

MICROCAPITAL BRIEFS | TOP STORIES

MicroVest Accesses \$20m Credit Line from MetLife

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

MFW Borrowing \$5m from EIB for On-lending to Syrians, Jordanians

The EU's European Investment Bank (EIB) recently agreed to loan USD 5 million to Jordanian microfinance institution Microfund for Women (MFW), with a portion targeted to serve Syrian refugees in rural Jordan. This is the second investment EIB has made in MFW, following a 2014 transaction equivalent to USD 2.3 million. Founded in 1996, MFW is a nonprofit that serves 140,000 customers, 96 percent of whom are women. The microlender has total assets of USD 96 million and a gross loan portfolio of USD 75 million. November 19, 2018

IDB, Oikocredit Place \$6m in Equity in Sempli, Fintech Lender to SMEs in Colombia

The multilateral Inter-American Development Bank (IDB) and Netherlands-based cooperative investor Oikocredit recently closed an investment of USD 5.7 million in Colombian fintech (financial technology) company Sempli to help it increase its lending to small and medium-sized enterprises (SMEs). The amount invested by each organization and the sizes of the stakes they will take remain confidential. Established in 2017, Sempli combines in-house with on-site due diligence to lend SMEs amounts ranging from USD 10,000 to USD 100,000. The firm, which has a portfolio of USD 7 million, is preparing for a Series A funding round in 2019. The investment from IDB comes from its Financial Innovation Lab, which seeks to "create investment vehicles and financial structures that maximize private sector leverage and optimize the use of donor's funds...". November 12, 2018

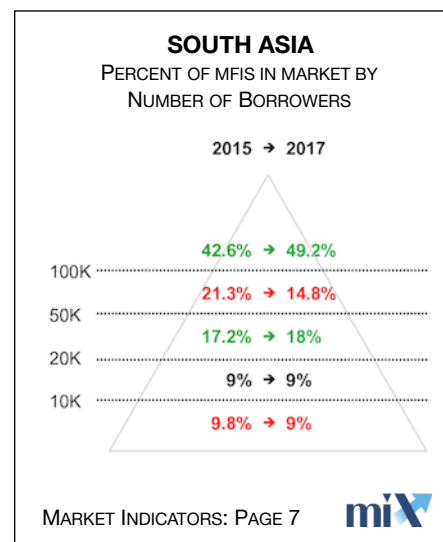
MFS Africa Lands \$14m in Equity to Expand Rural Financial Services

South Africa-based fintech (financial technology) firm MFS Africa recently raised equity totaling USD 14 million to expand its mobile financial services (MFS) into additional rural areas in Africa. The investors, which are participating in undisclosed portions, are US-based impact fund manager Equator Capital Partners, through its ShoreCap III fund; China-based investment manager Lun Partners; Netherlands-based impact investor and advisory firm Goodwell Investments; and Financial Sector Deepening Africa, which is funded by the UK government. Founded in 2009, MFS Africa connects 170 million people across sub-Saharan Africa via "money transfer organizations, banks and other financial institutions, enabling money remittances to and from mobile money accounts." November 8, 2018

BIO, EIB, Incofin, PROPARCO Partner on Rural Technical Assistance

Belgium-based impact investor Incofin Investment Management recently signed agreements with three government-backed institutions, the European Investment Bank (EIB), Société de Promotion et de Participation pour La Coopération Economique (PROPARCO) of France and the Belgian Investment Company for Developing Countries (which commonly is known by its Dutch acronym BIO), to commit the equivalent of USD 2.6 million to launch a technical assistance fund (TAF) to be known as agTAF. The fund is intended to provide non-financial support to entrepreneurs involved in agriculture and other rural enterprises. AgTAF will complement agRIF, which - as Incofin's third Rural Impulse Fund (RIF) - invests directly in small and medium-sized enterprises (SMEs) as well as funders of microenterprises and SMEs in rural areas within low- and middle-income countries. Incofin, a for-profit entity seeking to provide "opportunities for vulnerable or less privileged people to improve their lives," manages assets valued at USD 1 billion. November 6, 2018

INSIDE	Page
MicroCapital Briefs	2
Microfinance and related news	
European Microfinance Week	3
Nine sessions distilled into two pages!	
SAM 2019	5
Financing social impact in Africa	
Ear to the Ground	6
Amazon's lessons for financial inclusion	
Market Indicators	7
Courtesy of MIX	
Upcoming Events	10
Industry conferences	
Paper Wrap-ups	11
Research and tools	
Subscribe to the Monitor	11



MICROCAPITAL BRIEFS

C-Quadrat's Vision Fund Lends to MFI in Madagascar

A unit of Austria-based C-Quadrat Investment, C-Quadrat Asset Management, recently told MicroCapital that it has disbursed a loan from its Dual Return Vision Microfinance Fund to an unidentified microfinance institution (MFI) in Madagascar. The MFI was founded in 2006 and serves micro-, small and medium-sized enterprises with the dual goals of improving clients' standard of living and developing the country's economy as a whole. The institution's services include loans for solar equipment and water filters as well as agent banking in rural areas. The services available via agents include account opening, deposits, withdrawals, loan applications and money transfers. The size of the loan from C-Quadrat remains confidential. November 29, 2018

Rent2Own of Myanmar Raises \$9m from DEG, agRIF, Daiwa

Deutsche Investitions - und Entwicklungsgesellschaft (DEG), which is controlled by the German government; agRIF, the third Rural Impulse Fund (RIF) of Belgium's Incofin Investment Management; and Japan-based asset manager Daiwa Partners recently agreed to place equity totaling USD 9 million in Rent2Own, a moped-leasing company in Myanmar. Since its launch in 2016, Rent2Own has served 70,000 people, including 14,000 women. The firm's leases have 3-month cycles, after each of which drivers have the option to purchase the moped they have been driving. November 22, 2018

