ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES

MARKETING PRACTICES IN ETHIOPIAN MICROFINANCE INSTITUTIONS: THE CASE OF OROMIA CREDIT AND SAVING SHARE COMPANY

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CHAPTER ONE

1. Introduction

1.1. Background of the Study

According to Association of Ethiopian Microfinance Institutions (AEMFI) Microfinance industry was introduced in Ethiopia in 1980s when the government failed to deliver subsidized credit to poor farmers. It was designed to seek effective market oriented solutions to the provision of sustainable and effective financial services to low and middle income group of people living in both rural and urban areas.

> *During the emergence of this industry most microfinance firms were established to support the effort of poverty reduction by insuring their operational and financial sustainability.* AEMFI Occasional paper No. 2, (2008)

Since 1980s, the sector has registered significant growth and still new microfinance firms are joining the industry. In Ethiopia pioneer microfinance firms re established by transformation of rural credit and saving scheme development and other projects by initiation of regional government after the issuance of the proclamation to license and supervise microfinance institutions by NBE in 1996. Currently, there are about 30 microfinance institutions operating in the country and providing different financial services like loan, savings, and insurance services to rural group based clients and urban small and micro enterprise practitioners (AEMFI).

Marketing for a microfinance institution can be defined as an analytical tool to study and know the client so as to identify microfinance service attributes demanded. The concept of marketing program has emerged as an important issue for microfinance institution only in the past few years. (MicroSave occasional paper, -2008).

Accordingly, increasing competition in some markets for microfinance, slowing growth rate in certain markets for microfinance, slowing growth rates in certain microfinance institution, increasing client desertion and growing recognition that MFIs need to be more client led contributed for the emergence of marketing in this industry.

Since, it determines all interrelated activities of the organization and influence overall management, it is obvious that better marketing practice plays a dominant role towards achievement of organizational goal and directs all organizational efforts towards satisfaction of target customers.

According to Micro save 2007, the landscape of the microfinance market has changed dramatically. Those firms who have been operating in a relatively non-competitive environment become facing strict challenges from formal financial institutions. Almost all microfinance institutions in Ethiopia are facing challenges from direct financial service providers like conventional banks, rival microfinance firms and informal service providers or money lenders. New MFIs are continuously entering the market. Moreover, commercial banks have also started to down scale to serve the target markets of microfinance firms. At the same time, clients have becomes more sophisticated and demanding. As a result, better marketing practices become mandatory task of microfinance institutions so as to ensure their survival in the industry through customer driven service provision.

Both internal and external factors determine the success of microfinance firms. (OCSSCO Strategic Plan 2008) Increased portfolio size, reduced client loss, improved repayments and savings are those internal factors that should be enhanced by effective marketing strategies. Consequently, market and demand analysis, strategic positioning and promotion, monitoring and analyzing consumer behavior are few of marketing tasks. Economic environment, political or regulatory, competition and external shocks are also external factors that should be monitored. Market analysis is needed to microfinance institutions to monitor factors affecting the local economy like weather, inflation, religions, holydays, etc...that could affect either client's demand for financial products or their ability to repay. Such market analysis will also enable microfinance firms to pinpoint policies and regulations that could affect the interest rate an institution should charge and to analyze any probable shifts in product demand because of catastrophic events like flood, bad weather, economic crises etc...

Market analysis should also consider client behavior analysis. Micro finance firms need to refine existing financial products to client needs and preferences. To this end, MFIs should analyze their rate of client retention, the cause of client dropouts, financial products in which clients are more interested and their perception of current service. Organizations use the result of these analyses to evaluate which products and services can be delivered to clients cost effectively and profitably.

Marketing should be an integrated function within microfinance firms since it is about knowing clients, competitors and business environment. They have to closely monitor client needs and market conditions to become attuned with changing demand and to stay a head of competition.

Therefore, this paper tries to explore the marketing strategies to be adopted by micro finance institutions through identifying what their clients need. It also directs how MFIs match the attributes of their

According to review study of the microfinance industry in Ethiopia conducted by Green Bell PLC, tolerable range of saving to outstanding loan ratio must be greater than 25%. But company's saving ratio falls below this range of tolerance. It ranges from 16% to 20% from company's establishment. The current figure shows less than 10%.

In 2007/8, the company introduced two new saving financial services called "Handhuuraa" (saving for child) and "Sooramaa" (saving for retirement). The naming of these financial products was taken from rich Oromo people's culture. These financial services were introduced with the hope of transforming this culture to modern saving in terms of cash; how ever, these new financial products were not successful as management expectation. Only few branches reported "Handhuura" saving clients.

As stated above the company's research and business development experts were devoting their time on outreach related tasks like identifying new markets for branch expansion through out the region, introducing company's methodologies to these prospective clients, designing new methodologies and procedures to extend the service for pastoral communities and searching for loanable fund from different stakeholders.
No investigation were made on issues like client satisfaction level, evaluation of financial product attributes, causes of client dropouts, and increasing portfolio at risk etc....to improve the entire operation quality and ensure company sustainability. These are highly interrelated problems since a single failure in one financial service (Saving or Loan) may cause all these problems.

1.3. Research Objectives

The principal objective of this research is to investigate the major marketing problems in Oromia Credit and Saving Share Co. Moreover, the study intends to recommend strategies that will enable the company to the existing challenges in the microfinance industry.

The specific objectives of this study are:

i. To identify the attributes of financial services which are more preferred by microfinance customers to make financial service choice.
ii. To assess the performance of each financial service attributes of Oromia Credit and Saving Share Company (OCSSCO) especially loan and saving services in achieving their target customers preference.
iii. To evaluate company's internal marketing strength to achieve its corporate goal.
iv. To know the reason why clients terminate from company's loan or saving services.
v. To recommend service improvement strategies that will contribute to its competitiveness in the industry

1.4. Research Questions

To address the above stated objectives, the research work will be guided by the following basic research questions.

1. Which financial product attributes are more preferred by clients in both loan and saving to make service decision?
2. How clients evaluate OCSSCO with respect to these preferred financial service attributes?
3. What problems clients faced with financial service of OCSSCO?
4. How the company is handling its internal marketing especially in motivating its employees to enhance its operation?
5. Which service attributes of the company needs to be revised or improved to better satisfy target clients?

1.5. Significance of the Study

In Ethiopia, the financial sector of the economy was liberalized with the expectation of securing the financial need of poor entrepreneurs both in rural and urban areas by considering their impact on the growth of national economy. As a result, the issuance of microfinance institutions was also recognized as a significant development tool in addressing poverty. Consequently, pioneer MFIs were established to achieve two interdependent goals of poverty reduction and maintaining organizational sustainability in operation.

Successful microfinance institutions contribute a lot for industrialization of the national economy by linking rural and urban economies and can insure their financial sustainability. Therefore, resource poor entrepreneurs can simply realize their economic dream. To achieve these social and organizational goals, MFIs should attain their financial and operational sustainability. This is also possible only when the attributes of financial products are exactly tailored to the need of target client and delivered effectively in flexible manner. To this end, MFIs must undertake client assessment to identify major problems behind service failure and to improve each financial product attributes to the need and want of target market.

Therefore, the findings of this research have the following contribution for the organization under study as well as the industry in general.

- They can improve the share of client saving out of the total loan portfolio and consequently shift to saving-led MFI.
- Significantly reduce their portfolio as risk below reasonable rate by improving their loan repayment rate.
- They can also operate at a level in which they become operationally and financially self sufficient.

- They can also expand their client outreach so as to achieve their organizational mandate of poverty reduction.

1.6. Scope of the Study

The study was undertaken in nine branches of Oromia Credit and Saving Share Company (OCSSCO). These branches are reasonably selected based on their past performance with respect to loan disbursement, and saving mobilization relative to other branches. Therefore, these branches maintain the lowest rank in disbursing loan and mobilizing client saving relative to other branches of the company. More over, these low performing branches are selected evenly from all corners of company's branches.

1.7. Limitations of the Study

The study has the following limitations.

- Only nine among one hundred ninety branches of the company were addressed in this study due to financial and time limitations. In addition, for the same reason the sample size used relative to number of company's clients is low. Therefore, the outcome of this research study should be understood considering this limitation.
- Due to the complexity of the task and time and resource constraints, the study doesn't represent comprehensive analysis of all marketing mix elements of service enterprises. The author focuses on main marketing problems of the company especially on the problems related to financial products like loan and savings, their attributes with respect to client preference, price (interest and other charges) promotion of these products, people (staff competency in handling these products).
- The findings of the research presented in this paper assume that all responses of the respondents are rationally filled. But it may not be absolutely free from the limitations of bias.

- Finally, shortage of secondary data like restrictions to access different internal data literatures especially on marketing of financial services (absence of marketing literatures in microfinance context) were some of the limitations the author faced.

1.8. Organization of the Study

This paper is organized in five chapters. The first chapter of the study is dealing with introductory issues. It presents the back ground of the study, the statement of the problem, objectives and significance of the study. Review of related literatures having a brief background of microfinance industry in Ethiopia and their service delivery models as well as marketing mix elements in MFIs are discussed in chapter two. Chapter three of the study deals with the research methodology in detail. Then, the fourth chapter includes the collected data presentation and analysis of the research. And lastly; summary of the finding, conclusion and recommendation of the researcher are presented.

CHAPTER TWO

2. LITRATURE REVIEW

2.1. INDUSTRY OVERVIEW

> *The term microfinance was first introduced in 1990, with the specific connotation of encompassing micro credit and micro saving as well as other financial services. It comprises formal and informal financial institutions, small and large, and provides small size financial services to the rural and urban lower segments of the population* Wolday Amaha (2008).

This implies microfinance is a system of delivering financial services to a previously ignored, excluded, and disadvantaged world population.

> *Microfinance is a more formalized system of mobilizing small savings and transforming these in to a wide range of services.... It is a term that embraces a set of social and financial devices designed to overcome institutional rigidities of formal financial institutions and to compensate for limitation of the target market segment, that is the poor people who have no regular income/ most vulnerable to shocks....* Sahara, 2000.

From these, what makes microfinance different from conventional financial system is its high degree of flexibility and their target clients. According to Prof. Muhammad Yunus, the Bangladesh Economist and founder of Grameen Bank, Microfinance is a revolution in banking that has opened doors that for years denied financial services to the poor; when banks lent to the rich, the microfinance institutions lent to the poor. When banks lent to men, they lent to women. When banks made large loans, they made small ones. When banks require collateral, their loans where collateral free. When banks require endless paperwork, their loans were virtually paper less and thus friendly to a largely illiterate customer group. When clients had to come to the bank, the microfinance instead went to the clients. Therefore, microfinance service is targeted and designed to meet the needs and match the capacity of its prospective customers. It is also a process of implementing procedures specifically designed to that end.

