

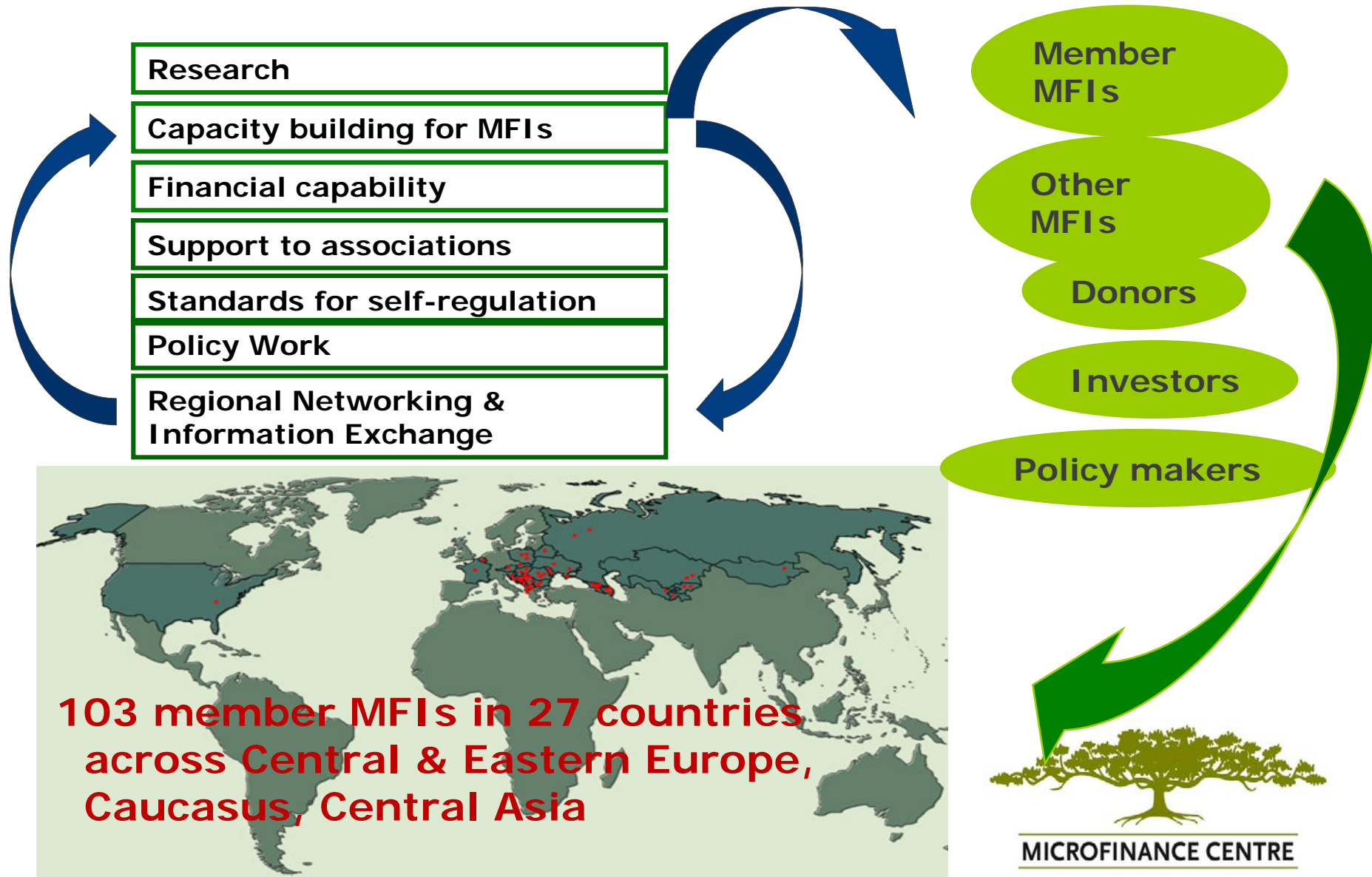


# Snapshot of the EU microfinance scene: status quo & support needs

**Grzegorz Galusek**

**Microfinance Centre (MFC)**

# *MFC: 19 years in support of financial, economic and social inclusion*



## ***EU microfinance: variety of approaches, operational models and target groups***

Support for **existing micro-enterprises and SMEs** (Vitas Romania, Finvera Finland, Fundusz Mikro Poland, PerMicro Italy, MicroBank Spain, Credal, Belgium)

Financing **social businesses** (*UnLtd, UK. TISE Poland*)

Focus on **youth** in response to high unemployment (*BFS UK, ADIE France*)

Focus on **agriculture** and **rural entrepreneurship** (Poland, Romania)

Products for **start-ups** (*Qredits, Holland; MicroStart, Belgium*)

## ***EU microfinance: variety of approaches, operational models and target groups***

Grass-root **self-help groups** in Spain and Italy (*ACAF*) collecting savings and providing loans to members

Financial cooperatives (majority of the EU countries)

Grass-root **credit unions** in Germany and Holland (*Berlin Credit Union*)

**Leasing products** (*ADIE, France*)

**Focus on minorities** (products for Roma communities in Hungary: *Autonomia Foundation*)

## ***Unique sector characteristics:***

- Majority of EU MFIs have a strong social focus
- Most MFIs seek operational sustainability .... The balancing act is difficult
- Many combine financial and non-financial support

## **EMN research (2013, data from 122 EU MFIs)**

- 1.5 billion Euro disbursed in 2013 (+50% growth compared to 2011)
- 500,000 active clients (mostly borrowers)

## ***Lessons learnt and sector needs***

- Need to separate ***finance for inclusion*** from ***finance for enterprise development*** (the very poor are best served by simple grants, not loans);
- Simple, consumption credit needs, should be served by low cost, non-profit, community-owned institutions such as financial cooperatives;
- Oversupply of microcredit coinciding with focus on simple microenterprises leads to problems; e.g. over indebtedness.

## ***Lessons learnt and sector needs***

- Policy oriented towards higher employment should focus more on enterprises with growth potential, such a policy should take into account country specificities.
- Focus on existing micro-enterprises enabled development of sustainable business models, as in Eastern Europe.
- Subsidies may also be required for the provision of non-financial services.
- Research needed to better understand self-employment, demand limitation and enterprise exit issues.



**Thank you**

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