

“Client first” – is an innovative initiative that combines financial services: micro-credits for investments in productive assets and equipment’s acquisition with tailored business development support services (BDSS) for clients and potential clients: micro-enterprises, farmers, start-up entrepreneurs located in the rural and small towns of Romania.

Context: The microenterprises are representing the majority of total Romanian private sector, and within the last years the tendency of reducing the investments in productive assets due to lack of appropriate resources is preventing their development, growth and graduation into small and medium enterprises.

RoCredit’s portfolio is extended to micro-enterprises, analysing the portfolio invested in loans for client’s productive assets investments and observing the high rate of applications for investment loans rejected, RoCredit in partnership with Eurom Consultancy and Studies initiated in 2012 a pilot project aimed to increase the portfolio invested in loans for productive assets acquisition, improve its quality and to diminish the applications’ rejection rate.

First phase: The pilot project consists in organising “projects’ clinics” (workshops) for RoCredit clients and potential clients for the assessment of the feasibility of the client’s investment project using an financial analysis and forecasting tool developed as MS-Excel application, extension of the loans with characteristics that match the investment, followed by monitoring client’s investment implementation and financial performance during the loan period.

So far funded from own resources and benefiting from the program “Entrepreneurship from idea to success” an EU funded project 11 clinics were organised in Pitesti and Bistrita RoCredit branches (two out of 14 branches of RoCredit) for 58 entrepreneurs. The “projects’ clinic” (workshop) consist in one hour presentation of the investment’s assessment methodology, followed by one to one working session. The client and the analyst are assessing the input data of the investment, consisting in input data compilation, calculation of the investment project indicators and forecasts and interpretation of the investment’s indicators, forecasted P&L and cash flow.

Based on the analysis the client may decide on investment’s opportunity, the size, the implementation schedule of the investment, and will get guidance from RoCredit’s credit officers in the selection of the appropriate financial product from RoCredit offer that will fit to the investment characteristics and potential for reimbursement, e.g. value of the loan, loan period, grace period (for interest), repayment schedule, etc.

Project’s First phase results were positive, the investment loan portfolio in the two branches increased by 30%, the investment application rejection rate decreased by 50% and the quality of the portfolio improved.

Second Phase: October 2012, the training for the RoCredit’s credit officers in assessment of investment project’s feasibility and utilisation of the assessment tool was introduced in the curricula of the JASMINE TA program and delivered to all RoCredit’s credit officers, branch managers and risk management department staff. The investment indicators: NPV (net present value) and IRR (internal rate of return) were introduced in the loan risk assessment procedure.