

SOCIAL PERFORMANCE RISKS TO MONITOR

RISK	EXAMPLES OF MONITORING
Client over-indebtedness	<ul style="list-style-type: none"> • Generate regular client PAR reports, segmented by client characteristic and branch. • Check client repayment capacity evaluations performed by loan officers. • Interview delinquent clients to check for multiple borrowing and inappropriate loan sizes. • Review whether loan products fit with the investment needs of clients (timing, duration, grace-periods, flexibility to irregular incomes or unanticipated downturns).
Lack of transparency on terms and conditions	<ul style="list-style-type: none"> • Interview clients to assess their knowledge of product/ service terms and conditions.
Employee dissatisfaction/exit	<ul style="list-style-type: none"> • Assess salaries to check for gender and other biases. • Conduct exit interviews with employees. • Check compliance with local law and transparency of salary scale.
Disrespectful and/ or abusive loan collection practices	<ul style="list-style-type: none"> • Check client complaints registered through the institution's complaints mechanism. • Interview a sample of exiting clients and ask about collections practices.
Incentives that can lead to negative employee behavior	<ul style="list-style-type: none"> • Conduct annual review of employee incentives, checking for unintentional, negative consequences of incentives (e.g., client recruitment incentives that lead employees to recruit clients who already have loans with multiple institutions).
Client dissatisfaction/ exit	<ul style="list-style-type: none"> • Conduct periodic or ongoing client satisfaction surveys. • Monitor clients exit by branch.
Selection of clients outside target group (e.g., wealthier clients)	<ul style="list-style-type: none"> • Check reports of client business types. • Monitor poverty levels of incoming clients.