

## MICROCAPITAL BRIEFS | TOP STORIES

### Private Equity Funds Bet \$51m on Janalakshmi of India

Please see page 3 for coverage of this "MicroCapital Deal of the Month."

### MFI Association to Challenge New Rate Cap in Kyrgyzstan

Almazbek Atambayev, the President of the Kyrgyzstan, reportedly has signed a law entitled "On Restriction of Usurious Activities in the Kyrgyz Republic" that establishes an interest rate cap on loans disbursed by private moneylenders and non-bank financial institutions. The law establishes the National Bank of the Kyrgyz Republic (NBKR) as the regulator of private moneylenders, pawnshops, microcredit companies and non-bank financial institutions that engage in moneylending. NBKR will set an interest rate cap each month based on the weighted average annual interest rate of loans provided by financial institutions in the country, plus an additional 15 percent. Executive Director Nargiza Joldosheva of the Association of Microfinance Institutions (AMFI), which represents 32 organizations that are active in microfinance in Kyrgyzstan, reportedly stated that the new regulation will diminish the growth of microfinance and that AMFI will seek to challenge the law in the nation's Constitutional Chamber. September 12. 2013

### ResponsAbility Loans \$20m to UT Bank Ghana for SMEs

ResponsAbility Social Investments, a Swiss investment company with a focus on microfinance, recently notified MicroCapital that it disbursed a loan of USD 20 million to UT Bank Ghana Limited, a commercial bank with 26 branches. The loan will be used to support small and medium-sized enterprises in Ghana. UT reports assets equivalent to USD 499 million. Additional current financials on the bank are unavailable. September 10. 2013

### Nepal Requires Insurers to Provide Microinsurance

The Nepalese government recently issued regulations mandating that insurance companies in the country offer microinsurance policies and build up that segment to no less than 15 percent of the policies they sell by 2018. The government has established a set of microinsurance "portfolios" that includes policies covering cattle, self-employment, health, accidents and life. The premium cost per policy owner cannot exceed the equivalent of USD 1,520 per year, and agricultural insurance policyholders receive a government subsidy equal to 50 percent of paid premiums. September 3. 2013

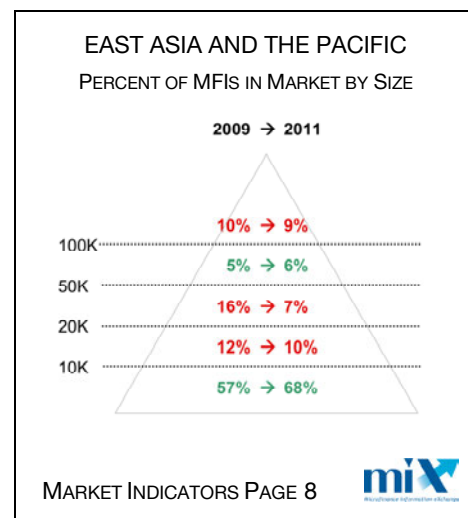
### Thirty MFIs Close in Ghana

Consistent with the "huge" level of withdrawals from Ghanaian microbanks that was cited in the July issue of this newspaper, it has been reported that 30 unidentified microfinance institutions in Ghana failed to "sustain their operations" during the first quarter of 2013, causing depositors to lose an unknown sum of money. The Ghana Association of Microfinance Companies has approximately 500 members. August 22. 2013

### Incofin, Agora Buy Equity in Cambodia's AMK

Incofin Investment Management, a Belgium-based microfinance fund manager, and Agora Microfinance NV, an Amsterdam-based microfinance holding company, have acquired minority stakes in Angkor Mikroheranhvatho Kampuchea (AMK), a microlender serving 300,000 Cambodians. Incofin's share of the investment was disbursed by its Rural Impulse Fund II, which makes debt and equity investments in rural microbanks. The sizes of the stakes and the prices paid for them have not been disclosed. AMK reports assets of USD 68 million. August 11. 2013

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## MICROCAPITAL BRIEFS

### MicroCapital to Cover European Microfinance Week Onsite

We at MicroCapital are pleased to announce that we have been contracted again to provide onsite reporting from European Microfinance Week, a production of the 140-member European Microfinance Platform. We will publish multiple postings at <http://microcapital.org> and on Twitter @MicroCapital during the event, which will take place in Luxembourg from November 12 through November 14. For more details, you may refer to the ad on page 4 of this newspaper and <http://e-mfp.eu>. September 13, 2013

### LeapFrog Investments Raises \$200m for Second Fund

Mauritius-based LeapFrog Investments has announced that it has raised USD 204 million to launch its second fund, which will invest in companies offering insurance and other financial services to poor people in Africa and Asia. Investors include reinsurer Swiss Re, US-based asset manager TIAA-CREF and Dutch cooperative fund Oikocredit. LeapFrog's first fund, which raised USD 135 million, has supported firms serving 18 million people in 13 countries. September 12, 2013

