

ICT Considerations for MFIs

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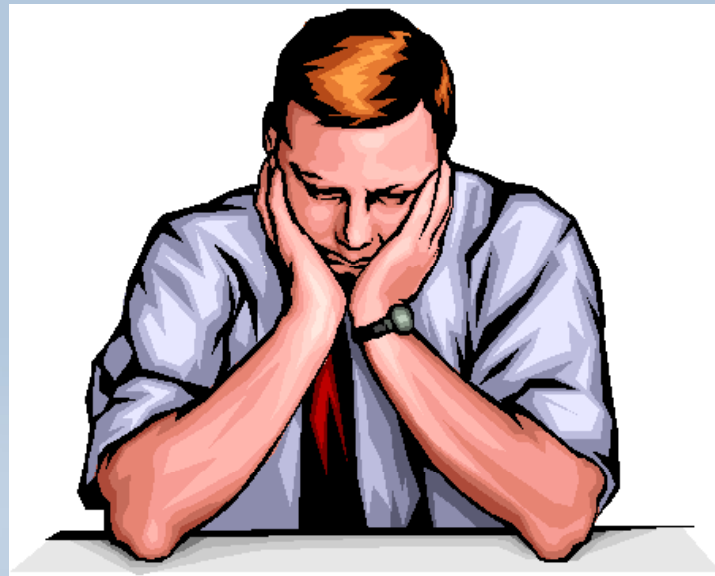
Shujaa Solutions Background



Shujaa Solutions Background

- Software development company
- Specializing in mobile technologies
- Started late 2008
- CCK approved as Content Service Provider

Challenges for MFIs



Challenges for MFIs

- Has a very large number of clients that are scattered
- E.g. Grameen Bank, Bangladesh –
approximately 24,700 employees & over 7.34 million clients
- Employee: Client ratio: 1: 297

Challenges for MFIs

- The ability to track the status of its portfolio in a timely and accurate manner is often the most pressing need of an MFI
- Have to be financially independent asap to stop relying on donor funding

Challenges for MFIs

- Fungibility – use of borrowed money for something else and later other funds used for loan purpose
- Have a challenge of reminding clients of overdue loans due to large numbers

Solutions in Mobile & Related ICT



Solutions in Mobile & Related ICT

- Numerous mobile technologies involved e.g. applications, mobile web, SMS, USSD
- Can connect with microfinance MIS to have 2 way transactions

Solutions in Mobile & Related ICT

- Mobile devices can reduce number of staff required for appraisal
- Instant lending via automated credit check –
e.g. use transactional history of Mpesa

Solutions in Mobile & Related ICT

- Mobile repayment history can also be used as credit check when borrower graduates to large financial institutions e.g. banks

Solutions in Mobile & Related ICT

- Control fungibility by directly purchasing items for borrower instead of giving cash
- Repayment of loans can again be made via mobile money transfers
- Repayment reminder also through mobile

Solutions in Mobile & Related ICT

- ICT can reduce CAPEX & fixed assets – some costs pushed to borrowers e.g. handsets
- Can provide social intermediation services e.g. receive tips over mobile

Solutions in Mobile & Related ICT

- Asset Tracking can be enhanced using mobile
- Assets used as “security” for loans
- For example: taking mobile photos of business items; GPS triangulation of premises

Solutions in Mobile & Related ICT

- Impact Analysis – the impact of microfinance interventions in the community served
- Can be aided by mobile e.g. questionnaires on phone, credit history on mobile payments

Solutions in Mobile & Related ICT

- Many forms of mobile communication can be secured
- Will use hybrid of shared key & public-private key encryption on IP traffic

