



PMIC

Pakistan Microfinance Investment
Company Limited

Connect

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Portfolio Highlights



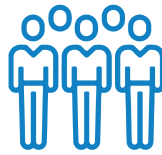
PKR 27B
(Billion)

LOAN PORTFOLIO



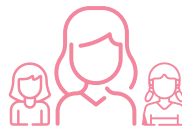
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TOTAL BORROWERS



635,320

TOTAL CLIENTS



86%

WOMEN CLIENTS



87

NUMBER OF DISTRICTS



35%

YOUTH CLIENTS



66%
RURAL



PKR 4.22
(Billion)
LOAN PORTFOLIO
DEPLOYMENT IN
EXTREME POVERTY ZONES



34,836
RENEWABLE ENERGY -
UNITS SOLD



900

LIVESTOCK INSURED



1,028,193

CUMULATIVE JOBS
SUPPORTED BY MICROFINANCE
LENDING OPERATIONS



PKR 101.7
(Billion)

INCREMENTAL REVENUE
GENERATION BY PMIC
FINANCE MICRO ENTERPRISES



Portfolio Management Department

PMIC Islamic Financing Operations

To increase financial services across the country, PMIC has introduced a fully integrated Shariah-Compliant products range at wholesale and retail levels. This initiative will enable PMIC to provide Shariah-compliant funding to our borrowers and the microfinance sector at large. At the retail level, we have developed and shared the following Shariah-compliant financing products to help microfinance institutions introduce and scale these offerings to their clients:

- Diminishing Musharakah Financing
- Istisna Financing
- Mudarabah Financing
- Salam Financing

This commitment is at the core of our mission to drive positive social impact through responsible and inclusive financial practices and underscores PMIC's role as sector developer.

Induction of New Borrowers

PMIC is actively working to onboard new microfinance institutions, including Smart Finance, GoldFin Limited, Farmer's Development Organization, and Neem Financials, to strengthen and scale up the provision of sustainable and responsible access to finance. This initiative aims to support individuals, micro-entrepreneurs, and micro-enterprises across Pakistan, enhancing employment and income opportunities for economically disadvantaged and underserved citizens, and ultimately improving their quality of life. In this effort, GoldFin Limited & Smart Finance Limited's approvals have been granted and the Financing Agreements are in process.

Furthermore, PMD recently held a meeting with the CEO and management of Farmer's Development Organization (FDO) to explore a potential Islamic Financing partnership. Additionally, negotiations are ongoing with Neem Exponential, which has expressed strong interest in forming strategic partnerships with PMIC.

Field Visits

CEO Visits

CEO Mr. Yasir Ashfaq and Saqib Siddiqui, Head of sector development department, conducted extensive visits to borrowers in Punjab, where they met with the CEOs and visited branches of MSP, JWS, and DSP in Punjab. Additionally, meetings were held with the CEOs of TFCL, FFOSP, RCDP, and CEIP. During these engagements, Mr. Ashfaq led productive discussions with management teams, exploring the current state of microfinance in Pakistan. Valuable insights were shared on the opportunities and challenges within the sector and a clear vision for the path forward.

In Sindh, Mr. Yasir Ashfaq met with SMCL, TMF, and SSSF to discuss the ongoing challenges faced by the MFIs, offering valuable insights and guidance. During the visit, Mr. Ashfaq, accompanied by the Head of Portfolio Management, Asghar Memon, engaged directly with borrowers to gain firsthand perspectives. Following these interactions, they visited the Head Offices for in-depth discussions with their teams, focusing on mutual interests.



and potential business collaborations. The meetings emphasized strengthening the partnership between PMIC and the respective borrower, exploring opportunities for future growth, and enhancing the impact of financial services in the region.



PMD Visits

In Lahore, the PMD team visited four microfinance providers: MSP, Agahe, KMBL, and TFCL. During these visits, the team interacted with over 80 end clients to gain insights into their concerns and identify areas for improvement.

In Sindh, the PMD team conducted field visits to three major borrowers: TMF, Advans, and SSSF. Additionally, they held a meeting with Neem Financials to discuss future opportunities and finalize the ongoing term sheet. During the visits, the team engaged with over 50 clients to understand their concerns and identify areas for improvement.

