

Financial Access: An Essential Condition

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Challenges to Financial Access in MENA Countries

- What is Development Finance?
- Who are the clients?
- Why is it important that clients have financial literacy?
- How do financial services help the working poor, microenterprises & SMEs?
- What are the financial services they demand?
- Who are the providers? What is an MFI?
- Profitability and reaching the poor

Why is Development Finance relevant?

- Provision of Financial Services to the micro and small scale enterprises, working poor
- Enhancing Efficiency and Competition
- Deepened Financial Markets

Evolution of Development Finance

- NGO contribution
- Establishment and growth of MFIs
- Legislations in Microfinance
- Private sector investment
- Importance of good governance

Who are the Providers?

NGO Contribution

- Financial technologies
- Good repayments
- Increasing levels of sustainability
- Issues of outreach & sustainability

Evolution of Microfinance Institutions

- Non-bank financial institutions
- Specialized MF banks

Challenges to Financial Access

- Commitment
- Organizational design
- Financial Technology
- Human Resources
- Cost-effectiveness
- Balancing financial objectives with social mission

What are the required Innovations?



- Organizational Innovations
- Product Innovations
- Delivery Methods

What are the required Innovations? (continued)



- Financial Technologies
 - Individual savings & loan services
 - ❑ Small short-term, monthly repayment
 - ❑ Character based
 - ❑ Quick cash flow analysis
 - ❑ Simple procedures and disbursement
 - ❑ Sequential loans
 - ❑ Non-compulsory savings
 - Operation
 - ❑ MIS: Banks
 - ❑ Staffing: Local; incentive scheme

What are the required Innovations? (continued)



- Saving Methodologies
 - Low minimum balances
 - Proximate location, secure deposits
 - Incentives for savings
 - Real positive interest rates

What are the required Innovations? (continued)



- Strategies for Delivering Financial Products
 - Technical assistance / Capacity building
 - Local staff
 - Training
 - Incentive schemes

How conducive is the Enabling Environment?

