

Pakistan Microfinance Investment Company Limited

Connect

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IN THIS ISSUE

Portfolio Highlights | PMIC News Bites | Client Success Story | People & Culture | Read of the Month

CEO's Message

Reflection makes one focus on achieving the objectives in life. Contemplation becomes more important specially when the world seems more unstable. Although it is better to do it regularly, however the end of a year is a good milestone to take stock

Disruption is evident when for the first time in history of human beings we have created machines that can generate new ideas, solutions, assist in programming and art, and with all likelihood would be "more intelligent than human beings" according to Geoffrey Hinton, considered the godfather of AI. By when, is still debatable. There are pros and cons for such a development. We can harness it to our benefit in the field of medicine, exploring the universe and hosts of other vistas. However, history has taught us that most of the scientific development benefits only a few well off at the expense of majority, especially poorer segments of the society. Exceptions to this principle are in the field of renewable energy or EVs where the advantages to the majority have prevailed against the all-powerful fossil fuel industry.



In 2024, We also saw unrest in many parts of the world, from Gaza to Lebanon to Ukraine which is spreading into Syria and even Yemen. In Pakistan, some of the western parts of the country are experiencing increased instances of violence and unrest in addition to the long-term political instability.

Generally speaking, the year 2024 has been a very difficult year for the country. The good news is that the year 2024 has ended with a glimmer of hope both on the economic and political fronts in the future. The economic markers are pointing in a positive direction and the initiation of dialogue between the government and opposition has given some hope that sanity might prevail in the end. Although, on both these fronts it is just the beginning and the road ahead is still long, but at least we are headed in the right direction.

As a team we can be proud of attaining significant achievements. Even without a sub-ordinate loan from one of our shareholders, which was budgeted at 1.5 billion, we were able to obtain PKR 9.2 billion in new funding. The portfolio team pushed hard and was able to increase the portfolio to PKR 32 billion against the target of PKR 32.5 billion. By materializing a market opportunity, we have been able to substantially clean and strengthen our portfolio. These achievements wouldn't have been possible without dedication and teamwork shown by all of you.

As you are aware that, we prepared a very comprehensive strategy for the next 3 years and were able to convince the Board for its approval. The year 2025 will see us implementing the strategy 2025-27 and will demand teamwork in meeting the targets we have set for ourselves. This will define the next stage of PMIC, where we will not only be focusing on our primary business of providing wholesale funding but explore and develop different dimensions of the Microfinance ecosystem. We are lucky to have a combination of young, energetic and enterprising individuals and experienced and knowledgeable team members, who can complement each other in bringing innovative ideas and designing these for implementation.

I am glad to share with you that we have already started designing a number of new programs that are focusing on reduction in carbon emissions and at the same time reduce poverty of our clients. We will keep on pursuing our tried and tested model of rolling out pilots and then showing our success to the development institutions for upscaling.

On adding new institutions, work has already started, and I am very confident that we will add at least 5 new entities in the year 2025; in the areas where the provision of financial services is very low. Similarly, discussions are underway for expanding our sources of funds through different instruments and we at the same time need to assist our borrowers in getting funding from capital markets.

All of these new streams of work excite me, and I am sure that you would be excited too. There will be a lot of learning and growth opportunities for all of us. It will doubtlessly require tremendous efforts, dedication, hard work and out-of-the-box thinking and I am confident that as a team we will overcome any impediments and put PMIC on a new path of growth in 2025.

Thank you once again!

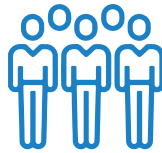
All the best!

HAPPY NEW YEAR TO YOU AND YOUR FAMILY!

Portfolio Highlights



PKR 32
(Billion)
LOAN PORTFOLIO



647,654
TOTAL CLIENTS



87
NUMBER OF DISTRICTS



24
TOTAL BORROWERS



87%
WOMEN CLIENTS



37%
YOUTH CLIENTS



64%
RURAL



PKR 3.364
(Billion)
LOAN PORTFOLIO
DEPLOYMENT IN
EXTREME POVERTY ZONES



35,249
RENEWABLE ENERGY -
UNITS SOLD



2508
LIVESTOCK INSURED



847,782
CUMULATIVE JOBS
SUPPORTED BY MICROFINANCE
LENDING OPERATIONS



PKR 110.6
(Billion)
INCREMENTAL REVENUE
GENERATION BY PMIC'S
FINANCED MICRO ENTERPRISES





PMIC News Bites

PORTFOLIO MANAGEMENT DEPARTMENT

PMIC Islamic Financing Operations

Building on PMIC's dedication to Islamic financing, highlighted by the recent sign-off of Mudarabah agreement with Safco Microfinance Company Limited (SMCL), we are actively working to broaden our Shariah-compliant financial solutions. In alignment with the SECP's directive for the financial sector to completely transition to Islamic mode of financing by the year 2028, PMIC is committed to supporting its borrowers in initiating and scaling their Islamic operations.

