

## TEMPLATE TO BE FOLLOWED FOR EMN GOOD PRACTICES

### What is Good Practice?

“Good practices are all the strategies, plans, tactics, processes, methodologies, activities and approaches that are documented, accessible, effective, relevant and fundamentally accepted, developed by professional organisations and put into practice by well trained personnel. These measures have proven to be in keeping with the legislation in force, tested and put into practice, through research and experience. Consequently, they have proven to be effective and able to live up to expectations. It has also been established that they can be easily modified and improved according to context” (according to TriososFacet within the framework of the 2007 regional project Meda-ETE).

### Selection criteria

A good practice comprises a minimum of essential criteria. It has to be:

1. Documented
2. Accessible
3. Based on processes and methodology
4. Tested and put into practice
5. Able to establish goal reaching
6. Transferable
7. Sustainable: income exceeds the cost. The ratio between input and output is better than that of similar practices.
8. Efficient: the ratio between input and output is better than that of similar practices.
9. Effective: leading toward forecasted results.
10. In a process of continued evaluation and improvement

These characteristics represent the principal selection criteria of good practices.

Here under, the template for the Good Practice, to be followed the best possible. For any questions, feel free to contact Jorge Ramirez anytime at: [j.ramirez@european-microfinance.org](mailto:j.ramirez@european-microfinance.org)



Fejér Enterprise Agency



Credinfo Ltd

**Category of Good Practice:** Innovation

The good practice described below was implemented in the co-operation of Fejér Enterprise Agency and Credinfo Ltd.

**Good Practice's title**

Complex, Internet-based system to support MFIs and facilitate enterprise promotion

**Main objective**

The good practice caters for both MFIs and their clients. On the one hand, the system helps MFIs to provide high-quality services to their clients and meet the reporting and recording requirements set by the EU and the Good Code of Conduct. On the other hand, it helps clients to improve their own living conditions as a result of receiving the services offered by the system.

**Key words:**

Innovation, IT system, business development services, online loan application, online loan assessment management, back office

**Type of organization:** FEA is a non-profit foundation, whereas Credinfo Ltd is a profit-oriented organization

**Country:** Hungary, Norway, Spain, Italy

**Year of inception of the good practice:** in Hungary it was first introduced in 2006, in Norway it was officially announced in March 2012, in Spain and Italy it will be operational in 2014

**Services and products provided:** high-quality IT management system for online loan applications and loan assessment, advanced back office system, related e-learning module, training material, e-learning system shell

**Portfolio (€):** EUR 150,186,426

**Avg. loan size (€):** EUR 22,834

**Number of clients:** 13,192 out of which 11,414 applied for a loan and 8,693 was granted a loan

**Website:** [www.credinfo.hu](http://www.credinfo.hu); [www.credinfo.eu](http://www.credinfo.eu)

**Address:** 8000 Székesfehérvár, Budai út 9-11., Hungary

## **Institutional profile**

FEA has been operating since 1991. It performs lending activities and provides business development services. At the outset it implemented programs within the scope of the PHARE project in Hungary. Nowadays, it participates in any business development and microcredit program allowed by its legal form in order to fulfil its mission.

Credinfo provides advanced information technology services for MFIs with its own software based on the SaaS model so that even the smallest MFIs can benefit from it.

## **Mission of the organization**

The mission of FEA is to provide high-level, easily accessible financial, advisory and training services in the Transdanubian region to start-ups and existing micro and small enterprises in order to improve their skills and abilities which enable them to make their social standing and living standards better.

The mission of Credinfo is to assist MFIs with high-quality information technology services so that they can achieve their social goals at the highest possible level.

## **Governance structure**

Being a foundation, the governance structure of FEA is defined by the Hungarian rules of law. The founders' meeting and the Board of Trustees set up by the founders manage the assets of the foundation. The Board of Trustees set up the operative body managed by the Managing Director, who is responsible for the performance of the activities and the realization of the business plans of the foundation.

Credinfo Ltd is a private firm established by highly qualified experts, who participate in the activities of the company. The company has 3 owners. The Managing Director (who is one of the owners) has a degree in economics and information technology, the other owner has great experience in microfinance and studied economics for engineers, and the third owner, who is responsible for the achievement of social goals and conducting research activities, is a sociologist. The operative management is performed by the Managing Director, whereas the business strategy is worked out and the developments are implemented by the owners together.

# **Good Practice**

## **Introduction**

In the country where the service is already available, there is no need for special preparations for the introduction. The technology can be used after installation and training. If it is introduced in a country where the system is not available yet, first it must be adapted to the local legal environment and other conditions. In this case the process consists of the translation of the system into the local language, and the integration of the local loan application form as well as the interest calculation method (if necessary) into the online loan application system.

## **Target group and accessibility**

The MFIs are targeted by the good practice. It is very easy to access the service in the country where the system has already been adapted. MFIs can take advantage of the services continuously by paying a monthly fee. The system is already in use in Hungary, Norway, and it will be adapted in Spain and Italy in 2014.

### **Innovativeness**

In Europe we do not know of any other SaaS service having similar complexity, covering the entire process of client management in such a financing structure.

### **Relevance given the context**

This is not software but a service which is adapted to the special needs of the clients automatically. If the client has a special demand for the calculation of interest or they use a different loan application method, the service is adapted to their practice during the adaptation process. It is a lot more flexible than the off-the-shelf software and it is affordable for smaller MFIs as well.

### **Adaptability to other contexts**

The system is easily transferable. It is always adapted to the special needs of the organization intending to take advantage of the services provided by the system.

### **Efficiency**

It is absolutely cost-efficient and even small MFIs can afford it. The monthly maintenance fee to be paid by the MFIs is determined on the basis of the size of the organization. MFIs with a smaller portfolio pay less, whereas MFIs with a large portfolio pay more.

### **Outcomes**

It is market leader in Hungary. Currently, 30 organizations use it in Hungary, one in Norway, and 1-1 organization will use it in Spain and Italy, and more organizations are expected to join the model later on.

### **Sustainability**

The model is sustainable as long as there are MFIs using it. The further and continuous development of the system is not paid by one organization but by all the organizations using it. It is cheap because the MFIs do not have to purchase the software; they can enjoy the benefits of the system by paying a monthly fee. Also, the service provider has a cost-efficient work structure.

### **In practice:** Specific description of a success story

This good practice was first used by Fejér Enterprise Agency, which also participated actively in its development. With the help of the system FEA earned international recognition. In 2011 it won the INVESTMENT AND INNOVATION IN MICROFINANCE EUROPE AWARD in the category of Innovative Use of Technology in London. Earlier the microcredit practice of FEA based on this system was included among the five best practices at the MICROFINANCE GOOD PRACTICES “EUROPE AWARD” 2009 in Milan announced by the Giordano dell’Amore Foundation and EMN in the field of Innovations and Sustainability.

This good practice was also selected out of 60 good practices in the DIFASS project in 2013 to be introduced in Spain and Italy.

### **Further readings**

[http://www.credinfo.hu/credinfo\\_brochure.pdf](http://www.credinfo.hu/credinfo_brochure.pdf)