

# TRENDS AND ISSUES IN MICROFINANCE - INFORMATION EXCHANGE MEETING

HELD ON MONDAY 19<sup>TH</sup> January, 2004 AT FAIRWAY HOTEL

The theme of this quarter's Information Exchange meeting was "**Everything but Credit! Other financial services that poor people really need**" The meeting was attended by 45 participants. Mr. Henry Bagazonzya, Coordinator of the Microfinance Outreach Plan, Ministry of Finance, Planning and Economic Development, chaired the meeting. He represented the Chairman for this forum, Mr. Keith Muhakanizi, who was away on leave.

The Chairman welcomed back two visitors who had played important roles in the creation of the Uganda Microfinance industry, Ms Barbara Steenstrup and Mr. Michael McCord

Three informative presentations were made and are attached as .pdf files to these minutes.

## Highlights:

### **1<sup>st</sup> Presentation: "Comments on Product Diversification"**

*By Christopher Musoke, Deputy Investment Manager, DFID Financial Sector Deepening Uganda Project*

Mr. Musoke made a lighthearted presentation on financial services required by individuals and companies in different circumstances.

### **2<sup>nd</sup> Presentation: "Western Union Money Transfer"**

*By Eva Akol, Head of Western Union, Nile Bank*

Ms Akol reviewed the evolution of the Western Union Money Transfer system from inception 150 years ago to date. She discussed how Western Union works in Uganda and how institutions can become agents.

Further details can be obtained from Eva on: [eakol@nilebank.co.ug](mailto:eakol@nilebank.co.ug)

## Discussion

*Q: What is the cost of transfers?*

A: Western Union provides a premium service with stepped charges which are not a percentage of the amounts being transferred. An example of charges is:

- Ushs 17,000 for transfers of up to Ushs 114,000
- Ushs 25,000 for transfers between Ushs 114,000 to 290,000

*Q: How wide is the coverage in Uganda?*

A: Western Union Money transfer services are available in 40 locations in Uganda served by Nile Bank, Centenary Bank, Pride Uganda and UMU.

*Q: Are there any limits to amounts transferred?*

A: There are no minimum limits but the maximum amount that can be transferred is US\$ 7,500.

*Q: Is the money transferred receivable at only designated locations?*

A: Once the recipient has the reference number, they can collect the money from any Western Union outlet within Uganda.

*Q: What about the proposed ATM service?*

A: This service will be available in Uganda in about 3 years. It enables funds to be transferred and received via an ATM.

Q: *What conditions are required by an Institution to be a Western Union agent?*

A: Details can be obtained from Eva.

**3<sup>rd</sup> Presentation: “Experiences in Micro Health Insurance in Uganda”** by Dr Gerry Noble, *Project Manager, Microcare*

Dr. Noble went over the background of Micro Health Insurance. He described how Microcare operates and the issues and challenges facing the project in its delivery of services.

### **Discussion**

Q: *The group methodology on which Microcare depends to issue premiums to a large number of people is unpopular with MFI clients and is being phased out. How is Microcare dealing with this?*

A: This is a major challenge to Microcare and it is still figuring out how to address the issue.

Q: *What is the significance of having the patients NSSF number on their identification card?*

A: This was a specific requirement by company whose employees were being provided with the medical cover. It has no other significance.

Q: *What is the private sector involvement of Microcare?*

A: Microcare is providing cover to private sector companies such as BAT, is working with an insurance broker AON and will soon transform from a non profit organisation to a for profit company.

Q: *In a previous presentation, Microcare was expecting many MFIs to join its micro health insurance scheme, what happened?*

A: Many of the MFIs could not make up their minds and as Microcare had other willing partners it concentrated on those instead of running after the reluctant MFIs.

Q: *Government intends to establish health centers at every subcounty yet there are no doctors, no IT facilities and no drugs, how does this affect Microcare?*

A: This has no effect on Microcare as it works only with quality establishments which charge for their services. Establishments which are free do not require one to have medical insurance.

Mr. M. McCord of the Micro Insurance Center made additional remarks on micro health insurance.

## Brief from the “Microfinance Pin Board”

### Procedure for subscribing to MF LIST SERVE

MF-Uganda is now linked to the *GCAP Gateway*! To subscribe, send an email to: [mf-uganda@syberhut.com](mailto:mf-uganda@syberhut.com) typing the word subscribe in the subject line. You will receive a confirmation mail from the list serv. Reply to this mail, not changing anything in the subject line, and you are subscribed. You will receive all postings to the list, and can post information, announcements and discussion topics.

The next Trends and Issues in Microfinance – Informal Information Exchange meeting will take place on **Monday 26<sup>th</sup> April 2004 at 2.30 pm**. The organizers wish to satisfy the desires of the microfinance community for information and therefore invite suggestions for the theme. People with ideas for future presentations should communicate them to SUFFICE ([hmutabazi@suffice.or.ug](mailto:hmutabazi@suffice.or.ug)) or to FSDU ([chris@fsdu.or.ug](mailto:chris@fsdu.or.ug)).

Best Regards

Christopher Musoke  
**DFID/FSDU Project**