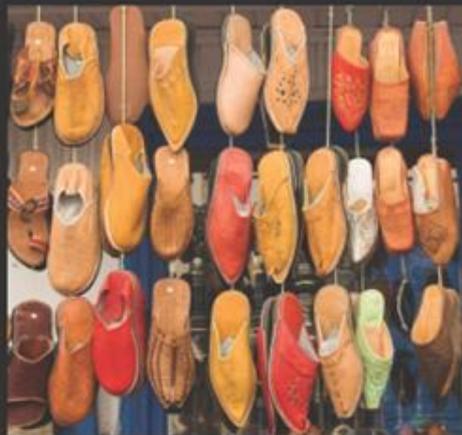


# Microfinance Market Trends in Latin America and the Caribbean 2005 – 2010



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

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## Introduction:

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.

# Introduction

Principal Accounts Added for the 47 MFIs (In millions of US\$)			
Principal added	Balance 2010	Var. % '10/'09	Var. % '10/'05 1/
Borrowers (thousands)	9,134	12.2%	18.9%
Depositors (thousands)	10,997	17.4%	27.6%
Brute Portfolio	12,830	15.9%	24.5%
Microenterprise 2/	7,191	30.3%	n/d
Other Credit	5,639	1.6%	n/d
Assets	17,124	19.3%	23.5%
Deposits	10,515	23.3%	23.9%
Debt	3,327	10.8%	22.8%
Equity	2,648	24.5%	25.2%

