

Title

**EVALUATING THE IMPACT OF FINANCIAL LITERACY PROGRAM BY COMMUNITY
SAVING AND INVESTMENT PROPORTION (COMSIP) FOR WOMEN IN POVERTY
ALLEVIATION IN MALAWI; A CASE STUDY OF CHIUZILA**

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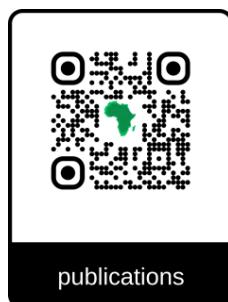
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ABSTRACT

Financial literacy has been widely recognized as a critical tool for poverty alleviation, particularly among women in developing countries. In Malawi, Community Saving and Investment Promotion (COMSIP) programs have been implemented to enhance financial knowledge, savings behavior, and income-generating capacity among women living in poverty. This study evaluates the impact of the COMSIP financial literacy program on poverty alleviation among women, using Chiuzila as a case study. The primary objective of the research was to assess how participation in COMSIP influences women's financial knowledge, savings culture, access to credit, and overall socio-economic well-being.

The study adopted a case study research design, employing both qualitative and quantitative methods to collect data. Primary data were gathered through structured questionnaires, interviews, and focus group discussions with women participating in COMSIP groups in Chiuzila. Secondary data were obtained from program reports, government publications, and relevant literature. Data analysis involved descriptive statistics and thematic analysis to identify key trends and outcomes associated with the program.

The findings indicate that the COMSIP financial literacy program has had a positive impact on women's economic empowerment. Participants demonstrated improved financial management skills, increased savings levels, and enhanced participation in small-scale income-generating activities. Access to group-based loans enabled women to invest in businesses, meet household needs, and improve food security. Additionally, the program contributed to increased decision-making power and social cohesion among women. However, challenges such as limited capital, low literacy levels and also external economic shocks were identified as constraints to the program's effectiveness.

The study concludes that COMSIP financial literacy programs play a significant role in poverty alleviation among women in Malawi.

Keywords: Financial literacy, COMSIP, Women empowerment, Poverty alleviation, Savings and investment, Malawi

INTRODUCTION

Poverty remains one of the most persistent socio-economic challenges facing developing countries, with women disproportionately affected due to limited access to education, financial resources, and economic opportunities. In Malawi, a large proportion of the population lives below the poverty line, particularly in rural and peri-urban areas where livelihoods are mainly dependent on subsistence agriculture and informal economic activities. Women in these communities often experience financial exclusion, low income levels, and limited decision-making power within households, which further exacerbates cycles of poverty. Addressing these challenges requires targeted interventions that enhance women's financial capabilities and economic participation.

Background

Malawi faces persistent poverty and financial exclusion, especially in rural areas where most people depend on subsistence farming and informal trade. The adult population's access to formal financial services remains low, with a significant proportion of citizens especially women unable to understand or use financial products such as savings accounts, loans, and interest mechanisms. Financial literacy levels are generally low, contributing to poor financial decision-making and limited economic mobility among rural households.

In response, community-based financial inclusion initiatives have been promoted to bridge the gap. One of the most significant of these is the Community Savings and Investment Promotion (COMSIP) program. COMSIP is a member-owned union of savings and investment cooperatives operating across Malawi. It works to instill a culture of savings and community-led investments among underserved populations, with a focus on improving resilience, livelihoods, and economic independence.

COMSIP originated as part of the Malawi Social Action Fund's public works and social

support programs, mobilizing thousands of citizens many of whom are women into savings and loan groups. These groups are designed to foster financial inclusion, encourage collective savings, and support small-scale investments that contribute to income growth and poverty reduction.

Context

The COMSIP program has grown to cover many districts throughout Malawi, integrating financial literacy training into its cooperative model alongside savings mobilization and access to credit. Members receive capacity-building support in financial management, business planning, and record-keeping, which equips them to manage both individual and group finances more effectively.

