

2005-2010

MICROFINANCE MARKET TRENDS

in Latin America and the Caribbean



MAY 2011



This report was written by **Renso Martínez**, Operations Manager and Regional Manager for The MIX for Latin America and the Caribbean.

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MIX and the Multilateral Investment Fund, a member of the Inter-American Development Bank Group, are pleased to present the following report, “Microfinance Market Tendencies for Latin America and the Caribbean 2005 – 2010.”

The objective of this report is to present an early update for the performance of the Microfinance Institutions (MFIs) in regional, sub-regional and certain national markets at the close of the 2010 financial year in terms of coverage credit types, finance structure, and risk and profitability.

As with the previous edition, the report covers information from 47 MFIs (13% of the sample is from MIX) during the period from 2005 – 2010. These institutions represent a majority of the market in terms of portfolio and borrowers in 11 countries, constituting a coverage of 57% of clients.

We would also like to thank the diverse sources of information and our readers for following each of our publications.

MAIN AGGREGATED ACCOUNTS FOR 47 MFIs

ACCOUNT	BALANCE FOR 2010	VAR% '10/'09	VAR.% '10/'05 [1]
Borrowers (K)	9,134	12.2%	18.9%
Depositors (K)	10,997	17.4%	27.6%
Gross Loan Portfolio*	12,830	15.9%	24.5%
‣ Microenterprise* [2]	7,191	30.3%	n/a
‣ Other Loans*	5,639	1.6%	n/a
Assets*	17,124	19.3%	23.5%
Deposits*	10,515	23.3%	23.9%
Borrowings*	3,327	10.8%	22.8%
Equity*	2,648	24.5%	25.2%

* Millions of US\$

n/a: Not available

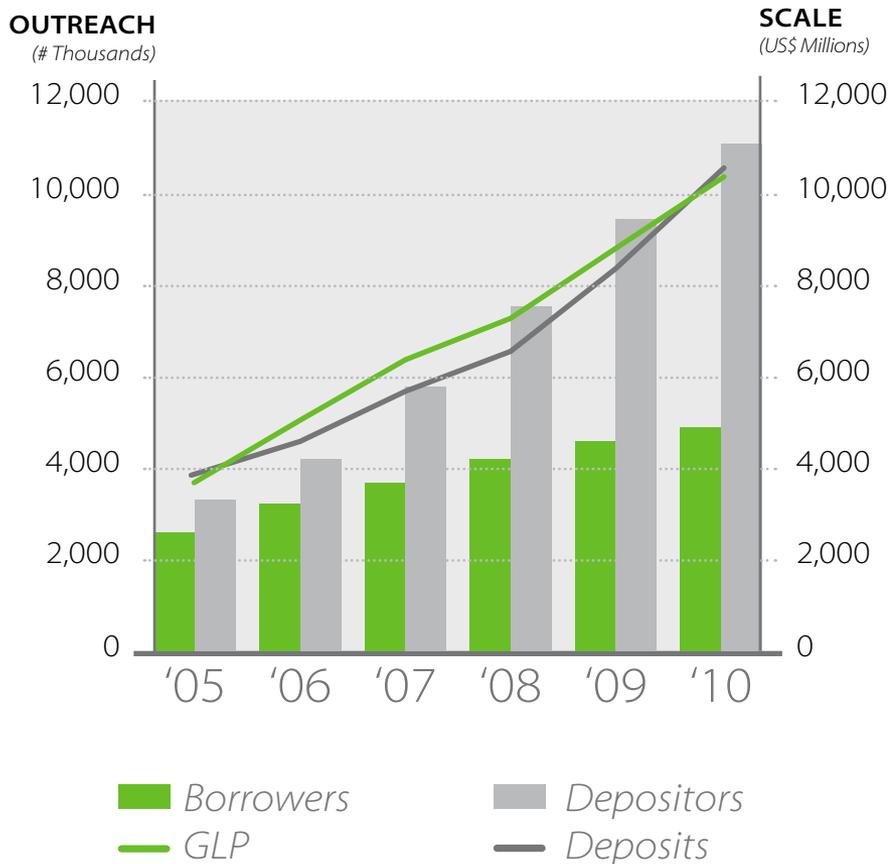
[1] Annual average

[2] Precise information of MFIs from Bolivia, Ecuador, and Peru and estimations for rest of countries.

- ▶ In 2010, the microfinance institutions of LATIN AMERICA and THE CARIBBEAN continued their growth by adding **15.9%** to loan portfolio and **23.3%** to deposits.
- ▶ Similarly, the number of clients grew both in terms of borrowers (**12.2%**) and depositors (**17.4%**).
- ▶ Nevertheless, the evolution was different with respect to the types of credit (greater expansion of credit products to microenterprises) and by sub-region (above all in MEXICO).

