MicroCapital Monitor
On Microfinance & Other Forms of Impact Investing

MARCH 2020 | VOLUME.15 ISSUE.3

MICROCAPITAL BRIEFS | TOP STORIES

Credijusto Borrows $100m from Credit Suisse for E-lending to SMEs in Mexico

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

Grameen Crédit Agricole Foundation Survey Finds Widespread Effects of COVID-19

From March 11 to March 19, the Grameen Crédit Agricole Foundation, whose head office is in Luxembourg, collected observations from 56 microfinance institutions (MFIs) regarding the effects of COVID-19. Markets are closed, putting traders out of work; and group borrowers' meetings are canceled. While these are replaced in some instances with door-to-door transactions, other MFIs are reducing in-person transactions to minimize virus transmission. Remittance inflows are down. Tourism enterprises are being asked to return deposits for canceled trips. A respondent in Burkina Faso noted the inability of clients to cross borders to purchase goods for resale. An MFI in Myanmar reported lower crop prices due to the border closure with China, as well as volatility in exchange rates. On the other hand, an MFI in Kyrgyzstan foresees an increase in agricultural prices, benefitting farmers. Meanwhile, an MFI in Uganda predicts, "we will need liquidity [due to] high provisioning for impaired assets due to increased non-repayment." The Grameen Crédit Agricole Foundation argues that reducing funding to MFIs at this time "would only intensify the difficulties and impacts of the crisis." March 31. 2020

IFC Boosts COVID-19 Response to $8b, Including $294m Already Deployed in Vietnam

The World Bank Group's International Finance Corporation (IFC) recently increased its commitment to counter the effects of COVID-19 to USD 8 billion. David Malpass, President of the World Bank Group, said, "It's essential that we shorten the time to recovery." The funding package comprises USD 2 billion each for: (1) cash for banks in emerging markets to on-lend for working capital; (2) guarantees for local banks increasing credit lines to companies in emerging markets; (3) risk-sharing for lenders to import-export firms, including small and medium-sized enterprises; and (4) loans and equity for existing clients in the health, farming, infrastructure, manufacturing and service industries. Given "fast-track" status, the intervention already has extended support to clients including banks in Vietnam that have accessed an additional USD 294 million. March 27. 2020

To Fight COVID-19 in Kenya, Safaricom Suspends M-Pesa Fees, Ups Balance Ceiling

At the urging of Kenyan President Uhuru Kenyatta, the mobile network operator Safaricom has loosened the terms for users of its M-Pesa mobile money product. This is intended "to reduce the risk of spreading the [COVID-19] virus through the physical handling of cash." Kenyans will pay nothing to send amounts up to the equivalent of USD 9.40. In addition, the Central Bank of Kenya is allowing for a daily M-Pesa transaction limit of USD 1,400, roughly double the previous amount. The maximum account balance also has been increased to USD 2,800. In a separate measure, Safaricom set up a toll-free number, 719, that users may call to ask questions about "how to prevent and manage suspected cases" of COVID-19. Safaricom was established in 1997 and offers both mobile and fixed-line telecommunications services. It is 40-percent held by Vodafone Kenya, which is controlled by the UK-based Vodafone Group, and 35-percent held by the government of Kenya. For the six months ending November 2019, M-Pesa had 24 million customers, whose transactions totaled USD 42 million. March 26. 2020

EBRD Commits $1.1b as "First Step" in Response to Coronavirus

The UK-based multilateral European Bank for Reconstruction and Development (EBRD) recently allocated the equivalent of USD 1.1 billion to provide "immediate support" as a "first step" to addressing disruptions caused by the COVID-19 pandemic. The targets include boosting trade finance, particularly as it can assist small and medium-sized enterprises (SMEs), and providing crisis-management advice to SMEs, especially those led by women. For borrowers experiencing difficulty with repayment, EBRD will adopt "an enabling view" toward restructuring loans. The bank also plans to disburse funds in local currency, including to refinance hard-currency loans. EBRD states that it is "stronger than before the global financial crisis of 2008/9" and is ready to move forward even through a possible "severe scenario with a prolonged pandemic." March 20. 2020

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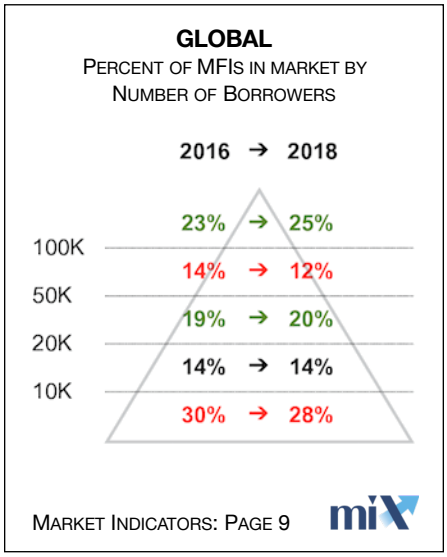

