

Handout 12.2

People's Bank performance results

Instruction: Read the ECA Region Social Performance Report (extract from Social and Financial Report prepared by MIX). Answer the following questions:

- What are the strengths of People's Bank as compared to the regional data?
- What are the weaknesses? What should be improved?

Information about People's Bank:

Target clients: women; poor clients

Development objectives: poverty reduction, growth of existing businesses

Performance results

% female clients	68%
% poor clients (measured by PAT: below national poverty line)	10%
% low income clients	60%
% poor clients with growth in business assets	20%
% low income clients with growth in business assets	30%
Client drop out rate	45%

Process related results:

- New coming staff is trained on mission, social goals of People's Bank
- Board members discuss Social Performance once a year (there is no separate committee)
- HR policy includes: medical insurance, education subsidies, equal pay for men and women with equivalent skills, anti-harassment policies
- People's Bank implements the following practices related to Client Protection:
 - o The loan approval process requires evaluation of borrower repayment capacity and loan affordability. Loan approval does not rely solely on guarantees (whether peer guarantees, co-signers or collateral) as a substitute for good capacity analysis.
 - o Productivity targets and incentive systems value portfolio quality at least as highly as other factors, such as disbursement or customer growth. Growth is rewarded only if portfolio quality is high.
 - o Staff is trained to communicate effectively with all customers, ensuring that they understand the product, the terms of the contract, their rights and obligations. Communications techniques address literacy limitations (e.g., reading contracts out loud, materials in local languages).
 - o The organization's corporate culture values and rewards high standards of ethical behavior and customer service.