

## MICROCAPITAL BRIEFS | TOP STORIES

### Incofin-managed Funds Buying \$10m in Equity in Progreseemos of Mexico

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

### BlueOrchard Arranges \$20m Loan to FINCA Impact

FINCA Impact Finance, a network of microfinance institutions (MFIs) in 20 countries, recently agreed to accept a three-year loan of USD 20 million arranged by BlueOrchard, a commercial impact-investment manager based in Switzerland. The funding is sourced from the BlueOrchard Microfinance Fund and the Microfinance Enhancement Facility, whose investors include the World Bank Group's International Finance Corporation and development banks of the German and Austrian governments. FINCA Impact will use the loan proceeds to manage the liquidity of its MFIs, which provide digital credit, payment services, money transfers and insurance to 2 million customers. FINCA Impact is majority-held by FINCA International, a US-based nonprofit that primarily serves poor women in the Americas, Eurasia and sub-Saharan Africa. October 22, 2018

### MFIs in India Gain Tool to Monitor Over-indebtedness

Sa-Dhan, an association of 190 financial services providers in India, and the Smart Campaign of US-based NGO Accion recently announced the launch of an online monitoring tool intended to reduce over-indebtedness and otherwise increase consumer protection in India's microfinance industry. Sa-Dhan will hold workshops around the country to help its members use the tool to identify potentially oversaturated markets and monitor the "risk of non-compliance to India's microfinance Code of Conduct." Sa-Dhan is recognized by the Reserve Bank of India as a self-regulatory organization, which gives Sa-Dhan the power to monitor its member microfinance providers, including the responsibility to see that they meet various standards for client protection. The organization's members serve 29 million customers in 33 states and hold an aggregate gross loan portfolio equivalent to USD 6.8 billion. October 9, 2018

### Credo Acquires Portfolios of MFOs BIG, Credit Plus Georgia

Joint Stock Company Credo Bank, a Georgian bank, recently announced that it has purchased the portfolios of two microfinance organizations (MFOs), BIG and Credit Plus Georgia, for undisclosed prices. The acquisitions add a total equivalent to USD 16.5 million to Credo's loan portfolio of USD 245 million. Credo, which was founded in 1997, serves 270,000 customers via 68 service centers. Its mission is to serve small and medium-sized enterprises, particularly in rural areas. October 4, 2018

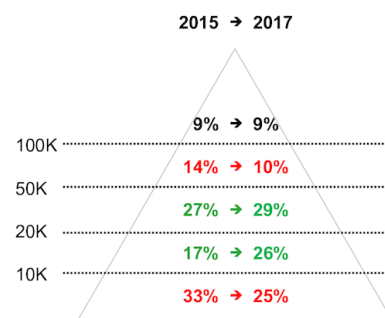
### Kiva, UN Using Blockchain for Digital ID System in Sierra Leone

President Julius Maada Bio of Sierra Leone recently signed a memorandum of understanding under which US-based nonprofit Kiva, the UN Capital Development Fund and the UN Development Programme have agreed to create a digital identification (ID) system that includes all 7 million citizens of Sierra Leone. Each person will get an ID number that formal and informal financial institutions can use to track credit histories, making it easier for individuals to access loans. The system will be based on blockchain, using distributed ledger technology that "allows simultaneous access, validation and record updating in an immutable manner across a [computer] network spread across multiple entities or locations." Kiva, which pools funds from individuals to on-lend to microlenders, reports total assets of USD 41 million. October 4, 2018

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#### SUB-SAHARAN AFRICA PERCENT OF MFIS IN MARKET BY NUMBER OF BORROWERS



MARKET INDICATORS: PAGE 7



## MICROCAPITAL BRIEFS

### NMI Loans \$3m to Musoni for Cashless Lending in Kenya

The Nordic Microfinance Initiative (NMI), a Norway-based public-private partnership, recently agreed to loan USD 3 million to Musoni Microfinance, a financial technology (fintech) company founded in 2010, to help it expand its cashless services and other “technology driven financial solutions” in Kenya. Musoni Microfinance serves 30,000 clients in the country, lending in amounts equivalent to USD 5 to USD 30,000, with monthly interest rates of 1.67 percent for individual loans and 1.83 percent for group loans. Musoni Investments, which is based in the Netherlands, holds stakes in Musoni Microfinance as well as Musoni Services, which provides software for managing microfinance institutions to 93 organizations in Africa and Asia. October 29. 2018