MICROCAPITAL BRIEFS

Verdant Investor-FSP Meetings Among Those Moving Online

As the COVID-19 pandemic has caused cancelations and postponements of countless in-person meetings, some are converting into virtual events. Each of the last five years, Verdant Capital, a provider of capital raising and financial advisory services in Africa, has held a series of one-on-one meetings in London between investors and financial services providers, including microfinance institutions and financial technology (fintech) firms. For 2020, the event will occur virtually, from May 5 to May 7. Investors may express interest in participating via video.africa[at]verdant-capital.com. March 31. 2020

UNCDF Program Boosts Digital Financial Services in Rural Uganda

The UN Capital Development Fund (UNCDF) recently announced a set of partnerships to boost financial inclusion in the Northern and West Nile regions of Uganda. UNCDF will work with mobile network operators Airtel and MTN to increase mobile phone usage in rural communities. It also will collaborate with agricultural technology firms Ensibuuko Tech and Mobipay Agrosys to increase the "last-mile" distribution of digital financial services as well as to increase financial and digital literacy. Founded in 2014, Ensibuuko offers cloud-based software for smaller financial entities in Africa. Founded in 2016, Mobipay Agrosys uses a cloud-based model to monitor agricultural data and provide payment services to 100,000 farmers. March 29. 2020

IIV Refinances $26m in Microloans in Cambodia, Ecuador, Georgia

Through its IIV Mikrofinanzfonds, Germany-based Invest in Visions (IIV) recently purchased non-securitized loan claims totaling USD 26 million to refinance the portfolios of microfinance institutions (MFIs) in Ecuador, Georgia and Cambodia. While the names of the other MFIs remain confidential, one of them was Banco Solidario, which provides deposit services, microloans, financial education and payment cards in Ecuador. The MFI has 55 branches and USD 782 million in total assets. Launched in 2006, IIV offers "investments in sustainable agriculture, social enterprises and social impact lending." Since its inception in 2011, IIV Mikrofinanzfonds has produced average annual returns of 2.0 percent and 2.5 percent for its two investor classes. It has a volume equivalent to USD 840 million. March 29. 2020

Credijusto Borrows $100m for E-lending to SMEs in Mexico

Mexican financial technology (fintech) firm Credijusto recently borrowed USD 100 million from Credit Suisse, a Switzerland-based bank, to boost its lending to small and medium-sized enterprises (SMEs). Founded in 2015, Credijusto offers collateral-based loans ranging in size from the equivalent of USD 8,200 to USD 1.25 million. Annual interest rates on these loans vary from 26 percent to 35 percent, with payback periods of one to four years. Since its inception, Credijusto has lent USD 120 million to 25,000 SMEs. Its equity investors include Elevar Equity, Goldman Sachs and Point72 Ventures. March 27. 2020

Liwwa Raises $6m in Equity for E-loans to SMEs in Egypt, Jordan

Financial technology (fintech) firm Liwwa recently raised USD 6 million in equity to expand its facilitation of loans to small and medium-sized enterprises (SMEs) in Egypt and Jordan. Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO), which is 51-percent owned by the Dutch government, led the investment. Liwwa also borrowed a total of USD 15 million from multiple parties. Please refer to http://MicroCapital.org for a list of these investors. Founded in 2015, Liwwa is an online platform that connects borrowers with lenders. Individuals and entities from Malaysia and several countries in the Middle East and North Africa are eligible to lend. Borrowing firms must have annual turnover at least equivalent USD 63,000. The maximum loan size is USD 100,000, and repayment periods range from six to 24 months. During the quarter ending September 2019, Liwwa facilitated loans totaling USD 27.5 million. March 25. 2020

EBRD Loans $2.2m to NLB for Women-led SMEs in Montenegro

The European Bank for Reconstruction and Development (EBRD), a UK-based multilateral investor, recently agreed to loan the euro-equivalent of USD 2.2 million to NLB Banka Podgorica, a Montenegro-based bank named for its Slovenian affiliate Nova Ljubljanska Banka (NLB). As part of EBRD's 18-country Women in Business Programme, the loan is targeted to supporting female-led businesses, especially small and medium-sized enterprises. Founded in 1905, NLB Banka Podgorica is a member of NLB Group, a financial group based in Slovenia. NLB Group earned after-tax profit of USD 217 million during 2019, serving 1.8 million customers in 14 countries. March 24. 2020

DFC Loans $30m to Sitara for Women's Housing Finance in India

The government-backed US International Development Finance Corporation, which recently took over the work of the Overseas Private Investment Corporation, has loaned USD 30 million to Sitara, an initiative of India's SEWA (Self Employed Women's Association), for on-lending to improve the housing conditions of poor women in urban areas. For example, loans can fund installations of running water, sanitation systems or sturdier roofing. Sitara offers loans for housing, business, education and other purposes in amounts from the equivalent of USD 660 to USD 16,000 at annual rates of 18 percent to 20 percent for terms of 10 to 20 years. Founded in 2011, Sitara has total liabilities of USD 15 million. March 24. 2020

