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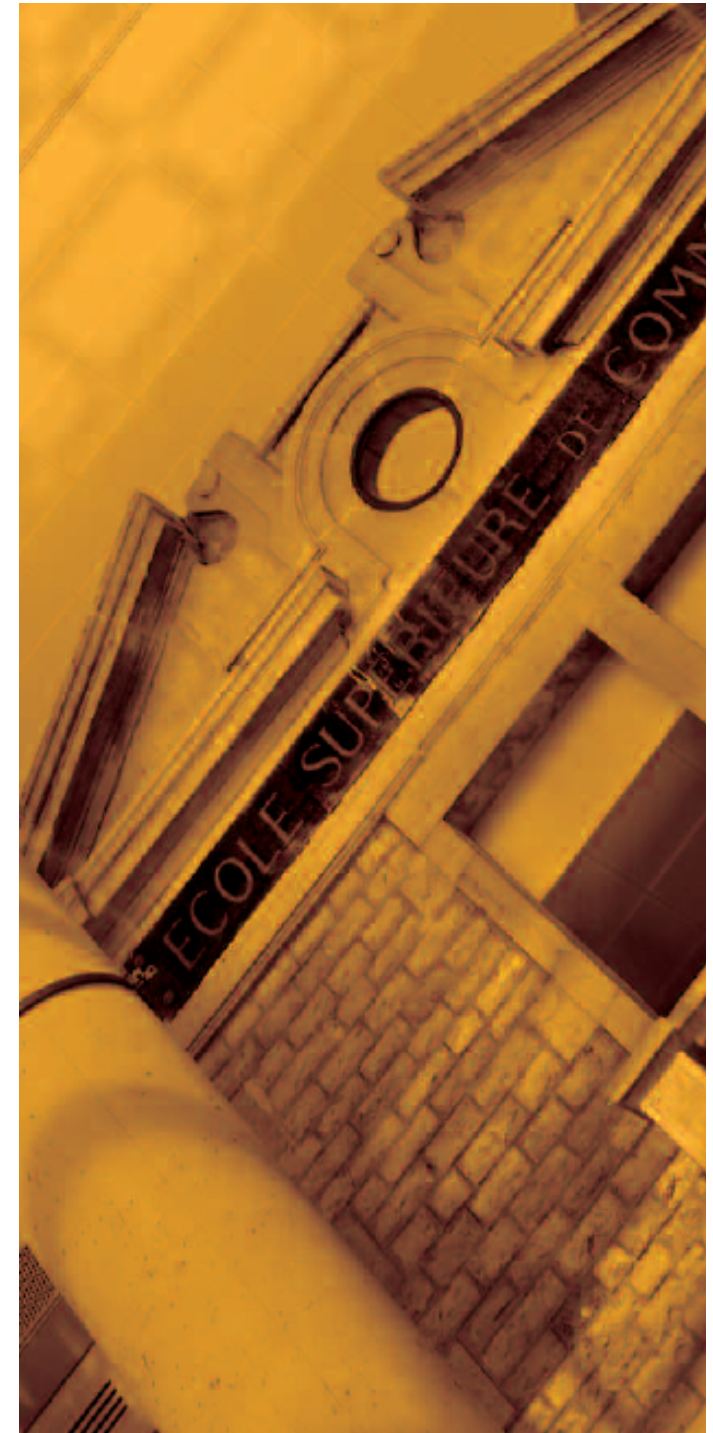
ITEM4 - Financial inclusion: Lessons between the South and the North

April 11 & 12, 2013, Paris, France

FOSS Meets Microcredit- Case Study from China

Wu Wei & Li Jun

Sous le haut patronage de
M. Benoît HAMON, Ministre délégué auprès du Ministre de l'Économie et des
Finances, chargé de l'Économie Sociale et Solidaire et de la Consommation



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Research Question

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How FOSS MCIS has been implemented in Chinese
Microfinance Institutions?



