

# KMF, Kazakhstan

## SOCIAL RATING

**<sup>s</sup> AA-**

Excellent social performance management and client protection systems. High likelihood of achieving the social mission.

Social Performance Management

Client protection, responsibility

Outreach

Quality of the services

Social Rating Committee: Feb-19

Previous SR: A+, Jan-17

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## SOCIAL RATING RATIONALE

### SOCIAL PERFORMANCE MANAGEMENT SYSTEM

The rating grade reflects KMF's efforts in establishing a sound social performance management system. KMF has a formalized social strategy with annually reviewed social goals and specific indicators. Outcome measurement system is good but limited to a narrow group of clients.

Excellent capacity to monitor achievement of social goals. Alignment of HR systems to the mission may be strengthened in the aspect of staff training and appraisal.

### CLIENT PROTECTION AND SOCIAL RESPONSIBILITY

KMF shows good alignment to the client protection practices with good transparency, proper formalization of debt collection, pricing in line with the market and effective complaint resolution mechanism. Social responsibility towards staff is also good as institution offers excellent contractual conditions and remuneration resulting in lower staff turn-over than that of peers. Nevertheless, staff appraisal and frequency of training could be strengthened.

### OUTREACH

KMF is the biggest MFI in Kazakhstan operating in 12 out of 14 regions of the country through the branch network consisting of 14 branches and 114 points of sale. The institution shows good outreach to all target client segments (e.g. rural, women, income generating activities, etc.) except poor as poverty outreach is slightly below the national average.

### QUALITY OF THE SERVICES

Current regulatory framework in Kazakhstan does not allow KMF to engage in activities other than credit and non-financial services. Loan product offer meets the needs of the majority of target clients. Financial literacy and business education trainings provided are relevant.

Institutional data		Dec-18	Social indicators		Dec-18
Active borrowers		243,714	Rural coverage, loans		66%
Active savers		-	Female clients		60%
Gross portfolio, USD		308,251,471	Female staff		48%
Total active savings, USD		-	Female staff in management		75%
Branches		14	Average disbursed loan amount, USD		1,437
Total staff		1,908	Clients at third loan cycle		13%
Legal form		NBFI	Loans in > third cycle		39%
		MFO	Average loan balance / GNI pc		16%
Inception	1997	Network AMFOK	Individual methodology, clients		53.3%
Area	Rural		Client drop-out ratio		21%
Credit methodology	SME, Indiv, Group		PAR30		2.0%
Financial services	Credit		Staff turn-over ratio		16%
Non fin. services	Financial literacy		Average annual percentage rate (APR)		42%
Coverage	12/14 regions		Average transparency index		98
			Growth in active borrowers		10%

See annex 2 and 4 for more details.

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## Social Rating Scale

Grade	Definition
<sup>S</sup> AA	Excellent social performance management and client protection systems. High likelihood of achieving the social mission.
<sup>S</sup> A	Good social performance management and client protection systems. Social mission likely to be achieved.
<sup>S</sup> BB	Adequate social performance management and client protection systems. Satisfactory alignment to the social mission.
<sup>S</sup> B	Moderate social performance management and client protection systems. Partial alignment to the social mission
<sup>S</sup> C	Weak social performance management and client protection systems. Medium risk of mission drift
<sup>S</sup> D	Poor social performance management and client protection systems. Risk of mission drift.

The modifiers “+” and “-” which can be added to the rating grade indicate small relative differences within each rating category.

More information: [www.mf-rating.com](http://www.mf-rating.com)

The information used in the social rating has been partly provided by the evaluated institution and partly collected during the meetings with the head executives, the staff and the clients of the institution. The analysis is based on internal MIS data and other official sources. MFR cannot guarantee the reliability and integrity of the information, as it does not conduct auditing exercises, and therefore does not bear responsibility for any mistake or omission coming from the use of such information. The social rating has to be considered as an external and independent opinion and it has not to be considered as a recommendation to realize investments in a specific institution.