

# **Are We Really Client Focused?**

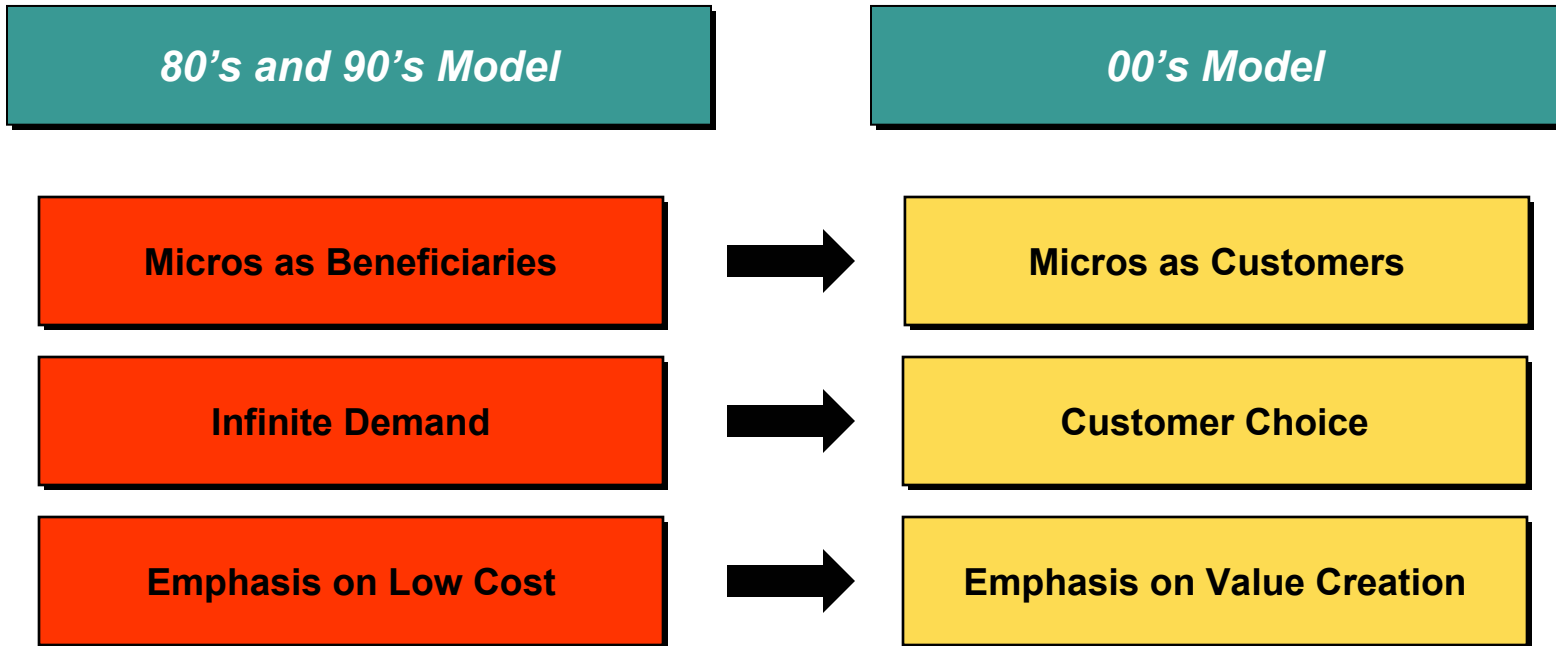
***Presented to the MFC Conference, Moscow***

