Interview with Missions of Hope International

Date: April 30, 2013
Interviewee: Esther Musyimi – manager, Samuel Mbithi – sys admin, Ryan Hayes - IT
Conducted by: Deanna McCusker, UX Designer

Summary

What they liked:
- Can relate to it – understand language (terminology), easy for the user to use
- Scalable – started with 600-700 clients, but continue to grow, Mifos can handle
- Reports are very good (but there are some issues)

Please tell developers it's working and it's good. Just because we have some issues and needs, doesn't mean we don't like it.

Desired Improvements:
- Reports – most Mifos and some Pentaho reports don't provide data (or provide incorrect data)
- Collection sheet needs improvements – columns for savings, fees, ability to add fees from collection sheet, print daily collections per loan officer (currently cannot do because repayments are set to "voluntary" – detailed later)
- Dates – cannot predate, confusion with receipt dates and disbursement dates, date fields are not limited to acceptable dates

Interview Notes:

Missions of Hope

Missions of Hope works in partnership with CMF (?). They provide child sponsorship.
- Provide for children to go to elementary and high school
- Change children to improve their (and their parents) lives
- Feed children – hard for them to study if they are hungry
- Use sponsorship of children to help parents – many of whom have lost hope and possibly turned to alcohol or drugs
- CHE Christian Health(y) Environment – teaches that they can do something by themselves
    o Train them on how do clean up their communities, work as a community, give hope
    o Teach them that their only handicap is financial, their brains work fine
    o Facilitated by staff to learn how to do various types of businesses

- o Many are HIV positive – we help them get their medication and teach them about proper nutrition
  - o Form support groups where they can share success stories and challenges
- MFI – empowerment
  - o Help them start small businesses to put food on the table
  - o Crime in the slums is very high
  - o Grameen-style group-based lending
- Provide spiritual counseling through Christianity
- Care of children and parents and community at large
- Provide – accounts, human resources, clinic, skills training (business development services)
  - o Businesses they train for: beadwork (jewelry), hair salon, welding, tailoring, fabrication
  - o 4-8 months of training on skills development
    - ▪ when qualified, give them a sewing machine (or in case of jewelry – we provide a shop for them to sell their products in) to go start a business
- Working on sustainability
  - o Currently 15 employees in MFI
    - ▪ 6 loan officers
    - ▪ 3 interns (doing what I'm not sure)
    - ▪ 4 back office workers
  - o 3 in skills

Introductory questions
1. *What is your role at MFI*?
   a. Esther – manager
   b. Samuel – head of IT? – systems administrator
   c. Ryan – sys admin (works for Samuel)
2. *Who else uses Mifos at your company? Roles*?
   a. Loan Officer – can view their client/loan/portfolio data, does not enter any data (restricted from doing so)
   b. Manager – reviews client/loan/portfolio data for branch, all of MOH, reports and prints for executive director
   c. Systems Administrator – does data entry as well as maintaining Mifos
3. *How long have you been using Mifos*?
   a. Started 2010. Prior to that (2008-09) using an in-house program, but didn't have good reports. 2010 needed more growth. Most software is made for banks and is very expensive. Discovered Jitegemea using Mifos and looked into it.
   b. Started with Mifos 1.5 – didn't have a lot of reports, still very manual. When 2.1 was launched we upgraded, but it was so technical, we started from scratch and migrated manually. It was hard to get from

1.5 to 2.1 seamlessly. Moved to 2.1 in 2011. Aug, 2012 Zayyad from Intrasoft helped migrate to 2.3.
   c. Uses Tally for accounting
4. *Why did your MFI choose Mifos*?
   a. Less expensive.
5. *What were the alternatives*? (XL, build custom, one other open-source, commercial)
   a. Did not ask.
6. *What is your lending methodology* (group or individual)?
   a. Group lending only, but savings account required of all clients.
7. *What products do you offer*? (Loans and savings, or just microcredit?)
   a. Individual loans within group
   b. Savings account required – MOH collects from clients and deposits into a single savings account with a regular bank. Clients must have an account with a regional bank to receive a disbursement. MOH does not handle any cash.

