Southeast Asia Financial Service Providers 2023 Impact Report

An Addendum to "Financial Inclusion in Post-COVID Southeast Asia: Accelerating Impact Beyond Access", a study conducted by the Centre for Impact Investing and Practices (CIIP), in collaboration with the United Nations Capital Development Fund (UNCDF) and Helicap and supported by 60 Decibels.

This addendum is prepared by 60 Decibels and funded by CIIP.

60_decibels

August 2023

Introduction (1/2)

This study contributes to the mission of The Centre for Impact investing and Practices (CIIP), established by Temasek Trust, to foster the growth of impact investing and practices in Asia and beyond by building and sharing knowledge.

This serves as an addendum to the report "Financial Inclusion in Post-COVID Southeast Asia: Accelerating Impact Beyond Access", a study conducted by the Centre for Impact Investing and Practices (CIIP), in collaboration with the United Nations Capital Development Fund (UNCDF) and Helicap and supported by 60 Decibels. This report was launched in June 2023 and can be found here.

This deep-dive into customer impact formed part of the primary research carried out to highlight best practices that enable better financial health outcomes in the region. Between October 2022 and June 2023, 60 Decibels & CIIP worked with 31 Financial Service Providers and spoke to 8,498 clients in 6 countries in order to understand customer impact and experiences as a result of having access to lending and technology in Southeast Asia. The data and insights reflect customer profile, access, business impact, household impact, client protection, financial resilience, agency, and digitisation.

The data and insights within this addendum provide additional analyses not contained within the June report. This addendum includes data from three additional FSPs and 1,974 customers for whom data collection was ongoing at the time of the report's publication.

A detailed breakdown of sample size differences by country is found below.

Country	Total FSPs (June Report)	Total FSPs (Current Report)	Change in FSPs	Total Customers (June Report)	Total Customers (Current Report)	Change in Customers
Indonesia	11	11		2,318	2,800	+482
Cambodia	7	8	+1	1,787	2,393	+606
Philippines	7	7		1,796	1,909	+113
Vietnam	2	3	+1	371	870	+499
Myanmar	1	1		252	252	
Thailand	0	1	+1	0	274	+274
Total	**28**	**31**	**+3**	**6,524**	**8,498**	**+1,974**

Introduction (2/2)

This report contributes to the mission of The Centre for Impact investing and Practices (CIIP), established by Temasek Trust, to foster the growth of impact investing and practices in Asia and beyond by building and sharing knowledge.

The results have been pegged to 60 Decibels Impact Benchmarks for comparability.

This work was built upon the foundation of the 2022 60 Decibels Microfinance Index where we spoke to nearly 18,000 microfinance clients around the world. We believe clients are the center of an 'impact' story – that their perspectives and experiences determine the true impact of a financial service provider on their livelihoods and households.

Throughout this work, we used a 39-question standard survey among six dimensions of impact to provide 100% comparability across Financial Service Providers performance.

The split by country of participating Financial Service Providers is as follows:

- Indonesia: 11 FSPs
- Cambodia: 8 FSPs
- Philippines: 7 FSPs
- Vietnam: 3 FSPs
- Myanmar: 1 FSP
- Thailand: 1 FSP

Our target sample size for each FSP was 275. We were unable to reach the target sample size of 275 interviews for a few FSPs due to low response rates, limited contacts from the FSP, or the limitations of the 60dB research team's capabilities.

The purpose of releasing this deep-dive analyses is in the spirit of CIIP's mission to build knowledge assets that can be accessed as public goods by the industry. It is our hope that this will serve as valuable market intelligence that investors and companies alike can use to make sense of Southeast Asia's financial inclusion landscape and use this to guide strategies to achieve greater impact.

Benchmarks: Overview

Here is a quick guide to the main benchmarks we use throughout this report.

Benchmarks based on customer outcomes provide a yardstick by which to judge impact performance with comparable customer metrics. As you'll see in this report, customer outcomes vary across geographies—and, as we know from our experience working in this sector, they can change over time.

Southeast Asia Average
The Southeast Asia Average is determined by calculating the average of 31 FSPs' results – these are the FSP surveys funded by CIIP or FSPs that agreed to share their data with CIIP for the purposes of this report in SEA.

Global, Asia, & South Asia 60dB Benchmarks
We have aggregated all the data we have collected over the years in the financial inclusion sector into our 60 Decibels Benchmarks. The most applicable benchmark we have for this group of FSPs is our Microfinance (MFI) Global, Asia, and South Asia benchmark. Details of what the benchmarks include is on the right.

60dB MFI Global Benchmark

- Companies: 263
- Projects: 269
- Respondents: 69,578
- Countries: 53

60dB MFI Asia Benchmark

- Companies: 99
- Projects: 100
- Respondents: 27,022
- Countries: 14*

60dB MFI South Asia Benchmark

- Companies: 43
- Projects: 44
- Respondents: 11,244
- Countries: 4

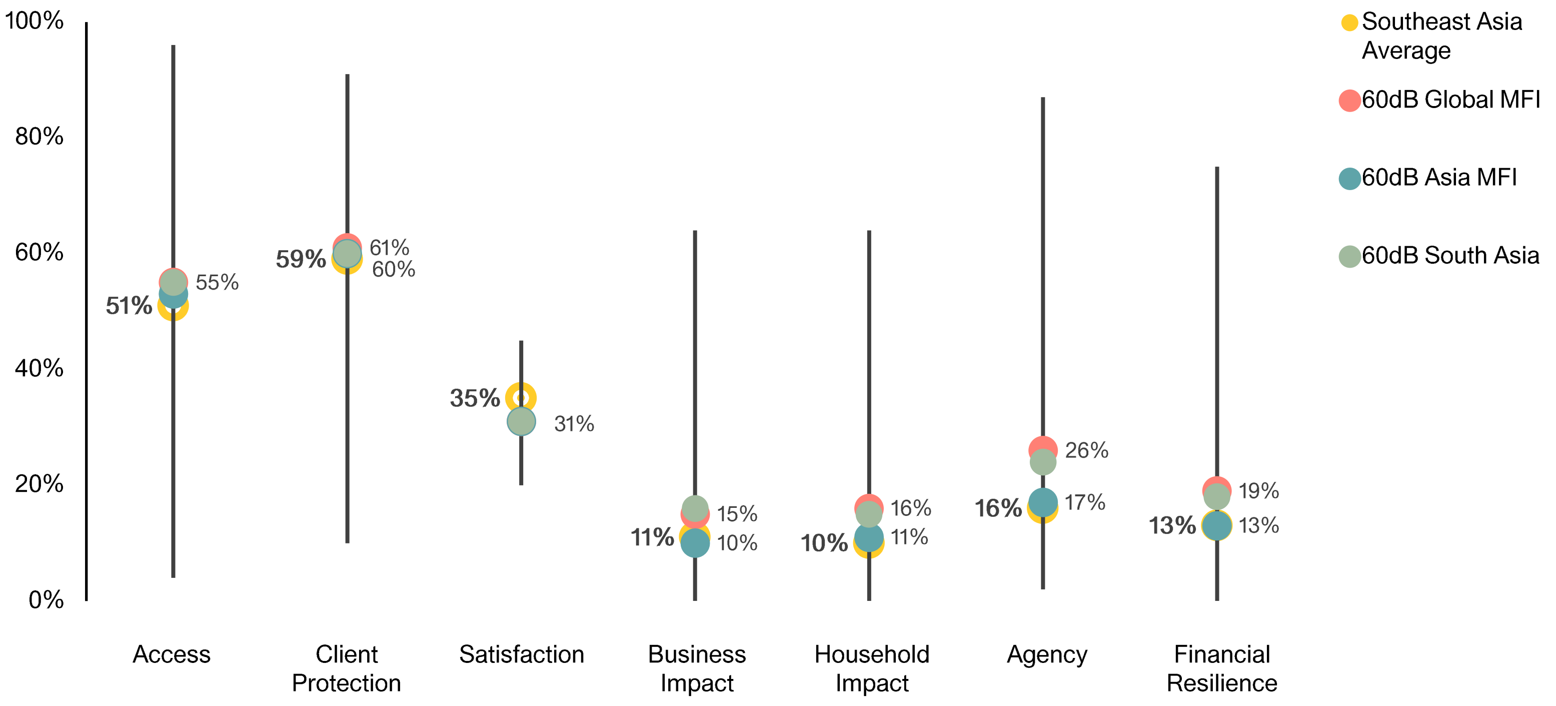
Southeast Asia Average

- Companies: 31
- Projects: 31
- Respondents: 8,498
- Countries: 6

*The 60dB Asia Benchmark consists of 14 countries spread across Central, East, South, and Southeast Asia.

Benchmark Performance: Overall

Overall Southeast Asia Performance versus 60dB Overall, 60dB Asia, and 60dB South Asia benchmarks



Benchmarks: Detailed Table

Dimension	Indicators	Southeast Asia Average	60dB Global MFI Benchmark	60dB Asia MFI Benchmark	60dB South Asia MFI Benchmark
Access	Accessing loan for the first time, reporting ‘no’ to prior access	54%	57%	55%	58%
	Cannot easily find an alternative	48%	53%	50%	52%
	Inclusivity Ratio	0.56	0.61	0.58	0.71
Business Impact	‘very much increased’ income	14%	22%	15%	24%
	Increased number of employees	7%	8%	5%	7%
Household Impact	‘very much improved’ quality of life	18%	30%	19%	24%
	‘very much increased’ home improvements	7%	14%	8%	14%
	‘very much increased’ quality and quantity of meals	10%	14%	11%	13%
	‘very much increased’ health visits	3%	6%	4%	9%
	‘very much increased’ spent on education	11%	15%	12%	16%
Agency	‘very much increased’ decision making	14%	23%	15%	18%
	‘very much increased’ confidence	18%	30%	21%	28%
	‘very much improved’ ability to achieve financial goal	16%	26%	16%	27%
Financial Resilience	‘very much increased’ savings	8%	14%	8%	16%
	‘very much increased’ managing finances	17%	25%	18%	23%
	‘very much improved’ emergency contribution	14%	18%	13%	15%
Client Protection	‘strongly agree’ loan terms	51%	67%	60%	70%
	‘very much decreased’ stress	13%	16%	12%	18%
	Loan repayments ‘not at all’ burden	84%	75%	80%	69%
	‘no, never’ reducing food consumption	89%	84%	87%	84%
Satisfaction	Net Promoter Score	57%	52%	55%	56%
	Challenges faced ‘yes’	12%	10%	7%	5%

About The Clients We Spoke To

- Financial Service Provider Distribution
- Customer Profile

Impact Headlines & Details

- Purpose
- Access
- Technology & Digital
- Client Protection
- Satisfaction
- Business
- Household
- Agency
- Financial Resilience
- Offerings Beyond Credit

FSP Distribution

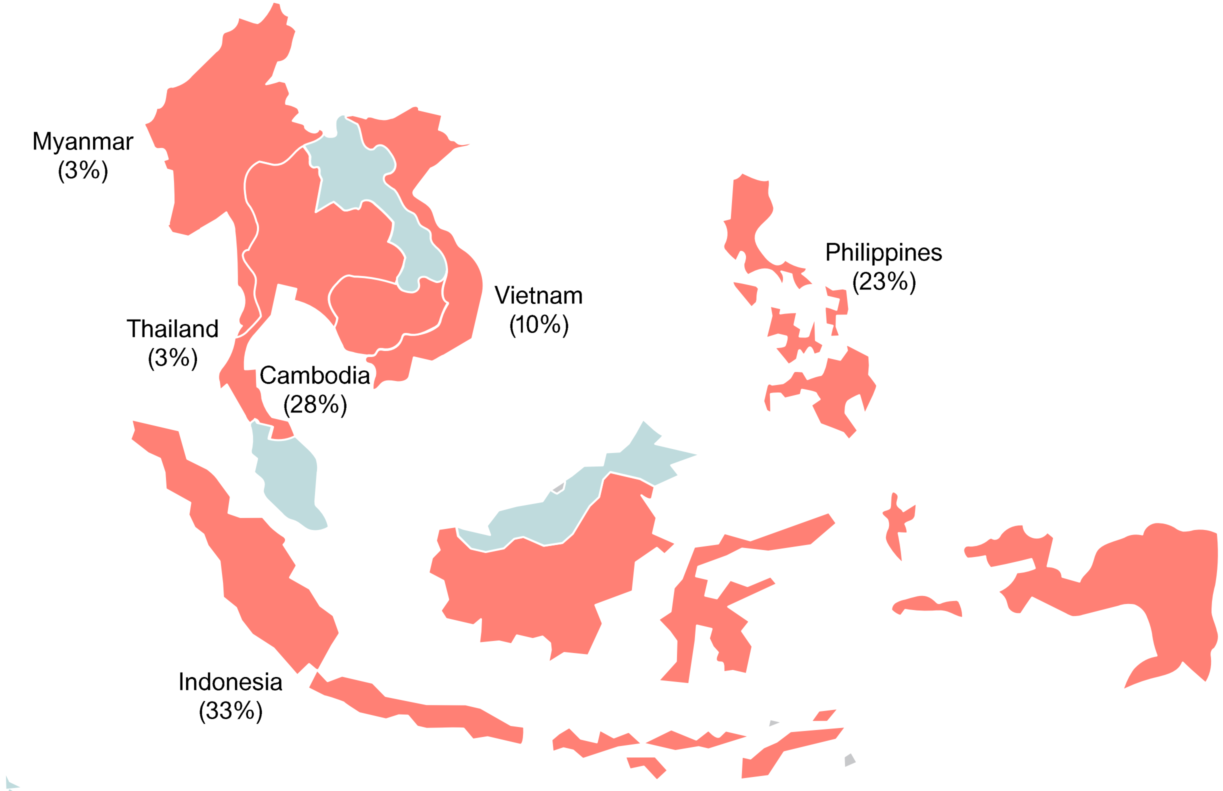
The FSPs that we partnered with for this study are geographically based in Southeast Asia and all offer credit services but have a range of total clients (from 775 to 34,000,000) and total assets under management (between less than $10 Million and more than $100 million USD).

While the nuances and differences in these providers' profiles important, all participating FSPs are working to extend financial services and capital to those who need it and who, by and large, do not have access to other 'formal' lending services. That is the basis for this analysis and report.

One of the highlighted segmentations throughout this report is by the FSPs' business model. Included in this report are 65% traditional lenders, meaning their products and services are mainly accessed in-person and offline, and 35% FinTechs, meaning their products and services are mainly online.

We spoke to 8,498 clients from 31 FSPs in 6 countries to understand the impact of financial products and services on their lives.

Map of Clients We Spoke To



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Languages

72

60dB Research Assistants

144k

Total minutes of phone interviews

53%

Response Rate

Customer Profile (1/4)

Two-thirds of all the clients we spoke to are women. Traditional FSPs are more likely to reach women clients than FinTechs (71% vs. 56%).

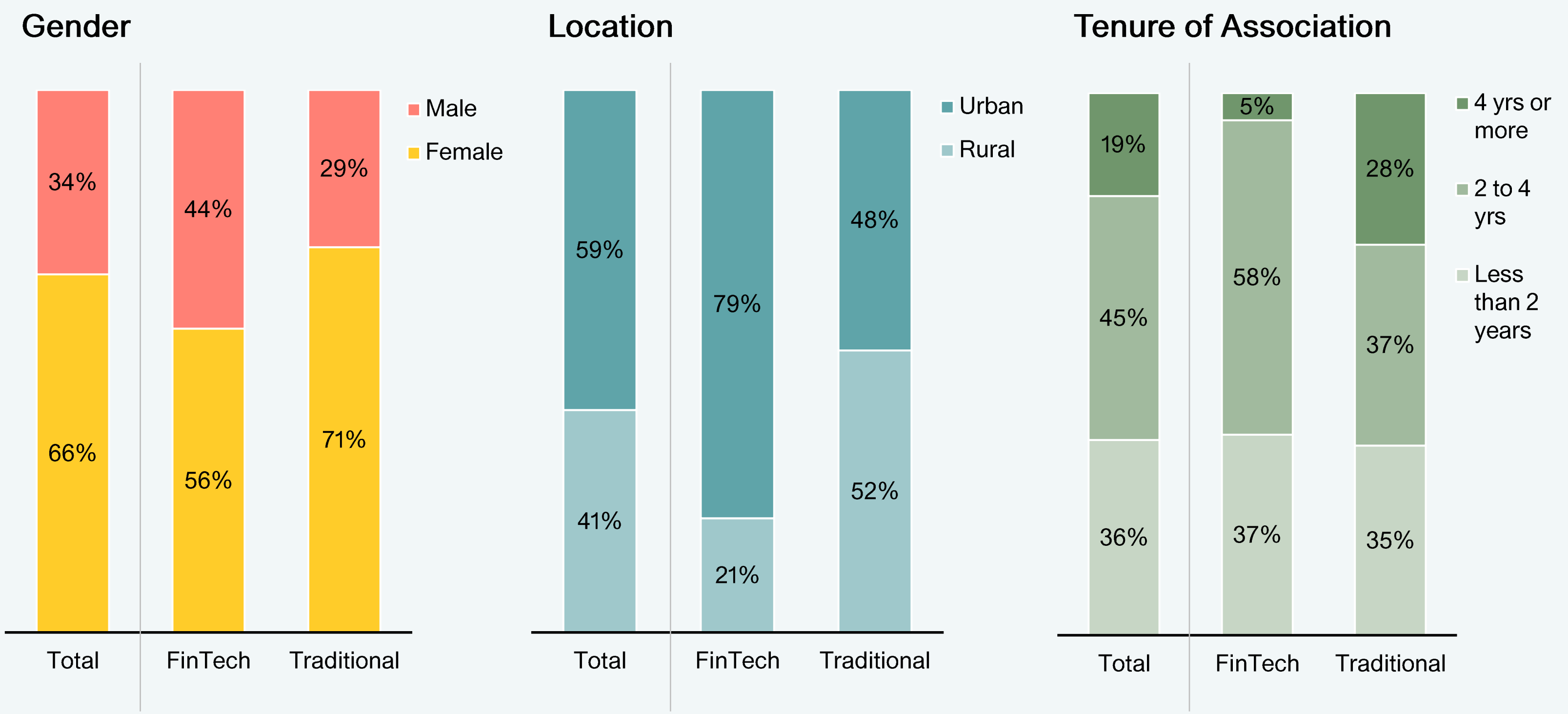
Three-fifths of clients live in urban areas. Unsurprisingly, FinTechs reach higher urban populations compared to traditional FSPs (79% vs. 48%).

Four-fifths of clients have been associated with the FSP for less than 4 years. Traditional FSPs are more likely to have clients for 4 years or more compared to FinTechs given their relatively new position in the market (28% vs. 5%).

You will find segmented analysis by gender, business model, and location, across this report. Additionally, we explored differences by loan size, tenure, loan purpose, and lending methodology – we have called out these differences wherever significant.

Customer demographics

Data relating to customer gender, location, and tenure of association (n = 8,498)



Customer Profile (2/4)

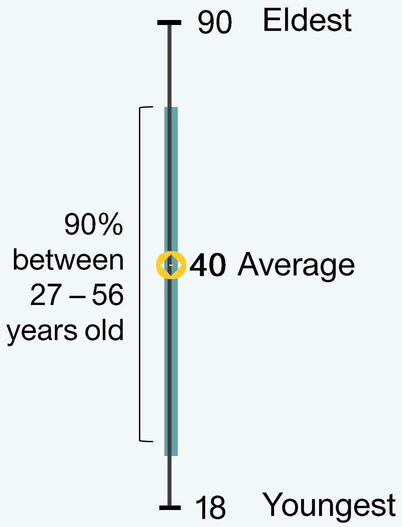
Southeast Asia FSPs have a heterogenous customer base with a wide variety in age of the customer; the average customer we spoke to was 40 years old.

We observed some variability by customer segmentation. Male, Urban, and FinTech clients were more likely to be less than 30 years old compared to their respective counterparts.

Customer demographics

Data relating to age (n = 7,873)

Age



Age Segmentation

Customer Segments	30-years-old or less	31 to 45-years old	46-years-old or more
Total	20%	51%	29%
Male	24%	54%	22%
Female	17%	50%	33%
Urban	22%	52%	26%
Rural	15%	51%	34%
Traditional	13%	51%	36%
Fintech	32%	53%	15%

Customer Profile (3/4)

7 in 10 clients have taken an individual loan from the FSP. Unsurprisingly, traditional FSPs are more likely to have clients with group loans compared to FinTechs (32% vs. 21%).

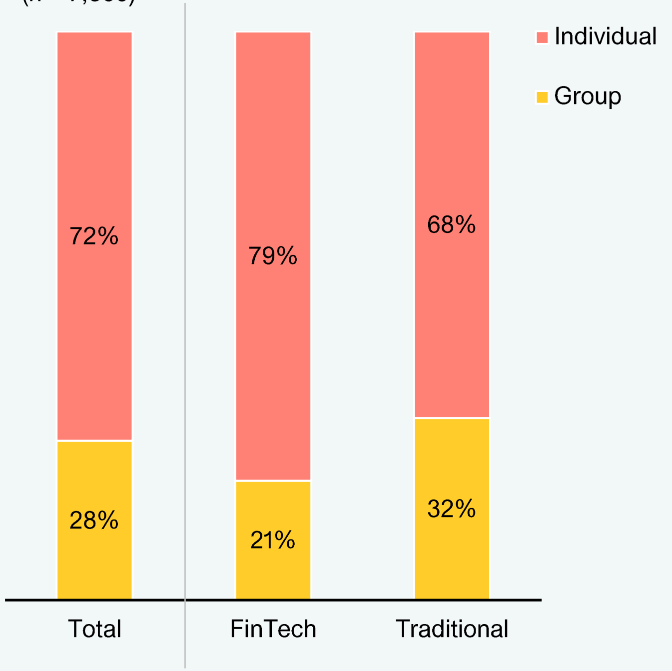
We asked clients if they have used their loan from the FSP for business (business use) or consumption (non-business use). Encouragingly, 3 in 4 clients used their loans for business purposes. Clients of traditional FSPs were slightly more likely to use their loan for a business use compared to FinTech customers (72% vs. 66%). More on this metric on page 15).

Loan Characteristics

Data relating to lending methodology and loan use

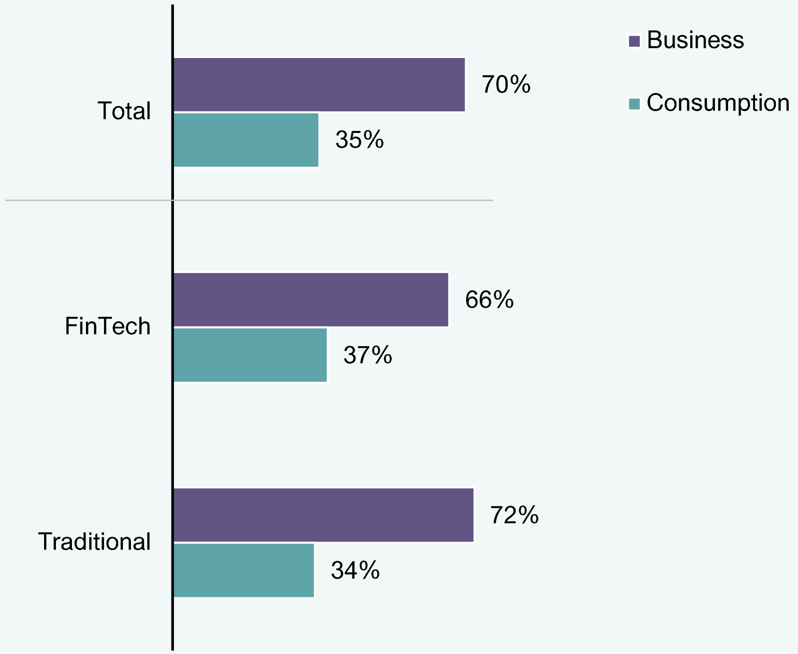
Lending Methodology

(n = 7,860)



Loan Purpose*

Data relating to loan use (n = 8,491)



*This question was administered as a multi-select question

Customer Profile (4/4)

The average loan size is USD 5,140 with wide variability by gender, location, and business model. Male, urban, and FinTech clients are more likely to have a higher average loan size than their counterparts.

Loan Characteristics

Data relating to business model and loan size (n = 7,253)

Loan Size

Customer Segments	Average Loan Size
Total	$5,140
Male	$8,321
Female	$3,546
Urban	$5,896
Rural	$4,065
Traditional	$5,834
Fintech	$3,746

Purpose Headlines

1

Clients in Southeast Asia predominantly use their loan for business purposes and are investing in a new or existing business.

3 in 4 clients used their loan towards investing in new or existing businesses while the rest used it for non-business purposes (consumption). Those who used it for business purposes primarily purchased inventory, farming supplies, and machinery for their businesses.

2

Clients who use their loans for a business purpose are more likely to report improvements in their financial management ability and resilience.

Clients who used their loan for business purposes report higher improvements in their income levels, their savings balance, their ability to manage finances, and their ability to come up with funds in an emergency compared to those who used their loan for consumption purposes.

Customer Profile: Loan Usage

3 in 4 clients used their loan for a business purpose. Business usage is highest amongst female clients.

