



EMFW 2017, Luxembourg

Panel:

Investing in MFIs – Importance of Human Resources to achieve
impact

The Investors' Perspective



Content:

- 1. Bank im Bistum Essen eG**
- 2. Why Human Resource Management matters**
- 3. Three questions from an Investor to the MFI**
 - Does the MFI ensure continuous staff motivation and commitment?
 - Does the institutional structure and organisational culture fit the current business model and the MFI's maturity level?
 - Are skills available for the implementation of the intended change?
- 4. How to assess the quality of Human Resource Management**



EUROPEAN
MICROFINANCE WEEK 2017

BANK IM BISTUM ESSEN eG

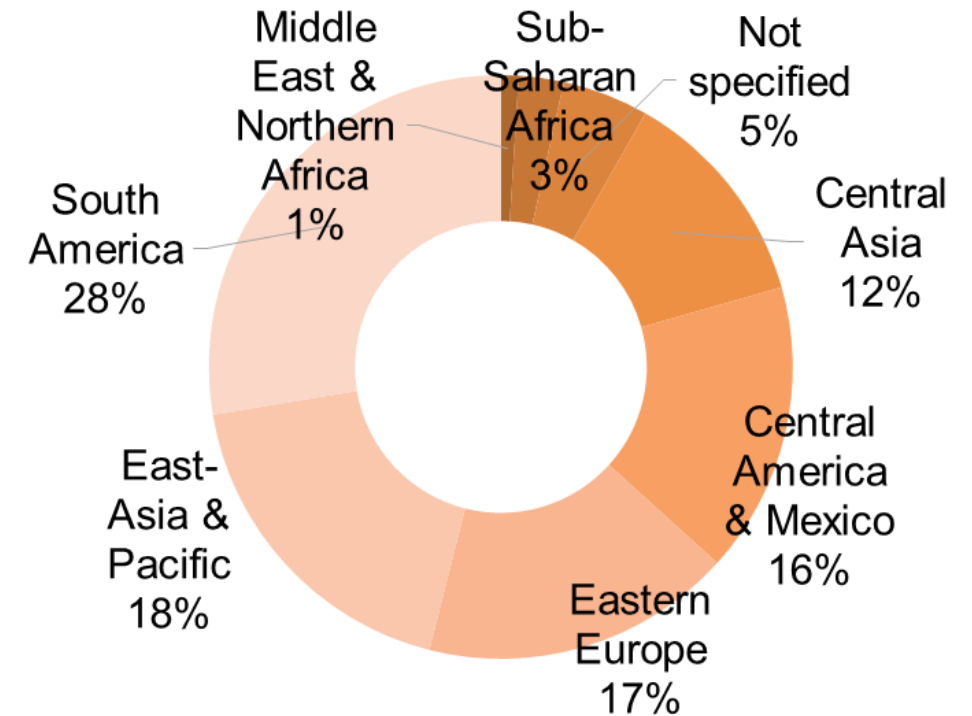
Our Bank

- Founded in 1966 as a cooperative bank, member of the German Association of cooperative banks (DGRV)
- Financial service provider for the church and its institutions → strong focus on the German non-profit sector
- Provider of high quality financial products at a reasonable pricing

| | |
|--------------|-------------------------|
| Total Assets | Approx. EUR 5,0 billion |
| # Clients | 16,000 |
| # Members | Approx. 4,000 |
| # Employees | 122 |

Our Microfinance Portfolio

| | Foundation | Volume (in USD) |
|-----------|------------|-----------------|
| BIB Essen | Since 2007 | 14,5 Mio. |
| KCD I | 2009 | 157 Mio. |
| KCD III | 2015 | 72 Mio. |



Why Human Resource Management matters

A successful HRM ensures amongst the employees (4 Cs):

- Commitment to the work, the organization and its mission
- Competence among staff to perform and optimise the work
- Congruence within the team
- Cost effectiveness in operations

Human Resource Management is the groundwork for

- Profitability of the operations
- Sustainability of the business model
- Avoiding Mission Drift