Senegal's SFA Borrows \$113k for Rice Storage

The Grameen Credit Agricole (GCA) Foundation, whose head office is in Luxembourg, recently issued a loan equivalent to USD 113,000 to Société Sénégalaise des Filières Alimentaires (SFA) to finance a rice storage facility. SFA buys rice from 1,500 farmers in the Senegal River Valley; processes it into white rice; and sells it, largely under the Terral brand. SFA also promotes the use of improved agronomic techniques, double cropping and input financing. GCA Foundation owns a 20-percent stake in SFA. November 20, 2018

CoopMed, Grameen Credit Agricole Loan \$2m to FINCA Jordan

The CoopMed Fund, which is managed by Inpulse Investment Manager of Belgium, recently partnered with the Grameen Credit Agricole Foundation to loan a total of USD 2 million to FINCA Jordan, an affiliate of the US-based Foundation for International Community Assistance (FINCA International). FINCA Jordan has a total loan portfolio of USD 31 million and 30,000 active borrowers whom it serves via nine branches. FINCA International has a loan portfolio of USD 1 billion, deposits of USD 361 million and 2 million active clients. November 14, 2018

Utkarsh SFB Expanding Payment-card Usage in India

India-based Utkarsh Small Finance Bank, a former microfinance institution, recently upgraded its implementation of the Universal Participation Retail Payments solution from US-based financial services enabler ACI Worldwide, enabling Utkarsh "to acquire, authenticate and authorize, route and protect card and digital payments from multiple channels." The transition also gives Utkarsh access to the National Payments Corporation of India's UPI initiative, which links "banks' issuing systems to central infrastructures and payment service providers." AGS Transact Technologies, an Indian payment solutions provider, worked alongside ACI to complete the transition. Utkarsh was launched in 2009 and serves 150 million people as of 2018. As of 2017, it reported the equivalent of USD 357 million in total assets, deposits of USD 301 million and a gross loan portfolio of USD 219 million. November 13, 2018

MFI in Ecuador Borrows from C-Quadrat Dual Return Vision Fund

A microfinance institution (MFI) in Ecuador recently closed on a loan from Austria-based C-Quadrat's Dual Return Vision Microfinance Fund. C-Quadrat Asset Management, the unit of C-Quadrat that manages the fund, tells MicroCapital that the MFI was founded in 1996 and provides microentrepreneurs with loans; insurance; and non-financial services, such as financial literacy training and support for young entrepreneurs. It also engages in activities to promote health, ensure client protection and reduce child labor. The identity of the MFI and the amount it borrowed remain confidential. November 12, 2018

Agri-Wallet, Apollo, VanderSat Win \$430k in Geodata Challenge

Netherlands-based "NpM, Platform for Inclusive Finance," which was previously known as the Netherlands Platform for Microfinance, recently announced the winners of its Geodata Innovator's Challenge, the goal of which was to encourage "technology companies to transform their geodata-based solutions for smallholder farmers and make them available for the financial sector." Of the 17 participants, the winners are Agri-Wallet, Apollo Agriculture and VanderSat. Each will receive the equivalent of USD 143,000 to test implementations of their solutions. Agri-Wallet of Kenya links farmers in developing countries with a "secure, instant and near-free global virtual currency account on their mobile phones" utilizing blockchain technology. Apollo Agriculture, also of Kenya, uses "agronomic machine learning" and remote sensing to give farmers advice on their usage of inputs such as seed and fertilizer. Netherlands-based VanderSat "turns satellite-derived climate data into valuable soil moisture information..." November 8, 2018

MicroVest Accesses \$20m Credit Line from MetLife

MetLife Investment Management, a member of US-based financial services firm MetLife Incorporated, recently opened a 5-year revolving credit line of USD 20 million for MicroVest, a US-based asset management firm that invests "in responsible financial institutions that serve underbanked people and businesses." MicroVest was founded in 2003 and has USD 385 million in assets under management as of 2017. MetLife Investment Management oversees a portfolio of USD 587 billion as of 2018. November 5, 2018

ADB Placing \$25m in Equity in Exacta Asia II for SME Lending

The Asian Development Bank recently agreed to make an equity investment of USD 25 million in Exacta Asia Investment II LP, a private equity fund, to support its lending to small and medium-sized enterprises (SMEs) in Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. The investment is intended to "address the issues of low private equity penetration in Southeast Asia...to create new jobs, drive economic growth, and encourage further investments in related sectors." Exacta II invests in SMEs in the manufacturing, technology and service sectors. In 2017, through its first close, the fund raised USD 180 million, including USD 89 million from its affiliate Mizuho Bank of Japan. The fund has a target size of USD 250 million. November 4, 2018

MicroCapital Monitor - © 2018 MicroCapital - ISSN 1935-505X
The MicroCapital Monitor is published monthly by MicroCapital

Editor & Publisher Bob Summers

Writers Michelle Fleming and Anuhya Tadepalli

Special thanks to Aliz Crowley, Charlotte Newman and James Packard

For questions, comments or suggestions, please contact us via
info[at]microcapital.org or +1 617 648 0043, Boston, USA

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

SPECIAL REPORT

European Microfinance Week

This sponsored feature describes just some of the sessions at European Microfinance Week, which was held from November 14 through 16 in Luxembourg by the European Microfinance Platform (e-MFP), a network of over 130 financial-inclusion stakeholders. MicroCapital was engaged to promote and document the event. For more detail, please see <https://www.microcapital.org/category/european-microfinance-week/>.



