

ID Banking for MSMEs

Service offer



inspiring 
development

2020

managing
financial
institutions



A division of inspiring development

The company

We are a specialized management consulting company for banks and microfinance institutions (MFIs) operating in developing countries and emerging markets.

Key facts

Founded in 2014 by former senior executives with bank and holding company experience

Team: 50+ permanent staff

Central office located in Frankfurt, with regional teams on three continents

Service divisions:

-  Investments & Restructurings
-  Management Services
-  Banking for MSMEs
-  Finance & Financial Risk Management

Proven track record including more than 200 assignments in 40 countries for financial institutions and their investors

ID Banking for MSMEs

We provide consulting services to banks and MFIs for the introduction or performance enhancement of micro and SME business lines.

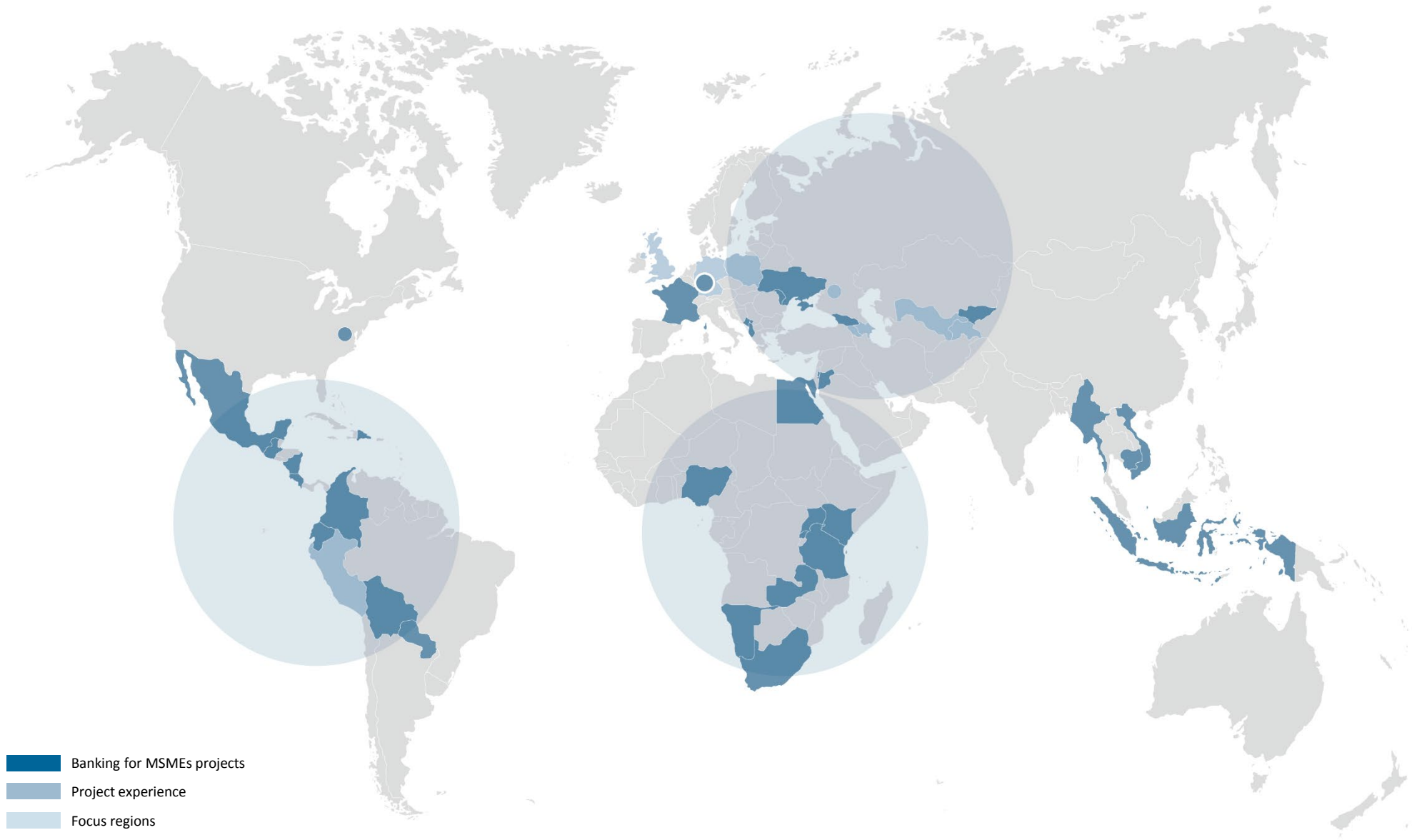
Our team

Experienced professionals who combine:

- a deep understanding of the operations of banks and MFIs
- conceptual strength and regional experience
- Ability to support implementation

Our services

- Business strategy and business development
- Credit Risk Management
- Arrears and delinquency management
- Operational efficiency



- Banking for MSMEs projects
- Project experience
- Focus regions



Our services

We support both specialized and universal financial institutions aiming to:

- upscale or downscale to serve MSMEs
- enhance their existing micro and/or SME business lines.

The depth of our engagement depends on the client's needs. Our team of highly qualified professionals can provide:

- targeted support focusing on a specific aspect of an existing MSME business line, or
- broad start-to-finish support in setting up a new micro and/or SME business line.

We provide customized services based on the following service packages:

Business strategy & business development

- Business strategy
- Target client profiles
- Product development
- Customer acquisition and retention
- Performance management
- Training

Credit risk management

- Risk assessment
- Underwriting
- Internal control
- Portfolio risk
- Scoring
- Training

Arrears & delinquency management

- Arrears management and recovery structures
- Recovery performance management
- Training

Operational Efficiency

- Efficiency of the organizational structure
- Efficiency of lending processes
- Performance management
- Technology and tools



Business Strategy & Business Development

Business strategy

- Market assessment – potential, competition, positioning
