

SafeSave

Case Study

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Safesave Case Study

Introduction of the institution

- Main characteristics of Safesave's financial services
- Qualitative analysis of the use of Palm Pilots
 - Point of view of clients
 - Point of view of staff
- Cost-benefit analysis
- Advantages/disadvantages of this technology
- Conclusions

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Presentation of the institution



Their Mission:

« Safesave provides commercially viable financial services that poor and very poor individuals value »

Safesave in brief (June 2005)

10'000 clients
82 Staff members
7 Branches

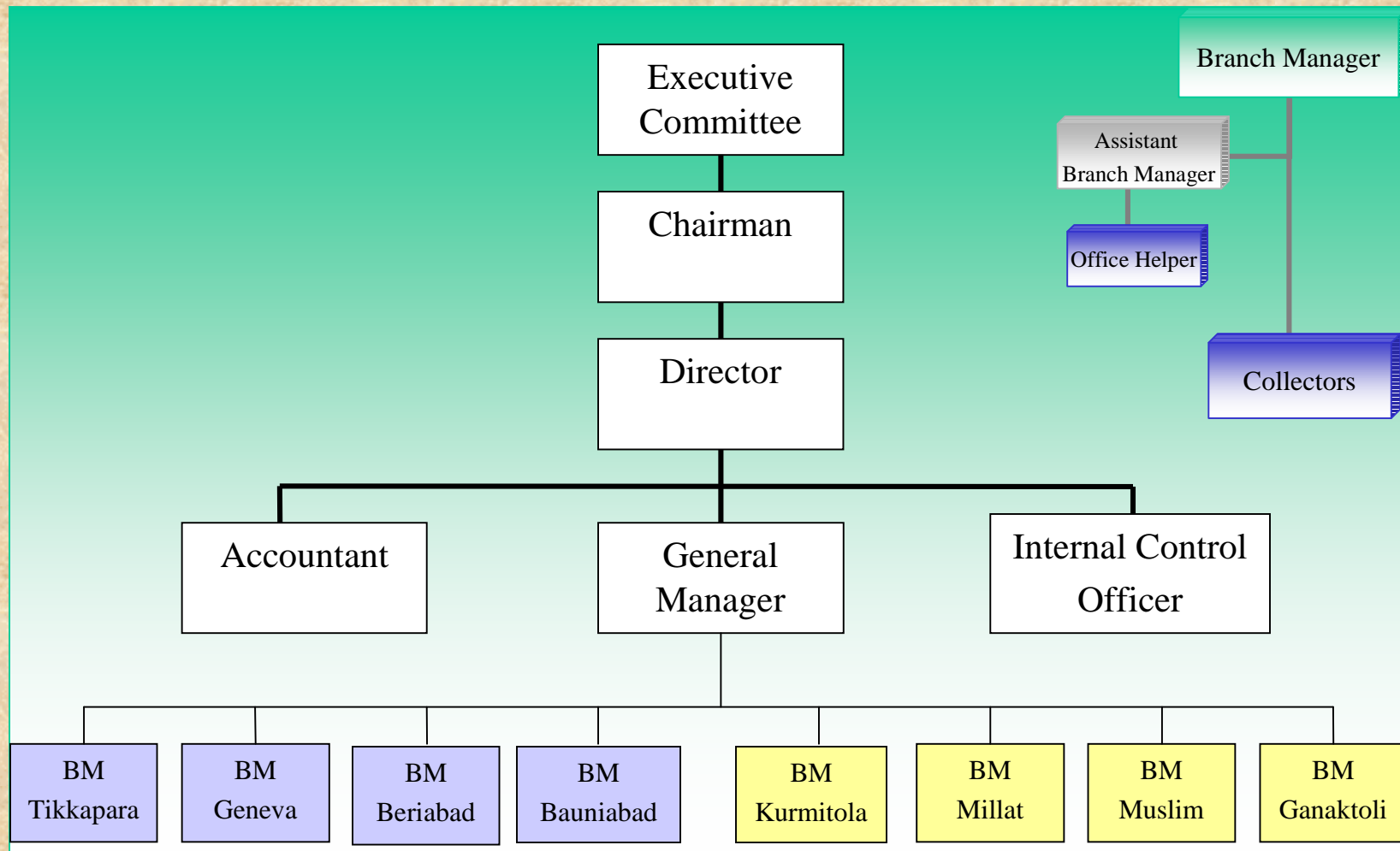
Loan portfolio CHF 445'000
Savings portfolio CHF 271'000



Total Assets CHF 540'00
Profit CHF 12'083
ROE 6%

Presentation of the institution

Organization Chart



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Presentation of the institution

