

3rd Eastern India Microfinance Summit 2018



Microfinance: The crucial link in inclusiveness

On 18th of January 2018 at The Lalit, Kolkata



Knowledge Partner: KPMG



Organized by:

AMFI-WB

Association of Microfinance
Institutions – West Bengal

About 3rd Eastern India Microfinance Summit 2018:

Microfinance: The crucial link in inclusiveness

Introduction to Microfinance in India:

Over the years, Microfinance Institutions (MFIs) have been providing small scale loans and financial services to individuals primarily in rural & semi-urban areas that have traditionally been excluded from the formal financial system due to multiple constraints including geographical presence, unavailability of formal financial history etc. Given the strong drive towards financial inclusion by Government of India and RBI over the past decade or so, MFIs have assumed a key role in ensuring the reach of financial services to the target segments enabling them to undertake income generation activities, drive self-employment and overcome the economic barriers in a sustainable manner.

In order to provide easy access to finance, MFIs have traditionally used group based lending model leveraging the social structure in rural areas supplemented by differentiated products, innovative payment structures and doorstep collection models. With the emerging digital ecosystem enabled by Aadhaar in India, MFIs have also started to experiment with digitally enabled operating models improve efficiencies and control costs.

The Indian Microfinance Sector has witnessed a phenomenal growth over the past few years. MFIs currently operate in 29 States, 4 Union Territories and 588 districts in India. 223 microfinance entities (including MFI-NBFCs, NGOs, and societies) have reached out to an all-time high of 45 million clients with a loan outstanding of over Rs 1 lakh crore across the private JLG (Joint Liability Group) and the public SHG (Self Help Group) program, 94% of which were used for income generation

purposes. Women borrowers constitute about 90% of the total clientele of MFIs, SC/ST borrowers constitute 30% and minorities 27%. MFIs with portfolio size of more than 500 crore contribute significantly to the total outreach (85%) and loan outstanding (88%) of the sector. The sector employs more than 1 lakh personnel, out of which 15% are women.

Geographically, Southern region has the highest share both in terms outreach and loans outstanding, followed by East. However growth rates are higher in the Northeastern and Central regions. Top 10 states i.e. West Bengal, Tamil Nadu, Karnataka, Maharashtra, Bihar, Uttar Pradesh, Madhya Pradesh, Assam, Orissa and Kerala account for almost 86% of the total industry portfolio. 4 of these states are from Eastern India underlying the importance of the region to the industry.

Recent developments that effected the microfinance sector in India:

The key reason for the growth of the sector has been adaptability to change, resilience in the face of challenges and an ability to maintain high repayment rates of almost 99.5%. The business relies on a very high level of customer connect before, during and after the credit approval with all clients being met face to face in a weekly, fortnightly or a monthly meeting for about 30-45 minutes in a group setting. The operations are highly cash intensive - both on disbursements and repayments.

Demonetization: The cash intensive nature of the microfinance business proved to be the Achilles heel for the industry when government decided to demonetize 85% of the currency in circulation in Nov 2016. The lack of currency notes, especially in rural areas showed a negative impact on livelihood generation and cash flows for microfinance customers as their businesses slowed down. The RBI dispensation on asset recognition provided to NBFC MFIs was mistakenly interpreted by some borrowers as dispensation on their loan repayments. In some states repayment ratios dipped to under 50%, primarily due to local activism, misunderstanding of

regulations and rumors of a loan waiver from the state or central government. While the collections have improved in the later months, many players are still grappling to reach the pre-demonetization collection levels. This has in-turn impacted cash flows, led to portfolio quality issues, increased provisioning requirements and hence led to huge dips in profitability levels.

Changing structures & ownerships: in the last couple of years, 8 of the largest MFIs have converted to Small Finance Banks. This comes close on the heels of conversion of Bandhan to a scheduled commercial bank. While conversion to bank provides these institutions access to low cost funds through customer deposits, it comes with its own challenges in terms of regulatory and compliance obligations, processes, systems etc. which have led to cost pressures in the short and medium term. Further, banks have also taken a keen interest in MFIs as an avenue for inorganic growth with multiple acquisitions and deals happening in this space e.g. Bharat Microfinance (Indus Ind), BSS Microfinance (Kotak), Grama Vidiyal (IDFC), ASA International (IDFC), Annapurna Microfinance (DCB).

Emergence of Digital Ecosystem: The government's push on digitizing the financial transactions received a major impetus due to demonetization. A significant chunk of PMJDY accounts got activated and the usage of new methods of payments including AEPS, Bharat QR, UPI gathered momentum including in rural India which is the primary market of MFIs. Thus it presents an opportunity for the MFI ecosystem to digitize operations and optimize the cost to serve customers. Further, the initiative to link all major data sources to Aadhaar number is expected to reduce the asymmetry and ambiguities on customer data and contactability and hence improve transparency in MFI operations.

