

# Latin America and the Caribbean Microfinance Market Trends 2006 - 2011

# Renso Martínez

## The Leading Source of Microfinance Data and Analysis

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

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MIX and the Multilateral Investment Fund (FOMIN), a member of IDB Group, are pleased to present the report “Latin America and the Caribbean Microfinance Market Trends 2006 - 2011”, a joint effort to gather, analyze and disseminate information from a select group of Microfinance Institutions (MFIs).

For this third issue of the report, the principal aim has been to present the most significant trends in performance of MFIs in the region on the basis of data provided by 48 institutions (13.2% of the MIX sample) that operated in the market throughout the 2006-2011 period. In total, the sample justifies coverage of 55% of lenders and 53% of the regional gross portfolios reported to MIX. All the data is available on a spreadsheet that can be downloaded from the MIX [webpage](#).

Our thanks go to the various sources of data and to our readers for following us in each of our publications.

## MAIN ACCOUNTS AND INDICATORS OF 48 LAC MFI

(us\$ Millions)

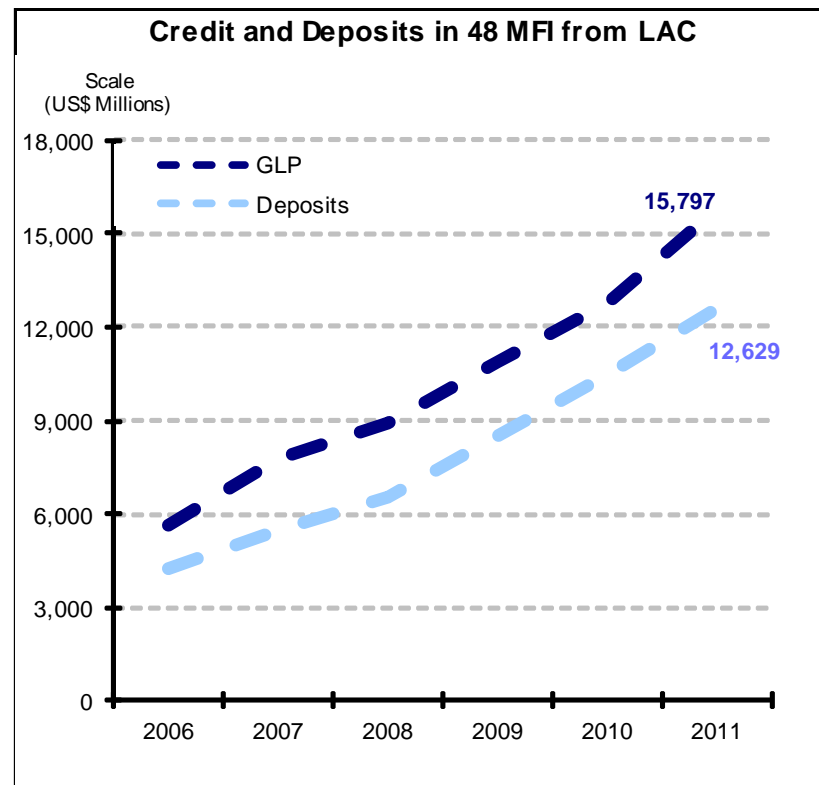
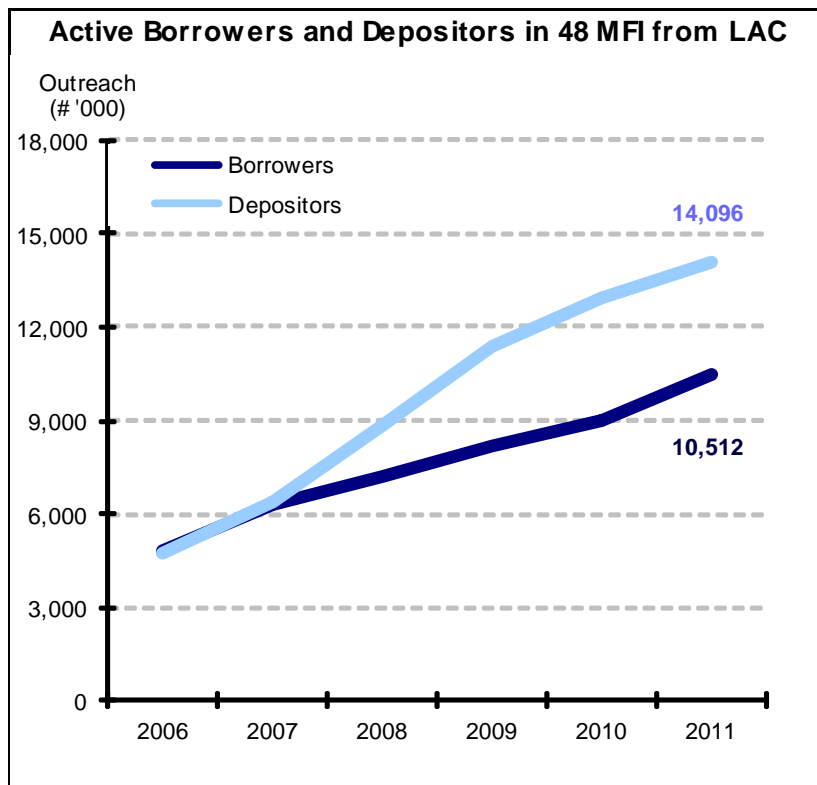
Main accounts	2011 Balances	YoY. % '11/'10	YoY. % '11/'06 1/
Borrowers ('000)	10,512	17%	17%
Depositors ('000)	14,096	9%	24%
Gross Loan Portfolio	15,797	24%	23%
Microenterprise 2/	8,707	23%	n/d
Other credit types	7,089	24%	n/d
Assets	20,718	19%	23%
Deposits	12,629	20%	25%
Borrowings	3,765	23%	19%
Equity	3,264	18%	24%

