MICROFINANCE IN EUROPE

SURVEY REPORT
2024 EDITION

EUROPEAN MICROFINANCE NETWORK
MICROFINANCE CENTRE
With contribution by EIF
European Investment Fund
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PREFACE

The European Investment Fund (EIF) is pleased to support the 12th edition of "Microfinance in Europe," a key reference for stakeholders in the European microfinance sector. This report offers a comprehensive assessment of market developments, offering detailed analyses that support evidence-based policymaking, investment decisions, and sector strategies. It highlights significant trends, emerging practices, and the evolving needs of the sector. Through a rigorous survey, the European Microfinance Network and the Microfinance Centre collected data from 191 microfinance institutions (MFIs)—a significant increase from previous editions—across 30 European countries from November 2024 to February 2025.

This year's analysis underscores a renewed growth trajectory within European microfinance, evidenced by a notable increase in both portfolio volume and active borrowers compared to previous editions. It examines the ongoing expansion and diversification of the MFIs' product offerings, particularly the growing emphasis on green microfinance and digital transformation, while maintaining a strong focus on serving vulnerable, underserved client groups.

Despite these positive developments, the report also identifies ongoing challenges faced by MFIs, notably in accessing suitable debt and equity financing, as well as significant capacity-building needs related to digitalization, impact measurement, and sustainable finance. Addressing these barriers requires continued European-level public support, innovative financing solutions, and enhanced cooperation among various stakeholders.

Since 2000, the EIF has actively engaged in the European microfinance sector by offering funding, guarantees, and capacity building support to a wide variety of financial intermediaries. EIF intervention aims to foster financial and social inclusion through entrepreneurship, promoting sustainable job creation and facilitating local economic development, which align with core European Union (EU) objectives. In 2023, the EIF continued the implementation of InvestEU under the Social Investment and Skills Window, observing robust demand for guarantees and capacity-building investments in microfinance and social enterprise finance. The EIF partners with a broad spectrum of financial intermediaries, including non-bank microfinance institutions, credit unions, fintech lenders, crowdlending platforms, as well as ethical, cooperative banks, among others, to cater to the diverse needs of the inclusive finance landscape.

The EIF remains committed to promoting a sustainable, inclusive, and digitally enabled microfinance ecosystem throughout Europe. By offering a nuanced understanding of the current landscape and highlighting key areas for strategic intervention, "Microfinance in Europe: Survey Report 2024 Edition" provides essential insights for designing effective support mechanisms to advance the sector.

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ACKNOWLEDGMENTS

The European Microfinance Network (EMN) and the Microfinance Centre (MFC) convey their deep appreciation to the institutions that engaged in our survey. Their meaningful contributions have played a pivotal role in advancing our comprehension of the sector. We extend special thanks to the National Networks for their unwavering support in mobilizing their members, thereby fostering a higher response rate and ensuring the success of the survey. Their collaborative efforts have played a pivotal role in capturing a diverse and comprehensive perspective on microfinance practices across Europe.

We would like to acknowledge the following National Networks and local ambassadors for their outstanding contributions:

- *Albanian Microfinance Association (AMA)*
- *Asociatia CAR Regiunea Vest (ASCAR)*
- *Association of Microfinance Institutions in Bosnia and Herzegovina (AMFI)*
- *Association of MFIs of Montenegro*
- *German association of public banks (VÖB)*
- *National Network of Croatian Credit Unions (HUKU)*
- *Rete Italiana di Microfinanza (RITMI)*
- *Romanian Microfinance Association*
- *Cooperative Bank of Karditsa (Ambassador in Greece)*
- *Mikrofonden (Ambassador in Sweden)*

Additionally, our sincere appreciation goes to the members of the EMN Research Committee, whose dedication and expertise have been instrumental in shaping the survey methodology and analysis.

A special note of gratitude is extended to all our partners who generously shared their insights during the development of the questionnaire and the analysis of the results:

- *European Commission, DG EMPL*
- *European Investment Fund*
- *European Investment Bank Advisory Hub*
- *Council of Europe Development Bank*
- *e-MFP Green Inclusive and Climate Smart Finance Action Group (GICSF AG)*

The collaborative efforts of all involved parties have been indispensable in making this survey report a comprehensive and insightful resource for policymakers, practitioners, investors and researchers in the field of microfinance.

EXECUTIVE SUMMARY

Click here to explore a selection of Key Findings through the interactive executive summary

KEY FINDINGS

This is the 12th edition of the Survey Report on Microfinance in Europe, produced by the European Microfinance Network (EMN) and the Microfinance Centre (MFC). For the sixth consecutive year, this partnership enables the survey to capture the vast majority of the European microfinance sector, providing the most comprehensive dataset available. This edition highlights the social performance of business loans and the impact measurement approaches adopted by microfinance institutions (MFIs).

COVERAGE

The survey covered **191 organisations across four institutional types and 30 countries**. Non-bank financial institutions (NBFIs) were the most numerous (41% of MFIs), followed by NGOs (24%). A smaller number of credit unions (19%) and banks (16%) were also captured by the survey. Eastern Europe hosted the largest number of MFIs (46%), followed by the Balkans (29%), Northwestern Europe (15%) and Southern Europe (10%).

SCALE & OUTREACH OF THE SECTOR

European MFIs are predominantly small organisations, with 71% of surveyed institutions employing no more than 50 staff. Collectively, they engage a workforce of nearly 13,000 people, contributing to microfinance delivery through both paid and voluntary roles.

Women represent the majority of the MFI workforce (67%), outnumbering men among paid employees. However, they remain underrepresented in managerial and board-level positions.

Sector growth accelerated in 2023, with higher growth rates compared to the previous four years. **The total gross loan portfolio reached EUR 7 billion by the end of 2023, serving nearly 1.5 million active borrowers** who are typically underserved by the traditional financial sector (average microloan balance of EUR 8,127).

Half of the surveyed MFIs focus exclusively on business lending, offering loan products designed to support income-generating activities – primarily through investment or working capital financing. The remaining half of MFIs provide a mix of business and personal microloans (33%) or focus solely on personal lending (17%), addressing a broader range of household and individual financial needs. Excluding an outlier (a large bank), **business microloans accounted for 70% of the total portfolio volume, while personal microloans made up 30%**. Due to their differing purposes, business microloans tend to be larger on average (EUR 12,322) compared to personal microloans (EUR 3,021). The average depth of outreach – measured by comparing average loan balances against gross national income per capita – varies notably across sub-regions, particularly for business lending.

Non-financial services play an important complementary role in the sector. 76% of MFIs offer non-financial services, with a primary focus on building business skills and know-how (offered by 45% of MFIs) or supporting the operational development of existing micro and small enterprises (44%). Additionally, one-third of MFIs provide financial capability support to help clients with limited financial literacy avoid over-indebtedness.

SOCIAL PERFORMANCE & IMPACT APPROACHES

The majority of MFIs (88%) that provide business microloans support individual entrepreneurs and microenterprises with fewer than five employees. Business clients are approximately evenly split between individuals (self-employed, informal business owners, farmers) and legal entities.

Women represent nearly half of individual business clients, and one-third of responding MFIs focus on businesses led by low-income individuals, with most clients earning below the national GNI per capita.

Engagement with social enterprises is relatively low, with 48% of MFIs not serving this target group. Among MFIs that do serve social enterprises, their representation within the active business borrower portfolio remains limited, typically ranging between 1% and 5%.

Beyond reporting on their social performance, **MFIs pursue various certifications and ratings to enhance transparency and credibility. The European Code of Good Conduct is the most widely adopted**, with 60% of MFIs having undergone this assessment in the last five years. Impact studies and ESG assessments are also prioritized, with external funding playing a crucial role in financing these evaluations.

More than half of MFIs align their reporting with the Sustainable Development Goals (SDGs). SDG 8 "Decent Work and Economic Growth" was reported as the most relevant.

Most MFIs (83%) track impact indicators related to business and job creation, entrepreneur resilience, household financial stability, and improved access to healthcare services. **Income level, job creation, and job retention are the most commonly monitored impact metrics**. Most MFIs not only track these indicators but also incorporate them into their business plans and report them to their boards of directors, external stakeholders, and, in nearly half of cases, the general public to reinforce transparency and accountability.

The biggest challenge in impact assessment is data collection and data quality, with MFIs struggling to engage clients in providing reliable information. A lack of technological tools and financial resources further hampers their ability to implement strong impact measurement systems. MFIs also face difficulties in selecting relevant indicators and conducting assessments due to limited expertise. To address these challenges, **MFIs require better access to technology for data management, financial support for pilot initiatives, and capacity-building programs to strengthen their impact monitoring capabilities**.

EXECUTIVE SUMMARY

GREEN MICROFINANCE

European MFIs are working to enhance their environmental performance. More than two-thirds of MFIs (69%) have developed environmental strategies that define their objectives, processes, responsibilities, and monitoring methods. The same proportion of MFIs also take measures to manage the adverse environmental impact of their operations. Additionally, 63% of MFIs track their environmental performance, with 56% reporting their findings to relevant bodies. However, only 24% of MFIs measure their CO2 emissions, either voluntarily or to comply with the Corporate Sustainability Reporting Directive (CSRD).

MFIs also prioritize client resilience through green microcredits. Currently, **two-thirds of MFIs offer green microloans, either through dedicated products or by integrating them into their standard loan offerings**. The most common approach is to finance green solutions through general business or personal loan products (34%), while 28% of MFIs have developed specialized green loan products. Half of MFIs that do not yet offer green microloans plan to begin financing green solutions in the future, further reinforcing this trend.

The majority of MFIs engaged in green microlending focus on financing renewable energy technologies (81%) and energy-efficiency solutions (63%). Fewer institutions support environmentally friendly mobility solutions (36%) and sustainable agriculture (36%).

Beyond financial products, 44% of MFIs provide non-financial services to support clients in their green transition. The most common forms of non-financial support include environmental education programs and awareness initiatives to help clients understand the ecological impact of their activities and prepare for climate risks.

To scale up green microfinance efforts, MFIs require additional support. The most frequently cited needs are technical assistance and portfolio guarantees, both identified by 43% of MFIs as crucial to scale green microfinance. Grants were also mentioned by 36% of MFIs as an important form of support.

PORTFOLIO PERFORMANCE

The average portfolio at risk over 30 days (PAR30) stood at 12%, while PAR90 reached 7%. The average write-off ratio was 3%. **The two most commonly used mechanisms to secure loan portfolios are the EIF guarantee scheme and borrower-provided collateral**.

FUNDING & CAPACITY BUILDING NEEDS

80% of MFIs seek borrowed funds for on-lending purposes, with one-third requiring up to EUR 5 million in funding, reflecting the diverse financial needs across the sector.

The key capacity-building needs in the microfinance sector focus on digital transformation (59% of MFIs) and green finance (50%). Additionally, 35% of MFIs require assistance in impact measurement and funding access. Most MFIs (61%) are willing to cover at least a part of these costs.

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SECTOR COVERAGE

The survey covered 191 institutions across four institutional types and 30 countries.

Surveyed institutions: The respondents were microcredit providers operating in Europe, whose engagement with microcredit ranged from offering it as their core activity to including it among a broader suite of financial products. For simplicity, these institutions are collectively referred to as microfinance institutions (MFIs) throughout this report.

Microcredit portfolios were classified into two categories, each with distinct purposes and maximum thresholds:

- **Business microloans** are disbursed to natural or legal persons with the purpose of financing the development or establishment of business activities, including loans to start a business. <u>Business microloans have a maximum original principal value of 50,000 EUR</u>.
- **Personal microloans** are disbursed to natural persons with the purpose of education, mobility, housing and other family needs. <u>Personal microloans have a maximum original principal value of 25,000 EUR</u>.

To ensure broader participation, three unique surveys were developed, each with a different level of detail (see chapter 7). This explains the differences in response rates, as aside from a set of key indicator questions, some questions were either omitted or made non-mandatory in certain versions of the questionnaire.

Non-bank financial institutions (NBFIs) were most numerous institutional type (41% of MFIs), followed by NGOs (25%). A smaller number of credit unions (19%) and banks (15%) were also captured by the study. Eastern Europe hosted the largest number of MFIs (47%), followed by the Balkans (29%), Northwestern Europe (14%) and Southern Europe (10%).

To provide deeper insights, countries were grouped into sub-regions that consider geographic location and microfinance sector development patterns.

The following sub-regions were identified:

Balkans: Albania, Bosnia & Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia and Turkey.

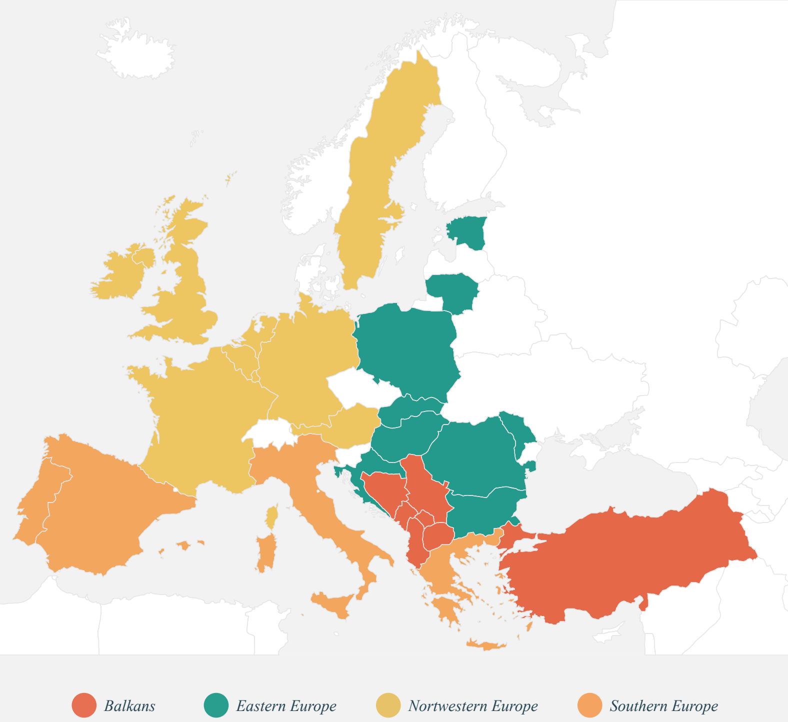
Eastern Europe: Bulgaria, Croatia, Estonia, Hungary, Lithuania, Moldova, Poland, Romania and Slovakia.

Northwestern Europe: Austria, Belgium, France, Germany, Ireland, Luxembourg, Sweden, The Netherlands and the United Kingdom.

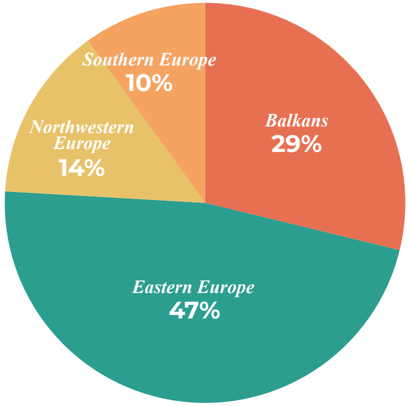
Southern Europe: Greece, Italy, Portugal and Spain.

SECTOR COVERAGE

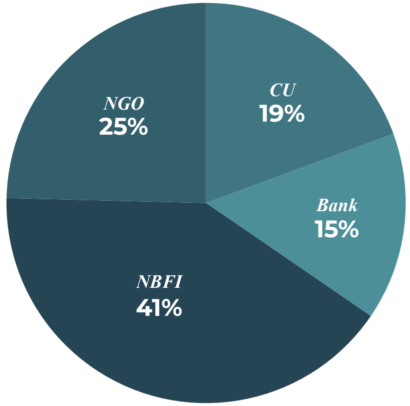
Countries covered by sub-region
(N=191)



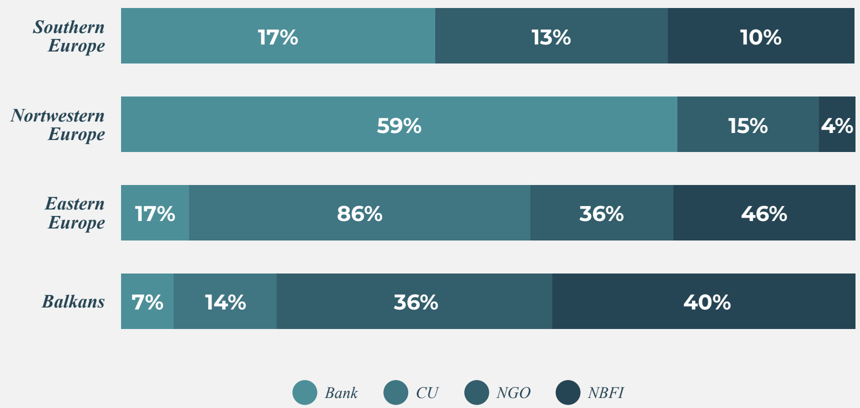
Distribution of the MFIs by sub-region
(N=191)



Distribution of the MFIs by institutional type
(N=191)



Distribution of MFIs by institutional type and sub-region
(N=191)



II

SCALE & OUTREACH
OF THE SECTOR

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Women represent the majority of the MFI workforce (67%), outnumbering men among paid employees. However, they remain underrepresented in managerial and board-level positions.

