



EUROPEAN  
MICROFINANCE WEEK 2013

THE FUTURE OF MICROFINANCE:  
INVESTING IN INCLUSIVE GROWTH

# Keeping an Edge

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# Background

## **Transformative point in the industry**

Governments embracing financial inclusion mandates

Technological innovations in banking/provision of financial services

New entrants gaining market shares

## **2012 Microfinance Banana Skins Report**

Staying relevant

## **SEEP's opportunity to learn from association leaders**



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# Keeping an Edge

## What Will It Take in the Current Microfinance Context?

### Pre-defined trends

Diversified client needs

Decreasing market share

Changing profile of funding

New technologies

Increased political risk

Changes in regulation

?

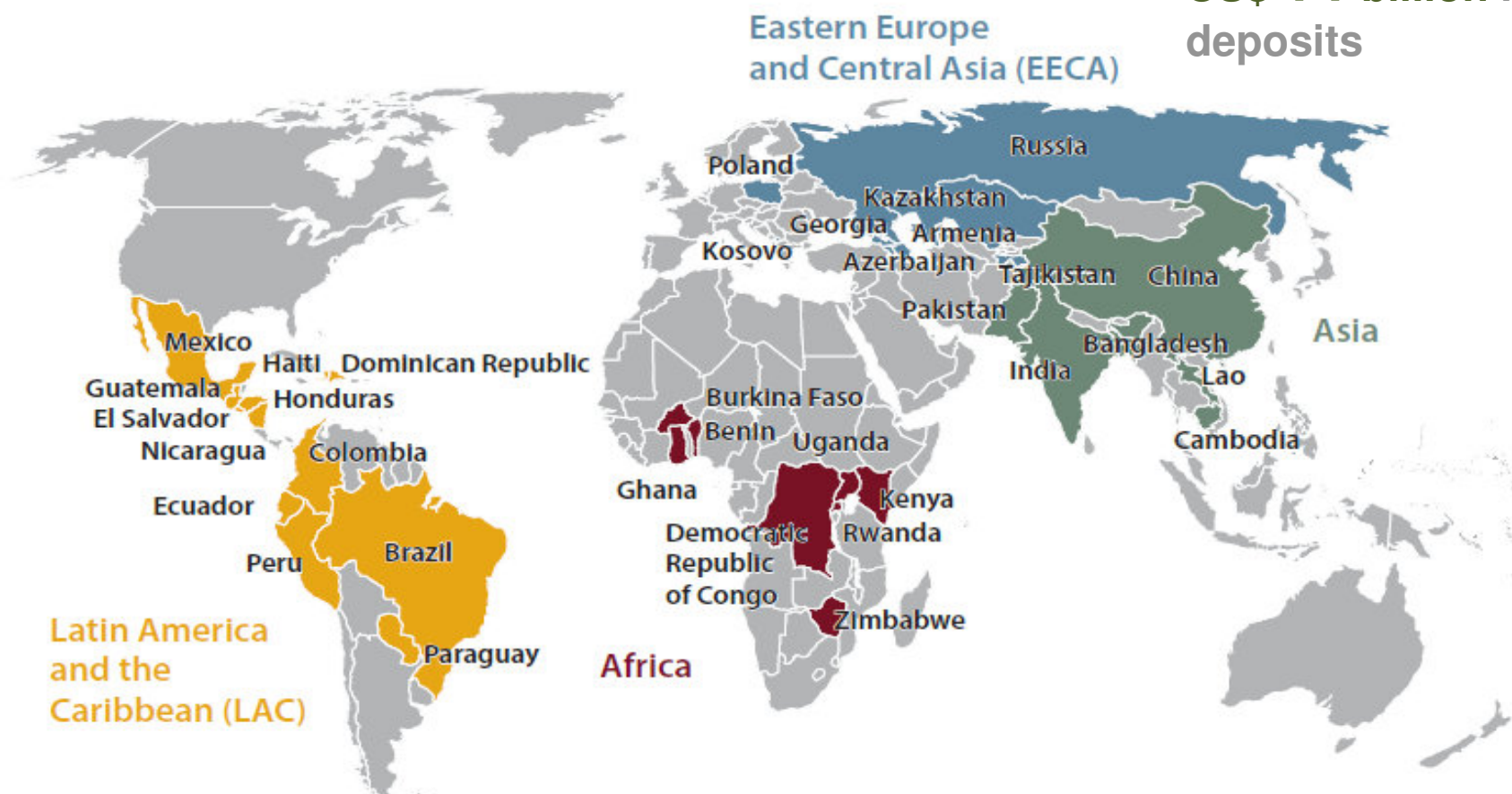
**PREVALENCE**

**RELEVANCE**

**PREPAREDNESS**

**39** MFAs  
**33** countries  
**3,730** MFIs  
**90** million clients  
**US\$ 63** billion in loans  
**US\$ 14** billion in deposits