> *Microfinance, of which micro credit is a component, is a sub set of flexible structures and systems by which a wide range of financial and enterprise development services are offered to micro enterprise owners in an affordable and convenient manner* Okoye 28.

Therefore, microfinance has a third level of meaning, which goes beyond the core product, and even encompasses service delivery mechanisms and process. Stuart Rutherford acknowledged this fact as follows.

> *Microfinance is when a financial product is well suited to the low income populations' capacity to save and their needs for lump sums....." " .....or product delivery systems are convenient" and ".... when the provider institution is well adapted to delivering such products.*

This implies microfinance institutions must undertake institutional innovations aimed at serving the poor without relying on wealth as the basic mandatory collateral. These innovations include group lending with joint liability, village banking, and individual lending methodology with client character test. In addition, AEMFI has also cited the following features and service delivery models of MFIs.

These include:

- Small value loans: Compared to regular financial products , the loans offered by MFIs are almost always small in value, not only because of the need to match size and capacity to repay, but also deliberately to minimize credit risks while the provider learns more about the credit Worthiness of customers. The other reason for small value loans in microfinance is the investment opportunities in which the low income and poor clients can effectively invest given their limited experience and capacity.

- High effective interest rates: To cover their costs MFI loans have attracted high interest rates.
- High sustainability threshold: More MFIs are gradually becoming financially self-sustaining.
- Short term frequent repayments: MFI loans are typically short term: Just for 12 months, 180 days, or even shorter than 90 days. Repayments are frequent and without grace period.
- Successively larger loans: MFIs all provide small value loans, but offer successively bigger loans to clients as part of their risk management strategy. The more they get to know clients, the more MFIs are willing to give bigger loans and better terms.
- Relatively high operational costs: On relative terms, MFIs have been less effective in managing costs, though this is changing. While it is also true that this is somehow related to the above characteristics, lack of standards or explicit expectations in the initial development of microfinance had not encouraged MFIs to streamline operational costs.

2.1.2. Microfinance Industry in Ethiopia and its Challenges

Like in the rest of the world, the credit policy of the country both during the Imperial and Derge periods had many problems among which setting of proper targets, shortage of skilled manpower and funds as well as reliance on collateral rather than repayment capacity were the majors.

During the Derge regime, there were many NGOs involved in the provision of micro finance service, in rural areas in particular. However, NGO credit schemes were fraught with lots of problems resulting in a 'bad credit culture'. These include charging interest rates that do not reflect true cost; lack of sound lending & collection policies & procedures; lending without verifying borrowers integrity and skill; lending based on needs as perceived by NGO staff rather than felt needs of borrowers; loan terms not based on repayment capacity and cash flow of borrowers; lending without taking loan portfolio diversification into account and lack of serious collection effort by pursuing defaulting borrowers.

During the emergence of this industry most microfinance firms were established to support government effort of poverty reduction by insuring their operational and financial sustainability. The existing market opportunities in this industry were not recognized as a prime motivator. Due to this fact Ethiopian pioneer microfinance firms were established to discharge a pure social responsibility and established by transformation of rural credit and saving scheme development and other projects by initiation of regional governments after the issuance of the proclamation to license and supervise microfinance institutions by NBE in 1996.

2.2. Marketing in Microfinance

Marketing in microfinance attempts to understand the needs of the microfinance clients and adapt operations in order to meet these needs so as to achieve greater profitability/sustainability.

Innovative MFIs are paying careful attention to the operations of the informal sector and are learning invaluable lessons that may be useful in terms of product design and delivery mechanism. (MicroSave 2008).

From this we can imply that firms should adapt flexible marketing or financial service delivery strategies to fit with their target market need. They need to design the right financial products in which their attributes are shaped as of the needs and preferences of target market. It is an integrated function which requires the participation of the entire institution from the general manager to the loan officers. Everyone has a role to play in ensuring that information is collected, transmitted, analyzed, and the appropriate decisions taken. Then the whole institution must be behind the initiatives that are created.

To this end, as a service organization, microfinance institutions should consider the 8ps in marketing to insure their success in the industry. These include product, price, promotion, place, positioning, people, process and physical evidence.

2.2.1. Financial Products in Microfinance

In microfinance context, product represents financial services delivered by MFIs. In Ethiopia, most MFIs deliver financial services /products/ like small size loan, savings, and insurance for loan clients. In order to keep the microfinance firm competitive in the industry, it is mandatory to design and modify financial products that will fit the target clients' need. This also needs clear understanding of the target client. The target clients of microfinance are poor but willing to pay for access and convenience. They demand loan at clients' doorstep, low transaction cost, small transition period, and application procedures are simple and clearly understood by the clients.

Most Microfinance institutions in Ethiopia have started with set loan products and have stuck with them with slight modification. For many institutions that started with group loans and are receiving important feedback from the clients on their desires, the first major shift in products appears to be to add individual lending. This is an important challenge for institutions that do not have experience with managing collateral and individual risk. However, some microfinance firms in Ethiopia like Addis Credit and Saving Share Company, Dedebit Microfinance and Oromia Credit and Saving Share Company started to develop and manage small size individual loan on restricted base.
AEMFI Occasional paper No. 2, (2010).

Until there is a felt need for the specific information, the MFIs tend not to want to invest in the research for new product development. Even after there is a felt need for new products, it is sometimes difficult to get enough funds to cover the costs. Pilot testing of new products depends on the nature of the product and the market.
Testing of individual loans or other products designed for existing clientele is usually carried out in well established branches with existing clients only.

When existing MFIs develop new products for their markets, they first investigate similar products in other countries, when possible.
The other important financial service offered by MFIs is saving services. Target clients of MFIs are characterized as low income poor peoples who are found both in rural and urban. These people can save so as to finance their future expenditure.

Poor people save because they must, since their income is rarely sufficient to manage crises, to invest or to pay for large expected expenses, such as school fees, wedding, or home construction / renewal/

> *Numerous studies and worldwide experience confirms that they use informal savings devices even though these are often neither reliable nor secure due to limited access to deposit services offered by formal or semi-formal institutions. The consequence of the scarce availability of appropriate savings services is that most poor people save in informal ways like saving in kind.* Okoye.

However, Ethiopian microfinance institutions are facing challenges from different angles. The real return from small saving even in formal financial institutions may not attract rural savers due to economic opportunities they have. Those savers want security of their savings, with

D. Related to institution's staff.

- Skill of the institution's staff.
- Lack calculating interest on time and posting on the ledger and passbook of depositor.
- No strong understanding of saving product by the company's line staff or lack of internalizing purpose and benefit of saving for the company
- Lack of skilled manpower on saving mobilization and product management.
- Week commitment to mobilize saving
- No collaboration or strong relationship with other stockholders

Factors related to clients

- Poor financial Literacy :- un planed financial management
- Extravagancy social ceremonies (Holy days, wedding social get together etc.)

External Factors

- Less support of regional government on mobilization of institutionally ideal/ non functional or unused money accumulated in government banks.
- Different institutions have bad image of on the company due to different factors.
- Lack of knowledge why OCSSCO mobilize saving by stakeholders

Microfinance firms need to continuously develop new financial products. According to MicroSave MFIs develop new products to address client needs. Some of these are the need to

- Effectively respond to the demands and preferences of customers
- Examine the potential for deeper outreach especially remote potential clients who are not addressed by other MFIs
- Improve sustainability by generating higher revenues to cover costs.

- Raise new source of capital for loans
- Retain loyal clients and reduce client loss and
- Reduce vulnerability.

MFIs generally develop new products to add to their product mix following feedback and demand from the clients or competitive forces that push them to expand their market.

> *During need and opportunity analysis, MFIs should review the existing competition and products offered by both the formal and informal sectors. In the process of need and opportunity analysis all attributes of financial products which are appropriate to clients are determined* (Micro Save 2010).

Identifying needs is possible by using internal records. For instance, limited growth in the take-up of savings or loan products may be one indicative of inappropriate products. If many of the saving accounts are dormant or maintained at the minimum also shows the need to review and improve products.

Similarly, if clients are only taking limited loans despite expressed needs for additional credits, the degree of the loan products may be restricting their desire or ability to use them. Liquidity and profitability levels are also good indicators that can initiate new product development. To this end both limited and excess liquidity are undesirable to MFIs. Profitability pressure arises when an MFI strives to maintain its self sufficiency or to meet investors or stakeholders demand. Once the need and opportunity of new product development are identified the next step is designing and pilot testing. Monitoring and evaluation and finally implementation/commercialization/ are consecutive tasks to be undertaken.

2.2.1.1. Branding Microfinance Service

Of the most overlooked customer value is image. This prioritization is understandable given that image value probably carries the least weight with microfinance customers. Yet precisely because it is generally underutilized, MFIs, particularly those in competitive markets, may be able to generate the greatest additional customer value through an effective branding strategy.

> *A brand is an image, cultivated through marketing strategies, that identifies the products or services of one company and differentiates them from those of its competitors. A brand is more than just a name or a logo. It conveys a complex level of meaning about the company, its products, and its customers. Strong brands generate loyalty because customers like being associated with the image that the company or its products represents (*Kotler).

2.2.1.2. Financial Product Attributes

Product Attribute is what microfinance clients' view as the key elements/criteria/attributes in financial services which are important to make financial service choice decision. Alternatively it can be used to understand clients' satisfaction/dissatisfaction with different elements of the MFI's financial services. Microfinance clients perceive different financial product attributes according to their importance to them.

> *Product Attribute Ranking allows us to see how clients and potential clients perceive the components of financial services, and which of those elements are important for them. It also helps challenge pre-conceived notions about poor people's attitudes towards financial services, what matters to them, and why they have those preferences.* (Microsave 2009).

According to Micro save microfinance savers make a decision on were to save based on their mental evaluation of saving attributes which are more important to them and the performance of a particular microfinance institution on more preferred financial attributes. For instance, microfinance branch distance/proximity, security of client deposit, minimum account opening balance, friendly staff. Chance of getting loan after saving, interest on deposit, fast service, branch opening hours, etc... are some of saving financial product attributes which are interests to savers.

2.2.2. Pricing Microfinance Service in Ethiopia

Price in microfinance service represents payment made by service clients in terms of loan interest, service charges, insurance payments etc...
Pricing considers the demand, profit/sustainability/objectives using various strategies that include cost based, cost-plus, demand-based and break-even. It looks at behavioral attitudes, perceived values, etc... It seeks to determine what the buyer must give up for the financial service in terms of interest rate, and other related expenses. Micro lenders are subject to significantly higher transaction costs than conventional banks both in absolute and relative terms. Costs involved are the major considerations in determining these rates.

> *It is often observed that the interest rates charged to borrowers of micro loans are quite high in both developed and developing countries. In countries like Indonesia and Philippines it reaches up to 80% (AEMFI 2009).*

Three types of costs are associated with the lending process. These are the cost of funds for on-lending, the cost of risk or loan loss and administrative costs.

