

# 60 Decibels

## Impact Diligence

### Sector Screening Memo



## Sample Composition

Target	Multinational MFIs in West Africa
Comparison Groups	African MFIs outside West Africa  Africa Financial Inclusion Companies Excluding MFIs

## Summary

Multinational MFIs in West Africa slightly outperform relevant comparison groups on Impact Depth and are broadly in line on Social Inclusivity. The top reported social outcomes highlight the catalytic effect of MFI for businesses and households.

The range in performance is moderately wide, suggesting potential for upside impact, but the need to deliberately manage downside impact risk. This should be a focus of diligence. Detailed variance data is presented on p3-4.

The data fidelity is strong given the large sample group, suggesting a high degree of confidence in the applicability of these results to the potential investment.

## Impact Assessment

Performance: ★ ★ ★ ★ ★

Potential for upside/downside: Mid-High

## Performance Highlights

Metric	Multinational Microfinance (West Africa)	Other Microfinance Africa	Financial Inclusion Excl. Microfinance Africa
Sample size	14 companies 3k+ respondents	36 companies 18k+ respondents	55 companies 20k+ respondents
Social Inclusivity	66% ● ● ● ○ ○ Middle 20%*	73%	67%
Impact Depth	47 ● ● ● ● ○ Top 40%*	42	36

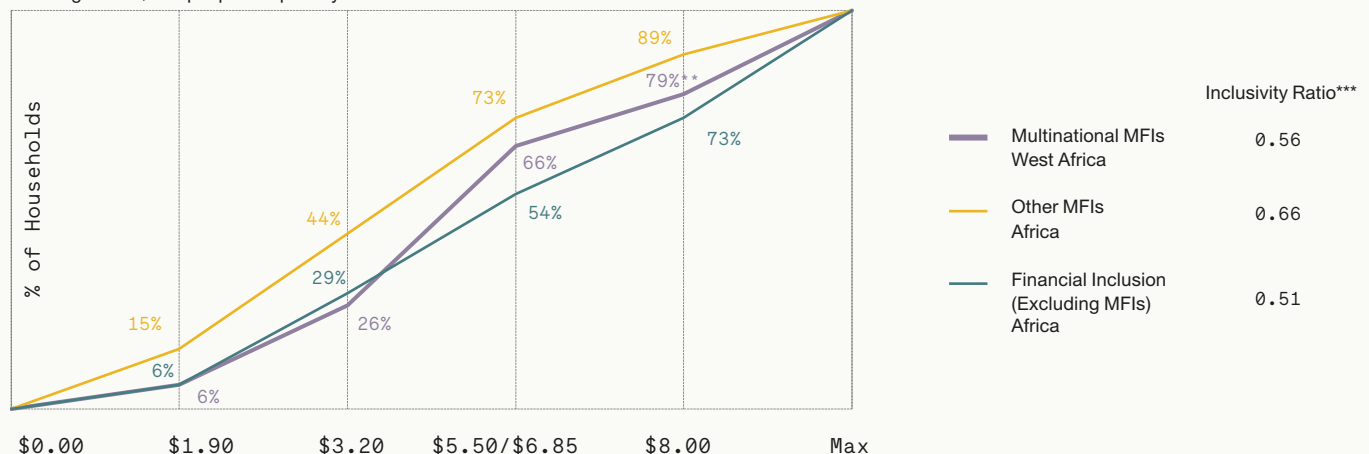
### Top Social Outcomes

- 🏢 Increase in Business Profits
- 🏠 Ability to Pay Family Expenses
- 🔒 Ability to Buy Assets (Personal or Business)

From respondents reporting quality of life improvements in target sector & region

