

## 10 Cs Learning Model Of Sustainable Security Based Management For Thai Microfinance Institutions

Sombun Phatnadilok, Thanatas Tupmongkol, Shayut Pavapanumkul\*,  
Somsri Woenthong, Nasaran Mahittichatkul, Thanakorn Rachatakulpat and  
Kanyanont Kamolyabut

### ABSTRACT

This research objectives were to find out the Learning model of sustainable security based management for Thai Microfinance institutions. The qualitative research design, focus group in Lab Partnership Meeting that use conceptual research framework 7Cs from World Bank and Technical Service Delivery to Microfinance Institutions. From the result of focus group from the four areas and four corners of the Bangkok Metropolitan, such as Minburee, North Bang Khen, South Bangkai and Sathorn etc. Through the result of focus group applied to synthesis learning model for developing of Thai microfinance system in sustainable security, to microfinance institutions by the quantitative research from microfinance institutions customer in the same area and sample size totaling 450 persons by using Taro Yamane Statistical Table and descriptive statistic employed were frequency, percentage, mean, and standard deviation.

The finding revealed that: The old learning model 7Cs should be added 3Cs principles was integrated of learning old model were presenting idea of creative (creative + positive thinking, care and collateral). The new learning model in terms of integrated of learning both microfinance manager and client. In finding order to meet 10 Cs model for developing of Thai microfinance system management in sustainable security to microfinance were as followings: 1.Creative; 2.Client Demand Driven; 3.Context; 4.Change 5.Clearly Defined Results; 6. a Countability; 7.Checkability; 8.Cost Effectiveness; 9.Care; and 10.Collateral.

**Keywords :** 7Cs learning model of sustainable security, based on management microfinance institutions, microfinance system, and integrated of learning model.

## Introduction

Microfinance has aroused widespread enthusiasm over the past 20 years. Its specific credit methodology was thought to solve a number of informational problems on the credit market promote access to credit and consequence help reduce poverty. (Duflo and Pariente, 2009, p.10)<sup>1</sup>. The word microfinance is being used very often in development buzz words and vocabulary today. Although the word is literally comprised of two words: micro and finance which literally mean small credit; the concept of microfinance goes beyond the provision of small credit to the poor. (Zentrum für Entwicklungs Forschung (ZEF), 2007, p.14)<sup>2</sup>.

Microfinance researchers first turned their attention to “the means of providing a variety of financial services to the poor based on market-driven and commercial approaches and encompasses provision of other financial services like savings, money transfer, payments, remittances and insurance among others. (Christen R.P., 19973; Sanjay, 20034; Dirk, 20015; R. Srinivasan, 20036) Need for a development concept and prepare to effectively learning model. From the growing complexities and challenges of improving the quality of life of over 900 million poor people in the region and the global era. In the global arena there is already the impression that, Microfinance is successful in reducing poverty. Morduch (2000)<sup>7</sup> correctly points out that Microfinance institutions that follow the assumption of good banking practices. It is possible to cover costs and operate sustainable security manner based

management to continue serving clients and alleviating poverty.

Through the interest in microfinance (defined in Box 1) and Microfinance poverty reduction nexus ( defined in Table 1 ) have come to growth in Asia, based on the recently completed Rural Asia Study<sup>8</sup>, About 95 percent of some 180 million poor households in the Asian and Pacific Region still have little access to institutional financial services.

### Box 1: Definition of Microfinance

Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, monetarily transfers and insurance to poor and low-income households and, their microenterprises. Microfinance services are provided by three types of sources:

- formal institutions, such as rural bank and cooperatives;
- semiformal institutions, such as nongovernment organizations; and
- informal sources, such as money lenders and shopkeepers.

Institutional microfinance is defined to include microfinance services provided by both formal and semiformal institutions. Microfinance institutions are defined as institutions whose major business is the provision of microfinance services.

