SPTF Annual Meeting

Plenary Notes, Day 2

Mexico City – June 8, 2017

Make or Break: A Conversation between regulators and the regulated

Moderator: Claudia Revilla Ostos, ProDesarollo (Mexico)

Speakers:

- *Rudy Araujo Medinacelli, ASBA (Mexico)*
- *Jorge Torres, Condusef (Mexico)*
- *Jim Madriz López, Comision Nacional de Microfinanzas (Nicaragua)*
- *Jose Auad Lema, CRECER (Bolivia)*

- Claudia said lobbying is something you work on in the networks. It's important to make the most of the panel and learn from each other. Regulation should not be an obstacle to the development of microfinance.
- Jim said as regulators, we are open to learning from the practices of other collaborators. CONAMI works to promote microfinance and is an autonomous entity in the government of Nicaragua. The role stems from the 2008 non-payment movement. It's interesting that we work to promote and regulate.
  - We work with two types of legal entities. Today, we have 36 regulated institutions.
  - For some, it is mandatory that they be regulated. For others, it is voluntary.
  - To be regulated, there are two conditions: (1) Social capital has to be $200,000 and (2) Microcredit has to be at least half of its operations. If you comply with both, you can be a regulated institution. The law also requires them to comply with consumer protection, transparency and money laundering prevention.
  - Clients can come to CONAMI if they feel they do not have adequate recourse via client complaint mechanisms.
  - When we started working with regulation we had to think like an MFI. In the Outcomes Working Group meeting the other day, someone said: "To understand something, you have to be in the other person's shoes. And not just be in the other person's shoes, but walk in the other person's shoes."
  - Clients are the most important element in an MFI.
- Jose said that a few years ago, CRECER and its investors were concerned about whether the institution was complying with mission. We worked with several international initiatives – CERISE, SPTF, Smart Campaign, and PPI – and have now been integrating these tools.
  - Regulation gave a qualitative leap in Bolivia. It emphasized the importance of protecting clients. It's a broader concept than just saying regulation would protect the savings of the public.

    - The six dimensions of the USSPM are integrated into different parts of the regulation. Corporate governance is now included in regulation; before it was not mandatory.
    - Submitting a strategic plan that includes social goals is now mandatory. Before, it was just financial issues.
    - The law applies to everyone, not just those who work for microfinance.
- Rudy said ASBA been an organization for 17 years. It gathers supervisors of all countries in the Americas, except for Canada. ASBA is not a supervisory entity. It trains, provides a platform for dialogue, and facilitates cooperation among the members.
    - Concept of social protection is a question all corporations have. They sometimes project a social protection image without actually truly advancing a social mission.
    - Two issues with sector:
        - There needs to be greater transparency.
        - There needs to be better market behavior. This relates to the work Condusef does in terms of financial education. The more financial education clients have, the more they are able to choose among products.
    - This comes from the top-down. In the new world we are approaching with new technologies, the client has to be at the center. The industry is not understanding that the client is the main asset. Those that do not take care of the client will not be in the market later.
    - The industry needs to think from the beginning how client-centered its systems and regulatory frameworks are. Financial education and client protection are essential.
- Jorge said regulation is an opportunity to grow the microfinance sector.
    - Condusef is advanced in client protection. We promote transparency measures to provide as much information to the clients as possible to help them make the best choice for themselves. For Condsef, the most important thing is to defend the right of clients.
    - Condusef also provides financial education to help empower clients.
    - Mexico recently had reform in different areas, including financial reform. This gives Condusef more ways to regulate and standardize the financial services.
    - Reforms created a collection registry. There were many client complaints for mistreatment from institutions. We are trying to promote use of credit, but not at the cost of human dignity.
    - Condusef can require MFIs to eliminate abusive practices. Savings unions have the most abuses. Many times it has been due to lack of knowledge and not because of ill will.
    - Reforms also created a financial institution bureau. It requires a website with information on the behavior of different financial institutions: complaints the institutions receive, if the institutions have abusive clauses, how long it takes to resolve complaints, and what percentage of complaints are resolved in the

