

MICROCAPITAL BRIEFS | TOP STORIES

Carbon Credits to Offset Cost of Efficient Heaters in Mongolia

Please see page 3 for coverage of this “MicroCapital Deal of the Month”

EFSE Lends \$23m in Armenia, Ukraine, Bosnia and Herzegovina

The European Fund for Southeast Europe recently reported to MicroCapital that it has made loans of the following amounts in support of microfinance: USD 10 million to Ineco Bank of Armenia, USD 7 million to Megabank of Ukraine and USD 6.6 million to Partner MikroKreditna Fondacija Tuzla of Bosnia and Herzegovina. Ineco reports total assets of USD 230 million, total deposits of USD 72 million, a return on assets (ROA) of 4.8 percent and a return on equity (ROE) of 26 percent. Megabank reports total assets equivalent to USD 581 million and 450,000 customers. Partner reports a gross loan portfolio of USD 56 million, 34,700 borrowers, ROA of 0.63 percent and ROE of 1.6 percent. May 11, 2012

Safea of South Africa Expected to Loan \$380m via Post Offices

SA Financial Enterprise Agency (Safea), has reportedly been established under the Industrial Development Corporation (IDC), a finance institution backed by the government of South Africa. Safea results from the merger of three government entities: the SA Microfinance Apex Fund; Khula Enterprise Finance, an institution that provides wholesale funding to financial institutions; and the IDC's small-business lending program. Safea will use Postbank facilities at post offices to distribute loans to small businesses. The loan book of the combined entity has not been released but is thought to be roughly USD 380 million. May 8, 2012

Lok Capital to Exit India's Janalakshmi

Lok Capital, a microfinance investment vehicle based in Mauritius, reportedly has announced plans to sell its stake in Indian microfinance institution Janalakshmi Financial Services. Lok acquired an undisclosed stake in Janalakshmi in 2007 for the equivalent of USD 229,000 as a series-A investor. Lok sold 25 percent of its stake in 2011 for USD 518,000. Janalakshmi currently is raising USD 9 million from private equity investors to allow for the exit of early investors Lok, the US-based Michael and Susan Dell Foundation and India's Bellwether Microfinance Fund. In March 2011, Janalakshmi reported total assets of USD 35 million and an annual loss of USD 400,000. May 7, 2012

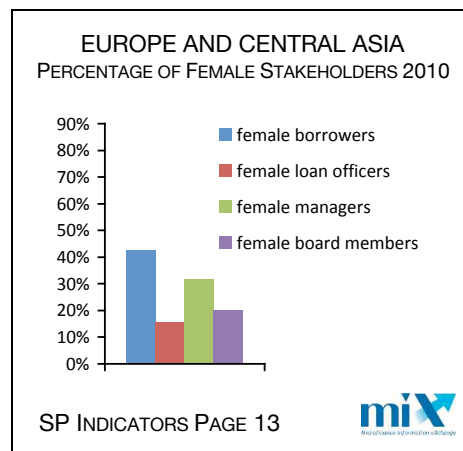
Nigeria Bans Minimum Deposit Requirements, Flat-rate Interest

The Central Bank of Nigeria reportedly has ordered all banks in Nigeria “to allow new customers to open account[s] with zero amount to attract more people into the banking system.” Banks are also required to use declining-balance interest calculations instead of flat rates; the latter appear lower but charge interest on the original loan amount even after much of the balance has been repaid. April 18, 2012

EIB Launches \$65m East African Community Microfinance Facility

The European Investment Bank, the investment body of the European Union, has launched the East African Community Microfinance Facility, which is raising the euro-equivalent of USD 65 million to “encourage job creation and increase access to long-term funding for micro and small enterprises.” The facility will provide local-currency funding to banks and microfinance institutions as well as technical assistance and training. Two Kenyan lenders will be the first to participate in the program: Faulu Kenya Deposit Taking Microfinance Limited, which will borrow the equivalent of USD 5.2 million, and Co-operative Bank Kenya, which will borrow the equivalent of USD 26.2 million. Faulu Kenya reports a gross loan portfolio of USD 33.2 million, and Co-operative Bank Kenya reports total assets of USD 1.76 billion. April 16, 2012

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MICROCAPITAL BRIEFS

Angola Budgets \$850m for MSMEs

The government of Angola reportedly has committed USD 850 million for on-lending to micro-, small and medium-sized enterprises during the upcoming fiscal year. Licinio Vaz Contreiras, advisor to Angola's Economy Minister, reportedly stated that 14 banks have been selected to handle the funds and that policies have been put in place to minimize the time that it takes to disburse the retail loans. Firms deemed "small" will be eligible to apply for up to USD 1 million while "medium-sized" firms will be able to borrow as much as USD 10 million. May 17. 2012

Wincor Nixdorf Deploys ATMs in Bangladesh

Wincor Nixdorf, a German information technology (IT) provider, reportedly is supplying banks in Bangladesh with automated teller machine (ATM) technology. Approximately 330 ATMs have been installed with the help of Wincor Nixdorf's partner IT Consultants Limited. A total of 500 are expected to be put in place by October. The ATMs have embedded portrait and cash-slot cameras in an effort to minimize transactions disputes. The number of ATMs per 100,000 people in Bangladesh has increased from 0.09 in 2005 to 1.43 in 2010. Wincor Nixdorf operates in 110 countries and holds working capital equivalent to USD 338 million. May 16. 2012

MicroNed's MicroScore Benchmarks Capacity-building Efforts

MicroNed, a network of Dutch organizations involved in microfinance, has introduced MicroScore, a tool intended to help consultants and staff of microfinance institutions and cooperatives assess their organizations before, during and after capacity-building programmes. MicroScore measures governance, institutional, financial performance management, and services and social performance management ratios. MicroNed reports supporting microfinance activities in 50 countries with an annual budget equivalent to USD 322,000. May 15. 2012

Nigerian National Petroleum Corporation to Seek MFI License

The Nigerian National Petroleum Corporation (NNPC) Staff Cooperative Multipurpose Society Limited - Lagos, a cooperative of oil and gas company NNPC, recently announced it is taking steps to get a license to set up a microfinance bank. Further information on the planned microbank has not been released. May 15. 2012

National Insurance Timor-Leste Partners with Local MFIs

National Insurance Timor-Leste has partnered with two microfinance institutions (MFIs) in Timor-Leste, Tuba Rai Metin and Moris Rasik, to create two insurance products that borrowers from the MFIs are required to purchase. If a borrower dies, the insurance pays off her outstanding loan balance and her family receives USD 500. If a borrower's spouse dies, the family receives at least USD 250, but no loan payoff. The products are expected to cover 34,000 people by the end of 2012. Tuba Rai Metin reports total assets of USD 2.8 million, while Moris Rasik reports total assets of USD 7.7 million. May 14. 2012

IFC, MasterCard Commit \$37m to Financial Inclusion in Africa

The International Finance Corporation, a member of the World Bank Group that works with the private sector, and MasterCard Foundation, a Canada-based foundation that focuses on microfinance and education, recently announced a commitment of USD 37 million to help microfinance institutions expand into new regions and develop new products and delivery channels such as mobile services. Further details on the partnership have not been released. May 13. 2012

Wokai to Shut Down After Providing \$500k to Chinese MFIs

Wokai, a US-based online fundraiser for Chinese microfinance institutions, has announced that it will shut down its operations due to "a failed search for a new CEO in combination with funding obstacles." Since its inception in 2007, Wokai has raised USD 500,000, providing 1,500 microloans to 961 borrowers via the Association for Rural Development of Yilong County in the province of Sichuan and Chifeng Zhaowuda Women's Sustainable Development Association of Inner Mongolia. May 11. 2012

