

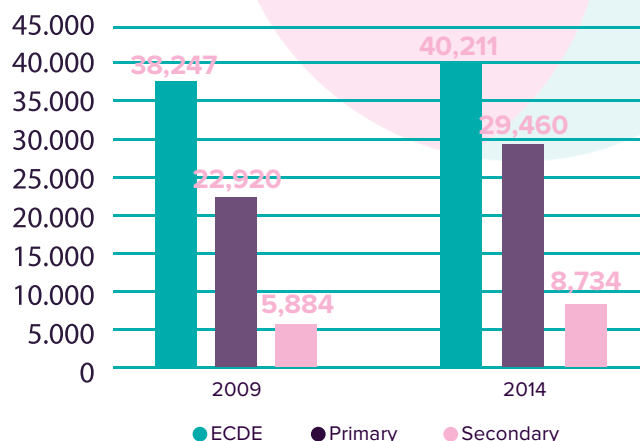
# EDUFINANCE MARKET KNOWLEDGE EDUCATION LENDING OPPORTUNITIES IN KENYA

## FINANCING THE AFFORDABLE PRIVATE SCHOOL SECTOR: SCHOOL FEE LOANS

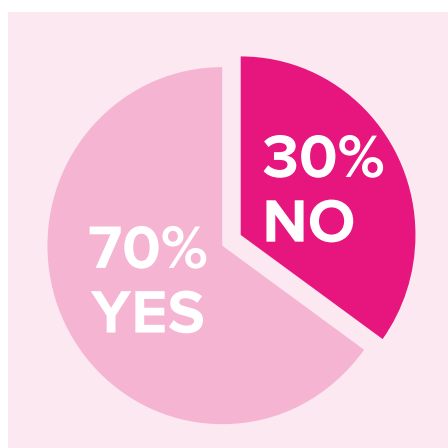
### CURRENT TRENDS

In Kenya the number of ECDE Centers increased from 38,247 in 2009 to 40,211 in 2014, representing an annual growth of 1%. Public centers increased at a slightly lower rate of 0.8% compared to private centers that **grew at 1.4%**.

Between the same timeframe, the school enrolment has incrementally increased with the enrolment rate standing at **16% for private primary schools, 7% for secondary schools**. With parents searching for quality and affordable education for their children, this sector is bound to grow.



### Late school fees payment



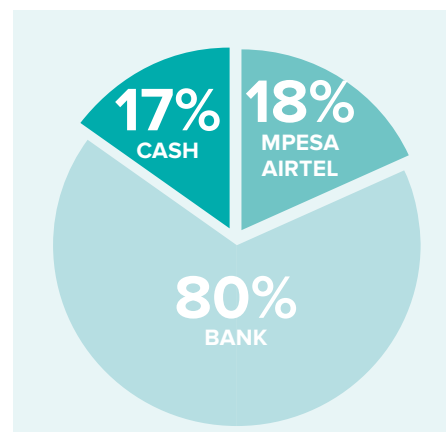
There is an opportunity for financial institutions to work with schools to bring parents on to the financial platform and reduce late school fees payments.

**68%**  
WILL BORROW FOR SCHOOL

**69%**  
WOULD REPAY WITHIN 12 MONTHS  
ON A MONTHLY BASIS

**79%**  
WOULD SAVE WITH A  
MICROFINANCE INSTITUTION

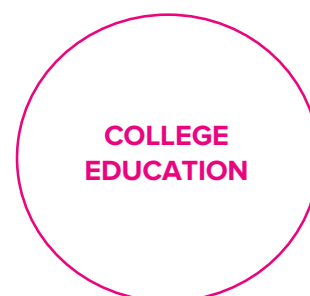
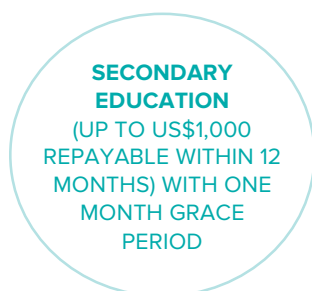
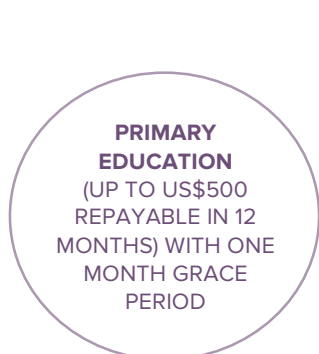
### Mode of payment



Those who prefer bank and not m-pesa said they would like a physical record of payment just in case there is a disagreement with the school on a specific payment.

### MARKET OPPORTUNITIES

Education is a basic right enshrined not only in the Kenyan constitution, but in countries across the world. Like food, **there will always be need for it**. The Kenyan situation is unique because of the free primary and free secondary day education which has caused an increase in student registration and this in turn has stretched the capacity of public schools and endangered the quality of education, however this has created **room for private schools to enter the market** and complement the work of public schools.



