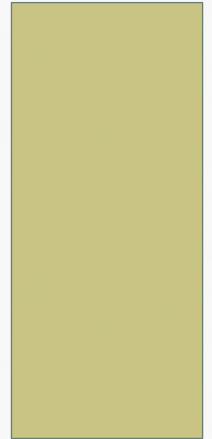


10 COMMON VIEWS ABOUT MICROFINANCE.

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1. « Microfinance is small amounts of credit for microentrepreneurs. »
2. «Microfinance is something for women».
3. «Microfinance institutions are safer than banks.»
4. «Microfinance institutions are very profitable.»
5. «Microfinance is continuously growing market.»
6. «Invest, and everything will be ok.»
7. «Every microfinance institution is suitable for investments.»
8. «Microfinance is a double bottom line strategy «.
9. «There is just one business model in microfinance».
10. «Microfinance reduces poverty».

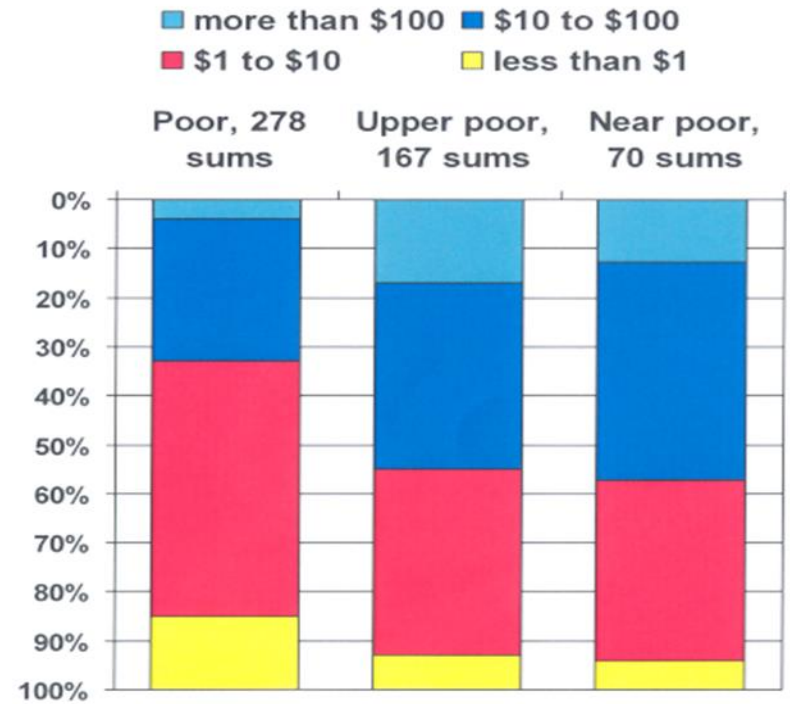
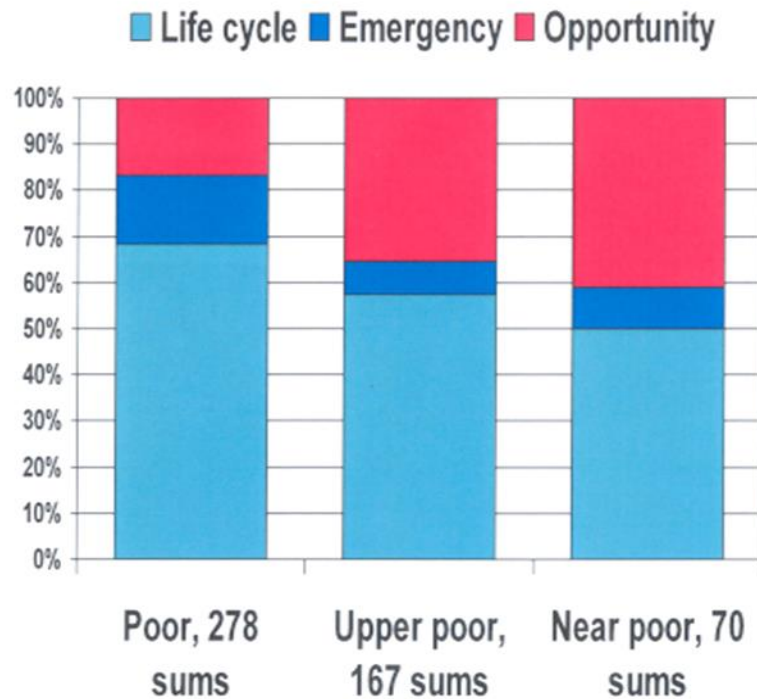
1. « MICROFINANCE MEANS SMALL AMOUNTS OF CREDIT FOR MICROENTERPRENEURS. »



«SMALL»? «ENTERPRISES»?