A “Terrifying” Lack of Microinsurance Coverage

Anup Singh of India-based consultancy MicroSave described the path to success in micro-

insurance as pursuing volume rather than competing on value. He sees a big opportunity in the sub-sector because only about 4 percent of the target income bracket is covered by insurance. Mr Singh reported that roughly 270 million people in India recently opened financial accounts for the first time, largely to access insurance. One policy he cited provides USD 1,000 in life insurance for USD 0.50 per year.

Miguel Solana of the Impact Insurance Facility of the UN’s International Labour Organization discussed some the problems large insurers have had with microinsurance. Margins are thin, and operations often are subsidized by traditional insurance. These firms tend to have trouble managing partnerships with product distributors, such as mobile network operators, agricultural suppliers and department stores. While microfinance institutions (MFIs) can be good delivery channels, it is expensive to train loan officers to understand the products well enough to sell them.

Jim Roth of LeapFrog Investments, a Mauritius-based microinsurance fund, argued that financing is not the primary challenge in growing microinsurance. He sees the insurance market in high-income countries - as well as among high-end clients in low-income countries - as saturated. This means the big growth potential in global insurance is micro-insurance, serving the mass market in low- and middle-income countries. As an example, Mr Roth stated that UK-based insurer Prudential plc makes more money from its operations in Indonesia than it does in the UK. Among insurers, he said, “the willingness to put money behind [microinsurance] is solidly there.”

Katharine Pulvermacher of the Luxembourg-based Microinsurance Network stated that the African market is fragmented, with low penetration. She asked, “Why is it that so many MFIs are not offering even basic insurance?” While in other parts of the world, many MFIs offer insurance that pays microborrowers’ debt in case of their death, Ms Pulvermacher exclaimed that in Africa, “MFIs aren’t even offering credit-life. It’s terrifying!”

Refugee Assistance Delivered via Mobile Money Costs 47% Less

Pamela Eser of the UN Capital Development Fund described her team’s rollout of mobile money to distribute assistance to 17,000 refugees in Uganda and Zambia. While it took 50 days to get money to newly registered refugees under the previous system, the digital system delivered funds in 29 days for 47 percent less cost. The mobile money system also offers greater security and convenience. Under the previous system, recipients had to wait in line at the “money truck” for as many as three days. Plus, as soon as the person’s name was called out and the money handed over, that person sometimes became a target for thieves. To implement the new system, mobile network operators (MNOs) brought in 46 agents and installed nine new communication towers to handle the traffic. Also critical was that the MNOs delivered enough phones and SIM cards for sale. The UN subsidized a portion of these costs.

RUFU Travels with Refugees to Launch Operations in Uganda

Resi Janssen of Dutch NGO Cordaid described her institution’s Rural Finance Initiative (RUFU), which had been working in South Sudan when violence in 2016 caused most of its clients to flee to Uganda. With no license to accept deposits in Uganda, RUFU became an agent of Centenary Bank so it could operate across the border, continuing to provide savings and other services to its customers in a time of great need. Not long after relocating, some of RUFU’s customers started asking how they could keep their children from being recruited as fighters. RUFU secured the equivalent of USD 170,000 from the government of Luxembourg to support entrepreneurship among youth and widows. Many became engaged in business such as sewing, raising pigs and baking.

Philippe Guichandut of the Luxembourg-based Grameen Credit Agricole Foundation described a pilot program his organization is launching in partnership with Sweden’s development agency SIDA and the UN Refugee Agency (UNHCR). The program will combine technical assistance with investment in financial service providers (FSPs) in Uganda and Jordan. The FSPs will lend in amounts of USD 260 to USD 2,800 to both refugees and local residents in host communities. Although FSPs worry about refugees returning home before repaying their loans, Mr Guichandut cited a survey of refugees in which only 10 percent stated they plan to relocate in the short term.

Jim Brands of Dutch development bank FMO described the Nasira program, through which FMO is partnering with the EU to provide a risk guarantee for losses over 10 percent on various institutions’ lending to refugees, women and youth.

Savings Groups Do Better without NGO Support, Bank Linkages?

Roy Mersland of the Norway-based Center for Research on Social Enterprises and Microfinance (CERSEM) discussed the preliminary analysis his team has made on the SAVIX database of savings groups. Hugh Allen of VSL Associates, the Germany-based coordinator of SAVIX, estimates that NGOs have initiated a total 786,000 savings groups owned by 17 million members in 76 countries. An unknown number of additional groups exist, including many replicated by members of previously established groups.

Dr Mersland found that one third of the savings groups that his team studied provide non-financial offerings such as health services or education. The provision of these services does not correlate with different rates of return to members. However, unmanaged groups have higher returns. (Savings groups are often “managed” by NGOs during their first year of operation.) Linda Nakato of CERSEM found that the rate of linkages with formal financial services providers is negatively correlated with repayment rates. Although higher rates of linkage to credit are not correlated with higher dropout rates, savings linkages are.

Mr Allen described tools he believes are important to the success of savings groups. For example, a sturdy metal box for storing cash boosts members’ confidence. This box often has three locks on it, so the cash in it cannot be stolen by just one or two members. Mr Allen also suggested a simple system of separate bags - such as one for money for loan funds and a second for social purposes - can help keep the group’s operations transparent to all members. (Many groups put a portion of their funds into a social fund that can be used as insurance to pay out to members experiencing hardship.) Dr Mersland reported that the average cash box holds the equivalent of USD 285, including USD 20 in savings plus USD 8 in interest earnings per member.

Grace Majara of Switzerland-based NGO CARE International described her organization’s work to lower savings groups’ costs through an app called Chomoka. The app offers digital transactions and record keeping; SMS reminders to members; and the creation of financial histories for members, which can be used to calculate credit scores.

