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Cambodia Microfinance Association

Credit Culture from Microfinance Perspective

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1- What Is Credit Culture?

Credit Culture is “the system of behavior, beliefs, value, philosophy, thought, style, and expression relating to the activity of lending and reimbursing.

I- What is Credit Culture...?

Credit culture determines how people (lending staff and borrowers) **behave** when they are not being observed.

For example:

- Quality of services to clients (fast and responsive)
- Loan amount that fits to size of clients' businesses

II- Credit Culture in the prospective of MFIs

To build a good credit culture within Cambodia microfinance , we come up with some thoughts and value as below:

- 1- Customer Care: we focus on quality of services (fast, simple, friendly with clients), suitable loan size to business (not leading to over-indebtedness), complaint management...
- 2- Transparency in performance and communication as much as possible.

II- Credit Culture in the prospective of MFIs...

- 3- No discrimination against clients.
- 4- Good, regular repayment, and no excuse.
- 5- Loan is for development activities; not against humanity (child labor, human traffic, drug, ammunition) and not spoiling environment and ecology.
- 6- Long term sustainability.
- 7- Free and fair competition.

III- Benefits of the prospective of Credit Culture

1- For MFI:

- Long term sustainability and increase investors' value.
- Can reach both financial and social objectives.

2- Clients:

- Be satisfied by MFI services.
- Not Over-indebtedness.

3- Government and local Authority

- Growth in economic activities as well as community and society as a whole.
- Reduction of problems which are caused by improper loans.

IV- Obligation of Operators, Clients and other Stakeholders

1- Operators:

- Staff are equipped with skills and Business ethics.
- Upgrade new Technology in order to reduce Operating cost, and service and management improvement.

2- Clients:

- Business skills.
- Honest and transparent in loan process.
- Use of loan properly (loan in need, necessary amount).
- On time repayment, no excuse.

IV- Obligation of Operators, Clients and other Stakeholders...

3- Local authority: We would propose

- Good Cooperation with Operators and people in community.
- Accurate Clients' information.

4- Government: We would propose

- Find and disseminate market information to people.
- Supported policy to free and fair competition.

5- Creditors & Investors, continue their supports

V- Conclusion

If all stakeholders keep in mind and pay attention to make the culture active, we hope that Microfinance activity would bring a significant positive impact to the economic development as well as to poverty reduction.

To be active, leadership of each stakeholders may play the important role to show example and to take a step ahead.

**Thank you very much for your
attention,**