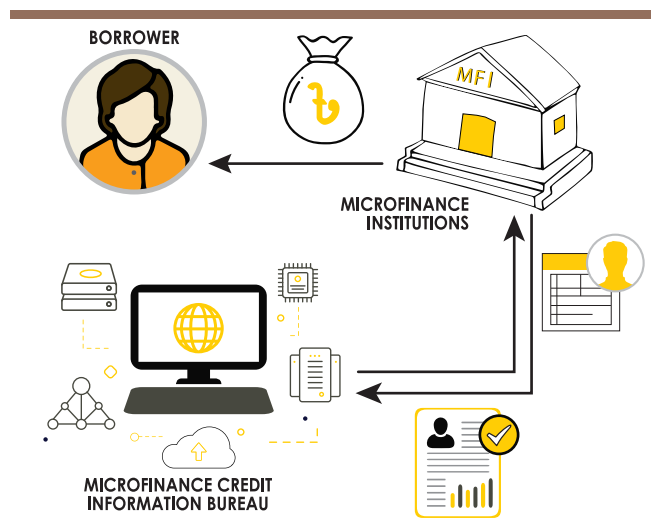# MICROFINANCE
CREDIT INFORMATION BUREAU
READINESS AND CAPACITY BUILDING OF MFIS

Business Finance for the Poor in Bangladesh (BFP-B) a FCDO funded programme, is supporting the Microcredit Regulatory Authority, Bangladesh to establish the first Microfinance Credit Information Bureau (MF-CIB) in the country. The bureau will house the credit histories of millions of microfinance clients allowing them access their full credit potential. Bangladesh Bank has a vital role in this initiative- developing the CIB software for MF-CIB, technical training to MFIs and over all technical maintenance of the MF-CIB application software and data center. Data Management Unit (DMU) of MRA will manage MF-CIB database.

MF-CIB data flowchart

There are 759(as of June, 2020) MFIs licenced with MRA. In order for the microfinance MF-CIB to operate and function efficiently, MFI readiness is crucial. Until recently the credit appraisal process in the MFIs were manual and the recent digitization of credit appraisal process will be further strengthened with validated credit worthiness of the clients from the bureau.

The client database varied across MFIs and there was a lack of coherence in data collection and storage. A standardised database is needed across all the licenced MFIs for the MF-CIB to operate efficiently. As part of implementation of Microfinance Credit Information Bureau, BFP-B in collaboration with MRA supported in capacity building of the MFI staff and standardizing the MFI data structure to comply with the MF-CIB software.

Training for Trainers (ToT) To MFI staff

The CIB operations will start in December 2020 on a pilot scale with 50 MFIs. The selection criteria of these MFIs are:

1. Compliance with MRA act 2006 and Rules 2010
2. Willingness to submit borrower's subject/personal and contract/loan related data to MF-CIB System.
3. Adequate ICT infrastructure and manpower.
4. Readiness of MFIs to submit data to MF-CIB

Primarily, 50 MFIs have nominated their employees for the training on MF-CIB operations. The training consists of two courses;

Course I: Understanding of MF-CIB with preliminary domain & data structure - covering the basics of MF-CIB operations, data structure and data preparation

Course II: MF-CIB data structure & submission procedure- covering data submission, technical formatting of batch data and contract data, data acquisition procedures and online generation of CIB reports.

As part of the capacity enhancement, MF-CIB of MRA has organised TOT sessions for the MFI staff. The participants are the data management focal person at the MFI level. After receiving the training at the DMU at MRA, they organise trainings at MFI level to disseminate the learnings across their organisation. The main objectives of the training are:

- To enable the MFI staff to use MF-CIB software system efficiently
- Increase staff knowledge and skills on their role as MF-CIB system user
- To enable the branch staff correctly collect and manage borrowers data

The trainings are technical in nature and the trainers are technical experts in CIB operations and database management and are from the following institutions:

- Microcredit Regulatory Authority (MRA)
- Bangladesh Bank
- Palli Karma Sahayak Foundation (PKSF)
- Data Management Unit, DMU, MF-CIB

As of November 2020, 44 training sessions have been organised that enhanced the capacity of 655 MFI staff from 290 MFIS.

Data standardization

As part of ensuring MFI readiness multiple initiatives are being undertaken. A crucial part of MFI readiness is data standardization. Bangladesh Bank has developed a CIB based data entry system for the MFIs to ensure all MFI branches meet the minimum standards necessary to transmit data to MF-CIB. It was also necessary to ensure that the MFI branches have access to electronic means to transfer data to and request credit reports from MF-CIB. The major activities includes:

■ Training software vendors of the MFIs to develop a CIB compliant data entry system
■ Inspecting and following up of branches by the DMU of MRA to monitor and troubleshoot these new data entry systems

Working midst the Covid-19 pandemic

The programme activities were ongoing when the Covid-19 pandemic hit in March 2020. The government enforced lockdown created panic and uncertainty in the economy and posed uncertainty for the programme as well. The training was being organised since September 2019 and the first phase lasted till January 2020. The second phase was supposed to start in March 2020 but was postponed for the pandemic. However, the BFP-B team in collaboration with MRA, started planning and adapting the programme for virtual implementation within a few weeks of the lockdown. The virtual implementation planning and organising went on till June this year and the implementation started in July. This was a new initiative in Bangladesh specially for a government agency.

Multiple adjustments were made for this new form of training:

■ shortening the duration from 1.5 days to 1 day
■ reducing the number of participants on each batch from 30 to 10
■ ensuring IT facilities and high-speed internet for the branches operating in remote areas.

The online trainings will continue up until January 2021. The pilot for MF-CIB operations shall start in the second week of December 2020.

Lessons learned

In the process of implementing the multiple initiatives in the area of MFI readiness and capacity building BFP-B has generated some insightful learnings.

■ MFI readiness- although MFI readiness was a major component, the small MFIs which were mainly manually operated needed major support and handholding throughout the process. Working with the top 10 MFI was easy as they had very structured data management systems. However, the medium size MFIs' data systems were not as sophisticated, and they needed support to streamline their systems to be CIB compliant.

■ Data structure differences- the MFIs operating across the country had different types of data management systems and there are some small MFIs, that were still operating manually.

■ Software vendors- multiple workshops were held with the CIB team and software vendors that supply software systems to these medium and small MFIs firstly to determine a CIB compliant data entry system. Later, more workshops were organised for the vendors in order to ensure that these suppliers design a CIB compliant data management system for the MFIs they supply for.

■ ToT- the MFI staff who are being trained on the MF-CIB are being followed up to ensure that they re-train the staff at their MFI level. The ToT model was adopted since its not possible for MF-CIB to train all MFI staff who works of data entry.

Overall the MF-CIB component needed a much deeper engagement at all levels, from government stakeholder end to the MFI end, than it was planned out at the programme inception stage.