MicroCapital Monitor
ON MICROFINANCE & OTHER FORMS OF IMPACT INVESTING

FEBRUARY 2020 | VOLUME.15 ISSUE.2

MICROCAPITAL BRIEFS | TOP STORIES

Crédit du Maroc Borrows $20m for SMEs' Energy Efficiency, Value Chains

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

Banca Transilvania Acquiring Microinvest of Moldova

Pending government approval, Romania's Banca Transilvania (BT) Financial Group is slated to acquire all of the shares of Microinvest, a Moldovan microfinance institution (MFI), for an undisclosed price. The MFI is owned by a group of Europe- and US-based entities, led by the Balkan Financial Sector Equity Fund. Microinvest offers loans with terms of up to 7 years for farming, non-farm enterprises, consumption, cars and housing improvements. The maximum amount for a collateral-free loan is equivalent to USD 56,000. The MFI was founded 16 years ago and has 190 employees serving 25,000 clients at 13 branches as of 2020. On behalf of the largest member of BT Financial Group, BT CEO Omer Tetik said, the team will be "combining the business model we employ in Romania through BT Mic with the one used by Microinvest, as well as through increasing synergies with other companies of Banca Transilvania Financial Group from the Republic of Moldova, namely BT Leasing and Victoriabank." BT Mic is a member of BT Financial Group that offers microfinance to 10,000 clients in Romania. The group reports total assets of USD 19.5 billion. February 25. 2020

SoftBank Investing in AlphaCredit's E-lending in Mexico, Colombia

AlphaCredit, a non-banking financial technology (fintech) firm based in Mexico, recently raised USD 125 million from a group of investors led the Japanese conglomerate SoftBank, via its Latin America-focused SoftBank Innovation Fund. AlphaCredit lends to individuals in Mexico and Colombia as well as serving small and medium-sized enterprises in Mexico. Neither the level of SoftBank's participation in this Series B equity round nor the identities of the other participants have been made public. Founded in 2011, AlphaCredit began its operations by granting payroll loans to employees of the Mexican government. In 2015, it expanded into Colombia. As of 2018, AlphaCredit reported net assets equivalent to USD 950 million. As of 2020, it has 2,000 sales agents and operates 68 branches in Mexico plus 950 agents and 25 branches in Colombia. February 24. 2020

With Rural Focus, Kafo Jiginew of Mali Borrowing $11m from EIB for 7 Years

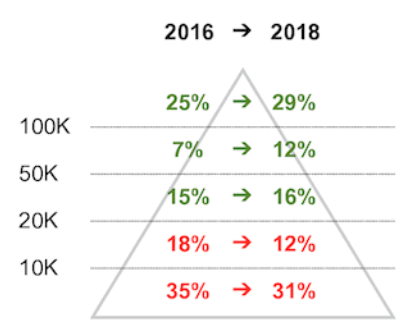
Kafo Jiginew, a credit union in Mali, has agreed to accept a loan equivalent to USD 10.8 million in local currency from the EU's European Investment Bank (EIB). EIB will support its investment with technical assistance for Kafo Jiginew staff regarding risk management. The loan carries a term of 7 years, with a grace period of 18 months. The funding is expected to enable 60,000 loans to 15,000 small-scale agricultural producers, artisans, market traders and other low-income entrepreneurs. Many of these borrowers will be women, living in rural areas or both. David Dao, the general manager of Kafo Jiginew, argued, "The growth of microloans contributes to the economic and social development of Mali and the stability of the Sahel." One of the particular challenges that the funding will address is the impact on cotton farmers from the recent drop in the price of their product. The loan also is intended to increase the resilience of small-scale farmers in general, as they are more susceptible than large-scale farmers to extreme variation in rainfall. Kafo Jiginew serves 400,000 members of 19 cooperatives. February 24. 2020

Bangladesh Rate Cap to Make Microlending "Unviable Overnight"?

As of April 1, all lending in Bangladesh is to occur at a price of no more than 9 percent per year. The only exception is for loans via credit card. In advance of the deadline, the average lending rate for cottage, micro- and small enterprises (CMSEs) reportedly stands at 16 percent. Economist Zahid Hussain argued, "The 9-percent interest rate cap will not cover the costs and risks, thus resulting in the sector's CMSE portfolio becoming commercially unviable overnight. This will…reduce the supply of credit to these customers, forcing them to borrow from unofficial predatory lending sources such as traditional moneylenders." Despite calls to exempt CMSE loans from the new cap, Finance Minister AHM Mustafa Kamal reportedly called the decision "final." February 18. 2020