Concerns on Portfolio Quality: Post-demonetization, the portfolio quality got severely affected and it continues to plague the industry portfolio. At an aggregated industry level, PAR > 30 is at 11% and PAR > 90 is at 5% of active balances. Large

states like UP, Maharashtra, MP and Karnataka have high share of books at risk of default and hence revitalization of lending processes & risk management capabilities is of utmost importance for MFIs going forward.

About the summit:

Given the recent disruptions in the environment and regulatory reforms, it is necessary to bring micro-lenders, bankers, policy-makers, allied financial service providers and researchers together with a common forum. To this end, the Associate of Micro Finance Institutions – West Bengal, along with its member MFIs and knowledge partner KPMG – is hosting its 3rd Eastern India Microfinance Summit 2018 titled, **“Microfinance: The crucial link in inclusiveness”** on November 18th at the Lalit Great Eastern, Kolkata. The objective and purpose of the summit is to actively engage key stakeholders in discussions relevant to current and future aspects of financial inclusion.

Discussions will focus on the following themes:

Future of Microfinance Institutions

MFI sector is expected to continue to grow at a rate of 30% and above. However, the growth is expected to be primarily driven by SFBs and Bank led MFIs. Standalone microfinance institutions will have to identify uniquely differentiating propositions to ensure sustainable growth.

Role of Digitization in MFIs towards optimizing cost of service delivery

MFIs will need to integrate the available digital enablers to improve transparency and reduce cost of operations. Further, there is a need to slowly but surely shift towards non-cash modes of business.

Collaboration for microfinance – Insurance companies and beyond

MFIs need to look towards unconventional streams of revenues from targeted propositions for the Bottom of Pyramid customers. This may include financial products like micro-insurance, mutual funds etc. and non-financial products like solar lamps, mobile phones, water, FMCG, etc. MFIs need to actively look for alliance and partnership opportunities to deliver such propositions.

Risk Management implications in a changing environment

Given the changing landscape, it is imperative for microfinance companies to significantly enhance their current risk management framework. Leveraging technology at various stages of the customer lifecycle and ensuring that risks are

managed pro-actively would help MFIs mitigate internal and external risks much better,

Discussions will focus on the following topics:

- **Future of Microfinance:**
 - Current landscape,
 - Competition,
 - Attracting investors,
 - Mergers/ Consolidation,
 - Challenges
- **Role of Digitization in MFIs towards optimizing cost of service delivery:**
 - Current service delivery model for microfinance,
 - Role of Digital in Financial Services.
 - Low cost digital enabled delivery models, opportunities and challenges
- **Collaboration for microfinance – Insurance companies and beyond.**
 - Cross sell opportunities for MFIs – Life and General Insurance.
 - Beyond insurance – clean energy, water, etc.
 - Partnership opportunities with players across different sectors
- **Risk management implications in a changing environment.**
 - Internal risks – credit, operational, technology.
 - External macro risks – demonetization, regulatory changes

The expected outcome from the Summit:

1. Opportunity for Lenders, Investors including global partners to meet, interact and work-out partnership opportunities with Microfinance Institutions in Eastern India
2. Panel Discussions by the participating Banks, SIDBI, NABARD, Mudra Bank, lenders and experts in the field. MFIs providing an insight into the operational environment, challenges, risks, scope and opportunities in the eastern region.
3. Understanding the status of Eastern region as against other region, the economic disparity, regional skew, the scope and role of participants in addressing issues related to this disparity.
4. Opportunity for partnership of MFIs with IT industry, Insurance companies, and organizations offering products targeted towards MFI clients – Clean energy, water purification etc.

5. **Successful knowledge fair for displaying products, services and publications offered by IT companies, Insurance companies, Rating/Credit Bureaus, clean energy, other products.**

Expected Speakers and panelist from the following Institutions:

1. RBI
2. State Finance Department and Ministry of Finance, Govt. of West Bengal
3. SIDBI and NABARD
4. Mudra Bank
5. SBI, IDBI, UCO, Bandhan Bank Ltd., Allahabad Bank, UBI, RMK BGVB, Union Bank of India etc. and nationalized banks – representation of MD, Chairman, CGM and GM level
6. National and International Lenders and Investors in Micro Finance Industry:
7. KPMG
8. MFIN and Sa-Dhan as SRO
9. Support services Institutions:
 - a. Ratings, Institutions and CB Institute
 - b. Insurance Companies
 - c. IT and telecom Companies.
10. Product based companies (mostly Solar companies, water purification and other consumer product):

Target Audience/Participants and delegates:

- There will be around 250 Leaders and senior officials from MFIs (NGOs as well NBFCs) who are operating in West Bengal, Odisha, Jharkhond, Bihar and North Eastern States. Expected over 50 MFIs from Eastern India.
- Banks, Regulators, Ratings Agencies,
- Researchers, Scholars and Students
- Energy Companies especially green energy providers and social enterprises
- Mobile Banking/Core Banking Solution Providers
- Industry association/network
- Donor agencies/multilateral Institutions and International Agencies.
- Consultancy firm
- All stakeholders
- A good number of Reporters from print and electronic media

Why Attend:

- **Stay up-to-date with comprehensive information and knowledge sharing**

- Strong participation from the banking sector, MFI industries, Govt. departments, insurance companies, rating institutions, financial consulting firms, SRO i.e. national-level MF associations/network
- Access a unique platform to interact with and learn from key policy makers, bank and microfinance industry leaders
- Gain special networking opportunities and new business avenues
- Interact and discuss new hope for NGO –MFIs

Who Should Attend:

- Heads and executives from MFIs and BC Organizations
- Heads and executives from state and national level MF industry associations/networks/SROs.
- Managers and executives from the RBI (Expected)
- General Managers, CGM, ED, MD from as many as 25 commercial and nationalized banks and financial institutions.
- Heads and executives from insurance companies
- Heads of rating institutions, software companies, consultancy firms

Invited Speakers, Dignitaries, and Participants:

- Senior Officials from SIDBI, NABARD
- Senior Officials from the RBI
- Distinguished members of the banking sector
- Eminent speakers from MFIN and Sa-Dhan
- Prominent personalities from the microfinance industry
- Renowned speakers from rating and insurance companies
- Senior official from knowledge partner KPMG

3rd Eastern India Micro Finance Summit 2018 – Sponsorship Categories:

Sponsorship Proposal	Conference Partner	Principal Sponsor	Co-Sponsor	Associate Sponsor	Technology Partner	Venue Partner
Sponsorship Amount	Amount in Rs. with 18% GST					
	Up to 4 Lakh	Up to 3 Lakh	Up to 2 Lakh	Up to 1 Lakh	Up to 75 Thousands	Up to 50 Thousands
Status of “Conference Partner” Sponsors name and Logo will be prominently displayed at the venue	√					
Prominent display of logo on the main backdrop	√	√	√	√	√	√

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Sponsorship Amount	Amount in Rs. with 18% GST					
	Up to 4 Lakh	Up to 3 Lakh	Up to 2 Lakh	Up to 1 Lakh	Up to 75 Thousands	Up to 50 Thousands
Display of logo on conference material, report and delegate kits	√	√	√	√	√	
Up and down (Round) air ticket to reach venue with 5-star Hotel accommodation for one day for one person (Senior representative of company) – Subject to at least one month before confirmation.	√					
Speaker slot to a company senior representative at Inaugural session	√					
Speaker slot to a company senior representative at Plenary/Panel session	√	√	√			
Branding at significant point of venue	√	√	√	√	√	√
Insertion of company's brochure and publicity material in conference kit	√	√	√	√	√	√
Projection of logo on screen during the break	√	√	√	√	√	√
Screening on a corporate video during the session break or lunch time.	√	√				
Complimentary exhibition space of 2*2 Meters at the conference venue	√	√				
7 delegate passes to attend the conference	√					
5 delegate passes to attend the conference		√	√			
3 delegate passes to attend the conference				√	√	√

N: B: Applicable taxes will be levied with Sponsorship amount.

Provision of Stall for product and publication display:

- **Stall Contribution: INR 35000.00 + 18% of GST = Total Rs.41300.00**
- Stall size: Octanorm stall. 2m X 2m with 2m height with 2 spotlight, one table and 2 chair

Provision of Screening of corporate video clip (the clipping should be maximum 5 minutes):

- For screening cost: **INR 30000.00 + 18% of GST = Rs.35400.00**
- Screening during the session break or lunch time at main Led Backdrop
- Screening all time in Led/Plasma TV (without sound)

Registration Form

Yes, I/We am/are interested in participating in the 3rd Eastern India Micro Finance Summit 2018 and would request for my/our registration as a delegate(s). The detail of delegate(s) are:

Sl. No.	Name of the delegate	Designation	Organization with address	Contact detail: (telephone, email etc.
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				

Registration Fees:

1	For AMFI-WB Members:
	Rs.1000.00 per head + 18% GST = Total Rs.1180.00 Early bird registration on or before 31.12.2017 with 10% discount i.e. Rs.900.00 per head + 18% GST = Total Rs.1062.00 say Rs.1060.00
2	For MFIs who are not member of AMFI-WB:
	Rs.1100.00 per head + 18% GST = Total Rs.1298.00 say Rs.1300.00

	<p>Early bird registration on or before 15.12.2017 with 10% discount i.e. Rs.990.00 per head + 18% GST = Total Rs.1168.00 say Rs.1170.00</p>
3.	<p align="center">Others</p>
	<p>Rs.1400.00 per head + 18% GST = Total Rs.1652.00 say Rs.1650.00</p> <p>Early bird registration on or before 15.12.2017 with 10% discount i.e. Rs.1260.00 per head + 18% GST = Total Rs.1486.00 Say Rs.1480.00</p>
4.	<p align="center">For Students, Researcher, Faculty etc. (Limited Seats)</p>
	<p>Rs.700.00 + 18% GST = Total Rs.826.00 Say Rs.820.00</p>

Note. The fees do not include accommodation.

