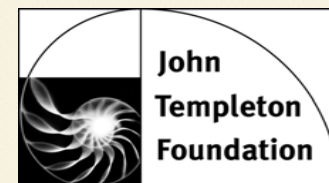


# Those Who Leave and Those Who Remain

*A Review of Client Exit  
in FINCA Mexico*

*April 17, 2009*

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## Today's Discussion

- Executive Summary
- Key Findings
- Implications
- Methodology
- Data and Statistical Analysis
- Limitations
- Next Steps and Conclusion
- Questions

## **Executive Summary**

- 24 of 391 FINCA Mexico clients interviewed plan to leave FINCA.
- Proportion is lower than that of comparable microfinance institutions.
- Exiting clients share a few common traits.
- More in-depth research is needed:
  - Further delineate client reasons for exit
  - Design retention strategies.



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## Key Findings

- **Exiting clients:**
  - ***Lower loan*** sizes.
  - ***Shorter time*** with FINCA Mexico.
  - More likely to own ***agricultural land***.
  - More likely to come from ***Tehuacan or Oaxaca***.
  - ***Do not*** have statistically different daily per capita expenditures (DPCE).



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## **Implications**

- FINCA Mexico doing better job at retention compared to MFIs.
- New clients should be grouped with other new clients to reduce potential resentment at disparities in loan sizes.
- The higher rates of exit in the Tehuacan and Oaxaca deserves further investigation.
- Consideration of a special program for clients owning agricultural land is warranted.



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## **Methodology**

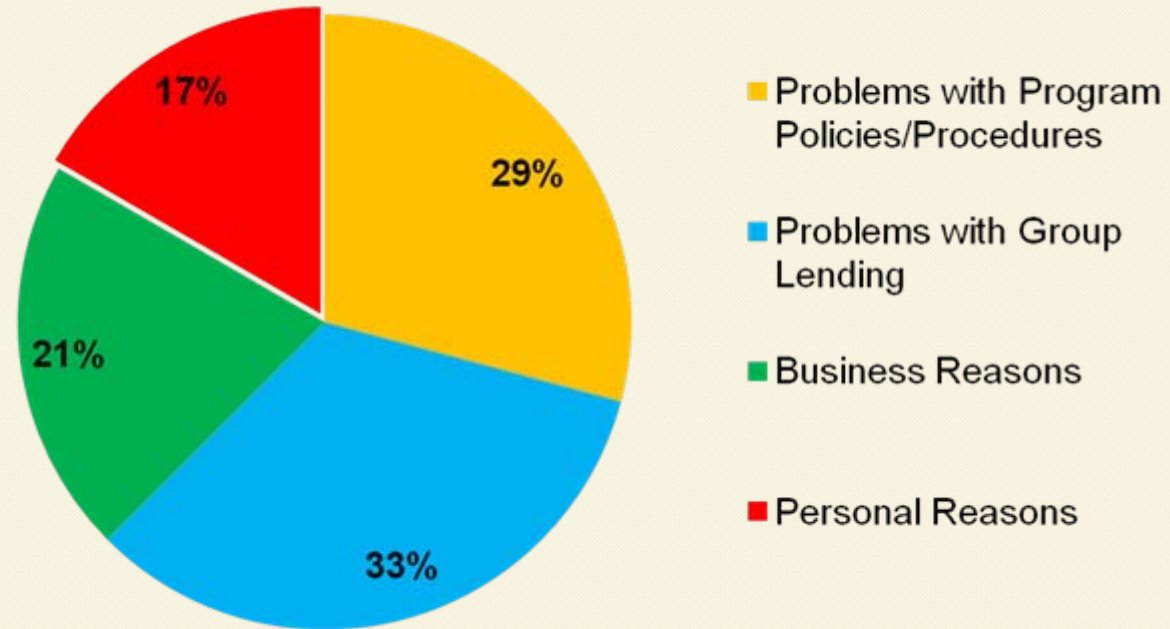
- 391 FINCA Mexico clients randomly selected from 8 different regions.
- FINCA client interviews using FINCA's Client Assessment Tool (FCAT)
- Examined differences between exiting and continuing clients.
- Statistical methods used include t-tests to compare differences in means between these two groups.



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## Data and Statistical Analysis



62 percent of exiting clients leave due to problems with group lending or problems with the village banking program.

