

In 2021, Opportunity EduFinance and KPMG India, conducted a market research study in India to examine potential opportunities to increase access to quality education for children attending low-cost private schools.

We interviewed 100 LCPS across 10 states, 16 professional development organisations, 13 financial institutions and 6 regional school associations to understand the needs of schools and service providers. **This is what we learnt.**

## ACCESS TO FINANCE

	SCHOOLS	FINANCIAL INSTITUTIONS	PARENTS
	<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li><b>&gt;50%</b> report sourcing finance is difficult</li> <li><b>73%</b> are unable to find the right Financial Institution who lend to schools</li> <li><b>72%</b> cite poor fit of loan products</li> <li><b>42%</b> reported the need for loans for transport</li> <li><b>70%</b> report high interest rates</li> <li><b>&gt;50%</b> report loan filing / paperwork is a key challenge</li> </ul> <p><b>Needs</b></p> <ul style="list-style-type: none"> <li>Finding the right financial products</li> <li>Maintaining credit history / bookkeeping</li> <li>Loan filing (applications, paperwork etc.)</li> <li>Loan repayment planning</li> </ul> <p><b>Impact of COVID-19</b></p> <ul style="list-style-type: none"> <li><b>50%</b> reported the need for digital infrastructure</li> <li><b>70%</b> reported fee collections of &lt;50%</li> </ul>	<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>High customer acquisition costs (<b>3–4%</b> of loan amount)</li> <li>Low conversion rate (<b>1 in 10</b> vs 1 in 2 in other sectors)</li> <li><b>87%</b> of Financial Institutions say accessing schools to finance is very difficult</li> <li><b>80%</b> of schools wanting finance</li> </ul> <p><b>Needs</b></p> <ul style="list-style-type: none"> <li>Train staff to reach schools, conduct part of the credit assessment backed by automation and understand requirements accurately</li> </ul> <p><b>Impact of COVID-19</b></p> <ul style="list-style-type: none"> <li>Schools defaulting on payments = de-prioritisation of education loans (<b>70%</b> schools collected <b>less than 50%</b> of school fees during closures)</li> </ul>	<p><b>CHALLENGES</b></p> <ul style="list-style-type: none"> <li><b>25%</b> use loans secured for other purposes, to pay school fees</li> <li><b>24%</b> have 2 or more existing loans affecting repayments and eligibility for new ones</li> </ul> <p><b>NEEDS</b></p> <ul style="list-style-type: none"> <li>Products that cover other expenses as well as school fees (tuition, digital devices, uniform etc.)</li> <li>Flexible payment plans</li> </ul> <p><b>IMPACT OF COVID-19</b></p> <ul style="list-style-type: none"> <li>Parents have experienced a significant loss in income</li> </ul>

## ACCESS TO PROFESSIONAL DEVELOPMENT

	SCHOOLS	SERVICE PROVIDERS
	<p><b>CHALLENGES</b></p> <ul style="list-style-type: none"> <li>Schools unable to find the right organisation to address (or match) training needs</li> <li>Schools are unable to institutionalise change in practices following training programmes</li> </ul> <p><b>NEEDS</b></p> <ul style="list-style-type: none"> <li>Trainings customized to vernacular languages</li> <li>NEP 2020 = new areas for development: integration of ECED; school infrastructure planning; compliances and monitoring</li> </ul> <p><b>IMPACT OF COVID-19</b></p> <ul style="list-style-type: none"> <li>Digital up-skilling required. <b>&lt;60%</b> of teachers are using digital medium for teaching</li> <li>Schools require support in covering learning loss, managing social emotional needs of students and teachers</li> </ul>	<p><b>CHALLENGES</b></p> <ul style="list-style-type: none"> <li>Schools only have 6–10 annual training days available which makes it difficult to showcase impact</li> <li>High cost of outreach, customer acquisition and retention is a challenge</li> <li>Lack of incentives for teachers to fully engage in training</li> <li>Schools' inability to devote funds to professional development training</li> </ul> <p><b>NEEDS</b></p> <ul style="list-style-type: none"> <li>Incentivizing training programs to drive impact</li> </ul>