

Measuring and Acting on a Dropout Ratio

**SEEP AGM
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Underlying Rationale for Use of a Ratio

To help make decisions that improve an institution's social and/or financial bottom line

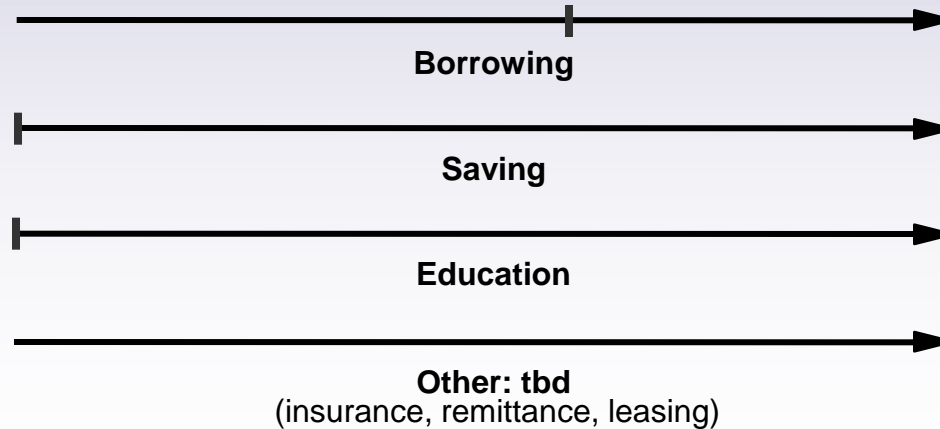
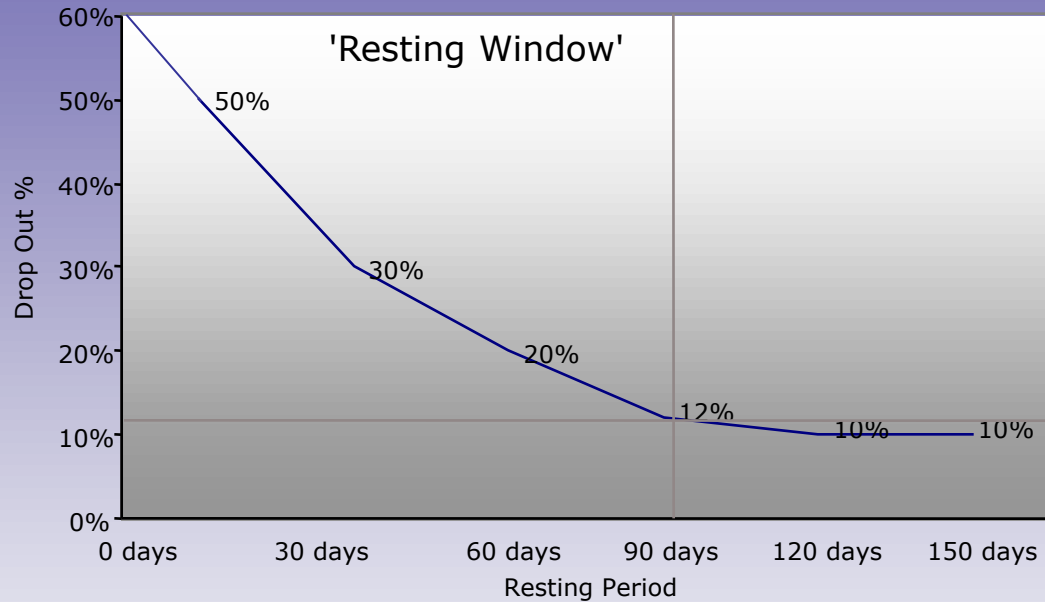
Caution

Need to reconcile intuition, theory and popular notion with practical experience and evidence

Management Uses

- **Some documented uses**
 - Financial and outreach projections—e.g., Microfin
 - Data mining—historical data to better understand the dynamic between clients and institution—MFC, Prizma
 - Identify ‘Red Flag’ that needs follow up—CARD, SEF
 - *Internal* benchmarking—branches, products, loan officers
 - *Internal* basis for incentives for staff
 - Other?
- **Some that seem intuitive on surface, but are more problematic than they may seem...**
 - Product development
 - Normative judgments about
 - Institutions
 - Products

