

Customer Service Highlights

Exploring Customer Service Excellence
around the World of Microfinance

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Customer Service Highlights

Exploring Customer Service Excellence around the World of Microfinance

Forward

Over the last few years, key Microfinance markets around the world have faced significant challenges, of which we believe a disconnect with the customer is the crux of the problem. During this period, Deutsche Bank has been a vocal advocate for reconnecting the industry with the customer. In early 2011, DB launched a \$100 million fund that finances institutions pursuing excellence in customer service and product innovation.

We are very pleased that there is increasing interest in the customer and feel that all these proactive actions will have a positive effect on the future of the industry. Former US President Bill Clinton recently echoed many wise men throughout time, observing that “progress changes consciousness, and when you change people’s consciousness, then their awareness of what is possible changes as well—a virtuous circle... it’s important that the word gets out, that people realize what’s working.”

In view of these thoughts, we sought to highlight excellent customer service in microfinance in partnership with three specialized rating agencies: MicroRate, M-CRIL and Planet Rating. We hope these highlights spur ideas for how your firm can help improve customer service in the microfinance industry. Look forward to future Customer Service Highlight content, along with videos, distributed and hosted by the MixMarket.org. These highlights certainly do not begin to capture the totality of excellent examples of customer service in microfinance; please feel free to suggest other examples that can be included in this collection.



Asad Mahmood

For more information

Asad Mahmood
Managing Director, Global Social Investment Funds
Community Development Finance Group

Deutsche Bank 60 Wall Street, New York, NY 10005
212.250.0548 | asad.mahood@db.com

Ben Midberry
Associate, Global Social Investment Funds
Community Development Finance Group

Deutsche Bank 60 Wall Street, New York, NY 10005
212.250.0546 | ben.midberry@db.com

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Executive Summary



Deutsche Bank is pleased to release Customer Service Highlights: Exploring Customer Service Excellence around the World of Microfinance. These highlights are provided by three specialized microfinance rating agencies: MicroRate, M-CRIL and Planet Rating. “Customer service” encompasses several key concepts, including: consistent service, client protection, financial innovation, serving the previously un-served, or developing new ways to deliver added value for clients with non-financial services (e.g. healthcare or business training).

The MFIs presented in this document were selected for implementing outstanding customer service practices. Deutsche Bank, MicroRate, M-CRIL and Planet Rating drew from a large group of MFIs which obtained financial or social ratings annually to assess and improve their performance.

A key aspect of good customer service is listening to clients to understand and respond to their needs. A corollary is effectively communicating the critical features of financial products.

[Cashpor MicroCredit \(CMC\)](#), in India, exclusively serves clients below the national poverty line and uses annual surveys of clients’ needs to inform strategic planning. [EKI](#), in Bosnia & Herzegovina, has developed a mystery shopping exercise to ensure clients receive high quality service. [Ujjivan](#), also in India, enhanced its customer service by placing specialized customer care representatives in a majority of branches.

As Microfinance Institutions grow, or learn from periods of market turbulence, the classic microfinance model is evolving. [FONDECO](#), in Bolivia, has improved its credit assessment process by creating industry specific microenterprise financial benchmarks and debt service coverage ratios. [Idepro](#), also in Bolivia, developed technical assistance services for its borrowers to help improve microenterprise performance, with staff specialized in key sectors such as agriculture or textile production, etc.

[XacBank](#), in Mongolia, experienced tremendous success developing a simple but innovative savings product where parents can save for their children’s education in an account that is only accessible by the child upon his or her 18th birthday. [Kshetriya Gramin Financial Services \(KGFS\)](#), in India, has rethought the relationship of an MFI with its clients, moving from a mere lender, to a financial advisor who recommends financial solutions tailored to clients evolving needs – an approach it calls Wealth Management.

Other MFIs have gone beyond providing outstanding financial services and used their customer relationships to efficiently deliver other valuable social services. [ProMujer Perú](#) has developed healthcare services, including regular treatment and preventative health education at repayment meetings, and mobile clinics to serve remote populations. [Fundación Mundo Mujer Popayán](#), in Colombia, used its intimate knowledge of customers to effectively help respond to a natural disaster. After a massive flood, the MFI brought personalized aid to its clients and developed tailored restructuring plans with borrowers to help them recover.

These examples are a few of many good practices that microfinance practitioners have put in place over the years in order to serve their social mission. We hope these highlights contribute to the knowledge sharing that has been a perennial feature of the microfinance sector.