Source : Sheldon, Tony and Waterfield, Charles; 1998; Business Planning and Financial Modeling for Microfinance Institutions: A handbook. The Consultative Group To Assist the Poorest (A Microfinance Program: Technical Tool Series No.2 November

Box: Microfinance poverty reduction nexus

Financial service	Results	Impact on poverty
Savings Facilities of microfinance institutions (MFIs)	<ul style="list-style-type: none"> <li>More financial savings</li> <li>Income from savings</li> <li>Greater capacity for self-Investments</li> <li>Capacity to invest in better technology</li> <li>Enable consumption smoothening</li> <li>Enhance ability to face external shocks</li> <li>Reduce need to borrow from money lenders at high interest rates</li> <li>Enable purchase of productive assets</li> <li>Reduce distress selling of assets</li> <li>Improve allocation of resources</li> <li>Increase economic growth</li> </ul>	<ul style="list-style-type: none"> <li>Reduce household vulnerability to risks/external shocks</li> <li>Less volatility in household consumption</li> <li>Greater income</li> <li>Severity of poverty is reduced</li> <li>Empowerment</li> <li>Reduce social exclusion</li> </ul>
Credit Facilities	<ul style="list-style-type: none"> <li>Enable taking advantage of profitable investment opportunities</li> <li>Lead to adoption of better technology</li> <li>Enable expansion of microenterprises</li> <li>Diversification of economic activities</li> <li>Enable consumption smoothening</li> <li>Promote risk taking</li> <li>Reduce reliance on expensive informal sources</li> <li>Enhance ability to face external shocks</li> <li>Improve profitability of investment</li> <li>Reduce distress selling of assets</li> <li>Increase economic growth</li> </ul>	<ul style="list-style-type: none"> <li>Higher income</li> <li>More diversified income sources</li> <li>Less volatile income</li> <li>Less volatility in household consumption</li> <li>Increase household consumption</li> <li>Better education for children</li> <li>Severity of poverty is reduced</li> <li>Empowerment</li> <li>Reduce social exclusion</li> </ul>
Insurance Services	<ul style="list-style-type: none"> <li>More savings in financial assets</li> <li>Reduce risks and potential losses</li> <li>Reduce distress selling of assets</li> <li>Reduce impact of external shocks</li> <li>Increase investments</li> </ul>	<ul style="list-style-type: none"> <li>Greater income</li> <li>Less volatility in consumption</li> <li>Greater security</li> </ul>
Payments/Money Transfer Services	<ul style="list-style-type: none"> <li>Facilitate trade and investments</li> </ul>	<ul style="list-style-type: none"> <li>Greater income</li> <li>Higher consumption</li> </ul>

Source: Asian Development Bank (ADB.). 2000. Finance for the Poor: Microfinance Development Strategy

A key challenge in the 21st century is identifying how to concern poverty reduction and satisfy the poor needed in the best manner possible to financial services of commercial banks. The role of the financial system is an important to help fledgling institution identify, acquire, and implement needed security based management for Microfinance System. In fact microfinance service system (MSS) providers were created financial services to poor 8.

The result was current microfinance organization that provides financial services for the low income people. Community operates more than 100,000 groups nationwide While some residents are concerned about the security and reliability of microfinance Institution, such as the village fund, saving group however, The thailand saving policy made by the government, the Bank of Thailand, Ministry of Finance and Fiscal Policy Office.

The focus is on providing financial services for microfinance organizations . More foundations to promote financial services for the poor who have no access to financial services of banks in generally. In addition, since 2551 (2008) 9 The analysis of strengths, weaknesses, threats and opportunities for the microfinance organization's financial foundation of the Fiscal Policy Office10. Ministry of Finance showed major weakness is the lack of integrated management, would guide the microfinance11. This finance Institution to defined specific responsibilities and sustainable Security based management as learning model that need as

the principles. is consistent with studies to World Council of Credit Unions (WOCCU)12 ; Opportunity International name is "The Next Decade of Opportunity" In October 200013 and applications with Robert S. Kaplan and David P. Norton in 199614

