



# Mudzi Wathu Village Bank

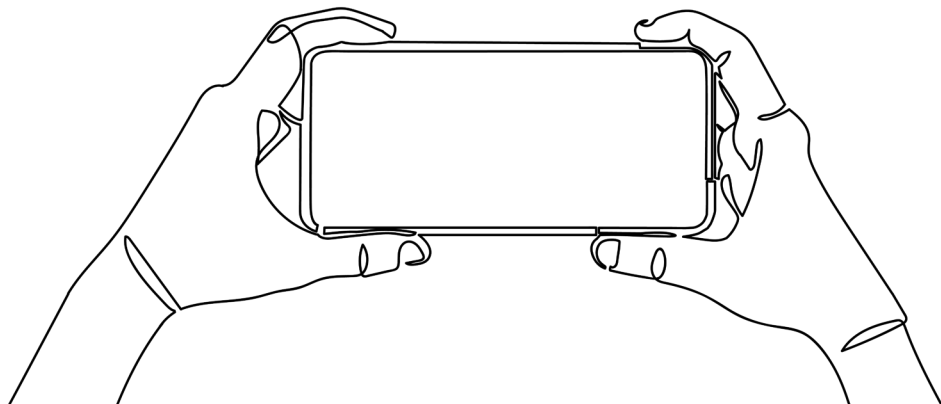
MALAWI MOBILE MONEY PLATFORM ENABLING INCLUSIVE,  
DIGITAL TRANSFORMATION OF VSLA PROGRAMMING

*Report written by Eric Kaduru*



# Introduction

Malawi's TNM Mpamba, a renowned mobile money provider and bank applauded by former President Joyce Banda for assisting women in accessing services like e-banking and credit, has partnered with CARE Malawi to introduce the Mudzi Wathu Village Bank. This innovative digital financial platform is specifically tailored for Village Savings and Loan Associations (VSLAs). The platform represents a significant leap forward in digital financial inclusion, offering a comprehensive solution designed to meet the unique operational requirements and fundamental principles of VSLAs in rural Malawi. By bridging the gap between traditional financial practices and modern digital solutions, Mudzi Wathu aims to enhance the financial stability and operational efficiency of VSLA members across Malawi.



Peter Caton / CARE

# Enhancing VSLA Programming with Digital Technologies

This initiative is not just a technological advancement but also a strategic intervention that redefines how the private sector engages with VSLAs. It is a strategic solution to the challenges of digitizing VSLA programming. This partnership between TNM Mpamba and CARE Malawi addresses critical issues such as digital literacy, affordable device availability, and security. The result is a product that caters to the diverse needs of VSLA members, empowering the most vulnerable individuals within these programs.

For rural women, often isolated from financial services and with limited digital experience, Mudzi Wathu provides a convenient way to access digital finance. The platform's intuitive interface and the availability of subsidized handsets overcome entry barriers. Customized training programs, facilitated by local digital experts, ensure these women are introduced to digital financial tools efficiently, enhancing their financial autonomy and advancement.

For migrants facing connectivity and language barriers, Mudzi Wathu serves as a dependable and secure financial instrument. Its continuous accessibility and user-friendly interface enable migrants to manage their finances effectively despite their unique challenges. Collaborations with local entities and the integration of relevant digital resources into the VSLA structure make the tool highly accessible and beneficial for them.

## Development and Implementation

The Mudzi Wathu Village Bank product came to life because of a strategic collaboration between TNM Mpamba and CARE Malawi. This platform's development involved extensive research and engagement with VSLA members to understand their unique needs and challenges. By incorporating feedback from these stakeholders, the platform was meticulously designed and rigorously tested to ensure it meets the essential needs of VSLA operations.

The system addresses various needs, challenges, and gaps inherent in traditional VSLA systems by integrating digital technology into their existing practices. The implementation strategy focused on ensuring a seamless transition for VSLA members to digital operations. The platform's design and deployment are aligned with the principles of the Digital CARE Package (DCP), emphasizing user-friendliness, security, and a focus on member needs. This careful planning and alignment ensure that the platform modernizes financial processes while creating new opportunities for member engagement and empowerment.