Literature Review

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- Interlectual Property
- Technology in Microfinance
- Microfinance in China
- MCIS in China

Intellectual Property



Propositions:

- natural rights: **Outcome of your labour and your body should be protected; (Ayn Rand, 1967)**
- utilitarian function: **maximize social wealth and utility by eliminating free-riders; (Friedman, 1994)**

Oppositions:

- Nature rights:
 - **The patent law which deprives the right of individuals to use their own belongings is not justifiable neither generate marginal utilities;**
 - **Soft IP creates arbitrary scarce as they are non-occupational or non-scarce;**
 - **U.S. Supreme Court v.s United States Court of Appeals for the Federal Circuit (CAFC) on software exceptions;**
- Utilitarian Function:
 - **Cost in preventing patent law punishment outrages the margin of social wealth creation;**

Microcredit in China



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Region	Numbers	Employees	Registration Capital(£bl)	Outstanding Portfolio(£bl)
TOTAL	6080.00	70343.00	51.46	59.21
Beijing	41.00	458.00	0.49	0.49
Inner Mongolia	452.00	4341.00	3.45	0.35
Liaoning	434.00	4116.00	2.45	2.22
Shanghai	80.00	695.00	0.98	1.36
Jiangsu	485.00	4614.00	7.98	10.36
Zhejiang	250.00	2805.00	5.18	7.31
Xizang	1.00	9.00	0.005	0.005
Shaanxi	187.00	1555.00	1.31	1.28
Gansu	171.00	1510.00	0.56	0.44
Qinghai	19.00	225.00	0.14	0.21
Ningxia	90.00	1088.00	0.45	0.43
Xinjiang	101.00	805.00	0.62	0.71

Source: <http://www.pbc.gov.cn/publish/>

MCIS in China



Institution	Software	Installments	Type	Date
Crystal Clear Software	Loan-performaner	OI China	Proprietary	N/A
Kredits	Kredits	Huadu Wansui; Rishenglong;	Proprietary	N/A
FAO-GTZ	mbwin	CFPA; NHMCL	Proprietary	N/A
GFUSA	Mifos	Yanchi; Chifeng; Dingxi;	FOSS	2010

