



PMIC

Pakistan Microfinance Investment
Company Limited

Connect

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Portfolio Highlights



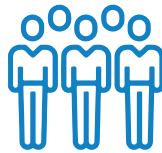
PKR 25.3
(Billion)

LOAN PORTFOLIO



26

TOTAL BORROWERS



692,161

TOTAL CLIENTS



87%

WOMEN CLIENTS



90

NUMBER OF DISTRICTS



42%

YOUTH CLIENTS



64%

RURAL



830

LIVESTOCK INSURED



PKR 4.59 (Billion)

LOAN PORTFOLIO
DEPLOYMENT IN
EXTREME POVERTY ZONES



1

(Million)+
CUMULATIVE JOBS
SUPPORTED BY MICROFINANCE
LENDING OPERATIONS



34,431

RENEWABLE ENERGY -
UNITS SOLD



PKR 112

(Billion)

INCREMENTAL REVENUE
GENERATION BY PMIC
FINANCE MICRO ENTERPRISES





Portfolio Management Department Initiatives

PMIC Islamic Financing Operations

Following its successful foray into conventional financing products, PMIC is now preparing to expand into Islamic finance. This initiative aims to support the target market in collaboration with both current and new Microfinance Providers (MFPs). A Shariah Advisor has been appointed, and Shariah-compliant products, along with a comprehensive Policy Framework, have been developed. This framework includes the implementation of a Profit & Loss Distribution and Pool Management system. Once SECP grants clearance, these products will become available for use by both borrowers and lenders.

Induction of New Borrowers

PMIC is continuously working to onboard new microfinance institutions, including Neem, Smart Finance, GoldFin, and Trukkers as well as banks to strengthen and scale-up provision of sustainable and responsible access to finance to individuals, micro-entrepreneurs and micro-enterprises in Pakistan to enhance employment and income opportunity for economically poor and underserved citizens and improve the lives of the poor.

Recently, PMIC held meetings with GoldFin and Smart Finance in Lahore to discuss partnership opportunities. Following the approval of the term sheet for Smart Finance, the credit proposal has been finalized and is now awaiting board approval. Furthermore, term sheets for GoldFin and Smart Finance are currently in the process of finalization.

Field Visit

In Lahore, the PMD team visited two microfinance providers, Rural Community Support Program (RCDP) and FFO Support Program. They conducted field visits to engage with over 45 end-clients, aiming to understand their concerns and identify areas for improvement. Most clients reported satisfaction with the products, services, and treatment by field staff. However, challenges due to inflation, particularly increasing markup rates, were highlighted. Clients also requested larger loan sizes, as many currently resort to multiple providers to meet their needs.

Additionally, the team met with senior management to discuss ongoing operations, expansion plans, and challenges. Key topics included liquidity management, enhancing field-level controls, operational efficiency, portfolio quality, and regulatory compliance. The insights gained from these interactions will inform future improvements and strategies.





Sector Development Department Projects

PRIME

PMIC team continued deployment of the PRIME program. PMIC PRIME team is currently working on Grievance Redressal Mechanism – in collaboration with Project Implementation Consultant (PIC) team, which is expected to be completed by August 2024 (after KfW's approval). Similarly, the Environmental and Social Management Framework (ESMS) component – exclusively for the PRIME program – is also being designed. The ESMS component is expected to be finalized during the next couple of months. The PIC team is working on designing training under PRIME program for PMIC PRIME team members. The MFPs continued to provide financing under the PRIME program.

Education Quality Program

Education Quality is a three-year training program under the Education Finance Program which is a collaboration between Opportunity Internationals and PMIC. The program implementing partners are Agahe Pakistan, RCDP, and TFCL.

The objective of Education Quality program is to provide quality education trainings to 150 Low-Cost Private Schools (LCPS) in Southern Punjab. Currently 163 schools are enrolled in this training program. During June Teacher Mentorship Professional Development (TMPD) 2 was conducted in the three clusters of Pakpattan, Warburton and Sheikhpura in Lahore district; whereas TMPD2 was conducted in 4 clusters of Vehari, Rajanpur and 2 clusters of Multan from Multan district. The training is conducted by Education specialists hired by OI.



Electronic Warehouse Receipt (EWR) Financing

PMIC is advancing its strategic effort to strengthen the agriculture ecosystem, focusing on post-harvest financing via Electronic Warehouse Receipts (EWRs) tailored for small-scale farmers. After a successful initial phase, which allocated PKR 40 million in EWR financing for maize and rice, PMIC recently achieved repayment of two rice EWRs by farmers within the scheduled timeframe in May 2024. As PMIC expands its commitment to EWR financing, it stands ready to make a substantial impact on the agricultural sector, thereby promoting the well-being and prosperity of farming communities. A roadshow was held for farmers in Hafizabad and Sheikhpura.



