

THE GROWTH, STRUCTURAL CHANGE AND THE ROLE OF SUPPORTING SERVICES OF ASA IN BANGLADESH: A CRITICAL MEASUREMENT

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ABSTRACT

As a specialized micro-finance institute (MFI), ASA has been providing micro-finance services to the poor people since 1991 with a view to help reduce their poverty and bring a change in their life. After a long decade of the operation the number of members in ASA reached to nearly 3 million. About 12-15 million poor people are getting benefit from the services given by ASA. Micro-finance services of ASA includes the various programs to rehabilitation of the poorest people in Bangladesh like small loan, small business loan, SEL, hard core poor, education loan, staff welfare fund & insurance services to members etc. To measure the growth, structural change & the role of supporting services of ASA in Bangladesh, different information are accumulated i.e. information for portfolio, loan portfolio, savings, productivity, quantitative, financial indicators & future plans etc. ASA has succeeded in bringing the entire area of Bangladesh under the coverage of its network to extend micro-finance services in the 64 districts with 677 branches opened by ASA up to the year 2005. Operating efficiency of ASA in view of cost per money lent in 2005 was Tk. 0.04. ASA's operational framework is modified regularly based on feedback received from the field. ASA continues to improve its operating efficiency, which helps keeping cost per tk. lent at the minimum. ASA has sound financial & operational capability, to expand its new product range to develop extra ordinary initiatives and target for new segments of the population in Bangladesh, which would be more helpful to alleviate the poverty line in Bangladesh.

INTRODUCTION

ASA plays a vital role for the economic development of Bangladesh through the different activities. ASA implemented social development programs. But later on several changes occurred in the policy level and during the early 1990's it specialized in micro-finance and gradually emerged as a Micro Finance Institution (MFI). It has been recognized as one of the largest and fastest growing in the world. It is an innovative institution having innate features different from other identical institutions. ASA has succeeded in introducing a cost effective management system in its branch offices. It is designed with the micro-finance services extended through the micro credit and savings program, small business loan program, insurance and ASA-NGO partnership program. The products and the methodology of financial services in ASA are standardized and innovative. ASA introduced a highly decentralized system of management. A well-written manual on operations, accounts, audit etc. has also been introduced. Standardized branch structure, operational budget, furniture and equipment, office rent etc. made the operation cost saving. Accounting, record keeping systems and MIS have been made simple and easily. Quick service, reduction of paper work and other formalities are ensured. ASA has succeeded in achieving a self-reliant and sustainable status due to practice of its cost-effective operational system. ASA could maintain the high recovery rate at 99.96 percent with a slight improvement from 99.93 percent of the last year.¹ The institution is now fully self-dependent, because there is no foreign grant or aid of any kind in ASA without being dependent on the donors ASA borrows money on interest to meet the requirement. The micro-finance model of ASA is being replicated in several countries in the world. It has been contributing to skilled implementation of micro-finance programs home and abroad. In Bangladesh more than 110 small NGOs follow ASA's

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model. Many MFIs in the country have revised their methodology following that of ASA.² Being interested many MFIs are also implementing the ASA methodology in several countries like the Philippines, Nigeria, Yemen, India etc. The effective model of ASA helps not only the poor but also the MFIs in building their capacity for reducing poverty. ASA expects to increase its outreach further and provide more quality services to the clients in the years to come. ASA's organization structure is based on the modern methods of management. Its democratic structure plays a positive role in the decision-making process of the institution. The general body of ASA consists of 60 members from different professions, which includes 26 representatives from land less poor people. The general body can bring changes in the organizational activities it needed. ASA's governing body is composed of 7 members. Its job is to define and defend the mission by determining the policy and mode of implementation through management and staffs.³

A continuous struggle since 1991 has led ASA in achieving the most desirable status, that is, the status free from any kind of foreign grants. In fact, achieving the status is a dream for the institutions of the NGO community. Foreign grants or donors' funds at present, are nil in ASA, ASA meets the need of capital through borrowing on interest.⁴ With a view to materialize the dream of becoming a self-depended institution the ASA management had to remain uncompromising to implement its policies even amidst any crisis. The staff force of ASA had to undergo much trouble, yet they benevolently performed their responsibilities with the aim to become self-reliant. They're sincere and on time efforts made it possible to overcome and eliminate all kinds of hazards and constraints that evolved during implementation of the programs including following features;⁵