1/ Annual average

n/d: Not available

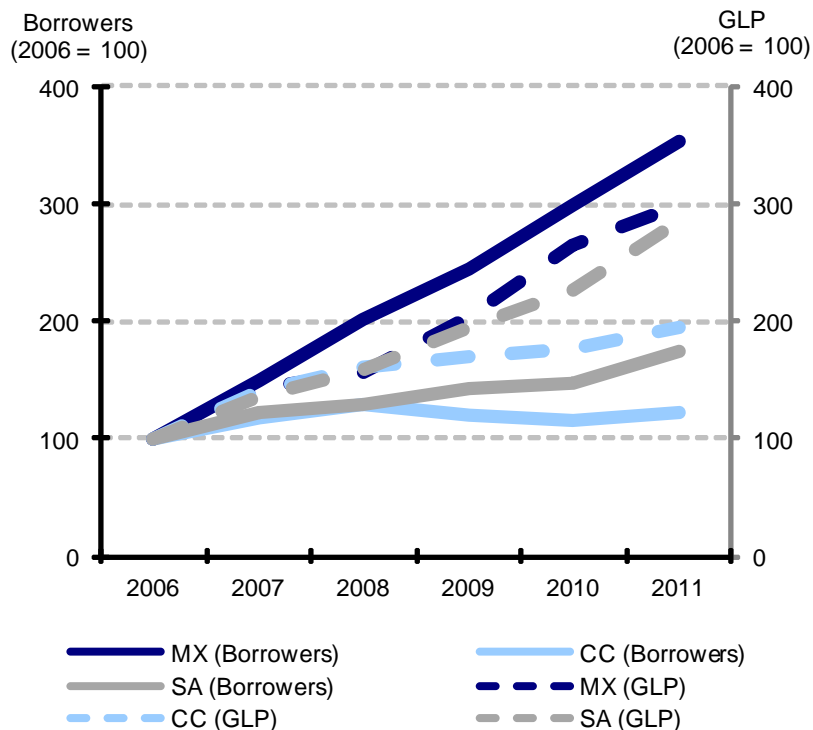
2/ Final MFI information for Bolivia, Ecuador and Peru, and estimated for the other countries.

- MFIs in the region accelerated their growth, taking account of an increase of over 20% in the main indicators of scale and outreach, and underlining the 24% increase in the portfolio in 2011, which led to a growth in assets of 19%.
- Despite this, in terms of financing, growth in deposits fell by 20% over the same period, while debts tracked growth in the portfolio with a similar percentage (23%). Growth in equity was lower (18%) when compared to other accounts.

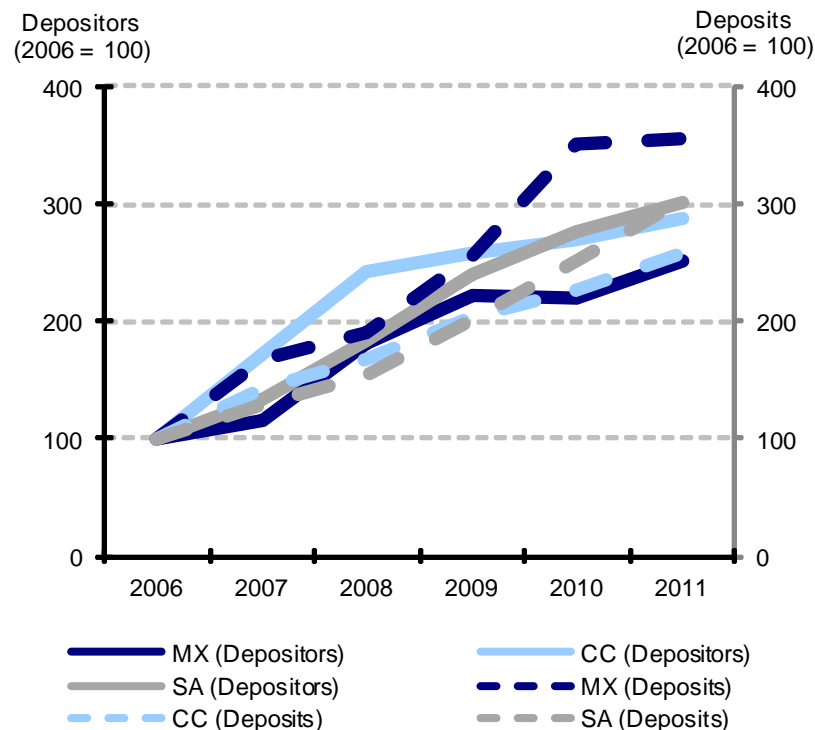


- The MFI portfolio in the region rose in 2011, showing growth in the portfolio (24%) and in borrowers (17%), driven by all credit types.
- Meanwhile, a deceleration was seen in the performance of funds raised in the form of deposits (20%) and depositors (9%) compared to 2010.

## Borrowers and GLP trends in 48 MFI from LAC



## Depositors and Deposits in 48 MFI from LAC



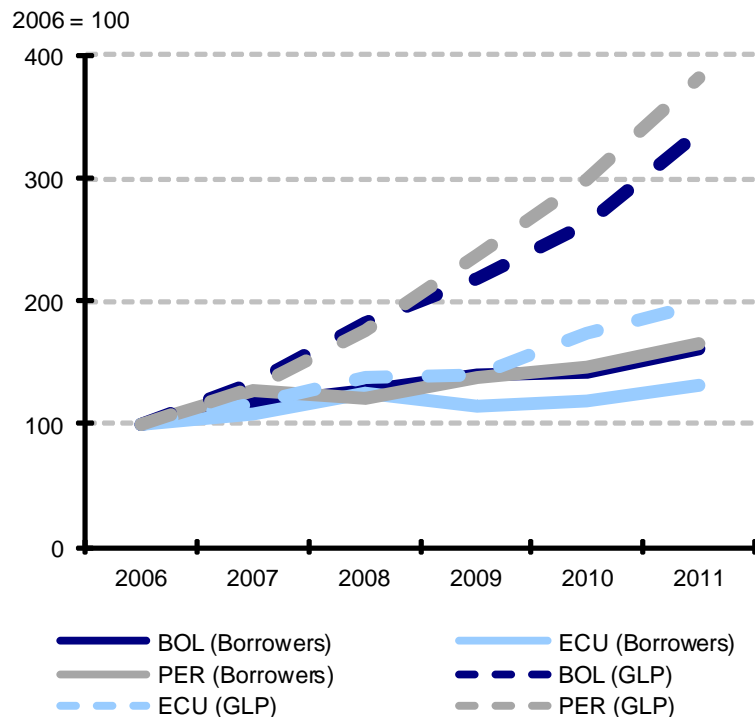
### BORROWERS AND DEPOSITORS IN LAC SUB REGIONS

Main accounts	Sub Region	2011 Balances	YoY. % '11/'10	YoY. % '11/'06 1/
Borrowers (# Thousands)	MX	4,588	18.0%	28.7%
	CC	504	7.1%	4.3%
	SA	5,420	17.1%	11.6%
Depositors (# Thousands)	MX	424	14.2%	20.1%
	CC	1,095	6.0%	23.4%
	SA	12,577	9.2%	24.7%

