



## Country information

### Country name

Cambodia

### Capital

Phnom Penh

### Population

14.95 million (July 2012)

### Population below the poverty line

31% (2007)

### Languages

Khmer (official) 95%, French, English

### Religions

Buddhist (official) 96.4%, Muslim 2.1%, other 1.5%

## Preventing over-indebtedness

'Life and Finance' is a radio programme in Cambodia co-produced by the Cambodian Microfinance Institute and Oikocredit. The programme aims to educate Cambodia's rural population on financial issues whilst also encouraging sustainable business. By educating the population about financial principals, more informed financial decisions can be made by the population, helping borrowers understand the risks of taking on too much debt. Preventing over-indebtedness for borrowers of microfinance loans is one of Oikocredit's seven client protection principles.



## Case study:

# financial education on the air

**In 2011, Oikocredit identified financial literacy as a vital tool in addressing challenges faced by the growing microfinance sector in Cambodia. To help increase financial literacy across the country, a radio programme was launched with the support of Oikocredit and the Cambodian Microfinance Institute (CMI).**

The programme, 'Life and Finance', or 'Chi Vit Neng Luy,' (in local language, Khmer), was launched in January 2012 to provide free financial education countrywide. The programme is broadcast in 20 of Cambodia's 24 provinces for one hour every Saturday and Sunday. It aims to increase awareness of client's rights, explain how microfinance loans work and the risks and consequences of taking on too much debt.

Unofficial estimates put microfinance borrowers in Cambodia at 1.3 million

and growing. Although default on loans still stands below one per cent for most microfinance institutes (MFIs) in Cambodia, over-indebtedness and multiple borrowing continues to be a concern for the microfinance industry.

Mr Phalleng Ban, microfinance technical officer at CMI, said the programme provides practical business tips, plus information on financial management at a household level. "By offering practical skills across free airwaves, we can help listeners make more informed decisions about their

finances, especially about taking on loans in order to prevent over-indebtedness," said Mr Phalleng.

To address the various aspects of financial literacy, the programme is divided into three parts and follows five main topics each week; entrepreneurial skills, life empowerment, financial literacy, client protection principles and "rich and poor thinking patterns" (which includes physical, emotional, spiritual and social enrichment). Mr Phalleng said they also wanted to promote entrepreneurship in Cambodia, so ►



▶ each week the producers invite an expert from an MFI or a successful business-person as a guest speaker to talk about their own experiences. “Most guests talk about the meaning of entrepreneurship and what should be considered when starting a business, such as looking at the demand or market size, foreseeing business challenges and analysing their business approach,” said Mr Phalleng.

After the topic of the week has been discussed and the guest speaker has shared their stories, listeners are invited to call in with their questions.

“Generally people call to ask about the steps required to run a profitable business, how they can invest in their community or how to get their business off the ground,” Mr. Phalleng said. “I’ve had many requests to extend the show to two hours as people find the topics very interesting and we always seem to run out of time,” added Mr Phalleng.

Mr Phalleng said the programme is now focussing on the agricultural sector, as that’s what listeners have said they want to hear about. “Using a radio programme is a unique approach in Cambodia, as it can reach a large audience countrywide and can be tailored to address topics that are relevant to the people and markets in Cambodia,” Mr Phalleng added.

The Cambodian minister of information also expressed support for the programme during a workshop in July 2012, which featured 24 guest speakers including representatives from various microfinance institutions, non-government organizations, successful microfinance clients and local entrepreneurs.

The effectiveness of the radio programme will be evaluated after one year on the air. This will be done by assessing the financial and business knowledge of people who have listened to the programme and those who have not. ■

## Top 10 questions from listeners

1. If a client makes repayments late or is in default, how can MFI staff help?
2. I want to run a medium-sized pig farm, but I don’t have enough capital. I would like to apply for a microloan, but what can I do if the MFI rejects my request?
3. I want to create a business with a friend, but they don’t want to offer an equal share. What should I do?
4. I have US\$1,000 in savings. What kind of successful business can I create with that?
5. How can I manage my income and expenses effectively?
6. I earn little money and have little in savings. Should I stay in my rental house or take out a loan to buy a house instead?
7. Which factors are assessed in order to have a good credit rating?
8. There is an old saying: ‘Big income, big expenses’. How can I avoid this situation?
9. I have no higher education or business knowledge. Can I succeed in business?
10. Some people believe quality of life is the result of actions and decisions, others believe it is the result of good fortune. Can you give me some tips to create a successful life and minimize risks?

## Radio play

Each week the programme airs a hypothetical scenario about a topic that listeners can identify with. Below is an example of one of the scenarios played on air.

*Nheb wants to open a grocery store, but has no capital. She wants to get a loan from an MFI. Nheb discusses this with friend, Samnag, who has heard negative things about loans and repayments.*

**Samnag:** My Aunt told me you were thinking about running your own business, but you want to finance it with a loan. I think you should be careful because getting a loan and making the repayments is not as easy as you think. I’ve heard about people taking out loans and getting themselves into so much debt they became bankrupt.

**Nheb:** Who says everybody who gets a loan becomes bankrupt? Maybe if someone used the loan for personal expenses or took on more than they could pay back, that could happen. But if you have a clear plan and know the purpose of the loan, it can help you earn more.

**Samnag:** Do you know anyone who’s had a successful experience with a loan?

**Nheb:** I do! You know Ms Leak, the wholesaler near our market? She had a loan from an MFI to expand her business. She used to struggle financially, but now has a successful and growing business!

**Samnag:** Do you know how she managed to build her business?

**Nheb:** I asked Ms Leak about that last week. She told me how she too was a bit hesitant about getting a loan, so she decided to make an appointment with the staff at an MFI for advice. Her anxiety soon went away after hearing about the assistance offered throughout the loan and ideas from the MFI staff. Ms Leak said she learnt about business transparency, not taking on too much and also how to offer good customer service to help her business grow.

**Samnag:** So that’s why everybody likes to buy things from her!

**Nheb:** Exactly. I think if you have a business plan and speak to someone about how to stick to it, I’m sure they can help you succeed with your business.