

### Financial Service Providers in Serbia and Bosnia-Herzegovina Monitor Market Saturation and Over-indebtedness Risk

**Example of a Serbian MFI:** The MFI tracks aggregate credit exposure per household and has an internal system that monitors the amount of total credit and number of parallel loans for both individual and household.

With its careful repayment capacity analysis, the MFI is able to quickly notice and diagnose problems before they become systemic threats.

#### Example from an FI in Bosnia-Herzegovina:

Good Practice: Interview delinquent clients.

Outcome

Practice

Internal audit department conducts regular interviews of a sample of clients who have fallen behind on their payments.

The MFI uses the information to improve its credit procedures and to monitor risk

#### Two main areas of investigation:

- Did loan officers follow proper procedures to avoid over-indebtedness when issuing credit?
- What are the causes of the client's repayment challenges?