



Opportunity Bank Serbia (OBS)

**Category of Good Practice:** Technological Innovation

**Good Practice's title:**

Tablet Technology as a Tool for Improving Service to Small Rural Farmers

**Main objective:**

Main objective of the project was to enable OBS micro loan clients in rural areas to receive preliminary loan decision within 45 minutes from entering all information into the tablet application which was specially developed for OBS. As OBS loan officers visit clients at their farms, besides improving service and efficiency, it should also reduce our travel cost.

**Type of organization:** Bank

**Country:** Serbia

**Year of inception of the good practice:** 2014

**Services and products provided:** loans for farmers, entrepreneurs and micro personal clients, savings, money transfers, payment transactions.

**Portfolio (€): 64.9 million (as of Dec 2014)**

**Avg loan size (€): 2,232**

**# of clients:** 27,878 (as of Dec 2014)

**Website:** [http:// www.obs.rs](http://www.obs.rs)

**Address:** Branch Novi Sad, Bulvar Oslobođenja 2A, Tel : 00381 21 530 111. 530 024

**Institutional profile:**

Opportunity Bank Serbia (OBS) is a Community Bank specialized in microfinance, providing Micro, Rural, Agro and SME loans and other financial services to the clients in Serbia that cannot ordinarily access financial services from traditional banks. OBS is member of Opportunity International Network seated in Chicago and was founded in Serbia in 2002.

**Mission of the organization:**

By providing financial solutions and training, we empower the underserved and financially excluded people to transform their lives, their children's futures and their communities.

**Governance structure:**

OBS is a Joint Stock Company. General Assembly represents the highest body, which elects members of the Bank's Board of Directors. Board of Directors defines Bank's policy and strategy, as well as its Mission. Bank's Executive Board Members are elected by the Board of Directors. Executive Board is responsible for the Bank's daily management.

## Good Practice

### **Introduction:**

In Q4 of 2013, initial idea was born in OBS to develop Tablet Technology which would serve as a tool for an almost instant loan pre-approval when visiting loan clients in remote rural areas targeted by Opportunity Bank, for all loans up to EUR 3,000. The idea was also to develop credit scoring within Tablet application which would be directly connected with the Bank's MIS, so that the data entered into Tablet is automatically fed into OBS Core System which would additionally speed-up final loan approval process. Simultaneously, Bank's expenses pertaining to loan officers' travel would be reduced as well because, with Tablet, OBS loan officer could approve 3 loans in a day instead of just one and they would only need to visit client once instead of two or few times, before the final loan approval. Tablet has been introduced in Sep 2014, after extensive development, testing and pilot phase.

### **Target group:**

Rural areas in Serbia cover 85% of its territory and 55% of its population, forming 41% of the GNP of the state. Rural areas have pronounced poverty and considerable limitations to development. Dominant part of active rural population in Serbia, 45%, works in agriculture. Income of small rural households in Serbia is diversified into income from employment other than agriculture, income from sale of agricultural produce and income drawn from pensions.

### **Innovativeness:**

If OBS is compared to the MFIs operating in Serbia (Agroinvest, Micro Development and MicroFins), use of Tablet as a loan approval tool in Opportunity Bank is absolutely unique. As for the about 30 banks that operate in Serbia, we could say the same: majority of those banks approve loans only within their branches, meaning that clients need to come to the bank several times, and none of the banks use Tablet for these purpose, as far as we know.

### **Relevance given the context:**

Use of Tablet in loan approval has improved our sales pitch and customer service, increased efficiency and reduced cost, without requiring our loan officers to duplicate their work. It is easy to use and has been well-received by our loan officers and by our clients as well.

### **Adaptability to other contexts:**

OBS had a good base for the project: quality agro loan methodology & loan portfolio, robust & scalable MIS, as well as three years of behavioural data used to design a reliable scoring model. Serbia's Credit Bureau provides accessible, reliable & comprehensive reports that enable quality loan decisions, and solid mobile telecommunications allow us to access our MIS from the field. If these preconditions are met, project is adaptable in other contexts.

### **Efficiency:**

OBS has invested less than EUR 20,000 into this project and so far effects have been great, but it is still too early to make any conclusions. Our goal is to make loan decisions within 45 minutes instead of 3 days as was the case so far, to increase loan officer productivity from 12 to 16 – 20 loans per month and cut loan processing time from one day to 2 hours, as well as to track acquisition time and patterns of our Loan Officers.

**Outcomes:**

OBS currently has 30 Tablet devices used by 48 Agro Loan Officers (we have successfully trained 39 of them so far). From September 2014 when we have fully introduced Tablet as a loan approval tool, OBS has processed and approved 1,424 loans in total amount of EUR 2,013,600 with Tablet. This represents over 55% of total number of loans under EUR 3,000 and over 50% of the total amount disbursed in loans under EUR 3,000 in OBS in the period.

**Sustainability:**

Business intelligence is integrated in the Core Banking System module for credit scoring and interface functionalities for Credit Bureau and scoring are also part of the Core Banking System. These components are covered within maintenance. We have no maintenance contract for Tablet application, for now are paying additionally for any new functionality that we specify.

**In practice: Success Story/OBS loan officer**

Story shared by one of our loan officers: “In September 2014, we have reached an agreement on subsidized lending to small farmers with Obrenovac municipality and got the list of 200 agricultural households in need for agro loans. As only two of us were in charge of this territory, we had to make a plan for the visits and the plan was to complete this project in two months. We were worried that we will not make it in such a short time. First week, we processed 25 loan applications – I was doing my loan applications in the usual way, while Nedeljko, my colleague, processed his using Tablet. I was staying late every evening, while Nedeljko went home in time and still had twice as much loans processed than me?! I realised that I am missing something that can help me be more efficient and provide faster and better service to my clients and decided to catch up. The next month, I processed 40 loans with Tablet (before that, my personal record was 17). I now visit 5-6 clients in a day and am able to respond to them the same day, which was impossible before. For me it has really paid off.”