Structure follows strategy: Creating organizational structures and processes to support social strategy

CASHPOR Micro Credit (CMC), India

Highlights

- CASHPOR'S mission to serve the poor is manifested in its target clients and markets, social covenants with investors, and the Board's involvement in assessing social outcomes
- CASHPOR has demonstrated responsiveness to client needs by collecting structured feedback which is integrated into product development
- Well designed documentation and technology promotes transparency to clients
- Client protection principle theme(s): Appropriate Product Design and Delivery, Transparency

CASHPOR Micro Credit (CASHPOR) has helped demonstrate that it is possible to exclusively serve lower segments of the poor on a profitable basis. CASHPOR works exclusively in the most underdeveloped districts within two of India's poorest states – Uttar Pradesh and Bihar. CASHPOR differentiates itself from most Indian MFIs by focusing only on clients below the national poverty level, using evaluation tools to ensure clients are poor enough. CASHPOR uses its internally developed Housing Index and the Grameen Foundation's Progress out of Poverty Index (PPI). CASHPOR's commitment to alleviating poverty and high quality customer service is also manifested in "social covenants" to its investors and allocating 10% of annual profits for activities such as scholarships for clients' children and a Community Health Facilitator Program.

CASHPOR's Board is very active in assessing social outcomes, prioritizing and regularly reviewing the MFI's system to track growth in borrower wealth holistically through variables like assets, income, as well as access to education and health services.

Given the vulnerability and low literacy level of its clients, CASHPOR has sought to implement client protection principles by designing appropriate products and ensuring transparency. CASHPOR improves its products annually using results from a survey of a random representative sample of clients conducted by its internal audit team. The survey covers various aspects of customer service, existing products and unmet needs. In addition to informing the product design process, survey results are presented to the Board and management and used in the strategic planning process. For example, after clients communicated that they had no safe way to deposit savings, CASHPOR introduced correspondent banking services. Long-time clients whose businesses had grown beyond group loans reported they were unable to obtain larger bank loans; CASHPOR introduced larger individual loans for clients with adequate credit history and repayment capacity.

CASHPOR also improved transparency through revised loan documentation provided to clients that captures all aspects of the product in the vernacular language: costs (expressed as a declining rate and total payments), terms and conditions, repayment schedule, prepayment terms, credit-life insurance charges and terms, a toll free complaint hotline, and the staff code of conduct. When clients transact with CASHPOR, the staff's mobile phone reads aloud the transaction details to address illiteracy. Details played include: activity for the day, loan balance, and any pending obligations. CASHPOR tests the effectiveness of these efforts; internal audit teams assess client awareness during branch audits twice a year.

Other than shifting to a mobile-based technology, no specific infrastructure has been required for the customer service practices described. The incremental cost of training for good customer service has been marginal since it was added to existing orientation and refresher sessions. Monitoring has also been cost effective since most processes are covered by the Internal Audit department.



CASHPOR Micro Credit (CMC), India

Founded	1997
Active Clients	461,000
Average Loan Size	US \$112
Branches	264

Mission

To identify BPL women in rural areas and to provide them financial and other vital credit plus services in an honest, timely and efficient manner.

Target Client

Exclusively to below poverty line women in eastern U.P. and Bihar

Rating Agency



Financial Rating Mfr3, CRISIL (2011)

Social Rating Σ α : M-CRIL (2010)

Know your customer service

EKI, Bosnia and Herzegovina

Highlights

- MFI Mystery Shoppers evaluate staff compliance with customer service policies
- All loan terms are always read aloud to clients, including repayment schedule and consequences of non-payment, using a checklist* to ensure consistency
- Client protection principle theme(s): Appropriate Product Design and Delivery, Prevention of Over-indebtedness, Transparency, Fair and Respectful Treatment of Clients

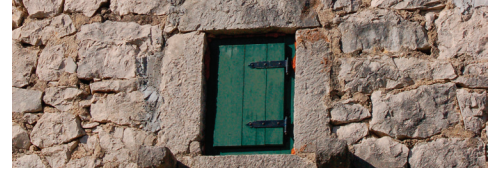
Starting in late 2009, the Bosnian microfinance sector was affected by a severe repayment crisis after the market became saturated following several years of 50%-100% growth. MFIs reported serving 10% of the Bosnian population; it was estimated that most borrowers had multiple loans and many were over-indebted. In 2010, the sector's write-offs peaked at 10.3% of outstanding loans.

