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SMERA launches Microfin Analytics, an analytical platform to help global investors assess MFIs in developing nations

It aims to empower the market participants with detailed information and statistics on MFI's business performance enabling them to make informed decisions.

Mumbai, 03rd December 2019: SMERA, has launched a platform, Microfin Analytics, focused on providing grading, research and advisory services exclusive to the MicroFinance Institutions (MFI) sector. It aims to provide valuable and timely insights to the MFI lenders and investors for meeting their social, financial and business objectives.

The growth momentum in the MFI industry is well identified by the whopping growth in its loan portfolio from Rs. 40,135 cores in FY2015 to Rs. 1,87,386 cores in FY2019. Amidst tight liquidity conditions along with asset quality concerns for the overall India Inc and specifically financial services industry, MFIs demonstrated resilience. The industry raised fund of ~ Rs. 262 billion through securitisation in FY19, 200% higher than FY18 figure of ~ Rs. 81.2 billion. With such multi-fold growth witnessed over the years, the microfinance sector's contribution to financial inclusion has been remarkable. However, the sector is subjected to multiple challenges, risks and uncertainties from time to time.

Acknowledging the growth potential and highlighting about the risk factors, which necessitated the introduction of a high-end analytical platform, **Sankar Chakraborti, Group CEO, Acuité SMERA Group** said, *"The number of institutions providing micro finance services has gone up to several hundred albeit the challenges continue. Some of the major issues faced by the sector include over dependence on banking sector, over-indebtedness of MFIs, high rate of interest, concentration risk and more. Microfin analytics is launched to cater to each of these problems. For instance, MFI Grading will provide comprehensive assessment of the financial and business performance of an MFI to determine its capacity to carry out its operations in a sustainable manner. Similarly, the Code of Conduct service will assess if MFI adheres to various parameters laid down by industry association of MFIs."*

Elaborating on the product, **Mohit Jain, Sr. Vice President – Institutional Gradings, SMERA Microfin** shared, *"Microfin Analytics has been conceived in line with our constant focus on innovation and introducing best-in-class products in the industry to enable effective decision making by the participants. We conducted rating/grading assignment of more than 100 MFIs and with the rising demand, our learnings' and experience, we ideated the platform – Microfin Analytics. The sector has been able to withstand the impact of demonetisation & funding challenges post IL&FS crisis. However, going forward, strong risk management practices will hold the key to sustainable growth for microfinance Institutions."*

Microfin Analytics is offering a wide spectrum of services that will help this segment address various challenges. It has introduced MFI Grading, Code of Conduct Assessment (COCA), Pool Loss Assessment Study, Social Impact Study and Research Services, keeping global investors and MFIs based in other developing countries as well in mind.

Some of the companies already assessed include Asirvad Microfinance, RGVN (North East) Microfinance Limited, Cashpor Micro Credit, Samasta Microfinance Limited, Village Financial Services Limited, Chaitanya India Fin Credit Private Limited and so on

About Microfin Analytics:

Microfin Analytics (Powered by SMERA) is focused on providing grading, research and advisory services to the MFI sector through high quality output, valuable insights and technical inputs to various stakeholders for their social objectives and financial and business decisions It aims to wide spread the coverage of financial inclusion and thereby the social impact by creating an eco-system with the highest standards of transparency and integrity, and work towards the healthy and sustainable growth of the microfinance sector.

For more information: www.microfinanalytics.com or contact: info@smera.in

About SMERA:

SMERA was incorporated in 2005 as an initiative of Ministry of Finance, Govt. of India and the Reserve Bank of India to help Indian MSMEs grow and get access to credit through independent and unbiased credit opinion that banks can rely on. Thus, SMERA became the world's first MSME focused rating agency and introduced the concept of SME Ratings in India. SMERA is now a division of Acuité Ratings & Research Limited (a SEBI Registered and RBI Accredited Credit Rating Agency).

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