

Latin America and the Caribbean

MICROFINANCE TRENDS

2006 – 2011



JUNE 2012



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- ▶ MIX and the Multilateral Investment Fund (MIF), a member of the IDB Group, are pleased to present the report “Latin America and the Caribbean Microfinance Trends 2006 – 2011”, a joint effort to gather, analyze and disseminate information from a representative sample of microfinance institutions (MFIs).
- ▶ The aim of this report is to present the most significant trends in MFI performance in Latin America and the Caribbean based on data provided by 48 institutions (13.2% of the MIX sample) for the period 2006-2011. The selected MFIs cover 55% of borrowers and 53% of total loan gross portfolio reported to MIX. All data is available on a spreadsheet that can be downloaded from the MIX webpage.

MAIN ACCOUNT AND INDICATOR OF 48 LAC MFIs

MAIN ACCOUNTS	2011 BALANCES	YoY.% '11/'10	YoY.% '11/'06 [1]
Borrowers ('000)	10,512	17%	17%
Depositors ('000)	14,096	9%	24%
Gross Loan Portfolio* (GLP)	15,797	24%	23%
‣ Microenterprise* [2]	8,707	23%	n/a
‣ Others credit types*	7,089	24%	n/a
Assets*	20,718	19%	23%
Deposits*	12,629	20%	25%
Borrowings*	3,765	23%	19%
Equity*	3,264	18%	24%

* in millions of US\$

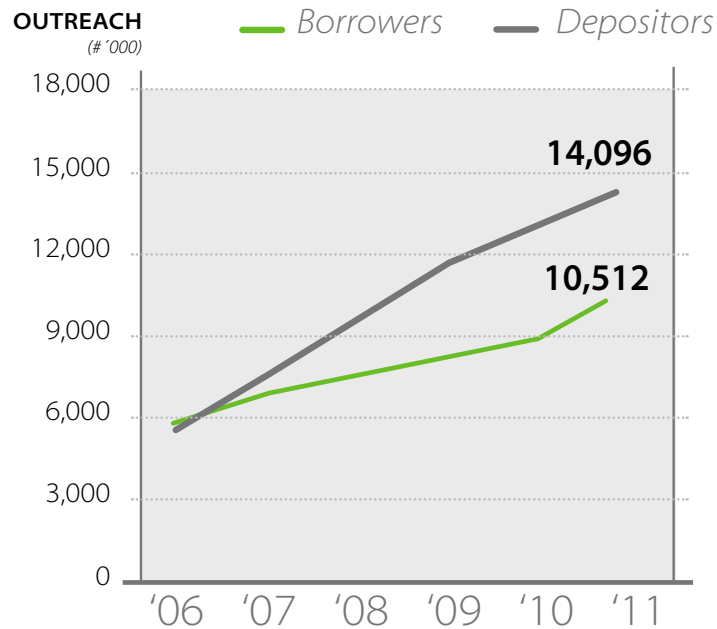
[1] Annual average

[2] Final MFI information for Bolivia, Ecuador and Peru, and estimated for the other countries.

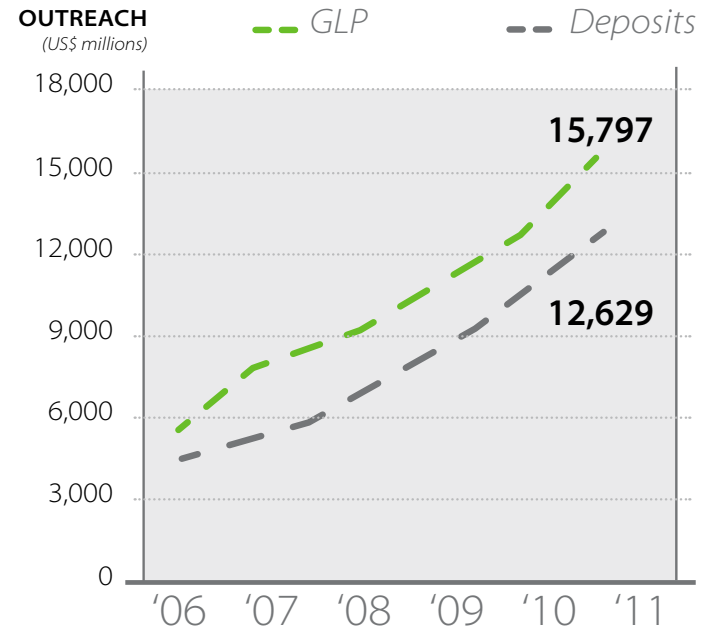
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- MFIs in the region continue to grow and expand. Total loan portfolio increased by an annual growth rate of **24%** in 2011, while assets registered growth of **19%**.
- Deposits continued to increase (**20%** in 2011), although at a lower rate than previous years. Borrowings registered a higher growth rate (**23%**), while growth in equity was smaller (**18%**).

ACTIVE BORROWERS AND DEPOSITORS *in 48 MFIs in LAC*



CREDIT AND DEPOSITS *in 48 MFIs in LAC*

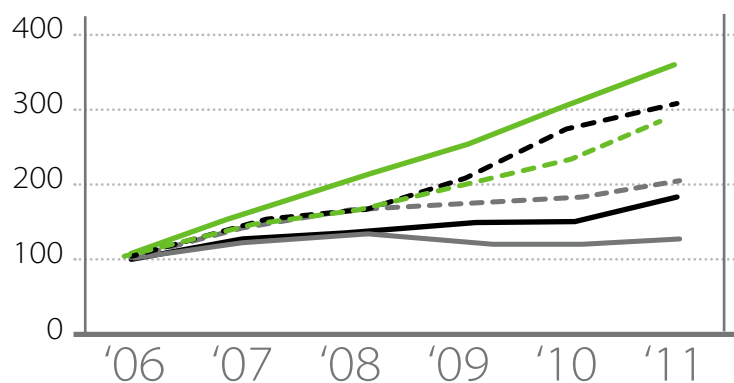


- ▶ Microfinance loan operations showed an upward trend in 2011 with a growth rate of **24%** in portfolio and **17%** in number of borrowers.
- ▶ Deposits also continue to grow (**20%** growth in total deposits and **9%** in number of depositors).