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Due to their differing purposes, business microloans tend to be larger on average (EUR 12,322) compared to personal loans (EUR 3,021). The average depth of outreach - measured by comparing average loan balances against gross national income per capita - varies notably across sub-regions, particularly for business lending.

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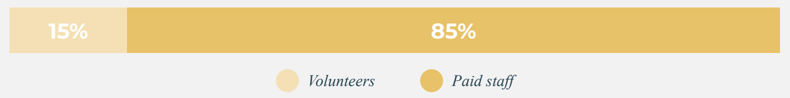
STAFF

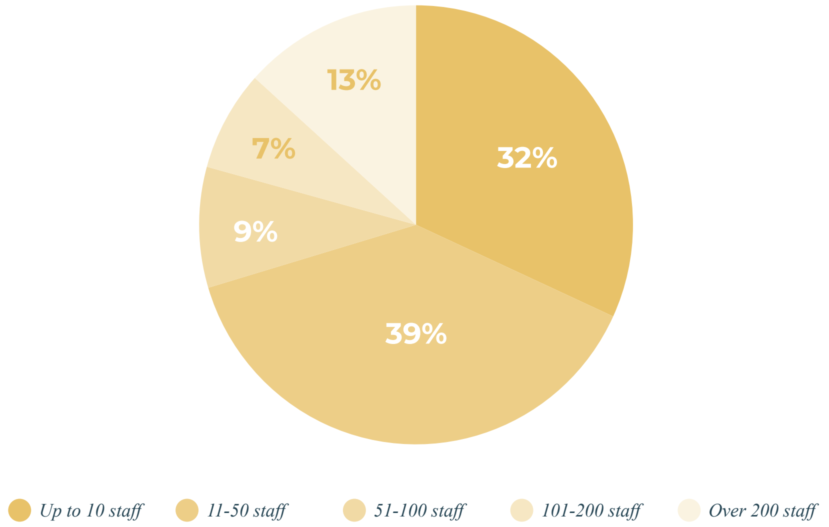
The microfinance workforce primarily consists of paid staff, although some MFIs also engage volunteers. Most MFIs are small organizations, with fewer than 50 employees.

- The total microfinance workforce (paid staff and volunteers) reached 12,688 people.
- Volunteers make up 15% of the workforce and are engaged by one-fifth of MFIs, more often by MFIs operating in Northwestern Europe. In particular, two MFIs rely heavily on volunteers and collectively engage 96% of all volunteers in the sector.
- The total number of paid staff reached 10,753 employees. Average staff per MFI was 80 employees. However, there were large differences in the MFI size by number of employees. The largest MFI had over 800 employees, while the smallest had only one paid employee.
- Almost one-third of MFIs (32%) employed up to 10 people and another 39% had 11-50 paid staff. Thus, the majority of MFIs (71%) were rather small as they employed less than 50 staff.

Distribution of staff by employment status (N=135)



Distribution of MFIs by the number of paid staff
(N=135)

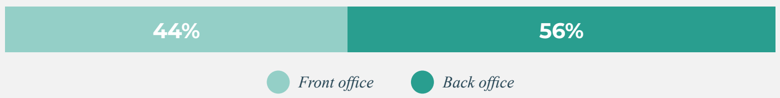


STAFF

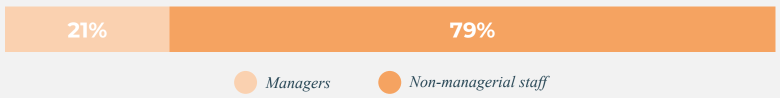
Front office staff make up almost half of the workforce, while managers constitute one-fifth of the employees. Women outnumber men among paid employees but are underrepresented in managerial and board positions. This tendency is observed in all sub-regions and across all institutional types.

- Front office staff constitute 44% of the total workforce on average, with the highest share in Eastern Europe (50%).
- Managers make up 21% of paid staff on average, with the highest share amongst small NGOs and MFIs in Southern Europe.
- The average MFI has five board members; banks reported the largest board sizes (nine members on average).
- Women constitute 67% of all paid staff on average. Female employees outnumber male employees in every sub-region, especially in Eastern Europe where women constitute 84% of paid staff, compared to 54% in the Balkans, 53% in Northwestern Europe and 50% in Southern Europe.
- Women are particularly well represented in credit unions (86%). Small MFIs tend to employ more women, with an average share of female staff of 76%.
- The share of women among loan officers is somewhat lower compared to total staff (65%) and even lower for managers (58%) and board members (42%). This tendency is seen in all sub-regions and across all institutional types.

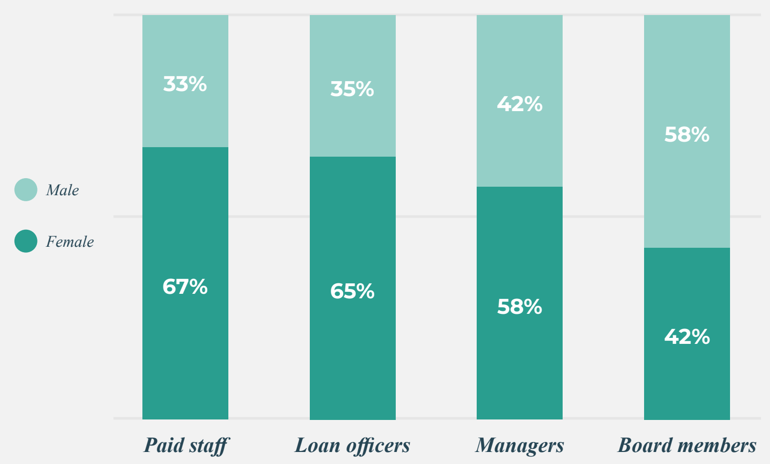
Distribution of staff by position (N=80)



Distribution of staff by position (N=89)



Distribution of paid staff by position and gender (N=93)

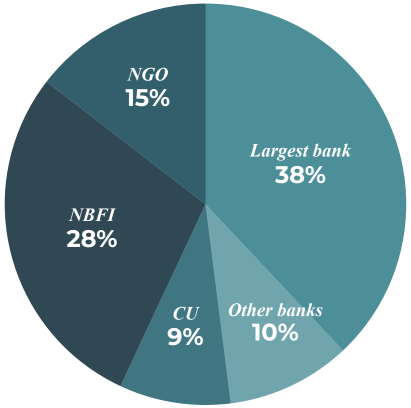


II.2 MICROLOAN PORTFOLIO

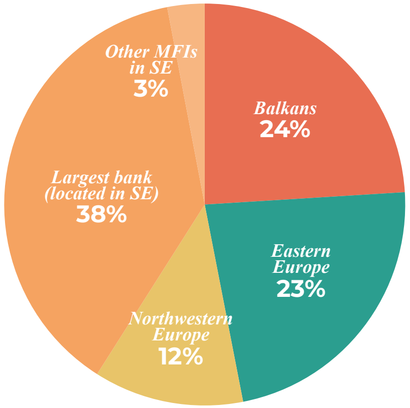
The gross loan portfolio amounted to EUR 7 billion at the end of 2023. The sector is dominated by a large microfinance bank in Southern Europe, which accounts for 38% of the loan portfolio. Apart from this bank, the largest share of the total portfolio is managed by MFIs in the Balkans (24%) and by non-bank financial institutions (28%).

- The total gross loan portfolio reached EUR 7 billion by the end of 2023.
- By sub-region, Southern Europe had the largest share of the loan portfolio (41%) due to the presence of a large bank, which accounted for 38% of the total loan portfolio. The remaining MFIs in Southern Europe accounted for 3% of the total loan portfolio. MFIs in the Balkan sub-region comprised the second largest microfinance portfolio (24% of total loan volume), followed by Eastern Europe (23%).
- In terms of the value of gross loan portfolio, EUR 2.6 billion was managed by a large bank. Balkan MFIs managed EUR 1.7 billion and Eastern European MFIs managed EUR 1.6 billion. Northwestern MFIs followed with more than EUR 0.8 billion of the total microloan portfolio. Excluding the largest bank, Southern European MFIs managed a collective portfolio of more than EUR 200 million.
- Almost half of loan volume (48%) was managed by banks, of which one bank accounted for 38% of the total gross microloan portfolio.
- Credit unions had the smallest share of the total loan portfolio (9%).
- In absolute numbers, NBFIs managed a portfolio of EUR 2 billion while NGOs had a loan portfolio of EUR 1 billion. Banks (excluding the largest bank) had a portfolio of EUR 0.7 billion closely followed by credit unions (0.6 billion EUR).

Distribution of gross loan portfolio by institutional type (N=189)



Distribution of gross loan portfolio by sub-region (N=189)



Distribution of the gross loan portfolio by sub-region (N=189)

in billion EUR

Distribution of the gross loan portfolio by inst. type (N=189)

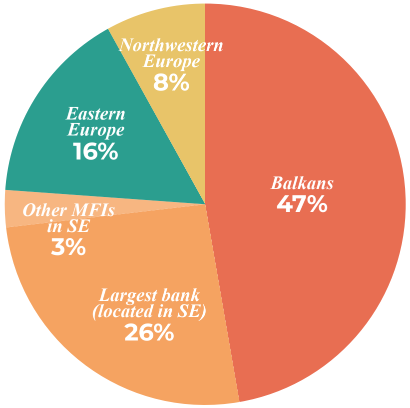
in billion EUR

II.3 ACTIVE BORROWERS

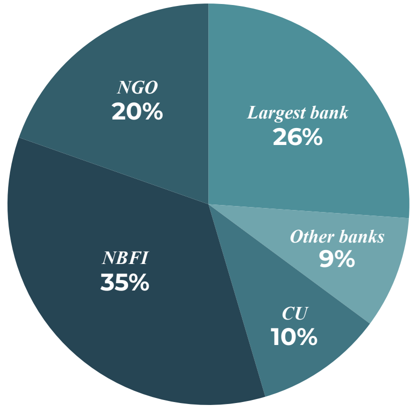
The number of active borrowers reached nearly 1.5 million. Balkan MFIs serve the largest share of borrowers.

- The number of active borrowers served by the end of 2023 reached 1.48 million clients.
- By sub-region, 47% of borrowers were served by Balkan MFIs. Southern Europe had the second largest outreach (29% of active borrowers) due to the presence of the largest bank (which served 26% of all active borrowers in Europe). The other MFIs in Southern Europe served 3% of active borrowers.
- Balkan MFIs served more than 700,000 active borrowers; Eastern European MFIs served 235,000 and Northwestern MFIs served more than 120,000.
- The Southern European microfinance sector was dominated by the largest bank with over 393,000 active borrowers. The remaining Southern European MFIs served more than 31,000 borrowers.
- NBFIs served the largest share of borrowers (38%), followed by banks (29%): the largest bank served 19% of all active borrowers while the remaining banks served 10% of active borrowers.
- In absolute terms, NBFIs had more than 517,000 active borrowers while NGOs had over 290,000 borrowers at year end.

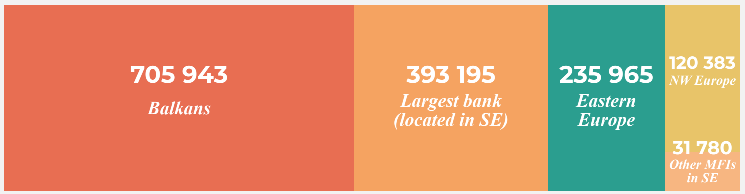
Distribution of active borrowers by sub-region
(N=182)



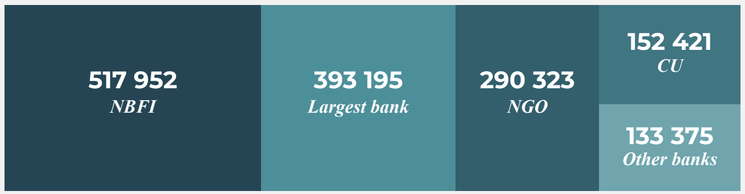
Distribution of active borrowers by institutional type
(N=182)



Distribution of MFIs by number of active borrowers and sub-region (N=182)



Distribution of MFIs by number of active borrowers and institutional type (N=182)



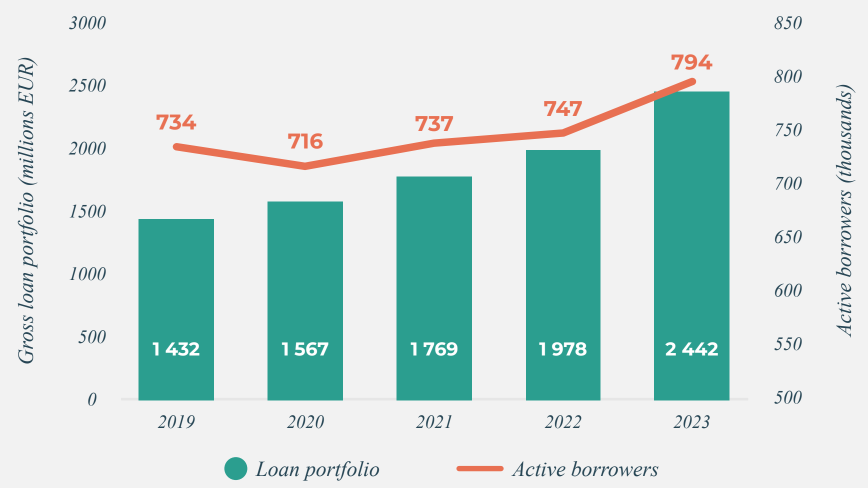
II.3 ACTIVE BORROWERS

LONG-TERM TRENDS

Sector growth accelerated in 2023, with higher growth rates compared to the previous four years.

- Analysis of a 52 MFI sub-sample for which multiple-year data was available shows steady portfolio volume growth of 23% in 2023, a marked improvement compared to the 12% growth rate in 2022 and 13% in 2021.
- Active borrower growth was more modest, with a 6% increase in 2023, a slight improvement from the growth rate of 1% in 2022 and 3% in 2021.

Gross loan portfolio and active borrowers growth trends
(N=52)

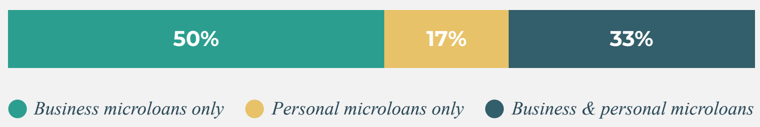


II.4 BUSINESS & PERSONAL MICROLOANS

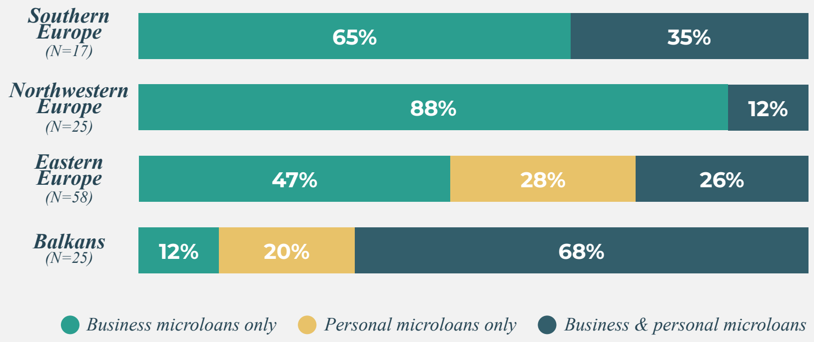
Half of MFIs are exclusively focused on business lending (i.e., all loan products designed to support income-generating activities).

- While 50% of the MFIs exclusively provide business microloans, one-third of the MFIs address clients' various needs, with a range of loan products for business, personal and household needs.
- There are significant differences between the regions. The vast majority of MFIs in Northwestern Europe (88%) only provide business microloans. By contrast, most MFIs in the Balkans (68%) provide both types of microloans.
- Banks and NGOs most often focus on business lending. Only 15% of banks and 26% of NGOs have both business and personal microloans in their product portfolio. Conversely, more than half of credit unions (53%) provide only personal microloans for a wide range of needs.