The advertisement features the logos for TNM Mpamba and Mudzi Wathu at the top. The central text reads "MUDZI WATHU Village Bank" with "Village Bank" in a speech bubble. Below this, it asks "Don't want stories in December? Keep your group's savings on Mpamba" and lists benefits: "No queues", "No paperwork", and "Secure". A large illustration shows four women sitting around a table, looking at a smartphone. To the right, a "dial" button shows the number "\*444#" with the instruction "& follow the menu". At the bottom left, a circular badge says "ANOTHER FIRST FROM TNM". The bottom text says "Register your group by dialing \*444#".

# Operational Efficiency and Member Empowerment

**Mudzi Wathu optimizes operations and recognizes the significant contributions of women, who constitute 80% of VSLA members and often juggle multiple household responsibilities.**

The platform reduces meeting durations, improving productivity and acknowledging the simultaneous responsibilities these women bear.

Safety and security are paramount in the digital transition. Savings groups, due to their success, can become targets for theft, leading to significant setbacks for group operations and creating an environment of fear and distrust. Mudzi Wathu addresses these security concerns by ensuring secure transactions through the use of Personal Identification Numbers (PINs) and requiring dual approvals for critical actions like loan disbursements. This dual-approval process not only safeguards funds but also upholds the collaborative decision-making principles of VSLAs. These features ensure transactions are secure and transparent, fostering a culture of collective accountability and trust among participants.



## Expanding the Presence of TNM Mobile Money (Mpamba) Agents

Mudzi Wathu plays a pivotal role in broadening the network of TNM Mobile Money (Mpamba) agents across Malawi. This expansion is critical for ensuring that VSLA members have convenient and reliable access to financial services. By increasing the number of agents, the platform addresses one of the key barriers to financial inclusion: the availability and accessibility of financial services, especially in remote and underserved areas. The increased presence of Mpamba agents helps maintain a reliable supply of funds, ensuring that VSLA members can conduct transactions smoothly and without delays. This reliability is crucial for the financial stability of VSLAs, as it enables timely savings deposits, loan disbursements, and other financial activities essential to their operations. Furthermore, by decentralizing financial services and bringing them closer to VSLA members, the

platform minimizes the risks associated with transporting cash, such as theft and fraud.

In addition to this, mobile money agents play a crucial role in providing financial education and support to VSLA members. They assist in navigating the digital platform, help resolve issues related to transactions, and offer guidance on utilizing various financial services effectively. This direct interaction and support are instrumental in building trust and confidence among VSLA members, encouraging greater adoption of digital financial tools.

This risk mitigation aligns with CARE Malawi's commitment to promoting secure financial services and fostering inclusive financial development.

# Bridging the Technology Access Gap and Ensuring Accessibility for All

The Mudzi Wathu platform is designed to reduce the technology access gap and ensure inclusivity for all VSLA members, regardless of their financial status. Recognizing the diverse economic backgrounds of VSLA members and the financial limitations that hinder access to digital technology, Mudzi Wathu promotes digital access through asset financing for feature phones. This initiative provides subsidized devices, making the transition to digital financial services feasible for members who might otherwise be excluded due to cost barriers.

**By offering feature phones at subsidized rates, the platform ensures that all members, regardless of their financial situation, can participate in the digital economy.**

This approach guarantees inclusivity during the digital shift, enabling members to take advantage of digital financial services without incurring prohibitive costs. To further enhance accessibility, Mudzi Wathu also provides asset financing for feature phones. These reasonably priced and easily accessible phones are ideal for VSLA members, ensuring that the transition to digital financial services is within reach.

Mudzi Wathu's commitment to eliminating financial barriers extends to its policy of no additional charges for members using the platform. This ensures that all financial transactions, whether

involving savings, loans, or other activities, are conducted without hidden costs or fees, making digital financial services more accessible and appealing to all VSLA members.