Thus, this paper deals with this and synthesizing a learning model using learning model from the handbook demonstrates the Microfinance model from the Freedomia Enterprise Development Association (FEDA).The institutions strategic plan presented at the main elements that has inherently been in influence by the 7C research features from World Bank and Technical Service Delivery to Microfinance Institutions. Then ,The conclusion is managed tribute applied to enhance access to the above learning model going on sustainable security based management for thai microfinance Institution. It addresses sustainable security service based management for the poor who have not access to financial service and financial, credit and Retail lending responsibly15. Through a learning concept called Triple-Bottom-Line-Profit16 is aimed at not only financial considerations, but must be coupled with social and environmental benefits by all the above, it forms the foundation for the development of financial system stability. Sustainability to the microfinance institution is an international management system framework of 7Cs Customers include demand - driven (Client Demand Driven) community context (Context) changes to developers (Change) Performance must be

clear (Clearly Defined Results) responsibility. (Accountability) , accountable and effective, value and cost (Cost Effectiveness).The concept study, the researchers will be to study the synthesis of learning models for the development of the financial system, the foundations of Thailand in strengthening the sustainability of the security based management to implement the country, and get is more effective overview of the 7 Cs for improving sustainable security based management in service delivery to microfinance institutions.

7Cs must used to add or remove any or all of the seven above mentioned C does to meet the challenges described above.

Thus, This research objectives as follows:

- (1) to study current situation of thai microfinance institutions
- (2) to synthesized learning model for

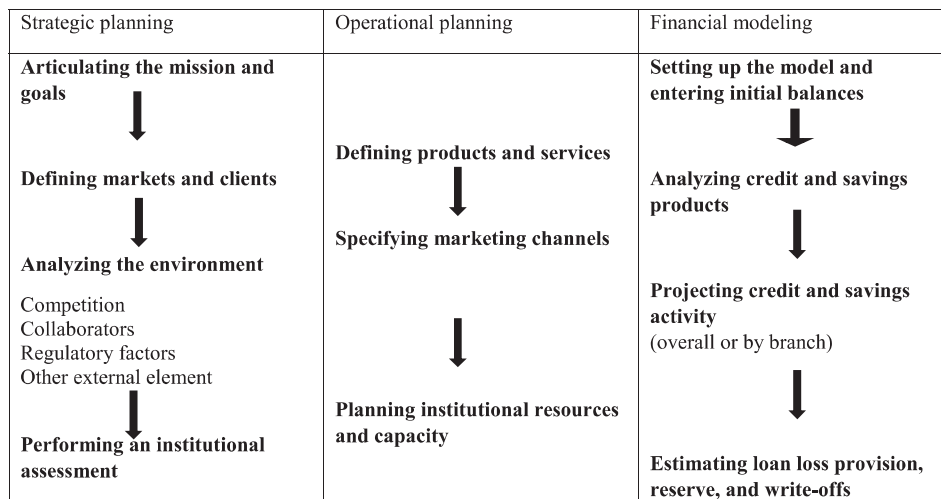
developing of thai microfinance system in sustainable security based management to microfinance institutions

