Microfinance Information eXchange

Benchmarking African Microfinance 2006

A report from the Microfinance Information eXchange, Inc. November 2007

In Brief

Africa, with some of the most vulnerable populations in the world, represents potential and possibilities for the microfinance community. In 2006, the African microfinance industry created and grew formal and semi-formal financial institutions across the region, the MFIs varying in scale, institutional design and target markets. The sector remained distinct, in that savings continued to form a fundamental part of financial services, much more so than in any other global region. 2006 also saw clients offered an increasing number of financial services, although at a high cost. African MFIs continued to face tremendous operating hurdles in sustainably serving their clientele.

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This year's sample of 119 African institutions from 24 countries presents the richest data set as yet prepared by MIX, building on previous reports and data on Africa, and providing in-depth trend information on 66 institutions across the region. The 2006 analysis of African MFI performance includes 53 new entrants into the data set. Interestingly, these new entrants lowered the median outreach of African MFIs from 17,000 borrowers in 2005 to just under 10,000 borrowers in 2006, a testament to the spread of financial transparency to smaller institutions across the region. Indeed, half of the MFIs reporting in 2006 had less than 2 million USD in loans outstanding.

By examining regional performance along scale and sustainability and by exploring trends across the sector, Benchmarking African Microfinance 2006 brings to light the particularities of microfinance in the region.

Growth was Disparate Across Africa

In 2006, African microfinance institutions (MFIs) in the sample population reached 3.8 million borrowers with 1.4 billion USD in loans, while serving 5.7 million savers and managing 1.2 billion USD in deposits. On average, credit activities among panel institutions grew by a third, while savings services doubled in just 12 months, reflecting the distinctive nature of microfinance in Africa: deposit mobilization is an important service offered by institutions across the region. Financial intermediaries used their savings clientele as a springboard to expand credit services.

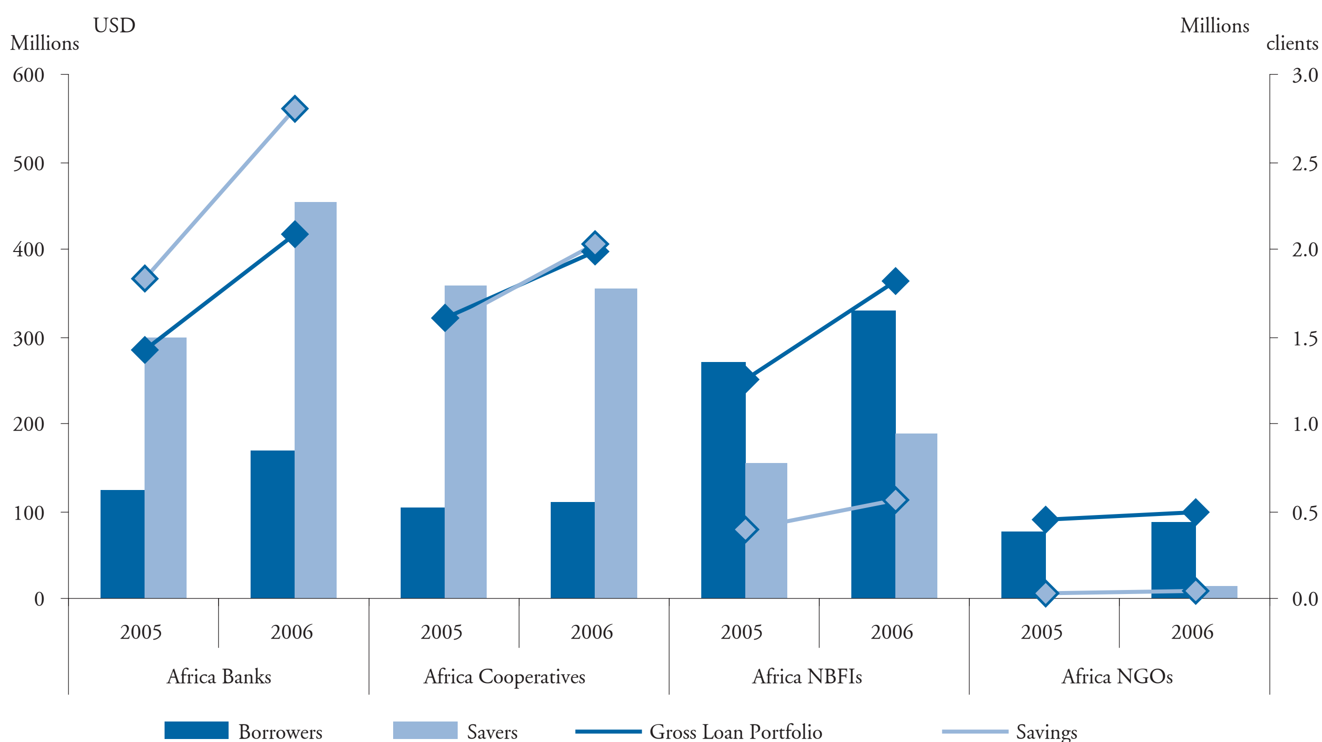
Growth in 2006 was spectacular in certain markets and among specific MFIs. The highest growth in clientele was recorded in Kenya, particularly among the two leading Kenyan microfinance banks who showed a combined 170,000 *additional* active borrowers in one year. Overall, banks in the region boosted their outstanding loans by almost 50 percent. ***Figure 1*** illustrates the absolute growth in client and dollar volumes for different types of institutions in Africa: Between 2005 and 2006, the majority of new loan clients were served by banks and NBFIs rather than NGOs or cooperatives.

MFIs in Southern Africa also actively increased their loan portfolio (by 59 percent) without seeing growth in the number of borrowers. This was the result of a shift to higher end clientele who could benefit from larger loan sizes. Loan sizes in Southern Africa grew from 179 USD per borrower in 2005 to 233 USD in 2006. One explanation for the increase in loan sizes was the expansion of services in urban areas where there is traditionally more demand for larger loans. Many institutions are modifying their products to meet the demand of these urban clients.

