




# BENCHMARKING MICROFINANCE IN ROMANIA

2020 – 2024



A report of the Romanian MicroFinance Association  
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## PURPOSE OF MICROFINANCE IN ROMANIA BENCHMARKING STUDY

This is the sixth<sup>1</sup> benchmarking report for the Romanian microfinance sector, aiming to achieve several objectives:

- To determine the trends in the evolution of the Romanian microfinance sector within the 2020-2024 period;
- To assess the impact on the sector of the recent global crises, commercial tariffs among the USA and EU, as well as the increase in spending on defence in the EU as response to the war in Ukraine and Iran/Israel
- To present the main Romanian microfinance sector's financial and social performance indicators and compare them with the European benchmarks;
- To promote the achievements of the Romanian microfinance sector in the lobbying efforts among regulators, investors, social partners and policy makers for recognition and continued support of the Romanian microfinance industry.

The current report was developed, printed and disseminated with the support and participation of the Romanian MicroFinance Association's members.

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<sup>1</sup> Benchmarking MF in Romania reports for 2003-2004, 2005-2007, 2008-2009, 2016-2018, 2019-2023



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\* Association of Credit Unions from region Vest consists of 26 Credit Unions located the Western region of Romania and is registered as an Non-Government, Not for Profit Organisations.

# OVERVIEW OF BENCHMARKING AND PERFORMANCE MEASUREMENT

## DEFINITION OF MICROFINANCE

Within the current legal framework that governs the microfinance activities in Romania there is no specific definition of microcredit or microfinance, therefore the EU definition is generally accepted by the sector and its stakeholders:

“Microfinance”<sup>2</sup> includes guarantees, microcredit, equity and quasi-equity, coupled with accompanying business development services such as in the form of individual counselling, training and mentoring, extended to persons and micro-enterprises that experience difficulties accessing credit for the purpose of personal and/or revenue-generating activities<sup>3</sup>.

Previously, microcredits were limited to loans up to Eur 25,000, but a new definition has been proposed within the European Social Fund Plus (ESF+) that removes the previous maximum microcredit loan amount; the European funded financial programs EaSI and Invest EU financial instruments established the maximum microcredit amount to Eur 50,000, and factoring and discounting financial services provided to the underserved entrepreneurs were included in the microfinance definition as well. However, the microfinance service amounts up to 150% GNI/ capita of the country is generally considered as microcredit with impact in the social and financial inclusion of the beneficiaries.

Two main types of microcredits can be distinguished: personal microcredit, which intends to improve the employability of the borrower, i.e. for education, improvement of the housing conditions, access to medical services, etc., and business microcredit, which finances revenue-generating activity (RGA) aimed at the creation or expansion of income-generating and job-creating activities or micro-enterprises, i.e. the financing of investment in productive assets and/or working capital.

## ROMANIAN MF SECTOR EVOLUTION, TRENDS, DEVELOPMENT AND STRATEGIES

Microfinance activities in Romania started more than thirty years ago (1992-1995), when the first International Microfinance Institutions/Programs (IMFIs<sup>4</sup>) launched their programmes in Eastern Europe, aimed at supporting through improvement of access to financial resources and business development services, the Romanian private sector development, farms and micro & small enterprises, initially located in Transylvania expanding over the years in the other Romanian provinces.

The Romanian Microfinance sector evolved rapidly after 2005 with the new legal framework and became more efficient and productive in achieving its mission of providing financial products and business

<sup>2</sup> Proposal for the REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the European Social Fund Plus (ESF+) May 2018 (page 26)

<sup>3</sup> Proposal for the REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the European Social Fund Plus (ESF+) May 2018 (page 26)

[https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-european-social-fund-plus-regulation\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-european-social-fund-plus-regulation_en.pdf)

<sup>4</sup> CHF international, Opportunity Microcredit International, Swiss Gov. and HEKs/EPER organization, Christliche Ostmission, World Vision International.

development services to the underserved farmers and entrepreneurs.

Nineteen of the main Romanian MF providers included in the current benchmarking report are the members of the Romanian MicroFinance Association (MFA), registered in November 2019 with assistance and support from Microfinance Centre's project: "EU-level NGOs networks active in the promotion of social inclusion and poverty reduction or microfinance and social enterprise finance".

The main objectives of the association are to represent the common interests of the Romanian Microfinance Institutions in relation to the sector's key stakeholders, i.e. control and supervision authorities at local, regional, national, but also at international level (especially EU institutions), to support the development of the microfinance services provided by its members and promote their financial and social inclusion impact, recommending best practices and the highest standards of professional behaviour and ethics, and to contribute to the education and development of the business community and the public in the field of microfinance.

Mobilising Microfinance funds from European Funded Microfinance programs and Microfinance Investors for the targeted beneficiaries of the financial and business development services, the Romanian microcredit providers, MFIs, Credit Unions and SMEs Banks, are among the main beneficiaries of the EU-funded financial and technical assistance programmes: JASMINE, Progress and EaSI<sup>5</sup>, EFSI, COSME<sup>6</sup> and Invest Eu<sup>7</sup>, and represent currently 50% of all European MFIs certified as compliant with the European Code of Good Conduct for Microcredit Provision<sup>8</sup>.

According to the Landscape of Microfinance and Social entrepreneurship mapping exercise based on the EIF market knowledge, the Romanian Microfinance Sector is among the strongest and competitive in Europe.

## THE LEGAL FRAMEWORK FOR MICROFINANCE ACTIVITIES IN ROMANIA

During 2002-2006, the regulatory framework for the non-bank financial companies followed the fast pace of changes experienced by the sector mainly due to the successful lobby efforts of the non-bank financial services providers and international aid programmes, funders and investors. Specific legal frameworks were enacted as Government Ordinances or Laws, e.g. the Government Ordinance no. 40 (2000) for the licensing of Non-Bank Credit Organizations (NBCO) to manage public funds, the Credit Unions law no. 266 (2006) that regulates the credit unions and their regional and national apex structure: CUs National Union and CUs Regional Associations (UNCAR/ UTCARs), Government ordinance no. 51/1997 for leasing operations and leasing companies and Ordinance no. 200/2002/ Law no. 300/2003 related to the mortgage credit and operations of mortgage companies and the Microfinance Law no. 240/ 2005.

In order to unify the specific legal frameworks created, the Romanian Ministry of Finance and the National Bank of Romania created a full legal environment that regulates all the non-bank financial institutions and their financial activities which accelerated the development and "commercialization" of the sector.