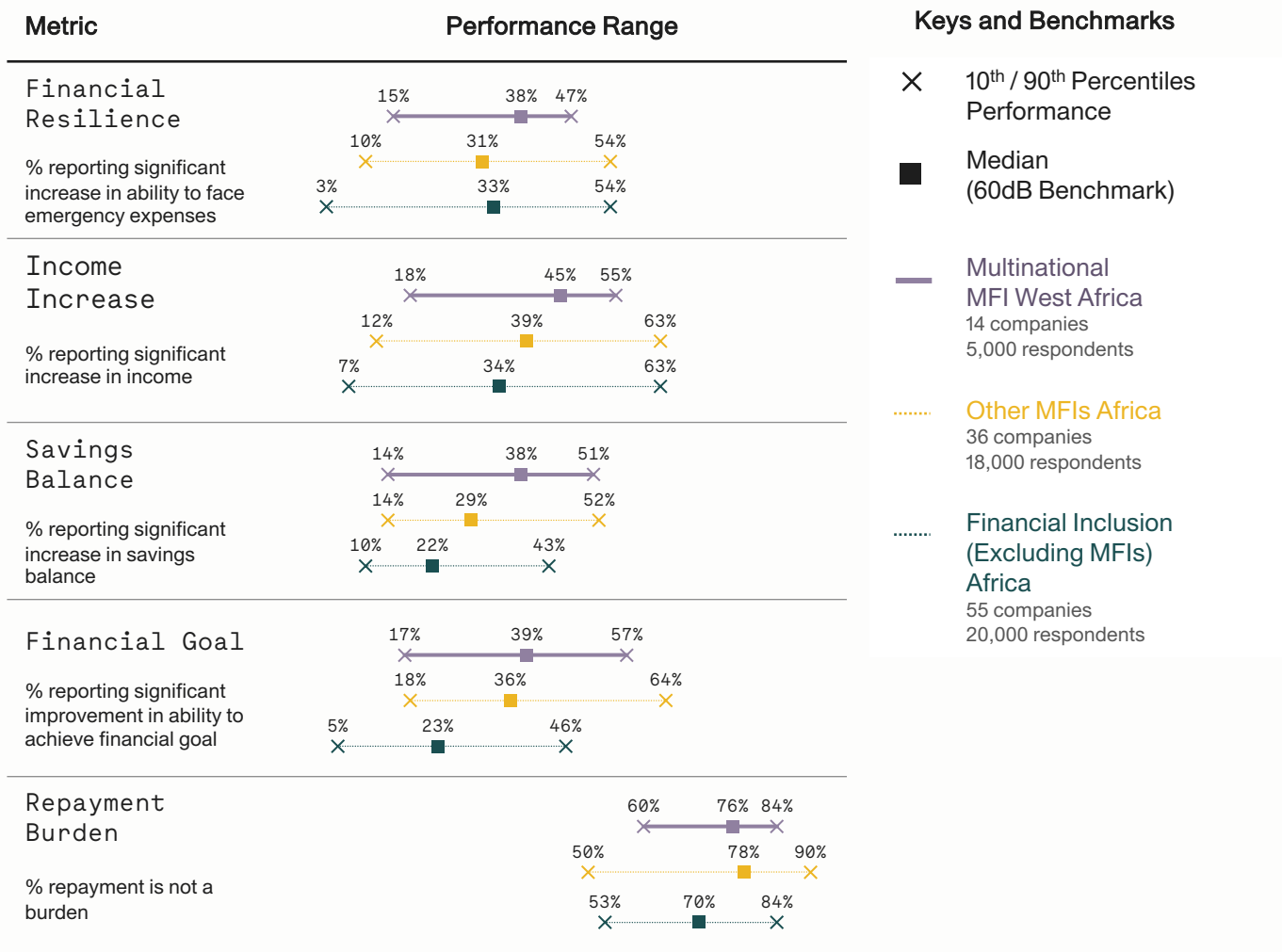
## Customers' Income Distribution Relative to Country Average

% living below \$x.xx per person per day



# Variance in Impact Depth

The moderately wide variance in impact performance suggests potential for upside impact (i.e. match / exceed top performers), but the need to deliberately manage downside impact risk to avoid being at the bottom of the performance range. It is notable that the range for repayment burden is narrower for MFIs in West Africa than MFIs in other parts of Africa. The lower Net Promoter Score range suggests opportunities for improvement in Customer Satisfaction.



