



MIS for MFIs

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**Luxembourg 04/11/2011
European Microfinance Week**

What is a microfinance software?

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- A loan portfolio manager with group lending capabilities

- Key microfinance features:

- Ability to track loan cycles
- Ability to monitor donor funding
- Borrowers of a group can become individual borrowers
- Integration with accounting
- Mandatory savings linked to the loan
- Ability to manage flat interests
- Regulatory reporting (MIX, CGAP, National)
- Loan officer collection module (i.e. PDA)

- Key loan features

- Collateral
- Management reporting
- IAS compliance
- Blacklists (delinquent or new borrowers)
- Different interests, fees & penalties calculation

- Key software features

- Online context sensitive help
- User and technical manual (if online documentation is not sufficient)
- User profiles management (right info to right people)
- Report generator (i.e Crystal reports)
- Consolidation of data
- Import/export (at least Excel, TXT or XML)
- Backup (if not integrated in the database)

- Optional

- Multilingual
- Multi currency
- Banking services: Savings, Shares (CUs), Time deposits, Micro insurance
- Multi channel delivery (Web, ATM, Mobile)
- IP technology
- Security(authentication, audit trail)
- Scalability
- Customers statements in dialects
- ERP modules (HR/Payroll, fixed assets, Inventory/furnitures)
- Credit scoring
- CRM
- Islamic finance



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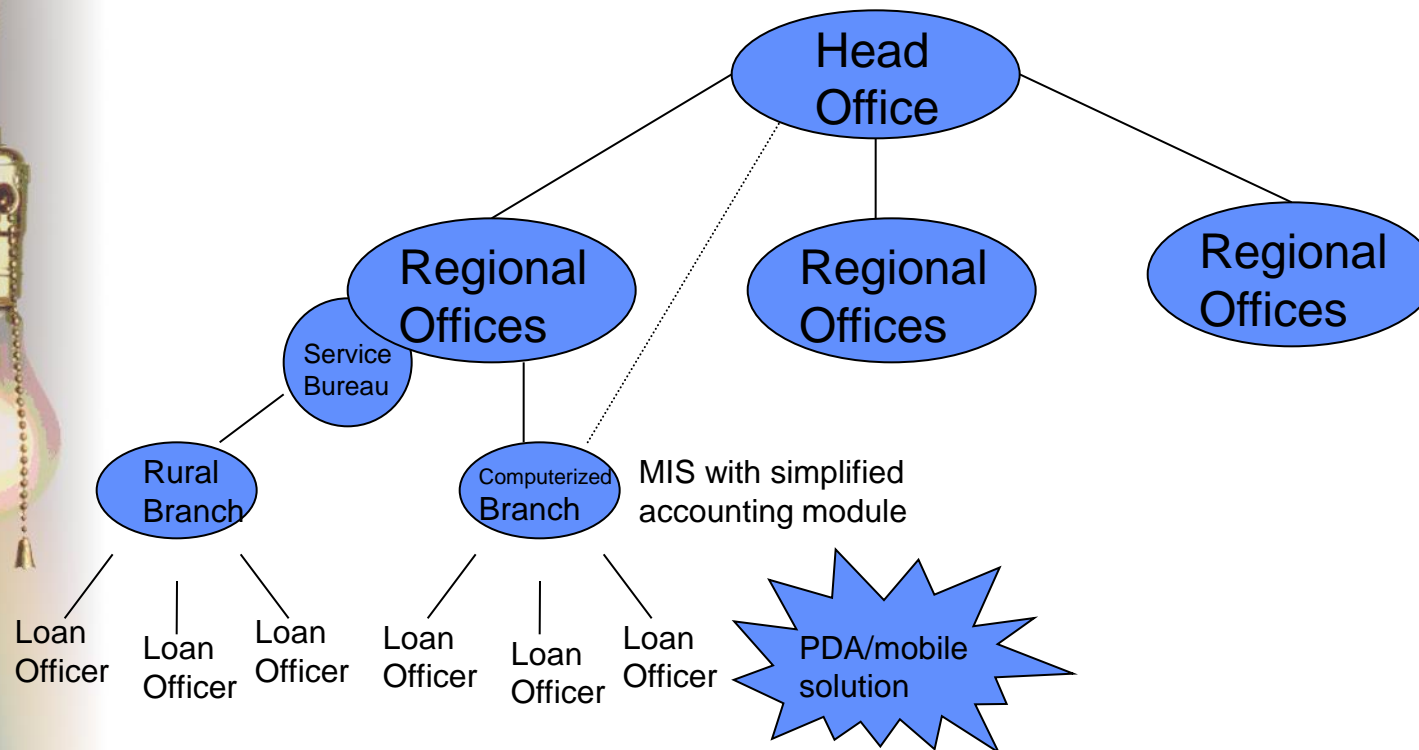
Computerization: depth and steps