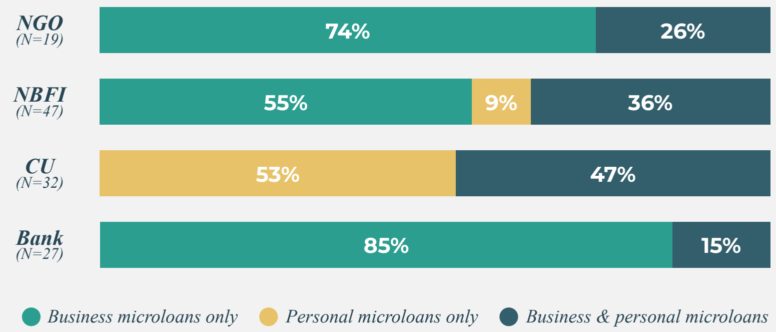
Distribution of MFIs by engagement in business and personal lending
(N=125)



Distribution of MFIs by engagement in business and personal lending and by sub-region
(N=125)



Distribution of MFIs by engagement in business and personal lending and by institutional type
(N=125)

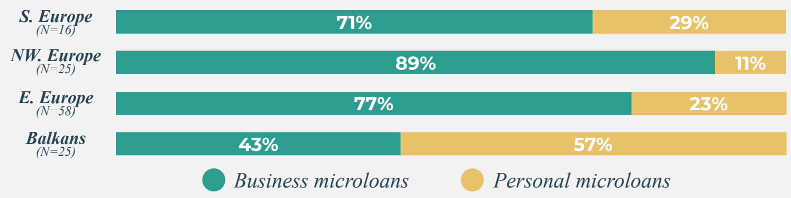


II.4 BUSINESS & PERSONAL MICROLOANS

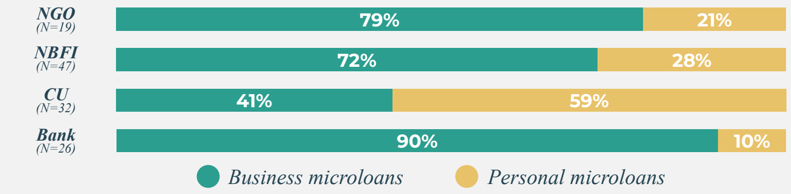
Business microloans make up 70% of the total loan portfolio and dominate the microfinance offer in Northwestern Europe. Personal microloans are more common in the Balkans and are primarily offered by credit unions.[1]

- Business microloans made up 70% of the total loan portfolio.
- The portfolios of MFIs in Northwestern, Eastern and Southern Europe were primarily comprised of business microloans (89%, 71% and 77%, respectively) while over half of the loan portfolio (57%) in the Balkans was for personal microloans.
- For banks, NBFIs and NGOs, business microloans made up the largest share of their portfolios (90%, 79% and 72%, respectively). By contrast, the portfolios of credit unions were weighted towards personal microloans (59%).
- Only 39% of active borrowers used business microloans while 61% of active borrowers used personal microloans.
- Personal microloans were most popular among clients in the Balkans, Southern and Eastern Europe (73%, 60% and 59%, respectively). Only Northwestern Europe borrowers primarily used business microloans (74% of borrowers).
- Borrowers with personal loans were most often served by credit unions (82% of active borrowers) and NBFIs (67%)

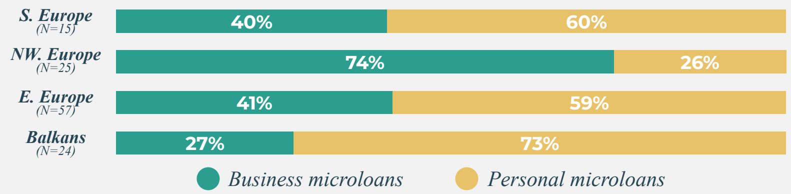
Distribution of gross loan portfolio by loan type and by sub-region
(N=124)



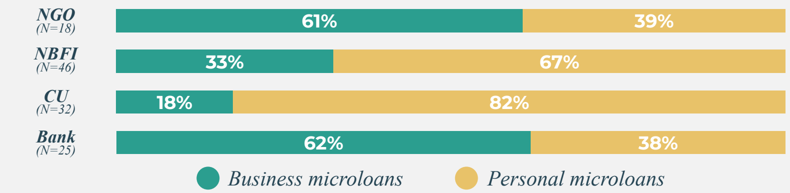
Distribution of gross loan portfolio by loan type and inst. type
(N=124)



Distribution of active borrowers by loan type and by sub-region
(N=121)



Distribution of active borrowers by loan type and inst. type
(N=121)



[2] Analysis in this section excludes data on the gross microloan portfolio from the largest bank, which significantly skews the results of the entire sector due to its size.

II.4 BUSINESS & PERSONAL MICROLOANS

Personal and business microloans support a variety of clients' needs.

- The vast majority of MFIs (90%) provides business microloans for working capital and investment. However, there are differences between MFIs as to the share of portfolio engaged in each type of business microloan.

Business microloans

- Microloans to cover expenses related to starting a business are only provided 32% of MFIs. These MFIs are mainly located in Southern Europe.

Personal microloans

- General consumption is the most common purpose of personal microloans (56% of MFIs).
- Housing improvement microloans are provided by 62% of MFIs and typically constitute less than half of the microloan portfolio.

The following definitions were used to classify the purpose of personal microloans:

Professional development: training or upskilling for a new profession (to get a new job or start an enterprise) or to advance in the current job through courses, certifications, or workshops to improve skills and career opportunities.

Student microloans: university fees and living expenses funded through borrowed money to support education, to be repaid later, typically after graduation.

Mobility needs (work-related): Purchase, rental, or repair of a bike, motorbike, car, commercial vehicle, or obtaining a driving license to access the workplace.

Access to housing: a microloan to cover the deposit for renting an apartment or house, or the down payment for purchasing property

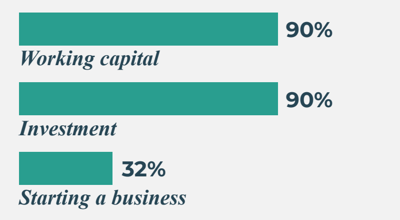
Housing improvements: green/energy-efficient/climate resilience renovations or support for the construction or renovation of housing (either in the country or abroad).

Children's education: school fees, etc. including tuition, textbooks, extracurricular activities, and school-related costs.

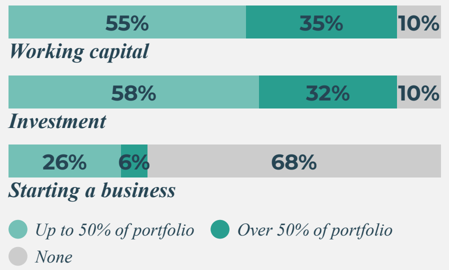
Medical expenses: costs related to healthcare, such as consultations, surgeries, treatments, medications, and therapies.

Consumption: household appliances (such as furniture, electronics), leisure and entertainment, other family and personal needs.

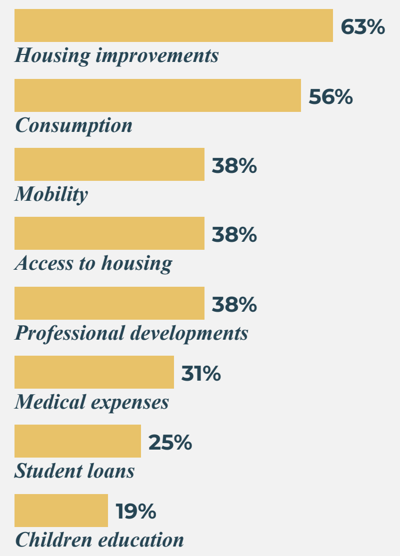
Distribution of MFIs by purpose of business loans (N=31)



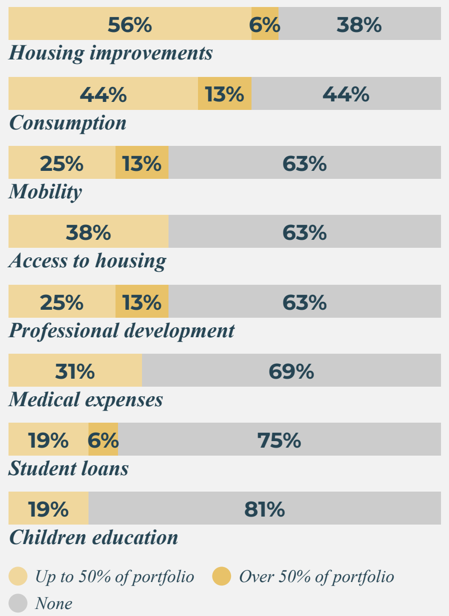
Distribution of MFIs by purpose of business loans (N=31)



Distribution of MFIs by purpose of personal loans (N=16)



Distribution of MFIs by purpose of personal loans (N=16)

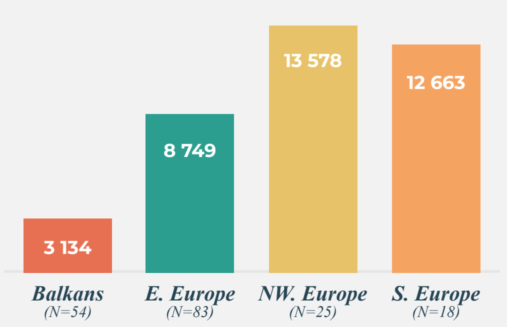


II.5 AVERAGE MICROLOAN BALANCE

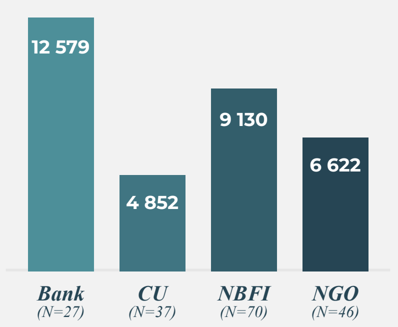
The average microloan balance per borrower was EUR 8 127 with smaller balances for personal microloans (EUR 3,021) than for business microloans (EUR 12,322). Significant differences were also reported across the sub-regions and institutional types.

- The average microloan balance per borrower[2] was EUR 8,127. There were large differences between the sub-regions: Northwestern and Southern European MFIs reported larger microloans on average (EUR 13,578 and EUR 12,633, respectively) compared to Eastern Europe (EUR 8,749) and the Balkans (EUR 3,134).
- Clients of credit unions and NGOs had the lowest microloans on average (EUR 4,852 and EUR 6,622, respectively).
- Business microloans were significantly larger than personal microloans. The average microloan balance of a business loan was EUR 12,322 compared to EUR 3,021 for personal loans.
- The difference in the average microloan balance of business and personal microloans was observed across every sub-region and between the institutional types.
- The average microloan balance was well below the threshold of EUR 50,000 for business microloans and EUR 25,000 for personal microloans.

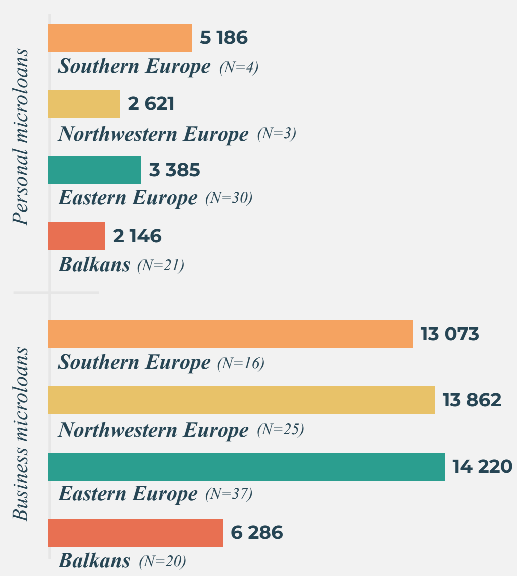
Average microloan balance by sub-region (N=180)



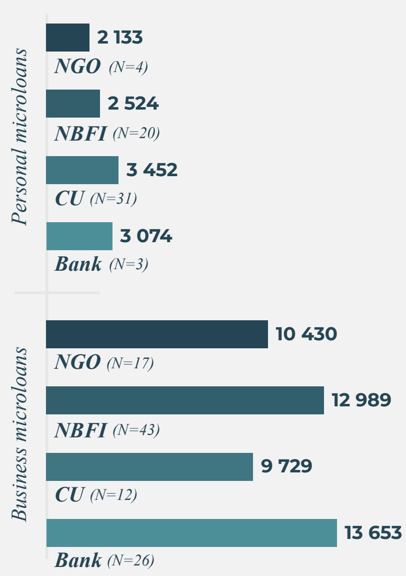
Average microloan balance by institutional type (N=180)



Average microloan balance by loan type & sub-region (N=120)



Average microloan balance by loan type & institutional type (N=120)



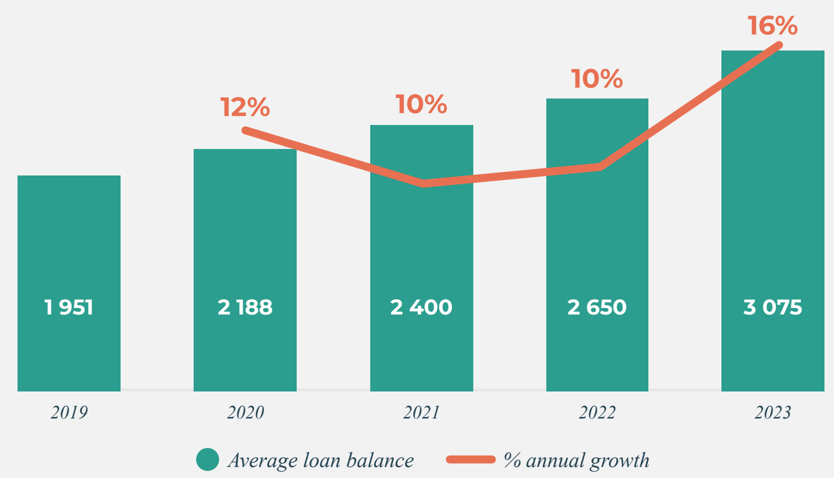
[2] Calculation formula: Gross microloan portfolio outstanding/Number of active borrowers

II.5 AVERAGE MICROLOAN BALANCE

LONG-TERM TRENDS

Analysis of a 52 MFI sub-sample for which multiple-year data was available shows that the average loan balance increased by 16% in 2023, compared to growth of 10% in both 2022 and 2021.

Evolution of the average loan balance
(N=52)



II.6 DEPTH OF OUTREACH

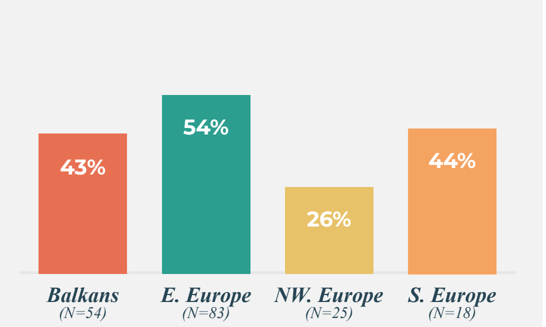
MFIs in Northwestern Europe have the deepest outreach both on business and personal microloans compared to other regions.

The depth of outreach indicator weights the average loan balance by gross national income (GNI) per capita to account for the local economic context and is used as a proxy for outreach to low-income populations. Lower values indicate deeper outreach.

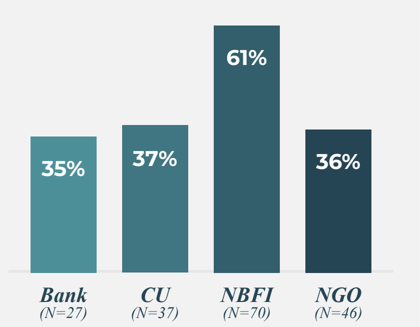
MFIs with a depth of outreach indicator below 20% are considered to be serving the low-end of the market (i.e., very poor clients) while MFIs with a depth of outreach exceeding 250% are regarded as SME lenders.[3]

- The average depth of outreach[4] was 46%. By sub-region, MFIs in Northwestern Europe exhibited deeper outreach (reporting a depth of outreach of 26%). Balkan MFIs reported shallower outreach, with a depth of outreach indicator of 54%.
- By institutional type, the deepest outreach was observed among banks (35%), NGOs (36%) and credit unions (37%).
- Business microloans had an average depth of outreach of 66%, which was the lowest in Northwestern Europe (27%). Banks had the deepest outreach (37%) and NBFIs had the shallowest (87%) closely followed by NGOs (85%).
- For personal microloans, the average depth of outreach was 23%. MFIs in Northwestern Europe had the deepest outreach (5%) while Balkan MFIs had the shallowest (28%). Banks reported lowest depth of outreach (12%).

