

EUROPEAN MICROFINANCE WEEK WRAPS UP WITH DEBATE ON DIGITAL FINANCE'S THREAT TO TRADITIONAL MICROFINANCE

- *Over 470 practitioners, investors, academics and support providers gather at Abbaye de Neumünster in Luxembourg to look to next ten years*
- *Day 2 Opening Plenary on Microfinance and Housing; foreshadowing topic of next year's Award*
- *Closing Plenary ends with debate on digital finance's threat to traditional microfinance*
- *24 workshop sessions build on work of Action Groups and plenaries*
- *Kashf Foundation of Pakistan wins 7th European Microfinance Award on Access to Education*

Luxembourg

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For Immediate Release

[European Microfinance Week](#) (#emw2016), organised by the [European Microfinance Platform](#) (e-MFP) on its tenth anniversary, concluded Friday in Luxembourg, after having brought together over 470 opinion-leaders, top management of banks, funds and other financial institutions, practitioners, academics, analysts, raters and industry commentators to present key innovations, challenges and the work conducted in the previous year by e-MFP's several dedicated Action Groups.

EMW 2016 included three plenaries: the opening one introducing the finalists of the 7th [European Microfinance Award](#), another on Microfinance and Housing – the topic of next year's 8th Award, and the closing plenary on Digital Finance, at which speakers and audience tackled a series of debate questions, including whether digital financial services pose an 'existential threat' to microfinance: are digital financial payments just jumped up payments and automated loan sharking?.

In the plenary on housing, moderator Daniel Rozas described a massive disconnect in the pro-poor housing sector at the moment; in high-income countries like the US and UK, 90% of retail debt portfolios are mortgages; and over 20% of MFIs' loans in low-income countries are used for housing, but only 2% of microfinance loans are housing-specific. Too often, MFIs fail to understand the particular needs of clients, and the important differences between enterprise loans and micro-mortgages or home improvement loans. But two thirds of the world's population live in sub-

standard housing, and raising housing finance as a percentage of microfinance portfolios to 20% would require US\$20 billion but reach 100m people. The demand and the opportunity are clear. Applications will open next April.

Beyond housing, another big issue in e-MFP's second decade will be Digital Finance, the subject of the conference closing. In an interactive and lively debate, moderated by CGAP's Greta Bull, Vicki Escarra from Opportunity International, Graham Wright from Microsave and Dave van Niekerk from MyBucks argued for and against propositions concerning the inevitable replacement of traditional microfinance by FinTech. Despite much bullish fanfare, Graham pointed out that most digital finance is just P2P transfers, bill payment or airtime top ups, its takeover is illusory, and that it risks creation exclusion, not inclusion, because of blacklisting based on clients' very shallow digital footprints. By contrast, Dave and Vicki advocated for the huge potential of digital finance, and the need for revolution and not incrementalism. "The electric light bulb didn't come about by constant improvements in the candle".

The plenaries were complemented by 24 workshop sessions across six main streams: green microfinance; investors, donors and funders; rural finance; social performance; and digital innovations – some of which built on the work of the Action Groups as well as issues laid out in the plenary sessions. They included financing sustainable energy, agricultural value chain finance, microfinance for refugees, several on client protection and impact evaluation, and a series of sessions over both days related to the big theme of education – including education and child labour, and a double session on financing of education, covering both implementation and funding.

Looking back over the past ten years and ahead to the next decade and beyond has been a key theme of this European Microfinance Week, with workshops and discussions reflecting an industry which has transitioned from microcredit/microfinance to inclusive finance, which has seen enormous strides in Social Performance Management, product diversification, risk management, and innovation in FinTech and funding.

Nowhere is innovation clearer than in the annual European Microfinance Award, which showcases institutions pioneering Best Practice in areas of microfinance beyond enterprise credit. Thursday saw the long-awaited ceremony at the European Investment Bank for the 7th Award, won by Kashf Foundation of Pakistan. Organised jointly by the Luxembourg Ministry of Foreign and European Affairs, e-MFP and the



Inclusive Finance Network Luxembourg (InFiNe.lu), this year's Award recognised excellence and innovation in Microfinance and Access to Education.

Kashf Foundation's program involves loans to low-cost private schools, along with pedagogical training for teachers to improve teaching practices and specialised school management courses for school owners to improve the school infrastructure and their financial and operational administration. Since 2014, Kashf has worked with approximately 1000 schools, serving over 150,000 students.

The Grand Jury reported a close decision, with the two other finalists, Fundación Génesis Empresarial of Guatemala and Opportunity Bank of Uganda Ltd., recognised respectively for their higher education finance program, and multi-pronged approach, helping schools and families with financial and non-financial services.

Thanking all the supporters of the Award, and recognising the outstanding applications of her co-finalists, Roshaneh Zafar, founder of Kashf Foundation emphasised the particular effect of poor access to education on women and girls, the role of education as "the great equaliser" and Kashf's special commitment "to ensure all women and girls have every opportunity to develop their innate potential...and become leaders of tomorrow".

Anne Contreras, e-MFP's chairperson, closed the conference with a look back and ahead. "In the past decade, the sector has changed in so many ways, from the products offered, to the way we monitor impact, to the technology available to increase access and lower costs. The Platform has changed too: it has expanded and diversified so much in the way it works, and who it reaches."

"Ten years from now, the Platform will be a very different entity from today – and that is a good thing. Innovation is the heart of what everyone here in this room is trying to do", she concluded.

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e-MFP is a multi-stakeholder organisation with over 120 members representing the European Microfinance community, and comprises consultants & support service providers, investors, multilateral & national development agencies, NGOs and researchers. Its aim is to promote cooperation among European microfinance bodies working in developing countries. It facilitates high-level debate and research on key issues in inclusive finance, and is an invaluable opportunity for stakeholders to share Best Practice in a rapidly-evolving sector.

For more information, contact: Niamh Watters, nwatters@e-mfp.eu, www.e-mfp.eu