



MICROFINANCE SERVICES AND THEIR CONTRIBUTION TO THE ECONOMY

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OUTLINE

- Background to GHAMFIN
- Why Microfinance
- Microfinance Services and Products
- Industry players in Ghana
- Contribution to the Economy



BACKGROUND TO GHAMFIN


- Ghana Microfinance Institutions Network (GHAMFIN) network of Microfinance Associations and their member institutions engaged in the provision of microfinance services.
- GHAMFIN has associate and honorary members who provide support services to the industry.
- It comprises a diverse range of Microfinance sector actors – Banks and Non- Banking Institutions
- It is uniquely placed to have an overview of all types of institutions
- GHAMFIN seeks to promote the growth and development of the microfinance Industry in Ghana



STRUCTURE OF GHAMFIN (AS AT DEC. 31 2015)



WHY MICROFINANCE

- **Majority of the world population is poor**
 - Over 500million of them are economically active.
 - The poor **earn their livelihoods** by being self – employed or by working in micro-enterprise.
 - Most of this households **fail to secure the capital** they need and miss opportunities for growth from Banks.
 - Microfinance has proved to be one of the most **powerful engines** in the global effort to end the crushing poverty that deprives hundreds of millions of the world's people of sustenance and hope.
 - Microfinance has a **positive impact** far beyond the individual client.
 - Microfinance **stimulates growth** in economically **depressed areas**
 - **Microfinance is not meant for every one**
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WHAT IS MICROFINANCE

- Microfinance has emerged as a growing industry to provide a **broad range of financial services** such as - deposits, loans, payment services, money transfers and insurance products
 - to the poor and low-income households, for their **microenterprises** and small businesses,
 - to enable them **raise their income levels** and **improve** their living standards.
 - Until recently it was focused primarily on providing **microcredit** for microenterprises.(Between \$50 -\$ 500)
- Microfinance means building financial systems that serve the poor
- Microfinance is about building permanent local financial institutions



MICROFINANCE SERVICES

- The poor need a secure place to save their money and access to insurance for their homes, businesses and health.
 - Microfinance institutions are now innovating new products to help meet these needs, empowering the world's poor to improve their own lives



Services/Products	Details
Micro savings	A possibility to save money without no minimum balance. Allows people to retain money for future use or for unexpected costs.
Micro insurance	Gives the entrepreneurs the chance to focus more on their core business which drastically reduces the risk affecting their property, health or working possibilities. There are different types of insurance services like life insurance, property insurance, health insurance and disability insurance
Micro leasing	For entrepreneurs or small businesses who can't afford buy at full cost they can instead lease equipment, agricultural machinery or vehicles. Often no limitations of minimum cost of the leased object;
Money transfer –	A service for transferring money, mainly overseas to family or friends. Money transfers without opening current accounts are performed by a number of commercial banks through international money transfer systems such as Western Union
Education /support services	Credit with Education, support client with basic book keeping etc

CONTRIBUTION TO THE ECONOMY

- The microfinance sector remains a key support for the informal sector of the Country providing it with a range of savings, investments and loan products and services. The key players include banks and non-bank financial institutions. Service providers operating within Ghana's Microfinance product space include:
 - Rural and Community Banks (143 with over 651 branches and outlets)
 - Savings and Loans Companies (24 with over 404 branches)
 - Tier 2 Deposit Taking Microfinance Companies (661)
 - Credit Unions (555)
 - Financial Non-Governmental Organisations (40)
 - Corporate Money Lenders (107)



- Individual Money Lending Enterprises (304)
- Susu Collectors/enterprises (494)
- The sector serves over 8 million clients of which 62% are women
- The sector contribute between 13-15% of the total banking Assets.