BORROWERS AND GLP

in 48 MFIs in LAC

(2006=100)

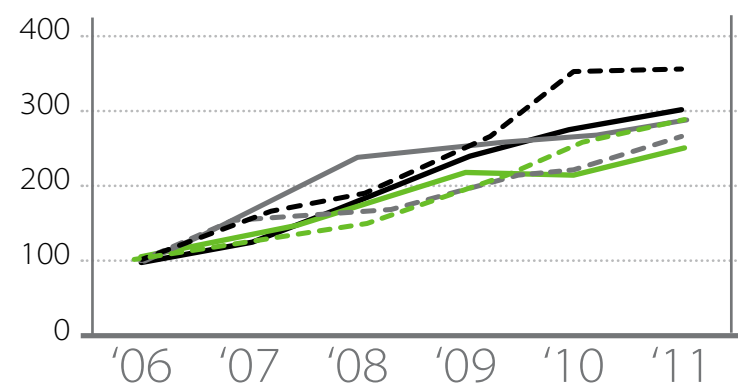


— MX (Borrowers) - - CAC (GLP) - - MX (GLP)
 — SA (Borrowers) — CAC (Borrowers) - - SA (GLP)

DEPOSITORS AND DEPOSITS

in 48 MFIs in LAC

(2006=100)



— MX (Depositors) - - CAC (Deposits) - - MX (Deposits)
 — SA (Depositors) — CAC (Depositors) - - SA (Deposits)

BORROWERS AND DEPOSITORS IN LAC SUB-REGIONS

Main Accounts	Sub-Region	2011 Balances (# Thousands)	YoY. '11/'10	YoY. '11/'06 [1]
Borrowers	MX	4,588	18%	28.7%
	CAC	504	7.1%	4.3%
	SA	5,420	17.1%	11.6%
Depositors	MX	424	14.2%	20.1%
	CAC	1,095	6.0%	23.4%
	SA	12,577	9.2%	24.7%

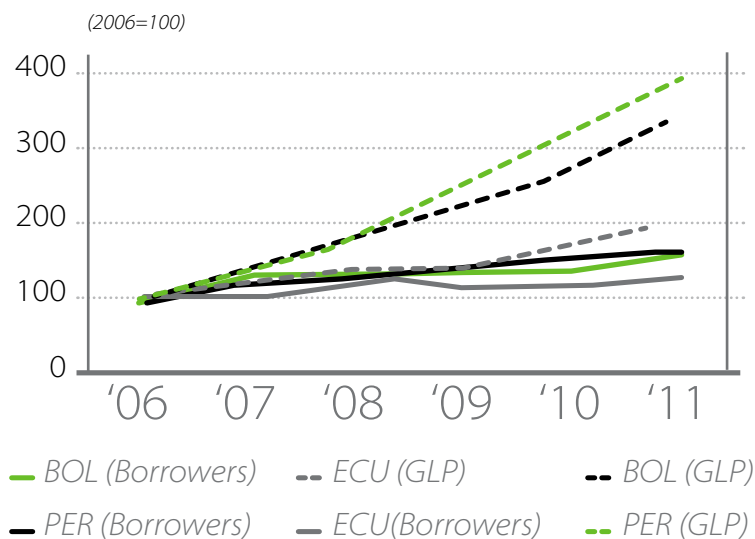
CREDIT AND DEPOSITS IN LAC SUB-REGIONS

Main Accounts	Sub-Region	2011 Balances (US\$ millions)	YoY. '11/'10	YoY. '11/'06 [1]
Gross Loan Portfolio	MX	1,584	12.3%	24.4%
	CAC	941	10.7%	14.3%
	SA	13,272	26.1%	23.4%
Deposits	MX	80	1.0%	28.8%
	CAC	633	13.5%	20.9%
	SA	11,916	20.8%	24.8%

Notes: [1] Annual average [2] MX=Mexico; CAC=Central America and the Caribbean; SA=South America

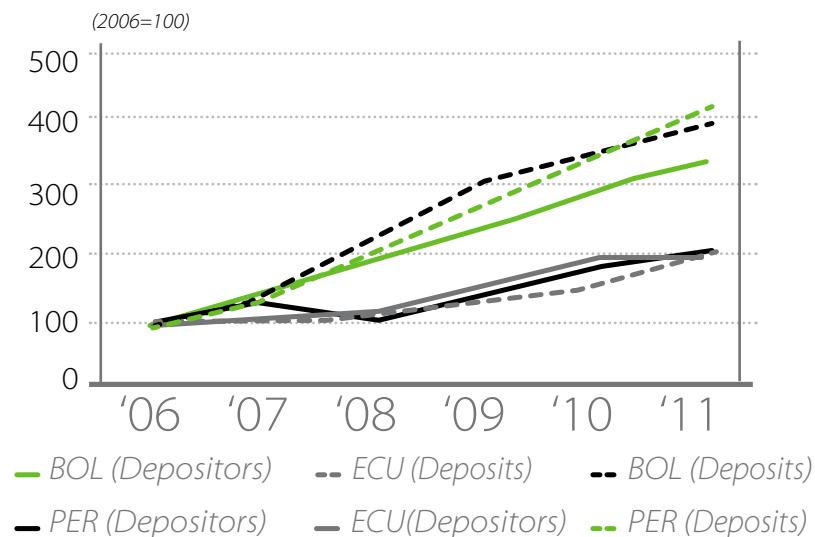
BORROWERS AND GLP

in 3 countries in LAC



DEPOSITORS AND DEPOSITS

in 3 countries in LAC



BORROWERS AND DEPOSITORS IN 3 LAC COUNTRIES

Main Accounts	Sub-Region	2011 Balances (Thousands)	YoY. '11/'10	YoY. '11/'06 [1]
Borrowers	BOLIVIA	556	13.4%	9.9%
	ECUADOR	377	11.9%	5.7%
	PERU	2,075	13.8%	10.6%
Depositors	BOLIVIA	2,233	9.8%	26.6%
	ECUADOR	696	10.0%	17.1%
	PERU	2,705	9.1%	16.4%

