



Advancing financial access for the world's poor

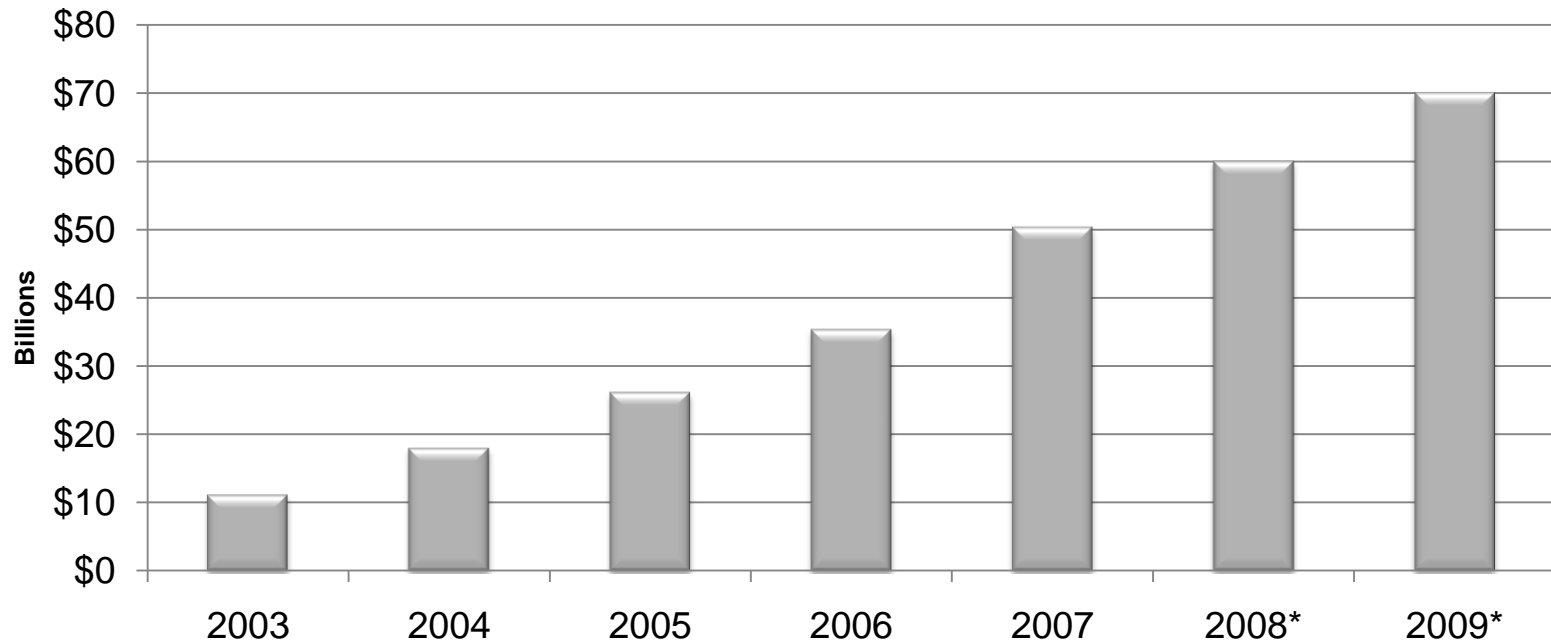
Evolving Microfinance Sector: Balancing Diversity and Consolidations

