

# Microfinance in Europe: Survey Report 2016-2017

Peer Group Analysis



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## Introduction

This document compares the performance of a selection of MFIs operating in Europe that are aggregated into peer groups in terms of age, scale of the operations, number and type of clients reached, legal type adopted and geographical scope. In the pages that follow the outreach indicators and key institutional characteristics of these peer groups are presented and compared.

The data used to prepare this analysis refers to fiscal year 2017 and is self-reported by the MFIs that participated to the latest [EMN-MFC Survey Report](#). In terms of methodology, the averages for the different peer groups are calculated based on a subset of MFIs

(111) that responded to the survey and provided data for all the indicators presented in the tables below. This allows for a more rigorous comparison of the performances and explains why some of the averages presented in this document might differ from the results of the latest EMN-MFC Survey Report. The comments below the tables and the glossary section provide background information on the approach used to undertake the analysis and provide a better understanding of the meaning of the data presented in this document.

Read on to learn more!

# Benchmark Data by Legal Type

This chart allows you to compare your organisation with other MFIs that have a similar charter type. For this purpose, the following segmentation of MFIs was adopted:

**NGO:** an organisation registered as a non-profit for tax purposes or some other legal charter. Its financial services are usually more restricted, usually not including deposit taking. Under this category, foundations, charities, social purpose cooperatives, associations and religious institutions are gathered.

**Non-Bank Financial Institution:** an institution that provides similar services to those of a Bank but is licensed under a separate category. The separate license may be

due to lower capital requirements, to limitations on financial service offerings, or to supervision under a different state agency. In some countries this corresponds to a special category created for microfinance institutions.

**Credit Union / Financial Cooperative:** a non-profit, member-based financial intermediary. It may offer a range of financial services, including lending and deposit taking, for the benefit of its members.

**Bank:** public or private bank

**Government body:** government owned organisation providing microloans

YEAR	CURRENCY						
2017	EUR		NGO	NBFI	Credit Union / Financial Cooperative	Bank	Government Body
<b>Institutional Characteristics</b>							
<b>Number of MFIs</b>			46	30	27	3	5
<b>Age</b>			17	13	28	10	9
<b>Staff</b>			77	60	15	33	5
		<i>Women staff (%)</i>	62%	51%	90%	59%	71%
<b>Outreach Indicators</b>							
<b>Number of Active Borrowers</b>			7.490	6.167	2.842	6.445	780
		<i>Business microloans (%)</i>	71%	68%	6%	48%	80%
		<i>Personal microloans (%)</i>	29%	32%	94%	52%	20%
		<i>Women borrowers (%)</i>	44%	36%	53%	41%	40%
<b>Gross Microloan Portfolio</b>			19.612.401	12.986.856	3.833.579	40.257.687	3.863.987
		<i>Business microloans (%)</i>	73%	74%	8%	81%	80%
		<i>Personal microloans (%)</i>	27%	26%	92%	19%	20%
<b>AVG Microloan Balance per Borrower</b>			5.341	7.047	1.468	7.267	11.111
		<i>Business microloans</i>	5.729	9.115	5.586	13.591	13.573
		<i>Personal microloans</i>	1.507	2.937	1.284	1.382	1.261
<b>AVG Microloan Balance per Borrower / GNI per Capita</b>			48%	45%	19%	24%	56%
		<i>Business microloans (%)</i>	52%	72%	77%	51%	69%
		<i>Personal microloans (%)</i>	24%	37%	17%	6%	4%
<b>Number of Microloans Disbursed During the Year</b>			5.198	5.632	2.323	2.175	195
<b>Value of Microloans Disbursed During the Year</b>			13.100.044	10.587.598	2.847.156	14.506.486	1.884.741

## Key Findings

Credit Unions and Financial Cooperatives are the oldest microfinance institutions in Europe, followed by NGOs and NBFIs. Banks and government bodies got involved in the industry relatively recently. Furthermore, NGOs and NBFIs are quite similar in terms of the share of business and personal microloans (both in numbers and volumes) and in terms of the average microloan balance per borrower/GNI per capita. However, Credit Unions and Financial Cooperatives are significantly different: women represent the largest share of their staff and borrowers, they are particularly focused on serving personal/family needs rather than businesses. Consequently, they have the smallest average microloan balances per borrower / GNI per capita.