favor of clients. It also includes information on which institutions provide financial education.
    - Condusef wants to become an arbitrator between the financial institution and the client.
    - The reforms have been helpful in improving client protection. The sector has many more opportunities than challenges in regulation.
- *Question to Jim: Should regulation be conducted bottom up or top down?*
    - Jim said bottom up. In 2008, Nicaragua had a non-payment movement, the government was very concerned about promoting the microfinance system. They decided to regulate institutions but also to promote them. With the non-payment movement, many MFIs moved away from rural area; now with the SPM movement, the MFIs are moving back toward reaching this population
    - Entire regulation was structured around the USSPM.
    - We still have institutions outside regulation. No matter how much we explain to them about regulation, they do not want to come in voluntarily. We are now reforming microfinance regulation to remove the voluntary aspect so they can all come in.
    - There are sanctions if they do not follow client protection, and it is published on the CONAMI website.
- *Question to Jose: Should regulation be bottom up or top down?*
    - Jose said the regulator has a fundamental role in listening to institutions in creating the regulation. But also, it should help institutions leave their comfort zones. For example, interest rates. Now, 50% of the portfolio must be regulated. The profitability of the banks fell, but most financial institutions have an ROE around 15-18%.
    - Now, we have more credit geared at the productive sector. We still have strong financial institutions. Institutions have been driven to make technological changes to become more efficient, review cost structures. It's taken us out of the comfort zone. Institutions are now finding a new balance point. There are no casualties, but some are wounded. The strongest will survive in the Bolivian market.
    - Institutions that have regulated rates have gone up and parted from smaller credit. There have been other types of institutions where in the same period of time have increased client base. It's because we are smaller financial institutions, so they haven't put us in the same bucket. They said here's your license, you have five years to adjust your productive credit. This is what's making it possible for institutions like ours to refocus on providing services at the base of the pyramid. Just as there are positive effects when we are taken out from our comfort zone, there are also risks the state has to consider.
- Rudy said there are some fundamental elements of regulation:
    - The first element is the capacity to regulate and to monitor. Regulators need to understand the risks in each segment, and alter their regulation according to such risks. This is where many fail because they do not know the market structure. Technical independence and supervisor freedom is also important.

  - You need to understand the market. We talk about proportionality and regulatory expectation: you don't comply with what I think you should have. We have a series of these types of concepts, which are hard to truly adapt to regulation.
  - Supervisors should be concerned about addressing systemic risk. Without these issues, we could have black markets or unregulated banking, which hurts clients. We dress well and go to Cancun and say, "We're protecting the client." No you're not.
  - You have to allow for reasonable return. You cannot drown it too much. Distortions can stem from politics or a lack of knowledge. Something is wrong. Somewhere in the chain they are eating up all of the benefits. In these cases, we need to expect that a financial institution should be efficient, have reasonable returns and have clear understanding of the client it is serving.
  - I'm not against international standards. But what I do not support is the inclusion of international standards that have nothing to do with your market's structure.
- *Question: How is Condusef working to increase proportionality? For example, a fine may be disproportional to a microfinance institution, compared with a big bank.*
  - Jorge said that the role of Condusef is fundamental in the Mexico system. We defend the clients. Additionally, Condusef helps balance the financial sector. As we promote financial education and persuade people about the benefit of using credit responsibly, users will benefit but also financial institutions. The microfinance sector can benefit significantly from regulation.
  - In the end, with this many challenges, it continues to represent a greater benefit for financial institutions themselves.
  - We have a significant challenge regulating MFIs because you will never find the word microfinance in regulation. In terms of regulatory challenge, this is key. We are always trying to give the sector preferential treatment. We have many challenges. As we have greater financial education, people will be able to use financial products better. Financial institutions are not responding to this, perhaps because of regulation.
- Rudy said that he thinks it is dangerous to have a law for each sector. It is best to have a general regulatory framework and see how to apply it to different sectors.
- Jim added that there are two supervisory entities in Nicaragua: one supervising bank and another entity that creates reforms. She agreed with Rudy: We have regulation that is not a perfect match to each institution. It's something that institutions accept when they adopt the regulation. We thought within five years, institutions would adopt about 60% of the regulations issued. We now have 75% acceptance. That means institutions trust the regulators.
- *Question: For hard to reach regions, should we expand the same regulatory framework, or should we think of different regulatory solutions?*
  - Jim said Nicaragua's law says regulated institutions can be certified in SPM and access a promotion fund. You need to show you are giving an opportunity

