

Press Release**Citi Foundation joins hands with Kenan to build up a model community that clearly solves the household debt**

27 August 2018 - Citi Foundation join forces with Kenan Foundation Asia to launch the model community program entitled “Community-focused Financial Learning and Leadership” project aiming at building personal financial management skills for low income earners under the goal to help decrease the household debts in Thailand.

Ms. Wanwisa Komindr, Senior Vice President, Corporate Affair, Citi Bank Thailand representing Citi Foundation said in regards to the source from Bank of Thailand in the first quarter this year, we found that the percentage of household debt is still at risk condition. The debt ratio per Gross Domestic Product (GDP) is at 77.6 % with the total household debt outstanding balance at 12 trillion Baht. This problem occurs especially from the workers aged between 25-35 years old who do overspend incautiously, earn their income less than expenditures, and find a difficulty to pay off the debts. They later have to find their way out to seek loans from the loan sharks. This is because the lack of sufficient life financial skills and personal budgeting and saving knowledge which leads them to face difficulty in managing their own household debts efficiently.

“The Citi Foundation works to promote economic progress and improve the lives of people in low-income communities around the world”. This year, we join forces with Kenan Foundation Asia to launch “Community-focused Financial Learning and Leadership” project aiming at building personal financial management skills and discipline for low income earners which covers the topics of financial life goal, household spending management, personal saving and debt management under the goal to help them pursue efficient household debt .

Under this project, Citi Foundation and Kenan Foundation Asia also work with Community Organizations Development Institute (CODI). CODI is a public organization with a goal to support the community to building up residential houses. The organization now supports 1,600 communities consisting of 94,000 households nationwide. In Bangkok, the organization has 26,002 household members in 170 communities, whose their average monthly income is ranged from 5,000-15,000 Baht.

Mr. Richard Bernhard, Executive Director of Kenan Foundation Asia, said CODI has worked with public to select the communities that have already established their saving cooperative, whereas community members must be able to save the money at the amount as mutually agreed with the cooperatives. On the 1st phase, CODI picked 20 communities from 4 provinces; Bangkok, Samut Prakarn, Nonthaburi, and Pathum Thani. There were 104 community leaders and 528 cooperative members as well as 12 CODI members to attend the financial management training from Kenan Foundation Asia. “Kenan” is the main organization to implement and manage the process of this project. “We are responsible for coordinating with community members, design the program modules suitable for each community context provide trainings & workshops, as well as follow up and run the assessment after the training completes. Talking about the success in the first year, we found that the community members who attended the training approximately 85 percent continued to do saving strictly, about 78 percent followed the financial management plan, about 73 percent did the advanced monthly spending plan, about 61 percent recorded the monthly household spending, especially about 84 percent could repay the debt on time, which is an impressive increase at about 24 percent, comparing to the same period before these groups of people had joined this training or workshop.

The project now enters its second year, which has expanded our work to many new communities. We aim to reach up to 960 beneficiaries for this project from 20 existing communities and from other 20 new communities by focusing on developing and promoting skills and knowledge towards community leaders to become community financial counselors and mentors. We also aim that about 80 percent participants will have a financial literacy skills test increase by 35% comparing to the pre-test. Besides, about 70 percent participants will be able to do their household accounting report, which could help them achieve money saving 10 percent more at the end of the project.

Mr. Richard also said, "The City Foundation places a great emphasis on life quality development and continually creates an opportunity for low-income earners in many communities. By partnering with Kenan, the Citi Foundation supports the budget to implement the project, share the financial management knowledge by bringing its employees as a volunteer to perform the role of trainers and counsellor. This is a very useful and important part to positively help change people's behaviors to be more disciplined in spending and savings money. This is another sustainable solution to solve the problem of skyrocketed household debt which has affected the economy of Thailand. "

"The model communities where their members cooperate with the project team, get trained, and apply knowledge to do household accounting and saving is Klong Ladpachee Raum Pattana Housing Cooperative , where Klong Ladpachee community members used to experience being expelled from their previous shelter. These members later on form up a housing cooperative and get the loans to buy 6,000 square meters land to build up their new houses. Currently, there are 79 houses, where the majority have monthly household income ranged between 5,000 to 15,000 Baht. The Community members have experienced a lack of financial liquidity and fell prey to the predatory lenders. So the Saving cooperative has helped the members to efficiently solve this problem by setting up the current fund and allows them to purchase the cooperative shares as part of their financial management plan. However, insufficient financial knowledge is still an issue, so CODI recommends the community to bring the representatives to attend the "Community-focused Financial Learning and Leadership" project, established by Citi Foundation since 2017.

At present, all household members have been trained in the project and proved that they have better results of debt management. There is no debt repayment and non-standard loan problem. They continue to do saving. Some members can even put their saving to invest on their own business. They also have more efficient spending by reducing unnecessary expenses, such as reducing smoking, less gambling, and alcohols. The result is a better quality of life. "

The "Community-focused Financial Learning and Leadership" project can help solve the problem of household debt for the low income earners in Thailand. It started as from a small community in Klong Ladpachee community and will gradually expand to cover more network areas of CODI. Hopefully, the project could be expanded to reach all communities across the country." Mr. Richard said.