**May 22<sup>nd</sup> 2003**

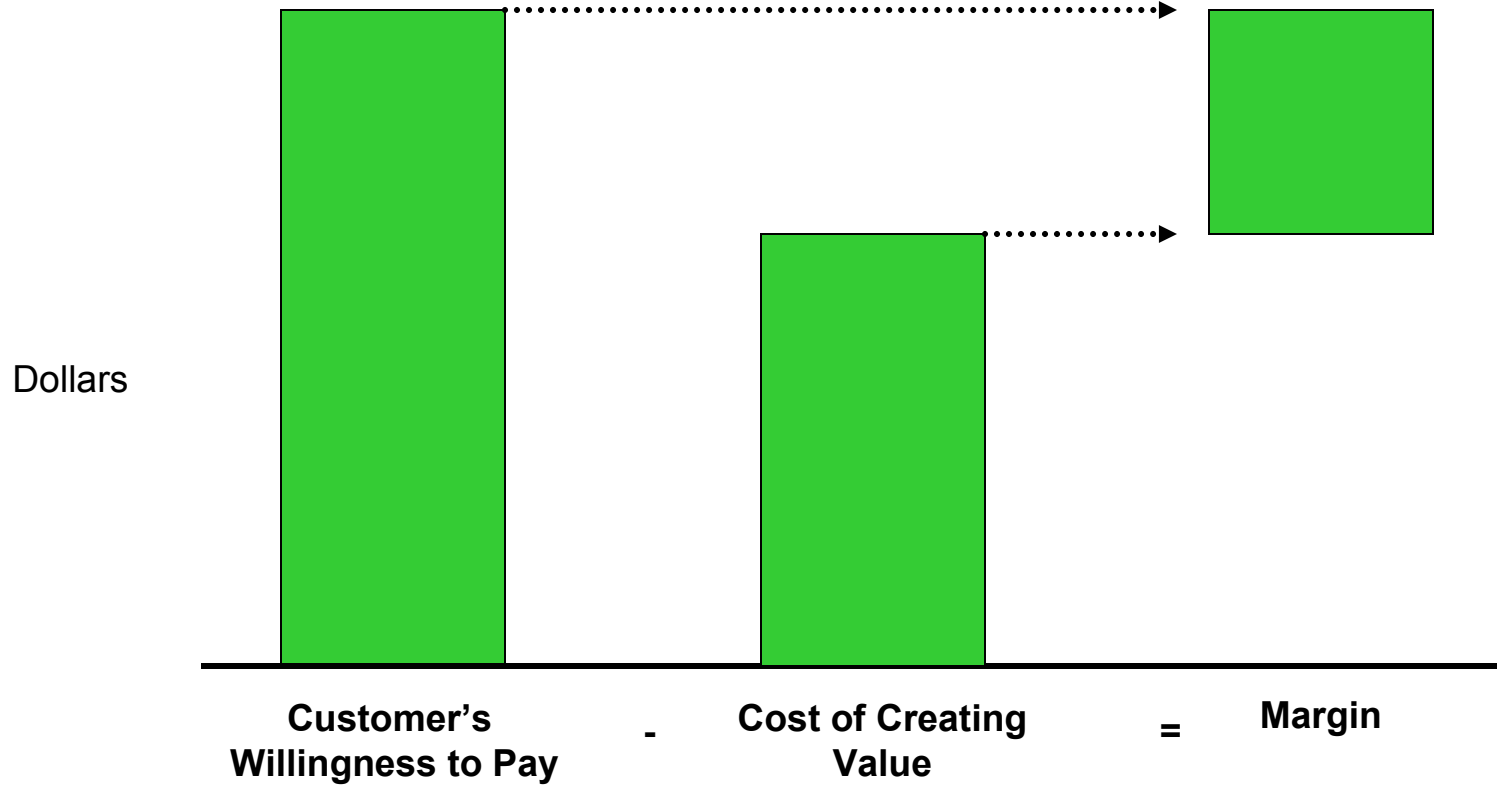
