

The General Director of the MSA speech

In this third issue of the microfinance barometer we are exclusively interested in the data of the MFIs LTD. The consolidation of MCA data is currently difficult to achieve at a shared and recent date. Nevertheless, the MSA hopes to be able to overcome all these difficulties by setting up a process of periodic reporting of MCA data to the MRC, in cooperation with the Tunisian Solidarity Bank (BTS).

On April 13, 2018 a new order of the Minister of Finance was published in the JORT and set the maximum amount of micro financing and the maximum duration of its payment as follows:

- Ten thousand dinars (10,000 TND) and five years for associations.
- Forty thousand dinars (40,000 TND) and seven years for public limited companies.
- The amounts indicated above must not exceed respectively two thousand dinars (2,000 TND) and six thousand dinars (6,000 TND), under the financing granted for the improvement of the living conditions.
- In order to be able to grant microfinance of more than twenty thousand dinars without exceeding forty thousand dinars and a maximum duration of seven years, the MFIs LTD must obtain an agreement from the MSA.
- Such an agreement is given to an MFI LTD provided that it has a minimum duration of two years of activity from the date of obtaining approval for the exercise of the microfinance activity, on the basis of a business plan drawn up for this purpose, and according to the conditions fixed in MSA Note 22, already published on its website.
- The MSA may withdraw the aforementioned agreement from the microfinance institution in case of non-compliance with the conditions of granting of the agreement.
- For MCAs, granting microfinance in excess of 5,000 TND without exceeding 10,000 TND and a maximum payment period of five years is conditional on the fulfillment of the minimum conditions fixed in the financing agreement concluded with the BTS.

Microfinance sector in Tunisia

In accordance with the provisions of:
Decree-Law No. 2011-117 of November 5, 2011

8 Approved MFIs

2011, amended by Law No. 2014-46 of July 24, 2014

6 MFI-Ltd Public Limited Company form

ENDTA Tamweel | Taysir
Microfinance / Microcred
Tunisia | ADVANS Tunisia | CFE
Tunisia | ZITOUNA Tamkeen

135 Agencies

2 MFI-MCA association form

ASAD Tamweel |
AKDI

6 Agencies

the Law N° 99-67 of July 15, 1999 related to the microcredit granted by the associations

287 Microcredit

Associations (MCA)

of which 191 active MCA, having benefited during 2017 from BTS funding. These MCAs are required to comply with the provisions of the Decree-Law No. 2011-117 of November 5, 2011, as amended by Law No. 2014-46 of July 24, 2014.

The sector Key indicators

On 31-03-2018: 360,396 active customers of MFIs LTD for a portfolio of 638.8 million TND

The number of active customers of MFIs LTD and their outstanding amount increased respectively by 14.4% and by 40% between March 2017 and March 2018. The amount of the average amount of outstanding per active customer of the MFIs LTD increased by 22.4% during the same period, from 1,449 TND to 1,773 TND.

The disbursements of the MFIs LTD witnessed a sustained growth between the first quarter of 2016 and that of 2018 recording a growth average of 10.8% in number of microcredit and 30.4% in amount.

In the first quarter of 2018, the number of Microcredit granted by the MFIs LTD amounted to 86 thousand for a total amount of 233 million TND against 78 thousand Microcredit for a total amount of 178 million TND during the first quarter of 2017.

The number of active credits of the MFIs LTD increased from 297 thousand credits on 31 March 2016 to 387 thousand on 31-03-2018, recording an average annual growth rate during this period of around 14.2%.

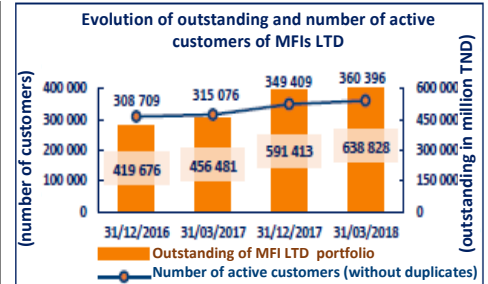
The share of women in the overall amount of disbursed micro-credits continued to decline, becoming for the first time at the end of January 2018, below 50%, standing at 48% against 52% for men.