Advans Cote d'Ivoire Wins \$113k European Microfinance Award

Advans Cote d'Ivoire (CI), one of nine microfinance institutions (MFIs) in the Advans network, won this year's European Microfinance Award, which was themed "Financial Inclusion through Technology" and included a cash prize of EUR 100,000 (USD 113,000). The MFI's customers who farm cocoa were having trouble with traceability and safety issues related to cash payments from their cooperatives. They were also struggling to save money from harvest time until the school year begins, resulting in their children missing school. Advans CI responded by creating a digital savings and payment solution, enabling cooperatives to make digital payments to farmers and making it easier for farmers to save money. Since 2017, Advans CI also has been providing small digital school loans, with loan decisions based on an algorithm reflecting farmers' historical cashflows. Advans CI also negotiated free transfers for its farmer clients to move money between their MTN mobile wallets and Advans accounts.

The European Microfinance Award was launched in 2005 by the Luxembourg Ministry of Foreign and European Affairs - Directorate for Development Cooperation and Humanitarian Affairs, to support innovative thinking in the microfinance sector. Awarded for the first time in 2006, it is jointly organised by the Luxembourg Ministry of Foreign and European Affairs, the European Microfinance Platform (e-MFP) and the Inclusive Finance Network Luxembourg (InFiNe.lu).

RCT Shows Positive Impact from Financial Education in Uganda

Esther Nanjovu of German development agency GIZ demonstrated a portion of a two-hour financial training program that has been shown to benefit attendees in several ways. The program is participatory, with stations addressing personal financial management, savings, investment, debt management and the usage of financial services providers. The personal financial management component is taught using a display board on which learners can place and move cards representing various expenses and income sources. As a team, approximately 25 learners work together to create a prioritized list of expenses to help them appreciate the significance of their choices. In some cases, they even argue over whether certain cards - such as sports betting - are expenses or income sources.

Tim Kaiser, representing the University of Koblenz-Landau and the German Institute for Economic Research (DIW Berlin), described his survey of existing literature on financial education. While many of the results were poor, the stronger programs more commonly incorporated the following aspects: being offered at a "teachable moment" in the learner's life, such as when she is considering borrowing money; simplified into "rules of thumb," such as not "putting all your eggs in one basket;" personalized, such as using a counseling style; and being both convenient and entertaining.

Subsequently, Dr Kaiser led a randomized controlled trial with 1,300 market vendors in Uganda to test the results of two training programs, a classroom-style program and the active one that Ms Nanjovu described. After six months, the researchers found the active training program resulted in modest improvement in debt management and knowledge of financial services providers as well as more significant improvement in savings and investment. As a result of the classroom training, the researchers found weakly positive results in two of the five subject areas, but no significant change in the others.

Regarding savings, the control group finished the six-month period with USD 480 while the active-learning group finished the term with USD 582. The active-learning group also reduced its debt level. Meanwhile, the lecture group experienced no significant change total or net savings relative to the control group. However, many individuals within the active-learning group also experienced minimal savings growth. Nearly all of the growth in savings was experienced by those who began with savings above the median level of the group.

Improving Money Habits via Rules of Thumb

Ewa Bankowska of the Microfinance Centre (MFC), a Poland-based network of 100 microfinance institutions, described her organization's response to its lackluster results from the financial education it has delivered to 200,000 people in 22 countries over 15 years. Evidence suggests that changes in financial behavior are more likely when learners are given simple "rules of thumb," such as putting a euro in a jar after every shopping trip. Based on this idea, MFC is developing a system to determine which rules of thumb would be most effective for which clients. The organization has drafted an online tool with 13 questions that assigns users to one of four categories. Based on the person's category, she is given a selection of simple behavior changes from which to choose. For example, she may commit to reducing the number of days she purchases treats outside the home. Another suggestion is to separate income into different envelopes labeled for different purposes. Ms Bankowska also stressed the importance of involving spouses and children in financial choices.

Measuring Impact of Energy Access, Data-rich Lending with Yapu

Natalia Realpe Carrillo of Germany-based social network platform Hedera and Giulia Corso of Germany-based MicroEnergy International discussed the World Bank's Multi-Tier Framework for Measuring Energy Access and the Progress out of Poverty Index. Key factors include whether energy sources are adequate, reliable, legal and safe. To address impact, it is important to consider factors such as families' energy spending, income generation and the reduction of carbon-dioxide emissions. These frameworks also align with the work of the Netherlands-based Global Off-Grid Lighting Association.

Davide Forcella of the Centre for European Research in Microfinance walked attendees through a simulation using the Yapu app to make lending decisions for a smallholder farmer. The app incorporates crop and climate data into the process, reducing the amount of data entry needed as well as the need for loan officers and borrowers to estimate figures. For example, the app can access typical input costs and revenue for various crops within 30 kilometers of a given location. The app can also account for "green" practices, although loan officers would need more training to properly administer questions on topics such as the usage of organic seeds and weed- and pest-management methods.

In advance of the open session described above, which was organized by e-MFP's Green Inclusive and Climate Smart Finance Action Group, the Action Group met to drive forward its internal agenda, which includes efforts to increase adoption of the Green Index through development of an app and both traditional training and "train-the-trainer" sessions. The Green Index is a tool for assessing the performance of microfinance institutions in four areas: policy and strategy; internal risk; external risk; and green loan product offerings. Green loans can fund a range of purchases, from solar panels to waste management systems. If you are aware of an example of green product usage that may be suitable for a case study, you are encouraged to contact Gabriela Erice at [gerice\[at\]e-mfp.eu](mailto:gerice[at]e-mfp.eu) or +352 26 27 13 82.

Based on an idea from last year's meeting at European Microfinance Week, the Action Group is organizing a "Green Inclusive Finance Study Tour" to take place in 2019.

