

The General Director of the MSA speech

In this new issue of the microfinance barometer, we publish some consolidated data on the entire microfinance sector given their availability for the MCA. In fact, the data recently communicated by the BTS to the MSA, made possible to identify on September 30, 2018 the amount of disbursed microcredits and that of the outstanding of the entire microfinance sector. Nevertheless, the cross-debt analysis based on the data reported to the MRC, only concerned the customers of the MFI-Ltd because of the availability and reliability of their data whose quality control is ensured permanently by the MSA controllers.

In addition, following the publication of its note N° 22 relating to the conditions of the provisions of article 1 of the order of the Minister of Finance of 18 January 2012, relating to the setting of the maximum amount of microcredit and the conditions for its granting by the MFIs, as modified by order of the Minister of Finance of April 13, 2018, the MSA has received a request from three MFIs for an agreement to grant microfinance in an amount greater than 20,000 TND without exceeding 40,000 TND and a maximum duration of 7 years. Two MFIs have already obtained the agreement of the MSA, while the instruction of the third request is in progress.

The Microfinance sector in Tunisia

8 Approved MFIs

in accordance with the provisions of Decree – law No. 2011-117 of Nov 5, 2011, as amended by Law No. 2014-46 on July 24, 2014

6 MFIs-Ltd Limited Company form

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

149 agencies

2 MFI-MCA Association form

ASAD Tamweel | AKDI

6 agencies

287

Microcredit Associations (MCA)

203 MCA were provided in the BTS funding program for the current year, of which 195 (including ASAD Tamweel and AKDI) have already received funding from the BTS in during the first nine months. Nevertheless, except for the 2 MCAs mentioned above, all others 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 24 July 2014.

The Sector's data:

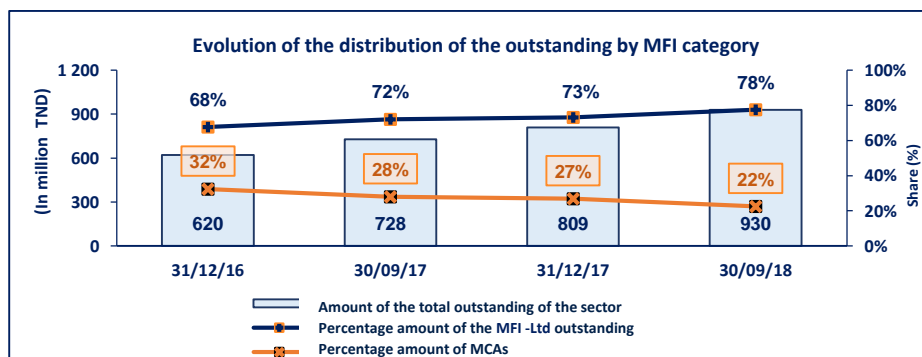
The outstanding microloans granted by MFIs-Ltd and MCA increased from 728 million TND on 30-09-2017 to 930 million TND on September 30, 2018, thus recording a growth rate of 27.7%. However, the stock of microloans granted by the MFIs LTD increased by 37.6% against only 2.4% for the MCA and represents on 30-09-2018 about 78% of the total outstanding of the sector microfinance compared to 72% a year earlier.

Credits disbursed by MFIs (Ltd and MCA) during the first nine months of 2018, increased by 28.7% compared to the same period of 2017, from 606 million TND at 780 million TND.

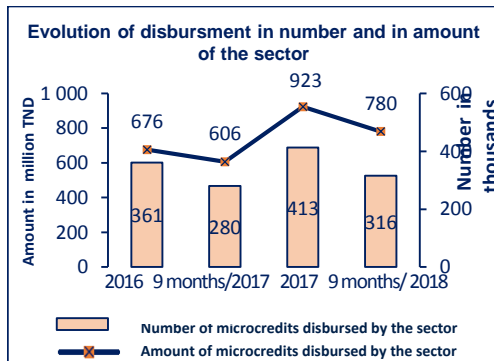
The average microcredits amount in the sector recorded a growth rate of 14.2%, rising from 2164 TND to 2472 between September 2017 and September 2018. The average amounts of microloan allocated to income-generating activities and improved living conditions amounted respectively to 2857 TND and 1189 TND on 30-09-2018.

