

MICROCAPITAL BRIEFS | TOP STORIES

Nigerian Fintech Firm OPay Raises \$120m in Equity

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

Zimbabwe Makes Negligent Directors Liable to Depositors

A new law in Zimbabwe tightens the requirements for microfinance institutions (MFIs) in the country. Each of Zimbabwe's 205 MFIs now will have to pay a yearly fee to maintain its registration with the government. The law also provides for the creation of a Microfinance Advisory Council, which will report to the Minister of Finance and Economic Development on strategic and governance issues. The council membership will include representatives of government, industry and "a reputable consumer body." The law further dictates that the leaders of any MFI that fails after having been managed "negligently, fraudulently without regards for the requirements provided for in this act" shall personally be liable to the organization's retail depositors and institutional lenders. Those liable include the MFI's directors and principal officers as well as shareholders, if those shareholders were "knowingly a party to the carrying on of the business of the institution in that manner...". December 16, 2019

Hayman, Ongo Launch Digital Loan Repayments in Myanmar

Hayman Capital (Microfinance) Company Limited, a licensed deposit-taking microfinance institution (MFI) in Myanmar, recently partnered with Ongo, a local digital payment service provider, to launch an electronic loan repayment system for Hayman Microfinance's 120,000 customers. The service allows clients to repay their loans via Ongo's 1,900 agents or through the Ongo smartphone application. This app, which functions in partnership with Myanmar Oriental Bank, is regulated under the mobile banking license directive of the Central Bank of Myanmar. Ongo is owned by the Ireland-based investment and advisory services firm Ronoc. Hayman Microfinance is a fully owned subsidiary of Hayman Capital Private Limited, a Singapore-based investment and financial holding group. The MFI offers individual and group loans, as well as savings services and finance for small and medium-sized enterprises. It holds total assets of USD 23 million, a loan portfolio of USD 20 million and USD 2.7 million in client deposits. The MFI was founded in 2014 and has 19 branches. Of its clients, 70 percent reside in rural areas, and 77 percent are women. December 16, 2019

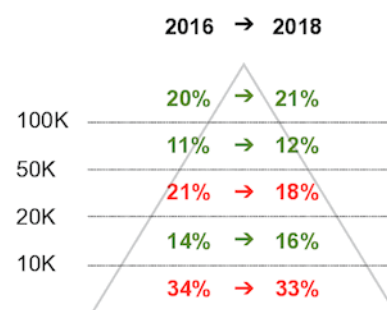
OPIC, Wells Fargo Commit \$108m to Women's MSMEs in Ecuador

The Overseas Private Investment Corporation (OPIC), an agency of the US government that promotes economic partnerships in countries deemed important to US interests, recently committed to loan USD 100 million to Banco Pichincha of Ecuador for on-lending to micro-, small, and medium-sized enterprises (MSMEs) that are "owned by, led by, or support women." Wells Fargo, a US-based financial services provider, also has committed USD 8.5 million to the project, which is expected to reach 53,000 female entrepreneurs in its first five years. The US Ambassador to Ecuador, Michael J Fitzpatrick, commented, "Developing the economic potential of Ecuadorian women - who work on average 20 hours more per week than men - will benefit all Ecuadorians. The loans that result from this financial agreement will boost women's ability to provide for their families, improve their communities and contribute to the economic growth of Ecuador." Founded in 1906, Banco Pichincha has expanded from Ecuador into Colombia, Panama, Peru, Spain and the US. The institution holds assets totaling USD 10.6 billion. December 4, 2019

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LATIN AMERICA & CARIBBEAN PERCENT OF MFIS IN MARKET BY NUMBER OF BORROWERS



MARKET INDICATORS: PAGE 9



MICROCAPITAL BRIEFS

Fintech OPay Raises \$120m in Equity to Expand from Nigeria

OPay, a mobile platform for making payments, arranging car rides and ordering deliveries from restaurants in Nigeria, recently raised USD 120 million in equity from 10 investors to scale up in Nigeria and expand to countries such as Ghana, Kenya and South Africa. The series B investors include five from China: Gaorong Capital, GSR Ventures, Meituan-Dianping, Meituan-Dianping's DragonBall Capital and Source Code Capital. Two additional investors are controlled by US-based firms: Redpoint Ventures China and Sequoia Capital China. The others are SoftBank Ventures Asia, an arm of the Japanese Softbank Group; Bertelsmann Asia Investments, a unit of Germany's Bertelsmann; and IDG Capital, which was founded in the US and has 13 offices in East Asia, the UK, the US and Vietnam. OPay's transportation arm, ORide, facilitates up to 100,000 rides per day. Its payment platform offers services via 40,000 agents. OPay was created in 2018 after the internet services firm Opera acquired PayCom from Telnet Nigeria. Opera was founded in Norway, bought by a Chinese consortium in 2016 and is now traded on the US-based NASDAQ stock exchange. December 13. 2019

Luxembourg Donates \$4m for Technical Assistance in ACP via EIB

The Ministry of Finance and the Ministry for Foreign and European Affairs of the Grand Duchy of Luxembourg recently agreed to give the equivalent of USD 4 million to the EU's European Investment Bank (EIB) for microfinance in low- and middle-income countries of Asia, the Caribbean and the Pacific (ACP). The funding is for institutions serving micro- and small enterprises, mostly for technical assistance relating to capacity building. The President of EIB, Werner Hoyer, said his organization's "blending loans with grants from our partners...ensure[s] a high impact - for donor countries and institutions as well as for people in the project regions." December 12. 2019