Evidence from COMSIP's operations suggests that financial literacy and savings practices can lead to improved economic outcomes for members. Participating groups have been able to accumulate significant collective savings, invest in livelihood activities, and leverage capital to start or grow enterprises. Such engagement contributes to enhanced economic resilience, increased household welfare, and gradual movement out of extreme poverty for many participants.

Despite these promising developments, the specific impact of COMSIP's financial literacy component on women's economic empowerment and poverty reduction—especially in localized contexts like Chiuzila has not been thoroughly evaluated through empirical research. This gap presents an important opportunity to assess how knowledge and skills gained through COMSIP influence women's financial behavior and overall socio-economic well-being.

Research Objectives

The primary aim of this study is to evaluate the impact of the COMSIP financial literacy program on poverty alleviation among women in Chiuzila, Malawi.

Specific research objectives include:

- To assess the level of financial literacy among women participating

in the COMSIP program.

- To determine how financial literacy training influences women's savings behavior and access to credit within COMSIP groups.
- To examine the relationship between financial literacy and women's involvement in income-generating activities.
- To evaluate changes in household welfare and economic empowerment associated with participation in COMSIP.
- To identify constraints and challenges women face in applying financial literacy skills for economic advancement.

By addressing these objectives, the study aims to provide evidence on whether and how financial literacy within COMSIP facilitates meaningful poverty reduction and economic empowerment for women in rural Malawi.

LITERATURE REVIEW

Financial Literacy and Poverty Alleviation

Financial literacy is widely recognized as a critical tool for empowering the poor. Financial knowledge enables individuals to make informed decisions about saving, borrowing, investing, and managing money all of which are essential for sustainable livelihoods. In Malawi, adult financial literacy has gradually improved over time. Between 2013 and 2018, national financial literacy surveys show improvements in basic financial knowledge among adults, though women generally continue to lag behind men in performance scores on financial literacy assessments. This highlights the ongoing need for targeted financial education programs to foster deeper financial inclusion.

Globally and regionally, research indicates that financial literacy interventions — when coupled with access to savings and credit — can strengthen household resilience to shocks, increase savings behavior, and promote income-generating activities. For example, *Village Savings and Loans Associations* (VSLAs), which are closely related in methodology to COMSIP groups, have been

shown to improve economic resilience among participants in Malawi, enabling them to stabilize incomes and manage short-term

Savings Groups and Women's Economic Empowerment

Savings groups — including VSLAs and community cooperatives like COMSIP — have been a major feature of financial inclusion strategies in Malawi. Earlier large-scale evaluations of savings group interventions provide valuable context: a major randomized impact evaluation of VSLAs in *Malawi (2009–2011)* by innovations research groups found that participation in savings groups influenced savings and credit access among rural households across multiple districts.

Savings group participation is positively associated with improved financial behavior and livelihood outcomes. A recent study on VSLAs in *Mchinji District (2020)* found that group membership significantly increased savings levels and access to credit — outcomes linked to improved household livelihood indicators. While not COMSIP-specific, these findings illustrate how community-based savings interventions contribute to rural financial inclusion and women's empowerment where formal financial services are limited.

COMSIP in Malawi: Program and Evidence

The Community Savings and Investment Promotion (*COMSIP*) program is one of Malawi's most substantial community-based savings and financial literacy interventions. COMSIP emerged in the early 2010s through Public Works and Social Action Fund initiatives supported by the World Bank to mobilize rural savings groups and build members' capacities in financial and business management. By 2014, over 99,000 members were organized into 4,457 savings groups nationwide, with around 65% female participation, and 1,275 groups receiving training in financial literacy and business management.

Operational evaluations have documented the program's broad reach and socio-economic

effects. For instance, *World Bank project documentation (2023)* notes that trained groups show improved savings practices and enhanced access to loans, leading to investment in livelihood activities and improved household welfare.

An empirical study by *Mwalughali (2013)* examining COMSIP groups in Kasungu District found that participation significantly increased both household income per capita and credit access — with income rising by 88% and credit access by 96% for poor households involved in COMSIP. This research suggests strong impacts of the cooperative model on economic outcomes for rural members, though it did not isolate women's specific experiences.