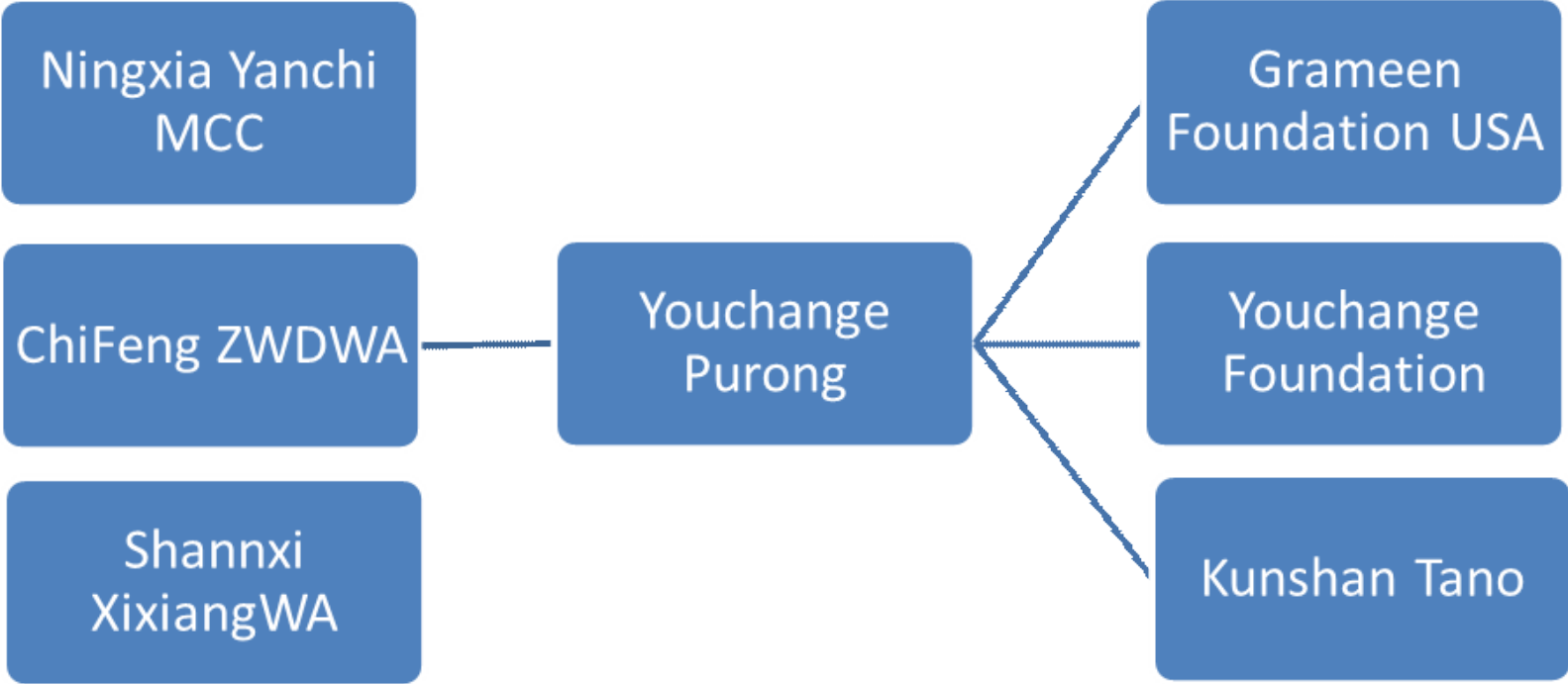
Mifos in the World



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Country	Number of MFIs	Number of Clients
India	12	717,213
Kenya	9	23,671
Philippine	2	14,511
Ghana	1	300
Mali	1	20
Mozambique	2	3,500
Peru	1	200
Uganda	3	1,100
Nigeria	1	2,000
Cameroon	1	2,500
Tanzania	2	8,000
Indonesia	1	3,000
Nigeria	1	3,000
Pakistan	1	100
Tunisia	1	140,950
Lebanon	1	18
Namibia	1	950
China	3	12,000
Total	44	933,033

Mifos in China



Methodology

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- Data Collection:
 - **Semi-Structured Survey;**
 - **Interviewees: Loan Officers, Junior/ Senior Managers;**
- Data Analysis:
 - **Context based analysis;**

Findings:



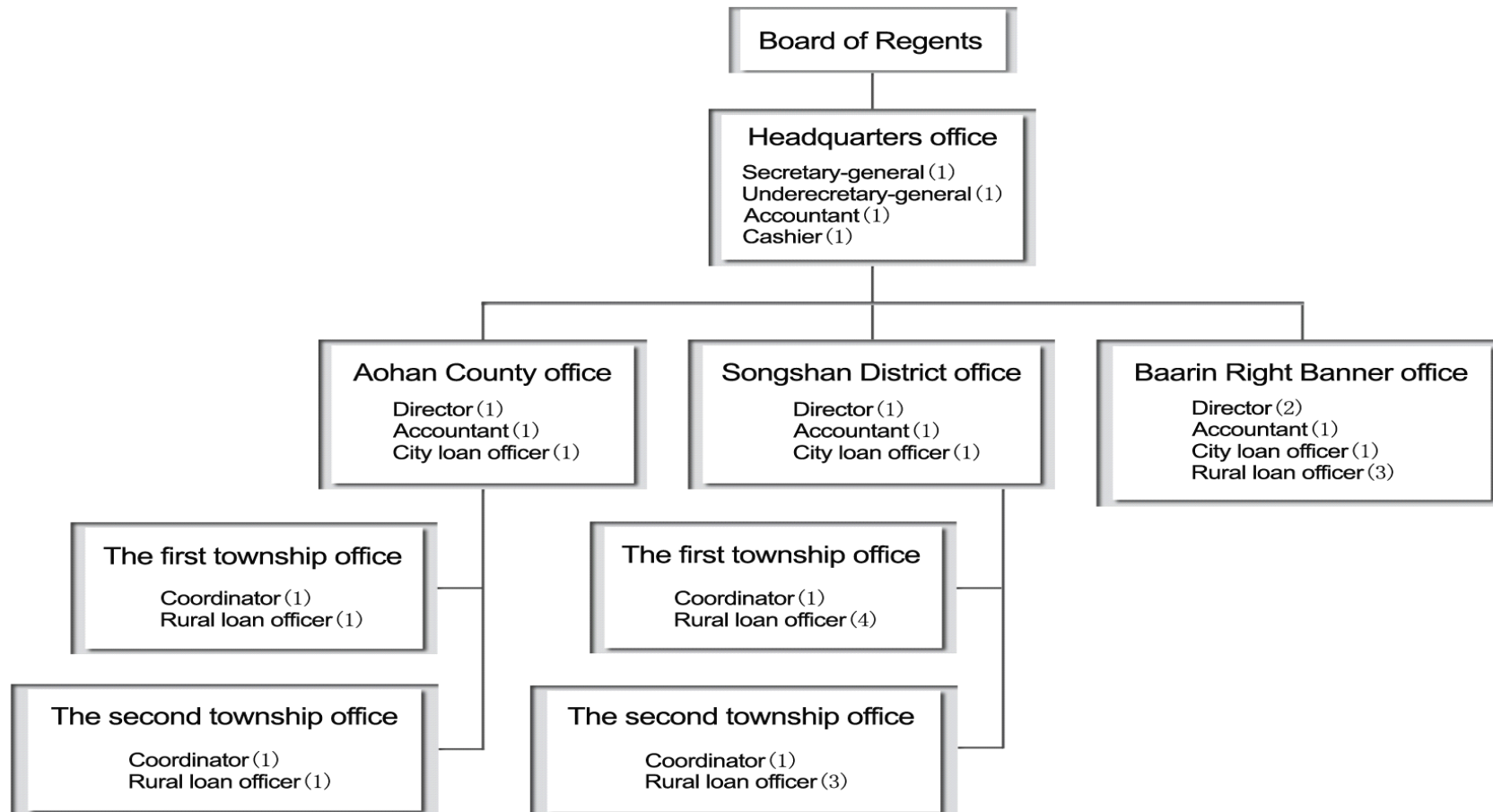
CZWSDA-Where?





CZWSDA- Corporate Governance

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CZWSDA-Lending Process



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Rural Product	Urban Product	
	1st Type	2nd Type
Targeting clients -Women -Demand Centre Conference -Forming -Training -Primary Assessment Grouping -5 members/Group -2-7 Groups/Centre Documentation -Contract -Due Diligence -Repayment Plan Appraisal Loan Disburse (HQ-Branch-Office) First Centre Meeting Group Meeting (Repeat) Last Centre Meeting	Targeting Clients -Women -Demand Guaranteeing -Find a Guarantee Documentation -Contract -Due Diligence -Repayment Plan Appraisal Loan Disburse (HQ-Branch) Repayment Completed	Targeting Clients -Women -Demand Grouping -5 members/Group Documentation -Contract -Due Diligence -Repayment Plan Appraisal Loan Disburse (HQ-Branch) Last Group Meeting

Conclusions



Sustainability Challenge

- Funding
- Technical Assistance

Lending in Transition: Members & Staff Mobility;

Functionality: Financial Reporting;

Human Resource: No IT professionals;

Data Security: Power & Internet Interruption;

Ownership;



Future research

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- What is the role of back-office in FOSS?
- Can FOSS bring an alternative international trade model between the North and the South?
- New critiatia of Ethical Microfinance Investment?

Q & A

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Thank you very much!

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