### Orange, Visa Launch Mobile Payments in Botswana

Orange, a French telecommunications firm, recently partnered with Visa Incorporated, a US-based payments technology company, to expand the services offered through the "Orange Money" mobile money service in Botswana. Customers now will be able apply to link a prepaid card to their mobile money account that will allow them to perform point-of-sale transactions, use automated teller machines and make purchases from online merchants in other countries. Visa reports total assets of USD 39 billion, and Orange reports total assets equivalent to USD 119 billion. September 12, 2013

### Moody's, Microfinance Centre Partner on Social Ratings

US-based Moody's Analytics and the Microfinance Centre for Central and Eastern Europe and the New Independent States, a Poland-based network with 103 members, recently partnered to offer "Social Performance Assessments" to microfinance institutions in Europe and Central Asia. The parent of Moody's Analytics, Moody's Corporation, reports 2012 revenue of USD 2.7 billion. September 12, 2013

### \$34m Loaned by DBJ Creates 3,300 Jobs in Jamaica

The state-owned Development Bank of Jamaica (DBJ) reportedly created 3,324 jobs over the past five years through its loan program for micro-, small and medium-sized enterprises (MSMEs). Since 2008, DBJ loaned the equivalent of USD 34 million through the program via retail banks, credit unions and microlenders. Professor Rosalea Hamilton, a former president of Jamaica's MSME Alliance, reportedly argued that interest rates have been driven as high as 52 percent per year by demand for consumer loans, which "dominate" the microlending sector. September 12, 2013

### Blue Label, MasterCard Deploy POS Devices in Rural South Africa

Blue Label Telecoms Limited, a South Africa-based facilitator of prepaid mobile phone airtime transactions, and MasterCard, a US-based payments and technology company, are partnering to provide 22,000 small-scale traders and rural shop owners in South Africa with point-of-sale devices that will allow them to accept card payments. MasterCard cardholders will be able to use these terminals to make payments, withdraw cash and purchase prepaid vouchers for telephone airtime and electricity. Blue Label reports total assets of USD 437 million, and MasterCard has 1.2 billion payment cards in circulation. September 10, 2013

### Microfinance CEO Working Group Hires Anne Hastings

The Microfinance CEO Working Group, which was launched by eight microfinance organizations with goals that include the improvement of client outcomes, has hired Anne Hastings as its manager. Ms Hastings served 17 years as a leader at Fonkoze, a microfinance institution (MFI) serving poor women in rural Haiti. Additionally, she was involved in founding Fonkoze Financial Services, a commercial MFI that builds on the work of Fonkoze, and the Microinsurance Catastrophe Risk Organisation, a Barbados-based reinsurance company. September 9, 2013

### Kubaru Solicits Funds for Action Grace Divine of Burkina Faso

Kubaru, a UK-based nonprofit microfinance fundraising website, recently agreed to solicit funding for Action Grace Divine, a lender to microentrepreneurs in Burkina Faso. Kubaru's website enables individuals to loan the equivalent of USD 16 to USD 160 to Action Grace or Gata Daku Multi-Purpose Cooperative of the Philippines. If the loan is repaid by the end-borrower, the Kubaru user can choose to withdraw the money, but he or she earns no interest. Kubaru reports that its field partners charge end-borrowers an average of 15 to 30 percent interest per year. Financial information on Kubaru is unavailable. September 8, 2013

### EBRD Loans \$1m to Transcapital of Mongolia

The UK-based European Bank for Reconstruction and Development (EBRD) recently agreed to provide a local-currency loan equivalent to USD 1 million to Mongolian microfinance institution Transcapital Financial Services for on-lending to enterprises in Mongolia. EBRD will also provide training and technical assistance to the microlender. Transcapital reports total assets of USD 5.8 million, a gross loan portfolio of USD 5.5 million, return on assets of 17 percent and return on equity of 32 percent. September 7, 2013

### BPC to Offer Electronic Money in Palestine

The Palestine Monetary Authority is working with Banking Production Centre (BPC) of Russia to launch a national electronic payment system to serve as an alternative to the retail use of cash and checks. BPC's SmartVista payment processing software will be used to connect Palestine's automated teller machines (ATMs), allowing bank customers to use the ATMs and point-of-sale terminals of other banks in Palestine without extra transaction fees. One of the goals of the effort is to improve access to financial services in remote areas that may be served by only one bank. BPC serves 109 clients in 36 countries. September 6, 2013

### CORRECTION

A brief in the August issue of this newspaper included incorrect information about a new web resource from the state-owned Small Industries Development Bank of India and the World Bank. The webpage can be accessed via <http://indianmicrofinanceplatform.in> and is being implemented by the US-based nonprofit Microfinance Information Exchange.