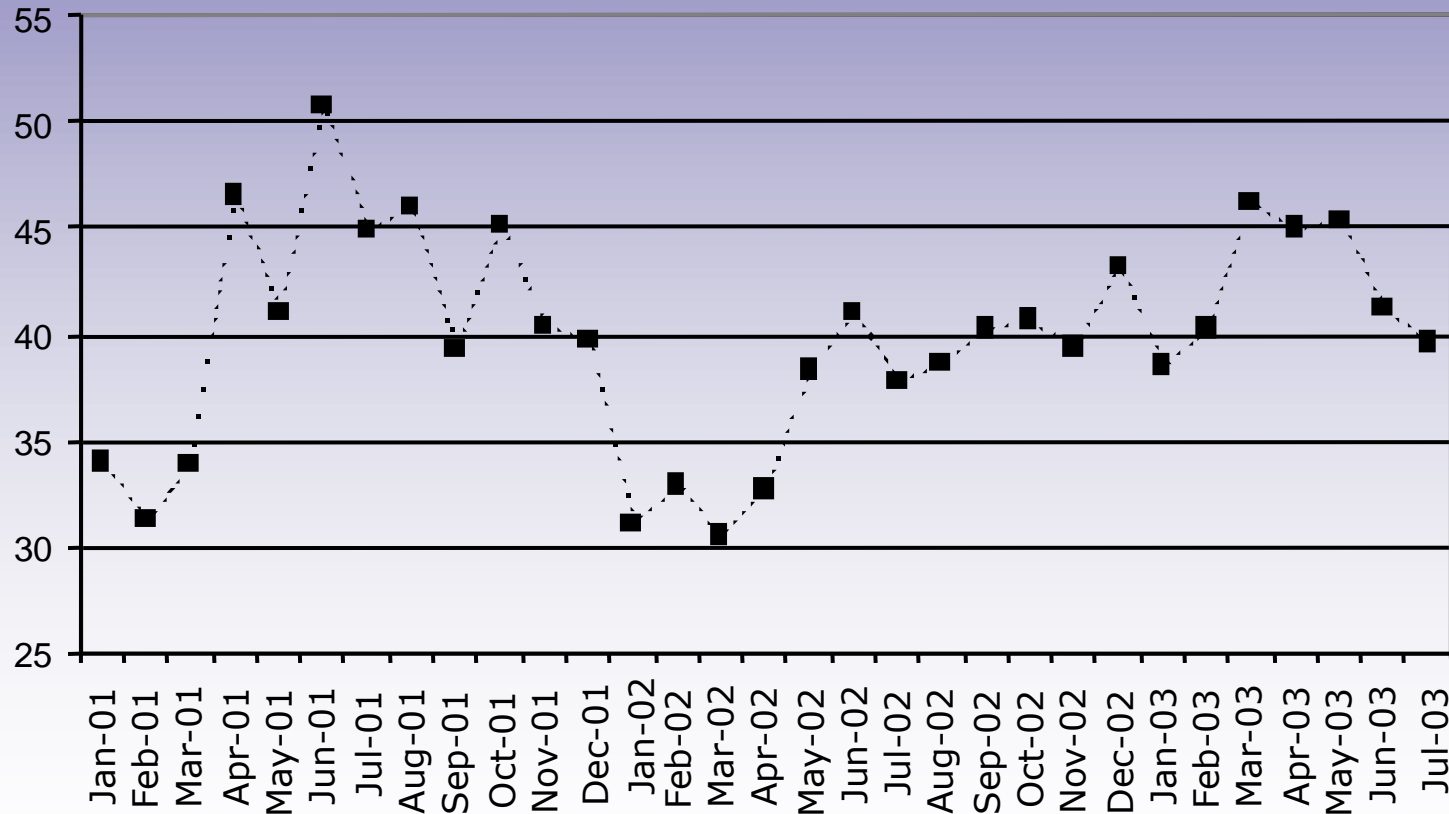
Defining a 'Resting Window'