CREDIT AND DEPOSITS IN 3 LAC COUNTRIES

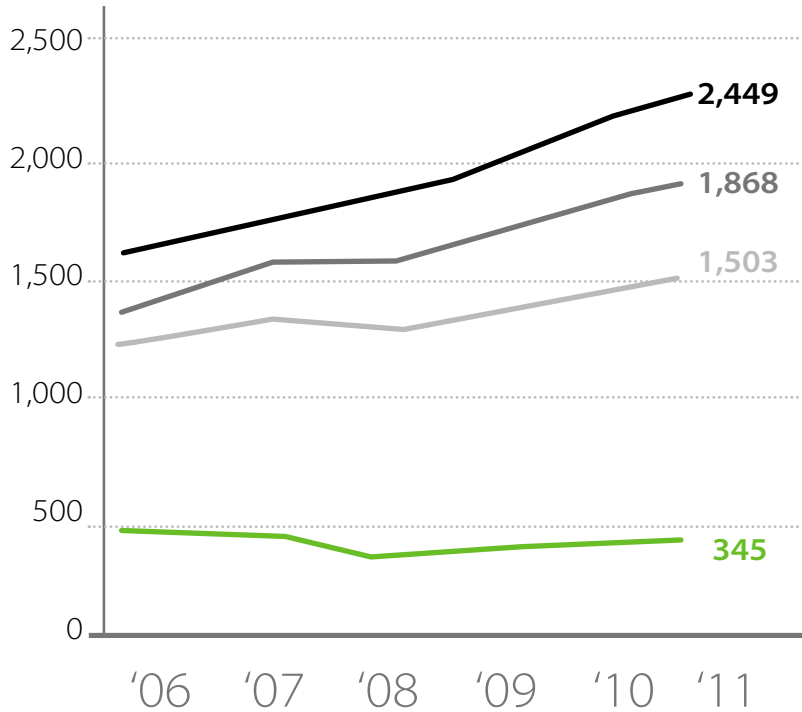
Main Accounts	Sub-Region	2011 Balances (US\$ millions)	YoY. '11/'10	YoY. '11/'06 [1]
Gross Loan Portfolio	BOLIVIA	2,202	28.4%	27.5%
	ECUADOR	982	12.3%	14.4%
	PERU	5,298	27.7%	30.7%
Deposits	BOLIVIA	1,955	17.4%	32.8%
	ECUADOR	721	20.8%	14.8%
	PERU	4,258	24.6%	35.1%

[1] Annual average

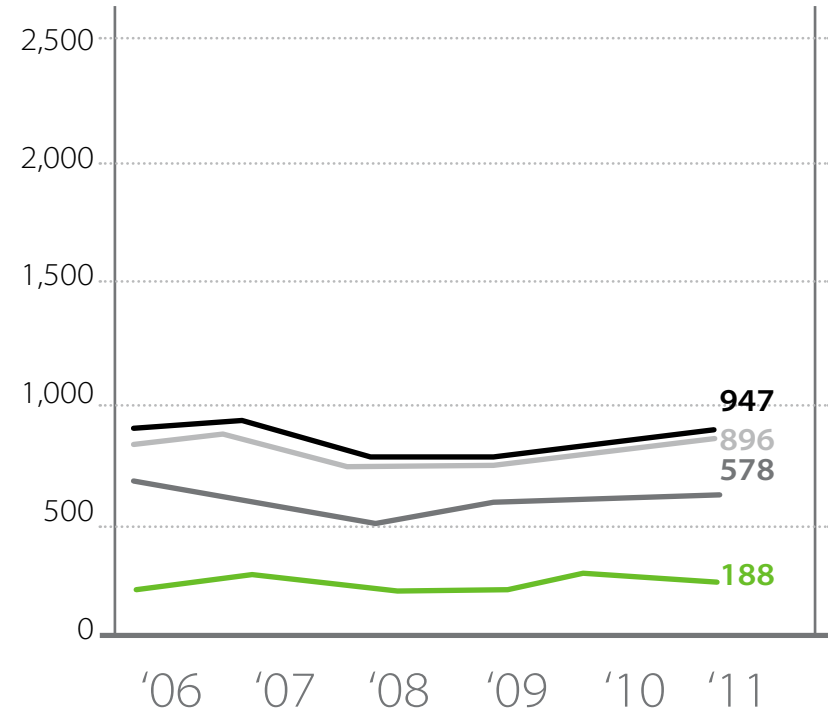
AVERAGE CLIENT BALANCE

in 48 MFIs in LAC (in US\$)

