Impact Evaluation of Caisse d'Epargne de Madgascar (CEM) Services

Summary

Prepared by
SOA.TEG.

for
USAID/Madagascar

October 2001

Note: Page added to electronic version by
USAID Development Experience Clearinghouse

IMPACT EVALUATON OF CAISSE D'EPARGNE DE MADAGASCAR (CEM) SAVING SERVICES

Summary

PREFACE

MAIN CONCLUSIONS AND RECOMMENDATIONS

I. SURVEY SUMMARY
- About the data base and the preparation of the fieldwork
- Features of the CEM savers
- About the impact of the CEM services
- About the perception of the CEM services
- Reasons for desertion

II. PROBLEMATICS
1. Positioning of the CEM
2. Product of the competition
3. Obstacles and challenges to overcome

III. RECOMMENDATIONS
- To remain a leader on the savings market
- Offers of new products

SUMMARY REPORT

Methodology
Progress of the survey
Results according to the aims of the study
Chapter I : Background
Chapter II : Characteristic of the targeted population
Chapter III : Impact of the Services of the CEM
Chapter IV : Perception of the Services of the CEM
Chapter V : Analysis of the reason why the services of the CEM are deserted

IMPACT EVALUATON OF CAISSE D'EPARGNE DE MADAGASCAR (CEM) SAVING SERVICES

Preface

The impact assessment of the services of the Caisse d'Epargne de Madagascar (CEM) (Madagascar Savings Bank) was carried out with the support of the Democracy and Economic Growth of USAID/Madagascar; it benefited from the support and the involvement of numerous people.

SOA.TEG. would like to heartily thank the representatives of USAID, namely:
- Mr Kenneth P. Luephang, Contracting Officer ;
- Mr Robert Dean, Prime CTO and
- Mr Fidèle Rabemananjara, Alternate Cognizant Technical Officer (ACTO) for their technical guidance.

The Management of the CEM was instrumental in the realisation of this study by closely collaborating with SOA.TEG. Different meetings could be scheduled and many people from CEM directly monitored the study. SOA.TEG. would like to thank them, more particularly:
- Mr Dominique Rajerison, Directeur Financier
- Mr Hery Andrianasolo, Directeur Communication
- Mr Rakotonirainy R.B. Tsirinirina, Directeur Commercial et Marketing
- Mr Rabarijaona Hervé, Chef d'Agence CEM 086 Tamatave
- Mr Rakotondramasy Lalarijaona, Chef d'Agence CEM 03 Tamatave
- Mr Jean Florent Ralaivao, Chef d'Agence Fianarantsoa
- Mr Andriambola Hery Radaniela, Chef d'Agence Antananarivo Tsaralalana
- Mr Razanakoto Lovaherilanto, Chef d'Agence Antananarivo Ambanidia
- Mr Andriamamonjisoa Ketaka Lalao, Chef d'Agence Antananarivo Andravoahangy
- Mr Randriantahina Aronjatovo, Responsable des relations avec les médias
- Mme Rakotomanga Harisoa Lalaina, Responsable Marketing
- Mr Rakotondravony Solomampionona, Chef de service des relations publiques

SOA.TEG. would like to acknowledge the entire staff of the CEM at Agency level, and who made it possible for the surveyors to make investigations in good conditions.
SOA.TEG. also thanks the two Consulting experts from project AIMS :
- Mrs. Victoria Michener, and
- Mr. Fouzi Mourji,

who were in charge of the technical guidelines and supervision .

Finally, we congratulate the SOA.TEG specialist team coordinated by its chief of mission, Mrs. Sahondravololona Rajemison, for being able to achieve the mission that had been entrusted to them.

Main Conclusions and Recommendations

I. SURVEY SUMMARY

The analysis of the survey results has allowed to draw conclusions that can be summarized as follows:

♦ About the data base and the preparation of the fieldwork

As a general rule, the difficulties encountered are connected, on the one hand, with the identification of people and the localization of their addresses and on the other hand, with the existence of the out fields on the sampling.

♦ Features of the CEM savers

In relation to the Malagasy population and as regards poverty, the CEM customers initially belong to relatively well-off categories of households and populations, if the national average is taken into account. The majority of the savers consist of salaried employees, then of students or people without any activity. Micro-entrepreneurs, small- medium entrepreneurs, and farmers constitute a minority.
The micro-enterprises and the associations cover varied sectors. The majority is long-standing customers.

♦ About the impact of the CEM services

In view of the hypotheses that were upheld, the impact of the services of the CEM is more than conclusive at the household and the individual levels.

Concerning the households, the level of well-being has increased. This can be seen through the reinforcement of the households' capacity to increase school expenses, to have access to relatively high cost goods, to improve their lodgings, to face unexpected situations and foreseeable events and to create income generating activities.

The non-significant differences and the less satisfactory results can be explained by the fact that from the beginning, the CEM customers have a relatively comfortable standard of living in comparison with the national average.

As for individuals, prestige raising, autonomy and security consolidation are well experienced especially when one refers to qualitative surveys. The CEM customers can mobilize their savings easily and face various expenses. They acquire the esteem of others. Women improve their positions in the decision making process, control their life better, and the potential extends even to the family circle.

If initially the CEM customers' monetary savings behavior is less asserted than that of the non clients, it decreases as they stay with the CEM.

As regards micro-entrepreneurs and associations, some assumptions are confirmed while others are not.

For the micro-entrepreneurs, the impact shows well in their capacity to carry out a project. On the other hand, no evidence has been secured as regards regularization of income fluctuations, income and profit increase and the advantages enjoyed from the opportunities.

As for the associations, the impact brought by the CEM services is more security, transparency and governance (see perception p.3), in property preservation and a better investment programming (The Associations were able to increase their purchase or investment). However, there was no impact either on the changes of activities, nor on the way crises were faced, nor on an improved capacity to make deposits.

Thus, from the viewpoint of the impact on the control of poverty, it appears distinctly that the CEM customers' savings has contributed to the improvement of the household and the individual's well-being.

The impacts are a lot more moderate with regard to the micro-entrepreneurs, small-medium entrepreneurs, farmers and associations.

Even though having a CEM account helps and contributes to the capacity to create one's own business, the micro-entrepreneurs, small-medium entrepreneurs and farmers that are CEM customers contend with the problems of development and sustainability in the mid- and long terms.

The results of the impact survey concerning associations show that globally the results of the associations that are customers are less satisfactory in relation to the non customers ones .

It is necessary to recall that the composition of the CEM association customers, shows a predominance of domestic or religious associations and these associations undergo very high vulnerability on the mid- and long term.

It should be noted that at the time of their creation, which is generally coincidental with their application for membership in the CEM, associations tend to be very dynamic, and the members very enthusiastic. However, this typically deteriorates over time, and the older associations tend to experience more crises in maintaining and managing their affairs.