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*Please refer to <http://MicroCapital.org> for information sources for all briefs. MicroCapital recognizes the individuals at CGAP, the Microfinance Gateway and the Microfinance Information Exchange for their outstanding work disseminating information on microfinance. Thank you!*

### **Nigeria Launches \$1.3b MSME Development Fund**

The Central Bank of Nigeria (CBN) reportedly has launched a Micro, Small and Medium Enterprises Development Fund with the equivalent of USD 1.3 billion to be lent to microfinance institutions (MFIs) at wholesale rates of 9 percent or less per year. The fund will also provide an “interest rebate” for women business owners who borrow from microbanks to reduce the retail rates they pay to no more than 9 percent. CBN Governor Sanusi Lamido Sanusi reportedly announced that the fund will include “a merit-based, incentive-based system [through which MFIs can seek]...even better credit terms from the fund.” The fund has been scheduled to launch in 2012. September 6. 2013

### **Sanad Fund for MSME Loans \$1m to MEMCC of Jordan**

The Sanad Fund for MSME (micro-, small, and medium-sized enterprises), a Luxembourg-based investor in financial institutions in the Middle East and North Africa, recently provided a local-currency loan equivalent to USD 1 million to the Middle East Micro Credit Company (MEMCC), a Jordan-based for-profit lender to MSMEs that is affiliated with US-based NGO Global Communities. The transaction is an expansion of a loan of USD 3 million that was disbursed to MEMCC in 2012. As part of the deal, Sanad is also providing management and customer service training to MEMCC, which reports a gross loan portfolio of USD 26 million and 19,300 active borrowers. September 5. 2013

### **YellowPepper Launches Mobile Payment System in Colombia**

YellowPepper, a US-based mobile payments provider, recently partnered with 12 unspecified banks in Colombia to launch a service that will enable users to transfer money, pay bills and withdraw cash from automatic teller machines (ATMs) using any mobile phone service provider in Colombia. Customers can either link their mobile phones to an existing bank account or register for a “Socia” card that was developed in partnership with Credibanco, a Colombian payment processing company. Customers will be able to perform cardless cash withdrawals at 70 percent of Colombian ATMs. Details on this service have not been specified, but other similar services work via a temporary transaction code being sent via short message service (SMS), also known as text messaging, that is then typed into the ATM. YellowPepper provides mobile services to 4 million customers in Latin America and the Caribbean. September 5. 2013

### **South Africa, MasterCard Distribute 10m Biometric Debit Cards**

MasterCard Incorporated, a US-based payments and technology company, has partnered with the South African Social Security Agency (SSA) to distribute 10 million MasterCard debit cards to SSA beneficiaries, to be used in lieu of cash payments. The cards support the use of fingerprints and voice detection to authenticate the identity of each user. The MasterCard-branded cards can be used to make purchases and view account balances. At select retailers, grant recipients will be able to withdraw money without incurring transaction charges, and recipients can pay a fee to withdraw cash at any automated teller machine. SSA grant categories include disability, foster care, child support, past military service and elder assistance. MasterCard reports 1.2 billion payment cards in circulation worldwide. September 4. 2013

### **EBRD, TaiwanICDF Lend \$3.5m to TBC Kredit of Azerbaijan**

The UK-based European Bank for Reconstruction and Development (EBRD) recently reported that it will lend USD 2.5 million to Tbilisi Business Centre (TBC) Kredit LLC, a microlender in Azerbaijan, for on-lending to micro-, small and medium-sized enterprises in the country. The government-backed Taiwan International Cooperation and Development Fund will also lend USD 1 million for the same purpose through an EBRD-managed fund. TBC reports total assets of USD 38 million, a gross loan portfolio of USD 37 million, return on assets of 3.6 percent, return on equity of 9.6 percent and 3,830 borrowers. September 3. 2013

## **MicroCapital Deal of the Month**

### **PE Funds Bet \$51m on Janalakshmi of India**

Several private equity funds reportedly have invested a total amount equivalent to USD 51 million to take stakes of undisclosed size in Janalakshmi Financial Services, an Indian microlender that focuses on urban areas. The investors include the private equity fund of Tata Capital, an Indian conglomerate; the PE Asia Fund of Morgan Stanley, a US-based financial services corporation; QRG Enterprises, a unit of electrical components firm Havells India; Citi Venture Capital, an arm of US-based financial services group Citi; the India Financial Inclusion Fund of Mauritius; and Vallabh Bhansali, an Indian investment banker. The sale is part of an effort by Janalakshmi to double the size of its loan portfolio by December. Janalakshmi reports total assets of USD 196 million, a gross loan portfolio of USD 177 million disbursed to 696,000 active borrowers, return on assets of 1.9 percent and return on equity of 8.6 percent.

