



EUROPEAN
MICROFINANCE WEEK 2013

THE FUTURE OF MICROFINANCE:
INVESTING IN INCLUSIVE GROWTH

Keeping an Edge

The EMW 2013 version

Sam Mendelson, Arc Finance/MF Banana Skins
Diana Deszo, SEEP

November 14, 2013

The EMW 'SEEP' survey

- Conducted last week
- ~150 responses (thank you!)
- Simplified version of questions in “Keeping an Edge” – focus on relevance & preparedness
- Less interested in methodology or representativeness of sample
- We're interested in looking at relative 'gaps'

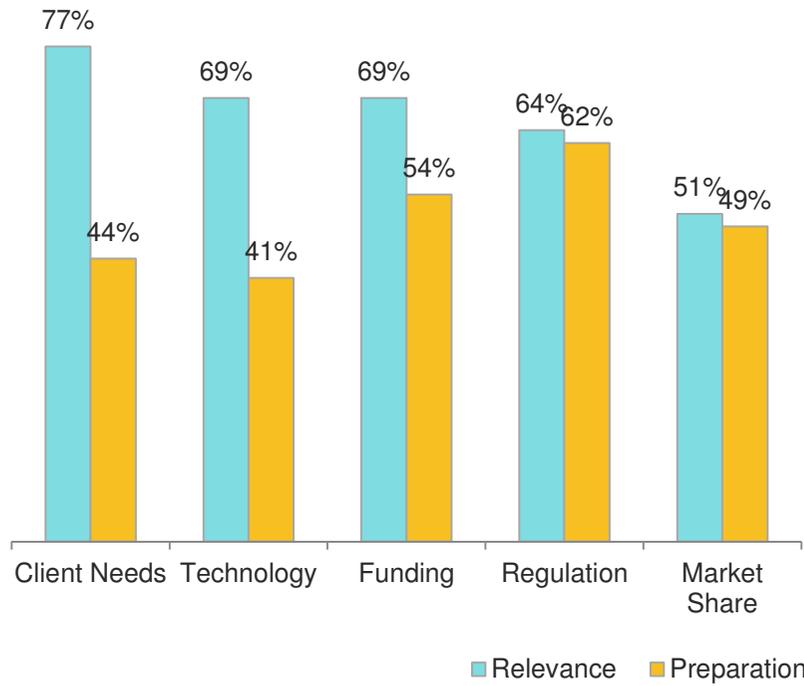


EUROPEAN
MICROFINANCE WEEK 2013

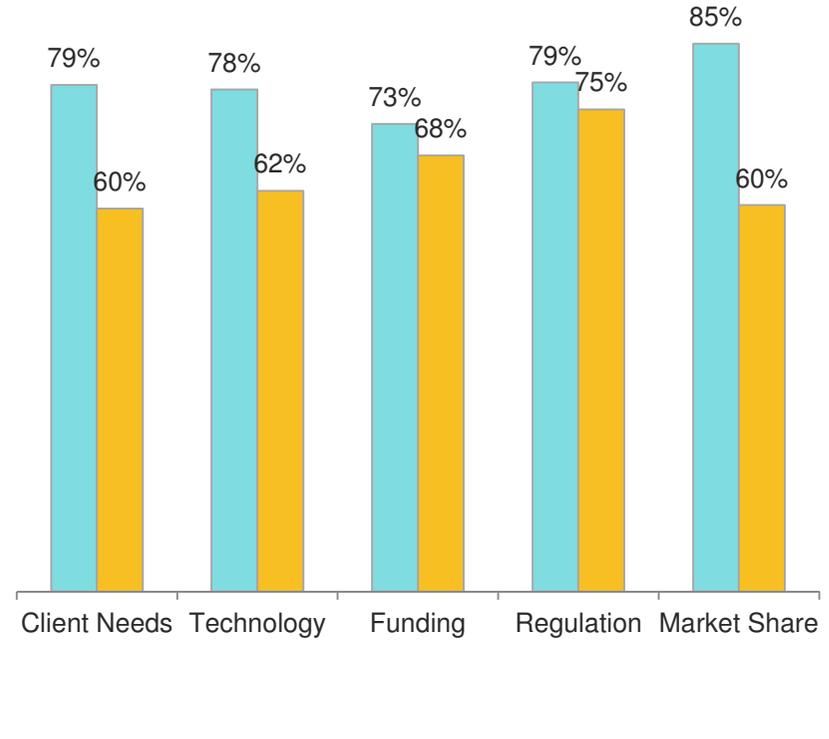
THE FUTURE OF MICROFINANCE:
INVESTING IN INCLUSIVE GROWTH

Comparing SEEP to EMW 2013

SEEP

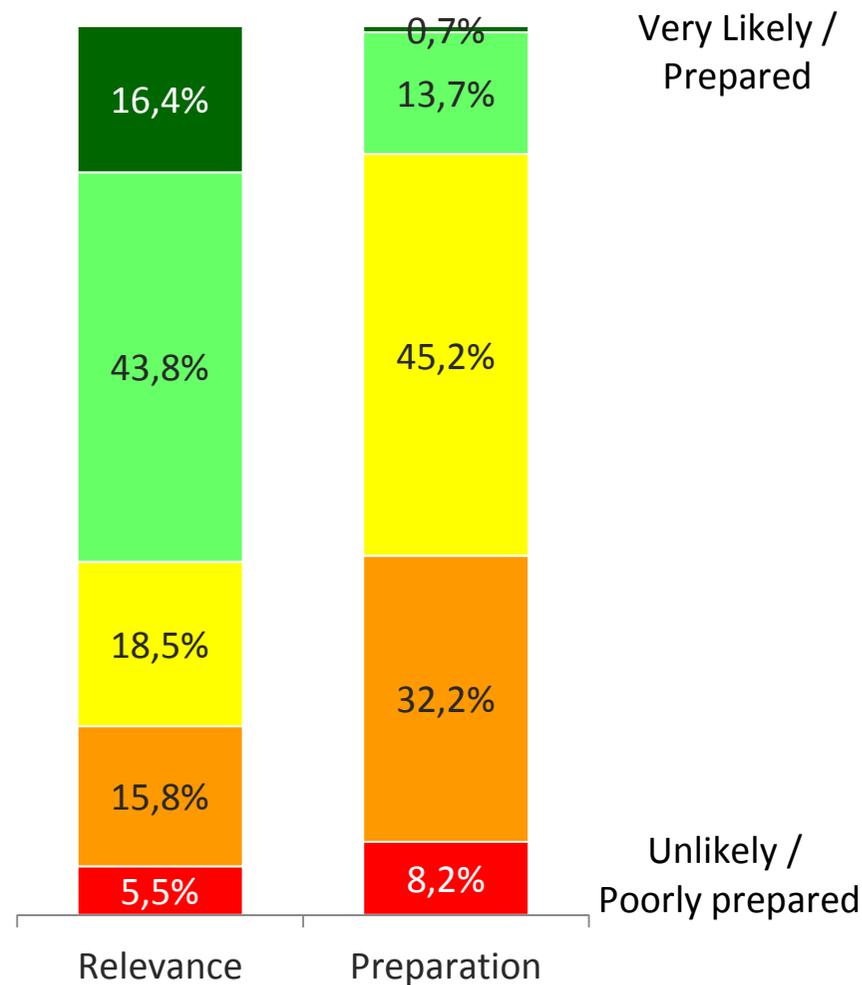


EMW 2013