CREDIT AND DEPOSITS TRENDS

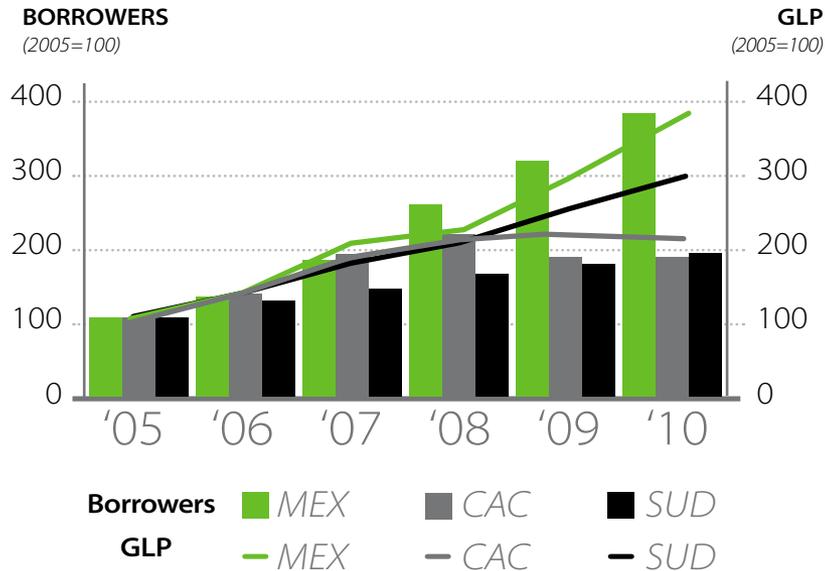
in 47 LAC MFI



- ▶ Growth in loan portfolio and deposits slowed in 2010 advancing **15.9%** and **23.3%** respectively.
- ▶ A similar situation was seen in the number of borrowers (**12.2%**) although the slower growth was more pronounced for the number of depositors (**17.4%**).

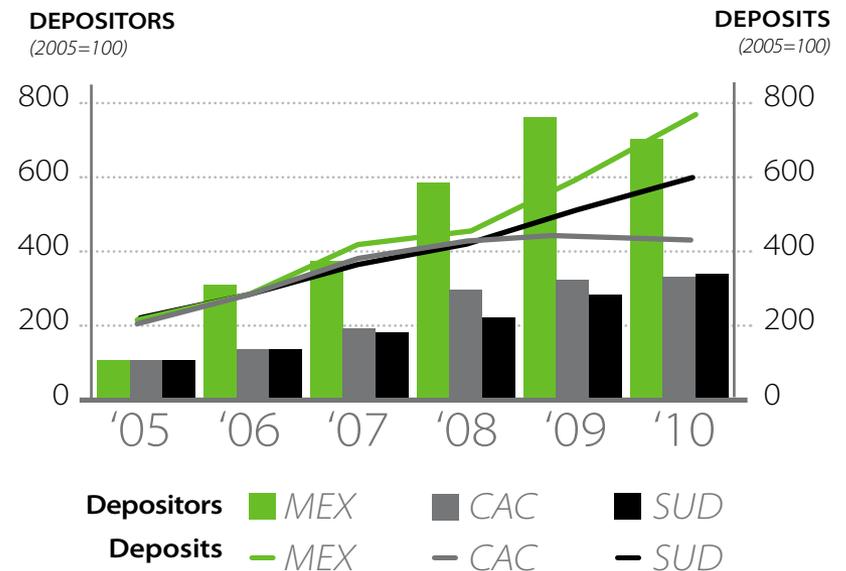
BORROWERS AND GROSS LOAN PORTFOLIO TRENDS

for 47 LAC MFI



DEPOSITORS AND DEPOSIT TRENDS

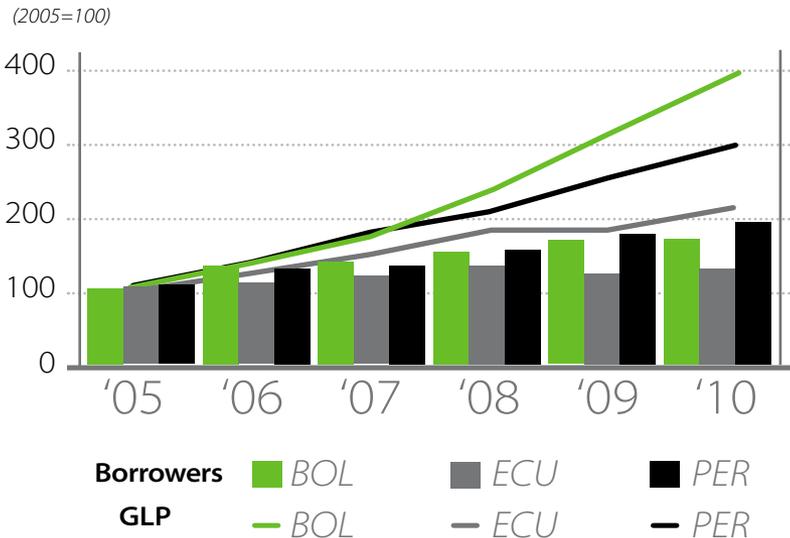
in 47 LAC MFI



- ▶ CENTRAL AMERICA and THE CARIBBEAN did not recuperate in 2010 as seen by the **1.1%** drop in portfolio and the incremental growth of active borrowers, which only reached **0.4%**.
- ▶ MEXICO maintained its portfolio growth (**31.5%**) and borrowers (**21.1%**) while SOUTH AMERICA saw slower growth (**15.5%** and **7.1%** respectively).

