MFIs Covid-19 Opinion Survey Results
June 2020
Between April and May 2020, MicroRate interviewed 63 Latin American and African Microfinance Institutions (MFIs).

The objective of the survey was to receive their opinion about the sector’s status before and during the current pandemic crisis.

MicroRate structured responses and results based on the impact on:

- Customers
- MFIs

MicroRate summarized MFIs best practices to cope with the crisis.
Customers
Did you implement loan moratorium / loan rescheduling as an option to support your customers?

LATAM: YES 100%
AFRICA: YES 100%
How was the rescheduling of your customers loans?

LATAM: 54%
AFRICA: 100%

AGGREGATE
INDIVIDUAL
What was the average term granted to the rescheduled loans?
What type of client was served?

Current Clients

LATAM: 90%
AFRICA: 100%
Which industries will be the least affected?

- Agro-livestock and Food: 36%
- Retail: 17%
- Manufacturing and Health: 16%
- All will be affected: 7%
Which service channels did you use to reach customers during the pandemic?
Some initiatives implemented by MFIs for their customers

- Customer Service Phone Lines
- Financial & Commercial Training
- Emergency Loans
- Food Cards
- Food baskets
Changes to the credit process

- Use of easy-to-access technological tools in their areas.
- Search for partnerships to increase payment and transactional channels for customers.
- The goal is to maintain constant contact with customers to monitor qualitative aspect.
- The group methodology business model includes:
  - Video calls with group leaders.
  - Assessment of groups’ past performance, and individual video calls to track customers.
Good practices

- Constant communication with customers. Loan officer collects updated information about customers and their business situations.
- Development of credit products adequate to actual needs of customers.
- Database analysis based on niche segmentation.
- Identification of potential operational and reputational risks related to customer service.
- Development of customized service by age group. For instance, collection services for customers with disabilities.
MFIs
What are the **main changes** authorized by local regulators?

- **Loan rescheduling**: 41%
- **Suspension of Past-due interest charge**: 11%
- **Maintain customer internal credit score**: 9%
What are the **main changes** authorized by local regulators?

- Grant grace periods: 7%
- Suspend provisions for rescheduled loans: 7%
- Establish funds for companies: 5%
What type of measures were taken within your organization to deal with the crisis?

- Review customer credit conditions: 25%
- Sanitary conditions in branches: 14%
- Cash flow monitoring: 9%
- Implement Contingency Plan: 9%
- Renegotiate debts: 5%
### Additional questions

<table>
<thead>
<tr>
<th>Question</th>
<th>Percentage</th>
<th>Response</th>
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<tbody>
<tr>
<td>When will the full impact of the crisis be seen?</td>
<td>55%</td>
<td>2nd Semester 2020</td>
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<td>Have there been any changes to your country’s regulatory framework to face this crisis?</td>
<td>84%</td>
<td>Yes</td>
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<td>How are your financial creditors reacting?</td>
<td>47%</td>
<td>Rescheduled debt</td>
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<td>How are MFIs in your geographic area performing compared to a year ago?</td>
<td>44%</td>
<td>Worse</td>
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Additional questions

How do you expect MFIs to perform in a year from now in your geographic area (by close of March 2021)?

50% Worse

How do you expect the microfinance regulatory framework to be by the end of March 2021?

44% Better
Best practices

- Implementation of Crisis Committees including Board members and Management.
- Implementation of Contingency Plans.
- Implementation of Continuity Plans.
- Periodic and permanent communication between CEO and staff.
- Continuous and close monitoring of Cash Flow.
- Scenario Analysis of Cash Flow and Financial Forecast.
- Prioritization of the implementation of institutional projects to face the crisis.
- Credit policy review.
- Additional voluntary loan provisions.
Operational Transformation

- Investing in technology and digital transformation training are top priorities for MFIs.
- Digital channels for loan disbursement and collection have become more relevant.
- Social media use to actively search for new customers.
- Performing non-financial services via webinars.