

Microfinance Information eXchange, Inc.

The world's leading **business information provider** for the microfinance industry



Panel on Technology in Microfinance

3rd Annual Chicago Microfinance Conference
April 18, 2008

Technology & Microfinance – wherefrom Impact?

Microfinance's big problems

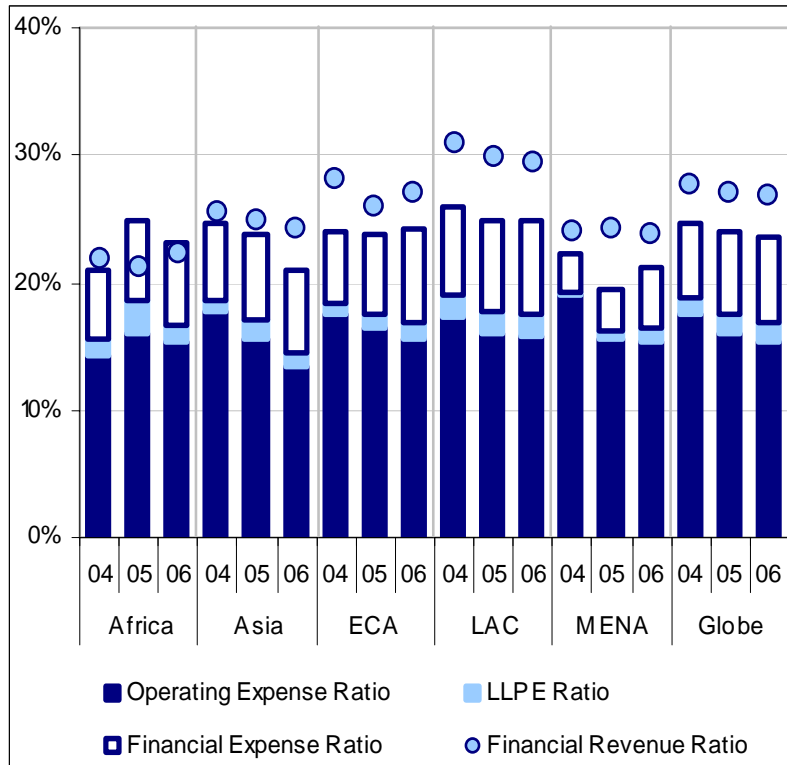
- achieving scale (reaching poor people)
- in cost-effective ways (operating and financing costs vs. revenues)

Technologies *may* be part of the answers – and part of the risks

Trends in MFI Revenues & Cost Structures, 2004-2006

340 MFIs

Figure 7: Returns and cost structure



Source: MicroBanking Bulletin, Trend Lines 2004-06. Figures represent medians. ECA = Eastern Europe and Central Asia; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa.

MFI Productivity & Efficiency Metrics

704 MFIs, 2006 results

Category - Productivity

Category - Efficiency

Category Ranking	MFI	Category - Productivity		MFI	Category - Efficiency	
		Borrowers per Staff	PAR>30 days ratio		Cost per Borrower* /GNI per Capita ratio	PAR>30 days ratio
#1	Bco. Popular do Brasil	7,200	43.30%	IWB (India)	0.28%	0.00%
#50	DECSI (Ethiopia)	284	2.90%	FUNDECOCA (Costa Rica)	1.35%	4.60%
#100	SMEP (Kenya)	232	12.30%	Lead Foundation (Egypt)	2.10%	0.08%
	Average, Category's "Top 100"	421		Average, Category's "Top 100"	1.30%	
	Median, 704 MFIs	112	2.80%	Median, 704 MFIs	7.20%	2.80%

* Cost per Borrower defined as Operating Expenses/# of Borrowers

All data are for financial year-end 2006

Source: *2007 MIX Global 100: Rankings of Microfinance Institutions*, & MIX Market (www.mixmarket.org) MFI profiles

Technology & Microfinance - Comments

Energy source & wireless phone/Internet technologies a general “Plus”

IT can help a lot :

- in MIS “chain” (field>management>board>public)
- in reaching remote clients cost-effectively
- in managing loan portfolios (for ABS issues, etc)

Caution

- MF is a “know-your-client” business
- beware of how IT & agents may interpose between microborrowers and microlenders.

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Information from MIX:

MIX Market – www.mixmarket.org

MicroBanking Bulletin – www.mixmbb.org

MIX Publications – www.themix.org/publications