



MICROFINANCE CENTRE

Microfinance in Europe Social Performance Management

Data from 25 financial institution
Microfinance Centre members in Europe

The report was developed with the support of the Social Performance Fund,
financed by the Ford Foundation

Main achievements



- Support to excluded segments of population.



- Positive contribution to sustainability of microbusinesses



- Follow minimum practices of client protection
- Active engagement in supporting local communities

Main challenges



- MFIs demonstrate strong social commitment, however, few have been able to translate mission into S.M.A.R.T. objectives

 33%

MFIs do not have
S.M.A.R.T. social
targets

- Non-financial products and services are underdeveloped in microfinance

 60%

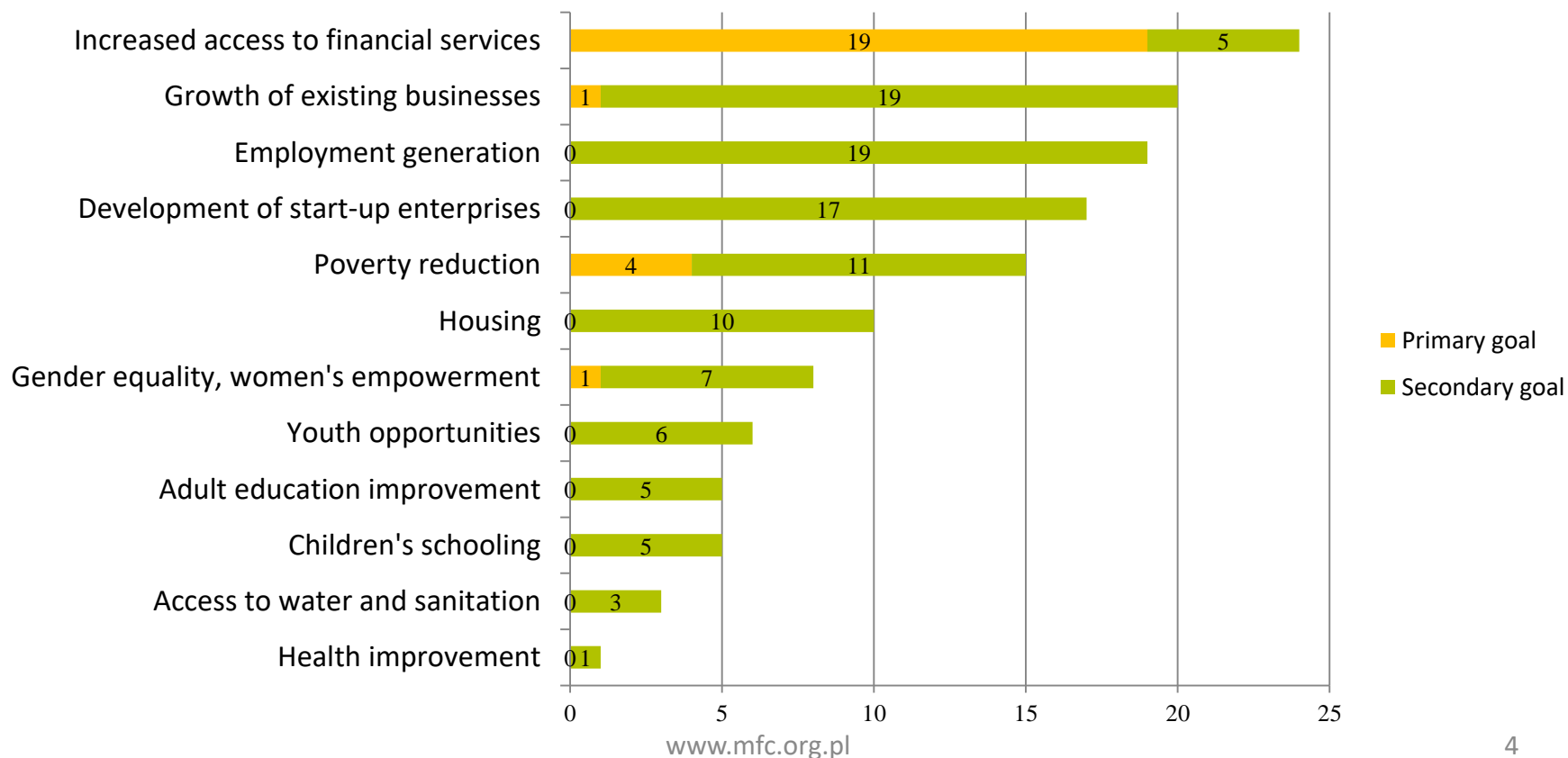
MFIs face challenges to
provide non-financial
services

MFIs social goals



MFIs fulfill their primary goal well through helping excluded population to grow business

