

## Peer to Peer Exchange Visit Report

### Qredits visited PerMicro on 23<sup>rd</sup> may 2012

#### Background of the meeting and the visiting delegation:

The meeting was held to exchange best practices between two growing MFI's. Three people from Qredits, including the CEO (Elwin Groenevelt), Vincent Stulen and Georgie Friederichs, visited PerMicro to learn more about their approach to clients, operational structure, Management information systems and risk methods. Qredits and Permico are both young MFI with the aim to realise a sustainable growth path.

Profile Qredits: **Qredits** is a private foundation started on 1 January 2009 by a group of public and private partners. Current partners are: ABN Amro, BNG, ING, Rabobank and the Ministry of Economic Affairs. **Qredits** is the only nationwide operating Microfinance Institution in The Netherlands.

**Qredits'** mission is: *to provide financing and coaching for micro-entrepreneurs in the Netherlands that have a viable business plan, yet are unable to obtain financing or coaching through regular channels.*

**Qredits** offers microcredit up to €50.000 for start-ups or existing businesses as well as a variety of practical business tools designed to help entrepreneurs succeed. **Qredits** has a staff of 43 people (15 of which are loan officers covering 10 geographical areas of the Netherlands). From 2009 through 2012 over 3,250 loans were granted.

#### Lessons learnt during the visit:

The visit to PerMicro's headquarters in Turin was very useful for Qredits. PerMicro has a complete approach to provide loans and coaching to the target group. Differences between Qredits and PerMicro can be seen in the target group reached and the operational model.

Qredits reaches a broad target group, while Permico aims for a more concentrated reach of specific groups.

Main differences in the operational model are:

- Qredits works with independent loan officers placed throughout the country at chambers of commerce etc. while PerMicro works with local branches
- Qredits works with an independent network of voluntary coaches, e-learning's and other supportive tools. While at PerMicro coaching even before start up is also provided by the branches themselves making their screening process more intensive.
- Qredits is mainly approached through the internet, and has a higher loan average. PerMicro has branches that people can visit and has a lower loan average.

Apart from these differences there are also a lot of similarities. Both organisations work with a central back office, try to realise efficiency through the use of IT, and work with voluntary coaches.

The main lessons learned for Qredits are:

1. PerMicro and Qredits have both developed an MIS system tracking among other things portfolio development and staff production. The Qredits system appears to be more flexible and continuous in the tracking of portfolio development. PerMicro however has developed some interesting graphs and measurement techniques for the tracking of staff production and effectiveness which Qredits will adopt in future.
2. PerMicro has been very effective in attracting equity investment and in the growth of this equity. For Qredits it is more difficult to attract equity directly, as Qredits is a foundation. But it was very useful to learn about Permicro strategy.
3. PerMicro has a very interesting scoring model to calculate the risk attached to loans in its portfolio. Parts of this may be useful for Qredits. Qredits and PerMicro have agreed to compare their risk scoring models, to compare forecasting results in more detail.
4. PerMicro has attracted long term funding for their BDS costs from external parties, this would be interesting for Qredits as well.
5. PerMicro is developing loans for associations. It could be interesting for Qredits to see if this is an interesting product for Qredits to offer in the Netherlands.

### **The visiting organisation's plans to adapt some key lessons to its own organisation: (max. 1 page)**

Qredits will adopt the staff production tracking graphs used by PerMicro immediately. Qredits will also look into the funding way of BDS costs as a possible funding source to add to Qredits funding of BDS.

It would be interesting to explore the possibility of association loans, and to compare the risk scoring models of PerMicro and Qredits to see if an even better scoring model can be developed by combining the two methods.