

# Inspiration Station: Embracing Diversity in Microfinance: Innovative Approaches to Inclusive Growth

## Moderator:

**Martina Grigorova**, CEO, SIS Credit, Bulgaria, MFC Council member

## Speakers:

**Florian Ott**, Social Banking Development, Erste Group Bank AG, Austria

**Liza Guzman**, Vice President, Customer Strategy and Women's Economic Empowerment Lead, Accion, Colombia

**Ganhuyag Chuluun**, Executive Chairman, Ard Financial Group, Mongolia

**Andrea Bratu**, Inclusive Finance, European Investment Fund, Luxembourg

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**#2024MFC**



# Inspiration Station: Embracing Diversity in Microfinance

## Innovative Approaches to Inclusive Growth

26<sup>TH</sup> MFC Annual Conference

**ACCION**

# Our work in Central Asia: Research and industry engagement

## CUSTOMER RESEARCH



**6**

Cities

**48**

MSE  
interviews

**200+**

Digital  
maturity  
surveys

1. Digital maturity is high among FSP clients in both countries, but use cases are limited
2. MSEs have expressed a desire and need to grow their businesses, but prefer informal sources of funding
3. Training and capacity building courses that deliver tailored content are valued but uptake is low
4. Network of women entrepreneurs is limited compared to men

## INDUSTRY INTERACTIONS

**25+**

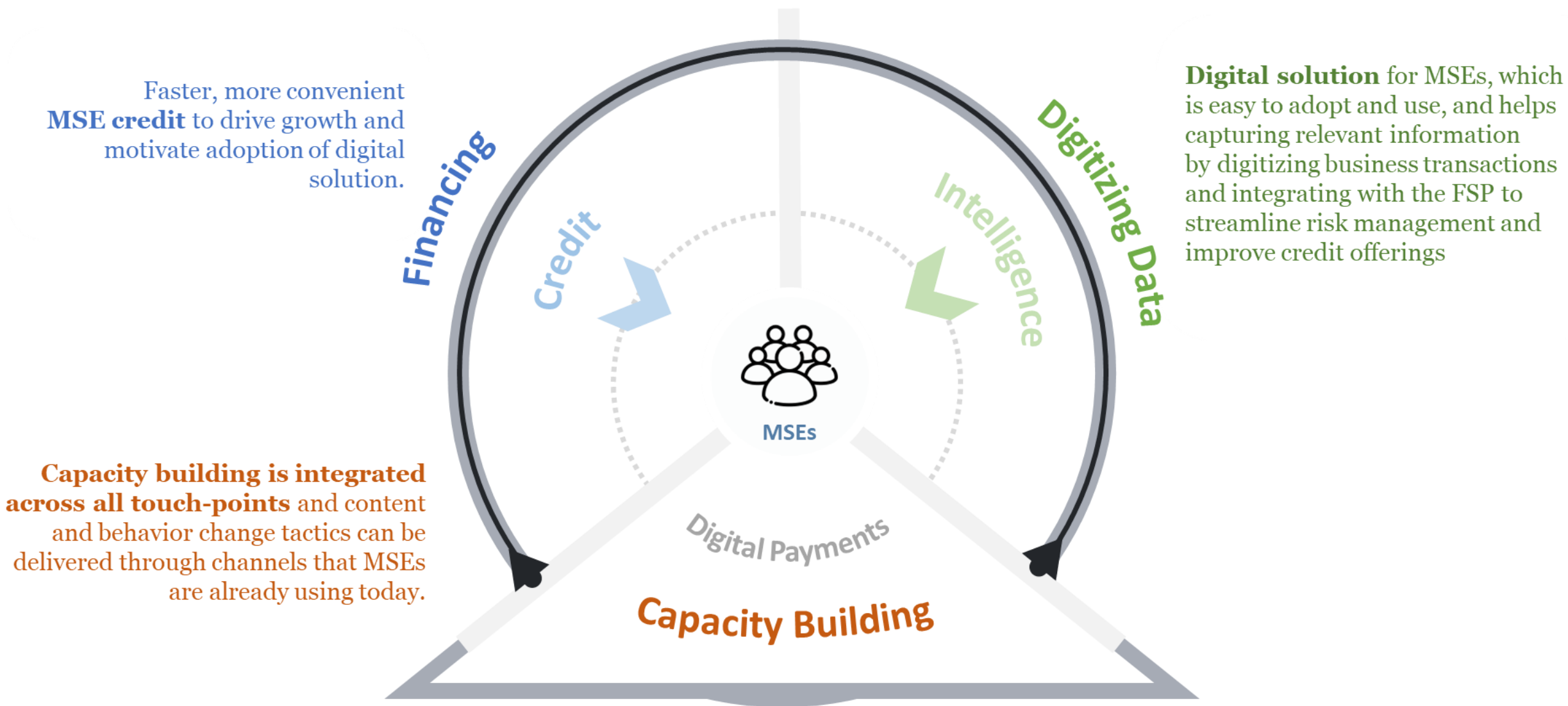
Organizations

**46**

Workshop  
Participants

1. Financing should be integrated into offerings
2. Focus on content adoption, and not creation
3. Socio-cultural differences between the countries should be considered in the design of solutions
4. Access to MSE data is a pain point
5. Digital infrastructure in both countries is ripe for an intervention

# Our work in Central Asia: Program design



# Persona: Small Business Owner

## -Socio-demographic :

- **Age:** 30-40 years      **Family:** 5 members (3 kids)      **Education :** Graduation

## - Access to Finance:

Small ticket loans from financial institutions available after 3-5 years  
Most start their enterprises from their own savings or borrow from family or friends  
Most borrow to buy inventory/raw material or manage cash flows  
Formal debt to income ratio: ~15% - 20% and ~30% have more than one formal loan, indicating that multiple loans are required to fulfil a requirement.  
Credit scores of borrowers show a 'prime' character.

