

Managing Sustainable Financial Institutions

Sharing practices and experiences

October, 2013

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Market-led solutions for financial services

The story so far: How MFIs have evolved

Non-financial services: also build financial discipline

MFIs increase focus on financial bottom lines

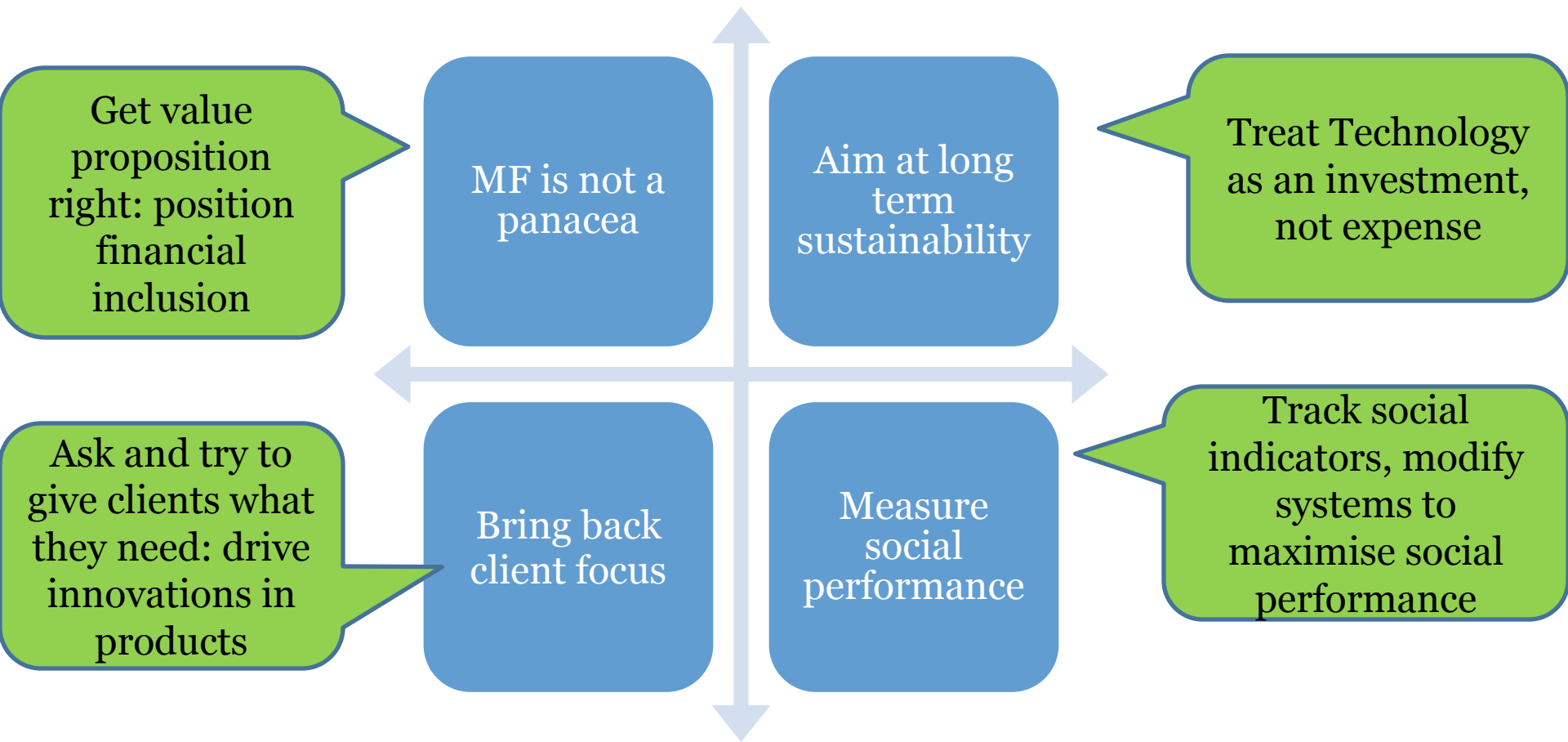
Renewed focus on double bottom lines, client centric strategy

Financial intervention: non collateralised loans to groups

Saturation of credit: over-indebtedness: MFIs earn regulator's ire

Product innovation, technology powered delivery channels, holistic product bouquet