Following review by Shariah advisors, draft agreements have been shared with Agahe Pakistan (AGAHE Pk), Damen Support Programme (DSP), and Kashf Foundation (KF). These agreements are in the finalization stage, with disbursements for DSP and KF expected in the first quarter of CY25. PMIC also plans to increase its Islamic financing exposure to these partners as part of its broader strategy to advance financial inclusion through Shariah-compliant offerings.

Introduction of New Borrowers

Strengthening its partnerships and expanding its portfolio, PMIC has successfully completed its first disbursement to GoldFin Ltd. Furthermore, the BoD of PMIC has granted approval to extend long term financing to Punjab Rural Support Programme (PRSP) in Dec-24. An indicative term sheet for Neem Exponential Financial Services Pvt Ltd has also been circulated and is currently under review by the management.

In line with the newly approved 2024-2027 strategy, PMIC is enhancing its outreach by initiating preliminary discussions with MG Financial Services and exploring possible areas of collaboration with other fintech companies including Kal Pay and Muawin. These strategic steps reaffirm PMIC's commitment to advancing financial inclusion and fostering innovative solutions to support sustainable economic growth across Pakistan.

PMD visits to MFIs, Fintech and leasing companies to discuss future growth and collaboration:

PMIC's Portfolio Management Department (PMD) Team Leads, accompanied by the Head of Sector Development and Head of Portfolio, Mr. Saqib Siddiqui, conducted a series of visits to various institutions within the microfinance sector in Lahore during the mid December. These engagements fostered insightful discussions on potential synergies with PMIC, covering topics such as innovative product lines, the necessity of climate-resilient microlending models, Islamic financing initiatives, funding of white goods as well as growth challenges faced by the sector.

The team connected with existing PMIC partners including AGAHE Pakistan, Kashf Foundation, Damen Support Programme, Punjab Rural Support Programme, FINCA, FFO Support Program, GoldFin, Smart finance and CEIP. Additionally, PMIC met with primus leasing for collaboration on collateral backed financing. These meetings delved into the implications of a potential policy rate reduction, progress on Islamic financing operations, collateral-backed financing, and PMIC's pivotal role in supporting these MFIs' future growth ambitions.

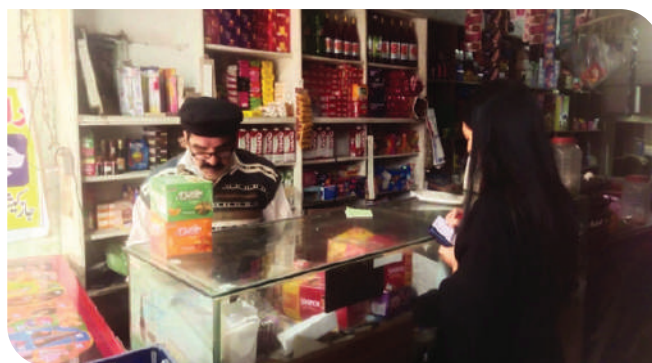
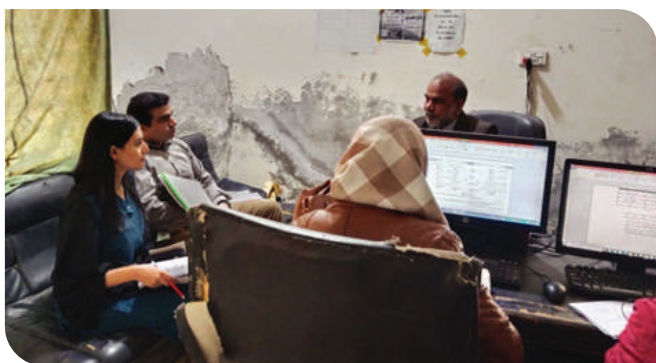
The team explored partnership avenues with fintech companies based in Lahore i.e. Muavin and KalPay, highlighting their transformative approaches to microlending. These FinTechs are revolutionizing traditional lending models by implementing end-to-end digital processes that eliminate the need for physical customer interaction.