DFIs, GIIN Add Gender Metrics to IRIS+ Impact Reporting System

A group of development finance institutions (DFIs) recently collaborated with the US-based nonprofit Global Impact Investing Network (GIIN) to improve the way they track the results of their investments that are meant to benefit women in developing countries. The outcome is an expansion of GIIN's Impact Reporting and Investment Standards Plus (IRIS+), which provides a framework to "identify, measure and manage the social and environmental impact of investors' actions and report their impact." The new metrics are grouped into approaches such as gender-specific services; increasing equality through financial inclusion; and governance, leadership and ownership. Sample metrics include the percentage of female employees, pay equity by gender and whether a business is woman-founded. The participating DFIs include members of the 2X Challenge for investing in women in developing countries and the Belgium-based European Development Finance Institutions ASBL. March 23. 2020

Union Bank Targeting Women's SMEs in Conflict Zones in Nigeria

The World Bank Group's International Finance Corporation recently announced it will guarantee half of any losses that Union Bank of Nigeria may incur in lending the local-currency equivalent of USD 25 million to small and medium-sized enterprises in Nigeria. In particular, "the bank plans to offer more products and services to women-owned businesses, especially in Nigeria's conflict-affected Northern and Delta regions." Union Bank, which was established in 1917, operates 284 branches and reports total assets of USD 4.6 billion. March 18. 2020

MicroCapital Monitor - © 2020 MicroCapital - ISSN 1935-505X
The MicroCapital Monitor is published monthly by MicroCapital
Editor & Publisher Bob Summers
Writers William Boudreau, Anna Gravois,
Kiersten Greene and Ng Chee Meng
Special thanks to Alíz Crowley and Holly Schiavoni
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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!

Northern Arc Raises $23m for Ag, MSMEs, Vehicles in India

India-based Northern Arc Investments recently completed the first close of its eighth fund, the Northern Arc India Impact Fund, which is its first to accept investments from outside the country. The firm plans to use the five-year debt fund to support Indian funders of microenterprise, small business, agri-business and vehicles. Northern Arc Investments has raised USD 23 million for the fund and is looking to increase this to a total of USD 100 million to USD 150 million. By 2021, the company plans to execute 15 to 20 investments from the fund, with an average deal size near USD 4 million. The anchor investors in the fund include the Netherlands' Anthos Fund & Asset Management, US-based Calvert Impact Capital and Switzerland-based PG Impact Investments. Established in 2014, Northern Arc Investments manages the equivalent of USD 260 million deployed as debt in the financial inclusion sector. Its parent company, Northern Arc Capital, has raised USD 8 billion for 157 partners since its inception in 2008. March 18. 2020

AgriFin, UNCDF, Zanaco Roll Out DFS for Zambian Farmers

The AgriFin program of US-based NGO Mercy Corps, the UN Capital Development Fund and Zambia National Commercial Bank (Zanaco) recently created a digital savings and remittance service in Zambia called AgriPay. Within four months, 3,000 farmers had enrolled, of whom one third are youth. The marketing strategy included engaging the country's cotton and dairy associations, as well as deploying "booster teams" of 15 to 20 young people to recruit customers and agents. A total of 307 agents - mainly shopkeepers - joined the program. Future plans for AgriPay include distributing information on boosting agricultural yields and financial literacy. Farmer Brillian Handondo said, "This account has really helped me. Once I receive money, I'm able to easily transact, such as sending money to my child in college." March 17. 2020

Ghana Increases Bailout of Financial Sector by $471m

The government of Ghana is increasing the total amount it is reimbursing parties impacted by the closure of some of the country's financial institutions from the equivalent of USD 434 million to USD 906 million. The new funding is for depositors and others involved with microfinance institutions and "second-tier lenders" that have closed down. The government has been tackling insolvency in the country's financial sector in phases, beginning with a bailout of universal banks that it completed in 2018 at a cost of USD 2.0 billion. In total, the deposits of 4.6 million customers were at risk, and the government will have spent USD 3.6 billion on bailouts. March 16. 2020

Quona Capital Closes Inclusion Fund with $203m for Fintechs

Venture capital firm Quona Capital, which focuses on financial inclusion via technology in emerging markets, recently closed its second fund, the Accion Quona Inclusion Fund, at a volume of USD 203 million. The fund has invested in firms including Kenya's e-commerce platform Sokowatch, Pakistan's payment platform Finja, Thailand's insurance technology company Sunday, Brazil's ride-hailing startup Kovi and Brazilian tax-assistance platform Contabilizei. Accion, a US-based nonprofit, is the anchor investor in the fund and was the parent of Quona before it spun off as an independent firm in 2015. Quona also manages the Accion Frontier Inclusion Fund, which is closed to new investment, but had raised USD 141 million as of 2017. March 13. 2020

