

# EFSE PRESENTATION

Becici, Montenegro

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Track C: Transformation and Integration of MFIs: Legal and Regulatory Framework for Microfinance

Topic: The Legal and Regulatory Framework in Montenegro and in Serbia

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# WHO IS AGROINVEST? (1 minute)

- Multiple, simultaneous transformation experiences.
  - NGO >> LLC – Mont
  - NGO >> LLC - Serbia
  - Unlicensed to licensed MFI - Mont
  - Created Holding company
- We work in differing legal, regulatory and operating environments in Montenegro and Serbia
  - Different central banks
  - Different currencies
  - Different banking laws
  - Different business laws

## Other Information:

- 100% rural focused.
- 25,000 clients. Not big, but not small.
- 7 years old



# OVERVIEW OF LEGISLATION AND REGULATION

## Montenegro

- Maybe the best in SE Europe – clear, simple, progressive
  - Clear process to license;
  - Capital requirements;
  - Permitted services;
  - Loan limits;
  - Reserve policy;
  - Debt capital limits;
  - Supervision and reporting;
  - Revocation of license

## Serbia

- Doesn't exist, but it works.
- NBS is not against microfinance, they're just not much for it.
- We have a working model.....for now
- Hard to bring in new capital.



# EXPECTED CHANGES LEGISLATION OR REGULATION



## Montenegro

- Inclusion in banking law;
- Increase leverage

## Serbia

- None
- Not while government grapples with Vision



# WHAT HAS BEEN THE KEY DIFFERENCE?

## Montenegro

- Had a Vision for what it wanted to be
- It developed a Strategy to get there.
- Mf fit into its strategy, and a sound legal and regulatory environment was created.



# WHAT HAS BEEN THE KEY DIFFERENCE?

## Serbia

- Has not yet agreed on a Vision.
- Distracted by other events – war crimes, Kosovo, etc. that make it difficult to create a vision.
- Without a vision, a workable Strategy is nearly impossible
- Without a strategy, it's hard to know where MF fits in, if at all.



# TRANSFORMATION

## KEYS TO SUCCESS

1. Continued engagement and communication with all parties;
2. Let the Vision drive you – beware Mission Creep;
3. Let the lawyers advise, not manage;
4. Beware the costs;
5. Get started early