Challenge Fund Round II – Digital Credit Scoring Model

During the Challenge Fund Round II – Digital Credit Scoring Model, PMIC and MFIs engaged in productive meetings to harmonize characteristics, parameters, and weight assignments. Qarar has launched a dedicated dashboard for MFIs, with ongoing evaluation by their data scientists to refine the expert model, while maintaining regular communication with participating MFIs. The outcomes from testing and initial implementation of the Expert Scorecard are under careful scrutiny, guiding adjustments to enrich the dashboard with additional fields for a more comprehensive scoring mechanism.



Client Success Story



Shazia Bibi's Inspiring Journey to Empowerment and Success

Shazia Bibi, born into a conservative low-income household, faced financial struggles exacerbated by her father's death and restrictive social norms. Her mother started an embroidery business, leading Shazia to leave school to help. Despite disapproval from her family, Shazia pursued her passion for beauty salon work, learning skills informally.



Using saved money and convincing her husband to invest, she started her salon. She took loans from PMIC's borrower, KASHF, to improve and expand her salon. Her dedication increased her household income from PKR 6,000 to PKR 50,000, enabling her to buy household items and support her children's education.

Shazia has inspired her community, teaching her sister and fifty other girls to become successful beauticians. Despite low education and no work experience, accessible finance from KASHF (PMIC's client) helped Shazia overcome financial challenges and build a better life for her family.



People and Culture



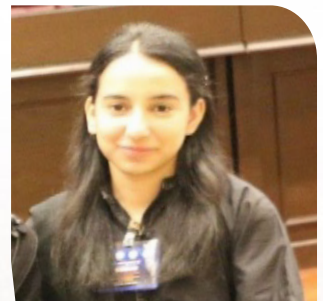
HR Department June Milestones

In June 2024, the HR department achieved several significant milestones, beginning with the successful conclusion of three new hirings at market-competitive remunerations, ensuring the acquisition of top talent. Additionally, two Management Trainees (MTOs) were offered permanent positions within the organization following a comprehensive evaluation process, demonstrating the company's commitment to nurturing and retaining promising talent.

To further enhance employee skills and maintain a competitive edge, the department also facilitated training programs for seven employees, spanning various disciplines. Moreover, the HR team implemented an updated leave management system, streamlining the process and improving overall efficiency in managing employee time off.

Sneak Peek on New Hires:

1. My favorite food is White Sauce Pasta. However, in Pakistani Cuisine, I love a variety of dishes, including Biryani and Nihari.
2. I would like to meet Lila Abu-Lughod, a Palestinian American Anthropologist. Her Middle Eastern studies revolve around Feminism, Culture, and Religion, challenging stereotypes surrounding Muslim women.
3. I look forward to travelling in the future. Particularly to Europe, exploring decades of history and architecture juxtaposed with the modern world.





Zeeshan Khan Shahid
Chief Technology Officer

The Robot Revolution - Reimagining Work in a Tech-Fueled Future

The relentless march of technology is transforming every facet of our lives, and the workplace is no exception. From automated assembly lines to intelligent virtual assistants, technology is reshaping the way we work. As we hurtle towards a tech-driven future, a crucial question emerges: What does this mean for the jobs of today, and the skills we'll need for tomorrow?

The Automation Paradox

One of the biggest concerns surrounding technological advancement is automation. Repetitive tasks are increasingly susceptible to being replaced by machines, leading to fears of mass unemployment. While job displacement is a real possibility, history suggests a more nuanced picture. The Industrial Revolution, for instance, saw a decline in agricultural jobs, but also birthed entirely new industries. Automation may eliminate certain roles, but it's also likely to create new ones, demanding different skillsets.

The Rise of the Human-Machine Partnership

The future of work won't be a battle between humans and machines, but rather a collaborative effort. AI and automation will excel at handling data analysis, complex calculations, and repetitive tasks. This will free up human workers to focus on what machines lack: creativity, critical thinking, problem-solving, and social intelligence. The ideal worker of the future will be adept at working alongside AI, leveraging its capabilities to augment their own skills.

Lifelong Learning - The New Essential

The rapid pace of technological change necessitates a shift in how we approach work and learning. In the past, a single degree could equip someone for their entire career. In the future, continuous learning will be paramount. Workers will need to be adaptable, willing to acquire new skills as technologies evolve and job requirements change. Educational institutions and companies will need to work together to provide flexible and accessible learning opportunities to bridge the skills gap.

The Evolving Workplace

Technology is also impacting where and how we work. Remote work arrangements, facilitated by cloud-based tools and video conferencing, are becoming increasingly common. This flexibility offers a better work-life balance and opens up a wider talent pool for companies. However, it also presents challenges around fostering company culture and maintaining a sense of community in a dispersed workforce.

