and information through mass media and OIBM officials at branches, the intense information campaign could only be carried out in certain areas for now due to resource capacity reasons. Faith leaders were requested to announce the same message to their congregations, since a single church or mosque could have members from both control and intense campaign villages. It was expected that people from control villages would understand why their village was not visited by the FBPA, and why their own village does not have a VBV.¹¹ Large EA-wide OIBM introduction meetings were avoided to limit information diffusion to control areas. Meetings held by FBPA's were limited only to the treatment villages.¹²

C. DATA FOR THE STUDY

Data for the study was collected by OIBM. The IRIS and OIBM teams developed an electronic tracking system to capture details from new clients registering at the six mobile bank calling points. The tracking system was embedded into the regular management information systems (MIS) at OIBM. There were special codes incorporated into the system to identify the 118 EAs included in the study without any explicit indication of their treatment status (intense or mass media campaign). Treatment status was only known to the researchers and not to the

¹¹ No major grievances related to absence of intense campaign were reported from control areas during the study period.

¹² Indeed, there is the chance that a few people from control villages would have attended these village-level meetings. We expect that such chances were lower, and the numbers should be fewer, due to elements built into the study design.

OIBM staff. Information was collected from all new clients on opening date of an account at OIBM mobile van calling point, place of residence (village name, traditional authority area name, district), and gender of the account holder.

The campaign was carried out from April 2008 to March 2010. But, at the time of the analysis for this paper, data could only be extracted from the MIS database over a period of 14 months between April 2008 to May 2009. As data becomes available for the period from June 2009 to March 2010, we intend to extend the analysis to include the entire intense information campaign period of 2 years.

STUDY FINDINGS

I. DOES AN INTENSE INFORMATION CAMPAIGN FACILITATE OUTREACH?

Demand for OIBM products exists in the study areas (Table 1). Of the 118 EAs considered for the study, a total of 107 EAs (90%) reported at least one new client during the study period. Of these EAs, 93% of the 59 EAs under treatment areas and 88% of the 59 EAs under control areas reported at least one new client during the study period. Given that the population in treatment and control EAs are almost similar, the likelihood of anyone from an EA opening an account with OIBM is thus very high in both treatment and control EAs. These findings suggest that OIBM products are generally in demand throughout the study region.

Table 1: Number of EAs with New Clients, by Intense Campaign Treatment

Items	Assignment	
	Control	Treatment
No. EAs in Study Area with new clients	52	55
Sampled No. EAs	59	59
% EAs with new clients to total EAs in the study area	88%	93%
<i>% of EAs with at least one new client to total EAs in sample, by OIBM Call Points</i>		
Chimbiya	89	100
Dedza Boma	69	77
Kamwendo	100	100
Mchinji Boma	100	75
Nkhoma	100	100
Nsundwe	82	100

In three of the OIBM calling points, Chimbiya, Dedza and Nsundwe, there were more treatment EAs than control areas that registered at least one new client. Note that prior to the campaign, new client uptake was observed to be low in areas around these three calling points. However, all of the sampled EAs, both treatment and control, around two of the call centers (Kamwendo and Nkhoma) reported at least some take up of OIBM products. In Mchinji, all control EAs had new clients, while only three fourths of treatment EAs reported new clients.

The Intense information campaign increases breadth of outreach in new clients (Table 2). A total of 1,422 new clients joined OIBM during the 14-month study period. Of these new clients, about two thirds (933) originated from treatment areas. The difference in the number of new clients in treatment and control areas is highly statistically significant. OIBM reached about 6.3% of total households in treatment areas while it was 3.3% in control areas. Also, the average number of new clients per EA in treatment areas (15.6) was about twice that of new clients in control areas (8.3) providing the first level indication of the intense marketing campaign's effectiveness.

Table 2: Number of Total and Average New Clients, by OIBM Calling Points

Items	Control		Treatment		
	Total	Avg. / EA	Total	Avg. / EA	Total
All Calling Points	489 (34%)	8.3	933 (66%)	15.8	1,422 (100%)
By Calling Points					
Chimbiya	97	10.78	274	30.44	371
Dedza	103	7.92	83	6.38	186
Kamwendo	65	6.5	182	18.2	247
Mchinji	78	11.14	189	23.63	267
Nkhoma	98	10.89	128	14.22	226
Nsundwe	48	4.36	77	7.1	125

High number of new client registrations was noted in all treatment areas around the six calling points, except the Dedza calling point, relative to control EAs (Table 2). The total number of new clients around Dedza calling point in treatment EAs (83) was less than in control areas (103) indicating a smaller response to the intense campaign in that area. The same trends also were noticed for the average number of new clients per EA.

