

Central Bank of Yemen

Microfinance

- **Microfinance Law:**

The Microfinance banking law No. 15 for 2009 was issued in April 2009.

Arabic version English version

- **Microfinance Team:**

The microfinance supervision team was established by the Central Bank of Yemen with the help and support of the GTZ project. Nine staff were selected from the Banking Supervision department (5 from On-Site, 4 from Off-Site). Most of them has good experience in commercial banks supervision, with limited professional experience in Microfinance industry, and as the microfinance in general is different from traditional banking activities so it was important to provide the team with information and knowledge about this field, a series of training courses about Microfinance was planned covering the most important areas in the daily microfinance practice in Microfinance institutions;

- **Capacity building:**

GTZ is supporting the Microfinance Team capacity building; it also supported Central Bank of Yemen in preparing the Microfinance regulation, Supervision Manuals and in Credit Bureau establishment.

1) Microfinance training:

The Microfinance supervision team attended training courses in Microfinance in order to be introduced to the concept and the differences between commercial banking activities and Microfinance banking, training included the following courses:

Title	Date
Introduction to Microfinance & MF mythologies	24-28 January 2009
Financial Analysis	28 Feb –4 March 2009
Delinquency Management	21- 25 March 2009
Internal Control and Fraud Prevention	25-29 April 2009
Interest Rate Risk Assessment/Risk Management	24-27 May 2009
Funding Microfinance - Strategic Planning	27 June- 1 July 2009

Microsoft Excel & Microsoft Access for Banking Supervision	15 -19 August 2009
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2) Microfinance Regulation, Bylaw:

After the Microfinance banking law was issued there was a need to formulate Microfinance bylaw and regulations. GTZ supported Central Bank of Yemen in the following:

- The project of Microfinance banking law was drafted.
- Microfinance bylaw was recently drafted and it is under review; in order to have the final version that will be approved by the governor.
- Microfinance regulation and circulars are also drafted and will be issued soon by the Central Bank of Yemen after it is reviewed and compared with the applicable instructions.

3) On-Site training:

GTZ Project supported the supervision team for the establishment of the On-Site Credit and Operational Manuals. This was followed by a series of training courses on using new methodology in onsite inspection, which will enable Central Bank of Yemen Microfinance staff of saving time and efforts in inspecting Banks. Class and field training was delivered to the Central Bank of Yemen staff on both Credit risk and operational risk examination. The training went as follows:

Title	Trainer	Date
On-site 1 st Mission	Carlos Alba	6-10 June 2009
On-site 2 nd Mission (Practical training)	Carlos Alba + Raul Tapia	3-15 October 2009
On-site 3 rd Mission (On-job training)	Carlos Alba + Raul Tapia	6-31 March 2010

4) Off-Site training:

The team also had a chance to receive training on off-site manuals, reporting forms and licensing in order to use the regulation and circulars that were developed. Training courses were as follows:

Title	Trainer	Date
Off-site 1 st Mission	Rochus Mommartz	20-25 June 2009
Off-site 2 nd Mission (Regulation – Manuals- Reporting- licensing) training	Rochus Mommartz	23-28 January 2010

5) Credit Bureau:

The GTZ project is supporting the Central Bank of Yemen in establishing an efficient Credit Bureau System or updating the existing one. It was planned under the GTZ project in the Central Bank of Yemen to develop studies and action plan to implement a credit bureau within the Central Bank of Yemen. However, as the Central Bank of Yemen recently received, a technical assistant from the Central Bank of United Arab Emirates, as software for credit bureau and the system was installed recently. The current system is not fully suitable for Credit Bureau services especially services that fit the Microfinance sector for some technical reasons. This is why GTZ project had to change the approach by dealing with the current situation and trying to enhance it. Technical training for Central Bank of Yemen IT staff will be provided in order to upgrade the current system within the second phase of the technical support that the GTZ project will provide.