

MICROCAPITAL BRIEFS | TOP STORIES

VisionFund Sells Cambodian MFI to Woori Bank of South Korea

Please see page 2 for coverage of this *MicroCapital Deal of the Month*.

Guidelines for Investing in Responsible Digital Financial Services Launched

Fifty fund managers, investment funds, development finance institutions and NGOs from four continents recently launched the Guidelines for Investing in Responsible Digital Financial Services, a set of voluntary standards supported by the G20 group of large economies. The development of the framework is a response to concerns such as “the rapid growth of digital lending products, some of which carry risks of overpricing and over-lending to customers.” A list of the guidelines is available at <https://microcapital.org>. The guidelines’ co-founding signatories have invested approximately USD 1.5 billion in 200 financial technology companies. June 28, 2018


ASA Prepping IPO on London Stock Exchange

ASA International, a microfinance holding company that owns and operates 12 microfinance institutions in Asia and Africa, is scheduled to become a Premium Listed company on the London Stock Exchange on July 13. The firm, which has offices in Bangladesh and the Netherlands, was co-founded by Md Shafiqul Haque Choudhury, the founder and President of ASA, an NGO also known as Association for Social Advancement that provides savings, lending, health, education, agricultural and sanitation services primarily in rural Bangladesh. The IPO is being coordinated by Citigroup Global Markets Limited, an arm of US-based financial services provider Citigroup. Founded in 2007, ASA International’s holdings report an aggregate gross loan portfolio of USD 299 million outstanding to 1.8 million borrowers served via 1,400 branches. Formed in 1978, the nonprofit ASA reports total assets of USD 2.3 billion, outstanding loans of USD 1.9 billion, customer deposits of USD 826 million and 7.8 million active clients served via 3,000 branches. June 25, 2018

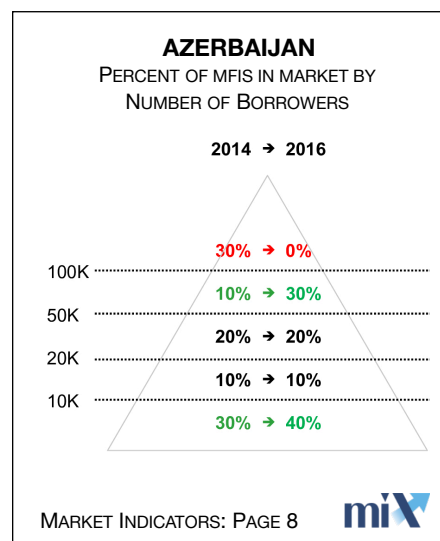
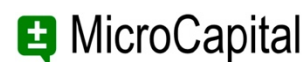
OPIC Loans \$100m to Lafise for Housing, Consumer, SME Lending in Central America

The Overseas Private Investment Corporation (OPIC), an agency of the US government that encourages investment in developing countries, recently loaned USD 100 million to the Panama-based Grupo Lafise, whose holdings provide retail banking, investment banking, export financing, insurance and asset management services in 10 countries in Latin America. The proceeds will be used to expand lending for housing, consumption, and small and medium-sized enterprises (SMEs) in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama. At least USD 25 million of the total is to be directed to women borrowers, and one third of the total is targeted to El Salvador, Guatemala and Honduras. Grupo Lafise, which was founded in 1985, reports total assets of USD 4 billion, outstanding loans of USD 2.3 billion, customer deposits of USD 231 million and 2017 pre-tax earnings of USD 73 million. June 20, 2018

World Bank Supporting Angel Investors, Startups in Gaza, West Bank

The US-based World Bank recently announced it will disburse grant funds totaling USD 13 million over seven years to build the “Innovative Private Sector Development Project,” which is designed to improve networking and financing opportunities for firms operating in the Palestinian Territories. The majority of the funding is for technical support to investors looking to fund startups, including training sessions for angel investors and an “automated company registration system” for tracking potential investees. USD 3 million of the funding is for a technology service hub to serve startups and other local firms. GGateway, a nonprofit technology provider in Gaza, will create the hub. June 8, 2018 

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MICROCAPITAL BRIEFS

VisionFund Sells Cambodian MFI to Woori Bank of South Korea

VisionFund International, the UK-based NGO that manages micro-finance services for World Vision, a US-based Christian relief and development organization, recently sold VisionFund Cambodia, a microfinance institution (MFI) serving rural Cambodia, to South Korea's Woori Bank for an undisclosed price. As of 2017, VisionFund Cambodia reported total assets of USD 196 million, a gross loan portfolio of USD 170 million, customer deposits of USD 45 million, return on assets of 1.7 percent and return on equity of 9.4 percent. As of June 2018, it serves 216,000 clients via 106 branches. As of 2016, VisionFund and its 31 partner MFIs reported total assets of USD 618 million. Woori Bank and its subsidiaries report total assets equivalent to USD 296 billion. June 26, 2018

