



SMALLHOLDER FINANCE PRODUCT EXPLORER

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We sat down with [Jamie Anderson](#), senior financial sector specialist at CGAP, where she leads CGAP's demand-side research with smallholder households. In this brief we discuss how a rich supply-side data resource can help financial service providers to serve smallholder farmers more

Question: CGAP is a leading resource for demand-side data, including information on the financial lives of smallholder families. How does this client-centric data help inform financial service providers - or the 'supply side'?

Jamie Anderson: The [CGAP Smallholder Families Data Hub](#) and the Smallholder Finance Product Explorer are highly complementary and pick up the natural match between demand and supply. Grounded in the client perspective, the CGAP Data Hub provides important information on the use of formal and informal financial services among smallholder families, as well as the level of trust they have in various financial service providers. Since the CGAP national surveys of smallholder households are nationally-representative, these data are important inputs for estimating market size and revenue, key metrics for any business plan.

Combining the customer and provider points of view enables a variety of real-world applications. A provider offering credit to smallholders might want to investigate their competition, better understand how solutions have adapted to farmer preferences, or how one might serve farmers differently based on gender, age, or income level.

Imagine, for example, I work for an MFI in Uganda. I would look at the market both from the customer-centric view on the CGAP Smallholder Families Data Hub and from the provider perspective on the Smallholder Finance Product Explorer. I would notice that 49.7 percent of smallholders in Uganda 'fully' or 'somewhat trust' MFIs, and that this jumps seven points to 56.8 percent among young people (ages 15 to 30) in smallholder households. Yet, despite this trust, I can also see on the Data Hub that fewer than 2 percent of smallholders in Uganda have an account with an MFI. What accounts for the gap? What can our MFI learn from the experience of the other FSPs from Uganda and the region on the Smallholder Finance Product Explorer? How could we build on the widespread trust of MFIs and better deliver valued financial services for

smallholder customers? For FSPs looking to break into the smallholder market or expand their reach, the CGAP Data Hub and the Product Explorer provide powerful market intelligence.

“The Product Explorer makes the granular experience of FSPs working with smallholders more visible and comparable. It takes a detailed look at how FSPs are meeting the needs of smallholder households and where gaps remain.”

Q: As someone who spends a lot of time looking at data and thinking about tools that help make data more accessible, what do you think is unique about the Product Explorer?

JA: The Product Explorer makes the granular experience of FSPs working with smallholders more visible and comparable. It takes a detailed look at how FSPs are meeting the needs of smallholder households and where gaps remain. From an FSP perspective, the Product Explorer can help elucidate what competitors are doing in their market. It can also surface inspiration from comparable providers in other markets. What are they offering that our customers might value, and how might we learn from their experience?

