

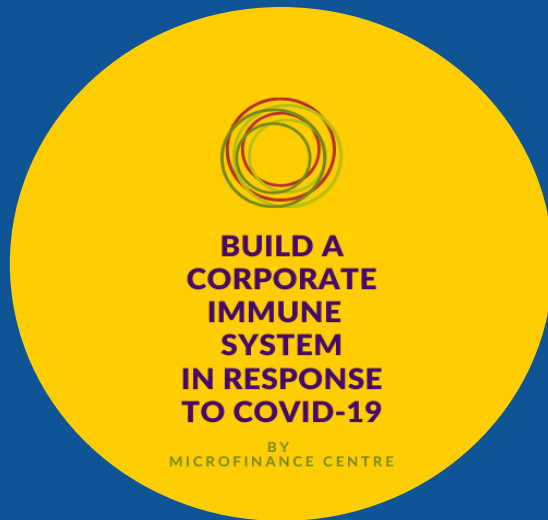


MICROFINANCE CENTRE



How to Build a Corporate Immune System in Response to COVID-19

Amendments to lending policy for the new products and for the online channels



Webinar house keeping rules

- Please switch off your webcam

- Please switch off your microphone during the presentation

- Please write your questions in the chatbox

The webinar is **recorded**
It will be available at mfc.org.pl

EaSI Technical Assistance to the European Microcredit Sector

European Commission
DG Employment, Social Affairs and Inclusion

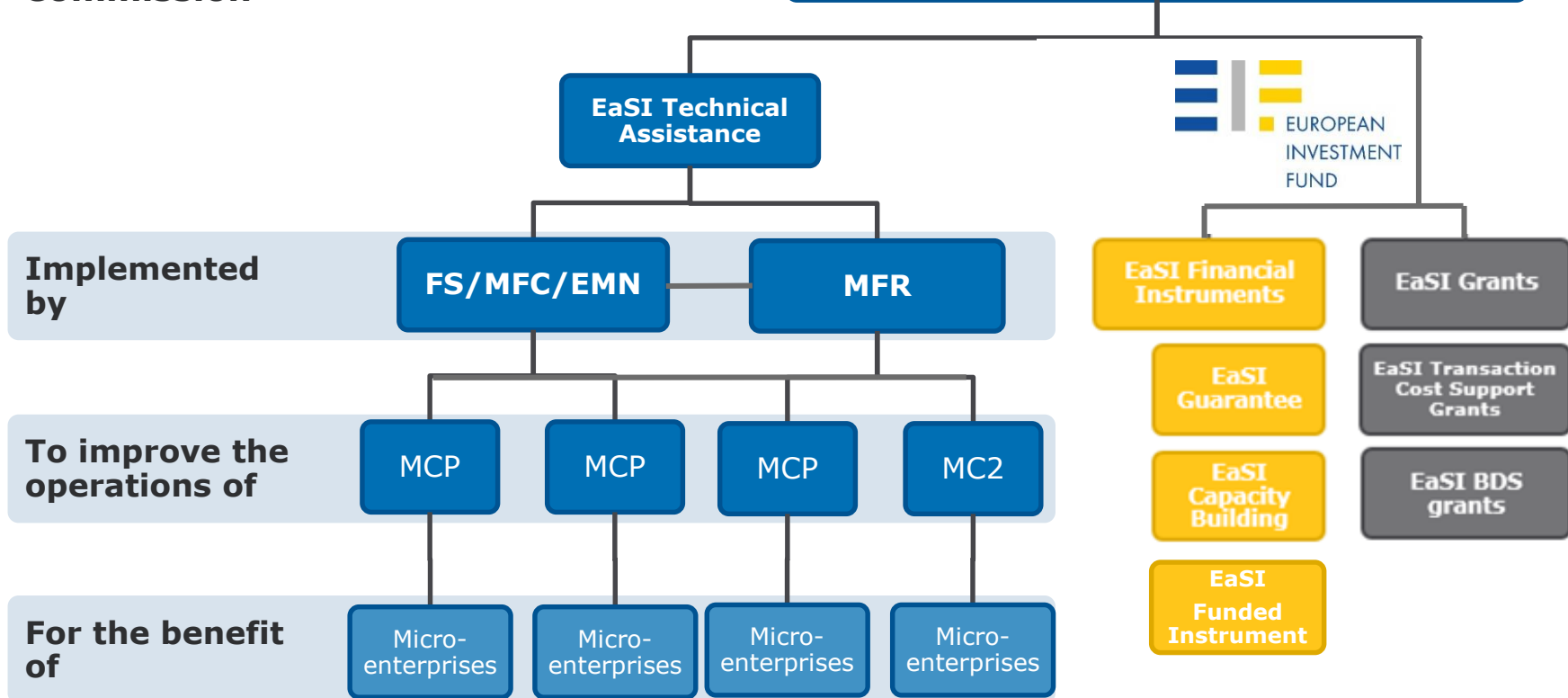


EaSI Technical Assistance within the EU Programme for Employment and Social Innovation (EaSI)

Funded and managed by the European Commission



EaSI Funding Programme Microfinance and Social Entrepreneurship axis



The EaSI Technical Assistance Service Providers



Service Providers

Technical Assistance:

- » Frankfurt School of Finance and Management gGmbH (FS) – Consortium Leader for the Technical Assistance Services
- » Microfinance Centre (MFC) – Consortium Partner
- » European Microfinance Network (EMN) – Consortium Partner

Assessment, Evaluation and Ratings:

- » MF Rating – Provider of Institutional Assessments, Rating and Evaluations

Project Beneficiaries and Geographic Coverage

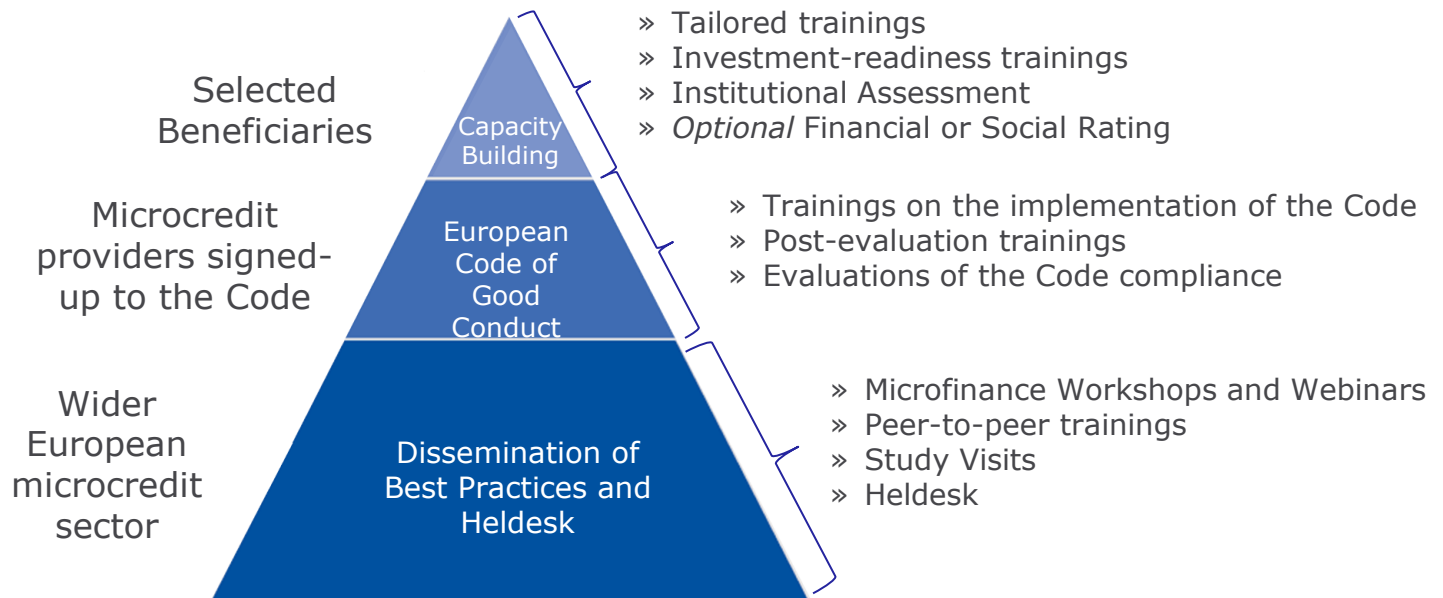
- » Public and private financial intermediaries (greenfield microfinance institutions, non-bank microcredit providers, fintechs, licensed banks and guarantee granting entities) in all Member States of the European Union, as well as providers from Albania, North Macedonia, Iceland, Montenegro, Norway, Serbia and Turkey may respond to dedicated Calls for Expression of interest to request EaSI Technical Assistance.

How to Apply for Technical Assistance?

- » Before applying eligible microcredit providers must first sign-up to or endorse the European Code of Good Conduct for microcredit provision.
- » To apply respond to open Calls for Expression of Interest published on the ec.europa.eu/social/easi webpage.

EaSI Technical Assistance Overview

What is offered to whom?



July 2018

July 2022

Project Duration – 4 years



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EaSI Technical Assistance

For more information, about:

Technical Assistance, contact:
easi.ta@fs.de

Ratings and Evaluations, contact:
easi.ta@mf-rating.com

The EaSI Programme, visit:
ec.europa.eu/social/microfinance

This project has received financial support from the European Union Programme for Employment and Social Innovation "EaSI" (2014-2020).

The author of this presentation takes full responsibility for its contents. The opinions expressed do not necessarily reflect the view of the European Commission.





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EaSI Technical Assistance



Quick and less costly amendments to lending policy

**New products
New channels**

Webinar 4

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Agenda

Amendments to lending policy

I. New products

Loan products:

Agro

Food processing

**Pharmacy and
Medications**

New life models

*Mezzanine and/or
equity products*

II. New Channels

Face to face mobile

**Loans via the smart
phone**

**Viber/Whats app
etc**

Face to face Remote

Online interview

Online monitoring



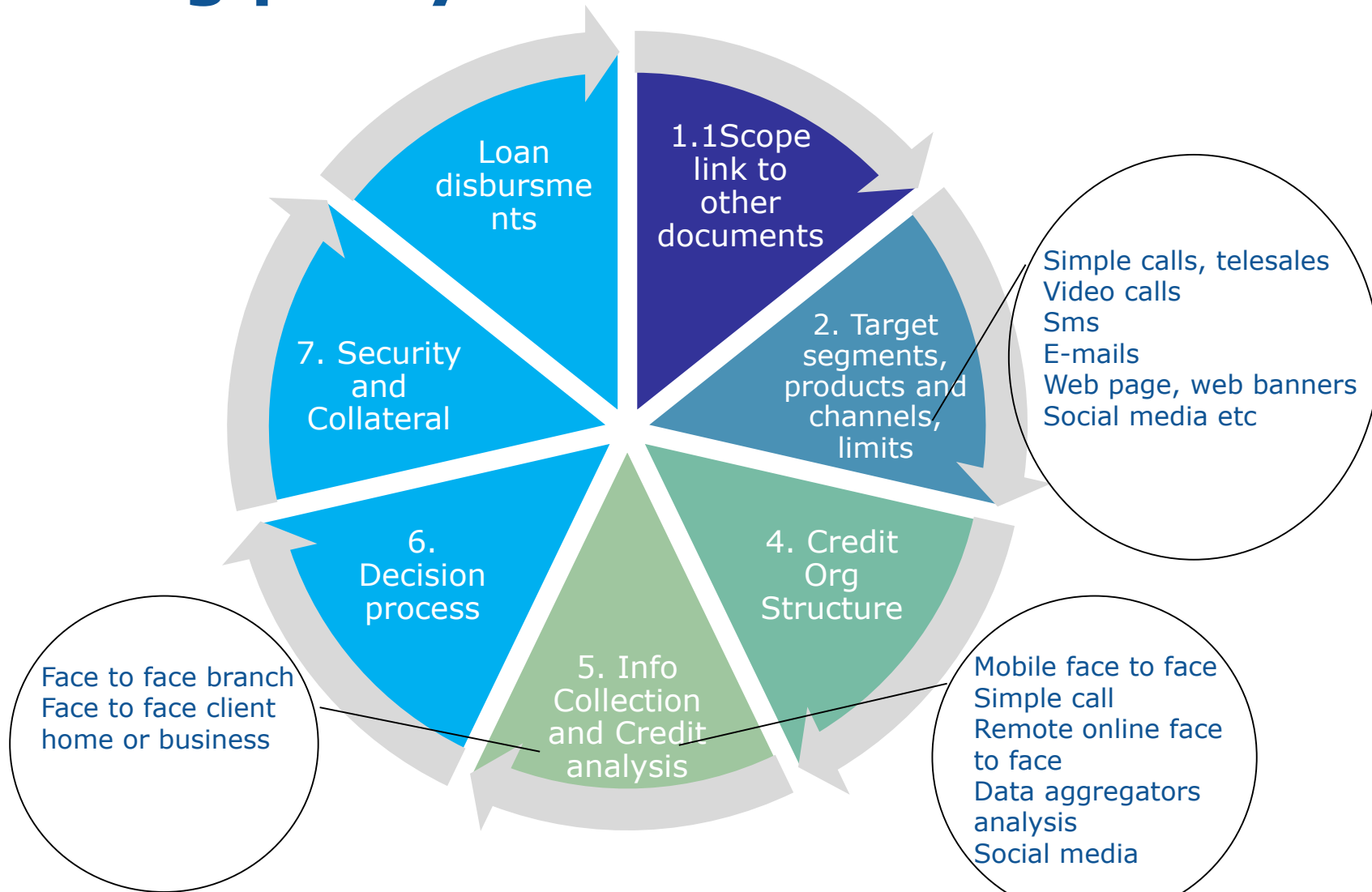
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Lending policy adjustments

