



RURAL BANKING AND FINANCIAL LITERACY



The absence of infrastructure in most of Mozambique Leaf Tobacco's contracted growing areas means that many farmers do not have access to banking facilities for receiving payment for the sales of their tobacco and other crops. The alternative of cash payments presents logistical and security difficulties for both the farmer and the buyer, and inhibits the further development that evolves with the existence of a financial payment and deposit system.

MLT has been very active for a long time promoting and encouraging banks, Government and other stakeholders to establish such systems and opportunities in these rural areas. The initial impact was not very positive and even the buy in from the farmers was slow. In 2014 after looking at all aspects of the project one of the main reasons identified for farmer resistance to the project was that the level of financial literacy amongst the farmers was very low.

In 2014 MLT changed the approach and engaged with a number of banks to assist with the creation of financial literacy awareness amongst the growers and their communities, and provide educational training covering topics such as how to manage their income, budgeting and understanding the cost of production, promoting the benefits of having a bank account etc. Awareness and training with field technicians and farmers has been held in several growing areas using easy to understand materials and training methods, including for example the use of drama groups.

75,000



Farmers have attended the financial literacy training so far

13,000



Farmer bank accounts that have been opened to date and remain active

MLT is also looking at other technologies and projects that seem to have been successful in other countries that have the same or similar rural working environment as ourselves, such as the use of mobile telephone technology and E wallet.

Feedback from local government, community leaders and farmers has been very positive to date. A quote from one of the Community leaders: "This is a very good initiative from MLT, farmers will be able to keep their money safe in the bank and not have to worry about being robbed at home, it will encourage farmers to start saving money for paying for the education of their children."

