

# Good Practice | Microcredit foundation EKI

## **CATEGORY:**

Communication & Promotion

## **GOOD PRACTICE'S TITLE:**

EKI Business club

## **MAIN OBJECTIVE:**

To create interaction between clients and markets so they can trade, communicate and exchange experiences and knowledge. With educational articles in "EKI Yellow pages" and "EKI Business club", members have the ability to develop their business and to expand and strengthen their position in the market by selling products



Microcredit Foundation EKI (MCF EKI) was established as a result of the Micro-Credit Program of World Vision International (WVI) in 1996. Today, EKI is one of the leading microcredit institutions in Bosnia and Herzegovina (BA), and currently has more than 35,000 customers and a loan portfolio over 46.5 million EUR. EKI's loans aim to establish and improve agriculture practices, support small business and commercial activities and improve the lives of users' households.

## **Mission of the organization**

EKI is a non-profit microcredit organization that respects its clients, passes flexible decisions and undertakes reasonable risks. EKI is a decentralized organization with motivated, devoted and professional staff and Board members.

EKI provides financial services and technical support to those who have no access to banking services or to businesses that are creating and sustaining jobs in BA, wherever there is a need and opportunity

## **Governance structure**

The main governance body is the Board of Directors. It consists of 7 members (4 local and 3 international). The General Director, in coordination with a team of 5 executive directors, manages the 5 business sectors. Within each sector, there are several departments. Credit Operations are organised in regions and branches.

**MFI factsheet**

Type of organization	Microcredit foundation
Country	Bosnia and Herzegovina
Year of inception of the good practice	2013
Services and products provided	Loans for business, housing and household improvements
Portfolio (€)	46.5 million
Avg loan size (€)	1,600
Number of clients	35,000
% of rural clients	68%
Typology of rural clients	Mainly involved in cattle breeding, orchard, poultry and crops
Website	<a href="http://www.eki.ba">www.eki.ba</a> 



**GOOD PRACTICE**

Through communication with clients, we commonly come across the problem of product placement. Our clients do not normally have a problem in producing something, but they face problems once the time comes to sell their products. In order to help them, EKI introduced a new service for its existing clients to create information links among clients in an effort to place products in high demand areas and to access information on the various goods desired in the high demand locations. Any existing EKI client can become a member of EKI Business Club. Their advertisements are published in the EKI Yellow pages, and a hard copy is available to all members of EKI Business Club. Furthermore, members of EKI Business Club have the opportunity to regularly receive information on changes taking place at EKI and the option to receive advice from experts in agriculture and small business. All aspects of this service are free of charge for clients.



<b>Target group</b>	Rural clients involved in any type of business, although we are especially focused on agricultural producers. Their primary need is to find better (wider) markets for their products and services. They also have need for education services that could help improve their businesses.
<b>Innovativeness</b>	This is first time this kind of service has been offered anywhere in BA. Our competitors are mainly offering various loan products and a few competitors provide basic education for clients. Our service genuinely shows clients that we are here to help them improve their businesses and lives (not just providing loans).
<b>Relevance given the context</b>	Research results show that members are very satisfied with this service (99%). 60% of those who posted ads were contacted by interested buyers with 27% of them completed transactions. 90% of those who sold goods stated their repayment capacity was improved due to the service in that month.
<b>Adaptability to other contexts</b>	Preparing and delivering this kind of service is very complex. Organisations who would like to implement something similar need to dedicate at least 3 full time employees and develop appropriate software. It is transferable but requires substantial human capital and other resources.
<b>Efficiency</b>	EKI is in the beginning of full implementation so we still don't have relevant figures about cost efficiency. We have studied the retention rate comparison between members and non-members and found much better results for the members group. We can say that difference covers the costs of implementation in 2014.
<b>Outcomes</b>	<ul style="list-style-type: none"> <li>• More than 13.000 members</li> <li>• 4.000 members posted ads</li> <li>• 5.000 different ads posted</li> <li>• 60% calls based on posted ads</li> <li>• 27% sales based on posted ads</li> </ul>
<b>Sustainability</b>	EKI has different options for long run implementation of this service. The program is planning to receive external financing and to commercialize one part. We believe that client satisfaction through loyalty and recommendation will also bring additional value to EKI. We are conducting additional market research and furthering communication with clients and employees to adapt the service.

**SUCCESS STORY: MR. PREDRAG SEKULIĆ GREENHOUSES**



A proper empire of greenhouses is located in the village of Crkvina, in Šamac Municipality, and it was built by Mr. Predrag Sekulić. The love of plants that he inherited as a child from his grandmother has been redirected into growing of various vegetables. Mr. Sekulić now owns greenhouses that are located on 1.700 m2 of land, qualifying him as the largest producer of vegetables seedlings in his municipality. He deals with the hybrid and varietal seedlings of tomatoes, peppers, eggplants and cucumbers. The beginning was not easy because he started his business in a greenhouse of 200 m2, which he made on his own with the use of a wooden structure. He then applied for an EKI loan that helped him build two more greenhouses, and in this regard, Mr. Sekulić claims

that the loans significantly helped to improve his business.

Membership in "EKI Business club" helps him to sell vegetables and find better offers for the materials needed for his business. He is also very satisfied with the educational articles and shares them with friends and neighbours.

As the key to success in business, Mr. Predrag singles out the love for nature and plants, then working practices and belief in success. He believes that he has a prosperous business and recommends all who are engaged or wish to engage in this business to arm themselves with patience, energy and will, because success cannot be achieved overnight.