INSIDE | Page

EAST ASIA & PACIFIC
PERCENT OF MFIs IN MARKET BY NUMBER OF BORROWERS



MARKET INDICATORS: PAGE 8

MICROCAPITAL BRIEFS

FMO Mulls $5m Investment in India's Innoviti Payments

The Netherlands Development Finance Company, which is also known by its Dutch acronym FMO, recently expressed interest in investing the equivalent of USD 5 million in Innoviti Payment Solutions, a provider of cashless payment services to retailers in India. Innoviti was formed in 2002 and has since enabled "in-store payment acceptance for 20,000+ merchants, across 300 cities and towns." February 29. 2020

Brazil Launching Pix for Instant Merchant, P2P, G2P Payments

Banco Central de Brasil is aiming this year to roll out an instant payment platform called Pix, which will use images known as QR codes to process transactions. The system will allow users to connect their accounts at banks or financial technology (fintech) companies via Pix to send and receive money across Brazil instantaneously. This includes the ability to send money to friends, family, government agencies, utilities and retailers. February 28. 2020

IIV Refinances $3m for Alliance Myanmar, With Rural Goals

Germany-based Invest in Visions (IIV) recently disbursed a loan of USD 3 million from its fund IIV Mikrofinanzfonds to Alliance Myanmar, a microfinance institution in Myanmar. Alliance is using the funds to refinance its debt to help it continue its support for rural entrepreneurs. Alliance was created in 2014 to "contribute to poverty alleviation and economic growth." It has a portfolio of 148,000 loans outstanding, of which half are deployed in rural areas. The sizes of Alliance's retail loans average USD 200, and 80 percent of them go to female entrepreneurs. February 24. 2020

IFC Lends $16m to BT Mic for MSEs in Romania, With Gender Lens

The World Bank Group's International Finance Corporation (IFC) recently loaned USD 16 million to BT Mic, a lender to small businesses that is part of Romania's Banca Transilvania Financial Group. The funding is intended to finance micro- and small enterprises (MSEs) in Romania, with a particular focus on female-owned enterprises. Vittorio Di Bello, IFC's head of the financial institutions group for Europe and Central Asia, said that the funding of MSEs "is an important mechanism to support the development of the private sector, especially in less developed regions in Romania. We expect this financing [also] to help boost financial intermediation for women entrepreneurs." BT Mic, which began operating in 2017 and serves 10,000 customers, targets enterprises with cash flow up to the equivalent of USD 226,000 per year. Banca Transilvania Financial Group reports total assets of USD 19.5 billion, serving 3 million customers in Italy, Moldova and Romania. February 23. 2020

A91 Buys Stake in Fintech Lender Aye Finance as Accion Exits

Accion Venture Lab, the seed-stage investment initiative of US-based NGO Accion, recently sold its stake in Aye Finance, an India-based lender, to A91 Partners, an Indian venture capital fund. Accion Venture Lab bought a 15-percent stake in Aye in 2015 and provided advisory support to the organization in developing its mobile lending application. This transaction completes Accion's divestiture from Aye, a process that it began in 2018. The terms of the transaction remain undisclosed. Aye is a financial technology (fintech) firm that was founded in 2014. Through its mobile application, the firm collects data on micro-entrepreneurs' "credit habits and seasonal swings in business" as well as other "financial, behavioral and psychometric parameters" to make credit decisions. From its inception through 2018, Aye disbursed 100,000 loans totaling the equivalent of USD 190 million. February 21. 2020

Crédit du Maroc Borrows $22m for Energy Efficiency, Value Chains

Crédit du Maroc, the local member of the France-based Crédit Agricole Group, recently gained access to loan funding up to the equivalent of USD 21.6 million from the UK-based European Bank for Reconstruction and Development (EBRD) to on-lend to small and medium-sized enterprises (SMEs) in Morocco. EBRD sourced one quarter of the total as "concessional finance" from the Green Climate Fund, which is headquartered in Korea and focuses on reducing greenhouse gas emissions in emerging markets. Crédit du Maroc will on-lend the funding to SMEs looking to "invest in energy and resource efficiency measures" or "develop their participation in regional value chains." Founded in 1929, Crédit du Maroc provides consumers and businesses with financial services including banking, investing and leasing. The bank reported 2019 net profit of USD 53 million on total assets of USD 6.1 billion. Crédit Agricole Group serves 51 million customers in 47 countries. February 20. 2020

While MFIs in DRC Turn Profit, Will SACCOs "Disappear"?

