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Frontier, Saama Place \$4m in Shubham Housing Finance of India

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

Maruhan Japan Acquires Equity Stake in Sathapana of Cambodia

Maruhan Japan Bank, a financial institution with assets of USD 123 million, recently completed the acquisition of a stake in Sathapana Limited, a Cambodian microfinance institution (MFI). Neither the price nor the percentage of the stake has been disclosed. Maruhan provides funding and management support to nine Cambodian MFIs. Sathapana reports total assets of USD 108 million, a gross loan portfolio of USD 95 million and deposits of USD 39 million. Maruhan Japan Bank is a subsidiary of Japan's Maruhan Corporation, which also operates food and gaming operations. January 9, 2013

Bank of Ghana Shuts Down 7 MFIs Operating Without Licenses

The Bank of Ghana (BG), the country's central bank, reportedly has closed down the following microfinance banks for failing to comply with a July 2012 deadline to obtain operating licenses: Busy Fingers, Divine Micro-Finance, Emends Micro-Finance, Equip Susu Micro-Finance, Mfa Micro-Finance, Multi Credit Micro-Finance and Unity Trust Micro-Finance. BG reportedly has cautioned the public not to engage with institutions that fail to display their operating licenses. Franklin Belyne, head of the BG banking supervision department, was quoted as having said, "[T]he rate of growth in the sector has brought to the fore the urgent need to strengthen its regulation and supervision to streamline its operations." December 31, 2012

IFC Loans Banco G&T \$100m for Central American SMEs

Banco G&T Continental, a commercial bank based in Guatemala, recently borrowed USD 100 million from the International Finance Corporation (IFC) Capitalization Fund, which is managed by the World Bank Group's IFC. The loan is intended to help Banco G&T expand its services for small and medium-sized enterprises in Costa Rica, El Salvador and Panama. Banco G&T has total assets of USD 4.8 billion and 340 branches in Central America and the US. December 20, 2012

Nigerian Firm May Have Violated Mobile Banking Regulations

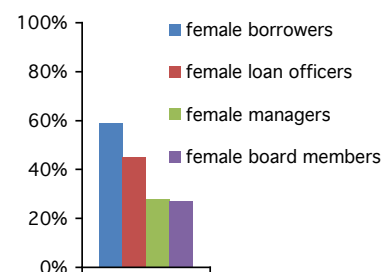
An unnamed telecommunications company reportedly is under investigation by the Central Bank of Nigeria (CBN) regarding a mobile banking service it operates in partnership with two domestic banks. CBN Governor Sanusi Lamido Sanusi reportedly warned that mobile banking services are to be administered by CBN-regulated banks rather than telecommunications companies. Governor Sanusi added that the matter is being investigated for the primary purpose of protecting depositors. December 14, 2012

(For more top stories, please refer to the subscriber edition)

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MICROCAPITAL BRIEFS

Uganda Mobile Money Firm Deemed Uncooperative in Fraud Case

Uganda's Criminal Intelligence and Investigations Directorate (CIID) reportedly has indicated that mobile money fraud comprises the largest number of cases lodged with its economic crimes unit. Acting Economic Crimes Commissioner Susan Kalukusu stated that her department is investigating a recent theft of the equivalent of USD 36,000 by three employees of an unnamed mobile money service provider. One of the employees was fired by the provider before an investigation could take place, against CIID instructions, and the firm refused to provide CIID with a listing of the transactions in question. Godfrey Yiga Masajja, the deputy director of commercial banking at the Bank of Uganda, was quoted as saying, "Our role as Central Bank is to regulate any organization with a financial aspect and soon we shall take over." The Uganda Communications Commission and the Ugandan Mobile Money Agents Association are slated to work with the Bank of Uganda in developing a new regulatory framework. January 8, 2013

ACLEDA Bank of Cambodia Borrows \$40m from IFC Fund

The IFC Capitalization Fund, a global equity and subordinated-debt vehicle founded by the World Bank Group's International Finance Corporation (IFC) and the Japan Bank for International Cooperation, recently issued a subordinated loan in the amount of USD 40 million to ACLEDA Bank Plc of Cambodia. ACLEDA CEO In Channy noted that, "IFC's subordinated debt will support ACLEDA's continued efforts to offer financing to small and medium enterprises... [and] ACLEDA Cambodia's growth plan domestically and in neighboring countries." IFC holds equity stakes in ACLEDA Bank and its subsidiary ACLEDA Bank Laos. ACLEDA, which recently launched operations in Myanmar, reports total assets of USD 1.5 billion, a gross loan portfolio of USD 1 billion and deposits of USD 1.1 billion. January 8, 2013

MicroCapital Deal of the Month

Frontier, Saama Make \$4m Equity Placement in Shubham Housing Finance of India

Frontier Investments Group, an investment vehicle owned by US-based nonprofit Accion, recently announced that it and Saama Capital, an investment firm in India, invested a total of USD 4 million in equity in India's Shubham Housing Development Finance Company. Shubham primarily provides mortgages and home-improvement loans to low-income Indians, particularly in urban areas. According to Monica Brand, head of Frontier, "Shubham's innovative operating model has the potential to change the way significant numbers of urban Indians live - by delivering critical financial services to self-employed, low-income people." The investment brings Shubham's capitalization to USD 8 million. Shubham has 25 branches in seven Indian states. Financial data on the investors is not available, but Accion reports an active loan portfolio of USD 5.5 billion serving 5.1 million borrowers. The breakdown of the investment between the investors has not been released.

