

# Thousands of Rural Business Women Benefit from Digital Skills Building Programme in Peru



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The use of computers, mobile phones and other ICTs in community banking can assist microfinance institutions and credit officers in managing and recording loan payments, savings deposits and improving bookkeeping accuracy. But the potential of ICT solutions to improve the lives of rural women in Peru goes beyond giving them access to loans.

ICT-enabled solutions can assist microfinance institutions and community banks to set up skill training and adult education programmes that best address their need to train and advise their clients, not only to increase their chances of managing profitable businesses but also to improve their quality of life.

In Peru, the Connect4Change consortium led by IICD has developed together with PROMUC and Text to Change, an integral ICT-enabled solution that in 2013 serviced 21,000 women and aims to reach out to 160,000. Since most of the impoverished women benefitted by group-lending live in rural or semi-urban areas, they need training to learn the basics of financial services. The Connect4Change capacity development programme includes sessions about best practices in small business management, business plan development, insurances and over-indebtedness.

"In our communities, it helps us a lot to be supportive. We have learnt to share reminders and information through SMS and the education sessions are very good for us to develop in other areas, we make progress ourselves and teach others"

The ICT-supported community banking project uses mobile phones to send information about group meetings, financial products, credits, interest rates, late payments and loan payment reminders. But in addition to this, they also receive information about best practices in managing funds and working capital to start off their own businesses.

### 'There's a motivational effect'



"Overall, we have improved the efficiency and the quality of the service for our clients and this not only helps women in their businesses but they also feel more empowered through the use of technology. When they start using these tools, they start feeling more valued, no longer excluded from the rest of the society. They discover capabilities that they didn't know they had."

*Julian Sarria*  
Project Manager of PROMUC

Julian Sarria, project manager of PROMUC, noticed that right after the first phase of the implementation (2011-2013) there were already some initial effects on the community bank clients. "There was a lot of enthusiasm in using the technologies, whether it is the use of mobiles, SMS or videos, the information exchange continues beyond the regular meetings. It is now part of their daily activities: they receive text messages and they share them with other people."

According to Julian Sarria, the training module 'ICT in my life and work' has changed the way people see and use their mobile phones in rural areas of Peru. "80% of our clients only used their mobiles to receive calls", says Julian, "after the training they start using their low cost devices to send SMSs, set up calendars, agendas, reminders, and most importantly how to use these technologies in their work to boost their commercial activities."

Often well-educated credit officers also showed very low levels of mobile usability. "They didn't make the most of their devices and since they started using smartphones they were also able to receive online trainings, as an alternative to travelling up to 500 km to the capital Lima," says Sarria.

Although many of the modules had been offered for almost 20 years, the introduction of ICTs has proved more effective in delivering training outputs more efficiently. "In the past, a credit office-adviser had to spend about 10 to 20 minutes with a client. Now, with the help of ICTs, this only takes 5 minutes. Also, during the training sessions we used to rely on flip charts and our illiterate clients were not able to understand. With the use of videos this is no longer a problem."

### The importance of integral development

In order to integrate these ICT solutions in microfinance institutions, the training schemes always follow the methodology of community banking, targeting all credit officers, advisers, facilitators and clients. The goal of the capacity development programme is twofold. On the one hand, it develops and strengthens the capacities of impoverished women who are often more vulnerable to domestic violence and health problems. They are not only trained to use ICTs to improve their household economy and to live healthier lives. On the other hand, they also become more empowered and sensitised to money and investment management to minimise the risks of bad spending habits ending in bankruptcy.

### **The future**

There are great expectations that these ICT-led initiatives will be more than just a 'project' and that they will become part of a process to be adopted by all the institutions that work for PROMUC. Currently some of the institutions already pay for services provided by other entities such as banks, which charge commissions for their services when clients pay their credits through them. Likewise, the adoption and use of ICTs will follow a similar trajectory, where the tool will be seen as a fundamental part of the process based on its wider use and on received benefits. The clients already react very positively about the use of SMSs, which is regarded as an added value in the service they received from the microfinance institutions.

To learn more about the role that capacity development plays in IICD's ICT-led social innovation process read our publication "The IICD Approach: from need to sustainability" available here in both [English](#) and [Spanish](#).



The use of ICT does not only seek to benefit the productivity of the women's businesses but also improve the overall well-being of their families. Animated videos on topics as diverse as "Use of technology in my life and business" and "Prevention measures to tackle gang violence, alcohol and drug abuse" are screened during educational sessions conducted by PROMUC