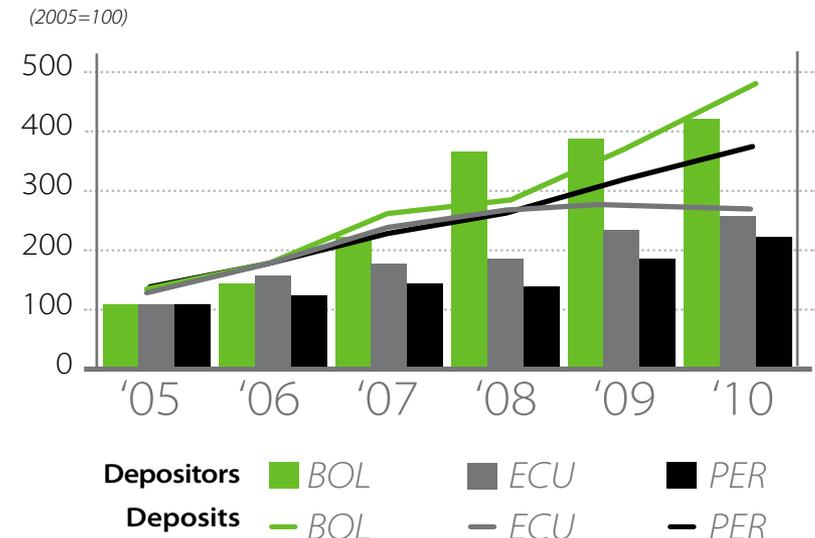
BORROWERS AND LOAN PORTFOLIO TRENDS

for 3 LAC countries



DEPOSITORS AND DEPOSITS TRENDS

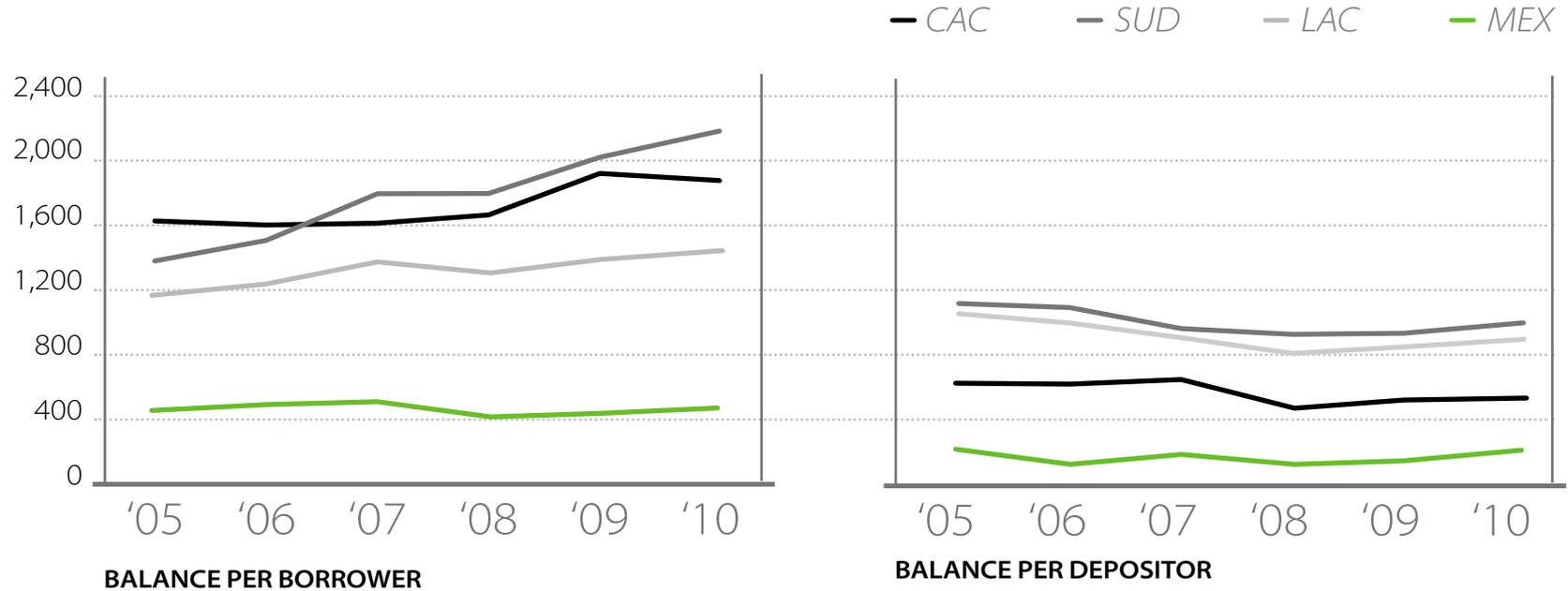
for 3 LAC countries



- ▶ ECUADOR saw a recover in its portfolio (**15.3%**) and in borrowers (**3.2%**) while BOLIVIA maintained its growth in portfolio (**20.8%**) and PERU saw a growth (**25.6%**).
- ▶ Through strong expansion, BOLIVIA saw a growth in deposits (**13.1%**) as did ECUADOR (**11.7%**).