As practitioners investigated the causes of this crisis, it became clear that insufficient debt capacity assessments and other client protection issues were contributing factors. One of those factors was that clients and guarantors had not fully understood their financial obligations and risks in the event of default. Significant improvements were needed in MFI client communication methods and policies to compensate for the demanding environments in which loan officers worked and clients' modest financial literacy.

EKI already had detailed loan contracts but it had proved difficult for clients to read and understand. EKI developed a simple solution: a checklist, through which the loan officer and the client discuss together to ensure each client has a clear understanding of the loan agreement and has the opportunity to ask questions. The [checklist](#) covers key aspects of the Client Protection Principles such as prevention of over-indebtedness, transparency and appropriate complaint resolution. It includes an explanation of the repayment scheme, consequences of default, collateral seizure processes, and how clients can file a complaint or withdraw from the loan agreement within 14 days.

EKI tested its new process with a [mystery shopping](#) exercise commissioned at the end of 2011. The mystery shopper tested loan officers against 30 points of compliance to customer service policies. This exercise allowed EKI to detect areas for improvement that wouldn't have arisen otherwise by looking at its operations through its clients' eyes. For example, it appeared that loan officers could recommend more appropriate loan products by increasing the depth and consistency of inquires to better understand their clients' needs.

The results of this experiment were incorporated into training sessions for loan officers to improve customer service by increasing effectiveness of sales discussions and more clearly explaining contract terms. The mystery shopping exercise was conducted again in 2012, with the goal to make transparency and excellent customer service a part of its culture defined as *what employees do even when nobody is watching them!*



EKI, Bosnia and Herzegovina

Founded	1996
Active Clients	35,000
Average Loan Size	US \$1,754
Branches	14

Mission

Provide financial services and technical support to those who have no access to bank services and to businesses that create new or maintain the existing jobs in the entire BiH.

Target Client

SME and agricultural entrepreneurs in the poorest regions of the country, particularly in rural areas

Rating Agency



Financial Rating	B+ (2011)
Social Rating	4 out of 5 (2012)

* A checklist can sound mundane and even condescending to professionals, but an increasing body of work points to the surprising potency of checklists to improve customer service in white collar professions such as medicine, law and financial services. See "The Checklist", in the December 10, 2007 issue of the *New Yorker*.

Institutionalizing customer service 2.0

Ujjivan Financial Services, India

Highlights

- Ujjivan’s commitment to customer service is institutionalized in its Service Quality department, financial literacy efforts, and soft skills training for loan officers to improve customer service
- Customer Care Representatives facilitate improved customer feedback
- Client protection principle theme(s): Transparency, Fair and Respectful Treatment of Clients, Mechanisms for Complaint Resolution

Ujjivan focuses on underserved urban borrowers and seeks to differentiate itself on the basis of its service quality, so as to strengthen relationships with its customers who are spread across large towns and cities in 20 Indian States.

To ensure the best service quality, Ujjivan has established a dedicated Service Quality department which is responsible for implementing its Customer Protection Program. The program consists of monitoring operations and personnel to improve customer satisfaction. Key interventions include staff training, financial education for clients and improved customer complaint monitoring and resolution. After the Indian Microfinance crisis in 2009-10, the Customer Protection Program was developed in response to Code of Conduct assessments. Ujjivan has also been inspired by best practice reports published by the SMART Campaign.

Ujjivan realized that staff needed to improve customer service to improve retention of its best clients and particularly when delinquencies occur. Since loan officers often come from the same vulnerable socio-economic backgrounds as client, soft skills training for loan officers went a long way to improve service. Ujjivan also improved its default collection training and introduced detailed phased collections guidelines, boosting recovery rates.

To improve customer feedback channels and supplement its toll-free hotline, Ujjivan placed Customer Care Representatives (CCRs) in 63% of all branches so that customers can discuss issues or make complaints and enquiries in person. Ujjivan has set up a Customer Relationship Management tool for tracking customer complaint resolution and has established an MIS to track service delivery time. The latter technology also works as a document management system and has enabled Ujjivan to reduce loan turnaround time.

As part of Ujjivan’s financial education efforts, it sponsored a documentary film dubbed in 12 regional languages and screened at all branches. It portrays stories of two typical MFI borrowers who have faced the negative outcomes of over-indebtedness and fraudulent borrowing. A comprehensive financial education program was designed and piloted by Ujjivan’s affiliated foundation for non-financial services.