SKS to Cut 1,200 Jobs, Close 78 Branches in Andhra Pradesh

SKS Microfinance Limited, a non-banking finance company in India, reportedly will terminate 1,200 of 3,400 employees and shut down 78 branches in the state of Andhra Pradesh. The company has lost the equivalent of USD 208 million since the Andhra Pradesh downturn, which has been blamed for the default of approximately 9 million of 32 million Indian microfinance clients since 2010. SKS reports total assets of USD 389 million, a gross loan portfolio of USD 341 million, 4.3 million borrowers, return on assets of -66.1 percent and return on equity of -152 percent. May 11. 2012

Association: Microfinance Accounts for 3% of Nigeria's GDP

The National Association of Microfinance Banks (NAMB), an 820-member trade group in Nigeria, reportedly has announced that microfinance banks accounted for 3 percent of Nigeria's gross domestic product (GDP) in 2011, which totaled USD 413 billion. NAMB stated that its goal is for the industry to contribute 20 percent of the country's GDP. May 10. 2012

Grameen Foundation Releases Poverty Index for India

The Indian subsidiary of the US-based Grameen Foundation has launched an iteration of the Progress Out of Poverty Index, a tool that measures families' poverty levels, for India. The index, versions of which have been developed for a range of countries worldwide, comprises 10 country-specific indicators such as family size, number of children attending school, housing type and asset ownership. May 10. 2012

Bank of Ghana May Shut Down 4 Unlicensed MFIs

The Bank of Ghana, Ghana's central bank, reportedly has urged the public to refrain from dealing with four unlicensed microfinance institutions that it is expected to close down shortly: Medlorm Microfinance Limited, African Guarantee Trust, Abbey Cash Microfinance Limited and Swift Financial Services. May 9. 2012

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Microfinance Information Exchange for their outstanding work disseminating
information on microfinance. Thank you!

Sustainable Energy Loan Product Offered to Philippine MFIs

The International Finance Corporation, the private-investment arm of the World Bank Group, has partnered with BPI Globe BanKO, which is partially owned by the Bank of the Philippine Islands, “to develop microfinance that would help smaller businesses afford clean energy and energy-saving systems.” The two-year program is intended to provide loans for investments that decrease energy costs and improve profitability for small businesses. BPI Globe BanKO serves 340,000 micro- and small businesses and microfinance institutions. May 9. 2012

HSBC Staff to Volunteer with MFIs in Middle East, North Africa

UK-based financial services company HSBC, which was formerly known as the Hongkong and Shanghai Banking Corporation; Grameen-Jameel Microfinance Limited, an investment firm based in Dubai; and Bankers without Borders (BwB), a program of the US-based Grameen Foundation, are partnering to provide financial and technical expertise to microfinance institutions in the Middle East and North Africa. An undisclosed number of HSBC staff members are to be deployed to provide technical assistance to unspecified microbanks. With operations in 85 countries, HSBC reports total assets of USD 2.56 trillion. BwB operates volunteer programs in 13 countries. May 9. 2012

Vietnam Launching 8-year Microfinance Development Project

The State Bank of Vietnam recently announced plans for a long-term microfinance sector development project. Until 2015, the project will focus on formulating a law on microlending, assisting microfinance institutions (MFIs) with staff training and developing a credit bureau. From 2016 until 2020, the effort will involve researching and revising the legal framework for MFIs and facilitating links among MFIs and other lenders. May 9. 2012

Tanzania Provides Microinsurance to Cotton Farmers

A trial, government-run microinsurance program is currently serving cotton farmers in the Bunda district of Tanzania. Under the scheme, the growers will be compensated for crop failures due to droughts and floods. President Jakaya Kikwete of Tanzania reportedly is in negotiations with the UK-based Gatsby Charitable Foundation to support expansion of the program. The premiums charged and the level of coverage have not been disclosed. May 8. 2012

IFC, Switzerland Sponsor SME Workshops in Egypt

The World Bank Group's International Finance Corporation is sponsoring a series of workshops for small and medium-sized enterprises in Egypt “on how to implement sound corporate governance standards to improve their performance, increase access to finance and foster sustained growth.” The workshops are partially supported by the Swiss State Secretariat of Economic Affairs. May 8. 2012

Clinton Expresses Concern over Grameen Investigation

US Secretary of State Hillary Clinton recently expressed support for Nobel laureate Dr Mohammad Yunus and urged Bangladesh “not to undermine the independence of the Grameen Bank” after the Bangladeshi government announced an investigation of Dr Yunus and the 54 social businesses associated with Grameen, which Dr Yunus founded in 1976. Since he was pushed out of his job at Grameen in 2011, some observers have maintained that the government is targeting him - as well as institutions he helped found - on political grounds. Grameen reports assets of USD 1.7 billion. April 24 and May 8. 2012

Uganda Introduces Mobile Tax Payment Scheme

The Uganda Revenue Authority has introduced a mobile-phone payment system to accept tax payments of up to the equivalent of USD 1,200 from customers of Abu Dhabi-based Warid Telecom. It is estimated that the service will collect USD 40 million per month. Warid also operates in Bangladesh, the Congo and Pakistan. May 7. 2012

MicroCapital Deal of the Month

Carbon Credits Cut Cost of Efficient Heat in Mongolia

Two units of US-based Citibank, Citi Microfinance and the firm's Environmental Products Trading and Organization Team, recently announced that they will collaborate to purchase credits for 1.17 million tons of carbon from MicroEnergy Credits (MEC), a US-based for-profit firm that assists microlenders with clean-energy programs. The purchase will take place over seven years as the credits are generated through reductions of greenhouse gas emissions from the installation of efficient household insulation and heating appliances in the city of Ulaanbaatar, Mongolia. XacBank, a Mongolian microbank, will issue microloans to fund the purchase and installation of the equipment. The resulting reductions in emissions will be assigned to MEC, which will quantify, aggregate and sell the credits to Citi Microfinance, which will monetize them on the open market through the Environmental Products Trading and Organization Team. The program is currently being registered by the Clean Development Mechanism of the UN Framework Convention on Climate Change.

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Philippines May Trim Rural Bank Rules as 10% of Loans Sour

Bangko Sentral ng Pilipinas has announced that it is considering strengthening its Special Program for Rural Banks, which lays out guidelines for assisting distressed rural banks. While such banks now may accept investments only from other rural banks, they may soon be allowed to sell equity to urban banks and deposit-taking thrift banks. The effort comes as data for the third consecutive quarter indicate the microfinance industry's bad-loan ratio deteriorated from the previous quarter. Rural banks' portfolio-at-risk ratios reportedly averaged 10.4 percent at the end of March 2011, with the value of such loans reaching the equivalent of USD 258 million. May 7. 2012

Egypt's Orascom Launches Waseela Microfinance in Pakistan

In Islamabad, Pakistan, Waseela Microfinance Bank Limited reportedly has opened its first branch. Waseela, which was launched by Egypt's Orascom Telecom Holding with the required minimum capital base equivalent to USD 11 million, is expected to highlight branchless banking products. Orascom has 78 million mobile phone subscribers in the Middle East, Africa, Asia and Canada. April 23 and May 6. 2012

IFC, West African Monetary Union to Set Up Credit Bureau

The International Finance Corporation (IFC), the private-investment arm of the World Bank Group, is partnering with the eight countries of the West African Monetary Union in an effort to increase access to finance for the region's small businesses. Planned activities include developing private credit bureaux, improving awareness of credit in the region, lowering lender operational costs and improving lenders' risk mitigation. The effort will harness the Global Credit Bureau Program of IFC, which was launched in 2001 and has since operated in 60 countries. May 4. 2012