IFC Loans \$1.2m to AFK for Farmers, Smaller Firms in Kosovo

The International Finance Corporation (IFC), a unit of the World Bank Group, recently loaned the euro-equivalent of USD 1.2 million to the Agency for Finance in Kosovo (AFK) to expand lending to "micro and small businesses, and small farmers and agri-businesses in rural and semi-urban areas, in particular." The microlender, which was founded in 1999 by US-based NGO Mercy Corps, serves 14,000 customers via 20 branches as of 2018. As of 2016, it reported total assets of USD 20 million and a gross loan portfolio of USD 18 million. June 22, 2018

World Bank Loans \$50m for Kenyan SMEs, Startups

The World Bank's International Development Association recently loaned USD 50 million to the government of Kenya to create the Kenya Industry and Entrepreneurship Project, which is designed to strengthen the productivity and competitiveness of existing small and medium-sized enterprises (SMEs) as well as startups. The project is intended to benefit 33,000 individuals and 2,400 firms across Kenya. About half of the funds are allocated to creating networking opportunities and "boot-camps," which will include training in technology and soft skills. USD 21 million is budgeted for performance-based grants of up to USD 150,000 per SME. June 21, 2018

OPIC Loans CrediQ \$143m for Vehicles in Costa Rica, El Salvador

The Overseas Private Investment Corporation (OPIC), an agency of the US government that encourages investment in developing countries, recently loaned USD 143 million to CrediQ Inversiones of Costa Rica and CrediQ El Salvador, two vehicle financiers owned by Grupo Q of El Salvador. The funding is intended for auto loans and leases for small and medium-sized enterprises (SMEs), with an emphasis on those in the agriculture, construction and transportation sectors. Grupo Q sells used and new cars as well as provides auto loan financing and vehicle repair services to individuals and SMEs in Costa Rica, El Salvador and Honduras. CrediQ reports total assets of USD 186 million, gross outstanding loans of USD 161 million, return on equity of 25 percent and return on assets of 3.9 percent. June 21, 2018

I&M Bank Rwanda, Blockbonds Rolling Out Mobile Banking App

I&M Bank Rwanda, a unit of Kenya's I&M Holdings Limited, and Blockbonds, a Norwegian mobile banking technology firm, recently announced the debut of Spenn, an app offering person-to-person payments, retail point-of-sale transactions and electronic bank account deposits via mobile phones. The app uses a technology known as blockchain, a record-keeping system that can be used to record financial transactions on multiple computers so that the data are not dependent on any single machine. To build the app's user base, I&M has budgeted USD 50,000 to pay commissions to customers who refer friends and family. Founded in 1963, I&M Bank Rwanda is a commercial bank with 10 branches and total assets equivalent to USD 303 million. I&M Holdings Limited also operates subsidiaries in Kenya, Mauritius and Tanzania. June 20, 2018

Zimbabwe Women Microfinance Bank to Finance Rural Women

The Reserve Bank of Zimbabwe recently disbursed USD 10 million to form the Zimbabwe Women Microfinance Bank (ZWMB) Limited, whose focus is to provide deposit and lending services to rural women entrepreneurs. The new bank will offer microloans at an unspecified level below the market rate, which averages 9.3 percent as of June. Part of ZWMB's strategy is to partner with the government-owned People's Own Savings Bank (POSB), which has 34 branches, largely in rural areas. Formed in 1904 as the Post Office Savings Bank, POSB reports total assets of USD 227 million, customer deposits of USD 159 million and outstanding loans of USD 92 million. June 19, 2018

South African Insurtech Firm Lumkani Raises Equity

Lumkani, a South Africa-based technology firm specializing in fire insurance and fire-detection equipment, recently received equity investments of undisclosed amounts from 4Di Capital, a South African venture capital firm; Accion Venture Labs, a fund of US-based NGO Accion; and Lireas Holdings, a South African investment firm controlled by German reinsurer Hannover Re. The proceeds from the investment are to be used to expand Lumkani's product offerings, staffing and service area. Lumkani was established in 2014, and its first product was a heat-sensing fire alarm it marketed in low-income neighborhoods. Lumkani then improved the sensor so it could be networked into a web of sensors that can help emergency responders find fires "and simultaneously send text-message [also known as SMS] warnings to members of the affected community." As of June 2018, the company has sold approximately 17,000 sensors to approximately 9,000 households in 30 communities in South Africa. June 19, 2018

India's Nucleus Debuts "FinnOne Neo mFin" Lending Tool for MFIs

Nucleus Software, an India-based provider of technology to financial services firms, recently announced the launch of FinnOne Neo mFin, a system that microfinance institution (MFI) staff can access via smartphones to perform tasks such as managing loan applications and checking credit reports. Nucleus offers banking software for serving businesses, customer relationship management systems and various lending apps. Nucleus was established in 1986 and has product installations in 150 companies in 50 countries. June 19, 2018