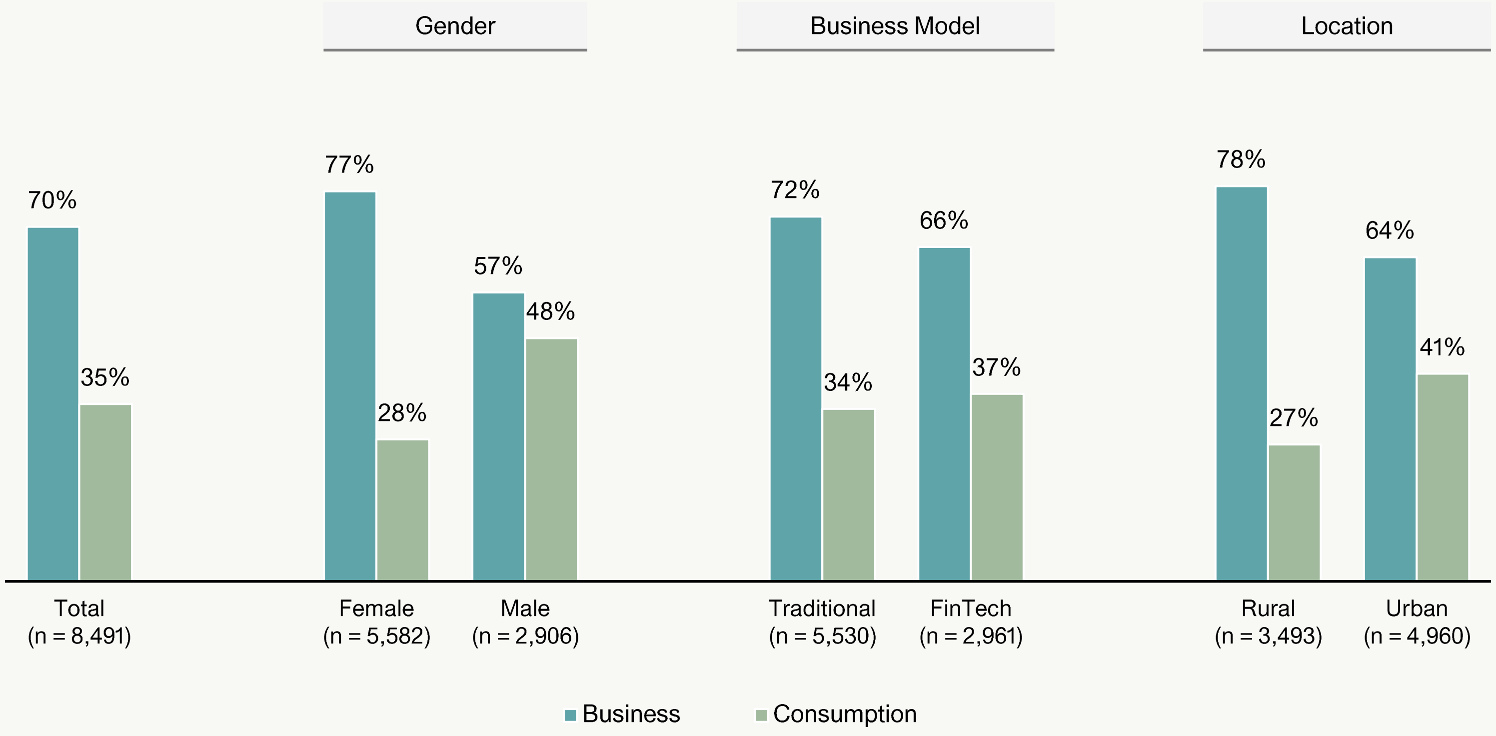
We asked clients what they used their loan for and depending on their reasons, categorized them into two groups: business (loan used for business purposes) and consumption (loan used for non-business-related purposes).

We observed differences in loan use by gender and location. Female and rural clients are more likely to use their loan for business purposes. This was offset by male and urban clients using their loan for consumption purposes.

We found slight variability by loan size; clients who used their loan for business purposes had an average loan size of 5,134 USD compared to 3,413 USD for those who used it for consumption purposes.

Loan Usage

Q: What did you use your loan(s) from [FSP] for? Multi-select.



Loan Usage: Detailed Themes

However, business loan usage varies by customer profile: female, FinTech, and urban clients are more likely to use their loan to buy inventory for their shops. Female clients are least likely to report using the loan to 'pay staff' compared to male clients (2% vs. 6%). This is consistent with our Business insights where female clients are more likely to be sole entrepreneurs.

As expected, clients residing in rural areas are more likely to use their loan to buy farming supplies (22% vs. 7%) than those in urban areas.

The top business loan use is to buy inventory, farming supplies, and machinery.

Loan Purpose Themes

Q: What business purposes did you use your loan(s) for? Multi-select.
(Total n = 5,290, Male n = 1,470, Female n = 3,817, FinTech n = 1,884, Traditional n = 3,406, Urban n = 2,882, Rural n = 2,376)

Detailed Business Use of Loan	Total	Male	Female	FinTech	Traditional	Urban	Rural
Bought inventory to sell at shop	58%	43%	64%	73%	50%	67%	48%
Bought farming supplies	18%	19%	17%	6%	24%	7%	22%
Bought machinery for business	12%	16%	10%	8%	14%	11%	14%
Bought livestock	9%	10%	9%	8%	10%	8%	9%
Renovate business property	7%	10%	5%	4%	8%	8%	6%
Pay staff	4%	6%	2%	4%	3%	4%	3%
Other	8%	12%	6%	11%	6%	9%	7%

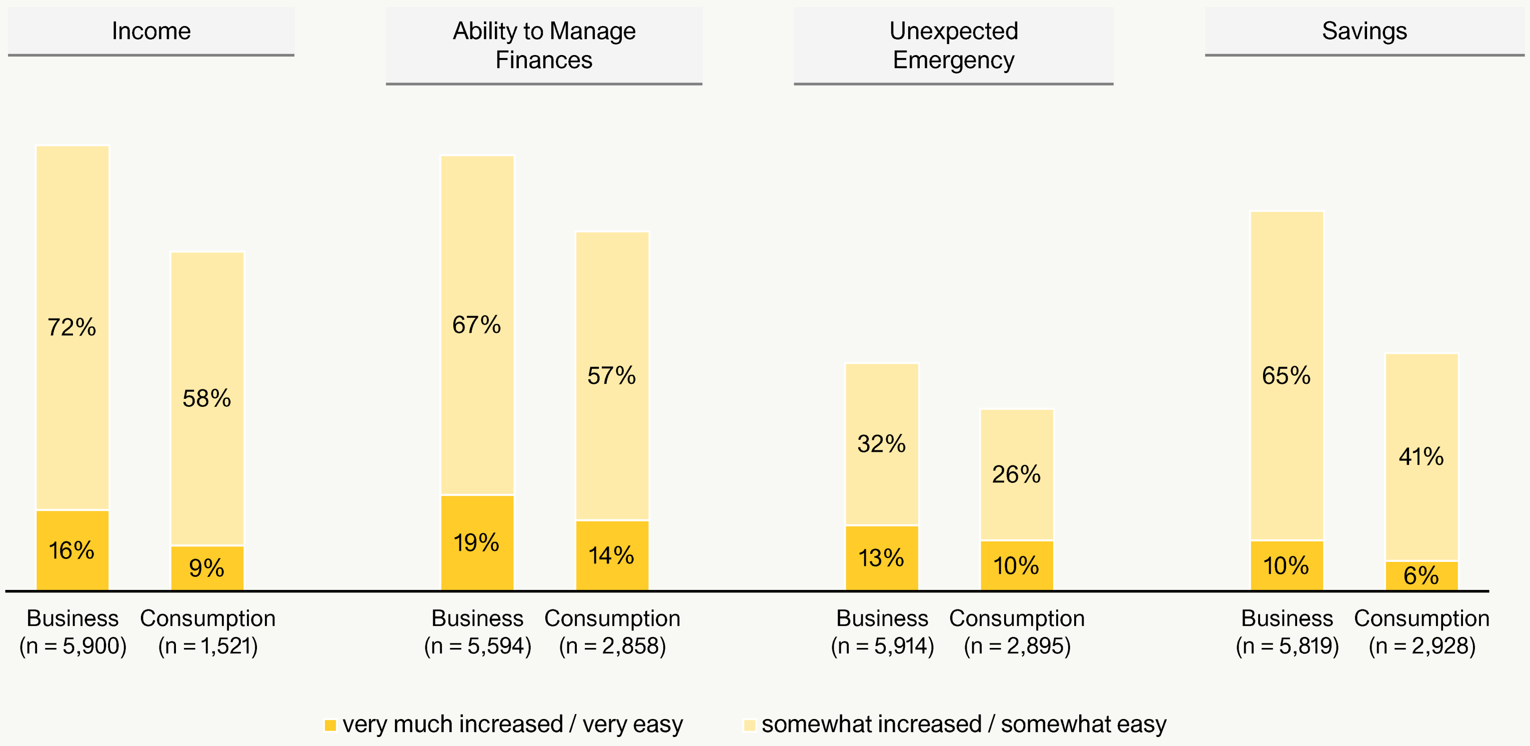
Loan Usage: Impact (1/2)

Clients who use their loans for business purposes experienced increased income, greater capacity to handle finances, and increased savings balance compared to those who use their loans for consumption.

Clients who use at least part of their loans for business uses (i.e. investing in a new or existing business) report better outcomes, which is aligned with research on financial inclusion lending. The biggest difference reported between the two groups is in increases in income (88% vs. 67%) followed by changes in savings balances. 75% clients who used their loan for business purposes report increased savings balance compared to 47% customers who used it for non-business purposes.

Clients who use their loan for business purposes are also more likely to report improvements in their ability to manage their finances and that they could easily come up with funds for an emergency expense.

Loan Usage & Impact



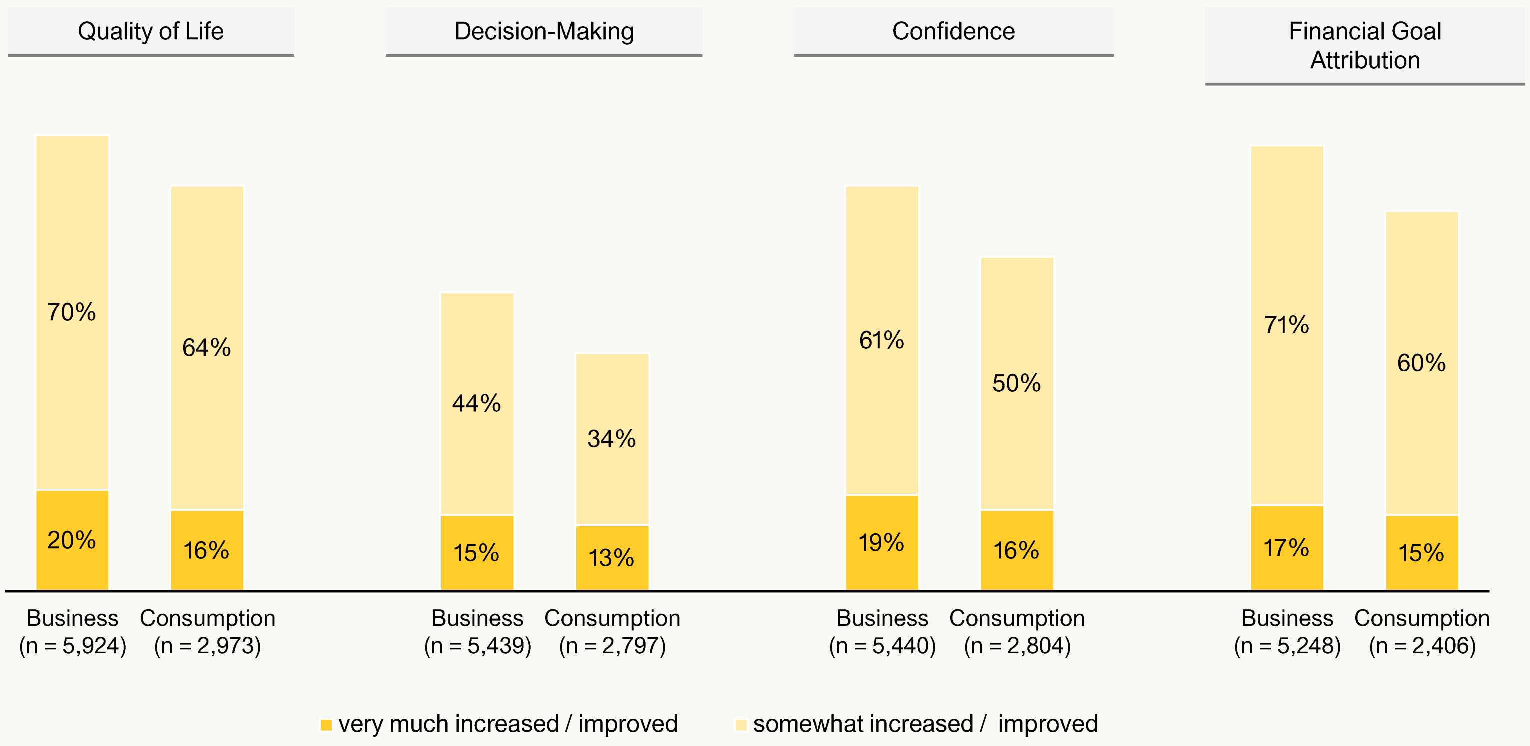
Loan Usage: Impact (2/2)

Clients who use their loans for business purposes report greater quality of life improvements, improved ability to make decisions, increased confidence, and improved ability to achieve their financial goals than those who use their loans for consumption.

Apart from greater improvements in clients' quality of life, decision-making, confidence, and ability to achieve their financial goals, clients who use their loans for business purposes report greater household wellbeing than those who use their loans for consumption purposes:

- Increase in spending for home improvements: 46% vs. 41%
- Increase quality and quantity of meals: 63% vs. 44%
- Increase in children's education: 62% vs. 52%

Loan Usage & Impact



After receiving the loan from [FSP], my income increased. I am now able to cover some of the household needs. Additionally, my child's daily needs and school needs are more fulfilled.”
 - Female, 40

Access Headlines

1 **Over half of clients are first time borrowers and half cannot find good alternatives to their FSP for all Southeast Asia Clients. Clients of FinTechs are more likely to report they are first time borrowers and do not have access to good alternatives compare to Traditional FSPs.**

54% of clients are accessing a loan like the one FSP provides for the very first time and 48% cannot find a good alternative. FinTech FSPs are more likely to reach first-time borrowers (63% vs. 49%) and provide a scarce service, with 60% saying they could not find a good alternative compared to 41% for traditional FSPs.

2 **FinTech FSPs are reaching a wealthier customer base than traditional FSPs.**

Using the Inclusivity Ratio, we can understand the degree to which FSPs are over or under-serving low-income populations within a country. FinTech FSPs have a lower Inclusivity Ratio (0.38) compared to traditional FSPs (0.62), suggesting FinTechs are reaching higher income populations. This could be driven by the channel of interaction for FinTech FSPs – predominantly online.

Customer Profile: First Access

5 in 10 clients are first-time borrowers. FinTechs are reaching a larger proportion of first-time customers.

We find differences by business model and location. Clients with FinTech FSPs and in urban areas are more likely to access such a product for the first time.

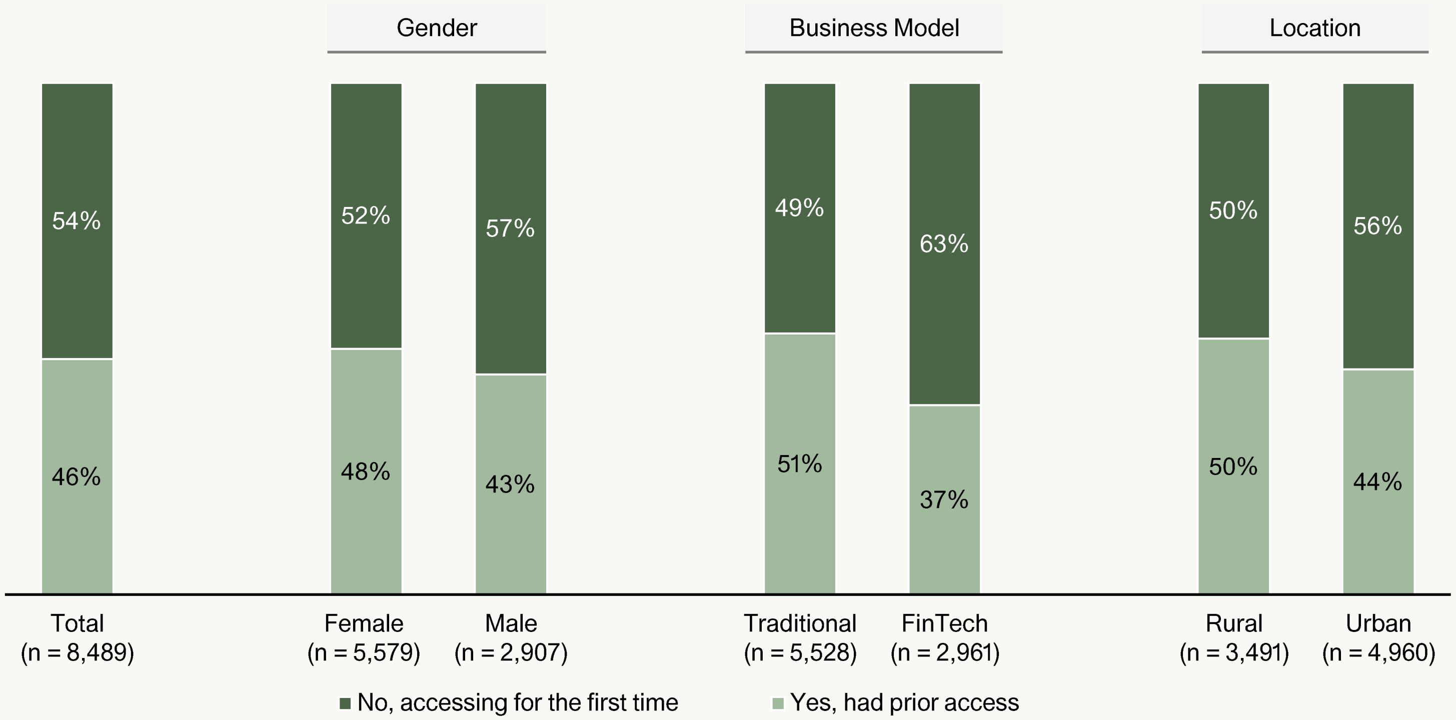
Clients with individual loans are more likely to be first time borrowers (55%) than those with group loans (48%).

Clients who have been associated with the FSP for less than two years are more likely to report accessing the product for the first time (56%) compared to clients who are more tenured – between 2 to 4 years (50%) and more than 4 years (47%).

FSPs are more likely to reach first-time borrowers who are less than 30-years-old (62% report ‘no, accessing for the first time) compared to those who are older (52%).

First Access

Q: Before [FSP], did you have access to a loan like [FSP] provides?



Customer Profile: Access to Alternatives

Half of clients could not easily find a good alternative, suggesting an underserved market.

The availability of alternatives provides insight into the competitive landscape and the degree to which scarce products or services are provided in Southeast Asia.

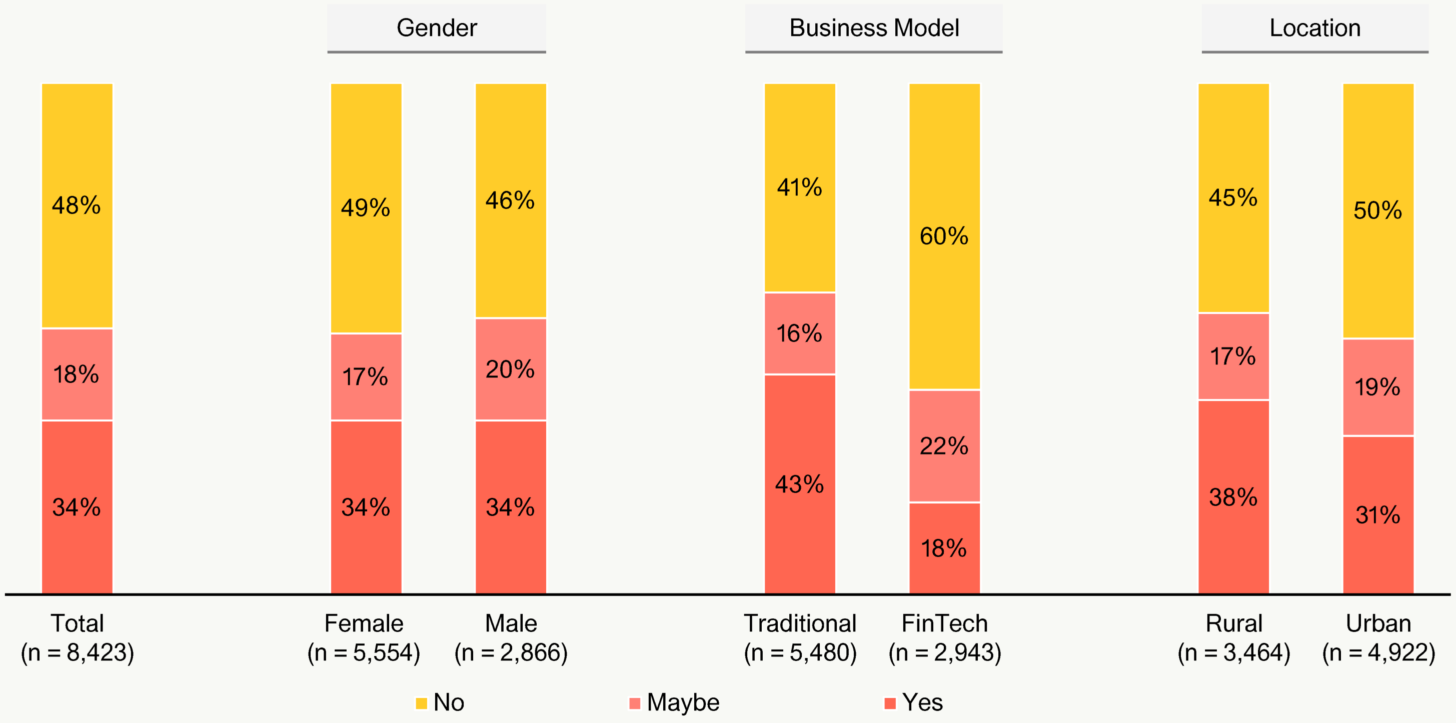
Similarto first access, clients who are associated with FinTechs are more likely to say they do not have a comparable alternative. This could be highly correlated with the nature of FinTechs having a stronger presence on online platforms, which is a newer channel for this customer segment to access financial services.

Food for Thought

Though they provide scarce products and services, FinTechs FSPs are predominantly reaching urban clients. How can FinTechs be incentivised to expand their services to more rural and unserved populations? Furthermore, how can FinTech and traditional FSPs work together to drive further inclusion in SEA?

Alternatives

Q: Could you easily find a good alternative to [FSP]?



Customer Profile: Income Inclusivity

Overall, Southeast Asia FSPs are serving wealthier clients than the national averages, indicated by the Inclusivity Ratio of 0.56.

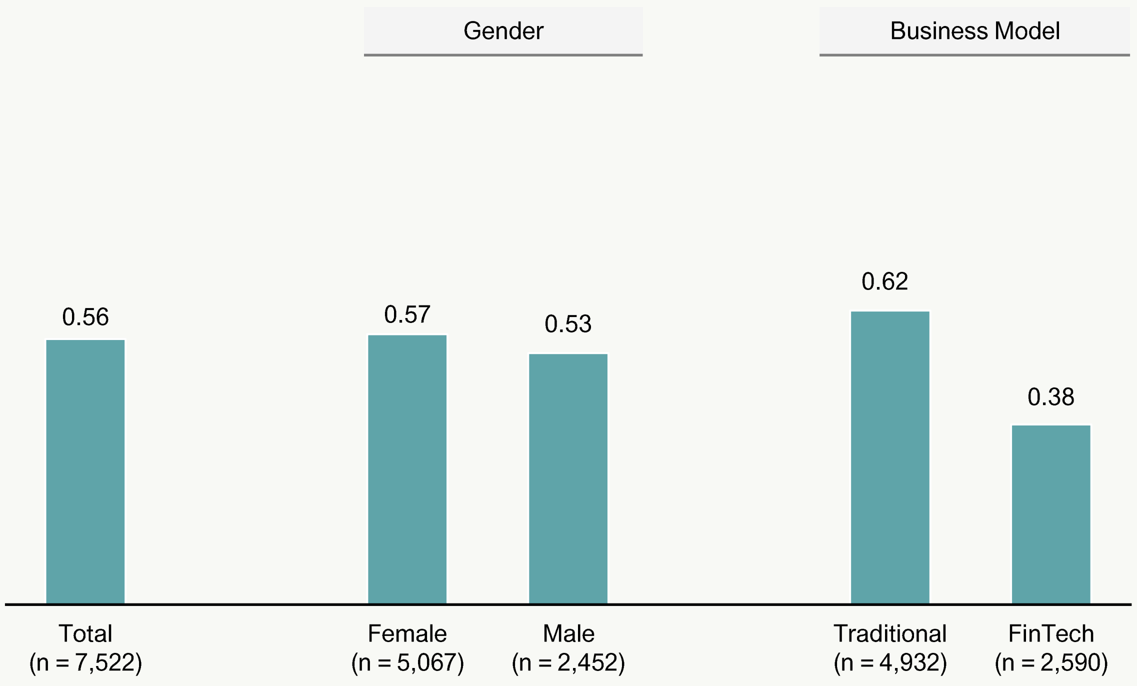
We use the Inclusivity Ratio to show the degree to which companies are over-or under-penetrating low-income segments in their countries of operation. This allows us to look at relative performance in countries with different poverty rates and evaluate trends by country and customer segments. More on how the Inclusivity Ratio is calculated is in the appendix.

FinTech FSPs are reaching a wealthier customer base than traditional FSPs. This could be driven by the channel of interaction for FinTech FSPs – predominantly online.

Group lending methodology reaches more clients living in poverty (Inclusivity Ratio of 0.61) than individual lending methodology (0.40).

Inclusivity by Customer Segments

Degree that Southeast Asian FSPs are reaching low-income customers



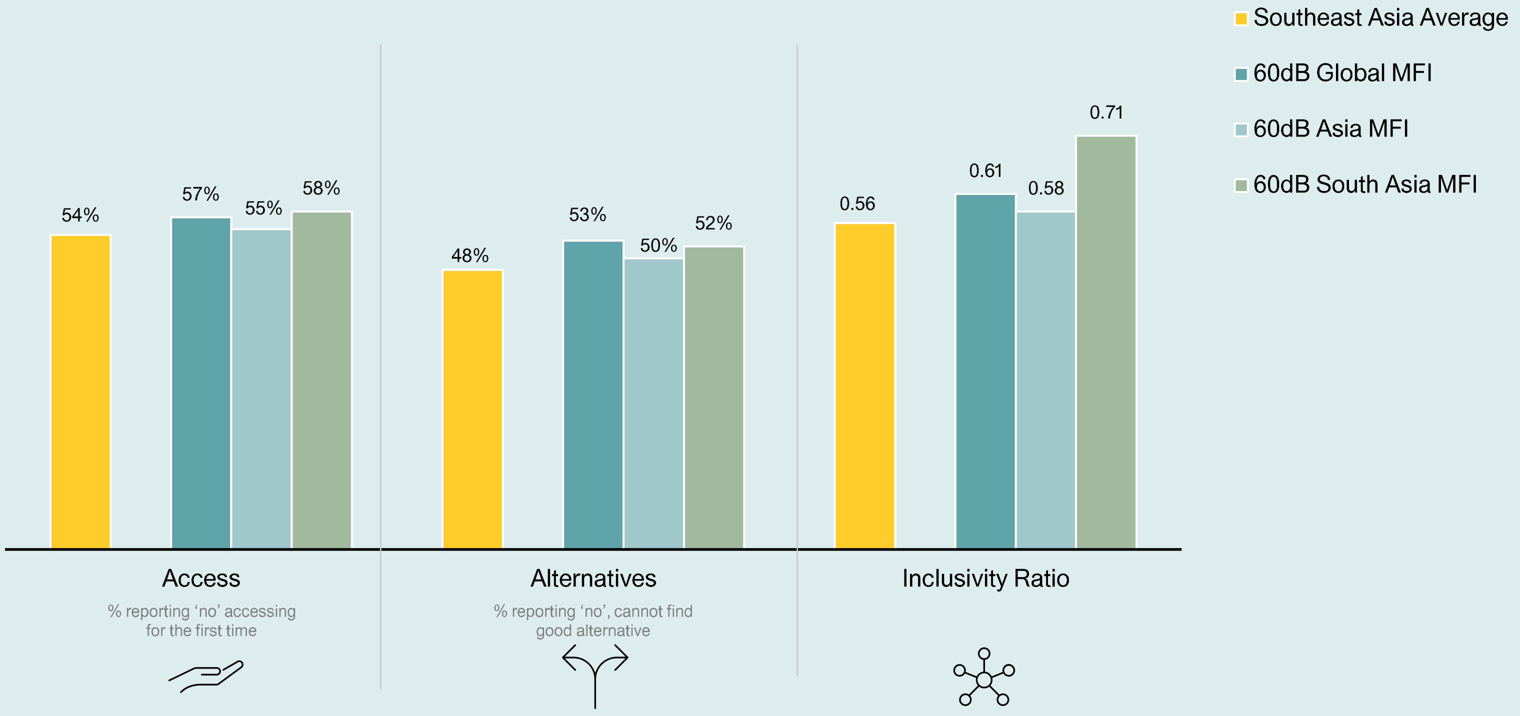
Benchmark Comparison: Access

We compared the Southeast Asia average for the access metrics with 60dB's Microfinance (MFI) benchmarks at three levels: Global, Regional (Asia), and sub-regional (South Asia).

