CASE STUDY
Technology Boosts Small-Loan System

New information system increases the capacity of microfinance institutions

Photo: Jordan Micro Credit Company

Khaled Al-Gazawi is the executive director of Jordan Micro Credit Company, one of the first microfinance institutions to implement the new system.

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Challenge

USAID has worked with Jordan's microfinance institutions since 1998 to increase availability of credit to low-income borrowers to boost the national economy. Initially, when loan portfolios were small, lending institutions kept administrative records on a simple spreadsheet. But the success of the small-loan program meant that the institutions rapidly outgrew their simple systems. For microfinance institutions to continue their rapid growth, they needed to standardize recordkeeping and reporting in a way that would make it easier for them to benchmark performance against each other and institutions in other countries.

Initiative

After finding that no suitable software package existed, USAID hired a software development firm to create an Arabic-language information management system — the first of its kind. The system was developed with a standard basic program, while more advanced operational levels that could be tailored to each lender's needs. Microfinance institutions collaborated with the developer to incorporate their knowledge into the system's design. The finished package is capable of tracking every detail, including human resources, training, accounting, loans and clients. Once the system was completed, USAID provided training on its features for the institutions' managers.

Results

The new software system has raised Jordan's microfinance institutions to a new level of sophistication and accountability, enabling them to manage more than 67,000 clients with loans of almost $85 million. The system also fills a wider regional need; institutions in Lebanon and Iraq were quick to take advantage of the availability of an Arabic-language system, and the software is also being marketed as far away as Morocco. "The [system] was developed with direct input from the microfinance institutions, so it serves us very well," says Khaled Al-Gazawi, executive director of the USAID-supported Jordan Micro Credit Company. "We use it to determine our staffing needs, create incentives for employees, and follow clients. We even created our own component — a credit scoring system to help determine borrower eligibility. This system is the key to running every aspect of the company in terms of information."