Microfinance in Europe - sector overview

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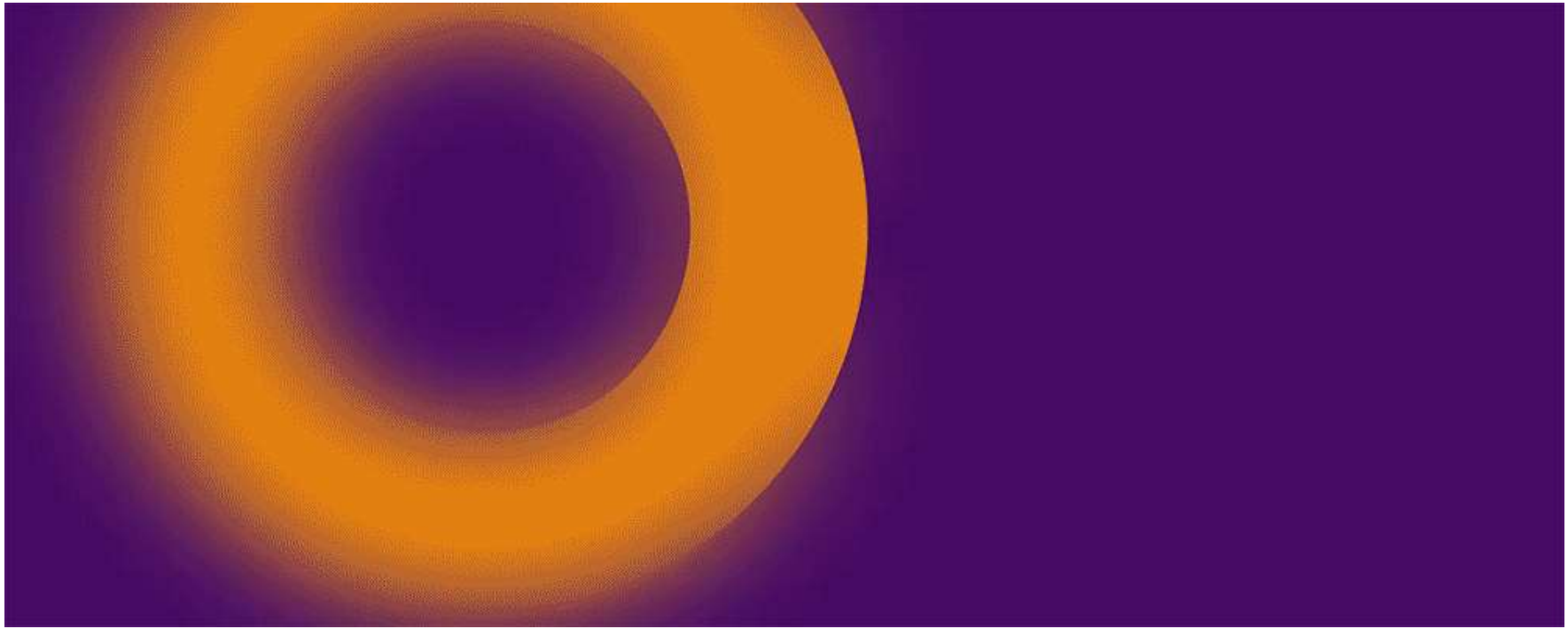
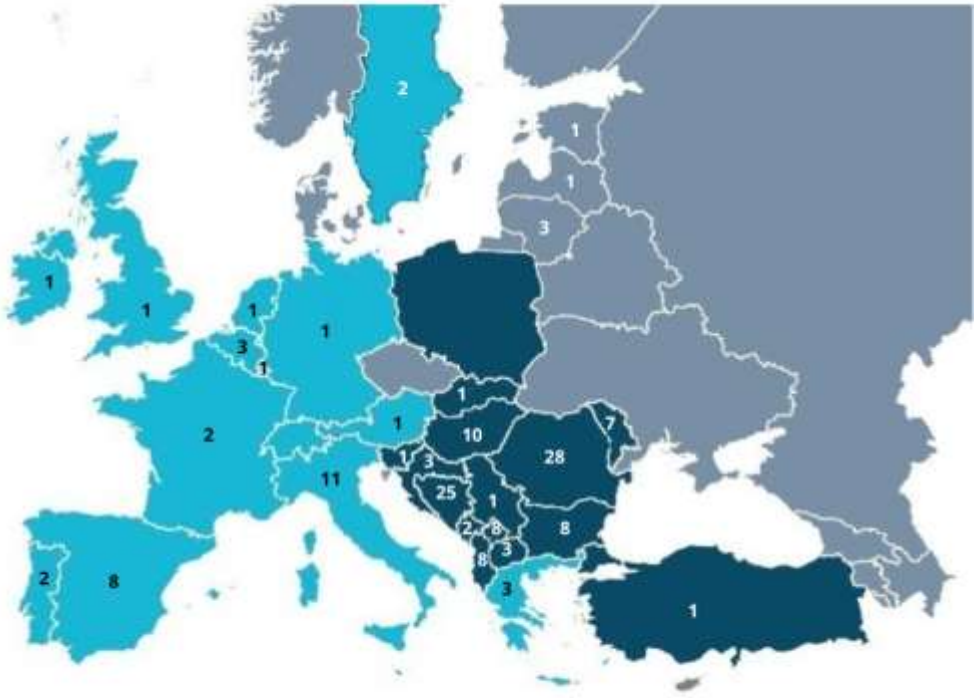
MICROFINANCE CENTRE