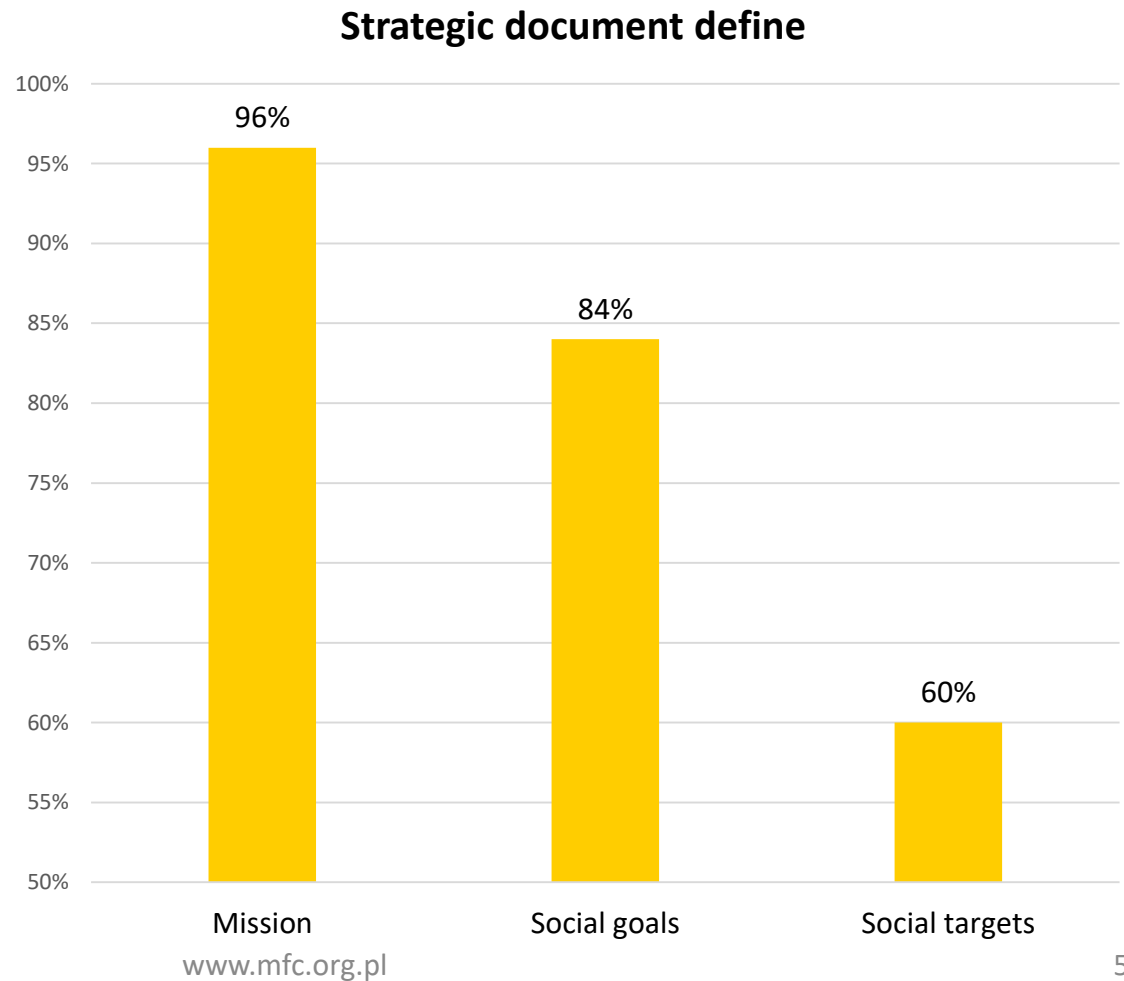
MFIs' main social goals



Strategic documents' definition



Lack of S.M.A.R.T. social targets creates a difficulty to effectively monitor MFIs social aspirations.

