

## MICROCAPITAL BRIEFS | TOP STORIES

### BOPA Raises Equity Stake in Myanmar's AMFIM to 49%

Please see page 4 for coverage of this "MicroCapital Deal of the Month."

### Opportunity Selling 6 African Banks to Fintech Firm MyBucks

Opportunity International, a microfinance NGO based in the US city of Chicago, is selling six of the African banks it controls to MyBucks Group, a financial technology company in Luxembourg, under an agreement whereby Opportunity will become a minority shareholder in MyBucks. The transaction is subject to regulatory approval from authorities of the countries in which the banks operate. In addition to recapitalizing the banks, MyBucks plans to use digital and mobile banking technology to reach individuals and micro-, small and medium-sized enterprises in remote areas. Following the transaction, Opportunity plans to open an unspecified number of "transformation centers" to offer non-financial services previously offered by the banks, such as skills training, general education, health and empowerment support. Opportunity provides loans, savings, insurance and training to 12 million individuals in 28 countries in Africa, Asia, Europe and Latin America. MyBucks operates in 10 countries in Africa and Europe. December 16, 2015

### EIB Loans \$11m to Ademi for MSMEs in the Dominican Republic

The EU's European Investment Bank recently pledged to loan the euro-equivalent of USD 11 million to Banco Ademi of the Dominican Republic for on-lending to micro-, small and medium-sized enterprises. Ademi, which has partnered with US-based nonprofit Accion since 2006, was formerly known as the Association for the Development of Microenterprise. Ademi reports total assets of USD 361 million, a gross loan portfolio of USD 266 million, deposits of USD 210 million, return on assets of 4.5 percent and return on equity of 25 percent. December 10, 2015

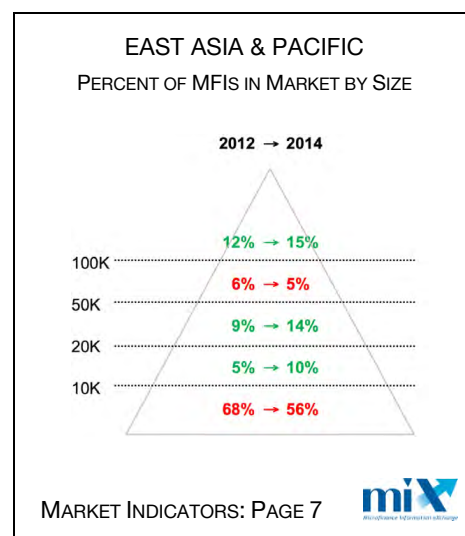
### Italian Banks Partner with Palestinian Government on Microcredit

Three Italian cooperative institutions, Banca Etica, Cassa Padana and Federcasse, have partnered with the Palestinian Monetary Authority and the Palestinian National Authority's Finance Ministry to launch a three-year microcredit program to serve low-income women, youth and farmers in the West Bank. Davide La Cecilia, the Italian Consul General in Jerusalem, stated that the program will "introduce alternative banking models, including credit and cooperative saving" as well as non-financial services. The Italian financial institutions will invest the euro-equivalent of USD 21 million in the program, which is entitled "Start-Up Palestine: Financial Instruments to Increase Employment and Income Generation in Palestine." Neither the nature of the funding nor the way it will be distributed has been specified. December 4, 2015

### India to Allow Cheaper Loans to Members of Scheduled Castes

The Reserve Bank India recently eased the maximum variance of 4 percent that is allowed between the minimum and maximum interest rates charged by microfinance institutions (MFIs) in order to encourage the provision of cheaper loans to those members of Scheduled Castes, historically disadvantaged people in India, who earn less than double the UN poverty line of USD 1.25 per day. India's National Scheduled Castes Finance & Development Corporation also will offer an unspecified level of additional funds for such lending through non-deposit taking MFIs. November 8, 2015

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## MICROCAPITAL BRIEFS

### MicroCapital's Onsite Coverage of European Microfinance Week

We are pleased to announce that MicroCapital was contracted for the fourth year in a row to report onsite from European Microfinance Week, which was held in Luxembourg from November 18 through November 20. Please see page 5 for a summary of this special coverage. A highlight of the event was the European Microfinance Award, which will focus on education next year. December 20. 2015

### Sierra Leone Launches Mobile Financial Services Guidelines

The Bank of Sierra Leone, the central bank of the country, recently launched mobile financial services guidelines for the first time. Developed with the support of the UN Development Program and the UN Capital Development Fund, the guidelines are meant to promote competition, ensure customer protection, establish licensing procedures and enforce rules relating to preventing money laundering and terrorism. Bank of Sierra Leone Governor Momodu Kargbo stated that "this is the first step towards encouraging people to adopt electronic channels of payments and move away from the traditional use of cash." December 18. 2015

### EFSE Loans \$22m to Odeabank for MSEs in Turkey

The European Fund for Southeast Europe, a Luxembourg-based fund that invests in microfinance in Southeast Europe and Central Asia, recently loaned the equivalent of USD 22 million to Odeabank to on-lend to micro- and small enterprises in Turkey. Alpaslan Yurdagül, Odeabank's Assistant General Manager for Financial Institutions and Investment Banking, stated that this investment will help boost the "entrepreneurship culture in Turkey" and "employment rates of women." The bank reports total assets of USD 11 billion, USD 9 billion in deposits and a loan portfolio of USD 7.5 billion. The bank is a unit of Lebanon's Bank Audi, which has operations in 12 countries and total assets of USD 42 billion. December 18. 2015