OPIC Loans \$100m to IndusInd for Microlending to Women in India

The US government's Overseas Private Investment Corporation (OPIC) recently issued an eight-year loan of USD 100 million to India's IndusInd Bank to increase its microenterprise lending to women. IndusInd, which was founded in 1994, provides traditional and microfinance services. In addition to representative offices in the UAE and UK, it has approximately 1,000 branches and 1,800 automated teller machines in India. The bank reports total assets equivalent to USD 28 billion, deposits of USD 20 billion, outstanding loans of USD 17 billion, return on equity of 15 percent and return on assets of 1.9 percent. June 19, 2018

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

IDB Invest Places \$10m in Bozano Fund for Healthcare in Brazil

IDB Invest, the private sector arm of the Inter-American Development Bank (IDB) Group, recently placed USD 10 million in equity in Bozano Investimentos, a Brazilian private equity and asset management firm active in technology, education, healthcare and consumer goods. The investment will be directed to the Bozano Growth Capital Fund, an equity fund active in the education, health and consumer-goods sectors. The new funds are targeted specifically to “family-controlled mid-sized companies...in the healthcare sector.” As part of the agreement, Bozano Investimentos will adopt IDB Invest’s Women Empowerment Principles Gender Analysis Tool, requiring Bozano Investimentos’ investees to collect data and develop policies relating to gender equity. Founded in 2013, Bozano Investimentos manages assets valued at the equivalent of USD 929 million. June 19, 2018

Malawi, IFAD Debut \$58m Program for Rural Finance

The government of Malawi and the UN’s International Fund for Agricultural Development (IFAD) recently agreed to launch the Financial Access for Rural Markets, Smallholders and Enterprise Programme, whose objective is to address poverty in Malawi by boosting rural households’ financial literacy and access to financial resources. The initiative includes a loan and a grant from IFAD, each amounting to USD 21 million; USD 10 million from the government of Malawi; and USD 6 million from local partners. The projected costs include: (1) USD 34 million for grants and technical assistance to 641 village savings and loan associations (VSLAs); (2) USD 16 million to address rural households’ food security and household budgeting through classroom training, weekly at-home mentoring and grants of approximately USD 70 per household; and (3) USD 2 million for research support for VSLAs and financial literacy training for rural households. The goal is to serve 433,000 individuals, of whom 30 percent are to be women and a minimum of 20 percent are to be young people. June 18, 2018

World Bank’s IDA Loans Djibouti \$15m for Guarantee Fund

The International Development Association (IDA), a unit of the World Bank, recently issued a credit of USD 15 million to the Women and Youth Entrepreneurship Project to facilitate financial, educational and technical support for young people and women of all ages operating enterprises in Djibouti. The first component of the project includes USD 7 million to create a partial credit guarantee fund to reduce the default risk for private lenders to micro-, small and medium-sized enterprises. The second component has a budget of USD 6 million to produce entrepreneurship training sessions, business plan competitions and an online information resource portal. The remaining funds are reserved for administration and monitoring. The overall goal is to reach 2,300 small and medium-sized enterprises as well as 6,000 micro-entrepreneurs. June 15, 2018

G7 Nations Triple OPIC Target, Pledge to Mobilize \$3b for Women

Development finance institutions from the G7 group of seven large economies recently pledged to raise an additional USD 2 billion by 2020 for the “2X Challenge: Financing for Women” initiative, which was unveiled by the US-based Overseas Private Investment Corporation (OPIC) with a target of USD 1 billion in March. The 2X Challenge is intended to “provide women in developing countries with access to leadership opportunities, quality employment, finance, enterprise support and products and services that enhance their economic participation.” The newly participating institutions are Italy’s Cassa di Risparmio di Roma, the UK’s CDC Group (formerly the Commonwealth Development Corporation), Germany’s Deutsche Investitions- und Entwicklungsgesellschaft GmbH, FinDev Canada, the Japan Bank for International Cooperation, the Japan International Cooperation Agency and France’s Société de Promotion et de Participation pour la Coopération Economique (Proparco). The amounts committed by each have not been released. Of OPIC’s original goal to mobilize USD 1 billion, USD 350 million is to be from its own accounts. June 14, 2018



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NMI Raises \$105m for Fund IV to Invest in Africa, Asia

The Nordic Microfinance Initiative (NMI), a Norway-based public-private partnership that supports microfinance institutions (MFIs) in developing countries, recently debuted its fourth fund with a total of USD 105 million in commitments from the following organizations: Norway's Den Norske Bank; Norwegian holding company Ferd; Norwegian insurer Kommunal Landspensjonskasse; and two government-backed institutions, the Norwegian Investment Fund for Developing Countries (Norfund) and the Danish Investment Fund for Developing Countries. The new investment vehicle, known as Fund IV, primarily will place equity in MFIs in Southern Africa and Asia, with a priority on institutions prioritizing women. NMI's other three funds have a total volume of USD 195 million. June 13, 2018