## Spotlight: Customer Experience

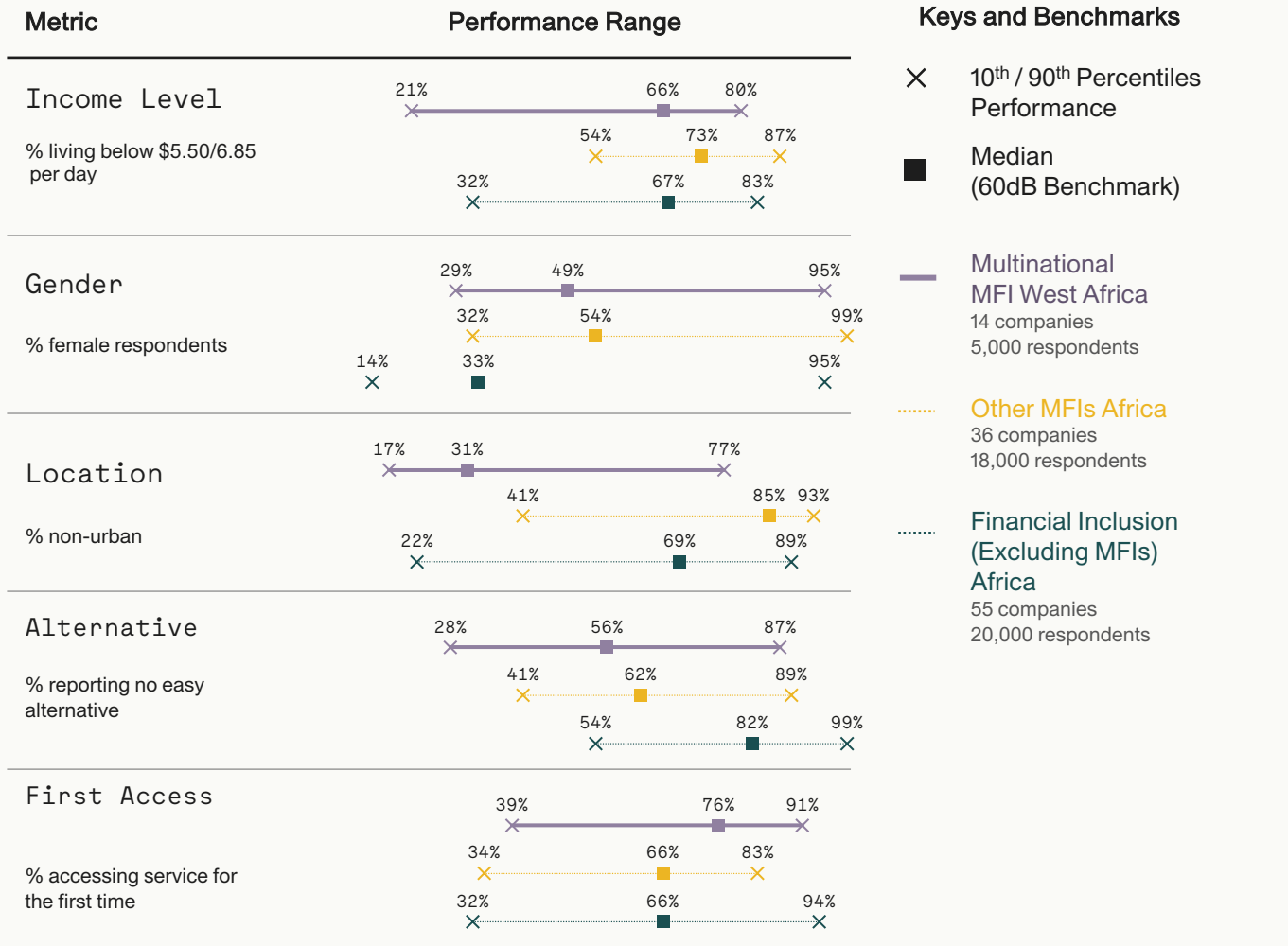
The Net Promoter Score for the target sector is 33, which is good, but lower than the other African MFIs (45). One of the top value drivers mentioned by customers who are promoters of the companies surveyed is good customer service. Customer service is also one of the most common challenges reported. The behaviour of client facing staff is therefore both a risk and an opportunity in the microfinance sector.

