

## ESSENTIAL QUESTIONS TO ANSWER WHEN REVIEWING YOUR STAFF INCENTIVE SYSTEM

QUESTION	INFORMATION TO CONSULT
<b>Do incentives contribute to staff mistreating clients?</b>	<ul style="list-style-type: none"> <li>• Growth targets and actual performance</li> <li>• PAR targets and actual performance</li> <li>• Retention targets and actual performance</li> <li>• Information from Internal Audit on staff treatment of clients</li> </ul>
<b>Do incentives contribute to staff mis-selling or overselling products?</b>	<ul style="list-style-type: none"> <li>• Growth targets and actual performance</li> <li>• Data on client multiple-borrowing and over-indebtedness<sup>59</sup></li> <li>• Information from Internal Audit on staff treatment of clients</li> </ul>
<b>Do incentives impact service quality?</b>	<ul style="list-style-type: none"> <li>• Staff workload or caseload (e.g., clients per loan officer)</li> <li>• Sales targets (e.g., number of insurance policies sold in a period)</li> <li>• Client feedback/complaints on customer service</li> <li>• Client questions about products/misunderstanding of products (reflecting possible poor quality of understanding/explanation on the part of staff)</li> </ul>
<b>Are incentives appropriate to current market conditions?</b>	<ul style="list-style-type: none"> <li>• Growth targets and actual performance</li> <li>• PAR targets and actual performance</li> <li>• Market conditions, including:               <ul style="list-style-type: none"> <li>• Growth and saturation, by location</li> <li>• Factors affecting client ability to repay (e.g., political crisis)</li> </ul> </li> </ul>