The Non-Bank Financial Institutions Law no. 93/2009, adopted by the Romanian Parliament in May 2009, alongside with the secondary legislation issued by the Romanian National Bank constitute the current legal framework for all financial activities developed by leasing, mortgage, consumer credit, factoring and microfinance non-bank financial institutions. The National Bank of Romania is the regulatory and supervisory authority of all Non-Bank Financial Institutions (NBFIs).

The regulatory framework is mostly liberal, for instance

<sup>5</sup> As of December 2022, Romanian MFIs and SMEs banks mobilised resources of Eur 765m for final beneficiaries from the EaSI program.

<sup>6</sup> EU funded microfinance and SMEs development programs: JASMINE (Joint Action to Support Microfinance Institutions 2007-2013); EaSI (Employment and Social Innovation 2014-2020) , EFSI ( European Plan for Strategic Investments), also known as the Juncker Plan, COSME (Competitiveness of Enterprises and SMEs)

<sup>7</sup> Invest EU – the microfinance financial instruments contracted by the Romanian MFIs and SMEs banks mobilised resource of Eur 656m.

<sup>8</sup> List of awarded microfinance institutions as of 18 Iunie 2025: [European Code of Good Conduct for Microcredit Provision - European Commission](#)

no limitation is set on geographical expansion, foreign investment or interest caps, no deposits, transparency in setting costs, client protection, etc. and the capital requirements for non-bank financial institutions to develop micro-credit activities is only EUR 200,000.

Under the current legal environment, the competition within the financial sector increased to the benefit of the customers. The entire spectrum of financial services is offered long-term investment to short-term working capital, credit lines, bridge loans to co-finance development projects funded through grant schemes, factoring, and business development support services, delivered traditionally or online through fin-techs.

The legal framework allows the implementation of the upscaling strategies of the MF Institutions, transferring the bankable clients to partner banks, and borrowing financial resources to finance the MFIs' growing portfolio of start-ups, sole entrepreneurs, farmers and microenterprises, as well as the implementation of the downscaling strategies of banks, establishing and financing their own MFIs as NBFIs and referring to them the applications for microcredits submitted to the bank by the not bankable clients.

The legal framework allows as well digitalization of the financial services, so that platforms fully digitalised enables to the microcredit beneficiaries to enrol, apply and contract microcredits online, shortening the application process to less than 2 days.

# INTRODUCTION

This study presents the key performance indicators of 19 Romanian Microfinance institutions: 18 Non-Bank Financial Institutions registered as joint-stock companies and the Credit Unions Association from Region West (AsCAR-RV), and provides a comparison with similar performance indicators from the EMN-MFC's Microfinance in Europe: Survey Report 2024.

The data used to prepare this study refer to fiscal years 2020-2024 and are self-reported by the MFIs and AsCAR-RV and processed to allow a comparison of the benchmarks of the organisations with other MFIs that have a similar size in terms of outstanding microloan portfolio.

The selected indicators included in the study are the European Code of Good Conduct for microcredit provision's common standards for the reporting and disclosure of financial and social performance indicators.

In order to provide a better understanding of the meaning of the data presented in the study, comments below the tables and graphs are included and the glossary section provides background information on the approach used to undertake the analysis.

For this purpose, the following segmentation of MFIs was adopted:

**Segmentation by size (Eur)**

**Small:** Gross Microloan Portfolio below EUR 2,000,000;

**Medium:** Gross Microloan Portfolio between EUR 2,000,000 and EUR 8,000,000;

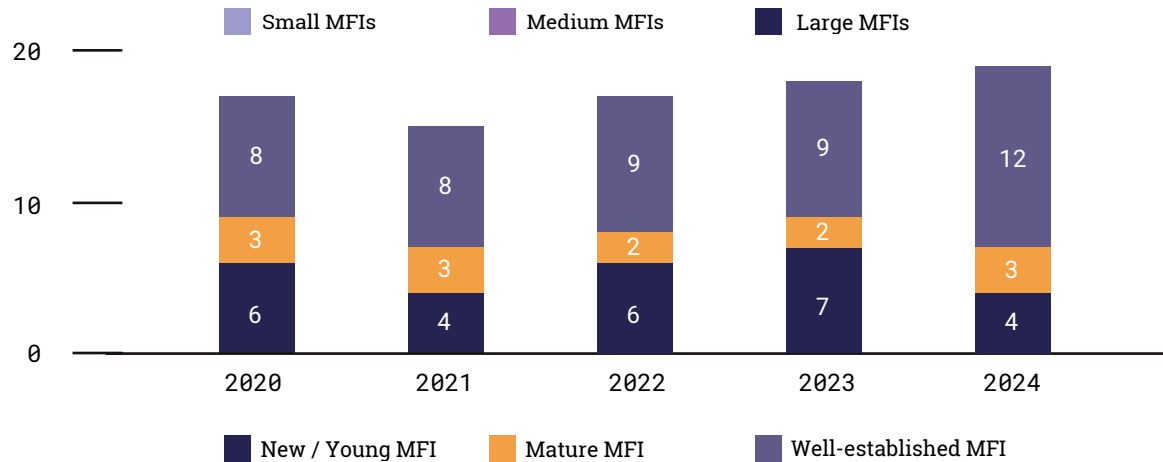
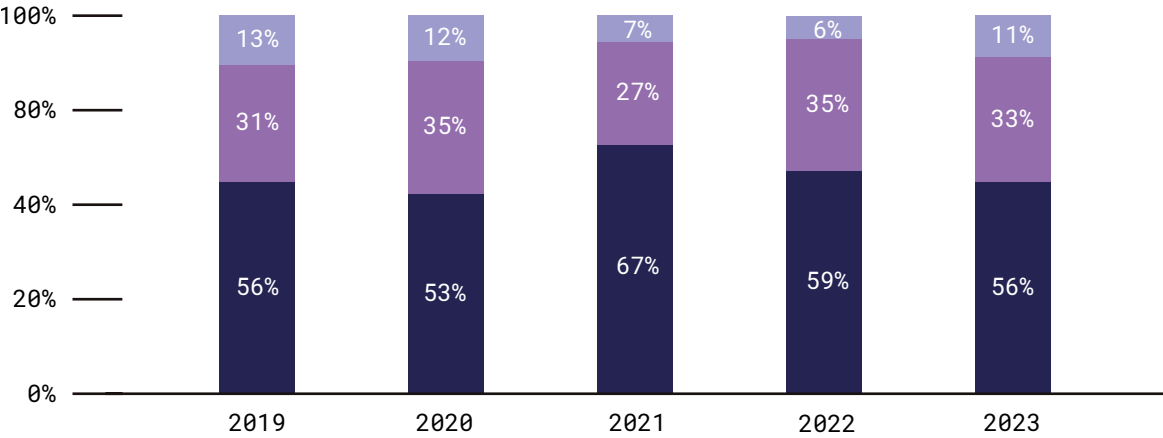
**Large:** Gross Microloan Portfolio above EUR 8,000,000.