# EDUFINANCE MARKET KNOWLEDGE EDUCATION LENDING OPPORTUNITIES IN KENYA

## FINANCING THE AFFORDABLE PRIVATE SCHOOL SECTOR: SCHOOL IMPROVEMENT LOANS

### MARKET OVERVIEW

The Kenyan financial sector is one of the most developed within the region. There is potential to tailor products and services in line with schools needs. With **dedicated products**, there is a possibility to tap into a huge potential given the mushrooming of **private schools** both at primary and secondary level mainly in urban areas.

**40%**

CURRENTLY NEED CLASSROOM IMPROVEMENT LOANS

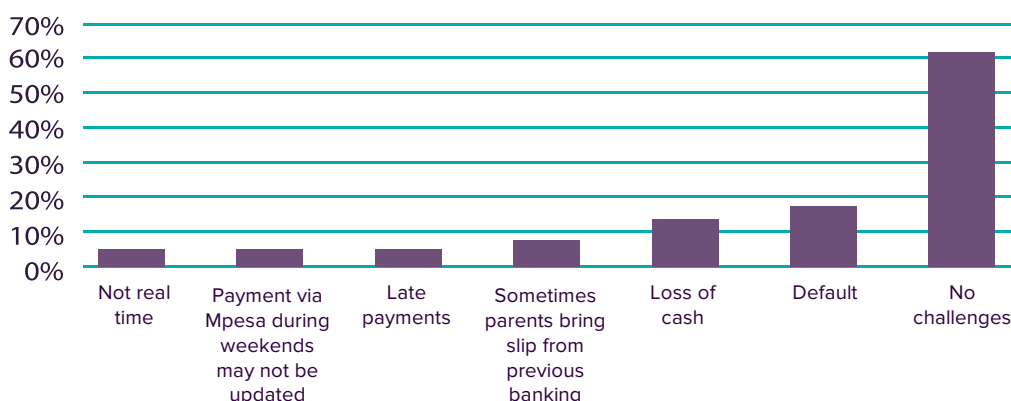
**54%**

OF SCHOOLS OPERATE CURRENT AND SAVINGS BANK ACCOUNTS

**96%**

WOULD BORROW TO MEET FINANCIAL GAPS

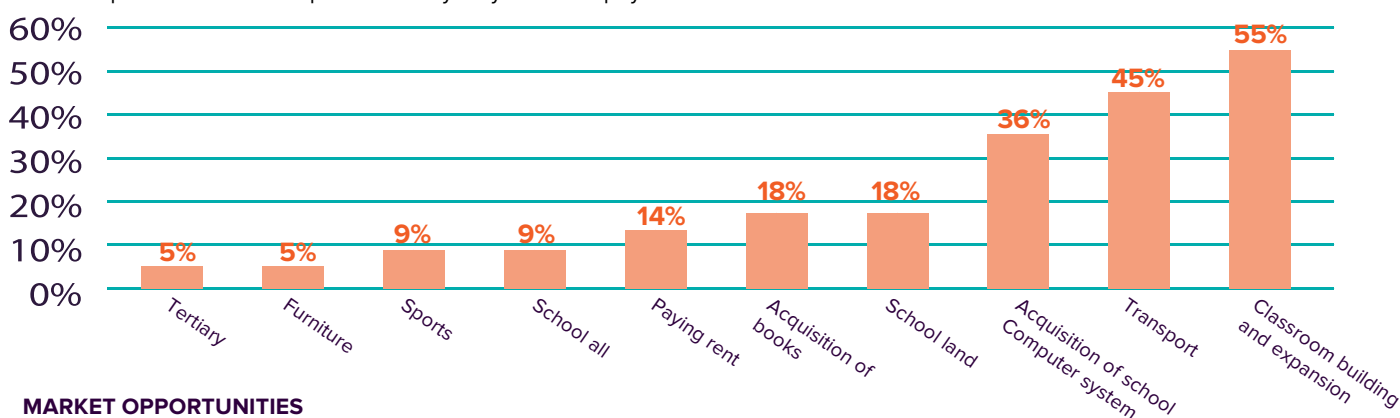
### CHALLENGES IN SCHOOL FEE COLLECTION



Only 32% of schools have school computers, and this means most of the school administration work is still manual. But when asked whether they had any challenges in reconciling fees records most of the schools (61%) explained that they have no challenges. However many schools (75%) practice mobile banking and mobile money transfers and they reported that this is convenient and works well.

### DEMAND FOR EDUCATION FINANCE LOANS

At the school level there are needs that are of more immediate nature and long term. The short term addresses building improvement and equipment, but long term should focus on asset acquisition. It is important to keep in mind that since many of the schools operate from rented premises they may not have physical and/or conventional collaterals.



### MARKET OPPORTUNITIES

ASSET FINANCING WITH LONGER TERM REPAYMENT PERIOD BETWEEN 24-36 MONTHS WITH UP TO 3 MONTHS GRACE PERIOD

SCHOOL IMPROVEMENT PAYABLE BETWEEN 12-24 MONTHS WITH UP TO 2 MONTHS GRACE PERIOD

OVERDRAFTS / SHORT TERM LOANS FOR 1-3 MONTHS AROUND SCHOOL HOLIDAYS