Microfinance Barometer 2015

Editorial

Jean-Luc Perron
Vice-Chairman of Convergences
Managing Director of Grameen Crédit Agricole Foundation

Between 2010, the first year the Barometer was published, and 2014, over 700 million people became bank account holders with a financial institution or users of a mobile money account, reducing the number of unbanked adults today to 2 billion. This is the conclusion of the World Bank’s new Global Findex survey, published in April 2015.

Even if the challenge remains huge, the progress made over the last 5 years has been substantial and microfinance has played an important role in this, especially amongst the most vulnerable populations, amongst women, in rural areas and in the least advanced countries.

The Global Findex also shows that digital finance and the implementation of new distribution channels using mobile and internet telecommunications are playing an increasingly important role in responding to the challenge of access for all to financial services.

In this light, the 2015 Microfinance Barometer offers you an overview of this ongoing (r)evolution. Mobile banking, mobile money, networks of distribution agents, using digital technologies to improve access to essential services: we are witnessing the dawn of a new age in our way of managing, spending and transferring our money. It seems that the countries of the South and the numerous players of the microfinance sector are amongst the main innovators developing these new approaches.

This “digitalisation” of microfinance presents a formidable potential but is of course not an end in itself.

The United Nations is preparing to approve the new Sustainable Development Goals in September 2015. Universal access to responsible and fair financial services will be a part of these Goals, as a precondition to eradicating extreme poverty by 2030.

In the world of evolving microfinance, Convergences is renewing its call to all players - banks, microfinance institutions, technology operators, investors or regulators - to ensure that values of social performance, responsibility and the fight against poverty, remain at the core of our actions every day.

Introduction

Financial Inclusion 3.0
What’s at Stake for Digital Finance?

The new Global Findex survey recently brought to light the significant progress made towards financial inclusion worldwide, with 700 million adults newly “banked” in the last 5 years. Microfinance has played an important role in this change and data from the MIX Market confirm the continued growth of the sector, with an annual increase in borrowers of nearly 10% in 2014 (see pp. 2 and 3).

The progress of financial inclusion is also a result of the surge of digital finance. This phenomenon is the focus of the special report of this 2015 edition.

Digital finance has a major impact on financial institutions. The arrival of new players (telecommunications operators), the creation of new distribution models (networks of external agents, banks without branches…), the appearance of new opportunities in relation to client access and back-office management, are just some of the challenges that microfinance has overcome by innovating and adapting (see pp. 5 and 7).

This “microfinance 3.0” has also opened a new wealth of possibilities in the countries of the global South. It has created new opportunities for clients: easy management of savings, payment and salary reception and bills and invoice payment. Already adopted in certain countries, its usage still needs to become more concrete and consistent, and clients need to gain confidence in mastering these new tools. Nevertheless, it is undeniable that a revolution is taking place (see pp. 8, 9 and 12).

In France and in Europe, in a context of economic crisis, microfinance continues to develop, but on a smaller scale. Here too, digital finance has opened up new possibilities, be it in terms of access to new clients or of help and services offered to beneficiaries (see pp. 10 and 11).

As in other years, the Barometer once again deals with the subject of social performance management and shows how microfinance is making progress in this area. The Universal Standards, launched in 2012, are today largely recognised by the profession, even if their effective and full implementation remains a challenge for many institutions (see p. 4).

Throughout this 6th edition of the Microfinance Barometer, the new face of microfinance becomes apparent, ever more innovative and ambitiously committed to the path of digital revolution.

Michael Knaute, CE0
GROUPE CRÉDIT
MICROFINANCE WORKING GROUP COORDINATOR, CONVERGENCES

Content

Pages 2-3 / Key figures of financial inclusion
Page 4 / Social performance
Pages 5-9 / Special report: What’s at stake for digital finance?
Page 10 / Microfinance in France
Page 11 / Microfinance in Europe
Page 12 / The interview

Exclusive!

Pages 2-3 // MIX Market figures
Page 4 // SPTF 2014 Survey
Page 10 // Microcredit in France: progress in 2014
The Global Findex, the World Bank’s survey on financial inclusion, released its latest report in April 2015. The progress achieved between 2011 and 2014 is impressive. 700 million people opened an account with a financial institution (bank, cooperative or microfinance institution) or with a provider of mobile banking services. The percentage of adults holding a bank account has thus gone from 51% to 62%. This can partly be explained by a 13 point increase in bank account possession in developing countries. The number of “unbanked” individuals has fallen by 20%, to 2 billion adults.

But 2 billion adults remain unbanked and major inequality still prevails

In Sub-Saharan Africa, digital finance is a major contributor to the improvement of financial inclusion

The Global Findex survey clearly shows, and in great detail, the development of digital finance in Sub-Saharan Africa. Worldwide, only 2% of adults have mobile money accounts, but this percentage reaches 12% in Sub-Saharan Africa, which represents 64 million users (30 million in East Asia and the Pacific). 45% of mobile account holders in East Asia and the Pacific).

Despite this progress, the poorest remain under-banked compared to the rest of the population. 54% of the 40% of poor adults are un-banked as opposed to 40% of the 60% of richest adults. The gender gap in developing countries, albeit decreasing, is still at the disadvantage of women, with only 50% of whom are banked as opposed to 59% of men. There is also an important difference between countries, with a rate of use of the banking system below 20% for most of the least developed countries in Sub-Saharan Africa, the Middle East and South Asia, as opposed to a rate of almost 100% in the OECD economies.

Only 42% of registered clients use their mobile bank account every 90 days.

Methodology

The indicators in the 2014 Global Financial Inclusion (Global Findex) database are drawn from survey data covering almost 150,000 people in 143 countries - representing more than 97% of the world’s population.

The survey was carried out over the 2014 calendar year by Gallup, Inc. as part of its Gallup World Poll, which has been conducting surveys since 2005 of approximately 1 thousand people a year in over 160 countries, using randomly selected samples of people, representative of the adult population aged 15 years and above. Surveys are conducted face to face in economies where telephone coverage represents less than 80 percent of the population. In most economies the fieldwork is completed in two to four weeks.

Data weighing is used to ensure a nationally representative sample for each economy. Final weights consist of the base sampling weight, which corrects the unequal probability of selection based on household size, and the poststratification weight, which corrects sampling and nonresponse error. Poststratification weights use economy-level population statistics on gender and age and, where reliable data are available, education or socioeconomic status.

Additional information about the Global Findex data, including the complete database, can be found at www.worldbank.org/globalfindex.

