AUHF ACADEMY

Housing Microfinance Masterclass

Assessing housing loans for borrowers with informal incomes

Facilitated by:



Chongo Bezant
CEO, Symbiotics Capacity Building



Stephen Wanjala
Founder & CEO Housing & Development Finance Consultants(Africa)

African Union for Housing Finance

symbiotics capacity building

HDFC (Africa) Ltd

AUHF ACADEMY | HOUSING MICROFINANCE

HOUSING MICROFINANCE MASTERCLASS

Assessing housing loans for borrowers with informal incomes

AUHF Academy | Lusaka | 11 November 2026



Built in stages, financed in steps

Symbiotics Capacity Building (SYCB) and Housing and Development Finance Consultants (HDFC)

The three-part webinar series behind today's session

WEBINAR 1

Understanding Housing Microfinance

Who HMF serves, how households build, and where HMF sits alongside mortgages and enterprise loans

VIEW PRESENTATION

WEBINAR 2

Institutional Readiness and Product Design

What an institution needs before launch, how products follow the building process, and how to assess borrowers

VIEW PRESENTATION

WEBINAR 3

Scaling from Pilot to Portfolio

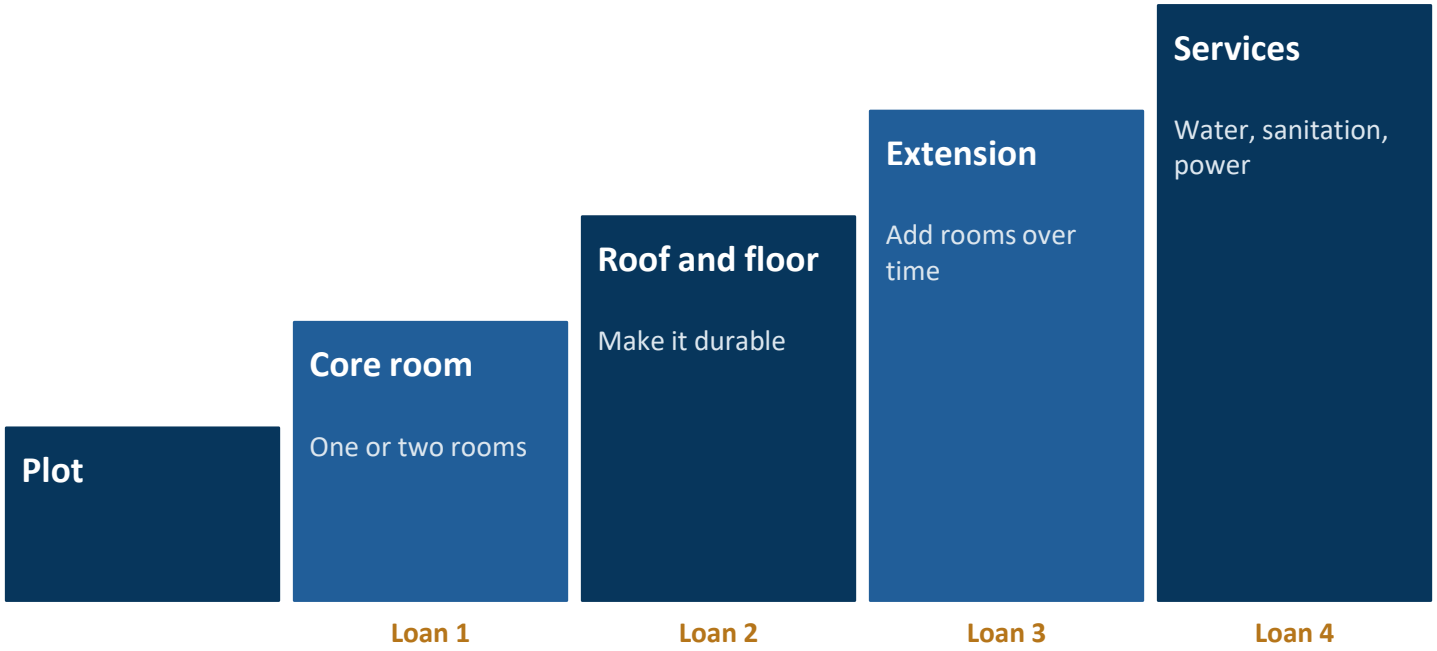
The evidence, capabilities, funding and decisions needed to grow a pilot responsibly

VIEW PRESENTATION

Today: the series applied to one lending decision, using a case and your own institutions' experience

Webinar 1: Housing microfinance follows how households build

THE INCREMENTAL HOUSING JOURNEY



Each loan funds the next achievable step. Repaying one builds the record for the next.