While many of these solutions were very affordable, Ujjivan has made large investments to implement training and cover salaries of Customer Care Representatives. Ujjivan obtained grants from IFC, Unitus, Lok Foundation, Michael & Susan Dell Foundation and Citi Foundation, but believes the economic value of these interventions will be recovered over a 4-5 year timeframe through higher customer retention rates.



Ujjivan Financial Services, India

Founded	2004
Active Clients	883,600
Average Loan Size	US \$181
Branches	302

Mission

Provide financial services to the economically active poor, to help alleviate poverty.

Target Client

Urban economically active poor

Rating Agency

Financial Rating MfR2: CRISIL (2012)



Reassessing credit assessments

FONDECO (Fondo de Desarrollo Comunal), Bolivia

Highlights

- Credit assessments can be improved—and over-indebtedness reduced—by creating more advanced underwriting benchmarks
- Credit assessment consistency can be improved by engaging the audit or risk departments to visit borrowers and double-check repayment capacity analysis.
- Client protection principle theme(s): Prevention of Over-indebtedness

The Bolivian microfinance sector is home to strong competition – in some sectors this has led to saturation and over-indebtedness. Fortunately, Bolivia has good infrastructure in place and efficient credit bureaus for MFIs to assess the indebtedness of their clients. Despite this favorable environment, indebtedness and adverse weather conditions contributed to significant portfolio deterioration for FONDECO a few years ago. This led FONDECO to improve its lending practices, implementing tools to support client repayment capacity assessment, particularly forecasting borrowers’ revenue and cash flow.

Standardized and automated tools have been developed to assist loan officers in their analysis of the clients’ repayment capacity, which are adapted to each loan product and industry segment. In the case of non-agricultural businesses average profit margin benchmarks have been created for different types of businesses. For agricultural loans, benchmarks were created for different variables of several crops cultivated in FONDECO’s areas of operation, including expected input costs, output volumes and market prices. These tools are optimized for each branch and updated annually. These benchmarks are continuously optimized using information collected from FONDECO’s clients.

Many MFIs apply one debt service coverage ratio* limit to all clients and businesses – often 70% in microfinance. FONDECO also uses a 70% ceiling but it is adapted to more conservative values when needed, between 30% and 70%, depending on the type of loan product and the clients’ business. Finally, the effectiveness of a Loan Officer’s credit analysis is performed by the Internal Audit and Risk departments; both perform field visit to clients in order to assess the accuracy of the repayment capacity analysis as well as compliance with indebtedness limits. These visits also verify inputs for the sector benchmarks noted above. Overall, these new policies and practices have led to a low ratio of non-performing loans, rescheduled loans and write-offs ratio of 2.5% in 2011, encompassed in the microfinance best practices.



FONDECO (Fondo de Desarrollo Comunal), Bolivia

Founded	1995
Active Clients	15,000
Average Loan Size	US \$1,200
Branches	16

Mission

Grant the rural and urban poor credits and financial services with affordable conditions to help them to start a business, contributing to improve their living conditions and promoting progress.

Target Client

Small and medium enterprises, and microenterprises

Rating Agency



Social Rating 3+ out of 5 (2012)

* The ratio of a borrower’s average net income to debt repayment installment due in a given period.

Increasing client wealth: Going beyond credit services

Idepro, Bolivia

Highlights

- IDEPRO integrated sector-specific technical assistance with financial services, improving clients' business prospects and the MFI's client retention

In 2003, IDEPRO began to experiment with ways to increase the social impact of microcredit. The MFI focused on helping clients improve their business performance, specializing in six sectors: textiles, quinoa, nuts, grapes, timber and tourism.

Based on its clients' needs, IDEPRO created the "Procadenas" service, which helps microenterprises become more competitive through technical assistance. In addition to providing growth capital and technical assistance, this service is designed to facilitate fair and sustainable integration of microentrepreneurs within their respective value chains. As a result of the program, management has observed increasing microenterprise profits and job creation for their borrowers. Additionally, client satisfaction levels and retention rates improved significantly reaching 72% and 88%, respectively.

