

## **Mainstreaming Social Performance in Microfinance: Implementing the “double-bottom line”**

Savings and Credit Forum, 2<sup>nd</sup> July 2010

# **Importance of Social Performance for Private and Institutional Microfinance Investors**

Patrick Elmer, Credit Suisse

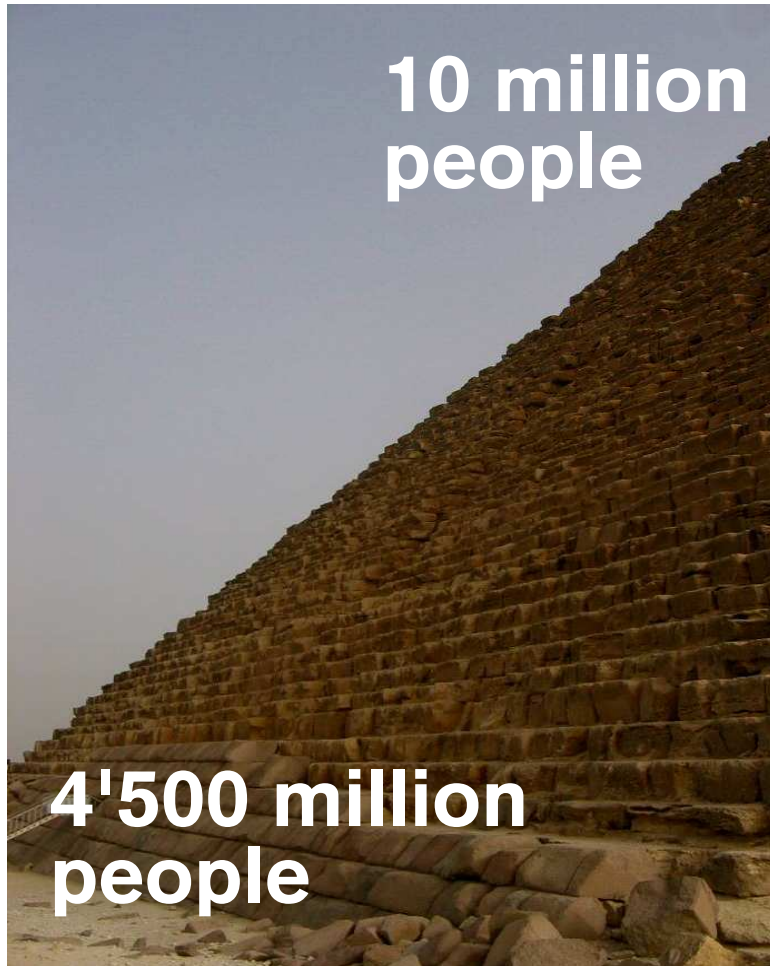
Presentation no. 12 :  
15.40 – 15.55



## Microfinance at Credit Suisse: Implementing the 'double-bottom line'

Bern, 02 July 2010

## Link TOP with BOP



TOP  
 $\geq$  \$1 million in financial assets



BASE  
< \$4 a day / PPP

# 'Double-bottom line' investment philosophy



## ■ Attractive investment proposition

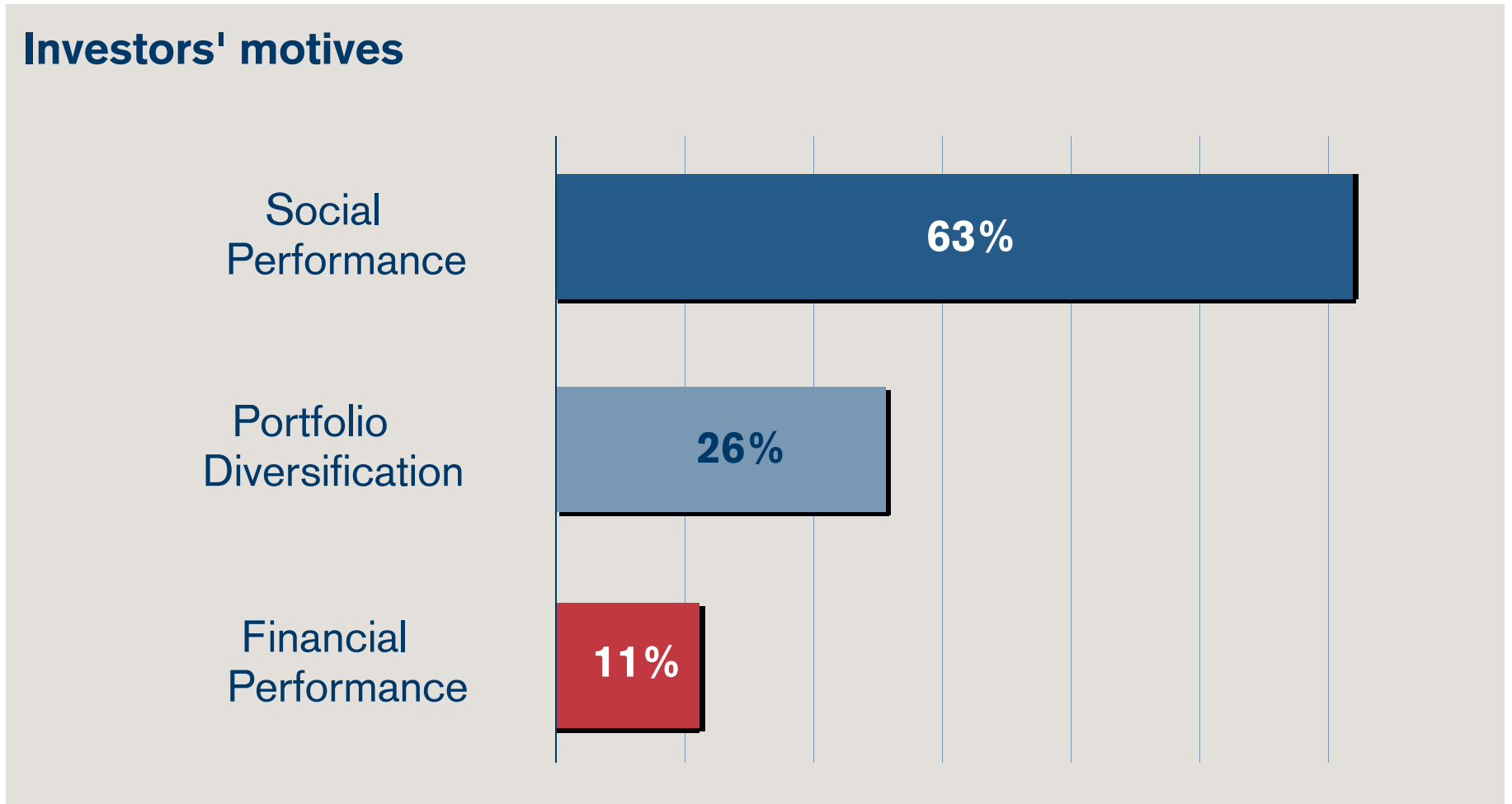
- 6+ years track record with solid returns
- Low volatility and low correlation to markets
- Diversification