MTN Homeland App Offers Remittances to Africa, Asia

South Africa's MTN Group recently released an application for mobile phones called MTN Homeland that allows users to send money or airtime to 17 countries from Europe. The service delivers cash remittances to Cameroon, Congo Brazzaville, Ghana, Guinea Conakry, Rwanda and Uganda. It also allows users to send mobile airtime credit to these countries as well as Afghanistan, Yemen and nine additional African countries. MTN CEO Rob Shuter said his company is "uniquely positioned to go beyond mobile communication by offering instant, low cost digital remittances. MTN Homeland is one more example of how MTN uses Fintech to expand its reach beyond its existing footprint and core business while driving meaningful impact to millions." Formerly known as the Mobile Telecommunications Network, the MTN Group is a telecom with 230 million subscribers in 22 countries in Africa and the Middle East. December 12. 2019

Hayman of Myanmar Borrows \$14m Via 4 Transactions

Hayman Capital (Microfinance) Company Limited, a licensed deposit-taking microfinance institution (MFI) in Myanmar, recently received loans totaling USD 13.75 million. The MFI is a fully owned subsidiary of Hayman Capital Private Limited, a Singapore-based investment and financial holding group. The first of the four loans to Hayman Microfinance was a 3-year contract for USD 2 million from Switzerland-based social investor Symbiotics. Maybank Myanmar lent the MFI USD 3 million for a two-year period. The Microfinance Initiative for Asia Debt Fund and the Enabling Microfinance Fund, both of which are managed by Switzerland-based impact investment manager BlueOrchard Finance, provided a total of USD 2.75 million. Lastly, Myanmar-based Asian Green Development Bank loaned the MFI the local-currency equivalent of USD 6 million. Hayman Microfinance has 120,000 clients in the Ayeyarwaddy, Bago, Mandalay and Yangon regions of Myanmar. It is in the process of expanding into the Nay Pyi Taw, Magway and Sagaing regions. December 11. 2019

Women Entrepreneurs to Access Finance, Tech in Bangladesh

As part of a five-year, six-country effort called Catalyzing Women's Entrepreneurship: Creating a Gender-responsive Entrepreneurial Ecosystem, the governments of Bangladesh and Canada are collaborating with the UN to create an enabling environment for business-women. With the goal of supporting "poverty reduction, social well-being and sustainable economic growth" in Bangladesh, the program is meant to increase women's business financing options and usage of technology. Kamrun Nahar, who serves as secretary to Bangladesh's Ministry of Women and Children Affairs, said, "In recent years, Bangladesh has made significant social progress, as well as economic progress, working towards achieving the status of a middle-income country by 2021. The Ministry of Women and Children Affairs is committed to advancing women's entrepreneurship and economic participation, which will support the advancement of Bangladesh as a whole." In addition to Bangladesh, Catalyzing Women's Entrepreneurship is being deployed in Cambodia, Fiji, Samoa, Nepal and Vietnam. December 10. 2019

Fintech Startups in Pakistan Invited to Accelerator Program

The publicly traded National Bank of Pakistan; the Pakistan-based consultancy Trioca Ventures; and the Asia, Pacific, Middle East and Africa (APMEA) division of Fern Software recently launched the National FinTech Lab (NFL) Accelerator Program for financial technology startups in Pakistan. The 15-week program supports selected startups in developing proof-of-concept for their financial solutions to be integrated real-time with Fern Software's core banking system. Participating firms will also collaborate with stakeholders including potential customers and investors. "The NFL program can play a catalytic role in helping State Bank of Pakistan achieve their financial inclusion agenda and transform the lives of millions of people," said Omer J Ghani, the CEO of Trioca Ventures. Based in Singapore, Fern Software APMEA is a division of UK-based Fern Software. NFL applications are available through January at <http://pnip.com.pk/national-fintech-lab/>. December 6. 2019

Grameen Credit Agricole Foundation Loans \$1.7m to EFC Zambia

The Grameen Credit Agricole Foundation, whose head office is in Luxembourg, has loaned local currency approximately equivalent to USD 1.7 million to Entrepreneurs Financial Centre (EFC) Zambia, which offers loans and savings services, mainly in urban areas in Zambia. Founded in 1996, the microbank's services include invoice discounting and loans for working capital and housing improvements. It also has a program allowing borrowers to become shareholders in the institution. As of 2019, EFC Zambia has 4,000 borrowers, including 1,700 women. EFC Zambia is one of five EFCs set up by Développement international Desjardins (DiD), a member of the Canadian cooperative Desjardins Group. The other EFCs are in Panama, Tanzania, Tunisia and Uganda. These EFCs operate a total of 38 branches serving 38,000 clients, of whom 35 percent are women. In addition to supporting EFCs, DiD manages the equivalent of USD 26 million via two funds. The Desjardins Group, a financial cooperative offering banking, insurance, securities and investment services, holds assets equivalent to USD 238 billion. December 5. 2019

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

SPECIAL REPORT

This feature is part of a sponsored series on SAM (the French acronym for African Microfinance Week), a major conference dedicated to financial inclusion in Africa. The fourth SAM took place in Ouagadougou, Burkina Faso, from October 21 through October 25, 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.

MicroCapital was engaged to report on-site from SAM, and the following describes a portion of the proceedings.