Level of computerization

5

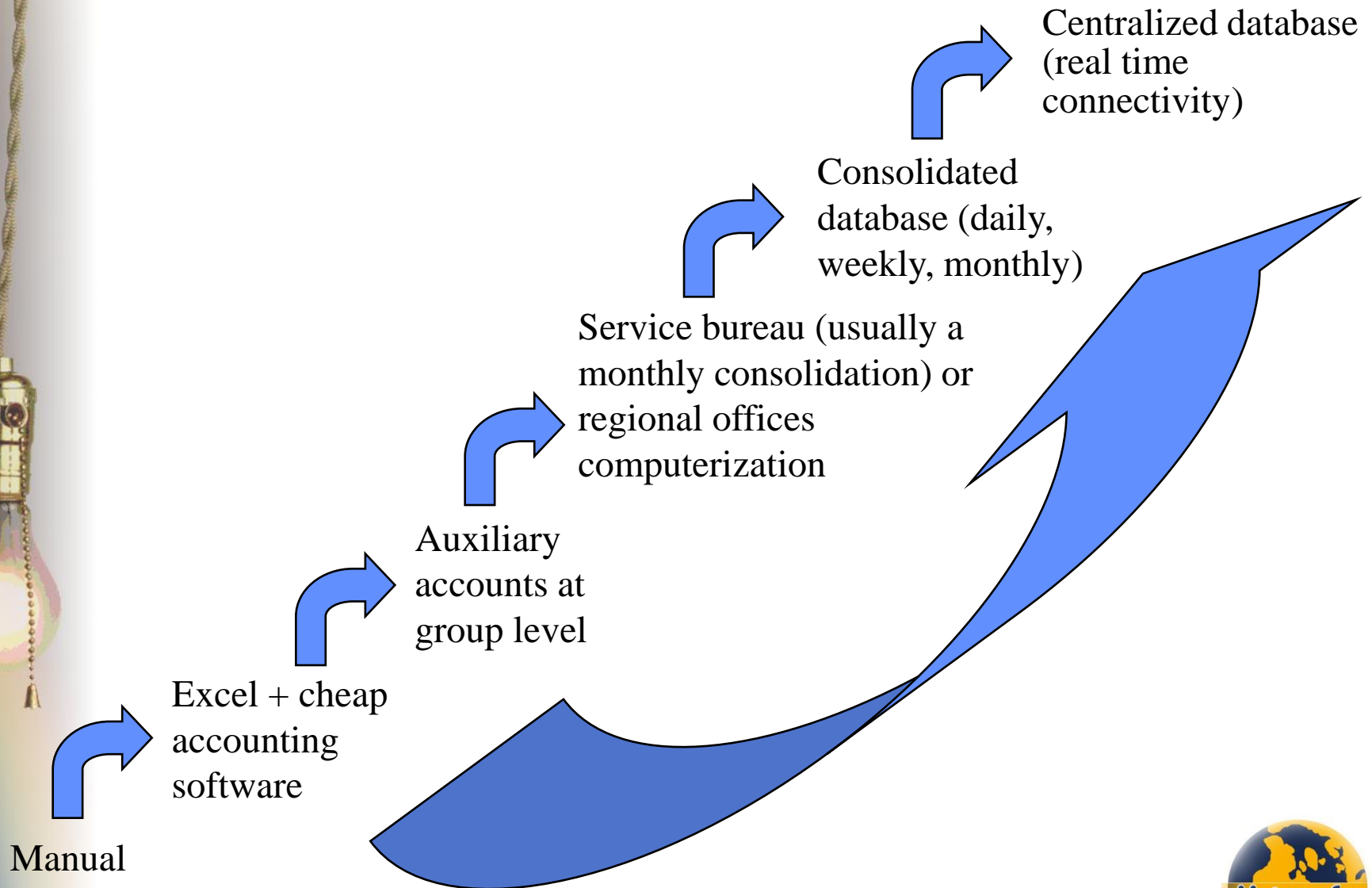
Strong accounting module + MIS consolidated
ERP modules: HR/Payroll, Fixed assets, Inventory
Central Finance Facility (interbranch cash management)