## ■ High social impact

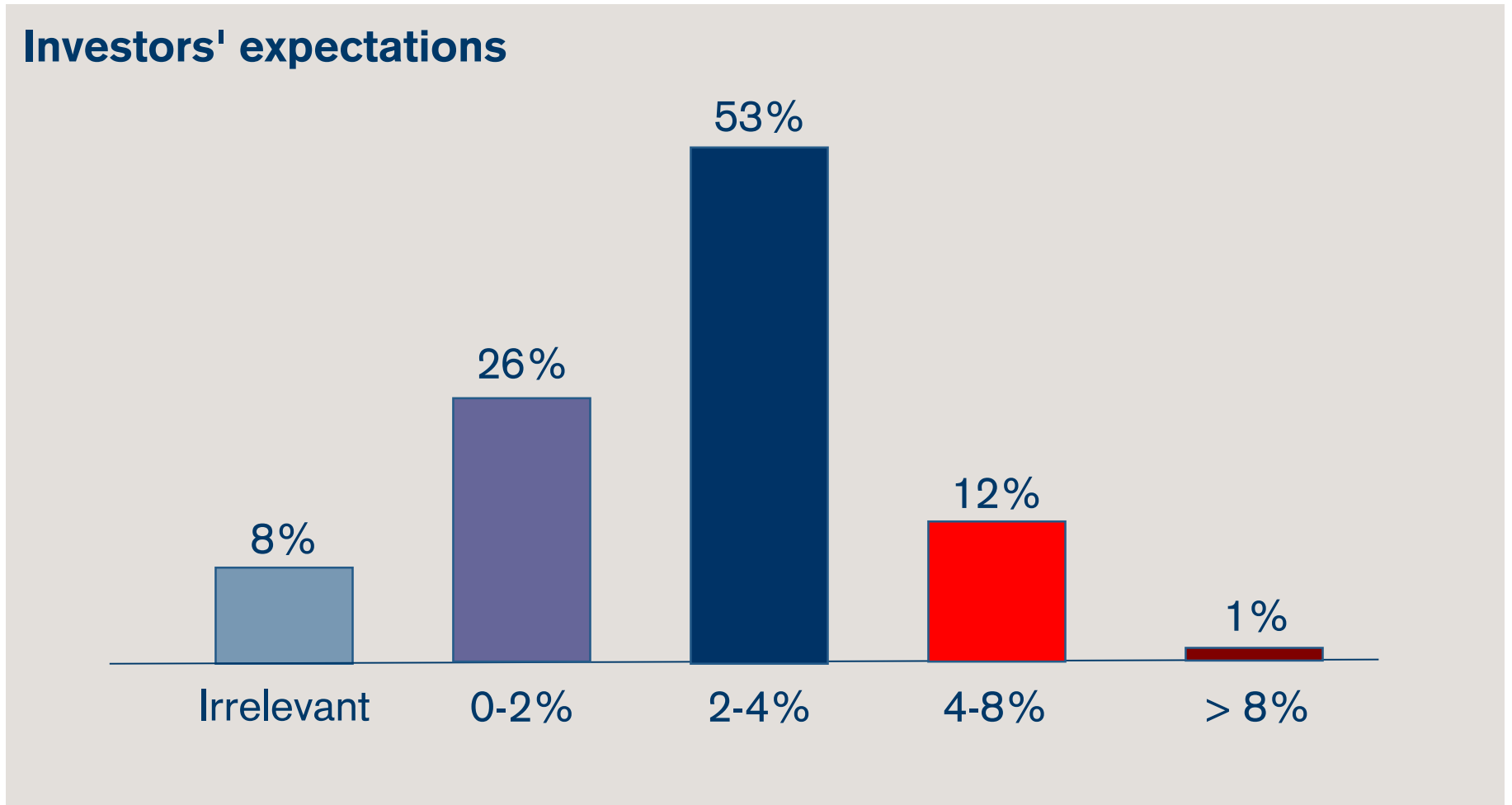
- Borrowers increase productivity and income
- Reduces vulnerability to economic shocks
- Empowering of women