From all that has been stated, and considering the fact that micro-entrepreneurs, small-medium entrepreneurs and associations are a minority within the CEM***, the involvement of the CEM program in the development of the country and in the control of poverty is partly indirect too.*** It goes through the collection of the people's savings, then the investment of that savings in government bonds, which means that the collected savings finance public expenses. This part of the macroeconomic impact cannot be detected in the survey whereas the microeconomic impact at the level of the population's well-being and the micro-enterprises was dealt with previously.

♦ About the perception of the CEM services

In their majority, the CEM customers recognize the services of the CEM as positive. They underline the ***security*** of the investment. This opinion does not distinguish between *students*, *salaried employee*s and *micro-entrepreneurs*, the first three groups that constitute the main body of the CEM customers, who all mention the absence of risk with the investment. ***The interests and the absence of account charges*** come as the next ***advantages*** of the CEM investment***.*** Even the third group, that is the micro-entrepreneurs, acknowledges that the CEM is the institution where to deposit your cash surplus.

The savers mention ***contingency funds*** (insurance, security), realization of future projects as reasons for savings. It should be marked that contingency funds relate to the short term and projects are set up for the mid- and long terms.

As evidence of the savers' positive appreciation of the CEM, there is only a minute minority who has invested outside the CEM. However, *a contrario,* it means some want or dissatisfaction. In this case, the investment illiquidity is due to:

- the 15 day delay scheme common to all Savings Banks in the world,
- the narrowness of the CEM network
- the impossibility to perform some transactions in a branch office other than the one where the customer has registered
- the withdrawal of the Post office: the resulting problem is most crucial for the rural customers.

At a more straightforward level, the ***quality of the service*** (courtesy of the staff at the reception desk, waiting at the counter, paperwork) can be improved.

The customers have well acknowledged the CEM as a savings collection institution and not a credit institution. However, there is a lack of knowledge about the services (distinction between current / steady / special accounts, calculation of the interest rate) that requires some effort of communication.

♦ Reasons for desertion

The leavers are not quite singled out of the CEM customers. *The salaried employees and students, those without any activity* constitute the majority of the leavers. However, the salaried employees are the least likely to withdraw from the CEM whereas the *micro-entrepreneurs and entrepreneurs* close their accounts more easily. As for the students, their accounts tend to be inactive.

Paradoxically, the leavers have a good opinion of their time at the CEM. Their withdrawal is based on contingencies outside their control and that of the CEM. It is about a ***sudden lack of liquidity***.

II. PROBLEMATICS

1. Positioning of the CEM

The positioning of the CEM depends both on its *identity*, more specifically the mission it is assigned to, and on the *image* that the public has thereof.

Currently, the CEM performs its mission of savings collection exclusively: it is a savings institution whereas other financial institutions, whether banks or mutual savings and credit banks, perform the more general mission of financial intermediation: collection of the savings and granting of credit. It is true that the investment of the savings in treasury bonds also constitutes credit to the national economy. This position of the CEM has been well understood by the public.

For the meantime, the CEM doesn't have a strategy to access to the rich customers of the banks. The majority of the CEM customers belong to the middle class. ***The Small- and Medium-sized Industries/Firms and the most important enterprises do not deposit their money in the CEM, not even on the special account.***

The firms prefer to go to the Banks to invest their cash surplus, whereas the CEM special account has been created for this purpose. This problem is probably due to a ***problem of image and communication or to the fact that the firms connect deposits to credit possibilities.***

On the other hand, the Post office withdrawal exposes the CEM on the other side to ***competition from the mutual savings and credit banks in the rural areas***. In the regions where the Post office represented the CEM , the mutual savings and credit banks took over, or have started to settle down.

Then the CEM can be asked the following questions:

1. How to keep the present middle class customers and the micro-enterprises of the formal and the informal sectors who have an eye on the mutual credit institutions and other micro-finance bodies ?
2. How to attract the Small- and Medium-sized Industries/Firms, the big enterprises and more classy customers?
3. How to extend the CEM network toward the poorest and remain financially viable ?

The CEM is faced with two scenarios:

- The first supposes a strategy of occupation of all the financial intermediation market segments, that is, access to the largest possible public
- The second one supposes that a predefined custom is targeted and that same segment is kept, as some sections of the society should be targeted and customer loyalty established, if it is impossible to have access to all the sections.

The CEM will prefer the first option as far as possible especially if must achieve a mission of poverty control.

It is therefore indispensable either to propose a product that is likely to interest the set of the three market segments previously quoted, or to propose different products for each of these markets in the first scenario.

In the second scenario, it is necessary to propose a package of products that can cover the targeted market segment and to assure a quality of service that can challenge the competition.
For the meantime, the CEM product is the only product of "collection and securing of the savings".

2. Product of the competition

- **<u>Savings Products</u>**

Although the review was an impact and not a market survey, investigations were conducted to obtain information on some products and financial services offered by the Banks and the Mutual Savings and Credit Banks.

Furthermore, the CEM survey underscored a certain difference between the Banks and the Mutual institutions through the CEM customers. It specifically showed that the customers who invested elsewhere chose the Mutual institutions and did so to have ***access to a credit service and a more liquid investment***, whereas those who chose the Banks insist more on the ***liquidity of this investment***.

Either the Banks or the Mutual Savings and Credit Banks, all the competitors of the CEM offer one (or several) savings product, which shows in the table below.

SAVINGS PRODUCTS

Financial Institutions	Particular Conditions when opening an account	Liquidity	Remunerations	Other features	Account charges
UCB (Union Commercial Bank)	Minimum of 2,000,000	Available balance higher than 500,000	4.5%	Possible tax allowance	YES
BMOI (Banque Malgache de l'Océan Indien)	Minimum of 1,500,000	Available balance higher than 1,000,000	4%	Tax reduction	YES
BOA (Bank of Africa)	Minimum of 500,000	Available balance higher than 500,000	4.25%	IRCM Exemption	NO
BNI-CL	2,000,000	Available at any time Balance higher than 1,000,000	4% if <50,000,000 otherwise 6% sinon	No information	YES
OTIV (Mutual Savings and Credit Bank)	Dues : 3,500 Share of the capital : 10.000 No minimum deposit for **savings sight deposit** Minimum deposit of 500,000 for **specialized savings** Minimum deposit of 2,500,.000 for **Term savings**	**Savings sight deposit**: available but give a 2 day notice for an amount superior to 2,000,000 **Specialized savings**: available and balance superior to 500,000 **Term savings** : Minimum deposit term: 3 months renewable	2.5% for specialized savings 4 to 6% for term savings	No information	NO
SBM	Minimum deposit of 5,000,000	Available	3.%	No information	No information

Source : Surveys

Considering this table, ***the BOA Bank and the Mutual Savings and Credit Bank are more or less in the same market segment as the CEM***. The access to the savings service of the CEM is easier (100 FMG) when opening an account. The CEM investment is more remunerative, but its liquidity is handicapped by the "15 day" clause. Nevertheless, the liquidity of an investment being the faculty of being convertible in money (or in properties) at any place, this liquidity can be improved by other means. The CEM savings product is intrinsically at least as good as if not better than that of the BOA although the latter is more liquid.

