Capria Raises $100m, Places $61m in SME Funds in Mexico, Chile
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Aye of India Raises Equity from Maj Invest, Accion Exits
Accion Venture Lab, the “seed stage investment arm” of US-based NGO Accion, recently sold its stake in India’s Aye Finance, which is registered as a non-banking financial company-microfinance institution. Meanwhile, Denmark’s Maj Invest Group bought a stake in Aye through its Financial Inclusion Fund II. Accion Venture Lab and SAIF Partners, a venture capital firm with offices in India and China, bought stakes in Aye in 2015 for a total of USD 1 million. Additional details on the sizes and prices of the stakes remain confidential. Accion remains invested in Aye through another of its entities, Accion Global Investments. Aye’s other investors include LGT Impact, a private equity impact investor formerly known as the Liechtenstein Global Trust; and CapitalG, a US growth equity fund formerly known as Google Capital. Founded in 2014, Aye offers loans for both fixed and working capital needs. The microlender reports assets equivalent to USD 72 million, a gross loan portfolio of USD 60 million, and 70,000 micro-, small and medium-sized enterprises served. January 24, 2019

MobiasBanca, EFSE Partner on Financial Education for Youth in Moldova
MobiasBanca, the Moldovan unit of France-based Groupe Societe Generale, has been funded by the development facility of the Luxembourg-domiciled European Fund for Southeast Europe to support financial education in Moldova. Through the “My First Card” campaign, youth are trained to educate other youth in the use of payment cards to make transactions and manage their finances. These young trainers reached 1,000 peers via several avenues, including offering monetary rewards for those exhibiting the most knowledge of the topic. MobiasBanca reports total assets equivalent to USD 636 million, and Groupe Societe Generale reports total assets of USD 1.5 trillion. January 23, 2019

Pharos Holding to Launch Microfinance Services in Egypt
Egypt-based Pharos Holding recently reported that it will launch “microfinance portfolio services worth around USD 22 - 28 million” by March. The initiative, for which Pharos already holds a preliminary license, is supported by unidentified investors from Pakistan. Established in 2005, Pharos provides services such as asset management, bookkeeping, advisory services and securities brokerage. The firm reports the equivalent of USD 254 million in assets under management. January 22, 2019

TMB Bank Sells IFC $90m in Bonds to Support SMEs in Thailand
The World Bank Group’s International Finance Corporation recently purchased USD 90 million in bonds from Thailand’s TMB Bank to support its lending to small and medium-sized enterprises. Founded in 1957 as the Thai Military Bank, TMB is 23-percent held by Thailand’s Ministry of Finance and 25-percent by Netherlands-based ING Bank. It has total assets equivalent to USD 28 billion. January 3, 2019

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SPECIAL REPORT

This vignette is part of a sponsored series demonstrating the value of SAM (the French acronym for African Microfinance Week), a major conference dedicated to financial inclusion in Africa. The next SAM will take place in Ouagadougou, Burkina Faso, on October 21-25, 2019! The first three SAMs were in Arusha, Tanzania, in 2013; Dakar, Senegal, in 2015; and Addis Ababa, Ethiopia, in 2017.

The goal of SAM is to provide a unified platform for addressing issues facing microfinance in Africa by bringing together investors, microfinance institutions (MFIs), researchers, banks, networks, innovators, governments and other stakeholders.

The 2017 SAM hosted 700 participants from 58 (mostly African) countries, including representatives of 200 MFIs; 25 exhibitors at the Innovation Fair; and 26 investors who made 170 MFI contacts at the Investor’s Fair. The proceedings also included conference sessions presented by 60 speakers plus a menu of 20 training programs.

RCPB Improves Youth Training, Links with Solar Provider at SAM

Le Réseau des Caisses Populaires du Burkina (RCPB), a savings and credit cooperative with 180 locations in Burkina Faso, has sent several staff members to each SAM conference. In Dakar, they made contact with a provider of solar light kits that hold a charge for four days. RCPB now lends to women to purchase these kits, which can have a wide range of benefits, such as increased student study time and reduced indoor air pollution from burning kerosene.

Azaratou Sondo Nignan, the deputy director of RCPB, was part of a delegation that presented at SAM on the institution’s youth loans. In addition to sharing its expertise with other organizations, the delegation brought back ideas that helped improve the training that RCPB’s young borrowers receive in support of their loans.

RCPB staff also heard from a representative of a firm in Niger that offers a system to control irrigation canals remotely. Ms Sondo feels this would be beneficial to RCPB clients, but the cost is too high at this time.

Ms Sondo is very pleased that the next SAM will take place in her country for many reasons, including that several microlenders in Burkina Faso have acquired financing based on relationships that were developed at prior SAMs.

Founded in 1972, RCPB offers savings; group and individual loans; and insurance in case of natural disaster, disability or death. It has loans designed for artisans, agriculture and housing. The cooperative also offers non-financial services such as business consulting and financial education.