Additional information about the methodology used in the Gallup World Poll can be found at http://www.gallup.com/178667/gallup-world-poll-work.aspx

Source: Global Findex Database

BAROMETRE 2015
Microfinance continues double-digit growth in 2013 and 2014

Institution funding profiles remained stable over the last three years, with over half of all available funding coming from deposits

Sub-Saharan Africa was the most deposit dependent region (68%) in 2013. In the Middle East and North Africa, where deposits are not accepted by MFIs, loans and capitals are approximately equivalent. MFIs in South Asia got 48% of their funding from loans. Most of these come from Indian NBFI, which are prohibited from collecting deposits, and which sell parts of their loan portfolio to retail banks, in line with regulatory provisions in favour of financial inclusion.

Over half of NGO funding took the form of loans (55%). Banks received the majority of their funds from deposits (67%).

Financial performance and risks of institutions vary from legal status and regions

In 2013, the return on equity of institutions reporting to the MIX worldwide was 8.3%. Africa and Latin America had lower returns, 4.2% and 7.5% respectively. The MENA region had the highest returns at 12.6%. The average portfolio at risk 30 days was 3.6%. Two regions had rates below 1%: East and the Pacific, and Central Asia.

According to their legal status, the institutions with the best performance value also had the lowest rates of portfolio quality measures. Rural banks had the lowest ratios of operating expense ratio (9%) and the highest RoE (13.3%), but the highest rate for portfolio at risk 30 days at 5.6%.

Institutions are increasing their deposit product offer for microfinance clients, but other products still need to expand

Institutions are increasing their deposit product offer for microfinance clients, but other products still need to expand. Deposit products are progressively prevailing on the global scale with 76% of institutions accepting a form of deposit product. Other products (as defined by MIX) have not yet received the same attention.

Education-related services are the most available products following deposit products. 30% of institutions report offering a form of support to their borrowing clients.

NGOs also have the highest percentages amongst institutions offering services through three of the products monitored by the MIX: Education, Health, and Women’s Empowerment. Banks have the highest percentage of institutions offering insurance and deposit products.

Methodology

Calculations are based on data communicated by MFIs (available at www.mixmarket.org). MIX collects data for the main players in each market in order to provide visibility for each market, but does not possess data for every player in every country.

The figures pertaining to borrower numbers and loan portfolios in 2013 are based on data provided by 904 institutions. The 2012 data were extrapolated from figures communicated by an additional 487 institutions, and based on the same type of data.

The growth measures and the figures relating to loan portfolios between 2011 and 2013 are based on data from 340 institutions who communicated on these two areas every year from 2011 to 2013.

The 2014 growth estimates, at national and regional level, are based on all institutions who communicated data to the MIX from the 31 December 2013 to the 30 September 2014 or to the 31 December 2014. The growth was calculated by institutions based on their market share in 2013. This calculation was possible for 345 institutions, which together represented 69% of the market in 2013, in terms of client numbers.

Data on this type of funding were provided by MFIs. Values were estimated in order to fill any gaps in the data, in cases where sufficient information had been communicated. For example, capital, where the information was not provided, was calculated using communicated values for assets and liabilities. Similarly, deposits and loans were calculated by assuming that total liabilities were not only formed by deposits and loans and where two of these three values were available, 862 institutions, representing 84% of the microfinance market in 2013, were included in the assessment of funding.
Summary of the Universal Standards Implementation Survey 2014

The Universal Standards for Social Performance Management (Universal Standards) are a comprehensive set of best practices created by and for practitioners in microfinance as a resource to help financial institutions achieve their social outcomes. In October 2014, the Social Performance Task Force (SPTF), in partnership with MIX Market and the Global Appeal for Responsible Microfinance, conducted a Universal Standards Implementation Survey. The goal was to measure the level of awareness and progress in implementing the Universal Standards in the microfinance industry after 2 years of existence.

Conducted for 2 weeks online, the invitations were sent to more than 9,000 members of the microfinance community. Of the 1,010 respondents, 71% were direct microfinance providers (including NGOs, banks, and non-bank financial institutions).

The results highlighted a strong interest of the audience in the Universal Standards, as 89% of MFIs, 91% of networks/associations as well as 91% of investors knew them.

Other major key findings outlined that 82% were familiar with the Universal Standards Implementation Guide (launched in Spanish & French one month before the survey), and 38% with the new social audit tool CERISE SP4. Furthermore, 68% had a clear or quite clear understanding of the diverse responsible finance initiatives and the way they complete each other. MIX Market and the Smart Campaign were the most cited tools whereas CERISE SP4 and Truetell’s Pro-Poor Principles were less known, as they were only recently launched.

Most of the institutions considered the Universal Standards to be helpful (92%) and 20% implemented strong SPM practices after hearing about the Universal Standards. Most of them started with stakeholders’ commitments to social goals (Dimension 2) while balancing social and financial performance withstands as being the most challenging (Dimension 6). This dimension along with products, services, delivery model designs (Dimension 3) appeared to be the highest priority for MFIs.

It is to be noted that, whatever their level of awareness, microfinance providers reported having a rather good implementation of SPM practices for clients and employees responsible treatment (Dimensions 4 & 5).

Networks and associations also expressed a strong belief in the importance of social performance activities (68%), 78% were familiar with the Universal Standards; and three quarters believed that it is essential for the financial institutions of their regions to commit to the implementation of the Universal Standards.

Moreover, main resources are the SPTF and other websites (CGAP, Smart Campaign, MIX, MFI Transparency, etc.), SP4, tools/technical assistance offered by networks/associations, and trainings provided by the SPTF for microfinance providers. While networks/associations prefer in-person training on SPM or refer to case studies about financial institutions implementing practices in their regions.

Finally, investors strongly believe in the importance for institutions to invest in SPM (95%), and one third reported offering preferential terms to financial institutions with a strong commitment to SPM, one fourth reporting having plans to start offering such incentives soon.

Despite the bias inherent to this type of survey, these results show a very encouraging trend from institutions, networks and investors to implement the Universal Standards and put social outcomes at the center of their strategy and operations.

Going further

Social Performance Task Force (SPTF) website for Universal Standards for Social Performance Management: sptf.info/psstandards/universal-standards

SMART Campaign website to access the Client Protection Principles: www.smartcampaign.org

MIX Market website for social reporting of microfinance institutions: www.mixmarket.org

CERISE website to access the SPI4 social performance evaluation tool: www.cerise-spi4.org

Global Appeal for Responsible Microfinance website, launched by Convergences: www.theglobalappeal.org

Measuring and monitoring client outcomes: holding ourselves and accountable for social performance

The Social Performance Task Force’s (SPTF) second annual implementation survey of the Universal Standards for Social Performance Management (USPSM) rightly points out that the Standards “can help finance institutions be as rigorous about social performance as they are about financial returns”14. Results of this recent SPTF survey seem to indicate that although the microfinance sector is widely aware of the USSPM, it does not implement the USSPM rigorously. In particular when it comes to the first point “Define and monitor social goals” (1.B), particularly the 1.B standard “The institution collects, reports, and ensures the accuracy of client-level data … specific to the institution’s social goals”15.