EBRD Lending $8.5m to MTBank for MSME Finance in Belarus

The European Bank for Reconstruction and Development, a UK-based multilateral institution, is lending the local-currency equivalent of USD 8.5 million to Minsk Transit Bank (MTBank) for on-lending to micro-, small and medium-sized enterprises in Belarus. The funding, which is intended to increase the tenor of the bank's retail loans, will be accompanied by technical assistance to help end-clients of MTBank become "more competitive and resilient." MTBank was founded in 1994 and has 127 branches. March 13. 2020

BNP Paribas Loans $9.4m to CreditAccess Grameen of India

The French bank BNP Paribas recently informed MicroCapital that it has disbursed a two-year, local-currency loan equivalent to USD 9.4 million to CreditAccess Grameen, the Indian member of CreditAccess Asia, which operates microfinance institutions (MFIs) in India, Indonesia and the Philippines. Formerly known as Grameen Koota, CreditAccess Grameen offers group micro-enterprise loans of USD 1,150; individual small business loans of up to USD 7,100; and smaller loans for purposes such as water connections, sanitation, education and emergencies. The publicly traded MFI also offers pensions; insurance; and training for adults and children on topics such as sexual health, financial literacy and business skills. CreditAccess Grameen serves 2.5 million customers via 670 branches. Of these customers, 81 percent live in rural areas. Its parent organization, CreditAccess Asia, serves a total of 3 million people via 1,200 branches. March 12. 2020

Sparkasse Borrows $5.6m for Housing, EE in North Macedonia

The European Bank for Reconstruction and Development (EBRD), a UK-based multilateral institution, recently issued two loans to Sparkasse Bank Makedonija, a unit of Austrian savings bank Steiermärkische Sparkasse, to promote investment in privately owned buildings in North Macedonia. Sparkasse Bank Makedonija is borrowing the euro-equivalent of USD 3.4 million for mortgage lending for homeowners. A second loan of USD 2.2 million is for funding "high-performance green technologies in privately owned buildings, including residential dwellings." This loan, which is intended to reduce air pollution and increase energy efficiency, is funded by EBRD's Green Economy Financing Facility, which has a volume of USD 4.5 billion, reaching 130,000 end-clients via 140 lenders in 30 countries. Sparkasse Bank Makedonija serves 60,000 clients with assets of USD 386 million. Steiermärkische Sparkasse, which operates in six Balkan countries in addition to Austria, has 2.4 million clients, 490 branches and 6,200 employees. March 9. 2020

Tarayana Offers Rural Microloans, Mobile Repayments in Bhutan

Tarayana Micro Finance recently became licensed as a microfinance institute (MFI), independent of its parent organization, the Tarayana Foundation of Bhutan. The MFI provides individual and group loans in rural areas, with interest rates of 15 percent. Smaller loans support existing enterprises, while larger loans are available for "pre-selected livelihood models with a proven market and reliable value chain." These larger loans are disbursed in the form of "materials and equipment" and paired with "intensive skills training and continuous progress monitoring." Borrowers may make repayments via Bhutan Telecom's mobile money product, B-Ngultrum, which can be used with a simple mobile phone without the need for a bank account. The program is available in three of the nation's districts for an 18-month trial period. Thereafter, Tarayana plans to expand it nationwide. March 9. 2020

VisionFund Uganda Opening Branches in Refugee Zones

The Ugandan subsidiary of VisionFund International, which is owned by US-based NGO World Vision, recently opened a branch in the Moyo region of Uganda, serving refugees and local residents near the Palorinya settlement. About 121,000 refugees from South Sudan and 48,000 Ugandans live in the area. During 2020, VisionFund Uganda plans to open three more branches in areas with large numbers of refugees, including one serving the town of Yumbe and the nearby settlement Bidibidi. In Palorinya, VisionFund Uganda is providing loans and financial literacy training to savings groups previously organized by World Vision. These savings groups are "mainly comprised of women from both the refugee and host communities." The branch has disbursed loans totaling USD 80,000. VisionFund International CEO Michael Mithika said the organization also will "continue to support other vulnerable communities including in the fragile states of Mali and the Democratic Republic of Congo, and internally displaced persons in Rakhine, Kachin, and Shan States in Myanmar." VisionFund International provides financial services and training in 28 countries. March 5. 2020

Nvio Pagos Awarded 1st Fintech License in Mexico

Mexico's Comisión Nacional Bancaria y de Valores recently licensed Nvio Pagos México to operate as a financial technology (fintech) firm. While 85 companies have applied for such licenses, this is the first to have been awarded under the Mexican government's Financial Technology Institution Law of 2018. The law is meant to "promote customer protection, market integrity, and robust growth" in crowdfunding, e-money and cryptocurrency. The law includes a sandbox provision, releasing "startups of up to two years…[from] having to comply with all of the regulatory requirements at once." Nvio Pagos, a provider of electronic payment services, was established in 2018 and is an affiliate of Bitso, a cryptocurrency exchange that allows users to exchange bitcoin and Mexican pesos. March 3. 2020