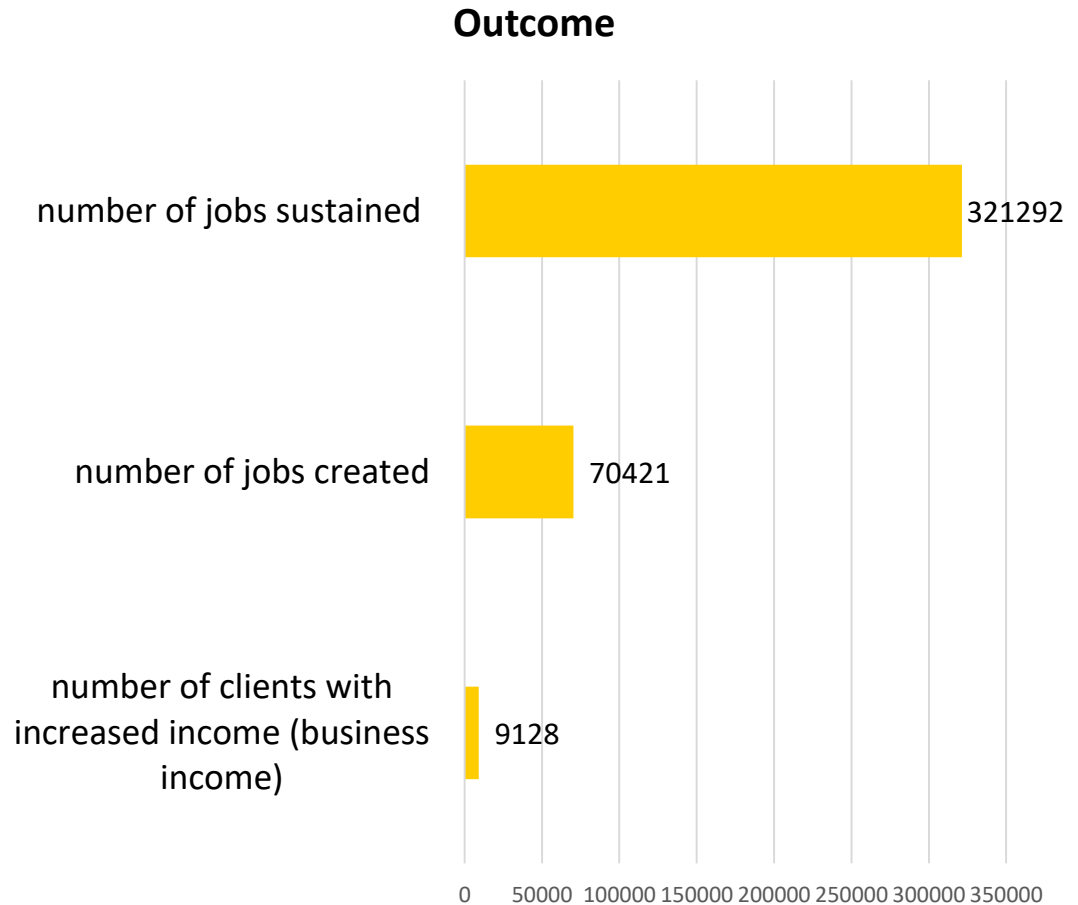


Client outcomes monitoring



MFIs continue to play positive role in microbusiness sector development

19 MFIs report at least one indicator related to supporting business.

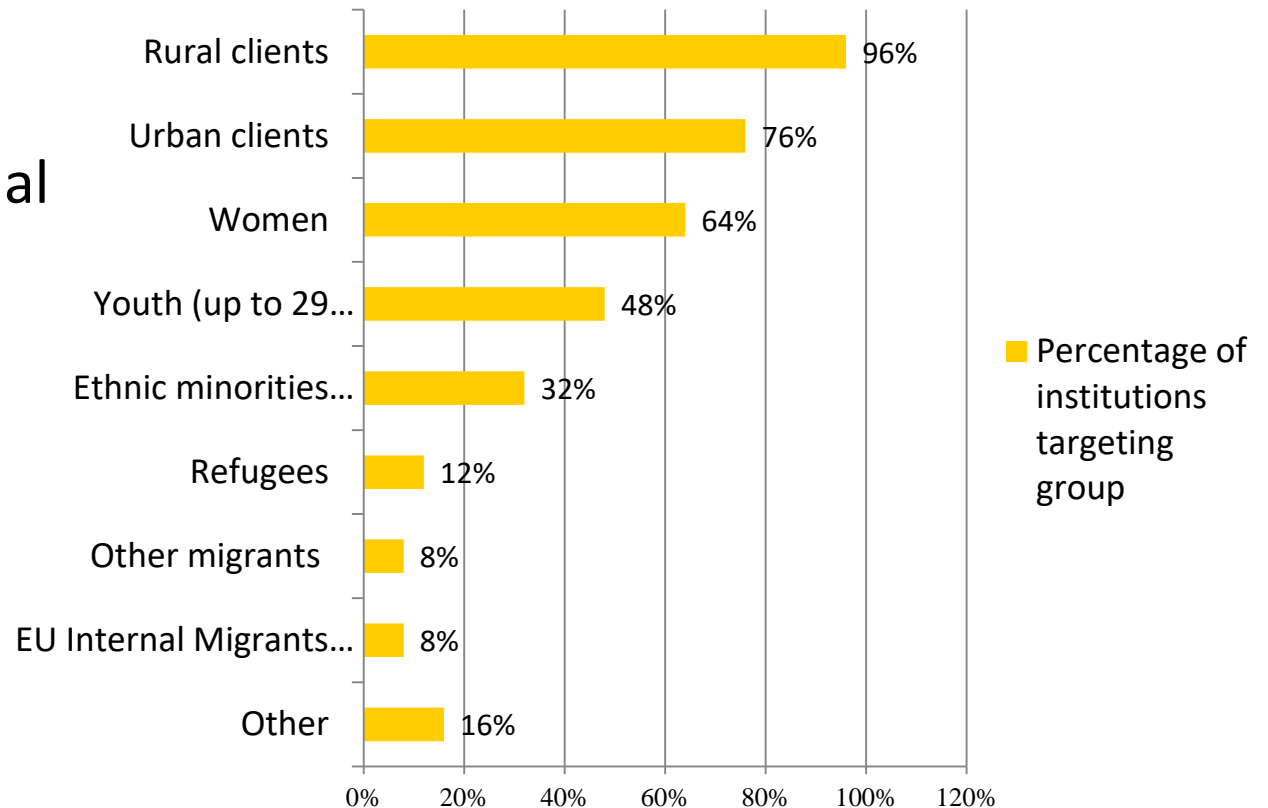


Target markets



Most MFIs target groups which are excluded from traditional financial services

MFI target markets



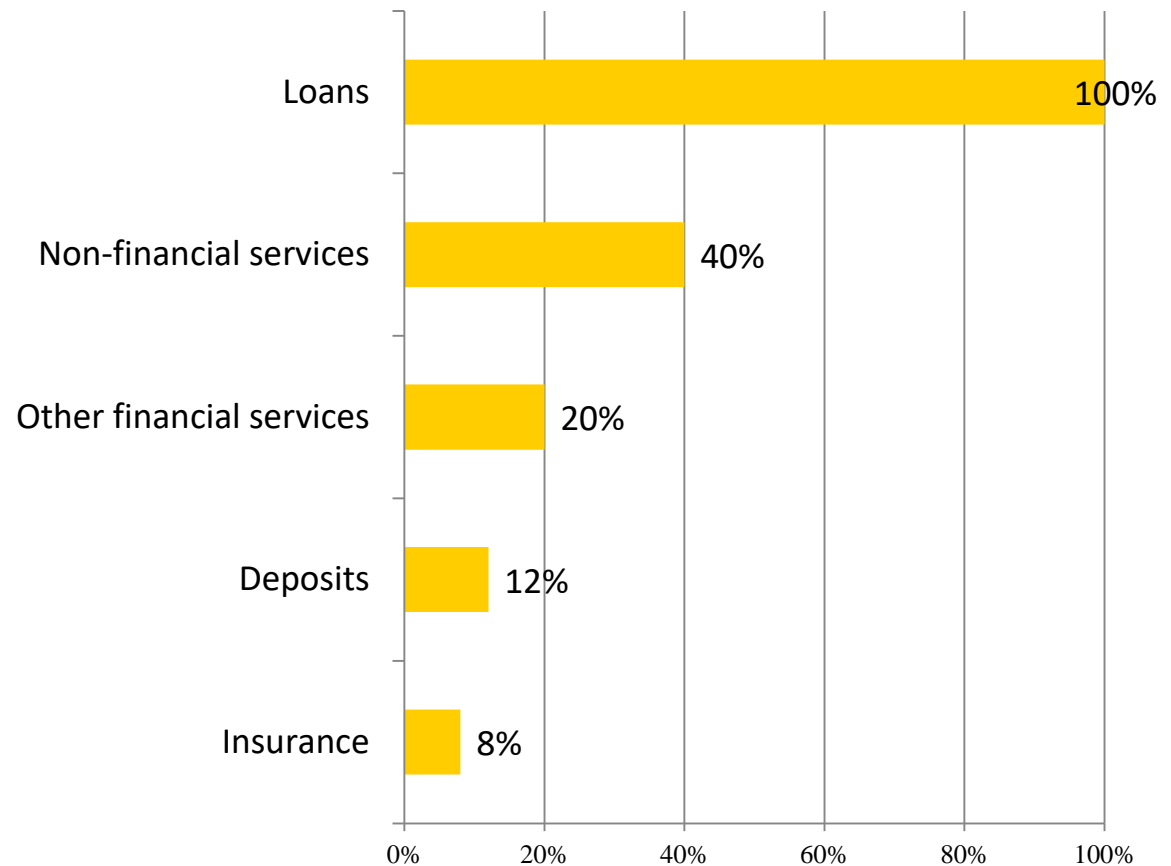
Product and service offering



Building partnerships with non-financial providers may be an opportunity for MFI to respond to diverse client needs.

Non-financial services could play a positive role in further sector development.

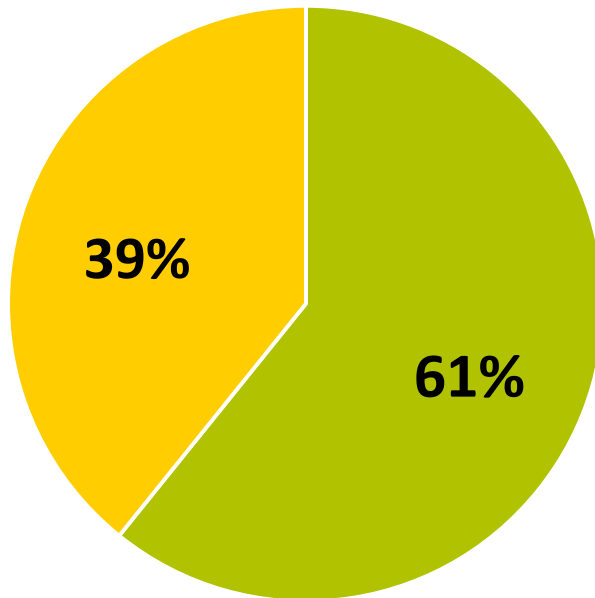
Product and service offering



Financial products

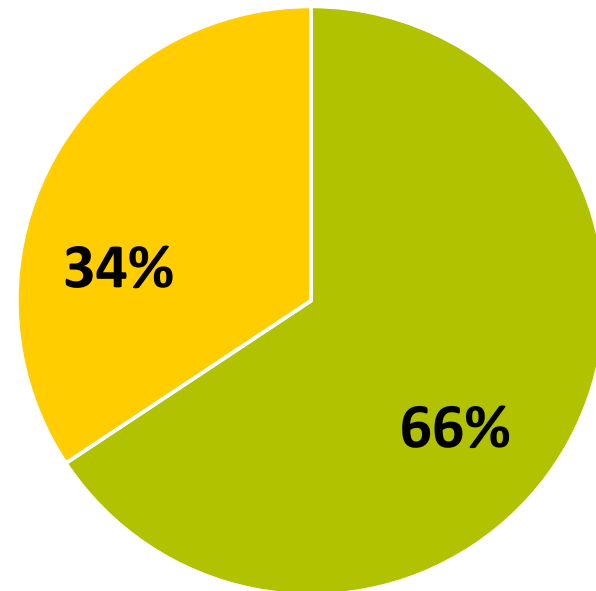


**Number of borrowers
(as of 31 Dec 2017)**



■ Business Loans ■ Non Business Loans

Portfolio in EUR (as of 31 Dec 2017)