> *In Ethiopia, proclamation number 40/1996, was issued in January 1996 to license and supervise the business of microfinance so as to provide legal framework to the industry. When the government issued this proclamation, the interest rate of the industry was regulated and the MFIs were not allowed to set their interest rate. The maximum loan interest rate was almost 12% (*AEMFI 2009).

Currently, most microfinance institutions are charging more than this maximum rate due to challenges they are facing in the industry. The challenges to succeed in reaching the remote poor who has no financial access from conventional banks through devising innovative strategies which include organizing borrowers into groups to reduce the risk of

MFIs that selected their interest rates based strictly on sustainability issues rather than market analysis are often slow to adjust prices in relation to the market rates. Only those MFIs that are dependent on borrowed money pay close attention to the market rates and adjust theirs in reaction to the commercial rates. Since most successful MFIs are already lending at positive real rates of interest that are significantly higher than the commercial market rates, changes in the local market rates rarely have much effect on them.

> *As competition increases or the MFIs begin to understand their clients better, pricing often changes (usually increases, but sometimes decreases) as a reaction to the market environment. However, only a few of the institutions surveyed noted that they have modified their rates in response to competition, and then it is usually to have the same price, rarely ever lower. They prefer to adjust other product characteristics (such as timing, term, guarantees).* Dichter, Thomas and Malcolm Harper, 2007.

The ways that prices on financial products are calculated and presented vary greatly between institutions in the same country. It is often observed that the interest rates charged to borrowers of micro finance loans are quite high in both developed and developing countries up to 80% like in Indonesia and Philippines. Micro lenders are subject to significantly higher transaction costs than conventional banks both in absolute and relative terms. Costs involved are the major considerations in determining these rates. Three types of costs are associated with the lending process. These are the cost of funds for on-lending, the cost of risk or loan loss and administrative costs. These costs also vary proportionally with loan size that will be disbursed. Therefore, it is apparent that a considerable portion of the higher interest rate charged to borrowers by micro lenders is derived from increased costs associated with this transaction. Despite these high interest rates, micro lenders should also provide a positive marginal benefit to borrowers to ensure client satisfaction. Therefore, the high rates charged by microfinance institutions must be affordable and lower than those charged by informal sources like local money lenders, and poor clients must be able to pay this rate.

Currently, Ethiopian Microfinance institutions are charging different loan interest rates for main financial services namely rural and urban group based loan and small and micro enterprise loan. These financial services are selected due to their recognition in all MFIs in Ethiopia and each firm is delivering these services to its clients.

The following table shows the comparative price (interest rates and service charge) of some of Ethiopian microfinance institutions for two important financial products (Rural and urban group based and small and micro-enterprise loans).

Table:1. Interest Rates and Service Charges Charged by Ethiopian MFIs

No	Name of MFI	Rural & urban group based loan interest rate	Small & Micro enterprise, interest rate	Service charge
1	ACSI	13 %	18 %	3 %
2	ADCSI	13 %	13 %	3%
6	Busa	30 %	30 %	3%
7	DECSI	18 %	18 %	3%
8	Dire	11.5%	11.5%	3%
9	Eshet	24 %	24 %	0%
10	Letta	19 %	19 %	3%
11	OCSSCO	12.5 %	10 %	3%
12	Omo	18 %	18 %	3%
13	Shashemene MFI	17 %	17 %	3%
14	Sidama	18%	15%	3%
15	Wisdom	15%	15%	3%
16	Harari	12%	11%	3%
17	Gasha	15%	15%	3%
18	PEACE	18 %	xxx	3%
19	Africa Village	18%	16%	2%
20	SPSI	18.5%	18.5%	2 %
21	Harbu MFI	13%	13%	3%
22	Meklit	24%	17%	3 %
23	Wasasa	24%	24%	3%

Source: Association of Ethiopian Microfinance Institutions (AEMFI)

- All considered in the table above are flat rates.

- Service charge percentages are out of the total loan given to clients.

2.2.3. Promotion of Microfinance Service

Unless clients know what MFIs are offering, they are not offering them. MFIs should communicate their financial services through proper media available in the market. MicroSave also cited some of the main vehicles for publicity identified were the media, institution specific literature, and special events. The other main means of promotion and the tool that most of the institutions believed to be most effective is the use of the loan officers interfacing with potential clients and the word of mouth communication among customers.

Different kinds of tools may use at different points in time. Microfinance firms can get free opportunities to communicate their service to their target clients.

> *The opening of a new branch is always an opportunity to hold a media event, around which there can be advertising, special articles, and pieces in the media and the public authorities can be involved. Advertising and promotion is usually localized around the branch or town where the institution is located Graham A.N. Wright, Leonard 1998.*

They also cited standard advertising and publicity tools which include the general media (printed press, radio, television, banners, and broadcasting cars) and institution-specific media like brochures, posters, leaflets, flyers, calendars, billboards, logos, bumper stickers, and other items.

In general MFIs must understand the characteristics of their target market in selecting the right medium to communicate the service.

Loyalty incentives are also means of capturing relationships. Companies that realize the importance of repeat customers have developed incentive programs to enhance client retention.

Some microfinance institutions classify their best customers as Very Important Persons (VIPs), which entitles them to preferred services that include a lower interest rate and faster loan processing. This has the dual benefit of rewarding timely repayment (rather than punishing delinquency), lowering administrative expenses, and providing customers with a tangible reward for their repeat patronage.

Income requirements and an excellent repayment record qualify customers for this service, which may in the future be used to automate the disbursement and repayment process. These same customers are also eligible for home improvement loans.

Awards can also be given to customers who meet certain milestones. For example, they may be classified as "golden customers" once they have been with you for five years, and this could entitle them to receive one loan at half price. Or perhaps once they have successfully repaid ten loans without delinquency, they can receive their 11th loan for free. These types of programs not only reward repeat patronage, but they also create disincentives for desertion.

2.2.4. Place /Distribution/ Location of Operations/

This involves making sure that the service/ product/ is accessible where and when it is wanted. This includes such options such as outreach agents, mobile bankers, and ATMs. From the customers perspective, place refers to convenience and accessibility of the product or service being offered by microfinance institutions. Accessibility of microfinance branch is one important consideration in making decisions on were to save or borrow. Depending on existing infrastructure MFIs can also solve existing spatial gap through service communication technologies.

2.2.5. Service Positioning in Microfinance Industry

Positioning is the act of designing the company's offering and image so that they occupy a meaningful and distinct competitive position in the target customer's mind (Kotler).

Accordingly, it is how the MFIs occupy a distinct competitive position in the minds of the target customer relative to other MFIs and other financing firms. This could be in terms of low transaction cost, low price, high quality, quick and professional service. The positioning of the financial product needs to be consistent with the positioning of the institution.

2.2.6. The role of People /staff/ in MFI

Includes how the clients are treated by the people involved with delivering the product/service. i.e the staff of the MFI. Are they treated with courtesy and attention? Are they made to feel welcome?

MFIs need to provide quality customer service so as to survive in the industry. These may include activities like regularly checking to ensure that the customers is satisfied with the products services, seeking out customer complaints and relishes the opportunity to resolve them, actively soliciting customer suggestions for improvements, working to discover new ways of meeting customers' evolving needs and striving to exceed customers' expectations.

Customer service begins at the top. Executive management sets the tone for how staff should treat the customer by how the company treats its staff. It needs to ensure that the head office provides its branches (its internal customers) with quality service so they can in turn provide their clients (external customers) with the best possible service. Senior management also needs to step out of the office on a regular basis and talk to customers, both internal and external.

By focusing our staff's attention on this issue, we can encourage them to cultivate word-of-mouth marketing by creating positive experiences. On the other side, bad news travels a lot faster than good news especially in microfinance institutions. One person's negative experience can quickly be transmitted to many people. Dissatisfied customers are more likely to tell people about their unpleasant experience than a satisfied customer.

> *Ninety percent of dissatisfied customers whose problems are not solved will never do business with the institution again; but when customer complaints are received, responded to, and fixed, there is a 90 percent chance that the formerly unhappy customer will return. Complaints also provide a valuable source of customer satisfaction information. A database of customer service complaints can help categorize issues to focus on the underlying reasons for the complaints* Margvesite S. Robinson (2001).

It is not sufficient, however, to focus on complaints, because perhaps as few as one in fifty dissatisfied customers actually voice their concerns. MFIs need to use tools that make it possible to regularly gauge the tenor of customer sentiment. They also should make it easy for customers to communicate with them. For example, a branch manager may meet all new clients as an important internal control function, which also creates an opportunity to solicit their opinions, make them feel comfortable about expressing themselves, and let them know that he has an open door policy.

2.2.6.1. Building Relationships

In microfinance, the personal relationship between clients and front-line staff is more important than in most service industries.
Accordingly, loan officers who create close relationships with their customers develop a sixth sense in evaluating an applicant's character and repayment capacity. For instance, interviews with both clients and loan officers reveal that the strong relationship between the two is an

MFI can, and should use a different marketing mix for each product and for each market segment. Each "P" doesn't need to change from one segment to another, but the mix as a whole should cater to the market's particular need and preference" Cheryl Frankiewicz.

Accordingly, each set of 8ps must be consistent with the institution's resource, business strategy, image and culture. Individual elements should also be consistent, so that as a whole they can convey a coherent message.

CHAPTER THREE

3. Frame of Reference and Research Methodology

This chapter will provide the general framework of the research methodology adopted by the researcher based on literature review.

3.1. Frame of Reference

In this part the conceptual framework of the research that explains the key factors and variables are presented. The conceptualization helps to answer the study's research questions. This conceptual framework will also guide the data collection of this study.

Main purpose of the study is to investigate the major marketing problems of Oromia Credit and Saving Share Company (OCSSCO) so as to recommend marketing strategies that will enable the company to fit the existing challenges in the microfinance industry. To this end, the first research question to be addressed is to identify what financial service attributes of both loan and saving are favored by microfinance clients. It allows us to see how clients and potential clients perceive the components of financial services, and which of those elements are important for them. The second research question; attempt to identify how clients evaluate the performance of different attributes of saving and loan financial products of the company. The third research objective is to identify what problems clients face with current service of OCSSCO. The forth, is to identify what problems exist in the company with internal marketing.

Like tangible products, microfinance services maintain different attributes which benefit clients. These attributes help microfinance clients make decisions based on their importance to them. Clients can also rank from what they "DISLIKE" most to what they "LIKE" best.

data. Both statistical methods and participatory rapid appraisal (PRA) tools were used in combination.

3.2.3. Population and Sample

Target population of this study was loan clients of the company, clients having deposit accounts, and dropouts.

Accordingly, 165 saving clients, 250 loan clients, 45 branch employees and 120 dropouts are addressed.