    - to low-income sectors as well as promote client protection. The fund helps them reach rural sectors.
    - Jose said providing financial education is not the responsibility of the state. It is the responsibility of the state to demand the private sector provides it. This is on the shoulders of private entities. CRECER is forced to open one bank per year where there is no bank. This is bringing us out of the comfort zone. Intelligent subsidies need to be given by the private entities.
    - Rudy said one of the greatest problems we have is the hyper urbanization of our services. We have focused on urban areas. How do we reach the field?
    - Jorge said Mexico has a challenge ahead in terms of differentiating regulations. The profits are not the same in microfinance at all. Some institutions are barely surviving. They are not an enterprise. We need to promote healthy development because they are fighting in unhealthy conditions.
    - Rudy said he thinks the rates are too high in Mexico. Foreign banks do not have to justify their bottom line with the poverty rates in Mexico. But we need to talk more openly. Rates are too high. There is a lot to do.
- Claudia closed the panel by noting the importance of SPM in regulation. Regulators need to understand regulation. There is much work to do going forward.

Responsible Pricing: Are We Getting Close?

Moderator: Andrea Domínguez, Oikocredit (Uruguay/Holland)
Speakers:

- *Blanca Aldasoro, Fundación Alemana Servicios (Mexico)*
- *María Silvia Abalo, RADIM (Argentina)*
- *Anna Kanze, Grassroots Capital (USA)*
- *Claudia Rojas, Triple Jump (Mexico)*

- Blanca said her organization is about to publish a study to better understand the pricing structure and start to decrease interest rates at faster speed.
    - The study examines each component in the interest rate to better understand their trends.
    - The study will make proposals with the aim of better helping the end user.
    - When we lower the rate, we need to continue reaching the poorest and make sure the transaction costs are not increased.
    - Study co-funded by IFC, Triple Jump, PRONAFIM
- Claudia said Triple Jump (TJ) has several funds focused on social: women, rural areas, green products. Other funds are for more mature institutions to help them be able to generate more employment.
    - Generally speaking, the social issue is key for TJ. We give financial and social equal relevance. We ask more and more questions about social as time goes

by. We look at wages. We have a tool that looks at interest rates. Part of the due diligence is to ask them everything about social, as well as interest rate.
    - We use the APR. In Mexico, it also includes mandatory savings, fees and taxes. We calculate all of this. We compare the interest rate of peers and look at profitability. If a red flag is triggered, we then look at other aspects.
    - This is not to say that high interest rates would instantly make us pull out. But if it is high, then we look at what's going on: Is the market difficult? High inflation? High operating costs and wages? A lot of rural areas, making it expensive to do outreach? We also look at profits and try to understand if they have worked hard to lower the interest rate in time. If not, why isn't the profit being passed on? Perhaps it has capitalization levels they have to comply with, maybe there's political uncertainty. There are many different variables. We ask a lot of questions.
    - This tool has been in place for seven years. We apply it in all countries and in all our assessments. We are a social investor. The end client is the most important thing.
- Anna said Grassroots manages social capital.
    - It provides trainings to share good practices.
    - It makes longer-term investments. We are active shareholders, and we are also on the board of directors. We consider many factors, but the interest rate is a point where we can start many conversations. Our investments have a social and financial aspect. We need to balance that. It's not that the institution has to charge a certain rate or have a certain performance.
- Maria comes from RADIM, an Argentinian network of microfinance institutions. From 2002-2016, there was a crisis in Argentina and many people fell below the poverty line. There were social investors that helped to start the microfinance sector. We have very small institutions up to banks, which have very different interests. Credits range from $200 to $3,000. We have rates that are very high.
- *Question to Blanca: Explain the determining factors for interest rates in Mexico. What have been the main obstacles in reducing the interest rates?*
    - Blanca said when we disaggregate interest rate factors (funding, operation, profit and provisions), operational costs are the highest and human resources is the highest part of that. 70% of operational costs are staff costs. Three things are happening with staff costs:
        - We need to be able to analyze staff cost more in-depth
        - Productivity of staff in Mexico. Average staff productivity in Latin America is 130 clients to 1 staff member, while in Mexico it is 96 clients to 1 staff member. We are underneath the average of the region.
        - Staff turnover in Latin America is 22%. In Mexico, it is more than 50%. In 2008, it was 30% and it has been increasing rapidly in recent years. This creates costs for training new staff, as well as higher risk in the credit portfolio.
    - In Mexico, we have low average credit ($432) compared to the rest of the region. This is the result of group methodology, which makes up 86% of

Mexico microfinance. Mexico has been characterized by having coverage in highly marginalized areas. This is noble work. Now, we have to have better conditions for them. It's the poorest people that are paying the highest rates.