**Segmentation by the length of the operational activity ( Years)**

**Young/New:** up to 4-8 years

**Mature:** 9-20 years

**Long established:** 20+ years



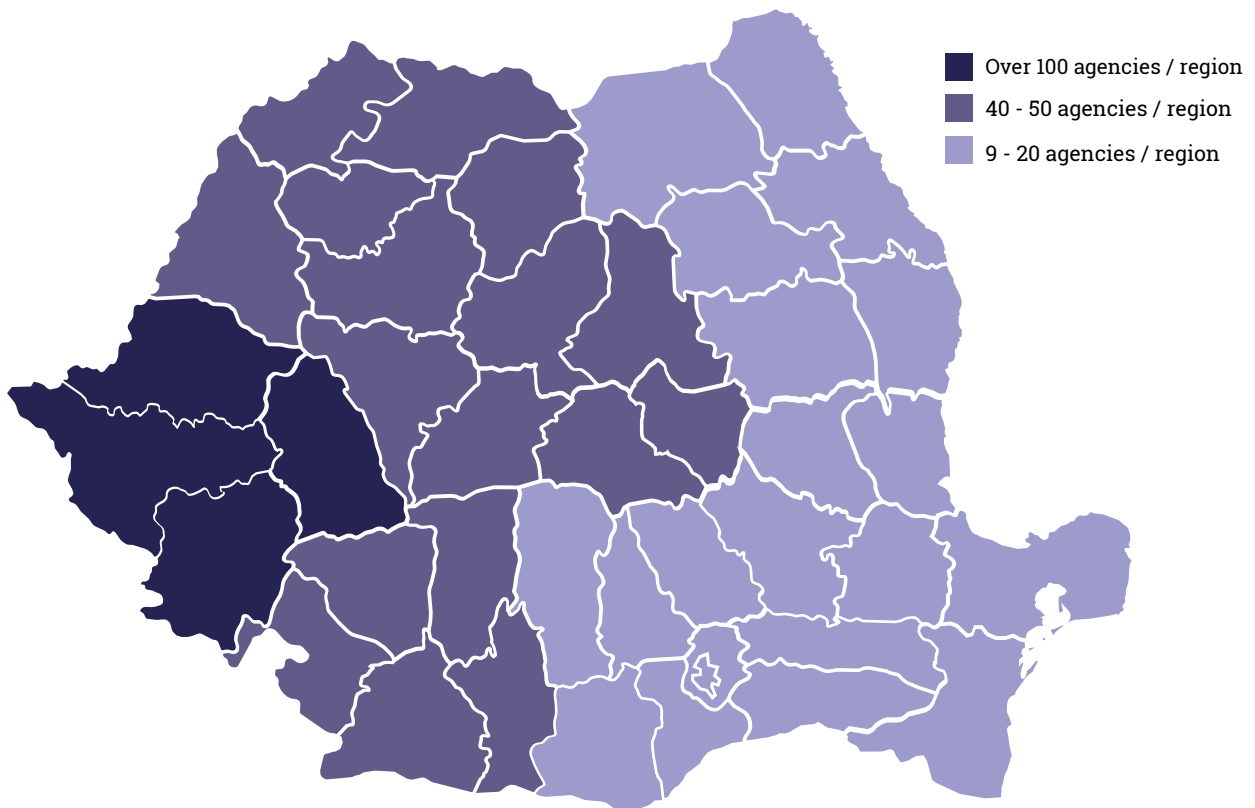
# 1

## BENCHMARK DATA BY OUTREACH

### GEOGRAPHICAL COVERAGE

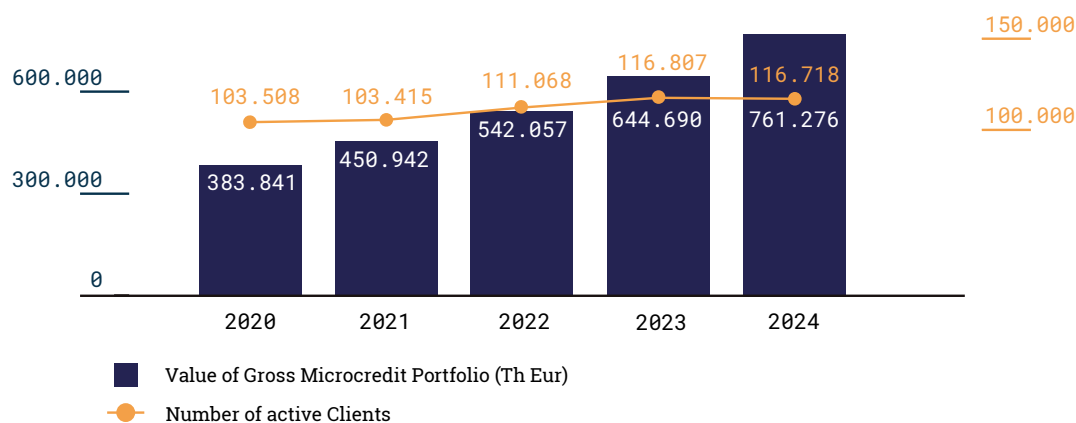
The geographical coverage chart allows identifying the regions of Romania where the MFIs have operational agencies promoting and distributing microcredits as well as and business development support services. In 2024 the MFIs participant to the study have 349 operating agencies with the highest density in the western and central regions of the country.

During the last 5 years the establishment and rapid development of the fully digitalised MFIs operating platforms that covers all regions, improved the access online to financial services of the beneficiaries regardless the location of the firm. participant to the study have 410 operating agencies with the highest density in the western and central regions of the country.