The leitmotif is to improve the CEM's ***quality of service*** in order to differentiate itself from its competitors. The BOA is the bank with the most extended network, it is present in some rural village farm areas (notably in Tsiroanomandidy at the time of the investigation) and the Mutual Savings and Credit Bank are developing themselves more and more. The investigation permitted to see their presence for ourselves notably in Foulpointe. These two rural villages are the examples where the withdrawal of the Post office have made the work of the CEM competitors easier.

- **Credit Services**

The CEM does not have any credit department since it is not part of its mission to offer some to either individuals or firms. Its direct competitors offer credits under the following conditions in terms of either localisations or market segment:

Financial Institution	Conditions	Rates	Amount
OTIV(flash credit)	Repayment over 1 month	4% (monthly)	Maximum 5.000.000
OTIV (ordinary credit)	Repayment over 2 years	36% (yearly)	¼ of savings
BOA	- Having been a wage-earner for 2 years and to have your bank account with BOA - A parent's caution - Repayment draught from the account	Base rate 19%+VAT+Insurance 0.8% of the credit	30% of the transferable portion
BFV Société Générale	- To be a paid agent with a net income superior to 1,000,000 and to have your account with BFV - A parent's caution - Repayment held from the account	Base Rate 17%+VAT+Insurance 0.8% of the credit	30% of the transferable portion

Source : Surveys

3. Obstacles and challenges to overcome

Despite the absence of account charges to fund the customers' account management, the present activity of the CEM which is **to collect savings is productive** since it only has to collect money from the investors and to invest it on the liability market and to recover the dividends.

Given the withdrawal of the Post Office, ***the main challenge of the CEM is that of remaining (or becoming) the leader on the savings market*** where its position is weakened even though the Post Office customers do not constitute the large majority. In the field of banking and savings activity, ***extending your network*** is as important if not more so as addressing the productivity issue. With every group of customers who give up the CEM for distance problem reason, the Mutual Savings and Credit Bank or BOA competitors can set up an agency and make up for being behind in terms of image and visibility if not money. The present asset for CEM ***is the easy access to savings services, which*** needs to be preserved.

Besides the need to extend its network for recovering the investors' money, ***the quality of service (staff's welcoming, queuing at the counters, formalities)*** should differentiate the CEM from its competitors. This quality of service should allow it to solve the ***problem*** of its ***image as an*** "institution reserved to the poor".

The second challenge awaiting the CEM ***is a direct participation*** (more precisely microeconomic) ***in the control of poverty***: for this reason ***the CEM should open an access, even a tiny one, to credit.***

III. RECOMMENDATIONS

♦ To remain a leader on the savings market :

At the beginning, to meet the first challenge (***to remain a leader on the savings market)*** requires some improvements.

It is interesting for the CEM leaders to receive the synthesis of all the outgoing customers' complaints:

- **Desired changes**
  - Interest raise in relation to inflation
  - Information and clarification campaign about the various operations (mainly about the 15 day procedures, derogations on emergency)
  - Rewards for senior and/or faithful customers

- **Service improvement**
  - Creation of new agencies (Problem of distance) (25% of interviewed customers)
  - Network extension and decentralisation (problem of security solved by setting the agencies inside communal premises or next to a "Gendarmerie" station)
  - Enlargement of existing premises
  - For each agency, creation of special windows for large amounts
  - Multiplication of windows to solve the problem of lengthy queuing (specially at Tsaralalana agency)
  - Possibility of drawing in any agency
  - Better welcoming by the staff
  - Adjusting of the opening hours and days according to the clients' needs
  - Streamlining of some procedures related to the registration of capitalisation and the reinvestment of passbooks: for this wish, customers should be informed that the process is applied not only in Antananarivo but in the CEM agencies in the provinces as well.

As it has been underscored earlier on, these problems are linked with problems of ***investment liquidity*** and ***quality of service.*** The *interest rate* issue stems from the fact that for the same product which is savings, the CEM targets two types of customers, the one who saves in order to collect interests and the one who deposits his money for security purposes but who would like it to be available any time. The customer does not make any difference between ordinary account and ***stable account, which*** is ***remunerated at too low a rate.***

It is ***VITAL*** for the CEM to ***extend its network as much as possible*** in order to recover the money from the investors who may otherwise join the micro finance Mutuals. In the same way, in order to keep the present customers facing the competition, ***service quality must be improved***: training of the staff, computerising in order to alleviate the account management and to make it faster, shorten too administrative formalities. To access a higher income clientele, it is important to take care of its image ***(information campaign, renewing of the premises in urban area, special windows for large amounts).***

♦ Offers of new products:

The CEM should vary its products both on the existing side (liabilities means the collection of the savings by offering different products) and offer new products on the assets side (loan, credit, insurance).

- **New products on the liabilities side:**

1. In order to **improve *the liquidity of the CEM investment,*** which is, as a reminder, the convertibility of the savings into cash money, we advise:

   - ***The use of check books and drawing card (***less risky than the check book if the data system is updated)
   - ***The use of negotiable deposit certificate:*** it requires partnerships with banks or failing that, with some merchants so as the CEM customers may either draw some cash there (bank), or make purchases.
   - The ***modernisation of the computing and telecommunication network so that the investment may be drawn in several places***, at least in all those places where an agency is present and a secured Internet connection is possible to transfer and update databases (Antananarivo, Toamasina, Antsirabe, Fianarantsoa).

2. The ***low-level interest rate*** issue originates from the insignificant difference between the remuneration rates for ordinary account and stable account.

   - The stable account which is actually a product for savings and the ordinary account which is a money securing services (deposit) should be differentiated further. ***The stable account should be remunerated*** as those two needs (to collect dividends and to secure one's money) must be met by 2 very different products: : the stable account should be replaced by one-year obligation remunerated at 6% to 8%. The possibility of such a medium term obligation is less risky if inflation stabilizes; the type of placement would attract small/medium entrepreneurs & industries and other richer clients of banking sector

   - Nevertheless, from the macroeconomic point of view, savings targets the mobilisation of necessary resources for financial investment. In fact, it is feared that an increase in the interest rate paid to the CEM clients could lead to brake on investment of the CEM placed with the State via treasury bonds.

3. ***To institute a contingency fund***

The derogation facilities in case of emergency are little known by the public and even by the staff sometimes, while the customers need an insurance against unforeseeable contingencies :

- The staff and the customers should be made aware of the possibilities of derogation to the "15 day clause".
- The conclusions of the impact study result in recommandations for the the creation of new products for more impactful CEM services, notably for the individuals and their households. There products would include "special savings accounts", such as housing, education or food security accounts, accompanied by accounts such as life or health insurance. In other words, this implies offering an insurance or a mutualisation system for contingencies: the insurance implies the payment of a bonus whereas in the mutual system the CEM does not take any chance and it only bills the management costs. The two systems allow for a sharing of the risks between the customers and the CEM. Dues may be monthly or yearly, etc..

