Interview with Juhudi Kilimo

Date: 5/2/2013
Interviewee: Gilbert Ambani, CIO
Conducted by: Deanna McCusker, UX Designer

Summary

Juhudi Kilimo does not use Mifos. They use MFI Flex, a Salesforce.com cloud-computing integrated core banking system. Jihudi provides loans only for farm businesses, no urban businesses.

What they liked (about MFI Flex)
- **Don't use Mifos.**
- MFI Flex gives them:
    - Cloud services, can access anytime, anywhere.
    - Security
    - Lower cost of maintenance

Desired Improvements:
N/A

Interview Notes:

Introductory questions
1. *What is your role at MFI?*
    a. Gilbert is CIO
2. *Who else uses Mifos at your company? Roles?*
    a. MFO – microfinance officer
        i. goes out to field, group meetings
        ii. gets leads, formalizes groups
        iii. determines if client/group is eligible for credit
    b. Office Assistant (branch level)
        i. Data entry, statement updates
        ii. Processes registration receipts (new member registration)
        iii. Bank reconciliation
        iv. Helps with loan submissions
    c. Branch Manager – approves loans, can reassign loans to someone else if the aren't the right person to approve
3. *How long have you been using Mifos?*
    a. N/A
4. *Why did your MFI choose Mifos?*
    a. N/A
5. *What were the alternatives?* (XL, build custom, one other open-source, commercial)
    a. Looked at Octopus, Abacus, Basix (India)

b. Like MFI Flex because UI is cool, cool colors, well designed cloud solution, Internet-based, remote mobile, lightweight – no delays from downloading logos and such, integrated business workflows
c. Other solutions – too many different modules, confusing, we want integrated
d. MFI Flex can be customized, can use terminologies known to us
e. Has ad-hoc reporting, design own reports
f. Dashboards use pie charts
g. Logo is customizable
h. Ability to manage documents – affidavit and national ID
i. Fully automatic

6. *What is your lending methodology* (group or individual)?
   a. Individual lending with group collateral/support
7. *What products do you offer*? (Loans and savings, or just microcredit?)
   a. Loan products for farmers – purchase of assets such as cows or chickens, or processing machinery.
   b. Currently only offer a Business loan, size depends of asset to be purchased.

Process

8. *Can you step me through the daily process of collections and disbursements*?
   a. When group is formed:
      i. Goes through an 8 week training period – make sure farmers understand how to apply for loans, manage finances
   b. 3 days – 2 weeks for loan applications to be processed
      i. fill out application (paper)
      ii. business appraisal – ensure meet basic requirements
      iii. given affidavit, signed in front of lawyer (make sure they understand that if they fail to pay the loan, Jihudi will confiscate asset, for example the cow they used the loan for)
      iv. Loan is processed for approval
         1. Branch Manager reviews application, verifies meet requirements, approves
         2. COO gives final approval
      v. Finance – disburses loan (max 2 days)
         1. Compliance officer checks credit – make sure they have no other loans, no credit issues
         2. Preparation to cut check or disburse to them via M-PESA
   c. *What happens at center meetings*?
      i. MFO goes out into field in morning
      ii. Can meet with 2-5 groups in a day
      iii. Collect savings vouchers (collateral fund) and loan repayments
      iv. Group meetings run 15-30 minutes
         1. Group leadership – chairman, treasurer, secretary

      2. Holds a pre-meeting without MFO where they collect repayments
      3. One member takes cash to bank (I think this also takes place before the meeting? Can't remember)
      4. MFO just collects receipts from bank for repayments and savings
      5. MFO tallies and makes sure loan schedules balance with receipts
      6. Groups meet every 2 weeks or 1 month – if a healthy group only meets monthly

   d. *What happens at branch office*?
   e. *How is it all tracked*?