- Business strategy assessment – mission, target clients, positioning, services, distribution channels, business objective, resources
- Profitability analysis

Target client profiles

- Definition of target client profiles based on the characteristics and financial needs of MSME clients
- Segmentation of the portfolio according to the defined profiles

Product development

- Development of a product range based on target client needs
- Development of a pricing model based on institutional and market context
- Processes and delivery channels that take efficiency, accessibility and customer experience into account

Customer acquisition & retention

- Development of customer acquisition and retention guidelines
- Survey of the competition
- Formulation of a marketing plan and activities by client segment

Performance management

- Setting of benchmarks for processing times
- Selection of KPIs aligned with the business plan
- Development of an incentive system incorporating the KPIs
- Performance monitoring reports

Training

- Provision of sales and customer care training
- Coaching on business development and staff and performance management for middle managers

What to expect

- A full set of documentation defining the business approach and organizational structure
- Profitability and pricing calculation methodology and tools
- Business report templates
- Staff training and coaching
- Support for implementation in the FI's IT systems

Benefits

- Sharpened focus on target clients
- Increased inflow of new clients
- Increased cross-selling/product usage & profitability per customer
- Decreased churn rate



Credit Risk Management

Risk assessment

- Methodology for individual credit risk assessment
- Development of credit risk policies, procedures and templates

Underwriting

- Systematic approach to granting authorization rights for decision-making
- Broad centralization of underwriting functions

Internal control

- Fraud prevention and detection
- Methodology of the internal credit control system
- Focused controls in high-risk areas via smart sampling

Portfolio risk

- Key risk indicators
- Credit risk limit system
- Loan loss provisioning (LLP)
- Standardized credit risk reporting package
- Migration and vintage curve analysis tools

Scoring

- Scoring to enable decision-making with limited financial analysis for micro clients
- Scoring to enable enhanced decision-making, pricing and individual assessment of LLP for SME clients

Training

- Credit risk analysis and assessment training for front- and back-office staff and decision makers