Speaking on behalf of NpM Platform for Inclusive Finance, Andres Van Der Linden discussed a proposal he developed to harmonize the definitions, approaches and metrics used to address green inclusive finance. The proposal is divided into environmental performance management (EPM) and environmental impact measurement (EIM). While the Green Index closely parallels EPM, as Mr Van Der Linden outlines it, EIM focuses more on "what's material to the end-user," such as whether her goal is saving money, having cleaner air in her house, etc. 🌱

SPECIAL REPORT

This vignette is part of a sponsored series demonstrating the value of SAM (the French acronym for African Microfinance Week), a major conference dedicated to financial inclusion in Africa. The first three SAMs were held in Arusha, Tanzania, in 2013; Dakar, Senegal, in 2015; and Addis Ababa, Ethiopia, in 2017. The next SAM will take place in Ouagadougou, Burkina Faso, in late October 2019!

The goal of SAM is to provide a unified platform for addressing issues facing microfinance in Africa by bringing together investors, microfinance institutions (MFIs), researchers, banks, networks, innovators, governments and other stakeholders.

The 2017 SAM hosted 700 participants from 58 (mostly African) countries, including representatives of 200 MFIs; 25 exhibitors at the Innovation Fair; and 26 investors who made 170 MFI contacts at the Investor's Fair. The proceedings also included conference sessions presented by 60 speakers plus a menu of 20 training programs.



Using SAM to Align Financing Needs, Social Impact in Mozambique

When Francisco Cuamba, the Finance Director of Mozambique's Microbanco Confianca (pictured at left), came to Luxembourg for European Microfinance Week in November, he was very pleased to win a free registration to the 2019 SAM, which will be held in late October in Ouagadougou,

Burkina Faso. Reflecting on the 2017 SAM in Ethiopia, he said, "My participation in SAM was an extremely important opportunity to meet different organizations from all over the world to share different experiences and meet some investors to which to present my organization.... The type of investors we sign should be social investors that are not only concerned with the profitability of the investment, but also our extensive involvement in the development of our community and changing lives." In particular, Mr Cuamba expressed plans to learn more about SPI4, the fourth iteration of a set of social performance indicators (SPIs) intended to simplify reporting and provide a common language for social performance management. The 2017 SAM included a full-day training on SPI4, and similar opportunities are



expected at the 2019 SAM, the agenda of which is currently under development.

Microbanco Confianca was created by the NGO Hluvuku-Adsema, which was formed in 1996. The institution now has 13 branch locations, 87 employees and 9,120 clients. With a loan portfolio equivalent to USD 3.5 million, it generated return on equity of 17 percent and return on assets of 9.1 percent during 2017. The majority of the staff and clients of the organization are women. The creation of Microbanco Confianca, which remains owned by Hluvuku, will allow the institution to accept deposits.

"My participation in SAM was an extremely important opportunity to meet...social investors that are not only concerned with the profitability of the investment, but also our extensive involvement in the development of our community and changing lives."

Francisco Cuamba, Finance Director of Microbanco Confianca

ADA, an NGO based in Luxembourg, co-organizes SAM every two years with the support of Luxembourg's Ministry for Development Cooperation and Humanitarian Affairs. The SAM steering committee members are: ADA, Luxembourg's Ministry of Foreign and European Affairs, the Microfinance African Institutions Network, the African Rural and Agricultural Credit Association and the Fédération des Association Professionnelle des Systèmes Financiers Décentralisés de l'Union Economique et Monétaire Ouest Africaine. We invite you to learn more about SAM at <http://www.microfinance-africa.org/>.

Business Planning with MICROFIN

December 10-14, 2018
Jan. 29 - Feb. 1, 2019
Feb. 25 - Mar. 1, 2019
March 25-29, 2019
April 22-26, 2019
April 29 - May 1, 2019
June 17-21, 2019

Standard Web Course
ADVANCED Web Course
Dakar (French)
Nairobi
Washington DC Standard
Washington DC ADVANCED
Standard Web Course

microfin.mfiresources.org



EAR TO THE GROUND

From Amazon's HQ2 to Pounding the Pavement: Face-to-face Is the Key to Digital Inclusion

Over the past week, as a New Yorker, it has been difficult not to ponder the massive power of Amazon.com. Amazon has chosen our city as one of its twin HQ2s ("second" headquarters). While some are excited, many are not. Amazon is feeling more and more like a monopoly, with the ability to influence consumers, competitors, regulators, politicians, and now even my own city's subway system, job market and real estate prices.

Amazon's power lies largely in its ability to challenge traditional retail distribution channels. It doesn't do this by killing brick-and-mortar facilities but by using real estate in cheaper locations (on the ground and in the cloud) to sell products remotely. In the US, Amazon owns a network of 100 warehouses. The largest, in Schertz, Texas, covers 1,264,200 square feet. Last year, the company's purchase of Whole Foods Markets expanded its real estate footprint by 470 stores. This is still much less retail space than Walmart's 5,000 US stores, but it is not insignificant.

Changes in the financial services industry are somewhat similar. While digital banking is growing, it has been difficult to offer financial services in developing countries without retail branches and staff. However, much of this infrastructure is moving to cheaper real estate - *a la* Amazon - for example through the use of agents rather than dedicated branches.

Fintechs are offering mobile alternatives to challenge traditional banks and serve mass market customers more cheaply. Nowhere is this more evident than in Mexico, where over 300 fintech startups have sprouted, and estimates indicate digital providers may achieve 30-percent market share within 10 years. But in economies like Mexico's, with large unbanked populations, mobile money still requires significant physical infrastructure to enable people to cash in and out. With only 39 percent of adults holding bank accounts, according to the World Bank's Findex, it is difficult to foresee a situation in Mexico where brick-and-mortar channels don't accompany the rise of fintech. Currently, this space is dominated by the Oxxo chain of convenience stores, which has 16,763 outlets that sell soda, cigarettes and chips, but also offer a range of financial services, including cash-in and -out services for a digital wallet offered in partnership with Citibanamex. In this space, Oxxo has an Amazon-like monopoly over distribution. Perhaps unsurprisingly, Amazon has already jumped in on the action, partnering with Oxxo to distribute its packages in Mexico.