All payments are to be made through DD/local cheque drawn in favour of: AMFI-WB. Name of the bank: Bandhan Bank. Account Number: 50150085467805. Account Type: SB TSAC-Trust-Society-ASSOC. Branch Name/Code: Belghoria/1594. Branch Address: Queen Tower, 75 Feeder Road, Belghoria, Kolkata – 700056. MICR/IFSC Code: 700750013/BDBL0001594. PAN of AMFI-WB: AADTA0559K. GST Number -

Contact:

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 Website: www.amfi-wb.org

Our Sponsors and supporters/Partners for earlier Summit(s):

<p>IDBI Bank</p>	 <p>IDBI BANK Bank Aisa Dost Jaisa</p>
<p>SIDBI</p>	 <p>सिडबी भारतीय लघु उद्योग विकास बैंक SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA</p>

<p>NABARD</p>	
<p>Greenlight Planet INC</p>	
<p>Bajaj Allianz Life Insurance Company Ltd.</p>	
<p>Bandhan Bank</p>	
<p>IFMR Lead as Knowledge Partner</p>	
<p>Shriram Life Insurance Company Ltd.</p>	
<p>Punam Energy Pvt. Ltd. (Onergy)</p>	
<p>“E & Y”</p>	
<p>RAL Consumer Products Ltd. MITVA</p>	

High Mark	
Panasonic India	
Future Generali	
Force Ten Technologies	
Cristal System & Solution	
HDFC ERGO	
DHFL Premarica	
Pixel Solutionz	
PwC	

The Association of Micro Finance Institutions - West Bengal (AMFI - WB):

The Association of Micro Finance Institutions - West Bengal (AMFI - WB) is an institution which endeavors to promote and develop microfinance in the State. With a membership of 29 Micro Finance Institutions, AMFI – WB currently caters to around 48 lakh poor women by providing them with financial services, especially micro credit. AMFI – WB regularly conducts stakeholder meets at the district level, management development programs for its members, microfinance industry-related seminars & workshops, and member meetings on matters of mutual interest.

AMFI-WB is a state level federation of Microfinance Institutions in West Bengal. Banks, Insurance Company and Social sector enterprise in the microfinance space actively participate as associate members.

The mission of AMFI-WB is to build a fair and congenial environment for community development financing in West Bengal helping members to serve their target clients, particularly women from poor families in pursuit of sustainable livelihood, both in rural and urban areas

In pursuit of this objective, among other developmental activities, AMFI-WB holds annual summit every year that brings all stakeholders from the industry together towards productive discussions and mutually beneficial collaborations towards their common objective.

KPMG:

KPMG is a professional service company and one of the Big Four auditors, along with Deloitte, Ernst & Young (EY), and PricewaterhouseCoopers (PwC). Seated in Amstelveen, the Netherlands, KPMG employs 189,000 people and has three lines of services: financial audit, tax, and advisory. Its tax and advisory services are further divided into various service groups.

KPMG Global Services (KGS) is a strategic, global delivery organization that engages with KPMG member firms to provide innovative, scalable and customized solutions.

KPMG was established in India in September 1993, and has rapidly built a significant competitive presence in the country. The firm operates from its offices in Ahmedabad, Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, Noida, Pune and Vadodara, and offers its clients a full range of services, including financial and business advisory, tax and regulatory, and risk advisory services. In India, KPMG has a client base of over 2700 companies. The firm's global approach to service delivery helps provide value-added services to clients. The firm serves leading information technology companies and has a strong presence in the financial services sector in India while serving a number of market leaders in other industry segments.

Past Initiatives:

Over the last 7 years, AMFI-WB has taken number of initiatives to minimizing the gap and making a strong bridge between Microfinance institutions and various segment of its stakeholders such as – bank and financial institutions, insurance companies and IT companies, rating and credit bureau institutions, Regulators etc.. The document **shared in a separate attachment.**

AMFI-WB initiated number of such events during last six years where many eminent personalities shared their views for the betterment of the Industry. Here are small glimpse:





2nd Eastern India Microfinance Summit 2016