African microfinance also witnessed some unusual trends, with a number of institutions losing clients. While some MFIs and markets flourished, others faced tremendous macro-economic, operational and institutional challenges which affected the MFIs' ability to serve clients. Benin was particularly affected — one institution lost over 30,000 borrowers — and the Ugandan Micro Deposit Institutions (MDIs) were still undergoing the effects of transformation, which brought in many savers (13 percent more between 2005 and 2006) but slowed lending, with a loss of one percent of clients.

On the whole, the microfinance sector in Africa was represented by a handful of large institutions — including

Figure 1 Total Outreach and Volume by Charter in Africa



Source: Microfinance Information Exchange, Inc., 2006 Benchmarks. Results are peer group totals.

16 MFIs with over 50,000 loan clients each — and by scores of small, new MFIs appearing in new and established markets alike. Strengthened by reforms of recent years, African microfinance attracted international attention, resulting in young start-up banks, NBFIs and NGOs setting up activities in Central, East and Southern Africa. New MFIs supported by international networks such as ProCredit, Opportunity International and even BRAC from Bangladesh witnessed remarkable growth rates in the first 12 months of operations. So far the businesses look promising, but all eyes will be on these institutions as they strive to scale up their operations to provide sustainable deposit and lending services to poor people in rural and urban areas.

Financing: Client Savings Continued to Dominate

Many African MFIs continued to rely on local inexpensive debt in the form of client savings to finance their activities. Financial intermediaries drew on deposits to leverage their institutional capital four times over, topping credit-only institutions across the region. Client savings covered 90 percent of loans for MFIs operating on a full intermediation basis. As MFIs around the world increasingly tapped into international and local commercial funding, in Africa this form of financing reached only banks and the small class of recently transformed institutions, both of which covered the entirety of their loan portfolio with market price funding. Conversely, NBFIs financed only a third of their portfolio and NGOs only a fifth from commercially priced liabilities. Size and age were also factors in attracting external funds as African MFIs gained trust from investors: large MFIs leveraged 4.0 in debt for every US dollar in capital, compared to 2.5 for medium-sized and 1.2 for small MFIs.

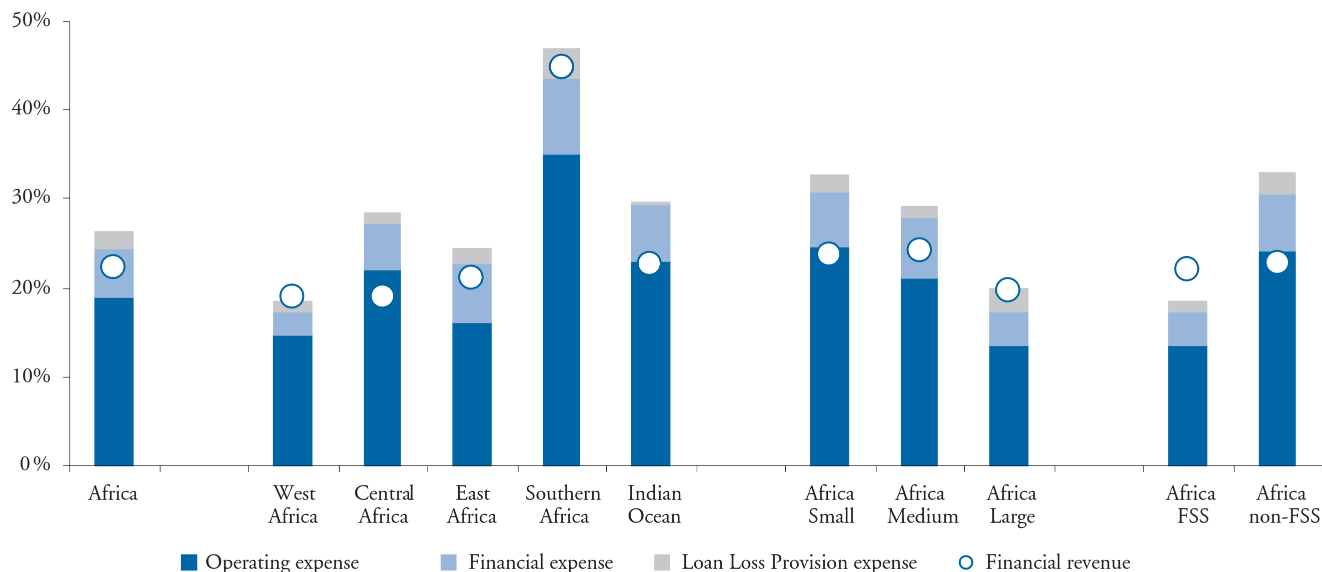
NGOs, which are prohibited from accepting client deposits, remained the most donor dependent institutions in Africa and relied on capital to fund two-fifths of their assets. Still, they saw their capital/asset ratio diminish by five percentage points in one year as they increasingly turned to commercial banks for funds. Another set of MFIs which stood apart is the group of rural banks that leveraged their equity seven times over. These Ghanaian institutions captured twice as many savings as they provided credit and allocated only a third of their assets to client loans. Government treasury bills were attractive in this country in 2006, facilitating investments on the part of these financial institutions.

Profitable MFIs Benefitted from Positive Returns in Achieving Scale

With the average asset base yielding 2.4 percent in losses, MFIs in Africa fared poorly compared to other regions of the world. While trends show that the median African profitability did not improve in 2006, the top quartile of MFIs not only were profitable, but boosted their ROA by one percentage point (from 0.9 to 1.9). Indeed, once MFIs reached profitability, they were able to expand their operations over time, achieve economies of scale and secure more returns, reaching the sought-after key to sustainability, while amplifying the disconnect between top performers and small unsustainable institutions in the region. In fact, even though the typical MFI in Africa was operationally self-sufficient, only one-third of the 2006 African benchmark participants were self-sufficient after standard adjustments accounting for inflation and provisioning. Positive returns allowed profitable African institutions to reach twice as many borrowers as their unprofitable peers. They did this with similar revenues but with just over half the costs (as shown in ***Figure 2***) and by offering relatively large loans which are cheaper to manage.