Where a large number of unbanked people are present, brick-and-mortar distribution of financial services is critical. Indeed, brick and mortar has not died, but it is moving from bank branches to cheaper locations. While less expensive than opening branches, working with Oxxo is by no means a bargain distribution channel, as it enjoys certain monopoly-like advantages.

Some financial institutions in Mexico are trying to compete by harnessing the 1 million "mom and pop" shops in the country to serve as agents. For example, Compartamos recently launched ComparTfon to encourage the use of mobile financial services. Compartamos can leverage its physical branches and Yastás agents in small shops to support its new online service. There is plenty of space in the market for this - and perhaps other hybrid models - to bridge the inclusion gap.

Over the past year, my team and I have been pounding the pavement to ask questions of and explain financial products to low-income Mexicans. We are convinced more groundwork can help more financially excluded individuals join the ranks of the included. In the next few months, we will be experimenting with some of these alternatives in Mexico, and we invite you to join us in this challenge!

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).

The data and insights that power the financial inclusion industry.



Learn more at themix.org



 **MicroCapital Monitor**

SINCE 2006

Did you know **every MFI**
on the MIX Market receives
the complete subscriber edition
of the *Monitor* each month?



Andares

Mujeres para las Microfinanzas

Úmense a nuestra red de mujeres profesionales
en microfinanzas de Latinoamérica y el Caribe



Grupo Andares - Mujeres para las Microfinanzas



andaresmujeres.blogspot.com

Liderazgo
Aprendizaje
Intercambio
Mentoría

MICROCAPITAL MARKET INDICATORS SOUTH ASIA

POWERED BY

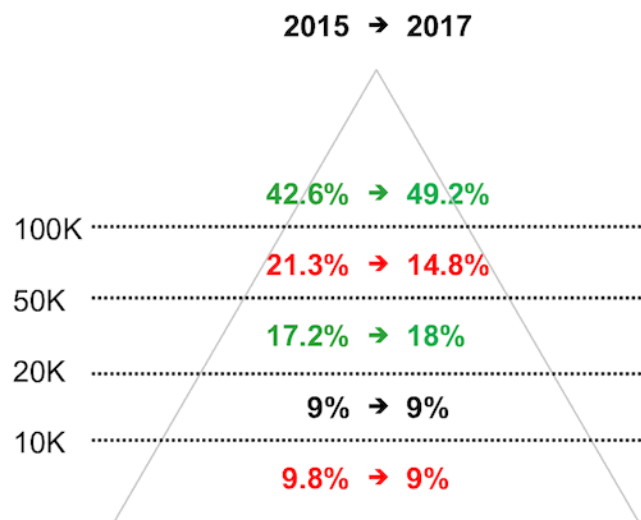


121 MICROFINANCE INSTITUTIONS (MFIs) REPORTING*

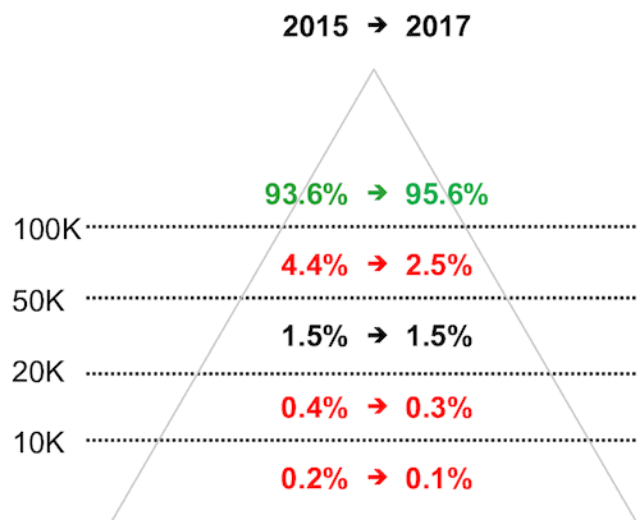
TOP MFIs BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	COUNTRY	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2015	2017
Bandhan	India	1,104,375,913	39	2,352,659,913	4,561,411,738
Bharat Financial (formerly SKS)	India	357,316,628	27	1,161,676,257	1,876,309,513
BRAC Bangladesh	Bangladesh	295,369,507	19	1,436,605,804	2,027,344,817
SKDRDP	India	269,651,246	31	754,596,802	1,293,899,294
ASA Bangladesh	Bangladesh	200,477,530	12	1,533,970,742	1,934,925,801
Muthoot Microfin	India	174,794,645	113	98,675,985	448,265,275
Ujjivan	India	169,413,417	19	821,588,673	1,160,415,507
Satin	India	143,186,717	26	494,221,795	780,595,228
Utkarsh	India	128,381,109	48	216,452,566	473,214,784
Arohan	India	114,296,066	81	100,870,108	329,462,240

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 2015 and 2017 to the Microfinance Information Exchange (MIX) Market

Source: MIX, November 2018



New opportunities in
a changing continent

DealMakers
AFRICA

VERDANT
CAPITAL

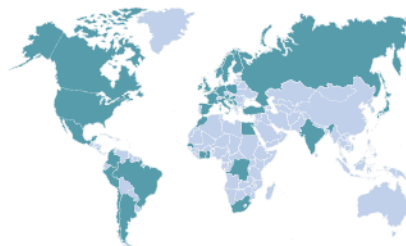
14th by deal volume in 2017



THOMSON REUTERS

IMAP

8th by deal volume globally in 2017



IMAP, with partner firms present in nearly 40 countries and a total of more than 500 M&A professionals, is the World's largest M&A partnership.