The share of men in the total value of micro credits disbursed rose from 39.8% in 2014 to 50.8% in the first nine months of 2018, while the share of women has continued to fall since 2014 to end September 2018 at 49.2%. Indeed, until the end of September 2018, approximately 396.2 million TND corresponding to 133.4 thousand loans were allocated to men operating in all sectors. On the other hand, women benefited from TND 383.7 million or 182.1 thousand credits, representing 57.7% of the total number of micro-credits granted. The average microloan for female beneficiaries thus stood at 2177 TND on 30-09-2018, and it remained well below that of men, which amounted to 2969 TND.

Evolution of the sector's outstanding



Evolution of disbursements and average microcredit of the sector

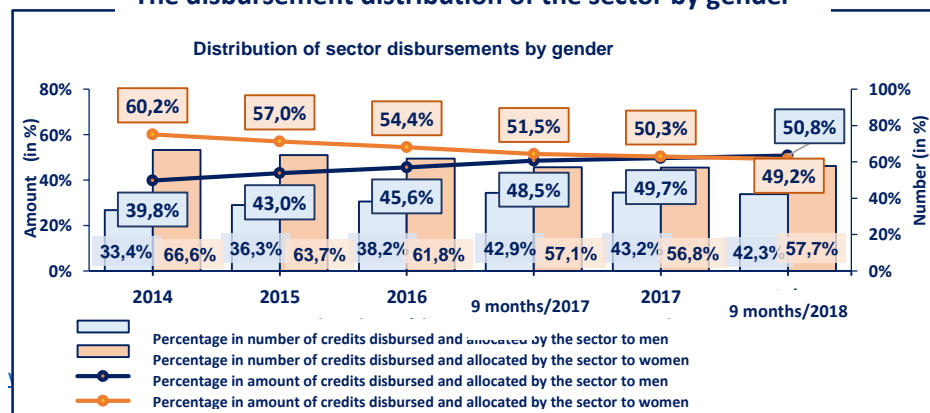


Evolution of average microcredit amount

Category	2016	sept-17	2017	sept-18
Average microcredit	1 872	2 164	2 236	2 472
AGR average microcredit	2 065	2 476	2 534	2 857
ACV average microcredit	706	1 036	1 059	1 189

AGR : Activity generating revenue
ACV : Activity to improve life quality

The disbursement distribution of the sector by gender



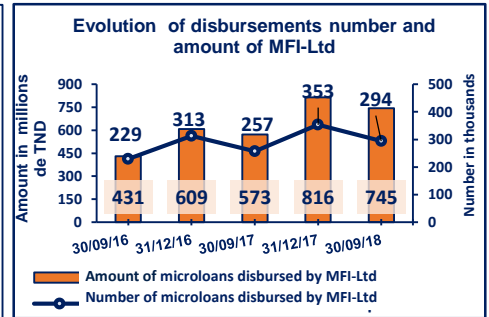
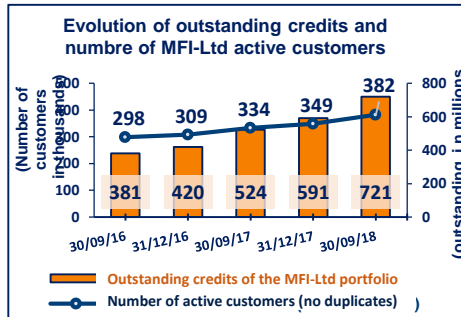
On 30-09-2018: 382433 active customers with MFI-Ltd for a portfolio of 720.8 million TND

Between the end of September 2016 and September 2018, the number of active customers of MFI-Ltd and their outstanding increased at average annual growth rates of 13.25% and 37.45% respectively. The average outstanding amount per active customer of the MFI-Ltd increased at an average annual rate of 21.37% during the same period, from 1,279 TND to 1,885 TND.

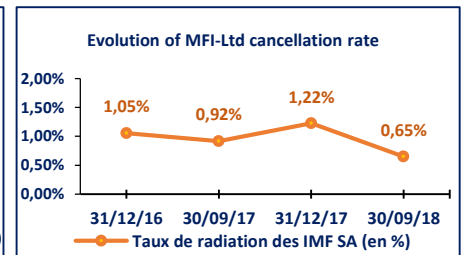
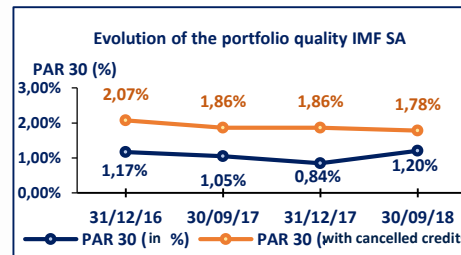
During the period between the end of the months of September 2016 and September 2018, the disbursements of the MFI-Ltd have grown steadily, with average annual growth rates of 13.23% in terms of number of micro credits and 31.45% of amount.