Collection of deposit

Disbursement of loans

Activities

Daily visit of client by the staff

Deposit money

Repayment of loan

Payment of the interest and fees

Withdrawals

Withdrawals above TK **5000 (CHF 100)** and Loans are issued in the branch offices by the end of the next working day



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Main characteristics and peculiarities to deliver their financial services

- Clients are served as individuals (no group pressure)
- Daily home visits to clients
- Very rapid disbursement of loans and withdrawals (maximum one day)
- Flexible repayment schedule of loans (only interest and service charge payments are required every month)
- No minimum amount to deposit savings
- Use of Palm to record financial transaction data

Qualitative analysis

Point of View of Clients

Palm Branch **Manual Branch**

Survey details

No. of branches	Millat, Kurmitola	Tikkapara, Geneva
No. clients interviewed	30 clients	30 clients
Collectors involved in the survey	6 collectors	5 collectors

Monthly Income

<u>Occupation</u>	<u>Palm Branch</u>	<u>Manual Branch</u>
Housewives	13	16
Handicraft/ stitching workers	13	9
Employees		2
Students	4	2
Retired		1

Below TK 999 (CHF 19)	1	1
Between TK 1'000 – TK 3'999 (CHF 20 – CHF 79)	10	12
Between TK 4'000 – TK 6'999 (CHF 80 – CHF 119)	5	2
Above TK 7'000 (CHF 120)	2	3
No answer	12	12

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Qualitative analysis

Timing

		<u>Palm Branch</u>	<u>Manual Branch</u>
How much time do you spend during the collectors visit?	Up to 5 minutes	12 40%	11 37%
	Between 5 and 10 minutes	18 60%	18 60%
Would you like to reduce the time you spend during the daily visit?	No, time is OK	30 100%	30 100%
Would you like to increase/reduce the frequency of daily visits?	No, time is OK	30 100%	30 100%
Time to get loans/large withdrawals in office is OK with you? (10/20/30 up to 50 min)	Yes, time is OK	30 100%	29 97%
	No, it takes too much time		1 3%

Qualitative analysis Confidence

Transaction recorded without hear the sound

Trust collector	40%
<u>Passbook</u>	27%
I <u>don't</u> trust her	27%
Never happened	6%

Collector working without Palm

Trust collector and give the money	37%
<u>Passbook</u>	30%
<u>No</u> , I don't give her money	33%

Do you think the palm is necessary to do your transactions?

It doesn't make any difference	50%
<u>Correct information in Passbook</u>	20%
<u>Palm is necessary</u>	30%

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Qualitative analysis Information / Reliability

		<u>PALM</u> <u>BRANCH</u>	<u>MANUAL</u> <u>BRANCH</u>
How do you know that the transaction has been done correctly?	I check by myself	54%	64%
	One of my relatives check it for me	33%	33%
	I never check	13%	3%
Mismatch in balance or missing information	No mismatch/ missing information.	90%	70%
	Yes, it happened once/twice/three times	10%	30%
When you ask for <u>information</u>, does collector provides it to you immediately?	Collector informs me about my balance <u>after every transaction</u>	66.6%	10%
	<u>If I ask</u> , she provides it to me immediately	33.3%	90%

Qualitative analysis

Point of View of Staff

4 Collectors	2 ABM	1 BM	
More needed has increased.	Time on processing has decreased	Palm is time saving	TIMING
Big impact on collectors self confidence	More satisfied and confident	I feel more confident to manage the branch	CONFIDENCE
Same information	More information	More information	INFORMATION
Hardly one error on transactions. Problem: stop on work if device is malfunctioning	Information on transactions are always correct in Palm System.	Main advantage of Palm is less mistakes.	SYSTEM RELIABILITY

Cost-benefit analysis

Software development

<u>PALM SYSTEM</u>	<u>MANUAL SYSTEM</u>
\$ 11'250	\$ 2,400.00
Software \$11,250.00	
30 Palm Pilot \$ 3,750.00	

Depreciation Costs

	<u>PALM SYSTEM</u>	<u>MANUAL SYSTEM</u>
PC	\$ 125.00	\$ 125.00
Palm	\$ 937.50	-
	\$ 1,072.50	\$ 125.00

Technical details

	<u>PALM</u>	<u>PC</u>
Cost per unit	\$ 125	\$ 500
Average of life	18 months	36 months

Error rate

	<u>Palm System</u>	<u>Manual System</u>
Error rate	0.1%	0.9%

Cost-benefit analysis

Income/Expenses per Client

Period from Jan. 2005 to Jun. 2005 (Takka)

