

DIGITAL LEADER BRIEF

KMF (KAZAKHSTAN)

KMF VIEWS DIGITAL TRANSFORMATION (AND AUTOMATING ITS LOAN DECISION-MAKING PROCESS) AS A NECESSITY RATHER THAN A LUXURY, AND THE PRIMARY REQUIREMENT FOR SUCCESS IN THE KAZAKH FINANCE MARKET.

OVERVIEW

KMF Kazakhstan aims to provide best-in-class financial services to microentrepreneurs and small businesses by tailoring its offering to their needs—including its loan approval requirements, the documents and collateral required, loan terms and conditions, its approach to customer service. It has a strong commitment to social responsibility and social impact, and sets clear portfolio targets to keep it focused on rural, women and low-income clients.

The country's big banks took the automation leap years ago, and grew rapidly as a result. For KMF, digital services mean cutting HR costs and making loan decisions both faster and in parallel (meaning that it can approve multiple loans at once, whereas staff can only check and approve one application at a time).

DIGITAL CAR LOAN PARTNERSHIP

In recent years, KMF has launched a number of digital products—including launching a digital car loan in mid-2021 of which it is particularly proud. The loan product is a partnership with a major car dealership (Aster Auto) and features variable terms (3–84 months), 0% commission, and loan amounts from €600 to €20K (depending on collateral), and down payments of 10 per cent (on loans over €2K). The application process was designed to be simple and clear: clients choose a car and only need to present one document – their identification card – to the dealership manager, who will complete the application on their behalf using special software provided by KMF. Clients provide basic information (address, income, employment and family details, etc.), and the dealership manager verifies the client's ID card and submits everything online. The entire application process takes less than five minutes to complete—and because the scoring process is automated, clients get a decision within five minutes. Clients can also visit KMF's or Aster Auto's website for detailed, easy-to-understand information about the loan product and get a quote using an online loan calculator widget.

The screenshot shows a web interface for calculating a microloan. It includes a 'Calculate your microloan' title, a 'Target' section for personal use, a dropdown to 'Select the type of microloan' (with 'Without collateral' and 'With collateral' options), and input fields for 'Microcredit amount' (50,000 TNG), 'Microcredit term' (36 months), and 'Interest rate' (14.75%). A 'Our offer' section displays 'Microcredit amount: 50,000 tenge', 'Monthly payment: 17,932 tng', and 'Overpayment: TNG 3,796'. A 'Make a request' section has fields for 'Your name and surname', 'Telephone', and 'Email', along with a 'I agree' checkbox and a 'Make a request' button.

KMF's mission is to be the best microfinance for your prosperity.



Given that clients can request an automatic quote online and/or apply for the loan via the car dealership, and since loan decisions are made automatically—the level of effort required on the part of KMF to scale up the product is relatively low. Importantly, both companies actively contribute to marketing the product via traditional broadcast and social media—meaning that KMF potentially is reaching clients it might not have otherwise.

MOBILE APP FOR CLIENTS

In spring 2020, KMF launched a mobile banking app for smartphones. Clients can use it to view their account transactions, check on the status of a loan application, make a payment, find a branch and more. Within the first six month, the app only had 1,500 active users—not a resounding success, given the size of KMF’s client base. In response, KMF’s innovation team launched an investigation to get to the bottom of the issue. It identified a number of immediate improvements it could make to the app and its functionality. Since then KMF has released a number of additional updates based on ongoing research into the customer journey with the app.



THE ROLE OF DATA

KMF’s digital transformation is ongoing. From September 2021, it began automatically scoring loan applications submitted by its loan officers (via an employee app on their smartphone). It is also developing the functionality on its app to allow its enterprise clients to apply for a repeat loan without a loan officer present. Underpinning all of this is its automatic credit scoring software, which uses internal credit history data and credit bureau reports, as well as various external client and business databases. In near future, it will begin to use mobile phone history data and third-party financial information (such as account balances and transaction history) and data from social media.

This year, KMF also teamed up with Mastercard, a leading digital payment platform, on a project called “Datathon”. As part of this, Mastercard analysts worked alongside KMF to develop recommendations aimed at improving the scoring quality, increasing client attraction and retention and improve client segmentation. Mastercard leveraged their expertise to help KMF make better use of the data it has and give it a new perspective on credit scoring.

KMF AT A GLANCE

Status	1997: Founded as NGO
	2006: Transforms into non-bank credit organization
	2015: Achieves SMART certificate
Portfolio	217K loans; 350m portfolio
People	1,931 staff; 114 branches
Services	Consumer (including car loans), SME, group and green loan; land mortgage
Funders	responsAbility, Triodos, EBRD, PROPARCO, SIFEM, Damu EDF

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