

DMI 's History

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„We develop measures and assure quality to ensure responsible microcredit provision.“

For us responsible microcredit provision means:

- We treat our customers like we would want to be treated.
- We treat our customers with **respect and appreciation**. We take their concerns seriously and ask our customers to do so with our concerns as well. For us **"social"** does not mean **being inconsequent**.
- Our products are designed to meet the **needs of our customers**. Additional services we provide are worth their money. Therefore we only offer services our customers can afford and which have additional value.
- Our loans support the personal and financial **development of our customers**. The situation of our customers should have improved after receiving our loans. We do not finance "macro problems" with the help of "micro-loans". We do not provide loans for business to prolong the suffering of a company/project.
- The **personal and financial capacity** of our customers is one of our major concerns. We support our customers to evaluate their personal and financial situation realistically.
- We do **not support unethical projects**.

Our accredited MFIs serve 50.000 customers annually.

We have a brand name in the microfinance sector.

We actively live our mission on three different levels:

- We **provide services** for players of microfinance.
- We **represent interests** of our members.
- We **improve** the socio-economic **structures for microfinance** in Germany and Europe.

○ Until 2004

- During the 1980s and 1990s: small, regional initiatives; some had special permits from banking supervision.
- From 2000 on: projects in cooperation with job agencies and Deutsche Bank Foundation in selected areas such as Hamburg, Berlin, Offenbach (Frankfurt).
- **Lesson learned:** We need to speak with one voice!

○ 2004 – 2010: Set up and establishment of a microfinance market

- In 2004 formation of DMI with some 50 members (mostly participants of pilot projects)
- Target: creating and setting up a microfinance sector in Germany
- Milestone: European project "GI EQUAL" and additional capital from GLS Bank
- Since 2007: Germany's Ministry of Labour and the Ministry of Economics get in action; additional capital from KfW bank (public development bank)
- Focus on: gaining know-how; standardisation of processes
- **Lesson learned:** We have to agree on quality standards!

○ Since 2010: Rollout

- Formation of "Mikrokreditfonds Deutschland" (MKFD) leads to significant increase of loans disbursed
- In 2012: 6.754 Loans; 44 Mio Euro ... but increasing default rate
- **Lesson learned:** We have to assure quality!

○ Since 2013

- Consolidation / shake out
- Continuation microcredit program on a lower level
- **Challenge:** Find another partner-bank(s) and investors

Services	Representation of interests	Development of sector
<p>Quality assurance</p> <ul style="list-style-type: none"> ○ accreditation/ reaccréditation ○ benchmarking ○ active and passive QM/QA <p>Consulting & Training</p> <ul style="list-style-type: none"> ○ "days of exchange" ○ regional meetings ○ training courses for loan officers ○ individual counselling <p>Workimprovement</p> <ul style="list-style-type: none"> ○ Inthepro (MIS) 	<p>For MFIs</p> <ul style="list-style-type: none"> ○ general assembly ○ committee meetings <p>Lobby and PR</p> <ul style="list-style-type: none"> ○ politics and administration ○ events ○ participation in working groups/committees/conferences ○ on European, national and regional level 	<p>Conduct R & D projects</p> <ul style="list-style-type: none"> ○ topics: market, methodology, risk management, processing costs ○ Funding: European, national, regional, private <p>Product development</p> <ul style="list-style-type: none"> ○ loan products ○ additional financial services <p>Capital & Partners</p> <ul style="list-style-type: none"> ○ development and realisation of funds and investment opportunities

Functionality:

Customer relationship management (CRM): statistical data, information on business, loan products, information from credit protection agency

Communications: text messaging; E-Mail, internal messages

Documentation, work-flow, journal: chronological storage of information, communication with customers, reminders, follow-ups, loan officers' notes

Loan administration/production: borrowing requests, contracts, payments, late payments, payments made within the last couple of days, sureties

Risk management: Monitoring of customers and portfolios, repayment plans, restructuring loans; analysis of portfolio(s), loan officers, loan products ...

Statistics & reports: standard DMI report (loan size, gender, migration background, age, historical analysis, key indicators...)

Exchange

Regional meetings/fireside chats

- quarterly meetings
- topics: recent trends and developments, needs, requests

Assembly of MFIs

- bi-annual
- "official" meetings
- one representative per MFI

General assembly of all members

- annual

Participation/commitment

Projects

We always ask our members and colleagues in case we need **experts on specific topics** for consulting and training projects. Quite regularly our projects will be conducted abroad (international projects).

Working Groups (WG)

Working groups will be employed for specific tasks for a limited amount of time. All members are invited to participate and contribute her/his expertise. In WGs we have developed for example: code of honour, rules of accreditation, study on cost effectiveness, access to credit protection agencies...

Costs	Funding	Annual budgetary demand
<p>Running association: office, administration of members, accounting, annual balance sheet, secretariat, internet site, board of directors</p>	<ul style="list-style-type: none"> • basic membership fee (240 €) • projects, accreditation, training... 	<p>Ca. 15 – 20 TEuro</p>
<p>Management: personnel and material costs</p>	<ul style="list-style-type: none"> • projects, accreditation, training... 	<p>no fixed volume has been set, profit-related</p>
<p>Development of sector / representation of interests: in contact with associations, politics and administration on European, national and regional level; development of products; quality assurance; Inthepro (MIS); benchmarking; regional meetings, MFIs' committee, general assembly; ombudsman; conferences and workshops</p>	<ul style="list-style-type: none"> • projects financed by grants and assignments • additional contribution/grants from partner banks • additional contribution of MFIs: <ul style="list-style-type: none"> up to 100 loans: 75 €/month 100 - 400 loans: 150 €/month above 400 loans: 300 €/month 	<p>min: 70 TEuro good: 150 – 200 TEuro</p> <p>Actual expenditures are closely connected to revenues from contributions and assignments</p>

Products & Services:

Accreditation Rules: Quality label for customers and investors

Inthepro (MIS): 3 in 1 solution for:

- Customers (crm),
- risk management and
- cooperation (i. e. banks)

Thank you for your attention!