Fostering Resilience to Climate Change with Microinsurance, Savings, Investments in Agriculture

Dan Zook of ISF Advisors argued that smallholder farmers are the “number one most vulnerable in the world to climate change....so it’s important that we talk about adaptation financing.” He cited a survey by CGAP (the Consultative Group to Assist the Poor) segmenting farmers as follows: (1) subsistence farmers are the poorest and most vulnerable, and they need savings and insurance; (2) commercial farmers that sell cash crops can benefit from investments such as drip irrigation; and (3) larger-scale farmers need to think about adaptation as well as how to reduce their own environmental impact. Although agriculture is the source of a quarter of greenhouse gas emissions worldwide, Mr Zook said, smallholders have minimal environmental impact, except in cases of those raising a few particularly resource-intensive crops.

Yann Groeger of BlueOrchard cited his firm’s InsuResilience Investment Fund, which works with insurers to build microinsurance products that help poor people manage climate change. The fund’s investees provide 50 million people with index insurance, which pays out when weather exceeds certain thresholds rather than based on direct losses. Mr Groeger argues that microinsurance is “probably best done when distributed with loans,” that is, bundled together with microloans, often as a condition of loan disbursement. This benefits both the farmer and the lender, in that the farmer wants to avoid having to repay a loan on a failed crop, and the lender doesn’t want customers to be unable to repay. However, financial education is key, Mr Groeger said: “If the product’s not well explained, then farmers might just say ‘No.’”

Louise Boehm of FMO described her organization’s work with Banpro Promerica on the “Green Line” in Nicaragua. This product funds projects such as mini hydroelectric plants and the costs of planting native trees to shade coffee plants, which can help farmers achieve certification that their practices are good for the local rain forest.

Isabelle Van Grunderbeeck of the European Investment Bank (EIB) discussed her institution’s “green” lines of credit for retail banks looking to on-lend for renewable energy and energy-efficiency projects. EIB provides technical assistance along with these credit lines. For example, EIB helped Banco Findesa of the Dominican Republic evaluate the climate risks in its portfolio. EIB also offers an online course on standards for measuring an institution’s climate resilience.

Regarding the paybacks for working toward climate resilience, Mr Zook cited improving an institution’s service to client needs, opening new business lines, differentiating the institution in the market and accessing new funding sources. However, he pointed out that governments in rich countries subsidize most of the premiums that domestic farmers pay for insurance. Thus it is not likely that farmers in poor countries would be able to buy insurance on an unsubsidized basis. However, Mr Zook argued that investing in climate-resilient agriculture can be profitable. For example, drip irrigation is climate-resilient and also can boost yields significantly.

Harnessing Digital Finance, Protecting Consumers at the UNCDF/SAM Night for Digital and Inclusive Finance

During the UNCDF/SAM Night for Digital and Inclusive Finance, UN eTrade for Women Advocate Patricia Zoundi-Yao discussed the importance of agriculture to Burkina Faso and West Africa in general. She noted that 80 percent of the fruits and vegetables cultivated in the region are grown by women. She argued that these farmers need support to minimize pesticide use and reduce the clearing of forests. For example, Ms Zoundi-Yao suggested that governments guarantee the purchase of farmers’ crops. Regarding digital financial services, she proclaimed, “No one is to be left behind by this revolution!”

Hermann Messan of the UN Capital Development Fund (UNCDF) explained how internet access can help farmers learn about best practices, monitor weather forecasts to time their application of fertilizer, apply for loans and insurance, check crop prices, and purchase runtime for pay-as-you-go solar appliances.

On the topic of digital financial services, David Cracknell of First Principles Consulting asked the audience to consider, “What is the environment we need, in terms of regulation, data security, client protection?”. Sometimes, Mr Cracknell argued, it is best to look at the simplest needs of the customer to find ways to build valuable services. As an example, Mr Cracknell cited a farmer about to buy seeds. An app could help her check the soil type in her location, which could help her choose seeds that would produce a better yield. Such an app might use Google Maps, for example, in such a way that the user does not even need to know it is happening. Mr Cracknell cited an award-winning app from Equity Bank Kenya that does just this, layering over other apps that the users need not know how to use, thus simplifying the user experience.

Dr Euphrasie Kouamé of UNCDF argued that, “Microfinance allows us to boost the Sustainable Development Goals [SDGs], but we need data [to do this].” For example, in Togo, her team launched a national survey to learn what percentage of people earn less than USD 1 per day, how many lack educational services, etc. They found that 26 percent of people in the country have health needs they cannot afford to manage. She added that coordination among data collectors is critical to develop usable datasets. Ms Zoundi-Yao also argued that we must upgrade school curricula to reflect the new types of jobs that are being created.

Aiaze Mitha of UNCDF pointed out that digital services are quickening the innovation cycle. He noted that the time from an idea to product launch might now be just 45 days. In terms of risks, he cited data security and bias in artificial intelligence systems. On a broader scale, he asked, “What do we want to be in microfinance? More than a credit machine?”

Wango Fidèle Yameogo, Burkina Faso’s Permanent Secretary for the Promotion of Microfinance, cited the challenges in his country caused by violence that has been spreading there. Now there are 500,000 internally displaced people in the country, and some microbanks are closing branches in the regions that have experienced the most violence. Secretary Yameogo also cited the importance of governments maintaining rules for client protection.

Mr Messan agreed that client protection is very important. On this topic, he cited the example of Google and how its services are not free, even if they seem to be. We need to be aware that companies are collecting user data, from which they earn money. Mr Cracknell concurred, asking: Should Facebook or Google own people’s digital identities? Mr Mitha argued that citizens must have control of their own data. “Government has an important role to play here!”, she exclaimed.

In closing, Dr Kouamé said, “Digital allows us to reach people in difficult places.... It can be done, but we can’t sell oranges to people who want apples.” The key she says is, “not just the number of people with accounts, but: Have we brought change to people’s lives?”. Mr Mitha agreed, “It appears huge, but don’t be discouraged. There is no wrong destination.... The worst pathway is not to progress.”