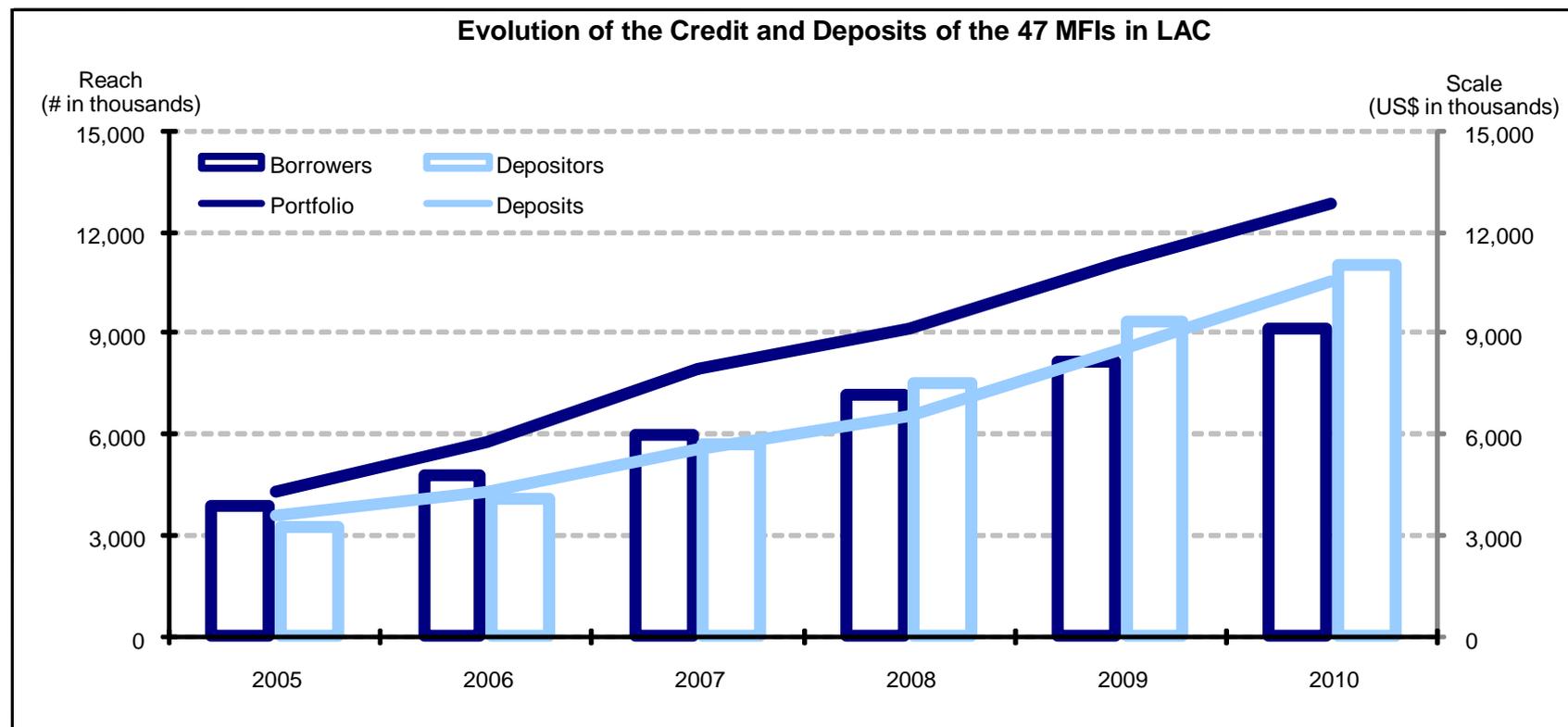
1/ Annual Average

n/d: No disponible

2/ Definitive information for the MFIs of Bolivia, Ecuador, and Peru; and estimate for the rest of the LAC countries

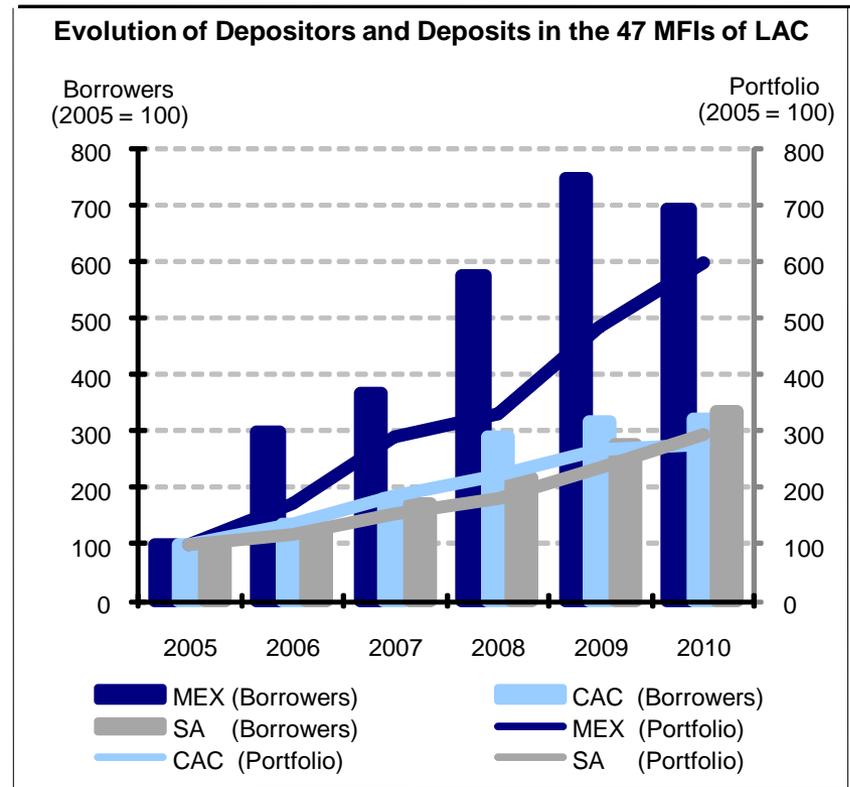
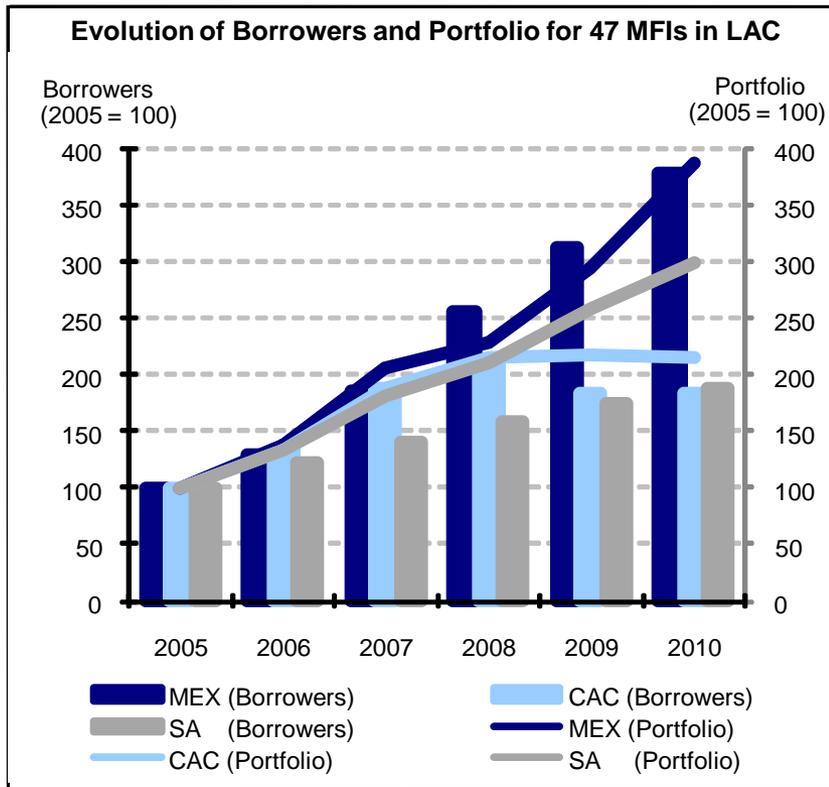
- In 2010, the microfinance institutions of Latin America and the Caribbean continued their growth by adding 15.9% to portfolio and 23.3% to deposits.
- Similarly, the number of clients grew both in terms of borrowers (12.2%) and depositors (17.4%).
- Nevertheless, the evolution was different with respect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