LuxFLAG Certifies FEFISOL, Access Africa Fund

The Luxembourg Fund Labeling Agency (LuxFLAG), an investment vehicle certification organization, has awarded its microfinance label to Fonds Européen de Financement Solidaire (FEFISOL), a for-profit investment fund registered in Luxembourg, and the Access Africa Fund, a for-profit entity formed in 2010 by nonprofit relief agency CARE USA. The label certifies that the funds invest most of their assets in the microfinance sector. While financial information on Access Africa is unavailable; FEFISOL reports assets under management of USD 8 million. As of 2012, 24 funds hold the annual LuxFLAG Microfinance Label, representing approximately USD 3.4 billion in assets under management. April 30 and May 2, 2012

Tanzania Pilots \$1.5m Farm Loan Program with Orange Growers

The Tanzanian government's Small Industries Development Organisation reportedly has provided a loan equivalent to USD 28,500 to Tanzanian microfinance institution Promotion of Rural Initiative and Development Enterprises Limited (PRIDE) for on-lending to 153 orange farmers. The loans are being offered on a trial basis with the intent of expanding the program to disburse loans to farmers totaling the equivalent of USD 1.58 million during 2012. For the year 2009, PRIDE reported total assets of USD 39 million. May 1, 2012

India's Basix to Expand in Africa

Basix Group, an Indian provider of microfinance and other services to poor people, is reportedly looking to acquire minority stakes in development credit institutions in 10 African countries. Meanwhile, the firm is looking to increase the share of its income that comes from fees - as opposed to interest and other sources - from 40 percent to 70 percent. Since Indian microfinance regulation was tightened in late 2010, Basix recorded losses of 2 million customers as well as the equivalent of USD 114 million. As of December 2011, Basix Group reported total assets of USD 159 million, a gross loan portfolio of USD 155 million and 1.2 million active borrowers. May 1, 2012

IFC Lends \$16m to Agricovert for Farmers in Romania

The World Bank Group's International Finance Corporation has provided a loan equivalent to USD 16.5 million to agriculture-oriented financial institution Agricovert Credit to increase lending to farmers in Romania to promote modernization in the industry. Agricovert Credit is a member of Romania's Agricovert Group, which reports a 2010 turnover of USD 198 million. May 1, 2012

Microfinance Growth Slows in AP, Quickens Elsewhere in India

CEO Alok Prasad of the 46-member Microfinance Institutions Network reportedly has said that the microfinance sector in the Indian state of Andhra Pradesh is expected to post reduced or zero growth for the financial year that ended in March. The sector in other Indian states is expected to report 10- to 15-percent growth. May 1, 2012

FATF Threatens Bangladesh with Downgrade Regarding Fraud

The Bangladeshi government reportedly intends to investigate the financial transactions of NGOs and microcredit entities operating in the country "to unearth any kind of money laundering." The Prime Minister's Office will also evaluate existing regulations designed to prevent money laundering and recommend reforms. The initiative comes as the Financial Action Task Force, an international agency based in France that monitors money laundering and terrorism financing, has threatened to downgrade the country's rating from "grey" to "dark grey," a level indicating government failure to address "strategic financial deficiencies." April 30, 2012

87 MFIs Earn MIX Social Performance Reporting Award

The Microfinance Information Exchange, a US-based nonprofit provider of data and analysis on organizations involved in microfinance, has recognized 87 microfinance institutions (MFIs) with its Social Performance Reporting Award. The awards are intended to promote transparency regarding MFIs' social performance, which is defined as creating opportunities for a large number of poor and excluded people, improving the quality of financial services and bettering the social responsibility of an MFI. Please see <http://microcapital.org> for a link to the list of awardees. April 30, 2012

AccessBank of Azerbaijan Accepting Loan Payments by Landline

AccessBank of Azerbaijan, an affiliate of Germany's Access Microfinance Holding AG (AccessHolding), recently announced the implementation of a service allowing customers to make loan payments by telephone. Customers who use the bank's debit cards can now transfer funds from their cards toward debt repayment via AccessBank's call center. As of 2010, AccessBank reported total assets of USD 457 million, 120,000 borrowers, return on assets of 7.6 percent, return on equity of 40 percent and a deposit portfolio of USD 158 million. AccessHolding also has investments in microbanks in Liberia, Madagascar, Nigeria, Tajikistan and Tanzania. April 30, 2012

Nigeria's Infinity Looks to Cut Fraud via Point-of-sale Terminals

Infinity Microfinance Bank of Nigeria reportedly has distributed 80 point-of-sale terminals among its loan officers in an effort to reduce the rate of staff pocketing loan payments without recording them. Infinity reports total assets equivalent to USD 1.3 million, a gross loan portfolio of USD 712,000 and a customer base of 50,000. April 30, 2012

MTN, Stanbic IBTC Bank Partner in Mobile Money in Nigeria

MTN Nigeria Communications Limited, a subsidiary of South Africa's MTN Group, and Stanbic IBTC Bank, a member of Nigeria's Standard Bank, recently agreed to partner to provide unspecified mobile money services in Nigeria. Standard Bank reports total assets equivalent to USD 185 billion. MTN has 35 million subscribers in Africa. April 27, 2012



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Grameen Credit Agricole Loans \$2m in Cambodia, Benin

The Grameen Credit Agricole Microfinance Foundation (GCAMF), which was founded in Luxembourg by French bank Credit Agricole and Grameen Trust of Bangladesh, has reported to MicroCapital that it has issued two microfinance institutions loans that carry three-year terms and one-year grace periods. Hattha Kaksekar Limited, which borrowed USD 1.25 million, reports a gross loan portfolio equivalent to USD 75 million. The other loan was the first issued by GCAMF in Benin and was disbursed to Alide in local currency equivalent to USD 800,000. Alide reports a gross loan portfolio of USD 3.1 million. April 27, 2012

DID, BIO to Finance Small Enterprises in Uganda

Development International Desjardins (DID), an arm of Canadian cooperative Desjardins Group, and the government-backed Belgian Investment Company for Developing Countries (BIO) have agreed to provide small enterprises investment and technical assistance via "entrepreneur financial centers" (EFCs), which DID has established in markets such as Tanzania, Zambia and the Republic of the Congo. BIO will focus its support on the newest EFC, which is in Uganda. The EFC in Zambia reportedly turned a profit in 2011 after two years in operation and now serves 40 percent of the Zambian microfinance market. April 26, 2012

RBI Wants MFI Deposit-taking Cut from Draft Bill

Deputy Governor Anand Sinha of the Reserve Bank of India (RBI) reportedly has announced that RBI does not support allowing microfinance institutions (MFIs) to take deposits from clients as would be allowed by the proposed Micro Finance Institutions (Development and Regulation) Act 2011. Mr Sinha also said MFIs need to improve in areas such as concentration risk, corporate governance, client protection, transparency and reducing operating costs. April 26, 2012

Institute of Microfinance to Pilot Microinsurance in Bangladesh

The Institute of Microfinance, a Bangladesh-based research and training nonprofit, has begun a pilot health microinsurance scheme in Bangladesh. The program was initiated after a study by the institute indicated that the poverty rate in Bangladesh increases 3 percent annually due to medical spending. The pilot includes two plans: Sushasthya, which includes outpatient services, maternity and newborn care for the equivalent of USD 3 per person per year; and Surokkha, which includes the same services plus inpatient care for USD 4.70 per person per year. The pilot will last two years and include members of approximately 3,000 households that participate in three unnamed microcredit programs in the cities of Churkhai and Mymensingh. Green Delta Insurance Company Limited of Bangladesh will underwrite the project. April 26, 2012