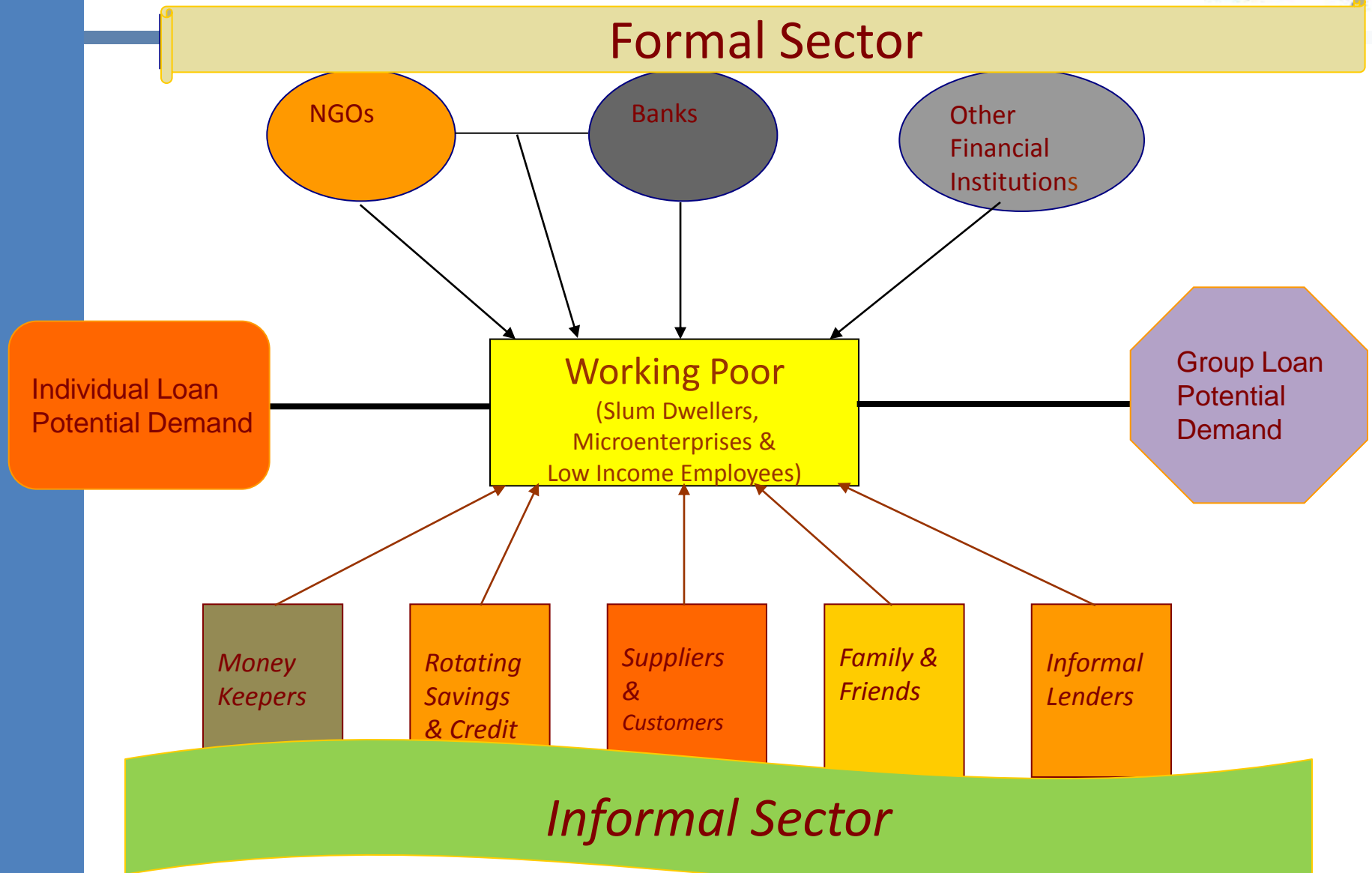


- Special MF law
- Reserve Requirements
- Reporting Requirements
- Loan Classification and Provision

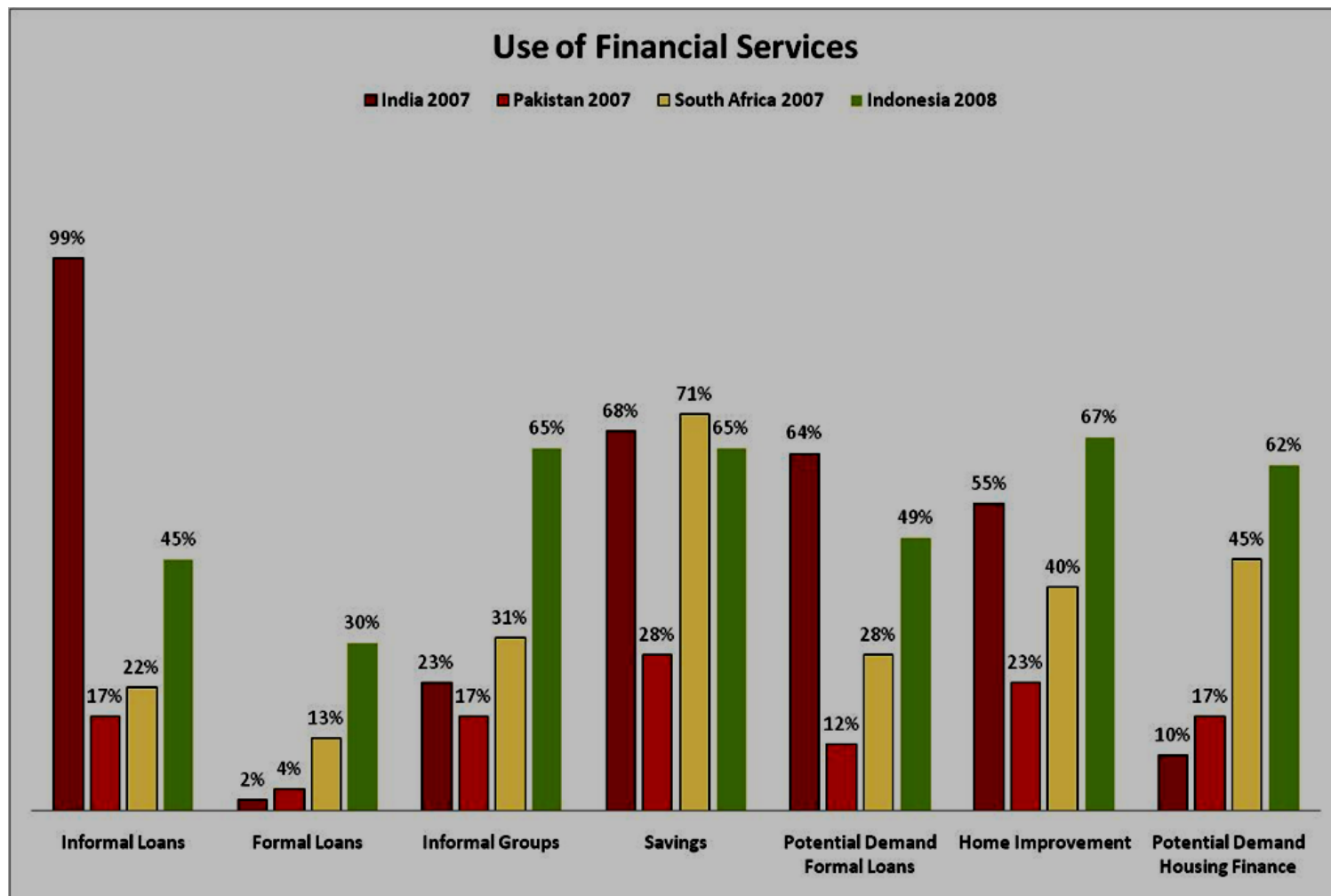
Who is the Clientele?