African institutions faced tremendous hurdles in reaching sustainability. Operating expenses were exacerbated by weak infrastructure and high labor costs. Compensation to employ and retain skilled personnel averaged 12 times GNI per capita, over twice as much as any other region in the world. The challenge in the region is to achieve scale and reach remote areas without losing control of costs. As they grow in size, larger institutions in Africa are more likely to be profitable. Large MFIs displayed lower financial and operating expenses than their medium and small peers. When larger institutions passed the eight million USD threshold in loans outstanding, they could achieve high productivity and serve clients at 0.23 for every US dollar lent (see ***Figure 3***) and thus may pass on efficiency gains to their clients through lower yields.

Figure 2 Breakdown of Return on Assets Across Regions, Scale and Sustainability

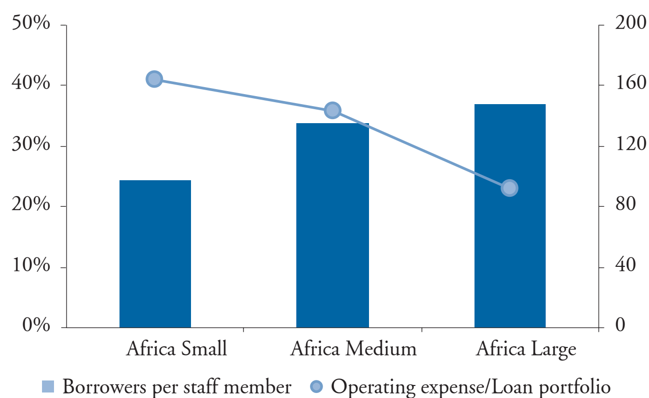


Source: Microfinance Information Exchange, Inc., 2006 Benchmarks. Results are peer group medians.

Another challenge in expanding outreach was to control portfolio quality. Compared to MFIs in other regions, African institutions struggled greatly to recover loans which were past due. Indicators for portfolio quality were weak, with portfolio at risk over 30 and 90 days of 5.0 and 2.4 percent of loans outstanding, respectively. As MFIs allowed their portfolio quality to deteriorate, they captured less revenue and were unable to increase their outreach. Some institutions have particularly suffered from a weak credit culture combined with inadequate product design and ineffective recovery mechanisms. Entrepreneurs in Benin faced tough economic conditions which led to over-indebtedness. This is reflected in staggering portfolio losses on the part of MFIs. A number of institutions in Africa grappled with loan recovery: 22 percent of the sample MFIs in this study display PAR >30 days over 10 percent.

Of all African institutions, high financial intermediaries and specifically cooperatives fared better and are on the verge of breaking even. Savings-led institutions attained substantial economies of scale thanks to their extensive branch networks and controlled costs. Total expenses for cooperatives represent just 15 percent of assets but their small yields – capped by regulated low interest ceilings –did not generate sufficient revenue streams, bringing them within 0.4 percent of profitability. Setting lending rates at an appropriate level would be sufficient to cover their costs which are already below global norms.

Figure 3 Efficiency and Productivity by Scale



Source: Microfinance Information Exchange, Inc., 2006 Benchmarks. Results are peer group medians.

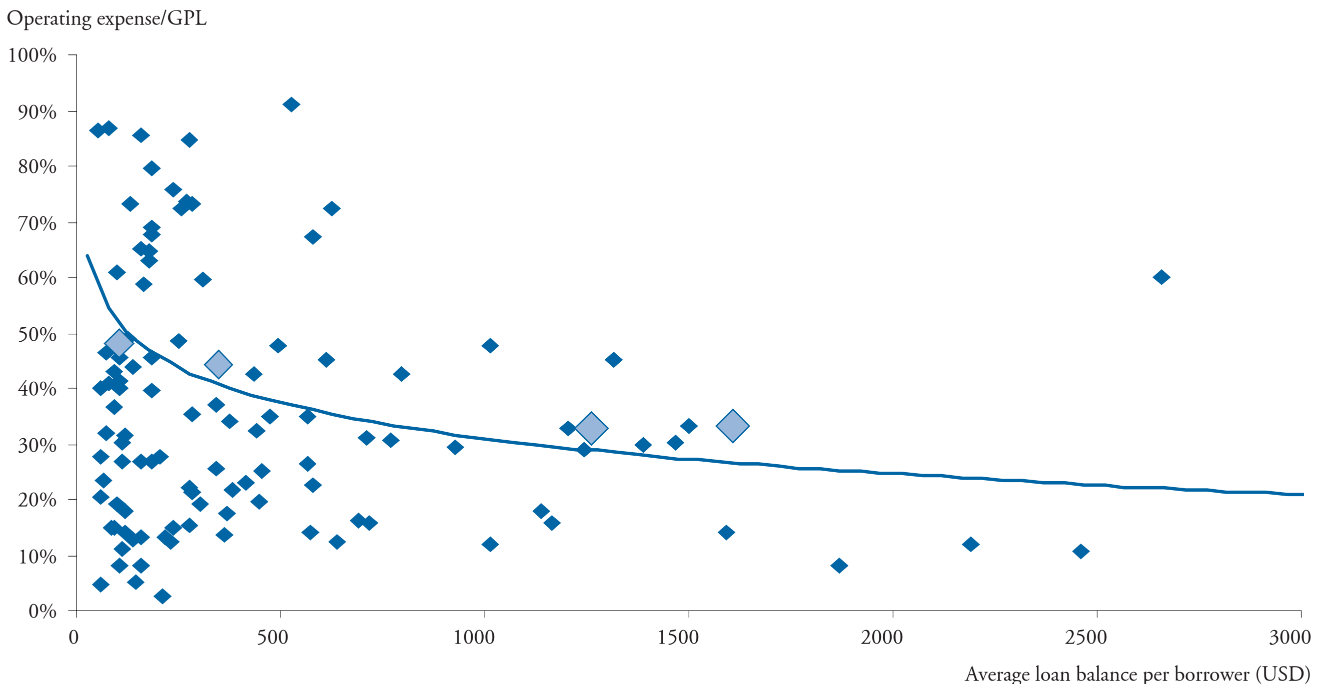
While financial intermediaries were able to manage costs, many institutions were unable to curb expenditures related to financing, provisioning and operations. Regional comparisons show that MFIs in Southern Africa suffered most from expensive operating environments, consequently setting high interest rates as displayed by yields twice that of any other region of the continent.