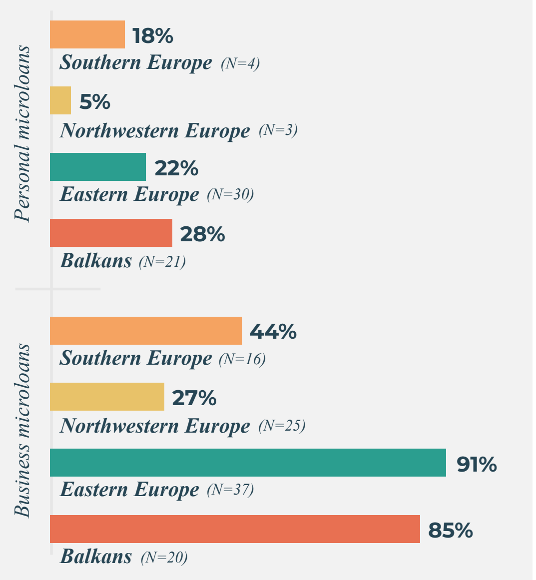
Average depth of outreach by sub-region (N=180)



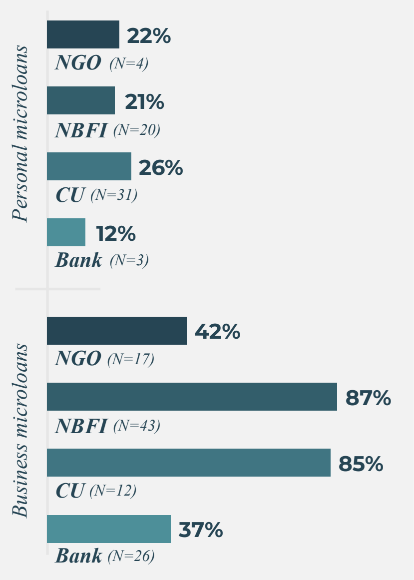
Average depth of outreach by institutional type (N=180)



Average depth of outreach by loan type & sub-region (N=120)



Average depth of outreach by loan type & institutional type (N=120)



[3] Measuring Results of Microfinance Institutions. Minimum Indicators That Donors and Investors Should Track. A Technical Guide (CGAP, 2009)

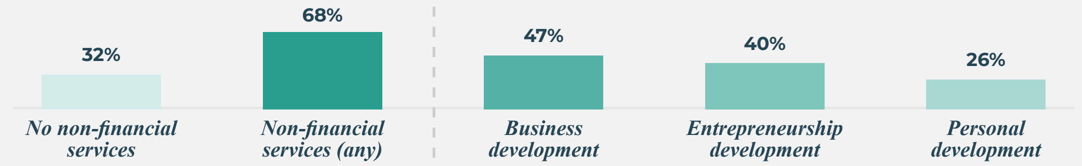
[4] Calculation formula: Average microloan balance/GNI per capita

II.7 NON-FINANCIAL SERVICES

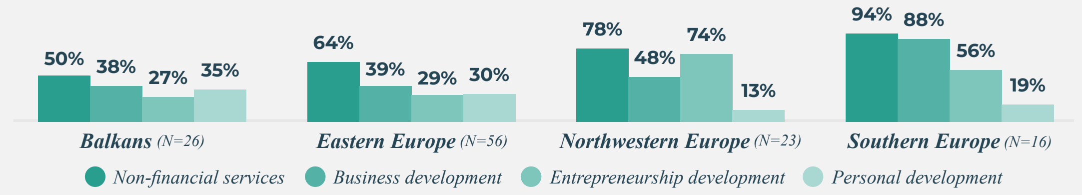
Most MFIs provide non-financial services in addition to microloans, mainly business development services to current clients.

- 68% of surveyed MFIs provide non-financial services. Business development services (BDS) are delivered by 47% of MFIs; entrepreneurship development services (EDS) are provided by 40%. Personal development services (PDS) are provided by fewer MFIs (26%).
- 88% of MFIs in Southern Europe provide non-financial services, predominantly for BDS (82%). By region, Balkan MFIs provide the least non-financial services (50% of MFIs), with approximately the same emphasis for each type of development service.
- 88% of NGOs provide at least at least one type of service. They focus on business and entrepreneurship development (69% and 75%, respectively).
- Less than half of credit unions (46%) provide non-financial services, most commonly concentrating on developing personal skills (43%).
- BDS are provided either before or during the loan repayment by most MFIs (58%). PDS and EDS are provided irrespective of the loan phase by most MFIs (83% and 75%, respectively).
- Only 19 MFIs shared information regarding the number of beneficiaries of non-financial services. In total, the 19 MFIs provided non-financial services to 60,811 active borrowers (or 52% of their active borrowers on average) and 27,180 prospective clients.

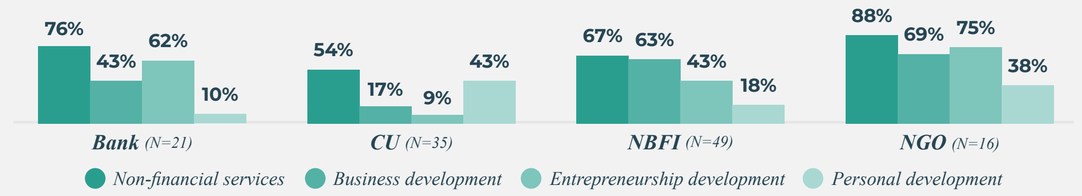
Distribution of MFIs by engagement in non-financial services *(N=121)*



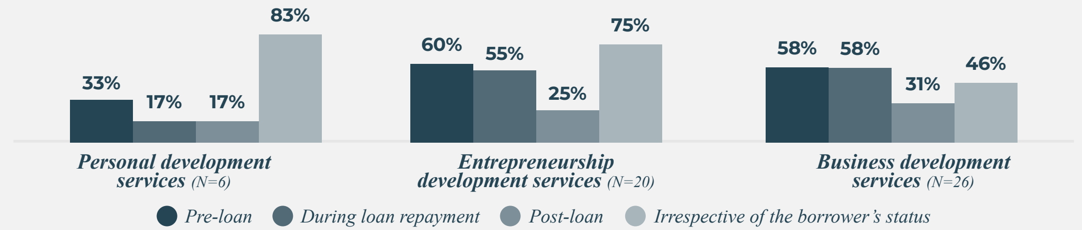
Distribution of MFIs by engagement in non-financial services and sub-region *(N=121)*



Distribution of MFIs by engagement in non-financial services and inst. type *(N=121)*



Distribution of MFIs by stage of delivery of non-financial services *(N=27)*



III

PORTOFOLIO
& FINANCIAL PERFORMANCE

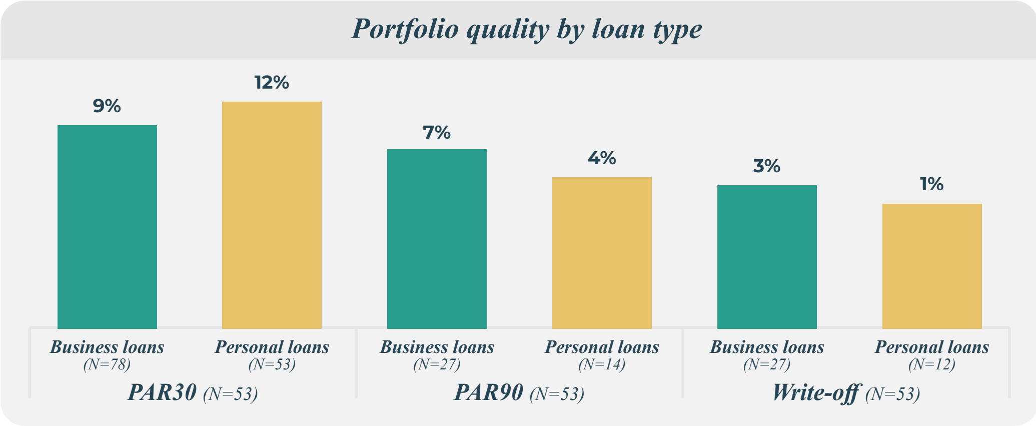
Average PAR30 was 12%, PAR90 was 7% and the write-off ratio reached 3%. The best portfolio quality was observed in the Balkans. The EIF guarantee scheme and collateral provided by borrowers are the two most popular means to secure the microloan portfolio. Unsecured microloans are mostly provided by NGOs, particularly in Eastern and Northwestern Europe.

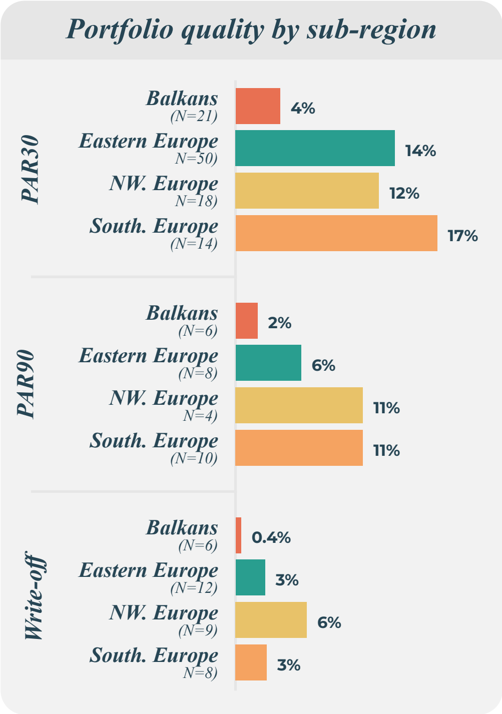
On average, the annual nominal interest rates on income-generating microloans were lower than microloans for individual and household use. In terms of cost structure, MFI operating expenses constituted the largest proportion (65%) of expenses.

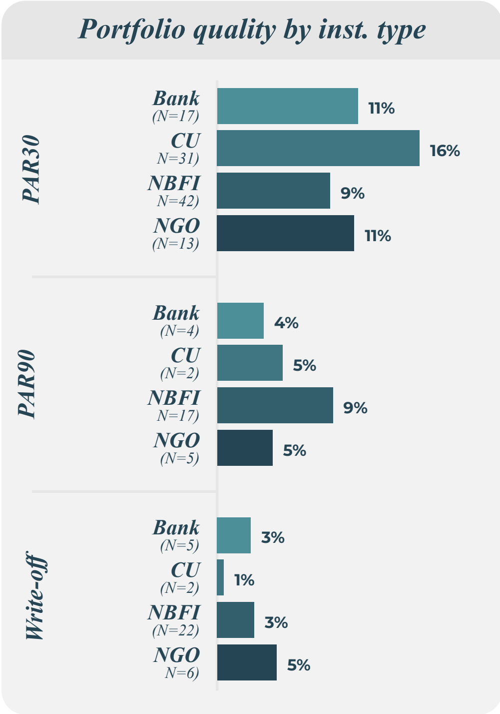
PORTFOLIO AT RISK & WRITE-OFF

The quality of the business microloan portfolio exceeds that of personal microloans. The best portfolio performance is observed in the Balkans.

- Average PAR30 was 12%, with business microloans performing better (9% PAR30) than personal microloans (12% PAR30).
- Average PAR90 was 7% with personal microloans performing better (4% PAR90) than business microloans (7% PAR90).
- The average write-off ratio was 3% and was slightly higher for business microloans (3%) than for personal microloans (1%).
- The best portfolio quality for all three portfolio quality indicators was observed in the Balkans (PAR30 of 4%, PAR90 of 2% and write-offs of 0.4%) while the highest PAR figures were reported in Southern Europe (PAR30 of 17%, PAR90 of 11%). MFIs in Northwestern Europe had PAR90 as high as in Southern Europe (11%) and had the largest write-offs (6%) of all sub-regions.
- Aside from credit unions, which reported a high average PAR30 of 16%, there were little differences between other institutional types in the PAR30 ratio. With respect to PAR90, banks, credit unions and NGOs performed better (PAR90s of 4%, 5% and 5%, respectively) compared to NBFIs (9% PAR90). The average write-off ratio was much lower for credit unions (1%) compared to NBFIs (4%) and NGOs (5%).





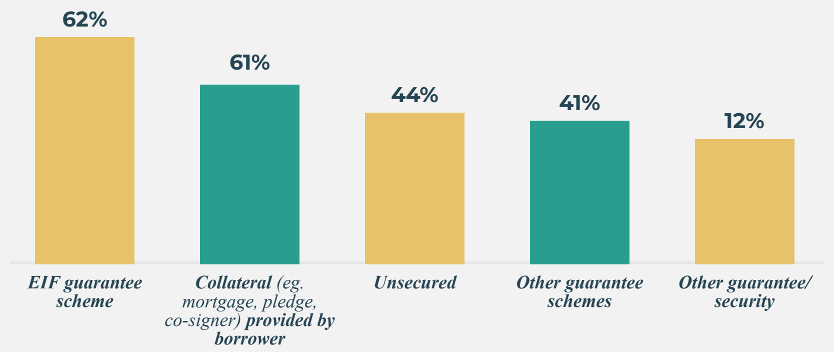


II.2 PORTFOLIO GUARANTEES

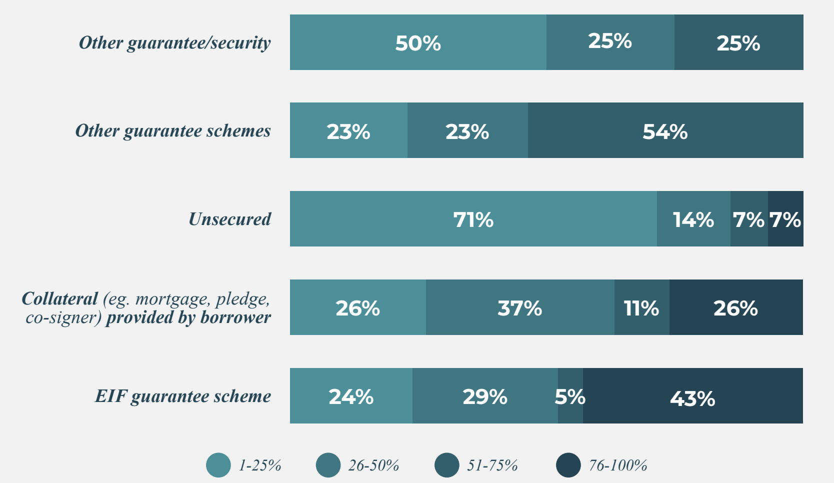
Almost two-thirds of MFIs use EIF guarantee schemes to secure their microloan portfolios, with a significant portion also relying on hard collateral or personal guarantees. Unsecured microloans are mostly provided by NGOs, particularly in Eastern and Northwestern Europe.

- Almost two-thirds of MFIs (62%) use the EIF guarantee scheme to secure the microloan portfolio.
- Similarly, 61% of MFIs take hard collateral or personal guarantees from borrowers. By contrast, 44% of MFIs provide unsecured microloans. There are also other guarantee schemes (local, regional schemes, bank guarantees) used by the MFIs.
- Guarantee schemes such as the EIF guarantee and other public national/regional/local guarantee most often cover a substantial share of the portfolio. For EIF guarantee schemes, 43% of MFIs secured coverage of 76-100% for their portfolio. Similar coverage by other public guarantee schemes was achieved by 54% of MFIs. By contrast, the unsecured microloans in most cases (71% of MFIs) typically constitute less than 25% of the microloan portfolio.
- EIF guarantees are used predominantly by banks, credit unions, and to some extent by NBFIs, and are concentrated in large institutions across Eastern and Northwestern Europe rather than small MFIs, NGOs or institutions located in the Balkans.
- Unsecured microloans are most often provided by NGOs compared to other institutional types regardless of the sub-region.

Distribution of MFIs by type of guarantee instrument (N=34)



Distribution of MFIs by portfolio coverage by guarantee instrument (N=34)

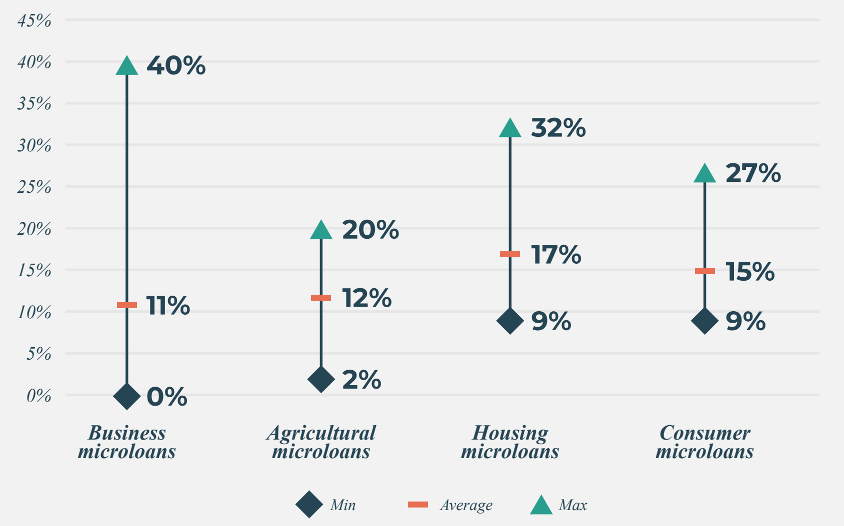


III.3 FINANCIAL INDICATORS

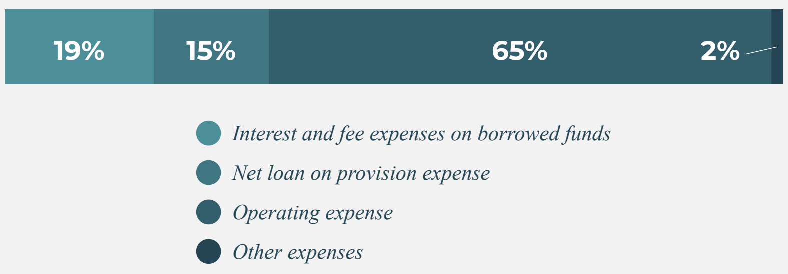
Disclaimer
The results presented in this section should be treated with caution due to low response rates on questions related to financial performance and uneven distribution of the responses across the sub-regions.

