



MICROFINANCE OPERATIONS STAFF SUMMIT

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Delinquency Management

- There has to be a well-developed strategy based on good understanding of key (internal and external) drivers of delinquency.
- Delinquency management is not just all about collection should also be preventive and must be part of the institution's risk management framework, which will need regular monitoring and mitigation.
- A good delinquency management strategy should be a win-win solution for both the institution and the clients one that is effective but can also empathize with the client's situation.
- It is important to put client protection mechanisms in place to make sure that clients are treated fairly even if delinquent with their payments.





New Ways of Instilling Credit Discipline

- Key motivation for adopting new ways of instilling credit discipline includes the pandemic, which resulted to:
 - Declining interest of clients to attend center meetings
 - Some noticeable increase in portfolio at risk
- Leverage digital technology to implement a culture of accountability and transparency. Includes SMS reminders and real-time monitoring of loan performance.
- Education is key when instilling new ways digital financial literacy for clients and cultural change in mindsets and the way of doing things for account officers and management.
- Change management is vital when adopting innovations using digital technology.





Evolution of Center Meetings

- Conduct of center meetings have evolved over the years
- Shortened center meetings due to changes in client preference and drive for efficiency
- Use of technology loans can be paid before actual center meetings through digital tools; SMS reminders of loan payments
- · Center meetings are vital in strengthening relationships with clients
- Center meetings must evolve to remain relevant, but MFIs must also be mindful of mission drift





Bringing Back Center Meetings

· Center meetings

- Create a sense of community, peer support, strengthen bond and develop social skills of Nanays
- · Venue for financial education programs, strengthening of faith and values
- Active center meetings lead to higher repayment

· Actionable items

- Flexible attendance policies and shorter center meetings
- Use center meetings as an added criteria in order for clients to access social development programs such as 'scholarships' (incentives)
- Targeting the clients, use of poverty maps, MCPI to lead review and update of Poverty Probability Index (PPI)





Loan Processes and Procedures

- For NWTF, technology is not the primary tool in speeding up loan processes because It may not necessarily be the tool for the poorest of the poor. What is important is FOCUS-GOING BACK TO BASICS. While NWTF is slowly introducing technology to their clients, borrowers accessing the application and limits to Internet are real challenges.
- A unique feature of NWTF is accessing the skills of clients and matching it with a more appropriate business using IGSS (income generating skills). They use loan assessment tools to triangulate credit information of clients as basis for informed decision for loan approvals.
- For RAFI MFI, digitalization of loan transactions has led to efficiencies. However, the metrics can be determined a year after as this is a new endeavor. Going digital doesn't mean forgoing center meetings because PRESENCE IS KEY. They are currently reviewing center models due to a newly emerging market in order to adapt to their needs.
- Digitalization has also led to re-deployment of loan staff to new branches and provision of new skills.





Targeting the Poor in the Digital World

- The roadmap to transitioning to digital is not an overnight success and takes step-by-step process, aligning it with the institutions' strategic goals and objectives and client profile.
- Digital transformation of internal processes is integral to providing efficient and effective services to clients. However, risk management policies and business continuity plans should be in place to prevent fraudulent activities and cybersecurity issues.
- MF support to clients to participate in the digital economy