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Case Study

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Safesave Case Study

Introduction of the institution

- Main characteristics of Safesave's financial services

- Qualitative analysis of the use of Palm Pilots
  - Point of view of clients
  - Point of view of staff

- Cost-benefit analysis

- Advantages/disadvantages of this technology

- Conclusions

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Presentation of the institution

Their Mission:

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

Safesave in brief (June 2005)
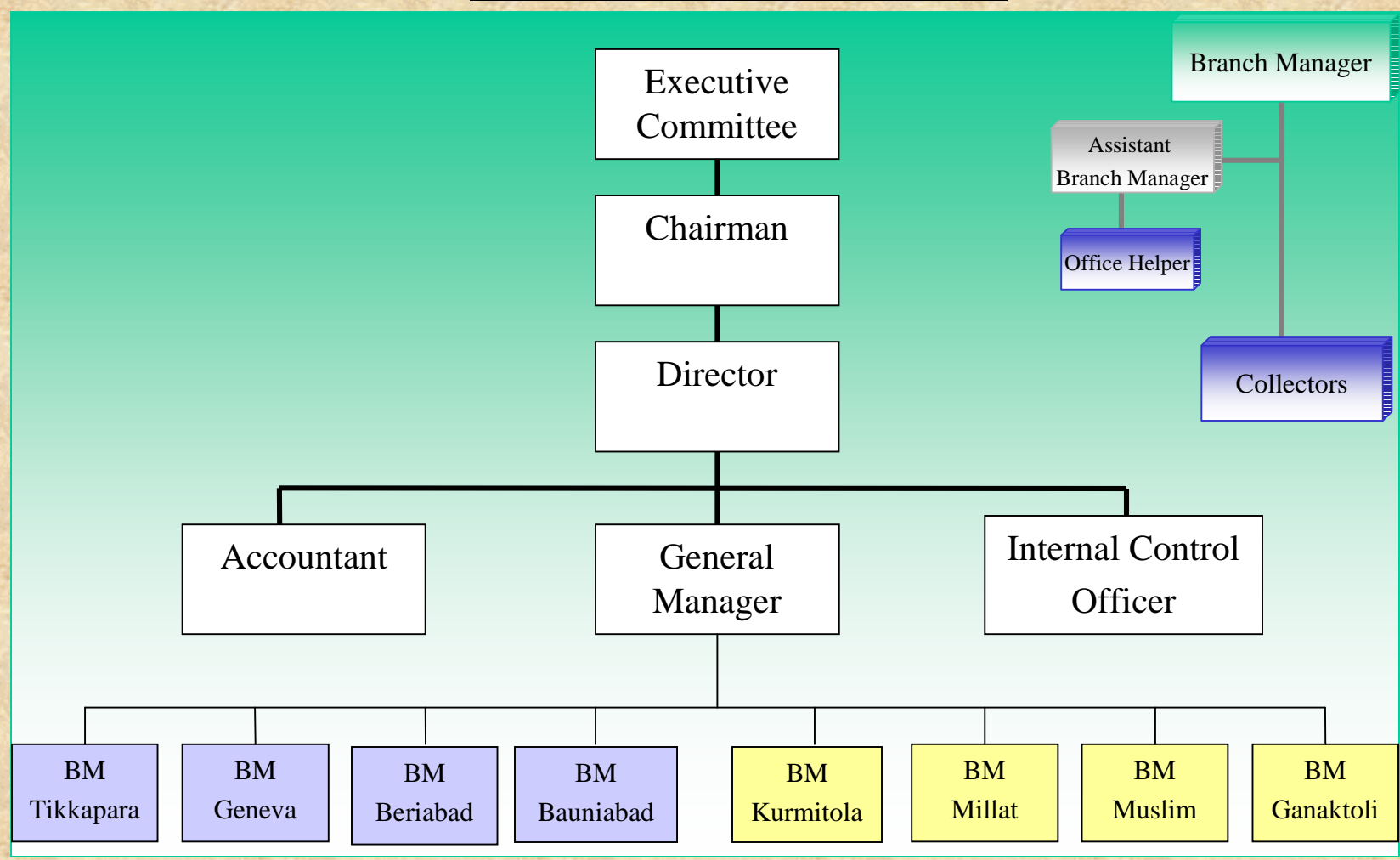
10'000 clients

82 Staff members

7 Branches

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

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

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Presentation of the institution

Organization Chart

```
                    Executive
                    Committee
                        |
                    Chairman
                        |
                    Director
                        |
        +---------------+---------------+
     Accountant      General        Internal Control
                     Manager           Officer
                        |
  +------+------+------+------+------+------+------+
  BM     BM     BM     BM     BM     BM     BM     BM
Tikkapara Geneva Beriabad Bauniabad Kurmitola Millat Muslim Ganaktoli
```