- On average, the annual nominal interest rates on income-generating microloans were lower than microloans for individual and household use. Average nominal interest rates for business and agricultural microloans were 11% and 12% respectively. Housing microloan nominal interest rates reached an average of 17% and consumer microloans reported an average of 15%.
- Large differences were observed across MFIs: the highest nominal interest rate for business loans was 40% and 32% on housing loans. By contrast, some MFIs reported 0% interest rates on business loans and 2% nominal interest rate for agricultural loans.
- In terms of cost structure, MFI operating expenses constituted the largest proportion (65%) of expenses on average. Funding costs (interest and fee expenses) accounted for 19% of total expenses on average. Expenses for loan loss provisions constituted a slightly lower proportion of total costs (15%).

Annual nominal interest rates by loan type and inst. type
(N=34)



Cost structure
(N=21)



IV

SOCIAL PERFORMANCE
& IMPACT APPROACHES

This section explores the key characteristics of business clients served by MFIs and examines their impact approaches. While limited responses to some survey questions prevent broad generalization, the findings still provide valuable insights into emerging trends.

Through business microloans, most MFIs (88%) primarily support individual entrepreneurs and microenterprises with fewer than five employees. Business clients are almost evenly split between individuals (self-employed, informal business owners, farmers) and legal entities. Women represent nearly half of individual business clients, and one-third of responding MFIs focus on businesses led by low-income individuals, with most clients earning below the national GNI per capita.

Engagement with social enterprises remains limited, with 48% of MFIs currently avoiding this target segment. Among MFIs that do serve social enterprises, their representation within the active business borrower portfolio remains limited, typically ranging between 1% and 5%.

Beyond reporting on their social performance, MFIs pursue various certifications and ratings to enhance transparency and credibility. The European Code of Good Conduct (ECoGC) is the most widely adopted, with 60% of MFIs having undergone this assessment in the last five years. Impact studies and ESG assessments are also prioritized, with external funding playing a crucial role in financing these evaluations.

More than half of MFIs align their reporting with the Sustainable Development Goals (SDGs). SDG 8 “Decent Work and Economic Growth” was reported as the most relevant.

Most MFIs (83%) track impact indicators related to business and job creation, entrepreneur resilience, household financial stability, and improved access to healthcare services. Income level, job creation, and job retention are the most commonly monitored impact metrics.

Most MFIs not only track these indicators but also incorporate them into their business plans and report them to their boards of directors, external stakeholders, and, in nearly half of cases, the general public to reinforce transparency and accountability.

The biggest challenge in impact assessment is data collection and data quality, with MFIs struggling to engage clients in providing reliable information. A lack of technological tools and financial resources further hampers their ability to implement strong impact measurement systems. MFIs also face difficulties in selecting relevant indicators and conducting assessments due to limited expertise. To address these challenges, MFIs require better access to technology for data management, financial support for pilot initiatives, and capacity-building programs to strengthen their impact monitoring capabilities.

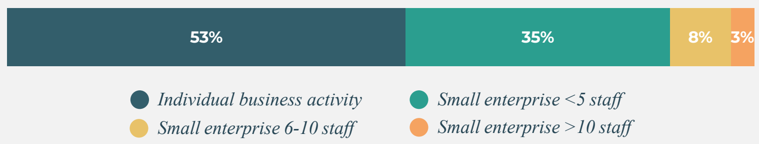
IV. BUSINESS CLIENTS: INDIVIDUAL BUSINESS ACTIVITY

This year's survey aimed to provide insights into the key characteristics of business clients, including their socio-economic and demographic profiles, as well as the impact approaches of MFIs. However, due to limited responses, some analyses were excluded, and the findings cannot be broadly generalized. Despite these limitations, the results offer a valuable, though partial, perspective on trends in the microfinance sector.

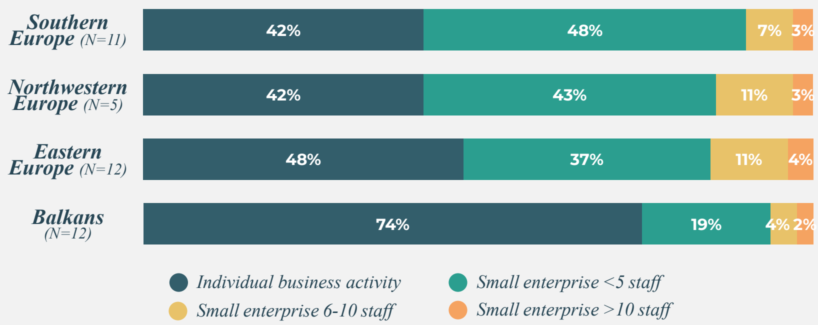
MFIs primarily serve the smallest entrepreneurs, including individuals and microenterprises with fewer than five employees.

- MFIs cater to both individual entrepreneurs (such as self-employed persons, informal business owners, and farmers) and small legal entities of varying sizes.
- Individuals constitute half of the business clients among the 40 surveyed MFIs that provided a breakdown by client category. Notably, one-fifth of these MFIs exclusively serve individual entrepreneurs.
- Microenterprises with fewer than five employees represent the second-largest client group, while larger businesses are served less frequently.
- MFIs in the Balkans stand out for their strong focus on individual entrepreneurs, who make up an average of 74% of their business borrowers.
- NGOs and NBFIs are particularly active in supporting solo entrepreneurs, who account for 64% of business borrowers in NGOs and 58% in NBFIs.
- Credit unions and banks tend to focus more on microenterprises with fewer than five employees.

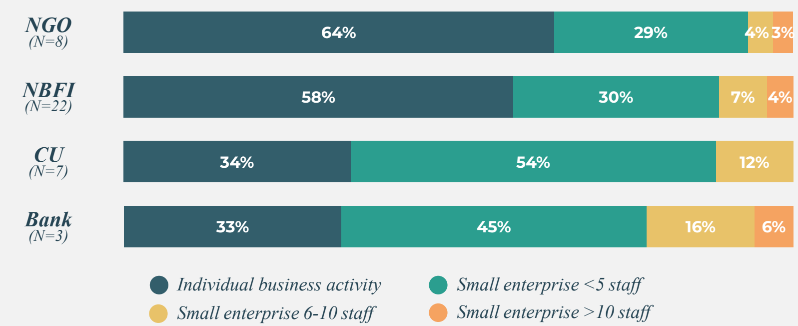
Average distribution of clients' businesses by legal form (N=40)



Average distribution of clients' businesses by legal form in sub-regions (N=40)



Average distribution of clients' businesses by legal form and by institutional type (N=40)



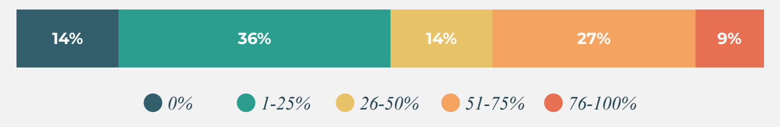
IV.2 BUSINESS CLIENTS: INCOME LEVEL AND DEMOGRAPHICS

Women make up nearly half of individual business clients, and MFIs show significant diversity in their engagement with entrepreneurs of varying income levels.

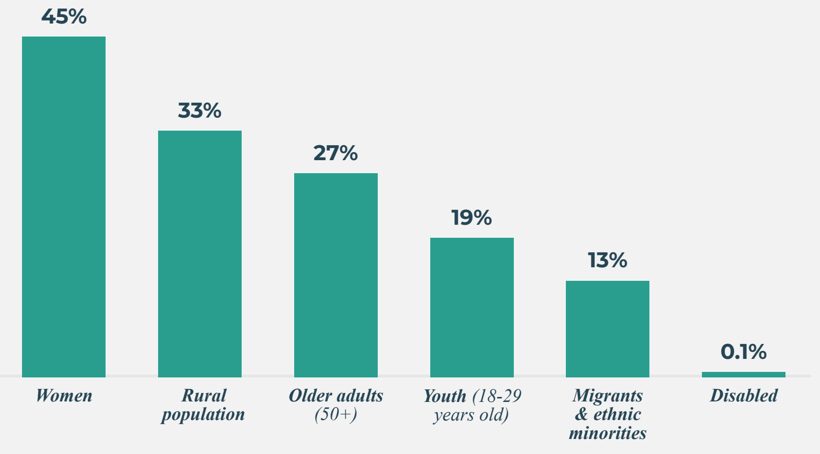
- MFIs are reaching individuals whose income levels are below the national average, although this does not necessarily indicate poverty due to the limitations of GNI as a proxy.
- More than one-third of responding MFIs (36%) reported that the majority of their individual business clients earn below the GNI per capita. For another half of responding MFIs, up to 50% their active business borrowers fall below this benchmark.
- The survey also aimed to gain a deeper understanding of the demographics of individual entrepreneurs served by MFIs. On average, women represent 45% of individual entrepreneurs, and one-third of individual entrepreneurs are located in rural areas.
- MFIs serve a higher proportion of older entrepreneurs compared to younger entrepreneurs, with migrants and ethnic minorities accounting for one in ten individual entrepreneurs.

Share of active borrowers with income below GNI per capita: this indicator does not directly measure poverty but rather positions microfinance clients in relation to the national average income level, as approximated by GNI per capita. While GNI per capita is not a direct measure of poverty and does not account for income distribution or purchasing power, it provides a useful reference point for understanding the relative economic status of borrowers compared to the general population.

Distribution of MFIs by share of active borrowers with income below GNI per capita *(N=22)*



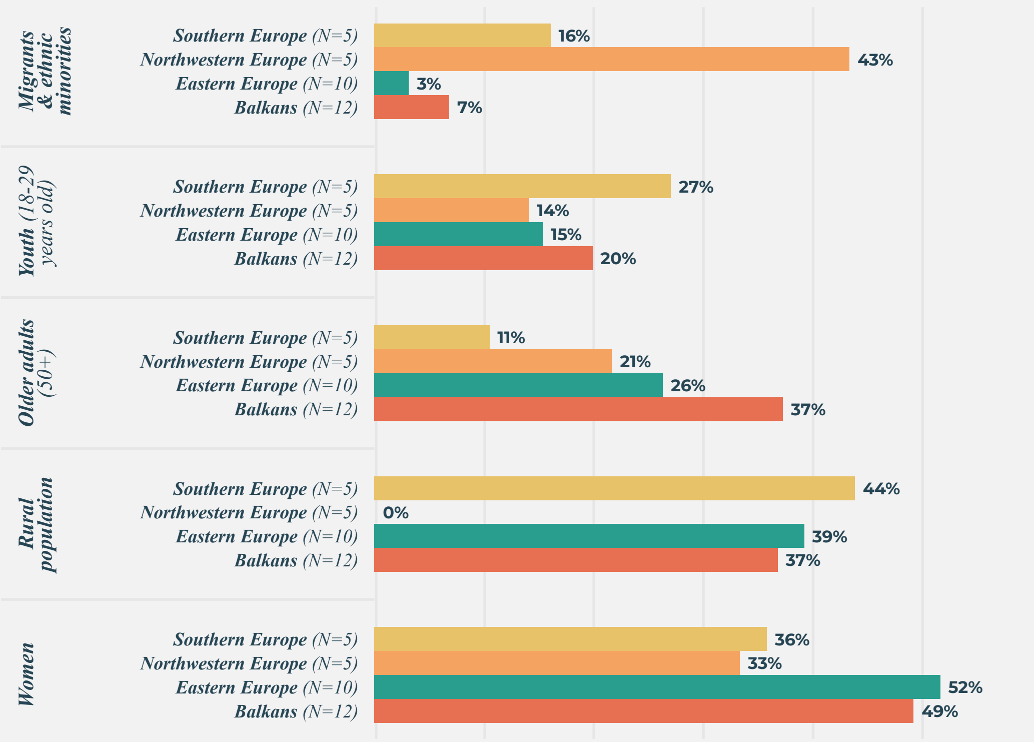
Share of individuals with business activity by socio-demographic group (average per MFI) *(N=32)*



IV.2 BUSINESS CLIENTS: INCOME LEVEL & DEMOGRAPHICS

- MFIs operating in Northwestern Europe report a higher proportion of migrant clients, approximately three times the global average.
- MFIs in Southern Europe focus on serving youth clients, outperforming their counterparts in other regions.
- MFIs in Eastern Europe and the Balkans focus support to women entrepreneurs, with higher engagement levels than other regions.

Distribution of MFIs by sub-region and the engagement in serving individuals with business activity from vulnerable groups *(N=32)*

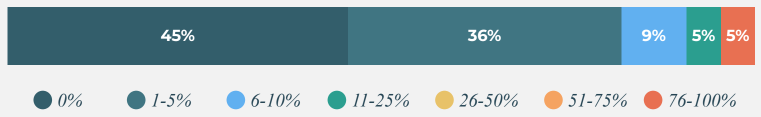


IV.3 BUSINESS CLIENTS: SOCIAL ENTERPRISES

MFI engagement with social enterprises is emerging but remains difficult to assess, with involvement varying across institutions.

- Nearly half of the surveyed MFIs (48%) do not target social enterprises among their business clients. Due to the average microloan thresholds, the funding needs of social enterprises may exceed what MFIs currently offer, with MFIs primarily able to cater to (the smallest) social entrepreneurs.
- Among MFIs that do serve social enterprises, their representation within the active business borrower portfolio remains limited, typically ranging between 1% and 5%.

Share of social enterprises among business borrowers *(N=22)*



For practical reasons, a simplified version of the European Commission's definition of a social enterprise was used in the questionnaire.

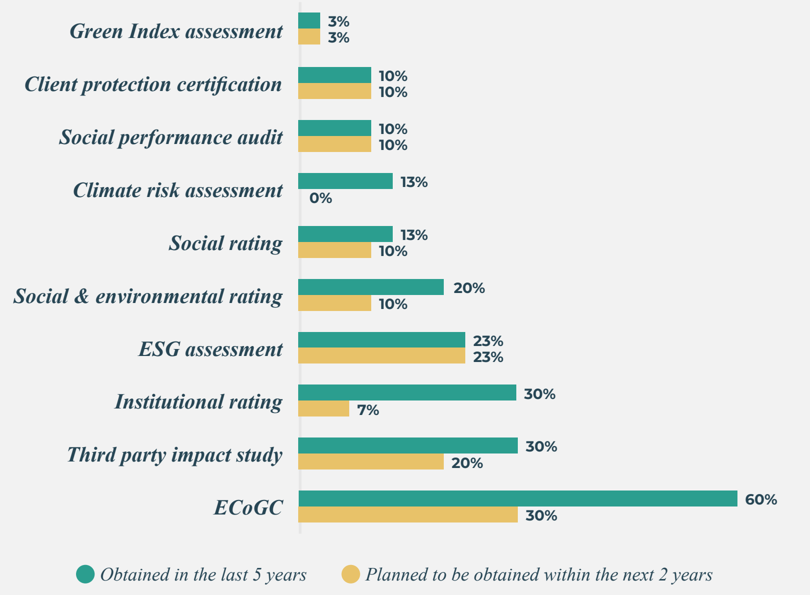
A social enterprise is defined as a business whose main objective is to have a social impact rather than make a profit. If it makes profit, then it is reinvested to achieve social objectives. Social enterprises mainly operate in the following fields: work integration of vulnerable groups, personal social services (e.g., health, education, children and elderly care), local development of disadvantaged areas and other, including recycling, environmental protection, sports, arts, culture.

IV.4 CERTIFICATIONS & RATINGS

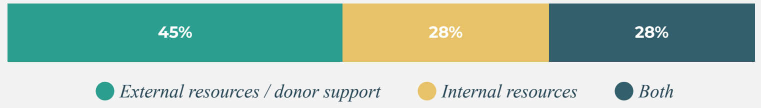
The European Code of Good Conduct (ECoGC) is the most widely adopted certification. External resources remain key in facilitating assessments of MFIs' practices.