- **New products on the assets side:**

More than half of the customers' funding resources are raised from the family and parents, and only ¼ from credit Mutuals. Accordingly, it is recommended that the CEM offer retail credit.

It so happens that the credit market is still wide open market since it is repressed (unaffordable and prohibitory conditions of the Banks).

The CEM should minimise the risks for its credit investments while maximising their productivity.

A few principles (beside the evidence that effectual payments should cover the loan):

1. The longer the delay, the more risks. The solution is to only allow short term credits with frequent payments (Less than 1 or 2 years with monthly payments)
2. The further the date due, the higher the risks. Payments should be decreasing: the guarantee deposit and the first instalments high.)
3. Share the risks with partners: require the applicant to contract an insurance policy (in case of default, one part of the loss is endorsed by the insurer)
4. Diversify the risks: not to put all your eggs in the same basket. Carry out different types of investments in order to make up for one part of the debtors' default.

Some examples of products on the assets side:

a. School loans reimbursable in 1 to 3 months
b. 6 to 12 month credit with decreasing payments with guarantee deposit (1/10 to ¼ of the principal)
c. Risk capital: direct share taking in (micro) projects with CEM LABEL (to promote the image): somewhat risky save for projects co-financed with large organisations (Insurance Companies, Banks) as there would be sharing of the risks
d. Refinacing other micro-finance organisations: less risks but productivity is shared with the other organisations
e. Plan partnerships with equipment suppliers or simple merchants and lease equipment. The CEM issues vouchers to be negotiated with the suppliers but the machinery belongs to the suppliers until the client pays up with the interests. The CEM so avoids that the customer wastes the borrowed money, the customer is obliged to buy the equipment on the base of which he applied for the loan.

The realization of the new products should be the object of feasibility studies in any case.

- **Two orientations deserve special consideration: to lend to microfinance organisations (they are receptive if the conditions are more accessible than with the Banks) and in this case the risks are minimal but a big part of the earnings will be recovered by these organisations**
- **To grant some credits directly to the micro-enterprises, there will be maximum risk-taking then and direct participation in the fight against poverty**
- **These services may be subject to such conditions as the necessity to follow training in management, which an organisation other than the CEM will carry out.**

One of the recommendations for the micro-entrepreneurs and the associations is the proposition of creation, within the CEM, of a special window concerning the collection of savings and financing of the micro-enterprises (confirmed when one reviews the changes desired by the customers, henceforth the existence of a demand in new products). Indeed, to claim an improvement and a regularization of the fluctuations of the income, the micro-entrepreneurs need financial back-up, at the time of the creation, to go along with the development of their activities up to more viable sizes. Idem for the other categories of customers of the CEM who expressed their needs to create some IGA (Income generating activities) to improve their conditions of life.

However, the investigation reveals that access to credit is difficult for most micro-enterprises. Being specialized, the window must adjust to the needs and specificities of the micro-enterprises, to be able to better process the files while valuing the viability, to go beyond the limits of the traditional banking system which deals with a micro-enterprise as it does with a medium-size or a large enterprise (i.e provide assistance in processing applications).
It can take advantage of the coverage by the CEM of the national territory in order to have a better decentralization of the decisions, notably concerning financing.
Concerning the latter, the decisions must not only rely on the assessment but especially on the requirement to constitute savings on the part of the customer before and after financing, which is a sine qua non for a possible renewal.
A feasibility study is recommended, in the sense that the CEM has important assets for a repositioning in the sector: capacity to mobilize the savings, proximity of the services,

and adequate structures of management permitting to establish follow and to improve benchmarks.

Summary Report

According to the survey on "Madagascar - The financial sector just at the dawn of 21st century : Situation and trends" carried out in November 2000, the Savings Bank of Madagascar (CEM) made significant progress in savings mobilization and it is, currently, the predominant operator in micro-savings in Madagascar.

With the support of the Micro-finance Development Mission within the USAID/Madagascar that focused its activities in assisting the CEM as a service provider of profit generating savings for an increasing number of customers, the present survey has :

- General aims:
  - to evaluate the impact of the CEM's services
  - to identify and to evaluate the market demand for new products
  - and to evaluate the perception of the CEM's services

- Specific aims:
  - to understand the savings services of CEM on poor households and microentrepreneurs
  - to improve the CEM's services
  - to obtain ideas for the CEM and the USAID on :
    - the role that the CEM should play in the global context of the development of microfinance in Madagascar
    - the institutional clients of the CEM

CEM clients can be divided into 2 categories : the individual clients and the associations.

In accordance with the above mentioned objectives and according to this classification ; we retained some assumptions to be tested. These assumptions were confirmed or rejected after the data analysis ; permit the description of the CEM's services impact, the perception of the CEM's services, the reasons why the services of CEM are deserted and the new needs concerning the services and the products. Such an evaluation will be used as a strategic support for the CEM and also for decision making.

- **Hypotheses for individual clients :**

1. Family – Households : improve wellbeing :
   H1 : to face unpredictable situations : illness, accidents, death, …
   H2 : to face predictable events : births, marriage, school fees, …
   H3 : access to goods

2. Individual :
   H4 : autonomy : control of life's events, decision in homes
   H5 : allows to have some kind of prestige
   H6 : security : against thieves on other damage

3. Microbusiness :
   H7 : to regularise income fluctuations
   H8 : to increase income and profit
   H9 : to take advantage of opportunities, purchase of lands, purchase of speculation, …
   H10 : to realise a project

- **Hypotheses for associations :**
  H1 : more security, transparency, governance
  H2 : better planning of investments and spendings
  H3 : better service of the benefit society to its clients
  H4 : heritage preservation

Methodology

Four sites with an important part in terms of assets (Antananarivo, Antsirabe, Fianarantsoa and Toamasina), to which are added 2 localities (Tsiroanomandidy and Foulpointe) served by Post offices have been retained by the CEM for the collection of baseline data.

The sampling shows effort to represent, in an efficient way, the different categories of customers and the recent leavers from the CEM.

Starting from the AIMS approach (Assessing the Impact of Micro-enterprise Services), some adjustments have been brought to the recommended tools. First, a preliminary preparation was carried out for the sample base, then for fine-tuning the sampling. The latter required a stratification of the target population of the 2 categories of surveys :

- a quantitative survey:
  - impact survey
  - leaver survey
- a qualitative survey:
  - inquiry on the use of savings and on the customers achieving autonomy
  - and inquiry on customer satisfaction

The sample is then formed by systematic drawings on the lists in each stratum. And the following are targeted in the framework of this survey:

- the individual customers and proxies subscribed before June 2000
- the new customers subscribed since February 2001 referred to as non-customers
- and the former customers referred to as "leavers" with whom we added throughout the surveys the specially closed amounts such as accounts with no movements since 2 years

- As a quantitative survey, the communities and clients surveyed are comprised of 1115 individuals (938 in impact survey & 177 in leaver survey) and 75 associations.