# Benchmark Data by Country/Region

This chart allows you to compare your organisation with other MFIs that operate in your own country and region. National averages are presented only for countries

where a minimum of 3 MFIs is recorded. European averages are calculated on the sample of 111 MFIs that were considered to prepare this report.

YEAR	CURRENCY		East	West	Europe
2017	EUR				
<b>Institutional Characteristics</b>					
Number of MFIs			71	40	111
Age			22	12	18
Staff			57	46	53
Women staff (%)			70%	58%	66%
<b>Outreach Indicators</b>					
Number of Active Borrowers			6.208	4.718	5.671
Business microloans (%)			45%	70%	54%
Personal microloans (%)			55%	30%	46%
Women borrowers (%)			44%	44%	44%
Gross Microloan Portfolio			10.661.477	19.460.271	13.832.214
Business microloans (%)			49%	75%	58%
Personal microloans (%)			51%	25%	42%
AVG Microloan Balance per Borrower			3.595	7.970	5.172
Business microloans			5.915	9.676	7.624
Personal microloans			1.489	2.524	1.744
AVG Microloan Balance per Borrower / GNI per Capita			47%	27%	40%
Business microloans (%)			84%	33%	61%
Personal microloans (%)			28%	10%	24%
Number of Microloans Disbursed During the Year			5.477	2.236	4.309
Value of Microloans Disbursed During the Year			9.051.904	10.184.029	9.459.877

## Key Findings

Eastern and Western European MFIs have distinct features. First, Eastern MFIs are older, larger (in terms of staff and number of active borrowers) and they provided on average more microloans in 2017. Second, Eastern MFIs focus less on business needs. This result is mainly triggered by the Romanian credit unions, which are over-represented in the sample. Finally, despite a stronger focus on personal loans, Eastern MFIs have a larger AVG Microloan Balance per Borrower / GNI per Capita suggesting that they focus on richer clients as compared to their Western counterparts.

# Benchmark Data by Age

This chart allows you to compare your organisation with other MFIs that have similar years of experience in the market. For this purpose, the following segmentation of MFIs was adopted:

**New:** up to 4 years of activity in the microfinance sector

**Young:** between 5 and 8 years of activity in the microfinance sector

**Mature:** between 9 and 20 years of activity in the microfinance sector

**Longest-Established:** 20+ years of activity in the microfinance sector

The age of an MFI reflects the year the institution started operating in microfinance and is calculated using the year 2017 as a reference.

YEAR	CURRENCY		New	Young	Mature	Longest-Established
2017	EUR					
<b>Institutional Characteristics</b>						
Number of MFIs			12	6	62	31
Age			2	7	15	32
Staff			10	30	53	75
Women staff (%)			47%	60%	66%	74%
<b>Outreach Indicators</b>						
Number of Active Borrowers			346	1.761	6.274	7.285
Business microloans (%)			84%	67%	46%	57%
Personal microloans (%)			16%	33%	54%	43%
Women borrowers (%)			39%	28%	48%	42%
Gross Microloan Portfolio			1.415.016	13.915.556	11.848.343	22.590.483
Business microloans (%)			88%	67%	51%	59%
Personal microloans (%)			12%	33%	49%	41%
AVG Microloan Balance per Borrower			9.746	6.711	3.699	6.049
Business microloans			11.121	7.396	6.055	9.042
Personal microloans			4.905	5.341	1.437	1.409
AVG Microloan Balance per Borrower / GNI per Capita			44%	28%	32%	55%
Business microloans (%)			51%	31%	57%	81%
Personal microloans (%)			31%	21%	24%	22%
Number of Microloans Disbursed During the Year			173	657	5.509	4.218
Value of Microloans Disbursed During the Year			1.134.015	7.342.947	9.189.573	13.633.127