- MFIs in Europe pursue various certifications and ratings to enhance transparency, credibility, and impact measurement. These assessments are conducted by specialized rating agencies as well as external consultants, research centers, or universities.[5]
- On average, responding MFIs have obtained three certifications and/or ratings over the past five years.
- The ECoGC is the most popular type of standard: 60% of the MFIs have undergone this assessment in the last five years.[6] It remains a priority for the future as 30% of responding MFIs plan to conduct it in the next two years (most for the first time). Another 10% of MFIs plan to renew their certification.
- Impact studies conducted by third parties and institutional ratings were the second most frequently pursued assessments in the last five years, with 30% of MFIs engaging in these evaluations, followed by ESG assessments.
- Looking ahead, ESG assessments and impact studies remain high on MFIs' priority lists, while only 7% of MFIs plan to conduct institutional ratings in the next two years.
- Access to external funding plays a crucial role in supporting these assessments. Nearly 45% of MFIs fully finance their certifications and evaluations through external resources, while 28% use a combination of external and internal sources to cover the costs.

Distribution of MFIs by type of certificate, assessment or label (N=30)



Distribution of MFIs by source of funding to cover the cost of certifications (N=27)



[5] Examples of such frameworks include MFR's suite of assessments/certifications - such as client protection certification, social performance audit, social rating, social & environmental rating, institutional rating, and the Code of Good Conduct assessment—as well as the Green Index developed by the Green Inclusive and Climate Smart Finance Action Group (GICSF-AG) to evaluate environmental performance.

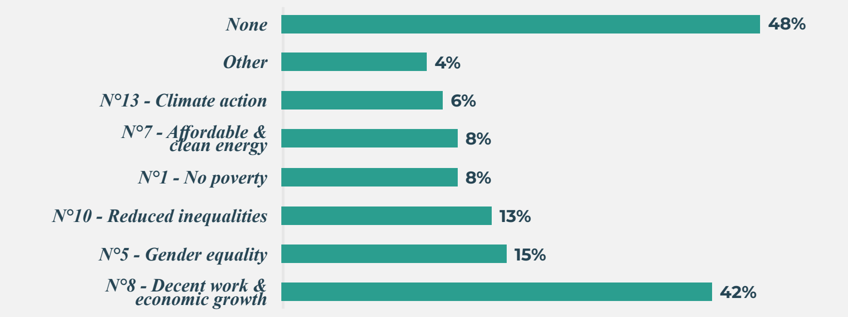
[6] This statistic does not include banks that might have endorsed the ECoGC.

IV.5 IMPACT FRAMEWORK & INDICATORS

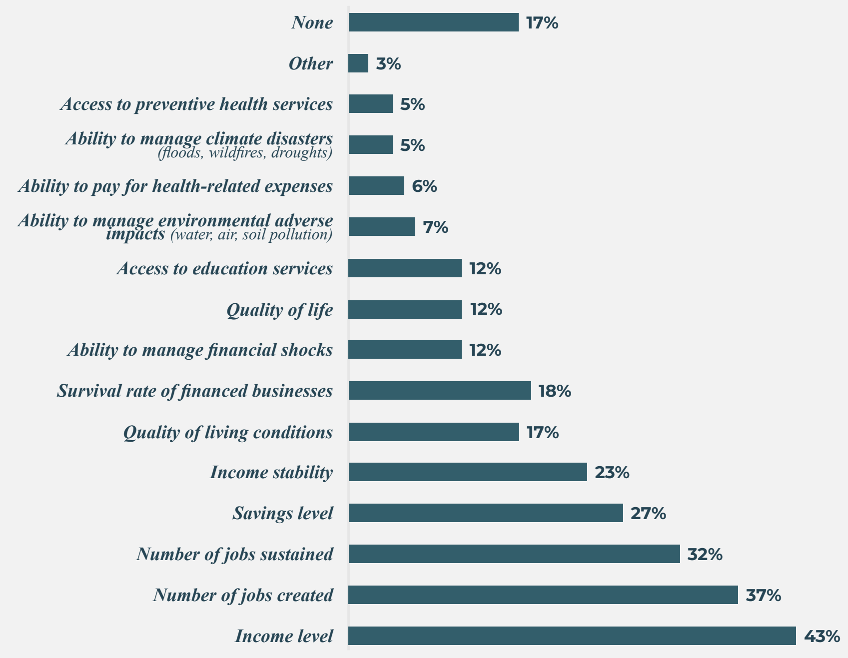
MFIs primarily assess and report on the economic impact of their activities, focusing on income generation and job creation.

- More than half of responding MFIs (52%) align their performance and impact reporting with the SDG framework. Among them, Goal 8 "Decent Work and Economic Growth" is the most widely used (42%), as it closely reflects the core mission of MFIs. Other SDGs are considered less directly relevant to their objectives.
- Most MFIs (83%) track impact indicators related to business and job creation, entrepreneur resilience, household financial stability, and improved access to healthcare services.
- On average, MFIs report tracking three impact indicators.
- Income level is the most frequently used impact indicator, monitored by 43% of MFIs, followed by job creation (37%) and job retention (32%).

Distribution of MFIs by primary SDGs focus
(N=48, each selecting up to 2 SDGs)



Distribution of MFIs by impact indicators tracked and reported *(N=94)*

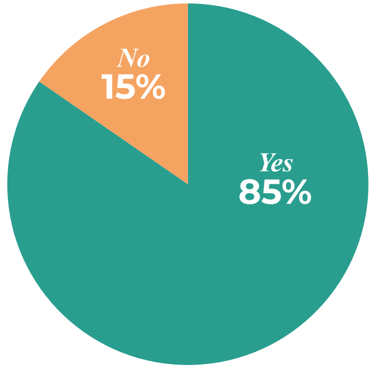


IV.6 COMMITMENT TO IMPACT

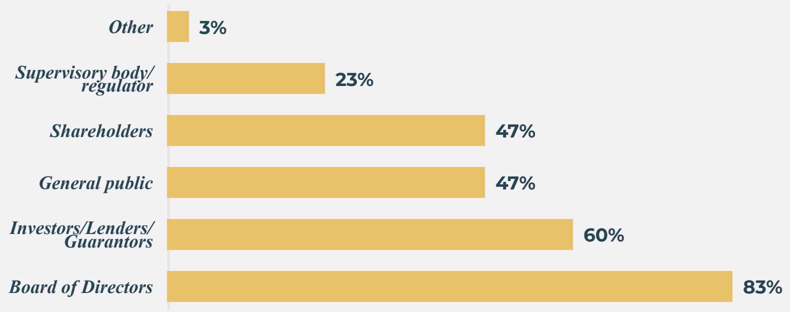
MFIs actively integrate impact indicators into their strategic planning, using them as a guiding framework for operations and decision-making.

- 85% of MFIs not only track impact indicators but also incorporate them into their business plans and overall strategy, ensuring that social and economic impact remains central to their mission.
- Impact indicators are primarily reported to boards of directors (83%), followed by external stakeholders such as investors, lenders, and guarantee providers (60%). Additionally, nearly half of MFIs (47%) disclose their impact results to the general public, reinforcing their commitment to transparency and accountability.

MFIs that include impact targets in their business plans/strategies
(N=26)



Distribution of MFIs by recipients of impact reports (N=30)

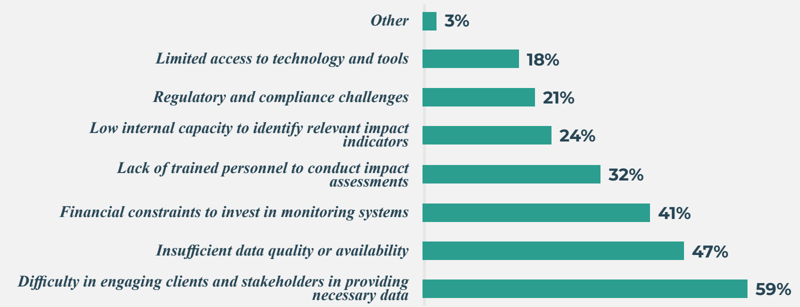


IV.7 CHALLENGES IN IMPACT ASSESSMENT & SUPPORT NEEDS

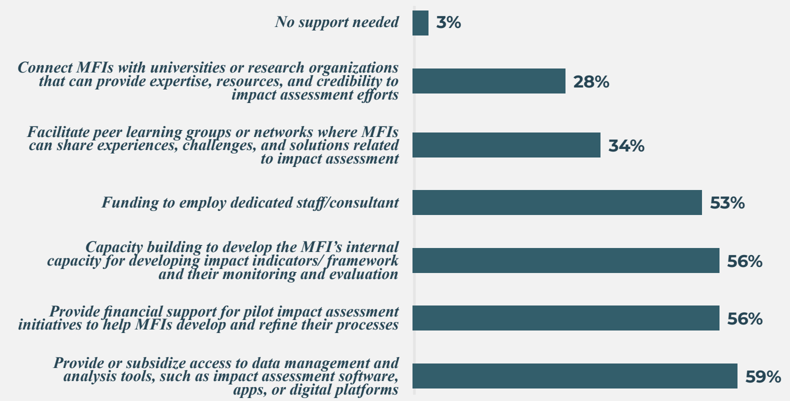
The primary obstacle to monitor or initiate impact assessments is related to data collection and data quality. MFIs require technological tools and financial resources to strengthen their impact measurement practices.

- The biggest challenge in impact measurement is to engage clients in providing the necessary data, reported by 59% of responding MFIs. Additionally, 47% of MFIs struggle with data quality, which often lacks the depth required for meaningful analysis.
- Many MFIs lack impact monitoring systems, which are costly to implement and exceed their financial capacity (41% of MFIs). Other barriers include limited expertise in selecting relevant indicators and conducting assessments.
- The key support needed to enhance impact monitoring includes access to technology for efficient data management and analysis, as well as funding for pilot initiatives, capacity-building programs, and the recruitment of dedicated impact assessment staff.

Challenges monitoring or initiating impact assessment (N=34)



Support needed to start or improve impact monitoring (N=32)



V

GREEN MICROFINANCE

European MFIs are actively working to enhance their environmental performance. A substantial share (69%) have developed environmental strategies that define their objectives, processes, responsibilities, and monitoring methods. The same proportion of MFIs has also taken measures to manage the adverse environmental impact of their operations. Additionally, 63% track their environmental performance, with 56% reporting their findings to relevant bodies. However, only a limited number of institutions (24%) measure their CO2 emissions, either voluntarily or to comply with the Corporate Sustainability Reporting Directive (CSRD).

MFIs also prioritize the resilience of their clients, with green microcredit emerging as a steady trend. Currently, two-thirds of MFIs offer green microloans, either through dedicated products or by integrating them into their standard loan offerings. The most common approach is to finance green solutions through general business or personal microloan products (35%), while 28% have developed specialized green microloan products. Among those that do not yet offer green microloans, half plan to start financing green solutions in the future.

The majority of MFIs engaged in green microlending focus on financing renewable energy technologies (81%) and energy-efficiency solutions (63%). Fewer institutions support environmentally friendly mobility solutions (36%) and sustainable agriculture (36%).

Beyond financial products, 44% of responding MFIs provide non-financial services to support clients in their green transition. The most common forms of support include environmental education programs and awareness initiatives to help clients understand the ecological impact of their activities and prepare for climate risks.

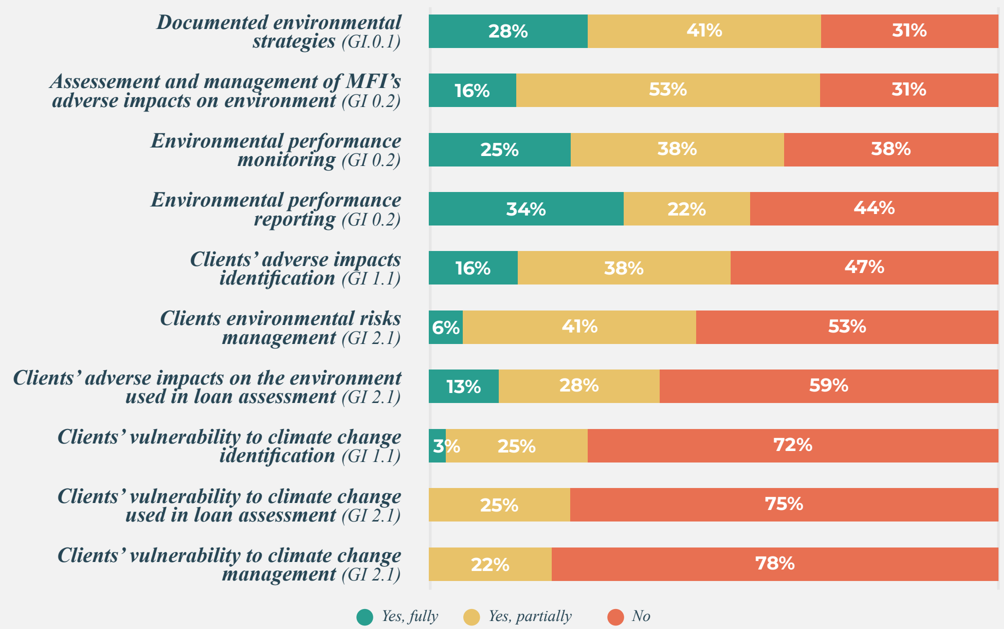
To scale up green microfinance efforts, MFIs require additional support. The most frequently cited needs are technical assistance and portfolio guarantees, both identified as crucial by 43% of MFIs to scale green microfinance. Grants were also mentioned by 36% of MFIs as an important form of support.

V.1 ENVIRONMENTAL PERFORMANCE

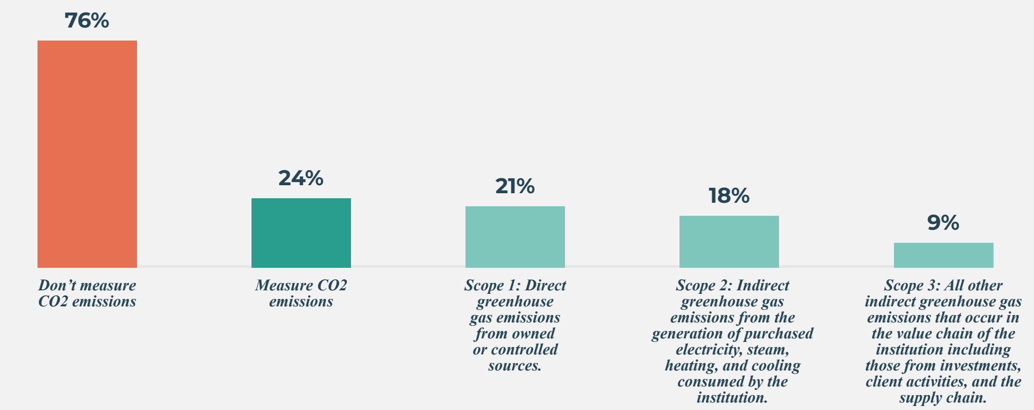
European MFIs are involved in the green transition and working to improve their environmental performance.[7]

- Responding MFIs affirm the establishment of policies in convergence with essential practices from the Green Index 3.0. Specifically, the main policies fully or partially adopted include:
  - Of 32 responding MFIs, 69% developed environmental strategies that outline environmental goals, processes, responsibilities, and corresponding monitoring and reporting methods.
  - 69% of MFIs monitor and manage the adverse impact of their operations on the environment.
  - 63% of MFIs monitor environmental performance and 56% report it to the relevant bodies.
  - Banks are more likely than other legal types to implement various policies related to environmental performance.
  - Of 34 responding MFIs, eight measure their CO2 emissions either voluntary or as part of compliance with the Corporate Sustainability Reporting Directive (CSRD). They mostly focus on measuring direct (seven MFIs) and indirect (six MFIs) greenhouse gas emissions. Three MFIs (all banks) measure direct emissions (Scope 1), indirect emissions from purchased energy (Scope 2), as well as all other indirect emissions occurring across their value chains (Scope 3).

***Distribution of MFIs by adoption of policies aligned with selected Green Index 3.0 essential practices** (N=32)*



***Distribution of MFIs by engagement in emissions measurement** (N=34)*



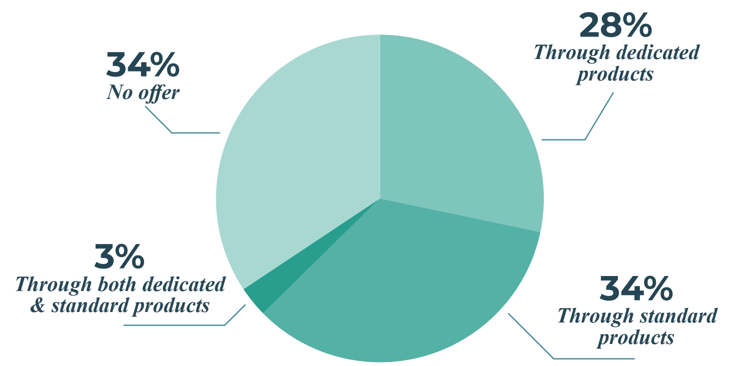
[7] Benchmark for assessing green inclusive finance performance developed by the e-MFP Green Inclusive and Climate Smart Finance Action Group (GICSF AG). This chapter on green microfinance was co-designed with GICSF AG lead experts, Natalia Realpe Carrillo and Davide Forcella.

