Dfcu Bank agribusiness finance: Bridging gaps in financial inclusion

A farmer inspects tomatoes in his greenhouse on a farm. PHOTO BY ERIC DOMINIC BUKENYA

Banks have been somewhat limited in their outreach to the population as it is expensive to set up brick and mortar branches around the country, **Ronald Kasasa** writes.

It is common today to have people engaging in agriculture as a main and side business given its viability. Sadly, when we talk about Small and Medium Enterprises (SME's), we rarely think about this aspect of business despite over 80 per cent of the population directly or indirectly being involved in the agriculture sector.

As part of dfcu Bank's strategy on financial inclusion, there is a specific focus on agri-business. Our inspiration to strongly consider agriculture is two pronged. One; majority of the population is already involved in or aspires to take part in agriculture which grants us an opportunity to play a supporting role to both individual and economic development of the country.

70%

PERCENTAGE OF THE UGANDAN POPULATION WHICH IS UNBANKED.

The other factor is that improving access to finance for (agro-) SMEs is one of the best enablers for inclusive economic transformation in Uganda.

Using a value chain based approach; dfcu is committed to supporting transformation of the agri-sector through financing and capacity building of farmer organisations/associations engaged in viable agriculture projects in certain value chains. We offer a vast range of specific finance and savings products which take into consideration the specific characteristics of the sector like seasonality, price fluctuations and climate disruptions. In 2015, we introduced the "Save for Loan" product which enables small-holder farmer groups to access pre and post-harvest agri- financing. This product has enhanced on-farm production activities for farmers.

Through partnerships with processors and community organisations, we unlock the finance opportunities for small holder farmers and other players in the value chain. This is done through value chain financing and out-grower schemes, in combination with funds for capacity building availed through private public partnerships.

At a macro level, about 70 per cent of the Ugandan population remains unbanked. Banks have been somewhat limited in their outreach to the population as it is expensive to set up brick and mortar branches around the country.

To improve access, we have collaborated with telecom mobile money providers to offer a seamless solution, which allows our mutual customers to transfer money from their mobile money wallets to their dfcu bank accounts. This is yet another convenient option that allows dfcu customers to deposit or access their funds anytime, anywhere without having to visit the branch. With other channels opening up like agency banking, we expect to see more people joining the formal banking system.

For more information on how you can take advantage of the dfcu agribusiness finance, call us on 0800 222 000.

Ronald Kasasa, head of business banking – dfcu Bank.

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