Field Example: Incofin Defines "Responsible Growth"

Incofin Investment Management believes that all investors have a responsibility to assess market penetration and potential saturation before investing. When monitoring investees and potential investees, Incofin closely evaluates the level of market penetration where the FSP operates (at the national, provincial, district, and village levels), the instances of multiple borrowing and the use of Credit Bureau information, the FSP's growth target rates, the FSP's past and present loan portfolio and client growth rates, and the internal capacities of the FSP (MIS, risk management, credit underwriting policies, compliance culture, quality of field staff training, and delinquency management), to determine whether their loan portfolio growth rates are "responsible." For example, Incofin looks for growth that is broadly in line with the following rates:

- 50% to above 100% annually—Young FSPs with good systems in place in market with low penetration rates.
- 30% to 50% annually— Medium-sized FSPs in markets with low-tomedium penetration
- Up to 30% annually—More mature FSPs in markets with high penetration.