EMN-MFC Microfinance Survey 2020-2022

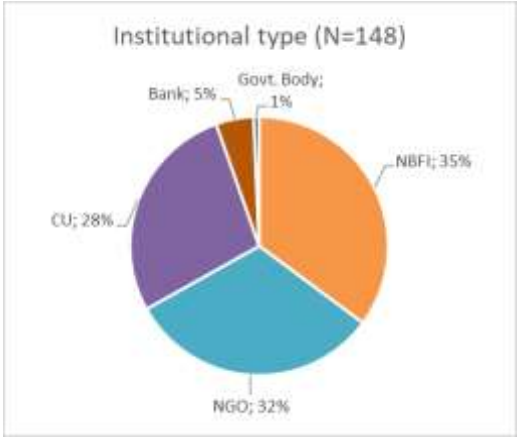
MICROFINANCE CENTRE

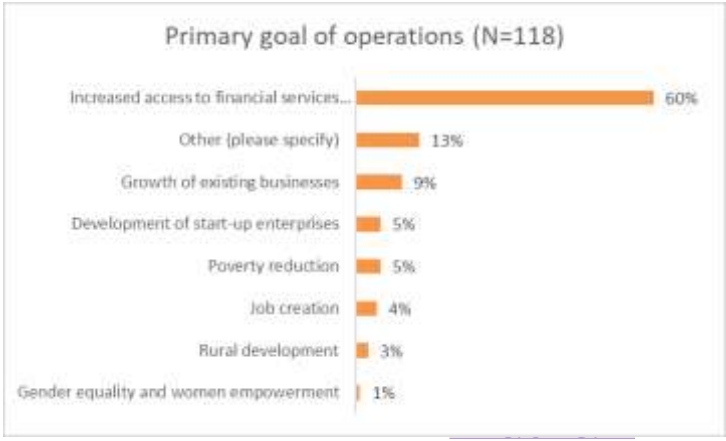
Data collected from 148 MFIs from 30 countries



Types of institutions

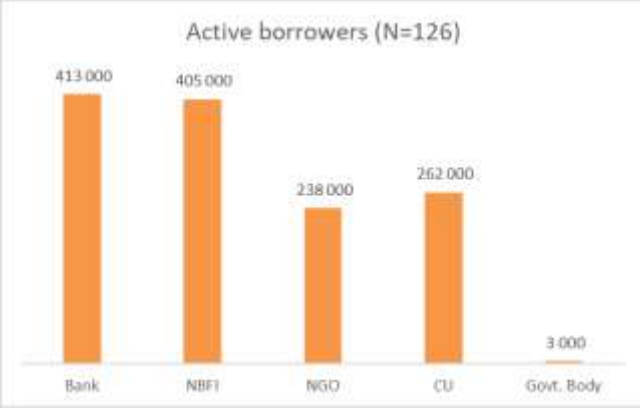
- NGOs and NBFIs are almost equally numerous, followed by credit unions
- 76% of institutions are located in Eastern Europe
- Primary goal of operations – financial inclusion