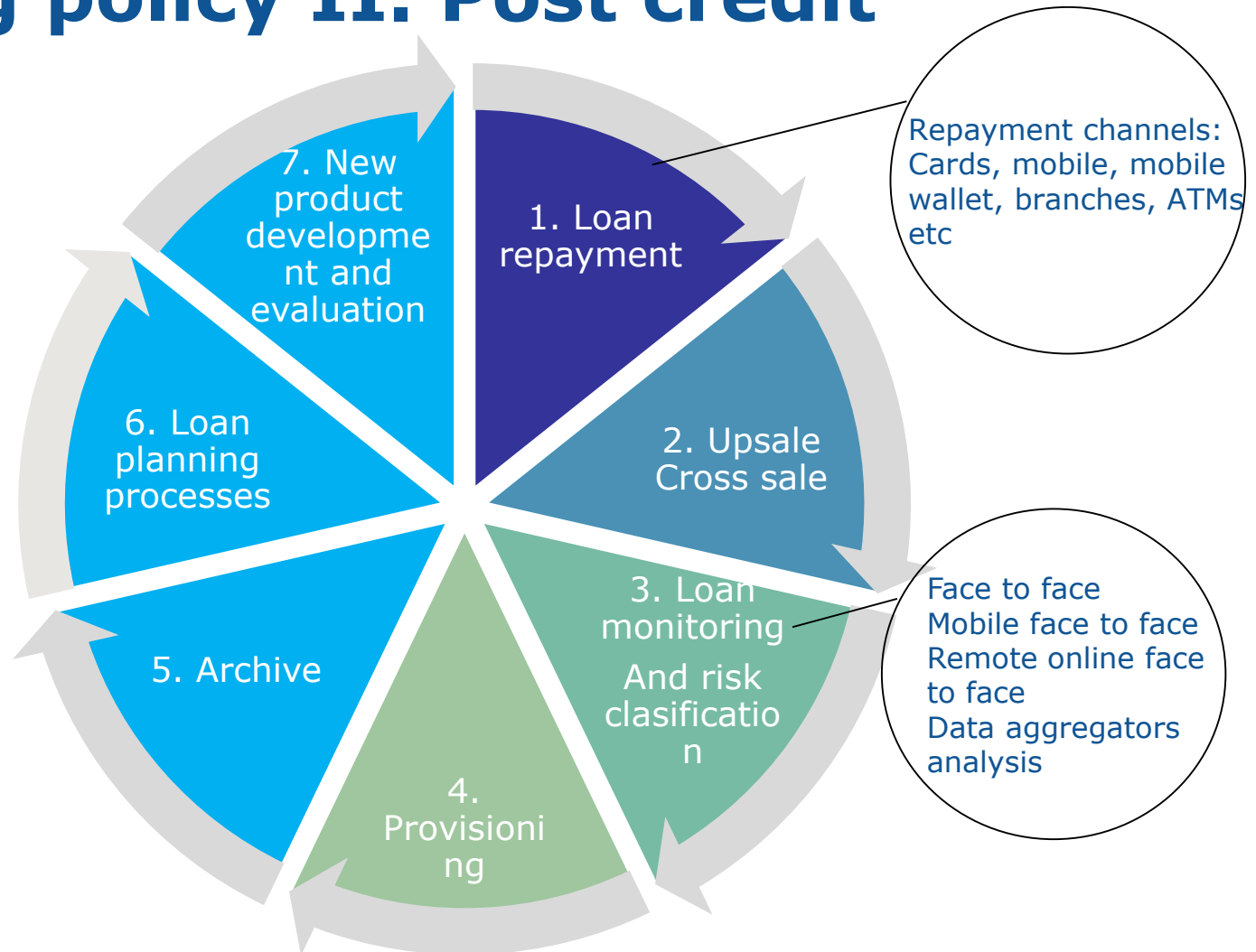


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Lending policy I. Pre Credit



Lending policy II. Post credit



Lending policy changes before and during crisis

1. Target segments

- **Some segments will be stopped,**
- **Some will be reduced,**
- **Some will be increased, others will be added**
- **Exclusion list of loans will be changed**

2. Institution limits and credit exposure

- **Minimum amount**
- **Maximum amount vs. equity**

3. Collecting information about the clients

- **Loan application**
- **Face to face at the office and at the client vs. mobile face to face and remote face to face**

Lending policy changes before and during crisis

- 3. Collecting information about the clients*
- **Loan application**
 - **Clients documents or information requirements**
 - **Face to face at the office and at the client vs. mobile face to face and remote face to face**
 - **Quality of service, engagement and relationship management**