ACEP, BIO, I&P Creating ACEP Group to Strengthen African MFIs

The recently formed ACEP Group has acquired controlling stakes in three microfinance institutions, ACEP Burkina Faso, ACEP Madagascar and ACEP Niger; and ACEP Cameroun "is aiming to join" as well. The creators of ACEP Group are the Agence de Crédit pour l'Entreprise Privée (ACEP) International, a private company whose ownership includes its co-founder Thierry Perreau; Investisseurs & Partenaires, a France-based investor in small and medium-sized enterprises in sub-Saharan Africa; and the government-owned Belgian Investment Company for Developing Countries, which is also known by the acronym BIO. The goals of the group include to maintain its members' commitments to their social missions, improve their governance, boost their access to refinancing and work together to roll out digital financial services. The institutions also will be able to access consulting services from ACEP Conseil, another subsidiary of the ACEP Group. In the future, the group plans to expand into additional countries. ACEP Group has 1,300 employees serving 140,000 entrepreneurs with a loan portfolio equivalent to USD 122 million. March 3. 2020

SPECIAL REPORT

This article was written by Christian Ruehmer, Co-Founder of Q-Lana - Knowledge Based Lending. Q-Lana, the sponsor of this feature, digitizes credit processes for financial institutions with the goals of improving risk management, efficiency and portfolio management.

COVID 19: Communicate - Learn - Act

COVID-19 is having significant effects on our personal and professional lives. We have heard a lot of suggestions of how financial institutions can handle this critical situation. Summarizing the information of the past days and weeks, we see **three key steps**, "communication," "learning" and "acting," which can be applied among **four target groups**: "staff," "clients," "investors" and "regulators." We keep our findings short and focused:

Staff:

- **Communicate:** Staff members work from home or provides essential services under stress. Understand their worries. Show empathy for their problems. Communicate regularly through multiple channels. Encourage collaboration.
- **Learn:** Is communication technology working? What are the personal challenges? How can staff stay motivated? Can you maintain current staff levels? What support is offered from local or state government? What can you learn from your staff? Is staff aware of how to handle a COVID-19 infection?
- **Act:** Your staff needs your leadership. Encourage your managers to conduct regular calls with staff. Coach your teams as they learn to work from offsite, which can be challenging for both technical and personal reasons. Use various communication channels. Show trust in your team members when they work from home, but also guide them to stay productive. Have backup plans in place, in case of infections. If you need to take cost-saving measures, such as staff reductions or salary cuts, explain them well.

Clients:

- **Communicate:** Assume all clients are affected. Ask them about the implications of this. Convey your support, show understanding and offer expertise. Explain the institution's emergency procedures. Consider how the lack of physical meetings can create issues, such as for group lending.
- **Learn:** How are clients managing the crisis? What are the financial and non-financial problems? What measures are clients taking? How long will their cash last? How are other financial services providers approaching these problems? What is the level of public support?
- **Act:** This is the time to deepen relationships with clients. Demonstrate that you care. Share information and advice - from sanitation to sector information to knowledge about support programs. Stop new routine disbursements, but consider emergency overdrafts. Be smart on collection - deferring collection is fine if it is based on an explicit agreement. Deploy tiered restructuring policies. There is no benefit in aggressive collection. Share knowledge with clients via webinars, emails, SMS and calls. Help clients migrate to cashless payments, but be aware that digital channels may be less accepted by clients than you expect. Use your CRM system to collect and assess information.

Investors:

- **Communicate:** Inform your investors proactively about the situation as it evolves. Establish a regular and frequent communication schedule. Explain how staff and clients are handling the situation. Explain what measures are being offered to clients. Explain the market and regulatory situation. Provide portfolio information: new business, FX risk, credit risk, arrears ratio, deferral requests and changes in deposit levels. Ask investors about their experience and approaches to other financial services providers' challenges.
- **Learn:** Understand the repayment schedules of your own debt. Understand the status of covenants, and project any potential covenant breaches. How vulnerable is your institution to lower revenues, higher operating expenses and increased defaults?
- **Act:** Request waivers for covenant breaches. Implement significant but careful cost-cutting measures. Postpone payments where possible. Tap your available credit lines; the cost of surplus liquidity is secondary. Bring your investors together to negotiate additional funding. Organize regular update calls. Communicate changes proactively.

Regulators:

- **Communicate:** Governments and financial regulators are trying to support their constituents, primarily the workforce and vulnerable populations. Central banks have already published guidelines on how to handle cash payments, transfer fees, and mortgage or other loan payments during the crisis. Keep regular communication channels open.
- **Learn:** Understand the mindset of regulators and how willing they are to implement various support measures. Try to understand the situation regarding FX risk.
- **Act:** Lobby for policy measures that can touch your target clients, such as emergency liquidity lines and post-crisis business recovery lines.