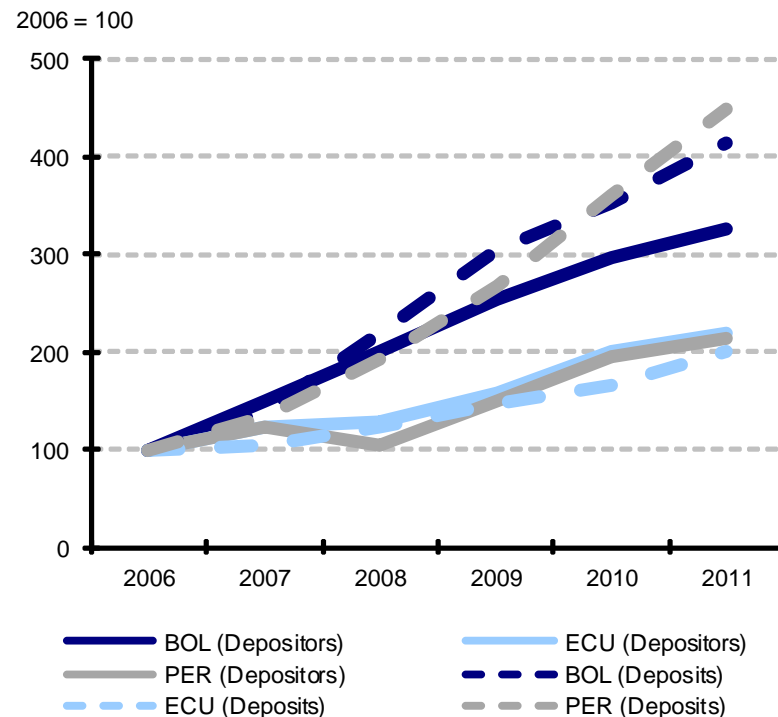
### CREDIT AND DEPOSITS IN LAC SUB REGIONS

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

**Borrowers and GLP trends in 3 countries from LAC**



**Depositors and Deposits in 3 countries from LAC**

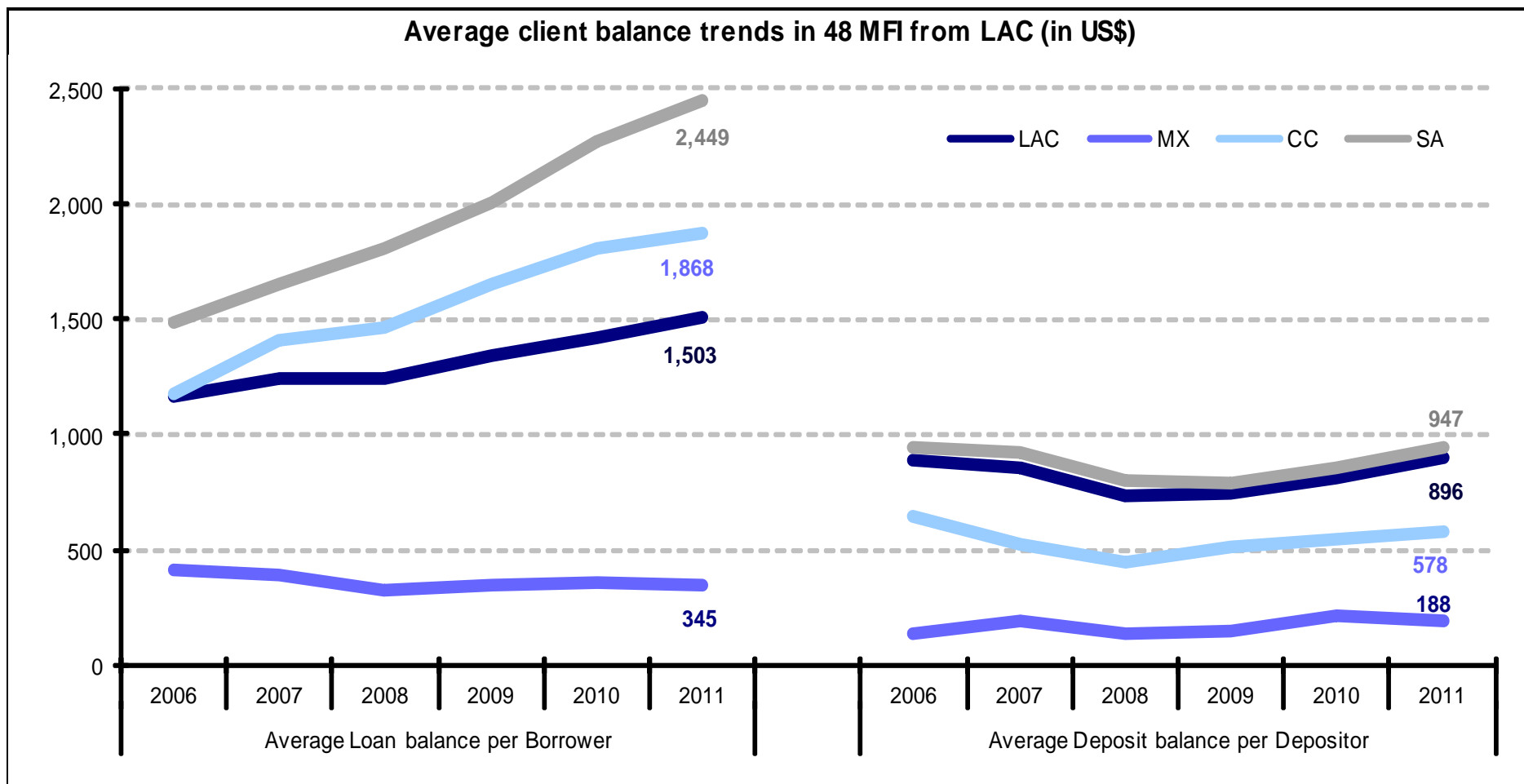


**BORROWERS AND DEPOSITORS IN 3 LAC COUNTRIES**

Main accounts	Sub Region	2011 Balances	YoY. % '11/'10	YoY. % '11/'06 1/
Borrowers (# Thousands)	BOL	556	13.4%	9.9%
	ECU	377	11.9%	5.7%
	PER	2,075	13.8%	10.6%
Depositors (# Thousands)	BOL	2,233	9.8%	26.6%
	ECU	696	10.0%	17.1%
	PER	2,705	9.1%	16.4%