# Why invest in microfinance



Source: Credit Suisse internal survey, 2010

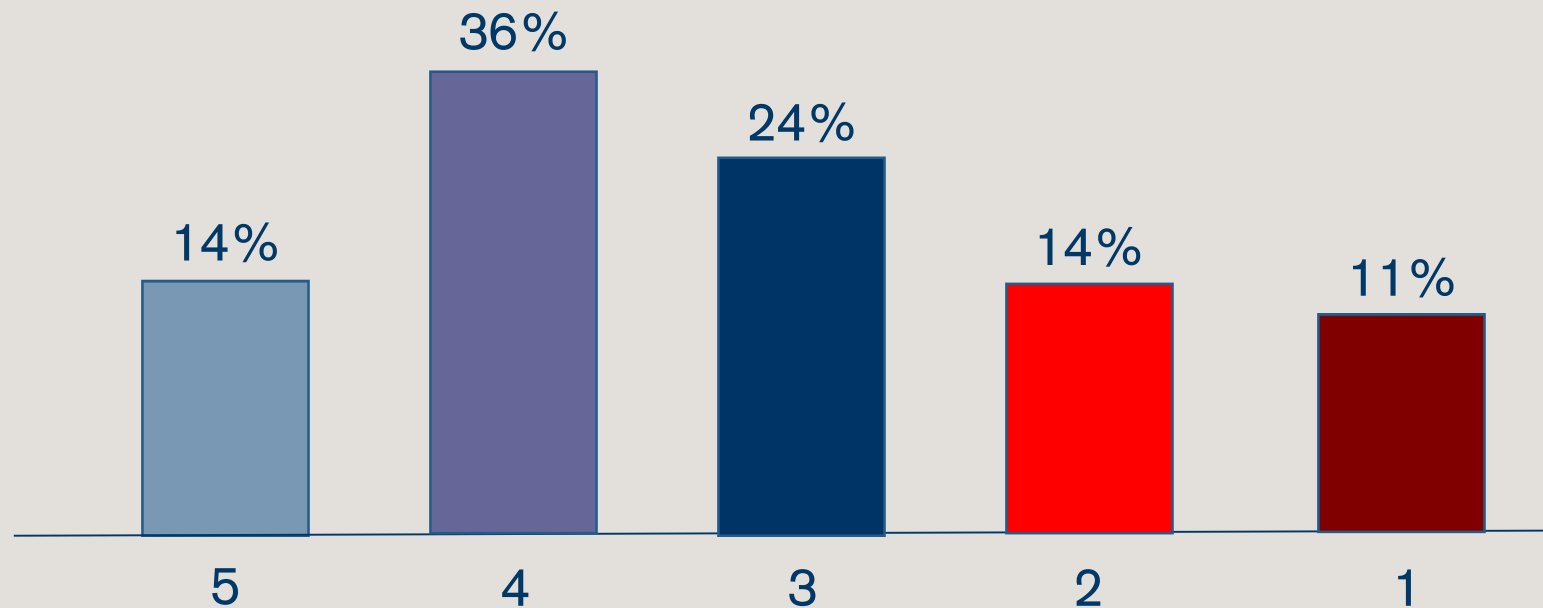
## Expected financial return in Microfinance



