




# Housing Finance Forum Market Drivers and Levers to Support the Expansion of HMF Portfolios



# Some figures on the MF sector ...

Reporting to Central Bank: 7 MicroBanks; 66 MicroCredit Operators;  
1 Savings and Loans Organizations, 2 MF-oriented Commercial

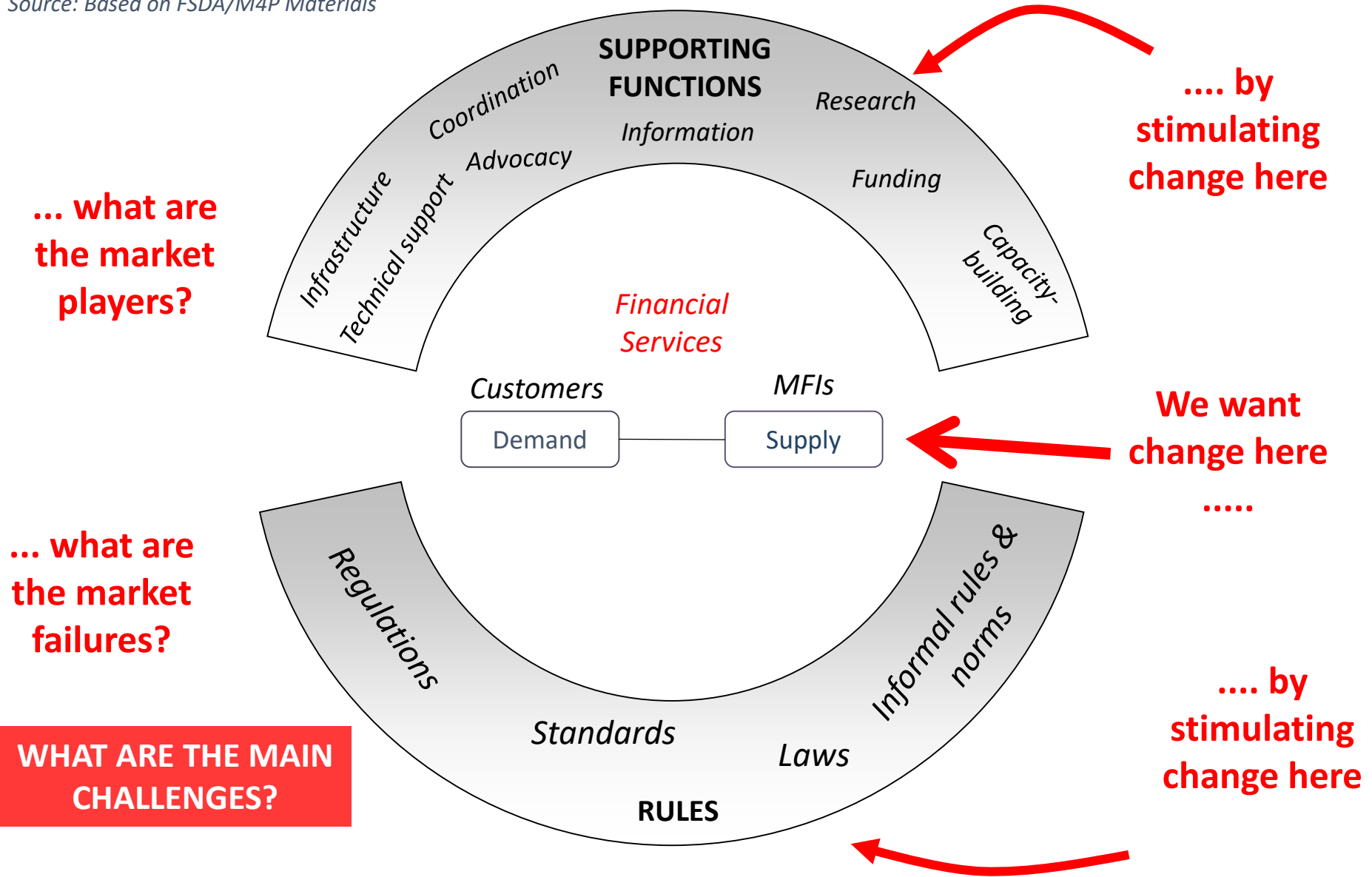
Banks  
Data from 14 FIs

		2010	2014
	Loan Clients	71,384	133,895
	Portfolio (MZN)	2,166,976,653 (\$US 66 m)	5,906,614,390 (\$US 174 m)
	PAR 90 Days	5%	5%
	Profit / End of Year Portfolio	-6.25%	4.32%
	Savings Clients	249,805	117,042
	Savings Balance	1,921,497,409 (\$US 58.4 m)	1,035,428,335 (\$US 30.5 m)

Traditional commercial banks are increasingly offering savings and transaction services in informal markets. May account for the decrease in supply from dedicated microfinance institutions. Main product is credit.

# How to enable HMF to growth further ...

Source: Based on FSDA/M4P Materials



# ***Huge demand (2.5 m deficit) ... but currently portfolios do not reflect usage of loans ...***

**Microfinance is changing:** (high cost of funding, need to transform into Microbank or Cooperative to take deposits)

Commercial banks more present with **non-credit services** in segments previously served only by MFI (Agency Banking);

**Informal sector lending** appears to be reducing, but consumer lending has been growing mainly for housing;

**Lack specific housing loans products** for low income segment (Less than 3 years; Interest rates above 35% a year; loans in general from \$US 500)

There does appear to be an **increasing gap** in the market segment traditionally served by MFIs, especially for credit;

Few stable suppliers show **limited growth** (high cost of funding 20% per annum, skills on housing finance, TA for customers);

Although very small portion of loans are regarded as housing loans, **more than half of portfolio is used for housing purposes;**

**So, what can be done to enable HMF to growth further ...**

# ***Potential interventions to growth HMF ...***

## **RULES**

- Secure formally documented tenure,
- Ensure efficient and accessible land & property registration process;
- Implementation of Housing Policy & Strategy
- Draft Housing Finance Component
- Sandbox, may allow innovation

## **DEMAND**

- Support to the incrementally building process;
- Support throughout the housing value chain (project design and building process (Architects, engineers, quantity surveyors, etc));
- Financial education on products;

## **SUPPORT FUNCTIONS**

- Housing Finance Working Group,
- Partnerships among key players in the housing finance value chain
- Advocacy and building awareness
- Define standards (materials, building process, supervision, etc)

## **SUPPLY**

- Accessible Funding, credit lines and guarantee funds focusing on housing
- Housing loans (Design, pilot-test & scale) targeting low income
- Technical assistance and capacity building to Microfinance Institutions



**Terwilliger Center for  
Innovation in Shelter**



# Thank you!

**WEBSITE: [www.fsdmoc.com](http://www.fsdmoc.com)**

**FACEBOOK: [fsdmoc](https://www.facebook.com/fsdmoc)**

**TWITTER: [@FSDMoc\\_](https://twitter.com/FSDMoc)**