### Yoma Lending \$4.4m to BRAC Myanmar to Reach 15k Borrowers

Yoma Bank of Myanmar recently agreed to lend the local currency equivalent of USD 4.4 million to BRAC Myanmar Microfinance Company to help it reach an additional 15,000 women and low-income families in rural and suburban Myanmar. BRAC Myanmar, an affiliate of Netherlands-registered Stichting BRAC International, reports total assets of USD 10 million, a gross loan portfolio of USD 9 million, member savings of USD 947,000 and return on assets of 0.42 percent. The microbank has 49 offices in rural Yangon, Bago, Mandalay, Naw Pyi Taw and Sagaing. BRAC International, which is an outgrowth of Bangladeshi NGO Building Resources Across Communities (BRAC), provides microfinance, food security, community development, water, sanitation, disaster relief, social enterprise support and human rights advocacy in 11 countries in Asia and Africa. October 27. 2018

### Grameen Credit Agricole Lends \$2m in Ghana, Senegal

The Grameen Credit Agricole (GCA) Foundation, whose head office is in Luxembourg, recently informed MicroCapital that it has issued the following loans: a three-year loan in local currency equivalent to USD 1.15 million in favor of Sinapi Aba Trust of Ghana and a four-year loan equivalent to USD 873,000 in favor of Coopérative Autonome pour le Renforcement des Initiatives Économiques par la Micro Finance (CAURIE-MF) of Senegal. Sinapi Aba Trust provides financial services through Sinapi Aba Savings & Loans (SASL) with the aim of creating development and income-generation opportunities for people with low incomes. Of SASL's lending, 80 percent goes to women. Sinapi Aba Trust, which reports total assets of USD 34 million, also provides services such as “capacity building training, youth development programmes, research and development, corporate relations, project management, and educational programmes.” CAURIE-MF has total assets of USD 19 million. Of its 80,000 borrowers, 97 percent are women and most live in rural areas. October 22 and October 26. 2018

### Caritas of Kenya Ties ATM Cards to Visa Network for Retail Sales

Kenya-based Caritas Microfinance Bank (MFB), which is affiliated with the Italy-based Caritas Internationalis, recently partnered with the Co-operative Bank of Kenya to allow Caritas MFB customers to make retail purchases using their automated teller machine (ATM) cards. These point-of-sale (POS) purchases can be performed at retailers that accept payment cards issued by Visa, a US-based firm providing POS services to 46 million businesses worldwide. Caritas MFB has five branches and 16 banking agents, and approximately 80 percent of its transactions are performed on mobile platforms. Caritas Internationalis is a Catholic confederation working to “build a world based on justice and fraternal love.” Founded in 1951, the organization provides direct services in areas such as preventing human trafficking and the spread of HIV. The members of Caritas Internationalis are active in 200 countries. October 23. 2018

### Incofin-managed Funds Take \$10m Equity Stake in Progresemos

A Belgium-based manager of microfinance funds, Incofin Investment Management, recently announced a local-currency placement equivalent to USD 10 million in Mexico's Financiamiento Progresemos to expand its services for micro- and small enterprises. Two funds managed by Incofin are acquiring minority stakes in the microfinance institution (MFI): agRIE, which invests in financial services for small-scale farmers, and Volksvermogen, which targets MFIs more generally. Progresemos was established in 2006 and serves 120,000 borrowers in 22 states, including some of Mexico's most rural areas. The microlender reports USD 76 million in total assets and a gross loan portfolio of USD 47 million. October 23. 2018

### Yoma Lending Easy \$5m to Reach 28k Borrowers in Myanmar

Yoma Bank of Myanmar recently agreed to lend the equivalent of USD 5 million to Easy Microfinance of Myanmar to enable the microfinance institution (MFI) to extend its lending to an additional 28,000 borrowers, primarily owners of micro- and small businesses. Easy Microfinance provides loans ranging in size from USD 630 to USD 6,300 to small businesses and individuals who do not have access to conventional financing methods. Easy Microfinance, a for-profit MFI established in 2016, serves approximately 70,000 clients through 12 branches. As of 2018, it has a loan portfolio of USD 12.6 million. October 17. 2018

### MFIs in Myanmar, Cambodia Borrow \$2.7m from GCA Foundation

The Luxembourg-based Grameen Credit Agricole (GCA) Foundation recently issued the following loans: the local-currency equivalent of USD 1.5 million in favor of Proximity Finance Myanmar and USD 1.2 million to Cambodia's Chamroeun Microfinance. Proximity Finance is a unit of Proximity Designs, which is a US-registered NGO exclusively serving Myanmar. Proximity Designs offers technical assistance and research services as well as - through Proximity Finance - loans for agriculture and other purposes. Proximity Designs reports a gross loan portfolio of USD 18 million disbursed to 91,000 borrowers via 16 branches serving 2,065 villages. Chamroeun was launched in 2006 by French NGO Entrepreneurs du Monde to deliver loans, savings, and microinsurance to poor people. The institution has since converted into a for-profit entity, which is 20-percent owned by GCA Foundation. Chamroeun reports total assets of USD 12 million and operates 22 branches. October 12 and October 16. 2018