Number of persons employed in microfinance subsector at end December 2014

Institutional Type	Savings and Loans Companies (S&Ls)	Rural and Community Banks (RCBs)	Microfinance companies (MFCs)	Credit Unions (CUs)	Financial Non-Governmental Organizations (FNGOs)	Money Lenders (MLs)	Susu collectors and enterprises (SC&Es)	Total
Number of persons employed as at end December 2014	8,591	9,521	6,465	2,516	397	1,923	1,658	31,071

MARKET PENETRATION AUGUST 2014

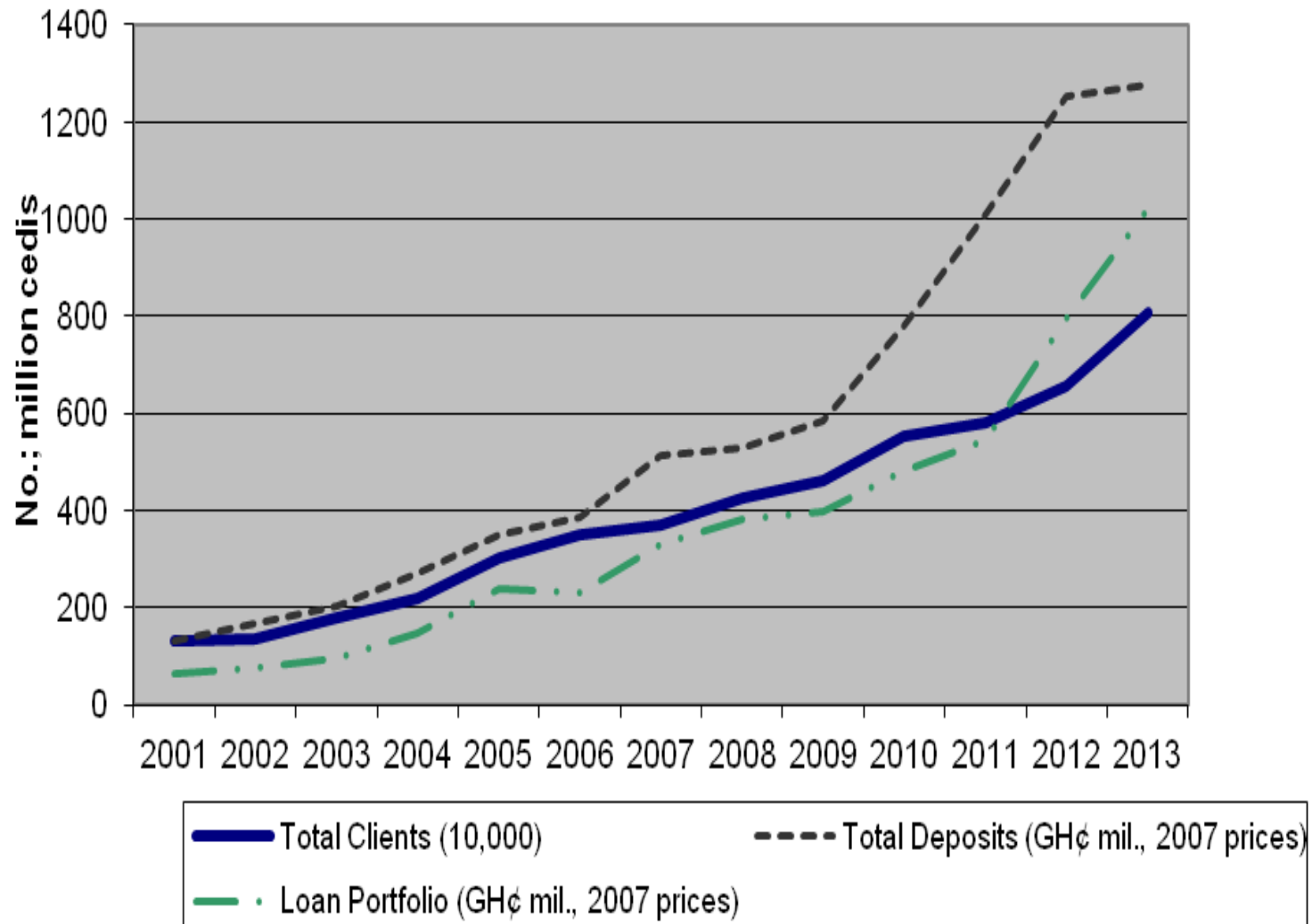
BoG

Institutions	No Reporting	Total Assets Billion Cedis	Share %
Banks	27	46,812.82	85.77
NBFIs	57	5,106.84	9.36
RCB	137	1,886.14	3.46
MFI's	447	772.92	1.42
Total	668	54,578.74	100