BALANCE OF PER CLIENT TRENDS BY SUBREGION

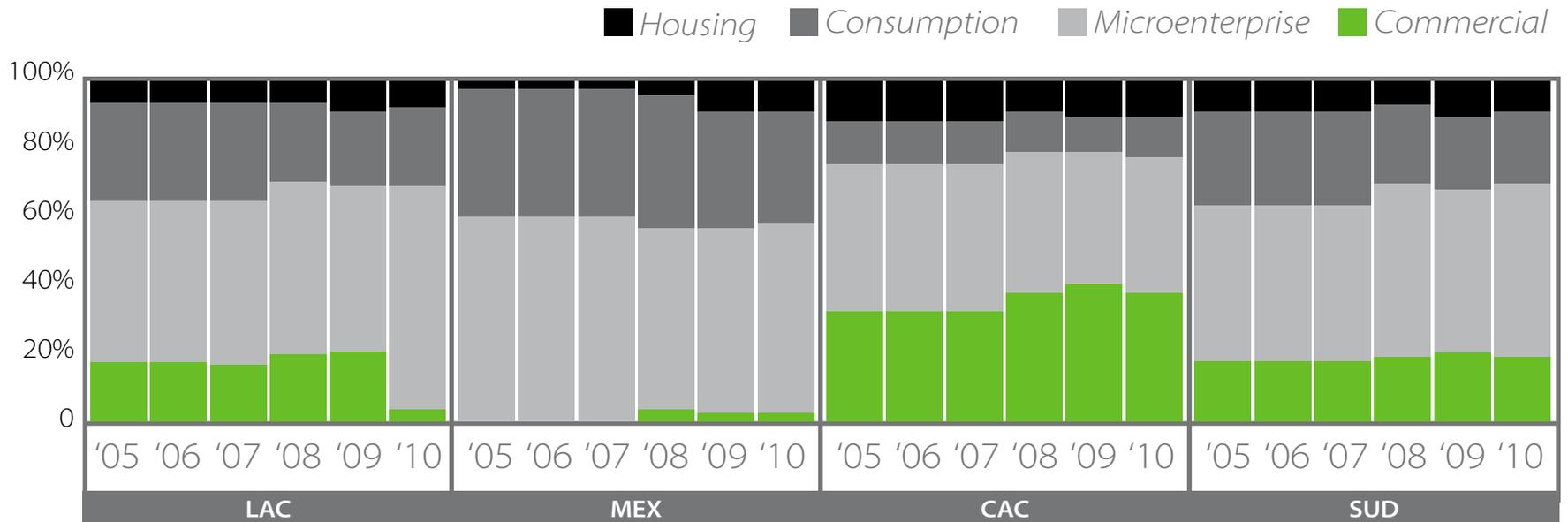
for 47 LAC MFI (US\$)



- ▶ Balance per borrower continued growing in SOUTH AMERICA (approximately **US\$2,200**), remained at around **US\$400** in MEXICO and fell in CENTRAL AMERICA.
- ▶ Balance per depositors grew in SOUTH AMERICA as a direct result of the growth in reach, while in the other subregions it remained stable.

PORTFOLIO STRUCTURE EVOLUTION

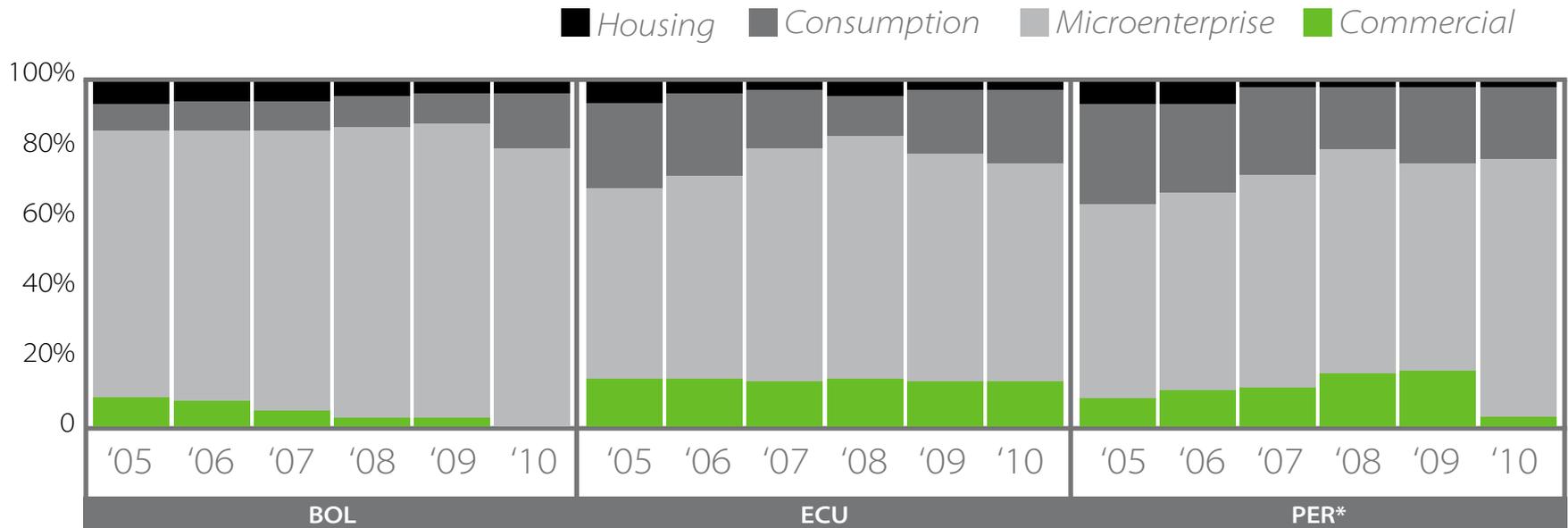
by Credit Type and Subregion for 47 LAC MFI



- ▶ In MEXICO the portfolio saw a recomposition since 2008 with commercial and housing credit more clearly manifested themselves.
- ▶ CENTRAL AMERICA experienced an increase in commercial portfolio while SOUTH AMERICA manifested greater credit to microenterprises.

