

## FAQ's (Frequently Asked Questions)

### 1. What is Micro finance

Microfinance refers to loans, savings, insurance, transfer services and other financial and non-financial products targeted at low income clients.

### 2. What is Wasasa Micro Finance Institution S.C?

Wasasa MFI is one of the fast growing microfinance institution in Ethiopia and found in “Large MFIs” category as per National Bank of Ethiopia’s rank. It was established in the year 2000 G.C as a “Share Company” under the Commercial Code of Ethiopia and licensed by the National Bank of Ethiopia as a “Microfinance Institution” under Proclamation No. 626/2009, issued for licensing and supervision of micro-finance institutions. The objective is to provide diverse range of financial services and non-financial, including Savings, Credit, micro insurance and advisory services to all such segments who do not have access to such services from the mainstream banking.

### 3. What is the operational area of Wasasa and where are the branches located?

Wasasa Operates in rural and semi-urban areas of Oromia Region in Ethiopia. Currently Wasasa has 1 Head Office, 4 Regional Offices , 37 branch offices and 24 rural Banks, spread across remote areas in 10 zones , 57 woredas and above 708 kebeles.

### 4. What is the Vision of Wasasa?

The vision of Wasasa MFI is to make money/capital no more a constraint for the poor.

### 5. What is the Mission of Wasasa?

The mission of Wasasa MFI is to provide sustainable financial services to the active poor in order to employ capital for poverty alleviation.

### 6. What are the products offered by Wasasa?

#### **Loan Products:**

- Micro Loan to Large groups,
- Energy loans(Biogas, solar and cook stove)
- Micro irrigation loan
- Individual loan for Agricultural transformation

- Association and Cooperative loans
- Honey, Malt Barley and Coffee Value chain loans
- Term loan
- Small and Enterprise Loan
- Individual Loans to farmers, petty traders and Low Income Employees,etc.

#### **Savings Products:**

- Mandatory Savings for borrowers
- Voluntary Savings for all customers:
- Passbook Savings account
- Time Deposit and
- Planned Time Deposit, etc.

#### **Micro Insurance:**

- Credit Life Insurance for borrowers

### 7. Why do people need micro loans from Wasasa MFIs?

Microcredit is seen as a way to provide poor people with the means to participate in the economy and generate their own income. They may even become to increase their productivity, modernized their farming approach, micro-entrepreneurs and set up small businesses. However, microloans are used for many other purposes as well.

### 8. How Wasasa is different from other MFIs?

At Wasasa, the focus is on enabling the economically active poor to save small amounts out of their incomes and provide them a mitigation mechanism to cope with risks such as loss of income at a later date due to unforeseen events such as drought, disability etc. the poor are encouraged to save in small amount for their future requirements as well. This is done by offering simple and easy to understand products with competitive interest rates, providing excellent customer service and also by creating awareness among clients through customer education programmes. Wasasa also provides loans to the needy customers through its varied loan schemes, thus playing the role of a true financial intermediary, as desired by the regulators.

### 9. Why Voluntary Deposits are important to Wasasa?

Wasasa is licensed as a deposit taking financial institution and the savings collected will help Wasasa to assist more and more economically active poor in promoting agriculture, small business/enterprise, which in turn helps the society to generate income and employment.

#### 10. Difference between Voluntary and Mandatory Savings?

Mandatory Savings	Voluntary Savings
<ul style="list-style-type: none"> <li>• The amount is collected to serve as collateral for the loans disbursed by Wasasa.</li> <li>• Group borrowers would be required to deposit amount equal to 10% to 15% of the loan amount as a security for the loan, which can be withdrawn only at the end of the loan cycle on full repayment or towards adjustment of final installment.</li> <li>• Interest is credited to the account at monthly intervals at 7% per annum.</li> </ul>	<ul style="list-style-type: none"> <li>• The voluntary savings products are offered to encourage saving habit among the poor and to provide them an opportunity to save small amounts as per their convenience, either as a shield against future risks or to accumulate larger sums for specific future uses.</li> <li>• Products have been designed to suit various customer needs. Passbook savings offers full liquidity and the customer can deposit any amount when they have surplus and withdraw any amount at any time based on their need. Time deposit and Planned time deposits enable the customers to save for future use. They offer higher interest rate than the passbook accounts.</li> <li>• These products are purely voluntary and are not linked to loans, hence can be utilized by both borrowers and general public.</li> <li>• Interest rates are 7% per annum for pass book accounts, 7% to 8% for planned time deposits and 7% to 8% for time deposits depending on the period of deposits and negotiation based.</li> </ul>