It is to be noted to be that the mobile van started operation in August 2007 and new client registrations stood at 490 by December 2007 in the entire service area of the mobile van. Intense information campaign started in April 2008 in about 15% of this entire service area and another 15% received mass media campaign. Given the above data, new client uptake in the 30% service area could be roughly 150 with an average of about 30 new clients per month. By May 2009, total new clients in the 30% service area was 1,422 with an average take up of 67 and 35 new clients per month in treatment and control areas, respectively.¹³

¹³ There were no base line data available on new client uptake in the study areas.

The intense information campaign increases new client uptake in less populated areas (Table 3).

Table 3. Total and Average Number of New clients, by Population Quartiles of EAs

Items Population Quartiles	Control		New Clients Treatment		All
	Total	Avg./EA	Total	Avg./EA	Total
Lowest Density	20 (15%)	1.8	113 (85%)	9.4	133 (9.4%)
Second	105 (36%)	7.5	186 (64%)	13.3	291 (20.5%)
Third	127 (25%)	7.9	385 (75%)	24.1	512 (36.15%)
Most Dense	237 (49%)	13.2	249 (51%)	13.8	486 (34.2%)
All	489 (34%)	8.3	933 (66%)	15.5	1,422 (100%)

* Across-quartile (column) percentages are presented in bold italics within parentheses for 'all' category, and within-quartile (row) percentages are presented within parentheses for control and treatment categories

Data presented in the last column in Table 3 illustrate that 998 of 1,422 total new OIBM clients (about 70%) came from the most densely populated quartile and the next (third) quartile. Examination of total clients within the most densely populated quartile shows that the share of new clients from treatment areas (51%) was almost the same as that of control areas (49%). Within the two lower population quartiles, however, the majority of the new clients came from treatment areas. Specifically, of the total 133 new clients from EAs classified as the lowest density quartile, about 85% (113) came from treatment areas (this difference is highly significant in statistical terms).

The intense information campaigning is likely to increase outreach by reaching areas farther from trading and financial centers (Table 4).

Table 4. Total and Average Number of New clients, by EA Distance from Calling Points

Distance from calling point	Control Areas		Treatment Areas		All
	Total	Avg./EA	Total	Avg./EA	Total
<5 km	141 (39%)	11.75	221 (61%)	20.1	362 (25%)
5-7 km	101 (34%)	10.1	195 (66%)	15	296 (21%)
7-12 km	209 (35%)	7.3	383 (65%)	14.7	592 (42%)
>12 km	38 (22%)	4.75	134 (78%)	13.4	172 (12%)
All	489 (34%)	8.3	933 (66%)	15.5	1,422 (100%)

* Across distance (column) percentages are presented in bold italics within parentheses for 'all' category, and within distance (row) percentages are presented within parentheses for control and treatment categories.

The intense information campaign appears to be more successful than the mass media campaign to increase outreach for OIBM by attracting clients from areas that are farther away from their calling points. This potential is especially important in rural Malawi where a lack of awareness about formal financial service providers and high transactions costs (incurred in traveling to point of service) appear to dampen outreach for many formal financial services (McGuinness, 2008). Data presented in Table 4 illustrate that the majority of new clients (764 of 1,422 total; 54%) originated from EAs that are 7 km or further from OIBM calling points. Of these new clients, 68% were from treatment EAs indicating that the intense marketing campaign was effective in reaching clients in EAs that were farther (≥ 7 km) from OIBM's point of service.

Nonetheless, less densely populated areas and Dedza could challenge OIBM's outreach. There existed some control and treatment EAs with no new clients throughout the 14-month period of the study. Of the 118 EAs tracked for the study, 12 EAs did not register any new clients during the study period: five were from treatment and seven were from control areas (Table 5). Examination of the 12 non-taker EAs of OIBM services shows that over half of them (58%) were located near Dedza calling point. It was, however, surprising that half the non-takers were located within 5 km from the calling points and 58% were from less densely populated EAs.

