Social Banking Impact Report 2019
The risk-of-poverty situation in Erste Group markets

14 MILLION PEOPLE are at risk-of-poverty or social exclusion

27% risk-of-poverty rate

CZECH REPUBLIC
42% are overburdened with housing costs

AUSTRIA
53% cannot cover unexpected expenses

CROATIA
43% make ends meet only with great difficulty

SLOVAKIA
31% cannot afford a personal car

HUNGARY
41% are living in dwellings with leaking roof, damp walls, floors or foundation

ROMANIA
58% have neither bath nor shower in the dwelling

SERBIA
65% live in overcrowded households

Indirect presence in CEE

Note: % of people being at risk of poverty
Source: Eurostat
Our approach to Social Banking

**We foster Starting Entrepreneurs**
- WITH Working-capital loans
- WITH Start-up loans
- AND PROVIDE Business trainings
- AND PROVIDE Mentoring
- to create new jobs

**We support Microfinance Businesses**
- WITH Working-capital loans
- WITH Investment loans
- AND OFFER Cash flow assessment
- AND OFFER Financial advisory
- to create and preserve jobs in rural areas

**We empower Social Organisations**
- WITH Bridge loans
- WITH Investment loans
- AND FACILITATE Capacity building
- AND FACILITATE Networking
- to expand their social impact

**We stand by People in financial difficulties**
- WITH Special accounts
- WITH Housing micro loans
- AND CONDUCT Debt advisory
- AND CONDUCT Financial education
- to reach financial stability

Social Banking benefits from a guarantee funded by the European Union under the Programme for Employment and Social Innovation (EaSI)
Impact assessment methodology

Impact value chain:

Research approach

The report focuses on the output of the Social Banking offer and the direct and intended outcomes on our clients. 1,334 clients were interviewed

Supported United Nations Sustainable Development Goals:

1. NO POVERTY
2. ZERO HUNGER
3. GOOD HEALTH AND WELL-BEING
4. QUALITY EDUCATION
5. SKILLS DEVELOPMENT
6. INFRASTRUCTURE
7. INDUSTRY, INNOVATION AND INFINITIVITY
8. SUSTAINABLE CITY AND COMMUNITIES
9. LIFE ON LAND
10. LIFE BELOW WATER
11. SUSTAINABLE CITIES AND COMMUNITIES
12. RESPONSIBLE BUSINESS MILESTONES
13. LIFE ON LAND
14. LIFE BELOW WATER
15. LIFE ON LAND
16. LIFE BELOW WATER
17. RESPONSIBLE BUSINESS MILESTONES
Social Banking impact highlights

30,081 supported clients
11,543 clients received education and support
234,8 mln EUR disbursed loans

67% of clients improved their economic situation

15,362 new created jobs
29,535 preserved jobs
44,897 preserved and created jobs
Starting Entrepreneurs

Silvija | Croatia
Our approach to starting entrepreneurs

Identified problems

→ Unemployment
→ Limited or no access to financing

Our solutions

→ Providing start-up loans
→ Delivering business trainings
→ Offering E-learning
→ Connecting to peers & partners
→ Mentoring and business plan assessments

The Impact

Creating new jobs

Social Banking benefits from a guarantee funded by the European Union under the Programme for Employment and Social Innovation (EaSI)
Impact on starting entrepreneurs

3,079 financed clients
8,490 education participants
80,7 mln EUR disbursed loans

61% of respondents improved their economic situation
49% could not start or expand their business without our loan

6,549 new created jobs
Training and mentoring

8,490 participated in educational activities

- 61% got individual support
- 24% used online tools
- 19% received mentoring

89% found it useful

100% received mentoring
Business creation

- 30% did not have a job before
- 49% could not start or expand their business without our loans
- 3.079 financed clients
- 80.7 mln EUR disbursed loans
- 92% stated it was the right decision to start their business
- 61% improved their business related economic situation
Job creation

2,1 new jobs created on average by each starting entrepreneur

6,549 new created jobs

39% for socially excluded people

Top business areas

- service provider
- retail trade
- health care/social assistance
- catering/gastronomy
- food industry

Note: Created jobs in full time equivalents (FTE)
Personal life

50% 😞
Can better cover unexpected private expenses

43% 🏡
Feel more respected by their family and friends

69% 🧐
Are now more optimistic about future

68% ✌️
Are now more motivated to get things done
Meet Silvija
one of our starting entrepreneurs

Business: production of children’s textiles made of organic cotton and bamboo fabric

Social Impact: currently providing employment for 3 women who were long time unemployed

“Believe in yourself and never give up on your dreams. You have to be persistent and fight for what you want.”