**Figure 2. Location of MFAs surveyed, by region**



# Key Findings

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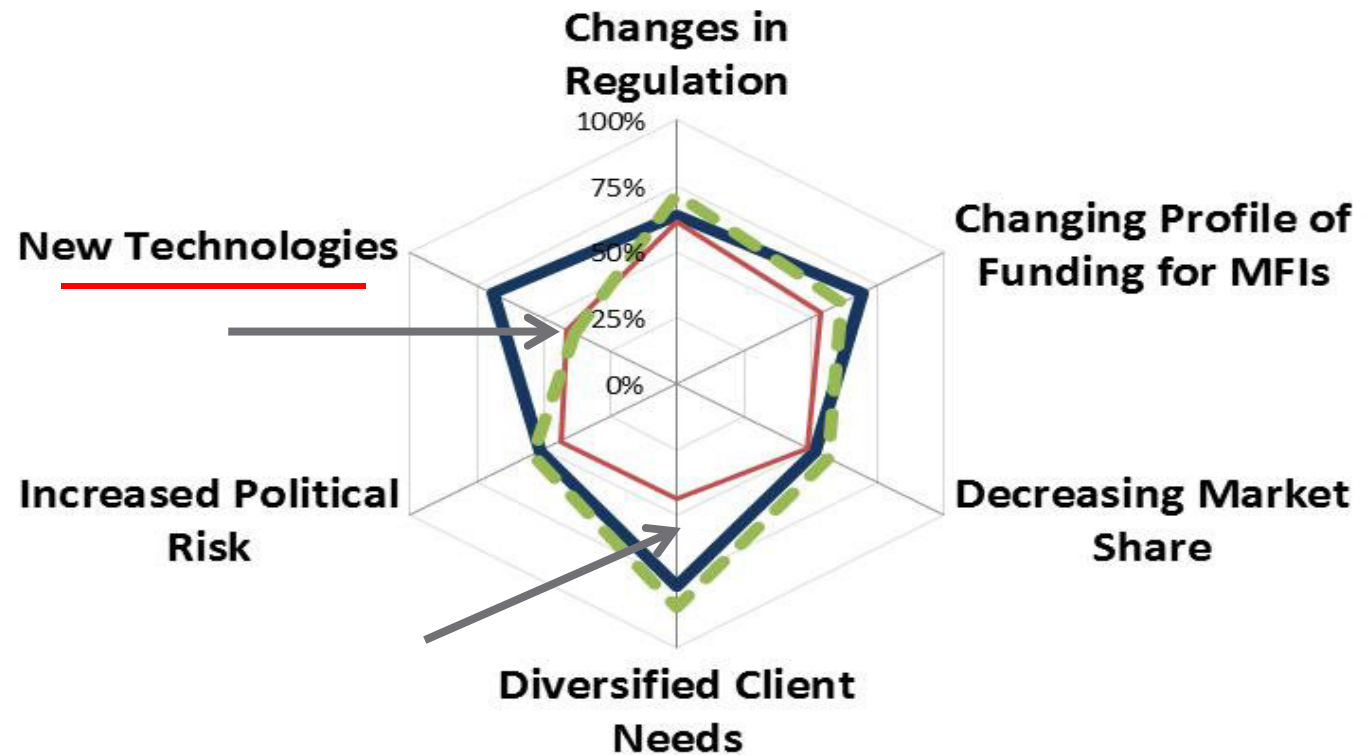
## Greater Challenges

High impact on relevance

Gap between impact on relevance (blue) and low preparedness (red)