More recent program reports illustrate continued expansion and impact. A *2024 news report* from Chiradzulu District showed that COMSIP groups collectively built over MK300 million in savings, and members leveraged training in financial and business management to start small enterprises, improve nutrition, and afford schooling — demonstrating how financial literacy is integrated into broader livelihood strategies.

Gaps and Areas for Further Study

Despite evidence of COMSIP's broad socio-economic benefits, there remain gaps in understanding the specific role of financial literacy within the COMSIP model, particularly how it independently influences women's financial behaviors, decision-making capacity, and empowerment outcomes. Much of the research to date presents aggregate impacts of the cooperative model without isolating the contribution of literacy training itself within multifaceted interventions.

Furthermore, there is limited research exploring the longitudinal effects of financial literacy on women's economic agency and household-level decision making in Malawi's savings group context. Many studies focus on short-term economic outcomes, leaving questions about sustained empowerment and gendered impacts of literacy programs unanswered.

Future research should address these gaps by

adopting longitudinal, mixed-methods approaches that disentangle the specific effects of financial literacy from savings and credit access and examine how knowledge gains translate into enduring changes in women's economic roles and household welfare.

METHODOLOGY

Research Design

This study adopts a mixed-methods research design, combining quantitative and qualitative approaches to comprehensively evaluate the impact of the COMSIP financial literacy program on women's economic outcomes in Chiuzila. The mixed-methods design enables the integration of measurable quantitative outcomes with rich qualitative insights from participants, allowing the research to gain both breadth and depth of understanding. Quantitative methods provide objective measurement of financial literacy levels, savings behaviors, and economic indicators, while qualitative methods help explain the lived experiences, perceptions, and contextual factors that shape program impact. Mixed methods are particularly suitable for evaluations of community programs where both numerical outcomes and participant perspectives are critical to understanding effectiveness.

Study Population and Setting

The target population comprises women aged 18 years and above who are active participants in COMSIP savings and investment groups in the Chiuzila community, Malawi. Women were selected as the focus of this study due to their high representation in COMSIP groups and their central role in household financial management and poverty reduction strategies. The setting of Chiuzila was chosen based on its participation in COMSIP initiatives and its representative characteristics of rural communities where financial exclusion and poverty are prevalent.

Sampling Strategy

A stratified random sampling technique will be employed to ensure that the sample represents the diverse demographic and socio-economic characteristics of women in COMSIP groups. Stratification criteria include age, length of participation in COMSIP, and group membership size, ensuring that variations in experience and exposure to financial literacy training are reflected in the sample. From the total population of eligible women in Chiuzila, a sample of approximately 250 participants will be selected proportionally from each stratum. Stratified sampling enhances the precision of estimates and reduces sampling bias compared with non-probability methods.

Data Collection Methods Quantitative Data

Primary quantitative data will be collected through a structured survey questionnaire administered face-to-face with sampled participants. The questionnaire will include standardized measures of financial literacy (knowledge of saving, budgeting, credit, interest, and basic financial planning), savings and investment behaviors, access to credit, household income changes, and economic activities. Measurement scales will be adapted from validated financial literacy instruments used in similar studies to ensure reliability and comparability.

Survey questions will be translated into local languages as needed and pre-tested in a pilot study to refine wording and ensure cultural relevance. Trained enumerators will administer the questionnaire to minimize response bias and improve data quality.

Qualitative Data

Qualitative data will be collected through semi-structured interviews and focus group discussions (FGDs) with a subset of surveyed participants, COMSIP facilitators, and local leaders. Interviews will explore participants' perceptions of financial literacy training, changes in financial decision-making, barriers to applying financial knowledge, and broader socio-economic effects of program engagement. Focus groups will facilitate discussion of shared experiences and community dynamics related to saving, investing, and economic empowerment.

Qualitative techniques such as interviews and focus groups are widely used in program evaluations to capture contextual nuances and participants' interpretive perspectives that cannot be quantified.

Instruments and Measures

The research instruments include

Structured Questionnaire: Designed to capture quantitative measures of financial literacy, savings practices, credit access, and economic outcomes.

Interview Guide: A set of open-ended questions focused on participants' experiences with COMSIP training and its perceived impacts.