### BIO Loans XacLeasing \$5m for SME Leasing in Mongolia

The government-backed Belgian Investment Company for Developing Countries (BIO) recently disbursed a loan to XacLeasing, a subsidiary of Mongolia-based TenGer Financial Group, in the amount of USD 5 million to expand its financing for small and medium-sized enterprises (SMEs) to lease vehicles as well as equipment for medical services, agriculture, manufacturing, mining and road construction. The largest of TenGer Financial's members is XacBank, which reports USD 1.3 billion in total assets. October 15. 2018

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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!

### UNCDF, ITC Unveil \$18m Program for Women, Youth in The Gambia

The UN Capital Development Fund and the Switzerland-based International Trade Center recently launched the “Jobs, Skills and Finance (JSF) for Women and Youth in The Gambia Programme” with the aim of creating approximately 3,000 jobs in the country. JSF, which is funded with the equivalent of USD 18 million from the EU, also is intended to contribute to better security in The Gambia. ITC is a collaboration of the World Trade Organization and the UN Conference on Trade and Development that seeks to support small and medium-sized enterprises while helping to integrate developing countries’ economies with those of high-income countries. October 15, 2018

### EBRD Loans \$2.3m to KRK for MSMEs in Kosovo

The UK-based European Bank for Reconstruction and Development is lending the equivalent of USD 2.3 million to Kreditimi Rural i Kosoves (KRK), a Kosovar microfinance institution, for on-lending to micro-, small and medium-sized enterprises. KRK was established in 2000 to assist farmers and other rural microentrepreneurs in restoring production capacity lost during the Kosovo war of 1998 and 1999. From 24 branches, the institution offers products such as agricultural, home-improvement and business loans. The microlender reports total assets of USD 35 million, a gross loan portfolio of USD 32 million and 12,000 borrowers. October 11, 2018

### EBRD's Trade Ready Program to Support SMEs in Serbia

With funding from the EU and the government of Luxembourg, the UK-based European Bank for Reconstruction and Development (EBRD) is launching Trade Ready, a program intended to help small and medium-sized enterprises (SMEs) in Serbia become more competitive in international markets. Trade Ready engages SMEs regarding improving government regulations as well as offering “trade finance training and trade-related business advice... [and] networking opportunities with local banks.” Trade Ready is part of EBRD’s Trade Facilitation Programme (TFP), which was launched in 1999 and is intended to promote trade among Eastern Europe, North Africa, and Central and Western Asia. TFP has engaged 100 issuing banks in 28 economies, with total approved financing limits exceeding the equivalent of USD 1.8 billion. October 10, 2018

### FINCA Forward to Match Fintech Firms, MFIs

The Foundation for International Community Assistance (FINCA International) recently partnered with the US Agency for International Development’s Partnering to Accelerate Entrepreneurship (PACE) initiative to launch FINCA Forward, which will bring together established microfinance institutions (MFIs) with newer financial technology (fintech) companies. The goal is for the fintechs to test their products with the MFIs’ existing customer bases. The two-year pilot is funded by PACE and Feed the Future, an anti-hunger initiative launched by the US government in 2010. October 8, 2018

### BIMAS Borrowing \$580k from GCA Foundation for Rural Kenya

The Grameen Credit Agricole Foundation, whose head office is in Luxembourg, recently informed MicroCapital that it is lending local-currency approximately equivalent to USD 580,000 to Business Initiatives and Management Assistance Services (BIMAS), a micro-finance institution in Kenya. Founded in 1997, BIMAS offers micro-insurance as well as group and individual loans specific to youth, farming, dairy production, education, solar power and asset finance. It has 37,000 customers and a loan portfolio of USD 7 million, of which approximately 75 percent is placed in rural areas. October 5, 2018

### ICD Lending for Shariah Finance in Uzbekistan

Two commercial banks in Uzbekistan, Bank Asaka and Asia Alliance Bank, recently agreed to open credit lines from the Islamic Corporation for the Development of the Private Sector (ICD), a member of the Saudi Arabia-based Islamic Development Bank, to support lending that follows Islamic law, also known as Shariah. Islamic law prohibits traditional interest charges, which are often replaced with profit-sharing. While the maximum ICD will lend to Asia Alliance Bank has not yet been established, Asaka has been authorized to borrow up to USD 7.5 million. Asaka has 109 full and “mini” service locations, total assets equivalent to USD 2.9 billion, a gross loan portfolio of USD 2.2 billion and customer deposits of USD 1 billion. Asia Alliance Bank reports total assets of USD 173 million, a gross loan portfolio of USD 98 million and deposits of USD 83 million. October 3, 2018