#### 11. Why should we deposit with Wasasa?

Wasasa has a long and proven track record of reliability and excellent customer service. The customer confidence in Wasasa is indicated by the continuously growing number of customers, which are now more than 141,046! The money saved by customers at home/informal sources/friends and relatives is relatively unsafe and does not yield good returns. Investment in assets, though yielding good return, is prone to risks and the value may come down in case of a urgent need and forced sale. However, money saved with Wasasa is safe, secure, grows with the good

interest paid by Wasasa and can be conveniently withdrawn as when needed by the customer. Further, money saved with Wasasa is also useful for the society as it is used by Wasasa to help the poor and needy customers to provide small loans to increase/improve their incomes by investing in agriculture, business/enterprises.

### 12. What is the ownership of Wasasa?

Wasasa is promoted by OSRA (Oromo Self-reliance Association), an NGO actively engaged in the social development and assisting rural poor in Oromia region in improving their incomes and reduction of poverty. Reputed international Development Organizations and local Banks such as WSM, Ethio-Italian Development Cooperation, Terrafina, Cordaid, UNCDF, Commercial Bank of Ethiopia and Awash Bank etc., support Wasasa in its objective of serving the poor through provision of financial services. The Rural Financial Intermediation Programme (RUFIP) of Govt. of Ethiopia, IFAD and other agencies is also extending support to Wasasa both through Loan Funds and Technical support.

### 13. Will you pay the money when I need it?

Wasasa has designed its savings products based on the analysis of different needs of customers. The passbook savings accounts offer unlimited deposits and withdrawals depending on the need of the client. The time deposits and planned time deposits, though designed to accumulate larger sums for future use, can be withdrawn at any time before their maturity subject to a small penalty of interest and advance notice in case of higher amounts. To protect the interest of customers, only small withdrawals will be permitted in the field, where as to withdraw larger amounts, customers need to visit the branch.

### 14. What is difference between Commercial Banks & Wasasa?

Wasasa	Commercial Banks
<ul style="list-style-type: none"> <li>• Wasasa operates in many remote locations in Oromia Region.</li> <li>• Works with Poor people.</li> <li>• Service at door steps</li> <li>• Personalized, Fast and secure service</li> <li>• Higher rate of interest on Deposits.</li> <li>• Collects small amounts of savings from near to customer location.</li> <li>• Loans are offered in small amounts which are suitable for most customers in rural areas. The collections are done at customer locations.</li> </ul>	<ul style="list-style-type: none"> <li>• Banks generally offer their services in bigger towns and to urban and semi urban clients.</li> <li>• Door step services are not available</li> <li>• Loan processing and Deposits take longer time. Loans are generally for large amounts, require collateral</li> <li>• Customer must be visit to branch location for deposit purpose also.</li> <li>• Lower rate of interest on Deposits.</li> <li>• Planned time deposit facility at door step facility not available at banks</li> </ul>

### 15. What is Wasasa's approach to encourage savings by its clients?

Savings is one of the major products of Wasasa. The company pays due emphasis on the importance of regular savings. Borrowers must demonstrate a pattern of savings as part of their qualification for loans. Savings are required during the life of each client's loan relationship with Wasasa. Wasasa also encourages voluntary savings both from borrowers and non-borrowers. To encourage the saving habit of the society, Wasasa pays interest up to 8% and above, which is generally higher than the interest offered by commercial banks. Wasasa also provides customer education to improve their savings habits, and manage their loans properly without falling into debt trap.

### 16. How does Wasasa make money?

Though Wasasa is established with profound social objectives, it believed in financial viability from the beginning. It ensures that all its activities are financially sustainable, so that it can remain in service of the poor. The sources of funds for Wasasa have been, savings mobilization from the public, contributions of shareholders, grant funds, bank loans and surpluses generated by Wasasa through its operations. Till date, no dividend has been paid to shareholders and all the profits have been ploughed back into the business to enable it to provide loan capital to more new clients. Wasasa ensures that its services are properly priced to yield a fair margin for Wasasa to cover the costs of the funds mobilized, the costs of services being provided, offer a fair return to investors. Since its vision is to become self-sustained organization that supports itself, the company gives due attention to saving mobilization.

### 17. How do I approach Wasasa to open a Savings a/c?

Please contact your nearest branch or Rural Banks. Further, we have a large number of field staff covering distant and remote areas, which you can approach. The branches and the field staff would advise you on products suitable to you and help in completing the minimum formalities to start saving with Wasasa.