



# Scaling Up Microfinance Framework for Discussion

Gautam Ivatury  
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# How to scale microfinance

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1 - Increase the number of ***service points*** at which the poor can utilize financial services

2 - Get the poor to use these ***service points***

Characteristics of an ideal service point:

- designed with client segment(s) in mind
- affordable and convenient for that segment
- fits with their cultural, educational context
- offers products that they need
- makes money for the institution

# What are these “service points”

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Service points = part of one of these 3 channels

Specialized channels to serve the poor

- | MFI branches, MFI loan officers



# What are these “service points”

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Non-specialized channels

- | bank branches, bank agents, bank ATMs, POS terminals



# What are these “service points”

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Service points = part of one of these 3 channels

Partnership-based channels

- Retailers and MFIs act as agents
- Offer banking services where no bank branches





# Why don't we have scale?

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## 1- Not enough points of service

### Too few specialized channel service points

- | Not enough MFI branches, loan officers, etc.

### Too few non-specialized channel service points

- | Few branches, ATMs, especially in rural areas

### Partnership-based service points still emerging

- | Retail and postal outlets not used for banking
- | MFIs and banks haven't developed partnerships

## 2- Poor people don't use non-specialized points



# the challenge

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For MFIs (specialized channels)

Increase the number of service points

For Banks (non-specialized channels)

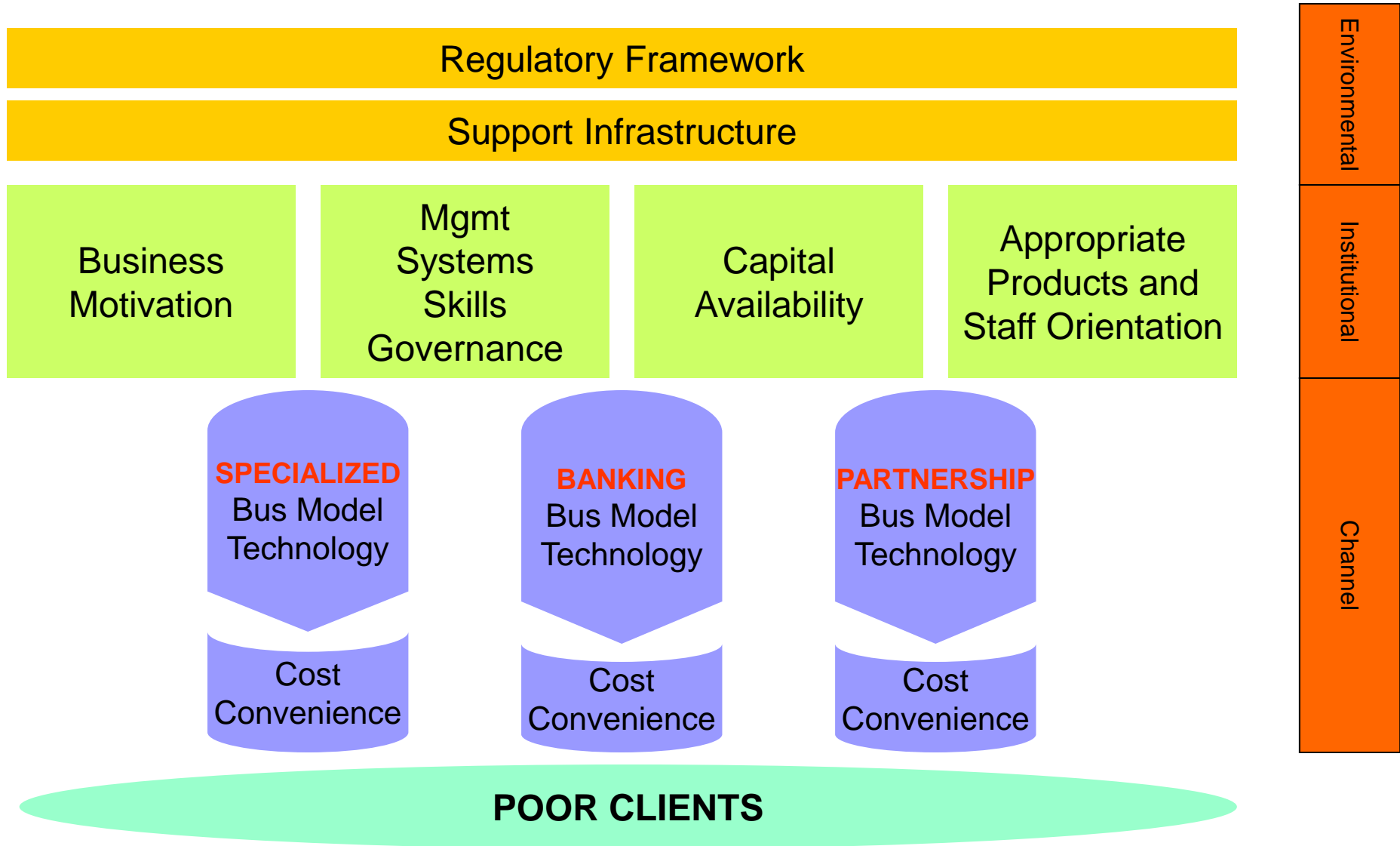
Improve the ability of points to service poor people

For Partnerships (retail + bank, etc.)