Microfinance in Southern African in 2006 was characterized by three types of institutions: new and young start-up banks which are typically larger in scale and are showing signs of growth; non-bank financial institutions; and NGOs which on average are small and have weaker operations. Seven out of ten Southern African MFIs (all charters included) charged over 40 percent interest rate. High financial revenues were necessary to cover the exorbitant costs faced by institutions, but they remained insufficient, as personnel and administration expenditures together accounted for 35 percent of assets, and inflation ballooned financial costs to nearly nine percent of assets. High costs and small loan sizes dragged Southern African efficiency down, with the typical MFI spending over 0.72 for every US dollar outstanding, twice the African median. Still, trend data shows improvement in profitability across the different regions, including Southern Africa, through a combination of higher financial revenues and control of provisioning, personnel and administrative expenses.

Larger Loans Improved Efficiency

Efficiency in Africa MFIs was also greatly affected by the amount disbursed to clients, given that larger loans are less expensive to handle. High financial intermediaries like cooperatives typically offered gradually higher loan balances (+30 percent between 2005 and 2006) aimed at salaried workers; these institutions displayed the lowest cost per US dollar of all institutional types. MFIs that targeted small businesses and higher end clients were able to cover their costs with an FSS of 104 percent. ***Figure 4*** illustrates the efficiency gained as loans grew in size.

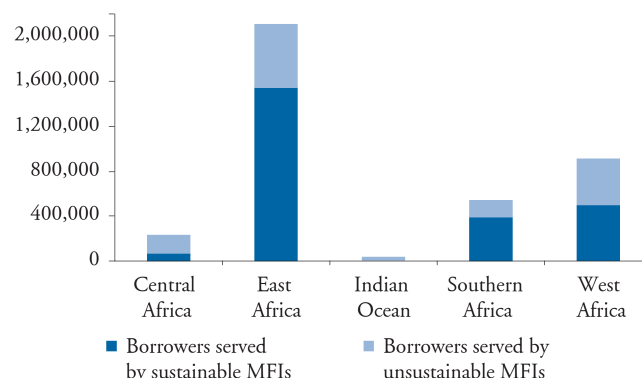
Figure 4 Efficiency by Loan Size



Source: Microfinance Information Exchange, Inc., 2006 Benchmarks. Results are individual MFI data and peer group means.

At the other end of the loan size spectrum, MFIs catering to the poorest clientele displayed a very high cost structure which sapped their bottom lines. Personnel and loan processing became very expensive when loans disbursed amounted to only 94 USD per client. The smallest of these institutions targeting low end clientele went as far as lowering their loan sizes by 22 percent between 2005 and 2006. Interestingly, being mission-driven, low end target MFIs charged the lowest rates, which yielded 20 percent from their portfolio in real terms. These institutions also benefitted from the most productive staff — at 273 borrowers per employee — and the best portfolio quality, leaving them little room for improvements in productivity and risk control. MFIs reaching the poorest will have to overcome the profitability hurdle not only by curbing expenses but also by adjusting their interest rates to cost-recovery levels in an effort to maintain operations and ensure clients continue to have access to sustainable financial services.

Figure 5 Sustainability and Outreach



Source: Microfinance Information Exchange, Inc., 2006 Benchmarks. Results are aggregates.

Conclusion

Microfinance in Africa is witnessing a split between those institutions that are large, sustainable and efficient — some of which use savings as a financial and outreach springboard towards achieving scale — and those MFIs that have yet to achieve scale and cost-control in an environment in which human, financial and material resources are expensive. Some MFIs cope by offering large loans to improve efficiency, others boost productivity using successful solidarity, group or village banking methodologies. Overall, as African MFIs continue to grow, they will increasingly have to turn towards technological innovations to best deliver their loan and savings services, even if these come at a cost. Evidence from other regions shows that more and more borrowers have access to sustainable financial services. ***Figure 5*** shows that clients in Africa are slowly following this trend. African MFIs will have to continue striving towards profitability to build long-lasting, inclusive financial systems for the poor which are based on institutional ability to provide and maintain quality service in an entirely self-sufficient manner.

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Data and Data Preparation

For benchmarking purposes, MIX collects and prepares MFI financial and outreach data according to international microfinance reporting standards as applied in the *MicroBanking Bulletin*. Raw data are collected from the MFI, inputted into standard reporting formats and crosschecked with audited financial statements, ratings and other third party due diligence reports, as available. Performance results are then adjusted, using industry standard adjustments, to eliminate subsidy, guarantee minimal provisioning for risk and reflect the impact of inflation on institutional performance. This process increases comparability of performance results across institutions.

MIX would like to thank all institutions participating in the industry benchmarks and extends its gratitude to the Association of Ethiopian Microfinance Institutions (AEMFI) and the Ghana Microfinance Institutions Network (GHAMFIN) for facilitating data collection for Ethiopian and Ghanaian institutions respectively.

Africa MFI Participants

2006 Benchmarks (119 MFIs)

2005-2006 Trend Lines (66 MFIs) Names in italics

Angola	*NovoBanco - ANG*
Benin	ACFB, Alidé, *FECECAM, PADME, Vital Finance*
Burkina Faso	GRAINE sarl, *RCPB*
Cameroon	*CamCCUL, CCA, CDS*, SAILD
Chad	UCEC/MK
Congo	*CAPPED*
Congo, DR of	*FINCA - DRC*, Hekima, PAIDEK, ProCredit Bank - DRC,
Ethiopia	*ACSI*, Aggar, *AVFS, BG, DECSI*, Dire, *Eshet, Gasha,* Harubu, *Metemamen, OMO, PEACE*, SEYAMFI, *SFPI, Wasasa, Wisdom*
Ghana	Ahantaman RB, Akuapem RB, APED, Atwima Kwanwoma RB, Fiaseman RB, First Allied, Juaben RB, *OI-SASL, ProCredit Bank - GHA, SAT,* South Akim RB
Kenya	BIMAS, Eb-F, *Equity Bank, KADET, K-Rep, KWFT, MDSL*, OI-WEDCO, SISDO, *SMEP*
Madagascar	Otiv Diana, SIPEM, TIAVO, UNICECAM
Malawi	CUMO, *FINCA - MWI*, OIBM, PRIDE - MWI
Mali	CVECA Kita/Bafoulabé, *Jemeni, Kafo Jiginew, Kondo Jigima*, Miselini, *Nyèsigiso,* Soro Yiriwaso
Mozambique	*BOM, FCC, FDM,* Hluvuku, *NovoBanco - MOZ, SOCREMO, Tchuma*
Niger	MECREF
Nigeria	DEC, *LAPO, SEAP*
Rwanda	CFE, Duterimbere, RML, UC Umutanguha, *Urwego*
Senegal	*ACEP Sénégal, CMS,* DJOMEC, MEC FEPRODES, *PAMECAS,* U-IMCEC
South Africa	*Capitec Bank,* Kuyasa, *SEF - ZAF*
Swaziland	FINCORP
Tanzania	*Akiba,* BRAC - TZA, Faulu - TZA, *FINCA - TZA, PRIDE - TZA, SEDA*
Togo	APGA, CECA, FECECAV, *FUCEC, WAGES*
Uganda	BRAC - UGA, *Centenary Bank, CML, Faulu - UGA, FINCA - UGA,* Hofokam, *MED-Net, UML, U-Trust*
Zambia	*CETZAM, FINCA - ZAM,* PRIDE - ZAM

