

“INTHEPRO” MANAGEMENT INFORMATION SYSTEM

Deutsches Mikrofinanz Institut (DMI)

Objective of Good Practice:

This technological innovation provides an efficient and streamlined microfinance process that integrates the information of clients and MFIs into a single database. Furthermore, it supports all microfinance activities from first contact to loan repayments.

Timeframe of Good Practice:

2009 - Ongoing

Keywords:

Technology in the delivery of loans

Overview of Good Practice

In the German context, only banks are allowed to disburse loans and the software used by them is heavily protected. As a consequence, the banking infrastructure cannot be used by MFIs. Therefore, to establish a sustainable and scalable microfinance sector in Germany, technology was essential. MFIs needed a Management Information System (MIS) to provide access to loan related data, to have efficient risk assessment of loans and to enable MFIs' management to evaluate potential risks and allow for immediate intervention. In addition, German MFIs were bound by contract to monitor their borrowers closely and intervene immediately in case of late payments. In order to efficiently fulfil these tasks, an MIS was needed that would also allow for individual adjustments and functionality.

The MIS “Inthepro” was developed according to the needs of MFIs and allowed MFIs that needed additional functionality to pay for programming and implementation. This process created an atmosphere of cooperation among German MFIs where each MFI incurred a small investment while greatly benefiting from new developments.

The MIS “Inthepro” has been developed by KIZ, the German institution supporting entrepreneurs with microloans and non-financial services, in close cooperation with DMI to serve all accredited MFIs in Germany.

Innovativeness

The most innovative element of the MIS is that all interactions with borrowers from first contact to full repayment are accessible, stored and managed in one system. In addition, management tasks ranging from risk and portfolio management to portfolio yield are available. This allows for efficient microcredit provision and ensures quality service from all MFIs. The development of loans for specific target groups and the effectiveness of support for borrowers could also be ensured and experiences can be shared more easily.

Efficiency and Sustainability

The MIS ensures lean processes that allow MFIs to be cost effective, creating efficient risk assessment of loans and enabling MFI management to evaluate potential risks that allows for immediate intervention.

In addition, being independent from software developed by banking institutions, which could not implement vital functionality for MFIs, favors growth and a scalable delivery model.

Outcomes

The MIS “Inthepro” has proven its effectiveness and efficiency. More than 15.000 loans were managed with the MIS by over 45 MFIs across Germany. Moreover, it allowed for lean and effective processes, which reduced costs at the MFI level significantly. Each loan officer was able to handle 200 – 250 active borrowers whereas before the MIS was available, a loan officer could only handle 40-80 borrowers.

Institutional profile

Deutsches Mikrofinanz Institut (DMI) was formed by 50 microfinance actors who recognized the need for a common, nationwide structure to develop a sustainable microfinance solution in Germany. Its central mission is to ensure responsible and high quality provision of microloans so that the offered products meet the needs of customers and support their personal and financial development. DMI lives its mission on three levels: by providing services to microfinance players, by representing interests of its member and by improving the socio-economic structures for microfinance in Germany and Europe.

Type of Organization

National Network

Country

Germany

Products & Services provided

- Financial: None
- Non-financial: Accreditation of MFIs, Counselling and training to MFIs and potential microfinance actors, Research and development, Representation of interest, Public Relations

Gross Loan Portfolio

N/A

Number of clients

N/A

Target Audience

MFIs and Microfinance Sector Stakeholders (Banks, Municipalities, Foundations, Fund Administrators, Policy Makers, etc.)

Organization Website

<http://www.mikrofinanz.net/>