## - Unmet Financial Needs

Affordable insurance to cover business enterprise  
Sufficient credit from one source to meet working capital needs, business improvements  
Loans to purchase property or make structural changes in business premise or to provide a new service  
Simple investment products towards buying property for their homes in the village or for home repairs/expansion  
Ability to drawdown from savings during emergency

### Barriers to access digital finance

- Lack of trust in digital channels
- Lack of time
- Limited digital trail
- High trust on informal and peer group borrowing

# Persona: Women Small Business Owner

## -Socio-demographic :

- **Age:** 30-45 years      **Family:** 5 members (3 kids)      **Education :** High School

## - Access to Finance:

Access to finance is through MFIs  
Most start their enterprises from their own savings or borrow from family or friends  
Most borrow to buy inventory/raw material or manage cash flows  
Formal debt to income ratio  
Lack of collateral hampers access to larger loans  
Low credit scores due to data bias

## - Unmet Financial Needs

Larger ticket loans for business expansion  
Ability to drawdown from savings during emergency  
Privacy of savings  
Independently applying for loans

### Barriers to access digital finance

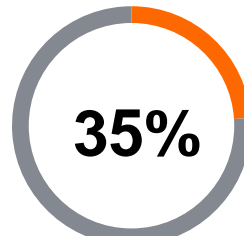
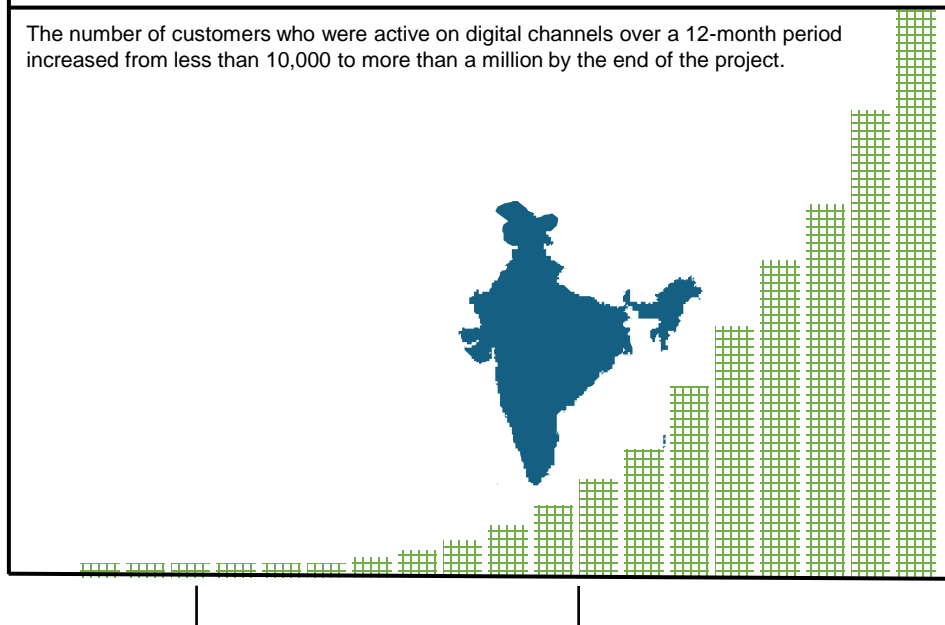
- Lack of digital footprint
- Bias in scoring algorithms
- Lack of digital maturity
- Lack of access to channels  
(bank branches are far away)

# From 10k to 1m active digital users at Annapurna finance ltd

Based in Bhubaneswar, India, Annapurna Finance Limited (AFPL) was established to serve clients who otherwise lack access to high quality financial services. Accion was engaged to help digitally transform their operating model leveraging opportunities for digital lending and payments. We developed and implemented a digital strategy which included the launch of an emergency loan, MSE credit, and digital EMI repayment initiatives.

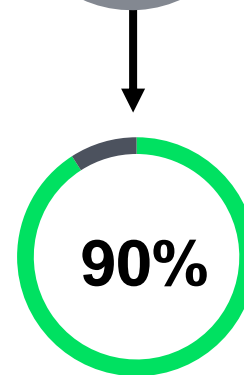
## 900k+ increase in digital users

The number of customers who were active on digital channels over a 12-month period increased from less than 10,000 to more than a million by the end of the project.



### Project start

31.5% of women surveyed at the start of the project reported being able to meet their operating expenses on time.



### Project end

90% of women who used AFPL's digital products reported being able to pay operating expense on time. The vast majority attributed financial health benefits to the use of the product.