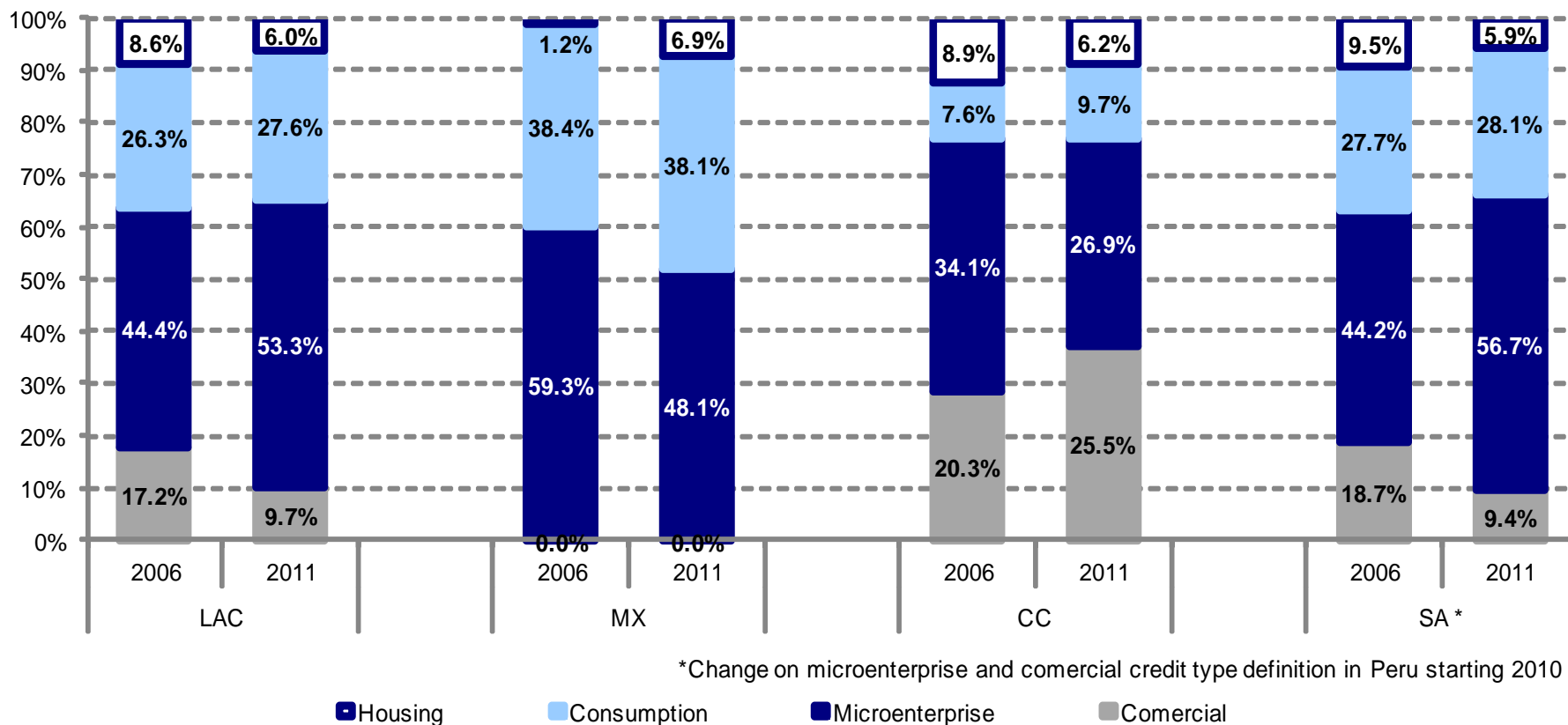
**CREDIT AND DEPOSITS IN 3 LAC COUNTRIES**

Main accounts	Sub Region	2011 Balances	YoY. % '11/'10	YoY. % '11/'06 1/
Gross Loans Portfolio (US\$ Millions)	BOL	2,202	28.4%	27.5%
	ECU	982	12.3%	14.4%
	PER	5,298	27.7%	30.7%
Deposits (US\$ Millions)	BOL	1,955	17.4%	32.8%
	ECU	721	20.8%	14.8%
	PER	4,258	24.6%	35.1%

