

# DIGITAL LEADER BRIEF

## MIKRA (BOSNIA)

EVEN BEFORE THE PANDEMIC, MIKRA WAS A TECHNOLOGICALLY INNOVATIVE INSTITUTION. IN EARLY 2020, MIKRA BECAME THE ONLY MFI IN BOSNIA TO MIGRATE ITS MIS TO THE CLOUD.

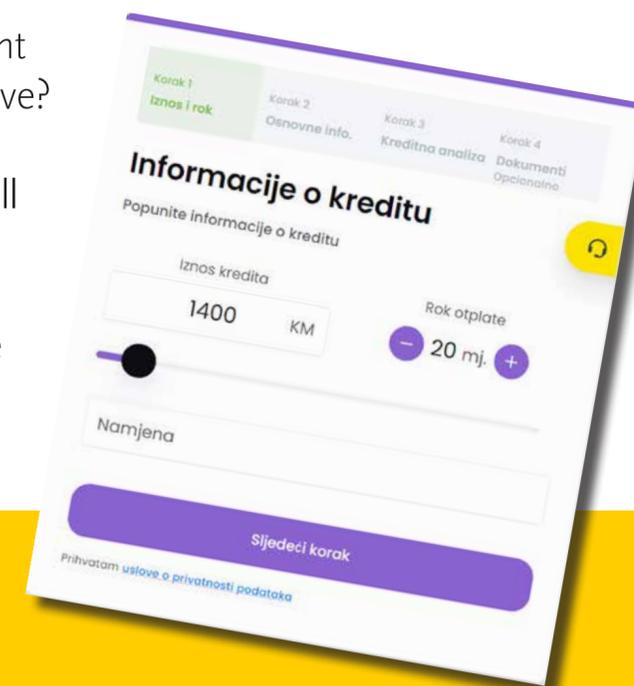
Within the Bosnian microfinance sector, Mikra has always been known as a digital pioneer. At the start of its digitalization journey, it already had a strong MIS system—one that was on par even with a system that might be found in a commercial bank (to the surprise of its investors, on occasion).

### DIGITAL LENDING

Mikra's digitalization journey began in 2013, when it introduced a digital document management system (DMS) and a digital loan application. The latter is called iLoan—it is a mobile application that allows loan officers to upload all the required information on clients (including photos of identity documents) directly into the core management information system. This information is available in real time, allowing the loan committee to conduct rapid credit analysis and providing management with the data needed to take informed decisions.

Mikra was approached by sales reps from a number of banking software firms—but ultimately took the decision to partner with a local software development company to customize a system for its needs rather than buy an off-the-shelf solution. This approach provided the organization with a hands-on development process and resulted in a customized software platform that was affordable compared to banking software.

In the view of Mikra's staff, this process of tailoring was essential. An MFI can develop the most elaborate management information system in the world, but without staff who can use it adequately, it's a waste of resources, and will do nothing to support the success of the company. Instead of focusing on the product, Mikra kept one question at the forefront of its design efforts: what are we trying to achieve? In other words, if technology were the means, what are the ends? For Mikra, the answer was all about the clients: aligning its entire human and technical capacity to providing better products, better service and a better customer experience to build and maintain client loyalty.



Mikra responsibly provides the poorest, economically active, clients and mostly women, access to high quality and affordable financial, educational and related services necessary to reduce poverty, encourage self-employment and develop micro-entrepreneurship in Bosnia and Herzegovina.

In terms of bringing digital services to less digitally savvy clients – especially rural clients who have little time for anything but managing their farm business – Mikra staff recommend framing digitalization as a tool to help clients optimize their time. What’s more, Mikra found that when it comes to digital marketing, age is no barrier to outreach, and that a significant proportion of its digital services reach clients above the age of 60.

Mikra also prioritizes a balance between operational efficiency and good client relationships, digital tools may very well help an organization run faster and provide services more cheaply, but this efficiency should never come at the expense of nurturing a high-touch relationship with clients, because that relationship is the foundation of a strong portfolio with low default and high retention rates. Indeed, in a highly competitive market such as Bosnia, Mikra enjoys a retention rate surpassing 90 per cent, and 40 per cent of its client base does not cross-borrow with other micro-lenders.

During the pandemic lockdown, Mikra leveraged its digital capacity to launch doing digital marketing activities via Facebook and Viber. Staff started

working from home during the lockdown, and oan officers communicated with clients using Viber.

### DIGITAL WORKPLACE

Mikra also took the decision to move many of its HR functions online during the pandemic. For instance, Mikra has a training center in Sarajevo. Before the pandemic, all new employees attended a three-day in-person training. During the pandemic, Mikra started to conduct this training online via Microsoft Teams for one hour per day for ten days. Even after lockdown was lifted, it has continued with remote training, with the result that it is much cheaper due to its travel and accommodation costs having disappeared.

Currently, only one component of its new staff training – a one-day session on sales techniques – is done in person in Sarajevo due to the role play exercises it is comprised of. Staff training in new features of the MIS is also now conducted virtually. In July 2021, Mikra ran a training for 100 people staff on changes in loan analysis in ten sessions of 1.5 hours each.

Internal meetings of branch managers also moved to the Teams. Previously, branch managers met in Sarajevo and in Banja Luka every week. Now, they have weekly meetings via Teams and monthly meetings in person. Mikra reflects that these changes in its working practices were only possible because its staff is relatively young, tech savvy and open to workplace innovations.

### MIKRA AT A GLANCE

<b>Status</b>	1997: Founded in 1997 by CRS 2001: Became microcredit foundation 2016: SMART certified
<b>Portfolio</b>	17K clients; €23m loan portfolio; 68% women; 58% rural
<b>People</b>	159 staff; 27 branches
<b>Services</b>	Agricultural, SME, consumer loans (including home improvement)

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