IFC, SANASA to Provide Microinsurance to Farmers in Sri Lanka

The International Finance Corporation (IFC), the private-investment arm of the World Bank Group, has partnered with Sri Lankan microinsurance company SANASA (Thrift, Credit and Cooperative Society in Sinhala) to "develop flexible, affordable, weather-based agricultural insurance products in Sri Lanka to minimize the impact of crop losses due to floods or droughts." The project is expected to insure 15,000 small-scale farmers and raise awareness of the program among 50,000 farmers. Index-based insurance pays out benefits according to pre-assigned values for expected losses from various weather or other events. Founded in 1989, SANASA reports serving 15 percent of the Sri Lankan population with life, motor or agricultural insurance through 40 branch offices. IFC holds an investment portfolio of USD 200 million in Sri Lanka. April 26, 2012

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Ghana Anticipates New Microinsurance Law

Ghana's National Insurance Commission reportedly has announced that a new national insurance law incorporating microinsurance will be passed during 2012. The law is expected to require insurance companies to maintain minimum capital equivalent to USD 2.74 million. While further details of the bill are not available, provisions of the law are intended to increase insurance coverage in the country. April 25, 2012

Grameen-Jameel Loans \$1.5m to Jordan's Tamweelcom

Grameen-Jameel Microfinance Limited, a joint venture of the US-based Grameen Foundation and the UK-based Abdul Latif Jameel Foundation, reportedly has provided a loan of USD 1.5 million to the Jordan Micro Credit Company, which is also known as Tamweelcom. The investment is expected to fund loans to approximately 4,000 microentrepreneurs in Jordan. Tamweelcom reports total assets of USD 21 million, a gross loan portfolio of USD 19 million and 57,000 active borrowers. Grameen-Jameel reported having provided guarantees totaling USD 24 million that facilitated local-currency financing equivalent to USD 53 million in North Africa and the Middle East. April 25, 2012

Deposits in Kenyan Mobile Money Services Reach \$2b

The Communications Commission of Kenya (CCK), the local telecommunications regulator, has reported that during 2011 cash deposits held by mobile money transfer providers increased from the equivalent of USD 1.41 billion to USD 2.12 billion. CCK partly attributes the increase to a rise in the maximum amount that mobile phone users are allowed to hold in their accounts from USD 840 to USD 1,200. In addition, the number of mobile money users increased by 3 percent to 18.9 million, and the number of transaction agents rose from 44,900 to 48,000. April 23, 2012

IFC, DFID Commit \$263m to Global SME Finance Facility


The World Bank Group's International Finance Corporation has invested USD 200 million to launch the Global SME Finance Facility, a program that combines "donor funding with funding from international development institutions to expand lending" to small and medium-sized enterprises in developing countries. The facility is intended to support efforts that may be considered risky, such as women-owned businesses, projects in conflict areas and sustainable energy. Investments in the facility are soon expected to grow to USD 600 million and eventually to reach USD 1.8 billion. The UK's Department for International Development will invest USD 63 million plus USD 52 million in advisory services and a donation of USD 4 million. April 23, 2012

Malaysia's State of Selangor Offers Microloans for Rural Women

The government of the Malaysian state of Selangor reportedly has allocated the equivalent of USD 1.6 million for a microcredit scheme for rural women. Known as Wala, the program aims to offer 200 women loans of USD 330 to USD 980 to start part-time businesses. Training and support will also be provided. April 23, 2012

India's Greenlight Planet Lands \$4m in Equity

Bamboo Finance, a Swiss investment firm, and Dr PK Sinha, co-founder of US-based consulting firm ZS Associates, recently invested equity totaling the equivalent of USD 4 million in Greenlight Planet, an Indian company that offers products such as light-emitting diodes (LEDs) that are meant to serve as a more cost-efficient substitute for kerosene lamps. Greenlight plans to use the funds to increase its distribution network and improve its research and development. Neither the amount invested by each party nor the size of the stake sold by Greenlight has been released. Financial data on Greenlight are not available. Bamboo is affiliated with BlueOrchard, a Swiss microfinance intermediary managing assets of USD 1.1 billion. April 21, 2012



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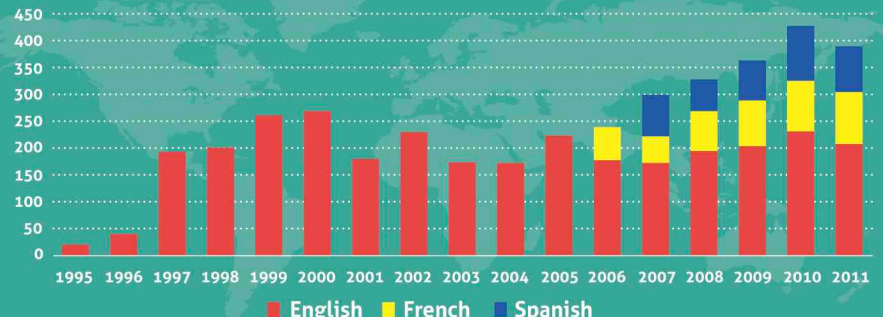
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5 al 16 de Marzo, Cartagena de Indias, Colombia

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PARTICIPANTS PER PROGRAM 1995-2011



Year	English	French	Spanish
1995	10	0	0
1996	30	0	0
1997	180	0	0
1998	200	0	0
1999	250	0	0
2000	260	0	0
2001	180	0	0
2002	220	0	0
2003	170	0	0
2004	170	0	0
2005	220	0	0
2006	170	80	0
2007	170	80	50
2008	190	80	80
2009	200	90	80
2010	230	100	100
2011	210	100	90

■ English ■ French ■ Spanish

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Philippine Prudential Grows Microinsurance Business

The Philippine Prudential Life Insurance Company has recorded an increase in microinsurance premiums collected from the equivalent of USD 219,000 in 2010 to USD 626,000 in 2011. Microinsurance claims paid by the firm increased from USD 58,400 to USD 516,000 during the same period. Including traditional insurance products, Philippine Prudential paid total claims of USD 3.19 million during 2011, for which year the firm reported assets of USD 16 million. April 21. 2012

Nepal Announces Microinsurance Options

Beema Samiti, Nepal's insurance regulator, reportedly has announced that a microinsurance program is expected to be extended to individuals and microenterprises in Nepal in May by private insurers. The product will cover up to the equivalent of USD 1,200 against accidents and loss of livestock, crops and life. Regulators also are encouraging insurance companies to insure microenterprise assets such as water mills, shops and rickshaws. Premium levels have not been announced, but reportedly will be monitored for "affordability." April 20. 2012

EBRD to Loan \$15m to AccessBank of Azerbaijan for MSMEs

The London-based European Bank for Reconstruction and Development (EBRD) recently agreed to loan USD 15 million to AccessBank, a microfinance institution in Azerbaijan, for on-lending to micro-, small and medium-sized enterprises operating outside of the capital, Baku. Among the shareholders of AccessBank are EBRD and Germany's Access Microfinance Holding AG, which also holds stakes in microbanks in Liberia, Madagascar, Nigeria, Tajikistan and Tanzania. AccessBank reports total assets of USD 488 million, a gross loan portfolio of USD 378 million and 120,000 borrowers. April 20. 2012

TIM Participacoes Launches Mobile Microinsurance in Brazil

TIM Participacoes, the Brazilian subsidiary of Italy's Telecom Italia Mobile, reportedly will launch a funeral microinsurance product for low-income individuals that can be enrolled in and paid for via mobile telephones. The service will be underwritten by an unnamed Brazilian insurance company. Telecom Italia Mobile has 35 million subscribers. TIM Brazil is responsible for the equivalent of USD 7.8 billion out of its parent company's total revenues of USD 28 billion. April 20. 2012

IKEA Foundation Donates \$39m to Swaayam for Women in India

The IKEA Foundation, an affiliate of Dutch furniture retailer IKEA, recently committed a donation equivalent to USD 39 million to Swaayam, a pilot program aiming to boost the social, political and economic empowerment of poor women in India. Swaayam offers financial, literacy and leadership education as well as access to microloans through self-help groups. The five-year program is being operated by the UN Development Program and is intended to expand Swaayam's outreach to 2.2 million women. Since its inception in 2010, Swaayam reports that it has helped 35,000 women participate in businesses, 4,000 of whom have become entrepreneurs. The program has also helped 12,000 women become "financially literate." April 19. 2012