While most clients expressed satisfaction with the products, services, and treatment by field staff, they also highlighted challenges related to inflation, particularly the rising markup rates. Additionally, clients requested larger loan sizes, as many currently rely on multiple providers to meet their financial needs.

The team also held focused meetings with Mojaz Support Programme and Shah Sachal Sami Foundation, where they engaged with senior management to discuss the rising Non-Performing Loans (NPLs), operational challenges, business plans, and issues related to the current wheat and rice crops. The insights gained from these discussions will help shape future improvements and strategies for both institutions.





Sector Development Projects

PRIME

PMIC PRIME team – in collaboration with the Project Implementation Consultant team – developed the ESMS component exclusively for the PRIME program. The component will be added as an addendum to the existing ESMS policy and includes policies and procedures pertaining to the designing, installation, and disposal of solar solutions products (batteries). The policy has been shared with KfW for approval. A grievance redressal mechanism – exclusively for the PRIME program – is also being developed for the PRIME program, in collaboration with the PIC team. Furthermore, the program activities continued in the field.

Education

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 the Education Quality program is to provide quality education training to 150 Low-Cost Private Schools (LCPS) in Southern Punjab. Currently, 159 schools are enrolled in this training program.

The School Leadership Professional Development (SLPD) fourth module was conducted in all the Lahore and Multan clusters, including, Faruqabad, Mureedky, Gujranwala, Pakpattan, Rajanpur, Multan, and Vehari. In this training, the school leaders are equipped with school leadership and management skills. The training is conducted by Education specialists hired by OI.

PMIC is in discussion with Tech Valley (google partner in Pakistan) for ruling out, “Safer Digital Future” for adolescent girls catered by PMIC through Education Initiative.



Electronic Warehouse Receipt Financing

This month, timely payments were received for four EWRs (Electronic Warehouse Receipts) that were financed, alongside the financing of two new maize EWRs. Till date PMIC has financed EWR worth PKR 57 Million, as of this August end outstanding portfolio is of PKR 20.6 million. EWR financing plays a vital role in providing small farmers with essential financial support, while also mitigating risks associated with post-harvest activities. As PMIC continues to expand its outreach, the initiative is set to make a significant impact on the agricultural ecosystem, particularly benefiting small and medium-sized landholding farmers. Ultimately, this initiative contributes to the welfare and prosperity of farming communities.

Challenge Fund II - Digital credit scoring model:

Qarar has introduced a dashboard to partnering Microfinance Providers (MFPs) to evaluate the scoring model for potential new acquisitions. This dashboard allows MFPs to input application details and instantly receive a score along with an associated risk category. With full access to the dashboard and all back-end integrations in place with DataCheck, MFPs are actively populating client-level data for aligned fields across various loan categories.

Simultaneously, Qarar’s data science team is meticulously monitoring the quality of the uploaded data and fine-tuning the algorithms to ensure optimal dashboard performance. Weekly feedback from MFPs is continuously integrated, and ongoing support is provided to enhance their understanding and effective use of this cutting-edge tool.



Challenge Fund III

PMIC's Challenge Fund Round III, "Informal to International," is in the design phase. This initiative will empower home-based skilled women by transitioning them from informal to national and international markets through digital marketing and e-commerce platforms. Key interventions include digital/financial literacy training, skills enhancement, and access to finance. A pilot will launch in Vehari, Muzaffargarh, and Bahawalpur. We've signed an MoU with Daraz and shortlisted CIRCLE Women as our digital and financial literacy partner. A field visit with designers Chottani and MG Apparel is scheduled for mid-September.

Interaction with FinTech's and Digital Platforms:

In its ongoing effort to accelerate financial inclusion and expand the number of institutions supporting this mission, PMIC has identified several FinTech companies and digital platforms that provide financial services tailored to the underserved market. The sector development team has begun and continues to engage in discussions with potential borrowers and digital partners, including KalPay, Wasal, and Haball. These interactions aim to gain deeper insights into their product offerings and lending methodologies, furthering PMIC's commitment to fostering innovative solutions for financial inclusion.