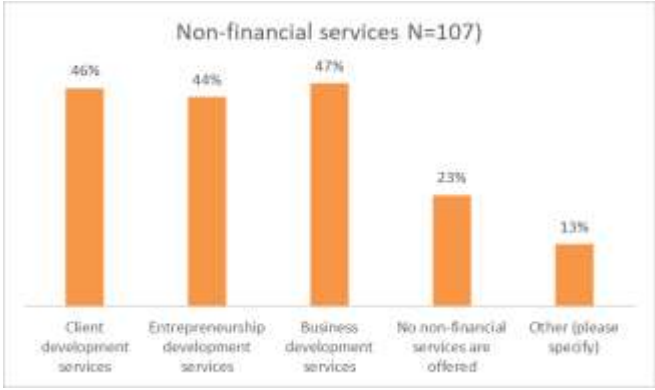
Microlending portfolio and active borrowers

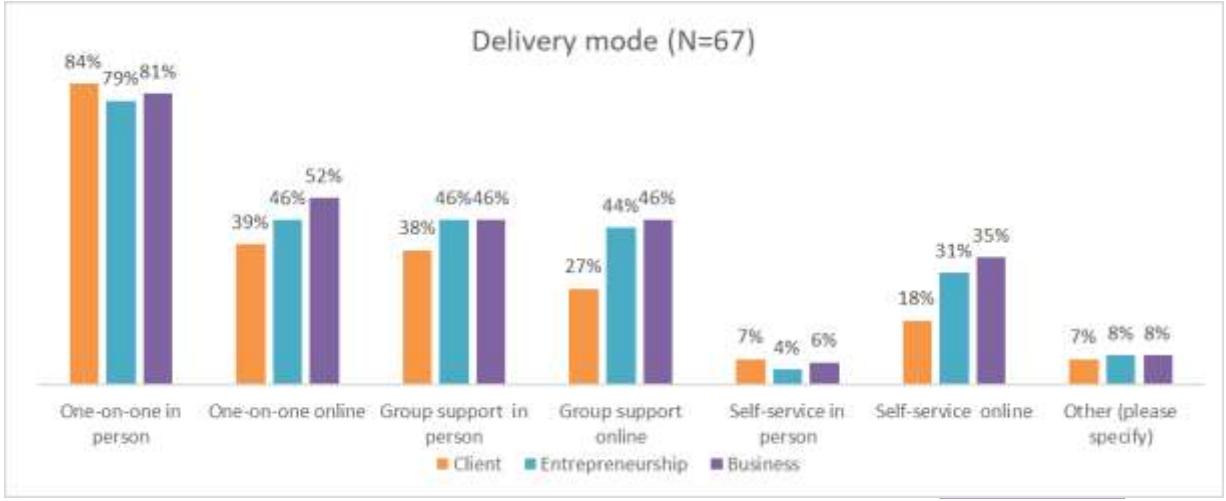
- Total value of microlending portfolio: 3.8 billion Euro
- Half of it was managed by banks, chiefly MicroBank, Spain (1.7 bn Euro)
- Number of active borrowers: 1.3 million
- MicroBank serves 26% of all active borrowers



Non-financial services

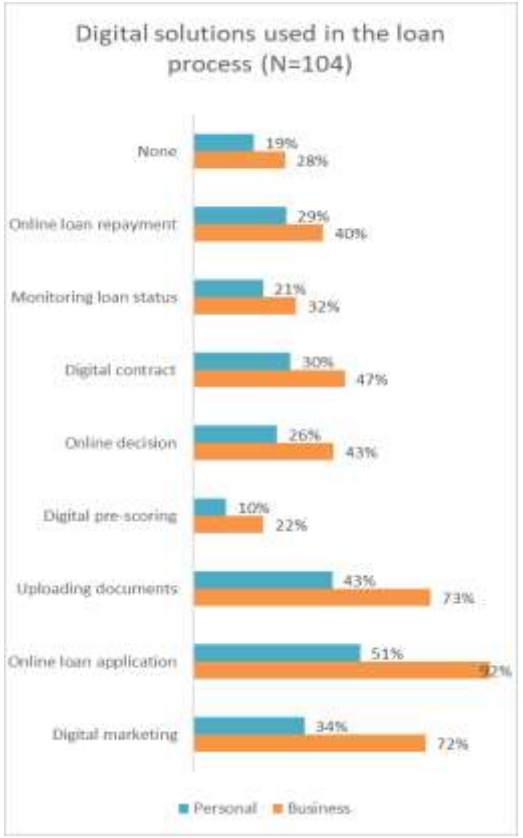
- 77% of MFIs provide non-financial services
- In person delivery prevails in case of coaching/mentoring
- Group services are delivered as often in person as online