### IFC Acquires 15% of Myanmar's Fullerton for \$1.2m

The International Finance Corporation (IFC), a member of the US-based World Bank Group, recently announced that it has invested USD 1.2 million in equity in Fullerton Finance (Myanmar) Company Limited, a microfinance institution (MFI) that lends to low-income individuals and micro-, small and medium-sized enterprises. IFC acquired a 15-percent stake in the MFI, which plans to use the cash to expand its lending in both rural and urban areas. Marcos Brujis, the global director for IFC's financial institutions group, said that "it is important for microfinance institutions to be well capitalized, creating a strong foundation for the necessary investment in risk management systems, staff, and product development in order to provide a full menu of products and services to underserved segments of the market." Fullerton Finance (Myanmar) is 70-percent held by Fullerton Financial Holdings and 15-percent owned by Capital Diamond Star Group. Fullerton Financial Holdings reports the equivalent of USD 12.6 billion in outstanding loans, USD 9.7 billion in deposits and return on equity of 5.4 percent. December 18. 2015

### Georgia's TBC Borrows \$15m from EFSE for MSEs, Ag Producers

Luxembourg's European Fund for Southeast Europe (EFSE) recently announced that it will disburse a subordinated loan of USD 15 million to Georgia's Tbilisi Business Center (TBC) Bank to support access to finance for micro- and small enterprises (MSEs) as well as agricultural producers. EFSE Chair Monika Beck said that TBC will use its "strong rural presence, [to] make an important contribution to providing additional financing to MSEs in Georgia." TBC Bank reports total assets equivalent to USD 2.9 million, a gross loan portfolio of USD 1.9 million, deposits of USD 1.8 million, return on average equity of 19 percent and return on average assets of 3.3 percent. December 17. 2015

### Arab Tunisian Lease Borrows \$5m from Sanad to Serve 750 Firms

The Sanad Fund for MSME, a Luxembourg-based investor in the Middle East and North Africa, has agreed to disburse a senior loan of USD 5 million to Arab Tunisian Lease (ATL), a company that finances equipment, vehicles and real estate in Tunisia, to serve 750 micro-, small and medium-sized enterprises (MSMEs). Sanad Chair Wolfgang Reuss said, "We welcome ATL's commitment to expanding its leasing services to the 'missing middle' in Tunisia...." ATL, which serves 9,000 clients, was founded in 1993 by the Arab Tunisian Bank, the Tunisian affiliate of UK-based Arab Bank, and Tunisia's Banque Nationale Agricole. Sanad is a public-private partnership that was launched by German development bank KfW, which formerly was known as Kreditanstalt für Wiederaufbau Entwicklungsbank. December 15. 2015

### Insight2impact to Assess Banking Needs of Poor People

FinMark Trust, a South Africa-based NGO that promotes financial inclusion and regional financial integration; the Centre for Financial Regulation & Inclusion (CENFRI), a nonprofit affiliated with FinMark; and The MasterCard Foundation, a Canadian organization founded by the US-based payments firm MasterCard, recently announced that they will launch a joint data facility named insight2impact (i2i) with a budget of USD 9.6 million to assist financial services providers in assessing the needs of people with low incomes. Herman Smit, the technical director of CENFRI, said that "in most developing countries, limited insights on new consumer segments undermine the ability of the financial sector to best serve them...." December 11. 2015

### Africa Re, ILO's Impact Insurance Facility Enter Partnership

Nigeria's Africa Reinsurance Corporation (Africa Re) and the Impact Insurance Facility of the UN's International Labor Organization have agreed to partner to promote microinsurance to serve financially excluded "low-income households, small enterprises and smallholder farmers" through means including training for insurance practitioners and "cross-country collaboration." Africa Re, which reports total assets of USD 1.4 billion, was launched in 1976 under an agreement signed by 36 member states of the Organization of African Unity plus the African Development Bank. December 9. 2015

### EFSE Loans \$3m to Georgia's Crystal for Rural Lending

The European Fund for Southeast Europe (EFSE), a Luxembourg-based microfinance investment vehicle (MIV), has agreed to loan USD 3 million to Joint Stock Company Microfinance Organization Crystal, which is based in Kutaisi, Georgia, to fund 4,500 loans. In addition, EFSE will offer technical assistance that Crystal CEO Malkhaz Dzadzua described as "instrumental in improving our corporate governance and management capacity, and [enabling] us to deliver better and more targeted services to rural micro-entrepreneurs and smallholder farmers." Crystal has USD 50 million in assets and a gross loan portfolio of USD 40 million serving 44,000 active borrowers, 65 percent of whom are located in rural areas. December 6. 2015

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Please refer to <http://MicroCapital.org> for information sources for all briefs. MicroCapital recognizes the individuals at CGAP, the Microfinance Gateway and the Microfinance Information Exchange for their outstanding work disseminating information on microfinance. Thank you!

### Safaricom, MTN to Enable Transactions Between Kenya, Rwanda

Safaricom, a Kenya-based telecommunications firm, recently partnered with MTN Rwanda, a branch of South Africa-based Mobile Telecommunications Network Group (MTN), to enable cross-border transactions between Kenyan customers of M-Pesa, Safaricom's mobile money service, and Rwandan users of MTN Mobile Money. M-Pesa serves 19.5 million customers worldwide, and MTN serves 204 million. December 8, 2015

### BIAC Launches Heyano MasterCard Prepaid Card in DRC

Banque Internationale pour l'Afrique au Congo (BIAC), a commercial bank in the Democratic Republic of the Congo, and MasterCard, a US-based payments company, recently launched a prepaid card called Heyano. Heyano cards can accept value added by users, family members, employers and others without the need for a traditional bank account. The card will be usable at retail locations and automated teller machines as well as to initiate transfers to and from domestic and international destinations. BIAC CEO Michel Losembe stated that the card will contribute to the country's "transition from the informal to the formal economy." The bank reports total assets equivalent to USD 556 million, 400,000 customer accounts and 150 branches in 16 cities. December 3, 2015