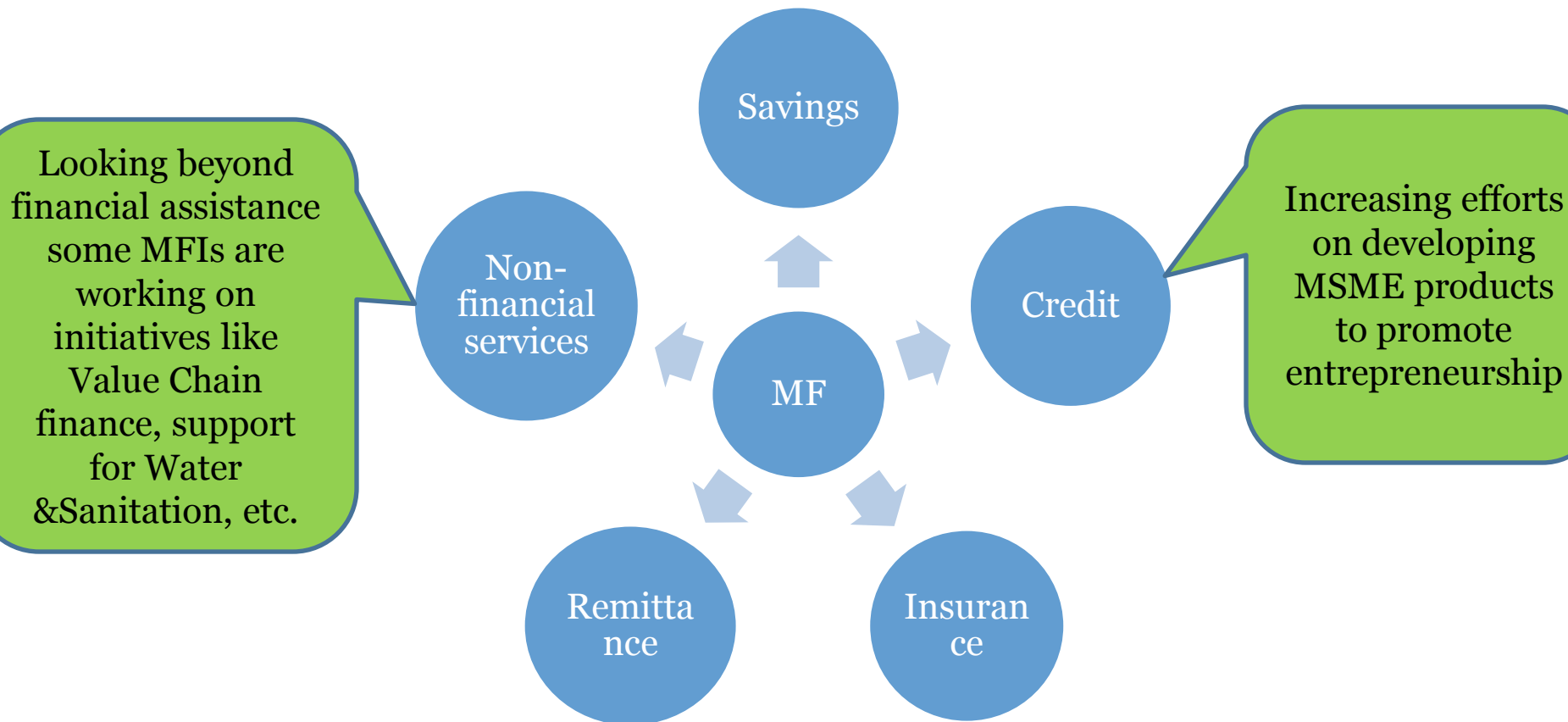
A renewed outlook is the way forward



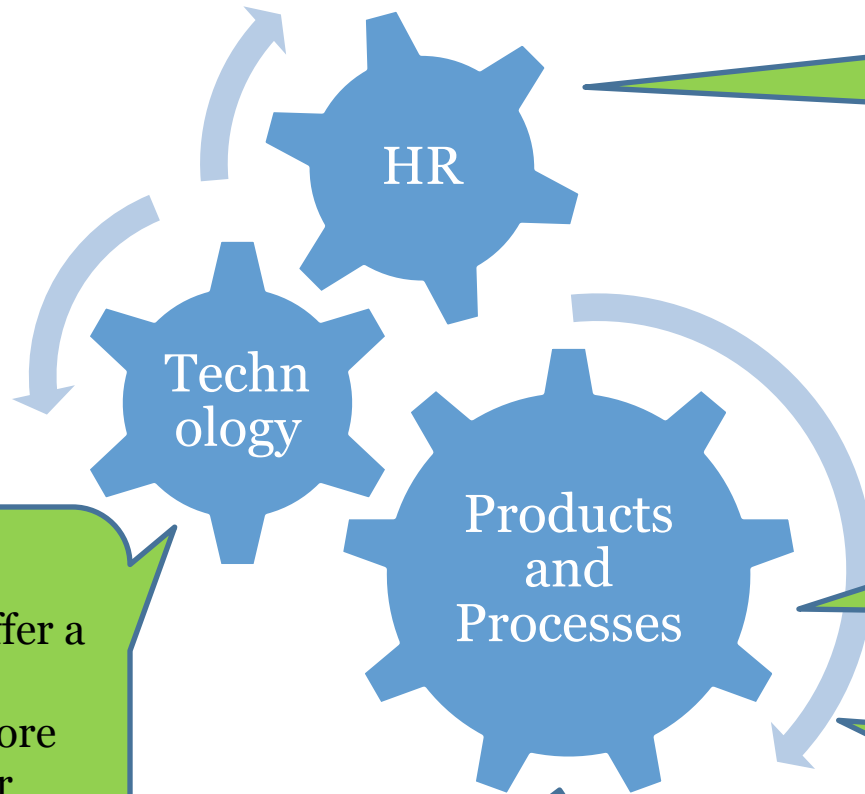
There is no substitute for client centricity

Unfortunately, microfinance remains among the last surviving businesses which prioritise products and processes over client needs

Microfinance has to address holistic needs of the client segment.



Key components of sustainability



Recruit the right people and invest in training them- a key component to achieve sustainability

Leverage on technology to offer a wider range of products in a more efficient manner

Unbundling of products and services is important – do not load products that the client does not need

Your good intention are not necessarily good for the clients – talk to them and find out

Standardisation and compliance of processes (drawn from industry best practices) is necessary for sustainability

Managing Externalities for sustainability: Regulators and Donors

Regulator's control

Regulatory control is to stay and is needed: to keep the one bad apple from rotting