### ADB Lending \$300m to the Philippines for Financial Infrastructure

The Asian Development Bank (ADB) recently approved a loan of USD 300 million to the government of the Philippines for projects intended to reduce income inequality by expanding financial services for small and medium-sized enterprises, with a focus on rural areas. The loan will be used for the “Finance Development Program,” through which the Filipino government will invest in technology and infrastructure such as a national identification system and a national retail payment system. ADB is owned by 67 countries and had a 2017 budget of USD 32 billion. October 2, 2018

### Banque Misr, IFC to Support Women-led SMEs in Egypt

Egypt’s Banque Misr and the World Bank Group’s International Finance Corporation (IFC) recently agreed to collaborate on an effort to support the expansion of small and medium-sized enterprises led by Egyptian women. The organizations will conduct market research and devise business models for female entrepreneurs in an effort to help them access funding. The project is part of IFC’s Women Banking Champions Program, which is partially funded by Switzerland’s State Secretariat for Economic Affairs. Since the start of the Champions program in 2011, it has supported the launch of 40 projects in 27 countries. Banque Misr, which was established in 1920, has total assets equivalent to USD 44 billion and operates 620 branches. September 28, 2018

## Business Planning with MICROFIN

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Feb. 25 - Mar. 1, 2019  
March 18-22, 2019  
April 22-26, 2019  
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Standard Web Course  
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Dakar (French)  
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## SPECIAL REPORT

### Hybrid Capital Solutions to Support the Next Phase of Inclusive Growth

*This sponsored content was written by Edmund Higenbottam, Managing Director of Verdant Capital, and Raj Domun, Director and Fund Manager of the Verdant Capital Hybrid Fund. Verdant Capital is a leading specialist financial advisory firm that operates on a pan-African basis.*

In recent years, the Inclusive Financial Institution sector has grown significantly in Africa and elsewhere, driven in part by growth in the global specialist investor base supporting the sector, and in part due to the growth of local debt markets. In Africa, this growth has stretched the equity capital bases of many institutions - and of the sector as a whole - due to the narrow range of equity and equity-like capital sources and instruments available to these institutions.

One solution to this problem is hybrid capital, an intermediate capital type that sits between debt and equity while meeting the regulatory capital requirements of financial institutions. In Africa, hybrid capital can provide funding that can be leveraged by both specialist global (debt) investors and local debt investors, thereby achieving a multiplier of developmental impact: “crowding-in.”

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The term “Inclusive Financial Institution” describes financial institutions with broader developmental impact than traditional banks, including those that serve previously unbanked populations and smaller companies. In contrast, the impact of African commercial banks on broad-based economic development can be narrow, due to their tendency to focus on lending to multinationals and the largest local corporates as well as investing in government bonds and bills.

Inclusive Financial Institutions are active in segments such as “traditional microfinance” (microloans for individual traders and other microentrepreneurs), simple savings products, lending to small and medium-sized enterprises (SMEs, often described as the “missing middle”), housing finance, education finance, health finance and agri-value chain financing. Some of these lenders specialize in asset classes that disproportionately appeal to SMEs, e.g. leasing, invoice discounting and merchant credit advances. Fintechs can be considered Inclusive Financial Institutions, especially if their core technology is used to reduce transaction costs and enable services such as borrowing, savings or payments on a micro scale. The term “microfinance” is often used as a catch-all to describe the full range of such institutions, and the global specialist investor base is typically described as “microfinance investment vehicles” or MIVs.

Over the last decade and a half, Inclusive Financial Institutions have experienced tremendous growth, and many have undergone transitions to acquire full banking licences. Perhaps the most famous example is

Equity Bank in Kenya. More recent examples include Ghana Home Loans as well as Letshego, which is registered as a bank in many of the 11 countries it serves. The growth in the sector has been driven in part by the growth of the MIV community. According to the “2018 Symbiotics MIV Survey,” the global microfinance asset class totals USD 15.8 billion, approximately eight times larger than it was 10 years earlier.

The community of MIVs has established itself as a niche asset class in the global investment universe. The growth of this asset class is a testament to the strength of its financial performance, including a positive return every year since 2006, coupled with much lower volatility than other fixed-income benchmarks such as the JPMorgan Global Bond Index.

The growth of MIVs has been matched in many markets by growth in local bond markets. Institutions such as afb in Ghana and Madison Finance in Zambia, both of which first issued bonds in 2015, are blazing a trail for other Inclusive Financial Institutions to follow in their home markets.

