សេវាហិរញ្ញវត្ថុនៅជិតលោកអ្នកបំផុត

Responsible and Sustainable Financing through Social Performance Management

The Experience of AMK

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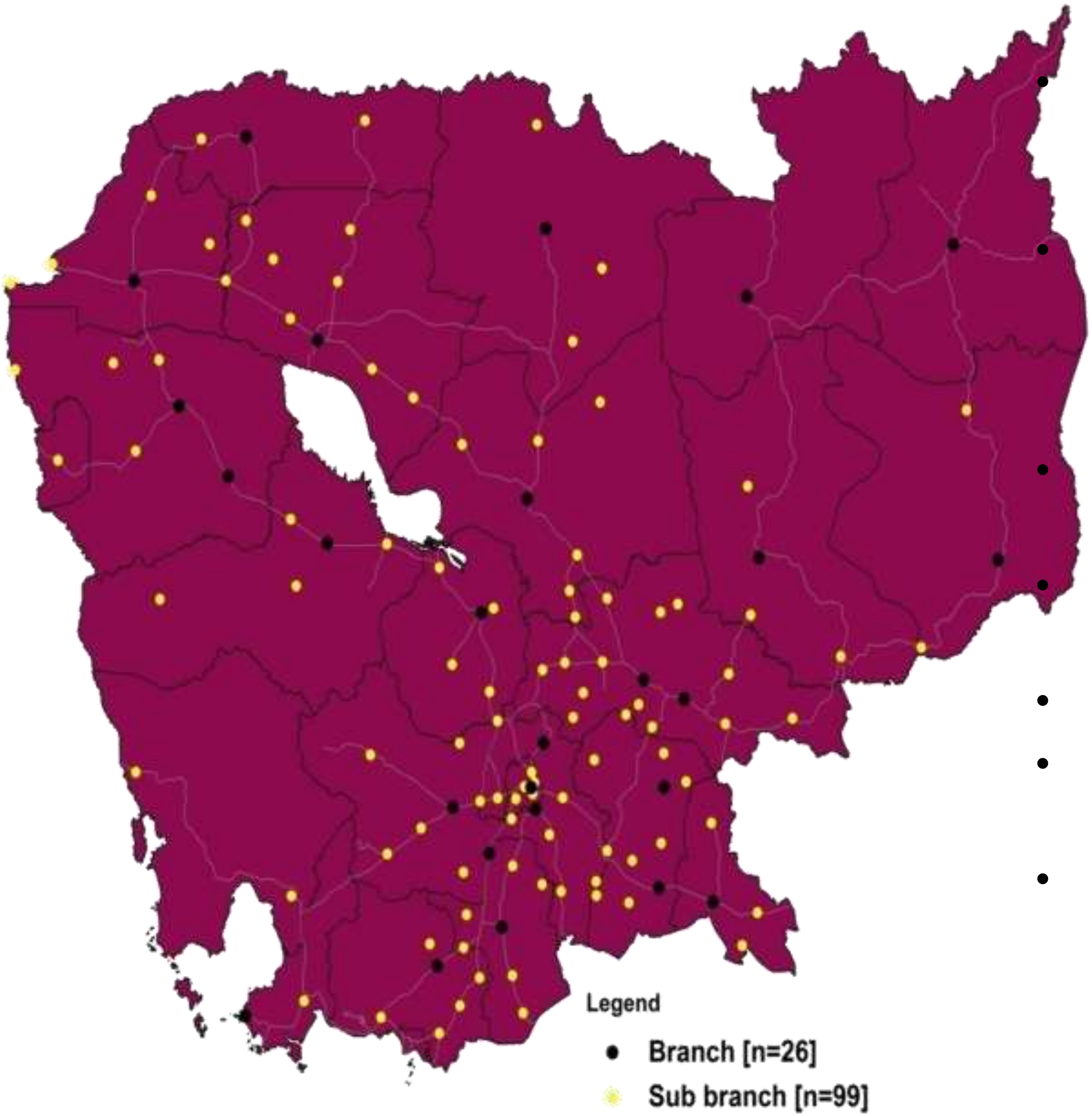
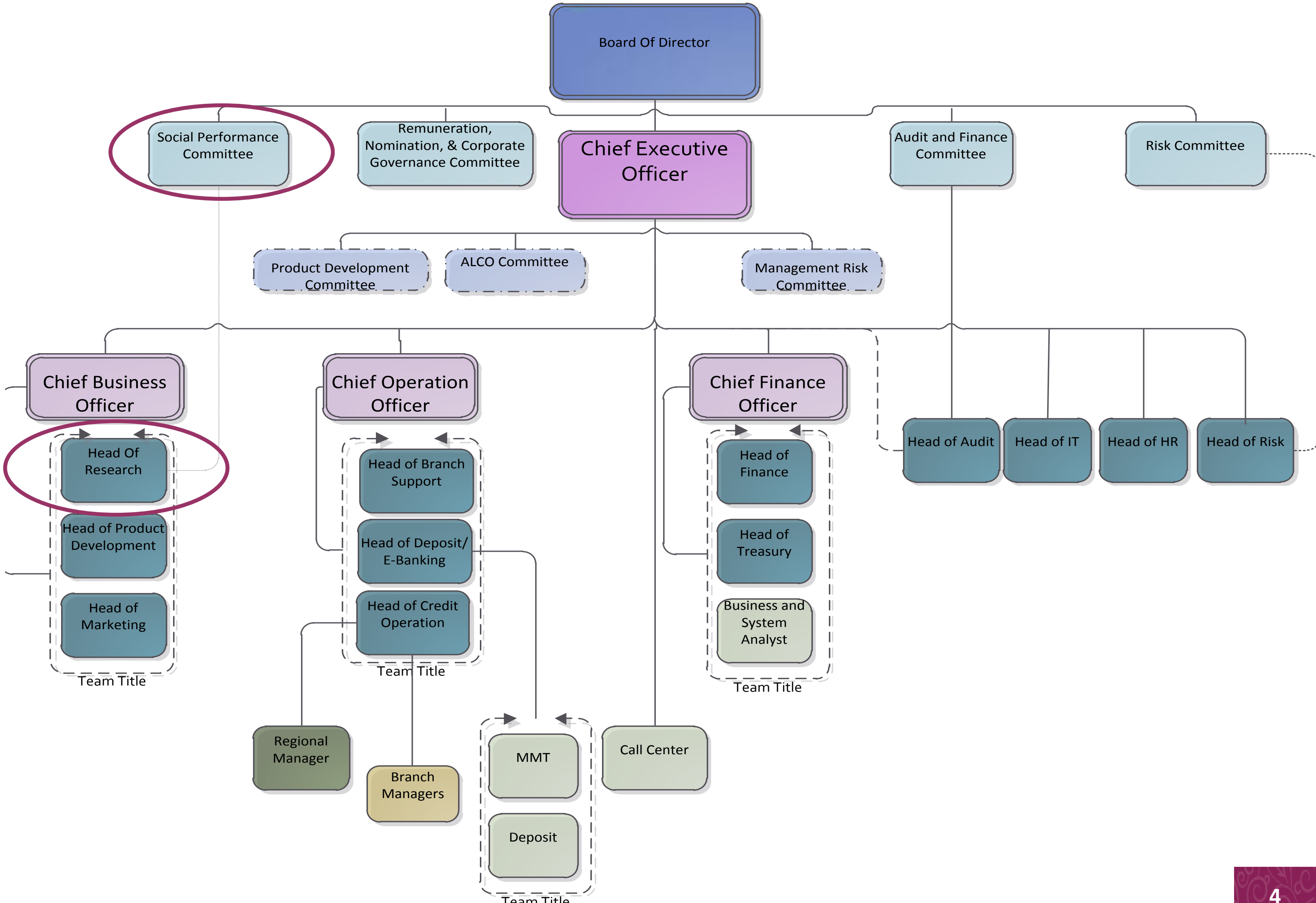
Jakarta
May 6th , 2013