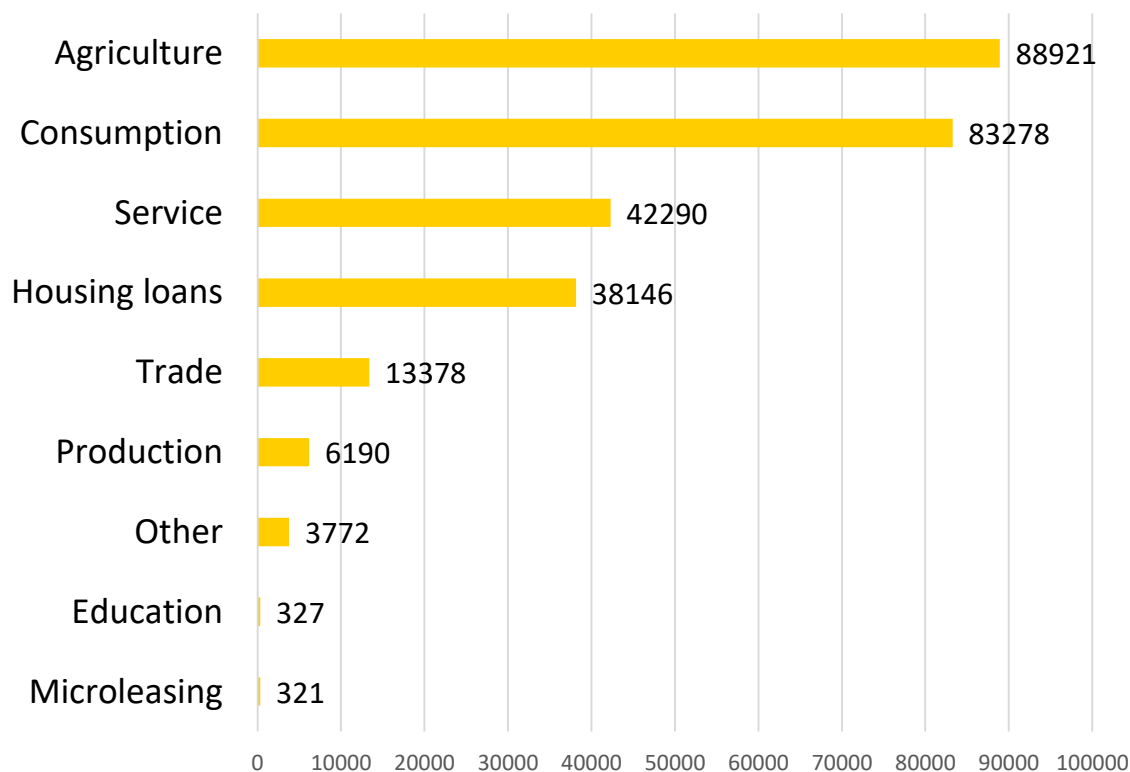
■ Business Loans ■ Non Business Loans

Loan purposes



Agriculture loans dominate which confirms primary interest to support clients in rural areas

Loan uptake (number of borrowers as of 31 Dec 2017)*



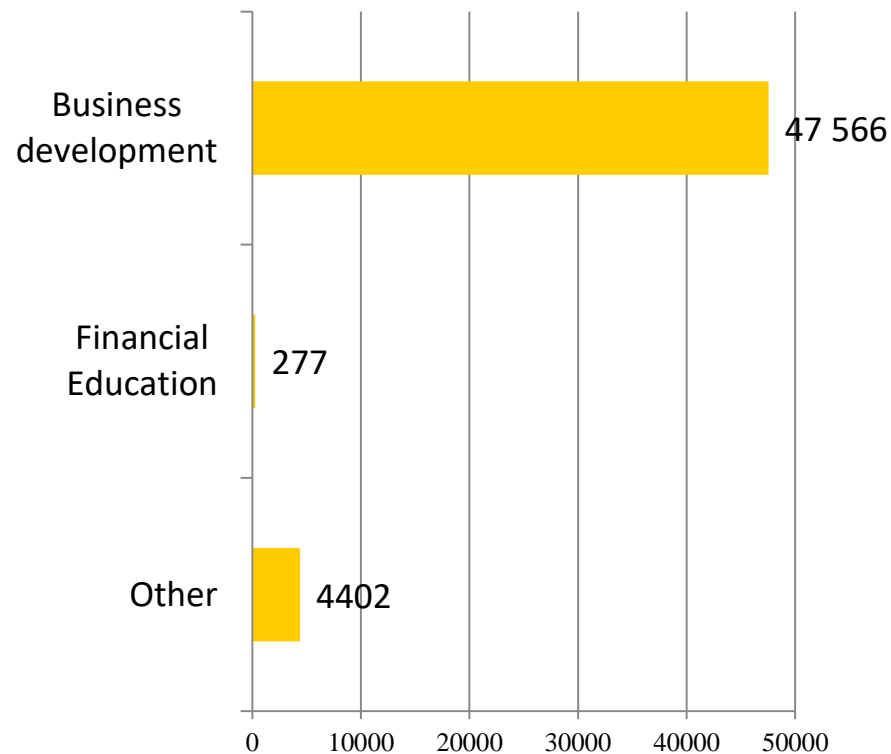
*Based on information from 23 MFIs

Development of non-financial services



8 MFIs reported providing business development services, 1 MFI provides financial education and 5 MFIs other non-financial services.

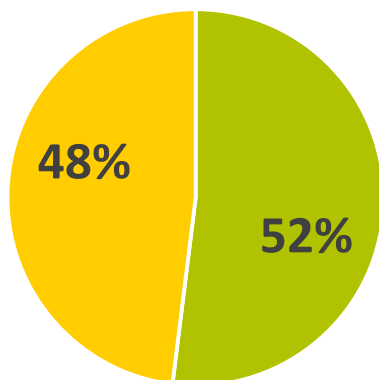
Non-financial services (clients outreach)