Trust and Financial Education: Essential Factors in Intense Marketing

When I visited OIBM's mobile van stop in January 2010 at Mchinji boma, I met the four Field-Based Promotional Assistants (FBPAs) assigned to the area. In April 2008, OIBM hired and trained 18 FBPAs to market their products and services to new rural clients from three districts where the mobile van operates to provide financial services. The group of four was assigned to Mchinji Boma area, one of the six calling points for the mobile van. They were standing with clients in line at the mobile bank, smiling, positive, and full of energy.

They explained to us the initial difficulties of gaining the trust of villagers and convincing them of the benefits of using formal financial services. *"At the beginning, it was so difficult to explain these things to someone who doesn't even know what a bank is,"* said Agness Kamwatha, one of only four female FBPAs hired for the project. But as the months rolled by, their continual visits to the villages appeared to pay off. *"Now, it's not difficult at all. The bank is well known, and more and more people are interested in joining."*

When asked about what changed, the most powerful theme was the importance of the personal connection and trust they developed with members of each community. The mere presence and proximity of the bank may not always, by itself, be enough. Speaking of new clients on their first visit to the bank, Sylvester Banda notes: *"If they don't find me, they won't open an account, they won't do anything."* Chikondi Marenso, another of the women FBPAs, underscored how personal these connections can become. *"They even come to our houses to ask us about the bank."*

William Baron and Eliam Imbuna, the FBPAs assigned to another one of OIBM mobile van stop – Nkhoma, also expressed similar sentiments when I met them outside the mobile bank up the hill from the Saturday market at Nkhoma Mountain. Sitting on the steps of an old post-office, rolling green hills spilling below into villages spread across the valley, they were busy helping new clients open what for most was their first-ever bank account. *"In the beginning, it was very difficult,"* said Eliam. *"We found it very hard to find the customers. Some of the chiefs were afraid; maybe thinking the bank would rob their money."* *"It was difficult for the villagers to understand,"* added William, *"since most are illiterate."*

They discussed how they would meet first with the chiefs, then with other villagers, to explain the disadvantages of saving via cash kept at home, and the advantages of saving through a bank. While Eliam visited villages in his area about twice a month, William visited his area three to four times each month. Many potential clients were convinced by their second or third meeting with Eliam or William to discuss the services the bank had to offer. For others, it took longer. *"It's hardest to convince those who are illiterate – even those with money – because it's a new method of saving for them. They simply don't know about banking,"* said William.

They have also had to deal with transportation problems, their bicycles breaking down as often as once or twice a month, since they're using them so often to travel long distances. But they also note that recruiting new clients has gotten increasingly easy as the months went by. *"In the past, it was hard,"* said Eliam. *"But now it is easy to convince new customers to join."* *"Yes, now it is easy,"* confirms William. *"Because many of the people are now customers of the bank, it is easier to convince others."*

The first step in an intense marketing of banking services appears to involve gaining and establishing trust with community leaders as well as the villagers and would-be clients themselves. Broadening outreach then could become easier once such trust is created. At that stage, clear messages conveyed through financial education and marketing of products could result in larger outreach of financial institutions.

Text box written by Jeffrey Flory, The IRIS Center, University of Maryland.

Table 5. Number of EAs with No New Clients

	Control	Treatment
All	7	5
By Calling points		
Nsundwe	2	0
Dedza	4	3
Chimbiya	1	0
Mchinji	0	2
Nkhoma	0	0
Kamwendo	0	0
By Distance to calling points		
< 1km	2	0
1-5km	1	3
5-7km	2	0
7- 12km	2	1
> 12km	0	1
By Population (number of people)		
< 1000	3	4
> 1000	4	1

A closer look at the seven non-taker EAs in Dedza shows that the majority of the EAs (85%) were of lower population density (Table 6). It was surprising to see non-takers among control EAs located within one kilometer from the calling point, because the mobile van was parked in a prominent location and information was readily available from OIBM officers operating the bank. Therefore, one would expect that an intense information campaign may not be essential to bring new clients. However, it is possible that potential clients are already members of OIBM or are serviced by other financial institutions located very near the OIBM call point in Dedza. It is to be noted that Dedza is the only calling point among the six OIBM calling points that is located very close to other financial institutions.