AMK at Glance (March 2013)



- Legal Status: Licensed Microfinance Institution and Deposit Licensed
- Types of Products offered: Loans, savings, money transfers, mobile banking, (micro insurance-on progress)
- Size of Gross Loan Portfolio (in USD$): 63,471,425
- Deposit Balance (in USD$): 12,393,798
- Total staff: 1,342
- Number of Branches: 26 (99 sub-branches)
- Geographical Dispersion: Active in all 24 Provinces and in 10,400 villages

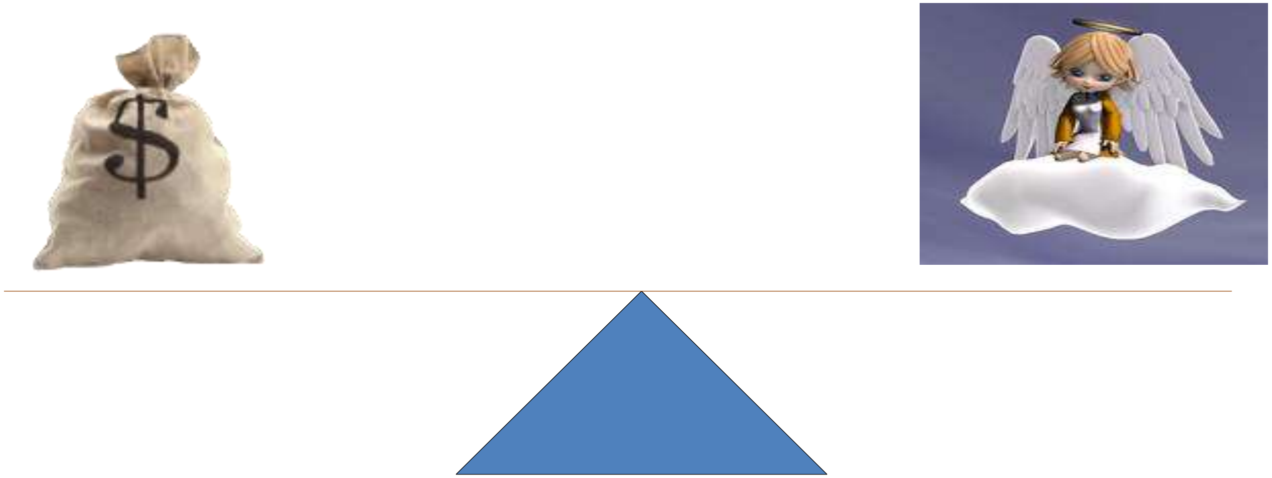
AMK 's Organizational Chart



Social Performance Committee (SPC)?