Usually, regional offices plays a role in the consolidation process, only if the branches is not computerized

Computerization phases

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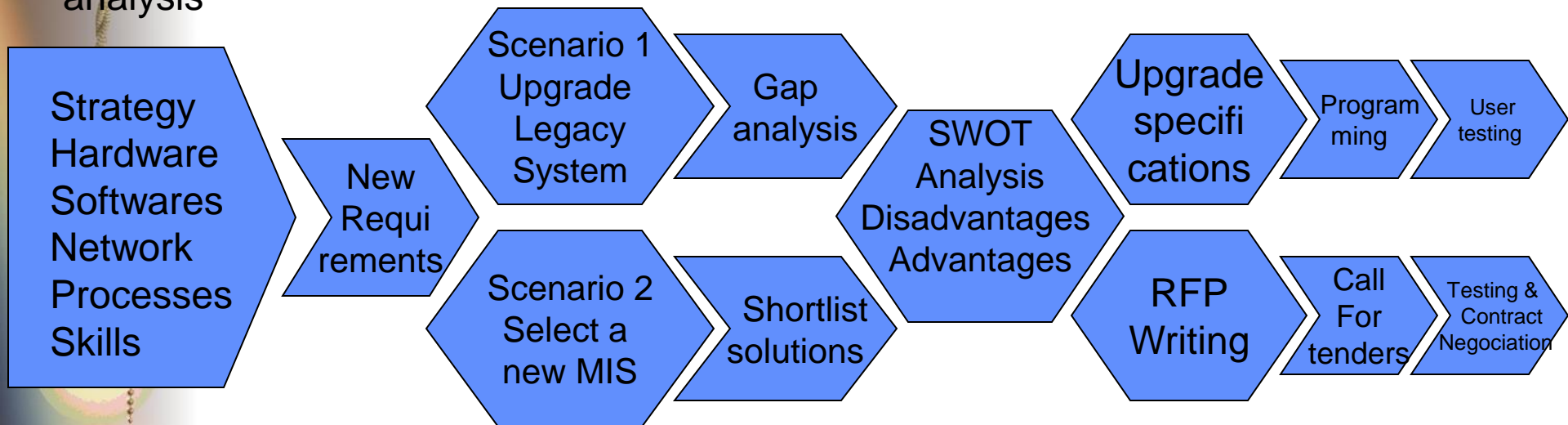
The MIS selection process

Selection process

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- 2 scenarios: upgrade legacy system vs. new MIS

IT needs
analysis



Recommendations on selection

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- Selection of criteria matrix with weighting
- Licences are only 15% of the total cost of ownership: don't forget training, installation, migration of data, user testing, change management (procedures)
- Keep a B plan until the signature (don't give a free hand to the selected provider to keep competitive pressure to negotiate customization)
- Don't transfer the last payment before at least 2 weeks after the go live (define milestones like x% at the order, y% installation, z% user acceptance)
- Make sure your customized modules don't diverge from the main version: in the short term, it seems cheaper, then in the long term, you need to pay customization again to benefit from major upgrades

SWOT analysis

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■ Examples of pros and cons

Internal	Strengths <ul style="list-style-type: none">-Strong accounting features-Integration accounting/loan portfolio manager	Weaknesses <ul style="list-style-type: none">-Not multilingual- Not multi currency-Scalability not demonstrated
	Opportunities <ul style="list-style-type: none">-Funding available to support the use of this MIS-Sharing costs with another MFI	Threats <ul style="list-style-type: none">-New regulatory requirements not available-Sustainability of the provider not ensured

Evaluation criteria

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I. Functionality

(a) Accounting:

- Range and quality of standard financial reports
- Integration across the system on information generated (accounting module reconciliation with the production application)
- Asset and liability management facilities
- Treasury functions
- Accrued interest

(b) Portfolio tracking

(c) Savings/deposit tracking

(d) Loan approval:

(e) Capacity of MIS to grow and expand as the institution adds new clients and products

- Supports different loan interest calculations, deposit interest calculations
- Multiple branches

II. Adequacy and accuracy of the reports

Determine if the calculations performed by the system are accurate

III. System Documentation

Quality of user documentation including handbooks, administration guides, operations schedules

Usefulness of on-line help (hyperlinks, etc.)

