



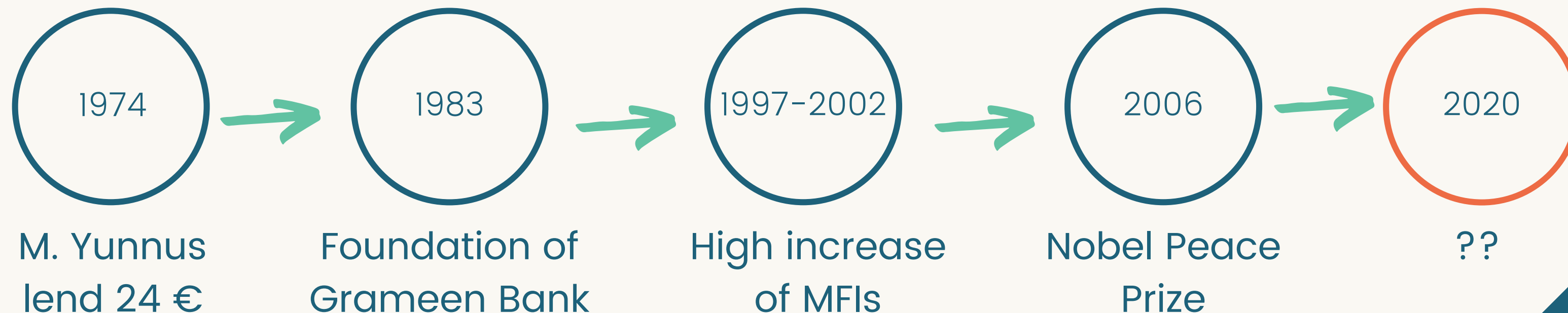
# Micro Finance Institutions

by Oyidiya Oji Palino

# What is a Micro Finance Institution?

Organizations that provide financial and social benefits to its borrowers in order to develop the capacity of small groups of people to take control of their lives