Prevalence = "urgency" effect

## Market Trends (% MFA responses)

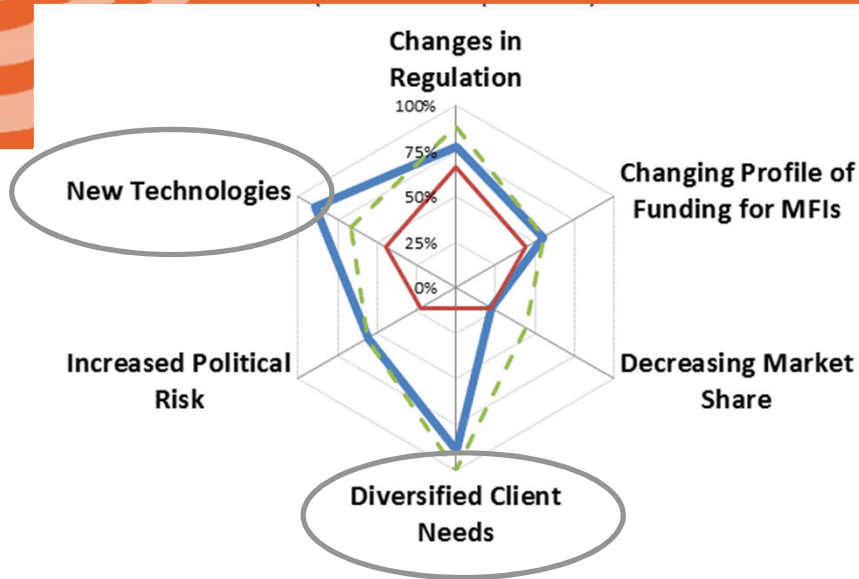


— This trend will likely challenge MFIs relevancy

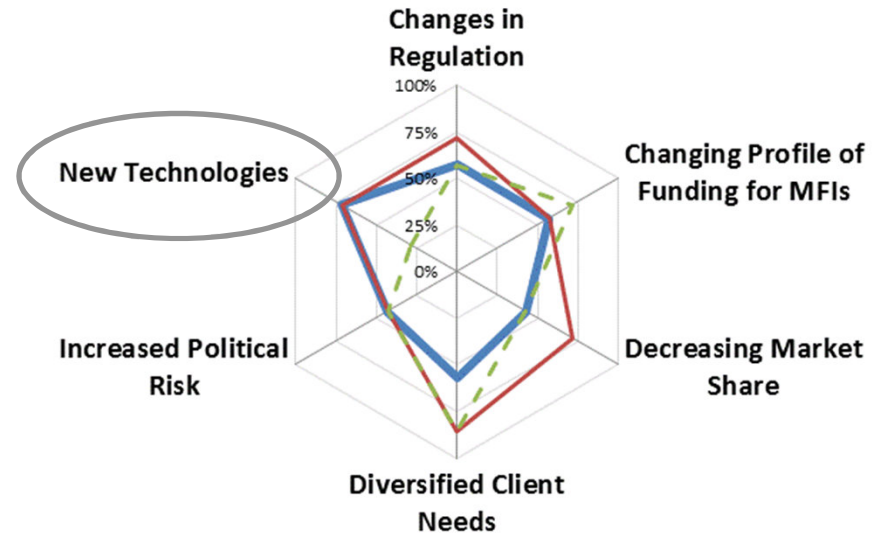
— MFIs are prepared to adapt to trend

- - This trend is happening in the market to some degree or higher

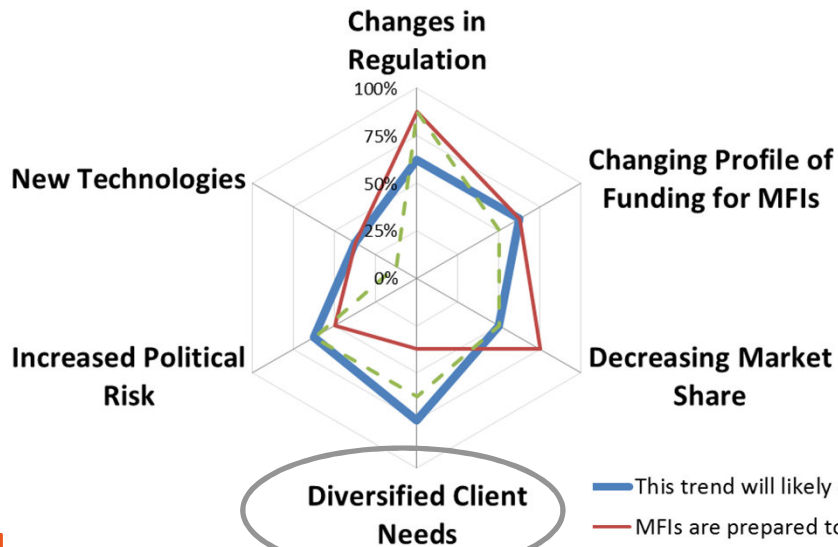
# Africa



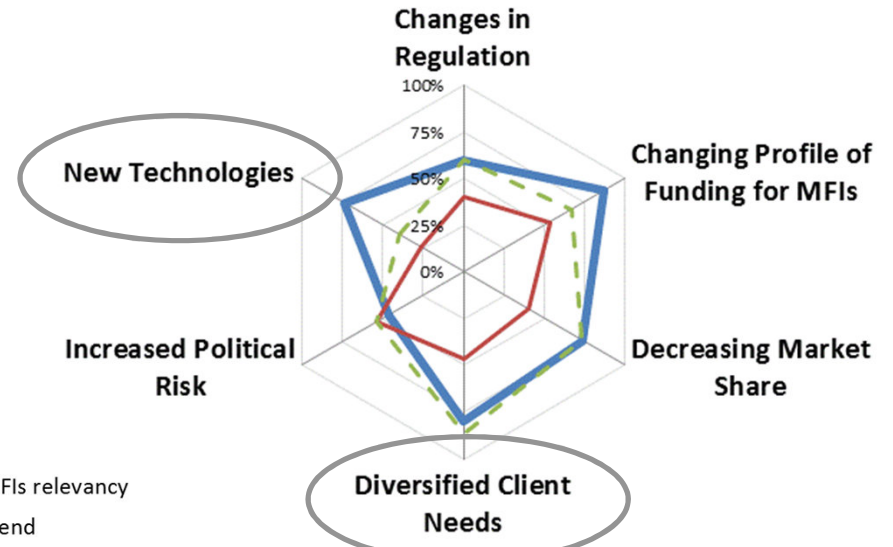
