



MFX Collateral Cost Calculator

The Collateral Cost Calculator allows you to compare the direct cost of hedging over the overall return of a microfinance loan between MFX and a commercial alternative like a bank. Depending on the commercial entity, you may be required to put up collateral, secure a line of credit, or both.

1. Input the size of the investment in Notional, both columns will populate.
2. Input the tenor in days of the investment.
3. Input the expected return on the investment (which will be the same in the hedging operation)
4. Input the collateral requirement in percentage required by the commercial entity. If instead of collateral your bank requires a line of credit skip this step.
5. Input the expected return of the collateral. If instead of collateral, your bank requires a line of credit skip this step.
6. Input the consumption in percentage that will be used in your line of credit for hedging the investment with a commercial entity.
7. Input the cost in percentage of your line of credit.
8. The bottom line will offer you a comparison in the net return of the investment between using a commercial entity or using MFX.