— SA — CAC — LAC — MX



BALANCE PER BORROWER

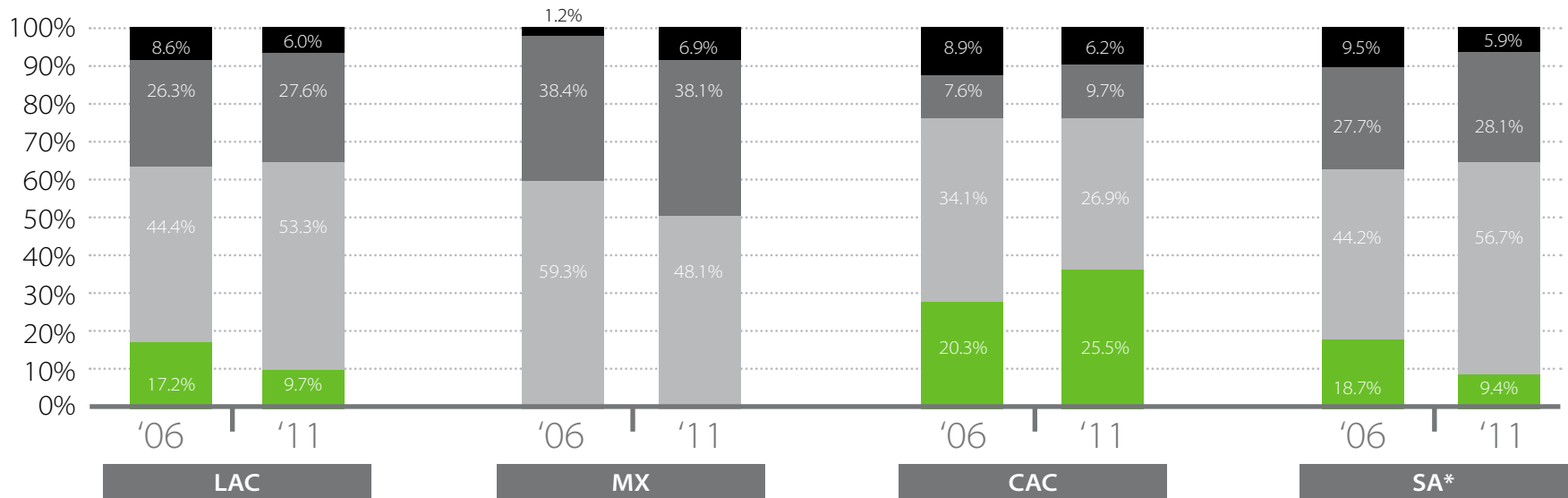


BALANCE PER DEPOSITOR

LENDING PORTFOLIO TRENDS

by credit type in 48 MFIs in LAC

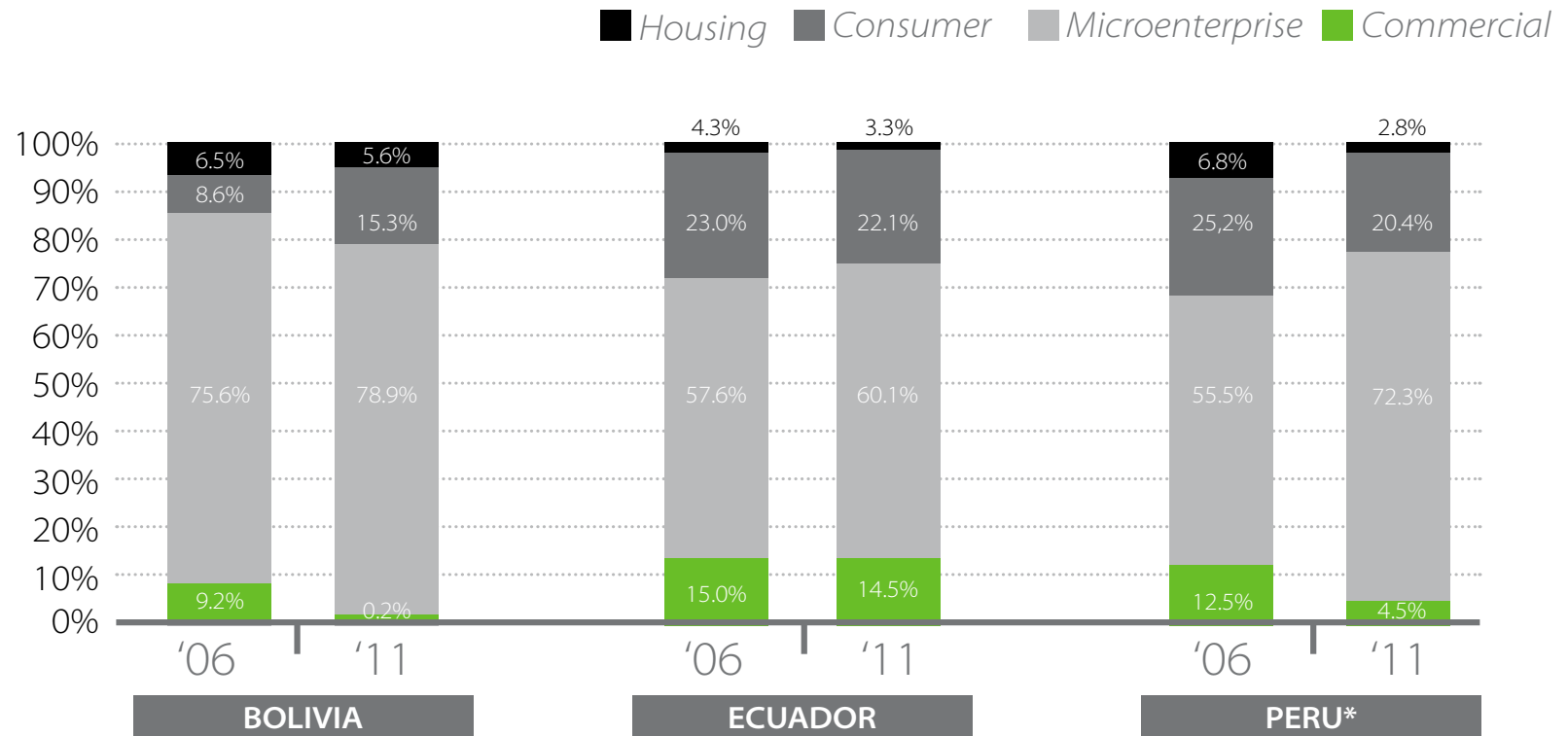
Housing
 Consumer
 Microenterprise
 Commercial



*Change in microenterprise and commercial credit type definitions starting 2010.