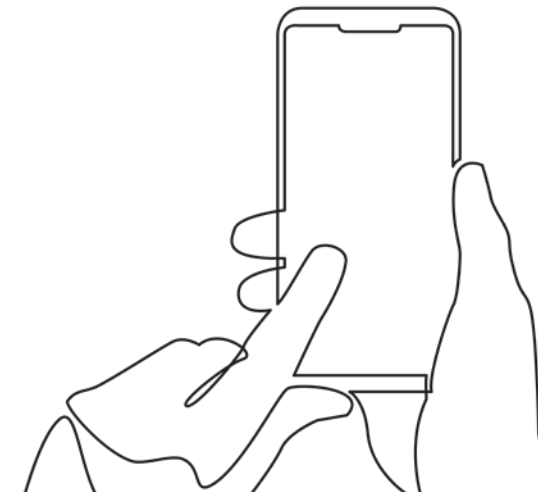
In addition to affordable devices, Mudzi Wathu offers tailored training programs to equip members with the necessary skills to use these devices effectively. For members who may not have the financial means to purchase feature phones, the platform provides a practical solution: obtaining a TNM SIM card, which is significantly more affordable. This feature ensures that even those without access to modern digital devices can still participate in the digital financial ecosystem. By removing financial barriers and providing affordable access to essential digital tools, Mudzi Wathu ensures that no member is left behind due to financial constraints. This comprehensive approach supports long-term financial inclusion by empowering members with the necessary technology and skills, paving the way for a more inclusive financial ecosystem.





Peter Catton / CARE

## Simplified Access and User-Friendly Interface



Mudzi Wathu is designed with a simplified access process and a user-friendly interface, ensuring that TNM Mpamba wallet holders can effortlessly save and access loan services through their VSLAs.

**The platform leverages the \*444# USSD service, which is accessible on any TNM SIM card, allowing members to manage their financial activities easily. This service is particularly beneficial for VSLA members who may have limited experience with more complex digital platforms.**

The platform can accommodate up to 200 members per group, but it is most effective for groups of up to 25 to prevent operational difficulties and ensure smooth management. By setting a practical limit on group size, Mudzi Wathu helps maintain the integrity and efficiency of VSLA operations. This approach ensures that all transactions and activities are manageable and transparent, fostering a sense of trust and accountability within the group. Overall, the expansion of TNM Mobile Money agents, the provision of affordable digital devices, and the user-friendly design of the

Mudzi Wathu platform collectively enhance financial inclusion for VSLA members. These efforts ensure that even the most vulnerable individuals in the community can access and benefit from modern financial services, aligning with the broader goals of CARE Malawi to promote secure and inclusive financial development.

By emphasizing accessibility, Mudzi Wathu enables a broader segment of the population to participate in and benefit from digital financial services. This inclusivity is crucial for achieving widespread financial inclusion and empowerment, particularly among women and rural populations who are often the most underserved by traditional financial systems.

In conclusion, Mudzi Wathu's commitment to ensuring accessibility for all members is a fundamental aspect of its design. By eliminating additional charges, offering affordable access to digital tools, and providing subsidized devices, the platform ensures that every VSLA member can engage with and benefit from digital financial services. This comprehensive approach not only enhances the financial inclusion of VSLA members but also supports the broader goal of creating a more inclusive and equitable financial ecosystem in Malawi.

# Conclusion

The Mudzi Wathu Village Bank represents a transformative step in the digitalization of Village Savings and Loan Associations (VSLAs) in Malawi. This innovative platform, developed through the strategic collaboration between TNM Mpamba and CARE Malawi, addresses the unique needs of VSLA members by providing a user-friendly, secure, and inclusive digital financial solution.

The platform's development was guided by extensive research and stakeholder engagement, ensuring it meets the essential operational requirements of VSLAs. By integrating digital technology into traditional financial practices, Mudzi Wathu enhances operational efficiency, promotes financial stability, and empowers members, particularly women and migrants, through tailored training and support.

Key features of Mudzi Wathu include the expansion of TNM Mobile Money agents to improve access to financial services, asset financing for affordable feature phones, and a no-additional-charge policy for transactions. These measures bridge the technology access gap, eliminate financial barriers, and ensure that all VSLA members, regardless of their financial status, can participate in the digital economy.

The platform's simplified access process, leveraging the \*444# USSD service, and practical group size limits further enhance its usability and effectiveness. By fostering a secure, transparent, and accountable financial environment, Mudzi Wathu supports the broader goals of financial inclusion and community empowerment.

In summary, Mudzi Wathu's comprehensive approach to digital financial services not only modernizes VSLA operations but also creates a more inclusive and equitable financial ecosystem in Malawi. This initiative exemplifies the potential of innovative digital solutions to drive financial inclusion and empower communities.