Gender distribution

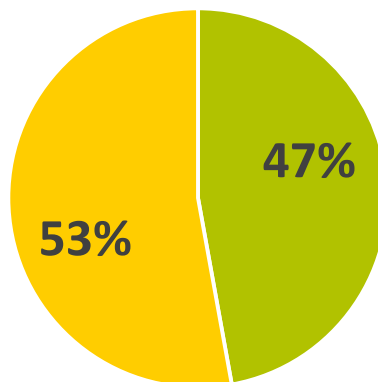


Field and front office



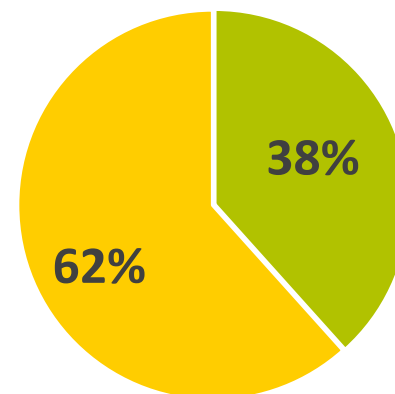
■ Women ■ Men

Management



■ Women ■ Men

Board



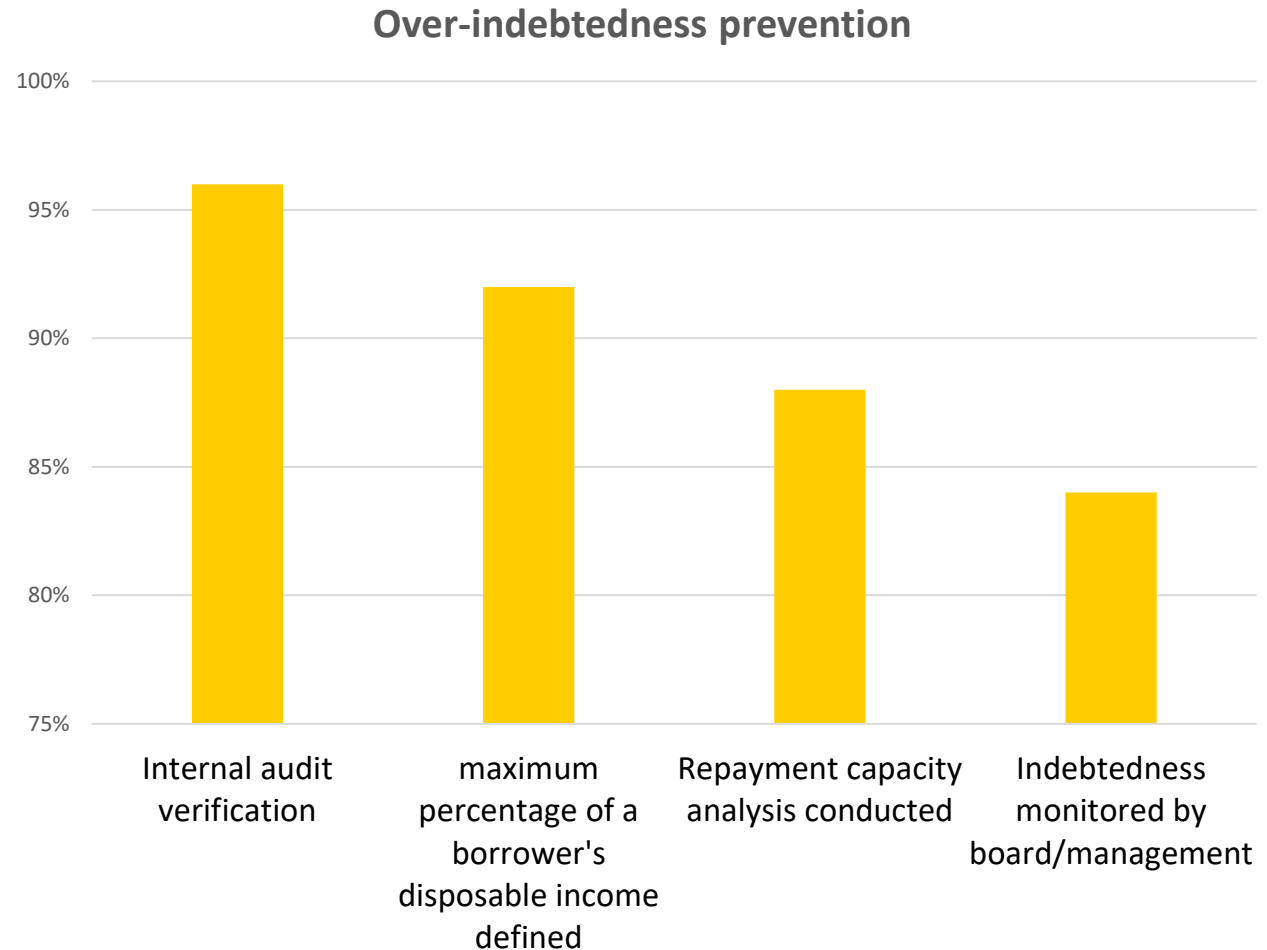
■ Women ■ Men

Gender distribution is successfully addressed among staff.
Efforts to increase number of women in governance need to be undertaken.

Over-indebtedness prevention



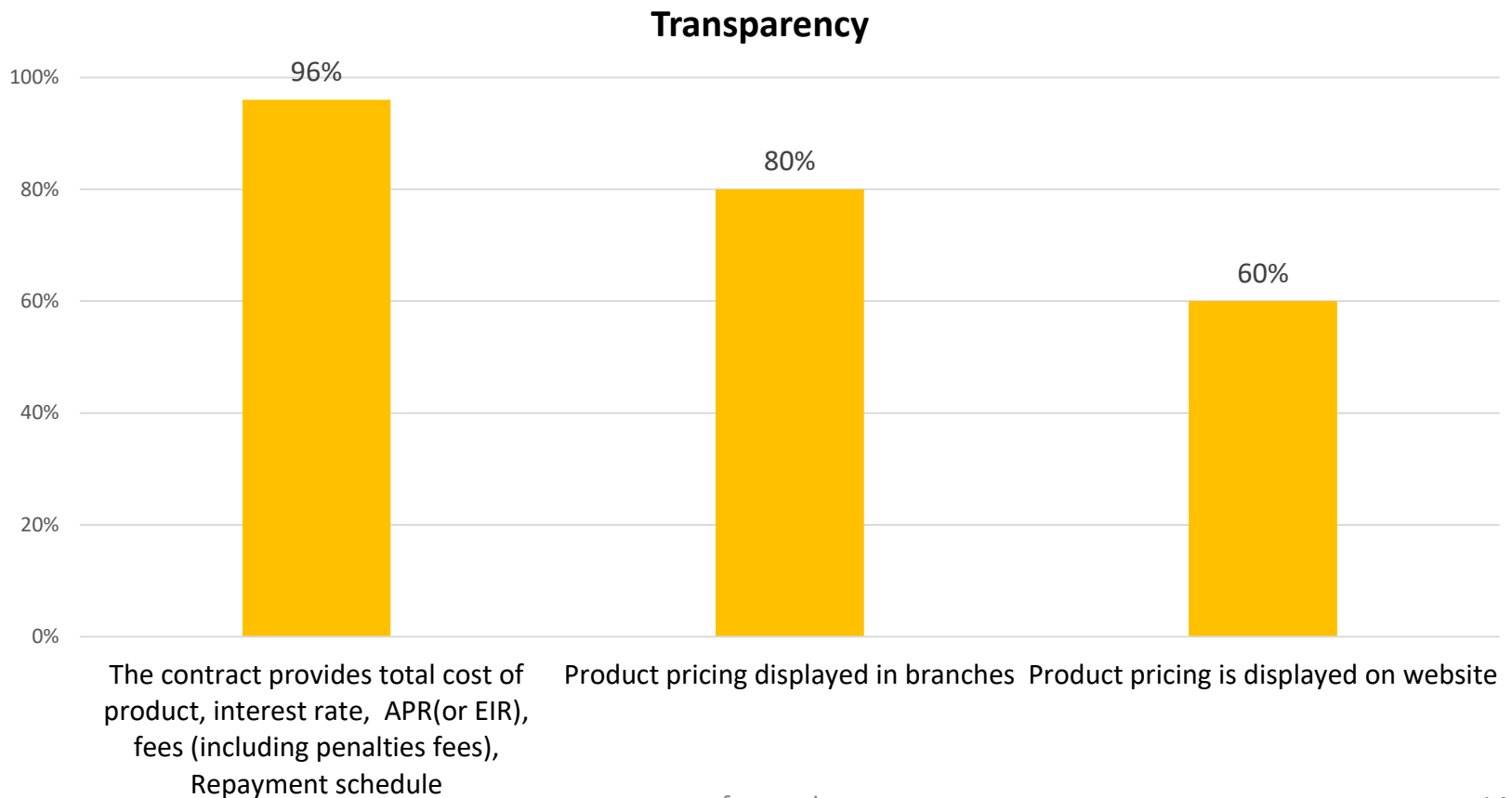
MFI's need to expend more effort in regular monitoring of indebtedness levels