Installation and configuration
8. *How long did it take to get Mifos installed and configured the first time*?
9. *What process did you follow*? (done by a specialist?)
10. *How long did it take to train staff, to get fully accustomed to using software*?
11. *When new releases come out, do you upgrade right away? Why or why not*?
12. *How long does it take to do an upgrade*?
    a. Upgrading was painful, ended up starting from scratch between 1.5 and 2.1. Intrasoft helped with 2.3 upgrade.
13. *How much time does your MFI spend maintaining Mifos*? (full-time admin? It basically runs by itself until we need to upgrade again, specialist)
    a. Samuel is systems admin, but also spends his time doing data entry
14. *How well does Mifos perform with your network bandwidth*? (is it acceptable, too slow? Tasks take too many clicks, exacerbating network sluggishness)
    a. When I was there, it was slow, but they had just had a power outage, which is common, they were running on a generator part of the time
15. *What concerns or challenges do you face with configuration*?
    a. Not enough flexibility to configure for our purposes – many things are "biased" towards Grameen-style process.

Mifos issue: Report challenges.
- Some reports are not giving same information as others.
- Too many different reports – want one report to work on several levels (client/portfolio/branch) or aggregated reports
  o Prefer not more than 10 reports
  o Branch (MFI) Progress Report – very good set of data, but should be able to get loan details from this report
- Want to merge some reports – like Loan Status Report
  o One report but tailored for

- Per loan officer
- Per branch
- Per group

Mifos issue: Export of Data
- To Big Dent (like Kiva) – for sponsorship of a business/client
- Need to export data from Mifos to Big Dent
- A lot of manual work to export
  o Currently copies data from Mifos into a Excel spreadsheet, which is then manually entered into Big Dent
  o Uses Tally for accounting
- I told them I thought it was possible to automatically export data from Mifos to Excel but that they needed to write scripts to get the data from SQL. (Is this correct?) They don't seem to know how to do this. I told them it should be spelled out in the documentation. ***They may require some help with this.** Suggested they ask Zayyad, but they apparently don't have a contract with Intrasoft yet.

Mifos issue: Collection sheet data entry tracking
- Apparently, they are having trouble tracking whether information has been entered into the collection sheet because they often enter the data multiple times (as Grameen does for loan repayments in morning and disbursements in afternoon. But I think because Grameen tracks by day – system automatically knows to add new entries to same collection sheet because it is still the same day?)
- Because MOH tracks collection sheet data by serial number (of receipt book) rather than date (not all data for a single collection sheet is captured on the same day – unlike Grameen) – Mifos apparently doesn't recognize if same data is entered twice for given collection sheet (because it isn't tracking by serial number?)
  o For example: sys admin enters collections for receipt number 124235. They are supposed to sign physical receipt to say it has been entered into Mifos on what date.
  o If they fail to do so, they (or someone else) may enter this information again, but when they enter the receipt number, Mifos should flag that this data has already been entered, but does not.
  o Causes errors because the same information is then entered into Mifos more than once.

Mifos issue: collection sheet data entry more automated
- Currently do not have ability to enter additional fees from collection sheet – must first go to loan and add fees, so they are then reflected in collection sheet
- Grameen has this issue as well – showed with late fine, has to be entered at loan page

Process

16. *Can you step me through the daily process of collections and disbursements*?
    a. *General*:
        i. Groups meet weekly, Tuesday to Friday (Mondays reserved for staff meetings, other work)
        ii. Each loan officer supports 4-6 groups/day (groups are same as centers for MOH). Handles 20-25 groups per week.
        iii. Total groups is 131.
        iv. Group size is 10-15 (an be up to 20)
    b. *What happens at center meetings*?
        i. Loan officer goes to center(group) meetings in morning, usually from 9-2 (or later – 10 or 11am)
        ii. Meetings last max 1 hour
            1. Usually starts with a prayer
            2. Minutes of previous meeting reviewed
            3. Collections tallied and given to member who will take to bank (**loan officer does not collect/handle any money.** Members take turns being responsible for collecting money and taking it to the bank. Should happen on the same day, but sometimes money isn't deposited until the next day, possibly 2 days later. Office cannot complete collection sheet entry until verification that money has been received at bank.)
            4. Loan applications collected by LO (if any)
            5. Any other business – welfare, message to clients
            6. Closing prayer (I did not see this, informal?)
    c. *What happens at branch office*?
        i. LO comes back to head office around 2-3pm
        ii. Comes back with receipt book
        iii. Might also have deposit slips from earlier meetings (if member who takes money to bank does so early enough, can go to later group meeting and give receipt to LO).
        iv. **Members are responsible for taking money to bank** (entered into MOH general account). Members take turns doing this. Brings receipt back to Loan Officer when task is finished. Cannot finish collection sheet entry until receive deposit slip – wants maker/checker ability.
        v. Receipt book contains 3 copies of each receipt (tracked by serial number)
            1. White copy used for data entry (at office)
            2. Green copy given to group for their records
            3. Blue copy for audit
        vi. If LO has new loan applications
            1. Finish paperwork at office