**AGGERGATED VALUE OF GROSS MICROCREDIT PORTFOLIO AND NUMBER OF ACTIVE BORROWERS PER SIZE OF THE MICROCREDIT INSTITUTION**

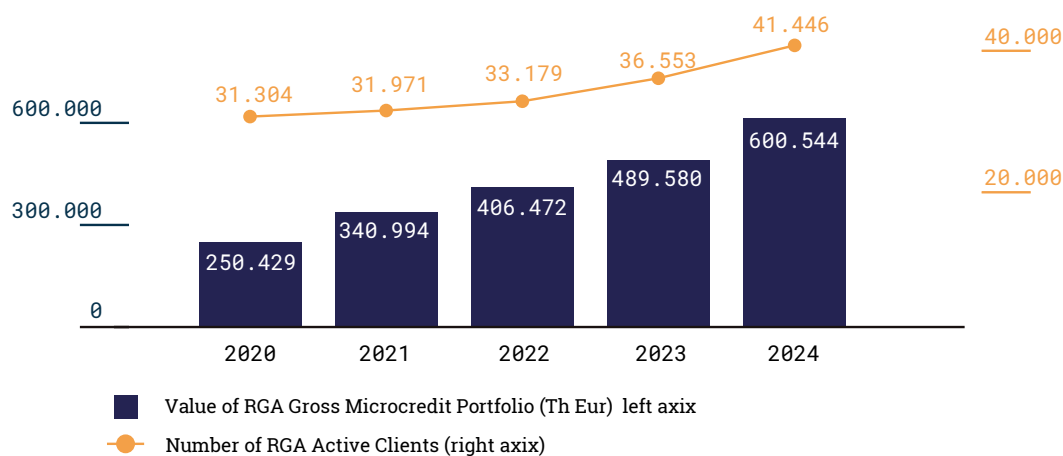
Indicator / Year	2020	2021	2022	2023	2024
<b>Aggregated Value of Gross Microcredit Portfolio (Th Eur)</b>	<b>383,841</b>	450,943	542,058	644,691	761,276
Small MFI	3,589	1,847	2,065	2,199	547
Medium MFI	23,710	18,861	26,159	32,813	23,584
Large MFIs	356,542	430,235	513,834	609,679	737,181
<b>Total Number of Active Clients</b>	<b>103,508</b>	<b>103,415</b>	<b>111,068</b>	<b>116,807</b>	116,718
Small MFI	3,153	1,558	1,196	1,120	164
Medium MFI	2,087	1,274	3,675	3,921	1,332
Large MFIs	98,268	100,583	106,197	111,666	115,222



98% growth of the microcredit portfolio for revenue generating activities and personal credit reaching Eur 761M and 13% growth of the active clients reaching 117 thousand was recorded during the period (2020-24) with an increase of 40% during the 2023 and 2024.

At the end of 2024, the microcredit portfolio for Revenue-Generating Activities (RGA) represents 79% of the total value of the microfinance portfolio (Eur 600M) and 36% (41 thousand) of the total number of active borrowers and 31% of the total number of active borrowers.

Indicator / Year	2020	2021	2022	2023	2024
<b>Value of Gross Microcredit Portfolio (Th Eur)</b>	<b>250,429</b>	<b>340,994</b>	<b>406,473</b>	<b>489,580</b>	<b>600,544</b>
Number of RGA Active Clients	31,304	31,971	33,179	36,553	41,446



The 140% growth of the microcredit portfolio for revenue generating activities during the period (2020-2024) reaching Eur 600M, started with moderate growth during the pandemic years, 2020 and 2021 due to the temporary closure of companies in the services and tourism sector and investment projects postponed due to uncertainties, and more robust growth during 2022-2024; the number of RGA active clients grew by 32% during the period.

## PRODUCTIVITY

Productivity indicator, calculated as number of active borrowers per number of MFIs' staff:

Indicator / Year	2020	2021	2022	2023	2024
Number of Active Clients at the end of the year	106,719	103,508	103,415	111,068	116,807
Total Number of MFIs' staff ( FTE)	879	945	1,020	1,066	1,147
Average Productivity/ year	121	110	101	104	102

The productivity indicator varies significantly depending on the business model of the microfinance organization, thus in 2024, the productivity of traditional microfinance organizations was on average 40 active clients/employee and the Credit Unions' productivity reached in 2024, 205 active clients/ employee. The FinTechs operating digital platforms are processing a much larger number of applications of factoring/ discounting financial services /employee.

# CHAPTER 1: MAIN FINDINGS

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The regional coverage of MFI agencies improved but it is still unequal, showing an important misbalance in the poorest and less developed South-East regions of the country, the MFIs operating in those areas expand their operations, MFIs from Republic of Moldova opened new subsidiaries in Romania ( Axioma Finance and Prima Finantare) and the FinTechs operating fully digitalised platforms established in the recent years improved the online access to financial services of the beneficiaries regardless the location of the firm.

Within the 2020 to 2024 period, despite the pandemic and the political and economic challenges, the Romanian MF sector recorded a significant growth of the Microcredit portfolio by 98% as well as in the

number of active clients by 13%, mainly due to the increased demand for microfinance services for Revenue-generating activities that grew 140% and availability of financial resources and guarantees from social investors, partner banks and from the EU-funded microfinance programmes: EaSI and Invest Eu.

The number of MFIs' personnel increases over the period by 30% and the productivity was maintained to over 100 clients/ staff, the productivity is expected to grow faster during the following years due to the digitalization of the financial processes implemented since 2018 and the successful establishment and development of Fintech MFIs.

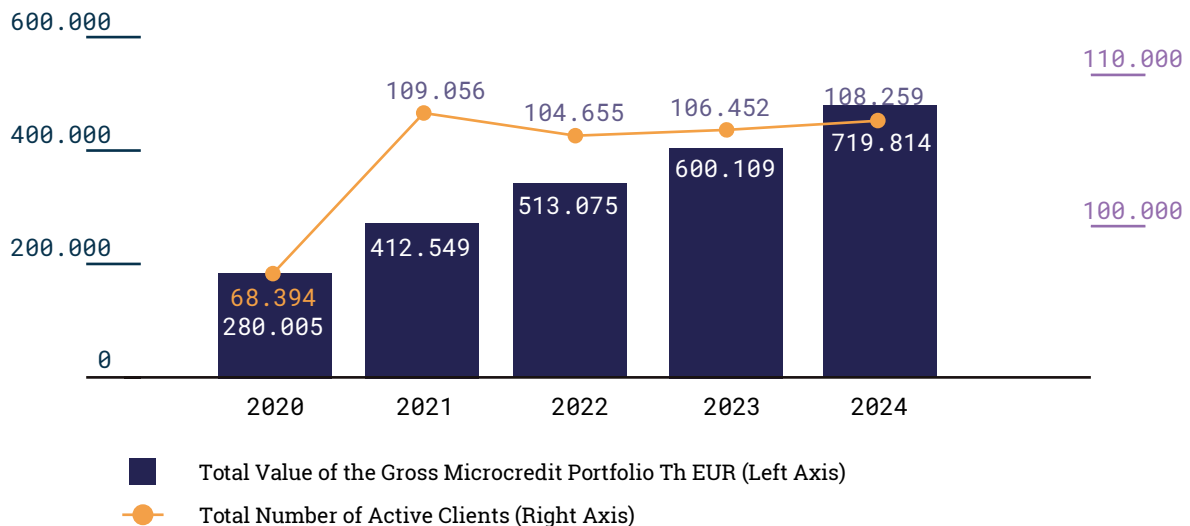
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## BENCHMARK BY ACTIVITY INDICATORS