Table 6: Details of Dedza EAs with No New Clients

	Control	Treatment
No. EAs	4	3
Distance from Dedza calling point		
< 1km	2	0
1-5km	0	2
5-7km	1	0
7- 12km	1	0
> 12km	0	1
Population (number of people)		
< 1000	3	3
> 1000	1	0

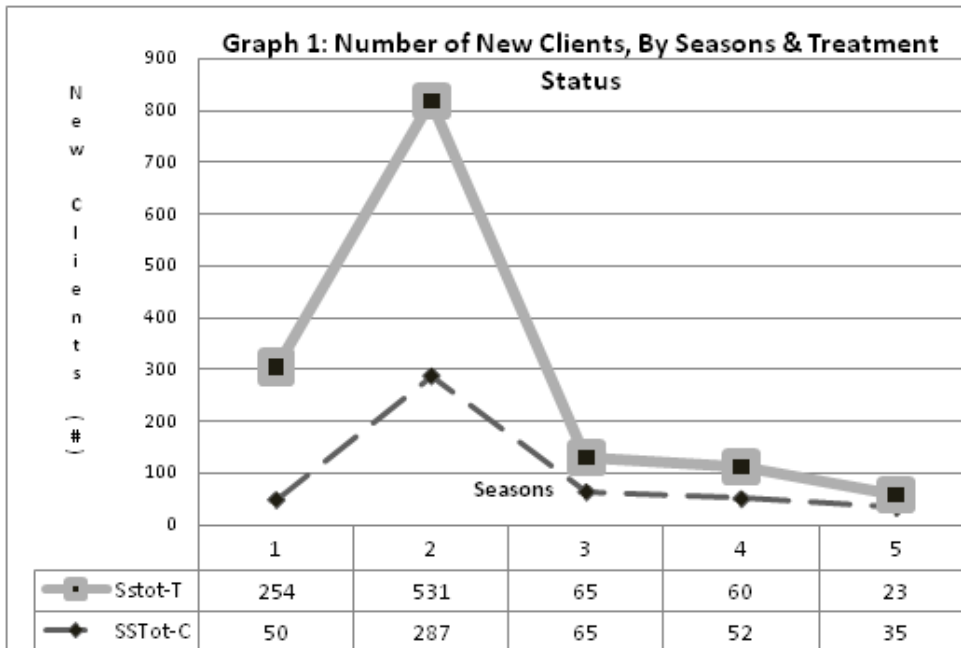
II. HOW LONG SHOULD AN INTENSE INFORMATION CAMPAIGN LAST?

In order to determine the optimal duration for an intense information campaign and identify the possible indicators of the end of the effectiveness of the intense marketing campaign, new client registrations were examined by selected time periods. Previous studies indicated that agricultural seasons profoundly influenced demand for financial services in rural areas. The selected time periods for the study, therefore, represent the major agricultural seasons in rural Malawi: planting, harvest, hungry/rainy seasons. We examine if there exists any association between new client registrations, seasons, and length of exposure to the campaign.

Table 7. Number of New Clients, by Selected Periods

Periods	Control	Treatment	Total	Difference (Treatment – Control)
2008				
First: 7 weeks (Peak harvest season) : April 20 - May 31	50 (7)	254 (36)	304 (43)	204***
Second: 12 weeks (Late harvest season): June 1 - Aug.31	287 (24)	531 (44)	818 (68)	244***
Third: 18 weeks (Planting season): Sep1 - Dec.31	65 (4)	65 (4)	130 (7)	0
Subtotal: 37 weeks: April 20 – Dec.31	402	850	1,252	448***
2009				
Fourth: 12 weeks: (Hungry season) Jan. 1 – March 31	52 (4)	60 (5)	112 (9)	8
Fifth: 7 weeks: (Harvest season): April 1 – May 15, 2009	35 (5)	23 (3.3)	58 (8)	(12)
Grand total – 56 weeks	489 (9)	933 (17)	1,422 (25)	444