### Bangladesh Limits MFIs' Investments in Fixed Assets

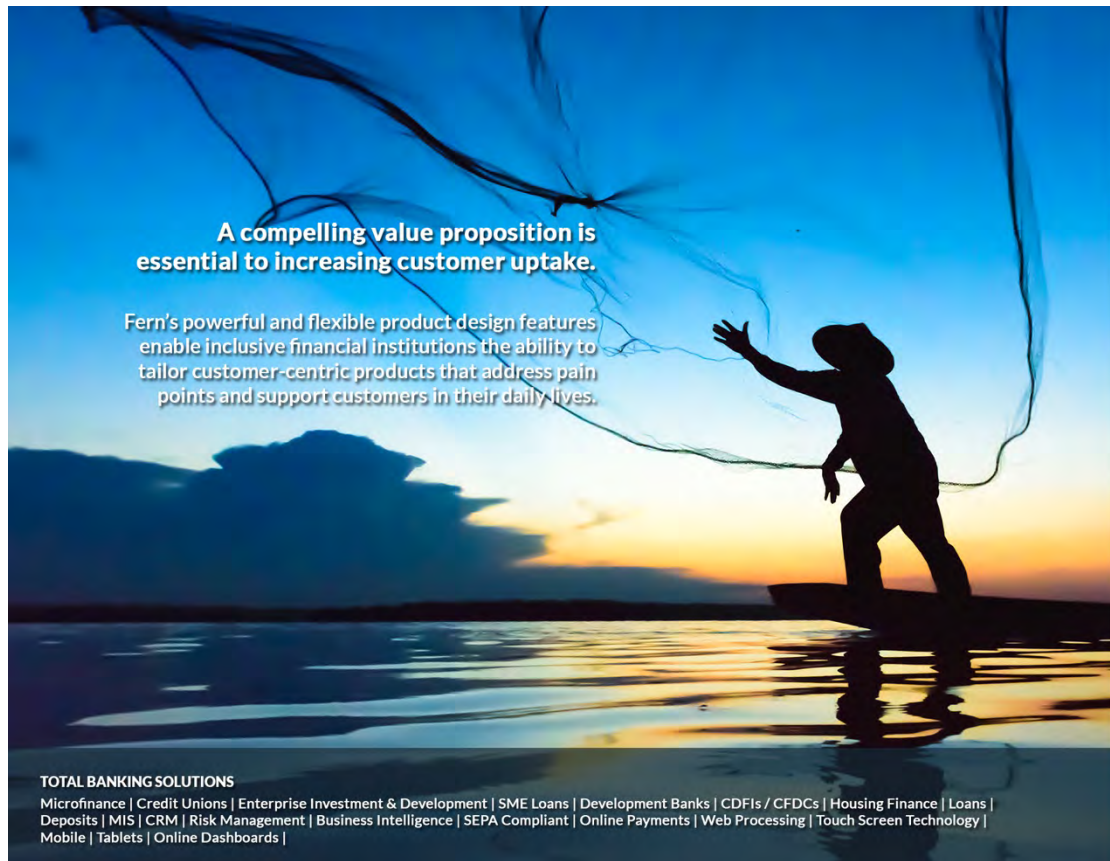
The Microcredit Regulatory Authority (MRA), which oversees NGO microfinance institutions (MFIs) in Bangladesh, reportedly has placed a cap of 35 percent on the portion of "cumulative earning surplus" that MFIs may invest in fixed assets such as real estate, which are deemed to be relatively risky. MRA oversees 697 licensed NGO-MFIs serving 25 million clients in the country with total outstanding loans equivalent to USD 3.6 billion and total deposits of USD 1.4 billion. December 3, 2015

### C-Quadrat's Vision Funds Loan \$13m in 6 Countries

During November, Austria's C-Quadrat Asset Management issued loans worth the equivalent of USD 13 million via its two Vision Microfinance funds to unspecified microfinance institutions (MFIs) in Ecuador, India, Kenya, Mauritius, Nicaragua and Romania. USD 2 million of this total was invested in an MFI based in Nairobi, Kenya, that was launched in 2009 and serves women working in the agricultural sector. C-Quadrat Asset Management's Dual Return Fund - Vision Microfinance and Dual Return Fund - Vision Microfinance Local Currency were created in 2006 and report combined assets of USD 267 million under management. C-Quadrat Asset Management is a unit of Austrian fund group C-Quadrat, which manages USD 6.1 billion in assets. December 3, 2015

### IFC Loans \$10m to ADOPEM of the Dominican Republic

The International Finance Corporation (IFC), the private-sector arm of the World Bank Group, recently announced that it will loan the local-currency equivalent of USD 10 million to Banco de Ahorro y Crédito ADOPEM, a microfinance institution (MFI) in the Dominican Republic formerly known as Asociación Dominicana para el Desarrollo de la Mujer. By 2022, the loan is expected to enable ADOPEM to provide 140,000 microloans to low-income microentrepreneurs, 70 percent of them women. Mercedes Canalda de Beras-Goico, the executive president of ADOPEM, said that "almost 70 percent of our clients have access to financing exclusively through Banco ADOPEM, and the bank's average loan size of USD 480 is the lowest among Dominican microfinance institutions." ADOPEM reports total assets of USD 120 million, return on assets of 5.9 percent and return on equity of 24 percent. Its gross loan portfolio totals USD 96 million outstanding to 197,000 borrowers, and it holds deposits of USD 51 million from 310,000 clients. ADOPEM is majority-held by Spain's Fundación Microfinanzas BBVA. November 29, 2015



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### **Babyloan, Total Partner on Solar Crowdfunding Platform**