- **AMK's mechanism to balance financial and social objectives (double bottom line) - also at the Board level**

Financial results **Social results**



Research Department

→ The Research department's objective is **to create a systematic way to collect, store and analyze information about AMK clients and MFI market** in order to **provide the Management with the outcomes as an input for decisions making**.

To ensure AMK is achieving its mission, following issues have to be addressed:

- *Does AMK really reach poor people?*
- *Is AMK having a transformation impact on them?*

Social research

- *Does AMK products fit the market needs?*
- *What are the MFI market trends? How does AMK perform compared to the competitors?*

Market research

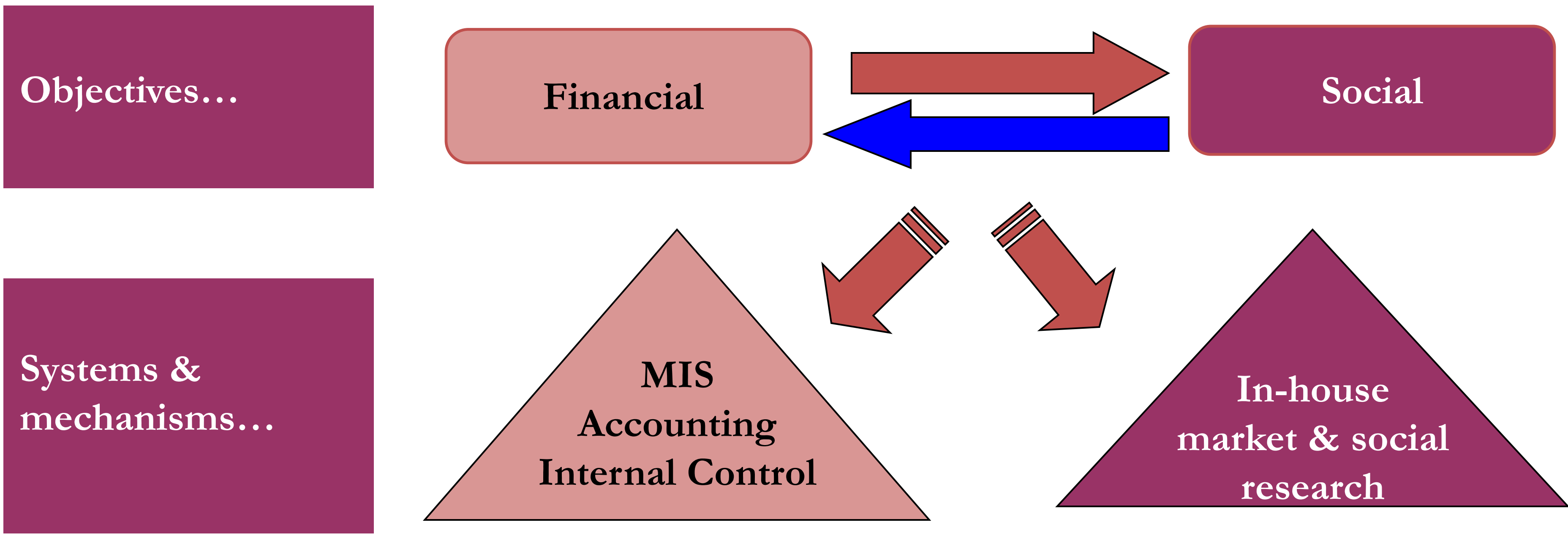
Research Dpt. and SPC

Understand *the current issues regarding AMK social responsibility towards clients and staff, and* ***Improve current product and develop new products***

