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"Best practice exchange on microfinance for migrants in the EU"

Fondo Europeo per l'Integrazione di Cittadini di Paesi Terzi - Azione 8 / 2012 PROG- 104592

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Best Practices Exchange on microfinance for migrants in the EU: Final Results

June 30, 2014



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Table of contents

Best Practices Exchange on microfinance for migrants in the EU: Final Results.....	1
Summary.....	3
Introduction.....	5
Category 1 - Products and Services	5
Category 2 - Innovation and Research.....	12
Category 3 - Accurate and effective selection of applicants and sustainability	13
Category 4 - Follow-up actions	16
Category 5 - Partnerships	17
Annex 1: Graphs	20
Annex 2: Respondents' profile	22



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Summary

This type of analysis, has the primary goal of identifying the trend of good practices of financial inclusion that we recognise at a European level. It has mainly involved probing the trend by looking at overall category results and individual indicators from the results of the administered questionnaire.

We highlight good practices in the careful selection of the applicant, including migrants themselves, in taking the right time to identify suitable people, reducing informational asymmetry with the applicant, but equally without inefficiencies in management of long time periods. This is facilitated by the knowledge of the person made possible by training courses preparatory to the granting of the loan and proposed by the financial institution (either directly or through the training company).

In addition, the use of effective criteria in the selection, including a request for a personal guarantor and the use of part of their funds (even if they are very low amounts, they can demonstrate real interest in carrying out the personal or business project). Less frequent is the analysis of the family and housing situation, in order to determine the ability to repay.

There is a good level of service for financial education (through group activities, learning by doing, and by sharing, and lectures on economic and financial aspects) which could help the migrant make conscious financial choices. In the context of assisting migrants with services that are not strictly financial, we highlight the ability to transpose the needs and social, linguistic, or legal difficulties, providing a suitable offer either internally, or through external resources (via migrants' associations, cultural mediators, volunteers etc.) While it is common to observe the distribution of informational material in many languages and the availability of volunteers within financial institutions is marked, including professionals who make themselves available to help migrants with continued tutoring as real "mentors", there is a contrasting lack of long-term structural collaboration with migrant associations. The link with the reference network was established primarily as a rapid response to temporary difficulties encountered.

There is also the ability of financial institutions to understand how economic difficulties can hamper the migrant in the implementation of their business ideas, offering free services, asking for personal guarantors to grant loans, instead of collateral.

Concrete support to cope with administrative, legal, and bureaucratic difficulties that enable migrants to "access the context", to get it right, is underdeveloped. Also in terms of being able to manage deadlines within their own projects and know whom to contact (which offices) to ask for help and complete administrative tasks.

This can be an obstacle in the implementation of their entrepreneurial or personal ideas, or at least failing to realise their full potential in terms of cultural heritage and experiences that migrants possess, together with strong motivation to find independence.



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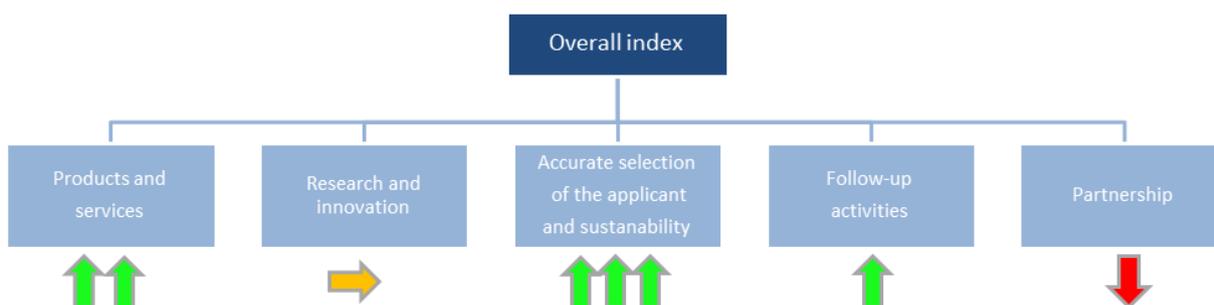
The indicator that captures this phenomenon worsens if we consider a sub-sample of institutions that have fewer than 12% of migrants among their clients. In general there is a difference in the results of the indicators, and therefore in the categories of those who have a portfolio of a good number of migrants, and those who report a low to medium level of migrants among their customers.

The advancement of best practices still leaves room for improvement in measures designed to stimulate innovation processes, especially with regard to changes to the offer made to migrants, and especially in strategic partnerships with countries of origin of migrants, exploiting the potential of money transfers.

Among those who claim to engage in study and research, it is interesting to note the wide variance, from individuals, up to dedicated research centres.

Although partnership activities are still weak, from the perspective of new interventions and future collaborations, in each case there is an interest in joint partnerships aimed at issues of strategic co-development.

Finally, we observe that the use of partnerships increases with the size of the financial institution's product portfolio. This shows that the partnership doesn't so much fit into a compensation supply offering logic, but is configured with the intention of achieving more customer segments that would otherwise remain unserved, rather than receiving an incomplete service.





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Introduction

In the previous report, we identified, discussed and validated best practices for financial inclusion of migrants between the various European financial institutions. The purpose of this section is to see how these behaviours are applied in the sample¹ under scrutiny.

We will talk more on indicators, categories and subcategories that have proved less performant than the others, with a view to providing an analysis aimed primarily at improving these good practices in the future.

The indicators have been properly calibrated so that the pass mark is always equivalent to a minimum score of at least **51 points out of 100** (where 100 is the maximum identified). For pass mark, we mean a behaviour that, while presenting ample room for improvement, nevertheless provides a minimum service that can be used by an individual migrant.

We will study the individual categories, including looking at the combined trends of several categories in combination, the individual sub-categories, and individual indicators.

The analysis, in some cases of individual study, of the migrant offerings strategy, carried out by some institutions to give a concrete response to identified needs, will finally allow us to find some helpful tips to follow.

Category 1 - Products and Services

The analysis of the results of the first category, the most complex of all the categories identified, comprises the necessary prerequisites for general assessment of good practices of financial inclusion of migrants, as they have been studied, organised into macro-classes.

As previously stated, the good practices of the other four categories, while capturing different aspects of each other, are closely related to the first category. This represents the starting point to get into the specifics of the steps and processes that accompany the offer of products and services.

The Category 1 results will be analysed and discussed under the different aspects of interest in our analysis: the role specific products for migrants can play, and on the other hand, which products and services—while not necessarily and directly targeted at migrants—show consistency with the actual needs and demands of migrants.

Let us begin by looking at the average results of individual sub-categories that make up Category 1.

¹ See Annex 2.