The Southeast Asia average is slightly below 60dB's MFI Global benchmarks for alternatives and inclusivity, but on par for first access.

Southeast Asia Relative Performance

Southeast Asia Average vs. 60dB Benchmarks



"I took a loan to raise capital for my business of trading farming produce. My income has increased and with it, I bought livestock, increased my saving rate and I provide timely the basic needs for my family like health insurance and food."

- Female, 50

Technology & Digital Headlines

1

Clients in Southeast Asia report improvements in their use of financial services because of technology.

73% of clients report ‘very much’ or ‘slightly’ improved use of financial services because of technology such as mobile phones and the internet. As expected, FinTechs and urban clients report greater improvements. FSPs in Southeast Asia are helping newer customers (tenure less than 4 years) improve their use of financial services.

2

There is a high sense of safety with technology amongst Southeast Asian clients, especially amongst FinTech customers.

79% of clients report feeling safe using technology; this is most prominent among FinTech clients (89% vs. 69% of traditional FSP clients). As FinTech FSPs continue to grow in urban areas and use online interaction channels, there is scope for cross-learning between FSPs. FinTech FSPs could help traditional FSPs empower their customers, making them feel safe and improving their usage of financial services.

Financial Services: Technology

Roughly 3 in 4 clients report strong improvements in their use of financial services because of technology. This is most prominent amongst male, FinTech, and urban customers.

We asked clients if their use of financial services changed because of technology.

Unsurprisingly, we find differences in the uptake of financial services by Business Model; clients who are associated with FinTech FSPs mention higher improvements because of technology.

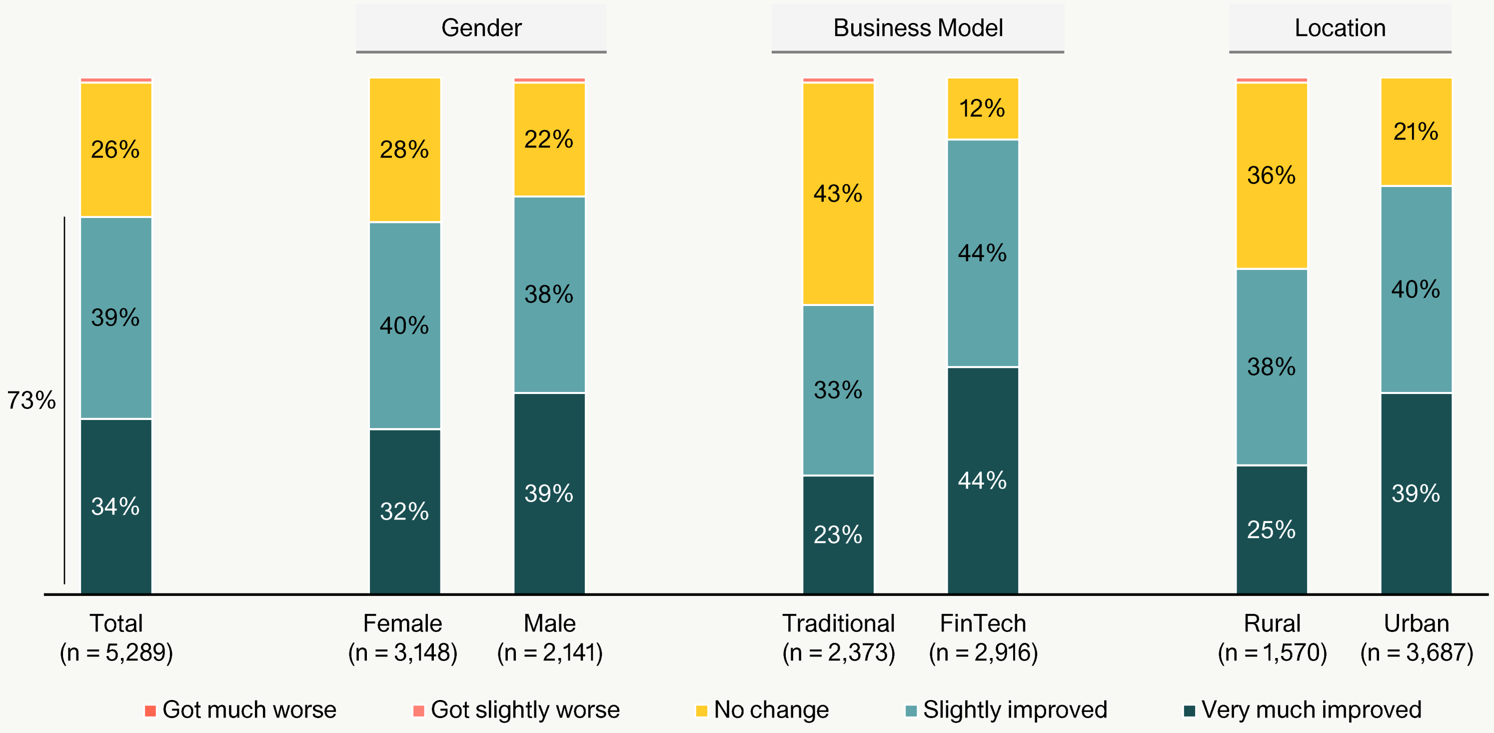
Clients who reside in urban areas report higher improvements (79%) compared to those in rural areas (63%). This could be linked with levels of mobile phone penetration, the higher presence of FinTechs in urban areas, and lower access to the internet in rural areas.

Newer clients (those who are associated with FSP for less than four years) are more likely to report improvements in their usage of financial services (75%) compared to more tenured customers (60%).

Customers who are less than 30-years old are most likely to report improved use of financial services (82%) than those who are older (70%).

Use of Financial Services

Q: How has your use of financial services changed because of technology (for example, mobile phones and the internet)?



Financial Services: Safety with Technology

8 in 10 clients say they feel safe while using technology for financial services.

While the majority of clients say they feel safe using technology, the results are somewhat stronger for clients of FinTech FSPs: 89% of clients of FinTech FSPs report feeling safe using technology, of which 32% report feeling "very safe" compared to 69% and 24% of traditional FSPs respectively.

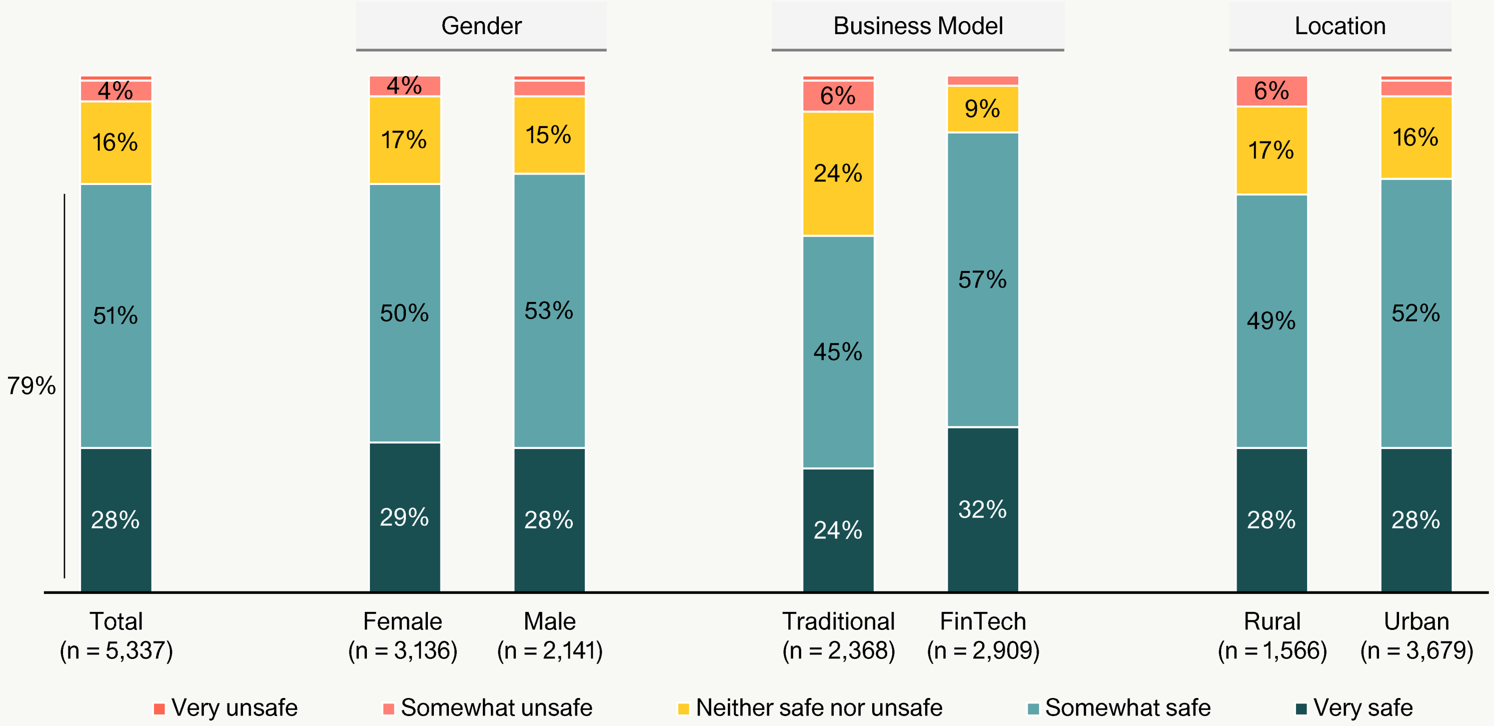
Similar to the use of financial services, older customers feel less safe using technology. Customers who are more than 31-years-old are less likely to report feeling safe (77% vs. 84%).

Food for Thought

As traditional FSPs continue to find a niche in the evolving market conditions and customer needs, FinTech FSPs could share best practices on improving clients' usage and safety levels with technology and financial services.

Level of Safety Using Technology

Q: How safe or unsafe do you feel using technology (for example, mobile phones and the internet) for financial services?



Financial Services: Interaction Channel

Clients interact with FSP through mobile phone (online), agents who visit their home, and they visit the branch.

Unsurprisingly, traditional clients are most likely to interact with their FSPs through agents who visit their home or at the branch, only a quarter report interacting through online mediums. Conversely, FinTech clients are most likely to interact through online mediums (75%).

Key:

- #1 channel
- #2 channel
- #3 channel

FSP Interaction Channel

Q: How do you interact with [FSP] most often?
(Total n = 5,054, Female n = 2,947, Male n = 2,107, Traditional n = 2,093, FinTech n = 2,961, Rural n = 1,376, Urban n = 3,645)

		Gender		Business Model		Location	
Interaction Methods	Total	Female	Male	Traditio -nal	FinTech	Rural	Urban
Online via mobile phone	54%	46%	65%	24%	75%	39%	60%
Through agents who visit my home	23%	32%	11%	29%	19%	34%	19%
At a branch	17%	16%	18%	40%	1%	22%	15%
Online via a computer	3%	2%	3%	4%	3%	1%	3%
Other	3%	4%	2%	4%	4%	3%	3%

"[FSP] helps me to have more capital to buy groceries to sell at my shop and gain more profits thus I can afford daily foods and expenses. Also, a part to help my children to pursue Bachelor Degree."
- Female, 50

Client Protection Headlines

1

Clients in SEA report they understand their loan terms and conditions, demonstrating FSPs' commitment to loan transparency and support in successful loan management.

Approximately 9 in 10 clients find FSPs fees, interest rates, and penalties easy to understand, consider the loan repayment to be not a burden, have never resorted to reducing households' food consumption, and find FSPs agents to be fair and respectful.

2

Half of clients in SEA say their worry about their finances decreased after working with the FSP, specifically urban and FinTech FSP customers.

53% of clients' report decreases in the time they spent worrying about their finances. Urban clients (59%) are more likely to report decrease in worry compared to rural clients (45%). Similarly, FinTech clients (77%) are more likely to report decrease in worry compared to traditional clients (45%).

Client Protection: Loan Understanding

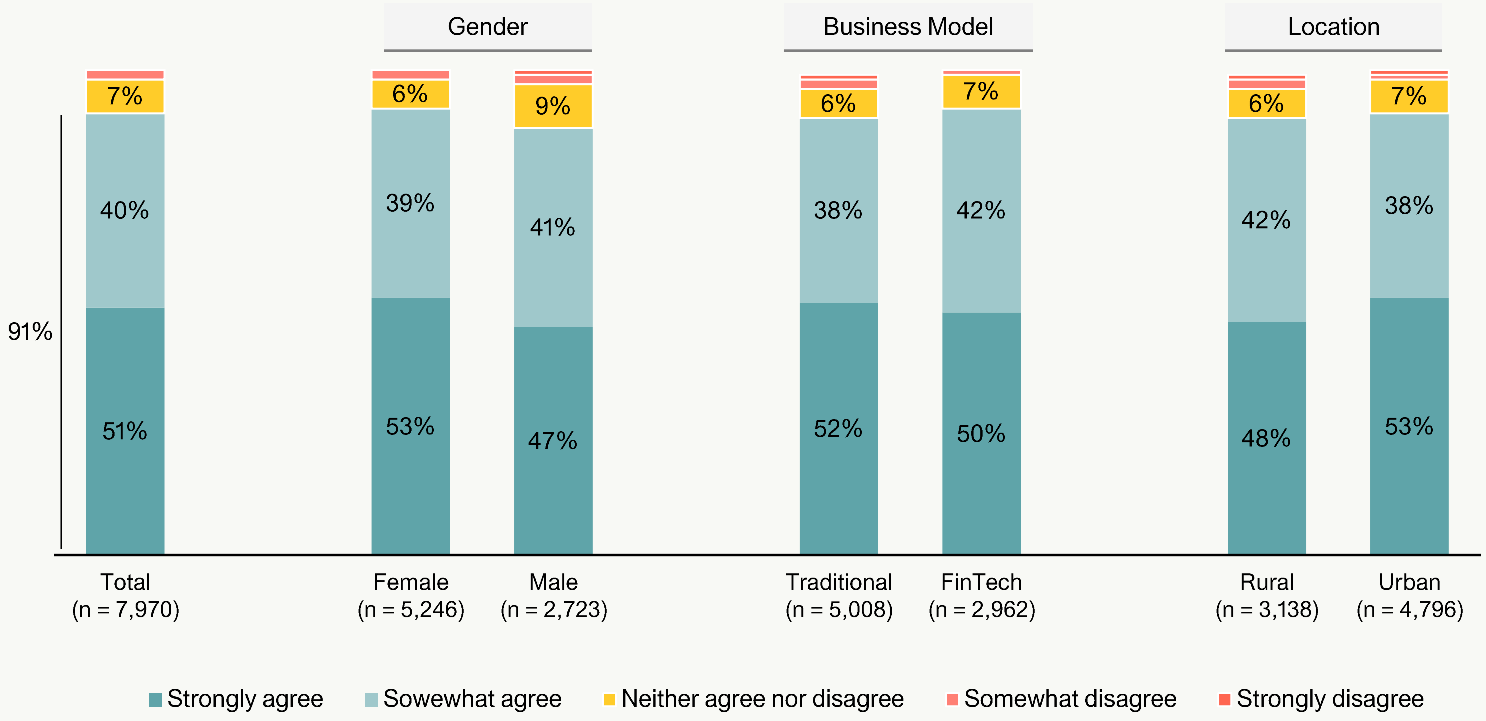
91% of clients agree that the FSPs fees, interest rates, and penalties are easy to understand with 51% reporting 'strongly agree'.

Lending can hurt clients as much as it can help them. Whether it is because loans are used for non-business purposes or simply because clients do not fully understand the cost of a loan, credit can lead to overindebtedness. Progressive MFIs help clients by providing education and transparency about the terms & conditions of their loans. This helps clients make informed decisions about the costs and benefits of their loans and supports clients' successful loan management – and avoid over indebtedness.

Clients who are accessing group loans are more likely to report 'strongly agree' than those who have borrowed individual loans (56% vs. 48%). We observe similar trends by tenure: Customers who have been associated with FSP for more than 4 years are more likely to report 'strongly agree' (53% vs. 50%).

Loan Understanding

Q: To what extent do you agree or disagree with the following statement: "[FSP]'s fees, interest rates, and penalties are easy to understand and clear"?



Client Protection: Worry About Finances

More than half of clients report the time they spend worrying about finances has decreased because of the FSP. FinTech and urban clients are most likely to report decreases.

Conversely, a fifth of clients say the amount of time they spend worrying about their finances has increased because of the FSP. We find significant differences by location and business model: clients residing in rural areas (24%) and accessing traditional FSPs (24%) are more likely to be worried than those in urban areas and accessing FinTechs (15% and 9%, respectively).

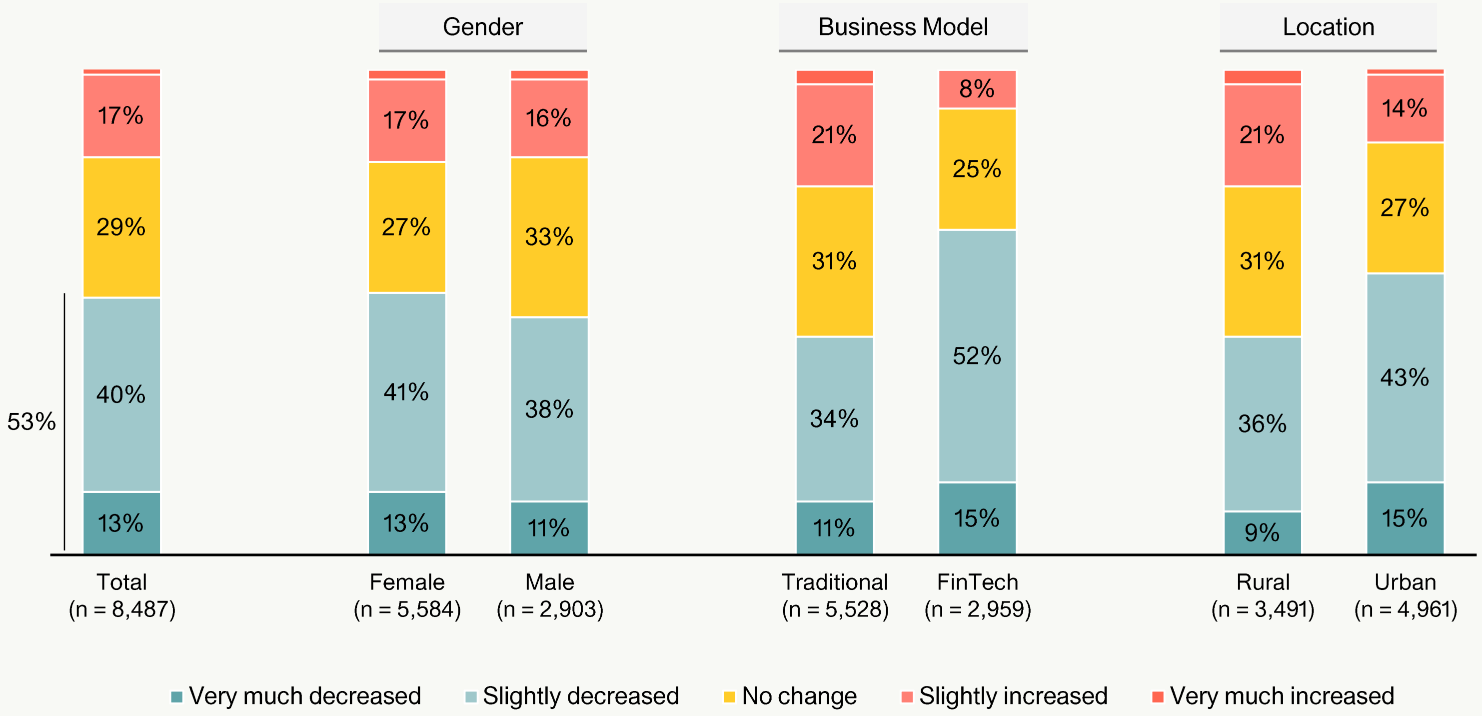
Clients who have borrowed on an individual basis are more likely to report increased financial worry (21%) than group loan clients (15%). This could stem from the support group loan customers receive from their peers and through group meetings.

Customers who report increased worry have a higher average loan size (USD 6,234) compared to those who report decreases (USD 3,354).

Similarly, clients who disagree that FSPs fees, interest rates, and penalties are easy to understand are more likely to report increased worry about finances (33% vs. 19%).

Time Spent Worrying about Finances

Q: Because of [FSP], how has the amount of time you spend worrying about your finances changed?



Client Protection: Repayment Burden

16% of clients consider their loan repayments to be a burden. Repayment burden is more significant among clients associated with traditional FSPs and in rural areas.

More than 4 in 5 clients do not consider their loan repayments to be a burden. This shows that clients have taken loans that are well-suited to their financial situations and have a good comprehension of their loan's terms and conditions.

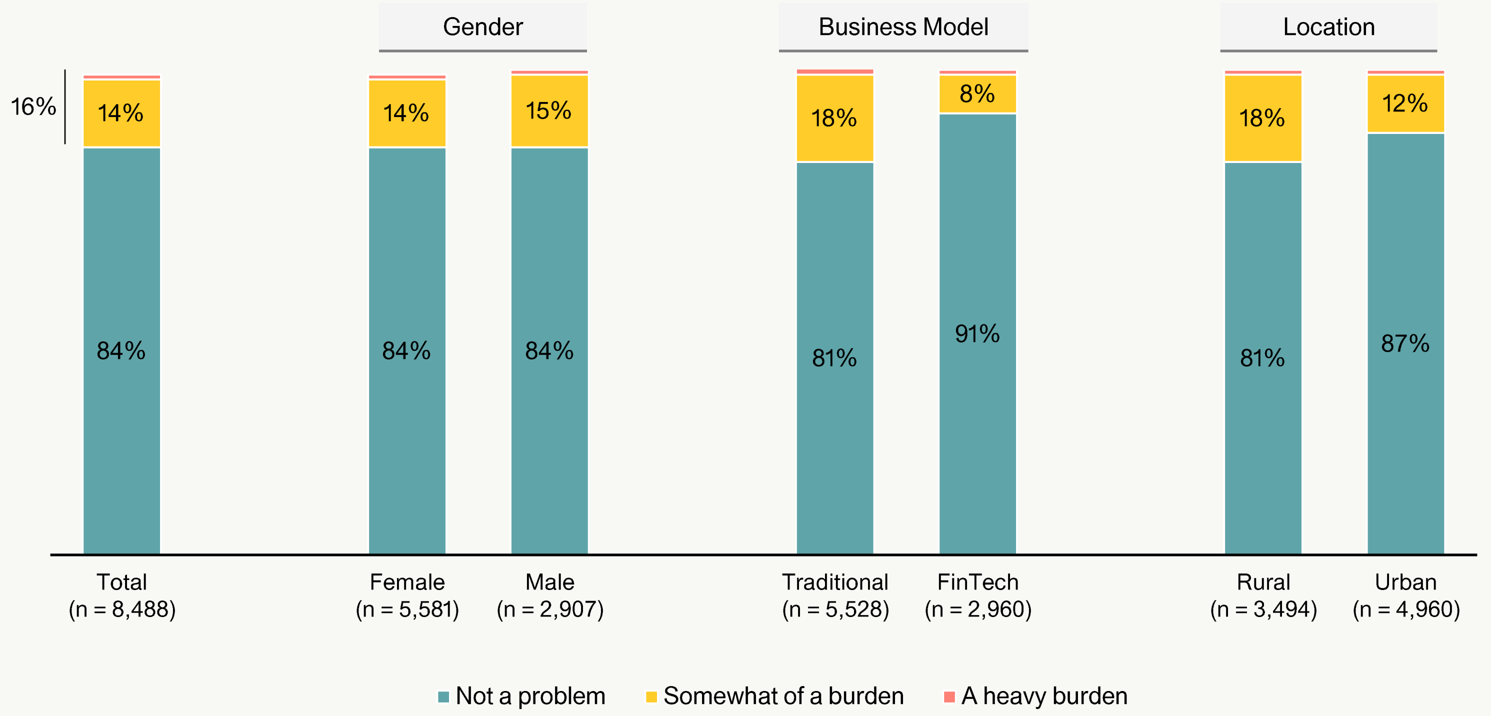
Clients who report an increase in their income (88%) and savings balance (90%) are more likely to say their loan repayment is 'not a problem', than those who report no change or a decrease in income (64%) and savings (74%).

Clients with a group loan are less likely to find loan repayments burdensome (11%) than individual loan clients (18%). One hypothesis is that customers rely on both the microfinance institution and their groups to understand their loan terms and conditions. It's also possible that group lending organizations are more likely to require training prior to loan disbursement.

Customers who agree that they understand FSPs fees, terms and penalties are more likely to report loan repayment to be 'not a problem' compared to those who disagree (85% vs. 70%).

Repayment Burden

Q:Thinking about your loan repayments from [FSP], are they a heavy burden, somewhat of a burden, or not a problem?



Client Protection: Repayment Likelihood

3 in 4 clients report that they are able to pay off the full balance of their loans by their due date 'all the time'. This is true most often for FinTech customers.

Clients with group loans are more likely to report they are able to pay off their loan balances in full 'all the time' than those borrowing on an individual basis (91% vs. 74%). Similar to repayment burden and understanding their loan terms and conditions, this could be the result of clients receiving support from their FSPs and their respective groups.

Similarly, those who use their loans for business purposes are more likely to report 'all the time' than clients who used loans for consumption purposes (81% vs. 69%) supporting the hypothesis that consumption loans are riskier to pay off in full.