Some Examples of Loan Data For Discussion

Analysis *In Aggregate*

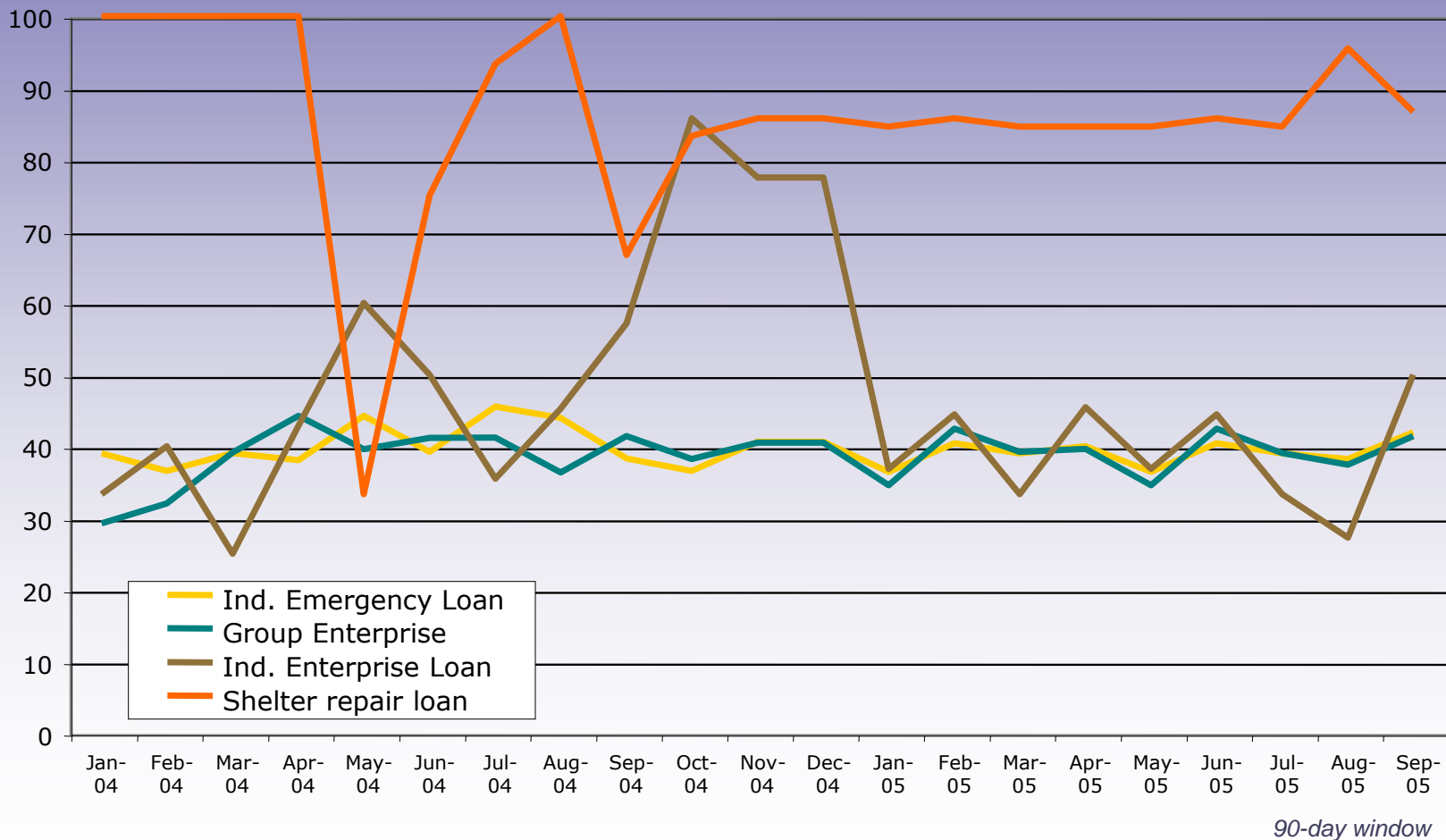
Does institution-wide data tell us anything?