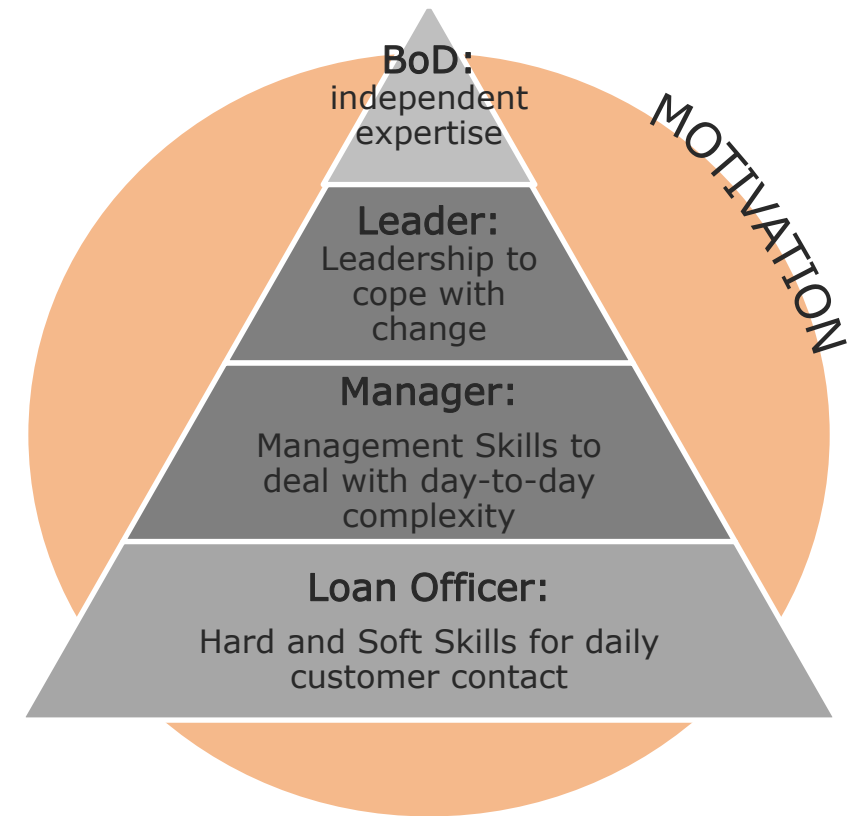
Does the MFI ensure continuous staff motivation and commitment?

Empowering staff:

- Ability
- Authorization
- Accountability
- Clarity on expectations

Providing decent incentives
→ Fair treatment of clients
and employees

Working with a clear vision
which is followed by the staff



Incentive Schemes

Monetary Incentive Schemes

Quantity

Outstanding Loan
Portfolio

Disbursement

Portfolio
Quality

Quality

Financial and non-financial KPIs reflect the MFI's social mission

Non-Monetary Incentive Schemes

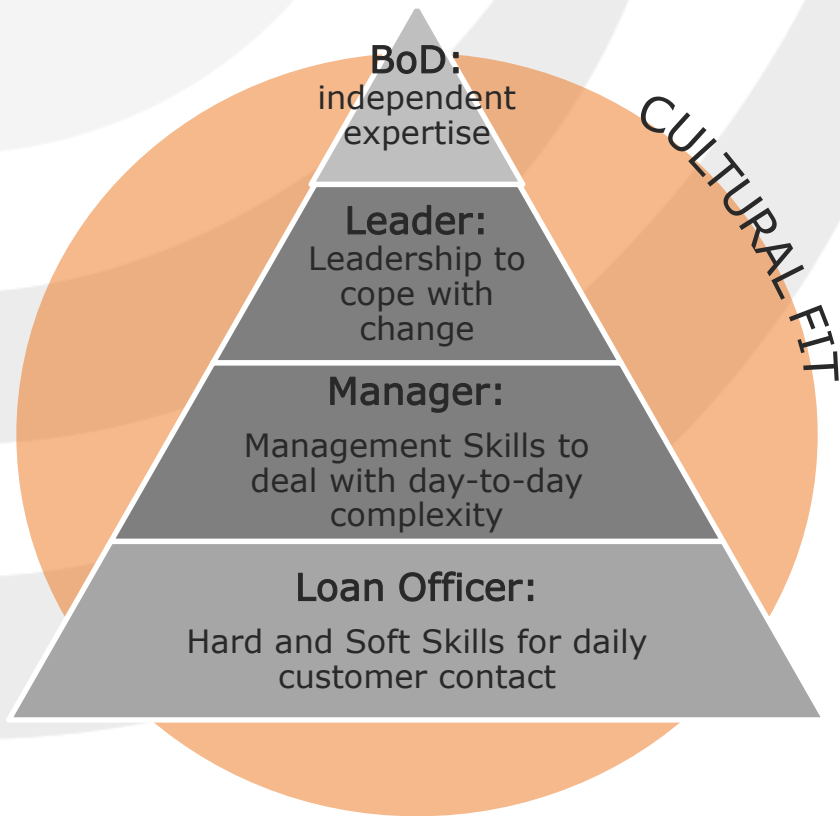
- Training and Education
- Career opportunities
- Pensions and insurances (e.g. health)
- Financial Services with specific employee conditions