According to data from the Central Bank of Congo, the microfinance sector in the Democratic Republic of Congo (DRC) includes 82 savings and credit cooperatives (SACCOs) and 20 for-profit microfinance institutions. The sector achieved a profit of USD 3.6 million during 2018 after a loss of USD 11.6 million during 2017. Meanwhile the 30-day portfolio-at-risk ratio fell from 31 percent to 28 percent. Despite this improvement, equity capital deteriorated, especially among SACCOs, which experienced a 2.9-percent decline. The 66-member Association Professionelle des Cooperatives d'Epargne et de Crédit (APROCEC) of DRC is encouraging technical and financial partners to support the digitization of SACCOs, which have "remained on the sidelines as the sector has developed." APROCEC General Secretary André Nkusu Zinkatu said, "Without support, we fear SACCOs may disappear from our country." February 20. 2020

ProCredit Bulgaria Borrows $16m from EIB for SMEs, 40% for EE

The EU's European Investment Bank (EIB) recently lent ProCredit Bank Bulgaria, one of the 13 members of Germany's ProCredit Group, the equivalent of USD 16.3 million to on-lend to small and medium-sized enterprises (SMEs) in Bulgaria Of the total, 40 percent is earmarked for "renewable energy, energy efficiency, low-carbon transport, and waste management projects." EIB Vice President Lilyana Pavlova foresees that "our well-established partner ProCredit Bank will sustain employment in Bulgaria, strengthen the competitiveness of the private sector and support the fight against climate change." Launched in 2001, ProCredit Bank Bulgaria reports total assets of USD 6.5 billion, a net loan portfolio of USD 4.7 billion and return on equity of 7.6 percent. The ProCredit Group serves SMEs in Ecuador, Europe and Georgia. ProCredit Holding, the parent company of ProCredit Group, also owns Quipu, a provider of financial software services, and a training institute for ProCredit staff. February 18. 2020

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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!

El Salvador to Borrow $20m for MSEs, 20% to Be Women's

The Inter-American Development Bank, a multilateral institution with 26 country members, recently approved a loan of USD 20 million to El Salvador to provide 2,000 micro- and small enterprises (MSEs) with "access to credit under better term[s]." The government-backed Banco de Fomento Agropecuario de El Salvador (BFA) will implement the program. Of the MSEs impacted, at least 400 are to be located in "highly marginalized municipalities" and an additional 400 are to be owned or operated by women. BFA provides financial services to farmers and consumers as well as micro-, small and medium-sized enterprises via 45 service points. February 17. 2020

Fenix, MTN, UNCDF Pairing Solar Power, Mobile Money in Zambia

Fenix International, a provider of solar home power systems that is controlled by France-based Engie; MTN, a telecom based in South Africa; and the UN Capital Development Fund recently collaborated to train 93 "Fenix Traders" to expand the uptake of solar home systems in Zambia. Previously, usage of the systems, which are enabled and disabled remotely based on users' "pay-as-you-go" payments, were limited by a scarcity of mobile-money agents to accept these payments, particularly in rural areas. To address this problem, the Fenix Traders were trained in both sales of the solar systems and in accepting mobile money. During 10 months of training and implementation, the traders sold a total of 2,000 solar kits to 400 users in 12 districts of Zambia, earning an average equivalent to USD 34. Fenix Trader Evans Mwape said "since becoming a Fenix Trader, I have seen a big difference…when people come to make payment or withdraw money, they always buy some groceries as well, not always a lot but even just a packet of biscuits." February 10. 2020

Sudan Policy Promotes Inclusion, Sets $30k MSE Loan Ceiling

The Central Bank of Sudan recently announced a new monetary policy including goals to boost financial inclusion, increase competition among financial services providers, finance goods produced for export and strengthen financial safety nets. Among the elements of the new policy is to set the maximum loan size to micro- and small enterprises (MSEs) at the equivalent of USD 30,000. Elkhidir Elamin Mohammed, the managing director of Al-Fal MSE Finance, tells MicroCapital, "This announcement is motivating financial institutions to innovate and link their investment activities with development goals" and that moving toward the nation's financial inclusion goals will require "sustainable teamwork and continued capacity building interventions for funders of MSE." February 14. 2020

GAIN, Incofin, Netherlands Building N3F to Invest in Food SMEs

The Switzerland-based, nonprofit Global Alliance for Improved Nutrition (GAIN) recently launched a partnership with Belgium's Incofin Investment Management to create the Nutritious Food Financing Facility, which is intended to boost access to healthy food in sub-Saharan Africa. The facility targets small and medium-sized enterprises operating in "food value chains by providing both technical assistance and investment to help improve their financial performance, sustainability and the nutritional content of their products." Its funders include the Netherlands Ministry of Foreign Affairs, which also participated in developing the facility; the US-based Rockefeller Foundation; and Irish Aid, a unit of the government of Ireland. GAIN and Incofin expect to raise over USD 50 million for N3F from public and private sources. They plan to launch the fund before the end of 2020. February 6. 2020

EUROPEAN MICROFINANCE PLATFORM

NETWORKING WITH THE SOUTH

SPECIAL REPORT

This feature is part of a sponsored series on European Microfinance Week 2020, which will take place from November 18 through November 20 in Luxembourg. The event is held each year by the European Microfinance Platform (e-MFP). MicroCapital has been engaged to promote and report on-site from the event each year since 2012.