90-day window

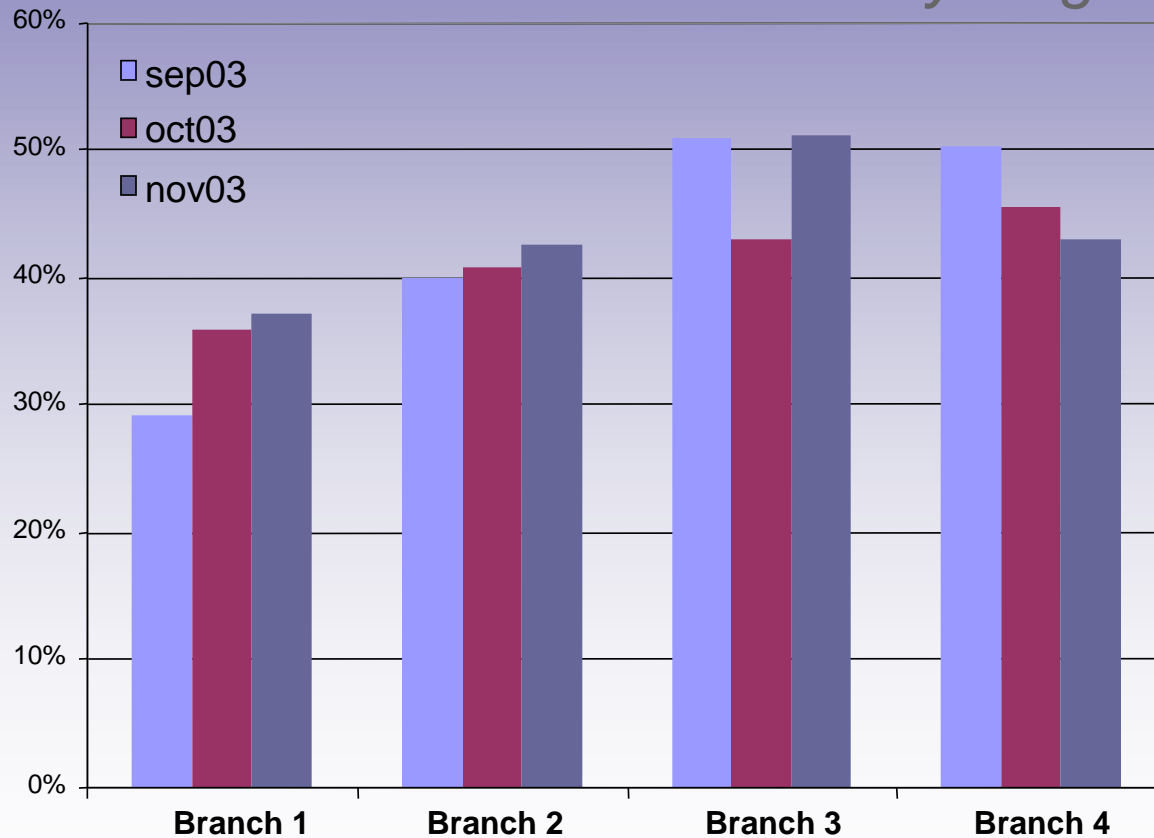
Analysis *By Product*

Does product data tell us anything?



Analysis *By Branch*

Does branch data tell us anything?