    - We need operational scalability to help lower interest rates.
    - We need to increase client base without harming the current client base.
    - We need strategies for individual credit. Group loans are very good but they put a cap on the credit value that can be granted.
    - Also, competition is important. Mexico has a high level of concentration (implying a low level of competition). When competition increases, the interest rate lower. Market incentives work.
    - We need to make institutions more efficient and work to strengthen their methodologies. There need to be incentives and competition, and then there will be motivation for decreasing interest rates.

- *Question to Blanca: Has this study examined the differences in salary scales between employees and executives? Why would there be such high turnover if salaries are so high?*
    - Blanca said she completely agrees. We have disaggregated information to check the salary structure, but there is need to check the different levels of salaries.
    - Regarding turnover, some said loan officers are poorly paid. Others say they are well paid, but the challenges being in the field with group methodology lead to high turnover.
- *Question to Claudia: What has Triple Jump done to lower interest rates?*
    - Claudia said TJ has been in Mexico for more than 10 years. We have had influence in various ways:
        - We have made capital investments in the country. We wanted to influence MFIs firsthand to diversify the products, and we did it through capital.
        - We also influence through debt. We had 10 institutions in the past, but now only have 2. It has been difficult to justify high interest rates to our investors.
        - We have developed a tool that looks at different aspects, including interest rates. We use the Stoplight tool we developed.
        - TJ also has a specific guide in Mexico. We have a limit of 100%. Anything above 100% is automatically a no-go. Then, we also look at governance issues.
        - In Mexico, it's very common to have institutions whose founders are on the board and are also financial managers. We want to know if there are external members on the board, if they have audited financial statements, etc.
        - We also look at geographic product concentration, and we celebrate institutions that want to go into new areas.

    - We look at how institutions are doing credit assessment to prevent over-indebtedness. We have these standards, and we have had to drop investments because of it.
    - TJ uses part of its revenue to provide technical assistance through consultants. We have supported institutions to strengthen themselves with market studies, develop individual products.
    - Mexico is more complex than other countries. Governance and interest rates are difficult here. There was one that tried to remove mandatory savings, thinking that would result in more clients and a better impact by reducing the APR. In the end, their risk portfolio increased.
    - It is very expensive to work with individual credit, and there is no motivation to do it.
    - Other international funders are not as stringent as TJ, and institutions will go there to get funding.
  - *Question to Claudia: How do you convince executives to work on corporate governance?*
    - Claudia said we are obviously not going to be able to change the shareholder structure. But more and more institutions are trying to audit their financial statements. Those who want to move forward and show they are willing to have better corporate governance, they are willing to work on these things.
  - *Question to Maria: Why has Argentina not been able to reduce interest rates?*
    - Maria said the main issue is funding costs. We are talking about rates similar to Mexico with higher inflation (almost 40% in 2016). Argentina became isolated from international markets because it was not able to pay its debts.
    - We were also isolated from local funding. Argentina could not deal with inflation, which affected savings. Because there were no savings, local credit was scared. Because of that, Argentinian banks were not lending to MFIs so MFIs were left with their own equity; however they had very little seed capital. The issue has been how to survive with a lack of funding.
    - MFIs stayed with their existing clients because it was less risky than going to others. Now, MFIs are starting to expand to new clients.
    - Currently, with a portfolio of USD $100 million, we reach 100,000 people. An alternative to financing for microentrepreneurs was the financing by “sharks” offering rates of 1,500%.
    - Several factors influence the high value of rates: 30% comes from the funding of public banks (price paid by the MFI); 40% from wage costs.
    - Inflation was almost 40% in 2016 and now estimated at 25%.
    - International funders are coming back to Argentina. The problem is there are 2-3 institutions that are in control of the market. Now, we are reaching an agreement with Belgian funders that if they fund larger