        2. When done, gives to sys admin (Ryan or Samuel) to enter into Mifos

        3. LO can use Mifos to review their clients/portfolio, but data entry is done by sys admin (Ryan and Samuel)

        4. Sys admins do data entry for all branches and all loan officers

    vii. IT admin makes sure loan apps are entered into system to go for approval

        1. He checks to make sure client is qualified for loan

            a. Check that savings account amount matches with Mifos (if not, could be that a receipt is missing or client entered data into their own passbook – scam)

            b. Check that group is not in arrears (will not give new loan to member of a group in arrears) Currently checks this by opening collection sheet.   Arrears amount shows here.

            c. If they qualify, sets loan to "pending approval", submits to manager (Esther) for approval

            d. Samuel (but not Ryan) has credentials to approve loan, but for integrity, he does not unless Esther is away for some reason.

    viii. Once loan is approved, it goes to accounting

    ix. Then back to Ryan for disbursal

  d. Disbursals

    i. Create EFT list to give bank who in turn transfers money to individual's regional bank account

        1. Client can withdraw money from account BEFORE signing receipt (a formality) but collection sheet cannot be closed without this

  e. *How is it all tracked*?

    i. Track monthly reports to see how well MOH is doing

Tasks

- Sys Admin
  - Primary task – enter collection sheet data
  - Make sure system is working properly
  - Troubleshooting
  - Rectify mistakes that may have been made
  - Ensure smoothness of environment
  - Creates groups/provide roles of Loan Officers
  - Transfer groups from one LO to another
  - Export data from Mifos to accounting
- Loan Officer

- o Primary task – (not Mifos task) Attend group meetings, make sure amount collected matches receipt, signs off (does not collect money)
- o In Mifos:
  - ▪ Track their clients/loans/portfolio
  - ▪ Loan Officer targets
    - • 1 (or 2) new groups added per month
    - • Make "fill ups" – add new members to existing groups (ideally 12-15 per group)
    - • 500,000 Kes per month
    - • Loan officers are not incentivized for these targets currently, would like to do so (asked about Grameen incentives, but I did not ask Grameen, only that they have incentives.)
- • Manager
  - o Review and analyze performance statistics
    - ▪ How well is MOH doing
      - • How much money collected
      - • How much disbursed
    - ▪ Client performance
    - ▪ Loan performance
  - o Generate and print reports for exec director

Handling Money:
- • Loan officers handle no money
- • One member of each group responsible for taking money to bank each week
  - o Money is deposited into MOH account, receipt given, which in turn has to be given to Loan officer
  - o If systems are down, or member doesn't act right away, might take a day or two to get deposit slip from member (cannot close collection sheet for given day until these deposit slips are collected and validated)
    - ▪ Possible for a member to "use" the money (loan to him/herself) then deposit when they get the money back from business
- • No formal banks in slums
  - o "branchless" banking – agency banking
  - o When depositing money in bank (through agency), agency collects a fee (for them usually 20 Kes). This fee is not tracked. Total shows on receipt as, for example, 7120 Kes, but receipt from bank will show 7100. Actual amount due is 7100, so 20 is not tracked. 20 is a fee incurred by group. Would like to track this in Mifos (currently cannot do?)
- • Would like to use mobile banking to handle money transactions
  - o Prefer that LO doesn't carry receipt book

- Would key data into a smart phone, then back at branch remove memory card and download into system (Deanna comment – couldn't the smart phone automatically enter data into Mifos? Or do they want maker/checker to intervene first?)
- Use SIM number to send money directly to debit account
- Safaricom – mobile provider sends direct to bank account
  - 8 digit number to send money through (?)
- Currently only banks are allowed to do mobile bankig
  - MFIs need to be licensed to be deposit taking
- MOH maintains 2 bank accounts
  - a debit account (for lending money)
    - source of funds? (donations such as Big Dent, investments?)
    - disbursements for loans are transferred via EFT to member's regional bank account
      - the transfer might happen BEFORE the group meeting at which the member would receive and sign/acknowledge the EFT receipt has been received
      - nothing stopping member from withdrawing loan money before acknowledging receipt – an issue for them
      - When loan is disbursed, bank EFT charge is deducted
        - If loan amount is 20,000, only 19,900 is transferred to client account.
  - a savings account
    - all member savings are pooled into a single MOH savings account in a regular bank
    - MOH takes responsibility for managing this pool of money and giving back to members the right amount when they leave
    - Members have no access to the savings until they leave group (?) This is just collateral for loans (cannot borrow more than 5 times what is in savings account, at least until they have a proven track record (/)