Interest Rates Fall at Tanzania's NMB

Tanzania's government recently implemented several measures with the goal of reducing borrowing costs: (1) cutting the Bank of Tanzania's short-term rates on loans to banks to 6.9 percent; (2) lowering the longer-term discount rate to 9 percent; (3) reducing banks' minimum deposit reserve requirement to 8 percent; and (4) creating a credit reference system. Subsequently, the National Microfinance Bank reportedly reduced its interest rate for entrepreneurial loans from 23 percent to 21 percent and the rate on loans to salaried workers from 21 to 17 percent. The Cooperative Rural Development Bank also cut its interest rate for salaried workers' personal loans from 22 to 16 percent. June 13, 2018

Social Finance India Seeking to Raise \$2b, Half for Education

The UK-based Social Finance Global Network, a group of nonprofits supporting impact investing, and the UK-based Global Steering Group for Impact Investment, which has 19 country members plus the EU, recently announced the debut of Social Finance India. This new NGO is seeking to raise USD 1 billion each for the India Impact Fund of Funds (IIF) and the India Education Outcomes Fund. IIF will invest debt and equity in non-banking financial companies directly as well as investment vehicles active in sectors such as renewable energy, financial inclusion and healthcare. June 12, 2018

OPIC Loans \$5m to Grameen Impact India for SMEs

The US government's Overseas Private Investment Corporation (OPIC) recently loaned the rupee-equivalent of USD 5 million to Grameen Impact Investments India, a unit of Grameen Capital India that lends to small and medium-sized enterprises (SMEs). The loan, which India's IndusInd Bank is intermediating, is for expanding lending "to high impact social enterprises in India in sectors including financial services, affordable healthcare, affordable education, renewable energy and sustainable agriculture." Grameen Capital was formed in 2007 by Citicorp Financial India Limited, the US-based Grameen Foundation and India's Institute for Financial Management and Research Trust. Since its inception, Grameen Capital India has invested USD 160 million via 25 transactions. June 12, 2018

Kazakhstan Expanding Project for Ag Coops, Entrepreneurs

Kazakhstan recently announced plans to expand the Bastau Business Project, a government-sponsored initiative that involves "training rural people with entrepreneurial skills, including the principles of forming agricultural cooperatives, and supporting their business projects" with credit. Graduates of the training may apply for government-funded microloans with annual interest rates of 6 percent. These loans, which are serviced by multiple banks, use real estate as collateral, a practice that the region's banks do not allow when lending from their own accounts. During 2017, the Kazakhstani government disbursed the equivalent of USD 129 million in microenterprise loans, and it has allocated an additional USD 61 million for 2018. June 12, 2018

IDB Loans \$10m to Factotal for SMEs in Chile, Peru

IDB Invest, the private sector arm of the Inter-American Development Bank (IDB) Group, recently disbursed a four-year loan of USD 10 million to Factotal SA, a Chile-based provider of leasing, factoring and vendor-finance services to small and medium-sized enterprises (SMEs). The deal also includes IDB Invest advising Factotal on corporate governance, environmental policy and asset-laudering prevention practices. Established in 1993, Factotal has 27 branches in Chile and two in Peru. It reports total assets equivalent to USD 164 million, an outstanding factoring account of USD 86 million and outstanding leases of USD 56 million. The majority of Factotal clients are in the construction, service and retail sectors. June 11, 2018

IIV Mikrofinanzfonds Lends \$3m to Vision Banco Paraguay

Germany-based Invest in Visions (IIV) recently announced that it loaned USD 3 million during May to Vision Banco Paraguay, a deposit-taking microfinance institution (MFI). IIV executed the investment via IIV Mikrofinanzfonds, a microfinance vehicle through which it lends to MFIs operating in developing countries. Including this loan, IIV Mikrofinanzfonds loaned the equivalent of USD 40 million during the month in unspecified portions to MFIs located in Ecuador, Kazakhstan, Kyrgyzstan and Paraguay. Vision Banco, which was established in 1992 and is based in the city of Asuncion, seeks to assist "marginalized economic actors to access financial services in Paraguay." As of May, the firm reported 236,000 borrowers and a gross loan portfolio of USD 851 million. As of 2017, it had total assets of USD 996 million and USD 866 million in client deposits. June 11, 2018

Accion Venture Lab, YourNest Place \$1.3m in CredRight of India

CredRight, an online lender to individuals as well as micro-, small and medium-sized enterprises (MSMEs) in India, recently received equity investments totaling the equivalent of USD 1.3 million from Accion Venture Labs, a fund of US-based NGO Accion, and YourNest, a venture capital firm in India. CredRight will use the proceeds to continue the development of its data collection technology, grow its team and acquire "more unserved and underserved customers." The size of each party's purchase and CredRight's ownership structure remain undisclosed. CredRight underwrites its loans using data from chit funds, entities that collect money from members to on-lend to others while using a raffle mechanism to provide payouts to members. Although data on the scale of CredRight are not available, the company's founder and CEO, Neeraj Bansal, said that the firm plans to spend USD 15 million over the next 12 to 15 months in pursuit of additional customers. June 11, 2018

