

FINANCIAL EDUCATION CAMPAIGN – FACTSHEET

Financial Education Campaign	FEW-11: Credit Life Plus product design, product management process and training
Country / Region	Laos
Partner Financial Institution	Ekphatthana Microfinance Institution (EMI)
Grantee	Ekphatthana Microfinance Institution (co-endorsed by SDC and Allianz)
Overall Budget	51'997 CHF
SCBF Contribution	35'850 CHF (69% SCBF funding share)
Date of Approval	29.3.2017
Duration	May 2017 until May 2018 (13 months)
Context	<p>The inclusive financial sector is still at an infant stage in Laos with no micro insurance offer. EMI has in February 2017 a credit life plus policy in partnership with Allianz General Laos being the national insurance leader. This product offer protection of its micro borrowers and their families in the case of their own or their spouse's death by loan debt forgiveness and a cash payment in the amount of the original loan amount. This would constitute an important financial support, as the death of a breadwinner does push the family into financial hardship.</p> <p>The clients do understand loans and savings as financial services, as they are using such services from EMI (and partly also from other MFIs and moneylenders) and thanks to EMI's offer of financial literacy training. However, they do hardly understand insurance, as they were never exposed to an insurance, apart from the compulsory third party liability motorbike insurance.</p> <p>The launch of this credit life plus constitutes the kick-start of a micro-insurance market development in Laos that will offer risk mitigation tools to low-income and vulnerable people.</p>
Current Status of the PFI	EMI is the lead deposit-taking MFI with around 8'500 micro borrowers and 110 staff by the end of 2016. Most of the clients are low-income women. Around 90% of the clients live in urban and peri-urban areas mainly in and around Vientiane, Vientiane Province, and the secondary cities of Xayaboury and Bolikhamxay.
Objective and Main Activities	<p>The aim is to develop the insurance literacy training and product explanation methodologies and tools for EMI's credit life plus group policy with AGL- the first micro insurance product in Laos. The main activity areas are:</p> <ol style="list-style-type: none"> 1) Effective insurance literacy training to its actual and potential micro borrowers to raise their low awareness and understanding of insurance as an important financial risk transfer mechanism, notably in the form of two video films that EMI field staff will display on tablets at weekly client centre meetings as well as on TV screens in EMI branch offices. 2) Effective product explanation on each step required for filing a claim up to the final claim settlement, notably in the form of a video film to be displayed at client centre meetings and in branch offices. 3) Free 24-hour hotline service on how to file a claim. 4) Two interactive training-of-trainers courses on insurance literacy and product explanation for altogether 60 EMI staff. 5) Effective responsible marketing materials, notably in the form of one marketing video and local radio spots in EMI's main areas of operation. <p>Upon completion of the financial education campaign, EMI's field staff is in a position to explain well and sell responsibly its credit life plus product and most of its clients understand its added value. They understand what insurance is about and how it can help them effectively in a difficult situation, so that they are willing to pay the premium.</p>