

FINANCIAL EDUCATION CAMPAIGN – FACTSHEET

Financial Education Campaign	FEW-19: Life Insurance Covers linked to Deposit Products of EMI
Country / Region	Laos
Partner Financial Institution	Ekphatthana Microfinance Institution (EMI)
Grantee	Ekphatthana Microfinance Institution (endorsed by Allianz)
Overall Budget	75'781 CHF
SCBF Contribution	52'900 CHF (70% SCBF funding share)
Date of Approval	30.10.2018
Duration	December 2018 until April 2020, extended until May 2021
Context	<p>In February 2017, EMI pioneered a credit life plus policy in partnership with Allianz General Laos, the national insurance leader in Laos. This was the very first formal insurance product a microfinance institution has offered as distributor in Laos. The Bank of Laos has authorised EMI to distribute this product. This has set a precedent in the market where other microfinance institutions as well as development cooperation organisations supporting village banks and credit & savings unions in remote areas have become interested in offering inclusive insurance solutions to their clients. Other insurance companies are watching Allianz General Laos in starting micro insurance operations as a new business line.</p> <p>Credit life insurance is very important for borrowers to transfer their loan repayment risks in case of their or their spouse's death, but this important social safety net is limited to the loan duration. EMI will pioneer live insurance embedded on selected deposit products to offer such social safety net to its many more depositors on a longer perspective. Such first mover initiative will generate demonstration effects over time in the financial sector of Laos. As EMI's depositors do hardly understand insurance, EMI will expand and broaden its financial education strategy and services through face-to-face trainings supported by digital tools and digital distribution channels.</p>
Current Status of the PFI	EMI is the lead deposit-taking MFI in Laos with around 91'000 depositors, 8'500 borrowers, and 130 staff by mid 2018. Most of the clients are low-income women engaged in trade and other micro business activities. They 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 deepen and up-scale with the help of further digital FE tools and delivery channels EMI's on-going FE services to complement its financial services as part of its overall business model as well as to pilot test the very first deposit products with embedded life insurance coverage by EMI in a commercially sustainable manner. The main activity areas are:</p> <ol style="list-style-type: none"> 1) Testing of deposit products with embedded life insurance cover and developing the management systems that helps EMI in developing its new insurance services on a viable commercial basis. 2) Developing further digital financial education tools, such as five videos and ten e-learning modules and a e-learning platform. 3) Interactive training of 40 EMI staff as trainers in financial education. 4) Launching of financial education face-to face trainings and offering financial education through various digital channels. 5) Conducting a representative client survey to gauge behavioural changes in money management and use of financial services. <p>Upon completion of this SCBF support, EMI can up-scale its insurance and financial education services on a commercially viable basis and thereby create high client value for its low-income clients. EMI is committed to share its experiences with others so that demonstration effects are expected over time leading to a growing inclusive insurance market in Laos.</p>