The share of men in the total value of micro-credits increased from 47% in the first quarter of 2017 to 51% in the first quarter of 2018. Indeed, until the end of March 2018, approximately 119 million TND corresponding to 36 thousand credits were allocated to men operating in all sectors. On the other hand, women received 114 million TND or 50 thousand credits, which represents 57.6% of the total number of granted Microcredit. In addition, the average Microcredit of female beneficiaries stood at 2295 TND on 31-03-2018, and it remained below that of men, which amounted to 3265 TND.

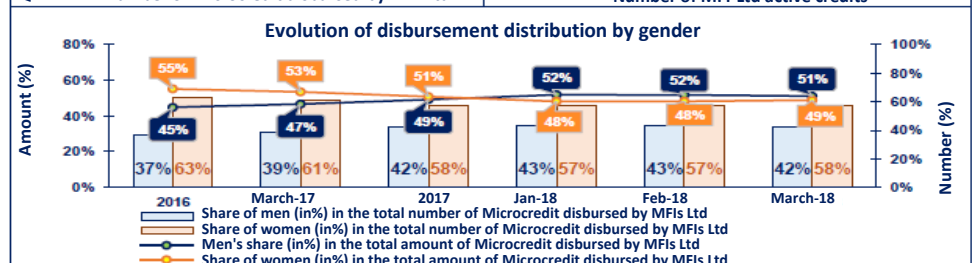
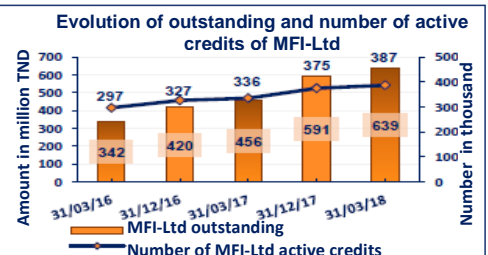
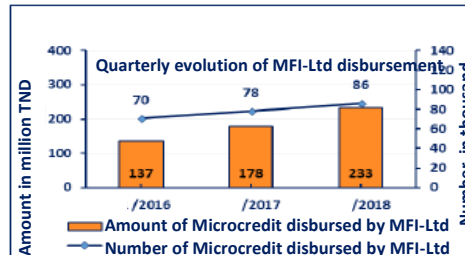
The average micro-credit amount of MFIs LTD recorded an average growth rate of 18.2%, rising from 1938 TND to 2706 TND between the months of March-16 and March-18. At the end of the first quarter of the current year, the average amounts of micro-credits allocated to income-generating activities and improved living conditions amounted respectively to TND 2921 and TND 1,571.

MFI Ltd active customers

Microfinance Sector	31/12/16	31/03/17	31/12/17	31/03/18	Growth rate	
	Value	Value	Value	Value	2017	T1 - 2018
Active customers of MFIs-LTD	308 709	315 076	349 409	360 396	13,18%	14,38%
Outstanding MFI-LTD (thousands in TND)	419 676	456 481	591 413	638 828	40,92%	39,95%
Outstanding average/customer TND	1 359	1 449	1 693	1 773	24,51%	22,35%



Evolution of disbursement and MFI-Ltd outstanding



Evolution of MFI Ltd average microcredit

Period	Microcredit average	Microloan average AGR	Microcredit average AVC	Microcredit average men	Microcredit average women
T1-2018	2 706	2 921	1 571	3 265	2 295
2017	2 310	2 660	1 075	2 689	2 033
T1-2017	2 281	2 404	1 452	2 742	1 988
2016	1 943	2 148	691	2 389	1 691
T1-2016	1 938	1 968	1 150	2 344	1 705