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New Products

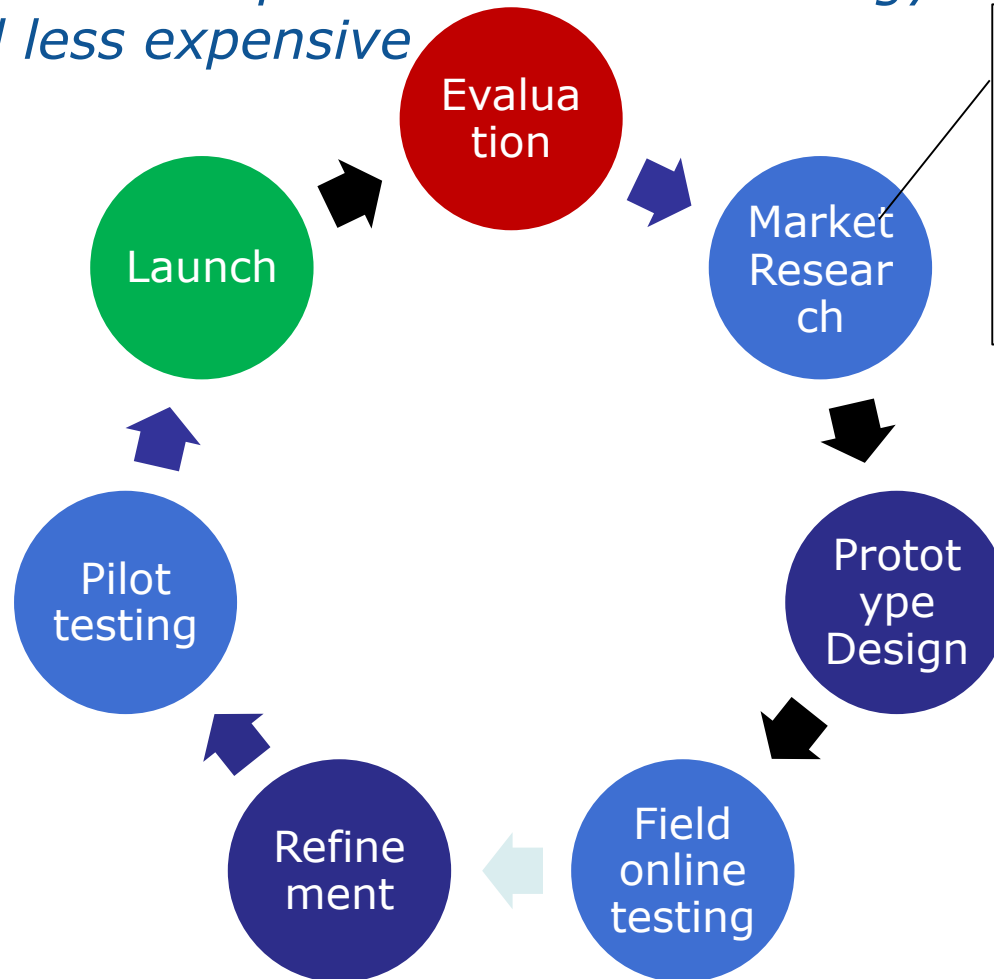


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QUIZ time

New product development process

Cut some steps or use free technology to do it faster and less expensive



For example for interviewing existing and new clients use online survey: Google Forms, Survey Monkey or Zoom if you participate co-organize webinars

Sectors that will continue to grow

Agro

Food processing

Para-pharmaceutical production (herbs, teas, soup, antibacterial) and pharmacies

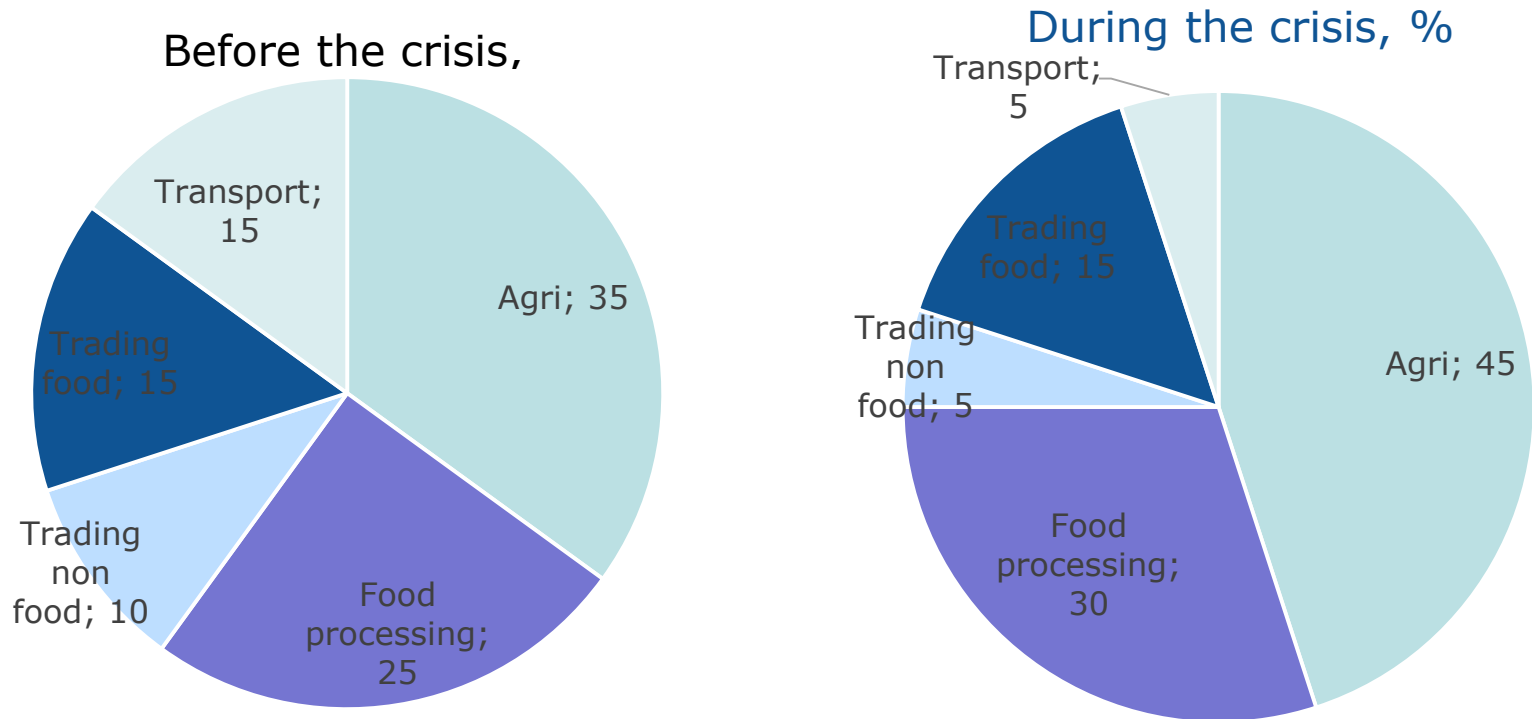
Individual medical offices (dentistry)

IT especially e-commerce

Mask and coveralls instead of fashion and clothes

Sectors that will continue to grow

Increase the limits or change the limit with the condition to diversify via subsectors



Subsectors that **will** continue to grow

Agro

Vegetables

Fruits

Grain and pulses

Spices and medical herbs, plants

Subsectors that will continue to grow

Agro



Green houses

Open filed agriculture

Subsectors that **will** continue to grow

Agro



Animal feeding (chickens, pigs, cows, sheep etc.)