- ASA is the most popular micro-finance service provider dedicated to poverty alleviation.
- ASA's micro-finance stands on the peak based on the highest number of clients.
- ASA extends support to the development of poor children's education
- ASA provides financial assistance to the flood and monga affected people
- ASA works for rehabilitation of the people affected by natural disasters
- ASA provides health insurance services without premium for six major critical diseases
- ASA supports the hardcore poor to be free from the clutches of poverty
- ASA provides complementary loans for revival of the projects damaged by accidents
- ASA provides insurance facilities to its clients

Micro-finance Services of ASA: Micro-finance services of ASA includes small loan, small business loan, small entrepreneurs lending (SEL), loan for hard core poor, partnership build up programs, education loan to members' children, flood rehabilitation program, micro-savings (mandatory, voluntary), business development services to hardcore poor, members securities funds, Staff welfare fund, Karmi Nirapatta Tahbil, technical services to MF- NGOs savings & insurance services to members etc.⁶

Micro-credit and Savings Program: ASA's micro credit and savings program plays a vital role in reducing poverty of the distressed people. Credit helps investment and creates self-employment. Side by side savings enhance capital and ensure future protection. ASA has introduced voluntary savings along with weekly savings of Tk. 10 per week. In addition to the weekly savings, group members are allowed to save and withdraw any amount they wish. These savings programs promote the habit to save more, which results in accumulating loan funds for the institution.

Small Credit Program: Under the small credit program poor women get loans from ASA to conduct Income Generating Activities (IGA). The group members can receive Tk. 4000 to Tk. 6000 as an initial loan. Each loan has to be repaid within a year in 46 installments along with 15% (flat rate) service fees. Weekly repayment is allowed to the borrowers. Repayment of installment begins after 15 days from the disbursement. Six weeks in a year are considered as the grace period along with the exempted period of national holidays.

²Ibid.

³ op cit., pp. 10-23.

⁴ Annual Report of ASA during 2002, p. 6. & N.B.: Table No. 1. Indicates TN.1.

⁵ Annual Report of ASA during 2005, p. 1.

⁶ Annual Reports of ASA during 2004, pp.5-30.

Small Business Loan Program: The small business loan program of ASA contributes enormously to the poverty alleviation initiative of the institution. The successful female members who can prove their capability are provided with small business loan. But usually these loans are extended to the male members who are capable of handling a bigger amount of capital. Under this program, the initial loan is Tk. 15000 with an increase of Tk. 4000-6000 by year. The loan period is one year and the service fee is 15 percent (flat rate). Up to December 2002 total loan disbursed with service fees was Tk. 59362 million from which Tk. 50056 million has been realized. The outstanding amount was Tk. 9306 million (with service charge) among 1976473 members (clients). In the year from January to December 2002, Tk 15205 million was realized including Tk. 1982 million service fees.

ASA Insurance: ASA has extended insurance facilities to the members. Its service delivery process is simple and devoid of any complications. A premium of Tk. 5 on loan per thousand is charged for insurance. The successors of a deceased borrower get the benefits of ASA's insurance services. The amount they can claim is equal to the current principal loan amount. Before claiming the insurance benefits, the successors have to repay the outstanding loan in full.

In the year 2004, ASA made a payment of Tk. 61.32 million as insurance to the families of the deceased members.

Operating Efficiency and Rate of Recovery: In 1991, ASA's leadership decided to focus on economic empowerment and chose micro credit as the core activity of the organization. ASA has been operating the most cost-effective micro finance program and the recovery rate is the highest among all other organizations operating the same type of program. ASA has been successful in maintaining very high recovery rate since 1998, it has been maintaining a recovery rate of above 99%. The basic principles of ASA have driven the organization to attain the goals of outreach, cost-effectiveness and sustainability since 1991. ASA has been able to improve its operating efficiency. ASA's statistical data reveals that cost per taka money lent has decreased from Tk. 0.077 to Tk. 0.37 since 1998 to 2004. Within a short time ASA acquired the status of one of the best MFIs in the world due to its low cost experiences that enabled ASA to determine some cost-reducing and income increasing factor, which are globally effective in all the branches of ASA throughout Bangladesh.