- Unbanked working poor:
 - Microentrepreneurs
 - Low income employees
- Financial services they use: effective demand
- Other financial services they demand: potential demand

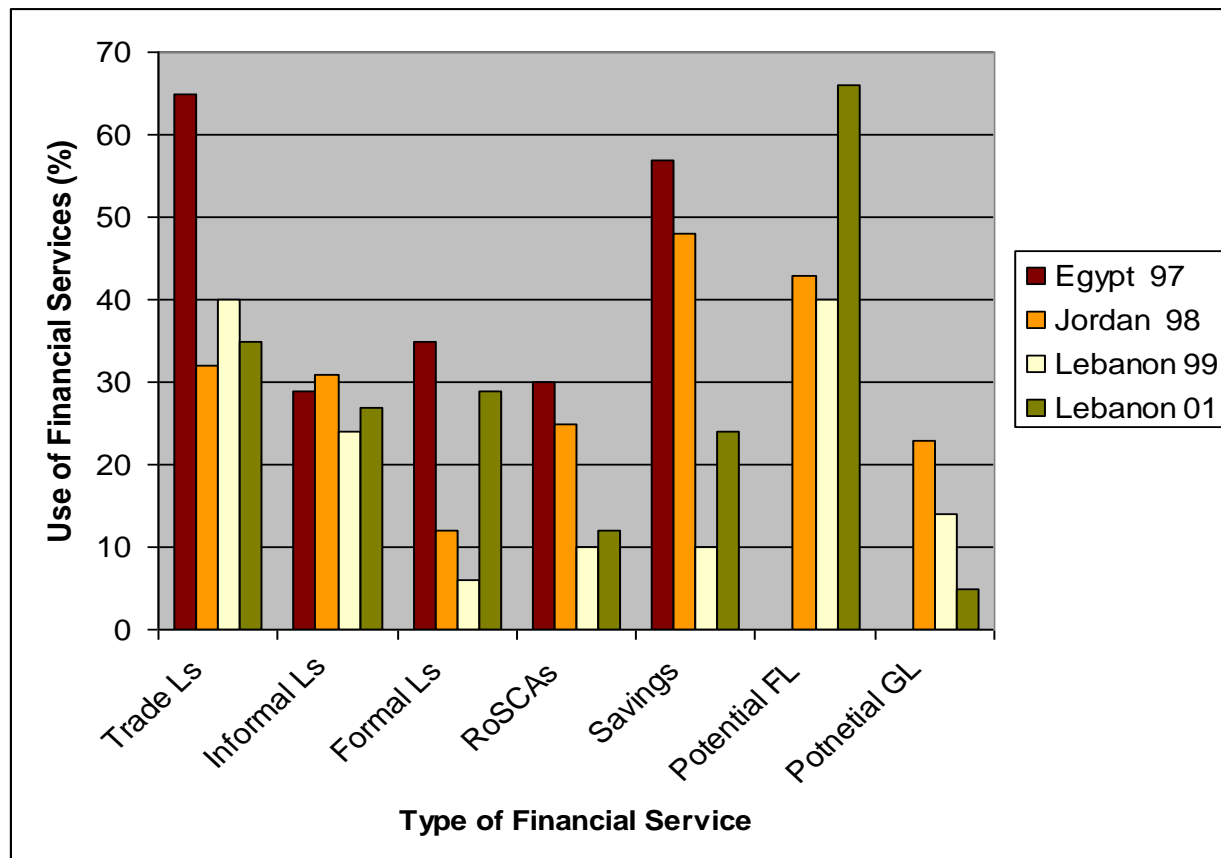
Financial Structure of Microfinance Clientele



