

EDUFINANCE MARKET KNOWLEDGE

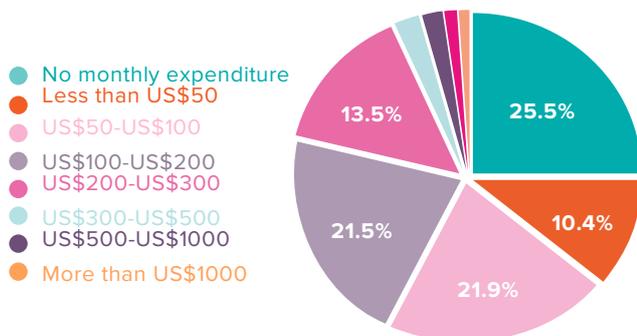
EDUCATION LENDING OPPORTUNITIES IN ECUADOR

FINANCING THE AFFORDABLE PRIVATE SCHOOL SECTOR: SCHOOL FEE LOANS

Manabi is a province in Ecuador with 1.4mn inhabitants. Its economy relies heavily on fishing and agriculture (mainly bananas, cacao, cotton or tobacco). A child's access to education can suffer when a family's main source of income relies heavily on seasonal industries. A School Fee Loan product may be useful for parents who need to borrow for school fees during low-income months.

31% OF BANK CLIENTS WOULD TAKE OUT A SCHOOL FEE LOAN

WHAT DO FAMILIES TYPICALLY SPEND ON EDUCATION?



In Manabi, 75% of bank clients interviewed had children that are currently in school. Monthly expenditure on education was significant in families with school aged children, 21.9% of bank clients reported spending between US\$50 - US\$100 a month on education and 21.5% spend between US\$100 - US\$200. 13.5% report spending between US\$200 - US\$300 a month, whilst 7.2% of bank clients spend over US\$300 a month.

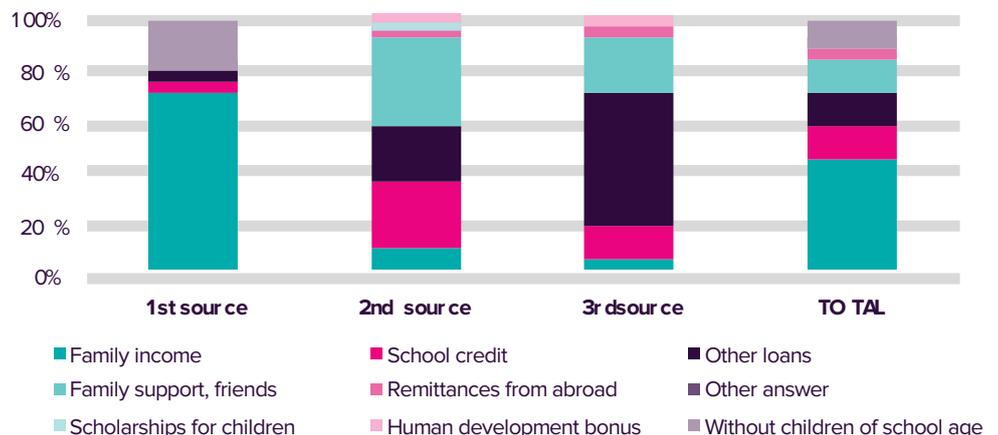
COST AT THE BEGINNING OF SCHOOL YEAR	%
US\$100 or less	9.3%
US\$101 - US\$300	36.3%
US\$301 - US\$500	28.0%
US\$501 - US\$700	13.0%
US\$701 - US\$1000	7.8%
More then US\$1000	5.7%
TOTAL	100.0%

BEGINNING OF THE SCHOOL YEAR ADDITIONAL COSTS

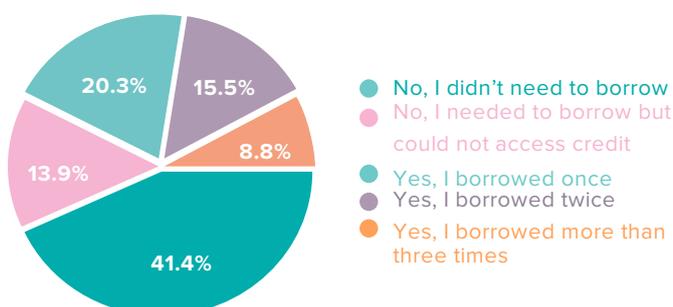
64.3% of respondents indicated that they spend between US\$100 – US\$500 as a one-off payment at the beginning of the school year. These annual one-off expenses, in addition to regular monthly expenditure on education, can generate a liquidity gap. In many cases, interviewers found that a family's monthly income was not enough to cover expenses that succeeded more than US\$300 (over 50% of respondents report to pay US\$300+ at the beginning of the school year). Parents that face liquidity issues at the beginning of the school year could benefit from access to short term School Fee Loans to spread the expense over 2-3 months.

HOW DO FAMILIES FINANCE THEIR CHILDREN'S EDUCATION?

Most parents use 'family income' to cover the cost of sending their children to school, this includes business income, seasonal work and regular wages. Many parents also report receiving additional monetary support from family and friends to pay for education related expenses. 'School credit' and 'other loans' were also cited frequently and used as a 'top-up' facility when family income was insufficient to cover school fees and other education related expenses.



HAVE PARENTS BORROWED FOR SCHOOL FEES IN THE LAST 2 YEARS?



14%

WANTED MORE INFORMATION EDUCATION LENDING PRODUCTS

44%

HAVE BORROWED FOR SCHOOL FEES IN THE PAST