Costs transparency



Disclosing contract terms and conditions are a norm. Further disclosure is driven by national legislation.

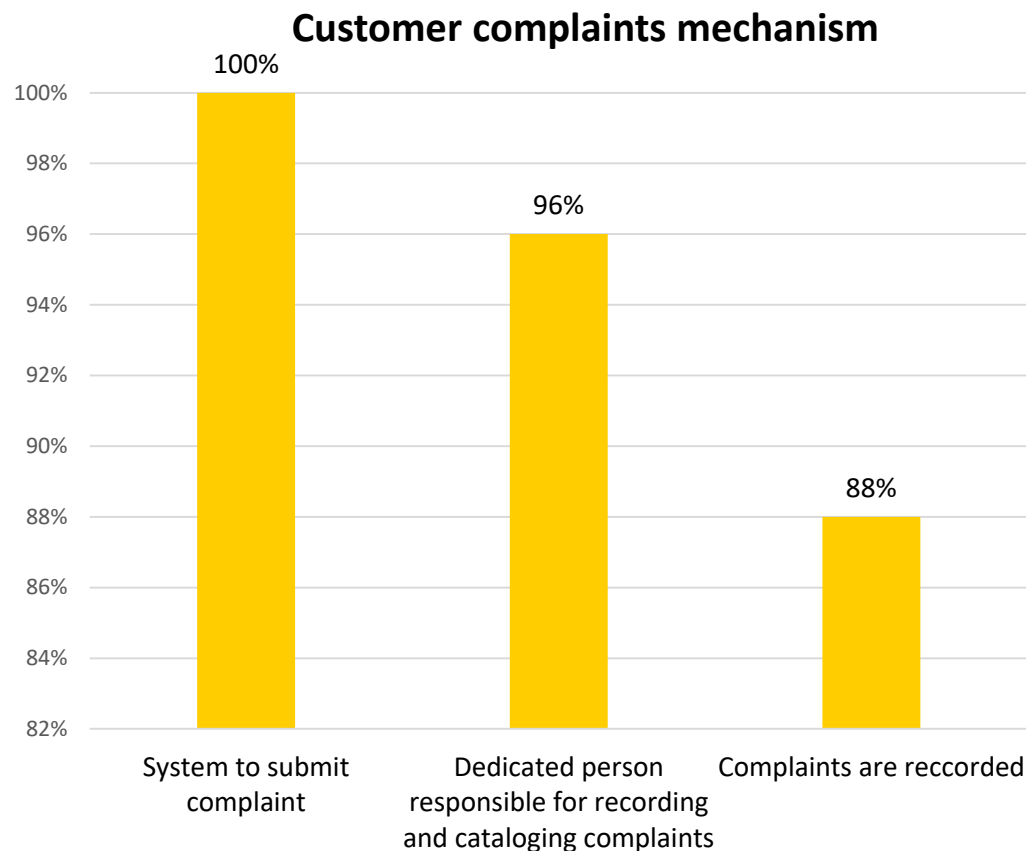


Client complaint channels



Significant majority have at least 2 channels to submit complaints.

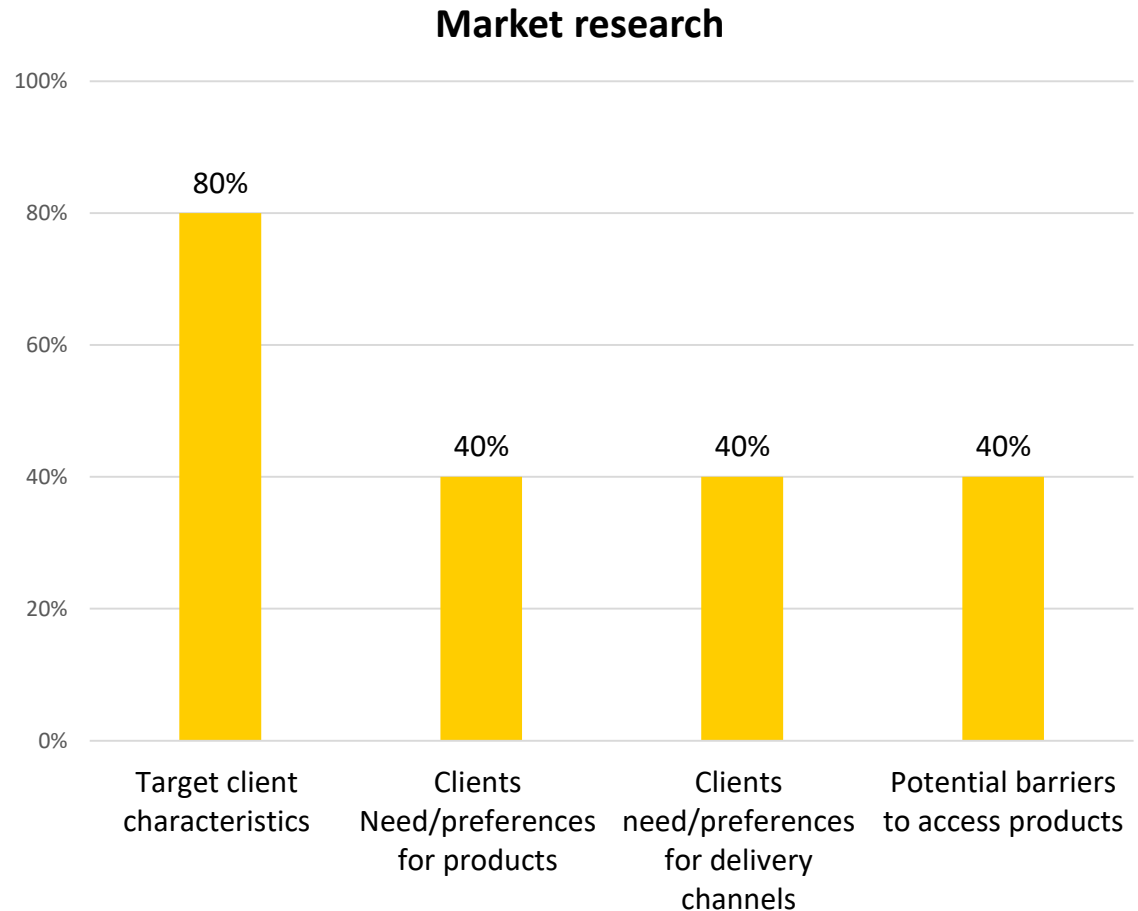
Majority of MFIs prefer complaints to be submitted in writing via email/web/FB/letter.