Meanwhile, this growth in debt funding has exacerbated the imbalance between the availability of equity and debt capital. Another factor is that many IPO markets in Africa are highly illiquid. Most Inclusive Financial Institutions are too small to tap the IPO markets effectively, i.e. to offer an IPO large enough to create meaningful liquidity in the secondary market. In this respect, the contrast between Africa and other markets is stark. According to Caspian Impact Adviser, a leading Indian MIV, 72 Indian microfinance institutions have launched IPOs since 2011, compared with only 17 on the African continent.

Hybrid capital includes a range of instruments - from subordinated debt to preferred equity - which are popular in the banking sector globally, but rarely available to financial institutions in Africa. Hybrid capital instruments enable regulatory capital to be tiered according to factors such as tenor, degree of subordination and loss-absorption capacity. They also allow for fixed redemption, exit and other contractual terms, which can help balance the requirements of regulators with the needs of investors. Finally, and perhaps most importantly, hybrid capital can bring into play new investors that otherwise might not have invested in the sector.

Typical Inclusive Financial Institutions leverage their regulatory capital four or five times with senior debt. In other words, their regulatory capital typically represents 20 to 25 percent of their total assets. Thus, an investment of USD 100 into hybrid capital instruments can facilitate a loan of USD 400 to USD 500 to an SME, a school, or a family buying a home.

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Verdant Capital recently launched the Verdant Capital Hybrid Fund, which will invest hybrid capital in Inclusive Financial Institutions in Africa. The fund is a limited partnership, established under the laws of Mauritius, with a 12-year life and a targeted size of USD 80 million. The fund has secured initial approval for a commitment from its anchor investor, a leading European development finance institution. The Verdant Capital Hybrid Fund is scheduled to close in 2019. 📌



## SPECIAL REPORT

*This vignette is the third in 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 2019 in a location to be announced soon!*

*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.*

### Growing Enterprises in Kenya from Micro- to Small to Medium-sized, With Help from SAM

Since ECLOF Kenya opened its doors in 1994, more and more of its clients - mostly group borrowers in rural areas - have been growing their businesses beyond the bounds of "micro." Mary Munyiri, the CEO of the MFI, knew her organization had to find a way to grow with them. When she attended SAM in 2017, she benefitted from sessions on topics such as "Challenges Facing Actors Financing SMEs" and "Key Players of SME Growth: Incubators, Accelerators and Business Angels."

Ms Munyiri says, "During SAM, my understanding was enhanced regarding the fact that SMEs are price sensitive, and they also require longer loan terms compared with the shorter term products offered to smaller enterprises. This information was very useful when our organization was developing a loan product for this category of customers."



Since then, ECLOF Kenya has been growing its SME portfolio. Ms Munyiri explains, "We have developed a product that is now able to take care of the customers that are upgrading from micro- and small enterprise to the SME level." She adds, "The institution's commitment is to start by growing its SME portfolio to 5 percent and thereafter sustaining it at about 10 percent."

ECLOF Kenya has 44 service outlets and a portfolio equivalent to USD 11.9 million outstanding to 58,000 borrowers. Two percent of its portfolio is made up of individual loans, which have an average size of USD 3,557. The MFI is a member of Switzerland-based ECLOF International, a nonprofit network of 13 MFIs on four continents. The network was established in 1946 as the Ecumenical Church Loan Fund.

*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 and the African Rural and Agricultural Credit Association. The Fédération des Association Professionnelle des Systèmes Financiers Décentralisés de l'Union Economique et Monétaire Ouest Africaine is about to join the steering committee as well. We invite you to read more about SAM at <http://www.microfinance-africa.org/>.*



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## EAR TO THE GROUND

### Digital Remittances: How to Keep the Promises of Price, Convenience and Transparency

Digital cross-border money transfers (remittances) promise to be cheaper, more convenient and more transparent - in terms of exchange rate, timing, etc - than their brick-and-mortar predecessors. Still, many migrants continue to wait in line to send cash remittances from old-fashioned storefronts. When sending money from the US to a family member in Latin America, there are many combinations of destination, payment method, channel and retrieval method. Of the 65 most common, 25 involve cash. It often looks like this: you are paid in cash, you walk the cash to a retail shop that offers financial services, it sends money to your family member via a well-known service provider and your family member retrieves the payment in cash.

The cost of sending money to Latin America has fallen significantly in the past few decades (even while regulation has increased). As a result, the profit margins of brick-and-mortar remittance companies are getting squeezed. Nevertheless, they persist. Why? The answer likely is volume.

