

IMPLEMENTATION OF CREDINFO IT SYSTEM FOR MFIs IN NORWEGIAN CONTEXT

Microfinance Norway

Objective of Good Practice:

Increase outreach of financial and non-financial services thanks to the adoption of an integrated IT system that serves both the MFI and the beneficiary independent of geography - rural and city.

Timeframe of Good Practice:

2012 - Ongoing

Keywords:

Technology in the delivery of loans, Non-financial services

Overview of Good Practice

With the expansion of microfinance in Norway, a more effective way of reaching remote borrowers was needed. Between 2005 and 2010 FEA from Hungary, together with Credinfo Ltd., designed a microcredit IT platform. From 2010, Microfinance Norway participated with FEA and Credinfo Ltd in the EMN working group on IT and innovation. MFN tested the IT system of both Qredits in Holland and Credinfo in Hungary, and decided to replicate Credinfo for use in Norway.

The objective of using the Credinfo system in Norway was to make it possible to reach more customers with fewer resources and at the same time educate, promote and connect entrepreneurs. Credinfo is used for web-based business plans/loan applications, reviews by the loan committee, promoting enterprises by letting entrepreneurs make micro-sites, and making the group lending process easier for members, who can review each other's loan applications before voting as a group. These new adjustments to the original Hungarian version were made in close cooperation with Credinfo Ltd. from 2010 - 2017.

Credinfo consists of a front and back office application. The most important functions of the front office are: on-line loan application and credit assessment modules. The back office is a credit recording system that works independently in case an MFI has their own loan capital/groups, such as the overall National initiative Microfinance Norway AS or the special versions for districts. Loan assessment takes place online, the review processes are faster and give the end user a better service.

Innovativeness

Previously, IT systems only catered to the needs of creditors. In other words, the systems only recorded loans, ensured the related MIS, provided information for strategic planning and to donors. In the case of Credinfo.no, clients receive new services that otherwise would be impossible to offer. The last stage now is to develop an App to offer online learning modules, training, mentoring, access to loans and networking facilities for new refugees in Europe. This project, called TREND, will last from September 2017 to August 2020. The training support/network provided to entrepreneurs are also offered to those who are not intending to take a loan.

Furthermore, MFIs can get up-to-date information on their financial and social performance. The system supports loan applications with online services such as integrated SMS that sends repayment reminders, etc. Clients can even submit loan applications from their smartphone, where they have the possibility to access the credit account and make modifications online. The loan application module has been used since 2010, and improvements are constantly made thanks to the feedback of users. The system has also been adapted to group lending to prepare MFN AS to cover the needs of regional independent network groups who previously had to manage administration by themselves.

Entrepreneurs have the possibility of making a micro site incurring in no expenses where they are able to upload pictures and videos of their business as a promotional tool.

The reporting modules also allow for flexibility tailored to the needs of the MFI. For instance, MFN AS uses the system to monitor the situation of its clients prior to loan approval, as well as when they participate in courses, activities etc. The IT allows for better statistics on the background of clients, and thus more detailed reporting to funding partners.

Institutional profile

Microfinance Norway has an association and a loan fund as two separate legal entities, one membership association and the loan fund owned by the association. The original project started in 1996, and has operated under several names. The first loans were disbursed in 1997, and the new independent loan fund with a permit as a Non-Bank Financial Institution was regulated by the Finance Ministry of Norway in December 2016. The association has had many stages of development

Type of Organization

Non-Bank Financial Institution

Country

Norway

Products & Services provided

- **Financial:** Business microloans, savings products.
- **Non-financial:** Debt counselling, Entrepreneurship training, Financial education, Mentoring, E-Learning courses.

Gross Loan Portfolio

EUR 600,000 (Revolving line of credit from 1997-2013)

Initial capital EUR 160,000

Number of clients

1,400 (1997- 2017)

155 loans in total

Target Audience

Rural population, Urban Population, Unemployed people or people on welfare, Women, Youth, Ethnic minorities and immigrants, Disabled people, People excluded from the mainstream financial services.

Organization Website

<http://www.mikrofinansnorge.no/>

Efficiency and Sustainability

Credinfo may also be used by other local groups that wish to become members of Microfinance Norway as an umbrella organization. Moreover, the IT is easily adaptable regardless the country, language or legal environment. The replicability factor has been tested in the successful implementation in Norway. Credinfo is in line with the European recommendations for MFIs, regarding data protection and information flow and the elements included in the code of good conduct for microfinance.

Regarding cost-efficiency, every module of the system can run from internet browser, so there are no specific system requirements and Credinfo is easily adaptable without major installation costs. Credinfo is constantly being developed and every client has access to the new developments. It is an effective tool to foster local economies such as Northern Norway in quite remote areas.

Outcomes

As of October 2017: Total no. of users: 6 staff/partners, No. of client enterprises: 166 with data. The main outcomes will show up once all the loan capital is in place for the new loan fund. The online loan application has been used by all applicants since 2010.

Lessons Learned

Credinfo.no enables Microfinance Norway to reach customers over the vast distances in the country. All applications and assessments take place online, and additional "experts" may easily be added to the loan evaluation process.

Statistics are easier to collect with the system.

It is easily transferrable to other institutions because translation modules are integrated and modules may be turned on or off depending on an organization's needs.

There are also opportunities to assist the marketing of client enterprises through the micro sites and Google maps shows client business locations, and thus allows for networking based on geography and/or sectors, or even across borders if needed.

In Practice: Success Story

Amtul Qudsia Quddus used the www.credinfo.no portal for her third loan. At the same time, she created a profile on the micro site with photos of her nice handmade dresses and other products. The link to her business location is visible on Google maps together with other client businesses in the Oslo and Drammen region. When she is planning to take a new loan, she does not have to start from scratch as her profile is kept in the system. She just updates the information for her new loan. The Credinfo portal is integrated with the normal website of www.microfinancenorway.no where she just clicks "loan" and is transferred to the portal. Her login information is personal, and her personal data is secured with a password.



Further Readings

<https://credinfo.no/browser/entrepreneurs>

<https://credinfo.no/browser/entrepreneurs/1319>