Turkey's TSKB Borrows \$400m for SMEs, Women, Refugees

The World Bank's International Bank for Reconstruction and Development recently approved a 29-year loan of USD 400 million to the Inclusive Access to Finance Project, an initiative sponsored by the Turkish government to provide "long-term" financing via the Industrial Development Bank of Turkey, a privately owned institution also known by its Turkish acronym TSKB. Sixty percent of the funding is to be on-lent to small and medium-sized enterprises (SMEs), 30 percent to "women-inclusive" enterprises of any size and 30 percent to enterprises serving Syrian refugees. Founded in 1950, TSKB seeks to support "the economic, environmental and social development of Turkey." Its main segments of business include investment banking, consulting, and providing debt and equity financing to corporations. The bank reports the equivalent of USD 2.3 billion in total assets, a loan portfolio of USD 1.1 billion, return on assets of 2.3 percent and return on equity of 18 percent. During 2017, TSKB lent a total of USD 180 million to 114 SMEs. June 7, 2018



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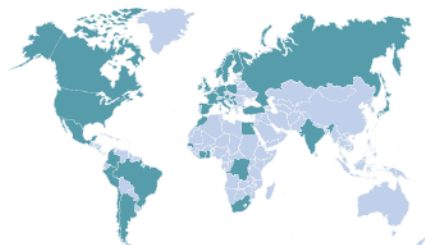
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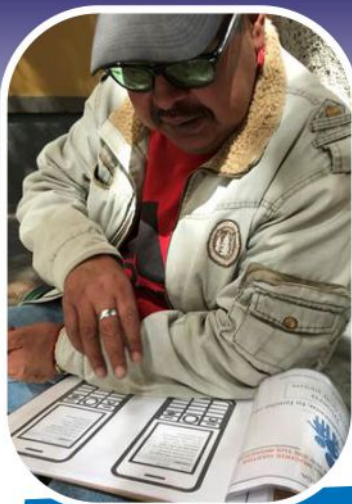
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Indonesia's Treni Launches Paytren eMoney

PT Veritra Sentosa Internasional (Treni), an Indonesia-based digital financial services provider, recently debuted Paytren eMoney, a mobile app that allows users to pay bills, purchase travel services, transfer money, and access the deposit and microinsurance products of multiple banks. Formed in 2013, Treni has 1.7 million active users. June 6, 2018

Philippines' KasamaKA Enabling Sari-sari Stores to Act as Agents

KasamaKA, a program of the Philippines' Fintq (Fintq), recently won a vote of support from the National Executive Board of the League of Provinces in the Philippines (LPP), an association of municipal officials, for its work to help financial institutions deliver services via sari-sari stores, small convenience stores common in the Philippines. LPP agreed to "encourage" the public to use "KasamaKA by conducting financial literacy and education campaigns." KasamaKA, which was launched in 2017, delivers microfinance services from 100 institutions to 2.4 million Filipino families. The service is available via mobile phone as well as at retailers and other businesses. Formed in 2015, Fintq is controlled by PLDT, which was established in 1928 as the Philippines Long Distance Telephone Company. June 6, 2018

FMO Invests \$586k in Milan InnoVincy for Smallholder Farmers

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO), a development bank controlled by the Dutch government, recently provided a convertible grant equivalent to USD 586,000 to Milan InnoVincy, a Netherlands-based consultancy serving smallholder farmers - largely in Tanzania - via "big data analytics and machine learning approaches." The agreement includes an option for FMO to acquire equity in the firm in the future at no further cost. June 5, 2018

Toffee Insurance of India Secures \$1.5m in Equity

Toffee Insurance, an online microinsurance firm based in India, recently raised a total of USD 1.5 million in equity from Accion Venture Labs, a fund of US-based NGO Accion; Kalaari Capital, an Indian for-profit investment firm; and Omidyar Network, a US-based NGO. Toffee will use the proceeds to develop new insurance products and form a division that will use technologies such as artificial intelligence to improve the way it matches customers with products. The ownership structure and the amounts invested by each party remain undisclosed. Founded in 2017, Toffee targets uninsured individuals below the age of 30 with policies covering sickness, personal injury, and household theft and fire from insurers such as Germany-based Apple Munich and two Mumbai-based firms, HDFC Ergo and Future Generali. The average annual premium for Toffee policies is equivalent to USD 7.25. June 5, 2018

