MFI Network Gojo Takes $14m Stake in Satya of India  
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Mobile Money Usage Up 4x, Cash-outs Down 50% in Rwanda  
Airtel, an India-based telecommunications company that operates in Rwanda and 17 other countries in Africa and Asia, reportedly has observed “a spike in data, mobile payments and voice [usage] during the lockdown” imposed by the Rwandan government in response to the COVID-19 pandemic. Contributing to the increase in mobile payments was a March 15 instruction from the National Bank of Rwanda, the country’s central bank, that mobile network operators in the country waive all charges on person-to-person payments and other transfers to and from electronic wallets. Insight2impact, a South Africa-based promoter of financial inclusion in Africa and Asia, reportedly found the daily value of mobile transactions in Rwanda grew from the equivalent of USD 11 million to USD 26 million during the week of March 15. By April, that figure grew to USD 43 million. From February through April, the daily value of mobile money transactions grew 485 percent while the total number of transactions increased 397 percent. From January to April, the value of cash-outs from mobile wallets fell by more than half. June 22, 2020

26 Firms Pledge to Support MFIs, Clients Through Pandemic  
At the initiative of the Luxembourg-based Grameen Crédit Agricole Foundation, microfinance lenders and other operators in the inclusive finance sector have agreed to a set of “Key Principles to Protect Microfinance Institutions and Their Clients in the COVID-19 Crisis.” The commitment includes the following measures: operating in a customer-centric manner, protecting staff members, sharing information, providing training and technical assistance, minimizing foreign-exchange risk, providing additional debt funding, and taking a cooperative and transparent approach to requests for payment moratoriums as well as debt restructuring. Since the publication of the pledge, which had been signed by 20 organizations, an additional six had joined by June 6. The list of signatories is available at https://microcapital.org, June 8, 2020

Brazil Launching Open Banking Regulations  
Banco Central do Brasil, Brazil’s central bank, is introducing open banking regulations “enabling licensed institutions to share customer data” with the goal of encouraging “the rise of comparison platforms, financial management tools and more customer-friendly payment initiation procedures.” The central bank plans to implement the regulations in four phases from November 2020 through October 2021. Ozone, a UK-based financial technology (fintech) firm, is partnering with Brazil’s TecBan, an operator of…*

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PAYTM OF INDIA EXPANDS RETAILER NETWORK, BOOSTS CREDIT LIMIT 5X

Paytm, an Indian digital payment firm, recently expanded the network of locations that participates in its payment system, which is based on purchasers scanning QR codes with their mobile phones, as well as its Postpaid service, which allows customers to delay paying for these purchases by one month. Paytm’s expansion focused on neighborhood shops known as kiranas, which sell groceries and home essentials, and other in-person retailers that sell similar goods. Among the chains in this category are Apollo Pharmacy, Croma, Haldiram, Reliance Fresh and Shoppers Stop. Paytm also signed on other retailers and restaurants such as Domino’s, HungerBox, Pepperfry, Patanjali, Spencer’s and Tata Sky. Meanwhile, Paytm is increasing the monthly credit limit for Postpaid from the equivalent of USD 263 to USD 1,310. Paytm, whose name derives from the phrase “pay through mobile,” has 7 million merchant partners in India. Its shareholders include Alibaba, Ant Financial, SAIF Partners and SoftBank. June 29. 2020

PLANET42, FINANCEUR OF USED VEHICLES IN SOUTH AFRICA, RAISES $2.6m

Planet42, a lender in South Africa that had been known as CarGet, recently raised the equivalent of USD 2.6 million in equity to expand its “rent-to-buy” service for used cars in South Africa. Neither the names of the investors - a mix of private and institutional entities - nor the sizes of their stakes have been released. Planet42 manages risk through “an automated scoring algorithm and securing its assets [via] title deed, tracking technology [and] comprehensive and mechanical insurance.” Clients submit monthly rental payments for their vehicles and are offered a buy-out price that declines over five years to USD 300. Planet42 has financed 1,800 cars and reports annual turnover of USD 4 million. Verdant Capital, which has offices in the Democratic Republic of Congo, Ghana, Mauritius, Nigeria and South Africa, served as advisor on the equity raise and is seeking additional debt funding for Planet42. June 28. 2020

NORDIC MICROFINANCE INITIATIVE RAISES $5m FROM LAURITZEN FONDEN

Denmark-based Lauritzen Fonden recently invested USD 5 million in “Fund IV” of the Nordic Microfinance Initiative (NMI), a Norway-based public-private partnership that invests in microfinance institutions and agricultural initiatives in developing countries. The new investment is specific to microfinance, mainly for women in Africa and Asia. Lauritzen describes itself as a “commercial foundation.” It earns income from shipping concerns and investments in real estate, technology, software and equipment and then disburse the approximate equivalent of USD 6 million per year to mission-driven organizations. Founded in 2008, NMI has five funds holding aggregate assets of USD 280 million, including 18 direct investments in six countries that reach 9 million people, of whom 90 percent are women. The funds have also placed a total of seven investments in other microfinance investment vehicles. NMI reports a history of generating returns to investors of 3 percent to 5 percent per year. June 26. 2020