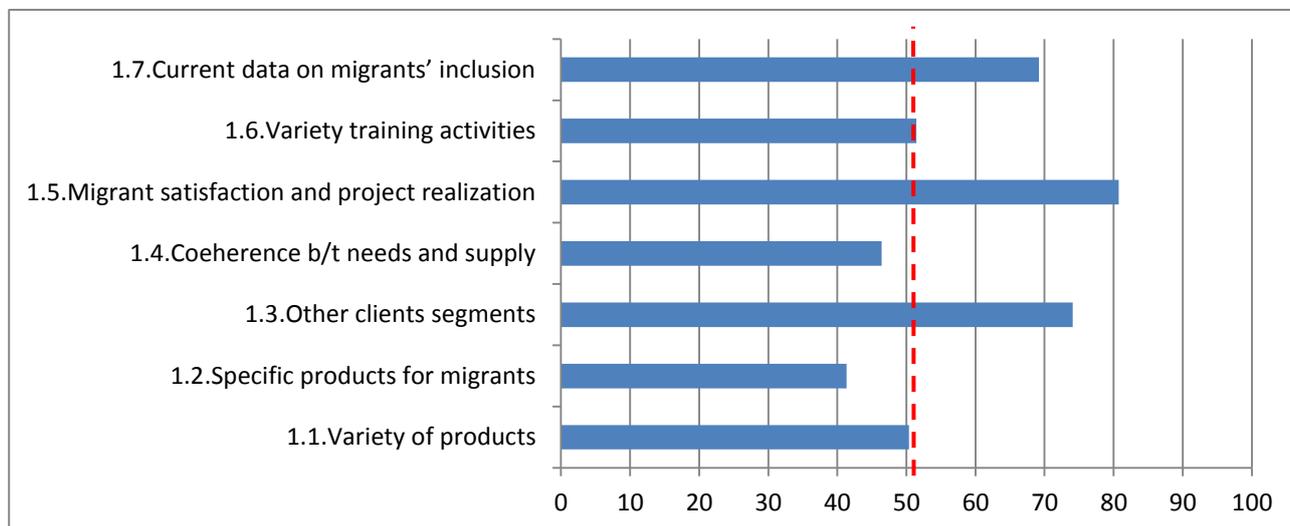
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Figure 1 - Average results, sub-categories 1



We identify three subcategories: 1.1., 1.2., and 1.4. These have an average value below the "pass" threshold, which is set at 51.

The score obtained in the sub-category 1.1. The types of institutions surveyed primarily influence "**Variety and accessibility of products and services generically offered to customers**". Micro-finance institutions offer non-financial services mainly to accompany the loan, while banks, in addition to the same ability to offer support services (activities supporting the enterprise for example, though not very common), also have a wider portfolio of financial products. For example, banks and, to a lesser extent, cooperative societies (especially in the UK), are the only institutions empowered to manage current accounts and savings products, and, therefore, to issue payment instruments such as credit / debit cards and prepaid cards, which are widely used by migrants. In the sample, banks and credit unions represent about 18% of the total amount offered; However, indicator 1.1.1. "Number of financial services" (an indicator that comprises sub-category 1.1.) in addition to measuring the number of products and services offered, includes any partnerships / agreements with banks (for non-banking institutions) to enable offerings, albeit indirect, of a more complete range of products and services related primarily to savings, including those legally precluded by non-banks. Despite this being considered in the evaluation (35% of non-banking institutions report working with a bank), indicator 1.1.1, which has the greatest impact in the marking of the sub-category 1.1., remains low.

Table 1 - Indicator 1.1.1. Number of financial services - entire sample

Variable	Obs.	Mean	Min	Max
Indicator 1.1.1.	40	49.52	0	100



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The bank type applies itself more to responding with the good practice of a variety of products and services. Products and services that can also be customised for a given target market, including migrants; an example is Extrabanca (Italy), or MicroBank (Spain).

By restricting the sample to only banks and credit unions, the value of 1.1.1. turns out to be very high, 80/100, however, the sub-category 1.1. remains almost unchanged. Compared to another type of financial services offerings, there is a fall in non-financial services supporting the company.

Table 2 - Indicator 1.1.1. Number of financial services - banks and credit unions only

Variable	Obs.	Mean	Min	Max
Indicator 1.1.1.	7 (sub-sample)	80	80	80

Table 3 – Cat. 1.1. Variety and availability of products and services generally offered to customers – banks only

Variable	Obs.	Mean	Min	Max
Cat. 1.1.	7 (sub-sample)	60.05	48	80.58

Of note is the experience of Caixa-Bank which, while not directly providing support services to the company in the process of granting credit, relies on its own specialist centres that fill in a gap in the bank's offerings (there are over a hundred "Centro de Empresas" in Spain, distributed with a good capillarity over Spanish territory, and aimed primarily at small and medium enterprises). It is therefore a partial outsourcing of a banking service that is not otherwise guaranteed.

For results of the category 1.1. we will look at two considerations.

Insofar as one can recognise that structured savings and deposit products can meet the financial needs of a migrant, albeit at an advanced stage of the migration process, it is also important to have a structured money transfer service. This is not a service that is widely offered by micro-finance institutions, nor in the banking sector: only in 10% of cases is there is a Money Transfer service, or at least of strategic partnerships with industry players (MoneyGram, Western Union, and TRANSFAST). This type of service would also function similarly to loans. In fact, it would allow the institution to get to know potential new applicants, **and more easily understand the repayment capacity and trustworthiness by observing the constant sending of payments.** After a period spent in the host country, the migrant will be able to choose whether to return to his country of origin or to stay. If the migrant decides to remain, the link with their country of origin fades over time and, once the family reunites, comes the need to build, settle and integrate into their new host country. From this it stems the need for financing. The repayment of the loan replaces the constant flow of payments via the money transfer service, which the migrant benefited from earlier.

In addition to the support of a money transfer operator, banks can facilitate the sending of money through the use of prepaid and rechargeable cards issued by the bank in Europe, sent and used in the country of



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origin of the migrant's family to receive the transferred money. Alternatively, it is possible to establish agreements with banks / micro-finance institutions across borders (see also the comment to Category 5), allowing foreign transfers on favourable terms (e.g. by focusing on some communities whose countries of origin are not served by Money Transfer operators, increasing competition). All this is offered in conjunction with the support of Internet and mobile banking.

Among the micro-finance services that are being developed in Europe in recent years, we also find that of micro-insurance. In our sample of respondents, slightly more than 10% provide a micro-insurance service. Examples are Adie and Permico, which together their loans, offer this kind of service mainly focused on protection from occupational risks (death, disability / disability and work loss of the insured, and also for damages and damage to property in the enterprise).

The second point of view concerns the risk of "watering down" of the core business as well as drifting from its initial mission. Although the variety of products and services is recognised as a good practice, in other respects, they can lead to a slowdown in the core business. So much so that in many cases, a good partnership basis in order to respond adequately to this question is essential for small financial institutions. On the other hand institutions and banks that operate across national and trans-national levels also aim to achieve a greater share of customers **that otherwise would remain unserved, rather than just getting a half-baked service**. Thus, there is also interest in the development of strategic partnerships.

Precisely for this reason, we observe² that Category 1 - Products and Services, and Category 5 - Partnerships, are positively linked. Increasing the supply of products and services also increases the number of collaborations. This is more than just compensation, as this would result in a negative correlation between the two categories: it is a continuous quest to reach segments of the population who would otherwise be excluded.

Sub-category 1.2. correlates to the best practices of specific products and services for immigrants and returns the lowest value among the seven sub-categories identified. We seek to understand when and how specific products are available for migrants, and when the standard offer is appropriate, to give a concrete answer to the migrant applicant. Through the processing of the questionnaire data we observe:

- 1) A high and positive correlation between sub-categories 1.2. and 1.7: a positive relationship, which we find to be not only reciprocal, through having specific offerings for migrants and their close involvement as recipients;
- 2) A high and positive correlation between specific products and services for migrants and their satisfaction towards the micro-finance institution / bank, captured by the indicator on the active involvement of family and friends and the indicator that measures the request for additional tranches of loans.
- 3) A positive impact on the same micro-finance institution / bank in terms of increased revenues and number of customers by offering a product to specific target customers. 80% of those who claim to have a specific product for migrants have increased the number of clients and have had a positive

² See the scatter plot in Annex 1.



