

# Microfinance in Western Balkans: in the fast lane to digital transformation

The EFSE Development Facility and partner institutions team up to enhance and future-proof the region's microfinance sector

**Sarajevo, Podgorica and Frankfurt, 31 March, 2022** –The Development Facility of the European Fund for Southeast Europe (EFSE DF) has developed the Digital Transformation Programme to support its partner Microfinance Institutions (MFIs) Partner MCF, MCC EKI and MCF MI-BOSPO in Bosnia and Herzegovina (BiH) and Alter Modus in Montenegro, in their digital journey.

The programme assesses the digital readiness of the MFIs, diagnoses organisational constraints, develops a business strategy for digital transformation, and delivers a digital roadmap and action plan for each of the institutions. This all will enable the MFIs to integrate digitalization into their processes for offering inclusive, responsible, and cost-effective products and services to their microfinance and small business clients. The programme's first phase was successfully completed with Partner MCF, MCC EKI, MCF MI-BOSPO and Alter Modus.



Thomas Reker, Chair of the EFSE Development Facility, said: “We understand that digitalization is, the first and the foremost, a process of organizational change management. Our support is tailored to the partner institution's place and pace on its digital transformation journey. We provide access to regional expertise and tools for identifying where and how digitalization will create opportunities for addressing market needs and serving customers in a more responsive and cost-effective way. This approach is already showing results with the four microfinance institutions in Bosnia and Herzegovina and Montenegro we teamed up starting in 2021.”

Senad Sinanović, Director of Partner MCF, a microcredit foundation based in Tuzla, BiH, said “A successful digital transformation is key to excellence at Partner MCF. Not just from an operations perspective, but also and especially in terms of our ability to better serve our 40,000 clients as well as to propose innovative microfinance solutions that can be tailored and targeted to meet very specific needs – in ways that simply were not possible before. Working with the EFSE Development Facility has enabled us to jump start the transformation process.”

Almir Sultanović, Director of the Microcredit Company EKI (MCC EKI) with its headquarters in Sarajevo, BiH, said, “The EFSE Development Facility's supports us to align our digital transformation plan with our strategic goals. Together with the consultant we identified new ways to meet the needs of more

developed businesses, especially larger and developed agricultural producers and farms, but also small enterprises – and do so more efficiently and with greater flexibility.”

Safet Husic, Director of MI-BOSPO in Tuzla, BiH, said, “From identifying the potential for digitalization, to drawing a digital strategy and roadmap specifically aligned to our strategy, the phase-by-phase approach is very conducive to finding creative but also workable solutions – and getting everybody on board as we navigate MI-BOSPO into the digital age. We believe that digitalization brings benefits for clients, it will enable their better inclusion to financial services. The support of the EFSE development team is very important to us, we are grateful for the opportunity to work on this project.”

Ana Kentera, CEO of Podgorica, Montenegro-based Alter Modus, said, “As the country’s leading microcredit financial institution with more than 18 thousand clients and 18 offices throughout Montenegro, we owe it to our clients and to ourselves to get our digital transformation right. The combination of expertise and hands-on approach that is the EFSE Development Facility’s hallmark is empowering our teams to make digitalization deliver on its promise.”

#### **About the EFSE Development Facility**

The Development Facility of the European Fund for Southeast Europe (EFSE DF) was created in 2006 to support the fund’s development finance mandate. It deploys effective, targeted, and innovative technical assistance to maximise the impact and extent of the fund’s development finance mandate in target countries. The EFSE Entrepreneurship Academy is an arm of the EFSE DF that specifically focuses providing entrepreneurs with the resources, training, opportunities for financial backing, and other means necessary to turn good ideas into successful enterprises.

Managed by impact asset manager Finance in Motion, the facility operates independently from the fund in a fiduciary arrangement under Luxembourg law. The Development Facility Committee, comprising members nominated by KfW Development Bank, the development bank of Austria OeEB, and the Dutch development bank FMO, is responsible for assessing and approving all project proposals and providing strategic guidance to the facility.

For more information on the European Fund for Southeast Europe, please visit: [www.efse.lu](http://www.efse.lu)

For more information on Finance in Motion, please visit: [www.finance-in-motion.com](http://www.finance-in-motion.com)

#### **About Partner MCF**

Partner Microcredit Foundation (Partner MCF), which has successfully engaged in providing microcredit services for more than 20 years in Bosnia and Herzegovina, has its head office is located in Tuzla and operates through 65 branches across the country. Partner MCF provides loans for various business activities with a focus on rural areas and agriculture. In addition to loans for business purposes, Partner MCF provides loans for housing and other needs of households and special loan products for energy savings and solar energy collectors. Partner MCF obtained the Client Protection Certificate issued by the Smart Campaign. [www.partner.ba](http://www.partner.ba)

#### **About MCC EKI**

Microcredit Foundation EKI (MCF EKI) was established as a result of the Micro-Credit Program of World Vision International (WVI) in 1996. In March 2001, a local microcredit organization was registered under the name Microcredit Organization EKI (MCO EKI). It operated under that name until 2008 when the Microcredit Organization EKI changed registration title into a Microcredit Foundation EKI and it operates under that same name until today throughout BiH.



MCF EKI is today one of the leading microcredit institutions in BiH, and currently has more than 17,000 customers who use loans in the value of over 52 million BAM. EKI's loans and services aim to start up and improve agriculture, small business and commercial activities, regardless of whether the activity is registered or non-registered. Since the beginning of its operations, EKI has been working on creating a strong and financially sustainable institution that will reinvest its profit into additional loan capital. Microcredit Company EKI (MCC EKI) was established in October 2013. The founder of the EKI Microcredit Company is the EKI Microcredit Foundation. MCC EKI in a short period of time, achieved very good results by conquering the microcredit market, which confirms the portfolio size and significant number of clients increasing daily. MCC EKI serves over 23,500 clients who use loans in the value of over 149.7 million BAM. Loans from the MCC EKI offer are mostly aimed at improving the business of registered farmers and small and medium entrepreneurs. [www.eki.ba](http://www.eki.ba)

#### **About MI-BOSPO**

Microcredit Foundation MI-BOSPO, based in Tuzla, Bosnia and Herzegovina, provides access to credit as well as non-financial services to the general population, but especially to women entrepreneurs with a low income to strengthen their economic and social status. MI-BOSPO promotes responsible financing through the application of the principles of consumer protection while striving to be a significant factor in the development of women's entrepreneurship. MI-BOSPO serves clients fairly and responsibly, building trust and long-term partnerships. [www.mi-bospo.org](http://www.mi-bospo.org)

#### **About Alter Modus**

MFI Alter Modus Ltd. is the largest micro-credit financial institution in Montenegro, specialized in loans to entrepreneurs for investments in growing their businesses as well as to households for home acquisition and/or improvement. Founded with the strategic objective to be the first choice of micro and small businesses throughout Montenegro for financing their needs. Alter Modus successfully engaged in providing microcredit services for more than 22 years in Montenegro, has its head office located in Podgorica and operates through 18 branches/sub-branches/part-time offices across the country, serving at the moment over 18,000 clients. [www.altermodus.me](http://www.altermodus.me)

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