This autumn, my company has been conducting a survey of 2,000 migrants to the US from Latin America and the Caribbean for the Inter-American Development Bank's FOMIN. (In case you're wondering, the surveys are completely anonymized.) While we don't have the hard numbers yet, our perception is that many migrants still prefer to send money home in cash. Based on the wide range of reasons they cite for this choice, it seems there will be no easy way to turn it around.

For those who are paid in cash and don't have bank accounts, switching to a digital service just for their remittance payments doesn't make much sense. For migrants who receive checks, many check cashers offer remit-

tance services, which makes for convenient one-stop shopping. Even those who have bank accounts may find it easier to go directly to a remittance operator rather than bringing their pay to their bank and then transferring part of it.

Convenience is just one of many factors. Some migrants tell us that they still don't trust digital channels to follow through on delivering payments. Others are uncomfortable sharing their - or their family members' - data with digital providers. In some cases, a family member may be telling the migrant how he or she prefers to receive the payment. Finally, there are some migrants who simply have become accustomed to traditional channels and have little appetite for change.

In the coming weeks, we will be quantifying these responses, and we look forward to using the data to look for some "easy wins" for digital financial service providers. However, I suspect that the answer is not so easy and that, instead, it will require the combined efforts of a broad range of stakeholders. Though this will involve quite a bit of coordination, it is essential to many of the new entrants that are betting on a digital strategy. The alternative - if the demand-side barriers are not tackled - is that more and more players dig in to the relatively small digital pie, leaving less money to be made, which means fewer incentives to offer quality products at attractive rates. This is just what I fear could reverse the promise of digital remittances to be cheaper, more convenient and more transparent.

*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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## MICROCAPITAL MARKET INDICATORS SUB-SAHARAN AFRICA

POWERED BY



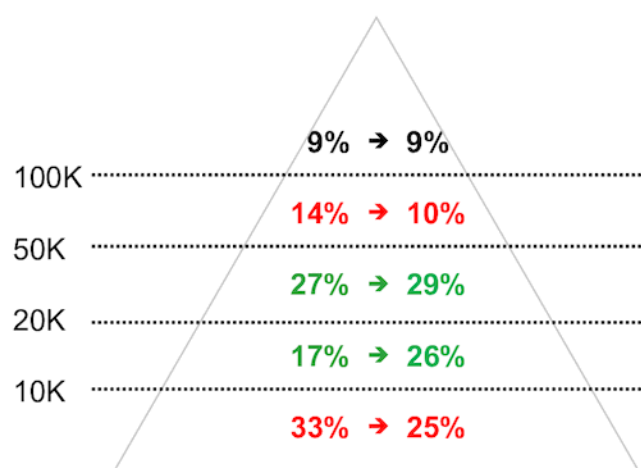
64 MICROFINANCE INSTITUTIONS (MFIs) REPORTING\*

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

MFI NAME	COUNTRY	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2015	2017
MicroCred - Cote d'Ivoire	Cote d'Ivoire	51,732,980	62	63,372,347	166,838,307
MicroCred - Senegal	Senegal	36,711,378	39	78,734,074	152,156,829
Advans - Cote d'Ivoire	Cote d'Ivoire	35,470,952	69	38,562,178	109,504,082
FCPB	Burkina Faso	17,992,215	12	139,514,066	175,498,496
MicroCred - Madagascar	Madagascar	17,839,229	40	36,672,343	72,350,801
FECECAM	Benin	15,705,137	23	62,117,792	93,528,066
MicroCred - Mali	Mali	8,663,616	31	24,298,588	41,625,820
Access Bank Madagascar	Madagascar	8,640,962	25	30,496,347	47,778,271
Pamecas	Senegal	8,482,708	14	57,207,844	74,173,259
ACEP Burkina	Burkina Faso	7,452,330	67	8,398,743	23,303,403

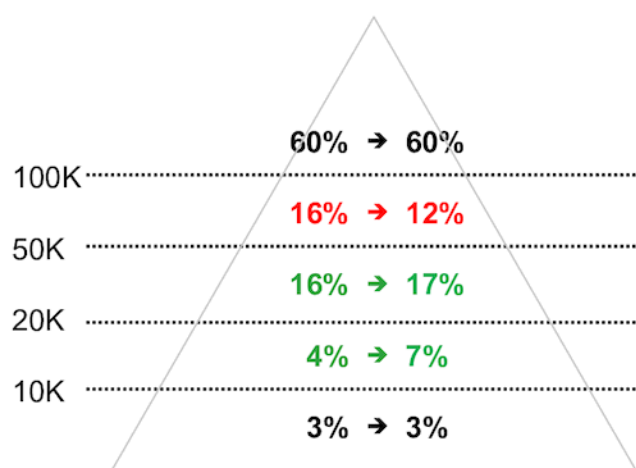
### PERCENT OF MFIs IN MARKET BY SIZE (NUMBER OF ACTIVE BORROWERS)