Oikocredit argues that social investors and microfinance institutions (MFIs) should strive to be as transparent and accountable about their client-focused objectives as about their financial goals. “What is happening to the lives of microfinance clients?”, and “does microfinance make a lasting difference to their lives?” are the key questions. The microfinance sector has far better systems for measuring, auditing and reporting financial progress than for social outcomes. Although the adage “know your client” is widely used by MFIs, few of them collect and report on their results or the social outcomes for their clients.

Oikocredit believes that MFIs should monitor and report client outcomes, that investors should require this, and that greater attention regarding this matter would help the microfinance sector be more financially and socially sustainable. Oikocredit has therefore begun to provide capacity building in client monitoring, management and analysis of longitudinal client data (also known as time-series or panel data). The objective is to better analyse the changes and evolutions of clients’ lives.

Since 2014, Oikocredit has worked with four MFI partners in India, and with one in each of the following countries: the Philippines, Cambodia and Tajikistan. In practice, the work consisted in field visits, workshops, trainings and online assistance. Core areas of our support include defining indicators, improving client data collection, analysis and reporting, adapting management information systems, and ensuring that client monitoring informs daily operations, risk management and decisions about product development and social mission. The indicators include client employment income and Progress out of Poverty metrics. Oikocredit plans to submit its partners’ clients’ data to an econometric analysis in order to better understand whether microfinance clients are improving their lives over time.


Gina Leserman, Investment Director, Social Performance Director, Oikocredit International

A client of Fusion, an MFI supported by Oikocredit in India to improve the collection and analysis of client data

The Citation Barometer 2015

Credit: Tom Bamber
## Introduction

The promise of digital finance to advance financial inclusion is compelling: digital channels empower disadvantaged people to save, borrow, transfer money with relative ease. Those previously unable to open bank accounts can access their financial information and manage transactions while authorized agents make banking services available closer to where people live and work.

Yet if digital finance has such appeal, why is its use so limited? Moreover, what challenges must be overcome so that more underprivileged people can benefit from the multiple advantages of digital finance?

A case in point is Sub-Saharan Africa, where many have registered for digital financial services (DFS). Some 64 million people (12% of adults) actively use mobile accounts. About half of these adults have no other formal account. DFS use, however, is characterized by infrequency (only 42% of registered clients use their mobile money account every 90 days) and a tendency by clients to take their cash out immediately. Digital financial services are often used for limited purposes (mostly person-to-person transfers). Even in Kenya, a leader in DFS, more than 90% of all financial transactions are made in cash.

We know that the poor lead active financial lives, but mostly in cash. DFS agent networks are designed to convert cash to a digital value and then back to cash, effectively pushing more value into a digital account in the form of salaries and government social transfers. Making it easier to pay for daily or frequent expenses using digital value. For a broader, deeper digital system to emerge, banks and mobile network operators must embrace technology and frameworks that allow for integration and collaboration.

## The ecosystem of new alternative delivery channels

In 2015, Software Group, the IFC and The MasterCard Foundation collaborated to create a guide to help microfinance institutions in the implementation of alternative delivery channels using technology. Many of these new and abstract terms (e-banking, branchless banking, mobile banking...) can often cause for confusion. The graph and chart below aim at presenting and clarifying the ecosystem of the different innovative and technology-based alternative delivery channels currently being developed.

<table>
<thead>
<tr>
<th>Channel name</th>
<th>Type of channel</th>
<th>Who/What customer interacts with to transact</th>
<th>Sample functionality offered by the channel</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATM</td>
<td>Self-service</td>
<td>ATM</td>
<td>Cash out, balance enquiry, payments, cash deposit</td>
</tr>
<tr>
<td>Internet banking</td>
<td>Self-service</td>
<td>Computer, phone, tablet, kiosk</td>
<td>Enquiries, transfers, payments</td>
</tr>
<tr>
<td>Agent banking</td>
<td>Over the counter</td>
<td>3rd party agent, merchant, phone, POS, mobile</td>
<td>Cash in, cash out, payments</td>
</tr>
<tr>
<td>Extension services</td>
<td>Over the counter</td>
<td>Bank staff: loan officer, susu collector, other FSP staff, POS, mobile</td>
<td>Account opening, cash in, cash out, loan applications, enquiries</td>
</tr>
<tr>
<td>Mobile banking</td>
<td>Self-service</td>
<td>Phone</td>
<td>Enquiries, transfers, payments</td>
</tr>
<tr>
<td>E-wallet (m-wallets, prepaid cards, store cards)</td>
<td>Self-service + over the counter</td>
<td>Phone, computer, merchant, kiosk, ATM, agent, card</td>
<td>Cash in, cash out, payments, transfers</td>
</tr>
<tr>
<td>Call center</td>
<td>Over the counter</td>
<td>Phone, customer service representative</td>
<td>Enquiries, transfers, payments</td>
</tr>
</tbody>
</table>
The role of agent networks in financial inclusion: A case study by microcred

Over 12 months, microcred has set up a network of 300 agents in Senegal and Madagascar. These agents are traders who supply, on behalf of an MFI, financial services including credit, withdrawal, money transfer or invoice payment. The agents are used to obtain a greater number of clients, often in remote areas, at a lesser cost than with the “traditional” catchment of new branches. This article sets out the primary reason for the project led by microcred.

In order to place clients at the heart of the transaction, designers using the Human Centered Design (HCD) approach, structured in 3 phases: Learn, Test, Scale.

Learn, the first phase, consisted of 3 months of research and interviews with clients, prospects and potential agents. It has confirmed certain hypotheses regarding client needs and the technological solutions needed to meet them. One of the main conclusions was that the transaction method must be both simple and safe. We therefore opted for a biometric confirmation process.

Test, the second phase, was conducted by the microcred designers and technology teams, using the Agile methodology. Rather than purchasing a software package, we searched for partners with whom to build a transactional ecosystem which was then managed by an internal team. In contrast to the classical fixed software, this approach allowed us to take out new software functionalities each week, thus allowing new ideas to be continually tested in full transparency for the user.

A key point in the scale (deployment) phase is the introduction of new teams dedicated to the project. Managing an agent network is a new business line for an MFI, and the processes differ radically from microfinance operations. We have therefore trained many representatives of network leaders whose job is to coordinate the activities of the agents. Recruitment of agents has been an important step in the project, and we have given the agents a good reputation, and to activities that are already leading them to manage substantial amounts of cash.

The major change observed with the introduction of this network is the fact that end users, such as agents, are exposed directly to our services without the intermediary of a microcred employee, when a problem arises. It is therefore essential for the services (and the technology behind them) to be reliable and available 24 hours out of 24, without technical faults, in order to ensure client satisfaction and to favour adoption of the service. During the scale phase it is essential to have a progressive technical solution in order to allow the network to spread operationally without having to think about technical limitations.