What to expect

- Credit risk in line with the defined risk appetite of the institution
- A full set of internal documentation (policies, procedures, manuals)
- Easy-to-use calculation models and reporting templates
- Support for implementation in the FI's IT systems

Benefits

- Improved consistency of decision-making in line with the established risk appetite
- Balanced interplay between business development and risk
- Effective credit risk management



Arrears & Delinquency Management

Organizational aspects

- Assessment of organizational structures
- Assessment of roles and responsibilities
- Development of separate approaches and procedures by client segment
- Assessment of scope for outsourcing of individual activities

Restructuring

- Standardized definition
- Clear roles and responsibilities for staff involved in restructuring
- Decision-making, monitoring and treatment of the restructured loan portfolio

Soft & hard recovery

- Monitoring of early warning indicators
- Tools and instruments for effective and efficient recovery activities
- Standardized approach, adjusted to fit the target client profile and the characteristics of the exposure
- Gradual escalation of measures

Staff & training

- Formulation of a job profile for recovery specialists
- Establishment of performance benchmarks, KPIs and incentive systems for staff
- Training in soft and hard collection for front-office staff, recovery and litigation specialists and middle management

What to expect

- A full set of internal documentation (procedures, manuals, templates)
- Analysis tools and reporting templates
- Increased cost/benefit of soft and hard collection activities
- Support for implementation in the FI's IT systems

Benefits

- Decreased NPL rates
- Improved recovery rates
- Increased efficiency and clarity with regard to the cost / benefit ratio of recovery activities
- Reduced reputation risks from recovery activities



Operational Efficiency

Efficient organizational structure

- Enhancement of the organizational structure and the alignment of responsibilities, roles and reporting lines
- Development of methods and tools for efficient internal communication and management of information access rights

Efficient lending processes

- Lean front- and back-office processes in lending operations, from application to repayment and recovery
- Clear roles and responsibilities of staff involved in different stages of lending operations

Performance management

- Efficient performance monitoring reports
- Set of aligned performance efficiency indicators in organizational structure and processes (HO and network, CIR, time-to-yes, time-to-cash)

Technology & tools

- Development of a clear understanding as to which primary data on lending operations must be captured, stored and managed
- Formulation of requirements for support software and tools for MIS and process automation (CRM, credit module, scoring, arrears management)

What to expect

- A cost-effective digitalization strategy for comprehensive review and overhaul of existing structures, processes and systems
- Recommendations on the design or redesign and enhancement of existing structures, processes and systems
- Support for implementation in the FI's IT systems

Benefits

- Improved processing times from application to disbursement
- Improved staff productivity – higher number of disbursements / portfolio volume per staff member



Our Team



Our team

Experienced professionals with:

- a deep understanding of the operations of banks and MFIs
- conceptual strength and regional experience
- careers starting as specialists in bank branches and head offices, and together covering all key technical areas of bank operations
- in-depth experience as trainers, both in classroom settings and on the job

Our approach

- A strong commercial orientation – Our aim is to add value to our clients. We seek tangible impact and measurable results.
- Customized solutions – We take the local context and the client's status quo into account and combine them with best practice and our experience.
- Capacity building – We provide staff training and coaching to ensure that the new approaches are fully integrated into the institution.



Contacts

Please contact us for additional information or to discuss your specific needs:

Ketevan Burduli



Senior Banker

burduli@inspiring-development.com

+995 555 205 522

Jonela Ketri



Senior Banker

ketri@inspiring-development.com

+49 157 7877 5828

Asmus Rotne



Senior Banker

rotne@inspiring-development.com

+995 591 020 020

Michael Kowalski



Managing Partner

kowalski@inspiring-development.com

+49 152 9000 5827



This document was compiled by:

I.D. Inspiring Development GmbH

Eschborner Landstrasse 42-50, Haus B
60489 Frankfurt am Main / Germany

Phone +49 69 678 30 79-0

Fax +49 69 678 30 79-99

info@inspiring-development.com

www.inspiring-development.com