# Data and Statistical Analysis

**Table 2: Means for Clients Staying and Leaving FINCA**

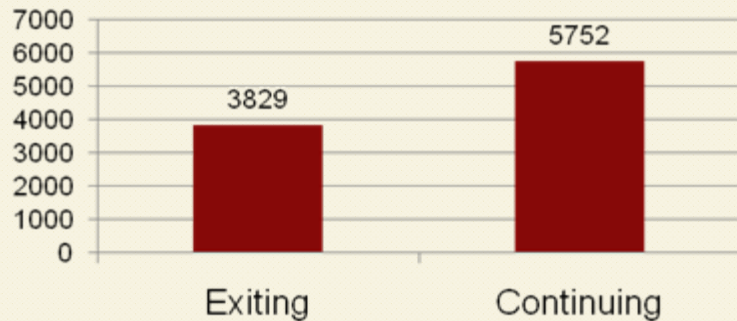
<b>Variable</b>	<b>Description</b>	<b>Mean for Clients Staying</b>	<b>Mean for Clients Exiting</b>
DPCE	Daily Per Capita Household Expenditure	48.24	40.96
DPCE_adj	DPCE using weights for household members	60.55	50.14
Age	Client Age	37.46	36.54
Loanamount	Amount of Current Loan	5751.91**	3829.17**
timewithinstitution	Number of months a client has spent with FINCA	16.04*	10.88*
OwnAgLand	% of Clients who own agricultural land	19.13%*	33.33%*
Areaofagland	Number of square meters of agricultural land owned	16,400	2,492
Age_v	Weighted number of household members	3.8	3.8
Totalhhmembers	Total household members	4.88	4.83
Oaxaca	Percent of Clients who live in Oaxaca	16.39%*	29.17%*
Tehuacan	Percent of Clients who live in Tehuacan	9.56%**	29.17%**

\* Indicates statistical significance at 90% level.

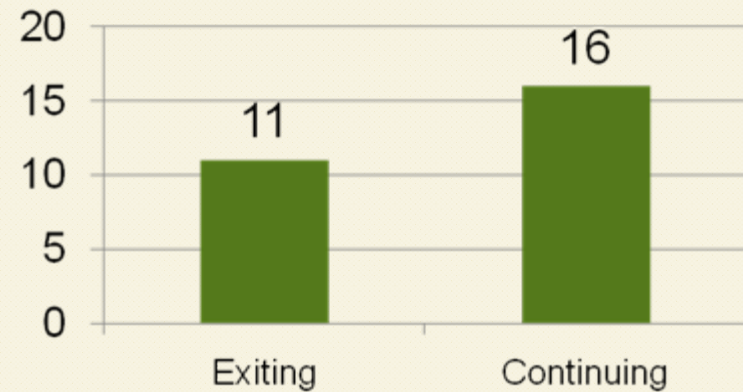
\*\* Indicates statistical significance at 95% level.

## Data and Statistical Analysis

**Average Loan Size  
(Pesos)**



**Time With FINCA (Months)**



Continuing clients have 50 percent larger loans and have participated in FINCA for 50 percent longer.

## Data and Statistical Analysis



Tehuacan and Oaxaca branches have significantly higher exit rates.

## **Data and Statistical Analysis**

- **Exiting clients:**
  - Have a lower DPCE, but the difference is not statistically significant.
  - Are more likely to own agricultural land at a rate that is statistically significant.



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## **Limitations**

- 24 of the 391 clients surveyed reported they planned to leave FINCA at the end of their current loan cycle.
- The small number of clients who plan to exit may skew results.
- More clients may have been planning to exit than were willing to say.
- Conversely, clients who said they planned to exit may have changed their plans



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## Next Steps and Conclusion

- **Good news:** FINCA Mexico's actual exit rate of 5.32% (July 2008) is very low.
- **More good news:** While formal exit interview process not yet in place, call center volume consists of only 2% complaints.
- **Recommendation:** Group newcomers with newcomers as much as possible.
- **Idea:** New program for agricultural land owners.

## **Next Steps and Conclusion**

- More research is needed.
  - Why are clients from Tehuacan and Oaxaca exiting at higher rates?
  - Track exiting clients to determine reasons for leaving.



# Thank you