- As a qualitative survey, the “Individual” surveys were conducted with the managers of 3 Associations, 4 wage-earning civil servants, 6 farmers, 4 unemployed women, 6 under-aged parents

- The “Focus Group” survey were realized on 18 associations, 16 women Agency customers with stable account, 13 men Agency customers with stable account, 23 women Agency customers with ordinary account, 23 men Agency customers with ordinary account, 15 women Post office customers with stable account, 12 men Post office customers with stable account, 16 women Post office customers with ordinary account, 18 men with Post office customers ordinary account.

On the whole, the number of people surveyed as a qualitative survey was 161 taking into account the number of people in each focus group and 21 associations.

In the AIMS terminology:

- **the customers are more than 6 months open at the CEM**
- **the non-customers (the comparison group – less than 6 months open at the CEM**
- **ACL are the Associations customers**
- **ANCL are the Associations non customers**

Progress of the survey

In accordance with the AIMS approach, 2 types of surveys were carried out:

- surveys following quantitative methods used especially for the impact and leaver surveys
- and those referred to as qualitative applied to the inquiry on the savings sample and the autonomy achievement of the customers and for the satisfaction inquiry (focus group). The "individual" customers investigated are farmers, wage earners, unemployed, of parents of under-age children and associations,

- The quantitative investigations took place simultaneously from July 24 to August 11, 2001 except for the sites of Toamasina / Foulpointe where the investigation started to be effective only on July 25, 2001.

- The qualitative investigation took place from July 25 to August 14, 2001 with a small interruption on August 06 and 07, 2001.

In Fianarantsoa, the investigation was undertaken by 2 Supervisors and 3 investigators. Elsewhere and by site, the investigation was led by an Expert helped by 2 Supervisors and 4 to 7 investigators. Each team had a computer and at least one mobile telephone at its disposal.

In the field, each team organized itself in such a way as to carry through the data collection to a successful conclusion in spite of the difficulties encountered more or less at the level of the identification of people to investigate or of the addresses to be located.

The collected data were then processed on a computer, as they were keyed in as and when they were collected.

Results analysis is the aims of this report.

RESULTS ACCORDING TO THE AIMS OF THE STUDY

In this part, we shall see :

- the background
- the characteristics of the surveyed population
- the impact of the CEM's services
- the perception of the CEM's services
- the reasons why the CEM's services are deserted

Chapter I : Background

The following will be presented here:

- the global context in which the CEM has evolved
- a brief presentation of the financial sector
- and the main features of the CEM.

2. *Global Background:*

Madagascar, with its 15 million inhabitants, stretches on approximately 590.000 sq. km.. In spite of strong economic potentialities, the country is listed among the poorest of the world, with a poverty that is even more marked in rural environment.

This situation of poverty is not without repercussions on the development of the Malagasy finance sector:

- the rate of savings is low and is very insufficient to back up investments
- the weakness of the investment restrains the growth
- but in turn, the latter rebounds on the inhabitants' income and the weakness of the national savings.

Madagascar must address these factors in order to break this vicious circle to reduce poverty.

3. *The Finance Sector :*

For some fifteen years, the finance sector has undergone deep mutations in order to satisfy the needs of the economy in the current globalization framework.

2.1. The demand of the finance sector:

Basically, the demand comes from two entities:

- simple individuals and small-scale entrepreneurs essentially characterized by extreme poverty.
- and the average- and large-scale investors who mostly resort to the services of the banking sector.

2.2. Offer of the finance sector:

Two types of offer have been strengthened in order to satisfy the demand, and this offer is characterized by:

- The development of the micro finance: the economic orthodoxy policy has resulted in the exclusion of the small-scale producers from the banking system - among other consequences. And it can be seen that micro-credit only recorded a sensible growth in the country from the moment when access to the service of mutualist and non mutualist microfinacial institutions became available.
- The restructuring of the banking sector, with its privatization : since August 1989, the sector has not stopped diversifying its activities. Thus, alongside the activities traditionally practiced, these credit Institutions launched out

into a better collection of savings. Unlike the CEM, they essentially aim at either enterprises, or big savers.

It is within such background that we are led to investigate the role that the CEM plays in the promotion of savings and investment. However, since July 1,2000 the Post Office has closed the CEM counters and windows causing the CEM proximity feature to decline.

4. *Information on the CEM :*

3.1. Mission and legal form:

- Missions of the CEM:
  The CEM was set up in 1919. The missions of the CEM were fixed by law. Until now, in the absence of an implementing decree for law 2001-001- which authorizes the reconstitution of the CEM as a Société Anonyme- the mission of the CEM consists in savings collection only. In order to fulfill its mission of collection, the CEM has 16 branches distributed all over the island for the 517.993 savers composed essentially of individual clients and, to a lesser extent, of associations, for a total volume of 201,621,902,568 FMG.

- Legal form :
  The CEM has taken on several legal forms successively: at the time of its creation in 1918, the CEM was an Administrative Public Institution (EPA), then transformed into an Industrial and Commercial Public Institution (EPIC) in 1985.

3.2. Products and services on offer and procedures:

The products of the CEM consist of three different passbook saving accounts, 1) the stable account (6% interest, minimum balance of 50.000 fmg and maximum number of 4 withdrawals per year), 2) the ordinary account (5.5% interest, no minimum balance and no restrictions on numbers of withdrawals) and 3) special account (minimum MGF 100 million deposit, negotiable interset rate and varying, renewable time requirements)

Until very recently, the services of the CEM consist mainly of:

- approaching as many savers as possible: according to the estimates, the CEM provides some services to about 6.8%, of the Malagasy adult population with its 16 branches and the 152 Post Offices (until the withdrawal of the Post Offices on 01/07/01);
- offering savings-bank passbooks that are easily accessible, even to low income people.

As for the procedures to follow, they are very simple. One only has :

- to possess the sum to deposit
- to provide some information concerning the name, and relationship of the saver. Neither the identification card nor the address certificate are

necessary. It is possible to open an account for a third person even without his knowledge or agreement

3.2. Future Perspectives:

Faced with the impending disengagement of the State and with the multiplication of micro-finance institutions, the CEM is not only driven to improve its current services but to diversify them.

Chapter II : Characteristic of the targeted population

- We noted some similar characteristics for the population in the database as a whole and the "surveyed customers" :
  - Seniority : more than 2/3 of had CEM accounts for more than 2 years.
  - Sex : a little more than a half are women
  - Professional status :
    Wage - earners and students / unemployed are represented in a relatively high proportion, microentrepreneurs are ahead of small/medium business and farmers.

  Therefore, from the variables other than the median age, for which information is available on the CEM's database, we could bring out the fact that there are not very big differences between the sample population and the overall database population.

- Concerning characteristics that are not available in the CEM's database but dealt with in the survey, we could note 72% of new customers (Non customers in AIMS terminolgy) have between 2 and 6 months seniority.