Liberian Senate President Launches \$18k Microloan Fund

Liberian Senate President Pro-Tempore Gbehzohngar Findley reportedly has disbursed the equivalent of USD 8,100 of his personal funds to provide microloans for small-scale retailers in Buchanan City. The money is the first part of a planned revolving loan fund of USD 18,000. Depending on the repayment rate of the initial loans, the fund size may be increased to USD 41,000. April 19. 2012



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Bamboo Invests \$3m in Equity in Vienova Education of India

Swiss investor Bamboo Finance recently invested the equivalent of USD 3 million to acquire a stake of undisclosed size in Vienova Education Private Limited, an Indian operator of schools that also offers curricula and online tutoring. The company plans to use the funding to establish 100 additional schools. Other investors in Vienova include the Indian Angel Network and Helion, a private equity investor. As part of the arrangement, Bamboo Finance investment manager Keith Allman has taken a position on Vienova's board of directors. Bamboo Finance is affiliated with BlueOrchard, a Swiss microfinance intermediary managing USD 1.1 billion in assets. April 19, 2012

MicroPlanet Technologies Names Daryl Skoog as Director

MicroPlanet Technologies, a US-based nonprofit that offers technology services to microfinance institutions (MFIs), recently named Daryl Skoog as executive director. Prior to accepting this position, Mr Skoog served 12 years as head of technology at Opportunity International, a US-based microfinance nonprofit. Among other services, MicroPlanet offers a software-as-a-service banking software platform. April 18, 2012

Al-Ebda'a Launched in Sudan with \$5m in Capital

Al-Ebda'a, a Sudanese microfinance institution, has been established with USD 5 million in capital, of which 40 percent will come from the Arab Gulf Program for United Nations Development, 25 percent from the Saudi Arabia-based Islamic Development Bank and 20 percent from the Sudan Government Microfinance Corporation, with the remainder to be raised from the private sector. By its fifth year of operation, Al-Ebda'a plans to provide microfinance loans worth USD 23 million to 80,000 people. April 18, 2012

Regulation in Botswana Spooks Industry

Botswana's Ministry of Finance and Development Planning has approved a set of regulations including a mandate that individuals and non-financial institutions that participate in microlending must register with the Non-Bank Financial Institutions Regulatory Authority and apply for a microlending license. Microlenders also must cease holding borrowers' bank-card access codes and official documents. The fear that this will result in lower repayment rates has reportedly led some microlenders to shut down. Ndiye Elias, the manager of an unnamed cash loan company in Francistown, was quoted as having said, "There is a high possibility of permanently closing this month as we are only collecting our payment from our clients and stopped lending until we know the future of our business." April 13 and April 18, 2012

India Seeks to Boost Equity Investment in SMEs

The Planning Commission of the government of India recently released a preliminary outline of its twelfth five-year plan for 2012 to 2017, which includes the creation of a working group devoted to the promotion of equity investment in small and medium-sized enterprises. April 18, 2012

Rafiki, Lender to Kenyan Youth, to Open 7 Branches in 2012

CEO Daniel Mavindu of Rafiki Deposit Taking Microfinance, a Kenyan institution that serves young entrepreneurs, reportedly plans to grow the firm's branch network from two to nine during 2012 with the opening of offices in the counties of Nairobi, Makueni, Kajiado, Nakuru, Kiambu and Meru. Rafiki, which provides financial and business training in addition to financial services, is a subsidiary of Chase Bank, a private Kenyan bank with 19 branches. Financial information is not available for either entity. April 17, 2012



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Constanta of Georgia Grows Assets by 77%, to Open 15 Branches

During 2011, Constanta Bank, a microfinance provider in Georgia, achieved 77-percent growth in assets, 71-percent growth in its credit portfolio and 89-percent growth in the amount of loans issued relative to the previous year. Constanta has increased its number of branches from 21 to 30 during the first quarter of 2012 and plans to open an additional 15 before the end of the year. The microbank has rolled out new products such as consumer loans and microsavings and began offering an annual deposit rate of 17 percent that resulted in deposits growing four times higher than anticipated. In addition, Constanta is looking to introduce automatic teller machines for its preferred customers as well as an agricultural loan product. Constanta reports total assets of USD 84 million, a gross loan portfolio of USD 66 million and 29,000 active borrowers. April 16, 2012

Sri Lanka Looks to Cut Subsidies, Cap Interest Rates

The Sri Lankan government recently released a draft law that would establish a Microfinance Regulatory and Supervisory Authority to set “the terms and conditions under which deposits may be accepted, the maximum interest payable, the maximum length of time, and the cap on the amount one person may deposit....” The regulation would also end the flow of subsidized credit that has been provided to microfinance institutions for the past two decades by the Credit Fund of the Janasaviya Trust Fund. The regulation does not address microinsurance. April 16, 2012

India's MFIN Seeks Government Help Recovering Loans in AP

The Microfinance Institutions Network (MFIN), a trade association of 46 Indian microfinance lenders, reportedly has requested that the Reserve Bank of India intervene on behalf of microlenders attempting to collect the equivalent of USD 1.36 billion in loans outstanding in the Indian state of Andhra Pradesh. MFIN has asked the regulator to enter into a dialogue with the Andhra Pradesh government to agree on compromise to restructure the loans. Another proposal is to remove the 26-percent annual interest rate cap on microloans that was promulgated in 2010. April 16, 2012

Nova Banka Loans \$2m to Prizma of Bosnia and Herzegovina

Nova Banka AD, a private bank in Bosnia and Herzegovina, has approved a local-currency loan equivalent to USD 2 million to Microcredit Foundation Prizma, a microfinance institution in Bosnia and Herzegovina. The loan, which is described as “long-term,” increases Nova Banka’s exposure to Prizma to USD 3.3 million. Prizma reports total assets of USD 72 million, a gross loan portfolio of USD 64 million, return on assets of 1.85 percent, return on equity of 9.44 percent and 69,000 active borrowers. Nova Banka reports total assets of USD 673 million. April 15, 2012

Nigeria's Mainstreet to Utilize Mechanics Fund

Mainstreet Microfinance Bank of Nigeria reportedly has been selected to access an undisclosed amount from a fund that was capitalized with the equivalent of USD 6 million by the government of Nigeria and the National Automotive Council to provide lending to automotive mechanics in Nigeria. Financial information on Mainstreet is not available. April 14, 2012

IFC Loans \$13m to Ohridska Banka of Macedonia for SMEs

The World Bank Group’s International Finance Corporation (IFC) has loaned the equivalent of USD 13.1 million to Macedonia’s Ohridska Banka “to increase access to finance for small and medium enterprises and boost economic recovery in the country.” Ohridska Banka, a subsidiary of French bank Societe General, reports total assets of USD 411 million, deposits of USD 264 million, 87,000 clients, return on assets of 0.2 percent and return on equity of 1.9 percent. IFC’s portfolio in Macedonia totals USD 87 million. April 13, 2012

Bangladesh Vetoes Dr Yunus as Recruiter for Grameen Director

After months of deliberation, the government of Bangladesh reportedly has vetoed a suggestion made in 2011 by the board of Grameen Bank to task Dr Muhammad Yunus, founder of the bank, with finding a managing director for it. Dr Yunus served in the post of managing director until he was forced out of the position by the government in 2011. The Bangladeshi government has announced that a committee to search for a replacement will be established at a later date to be determined by consensus of the board. April 13, 2012

Lower Tax Rate Proposed for MFIs in the Philippines


With the intent of increasing credit access and reducing poverty, a senator in the Philippines has introduced a bill that would lower the tax rate on microenterprise development institutions to 2 percent “of their gross income in lieu of all national and local taxes” with the proceeds directed to the People’s Development Trust Fund, which provides financial and technical support to microenterprises. April 11, 2012

IFC, BNP Paribas Partner on \$100m Ag Facility for Africa, Europe

The International Finance Corporation (IFC), the private-investment arm of the World Bank Group, and the Swiss subsidiary of French bank BNP Paribas recently launched a USD 100 million, three-year risk-sharing facility to finance agriculture firms in Sub-Saharan Africa and Eastern Europe. The facility will operate through IFC’s Global Warehouse Finance Program, which was launched in 2010 to increase the availability of working capital financing to farmers, traders and exporters in emerging markets by using their agricultural products as leverage. The program is expected to reach 200,000 farmers worldwide and increase food access for 7.5 million people by 2014. April 10, 2012

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FIELD NOTES

Where Are Microfinance Loans Truly Scarce? Map it!