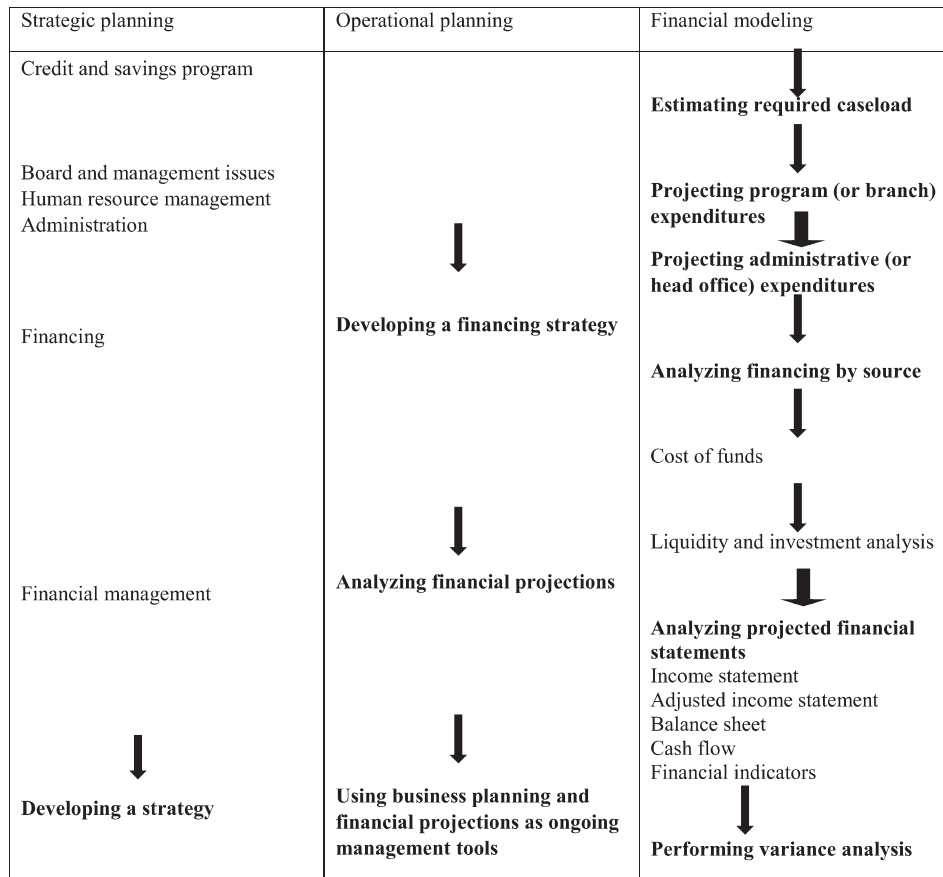
## Materials And Methods

### Research Methodology

The research using the blended approach (mixed method), with research methodology and research methods in qualitative, quantitative research using focus group meetings Lab Partnership Meeting with financial organizations, foundations, the fourth of the four corners of the city. Min Buri, Bang Khae Bangkok is North and South Sathorn. The findings from the seminar group meeting to consider the adoption of an efficient synthesis of learning models for the development of the financial system, thai microfinance institution. To of its based on operational plan are covered C8 learning in the followings figure 2

FIGURE 2 The flow of integrated strategic and operational planning for learning microfinance model





Note : The vertical flow of the figure reflects the sequence of the planning process, with strategic preceding the other processes, and operational planning and financial modeling pursued in tandem. The horizontal flow reflects links between key topics.

Source : The Frcedonia Enterprise Development Association (FEDA) that quoted in Sheldon, Tony and Water field , Charles. Business planning and Financial Modeling for Microfinance Institutions: A Handbook. The Consultative Group to assist the poorest. A Microfinance program: Technical tools series No.2 November 1998. Established standing to

research result after qualitative research with quantitative research from the financial services database and from the same area and institution by qualitative study of 400 people by Taro Yamane statistics table and analyzed using descriptive information as well, frequency, percentage, mean and standard deviation.

### Research Result

The research have research process as followings:

1. Qualitative research interviews yielded with 7 Cs symposium, which brought a concept

that filter. The conference has agreed that consideration should be covering issues horizontal (Macro Aspect) and detailed depth (Micro Aspect) with the 7 Cs should be an additional 3 Cs is C-8 is Creative contents. It consists of creative thinking (Creative + Positive Thinking) C-9 Care is the care and C-10 is collateral which in terms of must have clear indicators and elements to be detailed in the successful and varieties evaluation included with customer satisfaction/client satisfaction.

2. Quantitative research examining patterns 10 Cs that sample reviews sorted by priority as follows.

2.1 Creative is Creative and positive Thinking principle learning to Consider

2.1.1 The ability to management debt

2.1.2 Moderate debt management capacity

2.1.3 Less debt management capacity

2.2 Client Demand Driven. This principle learning addresses the need for the client – the Microfinance Institutions (MFI) – to own the process of learning technical service delivery and drive the choice of learning technical services. The principle implies that the management team of an MFI undertakes an institutional self-assessment to define the organization's learning technical needs and then obtains the learning technical services required to improve institutional capabilities or performance and overall satisfying client, such as organization microfinance group in the system microfinance organizations in the group, group self-reliance.

2.3 Context. This principle addresses the need to identify the external contextual variables that can influence the choice and effectiveness of learning technical service delivery, including economic community cultural, well-being local political stability and institutional variables, included with the reliance on information technology in providing microfinance service also sustainable security based management. It especially considers relationships between MFIs and technical service providers, both within networks and within the context of long-standing relationship among MFIs, service providers, and donors.