Developing digital finance in Cambodia

I n the 1990’s, after the collapse of the Pol Pot regime, Cambodia’s financial sector was rebuilt. It now has one of the best performing microfinance sectors in the world, with high ROE, strong growth, high transparency, and a pro-poor approach. It now has more than 2 million clients by the end of 2014, according to the Cambodia Microfinance Association. However, it is only quite recently that the sector has had the necessary financial scale.

Whilst mobile phones are developing quickly in Cambodia, there are still approximately only 3 million phone users in a country of 14 million people. Such a challenge means that different business models have had to be designed to reach more people, such as designing products that can safely be given to villagers through shared phones.

WING (Cambodia) LTD, now the largest payment aggregator in Cambodia, understood the need to build an extensive network of agents, particularly in rural areas, and decided to partner with microfinance institutions (MFIs) to provide their cash-in and cash-out operations. For instance, they signed an agreement with Chamroeun Microfinance Limited.

From Chamroeun’s perspective, this partnership helps their “partners” (clients) to repay their loans with lower cost transactions, in real-time with multi-currency, and in many WING spots locations (with more than 2500 connected agents nationwide).

In the long run, Chamroeun expects that it will help them reduce their operating costs. However, there have been quite a few challenges.

Cambodia’s economy operates in two currencies, the Cambodian riel and the US dollar (even in Thai baht in some parts of the country), and most MFIs operate with two currencies. WING had to offer such an option and is now the only mobile banking provider in the world working in two currencies.

There was also the need for WING to develop Khmer support materials for customers with low English literacy, which is often the case with Chamroeun’s partners.

For Chamroeun, the main challenge was to deal with errors of branch code/client ID, and the use of savings accounts to repay loans. Despite the absence of regulation for mobile payments in Cambodia, the National Bank of Cambodia has been proactive and very open with the various stakeholders, providing the necessary support to help them reduce their operating costs. However, there have been quite a few challenges.

Chamroeun and WING have tried to address these challenges by training Chamroeun’s partners on mobile payment and WING’s agents on the specificities of Chamroeun’s operations. After a pilot phase in four branches, Chamroeun will extend the use of WING to all of its clients by late 2016.

Developing digital finance in Cambodia

The major change observed with the introduction of this network is the fact that end users, such as agents, are exposed directly to our services without the intermediary of a microcred employee, when a problem arises. It is therefore essential for the services (and the technology behind them) to be reliable and available 24 hours out of 24, without technical faults, in order to ensure client satisfaction and to favour adoption of the service. During the scale phase it is essential to have a progressive technical solution in order to allow the network to spread operationally without having to think about technical limitations.

The role of agent networks in financial inclusion: A case study by microcred

Organizational innovation

Face the new reality: The world has changed!

Have you noticed? The types of technological challenges facing MFIs and banks have changed dramatically. Five to ten years ago the financial institutions were looking at what technologies were available in the market and trying to fit them to specific operational problems to gain a competitive advantage. Today, these same institutions are spoiled for choices, with the decision inverted such that financial institutions need to pick the technology that best fits their needs, rather than taking what is readily available and making it work for them.

One of the most common business challenges including outreach, efficiency, automation, security, cashless, paperless, offline operations and others, institutions finally have access to multiple technological answers. With this shift in the market, what matters more today is what choices are made and how the technologies are used to further an organisation’s strategy and business goals.

The impact of new technologies are visible in every aspect of the MFIs and banks operations. From the decisions to pursue a cashless and paperless, off-line operations and others, institutions have more today is what choices are made and how the technologies are used to further an organisation’s strategy and business goals.

The major change observed with the introduction of this network is the fact that end users, such as agents, are exposed directly to our services without the intermediary of a microcred employee, when a problem arises. It is therefore essential for the services (and the technology behind them) to be reliable and available 24 hours out of 24, without technical faults, in order to ensure client satisfaction and to favour adoption of the service. During the scale phase it is essential to have a progressive technical solution in order to allow the network to spread operationally without having to think about technical limitations.

1 The HCD approach is a method that allows businesses to be adapted during innovation process. For more information see http://wiki.idaad.org/wiki/Méthode_agile
2 Agile is a project management approach that involves applicants as far as possible and allows immediate feedback to their requests. http://en.wikipedia.org/wiki/Agile_software_development

KALIN RAXEL, CEO, SOFTWARE GROUP

BAROMETRE 2015

MICROFINANCE

PoS and EMV Convergence

Microfinance, microinsurance and microcredit

MICROFINANCE

PRIVACY 

1 Mekong Strategic Partners Report
2 WING was established by ANZ Bank in 2009, to create a mobile payments capability in an emerging market and share the lessons learnt.

3 An MFI created by Entrepreneurs du Monde and with shareholders, reaching more than 47,000 clients in 16 countries.

SAFETY 

4 An MFI created by Entrepreneurs du Monde and with shareholders, reaching more than 47,000 clients in 16 countries.

SAFETY 

5 An MFI created by Entrepreneurs du Monde and with shareholders, reaching more than 47,000 clients in 16 countries.

SAFETY 

6 An MFI created by Entrepreneurs du Monde and with shareholders, reaching more than 47,000 clients in 16 countries.

WING was established by ANZ Bank in 2009, to create a mobile payments capability in an emerging market and share the lessons learnt. WING was established by ANZ Bank in 2009, to create a mobile payments capability in an emerging market and share the lessons learnt. WING was established by ANZ Bank in 2009, to create a mobile payments capability in an emerging market and share the lessons learnt. WING was established by ANZ Bank in 2009, to create a mobile payments capability in an emerging market and share the lessons learnt.
Mobile money, a digital service now essential in Africa

Information and communication technology is currently a major lever in economic and social development, especially in developing countries. We at Orange are convinced that this technology must be put at the service of populations in order to meet their needs and provide a response to socioeconomic development problems in these countries. To do this, we are developing innovative solutions that address local problems, while at the same time contributing to the emergence of digital ecosystems that are sources of social progress and economic development.

With a strong presence in Africa and the Middle East, we have identified several areas where our technological innovations benefit populations: m-agriculture, m-health, m-education, and finally financial services. In Sub-Saharan Africa, less than 24% of the population holds a bank account in 2011. This low figure can be partly explained by the very high cost of banking services but also by the lack of banking infrastructure (the size of the continent means that the number of cash dispensers per square kilometre is still very low). However, “access to financial services could provide a way out of poverty”, maintains Jim Yong Kim, President of the World Bank.

In fact, the ability to save, borrow or indeed pay, represents an essential service and source of development, as it allows populations to be actively involved in the growth of their country. Meanwhile, the African continent is enjoying huge success in terms of mobile phone penetration rate: at the end of 2014, it is estimated that 41% of the African population had a mobile phone, representing over 467 million users. It is for this reason that the mobile money solutions have been developed: thanks to mobile phone technology, they can provide access to banking services at attractive rates.

