



MFC-EMN

ANNUAL CONFERENCE
Bilbao, 3rd - 5th October 2018

PEOPLE AND THE DIGITAL REVOLUTION:
Advancing our social mission through technology



Affordable Technology for small(er) MFIs

#Technology #Affordability #cloudbased #SoftwareAsAService



Facilitator:

Silke Müffelmann – EaSI FWC Lot 1 Team Leader, Frankfurt School

Speakers:

- Samuel Paulus, Manager, Microlux
- Francesca Malizia, Operations Director, Fundacion Oportunitas
- Alexis Lebel, Senior SaaS and Open Source Expert

EaSI TA Workshop #5 - Affordable technology for small(er) MFIs

#Technology #Affordability #DigitalFinance



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- This workshop focused on how small(er) MFIs deal with technology as there are a lot of options in the market. We wanted to **understand technological choices of small(er) MFIs** and how they relate with their strategy and business model. We also discussed **affordable solutions** that have recently emerged on the market as **Open Source or Software as a Service solutions** and the inclusion of strategic investors, all allowing to share financial resources and know-how.
- This was the **4th out of six workshops sponsored by the EaSI Technical Assistance** programme now directly managed by the European Commission through DG EMPL.
- "...Technology can be very affordable and robust (the moderator used the ABACUS as a symbol) or very sophisticated (the moderator used a tablet), if not managed well the latter can become very expensive."

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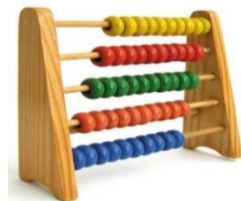
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- "...In order to dive further the topic I have invited three distinguished speakers and practitioners for this panel discussion:
 - Francesca Malizia – Operations Director from Fundación Oportunitas from Spain
 - Samuel Paulus, Manager of Microlux, Luxembourg and
 - Senior SaaS and Open Source Expert Alexis Lebed
- We will **3 rounds** at the workshop – during the first round the representatives of **the two MFIs will briefly present their cases**. In the **second round, the Expert will explain** what he thinks would be the best technology solution for small MFIs and in **the third, the two MFIs will present their exact strategies and lessons learnt**.
- Here are some exciting news – we will stay digital and mobile friendly during this workshop - you can **use your mobile phones to send questions and vote during the opinion polls**. You may already have used the **SLIDO.com** platform in other workshops – please see the flipchart for more instructions."

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Round 1: Presentation of the 2 MFIs

- Case studies of the two MFIs:

FUNDACIÓN IMF
OPORTUNITAS

 **microlux**



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Fundación Oportunitas, Spain



Launch date: mid-2016

Legal form: 1) Donation-based foundation (2016) & 2) Limited Liability Co (2018)

Mission: Promotion of social & labour inclusion through self-employment & entrepreneurship, focus on people in insecure jobs with risk of social or fin exclusion

Target group: Unemployed, migrants, under-empowered women, people at social / labour risk, MEs with little /no professional training, underbanked people

Intervention area: Barcelona & Madrid (with gradual expansion to Valencia etc.)

Type of products: Microloans to start new business, fixed assets or % of WC (future: flexible WC credits) of EUR 25,000 up to 48 months, non-financials services

Business plan: 2017: 28 clients (280k EUR) - in 3years 1,500 clients & B-E in 5years

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Microlux, Luxembourg



Launching date: March - 2016

Legal form: SA (Société Anonyme) – Public Limited Company

Mission: Support business starters & entrepreneurs with no access to traditional bank loans; promotion social inclusion, increase well-being & financial independence

Target group: Those with no access to traditional bank loans: Unemployed, welfare recipients, refugees and people with precarious jobs

Intervention area: Luxembourg (country-wide)

Type of products: Microcredits of max EUR 25,000 up to 48 months, coaching

Business plan: 2017: 30 clients (350k EUR) - in 2021 100 clients & B-E in 2022, finding public and private partners/sponsors

Round 2: Feed-back on key challenges / needs

- The Senior SaaS and Open Source Expert analyses the set-up of the two MFIs and identifies the most likely key challenges for applying technology



Analysis of the set-up of the two MFIs for applying technology

	OPORTUNITAS	MICROLUX
Choice of software solution: <ul style="list-style-type: none">• Speed and process• Outreach• Diversification• Face-to-face vs. customer autonomy• Customization• Reporting	Very similar organisations Generally a SaaS Cloud based solution is recommended <ul style="list-style-type: none">• Speed would not be an issue on most solutions due to the low number of clients/outreach. SaaS solutions can be implemented quickly, typically in 2 months• Loan products seem to be overall simple and available in most solutions• Basic customisation may be required to allow clients to apply for loans online.• Regulatory reports may need to be customised	
Staff	<ul style="list-style-type: none">• Staff should get access to selected SaaS solution based on user rights	
Hardware	<ul style="list-style-type: none">• No specific hardware required for SaaS solutions, access to web browser only	
Budgetary	<ul style="list-style-type: none">• May start at around 5,000 USD per year	
Others	Generally SaaS solutions will reduce Capex as there is no local hardware, backup process is automated in the Cloud, updates are pushed automatically. However renting a solution can be expensive, so it is important to assess costs over several years.	

Opinion Poll

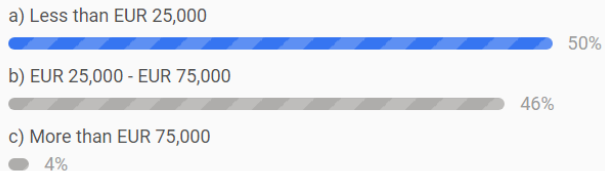
How much the investment in affordable technology (hardware, software and 1 year maintenance) would cost for each MFI with 3 options?

1st voting for OPORTUNITAS and 2nd one for MICROLUX

- a) < EUR 25,000
- b) EUR 25,000 – 75,000
- c) > EUR 75,000

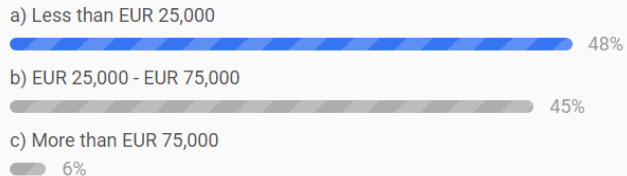
Final results of the opinion poll for **FUNDACIÓN IMF OPORTUNITAS**

How much the investment in affordable technology (hardware, software, 1 year maintenance) would cost for OPORTUNITAS? **0 2 6**



Final results of the opinion poll for microlux

How much the investment in affordable technology (hardware, software, 1 year maintenance) would cost for MICROLUX? 0 3 1



Round 3: Technological Solutions



MAMBU




Technological pathways for...

	OPORTUNITAS	MICROLUX
Key Challenges	<u>Link to document</u>	<u>Link to document</u>
Comparison of Options		
How long took the Process?		
How much will it cost?		
Lessons learnt		
Others		

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Q&A

V Vincent Stulen
0  4 Oct, 3:28pm


What are the biggest problems you'll face, if you would still work with your current systems in 3 years from now?

K Kaiser
0  4 Oct, 3:28pm

Do you think before going out shopping for software services providers the mfi needs to have a strategy of why and what needs to be digitized

K Kaiser
3  4 Oct, 3:12pm

Any idea what a small mfi should be looking at in terms of budget for doing all this. Assessing, identifying and then buying the services.

N Nicola - PerMicro
1  4 Oct, 3:25pm

Investment in training for 2-3 human resources or in a new technology platform that permits a "data user friendly" for all: which is the better solution?



EaSI Technical Assistance



For more information, about:

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