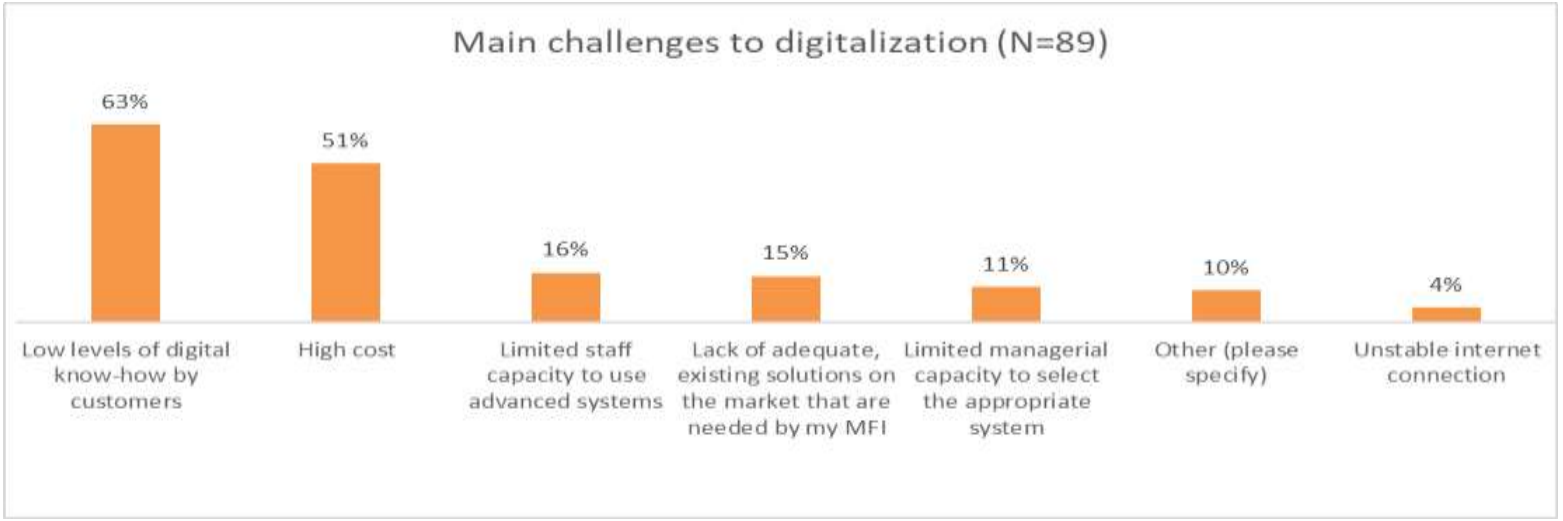
Digitalisation

- Only 18% of MFIs do not use any digital solutions in the loan process.
- 41% of MFIs offer support to their clients in learning how to use digital solutions, mainly in person in branches.



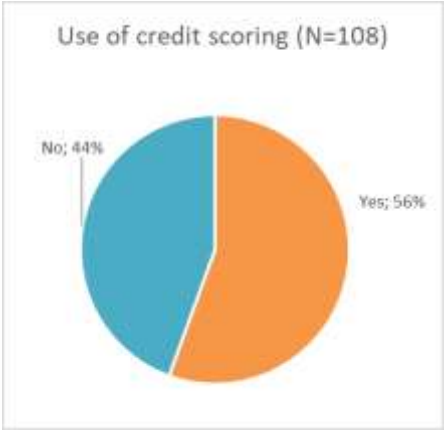
Digitalisation

- The main challenges are mainly low digital capabilities of clients and high cost of digital solutions