IDB Buys \$3m Equity Stake in Argentine E-money Service Moni

IDB Invest, the private sector arm of the Inter-American Development Bank (IDB) Group, recently invested USD 3 million to take a minority stake in Moni Online, a firm whose app allows its users - who are primarily in Argentina and Mexico - to pay bills as well as apply for and receive loans with terms up to 30 days. The deal is IDB Invest's first with a financial technology company. Moni, which is based in Argentina and was founded in 2013, describes its work as "building a hub connecting the current banking, payment and credit provisioning systems to new technologies such as cryptocurrencies." The firm's other minority stakeholders include the World Bank Group's International Finance Corporation, individual investor Federico Pirzio-Biroli and Argentina-based venture firm NXTP Labs. The sizes of the investors' stakes have not been disclosed. May 31, 2018

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EAR TO THE GROUND

“Finnovate” or Duplicate: Mexico’s Fintech Challenge

In Mexico this week, I took a look beyond traditional microfinance models by putting myself in the shoes of two early-stage fintechs. If you’re going to work with fintechs, this is the place to do it! Depending on the source, between 158 (per Finnovista) and 238 (per Statista) fintechs are said to coexist here, creating one of the most active such marketplaces in Latin America. (Brazil is the other contender for the top spot.) Finnovista, a fintech start-up accelerator, foresees these companies winning 30 percent of Mexico’s banking market during the next 10 years. This comes as no surprise to most; Mexican banks have a tradition of slow legacy systems and bureaucratic processes that keep innovation at bay. The country’s microfinance sector also has been behind the curve vis-à-vis other markets in the region. It faces significant challenges, including lack of product compatibility with client needs, high operational costs and stubbornly high delinquency rates. Thus the fintech revolution is welcome here.

A few examples have shown promise, encouraging investment in copycat firms. For example, Albo, a mobile wallet-like application, lures millennials out of banks with access to secured credit cards and online transactions, all with no fees. Clip, which allows merchants to read credit cards on the move, is disrupting banks’ wired point-of-sale systems. Lenders such as Kubo Financiero, which began as a P2P service, and Kueski are making small loans more accessible than cooperatives and MFIs that require visits to a branch or attendance at solidarity group meetings.

Because of Mexico’s unique market environment and its large size, the country seems to have plenty of room for these models to evolve. How-

ever, the biggest risk is still a key one in my opinion: fintech business models remain largely unproven. Only a handful of the hundreds of companies in the market are known to have broken even. While there is limited publicly available data on this, a hint of which models may be more profitable lies in which products fintechs are betting on. According to Finnovista, 30 percent of Mexico’s fintechs are in the payments and remittance space, and another 20 percent are in the business of lending, where banks have been notoriously inaccessible.

Another crucial and related risk is that the new models may not meet client needs. I would be most cautious when it comes to lending, particularly with loans for productive activities. Digital loans are typically small and focus on consumers, not businesses. If these loans replace - rather than improve - Mexico’s brick-and-mortar institutions, there will be a gap. Mexican lenders already offer one of the smallest average loan sizes in the region, often too small for productive use at USD 630.

Some consumer lenders are considering a full switch to digital lending. MFIs that are tempted to follow suit may be ignoring the needs of those clients who are most likely to contribute to economic growth and employment. If neither fintechs, MFIs nor banks can figure out how to make right-sized loans to microentrepreneurs, the sector is more at risk of duplication than disruption.

About the Author: Ms Barbara Magnoni is President of EA Consultants, a development-consulting firm based in New York. She has 25 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\[at\]eac-global.com](mailto:bmagnoni[at]eac-global.com), or you may follow her on Twitter at [@BarbaraatEA](https://twitter.com/BarbaraatEA).

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- She has trouble expressing her ideas
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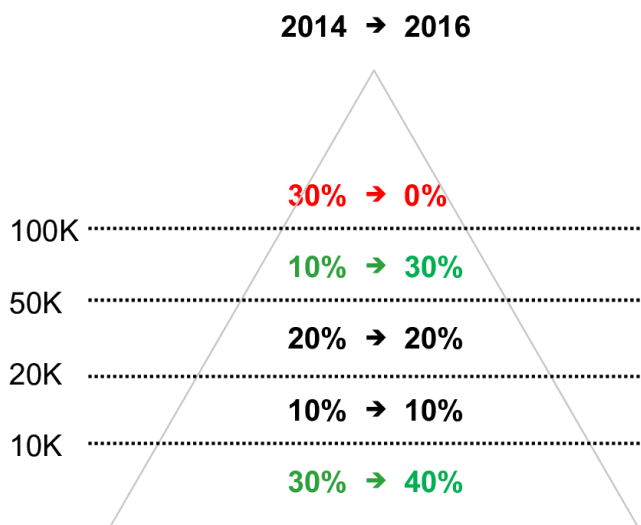