Easy error correction

IV. Services provided by the software provider

Implementation

Training

Technical support

V. Technical Capabilities

Ability of the system to communicate with external systems

Backup, recovery and security capabilities (including reliability of back-ups undertaken by previous personnel)

Fault tolerance and robustness

Is there performance degradation with system growth and multiple users.

VI. Technology and architecture

Appropriate technology (future, price of hardware)

Open standards compliance

Source code maintenance

Clear versioning of software

Clear upgrade strategy

Availability of development sources codes

VII. Standards and compliance:

accounting soundness and standards;

governmental and supervisory adherence

Accounting package and other functions can be modified to meet local legal requirements (e.g., withholding tax on deposits, credit bureau reports)

Adheres to GAAP and IAS provisions

Meets government/supervisory regulations

System can be easily modified to meet changes or additions to regulatory body requirements

VIII. Pricing/Cost

Licensing and maintenance costs relative to the market and similar systems

Base price and pricing structure

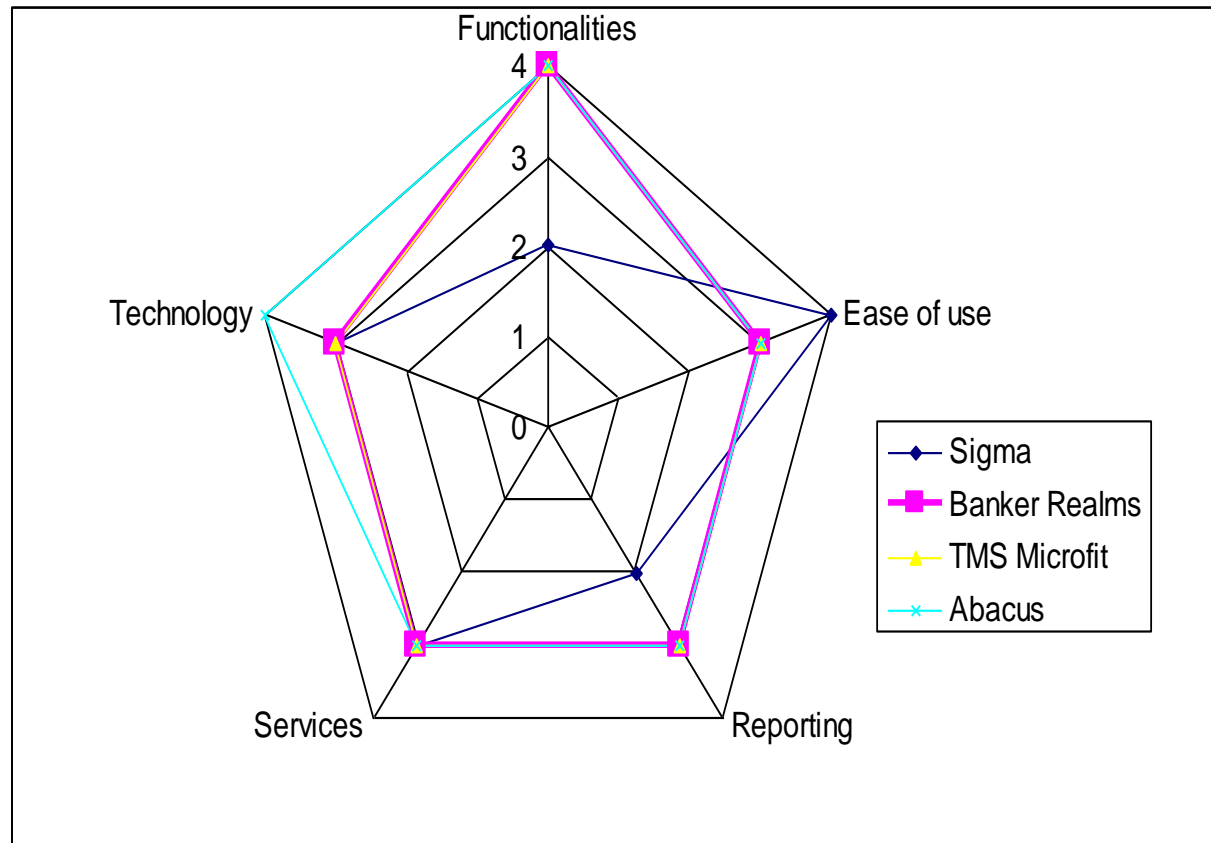
Maintenance and technical support fees and charges