Diffusing Excuses for Not Measuring MFIs' Social Performance

During a session on measuring social impact, Amelia Greenberg of the Social Performance Task Force (SPTF) reviewed some of the excuses MFI leaders use to postpone measuring client outcomes. Some say satisfaction surveys are sufficient, or they feel a robust process will be too expensive. Some worry that it is unreasonable to claim a cause-effect relationship between their institution's financial services and changes in clients' lives.

Colin Rice of South Africa's Small Enterprise Foundation (SEF) argued that it is valuable to start by analyzing just a few parameters that the organization is already tracking. Monitoring the amount of money that clients save over time is a prime example. It is easy to measure and directly (though not exclusively) attributable to the institution's services. In addition to savings, SEF tracks variables such as housing quality, assets and the amounts of - as well as the reasons for - withdrawals. To help interpret its data, SEF developed thresholds for outcomes that it deems "successful," merely "acceptable" or "not acceptable."

Implementation was a slow process, Mr Rice explained. Retraining staff was difficult. SEF had to revise its financial education system. It dropped certain indicators of poverty that were difficult to measure and had too long of a time horizon. Now, however, the data allow SEF to see how changes to its system affect clients. The institution can run product tests at certain branches before deciding whether to roll them out across the institution. Overall, Mr Rice says, measuring outcomes "allows us to be proactive rather than reactive."

Snezana Jovic of Cerise discussed her organization's tools for social performance management for both microbanks and investors. The tools offer frameworks for evaluating products, assessing procedures, mapping metrics to SDGs, and collecting data from clients.

Machal Karim of the CDC Group described looking at impact at all stages of her institution's investment life cycle, including: (1) considering investees only if they have built impact into their business models; (2) establishing an impact thesis to go along with each investment thesis; and (3) measuring impact over time. Regarding data collection, CDC works to avoid superfluous requests by starting with the data the investee is already collecting. This often includes contrasting elements of the balance sheet, such as collateral-free versus traditional loans or rural versus urban segments.

Antonique Koning of CGAP argued that customers who use financial services have more resilience and are more able to capture opportunities that arise. She described six areas of focus, following the customer journey: (1) Is the product suitable to the client's need?; (2) Does the client have choices?; (3) Are the client's money and data safe?; (4) Is the service fair to the client?; (5) Does the client have a voice in service delivery, such as to get questions answered and issues resolved?; and (6) Does the product meet one or more client goals?

Ms Greenberg listed reasons that a product may not work as intended, such as: insufficient staff training, clients using the product outside of its intended purpose, high product prices, lack of client trust, inappropriate expectations regarding time horizon, lack of complimentary services, products that are inappropriate to the market segment, poor data and unrelated stressors causing client setbacks. A process to address such issues should involve planning, data collection and data analysis, all before taking action.

The business case for taking on the challenge of measuring social impact includes that successful clients are more likely to become long-term clients that repay loans and refer new clients. In addition, institutions with good data will make better decisions about where to put new branches, what staff to hire, what products to offer, how to train staff and how to market products. Another key is the ability to identify emerging problems before they become big problems. The takeaway, Ms Greenberg said, is to start now, with the data you already have. Simply talking to a few clients about impact can get some ideas flowing quickly.

Chasing Away Women with Loud Music, Sharing Tractors Like Uber, Selling Agricultural Inputs Like Mobile Phone Credit

At a session on agricultural and financial technology, Paul Kweheria of US-based NGO MercyCorps discussed issues such as alternative credit scoring and how to increase the *usage* of available financial services. To improve one lender's credit scoring, MercyCorps worked with its staff to expand the sources from which it draws data. Previously, it had relied on bank and mobile-money transactions, but it added agricultural data from producers' cooperatives, thus increasing its confidence in lending to farmers. Regarding boosting usage, the MFI FINCA found usage in one region was much lower among women. Upon further research, MercyCorps and FINCA found that the chief marketing strategy in the area - sending vans blaring loud music into small villages - was less favored by women.

Emmanuel Ansah-Amprofi of Ghana's Trotro Tractor described how his company's service helps small-scale farmers mechanize their operations. Farmers call a toll-free number to request a tractor for a short period of time, such as for harvest. Within 72 hours, the farmer is connected with one of the 320 tractor owners that partners with Trotro. Trotro takes a commission of 10 percent on the payment from the farmer to the tractor owner, which totals USD 20 to USD 25 per acre. Mr Ansah-Amprofi said the mechanization helps farmers increase their yields by 50 percent to 66 percent.

With more demand for tractors than its tractor owners can supply, Trotro has developed several methods for supporting tractor *buyers*. For example, Trotro's data can help a bank forecast how much money a new tractor can bring in, thus increasing its confidence in lending to the tractor buyer. Trotro can also divert a percentage of the tractor owner's income directly to the bank to pay off the tractor loan.

Karen Rieckmann of the NGO myAgro discussed her organization's support of 60,000 farmers - typically women tilling about an eighth of a hectare - in 1,500 villages in Mali and Senegal, as well as newly in Tanzania. Her team observed that nearly everything in the towns most accessible to the farmers is sold in small, affordable units. A unit of phone credit or cooking oil might cost USD 1, while seed or fertilizer costs USD 50 per unit. MyAgro started equipping young people in these towns with smart phones to act as "village entrepreneurs," offering cash-in and cash-out services for savings plans. Farmers receive an account card, which allows them to save money in increments as small as USD 1. Over time, the farmers build up credit to pay for myAgro to deliver seeds and fertilizer to them at planting time. These quality inputs, along with training from myAgro, have increased the farmers' yields by 50 percent, which is worth USD 145 to a typical family. After the farmer saves successfully during her first year of participation, she saves an average of 27 percent more in her second year.