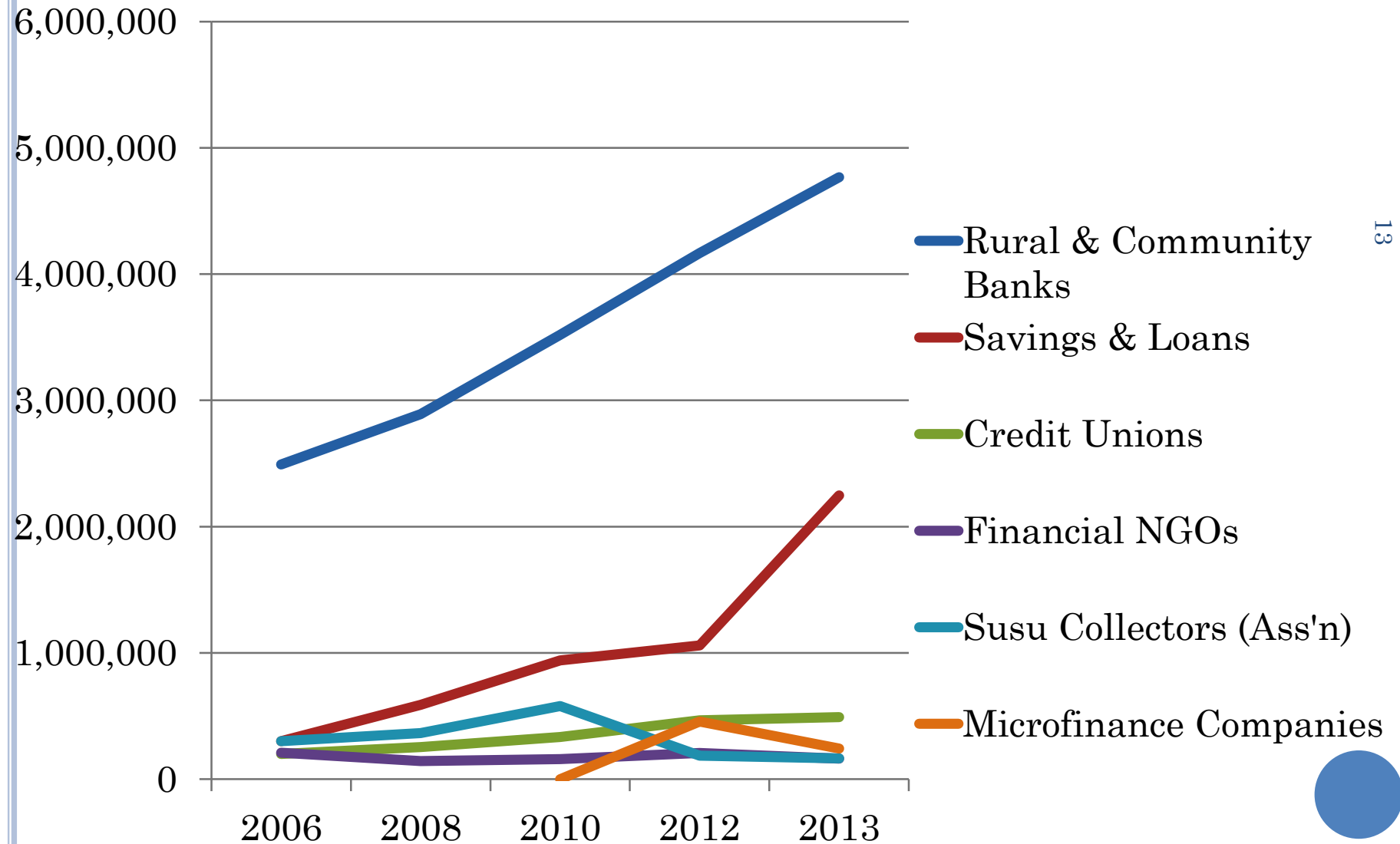
TRENDS IN TOTAL CLIENTS , DEPOSITS AND LOANS

Figure 1: Total RMFI Clients, Deposits and Loans 2001-13 (2007 prices)