2.4 Focus on Change (baseline learning indicators). Inseparable from the idea of Context, this principle requires MFIs to collect baseline information on its own performance in order to measure the results of sustainable security of learning technical services. Best-Practice indicators may include servicers creative attitudes, knowledge based levels, skills and system through institutional capabilities or performance, such as baseline learning indicators to enter the examination, baseline learning indicators of work attitude, baseline learning indicators of the support level cognition, baseline learning of skills and management style, serving saving sustainable security of reducing poverty, baseline learning indicators of performance model provides services and sustainable security based management systems.

2.5 Clearly Defined Results. This principle learning encourages MFIs to define and agree to clear time –bounded result (with interim

steps if appropriate) to be delivered by the learning technical service provider. These deliverables should include concrete output for:

- individuals, in terms of their level of knowledge, skills, or attitudes;
- systems(e.g., information or financial) , in terms of their performance and/or capabilities; and
- the institution, in terms of performance goals related to the technical service.

It is important for sustainable security based management to note that deliverables should be appropriate for client character the size, age, and capacity of the institutions receiving and providing the learning technical services.

2.6. aCcountability. This learning principle encourages MFIs to build mutual accountability of sustainable security of financial service mechanisms into learning technical service contracts. It emphasizes the need to assign clear roles and responsibilities of each party to achieve specified results, using incentives and/or penalties to ensure that the client and the Target, Segmentation and Positioning (TSP) fulfill their financial services commitments to each other.

2.7 Checkability (indicators to check accountability and clearly defined results). This learning principle encourages MFIs to design and agree on performance and/or capabilities measures, or indicators that will verify the delivery of the specified outputs by the learning technical service provider for check accountability and clearly defined results

concerning to sustainable security based financial services management.

2.8 Cost Effectiveness. This learning principle ensures that cost – effective measures, or indicators that will be used to select and verify delivery of learning technical services. The learning principle encourages MFIs to measure, or indicators that related the results of learning technical services against their total cost (direct and indirect) to discern whether such services are worth the expense incurred. It also cautions an MFI to select cost-effective indicators to measure the agreed results of sustainable security based on financial service management.

2.9 Care sustainable financial indicators to overall check results and/or investigating based on management advised to

2.9.1 An evaluation of the success of the operations of microfinance institutions to assess their ability to self-reliance of microfinance institutions every quarter for checking sustainable financial service security based on management.

2.9.2 provides an assessment of a variety of financial services security based on management offered to community foundations to the satisfaction of the client.

2.9.3 Expansion opportunities and access to sustainable financial services security based on management to community foundations with a rating factor .

2.9.3.1 economic factors

2.9.3.2 health factors

2.9.3.3 factors management

2.9.3.4 factors Sufficiency Economy



2.9.3.5 The political factor is the state policy.

2.9.3.6 terrain and environmental factors

2.9.3.7 factors of production

2.9.3.8 marketing factors

2.9.3.9 ability to manage debt.

#### 2.10 Collateral

Would chose a learning financial service security based on management for sustainable learning technical services that suitable to its institutional risk and technological development to measure and/or indicators of the client risk the performance and/or capabilities of the service provider advised to:

2.10.1 Read each of the 9Cs and consider how to use them to improve the process of sustainable security based on management is learning technical services delivery.

2.10.2 Use 9 Cs as a checklist when contracting for a learning technical services.

2.10.3 Review the 9 Cs to evaluate the effectiveness of a learning service after a service contract has been completed for sustainable financial service base on management.

#### 3. Research, quantitative

Approach after synthesized 9Cs were examined by quantitative research that can be put into practice effectively by the opinion of the sample as a whole had an average of 3.4 level agree most

#### Conclusion.

10 Cs research results are an learning model to improve the thai microfinance in institutions to build. Sustainable technical service security based management is necessary to create a learning model as learning and checklist technical service delivery to thai microfinance Institutions in the master plan be integrated both horizontal and vertical depth . Fills the lack of clarity did not materialize due to the lack of attention to the case of Care and Collateral.