Final words

The COVID-19 crisis will likely be long and significant, but it does not change the case for impact investment. To the contrary, social responsibility is more needed and its case more valid than ever. This is the time when we will learn who takes impact seriously. At Q-Lana, we are here to help you in the difficult months to come.

EAR TO THE GROUND

Microfinance, Actually - and More than Ever!

In January, I began my column explaining that during 2020, I would explore how "Microfinance 3.0" might look if the sector is going to stay relevant. Today, I feel like I need to hurry it up! On one hand, the COVID-19 pandemic is showing microfinance to be as relevant as ever. On the other hand, we still have so far to go.

As governments consider how to get cash transfers, soft loans and other support into the hands of the most vulnerable communities, many are finding that low levels of digital usage mean that solutions must include cash as well as speeding up the pace of digital adoption. Boosting digital usage is difficult, but it can be done, with the right strategies. In my own household, it took us a decade to convince the woman who cleans our house to "go digital." She finally agreed to learn to use Venmo with the aim of minimizing the risk of virus transmission from traveling to work and handling paper cash, plus three hours of help from her daughter! Teaching tech takes time and patience along with strong knowledge of the end-client and her needs. Microfinance is the sector best positioned to take on this role today. But that doesn't mean that MFIs will make a big dent in this problem without some seriously agile thinking.

For many countries looking to get funds to informal workers impacted by the coronavirus, MFIs are one of very few conduits to reach those who don't use mobile money. In Mexico, for example, the authorities are working with some of the largest providers of microfinance to figure out how to do exactly this before families run out of money. In countries from Cambodia to Colombia, microfinance seems like one of the most viable channels to reach out to folks who may otherwise be excluded from support. Even if they don't join forces with governments, MFIs will be defining, in the coming weeks, how to ease the burden of the crisis on their own borrowers through debt restructuring or short-term emergency loans.

This week, CGAP, which lately has skirted the conversation about microfinance in favor of much sexier "digital finance," uncharacteristically published a piece by Greta Bull and Timothy Ogden that notes the relevance of the sector. According to their *COVID-19: How Does Microfinance Weather the Coming Storm?*, "MFIs serve 140 million low-income people worldwide with savings and credit services….as of 2018, the value of their credit portfolios was USD 124 billion." Critically, most of these clients are women, who are less likely to use mobile money than are men.

I began 2020 saying that if microfinance successfully adapts to changing markets, it can remain a relevant market intervention and perhaps become more relevant than ever. Meanwhile, the need to bridge the digital/cash divide suddenly has become much more urgent. Years ago, MFIs bridged the inclusion/exclusion divide by offering loans and savings accounts to those who had no access to banks. Now, it's time for them to figure out how to do the same with technology - that is, how to get simple, useful products in the hands of a large number of low-income households in order to reduce the pain that is sure to come.

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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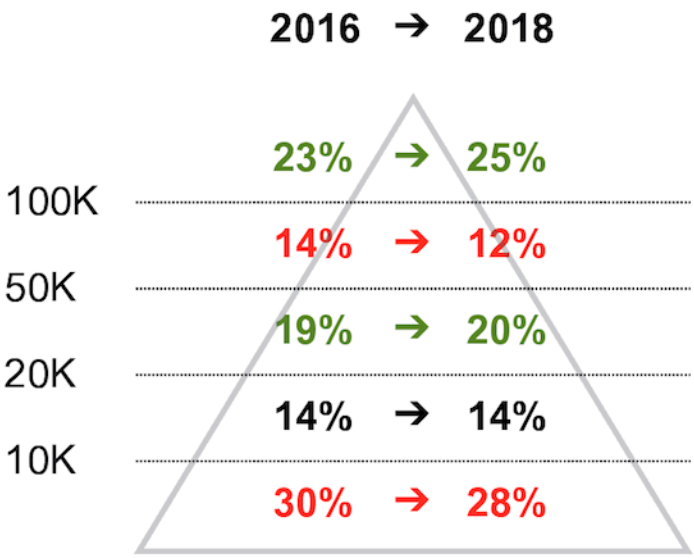
614 MICROFINANCE INSTITUTIONS (MFIs) REPORTING*

