

The General Director of the MSA speech

It is with great pleasure and pride that we announce the launch of the first issue of the MICROFINANCE SUPERVISORY AUTHORITY Barometer. **The main objective of this barometer is to present the microfinance sector in Tunisia through key indicators reflecting its importance in the access of disadvantaged populations to financial services.**

The microfinance sector in Tunisia has grown rapidly since 2011 with the launch of the 2011-2014 National Strategy "the Concerted Vision for the Development of the Microfinance Sector" and the enactment of Decree-Law 2011-117 of the November 5, 2011 regulating the activities of MFIs, which allowed the diversification of actors and the creation of a control authority. A national strategy of financial inclusion 2018-2022 to be ready, is likely to allow to continuity of the necessary evolutions. Since its effective start in 2013, **the MSA has worked on the control of the sector and has launched in partnership with the Central Bank of Tunisia the first Microfinance Risk Central (MRC) in the Maghreb.** Constantly improving to take into account the evolutions of the sector, the MRC is a rich tool, put at the disposal of all the actors to allow them in particular to control the credit risks and to fight the over indebtedness. Thanks to this instrument and to a regular check by the ACM auditors of the quality of the declarations of the MFIs to the MRC, **we are pleased today to be able to present this barometer** which will be published every quarter. We hope that it will provide useful and relevant information to enable a better understanding of this sector and its impact in improving the living conditions of disadvantaged populations.

Microfinance sector in Tunisia

8 Approved MFIs

In accordance with the provisions of Decree-Law No. 2011-117 of 5-11-2011, as amended by Law No. 2014-46 of July

6 MFI-LTD Public Limited Company form

ENDA Tamweel | Taysir Microfinance Microcred Tunisia | ADVANS Tunisia Financial Center for Entrepreneurs | ZITOUNA Tamkeen

2 MFI-MCA Association form

ASAD Tamweel | AKDI

287 Micro-credit Associations (MCA)

including 173 active MCAs, having benefited during the first 9 months of 2017 from BTS funding. These MCAs are required to comply with the provisions of Decree-Law No. 2011-117 of November 5, 2011, as amended by Law No. 2014-46 of July 24, 2014.

Law No. 99-67 of

July 15, 1999 on Microcredits Granted by Associations

The Sector's Key Data:

On September 30, 2017: 423834 customers for a portfolio of 633 million TND

Over the last 12 months, the number of customers in the sector has increased by **15%** and the outstanding amounts of the LTDMFIs by **37%**.

MFIs-LTD manage **79%** customers and **83%** of the total outstanding, for the sector's average outstanding of **1493 TND** per customer.

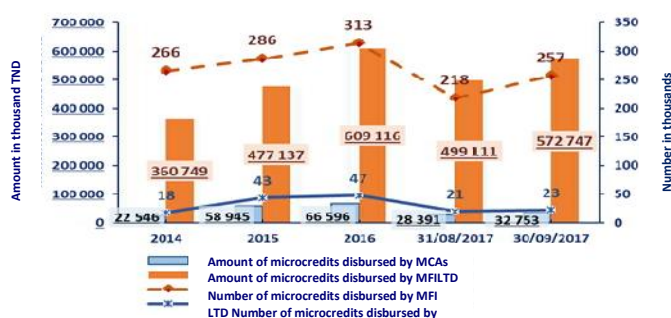
As shown in the table, the data of the MFI-MCA (*) are not available for all the considered periods. Reliability work is in progress.

Microfinance Sector	30/09/2016 31/12/2016 30/09/2017					
	Amount	%	Amount	%	Amount	%
MFIs LTD customers	298 188	80.98%	308 709	80%	333 549	79%
MFI MCA active customers	82 227	22.33%	88 266	23%	106 559	25%
MFI (SA-MCA cross customers)	-12 203	-3.31%	-13 395	-3%	-16 274	-4%
Total nub. Active customers	368 212	100%	383 584	100%	423 834	100%
Outstanding MFI SA	381 487 992		419 679 654		523 726 784	83%
Outstanding MFI-MCA	ND		ND		109 193 181	17%
Total outstanding (in TND)	ND		ND		632 919 965	100%
Average outstanding /customer	ND		ND		1 493	

Evolution of disbursements

The annual disbursement show an average increase in the period 2014/2016, of 13% in number and 33% in amount, which confirms the dynamism of the sector. The MFI-MCA resumed their credit granting activities.

Evolution of disbursement by MFI category



(*) The number of active customers of MCA-MFIs does not include customers who obtained credits before January 2014 and have not yet repaid their outstanding amounts. Information about these customers is not available at this time.

Evolution of MFIs LTD Portfolio

The establishment of new MFIs-LTD since 2014 contributed to the development of the sector. However, it remains very concentrated, with Enda-Tamweel representing **95.1%** active customers of the MFI LTD and **74.8%** of the sector on September 30, 2017.