**Inez Murray**



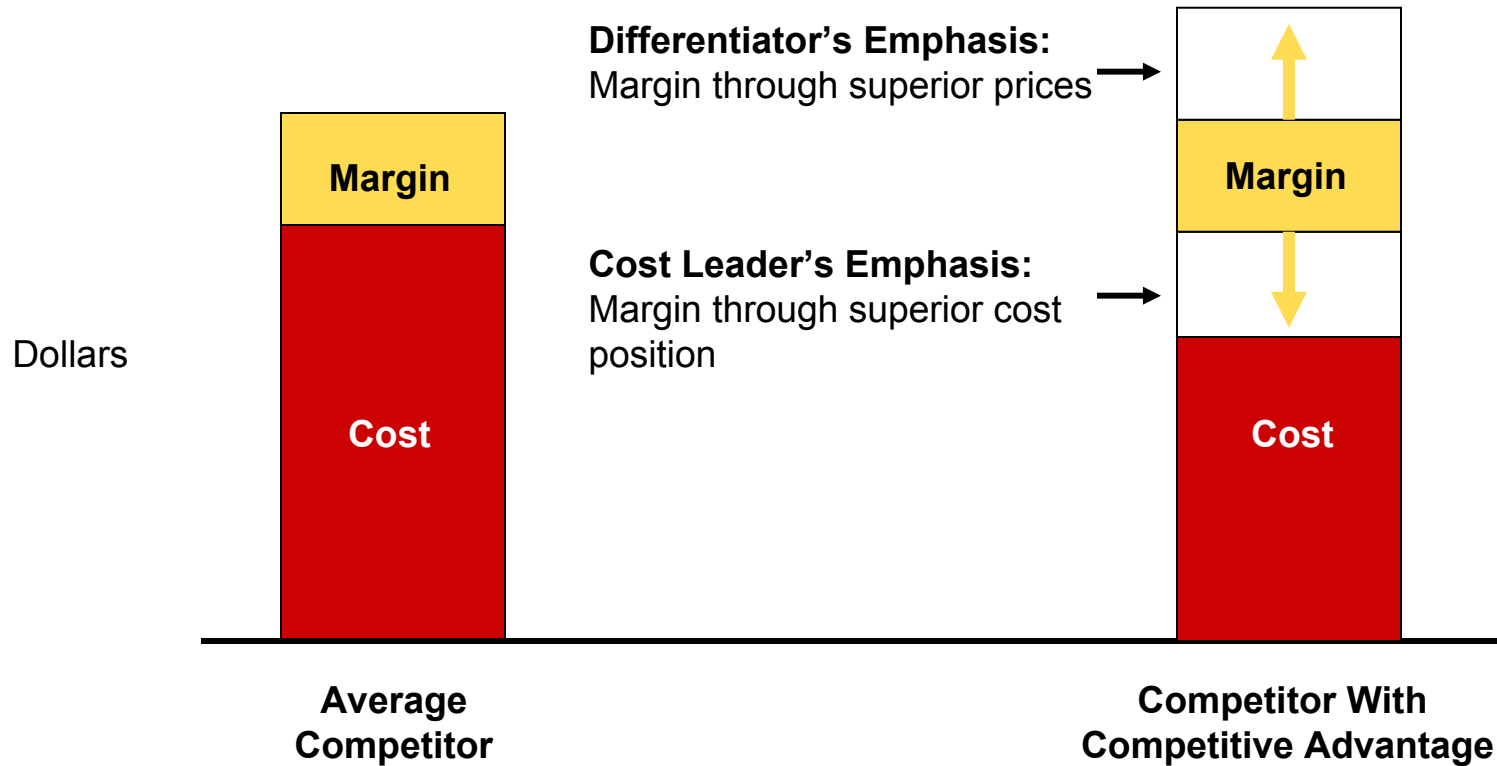
# Why think about clients now?