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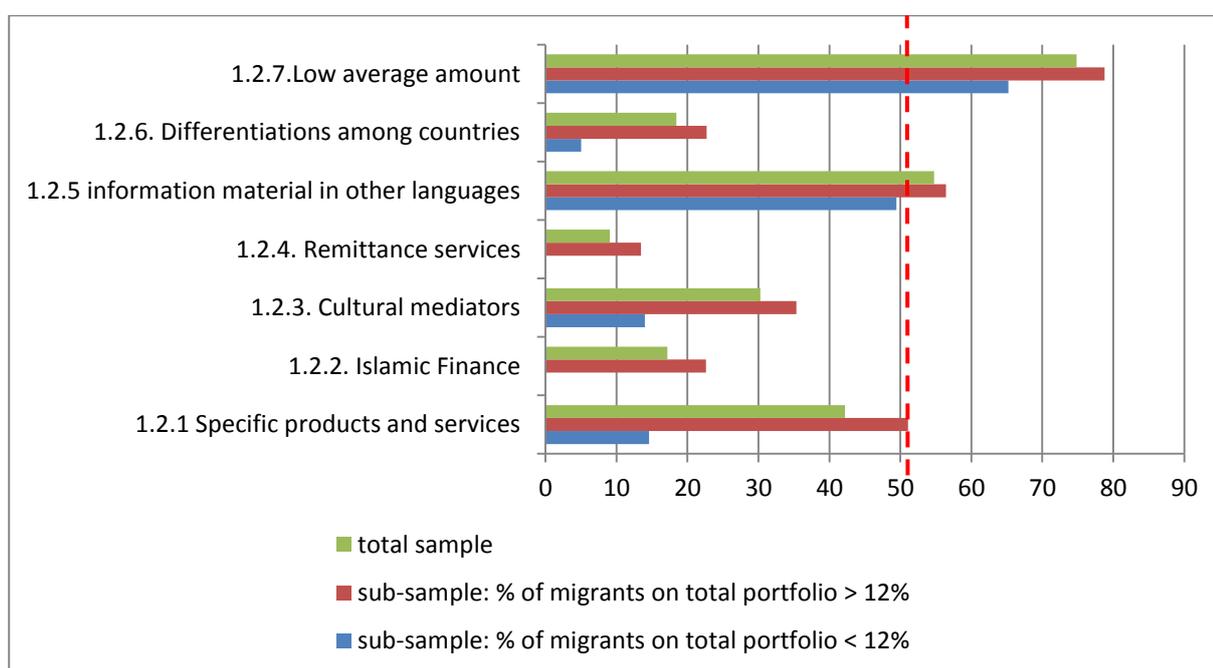
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financial impact. The increase in the number of customers has been over 10% for 60% of them, and the positive financial impact was between 10% and 30%.

With regard to the first point, see in particular the results of some particularly significant indicators of sub-category 1.2. using two sub-samples for comparison: on the one hand, institutions with more than 12% of migrants among its customers, and on the other, the remaining institutions with fewer than 12%.

Figure 2 - Indicators for sub-category 1.2.: Differences in migrant numbers



We confirm that all indicators are higher in the sub-sample with the highest inclusion of migrants. Between the European institutions interviewed, we also see that the remittance service (1.2.4.) and the Islamic finance service (1.2.2.) are completely absent in the sub-sample of the only institutions with fewer than 12% of migrants among their customers, who, on average, have the lowest indicators in the sample.

The low distribution among respondents of agreements with money transfer operators among the services offered, is the reason for indicator 1.2.4.

Also, Islamic finance services are still not widespread among financial institutions³; our conclusion is that it is a type of offer that lends itself primarily to:

- 1) A dedicated financial institution, such as an Islamic bank (able to manage investments that can diversify the risk arising from non-implementation of an interest rate in the granting of loans)
- 2) Forms of self-managed flexibility within a specific community

³ However, the service is not completely absent and is offered, for example, by ADIE.



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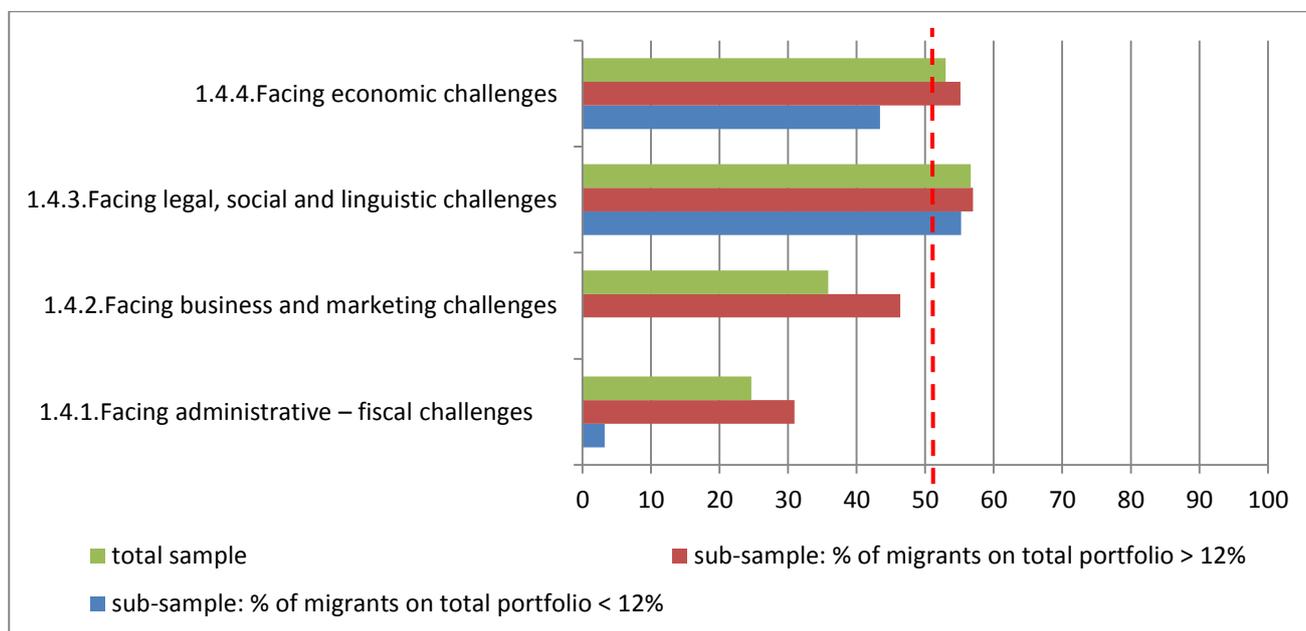
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With regard to point (2), the ACAF methodology, given its nature of self-management and self-financing of groups (including groups of the same community, including religion) can come close to forms of **self-managed Islamic financing** between Muslims, who gather in groups of mutual aid. The shareholders may decide, in the process of formation of the group, not to put an interest rate on the granting of loans, thus the conditions for the development of a service of Islamic-style financing. It is, however, difficult to distinguish Islamic finance from internal agreements with implicit interest rates given by the time difference in granting and receiving the loan within the group (which may be more or less accepted by the Muslim religion).

Using the same two sub-samples, as before, for the indicators of sub-category 1.2., we look at the indicators on the coherence between the main needs / difficulties of the migrant (financial, social, and business management) and the adequate supply, whether targeted specifically at migrants **or, more frequently, a standard offer**. Indicator 1.4.3. shows the minor differences between the two sub-samples identified. Faced with recognition of the needs and difficulties of a social, linguistic, or legal nature, institutions have involved internal or external resources and aid (such as migrant associations, mediators etc.) to provide suitable offerings.

