

Moving on the client scale: from MICRO to SMEs

Where we operate – Bosnia and Herzegovina



- Population * : 3,8 mill
 - Urban/Rural * : 39,8% / 60,2%
 - GDP per Capita * : 9.800 USD
 - Unemployment rate * : 43,6%
 - Number of Banks : 26
 - Number of MCOs: 19
- (* www.cia.gov)

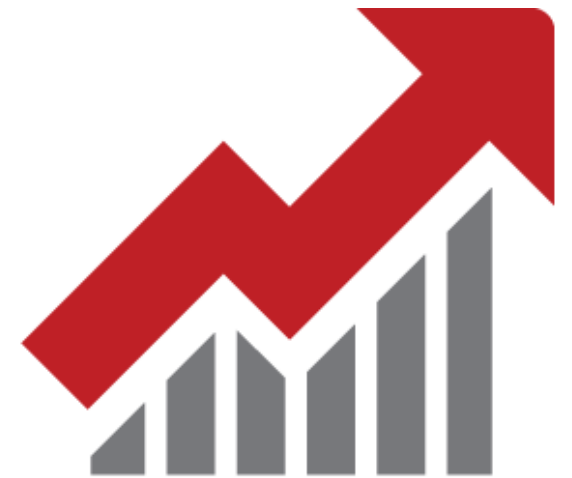
MIKROFIN GROUP

- Total assets: 190 mill EUR
- Active Clients: 60.000
- Group: Microcredit Company, Commercial Bank, Insurance, Investment Fund
- Inception Year: 1997 (MCC)



Scaling UP – from Micro to SME?

- Clients needs and expectation
- Business scale and growth
- Risk diversification
- Vision and dream



SCALING UP

Scaling UP – Key Concerns?

- Legislation
- Business case/market
- Institutional Capacity
- Financial Capacity
- TIME
- Transformation Cost



Scaling UP – from MCC (micro) to Bank (SME)

- Legislation - Bank
- Business case/market - MSME
- Institutional Capacity – new staff and transfer of existing staff
- Financial Capacity – Credit and Capital (existing and new partners)
- TIME – Time spent more than calculated
- Transformation Cost – Hard to calculate but HIGH

Scaling UP – from MCC (micro) to Bank (SME) Business Case/Market

- Define a market characteristics and potential
- Define SME clients
- Move from Character to Relationship lending
- Quantify projection and plans
- Define market segmentation with MCC
- Add new services: payment transactions, deposits, credit cards, ...
- Risk appetite



Scaling UP – from MCC (micro) to Bank (SME) Institutional Capacity

- Bank requires different people with different skills
- Institutional Culture Issues
- IT
- TIME and COST

Scaling UP – from MCC (micro) to Bank (SME) Open Issues - Conclusions

- Microfinance /SME finance – DIFERENT BUSINESS
- MCO (non deposit taking) – Bank
- Transactional or transformation costs – HIGH
- Scale UP or NOT?