ones, they have to fund 1-2 smaller ones. To lower competition, there must be greater access to capital.
        - Labor costs in Argentina are very expensive. It's 40 out of the 100 points that make up an interest rate. It's a highly unionized country.
        - In Argentina, the MFIs who are making money are making very little. Public institutions have some benefits, but private institutions do not. They're not making money. Nobody is coming to offer anything new, which would lower interest rates. MFIs need to be careful to survive.
    - *Question to Anna: How do operations' debt and capital affect the interest rate? The funding component is an important part of the interest rate.*
        - Anna said responsible pricing is subjective, but we have to reach the poor and provide them responsible finance. We do not want to make them go into more debt.
        - It is difficult without exploring all aspects, such as debt, profitability, investors, shareholders, as well as the services the institution is providing.
        - Group methodology is expensive, but there are other countries that have group methodologies without having such high interest rates.
        - We need to look at what clients value. Is the interest rate high because the MFI offers non-financial services? If so, does the client value that? If not, it might not be worth the interest rate.
- Claudia said Triple Jump believes the most important thing to understand is if an institution is truly benefitting the client. We do not want interest rate caps because then you may exclude some clients from the market.
- *Question: Have you analyzed the relationship between prices and the improvement of quality of life of the customers?*
    - Maria said that although Argentina does do not have a formal study, 50% of the population does not have access to credit. It is difficult to grow without access to credit. In such poor communities where there are no opportunities, when suddenly they are given the opportunity to have access to a machine for example, that is development. Without funding, there is no improvement. There has been no measurement of impact, but it would be good to advance in more formal measures.
- *Question to Blanca and Maria: What has been the role of government in pricing?*
    - Blanca: In Mexico, the government has been a promoter of financial inclusion. The government wants to extend financial services, and the regulation has been trying to protect the end user. Additionally, it has been developing programs for technical assistance. There hasn't been a government intervention on pricing.
    - Maria: With a smaller entity, regulation brings a cost. Many do not want to have savings because there is a cost associated with that. Public banking has rates about 60-70%. This is set so that they are not seen negatively by public. However, we put an interest rate level that went below inflation which is not sustainable for the institutions. The government recognizes this

and is conducting a rate study. The important thing is for organizations to be sustainable, to seek to reduce interest rates, and to maintain a strong focus on the balance between financial and social performance.

- *Question to group: What has been the main progress in recent years, and what are the challenges going forward?*
    - Blanca: In 2000, the rate was 120%. Now it's 75%. There has also been progress with professionalization of MFIs. The challenge ahead is to reduce operational costs and increase scalability to increase client base. We also need to implement products that are better adapted to the needs of clients.
    - Claudia: The big challenge ahead is that regulation will be established from the bottom up. There needs to be financial education. End users don't really have the tools to make those decisions.
    - Anna: It's important to continue analyzing pricing data and use that to adjust products and services.
    - Maria: We are on a good path. Given the macroeconomic situation, there has been a decrease in inflation rates. The problem in Argentina is the volume.

Measuring and using client outcomes data

Moderator: Amelia Greenberg, SPTF (USA)
Speakers:

- *Mónica Velasco, IDEPRO (Bolivia)*
- *Verónica Robles Moreno, Fondo Esperanza (Chile)*

- Amelia started with definitions about outcomes:
    - *Inputs*, *activities* and *outputs* are measures of implementation. They reference what an FSP is doing. Examples:
        - Inputs: software, hardware
        - Activities: processes
        - Outputs: products and services (how many clients did you train, etc.?
    - *Outcomes* refer to changes at the client level. Change for clients that is plausibly associated with the services of the FSP. Does not talk about how much change was caused, but it looks at change that is reasonable to assume was influenced by the FSP.
    - *Impact* is the amount of change that can be directly attributed to an attributed to an intervention. Impact would tell you what percentage of the change was attributed to an intervention.
- Amelia said it is complex to measure impact. It's complicated and sometimes impossible to collect data on all the variables that make up impact. However, outcomes can be studied, and every FSP should be collecting outcomes data.
- Resources from SPTF's Outcomes Working Group: https://sptf.info/working-groups/outcomes