## Evolution of the MFIs:



# Data features



123 countries



7 Regions



3000 organizations



17 social policies  
analysed



10 annual barometer  
reports



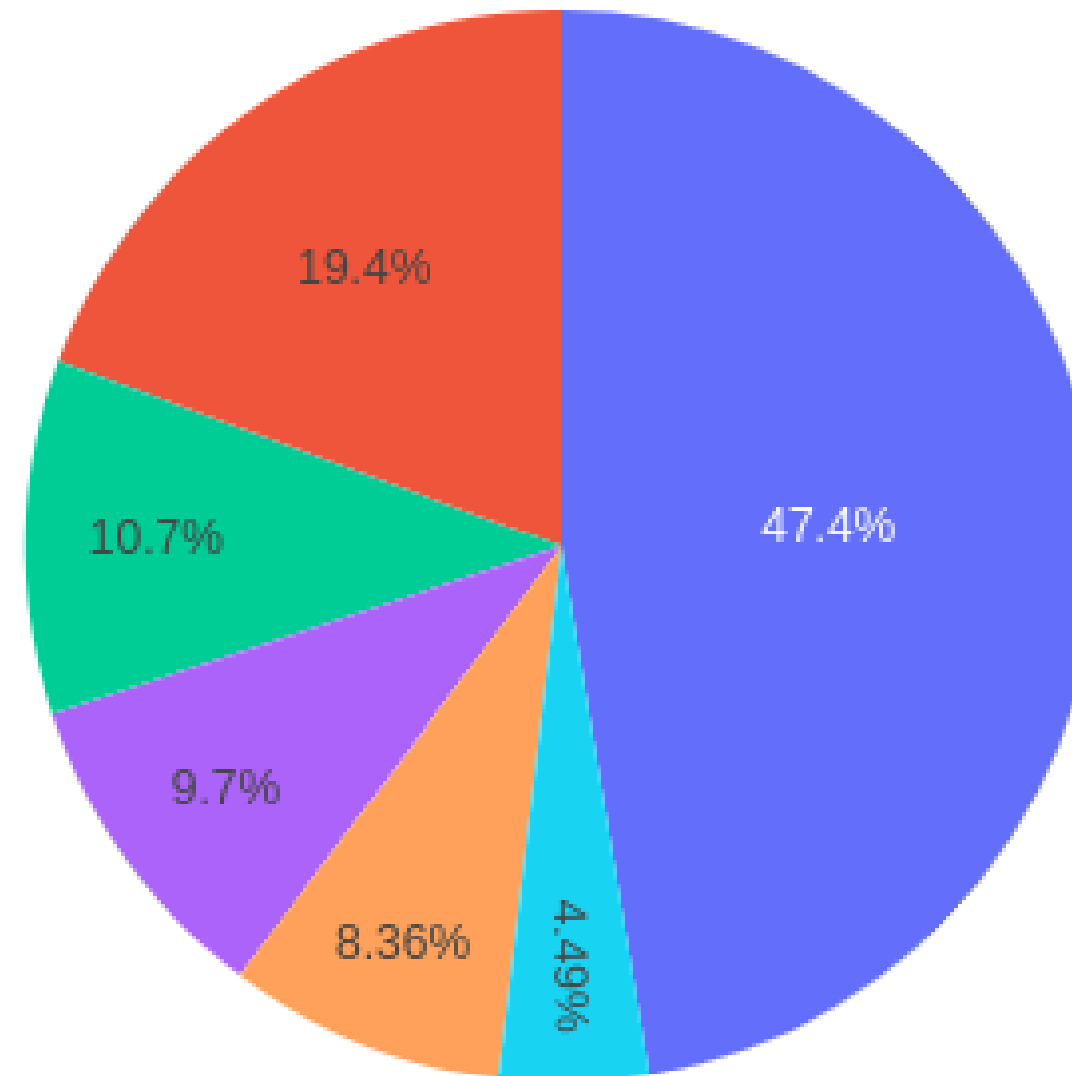
## Top Countries

- India
- Peru
- Mexico
- Philippines
- Ecuador

## Top MFIs

- ASA Bangladesh (BD)
- Satin (IN)
- SKDRDP (IN)
- Compartamos Banco (MX)
- CrediAmigo (BR)