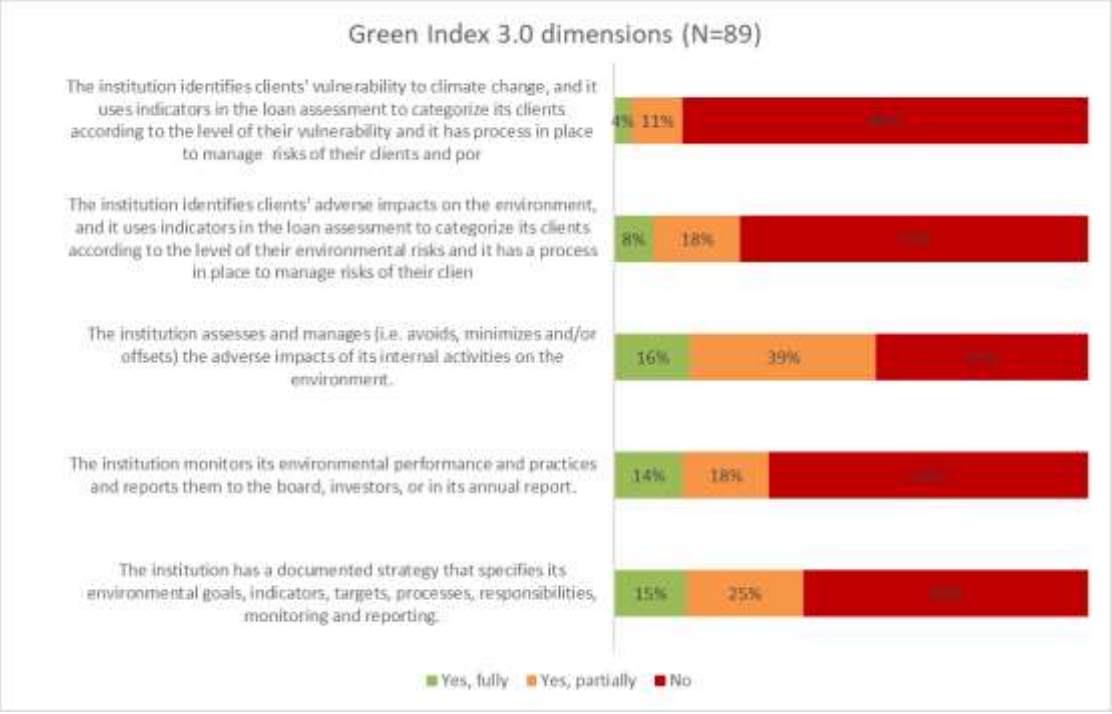
Credit scoring

- 56% of MFIs use credit scoring but only 16% of them fully rely on it when taking a credit decision.



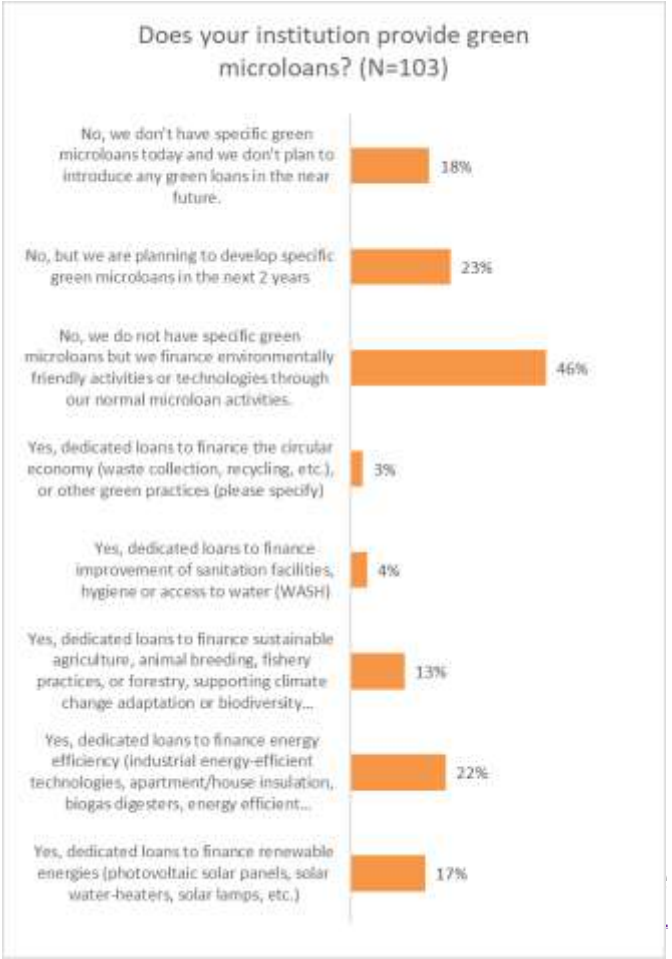
Green microfinance

- Less that half of the institutions follow the recommended standards
- Managing internal risks, at least partially, is the most popular standard