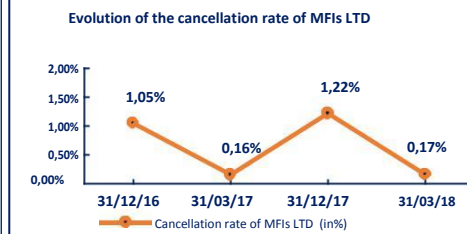
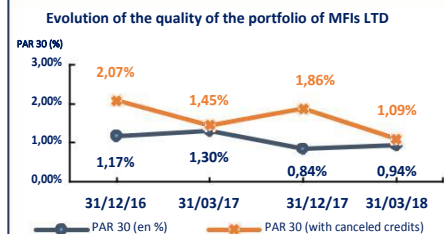
AGR : Revenue generating activities / AVC : Activities to improve life conditions

(Unit TND)

Evolution of the risk portfolio and the cancellation rate of the MFIs Ltd

The PAR 30 of the MFIs LTD was 0.94% at mars 31, 2018 vs. 1.30% a year ago, the PAR 30 including of cancelled credits amounted to 1.09% as at mars 31, 2018, compared to 1.45% and 1.86% respectively in March and December 2017.

The rate of cancelled debt by the MFIs Ltd was set on March 31, 2018 at 0.17% of their average gross portfolio compared to 0.16% twelve months earlier.



The Microfinance Risk Central (MRC)

Following the receipt of lot 3 of the MRC, the MSA published on 28 May 2018 its note n° 21 relating to the risk central. This note is mainly intended to modify and complete the MSA note n° 6 of January 07, 2016 relating to the same subject. To the information to be declared by each MFI to the MRC, it was added nine reporting elements provided for by the MSA note n° 19 relating to the fixing of the periodic reports and reports to be communicated by the MFIs LTD. The new note clarified the steps leading up to the availability of new reports developed in the context of the third batch of MRC (6 Reports including 4 in PDF format and 2 in Excel format) to MFIs:

- ✓ Verification of the data reported to the MRC and the reporting elements provided by the MFI.
- ✓ Validation of the declaration of the month within 15 days after the end of the previous month. This validation gives rise to generate 4 reports in PDF format, based on end-of-month data.
- ✓ Authorization of access to reports in Excel format after validation by the MSA of the data declared to the MRC given the reporting provided by the MFI and at its request.

In addition, the Microfinance Risk Central (MRC) has experienced a significant and long-awaited evolution, following the realization on June 26, 2018, of the first MSA data reporting operation. These data, whose history dates back to January 1, 2014, are now visible both in the MSA Commitments tab and in the Consultation Report. The cooperation with the BTS to establish a process of periodic reporting of these data to the MRC is likely to make available statistics on the MCA portfolio and to enable the MSA, therefore, to consolidate all key data on the entire microfinance sector.

Key indicators of the MFIs Ltd on 31/03/2018

MRC indicators	Consultations	Declared contracts
Sum on March 30, 2018	1829590	1010874
First quarter 2017	199662	84927
First quarter 2018	270144	85523

ANALYSIS OF THE CROSS DEBT OF MFI Ltd

A generally controlled evolution, but attention is necessary.

On March 31, 2018 ; 74 678 customers (without duplicates) have more than one credit from more than one institution (MFI LTD - Banks and Leasing companies ...), that is 20,72 % of customers of MFIs LTD .

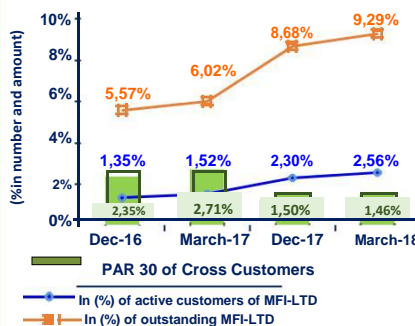
FOCUS ON CROSS CUSTOMERS MFI-LTD - MFI-LTD

The number of cross customers MFI LTD - MFI LTD increased from 4803 customer on March 31, 2017 to 9233 customers at the end of same month of the year 2018 recording an increase of more than 92%.