Christoph Pausch on the European Microfinance Award 2020: Encouraging Effective & Inclusive Savings

MicroCapital: Why was "Encouraging Effective & Inclusive Savings" chosen as the topic of the 2020 Award?

Christoph Pausch: For much of the past 40 years, the microfinance sector has focused overwhelmingly on credit. Credit is easier to offer and more profitable for the provider. More often than not, this results in credit being provided as the default even when other financial products - such as savings - are better suited to the needs of the client. Moreover, these other options come at both lower cost and lower risk to the client. Unfortunately, the provision of savings as a service to the poor and the excluded remains consigned to a relatively small segment of markets and institutions, remaining a rarity in the global financial inclusion ecosystem. But saving can do so much. It enables consumption smoothing for people with volatile incomes. It helps families protect themselves from shocks, such as health crises. It empowers women by increasing their financial autonomy. It helps build equity by enabling asset purchases. It can be used for productive investment in businesses. It helps families prepare for significant expenditures, like tuition fees or housing improvements. And formal saving increases security compared to informal alternatives. In most of these cases, savings might not be the only solution - but part of a suite of financial activities that make up genuine financial inclusion. This is why it's so important to highlight innovations in this field.

MC: How are you approaching the design of the Award this year? What will the evaluation teams be looking for?

CP: We've incorporated three key components into the Award topic - all reflected in the title. Firstly, there's the "encouraging." Access to savings can be provided at the most basic level by opening accounts, but providers can encourage positive and valuable usage of savings - for planning, goal setting, risk mitigation and investment - by drawing on the growing body of knowledge of human behaviour. People can be "nudged" to save by reaching them at the right times, with the right messages, and supporting them with reminders. Second, savings services need to be "effective." This means they are matched to clients' specific goals, accessible, affordable, easy to understand, transparent and sustainable for the provider. And finally, savings should be "inclusive" - focusing on and reaching un(der)banked and excluded segments, with priority given to client protection. We'll also be looking for initiatives that promote the development of a culture of savings more broadly, in which there is widespread active usage of accounts, high levels of trust, a real focus on financial education and engagement with policymakers.

MC: What organizations do you hope will apply for the Award this year?

CP: There is a broad range of providers that are eligible as long as the initiative is more than a year old and it's playing an integral role in the provision of financial services in one or more countries designated by the OECD as eligible to receive official development assistance. But beyond these requirements, we hope to receive applications from a broad range of providers, from cooperatives and savings groups through NGOs, traditional MFIs, fintechs and regulated banks. The scale of an initiative is relevant to show impact, but it's only one criterion. Overall, the evaluation teams will be looking for innovation that should be spotlighted and has the potential to be replicated elsewhere.

MC: What are the benefits to potential applicants of taking part in the Award?

CP: The headline attraction is that there is a financial prize (100,000 euros to the winner and 10,000 euros to each of two other finalists). And while this prize - generously provided by the Luxembourg Ministry of Foreign and European Affairs - is significant, without doubt the real benefit of the Award comes in the exposure that the 10 semi-finalists (and three finalists) all get. The e-MFP plays a unique role as a network of stakeholders working all over the world; and donors, investors and other potential partners pay attention to the outcome of this Award. There is international and industry press coverage, plus e-MFP's annual publication, which profiles the semi-finalists and extracts the key factors for success from their initiatives. There are also all kinds of partnerships developed, and this work is presented at various panels and workshops. The late Ulanbek Termechikov, former CEO of Kompanion Financial Group (a previous Award winner), once described the Award as the "Nobel Prize of Microfinance." To live up to this lofty comparison, we take the process of running it very seriously, making sure that it always serves its goal of highlighting excellence and potential!

Christoph Pausch is Executive Secretary of e-MFP. The €100k European Microfinance Award is jointly organised by the Luxembourg Ministry of Foreign and European Affairs, e-MFP and the Inclusive Finance Network Luxembourg. The first (short) round of applications for the Award will open on March 9 and close April 15. For more information on how to apply, please visit http://www.european-microfinance-award.com.

SPECIAL REPORT

This feature is sponsored by the Frankfurt School of Finance and Management.