V.2 GREEN MICROCREDITS

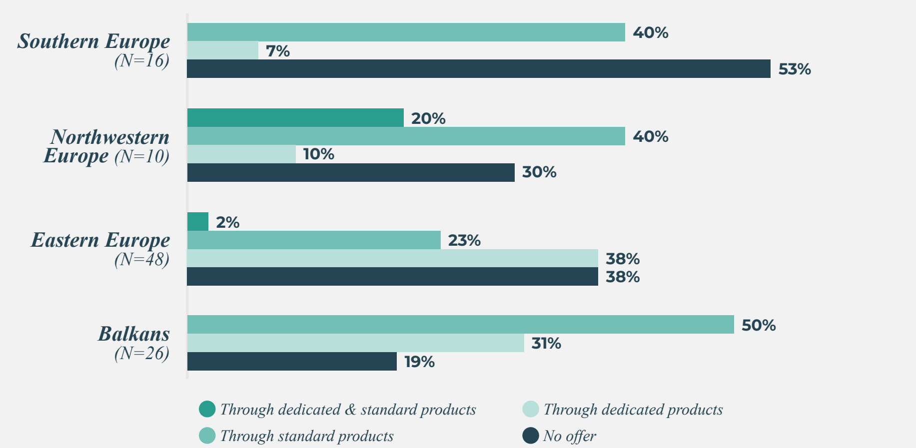
Trending engagement in green microloans, led by MFIs in the Balkans

- Two-thirds of surveyed MFIs (68 out of 100) offer green microloans, either through dedicated or standard products. However, only 20% (13 out of 68) have a documented strategy that outlines its environmental goals, indicators, targets, processes, responsibilities, and methods for monitoring and reporting.
- Among the MFIs that currently don't offer green microloans, 50% plan to start financing green solutions; half of which will do so through the development of specific green products.
- While the largest share of MFIs (34%) finance green solutions and technologies through their regular business or personal microloan products, 28% of MFIs have specific green microloan products.
- The highest engagement in green microlending is seen in the Balkans where 81% of the responding MFIs offer green financing; the lowest rate is observed in Southern Europe (47% of MFIs).
- Dedicated green microloans are more frequent in Eastern Europe (40% of MFIs) compared to the lowest share in the sub-region of Southern Europe (7%).
- The share of green microloans in business and personal microloan portfolios and among active borrowers with green microloans was below 25% for all MFIs that reported data (N=14).

Distribution of MFIs by their offer of green microloans (N=99)



Distribution of MFIs by sub-region and the offer of green microloans (N=99)

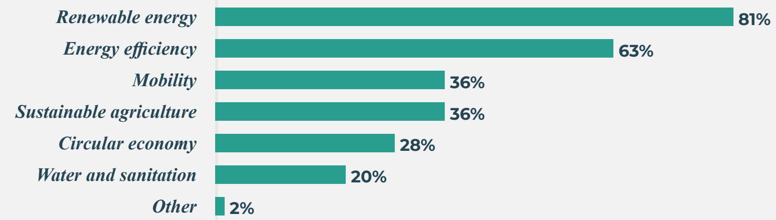


V.2 GREEN MICROCREDITS

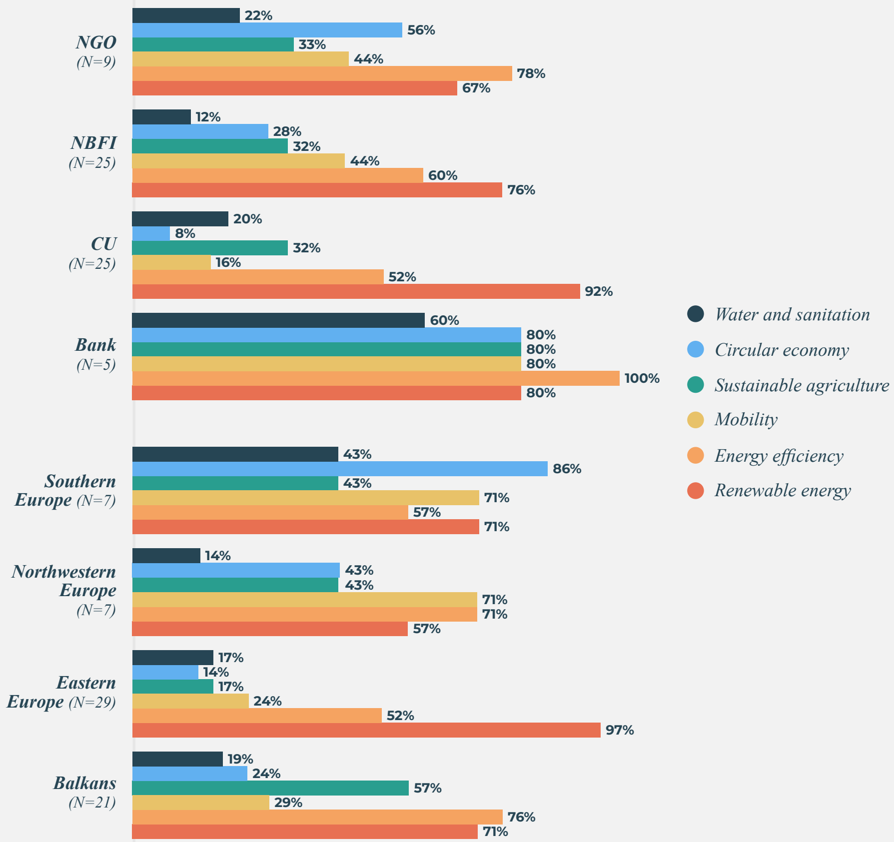
Among MFIs that offer green products, microloans for renewable energy and energy efficiency are the most common, though product offerings vary across regions and institutional types.

- The majority of MFIs engaged in green microlending offer microloans to finance renewable energy technologies (81%) and energy-efficiency solutions (63%).
- Environmentally friendly mobility solutions, such as financing the purchase or leasing of electric cars and bikes, are supported by a smaller proportion of MFIs (36%). Same share of MFIs provide green microlending to support sustainable agriculture solutions.
- Eastern European MFIs lead in financing renewable energy projects.
- Northwestern and Southern European MFIs lead in mobility microloans, with Southern European MFIs also taking the lead in circular economy financing.
- Balkan MFIs exceed the European average in energy efficiency and sustainable agriculture microloans.
- When it comes to institutional type, credit unions prioritize renewable energy financing, while NGOs play a key role in energy efficiency and circular economy financing.
- Banks demonstrate the most advanced engagement across all green microloan products, consistently outperforming the European average

Distribution of MFIs by engagement in green microlending (N=64)



Distribution of MFIs by legal type / institutional type and the offer of green microloans (N=64)

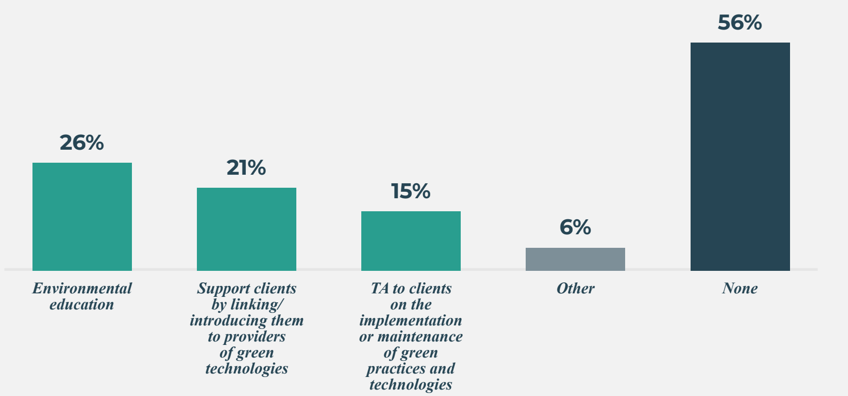


V.3 GREEN NON-FINANCIAL SERVICES

While the provision of green non-financial services is progressing, it has not yet become a standard practice.

- Less than half of responding MFIs (44%) support their clients in green transformation through non-financial services.
- The most popular type of support is education on the environmental impacts of clients' activities or awareness programs on ecological topics/climate risks and how to prepare for them.
- MFIs in Eastern Europe are particularly active in this area: 50% of those offering green non-financial services (4 out of 8) provide environmental education.

Distribution of MFIs by type of non-financial services offered (N=34)

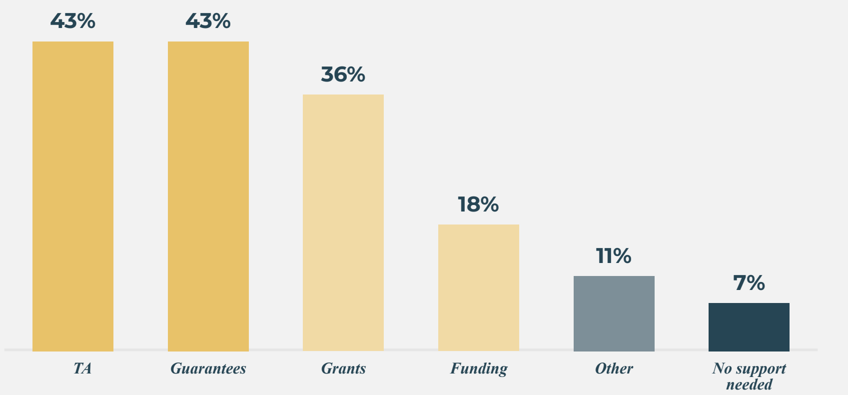


V.4 SUPPORT NEEDED

To launch or grow microloan offerings, MFIs require a complete support package.

- To scale up green microfinance delivery, technical assistance and portfolio guarantees are the most needed types of support (43% of MFIs).
- Grants are also desired by 36% of MFIs; funding via debt and/or equity was identified by 18% of responding MFIs.

Types of support needed to increase green lending (N=28)



VI

FUNDING
& CAPACITY BUILDING NEEDS

A significant majority (80%) of MFIs seek borrowed funds for on-lending purposes, with 34% requiring up to EUR 5 million in funding, reflecting the diverse financial needs across the sector.

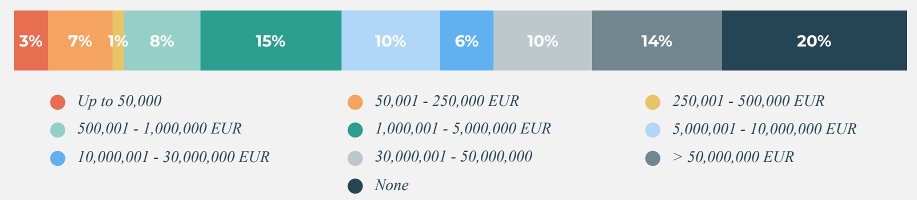
The key capacity-building needs in the microfinance sector focus on digital transformation (59% of MFIs) and green finance (50%). Additionally, 35% of practitioners require assistance in impact measurement and funding access. Most MFIs (61%) are willing to cover at least a part of these costs.

VI. FUNDING NEEDS

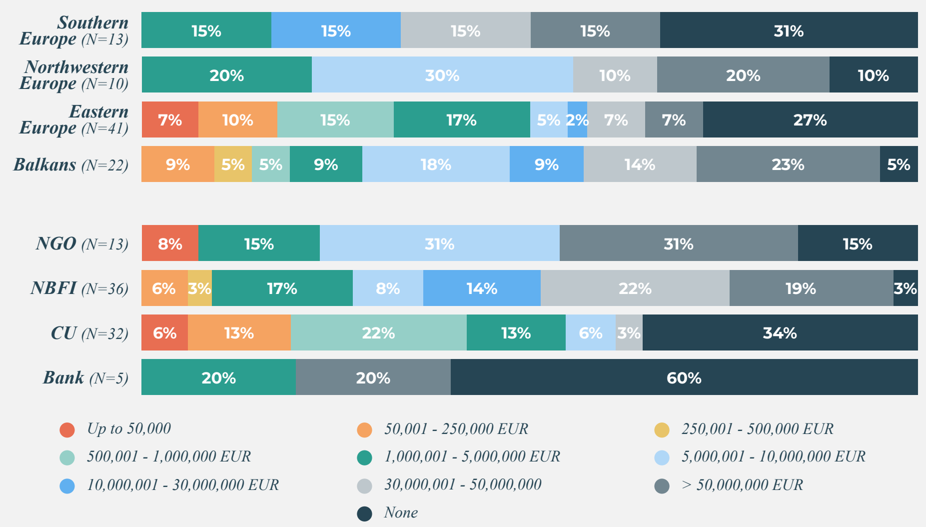
There is a wide range of funding needs with respect to the type and size of investment. 80% of MFIs seek borrowed funds for on-lending, with 34% of MFIs seeking to borrow up to EUR 5 million.

- The demand for debt funding is larger than equity needs. Only 20% of MFIs do not foresee a need to borrow funds for on-lending over the next five years. 34% of MFIs seek to borrow up to EUR 5 million. Another 16% reported requirements between EUR 5 and 10 million while 24% of MFIs seek to borrow more than EUR 30 million.
- The vast majority of MFIs in the Balkans (95%) are looking for debt funding in various amounts. Over one-third of Balkan MFIs (37%) seek transactions in excess of EUR 30 million. Similarly, most of the Northern European MFIs (90%) are fundraising for debt, with 30% of Northern European MFIs seeking more than EUR 30 million. The lowest debt funding needs are seen in Eastern Europe where almost half of the MFIs (49%) need less than EUR 5 million.
- Banks are the least likely to seek debt funding (40% of banks), while almost all NBFI (97%) need debt funding. The need for the largest ticket transactions was observed among NGOs and NBFIs. 31% of NGOs and 19% of NBFIs are seeking more than EUR 50 million.

Distribution of MFIs by value of borrowings for on-lending needed for the next 5 years (N=86)



Distribution of MFIs by value of borrowings for on-lending needed for the next 5 years by sub-region and institutional type (N=86)



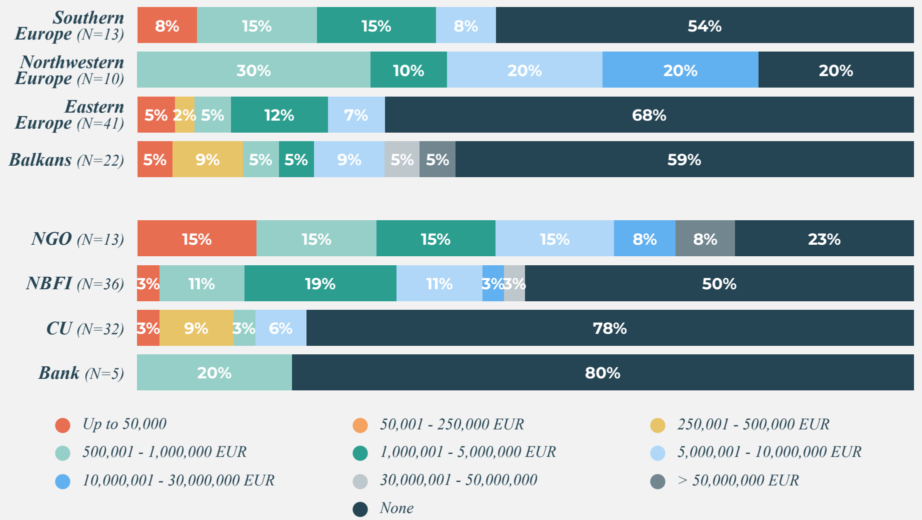
VI. FUNDING NEEDS

The demand for equity is lower compared to debt. Equity investments are needed by 42% of MFIs. The range of investment required is between EUR 500,000 and EUR 10 million of equity.

- Less than half of the MFIs (42%) need additional equity capital.
- Most commonly, MFIs require between EUR 500,000 and EUR 10 million.
- In the sub-regions, the majority of Northern European MFIs (80%) are seeking equity while in Eastern Europe only 32% of MFIs are interested in raising capital.
- NGOs stand out among the other institutional types as the majority of them (77%) need capital injection. Conversely, only 20% of banks and 22% of credit unions seek equity.

