



**Risk Management
Initiative**
in Microfinance

STRATEGIC PLAN

2016-2019



Creating a path toward stronger, more appropriate risk management

The Need



As the microfinance industry matures and becomes increasingly complex, microfinance institutions and banks continue to struggle with developing and formalizing comprehensive risk management systems that can effectively anticipate and manage risk.



This is due in part to a lack of understanding and cost-effective technical solutions, unconsolidated risk management information, industry misconceptions, and a lack of a publicly available and widely accepted risk management framework, reflecting the double-bottom-line nature of this industry.



Institutional failures are becoming increasingly common; when this happens, clients' livelihoods are unnecessarily put at risk.

“In the microfinance sector, people and institutions are surging ahead into fintech, often without making sure that there is a solid risk management infrastructure in place to handle existing products and services.

Karla Brom

Global Advisor on Risk Management and Governance

“MFIs starting to implement a comprehensive risk management framework often struggle to understand which risk management tools and policies are really relevant for them. A benchmark or standard is key in implementing appropriate measures.

Alexander Pinhammer-Zschocher

Head of Group Risk Management & Controlling, Access Microfinance Holding AG



Risk Management Initiative in Microfinance

The Solution

RIM is a collaborative, membership-based market-strengthening initiative aimed at promoting and supporting the implementation of **stronger, more appropriate risk management** in the microfinance sector.

Benefits	Non-Members	Individual Members	Organizational Members ¹
1 Publications	✓	✓	✓
2 RMGM Framework	✓	✓	✓
3 RMGM Assessment Tool & How-To Video	✓	✓	✓
4 Working Groups ²		✓	✓
5 Online Risk Management Knowledge Base		✓	✓
6 Restricted-access website content (including RMGM Assessment Toolkit and associated tools)		✓	✓
7 Priority within RIM's consultant database		✓	✓
8 Participation in RIM-organized conference sessions			✓
9 10% discount on RIM consultant daily rates			✓
10 Exposure and recognition on RIM website, publications, and presentations			✓
11 Complimentary introductions to risk management experts (for projects under \$25k)			✓
12 Steering Committee eligibility			✓
Annual Membership Fee		\$500	\$1,500

¹ Membership fee waived for organizations with a representative serving as Steering Committee Chairperson

² Organizational membership provides working-group access to multiple individuals per organization

RIM also offers the following to members and non-members:

- Risk Management Graduation Model (RMGM) Assessment implementation support services
- Risk management project management
- RMGM Assessments for MFIs
- RMGM Assessment Methodology Toolkit (including RMGM Assessment Tool Plus+)

Active Members & Partners



Risk Management Graduation Model

The Risk Management Graduation Model (RMGM) is a scalable, comprehensive risk management framework for microfinance institutions. This framework has been rigorously developed, tested, and implemented by financial institutions, consultants, networks, and microfinance associations worldwide as a global risk management benchmark.

House of Training/ADA Luxembourg

The RMGM is used as the foundational risk management framework for the Risk Management Excellence in Microfinance program hosted by the House of Training/ADA. CEOs and high-level executives learn the importance of assessing and managing risks within the framework of the RMGM and are coached over time to strengthen their risk management functions.

REDCAMIF Nicaragua

Through a RMGM Assessment methodology, 16 MFIs in the Central American and the Dominican Republic region were assessed and common gaps by tier and region identified to target an appropriate solution for a risk management technical assistance facility.

Secretaria Técnica del Sistema de Banca para el Desarrollo Costa Rica

In partnership with a national-level financing and technical-assistance facility, the Development Banking System determined the effectiveness of the RMGM as a methodology to evaluate MFIs for gaps in their risk management framework and determine license renewal feasibility.

Banco D-MIRO Ecuador

Through an RMGM Assessment and subsequent remote technical assistance, BMF put in place a risk management strategy that focuses on the formalization of internal procedures and control.

Edpyme Alternativa Peru

Ceape-Ma Brazil

Jardín Azuayo Ecuador

ACFB Benin

BMF Benin

AB Bank Zambia

UGAFODE Uganda

UNTU Microfinance Zimbabwe

Through an RMGM Assessment, Untu Microfinance has created a strategy to prioritize and develop risk management capacity in line with its growth plans.

DBACD Egypt

Farm Credit Armenia Armenia

MFW Jordan

ABA Egypt

ABA has adopted the RMGM and is integrating the framework into its double-bottom-line comprehensive risk management approach.

HOFOKAM Uganda

Through an RMGM Assessment, Hofokam has created a strategy to prioritize and develop risk management capacity in line with its growth plans.

FMFB Afghanistan

DAMEN Pakistan

GM Bank Philippines

TPC Cambodia

- RMGM Integration
- Pilot Institutions
- Active Project Countries

Strategic Pillars

2016-2019

Expected Results

Pillar 1

Awareness Building

Goal: Raise the level of awareness of the role of risk management within financial institutions.

Pillar 2

Industry Collaboration

Goal: Facilitate sharing experiences, best practices, and lessons learned among the industry at large.

Pillar 3

Global adoption and implementation of appropriate risk management standards

Goal: Ensure that the RMGM is available to the widest possible audience in meaningful, engaging ways.

RIM will achieve its strategy through:

- Public-private partnerships
- Pooling industry knowledge and experts
- Engaging bilaterally with members and non-members
- Embedding the RMGM and other RIM products into existing risk management industry activities

Pillar 1

Expected Results

1,085 direct online newsletters opened

9,048 publication downloads

480 individuals exposed to RIM message through conference presentations

18,700 indirect exposures to RIM publications

Pillar 2

Expected Results

4 active working groups

Online RMGM assessment/ benchmarking tool developed and tested

9 consulting outputs and shared resources published

Pillar 3

Expected Results

352 individuals achieving risk management certification

50 MFIs reached by RIM/RMGM activities

300 RMGM Assessment Tool downloads

5697 practitioners impacted (directly or indirectly) by RIM consulting projects

12 risk management certification modules developed

45 individuals within RIM consultant pool

“We see the Risk Management Graduation Model as a valuable and innovative resource that will enable all industry stakeholders to adopt risk management as an embedded value added service to better protect the institutions’ assets and clients’ wellbeing.”

Nelly Elimbi

Technical Assistance Program Manager, Symbiotics

“As a growing institution, UNTU has benefited from using a global benchmark, and the Risk Management Graduation Model provides a very clear and structured roadmap to building risk management capacities that will support our growth ambitions.”

Clive Msipha

Chief Executive Officer, Untu Microfinance (Private) Limited

RIM is a collaborative market-strengthening initiative aimed at promoting and supporting the implementation of stronger, more appropriate risk management in the microfinance sector.

Vision:

A socially focused microfinance sector through which clients are protected from the impact of the internal and external risks inherent to the delivery of inclusive financial services.

Mission:

To facilitate knowledge transfer through awareness building, industry collaboration, and the global adoption and implementation of appropriate risk management standards throughout the microfinance sector.

Founding Members



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