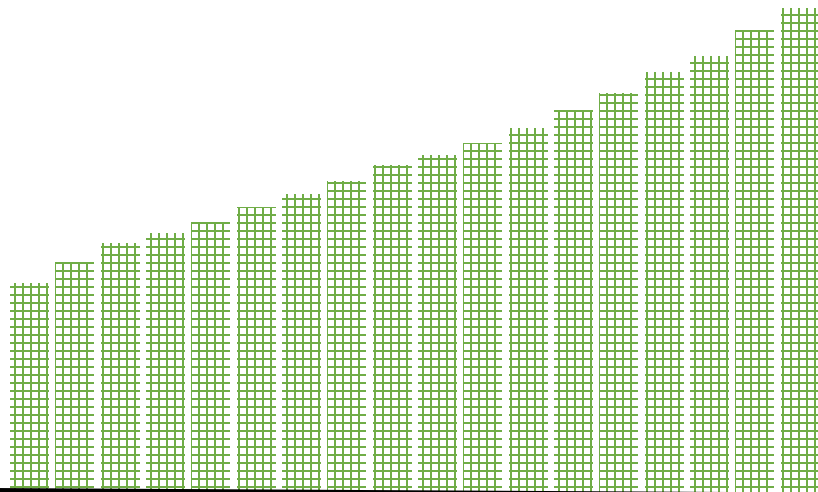


# Building an innovation hub at Bancosol

Founded in 1986, Banco Solidario S.A. (BancoSol) is the first regulated commercial bank in the world dedicated to serving micro and small entrepreneurs. Serving more than 1m clients, the bank engaged Accion to establish an innovation hub responsible for development and launch of “digital first” initiatives. The first output of the innovation hub was a suite of gamified savings and payments products.

## 50% increase in digital users

During the project Bancosol increased their digitally active userbase by more than 50%.



90%

## Improved financial health

90% of gamified product users reported that the use of the product helped to improve their financial health.

65%

## Increase in business growth

65% of gamified product users reported that the use of the product helped to improve their business growth





## Ethiopia

### CASE STUDY

# Refugee Women Distributorship in Ethiopia

In Ethiopia, Accion worked with local implementing partners to present refugee women with the opportunity to operate as last-mile resellers of fast-moving consumer goods, building on Unilever's agent distributorship program for rural women, called Shakti. Accion partnered with Elebat Solutions, an Ethiopian technology services company, as the primary implementation partner and local lead.. Regular consultation with the regulatory bodies, UNHCR and RRS, as well as the local camp leadership, the RCC, proved critical in understanding current issues, potential risks and market circumstances. The project has been branded "Birtu Saet", meaning "Resilient Woman" in Amharic.

## PROJECT COMPONENTS



Market Landscape & Needs Assessment



Partner Selection & Onboarding



Credit Product Design



Distributorship Solution Design



Ordering and Payment Systems Integration



Beneficiary Capacity Building

**1,302** refugee women received formal business and entrepreneurship skill-building

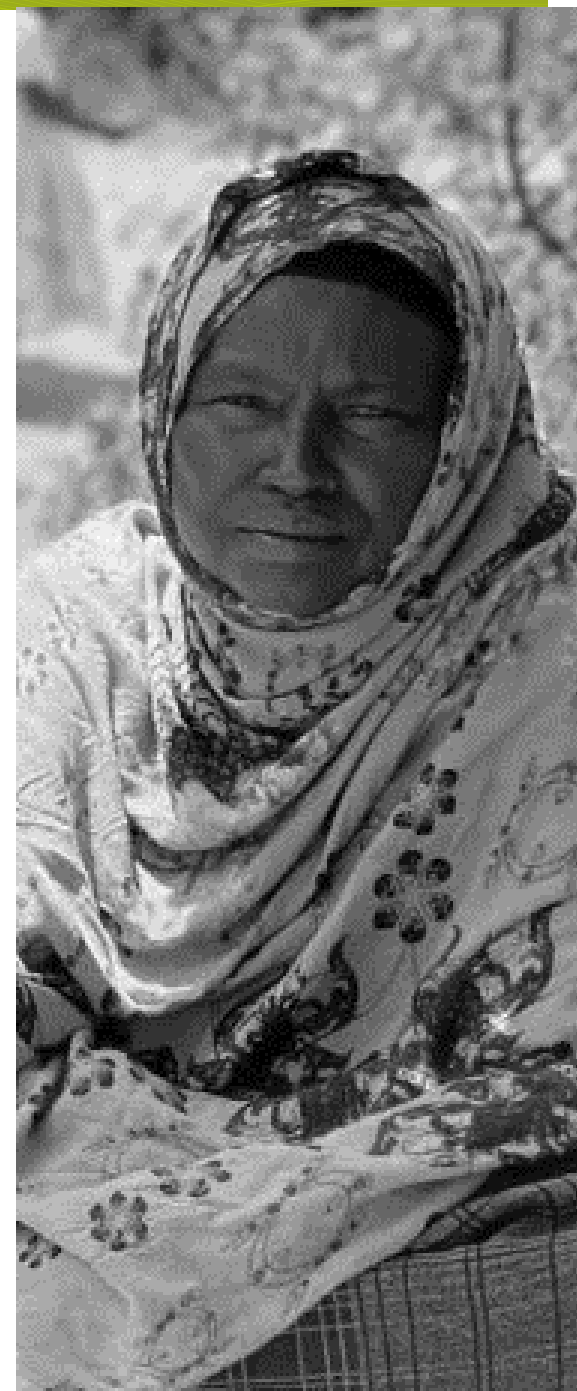
Supported the customization of an ordering and payments system to meet the needs of refugee women

**349** refugee women were onboarded into the program and are actively using digital platforms to facilitate income generation

Refugee women are now integral in the last-mile distribution of retail goods to two refugee camps in Gambella, Ethiopia.

