

Introducing Credit Scoring in Microlending

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Preparations

- 1) Completing Program (LISIM) (Nov 2005)
- 2) Adjusting Internal procedures (March 2006)
- 3) Approve adjustments by the M.S.S (July 2007)
- 4) Implementation. Partially Nov. 2006
Fully Aug 2007

Steps Taken

- 1) Credit Scoring applied to cash loans LE. 1000 -3000
- 2) Cash loans disbursed 3 times/ week.
- 3) Credit Scoring applied to loans up to LE. 10.000

Future Steps

- 1) Loans approved through Credit Scoring to be disbursed twice/week.
- 2) Credit Scoring to be applied to all loans up to LE. 25000,-- Renewal and LE. 15000,-- New.
(Below credit committee level)

Maintenance of Credit Scoring Program

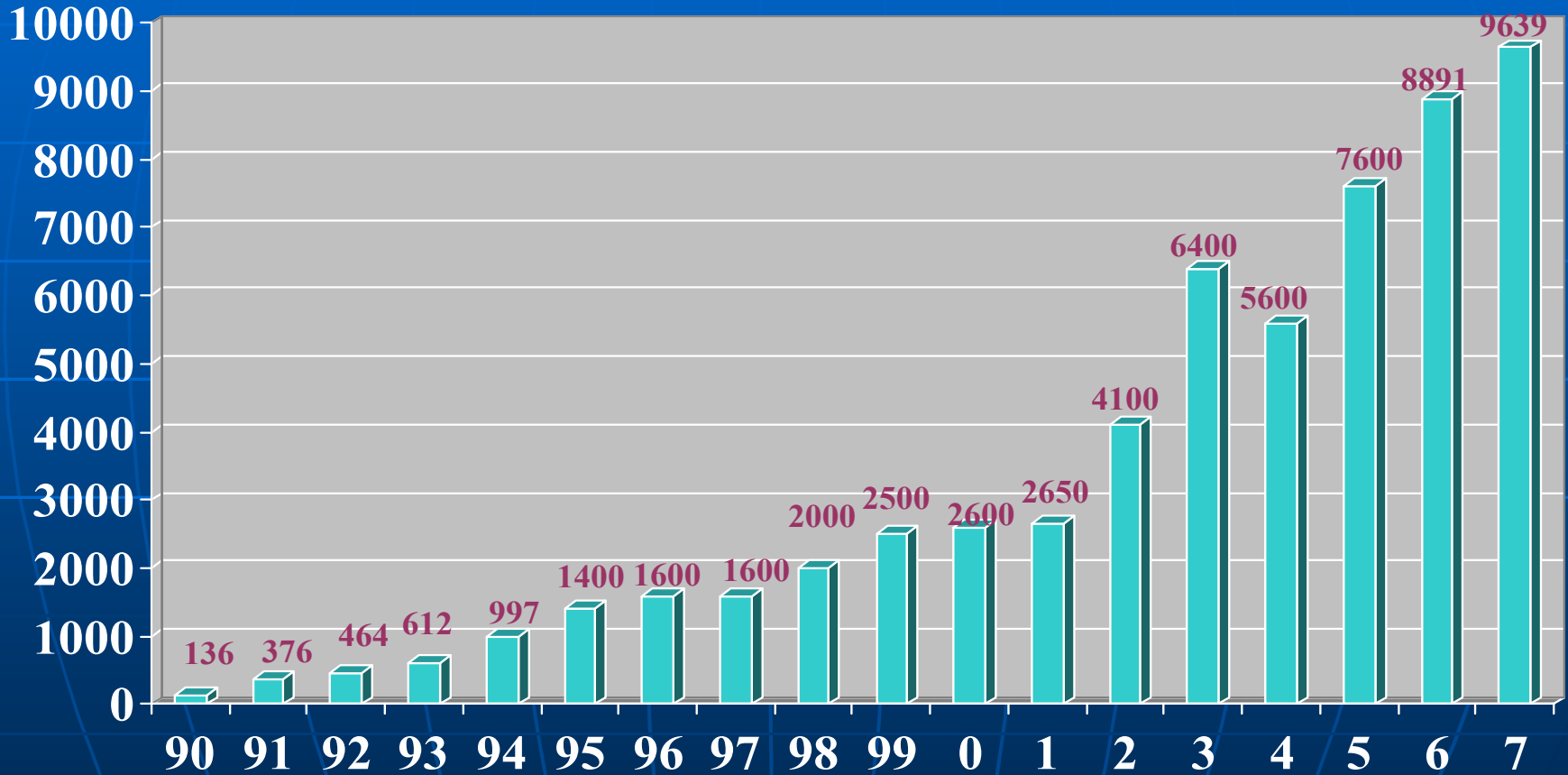
ABA have 2 evaluation programs :-

1. Loan Tracker : Based on the historical performance of the client.
2. Internal Audit : Based on completed eligible documents.