# Asia



# EECA



# Latin America



- This trend will likely challenge MFIs relevancy
- MFIs are prepared to adapt to trend
- - - This trend is happening in the market to some degree or higher

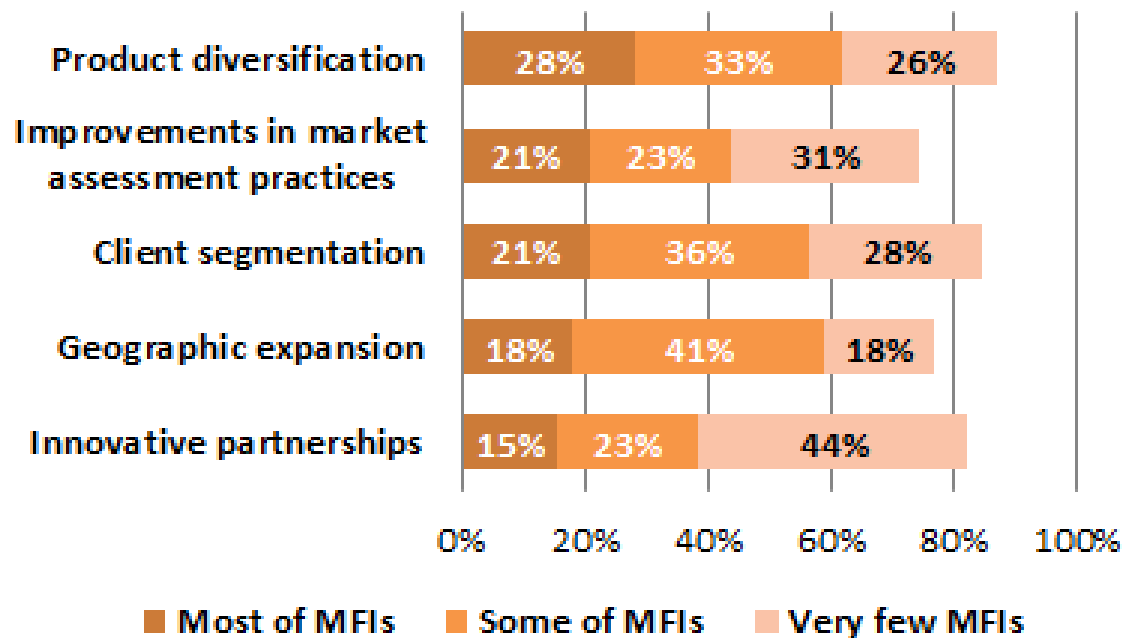
# Increased Demand for Diverse Products

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## Steps MFIs are taking: client needs