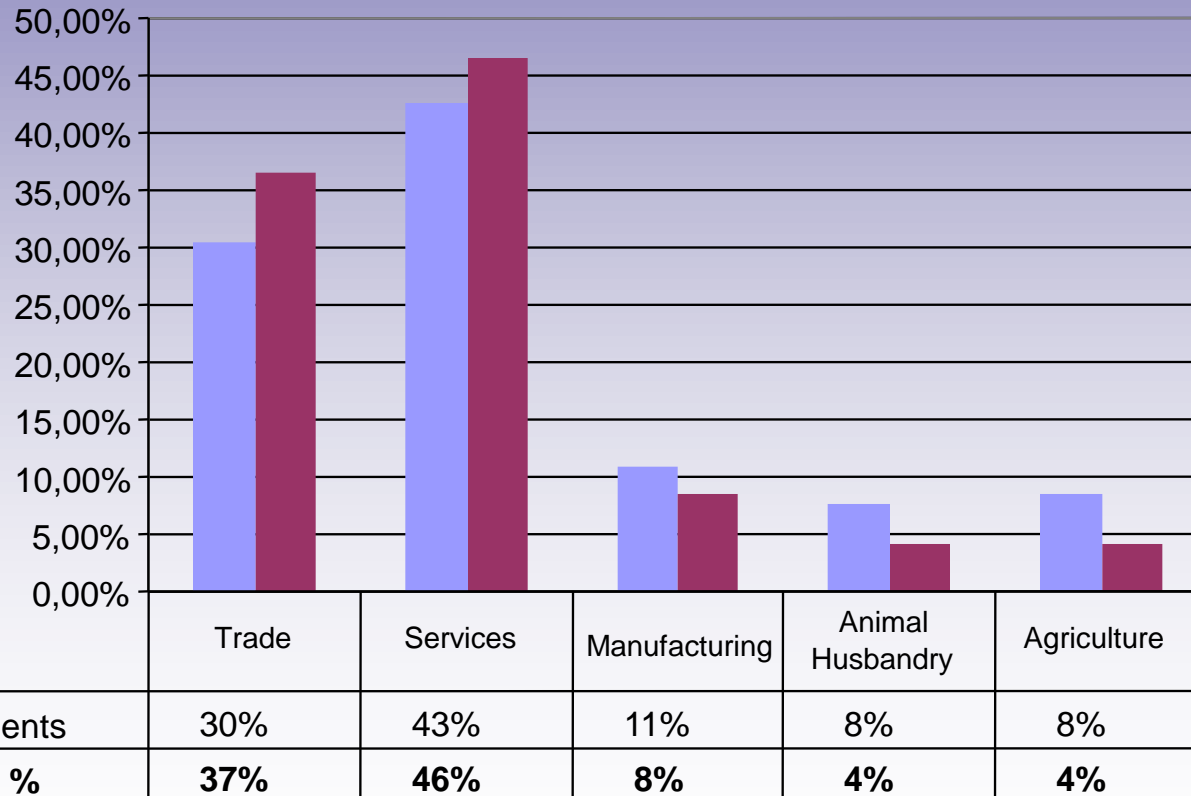


90-day window

Analysis

Understanding Segments

Does business segment data tell us anything?

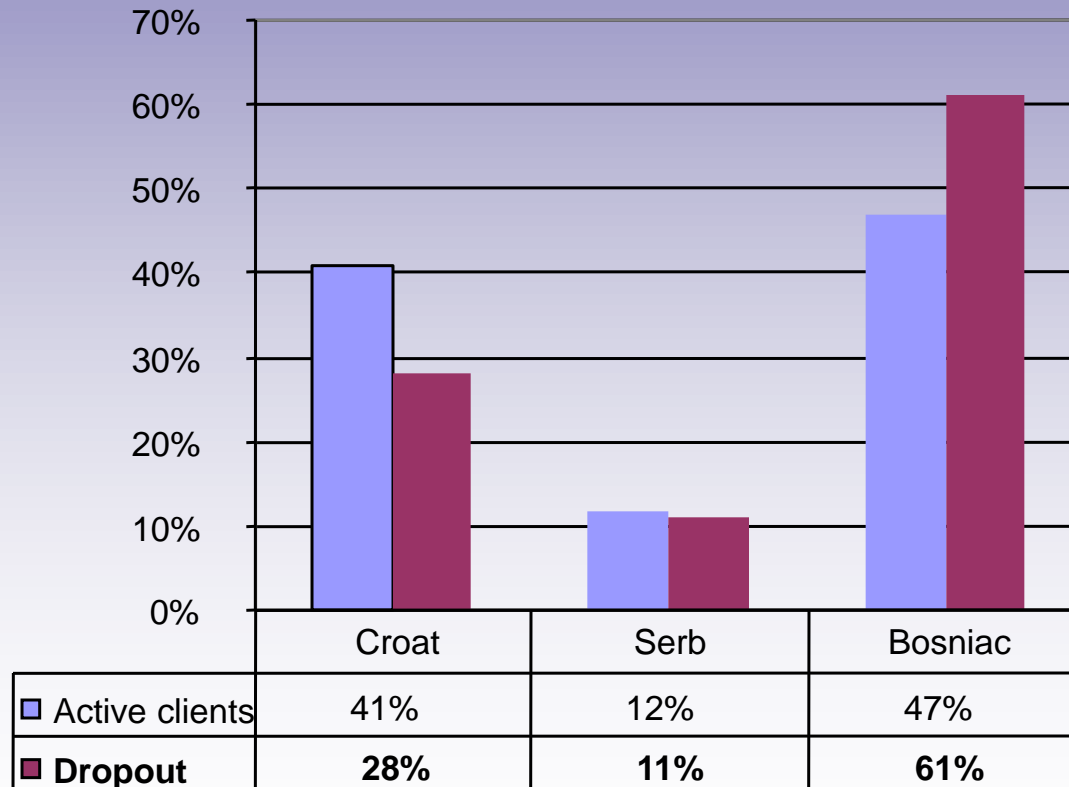


90-day window

Analysis

Understanding Outreach

Does social status segment data tell us anything?