Loan Requirements

- Signatures of guarantors – all group members
- Own signature, own ID, passport photo, witness – wife or husband
- Business appraisal
- Affidavit
- First loan amount – depends on asset being financed
  - cow (more), chicken (less)
  - up to 65,000
- 2nd loan – up to 130,000
- 3rd – up to 300,000 (but this all depends on asset being financed)
- Members are required to keep savings (called "collateral fund" not savings)
  - This money is never invested, it is kept in a bank account by Jihudi for loan collateral
  - Client can access this fund for emergency purposes
    - But group and MFO has to approve
    - Very rare
    - We encourage them to fundraise within group for emergencies
  - Savings must be 17% of loan for borrowing
- Training for farmers
  - Bring in experts to help farmers
  - Showcase model farms
  - Link them with sevice providers
  - Specialized trainers
- In case of default:
  - Group will try to help first by pooling funds from other members
  - If this isn't helping, Jihudi will repossess asset
    - May have to bring in an auctioneer or police
  - If member leaves group – refund collateral fund
    - If they have co-guaranteed another member's loan, they cannot get their refund until that loan is repaid

Loan Types

- Asset financing loans – main focus is dairy farming – cows
- 5 categories
  - individual loans – small, startups
  - Rural enterprise – graduate from basic asset loan (2nd, 3rd cycle)
  - Asset financing – farm equipment,inputs
- Different rules
  - Interest raes, term, duration of payments, collateral guarantee, grace period – depends on type of asset, not loan type
- Jihudi deals only with farming
- Default rate is 4%
- Preference for women – age group – more mature reduced default rate

Dashboards
2. MFO
   a. Meetings due for week
   b. Groups and registrations for week
   c. Clients due
   d. Savings due
   e. List of people in trouble – red flags
   f. Groups that are struggling
   g. Dispersion – geographical location
   h. Ad-hoc function – select what they want
   i. Things pending
   j. To-do list
   k. notifications
3. Manager
   a. Same data per MFO
   b. All about performance

Incentives
4. Reward schemes
   a. Best MFO
   b. Kiva awards – office gets financial rewards
   c. Best disbursed branch – monetary
   d. Annual gala (Christmas party) – trophies for top performers
      i. If a person can keep trophy for 3 years straight, they get to keep it forever
      ii.

Organization
5. *How many loans/clients does a branch office support?*
   a. Loan officers/branch – 12
   b. Approx. 35-40 MFOs total
   c. 8 branches, 2 satellites
   d. 18,000 clients, 10,949 active

      e.   never close people out, only make them inactive

6. *How many loans/clients does a loan officer support?*
7. *If MIS is separate role, how many loan officers does an MIS officer support?*
8. *How often do groups/centers meet? (weekly? Monthly?)*
9. *With mobile app – what tasks do you want to do in the field*?
   a. Currently MFOs use cell phones
      i. We use this for geo-tagging (using today)
      ii. Can look at density of group meetings within an area (analysis)
      iii. MFOs need to get more members for existing groups as well as outreach for more groups
      iv. Target for new groups – quarterly
   b. SimpleMFI on phone – can see balances on phone
   c. ODK (open data kit) tools to use to fill in Kiva forms (geo-mapping)
   d. Want to integrate Kiva into new system, one-stop shop
   e. MFO will start doing data entry in the field with a tablet (today)
   f. Process is currently semi-manual – client has paper passbook, paperwork almost negligible
      i. 2 pieces of paper
         1. sign off sheet for signatures
         2. sign off affidavit (Kenya does not allw digital documents now)
      ii. cloud will cut down on costs
      iii. loan applications currently paper, but will be online soon
         1. use tablet to enter for client
         2. CRM for Salesforce
            a. This solution to collect data on clients
         3. Tablet can remind them of appointments and notifications
         4. Leads management system from Salesforce
   g. When you call client on tablet, records in Salesforce
      i. Cost $1.50 to onboard new member vs. $5.50 with paper – we track this
      ii. We need to be concerned with how much each member costs for efficiency
10. A*re there any offline processes that you would like to see automated*?

Chat Tool
11. Current employees are Y generation
    a. More socially savvy
    b. Tap into way Y generation communicates

SPM social performance module
   c. PPI info
   d. How much are we graduation people from poverty
   e. What % in each area – dairy, chicken, etc. (for organization)

Thoughts on New Design

12. *If we added a dashboard as the entry point for each user, what information would you want to see on it (as a loan officer?)*
13. *What information would you want to see on a default UI home page or dashboard?*

Closing questions

14. *What 3 features/areas would you like to see changed?*
15. *When Mifos X comes out, are you planning to create your own custom interface or do you want to use the default UI? Why?*
16. *Any other comments?*