

2021-03 | Implementation of a Credit Scoring Application for Automatic Selection of Clients in Benin

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| Partner Financial Institution: | ALIDE | SCBF Contribution: | CHF 40'674 (45%) |
| Grantee: | rubyx | Matching Contribution: | 55% |
| Country: | Benin | Theme: | Financial Capability |
| Duration: | Dec 2021 – Nov 2023 | Product: | Loans |
| Potential Outreach: | 12'000 | Target Group: | Low-Income Clients |
| Thereof Women: | 85% | | |

CONTEXT

According to Global Findex data, 38% of Beninese adults have an account (mobile money or via financial institutions) in 2017, representing an increase of 21% in comparison to 2014 (17%). Figures also indicate that men are financially more included (49%) than women (29%). Regardless of locations and age groups, digital financial services represent an enormous opportunity to expand access to financial services in the country where only 14% of adults received a domestic remittance via mobile phone in 2017.

Overall, these figures clearly indicate that additional efforts need to be made in order to meet the demand for financial services in the country and provide a good justification for this project that seeks to expand financial inclusion for both women, youth and rural population. The government of Benin is in the process of developing a national financial inclusion strategy.

CURRENT STATUS OF THE MFI

ALIDE means “there is a way” in local dialect. It's a medium sized MFI targeting vulnerable population. Established in 2006, ALIDE's mission is to improve the living conditions of vulnerable people by providing them with financial and non-financial services. According to the current strategic plan (2017-2021), ALIDE's vision is to remain a *Responsible and Sustainable Financial Service Provider*.

ALIDE is a socially-motivated MFI that went through both a Smart Assessment, a SPI4 audit and a Social rating. The institution also uses the PPI (Progress Out of Poverty Index) tool to measure and monitor the poverty levels of its clientele. Serving more than 46'000 clients (including over 20'000 active borrowers), ALIDE is progressing towards operational self-sufficiency which was estimated to be at about 106%, as of June 2020.

OBJECTIVES AND MAIN ACTIVITIES

Following its previous digitization efforts (Mobile Agent Solution and Bank-to-Wallet/ Wallet-to-Bank), ALIDE is seeking to improve its loan application process in order to make it more efficient for both, the institution and its clients. This project will mainly allow ALIDE to address the distance issue its clients face when accessing loans (multiple visits to the outlets). Time and costs will be substantially cut with this innovation which consists of automating loan processing for loyal clients.

The project will be implemented through the following steps:

- Preparatory work, which includes different information sessions for staff and other key stakeholders, and consultants' contracts signing;
- Installation of the scoring application (RUBYX) and training of ALIDE staff on it;
- Launch of the pilot test;
- Evaluation of the pilot;
- Scaling up.

The project also includes a digital financial literacy component which will seek to develop six new training modules and sensitize clients on them. Training modules include topics such as: opportunities and challenges associated with digital financial services, pricing of products, attitudes and behavior to avoid etc.

By the end of the project, ALIDE aims to reach 12'000 clients with the new service and train at least 10'000 on different digital financial literacy modules.

Partnering with:

