

ISSUE # 80

MONTHLY NEWSLETTER

This document contains the latest news and publications from SAMN member countries

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Afghanistan

In Afghanistan, Women Entrepreneurs Keep the Dream Alive

For Selsela Nihan, coming home meant a fresh start—and a chance to live her dream.

When the 22-year-old returned to her native Afghanistan after living as a refugee for 12 years, she pursued her goal of starting her own business. But she was shocked to see that women had virtually no representation in the business sector, and only men sold clothes and owned businesses in the busy markets of the capital, Kabul. She decided to do something special.

“I wanted to provide a space for women through my clothing business and a sewing workshop to help them become comfortable and independent,” said Nihan.

“Women around me were naysayers whenever I discussed with them my intentions of going into business. They were not too excited about my idea and rather scared me talking about local security issues and cultural barriers for women. Also, I was inexperienced and struggling for finances, but I decided to accept these challenges.”

Read more at:

https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/impact-stories/afghanistan-women-entrepreneur

FINCA Afghanistan – Agriculture Development Fund (ADF) Signed Loan Agreement

FINCA Afghanistan and Agriculture Development Fund (ADF) have concluded and signed a loan agreement of AFN 100 Million.

FINCA Afghanistan having its head office at Kabul, Afghanistan and 20 branches including 3 market offices, established in rural and urban areas of the country (primarily in Kabul & Central Regions, North, and the West) will utilize this loan fund for on lending to Agriculture and livestock lending in Afghanistan. FINCA is proud of its enhanced relationship with ADF which will help to achieve FINCA Afghanistan’s mission to alleviate poverty through lasting solutions that help people build assets, create jobs and raise their standard of living.”

Read more at: <https://www.finca.af/news-press/>

Bangladesh

Microfinance in Climate Action: Why Not?

With the impacts of climate change rapidly intensifying and Bangladesh determined to continue its upward trajectory towards socioeconomic development, there is now a crucial need to explore financial mechanisms that are effective in supporting the adaptation needs of the poorest and most vulnerable. Microfinance promises significant potential in this regard.

Climate change poses a severe threat to the livelihood security of low-income and otherwise disadvantaged groups in Bangladesh. Livelihood options available to the poor, particularly those dependent on natural resources, are increasingly shrinking with the growing intensity and frequency of extreme weather events and other climatic stressors.

Adaptation to climate change has long been a key priority for the country. Over the years, substantial financial resources have been mobilized, both from domestic and international sources, to help build resilience of climate affected communities. However, effective channelization of these funds to the local level continue to be a challenge due to a myriad of structural and governance barriers. With the impacts of climate change rapidly intensifying and Bangladesh determined to continue its upward trajectory towards socioeconomic development, there is now a crucial need to explore financial mechanisms that are effective in supporting the adaptation needs of the poorest and most vulnerable.

Read more at: <https://www.dhakatribune.com/climate-change/2021/01/10/microfinance-in-climate-action-why-not>

IFAD to Support Rebuilding Bangladesh's Microenterprises

The International Fund for Agricultural Development (IFAD) will provide Bangladesh with an additional loan of US\$ 18.07 million to rebuild microenterprises as well as to support smallholders affected adversely by the Covid-19 pandemic.

The additional financing will scale up activities under the ongoing Promoting Agricultural Commercialisation and Enterprises (PACE) project being implemented by the Palli Karma-Sahayak Foundation (PKSF).

With the additional loan, the total value of the PACE project now amounts to \$129.81 million, with IFAD financing of \$58.07million, said an IFAD release on Thursday.

The funding will complement the government and PKSF's efforts to assist microenterprises and smallholders and recover the rural economy from coronavirus-induced losses.

This additional loan will finance activities from January 2021 to December 2022 to help restore microenterprises both in the farm and non-farm sectors.

Read more at: <https://thefinancialexpress.com.bd/trade/ifad-to-support-rebuilding-bangladeshs-microenterprises-1609481398>

India

RBI Unveils Guidelines for Digital Payment Infra Fund

The Reserve Bank of India (RBI) on Tuesday announced operational guidelines for the Payments Infrastructure Development Fund (PIDF) scheme, aimed at encouraging deployment of more digital payments infrastructure across tier-3 to tier-6 centres.

The fund will be used to subsidize banks and non-banks for deploying payment infrastructure, which will be contingent upon specific targets being achieved. The central bank said on Tuesday that it has constituted an advisory council under the chairmanship of B.P. Kanungo, a deputy governor, to manage the fund. The PIDF will be operational for three years from 1 January 2021 and may be extended for two more years based on progress. The fund has a corpus of ₹345 crore, of which ₹250 crore was contributed by RBI and ₹95 crore by authorized card networks operating in India.

Read more at: <https://www.livemint.com/industry/banking/rbi-unveils-guidelines-for-digital-payment-infra-fund/amp-11609902213182.html>

CreditAccess Grameen Wins 'Micro Finance Organisation Of The Year' Award; Stock Ends In Green

CreditAccess Grameen Limited, India's leading NBFC-MFI has been awarded the 'Micro Finance Organization of the Year' award at the 12th Inclusive Finance India Awards Presentation Ceremony held on January 21, 2021 at Le Meridian in New Delhi.

CreditAccess ended at Rs744.45 up by Rs3.85 or 0.52% from its previous closing of Rs740.60 on the BSE.

On behalf of the company, Ganesh Narayanan, Chief Business Officer, Gururaj K S Rao, Chief Audit Officer, and Gopal Reddy, Business Head - Group Lending of CreditAccess Grameen Limited received the award presented by Shri Anurag Thakur, Hon'ble MoS for Finance and Corporate Affairs, GoI. The Company has won this prestigious recognition for the second time in a row.

Read more at: https://www.indiaonline.com/article/news-top-story/creditaccess-grameen-wins-%E2%80%98micro-finance-organisation-of-the-year%E2%80%99-award-stock-ends-in-green-121012100671_1.html

RBI Issues Framework For Strengthening Grievance Redress Mechanism In Banks

The Reserve Bank of India (RBI) on Wednesday put in place a framework for strengthening the grievance redress mechanism in banks. The framework comprises enhanced disclosures on complaints to be made by the banks; recovery of the cost of redress of maintainable complaints from the banks against whom the number of complaints received in the Offices of Banking Ombudsman (OBOs) are in excess of their peer group averages; and intensive review by RBI of the grievance redress mechanism.

"The framework intends to, inter-alia, provide greater insight into the volume and nature of complaints received by the banks as also the quality and turnaround time of redressal, promote satisfactory customer outcomes and improved customer confidence, and identify remedial steps to be taken by the banks having persisting issues in grievance redress mechanism," the RBI said. The central bank added that the redress of complaints will continue to be cost-free for the customers of banks and members of public. "Reserve Bank

will undertake, as a part of its supervisory mechanism, annual assessments of customer service and grievance redress in banks based on the data and information available through the Complaint Management System, and other sources and interactions," as per the framework.

Read more at: <https://www.news18.com/news/india/rbi-issues-framework-for-strengthening-grievance-redress-mechanism-in-banks-3352151.html>

Poll-bound Assam's MFI Bill, Congress' Loan Waiver Promise A "Moral Hazard": Report

The passage of a Bill to control the microfinance industry and the Congress party's loan waiver promise if voted to power in the April 2021 polls in Assam is a "moral hazard", according to a report.

With West Bengal also headed for elections, the report by Kotak Institutional Equities warned that such loan waivers can have many adverse outcomes for the finance industry because the quantum of outstanding loans is much higher.

In Assam, the current Assembly has set aside RBI observations and passed a Bill to put more controls on the microfinance industry dealing with loan amount caps, prior registration and other operational restrictions, while the Congress party has promised loan waivers if voted to power.

"Either way, we see these developments setting a negative precedent in dealing with credit to relatively sensitive segments, and potentially creating a moral hazard," the report, released on Monday, said.

The Assam Assembly passed the Micro Finance Institutions (Regulation of Money Lending) Bill, which in a way introduces a parallel set of regulations besides RBI's rules governing the sector, it said, pointing to some specific provisions.

Read more at: <https://www.outlookindia.com/newscroll/pollbound-assams-mfi-bill-congress-loan-waiver-promise-a-moral-hazard-report/2004138>

MFIs Pitch for Issuance of Tax-Free Social Bonds by NABARD, SIDBI

Micro-finance institutions have made a pitch for issuance of tax-free social bonds for five years by SIDBI/NABARD to exclusively provide debt to the sector operating in semi urban, rural areas or aspirational districts.

In a pre-Budget memorandum to the Finance Ministry, Sa-Dhan, the association of microfinance sector, also made a case for introduction of credit guarantee scheme and refinance facility for MFIs through the National Bank For Agriculture and Rural Development (NABARD), Small industrial Development Bank of India (SIDBI) or MUDRA.

Read more at: <https://economictimes.indiatimes.com/markets/bonds/mfis-pitch-for-issuance-of-tax-free-social-bonds-by-nabard-sidbi/articleshow/80138602.cms?from=mdr>

Nepal

Mahila Sahayatra Microfinance: Bringing Together Microfinance and Women Entrepreneurs in Nepal

Launched in 2018 by the Supreme Council for Women of Bahrain in partnership with UN Women, the Princess Sabeeka Bint Ibrahim Al Khalifa Global Award for Women's Empowerment aims to celebrate and recognize the achievements of champions of women's equality and women's empowerment globally.

Sumitra Gurung is the CEO of Mahila Sahayatra, a microfinance institution providing banking services for women and other vulnerable groups in Nepal. The company won the 2018 Princess Sabeeka Bint Ibrahim Al Khalifa Global Award for Women's Empowerment, in the Private Sector category.

When Sumitra learned about the Global Award's call for applications, she was immediately inspired to apply. Her company provides access to services such as loans, deposits, remittances and insurance for marginalized women in very remote and mountainous areas of the country. Thanks to their work, many vulnerable women are able to become entrepreneurs by producing organic products while using natural Himalayan resources.

"Women in Nepal have been restricted by patriarchal social, economic, and political structures for centuries. Domestic violence is a serious challenge to women's human rights," said Sumitra. "Gender equality for women means having access to knowledge and money, being recognized for their capabilities, being independent to make their own choices and decisions, and being able to represent themselves at all levels of governance. The company's effort to provide access to financial services to women and support them in developing entrepreneurship has resulted in hundreds of women emerging as entrepreneurs," she added.

Presently, over 4 million women across Nepal receive microfinance support. Mahila Sahayatra is advocating and working for the continued expansion of this approach, so that more women can become economically independent and free of domestic violence.

Read more at: <https://arabstates.unwomen.org/en/news/stories/2021/01/feature-mahila-sahayatra-microfinance-bringing-together-women-entrepreneurs-in-nepal>

Pakistan

SECP Okays Digital Account Opening

The Securities and Exchange Commission of Pakistan (SECP) on Thursday introduced the 'Digital Onboarding Mechanism' (DOM) for investors of Asset Management Companies (AMCs).

The mechanism offers investors a seamless account opening process for investments in mutual funds and eliminates the requirement of physical presence and submission of documents.

In this respect, SECP has issued Circular No 35 of 2020 and placed on its website.

AMCs are now allowed to conduct the Customer Verification process for account opening online while ensuring investor protection and compliance with all applicable relevant legal and regulatory framework.