Education for a More Sustainable World

SVGs? SDTs? What on earth do you mean? Back in January 2019, when the idea was born to launch the Frankfurt School's Sustainable World Academy, I was asked many times to explain the abbreviation for Sustainable Development Goals (SDGs) - even by highly educated and well-read colleagues and friends.

Well, a lot has certainly changed since. 2019 will go down in history for Greta Thunberg and her Fridays for Future movement, unprecedented climate events - heatwaves, storms, unbreathable air, dying coral, bushfires and locust swarms - and, finally, a growing sense of urgency. (Literally) every schoolchild understands that climate action is urgently needed if the world is to be comfortably inhabitable beyond 2050. However, it is far less clear *how* change will be brought about without hampering economic growth or undercutting the growing prosperity in emerging and developing economies.

In other words, the timing for the launch of our Sustainable World Academy (SWA) was brilliant! At SWA we strongly believe that, in fact, it is possible to advance the UN's SDGs in a pro-business way - or as they say in English: it is possible to have your cake and eat it too.

SWA offers professional and executive courses that do not waste time with lofty phrases, but teach hands-on knowledge and skills on how to finance and manage a better future for all. Our value proposition is to educate bankers, microfinance professionals and leaders of other businesses dedicated to sustainability, as well as policymakers and students about concrete techniques that can deliver equitable and environmentally conscientious growth.

Over the past 10 years, we have expanded our portfolio from a mere three to a range of 16 programmes. SWA offers courses either online or on campus, and all are directly linked the advancement of SDGs. For example, our e-campus programme "Certified Expert in Agricultural Finance" provides participants with tools to promote No Poverty (SDG 1), Zero Hunger (SDG 2), Responsible Consumption and Production (SDG 12) and Life on Land (SDG 15) by providing small to medium-sized agri-businesses with access to finance. Each of these tools has been field-tested by our course developers.

In general, our courses are clustered in six rubrics, the two most important of which are MSME Finance and Green Finance. The SDGs addressed in these courses are No Poverty (SDG 1), Decent Work and Economic Growth (SDG 8), Reduced Inequalities (SDG 10) as well as Affordable and Clean Energy (SDG 7), Climate Action (SDG 13) and Life on Land (SDG 15). The other rubrics are Risk & Treasury, Agricultural Finance, Leadership & Management, and Digital Transformation. Beginning in September 2020, we will offer a Master of Leadership in Sustainable Finance - online, which will build leadership skills that enable individuals to create sustainable change on national and global levels.

Frankfurt School's International Advisory Services has been a market leader in consulting projects related to financial inclusion since 1990. Through these courses, we are bringing our field expertise into academics, thus bridging the gap between education and sustainability. In fact, we are committed to expanding SWA to deliver material on all 17 SDGs by 2022.

It has been my true pleasure to head SWA this past year. Our colorful and ambitious team has shaped the knowledge and skills of more than 3,000 participants from more than 120 countries during 2019. It is quite a privilege to spend each working day promoting two of my great passions in life: education and sustainability.

I look forward to the adventures of the new decade!

Dr. Barbara Drexler (pictured) is the Head of the Sustainable World Academy at the Frankfurt School of Finance and Management. She is also the programme director for the Master of Leadership in Sustainable Finance - online. She is passionate about bringing about sustainable change and firmly believes that education can play an important role in this change.

EAR TO THE GROUND

An 11-year-old Reminds Me to Innovate Responsibly

Over the past month, I have spent many days bouncing around towns in northern Peru and northeastern Colombia searching for insights into how to make insurance work for farmers who are increasingly vulnerable to climate change. One of my takeaways has implications not only for insurance, but for all of the work going on in the financial inclusion space. As the business models of financial services providers evolve, there is a growing need to bring customers up to speed by explaining new concepts, products and services.

In Colombia, we were testing out ways to explain parametric insurance to smallholder farmers. We discovered that farmer awareness of satellites is low. This isn't terribly surprising - I don't know the inner workings of a satellite myself. But to me, at least, it's a familiar concept. Explaining to farmers that a satellite will help measure rainfall in their municipality, which will then trigger an insurance payout in case of excess rain or drought, is a challenge. Then convincing them that this insurance is a good thing to buy is even trickier, especially when they realize the same satellites are behind the weather predictions they are accustomed to hearing. Referring to weather forecasters on the radio, one farmer replies, "They always get it wrong."

I tested out some visual explanations that I hoped would be simple and not intimidating. I mocked up drawings and tried personifying satellites. "Imagine Tony the Satellite," I said pointing to a rough cartoon I had scribbled in my notebook. My audience, a woman who had just inherited a farm from her in-laws, listened politely with her 11-year-old stepson, Kevin. Kevin suddenly chimed in with some advice for us: "Don't make your explanation childish, and always be truthful." Point taken. There is no need to infantilize a young mother who is supporting her family by growing and selling coffee - or a man who has braved the forces of nature to draw from the earth enough to feed his extended family for over 40 years.