SINGAPORE OFFERS $1.2m FINTECH CHALLENGE ON COVID-19, CLIMATE

The Monetary Authority of Singapore, Singapore’s central bank, is hosting a competition to encourage financial technology (fintech) firms to “enable the financial sector to respond better to the pandemic and climate change.” Registration is open until August 7, and 12 winners will share USD 1.2 million in cash prizes. The winners will be announced in November at the Singapore Fintech Festival. June 24. 2020

CGAP GAUGES COVID-19 IMPACT WITH BIWEEKLY MFI SURVEY

In an effort to understand the needs of microfinance institutions (MFIs) and their clients during the COVID-19 pandemic, the US-based NGO CGAP (Consultative Group to Assist the Poor) has launched a biweekly survey called the “Global Pulse Survey of Microfinance Institutions.” CGAP is releasing the results on the Atlas data platform, which is a service of Italy-based MFR (MicroFinanza Rating). The data, which are shown in charts that the user can manipulate in several ways, cover various measures of delinquency, change in delinquency, perceptions of the state of the sector and organization-wide data such as debt-to-equity ratio. For responding MFIs deemed “large,” the 30-day portfolio-at-risk ratio (PAR30) is 7 percent, while it is under 6 percent for small MFIs. PAR30 is the highest (10 percent) in sub-Saharan Africa, while MFIs in the Middle East and North Africa reported the highest growth in that metric (over 112 percent). The survey is designed to take approximately 15 minutes for MFI staff to complete. June 24. 2020

AZERPOST TO OFFER MOBILE MONEY AS BANKING AGENT IN AZERBAIJAN

Azerbaijan’s postal services company, Azerpost, is working to boost financial literacy in the country and introduce a mobile wallet service, with a particular focus on reaching rural areas. The effort is supported by the World Bank Group’s International Finance Corporation and the State Secretariat for Economic Affairs of Switzerland. Azerpost recently began offering in-person financial services at its 1,600 outlets, and the e-wallet will allow Azerpost customers to access the services from multiple banks, with Azerpost acting as an agent. This work is part of a wider effort to develop a suite of electronic services in the country, including e-commerce and the ability to perform government registrations via the internet. June 23. 2020

INCOFIN LOANS $1.1m TO SAVE FOR MICROFINANCE IN RURAL INDIA

Belgium-based Incofin Investment Management (IM) recently disbursed a senior loan equivalent to USD 1.1 million from its fund Incofin CVSO to the Society for Advancement of Village Economy (SAVE), which “plans to utilise the…funding to support its two non-banking financial companies providing rural credit services” to micro-, small and medium-sized enterprises in India. SAVE’s other units offer services such as agency banking and electronic tolling for transport. Aditya Bhandari, Incofin IM’s Co-regional Director for Asia, said, “SAVE’s active operations and record financial results, amidst the COVID-19 situation, is a clear validation of its…”

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**EAR TO THE GROUND**

**Hybrid Digital Solutions Where Cash - Like Pizza - Remains King**

Last week, I had the pleasure of speaking with Veronica Herrera, the CEO of MiCredito and President of ASOMIF, the Nicaraguan microfinance network. Veronica is an upbeat, glass-half-full soul. The strength of her core values and conviction drive her consistent leadership and fearless innovation. When I phoned Veronica to talk about MiCredito’s latest response to the COVID-19 crisis, I was not disappointed. “We had been surveying customers and found out that some of them had money to pay back their loans, but they were just scared to come into our branches for fear of being exposed to COVID,” she noted. “We were sitting in a meeting room discussing what to do and were interrupted by our food delivery - a pizza,” she said. “As we paid the driver, we thought, ‘Couldn’t this solve our problem?’!”

MiCredito has since negotiated a deal with one of Nicaragua’s new food delivery apps, Jumpers. The companies are piloting a process whereby staff members at a MiCredito call center contact clients to ensure they have cash to pay toward their loan. The telephone representatives enter these data into a system that is integrated with Jumpers’ food delivery platform. This system then alerts Jumpers drivers about each pickup, so they can begin the ride. Once the money is delivered to a MiCredito branch, a cashier “closes out” the ride electronically. Instead of Jumpers drivers replacing loan officers, they are freeing up loan officers’ time to focus on making new loans, including expanding into agricultural lending. (See my piece in May’s MicroCapital Monitor on farm loans!)