Figure 3 - Indicators for sub-category 1.4.: Differences in migrant numbers



Regarding products for migrants and how they differ from standard products, we highlight some examples of specific offerings or changes in the procedure for granting a loan:

- Interest rates: **no interest rate for provision of Islamic finance**
- Ease of access and guarantees: **possibility of group lending (with a minimum of 4 people)**
- Mentoring services: **assistance service customised for foreign entrepreneurs; support services for migrant organisations in the creation of funds of mutual help among migrants;**



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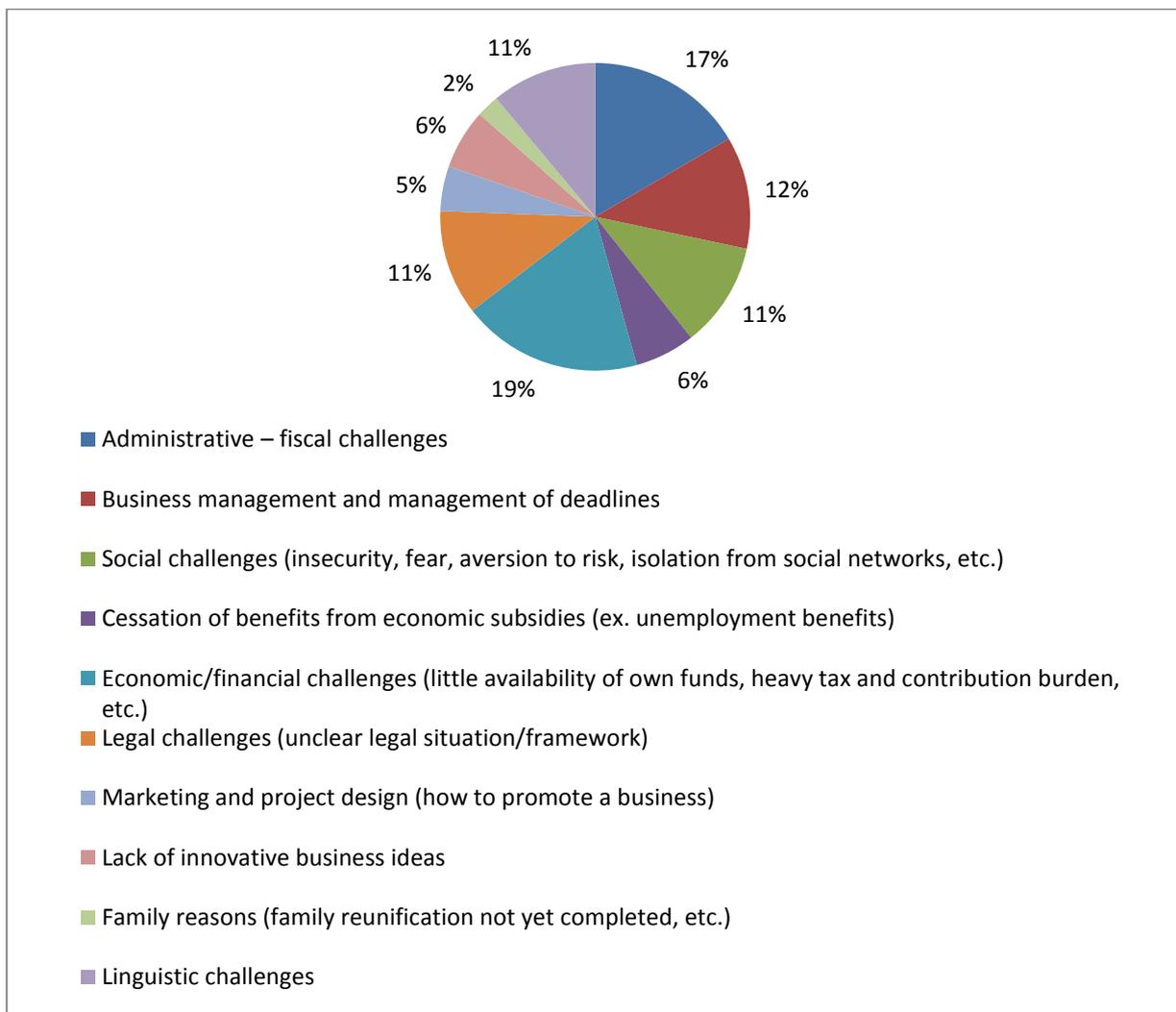
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- Loan amount: **gradual, not high**
- Grace period: **up to 6 months**
- Business consultancy: **on issues related to import-export**
- Method of receiving the applicant: **create a friendly and welcoming ambience** (given that these are people generally excluded or rejected by the formal banking system)

On the other hand, the major difficulties that hinder migrants in their projects are shown in the following figure.

Figure 4 - Greatest difficulties faced by migrants in the implementation of their projects



Added to these are the difficulties in understanding how the activities, regulations and business logic differ from their country of origin, and any limitations imposed by their religion.

We conclude by looking at sub-category 1.6. Interestingly, half of the respondents (20 out of 40) have reported the finance education included in the supplied training.



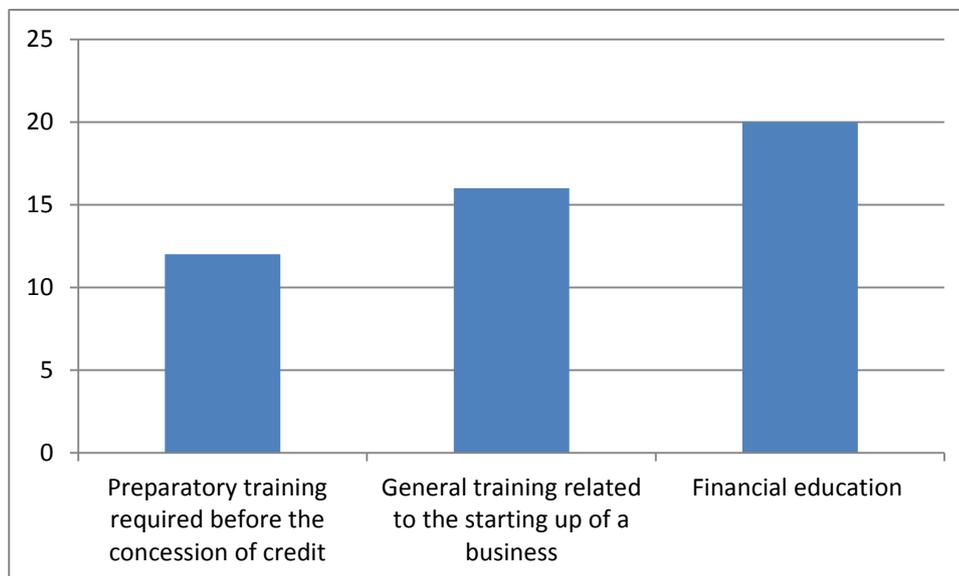
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Figure 5 - Frequency of training types offered



Sub-category 1.6. thus gains further value if we consider that financial education is one of the support services for the loan, fundamental for the migrant. The preparation provided by this service allows them, in fact, to access the "context", to be consciously, responsibly and actively involved in financial choices and their possible evolution over time. The applicant is therefore aware of their options and **this leads to a clear agreement (between those providing the loan and the applicant) on the specifics of the loan.**

Among the types of activities with which the service of financial literacy is offered are: workshops, group work and problem solving (this uses learning by sharing and learning by doing) and lectures on economics and finance.

Finally, we observe that even among financial institutions / banks that do not offer specific services to migrants, the inclusion of same as a percentage of active customers is very high (greater than 20%), the value remains high even in terms of payments to migrants in their gross assets portfolio.

Category 2 - Innovation and Research

The categories of 'weak' best practices in our sample include Category 2 and Category 5. Category 2 is very close to the 'pass' mark, without quite reaching it.

We begin by noting that this category has a very high variance compared with other categories. An analysis of box plots⁴, shows a high dispersion with respect to the median value, with marked downward asymmetry.

⁴ See Box-plot in Annex 1.



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As shown in the section of the report on the allocation of weightings, this is in fact a valuable category of best practices, but one that is difficult to measure.

