Microfinance Risk Management Fundamentals Training Course

Professional Development Training Course Outline

Category	Risk Management	**Duration**	5 Days
Base Fee	$1,500 USD	**Delivery Mode**	Online / On-site Hybrid

Course Introduction

The microfinance sector, a critical engine for financial inclusion and poverty alleviation, operates within a uniquely complex and dynamic landscape. Microfinance Institutions (MFIs) face compounded threats, including inherent credit risk from serving uncollateralized, low-income clients, significant operational risk due to high-volume, decentralized transactions, and volatile external risks like economic shocks, regulatory changes, and climate events. Effective Risk Management is no longer a mere compliance exercise but a strategic imperative for MFI sustainability and the protection of client welfare. Microfinance Risk Management Fundamentals Training Course is designed to equip microfinance professionals with the essential knowledge, practical tools, and governance frameworks required to proactively identify, measure, mitigate, and monitor the diverse risks threatening institutional stability and social mission fulfillment in the evolving digital microfinance era.

This course provides a holistic framework for managing the full spectrum of microfinance risks from the loan officer level up to the board ensuring a balanced approach to both profitability and social performance. We will delve into modern techniques like portfolio quality analysis, delinquency management, and the integration of digital tools to enhance internal controls and combat fraud risk. By adopting best practices in Enterprise Risk Management (ERM), participants will learn to foster a robust risk culture that aligns operational activities with the MFI's strategic objectives. Ultimately, the successful application of these fundamentals will translate into improved portfolio quality, enhanced investor confidence, and the sustained ability to deliver essential financial services to underserved populations, thereby strengthening the MFI's path to resilience and long-term viability.

Programme Curriculum

Microfinance Risk Management Fundamentals Training Course

Introduction

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Course Duration

5 days

Course Objectives

1. Define and differentiate the core categories of Microfinance Risk
2. Implement a foundational Enterprise Risk Management (ERM) Framework within an MFI setting.
3. Master Credit Risk Assessment techniques for low-income, uncollateralized borrowers.
4. Apply effective strategies for Portfolio Quality Management and reducing Portfolio at Risk (PAR).
5. Establish robust Internal Controls to minimize Fraud Risk and staff-related losses.
6. Analyze and mitigate risks associated with Digital Financial Services (DFS) and technology adoption.
7. Develop protocols for managing Liquidity Risk and Interest Rate Risk under market volatility.
8. Understand and comply with key Regulatory Compliance and Anti-Money Laundering (AML) requirements.
9. Integrate Client Protection Principles and address Social Performance Risk within the risk matrix.
10. Utilize Early Warning Systems and key Risk Indicators (KRIs) for proactive monitoring.
11. Design and test a basic Business Continuity Plan (BCP) for operational resilience.
12. Foster a strong, institution-wide Risk Culture through effective governance and communication.
13. Apply practical lessons through real-world Case Study Analysis and risk simulation exercises.

Target Audience

1. MFI Branch and Operations Managers
2. Credit and Loan Portfolio Officers
3. Risk Management and Compliance Professionals
4. Internal and External Auditors
5. Senior Management and Executive Leaders (CEO, COO)
6. Board Members and members of the Audit/Risk Committee
7. Financial Analysts and Fund Managers supporting MFIs

8. Personnel from Central Banks and Regulatory Bodies overseeing Microfinance

Course Modules

Module 1: Fundamentals of Microfinance Risk and ERM

- Differentiating Financial, Operational, Strategic, and Reputational risks.
- The Enterprise Risk Management (ERM) Cycle.
- Developing the MFI Risk Appetite Statement and Tolerance Levels.
- Roles of the Board, Management, and Staff in oversight.
- Case Study: Analyzing a high-growth MFI's collapse due to a lack of an institutional-wide Risk Culture.

Module 2: Credit Risk Management

- Advanced Client Assessment Techniques
- Loan Product Risk Analysis.
- Metrics for Portfolio Quality.
- Strategies for Delinquency Management and proactive collections.
- Case Study: The impact of a localized economic shock on an MFI's agricultural loan portfolio.