System did not required adjustment until date

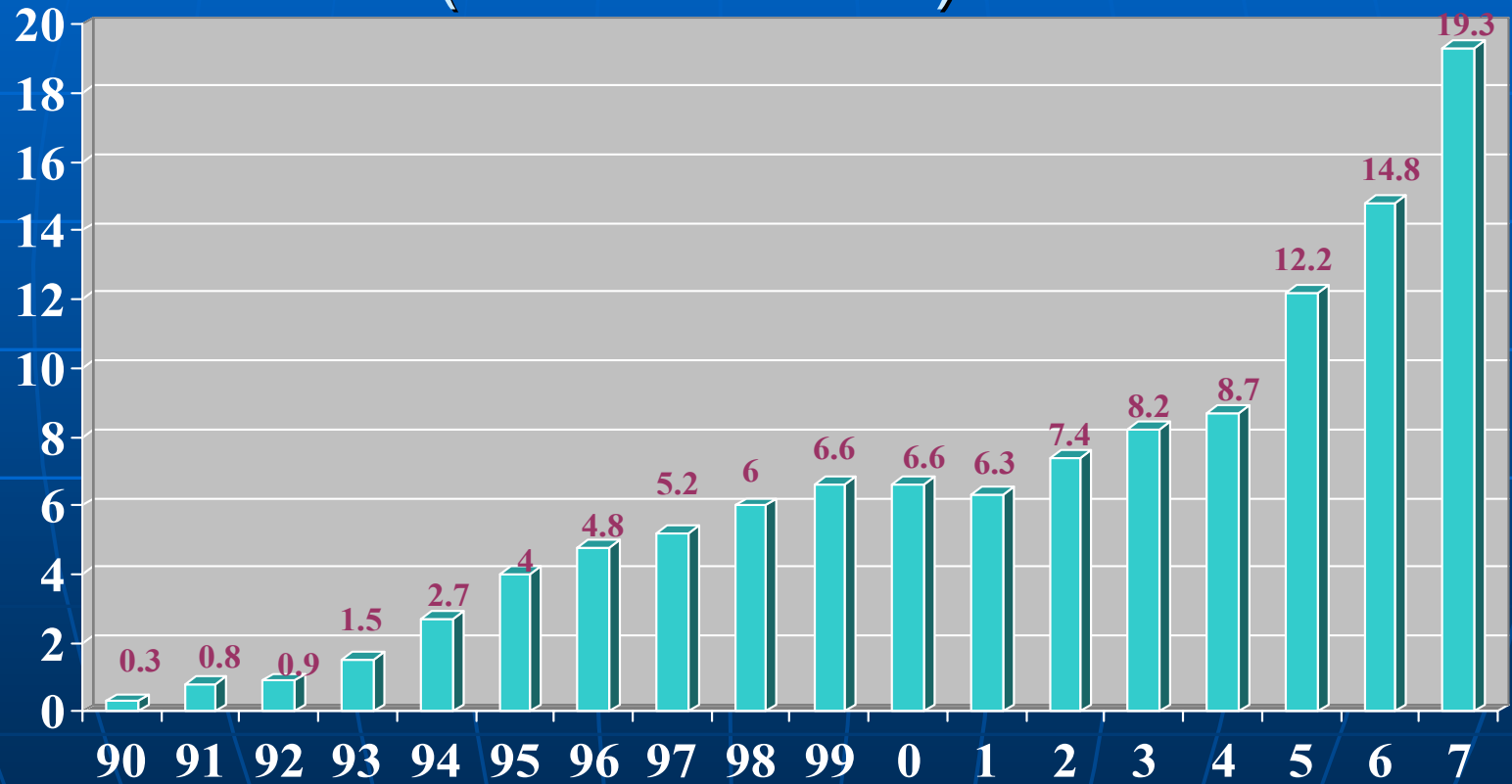
Through continuous comparison between the three programs and policy 3% deviation was noticed.

Average Number of Loans Per Month



Average Amount of Loans Per Month

(in Million Pounds)



Conclusion

Efficiency Improved

1) Improved productivity:

Case Load/credit officer increased by 15%

2) Improved Cost :-

Administrative expenses/disbursed loans
dropped from 5.90% to 5.38%

3) Improved quality:

Loans approved by credit scoring enjoy
repayment rate higher by 0.25% of
overall portfolio.

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