# Reach – Credit and Deposit Portfolio



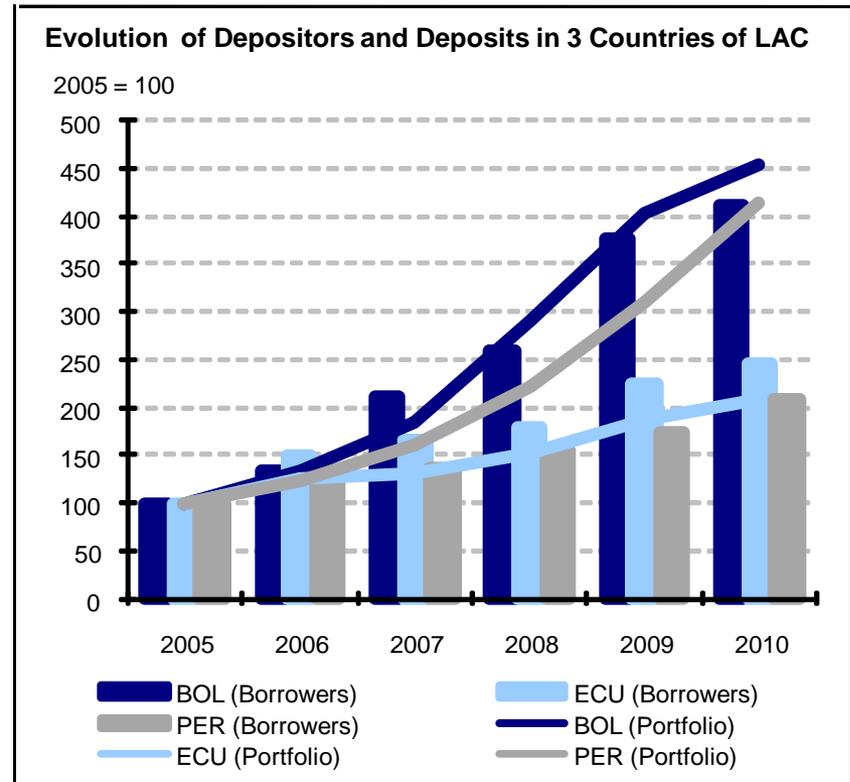
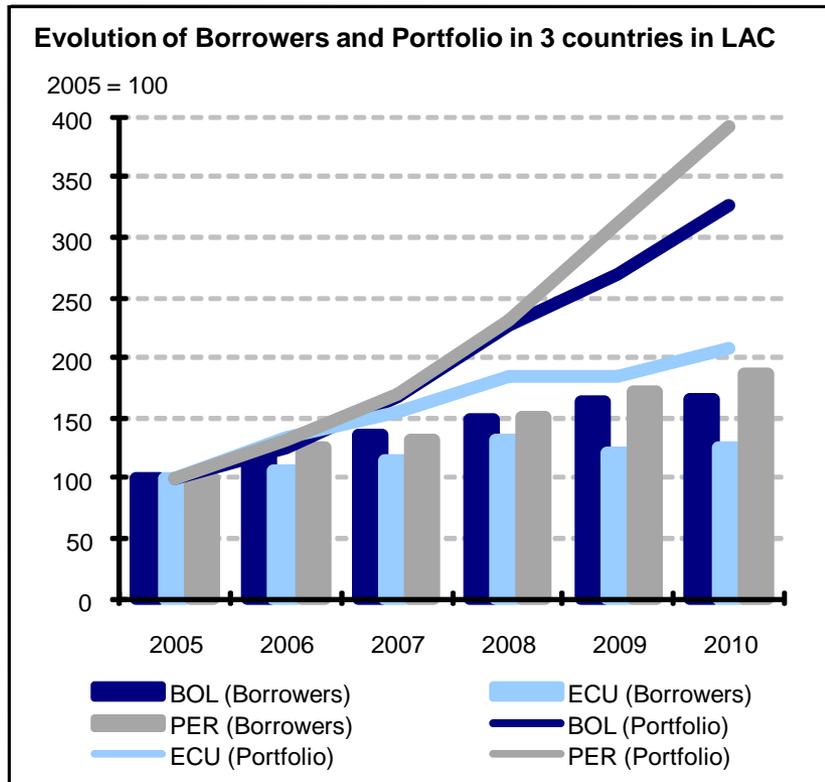
- Growth in portfolio of credits and deposits slowed in 2010 advancing 15.9% and 23.3% respectively.
- A similar situation was seen in the number of borrowers (12.2%) although the slower growth was more pronounced for the number of depositors (17.4%).