IDEPRO's specialized services can help microentrepreneurs improve the efficiency and quality of their production and increase sales. For example, an entrepreneur who makes finished wooden products can access a loan for equipment to help process timber and receive training to help them use the new equipment effectively. Another example is providing legal advisory services such as drafting formal contracts and negotiation assistance to facilitate sales with fair pricing to larger customers. Not only does such formalization help increase sales and profitability, but the signed contract can also serve as collateral to access additional growth finance. The MFI also helps microentrepreneurs expand their professional network through introductions to new buyers, suppliers and peers.

To effectively implement the Procadenas service, IDEPRO has specialized staff with experience in each sector. The staff assists in identifying the appropriate credit type, technology, and training to effectively improve a client's livelihood.

IDEPRO is the only Bolivian MFI that offers this service. The concept for Procadenas was created in response to observed client needs and developed over time through trial and error. The MFI's managers believe the results show that by offering credit uniquely designed for each sector with integrated business development services, an MFI can significantly increase its impact on clients. IDEPRO started offering Procadenas in 2005 but it is not yet sustainable and must be subsidized by profits of other business lines. IDEPRO management believes that Procadenas will be a sustainable service once it reaches scale by 2014, 9 years after its launch.



Idepro, Bolivia

Founded 1991

Active Clients 8,000

Average Loan Size US \$3,500

Mission

To help improve the productivity, income and employment of the small, medium and microentrepreneurs in rural and urban areas through specialized, integrated services.

Target Client

Microentrepreneurs working in specific value chains

Rating Agency **MicroRate**

Financial Rating β (2012)

Social Rating 3 out of 5 (2011)

Succeeding through product development

XacBank, Mongolia

Highlights

- Xac Bank’s most successful saving product delivered innovative features to help clients achieve a pressing goal: financing a child’s education
- Accounts are registered in the child’s name; withdraws are prohibited until his or her 18th birthday
- Client protection principle theme(s): Appropriate product design and delivery

Until the late 1990’s, financial services were only accessible to the Mongolian elite. Today, over 77% of adults have an account with a formal financial institution*. A highly developed microfinance sector has contributed to this dramatic increase in financial inclusion, with MFIs responsible for nearly 80% of the Mongolian financial sector’s total loan portfolio.

XacBank has been developing innovative savings products, a key element of microfinance beyond credit. One of XAC’s most successful savings products owes its success to an innovative design tailored to the needs of their clients. The “Future Millionaire” long term saving account is designed to help parents save money for their child’s future. Currently, over 145,000 children are benefitting from this product, which represents 40% of XacBank’s 351,000 savings accounts.

If parents make a monthly deposit of US \$7 (2.8% of the average monthly salary in Mongolia**), US \$8,190 would be saved after 18 years on average – enough to pay for the full tuition of a four year university degree. The account features help parents make a long-term commitment and minimize the risk of misuse. The account is registered in the child’s name so only he or she can withdraw the funds – after the child’s 18th birthday.

This savings product creates positive social impact for clients, while contributing to the MFI’s sustainability and stability with a long term deposit base. The product’s notable success was due to its innovative design at the time it was implemented, as well as XacBank’s large outreach in rural areas of Mongolia, where it brings services to clients unattended by other financial institutions.

XacBank is also pursuing its mission through an NGO that leverages the XacBank’s core competency in financial services to provide financial literacy and other education programs to disadvantaged communities. Through partnerships with other local NGOs, Xac’s NGO has provided financial education to 123,000 people so far– 4.5% of the population.



XacBank, Mongolia

Founded 1998

Active Clients 73,000 borrowers
351,000 depositors

Average Loan Size US \$6,438

Branches 100

Mission

Contribute to the socio-economic development of the country while creating a fair value for its shareholders. This mission will be achieved by providing inclusive, value adding, and reliable financial services through establishing a leading financial institution that is equally concerned about the Planet, People, and Profit. The Bank will embrace premium customer service, dedicated and talented employees, corporate social responsibility, efficient usage of ICT and innovation, and effective partnerships at all levels.

Target Client

All people and entities of Mongolia

Rating Agency



Social Rating 4– out of 5 (2010)

* World Bank Findex, Global Financial Inclusion Database.
** International Labour Organization, data as of 2008.

Rethinking customer relationships

Kshetriya Gramin Financial Services (KGFS), India

Highlights

- KGFS** Wealth Management approach responds to a family’s specific needs, risks and aspirations with comprehensive financial services, financial advice and appropriate products
- Technology, staff training and incentives support KGFS’ strategy
- Client protection principle theme(s): Appropriate Product Design and Delivery, Prevention of Over-indebtedness

KGFS* has rethought the relationship of a MFI with its clients, moving from a mere lender to a financial advisor who recommends financial solutions tailored to clients’ evolving needs – an approach it calls Wealth Management.