# MFI density



# How do MFIs behave in terms of...



## Loans (USD)

230 million



## Borrowers

90,757 people

SE Asia concentrates 47%



## Offices vs Personnel

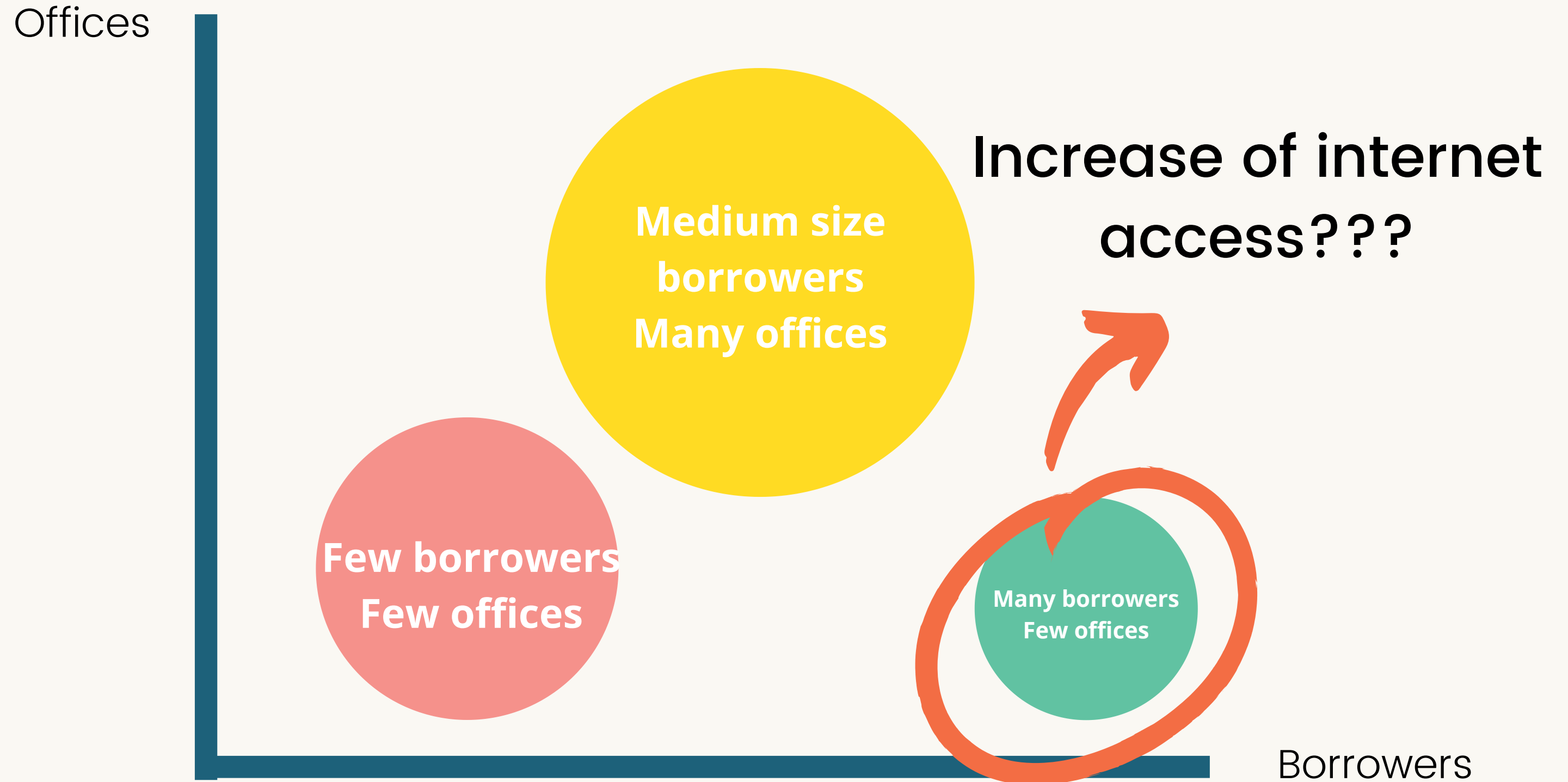
9 loan officers per  
branch



## Interest methods

64% Declining balance  
36% Flat interest

# MFIs classification



# Why are they so important?

MFIs provide a part from financial support social policies like:

- They give financial access to low income population
- Loan target women: 80% borrowers
- 65% of loans are for rural areas
- MFIs provide health and education programs to the community
- Gender and women empowerment activities
- Financial education literacy to customers