PMD field visits

Monitoring visits to FFO Support Program (FFSOP) and Taleem Finance Company Limited (TFCL) allowed the team to engage with senior management, review operational effectiveness, assess internal controls, and discuss portfolio growth strategies. These visits focused on identifying areas for enhancement and exploring opportunities to drive sustainable development within the microfinance ecosystem.

The team further engaged directly with clients to gain valuable insights and address their concerns. While clients expressed general satisfaction with the available products and appreciated the professionalism of field staff, they also voiced challenges related to the high cost of living and doing business. A recurring theme in the discussions was the demand for larger loan amounts, as many clients currently depend on multiple providers to meet their financial needs. This feedback underscores the importance of tailoring financial solutions to better align with client requirements and economic realities.



SECTOR DEVELOPMENT DEPARTMENT

PRIME

PMIC PRIME team, in collaboration with procurement and legal department is finalizing firms for the blue print model, development of web based monitoring software and Independent Verification Agent (IVA). The bids were received and now are being evaluated by respective evaluation committees. The firms are expected to be finalized by February 2025. The Project Implementation Consultant – PIC is developing trainings for PMIC staff. A total of 3 trainings are to be organized for PMIC. The trainings are expected to be organized during 1st quarter of 2025. PMIC borrowers had continued to deploy the PRIME program in the field.

Education Quality Program

PMIC and Opportunity International (OI) is conducting a three-year education quality training program besides access to finance for the schools. The program was initiated in June 2023. The 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.

During December, a total of 5 schools in Lahore district and 18 schools are visited in Multan district. Teacher Mentorship Professional Development (TMPD) fourth cohort has been conducted in 12 clusters marking completion of TMPD4. Seven sessions of TMPD5 has been conducted in Sheikhupura, Gujranwala, arifwala, and Nankana. Moreover 9 sessions on TMPD5 are held in shujabad, Multan, Bahawalpur, Khanewal, Vehari and Rajanpur. These trainings are conducted by Education specialist hired by OI.



PMIC and Partners launch Informal to International I2I project

PMIC together with our valued Champions of Change Coalition Partners; Jazz, Daraz, MG Apparel and TCS has signed a Memorandum of Understanding (Mou) to launch the “Informal to International” I2I project aiming to empower 150 women artisans in Bahawalpur by transforming their local businesses into national and global ventures through Digital tools and E-commerce platforms. By unlocking immense potential of women entrepreneurs, this initiative will drive inclusive socio- economic growth through digital & financial literacy, market aligned skills training, access to affordable finance, E- commerce Integration and Sustainable market linkages.



Digital Credit Scoring Model launch event

PMIC announces the launch of Digital Credit Scoring Model, a revolutionary tool designed to transform client onboarding for the microfinance sector. This innovative model, developed in collaboration with Qarar (a subsidiary of Saudi Credit Bureau, Simah), leverages cutting-edge analytics and digital technology to Streamline the credit assessment process, improve access to finance for underserved communities, enhance efficiency and transparency for microfinance institutions (MFIs). This initiative marks a significant step toward creating a robust, data-driven ecosystem that benefits borrowers and MFIs.



A collaborative session with SIMA Fund to discuss the development of Housing Finance product:

Pakistan Microfinance Investment Company (PMIC) had the privilege of hosting a collaborative session on with SIMA Fund on the 17th of December 2024, to discuss the development of the Title Risk Mitigating Affordable Mortgage (TRiMM) Fund—an innovative initiative designed to expand access to affordable mortgages, particularly for properties with imperfect titles.

The session brought together more than 30 leaders from PMIC borrowers and experts in the field of housing Finance. Participants engaged in productive discussions, sharing valuable insights, experiences, and expertise to address challenges and explore opportunities in the housing finance landscape.

Key Highlights of the Session:

- Addressing Imperfect Property Titles: Explored solutions to mitigate title risks and encourage lending for properties with imperfect titles.
- Technical Assistance (TA): Emphasized the critical role of TA in supporting MFIs to develop and offer longer-term affordable mortgage products.
- Product Design Feedback: Gathered pragmatic and actionable feedback to strengthen the TRiMM Fund's design and ensure its effectiveness in expanding affordable housing finance.