WHERE HMF SITS

Enterprise loan

Repaid from the business it finances

Housing microfinance

Repaid from the whole household's cash flow; the house earns nothing

Mortgage

Repaid from verified salary, secured on titled property

Webinar 2: Readiness and product design come before growth

FIVE READINESS DIMENSIONS

Strategic
Sponsor, ownership, objectives

Operational
Originate, disburse in stages, monitor

Risk
Housing underwriting and limits

Systems
MIS that tracks HMF separately

Ecosystem
Suppliers, artisans, land administration

PRODUCT DESIGN FOLLOWS THE BUILDING PROCESS

Loan sized to the next step → **Tenor that fits the income pattern** → **Single or staged disbursement** → **Proportionate monitoring**

Borrower assessment: lend on household cash flow, not on documents alone. This is where today's case picks up.

Webinar 3: Scaling from pilot to portfolio is a decision

Pilot

A defined segment, product and budget

EVIDENCE THE BOARD NEEDS

Customer

Demand and affordability

Operational

Delivery capacity and cost

Financial and risk

Portfolio performance by vintage

Strategic

Fit, sponsorship and funding

THE SCALE DECISION

Scale

Model validated, resources secured

Adapt

Promising, but weaknesses remain

Pause

Affordability, quality or fit not there

Funding and liquidity: at scale the challenge shifts to the balance sheet. Funding should match the portfolio in currency, maturity and cost, and funders look for the same evidence a board does.

Questions raised through the series

Households

How should HMF reflect different housing and income contexts?

KN V2 Section 2

→

Assessment

How can lenders assess established self-employment or seasonal income without payslips?

KN V2 Section 4

TODAY'S FOCUS

→

Product design

How should loan terms fit the household income cycle and housing stage?

KN V2 Section 4

→

Institution

What evidence and institutional conditions support responsible growth?

KN V2 Sections 3 and 5

The four questions connect: what a lender learns about the household shapes the product it can offer and the portfolio it can grow.

Today's underwriting question

How can a lender assess capacity and willingness to repay when a borrower has no payslip?

Income may come from an established business or a long-standing seasonal livelihood. The lender's task is to understand it, not to discount it.

What does the evidence show?

How reliable is it?

What else can corroborate it?

Composite teaching profiles. Not actual borrowers.

Two clients, two evidence environments

Ms Chanda

Lusaka, city market

Urban trader, first-time client for this lender

- Sells household goods at a city market
- Keeps a sales notebook and supplier receipts
- Uses mobile money; some sales are in cash
- Relatively rich transaction trail

EVIDENCE TRAIL

Sales notebook | Supplier receipts | Mobile money

Mr Phiri

Rural community outside Mansa town

Mansa District, Luapula Province

- Long-standing rain-fed farmer; returning MFI microenterprise client
- Most farm revenue arrives in a four to six month period
- Borrowed before through a group loan; has a savings record
- Limited individual transaction trail; savings group can vouch for him and offer support or a co-guarantee

EVIDENCE TRAIL

MFI record | Savings record | Savings group

Both are applying for individual housing improvement loans

Two assessment streams, both borrowers

STREAM 1

Capacity to pay

What evidence establishes household income sources and timing, business or farming costs, household commitments and existing debts?

Ms Chanda | Mr Phiri

STREAM 2

Willingness to pay

What evidence establishes repayment behaviour, savings habits, consistency and the borrower's approach to meeting obligations?

Ms Chanda | Mr Phiri

FOR EACH SOURCE OF EVIDENCE, ASK

1. What does it tell the lender?
2. What does it not tell the lender?
3. Which source could corroborate it?
4. What would an equivalent look like in your market?

Plenary: what does the evidence show?