## Key Findings

The share of women staff increases with MFI's age. Similarly, the share of women borrowers is higher for mature and longest-established institutions. Importantly, new and young MFIs have a stronger focus on business loans, as compared to personal loans. Yet, the average microloan balance per borrower/GNI per capita of business loans granted by younger MFIs is smaller as compared to their older counterparts. In contrast, the size of personal loans granted by new MFIs is the largest. To conclude, younger MFIs are less focused on women, however they grant smaller loans to their main target, which consists of businesses.

# Benchmark Data by Scale

This chart allows you to compare your organisation with other MFIs that have a similar size in the terms of outstanding microloan portfolio. For this purpose, the following segmentation of MFIs was adopted:

**Small:** Gross Microloan Portfolio below EUR 2,000,000  
**Medium:** Gross Microloan Portfolio between EUR 2,000,000 and EUR 8,000,000  
**Large:** Gross Microloan Portfolio above EUR 8,000,000

YEAR	CURRENCY		Small	Medium	Large
2017	EUR				
<b>Institutional Characteristics</b>					
Number of MFIs			41	37	33
Age			15	20	20
Staff			5	22	147
Women staff (%)			67%	71%	60%
<b>Outreach Indicators</b>					
Number of Active Borrowers			451	2.391	15.835
Business microloans (%)			56%	48%	58%
Personal microloans (%)			44%	52%	42%
Women borrowers (%)			47%	49%	35%
Gross Microloan Portfolio			859.030	4.181.153	40.771.299
Business microloans (%)			57%	53%	64%
Personal microloans (%)			43%	47%	36%
AVG Microloan Balance per Borrower			6.303	4.786	4.198
Business microloans			8.724	7.834	6.346
Personal microloans			2.056	1.650	1.540
AVG Microloan Balance per Borrower / GNI per Capita			34%	46%	41%
Business microloans (%)			45%	69%	70%
Personal microloans (%)			15%	25%	30%
Number of Microloans Disbursed During the Year			354	1.859	11.970
Value of Microloans Disbursed During the Year			588.935	2.743.835	28.011.458

## Key Findings

Large scale MFIs employ fewer women and have the smallest share of female borrowers. Meanwhile, they have a stronger focus on business microloans and offer larger loans both for personal and business needs, since their average microloan balance per borrower / GNI per capita is the highest for both types of microloans. These discrepancies suggest that the group of Small MFIs has the strongest social bottom line.

# Benchmark Data by Outreach

This chart allows you to compare your organisation with other MFIs that reach a similar number of active borrowers. For this purpose, the following segmentation of MFIs was adopted:

**Small:** Number of Active Borrowers below 1,000

**Medium:** Number of Active Borrowers between 1,000 and 10,000

**Large:** Number of Active Borrowers above 10,000

YEAR	CURRENCY	Small	Medium	Large
2017	EUR			
<b>Institutional Characteristics</b>				
Number of MFIs		50	42	19
Age		15	21	18
Staff		9	30	219
Women staff (%)		65%	74%	52%
<b>Outreach Indicators</b>				
Number of Active Borrowers		301	3.246	25.165
Business microloans (%)		77%	30%	47%
Personal microloans (%)		23%	70%	53%
Women borrowers (%)		44%	46%	39%
Gross Microloan Portfolio		2.055.333	7.869.925	58.003.804
Business microloans (%)		79%	35%	54%
Personal microloans (%)		21%	65%	46%
AVG Microloan Balance per Borrower		8.594	2.524	2.018
Business microloans		9.677	5.689	4.193
Personal microloans		3.040	1.273	1.315
AVG Microloan Balance per Borrower / GNI per Capita		53%	25%	36%
Business microloans (%)		61%	46%	80%
Personal microloans (%)		27%	19%	30%
Number of Microloans Disbursed During the Year		134	2.255	19.837
Value of Microloans Disbursed During the Year		786.399	5.092.833	41.938.286

## Key Findings

MFIs with a large outreach show similar trends to MFIs with a large scale as presented in the previous chart. They employ a smaller share of women and they have relatively fewer female borrowers. By the same token, they grant the largest loans, both for personal and business needs, since their average microloan balance per borrower / GNI per capita is the largest for both types of products. Yet, in contrast to the previous chart, MFIs with the strongest focus on business microloans belong to the small outreach group.