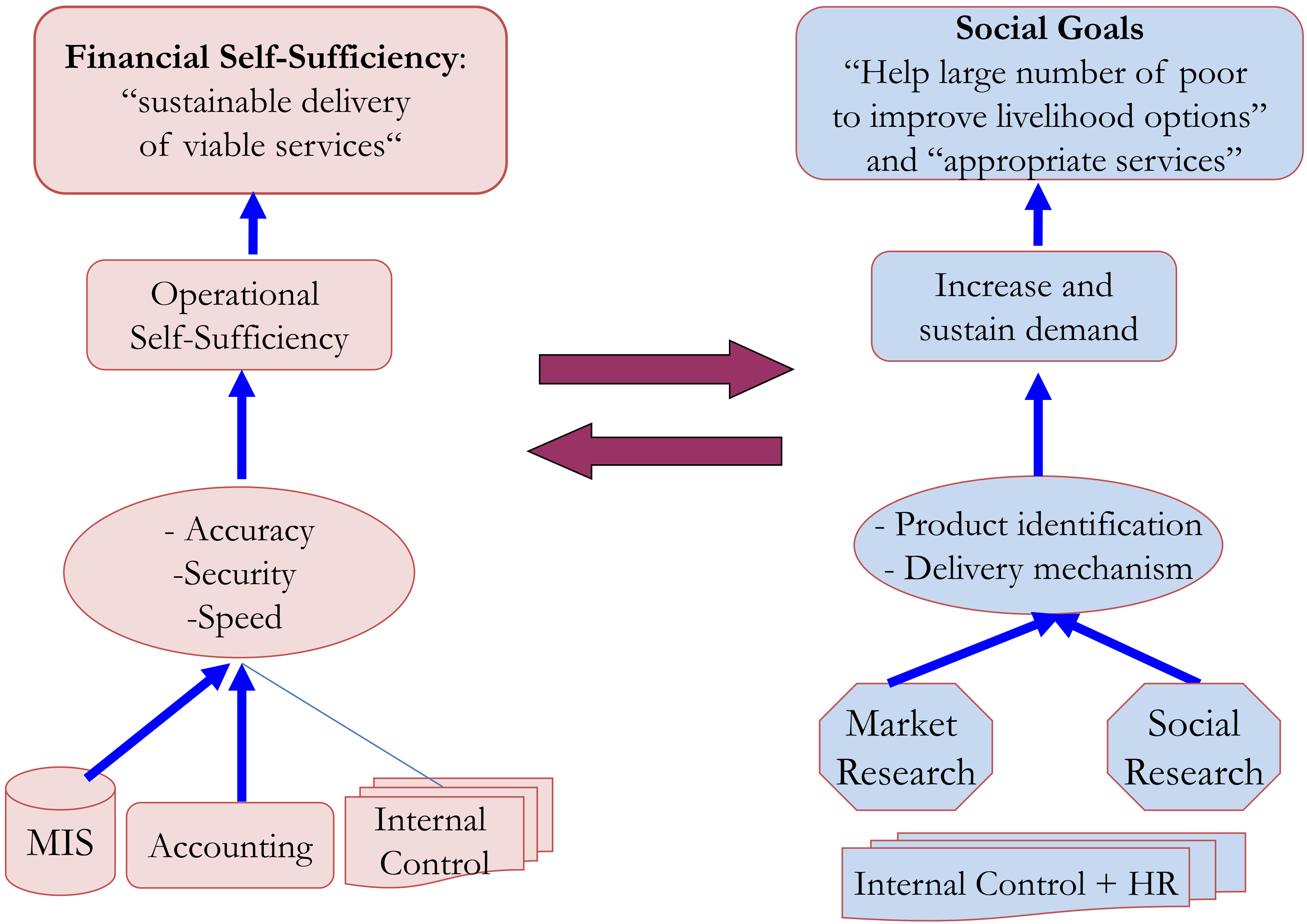
Ensure that decision-making considers both ***social and financial outcomes****. Awareness of the social and financial consequences of decisions leads*
to better overall performance management.

Social and Financial Performance

- AMK provides finance at a cost, but also has a social objective ➔ profit is not the only objective.