(% MFA responses)



## Responsible finance

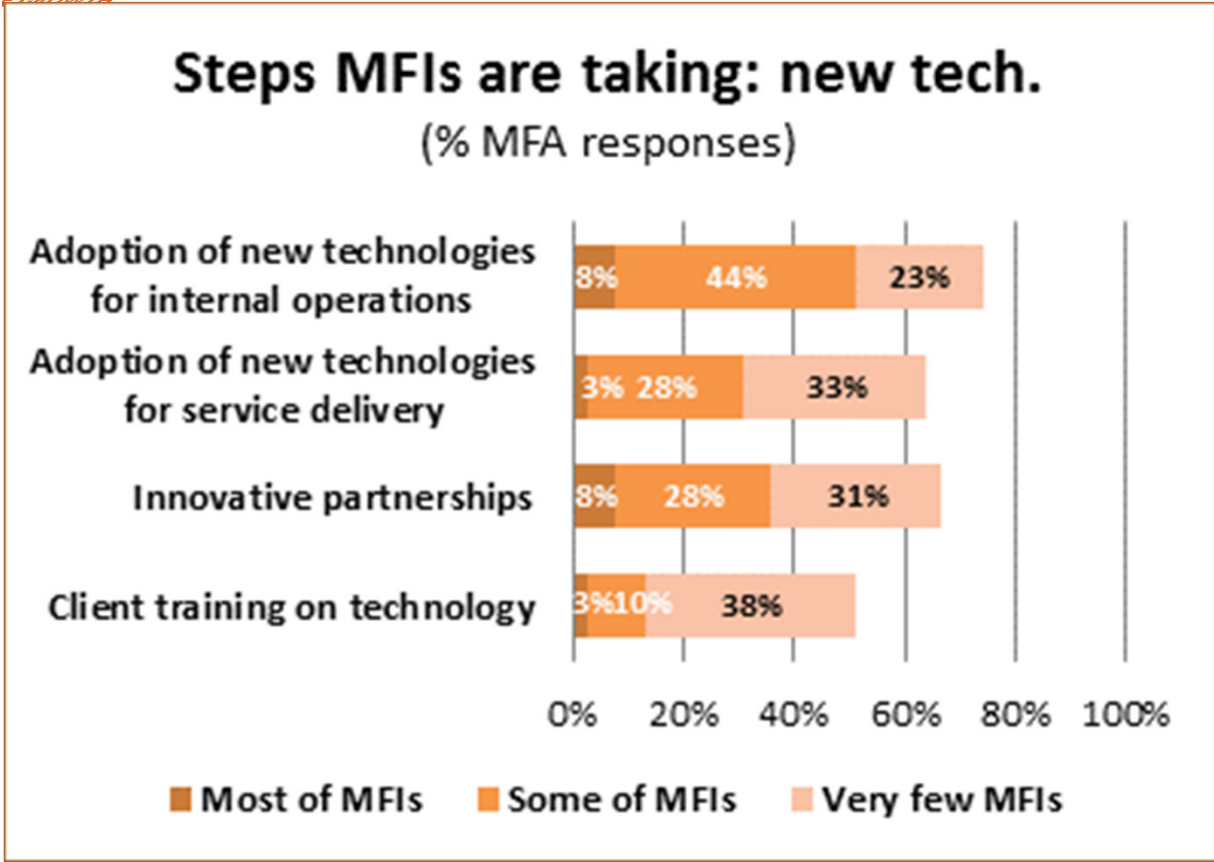
- Client protection principles
- Transparency in product pricing
- Financial literacy / Client education
- SPM

⇒ *Building of trust and loyalty*

## MFAs:

- Product development/ demand research (28%)
- Capacity building of MFIs
- Policy advocacy

# Emergence of New Technologies



## MFAs:

- Policy advocacy
- Researching the feasibility of mobile banking and e-money
- Facilitating partnerships, negotiating technology solutions on behalf of members.