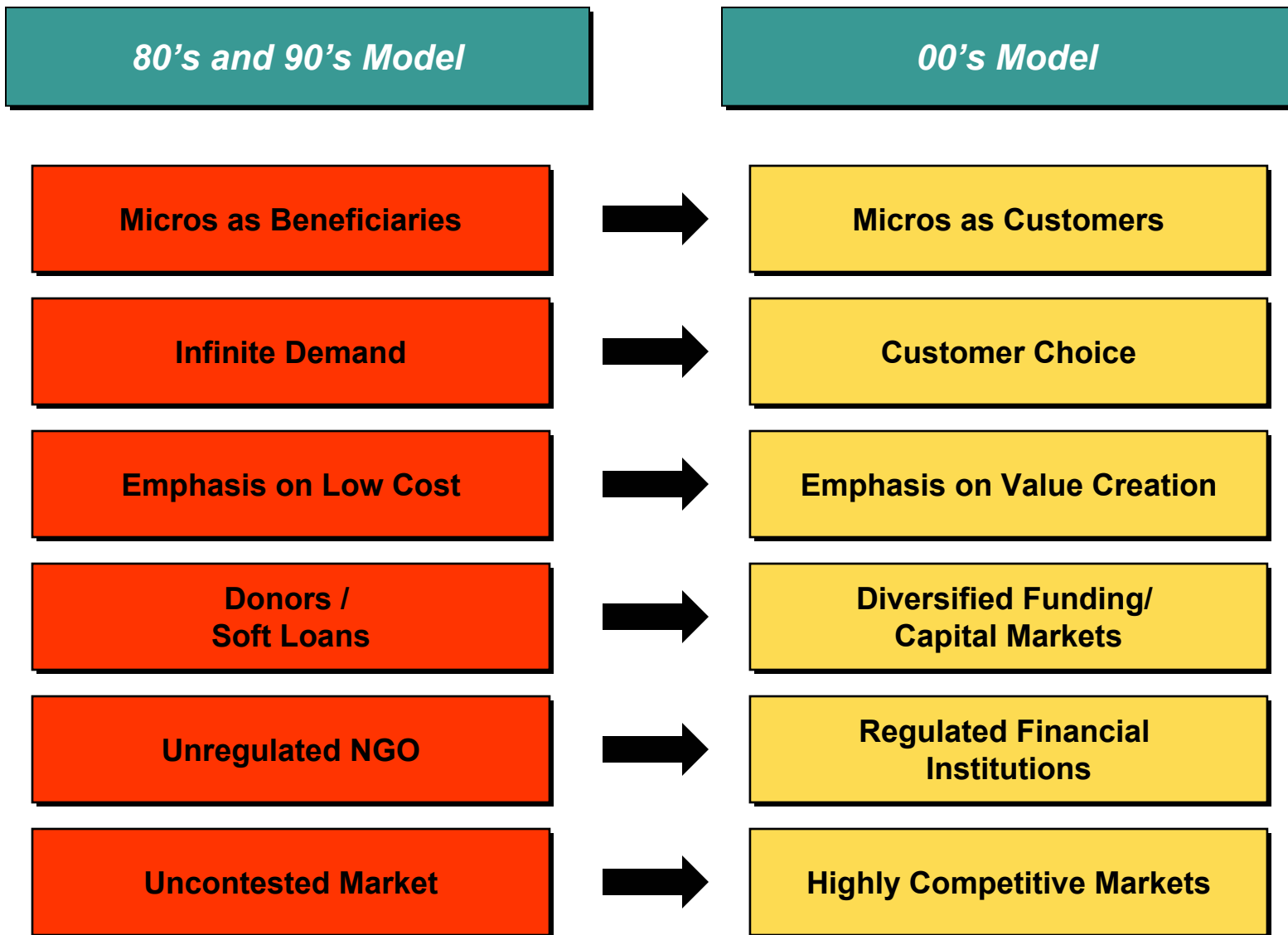
# Competitive Advantage: The Value Equation



# Competitive Strategy: Two Types of Competitive Advantage



# Why think about clients now?



# Client research is an integral part of defining what the strategic position of an MFI should be.....

WWB  
Strategic  
Positioning  
Project  
Activities:

Examples of  
What MFI  
Learns More  
About:

**Analyze  
the Micro-  
finance Sector  
and MFI  
Competitors**

- How is the microfinance industry in country of operation changing?
- How big is the potential market?
- How saturated is it?
- Who participates in the industry?
- Who are the most important formal and informal competitors?
- What kinds of products and services do they provide?
- What can the MFI learn from them?



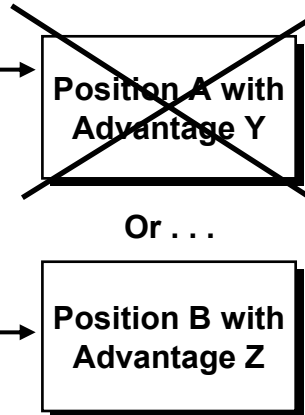
**Understand the  
Clients**

- What do their clients like and dislike about their loan product and service delivery system?
- How well do they measure up against competitors in meeting client needs?
- What else do their clients need?