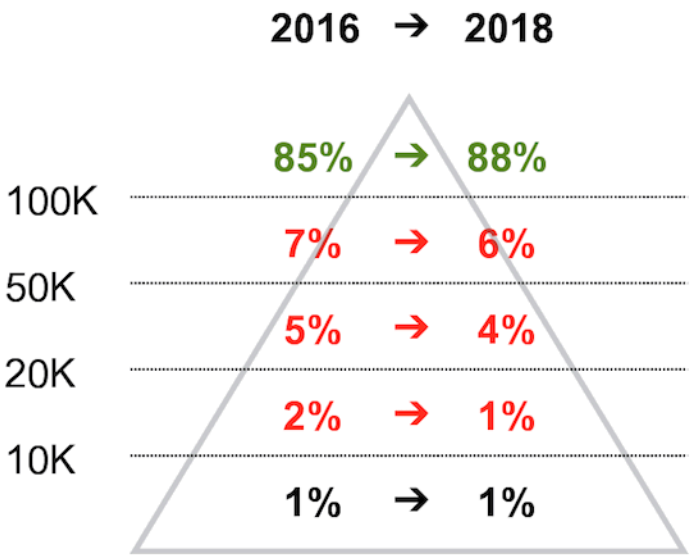
TOP MFIs BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	COUNTRY	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2016	2018
Bandhan Financial Services	India	1.10 billion	39	2.35 billion	4.56 billion
PRASAC Microfinance Institution	Cambodia	459 million	37	1.04 billion	1.96 billion
Bharat Financial Inclusion	India	357 million	27	1.16 billion	1.88 billion
Equitas Small Finance Bank	India	333 million	53	469 million	1.16 billion
BRAC Bank	Bangladesh	328 million	17	1.77 billion	2.42 billion
ACLEDA Bank	Cambodia	305 million	10	2.87 billion	3.49 billion
SKDRDP	India	270 million	31	755 million	1.29 billion
Sathapana Bank	Cambodia	204 million	29	618 million	1.03 billion
ASA	Bangladesh	200 million	12	1.53 billion	1.93 billion
Khan Bank	Mongolia	187 million	13	1.32 billion	1.69 billion

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, March 2020

UPCOMING EVENTS

Please note that many of the dates on this page reflect adjusted schedules. Because this information may continue to change on short notice, please refer to https://www.microcapital.org/events/ for the latest updates.

Market Systems Symposium

June 1 - June 5, 2020; Online only

The purpose of this event is to "provide the inspiration, capacity building and connections you need to strengthen and transform your market systems development practice." The symposium organizer, EcoVentures International, is a nonprofit supporting "the growth of sustainable local economies and empowered communities using systems-thinking approaches." The agenda includes how COVID-19 is affecting market systems, pitch sessions for recruiting partners and additional sessions yet to be announced. The registration fee USD 482. For more information, you may call Suzanne Brennan at +1 202 470 0043 or +1 202 390 1398, email symposium[at]eco-ventures.org or visit https://www.marketsystemssymposium.org.

Finovate Asia

July 7 - July 8, 2020; Singapore

Postponed from June, this event on financial technology (fintech), includes startup pitch sessions as well as programming on: (1) How Fintech Hubs in Asia Are Supporting Startups; (2) How Tech Giants, Platforms Players and Their Super Apps Are Reaching Financially Excluded Customers in a Smartphone-driven World; (3) How Will the Internet of Things Transform Financial Services; (4) Harnessing the Power of Artificial Intelligence to Delight Your Customers; (5) How Can Innovation and Business-as-usual Coexist? Pricing ranges from USD 295 to USD 1,395 per person. More details are available via info.events[at]informaconnect.com, +44 (0) 20 7017 7200 or https://informaconnect.com/finovateasia.

Finovate Fall

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

As part of a global series on financial technology (fintech), this event includes two days of product demos as well as sessions on: (1) The Future of Innovation: Flourishing Fintechs, or Big Tech Takeover?; (2) Compliance, Regtech, and Keeping Up with Change; (3) Catering to the Differing Needs of Differing Demographics; (4) Rebuilding Customer Trust in Financial Services; and (5) Harnessing the Power of Alternative Data: Making Financial Inclusion a Reality. Fees to attend range from USD 495 to USD 3,290 per person. You may access more details via info.events[at]informaconnect.com, +44 (0) 20 7017 7200 or https://informaconnect.com/finovatefall.

Asia - Africa Financial Inclusion Summit

September 15 - September 16, 2020; Dubai, UAE

This event will address topics including regulation, how to manage change, digital financial services, attracting funding, blockchain technology and "Building Trust and Overcoming Barriers in Digital Financial Services." The fee to attend is USD 500. More details may be requested from Ademola Tosoye via ade[at]microfinanceassociation.org or +44 (0) 1322 312078. The summit is organized by two UK-based groups, the Microfinance Association and the Financial Inclusion Advocacy Centre. You may find the event flyer at http://www.ruralfinanceandinvestment.org/sites/default/files/financial_inclusion_2020.pdf.