## Impact Diligence Questions

1. How is the potential investee impacting customers who struggle to repay their debt?
2. To what extent are these credits used for business purposes?
3. Beyond access to low-income customers, how can is investee demonstrating inclusivity?

# Variance in Inclusivity

There was a relatively wider range in Inclusivity Metrics than impact depth metrics, suggesting that different MFIs are serving very different customer segments. Getting detailed information on the profile of the target company’s customers will be key in assessing the potential inclusivity performance of this investee.



## Spotlight: Rural/Urban

West-African MFIs tend to have a very high share of urban customers compared to other financial institutions in Africa (as shown by the low percentage of non-urban customers).

If the target company has a strategy to reach rural customers, this presents an opportunity to reach an under-served segment.

## Inclusivity Diligence Questions

1. What is the demographic make-up of the potential investees’ customer base?
2. What is the competitive advantage of the potential investee compared to other companies in the sector?
3. Does the investee have a strategy to reach rural customers?

## Detailed Performance

Each Benchmark is expressed in median performance. The 10<sup>th</sup> and 90<sup>th</sup> percentile is expressed in grey below the benchmark. If there are fewer than 10 data points for a given indicator, then the min and max are shown instead of the 10<sup>th</sup> and 90<sup>th</sup> percentile, and this is indicated with an asterisk.

Dimension	Indicator	Description	Multinational West African MFIs 14 companies 3k+ respondents	Other African MFIs 36 companies 18k+ respondents	Financial Inclusion (Excluding MFIs) Africa 37 companies 12k+ respondents
Impact Depth	Financial Resilience	% reporting significant increase in ability to face emergency expense	38 (15/47)	31 (10/54)	33 (3/54)
	Income Increase	% reporting significant increase in income	45 (18/55)	39 (12/63)	34 (7/63)
	Savings Balance	% reporting significant increase in savings balance	38 (14/51)	29 (14/52)	22 (10/43)
	Financial Goal	% reporting significant improvement in ability to achieve their financial goal	39 (17/57)	36 (18/64)	23 (5/46)
	Repayment Burden	% repayment is not a burden	76 (60/84)	78 (50/90)	70 (53/84)
<b>Average</b>			47	42	36
Inclusivity	Income	% living below \$5.50/6.85 per day	66 (21/80)	73 (54/87)	67 (32/83)
	Gender	% female respondents	49 (29/95)	54 (32/99)	33 (14/95)
	Location	% non-urban	31 (17/77)*	85 (41/93)	69 (22/89)
	Alternative	% reporting no easy alternative	56 (28/87)	62 (41/89)	82 (54/99)
	First Access	% accessing service for the first time	76 (39/91)	66 (34/83)	66 (32/94)
<b>Average</b>			55	68	63
Customer Experience	Net Promoter Score	% Promoters - % Detractors	33 (-1/64)	45 (12/70)	32 (-7/70)

# Sample Composition

## Multinational MFIs West Africa

ACEP Burkina Faso  
Advans Cameroon  
Advans Côte d'Ivoire  
Advans Ghana  
Advans Nigeria  
Baobab Burkina Faso  
Baobab Mali  
Baobab Plus Côte d'Ivoire  
BRAC Liberia Microfinance  
BRAC Microfinance Sierra Leone  
LAPO Sierra Leone  
LAPO Nigeria  
Letshego - Ghana  
Letshego - Nigeria

