

Opportunity Bank, Serbia

SOCIAL RATING

A

Good social performance management and client protection systems. Social mission likely to be achieved.

Social Performance Management

Client protection, social responsibility

Outreach

Quality of the services



Social Rating Committee: April 2016 Previous Social Rating: A- November 2013

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SOCIAL RATING RATIONALE

SOCIAL PERFORMANCE MANAGEMENT SYSTEM

The recently updated ownership structure ensures uniform commitment to the mission. The Bank's alignment to the double bottom line is good, as the business plan includes clear social goals and targets, and the top management regularly assesses social performance related risks. However, the institution adopted the Opportunity network's mission statement, hence, there is room for improvement in the key terms definition and in possibly tailoring it to OBS strategy and intentions. Staff recruitment is well aligned to the mission.

CLIENT PROTECTION AND SOCIAL RESPONSIBILITY

Product design is informed by client feedback, and the repayment capacity analysis is comprehensive and well disseminated amongst staff. EIR is properly disclosed and the staff appraisal puts significant weight on portfolio quality. Client data protection and grievance mechanism are strictly regulated by NBS and well implemented. There is room for further limiting the FX risk, currently transferred to some clients. Gender balance and staff turnover level are good. The environmental strategy is not yet formalised, but the institution engages in numerous socially responsible projects.

OUTREACH

The breadth of outreach is good, as the FI is well established in all Serbian districts, and in particular in the rural areas. The outreach to households with vulnerable demographic characteristics is good, while the outreach for women is adequate. The FI closely monitors the alignment to the target population by classifying them as poor, very poor and low income.

QUALITY OF THE SERVICES

The FI offers a good variety of financial services that meet the economic needs of the target client. The accessibility and flexibility of their credit products are good, which is also reflected in the high scores of client satisfaction surveys. The client drop-out rate is adequate but improvable and the offer of non-financial services could be scaled up.

Institutional data	Dec-15	Social indicators	Dec-15
Active borrowers	32 055	Rural coverage, clients	59,7%
Active savers	20 585	Female clients	40,4%
Gross outstanding portfolio, Euro	73 216 906	Female staff	54,9%
Total active savings, Euro	55 663 613	Female staff in management	34,9%
Branches	9	Average disbursed loan amount, Euro	2 627
Total staff	284	Clients at third loan cycle	10,4%
		Loans in > third cycle	8,6%
Legal form	Bank	Average balance per borrower / GNI pc	43,6%
Year of inception	2002	Average saving balance, Euro	2 709
Network	Opportunity International	Client drop-out ratio	24,1%
Area of intervention	Rural	PAR30	3,4%
Credit methodology	Individual	Staff turn-over ratio	15,3%
Financial services	Credit, saving, payment	Average annual percentage rate (APR)	23,6%
Non financial services	Training	Average transparency index	96,0%
Geographical coverage	National	Growth in active borrowers	15,0%
		See annex 2 and 4 for more details.	

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Annex 5 – Social Rating Scale

Grade	Definition
^s AA	Excellent social performance management and client protection systems. High likelihood of achieving the social mission.
^s A	Good social performance management and client protection systems. Social mission likely to be achieved.
^s BB	Adequate social performance management and client protection systems. Satisfactory alignment to the social mission.
^s B	Moderate social performance management and client protection systems. Partial alignment to the social mission
^s C	Weak social performance management and client protection systems. Medium risk of mission drift
^s D	Poor social performance management and client protection systems. Risk of mission drift.

The modifiers “+” and “-” which can be added to the rating grade indicate small relative differences within each rating category.

More information: www.microfinanzarating.com

The information used in the social rating has been partly provided by the evaluated institution and partly collected during the meetings with the head executives, the staff and the clients of the institution. The analysis is based on internal MIS data and other official sources. MicroFinanza Rating cannot guarantee the reliability and integrity of the information, as it does not conduct auditing exercises, and therefore does not bear responsibility for any mistake or omission coming from the use of such information. The social rating has to be considered as an external and independent opinion and it has not to be considered as a recommendation to realize investments in a specific institution.