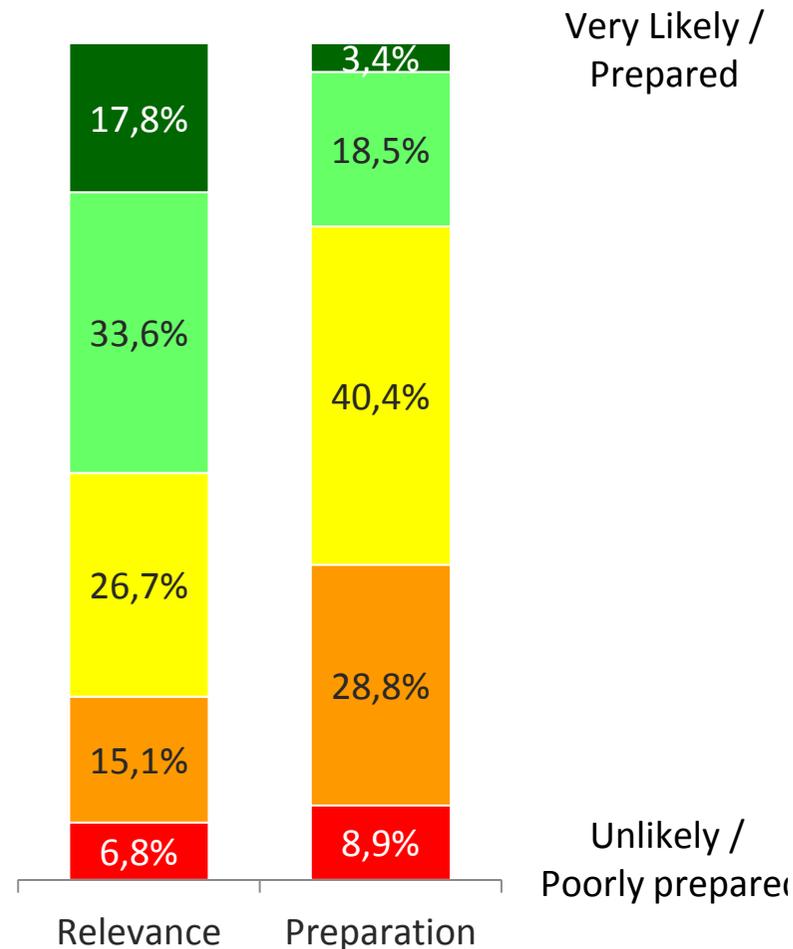
Diversified Client Needs

- *“Clients have increased demand for a wider range of financial services, many of which are not currently provided by the majority of existing MFIs”.*
- Scored 1-5 (unlikely relevance to very likely)
- 79% of responses rated it in top 3 quintiles for relevance
- 60% rated it in top 3 for MFIs preparedness (but only 14% top two...)