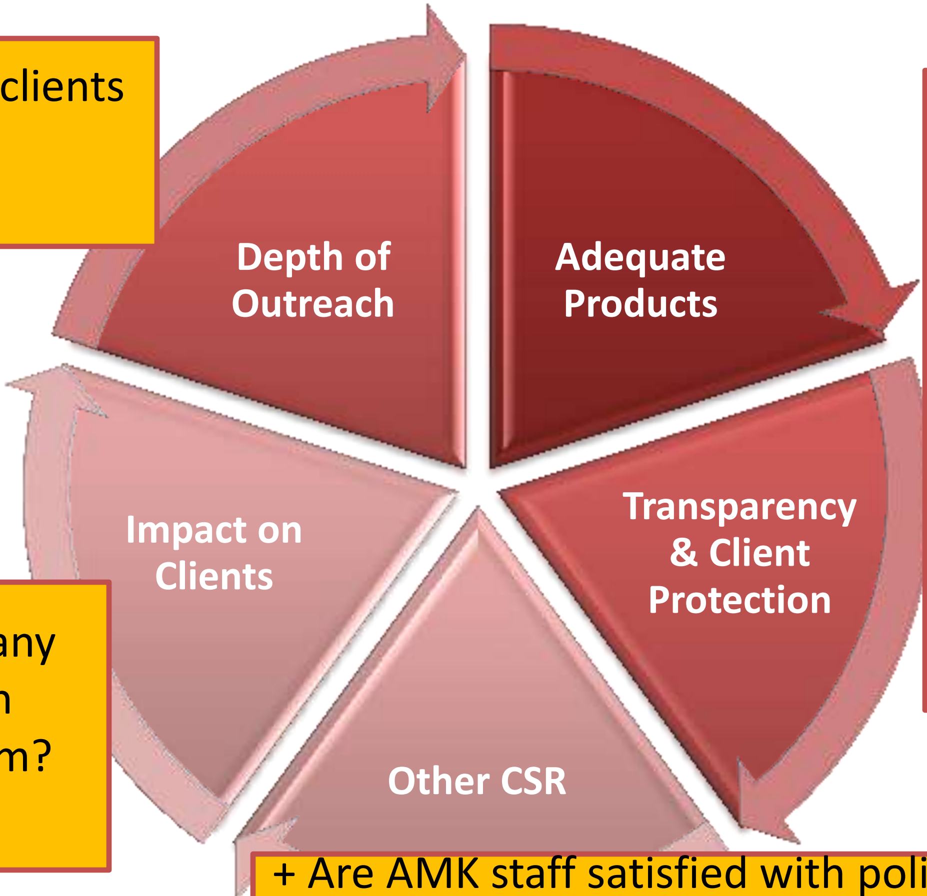
Social and Financial Performance



SPM within AMK

AMK's mission is "*to help **large numbers of poor people** to **improve their livelihood options** through the delivery of **appropriate** and **viable** microfinance services*".

1. How (poor) are the clients we are reaching?:



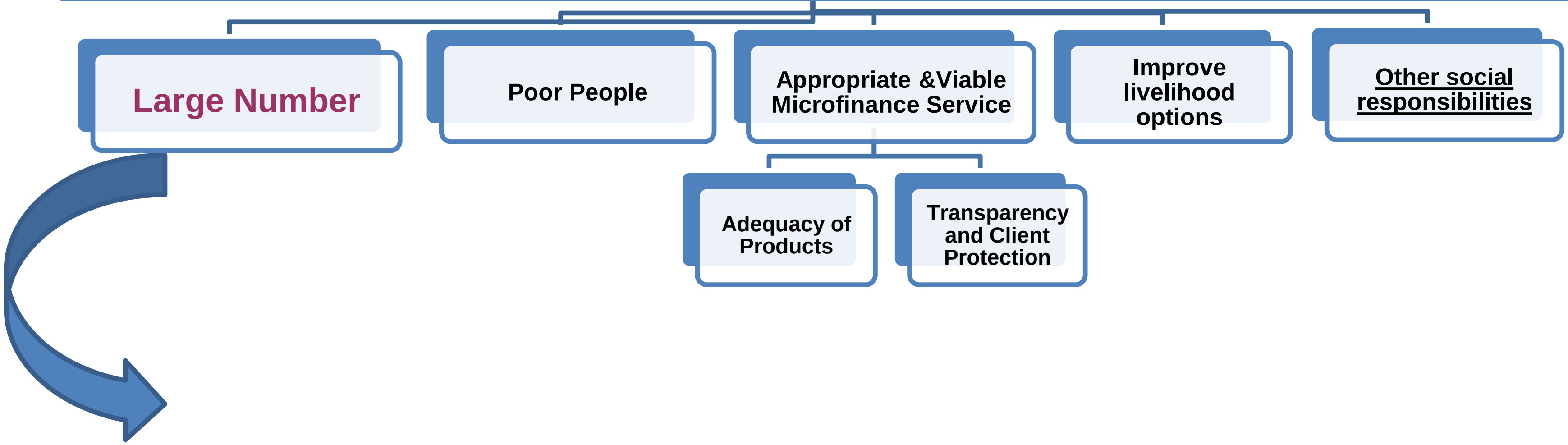
2. Are AMK clients satisfied with the product/services we offer?
3. How many clients leave AMK, when and why?
4. Are there other products that clients demand?

5. Is AMK having any transformation impact on them?

+ Are AMK staff satisfied with policy and procedure ?
+ How many staff leave AMK, when and why

…Result

AMK's mission is "*to help* ***large numbers of poor people*** *to* ***improve their livelihood options*** *through the delivery of* ***appropriate*** *and* ***viable*** *microfinance services".*



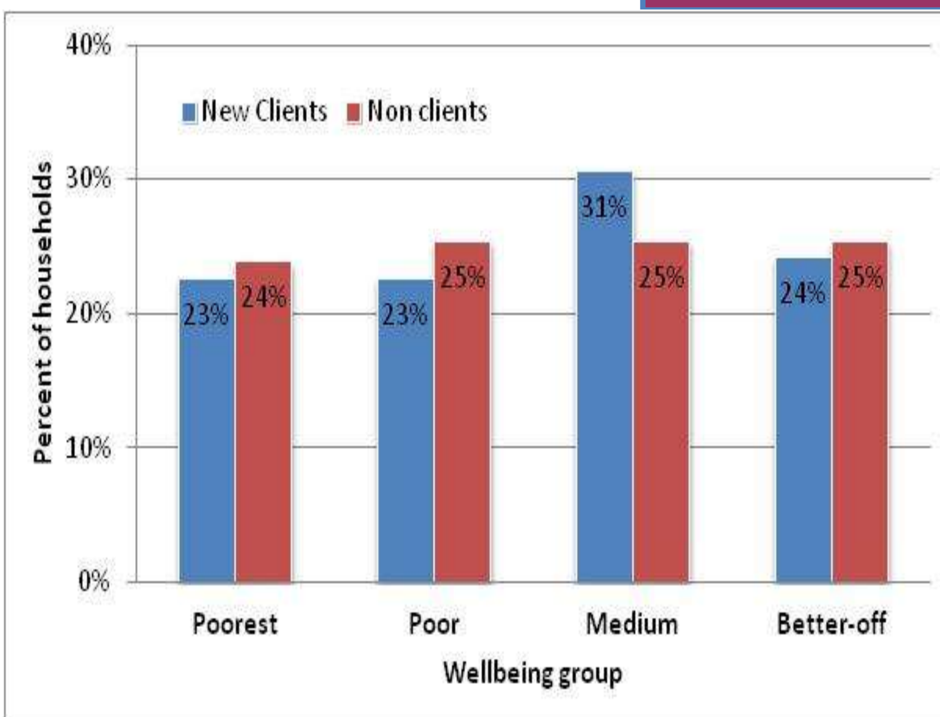
<table>
<tr><td colspan="2" rowspan="3">AMK Will be the leading MFI in Cambodia in term of client numbers from the poor market segments</td><td>Women Clients</td><td>87%</td></tr>
<tr><td>#Clients:</td><td>317,659</td></tr>
<tr><td># Borrowers</td><td>291,859</td></tr>
<tr><td>HHs Penetration</td><td>10%</td><td># Savers</td><td>34,901</td></tr>
<tr><td>Village penetration</td><td>73%</td><td>#Transfer Tran</td><td>27,798</td></tr>
</table>