Verdant Capital and its partner in Morocco are the IMAP partners firms in Africa.

IMAP

Leading global
M&A partnership



VERDANT
CAPITAL

Pan-African expertise | Global reach

Johannesburg | Ebene | Accra | Kinshasa | www.verdant-cap.com



EA Consultants



Specialized in understanding the financial lives of
low-income households

Experts in the business models of organizations
who serve them

Focused on securing shared value across stakeholders

40+ years of investing in microfinance



Oikocredit is a worldwide cooperative and a pioneer in investing in microfinance. As a social investor, we provide loans, equity investments and capacity building support to organizations that are active in financial inclusion, agriculture and renewable energy.

If you are interested in our financial services, please contact a local Oikocredit representative who will draw up a customized offer aimed at establishing a long-term business relationship.

Contact us at:
oikocredit.coop/funding



INVESTING IN
OVER 700 PARTNERS IN
AROUND 70 COUNTRIES



NEARLY € 1 BILLION
CAPITAL OUTSTANDING



43 YEARS OF
EXPERIENCE

Leveraging on Alternative Delivery Channels (ADC) is key to achieving cost-effectiveness and greater outreach.

Fern's ADC integration capabilities enable inclusive financial institutions to connect to established mobile money services, ATM networks and mobile devices to increase outreach and improve efficiency.

TOTAL BANKING SOLUTIONS
Microfinance | Credit Unions | Enterprise Investment & Development | SME Loans | Development Banks | CDFIs / CFDCs | Housing Finance | Loans | Deposits | MIS | CRM | Risk Management | Business Intelligence | SEPA Compliant | Online Payments | Web Processing | Touch Screen Technology | Mobile | Tablets | Online Dashboards |

Fern SOFTWARE

The diagram illustrates the integration of various services: sustainability, product uptake, strategic direction, social impact, and compliance, all connected by a central network.

www.fernsoftware.com

UPCOMING EVENTS

Impact Investing Summit

December 6 - December 7, 2018; London, UK

This summit will offer speakers addressing the growth of impact investing, key players in the field, processes for placing impact investments, opportunities in the sector and past setbacks. Sample agenda items include: (1) the Future of the Impact Investing Sector Globally; (2) US Government Policy and Impact Investing; (3) Bridging the Investment Gap in Developing Countries; and (4) The Evolution of Social Impact Investing in the UK. The cost to attend is EUR 1,350. For additional information, you may email info@impactinvestingsummit.com, call +44 208 938 3258 or visit <https://impactinvestingsummit.com/>.

Villgro Unconvention

December 7 - December 8, 2018; Bengaluru, India

This is an event for social entrepreneurs and associated stakeholders active in India within the following sectors: agribusiness, health, energy, and education and employability. Session titles include: (1) "Innovations and Challenges Across the Food Supply Value Chain;" (2) "What Does the Current National Health Policy Mean for Social Entrepreneurs?;" and (3) "What are the Innovative/New Business Models in the Renewable Energy Space?". The price is INR 4,000 for both days or INR 2,500 for one day. For additional information, you may call +91 44 66630400, email info@villgro.org or visit <http://villgro.org/sector-unc/>.

Inclusive Finance India Summit

December 11 - December 12, 2018; New Delhi, India

This summit covers topics such as "financial inclusion policy, regulation, supervision, technology advancements, client protection and institutional framework." The cost to attend is INR 12,500 for domestic attendees and USD 550 for those from other countries. A range of discounts is available. For additional information, you may call +91 11 48787500 or +91 11 48787524, visit <https://inclusivefinanceindia.org/>, or email inclusivefinance@accessassist.org.

Mondato Summit Asia 2018: The Next Wave of Digital Services

December 12, 2018; Jakarta, Indonesia

This event will explore how companies in Southeast and South Asia are repositioning themselves to take advantage of the rise in the usage of mobile devices for social media and electronic commerce. Session titles include Case Study of Digital Transformation & Re-Invention, Carrier Billing at the Heart of Digital Finance & Commerce, the Expanding Market for Financial Services, Disruptive Innovation: the Case for Remittances, and Enabling New Business Models - Pushing the Bounds of Commercial Viability. The event also includes an "Innovation Arcade" and the Mondato Awards. To request an invitation, you may contact Arielle Jaffe at ajaffe@mondato.com or +33 6 95 93 43 95. The event website is at <http://www.mondatosummit.com/asia>.

Arab #FinTex Symposium

December 12 - December 13, 2018; Abu Dhabi, UAE

Attendees at this event will address how financial technology (fintech) tools such as blockchain can increase financial inclusion and economic development in the Arab region. The schedule includes sessions on: (1) Blockchain & Crypto-assets Benchmarking - Opportunities & Challenges for Financial Inclusion; (2) Digital Identity; (3) The Blockchain - Hype vs. Reality for Digital Financial Transformation; and (4) RegTech & SupTech Opportunities to Strengthen FinTech for Financial Inclusion in the Arab World. To request an invitation, you may contact the organizers at arabfintex@fiari.org or +962 (0)79 95 80 405. The event website address is <http://www.fiari.org/arabfintex/>.

Financial Inclusion Global Initiative Symposium

January 22 - January 24, 2019; Cairo, Egypt

This is the second iteration of this symposium, which is sponsored by the International Telecommunication Union, the World Bank Group and the Committee on Payments and Market Infrastructures. Session titles include: (1) Implementing the Payments Aspects for Financial Inclusion Frameworks; and (2) Data Methodologies for Understanding Financial Service Delivery to the Last Mile. There will also be sessions on cybersecurity and a hackathon. More details are available via <https://www.itu.int/en/ITU-T/extcoop/figisymposium/2019>, +41 22 730 5111 and tsbworkshops@itu.int.

