

**SINAPI ABA TRUST<sup>1</sup>**  
**Kumasi, Ghana**  
**TEACHING NOTE**

**Case Description**

The case focuses on Kojo Asare, Chief Information Officer for Sinapi Aba Trust, Ghana's premier micro-finance institution. Kojo is responsible for giving a recommendation to Sinapi's Board of Directors on MIS investment requirements. Faced with declining donor funds, SAT's Board must make a decision whether to become a regulated Savings and Loan Organization or remain an unregulated Non-Governmental Organization.

In order to reach financial and operational sustainability, SAT must increase its client base five-fold. This can only be accomplished with a radical transformation of its MIS system. The chief donor organization is now pressuring the organization to upgrade its MIS system and there are real questions whether they can make the deadline.

The case ends with Kojo's assessment of the limitations of his staff and his estimate of the hardware investment required to make the transition. Meanwhile, he is very distracted by his staff's round-the-clock effort to meet the rapidly approaching deadline for MIS implementation.

**Purpose of the Case**

The case is primarily a strategy case in which management faces a difficult MIS investment decision. The purpose of the case is to demonstrate some of the hurdles that organizations face in the developing world when they grow their business. Some of those issues are:

- External donor control of their organization
- Exchange rate instability
- Lack of capital
- Lack of trained personnel
- Poor infrastructure (power and transportation systems)

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<sup>1</sup> This case was written by Lumas Kendrick, Jr., of the University of Maryland under the supervision of Professor Richard Linowes of the Kogod School of Business at American University in Washington, D.C. It was produced in conjunction with the Emerging Markets Development Advisors Program (EMDAP) under the sponsorship of the US Agency for International Development (USAID) and managed by the Institute of International Education (IIE). The case is meant to serve as a basis for class discussion.

The case sheds light on the management challenges facing a micro-finance organization in implementing a critical information system. The case may therefore also be useful in courses on Financial Institutions and MIS.

### Assignment Questions

In analyzing the case please address the following questions:

1. How might SAT improve its profitability?
2. How will the use of the internet to approve loans affect SAT should it expand its customer base to the required 100,000 clients?
3. Analyze the financial constraints on IT investments based on current operating cash flow.
4. How well has the organization met its training requirements? What level of investment is still required to train the staff to handle S&L operations? What other options are available?
5. What other options are open to SAT if it should choose not to transform into a Savings and Loan organization?
6. What should Kojo recommend regarding SAT's effort to transform into a Savings and Loan institution? Develop a clear recommendation for the Board of Directors outlining an IT deployment strategy for the next three years.

### Session Overview\*

Item Number	Description	Time
1	Discuss SAT's Origins and objectives	5 minutes
2	Discuss the micro-finance industry	5 minutes
3	Discuss MIS issues in the developing world with an eye on technical limitations and creative options.	15 minutes
4	Discuss SAT's strengths and weaknesses	15 minutes
5	Discuss the options available to SAT	10 minutes

\* Assuming a 50-minute class session.

## **Case Update**

SAT successfully installed the *Micro-Merge Software* and became the example of a successful MIS conversion for the Opportunity International (OI) Network. Its systems implementation effort became a model for other sites around the world. At the time of casewriting, the Board of Directors had decided to make the transformation to a Savings and Loan Organization but the funds needed for remaining MIS investments had not yet been secured.