“We came back with ideas that helped improve the training that RCPB’s young borrowers receive…”

-Azaratou Sondo Nignan, Le Réseau des Caisses Populaires du Burkina

ADA, an NGO based in Luxembourg, co-organizes SAM every two years with the support of Luxembourg’s Ministry for Development Cooperation and Humanitarian Affairs. The SAM steering committee members are ADA, Luxembourg’s Ministry of Foreign and European Affairs, the Microfinance African Institutions Network, the African Rural and Agricultural Credit Association and the Fédération des Association Professionnelle des Systèmes Financiers Décentralisés de l’Union Economique et Monétaire Ouest Africaine. We invite you to learn more about SAM at http://sam.africa.
EAR TO THE GROUND
Kenya’s Threat Cocktail: Corporate Greed, Corruption and Data Breaches

I am just back from Kenya, where we are starting to see the darker side of the vibrant economic and business culture that once captivated so many of us. Kenya has been Africa’s innovation hub, showing that private-sector ingenuity, combined with foreign capital, could start to unlock solutions to the problems of low- and middle-income Kenyans. But innovation in this space seems to be slowing rather than flourishing. Private investors are putting the brakes on social innovation seemingly for lack of patience. One potential example is Twiga Foods, which began as an innovative, tech-enabled B2B delivery service, bringing food directly from farms into homes via small shops, disintermediating the middle man to benefit farmers and consumers. Rumor has it that after successfully raising USD 10 million, Twiga is testing out buying its own land, growing its own food and disintermediating nearly the entire existing value chain, including the farmer.

Meanwhile, in the largely foreign-owned telecom space, telcos are prioritizing conventional mass-market products that help them gain market share rather than creative ideas that can help boost client income and productivity. Mobile betting platforms, the best known being Sport Pesa, are glaring examples. Mobile betting is a fast-growing, scalable mass-market product. In my view, it is also a copout for companies that aren’t creative enough to offer good value and consumer protection to large groups of people. Everyone needs education, clothing, health, friendships, housing, water, dignity, productivity, transportation, etc - yet all they could come up with is a betting app? If telcos can’t find more useful solutions for clients, then regulators should be more active in ensuring clients are protected. In Uganda this week, for example, the government banned mobile betting.

When you add weak data security and corruption to this kind of investor profit-squeezing, you get quite a risky cocktail. While corruption is not a new concept in Kenya (or anywhere for that matter), Kenyans recently have become more skeptical of two useful and beloved services. First came the corruption allegations within the well-regarded government health insurance system (NHIF), and then Safaricom suffered an episode of insider-driven identity theft. Without NHIF, Kenyans would be paying much more for health services, falling into debt traps and/or getting sicker as a result. Without Safaricom’s M-Pesa, Kenyans would have limited access to payment and remittance services that entail less cost and hassle. Undermining the reputations of these two great products constrains the development of new products and services in general, as well as those that build on their success.

Kenya’s status as one of the top producers of social innovations is at risk. The same energy and entrepreneurial spirit that attracted foreign investors has led to trends that are positively feudal - with money earned from poor consumers siphoned off by the wealthiest Kenyans and their foreign investors. This does not bode well for reducing inequality and, in turn, strengthening democracy. Now is the time for public stakeholders to engage with the private sector to support the development of solutions that drive domestic economic development in favor of ordinary Kenyans, protecting them from abuse while reducing inequality.

About the Author: Ms Barbara Magnoni is President of EA Consultants, a development-consulting firm based in New York. She has 25 years of international finance and development experience and has worked with organizations including Goldman Sachs, Chase and BBVA and has advised institutions such as the International Finance Corporation, the US Agency for International Development and the International Labour Organization. She may be reached at +1 212 734 6461 or bmagnoni(at)eac-global.com, or you may follow her on Twitter at BarbaraEA.

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**PAPER WRAP-UPS**

**Cyber Security in Emerging Financial Markets**

*By Hildah Nduati, published by CGAP (Consultative Group to Assist the Poor), May 2018, 8 pages, available at https://www.findevgateway.org/sites/default/files/publication_files/cybersecurity_in_emerging_markets_06-30.pdf*

Ms Nduati addresses the vulnerabilities of digital financial services (DFS), such as environmental factors, fraud and design failures. For example, she cites the prevalence of “inadequate logical controls, such as lack of user account creation procedures, administrators with excessive access rights, and failure to conduct reviews of user access rights, which have led to inappropriate access being granted.”

In 2017, CGAP surveyed 11 DFS providers in sub-Saharan Africa. They identified the following threats as...* 

**Digitizing Agricultural Payments: Lessons from Uganda’s Coffee Value Chain**

*By Amani M’Bale, Rashmi Pillai and Nathan Were; published by CGAP (Consultative Group to Assist the Poor) and UNCDF; June 2018; 40 pages; available at https://www.cgap.org/sites/default/files/researches/documents/Working-Paper-Digitizing-Agricultural-Payments-June-2018.pdf*

Of the farmers targeted, 20 percent had mobile money accounts at the start of the...*

**Understanding the Impact of Demonetization on Bank Account Holders from Low Income Households**


As a result of the demonetization of Indian currency in 2016, the authors “suggest that in the short-term, demonetization might have...* 

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