OFFICE OF CAREER SERVICES

Career Opportunities in MICROFINANCE AND DEVELOPMENT FINANCE

Description of the field

Microfinance is a term for a variety of financial services that target low-income clients, particularly women who have meager incomes and lack access to formal financial services. The services provided by microfinance institutions (MFIs) include loans, savings, insurance, and remittances. Microloans are given for a variety of purposes, including microenterprise development, smoothing consumption, and managing risk. The diversity of products and services offered by MFIs reflects the fact that the financial needs of individuals, households, and enterprises can change significantly over time, especially for those who live in poverty. Due to these varied needs, and because of the industry’s focus on the poor, microfinance institutions often use non-traditional methodologies, such as group lending or other forms of collateral not employed by the formal financial sector.

Career Paths and Entry Salaries

The microfinance movement has grown rapidly in the past decade, leading to a wide variety of opportunities within the field for a range of different interests. However, microfinance does not have as structured a hiring process or hierarchy as many other finance careers and those seeking a career in microfinance will have to create their own career paths in a similar fashion to the NGO and social sectors. The skills required for a career in microfinance will depend greatly on the role you are interested in. For those interested in working with a financial institution, network of microfinance organizations, or investors, financial skills, experience, and networking in more traditional financial institutions are quite important, and should be sought out either before seeking microfinance opportunities or developed through a position or internship abroad working for a microfinance provider.

Entry salaries are typically lower than similar positions in more mainstream financial careers. For those interested in the development, policy, market analysis, or research aspects of microfinance, it is important to build those particular skills, preferably through work on microfinance-specific projects, but at the very least in areas of economic or community development.

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QUALIFICATIONS TO ENTER THE FIELD

+ The ideal candidate will have at least several years of marketing, branding, and delivery experience, preferably in financial services. Successful candidates are expected to provide strategic and operational leadership by working closely with a range of partner organizations, as well as possessing excellent communicative, quantitative, and analytical skills. One must have a passion for building businesses and a commitment to delivering great products even with limited resources. In addition, an MBA is often preferred for those entering the field on the banking or investment side of microfinance.
Demand
The microfinance industry suffered a downturn during the financial crisis, especially in Eastern Europe and select countries such as India, Morocco, Nicaragua, and Pakistan. However, 2011 saw the industry recover and move toward stable growth—MFIs currently operate in over 100 countries and serve approximately 100 million clients. As of the end of 2010, microfinance institutions worldwide had an estimated $68 billion in total assets, compared to $26 billion five years prior. As MFIs grow to meet global demand in the post financial crisis recovery, career opportunities will increase for those financial professionals with social science knowledge, local language expertise, and cultural understanding. One growing niche within this sector is new product types and channels such as mobile phone-based banking products, crop index micro insurance, and the use of microfinance as a tool to address other development challenges such as green energy, climate changes, health, and housing.

Sample Group of Employers
- Accion USA – www.accionusa.org
- Citi Microfinance – www.citigroup.com
- CGAP – www.cgap.org
- Finca International – www.villagebanking.org
- Grameen Foundation – www.grameenfoundation.org
- Microfinance Information Exchange – www.mixmarket.org
- Micro Place – www.microplace.com

Associations
- Alliance for Financial Inclusion – www.afi-global.org
- International Association of Microfinance Investors – www.iamfi.com
- The Microfinance Association – www.microfinanceassociation.org
- Women Advocating Microfinance (WAM) – http://waminternational.org
- Microcredit Summit Campaign – www.microcreditsummit.org
- www.linkedin.com/groups?gid=2259657

Resources for Additional Information
- CGAP Microfinance Gateway – www.microfinancegateway.org
- Grameen Foundation, Career – www.grameenfoundation.org/careers
- Net Impact, Microfinance – www.netimpact.org
- University of Washington, Microfinance Resources – guides.lib.washington.edu/research/business/finance

FUTURE CHALLENGES
OF THE PROFESSION
+ The success of microfinance brings with it new challenges and situations, as MFIs become more established and complex. Such complications include the increase in competition between MFIs, issues with regulation, inappropriate donor subsidies, limited management capacity, and institutional inefficiencies (Brigham Young University). In addition, the global recession’s impact on MFIs, the danger of liquidity drying up, credit risks, and extended indebtedness of consumers in several leading microfinance markets are all issues raised by those wary of microfinance (Center for the Study of Financial Innovation). Recent impact evaluation studies have also called into question the poverty-alleviating potential of credit-focused microfinance models.
LinkedIn Groups
- Microfinance Professionals - www.linkedin.com/groups/Microfinance-Professionals-78830
- Microfinance Focus - www.linkedin.com/groups/Microfinance-Focus-1909026
- Microfinance Professionals & Opportunity listing - www.linkedin.com/groups/Microfinance-Professionals-Opportunity-listing-2240029
- CGAP’s Mobile Banking and Microfinance Group - www.linkedin.com/groups?gid=154082

Publications