2015 → 2017



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

2015 → 2017



\*Includes only MFIs that reported data for both 2015 and 2017 to the Microfinance Information Exchange (MIX) Market

Source: MIX, October 2018

## UPCOMING EVENTS

### Global SME Finance Forum and Awards 2018

November 5 - November 7, 2018; Madrid, Spain

Themed “Reaching the Informal: the Role of Finance in Improving the Growth and Productivity of SMEs,” this event will include sessions on topics such as digital banking as well as the presentation of the Global SME Finance Awards. The cost is USD 1,200 per person for the general public, but attendance is free for members of the SME Finance Forum. For additional information, you may contact Hounn Thy at [smefinanceevent\[at\]ifc.org](mailto:smefinanceevent[at]ifc.org) or +1 202 458 9218, or you may visit <http://www.globalsmefinanceforum.org/2018/>.

### Sanabel Annual Conference

November 6 - November 7, 2018; Amman, Jordan

Attendees at this event will explore the needs of clients of micro-finance institutions (MFIs) in the Arab region, including how MFIs can ensure their operations remain responsible while they expand product and service offerings. The registration fee is USD 1,100, with a rate of USD 1,000 offered to members of the Sanabel network and all Jordanian citizens. For additional information, you may call +2 2 25 37 30 23, email [conference2018\[at\]sanabelnetwork.org](mailto:conference2018[at]sanabelnetwork.org) or visit <http://www.sanabelconf.org>.

### 14th International Microinsurance Conference

November 6 - November 8, 2018; Lusaka, Zambia

This event will cover strategies to expand the growth and accessibility of microinsurance services in emerging economies. The full registration fee is USD 1,390, although a range of discounts are offered for certain groups. The event website is <http://www.munichre-foundation.org/home/Microinsurance/common/IMC-2018.html>.

For additional information, you may contact the organizers at [info\[at\]munichre-foundation.org](mailto:info[at]munichre-foundation.org) or +49 89 38 91 88 88.

### Making Finance Work for Women

November 7, 2018; New York, USA

This conference will include discussions on increasing female involvement in the financial industry and creating more economic opportunities for women worldwide. Event tickets cost USD 500. More details are available by visiting <https://mfww2018.com/>, calling +1 212 768 8513 or by emailing the organizers via the event website.

### Africa Fintech Summit

November 8 - November 9, 2018; Lagos, Nigeria

This summit will include sessions such as: (1) Regulatory Frameworks to Facilitate Innovation; (2) Banks and Fintechs - Models for Partnership; (3) The Outlook for Open Banking in Nigeria; and (4) Artificial Intelligence. Additionally, there is a half-day workshop on blockchain and the Alpha Expo, which will showcase new platforms and products. The fee per delegate is USD 400 for Nigerians and USD 550 for international participants. For more information, you may contact Claire Livesay at [claire\[at\]dedalusglobal.com](mailto:claire[at]dedalusglobal.com), or you may visit <https://africafintechsummit.com/lagos/>. No phone number is offered.

### Africa Early Stage Investor Summit

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

This summit will encourage the discussion of recent investments in startups and early-stage firms. The VC4A Venture Showcase will offer entrepreneurs the chance to pitch their ideas to a panel of investors. The 2017 showcase resulted in deals totaling USD 12 million. The fee to attend is USD 450. For additional information, you may visit <https://vc4a.com/aesis/africa-early-stage-investor-summit-2018/> or email [team\[at\]africaninvestorsummit.com](mailto:team[at]africaninvestorsummit.com). No phone number is offered.

### European Microfinance Week

November 14 - November 16, 2018; Luxembourg

November 14 will be centered on the European Microfinance Platform's (e-MFP's) Action Groups, which focus on topics such as rural outreach and innovation, investors, and green-inclusive and climate-smart finance. On November 15 and 16, more than 80 organisations will be represented in over 25 sessions addressing a wide range of issues. In addition, the EUR 100,000 European Microfinance Award will be presented for achievement in “Financial Inclusion Through Technology.” The standard registration cost is EUR 625, with various discounts available. For additional information, you may email [contact\[at\]e-mfp.eu](mailto:contact[at]e-mfp.eu), visit <http://www.e-mfp.eu/european-microfinance-week-2018/information> or call +352 26 27 13 82.