10 MICROFINANCE INSTITUTIONS (MFIs) REPORTING*

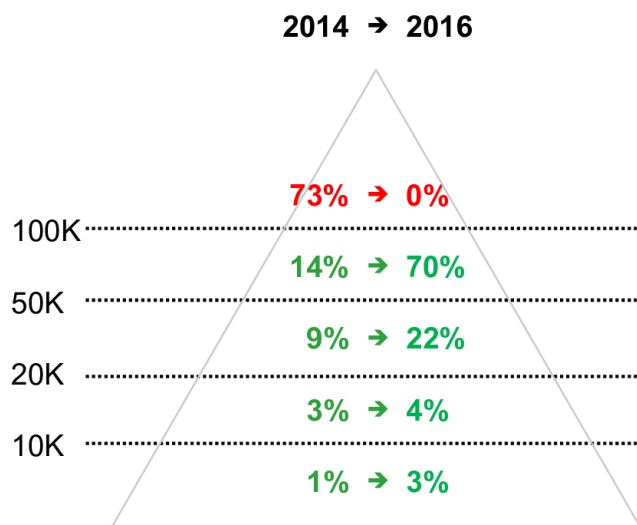
MFIs BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2014	2016
Brand Credit	134,686	6	2,098,156	2,367,529
Caucasus Credit	-698,128	-51	1,835,210	438,953
Mol Bulak Azerbaijan	-8,714,936	-39	27,694,872	10,265,000
TBC Credit	-15,204,648	-40	47,650,964	17,241,667
KredAgro	-15,341,147	-52	39,733,173	9,050,879
Azercredit	-31,248,450	-46	87,798,968	25,302,067
TuranBank	-65,542,472	-26	294,068,745	162,983,801
FINCA Azerbaijan	-107,719,812	-65	245,596,606	30,156,981
DemirBank	-131,934,038	-38	427,373,077	163,505,000
AccessBank	-330,975,148	-39	1,053,166,573	391,216,276

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



MARKET SHARE BY MFI SIZE (NUMBER OF ACTIVE BORROWERS)



*Includes only MFIs that reported data for both 2014 and 2016 to the Microfinance Information Exchange (MIX) Market

Source: MIX, June 2018



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UPCOMING EVENTS

Global Sustainable Finance Conference

July 12 - July 13, 2018; Karlsruhe, Germany

The eighth iteration of this conference is intended to act as a platform to discuss “innovations in financial services and business models for sustainability” through sessions such as: (1) Transition to a Green, Digital and Sustainable Economy; and (2) Sustainable Finance for All: Powering Micro to Large Enterprises for a 21st Century Economy. It will also include the presentation of the Karlsruhe Sustainable Finance Awards. The event website is <http://eosd.org/en/gsfci.html>. For pricing, you may call +49 721 476 89 16 or email [mail\[at\]eosd.org](mailto:mail[at]eosd.org).

GSMA Mobile 360 Series

July 17 - July 19, 2018; Kigali, Rwanda

The theme of this event, “Who will lead the digital revolution: the people or the technology?”, will drive discussions about the mobile industry in Africa, exploring topics such as big data, youth entrepreneurship, mobile money, the “green agenda” and increasing the adoption of mobile technology. The standard cost to attend is USD 999, with various discounts available and no fee charged to full members of GSMA. For additional information, you may contact Jeff Molina at [jmolina\[at\]gsma.com](mailto:jmolina[at]gsma.com) or visit <https://www.mobile360series.com/africa/>. No telephone number is offered.

M2Banking & Fintech Latam

August 7 - August 9, 2018; San Francisco, California, USA

The goal of this event is fostering “collaboration and co-development opportunities in the fintech [financial technology] sector between Silicon Valley and Latam and US Hispanic companies,” in areas such as mobile commerce, digital currencies and investing in fintech firms. The fee to attend is USD 695 for one day, USD 1,195 for two days and 1,900 USD for three days. For additional information, you may call +1 305 567 2492, visit <https://www.fintechlatinamerica.com/> or email [info\[at\]frecuenciaonline.com](mailto:info[at]frecuenciaonline.com).

Convergences World Forum

September 3 - September 4, 2018; Paris, France

Sessions at this event will address topics such as social entrepreneurship, clean energy, the UN’s Sustainable Development Goals, and sustainable tourism and consumerism. While some sessions will be offered in English, the primary language of this conference is French. The organizer is Convergences, a France-based NGO seeking to achieve a “Zero Carbon, Zero Exclusion, Zero Poverty” world. The standard fee to attend is EUR 400 for a two-day pass or EUR 250 for a one-day pass, although various discounts are available. For more information, you may visit <http://www.convergences.org/>, email [contact\[at\]convergences.org](mailto:contact[at]convergences.org) or call +33 42 65 78 85.