*** = represents statistical significance at 1% level; Average number of new clients per week given in parentheses.



Seasons: 1 = Peak harvest I; 2 = Late harvest ; 3 = Planting; 4 = Rains/Hungry; 5 = Harvest II
 Sstot - T = New clients in Intense marketing areas; Sstot -C = New clients in mass media areas

A. PEAK HARVEST SEASON: FIRST SEVEN WEEKS OF CAMPAIGN (APRIL 20, 2008 TO MAY 31, 2008)

The first seven weeks of the study coincided with peak harvest season, especially for cash crops like tobacco and maize. During the initial campaign period of seven weeks between April 20 and May 31, 2008, there were a total of 304 new clients (Table 7; Graph 1). Of these clients, 254 (84%) came from areas where the intense information campaign was carried out. The likelihood of new client enrollment was statistically significantly higher in treatment areas compared to the control areas.

Information effectiveness was more pronounced as distance from the call point increased. The intense information campaigning appeared to be especially effective as distance extended beyond 5 km radius around the call points (see IRIS, June 2008 for more details). There is a possibility that EAs beyond 5 km from the OIBM call points were exposed to smaller market places that were not visited by the mobile van.

Since this was the peak harvest season, the study areas during this period experienced high levels of cash flows from the sale of crops. This is especially true in Mchinji and Lilongwe districts where tobacco is a major crop. In general, during this period, people are observed to either save the money or use it to run small businesses until planting season begins in late September to early October (McGuinness, 2008). OIBM, being a savings led organization, specifically started intense campaigning during this period in order to attract deposits. With treatment areas registering five times more new clients than in control areas, it can be inferred that the intense campaigning significantly increased outreach to new clients who could have been depositors. If it had not been for the campaign, it is highly probable that the level of response would have been similar to those in control areas.

B. LATE HARVEST: TWELVE WEEKS OF CAMPAIGN (JUNE 1, 2008 TO AUG. 31, 2008)

The second 12 weeks of the study coincided with late harvests of maize and vegetables, and low cash flow in the study area. During this period, a total of 818 new clients registered with OIBM, of which two thirds (531) originated from areas where the intense information campaign was applied. New client enrollment was still statistically, significantly higher in treatment areas compared to control areas (Table 7; Graph 1). Marketing effectiveness was also more pronounced as distance from calling point increased. New clients in the control areas came from EAs that were closer on average than new clients coming from treatment EAs (6.2 km compared to 7.6km). The difference was highly significant, though not as large as the difference in the first seven weeks (6 km vs. 8.6km).¹⁴

Demand for deposits and loans were generally low during this season (Zeller, 2004). Despite this low demand, the intense information campaign was able to bring more new clients to OIBM relative to the mass media campaign used in control areas. An average of 68 new clients per week were reported compared to 43 new clients per week during the first seven weeks. But, new client registrations were increasing at a much faster rate in control than in treatment areas. The share of new clients from control areas increased to 35% during this period from 16% during the first seven weeks. The average number of new clients per week was still higher in treatment areas relative to control areas. But, it increased from seven average clients per week during period one to 24 during period two, while in control areas it was 36 to 44, respectively, in treatment areas (Table 7; Graph 1). It is likely that a cumulative effect of both types of campaign – mass media and intense - in treatment areas could have occurred, with the intense campaign having less of a differential impact in the second period. The end of this time period gave the first indication of the decrease of the effect of the intense information campaign.