Having identified this opportunity, Orange has been developing the Orange Money service since 2008. The Orange Money service currently being developed in Mali and insurance services, for students for example, in Senegal, in partnership with Allianz. The success of Orange Money lies in the easy access to the service, through an extensive and dense network of sales points, located close to communities, making it simple to withdraw money and make deposits.

Although the Orange Money offer was originally designed for people without bank accounts, it is currently being extended to bank account holders, allowing transactions between mobile accounts and bank accounts. In Burkina Faso, Orange also offers opportunities to transfer money to and from several countries.

Mobile banking and financial inclusion

The Taysir Microfinance model in Tunisia

Taysir Microfinance, a Tunisian MFI promoted by Adie International, started operations in June 2014. In order to manage its loan operations, Taysir made the fundamental choice of going cashless i.e. 100% mobile banking. This experiment is unique in Tunisia and still very much the exception in the world of microfinance overall.

This option is based on a strategic partnership between Taysir and La Poste Tunisienne on one hand and the Tunisian mobile phone operator Ooredoo on the other hand. These two operators have developed a mobile payment service known as “Mobiflous”, on the basis of which a specific microfinance module, not exclusive to Taysir, has been developed.

Loans are issued by bank transfer on La Poste’s banking card, which clients purchase beforehand in a post office. The clients thus pass from being unbanked to being holders of a prepaid MasterCard that allows him/her to manage withdrawals or purchases. This is the first step in financial inclusion and the clients feel good about it.

For the repayment, the clients, having recharged their cards in La Poste’s cash in network (1,500 branches with 80% connected, then pay with their mobile phones. They still “access a simple interface that shows them the total payment due. They can of course choose another amount or settle the amount that they wish to settle, whenever they wish. They receive a text message confirming their repayment. The clients do not therefore have to visit Taysir branches and they save much time and travel costs. The geographical and cultural proximity of La Poste does not pose our clients any difficulty. This system has proved very effective indeed in rural areas, where 34% of Taysir’s 2,000 clients are located, after 10 months of activity.

The “Mobile Microfinance” service developed by Ooredoo and Taysir also allows clients to consult their credit accounts to find out the total due and payment date, the outstanding balance and the number of outstanding payments, 24/7. In addition, reminders or information text messages are sent to clients regularly.

A recent survey showed that 90% of clients found the principle straightforward and easy to understand. 80% of them are now independent in settling the amounts due and consult the menu after the third repayment. The gamble taken in allowing financial inclusion and access to the new technologies has partly succeeded.

The cashless gamble, initially risky, is now proving a winner. Acceptance by clients is no longer an issue, the competitive advantage is obvious and the impact on the efficiency of Taysir is significant.

A sectorial study of digital finance in Tunisia has shown potential for diversification of services (merchant payments, e-commerce, micro-insurance, micro-savings and payment of salaries and social benefits) and for universalization (phone and interbank multi-operators) of this type of transaction in years to come. The potential for a new system of digital finance, organised at national level in a country like Tunisia, is now quite obvious. Obviously it will require changes in regulations as well as a change in the perception of financial circuits and financial inclusion.

In a globally favourable technological context, and in a country where 60-80% of the economy, depending on sectors, is informal and mostly managed in terms of ready cash, these systems help “reintroduce” financial flows into formal, organised and secure channels. At this level we are addressing macroeconomic stakes that could be important for the country.
THREE

The new digital experience of microfinance clients: The case of Buusaa Gonofaa

A better understanding of customer needs has helped Buusaa Gonofaa (BG) in Ethiopia to provide financial services to underserved populations in Ethiopia. BG is one of the largest MFIs in Ethiopia and a member of the PAMIGA network. BG has been designing and implementing financial services that have been designed to meet the needs of the rural poor. These services have been characterized by rural presence but due to the lack of infrastructural issues and savings from remote locations.

In January 2012, BG decided to invest in point of sale (POS) devices to record transactions and print receipts in place of the handwritten processes. This improved efficiency and speed of processing transactions. The technical requirements for using such POS devices have been met, and the devices are now being used in 10 branches. Significant improvements in efficiency have been observed, such as time transaction times being reduced, no errors in amounts, account numbers, customer names, and reduced risk of fraud.

As a result of this innovation, BG has been able to provide services to new customer-centric products, leading to the launching of its voluntary savings programs. Most of the savings are captured in remote areas, and this innovation enabled the institution to capture savings of more than 3.2 million Euros from 2012 to 2018 and more than 6 million at the end of 2013. The intention of BG was to provide flexible products and services on a sustainable basis to improve the livelihood of its clients.

Amongst the challenges experienced by BG was that the POS project was implemented at the same time as a MIS implementation project causing a major strain of human resources. The POS implementation was not planned out; an important factor when implementing such a project. In addition, staff and client resistance was experienced, where staff wanted to use old ways of doing business, but the management of BG thought that the POS devices would be used to collect taxes causing a lot of panic among clients. BG invested time to train both staff and clients. Important lessons can be drawn from BG’s experience in technology innovation. Even though the main goal of the POS project was access to financial services, this project showed that a successful innovation has far-reaching benefits for the MFI as well. For BG it has facilitated optimization of its existing resources and scale-up and design better products in a cost-effective manner. It has also impacted this technology implementation with the client education that has led to high customer confidence and subsequently increased savings deposits by customers. BG’s experience makes a compelling case for more MFIs to invest in technology efforts towards increasing access to finance. It demonstrates that it is possible to capture small amounts of savings at the points of sale (POS) devices. This innovation enabled the institution to capture savings of more than 3.2 million Euros from 2012 to 2018 and more than 6 million at the end of 2013. The intention of BG was to provide flexible products and services on a sustainable basis to improve the livelihood of its clients.

Partnerships between digital microfinance and new public service offers (water, energy, education) have led to the development of particularly innovative financial and service provision models. For example, the M-Kopa micro-leasing system in Kenya allows purchases of solar panels after payment of an initial installment followed by modest daily payments over a period of one year.

In the future, clients will also benefit from the popularization of smartphones and biometric authentication, offering a more intuitive interface which is key where illiteracy is common. Smartphones will also allow interaction between the institutions and clients, for example by encouraging savings; graphics displaying savings objectives, frequent reminders, interface for transferring predetermined amounts, etc.

There are still challenges to overcome to ensure that innovation remains at the service of clients, especially related to the fact that customer relationship management (CRM) is partly transferred to the agent networks. Their level of training, management qualities (liquidity, profitability) and awareness of the client protection principles must be ensured in order to guarantee that the client always benefits from the technological progress.

The right niche for insuring the smallholder farmer is often just as elusive as structuring lending operations. Whilst life insurance has boomed, agricultural microinsurance growth has been slower. If many smallholder farmers are underinsured, most are also underinformed of the vagaries of a changing climate.