Target new type of animal farm (free, open space)

Target emerging subsectors:
Organic, Bio, High protein,
Hi-oleic

New ways of storing, sorting
and packaging

Data analysis to spot new segments

*Compare
subsectors
data from your
MFI data base*

*With data from
statistical offices
codes,
classificatory of
economic
activities (sales
and assets data)*

*There are minimum 50 subsectors in agriculture only.
Plenty of opportunities !*

“DYA” do your agriculture



Suddenly thanks to the crisis citizens are moving out the city back to villages

They start to produce their own vegetables and fruits

Partner with suppliers

- **of local seeds**
- **micro agri-equipment and machinery**
- **Irrigation systems**
- **Solar water heating and electricity**

New loan products

Products advertised by subsectors of agriculture.



All agro product may have same interest rate, same collateral requirements but if you are advertising as agro loans only you are not reaching all subsectors.

We all want to hear something about our business and our problems

New loan products: Food Production

There are a new number of new food processors that start to operate. Even in crisis.

Vegetable burger or ingredients

Would you like to be the first to finance and support them

Subsectors of Food Processing

Bread, pasta and biscuits

Seeds and Nuts oil

Meet processing

Fish processing

With working from home trend, small processors can distribute as well directly to final client



New loan products: Food Production

There are a new number of new food processors that start up, even in crisis.

Weekly meals packs delivery

You would like to be the first to finance and support them

New loan products: Health and medicine

For producers and traders of species instead of medications for chemicals.

Hygienic products (soup, antibacterial, antivirucid) etc

Pharmacies (Maybe online pharmacies will start to work)

Vitamin C reach products

New loan products: IT and E-commerce

Interview existing and new clients

"Walk around" the Incubators and Accelerators

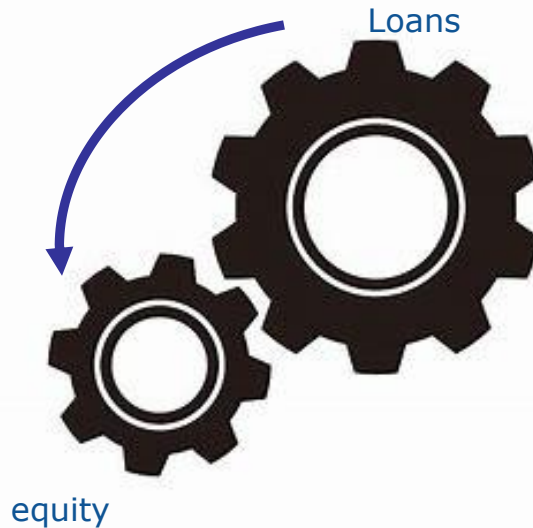
They may have some start ups read for your or your clients

Drones or phones used to monitoring agriculture harvest etc

New Products: Mezzanine or equity

Mezzanine loan convertible in equity

Stress test will show low MFI equity and SMEs equity is very small on top, with sales decreasing during the crisis how will you pass the risk committee or credit committees and issue new loans





Mezzanine loan convertible in equity

Amount: 25k to 100k from 26% to 76%

Tenure 5-10 years

Partial security/collateral but as well highly structures with a lot more conditions: audit, usage of funds, approval of transactions

Monthly or quarterly interest payments

Equity product

Amount: 25k to 100k from 26% to 76%

Tenure 5-10 years

No security but highly structures with a lot more conditions: audit, usage of funds, approval of certain transactions.

It can be preferred income, annual dividend

Equity product

To scale up a new separate legal institution is recommended with separate policies

Experienced managers (promote SMEs lending team and branch managers)

Training in venture capital and private equity

Liquidity

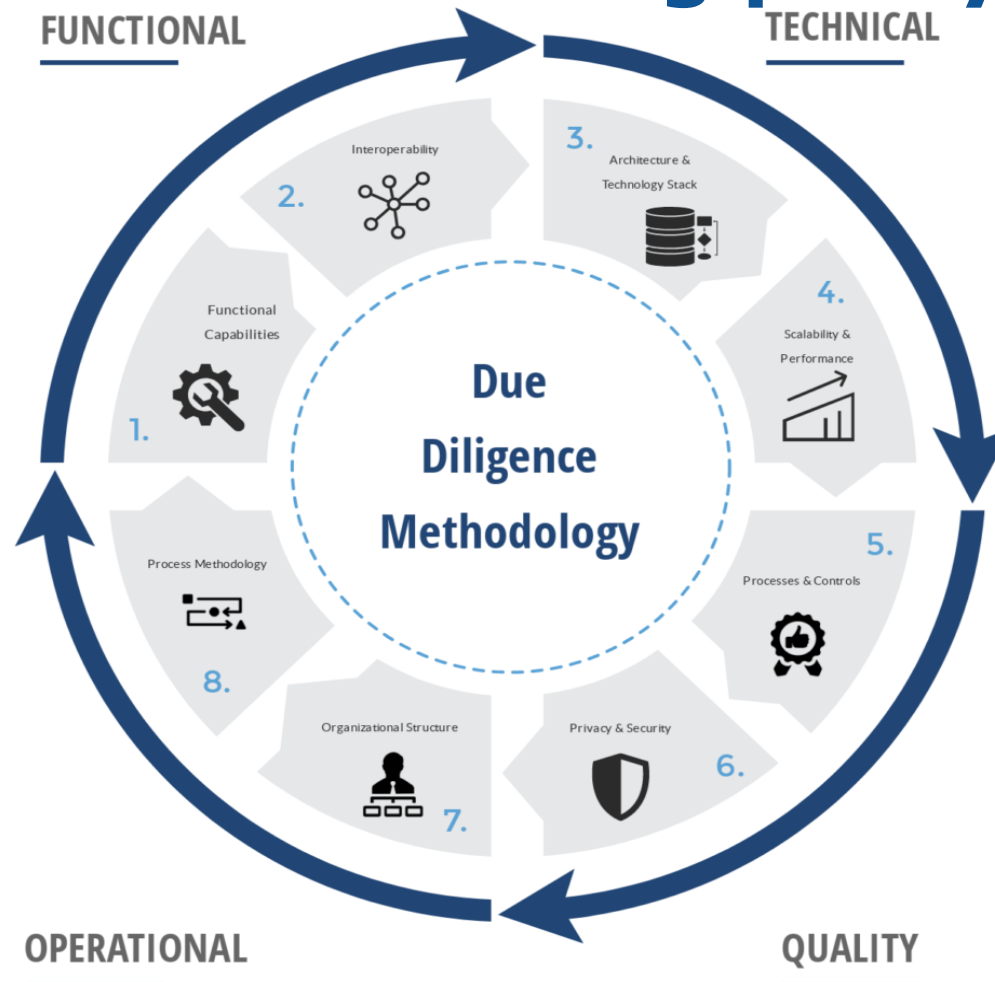
Clear investment and risk management policy