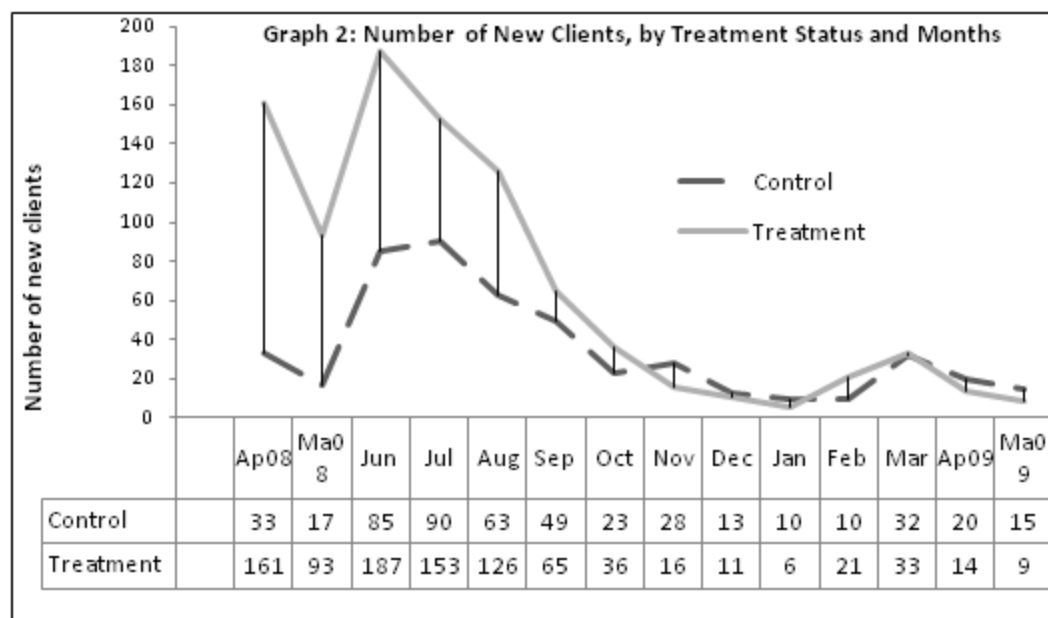
C. PLANTING SEASON: EIGHTEEN WEEKS OF CAMPAIGN (SEP.1, 2008 TO DEC. 31, 2008)

This period represents land preparation in September and planting season beginning in October. During this period there were a total of 130 new clients of which 65 came from treatment areas (50%). On average, there were only seven new clients per week during this period compared to 43 and 68, during the first seven and the next twelve weeks, respectively (Table 7; Graph 1). Unlike in the trend noted in the two prior periods, there was no difference between total new clients in treatment and control areas during this period. Note also that the new client uptake was approximately 150 with 30 new clients per month from August through December of 2007, prior to any intense campaign. After the campaign, during the same period in 2008, the total number of new clients was 130 with an average take up of 33 new clients per month, with 16 in each of the treatment and control areas. Graph 2 shows that uptake in treatment areas have been declining at a faster rate from August to October but at a slower rate from October to December. In control areas there seems to be a slight increase in new clients during October surpassing that of treatment areas before leveling off and becoming almost equal to that of treatment areas by the end of November.

This indicated the potential slowing down of the effect of the intense information campaign during this period. Note that demand for loans appeared to be high in these areas during this season (Diagne and Zeller, 2001). It is

¹⁴ See IRIS, August 2008 for more details.

plausible that OIBM’s loan products were less effective in attracting new clients despite an intense campaign. Previous trends, nonetheless, indicated that the intense information campaign was likely to be more effective during periods when cash flows are high and OIBM products are attractive for depositors.



D. HUNGRY/ RAINY SEASON: TWELVE WEEKS OF CAMPAIGN (JAN.1, 2009 TO MARCH 31, 2009)

This period coincides partly with the rainy and lean months of January to March during which demand for consumption loans and withdrawal of savings were generally observed (McGuinness, 2008). There were only a total of 112 new clients during this period of the study in 2009. Of these clients, 60 (54%) came from treatment areas; whereas, 52 (46%) were from control areas (Table 7; Graph 1). A closer look at Graph 2 shows that there was a slight increase in take up of OIBM products among new clients early January until March, after which it appears to level off. The trend in control areas appears similar but with a slight lag from treatment areas for increases in uptake and leveling of it. The difference in new client uptake in both control and treatment areas was found to be low and almost equal.

The slowdown in new client uptake during this season appeared to reiterate the likely dissipating effects of the intense campaign. Time of exposure to the campaign had lengthened and the effect of the intense campaign lessened during the lean months for OIBM products, especially loan products.

E. PEAK HARVEST SEASON: LAST EIGHT WEEKS OF CAMPAIGN (APRIL 1, 2009 TO MAY 15, 2009)

There were only 58 new clients during this peak harvest period in 2009. In contrast, the total number of new clients during the same time period in 2008 was 304. Also, a higher uptake was noticed during this period in control areas relative to treatment areas; 23 new clients (40%) came from treatment areas,

whereas 35 (60%) were from control areas. During the same period in 2008, new clients from treatment areas represented 84% of total new clients.