The large variance within Category 2 is driven by the different approaches to research among the various institutions. It ranges, in fact, from having individual people taking care of research, study, and future planning, who receive tailored training with refresher courses, and participation in workshops, to the support of a complete centre dedicated to such research that is either partially or fully outsourced.

Our first example is Mita Ong, supporting an ongoing internal research activity who, bolstered by her continuous interaction with migrants themselves, has been able to refine and implement a project to train foreign female entrepreneurs in their traditional sectors, enhancing their skills and professional experiences.

The second example is provided by the Centro de Estudios Económicos Tomillo, S.L. (CEET), carrying out research in support of policy actions at a European and international level. For 15 years, this was an internal department at the Tomillo Foundation ('Fondazione Tomillo'), but is today a separate entity, albeit one that still collaborates with the Foundation.

The research depends primarily on the ability to restructure offerings to changing external conditions and the changing needs of applicants. For example, 37% of respondents have a system for evaluating customer satisfaction. 82% perform such evaluations annually, or even more frequently. Regarding the focus of study and research on topics related to offerings for migrants, about 33% of the sample is involved in this type of activity.

Category 3 - Accurate and effective selection of applicants and sustainability

Category 3 gets the highest score among the five categories identified (mean value of 63) with a maximum score of 88 reached among the surveyed institutions. Careful selection and assessment of applicants changes in line with research and maintaining long-term sustainability.

The assessment of Category 3 begins with an analysis of the risk profile of the different types of customers involved. A third of the sample has among its target young people (12 of 40), while almost half of the sample (19 of 40), due to the nature and mission of micro-finance, includes many clients in difficult situations, suffering from social unrest, and with high-risk profiles.



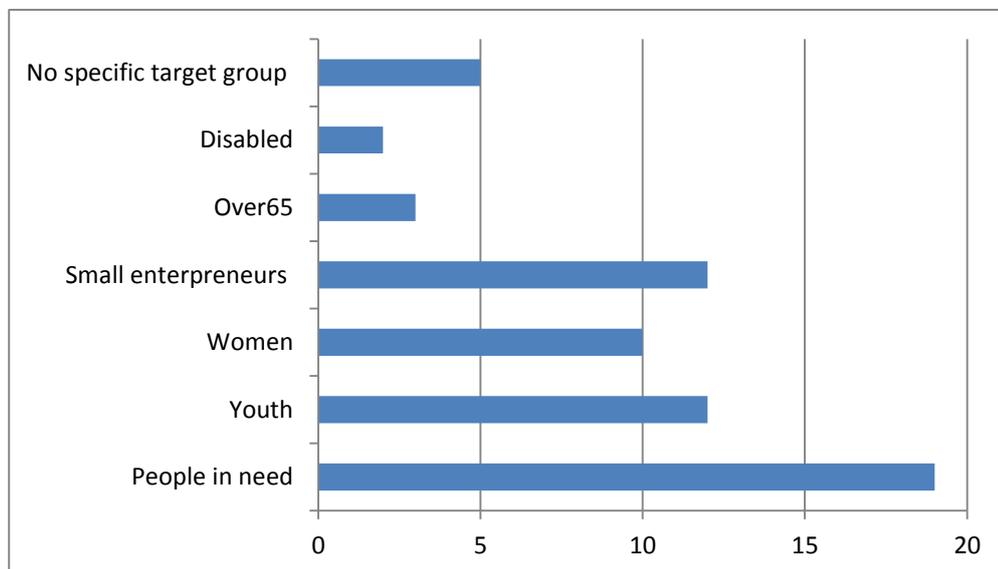
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Figure 6 Other types of target customers⁵



Given the high degree of risk involved in certain categories, we underline the importance of careful selection of best practices in the early stages of understanding the applicant. With this in mind, the results of sub-category 3.1. Contacts with the applicant - respond adequately to cited best practices. We note the **propensity to prefer natural ways of meeting in the preliminary stages of assessing a client** (compared to telephone contacts / email): the value of the indicator is 80/100. This combines with best practice in the timing of the assessment of the applicant (period from first contact with the applicant for the success or failure of the dossier). Almost 80% of respondents also do not take hasty decisions, aiming to minimise information asymmetries with the applicant (especially crucial with migrant customers), but equally, they do not show inefficiency in taking a long time before granting a loan. The training system used internally by the institution constitutes a real opportunity to assess potentially deserving customers (value 72/100, Indicator 3.1.6.).

Among the rating systems of the applicant given in the questionnaire, we find: **scoring and rating systems** (including credit ratings as a function of the soundness of the business proposal); **single or double interview with two different parties at two different levels; support for self-selection mechanisms; group interviews** (for group loans, or individual loans backed by a personal guarantor); **internal questionnaires or tests** (including personal insights on the situation); **review of actual income and expenditure of the applicant**, and overall consistency checks of the data and information provided. Finally, for projects to be financed by bigger loans, **social and environmental assessments, and ethical inquiries**.

⁵ Among small business owners are the social and solidarity economy enterprises, social enterprises, and entrepreneurs in rural areas.



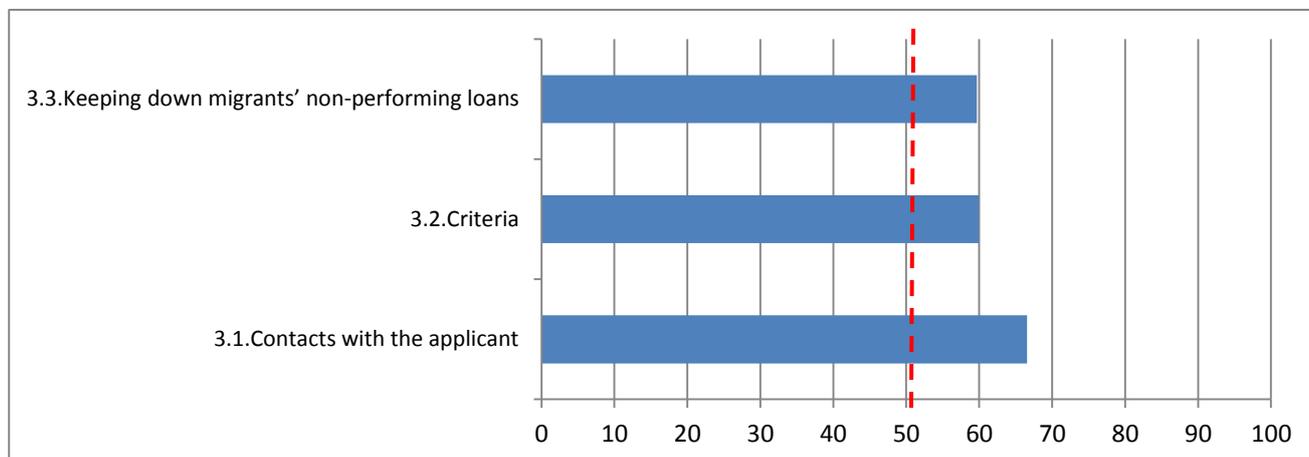
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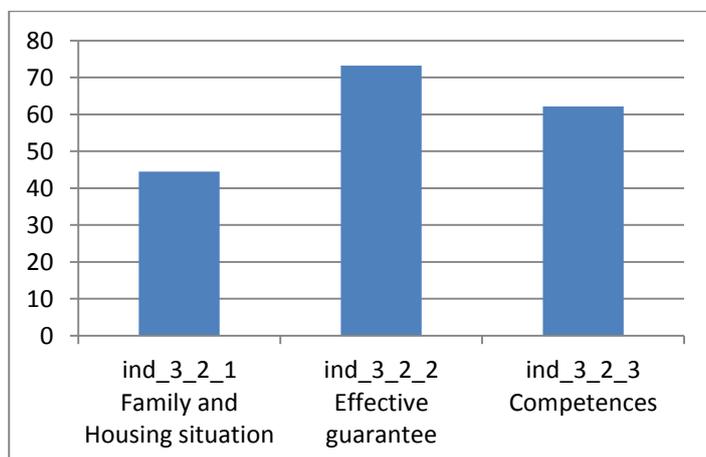
Figure 7 - Average results, sub-categories 3



Regarding the specific approach to immigrants, while there is a particular focus in identifying the needs of the migrant in the meetings preceding the granting of the loan (value 72/100, indicator 3.1.4), there is, on the other hand, a reduced ongoing cooperation with associations of migrants (as it is an "internal" environment that can lead to assessments being not entirely objective) to access information that is often difficult to obtain (value 46/100 Indicator 3.1.5.).