Babyloan, a French online microfinance intermediary, and Total, a French energy company, recently announced plans to develop a crowd-funding platform intended to “accelerate access to energy” in Africa, Asia and Latin America. The website will collect money from individuals for redistribution to microfinance institutions, which will provide microcredits ranging from the equivalent of USD 530 to USD 2,650 to entrepreneurs to purchase solar equipment. The platform is expected to be launched in Haiti and Peru during early 2016, and its goal is to facilitate the funding of 2,000 microenterprises in 12 countries by 2017. From 2008 through November 2015, Babyloan had raised USD 13 million to finance 25,000 projects in 19 countries. November 26, 2015

### **BOPA Raises Equity Stake in Myanmar's AMFIM from 33% to 49%**

Base of Pyramid Asia (BOPA), a Singapore-based equity investor in small microfinance institutions (MFIs) in Asia, recently paid an undisclosed price to purchase an additional equity stake of 16-percent in Alliance for Microfinance in Myanmar, which was launched in 2014. The investment increases BOPA's stake in the MFI to 49 percent. The Alliance for Microfinance has USD 92,000 in loans outstanding to 1,200 borrowers and USD 19,000 in deposits collected from 1,230 customers. BOPA reports assets of USD 4.4 million and six portfolio companies with an aggregated client outreach of 110,000. November 25, 2015

### **MasterCard Labs for Financial Inclusion Sets Ag Goals for Kenya**

MasterCard Labs for Financial Inclusion, a research and development division of US-based payments company MasterCard, recently convened LaunchPad, its “collaborative innovation program” in Nairobi to create a strategy to help smallholder farmers in Kenya to “sustain their farms and enhance their livelihoods.” November 23, 2015

### **FINCA International to Offer Solar Microloans in Africa**

The US-based Foundation for International Community Assistance (FINCA International) recently announced that it will offer microloans for retailers of “off-grid solar systems” serving African households with low incomes and no access to electricity. The goal is to reach 1.5 million individuals per year through 2019. FINCA has total assets of USD 1.3 billion and serves 1.8 million clients through subsidiaries in 23 countries. November 17, 2015

### **OeEB Invests \$11m in Sanad Fund for MSME**

Austrian development bank Oesterreichische Entwicklungsbank (OeEB), recently invested the euro-equivalent of USD 11 million in Sanad Fund for MSME, a Luxembourg-based public-private partnership that invests in micro-, small and medium-sized enterprises (MSMEs) in the Middle East and North Africa, with the goal of funding 3,500 loans. Andrea Hagmann, a member of OeEB's executive board, said that “MSMEs form the backbone of the region's economies and, therefore, providing access to much-needed credit will help create jobs.” Sanad has raised investor commitments totaling USD 129 million. November 16, 2015

### **Actiam-FMO SME Finance Fund Closes at \$162m**

The Actiam-FMO SME Finance Fund, which is managed by Dutch asset manager Actiam and Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden, a Dutch development bank, recently closed with assets equivalent to USD 162 million. The new funding comes from three pension funds for the Dutch transport industry, all of which participated with investments of unspecified size: Pensioenfond Vervoer, a new entrant to the fund, and previous investors Spoorweg-pensioenfond and Stichting Pensioenfond Openbaar Vervoer. The fund was launched in 2013 to offer debt funding for the capital needs of small and medium-sized enterprises in developing countries. November 14, 2015

### **EBRD Lends \$14m in Kyrgyzstan, Morocco**

The UK-based European Bank for Reconstruction and Development (EBRD) recently lent the local-currency equivalent of USD 9 million to Kompanion Financial Group, a microfinance institution (MFI) in Kyrgyzstan, and the euro-equivalent of USD 5.4 million to Albaraka, the first Moroccan MFI to partner with EBRD. The credit lines are for on-lending to micro-, small and medium-sized enterprises (MSMEs) in local currency. Larisa Manastirli, EBRD's Head of Office in Kyrgyzstan, stated that the credit line will assist Kyrgyzstan's MSMEs that “do not have foreign currency revenues and cannot afford the foreign exchange risk.” EBRD President Sir Suma Chakrabarti stated that assisting Moroccan MSMEs will stimulate “employment and economic growth.” As of 2013, Albaraka reported a gross loan portfolio of USD 104 million and 126,000 active borrowers. As of 2015, Kompanion reports outstanding loans of USD 63 million and 114,000 active clients served via 120 branches. November 14, 2015

### **Equity Group Acquiring ProCredit Bank Congo to Expand to DRC**

Regulators in Kenya and the Democratic Republic of the Congo (DRC) recently approved the acquisition of 79 percent of the shares of DRC's ProCredit Bank Congo by Equity Group, a Kenya-based commercial bank, for an undisclosed price. Equity Group previously was operating in Kenya, Rwanda, Uganda, South Sudan and Tanzania. ProCredit Bank Congo was one of 21 banks held by Germany's ProCredit Holding. These subsidiary banks, which focus on serving small and medium-sized enterprises and low- and middle-income savers in developing countries, hold aggregate assets equivalent to USD 6.4 billion. German development bank KfW, formerly known as Kreditanstalt für Wiederaufbau Entwicklungsbank, and the World Bank Group's International Finance Corporation continue to hold stakes in ProCredit Bank Congo: 12-percent and 9-percent, respectively. As of 2013, ProCredit Bank Congo reported total assets of USD 200 million. November 12, 2015

