

Peer-to-Peer Report

Cofiter visited microStart on 29 January 2018

Background of the meeting and the visiting delegation:

Cofiter is a mutual guarantee company, and its core business is to issue guarantees on the bank loan. However, Cofiter began operating as a microcredit lender in 2014 after applying to the European Investment Fund (EIF) EaSI Programme.

Cofiter now wants to improve its microfinance operations. In particular, its credit policy, marketing tools and customer management. More specifically, Cofiter has to better understand how to support its customer's needs, and wants to improve its knowledge on specific topics: financial education tools, screening processes and monitoring, and IT systems to use as tool for an e-learning programme. Cofiter's aim is to serve its customers and to create a better economic environment.

Furthermore, Cofiter is looking for partners to help the company pursue its development and to share some international best practices.

The meeting was held with the following programme:

- General presentation of microStart's business model & partnerships (Patrick Sapy, CEO)
- Demo of microStart's IT systems (Jente Minne, IT Manager)
- Exchanges on the screening process with microStart's Brussels Team Teader, Adrien Lippolis
- Working with operational partners for referrals (Roxane Lemercier, Senior Advisor and Partnership Manager)

Cofiter sent Marco Giuseppe Barbero, General Manager and Rosa Martino, Responsible for Credit to microStart.

Lessons learnt during the visit:

Patrick Sapy firstly presented microStart. The microStart Group is composed of two different entities: microStart SCRL-FS – a cooperative company with a social purpose that employs 21 people – and microStart Support Asbl, a subsidised non-profit that has 6 employees and 150 volunteers. microStart SCRL and microStart Support Asbl both have a strong strategy in place. MicroStart has 5 branches and 2,000 active clients. The organisation's principal shareholders are: BNP PARIBAS (59%), AG INSURANCE (25%), IEF (13%), PARTENA (3%).

MicroStart's business model is as follows: microStart SCRL grants loans to microentrepreneurs thanks to a credit line granted by BNP PARIBAS and microStart Support Asbl, thanks to donors and gifts, offers support to microentrepreneurs to offer them free business development services before and after start-up (individual or group).

MicroStart ensures that the relationship built with the client continues even after the loan has been granted. In this way they can monitor the client and their activity (also interesting to note microStart organises a "Microcredit Day" once a year).

Microstart operates with the support of the government and uses guarantee tools (EIF Guarantee). Another important channel is the development of relationships with the national banks who can direct customers that they cannot serve to microStart.

Another aspect that is interesting about microStart's model is the support of volunteers. They are professionals who come from the banking or business sector. Volunteers play a precious role in the relationship with the clients, and they support microStart in the training phase to offer the best business development services to the clients.

The business development services offered are: Training to prepare for the business management exam; Individual help to build a Business Plan; e-learning (free platform).

MicroStart finds its clients mainly thanks to its communication campaigns, contact points set up across the country and word of mouth; most of the customers are below the poverty line and 62% are born outside of Belgium.

A client can contact microStart via an online platform where they can submit a request. This is then looked at by microStart's staff to verify compliance. MicroStart grants loans of up to € 15,000 and only to microentrepreneurs.

Another interesting aspect is the IT system used by microStart to manage the online credit demand with a full Salesforce integration (Salesforce is CRM platform and is also used by the volunteers).

Lastly, microStart shared some information regarding the social impact made by its activity: There is an insertion rate in the economy of 84% after 2 years; there is a survival rate of 75% for new companies; each microentrepreneur has created 1.6 new jobs; every euro invested yielded 4 euros, in the form of new tax and social contributions as well as foregone unemployment/social benefits. This is an important result and it shows the importance of microcredit and its role in the society.

The visiting organisation's plans to adapt some key lessons to its own organisation:

Based on the various aspects that microStart shared with Cofiter about the formers activities and model, Cofiter is interested in:

- creating a network of volunteers that can help Cofiter to offer training and coaching to clients. Volunteers can be an important resource to accompany microentrepreneurs during their project and to offer them business development services before and after start-up.
- Developing a CRM platform to better understand the client's needs, help resolve their problems and identify opportunities to help by centrally managing their information.
- Social report and social impact: creating a database with social data to give value to and share information and results;
- Developing a better strategy of coaching and training for clients, using new tools and e-learning methodologies to (geographically) reach its entrepreneurs and to maintain a relationship with them, including monitoring and following up with them after the loan has been granted through volunteers and meetings.