PORTFOLIO STRUCTURE TRENDS

by Credit Type for 3 countries from LAC

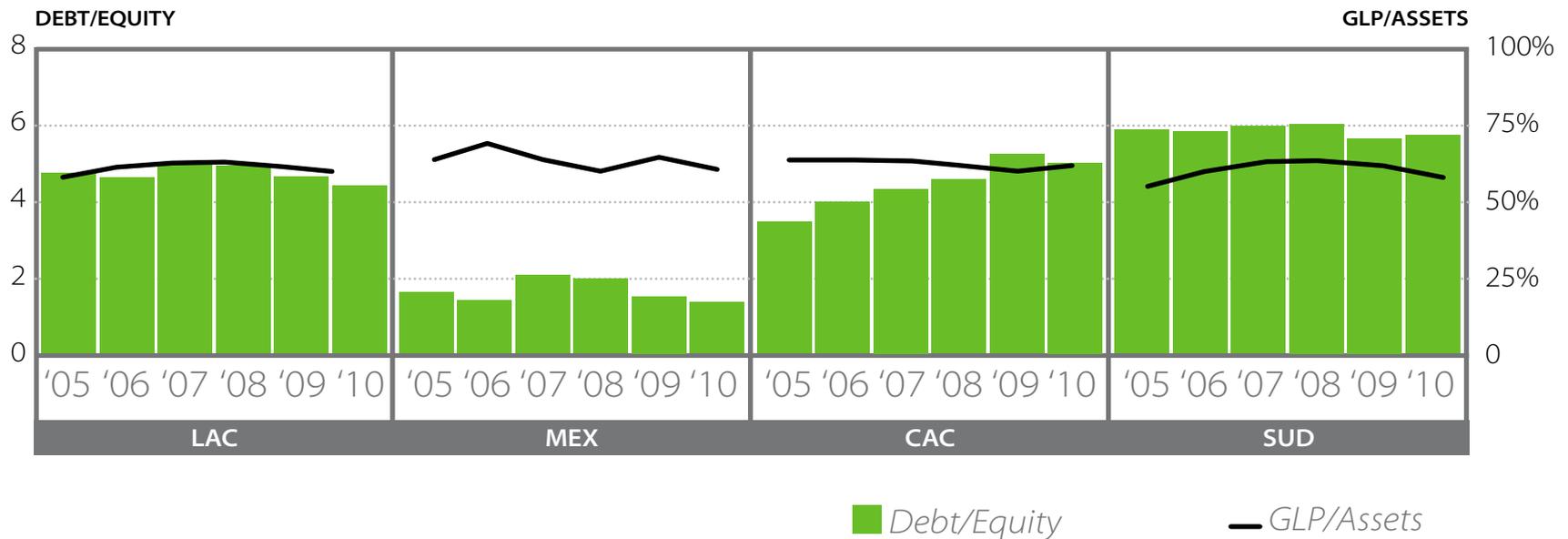


**Definitions changed in microenterprise and commercial loans.*

- ▶ Although credit to microenterprises is the primary product in BOLIVIA, ECUADOR, and PERU, in the case of BOLIVIA and ECUADOR, loans for consumption have begun to have a greater presence.
- ▶ The observed recomposition in PERU during the last year follows a change in the definition of commercial and microenterprise credit.