LENDING PORTFOLIO TRENDS

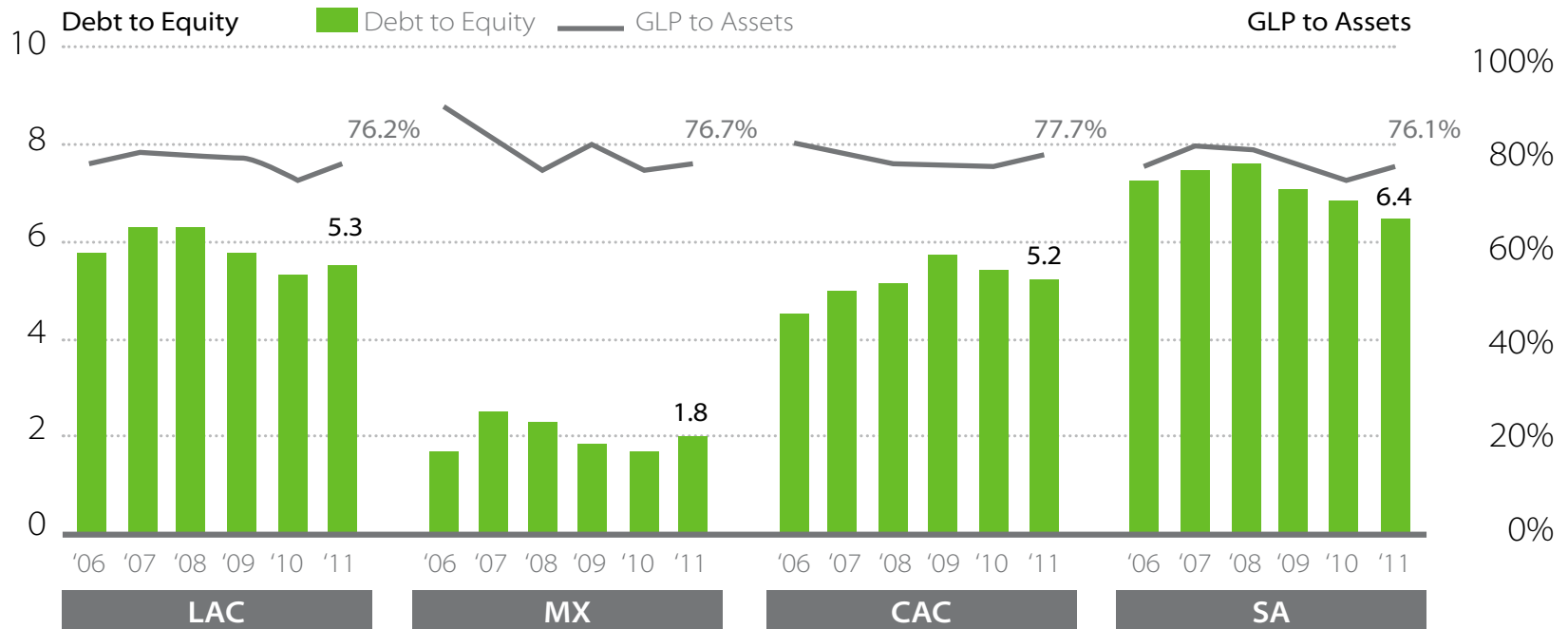
by credit type in 3 countries in LAC



*Change in microenterprise and commercial credit type definitions starting 2010.

DEBT TO EQUITY AND PRODUCTIVITY ASSETS RATIOS TRENDS

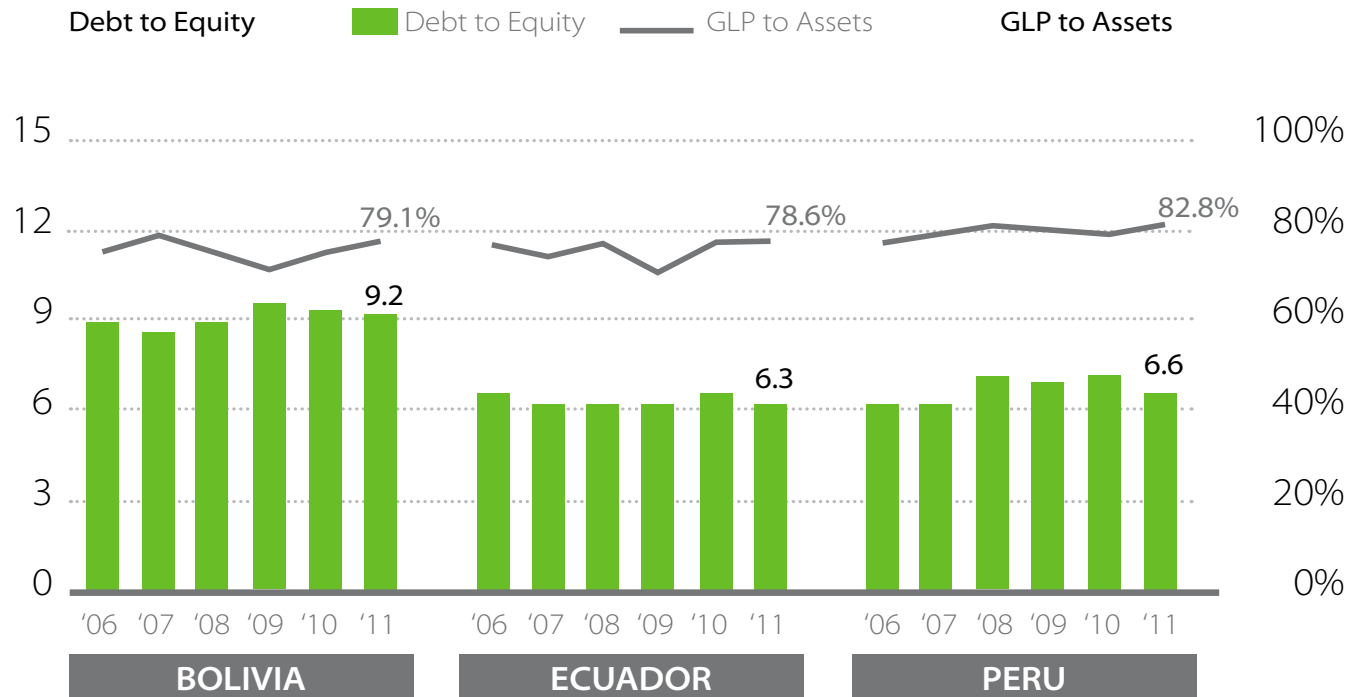
in 48 MFIs in LAC



- ▶ Leverage in the region exhibited a slight increase in 2011, due in part to results from Mexico, where equity decreased in light of lower profits.
- ▶ Assets productivity presented improvements at the regional and sub-regional levels beginning in 2010, and showed a positive evolution in 2011.