In addition, group discussions constituting two saving clients, two loan clients, two dropout members in each branch were made. These participants were asked on issues they consider in making service and loan decision from financial institutions as well as what problems they face in Oromia Credit and Saving share Company (OCSSCO).

3.2.3.1. Selecting the Sampling Method

In order to answer the research questions and achieve the research objectives, data and information were collected from both primary and secondary sources. The primary data were collected through survey and focus group discussion to understand respondents' preference and satisfaction level with company's financial service from both loan and saving clients, dropouts, and internal staff constituting branch managers, branch loan officers, auditors, and accountants.

Branches constituting the highest client dropout, the lowest saving account and the lower loan disbursement were taken for this research purpose. Robe, sinana, and Agarfa branches from shashemene area office, Haramaya, Kombolcha and Hirna branches from Hararge area office and Sebeta, Adama, and Mojo branches from Showa area offices are selected. These branches maintain the least rank in mobilizing savings and loan disbursement.

Focus group discussions were analyzed by using rapid participatory appraisal (RPA) tool.

3.2.4. Data Collection

Both primary and secondary data were collected for this research purpose. Questionnaires have been designed to collect data from both saving, loan clients, and dropouts of the company.
Moreover, different literatures, occasional papers and company documents were also used for this purpose.

To measure the importance of different saving and loan financial services to clients' importance rating ranging from "Very important" to "Not important" was used. Again to let respondents set their level of agreements with OCSSCOS performance with respect to these saving and loan financial attributes a level ranging from "Strongly agree" to "Strongly disagree" was also designed.

Questionnaire also consist different questions and demographic data which are relevant to the research undertaking.

Questionnaires were also pre tested after proper translations were made in cooperation with other "afaan Oromo" experts.

3.2.5. Data Analysis

Data has been presented and analyzed by using Descriptive Statistics like mean and standard deviation. Focus Group discussions were also analyzed by Participatory Rapid Appraisal (PRA) methods of micro save tool. PRA tools help to check the validity of the statistical methods applied to analyze collected data.

CHAPTER FOUR

4. Data Presentation and Analysis

In this part data collected from loan and saving clients, dropouts and internal staff of Oromia Credit and Saving Share Company (OCSSCO) were presented and analyzed by statistical and participatory rapid appraisal (PRA) method.

A survey of 250 loan clients, 165 saving clients, 120 dropouts of the company was conducted to identify microfinance service attributes demanded by clients. Loan clients were asked to find out what they view as the key elements or attributes in loan financial service and to identify their relative importance to them and to evaluate the performance of the company (OCSSCO) in delivering these values. Due to strict follow up by the researcher, all questionnaires were returned.

However, some questions were without response. With the same fashion saving clients also rate the attributes they value more by representing 4 "Very important" to 1 or "Un important" with saving financial products and let them to mark their level of agreement with company's performance in delivering these attributes by marking 5 representing "Strongly agree" to 1 representing "Strongly Disagree".

4.1 Characteristics of the Respondents

Respondents were asked to fill a questionnaire to fill relative importance of loan and saving financial attributes to make service decision. They were from different sex, age, year level, occupation, education status, and religion as presented in the following table.

Table: 1. Sample composition by, Age, Sex, Martial status, Religion, Education Status, and Occupation

Items	Respondents			
	Loan Clients		Saving clients	
	No	%	No.	%
Martial status:				
Married	183	73.2	134	81.2
Unmarried	58	23.2	23	13.9
Divorce	3	1.2	2	1.2
Widowed	6	2.4	6	3.6
Religion:				
Christian	121	48.4	79	47.9
Muslim	114	45.6	83	50.3
Others	15	6.0	3	1.8
Education:				
Illiterate	66	26.4	22	13.3
Elementary 1-4	60	24.0	65	39.4
Elementary 5-8	53	21.2	48	29.1
Secondary 9-10	56	22.4	15	9.1
Diploma	12	4.8	14	8.5
First degree and above	315	1.2	1	0.6
Occupation:				
Farmers	103	41.2	127	77.0
Traders	8	3.2	22	13.4
Gov. employees	35	14.0	16	9.6
Unemployed	78	31.2	0	0
others	26	10.4	0	0
Client status:				
Existing	120	48.0	118	71.5
New	130	52.0	47	28.5

Source: Questionnaire

The characteristics of the respondents in terms of age, sex, martial status, education, occupation and their status with company's business is believed to satisfy the researchers requirement. Respondents are also taken from clients from different levels of educational background and occupation. The majority of them are existing clients who are expected to know the company's service performance. The intention of the researcher here is to identify financial service attributes which are relevant to microfinance clients that provide more value to them.

Loan clients were also asked to respond on related issues and their response is compiled as follows.

4.2. Findings on Loan Financial Service of OCSSCO

Table: 2. ***Tabulation of question related to company's service***

Questions	Number	%
1. **If you are a new client who communicate you to join the service of OCSSCO?**		
Staff members	112	44.8
Friends	15	6.0
Government bodies	102	40.8
Others	21	8.4
2. **Why you requested loan from OCSSCO?**		
For consumption	40	16.0
For business/profit purpose	125	50.0
To repay other loan	22	8.8
Other	63	25.2
3. How long it takes you to get loan from your application date?		
1-5days	0	0
6-10days	6	2.4
11-15days	15	6.0
More than 15days	229	91.6
4. How do you evaluate loan size of OCSSCO with your loan demand?		
Satisfactory	91	36.4
Not satisfactory	159	63.6
5. Have you got any training service on loan utilization and repayment?		
Yes	223	89.2
No	27	10.8

6. If "Yes" have you practiced as of the training given to you?		
Yes	162	64.8
No	88	35.2
7. Are you satisfied with all loan eligibility criteria?		
Yes	49	19.6
No	201	80.4
8. If your response is "NO" which is not appropriate to you?		
Group collateral	106	42.4
Group and center meeting	51	20.4
Compulsory saving	37	14.8
Group pressure	7	2.8

From this table most new clients join the service of OCSSCO with company's staff (44.8 %) and government bodies' recommendation (40.8%). The remaining 6% and 8.4% were communicated through friends and other sources which imply the company is communicating its service mainly by using its employees through word-of-mouth communications. Loan clients were asked the purpose for which they request loan from OCSSCO. Accordingly 50% of loan clients requested for business 16% for consumption, 8.8% to pay other loan and 25.2% for other than these purposes.

They were also asked to respond on how long it takes them to get loan from their date of application. Almost 91.6 % of the respondents wait more than 15 days and the other 6% and 2.4% respond 11-15 and 6-10 respectively. 89.2% of the respondents agree that the company provided training service on how to utilize loan and the remaining 10.8% didn't agree. Out of these only 35.2% of the respondents utilize according to the training given to them. On the other hand, respondents were asked to mark whether the loan amount provided by the company can adequately satisfied the purpose for which they requested. Only 36.4% respond

"Yes" and also only 19.6% of the respondents were satisfied with loan eligibility criteria. 42.4% of the respondents were dissatisfied due to group collateral, 20.4% due to group and center meeting, 14.8% due to compulsory saving imposed by the company, 2.8% due to group pressure.

4.2.1. Respondents' Belief towards the Importance of Loan Financial Attributes

Product attribute ratings help to see how clients perceive the components of financial service attributes and which of those elements are important for them.

These loan financial attributes include interest on loan, repayment schedule, grace period, friendly staff, loan amount, etc...

Accordingly, loan clients rate the attributes of loan products as follows to make decisions where to borrow money. To this end "4" represents "Very important" and "1" represents "Un important" to the other end.

Table: 3. Loan service attributes Vs Number of respondents' rate respective mark

No	Loan attributes	4	3	2	1	Total	Average	Rank
1	Interest on loan	38	44	115	53	567	2.26	7
2	Loan size	103	112	29	6	812	3.24	1
3	Repayment schedule	64	83	70	33	678	2.71	6
4	Grace period	2	49	55	114	379	1.51	10
5	Access to repeat loan	86	106	50	8	770	3.08	2
6	Group collateral	7	51	88	104	461	1.84	9
7	Compulsory saving to client	31	41	91	87	516	2.04	8
8	Proximity of the branch	83	94	58	15	745	2.98	4
9	Friendly staff	83	89	74	4	751	3.004	3
10	Training on loan utilization	76	77	53	44	685	2.740	5

7	Compulsory savings as collateral to loan are appropriate to client.	41	30	116	53	10	789	3.156	6
8	Branch staff employees care clients with due attention	22	49	108	48	23	749	2.996	7
9	Company's branch is easily reached during urgency (accessibility).	38	111	86	25	0	942	3.768	2
10	Branches staff provide appropriate training on loan utilization.	83	97	32	27	11	964	3.856	1

One criterion of microfinance clients to make choice from which MFI to borrow is their access to get immediate loan access up on fulfilling all the requirements. Cumulative data implies OCSSCO's loan clients almost disagree on immediate access of clients to loan from their application (2.44) which is in between 'Agree' and "Strongly Disagree" However, respondents agree on the appropriateness of repayment schedule with their cash flow. On the other hand, they are indifferent on the effort of the staff members in client treatment.

The company is performing well in delivering client training on productive loan utilization, in making its branch accessible to clients and in designing competitive interest rate. However, these loan attributes are not in the top three clients' demanded loan service attributes. In other words, these three attributes are not basic ones for microfinance clients' to make decision to select source of finance for their business undertakings. Again the company is performing poor in loan size or amount adjustment with the prevailing market change. Respondents also favored individual loan since they display their disagreement on appropriateness of group collateral method in loan provision. They also agree on the point that group guarantee can restrict on going access to loan.

4.2. Findings on Saving Financial Service of OCSSCO

Respondents from saving clients were asked on which saving product they are currently using, the amount they are saving, company's effort on promoting its saving financial product and related issues with saving. The following table shows their response on questions related to saving respondents characteristics.

Table: 5

Questions	Number	Percentage
1. Which saving service you are currently using?		
Voluntary saving	161	97.5%
Handhuuraa (child Saving)	4	2.5%
Sooramaa (Saving for retirement)	0	0 %
2. How much money in ETB do you saved per month?		
Less than 50	15	9 %
50-100	144	69%
100-200	25	15%
More than 200	11	7 %
3. If you are voluntary saving client why you saved in OCSSCO's branch?		
To secure money	48	30%
To get loan access	103	64%
To get interest on saving	2	1%
To accumulate wealth	8	5%
4. For how long you wait as a saving client?		
Less than 1 year	79	48 %
1-3year	73	44%
3-5 years	13	8 %
More than 5years	0	0 %
5. How you joined OCSSCO's saving service?		
By friends' recommendation	34	21%
Through company's advertising	3	2 %
Through company employees	128	77%
6. Which medium is company's means of communicating its service?		
TV ad show	9	56 %
Radio	0	0 %
Brochures	0	0 %

Pump lets	7	44 %
7. From which aspect of OCSSCO's saving service attribute you find fault?		
Interest on saving	11	7 %
Easy access to withdraw saving	43	26 %
Confidentiality of account	24	15 %
Client treatment	8	5 %
Security of client saving	38	23 %

As indicated on the above table OCSSCO has designed different saving financial products like voluntary, handhuuraa or saving for child education or any other expected expenditure, and sooramaa or saving for retirement. How ever, compared with voluntary client savers the number of handhuuraa and sooramaa savers is insignificant. In addition, the majority of these savers deposit 50-100 ETB which is lower per client. Respondents were also asked for their motive to save in OCSSCO. Almost 64 % of the total respondent desire loan after saving certain amount and about 30% of saving client respondents need security of their deposit. On the other hand, 92 % of saving respondents were short lived, less than three years.