(COLLINS, MORDUCH, RUTHERFORD, THE POOR AND THEIR MONEY...)

What they spent their lump sums on, and the values of the sums



2. «MICROFINANCE IS SOMETHING FOR WOMEN».



3. «MICROFINANCE IS SAFER THAN BANK FINANCE.»

MFIs (MIX 2008 Global 100)

Past due: 3,1%
Write-off rate : 1,1%
Loan loss rate : 0,8%

Deutsche Bank 2012

Loan portfolio: euro 384 bn
Past due 30: euro 3,8 bn
Past due 30: 1%

4. «MICROFINANCE INSTITUTIONS ARE VERY PROFITABLE.»

Profitability indicators worldwide (MIX Global 100):

- RoA 1%
- RoE 5,3%
- OSS 113%.

With variations:

- RoA from 2,9 (Vision Fund) to 5,5% (PRASAC)
- RoE from 12,6% (Vision Fund) to 44,2% (PRAZAC)
- OSS from 118 (Vision Fund) to 163 (ACLEDA)

Drivers of profitability:

- Size (assets and clients)
- Age
- Commercial refinancing
- Taking deposits
- Efficiency.

TRENDS

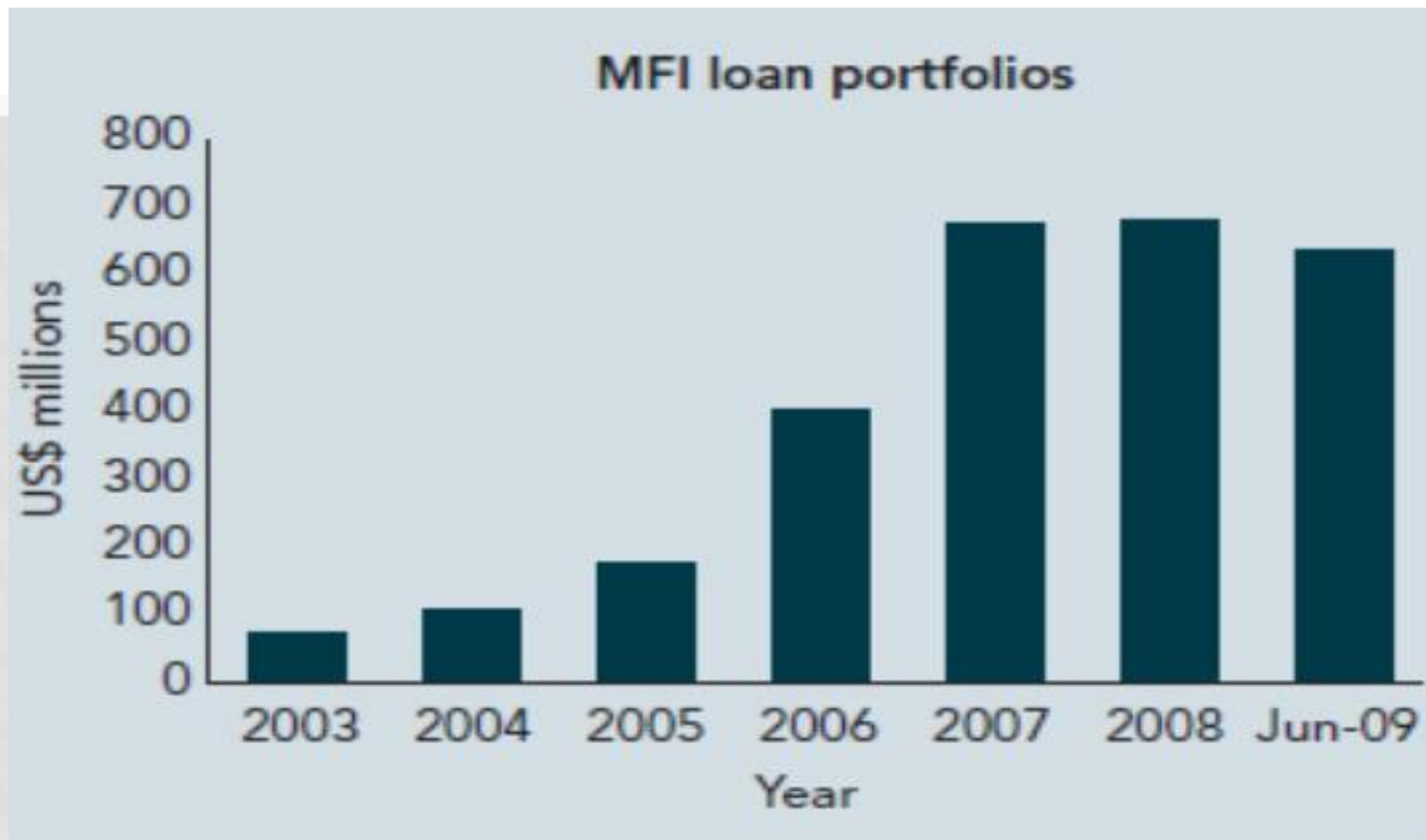
(CGAP JUNE 2013)

Net profit margins halved



5. «MICROFINANCE IS CONTINUOUSLY GROWING.»

