

PRODUCT UP-SCALING SUPPORT – FACTSHEET

Product Up-scaling Support	2018-11: Introducing Savings-linked Insurance Solutions
Country / Region	Jordan
Partner Financial Institution/s	National Microfinance Bank Jordan
Grantee	<i>John Wipf, endorsed by the Swiss Agency for Development and Cooperation</i>
Overall Budget	CHF 76'595 (29% self-contribution)
SCBF Contribution	CHF 27'112.5 (35% SCBF funding share)
AGFUND Contribution	CHF 27'112.5 (35% AGFUND funding share)
Date of Approval	27.09.2018
Duration	10.2018 until 9.2020
Context	<p>Microfinance Decree no. 5 of 2015 mandates the Central Bank of Jordan (CBJ) to regulate and supervise microfinance institutions (MFIs) who may engage in microcredit and other related servicing of their clientele. Deposit-taking from the public is, however, strictly reserved for regulated banks.</p> <p>Towards improving financial inclusion, the government is striving to develop the microfinance industry, to be characterized by a continuum of financial service providers, a diversified range of demand-oriented financial services, financial transparency, a competitive capital market, consumer protection and financial literacy. This project will assist in deepening financial inclusion and improve the limited availability of formal savings products for vulnerable households.</p>
Current Status of the MFI	<p>The CBJ granted NMB a license on 26.6.2018 under the new aforementioned decree. NMB is the third largest MFI with about 84,500 active clients (80% women), a loan portfolio of JD 40 million (CHF 56 million), and a PAR>30 of just 0.0734%. The mission of NMB is to provide sustainable lending and other financial services including savings that meet the needs of the un/underserved people in Jordan. It operates out of 33 branches in all governorates. Aside from credit, NMB also provides non-financial marketing services, health benefits and free credit life insurance to protect borrowers' families. Privately owned, the main shareholders are King Abdullah II Fund for Development (KAJD) and Arab Gulf Program for United Nations Development Organizations (AGFUND). Since NMB's clients need suitable savings and insurance options, SCBF will provide technical assistance to develop a savings-linked insurance product. An insurance distribution license will be required for this activity as well as a partnership with a regulated insurer.</p>
Objective and Main Activities	<p>The overall goals are to develop and launch at least one savings-linked insurance product. The major activities are:</p> <ol style="list-style-type: none"> 1. Conduct in-depth client and market research for input towards the product development; 2. Develop and price a product based on research, actuarial and financial projections, desired profit margins and projected key indicators, etc. 3. Get approval from both banking and insurance regulators to offer the product; 4. Conduct financial literacy training of staff and clients; 5. Prepare systems and processes for efficient distribution, administration, and performance monitoring; 6. Sell/test the product in select pilot branches for about four months; 7. Finalize the product and distribution processes based on pilot feedback; 8. Make available the final product to all clients. The minimum targeted outreach is 500 clients by end of project and 2'000 by mid-2023. <p>Upon project completion, NMB should be in a position to develop more valuable insurance products, effectively monitor performance of its insurance activities, and improve financial literacy of clients.</p>