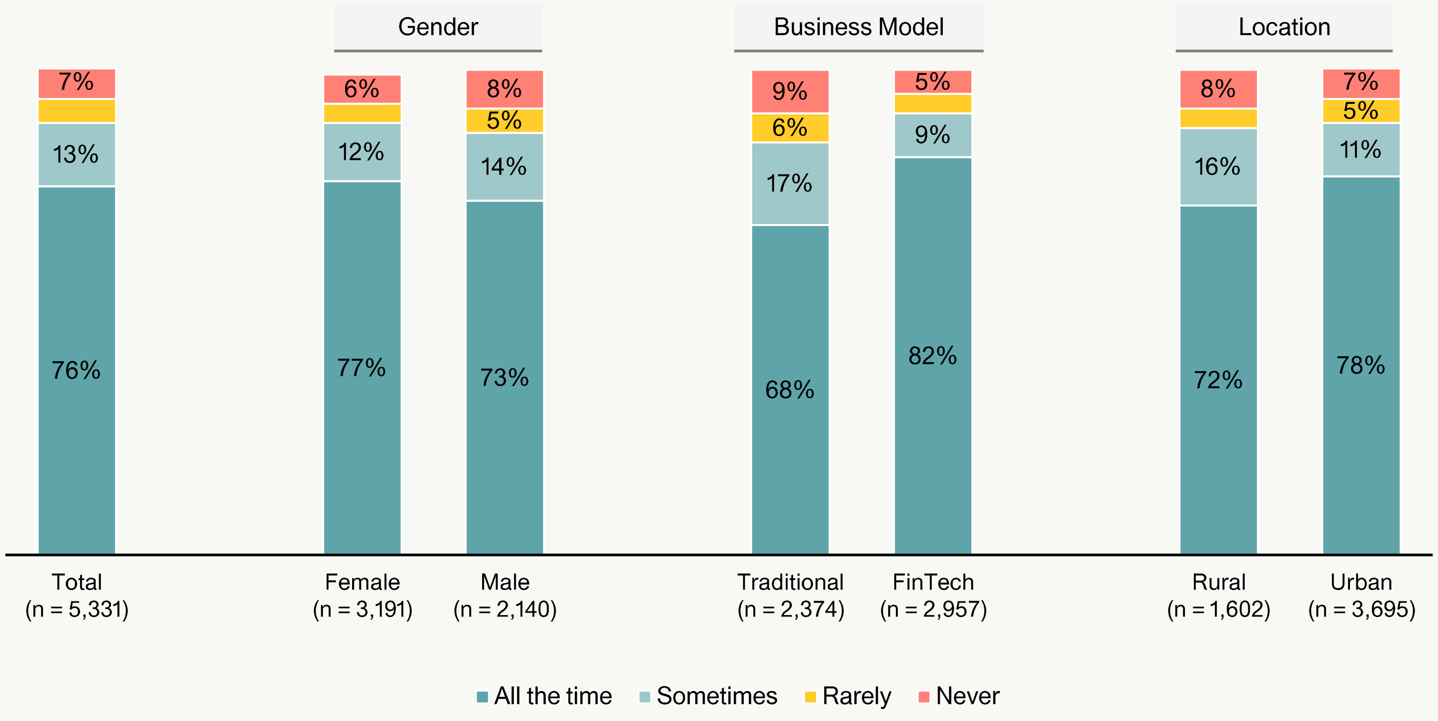
Clients who report that they agree that FSPs fees, interest, and penalties are easy to understand are more likely to report they repay the loan 'all the time' (77%) compared to those who disagree (52%).

Customers who are less than 30-years old are less likely to report 'all the time' when compared to their counterpart (73% vs. 77%).

We found no significant difference by loan size.

Repayment Likelihood

Q: How often in the last year were you able to pay off the full balance of all your loans by their due date (including your loan from [FSP] and other loans)?



Client Protection: Reduced Food Consumption

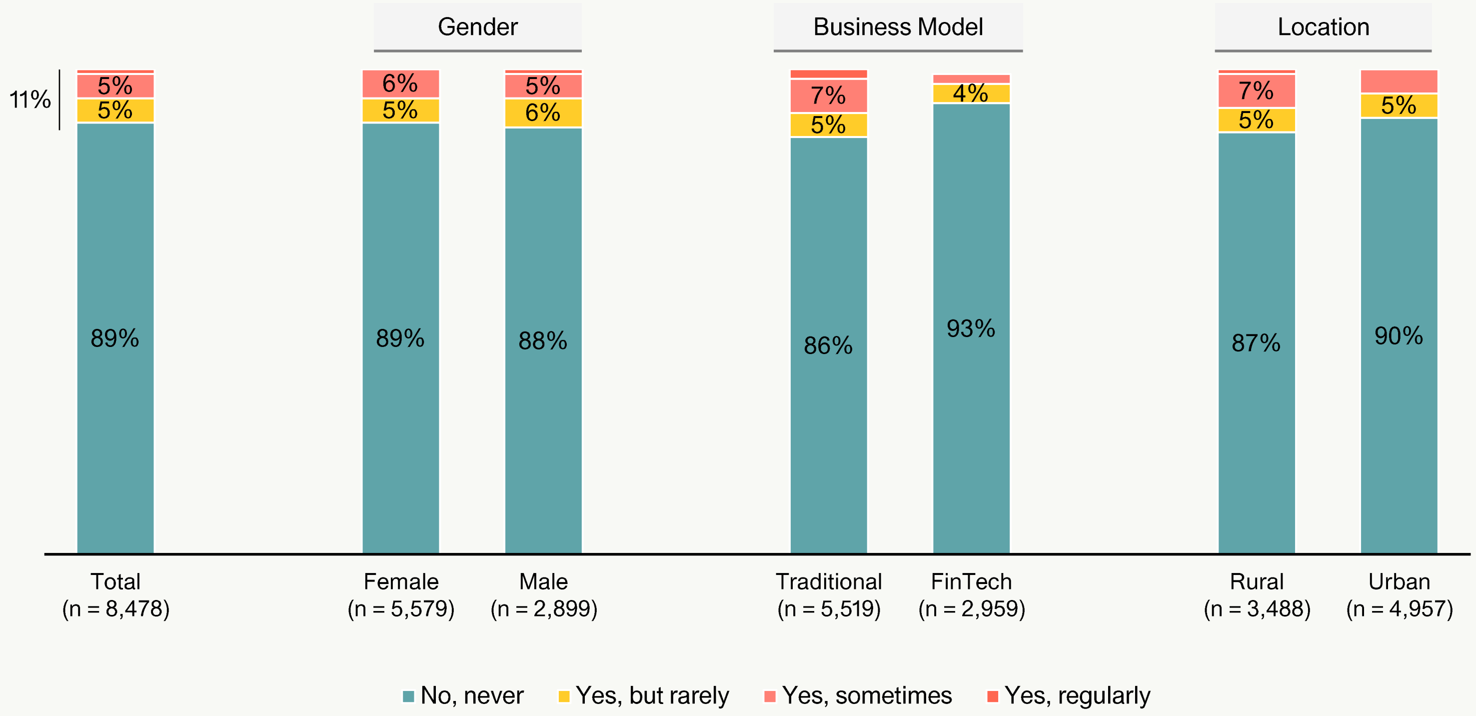
A tenth of clients have resorted to reducing households' food consumption to make loan repayments.

Our measurement of Client Protection also includes a negative indicator: how often clients have to reduce their food consumption to make payments.

This is an important metric to track: all lending instruments have potential for great positive impact coupled with the risk of creating consumption sacrifices. FSP loans are no different. Ideally, good customer screening and client protections would mean that the 'regularly' reduce food consumption figure would be 0%, and we do see that 10 FSPs included in this report have 0% of clients who say they 'regularly' reduce food consumption.

Consumption Cutback Frequency

Q: Do you have to reduce your households' food consumption for any family member in order to make loan repayments from [FSP]?



Client Protection: Repayment Method

9 in 10 clients can make their loan repayments using their business income or wages. Those who have to use other methods are most likely to find work in addition to their primary income or spend less on household expenses.

Clients who have reduced their household food consumption to make loan repayments are more likely to resort to alternate methods to make their loan repayment (53% vs. 11% for those who 'never' reduced households' food consumption). Similarly, those who find loan repayments to be a burden are more likely to resort to alternate methods than those who report 'not a problem' (40% vs. 11%).

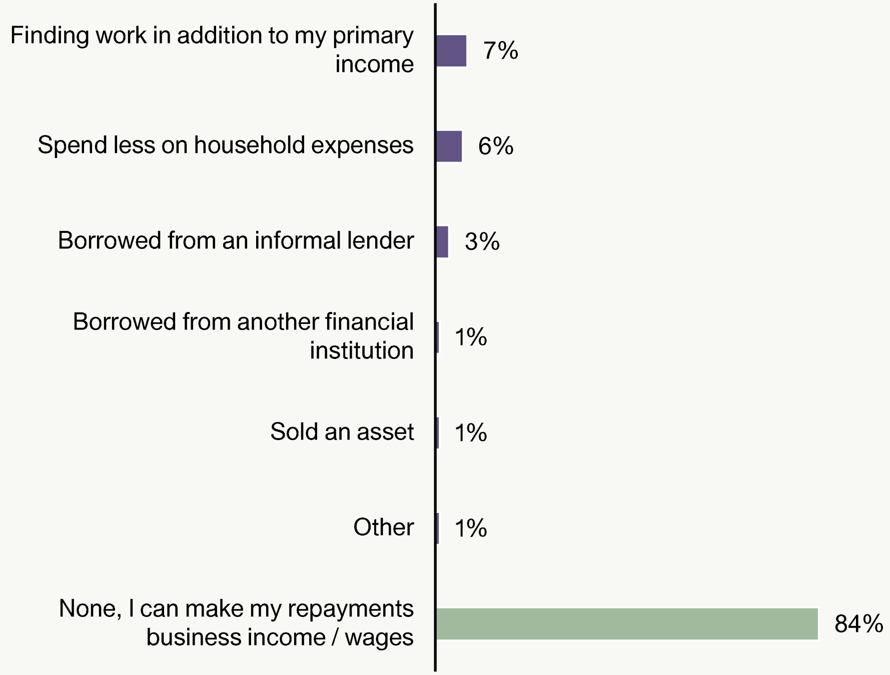
On that note, clients who report increased worry about their finances are more likely to resort to alternate methods (31%) than those who report decreased worry levels (8%).

Clients who agree that FSPs fees, interest rates, and penalties are easy to understand (86%) are more likely to make their loan repayments using business income or wages than those who disagree (67%).

Customers associated with FinTechs are more likely to report 'no, I can make my repayments' than customers associated with traditional FSPs (91% vs. 77%).

Repayment Method

Q: Have you used any of the following methods to make a loan repayment from [FSP]? Multiple-select. (n = 5,050)



Borrowers' Perception: Respectful Treatment

More than 9 in 10 clients find FSP agents to be fair and respectful, with a significant majority of female clients strongly agreeing with this statement.

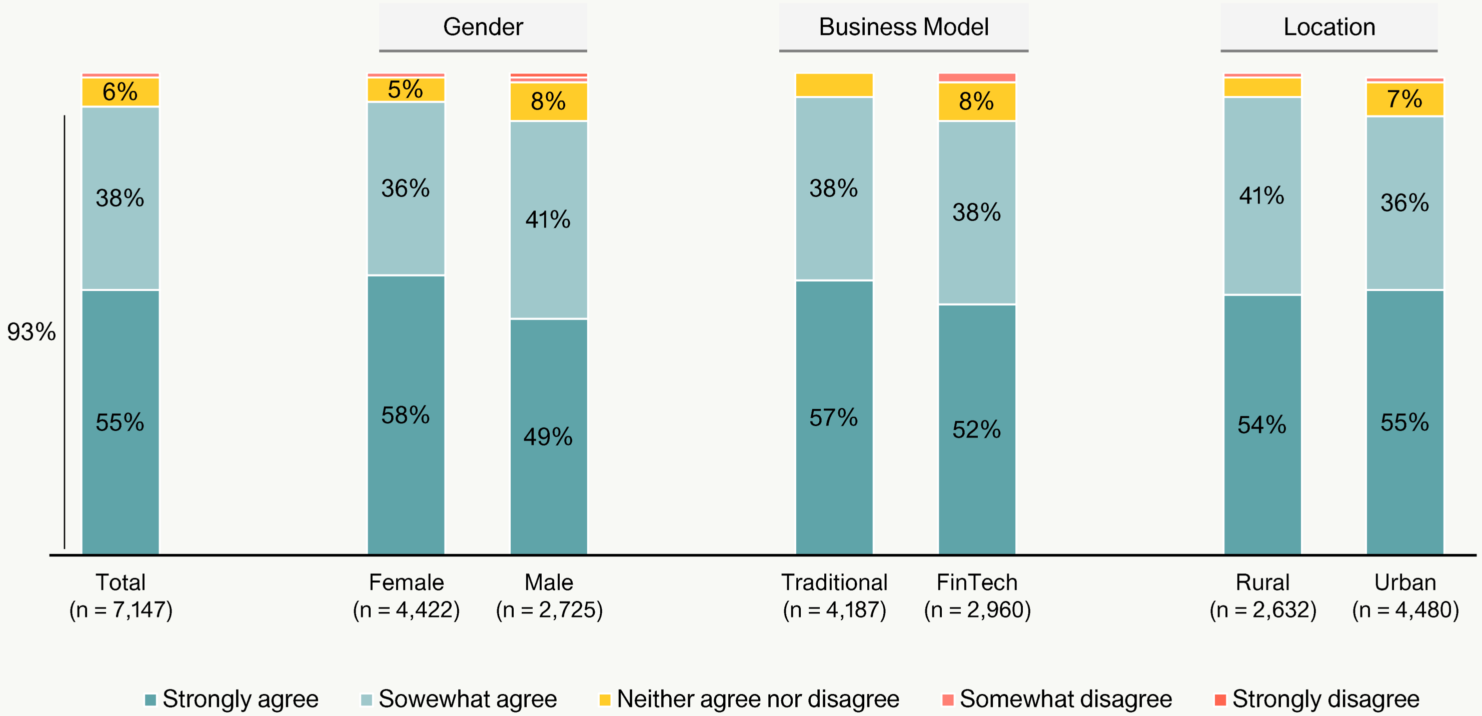
We asked clients about their perception of fair and respectful treatment by FSP agents. Female clients (58%) are more likely to 'strongly agree' that FSP agents always treat them fairly and respectfully, than their male counterparts (49%).

Clients who are accessing group loans are more likely to 'strongly agree' with the statement than those borrowing individual loans (61% vs. 52%).

We observed significant differences in satisfaction: customers who 'agree' that FSP agents treat them with respect gave a much higher NPS of 57 compared to those who disagree with the statement (NPS = 15).

Perception of Fair and Respectful Treatment by Agents

Q: To what extent do you agree or disagree with the following statement: "[FSP] agents always treat me fairly and respectfully"?



Performance Overview: 60dB MFI Benchmark

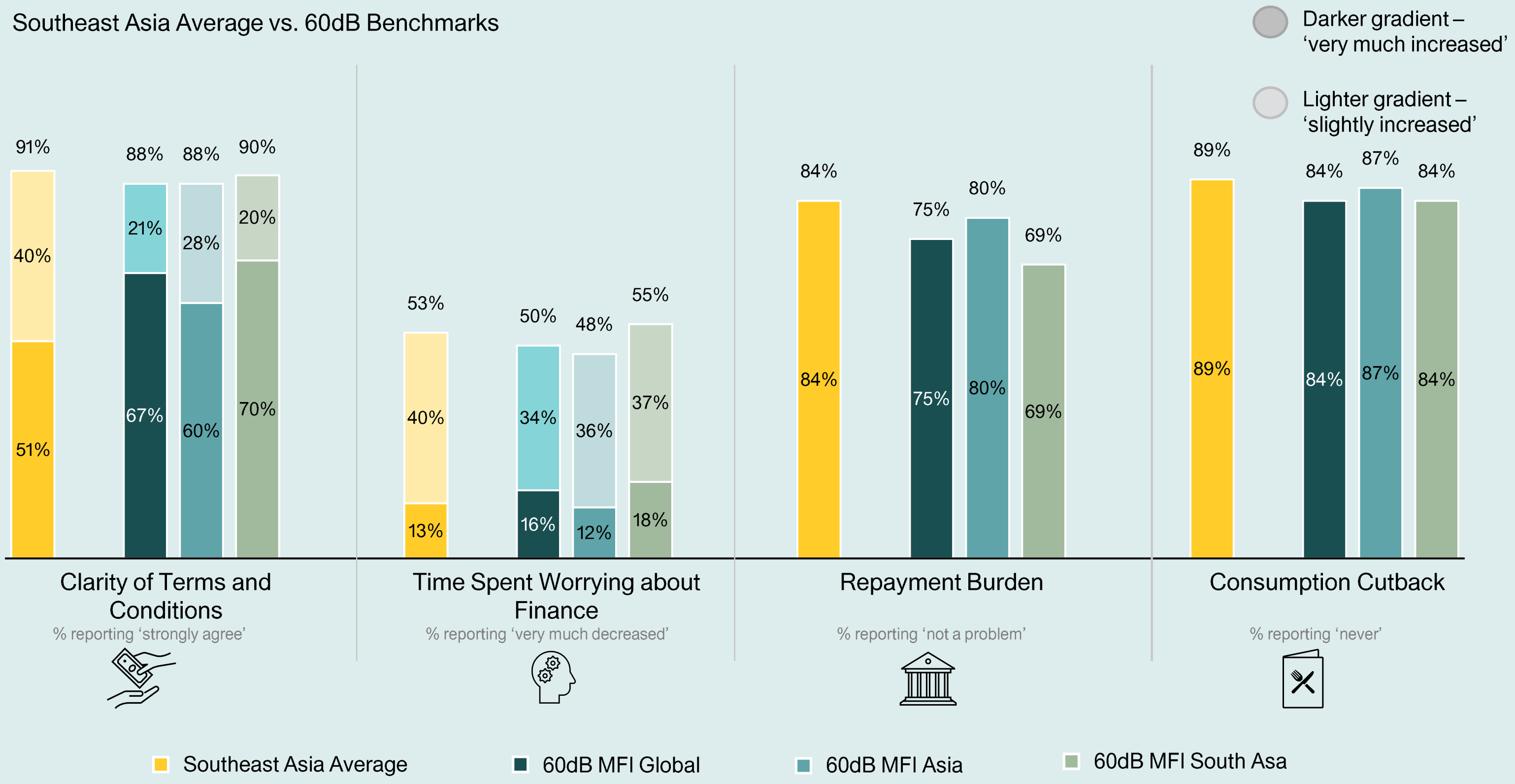
Southeast Asia is performing below 60dB's benchmarks in 'strongly agree' clarity on terms and conditions and performing on par for the time clients spent worrying about finances.

Encouragingly, Southeast Asia performs well above the benchmark for repayment burden and consumption cutback frequency.

While SEA performs lower than the 60dB benchmarks on 'strongly agree' understanding loan terms and conditions, that does not seem to impact repayment burden as SEA performs higher than the 60dB benchmarks for these indicators.

Southeast Asia Relative Performance

Southeast Asia Average vs. 60dB Benchmarks



"With loans from [FSP], my online business grew rapidly and as such, I could complete my merchandising. This helped me not only pay installments easily, but also pay my children's school fees without a hitch."
- Female, 29

Satisfaction Headlines

1

Clients in Southeast Asia report high levels of satisfaction with and loyalty to their FSPs.

The average Net Promoter Score of 57 is excellent and reflects strong loyalty. Female, traditional and rural clients gave a slightly higher NPS compared to their counterparts. Clients value easy access to loans, low interest rates, and loan disbursement speed.

2

Over a tenth of clients faced a challenge with their FSPs. Customer satisfaction can be improved by reducing the challenge rate.

The average NPS for clients who did not experience a challenge is 60 which is significantly higher than the NPS for clients who facing issues (29). Clients complain about too many requirements, bad group liability, and poor customer service. Focusing on recording challenges (e.g., via SMS-based systems or field agents) or providing mobile agent customer service could help in successfully addressing challenges.

Customer Satisfaction: Net Promoter Score

The Net Promoter Score® for clients is 57 which is excellent! Female, traditional, and rural clients gave a slightly higher NPS compared to their counterparts.

The Net Promoter Score® is a gauge of satisfaction and loyalty. Anything above 50 is considered excellent. A negative score is considered poor.

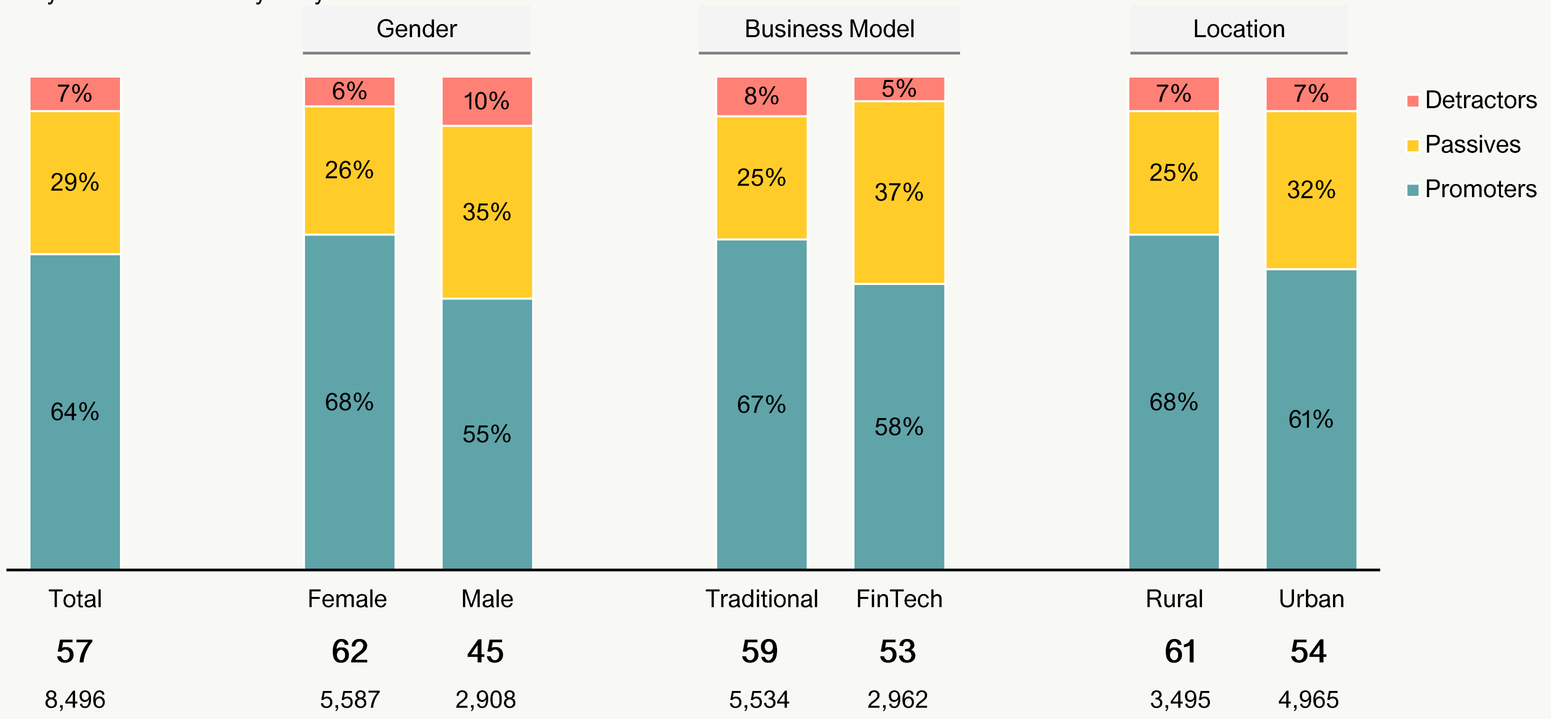
Clients who used their loan for business purposes gave a higher NPS than those who used it for consumption purposes (60 vs. 51).

We observed that impact deepens over, clients with a tenure of more than 4 years report higher satisfaction levels (NPS of 64) than those who have been associated with FSP for less than 4 years (55).

Across the report, we see that group loan clients report higher impact and are more resilient. They also present higher satisfaction levels than individual loan customers (NPS of 70 vs. 50).

Net Promoter Score (NPS)

Q: On a scale of 0-10, how likely are you to recommend [MFI] to a friend or family member, where 0 is not at all likely and 10 is extremely likely?



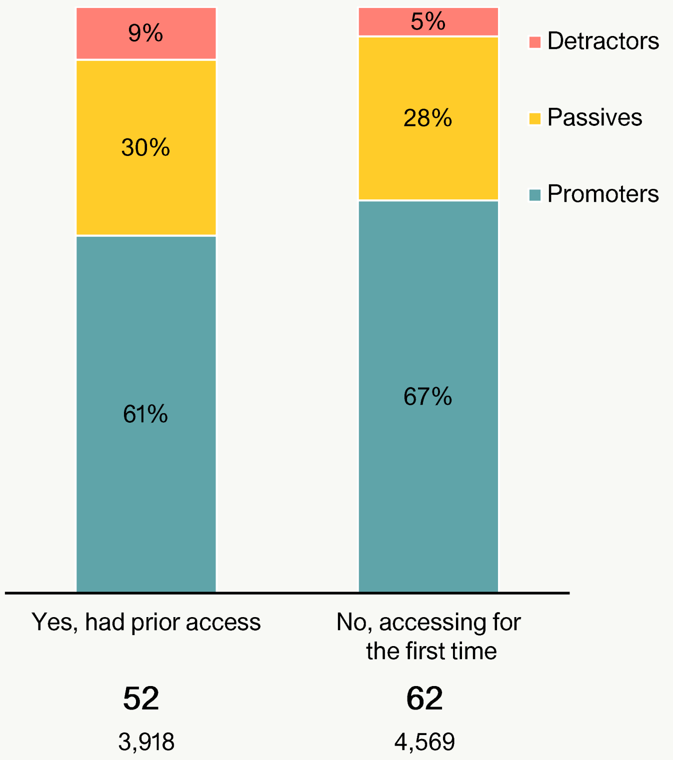
Customer Satisfaction: NPS by Segments

Clients who are accessing loans for the first time and reporting ‘very much improved’ quality of life are more satisfied than those who had prior access or reported ‘somewhat improved’ quality of life.