Increase partnership-based service points to reach more poor people



# Channels are only the last mile







# Main Constraints for MFIs (Specialized Channels)

Unclear Regulatory Framework

Support Infrastructure

**Lack of vision for Sustainability/ Scale**

**Weak Mgmt Systems Skills Governance**

Capital Availability

Appropriate Products and Staff Orientation

SPECIALIZED Bus Model Technology

Cost Convenience

**POOR CLIENTS**

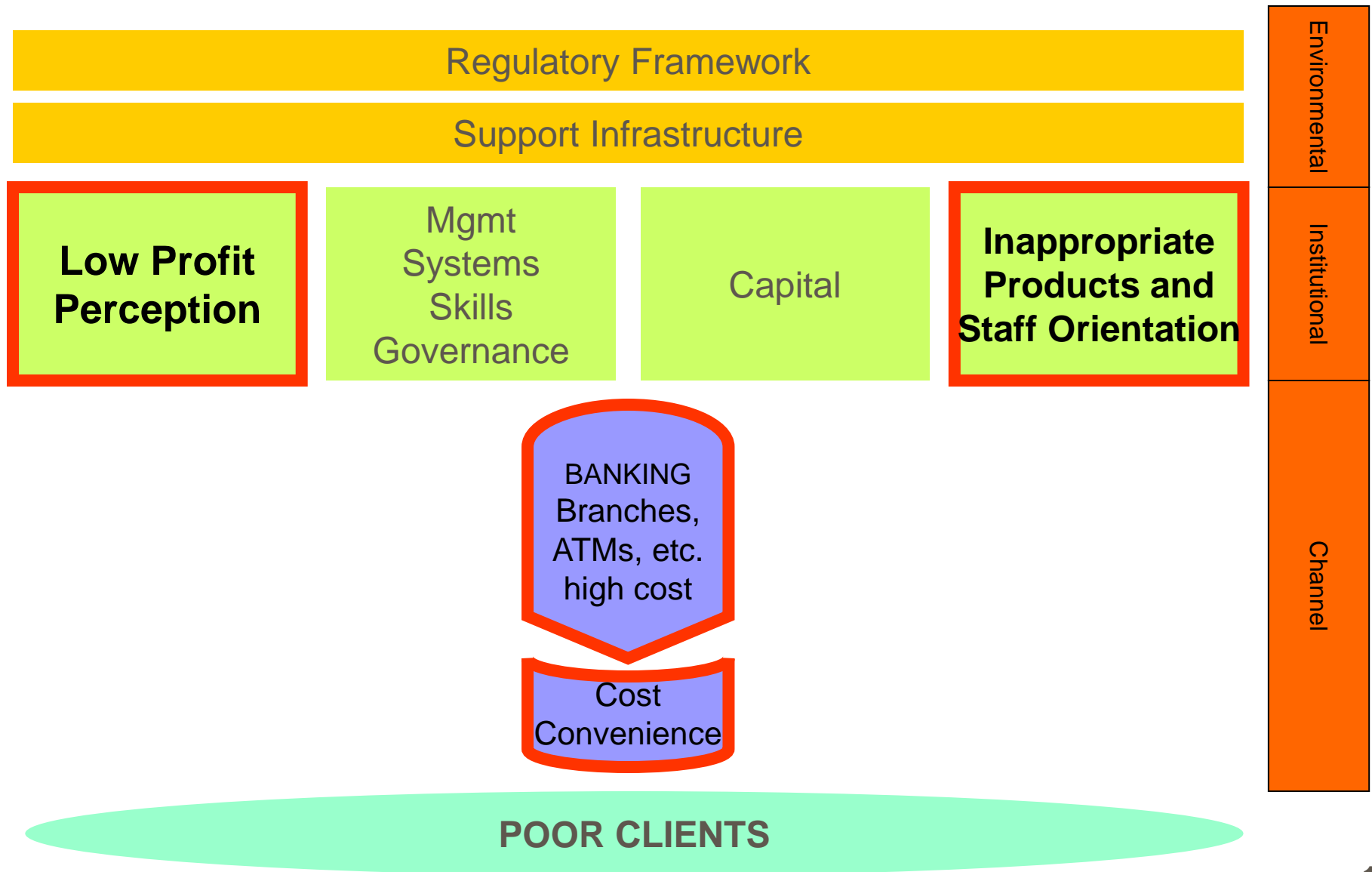
Environmental

Institutional

Channel



# Main Constraints for Banks (Non-Specialized Channels)





# Our discussion today

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Increase the number of service points within specialized channels

*Innovating MFI Expansion: The Franchise Model*  
*Creating a Ladder for the Poorest (IGVGD)*

Improve the ability of non-specialized service points to serve the poor

*Using Bank Infrastructure to Serve the Poor*

Increase partnerships that take advantage of retail, postal, etc. infrastructure to bank the poor

*Breaking down the Value Chain to Scale Up Microfinance*  
*Partnering with Retail Organizations to Serve the Poor*