



Awards Ceremony

University Meets Microfinance (UMM)

European Microfinance Week, 2014

In order to foster research activities and contribute to microfinance innovation and education for development, each year UMM rewards outstanding students' research related to financial inclusion topics. We are very happy to present the 2014 UMM Awards program winners and their main research findings.

A Modified Household Economic Portfolio Model for Assessing Impact of Microfinance Using Diaries

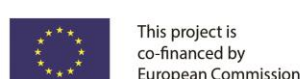
Hayyan Alia, PhD candidate, Economic Strategy Research Center (CRESE) at the University of Franche-Comté and Burgundy School of Business

The lack of proof of microfinance impact is considered to be one of the reasons why microfinance is losing ground (CSFI, 2012). As microfinance is perceived to be a major development tool, it is important that microfinance institutions (MFIs) find a way to simplify impact assessment. Impact evaluation studies help for discovering client needs which are diverse, special, and different from the needs of the conventional bankable clients. Thus, such area of market research is becoming essential for MFIs for designing better client-centered products. Appropriately designed products would allow MFI to have competitive advantages without harming the poor.



This paper discusses the impact evaluation model of Chen and Dunn (1996) "the household economic portfolio (HEP)" model, a comprehensive model that overcomes the obstacle of fungibility of money. The model, however, is criticized for its high complexity. To overcome this, we propose a modified version (M-HEP), a simplified framework for non-experimental evaluation of impact with clear assessment units and efficient measurement tools. In the proposed model, the collection of simple self-reported information on the daily use of time and money is suggested for redrawing a complete economic portfolio of the poor household. We test our proposal with a case study from Cairo.

The potential outcomes from implementing the M-HEP can benefit both the practitioners and the clients, in addition to the donors and socially responsible investors to understand and appreciate the process of creating impact.



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Do agent-assisted banking beyond branches channels decrease costs in downscaling? A qualitative and quantitative review.

Eike Haas, Master from Witten/ Herdecke University

In our world, 2.5 billion adults do not have a bank account. Financial diaries reveal that these *unbanked* accumulate small, frequent *lump sums* and do numerous transactions to bridge periods of irregular income in their households. However, the *unbanked* fall back on informal devices. These are less safe and more expensive than commercial banking services. The main reason that prevents a commercial bank from serving the *unbanked* is high proportional costs from installing and operating traditional distribution channels for *lump sum* savings and transactions accounts.



The research paper analyzes and quantifies costs of mobile- and agent banking channels, also called *branchless banking*, and compares them to the costs of traditional distribution channels. A comprehensive literature review and cases from Mexico, Columbia, and Brazil serve as database. Moreover, the paper develops a definition of *branchless banking* and its distinctive attributes. Likewise, the process of banks reaching out to the *unbanked* is defined; the two research fields are linked and investigated from a banking perspective. This addresses gaps in the existing literature. Findings suggest that *branchless banking* channels may decrease costs down to 5 percent of traditional channel costs. The essential structural change is the maximized proportion of variable costs that depends on realized transactions, what matches revenue flows of the commercial bank and minimizes economic risk. Investment costs decrease, as existing infrastructure is enhanced rather than new infrastructure established. Given that this infrastructure is shared with private and operations of other businesses, also operating costs decrease for the bank.

About UMM

University Meets Microfinance (UMM) is a European initiative which fosters the cooperation between universities, students in Europe and microfinance practitioners to contribute to microfinance innovation and education for development. UMM is active in domains as microfinance education, microfinance research, information capitalization, professional exchange & dissemination of information. All UMM activities are carried out under the umbrella of the European Microfinance Platform (e-MFP) in the frame of the e-MFP Action Group “UMM”.

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