Impact Assessment of a Poverty Alleviation Project: In 2004, ASA conducted an impact assessment study of a 3 years poverty alleviation project in the greater Noakhali District, which is situated in the coastal area and composed of three districts- Noakhali, Feni and Lakshmipur. The project was implemented in collaboration with DANIDA, Denmark.

ASA Provides Technical Services to MFIs : ASA provides technical services to the MFIs in several countries of the world. UNDP selected ASA as an International Technical Service Provider (ITSP) under its Micro Start Program to extend services to a number of MFIs in the Philippines and Nigeria, ASA assisted in building capacity of the MFIs and helped them in implementing programs effectively. During the year 2004 ASA also provide consultancy services to SFD, Yemen, In India "Bandhan" West Bengal, Yemen : National Micro-finance Foundation (NMF), Nigeria : LAPO, Philippines: Life Bank, CCT & Card Bank, Indonesia : Bina Swadaya, CARIRAS, SNMB (Sunamgonj), etc.⁷ In Bangladesh more than 110 small NGOs follow ASA's model. Many MFIs in the country revised their methodology following the ASA methods of implementing micro finance programs. A huge number of visitors and trainees from home and abroad have visited ASA with the purpose to observe the ASA activities closely and gather practical knowledge about the implementation procedure of the ASA model. During the year 2004 a number of 177 individuals visited ASA and took the benefit of the consultancy services provided by ASA. Not only that ASA is functioning in Afghanistan, Ethiopia, Laos, Tajikistan, Cambodia, Jordan, Myanmar, Pakistan, Peru, & other countries in the world.⁸

Micro-finance Training in ASA : ASA's self-sustainable micro finance model for poverty alleviation has been widely acknowledged by the micro finance practitioners throughout the world. The model is replicable in any environment. Due to its simplicity and cost-effective methodology many persons and institutions from home and abroad express their interest to know about the

⁷ Annual report of ASA during 2004, pp. 23-24.

⁸ Ibid, p. 25.

model. To satisfy their thirst for knowing the secrets the ASA Micro Finance Training Institute arranges training courses regularly. ASA's training sessions include classroom presentations, group discussions and field level observation. From January to December 2002, a total number of 177 people visited SA, either individually or as members of a team, to participate in the training course arranged by ASA.⁹ ASA was introduced students Internship Program in 1998 from different Universities & Colleges for the BBA, BSS, MBA, MSS students as a regular course of the students.¹⁰

ASA Infrastructure and Human Resources: ASA has been able to spread its organization infrastructure throughout the country. At the end of 2004, the number of ASA's branch offices in the rural areas stood at 1965 and In the year, four regional and 3 divisional offices also increased, the number of which stood at 149 and 26 respectively. Human resources of ASA increased with the increase of branch offices. The number of credit officers in the organization were 4100, which marked a sharp rise and stood at 4771 by the end of 2004. The number of branch managers increased from 1060 to 1172. But the number of the ASA staff member increased at every level with the expansion of the institution.¹¹

Salient Features & Innovative Management of ASA: ASA implements cost-effective micro credit program for rapid expansion to ensure maximum outreach. To reach the target, ASA innovated a non-conventional way of operation and management, which is less expensive and less time consuming, but more effective as compared to the conventional approaches followed by others. ASA has succeeded in avoiding the conventional way through introducing a full-fledged written manual to manage its affairs. The conventional way of disseminating instructions from the higher level consumes a lengthy time, but ASA can ensure quick performance of activities in a non-conventional way with the help of its written working manual.¹²

Innovative Internal Control Mechanism in ASA: The ASA management has set some methods of internal control with a view to ensure security of the organization and promote its operational quality. The internal control mechanism has been developed as per need based on the practical experiences of the management.

Objectives of the Study:

To measure the growth, structural change & the role of supporting services of ASA in Bangladesh, the main objectives of the study are as follows:

1. To measure the growth, structural changes of ASA during 1998-2005.
2. To indicate the role of supporting services of ASA during 1998-2005.
3. To highlight the selected programs of ASA during 1998-2005.
4. To focus the financial indicators of ASA during 1998-2005
5. To locate the loan portfolio position of ASA during 1998-2005.