### VALUE AND NUMBER OF NEW LOANS DISBURSED DURING THE YEAR

The Total value and number of new loans disbursed during the year, grouped based on the size of MFIs

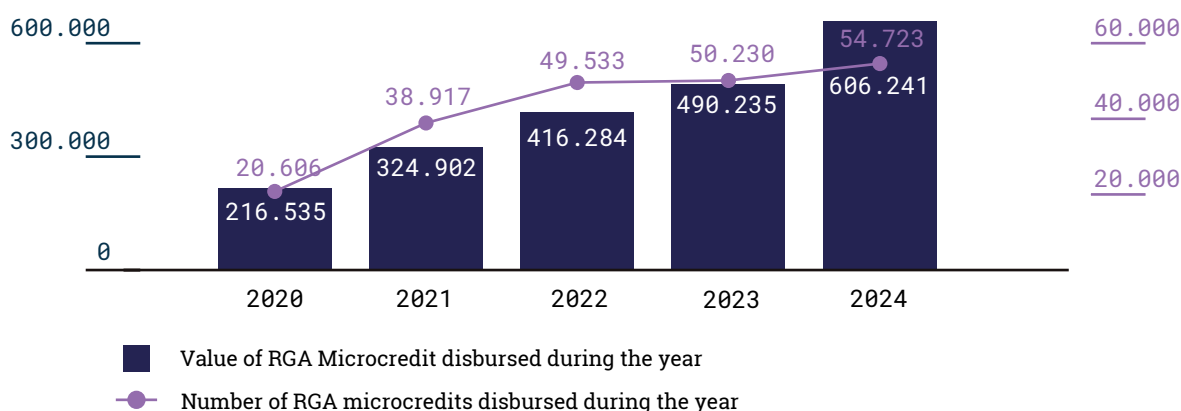
Indicator/Year	2020	2021	2022	2023	2024
<b>Total Value of New microloans disbursed during the year (Th. Euro)</b>	<b>280,049</b>	<b>412,549</b>	<b>513,075</b>	<b>600,109</b>	<b>719,814</b>
Small MFIs	11,282	1,086	1,333	1,487	1,170
Medium MFIs	26,604	51,852	70,425	102,133	15,641
Large MFIs	242,163	359,612	441,317	496,489	703,003
<b>Total Number of New loans disbursed during the year</b>	<b>68,394</b>	<b>109,056</b>	<b>104,665</b>	<b>106,452</b>	<b>108,259</b>
Small MFIs	1,859	774	796	820	820
Medium MFIs	5,888	36,802	31,125	30,177	30,177
Large MFIs	60,647	71,480	72,744	75,455	75,455



The 157% growth of the value of new loans RGA and Personal disbursed during the year (Eur 720M) and 58% increase of the number of new loans (108 thousand) during the period (2020-24) exceeds the growth of the portfolio at the end of the year due to the increased demand/supply of short-term loans (disbursed and reimbursed during the year), tendency initially observed during the pandemic period and maintained during 2023 and 2024, actually the value of the new loans disbursed in 2024, represent 94.4% from the Gross loan portfolio at the end of the year 2024.

At the end of 2024, the value of new microloans disbursed during the year to micro companies, self-employed / sole entrepreneurs and farmers for revenue-generating activities represents 84% of the total value of microcredits disbursed and 51% of the total number of new loans.

Indicator / Year	2020	2021	2022	2023	2024
<b>Value of RGA Microcredit disbursed during the year (Th Eur)</b>	<b>216,535</b>	<b>324,902</b>	<b>416,284</b>	<b>490,235</b>	<b>606,241</b>
Number of AGV microcredits disbursed during the year	20,606	38,917	49,533	50,230	54,723



The 180% growth of the yearly disbursements of micro-loans for Revenue Generating Activities during the period (2020-2024) reaching Eur 606M

The number of RGA new loans disbursed grew by 166% during the period as well as the average RGA loan amount that increased during the period by 81% from Th Eur 8 in 2020 to Th Eur 14.5 in 2024.

An important part of the new portfolio of micro-loans granted during the period consists of short-term loans, intended to finance working capital needs, acquisition of equipment: Factoring and discounting services, represents in 2024, 53% of the total value of RGA microcredits disbursed and 63% of the total number of new RGA loans disbursed during the year 2024.

## PORTFOLIO QUALITY

Indicator / Year	2020	2021	2022	2023	2024
PAR 30	8.38%	8.00%	7.86%	7.92%	7.10%
PAR 90	5.54%	5.22%	4.37%	4.41%	4.40%

During the pandemic (2020) despite negative expectations, the quality of the portfolio of microfinance institutions participating in the study remained close to the previous year (2019), the 30-day risk portfolio (PAR30) at the end of 2020 decreased by 0.34% and PAR90, increased by only 0.15%, which confirms the validity of the risk management measures taken during this period for the protection of microfinance organizations and customers.