The Human Touch - Why Soft Skills Still Matter

While technical skills will remain important, the future of work will place a premium on "soft skills" like communication, collaboration, empathy, and emotional intelligence. These uniquely human attributes are crucial for building relationships, leading teams, and navigating the complexities of human interaction in a tech-dominated world.

The future of work in a tech-driven world is a landscape brimming with both challenges and opportunities. By embracing lifelong learning, developing a human-centric skillset, and fostering a culture of adaptability, we can navigate the coming changes and ensure that technology empowers, rather than displaces, the workforce.



Mohjah Mehmood
MTO, Sector Development Department

Microfinance and Poverty Alleviation: Creating Opportunity for the Poor

Introduction

Poverty is a broad and multifaceted concept that remains a great challenge. The main objective of Microfinance is to reduce poverty by helping the poor. Poor households have limited to no access to financial services that is one of the main obstacles to income generation. People live in extreme poverty and struggle to fulfill their basic needs like food, shelter, clean drinking water and clothing. Through a combination of financial and technical assistance, Microfinance help individuals to climb out of poverty. Typically, by providing small loans and other financial services to individuals especially to those who are at the bottom of the poverty line. Microfinance plays a significant role in Poverty Alleviation and helps to create opportunities for empowering people to start new businesses. This can help to increase their income and improve their living standards that are the essential steps in breaking the cycle of poverty.

Role of Microfinance in Poverty Alleviation

Microfinance aims to develop financial inclusion and entrepreneurial support. Microfinance institutions (MFIs) empowers marginalized groups and individuals by promoting financial independence and gender equality leading to overall economic development and growth. When it comes to tackling poverty alleviation by microfinance, there are key actions that can create significant impact:

Empowering The Poor

Empowering the poor by giving access to resources to raise their socioeconomic standing and general well-being. This can be accomplished in a number of ways, such as by providing training programs for skill development to improve their knowledge and abilities and assist people to become more capable of managing their economic operations. Promoting and supporting the poor's representation in order to give them a voice, protect their rights, and encourage community involvement. Long-term benefits to society and the environment can also be guaranteed by supporting sustainable environmental practices. The goal of microfinance is to raise a generation that is business-minded and resilient. Encouraging those in poverty is crucial for their economic empowerment. This includes giving women and the poor access to jobs, guaranteeing their access to high-quality education, and providing both financial and technical support.

Empowering Women by Financing Microenterprises

Microfinance programs aims to support women and other marginalized communities to ensure equal access to financial and educational opportunities. Microfinance initiatives focus on women empowerment, youth and children. Women having access to financial resources contribute to the well-being for their families and communities. Women economic independence is promoted by financing women led microenterprises which leads to community development and poverty alleviation. Providing access to both education and finance is crucial for promoting economic independence for microentrepreneurs.

Community Development and Environmental Stability

Sustainable and resilient communities are created through a multifaceted approach that covers social, economic, and financial aspects of the community. Microfinance initiatives have a positive impact on communities through infrastructure development, job creation, and economic growth in addition to their individual wellbeing. Access to healthcare and education facilities is also improved when microfinance provides financial security.

Conclusion

Microfinance offers a pathway for the underprivileged with a means of establishing economic stability and efficient means of generating income. Microfinance not only combats poverty but also promotes environmental sustainability and social progress. These programs create a future that is more sustainable and resilient.



Read of the Month



This month's selected read is a survey conducted by McKinsey, titled: **The state of AI in 2023: Generative AI's breakout year.**

The latest annual McKinsey Global Survey on AI reveals the rapid growth of generative AI (gen AI) tools. Within less than a year of their introduction, one-third of respondents report that their organizations are regularly using gen AI in at least one business function. AI has moved from being a niche interest among tech employees to a priority for company leaders: nearly one-quarter of surveyed C-suite executives are personally using gen AI tools for work, and more than one-quarter of respondents from AI-using companies say gen AI is now on their boards' agendas. Additionally, 40 percent of respondents indicate that their organizations will increase their overall AI investment due to advancements in gen AI. However, managing gen AI-related risks is still in the early stages, with less than half of respondents reporting that their organizations are mitigating the most relevant risk: inaccuracy.

The anticipated business disruption from gen AI is substantial, with respondents forecasting significant changes to their workforces. They expect workforce reductions in certain areas and large-scale reskilling efforts to meet shifting talent demands. Despite gen AI driving the adoption of other AI tools, there has been little increase in the overall adoption of AI technologies. The percentage of organizations using any AI tools has remained steady since 2022, with adoption concentrated in a few business functions.

A brief McKinsey survey in the form of an article is attached for further reading. You can access the article by following the link given below:

<https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai-in-2023-generative-ais-breakout-year#/>