PMIC New Strategy (2024-27)

On the directives of the board during the meeting in July, PMIC management is in the process of designing its new strategy for 2024-27. In this regard a strategy team has been formulated which organized multiple brainstorming sessions internally and a workshop with the Mancom to review PMICs progress and achievements made since its inception, challenges curtailing its growth, and possible opportunities to be explored for achieving its mission and objectives. A meeting with shareholder Karandaz Pakistan (KRN) was held to get input about its opportunities. PMIC is exploring direction to adopt for increasing financial inclusion and enhancing its role as a sector developer. PMIC aims to share business plan strategy during the next Board meeting in October.

Research & Development

PMIC published its annual impact report for the year 2023. The Pakistan Microfinance Investment Company (PMIC) 2023 Impact Report demonstrates the transformative power of financial inclusion in Pakistan. PMIC has impacted over 21.4 million lives by supporting over 1 million jobs, enabling 607,000 women-owned businesses, and facilitating climate-smart agricultural practices for nearly 70,000 clients. With a focus on extreme poverty zones, PMIC drives sustainable development by aligning with the Sustainable Development Goals, empowering underserved communities, and building resilience through innovative financial solutions that uplift the most vulnerable segments of society.

The research team completed data collection and analysis for the SDG Insight on Gender Equality. The report highlights four key areas: inclusive HR practices, gender-inclusive institutional arrangements, access to finance, women focused products and services and client protection. It assesses PMIC and its borrowers' performance on SDG 5 and identifies opportunities for further progress. The report will be published in mid-September.

Risk & compliance

The Risk & Compliance Department recently conducted a refresher session focusing on Anti-Money Laundering/Countering Financial Terrorism /Countering Proliferation Financing. This session aimed to reinforce our organization's commitment to uphold financial integrity and regulatory compliance. During the session, various critical topics were covered, including overview of AML/CFT/CPF, Regulatory Frameworks to curb ML/TF/PF, Identification of red flags and suspicious activities, customer due diligence (CDD) and enhanced due diligence (EDD).

Nineteen of our colleagues from various departments participated in the session, sharing their perspectives and insights to strengthen our operational practices. Furthermore, the Risk Department arranged a comprehensive two-day session on IFRS 9 led by KPMG. The session provided valuable guidance on the implications of IFRS 9 with focus on classification, measurement, and impairment of financial, recent updates in the Standard and provided a demo on the ECL (Expected Credit Loss) Model.



Client Success Story



The Inspiring Story of Rabia Basari

Ms. Rabia Basari, a resident of Chak 435 EB in Burewala, District Vehari, lives with her two children. After separating from her husband, Rabia was determined to meet her children's basic needs despite facing personal challenges. Driven by her passion for beautician work, she decided to establish her own parlor.



Rabia learned about Agahe Pakistan, a PMIC borrower providing business loans in her area. Seizing the opportunity, she initially took a loan of Rs. 80,000 and gradually expanded her salon. With newfound confidence and determination, Rabia worked tirelessly to create a warm and welcoming environment for her clients. Her beauty parlor quickly gained a reputation for exceptional services and customer care, and her loyal clientele grew as she expanded her range of beauty services.

Rabia's understanding of her customers' needs played a significant role in her success. She not only excelled in her field but also became an inspiration for women entrepreneurs in her community, admired for her perseverance, creativity, and commitment to excellence. Her success allowed her to support herself and provide employment opportunities to others in her community.

As her business grew, Rabia transitioned into the regular microcredit program, securing a loan of Rs. 150,000 to further expand her salon services. Despite societal barriers and family resistance, Rabia's unwavering resilience and hard work have been remarkable. She also participated in a digital literacy program, where she received training in digital marketing. This training proved to be a game-changer for her business, enabling her to expand her customer base and significantly increase her income, now earning Rs. 35,000-40,000 per month.

Today, Rabia is successfully fulfilling the needs of her children and herself. Her determination to overcome societal norms and embrace new opportunities showcases her resilience and entrepreneurial spirit. By embracing digital literacy, she has taken her business to new heights. Rabia's story is a testament to the power of adaptability and continuous learning.



People and Culture



HR & Admin Activities

This month has been filled with exciting initiatives at PMIC, with the HR team actively collaborating with CEO Club members on various projects. Our "Coffee with CEO" and "CEO Club" sessions continue to drive innovation and engagement within the organization.