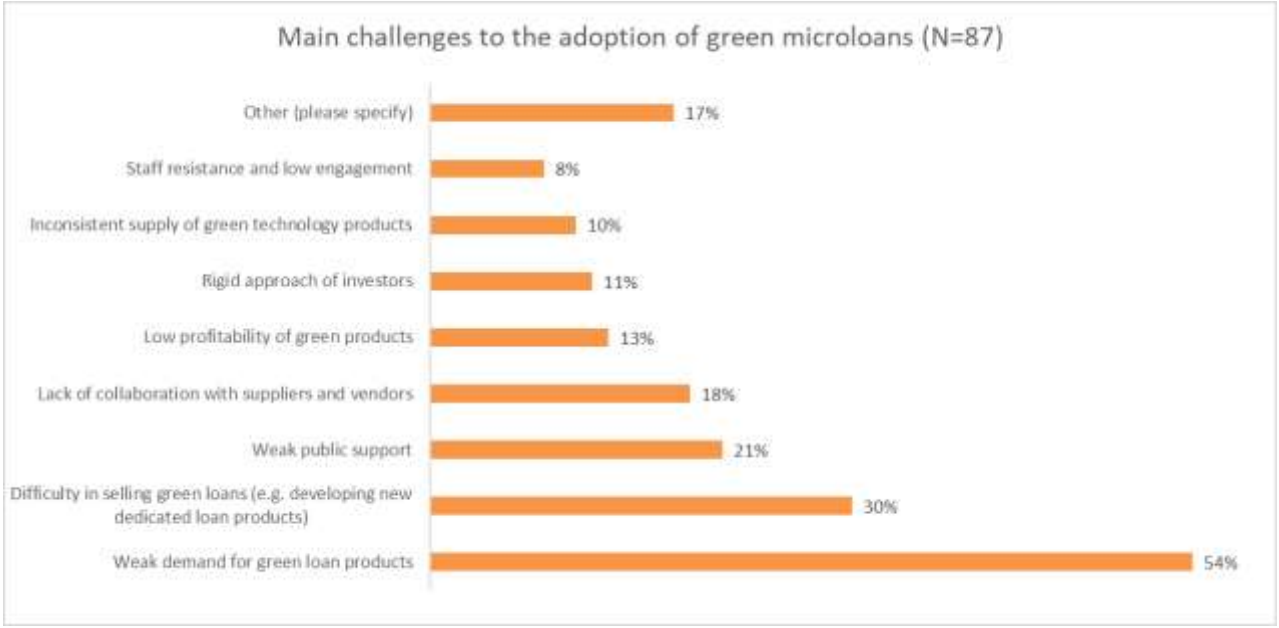
Green microfinance

- 42% of MFIs do not have specific green products although they finance green practices
- 22% offer energy-efficiency loans and 17% offer loans for renewable energy solutions