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### **Aspekt of Macedonia, Mambu of Germany Land Software Clients**

Microcredit Foundation EKI, a microlender in Bosnia and Herzegovina, has agreed to purchase the microfinance software package of Aspekt, a Macedonia-based computer technology company. CrediPeso of Mexico will contract with Mambu of Germany to use its internet-based microfinance management software system. September 3. 2013

### **ANZ, Fiserv Extend Mobile Money Service to Pacific Islands**

The Australia and New Zealand Banking Group (ANZ), which is based in Australia, and Fiserv, a US-based financial services technology provider, reportedly have partnered to provide mobile money services in Papua New Guinea, Samoa, the Solomon Islands and Vanuatu. Through ANZ's goMoney mobile phone application and Fiserv's Mobiliti Reach platform, customers will be able to send money to individuals, pay bills, purchase airtime credit and view their account history through mobile phones. Similar services have been available to ANZ customers in Australia and New Zealand since 2006. ANZ reports total assets equivalent to USD 574 billion, and Fiserv reports total assets of USD 8.5 billion. September 2. 2013

### **IFC to Invest \$22m in Trustco for Education, Insurance in Africa**

The World Bank Group's International Finance Corporation (IFC) recently announced plans to make investments equivalent to USD 22 million in Trustco Group Holdings, a Namibia-based company that offers microcredit and microinsurance in Namibia and South Africa. The funds are to be used for student lending in Namibia and to expand microinsurance into unspecified countries in sub-Saharan Africa. IFC will purchase a 4.5-percent stake in the company for the equivalent of USD 2.9 million and subscribe to USD 19.3 million in Trustco bonds, which were recently listed on the Johannesburg Stock Exchange. As of 2010, Trustco reported total assets of USD 137 million. August 30. 2013

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**Gate Global Impact, Greenearth.travel to Support Tourism Sector**

Gate Global Impact, a subsidiary of US-based Gate Technologies that provides market infrastructure for the impact investment industry, and Greenearth.travel, a Belgian company that promotes environmentally sensitive tourism, have collaborated to develop GATetrip, a platform linking investors with tourism projects in developing countries. GATetrip will employ crowdfunding, through which retail investors can pool money toward common causes, to support projects that meet unspecified financial and sustainability criteria. August 29, 2013

**World Bank to Loan \$100m for Low-income Housing in India**

The World Bank Group; the government of India; and the National Housing Bank, an Indian bank that also has regulatory powers, recently agreed to establish the Low-Income Housing Finance Project, to which the World Bank's International Development Association will loan USD 100 million for capacity building and the refinancing of housing loans previously made to low-income borrowers to purchase, build or renovate their homes. The capacity-building effort is to include the development of loan standards, risk management tools, alternative forms of capital, financial literacy and consumer protection systems. The National Housing Bank reports total assets equivalent to USD 4.9 billion. August 28, 2013

**Bharti Airtel, MicroEnsure Launch Mobile Insurance in Africa**

Bharti Airtel, an Indian telecommunications services provider with operations in 150 countries, has partnered with MicroEnsure, a UK-based nonprofit microinsurance intermediary, to deliver MicroEnsure's services to Airtel customers in 17 countries in Africa via mobile phone. The offerings include life, accident, health and crop insurance. MicroEnsure provides microinsurance products to 3.5 million clients in Africa, Asia and the Caribbean. Bharti Airtel serves 261 million subscribers. August 28, 2013

**Jamaican Beneficiaries to Receive PATH Cash via Phone**

The Jamaican government reportedly plans to disburse mobile money payments to beneficiaries of its Program of Advancement Through Health and Education (PATH), a conditional cash transfer program established in partnership with the World Bank Group that provides grants to poor people that meet certain requirements. The mobile money system, in which participants receive funds electronically through mobile phones, will replace a system of disbursing money via checks delivered at post offices. Ninety percent of PATH beneficiaries own a mobile phone. August 27, 2013

**Zimbabwe May Boost MFI Capital Requirements to \$5m**

A bill proposed in the Parliament of Zimbabwe would establish a minimum capital requirement of USD 5 million for microfinance institutions that service small- and medium-sized enterprises (SMEs). The bill would also increase funding for a program that provides unspecified services to SMEs. August 26, 2013

**MTN Ghana Launches Card-free "ATM Cash Out" Service**

The Ghanaian arm of Mobile Telecommunications Network (MTN) Group Limited, a telecommunications service provider based in South Africa, has launched an "Automatic Teller Machine (ATM) Cash Out" service in Ghana, allowing subscribers of MTN Mobile Money, an electronic wallet service, to withdraw money without a card from the ATMs of Fidelity Bank of Ghana. Airtel Ghana, a subsidiary of Indian telecommunications company Bharti Airtel, also recently partnered with Fidelity to launch cardless ATM withdrawals through its mobile money service, Airtel Money. Cardless ATM transactions generally involve the use of a mobile phone to receive a transaction security code that is keyed into the ATM. MTN Group provides mobile money services to 10 million customers, and Bharti Airtel provides phone service to 261 million. August 23, 2013



