

Symbiotics, new microfinance investment boutique, offers professional brokerage services to fund managers

Date of Release: 15/02/2006 / Embargo until: 20/02/2006

On February 17th, Symbiotics' new board of directors held its first meeting in Geneva, Switzerland, formalizing the launch of this new investment brokerage boutique in the microfinance industry niche. The board is chaired by Prof. Francis Waldvogel, former chairman of the Swiss Federal Institute of Technology. It includes five other members active in microfinance investments, banking, legal, media and academic arena, respectively Jeanne Barras Zwahlen, Philippe Sarasin, Dominique Rochat, Jean-Claude Marchand and Jean-Michel Servet.

Initially started by a group of four microfinance professionals in late 2004, Symbiotics went through 2005 building its equity, governance, staff, product line and client base. The team today is made up of ten professionals serving microfinance mutual funds in their brokerage and monitoring needs and assisting microfinance networks and international financial institutions in structuring microfinance transactions and investment vehicles.

Business Rationale

The microfinance investment market is growing in size and maturity; increased transparency, competition and standard setting is bringing positive pressures on the industry, improving its efficiency and outreach – to the benefit of micro-finance institutions. The development of track records and credit histories will bring a material change on risk management, pricing structures, and intermediation margins as microfinance investors and institutions will get to know their exact value and pricing expectations.

As the needs, actors and structures of the industry increase in size and sophistication, microfinance investors' need for market information, ratings and evaluations, investment prospecting, negotiations and monitoring increase as well. For many specialized funds and asset managers, the economics of developing an in-house comprehensive buy side analysis, brokerage and servicing team nevertheless contravenes with their own profitability bottom-line. Many have already started to seek better efficiency, profitability and risk management by outsourcing labour intensive and non core activities to specialized organizations.

As microfinance investments evolve towards a recognized asset class, banks, asset managers and traditional fund managers are increasingly interested in its investment opportunities and vehicles - without desiring to develop a specific microfinance in-house competency. As they approach the market, they naturally look for advice and service opportunities. Adding to the usual brokerage and servicing mandates, they also look for structured finance and investment product setup expertise.

This evolution of the market calls for the creation of professional services companies meant to assist microfinance investors and fund managers in the achievement of their goals. These actors focus on market research and analysis, micro-banking relationship management and transaction structuring and placement. They invest in different capital and labour requirements and lever-age their business by selling independently their services to an array of different investors and fund managers, which in turn benefit from lower cost and better quality investment.

Symbiotics has opted for this niche as its locus of development. Its line of products is meant to cover the entire span of investors' needs, market information and ratings (information), structured finance expertise and technical assistance for fund managers (consulting), and investment brokerage, monitoring and servicing (services). Each activity complements and reinforces one another; each staff can leverage its core added-value, micro-banking relation-ships and industry knowledge, into an array of various products.