**Analyze MFI  
Capabilities**

- What is the MFI best at as an organization (core competencies)?
- What capabilities do they need to reach and serve their clients?
- How do their costs stack up against competitors?



# **Faster turnaround time**

## **Lower requirements**

- **Co-guarantors**
- **Collateral**
- **Property titles**

```
graph LR; A([Group Lending Requirements]) --> B([Group Guarantee]); A --> C([Compulsory Savings]); A --> D([Group Meetings]);
```

**Group Lending Requirements**

**Group Guarantee**

**Compulsory Savings**

**Group Meetings**



More

Cheaper

Match Needs

# Customer Service



# Russian Women's Finance Network: Preferred Customers

Фонд поддержки малого предпринимательства



"Женская инициатива"

**BUSINESS CARD**

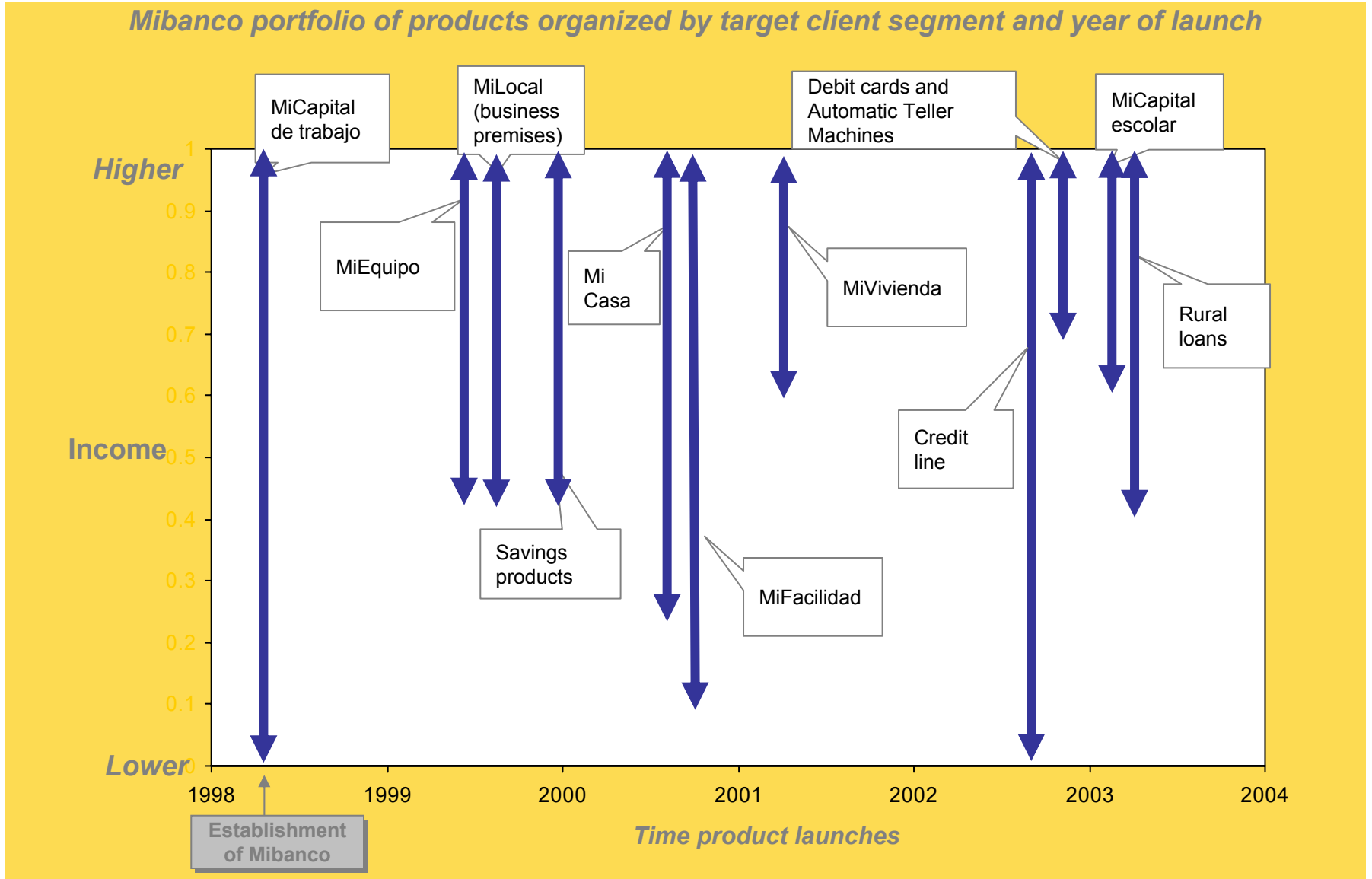
- **Express займы**
- **Льготные % ставки**
- **Бесплатные юридические консультации**
- **Льготное страхование**