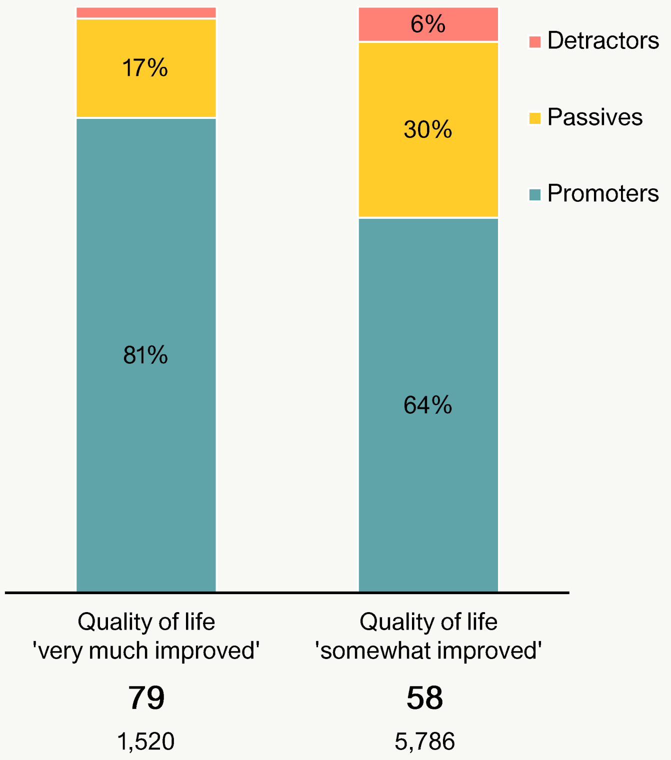
Clients who are accessing FSPs services for the first time are more likely to be satisfied (NPS of 62 vs. 52). FSPs can focus on finding innovative ways to improve satisfaction amongst those who have had access to a similar product or service prior. Focusing on challenges mentioned by this group could improve satisfaction levels. More on this on page 46.

The proportion of clients reporting ‘very much improved’ quality of life is also significantly correlated with satisfaction, and we find this to be true across our 60dB aggregate datasets. Clients who report ‘very much improved’ quality of life gave a much higher NPS than those who mentioned ‘somewhat improved’ (79 vs. 58). This holds true for other household impact metrics such as amount spent on home improvements (72 vs. 64), education (68 vs. 62), and quality of meals (75 vs. 63).

Net Promoter Score (NPS) by Access



Net Promoter Score (NPS) by Quality of Life



Satisfaction Drivers

Satisfied clients appreciate that they have easy access to loans, low interest rates, and that FSPs have good company staff.

We asked clients to describe what specifically about their FSPs would cause them to recommend it to others.

Understanding drivers of satisfaction can help to improve services and products and convert passives and detractor clients to promoting the FSPs service.

We observed minimal differences by prior access; first-time borrowers are slightly less likely to report good company staff than those who have had prior access (19% vs. 27%).

Key:

- #1 value driver
- #2 value driver
- #3 value driver

Most Common Drivers for 64% of Clients Who are Promoters

Q: What specifically about MFI would cause you to recommend it to a friend or family member?
(Total n = 5,422 | Male n = 1,598, Female n = 3,823) Open-ended, coded by 60 Decibels

		Gender	
Satisfaction Drivers	**Total**	**Male**	**Female**
Easy to access loans, few requirements	46%	47%	46%
Low interest rates/fees	29%	31%	28%
Good company staff	22%	14%	26%
Good credit terms	22%	18%	24%
Timely delivery	22%	23%	21%
Good customer service	21%	21%	21%
Good instalment frequency	14%	9%	17%
Good loan amount	9%	5%	10%

Customer Challenges: Overview

A tenth of clients report facing challenges with their FSP. Challenge rates are highest amongst FinTech customers.

Asking clients if they have experienced any challenges enables FSPs to identify and address potential problem areas. By proactively addressing challenges, FSPs can improve their services and enhance customer satisfaction.

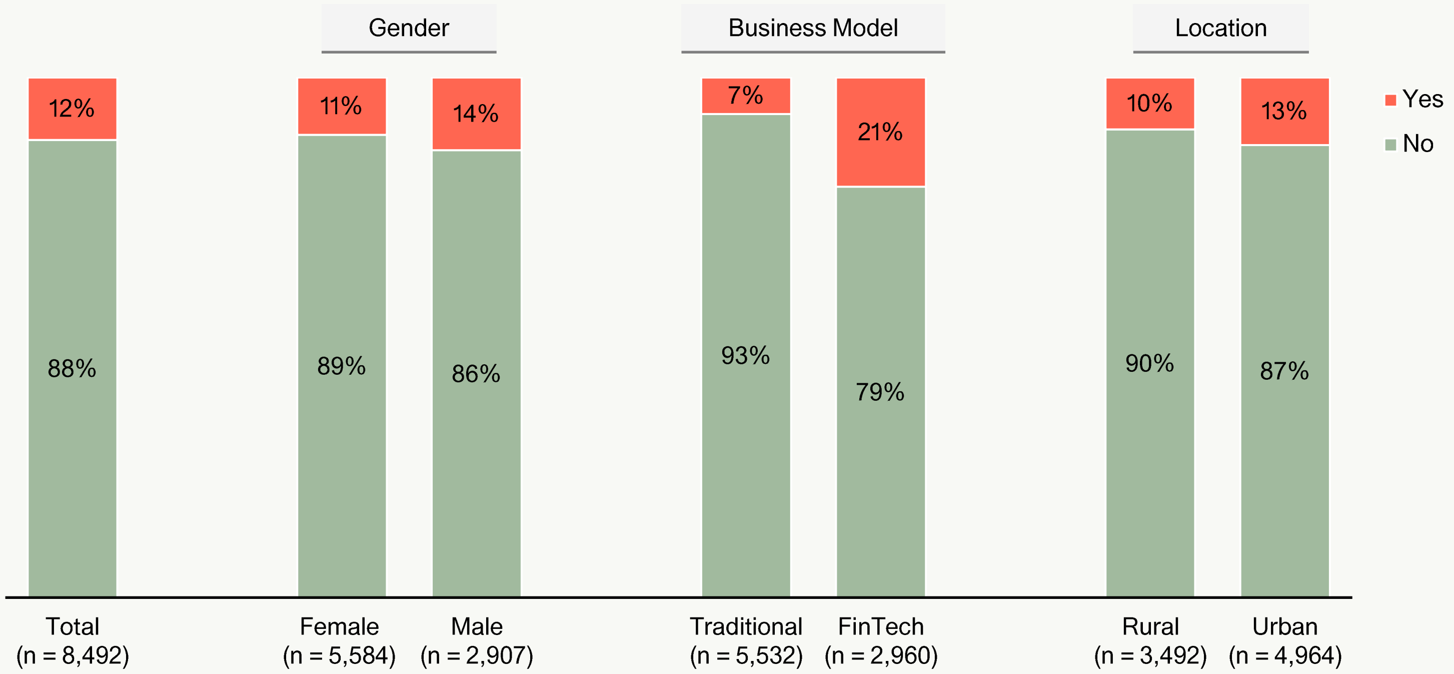
Clients who are accessing services from FinTechs are more likely to experience challenges than traditional FSP clients (21% vs. 7%).

Similarly, clients who are borrowing individually are more likely to face challenges (14%) compared to group loan clients (8%). Again, this could be driven by the group lending model itself.

The NPS for customers facing challenges was significantly lower (29) than that of clients who did not face any challenges (60).

Clients Reporting Challenges

Q: Have you experienced any challenges with [FSP]?



Customer Challenges: Top Issues

Poor company staff, too many requirements, and slow loan disbursement are the top challenges mentioned by clients.

Most challenges have three main buckets of drivers, which can help to clarify how best to address them:

> **Technical fault:** there is something wrong with the loan.

> **Mismatched expectations:** the customer says the loan is not working because they expected it to work differently but it is working as intended.

> **Misuse:** the customer is not using the loan properly; often not deliberately but through lack of awareness or training.

Understanding the challenge can help clients address the root cause - technical fault, mismatched expectations, or misuse.

Key:

- #1 challenge
- #2 challenge
- #3 challenge

Most Common Issues for 12% of Customers Who Say They Have Experienced a Challenge

Q: Please explain the challenge(s) you have experienced.
(Total n = 1,021, Male n = 412, Female n = 608, Previous Access Yes n = 455, No n = 565). Open-ended, coded by 60 Decibels.

		Gender		Previous Access	
Top Challenges	**Total**	**Male**	**Female**	**Yes**	**No**
Poor Company Staff (General)	18%	26%	18%	22%	16%
Too many requirements, slow process	16%	23%	15%	14%	18%
Slow loan disbursement	16%	29%	20%	9%	22%
Short Payback Period	7%	11%	7%	7%	8%
Poor integrity, company not trustworthy	7%	13%	9%	9%	6%
Late Fee, fine for late payment	7%	11%	7%	8%	5%
Bad group liability	6%	13%	9%	9%	4%

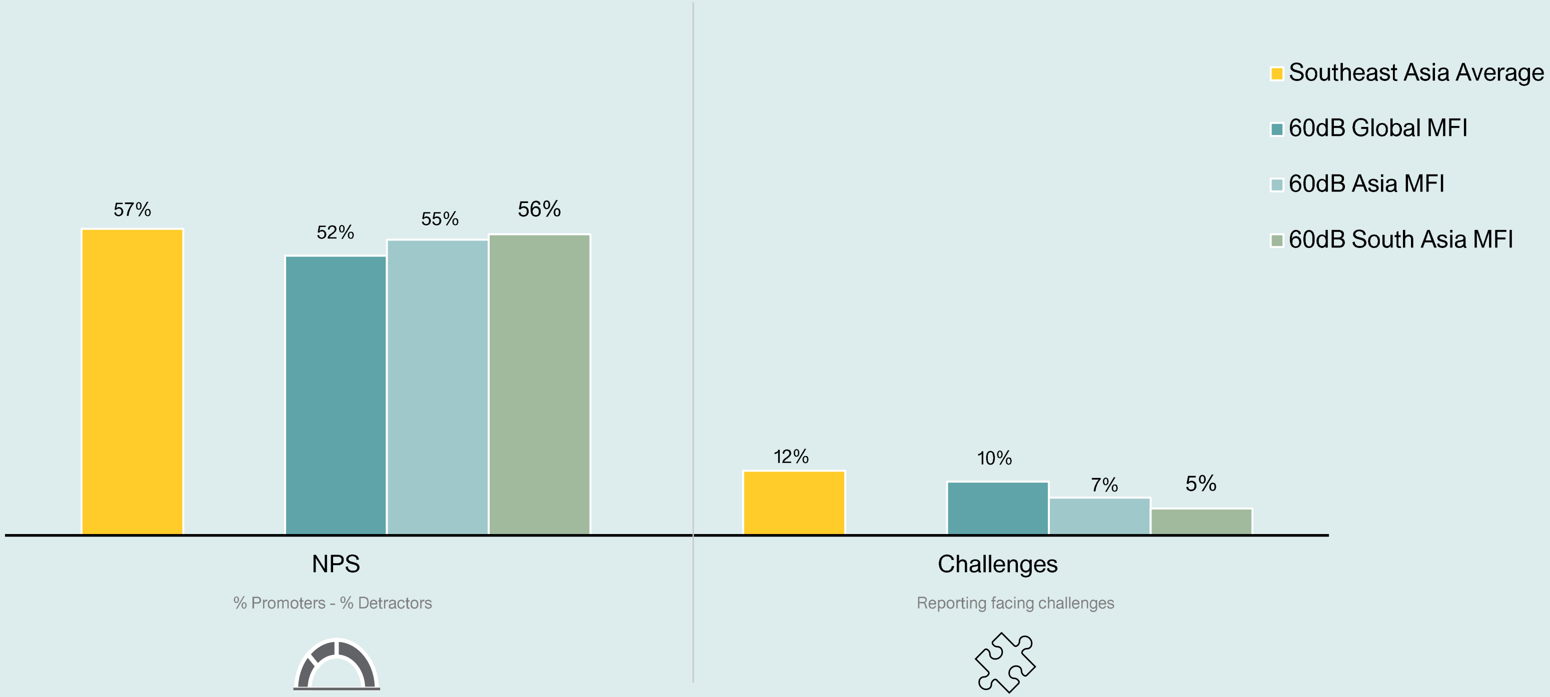
Performance Overview: 60dB MFI Benchmark

Southeast Asia is performing on par with the 60dB MFI benchmarks. While SEA challenge rate is on par with the 60dB global benchmarks, it is nearly double that of the regional benchmarks.

Southeast Asia performs on par with the 60dB Global benchmarks for overall satisfaction. Challenge rates are slightly higher than the Asia and South Asia benchmarks.

Southeast Asia Relative Performance

Southeast Asia Average vs. 60dB Benchmarks



"As for my family, we no longer have extreme financial worries. We no longer have to run back and forth looking for someone to lend us money to support and maintain our business."
- Female, 53 years

Business Impact Headlines

1

7 in 10 clients report increases in their business income because of their Financial Service Providers.

70% of all clients report an increase in their income, with 12% reporting a ‘very much increased’ income. Female, traditional FSPs, and rural clients are more likely than others to report an increase (somewhat or very much) in income.

2

7% of clients surveyed report increases in the number of paid employees in their business because of their FSP.

70% clients are sole entrepreneurs and 7% of all clients report increases in the number of paid employees. This is on par with the Asia and South Asia 60dB Benchmarks.

Business Impact: Income

7 in 10 clients report an increase in income because of their FSP. Female, traditional, and rural clients are more likely to report increase in income.

We found clear differences between segments when we asked clients about their change in income. Female clients, traditional FSP clients, and rural clients are more likely than others to report an increase (somewhat or very much) in income.

Unsurprisingly, clients who used their loan for business purposes report an increase in their income more often than those who used their loan for consumption (88% vs. 35%).

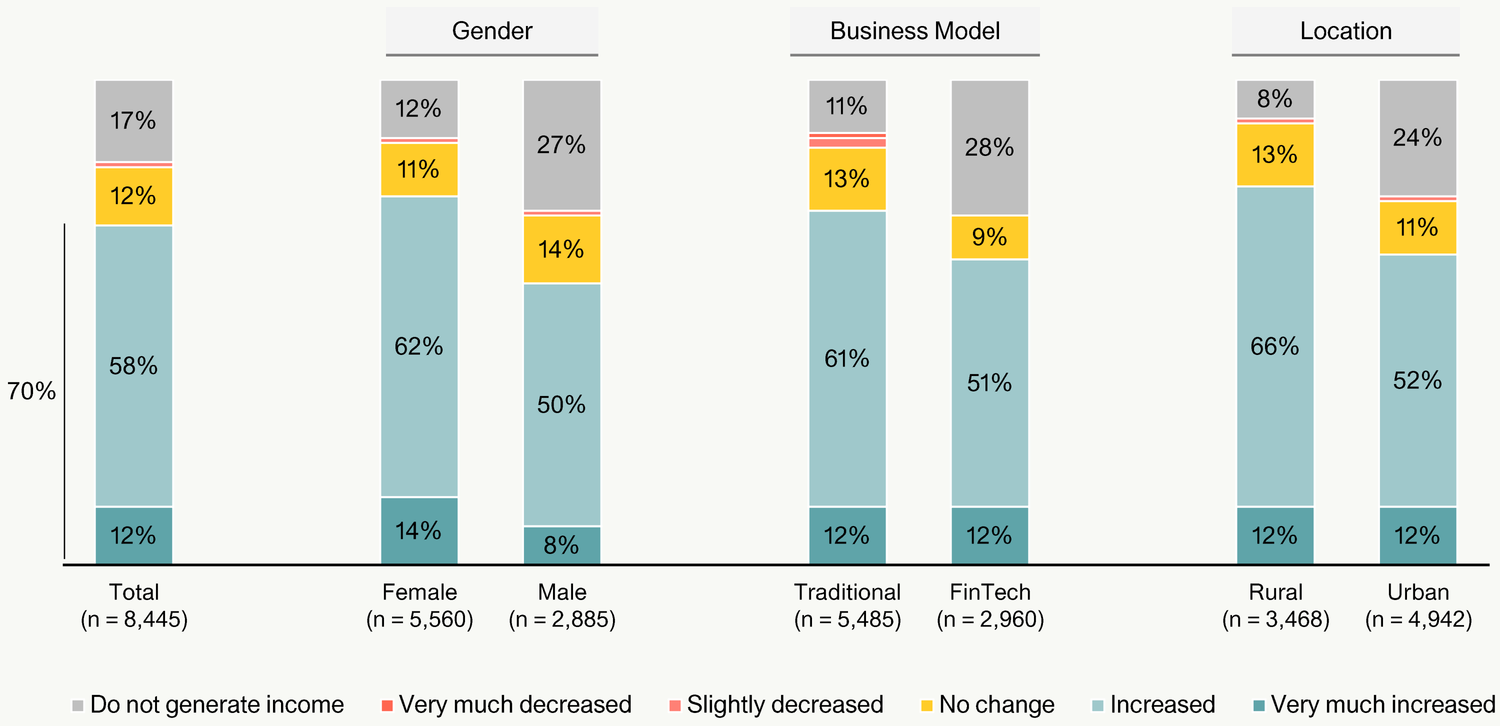
Clients who have a group loan are more likely to report an increase in their income when compared to individual loan clients (91% vs. 59%).

Surprisingly, clients who report increased income have an average loan size of USD 5,732 compared to those USD 8,673 for those who report decreased income.

Customers who are less than 30-years-old are less likely to report increased income than those who are more than 31-years-old (64% vs. 82%).

Change in Income

Q: Has the money you earn from your business changed because of [FSP]? Has it:



* Data excludes 698 respondents who chose not to answer this question.

Business Impact: Employment

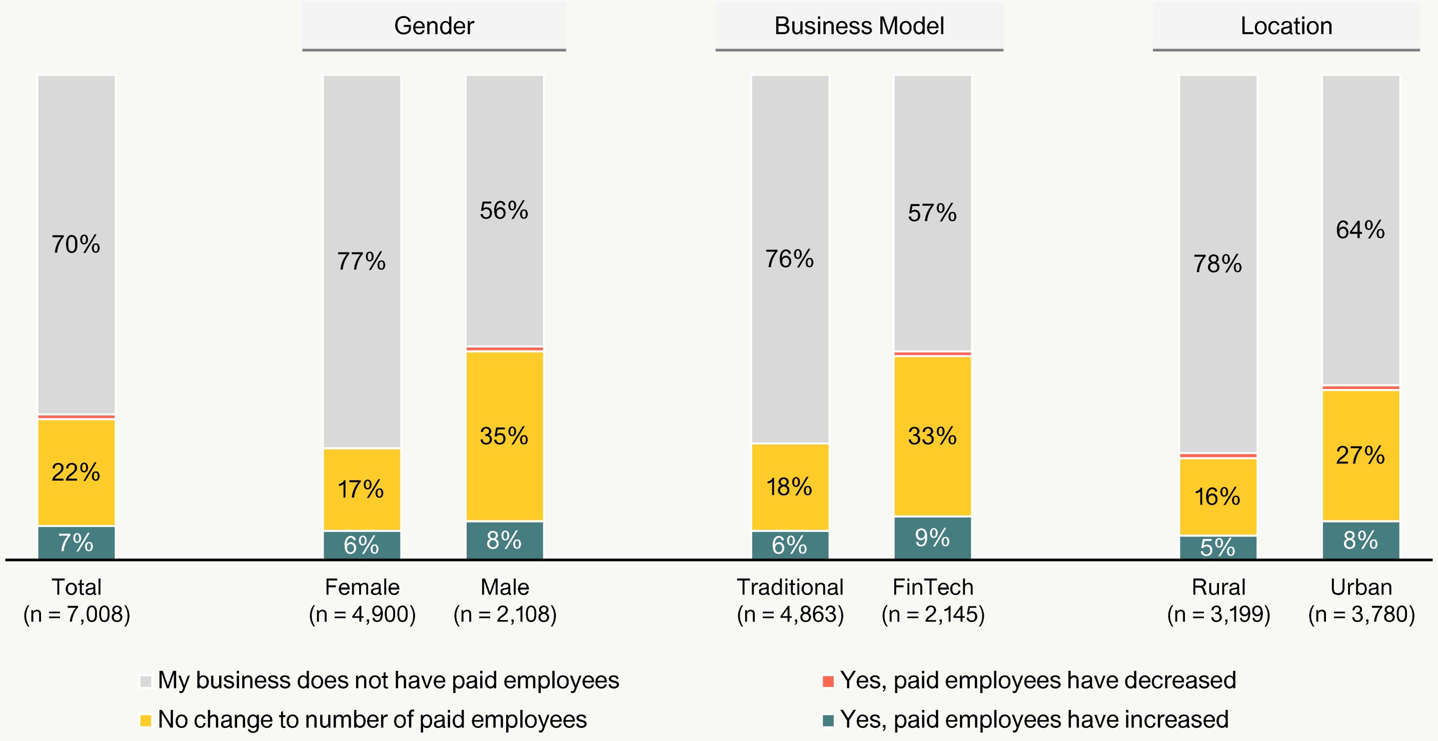
7% of all clients report an increase in paid employees because of their FSP.

Similar to business income changes, clients who use their loan for a business purpose are more likely to report an increase in paid employees when compared to those who used their loan for consumption (8% vs. 3%).

Clients who report an increase in paid employees have an average loan size of USD 7,326 compared to those who report a decrease (USD 4,183).

Change in Number of Paid Employees

Q: Has the number of paid employees working for your business changed because of [FSP]? Has it:



Benchmark Comparison: Business Impact

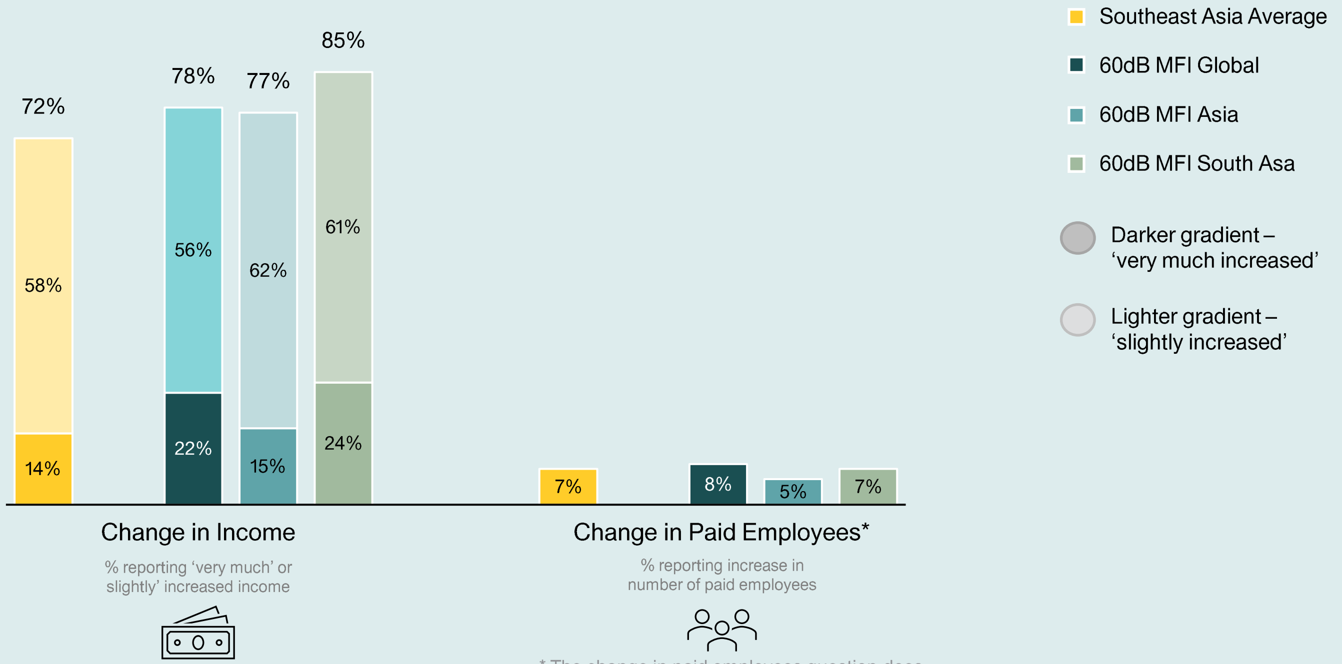
We compared the Southeast Asia average for the business impact metrics with 60dB's Microfinance (MFI) benchmarks at three levels: Global, Regional (Asia), and sub-regional (South Asia).

We typically benchmark the change in income metric at the 'very much increased' level as we believe this is a more accurate representation of the depth of impact. If we consider the combined percentage for increases in income, i.e., 'slightly + very much' increased, SEA's average of **72% is slightly below the global benchmark of 78%.**

The Southeast Asia average is slightly below 60dB's MFI Global benchmarks for both business impact metrics but on par with the Asia benchmark.

Southeast Asia Relative Performance

Southeast Asia Average vs. 60dB Benchmarks



* The change in paid employees question does not have a 'slightly increased' category.

"Of course, I am happy that as a father I can provide for my family especially the basic needs like food and buy some appliances at home. Sometimes the budget is tight but getting loans are very helpful as support."
- Male, 56

Household Impact Headlines

1 Financial Service Providers are positively impacting clients at a household level.

18% of all clients say that their overall quality of life has 'very much improved' and 68% of clients say it has 'somewhat improved'. Additionally, clients demonstrate highest improvements in their ability to spend more on education and quality of meals, followed by increased spending on home improvements and being able to visit the doctor more often because of their FSP.

2 Increased ability to afford household bills, followed by increased business growth and income are what is most important to clients, in their own words.

Across FSPs, the top three themes customers mention when asked about improvements to their quality of life are 1) an increased ability to afford household expenses and bills (37% of customers); 2) increased business growth (31% of clients); and 3) increased income (29% of clients) because of the services they receive from FSP.

3 Clients who used their loan for business purposes are more likely to say their quality of life has improved and observe greater improvements in household level outcomes.

While most clients demonstrate improvements in their quality of life and household outcomes, the results are stronger for clients who have used their loans for business uses, rather than consumption. Clients who used it for business purposes are at least 9 percentage points more likely to report improvements. This is specifically significant for education and quality of meals.

Household Impact: Quality of Life

1 in 5 clients report a ‘very much improved’ quality of life because of their FSP.

Most clients (86%) report improvements in their quality of life and a fifth of clients place themselves in the top ‘very much improved’ category. This demonstrates that loans are not only increasing business incomes (captured in the previous section), but that those income increases are mirrored in positive household outcomes.