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**EServGlobal, Zain Partner on Mobile Money in Africa, Middle East**

EServGlobal, a French provider of mobile financial services in emerging markets, recently announced that it has entered a three-year agreement with Zain Group, a Kuwaiti mobile telecommunications provider that operates in the Middle East and North Africa, to deliver eServGlobal's mobile money services to Zain customers. EServGlobal's platform includes mobile wallets and offers money transfers to and from 90 telecommunications providers in 65 countries. Zain serves 44 million subscribers in Bahrain, Iraq, Jordan, Kuwait, Lebanon, Saudi Arabia, South Sudan and Sudan. EServGlobal reports assets of USD 108 million. August 20, 2013

**Nigeria's eTranzact Adds Remittances to Mobile Money Service**

Nigeria-based mobile money service provider eTranzact reportedly has partnered with the Western Union Company, a US-based financial services firm, to allow customers of the eTranzact's PocketMoni mobile money platform to receive mobile money transfers via their mobile phones from 23 countries. ETranzact has operations in Cote d'Ivoire, Ghana, Kenya, Nigeria, South Africa, the UK and Zimbabwe. August 16, 2013

**IndiaFirst to Offer Pensions, Microinsurance**

IndiaFirst Life Insurance Company Limited, a joint venture of the local arm of UK-based Legal & General Group and two government-backed Indian banks, recently released the first of three planned insurance products. The new product is called the IndiaFirst Mediciplan Plan, but details on it are not available. IndiaFirst has announced it will offer pension and additional microinsurance products by March 2014 depending on the expected release of microinsurance guideline updates by the country's Insurance Regulatory and Development Authority. The guideline revisions reportedly will focus on product design and distribution parameters. IndiaFirst, whose Indian owners are Bank of Baroda and Andhra Bank, has not yet reported financial data. August 14, 2013

**EBRD Likely to Loan \$27m to BaltCap Private Equity Fund II**

The UK-based European Bank for Reconstruction and Development recently revealed the pending approval of a loan of the equivalent of USD 27 million to the BaltCap Private Equity Fund II for investing in firms in Estonia, Latvia and Lithuania that range in size from small and medium-sized enterprises to publicly traded firms with market capitalizations up to USD 10 billion. Among the goals of BaltCap II is to facilitate consolidation to promote "regionalization" among the Baltic states as well as improved corporate governance among investees. Financial information for BaltCap is unavailable. August 10, 2013

**Fiji Nears Goal of Financial Inclusion for 150k Unbanked Citizens**

Fiji's National Financial Inclusion Taskforce, which was formed in 2010 by the Reserve Bank of Fiji and the UN- and EU-backed Pacific Financial Inclusion Program, reportedly has reached 87 percent of its goal of extending financial services to 150,000 unbanked citizens in Fiji by 2014. The program involves bringing financial literacy education into primary and secondary schools, providing microfinance services to low-income citizens and monitoring the social impact of the effort. August 10, 2013

**People's Bank of China: Outstanding Microloans Rise to \$115b**

The People's Bank of China, the central bank of the People's Republic of China, recently reported that the number of microcredit companies in the country grew from 1,900 in June 2010 to 7,000 as of June 2013. The value of outstanding microloans grew from the equivalent of USD 20 billion to USD 115 billion during the same period. August 10, 2013

**MENA Transition Fund Grants \$11m for Moroccan Youth**

The Middle East and North Africa Transition Fund, a grant-provider established in 2012 by the World Bank to encourage social reforms in the region, has committed a total of USD 11 million to two government projects that will aim to assist Moroccan youths in starting their own businesses. Half of the money will support the Youth Micro-Entrepreneurship Project, which will advise entrepreneurs under the age of 30 on developing sustainable businesses. Led by the Ministry of Youth and Sports, the project will also support other unspecified organizations that fund youth microentrepreneurs. The second project, called the Microfinance Development Project, will be implemented by the Ministry of Economy and Finance with the goal of improving access to microfinance for small businesses and low-income households in the country. August 10, 2013

**Rwanda's Bank of Kigali Announces mVisa Mobile Banking**

The Bank of Kigali, a commercial bank in Rwanda, reportedly has announced a product called "mVisa" that is intended to allow rural people to connect their existing non-bank mobile money accounts to their traditional bank accounts. Designed by US-based financial services corporation Visa, the service will allow users to deposit and withdraw cash to and from their bank accounts via the agents of non-banking mobile money services. Users also will be able to view account statements and balances by mobile phone as well as conduct mobile money transactions such as purchasing mobile airtime and sending and receiving money. The Bank of Kigali has total assets of USD 511 million, and Visa reports total assets of USD 40 billion. August 9, 2013



## FIELD NOTES

### Microfinance in Peru: A Love Affair with Market Share

When you come to Peru, take a peek under the blanket of general optimism and look at the financial sector. Microfinance institutions (MFIs), in particular, are afraid of over-indebtedness in their client base, but are not quite willing to tackle it head on.