EFSE Annual Meeting, June, 2010

Jasmina Glisovic- CGAP

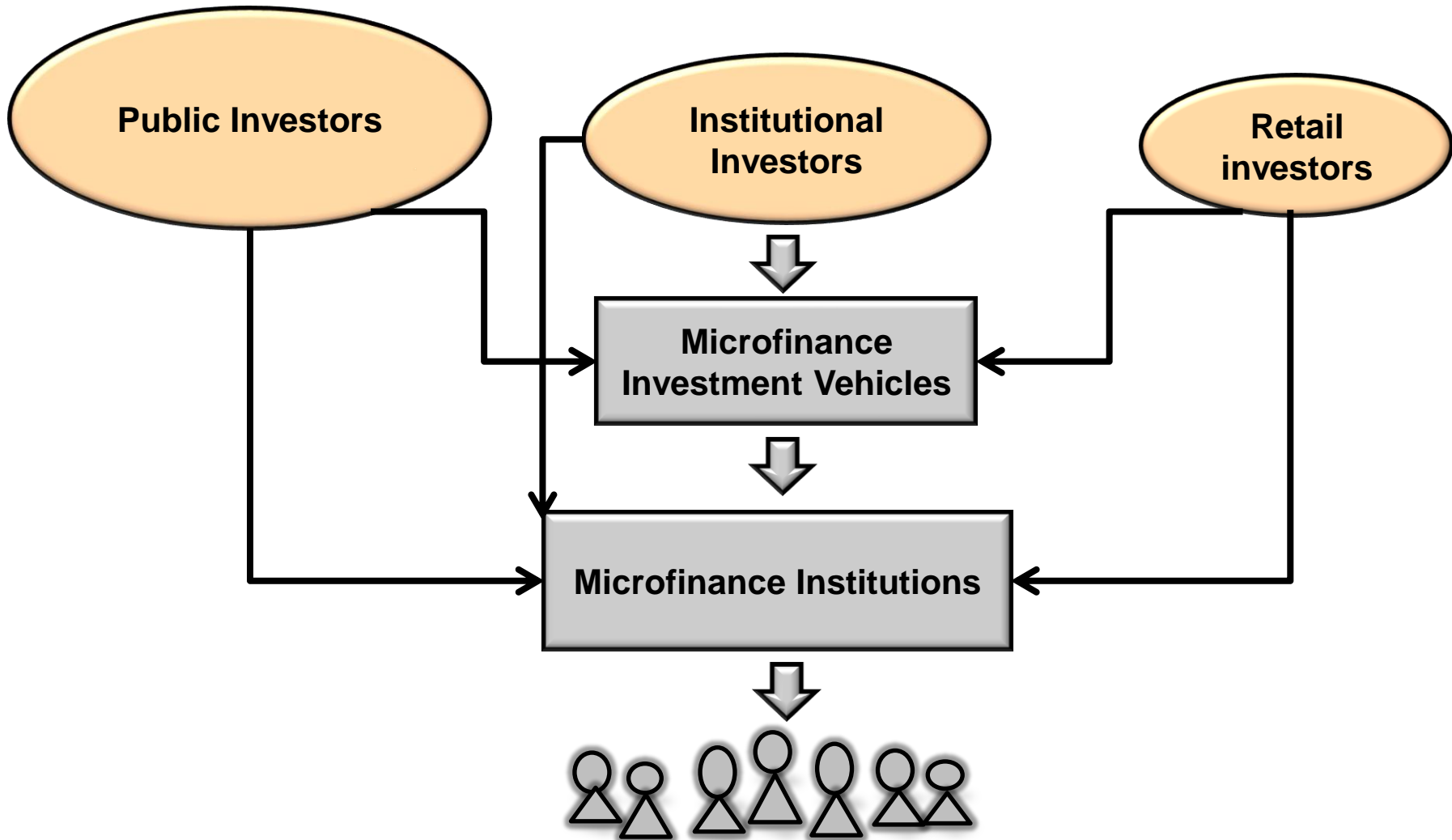
Exponential Growth of the Microfinance Industry

2003-2009 Total Assets of MFIs



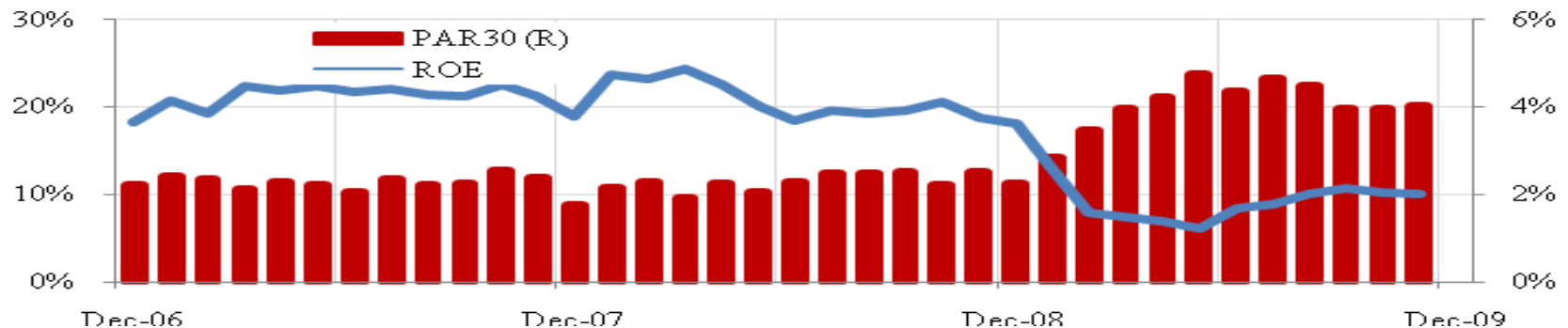
Source: MIX data, * 2008/2009 CGAP estimates

Very Diverse Funding Landscape



Microfinance in ECA: Market Changes

- **Portfolio quality of MFIs deteriorated** in 2009, especially in Europe and Central Asia, with PAR30 increasing and loan loss provision rises.
- **Growth and profitability has slowed down, multiple borrowing**
- **In Bosnia**
 - MF sector has been facing problems with portfolio quality over last 18 months.
 - PAR at 8.25% at sector level. Write-off level is 9%.
 - MFIs had losses at end of 2009 and first quarter of 2010.



Case of Bosnia

What caused current situation?

- Focus on growth and market share
- Too much funding available
- Multiple loans
- Increased loan size, SME finance

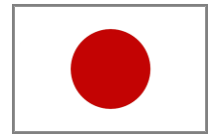
How is the industry responding?

- Slower, controlled growth
- Increased focus on risk management
- More coordination and interest in responsible investment
- Consolidation?

Outlook: Will there be Consolidation in the Sector?

- Some consolidation in the past but limited
- Increased interest among MFIs
- First step: Everyone has to do a lot with their own institution





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www.cgap.org

www.microfinancegateway.org



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