SHARED EVIDENCE MAP, BUILT FROM THE STREAM REPORTS

	Ms Chanda, Lusaka	Mr Phiri, rural Mansa District
Capacity to pay Stream 1	*Most useful evidence / what it suggests / what is missing*	*Most useful evidence / what it suggests / what is missing*
Willingness to pay Stream 2	*Most useful evidence / what it suggests / what is missing*	*Most useful evidence / what it suggests / what is missing*

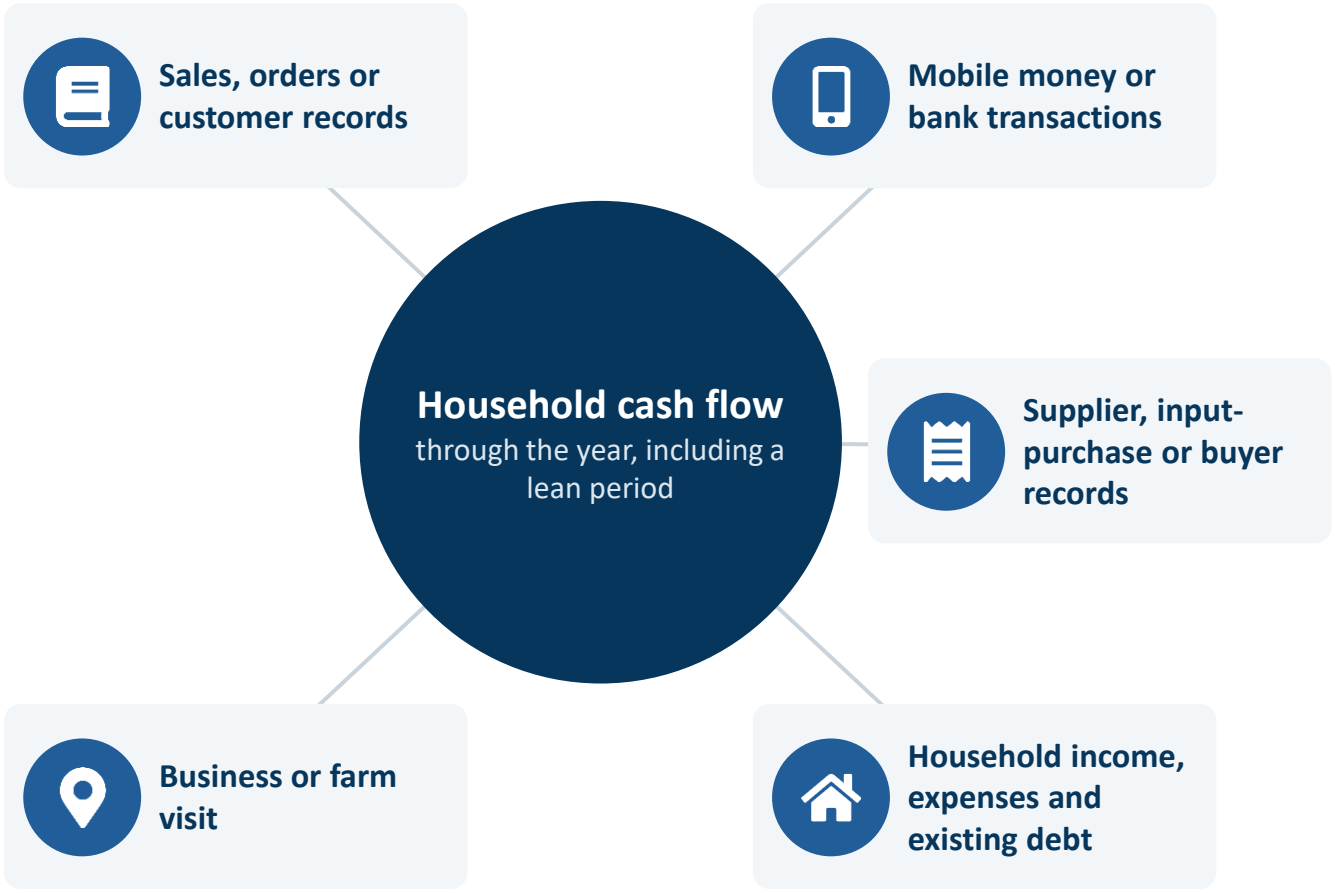
Across countries: which sources look different, or are not available, in your market?

