

FROM IDEA

Breaking New Ground



Myanmar: The Golden Land for Microfinance

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- ASA International has a mission to financially empower the low income and poor population of the world through microfinance.
- ASA established microfinance institutions ("MFIs") in 13 countries in Africa & Asia,
- ASA Myanmar has been registered as a Deposit Taking Micro-Finance Company in August 2014 under Financial Regularity Department.



Myanmar - Micro-finance Golden Land



- Excellent Clientele behavior
- Micro finance Environment is less Competitive
- Stable Safety and Security Situation
- Potential Clients are more than 9 Million
- Literacy Rate 92.3%
- 64% women are involved in economic activities
- 31% are women headed Households
- 26 % are living under poverty line
- Only 6% rural Population has access to Credit
- 90% savings are mobilized by Banks
- Supportive regulators



ASA Model- Integration Process

- Country Selection through Feasibility Study
- Organize Expert Team (consisting of Country Head, GM, Branch managers from ASA Bangladesh)
- Organize training for them on the selected Country (Country socio-politico-economic and cultural situation)
- Arrival of Operation Team and start functioning
- Area Selection
- Pilot Branch Selection headed by Bangladeshi Expatriate
- Staff deployment and training
- Organize Model branch
- Potential Members Selection through personal Contact
- Small Group and large Group Formation
- Orientation for Members (4 weeks)
- Members Selection for credit through capacity assessment
- Loan Disbursement and collection
- Upgrade of local staff and handed over responsibility
- Expansion of new branches
- Gradually Bangladeshi staff reduce and total responsibility handed over to local staff



Structure of operations in Myanmar:



- Location: 50% rural and 50% urban and semi-urban areas
- Each Branch: 1 Manager, 1 ABM and 4-6 Development Officers
- Borrowers per branch would be 2,000 – 3,000
- By 2021: 130 branches, 290,225 clientele, around USD 75 million loan portfolio and USD15 million savings



ASA's Progress



	Achievement upto Jan 17
Client Outreach	
Number of Active Depositors	84,142
Active Women Depositors (%)	99.97%
Rural Depositors (%)	41%
Number of Active Borrowers	72,273
Rural Borrowers (%)	42%
Total Gross Loan Portfolio (US\$)	9,886,943
Average Loan Balance per Borrower (US\$)	137
Number of total Staff	324
Number of Women Staff	65%
Number of local staff	310
ARoA (%) (only for Jan 17)	1.00%
PAR > 30 days (%)	0
Operational Self-Sufficiency (%) only for Jan 17	129%
Operating Expense/Loan Portfolio (%) -Annualize	22%
Deposit to Loan Ratio	20%
Cost per borrower USD as of Jan 17	32

Operation
Started on
1st
September,
2014



MICROLEAD

Savings - A challenge for Myanmar MFIs



- Savings Collection: 1.97 Million USD
- Type of Savings: Compulsory and Voluntary
- Wish to start : Education Deposit Scheme, Term Deposit Scheme
- Challenges Faced:
- FRD directives: 5% Mandatory and 5% Voluntary on Disbursement
- Interest on Deposit: 15%
- If those restrictions were withdrawn our savings collection would exceed 50% of GLP(almost \$3.5)
- Poor Population would get \$346,000 as interest
- AMML would be able to use \$3.7 Million deposit as Loan Revolving funds
- Establishing trust rapidly among the clients with substantial manner
- Savings mobilization mostly from rural areas



Challenges faced



- Staff capacity
- Staff Turnover
- High competition for Professional Staff
- Language Barriers
- Limited Knowledge on Microfinance
- High cost of Living
- Licensing/ approval Process
- Cap on Interest Rate
- Savings collection limited and interest rates set
- Profit within two consecutive Years
- Fixation of interest rate on foreign borrowings



Lessons Learned



- Borrowers Repayment Capacity
- Good Repayment Behavior of Client
- High Staff Turnover
- Women are the Entrepreneurs
- Language as Barriers for operation
- Unwilling to attend weekly/biweekly meeting
- Prefer Biweekly installment
- High Operation Costs
- Quality of local staff needs to be explored
- Inadequate professional staff in the country
- Government policy and sustainability is a question
- Product Diversification and Loan Ceiling modification



How ASA Model is Different?



- Self Sustained and Cost effective Model
- Standardized cost and materials
- Two Tiers of Management Structures
- No accountant in Branch or Area Level.
- Bottom up approach for development, where learnt from grounds.
- Eager to introduce different products of Savings for the poor
- Staff capacity development from internal sources
- Established CPP in proper way
- Planned to introduce CSR activities towards the end of 2017
- Introduction of Environment and Social Management System that includes SPI4, Client complain resolution (each branch had complain box), exclusion list, client economic yield survey on a simple and sampling way etc.
- Unique Training and Coaching for capacity development of staff(each one and teach one approach)
- Financial literacy issues discussion with clients



How Faster Growth is possible?



- Expansion as per Business Plan
- Accurate Feasibility Study before Selection of Area/Branch
- Proper Training for capacity of staff as per planning (each one teach one)
- Utilization of Expatriate experience in training and expansion
- Supply of logistics for operation in the nick of time
- Decentralization/ Delegation of Authority
- Strong Internal Controls
- Introduction of Automation System
- Ensure Funds (Capital and Loan funds) in time
- Excellent Cooperation from FRD in receiving approval.



Thank You!

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