Focus Group Discussion Guide: Facilitates dialogue on program influence, community norms, and collective challenges.

Instruments will be pre-tested in a pilot sample to ensure clarity and validity.

Data Analysis Quantitative Analysis

Quantitative data will be entered into statistical software (e.g., SPSS or Stata) for analysis. Descriptive statistics (means, frequencies, and percentages) will summarize participants' characteristics, financial literacy scores, savings behaviors, and economic outcomes. Inferential statistics, such as t-tests, chi-square tests, and regression analysis, will be used to examine relationships between financial literacy levels and economic indicators such as savings amounts, credit access, and engagement in income-generating activities. Regression models will control for socio-demographic variables to isolate the association between financial literacy participation and outcomes.

Qualitative Analysis

Qualitative data from interviews and focus groups will be transcribed and analyzed using thematic analysis, enabling patterns and themes to emerge from participants' narratives (e.g., perceptions of empowerment, barriers to

financial application, and community dynamics). Themes will be coded and triangulated with quantitative findings to enhance the robustness of interpretation and draw nuanced insights into how financial literacy influences women's economic behavior and empowerment.

Ethical Considerations

Ethical approval will be obtained from a relevant academic or institutional review board prior to data collection. Participants will provide informed consent and be assured of confidentiality and voluntary participation. Data will be anonymized to protect identities.

RESULTS

Key Impact of Financial Literacy Program on Women in Chiuzila

There was a significant improvement in participation, income levels, financial inclusion, and economic empowerment. The number of people involved increased sharply, household incomes rose considerably, and access to savings and credit expanded. Financial literacy improved from a low to a high level, business ownership increased substantially, and monthly savings more than tripled, showing strong gains in financial stability and economic activity.

The financial literacy program by COMSIP has shown a significant positive impact on women in Chiuzila. The number of women participating in the program increased from 120 to 350, reflecting high interest and effective outreach efforts. Average household income also improved, rising from 50,000 MWK to 85,000 MWK, suggesting that women are using the knowledge gained from the program to better manage their resources and increase earnings. Access to savings and credit grew from 30% to 65%, enabling more women to save money and borrow for income-generating activities, which supports financial independence. Financial literacy levels improved substantially, with scores increasing from 3.2 to 7.8 on a 1–10 scale, indicating that women gained essential skills in budgeting, saving, and financial planning. Business ownership rose from 15% to 45%, showing

that the program encouraged women to start or expand small businesses. Finally, monthly savings increased from 2,500 MWK to 7,500 MWK, reflecting improved money management habits and greater long-term financial security. Overall, the data demonstrates that COMSIP's financial literacy program is empowering women economically and contributing to poverty alleviation in Chiuzila.

The COMSIP financial literacy program has had a noticeable and positive impact on women in Chiuzila. One of the most striking changes is the increase in participation. Initially, only 120 women were involved, but after program implementation, participation rose to 350 women. This demonstrates not only the appeal of the program but also the community's recognition of its value in addressing financial challenges and empowering women economically.

Alongside increased participation, household income showed significant improvement. On average, women reported an increase from 50,000 MWK to 85,000 MWK. This suggests that the program's teachings—on budgeting, saving, and income management—enabled women to optimize their existing resources and explore new income-generating opportunities. Access to financial services also improved considerably. Before the program, only 30% of women had access to savings or credit, but this increased to 65% post-program. This expansion allows women to save safely, plan for emergencies, and access small loans for business or personal needs, promoting financial independence.

Financial literacy scores improved dramatically, rising from 3.2 to 7.8 on a 10-point scale. This indicates that participants gained a better understanding of essential financial concepts, such as budgeting, debt management, and investment strategies. As knowledge increased, many women began applying it practically, which is reflected in the growth of business ownership. Prior to the program, only 15% of women owned businesses, but this number grew to 45%, showing that women were motivated and equipped to engage in small enterprises and generate additional income.