Business: production of children’s textiles made of organic cotton and bamboo fabric

Find out more about Silvija’s sustainable business here

Visit our webpage and meet more of our clients
Our approach to microfinance businesses

Identified problems
- Limited or no access to financing
- High unemployment in rural areas

Our solutions
- Providing working capital and investment loans
- Cash flow assessment
- Financial advisory
- Identifying growth potentials
- Mobile relationship managers visiting clients at home

The Impact
Creating and preserving jobs in rural areas
Impact of supporting microfinance businesses

6,967 financed clients

10,839 provided loans

81,3 mln EUR disbursed loans

87% are now in a better economic situation

26% improved their living conditions

25,433 preserved and created jobs
Business growth

63% of clients were at risk-of-poverty

6,967 financed clients

10,839 provided loans

81,3 mln EUR disbursed loans

87% are in a better economic situation now

of clients were at risk-of-poverty

provided loans

mln EUR disbursed loans
Job creation and preservation

0.6
new jobs created on average per loan

18.974
preserved jobs

6.459
created jobs

1.538
new jobs created for socially excluded people

Top business industries:

Agriculture  Live-stock breeding  Transport and communication  Retail trade  Education and health

Note: Created and preserved jobs in full time equivalents
Financial and personal life

80% 🙇‍♀️
believe now more in their own skills and capabilities

72% 🤝
improved their community relationships

80% 🎨
have a better overview of their financial situation

80% 😞
can better cover unexpected private expenses

26% ☔️
improved their living conditions

79% 🧐
have now a more optimistic outlook towards their future
Meet Maria
one of our microfinance clients

Sheep Farm
Romania

“The most important thing in life is that we are good and healthy and we are able to work.”

Business: Production of lambs, milk, cheese

Find out more about Maria and her family business here

Visit our webpage and meet more of our clients

Social Impact: self-employment, strengthening of local food production and improving living conditions
Social organisations

Hannah | Austria
Our approach to social organisations

Identified problems

➔ Lack of business and financial know-how
➔ Poor access to financial products and services

Our solutions

➔ Providing bridge and investment loans
➔ Conducting training courses and accelerators
➔ Offering mentoring and social business plan assessments
➔ Facilitating pitching and networking events
➔ Buying social products and using social services

The Impact
Expanding the impact of social organisations

Social Banking benefits from a guarantee funded by the European Union under the Programme for Employment and Social Innovation (EaSI)
Impact of empowering social organisations

- 602 financed clients
- 2,613 education participants
- 71,6 mln EUR disbursed loans

- 67% are in a better economic situation than before
- 87% better fulfil social impact goals/mission
- 12,915 preserved and created jobs
Capacity building

2,613 education participants

9,620 education hours were received by clients

93% of participants found training offer useful

Offer usage per type:

- 50% individual support
- 50% classroom training/workshop
- 32% partnership/network event

9,620 education hours were received by clients

93% of participants found training offer useful
Economic situation improvement

602 financed clients

71,6 mln EUR disbursed loans

77% improved their liquidity situation

72% increased their overall income

67% are in a better economic situation than before
Job creation and preservation

- 10,561 preserved jobs
- 2,354 new created jobs

- 60% of all social organisations preserved or created jobs
- 36% of all social organisations’ employees are socially excluded
- 58% of newly created jobs for socially excluded people

60% of all social organisations' employees are socially excluded.
Mission fulfilment

- 67% can now reach more people with their existing products/services offered
- 62% have a bigger partner network than before
- 66% succeeded to start additional/new projects or service offers
- 87% can now better fulfil their social impact goals/mission

123,303 socially excluded beneficiaries
Meet Hannah
one of our social entrepreneurs

Vollpension
intergenerational coffee house
Austria

“Believe in yourself and never give up on your dreams. You have to be persistent and fight for what you want.”

**Business:** Coffee house where ‘grandmas’ and ‘grandpas’ serve their self-made cakes and sweets

**Find out more about Hannah’s sustainable business** [here](#)

**Visit our webpage** and meet more of [our clients](#)

**Social Impact:** employing senior citizens living on minimum pension or those who live alone
People in financial difficulties
Our approach to people in financial difficulties

Identified problems

→ Over-indebtedness and financial exclusion
→ Lack of financial literacy

Our solutions

→ Enabling financial inclusion by offering bank accounts
→ Offering individual consulting and debt advisory
→ Recovery of over-indebted clients
→ Providing financial education trainings
→ Supporting clients via partners and social organisations

The Impact

Reaching financial stability
**Impact on people in financial difficulties**

- **19,433** supported clients
- **76%** can now regularly pay their bills
- **74%** of all clients feel less stressed
- **84%** now see more positive into their future
- **68%** received personal advisory
- **51%** improved their financial situation
Financial education and consulting

5,652 hours of education and advisory were provided

68% received personal financial advisory

94% found our educational offer useful

79% stated it helped them to get a better overview of their financial situation
Stabilising financial lives

- 76% can now pay regular expenses on time
- 40% can now cover unexpected costs
- 39% save money since being Social Banking client
- 51% stated that their debt level rather decreased

51% improved their financial situation
Personal life changes

74% 😊
are less worried about their financial situation

72% 👍
are more motivated to get things done

84% 🎯
are more optimistic towards their future

40% 🏡
improved relationships with their family and friends

56% 💪
feel healthier
Meet Jutta
one of our clients in financial difficulties

“"I didn’t want to owe money to anyone. Now I can finally think about and plan for my own future. And I have promising plans!”

Social Impact: Zweite Sparkasse is run by volunteers which help people with severe economic problems to regain control of their personal finances and reach financial stability.

Clients challenge: Jutta was left behind by her former husband soon after their wedding and with a huge amount of his debt. Before receiving the support of the debt advisory centre and Zweite Sparkasse she struggled to cope with her everyday life.

Find out more about Jutta’s challenges [here](#).

Visit our webpage and find out more about Zweite Sparkasse [only in German](#).
What does Social Banking mean to us?

For more clients stories, please visit our webpage