Africa MFI Participants (Cont'd.)

Peer Groups	Definition	Description
Charter Type	Africa Bank (11 MFIs)	African MFIs with Bank charter type
	Africa Cooperative (23 MFIs)	African MFIs with Credit Union/Cooperative charter type
	Africa NBFI (43 MFIs)	African MFIs with Non-Bank Financial Intermediary charter type
	Africa NGO (36 MFIs)	African MFIs with Non-Governmental Organization charter type
	Africa Rural Banks (6 MFIs)	African MFIs with Rural Bank charter type
Sustainability	Africa FSS (41 MFIs)	African MFIs with FSS $\geq$ 100%
	Africa Non FSS (78 MFIs)	African MFIs with FSS $<$ 100%
Scale	Africa Small (56 MFIs)	African MFIs with GLP < US$ 2 million
	Africa Medium (30 MFIs)	African MFIs with GLP between US$ 2 and US$ 8 million
	Africa Large (33 MFIs)	African MFIs with GLP > US$ 8 million
Regions	Central Africa (15 MFIs)	African MFIs from Cameroon, Chad Congo, Congo (Democratic Republic), Rwanda
	East Africa (41 MFIs)	African MFIs from Ethiopia, Kenya, Tanzania, Uganda
	Indian Ocean (4 MFIs)	African MFIs from Madagascar
	Southern Africa (19 MFIs)	African MFIs from Angola, Malawi, Mozambique, South Africa, Swaziland, Zambia
	West Africa (40 MFIs)	African MFIs from Benin, Burkina Faso, Ghana, Mali, Niger, Nigeria, Senegal, Togo

Indicator Definitions

Indicator	Definition
INSTITUTIONAL CHARACTERISTICS	
Number of MFIs	Sample size of group
Age	Years functioning as an MFI
Total Assets	Total Assets, adjusted for Inflation and standardized loan portfolio provisioning and write-offs
Offices	Number, including head office
Personnel	Total number of employees
FINANCING STRUCTURE	
Capital/ Asset Ratio	Adjusted Total Equity/ Adjusted Total Assets
Commercial Funding Liabilities Ratio	All liabilities with "market" price/ Adjusted Gross Loan Portfolio
Debt/ Equity Ratio	Adjusted Total Liabilities/ Adjusted Total Equity
Deposits to Loans	Voluntary Savings/ Adjusted Gross Loan Portfolio
Deposits to Total Assets	Voluntary Savings/ Adjusted Total Assets
Gross Loan Portfolio/ Total Assets	Adjusted Gross Loan Portfolio/ Adjusted Total Assets
OUTREACH INDICATORS	
Number of Active Borrowers	Number of borrowers with loans outstanding, adjusted for standardized write-offs
Percent of Women Borrowers	Number of active women borrowers/ Adjusted Number of Active Borrowers
Number of Loans Outstanding	Number of loans outstanding, adjusted for standardized write-offs
Gross Loan Portfolio	Gross Loan Portfolio, adjusted for standardized write-offs
Average Loan Balance per Borrower	Adjusted Gross Loan Portfolio/ Adjusted Number of Active Borrowers
Average Loan Balance per Borrower/ GNI per Capita	Adjusted Average Loan Balance per Borrower/ GNI per Capita
Average Outstanding Balance	Adjusted Gross Loan Portfolio/ Adjusted Number of Loans Outstanding
Average Outstanding Balance/ GNI per Capita	Adjusted Average Outstanding Balance/ GNI per Capita
Number of Voluntary Savers	Number of savers with voluntary savings demand deposit and time deposit accounts
Number of Voluntary Savings Accounts	Number of voluntary savings demand deposit and time deposit accounts
Voluntary Savings	Total value of voluntary savings demand deposit and time deposit accounts
Average Savings Balance per Saver	Voluntary Savings/ Number of Voluntary Savers
Average Savings Account Balance	Voluntary Savings/ Number of Voluntary Savings Accounts
MACROECONOMIC INDICATORS	
GNI per Capita	US Dollars
GDP Growth Rate	Annual Average
Deposit Rate	%
Inflation Rate	%
Financial Depth	M3/ GDP
OVERALL FINANCIAL PERFORMANCE	
Return on Assets	Adjusted Net Operating Income, net of taxes/ Adjusted Average Total Assets
Return on Equity	Adjusted Net Operating Income, net of taxes/ Adjusted Average Total Equity
Operational Self-Sufficiency	Financial Revenue/ (Financial Expense + Net Loan Loss Provision Expense + Operating Expense)
Financial Self-Sufficiency	Adjusted Financial Revenue/ Adjusted (Financial Expense + Net Loan Loss Provision Expense + Operating Expense)
REVENUES	
Financial Revenue Ratio	Adjusted Financial Revenue/ Adjusted Average Total Assets
Profit Margin	Adjusted Net Operating Income/ Adjusted Financial Revenue
Yield on Gross Portfolio (nominal)	Adjusted Financial Revenue from Loan Portfolio/ Adjusted Average Gross Loan Portfolio
Yield on Gross Portfolio (real)	(Adjusted Yield on Gross Portfolio (nominal) - Inflation Rate)/ (1 + Inflation Rate)
EXPENSES	
Total Expense Ratio	Adjusted (Financial Expense + Net Loan Loss Provision Expense + Operating Expense)/ Adjusted Average Total Assets
Financial Expense Ratio	Adjusted Financial Expense/ Adjusted Average Total Assets
Loan Loss Provision Expense Ratio	Adjusted Net Loan Loss Provision Expense/ Adjusted Average Total Assets
Operating Expense Ratio	Adjusted Operating Expense/ Adjusted Average Total Assets
Personnel Expense Ratio	Adjusted Personnel Expense/ Adjusted Average Total Assets
Administrative Expense Ratio	Adjusted Administrative Expense/ Adjusted Average Total Assets
Adjustment Expense Ratio	(Adjusted Net Operating Income - Unadjusted Net Operating Income)/ Adjusted Average Total Assets
EFFICIENCY	
Operating Expense/ Loan Portfolio	Adjusted Operating Expense/ Adjusted Average Gross Loan Portfolio
Personnel Expense/ Loan Portfolio	Adjusted Personnel Expense/ Adjusted Average Gross Loan Portfolio
Average Salary/ GNI per Capita	Adjusted Average Personnel Expense/ GNI per capita
Cost per Borrower	Adjusted Operating Expense/ Adjusted Average Number of Active Borrowers
Cost per Loan	Adjusted Operating Expense/ Adjusted Average Number of Loans
PRODUCTIVITY	
Borrowers per Staff Member	Adjusted Number of Active Borrowers/ Number of Personnel
Loans per Staff Member	Adjusted Number of Loans Outstanding/ Number of Personnel
Borrowers per Loan Officer	Adjusted Number of Active Borrowers/ Number of Loan Officers
Loans per Loan Officer	Adjusted Number of Loans Outstanding/ Number of Loan Officers
Voluntary Savers per Staff Member	Number of Voluntary Savers/ Number of Personnel
Savings Accounts per Staff Member	Number of Saving Accounts/ Number of Personnel
Personnel Allocation Ratio	Number of Loan Officers/ Number of Personnel
RISK AND LIQUIDITY	
Portfolio at Risk > 30 Days	Outstanding balance, loans overdue> 30 Days/ Adjusted Gross Loan Portfolio
Portfolio at Risk > 90 Days	Outstanding balance, loans overdue> 90 Days/ Adjusted Gross Loan Portfolio
Write-off Ratio	Value of loans written-off/ Adjusted Average Gross Loan Portfolio
Loan Loss Rate	Adjusted Write-offs, net of recoveries/ Adjusted Average Gross Loan Portfolio
Risk Coverage	Adjusted Loan Loss Reserve/ PAR > 30 Days
Non-earning Liquid Assets as % Total Assets	Adjusted Cash and banks/ Adjusted Total Assets
Current Ratio	Short Term Assets/ Short Term Liabilities