### WSBI World Congress of Savings and Retail Banks

November 15 - November 16, 2018; New Delhi, India

This gathering will focus on the role of retail banks in “making globalization inclusive for all.” Presentation titles include: (1) Digitisation as a Tool for Financial Inclusion and Customer Proximity; (2) Locally Focused Savings and Retail Banks in a Circular and Digital Economy; and (3) Two Worlds No Longer Apart - Rural and Local Development for Growth in Harmony. The fee to attend is EUR 900. For more details, you may visit [https://www.wsbi-esbg.org/Events/WorldCongress\\_2018](https://www.wsbi-esbg.org/Events/WorldCongress_2018), call +32 2 211 11 11 or email [info\[at\]wsbi-esbg.org](mailto:info[at]wsbi-esbg.org).

### The Grameen Credit Agricole Foundation's Week

November 19 - November 22, 2018; Montroque & Paris, France

In recognition of the 10th anniversary of the Grameen Credit Agricole Foundation, this series of events will include testimonials from social entrepreneurs, roundtables on the role of women in the economy and a session called “Investing in Africa: Myth or Reality?”. The events are open by invitation only. For more information, you may contact [carolina.herrera\[at\]credit-agricole-sa.fr](mailto:carolina.herrera[at]credit-agricole-sa.fr). No telephone number is offered.

### MORE DETAILS COMING SOON ON:

#### Financial Inclusion in a Digital Economy

November 23 - November 24, 2018; Amritsar, India

#### 8th Global Islamic Microfinance Forum

November 25 - November 26, 2018; Dubai, United Arab Emirates

#### UN Environment Finance Initiative Global Roundtable

November 26 - November 28, 2018; Paris, France

#### Mondato Summit Asia 2018

November 27 - November 28, 2018; Jakarta, Indonesia

#### 10th Biennial Microfinance Conference

November 28 - December 1, 2018; Mekelle, Ethiopia

#### Inclusive Finance India Summit

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

#### Global Microfinance Summit

January 24 - January 25, 2019; Istanbul, Turkey

#### Sankalp Africa Summit

February 21 - February 22, 2019; Nairobi, Kenya

#### AFSIC Investing in Africa

May 8 - May 10, 2019; London, UK

#### Financial Inclusion Summit - South Africa

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



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## PAPER WRAP-UPS

### Zambia: “State of the Digital Financial Services Market 2017”

By Nandini Harihareswara et al; published by Mobile Money for the People, a program of the UN Capital Development Fund; 2018; 32 pages; available at <https://uncdf-cdn.azureedge.net/media-manager/89877>

The rate of mobile-phone penetration in Zambia is 82 percent, and the rate of financial inclusion is 59 percent. The financial inclusion rates of men and women are 69 and 57 percent, respectively.

From 2014 to 2017, the percentage of people who have access to digital financial services in Zambia rose from 2 percent to 24 percent. The least tapped market segments include women and youth as well as men in rural areas. The country has 18 firms offering mobile money services, and the number of agents - which provide cash-in, cash-out and other services - grew 74 percent from 2014 to 2017, reaching 243 agents per 100,000 inhabitants.

Among the challenges that need to be addressed are low levels of product awareness, problems managing agent networks, a lack of successful rural business models, and a lack of trustworthy market data.

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### Sub-Saharan Africa: “Digital Financial Services for Agriculture”

By Wisdom Alorwuse et al, published by the International Financial Corporation, 2018, 233 pages, available at [https://www.ifc.org/wps/wcm/connect/4ca05121-fe39-42ae-891f-76203c7b91f0/Digital+Financial+Services+for+Agriculture\\_IJC%2BMCF\\_2018.pdf?MOD=AJPERES](https://www.ifc.org/wps/wcm/connect/4ca05121-fe39-42ae-891f-76203c7b91f0/Digital+Financial+Services+for+Agriculture_IJC%2BMCF_2018.pdf?MOD=AJPERES)

Although the potential mobile-money market in Africa is large, barriers remain, such as a lack of client training on product usage and a lack of client trust in the products. The paper includes case studies on providers including Apollo Agriculture in Kenya, myAgro in Tanzania, and Tigo Rwanda.

### Informal Finance in Sierra Leone: Why and How it Fits into the Financial System

By Hara Mahdi, 2018, 32 pages, available at [http://www.findevgateway.org/sites/default/files/publication\\_files/informal\\_finance\\_in\\_sierra\\_leone-working\\_paper\\_i.m\\_final\\_160718\\_1.pdf](http://www.findevgateway.org/sites/default/files/publication_files/informal_finance_in_sierra_leone-working_paper_i.m_final_160718_1.pdf)

This paper outlines four theories for why the informal financial sector in Sierra Leone continues to be strong despite the innovations that have occurred in the country's formal financial sector since the 1990s. Among these is the “imperfect information” theory, whereby channels specializing in different types of transactions emerge and persist when there are significant limitations on the availability of information and contract enforcement. 📖



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