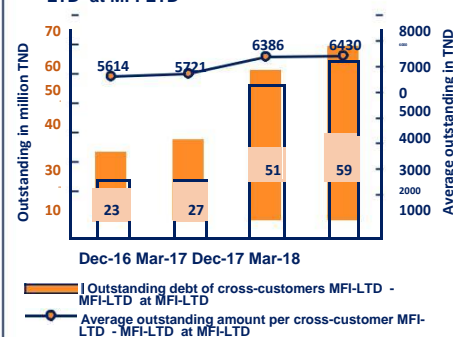
On March 31, 2018, the number of cross customers between MFIs LTD represents 2.56% of all their active customers and hold 9.29% of the outstanding MFIs LTD. The PAR30 of the 1668 cross-customers settled at the end of the first quarter 2018 at 1.46% against 2.71% a year ago.

The average outstanding debt per cross-customer MFI LTD - MFI LTD among the MFI LTD, amounted to 6 430 TND on 31-03-2018 against 5721 TND March 31, 2018 thus recording an increase of 12.4%.

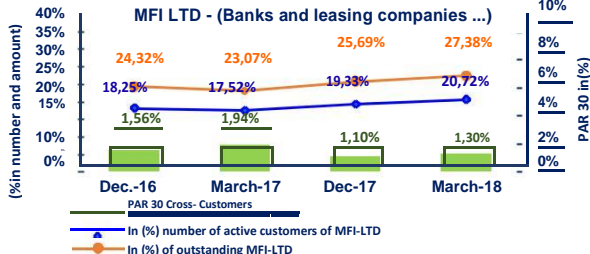
Evolution of cross customers debt MFI LTD / MFI LTD



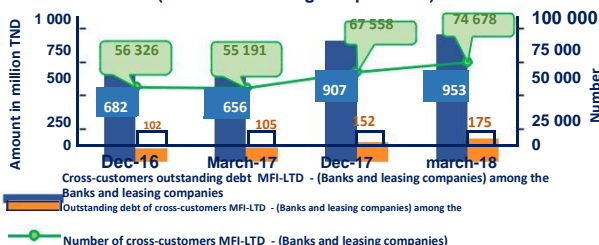
Evolution of the average outstanding debt amount per cross-customer MFI-LTD - MFI-LTD at MFI-LTD



Evolution of cross-customer debt MFI LTD - (Banks and leasing companies ...)



Change in the outstanding amount of cross-customers MFI LTD - (Banks and leasing companies ...)



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

20.72% of the MFI-LTD customers are cross-shared with the banks and leasing companies ... These customers hold 27.38% of the outstanding debt MFIs LTD. This percentage has recorded an increase of 18.7% over the last twelve months and does not appear to carry risks currently. On the other hand, the outstanding amount of these customers from banks and leasing companies is equal to 5.4 times the value of their outstanding with MFIs LTD at the end of the first quarter of 2018 compared with 6.2 times a year ago.

The outstanding debt of cross-customers of MFI LTD with banks and leasing companies amounted to March 31, 2018 to 952.9 million TND and to 174.9 million TND respectively to banks, companies Leasing and MFIs LTD

The quality of the portfolio of cross-customers improved by registering a PAR 30 of 1.30% on March 31, 2018 against 1.94% a year earlier

Evolution of the average outstanding per cross customers For MFI-Ltd-(banks and leasing companies ...)

1. For MFI-Ltd, banks and leasing companies ...

Mar18	15 103
Dec17	15 676
Mar17	13 788
Dec16	13 921

2. For banks and leasing companies ...

Mar18	12 761
Dec17	13 428
Mar17	11 879
Dec16	12 109

3. For MFI Ltd

Mar18	2 342
Dec17	2 249
Mar17	1 909
Dec16	1 812

(Unit : TND)