Ms Rieckmann also described using technology to reduce costs. For example, staff are trained, motivated and retained via WhatsApp messages and videos. Automated tracking also offers insights into transaction patterns, such as what times of day women tend to save. A higher frequency of saving during the evening hours led myAgro to focus its staffing availability on that time of day.

In a similar case, MercyCorps was able to determine that women preferred to save as part of a periodic plan, whereas men preferred open-ended accounts. While women saved less, they did so more consistently, particularly on Wednesdays and Fridays. Meanwhile, Monday was the day that they most often broke with their savings plan. In response, the institution began sending its customers motivational SMS (text) messages on Sundays to encourage consistent saving.

Mr Kweheria also described a tea buyer in Tanzania that had a system for paying tea farmers in cash via village intermediaries. With money getting delayed and "lost," the case was strong for moving to digital payments. However, the intermediaries would lose power, so incentives were used to defuse any incentive they might have for sabotage.

Innovators' Village, Part One: Credit Scoring Methods, Data for Farmers, Digital Financial Services

Thirty firms presented their newest technologies during SAM's full-day Innovators' Village. Among these was ICCO Cooperation, whose representatives described their organization's ACAT tool for evaluating the creditworthiness of agricultural producers. ACAT, which was designed in partnership with the French bank Crédit Agricole, helps loan officers who do not specialize in agriculture to evaluate producers' operations. The tool calculates the input needs per hectare for crops such as sesame as well as predicting farmers' income. While the pilot phase has gone well, there have been a few challenges, such as poor internet connectivity and difficulty calculating the sizes of farmers' plots due to deficient land surveys.

Mohamed Asri of HPS (High-tech Payment Systems) discussed his firm's PowerCard core banking system, which allows the "client to act as an agent." The system allows her to perform transactions, apply for a loan and get a credit score that she can monitor as she works to improve it. Upon loan disbursement, she can access the funds via a bank or payment card, among other other avenues. PowerCard also allows loan officers to operate via tablets. The system conforms to the currencies, languages and regulatory requirements of many countries.

Jean-Louis Perrier of Suricate Solutions explained his firm's work to reduce the time it takes for financial services providers (FSPs) to discover security breaches. While months often pass without detection, he said, Suricate frequently finds breaches in just days or hours. The computer systems operated by Suricate's 47 FSP clients automatically send data logs to the firm's center in Senegal for risk analysis. As part of its work, Suricate also trains security engineers, counsels central banks on security and shares information on emerging threats with others in the industry to improve the security of all.

Representatives of Rwanda-based ADFinance described their firm's "Push and Pull" service, which allows clients to add to or withdraw from their savings accounts via agents, banks and automated teller machines (ATMs). These transactions, which can be initiated via codes sent from simple mobile phones, work via mobile money systems such as those of MTN and Orange. The service is part of ADFinance's core banking system, which is deployed via cloud and in-office installations in eight countries.

Quipu, a member of the ProCredit Group, offers FSPs a subscription-based model to offload data management processes to a remote system. This includes a decision-making and scoring tool that incorporates quantitative and qualitative data to evaluate client creditworthiness. Among the core banking system's other features is significant flexibility regarding repayment schedules. The group has been active in micro-finance for 30 years, and Quipu now has clients in Africa, Europe and Latin America.

Projet Femmes-Jeunes Entrepreneurs et Citoyenneté (ProFeJeC) offers a 12-month incubator program for innovative financial initiatives run by women and youth in Burkina Faso. Several of its constituent organizations presented at the Innovators' Village, including the following: (1) Yelen, an NGO offering technology-based health and microinsurance solutions; (2) Aion Digital, whose Yelkai savings product enables women to save via FSPs and telecommunication firms' mobile money services; (3) AgriData, which provides weather and agricultural information to small-scale farmers, including via local-language call centers and voice messages for clients who are not literate; and (4) ITS, which connects FSPs with clients via agents, the internet and mobile devices in a way that reduces the challenges of tracing cash.

Innovators' Village, Part Two: Solar Kits Allowing Resale of Power, Internet Access; Staff Training by Subscription; Free Business Planning Software

Also among the presenters at the Innovators' Village was Qotto, a provider of kits that bring solar power and internet access to off-grid households. The kits include battery packs that can run appliances such as lamps, televisions and telephone chargers. The system also includes an app that allows Qotto and the owner to share revenue from selling phone recharges or wireless internet access to neighbors.

Eclectics International offers a core banking system for FSPs that was designed "by Africans for the African market." Its features allow for loan disbursement via mobile money, as well as integration with ATMs. Its mobile functionality for agents reduces the amount of time spent in the office entering data. In addition, its paperless document system can replace all paperwork. Staff can use tablets in the field via 2G, 3G or 4G networks, or they can work offline and allow the system to sync later when better connectivity is available. The cost of the system, which Eclectics has deployed 1,500 times in 23 countries, can be shared among multiple organizations. In one instance, a new client used the system to raise its customer count by a factor of 10 in a single year.

Gateway Academy offers FSPs consolidated access to an array of digital training providers. Classes, which last five to six weeks, cover topics such as leadership, customer centricity, digital financial services, working with agents and working with clients who lack credit histories. The facilitation of the classes is asynchronous, and work can be completed offline to be synced later. The service includes a tracking system for human resources staff to observe their colleagues' progress. Payment is based on a yearly subscription model. Courses are available in English now and are due to be available in French beginning in 2020.