Anywhere in the world where I have cell phone reception, I can tell you quite precisely where the closest Starbucks is. With 20,000 branches and counting, we can be encouraged that the world is set to soon eliminate the global problem of lack of access to coffee. I say this in jest, of course, because coffee access is quite prevalent and was so before Starbucks existed. Starbucks can't quite make the claim that it is improving access to coffee (just ask all the local coffeehouses in your neighborhood). It can perhaps claim it is improving access to coffee that is grown responsibly and perhaps that its coffee is better - but duplicative, nonetheless. The difference, in my opinion, between the proliferation of coffeehouses throughout the world and that of microcredit is that coffee purveyors are not claiming they are additive. Their goal is to replace your existing coffee-drinking habits, offering a better product or better experience, not to improve your access to coffee.

The recent *Financial Access 2010* study from CGAP (Consultative Group to Assist the Poor) underscores that there are still parts of the world where bank access is scarce - especially deposit services. However, in many parts of the world, especially the urban world in developing countries, credit access has become quite readily available. If you have access to Google maps, lots of time and a technologically proficient young person, you can pretty much place every single caja, bank and microfinance institution (MFI) branch in Peru on a map, for example, and see for yourself. I managed to do this for Puebla, Mexico, in under 10 minutes, so even a not-so-young, not-so-proficient person can handle this task. If you were to go through this exercise, I think you would find that new entrants have not been expanding access to credit by entering areas where there is no existing credit availability. Instead, they are crowding into the same areas as others. Are they, like Starbucks, offering more delicious products and differentiated service? Unfortunately, in most cases, I think not.

I recently came back from Nicaragua where I heard a story of loan officers interrupting a village bank meeting of another MFI to attempt to convince its clients to switch alliances. I also have noticed that "retention" has become less of an issue because loan officers in many places are renewing loans two to three payments before they come due to avoid the possibility that a client "resting" between loan cycles will get snapped up by the competition. At a conference sponsored by Locfund in March, Diego Cisneros Salas, Peru's acting superintendent for banking and microfinance, displayed a worrisome chart. It indicated that bank access increased by almost 50 percent between 2005 and 2010, with large gains made in reaching the lower middle classes. However, he cautioned that 33 percent of loan clients have loans from three or more formal institutions. He notes that delinquencies and problems with payments are especially high above this threshold. Another 30 percent have loans from two lenders. This is not even taking into account the informal debt owed by many low-income folks.

Peru's microfinance industry has been saved so far, in my opinion, by a transparent and wide-reaching credit bureau and fairly strong controls at the MFI level. However, that is not to say the same for its clients. It's time to take a closer look at how clients are managing multiple borrowing and what practices are creating this phenomenon. In many countries, I think it is clearly time to gain market share not by offering more of the same "coffee" - at the risk of over-cafteinating clients - but by making *better* coffee. Just look at a map!

About the Author: Ms Barbara Magnoni is President of EA Consultants, a development consulting firm based in New York. She has 15 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@eac-global.com, or you may follow her on Twitter at [BarbaraatEA](#).



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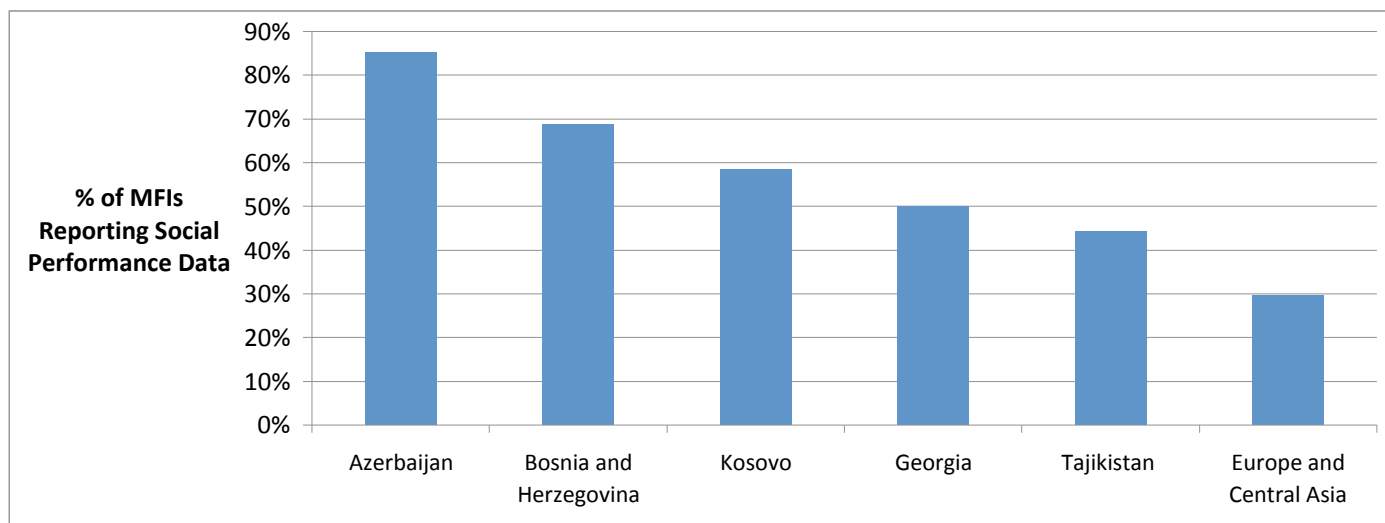
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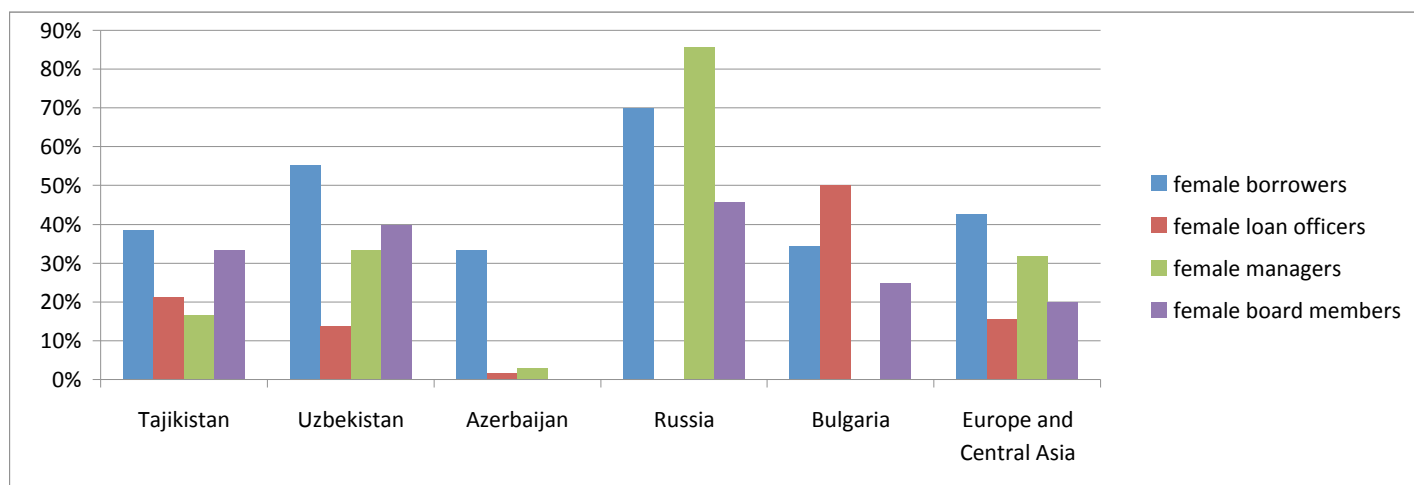
557 MICROFINANCE INSTITUTIONS (MFIs) FROM 82 COUNTRIES REPORTING SOCIAL PERFORMANCE DATA