Module 3: Operational Risk and Internal Controls

- Sources of Operational Risk.
- Designing and implementing a comprehensive system of Internal Controls.
- Techniques for preventing and detecting Staff Fraud and Client Collusion.
- Mapping critical operational processes to identify control gaps.
- Case Study: A failure in the MFI's Management Information System leading to inaccurate portfolio reporting and high fraud losses.

Module 4: Financial Risk Management

- Managing Liquidity Risk
- Understanding and hedging Interest Rate Risk
- Foreign Exchange Risk for MFIs with international funding or operations.
- Capital Adequacy and setting Provisioning Policies for loan losses.
- Case Study: An MFI with a high concentration of foreign-denominated debt facing a sharp currency devaluation.

Module 5: Strategic and Reputational Risk

- Risk from Inadequate Product Design or inappropriate market positioning.
- Assessing the risks of rapid Geographic Expansion and market saturation.
- Monitoring Competitive Risk from banks, fintechs, and informal lenders.
- Mitigating Reputational Damage from media exposure or client complaints
- Case Study: Examining an MFI that suffered a major reputational crisis due to public outcry over high interest rates and over-indebtedness.

Module 6: Technology and Digital Risk

- Risks associated with Digital Financial Services, including mobile banking and agent networks.
- Cybersecurity Fundamentals and data protection for client information.
- Managing risks from reliance on Third-Party Technology Providers

- Data integrity, accuracy, and the risk of automated decision-making errors.
- Case Study: An MFI's mobile banking platform suffering a system outage during peak transaction hours, leading to liquidity and reputational issues.

Module 7: Compliance, Regulatory, and ESG Risk

- Regulatory Compliance monitoring and reporting obligations.
- Implementing Anti-Money Laundering and Counter-Financing of Terrorism protocols.
- Adhering to Client Protection Principles and preventing Over-indebtedness.
- Integrating Environmental, Social, and Governance Risk into lending and operations.
- Case Study: An MFI facing a punitive fine from the Central Bank for non-compliance with new interest rate caps and reporting standards.

Module 8: Risk Monitoring and Crisis Management

- Developing a dashboard of Key Risk Indicators for continuous monitoring.
- Designing and performing Stress Testing and scenario analysis.
- Structuring a robust Internal Audit function that aligns with ERM.
- Creating an effective Crisis Management and Business Continuity Plan.
- Case Study: A simulation exercise where the MFI's head office becomes inaccessible, testing the effectiveness of the BCP.

Training Methodology

This course employs a participatory and hands-on approach to ensure practical learning, including:

- Interactive lectures and presentations.
- Group discussions and brainstorming sessions.
- Hands-on exercises using real-world datasets.
- Role-playing and scenario-based simulations.
- Analysis of case studies to bridge theory and practice.
- Peer-to-peer learning and networking.
- Expert-led Q&A sessions.
- Continuous feedback and personalized guidance.

Register as a group from 3 participants for a Discount

Send us an email: info@fineskilltrainingcenter.org or call +254769199797

Certification

Upon successful completion of this training, participants will be issued with a globally- recognized certificate.

Tailor-Made Course

We also offer tailor-made courses based on your needs.

Key Notes

a. The participant must be conversant with English.

b. Upon completion of training the participant will be issued with an Authorized Training Certificate

c. Course duration is flexible and the contents can be modified to fit any number of days.

d. The course fee includes facilitation training materials, 2 coffee breaks, buffet lunch and A Certificate upon successful completion of Training.

e. One-year post-training support Consultation and Coaching provided after the course.

f. Payment should be done at least a week before commence of the training, to Fineskill Training Center account, as indicated in the invoice so as to enable us prepare better for you.

Upcoming Scheduled Sessions

Start Date	End Date	Location	Price
23 Nov 2026	27 Nov 2026	Online	$1,000
23 Nov 2026	27 Nov 2026	Physical	$1,500
23 Nov 2026	27 Nov 2026	Physical	$3,000
23 Nov 2026	27 Nov 2026	Physical	$3,000
23 Nov 2026	27 Nov 2026	Physical	$6,000
23 Nov 2026	27 Nov 2026	Physical	$4,500
23 Nov 2026	27 Nov 2026	Physical	$6,000
23 Nov 2026	27 Nov 2026	Physical	$6,000

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