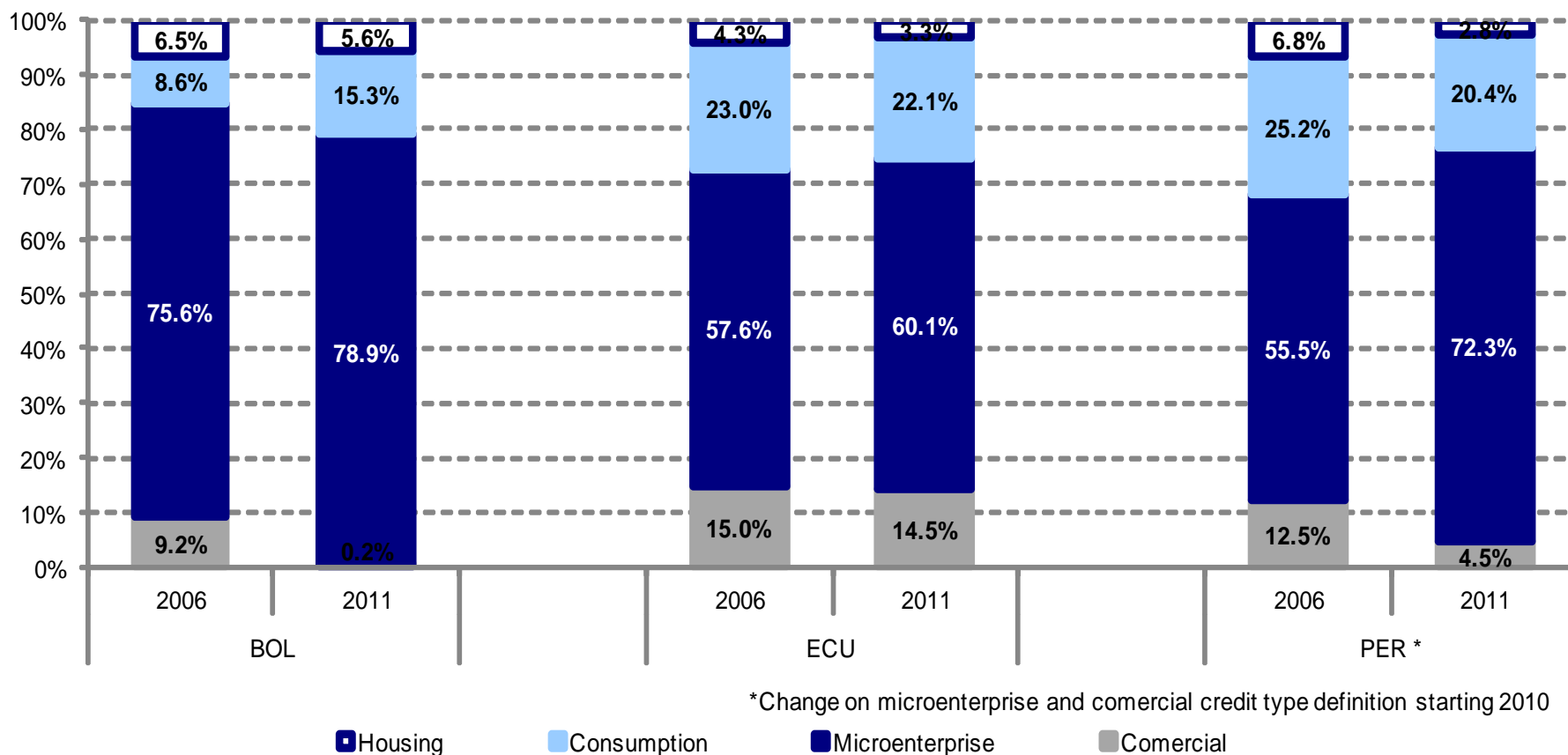


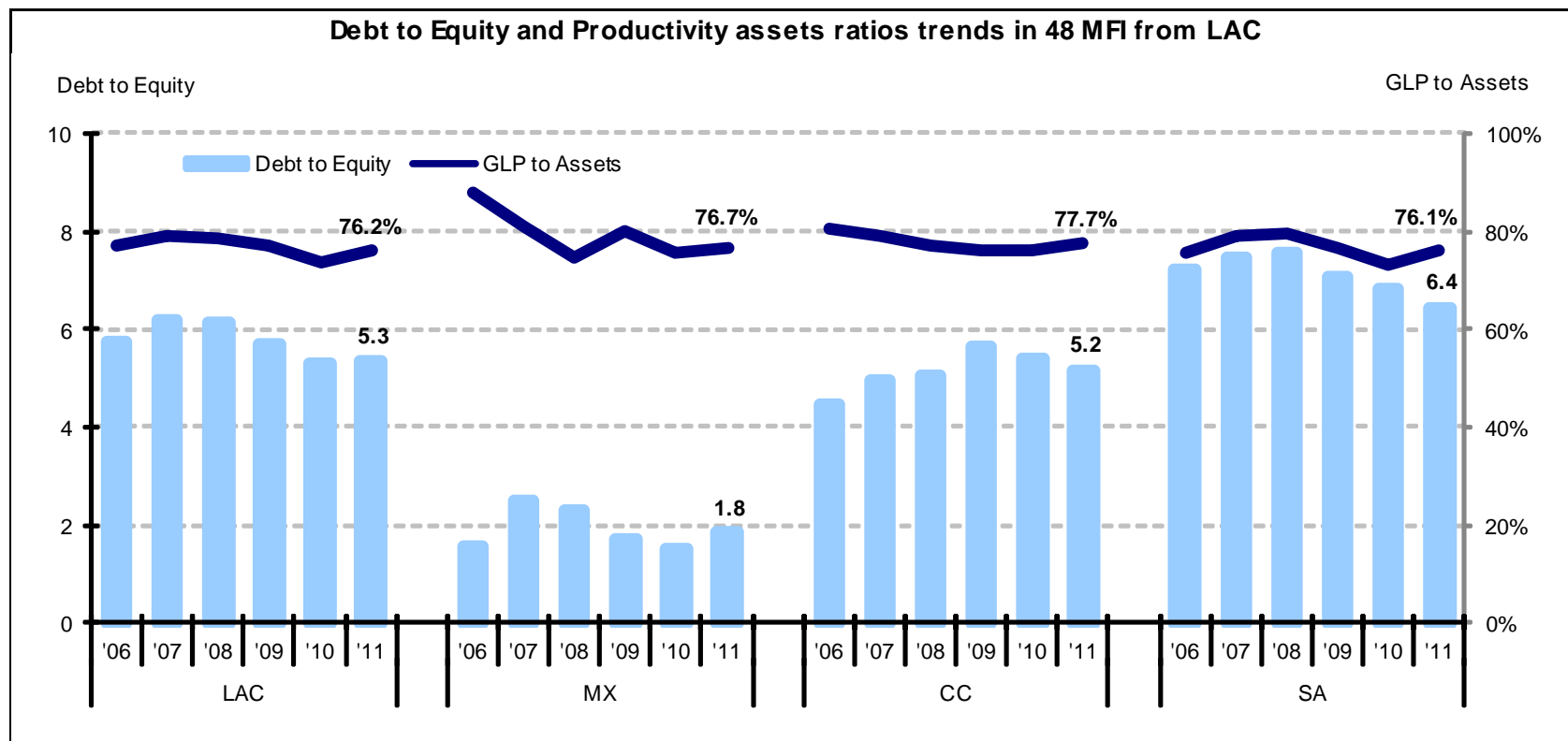


GLP estructure trends by Credit type in 48 MFI from LAC

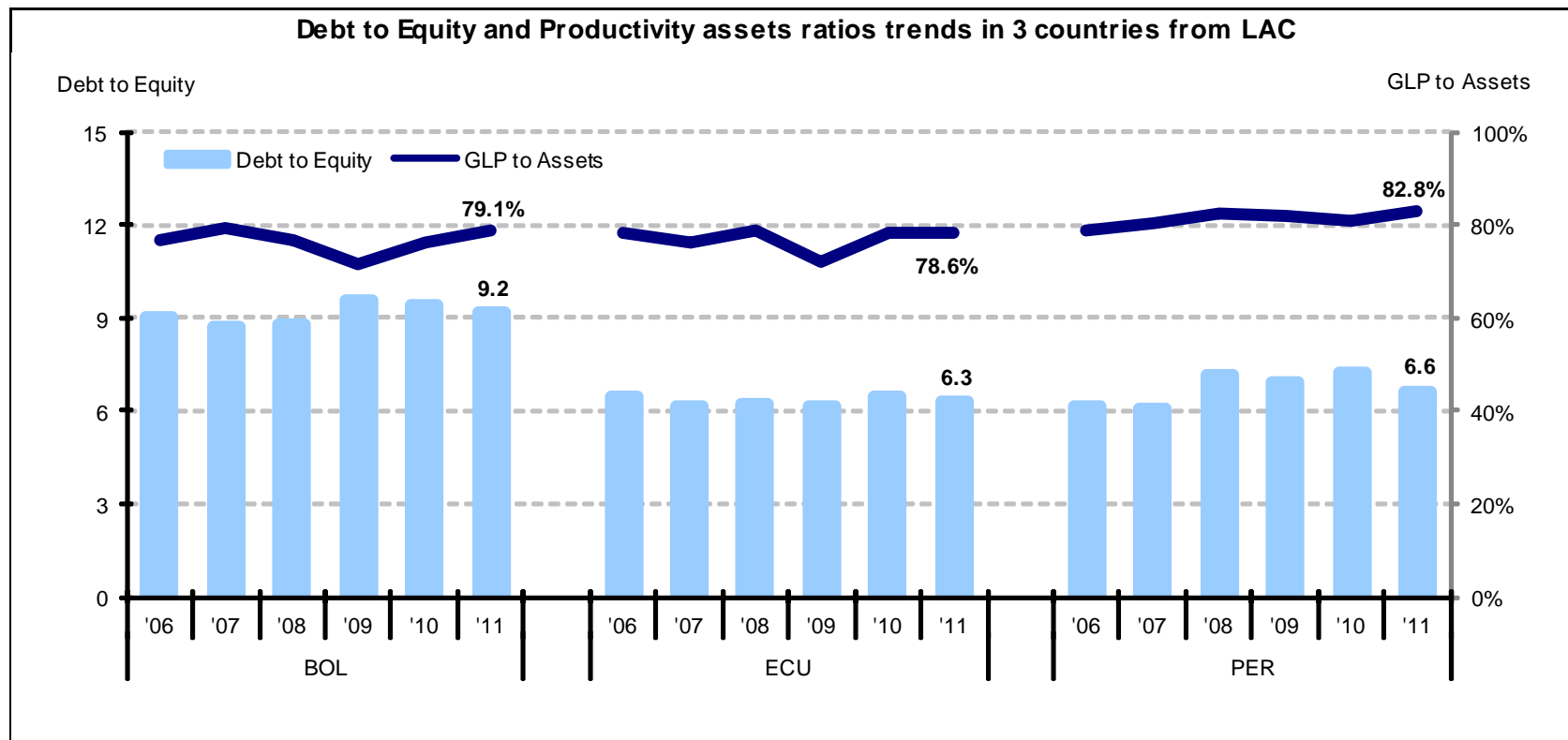


GLP estructura trends by Credit type in 3 countries from LAC



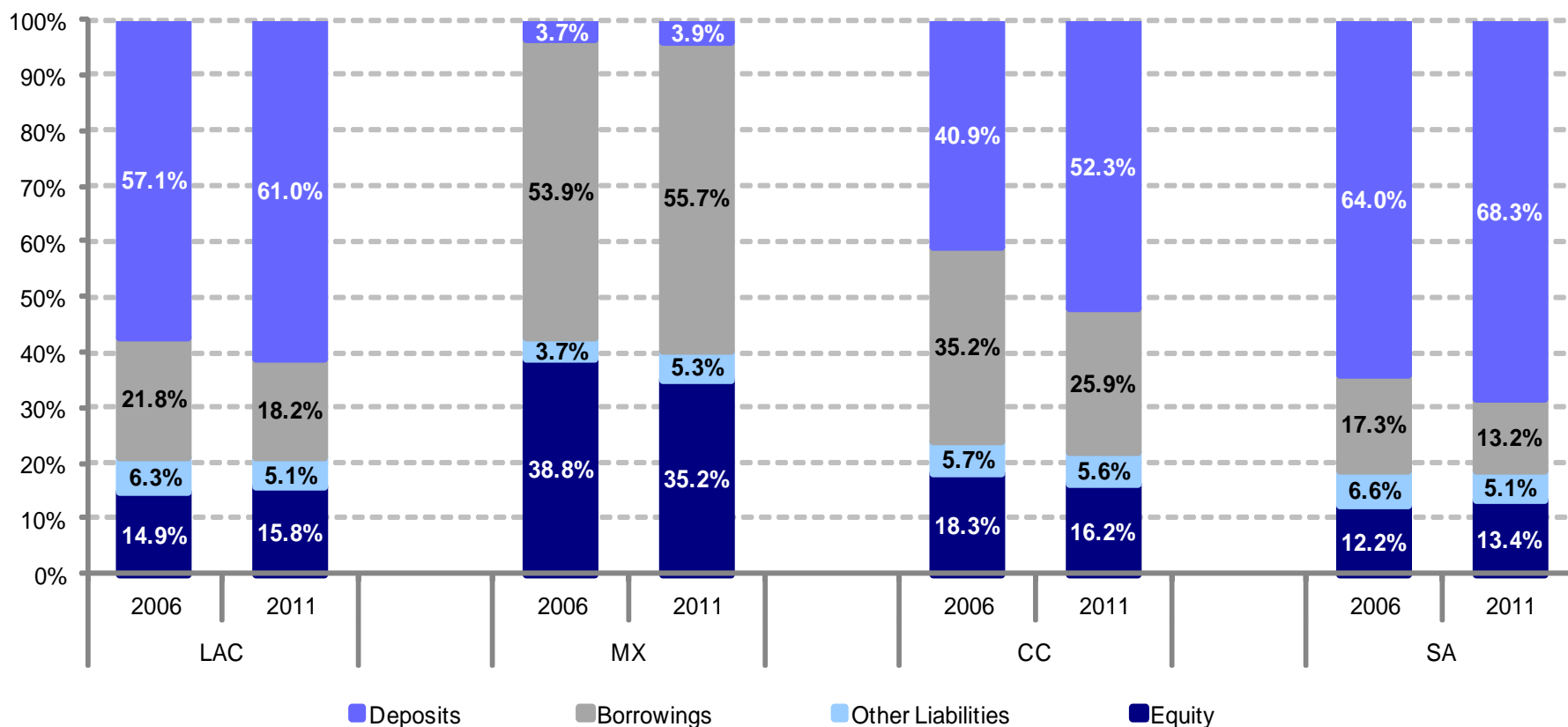


- Leverage in the region displayed a slight increase in 2011, partly due to the results from Mexico, where equity was reduced in the light of lower profits, but still remains below the levels recorded prior to 2009.
- Assets productivity presented improvements at a regional and sub-regional level beginning in 2010, and showed positive evolution in 2011.