Main exit strategies based on cash and repayments as long term loans



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Equity products: Due Diligence policy different than lending policy



II New Channels

Strategy: online and mobile channels

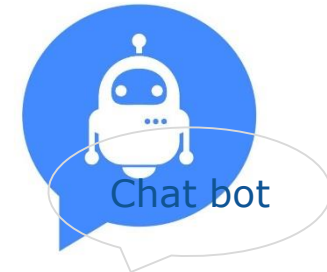
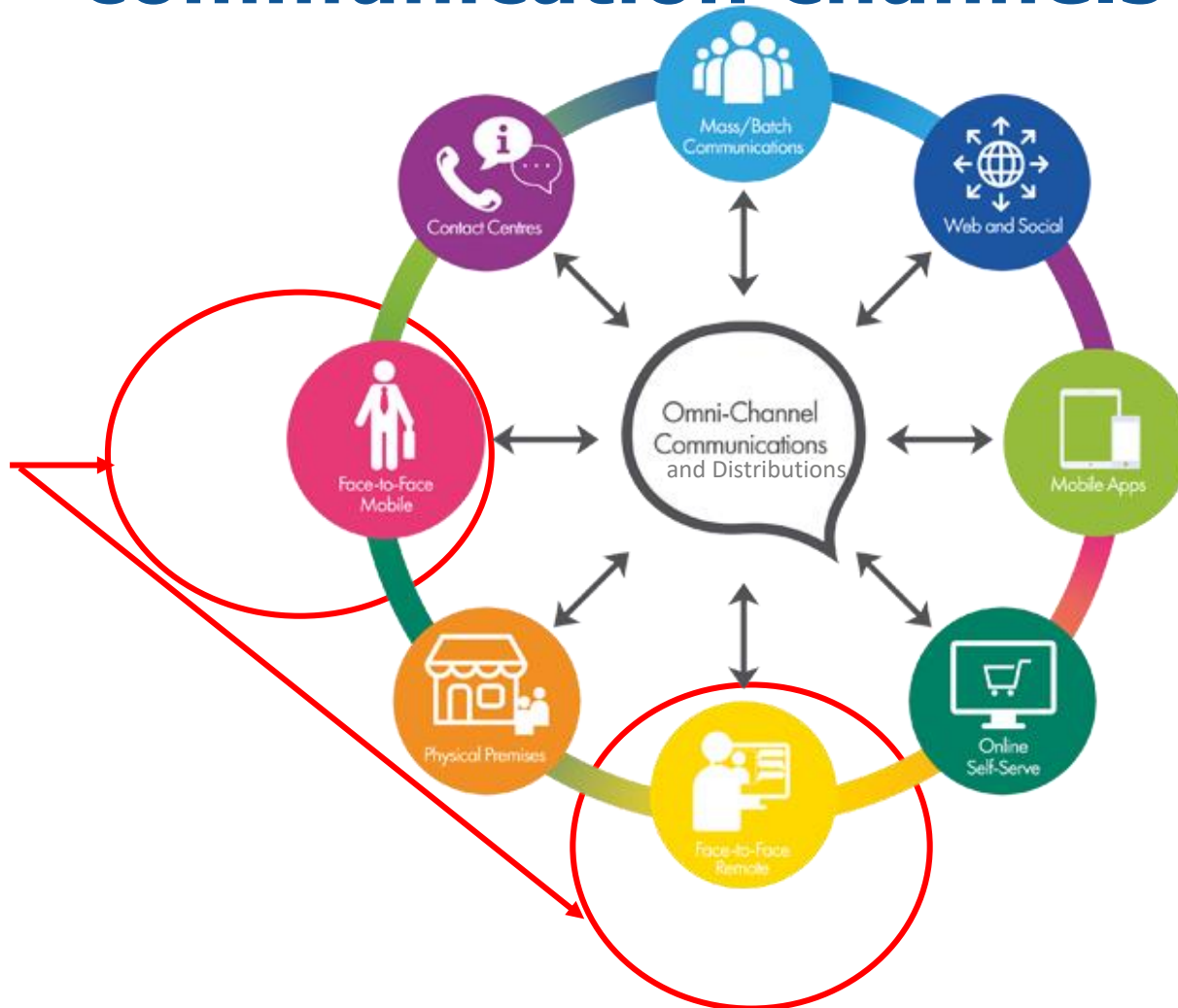
What ever strategy and channel you implement or develop it shall be simple, "calling to actions", process clear step by step