### **EIB Lends \$9.8m to Kenya's Faulu Microfinance Bank for MSMEs**

The European Investment Bank (EIB), the EU's long-term lending arm, recently lent the local-currency equivalent of USD 9.8 million to Kenya's Faulu Microfinance Bank. The transaction was disbursed under EIB's East African Community Microfinance Facility, which was launched in 2012 to support lending to micro-, small- and medium-sized enterprises in the region. Charles Njuguna, the managing director of Faulu, argues that this new lending will “further bolster...financial inclusion and transformation in the communities” of Kenya. Faulu reports total assets of USD 122 million, a gross loan portfolio of USD 87 million and client deposits of USD 85 million. November 9, 2015

### **C-Quadrat Vision Funds Loan \$9.2m in Africa, Asia, Latin America**

During October, Austria's C-Quadrat Asset Management issued loans worth the equivalent of USD 9.2 million via its two Vision Microfinance funds to unspecified microfinance institutions (MFIs) in Cambodia, Congo, Ecuador, India, Kenya, Nicaragua and Peru. Of this total, it invested USD 1 million in an MFI based in Phnom Penh that was established in 1993 by World Relief US, a refugee resettlement agency, and now provides financial and primary health care services. C-Quadrat Asset Management, which provides investment and advisory services in the field of microfinance, manages the Dual Return Fund - Vision Microfinance and the Dual Return Fund - Vision Microfinance Local Currency. These funds were created in 2006 and report combined assets of USD 267 million under management. C-Quadrat Asset Management is a unit of Austrian fund group C-Quadrat, which manages assets equivalent to USD 6.1 billion. November 6, 2015





## SPECIAL REPORT

### European Microfinance Week

*From November 18 through November 20, MicroCapital reported live from European Microfinance Week, which is held each year by the European Microfinance Platform (e-MFP), a 126-member network in Luxembourg. This feature offers a sample of the proceedings and is the last in a series on the event, sponsored by e-MFP.*

#### On Financial Stability, Inclusion, Exclusion and “Big Mistakes”

Piotr Korynski of the Poland-based Microfinance Centre asked, “Is financial inclusion driving income, or is income driving financial inclusion?” Regardless of the push to increase the adoption of financial services, he suggested, “Maybe it will naturally happen.” Later in the session, Mr Korynski argued, “Poverty is not necessarily a problem of finance.... Trying to solve poverty through finance would be a big mistake.” Olivier Jerusalem of the European Financial Inclusion Network argued that inclusion should be defined as access to appropriate financial products that people use without difficulty: “people with credit should not be considered financially included if they have payments they cannot afford or suffer from disadvantageous loan terms.”

#### Piloting an Agri-finance Lending Scorecard

Mariel Mensink of ICCO Terrafina Microfinance, an affiliate of the Netherlands-based Interchurch Organization for Development Cooperation (ICCO), presented an agri-finance scorecard, a tool to assist loan officers in assessing the repayment capacity of potential microborrowers. The scorecard is crop-specific and harnesses satellite data; market prices; and interviews with farmers, agronomists and microfinance institution staff. Terrafina is testing a draft of the scorecard in Ethiopia. Regarding the organization’s marketing plan for the product, Ms Mensink said, “If we create good data, farmers are willing to pay for it.”

#### Youth Enjoy Back-to-School Savings Account Promotions

Katia Gomez of Asociación Dominicana para el Desarrollo de la Mujer (ADOPEM), a bank in the Dominican Republic that focuses on microfinance, described her institution’s “Mia” youth savings accounts. Jared Penner of Child and Youth Finance International, who was moderating the session, explained that ADOPEM had to make tough decisions after initial grant funding was expended to launch Mia: “How have you...kept the excitement about the account, building that savings practice?” Ms Gomez replied that “We have seasonal marketing. We have back-to-school campaigns. If you deposit DOP 100 (USD 2.20), we give you a backpack.... Other approaches are less expensive; we make phone calls at the start of each month [to clients whose balance] has gone down. Mia has two characters - one for boys and one for girls.” Staff calls clients acting as these characters: “‘This is your Mia friend! Do you remember that savings is important?’ It has really worked well.”

#### Crédit Rural de Guinée Wins \$110k Award for Ebola Response

Crédit Rural de Guinée (CRG), a microfinance institution in Guinea, won the sixth European Microfinance Award for its response to the Ebola virus. The award, which carries a cash prize equivalent to USD 110,000, focused this year on serving post-disaster, post-conflict areas and fragile states. When the virus broke out in 2014, CRG continued its operations, adding procedures to prevent infection among clients and staff. This included processing payments and contacting clients by phone, rescheduling loans for affected entrepreneurs (including canceling debt in cases of death) and continuing to offer deposit services and new loans. CRG also provided grants to the families of staff who contracted Ebola. In addition, CRG launched a national awareness campaign to teach clients and the general population how to prevent transmission of the virus, involving 4,000 people in these sessions. With support from the World Food Programme, an Italy-based organization run by 36 member countries, CRG is distributing compensation to 1,000 Ebola survivors who continue to be stigmatised by their communities, as well as to 55,000 affected families.

#### How Mongolian Herders Used Microinsurance After a Drought

Veronika Bertram-Hümmer of Deutsches Institut für Wirtschaftsforschung Berlin (the German Institute for Economic Research) and Leibniz Universität Hannover presented research on how insured and uninsured herders in Mongolia recovered from the 2009-2010 drought that killed 22 percent of the livestock in the country. Insured households received an average payout of USD 312, but none used the money to buy livestock. Instead, they bought food, paid off debt and improved their livestock shelters. In terms of rebuilding assets, the effect of microinsurance appeared to be largest after two years, at which time the insured households had an average of 27 percent more assets than those that had been uninsured during the drought.