MSC (MicroSave Consulting) offers technical assistance on social and financial inclusion in India and 10 African countries. It assists FSPs with acquiring practical skills, becoming more customer-centric, accessing research to maximize effectiveness, and undergoing strategic and digital transformations.

Representatives from Musoni described their firm's core banking system, which is deployed at FSPs in Africa and Asia. Its features include access for customers to view balances and perform transactions remotely, as well as to receive confirmations via SMS. The staff app can function offline and then sync when connectivity is available. The Musoni System is a software-as-a-service, so pricing is based on a subscription model.

Hedera offers tools for measuring impact; an e-learning platform; and "Hedera Connect," which helps FSPs, investors and consultants meet and communicate. The organization defines good data as being consistent across countries as well as client segments; easily viewable, such as in a dashboard layout; and automatically distributed to stakeholders, such as investors. In addition to financial indicators, Hedera tracks criteria such as access to water and energy.

The Luxembourg House of Financial Technology is a foundation that offers the "Catapult: Inclusion Africa" program for startups active in financial inclusion in Africa. The program is now accepting applications to spend a week in Luxembourg meeting with investors. Of the 11 participating startups last year, five secured investments ranging from the equivalent of USD 1.1 million to USD 5.5 million.

Microfact offers free tools for FSPs to track financial and social indicators. One of these is Microvision, which helps smaller and midsize FSPs build five-year projections. It "provides a general framework for strategic and operational planning, but it also simulates the impact of different parameters on...overall activity." Training sessions are available at rotating locations worldwide in English, French and Spanish.

Partnerships, Patience, Hummingbird-sized Steps to Meet SDGs

“We need to develop services with added value to increase impact,” said Corinne Molitor of ADA. In the absence of non-financial services, financial inclusion does not lead directly to reduced poverty. To find evidence of poverty alleviation, she said, we must consider the long term because reducing poverty is a very slow process. Mathieu Ciowela of the UN Development Program said of the SDGs, “We have been implementing this for four years. Maybe in 10 years we’ll have data on progress.”

Adrian Kamenitzer of EIB also spoke in terms of decades rather than years. He told a personal story of observing the transition from communism as he grew up in Romania. “In 1990, we had a new regime. We had hopes, but we had no private sector, no investors.... Many MFIs were started in the western part of the country. Thirty years later, that is the most economically developed part of Romania.”

Progress is slow because “development challenges are quite complex,” as Mr Ciowela explained, due to the interplay of “poverty, exclusion, inequality, climate change, poor governance and lack of peace.” In working toward the SDGs, he said, we should consider “the 5 Ps: population, prosperity, planet, peace and partnership,” including partnerships across sectors as well as among countries. By “ensuring that people are supported with easy access to finance, training and technology, then jobs will be created. This increases the distribution of wealth,” allowing for improved health, protection of the environment, stronger peace and a host of other positive outcomes. “Poverty is an open door to crises.... Without peace, nothing can be maintained,” Mr Ciowela said.

Emmanuel Diarra of the African Development Bank discussed “the importance of agriculture, the digital economy, fintech, SMEs [small and

medium-sized enterprises], youth and gender equality.” While the number of Africans lacking financial accounts is nearly twice the global average, Mr Diarra sees many reasons for optimism. He said that with “the advent of the fourth industrial revolution - technology - Africa has a number of advantages,” such as its young population with easy access to mobile phones. He also cited the Africa Digital Financial Inclusion Facility, which “is meant to address systemic challenges by making strategic and catalytic investments” during the course of a decade, totaling USD 400 million in value.

Given the magnitude of the challenges before us, Ms Molitor expressed the importance of starting small. Regarding metrics, for example, she said it is better to look at a few important criteria “rather than to chew everything at the same time, which may not be attainable.”

On a related note, Jean-Luc Konan, the cofounder of Senegal’s COFINA, shared the “legend of the hummingbird.” This is a story about doing one’s part to address a challenge that no single person could solve alone. Mr Konan also shared the idea that one should “start by doing what is necessary, then do the desirable, and soon you will find you are doing the impossible.”

By way of example, Mr Konan described the experience of a “woman in Burkina Faso who got a loan from an institution to start a warehouse. This let her enroll her daughter in one of the best universities, [and] she was able to open a mango-processing plant.”

Mr Konan closed with the suggestion that - because 32,000 people are getting to working in age in Africa daily, and only 8,000 are getting formal jobs - we all need to ask ourselves, “How can we play our part like a small hummingbird?”

Please refer to the October issue of the Monitor for more on the sessions at SAM. To receive a complimentary copy, please email [info\[at\]microcapital.org](mailto:info[at]microcapital.org)

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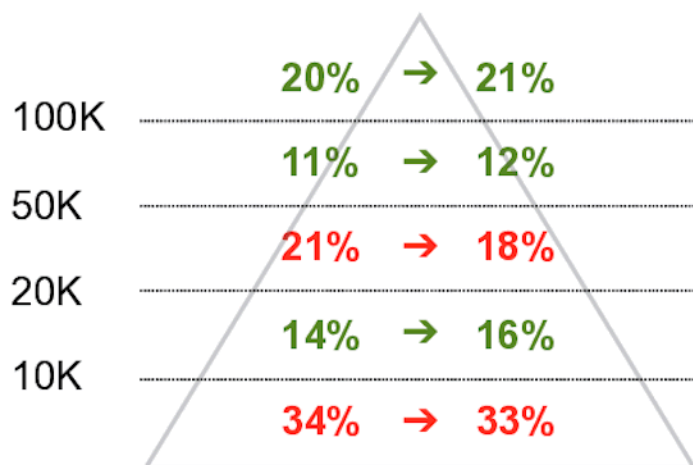
236 MICROFINANCE INSTITUTIONS (MFIs) REPORTING*