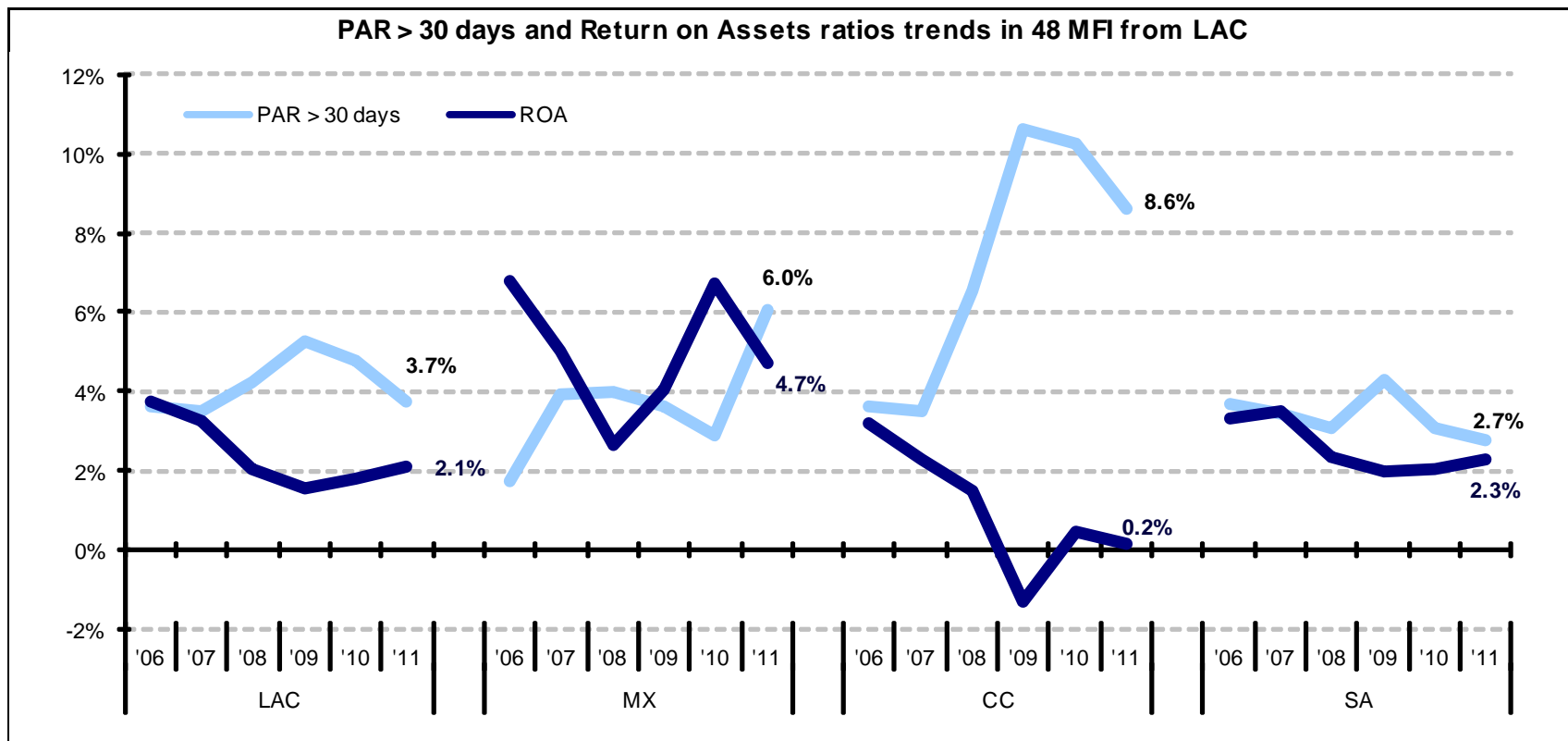


- Despite the debt/capital ratio in South America showing a slight fall, in Bolivia, Ecuador and Peru there were no substantial changes in the overall trend.
- Greater differences emerged in the productivity of assets, with the trend in Peru showing an increase.

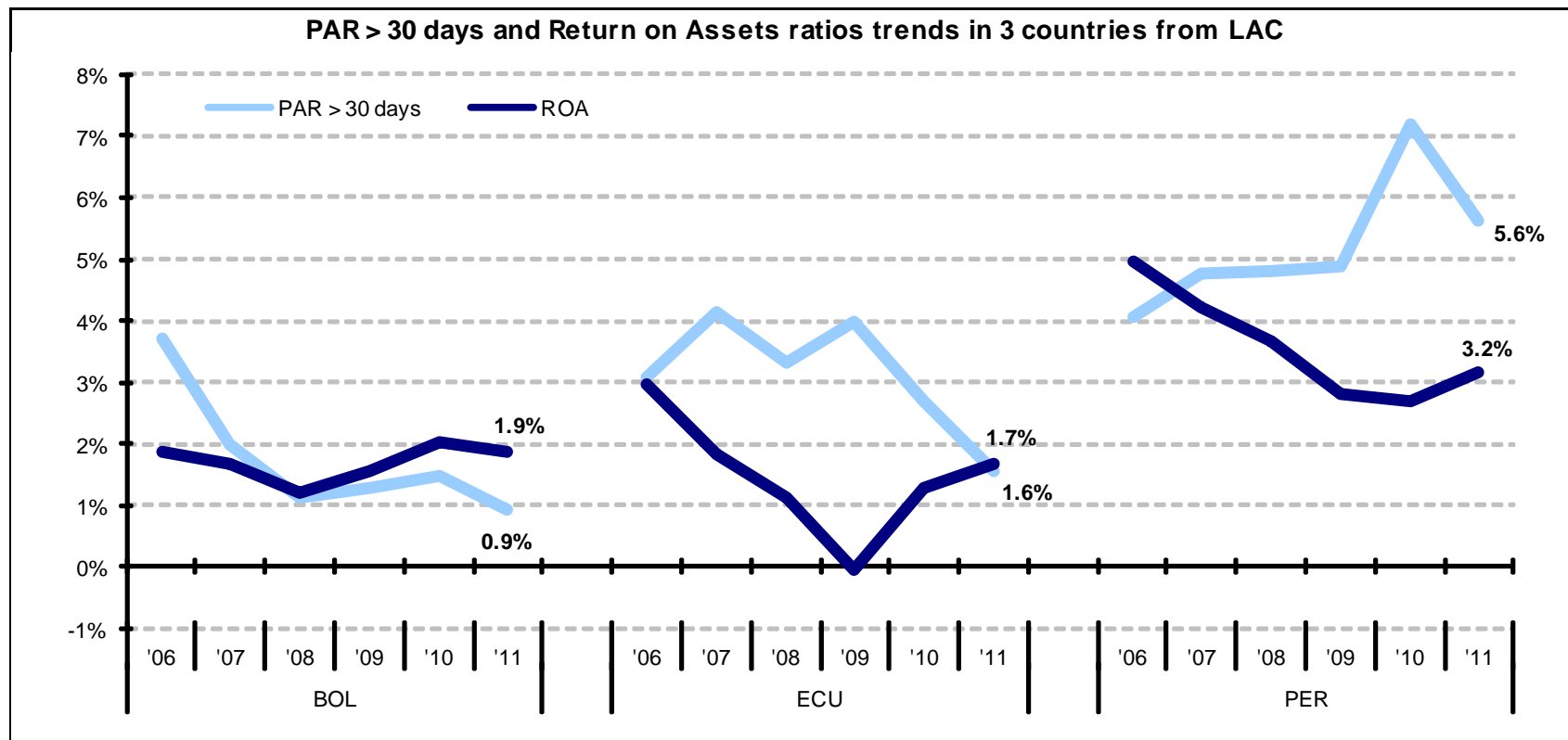
Financial structure in MFI from LAC



# Risk and Profitability by Sub-regions



- The region showed a fall in delinquency levels over the past two years, together with a slight increase in returns.
- South America followed the regional trend. In Mexico the results were distinct from the rest of the region (greater risk, lower profitability). In Central America the level of risk fell, though it remained above 8%, together with a fall in returns.