One cannot help but wonder whether there are parallels between today's microfinance sector in Peru and Nicaragua's in 2008. There are probably some; but Peru is its own case, making it that much more puzzling. First, the government proactively working hard to monitor and control risk and engaging in dialogue around over-indebtedness. Second, most microfinance operations are funded in large part by deposits, making MFIs less vulnerable to the whims of foreign investors, unlike the case in Nicaragua. There are other differences, of course. Some MFIs in Peru have sophisticated loan-monitoring systems that allow them to manage risk more proactively. Some have investors with very deep pockets: Banco de Credito de Peru, Banco Bilbao Vizcaya Argentaria of Spain and Scotia Bank of Canada, to name a few. But as I visited MFIs with seemingly strict loan controls, I was struck by a feeling that many of the supervisors, credit committee members and even risk managers were just going through the motions: "Do you ever reject a loan?" seemed like an absurd question. The answer in many cases was, "We would lose the client to the competition!"

This leads me to my first concern: Peru's MFIs seem obsessed with market share. Competition is tough, and losing market share is viewed as a death warrant for an MFI. Hiring and incentive practices for loan officers are also at fault. Loan officers face tough competition for their clients from colleagues in banks (that offer lower interest rates) and at other MFIs (that chase after their best clients). They are driven by incentives and can beg - and perhaps even lie to their supervisors -

to get their clients' loans approved and avoid losing them to another institution. One solution is to continue to push for consolidation in the market. This would gradually reduce the "gain market share or die" mindset as well as reduce the number of institutions that lack sufficient capital to buffer themselves from a market slowdown.

A second concern of mine is that Peru's liquidity-fueled housing market has all the makings of a bubble. Not least because property values in Peru's major cities seem to exceed those of many large US cities, yet infrastructure, education and health services are lagging. Why is this important? Many of the MFI loan clients I spoke to have some type of real estate exposure. They rent out rooms or apartments; they use loans to buy property, build workshops or add on to their homes. All these investments make sense in a booming economy. But if growth were to slow down, what would they do to pay off real estate investments that may be worth less than their purchase price?

Finally, the lack of infrastructure and investment I mentioned above are likely to continue to feed discontent among lower-income classes. Already, news articles highlight concerns about consumer indebtedness; and, recently, the public has taken to the streets to protest government indifference to the needs of the population. Peru is not Nicaragua, but there are some red lights that should be addressed before it's too late. Microfinance investors, in particular, are wary. Perhaps some of these will move their offices from cloudy Lima - where the risk/return outlook for microfinance is more uncertain - to sunny Nicaragua.

*About the Author: Ms Barbara Magnoni is President of EA Consultants, a development-consulting firm based in New York. She has 18 years of international finance and development experience and has worked with organizations including Goldman Sachs, Chase and BBVA and has advised institutions such as the International Finance Corporation, the US Agency for International Development and the International Labour Organization. She may be reached at +1 212 734 6461 or [bmagnoni\[at\]eac-global.com](mailto:bmagnoni[at]eac-global.com), or you may follow her on Twitter at [BarbaraatEA](#).*

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## MICROCAPITAL MARKET INDICATORS | EAST ASIA AND THE PACIFIC

149 MICROFINANCE INSTITUTIONS (MFIs) REPORTING<sup>1</sup>

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

MFI NAME	COUNTRY	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2009	2011
Acleda Bank	Cambodia	234,183,244	37	538,237,407	1,006,603,896
Amanah Ikhtiar Malaysia	Malaysia	99,035,370	44	18,503,040	383,101,081
Bank Rakyat Indonesia	Indonesia	2,101,628,383	32	5,740,513,907	9,943,770,673
China Foundation for Poverty Alleviation	China	38,768,090	96	27,521,363	105,057,544
Chongqing Hanhua Microcredit Company	China	34,040,701	177	11,687,488	79,768,891
Harbin Bank	China	5,005,926,913	Large	6,374,408	10,018,228,234
Keshiketeng Rural Cooperative Union	China	33,291,226	27	108,726,287	175,308,739
Maanshan Rural Cooperative Bank	China	349,570,513	29	1,040,831,194	1,739,972,220
Prasac	Cambodia	43,763,239	54	64,428,018	151,954,496
Vietnam Bank for Social Policies	Vietnam	501,754,412	12	3,929,035,635	4,932,544,460