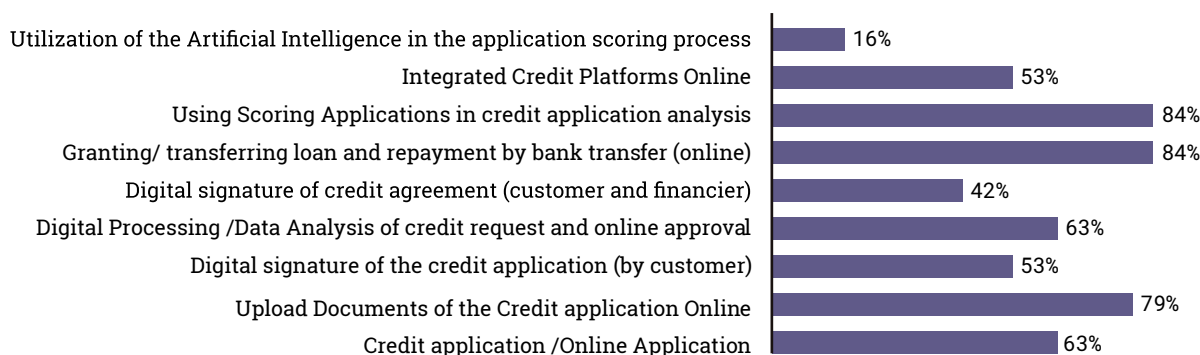
A minor percentage, 4.55%, of the MFI clients participating in the study, representing 15.54% of the total value of the loan portfolio, requested the postponement of outstanding loan payments until the end of 2020, of which only 0.38%, representing 0.67% of the total value of the portfolio, registered difficulties in repaying deferred loans were found in the PAR30 at April 2021. A higher percentage of loans in difficulty was registered among the beneficiaries of loans granted for revenue-generating activities, thus 0.52% representing 0.96% of the RGA loan portfolio as of December 2020, were found in the PAR 30 as of April 2021. During the following years the quality of the portfolio improved reaching in 2024, PAR30: 7.1% and PAR90: 4.40% in 2024.

## OPERATIONAL SELF SUSTAINABILITY (OSS)

The OSS presented in the table allows a comparison of the organisation's operational self-sustainability with other MFIs that have similar years of experience in the market:

Indicator	Long established MFIs: 20+Years	Mature MFIs: 9-20 Years	Young and new MFIs: Up to 8 years
Operational self- sustainability in 2024(%)	135	143	104

## DIGITALISATION OF THE ROMANIAN MF SECTOR (2024)



## CHAPTER 2: MAIN FINDINGS

During the study's period the Romanian economy and alongside the microfinance sector faced the biggest challenge since the financial crisis of 2009-2012. The 3.9% contraction of the Romanian economy in 2020, followed by a strong recovery in the second quarter of 2021, supported mainly by private consumption and investment, increased the business confidence in the economy's recovery. The commercial and fiscal deficit increased in 2023 and 2024 due the government overspending during the election's years, reaching critical levels at the end of 2024 - among the highest in the EU . This situation could prompt international rating agencies to downgrade Romania's economy to Junk status, signalling it as non-investment grade..

The coping strategy of the Romanian MFIs was to reshape their offer and answer to the needs of their beneficiaries and complying with emergency ordinance issued by the Romanian Government aimed to protect the vulnerable borrowers.

During 2024, the value of new microloans disbursed during the year to micro companies, self- employed /sole entrepreneurs and farmers for revenue-generating activities represents 84% of the total value of microcredits disbursed and 51% of the total number of new loans.

An important part of the new portfolio of micro-loans granted during the year consists of short-term loans, intended to finance working capital needs, factoring and discounting financial services, representing 53% of the total value of RGA loans granted in 2024 and 63% of the RGA loans number, with a constant increase tendency since 2021.

In 2020 in addition to the EaSI and Invest EU financial instruments, the EIF and the European Commission launched COVID-19 support measures under the EaSI Guarantee Instrument to enhance access to finance for micro-borrowers, micro and social enterprises affected by the socio-economic consequences of the

coronavirus pandemic, alleviating working capital and liquidity constraints of final beneficiaries targeted by the EaSI program.

Assistance and support were received from the traditional investors and funders of the Romanian MF sector.

During the pandemic (2020/2022) despite negative expectations, the quality of the portfolio of microfinance institutions participating in the study remained close to the previous year (2019) and improved during recent years, which confirms the validity of the financing measures taken during this period for the protection of microfinance organizations and beneficiaries.

The digitalisation process initiated by the Romanian MFI since 2016 has accelerated during the period; in 2024, 79% of the MFIs participating in the study send and receive credit application's support documents via email and 84% are using scoring applications in the credit application analysis, 63% digitalised the loan application's assessment, analysis and approval process and 94% have introduced the digital signature of the credit contract. Also, loan disbursement and repayment via bank transfer or card became current practice at 84% of MFIs in 2024 as compared to 53% in 2023.

With the increased productivity and efficiency due to the digitalisation of services and the good long-term relationship with the customers, the well (long)-established and mature MFIs are operationally self-sustainable, while the newly established MFIs, among them the fast-growing FinTechs break-even in 2024.

The recent entrance of the Credit Unions on the microfinance market with a diversified offer of financial products for start-ups, sole entrepreneurs and small farmers will ensure the coverage of the lowest segments of the market.

# 3

## BENCHMARK BY SOCIAL/ECONOMIC AND INCLUSION IMPACT INDICATORS

The European Code of Good conduct for microcredit provision (the Code) defines a unified set of standards for the microfinance sector in Europe. It serves as a self-regulation tool and a quality label for microfinance institutions committed to ethical finance. On June 18, 2025<sup>9</sup> 30 of Romanian MFIs were certified or re-certified as compliant with the Code Clauses, it represents 50% of the total number of organizations certified at the EU+ level.

As part of the evaluation of compliance with the Code, the provider MFI has to disclose publicly financial and operational information with a view to enhancing transparency and comparability, the main data processed in this study is self-reported and published by the certified members of the Romanian Microfinance Association.

### SOCIAL AND ECONOMIC INCLUSION – OUTREACH<sup>10</sup>

Social and Economic inclusion indicator was calculated as average loan amount disbursed divided by Gross National Income (GNI) per capita (Romania)<sup>11</sup>.

Previously, microcredit was limited to loans up to EUR 25,000, but a new definition has been proposed that removes the maximum loan amount. In the current practice the maximum microcredit value is Eur 50,000, the value of the microcredit lower than 150% GNI/capita is considered to have a social and economic inclusion impact disbursed to underserved non-bankable customers.