Among the best practices in the use of effective criteria for selecting candidates, the most common are effective safeguards (including regular contracts, a small amount of own funds for investing in the activity, use of the loan for the purchase of a durable asset, having a personal guarantor), followed by an assessment of the competence on the basis of consistency with previous work and professional training / training courses, in the case of business start-ups. There is little interest in looking into the housing and family situation, both from the point of view of personal choices in terms of future prospects (e.g. staying in the host country, or returning to their country of origin; trying to understand the times), both with regards to actual repayment ability, with an analysis on the family budget.

Figure 8 - Outcome indicators sub-category 3.2. Effective criteria





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Among the effective safeguards provided for in the grant of the loan (indicator 3.2.2.), we highlight that 60% of respondents require a personal guarantor.

Among other criteria that respondents adopt (which are not directly related between our identified best practices), and who stated in the questionnaire, we move from simple non-bankable status, to **finding of an average annual income is below a certain threshold**, to which a positive assessment is associated, with a **proactive attitude of the applicant**, to the need to **be a member in the case of loan / mutual aid groups** to the verification of financial behaviour with a **statement** to hand.

Category 4 - Follow-up actions

Category 4—presence of methods for monitoring and intervention subsequent to the granting of the loan—shows the average of the five categories of best practices analysed. Looking at the distribution of the category in the sample, 36% of the sample exceeds a level of best practice of 70/100.

In principle, this involves periodic visits after the granting of the loan, in only 27% of cases, the frequency of these meetings is from one to three times a month; in the remaining 73% of the cases, the frequency is more than once a month.

While it is rarely required by financial institutions for their customers to set aside a small part of the loan as a "cushion" against the unexpected (value 19/100); on the other hand, the indicator 4.2.1. on intervention in terms of consultation and tools for achieving the goals compensates for this lack with a value of 75/100.

The support activities include the active mobilisation of volunteers within. An example of involvement is Microstart, which has managed to organise an active volunteer network within its own staff.

One of the priorities for Microstart is to ensure follow-up (with an appropriate programme) in order to facilitate the achievement of the objectives, by providing tools and customised support according to the critical issues found during the start-up of the self-employment activity. This relies upon the collaboration of volunteers for all those non-financial services to support the micro-enterprise; it also aims to establish a relationship of trust and dialogue with the beneficiaries. Among the volunteers (both men and women aged between 27 and 77 years old) there are professionals with different specialties, who place their expertise at the disposal of the new micro-entrepreneurs. The contribution of external volunteers therefore varies between the different support contexts,

In addition to the example of Microstart, the sample also shows a high incidence of a voluntary contribution for the provision of non-financial services to support the enterprise. By way of example, the contribution of volunteers for the service of "legal advice" exceeds 40% over the various offerings (see Figure 12).



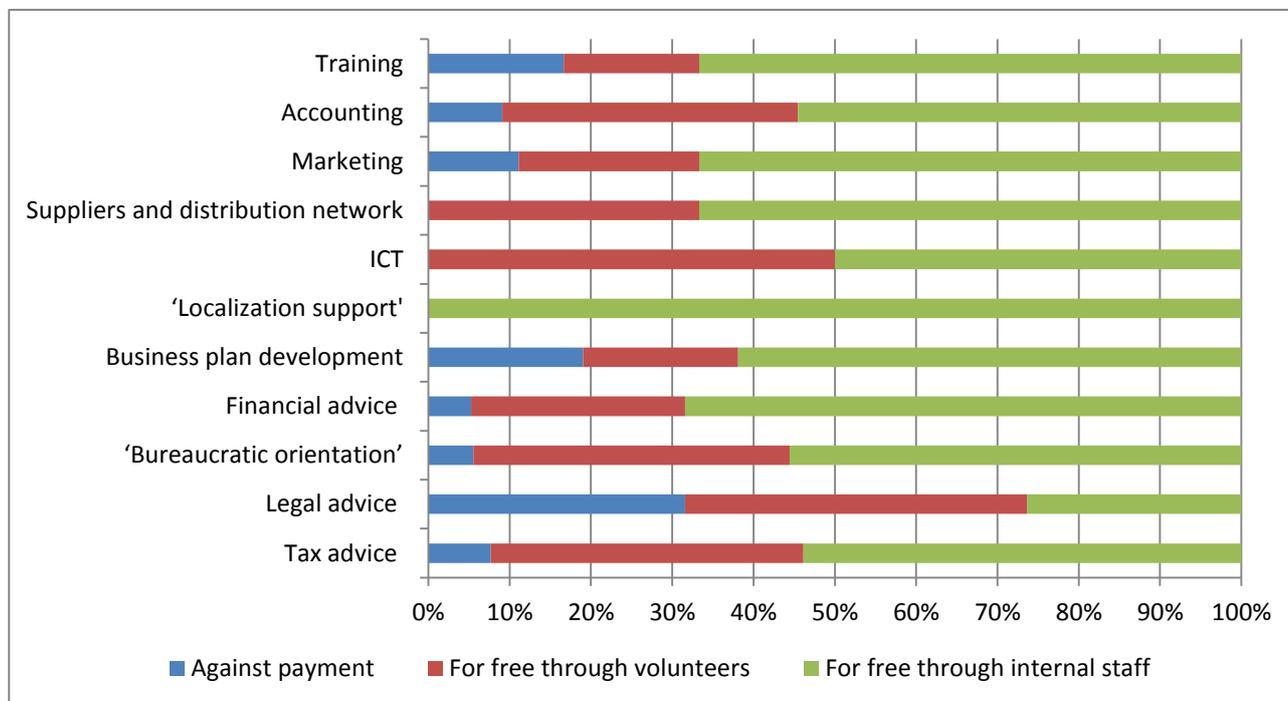
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Figure 9 - Type of offer - Business Development services



If the contribution of volunteers can be limited to temporary assistance in solving an encountered problem, another approach is for ongoing assistance that lasts for a set period of time. This is the case with the Foundation Tomillo with its "mentoring" work. For one or two years, an expert (volunteer) will be available to the new entrepreneur to assist with advice, training and coaching; all tailored to best address the needs of the business.

Category 5 - Partnerships

Category 5 is the most critical among all categories of best practices examined. The major determinants are found in an almost total absence of strategic partnerships, especially in co-development projects that, with the active participation of migrants, might facilitate their effective inclusion.

Despite the money-transferring experience of Nantik Lum, strategic partnerships with financial institutions in the migrants' countries of origin are still under-developed. As discussed in Category 1, the European financial institution may offer a financial service to the migrant that offers a chance to channel payments in a productive manner directly into the local economy of their country of origin. This also contributes to safety at the destination of the remittance. Money sent can be so tied to a specific project by invoking a sense of responsibility, eliminating the risk, or at least reducing the possibility of the money being used improperly. This could be made concrete in formal public utility projects for the local community (eg, hospitals, schools, etc.), but also in individual initiatives or personal business projects (e.g. to build a house



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or a study project for a child). As well as taking advantage of a financial service (money transfer), migrants then become key agents for local development in their countries of origin. As long as the long term bond with the family in their country of origin continues, they will be able to find their reference communities in the European territory in which they reside, and gives the community itself a common vision of the project, especially with regard to more formal public utility projects.