The PAR 30 of the MFI-Ltd was 1.20% on September 30, 2018 against 1.05% a year earlier. The PAR 30 with the inclusion of cancelled credits was 1.78% on 30-09-2018 compared to 1.86% and 2.07% respectively in September 2017 and December 2016.

The rate of cancelled credits by the MFI-Ltd was on September 30, 2018 at 0.65% of their average gross portfolio compared to 0.92% twelve months earlier.



Evolution in the quality of the portfolio at risk and the cancellation rate of MFI-Ltd



Microfinance Risk Central (MRC)

As part of the constant search for improvements of services provided by the Microfinance Risk Central for both MFIs and MSA, and to meet their evolving needs, a fourth batch of MRC has been launched and the beginning of its realization is imminent. This batch will essentially include the implementation of a computer program in the system of the risk central that will generate a basic score on the consultation report and including the overall effective interest rate (EIR) of each credit in the contract reporting flow to the MRC.

The integration of a customizable scoring system does not fully release the credit officer from his risk analysis work. Nevertheless, such a system will facilitate the reading of the consultation report by highlighting a risk rating in order to meet the following objectives:

- Better control of credit risks by quickly warning a credit officer or manager within an MFI about the potential risk of a borrower
- Optimizing the workload of each credit officer and improving his productivity
- Reducing the waiting time for the customer

In addition, the statement in the contract flow data, of the global effective interest rate (EIR) and all the elements used in its calculation as specified in the amortization tables and in the contracts provided to customers, is which will inevitably allow MSA to analyze the evolution of pricing in the microfinance sector and to ensure its sustainability.

ANALYSIS OF MFI CUSTOMERS' CROSS DEBT

A generally controlled evolution, but attention is necessary.

On September 30, 2018: 81 906 customers (without duplicates) have more than one credit from more than one institution (MFI Ltd - Banks and Leasing companies ...), that is to say 21.42% of the MFI-Ltd customers.

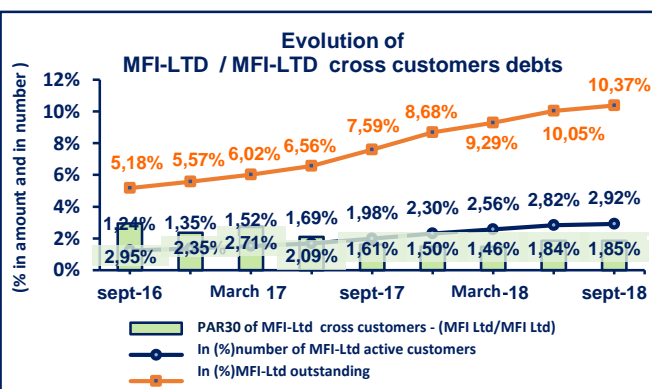
FOCUS ON MFI Ltd- MFI Ltd CROSS CUSTOMERS

The number of MFI Ltd-MFI Ltd cross customers has almost doubled in one year, from 6612 customers on 30 Sept. 2017 to 11166 customers by the end of the same month of 2018.

On 30-09-2018, the number of cross customers MFI LTD - MFI LTD represents 2.92% of all active customers. These cross-customers hold 10.37% of the MFIs LTD outstanding.

The PAR30 of the cross-customers MFI LTD - MFI LTD stood at the end of the third quarter of 2018 at 1.85% against 1.61% a year earlier.

The average outstanding per cross-customer MFI LTD - MFI LTD among MFIs LTD, amounted to 6694 TND on 30-09-2018 against 6015 TND on 30-09-2017 thus registering an increase of 11.29%.



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

21.42% of MFI-Ltd customers are cross customers with banks and leasing companies... These clients hold 27.77% of the outstanding MFI-Ltd. This percentage has increased by 12% over the last twelve months and does not currently appear to carry risks. In fact, among the MFI-Ltd, the PAR 30 of these cross customers is kept stable at around 1.46% on September 30, 2018 against 1.42% a year earlier.

On the other hand, at the end of the third quarter of 2018, the outstanding amount of these customers with banks and leasing companies is equal to approximately 5.6 times the value of their outstanding credits to the MFI-Ltd compared to 6.2 times a year earlier.

The outstanding amount of cross customers MFI LTD - (Banks and leasing companies ...) amounted on September 30, 2018 to 1116,05 million TND from