Read more at: <https://www.dawn.com/news/1599005/secp-okays-digital-account-opening>

Digital Lifestyle: Rapid Digitisation Transforms Socio-Cultural, Economic Landscape

The increasing digitisation of life has brought about drastic transformation in socio-cultural and economic landscape of Pakistan during the last two decades with exponential growth in use of electronic gadgets and tools of Information Communication Technologies (ICTs).

The electronic gadgets have become a commonplace phenomenon of everyday life in almost every household even in the remotest parts of the country. Therefore, if anything happens worth watching or reading in any part of the globe, it does not go unnoticed on social media. Similarly, the trending that appears on the screen keeps the viewer mentally engaged for hours. Everything has been brought down to the pocket size minicomputer on the palm of the consumer. It is a whole world of socialisation with a number of social media websites.

Read more at: <https://nation.com.pk/04-Jan-2021/digital-lifestyle-rapid-digitisation-transforms-socio-cultural-economic-landscape>

Why Positive Cash Flow Is Important For Tech Startups In Pakistan?

To run the tech startups successfully in Pakistan, it is very important to make a proper plan. There are so many factors that can cause the success or failure of the business. However, one important factor that can really help you to run your tech startup successfully is cash flow management. Most tech startups don't succeed due to inadequate cash reserves. Lack of cash is one of the major reasons that tech startups couldn't grow in Pakistan and startup's owners shut their businesses at the end of the day. It is the most difficult thing to deal with the issues of cash flow while you are setting up a new business as you have to spend a lot of money with no sales and customers.

Read more at: <https://www.technologytimes.pk/2021/01/04/why-positive-cash-flow-is-important-for-tech-startups-in-pakistan/>

Raast - A Critical Piece in the Financial Inclusion Jigsaw

It was nearly a decade ago that Pakistan was labelled as the "Laboratory for Innovation" by the Consultative Group to Assist the Poor (CGAP) based on its fast-growing market of branchless banking and a very willing and constructive regulator. Yet, up until 2014, Pakistan's financial inclusion metric - percentage of adults with transaction accounts was the second lowest in the South Asia at 13%, marginally ahead of Afghanistan at 10%. As of 2017, it was still the second

lowest at 21%. Its closest peer ahead was Nepal at 45%. Splitting the numbers by sex reveals an equally discouraging story that is characterised by low inclusion for women (7%) and a big gender gap - men are roughly five times more likely than women to have an account.

Read more at: <https://www.brecorder.com/news/40050074>

Bill and Melinda Gates Are Now Backing New Digital Payments System in Pakistan to Support Financial Inclusion for Women

Pakistan has introduced a state-managed instant digital payments platform in order to promote greater financial inclusion. The new online payments system, Raast, has been launched to support women who might have been financially marginalized or unable to access modern financial services for a long time. Notably, Raast has been launched at a time when the nation has been considering regulating virtual currencies.

Raast has reportedly been implemented by the State Bank of Pakistan (SBP), the country's central bank, with assistance from the Bill and Melinda Gates Foundation. The new payments system has received additional support from Britain, the United Nations, and the World Bank.

Read more at: <https://www.crowdfundinsider.com/2021/01/171325-bill-and-melinda-gates-are-now-backing-new-digital-payments-system-in-pakistan-which-supports-financial-inclusion-for-women/>

'Fintech Can Help Document Economy'

Technology can steer documentation in the economy and boost digitalisation of banking sector as well as payments, said Minister of Science and Technology Fawad Chaudhry. Speaking at a webinar titled "Target 10 Million: Leveraging Fintech to Expand Retail Investor Participation" on Tuesday, the minister said the only way to document the entire economy of Pakistan was to bring fintech into play. "Fintech has a huge role to play in Pakistan economically and government policies can help companies succeed," he said. "On the other hand, the companies specialising in fintech can do wonders for Pakistan." He lauded payments through digital means under the Ehsaas programme, calling it a step forward for Pakistan.

Read more at: <https://tribune.com.pk/story/2279719/fintech-can-help-document-economy>

Karandaaz Launches Data Portal on Financial Indicators

Karandaaz Pakistan – a commercially directed investment platform – has launched a state-of-the-art online data portal with aggregated data on financial services and selected socioeconomic indicators for the country, a press release issued by the company stated.

The portal will have data regarding the encompassing demographics, national economic data, agriculture finance, financial access, and behaviors of individuals, banking infrastructure and transactions, micro, agri, housing finance, small and medium enterprises (SMEs) finance, non-bank financial institutions (NBFIs), mobile money, and telecommunications statistics, the statement said.

Read more at: <https://propakistani.pk/2021/01/20/karandaaz-launches-data-portal-on-financial-indicators/>

Sri Lanka

IFC's \$25Mn Investment in NTB to Help Businesses Continue Operations

In an effort to provide improved access to critical working capital for Sri Lankan businesses impacted by the COVID-19 pandemic and to help preserve jobs, IFC, a member of the World Bank Group, is providing a \$25 million loan to Nations Trust Bank (NTB).

The financing package, which will be used by NTB to help small and medium sized enterprises (SMEs) and corporates, is part of IFC's \$8 billion global COVID-19 fast-track financing facility, supporting companies to stay afloat during the ongoing public health crisis. This investment comes under the Working Capital Solutions (WCS) program of the COVID-19 response envelope, which provides \$2 billion globally to emerging-market banks, enabling them to keep operating and preserve jobs.

"IFC's investment in Nations Trust Bank will help us better support the government's efforts to strengthen the country's position through increased exports and reduced reliance on imports. IFC's funding will enable us to provide trade finance and working capital facilities to affected businesses—exporters, local industries, especially mid-market corporates and small and medium sized enterprises—in Sri Lanka, so protecting people's jobs," said Priyantha Talwatte, Director/ Chief Executive Officer, NTB.

In IFC's 50 years of operations in Sri Lanka, NTB has been one of IFC's longstanding clients. As a founding shareholder, IFC has supported the bank through multiple investments and advisory initiatives since 1999, including support to help boost lending to SMEs, including those owned by women, marking NTB's first gender-focused commercial lending in the country.

Read more at: <https://www.lankabusinessonline.com/ifcs-25mn-investment-in-ntb-to-help-businesses-continue-operations-amid-covid-19/>

Updates from Members

BANGLADESH

CDF: Mastercard Unveils Cross-Border Remittance Transfer Platform

Mastercard unveiled its cross-border money transfer platform HomeSend on Monday as the global payment solutions provider looks to get in on Bangladesh's fast-growing market for sending remittance through the official channel that got an unexpected bump for the pandemic, which collapsed the hundi system.

The hundi system is an illicit cross-border transaction network moored on international travel, import business and medical tourism, all of which have been in the slow lane since the pandemic began in February last year.

As a result, sending money through this channel became difficult, prompting the expatriate Bangladeshis to turn to the legal channel. And the 2 per cent cash incentive offered by the government on inflows through the official path sweetened the deal.

Read more at: <https://www.dhakatribune.com/business/2021/01/26/mastercard-unveils-cross-border-remittance-transfer-platform>

INDIA

MFIN: News

- An authored article titled **“From Response to Recovery How COVID-19 crisis spurred turnaround of microfinance industry”** by Ms. Sugandh Saxena, Head- SRO, MFIN. The pandemic-led crisis has accelerated an overdue transition to digitalisation in business processes and enhanced efforts to address slow-burning issues such as liquidity management, cash, diversification, and capital.

NBFC-MFIs provide micro-credit loans (mostly Rs 30-50 thousand loans) totaling over Rs 70,000 crore to 2.5 crore women in low-income-households, to enhance their livelihoods and well-being. The effects of COVID-19 on these low-income-households served by more than 90 NBFC-MFIs have been severe.

In the first two months of lockdown between April 2020 and May 2020, customers, across sectors, experienced precipitous drop and uncertainty in their livelihoods. Though a vast majority, being rural and employed in 'essentials', were able to sustain and resume incomes rather swiftly as essential economic activities returned to normalcy. Not earning is never an option for low-income households.

For NBFC-MFIs, it brought a near-halt in the business i.e. collections and disbursements due to restrictions on functioning and mobility, leading to liquidity issues. Unsurprisingly, NBFC-MFIs were perhaps the worst affected amongst the financial institutions, with nearly 98% of accounts being under moratorium by May 2020.

Besides their customers who were affected, NBFC-MFIs' heavy reliance on cash for recoveries (for their customers' livelihood are still rooted in cash economy), need for physical proximity to customers for door-step collections, disbursements and its unique liquidity-match framework which depended on steady cashflows of repayment recoveries from customers for upstream payments on borrowings, posed huge impediments under the new circumstances.

To Access Full Article: <https://www.businesstoday.in/opinion/columns/how-covid19-crisis-spurred-turnaround-of-microfinance-industry-nbfc-mfis/story/428336.html>

MFIN: Microfinance Sector Development

- The “**Information Sharing Platform**” for the small and medium MFIs has been named as “**Impetus**”. Mindstone Maven has completed the first phase of development of the platform and will soon commence with the next phase which will include testing of the platform with live data selected from 3-4 members along with development of dashboards.
- Four of MFIN members (Arohan Financial Services, Fusion Microfinance, Samasta Microfinance and Svatantira Microfin) are participating in the **Digital Document Execution (DDE)** pilot with **National e-Governance Services Ltd (NeSL)**. The template for baseline data collection has been developed which will help tracking cost effectiveness and branch efficiency, using the DDE method. The members are in the process of undertaking system integration, following which the pilot would commence.
- **MFIN Microfinance RADAR Application Tool:** The staging link of Radar web application and apk file to download the application in Android mobiles have been shared with MFIN. The application was tested across user fronts from 16th January – 31st January 2021. The objective of the application is to make granular field level intelligence generated from MFIN district forums available to member institutions in a secured and systematized manner.

MFIN: Microfinance Sector Advocacy:

- Dr. Alok Misra - MFIN CEO & Director attended the Pre-policy meeting with RBI Governor on 20th January 2021. A follow-up response was sent re-emphasizing the issues related to Base Rate, Additional Special Liquidity Facility (ASLF) being implemented by NABARD and Assam crisis.
- The Secretariat responded to Department of Financial Services on “Rationalization of Compliances under various Acts, Regulations, Directions, Master Circulars/ Directions and other subordinate legislation”, based on the inputs received from members.

MFIN: Capacity Building:

- MFIN, jointly with SBI Caps, organized an Investor Webinar titled **“Microfinance – Building Financial Resilience in Turbulent Times”** on 11th January 2021. The Panelists include Mr. Manoj Nambiar – MFIN Chairperson, Mr. Devesh Sachdev – MFIN Vice Chairperson and Dr. Alok Misra- CEO & Director, MFIN. The discussion focused on the various aspects of the microfinance sector including Assam issue, resilience shown by the MFIs during the pandemic, challenges faced by small and medium MFIs etc. The webinar was attended by 170+ participants across top mutual funds entities, insurance firms, Private Equities and CxOs of Microfinance Institutions and Small Finance Banks.
- MFIN-Equifax Webinar on **“Improving Credit Bureau Submission and Data Quality”**. With the support from Equifax in the last six months, MFIN has enhanced the monitoring scope to measure/address issues around the Credit Bureau submission and Data Quality. Individual reports were shared with members highlighting areas that require attention. Since many members approached for clarification and resolution, a joint webinar was organized by MFIN and Equifax on 22nd January 2021 to discuss & address the common problems around the Credit Bureau Data submission and Data quality. The webinar was attended by more than 80 participants.

MFIN: Governance:

- New Member: **Sarwadi Finance Services Pvt. Ltd.** – a small size NBFC-MFI with a portfolio of Rs. 7.54 Cr. As on 31st December 2020 with operations across 5 districts of West Bengal has joined as the 58th Member.
- **Code for Responsible Lending- Steering Committee (SC-CRL):** The Committee held its fourth meeting in Jan 2021. Mr. U S Paliwal, CEO-Association of Small Finance Banks of India has joined the Committee as its new member. The committee deliberated on lending to customers with the restructured loans and NPA loans beside discussing the sector's developments.
- **Appointment of Independent Members on Self-Regulation Committees** - Mr. Manoj Sharma, Director - MicroSave Consulting, will be joining the Self-Regulatory Organization Committee from 1st February 2021 as an Independent Member under the category of 'Independent person of eminence, who is familiar with the financial services industry'.
- **Enforcement Committee** - Ms. Veena Mankar (Founder and Chairperson, Swadhaar FinAccess) was reappointed as an Independent member of EC for a second term. Mr. Nitya Kishore Sahu (Ex CGM, RBI) will be joining as an Independent Member starting 1st February 2021.

MFIN: Communication Collaterals:

- **Film for Maharashtra:** A short film was released in January to create awareness amongst borrowers in Maharashtra post Moratorium for timely repayments. The film features a popular Marathi television celebrity – Nivedita Joshi Saraf.

The film can be accessed through https://www.youtube.com/watch?v=B_TLVoXZDMs&list=PLLvaID98H-QZenjeVf16TwDQ05G79Xt9

- **Brand New Website:** The new MFIN website was launched on 28th January 2021 - <https://mfinindia.org/> It is a showcase of MFIN's work for the sector and the sector's work on credit supply and financial inclusion. It boasts of many new features to keep the microfinance viewer engaged.

PAKISTAN

PMN: Munsalik - An Initiative to Digitize The Microfinance Industry

The idea of setting up a shared digital platform originated from the demands of the members to setup a shared technology infrastructure on behalf of the sector as it becomes expensive and redundant for individual members to invest in technology. Furthermore, it was demanded to negotiate with DFS players on behalf of the sector in order to introduce single point of contact and reduce overall operational costs and capital expenditure. After detailed requirements gathering sessions, it was concluded to setup a shared middleware which will provide connectivity with Alternate Delivery Channels (ADCs) and a Loan Management System (LMS) with a mobile app for the small and medium sized players.

A celebration ceremony was held at FFO Head Office in Sheikhpura in January 2021, to mark the onboarding of FFO on Munsalik's platform. Munsalik will digitize the end to end loan disbursement/repayment process of FFO through its loan management system that comes equipped with a mobile app, and also provide connectivity to the financial ecosystem through its middleware Management of other players of Punjab Microfinance Network, including RCDP, JWS, Mojaz and Agahe were also present at the occasion.

The ceremony was addressed online by Mr. Imad Uddin (Additional Director, AC MFD, SBP), Mr. Aqeel Zeeshan (Additional Director, PRDD, SECP), Mr. Yasir Ashfaq (Pakistan Microfinance Investment Company Mr. Sajjad Shah (SAFCO), Mr. Ghalib Nishtar (PMN), and Mr. Faisal Ejaz Khan (Munsalik).

On January 18, 2021 PMN team presented the Munsalik platform to SECP commissioner Mr. Farrukh Sabzwari. Other members of senior management from SECP were also present. Onboarding discussions have been initiated with RCDP, JWS, Akhuwat, Kashf Foundation and ASA. A few small microfinance banks have shown interest in both LMS and direct integration with whom discussions have also been initiated.

PMN: A Study on Risks to Microfinance in Pakistan

Pakistan Microfinance Network carried out a study on Risks to Microfinance in Pakistan, which is the fifth edition of a study that seeks to map the risks being faced in the Pakistan microfinance sector as perceived by various stakeholders. The first study, conducted in 2011 by the Pakistan Microfinance Network (PMN), served as a starting point for the discussion on risks and threats encompassing the Pakistan microfinance sector. This study aims to update the risks highlighted in the initial publication in the face of the changing business and macroeconomic environment, as well as, new initiatives and developments in the microfinance sector.

The study is categorized into three main sections: The Introduction, Analysis of Data and Risk Mitigation Strategies. The first section, Introduction, examines why risk management is crucial for microfinance institutions and provides an overview of the methodology used for this study. The following chapter, Analysis of Data, which describes the headline findings and showcases the responses and perceptions of the participants. The third section briefly discusses the Details of Risks and Possible Mitigation Strategies for risks and threats highlighted in section two.

Read Full Report: <https://pmn.org.pk/wp-content/uploads/2021/02/RISKS-TO-MICROFINANCE-IN-PAKISTAN-2020.pdf>

SRI LANKA

LMFPA: Towards a People-Centric Microfinance Industry in Sri Lanka

“There are many institutions that provide microfinance services in a responsible manner, playing a significant role in the Sri Lankan economy. The government is not ready to neither disrupt this endeavor nor pressurize the majority because of a few players that bring disrepute to a valuable industry due to their malpractices, however alternative action should be taken to resolve the issues” said Hon. Shehan Semasinghe, State Minister of Samurdhi, Household Economy, Microfinance, Self-Employment, Business Development & Underutilized State Resources Development at a webinar organized by the Lanka Microfinance Practitioners’ Association (LMFPA) on 20th of January 2021.

The State Minister stated that the ministry has already commenced public awareness campaigns centralized from Anuradhapura with the association of the Central Bank and the Department of Samurdhi Development. He also stated that the objective of the government is to implement practical solutions for the people in terms of access to finance. “People should be able to have access to financial services at affordable interest rates and honour them in a timely manner and all financial service providers should work in harmony towards this.”

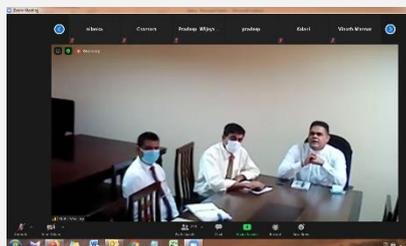
According to the State Minister, the ministry is in the process of establishing a working committee to find effective solutions to address the issues in the microfinance industry and requested LMFPA to nominate their representatives for same. One of the issues was a revised microfinance regulatory framework where the minister welcomed proposals by the LMFPA to amend the present Microfinance Act. Another important issue is the accessibility to low cost bulk lending for MFIs. For this, the state minister mentioned that discussions are being made with state banks for the provision of same.

The webinar was attended by over 300 participants representing industry stakeholders, regulators, researchers and media representatives. Mr. Imran Nafeer, Secretary of LMFPA who moderated the discussion, stated that one of the main objectives of hosting this webinar was to welcome the first state minister for the Sri Lankan Microfinance Industry and build a foundation to collaborate with the government for the future development of the sector. In his address Mr. Anura Atapattu, President of LMFPA warmly welcomed the state minister on behalf of the microfinance industry and elaborated on the 16 year long dedicated service of the association and its future strategies to the participants.

The Assistant Governor of the Central Bank Mr. J.P.R. Karunaratne who also participated as a panelist, explained on the positive side of microfinance as a tool for providing quality credit and financial services from the perspective of a financial regulator and stressed on the need for a revamp of the regulatory framework to allow more MFIs to be

integrated to it. In this regard a Credit Regulatory Authority Act was drafted by the Central Bank and forwarded to the Ministry of Finance with the inputs of the LMFPA in 2019. He stated that in the national financial inclusion strategy to be implemented, one of the focus areas is MSME finance. He further stated that from a perspective of a regulator, consumer protection is also an important element in the present context of many unethical practices of some industry players. Even though the key objectives of the Central Bank is to maintain economic and price stability, and financial systems stability, in an emerging market and developing economy like Sri Lanka, economic development is also embedded into these key functions. Therefore, financial inclusion should begin from the lowest level of the economy or the informal sector where microfinance plays a key role. The Central Bank has recently introduced a bulk loan scheme under the Smallholder Agribusiness Partnership Programme (SAPP) which is operative through People’s Bank and Cooperative Rural Banks and intends to develop this further in collaboration with other semi-formal institutions for the benefit of the informal sector of the economy.

From a practitioner’s point of view, Mrs. Shriyani Mangalika, Managing Director of the Hambantota Women’s Development Federation expounded on the importance of an MFI not only as a focal point for low income households to access credit but also as a beacon in developing the social capital of the grassroots communities. Drawing examples from her own organization, Mrs. Shriyani shared that a responsible MFI is not only an organization that needs to earn a certain amount of profit for its sustainability, but channels back its profits to develop the capacities of its customers and their communities.



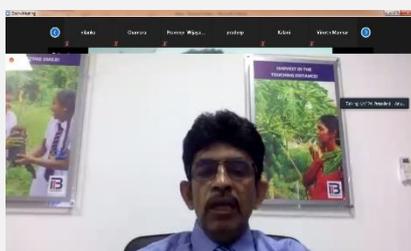
State Minister Hon. Shehan Semasinghe



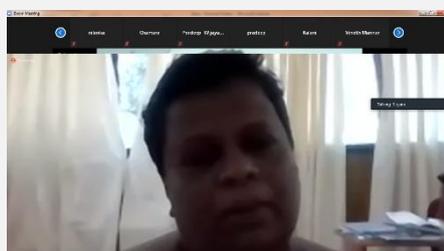
Mr. Imran Nafeer – Secretary, LMFPA



Mr. J.P.R. Karunaratne – Asst. Governor
Central Bank



Mr. Anura Atapattu – President, LMFPA



Mrs. Shriyani Mangalika – Managing Director,
Hambantota Women’s Development
Federation



Mr. Neel Bandara Hapuhinne, Secretary & Mr.
C.D. Kaluarachchi, Additional Secretary of the
State Ministry

In-Focus

World Leaders Call for Concerted Action on Biodiversity, Climate Change

Pandemic recovery is mankind's chance to change course with smart policies and the right investments. Biodiversity innovations in energy and transport can lead to sustainable recovery and economic and social transformation, said Guterres.

World leaders on Monday reiterated the urgent need for concerted global action to safeguard biodiversity and for a global governance framework on climate issues in the post-pandemic era.

"We have been poisoning air, land and water -- and filling oceans with plastics," United Nations Secretary-General Antonio Guterres said, while addressing world leaders at the One Planet Summit for biodiversity.

Organized by the French government in partnership with the UN and the World Bank, the One Planet Summit brought together world leaders to commit action to protect and restore biodiversity. Due to the coronavirus outbreak, the event was largely virtual.

"EVERYONE MUST DO MUCH MORE"

"Now, nature is striking back. ... And we are extremely fragile. Meanwhile, COVID-19 has taken more than 1.8 million lives and devastated economies," Guterres said. "As we rebuild, we cannot revert to the old normal."

Pandemic recovery is mankind's chance to change course with smart policies and the right investments. Biodiversity innovations in energy and transport can lead to sustainable recovery and economic and social transformation, said Guterres.

But the global community has not met any of its biodiversity targets set for 2020, and biodiversity is facing a financing gap of 711 billion U.S. dollars per year until 2030, the UN chief said.