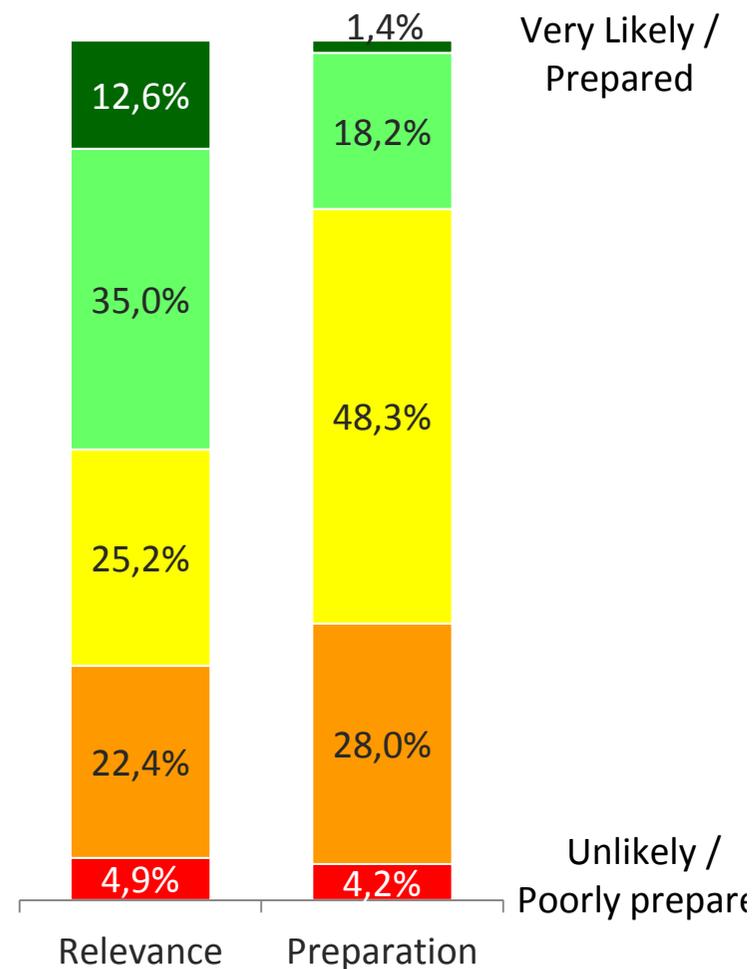
New Technologies

- *“New technology is affecting how products are delivered and banking is done. These include mobile payments, biometric identification devices, new IT platforms etc”*
- 78% rated it somewhat to very relevant
- 62% said MFIs were at all prepared to deal with this trend (an 18% gap)
- Only 21% however in top two score quintiles (a 57% gap)
- Only 3.4% said MFIs were very prepared



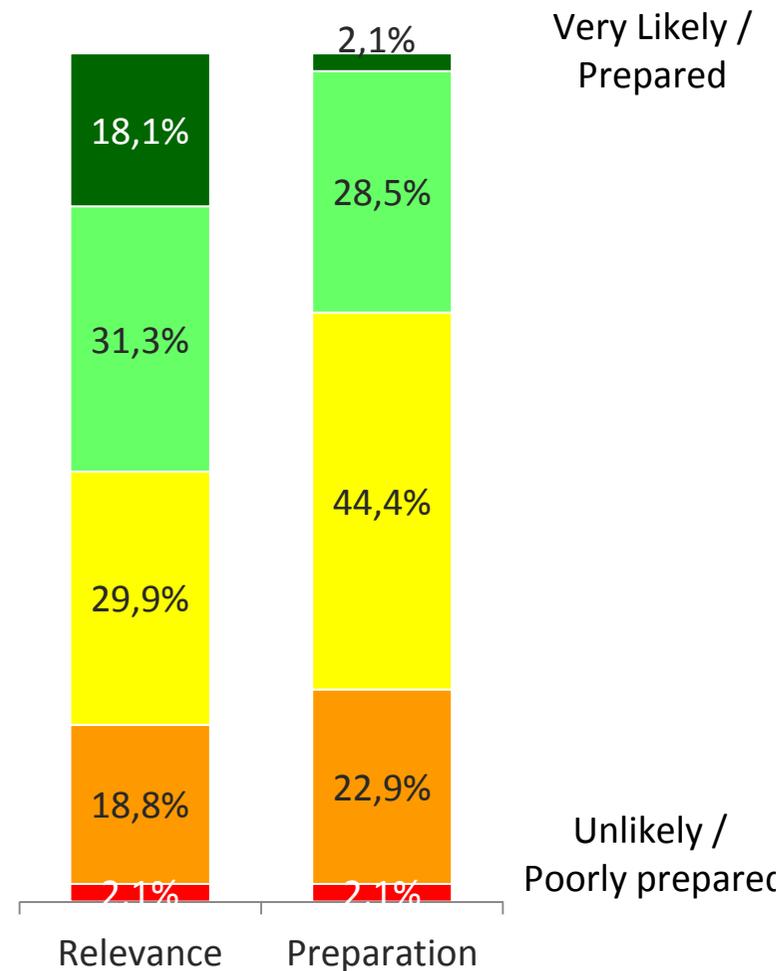
Changing Profile of Funding for MFIs

- *“MFI funding sources and type of available funding are changing. Debt and equity funding still available, however generally in lower amounts for MFIs”*
- 73% in top three categories for relevance of trend
- 68% in top three for preparedness (a small gap, compared to 15% in SEEP)
- Again, though, only 1.4% said MFIs were very prepared



