

INTRODUCTION

The Information Technology system is the core infrastructure of a financial institution. As a dam or a bridge is considered to be core infrastructure in the physical "real" sector, the IT investment in a Micro Finance Institutions (MFI) is its core, and provides the essential framework to sustain and grow the business. MFIs grow to several thousand customers and beyond, and they typically feel a need to improve their management information system (MIS). Managers of growing institutions gradually lose their ability to maintain personal contact with what is happening at the field level, and realize that they cannot adequately manage their portfolio and financial operations without better information.

Elitser IT Solutions India Private Limited has understood this need and has studied the requirements of various Micro Finance Institutions and has come out with a comprehensive software package that integrates Financial Accounting with Member Accounting, Loans and savings transactions with Management Information System including Socio Economic Information. All these features are encapsulated in one system that can fulfill the complete MIS requirements of a Micro Finance Institution.

Clubbing Financial Accounting with Member accounting and Managing Loans and Savings with Management Information System and Socio- Economic Information all bundled into the one system, Elitser's MicroFinancer Standard Edition (MFSE) is an integrated software exclusively designed and developed for Management of Information and Financial Accounting for Micro Finance Credit Societies. MicroFinancer Standard Edition provides powerful tools our customers need to succeed in the modern Micro Finance environment.

Salient features of MicroFinancer Standard Edition:

The following are the details of the multi functional features of **MicroFinancer Standard Edition**.

The modules of the proposed solution are

- Masters
- Transactions
- Automatic Processes
- Administration
- FA Reports
- MIS Reports

Financial Reports

1. Trial Balance
2. Balance Sheet

3. Income & Expenditure
4. Day Books
5. Receipts & Payments
6. Receipts Scroll
7. Payments Scroll
8. Voucher Printing
9. Bank Reconciliation

MIS Reports

Operating Reports

1. Member Personal Details
2. Means Test
3. Member Cash Flow
4. Member Credit Scoring
5. Loan Recommendation
6. Member Repayment Schedule
7. Group Repayment Schedule
8. Loan Ledger
9. Savings Ledger
10. Demand Note
11. Drop Out List
12. Product Performance Report

Management Reports

1. Listing of Loans
2. Savings Listing
3. Delinquency Report
4. Portfolio at Risk (PAR)
5. PAR by Ageing and Business Activity
6. PAR by Loan Amt and Business Activity
7. Loan Profile by Gender

8. Interest Collected by MF Unit
9. Performance by AO (Field Officer)
10. Demand Statement
11. Ageing by Member
12. Savings Defaulters Statement
13. Schedule of Micro Finance Loans
14. Client Status Report

Benefits :

- Five level Hierarchy – Head Office, Project Office, Cluster, Member Group and Member
- Flexible to suit any model of lending – MACTS, SHG, Rural Bank, Cooperatives, Credit Unions, ASA, NBFCs.
- Caters to varied business rules of MFIs
- End-to-End Process Flow
- Captures Socio-economic information
- Easy installation process
- Product based approach for Loan and Savings.
- Comprehensive Savings Module – Fixed Deposits, Recurring Deposits and Normal Savings.
- Tracking of Post Dated Cheque (PDC) payments.
- Credit Rating of Member Groups and Members
- Export-Import of data from Head Office to Branch Offices and vice versa.
- Animator or Loan officer wise reports.
- Funding Agency wise Reports.
- Documents Management System.
- Automatic Email/SMS to clients.
- Support Performance Evaluation tools such as Ratio Analysis/Portfolio & Aging Analysis, Comparative reports, Impact Assessments.
- Integrated Financial Accounting Module.
- Provides a wide range of FA & MIS Reports (CGAP and other reputed standard reporting)
- Context Sensitive Help
- Runs on Microsoft SQL Server 2000 and Microsoft Desktop Engine (MSDE – a free version)
- Available in Stand Alone and Networked versions.
- Fully Supported by a Strong After Sales Technical Support Team

MicroFinancer Standard Edition software is an integrated software system exclusively designed and developed for Management of Information and Financial Accounting for Micro Finance Institutions (MFI). The MFI typically functions in a five level hierarchy:

- ❖ Head Office
- ❖ Branch
- ❖ Cluster
- ❖ Member Groups
- ❖ Members (Members are grouped into Member Groups)

Information about each hierarchy can be added, modified, deleted, and viewed as per the user's choice. Typically, in each MFI there can be various branches. In each branch there are clusters. In each cluster there are various Member groups and in each group or SHG there are various members. Depending on the levels in use for a specific MFI, the system acts accordingly.