METHODOLOGY

The study covers a period of eight years i.e. 1998-2005. The main sources of data used in the study, which is collected from the annual reports, audited reports, annual accounts & official records of ASA. ASA extended co-operation in supplying relevant data & information through annual reports during 1998-2005. To measure the growth, structural change & the role of supporting services of ASA in Bangladesh, different information accumulated i.e. information for portfolio, loan portfolio, savings, productivity, quantitative, financial indicators & future plans etc. ASA has succeeded in bringing the entire area of Bangladesh under the coverage of its network to extend micro-finance services in the 64 districts with 677 branches opened by ASA up to 2005.

⁹ Annual Report of ASA during 2002, p. 6.

N.B.: Table No. 1. Indicates TN.1.

¹⁰ Annual Report of ASA during 2004, p. 26.

¹¹ Op. cit. p. 12.

¹² Official Records.

Analysis & Interpretation of Data

Table No. 1: Number of Branches: This table indicates that the average branches of ASA during the period 1998-2005 stood at 1273 branches while the maximum level of the same was 2291 branches & minimum level was 785. Actually CV position implies the poor variation of this event during the study period. **Number of Active Members:** It fluctuated over the period in the range i.e. 1.00 to 6.00 million persons, while the average of the same was 2.31 million persons during the period 1998-05. It indicates the favorable sign for ASA during the stated period. **Number of Active Borrowers:** The average position of active borrowers was 1.96 million while SD & CV were found very poor during the period 1998-2005. The maximum & minimum level implies poor range during the study period including little % of EGR during the study period. **No. of Loan Officers:** The AAGR position of the same was 17.01 percent while the maximum level was 9489 & minimum level was 3310 numbers during 1998-2005. **No. of Full Time Staff:** The average position of full time staff was satisfactory while SD & CV positions showed the great variation during the period under study. It indicates the favorable sign for job opportunities in the job market in Bangladesh. **Average No. of Borrowers per Branch:** The maximum level of the same was 2614 & minimum was 1312 numbers, while average was 1634 numbers during the period under study. Both SD & CV imply the poor fluctuation during the period. **Average No. of Members per Branch:** The average position of the same was satisfactory 1567 while SD & CV positions of the same were 160 & 10.21 percent during the period under study. The AAGR & EGR were 1.55 & 1.48 percent during 1998-2005. It indicates the good symbol for job market. **Total Income:** The average income was Tk. 1978.58 million while the maximum level was Tk. 3979.00 million & minimum level was Tk. 508.36 million during the study period. But the AAGR & EGR positions of the same were 34.78 & 1.51 percent during the period under study, which implies the little growth for the same. **Total Expenditure:** The average expenditure was Tk. 1366.91 million while the maximum level was Tk. 2818.91 million & minimum level was Tk. 468.00 million during the study period. But the AAGR & EGR positions of the same were satisfactory during the period under study, which indicates the favourable growth for the same. **Total Surplus:** The average surplus was Tk. 648.85 million having the highly change in SD & CV during the period while the maximum & minimum were great variation during the study period. **Recovery Rate:** The recovery rate of the same was highly satisfactory during the period.