  The results of the survey have also permitted to remark that customers, non-customers and leavers share the following characteristcs:
  - in the overwhelming majority, are married or in "free union"
  - more than 90% know how to read and / or write
  - more than 90% live in urban areas

  Moreover, among CEM clients, business activities by sector are characterized by firstly, commerce then "other activities" then farming and finally services & manifacturing.
  Most of the associations have a regional dimension and are statutory family, religious or social association.

- Referring to some non monetary poverty criteria (access to water, to electricity, type of housing, rate of schooling), the survey found that households having at least one CEM customer were better off than the national medium household.
  Situating the population customer of the CEM, regarding the malagasy population and the poverty, we could remark that the CEM's customers are, first, made up of categories of households and populations confortably off comparing to the national situation in general.

Chapter III : Impact of the Services of the CEM

The analysis of the impact of the CEM services consists in comparing the performances of the customers (more than 6 months) of the CEM with those of the non-customers (the comparison group – less than 6 months open at the CEM). In general, it is a question of verifying that, because of the opening of a savings account, people (or associations) improve their performances, in reference to different criteria.

The following discussion concerns the catégories used for testing the hypotheses as shown in page 2.

Different tables have been established (265 tables), from the cross-analysis of the variables. These analysis are based on the distinction between customers and non-customers, together with distinction of several strata.

These tables correspond to the preoccupation of the study of confirming or rejecting the defined hypotheses. It is a matter of describing the results that are in accordance with the expectations, (using the differences between customers and non-customers) from the other distinctions such as the urban and rural areas, the holders of ordinary accounts and stable accounts, the seniority, the agency customers versus post office customers, women-men, socio-professional categories, the classes of savings' amounts, the classes of numbers of operations.

Concerning the two last distinctions, their uses would be beneficial for analyses, but, these data are imperfect within the CEM database. Consequently, it is practically impossible to bring out conclusions from those distinctions.

Moreover, some cross-analysis and tables don't give any useful information. They have been cited in the writing to indicate that the test was realized but did not reveal to be conclusive. Others were cited and commented upon.

In parallel, conclusions from the qualitative survey will support the different analyses to better explain some results.

To be able to discuss about the hypotheses, we have distinguished three cases :

- the case where the customers realize better performances than the non-customers (assumption of a positive impact of the CEM's services since its customers are more efficient)
- the case where the customers and the non-customers are not distinguishable
- the case where the customers have results that are less satisfactory than the non-customers.

5. The case where the customers realise better performances than the non-customers :

- **Households :**

– Variations of school expenditures

The customers have seen their school expenses increase. The CEM program has a positive impact and allows these clients to better endure this.

– Possession of assets .
As expected, there are more households comprising of one customer that owns assets of high values and of median values. The fact that at least one member of the household owns an account at the CEM positively influence the capability of owning high value assets.

– Capability of repairing the housing.
For owners, the customers have realized some repairs and improvements of more than mgf 350, 000 . Among these who are owners, the fact that one member of the household is a customer of the CEM favourably influences the household's capability of improving and extending the housing.

– Reaction in the situation where one eats less.
In front of these difficult situations in the household such as the period when one eats less, being a client allows one to dip into the savings without being obliged to find an extra job or send members of the family to work. This is confirmed by the qualitative surveys where the fact of being a member of the CEM brings a change in the attitudes regarding the control of life's events.

– To use savings to face emergencies .
The fact of having an account at the CEM enables to face unpredictable events better , using only the savings, without being obliged to borrow from others. The qualitative surveys also provide results of the same kind : changes are recorded in accordance with the membership at the CEM. The customers could save up, control spendings, improve management and breed up savings.

– The creation of an own business .
A small value of the indicator of own business, which is the division between the number of people that have a regular income (wage – earner) and the number of people that bring back an income in the family, shows that an important part of the family income is assured by proper activities with variable income (like income generating activities). There are no significant quantitative differences between customers and non-customers. However, the results of the qualitative survey confirm these positive impacts. CEM saving services support the ability of customers to manage their income generating activities.

Membership at the CEM has brought significant changes in the professional life of customers, who, in the majority, could use their savings in favour of their own activity or a new activity.

- **Individual :**

– Use of the savings.
For each type of use of the savings, the proportion of customers who have responded "yes" is far more important. The fact of having savings at the CEM allows them to easily mobilize the latter and easily face diverse expenses.

– Other's considerations
  - The CEM's customers get esteem from others. This theme is nicely presented in the qualitative study. The CEM's customers are regarded as superior people. On the familial scale , the account holder can be considered as a model, he is a source of pride, inspires trust, respect and authority. The fact of having an account brings honour to the holder as well as glory, prestige, esteem and/or dignity.
  - On first sight, the influence of the part of being a customer of CEM is not very obvious in the improvement of women's position in making main decisions. However, the results from the qualitative survey bring accuracy in the positive sense. Only for a minority of women, the part of being a member of the CEM has not changed anything in behaviours and attitudes regarding fulfilment.

– Behaviours
  - For the majority, their membership in the CEM allowed them to master wasteful attitudes , to have something to count on in any situation that can happen, to spend without consulting anyone, to have initiatives in decison – making, to be independent and responsible , and to be able to face the different difficulties of life.

– On life's events.
  Being a member of the CEM has helped its customers, in particular, to have :
  - better capacity for management
  - some financial autonomy
  - more control over situations that can happen

– On their preoccupations.
  After their membership at the CEM, some customers become more concerned with the welfare of their expanded family and local community in addition to their nuclear family.

- **Microentrepreneurs :**

– Ownership of the activity.
  It is likely that the impact of the CEM's program made customers better able to create their own business in comparison to non-customers. This supports the conclusion about the rate of creation of own businesses shown in the "households" section above.

- **Associations :**

– Purchase and investment thanks to savings.
  Compared to the ANCL, the ACL could make more purchases or investments thanks to the savings services. These were typically purchase of small tools, purchase of important tools, purchase of own means of transport and investment in structures for sites.

2. The case where the customers and non-customers are not distinguished :

- **Households :**

– Type of housing.
Being a member does not influence the characteristics of housing. Almost half of customers and non-customers live in comfortable housing.

– Access to basic services .
There is not any significant difference between customers and non-customers in terms of access to drinking water and electricity.

– Dependency rate.
CEM services do not impact on the number of individuals in a household seeking income for expenditures.

– Use of the income.
The use of the income, formulated in terms of classification depending on importance, is identical in customers and non-customers.

– The highest schooling level reached by children.
We did not note any significant difference in the cumulative number of years spent at school for each child of the family.

In this second part, the non significant differences can be explained by the characteristics of the CEM's clients that we described before. The CEM's customers enjoy comfortable conditions compared to the national medium. The new customers are those that have become members of the CEM since 6 months. That explains the small difference.

- **Individual :**

– Decision making.
There is no significant impact in individuals decision- making customs (on a non-gender desegregated basis).

