



SIDBI NATIONAL Microfinance Congress 2019

Vision of Microfinance in India

November 26-27, 2019

Hotel Trident, Nariman Point, Mumbai

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Background

Indian Microfinance sector plays an instrumental role in providing credit to the low-income households paving the way for their employment, economic development and overall empowerment. SIDBI's engagement with the Microfinance sector extends from, financial support, to the larger vision of building capacities and capital base of the MFIs. The association of SIDBI has supported the maturing of some of the partner MFIs into new age SFBs/ Universal Bank. The Bank continues to explore the market making opportunities, so as to contribute to building a robust Microfinance sector. The latest intervention is addressing the issue beyond access to credit i.e. credit to micro borrowers at rates below the market rates. This is being done by way of channelizing low-cost funds from SIDBI to the end beneficiaries through partnership models and exploring raising of funds for the purpose through Social Impact Bonds.



YoY MFI gross loan portfolio growth

Currently, the Microfinance sector is undergoing multitude of changes amidst the aggressive push for micro-lending by the banks, a constantly evolving regulatory landscape and high macroeconomic dependency. The sector is expected to widen the horizon beyond micro credit to transform the livelihoods of the borrowers.

With this backdrop, SIDBI organized the 1st SIDBI National Microfinance Congress in 2018, focused on the challenges encountered in Mass Market Banking, which witnessed discussions among renowned dignitaries across the Indian Microfinance landscape.



Total number of MFI accounts in Mar'19



Taking forward the initiative, SIDBI is organizing the 2nd National Microfinance Congress 2019 to envisage the Vision of the Microfinance Sector in India. The Congress is expected to be attended by around 250-300 participants from MFIs, SFBs, Banks, RBI, Ministry of MSME and DFS (GoI), including Microfinance Practitioners, Academicians, International Experts, etc.



OBJECTIVE

SIDBI National Microfinance Congress 2019

The primary objective of the Congress is to deliberate on the Vision of Microfinance in India and means to achieve the same in the backdrop of an evolving regulatory, political and economic landscape. Formulation of the vision will entail analyzing the emerging industry challenges and suggesting policy recommendations for a sustainable growth path.

Key deliberation points will include:

Emerging concerns / issues faced due to the major changes in the sector in recent years

01

Strategic drivers, trends and possible solutions for stimulating industry growth

02

Innovative, futuristic and high-impact business models being adopted across the sector

03

Opportunity areas of policy intervention and technological transformation in the industry

04

Brainstorming sessions would be concluded by recommendations on a vision statement aimed at defining a clear plan of action for the industry which is expected to benefit all sector players including Small Finance Banks, Microfinance Institutions, and Banks etc.

2018 HIGHLIGHTS

Special Address Shri Rajiv Kumar, IAS, Secretary (FS), DFS, Govt. of India

Sessions :

- ★ Adjusting to the New Normal: Lessons learnt from demonetization
- ★ Future of Pure Play MFIs in India and Sustainability Challenges
- ★ Digital Vision for Mass Market Banking
- ★ Challenges for going beyond Microfinance and Serving Missing Middle Segment

15+

CXOs as speakers and panelists

~300

Industry stalwarts as participants

SESSIONS:

Besides inaugural and valedictory sessions, the Congress will have six technical sessions and three interactive sessions with each having a lead presenter on identified themes. The panelists are eminent experts representing the sector. Themes identified for discussion follows:

TECHNICAL SESSION 1

Affordable borrowing for one and all: Easy Access to Microcredit

Unavailability of adequate debt and equity capital has significantly increased the cost of funding for smaller industry players and consequently the borrowing rates for their customers. Without a steady income, borrowers face challenges in repayment of the high interest loans, leading to a cycle of indebtedness that affects the overall growth of microcredit driving players towards newer business models and securitization of portfolio to hedge the risk and capital constraints.

This session would deliberate on the need for affordable borrowing, paradigm shifts in business and operating models along with a roadmap for industry players to manage the transformation.

Reaching the doorstep of every unbanked customer: Financial Services for all

Microfinance sector today has a circumscribed reach. In order to reach unbanked customers across geographies with minimal operational cost, the sector is looking to leverage government & public sector infrastructure, focus on cross-sell - upsell opportunities, develop new products and explore data excellence for better customer profiling, credit assessment and servicing.

This session would deliberate on building a customer centric Microfinance ecosystem through higher penetration. Discussions would revolve around diverse means of increasing financial inclusion and forging new partnerships for higher reach across the unbanked.

TECHNICAL SESSION 2

INTERACTIVE SESSIONS

Learning from global Microfinance Experience

Three interactive sessions will have International Microfinance Experts sharing their experience and ideas on developmental aspects of Microfinance. The interactions will provide a canvas for discussion on the growth of global Microfinance industry and innovations enabling the worldwide sector growth.

TECHNICAL SESSION 3

Road ahead for Digital Microfinance

With the evolving mobility landscape and growth of online lending platforms, technology has touched all aspects of customers' lives. Considering the competitive Microfinance industry, institutions can capture higher mindshare only by blending customer centricity and technology. With this consideration, financial institutions today are focusing on technology interventions to build customer relationships and achieve operational excellence through in-house or outsourced capabilities.

The panel would deliberate on possible means to use technology as an enabler with focus on fintech partnerships to improve efficiency and offer better customer service. Discussion would also focus on the need of financial institutions to provide financial literacy to unbanked customers and advisory services to micro-enterprises for increasing technology adoption.

TECHNICAL SESSION 4

Women empowerment through Microfinance: a synchronized growth

The focus is on empowering women to create a viable business setup, and initiatives like Poorest States Inclusive Growth Program (PSIG) will play a significant role in establishing a strong network of women entrepreneurs through trainings and educational sessions.

This session would deliberate on means to enable the women entrepreneurs to drive the development of the Microfinance industry. Discussions will also focus on assistance for sustainable business models and upskilling of women to drive the economy of the next decade.

TECHNICAL SESSION 5

Mobilizing the entrepreneurial landscape

Growth of the Indian entrepreneurial landscape is hindered by a lack of financial and market access for livelihoods and the absence of an entrepreneurial support ecosystem, especially for women. While Microfinance institutions have made strong efforts to develop a robust rural economy, however the borrowers have not been enabled to utilize the credit to grow and sustain their income.

This session would deliberate on the possibility of effective intervention through the establishment of a PSIG program that promotes entrepreneurship and women livelihoods, improves financial access and maintains inclusive growth. Discussions would focus on initiatives to create an entrepreneurship conducive ecosystem and extend handholding support to livelihoods.

TECHNICAL SESSION 6

Emerging risks in Microfinance sector in India

The Microfinance segment presents a new set of risks for the financial services sector, which need to be considered for streamlined growth. Vulnerability of the sector to external interferences, regulatory changes, event risks, and income inconsistencies of the borrowers has led to challenges for the sector players.

Extensive use of technology has also given rise to operational risks, specifically around client data protection and centralized database creation. Despite a plethora of Microcredit business models, the focus continues to remain on industry sustainability, better regulatory framework and issues of corporate governance with growing risk of over leveraging.

The panel will discuss on developing a risk and regulatory roadmap to help Microfinance sector assess its risk management capabilities and build a robust risk-based framework for future.



Small Industries Development Bank of India
15, Ashok Marg, Lucknow- 226001
sidbimfcongress.2019@sidbi.in