Plenary: what does the evidence show?

EVIDENCE SOURCES: WHAT EACH CAN AND CANNOT TELL THE LENDER

Evidence source	What it may show	What it may leave unanswered
Sales notebook	The pattern and frequency of sales, and good and slow periods	Whether every sale is recorded; profit rather than turnover; independent confirmation
Mobile money or bank records	Money moving in and out over time, its regularity and timing	Cash sales outside the record; which flows are business and which household; other accounts
Supplier or input-purchase records	Stock or farm-input purchases, and the scale and regularity of the activity	Selling prices and margins; whether the stock or harvest was sold
Buyer or customer records	Who buys, how often, and when payment arrives	Total household income; sales to other buyers; future prices
MFI repayment record	How the borrower met obligations on earlier loans	Whether that behaviour carries over to a larger, longer, individual loan; how much group support contributed
Savings group records or co-guarantee	Saving discipline, standing with peers, and their willingness to vouch for the borrower	Whether the individual can carry a housing instalment; what the guarantee means in practice
Business or farm visit	The activity, stock or fields, assets, the home and the planned works; whether the borrower's account holds up	A single visit is a snapshot and may not show the lean months
Household interview	All earners and income sources, household expenses, commitments and existing debts, including informal ones	Needs corroboration from the other sources

Capacity to pay: triangulate the household picture



CORE QUESTION

How do the sources together describe household cash flow, including a lean period?

Chanda: records are richer, but cash sales and mixed business and household flows need checking.

Phiri: the question is how seasonal farm income covers the months when little comes in.

Effort: match verification to the client and the loan.

In practice: three Ghanaian MFIs combined cash-flow analysis, stock taking, client interviews, business and construction-site visits, work plans and materials estimates (CAHF, 2016).

Willingness to pay: examine behaviour

Internal history

What the lender already holds

- Mr Phiri's MFI repayment record
- His group-loan repayment
- His savings record, where the lender holds it

Third-party evidence

What others can confirm

- Savings group records and its willingness to co-guarantee
- Supplier or market references for Ms Chanda
- Community or local confirmation

Consistency

Across all sources

Does the borrower's own account match the records, the references and what the visit shows? Gaps are questions to ask, not grounds to decline.

A group record or guarantee adds evidence about behaviour and relationships. On its own it does not show that an individual can manage a longer housing-loan payment.

The same question, different lender starting points

Ms Chanda

Bank, building society, mortgage company, or an MFI willing to adapt

Starting point
Transaction evidence that a formal lender can read and verify

→

What has to adapt
Accepting income without a payslip, and allowing for cash sales outside the records

Mr Phiri

An MFI that already serves self-employed clients

Starting point
His microenterprise history and group evidence

→

What has to adapt
Assessing the individual housing loan on its own terms, not as a repeat of the group loan

WHAT THE CASE STUDIES SHOW ABOUT INSTITUTIONAL CHANGE

Dedicated people
UGAFODE assigned a dedicated HMF team and product champion; Global Access used dedicated housing officers

Trained appraisal
UGAFODE found loan officers needed continual training to appraise housing loans

Construction support
SELECT partnered with Habitat Malawi for construction technical assistance

What changes when the loan changes?

PREVIOUS LOAN

Group-based

Microenterprise purpose

Repaid from the activity it finances

Peer support within the group

PROPOSED HOUSING LOAN

Individual

Home improvement

Longer tenor

Repaid from the household's whole cash flow, through the farming year

The Knowledge Note's distinction: HMF is not an enterprise loan spent on housing.

A track record is relevant evidence. The new loan still needs its own assessment.

QUESTIONS FOR THE LENDER

1. Does the earlier repayment record transfer to a different loan?
2. Does the group co-guarantee apply, and what does it mean in practice?
3. How does seasonal farm income support repayment through the year?
4. Do the amount, tenor and schedule fit the household?

Closing discussion

Which evidence sources does your institution already use?

Where could sources complement one another more effectively?

What would you adapt for a different livelihood or market?

FURTHER READING

AUHF Academy Housing Microfinance Knowledge Note V2

CAHF Case Study 10: Housing Microfinance in Ghana (2016)

CISF Case Studies on Housing Microfinance (2013)

Thank you