Source: Credit Suisse internal survey, 2010

## Social performance reporting

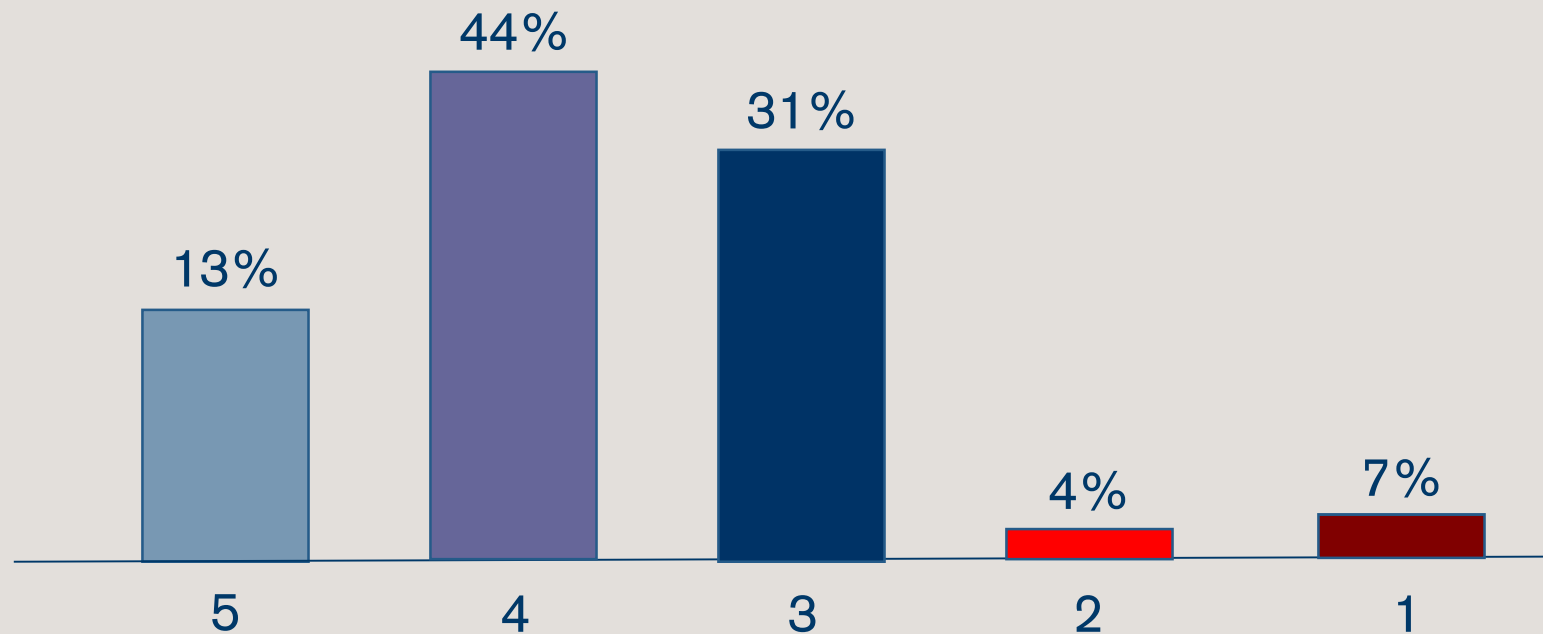
**Degree of satisfaction with provided information  
(5 = very satisfied, 1 = not at all satisfied)**