# Reach – Portfolio of credits and deposits by subregion



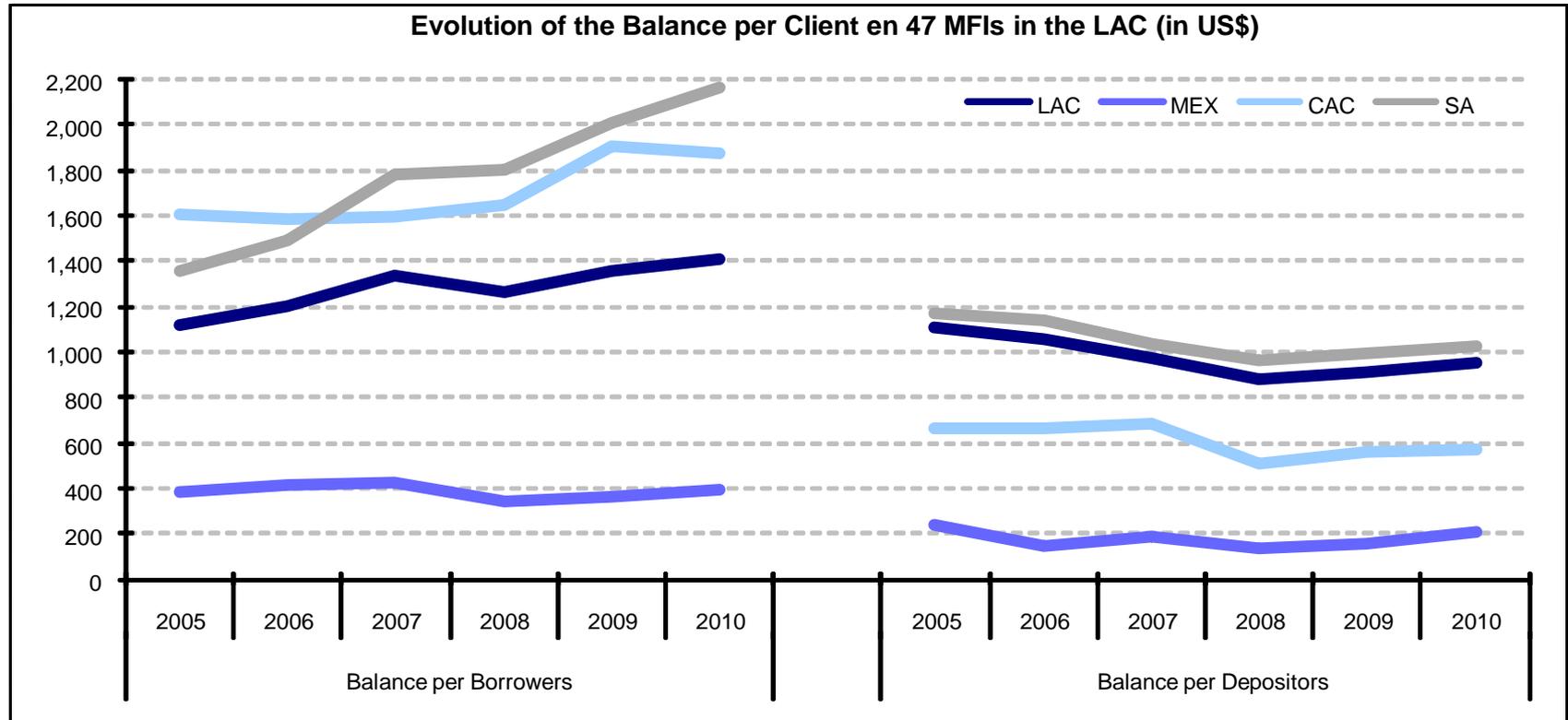
- Central America and the Caribbean did not recuperate in 2010 as seen by the 1.1% drop in portfolio and the incremental growth of active borrowers, which only reached 0.4%.
- Mexico maintained its portfolio growth (31.5%) and borrowers (21.1%) while South America saw slower growth (15.5% and 7.1% respectively).

