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# NEWSLETTER

# n°33



## FONDATION

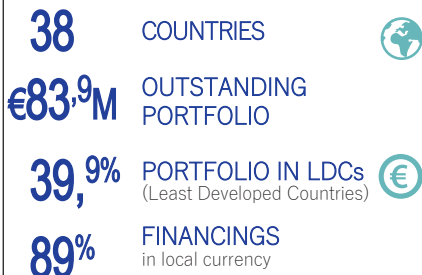
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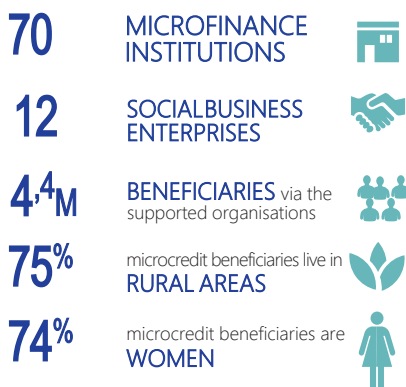
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### THE FOUNDATION'S KEY FIGURES AS OF AUGUST 2019

#### ACTIVITY



#### SOCIAL PERFORMANCE



# Foreword

Éric Campos  
Managing Director

Grameen Crédit Agricole Foundation

In this issue, we discuss our cooperation with the entities of the Crédit Agricole Group: Crédit du Maroc and CACIB in India. Together we have put in place an arrangement to support and finance local microfinance institutions. We have been working for several months on the project and it is with a great sense of pride that we present it to you.

You will also discover the article by Céline Hyon-Naudin, Investment Manager of the Foundation, who analyzes the similarities and common challenges to retail banking and microfinance.

In this edition, we are launching a new section: Solidarity Notebooks. It will present the testimonials of Solidarity Bankers who went on field missions to support the organizations funded by the Foundation. The first Notebook is written by Haoly Basse, Solidarity Banker of CACIB who went to Senegal in July to support Kossam, a social enterprise that aims at developing an inclusive daily sector in the North of the country. A great story to add: Kossam is headed by Jonathan Michaud, Crédit Agricole Franche-Comté, one of the first Solidarity Bankers.

Enjoy the read!

## News

### The Foundation and Crédit Agricole CIB combine forces to support microfinance in India

The Foundation and Crédit Agricole CIB work together to support and finance Indian microfinance institutions. Through this cooperation scheme, the Crédit Agricole Group mobilizes its expertises to promote financial inclusion in India and ensures a funding envelope of 12 millions euro.

[More information](#)



### The Foundation and Crédit du Maroc are committed to Moroccan microfinance

The Foundation and Crédit du Maroc set up an intervention scheme that allows Crédit du Maroc to finance microfinance institutions in local currency after they have been identified, audited and selected by the Foundation. This partnership will enable the Foundation to leverage its action and Crédit du Maroc to position itself as a funder of the sector in Morocco.

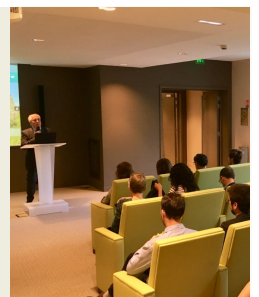
[More information](#)



### The Foundation's Friends Club N.4: The Solidarity Bankers programme in the spotlight

Launched by the Foundation and Crédit Agricole S.A., Solidarity Bankers is a skills-volunteering programme open to Crédit Agricole Group employees in support of microfinance institutions or social impact enterprises supported by the Foundation. To celebrate its first year, the programme was honoured at the Foundation's Friends Club Meeting N°4, held on 9 July at Crédit Agricole's Campus in Montrouge.

[More information](#)



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## Microfinance and retail banking: Converging views



By Céline Hyon-Naudin, Senior Investment Manager, Grameen Crédit Agricole Foundation

Microfinance is the set of financial products and services accessible to people who are excluded from the conventional banking system. Today, the microfinance sector boasts 139 million beneficiaries for an estimated total of outstanding loans of \$114 billion<sup>(1)</sup>. Beyond the objective of fostering financial inclusion, microfinancing is constantly adapting and innovating to be a lever for economic development through entrepreneurship.

This financing of entrepreneurship is a common key point between microfinance and retail banking. As in the case of microfinance, retail banking provides solutions to promote income-generating activities. In the [10th Anniversary Booklet](#) of the Foundation published last year, we compared the figures of the Foundation and a small-sized "average" regional bank<sup>(2)</sup> and identified several analogies. This article puts the spotlight on the common challenges identified.