DEBT TO EQUITY AND PRODUCTIVITY ASSETS RATIO TRENDS

in 3 countries in LAC

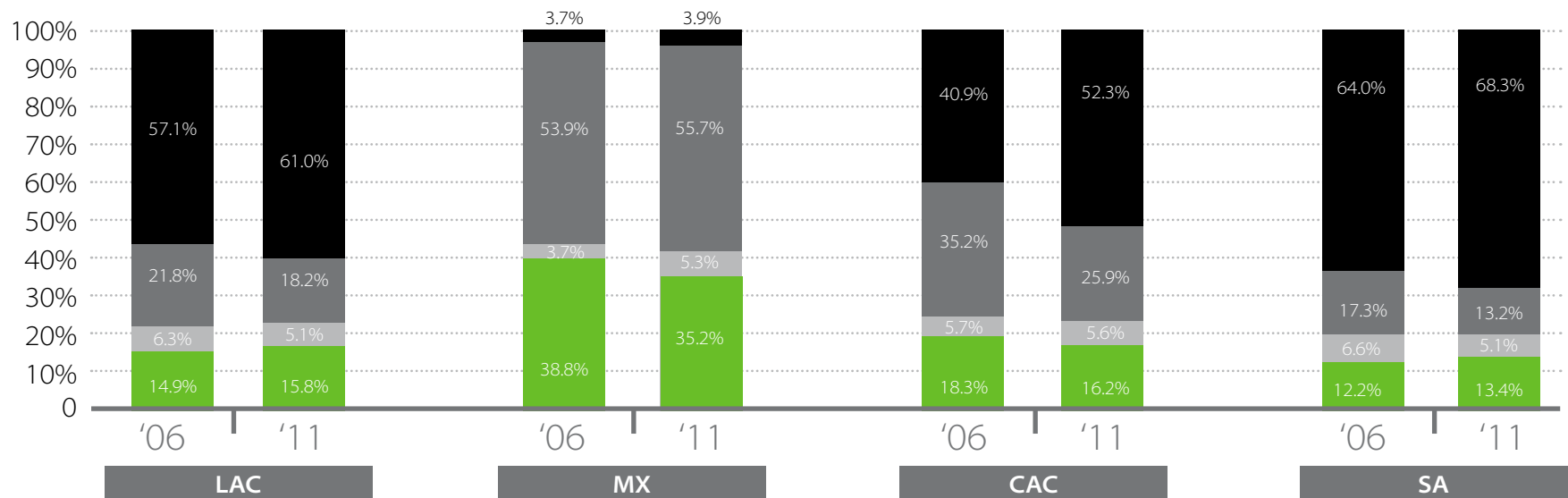


- ▶ Despite the debt/capital ratio in South America showing a slight decline, in Bolivia, Ecuador and Peru there were no substantial changes in the overall trend.
- ▶ Most differences emerged in productivity of assets, with Peru showing the most significant upward trend.

