



# Delivering Quality Education through DIGITAL FINANCIAL INCLUSION

**264 million children who should be in school are not.<sup>1</sup>**

## THE OPPORTUNITY

Digital finance can make education expenses more manageable for lower-income households and help schools and national education systems improve their financial management. This can free up resources for teachers, materials, and technologies that improve education outcomes.



## CHALLENGES\*

The **financial cost of education** is a barrier for households in low-income countries. Education costs can take up to  $\frac{1}{3}$  of low-income household revenue, whereas in high-income countries it's  $\frac{1}{5}$  of household revenue.<sup>2</sup>

Collecting pay in cash often causes **teachers to miss critical time in the classroom**. For example, in the Solomon Islands, teachers often miss several days of work to collect wages due to lack of easily accessible financial services.<sup>4</sup>

In low- and middle-income countries, 82% of school fees are paid in cash<sup>6</sup> which can involve **long wait times and incur hidden fees** for parents and **unpredictable revenue streams** for schools due to late payments.<sup>7</sup>



## SOLUTIONS\*

**Flexible digital saving and loan products** designed to help parents manage education expenses can keep children in school and learning.<sup>3</sup>

Digital payment channels eliminate the need for teachers to take time out of teaching to collect their pay. Digital payments mean **safer, faster, and more reliable wages for teachers**.<sup>5</sup>

Digital payments make it easier for households to save and pay for education costs, giving schools and governments better **visibility and predictability of cash flows and more sustainable business models** for providers.<sup>8</sup>



“Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.”

**KENYA** An experiment providing access to a digital savings account to Kenyan households in 2015 **boosted high school enrollment by 5%-6%**, one-third higher than those without such access.<sup>9</sup>

**NEPAL** Households headed by women **increased education spending by 20%** when given access to digital savings accounts.<sup>10</sup>

**LIBERIA** Digitizing teacher salary payments **saved teachers 13.5 hours per paycheck on average**, and cut the cost of collecting wages by 92%, from \$25 per paycheck to \$2. Less time collecting cash wages means more time that teachers can spend in classrooms.<sup>11</sup>

**UGANDA** A flexible education loan using mobile wallets and a “pay-as-you-go” business model helped parents to start paying school fees at the beginning of term and keep their children in school. In households using this product, only 15% of students missed a day of school for nonpayment, compared to 24% for those not using the product.<sup>12</sup>

**AFRICA** Mobile payments enable **pay-as-you-go e-learning**, allowing vulnerable or remote populations to access educational content digitally and more affordably. Eneza Foundation’s mobile education platform has **over 3 million unique users across Africa, 70% of which are from rural areas**.<sup>13,14</sup>



\* These represent only a few of the many important challenges and solutions. They should not be read as an exhaustive list.



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