(CGAP BRIEF: THE RISE, FALL AND RECOVERY..., DECEMBER 2009)



Source: BAM and JAIDA.

Note: Total loan portfolio for all 12 Moroccan MFIs, converted to US\$ at end of year exchange rate.

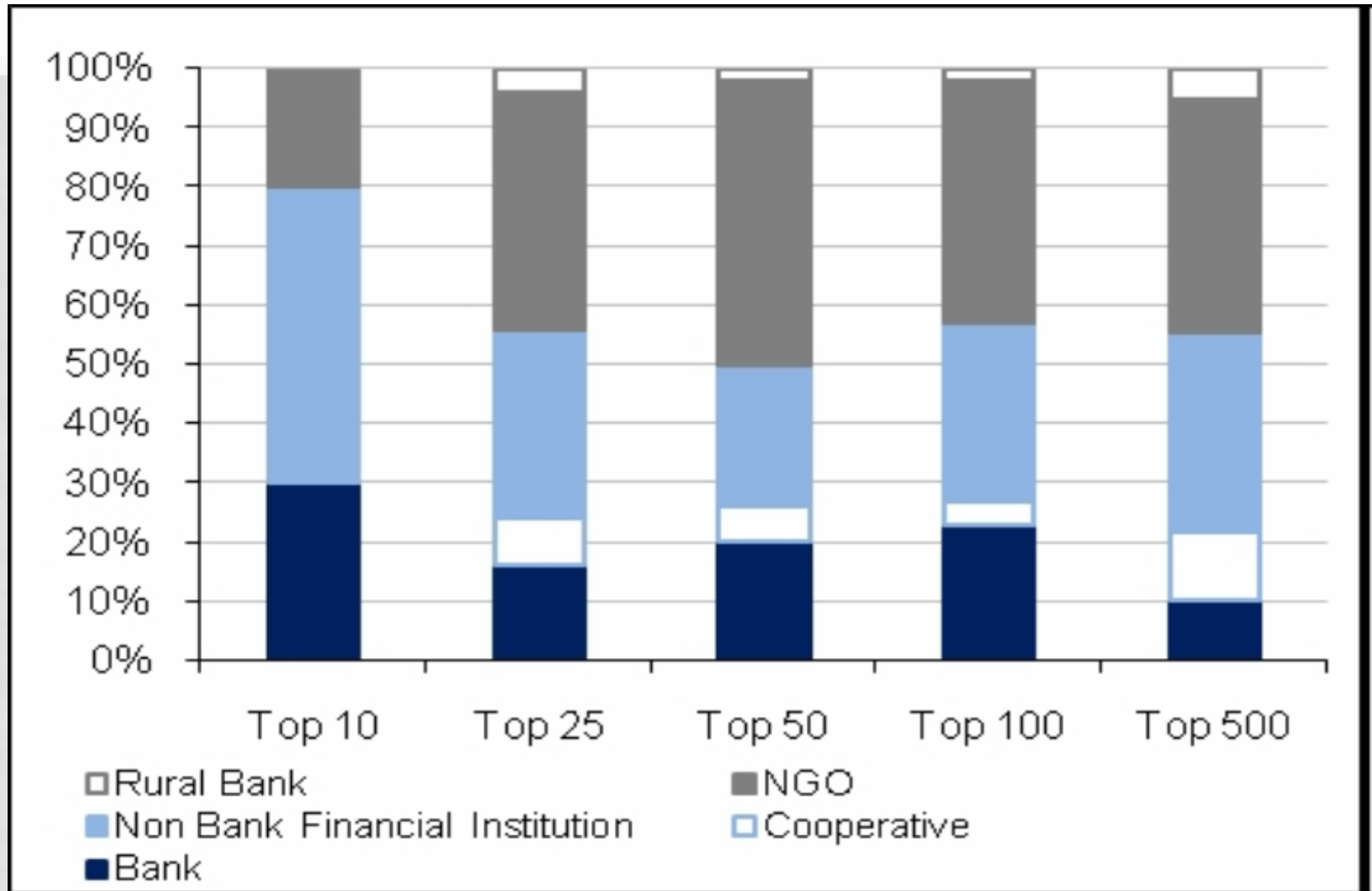
6. «INVEST, AND MICROFINANCE WILL BLOSSOM!»

