

**MALAWI MICROFINANCE  
NETWORK** - *Improving Access to  
Financial Services*



**Pro MHI Africa** – EU-African  
University Network to strengthen  
community-based Micro Health  
Insurance

# From micro-finance to micro health insurance

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# Objective

- To identify possible synergies between micro finance institutions (MFIs) and micro health insurance (MHI)
- To identify and discuss potential challenges to the successful development of MHI schemes nested within existing MFIs



# What is a MFI?

MFIs are institutions that offer financial services (primarily, saving, borrowing, and more recently insurance) to low-income people, who traditionally lack access to banking and related services

What is their aim?



# What is a MHI?

MHI applies the concept of insurance at the micro-level to favour risk-sharing and the pooling of resources across a community, in such a way as to facilitate access to care and offer financial protection against the cost of illness, by favouring a transfer from the healthy to the sick and by disassociating payment from the time of care

What is their aim?



# Shared objectives

- Offer social protection: protection from risk
- Allow people to move out of poverty



# Reasons to channel MHI development through existing MFIs

- Shared objectives
- Stand-alone MHI schemes suffer from a number of problems which hamper their successful development



# MHI current problems

- Lack of clear legislative and regulatory framework
- Low enrolment rates
- Insufficient risk management measures
- Weak managerial capacity
- High transaction costs



# Can channeling MHI development through MFIs solve these problems?

Lack of clear legislative and regulatory framework

- Pressure on existing governing institutions
- Unions/Cooperatives can rely on their own existing legislative framework and agree to establish additional internal regulations



# Can channeling MHI development through MFIs solve these problems?

Low enrolment rates

- High penetration rates
- Element of compulsion, at least for credit holders
- Increase capacity to pay
- Capitalize on existing trust
- Rely on existing structures to promote insurance and foster insurance awareness



# Can channeling MHI development through MFIs solve these problems?

Insufficient risk management measures

- Familiarity with concept of risk management favors setting up adequate measures
- Access to networks and support systems to seek advice on adequate measures
- „A lot at stake“ so strong push towards protecting what has been established already



# Can channeling MHI development through MFIs solve these problems?

Weak managerial capacity

- MFIs can count on existing managerial capacity
- Access to networks and support systems to seek further specific training
- Stronger negotiating power with health care providers



# Can channelling MHI development through MFIs solve these problems?

High transaction costs

- Build on economies of scale
- Better capacity to establish cost monitoring mechanisms and contain cost escalation
- Better capacity to mobilize funds



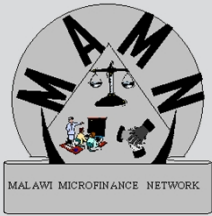
# Additional reasons to channel MHI development through MFIs

- Increase loan repayment rates & capacity of people to borrow
- Offer a comprehensive set of services – competition or collaboration?
- Retain clients/attract new ones



**What challenges does adding  
MHI to your products entail  
for your organization?**





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