Table No. 2: Loan Disbursed: The average loan disbursed position of ASA was Tk. 15501.63 million. The SD was very high, which indicates the high variation during the stated period. The AAGR & EGR positions were 27.06 & 1.92 percent during the study period. **Total Loan Outstanding:** The average outstanding position was Tk. 5786.33 million while the maximum level of the same was Tk. 10024.00 & minimum level was Tk. 3562.00 during 1998-05. **Overdue Loan:** The average overdue position of ASA was Tk. 18.67 million, while the maximum level of the same was Tk. 57.24 & minimum level was Tk. 0.68 million during the period. **Table No. 3: Total Savings Amount:** The average savings was Tk. 2116.75 million, while the maximum level was Tk. 2828.00 & minimum was Tk. 1185.00 million during the study period. But the CV position implies the poor variation during the stated period. The AAGR & EGR indicate the good symbol for ASA during the study period. **Table No. 4: Small Loan:** The average position of small loan was Tk. 1.75 million while the maximum level was Tk. 3.26 million & minimum was Tk. 0.96 million during the study period. But the AAGR & EGR positions of the same were 21.01 & 0.12 percent during the period under study, which implies the satisfactory growth for the same. **Interest for Loan:** The average interest for loan was 13.50 percent, while the maximum level was 15.00 & minimum was 11.00 percent during the study period. But the AAGR & EGR positions indicate the little growth for the same. **Table No. 5: Clients:** The average client was 2.00 lac having the little change in SD & CV during the period while the maximum level of the same was 3.41 & minimum was 1.15 lac during 1998-05. The AAGR & EGR position was 18.08 & 0.14 percent during the study period. **Borrowers:** The AAGR position was 56.56 percent. The average of the same was Tk. 40.14 lac including minimum range during the study period. **Table No. 6: Small Business Loan Program:** The average position of the Partners position was 25 while SD & CV positions of the same were poor percent during the period under study. The AAGR & EGR were 0.05 & 0.65 percent during 1998-2005. **Funds:** The AAGR & EGR positions of the same were 26.94 & 1.37 percent during the period under study, which implies the high growth for the same. The average of the same was Tk.

919.98 lac while the maximum level was Tk. 1596.42 & minimum level was Tk. 275.50 lac during the study period. **Table No. 7:** This table implies the information of productivity & quantitative indicators of ASA during 1998-2005. **Cost per Money Lent:** Operating efficiency of ASA in view of Cost per Money lent in 2005 was Tk. 0.033. The average position of the same was 0.04 lac having the little change in SD & CV during the period while the maximum level of the same was 0.04 & minimum was 0.03 lac during 1998-05. The AAGR & EGR position was 0.05 & 0.69 percent during the study period. ASA's operational framework is modified regularly based on feedback received from the field. **ROE:** The AAGR & EGR positions of ROE of ASA were 1.35 & 1.62 percent respectively while the average of the same was 17.25 percent having the little change in SD & CV during the period. The maximum level of the same was 26.25 percent & minimum was 7.82 percent during 1998-05. **Table No. 8:** implies the information of financial Indicators of ASA during 1998-2005. It also highlights the related information, which was highly satisfactory during the study period. It is observed that all the financial indicators of ASA were favourable for the economic development of Bangladesh.

Major Findings of the Study

ASA is a specialized micro-finance institution of Bangladesh. The innovative management of the ASA succeeded in introducing a low cost operational model, which helped ASA increasing its income over the expenditures. Cost Reducing and Income- Increasing Factors of ASA are identified for the further development of ASA. Due to the cost-reducing and income-increasing factors of ASA, a branch office can ensure sustainability status within the shortest possible time, i.e., within one year of the beginning of its operation. These factors are the specialties of the ASA micro-finance model to help the poorest persons in Bangladesh. ASA is financially self-sufficient; it does not have grants or donations from outside sources. ASA's total fund for micro-finance service was Tk. 16,090 million at the end of 2004. This includes Tk. 8,329 million, of ASA's own fund including reserve fund, Tk. 3,043 million PKSF loan, Tk. 1438 million members security fund, Tk. 65 million CORDAID loan, Tk. 181 million loan insurance & Tk. 206 million from other sources.

Causes of Profit Maximization

According to Experts opinion, to reduce the cost & maximize profit following factors are to be considered;

- The staff members are selected within the shortest possible time and they are given a short-duration practical learning.
- The branch office is the center of all activities at the level.
- The branch office is furnished with minimal facilities and simple furniture for collective use.
- Provision for one staff at the regional level RM and one DM at the divisional level without separate offices or secretarial staff.
- Branch expenditure is standardized. ASA has set a cost ceiling for all kinds of expenditure.
- No expenditure for technical assistance.
- Increase in the number of borrowers, portfolio per Credit Officer (CO) and a high fund-revolving rate minimize total fund requirements.
- Reduced administrative overhead costs following decentralized decision making power and delegated fund management.
- A simple and easy system of office work and effective supervision, use of simplified and fewer account forms with out provision for an accountant.
- There is no office assistant or security guard in the branch office.
- Decentralized operation and management follows a written manual.
- No group liability hence non-defaulters continue getting loans.
- Quick expansion to new areas, fast group formation and high density of groups in working areas.
- Fast provision of the first loans to new members
- Strict control on weekly installments and promotion of savings mobilization.
- Mandatory savings allow predictable funds to be efficiently lent out
- Quick information on default and serious default management
- Provision for insurance of borrowers.
- Flexibility in changing conditions to increase turnover and improve income.

