

Perspectives and a Quantitative Model for Structured Microfinance

G. Dorfleitner and C. Priberny

We study the perspectives and develop a quantitative model for structured microfinance instruments, which have suffered from the financial crisis of 2008/2009. A survey addressed to relevant world-wide experts on microfinance shows that structured instruments are still regarded as an important means for refinancing microfinance institutions in the future.

In a second step we introduce a quantitative credit risk model that takes into account the peculiarities of microfinance institutions and can be used for pricing purposes and analyzing the risk inherent in different tranches of a structured microfinance vehicle. In a realistic application we demonstrate the advantages of the model presented.