Regarding service promotion or communication respondents were also asked on how the service was communicated to them. As indicated above, the company is using its employees to communicate its service. Through other media like brochures and TV ad only 3% are communicated.

Finally respondents were asked on which aspect of OCSSCO's saving service attribute they find fault. The majority of these respondents claim lengthy saving withdrawal process and security of their deposit.

4.2.1. Respondents' Reaction on the Importance of Saving Financial Attributes

Saving clients provide different weight to different attributes of saving financial service based on their importance to make decisions on were to save. Some of these saving financial service attributes include interest on saving, security of client saving, easy saving withdrawal process (fast service), confidentiality of client saving account, minimum account opening, branch office quality, friendly service, branch accessibility (proximity), and withdrawal by cheque, etc...

With the same manner, respondents rate the importance of different saving financial attributes by marking under "Very important", "Important", "Less important" and "Not important" by representing 4, 3, 2, and 1 respectively.

Table: 6 *Importance of saving financial attributes rating*

S/n	Saving attributes	4	3	2	1	Mean μ	Rank
1	Interest on saving	15	21	85	44	1.775	8
2	Security of saved money	70	60	20	15	3.121	3
3	Easy saving withdrawal (fast service)	46	115	4	0	3.254	2
4	Access to loan after saving	112	28	19	6	3.490	1
5	Branch accessibility (proximity)	42	50	51	22	2.679	5
6	Friendly service	18	40	58	49	2.163	6
7	Minimum account opening	7	17	5	136	1.363	9
8	Branch office quality	51	53	38	23	2.800	4
9	Confidentiality of savers account	18	11	60	75	1.818	7

From this table we can infer that microfinance saving clients consider three saving service attributes more than others to make decision on where to save or whether to save or not. These are access to loan after saving, easy saving withdrawal process and security of saved money since

Table: 7 *Matrix of Pair-Wise ranking of saving financial product attributes*

oduct ributes	Interest on saving	Security of saved money	Easy saving withdrawal	Access to loan after saving	Branch accessibility	Friendly service	Minimum account opening	Branch office quality	Account Confidentiality
terest on ving		Security of saved money	Easy saving withdrawal	Access to loan after saving	Branch accessibility	Friendly service	Interest on saving	Branch office quality	account Confidentiality
curity of ved money	Security of saved money		Easy saving withdrawal	Access to loan after saving	Security of saved money	Security of saved money	Security of saved money	Security of saved money	Security of saved money
sy saving hdrawal	Easy saving withdrawal	Easy saving withdrawal		Access to loan after saving	Easy saving withdrawal	Easy saving withdrawal	Easy saving withdrawal	Easy saving withdrawal	Easy saving withdrawal
cess to n after ing	Access to loan after saving	Access to loan after saving	Access to loan after saving		Access to loan after saving	Access to loan after saving	Access to loan after saving	Access to loan after saving	Access to loan after saving
anch cessibility	Branch accessibility	Security of saved money	Easy saving withdrawal	Access to loan after saving		Branch accessibility	Branch accessibility	Branch office quality	Branch accessibility
endly vice	Friendly service	Security of saved money	Easy saving withdrawal	Access to loan after saving	Branch accessibility		Friendly service	Branch office quality	Friendly service
nimum count ening	Interest on saving	Security of saved money	Easy saving withdrawal	Access to loan after saving	Branch accessibility	Friendly service		Branch office quality	Account Confidentiality
nch office ality	Branch office quality	Security of saved money	Easy saving withdrawal	Access to loan after saving	Branch office quality	Branch office quality	Branch office quality		Branch office quality
nfidentiali of savers ount	Account Confidentiality	Security of saved money	Easy saving withdrawal	Access to loan after saving	Branch accessibility	Friendly service	Account Confidentiality	Branch office quality	

PRODUCT ATTRIBUTE	APPEARANCE	FINAL RANKING
ACCESS TO LOAN AFTER SAVING	16	1
EASY SAVING WITHDRAWAL	14	2

SECURITY OF SAVED MONEY	12	3
BRANCH OFFICE QUALITY	10	4
BRANCH ACCESSIBILITY	8	5
FRIENDLY SERVICE	6	6
ACCOUNT CONFIDENTIALITY	4	7
INTEREST ON SAVING	2	8

Therefore, this pair-wise financial attribute ranking by discussion group participants is similar to the result observed in attribute ranking by respondents.

4.2.2. Respondents' Evaluation of OCSSCO's Saving Service Performance

In order to evaluate whether OCSSCO is delivering valuable attributes of saving or not, respondents were asked to mark their level of agreement by representing 5 to " Strongly agree" 4 "Agree" 3 "Undecided" 2 "Disagree" and 1 "Strongly disagree" as follows.

Table: 8 OCSSCO's performance in delivering valuable attributes of saving service

S/n	Description	5	4	3	2	1	Mean μ	Rank
1	OCSSCO pay better interest on client saving	50	22	70	23	0	*3.60*	4
2	The company's branch has good reputation in securing clients saving	11	23	54	62	15	*2.71*	6
3	Clients can simply withdraw their saving without ups and downs.	13	17	54	48	33	2.56	7
4	Company's branch keeps clients' saving account confidential.	25	30	102	8	0	*3.43*	5
5	Branch office facilities are attractive.	13	8	5	35	104	*1.73*	8
6	Staff members give good treatment to saving clients.	95	35	11	20	4	*4.19*	2
7	Company's minimum opening balance for saving account is low	25	102	30	1	0	*3.78*	3
8	Loan access after saving some amount	114	20	3	20	8	*4.28*	1

Similar to loan service, OCSSCO is performing poor with saving attributes like securing client saving, fast saving withdrawal service, and making branch office attractive to clients which have more value to them. However, it is performing well in providing loan after saving, and facilitating minimum account opening balance. On the other hand, more than half of these respondents are indifferent about OCSSCO's performance in keeping confidentiality of their saving account.

Respondents were also asked to respond on what problems they face on saving service of OCSSCO. More than half of these respondents cited their doubt on the security of their saving deposit. Enumerators were tried to probe the reason behind their distrust through thorough discussion with participants. Participants also cite poor physical appearance of branch building (office) and office furniture compared to other financial service providers like commercial banks. Theft by some staff members of the branch, frequent staff transfer, poor internal control system, bad credit history (unpaid loan provided by the company) and company rule of recovering unpaid loan from group members' saving account are some of the response given by participants of the discussion as problems with saving in the company. Some respondents from Muslim religion also cited their preference for non-interest bearing saving service.

4.3. Findings on Company's Internal Marketing

Company's employees play crucial role in achieving corporate marketing goal. They can also realize marketing problems the company is facing. This is particularly true for front line staff members who have direct contact with clients since they can closely monitor clients need and want as well as their source of dissatisfaction with the service. It is upon recognition of this fact that the researcher selects sample respondents from all sample branches' staff constituting branch managers, accountants, auditors, cashiers and loan officers.

4.4.1. Characteristics of Respondents

Table: 9. Characteristics of Employee Respondents

S/N	***Respondents characteristics***	***Number of Respondents***	*%*
1	***Position***		
	Branch manages	9	20
	Loan officers	9	20
	Accountants	9	20
	Auditors	9	20
	Cashiers	9	20
2	***Age***		
	18-25	6	13
	26-30	31	69
	31-40	8	18
	>40	0	0
3	***Sex***		
	Male	41	91
	Female	4	9
4	***Martial Status***		
	Married	7	15
	Unmarried	37	83
	Divorce	1	2
	Widowed	0	0
5	***Educational status***		
	High school	3	7
	Graduates	38	85
	Diploma graduates	4	8
	First degree and above	0	0
6	***Service experience in OCSSCO***		
	Less than one year	15	33
	1-3 years	22	48
	3-5 years	6	14
	> 5 years	2	5
7	***Would you serve in other MFIs?***		
	Yes	2	4
	No	43	96

As indicated in the above table, each sample branch is represented by one branch manager, accountant, auditor, loan officer and cashier. They have their own responsibility in serving clients. Regarding their educational background 7% of respondents are high school graduates having no occupational knowledge, 85% are diploma graduates and 8%

are degree graduates. On the other hand, only 5% of sample respondents serve more than five years in the company. Almost 81% of sample respondents serve less than three years. Even only 4% of the respondents serve in other microfinance firm before joining OCSSCO's staff.

Table: 10. Respondents' reaction on basic questions on OCCSCO's operation

Question	Number	%
Would you take any induction training upon joining OCSSCO?		
Yes	*32*	*71*
No	*13*	*29*
Do you believe that these induction programs enable you to effectively discharge all your duties and responsibilities?		
Yes	*5*	*15%*
No	*27*	*75%*
Are you feeling comfortable for being OCSSCO's staff member?		
Yes	*22*	*48%*
No	*23*	*52%*
If your response is "No", why?		
Low salary or benefits	*45*	*100%*
Tiresome job	*45*	*100%*
Low motivation	*45*	*100%*
Challenging work environment	*45*	*100%*
What problems you faced with your loan products?		
Repayment	*45*	*100%*
Low loan size	*45*	*100%*
Low client commitment	*45*	*100%*

Do you believe that your branch mobilize reasonable saving from clients?		
Yes	*0*	*0%*
No	*45*	*100%*
If your response is "No" what do you think for its causes?		
Unattractive interest	*18*	*40%*
Lengthy saving withdrawal process	*41*	*91%*
Low promotion	*45*	*100%*
Logistic problem	*45*	*100%*
Poor staff motivation	*28*	*62%*
Poor branch office quality	*45*	*100%*
Religious causes	*18*	*40%*
Is there any arrear or unpaid loan registered in your branch?		
Yes	*45*	*100%*
No	*0*	*0%*
If your response on question no. 14 is "yes" what are the causes of these unpaid loans?		
Absence of strict loan follow-up	*23*	*51%*
Inability to pay due to natural disaster	*11*	*25%*
Clients' deliberate act	*38*	*84%*
Clients' dissatisfaction on company's loan service	*42*	*93%*
Is there any effort made by the company to communicate its financial service to potential clients?		
Yes	*17*	*37%*
No	*28*	*63%*

If yes what media were used?		
TV advertisement		
Radio	*2*	*11%*
Word of mouth communication through clients	*0*	*0%*
Communication through government bodies	*5*	*29%*
Client incentive	*0*	*0%*
Other print media	*10*	*58%*

As indicated in the above table some staff members (29%) also start job without getting any induction training to the company's operational methodology.