**ETB 305,711** of high-quality consumer goods distributed across 2

Host communities are benefiting through their recruitment as cash in-cash out agents and local facilitators in Ethiopia.





# Ard Financial Group

## Loan

- Buy now pay later
- Consumer loan
- Savings backed loan
- Trust backed loan

## Insurance

- Health insurance
- Travel insurance
- Vehicle insurance
- Driver's liability compulsory insurance

## Savings

- Pension fund
- Children's savings
- Regular term deposit
- Cupcake

## Investment

- Stock trading
- Bond
- Intelligent investor/ Regular term investment
- Investment fund

## Lifestyle

- E-Commerce, E-Ticket
- Billing
- Financial education
- Lotto

## Loan

- Business loan

## Insurance

- Cargo
- Banking & Finance
- Construction
- Asset
- Mining
- Industrial & Commercial
- Property
- Health

## Savings

- Pension fund

## Investment

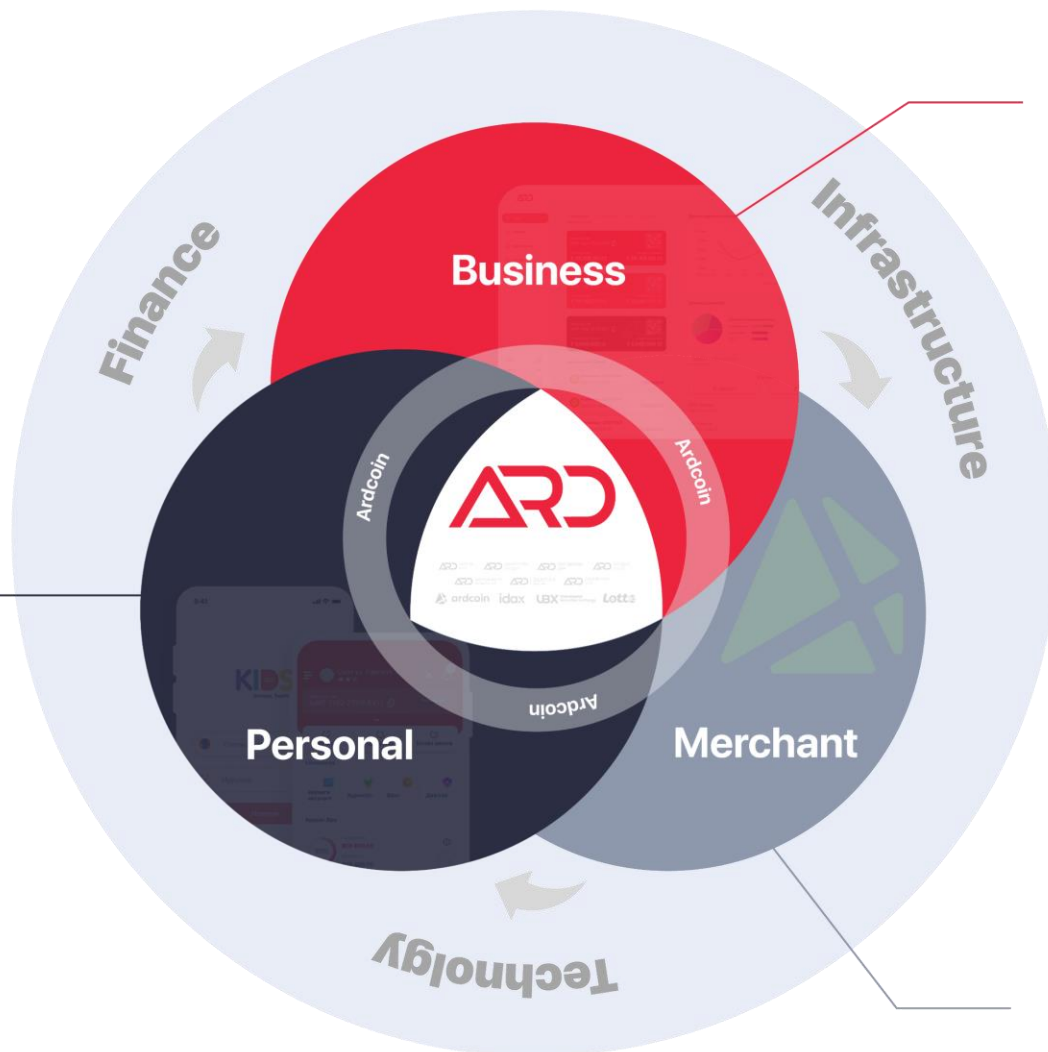
- Underwritng
- Equity financing
- Debt financing
- M&A
- Consulting