Client research



For the innovation sector, additional efforts need to be made to learn about clients' needs and preferences.

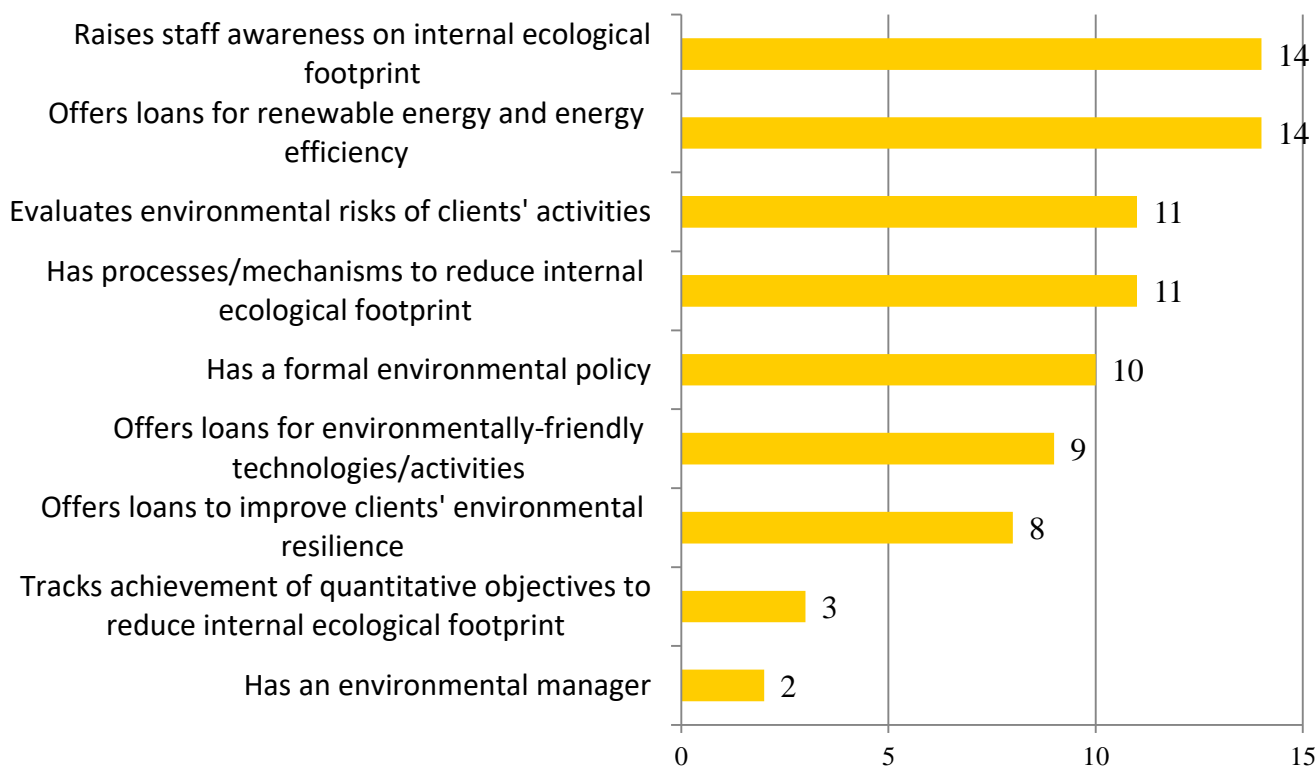


Green agenda implementation



20 MFIs
reported at
least 1 initiative
related to
green
microfinance.

Green microfinance policies and processes

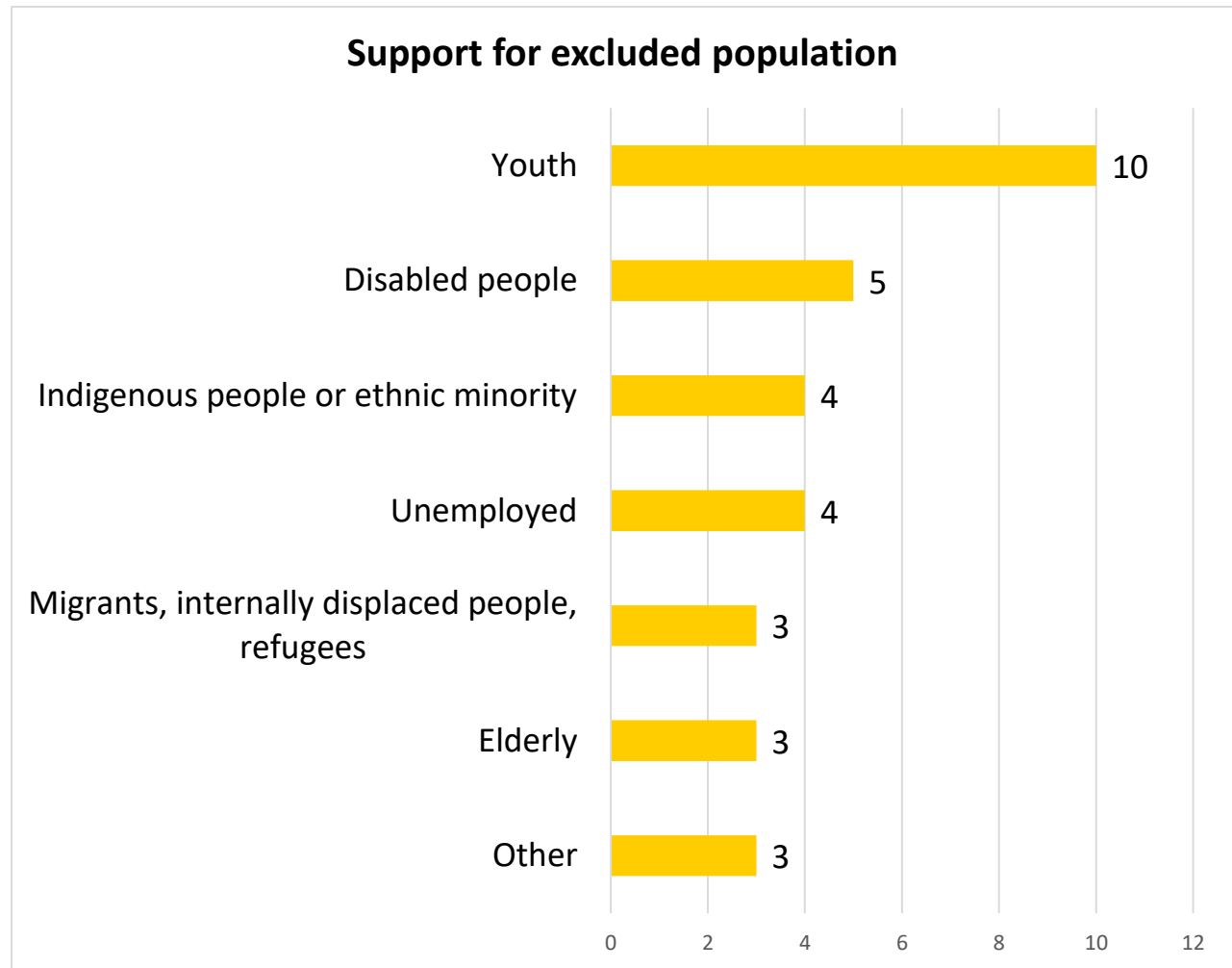


Supporting local communities



MFIs could more strategically link their community engagement with social goals as the supported group is often not related to MFI social goals

17 MFIs reported financial and/or non-financial support to local communities.



Looking to the future



- With increased market saturation, competition and legal limitations, diversification of non-financial services may be the most effective way for future development of microfinance.
- Digitalization brings new opportunities to the sector but MFIs planning any new solutions should not forget about one of their key market advantages – relationship with client and putting the client in the centre.
- Social aspiration is what makes microfinance sector different from other types of financial players. Therefore MFIs need to expend more efforts to monitor and report social outcomes to their stakeholders.

Respondents of the research



25 financial institutions reported social performance data for 2017:

Albania: Noa Sh.a., AgroSocial Fund;

BiH: EKI, Lider, Mi-Bospo, Partner, Sunrise;

Bulgaria: Maritza Invest, Ustoi;

France: Adie;

Greece: KEPA;

Hungary: Local Enterprise Agency Heves County;