Instead of risking over-simplification with trite cartoons and cute nicknames, we need to do much harder work. First, we need to get better at explaining new concepts by identifying information asymmetries and responding with clear and realistic explanations, using only appropriate media. We should reconsider cartoons altogether, while we're at it. Second, we need to improve our products. If we are tempted to gloss over product flaws in our sales conversations, it means we have a lot more work to do. We must innovate responsibly.

In the case of selling parametric insurance, "responsibility" might include owning up to the fact that satellites are not as good as humans at assessing damage. As such, there might be disadvantages when it comes to filing a claim on a satellite-based insurance product. Your farm may suffer from heavy rains, but if the rest of the region does not, you may not get a payout. It is essential to explain this "basis risk" as part of a responsible sales effort. While many researchers suggest basis risk is too complicated to explain to poor farmers, our experience is that it is merely inconvenient. Any effective explanation will reveal product flaws as well as advantages.

As Kevin wisely told me, "People want to hear the truth." So those of us looking to deploy new ideas, products and services need to remember to be responsible by both being transparent and continuously striving to improve our products. That way, over time, there won't be anything we are tempted to hide.

About the Author: Ms Barbara Magnoni is President of EA Consultants, a development-consulting firm based in New York. She has more than 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, or you may follow her on Twitter at BarbaraatEA.

MICROCAPITAL MARKET INDICATORS
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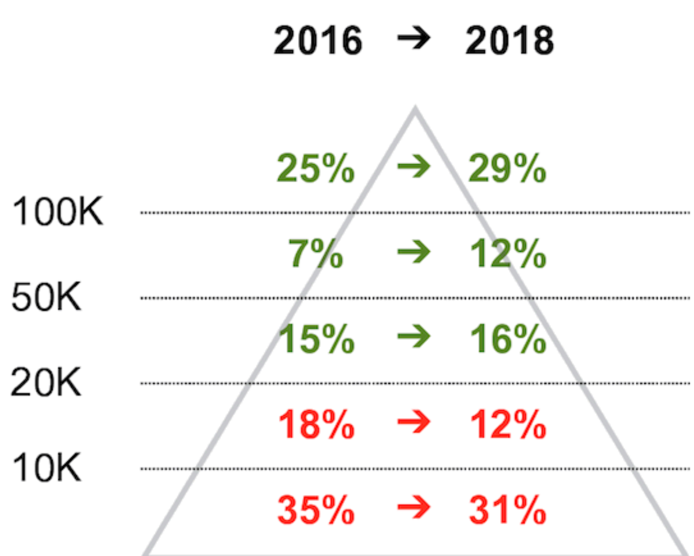
64 MICROFINANCE INSTITUTIONS (MFIs) REPORTING*

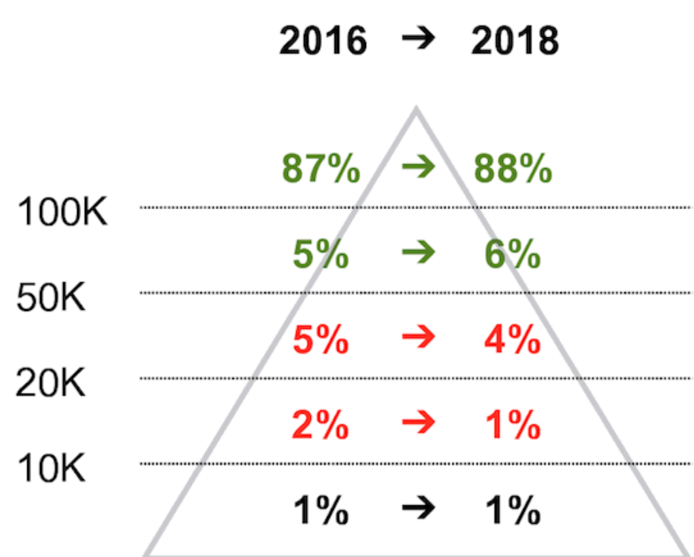
TOP MFIs BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	COUNTRY	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2016	2018
Prasac Microfinance Institution	Cambodia	459 million	37	1.04 billion	1.96 billion
ACLEDA Bank	Cambodia	305 million	10	2.87 billion	3.49 billion
Sathapana Bank	Cambodia	204 million	29	618 million	1.03 billion
Hattha Kaksekar Limited (HKL)	Cambodia	153 million	30	450 million	757 million
LOLC (Cambodia)	Cambodia	132 million	48	222 million	487 million
Amret Microfinance Institution	Cambodia	111 million	18	566 million	789 million
ASA Philippines Foundation	Philippines	79.1 million	37	178 million	336 million
Angkor Mikroheranhvatho (AMK)	Cambodia	49.9 million	29	153 million	253 million
Kredit Microfinance (PhillipBank)	Cambodia	38.9 million	24	144 million	222 million
WB Finance Company (Woori Bank)	Cambodia	36.5 million	23	145 million	218 million