KGFS was founded by IFMR Rural Channels and Services as a unique business model to provide flexible, reliable and continuous access to financial services in rural India. KGFS institutions have been established in geographically diverse regions of India to test the model in different markets. KGFS offers a complete suite of financial services adapted to diverse family needs over time, with branches positioned so that every individual has access to financial services within 3-5 km of their residence.

The team developed a Plan-Grow-Protect-Diversify framework which offers a range of products to a household to manage its different financial needs while enhancing its income and assets. Products are grouped into four broad categories that correspond to client needs and objectives:

- **Plan:** Understanding the current pattern of cash inflows and outflows of the household as well as capturing their financial goals
- **Grow:** Discussion on increasing cash inflows through better productivity of current economic activities or reducing the cash outflows through measures like retiring high cost debt
- **Protect:** around insurance coverage for human and physical assets of the household
- **Diversify:** Reducing the concentration risk of the household either in the local or global economy by recommending diversification of their investments through asset allocation

Detailed customer household data is the key input for Wealth Management, so KGFS has developed a high level of automation for data capture and analysis. Wealth Managers conduct an interview with each customer to record details of their household assets, liabilities, risks, income streams and expenditures. This is captured in the Customer Management System, which generates a report highlighting the family’s financial goals and suggests a suitable set of products among the credit, deposit, insurance and investment products. This approach is distinct from other microfinance institutions, which typically offer joint-liability group loans with increasing amounts exclusively for income-generation.

KGFS’ approach blends automated product suggestion from the Customer Management System with human judgement from Wealth Managers to provide high quality financial advice. Aggregated information allows for customer analytics which feed into product innovation and tracking of financial well-being over a period of time. Family financial information is updated periodically to assess progress against the wealth management plan.

Wealth Managers are appraised and rewarded on the improvement in the financial well-being of their client’s households and enterprises, as measured through a financial well-being index. KGFS’s software solutions and standardized processes enhance efficiency, enabling 3-4 Wealth Managers to serve over 2000 households. KGFS is still working towards becoming financially self-sufficient, though management believes sustainable profitability is not far off. KGFS’s distinct approach to assessing its clients’ needs, addressing them with a diverse product portfolio, and measuring the resulting impact on clients’ welfare, demonstrates new possibilities for microfinance.

* “Kshetriya Gramin Financial Services” can be literally translated as “Regional Rural Financial Services”.



Kshetriya Gramin Financial Services (KGFS), India

Founded 2008

Active Clients 40,760

Average Loan Size US \$224

Branches

3 KGFS entities with multiple branches in each KGFS

Mission

To maximize the financial well-being of every individual and enterprise in the operational area.

Target Client

Every individual/household in the operational area

Rating Agency



Financial Rating α –: M-CRIL, (2012)

Surprising efficiencies from tending to financial *and* physical well-being

ProMujer, Peru

Highlights

- ProMujer Peru used its lending platform to address key client needs beyond financial services
- Medical service and education help keep clients productive and increases client retention

ProMujer Peru is a nonprofit microfinance institution that operates in southern Peru in predominantly rural areas. As a member of the ProMujer International network, it focuses on providing comprehensive financial and non-financial services to women. In addition to its microcredit services, ProMujer Peru offers health care consultations, health education, treatment, and access to medical equipment to help low-income women who have a greater exposure to illnesses. The integration of financial and non-financial services addresses essential client needs which can reduce volatility for clients, increase client retention rates for MFIs and efficiently deliver humanitarian services to amplify social returns.

The MFI's target market of low-income women is one of the populations most affected by illness and poor nutrition. As primary income earners, microentrepreneurs have high opportunity cost when seeking medical services. ProMujer Peru understands these limitations and offers health services during repayment meetings to minimize opportunity costs and transportation expenses. Since clients meet frequently for group loan repayments, meetings provide regular opportunities to treat, monitor, and educate clients.

Health services are provided through two channels: medical offices located at each branch in urban and suburban areas as well as "rolling clinics." These mobile clinics use specialized vehicles to provide clinical analysis, basic disease detection and preventive consultations. Mobile clinics serve an important role in rural areas which are underserved by government clinics. Rural areas are visited several times per year based on a schedule.