Africa

	Africa	Sub-Region					Sustainability	
		Central Africa	East Africa	Indian Ocean	Southern Africa	West Africa	Africa FSS	Africa Non-FSS
INSTITUTIONAL CHARACTERISTICS								
Number of MFIs	119	15	41	4	19	40	41	78
Age	9	6	8	10	6	12	9	8
Total Assets	3,560,040	2,495,844	3,510,326	2,880,438	2,441,405	6,716,358	16,359,870	2,385,510
Offices	11	8	14	18	6	15	19	10
Personnel	97	52	115	147	94	95	195	67
FINANCING STRUCTURE								
Capital/Asset Ratio	27.3%	26.7%	30.3%	35.4%	42.5%	20.6%	22.9%	34.1%
Commercial Funding Liabilities Ratio	54.7%	70.4%	26.1%	57.1%	40.9%	97.4%	86.9%	38.8%
Debt/Equity Ratio	2.4	2.7	2.1	2.1	1.2	3.8	3.4	1.7
Deposits to Loans	18.5%	60.6%	9.2%	57.1%	0.0%	62.8%	54.7%	4.2%
Deposits to Total Assets	12.7%	41.7%	5.8%	30.1%	0.0%	36.9%	33.7%	3.3%
Gross Loan Portfolio/Total Assets	67.1%	59.2%	69.7%	55.9%	73.1%	67.5%	66.0%	68.0%
OUTREACH INDICATORS								
Number of Active Borrowers	9,976	6,628	15,629	4,551	7,802	10,039	19,285	9,142
Percent of Women Borrowers	63.5%	31.7%	61.3%	48.0%	56.9%	69.8%	52.0%	66.6%
Number of Loans Outstanding	10,039	6,628	15,580	4,551	9,279	10,039	19,285	9,279
Gross Loan Portfolio	2,121,470	1,168,567	2,464,843	1,346,725	1,514,240	3,923,585	8,295,148	1,451,755
Average Loan Balance per Borrower	235	274	159	312	312	341	434	183
Average Loan Balance per Borrower/GNI per Capita	69.0%	71.6%	65.4%	107.5%	61.0%	71.7%	104.9%	57.4%
Average Outstanding Balance	235	274	158	312	276	341	434	183
Average Outstanding Balance/GNI per Capita	70.1%	71.6%	67.1%	107.5%	61.0%	71.7%	104.9%	58.0%
Number of Voluntary Savers	5,871	6,198	723	22,161	0	17,054	33,995	55
Number of Voluntary Savings Accounts	5,619	6,161	395	22,161	0	19,813	36,627	153
Voluntary Savings	270,682	340,907	56,164	1,519,879	0	1,719,272	3,452,268	51,885
Average Savings Balance per Saver	115	314	75	101	182	137	131	99
Average Savings Account Balance	0	199	75	101	172	137	137	99
MACROECONOMIC INDICATORS								
GNI per Capita	350	230	280	290	310	450	450	340
GDP Growth Rate	5.8%	6.0%	7.0%	2.6%	5.0%	4.4%	5.8%	5.8%
Deposit Rate	5.1%	4.9%	5.1%	22.3%	10.4%	3.5%	5.1%	5.1%
Inflation Rate	10.8%	8.9%	11.6%	10.8%	13.2%	2.3%	10.8%	10.0%
Financial Depth	28.8%	17.0%	40.3%	20.1%	29.4%	28.8%	28.8%	28.8%
OVERALL FINANCIAL PERFORMANCE								
Return on Assets	-2.4%	-5.2%	-1.7%	-4.2%	-7.0%	-0.2%	3.1%	-7.1%
Return on Equity	-6.9%	-32.1%	-9.3%	-14.0%	-12.5%	5.2%	12.6%	-16.4%
Operational Self-Sufficiency	104.3%	87.9%	106.6%	115.1%	98.5%	109.7%	126.9%	90.9%
Financial Self-Sufficiency	91.1%	72.4%	91.7%	90.4%	87.5%	98.9%	117.3%	75.4%
REVENUES								
Financial Revenue Ratio	22.2%	18.9%	21.2%	22.7%	44.9%	19.0%	22.0%	22.9%
Profit Margin	-9.8%	-38.1%	-9.0%	-14.5%	-14.3%	-1.2%	14.7%	-32.7%
Yield on Gross Portfolio (nominal)	31.6%	29.6%	29.3%	34.2%	66.0%	22.6%	34.1%	30.8%
Yield on Gross Portfolio (real)	21.3%	22.5%	13.1%	21.2%	48.5%	19.9%	22.8%	21.2%
EXPENSES								
Total Expense Ratio	29.0%	28.3%	29.0%	30.5%	49.6%	21.7%	18.8%	34.4%
Financial Expense Ratio	5.5%	5.2%	6.7%	6.3%	8.6%	2.5%	3.8%	6.5%
Loan Loss Provision Expense Ratio	1.7%	1.3%	1.7%	0.3%	3.2%	1.4%	1.1%	2.3%
Operating Expense Ratio	19.0%	22.0%	16.0%	23.1%	35.1%	14.7%	13.5%	24.1%
Personnel Expense Ratio	9.1%	9.1%	8.9%	8.2%	20.4%	6.2%	7.5%	10.2%
Administrative Expense Ratio	8.8%	10.7%	7.5%	14.2%	20.0%	7.6%	7.7%	11.1%
Adjustment Expense Ratio	2.3%	3.1%	3.8%	5.8%	5.2%	1.2%	1.2%	3.9%
EFFICIENCY								
Operating Expense/Loan Portfolio	33.4%	31.3%	27.8%	36.2%	72.3%	26.8%	30.2%	38.8%
Personnel Expense/Loan Portfolio	16.1%	16.1%	15.5%	12.5%	35.9%	10.9%	12.5%	18.0%
Average Salary/GNI per Capita	1221.4%	1677.9%	1003.2%	659.6%	1787.6%	1154.3%	1455.2%	1132.3%
Cost per Borrower	97	88	58	134	199	102	162	83
Cost per Loan	93	88	57	134	199	102	162	81
PRODUCTIVITY								
Borrowers per Staff Member	110	110	143	33	74	111	104	112
Loans per Staff Member	115	110	146	33	74	125	115	114
Borrowers per Loan Officer	235	205	297	57	154	221	218	236
Loans per Loan Officer	240	205	305	57	154	225	245	238
Voluntary Savers per Staff Member	64	151	16	90	0	249	221	1
Savings Accounts per Staff Member	59	145	11	90	0	261	248	1
Personnel Allocation Ratio	53.4%	52.9%	51.1%	68.2%	62.0%	50.8%	49.4%	55.8%
RISK AND LIQUIDITY								
Portfolio at Risk > 30 Days	5.0%	7.0%	3.6%	3.5%	5.8%	5.0%	3.8%	6.0%
Portfolio at Risk > 90 Days	2.4%	3.4%	1.9%	2.3%	1.2%	3.2%	2.2%	3.2%
Write-off Ratio	1.9%	0.9%	1.9%	1.0%	1.6%	2.2%	1.9%	1.9%
Loan Loss Rate	1.7%	0.9%	1.9%	0.9%	1.6%	2.1%	1.9%	1.7%
Risk Coverage	62.0%	46.5%	66.6%	55.1%	106.3%	55.5%	60.6%	62.7%
Non-earning Liquid Assets as % Total Assets	10.5%	21.0%	11.2%	14.9%	9.4%	9.8%	8.9%	11.4%