# Reach – Portfolio of Credit and Deposits in Selected Markets



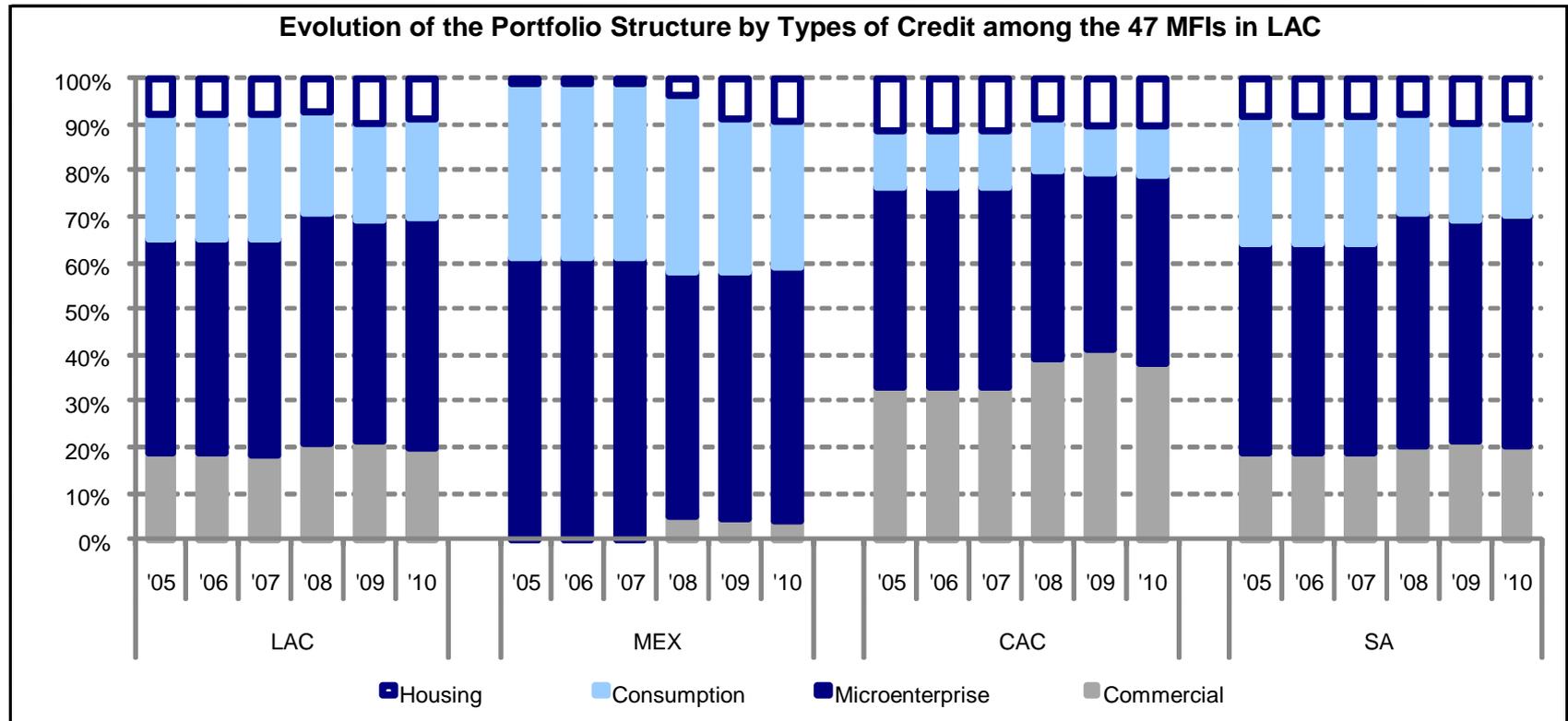
- Ecuador saw a recover in its portfolio (15.3%) and in borrowers (3.2%) while Bolivia maintained its growth in portfolio (20.8%) and Peru saw growth (25.6%).
- Through strong expansion, Bolivia saw a growth in deposits (13.1%) as did Ecuador (11.7%).