DEBT TO EQUITY AND PRODUCTIVITY RATIO TRENDS BY SUBREGIONS

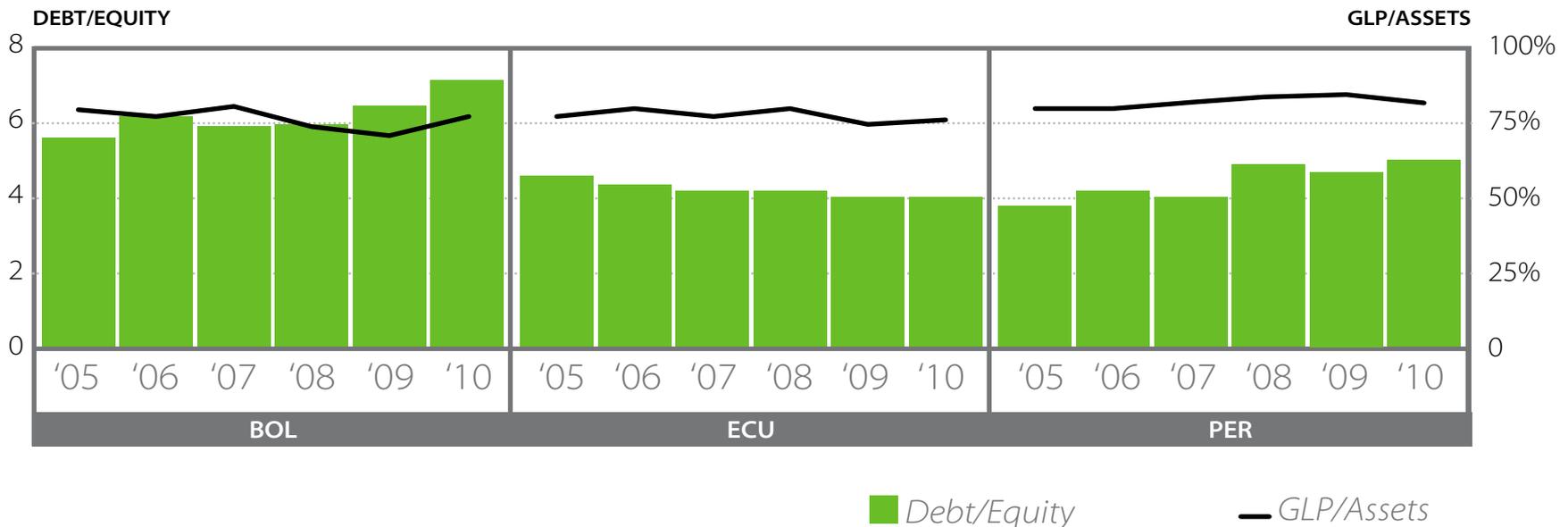
for 47 LAC MFI



- ▶ The leverage and productivity of assets shows an erratic trend in MEXICO, owing largely to financing with one's own resources.
- ▶ In CENTRAL AMERICA and THE CARIBBEAN the debt to capital ratio fell discretely even though in some cases it increased up to 7 times higher.

DEBT TO EQUITY AND PRODUCTIVITY RATION TRENDS

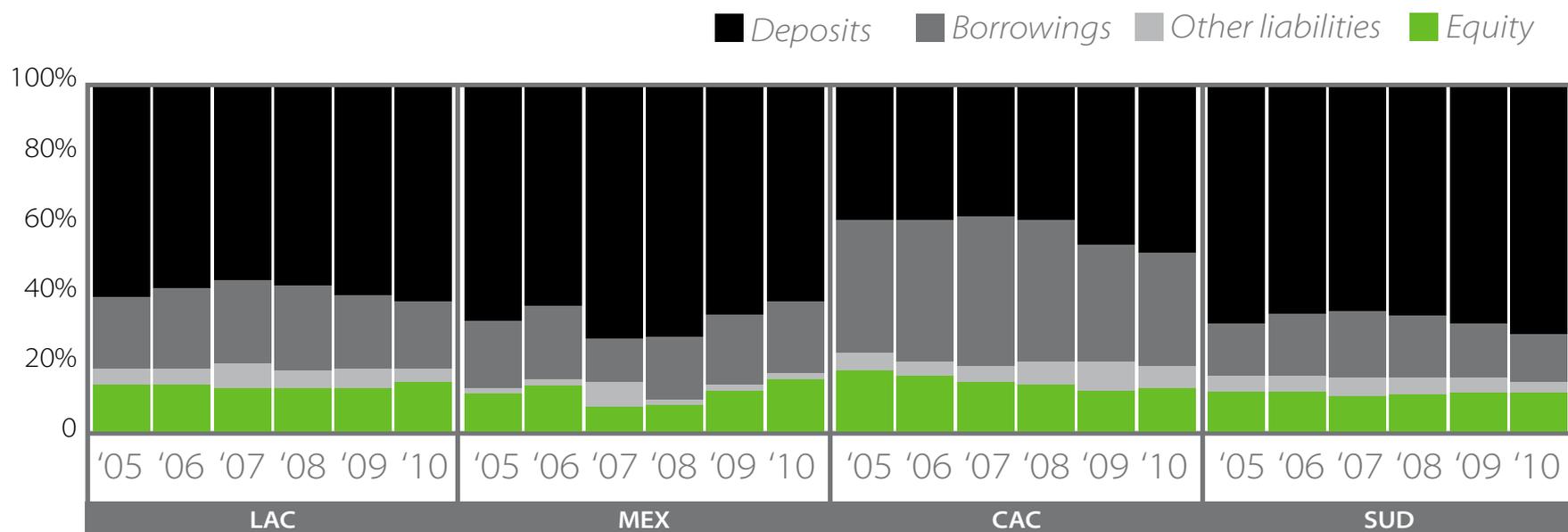
for 3 countries from LAC



- ▶ The growth of deposits (**13.1%**) and debt (**24.5%**) in BOLIVIA caused an increase in its debt / capital ratio.
- ▶ In ECUADOR and PERU the debt decreased (**-1.2%** for the former) or had a low rate of growth (**4.3%**). So leverage does not reach the levels seen in BOLIVIA.