#### Good News, “Painful” News About Digital Finance

Bram Peters of the US-based Foundation for International Community Assistance (FINCA International) described the experience of FINCA Tanzania bringing on 50 new banking agents for the cost of one new branch. However, the rollout of mobile payments ushered in a significant drop in attendance at borrowing group meetings, where loan payments had been collected. Mr Peters said, “Village banking was [synonymous with] FINCA, and that is changing. It is a painful process.” Andrew Tushabe of UOB Rwanda described the mHose mobile banking service, which is supported by US-based payments firm Visa. He said it has improved staff retention by increasing client satisfaction. However, he also said, “It doesn’t come so easy,” citing difficulties such as increased delinquency. UOB Rwanda has sought to address this risk by accentuating the importance of attendance at group meetings, and the organization’s leadership is considering changing the frequency of group meetings from weekly to monthly.

#### Microfinance & Environment Action Group Gets Quantitative

Marion Allet of the Paris-based Participatory Microfinance Group for Africa (PAMIGA) led e-MFP’s Microfinance and Environment Action Group in exploring the group’s three areas of focus: (1) developing a training model for green microfinance; (2) establishing guidelines for tracking the effects of green microfinance on clients; and (3) improving the group’s Green Index to include more quantitative measures and align more closely with indicators from other organizations such as rating agencies and the US-based nonprofit Microfinance Information Exchange (MIX).

## EAR TO THE GROUND

### Don't Let Me Down

Those who have heard the cry of The Beatles' song "Don't Let Me Down" might understand my feelings as I wrap up a busy period of professional soul searching. Among other places, I sat in a U-shaped room in Cape Town at The MasterCard Foundation Symposium on Financial Inclusion, where we considered how client-centric approaches tie into business results. I also spent a day in Brooklyn, talking to some of New York's poorest residents about why they do not trust financial institutions' offerings. Finally, I participated in an event on women's entrepreneurship sponsored by the Costa Rican government.

The subtext of many of these visits was the trade-offs between offering financial services to poor people with new technologies versus face-to-face approaches. Some said that it might be time for the long-established "high-touch" of microfinance institutions (MFIs) to take a back seat to fresher "fintech," with its promise of lower costs and greater convenience. But few at The MasterCard Foundation event pointed to successes in fintech reaching poor people with services they need and use. While mobile money seems attractive, phone carriers have bigger fish to fry than convincing poor people to sign up for accounts *and* use them.

In Costa Rica, half the women in the audience were self-declared poor entrepreneurs. I shared with them and government officials an impact study of two Inter-American Development Bank training interventions for microentrepreneurs in Peru. One was a "mini" three-hour training that reached 100,000-plus women, the other a 150-hour, in-depth series for over 700 women. The results of the mini training were unimpressive, while the longer training had greater impact on sales, profitability and employee hiring. Fifty-nine percent of participants in the longer training went on to train at least one friend after the class, with some going as far as training over 20 friends. As I touted the virtues

of the mini training (it's fast, it's scalable, it involves an entertaining soap opera...), my audience members insisted that they would not be interested, given the meager outcomes. In return for the more useful 150-hour class, they said they would "take responsibility to teach others and help the program reach scale." This echoed comments from a focus group I held in Brooklyn: "This [group conversation] is so useful," they exclaimed; "each one teach one."

The highlight of The MasterCard Foundation Symposium was a debate over which camp will lead the future of financial inclusion. Microfinance began the session with a disadvantage for audience votes compared with the fresh, exciting fintech sector. After all, fintech companies show the promise of scale and geographic outreach that many MFIs have yet to reach. Yet the minority supporting microfinance in the audience argued with conviction that the social goals of this industry will prevail in serving those without access, particularly women, youth and rural groups, while fintech will become bored with the effort needed. After a heated exchange, the self-named "microfinance religion" won the debate. Outside the halls of the conference, however, if the microfinance model is to both reach scale and meet its social goals, clients' economic challenges must be tackled seriously, and the cost of service delivery must be cut. I suggest listening to comments like those I heard in Costa Rica and Brooklyn: provide clients with the tools and support to allow *them* to drive social change. The opportunity is staring microfinance in the face: *Don't Let Me Down*.

*About the Author: Ms Barbara Magnoni is President of EA Consultants, a development-consulting firm based in New York. She has over 20 years of international finance and development experience and has worked with organizations including Goldman Sachs, Chase and BBVA and has advised institutions such as the International Finance Corporation, the US Agency for International Development and the International Labour Organization. She may be reached at +1 212 734 6461 or [bmagnoni@eac-global.com](mailto:bmagnoni@eac-global.com), or you may follow her on Twitter at [BarbaraatEA](https://twitter.com/BarbaraatEA).*