## Ardcoin loyalty program

## Internet bank

## Payment solution

- QR payment
- POS
- BNPL



**+1,600,000**

Users/Bank accounts

**+48,000**

Merchants

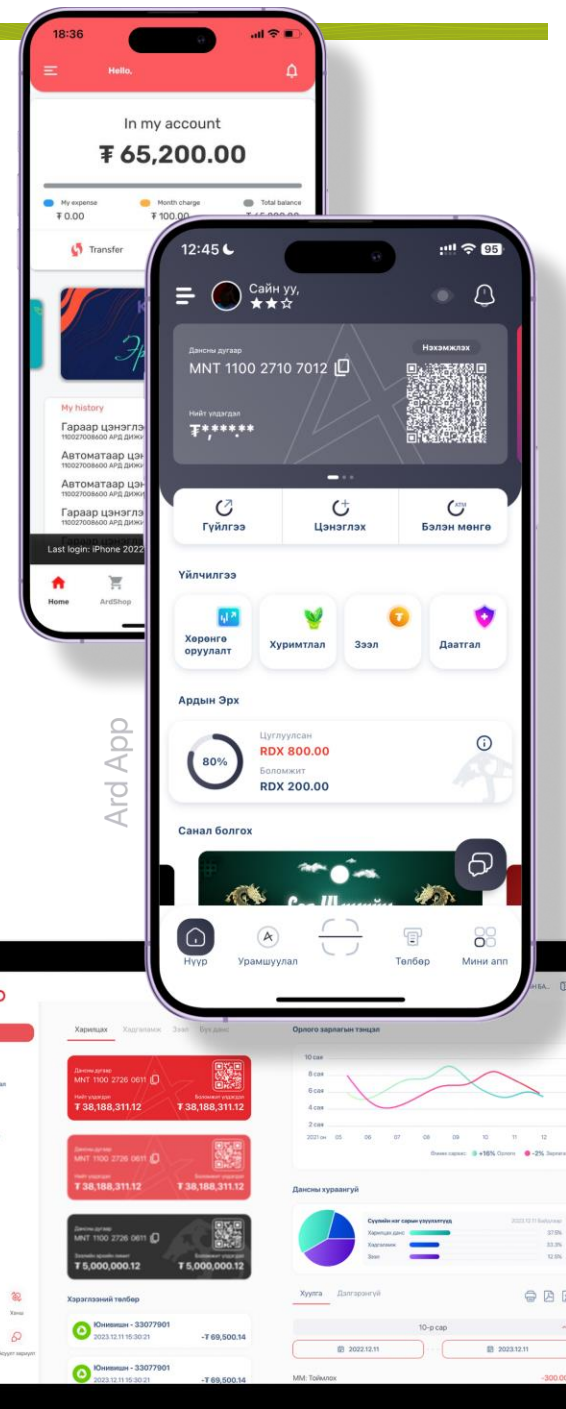
**+400**

Nationwide branches

ArdKids

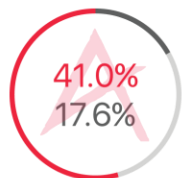
Ard App

Internet bank



## Banking

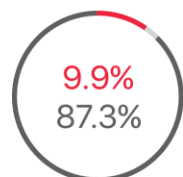
### Non-bank



### Leasing

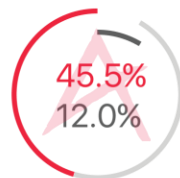


### Credit union

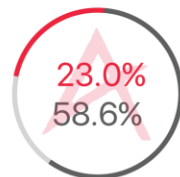


## Insurance

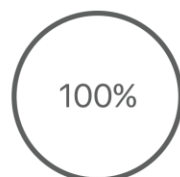
### General insurance



### Undurhaan JSC



### Pension Fund

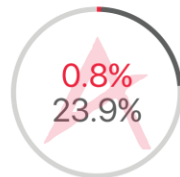


## Investment banking

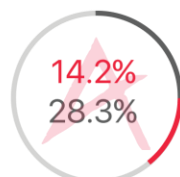
### Asset management



### Closed-end fund



### Open-ended fund



### Broker-dealer



### Real state



## Other

### Huvsgul JSC



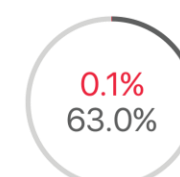