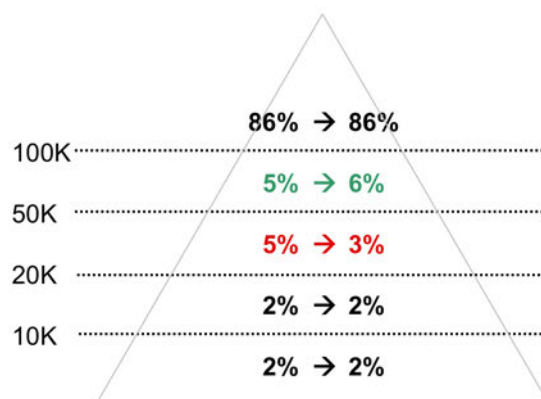
### PERCENT OF MFIs IN MARKET BY SIZE (NUMBER OF ACTIVE BORROWERS)

2009 → 2011



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

2009 → 2011



<sup>1</sup>Denotes only MFIs that reported data for 2009 and 2011 to the Microfinance Information Exchange (MIX) Market

Source: MIX, September 2013



## UPCOMING EVENTS

### 6th World Forum Convergences 2015

September 17 - September 19, 2013; Paris, France

This event will focus on strategies for attaining the UN's Millennium Development Goals by 2015. The fee to attend is EUR 300, with a rate of EUR 100 available for representatives of NGOs. Group discounts are also available. More details may be had via +33 1 42 65 78 84, contact[at]convergences2015.org or <http://c2015.org/presentation>.

### Asia-Pacific Housing Forum 4

October 2 - October 4, 2013; Manila, the Philippines

Themed "housing as a foundation for breaking the poverty cycle in Asia Pacific," this event will cover issues relating to financing housing for poor families including climate change, disaster relief, private-sector impact and housing policy. The cost of the event is USD 250 with discounts of up to USD 200 for members of certain groups. For additional information, you may email [secretariat\[at\]aphousingforum.org](mailto:secretariat[at]aphousingforum.org), call +63 (2) 553 4455 or visit <http://www.aphousingforum.org/>.

### Social Enterprise World Forum

October 2 - October 4, 2013; Calgary, Alberta, Canada

Sessions will cover issues such as scaling social impact and encouraging social enterprise among indigenous groups. The fee to attend is CAD 695. For more details, you may call +1 604 688 9655, visit <http://www.socialenterpriseworldforum.org/> or email [sewfreg\[at\]mci-group.com](mailto:sewfreg[at]mci-group.com).

### Columbia Social Enterprise Conference

October 4, 2013; New York, New York, USA

This event will include sessions including how to engage customers, an opportunity to pitch your social venture ideas and a film screening. Until October 1, the fee to attend is USD 125, with discounts available for students and Columbia Business School affiliates. More details are available via <http://www.columbiasocialenterprise.org/conference/>, +1 212 854 1649, [jtolan14\[at\]gsb.columbia.edu](mailto:jtolan14[at]gsb.columbia.edu) or [vmemon14\[at\]gsb.columbia.edu](mailto:vmemon14[at]gsb.columbia.edu).

### Third Global Islamic Microfinance Forum

October 6 - October 8, 2013; Dubai, United Arab Emirates

A forum on October 6 will cover topics including policy, outreach, stability and the Qard e-Hasn model for Islamic microfinance. A workshop on October 7 and October 8 will focus on Shariah principles, operational mechanisms and marketing strategies for Islamic microfinance. The cost for Pakistani participants to attend is PKR 35,000 for the forum plus PKR 40,000 for the workshop. For participants from other countries, the costs are USD 950 and USD 955, respectively. For additional information, you may email [info\[at\]alhudacibe.com](mailto:info[at]alhudacibe.com), call + 92 (0)42 35913096 8 or visit <http://www.alhudacibe.com/imfc2013/>.

### Partnerships Against Poverty Summit

October 9 - October 11, 2013; Manila, the Philippines

This gathering will focus on partnerships among government, business and civil society that can reduce poverty by bringing together actors from sectors such as microfinance, health, education and agriculture. Event registration costs USD 650 for the general public, but discounts are available for students, groups and members of the Microfinance Council of the Philippines Incorporated. For additional information, you may email [summits\[at\]microcreditsummit.org](mailto:summits[at]microcreditsummit.org), call +1 202 637 9600 or visit <http://partnershipsagainstpoverty.org/>.

### Fourth Pacific Microfinance Week

October 21 - October 25, 2013; Nadi, Fiji

This series of workshops, field visits and formal conference sessions will cover policy, regulation, social performance management, growing microenterprises, agricultural products, market research, client segmentation, product design, client assessment, financial literacy, promoting women in leadership, and mobile and branchless banking. The cost of the event is AUD 300, with discounts available for members of the Microfinance Pasifika Network and groups of four or more. For more information, you may email [info\[at\]microfinance-pasifika.org](mailto:info[at]microfinance-pasifika.org), visit <http://www.microfinance-pasifika.org/pmw2013.html> or call +61 7 3217 2924.

