

refers to a mismatch of information between lenders and borrowers such as information given by clients not being reliable or clients not updating information given to the institution during loan application)

Yes [] No []

6. What do you think would be the best way of managing default risk?

Transfer the risk (insurance) [] Accepting the risk (not doing anything) []
Reducing the risk (controls) [] Avoiding the risk (stopping operations) []

7. Tick which of the following risk management techniques are use in your organization?

Pledging collateral [] Third party credit guarantee [] Use of credit rating and collecting agencies []
Loan supervision (for businesses) [] Prompt action on overdue loans []
Group lending []

8. Do you think solving the problem of information asymmetry would yield better results than the risk management techniques ticked in question seven (07) above?

Yes [] No []

9. Which of the following do you think greatly influences loan defaults?

Borrower's employer Organization type [] Loan Amount [] Loan due time []

a) Which borrower employer's organization type do you think most clients who default come from?

Civil Servants [] Quasi- Government [] Parastatals [] Private Sector []
Informal Sector []

b) Which loan amount band do you think most clients who default fall in?

Below K1, 000.00 [] Above K1, 000.00 but below K2, 000.00 []
Above K2, 000.00 but below K3, 000.00 [] Above K3, 000.00 but below K4, 000.00 []
Above K4, 000.00 but below K5, 000.00 []

c) Which week of a month do you think most clients default if their loan falls due in it?

1stWeek [] 2nd Week [] 3rd Week [] 4th Week [] 5th Week []

Note: On the borrower's employer type of organization, the following are the examples of each organization type

Civil Servants: Teachers, Police officers, Ministry of Finance, Zambia Army etc

Quasi Government: Zambia Revenue Authority, Zambia National Assembly, etc

Parastatals: ZESCO LTD, Zambia Railways, etc

Private Sector: All Limited private organizations

Informal Sector: All sole traders