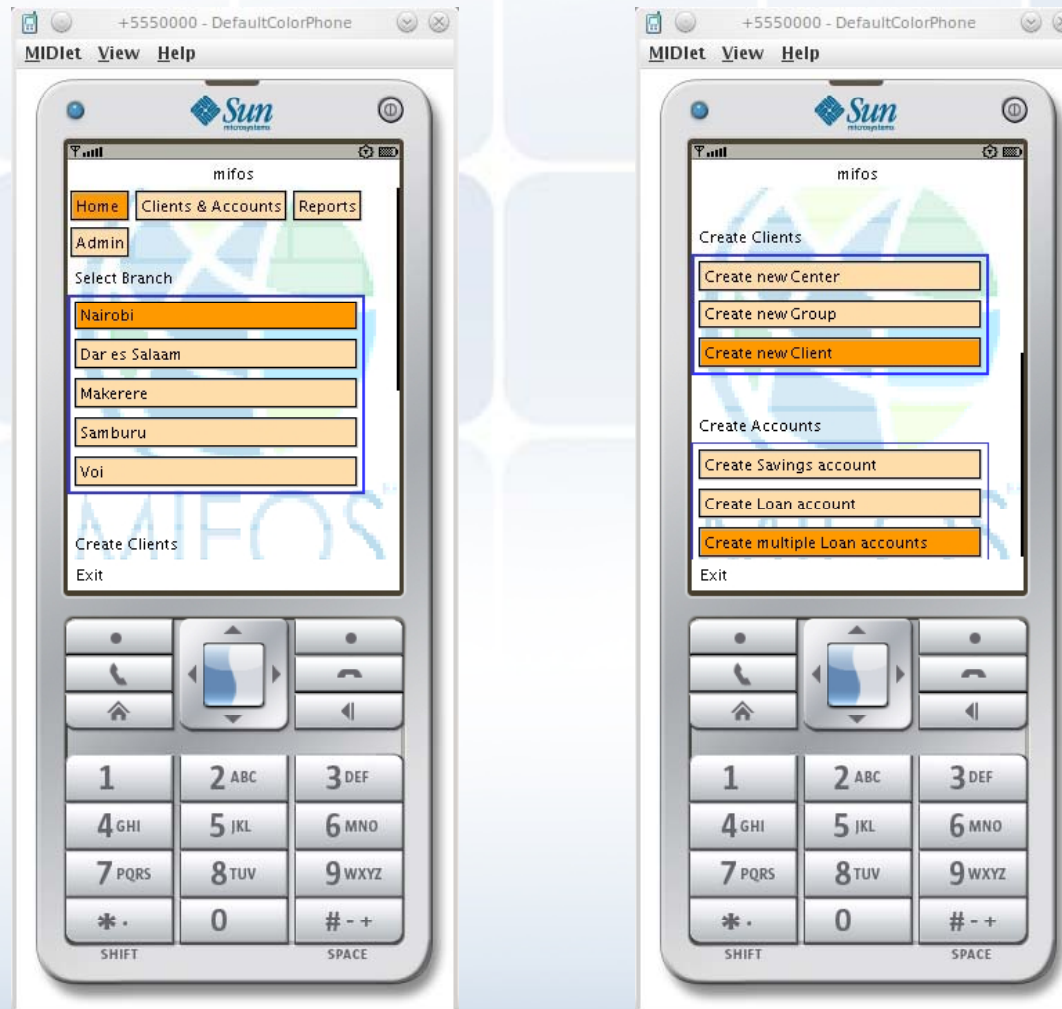
Solutions in Mobile & Related ICT

- Today handsets for as low as KES 3000/- (USD \$38) can use Internet communication
- Low cost, at KES 5/- (USD \$0.0625) per MB, 1 SMS to cost KES 0.08 cents, equivalently, 6250 SMS for 5/-

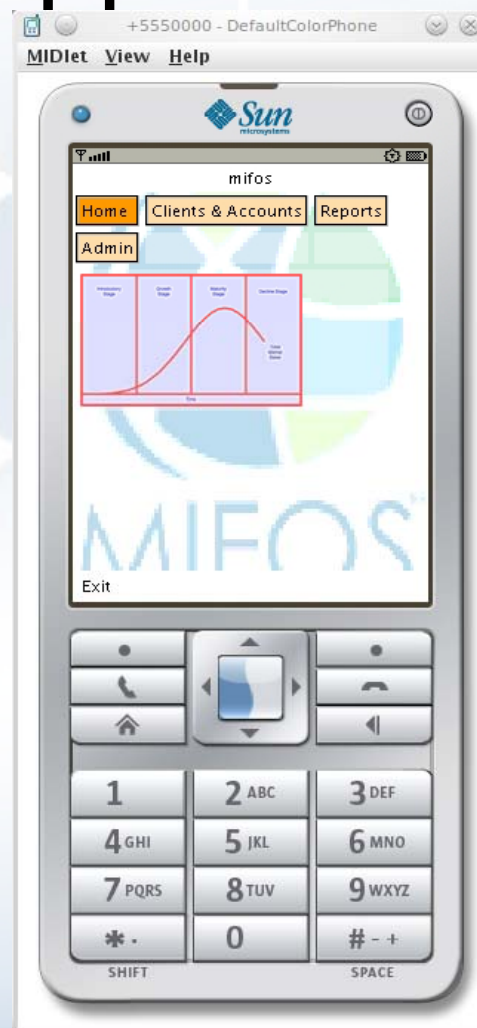
Demo of Mifos Mobile Application



Demo of Mifos Mobile Application



Demo of Mifos Mobile Application



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The End

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