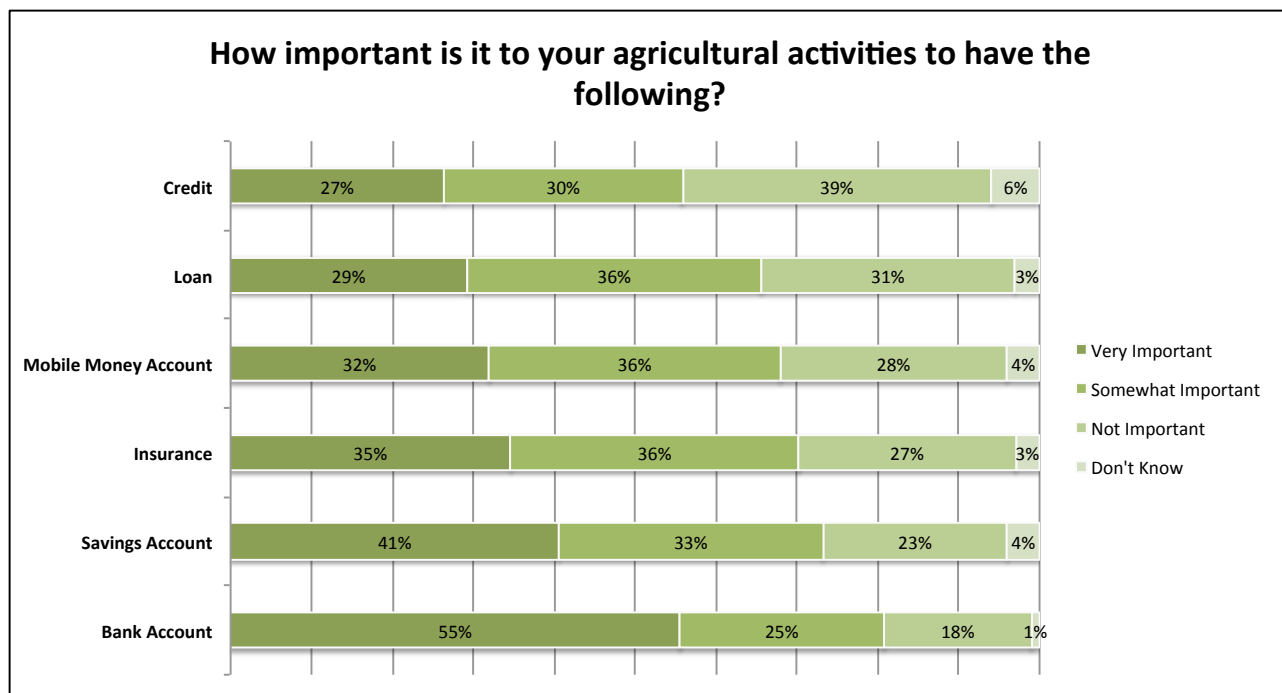
Another important point about the Smallholder Finance Product Explorer is that it recognizes the importance of non-financial services. Yes, the details about the specific design of the financial product are important. But even getting these key points right may not be enough, especially for lower income, more vulnerable smallholder households. Only when financial tools are packaged with other services – access to improved seeds and certified fertilizer, training, post-harvest storage, and connections to buyers – are households positioned to improve their livelihoods.

Q: Currently, the Product Explorer features only credit products. Where else do you see supply-side information gaps and what types of providers or products would you want to see more of on the Product Explorer?

JA: The Smallholder Finance Product Explorer fills an important information gap, and credit products are a great place to dive into the market. It is also important to expand this platform and capture more financial products relevant to the wide experience of smallholder households and how they address their agricultural and household needs. According to the national surveys, smallholders consider other financial tools – including bank accounts, savings accounts, insurance products, and mobile money accounts – more important.

In Bangladesh, for example, only 16 percent of smallholder households consider credit ‘very important’ to their agricultural activities (see data CGAP’s survey of smallholder farmers in Bangladesh in the diagram below).

Fig. 1: CGAP National Survey and Segmentation of Smallholder Households in Bangladesh, 2016
Sample: Smallholder farmers, n = 3,095



Q: Recent research revealed that limited staff capacity to analyze - and act on - data might be preventing financial service providers from making the most out of tools like the CGAP Data Hub or the Product Explorer. How can providers make better use of these tools?

JA: As some financial service providers say, “We’re banks, not research organizations, so just tell us what the data say and then what we should do.” Over the last several years, our sector has done an excellent job of gathering data and generating granular detail on the financial and agricultural lives of smallholder families. There is so much to learn and explore in the new Findex, the Finscope and Financial Inclusion Insights surveys, AgFiMS in Tanzania, more broadly the LSMS surveys, and others. Now the focus is and should continue to increasing capacities to consume data and generate insights among stakeholders in low-income markets.

The CGAP Smallholder Families Data Hub is specifically geared to those who are not data scientists. Our goal was to put information at the fingertips of providers and make it easy to use. The complete data sets and every detail on the methodology are there to download as well, but the primary target for this resource is users without the time, expertise, or software to download a .csv file and run their own analysis. This leaves a lot on the table — there is so much more in the diaries and survey data than shown on the charts of the Data Hub! — but it’s an important step to get market intelligence in the hands of providers and ready for action.

In-country expertise and support is essential. Market players like FSDA and in-country actors like the FSD network play a key role in collecting, digesting, and disseminating data in their markets.

They bring unique expertise and sector knowledge. Not only can they generate data, more importantly they can interpret and explain the results - and this is powerful.

How you can help: making data more accessible, usable and useful requires concerted efforts from key stakeholders. To learn how you can contribute to improving the quality and availability of data on smallholder finance, please email smallholderfinance@themix.org.

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