8th Annual Central Asian & Caucasus Microfinance Forum

September 6 - September 7, 2018; Almaty, Kazakhstan

This event will include sessions such as Microfinance Institution (MFI) Challenges After Getting Funds for Sustainable Development; Local-currency Risks from the Fund Management Perspective; How MFIs Can Become More Appealing to Investors; Green Economy: Microfinance and Poverty; Financial Education; Technology-driven MFIs; Digital Microfinance: New Trends and Opportunities; and How to Make Central Asian and Caucasus Microfinance more Competitive and Efficient. The fee to attend is EUR 990. For more information, you may contact Oksana Zaleska-Martseniuk at [oksana\[at\]uni-global.eu](mailto:oksana[at]uni-global.eu) or +420 226 220 450, or you may visit <https://www.uni-global.eu/portfolio-page/8th-annual-central-asian-caucasus-microfinance-forum/>.

MORE DETAILS COMING SOON ON:

International Conference on Sustainable Development

September 12 - September 13, 2018; Rome, Italy

Sa-Dhan National Conference

September 19 - September 20, 2018; New Delhi, India

African Agri-Finance Forum

September 25, 2018; Nairobi, Kenya

Global Youth Economic Opportunities Summit

September 25 - September 27, 2018; Washington, DC, USA

SEEP Annual Conference

October 1 - October 3, 2018; Arlington, Virginia, USA

Microfinance Centre-European Microfinance Network Conference

October 3 - October 5, 2018; Bilbao, Spain

GSG Impact Summit 2018

October 8 - October 9, 2018; New Delhi, India

Opportunity Collaboration

October 14 - October 19, 2018; Cancún, Mexico

SOCAP18

October 23 - October 26, 2018; San Francisco, California, USA

Foromic - Reinventing Inclusion

October 29 - October 31, 2018; Barranquilla, Colombia

GIIN Investor Forum

October 30 - October 31, 2018; Paris, France

Global SME Finance Forum and Awards 2018

November 5 - November 7, 2018; Madrid, Spain

Sanabel Annual Conference

November 6 - November 7, 2018; Amman, Jordan

14th International Microinsurance Conference

November 6 - November 8, 2018; Lusaka, Zambia

Africa Early Stage Investor Summit

November 11 - November 12, 2018; Cape Town, South Africa

European Microfinance Week

November 14 - November 16, 2018; Luxembourg

Financial Inclusion in a Digital Economy

November 23 - November 24, 2018; Amritsar, India

UN Environment Finance Initiative Global Roundtable

November 26 - November 28, 2018; Paris, France

Sankalp Africa Summit

February 21 - February 22, 2019; Nairobi, Kenya 🇰🇪

PAPER WRAP-UPS

How Microfinance is Navigating the Fintech Revolution in Africa

By Imelde Adjaffon and Gera Voorrips, published by Triple Jump, April 2018, 5 pages, available at <https://triplejump.eu/wp-content/uploads/2018/05/How-Microfinance-is-Navigating-the-Fintech-Revolution-in-Africa-1.pdf>

Triple Jump surveyed 17 microfinance institutions (MFIs) in Africa with the goal of learning more about “how MFIs view fintech [financial technology], its potential uses... drivers, challenges and critical success factors.” The authors found that: (1) MFIs tend to see fintech as a favorable business opportunity rather than an emerging threat; (2) MFIs recognize the merits of fintech solutions, particularly in terms of customer convenience, internal workflow efficiency and data collection to reduce credit risks; (3) despite the enthusiasm for fintech services, including internet banking, person-to-person lending and digital financial education, the adoption of these solutions remains slow; (4) the main challenges for MFIs implementing fintech services are high entry costs, finding suitable fintech partners and integrating new information technology systems into existing infrastructure; and (5) successful partnerships with fintech firms require significant planning, including the allocation of financial and human capital to keep pace with changing technology trends.



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Financial Inclusion Hype vs Reality: Deconstructing the 2017 Findex Results

By Elisabeth Rhyne and Sonja E Kelly, published by the Center for Financial Inclusion, May 2018, 31 pages, available at http://www.centerforfinancialinclusion.org/storage/documents/FI_Hype_vs_Reality_Deconstructing_2017_Findex_Results.pdf

From the World Bank's annual Global Findex survey, the authors point out that: (1) Although worldwide bank-account ownership increased from 42 percent to 63 percent since 2011, the number of accounts that have been dormant for a year or more has grown by 50 percent; (2) while borrowing has been relatively steady, more people have been borrowing in several African countries where the number of mobile-money accounts has risen; and (3) since 2014, the percentage of adult savers in developing countries has declined.

8th Annual Impact Investment Survey

By the Global Impact Investing Network, May 2018, 53 pages, available at https://thegiin.org/assets/2018_GIIN_Annual_Impact_Investor_Survey_webfile.pdf

Based on data from 299 investors, the authors find that: (1) among the 82 investors that participated in the last five years of the survey, aggregate assets under management have grown at a compounded annual rate of 13 percent; (2) most impact investors describe their investment performance as satisfactory, with 82 percent meeting expectations for impact and 76 percent for financial performance; (3) the average realized return since inception was 12.5 percent for equity investors and 5.1 percent for debt investors; and (4) the most commonly cited risk was investees' “business model execution and management risk.”

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