The story is familiar, with risks like drought and flooding uninsured farmers at the mercy of the elements, forced to sell assets or borrow to cope, and making themselves vulnerable to clients for MFIs. Recent developments have encouraged, however, due to the potential of satellite remote sensing to offer a comprehensive view of a vulnerable country’s agricultural potential.

Traditional agri-insurance relies on being able to assess crop or livestock damage on site after a risk event. Operational costs and onsite assessment costs need to be absorbed in the premium, which in the case of smallholder policies would be too small for a viable business, and this is the difficulty of reaching and transacting with clients in remote areas and it stands to reason that traditional insurance struggles at the root of the problems.

The introduction of satellites, however, is changing this. Indeed, satellites and weather stations can be used to bypass the need for onsite assessment of damage to crops or livestock. Index insurance works by determining payouts to farmers through the value of a correlated index. Indexes track a climatic variable that has an impact on crop yields, such as rainfall, temperature, plant evapotranspiration or even soil moisture, and set a threshold at which payouts are triggered. Satellites will monitor the index, and satellite operators are now part of a complex value chain of actors bringing insurance to farmers. Their introduction also provides rich and long historical data sets for insurers to accurately price products, overcoming one of the main barriers, with a potential to reach many countries with poor meteorological infrastructure.

However, despite the accuracy of such technology, there are also risks, often not always linked to a human error. Ill-conceived indexes are responsible for principal risk (the risk that the index provider fails to perform with agricultural performance). Principal risk can mean a farmer receives no payout because the real insurance-related losses due to weather, or in some cases is even paid a claim output being normal. French response to this challenge has been the creation of certified indexes including the insurer Pacifica, the satellite operator Airbus Defence and Space, the Gramene Credit Agricole Foundation, and leading French universities. The fine-tuning of indexes based on satellite imagery is currently the subject of a doctoral thesis under this initiative, analysing differences between images from the satellite and the reality in the field.

For more information on smallholder finance, see http://www.globaldevincubator.org/initiative-incubator/current-initiative/

JACINTA MAIYO, CHIEF INFORMATION TECHNOLOGY ADVISOR, PAMIGA

Agricultural microinsurance from outer space

Technology is currently penetrating the daily life of microfinance clients. Recent developments over the past years in Africa and the Indian subcontinent, have increased the number of prospects for improving client experience and promoting financial inclusion and digitalization of the distribution channel and the product is transforming client experience. In addition, a lot of credit, digital disbursements and repayments through an agro-financial ecosystem can be a game changer.

Credit scoring, facilitated by advanced digital data, provides institutions with the opportunity to follow trends and offer personalized loans, better adapted to client needs.

In Kenya, M-Shwari, a banking system offered by Commercial Bank of Africa (CBA) to clients of M-Pesa has over 10 million accounts and 4.5 million active clients. M-Shwari offers short-term loans of $15 on average and issues approximately $100 million daily, responding to a real need for quick access to cash, while providing optimal conditions for the small customers: an account opened in 30 seconds and loan eligibility rapidly determined thanks to credit scoring enabled by access to M-Pesa data. Access and adaptation to services other than loans is also improving: savings, insurance, money transfers, public service payments, etc. A digital savings account on offer in Papua New Guinea clearly illustrates the impact of mobile microfinance, especially when local geography and lack of infrastructure complicates collections, etc.

In October 2014, M-PESA had over 12 million active accounts and $10 billion service revenue, indicating long-term growth.

Another significant challenge is that of selling index insurance. For many farmers, understanding the mechanism of insurance is complicated enough, let alone comprehending how payouts depend on satellite measurements. For some, the jury is still out, but satellites are undoubtedly enabling many farmers to benefit from the protection of insurance. Building a successful, client centered index insurance sector will require close collaboration between private sector actors and government, and an active involvement of farmers in explaining index structure and their product experience.
Access to electricity in rural areas through “Pay As You Go” finance

At present, access to electricity in rural locations is mainly through the means of solar kits, which allow 2-3 light points to be supplied and mobile phones and small appliances to be charged. Unfortunately their price (about USD 200) is a real barrier for many potential clients. In addition, microfinance institutions (MFIs) are reluctant to finance this type of equipment as they have not mastered its technical risks, and clients cease to repay if the apparatus breaks down. This has led the businesses developing these products to introduce a new finance system known as “Pay As You Go” or PAYG.

PAYG can be defined as a kind of installment sale, for which payment dates are fixed in terms of frequency and total; users reimburse their solar system by purchasing “energy credits”, which allow the system to be used for a given length of time. If payment is not made, the equipment stops. Once payment is made again, the system unblocks.

More and more frequently, payments are being made in non-material form (M-Kopa & M-Pesa in Kenya), with clients able to pay via SMS (Lumos and MTN in Nigeria) and by consumption of communication credit on invoice, or by prepaid card. Some of these payments are being made through mobile money and read the content on their cell phones.

“Digital Finance Plus”: What is it and if yes – how many?

Digital finance seems to be the new term of the year, for the financial inclusion industry. Recently a new reformulation of this term has taken place: Digital Finance Plus (DF+).

It is not quite certain what organization has coined this new term, but CGAP recently launched a new Digital Finance Plus initiative under which they study projects which broaden access to a range of services for low-income people via the use of mobile or other digital payment systems. The concerned sectors are primarily water, electricity, education, health, agriculture, or education.

In these kinds of projects, finance is not the end itself, but more the means to help solve significant challenges the lives of low-income populations, it is clear that for the client the payment for access was a major bottleneck when savings towards lump sums. Mobile money services help them to overcome both challenges.

It is difficult to already draw conclusions from the few projects that exist in the DF+ theme around the world. However, a few lessons can already been drawn:

> In some sectors finance is a major bottleneck prohibiting growth.
> In a sector like energy, the lack of consumer-facing financing presents a real bottleneck in the value chain. However, in health, the lack of financing cannot only be felt at the client level, but also in the production and development of medicines to the delivery of private services.

> A large number of stakeholders or non-financial challenges can complicate things. For example, before DF+ innovations can unlock access to for example the health sector, challenges with regards to quality of care, availability of medical staff, or awareness of illnesses among population will have to be taken care of.

> A regulatory framework and policy environment conducive to private sector investment can help the development of DF+ services. For example, where the government is creating incentives and investments in off-grid infrastructure, private enterprises benefit, as developers with less than 100 kW of project can experience a minimum of government interference.

Credit: Fenix International

SPECIAL REPORT
What’s at stake for digital finance?

Some companies are planning to open PAYG systems to international transfers, to allow members of the diaspora to finance their family members’ energy credits. These projects are conducted in liaison with banks active in Africa and Europe and with companies specialising in transfers.