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## MICROCAPITAL MARKET INDICATORS EAST ASIA AND THE PACIFIC

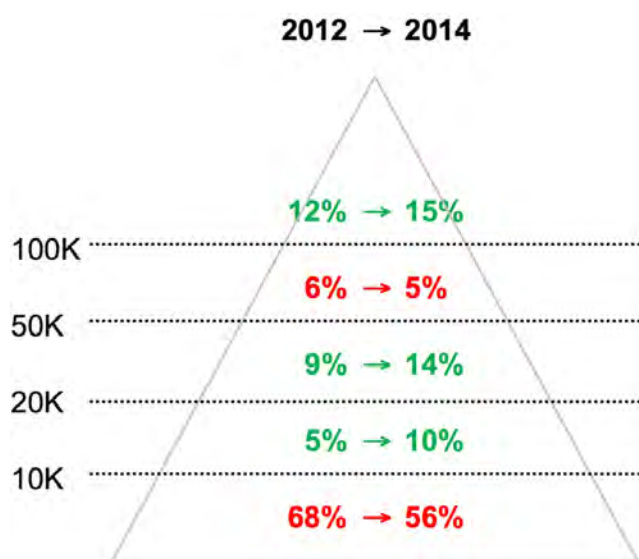


64 MICROFINANCE INSTITUTIONS (MFIs) REPORTING<sup>1</sup>

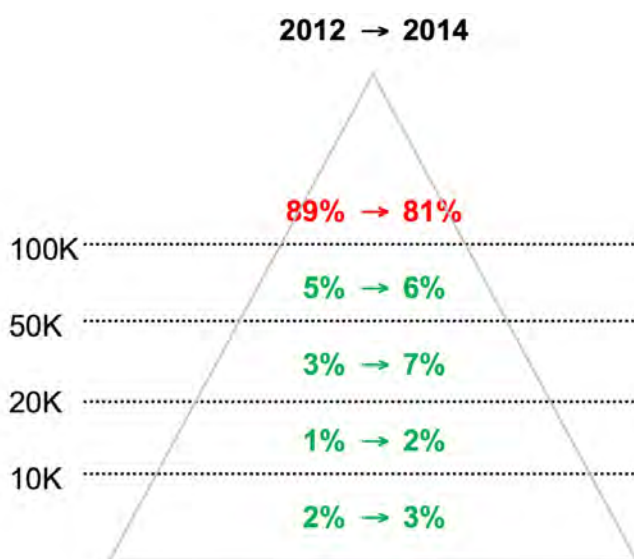
### TOP MFIs BY GROWTH IN TOTAL ASSETS: CHANGE IN USD

MFI NAME	COUNTRY	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2012	2014
Acleda Bank	Cambodia	571,640,992	26%	1,908,178,016	3,051,460,000
Prasac	Cambodia	225,016,791	67%	251,259,169	701,292,751
Hattha Kaksekar Limited	Cambodia	96,695,470	60%	122,972,865	316,363,805
China Foundation for Poverty Alleviation	China	86,828,252	39%	187,692,965	361,349,468
Amret	Cambodia	84,447,582	40%	176,385,479	345,280,643
Thaneakea Phum	Cambodia	36,283,721	48%	61,686,002	134,253,444
MicroCred - Nanchong	China	23,968,873	48%	40,561,634	88,499,380
Card Bank	Philippines	18,670,464	17%	100,378,696	137,719,623
Asa Philippines	Philippines	18,029,544	30%	52,853,533	88,912,622
Angkor Mikroheranhvatho Kampuchea	Cambodia	17,516,032	19%	84,122,936	119,155,000

### PERCENT OF MFIs IN MARKET BY SIZE (NUMBER OF ACTIVE BORROWERS)



### MARKET SHARE BY MFI SIZE (NUMBER OF ACTIVE BORROWERS)



<sup>1</sup>Denotes only MFIs that reported data for 2012 and 2014 to the Microfinance Information Exchange (MIX) Market





### HBS-ACCION PROGRAM ON STRATEGIC LEADERSHIP FOR INCLUSIVE FINANCE

Harvard Business School (HBS) and Accion invite you to apply for a high-level strategy and leadership course for those shaping the inclusive finance industry, including CEOs of leading institutions, investors, and regulators.

March 28 - April 2, 2016

Harvard Business School, Boston MA.

Apply Here: [centerforfinancialinclusion.org/hbs](http://centerforfinancialinclusion.org/hbs)

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[www.visionmicrofinance.com](http://www.visionmicrofinance.com)



C-QUADRAT Asset Management GmbH, Schottenfeldgasse 20, 1070 Vienna | Phone: +43 1 515 66-0 | [www.c-quadrat.com](http://www.c-quadrat.com)



## UPCOMING EVENTS

### Mobile Money & Digital Payments Asia

January 19 - January 21, 2016; Jakarta, Indonesia

This event “will examine the realities of a cashless future, the progress towards a fully interoperable landscape and the embedding of social payments in the core of traditional banking structures.”

The full fee for attendance, including a workshop entitled “Digital Payments 101” on January 19, is USD 2,799, with a range of discounts and free passes offered to various categories of attendees. For more details, you may visit <http://www.mobile-money-asia.com/> or contact Andrew Earle via [andrew.earle\[at\]clarionevents.com](mailto:andrew.earle[at]clarionevents.com) or +44 (0)20 7384 7893.

### GSMA Mobile World Congress

February 22 - February 25, 2016; Barcelona, Spain

This conference will address “the current and future mobile industry, highlighting specific areas of growth as well as the latest technological developments, next generation services and growth strategies.”

Attendance fees range from EUR 749 to EUR 4,999 depending on the range of sessions to be visited. More information is available via <http://www.mobileworldcongress.com/>, +44 (0)20 7356 0601 or [info\[at\]gsma.com](mailto:info[at]gsma.com).

### Cracking the Nut: Regenerating Rural & Agricultural Development

March 1 - March 2, 2016; Washington, DC, USA

The three themes of this event are: Regenerating Rural and Agricultural Landscapes, Financing Environmentally Sustainable Development and Encouraging Investment in Climate-Smart Agriculture. The fee to attend is USD 795. More details may be sought from Shannon Smith at +1 703 914 5533 or [ssmith\[at\]connexus.email](mailto:ssmith[at]connexus.email), or you may visit <http://www.crackingthenutconference.com/>.

### SPTF Social Investor Working Group Meeting

March 2 - March 3, 2016; New York, New York, USA

This meeting of the Social Performance Task Force welcomes investors seeking to achieve both financial and social returns. The topics will include updates on the initiatives of working groups, issues shaping the responsible inclusive finance field and exchanges among inclusive finance and other impact sectors. While there is no fee to attend the meeting, pre-registration is required. To learn more, you may visit <http://sptf.info/sp-task-force/http-www-sptf-info-sp-task-force-social-investors-working-group>. Additional details may be requested from Leticia Emme at [leticiaemme\[at\]sptf.info](mailto:leticiaemme[at]sptf.info). The task force does not publish its telephone number.