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

MFI NAME	COUNTRY	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2016	2018
Mibanco Banco de la Microempresa	Peru	185 million	7	2.57 billion	2.94 billion
CMAC Huancayo	Peru	176 million	21	763 million	1.12 billion
BancoFIE	Bolivia	161 million	11	1.33 billion	1.65 billion
Banco Fassil	Bolivia	153 million	10	1.39 billion	1.69 billion
Banco Solidario (BancoSol)	Bolivia	153 million	11	1.30 billion	1.61 billion
CMAC de Piura Sociedad Anónima Cerrada	Peru	149 million	18	757 million	1.06 billion
Banco del Estado de Chile (BancoEstado)	Chile	145 million	7	2.04 billion	2.33 billion
CMAC de Arequipa (Caja Arequipa)	Peru	139 million	12	1.11 billion	1.39 billion
CrediScotia Financiera	Peru	120 million	11	1.03 billion	1.27 billion
Cooperativa Policía Nacional	Ecuador	113 million	26	379 million	605 million

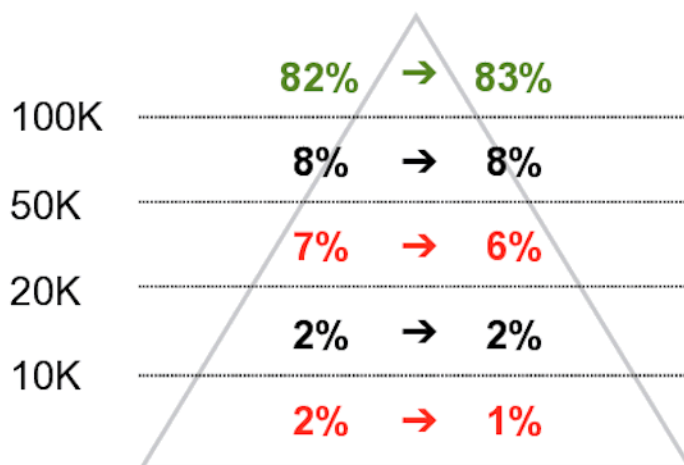
PERCENT OF MFIs IN MARKET BY SIZE (NUMBER OF ACTIVE BORROWERS)

2016 → 2018



MARKET SHARE BY MFI SIZE (NUMBER OF ACTIVE BORROWERS)

2016 → 2018



*Includes only MFIs that reported data for both 2016 and 2018 to the Microfinance Information Exchange (MIX) Market

Source: MIX, November 2019

UPCOMING EVENTS

AFIF (Asia Financial Institutions Forum)

January 22 - January 23, 2020; Bangkok, Thailand

This event aims to foster dialogue among stakeholders in the financial sector to catalyze debt raising, equity investments and technical assistance programs. Session topics include: (1) “Keys to developing a thriving impact investing ecosystem;” (2) “The power of finance to empower Asia’s most vulnerable;” and (3) “Building climate resilience in Asia’s most vulnerable regions.” The cost to attend is USD 495 per person. For more information, you may email [info\[at\]afiforum.com](mailto:info[at]afiforum.com) or visit <https://www.afiforum.com>. No telephone number is offered.

Microfinance Summit 2020

February 6 - February 7, 2020; Rome, Italy

This event will focus on digitalization, including the role that digital channels play in creating and achieving long-lasting success for micro-banks. Session topics will include: (1) Improving Customer Experience in the Microfinance Sector; (2) How Digitization Could Transform You Into a Market Leader; and (3) Making Insurance Work for Microfinance Institutions. The cost to attend is USD 1,439. For more information, you may call +420 234 261 963, email [operations\[at\]euro-events.co](mailto:operations[at]euro-events.co) or visit <https://euro-events.co/microfinance-summit-2020-empower-tech-innovations-and-mobile-digital-channels>.

Finovate Europe

February 11 - February 13, 2020; Berlin, Germany

This conference will focus on showcasing European financial technology and defining “the future of finance.” Themes include: (1) Digital Future; (2) Open Banking; (3) Future Tech; (4) Payments; (5) Financial Crime; and (6) Insurtech. The cost to attend ranges from EUR 995 to EUR 1,995 for various levels of access. Discounts are available for groups and government representatives. For more information, you may call +44 (0) 20 7017 7200, email [info.events\[at\]knect365.com](mailto:info.events[at]knect365.com) or visit <https://finance.knect365.com/finovateeurope/>.

FINTEX Africa

February 12 - February 13, 2020; Kigali, Rwanda

The fourth edition of this event will present the latest in banking and fintech innovation. Session topics include: (1) Building a Financially Inclusive Africa; (2) Tokenisation of Everything: How Blockchain can Transform Africa; (3) Enabling AI to Generate Value at Scale; and (4) Hunt or be Hunted: Moving from Reactionary to Proactive Cybersecurity. The cost to attend is USD 2,999 for non-exhibiting vendors, and entrance is complimentary for executives of financial institutions. For more details, you may call +971 4 443 0168, email [africa\[at\]fintexevents.com](mailto:africa[at]fintexevents.com) or visit <https://africa.fintexevents.com>.