MORE DETAILS COMING SOON ON:

FinnoSummit Mexico 2020

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

Mondato Summit Africa

September 23 - September 24, 2020; Maputo, Mozambique

LendIt Fintech USA 2020 - Lending and Banking: Connected

September 30 - October 1, 2020; New York, New York, USA

Global Forum on Remittances, Investment & Development - Africa

October 5 - October 7, 2020; Nairobi, Kenya

Opportunity Collaboration

October 11 - October 16, 2020; Cancun, Mexico

Africa Fintech Summit

October 16 - October 17, 2020; Washington, DC, USA

SOCAP20

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

Global SME Finance Forum 2020

October 26 - October 28, 2020; Bangkok, Thailand

Inclusive Finance India Summit

November 5 - November 6, 2020; New Delhi, India

AltFi London Summit 2020

November 9, 2020; London, UK

European Microfinance Week

November 18 - November 20, 2020; Luxembourg

Finovate Spring

November 23 - November 24, 2020; San Francisco, California, USA

Finovate Europe

February 9 - February 11, 2021; Berlin, Germany

NEW DATES ARE YET TO BE DETERMINED FOR THE FOLLOWING EVENTS:

Africa Trade and Investment Convention

Postponed until September 2020; Amsterdam, the Netherlands

MFC-EMN Annual Conference

Postponed until October 2020; Sofia, Bulgaria

12th ICT4D Conference

Postponed, new dates to be announced; Abuja, Nigeria

AFSIC (Africa Financial Services Investment Conference)

Postponed, new dates to be announced; London, UK

FinTeX Middle East

Postponed, new dates to be announced; Bahrain

PAPER WRAP-UPS

API Deployments in Inclusive Finance: Recommendations to Optimize API Deployments Between Banks and Fintechs for Financial Inclusion

By Dan Kleinbaum, published by the Center for Financial Inclusion, March 2020, 24 pages, available at https://content.centerforfinancialinclusion.org/wp-content/uploads/sites/2/2020/03/CFI55_API_deployments_FINAL.pdf

One way to harness application programming interfaces (APIs), which can facilitate communication among various digital systems, is to help integrate "nimble, iterative and product-oriented" financial technology (fintech) firms with traditional financial institutions that have steady customer bases. This can allow for a symbiotic relationship through which the low-income customers of older financial institutions gain access to innovative products more quickly. This report focuses on examples of API use by small and midsize financial institutions with limited resources to roll out new technologies.

Based on a literature review and interviews with two dozen leaders of traditional financial institutions, fintechs and API implementers, the authors find that the number of failures among API deployments vastly surpasses the number of successes. Successful API partnerships typically address the needs of customers that are middle- or high-income, as banks know these customers better.

The report's recommendations are: (1) consider each API within the financial institution's broader technology strategy to maximize the potential benefit of the API; (2) build APIs tailored to customer needs; (3) evaluate compliance and regulatory risks early in the planning process to minimize the use of resources on projects that are unlikely to succeed; and (4) hire teams specifically for the roles of building and managing APIs because "having non-technical people at the helm and deploying APIs prematurely ha[s] killed or stalled numerous API-enabled partnerships."

What Does the Clean Cooking Market Look Like in the DRC?

Published by the UN Capital Development Fund, February 2020, available for online viewing at https://www.uncdf.org/article/5341/what-does-the-clean-cooking-market-look-like-in-the-drc

The Democratic Republic of the Congo is undergoing deforestation and forest degradation, a significant portion of which is to provide biomass energy for cooking. This assessment of the "clean cooking" market involved evaluating 50 enterprises in terms of viability and investment readiness as well as testing 24 types of equipment that are available locally. The product testing addressed criteria such as quality, consistency, efficiency and customer preferences.

The authors find a large market for clean cooking equipment, with the maturity of this market varying significantly by region. They conclude that companies operating in the segment would benefit from cooperation with financial services providers to offer their products with financing solutions that would be attractive to price-sensitive populations.

The document also outlines plans for an incubation programme to support local enterprises that offer clean cooking products through the following means: (1) technical assistance; (2) grants linked to performance; and (3) concessional lending and guarantee mechanisms.

Her Home: Housing Finance for Women

By Henriette Kolb et al, published by the International Finance Corporation, November 2019, 68 pages, available at https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/resources/her+home+-+housing+finance+for+women

The authors of this paper analysed the housing finance markets in Colombia, India and Kenya, identifying barriers that women face in accessing loans for purchasing, constructing and improving housing units. The authors observed that the rate of female-headed households is 26 percent in Colombia, nine percent in India and 25 percent in Kenya.

Among the women polled, a range of 20 percent (in India) to 65 percent (in Kenya) "are planning to purchase a home or make home improvements in the next five years." To fund these expenditures, they plan to use personal savings primarily, with formal loans as a secondary source. The barriers to women accessing formal housing loans include: (1) lack of required income and documentation thereof; (2) lack of documents proving ownership of collateral; (3) lack of experience with formal borrowing; and (4) socioeconomic norms. The authors argue that by increasing access to housing finance for women, financial institutions can increase their client base, social impact and profitability, particularly as lenders often regard female customers as "better savers as well as better payers than men."