Groups (loans)
- When a new group is formed, they take 2 months to train them on how MOH lending works as well as for them to build up a savings account that is at least 20% of what they want to borrow
  - If they want to borrow 10,000, must save 2,000 before loan can be approved
- Can take first loan after 2 months, not every member has to take a loan
- 2 weeks for loan processing
- must pay application fee (1% of loan) and insurance (2% of loan)
- Business loans:
  - 1st loan up to 20,000 for period of 6 months
  - 2nd loan up to 50,000 for period of 9 months

- o 3rd loan up to 100,000 for period of 1 year
- o afterwards: 200,000 (or more) for period of 1 ½ years (or more)
  - basically once they've got a proven track record, they can do anything they want
- Group members required to save a certain amount each week
  - o Savings cannot be withdrawn, used as collateral for loans
  - o When member leaves group, savings is reimbursed to them
- New group training:
  - o Group dynamics
  - o Marketing their products (how to make a business)
  - o Integrity
  - o Success of business
  - o Budgeting
  - o Spending plan
  - o Formulate business plan
  - o MOH policies
  - o Client comes up with own business idea (must be passionate about) but MOH evaluates if this is a good business for them (too much competition in area?) May reject loan if not good business plan
  - o If their business is not doing well (perhaps competition is too strong), will help them come up with another idea
  - o MOH will look at client's repayments history to determine how well their business is doing
    - For example: if business is doing well, client will likely want to repay early so they can take out a bigger loan to improve business
    - (MOH currently not tracking PPI as measure of client success, but would like to)
- New loan –
  - o Collateral type – MOH has members agree to be guarantors of another member's loan (this is not required, member may decline to be guarantor)
  - o Need a list of members, so they can check which ones have agreed to be guarantor
  - o **In case of default, money is automatically deducted equally from the guarantors savings accounts to cover loan balance outstanding.**

Collection Sheet
- **Date on collection sheet is fixed, they need to be able to enter a date that is NOT today**
- Looked at example where receipt date is Thu, Apr. 25, but money not banked until Mon, Apr.29.

- If client takes a loan and pays a loan fee, this info cannot be entered on collection sheet, must first be entered into loan page (would like to be able to do on collection sheet)
- would like collections sheet to include columns for:
  - savings (want to be able to apply changes on collection sheet)
  - loan fees (possibly by type)
- would like collections sheet to show:
  - outstanding balance per loan
  - pre-payments per loan
    - client can pre-pay
    - MOH gives grace period of 2 weeks, so loan not considered in arrears until 3 weeks out
    - Currently no way to see any prepayments, but Mifos considers any amount in arrears, doesn't recognize grace period (?)
      - (Deanna – is this being fixed now?)
      - Need way to automatically show list of current payment owed, and past overpayment or underpayment
- When they display collection sheet, everything shows as zero, they must add collections
  - For Grameen, collection sheet shows exactly how much each client owes and will get in disbursements for each group meeting
  - Does this not work for MOH because they set their collections as "voluntary" rather than "compulsory"? They would like to be able to use collection sheet as Grameen does (just make changes to expected payments and savings), but everything shows as zero.
  - Columns they currently use:
    - BsL – Business loan
    - NorS – Normal savings
    - Spec – special savings (didn't get into this)
  - Would like to save or submit for approval to a checker who validates data before collection sheet data is finally submitted
  - MOH doesn't track bank receipts in accounting system (Tally) – why?
- Collection sheet should show loan balance and savings
  - If client has more than one loan, Mifos currently combines into single amount (I think they are referring to a report, not collection sheet entry?)

Organization

MOH currently has 2 branch offices

17. *How many clients does your organization support?*
18. *How many loans/clients does a branch office support?*
19. *How many loans/clients does a loan officer support?*
    a. Each loan officer handles 4-6 groups (centers) per day
20. *If MIS is separate role, how many loan officers does an MIS officer support?*

21. *How often do groups/centers meet? (weekly? Monthly?)*
22. *With mobile app – what tasks do you want to do in the field*?
23. A*re there any offline processes that you would like to see automated*?