ProMujer Peru also has alliances with local doctors who provide care to customers who have complex diseases, require specialized attention or need extensive treatment. These alliances focus on providing clients with broad coverage at low cost. In this way, customers in remote areas have access to medical services from their local doctors at a lower cost.

ProMujer Peru also organizes preventive public health campaigns that raise awareness of diseases and how to avoid them. Health education is provided by the MFI's branch offices during regular village banking meetings. These sessions are concise and effective because they are well planned, use teaching methods tailored for microfinance clients' education, and are frequently reinforced at biweekly meetings.

Health services require significant technical expertise and financial resources. Providing healthcare services requires formalized processes and ProMujer Peru has a department dedicated to monitoring the quality and coordination of these programs. ProMujer Peru's health services are not sustainable because clients pay only a small portion of costs for doctor's appointments and medical procedures which do not cover the costs of services or ProMujer's specialized medical staff. These services are subsidized by revenue generated from financial services (loans) provided by the MFI.

ProMujer Peru's health services demonstrate the commitment its leadership has for providing comprehensive services to optimize its impact on clients' lives. ProMujer Peru is one of the few MFIs that offer microcredit and non-financial services in Peru. As a result, in addition to improving the health and productivity of their clients, the MFI has one of the highest retention rates in Peru.



ProMujer, Peru

Founded	1999
Active Clients	60,858
Average Loan Size	US \$535
Branches	38

Mission

Pro Mujer provides low-income women in Latin America with the means to generate livelihoods and build a future for their families through microfinance, business training and healthcare.

Target Client

Low-income clients, with a focus on women

Rating Agency  **MicroRate**

Financial Rating $\alpha-$ (2011)

Social Rating 4.5 out of 5 (2011)

Using customer relationships to amplify social impact

Fundación Mundo Mujer Popayán, Colombia

Highlights

- FMM used its extensive knowledge of its customers to efficiently and effectively help clients recover from a large natural disaster with tailored recovery assistance and financial restructuring
- In addition to achieving significant social impact, the intervention significantly improved client loyalty for the institution

Fundación Mundo Mujer (FMM) Popayán, headquartered in Popayán, Colombia, is a member of the international microfinance network, Women's World Banking (WWB). FMM Popayán has an excellent credit methodology, among the best rated by MicroRate. In 2010, Colombia experienced one of the worst seasons of rain in its history. As a result, one of the country's colonial canals, the Canal del Dique, was destroyed, causing tremendous flooding in the surrounding areas. In some areas, homes were submerged and thousands of homeless residents were forced to relocate.

FMM Popayán has an office in one of the areas most affected by this natural disaster. Instead of simply implementing a region-wide standard loan rescheduling program, the MFI started a support program to provide customized support for each client to help them reestablish their lives, restart businesses and repay loans. The MFI's level of commitment was evident through their immediate response using small boats to travel around the flooded area. In some cases, clients were in need of essential humanitarian support and the MFI provided supplies such as water, milk and food.

To manage this crisis, FMM Popayán's staff applied their extensive knowledge of the geographical area and their customers' credit history, business, family, and home. They began collecting data, one client at a time, to understand the specific needs of each household and/or business. After reconnecting with their clients, the MFI's staff determined the best ways to help their customers recover from this crisis. Some microentrepreneurs living in areas that were heavily affected only requested a grace period of two to three months in order to restart their activities. In other cases where the damage was more severe, FMM Popayán decided to offer additional loans to help clients start new businesses. The results of these extraordinary efforts proved to be effective. Approximately 60% of the entrepreneurs restored their businesses and repaid their loans, with significant increased customer loyalty in the region.

FMM Popayán's bold and differentiated response to this crisis demonstrates that a good credit methodology allows a MFI to establish a deep understanding of a client. That client knowledge enables an institution to properly understand and serve customer needs during everyday life – and during times of crisis.



Fundación Mundo Mujer Popayán, Colombia


Founded	1985
Active Clients	417,479
Average Loan Size	US \$830
Branches	46

Mission

At Fundación Mundo Mujer, we improve the quality of life of the industrious, low-income woman and their families, through easy and timely access to credit and other services.

Target Client

Low-income women in rural and urban areas

Rating Agency  **MicroRate**

Financial Rating α (2012)

Social Rating 3.5 out of 5 (2012)

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