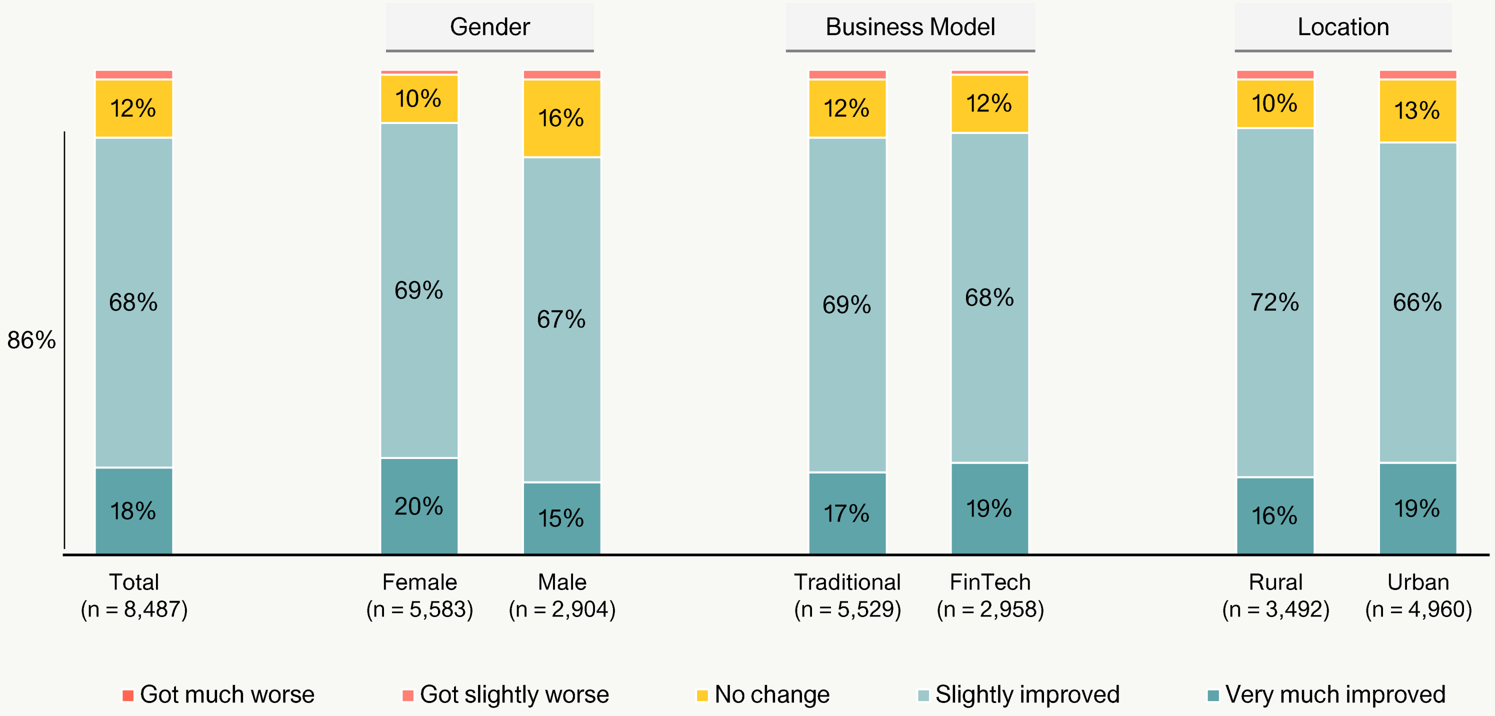
A common hypothesis in financial inclusion is that women are more likely to invest loans and business income in their households, which could also be true for why women clients in Southeast Asia are more likely to report improvements in their quality of life compared to their male peers (89% vs. 82%).

Clients who used their loan for business purposes report greater improvements in their quality of life than those who used their loan for consumption (90% vs. 79%), likely closely tied to business income increases for customers.

Customers with group loans are more likely to observe quality of life improvements (94%) than those who borrow individually (82%).

Perceived Change in Quality of Life

Q: Has your quality of life changed because of [FSP]? Has it:



Quality of Life: Top Outcomes

Clients talk about ability to pay household bills, business growth, and increased income as top outcomes in their quality of life.

For clients who said their quality of life 'very much' or 'slightly' improved, we asked the open-ended follow-up of "how did your quality of life improve". The goal was to hear their unfiltered perspectives on what changed in their lives because of the loan they took from an FSP. The top outcomes are shown on the right and have also been segmented by gender.

We found very few differences by first access. However, it is worth noting that clients who are accessing the loan for the first time are more likely to report increased income (34%) compared to those who had prior access (24%).

Key:

- #1 outcome
- #2 outcome
- #3 outcome

Most Common Self-Reported Outcomes for 89% of Clients Who Say Quality of Life Improved

Q: Please explain how your quality of life has improved?
(Total n = 7,306, Male n = 2,372, Female n = 4,934, Previous Access Yes n = 3,319, No = 3,978). Open-ended, coded by 60 Decibels

		Gender	
Quality of Life Outcomes	**Total**	**Male**	**Female**
Afford Household & Bills	37%	32%	39%
Business Growth	31%	23%	35%
Increased Income	29%	21%	32%
Able to buy Inventory/Stock	18%	15%	20%
Increased Business Investment	19%	13%	22%
Afford Asset	15%	13%	16%
Improved Savings	15%	10%	17%
Improved Financial Independence	12%	11%	12%
Improved Access to Finance	10%	13%	8%

Benchmark Comparison: Quality of Life

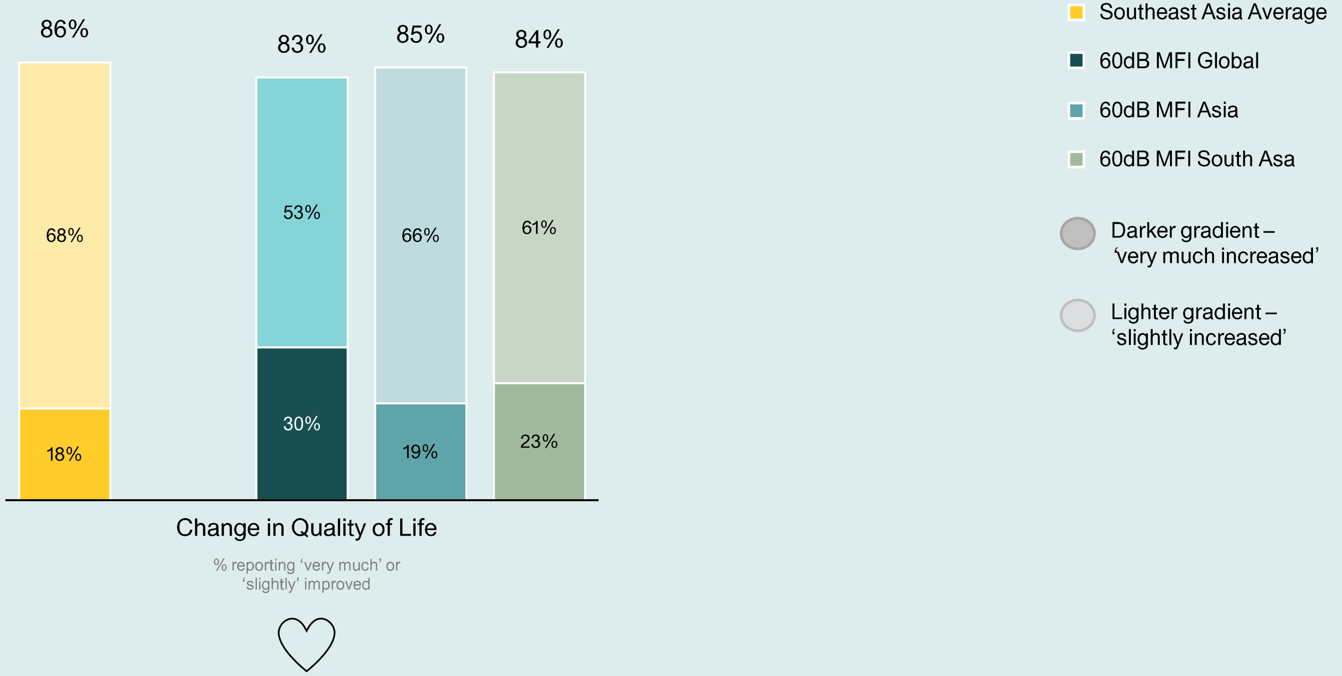
We typically benchmark the change in the quality-of-life metric at the 'very much improved' level as this is a more accurate representation of the depth of impact.

To consider if clients in Southeast Asia are less likely to respond with the extreme of 'very much improved' and more often respond 'slightly improved', we compared the combined score for improved quality of life, i.e., 'slightly + very much' improved. The average of 86% is slightly higher than the 60dB Global MFI benchmark of 83%.

The Southeast Asia average of 18% for Quality of Life is below the 60dB Global and South Asia benchmarks.

Southeast Asia Relative Performance

Southeast Asia Average vs. 60dB Benchmarks



Household Wellbeing: Education Spending

6 in 10 clients with children report increases in the amount they spend on education.

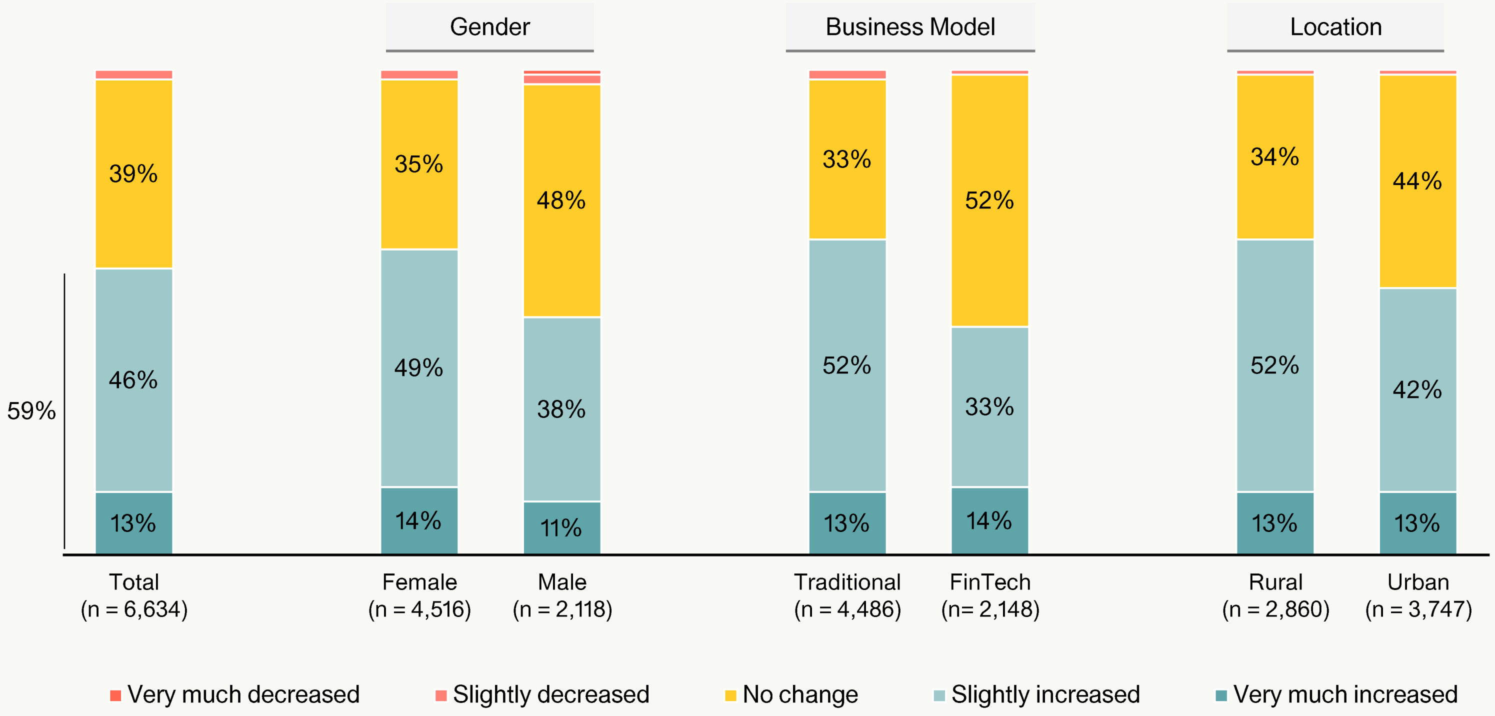
Clients who have used their loan for business purposes are more likely to increase spending on their children's education (63% vs. 52%).

Clients with group loans are more likely to report increases in the amount they spent on children's education than those with individual loans (69% vs. 52%).

Clients who are less than 30-years-old are less likely to report increased spending on education, compared to those who are more than 31-years-old (49% vs. 61%).

Perceived Change in Amount Spent on Children's Education

Q: Because of [FSP], has there been a change in the amount you spend on your children to go to school?*



* Data excludes respondents who chose not to answer this question or who did not have school going children.

Household Wellbeing: Number of Quality Meals

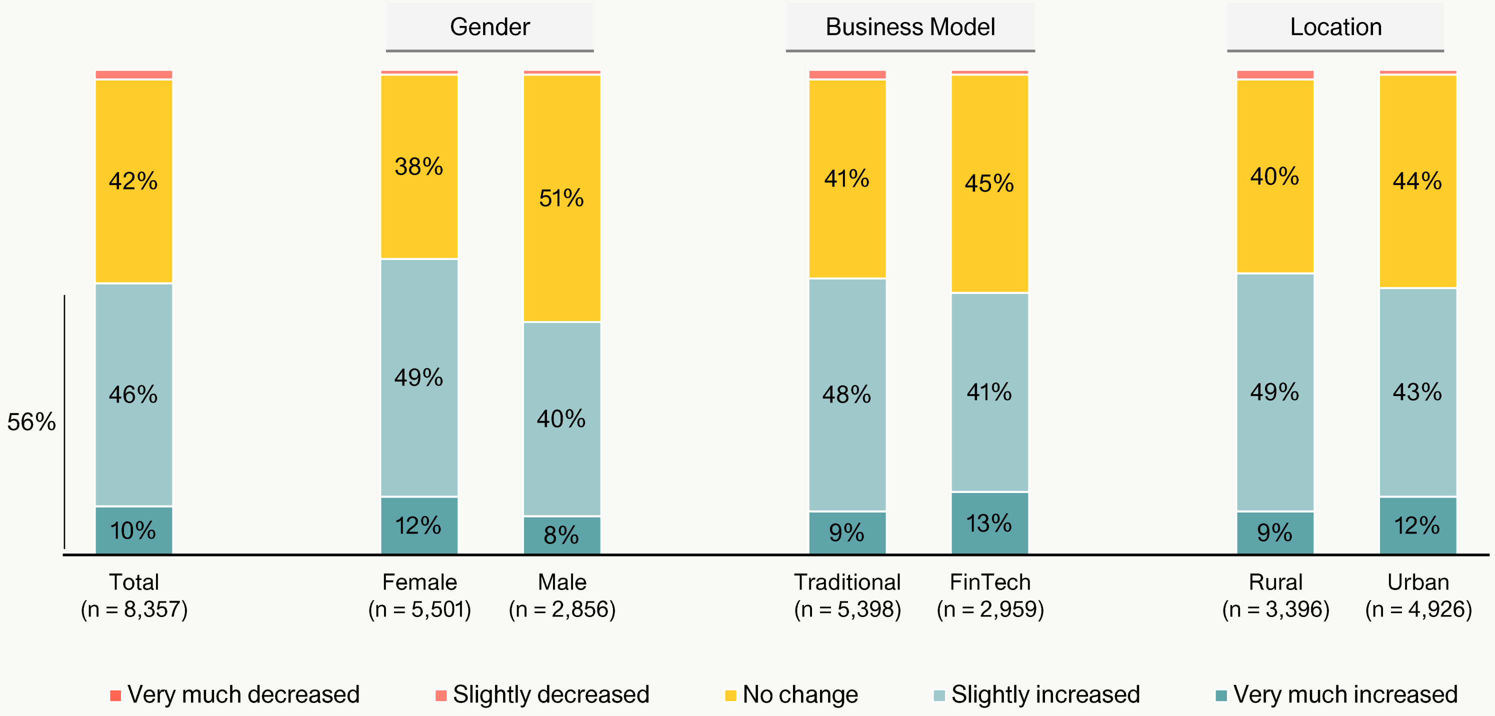
More than half of all clients report that their family is able to eat more quality meals because of their loans.

Clients who used their loan for business purposes are more likely to report increased number and quality of meals (63%) compared to those who used it for consumption (44%).

Clients with group loans are more likely to report improvements than individual loans (71% vs. 47%).

Perceived Change in Number and Quality of Meals

Q: Because of [FSP], has there been a change in the number and quality of meals your family eats?*



* Data excludes respondents who chose not to answer this question.

Household Wellbeing: Home Improvements

44% of all clients report an increase in the amount they spend on home improvements. This varies by gender, business model, and location.

We typically find female clients are more likely to report increases in home improvements, this remains true with clients in Southeast Asia.

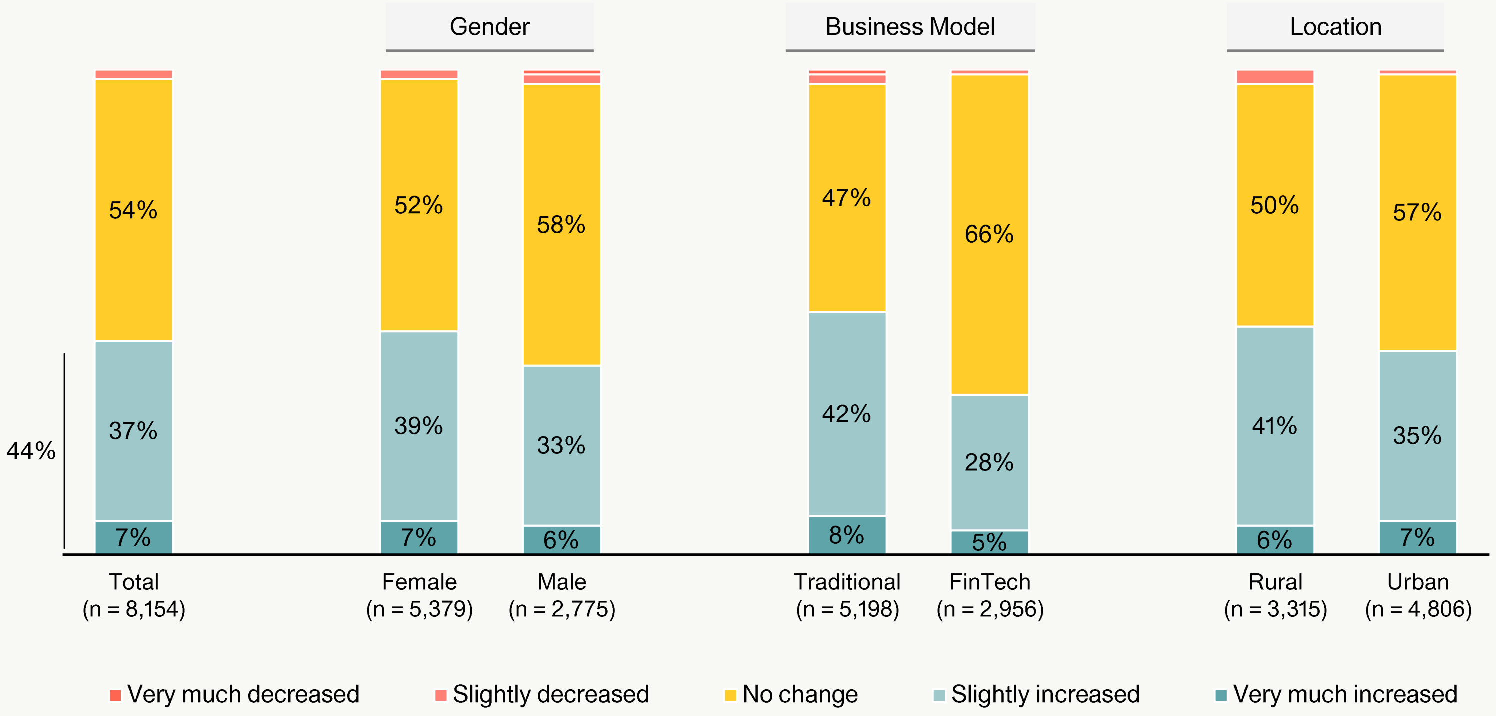
Clients associated with traditional FSPs are more likely to report improvements in the amount spent on home improvements compared to FinTech clients (50% vs. 33%).

Clients with group loans are slightly more likely to report increased spending (47% vs. 40%).

The proportion of customers reporting 'increased amount spent on home improvements' differs by tenure. Customers who have engaged with their FSPs for more than 4 years are more likely to report 'very much increased' spending (9% vs. an average of 6%).

Perceived Change in Amount Spent on Home Improvements

Q: Because of [FSP], has there been a change in the amount you spend on home improvements?*



* Data excludes respondents who chose not to answer this question.

Household Wellbeing: Ability to Access Healthcare

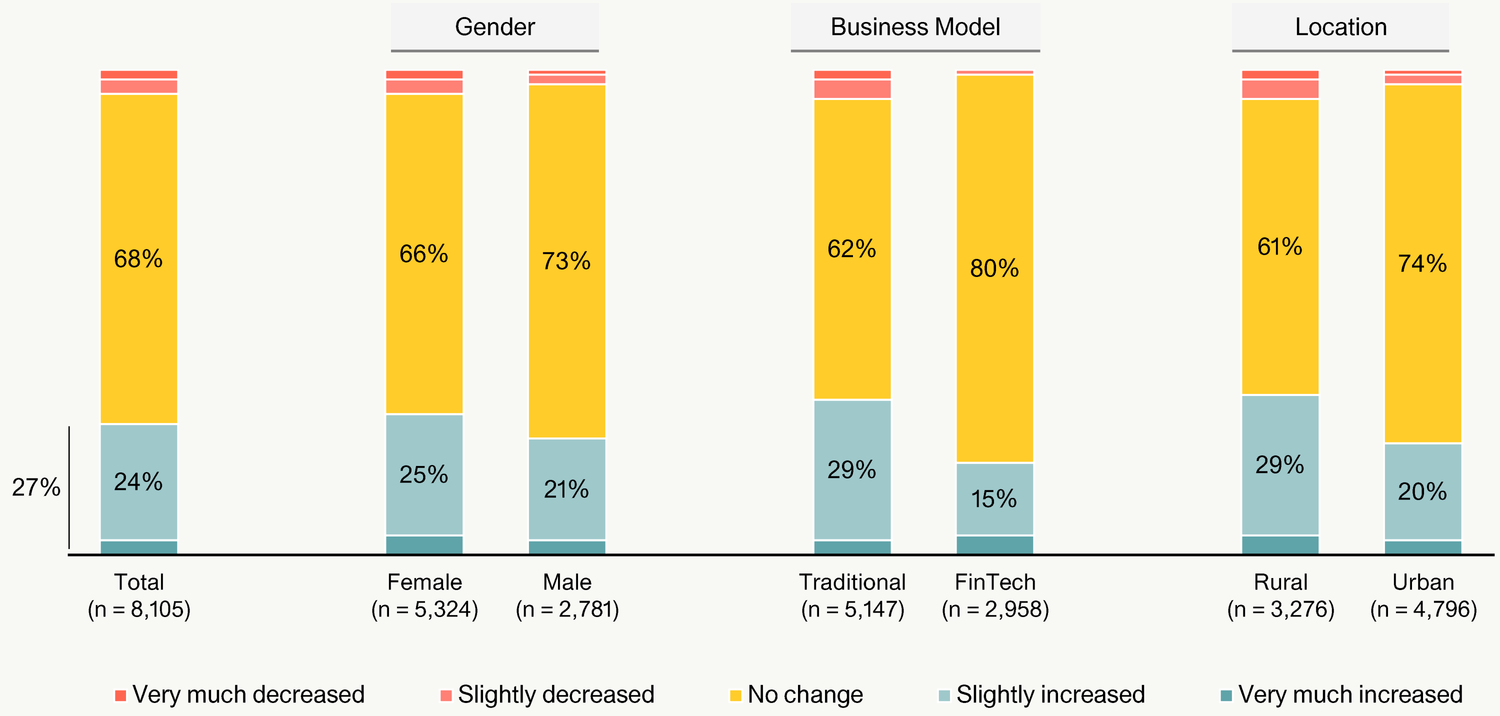
Close to 7 in 10 clients report 'no change' in healthcare because of FSPs. Rural and traditional clients are most likely to report improvements.

Similar to home improvements, the ability of clients to access healthcare seems to deepen as the time engaged with the FSP increases. Clients who have engaged with their FSPs for more than 4 years are most likely to report an increase in healthcare visits (33% vs. an average of 24%).

Clients who report increased ability to access healthcare have taken out a higher loan amount (avg. USD 1,622) than those who report decreases (USD 864).

Perceived Change in Ability to Access Healthcare

Q: Because of [FSP], has there been a change in how often you are able to go to a healthcare provider for check-ups and if you fall ill?*



* Data excludes respondents who chose not to answer this question.

Benchmark Comparison: Household Impact

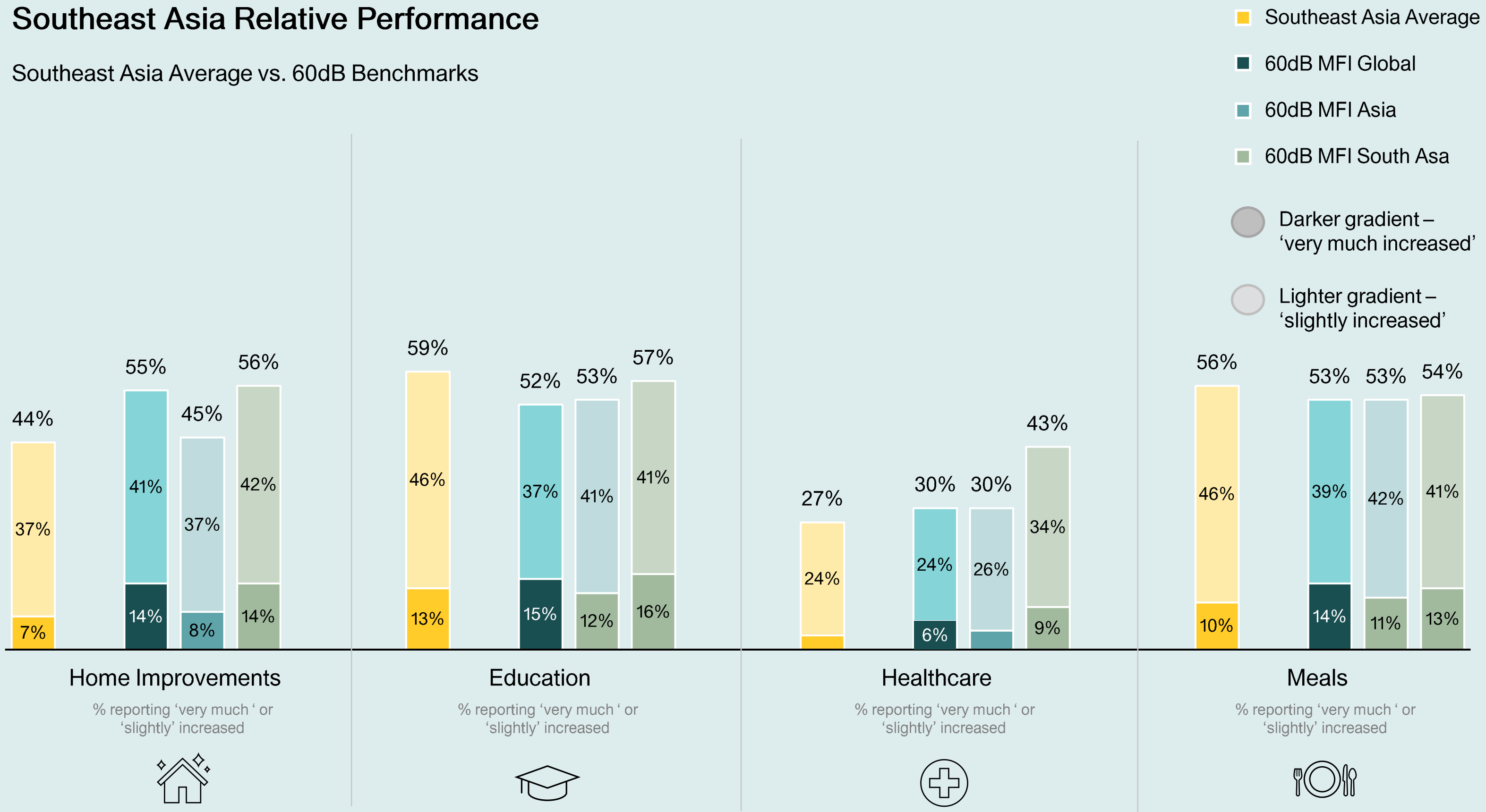
We compare the Southeast Asia average for these metric with 60dB's microfinance benchmarks at three levels: global, regional (Asia), and sub-regional (South Asia). SEA is performing below 60dB's benchmarks for home improvements and healthcare.