Source: Credit Suisse internal survey, 2010

## Social performance of Microfinance

**Degree of satisfaction with social performance of Microfinance  
(5 = very satisfied, 1 = not at all satisfied)**



Source: Credit Suisse internal survey, 2010

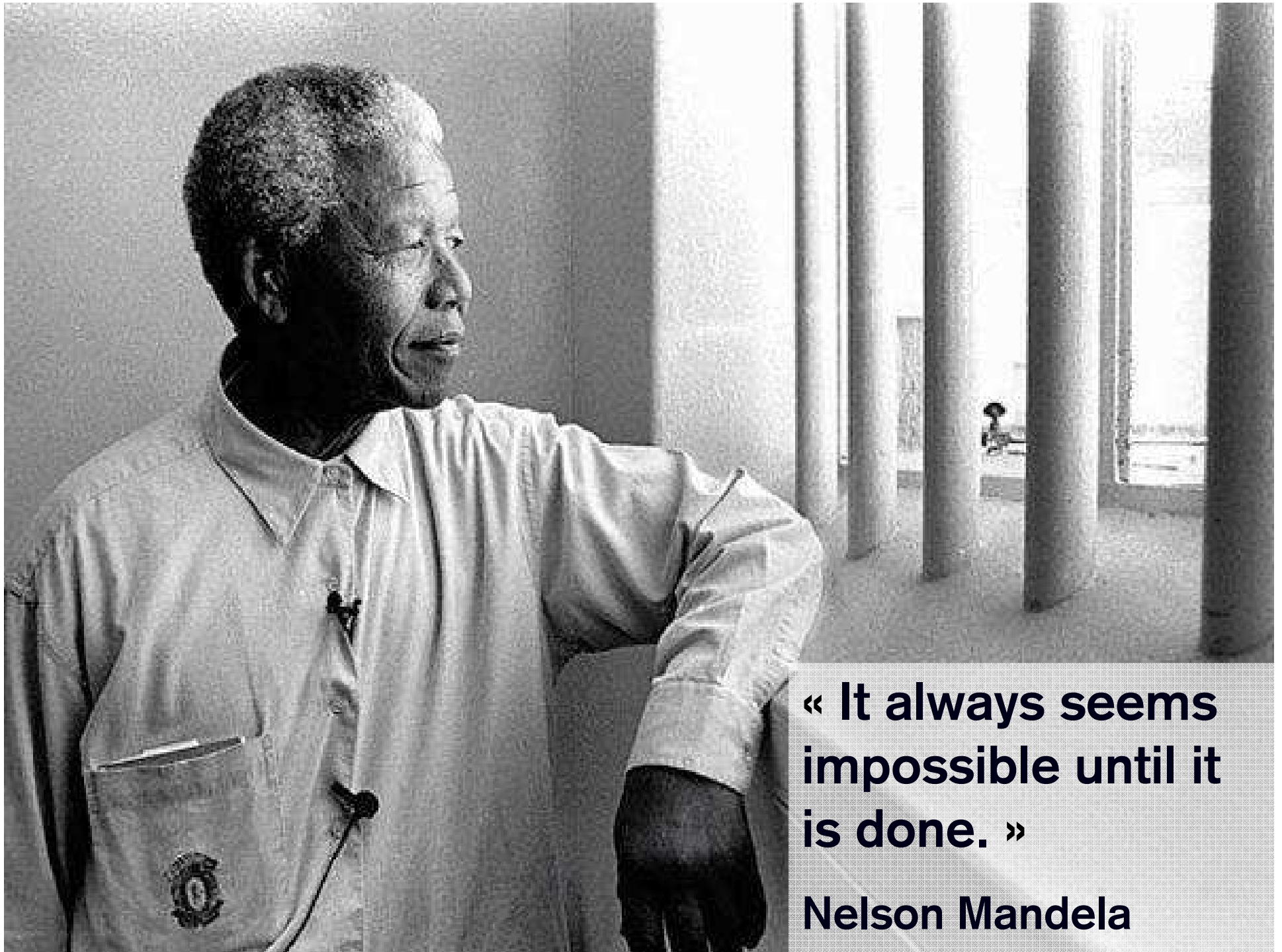


## Key takeaways

- While most investors do expect a financial return, the primary reason for an investment in microfinance is the social performance
- Most clients explicitly mention the improvement of the economic and social situation of the borrower as key investment rationale
- However, almost 50% of clients have concerns about the current development of microfinance
- Investors worry about the repayment capacity of the borrowers, followed by the excess liquidity in the market

## Concluding remarks and outlook

- Both investments from retail and institutional clients into 'double-bottom line' products as well as available offering will increase further
- However, there is not 'one-basket' of investors – different investors pursue different end-objectives
- Reputation is and will remain key – so we shall be careful about what we claim
- New landscape will require closer scrutiny by banks and new tools to plot the risk-return profile of a product with its social impact in order to make meaningful comparisons
- While HNWI will become more demanding in the product selection, primary responsibility will lie with banks as part of their fiduciary duty



**« It always seems impossible until it is done. »**

**Nelson Mandela**