## Project "Get New Money" Multi-Level Marketing for Microfinance

MIT Team Members: Three anonymous MIT students

Emerson Team Members: Helyne Adamson, Josh Kirchmer

Team Adviser: Elisabeth Megally

Next Lab: Public Presentation December 10<sup>th</sup>, 2008



# Revolutionize Micro-Finance industry with Multiple-Level Marketing

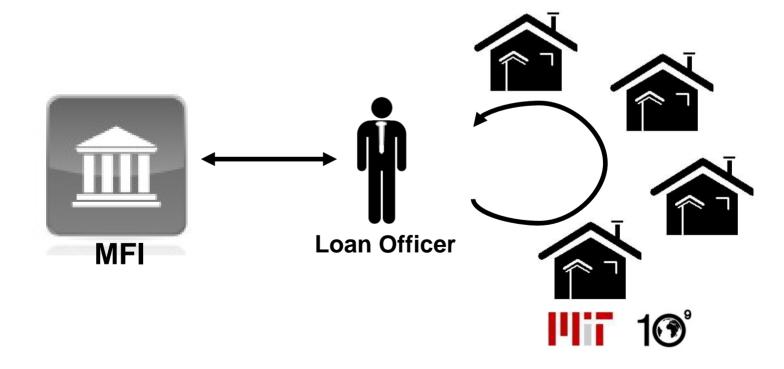
- Goal: Rapid expansion of microfinance outreach
- Team Deliverables:
  - Business model on how Multiple-Level
     Marketing would work with Micro-Finance
  - Mobile-based application to help facilitate and streamline the process
- Partner: Cobis, a financial software company, the original idea owner
- Pilot: Maquita, Ecuador

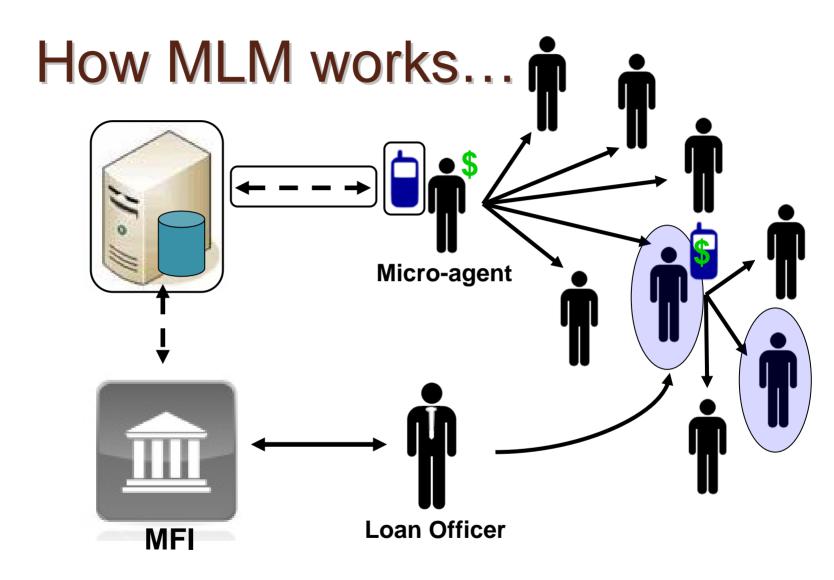


Map: CIA



#### How it currently works...

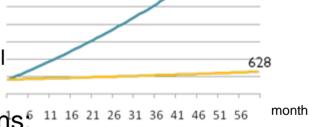






### MLM can significantly improve micro-finance institution profit

- Maquita (MFI partner) currently offers fixed-rate micro loans
- MLM can help improve market adoption rate and generate strong revenue/profit growth
  - If a micro-agent brings in a borrower a month, within 6 years, it will have 7.5x more borrowers than the case w/o MLM.
  - More borrowers means more revenue
  - More borrowers also reduces the overall risk of the loan portfolio



- Additional improvement suggestions: 11 16 21 26 31 36 41 46 5
  - Returning borrowers have much higher payback rate than new borrowers
  - Encourages new loans by offering lower interests to repeating borrowers,
     who are also less risky, thus, create an exponential growth



# of Loan Borrowers

#### How mobile phone application works...



Figure by MIT OpenCourseWare.

**Encrypted** and compressed proprietary **SMS Communication** 

**SMS** Communication Server

**Database** 

**Application** Data collection

Status reports



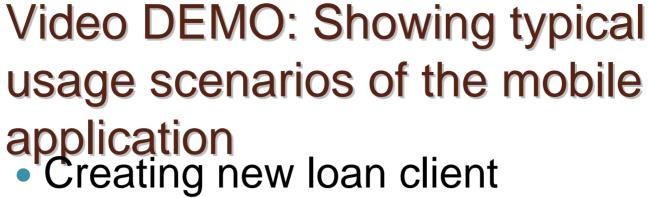
Figure by MIT OpenCourseWare

Hooks for - Credit Scoring - Integration with Cobis

**Get New Money** Server (Data Processing)







- Requesting new loan
- Checking loan status
- Checking for agent performance





#### Beyond NextLab I ....

- Deliver a comprehensive business plan to Cobis and Bank of America partners
- Deliver technical solution with integration instruction to Cobis
- Ideas for Next Lab II
  - Extend the technical solution to be more generic
  - Actual pilot of the concept and technology

### Thank you!



### Backup: <DEMO screen shots to be added>

- Microagent meets a new potential borrower
- Takes phone out, takes client's data and sends it over to the server
- Adds a loan to the newly created client
- Someone on the server side approves
- Agent sees change in loan status
- Agent sees his expected commission
   go up



MAS.965 / 6.976 / EC.S06 NextLab I: Designing Mobile Technologies for the Next Billion Users Fall 2008

For information about citing these materials or our Terms of Use, visit: http://ocw.mit.edu/terms.