MicroFinancer Standard Edition caters to almost all credit lending models of Micro finance including popular models like:

1. Grameen Model / Joint Liability Groups (JLG) Model.
2. ASA Model
3. Federation Model
4. Mutually Aided Cooperative Thrift Society (MACTS)
5. Community Banking/Non Banking Finance Companies.
6. Funding organisations and Financial Institutions.

The MicroFinancer Standard Edition software deals with maintaining of information with regard to all members and their various account transactions with the MFI along with other attributes.

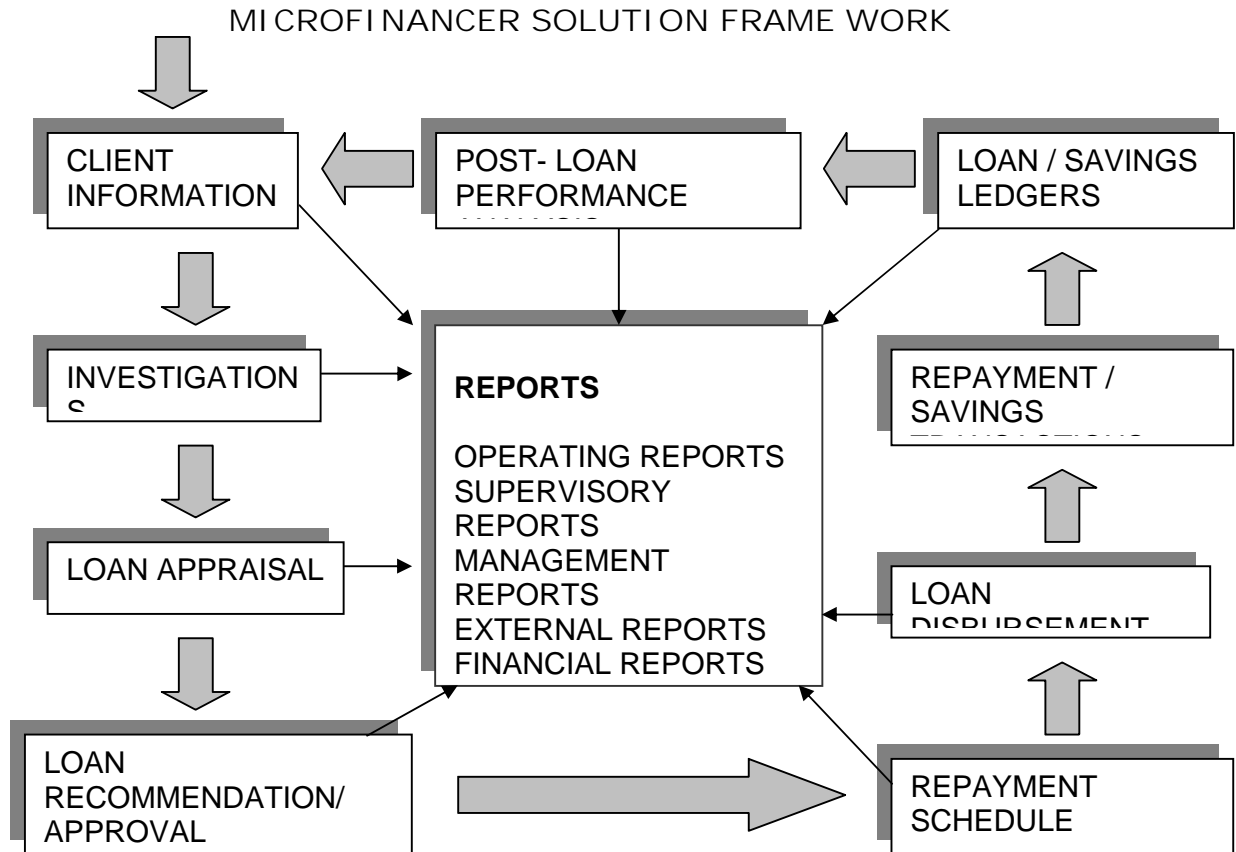
The Financial Accounting System deals with the accounts of the user and the accounts that prevail in the society as a whole.