Price appropriate to level of complexity and functionality

Overall value proposition (functionality as a function of cost)

Comparison

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Main issues to consider



Main issues

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- Consolidation of data
- Integration between loan portfolio manager and accounting
- Customization of reports
- Security
- Interests calculation

Consolidation

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- Copy of pre-filled formats
- Sending floppies/backup cartridges/CD/USB keys & mails (flat file interface)
- Automated interface, Synchronization, replication of data (full or partial)
- Centralized database requires efficient connectivity for real time update

Integration

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- Accounting module: 15 accounts at branch level versus ERP needs (payroll, assets, inventory, central finance facility) at HO level
- Totals by product (capital, interests, fees, penalties) to generate automatic entries

Customization of reports

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- Set of predefined reports
- Reports generator like Crystal reports/BO
- 2 skills required:
 - **Knowledge of data model**
 - **Ability to write SQL extracts**

Security

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- Availability: backup policy, hot restart
- Integrity of data: no direct access to data, good database technology, no inconsistencies (fault tolerance, UPS)
- Confidentiality: authentication, right information delivered to the right people through user management
- Accountability: audit trail, personal password changed regularly

Interests calculation

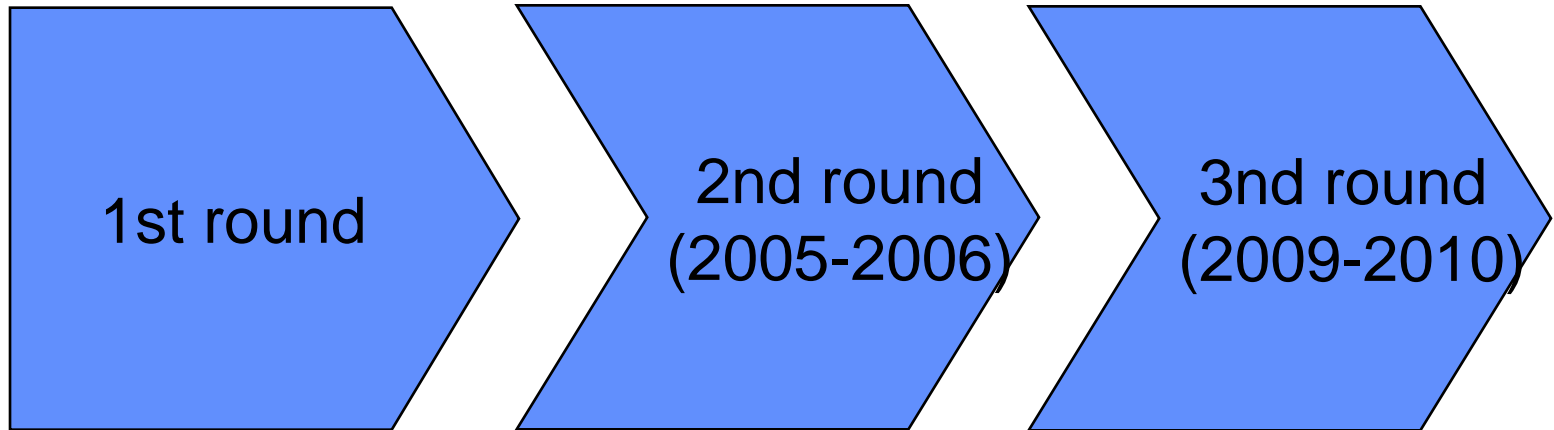
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- Installments, capital (or principal) and interests are fixed or increasing, decreasing
- Penalties can have a grace period but also a grace amount and be a flat amount or a %
- Many MFIs prefer to avoid day-to-day calculation of interests, less profitable than flat interests

