

Key Performance Indicators for Linkages

The indicators detailed should help linkage stakeholders in assessing whether linkage is a success. Success should be based on seeing linkage as a 'double bottom line' initiative – and both the social and financial outcomes must be taken into account when considering if the linkage products and services being offered are sustainable

- A) Considers the Social 'bottom line' – using short term measures to help us try to identify if groups are benefitting and are satisfied from the linkage product developed.
- B) Considers the Financial 'bottom line' – using short term measures to understand the cost implications of the linkage product and services being offered and if the Formal Financial Institution (FFI) is capable of 'linking'.

NB: Indicators & measures suggested below are focused on the savings accounts only at this stage. The expectation is that loan products will be developed over time and additional measures will need to be included to reflect this once.

OBJECTIVE: Successful linkage of VSLA clients to FFIs

A) INTERIM OUTCOME – Improved capacity of VSLA clients to utilize FFIs services

i) Indicator – Adoption of linkage products by VSLA clients

Measures

- Number of savings accounts opened
- % of groups linked (as compared to the total number of groups in the country or area)

ii) Indicator – Increased utilization of FFI services

Measures

- Activity levels on account/Product utilization levels.
 - o Number of active accounts (client has transacted at least one time in the prior 12 months)
 - o % of accounts being used actively
 - o Number of withdrawals/deposits per cycle (a cycle of a VSLA is 12 months)
 - o % of total savings per cycle saved into account (total savings in VSLA as compared to total savings at the bank)
- Questionnaire/Qualitative research in field & feedback from groups on satisfaction with FFIs
- Number of groups also accessing other products and services from the financial institution to which it was originally linked (or other FFIs)
- Number of individual members accessing individual products from the financial institution to which it was originally linked (or other FFIs)

iii) Indicator – VSLA group continues to operate effectively

Measures

- Attendance rate over 80%
- Retention rate over 90%
- Average savings mobilized per member increases
- Loan fund utilization high (high is determined by country and context)

B) INTERIM OUTCOME - Capacity of FFI to serve VSLA clients needs increased and is sustainable

(FFIs' capacity to serve VSLA client is increased and VSLA clients become a formalized target market)

i) Indicators - FFI staff oriented to & respecting VS&L principles and practices

Measures

- Relevant FFI staff (all frontline branch staff involved in linking) visiting VSL groups at least once a year.
- Staff training conducted on VSL principles prior to linkage delivery
- Where appropriate some of the linkage principles incorporated into product policy guidelines/training materials
- Feedback received from groups on customer service

ii) Indicator – Linkage products developed are commercially viable

Measures

What data/indicators would the FFI consider when analyzing a savings account to determine this?

- % of Earning from VSLA accounts (fees and registration costs)
- Staff and operational costs apportioned to VSL products
- Fees or incentives paid out to CBTs/ Agents
- Average number of withdrawals per account per year
- Deposit levels in accounts - Average deposited per account
- Cost recovery (income received from product versus additional costs to FFI of delivering this or paying out earned interest)
- Breakeven point/ Level of operational sustainability (% of operating costs of linkage product versus income gained)
- Aggressive estimated growth rate of % of earnings from VSLAs

LONGER TERM OUTCOME

As part of wider M&E work it is important for relevant stakeholders to understand the impact of linkage – this should be able to be identified through case studies and end of program assessments.

1. Do the groups save more?
 - a. Change in total savings of group per cycle
2. Are they savings for longer periods of time?
 - a. Money held in the account past shareout/end of cycle
3. Do they go on to access other services/formal financial products?
 - a. Number of groups also accessing other products and services from the financial institution to which it was originally linked (or other FFIs)
 - b. Number of individual members accessing individual products from the financial institution to which it was originally linked (or other FFIs)
4. Do the VSLA group dynamics continue?
 - a. % of VSLAs still active following linkage?
 - b. Retention rate remains above 90%
5. Positive change of attitude of FFI to VSL clients/ rural remote unbanked market
 - a. New products developed to meet unbanked client needs
 - b. Market surveys conducted in rural, remote locations
6. Responsiveness of FFI to adapt to changes in VSLA needs
 - a. Use of product feedback surveys/ client satisfaction surveys for new product development or existing product adaptation