	Africa Large	Scale Africa Medium	Africa Small	Africa Banks	Africa Cooperatives	Charter Africa NBFIs	Africa NGOs	Africa Rural Banks
INSTITUTIONAL CHARACTERISTICS								
Number of MFIs	33	30	56	11	23	43	36	6
Age	11	8	7	6	14	7	9	14
Total Assets	37,097,528	6,577,352	1,487,735	20,094,764	11,383,165	2,975,941	2,044,727	6,134,069
Offices	32	13	8	9	50	8	12	9
Personnel	325	116	45	222	143	104	67	89
FINANCING STRUCTURE								
Capital/Asset Ratio	19.2%	27.1%	42.2%	24.9%	20.7%	33.1%	39.3%	12.0%
Commercial Funding Liabilities Ratio	99.7%	51.4%	17.6%	111.1%	97.1%	34.1%	19.1%	205.1%
Debt/Equity Ratio	4.0	2.5	1.2	3.0	3.5	2.0	1.2	7.2
Deposits to Loans	64.5%	12.2%	0.0%	99.5%	70.4%	11.0%	0.0%	205.1%
Deposits to Total Assets	45.1%	10.9%	0.0%	52.3%	46.8%	7.8%	0.0%	78.9%
Gross Loan Portfolio/Total Assets	65.1%	68.5%	68.0%	48.9%	63.4%	69.4%	70.8%	33.5%
OUTREACH INDICATORS								
Number of Active Borrowers	36,420	16,994	4,176	15,531	16,240	12,133	9,311	5,121
Percent of Women Borrowers	50.0%	64.8%	72.0%	52.0%	40.2%	58.0%	80.7%	42.1%
Number of Loans Outstanding	36,420	17,495	4,235	15,531	16,240	14,169	9,796	5,121
Gross Loan Portfolio	24,477,096	4,381,140	897,196	12,938,313	7,218,071	2,355,037	1,312,984	2,007,713
Average Loan Balance per Borrower	574	276	158	611	370	201	148	506
Average Loan Balance per Borrower/GNI per Capita	148.3%	80.2%	47.4%	233.2%	116.5%	72.4%	36.3%	112.4%
Average Outstanding Balance	574	253	157	611	370	179	139	506
Average Outstanding Balance/GNI per Capita	143.5%	80.2%	50.6%	233.2%	116.5%	72.4%	36.7%	112.4%
Number of Voluntary Savers	68,380	17,054	0	30,974	34,301	2,847	0	38,269
Number of Voluntary Savings Accounts	68,533	19,049	0	38,286	34,301	1,860	0	38,319
Voluntary Savings	12,960,892	380,174	0	14,841,091	2,946,660	150,306	0	4,811,640
Average Savings Balance per Saver	189	92	84	221	124	88	66	141
Average Savings Account Balance	0	0	0	206	124	88	66	141
MACROECONOMIC INDICATORS								
GNI per Capita	450	365	310	310	380	280	380	450
GDP Growth Rate	5.1%	5.9%	5.8%	5.6%	2.8%	6.0%	5.2%	5.9%
Deposit Rate	4.9%	5.1%	6.6%	7.1%	3.5%	5.1%	6.6%	8.9%
Inflation Rate	6.6%	10.9%	10.8%	13.2%	2.1%	11.6%	8.7%	10.9%
Financial Depth	29.1%	28.9%	28.0%	29.4%	28.1%	29.4%	28.1%	28.8%
OVERALL FINANCIAL PERFORMANCE								
Return on Assets	1.2%	-1.7%	-7.1%	-1.0%	-0.4%	-1.8%	-7.0%	3.2%
Return on Equity	8.3%	-3.4%	-16.4%	-7.7%	5.0%	-11.7%	-11.7%	22.3%
Operational Self-Sufficiency	115.2%	109.6%	89.4%	118.3%	106.5%	108.0%	91.0%	123.8%
Financial Self-Sufficiency	107.7%	95.1%	75.2%	99.2%	94.8%	91.1%	71.6%	116.0%
REVENUES								
Financial Revenue Ratio	19.6%	24.2%	23.6%	28.7%	16.5%	22.0%	30.3%	20.2%
Profit Margin	7.2%	-5.2%	-33.1%	-0.8%	-5.5%	-9.8%	-39.8%	13.8%
Yield on Gross Portfolio (nominal)	28.1%	33.0%	32.9%	55.7%	18.7%	30.2%	42.3%	48.8%
Yield on Gross Portfolio (real)	20.6%	23.9%	23.0%	36.8%	15.7%	17.9%	28.6%	34.1%