- **Microentrepreneurs :**

– Changes realized in the activity (microentrepreneurs, small-medium entrepreneurs, farmers). About bringing positive changes in the activity, the differences in behaviors of customers and non-customers are not significant.

– Existence of a lack of money to run the business.
For periods of lack of money, the proportions of those who have experienced it are practically the same among customers and non customers.

- **Associations :**

– Number of activities during the last 12 months.

No link can be established between being a customer and the number of activities practised by the associations.

During the last 12 months, a lot of associations didn't have any remarkable activities. This indicates some kind of lack of dynamism of the associations customers of the CEM. For each number of activities, we cannot say anything on the difference between customers and non-customers. To be more precise, we cannot say if a small number of activities is related to being new-customers.

3. The case where the customers have results "less satisfactory" than non-customers :

- **Households :**

– Variation of income during the last 12 months.
According to the quantitative data, the proportion of those that found their income reduced is more important in customers (especially those in urban areas) than in non-customers.
The old customers of the CEM are less effective in terms of income compared to recent customers. The impact of the CEM's program is in this field less tangible.

– State of the diet.
Quantitative data indicate that compared to non-customers, there are more customers that have seen their diet become worse. But this is a reflection of the population as a whole within the macroeconomic context.

- **Individual :**

– The quantitative results bring about the thought that non-customers possess a more aggressive savings behaviour than customers. This behaviour tends to be less important as the time spent at the CEM increases.

- **Microentrepreneurs :**

– Variation of income.
Microentrepreneurs, small/medium entrepreneurs, farmers : the non-customers are more capable of improving their income than customers. This is an assumption that needs to be qualified when observing the reasons of the trend.

On first sight, the explanation of this situation can come from the fact (see ownership of the activity) that there are more customers that have an activity that is their own business than non-customers. That can lead to a certain "fragility" in terms of financial management and render activities more vulnerable.
However, we need to nuance this conclusion. If we observe the reasons for the decrease of income in customers, we see that almost half comes from a bad sale. As for the reasons of the increase, an important part for customers development of the business, whereas with non-customers, it comes from the capability of purchasing raw materials and selling on new markets.

– Purchase or investment.
The non-customers are more efficient in big investments and when it is a question of an important purchase.
Where the customers can do a lot better than non-customers is for the purchase of different tools, but the difference is not very significant.

– Elements of business management.
Among some suggested elements of business management, the non-customers use them more than customers.
The practices of good management progressively disappear as customers become senior in the CEM. A kind of "laissez aller" takes place explaining the bad performances of customers compared to non-customers.

- **Associations :**

– Repairs of more than mgf 350, 000.
The ANCLs in a greater proportion than the ACLs, can do the repairs.

– Existence of crises.
The ACLs are more vulnerable to crises (lack of financial resources, bad management) than ANCL in terms of percentage, and have more difficulties making deposits compared to ANCLs.

– Existence of difficulties to make deposits.
The ACLs have had more difficulties in making deposits. A high rate of unanswered (84%) did not allow us to know more about the reasons concerning those difficulties. However, considering dimension, regional associations have more difficulties than national associations. The problems of difficulties to make deposits would be in part related to dimension.

– Increase of spendings.
Among those that have recorded an increase in spendings, the proportion of ACL is more important than ANCL. We should first remark that when cross- analyzing the spendings variation with the number of activities done, the majority (85%) of associations that have known this increase of spendfings have only done one activity. That means that there is not any effect of the number of activities on the increase of spendings.
Furthermore, the associations situated in urban areas are more concerned by this increase of spendings than the associations in rural areas.
The ACL, especially in urban areas, do not manage to control their spendings compared to the ANCL.

– Impact brought by the program.
It is a matter of assessing the impact of the CEM's program. The ACL (or those that have already spent a lot of time at the CEM) judge the impact of the program as being very small.

Chapter IV : Perception of the Services of the CEM

The issue on hand is how to know the way the customers, the micro-entrepreneurs and the Associations perceive the services of the CEM.

1- Customers' Perception

- *Knowledge of the CEM :*

  The CEM is known by the population. The knowledge of the CEM comes, first, from parents and friends but then media have allowed to provide more information on the CEM thanks to radio and TV .

- *Source of the money saved :*

  The source of the money saved are disparate. We can note that for housewives, they can come from extra activities with which is added a part of the husband's salary. For farmers, the sources are income coming from secondary activities. For the associations, the quasi-totality of the income is paid to the CEM.

- *Reasons for saving :*

  The 3 main reasons suggested in quantitative analysis are :
  - the possibility of carrying out a project
  - security / contingency funds
  - the possibility of saving money.

  The customers have ranked these reasons by order of importance, which has given different orderings according to the domain of their activities, to their residence environment and/or their stratum.

  For the traders/sellers , the most important is the possibility to save up, then the realization of projects and security / foresight . The manufacturers have inverted the order of preference with the security / foresight first, then the project and lastly saving up.

  People in the service sector rank savings first followed by the possibility of carrying out a project.

  Farmers have given a great importance to saving and security. These 3 reasons also appear among those cited by individuals of the quantitative sample. But the reasons cited in the qualitative survey are more various. We can note especially the interest, the non-existence of fees, the savings itself, the possibility to open an account with mgf 100 and the universality of deposit services.

- *Causes of difficulties to save :*

The majority of the customers, find it hard to constitute savings, considering the insufficiency of their incomes (and therefore their weak saving capacity) and the multiplicity of their needs (realization of project, purchase of goods, illness, children's schooling,…).

- *Outside investments:*

More than 90% of those who answered have declared they have not made any investment outside the CEM. As for the amount invested, it is confirmed that the CEM savings constituted by the former customers is more important with an average amounting to sums between 500,000 and 1,000,000 FMG against an average between 0 and 100,000 FMG for the new customers.

For the 10% who invest elsewhere than the CEM, the following has been mentioned, in order:

- the banks for various reasons : constitution of short-term savings (liquidity), access to credit, transfer of salary,…
- the mutual societies, particularly because one wants to have access to credit
- the associations and family : withdrawal is relatively easy
- and the Compte de chèques postaux ("Girobank") and tontine (community – based revolving saving and credit group).

- *Resorting to sources of financing:*

In cases of need for financing, different sources are possible, such as :

- relatives and families, essentially for contingencies
- banks and mutual societies, in cases where one resorts to credit, for example
- the CEM, because of the savings constituted there and the confidence granted the CEM

In any case, the choice of the sources for financing an investment outside the CEM can be explained by the fact that some services are not available at the CEM.