Along with information management and financial accounting systems, various Reports are also generated for information viewing and also for bookkeeping. All the information is stored in the form of tables in a database. Each table in the database refers to some specific operation.

The Information Management deals with the information about all the five levels individually, their constituent members, their various accounts and loans that prevail in the society.

Flow Diagram :

The following are the details of the multi functional features of MicroFinancer Standard Edition.



Authentication and Security Management

1. List of users and Permissions to Users

MicroFinancer Standard Edition monitors all user activity and ensures that each user stays within designated bounds. This is a powerful aspect of MicroFinancer Standard Edition which provides a secure environment for the processing of a Micro Finance Institution.

Donor wise / Funder wise Reports

2. Utilization of a Particular Loan

This report generates loans received from different funding agencies or donors and its distribution up to the Member level for different purposes.

3. Status of Loan

This report generates loans received from different funding agencies or donors and status of the same, which is distributed to lower levels.

Exporting data

This Module takes care of exporting of data from current level to its parent levels in the Consolidation Module and vice-versa.

Year end process

This module takes care of closing of books of accounts and carry forward to next year.

Backup and Restore

This module takes care of Backup of data from system to external storage devices and vice versa.

Help

Context-sensitive help is provided.

System Requirements

MicroFinancer Standard Edition is a Network Version to be deployed in a Client Server environment.

Front End: Visual Basic.

Back End Database: MSDE / SQL Server.

Suggested Server Configuration:

- ✓ Microsoft's Windows NT operating system (WINNT 4.0/WIN 2000).
- ✓ Pentium III or P IV server CPU and preferably with Dual Processor Capability.
- ✓ 512 MB RAM for operating system.
- ✓ At least 1, 40GB SCSI Hard drives with a RAID controller.
- ✓ 10/100mbs network cards.
- ✓ CD-R/W, MS Mouse, 3.5 Diskette Drive, External Backup Drive compatible with systems utilized by branch offices.
- ✓ Internet Connectivity, 56K modem, PC Anywhere.
- ✓ Scanner and Digital Camera, if applicable.
- ✓ Electronic e-mail capability.

Suggested Client Configuration:

- ✓ Intel's P-III / P-IV CPU, 256 RAM (Recommended 512 MB), 20GB of Free Hard Disk Space (Additional Space based on database size), 48x or higher CD ROM, Internet Connectivity, 56K modem, Windows 9X/2000, 10/100mbs network cards, External Backup Drive.
- ✓ UPS (Capacity depends upon the number of systems per system 500 VA).

Technology at the threshold of rural households

In Micro Finance Institutions, more than 80% of transactions happen at the grassroots level in the rural areas. Field Staff gather at the Unit Offices periodically to share the information on the customers and to take the reports, required for the subsequent period. A great volume of data has to be handled at the Unit Offices for ascertaining the latest status of thousands of customers, leading to data entry issues and untimely reports. Another problem that is common in Micro Finance

institutions is that the operations involve huge number of financial transactions in dispersed locations, which allows scope for error and fraud. Since there is no automation of processes at the field level, inability to provide required information to the customers and high transaction costs is observed.

To enable scalability of the functions of the software, Elitser recommends the following plug-ins for MicroFinancer Standard Edition:

Personal Digital Assistant (PDA): Instant recording of transaction and data transfers.

Foto Form/Foto Pass: Identification and security using Bio Metrics

SMART Card: transaction record and status.

Elitser is in the process of shifting from a legacy 2 tier-based client server architecture to web-based 3-tier architecture.

Elitser IT Solutions India Pvt Ltd.

Hyderabad.