EXPENSES								
Total Expense Ratio	20.3%	29.3%	34.2%	36.5%	15.6%	31.0%	40.2%	19.7%
Financial Expense Ratio	3.9%	6.9%	6.1%	5.4%	2.0%	6.7%	6.9%	2.8%
Loan Loss Provision Expense Ratio	2.5%	1.1%	2.0%	2.3%	1.7%	1.8%	1.9%	0.8%
Operating Expense Ratio	13.5%	21.1%	24.7%	25.2%	10.9%	16.4%	28.5%	13.9%
Personnel Expense Ratio	5.8%	8.6%	11.6%	9.1%	4.4%	9.7%	13.5%	8.8%
Administrative Expense Ratio	7.5%	9.1%	12.1%	17.6%	7.2%	7.8%	13.7%	6.8%
Adjustment Expense Ratio	1.2%	3.9%	3.2%	1.5%	1.1%	3.3%	4.3%	0.9%
EFFICIENCY								
Operating Expense/Loan Portfolio	22.9%	35.9%	41.1%	46.3%	17.6%	28.8%	45.6%	51.1%
Personnel Expense/Loan Portfolio	9.6%	14.4%	20.1%	16.6%	6.2%	14.1%	23.4%	32.5%
Average Salary/GNI per Capita	1674.0%	1401.7%	953.0%	2226.5%	1100.8%	1206.5%	1189.7%	1658.5%
Cost per Borrower	149	93	62	305	107	58	70	170
Cost per Loan	149	89	59	305	107	56	69	170
PRODUCTIVITY								
Borrowers per Staff Member	148	135	97	70	88	131	148	44
Loans per Staff Member	148	135	98	71	88	131	153	44
Borrowers per Loan Officer	308	250	204	154	146	290	227	161
Loans per Loan Officer	308	255	206	154	168	294	236	165
Voluntary Savers per Staff Member	217	157	0	220	279	31	0	415
Savings Accounts per Staff Member	232	146	0	223	279	23	0	415
Personnel Allocation Ratio	50.7%	54.9%	55.9%	36.8%	60.4%	51.1%	61.6%	42.4%
RISK AND LIQUIDITY								
Portfolio at Risk > 30 Days	4.6%	5.0%	5.9%	4.6%	7.1%	3.6%	4.9%	5.6%
Portfolio at Risk > 90 Days	2.4%	2.1%	2.5%	1.0%	4.3%	1.9%	1.7%	3.3%
Write-off Ratio	2.1%	1.7%	1.6%	1.6%	2.5%	1.9%	1.6%	3.1%
Loan Loss Rate	1.9%	1.6%	1.6%	1.6%	2.1%	1.7%	1.5%	3.1%
Risk Coverage	60.5%	57.3%	66.9%	106.3%	45.9%	69.3%	63.4%	57.5%
Non-earning Liquid Assets as % Total Assets	8.0%	9.8%	14.3%	8.9%	9.8%	14.1%	10.5%	16.2%

MIX 2006 Benchmarks

This publication is part of a series of regional industry benchmarking reports produced by the Microfinance Information eXchange:

- Benchmarking African Microfinance
- Benchmarking Asian Microfinance
- Benchmarking Arab Microfinance
- Benchmarking Latin American Microfinance
- Benchmarking Microfinance in Eastern Europe and Central Asia
- Benchmarking Microfinance in UEMOA (West African Monetary Union)

The regional reports are based on 2006 benchmark data, collected from 704 microfinance institutions located in Sub-Saharan Africa, Asia, Eastern Europe and Central Asia, Latin America and the Caribbean, and the Middle East and North Africa. The series represents the most methodologically consistent in-depth reports on the performance of microfinance providers produced to date. To view the other regional reports and all MIX publications, go to www.themix.org.

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Benchmarking African Microfinance 2006

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