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FIELD NOTES

Confessions of a Slow Adopter: On the Demand for Mobile Money

I have a confession to make. I have a rocky relationship with technology. It started in college circa 1987 when one of my roommates tried to muffle our bohemian image with a brand new Macintosh personal computer (the beige box I scoffed at back then looks pretty bohemian to me now!). It was 25 years later before I bought my first Mac. You might categorize me as a slow adopter. Maybe I needed education on why the Mac would save me lots of time and money. But I had plenty of time in college and quite a low opportunity cost, so learning a new technology did not really promise to revolutionize my life.

More recently, I have adopted other technologies quite quickly (perhaps because my opportunity costs are much higher today!). My PayPal account dates back to the year the service was founded. When my bank started taking checks through its automated teller machine, I was there. Photo deposits? Quickpay? Xoom.com? I'm on it.

I am thinking about all this in light of the "hype" as well as critical thinking that has emerged over the course of 2012 around financial access, technology and - most specifically - mobile banking. In December, Daniel Radcliffe and Rodger Voorhies, thought leaders at the US-based Bill & Melinda Gates Foundation, published "A Digital Pathway to Financial Inclusion," which summarizes some of the main issues around digital money. The paper notes that mobile money has been a boon for facilitating money transfers and has great potential for other payments as well as credit, savings and insurance services. There has been great excitement in places like Kenya and among customers in

other countries who can now use mobile phones to send and receive money between towns: a great first step for mobile, particularly in countries where transportation is a challenge. The next step, in my opinion, is to better understand the opportunity costs, preferences and perceptions of potential customers (influenced by scandals such as those that recently occurred at MTN Uganda, perhaps?), as these issues will be key to understanding the demand side of the mobile equation. For example, for some, saving with a neighbor may be as convenient as using a phone, which doesn't take physical bills or coins. The benefits of mobile money need to be spelled out more clearly as we look to offer low-income customers new mobile solutions.

Understanding the demand side will help influence the supply side as well. One bank that I know of recently shelved plans to work on mobile access for its low-income customers, suggesting that the required long-term investment in education and infrastructure was not attractive given the expected (slow) pace of adoption. So I would like to challenge some of you with a New Year's resolution to understand slow adopters. There are more of us than one might like to believe. And we are not likely to move quickly unless the new technologies offer us something that we believe to be much better than our current alternatives.

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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PAPER WRAP-UPS

Pathways Towards Greater Impact: Better Microinsurance Models, Products and Processes for MFIs

By Craig Churchill, Aparna Dalal and Josh Ling;
published by International Labour Organization;
November 2012; 52 pages; available at:
http://www.ilo.org/public/english/employment/mifacility/download/mpaper18_models.pdf

This document reviews challenges and successes that microfinance institutions (MFIs) may face when offering insurance to low-income individuals and microenterprises. The paper focuses on the evolution of products and improving business processes.

Arguing that many MFIs and insurance providers design products that suit themselves rather than their clients, the authors propose that MFIs work harder to understand market needs and preferences. Second, MFIs should ensure that low-income households are offered easy-to-understand products.

The authors also argue that MFIs should prioritize savings, such as by offering...
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Securing the Silent: Microinsurance in India: The Story So Far

By Premasis Mukherjee, Rosalind Piggot and Sunil Bhat; published by MicroSave; December 2012; 63 pages; available at: http://www.microsave.org/sites/default/files/research_papers/Securing_the_Silent_MI_Report.pdf

This paper examines the life and health microinsurance industry in India. The authors begin with an overview of the conventional life insurance industry and trends within it before offering guidance regarding how micro-insurance can best... (Continued in the subscriber edition)

Application Paper on Regulation and Supervision Supporting Inclusive Insurance Markets

Published by the International Association of Insurance Supervisors Microinsurance Network Joint Working Group and the Access to Insurance Initiative, October 2012, 35 pages, available at: http://www.iaisweb.org/view/element_href.cfm?src=1/16664.pdf

The authors of this paper argue that governments should regulate inclusive insurance products and that insurance operations should be separated into independent legal entities by businesses that also offer... (Continued in the subscriber edition)



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