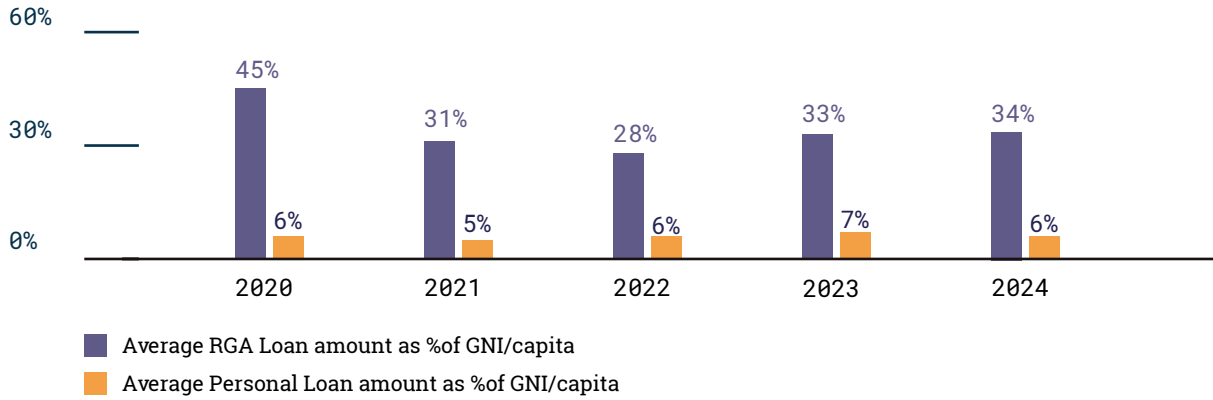
**Average loan amount for Revenue Generating Activities or Personal needs as % of Gross National Income per capita of Romania.**

Impact Indicator / Year	2020	2021	2022	2023	2024
Average RGA Loan amount as %of GNI/capita RO	45%	31%	28%	33%	34%
Average Personal Loan amount as %of GNI/capita RO	6%	5%	6%	7%	6%

<sup>9</sup> The list of awarded microfinance institutions on June 2025: 34c88fb9-5a11-4434-b045-c6743240008e\_en

<sup>10</sup> The depth of outreach indicator weights the average loan balance by gross national income (GNI) per capita to account for the local economic context and is used as a proxy for outreach to low-income populations. Lower values indicate deeper outreach.

<sup>11</sup> GNI per capita (constant LCU) - GNI per capita is gross national income divided by midyear population. GNI (formerly GNP) is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. Data are in constant local currency. GNI per capita (constant LCU) - Romania | Data (worldbank.org)

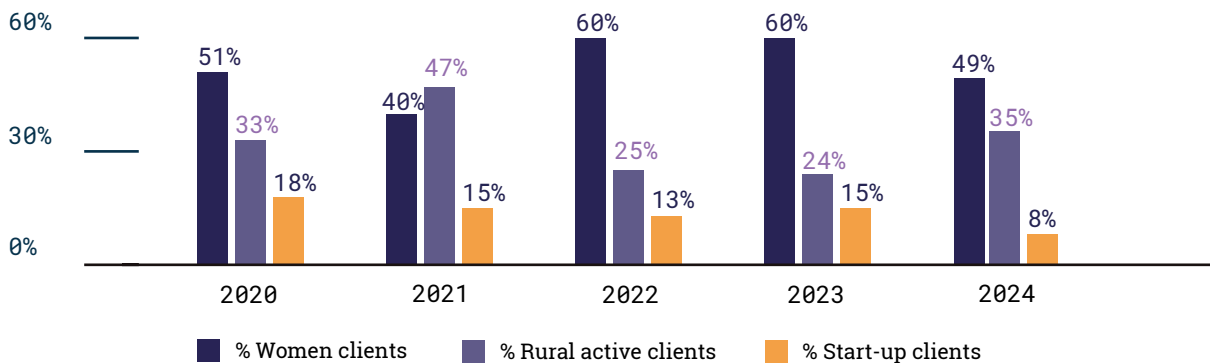


The following impact indicators are included in the Code's common standards of social reporting chapter. The Romanian MFIs are collecting and reporting these indicators regardless of whether their mission specifically targets these categories of beneficiaries.

In the period 2020-2024, an important part of the new microcredits was extended to vulnerable clients: women (49% in 2024), rural customers, especially small farmers (35% in 2024) and start-up entrepreneurs and micro-enterprises (8% in 2024).

## SOCIAL IMPACT INDICATORS

Impact Indicator / Year	2020	2021	2022	2023	2024
Gender Inclusion: % of Women clients	51%	40%	60%	60%	49%
Rural Clients Inclusion: % Rural active clients	33%	47%	25%	24%	35%
Start Up Clients Inclusion: %Start-Up clients (18 months in operation)	18%	15%	13%	15%	8%



## CHAPTER 3: MAIN FINDINGS

The targeted clients included in the mission statement the MIFs reporting to this study are underserved individuals, farmers, sole and start-up entrepreneurs and micro-enterprises.

As within the 2020-2024 period the Romanian MF sector recorded a significant growth of the number and value of the microcredits disbursed during the year, an important part of the new portfolio of microcredits is disbursed to women (49% in 2024) rural clients, mainly small farmers (35% in 2024) and start-up entrepreneurs and micro-enterprises (8% in 2024).

The average RGA loan amount increased by 8% ( Eur 11,100) during the analysed period, having in 2024 a value of 34% of the GNI per capita, the Personal micro loan amount increase by 61% (Eur 2,100) representing just 6% of the GNI/ capita, significantly below the limit of 150% and much lower than the European's peers, proving the fact that the MFIs reporting for this study are reaching the targeted clients included in their mission statements and the financial sustainability of the sector is well balanced by a social inclusion impact.

## COMPARATIVE BENCHMARK INDICATORS

Indicator	Benchmarking MF sector in Romania 2020-2024(2024)	Microfinance in Europe: Survey report 2024
Average loan amount for Revenue-Generating Activities (Euro)/ GNI Romania/capita	34%	66%
Average loan amount for Personal needs (Euro)/ GNI Romania/ capita	6%	23%
Portfolio quality: PAR 30	7.10%	12%
Gender inclusion: % of Women clients	49%	42%
Rural Clients Inclusion: % Rural active clients	35%	40%
Start Up Clients Inclusion: %Start-Up clients (18 months in operation)	8%	16%

# KEY FINDINGS FROM THE BENCHMARKING MICROFINANCE ROMANIA 2020-2024 STUDY

Within the last five years (2020-2024), the value of the microfinance portfolio and the value of microcredits disbursed during the year by the members of the Romanian Microfinance Association, MFIs and the Credit Unions from Region West, doubled with the financial support of the EaSI & Invest EU Guarantee and Capacity Building instruments, representing in 2024, 25% of the Microfinance financial services for revenue-generating activities in Romania, serving the lowest segment of the microfinance market: start-ups, sole entrepreneurs and small farmers. The growth of the microfinance sector is above the overall growth of the Romanian financial sector.

The average microloan amount disbursed for revenue-generating activities represented in 2024, 34% of GNI/capita of Romania and the personal microcredit just 6%, 49% of the loans are disbursed to women, 35% to rural clients and just 8% to start-up clients, proving the social and economic/financial inclusion impact of the microfinance activities provided by the main Romanian MFIs participating in the study.