<p><input type="checkbox"/> Working with channels that the FI has, adding telesales, improve telesales (students)</p> <p><i>Minim investment</i></p>	<p><input type="checkbox"/> Developing mobile channel simple version with internal resources: face to face mobile/video call, chat box</p> <p><i>With existing resources</i></p>	<p><input type="checkbox"/> Developing new channels with professional subcontractors: web, mobile, and telesales, chatbot, voice virtual assistance</p>
<p><input type="checkbox"/> Working with what channels the MFI has simple web informative website, limited call centers</p>	<p><input type="checkbox"/> Continue with subcontractors to develop web or mobile including applications and total online channel</p> <p><input type="checkbox"/> Additional resources as planned</p> <p><input type="checkbox"/> Postpone subcontractors to develop new channels in order save cash</p> <p><i>Cash savings</i></p>	<p><i>Massive investment needed</i></p>



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Financial service distribution and communication channels



IT resources

*IT HR, especially
programmers
resources are scarce
and expensive
resources*

*In crisis use existing
free solution*



*However free today may come at a cost in the
future*

Loan via Viber/Whats App

Publicity:

Mobile via Viber or other phone applications

Send application via Viber

Receive application via Viber

Loan via Viber/Whats App

Prescreening and Screening: Online Interview

- **Quiz/questioner**
- **Video interview with recording**
- **Video observation of clients eyes and body language**
- **A mix of the above**

Pictures:

- **Office address**
- **Deposit address**
- **Car or movable assets with codes, identification numbers etc**

Loan via Viber/Whats App/Messenger

- 1. Questions to evaluate or cross check relevant experience of the entrepreneur and or team*
- 2. Questions to evaluate Character/Persona or the entrepreneur or team*
- 3. Questions to evaluate credit history*
- 4. Questions to evaluate relationship between shareholders and between managers and shareholders*
- 5. Questions to evaluate market trends, competitors and sales*
- 6. Questions for financial statements data and forecasts*

Loan via Viber/Whats App/Messenger

Analysis:

- **financial statements and current account statements via Viber/whats App**
- **or access directly in the state data base to download financial statements or data aggregators**
- **pictures via Viber:**
- **check social media**
- **other data bases checks**

Loan via Viber/Whats App/Messenger

Analysis:

- **Video showing the garden/farm, warehouse, transport etc**
- **Combination of video with pictures**
- **Precise instruction to take pictures with date and adress**

Additional services for SMEs

Analysis: Training Online for Clients

- **for the SMEs on spread sheets cash flow, profit and loss calculations**
- **Standardize tool to be filled in by the client**
- **Open/Share the your excel credit worthiness tool with your clients**
- **Develop a mobile application or work with partners (invoicing systems, billing systems, accounting systems) free for clients and you will have all data for your scoring, financial analysis or other type of creditworthiness analysis**

How to Build a Corporate Immune System in Response to COVID-19 – webinar series

- 23.04, 11:00 – 12:30 CET - Risk management for beginners and back-up staff
- 29.04, 11:00 – 12:30 CET - Financial planning and financial modelling

Webinars recordings and other resources related to pandemic crises:

www.mfc.org.pl/coronavirus-pandemic-good-practices-resources-library/

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Digital Bootcamp series

- 27.04, 11:00 – 12:30 CET - Building landing pages for MFIs
- 28.04, 11:00 – 12:30 CET - Key digital trends in the financial sector

... and more at <http://mfc.org.pl/digital-literacy-bootcamp-diglit/>



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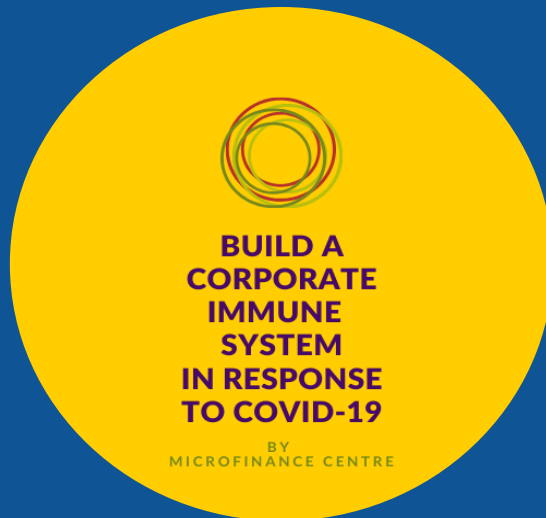


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Thank you!

Contact us!



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