The CGAP software reviews

CGAP software reviews

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6-7 in depth reviews (20 pages)

an opportunity was given to all softwares to be evaluated (25 software reviews only among 74 solutions listed)

update of reviews by several reviewers

CGAP software reviews

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- RFI + user feedbacks + minimum 3 references + online demo = 2 pages evaluation
- Request for information: 300 questions to know main characteristics of the MIS
- User feedback: satisfaction survey
- Online demo: WebX, Go to meeting
- Rating 1(poor) to 4(excellent) on functionalities, management reporting, services, technical capabilities

Content of a software review

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- 1) **Summary**: Provides a summary of the review and justifies the general opinion of the independent evaluator. Describes the major pros and cons of the product, and the level of IT expertise required by the client.
- 2) **Clients**: Explains what type of institution fits best with the product based on the size, type, and location of the institution. Also provides the overall rating provided by a sample of users surveyed during the review process.
- 3) **Ratings**: Evaluates the software on specific criteria outlined below using a 4 point scale. **** Best *** Good ** Average * Poor
- 4) **Functionality**: Rates the functional coverage of the product related to loan portfolio management, deposits, share, client information management, and accounting.
- 5) **Ease of Use**: Looks at the navigational architecture, the user resources, and the intuitiveness of the interface. It emphasizes the user feedback with particular attention to the product satisfaction, as well as the operational improvement due to the implementation of the product.
- 6) **Management Reporting**: Looks at the ability of each system to provide useful information to different categories of users.
- 7) **Implementation/Training/Support**: Related to all the services provided by the software provider. The rating gives heavy emphasis to user satisfaction.
- 8) **Technical Capabilities**: Gives the greatest weight to architecture and connectivity, development tools and methods, but also rates backup, recovery and security capabilities of the software. In addition, there will be an added emphasis on interoperability to reflect the growing need for microfinance systems to communicate with external systems.
- 9) **Cost Summary**: Provides the range of budgets reported by other users, as well as general information about licensing, implementation, training, and maintenance costs. A set of pricing cases also explain the range of prices for 3 sample MFIs.

More than 70 softwares listed on MFG

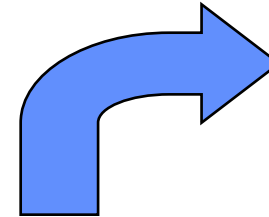
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Abacus OneWorld	e-Finance	MicroBanx iBSP 1.0
AchidBanker	El Mohassil 1.3	MiFi
ADbanking	eMerge 1.0	MIMOTA
Afropack Financial	eMerge G103.1.	Mimota
Enterprise Manager	eSIACOM	MLAS (Microloans Admin. System)
Ascend .NET	EVOLAN PACK for Financial	MMFS
BancMate	Companies	Octopus Micro Finance Suite
Bank Micro	FAO-GTZ MicroBanking System	Orbit
Bankers Realm	(MBWin)	ORCHID Microfinance
Bankers Realm MFO	Finance Solutions.	PharaFinance
Bankers Realm SACCO	FinnOne Loans	SASA-PRO VISION 2003
BANTOTAL	IMP@CT	SAVCO
CILBanker	KastellBanker	Savings Plus
COBIS	Kredits	SIEM 5.0
CommonCents 101	Kredits 3.45	SIEM 6.0 (MFSI)
Conexus	Kredits 5.12	SIEM 7.13
CoopLeader	Loan Performer 5.30	SIMCO PLUS
Cubis 8	LOAN PERFORMER 6.09	Small Bank Manager 2.10
CUMIS Plus	LOAN PERFORMER 7.04	SYSDE BANCA
CUMIS Plus 6.5	Loan Tracker	SYSDE SAF
DECISION System v.2	Loan Traking System (LTS)	The Exceptional Assistant (TEA)
Delta Loan Tracking	M2 (M2 MFI, M2 COOP, M2 BANK)	Topaz Microfinance
System	McFinancier	TMS/MicroFiTSolution)
Delta-Bank	Mercury	W-Bank
DolFin 1.0	MF RESOLVE/Gradatim IT ventures	
DownHome Loan Manager	Micro Financer Standard Edition	
2.05	Microbank Information System 2.00	

Large solutions (>50,000)

