

Character Reference Checks of Christina

On the way to the site visit, you point out the sign “Christina’s Midwife Clinic” to a woman neighbor walking down the alley. She verifies that the clinic has been there for at least 3 years, and that Christina is well known in the community as a midwife as well as a source for advice on infant care and women’s health. The neighbor herself had two babies at Christina’s clinic.



The neighbor says that Christina’s husband helps her by cleaning the clinic and driving patients to the clinic in his tricycle, and sometimes to the hospital in case of emergency. Her husband works as a mechanic and also does odd jobs in the community such as repair work on cars and tricycles.

After the meeting, you visit the local pharmacy where Christina gets her pharmaceutical and medical supplies for her business. The owner confirms that he supplies Christina’s clinic. He typically allows her to pay 50% up front, and 50% after 15 days, and she always pays him on time.

You call the local midwife association of which she is a member. According to the association head, Christina is friendly, gets along well with people, and is a hard working person who supports herself, her husband, her mother, and her two children with the income from the clinic. She is very responsible and prides herself on keeping a clean and orderly clinic for her patients. She regularly attends association-meetings and has participated in the on-going professional training offered by the association. The association representative whole-heartedly recommends this applicant for a loan.

Christina has given you the name and contact number of the supplier who has offered to sell her supplies in bulk at a discounted price. You call the supplier and verify this information.

Lastly, you remember that Christina heard of your bank through a sari sari shop owner who is a borrower. You check that the borrower is in good standing. You call the borrower for a reference check, and the borrower confirms that his wife plans to give birth to their first child at Christina’s clinic. They had heard that Christina has a good reputation in the baranguay.

Information from a Competitor

You interview a private practice midwife in the neighboring barangay and learn that:

- The other midwife charges P2,500 for deliveries
- The other midwife has a smaller clinic, with a plastic sheet used as a temporary wall in the recovery area. The clinic isn't as clean as Christina's, and there is no sign marking it.
- The other midwife works full time in a government clinic, and spends only late afternoons and some weekends at her clinic.
- She opened her clinic because many women at the government clinic were asking her to assist deliveries for them in their home. There was growing demand, it seemed, and she was earning enough to refurbish a small room in her home for the clinic. For her, it is more convenient to do the deliveries at her own clinic, and more importantly, she could more easily control the cleanliness of the environment with her own clinic.
- Her clients are mainly women who come to the government clinic, but who happen to deliver outside of her usual working hours.
- The other midwife doesn't offer over the counter medicines, only family planning products for sale.
- The midwife confirms that most of her customers are married women of childbearing age who are unsatisfied with conditions at the government clinic. They feel safer at her clinic, and prefer to have their baby there rather than at home with the distraction of family and other children.



The midwife confirms the typical cost and retail prices of products sold by Christina.

Loan Analysis and Structuring

Now it is time for the Account Officer to put it all together. Making a decision on whether or not to recommend a loan is much more than collecting information and making sure all the numbers add up. There is some analysis involved – analysis of financial and non-financial information.

Loan Analysis Exercise:

In your groups, review the Credit Analysis Report information and the inputs into the Cash Flow Analysis.

1. Analyze the non-financial information.
 - a. What factors do you consider in this process?
 - b. Why are they important to the credit decision?
2. Analyze the financial information
 - a. What is included in this analysis?
 - b. What are your group's conclusions about the applicant's debt capacity?

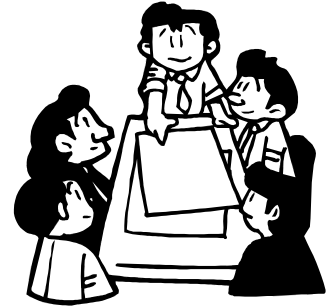
The Loan Decision

Christina has returned to talk about her loan request. Christina thought the loan approval process would be quick. She would like a loan as soon as possible.

You are relieved that your credit committee had met that morning and had come to a decision, so you could provide Christina with the answer.

Final Group Exercise:

In your groups, make a decision on whether or not to approve the loan, including the loan amount, collateral or guarantees required, the loan payment structure (daily, weekly, or monthly) and the loan term. Select a member of the group to present your decision.



1. If not already completed, complete the Credit Analysis Report and Cash Flow based on the information provided by the case study and your trainer.
2. What has your credit committee decided? Do you approve her loan request?
3. If yes, how much can she borrow? If not, why not?
4. Over what period of time?
5. What are the other terms and requirements of Christina related to the loan?
 - Why have you chosen these?
 - How will they help ensure repayment?

6. What monitoring procedures to you recommend?

- Why have you chosen these?
- How will they help ensure repayment?