ASA: Causes of the Success

Executives opined that major success of ASA depends on selected factors, these are as follows;

- Commercial approach in managing affairs
- Costless and faster innovative recruitment and training (each one to each one)
- Decentralization and delegation of authority to the branch level operation
- Lean structure automatically reduces overhead costs
- Low-cost culture practiced from top to bottom 12. Written manual
- No grant dependency
- Office-cum-residence facilitates continuous discussion of problems and no need for night guard
- Simple and shorter loan processing
- Simple and transparent accounting and record-keeping based on format
- Standard and low-cost structure for furniture and fixtures
- Strong monitoring and supervision done by physical verification

Reserve Works

ASA has been involved, in various aspects of development since 1978 with the view to bringing changes in poor people's living standard. It launched micro-finance activities as its core program in 1991 to materialize its dream of reducing poverty in the society. ASA at present is the most cost-effective micro-finance institution in the world. It follows its own internationally acknowledged self-sustainable micro-finance model, which is totally free from foreign grants. ASA offers different loan programs to the poor people¹³ such as Small loan program for woman & men, Small business loan program, Small entrepreneur loan program, Education loan program, Flexible loan program, Business Development Services, Rehabilitation loan program for natural disaster victims, Micro savings & micro Insurance program & life insurance in the name of security deposit.

ASA: Features of Innovative Management

ASA's management is innovative by nature. Hence, due to its innovative culture, it has succeeded in earning a worldwide reputation as an MFI. It has developed several features of an innovative and efficient management system, which led the institution to become self-sustainable in all respects. Following are the key features of ASA's innovative management: Dynamic Leadership, Self-explanatory Working Manual, Decentralize Management, Participatory Process of Decision Making, and Specialization in Micro-finance, Standardization, and Innovative

Deposit: The deposit of the staff members is secured. **Signature:** The signature for withdrawing fund is limited jointly. **Withdrawal Systems:** Daily withdrawal system is limited. **Preserves of Cheque:** The chequebooks are preserved by another credit officer (CO). **Scrutinizing Systems:** The Borrowers are scrutinized by the branch manager. **Detect Irregularities:** Groups are changed between CO's once in 3 months for a month to detect irregularities. **Cash Book:** One CO is assigned to maintain / write down the cashbook on rotating basis.

Yearly Change: Yearly change is arranged among the groups in between two COs. **Supervision & Field Visit:** Regional & Divisional Manager supervises the branches in each week and undergoes field visits. **Monitoring:** The central level staffs monitors the field level activities regularly. **Organization:** The central level staffs monitors & organize the sections headed by GM (Admin. / Management regularly. **Audit Functions:** Field Auditor checks all passbooks, registers, accounts etc. in a year. Head office auditors visit the branches regularly. External audit is done by ASA as well as by PKSF. **Visiting Approaches:** Managing Director visits branches occasionally.

Recruitment, Each One Teach One Approach of Training, Fast Expansion, Simple, Small and Cost-effective Branch Structure, Branch Office without Accounts Personnel, Simple and Non-conventional Record Keeping and Accounting, Simple and Least Hierarchical Organization, Mid-level Management Staff at regular branches without separate office or secretarial staff, Residential Accommodation in Office, Close Communication, Close Supervision and Effective Monitoring & Organizational Culture etc.

¹³ Annual Report of ASA during 2005, p. 7.

ASA: Micro-finance Model

The 'ASA Self-sustainable Micro-finance Model' was introduced in 1994. The inherent features of the ASA model are innovative, low cost and self-sustainable. It has already proved its effectiveness in alleviating poverty within the shortest possible time. This cost effective method, from branch office to the central office ensures ASA's dedication towards its commitment for reducing poverty. There are only one manager (BM), 4 loan officers (LO) and a peon in the Branch Office, who are responsible to conduct all activities of the branch smoothly. A branch looks after around 1,800 group members on an average. A new branch demands an amount of Tk.5 million to start its activities initially. About Tk. 32,000 is required to pay the staff's salary and in addition to this, Tk.6,200 per month is needed as the expenses of office management such as electricity, entertainment, office rent, water, TA/DA, etc. This special cost-effective method of ASA helps a new branch to earn an adequate income to be self-reliant within 12 months from being started.