Encouragingly, for children's education, SEA averages are above the 60dB global and regional benchmarks. This highlights the importance SEA clients place on education.

The SEA average is below the global benchmark for home improvements and healthcare, but performs better for education and quality and quantity of meals.

Southeast Asia Relative Performance

Southeast Asia Average vs. 60dB Benchmarks



"As a long-time customer, I could grow the organisation better. My partners and I could buy healthy food, afford better education and health care for our family members."
- Female, 32

Agency Headlines

1

Clients who used their loan for business purposes are more likely to report improved agency – mentioning higher confidence, ability to achieve financial goals, and their ability to make decisions independently.

Clients who used their loan for business purposes are not only reporting higher business and household impact, but also improvements in their agency levels. Clients who used it for business purposes report higher improvements in their confidence levels (80% vs. 66%), improved ability to achieve financial goals (89% vs. 75%), and improved decision-making abilities (59% vs. 47%).

2

Female clients in SEA are more likely to report improved agency compared to their male counterparts.

Similar to those who use their loan for business purposes, customer gender and business type correlate with increased confidence levels and the improved ability to achieve financial goals. Female clients are more likely to report increased confidence (79% vs. 69%), the improved ability to achieve their financial goals (87% vs. 78%), and improved decision-making abilities (57% vs. 50%) than their male counterparts.

Agency: Confidence

8 in 10 clients report that their confidence has improved because of their FSP.

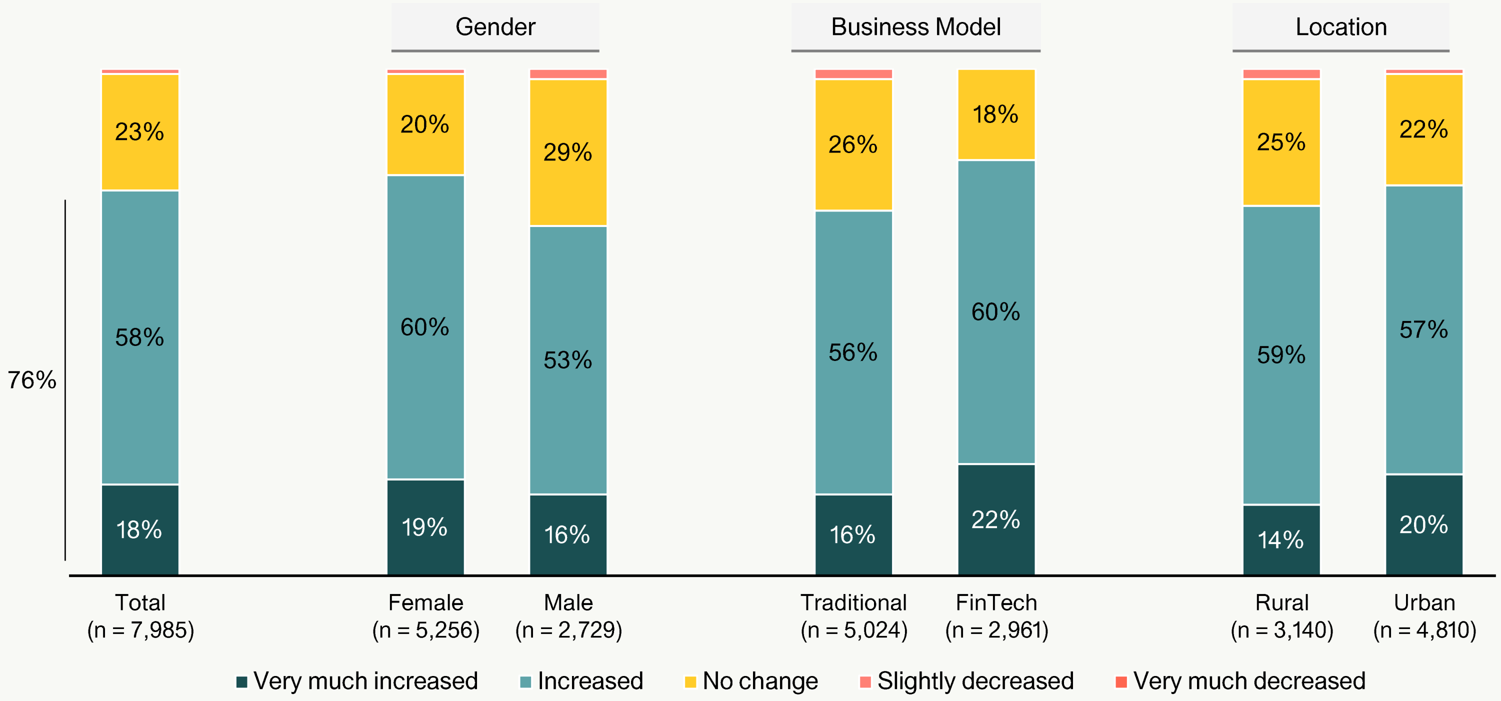
Overall, association with FSP and its services appears to positively impact clients' confidence in themselves and their abilities.

Group lending continues to have greater impact on clients; this group of clients are more likely to report increased confidence (86%) than those with individual loans (71%).

Clients who have used their loan for business purposes are more likely to report greater confidence (80%) than those who used it for consumption purposes (66%).

Change in Confidence

Q: Has your confidence in yourself and your abilities changed because of their FSP? Has it:



Agency: Financial Goals

Clients say increasing their income, savings, and investing in their business are their most important financial goals.

In an open-ended question, we asked clients to tell us in their own words what was their most important financial goal right now. 86% of clients say they have a financial goal they are working towards.

Food for Thought

How can FSPs use this information to develop targeted solutions that help clients reach their financial objectives?

Key:

- #1 goal
- #2 goal
- #3 goal

Financial Goals

Q: What is the most important financial goal you're trying to achieve right now?
(Total n = 8,211, Male n = 2,833, Female n = 5,378, First Access 'Yes' n = 3,762, First Access 'No' n = 4,440)

Financial Goals	Total	Gender		First Access	
		Male	Female	Yes	No
Increase income	34%	31%	36%	34%	34%
Savings	26%	24%	26%	26%	26%
Invest in business	24%	26%	23%	26%	22%
Afford education	13%	9%	15%	14%	12%
Afford household expenses	12%	10%	12%	12%	11%
Start a new business	11%	12%	11%	11%	11%
Afford house / property	11%	9%	12%	11%	10%
Buy an asset for personal use	10%	12%	10%	13%	9%
Buy an asset for business use	9%	11%	9%	10%	8%
Others	2%	2%	2%	2%	2%
No financial goal	14%	15%	14%	15%	14%

Agency: Financial Goal

84% of all clients report an improved ability to achieve their financial goals because of FSP. Of these, 16% report 'very much improved' ability.

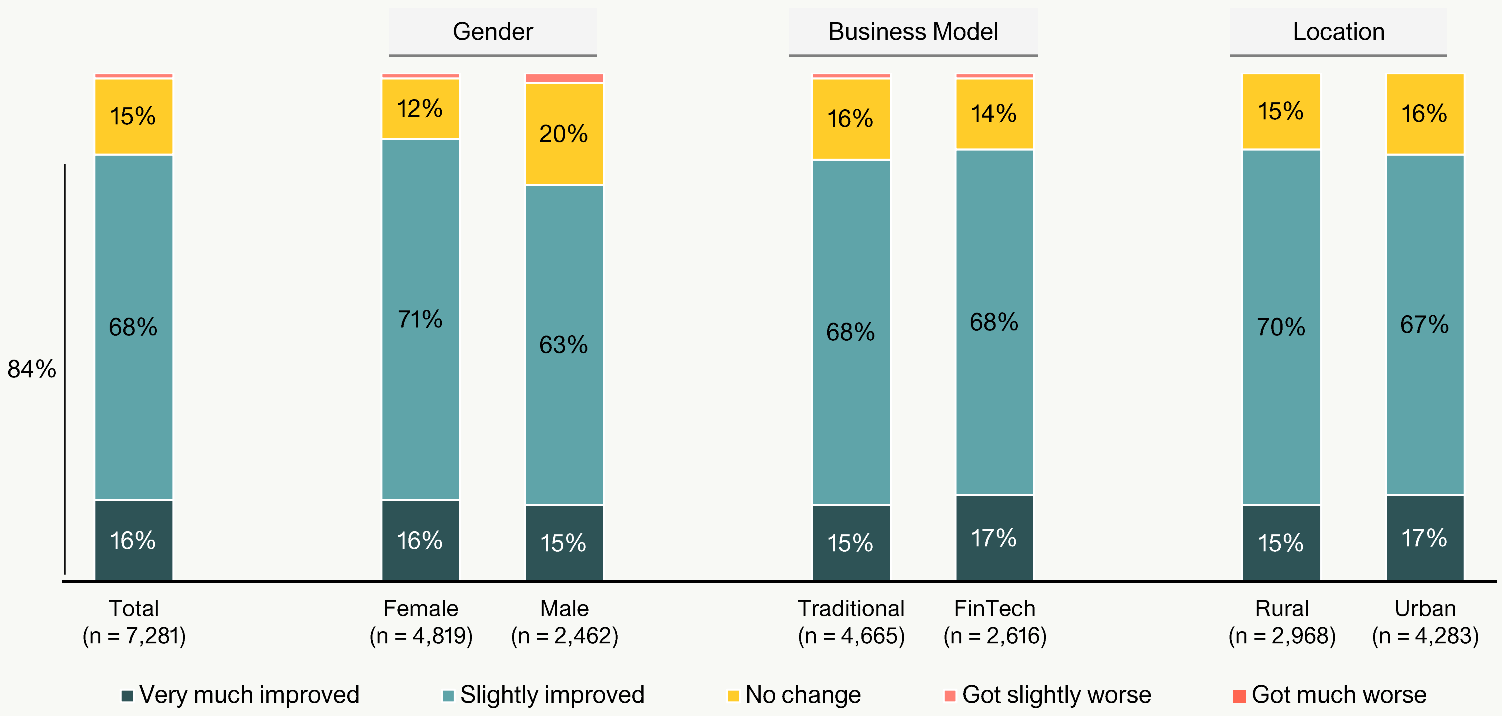
Female clients are more likely to report an increase in their ability than their male counterparts (87% vs. 78%).

Clients who use their loans for business purposes are more likely to report improved ability to achieve their goals (89%) than those who used it for consumption purposes (75%).

Clients with group loans are more likely to report improved ability to achieve financial goals than clients with individual loans (93% vs. 80%).

Ability to Achieve Financial Goal

Q: Has your ability to achieve your financial goal changed because of your FSP? Has it:



Agency: Decision Making Ability

Nearly 6 in 10 clients report increased ability to make money-related decisions because of the FSP. This is more significant among female, FinTech, and urban clients.

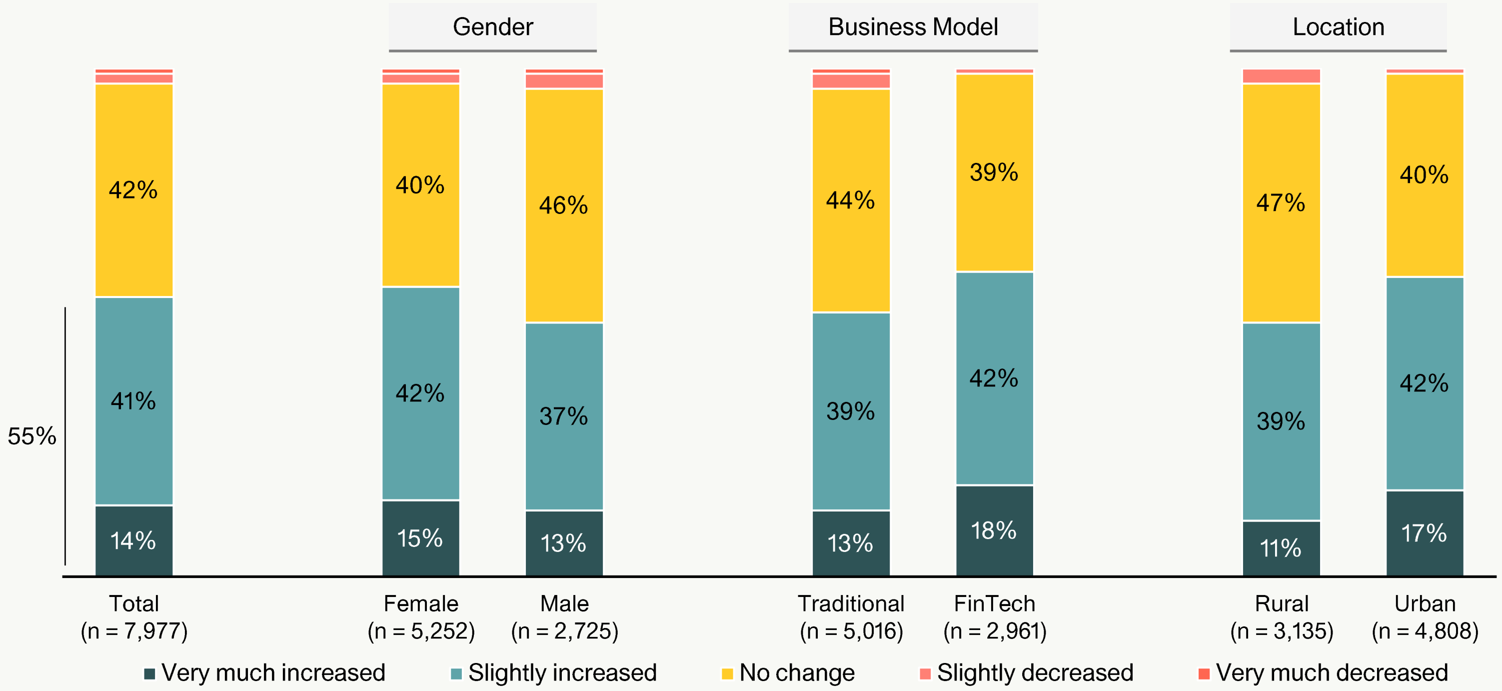
While FSPs have proven to be highly beneficial to clients' businesses and households, many progressive FSPs work toward improving clients' decision-making abilities – enabling them to be better entrepreneurs.

Group loan clients are more likely to report increased financial decision making (63%) than customers who accessed loan individually (52%).

Clients who used their loan for business purposes are more likely to report increased decision making (59%) than those who used it for consumption purposes (47%).

Ability to Make Financial Decisions

Q: Has your ability to make decisions on what you do with your money (i.e. spend or save) without consulting your spouse/another adult changed because of your FSP? Has it:



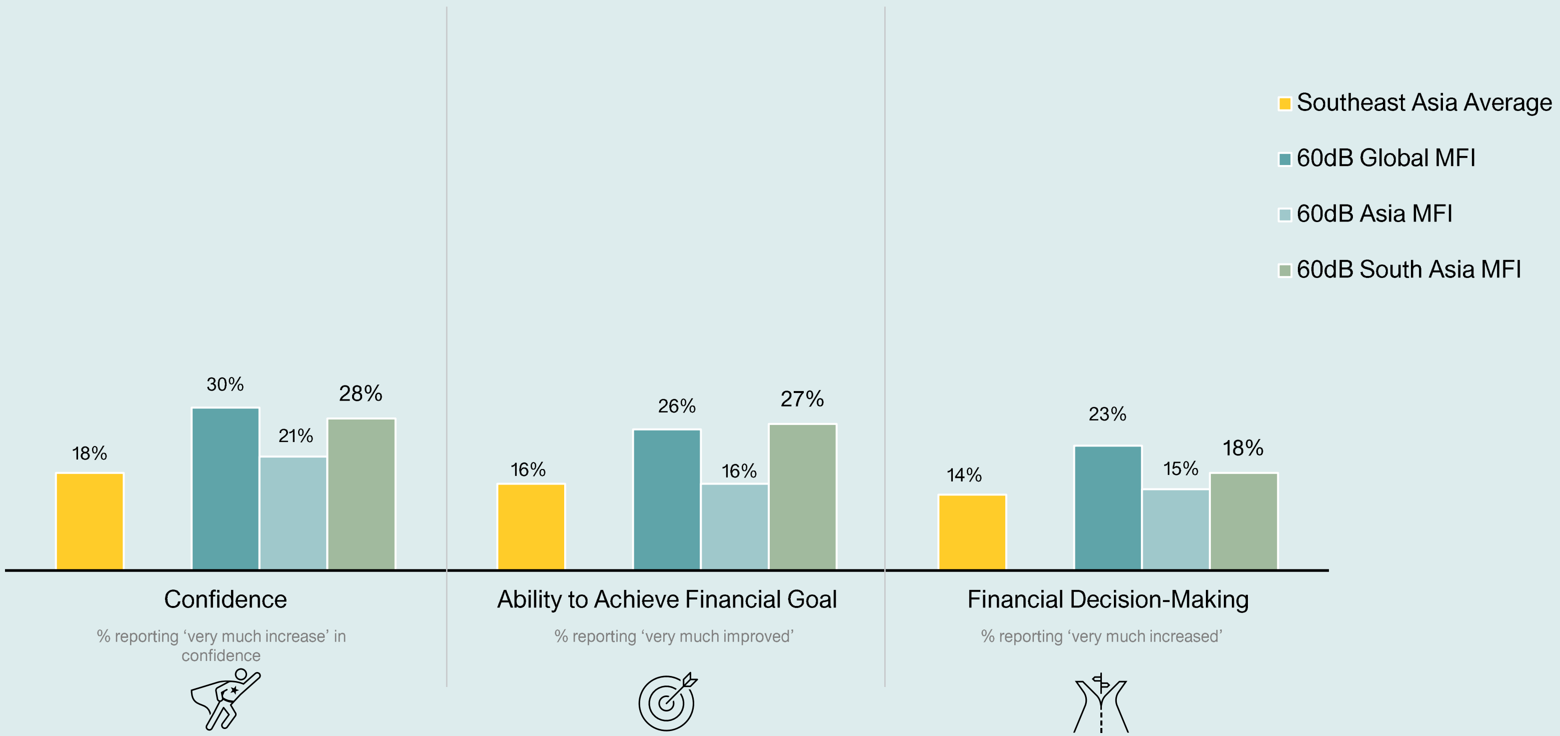
Performance Overview: 60dB FSP Benchmark

SEA is performing below 60dB's Global and South Asia benchmarks for all three agency-level metrics, SEA performs on par with the 60dB microfinance Asia benchmarks.

Across the agency indicators the SEA average is below the 60dB Global MFI benchmark and on par with the regional benchmarks.

Southeast Asia Relative Performance

Southeast Asia Average vs. 60dB Benchmarks



*For the above metrics, we do not have 60dB benchmarks for the 'slightly' improved' answer option.

"[FSP] loan helped me grow my livelihood. Now, I can earn more income to support my family with my own products sold in my business."
- Male, 20 years

Financial Resilience Headlines

1

Financial Service Providers are improving clients' financial resilience – primarily by improving clients' savings and ability to manage finances.

Though a third of clients report difficulty in coming up with emergency funds, 64% of all clients report increased savings balance, 81% talk about their improved ability to manage finances, and 74% report improved financial resilience because of the FSP. In the aftermath of COVID-19, the persistence of improved financial situations is a robust finding.

2

Group lending continues to positively impact clients in Southeast Asia significantly.

Clients with group loans report larger increases in their savings balance (80% vs. 55%), ability to manage finances (90% vs. 77%), and stronger improvement in their ability to meet emergency expenses (84% vs. 68%) than those with individual loans. This is in-line with our findings from the 2022 60dB Microfinance Index Report.

3

Clients who use their loans for business purposes are more likely to report increased resilience.

Clients who used their loans for business purposes report larger increases in their savings balance (75% vs. 47%), ability to manage finances (86% vs. 71%), and stronger improvement in their ability to meet emergency expenses (78% vs. 66%) than those who used it for consumption.

Resilience: Unexpected Shocks

3 in 10 clients report it would be difficult to face a financial shocks. This is most prominent amongst female, traditional, and rural customers.

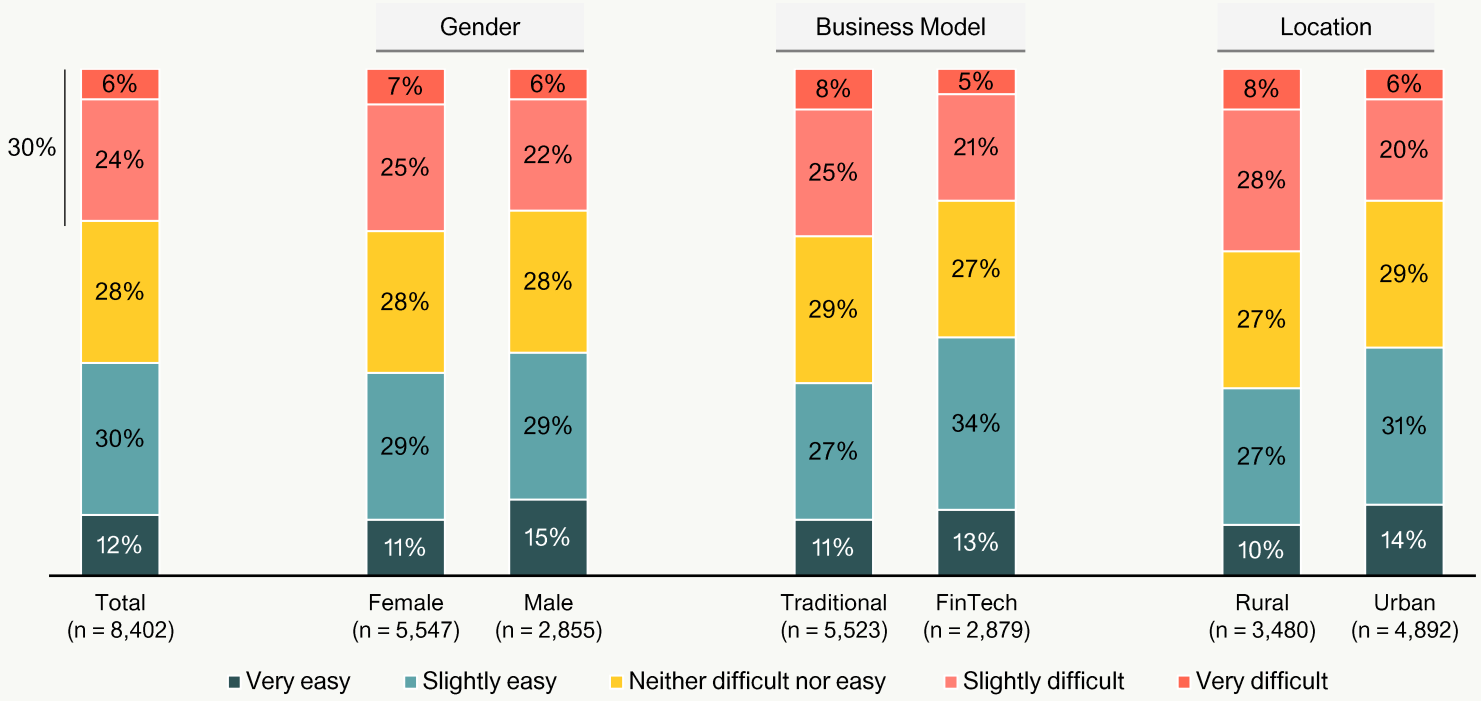
Financial resilience correlates with improvements in families' financial situations. It also means families are protected against inevitable financial and non-financial shocks that may come their way. Notably, only 4 in 10 clients say they have the ability to meet an unexpected expense easily.

Clients who used their loan for business purposes are 9 percentage points more likely to say it would be easy to come up with an emergency fund compared to clients who use their loans solely for personal expenses (45% vs. 36%).

FinTech customers are more financially resilient (i.e., reporting that their ability to come up with money for unexpected emergencies is 'very easy' or 'slightly easy') than traditional clients (47% vs. 38%).

Unexpected Shock Difficulty

Q: Imagine that tomorrow you have an unexpected emergency and need to come up with [1/20th of the GNI in local currency] within the next month. How easy or difficult would it be to come up with this money?



Resilience: Attribution to FSP to Face Emergency

Three quarters of clients' report improved financial resilience because of FSP.

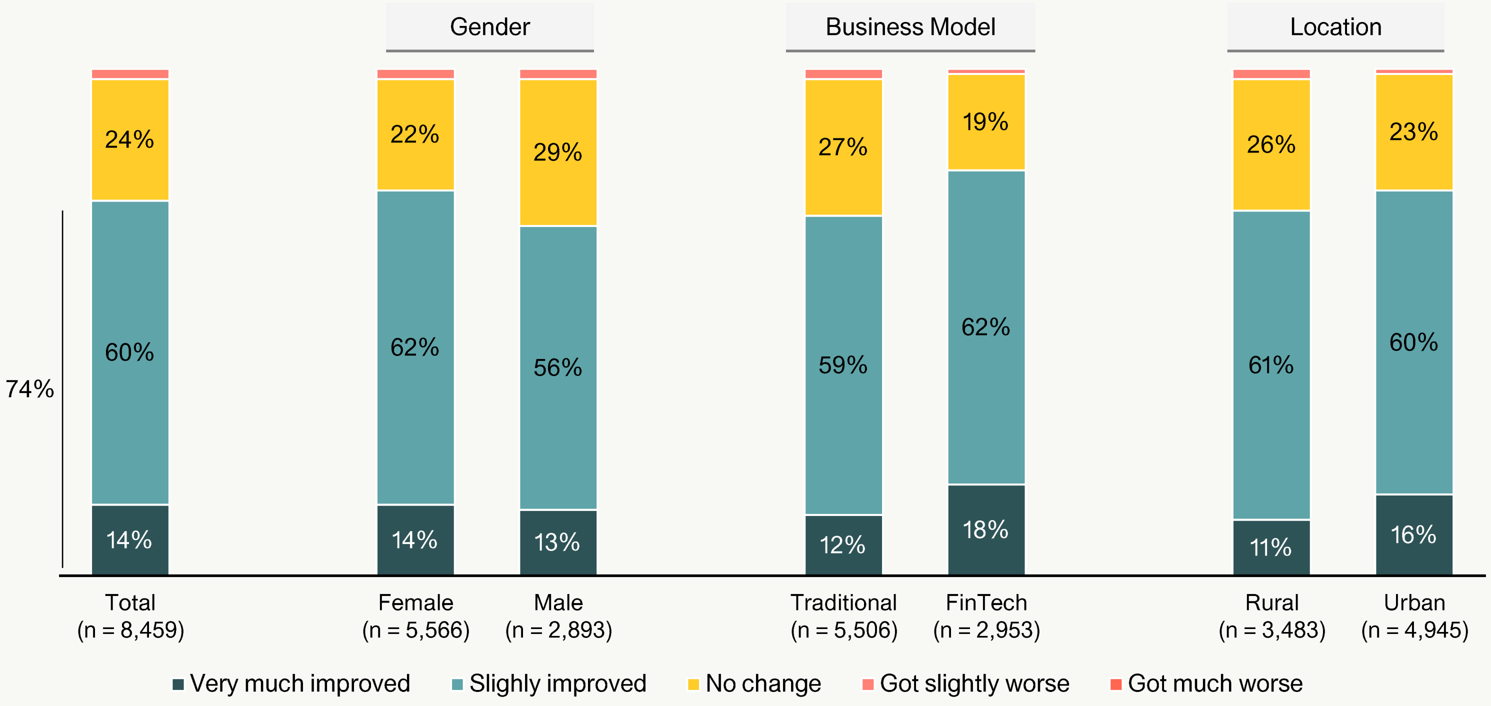
Resilience metrics measure the level of financial preparedness a household has against external shocks. They also provide insights to the contribution of FSPs to this preparedness.