Branch Manager

Assistant Branch Manager

Office Helper

Collectors

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Presentation of the institution

Collection of deposit

Disbursement of loans

Activities

Daily visit of client by the staff

Deposit money
Repayment of loan
Payment of the interest and fees
Withdrawals

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

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Main characteristics and peculiarities to deliver their financial services

■ Clients are served as individuals (no group pressure)

■ Daily home visits to clients

■ Very rapid disbursement of loans and withdrawals (maximum one day)

■ Flexible repayment schedule of loans (only interest and service charge payments are required every month)

■ No minimum amount to deposit savings

■ Use of Palm to record financial transaction data

Qualitative analysis

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Point of View of Clients

Survey details

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

Occupation

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

Monthly Income

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

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Qualitative analysis
Timing

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

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Qualitative analysis Confidence

Transaction recorded without hear the sound

Trust collector	40%
Passbook	27%
I don't trust her	**27%**
Never happened	6%

Collector working without Palm

Trust collector and give the money	37%
Passbook	30%
No, I don't give her money	**33%**

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

It doesn't make any difference	50%
Correct information in Passbook	**20%**
Palm is necessary	**30%**

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Qualitative analysis
Information / Reliability

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

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Qualitative analysis

Point of View of Staff

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

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Cost-benefit analysis

Software development

PALM SYSTEM	MANUAL SYSTEM
$ 11'250	$ 2,400.00

Software
$11,250.00
30 Palm Pilot
$ 3,750.00

Depreciation Costs

	PALM SYSTEM	MANUAL SYSTEM
PC	$ 125.00	$ 125.00
Palm	$ 937.50	-
	$ 1,072.50	$ 125.00

Technical details

	PALM	PC
Cost per unit	$ 125	$ 500
Average of life	18 months	36 months

Error rate

	Palm System	Manual System
Error rate	0.1%	0.9%

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Cost-benefit analysis

Income/Expenses per Client
Period from Jan. 2005 to Jun. 2005 (Takka)

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

Cost-benefit analysis

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Gain in time for Staff (per day)
Method: Timesheets and direct observation

STAFF POSITION	BEFORE PALM	AFTER PALM	GAIN IN TIME (Minutes)	GAIN IN MONEY (Takka)
Collectors				
Recording financial transactions	50 and 60 sec	40 and 65 sec	0 min	0
Cash count	20 to 30 min	15 min	15 min	10
Assistant Branch Manager				
Registering transaction data	**2:30 to 3:00 hr.**	**30 to 40 min**	**120 min**	**67**
Branch Manager				
Collectors' deposit of cash	45 min	0 min	45 min.	30
Cash statement (loan to be disbursed + cash in office)	20 min	0 min	20 min	13
Going to the bank	45 min	0 min	45 min	30
Error correction	30 min	0 min	30 min	20
Daily statement	20 min	0 min	20 min	13
Follow up with delinquent clients	12 min	2 min	10 min	7
Perform portfolio analysis	7 min	3 min	4 min	3
Performing loan administration	5 min	0 min	5 min	3
	184 min	5 min	179 min	120

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Portfolio Performance July 2005

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

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No. of transactions and Overdue portfolio
(June 2005)

No. of transactions performed during one month

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

Overdue portfolio

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

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Advantages and risks of this technology

Advantages	Disadvantages
■ Improvement on Internal control	■ High up-front costs
■ System furnish always accurate and updated information	■ High maintaining costs
■ Time effectiveness	■ Problems related to the use of technology
	■ Software problems
■ Error rate near to zero	■ Hardware problems
	■ Blackouts
■ Bigger Potential productivity	■ Technology outdated
	■ Discontinuity on work in case of computer/Palm problems
■ Enhancement on confidence of partners	
■ Higher control on portfolio quality and on overdue loans	■ Complete dependence on General Manager to correct errors in transactions

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Conclusions

- Palm System improves the **quality** of information and allows management to have **updated** data to a better follow up on clients portfolio.

- Palm helps staff to furnish a **better** and more **accurate service** to clients and strongly **reduces the time** employed on recording transactions data into PC.

- Though **initial investment costs** of Palm Branches are **high**, cost seems not to be excessive compared to Manual Branches. Furthermore the benefits obtained using Palm System are also high

- Unfortunately Palm Branches are still on a **start-up stage** and try to compare their figures with the consolidated Manual Branches; this could lead to an over appreciation on the effects of Palm. Nevertheless everything seems to indicate that in future Palm Branches are going to perform better than the Manual Branches, due to their higher productive potentialities

- Use of Palm is closely related to Safesave's strategy : **reliability and good customer service.**