

Lunch Session: Loan Officer Recruitment and Training

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Session leaders:

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Johanna

- VisionFund works in 31 different countries
- VisionFund created a loan officer recruitment manual and it is available for free
- Generally, our field staff turnover is quite high. The effects of this include reduced efficiency and productivity. Costs go through the roof.
- Traditionally, VisionFund had hired young officers that had a college education and were young. Loan officers have to be on a motorcycle out in rural areas all the time, so they have to be fit. But, with this recruitment strategy, you end up with ambitious, 23 year old men with a college degree as loan officers. They work typically with women clients who have children. If you are a woman in rural Zambia and you have five children and your husband is sometimes away working, is the 23 year old from the city who does not speak your language going to be able to solve your problems for you when you cannot repay your loan? No.
- VisionFund stood back and said, in our context, what makes a good loan officer?
- It came up with these criteria for loan officers:
 - **Numerate**, but they not need to be able to calculate ratios in their heads. They each will have a calculator.
 - They need to be **literate**, enough to fill out a loan application, but beyond that is not required.
 - **Experience with the context** in which they will be working (e.g., do you know the differences in difficulties between raising maize or raising pigs)
 - Dedication
 - Tenacity
 - Commitment to microfinance
 - People skills – skilled both with clients and with sales
 - Negotiation skills
 - Public speaking
 - Credibility
 - Able/willing to work in the field – this can be hard work, out on a motorbike every day
 - Christian commitment
 - Note: Nothing in the above mentions education. If you can do all of the above, your education level does not matter.
- You will always need senior skilled loan officers to look after complicated clients, but for the majority of clients, you could have less skilled loan officer. The majority of your clients are rural women in groups taking small loans.
- Think about how long it takes loan officers to become fully proficient at the job. They don't arrive productive. So, if you have to hire a certain number of people, think about when you hire them vs. when you need them to start working. Plan not only how many people you need to hire (expected attrition plus desired growth) but also when you need to hire them.
- LORO = loan officer recruitment orientation
- LORO gives you a sample poster you might want to use to recruit loan officers. If you put a young man in nice clothes on your recruitment poster, you are likely to get young men in nice clothes applying for the job.

- VisionFund had a recruitment poster that showed three male loan officers holding laptops, and who showed up on recruitment day? Students with laptops. Choose your poster images carefully to reflect the type of candidate you hope to attract.
- In the VisionFund system, interested candidates are invited to show up to an assessment day. The day begins at 9 am. Johanna recommends closing the doors promptly on assessment day; everyone who arrives at 9:05 am or later is not allowed in, if you value punctuality.
- First step in assessment day is having people mill around and chat and you observe how they make eye contact, present themselves, and mingle.
- Tell candidates that a series of tests are coming, and after each one, VisionFund will score the tests and those who did not pass will not be allowed to continue with the day. This makes people feel fine about being asked to leave later when it happens – they are prepared for it.
- After the time for mingling, have a game. This reduces the stress and is fun. In Kenya, for example, everyone goes outside and plays a silly competitive game with a ball.
- Then, everyone takes a numeracy test. The test lasts 30 minutes. Afterward, the tests are graded right away. You mark pass or fail. Each calculation has to be right; do not award partial credit. Those who pass continue on, those who fail, leave.
- Then, there is a literacy test. Johanna puts into it an instruction to sign page 3. If people notice that and sign, good. If not, that is not a good sign. Also, spelling and clarity of writing of each answer, as well as its content. Those who do not pass the literacy test are asked to leave.
- Those remaining do a public speaking exercise. Each person spends two minutes talking about whatever topic they want.
- Those who pass public speaking test get a 15 minute interview. The questions are very strict, and they have to be asked in a certain way. The entire interview takes only 15 minutes.
- After all that, the management team decides if they are in or are they out.
- At the end of the day, you end up with roughly 10% of the people with whom you started.
- The whole day takes 5 hours. You can do this day after day. It is an efficient process.
- You need a lot of staff working on the training day. For example, if you have 150 candidates at the start of the day, you should have at least 15 staff working. This enables quick scoring of tests and simultaneous public speaking assessments.
- Those who succeed in the assessment day are taken on as volunteers. They work three months for free, though VisionFund pays expenses. After three months, if the trainees have done well and still are interested, they get a contract. You may say it's not fair for them to work for free, but VF is training them, and when they are finished with the training, they take the knowledge gained during training with them. So they do gain something from the training period.
- After the on the job training is a few weeks of training at the headquarters. This is the first time that VisionFund has spent real money on the staff in the whole process, and yet by this point, VisionFund already knows that the remaining trainees are good and will be working for them.
- VisionFund takes on more trainees than it will need as loan officers. The first day of training, people get on motorbikes and travel three hours into the field. Training exposes trainees field experience day in and day out, so they understand what the job will be like.
- If people who failed the assessment day come back to try again, VisionFund lets them try again. It is good for community relations to do this.
- The LORO process takes five days to prepare. You have to train your staff to do it, then rehearse. You only have to do this training of staff once. The process has proved transformative for VisionFund staff. Senior loan officers do the interviewing. They get a kick out of this. They like being empowered to hire new officers.
- Johanna shared a story of Lydia, who had been kidnapped, was shunned by her family, got married, took on her husband's child from a previous relationship, this child had severe cerebral palsy, and Lydia was living on the margins. Johanna got a photograph from Lydia just this morning of Lydia with some of her clients in rural Uganda. With this loan officer recruitment

strategy, you are giving somebody a chance at a salaried job who likely otherwise never would have had a chance at a salaried job.

- Q: Does this process help you assess the character of the family? Could this person belong to a family who has defaulted? A: You have to do the reference checks.

G-Leap (Grameen learning program):

- Classroom trainings are not conducive to large scale roll out – logistics are difficult and expensive (e.g., loan officer who will lead the training has to travel from office to every single classroom site, while you have somebody replace the loan officer in the field)
- Grameen developed the G-LEAP application to offer training of loan officers via digital channels (mobiles and tables)
- Grameen considered common problems faced by organizations and common problems faced by loan officers.
- 70% of training costs are spent on hotels and travel costs, when you'd rather spend the funds on training content.
- Application is set up to help people train during their down time (e.g., while traveling, at lunch)
- Training people is a scheduling nightmare: operations department is always fighting with HR on this. The operations department never wants to spare loan officers to go attend a training.