Does the institutional structure and organisational culture fit the current business model and the MFI's maturity level?

Adjusting board composition to the MFI's maturity level to oversee increasingly complex structures

Ensuring coherency between the institution's size and strategy and leadership style

Complementing the institution's maturity and size by an aligned organizational structure

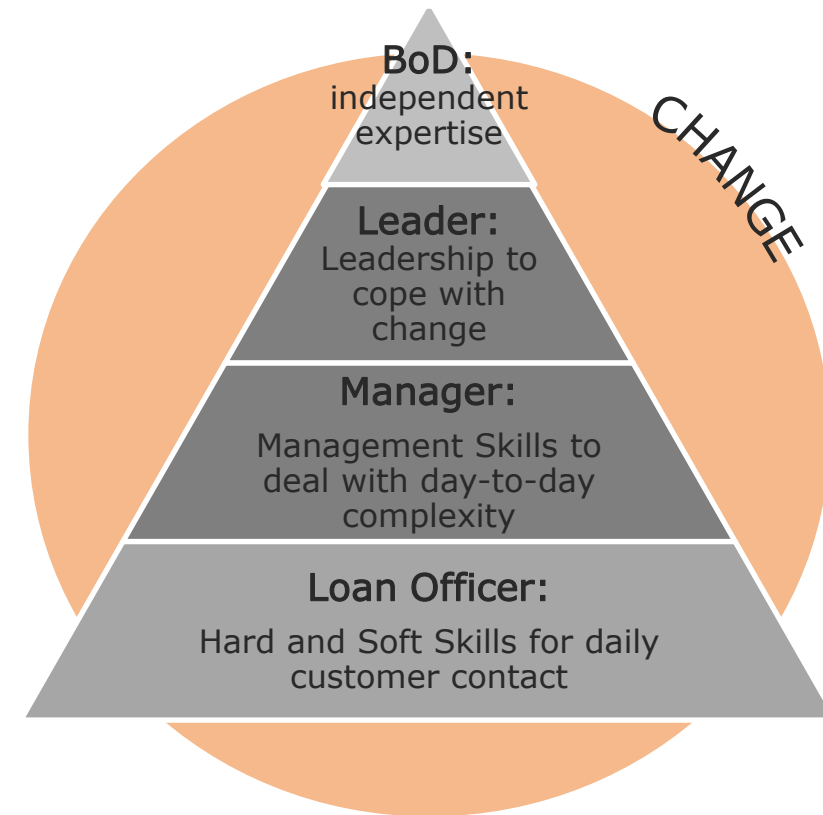


Are skills available for the implementation of the intended change?

Promoting strong innovative drive to better deal with professionalization and transformation processes

Developing capabilities to produce commitment for change amongst employees

Enforcing continuous capacity development to better handle new products and growth



How to assess the MFI specific answers to the raised questions?

Well structured documents speed up the credit process:

- HR and Remuneration Policies
- Training Plans
- CVs from higher and middle Management staff
- Strategic Plan
- Staff surveys
- Succession Plans
- SPI 4 Alinus etc.

Communication creates trust in capabilities:

- Open conversations
- Opportunity to talk in private with staff
- Accompany a Loan Officer for a field visit
- Fluent communication during the whole credit process

Thank You!...



**Bank im Bistum
Essen eG**
Gildehofstraße 2
45127 Essen

...and let's stay in touch !

Adam Böhm
Investment Officer
Tel: +49 201 2209 385
Fax: +49 201 2209 7385
adam.boehm@bibessen.de