# Nine Ways To Build Demand

<p><b><i>New Customers</i></b></p>	<p>Sell our existing products to new types of customers</p>	<p>Offer and sell modified products to new types of customers</p> <p><b><i>New Segments</i></b></p>	<p>Design new products to sell to new customers</p>
	<p>Enter and sell existing products in new geographies</p>	<p>Enter and sell existing products in new geographies</p> <p><b><i>Geographic Expansion</i></b></p>	<p>Design new products for prospects in new geographic areas</p>
	<p>Sell more of existing products to existing types of customers</p> <p><b><i>Market Penetration</i></b></p>	<p>Modify current products and sell more of them to existing customers</p> <p><b><i>Product Modification</i></b></p>	<p>Design new products that will appeal to existing customers</p> <p><b><i>New Product Development</i></b></p>
	<p><b><i>Existing Products</i></b></p>	<p><b><i>Modified Products</i></b></p>	<p><b><i>New Products</i></b></p>

# Formulation of the strategy: Mibanco, Peru

## Portfolio of services: target client segments



# Product Diversification: Risks and Rewards

## Risks

- **Customer confusion**
- **Cannibalization**
- **Increasing costs**
- **Opening yourself up to a new class of competitors**
- **Over indebting your customers**
- **Organizational change issues**

## Rewards

- **Retaining existing customers**
- **Attracting new customers**
- **Increasing 'share of pocket'**
- **Building competitive advantage**

## Product portfolio of Mibanco, Peru (I)

	Product	Description
Debt products	Micapital	<ul style="list-style-type: none"> <li>Working capital loan</li> </ul>
	Milocal	<ul style="list-style-type: none"> <li>Loan to purchase or upgrade business premises</li> </ul>
	Miequipo	<ul style="list-style-type: none"> <li>Loan to purchase equipment or machinery</li> </ul>
	Mifacilidad	<ul style="list-style-type: none"> <li>Financing of unexpected family or business financial needs (illness of a relative, new business opportunity,..)</li> </ul>
	Mivivienda	<ul style="list-style-type: none"> <li>Loan to acquire a house</li> </ul>
	Mimercado	<ul style="list-style-type: none"> <li>Loan to finance a shop in a public marketplace</li> </ul>
	Micapital escolar	<ul style="list-style-type: none"> <li>Loan to finance working capital for education industry microentrepreneurs and also to finance studies of their children</li> </ul>
	Micasa	<ul style="list-style-type: none"> <li>Loan to finance home improvement activities</li> </ul>
	Rural loan	<ul style="list-style-type: none"> <li>Loan to finance rural activities (loan in development)</li> </ul>
	Line of credit	<ul style="list-style-type: none"> <li>Automatic revolving loan for the best clients, it is based on the utilization of Credit Scoring technologies.</li> </ul>

## Product portfolio of Mibanco, Peru (II)

	Product	Description
Savings products	• Mirenta	• Time savings account
	• Miahorro	• Savings account
	• Mi junta de ahorro	• Savings account for associations and clubs (they save for a specific purpose)
	• Mi ganancia	• Time savings account (client sets up the time)

Other services	• Mi cajero	• Mibanco has a network of Automatic Teller Machines
	• Debit credit cards	• Debit credit cards (only for preferential clients)
	• Mi giro	• Money wiring
	• Mi cambio	• Foreign currency exchange