

MARKET RESEARCH TERM OF REFERENCE

Background

First Finance Plc (FF) (a fully licensed Microfinance Institution since 2009) is focused on providing long-term Home Loans, Home Improvement Loans and Land Loans to underserved low-middle income Cambodian households who do not have access to formal commercial lending. Geographically, we currently have offices in Phnom Penh, Siem Reap, Kampong Cham and Battambang Provinces. From these offices we service 10 provinces.

As the first specialty mortgage finance company in Cambodia, FF prefers not to be seen as a “bank” but as a safe and friendly solution to every low-income Cambodian family’s aspiration of home ownership – and the wealth creation, stability, health and social mobility that home ownership offers.

The market in which FF competes is increasingly competitive, as both MFIs and commercial banks look to provide similar products to this core market segment. Within this competitive landscape, FF strives to remain price competitive given its financing structure compared to deposit taking organizations. With a much stronger understanding of its customer base (with significant data on current customer financial positions, expenses and needs) and a stronger commitment to serving this segment through innovative, targeted consumer financial products, however, FF can remain highly competitive in the market.

Objective of the research

The objectives of the research are:

1. To understand what influences our customers, and potential customers, when making a decision to seek housing finance;
2. To better understand the reaction of FF existing clients to our product or services and their satisfaction level;
3. To better understand FF’s target client lifestyle, including their financial needs, communication tools that are most effective to reach the target clients, and type of property (size, location, price range) they will buy/are going to buy/bought;
4. To research opportunities to leverage our Brand values in a way more aligned with our target clients;
5. To find methods of promotion that best trigger positive behaviours and outcomes in our target clients;
6. To explore different market segments ie the lower income group and find out the demand level. (Rural Penetration).

Scope

The research shall be done with existing FF clients to understand their experiences and potential FF clients in the targeted geographical locations to address the above objectives. Estimated timing for the research (including data analysis and reporting) shall not be more than 3 months.

Deliverables

The consultant taking lead in the market research is expected to prepare a PowerPoint presentation outlining the methodology of the study, key findings and primary and secondary recommendations. Core questions to be answered are as below:

- What are the common demographics and characteristics of the clients currently responding to FF?
- What are the locations/ areas in Cambodia where potential clients of FF being in existence?
- What are the reasons that hold them back from getting a home loan and improvement loan?
- What are the target clients' buying/selection criteria for companies like FF?
- What are the main reasons that clients chose not to take loans from FF?
- What are their most pressing needs that have not been addressed by the market?
- What product and services would they like to be offered by the market?
- Would they be interested in obtaining a short-term loan? If so, how short? Why and for what purpose?
- For clients who are based at rural areas, would they be interested in renovating their current homes? If they do renovate their homes, where do they take loan from?
- What improvement do they like to see on existing products, services and customer experience? Down payment, tenure, property valuation, payment and prepayment method, insurance purchase?
- Who are FF's main competitors? How is FF perceived vis-a-vis its competitors?
- If clients were to be offered insurance for free of charge (credit life, health or personal accident) as part of our customer protection in exchange for a slightly higher rate than the market, would they be willing to pay?
- If additional benefits are provided by financial institution, what are the services the clients want to receive? Would they be willing to pay fee for those services?
- What are key challenges the clients faces in looking for property to buy?
- What are key challenges that clients faces in renovating/constructing a house?
- Will the client be willing to pay for legal cost to ensure they have legal ownership of the property bought?

Selection and Process

Proposals are requested from all interested firms and they will be assessed and considered following criteria as below:

- The Consultant should have experience in working with our target clients, their lifestyles and aspirations, and an understanding of the financial services market/products that our clients use.
- Proposal should clearly articulate the consultant's relevant skills and similar projects, detailed methodology for the study, and CVs of key team members assigned to the engagement.
- Proposal should also include details timelines for completion.

Proposal

All interested firms are requested to submit your proposal by **24 February 2017 by 5:00pm** to Ms. Fadeth Lim (Business Development Manager) via fadethl@firstfinance.biz and shall contain the following section:

- Understanding of the FF market research.
- Recommended approach/methodology on how to realize the research as well as respective tools/instruments.
- Proposed timeline and budget.

Note: The submitted documents will not be returned.