### A few points of comparison

Retail banks and microfinance institutions (MFIs) share certain objectives and operating procedures. For example, the commercial organization is similar to that of a conventional banking network with an account manager who manages a portfolio. They both exercise their activities in the heart of their territories close to their customers. Microfinance has evolved so as to diversify its offer of financial products, moving close to that of a retail bank: lending, savings, money transfers, insurance, mobile payments, investments, etc., reflecting the variety of needs of clients and businesses.

Furthermore, MFIs and retail banks are plying their trade by endeavouring to control their costs and risk, while aiming to generate a positive and resilient result capable of securing the sustainability of their mission.

For all that, the revenue and expenditure structure differs widely between the two models. The operating costs (for example, travel expenses of loan officers who have at least 250 to 300 clients) are high at an MFI: they account for 50% to 60% of the charges.

The revenue mix also has structural differences. The amounts and average term of loans are more modest in microfinance:

microcredits are in general for a term of less than a year and the average loan (of our partners) is €765 compared with €16,000 for an average regional bank. An MFI has revenues linked almost exclusively to financing, contrary to a retail bank, which has a more extensive range of products and is less reliant on financing. The revenues of an MFI are essentially generated from the net financing margin: Interest on loans accounts for 88% to 99% of the revenues of MFIs, far more than the 51% of the average regional retail bank.

Interest rates in the microfinance sector are higher than those of a retail bank, particularly because of the operating costs. Nevertheless, ethics and the impact requirement are forcing the sector to optimize its operating costs. The table below provides a comparison of the expenditures, revenues and margins per customer of a partner MFI and a bank. Although there are sizeable variations between regions, the margin per customer is positive for the MFIs. Microfinance remains a viable economic sector, even if MFIs are facing significant challenges, which retail banks too are up against


### Common challenges for banking and microfinance

With 1.7 billion adults worldwide who still don't have access to a bank account<sup>(3)</sup>, microfinance and banking have to continue to innovate in order to reach them. Two lines of approach are available to them: digital finance and the resilience to climate change.

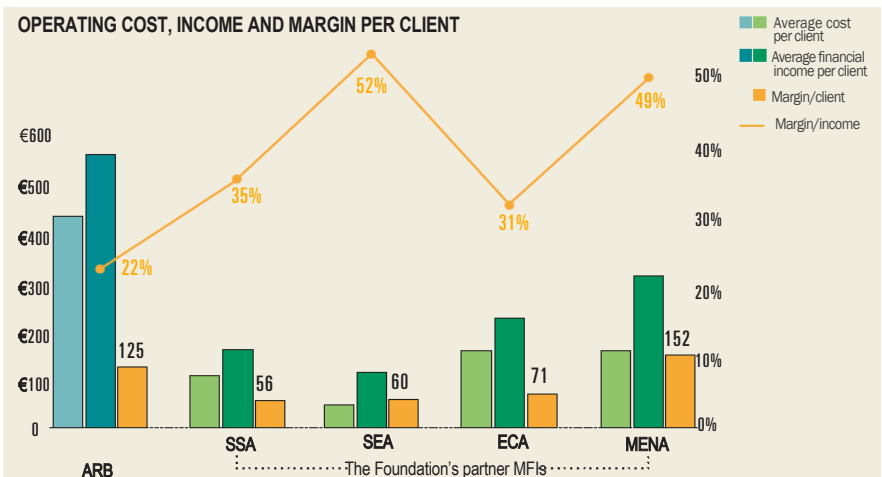
Digital finance is transforming the world of finance, making it more agile: New technologies provide digital financial services which are improving the operating efficiency of financial institutions and increasing the range of their service. Improving operational processes should

make it possible to develop new distribution channels and to reach new markets. The dissemination of financial services by these new technologies constitutes a pillar of the current financial acceleration. The potential is significant: of the 1.7 billion adults who still do not have access to a bank account, one billion have a mobile telephone and 480 million have access to the internet<sup>(4)</sup>.

The financing of the ecological transition is another common challenge. MFIs are strengthening the development of rural economies through their direct contact with small producers. Small farmers are already weakened by the small size of their farmland (80% have less than 2 hectares) and their low level of integration in agricultural sectors (only 7% are formally integrated in commercial value chains). Climatic change poses an additional risk as MFIs and retail banking alike have to innovate to grant loans better adapted to agricultural cycles and risks and to promote new cultivating practices that encourage resilience and adaptation to climate change. Microfinance and retail banking are accordingly positioning themselves around financial solutions such as those that are fostering access to green energy to promote the ecological transition.

These common challenges are bringing together the two branches of the financial system which play a powerfully inclusive role in economic development and social and environmental progress. There are many synergies to capitalize on between microfinance and the banking sector. 