As consequence of the liberal legislation for the financial sector in Romania, due to the increased competition on the financial market and the diversity of financial institutions: SMEs banks, NBFIs: leasing, factoring, consumer credit, micro-credit, credit unions,

cooperative banks, guarantee and counter-guarantee institutions, Fintechs, investment funds, etc., access to finance is not among the main difficulties or barriers for the development of Romanian MSMEs.

From the macroeconomic standpoint, Romania did not enter the pandemic with a balanced situation, and the war in Ukraine next to the borders added more pressure, uncertainties and risks are associated with the fiscal policy, along with an unsettled economic and social environment, both domestically and globally.

Non-governmental credit to GDP reached 23.8 % in 2025 Q1, down from aprox. 31 % in 2015, however, the stock of loans to the private sector doubled over a 10-year period.

Romania ranks last among EU Member States in terms of financial intermediation (49.8 %, calculated as bank assets-to-GDP ratio, 2024 Q3), trailing significantly behind peer countries in the region (Poland – 92.6 %, Bulgaria - 92.7 %, Hungary - 105.7 %, Czechia –130.8%) The low financial intermediation remains one of Romania's structural problems, with an impact on economic and social development and central Europe, represented at the end of 2021: 24% just two-thirds of its volume ten years ago (2012).

## CHALLENGES FOR THE FURTHER YEARS

- **Legal Framework**- Key challenges include the restrictive legal framework for CUs related to the provision of business microcredits, and the secondary legislation related to provisioning procedures for large NBFIs and the lack of access to the national credit bureaus and to national financial resources.

- **Recognition** - although microcredit is explicitly mentioned in the law, MFIs do not have any distinct status compared to the other financial institutions and are not recognized as special type of organizations by national players. Even though many of the Romanian MFIs, 50% from all EU certified MFIs, have acquired the EU Code of Conduct (the EU quality label) – they are not recognized at the national level as social economy actors, so it does not help to differentiate themselves from the other NBFIs players.

- **Promotion of the sector** – the two national microfinance associations: Romanian microfinance association (AMF) and the CUs National Association (UNCAR) are engaged in various promotional activities aiming at MF sector recognition and promotion by the key stakeholders; through organizing policy forums, specific events on the European MF days, participation to meetings and events organized by the regulators and central authorities.

- **Funding & incentives** – funding for Romanian MFIs comes primarily from European programs and instruments, including InvestEU (implemented during 2022–2027), which provides MF & SE guarantees, the IEU CBI product, and close cooperation with the EIB–IEU Advisory Hub through SIFTA. Romanian MFIs are key beneficiaries of EaSI, and currently rely on InvestEU and SIFTA for both financial instruments and technical assistance, with the sector heavily dependent on guarantees provided by the EIF.

Recently, on 26th March 2025, The Investment and Development Bank (IDB) of Romania officially announced its launch. The Investment and Development Bank is the only development bank in the country, 100% owned by the Romanian State, through the Ministry of Finance. Among the first financial instruments launched the IDB is the microcredit portfolio guarantee for SMEs.

- **Opportunities and Challenges** of the targeted Microfinance beneficiaries: micro and small companies, self-employed and family businesses, farmers, etc.

**Bureaucracy:** There are simplified administrative procedures in place for entrepreneurs, such as business and self-employed registration processes and registration costs. The legal registration for micro-enterprises was also simplified, especially for young entrepreneurs who may register for free as 'debutante micro-enterprise' (SRL-D);

**The Economic reforms and increased taxation:** The current economic reforms, new taxes introduced, increase of the VAT ( from 19 to 21%) proposed by the Romanian government aiming to reduce the fiscal deficit and measure to improve the taxes collection, the changes of the fiscal regime for the micro enterprises and increase of taxation on dividends, as well as limitation of the cash transaction will impact the activity of MFIs and CUs targeting the underserved, unbankable individuals, micro& self- entrepreneurs and farmers.

**Financial education level and Financial literacy score:** Social finance can help improve the level of financial education of both households and non-financial corporations as the level of financial education of SMEs is much lower than the large corporates and the Financial literacy score of SMEs is 68 compared to large corporates 86.

## GLOSSARY

### Active borrowers

Natural or legal person who currently has an outstanding loan balance or is primarily responsible for repaying any portion of a gross loan portfolio. Natural or legal persons with multiple loans from a microcredit provider should be counted as a single borrower.

### Average microcredit value

Value of microcredits disbursed during the year/ Number of microcredits disbursed during the year.

### Average microcredit value

Value of microcredits disbursed during the year/ Number of microcredits disbursed during the year.

Average microcredit value/GNI per Capita

Average microloan value compared to local gross national income (GNI) per capita to estimate the outreach of microloans relative to the low-income population in the country.

### Gross microcredit portfolio

Principal balance of all outstanding microloans, including current, delinquent, and restructured microloans, but not microloans that have been written off or interest receivable.

### Gender Inclusion

Gender inclusion indicator is calculated as the percentage of women customers from the total number of active clients at the end of each year.

### Microfinance Institution (MFI)

Non-Bank Financial Institution registered and licenced by the Romanian National Bank under the law 93/2009 with a major portfolio of microcredits.

### Number of microcredits disbursed

Number of microcredits disbursed during the period.

### Operational self- sustainability ratio

It measures the extent to which a provider is covering its costs through operating revenues. It is calculated using the following formula: Operating revenue/ (Financial expense + Loan loss provision expense + personnel expense + administrative expense).

### Productivity indicator

Indicator calculated as the number of active borrowers per number of MFIs' staff.

### Rural Clients inclusion

Rural Clients inclusion indicator is calculated as the percentage of customers located in rural areas from the total number of active clients at the end of each year.

### Staff

Number of staff expressed in full-time equivalent (the ratio of the total number of paid hours during a period by the number of working hours in that period).

### Start-up Clients Inclusion

Start-up Clients Inclusion indicator is calculated as the percentage of the number of microcredits disbursed for revenue-generating activities by entrepreneurs and micro-enterprises within the first 18 months of operation, from the total number of active clients at the end of each year.

### Social and Economic inclusion

Social and Economic inclusion indicator was calculated as average loan amount disbursed divided by Gross National Income (GNI) per capita (Romania)<sup>12</sup>.

### Value of microcredits disbursed

Value of microcredits disbursed during the year.

<sup>12</sup> GNI per capita (constant LCU) - GNI per capita is gross national income divided by midyear population. GNI (formerly GNP) is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. Data are in constant local currency. <https://data.worldbank.org/indicator/NY.GNP.PCAP.PPCD?locations=RO>

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