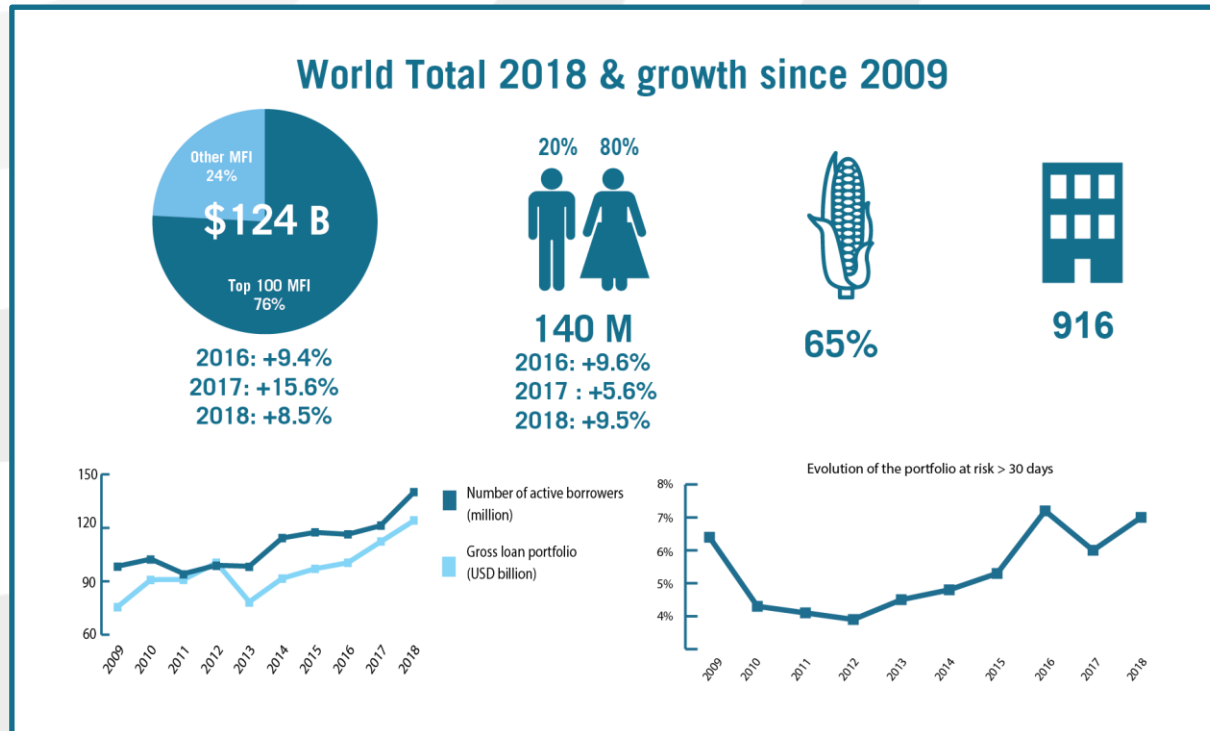


Microfinance Barometer – 10 years analyzing the sector

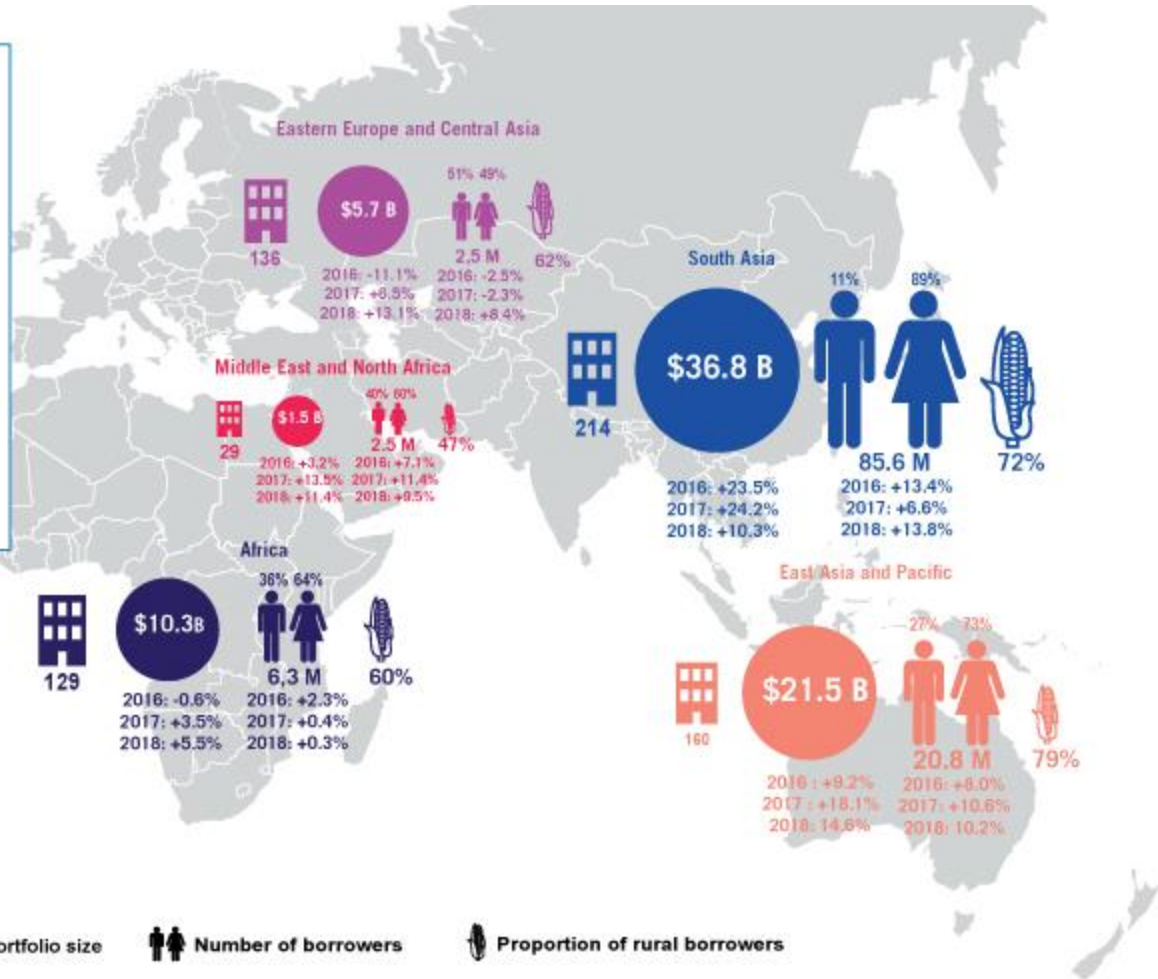
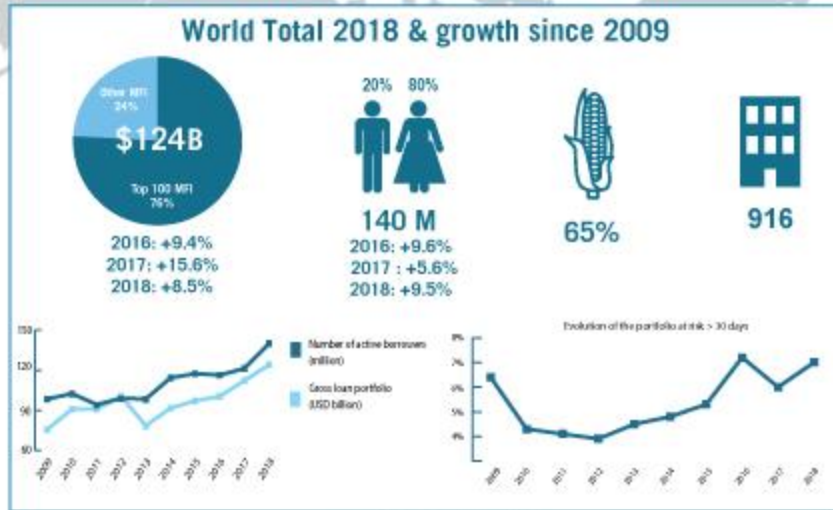


2009-2018 – an overview of the sector



- In 2018, 140 millions borrowers benefited from MFIs services, compared to 98 millions in 2009
- The number of borrowers recorded an average growth rate of 7% since 2012 – compared to nearly 20% in the previous decade
- MFIs' global portfolio amounts to 124,1 Billion USD, compared to 75,6 in 2009
- Annual portfolio growth rate over the past 5 years is 11.5%

2018 – Latest figures in the microfinance sector



Number of MFIs reporting to the MIX
 Portfolio size
 Number of borrowers
 Proportion of rural borrowers

Crises and scandals

- Over-indebtedness crisis : in saturated markets, many customers got over-indebted, driven to despair by aggressive agents and decapitalize to repay
 - Lack of proven impact: impact studies conducted through Randomized Control Trial (RCT) – a model used by major American universities – showed no positive impact on poor clients
- Microfinance legitimacy was at stake

Competition by new players

- New technological players arrived in the financial services ecosystem. They were Fintechs, telecommunication companies, digital banks, etc.
- These new players quickly gained new ground by offering simple, fast, discreet and attractive services.
- New products arose, such as nanoloans.
- They developed new methods, in particular credit scoring using data.

Regulations and consolidation

- With the crisis, Regulatory Authorities have raised prudential ratios and requirements and MFIs have to comply and report more stringently
- To prevent the risks of money laundering and terrorist financing Regulatory authorities – Central Banks and others –, are strengthening their supervision and pushing MFIs to increase their share capital.

What are the trends for microfinance ?

- MFIs will have to regain the confidence of their clients, by listening to their needs and improve services to meet their expectations: building client's loyalty is a factor of sustainable growth
 - Digital Finance has to develop, with a 'High Tech / High Touch' approach, based on microfinance knowledge and experience of underserved clients' needs.
 - Ensuring clients' micro-enterprises financial sustainability with non-financial support
- Client Centricity for Impact is key

Ecosystem approach by co-construction

- Alliances, cooperations, mergers – growing bigger could be a way of building more solid systems and procedures, more diversified products, therefore contributing to the consolidation of the sector.
- Reaching a more ecosystemic approach : finding spaces for dialogue and co-constructing to reinforce the industry's resilience and efficiency.