(1) Microfinance Barometer 2018  
 (2) The average regional bank is based on calculations from figures provided by French regional institutions which have made it possible to establish an average profile.  
 (3) (4) Global Findex 2017





## Solidarity Notebooks: A Solidarity banker in Senegal



At the initiative of the Grameen Crédit Agricole Foundation and Crédit Agricole S.A., Solidarity bankers is a skills-mentorship programme open to Crédit Agricole Group employees on behalf of the organizations supported by the Foundation. Discover the article written by Haoly Basse, Solidarity banker of Crédit Agricole CIB.

**By Haoly Basse, Projet Manager, Crédit Agricole Corporate Investment Bank**

When I discovered the Solidarity Banker programme, I felt an affinity with the values of commitment, solidarity and sharing embodied by the assignments offered. I became aware that the values conveyed by Crédit Agricole were not just “pretty words” but were backed by inspiring, visible and concrete actions.

I therefore decided to apply for a “digital” assignment in favour of KOSSAM Société de développement de l’élevage (KSDE) in Senegal -- an assignment even closer to my heart as I stem from the North of Senegal. KOSSAM is a social business, a subsidiary of the Laiterie du Berger, which works with nearly 450 local dairy farmers and aims to develop a sustainable dairy industry in the North of the country. The aim of the assignment was to provide guidance and support for the company in deploying the digital application “Com care” which will help improve the collecting conditions and the company’s knowledge of its farmers – suppliers.

After a series of talks with the Foundation’s team, I was confirmed as a Solidarity Banker. I also had the support of my employer, Crédit Agricole CIB, which covered 50% of the assignment time by way of skills-based sponsorship. The adventure had started.

### Morning visits, meetings and learning

The discussions leading up to the assignment with the team of the Foundation and KOSSAM enabled me to prepare for the intense task that lay ahead. I arrived in Dakar on Saturday, 29 June, and was met at the airport by Jonathan Michaud, one of the first Solidarity Bankers stemming from Crédit Agricole Franche Comté, who was posted on a two-year assignment as General Manager of KOSSAM.

The next day I attended the annual Convention of supplying farmers held in Saly by the Laiterie du Berger. It was a sterling opportunity for me to take part in a key moment during which I was able to observe the strong cohesion of the dairy farmers and teams of the



Laiterie du Berger and KOSSAM in facing the challenges of the dairy industry.

The following Monday was my first day at work in Richard Toll. As it happened to be payday, I was able to meet most of the farmers who worked with KOSSAM. On the days which followed, I paid several field visits which started at 5:00 AM to help the teams of KOSSAM with the deployment of the digital application “Com Care” to collect milk from the dairy farmers and to feed the company’s database. The needs of the users vary: save time when performing their work, have reliable data that can be shared in real time, automate repetitive tasks, implement procedures and have a reliable information system. The discussions with the farmers were rich and instructive, particularly concerning the establishment of mini farms – one of the development pillars of KOSSAM.


In addition to visiting several farms, I also visited the plant of the Laiterie du Berger. I found the shop foreman’s description of the industrial processes for the design of dairy products captivating. I was impressed by his professionalism and technical acumen. I also took part in the inauguration of the water fountains in one of the stores selling food in the bush – a fine moment of sharing and celebration.

### 10 days after – the next steps

I drew on all the data collected to analyse the existing situation and to make recommendations on how to accelerate the

company’s digitization. The subsequent steps will consist of putting in place a reliable information system for KOSSAM so as to have access to shared data in real time to manage the work on a day-to-day basis and to develop the company’s business.

This assignment was very eye-opening for me, because I would have never imagined that being close to the farming world would have pleased me so much. I enjoyed being close to the dairy farmers and the local teams, sharing their everyday lives, listening to them and seeing the impact their actions and collective work had in the field. There is an African saying: “we are broke but not brazen.” I find it most telling of the mutual assistance and solidarity that I witnessed throughout my assignment. These values are deeply rooted in Senegal and it is invigorating to share them.

I returned to Paris transformed with a desire to go back to Senegal, because the country has enormous potential for development. I have come away with a rich professional experience and a fine human adventure which has reinforced my ties with the Crédit Agricole Group. 

Acknowledgements: I wish to thank Eric Campos, Céline Hyon-Naudin and Carolina Herrera of the Grameen Crédit Agricole Foundation and Jonathan Michaud and the teams of KOSSAM for having shared this great adventure with me. I would also like to thank Martine Boutinet, Gwenael Le Rosec, Vanessa Ferreira and Marion Longchambon of the Human Resources Department as well as Pierre-Yves Bollard, Aude Richard, Stéphanie Prigent and Sylvain Lefebvre of the GIT Department of Crédit Agricole CIB for their support.