Microfinance Market Assessment



Microfinance Market Assessment Results from the Middle East



Emkan Portfolio Indicators

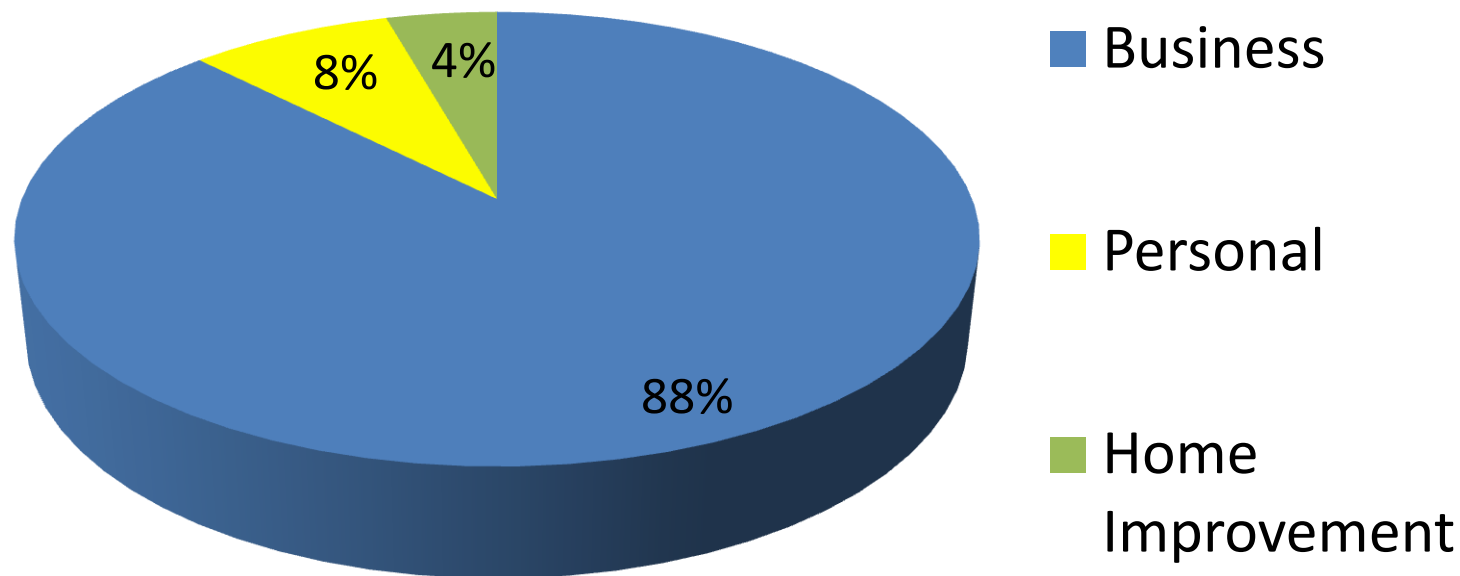
July 2009 – August 2010



Portfolio Status	Since Inception
Total no. of Disbursed Loans	5,231
Total value of Disbursed Loans	\$7,996,667
Average Loan Size	\$1,529
Average Loan Term (months)	12
Outstanding Portfolio	\$4,139,742
No. of Active Clients	4,460
Portfolio at risk	1.5%

