



Over-Indebtedness Policy Turkish Grameen Microfinance Program (TGMP)

TGMP's policy of over-indebtedness is one of its key financial policies. This policy is part of an integrated framework of prudent credit management policies that helps to support the TGMP's strong credit rating.

Repayments of loans are made by weekly or bi-weekly installments. Repayment rate of TGMP is currently 99% which lessens the ratio of over-indebtedness. Due to regular business control and training mechanism, there is no problem on the repayment of installments. However some members have experienced difficulties in repayment of loans for which they are kept under control but with continued close cooperation. Delinquent members are tried to convince by our staff to make timely payments in order to avoid default.

Borrowers are only allowed one loan at a time from TGMP and being one of two MFIs in Turkey which also reduces the risk of over-indebtedness. The other microfinance institution is the Maya Enterprise. Each client must go through a through three days training which explains services and operational procedures of TGMP before loan money is disbursed to the women. After that eligible borrowers are selected depending on business skills of the employees. Using Grameen's traditional peer lending methodology, the objective of the program is to form small loan groups of five women, provide them with business and personal finance training, and lends small amounts of capital to them for business development. Loan eligibility of the group members are subject to satisfactory repayment of installments. This method builds peer support and peer pressure, replacing the need for collateral, and allowing for participatory decision-making and empowerment. The Grameen model requires loan groups to fulfill loan payments so that portfolio risk can be mitigated. Loans should be used for the purposes in a week. If members did not use loan in a week, they have to keep money in their accounts until they find a suitable use of the opportunity. Actions other than that will be considered as a serious discipline disruptive behavior.

**TURKISH FOUNDATION FOR WASTE REDUCTION
MICROCREDIT CENTER**

(Turkish Grameen Microfinance Program)

Bademlidere Mahallesi 265 Sokak Ulusoy Apartmanı No:4/9 06670 Kırkkonaklar/Çankaya/ANKARA

Website: www.tgmp.net, www.israf.org E-mail: bilgisistemleri@tgmp.net

Tel: +90 (312) 436 90 90 • Fax : +90 (312) 436 90 24