The PAYG systems propose a solution to the problems connected with the limited investment capacity and highly variable incomes of rural populations. This does however beg the question of whether these solutions for financing essential products really show respect for clients. Can one imagine a European car maker marketing a vehicle that does not start unless the monthly instalment is paid? In the same way, the data collected should be kept in a rigid framework to prevent misuse and to guarantee that the client effectively agrees to it being used.

CHRISTOPHE POLINE, CHAIRMAN OF MONDELEZ INTERNATIONAL

SUSTAINABLE INVESTMENTS DIRECTOR, SCHNEIDER ELECTRIC

MICROFINANCE BAROMETER 2015

HANNAH SEDDE, ACCESS TO FINANCE CONSULTANT
Changes in savings and payment methods in France: From metallic to virtual money

Along with the letter of credit for commercial transactions, metallic money has long been the only means of payment on a wide scale. Having been traumatised by the disastrous venture of the assignats during the French Revolution, popular memory retains a fear of paper. The transition from metallic money to paper money during the 19th century marked a slow and irreversible change in both practices and mind sets.

On the one hand, the use of the bank note convertible into gold, before being demonetised in 1914, ensured the spread of paper money. On the other hand, the creation in 1818 of the Caisse d’Epargne and its savings account “Livret A”, used as much as a savings instrument as a current account, opened the way to learning about the so-called “book money”. Accessible to all, this major innovation, which owes its success both to ease of use and to the security that it guarantees, is the tool of the first democratisation of finance. It helps households adapt to making book entries. The increase in numbers of Caisse d’Epargne over the territory facilitated the introduction of the first type of banking relation for the vast majority of people.

Not until the 1960s and the era of mass banking was there another major change in means of making payment. Kept confident, the use of cheques, introduced in France in 1865, increased spectacularly at this time. Between 1966 and 1972, the number of cheque account holders increased from 17% to 62%. Bank debits and transfers became the norm, especially with monthly payments of salaries. The first payment cards were introduced in 1967. This was therefore a period of introduction of many new means of paying, of which the banks were the operators.

Today, the coming of the Internet and of mobile phones has transformed our lives beyond recognition. They have called the payment models to which we have become used to into question, and speed up their development. They have brought the banks into competition with new, non-banking actors who have essentially come from the Internet. They are opening the way to a third revolution.

Two major characteristics, which are not always immediately compatible, appear to be emerging from current payment method requirements. Their use must be as intuitive and as fast as possible. The generalisation of electronic transactions (including simplification of transfers and repayments by e-mail or via an application), contact-free payment cards, and, as shown with the recent promotion of Apple Pay, the Google Wallet or equipped smartphone, is a testimony to these changes.

Security remains however another essential requirement for payment methods, the use of which is based on confidence. This is currently a key item in the development of new electronic transactions, especially in a country where 9 out of 10 people declare that they make Internet purchases. To meet this requirement, a number of innovations are being introduced together. In this context, in May 2015, BPCE Group announced the launch of a new banking card with a dynamic cryptogram. In this world first, the three-digit security code printed on the back of the banking card is replaced with a “mini-screen” which displays a code that is automatically altered from time to time.

The payments sector has not yet completed its evolution and should continue to change rapidly in the next few years. It bears witness to a new era - that of virtualisation of money. Its huge and rapid changes pose a challenge to operators, who must at the same time ensure that exchanges are made secure in order to guarantee confidence, and invent educational and awareness tools for domestic users; without these, the relationship with money is in danger of being wrecked. This challenge, which the inventors of “Livret A” made clear during the 19th Century, is the challenge of inventiveness and reactivity.

In 1949, only 10% of workers own a bank account. Many are still paid in cash. In 1975, they are 72% and salaries are compulsory paid by money transfer or check. Today, we observe the 53% of monthly salaries are paid by e-transfers.

MICROFINANCE IN FRANCE

Professional and personal microcredit, a constant development

The creation of the Social Cohesion Fund (FCS) in 2005 has, by means of finance and especially guarantees, largely favoured the development of microcredit in France. The Caisse des Dépôts ensures its management, in accordance with the Convention of 5 April 2005 signed together with the State.

Guaranteed personal microloans

Guaranteed personal microcredit is a form of credit adapted to suit the borrower’s project and repayment capacity. Its principal aim is to facilitate access to jobs, mobility, training, accommodation and even health. Over 20 banking and financial partners as well as 500 local support network branches make an active contribution to deploying this system. The borrower is accompanied throughout the process of putting together the application file, until the loan is granted. Accompanying and banking partners maintain a presence if there are problems with repayment.

In order to organise the system in each region, the Caisse des Dépôts, in cooperation with its partners, has developed new methods of distribution of loans. To achieve this, some thirty mutualisation platforms are deployed in France.

Personal microcredit in figures in 2014:

- 68,854 personal microcredits since 2006
- EUR 156 million: nominal distributed since 2006
- EUR 2,266: average loan amount

Professional microloans

In the professional microloan sector, the Social Cohesion Fund works to provide contributions in favour of:

- Allocating the existing state funds pooled under Fogefi (Fonds solidaire de garantie pour l’entrepreneuriat féminin et l’insertion) (Guarantee Solidarity Fund for Female Entrepreneurship and Inclusion)
- Supporting guarantees by “Galland law” territorial funds of France Active
- Supporting safety networks for creation of enterprises
- New support for enterprise creation and recovery (“NACRE”, Nouvel accompagnement pour la création et la reprise d’entreprises)
- The FCS contributed EUR 21.5 million to these fields in 2014, including EUR 9 million for classic guarantee systems and EUR 12.4 million for Nacre loan resource guarantees. The balance was used to finance the accompanying networks.

Professional microcredit in figures in 2014:

- 17,600 loan files, or an increase of 9% compared with 2013
- EUR 58.3 million guaranteed
- EUR 213 million of loans distributed

The FOGEFI includes three types of loan. First is the FGFIE, which carried out over 1,860 transactions in favour of businesswomen in 2014. Next is the FGIE, with 13,795 files, consisting principally of guarantees of microcredit, but loans are from the investment company France Active. Finally, the Fund offers guarantees in favour of so-called “adapted” businesses. The “Galland law” territorial funds, financed jointly by the State and the local communities, granted very small and joint businesses a total of 3,589 guarantees, representing EUR 57 million, in 2014.

Finally, the FCS guarantees the 10,891 Nacre zero-rated loans, financed by the Savings Funds and granted in 2014 for a total of EUR 53 million.

The introduction of an electronic payment is in the field of joint business loans in 2014.

More information on: www.france-microcredit.org

Over 50,000 jobs were created or consolidated by the actions of the FCS, in the field of joint business loans in 2014.

Employment and mobility

Sales and training

Housing

Health

Others

Source: Overview of personal and professional microcredit, 4th Quarter 2014, Caisse des Dépôts

In the 18th Century, is the challenge of inventiveness and reactivity.