## Other African MFIs

A Call to Business  
AB Bank Zambia  
Accion Microfinance Bank  
ACFIME  
Agora Microfinance Zambia  
ASA Microfinance Tanzania  
BRAC Rwanda Microfinance  
BRAC Uganda  
Caurie  
EBO Sacco  
ECLOF Kenya  
ENCOT  
FINCA Malawi  
FINCA Uganda  
Grace and Mercy Households  
Improvement Initiative  
Grooming People for Better Livelihood  
Centre  
Juhudi Kilimo  
Kafo Jiginew  
Letshego - Botswana  
Letshego - Eswatini/Swaziland  
Letshego - Lesotho  
Letshego - Mozambique  
Letshego - Rwanda  
Letshego - Uganda  
MicroLoan Foundation Zambia  
Musoni  
Nyèsigiso  
Opportunity International Savings and  
Loans (OISL)  
PEBCo Bethesda  
Premier Credit Limited Kenya (PCK)  
Renaca  
UGAFODE Microfinance  
Vision Fund International Kenya  
Vision Fund International Malawi  
Vision Fund Rwanda  
Vision Fund Uganda

## Financial Inclusion, Africa Excluding MFIs

Abalobi  
Access Bank  
ARM Pensions  
Boost Africa  
Crop2Cash  
FairMoney (Predictus)  
Grassroots Economics  
Hand in Hand  
Jumo - Ghana  
Jumo - Zambia  
Kandua  
Lami Technologies  
Lendable - Kenya  
Lidya  
Lipa Later  
Mastercard Farmer Network - Tanzania  
MicroEnsure - Ghana  
MicroEnsure - Kenya  
Nomanini  
Paga  
Pagatech Company Limited - Nigeria  
PayMeNow  
Poa!  
Power  
Rent to Own  
Sokowatch - Kenya  
Sokowatch - Rwanda  
SympliFi  
Tala - Kenya  
TeamApt  
Tugende  
TymeBank  
Unilever - Kenya  
Watu Credit  
Wave  
Zoon Transactions - Malawi  
Zoon Transactions - Zambia

# Methodology

## Net Promoter Score®

The Net Promoter Score (NPS) is a common gauge of client satisfaction and loyalty. It is measured by asking clients to rate their likelihood to recommend a product/service to a friend or family member on a scale of 0 to 10, where 0 is least likely and 10 is most likely. The NPS is the % of clients rating 9 or 10 out of 10 ('Promoters') minus the % of clients rating 0 to 6 out of 10 ('Detractors'). Those rating 7 or 8 are considered 'Passives'.

## Inclusivity Ratio

The Inclusivity Ratio is a metric developed by 60 Decibels to estimate the degree to which an organization is reaching less well-off clients. It is calculated by taking the average of Company % / Country %, at the \$1.90, \$3.20, and \$5.50 lines for low income and low-middle income countries, or at the \$3.20, \$5.50 and \$8.00 lines for middle income countries. The formula is:

$$\sum_{x=1}^3 \frac{([\text{Screened Sector}] \text{ Poverty Line } \$x)}{([\text{Country}] \text{ Poverty Line } \$x)} / 3$$

## About 60 Decibels

60 Decibels is a global, tech-enabled impact measurement company that brings speed and repeatability to social impact measurement and customer insights. We provide genuine benchmarks of impact performance, enabling organizations to understand impact relative to peers and set performance targets. We have a network of 1,500+ researchers in 97+ countries, and have worked with more than 800 of the world's leading impact investors, companies, foundations, corporations, NGOs, and public sector organizations. 60 Decibels makes it easy to listen to the people who matter most.

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## Thank You For Working With Us!

**Let's do it again sometime.**

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