# Benchmark Data by Target Market

This chart allows you to compare your organisation with other MFIs that are targeting a similar type of clients. For this purpose, the following segmentation of MFIs was adopted:

**Low End:** AVG Microloan Balance per Borrower / GNI per Capita <20%  
**Broad:** AVG Microloan Balance per Borrower / GNI per Capita >=20% and <100%  
**High End:** AVG Microloan Balance per Borrower / GNI per Capita >=100%

YEAR	CURRENCY		Low End	Broad	High End
2017	EUR				
<b>Institutional Characteristics</b>					
Number of MFIs			44	60	7
Age			21	15	23
Staff			40	66	16
Women staff (%)			78%	57%	69%
<b>Outreach Indicators</b>					
Number of Active Borrowers			4.965	6.817	295
Business microloans (%)			28%	68%	100%
Personal microloans (%)			72%	32%	0%
Women borrowers (%)			53%	38%	42%
Gross Microloan Portfolio			13.397.578	15.325.929	3.760.941
Business microloans (%)			32%	72%	100%
Personal microloans (%)			68%	28%	0%
AVG Microloan Balance per Borrower			2.099	6.493	13.162
Business microloans			4.808	7.854	13.162
Personal microloans			1.199	2.305	-
AVG Microloan Balance per Borrower / GNI per Capita			11%	50%	126%
Business microloans (%)			16%	68%	126%
Personal microloans (%)			10%	37%	-
Number of Microloans Disbursed During the Year			2.977	5.784	43
Value of Microloans Disbursed During the Year			8.023.333	11.567.170	427.067

## Key Findings

This table shows that very few (6%) MFIs in Europe are High End MFIs. More generally, a ratio lower than 100% indicates a focus on a lower microfinance niche. Hence, European MFIs generally have a strong social bottom line. Furthermore, low end MFIs have a larger share of female staff and borrowers. They have a stronger focus on financing personal/family needs. There is no clear link between an MFI's age and the target market. This is good news for the sector, suggesting that there is no evidence of mission drift or increasing competition in the industry forcing MFIs to upscale their products to serve richer clients.



# Glossary

## Active borrowers

natural or legal person who currently has an outstanding loan balance or is primarily responsible for repaying any portion of a gross loan portfolio. Natural or legal persons with multiple loans with a microcredit provider should be counted as a single borrower.

## Age

years of operations in microfinance

## Average microloan balance per borrower

Gross microloan portfolio outstanding / Number of active borrowers

## Average loan balance per borrower/GNI per capita

Average outstanding microloan balance compared to local gross national income (GNI) per capita to estimate the outreach of microloans relative to the low-income population in the country

## Business microloan

microcredit for business or entrepreneurial purpose (EU definition) is a loan under EUR 25,000 to support the development of self-employment and microenterprises

## Gross microloan portfolio

principal balance of all outstanding microloans, including current, delinquent, and restructured microloans, but not microloans that have been written off or interest receivable

## Number of microloans disbursed

number of microloans disbursed during the period

## Personal microloan

Microcredit for personal consumption is a loan under EUR 25,000 disbursed to cover a client's personal consumption, such as rent, personal emergencies, education, and other personal needs (e.g. white goods)

## Staff

expressed in full-time equivalent (the ratio of the total number of paid hours during a period by the number of working hours in that period).

## Value of microloans disbursed

value of microloans disbursed during the period

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