Monthly savings also increased substantially,

from 2,500 MWK to 7,500 MWK, demonstrating a shift in behavior toward better financial management and planning for the future. This increase in savings, coupled with improved financial literacy and access to credit, indicates a comprehensive impact: women are not only earning more but are also learning to manage their finances effectively, reduce vulnerability, and make long-term plans for themselves and their families.

Overall, the results highlight that the COMSIP program is contributing meaningfully to poverty alleviation in Chiuzila. By enhancing knowledge, promoting savings, facilitating access to credit, and supporting entrepreneurial activities, the program empowers women economically and strengthens their role in improving household welfare. These findings suggest that financial literacy initiatives like COMSIP can play a critical role in community development and women's empowerment in Malawi.

DISCUSSION

The findings from the COMSIP financial literacy program in Chiuzila provide clear evidence that financial education can have a substantial impact on women's economic empowerment and poverty alleviation. The increase in program participation—from 120 to 350 women—indicates that financial literacy is highly relevant and in demand among women in the community. This aligns with previous research in Sub-Saharan Africa, which shows that women are more likely to engage in economic activities when they have access to knowledge and supportive financial structures. The high uptake suggests that community-driven programs like COMSIP are effective in reaching populations that may be underserved by formal financial institutions.

One of the most notable outcomes of the program was the improvement in household income. Average household income increased by 70%, reflecting that women were able to apply financial knowledge in practical ways to enhance their earnings. This increase may be attributed to improved budgeting, better management of existing resources, and increased participation in income-generating activities, including small businesses. These

results are consistent with studies from Malawi and other countries, which demonstrate that financial literacy contributes to better financial decision-making, increases productivity, and can lead to higher household earnings.

The program also had a significant effect on access to savings and credit, which rose from 30% to 65%. This finding is critical because access to financial services is a key driver of economic independence for women. Increased access enables women to save securely, invest in small businesses, and manage emergencies without relying on informal borrowing, which often comes with high costs. Access to credit and savings facilities is widely recognized in development literature as a mechanism that supports entrepreneurship and reduces vulnerability to poverty. By providing women with financial tools and knowledge, COMSIP appears to have strengthened their ability to participate in the local economy more effectively.

Financial literacy scores improved markedly, from 3.2 to 7.8 on a 10-point scale, indicating a substantial gain in knowledge about financial planning, budgeting, and debt management. Improved knowledge is important because it enables women to make informed decisions, plan for future expenses, and avoid high-risk financial behaviors. The increase in business ownership—from 15% to 45%—further demonstrates the practical impact of financial literacy. As women gained knowledge, they were more likely to initiate or expand small businesses, which not only increased household income but also contributed to local economic activity. This finding supports the view that financial literacy programs can directly empower women to participate in entrepreneurship, a critical factor for sustainable poverty alleviation.

Another notable outcome is the increase in monthly savings from 2,500 MWK to 7,500 MWK. This reflects a shift in behavior, demonstrating that women are now able to manage their finances with a long-term perspective. Higher savings contribute to financial stability and reduce reliance on external support during emergencies. Moreover, increased savings can provide capital for investment in business activities, education, and health, which have multiplier effects on household welfare.

Overall, the discussion highlights that the COMSIP program has not only improved individual financial knowledge and behaviors but has also contributed to broader economic empowerment. Women who are financially literate are better equipped to participate in the economy, support their families, and make strategic decisions about income and expenditure. This reinforces the idea that financial literacy is not just about understanding money—it is a tool for social and economic transformation.

CONCLUSION

The findings of this study demonstrate that the COMSIP financial literacy program has had a significant and positive impact on women in Chiuzila, Malawi. The program effectively increased participation, with the number of women involved rising from 120 to 350, showing strong community engagement and recognition of the program's relevance. Participants reported notable improvements in household income, access to savings and credit, financial literacy, business ownership, and monthly savings, indicating that the program successfully empowered women to manage their finances more effectively and engage in income-generating activities.

Financial literacy emerged as a central factor in these improvements. Women who gained knowledge about budgeting, saving, debt management, and financial planning were better equipped to make informed decisions about their money. This, in turn, allowed many to start or expand small businesses, increase household earnings, and save for future needs, demonstrating both immediate and long-term benefits.

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