### Postal services



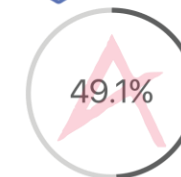
### Media group



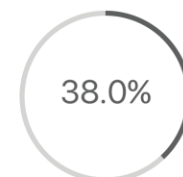
### Blockchain



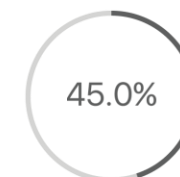
### Payment platform



### Securities exchange



### Software development



● Ard Financial Group ownership

● Affiliated entities ownership

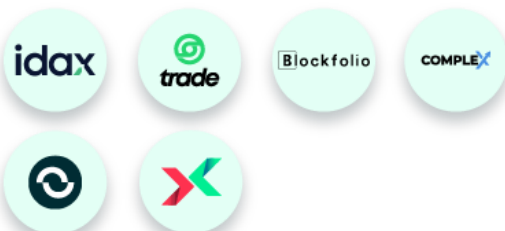
▲ Publicly listed on the MSE



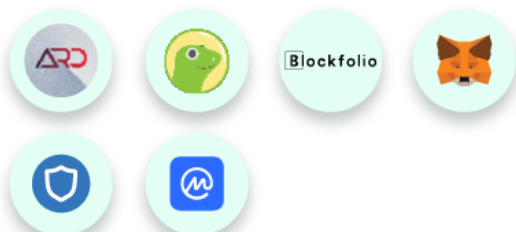
based on a decentralized system

**LOYALTY**

### Exchanges



### Registered Platforms



### DeFi



### IT



### Merchants



### Finance



### Platform



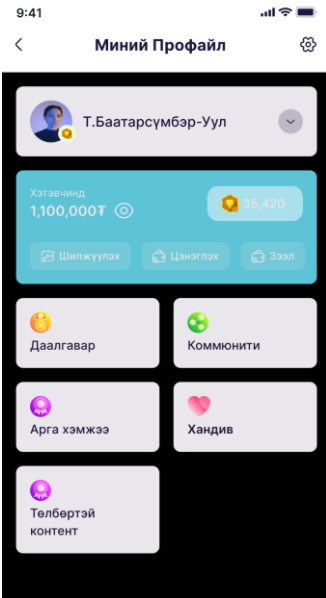
### Media



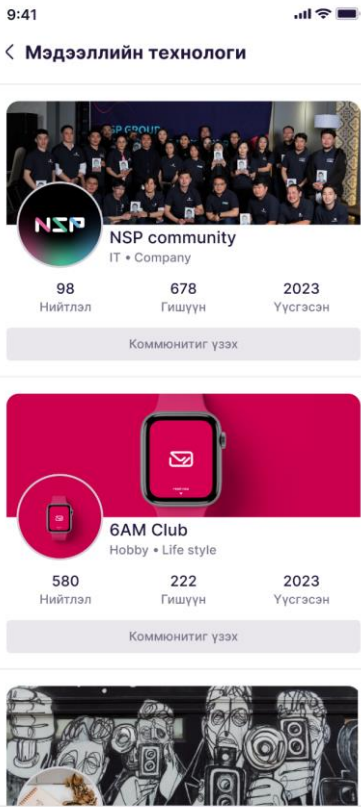




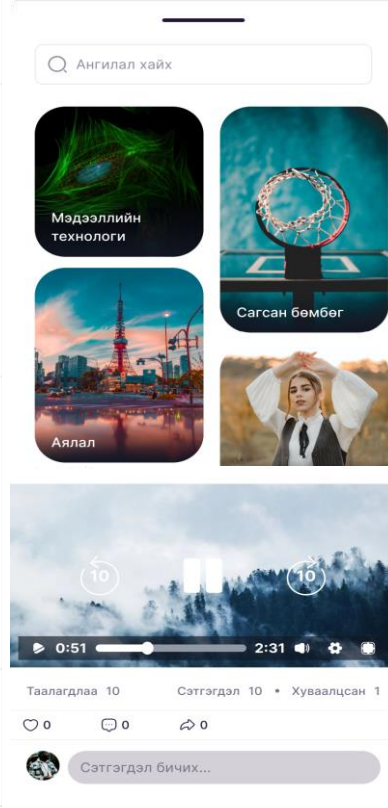
**Consumer 1.7 Mn+  
 100K + MAU in 2024**



