

Risk Perception Survey

Question 1: Severity of Risk

Given below are areas of risk for MFIs. On a scale of 1 to 5, how do you rate their severity?

Severity
(1=Low, 5=High)

1. Back office operations

How vulnerable are MFIs to risks in administration, accounting, systems and controls?

2. Competition

Will competitive pressures push MFIs to take greater risks in areas such as operations, product innovation and credit quality?

3. Corporate governance

Are MFIs following high standards of corporate governance and accountability?

4. Credit risk

Will MFIs be hurt by borrowers failing to repay their loans because of overborrowing, poor credit management, poor client understanding or difficult economic conditions?

5. Fraud

Do MFIs face the risk of fraud due to dishonest staff and customers?

6. Regulation

Could MFI growth and profitability be constrained by regulations or the lack of them?

7. Interest rates

Will MFIs be hurt by fluctuations in interest rates?

8. Liquidity

Will MFIs suffer from a shortage of ready cash?

9. Management quality

Is MFI management up to the challenge of growing the business and managing the risks?

10. Managing technology

Will MFIs be able to manage technology and use it to their advantage?

11. Political interference

Will political interference harm MFI business, eg in the areas of interest rates, lending policy and subsidised competition?

12. Product development

Are MFIs in a position to develop appropriate products and manage them successfully?

13. Profitability

Could profitability concerns affect MFI growth and commercial viability?

18. Reputation

Is the threat to the industry's reputation real?

19. Transparency

Do MFIs report enough relevant information to sustain confidence in the sector?

20. Unrealisable expectations

Are expectation from MFIs unrealistic and the kind that MFIs will never be able to deliver on, for example, poverty alleviation rather than financial inclusion?

Question 2: Preparedness for managing risks

Preparedness
(1=Poor 5=Well)

How well prepared do you think are MFIs in India to handle the risks you have identified?