Again only 15% of the respondents who get induction program witness the effectiveness of the training program given to them. In addition, about 28% of company's staff respondents are not comfortable for being OCSSCO's employee. They were asked to list the reason behind their dissatisfaction. Almost all respondents cited reasons like low salary and benefit package, tiresome job, low motivation, logistic problems like absence of motorbikes, and automobiles, absence of capacity building etc...

They also explain the problems they faced with both loan and saving financial service of OCSSCO. Poor repayment, low client commitment to group and center meetings and increasing client dropouts are the main problems they faced with loan service of OCSSCO. Almost all respondents agree on the fact that the company is mobilize saving below its potential due to low saving service promotion, logistic problems and poor office quality. Some other reasons includes lengthy clients saving withdrawal (too long waiting time for saving withdrawal may takes a week or more some times issuing of cheque to with draw money from far distance banks), unattractive interest and religious causes (Muslims consider interest bearing savings as Haram or evil).

Poor staff promotion, absence of saving operational manual, and absence of man power on saving at different level of the company are some of reasons identified through group discussion.

All branches under this assessment were registered arrears. To this end, respondents also list the main causes behind increasing arrears in their respective branches. Accordingly, some of these causes include absence of strict loan follow up, natural disaster, double loan by other MFIs, staff fraud, clients' deliberate act, client perception of considering MFIs' loan as government aids, poor financial literacy, group leaders default etc...
Regarding service communication, only 37% of respondents recall company's effort to communicate its service by using print media (58%) through government bodies (29%) and TV ad (11%).

Finally, respondents were asked to recommend solutions to improve the current performance of both loan and saving financial products. Improving branches office to promote company image, solving logistic problems, providing business development service to loan clients, paying better interest to depositors, motivating employees and reducing staff frauds are some of recommended ideas.

4.4. Findings from Dropouts of the Company

OCSSCO's operational problem also comes from increasing number of client dropouts. Clients also have their own justifications to leave the company' service.

4.5.1. Characteristics of the Respondents

Table: 11

Statement	*Number of respondents*	%
Sex		
Male	93	77%
Female	27	23%
Client type		
Loan	87	73%
Saving	33	27%
If you are saving client how long you wait with company's saving service?		
One year	28	23%
1-3years	73	61%
3-5years	19	16%
More than 5years	0	0%
If you were a loan client, for how many cycles did you borrow from the branch?		
One	32	27%
Two	46	38%
Three	30	25%
Four	9	7%
More than five	3	3%

From the above table we can infer that the majority of dropout clients were loan clients. However, almost 90% of these clients leave this service within three years and 84% of saving clients were left the company's saving service within the same years.

Dropout respondents were also asked to share the problems they face with company's financial service, their experience with company's service, their reasons to leave, what they like and hate about OCSSCO's service and others as follows.

Table: 11. Tabulation of dropouts' response on OCSSCO's financial service

Statement	*Number of respondents*	*Percentage*
What problems you faced with the loan service of company?		
Loan amount	87	73%
Loan repayment term	19	16%
Expensive Loan (interest, fee)	14	11%
Which best describes your experience of participating in the program?		
Good	34	28%
Undecided	69	57%
Bad	17	14%
Why you left Company's service?		
Obligatory savings	28	23%
Obligatory trainings	42	35%
Time center & group meetings	52	43%
Staff treatment	12	10%
conflict with the staff	6	5%
Availability of better terms and conditions	35	29%
Personal source of working capital	6	5%
Business termination	17	14%
If you were a saving client why you decide to withdraw your money?		
I doubt its security	19	58%
I didn't get immediate access to loan	6	18%
I observe fraud by branch staff members	8	24%
How do you compare OCSSCO's saving interest with respect to other financial institutions?		
Better than others	24	73%
Equivalent	6	18%
Lower	0	0%
I don't know	3	9%
Is there any religious case that prohibits you to remain in OCSSCO as a saver /borrower?		
Yes	95	79%
No	25	21%

As indicated in the above table dropout clients were asked on what problems they faced with loan service of the company. About 83% of dropout clients claim on size of loan to finance their business undertaking. Loan repayment and interest charge and its related costs are also part of client dissatisfaction. Again about 57% of dropout clients both from saving and loan are undecided about their experience with OCSSCO's financial service. Even 17% of these respondents had bad experience with its service.

Regarding reasons to terminate company's service loan client dropouts were asked to why they left it. Obligatory group and center meetings, savings, trainings and availability of better terms and conditions from other sources are the main reasons listed.

Those who were savers were also cited their reasons to withdraw their deposit from OCSSCO. Both doubt on security of their saving, staff fraud, and absence of subsequent access to loan are contributed for their separation from OCSSCO.

Almost 73% of dropout clients agree that OCSSCO's interest on saving is relatively better than other financial institutions paying interest on deposits. Finally, there were also dropouts who terminate from OCSSCO due to their religious reasons on interest bearing saving.

CHAPTER FIVE

Summary, Conclusions and Recommendations

5.1. Summary

The summary of the major findings on loan service of OCSSCO are shown as follows.

- The majority of loan clients were communicated through company's own staff through direct contact with potential clients (40%). In addition, client screening, training on loan utilization, loan appraisal and even repayment collection rests on staff.
- Loan disbursement process of the company takes very long time from client application date which is more than 15 days. Internal records also show that money transfer process from head office by its self takes a minimum of ten days from the application of branch offices.
- The majority of respondent clients (65.5%) are not satisfied with loan amount the company is extending for each clients in a group and about only 19.6% of the clients were liked the company's loan disbursement procedure. Group collateral method, obligatory group and center meetings, and compulsory savings are the main causes of client dissatisfaction.
- Loan financial service attributes importance ranking method was employed to identify which attributes are more important and which are less important to clients to make their own decision. Accordingly, loan size is the first criterion to decide from which financial source to borrow. Accessibility of branch, access to repeat loan, friendly staff and training on loan utilization are consecutive considerations to make the same decision.
- Regarding OCSSCO's performance with loan attributes good achievements were observed in client training on productive loan

utilization, branch accessibility and attractive interest rate to clients but performing less on those valuable attributes to clients' like loan size adjustment with changing market price and provision of repeated loan.

- Clients also challenge the appropriateness of group guarantee (2.012 which is in between "disagree" and "strongly disagree" on rating) and compulsory saving for loan clients. They also preferred individual loan than group loan by proving the impact of group guarantee on ongoing loan access (3.584 which is near to "Agree").
- Client treatment in microfinance service represents provision of fast, friendly service and client support through business development. However, respondents are indifferent on staff treatment (2.996) but performing well on training part (3.856).

Findings on saving financial products of OCSSCO are summarized as follows.

- The majority of respondents are voluntary savers (97.5%). All saving financial products were not properly communicated to attract savers.
- Most microfinance clients save for the sake of ensuring loan access after making some deposits (64%). The remaining needs to ensure security of their deposit. However, interest on deposit plays insignificant role in attracting microfinance savers (1%). Compulsory savers were not treated by the researcher as actual savers because it serves as a guarantee to partial payment of the loan. It is imposed by the company on loan clients.
- Most company's saving clients are short lived, less than three years. This situation has its own impact on company's loan portfolio as well as its cash flow.
- Almost little effort was done by the company in promoting saving financial product through different media. Almost all promotional responsibility lies on branch employees like loan officers (77%).

- Saving clients also find objectionable practice by OCSSCO especially in securing client saving, and saving withdrawal process. Through informal discussions the researcher also find staff theft and fraud which that leads savers to doubt the security of their deposit. Saving withdrawal process takes too long time. This also affected reliability of clients on company's service. The situation also forced clients to withdraw their money in advance.
- Both saving financial attribute ranking and Pair-Wise ranking methods were jointly applied to rank saving service attributes according to their importance to saving clients. Both methods provided the same rank. Accordingly saving clients consider their access to loan after saving more than others (3.490) and (16 on pair-wise ranking). Easy saving withdrawal and security of their fund rank the second and third position. However, the company's performing poorly especially on attributes like ensuring security of client saving and delivering fast saving withdrawal upon client request.
- Quality and attractive branch offices play significant role in improving client perception on security of their deposit and attracting more saving. However, the company is unable to exploit this opportunity. Almost all branches are not in a position to communicate this message. They maintain unfavorable image in the mind of clients relative to other financial institutions like conventional banks and other cooperative banks.
- Group discussions with saving loan clients and staff members of the company also shows theft by some staff members of the branch, staff turnover, and internal control system are some of other reasons for low saving mobilization in these branches.
- Company's staff members have little motivation due to unattractive salary and benefit packages. Little effort was made to promote and upgrade their capacity through training and formal education.

- According to branch staff members, client commitment to group and center meetings is low. More over, potential clients show more preference to individual loan rather than group solidarity loan.
- Some Muslim saving clients refused interest on their deposit due to their religious affiliation and prefer not to accept any additional money rather than their actual deposit since it is haram or evil practice.
- OCSSCO has no saving operational manual. Moreover, there is shortage of manpower to promote and mobilize client saving at all levels of the company.
- Internal data shows that company's loan size for individual client is determined during the establishment of the company. Until now no adjustment was made to improve it with changing market price. Dropout clients also cited this reason for their termination, since they can get this amount with simple effort from personal source friends, and other money lenders.
- Dropouts also have strong resistance to obligatory group and center meetings, savings, and trainings. Dropout savers also cited doubt on security of their deposit as one of the main reasons for leaving company's service.
- Some internal data also shows company's internal control system is very poor. The overall operation is controlled by manual system.
- Finally, dropout clients approved that OCSSCO pays relatively better saving interest than any financial institutions (73%).

Findings on internal marketing of OCSSCO are also summarized as follows.

- Company's employee retention rate is very low. Since most employees served for a short time which is less than three years (81%).

- Some staff employees are not happy with their job in the company due to absence of salary and benefit packages compared to challenges they are facing on the job.
- They cited almost similar causes for poor performance of saving and loan financial products with loan and saving clients.
- Improving branches office to promote company image, solving logistic problems, providing business development service to loan clients, paying better interest to depositors, motivating employees and reducing staff frauds are some of recommended ideas by staff employees.

5.2. Conclusions

The researcher concludes the following points based on the findings of this research study.