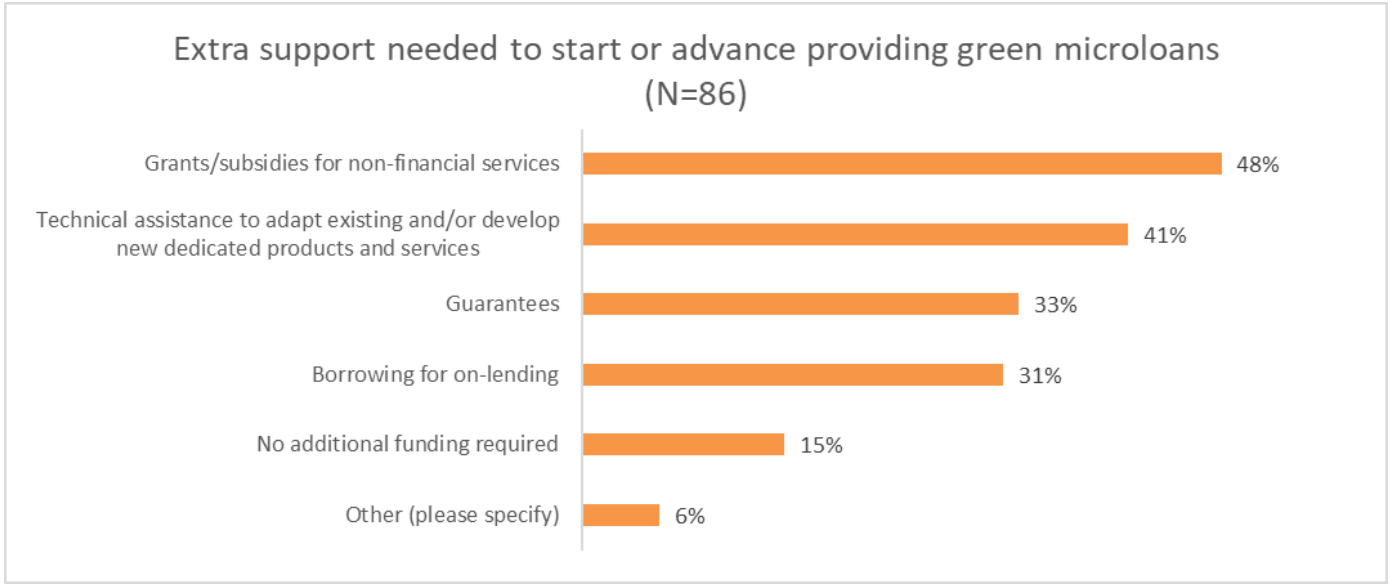
Green microfinance

- Low demand for green microfinance products are the biggest challenge



Green microfinance

- In order to advance green microfinance, MFIs would mostly need grants for non-financial services and technical assistance to develop green products



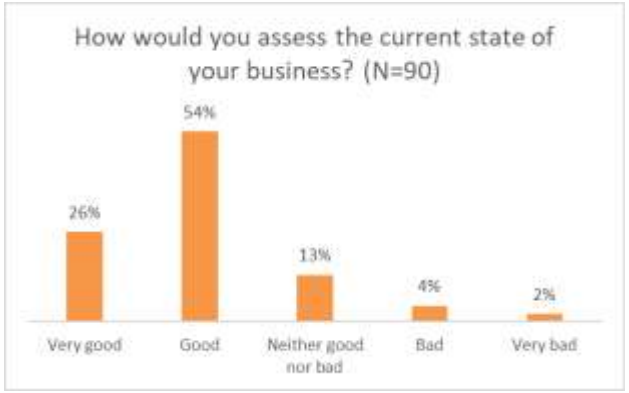
Perception of current situation

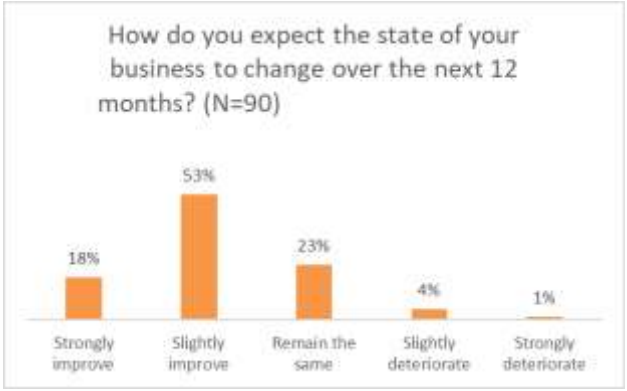
- Current situation perceived as rather good by 54% of MFIs and as very good by 26%
- Slight improvement in the next 12 months are expected by 53% of MFIs and strong improvement – by 18%
- Key challenges:

  - Clients' income volatility – 3.4 (out of 5)