In general, slowdown in new client uptake in treatment areas could be attributed to many factors such as: diffusion of information to control areas, dilution of intensity of the campaign, saturation of potential clients in treatment areas, and ineffectiveness of certain financial products during certain seasons. Diffusion of information from treatment to control areas, however, was observed to be slow. New clients in control areas did not appear to come from EAs that are particularly close to treatment EAs. In the first seven weeks, the control EAs with new clients were on average 4.8 km from the nearest treatment EA. In the second twelve weeks, on average, the control EAs with new clients were 5.0 km away from the nearest treatment EA.

Indeed, OIBM was highly committed to limiting their intense campaigning only in treatment areas. OIBM's strict adherence to the intense information campaign in pre-specified geographic areas was highly instrumental in enabling inference of the effectiveness of the intense information campaign. Also, the geographic distance between control and treatment areas imposed by the study design could have potentially mitigated the diffusion effect. In some instances, however, there was reported a lesser frequency of village visits by some FBPA's and the resignation by one FBPA by late February of 2009.¹⁵ These issues could potentially dilute the intensity of the campaign leaving the villagers only with access to mass media campaign and its effect on new client registrations.

It is to be noted that intense information campaign started in April 2008 and no new deposit or loan products were added by OIBM in 2009, nor were any changes made to the campaign materials. Given this, it is highly likely that market saturation had occurred and that some products, especially loan products, were less attractive to new clients¹⁶. As a result, an intense campaign of the same materials and products that targeted a potential clientele would lose vigor in attracting new clients as time of exposure to the campaign lengthens.

¹⁵ The FBPA was not replaced for the rest of the campaign period. The remaining work load was spread across the remaining 17 FBPA's.

¹⁶ Only members with savings accounts could apply for loans. It is probable that many clients who joined OIBM during high cash-flow season would have taken loans during the lean months.

IMPLICATIONS FOR MICROFINANCE ORGANIZATIONS

The study clearly shows that the intense information campaign, in comparison to only the mass media campaign, significantly increased outreach in new clients. Over the 14 months of the study, there were a total of 1,422 OIBM new clients in the study area, of which 933 (66%) came from areas that received intense information campaign (treatment areas). OIBM was able to reach about 6.3% of total households in treatment areas while it reached only 3.3% in areas that only received the mass media campaign (control areas). The average number of new client registrations per month was 67 and 35, respectively, in treatment and control areas while it was about 30 new clients per month during the five month period prior to the study. Intense marketing with well specified messages appeared to have facilitated OIBM to increase its market share in the study area. The intense information campaign was especially effective in reaching clients that lived in areas far from the calling points where the physical presence of OIBM van could not attract new clients and radio messages could not reach them.

We also show that a short intense information campaign would suffice to significantly increase outreach in new clients. It is evident that OIBM may only need to undergo its intense information campaign for about 18 weeks during the peak cash flow seasons for a notable effect in expansion of its depositor base. The ability to attract depositors is very important for a savings led organization like OIBM. Depositors are also potential clients for other financial products including loans and funeral insurance that are also offered by OIBM. The majority (70%) of the 933 clients that joined OIBM during the first 18 weeks of the study period were from the treatment areas. OIBM was able to cover about 4% of all households in the treatment areas during the first 18 weeks compared to 1% in the control areas during the same period. This was especially true in areas that were far away (greater than about 5 km) from the OIBM calling points.

The study findings, from a programmatic perspective for microfinance institutions (MFIs) operating in rural areas within a fairly crowded financial market, clearly indicated that MFIs cannot only rely on word of mouth, nor mass media for disseminating information to broaden their outreach. In order to reach those that live far from the calling points, an intense information campaign would largely increase the success of their efforts. In doing so, establishing trust among the villagers and provision of some financial education would highly facilitate effective marketing of the products and services. Potential clients could be effectively and quickly reached within a few weeks with the intense information campaign. This clearly demonstrated the efficiency of the intense information campaign compared to the mass media campaign. It also demonstrated the importance of the intense information campaign as a good business tool. A cost benefit analysis is planned as more data become available from OIBM on the uptake of various savings and loan products. Comparison by number and volumes in the study areas and the costs for implementing the two types of campaigns will be studied to make these determinations.

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