- Loan size is the main loan financial attribute that gives more value to microfinance clients to make borrowing decision. However company's loan size is small to finance clients business both in rural and urban areas. No revision was made to adjust it to changing market price since company's establishment. Access to repeat loan, accessibility of branch staff and friendly service are also additional considerations.
- From clients' perspective, group loan, compulsory savings of loan clients and other requirements like group and enter meetings have no value to them. However, it is company's strict operational methodology to insure client commitment to repay loan.
- Loan follow up in microfinance constitute provision of business development service and loan collection. However, clients were not satisfied with loan follow up procedures and practice of OCSSCO.
- Successive loan after saving, easy saving withdrawal service, and security of client deposits are the main saving product attributes that savers value more in making a decision to save or not.

However, OCSSCO is performing less in delivering these attributes as desired.

- The company set better interest rate relative to other financial institutions like conventional banks to potential savers to mobilize more saving as a means to improve its portfolio quality. But clients didn't react positively. As a result, no significant change was observed. Again most saving clients of OCSSCO were short lived.
- The company used almost only its own branch employees to promote its saving and loan services. No further effort was made to communicate the services by using other media.
- Employees have no positive attitude to the job they are undertaking. Their current motivation to the job is not promising to promote as well as improve the service and its quality.
- Lengthy saving withdrawal, occasional theft by branch employees and poor physical facilities of branch offices are the main reasons for clients feelings of insecurity for their deposit and are obstacles observed to mobilize saving from target clients. Muslim savers do not accept interest bearing deposit due to their religious affiliation.
- The company is working in poor infrastructure. Core banking system software is not available. As a result company is using manual system to control the entire operation.

5.3. Recommendations

Based on the results of the findings, the researcher recommends the following marketing strategies so as to solve the current operational problems.

- OCSSCO should continuously revise its loan size with changing market price so as to finance its urban and rural clients business. Since, both under and over finance lead to clients default.

- Alternative methodology other than group solidarity loan for loan disbursement must be designed for rural and urban clients at individual level.
- OCSSCO should shorten client saving withdrawal procedure so as encourage prospective savers in the company. To this end, fulfilling the human resource requirements at each branch level and making reserve fund available at branch office and avoiding issuing cheque for withdrawal are important measures to avoid this problem.
- OCSSCO should also improve all physical facilities of its branch by using conventional banks as a benchmark to attract more savers.
- The company should also improve its internal control system through advanced management information system. Moreover, more attention is required on employee recruitment and selection process so as to minimize occasional theft.
- New saving financial product must be designed to exploit the majority of Muslim market by considering their need of non-interest bearing saving account. Islamic banking model may serve as a starting point to design this service.
- The company should also use different promotional media to communicate its service in addition to internal staff. Accordingly, local media like Oromia TV, Oromia regional radio, public relations at new branch opening and other print media are recommended strategies. Promotional messages should also communicate each and every financial products of OCSSCO like voluntary saving, Handhuuraa (saving for child), Sooramaa (Saving for retirement) etc...
- Provision of business development service is the main support to minimize client default due to business failure. Therefore, clients must be supported by branch staff in designing their

income generating business. The company should undertake capacity building programs so as to make them competent enough to provide business development service (BDS) to their clients. Improving the existing logistic facilities to reach remote rural clients is also important measure to be taken.

- The company should also plan for new motivational methods to its employees so as to strength its internal marketing which is the engine for overall operational improvement. These motivational plans should include both financial and non financial methods.

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I, Kasaye Ayele, registration no.GSR/1397/01, do here declare that this thesis is my original research work. However, efforts are made to indicate others' involvement with clear reference.

Information derived from the published and unpublished work of others has been acknowledged in the text and lists of references are given.

I also declare that this research has not been submitted in any form for other degree or diploma at any university.

Name of Student Kasaye Ayele **Sign.** ______________ **Date** 14/7/10

This thesis has been submitted for examination with my approval as an advisor.

Name of advisor ______________ **sign** ______________ **date** ______ 14/2010

Univarsitii Finfinnee

Sagantaa Barumsa eebbaan boodaa

Gaaffilee liqeeffattoota WALQO tiin guutamu

Kabajamaa Deebii kennaa:
Gaaffileen kun kan qophaa'an haala gabaa tajaajila liqii Waldaa Aksiyoona Liqii fi Qusannaa Oromiyaa qorachuu dha. Bu'aan qorannoo kanaan argamu yaada furmaataa tajaajila liqii Waldichaa kan fooyyeessuu fi qorataan sagantaa brumsa eebbaan boodaa hordofaa jiruuf ulaagaa barbaachisu guutuuf ta'a.
Kanaafuu, deebiin kennitan tajaajila qusannaa fooyyessuufis ta'e dhimma qorataan barbaaduf ga'ee guddaa qaba.
Deebii kennuun deeggarsa naaf gootaniif dursee galateeffachaa deebiin kennitan iccitummaan isaa kan eegamuu ta'uu akka beektan isin hubachiisuun barbaada.

Kutaa Tokkooffaa

1. Maqaa dame ______________________
2. Umurii ☐ 18-25 ☐ 26-30 ☐ 31-40 ☐ >40
3. saala ☐ Dhiira ☐ Dhalaa
4. Haala Fuudhichaa ☐ Kan fuudhe ☐ kan hin fuune
5. Amantaa ☐ Kiristaan ☐ Musliima
6. Sadarkaa Barumsa ☐ Kan hin baranne ☐ Sadarkaa tokkoffaa
   ☐ Marsaa tokkoffaa (1-4) ☐ Sadarkaa tokkoffaa marsaa 2ffaa (5-8)
   ☐ Sadarkaa lammaffaa (9-10) ☐ Diploomaa ☐ Diigrii
7. Hojii ☐ Qotee bulaa ☐ Daldalaa ☐ Hojjataa Mootummaa
   ☐ kan hojii hin qabne ☐ Kan biro
8. Haala maamilummaa ☐ Maamila ture ☐ Maamila haaraa
9. . Tajaajila liqii WALQO keessatti akkamiin jalqabde?
   ☐ Hojjattota dame qunnamuun
   ☐ Gorsa hiriyootaatiin
   ☐ Beeksisa Waldichaatiin
   ☐ Qaama mootummaatiin
   ☐ Kan biroo

10. Guyyaa iyyannaatii kaasee liqii argachuuf yeroo hagam sitti fudhata?
   ☐ 1-5 ☐ 6-10 ☐ 1-15 ☐ > 15
11. Liqii WALQO maaliif gaafatte?
   ☐ Baasii manaatiif ☐ Hojj birootiif ☐ liqii biraa kanfaluuf
12. Liqiin argatte dhimma barbaaddeef ga'aa turee?
   ☐ Ga'aa dha. ☐ Ga'aa miti
13. Akkaataa itti fayyadama liqii irratti leenjii fudhattee jirtaa?
   ☐ Fudhadheera ☐ Hinfudhanne

14. Deebiin kee armaan olii "fudhadhe" yoo ta'e akkaataa leenjii kanaan fayyadamtee jirtaa?

☐ Fayyadamee jira ☐ Hin fayyadamne

15. Adeemsa kennaa liqii WALQO tiin gammaddee jirtaa?

☐ Gammadee jira ☐ Hin gammadne?

16. Deebiin kee armaan olii " hingammadne" kan jedhu yoo ta'e Sababni isaa kamii?

☐ Wabummaa garee
☐ Walga'ii garee fi wiirtuu
☐ Qusannaa dirqii
☐ Kan biro

Kutaa Lammaffaa

Qajeelfama: Madda liqii filachuuf wantoota hubannaa keessa galuu qaban armaan gaditti taa'an akkaataa faayidaa isaan qabaniin kaa'i
"4" baayee fayyada "3" ni fayyada "2" xiqqoo fayyada "1" hin fayyadu

Lack.	ibsa	4	3	2	1
1	Dhala liqii				
2	Haala kanfaltii liqii				
3	Yeroo aara galfii deebii liqii				
4	Liqii qusannaan boodaa				
5	Dhiyeenya damee				
6	Tajaajila mijaawaa				
7	Baay'ina liqii kennamuu				
8	Wabummaa walii				
9	Qusannaa dirqii				
10	Walga'ii garee fi wiirtuu				

Kutaa sadaffaa:

Qajeelfama: Qabxiilee armaan gaditti ibsaman ilaalchisee raawwii WALQO madaali "5" Sirrittan waliigala "4" nan Waliigala "3" Murteessuu hin danda'u "2" Nan morma "1" sirrittan morma

Lak k.	Ibsa	5	4	3	2	1
1	WALQOn dhala liqii xiqqaan gaarii ni kanfala					
2	WALQOn liqii kennu gatii gabaa waliin ni sirreessa					
3	Yeroon liqiin ittiin deebi'uu liqeeffattootaaf mijaa'aa dha.					
4	Liqiin gurmuu liqii dhuunfaa caalaa mijaa'aa dha					
5	Wabummaan gurmuu carraa liqii argachuu ni dhorka.					
6	Qusannaan dirqii liqeeffattotni ni fedhu.					
7	Yeroon hojii damee kanaa maamilaaf mijaa'aa dha.					
8	Hojjattootni dame maamiltoota liqii ni kunuunsu					
9	Hojjattootni damee haala ittifayyadama liqii irratti leenjii ni kennu					
10	Liqeeffattootni ulaagaa hunda yoo guutan liqii dafanii argachuu ni danda'u.					
11	Dameen waldichaa iddoo jireenya maamiltootaaf dhiyeenya qaba.					

Galatoomaa!

Univarsitii Finfinnee

Sagantaa Barumsa eebbaan boodaa

Gaaffilee Maamiltoota tajaajila WALQO dhaabaniin guutamu

Kabajamaa Deebii kennaa:

Gaaffileen kun kan qophaa'an haala gabaa tajaajila liqii fi qusannaa Waldaa Aksiyoona Liqii fi Qusannaa Oromiyaa (WALQO) qorachuu dha. Bu'aan qorannoo kanaan argamu yaada furmaataa tajaajila liqii Waldichaa kan fooyyeessuu fi qorataan sagantaa brumsa eebbaan boodaa hordofaa jiruuf barbaachisu guutuuf ta'a.

Kanaafuu, deebiin kennitan tajaajila liqii fi qusannaa fooyyessuufis ta'e dhimma qorataan barbaaduuf ga'ee guddaa qaba.

Deebii kennuun deeggarsa naaf gootaniif dursee galateeffachaa deebiin kennitan iccitummaan isaa kan eegamuu ta'uu akka beektan isin hubachiisuun barbaada.