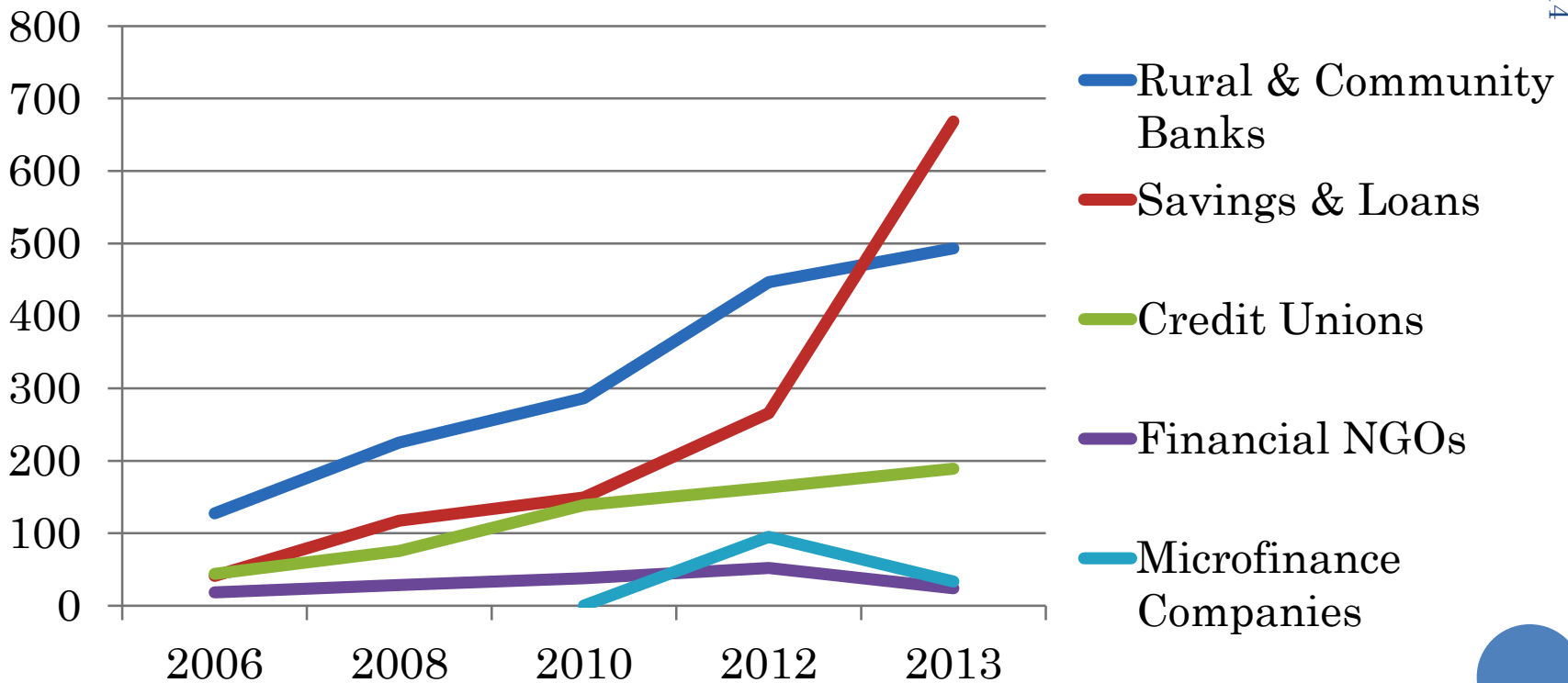
STRUCTURE AND TRENDS BY SUB-SECTOR

2006-13



S&Ls NOW SURPASS RBs IN LOAN PORTFOLIO (BUT WITH LARGE AVERAGE LOAN SIZE)

Trends in Loan Portfolio by Subsector (million Ghana cedis, 2007 prices)



CONCLUSION

"Microfinance recognizes that poor people are remarkable reservoirs of energy and knowledge. And while the lack of financial services is a sign of poverty, today it is also understood as an untapped opportunity to create markets, bring people in from the margins and give them the tools with which to help themselves."

Kofi Annan

Former United Nations Secretary-General





**THANK
YOU !**