Global Microfinance Summit

January 24 - January 25, 2019; Istanbul, Turkey

The third iteration of this event will address topics influencing the microfinance industry such as: (1) Digital Transformation: The Next Big Leap in Microfinance; (2) Impact of Microfinance on Sustainable Entrepreneurship Development; and (3) Green Microfinance: A Tool for Sustainable Business and Climate Action. Additionally, open discussions will address topics such as serving youth and women entrepreneurs as well as the evolution of microfinance policy. The full fee per delegate is EUR 999, although there is a discounted rate of EUR 899 available for an unspecified time period. For more information, you may email operations@euro-events.co, call +420 734 655 262 or visit <https://euro-events.co/3rd-global-microfinance-summit/>.

MORE DETAILS COMING SOON ON:

Microfinance and the Sustainable Development Goals

February 7 - February 8, 2019; Cape Coast, Ghana

Metrics from the Ground Up

February 18 - February 19, 2019; Merida, Mexico

Latin American Impact Investing Forum

February 19 - February 21, 2019; Merida, Mexico

Sankalp Africa Summit

February 21 - February 22, 2019; Nairobi, Kenya

HBS-Accion Program on Strategic Leadership in Inclusive Finance

March 31 - April 5, 2019; Boston, Massachusetts, USA

Market Systems Symposium 2019

April 8 - April 11, 2019; Cape Town, South Africa

AFSIC Investing in Africa

May 8 - May 10, 2019; London, UK

Africa Shared Value Summit

May 23 - May 24, 2019; Nairobi, Kenya

Financial Inclusion Summit - South Africa

May 28 - May 29, 2019; Johannesburg, South Africa

2019 MFC Annual Conference

May 29 - May 30, 2019; Istanbul, Turkey


6th European Research Conference on Microfinance

June 3 - June 5, 2019; Paris, France

SAM (Semaine Africaine de la Microfinance)

Late October 2019; Ouagadougou, Burkina Faso

European Microfinance Week

November 20 - November 22, 2019; Luxembourg 

PAPER WRAP-UPS

Beyond the Basics: How Smartphones Will Drive Future Opportunities for the Mobile Money Industry

By Belinda Baah and Nika Naghavi, published by GSMA (Groupe Speciale Mobile Association), 2018, 16 pages, available at: <https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2018/09/2017-SOTIR-deep-dive-How-smartphones-will-drive-future-opportunities.pdf>

In 2017, mobile-internet penetration stood at 43 percent, up from 29 percent in 2013. Regionally, Latin America had the highest rate of penetration at nearly 50 percent. Latin America also leads in the rate of smartphone adoption at 62 percent. Based on projected lower prices for smartphones, global usage is expected to rise from 59 percent to 79 percent by 2025.

The authors also discuss the expansion by mobile money operators (MMOs) from text-based systems into the use of smartphone apps. The percentage of MMOs offering mobile money apps increased from 38 percent in 2014 to 73 percent in 2017. South Asia is the leading region, with a rate of 90 percent. Among the challenges for MMOs is to improve user experience with better graphics and additional language options.

SUBSCRIBE TO THE MICROCAPITAL MONITOR

The MicroCapital Monitor is available only by paid subscription. Subscribe today to support a representative voice for impact investors and investees at MicroCapital.org or by calling +1 617 648 0043. Subscriptions include 12 monthly issues and access to all back issues.

Bronze: USD 149 per year - Sent to one email address
Silver: USD 299 per year - Emailed to three people at one organization
Gold: USD 699 per year - Customized, organization-wide access
Discount: USD 99 per year - Available only OUTSIDE rich countries

Blended Finance 2.0: Giving Voice to the Private Sector

By Maria Teresa Zappia and Nadina Stodie, published by BlueOrchard, 2018, 30 pages, available at: http://www.blueorchard.com/wp-content/uploads/181016_BlueOrchard_Blended_Finance-2.0.pdf

This paper focuses on how the public and private sectors can partner on achieving the UN's Sustainable Development Goals via "blended finance." The strategies discussed include simplifying blended-finance structures, engaging more retail investors, increasing transparency, adjusting incentive structures and altering risk-return expectations. Investors interested in blended finance are most likely to consider, in rank order: financial inclusion, sustainable infrastructure and climate finance.

Microfinance Barometer 2018: Microfinance and Profitabilities

By Carine Valette and Baptiste Fassin, published by Convergences, 2018, 16 pages, available at: http://www.convergences.org/wp-content/uploads/2018/09/BMF_2018_EN_VFNALE-1.pdf

The authors of this document report that microfinance serves 139 million clients around the world with loans totaling the equivalent of USD 114 billion as of 2017. South and Southeast Asia represent the highest numbers of customers served, making up approximately 60 percent of the global total. Regarding trade-offs between profitability and social responsibility, they warn that often "even well-intended charity causes more harm than good." 🌱



Vision Microfinance: Social Impact Investing

Vision Microfinance is an appeal to combat poverty in a meaningful and sustainable way. So far 1.21 billion USD have been distributed in the form of 912 loans to 259 microfinance institutions in 60 countries. Thanks to our investors, the lives of over 1 m people in developing countries have been transformed.

Vision Microfinance allows private and institutional investors to participate in the „fast-growing“ microfinance industry. Investors benefit from the extensive asset management expertise of C-QUADRAT Asset Management, which works in close partnership with microfinance specialist Symbiotics, a market research expert in sustainable investments. This unique cooperation of fund manager and research team yields innovative microfinance solutions: **Vision Microfinance.**

www.visionmicrofinance.com