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6. Sadarkaa Barumsa ☐ Kan hin baranne ☐ Sadarkaa tokkoffaa
   ☐ Marsaa tokkoffaa (1-4) ☐ Sadarkaa tokkoffaa marsaa 2ffaa (5-8)
   ☐ Sadarkaa lammaffaa (9-10) ☐ Diploomaa ☐ Diigrii
7. Hojii ☐ Qotee bulaa ☐ Daldalaa ☐ Hojjataa Mootummaa
   ☐ kan hojii hin qabne ☐ Kan biro

8. Haala maamilummaa ☐ Maamila ture ☐ Maamila haaraa

9. Maamila ture yoo taate yeroo hagamiif?

☐ <1 ☐ 1-3 ☐ 3-5 ☐ >5

10. Liqii WALQO irratti rakkoo maaltu si mudate?

☐ Liqiin xiqqaachuu

☐ Yeroo gabaabaa keessatti deebi'uu isaa

☐ Dhalli isaa baay'achuu

11. Liqii isa dhumaatiin maal raawwatte?

☐ Daldala xixiqqaa

☐ Loan horsiisuu

☐ Hojii mukaa /sibiilaa/

☐ Kan biroo

12. Maamila WALQO yeroo turuu keef maaltu sitti dhaga'ame?

☐ baay'ee gaarii ☐ Gaarii ☐ Hinmurteessu ☐ Badaa

☐ Baay'ee badaa

13. Tajaajila waldichaa maaliif dhaabde?

☐ qusannaa dirqii

☐ leenjii dirqii

☐ walga'ii dirqii kan gurmuu fi wirtuu

☐ Haalli kunuunsa hojjattoota waldichaa gaarii miti

☐ filannoo biraa wantan argadheef

☐ maallaqa ga'aa wantan argadheef

☐ Hojii koo wantan dhabeef

☐ Kan biroo____

Galatoomaa!

Yunivarsitii Finfinnee

Sagantaa Barumsa Eebbaan Boodaa

Gaaffilee Qusattoota WALQO tiin Guutamu

Kabajamaa Deebii kennaa:
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Kanaafuu, deebiin kennitan tajaajila qusannaa fooyyessuufis ta'e dhimma qorataan barbaaduf ga'ee guddaa qaba.
Deebii kennuun deeggarsa naaf gootaniif dursee galateeffachaa deebiin kennitan iccitummaan isaa kan eegamuu ta'uu akka beektan isin hubachiisuun barbaada.

Kutaa Tokkooffaa

1. Maqaa dame ______________________
2. Umurii ☐ 18-25 ☐ 26-30 ☐ 31-40 ☐ >40
3. saala ☐ Dhiira ☐ Dhalaa
4. Haala Fuudhichaa ☐ Kan fuudhe ☐ kan hin fuune
5. Amantaa ☐ Kiristaan ☐ Musliima
6. Sadarkaa Barumsa ☐ Kan hin baranne ☐ Sadarkaa tokkoffaa
   ☐ Marsaa tokkoffaa (1-4) ☐ Sadarkaa tokkoffaa marsaa 2ffaa (5-8)
   ☐ Sadarkaa lammaffaa (9-10) ☐ Diploomaa ☐ Diigrii
7. Hojii ☐ Qotee bulaa ☐ Daldalaa ☐ Hojjataa Mootummaa
   ☐ kan hojii hin qabne ☐ Kan biro
8. Haala maamilummaa ☐ Maamila ture ☐ Maamila haaraa
9. Qusannaan amma gootan isa kamii?
   ☐ Qusannaa fedhii
   ☐ Qusannaa Handhuuraa
   ☐ Qusannaa Sooramaa
   ☐ Kan biro

10. Tajaajila qusannaa WALQO keessatti akkamiin jalqabde

☐ Gorsa hiriyootaatiin

☐ Beeksisa Waldichaatiin

☐ Kan biroo

11. Beeksisa waldichi tajaajila isaa ittiin dabarsuu dhageessee beektaa?

☐ Dhaga'ee jira ☐ Hin dhageenye

12. Deebiin kee gaaffii 11ffaa " Dhaga'ee Jira" kan jedhuu yoo ta'e miidiyaa kamiin? ☐ Reediyoo ☐ Brooshara ☐ paampleetii ☐ kan biro

13. Ji'atti Hagam qusatta? ☐ 50 gadi ☐ 50-100 ☐ 100-200 ☐ > 200

14. Walqoo keessatti maaliif qusatta? ☐ Nageenya qusannaa koof

☐ Liqii argachuuf ☐ dhala argachuuf ☐ Qabeenya kuufachuuf

15. Qusannaa kee waggoota hagamiif tursiifte?

☐ <1 ☐ 1-3 ☐ 3-5 ☐ >5

16. Qusannaa kee baafte beektaa? ☐ Baasee jira ☐ Baasee hi beeku

17. Qusannaa baafte yoo ta'e akkamiin siif kanfalame? ☐ Maallaqaan

☐ Cheekiin

18. Cheekiin kan si kanfalame yoo ta'e maallaqa eessaa fudhatte?

☐ Damee WALQO biraa irraa ☐ Baankii biroo irraa ☐ Kan biro

Kutaa Lammaffaa

Qajeelfama: Qusannaa iddoo ittiin keessu filachuuf wantoota hubannaa keessa galuu qaban armaan gaditti taa'an akkaataa faayidaa isaan qabaniin kaa'i

"4" baayee fayyada "3" ni fayyada "2" xiqqoo fayyada "1" hin fayyadu

Lakk. k.	ibsa	4	3	2	1
1	Dhala qusannaa				
2	Nageenya qusannaa				
3	Qusannaa yeroo gabaabaa keessatti baasuu danda'uu				
4	Liqii qusannaan boodaa				

☐ Staff members ☐ Friends ☐ Government bodies ☐ others, specify

10. How long it takes you to get loan from your application date? ☐ 1-5days ☐ 6-10days ☐ 11-15days ☐ More than 15days

11. Why you requested loan from OCSSCO?

☐ For consumption ☐ For business/profit purpose ☐ To repay other loan ☐ Others specify ________________

12. Is it enough to finance the purpose you requested for? ☐ Yes ☐ No

13. Have you get training services on loan utilization and repayment?

☐ Yes ☐ No

14. If your response on question no. 13 is "yes" have you practiced as of the training given to you? ☐ Yes ☐ No

15. Are you satisfied with all loan eligibility criteria?

☐ Yes ☐ No

16. If your response is "NO" which is not appropriate to you?

☐ Group collateral

☐ Group and center meeting

☐ Compulsory saving

☐ Group pressure

Part Two

Loan product attribute ranking

Rate the following according to their importance to you to decide the source of loan for your purpose.

S n	Product attribute	Very important	Important	Less important	un important
1	Interest on loan				
	Repayment schedule				
3	Grace period				
	Access to repeat loan				
5	Training on loan utilization				
	Friendly staff				
7	Loan size				
	Group collateral				
9	Compulsory saving				
0	Frequent group and center meetings				
1	Proximity of the branch				

Part three

Mark your response on loan product of OCSSCO based on your level of agreement as

5. Strongly agree   4. Agree   3. Un decided   2. Disagree

1. Strongly disagree

S/n	Description	5	4	3	2	1
1	Clients have immediate access to loan upon fulfilling loan requirement					
2	OCSSCO is making adjustments to clients' loan size with changing market price					
3	Loan repayment schedules are appropriate to clients' cash flow.					
4	Loan interest is competitive enough to attract loan clients					
5	Group collateral method is appropriate to clients than individual loan					
7	Croup guarantee can restrict on going access to loan.					
8	Compulsory savings as collateral to loan are appropriate to client.					
9	Branch staff members care clients with due attention					
10	Company's branch is easily reached during urgency.					
11	Branches staff provide appropriate training on loan utilization.					

Tank you very much!

Addis Ababa University
School of Graduate Studies

A questionnaire to Completed by Saving Clients of OCSSCO

Dear Respondent;

This questionnaire is designed to gather data on Marketing Practices of Oromia Credit and Saving Share Company (OCSSCO) especially on saving financial product for the partial fulfillment of the requirements of MA in Marketing Management. The company is also interested to your response to each of these questions in this questionnaire to develop the right saving service strategy and to increase the share of client saving in total loan portfolio of the company.

I appreciate your collaboration to give me your genuine response. You may tick more than one response when applicable.

Your response will be held confidential if necessary.

Part I

1. Branch name ________________

2. Age ☐ 18-25 ☐ 26-30 ☐ 31-40 ☐ ≥ 40

3. Sex ☐ Male ☐ Female ☐

4. Marital status ☐ Unmarried ☐ Married ☐ Divorce ☐ Widowed

5. Religion ☐ Muslim ☐ Christian ☐ other

6. Educational status ☐ Illiterate ☐ Elementary first cycle (1-4)
☐ Elementary second cycle (5-8) ☐ Secondary ☐ Diploma
☐ first degree &above

7. Occupation ☐ Farmer ☐ Trader ☐ Government employee
☐ Unemployed ☐ Others specify

8. Client status ☐ existing ☐ New

9. Which saving service are you currently using?

☐ Voluntary saving

☐ "Handhuuraa" or saving for children

☐ "Sooramaa" or Saving for retirement

☐ Other, Specify ________________

10. How you joined OCSSCO's saving service? ☐ By friends' recommendation

☐ Through company's advertising ☐ other specify ____________

11. Would you hear any promotional message about company's saving service?

☐ Yes ☐ No

12. If your response for question no. 11 is "yes" by which media? ☐ TV ad show

☐ Radio ☐ brochures ☐ Pump lets ☐ others specify

____

13. How much money do you saved per month?

☐ Less than 50

☐ 50-100

☐ 100-200

☐ More than 200

14. Why you save in OCCSSCO's branch.

☐ To secure money

☐ To get loan access

☐ To get interest on saving

☐ To accumulate wealth

☐ Others /specify/

15. For how long you wait as a saving client ☐ Less than 1 year ☐ 1-3year

☐ 3-5 years ☐ More than 5years

16. Have you ever withdraw your saving so far ☐ Yes ☐ No

17. If your response for question No. 13 is "Yes" how payment was made to you.

☐ By Cash ☐ Cheque

18. If it was by cheque from where you got payment ☐ commercial bank

☐ OCSSCOs other branch ☐ Other Banks

o you recommend any of your friends to join the program?

☐ Yes ☐ No

/hich aspect of company's service you liked more?

- Interest on saving
- Low interest on loan
- Client treatment
- Loan size
- Loan repayment schedule
- Fast client service
- Security of client saving
- Others, specify ____________________

st also some points you hate about company's service

____

____

your opinion, which measures should be taken to improve the client service?

- ☐ Improving saving interest
- ☐ Reducing loan interest
- ☐ Providing fast withdrawal service
- ☐ Avoiding group collateral
- ☐ Avoiding center meetings for loan clients
- ☐ Improving security of client saving
- ☐ Improving branch buildings and its facilities
- ☐ Others, Specify ____________________

hat additional measures do you think should be taken to improve company's vice?

____

you think that you would rejoin the company's service in the future?

☐ Yes ☐ No