Enhanced Cellphone-based Multi-level Marketing for Microfinance
Microfinance

- Aims to provide financial services to low-income people

**TYPES OF MICROFINANCE USED BY POOR PEOPLE**

**Household Financial Goals**

- cost of burials, health care, replacement costs after hurricanes & floods, etc.
- retirement (for self or parents), migration, farm equipment, wells, home upgrade, self-insurance, etc.
- irrigation, transportation, livestock, microenterprise, home renovation, schooling and education, etc.
- food security, health treatments, festivals & social obligations, emergencies, etc.
- send money to family at home and away, microenterprise working capital, etc.
- meet urgent family disaster like sickness or crop failure, pay off moneylender, etc.
- microenterprise working capital, livestock, sewing machines, radios, bikes, etc.
- housing, wells, irrigation systems, boats, motorbikes, etc.

**Microfinance Products**

- various insurance plans
- pension plan or long time deposit
- medium time deposit
- demand or short time deposit
- funds transfers and cheques
- emergency loans
- short-term loans
- longer-term loans

Source: Brett Matthews, Mathwood Consulting Company.

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Challenges & Multi-level Marketing

- The average loan amount is small, so it is expensive to service them.
- In MLM, previous borrowers work as loan officers, collecting client data. It has offloaded the work to different levels and increased scalability.
Current Cobis Solution

- Centralized client-server architecture
- Web-based application
- Require expensive handheld devices to browse internet
- Expensive mobile data charge
- Low market penetration rate, and slow progress in business development
Our Proposal

- Switch to a distributed architecture based on SMS communication
- Enable cheap handsets to be data-collection terminals
- Increase the number of “loan officers,” give poor people better access to loan applications