Independence Day Celebration

We celebrated Pakistan's 77th Independence Day with great enthusiasm. The PMIC team embraced the spirit of freedom by organizing a tree plantation drive, demonstrating our commitment to the environment. The event was followed by a delightful brunch, where we all savored a variety of traditional dishes, enjoying a meal to our hearts' content.



Sponsorship of ICMA & SAFA Conference:

The Institute of Cost and Management Accountants of Pakistan (ICMA), in collaboration with the South Asian Federation of Accountants (SAFA), organized the International Conference in Karachi this August. The Conference, themed "Driving Sustainable Growth: The Role of Cutting-Edge Technologies," seeks to unite the global accounting community and foster international cooperation among accountants. It aims to establish common principles and uniform standards that can be applied to achieve the objectives of existing laws and regulations. The forum facilitated the exchange of information on innovations, best practices, compliance with legislative, regulatory requirements, management techniques, and organizational structures. Mr. Yasir Ashfaq, Chief Executive Officer PMIC, represented PMIC at the conference and participated as in a panel discussion "Resilient Financial Strategies: Embedding Technological Solutions For Economic Growth"



PMIC Mango Party

In the spirit of team bonding, we enjoyed a refreshing Mango Party in the PMIC kitchen, which was a delightful and energizing experience for everyone.



Second Quarterly Team Meeting

On the 26th, we held our all-team Quarterly Meeting, where we reviewed our progress, KPIs, and future targets, followed by tea and celebrations for employees' birthdays from the past quarter.



Gender Sensitization Training

We also conducted a full-day Gender Sensitization training for all staff, led by Ms. Afia Mansoor and Mr. Khurram Aleem from the Schuitema Group. The interactive session was both informative and engaging, providing valuable insights into gender dynamics in the workplace.





Sneak Peek on New Hires

Mariam Agha - VP Portfolio Management Department

1. Favorite food?
If there was one food I could have daily it would be a sandwich. So, I love to try different kinds of sandwiches with coleslaw and fries.
2. Someone you would like to meet?
I would want to meet Motaz Azaiza, the acclaimed journalist from Gaza, and thank him for endangering his life to show the world about what's happening in Gaza.
3. What is on your bucket list?
I am looking to perform the holy pilgrimage next year as it has been on my bucket list for some time now and I just want to cross it off to make space for new things in the bucket.



Faiza Mazhar - Assistant Manager HR

1. Favorite food?
Chinese
2. Someone you would like to meet?
Imran Khan
3. What is on your bucket list?
Many things, want to travel all around the world and want to learn different languages



Birthday Celebrations



Yasir Ashfaq



Zainab Kakar



Asghar Ali Memon



Maliha Iqbal



Waheed Khan



Daud Javed



Read of the Month



Exploring the Impact of Direct Cash Transfers on Low-Income Individuals

Sam Altman's non-profit OpenResearch conducted the largest study in the U.S. so far of what's known as universal basic income. This major study explored the effects of providing \$1,000 monthly payments to low-income individuals in Illinois and Texas. Over three years, the research found that these payments significantly increased recipients' financial flexibility and autonomy.

Key findings revealed that recipients primarily used the funds to meet essential needs like food, rent, and transportation, while also dedicating more time to healthcare. Contrary to concerns, the study showed that recipients did not abandon the workforce; instead, they experienced improved overall well-being and the ability to pursue future goals like higher education and entrepreneurship.

The project underscores the potential of direct cash transfers as a tool for economic empowerment, though it also highlights the varied outcomes based on individual circumstances. This study is part of a broader conversation on basic income, a concept gaining traction among tech leaders as a response to the challenges posed by automation and economic inequality.

Altman's continued support for such initiatives remains uncertain, but the research conducted by OpenResearch has provided valuable insights into the effectiveness of direct cash transfers in fostering financial stability and personal growth.

Full -length article published by MIT Press titled "**The Deep and Enduring History of Universal Basic Income**" can be accessed at the following link:

<https://thereader.mitpress.mit.edu/the-deep-and-enduring-history-of-universal-basic-income/>

The **OpenResearch** study findings can be accessed at the following link:

https://www.openresearchlab.org/studies/unconditional-cash-study/study?utm_source=substack&utm_medium=email