Self-sufficiency of a Branch: Key Factors

1. Staff members are selected within a short time and given short, practical training
2. The branch office structure is standardized and furnished with minimal facilities and simple furniture
3. Branch expenditure is standardized, and cost ceilings have been set
4. A high number of borrowers, high portfolio per Loan Officer and high fund-revolving rate minimize total fund requirements
5. Simple and standardized accounting procedures
6. No office assistant, technical support or security guard

Features Safeguarding Sustainability (Internal Control)

- Staff members provide ASA with a security deposit (earns interest)
- Joint signature required for withdrawal from Branch bank account
- Limited daily withdrawal allowed
- Cheques are preserved by a different Loan Officer
- Borrowers monitored and scrutinized by the Branch Manager
- Groups are rotated among Loan Officers once every 3 months for 1 month
- Cash book is maintained by Loan Officers on a rotating basis
- Loan Officers switch groups once per year
- District Officers and Managers are based in the field
- Central Office staff visit field regularly
- Internal audit conducted regularly
- External audit conducted annually
- President visits branches occasionally

CONCLUSION AND RECOMMENDATIONS

ASA is now a fully self-reliant and sustainable micro finance institution due to its cost effective management and operational system. It has been able to earn net profit for the past years and thus could generate resources to cover the entire cost of the services provided. The recovery of loans in ASA is very regular which strongly represents the smooth and very effective operation of the ratio of members to worker by increasing membership and portfolio to worker by disbursing more loans to an increased number of borrowers. This has considerably reduced cost per taka 100 lent and cost per loan. By the end of 2004, the number of the ASA member has exceeded 2 millions, that is, above 10 million poor people throughout the country are getting benefits of the services by the institution. Loan disbursed during the year is taka 15952 million (principal) and the recovery rate is 99.96%. Investment portfolios, savings mobilizations, financial sustainability status etc. increased in the year 2004. Popularity of the ASA micro-finance model has been increased, as it is simple, effective and replicable in any environment. Exposure visits to ASA by the national and foreign delegates from different institutions increased considerable in the year. The training institute of ASA pertained training to 177 participants on the implementation methodology of the ASA model. ASA also provided technical services to 61 organizations in 14 countries all over the world. ASA runs 2

overseas offices in the Philippines and Nigeria to extend services to several MFIs of those two countries as the UNDP International Technical Service Provider. In Bangladesh, more than 1500 small NGOs follow the ASA model with a view to ensure quality of the programs. ASA longs for maintaining a continued success in reducing poverty of the distressed people in the forthcoming years also. Near about 3 million population are getting the facilities from to enjoy the financial help from the ASA, By providing the different projects & activities as a renowned NGO plays a vital role for economic development of Bangladesh. The Management of ASA should implement the selected process or methods through the change of internal activities to ensure the better services & quality services. The internal controlling system should be modified according to practical experiences of the managerial level. Practically to ensure the better & quality & services following steps should be taken:

- Internal activities should be changed & interchanged time to time.
- Both Internal & external auditing systems should be introduced.
- Executives should try to visit the center or branches time to time to ensure the services.
- Staff loan should be introduced by the poor rate of interest for the satisfaction of the staffs.
- Signature card may be implemented to ensure the signature by the joint system.
- Cash withdraw system should be protected at a time through the one check.
- Old vouchers & cheques should be preserved for the future.
- Borrowers should be strictly scrutinized by the field / branch managers/ area managers for the betterment of the management.
- By rotation cash officer should be transferred to create the interaction between the employees in the management.
- All transferred system should be easy on the basis of the employee's desire.
- Both routine & incidental visiting systems should be incorporated.
- Monitoring system should be modified & controlled by the executives.
- Special drastic action should be taken against the client due to their fraud & fernery.
- Each passbook, registered, notebook, account book etc should be audited by the executives in time at the end of the year.

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