90-day window

Challenges to Use

Overall...

- Difficult to capture—regularly, easily and consistently—w/out automation
- Difficult to compare w/others—relative measure
- Indirect—difficult to know what it is really reflecting
- Discrete—difficult to use for trend analysis

In isolation...

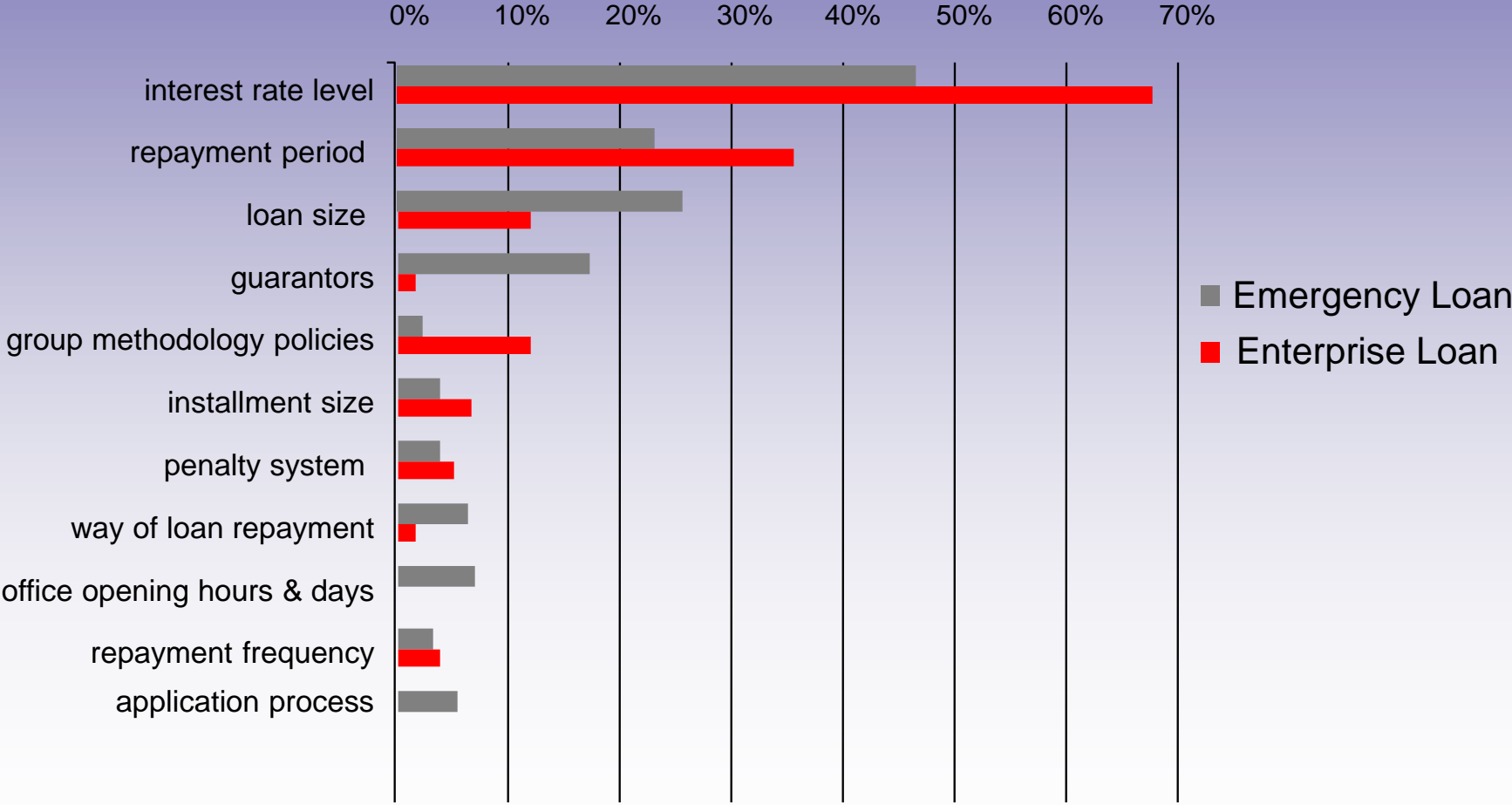
- General—difficult for regular decision-making
- Questionable indicator of loyalty
- May undermine understanding of complex 'black box'

Almost always need more...