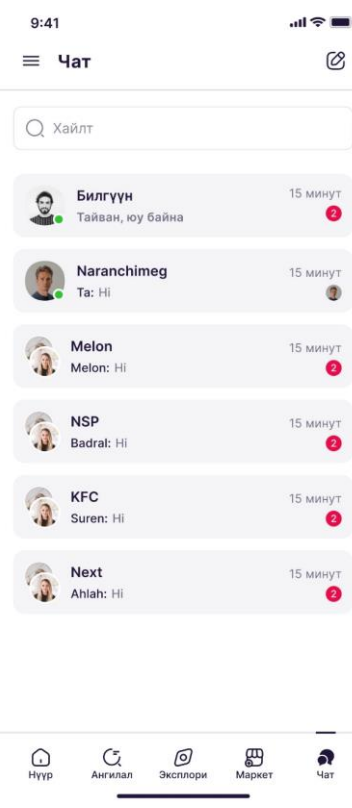
**Community  
 commerce, hobbie,**



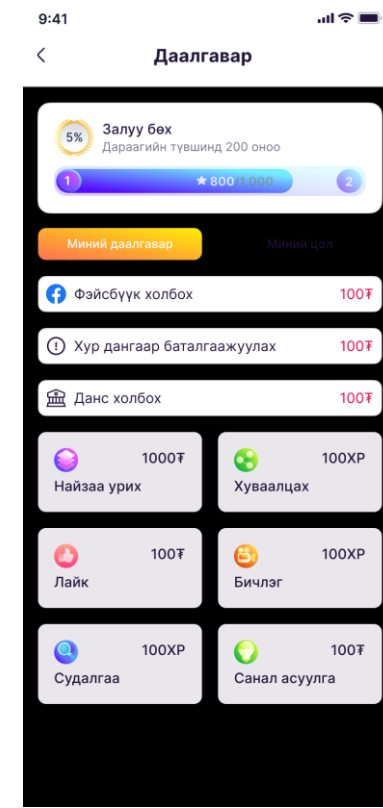
**Content  
 entertainment, edu,**



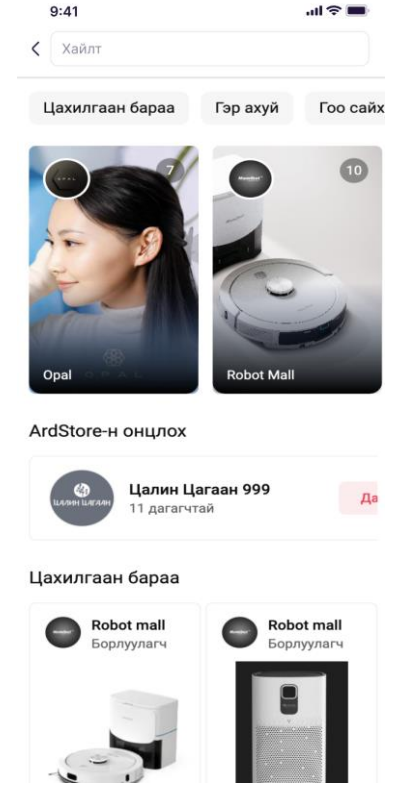
**Channels  
 chat, story, live,**



**Collaboration  
 O2O marketing reward**



**Commerce  
 1000+ in 2024**





A photograph of two men standing in a large greenhouse filled with tomato plants. The man on the left is wearing a grey t-shirt and grey shorts, and has a prosthetic leg. The man on the right is wearing a green and white striped t-shirt and light blue shorts. Both are smiling and holding wooden crates filled with ripe red tomatoes. The greenhouse has a high, arched ceiling with a complex network of green support strings hanging down.

**ERSTE** | Social Banking  
Group

**MFC conference 2024**

Supported by



**ERSTE**  
Stiftung

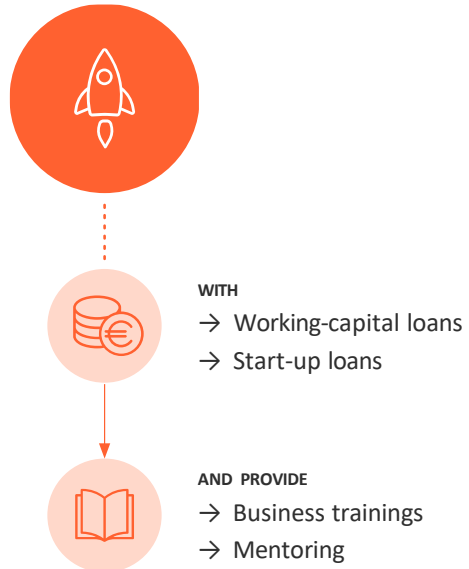


Social Banking benefits from guarantees funded by the European Union under the InvestEU Program



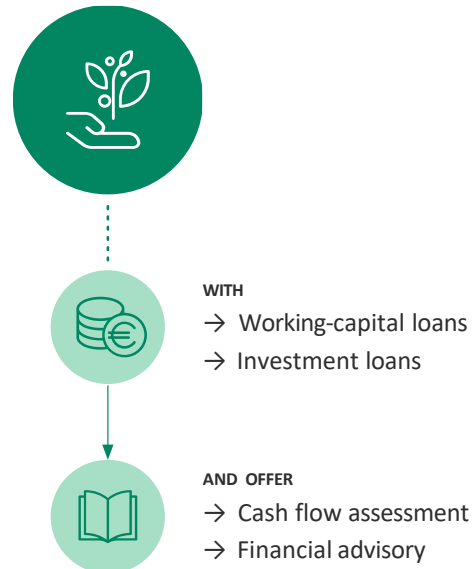
## Erste Group Bank approach to Social Banking

### We foster Starting Entrepreneurs



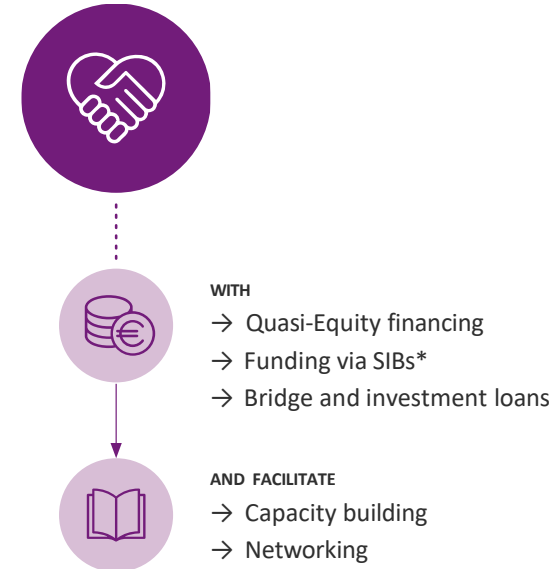
**to create  
new jobs**

### We support Micro Businesses



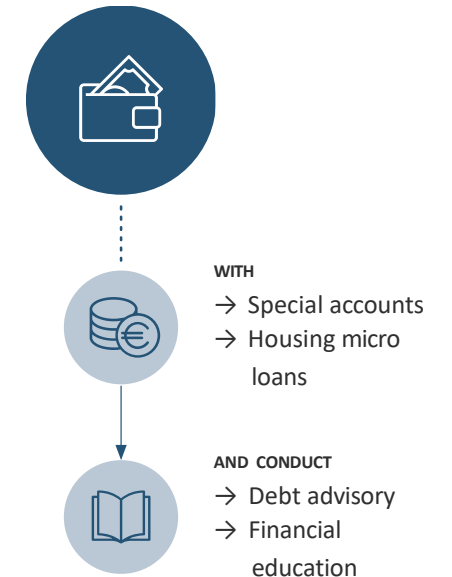
**to create and preserve  
jobs in rural areas**