Many local micro-finance institutions in the countries of origin of migrants are trying to turn the payments they receive into deposits. The deposits of migrant families allow extension of the micro-finance institution's loans portfolio. A transnational collaboration with local micro-finance institutions would encourage this kind of process, creating a virtuous circle of development.

Absent in our sample is any instance of a guarantee program between a micro-finance institution in the country of origin of the migrant and the European micro-finance institution where the migrant resides. In such programs, the family or relatives of the migrant in the country of origin contact their local micro-finance institution, and through this, which verifies the family's income, the migrant's loan is guaranteed to the micro-finance institution the migrant's host country.

In general, partnerships are mainly with other micro-finance institutions, banks and training / coaching companies based in the same country. Added to these are collaborations with European micro-finance institutions belonging to the European Micro-finance Network.

If the current state is of a low level of cooperation with the countries of origin of migrants, the prospects of new interventions and future collaborations support building bonds with local micro-finance institutions (mainly in Africa) and in general projects of co-development.

25% of respondents claimed to be initiating new partnerships with target migrants, and some are already in progress (feasibility studies, requests sent etc.).

Among the prospects of new partnerships for future projects, are: **financial education, design of halal products, asset and capacity building, information dissemination activities also through newspapers and television, and referring to work agencies in order to identify potential applicants.**

We concentrate now on other forms of strategic partnership, by looking at the results in Figure 13. As also pointed out in the comments on Category 4, collaboration with volunteers is, on average, very strong. 40% of respondents are using volunteers to best complement their offerings. This consists mainly of non-migrant voluntary organisations (e.g. external experts offering advice for various types of training and / or support). On the other hand, a formal collaboration with migrant associations is still barely present if we consider the role of these associations in giving support to migrants in making contacts and establishing a relationship with a financial institution—especially with banks.



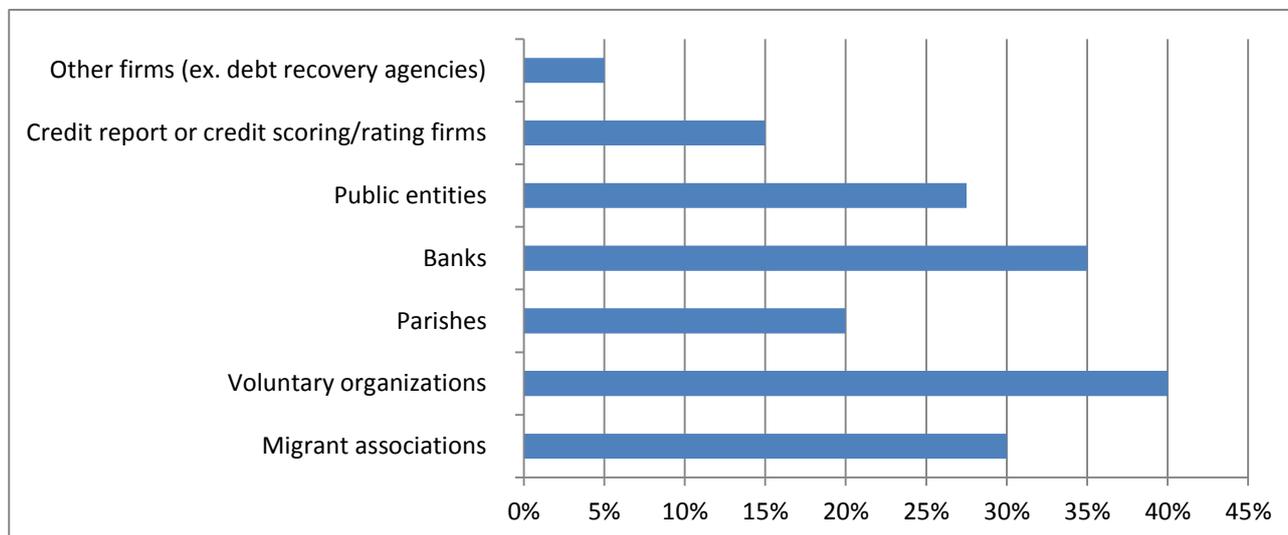
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Figure 10 - Types of actors: levels of partnership and collaboration



While partnerships with parishes have been duly weighted in order to allow for the differences between the various European countries in terms of parish activity levels, the value of such collaborations is not negligible. The highest incidences are found in Italy, Spain and Germany but every state has at least one active collaboration with parishes between the institutions surveyed.

The good level of partnership with the banks is significant, since the latter not only support micro-credit programs and complete the offer with savings and checking accounts, but can also, for example, direct applicants to micro-finance institutions who do not meet their own assessments of credit scoring, or their processes do not allow the bank to finance them. Subsequently, the micro-finance institution will make a more punctual, thorough evaluation and decide whether financing is viable.



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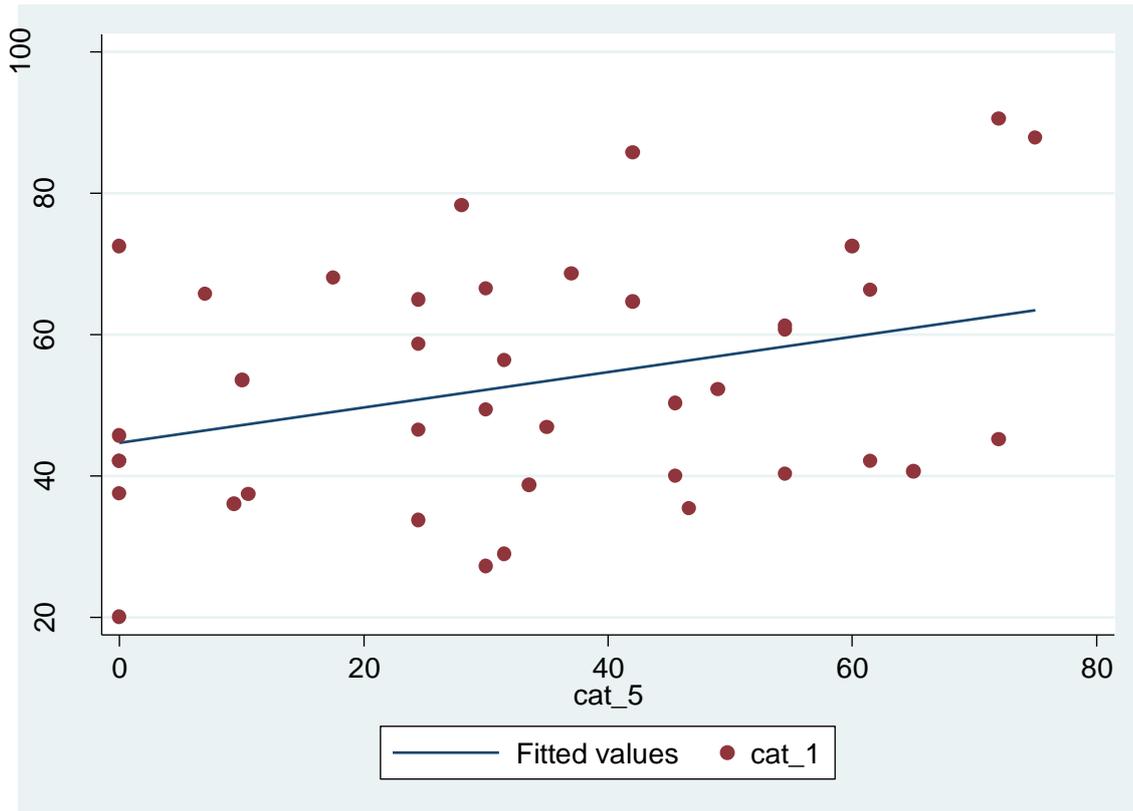
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Annex 1: Graphs