Sankalp Africa Summit

February 27 - February 29, 2020; Nairobi, Kenya

Attendees at the seventh iteration of this summit will “discuss, define and drive forward the critical levers of entrepreneurial success for the Sustainable Development Goals to be achieved by 2030 in Africa.” While the agenda has not been released for this event, last year’s included: (1) Escaping Innovation: Expanding the Notion of Impact to Include the Local Economy; and (2) Educating for the Skills of the Future. The standard cost to attend is USD 669, but entrepreneurs qualify for discounted rates. For more information, you may email [George.Murage\[at\]intellcap.com](mailto:George.Murage[at]intellcap.com), call Intellcap’s Mumbai office at +91 022 61952700 or visit <https://africasummit2020.sankalpforum.com>.

Sanabel’s 2020 Conference: Client Centricity

March 10 - March 11, 2020; Hurghada, Egypt

Themed “Client Centricity: The Road to Greater Financial Inclusion,” this event is produced by the 90-member Sanabel Microfinance Network of Arab Countries. The agenda includes traditional conference sessions, field visits and a set of awards. The fee to attend ranges from USD 650 to USD 900. More details are available via +2 02 25 37 30 23, [conference2020\[at\]sanabelnetwork.org](mailto:conference2020[at]sanabelnetwork.org) and <https://sanabelconf.org>.

SG2020: The Future of Savings Groups

March 10 - March 12, 2020; Durban, South Africa

This conference offers a platform for addressing the challenges of supporting savings groups worldwide, according to the following technical tracks: (1) Leaving No One Behind; (2) Springboards for Youth to Education, Employment and Entrepreneurship; (3) Gender-transformative Approaches for Women’s Economic Empowerment; and (4) Achieving Scale and Sustainability through Digital Savings Groups. The cost to attend is USD 785, with a rate of USD 650 offered to members of the SEEP Network. For more details, you may call +1 202 534 1400, visit <https://mangotree.org/SG2020> or email [SGConference\[at\]seepnetwork.org](mailto:SGConference[at]seepnetwork.org).

MORE DETAILS COMING SOON ON:

16th Annual Global Microfinance Forum

March 12 - March 13, 2020; Lisbon, Portugal

Mondato Summit Africa

March 31 - April 1, 2020; Maputo, Mozambique

Skoll World Forum

March 31 - April 3, 2020; Oxford, UK

Asia - Africa Financial Inclusion Summit

April 15 - April 16, 2020; Dubai, UAE

12th ICT4D Conference

April 21 - April 23, 2020; Abuja, Nigeria

9th Africa Banking & Finance Conference

April 22 - April 23, 2020; Nairobi, Kenya

Africa Trade and Investment Convention

April 23 - April 24, 2020; Amsterdam, the Netherlands

AFSIC (Africa Financial Services Investment Conference)

May 5 - May 7, 2020; London, UK

Finovate Spring

May 27 - May 29, 2020; San Francisco, California, USA

Finovate Asia

June 15 - June 17, 2020; Singapore

Global Forum on Remittances, Investment & Development - Africa

June 24 - June 26, 2020; Nairobi, Kenya


Opportunity Collaboration

October 11 - October 16, 2020; Cancun, Mexico

SOCAP20

October 20 - October 23, 2020; San Francisco, California, USA

European Microfinance Week

November 18 - November 20, 2020; Luxembourg 

PAPER WRAP-UPS

Landscape of Microinsurance in Africa 2018

By Alice Merry, published by the Microinsurance Network, November 2019, 27 pages, available at https://microinsurancenet.org/sites/default/files/Landscape%20of%20Microinsurance%20in%20Africa%202018_LR.pdf

This iteration of the “Landscape” series provides insights into the microinsurance industry based on data from 2017 supplied by 100 insurers in 16 countries in Africa. This dataset indicates microinsurance products cover 15 million people, 2 percent of the low-income bracket in Africa.

While more Africans have life cover than any other type of insurance, the authors observe a significant increase in the number of people covered by health insurance. Meanwhile, the most complete datasets available for the study, which are from Kenya, Nigeria, Senegal, Togo, Uganda and Zambia, show an overall decrease in total insurance coverage from 10.8 million people to 10.1 million people. This is primarily explained by the failure of mobile network operators to convince customers who had been given free, introductory insurance policies, including funeral insurance and accident insurance, to begin purchasing policies on their own.

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A Tale of Two Sisters: Microfinance Institutions and PAYGo Solar

By Daniel Waldron, Alexander Sotiriou and Jacob Winiacki; published by CGAP (the Consultative Group to Assist the Poor); November 2019; 24 pages; available at https://www.cgap.org/sites/default/files/publications/2019_11_Focus_Note_Paygo_Two_Sisters_2.pdf

The authors suggest that microfinance institutions (MFIs) looking to finance solar products in pay-as-you-go formats should pay extra attention to: (1) product design, in terms of loan tenure and suitability to customers' needs; (2) adapting credit risk management as necessary; and (3) establishing the division of responsibilities between the MFI and the solar product supplier.

Improving Operational Efficiency of MFIs through Tablet Banking

Published by the Louis Berger Group, November 2019, 9 pages, available at <https://sakchyam.com.np/wp-content/uploads/2019/12/Improving-Operational-Efficiency-of-MFIs-through-Tablet-Banking.pdf>

Based on observations of a rollout of 2,300 tablets to 10 microfinance institutions (MFIs) in Nepal, an MFI should consider three partially overlapping questions to optimize its use of tablets: (1) Which elements of the lending process can it automate, and what oversight controls will be required?; (2) Which features of tablets can the organization use to its advantage, such as card-reading capabilities?; and (3) What software modules, such as for know-your-customer processes, can the MFI leverage? 📱






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