### We empower Social Organisations



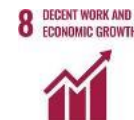
**to expand their  
social impact**

### We stand by People in financial difficulties



**to improve their financial  
health and housing**

Supported United Nations  
Sustainable Development Goals:



\*SIB: Social Impact Bonds



Social Banking benefits from guarantees funded by the European Union – under the InvestEU Program

# Affordable / Social Housing (SH) solutions



## Our approach to people in financial difficulties



### Identified problems

- Over-indebtedness and financial exclusion Lack of
- financial literacy
- Precarious housing condition



### Our solutions

- Enabling financial inclusion by offering bank accounts Offering
- individual consulting and debt advisory
- Social housing programs
- Providing financial education trainings

# Housing Microloan project for excluded communities

## problems

Unemployment  
Low education  
Poor health  
Extreme poverty



No access to financing  
Limited access to land  
Limited access to job market



## Our solutions



Financial education



Regular saving



Job finding assistance



Plot purchase

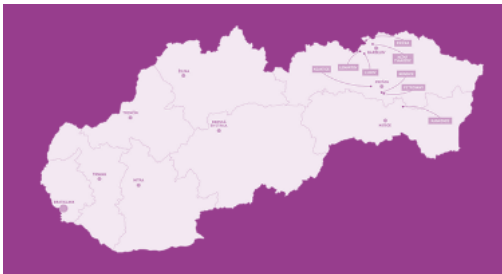


Construction advisors



Housing microloan

The **impact**  
decent housing







# THANK YOU

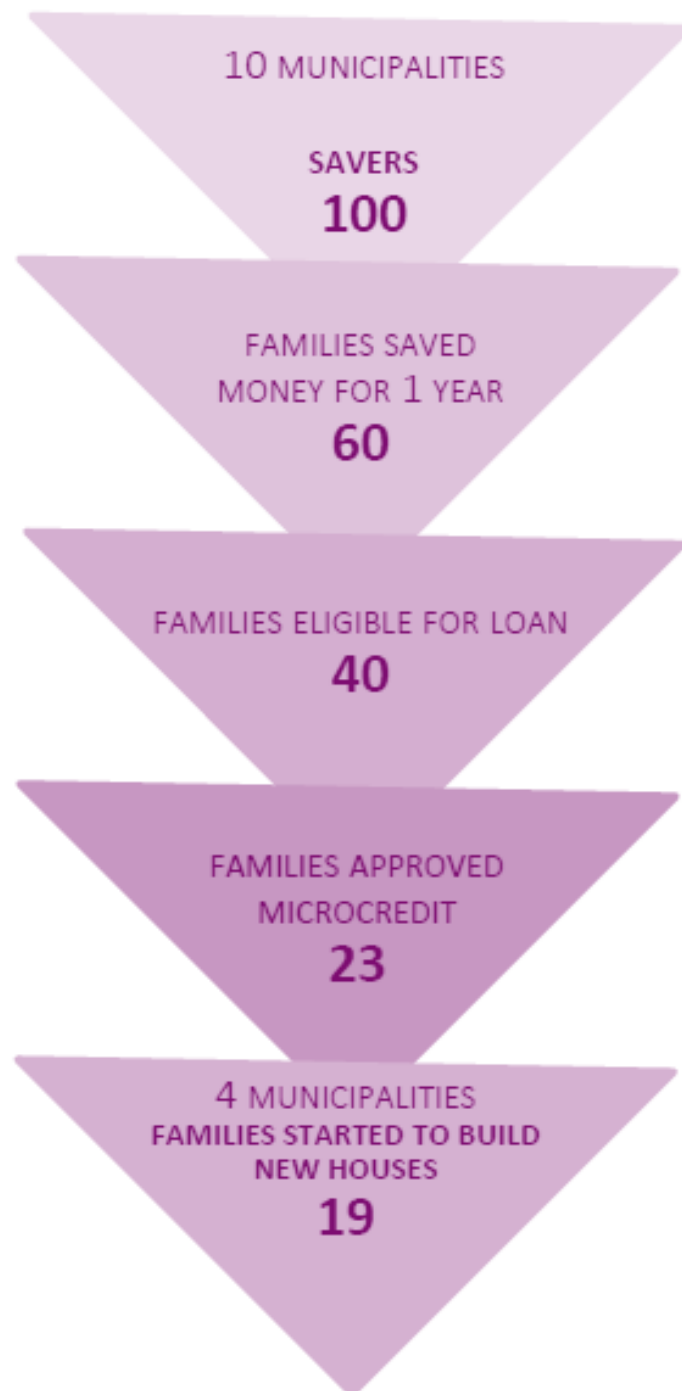
MFC

[microfinance@mfc.org.pl](mailto:microfinance@mfc.org.pl)



# Meet Adriana & Igor, clients of Housing Program





## Pilot results







Saving 50 EUR monthly for 12 months



Purchasing plot ~ 700 EUR



~10.000 EUR loan for construction material cost





Building 18-24 months with supervision



Final buildings







# THANK YOU

MFC

[microfinance@mfc.org.pl](mailto:microfinance@mfc.org.pl)