Jumpers drivers also are saving customers the time they would have taken to travel to a branch to make their loan payment. And now Jumpers is interested in expanding its service across the microfinance industry in Nicaragua. One interesting advantage of the company is how it manages the safety of the cash its drivers handle - by carrying insurance specifically to cover any potential loss or theft.

MiCredito is not the only innovator in “phygital” cash delivery. In the Dominican Republic, both physical and digital remittance companies have been offering in-person, last-mile cash delivery for nearly a decade: a distant son sends money home, and a local financial institution hires an armed driver to take it to his mom’s door. Newer fintechs have discovered the value of phygital, as well. In Argentina (and starting in Chile), Pago46 allows merchants and utility companies to “receive” payment through its app, although the cash actually is transported by Pago46 drivers.

This year, we will continue to hear calls for a drastic rush to digital because of the COVID-19 crisis. While we should anticipate an uptick, the experience of organizations on the ground suggests there are still strong barriers to digital adoption. Digital products are often poorly designed and costly. Sometimes they are so buggy that they require multiple updates, giving users abundant opportunity to misplace passwords or simply remove the apps from their phones. There are few recourse mechanisms if payments don’t go through, and these mechanisms often are inaccessible to relatively excluded communities. In many countries, digital ecosystems simply are not sufficiently robust or attractive enough to gain many customers. The examples of MiCredito and Pago46 suggest that any digital transition will be incremental rather than radical, favoring solutions that recognize that in much of the developing world, cash - like pizza - is still king.

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

Increasing Financial Inclusion in the Muslim World: Evidence from an Islamic Finance Marketing Experiment


In collaboration with Tamweelcom, a microcredit institution in Jordan, the authors analyze how the following factors influence people’s decisions to borrow: (1) pricing; (2) religiosity, as determined by whether the person watches “religious television programming;” and (3) partnership with a religious entity certifying that loans marketed as shariah-compliant are, in fact, acceptable under Islamic law.

In lieu of traditional interest payments, Islamic loans use mechanisms such as murabaha. In this form of Islamic lending, the lender purchases and retains ownership of a capital item while the borrower gains access to use of the item while paying over time for its cost, plus a profit margin for the lender. After a series of payments, ownership transfers from lender to borrower.

In this study, staff marketed conventional loans and shariah-compliant loans to households in six cities using eight different pitches. Members of the control group were “offered a conventional loan to finance household asset purchases from ‘the Jordan Microfinance Company,’ the legal name of Tamweelcom and a known brand in the market.” The seven treatment groups were offered shariah-compliant loans under the “unknown brand” Tathmeer. The first of these groups was given a similar pitch as the control group, but for an Islamic loan.

The next three groups also were offered shariah-compliant loans, but…*

2020 Annual Impact Investor Survey

By Dean Hand, Hannah Dithrich, Sofia Sanderji and Noshin Noor; published by the Global Impact Investing Network; June 2020; available at https://theoijn.org/research/publication/iminv-survey-2020

The 10th edition of this survey incorporates responses from 294 impact investors, those that seek to “generate positive, measurable social and environmental impact alongside a financial return.” From these data, the authors conclude:

(1) The impact investing industry is diverse, as is illustrated by the variation in the respondents’ goals, methods and locations. The investors’ headquarters span 46 countries in both developed and emerging markets. Developed markets received most of the capital they deployed, with the majority allocated to energy and mainstream financial services, ie excluding microfinance. Other top sectors include healthcare as well as food and agriculture.

(2) The impact investing industry has grown over time, driven by investor satisfaction with both financial and impact performance. Eighty-eight percent of the respondents report having met their expectations on financial returns, and 99 percent met their expectations on impact.

(3) Investors are using impact measurement and management (IMM) tools to boost accountability regarding the impact of their investments. Despite this…*

Financial Literacy for Migrants: Mapping and Needs Assessment

By Hghine Manasogyan, Susanna Karpetyan, Sonya Myryan, Ruben Yeganyan and Sona Balasanyan; published by the Caucasus Research Resource Centre - Armenia; May 2020; 48 pages; available at https://www.findevgateway.org/sites/default/files/publications/submissions/68746/Financial%20Literacy%20648 0043. Subscriptions include 12 monthly issues plus back issues.

The authors of this paper seek to understand the needs for financial education among three groups of migrants in Armenia: (1) people who moved to Armenia or within the country for work, including workers’ family members; (2) official refugees to Armenia and those moving to the country for similar reasons; and (3) Armenian citizens who migrated to another country but then voluntarily returned or were deported back to Armenia.

Through roundtable discussions and focus groups, the researchers asked whether participants would like to receive financial education and, if so, how. The vast majority expressed a preference for classroom training, but most also were open to learning through online training and “social networks.” However, in contrast to migrant workers and refugees, returning Armenians were generally uninterested in financial literacy classes, believing their level of knowledge to be sufficient. To address…*

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