### 18th Microcredit Summit

March 15 - March 17, 2016; Abu Dhabi, United Arab Emirates

Held in conjunction with the Arab Gulf Fund Program for Development (AGFUND), this program of the Microcredit Summit Campaign will explore “how microfinance and financial inclusion strategies can create clear pathways out of poverty for the most vulnerable segments of society across the globe.” The proceedings will include the presentation of USD 500,000 in AGFUND International Prizes for Pioneering Human Development Projects, which this year are themed “Alleviation of Unemployment Among Youth.” The fee to attend is USD 500, with a range of discounts available, including for registrations completed by the end of December. For more information, you may refer to <http://18microcreditsummit.org/> or contact Ahmed Aldaij at [ahmedd\[at\]agfund.org](mailto:ahmedd[at]agfund.org) or +966 561 811 392.

### 7th Conference on Innovative Trends Emerging in Microfinance

March 15 - March 17, 2016; Shanghai, China

Known as “ITEM7,” this event will address microfinance, crowdfunding and community development finance. Papers may be submitted for possible presentation through January 15, 2016. The full fee to attend is EUR 300, but various discounts are available. More details may be sought via <http://www.bmicrofinance.org/item7.html> or [ITEM7\[at\]escdijon.eu](mailto:ITEM7[at]escdijon.eu). No telephone number is offered.

### Microfinance Egypt

March 23 - March 24, 2016; Cairo, Egypt

This event offers panel discussions on risk management, microfinance law, credit scoring, account monitoring, client creditworthiness, microinsurance, licensing, mobile payments, Islamic microfinance and programs to empower women. The fee to attend is USD 2,999 with a rate of USD 1,699 offered to representatives of firms headquartered in Egypt. For more information, you may contact Lakshyadeep Nival by email at [register\[at\]iqpc.ae](mailto:register[at]iqpc.ae) or by phone at +971 4 364 2975. The event website is located at <http://www.microfinanceegypt.com/>.

### Program on Strategic Leadership in Inclusive Finance

March 28 - April 2, 2016; Boston, Massachusetts, USA

This program offers management training relating to challenges in microfinance such as “succeeding in highly competitive financial sectors; balancing a social focus in a commercial setting; reaching new business segments; and evolving products and delivery channels.” Applications, which are due by December 31, may be found at <http://www.centerforfinancialinclusion.org/collaborators-a-sponsors/harvard-business-school-accion/hbs-application>. For additional information, you may email [hbsaccion\[at\]accion.org](mailto:hbsaccion[at]accion.org) or call +1 617 495 6555.

### MORE DETAILS COMING SOON ON...

### Latin American MicroInsurance Summit 2016

March 29 - March 30, 2016; Miami, Florida, USA

### Sixth Annual Banking & Finance Conference

April 13 - April 14, 2016; Accra, Ghana

### Microfinance Centre's 19th Annual Conference

June 22 - June 24, 2016, Tirana, Albania

### SOCAP16

September 13 - September 16, 2016; San Francisco, CA, USA

### European Microfinance Week

November 16 - November 18, 2016; Luxembourg 🇱🇺



## MicroCapital Monitor

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## PAPER WRAP-UPS

### Costs and Sustainability of Sharia-Compliant Microfinance Products

By Mayada El-Zoghbi and Kaylene Alvarez, published by CGAP (the Consultative Group to Assist the Poor), February 2015, 12 pages, available at: <http://www.microfinancegateway.org/library/costs-and-sustainability-sharia-compliant-microfinance-products>

This focus note assesses the operational costs, overall cost structures and business models of Sharia-compliant financial service providers (FSPs) to evaluate what might “prohibit the development of a sustainable Sharia-compliant microfinance sector.” The authors analyze two Sharia-compliant microfinance products offered by both Algeria’s Bank Al Baraka and Pakistan’s Wasil Foundation: *musharaka* and *salam*. *Musharaka* is “equity participation in a business venture,” in which profits and losses are split in a predetermined ratio, and *salam* is “an advance payment against future delivery,” typically utilized in agriculture. The authors note “takeaways” including: (1) the business models of traditional FSPs are not suited to handle Sharia-compliant microfinance products; (2) scale and sustainability vary for each Sharia-compliant product; and (3) both *musharaka* and *salam* entail high operational costs, but *salam* has the potential for greater economy of scale.

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### Islamic Microfinance in Yemen: Challenges and Opportunities

By Ali Saleh Alshebami and Dr DM Khandare, published by MacroThink Institute, June 2015, 9 pages, available at: <http://www.microfinancegateway.org/library/islamic-microfinance-yemen-challenges-and-opportunities>

Reviewing the Yemeni Islamic banking sector from 1997 to 2013, the authors identify challenges including reaching the poorest and most rural populations, over-indebtedness, and high operational costs. They argue that increased demand for Islamic microfinance is the biggest positive, framing it as an opportunity to diversify product lines and expand the industry. The authors also offer proposals including establishing dedicated laws for regulating microfinance, reducing operational costs and focusing on serving rural areas.

### Is Islamic Banking Good for Growth?

By Patrick Imam and Kangni Kpodar, published by the International Monetary Fund, April 2015, 33 pages, available at: <http://www.microfinancegateway.org/library/islamic-banking-good-growth>

This paper analyzes the relationship between the development of Islamic banking and economic growth using data from 52 low- and middle-income countries from 1999 to 2010. The authors conclude that “Islamic banking is positively associated with economic growth even after controlling for various determinants.”

The influences minimized via regression analysis included levels of financial development, trade openness, initial real GDP per capita and amounts of government consumption. 📈



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