FUNDING SOURCES

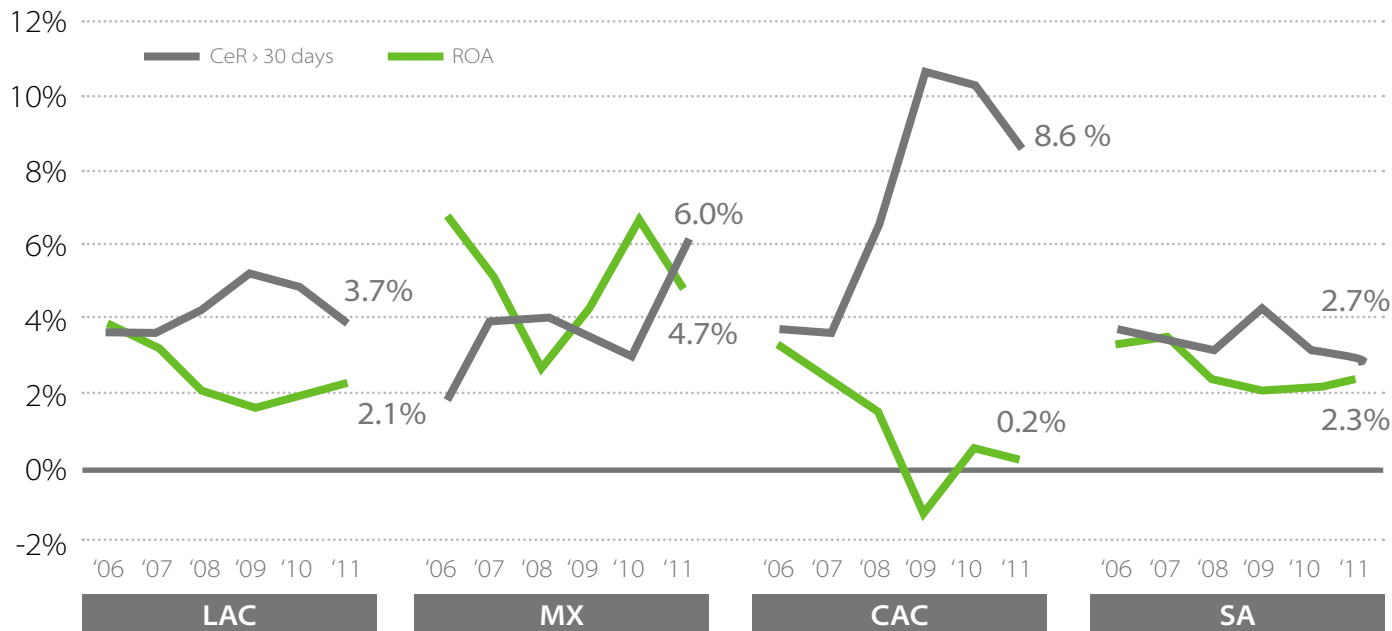
in 48 MFIs in LAC

Deposits
 Borrowings
 Other Liabilities
 Equity



PAR >30 DAYS AND RETURN ON ASSETS RATIOS TRENDS

in 48 MFIs in LAC

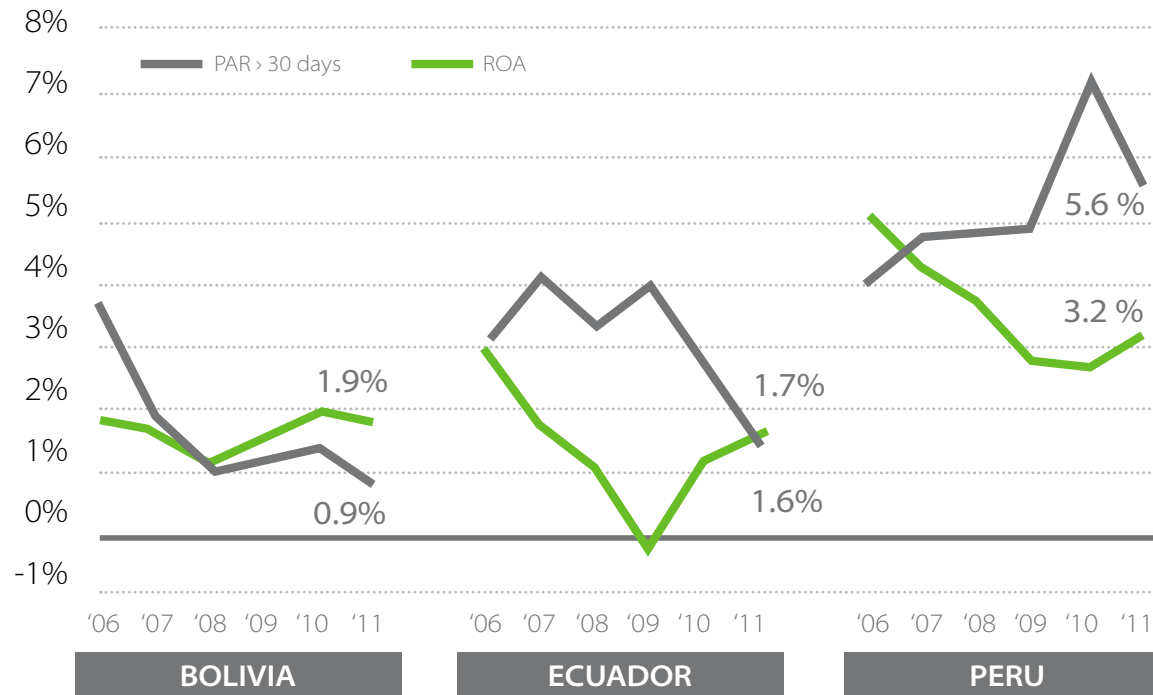


* Note: PAR>30 days = Portfolio at risk greater than 30 Days

- ▶ The region showed decreased arrears over the past two years, coupled with a slight increase in returns.
- ▶ South America followed the regional trend, in parallel with the distinct results in Mexico from the rest of the region (more risk, less returns). In Central America and the Caribbean the level of risk and returns went down.

PAR>30 DAYS AND RETURN ON ASSETS RATIOS TRENDS

in 3 countries in LAC



- ▶ Bolivia showed the lowest level of risk (less than **1%** of portfolio at risk) and returns of close to **2%**.
- ▶ Peru showed the highest level of risk compared to Bolivia and Ecuador, though returns were also higher.
- ▶ Ecuador presented favorable trends in both indicators (less risk, more returns) over the last couple of years.

- ▶ Microfinance in the region continues to present an overall positive growth profile. However, results differ greatly among sub-regions. South America shows better results than other sub-regions (Central America and the Caribbean, and Mexico).
- ▶ Risk and returns showed differences in each sub-region: erratic in Mexico, still recovering in Central America and the Caribbean, and steady in South America.
- ▶ Deposits continue to grow, although at a slightly lower rate than in previous years. This was compensated by an increase in other sources of financing, such as borrowing and equity.

MFI REPRESENTATION IN EACH COUNTRY

BASED ON 2010 FIGURES OF MIX SAMPLE AND CREDIT TYPE

COUNTRIES	NUMBER OF MFI			GROSS LOAN PORTFOLIO (US\$ Millions)			CREDIT TYPES ^[1]	
	Report	MIX	Coverage	Report	MIX	Coverage	Microenterprise ^[2]	Consumer
Bolivia	6	24	25%	1,773	2,280	78%	80%	15%
Colombia	3	29	10%	2,934	4,396	67%	42%	45%
Ecuador	6	42	14%	874	1,652	53%	70%	18%
El Salvador	3	14	21%	321	389	82%	78%	13%
Honduras	6	19	32%	165	222	74%	78%	7%
Mexico	7	51	14%	1,388	1,858	75%	54%	40%
Nicaragua	3	25	12%	115	300	38%	87%	8%
Paraguay	4	6	67%	719	738	97%	56%	43%
Peru	7	59	12%	3,876	7,001	55%	83%	22%
Dominican Rep.	2	11	18%	249	585	43%	70%	23%
Venezuela	1	1	100%	74	75	100%	99%	1%
Others 8 countries ^[3]	-	82	0%	-	3,881	0%	n/a	n/a
Total Region	48	363	13%	12,487	23,374	53%	67%	29%

[1] As percentage of the Gross loan portfolio on each 48 MFI included in this report.

n/a: Not available

[2] Microenterprise and small business loans are included.

[3] It includes Argentina, Brazil, Chile, Costa Rica, Guatemala, Haiti, Panama and Uruguay.

- ▶ **CUT-OFF DATE:** December 31 between 2006 and 2011, reclassified (without adjustments) according to MIX standards.
- ▶ Data from 48 MFI participants (see list of MFIs in the appendix), was taken from public sources, provided by microfinance networks or the MFIs themselves.
- ▶ **SOURCES:** MIX Market, banking and/or financial authorities of countries in the region whose MFIs are included, the MFIs themselves.
- ▶ All the indicators correspond to consolidated figures for the 48 MFIs, except for the Return on Assets and the Portfolio at Risk over 30 days, which are median figures.
- ▶ The data used can be found at the following webpage: <http://www.themix.org/sites/default/files/Microfinance%20in%20LAC-%20Trends%202005-2010%20Data.xls>

DEFINITIONS OF TYPES OF CREDIT :

- ▶ **COMMERCIAL:** Credits aimed at financing the production and marketing of goods and services in different phases. Normally aimed at corporations and large and medium enterprises.
- ▶ **MICROENTERPRISE:** Credits aimed at financing the production and marketing of goods and services on a small scale. May be granted to groups of borrowers backed by solid guarantees.
- ▶ **CONSUMER:** Credits granted to individuals to finance the purchase of consumer goods or the payment of services not related to business use (not for commercial or enterprise purposes).
- ▶ **HOUSING (MORTGAGE):** Credits granted to individuals for the acquisition, construction, remodeling or improvement of housing, whether or not they are backed by a mortgage.