Scatter plot – Category 5 versus Category 1





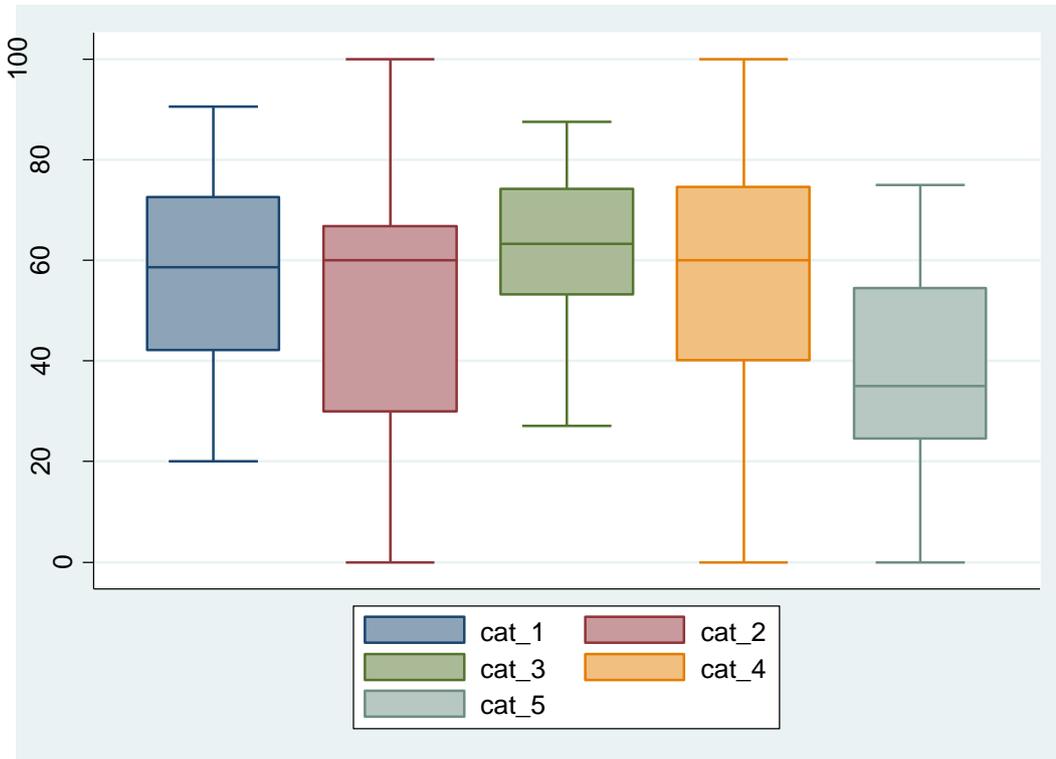
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Box-plot - Variance analysis on five categories





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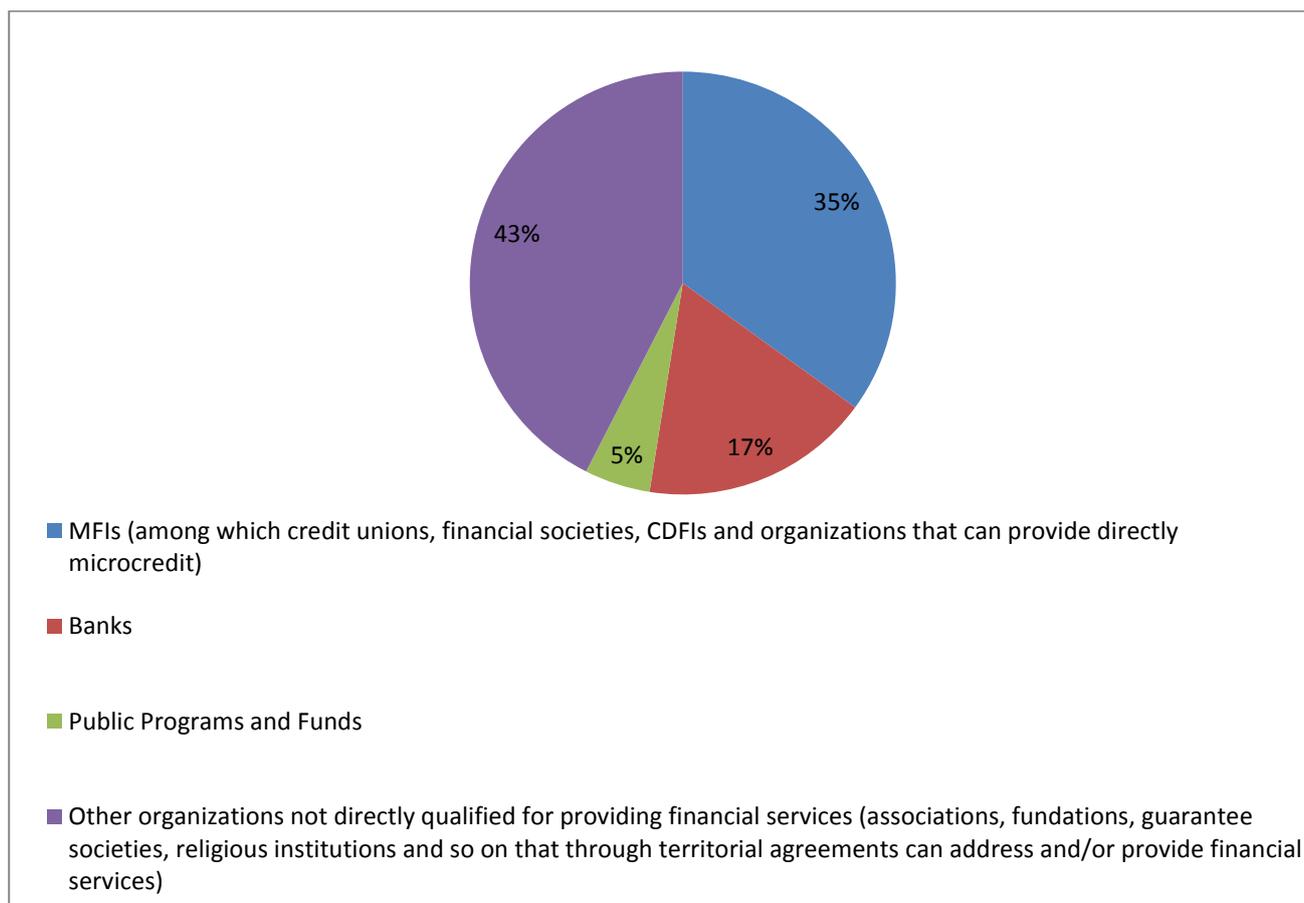
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Annex 2: Respondents' profile

Respondents: **40 financial institutions and other organizations** (out of more than 150 contacted).



Main countries of the respondents: **Italy, France, Belgium, United Kingdom, Spain, Germany** (others from Sweden, Portugal, Latvia).

The sample is balanced according to:

- 1) Being a financial institution (it receives more weight with respect to other organizations not directly qualified to provide microcredit);
- 2) Incidence of migrants on total own portfolio/clients (> the incidence > the weight);
- 3) Dimension of the organization / financial institution (coverage and gross loans portfolio) in order to capture the impact on the territory (> the dimension > the weight).