

# Modernizing Micro

Service offer



inspiring   
development

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managing  
financial  
institutions



## Background

### Current Context

- Micro lending began as a developmentally driven movement to increase financial inclusion, relieve poverty, and promote economic development.
- Increased competition from commercial banks and gradually from fintech resulted in margin pressure.
- Economic crises and the ongoing pandemic have driven up the cost of risk and increased volatility.

### Future Developments

- **Competition and volatility will remain – or even grow.**
- This puts pressure on institutions to **modernize and professionalize** their lending operations.
- Efficiency becomes a “must have” for organizational success – or even survival.

### Challenges for Financial Institutions

- What level of digitalization of processes should be targeted and which ones to prioritize?
- How to organize key processes efficiently?
- What market positioning is a good fit for the institution and provides interesting opportunities?
- How to enable great staff performance?
- How to organize sales in a competitive market?
- How to make fast credit decisions – and the right ones?
- How to manage the risks and ensure transparency for the board and management?



## Our Solutions

### Strategy and Positioning

- Examine internal capacity, client needs, and competitors' offers
- Develop a positioning statement that plays to own key strengths
- Strategic roadmap for developing internal capacity further

### Business Process Management

- Digitalization of key lending processes, from acquisition and data collection to decision and disbursement
- Visual mapping of key processes to remove redundant paperwork, approvals, and signatures
- Review staff roles to minimize overlap.
- Review and simplify data collection and decision forms

### Underwriting

- Support for the decision-making process with solutions like automated, statistically founded scoring; simplified decision-making based on expert ratings and market standards; individual review by underwriter for complex cases
- Professionalization of underwriting function with dedicated, often centralized staff for loan approvals.
- Clear policies, manuals and procedures to ensure consistency.

### Staff performance

- Assessment of existing lending and middle management staff
- KPIs and motivation systems aligned with institutional priorities
- Standardized reporting to monitor staff performance
- Training of frontline staff in sales, basics of credit risk and more, depending on needs assessment.
- People management training for middle managers.

### Sales

- Definition of client profile(s) to aid targeted acquisition
- Development of marketing plan, including Social Media
- Develop platforms for digital onboarding
- Establishing CRM systems to monitor customer interactions and sales efforts (calls, meetings, visits)

### Risk Management

- Establish risk management committee
- Develop Key Risk Indicators
- Vintage analysis for early risk detection
- Standardized risk management reporting
- Establish operational control unit for fraud detection



## Our approach and outcomes

### Our approach

- **Pragmatic**, result-oriented solutions
- **Structure** that is adjustable and efficient
- **Definitions and methodologies** that are clear, comprehensive, understandable and easily applicable
- **Accountability** – input that leads to measurable improvements and results
- **Highly experienced** team
- **Local context** matters
- **Integrated approach**: leadership, organization, people and technology.

### Outcomes

The objectives of each project are set individually, based on the wishes of the institution and the outcome of our diagnostic analysis. Typical outcomes include several of the following:

- **Improved efficiency ratios** – in the form of higher portfolio number/volume managed per staff member.
- **Lower cost of risk** – our systematic approach will yield a more predictable, and in many cases lower cost of risk.
- **Faster turnaround times** – due to process analysis and implementation of appropriate technology
- **Improved client satisfaction** – due to faster turnaround times and reduced bureaucracy.



## Our Resources

As current and former executives of MSME banks, our team leaders are able to develop and implement practical solutions with strong impact on FI effectiveness and profitability. We can supply Key Experts on a wide range of subjects to address all aspects of micro lending. Our data team provides the statistical analysis to support scoring implementation, IFRS9 provisioning and more.

### Team leaders

- **Senior management backgrounds** and operational experience in MSME banks and MFIs in various markets
- **Strategic understanding** of the challenges of micro lending in difficult environments
- **Project management experience** to manage complex projects with multiple stakeholders and deliver results
- **Effective communication** with management and boards, getting agreement on required action plans.

### Key experts

- Extensive operational experience in organizing and leading teams in branches and head office.
- Experience pushing business growth in different markets in CEE, Africa and Latin America.
- Working as an effective bridge and translator between business, risk and software providers.
- Ability to design effective underwriting solutions tailored to the market and the institution.
- Expertise in drafting concise, useful policies and procedures.
- Skilled trainers, designing interactive, effective learning sessions.

### Data Team

- Highly analytical approach and high level of technical expertise
- Statistical tools for scoring development and optimization.
- Unique track record in identification and further analysis of problem loan hot-spots.
- Designing and implementing high quality operational reporting.



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### **Please contact us for:**

- Further information on our services and our approach
- Possible packages or specific needs
- Information needed to be able to provide an individual offer



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