Clients who used their loan for business purposes are more likely to observe improved financial resilience than those who used it solely for non-business purposes (78% vs. 66%).

Similarly, clients who borrowed loans at the group level show much stronger trends of improvement. Nearly 84% of group loan customers report increased ease in coming up with funds for an emergency as compared to 68% of individual loan customers.

Resilience Attribution to FSP

Q: Has your ability to face this major expense changed because of your FSP?



Resilience: Savings

7 in 10 clients report increased savings because of FSP. This is more prominent among female and rural clients.

Improvements in savings balance and ability to manage finances (pg. 75) are good proxies for financial resilience.

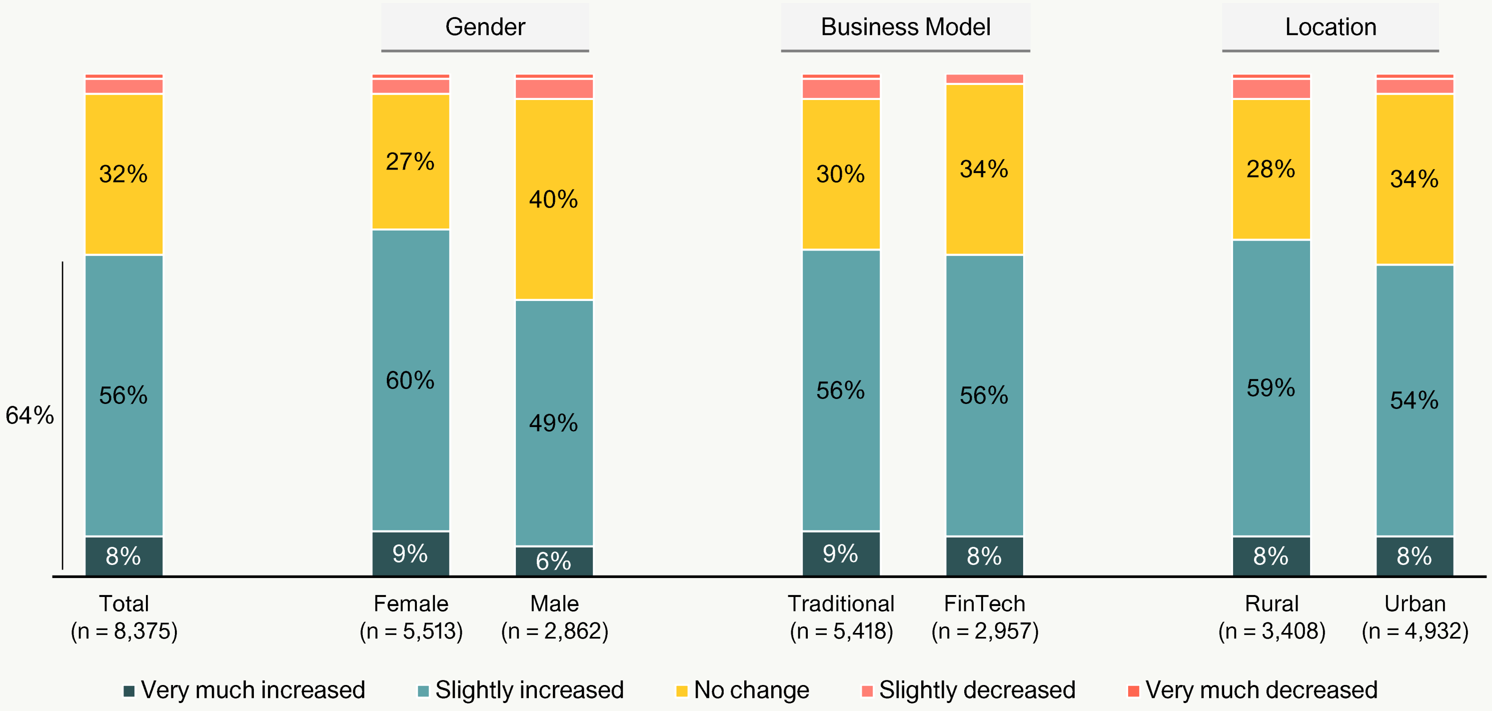
In this context, it is heartening to see that 7 in 10 female clients say that their savings level have improved thanks to their access to FSPs. For male clients, this proportion reduces to close to 6 in 10 clients.

Clients who used their loan for business purposes are much more likely to report increased savings balance (75%) than those who used it for consumption purposes (47%).

We observe a significant difference by loan methodology, customers accessing group loans are more likely to report increased savings balance than those who borrowed individually (80% vs. 55%).

Savings

Q: Because of your FSP, how have your savings changed? Have they: (n = 6,410)



Resilience: Financial Management

81% of clients say their ability to manage finances has improved. Female, FinTech, and urban clients are most likely to report 'very much improved' financial management.

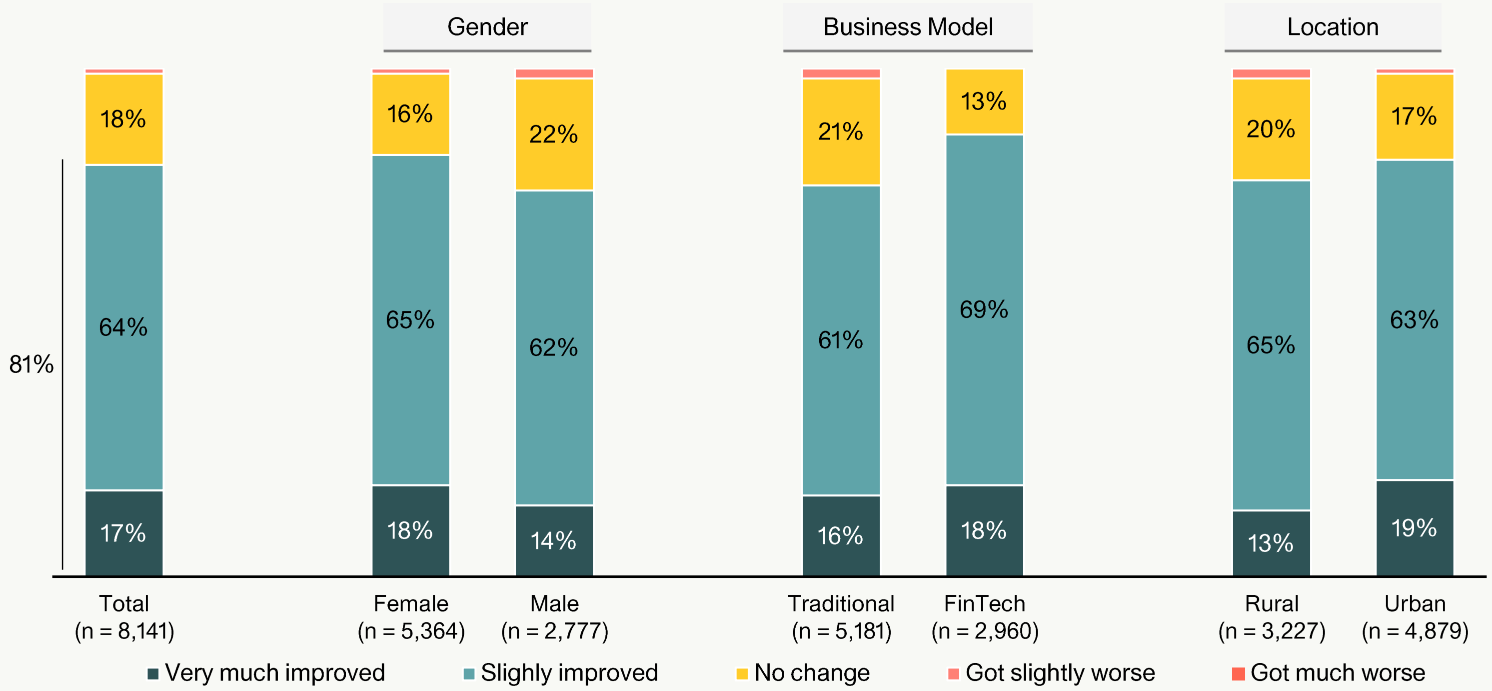
The core premise of inclusive financial services is that clients can make business financial decisions. Our data confirms this effect: 8 in 10 clients report increase in their ability to manage their finances after accessing services from FSP.

Group loan clients are much more likely to mention increased financial management capabilities (90% vs. 77% of individual loan customers).

Clients who used their loans for business purposes report greater improvement than those who used it for consumption purposes (86% vs. 71%).

Ability to Manage Finances

Q: Because of your FSP, how has your ability to manage your finances changed? Has it:



Performance Overview: 60dB FSP Benchmark

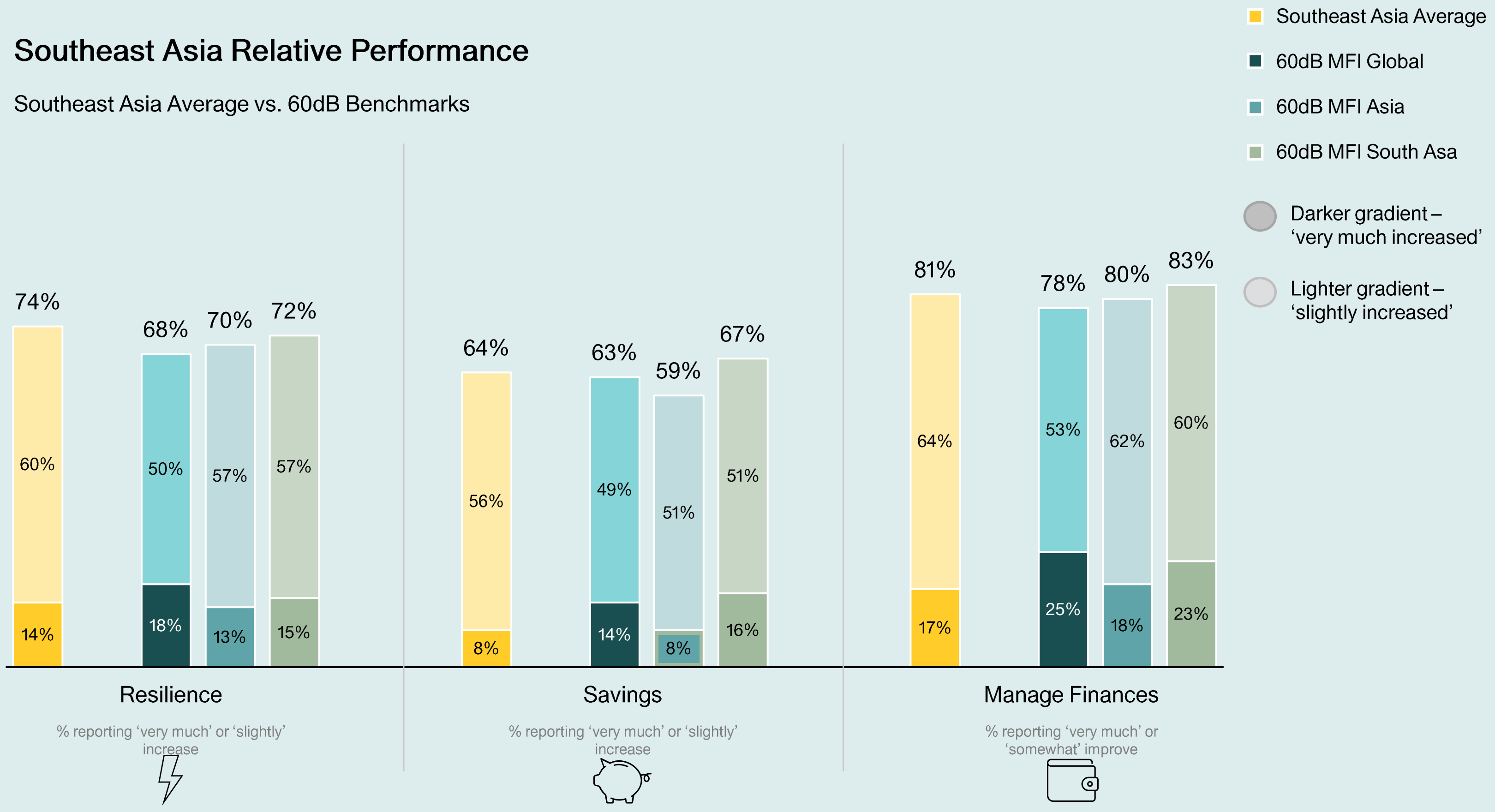
Southeast Asia performs on par with the 60dB Asia and South Asia MFI benchmarks for the Resilience indicators.

The 60dB Resilience benchmark measures the impact the FSP loan has on clients' preparedness. Without savings to fall back on, external shocks can hamper clients' ability to manage their finances.

Across indicators, Southeast Asia average performs above the 60dB Global MFI benchmark but slightly below the regional benchmarks.

Southeast Asia Relative Performance

Southeast Asia Average vs. 60dB Benchmarks



"As a single parent, I can have additional income from my home business, so apart from my salary as an employee, I can also have more income to increase the needs of my family and my parent who currently lives with me."
- Female, 39

FSP Services Beyond Credit Headlines*

1

27% of clients in this sample are accessing services on top of credit from their FSPs. More can be done to encourage more clients to take advantage of a more holistic set of financial and business services.

While loans remain the primary service provided by FSPs in Southeast Asia, savings (11%) and insurance (10%) are the most common non-credit services reported. Clients highly value savings services, which this being particularly prominent amongst female, traditional, and rural clients.

2

Accessing non-credit services amplifies clients' impact, specifically in customers' households.

Clients with and without non-credit services report similar levels of satisfaction and loyalty (average NPS of 58) but varying differences by impact. Those who are accessing non-credit services have reported a rise in their expenditure towards home improvements (46% vs. 40%), better quality and quantity meals (62% vs. 51%), and an increase in their savings (74% vs. 59%).

*We do not have 60dB benchmarks for these questions, they are custom to the CIIP analysis.

FSP Services: Assistance Beyond Credit

Three quarter clients have not accessed any other services apart from loans from their FSP. Top non-credit services accessed are savings and insurance.

We asked clients if they have received any other services apart from their loan from the FSPs.

We find slight differences by customer segments: female, traditional, and rural clients are more likely to access insurance and savings related services. Unsurprisingly, Fintech FSPs are more likely to receive payment-related services – owing to their online presence.

We find significant differences by loan methodology: clients with group loans are more likely to report accessing savings and insurance services (19% and 15% respectively) compared to clients with individual loans (6% and 8% respectively).

While we do not see a difference in satisfaction levels between customers who are accessing non-credit services and not (60% vs. 55%), we see differences in impact. Clients who are accessing non-credit services report increased spending on home improvements (46% vs. 40%), quality meals (62% vs. 51%), improved resilience (81% vs. 70%), and increase in savings (74% vs. 59%).

Non-Credit Services

Q: In the last 6 months, have you received any services from [FSP] apart from your loan?
(Total n = 7,968, Female n = 5,253, Male n = 2,715, Traditional n = 5,017, FinTech n = 2,952, Rural n = 3,140, Urban n = 4,793)

		Gender		Business Model		Location	
Non-Credit Services	**Total**	**Female**	**Male**	**Tradition-al**	**FinTech**	**Rural**	**Urban**
Savings	11%	14%	5%	15%	3%	14%	9%
Insurance	10%	12%	7%	15%	3%	12%	9%
Payments	5%	5%	5%	1%	12%	2%	7%
Business-related services	4%	5%	2%	3%	6%	3%	5%
Health services	2%	3%	1%	4%	1%	3%	2%
Education / Training	2%	3%	2%	3%	1%	3%	2%
None	**73%**	**68%**	**82%**	**69%**	**80%**	**71%**	**74%**

FI Offerings: Most Valuable Service

While insurance and savings are most accessed services, clients find savings and payment services most valuable. Payment services are most prominent among male, FinTech, and urban clients.

To those who have received non-credit services from their FSPs, we asked which service is most valuable to them.

Clients with group loans are much more likely to access education and training services than those with individual loans (10% vs. 1%). They are also more likely to access savings services (57% vs. 18%).

Key:

- #1 service
- #2 service
- #3 service

Most Valuable Non-Credit Service

Q: Of these services, which is the most valuable to you?
(Total n = 1,250, Female n = 914, Male n = 336, Traditional n = 664, FinTech n = 586, Rural n = 498, Urban n = 747)

		Gender		Business Model		Location	
Most Valuable Services	**Total**	**Female**	**Male**	**Tradition -al**	**FinTech**	**Rural**	**Urban**
Savings	28%	34%	13%	44%	10%	36%	23%
Payments	23%	18%	35%	3%	45%	11%	31%
Business-related services	21%	22%	19%	12%	32%	18%	24%
Insurance	21%	19%	29%	34%	7%	26%	18%
Health services	3%	3%	3%	5%	2%	5%	2%
Education / Training	3%	3%	1%	1%	5%	4%	2%
None	1%	1%	0%	1%	0%	1%	0%

FI Offerings: COVID-19 Support

FSPs offered flexible repayment terms and lowered interest rates to support clients during the COVID-19 pandemic.

84% of clients mention receiving no support from the FSP during the COVID-19 pandemic. Others mention support in terms of flexible repayment terms (7%) and lower interest rates (4%).

Clients associated with traditional FSPs are more likely to receive support than those with FinTechs (24% vs. 10%).

We found no significance by resilience: clients who are financially resilient report similar levels of support received from FSP during the pandemic.*

*For this analysis, we used the survey question on ability to come up with emergency funds as shown on page 74.

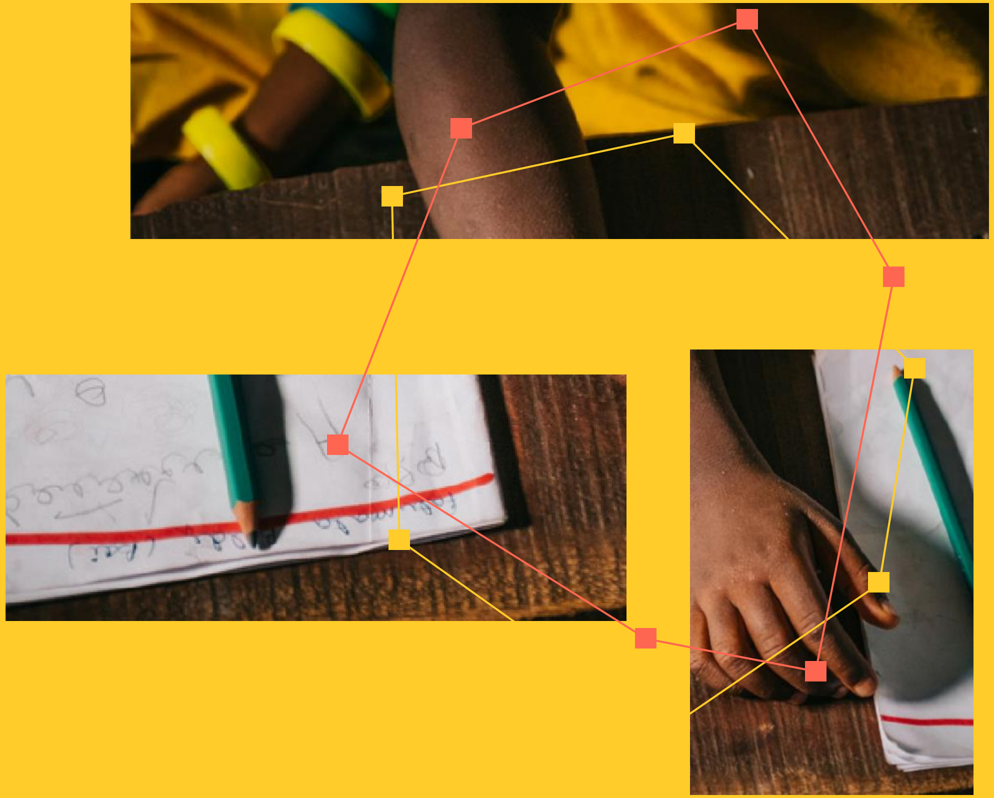
Support During COVID-19 Pandemic

Q: What support did [FSP] offer you during the COVID-19 pandemic? Select all that apply (Total n = 5,322, Female n = 3,184, Male n = 2,138, Traditional n = 2,363, FinTech n = 2,959, Rural n = 1,601, Urban n = 3,688)

		Gender		Business Model		Location	
COVID-19 Support	**Total**	**Female**	**Male**	**Traditio n-al**	**FinTech**	**Rural**	**Urban**
Offer flexible repayment terms	7%	7%	6%	9%	4%	7%	6%
Waive or lower interest rates	4%	4%	4%	6%	2%	6%	3%
Forgive debt	1%	1%	1%	2%	0%	1%	1%
Offer non-loan support	2%	2%	2%	2%	2%	2%	2%
Other	4%	4%	5%	6%	2%	5%	4%
No support was provided	84%	84%	84%	76%	90%	80%	85%

“They (FSP) helped me to save my time and efforts because I will no longer go out and go to the market. It is really convenient and hassle-free on my part.”
- Male, 33

Appendix



Impact Management Project

We aligned your results to the Impact Management Project. We're big fans of the IMP – it's a simple, intuitive and complete way of conceptualizing impact.

We take pride in making the data we collect easy to interpret, beautiful to look at, and simple to understand and act upon.

We also align our data with emerging standards of best practice in our space, such as the Impact Management Project (IMP).

The IMP introduces five dimensions of impact: Who, What, How Much, Contribution, and Risk.

These dimensions help you check that you haven't missed any ways of thinking about, and ultimately measuring, the positive and negative changes that are occurring as a result of an intervention.

IMPACT MANAGEMENT PROJECT

Dimension	Explanation
Who ○	The **Who** of impact looks at the stakeholders who experience social and environmental outcomes. All things equal, the impact created is greater if a particularly marginalised or underserved group of people is served, or an especially vulnerable part of the planet protected. **For the who of impact, we tend to work with our clients to understand poverty levels, gender and disability inclusivity.**
What Impact □	**What** investigates the outcomes the enterprise is contributing to and how material those outcomes are to stakeholders. We collect most of this what data using qualitative questions designed to let customers tell us in their own words the outcomes they experience and which are most important to them.
How Much	**How Much** looks at the degree of change of any particular outcome.
Contribution +	**Contribution** seeks to understand whether an enterprise's and/ or investor's efforts resulted in outcomes that were better than what would have occurred otherwise. In formal evaluation this is often studied using experimental research such as randomised control trials. Given the time and cost of gathering these data, this is not our typical practice. We instead typically ask customers to self-identify the degree to which the changes they experience result from the company in question. We ask customers whether this was the first time they accessed a product of technology like the one from the company, and we ask how easily they could find a good alternative. If a customer is, for the first time, accessing a product they could not easily find elsewhere, we consider that the product or service in question has made a greater contribution to the outcomes we observe.
Risk △	**Impact Risk** tells us the likelihood that impact will be different than expected. We are admittedly still in the early days of figuring out how best to measure impact risk – it's an especially complex area. That said, where customers experience challenges using their product or service, we do think that this correlates with a higher risk that impact does not happen (i.e. if a product or service is not in use then there's no impact). Hence, we look at challenge rates (the percent of customers who have experienced challenges using a product or service), and resolution rates (the percent of customers who experienced challenges and did not have them resolved) as customer based proxies for impact risk.

Calculations & Definitions

For those who like to geek out, here's a summary of some of the calculations we used in this deck.

We have followed the below thumb rule while populating charts and percentages:

- For rounding the percentages, we use the first decimal place to decide the rounding direction. If the decimal is 0.5 or above, we round up and we round down, if otherwise.
- If the percentages do not round up to 100%, we round up the category that is closes to 0.5 or above (in case the sum is less than 100%). If the sum is more than 100%, we round down the lowest or smallest percentage category.

Metric	Calculation
Net Promoter Score®	The Net Promoter Score is a common gauge of customer loyalty. It is measured through asking customers to rate their likelihood to recommend your service to a friend on a scale of 0 to 10, where 0 is least likely and 10 is most likely. The NPS is the % of customers rating 9 or 10 out of 10 ('Promoters') minus the % of customers 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 enterprise is reaching less well-off customers. It is calculated by taking the average of Company % / National %, at the $1.90, $3.20 & $5.50 lines for low-middle income countries, or at the $3.20, $5.50 and $11 lines for middle income countries. The formula is: $\sum_{x=1}^{3} \frac{([Company]\ Poverty\ Line\ \$x)}{(Country\ Poverty\ Line\ \$x)} / 3$

Thank You For Working With Us!

Let’s do it again sometime.

About 60 Decibels

60 Decibels makes it easy to listen to the people who matter most. 60 Decibels is an impact measurement company that helps organizations around the world better understand their customers, suppliers, and beneficiaries. Its proprietary approach, Lean Data, brings customer-centricity, speed and responsiveness to impact measurement.

60 Decibels has a network of 830+ trained Lean Data researchers in 70+ countries who speak directly to customers to understand their lived experience. By combining voice, SMS, and other technologies to collect data remotely with proprietary survey tools, 60 Decibels helps clients listen more effectively and benchmark their social performance against their peers.

60 Decibels has offices in London, Nairobi, New York, and Bengaluru. To learn more, visit 60decibels.com.

We are proud to be a Climate Positive company. CLIMATE POSITIVE company

Your Feedback

We’d love to hear your feedback on the 60dB process; take 5 minutes to fill out our feedback survey!

Acknowledgements

Thank you to Chii Fen and The Centre for Impact investing and Practices (CIIP) team for their support throughout the project.

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