Kosovo: Agency for Finance in Kosovo, KEP Trust, KosInvest;

Macedonia: Moznosti;

Montenegro: Alter Modus, Monte Credit;

Romania: good.bee Credit, Patria Credit, Vitas;

Serbia: Agroinvest, Opportunity Bank;

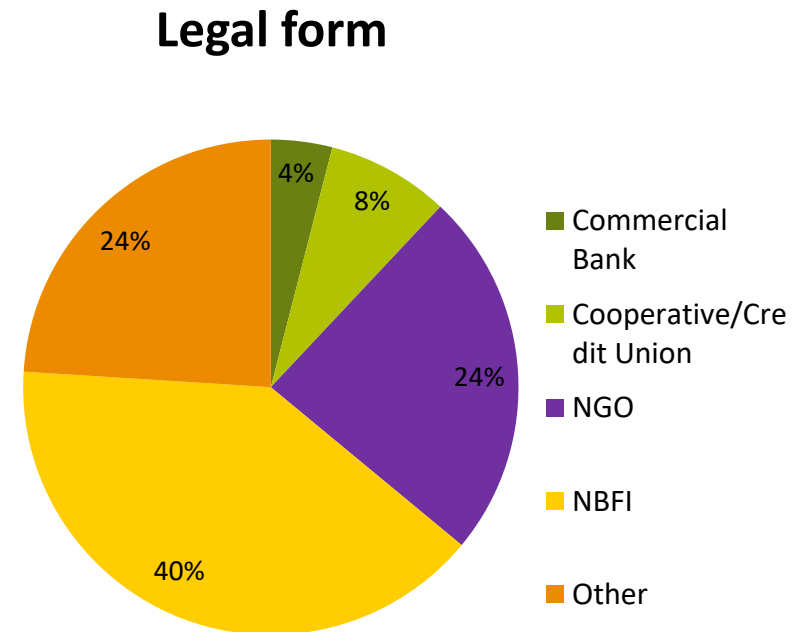
Spain: ACAF;

UK: BCRS Business Loans

About microfinance sector in Europe



Majority of the sector is registered as non banking financial institutions (40%)
There is also a certain number of MFIs operating as NGOs (24%).



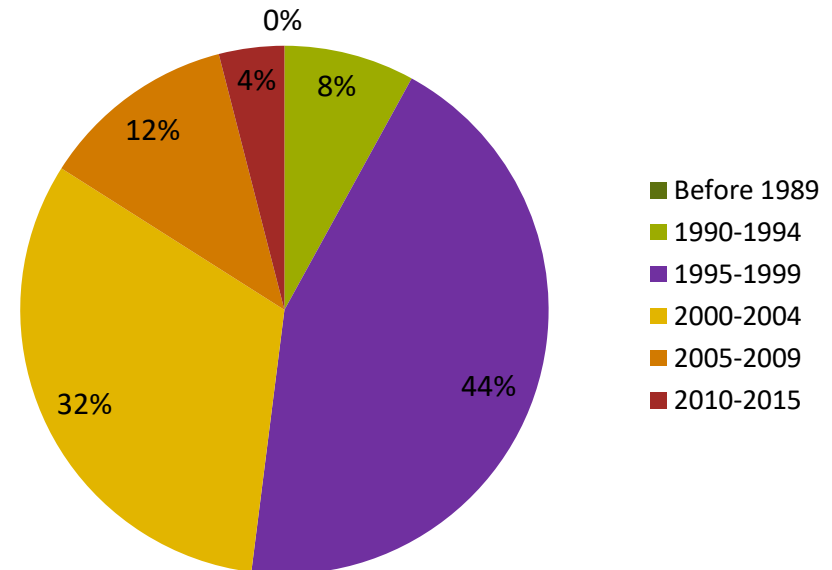
About microfinance sector in Europe



European microfinance sector is relatively mature.

76% of MFIs were established between 1995 – 2004

Year microfinance operations began



About Microfinance Centre (MFC)



109

**Members Institutions
Network**



35

**Countries in Europe
and Central Asia**



20

**Years of supporting
Microfinance market**

MFC is an international
financial inclusion resource centre
and network

About Microfinance Centre (MFC)



Our vision is for finance that is centered around creating benefits for clients and excels at delivering responsible financial services.



Our mission is to empower people and communities through social finance.

Microfinance Centre services



1

Research



2

Capacity
building



3

SPM &
Customer
Protection



4

Financial
Education



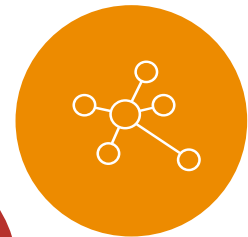
5

Support for
Networks



6

Policy
Work



7

Regional
Networking &
Information
Exchange



Contact us!

Microfinance Centre

www.mfc.org.pl

microfinance@mfc.org.pl

Noakowskiego 10/38

00-666 Warsaw, Poland

+48 22 622 34 65