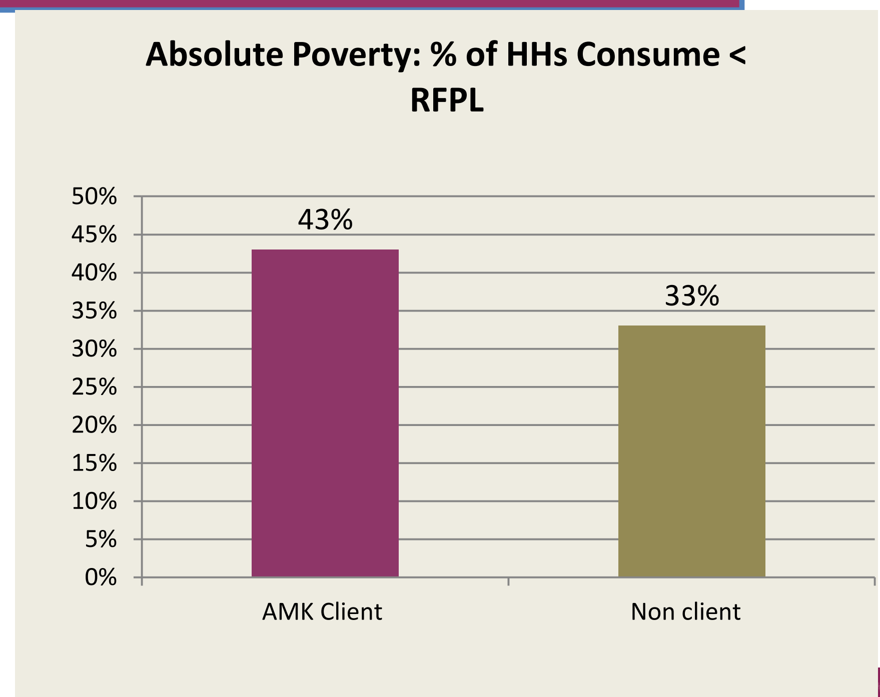
…Result

AMK's mission is "*to help* ***large numbers of poor people*** *to* ***improve their livelihood options*** *through the delivery of* ***appropriate*** *and* ***viable*** *microfinance services".*

- Large Number
- Poor People
- Appropriate &Viable Microfinance Service
  - Adequacy of Products
  - Transparency and Client Protection
- Improve livelihood options
- Other social responsibilities

AMK's new entry clients will be proportionally poorer than non-clients





...Result

AMK's mission is "*to help* ***large numbers of poor people*** *to* ***improve their livelihood options*** *through the delivery of* ***appropriate*** *and* ***viable*** *microfinance services".*

Large Number

Poor People

Appropriate &Viable Microfinance Service

Improve livelihood options

Other social responsibilities

Adequacy of Products

Transparency and Client Protection

AMK's products will be continuously evaluated to ensure they are appropriately designed for its clients, particularly for poor segments

AMK will strive for responsible pricing and will provide clear/sufficient/timely information for clients to make informed decisions

- Full range of Product: Loans, Savings, Money Transfer: 14 products

-Drop Out rate : 15%

-Average Loan Size/GNI: 24%

-% Savers who Borrow 28%

- Client Satisfaction Score **89%**
- Client Awareness Score **0.7**
- Multiple Loans Rate: **22%**

 -Informal Sector Loans **5%**

- % Clients experiencing repayment problems (Multiple Loan Client:14% and single loan client :3%)