"Our meeting in Kunming, the COP in China this year (the 15th meeting of the Conference of the Parties to the Convention on Biological Diversity, or COP15), is a vital step in establishing a post-2020 global framework for biodiversity and stopping the extinction crisis," he said.

On climate change, Guterres regretted that today's adaptation efforts account for only 20 percent of climate finance, while only 14 percent of climate finance is dedicated to the least developed countries.

Read Full Story: <https://www.thestar.com.my/news/world/2021/01/12/roundup-world-leaders-call-for-concerted-action-on-biodiversity-climate-change>

Measuring Women's Economic Empowerment in Financial Inclusion

What's the best way to measure the impact of financial inclusion initiatives on women's economic empowerment?

Within FinEquity, a community of practice hosted by CGAP that is dedicated to advancing women's financial inclusion, we grapple with this question on a daily basis. While it can be difficult enough to measure the tangible results of financial inclusion initiatives, such as increases in women's income and assets, it's even more challenging to measure the subjective, context-specific aspects of empowerment like whether an initiative has increased women's intra-household decision making and bargaining power.

Drawing on FinEquity’s experience and research mapping out relevant measurement frameworks and tools, below are some answers to common questions about how to measure the impact of financial inclusion initiatives on women’s economic empowerment.

How should women’s economic empowerment be defined?

The starting point for measuring women’s economic empowerment is defining what empowerment means. But because empowerment is a multi-dimensional and context-specific concept, there is no universally agreed upon definition of it.

Most frameworks recommend that practitioners conduct a gender analysis to help define what empowerment means when designing initiatives. Some also recommend approaches like Gender Progress Markers that enable program beneficiaries to define empowerment for themselves.

The general definitions below, found in the women’s economic empowerment frameworks of various organizations, can serve as a starting point for measuring the impact of a financial inclusion initiative on empowerment:



- “Women are economically empowered when they have both the ability to succeed and advance economically and the power to make and act on economic decisions” (ICRW)
- “A process by which women who have been denied the ability to make strategic life choices acquire such an ability” (J-PAL)
- “A dynamic process whereby resources enable women to have agency, or the ability to make decisions, through which women can achieve outcomes” (IFPRI)
- “An increase in women’s productivity, income, and wellbeing” (UN Foundation/Exxon Mobil Foundation)

Read Full Story: <https://www.cgap.org/blog/measuring-womens-economic-empowerment-financial-inclusion>

This New Approach to Credit Scoring is Accelerating Financial Inclusion in Emerging Economies

The concept of credit scoring first arose in the US and was initially deemed to be successful to the degree it was used as a primary, or even sole, mechanism for identifying one's financial fitness.

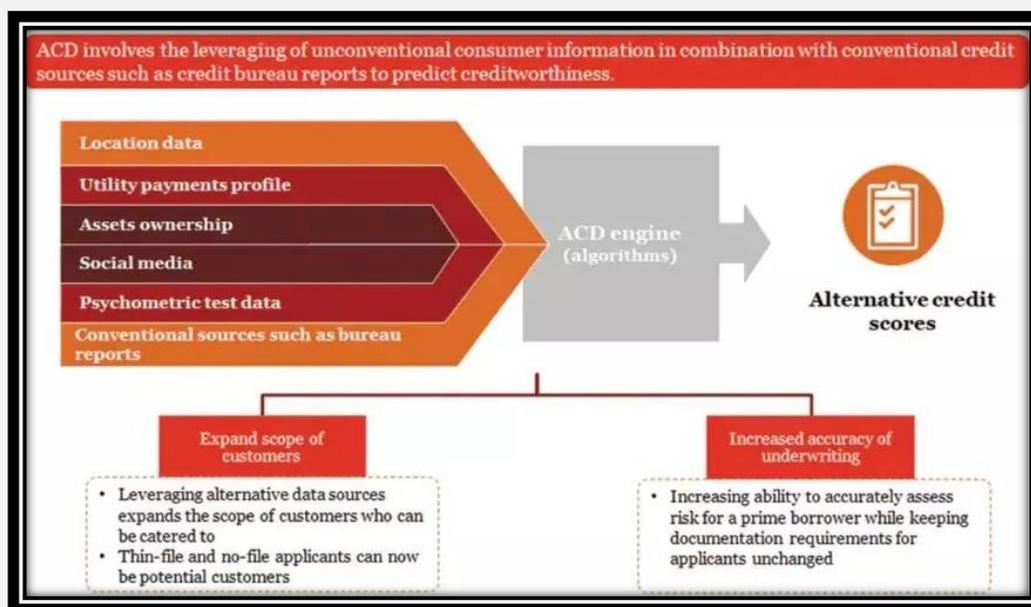
However, there are differences between the US and maturing markets like Indonesia.

US credit scoring focuses primarily on banking and financial data, and mainly consists of credit cards, loans and banking usage data and alarms. To date, there are not many non-banking entities participating in this problem space in a unified way.

In areas like Indonesia, the market tends to favour one-stop-shop locations to fulfill their purchasing needs. People use e-commerce to top up their phone credit, pay bills, book domestic and international travel, commute, pay loans. They also use it to make investments, such as in gold or mutual funds.

This means that the data on consumer consumption is rich, relevant and immense. These data points are able to determine consumers' financial and consumption fitness. This concept is known as Alternative Credit Scoring (ACS).

ACS is a system that uses technology as the basis for its operations. This system is an upgrade from conventional credit scoring mechanisms that use assorted paperwork and manual credit history. ACS uses advanced technology automation (Artificial Intelligence and Machine Learning) instead. The system also employs a set of alternative data in projecting potential borrowers. ACS no longer relies on paper-based verification here either. Instead, it uses alternative data such as social media, electronic transactions and cellular data to conduct and assess the consumer's feasibility study as they usually do not have access to banking services.