In 1949, only 10% of workers own a bank account. Many are still paid in cash. In 1975, they are 72% and salaries are compulsory paid by money transfer or check.
MICROFINANCE IN EUROPE

In a digital age, what tools for financial education?

The microfinance sector in Europe has been consistently expanding during the past few years. A recent survey by the European microfinance sector revealed that 47% of the participating microfinance institutions exclusively provide microcredits, while 43% offer microloans and 3% are specialized in microinsurance. The remaining 21% of the surveyed microfinance institutions represent the main product offered by the sector.

According to the European Microfinance Network (EMN) Sectoral Overview Survey, the microfinance sector has steadily grown over recent years. In 2013, 135,948 microloans were disbursed to 24 European countries, while in 2015, the total number of microloans reached 175,621, with a total volume of EUR 1.53 billion. The average loan size has also increased in 2013, reaching EUR 6,507. During the same year, 79% of the total value of microloans was issued for business purposes while the remaining 21% was used for personal consumption. According to national regulatory frameworks, (with or without the existence of usury laws), interest rates go below 5% for a business loan in Austria, Switzerland, France and Italy and up to 42% for a personal loan in the United Kingdom.

The European microfinance sector remains very heterogeneous in terms of institutional models with NGOs, foundations and non-bank financial institutions representing more than half of all surveyed MFIs. Although MFIs primarily disburse business/entrepreneurial loans, they now offer a wide range of financial products. On the other hand, financial education and entrepreneurship training represent the most widespread non-financial services provided.

The ongoing digital transformation of the economy offers several opportunities to the European microfinance sector. There has been an exceptional growth of online financing mechanisms in recent years, with both in number of platforms and amount raised. In Europe, hundreds of crowdfunding platforms already exist. Innovative funding mechanisms such as peer-to-peer lending and P2P lending, supported by technological innovation, are challenging existing, traditional financial providers. Crowdfunding reduces costs and administrative burdens.

The European microfinance sector is characterized by the significant diversification of the products on offer. Even though professional microloans continue to prevail in the sector, the offer of other types of products and financial services has considerably increased over the past years. Moreover, many microfinance institutions complete their offer with non-financial services and products to support their clients in the development of their activities.

A recent study by the European Microfinance Network (EMN) Survey in 2015 revealed that most microfinance institutions offer a combination of financial and non-financial services. The most widespread non-financial services among the microfinance institutions offering non-financial services are entrepreneurship training programmes (58%) and entrepreneurship training programmes (45%), followed by business development services (42%) and advice related to indebtedness (41%).

The microfinance sector is an important tool for financial education and entrepreneurship training. It can help individuals develop business skills and make informed financial decisions. The microfinance sector is also a valuable resource for communities looking to promote economic development and create job opportunities.

The European microfinance sector is an essential player in the fight against poverty and financial inclusion. By providing microcredit and financial services to individuals and small businesses, the microfinance sector helps to reduce poverty and increase economic growth. The microfinance sector is a key player in the European Union's efforts to achieve the United Nations' Sustainable Development Goals (SDGs), particularly in terms of poverty eradication, education, and economic growth.

The microfinance sector is a crucial player in the European Union's efforts to achieve the United Nations' Sustainable Development Goals (SDGs). By providing microcredit and financial services to individuals and small businesses, the microfinance sector helps to reduce poverty and increase economic growth. The microfinance sector is a key player in the European Union's efforts to achieve the United Nations' Sustainable Development Goals (SDGs), particularly in terms of poverty eradication, education, and economic growth.

In conclusion, the microfinance sector is an important tool for financial education and entrepreneurship training. It can help individuals develop business skills and make informed financial decisions. The microfinance sector is also a valuable resource for communities looking to promote economic development and create job opportunities.
“Digital finance offers new opportunities for financial inclusion in Peru”

Carolina Trivelli is a former Peruvian Minister of Development and Social Inclusion, Project Manager Digital Money at ASBANC (The Association of Peruvian Banks).

Thank you to the members of the Convergences Working Group “Microfinance and Responsible Finance” and to the authors: Arvind Asha, Djamchid Asadii, Nicola Benaglio, Pascal Brind’Amour, Philippe Breui, Philip Martin Brown, Marie-Véronique Bryon, Marjolaine Chantreau, Laurent Chêneau, Irahima Cisse, Virginie Coubur, Anthony Degoupe, Leticia Emirie, Antonia Estrada, Gabriela Erice Garcia, Aurelie de Fontvielle, William Ford, Dominique Francois, Pierre Gaches, Sara Gallay, Yann Gelister, Philippe Guichandut, Yann Guirimand, Nienke Harmsen, Kani Hérault, Christine Hermann, Snezana Jovic, Arvind Ashta, Djamchid Assadi, Nicola Benaglio, Pascal Briend, Philippe Breul,

ENDORSE THE GLOBAL APPEAL FOR RESPONSIBLE MICROFINANCE CAMPAIGN!

The Global Appeal is a worldwide effort to build momentum and commitment to financial inclusion and to responsible finance.

It does not replace other initiatives dedicated to the promotion of social performance management in microfinance which are primarily intended to microfinance institutions (see article page 4). The Global Appeal summarizes consistent and coherent actions to be taken by all stakeholders (institutions but also investors, regulators, etc.).

It was developed with a collective of partners, including the members of the Microfinance CEO Working Group – Action, FINCA, Freedom from Hunger, Grameen Foundation USA, Opportunity International, Pro Mujer, VisionFund International, and Women’s World Banking.


The Global Appeal articulates a vision for a fully responsible and responsive industry, and outlines a framework for all relevant stakeholders – microfinance institutions, regulators, policy makers, investors, researchers, and financiers, through 7 principles:

1. MFIs Serve Clients in a Responsible Manner
2. MFIs Advance the SPTF Universal Standards for Social Performance Management
3. MFIs Operate with Sound Governance and Financial Responsibility
4. Regulators and Policy Makers Support a Sound Microfinance Sector
5. MFIs Innovate in Microfinance Uphold the Principles for Investing in Inclusive Finance
6. Researchers Assist the Microfinance Industry to Learn

Thank you to the members of the Convergences Working Group “Microfinance and Responsible Finance” and to the authors: Arvind Asha, Djamchid Asadii, Nicola Benaglio, Pascal Brind’Amour, Philippe Breui, Philip Martin Brown, Marie-Véronique Bryon, Marjolaine Chantreau, Laurent Chêneau, Irahima Cisse, Virginie Coubur, Anthony Degoupe, Leticia Emirie, Antonia Estrada, Gabriela Erice Garcia, Aurelie de Fontvielle, William Ford, Dominique Francois, Pierre Gaches, Sara Gallay, Yann Gelister, Philippe Guichandut, Yann Guirimand, Nienke Harmsen, Kani Hérault, Christine Hermann, Snezana Jovic, Arvind Ashta, Djamchid Assadi, Nicola Benaglio, Pascal Briend, Philippe Breul,