...Result

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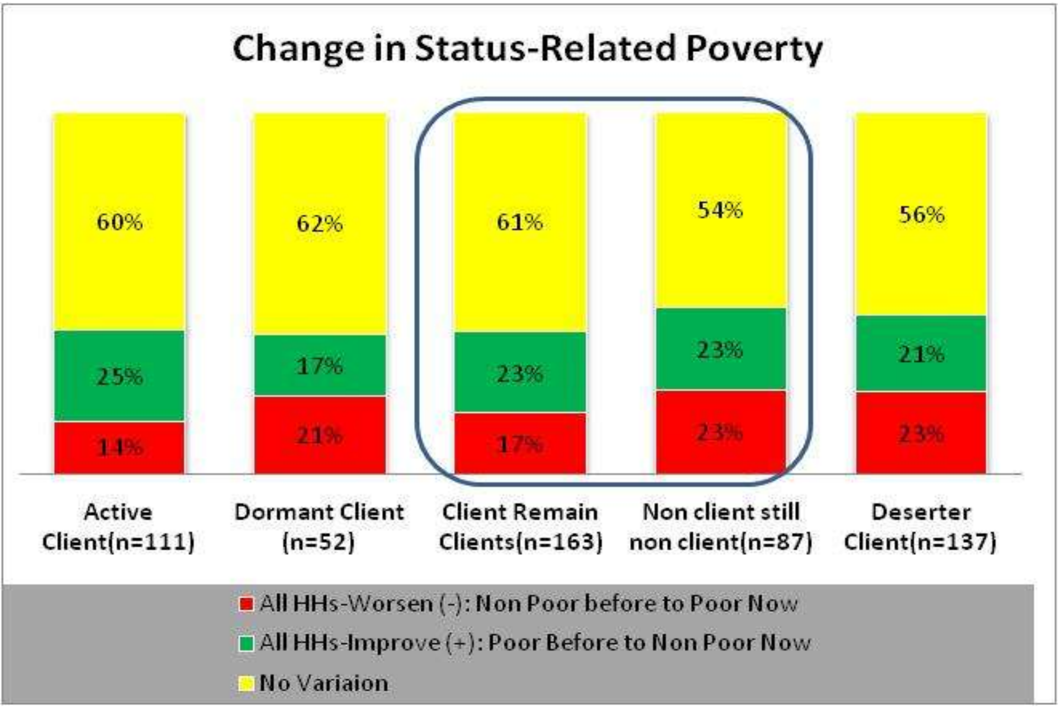
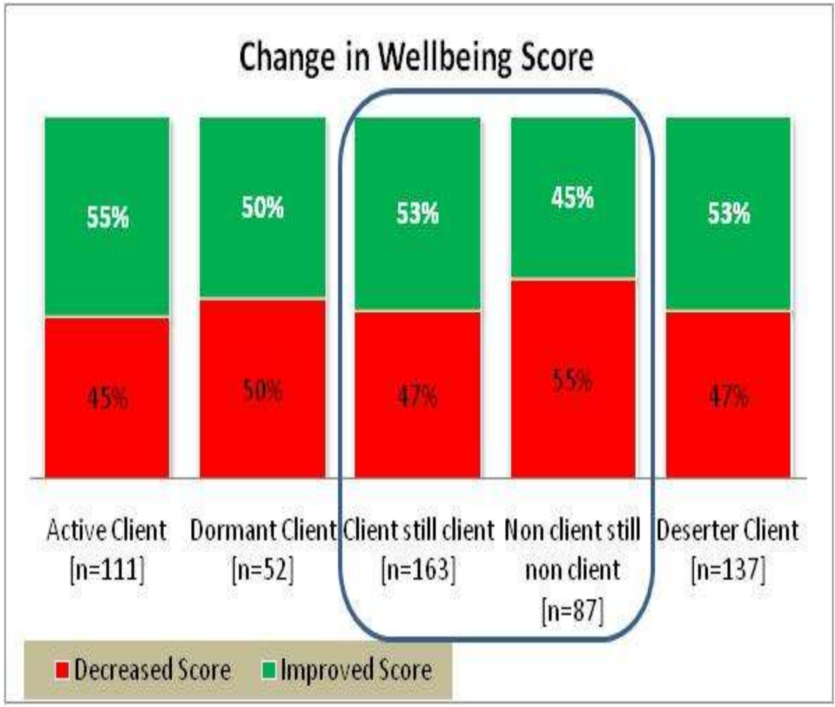




-AMK clients and non clients who remain non clients that have seen improvements (23%). However, the wellbeing status of clients who remain clients was less likely to worsen than for non clients

- Over half of AMK clients (whether active or dormant) showed improvements in their wellbeing scores while the majority of non client households showed decreases in their wellbeing score

AMK's mission is "*to help **large numbers of poor people** to **improve their livelihood options** through the delivery of **appropriate** and **viable** microfinance services*".

- **Large Number**
- **Poor People**
- **Appropriate &Viable Microfinance Service**
  - **Adequacy of Products**
  - **Transparency and Client Protection**
- **Improve livelihood options**
- **Other social responsibilities**

- Staff Satisfaction score **3.5**
- Female Staff Satisfaction score **3.5**
- Female Staff **27%**
- Female Mgt. Staff **38%**
- Voluntary Turnover Rate **11%**
- Avg. Staff length of Service **37 months**

Why SPM?

