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MICROFINANCE WEEK 2014
DEVELOPING BETTER MARKETS



SOCIAL PERFORMANCE IN INDIAN MF

Influencing factors and Impact

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Agenda

Initiatives which shape landscape in India, impact & reasons

Changes in practice over the years

Challenges & what can be done



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INITIATIVE	BY	IMPACT
Regulations	RBI	HIGH
UCoC	MFIN/Sa-Dhan	MEDIUM
USSPM	SPTF	LOW
CPP	SMART	LOW



Reasons for varying impact

- Overlap in content across initiatives
- RBI regulations take care of key aspects like indebtedness, pricing, behaviour & transparency
- UCoC adds Governance, HR, Grievance, Privacy & Client education
- Focus on what matters to funders
- Mandatory versus Aspirational



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1

Define and monitor
social goals

- Mission & Vision not SMART
- Data limited to profile at loan cycle
- Poverty by regulation
- Dominated by gender/caste outreach
- **Minimal Change**

2

Ensure board, management and
employee commitment to social
goals

- Staff CoC in place
- Regular reporting to Board, Board composition
- Reports focus on regulation
- Instances of social in Performance appraisal
- **Good Progress**

3

Appropriate Products

- Client needs solicited
- RBI Regulations impose restrictions
- Other financial services also constrained
- Repayment frequency influenced by OER
- **Minimal Change**

4

Treat Clients Responsibly

- Transparency in pricing
- CoC; Staff behaviour part of audit
- 100% CB check; cash flow analysis??
- Rationalisation of staff incentives
- **Good Progress**

5

Treat Employees
Responsibly

- Documented HR policy
- Fair recruitment;
benefits package is OK
- Trainings -Routine
- Grievance redress –
policy vs practice
- High Impact of margin
cap; High Turnover
- **Some Change**

6

Balance Social & Financial

- Back to Growth??
- No control on financing
structure
- Returns capped
- Senior Mgmt
compensation an issue
- **Regulation induced
changes**



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Challenges

- How to go beyond “Must” to “Desirable”
- Policy flux; keeps changing
- Micro-Regulation is a Big challenge
- Still, aspects like growth, training, compensation, integration of social metrics in evaluation can be improved
- Standardisation – Scale trade off
- Harmonisation of codes - KISS



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Thank You... for your attention!