MIS to grow

Product	Rating	Minimum License Cost
Ascend .NET	***	USD \$1500 per branch. Additional license within same branch is USD 200 per license
Bankers Realm MFO	***	15000
Bankers Realm SACCO		5000 US\$
BANTOTAL		Available on request
DECISION System v.2		Contact DID
Delta Loan Tracking System	**	15000 USD - 5 users License Min. additional users: USD 1000- USD 1,200 (excluding Oracle server cost), (Accounting Module not included)
EVOLAN PACK for Financial Companies		TBD
KastellBanker		5,000 EURO
Kredits		15,000 for Access
Loan Tracker		0
MF RESOLVE from Gradatim IT ventures (I) Pte Ltd.		On request
MiFI - A Complete Microcredit Finance Software		\$5000 (Includes 1HeadOffice License + 2Branch Licenses (Installation); Upto 5000 Member Licenses)
Topaz Microfinance	***	0
W-Bank		US\$ 3500



Medium solutions (5,000-25,000)

Product	Rating	Minimum License Cost
Abacus OneWorld	***	\$25,000
Bank Micro		It depends on the amount of entries (accounts, loans, ...)
Conexus		0
Cubis 8	***	\$10,000
DolFin 1.0		0
e-Finance		0
eMerge 1.0	***	0
eSIACOM		0
Kredits 3.45	***	0
Kredits 5.12 (Technical Development Solutions)	***	USD 10,000 for a single branch institution
LOAN PERFORMER 6.09	***	700 single user, 1200 5-user, 1600 12-user, 2000 SQL-Server license
LOAN PERFORMER 7.04	***	700 USD
M2 (M2 MFI, M2 COOP, M2 BANK)	***	USD 750
Microbank Information System 2.00		0
Mimota		\$499 (various based on # of users)
Octopus Micro Finance Suite		0
Orbit	****	\$150,000
SASA-PRO VISION 2003		US\$10,000
Savings Plus		US \$ 1,300, with unlimited number users
SIEM 6.0 (MFSI)	**	0
SIMCO PLUS		0

Product	Rating	Minimum License Cost
AchidBanker		it depends on the number of accounts and amount of total assets
ADbanking	**	0 (under specific conditions for MFIs from least developed countries) / 3000 EUR.
Afropack Financial Enterprise Manager		68,000
BancMate		Rs. 285000/-
Bankers Realm	***	15000 USD
COBIS	***	From US\$ 70,000
CommonCents 101 MicroFinance Software		US \$ 900
CoopLeader		0
CUMIS Plus		0
CUMIS Plus 6.5	***	0
Delta-Bank		Euro 400 k
El Mohassil 1.3	**	0
eMerge G103.1.	****	0
FAO-GTZ MicroBanking System (MBWin)	***	USD1,500 (or USD500 for the Lite version)
Finance Solutions.	**	USD 1,000
FinnOne Loans		Available on request
IMP @CT		0
McFinancier		0
Mercury		\$8,500
Micro Financier Standard Edition	**	\$3,500
PharaFinance		5 000 000 CFA
SIEM 7.13	***	0
SYSDE BANCA		N/A
SYSDE SAF	***	From USD 2200 per user to USD 1750 per user
Total Microfinancing Solutions (TMS/MicroFITSolution)	***	5000USD

Medium large solutions (25,000-50,000)

Small solutions (<5,000)

Product	Rating	Minir
DownHome Loan Manager 2.05		0
Loan Performer 5.30	**	0
Loan Traking System (LTS)		0
MicroBanx iBSP 1.0		0
MLAS (Microloans Administration System)		R 43000.00 once off
MMFS		0
ORCHID Microfinance		0
SAVCO		N/A
SIEM 5.0	***	0
Small Bank Manager 2.10		0
The Exceptional Assistant (TEA)	***	pricing based on user requirements

New reviews

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- Abacus by Fern Software
- ADBanking by Aquadev
- Bankers Realm by Craft Silicon
- Cobis by CobisCorp
- Conexus by AVMEI
- Cubis by Fern Software
- Finance Solutions by Sigma Data & Computers
- Kredits by Technical Development Solutions
- Loan Performer by Crystal Clear Software
- MBWin by FAO-GTZ MicroBanker Project
- Octopus by OCTO Technology
- SAF by SYSDE
- SIEM by MFSI
- Southtech Ascend by Southtech Limited
- Topaz by Top Systems

Thank you for your attention !



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