Aligning activities on a social mission

Providing relevant services

Support Balance growth

Reduce reputation risk

Understanding of Clients

-Client Success = MFI Success

-High Risk for client = High Risk for MFI

…Again

Mission

Social Performance

Financial Performance

Performance Management

Social Performance Definition:

- **Defines** both social and financial goals
- **Balance** the financial and social aspects of microfinance **and Ensures** an MFI has the financial ability to achieve its social goals

Satisfy your investors

- ➔Measure your social performance
- ➔Develop your brand
- ➔Select your long-time investors

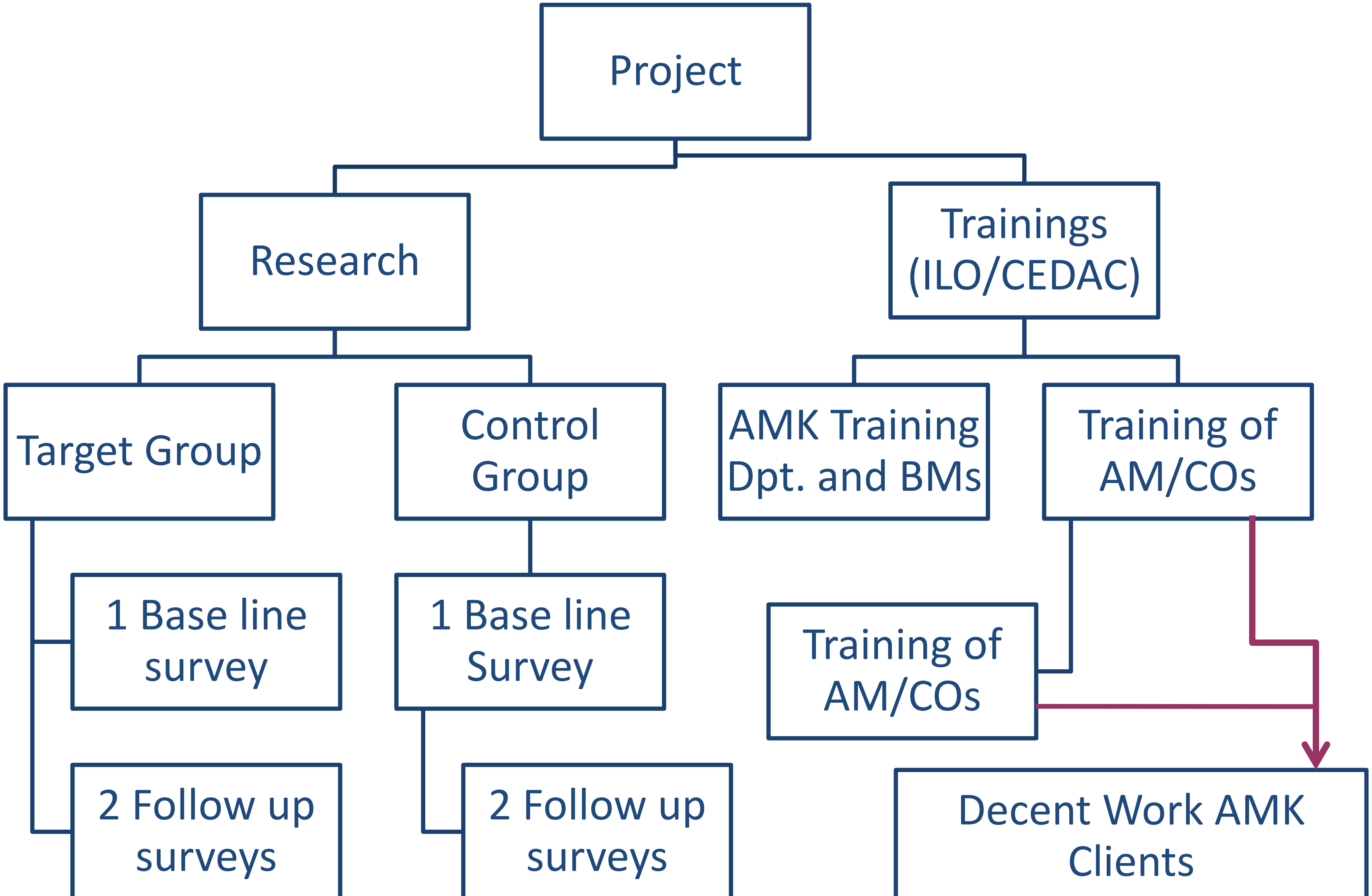
Toward your staff and other stakeholders

SPM

Serve your clients better

- ➔Know your clients
- ➔Segment your clients
- ➔Enhance your products
- ➔Explore new clientele
- ➔Enhance customer satisfaction

Financial Education-AMK's Innovation



Innovation's Result and Lesson Learnt

Innovation's Results:

- Over indebtedness: difficult in repayment less often
- Multiple Loan borrowing reduce
- Client Vulnerability: sold assets less often
- Asset building: households savings improve

…What AMK learnt

- ✓ **Understanding the Client Demand: Micro insurance product**
- ✓ **Provides transparent communication to clients**

Thank For Your Attention

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