ASSETS FINANCING

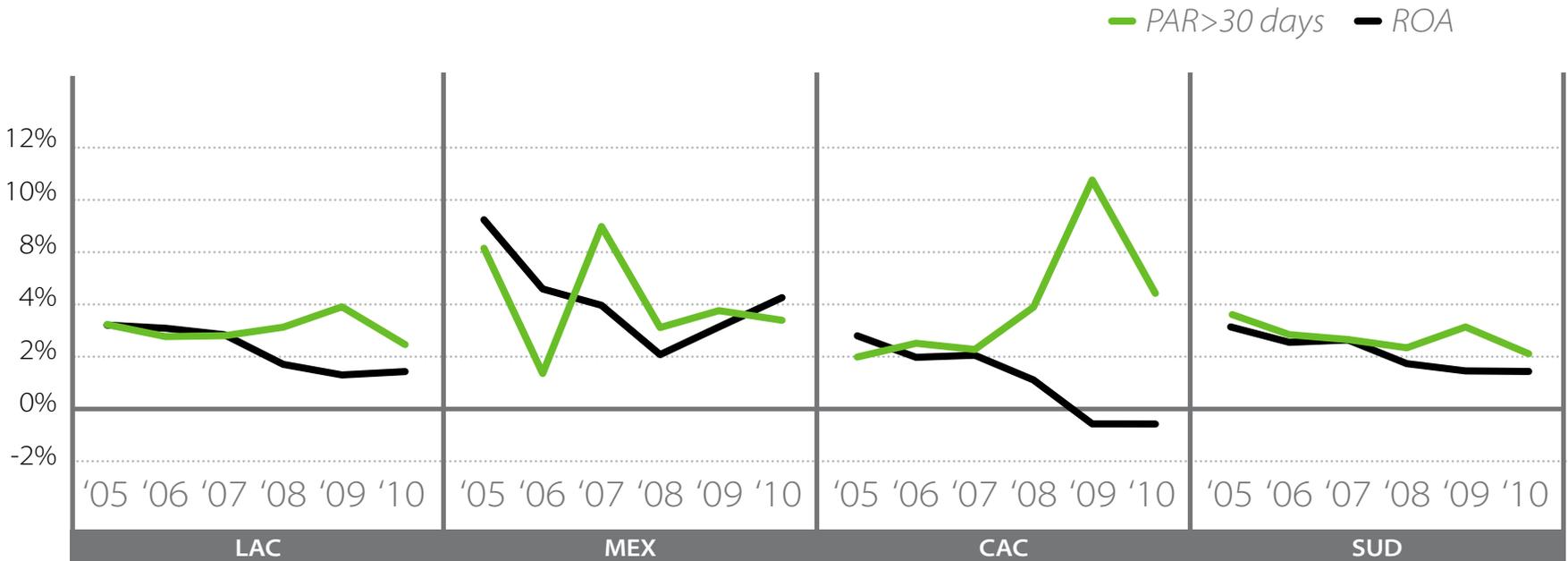
for 47 LAC MFI



- ▶ In the region, deposits financed more than 60% of assets, taking away the amount of debt. However, debt financing has a significant presence in CENTRAL AMERICA (**33%**) and above all MEXICO (**50%**).
- ▶ MEXICO and SOUTH AMERICA are differentiated by the erratic changes seen in the former contrasted with stable development for the latter.

PAR>30 DAYS AND RETURN OVER ASSETS RATIOS TRENDS

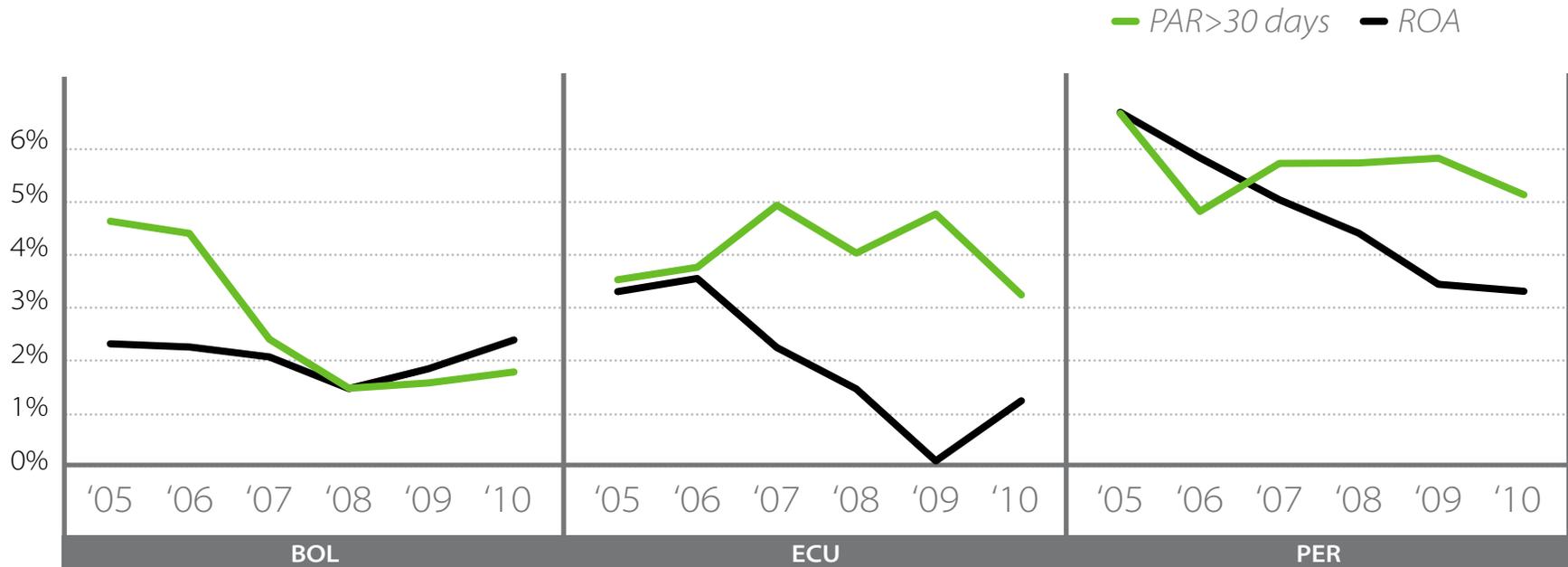
for 47 IMF from LAC



- ▶ MEXICO displayed an erratic trend line in its indicators for portfolio at risk and profitability, though profitability did end up recovering.
- ▶ CENTRAL AMERICA and THE CARIBBEAN showed a strong recovery of portfolio at risk due in part to write-offs levied. In SOUTH AMERICA, the results were less disperse.