TOP FIVE COUNTRIES BY MFI REPORTING OF SOCIAL PERFORMANCE DATA



The countries appearing in the above chart are those from the region from which the greatest number of MFIs reported 2010 social performance data to the Microfinance Information Exchange (MIX). The percentages are calculated by dividing the number of MFIs that reported social performance data by the number that reported financial data to MIX.

PERCENTAGE OF FEMALE STAKEHOLDERS



The countries appearing in the above chart are those from the region from which the greatest number of MFIs reported 2010 female stakeholder data to MIX. Percentages for the countries shown are based on samples of 18 to 23 MFIs per country.

Source: Microfinance Information Exchange, May 2012

UPCOMING EVENTS

Investing in African Youth:

Making Financial Services and Training Work

May 21 - May 22, 2012, Dakar, Senegal

Hosted by UK-based NGO Plan International, this event will center on youth financial services, youth empowerment and gender equality. The registration fee is CAD 200 for general participants and CAD 50 for attendees from West Africa. For additional information, you may email [conference\(at\)plan-international.org](mailto:conference(at)plan-international.org), call +1 416 920 1654 or visit <http://www.2012mfconference.com>.

Transformational Microfinance

May 21 - May 23, 2012, Mexico City, Mexico

This conference will offer sessions addressing over-indebtedness, competition, regulation, credit bureaux and the balance between commercial and social goals. Packages for the two-day conference cost USD 2,299 with add-on workshops available plus a range of discounts including **15-percent off for MicroCapital readers indicating the priority code "MicroCapital."** More details are available from [info\(at\)hansonwade.com](mailto:info(at)hansonwade.com), +1 212 537 5898 or <http://microfinance-latam.com>.

Cracking the Nut 2012: Attracting Private Sector Investment to Rural and Agricultural Markets

June 25 - June 26, 2012, Washington, DC, USA

This conference focuses on leveraging public-private partnerships to develop rural and agricultural markets. The agenda covers five themes: expanding to new markets, tapping new sources of agricultural inputs, creating effective partnerships, making finance work and forging positive government support. A two-day workshop on agricultural value chain finance will follow the conference. The fee to attend the main event is USD 765. For additional information, you may contact Kim Ha via +1 703 914 5533 or [kha\(at\)azmj.org](mailto:kha(at)azmj.org), or you may visit <http://www.crackingthenutconference.com/>.

MF Tech 2012

June 25 - June 27, 2012, Kuala Lumpur, Malaysia

This event aims to aid microfinance institutions in achieving growth, reducing costs and increasing capacity by addressing regulatory concerns, technology costs, cloud computing, internal training, vendor support and infrastructural challenges. The standard pricing is USD 2,299 with a rate of USD 1,699 available to representatives of microbanks. Workshop entry is available separately. **A 15-percent discount is offered to MicroCapital readers indicating the priority code "MicroCapital."** For more information, you may visit <http://microfinance-technology.com>, email [info\(at\)hansonwade.com](mailto:info(at)hansonwade.com) or phone +1 212 537 5898.

Financing Low-cost Housing - Latin America

August 27 - August 29, 2012, Miami, Florida, USA

Topics to be covered at this event include: getting the best returns on investment, risk management, structuring stakeholder partnerships, and regulatory and legal barriers. The price of the two-day conference is USD 2,299. Add-on workshops are available as are discounts for microfinance institution representatives plus an **additional 15-percent discount for MicroCapital readers indicating the priority code "MicroCapital."** For additional information, you may visit <http://housingfinance-latam.com>, email [info\[at\]hansonwade.com](mailto:info[at]hansonwade.com) or call +1 212 537 5898.

Sixth Annual Mobile Financial Services Asia Pacific Summit

September 10 - September 12, 2012, Manila, the Philippines

This event will cover partnerships among telecoms, microbanks and other players; increasing market share; security; cross-border models; and improving the user experience. The fee to attend is USD 2,395 with add-on workshops and a range of discounts available, including tiered pricing for those registering before August 3 and July 6. More details may be had from Rita Parasurum via [rita.parasurum\(at\)ibcasia.com.sg](mailto:rita.parasurum(at)ibcasia.com.sg) or +65 6508 2482 or by visiting <http://mobilefinancialsummit.com/>.

Global Youth Economic Opportunities Conference

September 11 - September 13, 2012, Washington, DC, USA

The purpose of this conference is to share promising practices for increasing youth economic opportunities, to form partnerships and for participants to gain technical knowledge in approaches to counter youth unemployment. The registration fee is USD 695 per person with discounts available for presenters and all registrations received by June 29. More information may be requested from Whitney Harrelson at [whitney\(at\)makingcents.com](mailto:whitney(at)makingcents.com) or +1 202 783 4090 or by visiting <http://www.youtheconomicopportunities.org>.

Fifth Convergences 2015 Forum

September 19 - September 21, 2012, Paris, France

This event will gather an estimated 3,000 attendees to consider solutions to poverty in Europe and worldwide. Topics will include social entrepreneurship, microfinance and others. Pricing ranges from EUR 25 to EUR 400 depending on employer category, with discounts available for those registering before June 30. More details may be had via <http://www.convergences2015.org/>, [forum\(at\)convergences2015.org](mailto:forum(at)convergences2015.org) or +33 (0) 142 657 884.

2012 SEEP Annual Conference

November 5 - November 9, 2012, Arlington, Virginia, USA

This conference will focus on "innovations that increase scale and impact...expanding access to the basic tools of economic self-determination." Pricing details are expected to be available shortly via <http://www.seepnetwork.org/seep-2012-pages-97.php>, [annualconference\(at\)seepnetwork.org](mailto:annualconference(at)seepnetwork.org) or +1 202 534 1400.

Eighth International Microinsurance Conference

November 6 - November 8, 2012, Dar es Salaam, Tanzania

This event will cover cooperative insurance models, economic analysis, technology, consumer protection, overcoming challenges and more. Registration details are to be available at August 1 at <http://microinsuranceconference.org/2012>. Inquiries may be directed to Paula Jiménez at pjimenez@munichre-foundation.org or +49 89 38 91 88 88.

MORE DETAILS COMING SOON ON...

TBLI Conference Europe 2012

November 8 - November 9, 2012, Zurich, Switzerland

European Microfinance Week

November 14 - November 16, 2012, Luxembourg

Microfinance India Summit

November 27 - November 28, New Delhi, India 🇮🇳

PAPER WRAP-UPS

Credit Is Not a Right

By John Gershman and Jonathan Morduch, published by the Financial Access Initiative of New York University, April 2011, 9 pages, available at: <http://www.microfinancegateway.org/gm/document-1.9.56804/Credit%20is%20not%20a%20right.pdf>

This paper examines the argument that credit should be considered a human right and whether a rights-based approach to microcredit promotes the industry's universal goal of poverty reduction worldwide.