In 2013 \$ 37 billion went into MFIs ($\frac{3}{4}$ public and $\frac{1}{4}$ private).

57% for retail investments, 43% for market infrastructure, institutional capacity building, policy, client capabilities.

Issues: crowding-out, mission drift, displacement of local savings

7. «ALL MICROFINANCE INSTITUTION ARE SUITABLE FOR INVESTMENTS.»
(2008 MIX GLOBAL 100)

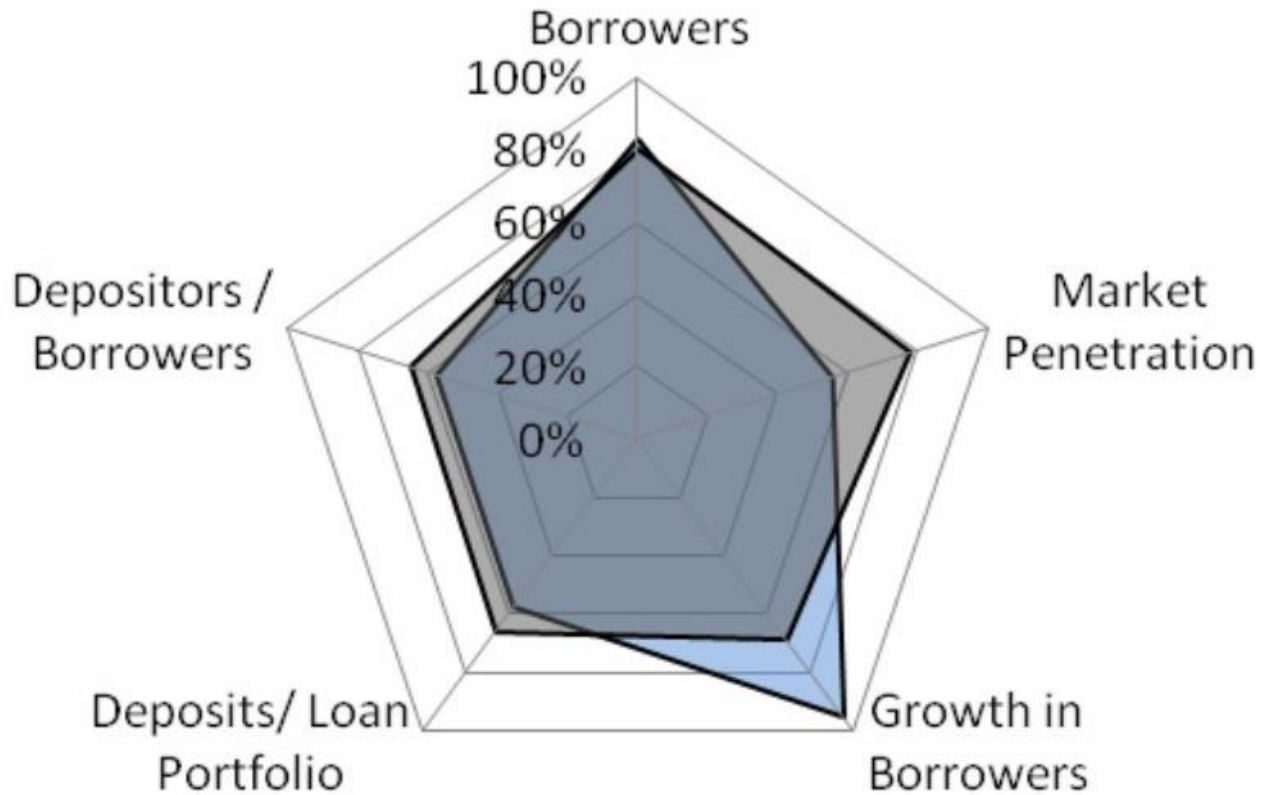


**8. «MICROFINANCE IS A DOUBLE BOTTOM LINE STRATEGY.»
(OR THE POINT THAT FORBES MISSED)**

http://www.forbes.com/2007/12/20/microfinance-philanthropy-credit-biz-cz_ms_1220microfinance_table.html

"OUTREACH"! (OUTREACH?)

2008 MIX GLOBAL 100



■ MBK Ventura ■ Top 100

9. «MICROFINANCE FOLLOWS A SINGLE BUSINESS MODEL.»

AMK



ACLEDA



10. «MICROFINANCE REDUCES POVERTY.»

It is still around.

Microfinance and financial inclusion:
access, use and impact

There must be a demand for it.

SDGs:
microfinance
adjacencies

More rigorous
evaluations in
microfinance than
elsewhere.

Eases cash
management,
mitigates risks,
enlarges options.