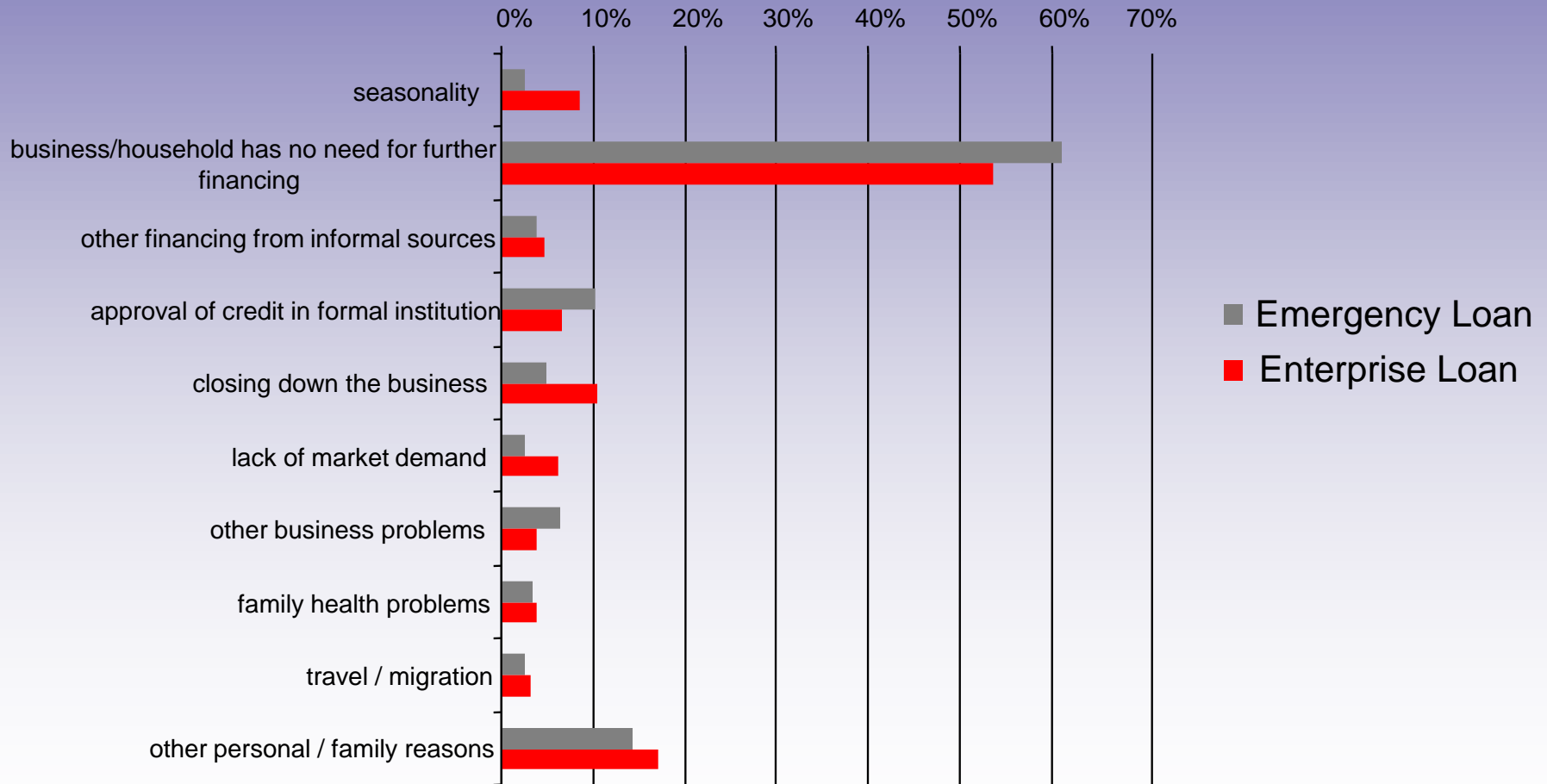
- Periodic exit interviews
- Focus groups
- Mini surveys

... And all help to identify problems that lead to dropout while helping MFIs listen to clients, more generally.

Reasons Cited by Clients for Leaving—Internal



Reasons Cited by Clients for Leaving—External



Caution again about the
value of this ratio...

A seemingly intuitive measure
of something is, in isolation, a
questionable measure of
anything