Dear Colleagues

Wising you all a very Happy, Peaceful and Prosperous New Year 2022.

I hope you all had happy holidays and were able to get some rest.

In the UK, things are getting back to some form of normality with the technology based lateral flow testing which can confirm within 10 - 15 minutes whether someone has COVID-19 or not.

We can see clearly how technology has assisted the health sector in being more effective in dealing with the pandemic.

The question arises on why we need to do better in using technology to design products and services for those that are at the bottom of the economic pyramid. How do we do this?

Our thought leadership paper for this month gives a summary of where banks are and the need for microfinance institutions to start adopting some of the digital technology that are affordable.

I hope you enjoy reading this.

On behalf of the Microfinance Association UK, we wish you a prosperous 2022

Ademola Tosoye
Ademola Tosoye
January 2022
Since the 2007–2009 financial crisis, the banking industry in Europe has been facing unprecedented challenges with low interest rates, increased regulation, and compliance requirements.

Along with the appearance of these threats, major changes have taken place in the banking sector in recent years.

A decade ago, the ten largest banks by assets were based in Europe and the United States, whereas currently the top ten are dominated by six Asia-based banks.

The reason for this shift can be traced not only to the crisis and the rise of Asia; banks have had to deal with all the threats arising after the crisis, as well as digital disruption stemming from increased competition in retail from financial technology (Fintech) and platform-based competitors.

It is clear that banking is undergoing a transformation from being based in physical branches to using information technology (IT) and big data, together with highly specialised human capital. Even before this transformation began, banks and markets had become intertwined, with a higher proportion of intermediary activities becoming market based.

Some of these banks face greater competition from other intermediaries, increasingly digital, in their core businesses, such as payment and advisory services.

This leads to the question on what banking transformation means to microfinance and financial institutions in general?

It is clear that banking is undergoing a transformation from being based in physical branches to using information technology (IT) and big data, together with highly specialised human capital. Even before this transformation began, banks and markets had become intertwined, with a higher proportion of intermediary activities becoming market based.

Some of these banks face greater competition from other intermediaries, increasingly digital, in their core businesses, such as payment and advisory services.

This is clearly an area that microfinance institutions will need to address. If we don’t, the level of effectiveness and efficiency would be greatly impaired. What are the lessons learned from Covid-19, and can we operationalise some of this if it makes our operations effective and efficient?

A change in the use of technology in developing new services and business models will continue to unfold with the rise of the Fintech sector, which can be understood as the use of innovative information and use of automated technology in financial services.
The speed of adoption of the different new digital technologies and of the acquisition of users associated to them has accelerated more than 3 times as a result of COVID-19. Indeed, the major change is now coming from digital disruption of the sector.

Customers have new service expectations in terms of user-friendliness of the interface and transparency. In Asia and Africa, technological leapfrogging has extended banking services to previously unbanked segments of the population.

Digital technology may have a large impact in terms of increasing competition and contestability of banking markets. Banking will move towards a customer-centric platform-based model, and institutions will have to restructure. This needs to be addressed.

This digital disruption offers the potential to improve efficiency with innovation, enhanced supply diversity, and a more competitive financial system that yields market extension augmenting financial inclusion.

Turning Point Program

If you want to transform your organisation, join us in Dubai for the Turning Point program, this program is based on ten modules. Its aim is to challenge senior executives using the critical thinking concept. Participants that attend the program will go through these fundamental modules.

**You have to be prepared to be challenged in a stimulating and thought-provoking environment.**

- Critical thinking concepts.
- Digital Finance
- Strategic leadership and management.
- Management values – vision, culture, strategy, communication, clarity etc.
- Service methodology and product development channels.
- Financial management for non-financial managers.
- Competitive positioning.
- Systematic expansion planning.
- Critical analysis - ratings and evaluation of an institution.
- Business planning.
- Action plan.
If you are a Fellow of the Microfinance Association, you need to renew your membership for 2022. We are also willing to appoint another batch of Fellows if you have extensive and in-depth experience in this field, please send in your full resume for a review. The yearly membership fee for our Fellows is £200 per year.

Watch out for our 1000 youth initiative for Nigeria and Ghana. We will be developing 1000 youth on Enterprise Development Program (Pathway Program). It is a program that is aimed at training youth in Nigeria and Ghana on basic entrepreneurial skills as this is the only way to address some of the acute issues on unemployment in these countries. We plan to expand to other African countries. International organisations that are interested in partnering with us should send an email to ade@microfinanceassociation.org

If interested, please have a look at our website - www.microfinanceassociation.org, or send an email to info@microfinanceassociation.org

Training Programs - 1st Quarter

- Professional Certificate in Microfinance (Distance Learning)
- Professional Certificate in Financial Analysis (Distance Learning)
- Financial Inclusion Day - Virtual Program.
- Digital Transformation Program – Dubai
- Strategic Management Course – London

The Microfinance Association

“A global body for Microfinance Practitioners”

01322 312078 ade@microfinanceassociation.org

Science and Innovation Park, Brunel Way, Kent