



CENTER FOR THE
DEVELOPMENT OF
Social Finance

CDSF Releases Static Pool Study of Microlenders

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The Center for the Development of Social Finance (CDSF), a San Mateo, California non-profit, released the results of a ground-breaking microfinance study this week. In *Capital Markets-Style Risk Assessment: Testing Static Pool Analysis on Microfinance* CDSF reports on a study that offers a path for bringing microfinance into mainstream investing.

CDSF studied more than 625,000 loans issued by two microfinance institutions (MFIs) to determine whether their portfolios could be analyzed using a common capital-markets risk-assessment method called static pool analysis. The study determined that static pool analysis is feasible in microfinance and recommends that MFIs implement this tool as a part of their reporting practices.

CDSF Founder and Chairman Rupert Ayton said, “We sought to determine if MFIs collect data in formats understood by capital markets investors. In the case of the MFIs we studied, the answer is yes.” Prior to commencing the study, Ayton surveyed more than 50 individuals representing diverse perspectives on microfinance access to capital markets. “We heard that MFIs needed to conform to the reporting formats of the broader capital markets. Static pool analysis is the accepted standard. Adopting this type of reporting could increase the flow of money into microfinance, thereby expanding its capacity to serve the poor in developing countries.”

The study focuses on two MFIs, but the techniques are widely applicable. Ayton suggests that the approach used by CDSF could be applied equally well to such resource-constrained sectors as community development investment, sustainable agriculture, or renewable energy.

This study was undertaken in collaboration with Omidyar Network and the Taylor Jordan Donor Advised Fund of the RSF Global Community Fund. Individuals interested in learning more about the study should contact CDSF by telephone or email at 650-401-6363 or Ayton@CDSofI.org.

The Center for the Development of Social Finance is a non-profit organization working to create a wide understanding of social finance, global finance, and the economic factors that shape our communities.

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