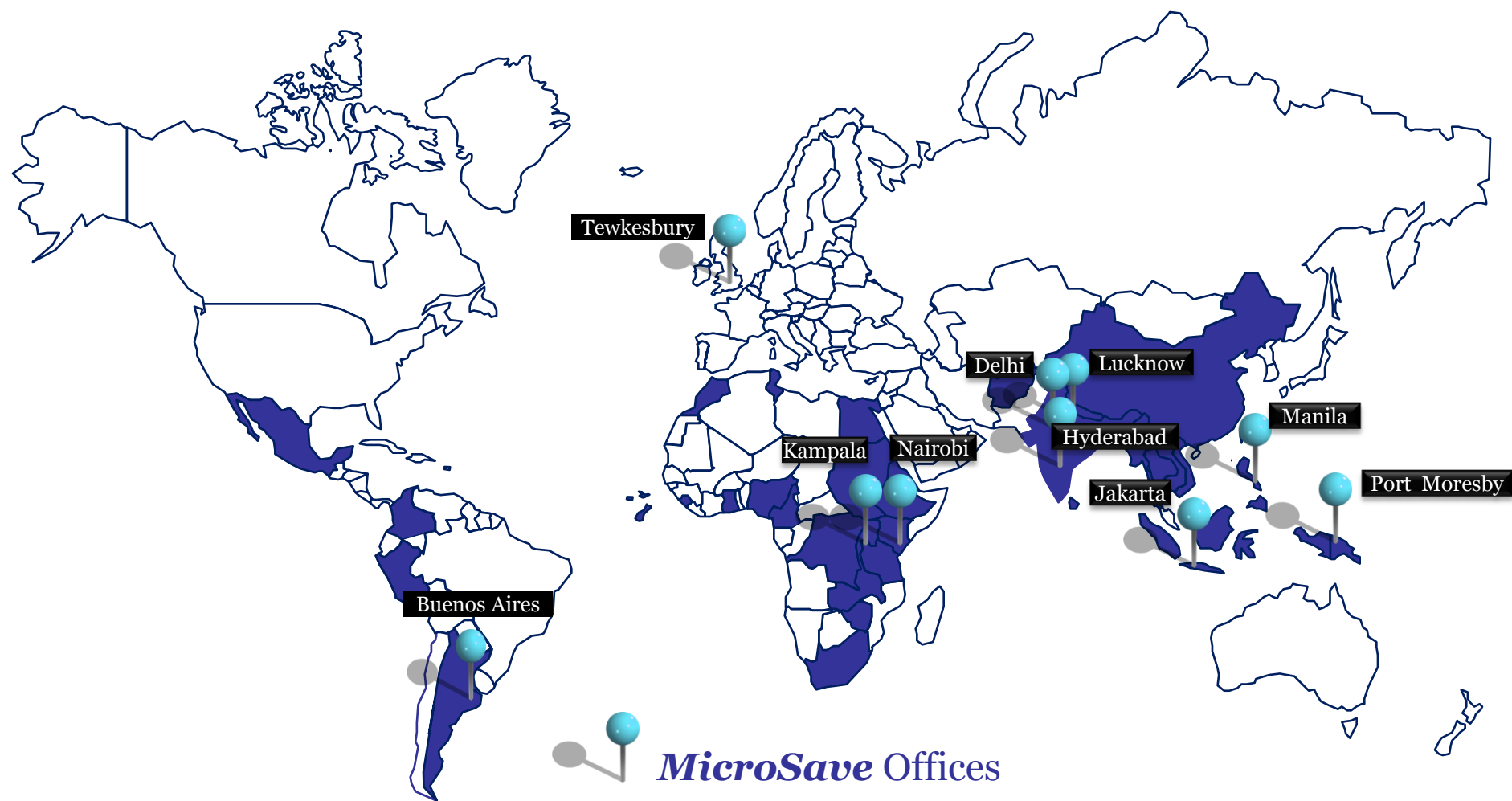
Knee jerk reactions do more harm than good
Internal controls should ensure compliance on regulatory norms.

Donor/ funder interests

Donor interest and support is needed: to drive vision and show direction

Maintain regular communication and reporting: compliance to donors needs also helps strengthen internal controls/ standardise systems

A customised IT based MIS running on a robust technology platform will help in accurate reporting to regulators/ funders and also maintaining tighter vigil on internal compliance (operations+ finance)



MicroSave Offices

MicroSave (India)
 Head Office: Lucknow
 Tel: +91-522-2335734
 Fax: +91-522-4063773
 New Delhi Office:
 Tel: +91-11-45108373
 Hyderabad Office:
 Tel: +91-40-23516140
info@MicroSave.net

MicroSave (Kenya Office)
 Shelter Afrique House,
 Mamlaka Road,
 P.O. Box 76436, Yaya 00508,
 Nairobi, Kenya.
 Tel: +254-20-
 2724801/2724806
 Fax: +254-20-2720133
 Mobile: +254-0733-713380
info@MicroSave.net

**MicroSave (Uganda
 Office)**
 Regency Apartments
 30 Lugogo By-Pass
 P.O. Box 25803
 Kampala, Uganda.
 Mobile:
 +256-712 642368/
 +256-706 842368
info@MicroSave.net

MicroSave (UK Office)
 The Folly, Watledge Close,
 Tewkesbury,
 Gloucestershire
 GL20 5RJ
 UK
 Tel. +44 1684-273729
 Mobile +44 796-307 7479
info@MicroSave.net

**MicroSave (Philippines
 Office)**
 Unit 402, Manila Luxury
 Condominiums,
 Pearl Drive corner Gold
 Loop,
 Ortigas Center, Pasig City,
 Metro Manila, Philippines.
 Tel: +(632) 477-5740
 Mobile: +63-917-597-7789
info@MicroSave.net

**MicroSave (Indonesia
 Office)**
 Jl. Penjernihan I No. 10,
 Komplek Keuangan -
 Pejompongan,
 Jakarta Pusat 10210,
 Indonesia.
 Tel: +62 82122 565594
info@MicroSave.net

MicroSave (PNG Office)
 First Floor,
 Town Post Office,
 Port Moresby
 Phone : +675-3434789
 Mobile :
 +675-7232-9330
info@MicroSave.net

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