

Reducing Global Poverty Through Enhanced Information Services The Microfinance Information eXchange

What's the Goal?

- A financial system that broadens access to resources (more microfinance institutions and poor people get to participate in the system)
- An increase in the volume of transactions between investors and microfinance institutions and between microfinance institutions and their clients
- A lower cost of doing business by lowering transaction costs and lowering the risk premium on investments

What's the Problem?

- We can't tell what is going on with the large majority of microfinance institutions in the developing world
 - standards for organizing and presenting information are not universal
 - Methods for verifying information are costly
 - Public access to comparable information on microfinance institutions is limited

What can MIX do?

- MIX can create a more reliable information infrastructure that will help to reduce costs and expand investments at three levels of the microfinance value chain:
 1. The quality and cost of services to MFI clients
 2. The cost of investing in MFIs
 3. The cost of investing in Microfinance Investment Funds

Value #1: Promoting Cost-Effectiveness at the MFI level

- Promoting common standards for MFI reporting and providing benchmarks on MFI performance will allow institutions to compare results with their peers and identify areas for improvement

Value #2: Reducing Investment Costs between MIFs and MFIs

- Providing access to accurate and comparable data on MFIs to microfinance investment funds will reduce their expenses associated with identifying and assessing potential investments
- Creating common reporting systems accessible through a central platform will lower reporting costs for MFIs and Investment Funds
- Reducing the agency issues associated with microfinance institutions will contribute to the lowering of the risk premium that is attached to the cost of funds that most MFIs are paying

Value #3: Tapping into investor markets

- Promoting standards for reporting and disclosure at the investment fund level will reduce the cost of information for individual and institutional investors interested in investing in Microfinance Investment Funds
- Creating and disseminating relevant benchmarks on MIF performance will inform investors on the social and financial performance of the funds and promote greater cost-effectiveness at the MIF level

What has MIX done to date?

- The Microfinance Information eXchange has been in existence for almost three years
- To date, it has been focused on three primary tasks:
 1. Promoting common reporting standards for microfinance institutions
 2. Creating performance benchmarks for MFIs in order to assess both the performance of individual MFIs and gauge the progress of the industry as a whole
 3. Promoting greater transparency and disclosure within the industry, particularly for MFIs, in order to reduce the information asymmetries for investors interested in underwriting these businesses

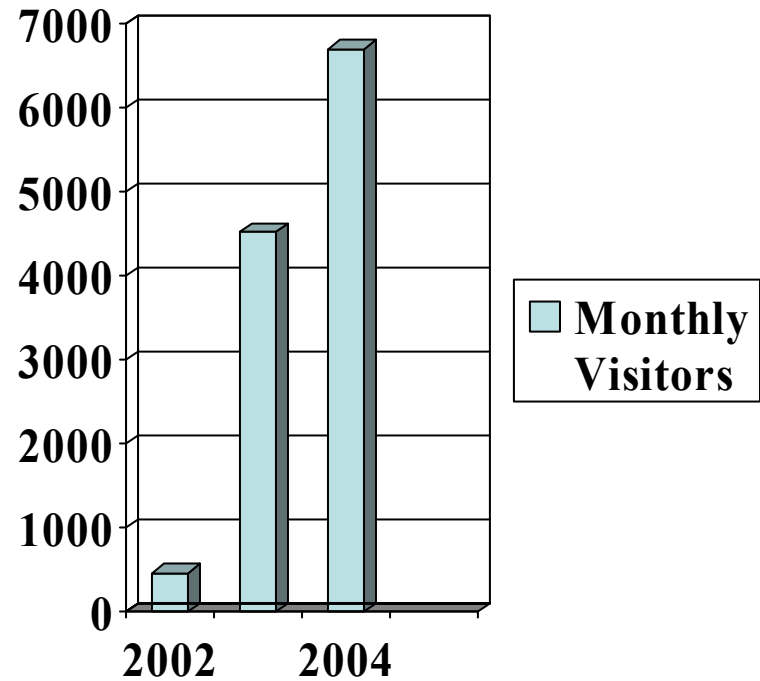
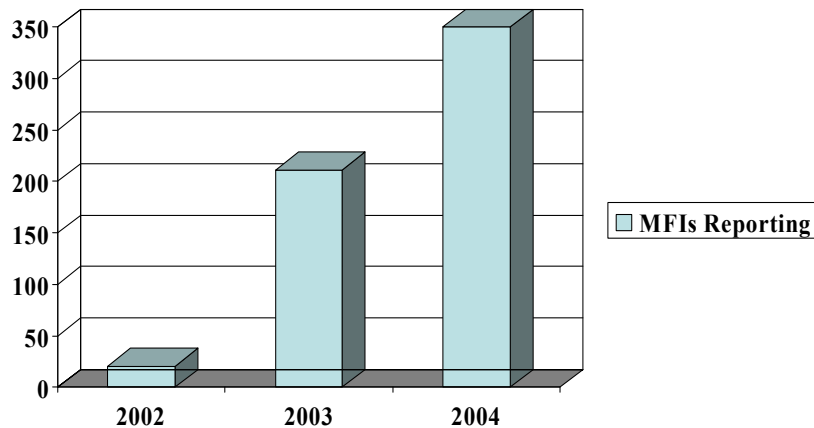
What has MIX done to date?

(outputs)

- Financial Reporting Standards Committee: issues and monitors global reporting guidelines for microfinance institutions (chaired by MIX)
- MIXMonitor: A software package built around an Oracle database application which can be used by national, regional and other international institutions interested in collecting and analyzing data on microfinance institutions
- MIX Benchmarking Readiness Assessment Course: A course for MFIs interested in understanding the issues related to getting MFIs to report to a common standard and managing the process of data collection, verification, cleaning and benchmarking
- MIXMBB Database: The premier database for benchmarking institutional performance
- MIX Trendlines Database: A database of 50 top MFI institutions that tracks performance over time in order to analyze trends within the industry
- MIXMarket: The top website for finding institutions involved in microfinance and the most detailed publicly accessible database with MFI performance statistics (360 MFIs reporting)

Users are increasing.....

MFI Reporting



Data dissemination has diversified...