    - Webinars (recordings, PPTs available online) to facilitate peer learning on managing outcomes.
    - Harmonized list of indicators for business, poverty, health and insurance. The group is also working on other areas.
    - Have begun pilot testing the indicators in Peru and India
    - Publications:
        - Making the Case to FSPs for Outcomes Management
        - Guidelines for FSPs on Outcomes Management. It's about having a theory of change, collecting the data, verify the quality of data. What is it telling you and how does that change how you operate?
        - Guidelines for investors on outcomes management
        - KOMIDA (Indonesia) Case Study
- *Question to Verónica: When and why did your institution start to measure outcomes?*
    - Verónica: We need to know if we're meeting our mission. We need to be a results-based institution so we can have an impact on public policy. How can we have an impact without data?
    - It was a long road to get started. We started in 2006 with a study. Two years later, we carried out another study that was not isolated. In 2012, we worked on our own SPM system in an autonomous way. For the first time, we carried out measurement. In addition, as part of the BBVA group, we are part of an annual measurement. The long timeline was not because it was difficult. It's because we had to convince people why we should do this.
- Amelia highlighted that you cannot know if you are accountable to stakeholders without measuring it.
- Fondo Esperanza has chosen four areas to focus on: business development, family well-being, empowerment and social capital
    - Verónica said they chose these areas for various reasons. We know that the family relationship is crucial to employment. We need to know what's going on that. We work with 80% women, and we know that empowerment is fundamental to come out of poverty. Finally, we know social capital is as important as financial capital.
        - Indicators for Business development: business skills, business growth, business surplus
        - Indicators for family well-being: per-capita income, social security
        - Indicators for empowerment. These are questions dealing with self-perception where we ask about their self-esteem, control, decision-making power, and leadership.
        - Indicators for social capital: How much do I trust my neighbors? What are the institutional networks?
    - We have a scorecard. One thing is to measure social outcomes to disseminate information to institutions. On a monthly basis, we collect this information and generate a report. We also do a comparison of when they

came into the institution and then a year and a half later. We measure at the first and the fifth loan cycle. Reports go to offices and branches of each team. They also go to board of directors.
    - We also have a quality area that accompanies the process of filling out the card that provides feedback to officers to see how they're doing. We also have a review after the fact so we know if information is being properly collected. As a MFI, we review data on a quarterly basis with Board of Directors and compare how we're working compared to other institutions.
- *Question to Mónica: What did you learn from your evaluation, and how did you develop your product in response to that?*
    - Mónica: In 2003 and 2004, we had an evaluation, and we did some internal reflection on the results. It gave us microcredit and business development data that were not in agreement with our expectations. There was impact, but it was not sustainable. There were no sustainable changes in businesses.
    - We designed a product we still have today that was successful in bringing change to clients' businesses. We provide technical assistance to productive sectors. There are productive sectors that are significant to the economic success of the region; that's how we selected the sectors for the product. This has given us room for some reflection.
    - This has been a big effort: the design of commercial linkage services for productive change.
    - To support this decision and this strong investment, we decided to include a results evaluation system that we start measuring the initial moment a client applies for credit. All of those that give out loans do this type of assessment. This financial assessment for us is the baseline. We measure again after the first year, or when the first credit has been paid, to compare. This information is analyzed by technical staff at headquarters.
    - The indicators we use: income, profits, equity, and employment.
    - These indicators come directly from the financial assessment and repayment capacity of the client.
    - Many of us have a wealth of data but we are not making use of it.
    - Information comes in every day, but we analyze it every six months.
- Mónica: Outcomes management is an investment. It allows us to evaluate how we are performing against our mission. This shift has validated the mission. It has also sparked a review of the products we are providing.
    - It's an investment to the extent that it allows us to analyze which segments it makes sense to keep providing services. We have strengthened our participation in other sectors.
    - From an operational point of view, it is also an investment.
    - It has been a struggle within the institution to make the investment.
    - It gives you an idea of where to make significant changes. It can be proven that through outcomes evaluation, we are decreasing the delinquency rates.

- Verónica added that we give a letter to clients with their outcomes. They are able to see the results.
    - Depending on the results, positive or negative, we recommend they make certain commitments.
    - We have realized there are certain variables that haven't changed as much as we wanted them to. We need to improve our education.
    - We also bring this data to help inform public policy discussions.
- Mónica: The most specific example of outcomes management is about the commercial strategy and which economic sectors we should focus on. Through our outcomes evaluation, we realized we were not having the desired outcomes. If we were not getting results, the credit risk was so high that it wasn't worthwhile. We stopped providing services to two sectors after evaluation. We also conducted analysis of the life cycle of our products, and we realized there were TA services that had a more positive impact than others.