And raise issues of creative creativity and positive thinking. Thai microfinance institutions were formed to serve the financial need of the poor and taking into account a variety of customer groups demand driven. Therefore, the dissemination of knowledge to the thai microfinance institutions. Users of financial and corporate foundations in the short term. The term should be enhance understanding of personal financial management to public foundations, such as the savings with the personal savings, community saving etc. It was in seeking to meet the awareness and challenges describe above , Personal Financial Planning to save the business must become more accountable for the ways in which to preparing for Retirement as well as household spending appropriately . Including consumer protection in order to create transparency , or the " good governance " of microfinance institutions with zero complaints / grievances.

The financial services and services of non- equity / are appropriate for the sustainable

security based all above management initiated by customers as bottom up really need in the way of microfinancial service system and learning technical services in terms of sustainable financial service security based management.

Today, it is time for the sustainable security based management delivery process to change learning model need to drive the sustainable security based management as learning technical service delivery process. This guide present 10 principle or indicators of 10 Cs for implementing a client ( poor – driven process, and the challenges at their use:

- 1) Creditive
- 2) Client Demand Driven
- 3) Context
- 4) Change
- 5) Clearly Defined Results
- 6) Accountability
- 7) Checkability
- 8) Cost Effectiveness
- 9) Care includes
- 10) Collateral

## Reference

- [1] Duflo, Esther, and Pariente, (2009) Recent developments in the impact and mechanisms of microfinance. Private sector and development: Proparco's Magazine. Issues 3 September, 2009, p.10
- [2] Joy M. Kirn Bonn Zentrum fur Entwicklungs Forschung (ZEF), 2007. The impact of Microfinance on Rural Poor Household income and vulnerability to poverty: case study of Makueni District, Kenya. Inaugural -Dissertation, vorgelegt am 31 Juli.
- [3] Chisten R.P.,(1997). This formal definition, it is clear that the concept of microfinance goes beyond to NGO MF is Microfinance Institutions but also include other institutions like finance cooperatives, ROSCA, Saving Associations/Clubs, some welfare associations etc.
- [4] Sanjay, Sinha. (2003). Financial Service for low income families : An appraisal. II M- B Management Review, June.
- [5] Dirk, Steinwand, (2001). The Alchemy of Microfinance. The evolution of the Indonesia people's Credit Bank (BPR) from 1895 to 1999 and a contemporary Analysis. VWF, Berlin
- [6] Srinivasan , R (2003). Self-Help Groups as Financial Institutions : Policy Implications using a Financial Model. Journal
- [7] Beatriz Armendáriz de Aghion and Jonathan Morduch (2000). Microfinance beyond Group Lending: New York University.
- [8] Asian Development Bank (ADB). 2000. Rural Asia Study : Beyond the Green Revolution. Manila : ADB.
- [9] The concept of Sal forest Co., Ltd. operated under a research grant from the Rockefeller Foundation, the Rocky Sarinee by Mr. Schwartz ,Department Chief of Protocol . Business logic " Sustainable Banking " bring Thailand : BUSINESS CASE FOR SUSTAINABLE BANKING IN THAILAND, March . 2558 ; Padma Wadi Gul hit by Suzuki.

- [10] The Board of Education and a self-assessment tool as the root of the financial organizations to increase their capacity and financial management . Community Welfare Phase 2 March 2554 introduction page Faculty of Commerce and Accountancy, Chulalongkorn University , the project hired a consultant to develop the Microfinance (Microfinance) and means of access to the service of the people of Ireland , 28 March, 2515 , Page Executive Summary
- [11] Krisada appeal Zrenjanin , documentation of the seminar on " Financial Master Plan Foundations , Faculty of Economics . University July, 2551.
- [12] World Council of Credit Unions (WOCU),New Credit Union Model,Madison,WI :WOCAI;1999
- [13] Opportunity Internationally, The Next Decade of Opportunity; October, 2000
- [14] Robert S. Kaplan and David P. Norton, The Balanced Scoreboard: Translating Strategy into Action, Cambridge, M.A: Harvard Business School Press,1996
- [15] The Company sala forests by mail actress Gul Sun Java Nant , ibid , page title sustainable banking - concept . Unified standards and guidelines
- [16] The concept of application Tenna of Reference for Negoos Wanman , for Tomorrow Foundation (NWTF) and Women's World Banking, February 7-11,2000 and Marguerite Robinson, The Microfinance Revolution: Sustainability Banking for the Poor, Washington DC, 2001:The World Bank.