OTHER DEFINITIONS:

- ▶ **BORROWINGS:** Balance of the principal of all the funds received by a financial institution on the basis of a loan agreement.
- ▶ **GROSS LOAN PORTFOLIO:** The sum of the principal balances of the credits received by clients. Includes credits due, in arrears and renegotiated, but not loan write-offs. Does not include accrued interest.
- ▶ **NET LOAN PORTFOLIO:** The same as the gross loan portfolio, minus the provisions for the potential risk of losses in credits granted due to defaults on payments.

PARTICIPATING INSTITUTIONS

IN LAC TRENDS 2006-2011 REPORT

ACRONYM	NAME	COUNTRIES
ACCOVI	<i>Asociación Cooperativa de Ahorro y Crédito Vicentina de R.L.</i>	El Salvador
ADOPEM	<i>Asociación Dominicana para el Desarrollo de la Mujer</i>	Dominican Rep.
APOYO INTEGRAL	<i>Apoyo Integral S.A. de C.V.</i>	El Salvador
ASODENIC	<i>Asociación de Oportunidad y Desarrollo Económico de Nicaragua</i>	Nicaragua
BANCO ADEMI	<i>Banco de Ahorro y Crédito ADEMI</i>	Dominican Rep.
BANCO FAMILIAR	<i>Banco Familiar S.A</i>	Paraguay
BANCO FIE	<i>Banco para el Fomento a Iniciativas Económicas</i>	Bolivia
BANCO SOLIDARIO	<i>Banco Solidario S.A., Ecuador</i>	Ecuador
BANCOSOL	<i>Banco Solidario S.A., Bolivia</i>	Bolivia
BANCOVELO	<i>Banco Popular Coveló</i>	Honduras
BANGENTE	<i>Banco de La Gente Emprendedora</i>	Venezuela
BCSC	<i>Banco Caja Social Colombia</i>	Colombia
CAME	<i>Consejo de Asistencia al Microemprendedor, S.A. de C.V., SOFIPO</i>	Mexico
CMAC AREQUIPA	<i>Caja Municipal de Ahorro y Crédito de Arequipa</i>	Peru
CMAC CUSCO	<i>Caja Municipal de Ahorro y Crédito de Cusco</i>	Peru
CMAC PIURA	<i>Caja Municipal de Ahorro y Crédito de Piura</i>	Peru
CMAC TRUJILLO	<i>Caja Municipal de Ahorro y Crédito de Trujillo</i>	Peru

PARTICIPATING INSTITUTIONS

IN LAC TRENDS 2006-2011 REPORT

ACRONYM	NAME	COUNTRIES
COAC JARDÍN AZUAYO	<i>Cooperativa de Ahorro y Crédito Jardín Azuayo Ltda.</i>	Ecuador
COMPARTAMOSBANCO	<i>Banco Compartamos S.A. Institución de Banca Múltiple</i>	Mexico
COOP JESÚS NAZARENO	<i>Cooperativa Jesús Nazareno Ltda.</i>	Bolivia
COOPROGRESO	<i>Cooperativa de Ahorro y Crédito Cooprogreso Ltda.</i>	Ecuador
CRECER	<i>Crédito con Educación Rural</i>	Bolivia
CREDISCOTIA	<i>Crediscotia Financiera S.A.</i>	Peru
D-MIRO	<i>Fundación para el Desarrollo Microempresarial D-Miro</i>	Ecuador
FIELCO	<i>Financiera El Comercio</i>	Paraguay
FINANCIERA EDYFICAR	<i>Financiera Edyficar S.A.</i>	Peru
FINANCIERA FAMA	<i>Financiera Fama S.A.</i>	Nicaragua
FINANCIERA INDEPENDENCIA	<i>Financiera Independencia, S.A.B. de C.V. SOFOM E.N.R.</i>	México
FINCA - ECU	<i>Banco FINCA S.A., Ecuador</i>	Ecuador
FINCA - HND	<i>Financiera FINCA Honduras S.A.</i>	Honduras
FINCA - MEX	<i>Fundación Integral Comunitaria, A.C. - FINCA México</i>	Mexico
FINCOMÚN	<i>Servicios Financieros Comunitarios, S.A. de C.V. SFP</i>	Mexico
FINSOL	<i>Financiera Solidaria Honduras</i>	Honduras
FMM POPAYÁN	<i>Fundación Mundo Mujer Popayán</i>	Colombia

PARTICIPATING INSTITUTIONS

IN LAC TRENDS 2006-2011 REPORT

ACRONYM	NAME	COUNTRIES
FORJADORES DE NEGOCIOS	<i>Forjadores de negocios, S.A. de C.V. SOFOM ENR</i>	Mexico
FUNED	<i>Fundación para el Desarrollo de Honduras</i>	Honduras
INTERFISA FINANCIERA	<i>Grupo Internacional de Finanzas S.A.E.C.A.</i>	Paraguay
MIBANCO	<i>MiBanco, Banco de la Microempresa S.A.</i>	Peru
ODEF FINANCIERA	<i>Organización de Desarrollo Empresarial Femenino Financiera S.A.</i>	Honduras
PROCREDIT - BOL	<i>Banco Los Andes ProCredit</i>	Bolivia
PROCREDIT - ECU	<i>Banco ProCredit Ecuador (ex Sociedad Financiera Ecuatorial, SFE)</i>	Ecuador
PROCREDIT - HND	<i>Banco ProCredit Honduras</i>	Honduras
PROCREDIT - NIC	<i>Banco ProCredit Nicaragua</i>	Nicaragua
PROCREDIT - SLV	<i>Banco ProCredit El Salvador</i>	El Salvador
PRODEM FFP	<i>Fondo Financiero Privado PRODEM</i>	Bolivia
TE CREEMOS	<i>Te Creemos, S.A. de C.V. SFP</i>	Mexico
VISIÓN BANCO	<i>Visión Banco S.A.E.C.A.</i>	Paraguay
WWB CALI	<i>Fundación WWB Colombia</i>	Colombia

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