Distribution of MFIs by value of equity needed for the next 5 years (N=86)

Distribution of MFIs by value of equity needed for the next 5 years by sub-region and institutional type (N=86)

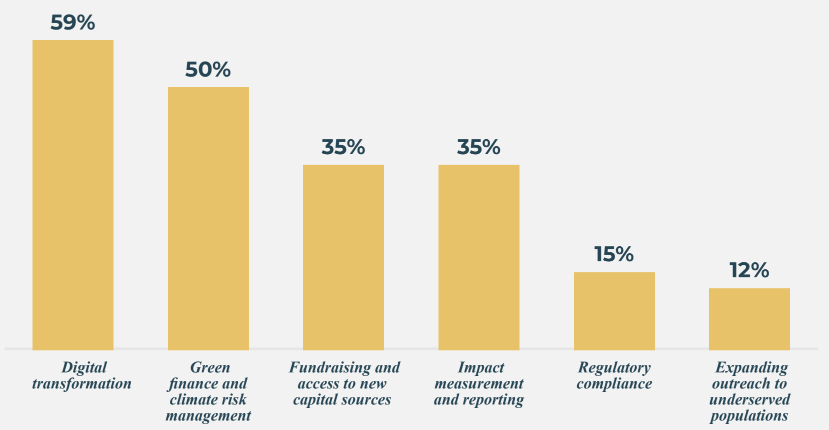


VI.2 CAPACITY BUILDING NEEDS

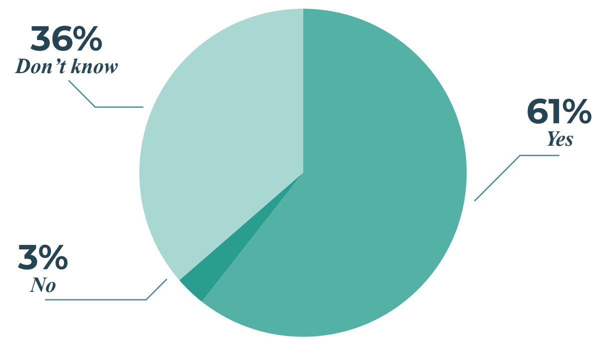
The key capacity building needs identified the sector are related to digital transformation and green finance. Most MFIs are willing to cover a portion of these costs.

- The highest need for capacity building reported by the sector relates to digital transformation such as transitioning to digital financial services, adopting fintech innovations and developing digital strategies for improved customer experience and operational efficiency (59% of MFIs).
- The increased engagement of practitioners in green microfinance comes with higher needs for technical assistance, making this the second highest priority in capacity building. Half of MFIs reported needing support for green finance, developing sustainable financial products, managing climate risks affecting the institution and its clients, and supporting climate adaptation and resilience.
- Increased demand for MFIs to carry out impact measurement and assessment comes with higher needs for technical assistance. 35% of MFIs would like support in developing impact measurement frameworks and reporting. 35% of MFIs would also like support in the form of capacity building to access funding.
- MFIs were also asked if they would be willing to cover a portion of the costs (up to 20%) for their technical assistance needs: 61% of MFIs responded positively, while 36% of MFIs are undecided whether their institution would incur such an expense. Only 3% were against the contribution for capacity building services.

Distribution of MFIs by capacity building topics (N=34)



Distribution of MFIs by their willingness to cover a portion of the costs of capacity building (N=33)



VII

INFORMATION
ABOUT THIS STUDY

VII. METHODOLOGY

The study captures data on 191 MFIs that operated in 30 countries in 2022.

Data was collected from MFI representatives through a survey that ran from November 2024 to February 2025. Where responses to the survey could not be obtained or data was incomplete, secondary data sources were used.

In addition to the survey, interviews with key informants were conducted to gather the views and opinions on the current situation and future outlook of the microfinance sector.

Primary data collection

An online (Survey Monkey) questionnaire of 50 questions was made available to representatives of MFIs who are EMN and/or MFC members. A short version of the questionnaire (17 questions) was distributed to all non-member MFIs. For MFIs who are members of national microfinance networks/associations, the short version of the survey was circulated by the national network. The questionnaire was available in six languages (English, Bosnian/Serb/Croatian, French, Hungarian, Italian, Polish, Romanian, and Spanish).

In case of institutions operating small-scale microfinance programmes in addition to their commercial finance (e.g., downscaling banks) or other MFIs with limited capacity to respond to the online survey, a very short list of key questions was sent via e-mail.

Secondary data collection

The following types of secondary data sources were used to complement the survey: MFI annual reports, activity reports, reports and statistics of national microfinance associations, national banks/supervisory commissions' statistics and reports.

	Number of institutions on the contact list	*Number of MFIs in the dataset*	*Coverage*
Members of EMN and/or MFC	**86**	**73**	**85%**
Members of national networks	**159**	**85**	**53%**
Other MFIs	**127**	**33**	**27%**
Total	**372**	**191**	**52%**

VII.2 GLOSSARY

Active borrower
Natural or legal person who currently has an outstanding microloan balance or is primarily responsible for repaying any portion of a gross microloan portfolio. Natural or legal persons with multiple loans with a microcredit provider should be counted as a single borrower. A microborrower is a borrower with a business microloan below EUR 50,000 at disbursement and/or a personal microloan below EUR 25,000 at disbursement.

Annual Nominal Interest Rate

The interest rate in annualised terms that is quoted by the institution to the borrower (MicroFinance Transparency, mftransparency.org).

Average microloan balance
Gross microloan portfolio outstanding / Number of active borrowers) (CGAP, 2003).

Business development services
Target existing micro and small businesses to improve their operations with services ranging from business advice to technical skills training and linking entrepreneurs to markets.

Business microloan
A microloan disbursed to a natural or legal person with the purpose of financing the development or establishment of business activities, including loans to start a business. Business microloans have a maximum original principal value of EUR 50,000.

Credit Union
A non-profit, member-based financial intermediary. It may offer a range of financial services, including lending and deposit taking, for the benefit of its members. Credit unions often have dedicated regulations.

Depth of outreach
(Average outstanding microloan balance/GNI per capita (ATLAS method) (CGAP, 2003)

Entrepreneurship development services
Include services that focus on developing business skills and know-how of individuals. They help raising awareness on entrepreneurship as a conscious career choice plus basic business skills training.

Ethnic minority
Non-dominant group that is usually numerically less than the majority population of a state or region regarding their ethnic, religious or linguistic characteristics and who (if only implicitly) maintain solidarity with their own culture, traditions, religion or language.

Green microloan
Financial product designed to support projects that promote environmental sustainability, including financing for renewable energy, energy efficiency improvements, sustainable agriculture, water access and sanitation, eco-friendly mobility, and circular economy initiatives.

Gross microloan portfolio outstanding
Principal balance of all outstanding microloans, including current, delinquent, and restructured microloans, but not microloans that have been written off or interest receivable (European Code of Good Conduct for Microcredit Provision. 2022 Edition).

International migrant
A person who changes his or her country of usual residence, irrespective of the reason for migration or legal status.

Large MFI
Microfinance institution with a gross microloan portfolio in excess of EUR 8 million.

Medium MFI
Microfinance institution with a gross microloan portfolio between EUR 2 and 8 million.

NGO
An organization registered as a non-profit for tax purposes or some other legal charter. Its financial services are usually more restricted, usually not including deposit taking. Under this category, foundations, charities, social purpose and financial cooperatives, associations and religious institutions are gathered.

VII.2 GLOSSARY

Non-Bank Financial Institution
An institution that provides similar services to those of a bank but is licensed under a separate category. The separate license may be due to lower capital requirements, to limitations on financial service offerings, or to supervision under a different state agency. In some countries this corresponds to a special category created for microfinance institutions.

Personal development services

Support services that address people with no or very low levels of financial management skills. They are aimed at preventing harmful situations (e.g., over-indebtedness) and addressed to target group that does not yet have the necessary skill levels for managing a microloan product.

Personal microloan
A loan disbursed to a natural person with the purpose of education, mobility, housing and other family needs. Personal microloans have a maximum original principal value of EUR 25,000.

Professional development
Training or upskilling for a new profession (i.e., to get a new job or start an enterprise) or to advance in the current job through courses, certifications, or workshops to improve skills and career opportunities.

Portfolio at Risk (PAR)
The value of outstanding microloans that have one or more payments past due more than a given number of days. Often displayed as a ratio and divided into categories according to the number of days it is overdue. (European Code of Good Conduct for Microcredit Provision. 2022 Edition)

Portfolio at risk > 30 days ratio (PAR30)
(Outstanding balance portfolio overdue >30 days/Gross microloan portfolio) x 100 (Mix Market).

Portfolio at risk > 90 days ratio (PAR90)
(Outstanding balance portfolio overdue >90 days/Gross microloan portfolio) x 100 (Mix Market).

Refugee
A person who is outside their country of origin for reasons of feared persecution, conflict, generalized violence, or other circumstances that have seriously disturbed public order and, as a result, require international protection. In this category we also include asylum-seekers (those whose request for sanctuary has yet to be processed).

Small MFI (scale)
Microfinance institution with a gross microloan portfolio less than EUR 2 million.

Social enterprise
A business whose main objective is to have a social impact rather than make a profit. If it makes profit, then it is reinvested to achieve social objectives. Social enterprises mainly operate in the following fields: work integration of vulnerable groups, personal social services (e.g., health, education, children and elderly care), local development of disadvantaged areas and/or other activities such as recycling, environmental protection, sports, arts, culture.

Sustainable Development Goals
A universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere adopted by all United Nations Member States in 2015 as part of the 2030 Agenda for Sustainable Development which sets out a 15-year plan to achieve the Goals and their related targets.

Value of microloans written-off
Value of microloans recognised as uncollectable for accounting purposes. A write-off is an accounting procedure that removes the outstanding balance of the loan from the gross loan portfolio and impairment loss allowance, but does not affect the net loan portfolio, total assets or equity accounts.

Write-off ratio
(Value of microloans written-off/Average gross microloan portfolio) x 100 (Mix Market).

VII.3 ANNEXES

Table 1
Number of MFIs participating in the survey by country

Albania	10	*Greece*	4	*Poland*	24
Austria	1	*Ireland*	1	*Portugal*	2
Belgium	3	*Italy*	8	*Romania*	47
Bosnia & Herzegovina	26	*Kosovo*	7	*Serbia*	2
Bulgaria	2	*Latvia*	1	*Slovakia*	1
Croatia	2	*Lithuania*	4	*Spain*	5
Czechia	1	*Luxembourg*	1	*Sweden*	4
Estonia	1	*Moldova*	7	*The Netherlands*	1
Finland	1	*Montenegro*	6	*Turkey*	1
France	3	*Netherlands*	1	*EU 27*	129
Germany	12	*North Macedonia*	3	*Grand Total*	**191**

Table 2
Number and share of MFIs participating in the survey by sub-region and institutional type

	Balkans		*Eastern Europe*		*Northwestern Europe*		*Southern Europe*		*Total*	
	N. of MFIs	*%*	*N. of MFIs*	*%*	*N. of MFIs*	*%*	*N. of MFIs*	*%*	*N. of MFIs*	*%*
Bank	2	4%	5	6%	17	63%	5	30%	29	16%
Credit union	5	9%	32	36%	-	0%	-	0%	37	19%
NBFI	31	56%	36	40%	3	11%	8	40%	78	41%
NGO	17	31%	17	19%	7	26%	6	30%	47	24%
Grand Total	**55**	**100%**	**90**	**100%**	**27**	**100%**	**19**	**100%**	**191**	**100%**

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Table 3
Total value of gross loan portfolio by country (total, business microloan, personal microloans)

	Total		Business microloans		Personal microloans	
	N. of MFIs	EUR	N. of MFIs	EUR	N. of MFIs	EUR
Albania	10	399 991 261	6	51 960 304	7	194 582 743
Belgium	3	85 081 932	2	21 788 555	-	-
Bosnia & Herzegovina	26	636 235 285	4	141 120 161	6	209 384 98
Bulgaria	2	11 820 956	-	-	-	-
Croatia	2	6 474 458	2	5 085 244	-	-
France	3	325 769 929	3	252 275 896	2	73 494 033
Germany	12	160 811 154	11	63 878 154	-	-
Greece	3	40 103 188	2	28 900 265	-	-
Italy	8	143 506 223	8	102 190 342	3	41 315 881
Kosovo	7	311 207 885	2	65 542 219	-	-
Lithuania	4	377 843 308	3	261 743 308	-	-
Moldova	7	247 032 305	-	-	-	-
Montenegro	6	86 720 614	3	53 845 799	5	32 874 815
North Macedonia	3	42 099 921	2	26 013 722	3	16 086 199
Poland	24	165 748 278	4	118 368 645	-	-
Portugal	2	3 249 296	2	3 249 296	-	-
Romania	47	724 395 659	27	534 659 015	28	158 582 956
Serbia	2	204 152 000	-	-	-	-
Spain	5	2 683 519 011	5	1 057 753 011	2	1 625 766 000
Sweden	4	47 166 798	4	47 166 798	-	-
Other countries	10	304 989 346	12	386 790 666	6	172 371 634
EU 27	*128*	*5 076 879 741*	*83*	*2 804 894 465*	*39*	*1 992 835 196*
Total	189	7 007 918 809	104	3 222 331 400	62	2 524 459 248
Total without the outlier (largest bank)	188	4 376 925 809	103	2 196 325 400	61	919 472 248

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Table 4
Total number of active borrowers by country

	Total		Business microloans		Personal microloans	
	N. of MFIs	Number (Loans)	N. of MFIs	Number (Loans)	N. of MFIs	Number (Loans)
Albania	10	168 265	6	6 924	7	133 221
Belgium	2	1 616	2	1 626	-	-
Bosnia & Herzegovina	26	259 815	4	39 937	5	106 878
Bulgaria	2	1 277	-	-	-	-
Croatia	2	1 141	-	-	-	-
France	3	94 222	3	63 291	1	20 931
Germany	11	3 704	11	3 704	-	-
Greece	3	3 008	2	1 857	-	-
Italy	8	13 702	7	5 607	2	7 736
Kosovo	7	114 339	2	25 685	-	-
Lithuania	3	28 405	3	19 682	-	-
Moldova	4	72 757	-	-	-	-
Montenegro	5	30 530	4	15 384	5	15 146
North Macedonia	3	16 612	3	7 697	3	5 915
Poland	23	11 618	4	5 039	-	-
Portugal	2	354	2	354	-	-
Romania	45	114 462	24	40 924	29	70 046
Serbia	2	83 271	-	-	-	-
Spain	5	407 911	5	95 856	2	312 055
Sweden	4	4 144	4	4 144	-	-
EU 27	122	708 566	78	265 876	38	430 363
Total	**182**	**1 487 266**	**99**	**366 834**	**60**	**729 671**
Total without the outlier (largest bank)	**181**	**1 094 071**	**98**	**275 719**	**59**	**427 591**

Table 5
Average PAR 30 ratio by country

	Total		*Business microloans*		*Personal microloans*	
	N. of MFIs	*%*	*N. of MFIs*	*%*	*N. of MFIs*	*%*
Albania	9	5%	5	3%	6	6%
Bosnia and Herzegovina	4	0.5%	4	0.3%	4	1%
France	2	12%	2	13%	-	-
Germany	9	15%	9	15%	-	-
Greece	2	11%	2	12%	-	-
Italy	7	21%	7	22%	3	4%
Kosovo	2	9%	2	9%	2	0%
Lithuania	2	6%	2	6%	-	-
Montenegro	4	2%	2	0.5%	3	5%
North Macedonia	2	2%	2	1%	2	4%
Poland	2	9%	2	9%	-	-
Romania	41	14%	24	8%	27	18%
Spain	5	14%	5	12%	2	25%
Sweden	3	8%	3	8%	-	-
Other countries	9	14%	7	10%	4	7%
EU 27	81	14%	62	11%	35	16%
Total	**103**	**12%**	**78**	**9%**	**53**	**12%**

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Table 6
Average Loan Balance/GNI per capita by country

	Total		Business microloans		Personal microloans	
	N. of MFIs	%	N. of MFIs	%²	N. of MFIs	%
Albania	10	63%	6	165%	7	32%
Belgium	2	20%	2	20%	-	-
Bosnia and Herzegovina	26	40%	4	76%	5	26%
Bulgaria	2	97%	-	-	-	-
Croatia	2	32%	-	-	-	-
France	3	11%	3	16%	2	6%
Germany	11	34%	11	34%	-	-
Greece	3	75%	2	68%	-	-
Italy	8	44%	7	47%	2	20%
Kosovo	7	44%	2	49%	-	-
Lithuania	3	62%	3	63%	-	-
Moldova	4	40%	-	-	-	-
Montenegro	5	27%	4	33%	5	20%
North Macedonia	3	43%	3	49%	3	36%
Poland	23	49%	4	129%		
Portugal	2	45%	2	45%		
Romania	45	57%	24	83%	28	21%
Serbia	2	33%	-	-	-	-
Spain	5	25%	5	30%	-	-
Sweden	4	32%	4	32%	-	-
Other countries	10	30%	12	67%	6	24%
EU 27	122	47%	77	58%	36	20%
Total	**180**	**46%**	**98**	**66%**	**58**	**23%**

MICROFINANCE IN EUROPE

SURVEY REPORT

2024 EDITION

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EUROPEAN MICROFINANCE NETWORK

MICROFINANCE CENTRE

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