  - Clients' digital capability – 3.1

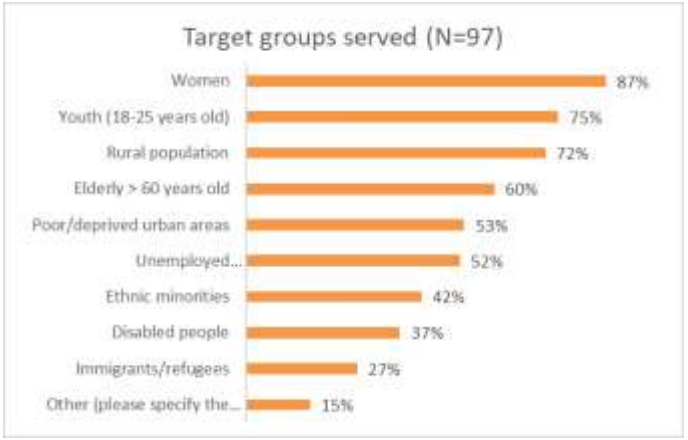
  - Clients' financial capability - 2.8

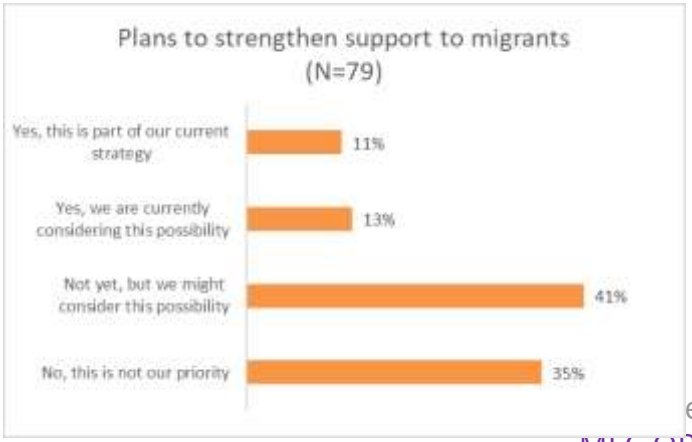




Social performance

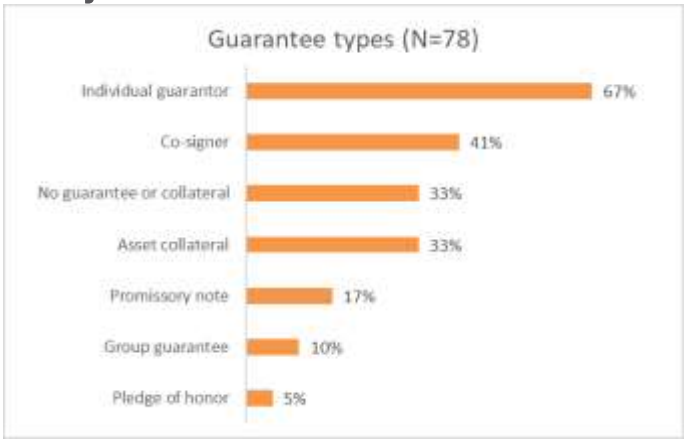
- Women, youth (18-25 years old) and rural population are the most often served target groups
- 27% of MFIs serve migrants
- 11% already plan to increase services to migrants, while 13% consider such possibility

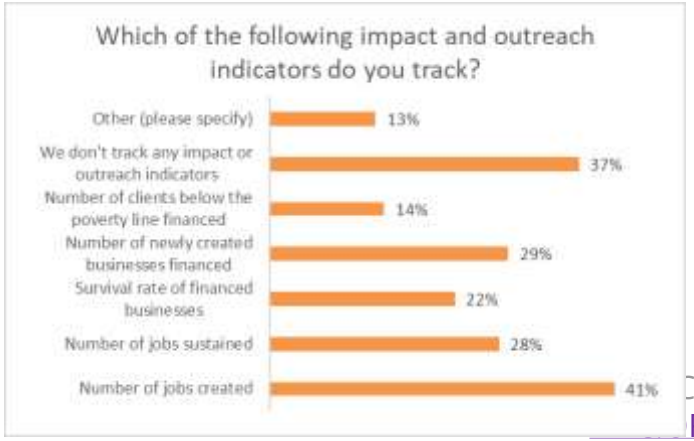




Social performance

- MFIs usually accept individual guarantors or co-signers as loan repayment security
- 33% do not require any guarantee of collateral and 5% of MFIs accept a pledge of honor
- 63% of MFIs track impact or outreach indiators, most often the numer of jobs created





SOCIAL ECONOMY ACTION PLAN

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SIFTA

MICROFINANCE CENTRE

SIFTA - how to apply for technical assistance?

Tailored trainings (15 days) for single organisation. Apply via SIFTA web sifta@eib.org

Trainings for a bigger group (eg. country association). Apply via MFC

Open webinars for MFI and social finance providers. Follow MFC

SIFTA

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Thank you!

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