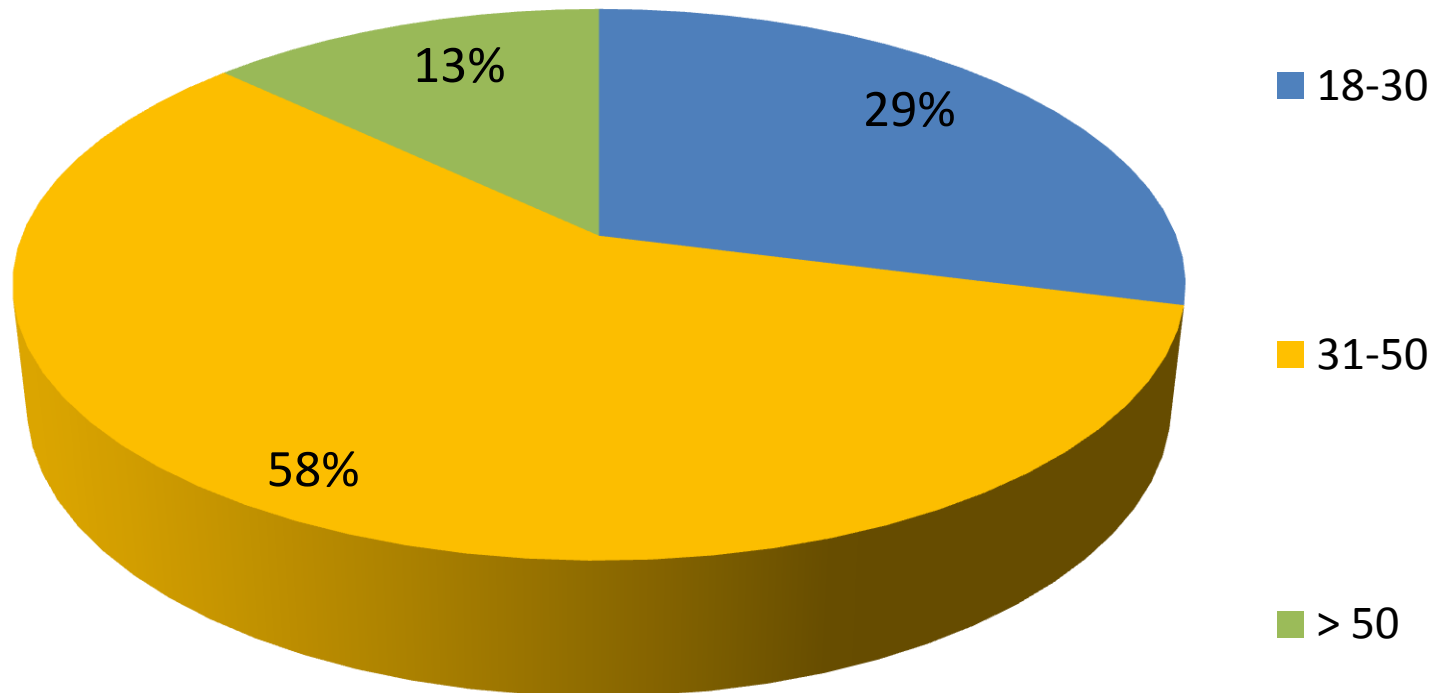
Distribution of Loans by Loan Use

August 2010

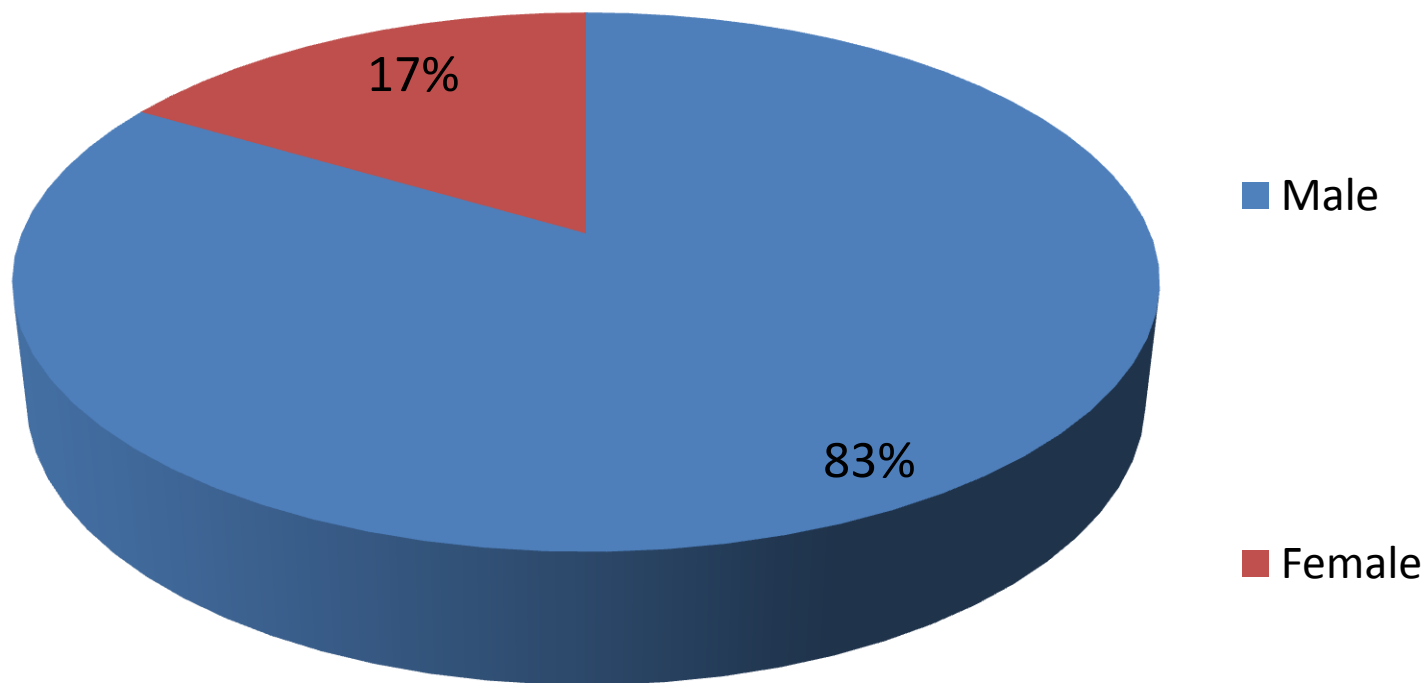


Distribution of Loans by Client Age

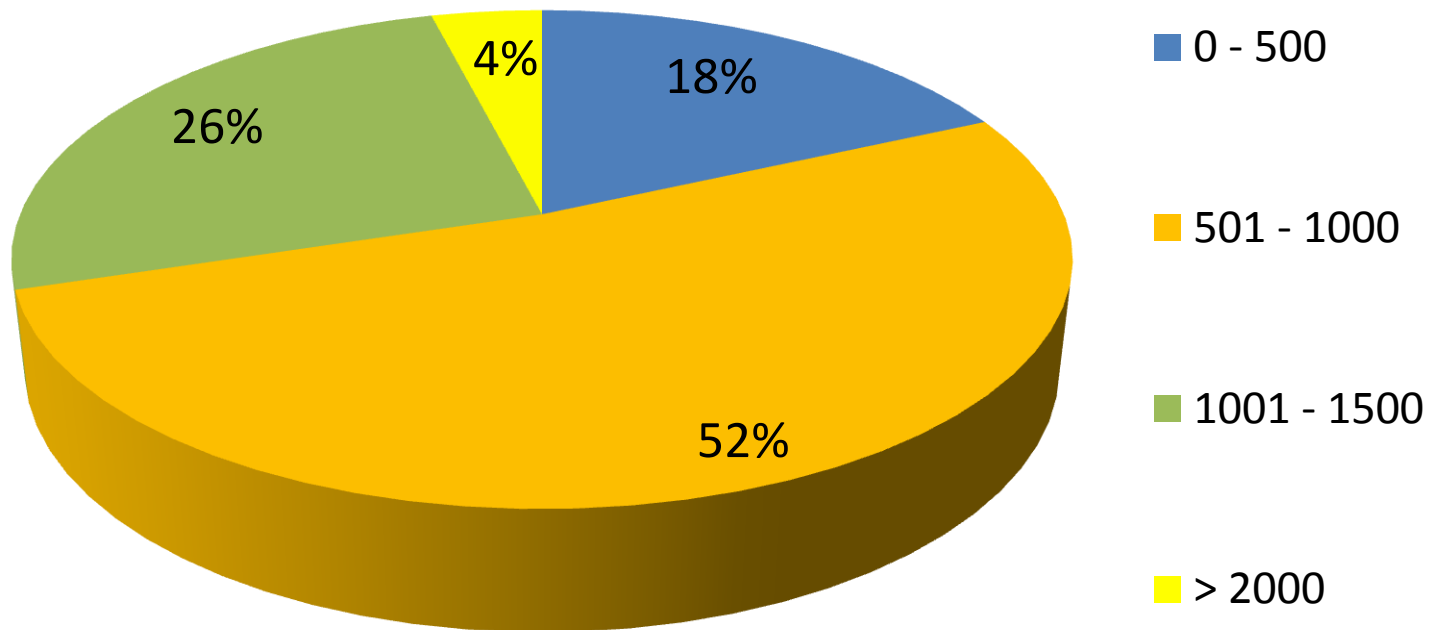
August 2010



Distribution of Loans by Gender August 2010



Distribution of Loans by Borrower's Income (\$) – August 2010



How can we enhance the Financial Skills of the Microfinance Clientele



- Unbanked working poor are economically active
- Pecking order of use of financial services
- Broader outreach of financial services
- Access to various financial services
- Financial management and planning
- Better enabling environment and legislations



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