### Financial Inclusion 2020 Global Forum

October 28 - October 30, 2013; London, UK

This forum will explore strategies for achieving global financial inclusion by the year 2020 through the collaboration of players from a variety of industries. The event is open by invitation only; to nominate an individual to attend, you may call +1 202 393 5113 or email [cfievents\[at\]accion.org](mailto:cfievents[at]accion.org). More details may be requested from Adriana Magdas at the above telephone number or by emailing [amagdas\[at\]accion.org](mailto:amagdas[at]accion.org). The event website may be accessed at: <http://www.centerforfinancialinclusion.org/fi2020/global-forum>.

### Conference on Sustainable, Responsible, Impact Investing

October 28 - October 30, 2013; Colorado Springs, Colorado, USA

This conference offers sessions on accessing impact investments; investing with attention to environmental, social and corporate governance (ESG) issues; ESG integration with portfolio management; risk management in energy production and development; the green energy market; and clean technology. The cost to attend is USD 1,095, with a rate of USD 995 available through September. For more information, you may contact Krystala Kalil via [krystala\[at\]sriconference.com](mailto:krystala[at]sriconference.com) or +1 719 636 1943. The event website is <http://www.sriconference.com>.

### European Microfinance Week

November 12 - November 14, 2013; Luxembourg

This event, which will be covered onsite by MicroCapital, is offered by the Luxembourg-based, 140-member European Microfinance Platform. Agenda and registration details are expected soon at <http://www.e-mfp.eu/microfinance-week>. The organizers may be contacted via +352 26 27 13 55 or [contact\[at\]e-mfp.eu](mailto:contact[at]e-mfp.eu).

### MORE DETAILS COMING SOON ON...

### 9th International Microinsurance Conference

November 12 - November 14, 2013; Jakarta, Indonesia

### TBLI Conference

November 14 - November 15, 2013; Zurich, Switzerland

### First African Microfinance Week

December 2 - December 6, 2013; Arusha, Tanzania

### Microfinance India Summit

December 9 - December 10, 2013; New Delhi, India

### CTN Africa: Improving Rural Livelihoods and Food Security

NEW DATES: January 13 - January 15, 2014; Kigali, Rwanda

### Institutional and Technological Environment for Microfinance

March 18 - March 20, 2014; Casablanca, Morocco 🇲🇦



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[www.visionmicrofinance.com](http://www.visionmicrofinance.com)



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## PAPER WRAP-UP

### Microfinance in Africa: Opportunities for Social Entrepreneurs

By Daniel Schriber, published by *The African Business Review*, May-June 2013, 3 pages, available at: [http://theafricanbusinessreview.com/wp-content/uploads/2013/06/TABR\\_May-June2013\\_55-57.pdf](http://theafricanbusinessreview.com/wp-content/uploads/2013/06/TABR_May-June2013_55-57.pdf)


In this paper, Daniel Schriber, the director of the research and advisory arm of Switzerland-based Symbiotics, states that Africa has experienced stronger growth than other continents over the last decade, buttressed by its movement toward democracy, reduced armed conflict and improving infrastructure and education systems. In terms of financial inclusion, sub-Saharan Africa is the only major region in the world to have more savers than borrowers.

While Mr Schriber does not view microfinance as a “panacea” for fighting poverty, he claims that it does spur economic development by providing the owners of small and medium-sized enterprises (SMEs) with opportunities to grow their businesses and contribute to their communities both economically and in terms of social progress.

Mr Schriber argues that the most advanced economies in Africa also have the largest growth in their microfinance sectors. However, despite the microfinance surge, most microfinance activity is still confined to urban areas, and market penetration is still very low compared with its potential. Thus the benefits that microfinance can bring to rural areas in particular are still latent.

Mr Schriber points to the low usage of credit bureaux and advocates for their mandatory use in evaluating the repayment capacity of microentrepreneurs. Other risks in the region include the persistent gaps between rich and poor and between cities and rural areas. The lack of regulation and supervision is also

exacerbated by microlenders’ weak governance structure. Among other factors, poor transportation infrastructure leads to high operating costs, making it difficult to expand microfinance lending services in rural areas.

Although few banks are offering loans to SMEs, Mr Schriber argues that the growth of SMEs is vital to creating jobs and strengthening local economies. Mr Schriber states that “micro-businesses are often the best option for families to survive and slightly improve their quality of life.” He is optimistic about the slowly developing trend of microbanks up-scaling to meet the needs of SMEs. Mr Schriber argues that this bright spot creates opportunities for social investors. 

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