PAR>30 DAYS AND RETURN OVER ASSETS RATIOS TRENDS

for 3 countries from LAC



- ▶ In BOLIVIA profitability and portfolio at risk increased, though the latter increased less. To the contrary, in PERU both indicators experienced drops, above all the level portfolio risk.
- ▶ ECUADOR showed an optimal combination due to the decline of portfolio at risk and the increase in profitability.

- ▶ The microfinance sector in Latin America and the Caribbean grew in 2010 in part due to improvements in the level of loan recuperation, due in turn to a gradual recovery in the economic activity throughout the region after the effects of the international financial crisis were made evident in 2009.
- ▶ Nevertheless, the evolution was different for loan portfolio. At the subregional level, MEXICO had the most activity (including borrowers), followed by SOUTH AMERICA and finally, CENTRAL AMERICA continued its recovery.
- ▶ At the product level, loans to microenterprises had growth and performance was clearly better than the others. With respect to deposits the situation was very similar, although in MEXICO the number of depositors fell.
- ▶ The level of risk fell in part due to an improvement in the levels of loan recovery and because of a series of write-offs. As a result of this, the level of profitability increased slightly.

MFI REPRESENTED FROM EACH COUNTRY

ON MIX SAMPLE AND FOCUSED BY CREDIT TYPES *(Millions of US\$ and percentages)*

COUNTRY	NUMBER OF MFI			GROSS LOAN PORFOLIO <i>(Millions of US\$)</i>			CREDIT TYPE ^[1]	
	Report	MIX	Coverage	Report	MIX	Coverage	Microenterprise ^[2]	Consumption
Bolivia	7	23	30.4%	1,469.4	1,854.3	79.2%	87.6%	8.2%
Colombia	3	30	10.0%	2,940.7	3,938.4	74.7%	51.3%	25.9%
Ecuador	6	44	13.6%	940.7	1,281.0	73.4%	59.3%	12.7%
El Salvador	3	14	21.4%	308.8	370.5	83.3%	78.8%	9.7%
Honduras	5	17	29.4%	144.0	217.2	66.3%	74.3%	1.3%
Mexico	6	45	13.3%	1,121.1	2,703.7	41.5%	58.2%	32.8%
Nicaragua	3	24	12.5%	259.6	472.3	55.0%	82.4%	10.8%
Paraguay	4	6	66.7%	503.0	516.8	97.3%	72.3%	26.4%
Peru	7	59	11.9%	3,091.3	5,353.5	57.7%	75.7%	22.2%
Dom. Republic	2	5	40.0%	214.2	224.2	95.5%	77.6%	16.6%
Venezuela	1	1	100.0%	96.5	96.5	100.0%	99.1%	0.9%
Other 8 countries ^[3]	-	79	0.0%	-	2,492.3	0.0%	n/a	n/a
Total Region	47	347	13.5%	11,089.1	19,520.7	56.8%	68.0%	20.6%

[1] As a percentage of Total Gross Portfolio for the 47 MFIs included in this report.

n/a: Not available

[2] Includes loans to microenterprises and small businesses.

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

- ▶ Deadline: December 31, between the years of 2005 – 2010 and have been reclassified (without adjustments) according the standards of MIX.
- ▶ The data for the 47 participating MFIs (see a list of MFIs in the annex) were taken from public sources, or were provided by networks or the MFI itself.
- ▶ Sources: MIX Market, banking superintendence and/or finance superintendence of the countries whose MFIs were includes, the MFI itself.
- ▶ All the indicators correspond to consolidated figures for the 47 MFIs, except ROA and PaR > 30 days, whose calculations are based on medians.
- ▶ The data with which the current report was created can be found at: <http://www.themix.org/publications/mix-microfinance-world/2011/05/lac-microfinance-performance-trends-2010>

PARTICIPATING INSTITUTIONS

IN THE TRENDS REPORT FOR LAC 2005-2010

ACRONYM	FULL NAME	COUNTRY
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>	Dom. Republic
APOYO INTEGRAL	<i>Apoyo Integral S.A. de C.V.</i>	El Salvador
BANCO ADEMI	<i>Banco de Ahorro y Crédito ADEMI</i>	Dom. Republic
BANCO FAMILIAR	<i>Banco Familiar S.A</i>	Paraguay
BANCO FIE	<i>Banco para el Fomento a Iniciativas Economicas</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
BANEX	<i>Banco del Éxito (ex FINDESA)</i>	Nicaragua
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 THE TRENDS REPORT FOR LAC 2005-2010

ACRONYM	FULL NAME	COUNTRY
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
CREZKAMOS KAPITAL	<i>Crezkamos Kapital Eurekaoli, S. A. de C.V.</i>	Mexico
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>	Mexico
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

PARTICIPATING INSTITUTIONS

IN THE TRENDS REPORT FOR LAC 2005-2010

ACRONYM	FULL NAME	COUNTRY
FMM POPAYÁN	<i>Fundación Mundo Mujer Popayán</i>	Colombia
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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