- Bolivia showed the lowest level of portfolio at risk (1.0%) and a yield doubles that of the previous measurement (2.0%).
- Peru showed the highest level of risk compared to its peers, though its yield was also higher.
- Ecuador showed a favorable trend in both indicators over the last two years, which converged at around 1.5%.

- In the region a greater advance was seen in the credit portfolio compared to the previous year, though growth remains mixed when analyzed by sub-regions. South America showed better results comparison with other sub-regions.
- In Mexico intense growth in competition has been observed, leading to market saturation, especially in the south of the country. Together with consumer credit, this has led to a slowdown in credit growth in the country.
- In parallel, the slight improvement in levels of risk and profitability corresponded to the credit dynamics themselves, though differences were present at a sub-regional level: erratic in Mexico, still recovering in Central America and steadier in South America.
- Of note is the deceleration experienced in deposits throughout the region. The effects of prioritizing recovery in the last few years appears to be reflected in this source of financing, which is consistent with the uptick in funds owed.



MFI REPRESENTATION ON EACH COUNTRY BASED ON 2010 FIGURES OF MIX SAMPLE AND CREDIT TYPE (US\$ Millions and Percentages)								
Countries	Number of MFI			Gross Loan Portfolio (US\$ Millions)			Credit Types 1/	
	Report	MIX	Coverage	Report	MIX	Coverage	Micro Enterprise	Consumption
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%
México	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%
Perú	7	59	12%	3,876	7,001	55%	83%	22%
Dominican Republic	2	11	18%	249	585	43%	70%	23%
Venezuela	1	1	100%	74	75	100%	99%	1%
Other 8 countries 3/	-	82	0%	-	3,881	0%	n/d	n/d
<b>Total Region</b>	<b>48</b>	<b>363</b>	<b>13%</b>	<b>12,487</b>	<b>23,374</b>	<b>53%</b>	<b>67%</b>	<b>29%</b>

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

n/d: 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/publications/mix-microfinance-world/2012/06/latin-american-and-caribbean-microfinance-market-trends->

## Definitions of types of credit used by MIX:

- **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 in 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:

- **Borrowing:** 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.

INSTITUTIONS PARTICIPANTS IN LAC TRENDS 2006-2011 REPORT		
ACHRONYM	NAME	COUNTRY
ACCOVI	Asociación Cooperativa de Ahorro y Crédito Vicentina de R.L.	El Salvador
ADOPEM	Asociación Dominicana para el Desarrollo de la Mujer	Dominican Republic
Apoyo Integral	Apoyo Integral S.A. de C.V.	El Salvador
ASODENIC	Asociación de Oportunidad y Desarrollo Económico de Nicaragua	Nicaragua
Banco ADEMI	Banco de Ahorro y Crédito ADEMI	Dominican Republic
Banco Familiar	Banco Familiar S.A	Paraguay
Banco FIE	Banco para el Fomento a Iniciativas Economicas	Bolivia
Banco Solidario	Banco Solidario S.A., Ecuador	Ecuador
BancoSol	Banco Solidario S.A., Bolivia	Bolivia
BanCovelo	Banco Popular Covelo	Honduras
BanGente	Banco de La Gente Emprendedora	Venezuela
BCSC	Banco Caja Social Colombia	Colombia
CAME	Consejo de Asistencia al Microemprendedor, S.A. de C.V., SOFIPO	Mexico
CMAC Arequipa	Caja Municipal de Ahorro y Crédito de Arequipa	Peru
CMAC Cusco	Caja Municipal de Ahorro y Crédito de Cusco	Peru
CMAC Piura	Caja Municipal de Ahorro y Crédito de Piura	Peru
CMAC Trujillo	Caja Municipal de Ahorro y Crédito de Trujillo	Peru
COAC Jardín Azuayo	Cooperativa de Ahorro y Crédito Jardín Azuayo Ltda.	Ecuador
CompartamosBanco	Banco Compartamos S.A. Institución de Banca Múltiple	Mexico
Coop Jesús Nazareno	Cooperativa Jesús Nazareno Ltda.	Bolivia
COOPROGRESO	Cooperativa de Ahorro y Crédito Cooprogreso Ltda.	Ecuador
CRECER	Crédito con Educación Rural	Bolivia
Crediscotia	Crediscotia Financiera S.A.	Peru
D-Miro	Fundación para el Desarrollo Microempresarial D-Miro	Ecuador

INSTITUTIONS PARTICIPANTS IN LAC TRENDS 2006-2011 REPORT		
ACHRONYM	NAME	COUNTRY
FIELCO	Financiera El Comercio	Paraguay
Financiera Edyficar	Financiera Edyficar S.A.	Peru
Financiera Fama	Financiera Fama S.A.	Nicaragua
Financiera Independencia	Financiera Independencia, S.A.B. de C.V. SOFOM E.N.R.	Mexico
FINCA - ECU	Banco FINCA S.A., Ecuador	Ecuador
FINCA - HND	Financiera FINCA Honduras S.A.	Honduras
FINCA - MEX	Fundación Integral Comunitaria, A.C. - FINCA México	Mexico
FinComún	Servicios Financieros Comunitarios, S.A. de C.V. SFP	Mexico
FINSOL	Financiera Solidaria Honduras	Honduras
FMM Popayán	Fundación Mundo Mujer Popayán	Colombia
Forjadores de Negocios	Forjadores de Negocios, S. A. de C.V. SOFOM ENR	Mexico
FUNED	Fundación para el Desarrollo de Honduras	Honduras
Interfisa Financiera	Grupo Internacional de Finanzas S.A.E.C.A.	Paraguay
MiBanco	MiBanco, Banco de la Microempresa S.A.	Peru
ODEF Financiera	Organización de Desarrollo Empresarial Femenino Financiera S.A.	Honduras
ProCredit - BOL	Banco Los Andes ProCredit	Bolivia
ProCredit - ECU	Banco ProCredit Ecuador (ex Sociedad Financiera Ecuatorial, SFE)	Ecuador
ProCredit - HND	Banco ProCredit Honduras	Honduras
ProCredit - NIC	Banco ProCredit Nicaragua	Nicaragua
ProCredit - SLV	Banco ProCredit El Salvador	El Salvador
PRODEM FFP	Fondo Financiero Privado PRODEM	Bolivia
Te Creemos	Te Creemos, S.A. de C.V. SFP	Mexico
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WWB Cali	Fundación WWB Colombia	Colombia

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