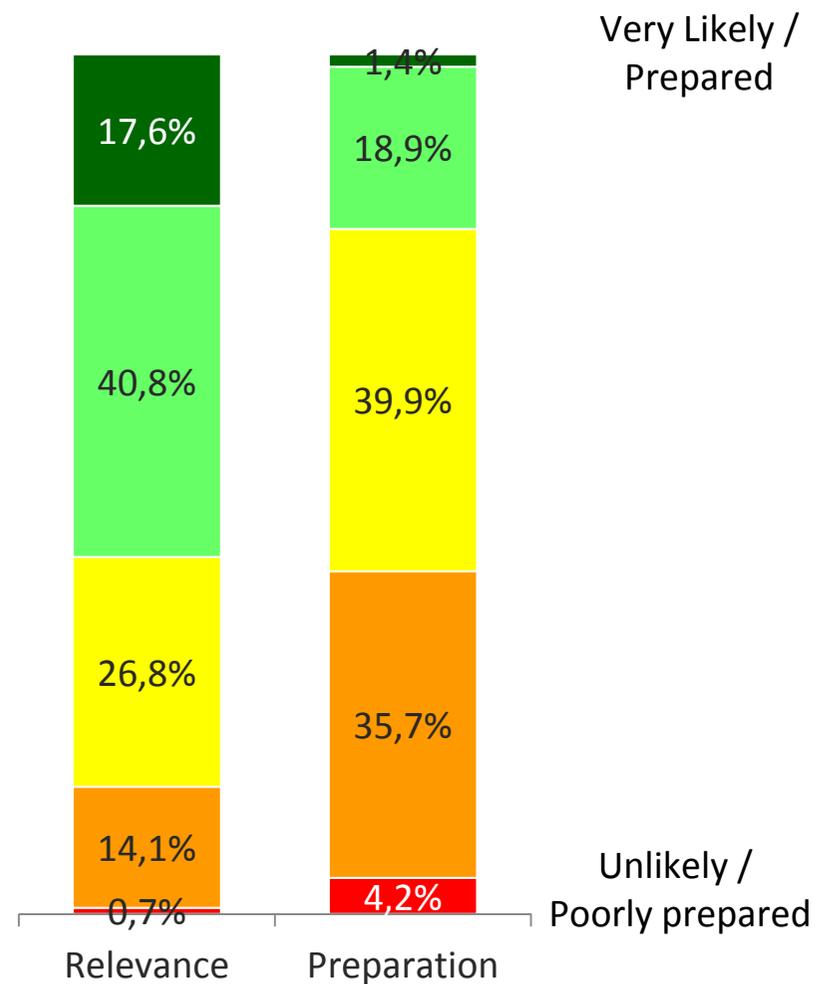
Changes in Regulation

- “Changes in regulation and industry infrastructure are affecting how MFIs operate”
- 79% in top three categories for relevance
- 73% in top three for preparedness
- The Gap very similar to that in SEEP survey
- But note again – only 2.1% say MFIs very prepared



Decreasing Market Share

- *“New entrants seeking large scale deployment are providing financial services to a rapidly increasing number of clients, making significant gains in market share.”*
- 85% say it's somewhat to very relevant as a trend
- 60% say MFIs are somewhat to very prepared
- But of that, 2/3 chose middle score, and only 1.4% say very prepared
- Quite different from SEEP, which had virtually no gap here



What does this mean?

- An interested (but limited) poll of a self-selected group
- Results overall similar to SEEP survey
- All trends have a 'gap'. Lack of preparedness is a widespread perception
- Upcoming: *Microfinance Banana Skins 2014*



EUROPEAN
MICROFINANCE WEEK 2013

THE FUTURE OF MICROFINANCE:
INVESTING IN INCLUSIVE GROWTH

- Thank you.

- Discussion (and for once, statements as well as questions are welcomed!)