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



MARKET SHARE BY MFI SIZE (NUMBER OF ACTIVE BORROWERS)



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

Source: MIX Market data hosted on the World Bank Data Catalog, February 2020

UPCOMING EVENTS

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 or 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, within 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.

Sustainable Finance Forum: Eastern Europe, Caucasus & Central Asia

March 11 - March 12, 2020; Kyiv, Ukraine
The goal of this event is to catalyze investments for "sustainable" development by bringing together banks, microfinance institutions, project sponsors and investors that are committed to creating a positive social and environmental impact in Eastern Europe and Central Asia. The session topics for this second annual edition of the event include: Developing Bankable Renewable Energy Projects; Blended Finance for Serving Underserved Markets; Green and Social Impact Bonds; How Future-proof is Your Business?; Gender-lens Investing; and Fintech and Sustainability. The standard fee to attend is EUR 495. Although no telephone number is offered, you may visit https://www.susfinforum.com/ or email partnership[at]susfinforum.com for more information.

16th Annual Global Microfinance Forum

March 12 - March 13, 2020; Lisbon, Portugal
This forum will address "financial inclusion, social and environmental impact investment, agro-finance and agro-insurance, challenges in corporate governance of MFIs" and other topics in the face of "the difficult economic climate and ongoing changes in regulations." The cost to attend is EUR 1,300. For more information, you may email mail[at]uniglobal.eu, call +420 226 220 400, or visit https://www.uni-global.eu/portfolio-page/16th-annual-global-microfinance-forum/.

Mondato Summit Africa

March 31 - April 1, 2020; Maputo, Mozambique
This summit, themed Beyond Access: Generating Value Through Digital Inclusion Across Sub-Saharan Africa, will address the development of the digital financial services ecosystem in sub-Saharan Africa, as well as the evolution of policy and regulation regarding financial inclusion. Session topics include: (1) Balancing Risks and Rewards of Digital Inclusion; (2) Strategies for Rural Connectivity and Access; (3) Establishing Metrics in Pursuit of Impact and Scalability; and (4) Alternative Approaches to Financing African MSMEs (Micro-, Small and Medium-sized Enterprises). The cost to attend is USD 1750. For more details, you may email Arielle Jaffe at ajaffe[at]mondato.com, call +33 6 95 93 43 95 or visit http://www.mondatosummit.com/africa.

MORE DETAILS COMING SOON ON:

Skoll World Forum
March 31 - April 3, 2020; Oxford, UK

AltFi Australasia Summit 2020
April 6, 2020; Sydney, Australia

10th Responsible Finance Forum
April 13 - April 20, 2020; Washington, DC, USA

Asia - Africa Financial Inclusion Summit
April 15 - April 16, 2020; Dubai, UAE

Africa Fintech Summit
April 17, 2020; Washington, DC, USA

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

LendIt Fintech USA 2020 - Lending and Banking: Connected
May 13 - May 14, 2020; New York, New York, USA

AltFi London Summit 2020
May 18, 2020; London, UK

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

2020 MFC-EMN Annual Conference
June 4 - June 5, 2020; Sofia, Bulgaria

Finovate Asia
June 15 - June 17, 2020; Singapore

FinTeX Middle East
June 23 - June 24, 2020; Bahrain

Global Forum on Remittances, Investment & Development - Africa
June 24 - June 26, 2020; Nairobi, Kenya

Finovate Fall
September 14 - September 16, 2020; New York, New York, USA

FinnoSummit Mexico 2020
September 22 - September 24, 2020; Mexico City, Mexico

Opportunity Collaboration
October 11 - October 16, 2020; Cancun, Mexico

SOCAP20
October 20 - October 23, 2020; San Francisco, California, USA

Global SME Finance Forum 2020
October 26 - October 28, 2020; Bangkok, Thailand

European Microfinance Week
November 18 - November 20, 2020; Luxembourg

PAPER WRAP-UPS

The Digital Lives of Refugees: How Displaced Populations Use Mobile Phones and What Gets in the Way

Published by the Groupe Speciale Mobile Association (GSMA), July 2019, 87 pages, available at https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2019/07/The-Digital-Lives-of-Refugees.pdf

The authors conducted 3,000 face-to-face and telephone interviews as well 55 focus group discussions with refugees from Jordan, Rwanda and Uganda. Over two thirds of the refugees interviewed are active mobile phone users. Some own their own handsets while others borrow handsets, and some use multiple SIM cards. Despite the differences in how refugees access mobile phones, the main reason for this usage is to access mobile money. While usage is high, barriers to access persist, such as affordability, low literacy levels and lack of digital skills.