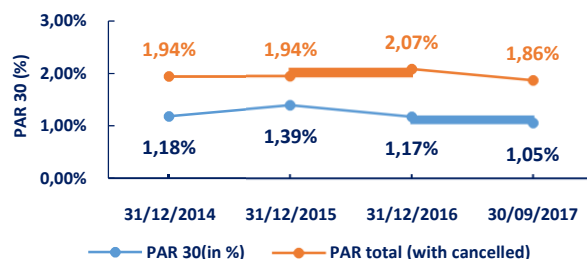
Evolution of outstanding and the number of active customers of MFI LTD



Portfolio quality of MFI-LTD

The total risk portfolio (composed of portfolio with unpaid superior to 30days, the restructured credits and cancelled credits). Stable in a low level of approximately 2% for a PAR-30 of **1.05%** on September 2017

Evolution of portfolio quality (MFI LTD)



Portfolio quality of MFI-MCA

The analysis of the portfolio quality is not available yet.

The Microfinance Risk Central (MRC) has been operational since January 1, 2016.

The Microfinance Risk Central, provided in the Decree-Law of 5 November 2011, was carried out in coordination with the Central Bank of Tunisia, with the support of the German Corporation for International Cooperation (GIZ) and the World Bank. Implemented to enable the sound development of the microfinance sector, MRC consolidates the outstanding credits granted by MFIs on a monthly basis. For each credit application, an MFI can publish a complete consultation report that includes outstanding credits and possible incidents of the borrower with the entire financial sector (microfinance banks, leasing companies ...). The reliability work carried out since 2016 with all stakeholders has made it possible to monitor changes in the sector, analyze the level of cross-debt and publish statistics on financial inclusion. The work is continuing to integrate data from MFI-MCAs as well.

The MCA supports the management of claims reported by MFIs, especially when they encounter problems accessing MRC or when their customers request the correction of their personal data declared having errors.

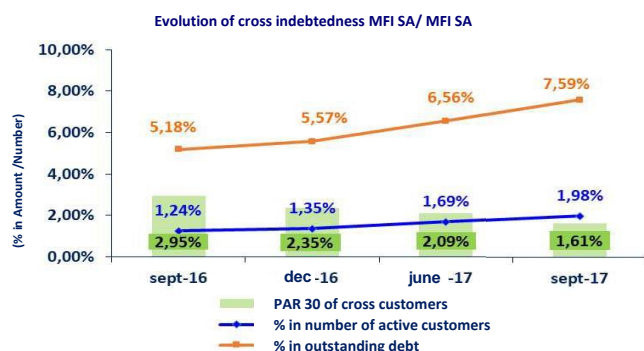
Key indicators on September 30, 2017

1 274 142
consultations
827 735 declared
contracts
219000
consultations per
quarter on
average (01/2017 -
09/2017)

CROSS DEBT ANALYSIS OF CUSTOMERS IN THE MICROFINANCE SECTOR

A generally controlled evolution, but attention is necessary.

On September 30, 2017; 90434 customers (without duplicates) have more than one credit from more than one institution (MCA- MFI LTD- Banks and Leasing Companies ...), that is 21.34% of the microfinance population.



FOCUS ON CROSS CUSTOMERS OF MFIs-LTD

On September 30, 2017, the number of cross-customers MFI LTD -MFI LTD amounted to **6612 customers**, that is .98% of the customers of the MFIs-LTD and which hold **7.59%** of the outstanding. **Cross-customers PAR30 was 1.61%, comparable to the sector's PAR 30 (1.05%) in the same period, and therefore appears to be under control.**

The average outstanding per cross-customer MFI LTD- MFI LTD, amounted to **6 015 TND** in September 2017 against **5 361 TND** in September 2016 recording an average monthly growth rate of **0.96%**.

FOCUS ON CROSS CUSTOMERS MFI LTD- (Banks and leasing companies ...)

18.72% of MFI-LTD customers are shared with banks and leasing companies ...These customers hold **24.80%** of outstanding MFIs LTD This significant percentage is relatively stable over the last twelve months and does not currently appear to carry risks. The quality of the cross-customers portfolio improved with a PAR 30 of **1.42%** in September 2017 against **2.08%** in September 2016.

As of 30/09/2017 to TND 910 million (of which TND 325 million in professional capacity), total outstanding with banks and leasing companies of cross-customers of MFI-LTD- MCA - (Banks and leasing companies ...) nevertheless the situation requires vigilance. On average, a cross-customer has an average outstanding of **12 646 TND** from banks and leasing companies, including **37.4%** for consumer credit, **24%** for housing credits, **14%**, **9%** on leasing and **8.5%** unpaid.

Evolution of cross customers of MFI LTD-(banks and leasing companies...)



FOCUS ON CROSS CUSTOMERS MFI-MCA

The analytical work is being made reliable for MCA- MFIs. According to the first analysis **15,27%** of the MCA-MCA customers would be cross customers with the MFI-Ltd and **11,17%** with the banks and the leasing companies out of a total of **106 559** active customers on September 30, 2017.