Read Full Story: <https://www.weforum.org/agenda/2021/01/this-new-approach-to-credit-scoring-is-accelerating-financial-inclusion/>

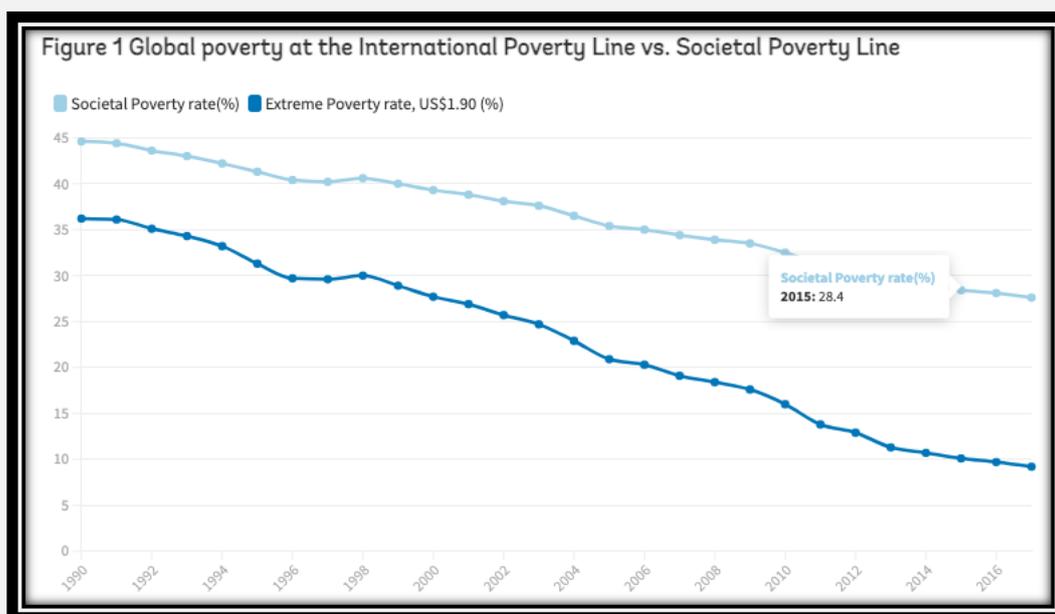
A Quarter of the World Lives in 'Societal Poverty' - Here's What That Means

One of the twin goals of the World Bank, as well as SDG 1.1, is to reduce extreme poverty by 2030. Measures of absolute poverty, such as poverty at the US\$1.90, US\$3.20 and the US\$5.50 international poverty lines, have the advantage of

remaining fixed (in constant dollars), allowing one to measure poverty against the same benchmark over time and across countries. However, when countries set their own national poverty lines, they typically increase the real value of these lines as their economies evolve. This increase in the value of poverty lines reflects in part that the definition of basic needs changes as economies grow. Essentially, the ability to participate in society is costlier in richer countries. The European Union uses 60% of median income to capture the share of the population that is at risk of poverty. SDG 10.2.1 tracks the proportion of the population below 50% of median income.

In 2018, the World Bank introduced a Societal Poverty Line (SPL), based on the background work by Dean Jolliffe and Espen Prydz (Jolliffe and Prydz [2019]), to capture these relative aspect of poverty and to respond to recommendation 16 of the Atkinson’s Commission on Global Poverty, which had called for the Bank to report a measure that combined fixed and relative elements of poverty (also see Chapter 3 in Poverty and Shared Prosperity 2018). The SPL is a hybrid line, combining the US\$1.90-a-day absolute poverty line with a relative component that increases as median consumption or income in an economy rises. The SPL increases directly with the level of income in a country (at least over its relative portion) and is thus relevant even in high-income economies, where extreme poverty rates are very close to zero. It varies across countries and within countries over time. Formally, it is defined as $SPL = \max(1.90, 0.5 \times \text{median income})$, where median is the daily median income or consumption per capita in the household survey. The SPL is bounded below by the international poverty line of US\$1.90.

The recently published Poverty and Shared Prosperity Report 2020 shows the latest estimates for global and regional societal poverty. The global average SPL, expressed in constant 2011 dollars (revised 2011 PPPs), is US\$7.20 in 2017, increasing from US\$6.90 in 2015. Given that the SPL increases with median income, it is not surprising that the average value of the line is much higher than the IPL and that societal poverty has declined at a slower pace than extreme poverty (see figure 1). The divergence (shown more clearly in this version of Figure 1) is partly driven by countries graduating from the absolute to the relative portion of the SPL.



Read More At: <https://www.weforum.org/agenda/2021/01/societal-poverty-economics-development-finance-sdgs/>

About SAMN

The South Asian Micro-Entrepreneurs Network (SAMN) is a regional microfinance industry association working to enhance financial inclusion among low-income population in South Asia. SAMN achieves this by improving knowledge, business environment and capital flows for the microfinance industry. SAMN, through its members, who national networks from the countries of the region, is the representative and collective voice of the industry reaching more than 50 million low-income customers in the region.

SAMN was established in late 2008 with a vision to improve quality and scale of financial services among low-income population in the countries of South Asia. The early foundation of SAMN was laid by ACTED, a French INGO along with a number of regional and global microfinance stakeholders.

Today, SAMN membership consists of the leading national networks in six countries of the region representing over thousand microfinance providers and other industry players. The current SAMN members, each represented by Executive Head on the Board of Directors, are:

- **In Afghanistan:** Afghanistan Microfinance Association (AMA)
- **In Bangladesh:** Credit and Development Forum (CDF)
- **In India:** Microfinance Institutions Network (MFIN)
- **In Nepal:** Centre for Microfinance (CMF)
- **In Pakistan:** Pakistan Microfinance Network (PMN)
- **In Sri Lanka:** Lanka Microfinance Practitioner's Association (LMFPA)