GSMA suggests humanitarian organizations employ a "multi-pronged" approach, not only focusing on affordability, but also on increasing digital literacy, enhancing charging options and upgrading mobile coverage. Because mobile money is a large portion of phone usage, the authors also suggest that humanitarian organizations spend more effort addressing issues with utilizing such services, such as lack of identification documents, security concerns, tax rates and other context-specific challenges.

Many refugees are unable to access mobile services due to a lack of electricity. To combat this issue, the authors suggest humanitarian organizations and energy service providers provide pay-as-you-go solutions for funding solar energy. Another barrier to access is the lower rates of mobile phone ownership among female refugees and those with disabilities. To bridge these gaps, GSMA suggests ensuring data in refugee contexts be disaggregated by gender and disability; reviewing the accessibility features of handsets; providing sensitivity training for staff of humanitarian organizations; and assessing systemic, cultural and political factors that affect access for these groups. Refugees often cannot register for mobile phone services because they lack identity documents that are recognized in their host country. While digital identification systems can help, some refugees refuse to use them due to privacy concerns. This can be addressed by policy-makers creating clear guidelines on what identification is needed, humanitarian organizations educating refugees on protecting their digital data and governments creating privacy frameworks.

Results of the Fintech Benchmarks Proof-of-Concept: Toward Data Standards for Inclusive Fintech

Published by the Microfinance Information Exchange (MIX), January 2020, 45 pages, available at https://www.themix.org/s/MIX_Toward-Data-Standards-for-Inclusive-Fintech_January2020.pdf

To test its Data Standards for Inclusive Fintech, MIX asked, "What can we learn about fintechs [financial technology firms] as businesses and how they address challenges of inclusion?" Based on information from 45 fintechs, the majority of which are based in sub-Saharan Africa, this exercise produced insights concerning "customers and growth, potential to scale, profitability, consumer protection and inclusivity."

The authors argue that fintechs can grow their customer base by targeting women and anyone who does not have the identity documents traditionally required by financial institutions. Fintechs also may be able to increase growth by researching management strategies, including those that take into account the differing characteristics of female-led and male-led fintechs. Regarding profitability, MIX highlights the importance of understanding how costs and revenues change over time. The authors also found that fintechs can reduce costs by: (1) bundling financial and non-financial services into unified products; and (2) leveraging agents to perform cash-in and cash-out services.

While most of the fintechs studied have basic consumer protection in place, "only 33 percent align with the GDPR," the General Data Protection Regulation of the EU, which took effect in 2018.

In terms of inclusion, nearly all of the fintechs report being committed to addressing inclusivity. However, most focus on addressing only one of the following factors: accessibility, affordability or appropriateness. As a result, gaps remain in terms of equality among employees and customers alike.

Experiences in Gender-sensitive Solutions to Collateral Constraints

By Allison Nafziger, published by Mennonite Economic Development Associates, January 2020, 18 pages, available at https://www.meda.org/innovate/innovate-resources/944-experiences-in-gender-sensitive-solutions-to-collateral-constraints-meda-innovate-learning-series-paper

Many financial institutions and regulatory systems in low-income countries impose strict collateral requirements on smallholder farmers as well as other micro-, small and medium-sized enterprises in the agricultural sector. These requirements are especially limiting to women, as women are often unbanked, lack access to property rights and face other gender-based constraints. Preliminary research has shown, however, that non-conventional collateral (NCC) can alleviate this issue and increase financial access.

Common uses of NCC include: (1) leasing, through which the lessee can generate cash by using the leased asset to service the lease payments; and (2) group lending, which is based on "social collateral."

Ms Nafziger examines the potential of NCC to improve the access to affordable credit by smallholder women. Based on case studies in Bolivia, Tanzania and Zimbabwe, she finds that organizations accepting NCC, such as livestock and agricultural equipment, greatly improved access to credit for women.

As a result, the author recommends that - in countries that allow the use of NCC - financial institutions: (1) pilot the use of NCC; (2) experiment with collateral registries; and (3) collect sex-disaggregated data to observe how NCC affects the financial inclusion of women. In addition, Ms Nafziger argues that policy-makers should create central collateral registries to increase transparency and promote the use of NCC, including for multiple types of lower-value assets such as livestock.