Center Visits
- Center 1 – called Triangle
    - Already went through prayer and minutes before we arrived
    - They are pooling money and tallying when we arrive
    - Types of loans: stock for business, school fees
    - Group has 15 members, 8 present
        - One member has passed away, several attending funeral
    - Treasurer collects and tallies money
    - One member signs receipt, takes money to bank – deciding who will do it this week
    - Meeting held at a business – looks like TV fixing business
- Center 2 – called Simba Women (samba means alliance)
    - Only women (most mixed)
    - Loans they have
        - Salon, selling fruit, selling clothes, selling shoes, grocery, firewood
    - Dividends – MOH provides to them on savings accounts

Loan Types
- Business loan – primary loan type, outlined above
- Members can take emergency loans, but only if they have a regular loan (and only one at a time). Depends on performance. These are handled like regular loans (not a smaller amount or duration like Grameen.) 50,000 Kes max for 9 months.
- Insurance – for medical coverage (new product)

Big Dent
- Online peer-to-peer lending – investors can choose a client to lend to (really a donation, they know they aren't getting it back)
    - My question (did not think to ask) – if client repays, what happens to this capital?
- Would like to sync Big Dent data with Mifos
- Mifos outputs Excel, upload to Big Dent
    - Should be able to automatically export data to Excel
    - They are having trouble w SQL DB getting "real" data – gives enumerated data – 1, 2, 3
    - **They need help with SQL DB scripting**

Reports
- Pentaho – can only select individual type loans or "all"
    - Would like "all loans" and "all savings" as choices as well

- o Also "all inactive" or "all active"
- Reports are very specific. Would like more aggregated reporting
- Progress of whole program – too much paperwork
- Branch Progress Report
  - o Doesn't display data for section called "Profile of loans in arrears" – bug? (sending me email with this report showing bug)
  - o Branch Progress Report is really good data, but a lot of data is missing
- All Mifos reports not working – bug?
- Pentaho – some reports also don't work (sending email showing this)
- Collection Sheet Report
  - o combines all loans into single amount
  - o doesn't show savings data
- Aging Summary – information is incorrect
  - o Something about total in arrears is calculated from total portfolio amount and not outstanding amount? Makes portfolio at risk look larger than it should be?
- Aging Report
  - o Shows per loan
  - o Wants per group, per officer, and per office

Dashboards
- Manager
  - o What is due per day
  - o What is collected per day
- Loan officer
  - o Avg loan outstanding
  - o Portfolio at risk (PAR)
  - o Total savings (of clients)
  - o Portfolio outstanding (not total loan amount)
  - o How many members exited group (apparently frequent enough)
  - o How much refunded (withdrawn from MOH savings account when member leaves group)
  - o From performance history, they don't use:
    - ▪ Loan cycle/product
    - ▪ Total loan portfolio
  - o Every day: (per loan officer?)
    - ▪ What is due
    - ▪ What is collected
    - ▪ PAR
    - ▪ Amount in arrears
    - ▪ Amount of prepayment
      - • Prepayments per loan
      - • Prepayments per group
  - o Would like performance graphs (also for manager)

End of Year closing – need to see prepayments
- No meetings last week of year (Christmas festivals)
- Want to see if member has prepayments so it's okay if they don't collect for one week (conversely if member is in grace period in arrears, not okay)

Mifos issue: If client leaves, loan is closed, but may want to come back.
- Should really be set to inactive. (currently, must close client, then when they come back, must delete ID from DB and start over.)
- Need to be able to reactivate
- Transfer client from one group to another – currently have to close loan and savings, want to be able to move loan and savings data intact

Mifos issue? (not sure I completely understand this)
- Loans are calculated based on 26 repayments
- But they encourage clients to pay in 24 payments
- Because of this, loan may say they owe 950 per week, but each week they really pay 1000?
- Somehow this is tied to Mifos calculated interest rate? Didn't get this

Other issues:
- Password expiry
    - Currently doesn't expire
    - Would like to be able to set period in which password expires (3 mo, 1 year)
    - Notify user that password needs to be changed
    - If loan officer transfers from one branch to another (a different loan officer takes over their old clients) need to change password
- Next of kin
    - Currently can only choose father or spouse
    - Need ability to choose other family members such as mother, daughter, son
- Accounting in Mifos X
    - How to enter expenses on Mifos platform (coming in Mifos X?)
    - Bank reconciliation – shows all groups together in one lump sum as expense
        - Need ability to see each group separately for accounting purposes
- Bug – on a page showing a Loan in Bad Standing – the Performance History shows Porfolio at Risk: 0. Looks like a bug.

Thoughts on New Design
24. *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?)*
    a. Like dashboard idea

b. Wanted to see some design ideas, so I showed them my current mockups
    i. They really liked a lot of ideas, such as chart showing user progress (per user), color coding of collection sheet
25. *What information would you want to see on a default UI home page or dashboard?*

Closing questions
26. *What 3 features/areas would you like to see changed?*
    a. Reports
    b. Collection sheet
    c. Dates (outlined in summary at beginning)
27. *When Mifos X comes out, are you planning to create your own custom interface or do you want to use the default UI? Why?*
28. *Any other comments?*