- *Appreciations of CEM services*

  - The advantages on offer (absence of charges, existence of interest) as well as the
    security of money and the non liquidity (principle of the 15 days delay) are appreciated favourably in the CEM program. But the importance given to these varies according to the customers; some distinctions deserve to be noted:
    - between steady customers and ordinary ones
    - between women's groups and men's
    - and/or between customers of the Agency and those of the Post Office (or ex–Post Office)

  - Like the positive appreciations, the order assigned to these aspects varies, here too,

according to the customers. The above mentioned statements have been given out by customers who, in their majority, know the deposit terms and those of withdrawals but not the way interests are calculated, nor the difference between steady account and current account, and even less what a special account is. Finally, these customers have paradoxically assimilated the services of the CEM, to those of WESTERN UNION or to those of the Post office

- *Dissatisfactions of CEM services*
  As dissatisfactions, the most frequently quoted in quantitative as well as qualitative surveys are as follows:
  - the procedure and the formalities to carry out, especially:
    - contigency withdrawals in the face of the 15 day delay scheme
    - at the time of withdrawal at another branch
  - the quality of the service : long waiting queues at the counter; the staff's lack of courtesy at the reception desk, …
  - the rate of interest considered as too low
  - the insufficient number of CEM branches and their location far from the rural clients.

- *Knowledge of the products and services of CEM:*

  The customers know the method of deposits and withdrawals. There are, however, a lot of them that are unaware of the method of calculating the interests, the distinction between ordinary account, stable account and special account.

2- Micro-entrepreneurs' Perception

- *Reasons for savings :*
  The explanations of microentrepreneurs for going to the CEM are diverse. The savings and the ability to deposit unspent the money are the major reasons.
  An important number of microentrepreneurs think that getting a savings account is a normal and automatic attitude.

- *Knowledge of the CEM:*
  The CEM is mostly know through the mass media and by word of mouth.

- *Knowledge of the CEM services:*
  The knowledge is limited to the ways of making deposits withdrawls.

- *Reasons for not choosing the CEM before:*
  Apart from some investment that is profitable somewhere else, the main reasons are indecision, the lack of knowledge of the CEM and incapability to save.

3- The Associations' Perception

- *Reasons for savings :*
  - The security of the money is the main motivation of associations that have made deposits at the CEM. The associations, that have recently joined the

CEM and belonging to the class of deposits of mgf 500, 000 and more, are the most attracted by this motivation. It is in fact a question of security :
- against thieves of internal or external origin of the association
- against swindling and abuses of all kinds from a member of the leading team. Indeed, the book of the CEM allows members to control the operations of the leaders of the associations

Transport associations and those which are religious are attracted by this motivation. It is the same for some developing associations and those concerning the environment.

– All the associations, no matter the amounts of the deposits, are attracted by the absence of charges on the accounts which is an advantage of the CEM compared to banks and other financial institution. The associations in the field of transport and religion as well as some with familial, social and humanitarian purposes are very interested.
– The associations belonging to the class of deposits of mgf 500, 000 to mgf 5, 000, 000 are attracted by the easy access to their money. It has been a long-standing interest of the association customers of the CEM which invest the money saved in the development of their activities.
– The associations that have deposits at the CEM of mgf 100, 000 to mgf 500, 000 are primarily motivated by the interest they receive. These include associations of public health, as well as those of transport, religion and familial/social vocation.

Therefore, the majority of associations research security when joining the CEM. We could also note the existence of a link between the reasons for savings and the classes of seniority. Indeed, the older associations research the security of the money, their availability and the absence of charges whereas those younger aim at the interest rates in addition to the security of the money. The behaviour of association customers is that they initially look for profits via the interest they receive but as their seniority increases they became more inclined to use accumulated savings for investments outside the CEM.

- *Knowledge of the methods and services of the CEM :*
  The degree of knowledge of the methods and / or the services of the CEM varies according to their dimension, their seniority and the types of services and / or products.
  The methods of withdrawals and deposits are the most known by the associations. We also observe a great performance of associations with national dimension compared to those with regional dimension. Therefore, like the individual customers, the managers of associations have a limited knowledge about the current operations of the CEM's services.

- *Appreciations of CEM's services :*
  More than a half of the association are satisfied with the CEM's services.
  The security of money and the absence of charges are among the most appreciated factors. As for dissatisfactions, the following have been cited : the 15 days delay

scheme, the low rate of interest, and the impossibility of withdrawals at other branches.
Some wishes have been expressed including the establishment of new branches, the modification of procedures (15 days clause), and the adoption of particular statutes for the associations.

Chapter V : Analysis of the reason why the services of the CEM are deserted

In this chapter, we discuss:

- The identification of the leavers
- An analysis of the various reasons why these customers left
- And a survey of the general perception of the services of the CEM

1. Typology of the leavers

This section permits to determine what type of customer is likely to leave the CEM.

- Among the leavers :
  - only one person cannot read but all have been to school
  - 67.05% reside in urban environment
  - 65.54% live as couples
  - the proportion is relatively high for the salaried employees (38.98%), for the households of 4 adults (36.72%) and for the families of 2 to 4 children (41.81%)

- As for the social category, it is noted that:
  - 40.68% of the leavers have 2 sources of income (and 2 regular sources for 22.03% among them), other 40.68% have only one source of income
  - the big majority has access to water and electricity (88.64%) and have a comfortable or relatively comfortable housing (respectively 49.42% and 31.07%)
  - the majority of families send their children to school but as the number of children in the family increase, the rate of schooling decrease. Furthermore, these children have only spent 5 years or less there (47.46% of the cases)

In order to fine-tune the analysis, a comparative survey was carried out in order to distinguish the leavers from the whole of the surveyed population, which has allowed to single out among other items, and in relation to the average profile:

- Through the comparison of the activities :
  - students, farmers as well as micro-entrepreneurs tend to have inactive accounts
  - the proportion of the leavers is low among salaried employees.

  On the other hand, it is the highest among farm workers.

- Through the comparison of the environments: the urban customers have less inactive accounts than the average.

- Through the comparison of lodgings: the leavers are in high number among those having modest or very modest lodgings, whereas those with inactive accounts are low in number.

2. Leaver' the reasons for leaving

The insufficiency of the interest rate is the most quoted motive (mentioned by 74.58% of the leavers), but these leavers have specified that the main reason for their leaving is the need for liquidity (according to 29.94% among them) and especially for external contingencies (according to 48.02%); and this is regardless of their will, because, in fact, 77.40%, recognized that the use of the CEM savings helped the household, especially during the pre-harvest gap and for health expenses and for the education of the children.

3. Leaver's Perception of the services of the CEM

- The majority of the leavers have noticed that their last operations at the CEM were easy to complete : the service was fast and the procedures simple

- The CEM services had a positive impact for 78.53% of these leavers : the CEM program has helped them

- More than 80% of these former savers had a good opinion of the CEM and their appreciations refer more especially to the investment security and to the interests

- As for what they didn't like, these customers singled out among others:
    - The illiquidity of the investment due to the 15 day clause
    - The low level of the interest rates
    - The dissatisfactory welcome from the personnel

- At last, they have cited some suggestions that are in some cases, the conditions of their membership in the CEM again :
    - Opening of branches ; enlargement of the network
    - Adoption of new products and especially credits