This session marked a significant milestone in co-creating a transformative solution that not only promotes sustainable homeownership but also drives growth and innovation in Pakistan's housing finance sector.



PMIC Leadership Visits Karachi to Strengthen Partnerships and Explore Growth Opportunities

In a strategic move to bolster the microfinance sector, Mr. Bilal Razzaq, Lead – Corporate Finance and Investment Banking, and Mr. Yasir Ashfaq, Chief Executive Officer, recently visited Karachi. During their visit, they engaged in discussions with key stakeholders, including leading banks, financial institutions, and development organizations. Their primary focus was on enhancing the support for Pakistan’s microfinance ecosystem and exploring new avenues for financing and growth.

The discussions centred around the strengthening of credit lines for PMIC, with an emphasis on facilitating greater access to capital for microfinance institutions across the country. By deepening these partnerships, PMIC aims to provide more sustainable financial solutions to underserved populations, fostering economic growth and financial inclusion at the grassroots level.

Furthermore, the PMIC leadership team explored innovative opportunities to support the underprivileged segments of society. Among the noteworthy discussions was the potential introduction of white goods, such as household appliances, and electric bikes as part of the financial products targeting low-income communities. These initiatives aim to improve the quality of life for disadvantaged individuals by providing affordable access to essential goods and environmentally-friendly transport solutions.

The visit marked a significant step towards expanding PMIC’s role in the microfinance sector, fostering collaboration with financial institutions, and exploring impactful initiatives that align with the company’s mission of poverty alleviation and sustainable development. Through these efforts, PMIC is positioning itself as a key player in the ongoing transformation of Pakistan’s microfinance landscape, paving the way for a more inclusive and prosperous future.

Client Success Story

Tabasam Rani from Sahiwal district in Punjab is a remarkable example of resilience and perseverance. Tabasam chose to take responsibility for her late brother’s children, foregoing her own plans for marriage to support them.

She took over her brother’s boutique in Harappa, using her skills to sustain and expand the business. Living six kilometers away in Chak, she introduced overlock and lace fitting services to enhance the boutique’s offerings.

Faced with the challenge of purchasing an overlock machine, Tabasam was introduced to PMIC borrower by a neighbor. With a loan of Rs. 50,000, she purchased the machine, which resulted in an increase in orders and income. As demand grew, she secured a second loan of Rs. 60,000 to acquire a peaco machine for lace fitting. Confident in navigating a male-dominated market, she remains focused on securing a better future for her brother’s children while expanding her business.

Despite the physical strain of walking six kilometers daily to her shop to save on rickshaw fares, Tabasam’s commitment remains unwavering. Her dedication to providing for her brother’s children, and her determination to overcome significant challenges, is both admirable and inspiring.



People and Culture

New Year's Brunch/ Cake Cutting of New Year & Birthdays:

The HR Team organized a delightful New Year's Brunch on December 31st, bringing the PMIC family together to celebrate the end of the year. The team enjoyed quality time in a festive atmosphere, highlighted by a special cake-cutting ceremony to welcome the New Year and celebrate Birthdays.



Birthdays



Yasir Masud



Ali Said



Read of the month

McKinsey's Human Capital at Work: The Value of Experience highlights the critical role of experience in driving employee performance and organizational success. It argues that experience, especially in leadership and complex problem-solving roles, is a key competitive advantage. The report suggests that experience should be evaluated by the variety and relevance of tasks, not just years on the job. Organizations should foster continuous learning, mentoring, and skill development to maximize the value of experience, leading to improved productivity, innovation, and employee engagement.

Key points include:

1. **Experience as a Competitive Advantage:** Experienced workers provide valuable knowledge and skills, particularly in leadership roles requiring strategic thinking.
2. **Evolving Definition of Experience:** Experience is defined by the variety and relevance of roles and tasks, not just tenure.
3. **Skills Development:** Ongoing learning and upskilling are crucial, especially in industries impacted by digital transformation.
4. **Leveraging Experience:** Companies should promote mentoring and knowledge sharing to maximize the impact of experienced employees.
5. **Talent Management:** A shift is needed towards recognizing competencies and adaptability rather than focusing on tenure.

Link: <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/human-capital-at-work-the-value-of-experience>