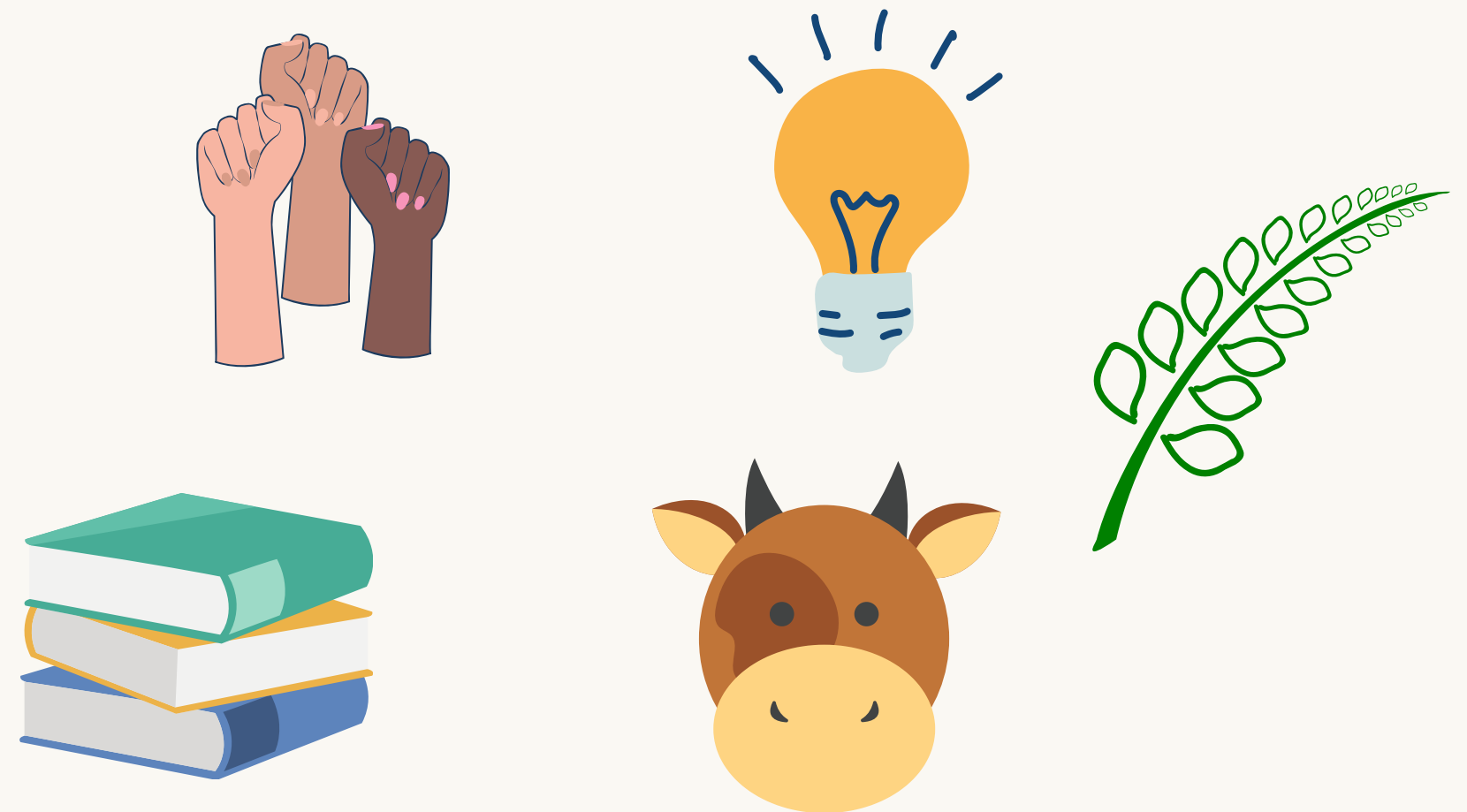
# Social impact



## In company



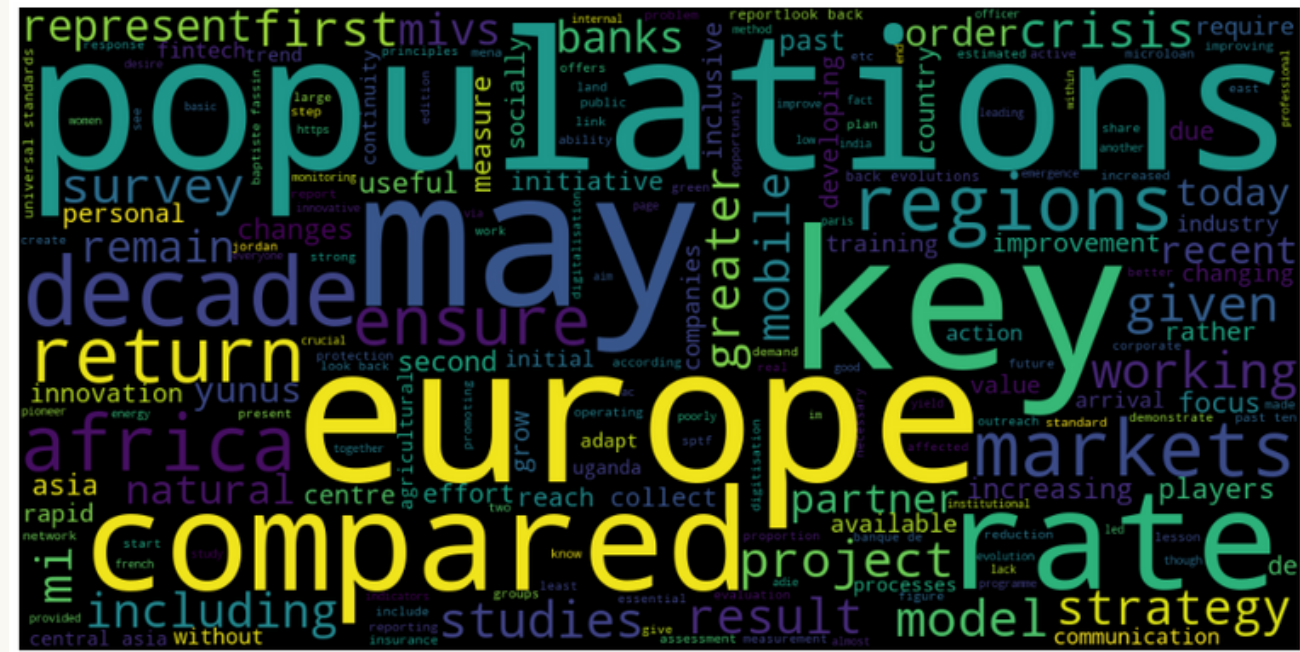
## Local communities



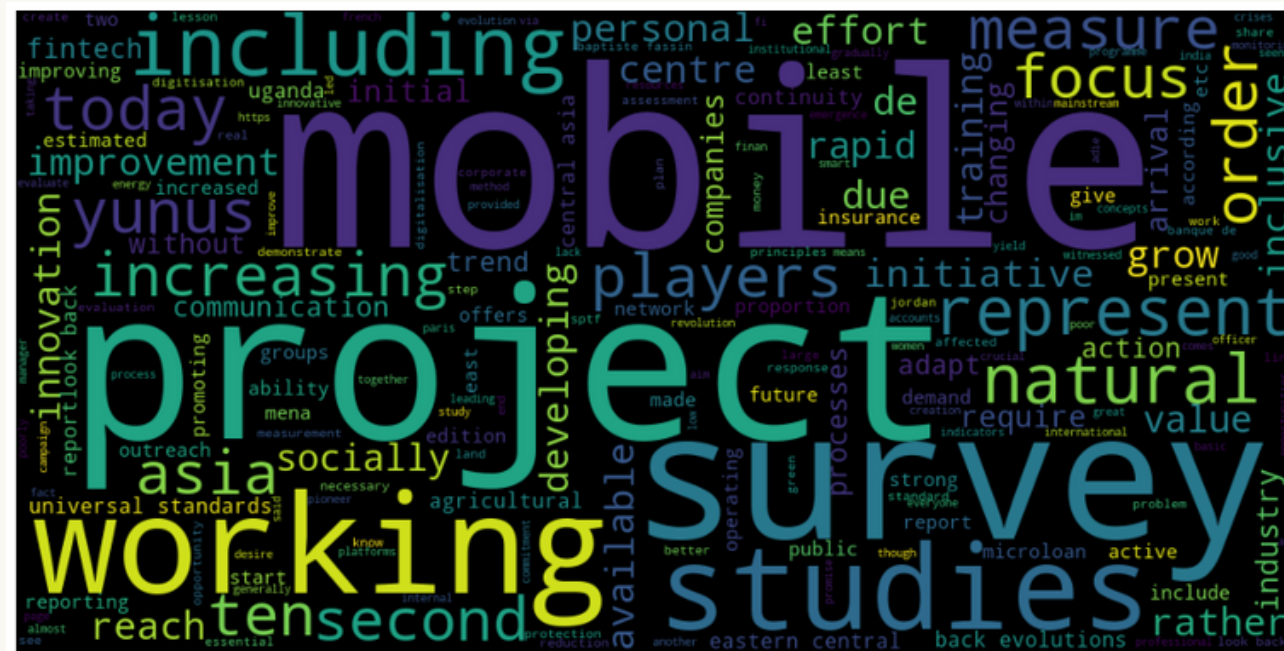
# Barometer reports

# 2017

# 2018



# 2019



# Next steps

- Use of time series to detect growth trends during these years
- Add stats from 2019 and 2020 and see how Covid-19 is affecting MFI's priorities
- Study of top 5 MFIs: promotion their policies and performance



# Conclusions

- Real impact of MFIs is difficult to measure
- Good tracking on finance and social policies will help more communities
- Importance of understanding potential borrowers' needs and adapting loan products to them
- Boarding members of the institutions must have relevant experience in integration of social performance management
- Tech and climate change must be one of the key points to develop in the near future

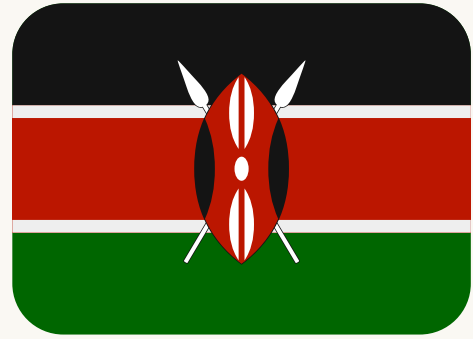
THANK YOU!



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# APPENDIX

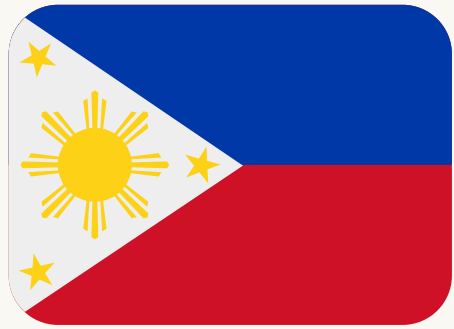
CASE STUDIES



# Kenya and *pay-as-you-go* loans

- Project: Acquiring solar panels with pay-as-you-go loans over the phone (small amounts)
- Simple: User only needs an ID and a mobile money account
- The social enterprise makes sure the quality of the solar panels is high
- 500,000 customers profit from this business idea
- Clients save more than 60 million hours of kerosene lamp lighting each month





# Philippines and climate change resilience

- Philippines is the 3rd highest risk area
- Project: Program for natural disaster management
- Reduces risks related to climate change
- Reduces risk of losses and provides faster assistance in case of disaster
- Makes sure businesses continue after an environmental crisis





# Nicaragua and the challenge of agroecology

- Nicaragua's micro finance structure is 80% for rural areas and 37% of it goes to agriculture
- Project: Loans for solar photovoltaic equipment + environmental improvements
- Interest rate decreases if funds are used for sustainable agricultural practices
- MFIs finance other kind of products like water tanks in order to control de waste of resources