	Tikkapara	Beribad	Geneva	Bauniabad	Kurmitola	Millat
Clients	1'404	1'332	1'635	1'996	1'647	1'672
Income	726	534	569	398	469	389
Running Cost	250	261	238	203	234	213
Financial Cost	238	198	122	114	174	103
Operating Costs	69	65	56	44	56	59
Total Costs	557	524	416	360	464	375
Net Surplus	168	9	153	38	5	14

Cost-benefit analysis

Gain in time for Staff (per day)

Method: Timesheets and direct observation

<u>STAFF POSITION</u>	<u>BEFORE PALM</u>	<u>AFTER PALM</u>	<u>GAIN IN TIME</u> <u>(Minutes)</u>	<u>GAIN IN MONEY</u> <u>(Takka)</u>
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Collectors

Recording financial transactions	50 and 60 sec	40 and 65 sec	0 min	0
Cash count	20 to 30 min	15 min	15 min	10

Assistant Branch Manager

Registering transaction data	2:30 to 3:00 hr.	30 to 40 min	120 min	67
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Branch Manager

Collectors' deposit of cash	45 min	0 min	45 min.	30
Cash statement (loan to be disbursed + cash in office)	20 min	0 min	20 min	13
Going to the bank	45 min	0 min	45 min	30
Error correction	30 min	0 min	30 min	20
Daily statement	20 min	0 min	20 min	13
Follow up with delinquent clients	12 min	2 min	10 min	7
Perform portfolio analysis	7 min	3 min	4 min	3
Performing loan administration	5 min	0 min	5 min	3
	184 min	5 min	179 min	120

Portfolio Performance July 2005

	Tikkapara	Beribad	Geneva	Bauniabad	Kurmitola	Millat
<u>Total clients</u>						
June 2004	1'344	1'361	1'623	1'906	1'037	743
	4.5%	-2.1%	0.7%	4.7%	58.8%	125.0%
June 2005	1'404	1'332	1'635	1'996	1'647	1'672
<u>Savings Portfolio</u>						
June '04	2'482'762	2'041'536	2'198'819	1'201'277	813'329	351'616
	23.4%	18.4%	21.7%	57.8%	113.8%	343.9%
June'05	3'063'214	2'417'129	2'675'413	1'895'655	1'738'654	1'560'905
<u>Loan portfolio</u>						
June 2004	3'632'551	2'980'623	3'652'906	2'901'948	1'579'525	500'394
	33.5%	13.9%	12.7%	18.8%	115.5%	404.8%
June 2005	4'848'215	3'393'589	4'115'866	3'447'254	3'404'171	2'526'123
<u>Portfolio</u>						
Number of loans	1'081	1'061	1'123	1'226	1'061	915
% loan clients	77%	80%	69%	61%	64%	55%
Savings per client	2'182	1'815	1'636	950	1'056	934
Clients per collector	176	148	182	200	165	186

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No. of transactions and Overdue portfolio
(June 2005)

No. of transactions performed during one month

Tikkapara	Beriabad	Geneva	Bauniabad	Kurmitola	Millat
13'235	10'065	19'219	20'514	17'265	24'156

Overdue portfolio

	Tikkapara	Beriaband	Geneva	Bauniaband	Kurmitola	Millat
Number of loans	1'081	1'061	1'123	1'226	1'061	915
Number of accounts overdue	183	338	237	102	67	4
Number of accounts in payoff	121	241	166	32	-	-

Advantages and risks of this technology

<u>Advantages</u>	<u>Disadvantages</u>
<ul style="list-style-type: none">■ Improvement on Internal control■ System furnish always accurate and updated information■ Time effectiveness■ Error rate near to zero■ Bigger Potential productivity■ Enhancement on confidence of partners■ Higher control on portfolio quality and on overdue loans	<ul style="list-style-type: none">■ High up-front costs■ High maintaining costs■ Problems related to the use of technology<ul style="list-style-type: none">■ Software problems■ Hardware problems■ Blackouts■ Technology outdated■ Discontinuity on work in case of computer/Palm problems■ Complete dependence on General Manager to correct errors in transactions

Conclusions

- Palm System improves the **quality** of information and allows management to have **updated** data to a better follow up on clients portfolio.
- Palm helps staff to furnish a **better** and more **accurate service** to clients and strongly **reduces the time** employed on recording transactions data into PC.
- Though **initial investment costs** of Palm Branches are **high**, cost seems not to be excessive compared to Manual Branches. Furthermore the benefits obtained using Palm System are also high
- Unfortunately Palm Branches are still on a **start-up stage** and try to compare their figures with the consolidated Manual Branches; this could lead to an over appreciation on the effects of Palm. Nevertheless everything seems to indicate that in future Palm Branches are going to perform better than the Manual Branches, due to their higher productive potentialities
- Use of Palm is closely related to Safesave's strategy : **reliability and good customer service.**