The authors discuss various ways to define a right to credit. Such a right could be understood, for instance, in terms of universal access, similar to how some societies view education or health. Another component of our understanding of credit as a right is associated with fair treatment or quality of service. As a number of these issues lead to an ongoing philosophical and political debate, the authors settle on recounting the possibilities to demonstrate its complexity rather than adopting one specific definition for its analysis.

The first section of the paper interprets the proposal by Nobel laureate Professor Muhammad Yunus that credit should be

elevated to a human right as part of a broader "rights revolution" to raise a sense of urgency regarding its implementation in development policy. The authors argue that this approach debases human rights language by diluting the moral or political legitimacy of rights in general. If everything viewed as moral becomes a right, then rights lose some of their exceptional quality. Another concern stems from a cost-benefit analysis perspective. If credit is established as a human right, then arguments in terms of efficiency or effectiveness may be overruled due to credit's status as a right.

The second section of the paper reviews empirical data to assess whether the success of access to credit warrants Professor Yunus's call to establish credit as a right. The authors argue that the evidence indicates that - while access to credit helps some recipients some of the time - it does not guarantee success all of the time. In some cases, it results in damage. With such heterogeneous results, the authors conclude that the campaign for universal access to credit loses some of its urgency.

The third section attempts to identify who would be obligated to enforce credit as a right. The authors argue that, although government is perhaps the most logical candidate for this responsibility, this is at odds with the history of

microcredit. In most countries, private microcredit providers have filled a gap left by traditional banks and the state, so to entrust the government to guarantee universal access to credit appears problematic. One alternative is for non-state actors to bear this burden, but accountability is difficult to achieve without nationwide enforcement mechanisms. While the authors concede that a non-state system of obligations is possible with no duty bearer, the potential of such a system may be limited.

The authors conclude with an alternative interpretation of a right to credit as the elimination of discrimination. Instead of direct provision of credit, efforts should focus on changing cultural norms or removing legal barriers to its access. Examples of structures that should be changed include rules prohibiting women from owning property or requiring women to obtain their husbands' consent to borrow. Ensuring that all people have access to identification documents or allowing the use of alternative documents to obtain loans is another area that warrants attention. The authors argue that, compared with an explicit right to credit, this alternative approach fits into existing rights against discrimination and offers a more practical path to the broader goal of global poverty reduction.



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Agent Banking in Latin America

By the National Banking and Securities Commission of Mexico and Celina Lee, published by the Alliance for Financial Inclusion, February 2012, 19 pages, available at: <http://www.microfinancegateway.org/p/site/m/template.rc/1.1.14613>

This paper compares how four Latin American countries implement agent banking, a model by which banks provide financial services via nonbank agents such as supermarkets and pharmacies. Agent banking is often used to expand financial services into rural areas at a lower cost than opening bank branches, but it can also be used to complement bank branches to increase coverage in municipalities with high population densities. The authors compare the agent model of Mexico, where agent banking is new, with models in Colombia, Brazil and Peru, which have more experience with the service.

First, the authors look at the implementation of agent banking in Mexico in 2010 and its first-year success in comparison to the other countries under consideration. In 2010, 12 financial institutions in Mexico established approximately one banking agent for every 10,000 inhabitants in the country. Brazil, which began implementation in 2000, had 10.5 agents per 10,000 adults as of 2010; Colombia, which began implementation in 2007, had 3.1 agents per 10,000 people; and Peru, which began implementation in 2008, had 4.3 agents per 10,000 adults. The authors find that for each additional year of experience, a country gains an average of 0.69 agents per 10,000 adults. Mexico is predicted to establish another 26,000 agents in 2011, its second year of implementation, reaching 4.5 agents per 10,000 adults. Thus, the expansion of bank agents appears to be much more rapid in Mexico than has been observed elsewhere. Additionally, bank agents are the only formal banking presence in 18 percent of the country's municipalities after the first year of implementation; whereas in Colombia, 4.5 percent of municipalities had only agents providing formal services after the initial year.

Bank agents generally offer five types of transactions: payments (such as to settle utility bills), deposits, withdrawals, the establishment of savings accounts, and the disbursement and repayment of loans. Banks in Colombia, Brazil and Peru offer services from all five categories, while Mexico allows only certain types of payments, deposits and withdrawals; it is not legal to offer the opening of savings accounts through agents. In both Brazil and Colombia, bill payment was the most commonly used service, and the authors argue that the small quantities of money paid indicate that many clients of agents still do not have an account at

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a regulated financial institution. Based on this conclusion, the authors recommend gathering demand-side data to understand how to use bank agents as a transition into the formal banking world.

In Colombia and Brazil, agents are allowed to facilitate the opening of accounts with a formal bank; and in Peru, agents are allowed to open and close simplified bank accounts. The type of banks allowed to function through agents also varies by country: Mexico and Colombia allow or plan to allow commercial banks, state-owned development banks, cooperatives and microfinance institutions (MFIs) to contract with agents; Peru allows commercial banks, MFIs and finance companies to use agents; and Brazil allows all financial institutions to provide agent banking services. In all four countries, agents are allowed to represent multiple financial institutions, a practice that is not allowed in some other countries.

In conclusion, a study of trends in Brazil, Peru and Colombia indicates a slow implementation of agent banking during the first two years followed by an increased rate of growth in the third or fourth year. However, data after Mexico's first year of allowing agent banking lead to the prediction that there will be a rapid increase in banking agents in the initiative's second year, one that is comparable to increases in Colombia's fourth year and Peru's sixth. The author concludes that Mexico allowing more types of financial institutions to operate bank agents and allowing the opening of savings accounts will place Mexico among the leaders in agent banking in Latin America, leading to a significant impact on financial inclusion.

Designing Disclosure Regimes for Responsible Financial Inclusion

By Jennifer Chien, published by CGAP (Consultative Group to Assist the Poor), March 2012, 23 pages, available at: http://www.cgap.org/gm/document-1.9.57109/EN_78.pdf

This publication addresses the importance of clients' comprehension of products as part of efforts to increase financial inclusion and transparency.

Transforming Microfinance in Kenya: The Experience of Faulu Kenya and Kenya Women Finance Trust

By the Frankfurt School of Finance & Management, published by Financial Sector Deepening Kenya, February 2012, 25 pages, available at: http://www.fsdkenya.org/pdf_documents/12-03-06_Faulu_KWFT_study.pdf

This study considers the effects of regulations imposed by the Central Bank of Kenya on licensed microfinance institutions that aim to convert into deposit-taking institutions. Among the requirements for conversion that the authors deem costly are the installation of security systems, establishing higher quality technology infrastructure and recruiting more experienced staff. The study recommends a review of risks for deposit-taking microlenders for use in considering less stringent requirements.

The Financial Behavior of Rural Residents: Findings from 5 Latin American Countries

By Jacqueline Urquiza, published by Accion, March 2012, 45 pages, available at: <http://www.microfinancegateway.org/p/site/m/template.rc/1.1.15109/>

This document summarizes the results of research conducted during 2009 and 2010 that is intended to shed light on the financial behavior of rural residents with the potential to become clients of microfinance institutions. The study found that working capital credit and savings are the best known and most used financial services. While 80 percent of study participants knew about these services, 40 percent used them. Products that are least known and least used are debit cards, consumer credit and life insurance. Approximately half of respondents had some form of savings meant to be used for emergencies. However, the study indicates that business investments are often made from these emergency savings. Between 50 percent and 70 percent of respondents in each country borrow money, with the most common form being individual credit. Many respondents expressed dissatisfaction with credit and a desire for more financial training. ☑