# Reach – Balance of loans and deposits per client and subregion



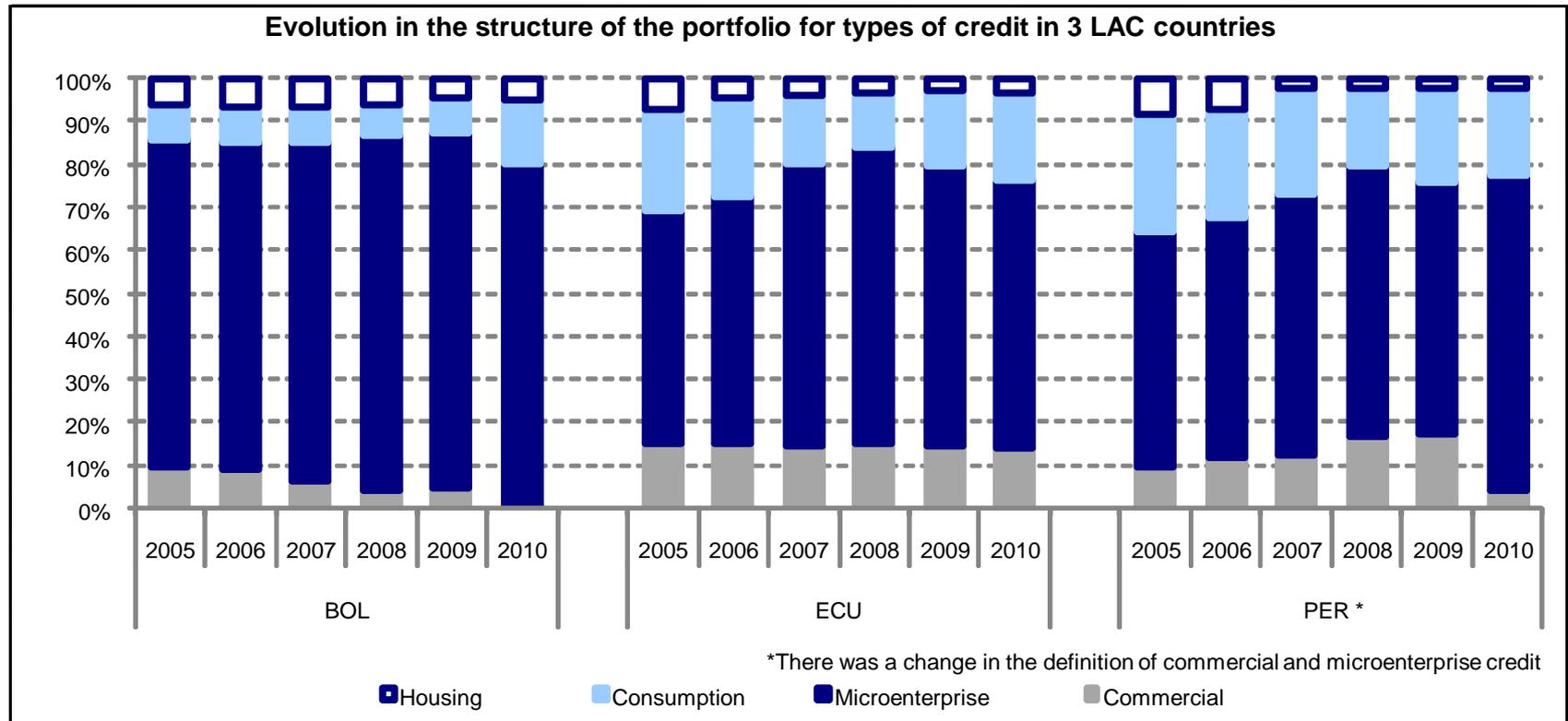
- Balance per borrower continued growing in South America (approximately US\$2,200), remained at around US\$400 in Mexico and fell in Central America.
- Balance per depositors grew in South America as a direct result of the growth in reach, while in the other subregions it remained stable.

# Type of Credit – Structure of portfolio by Subregion



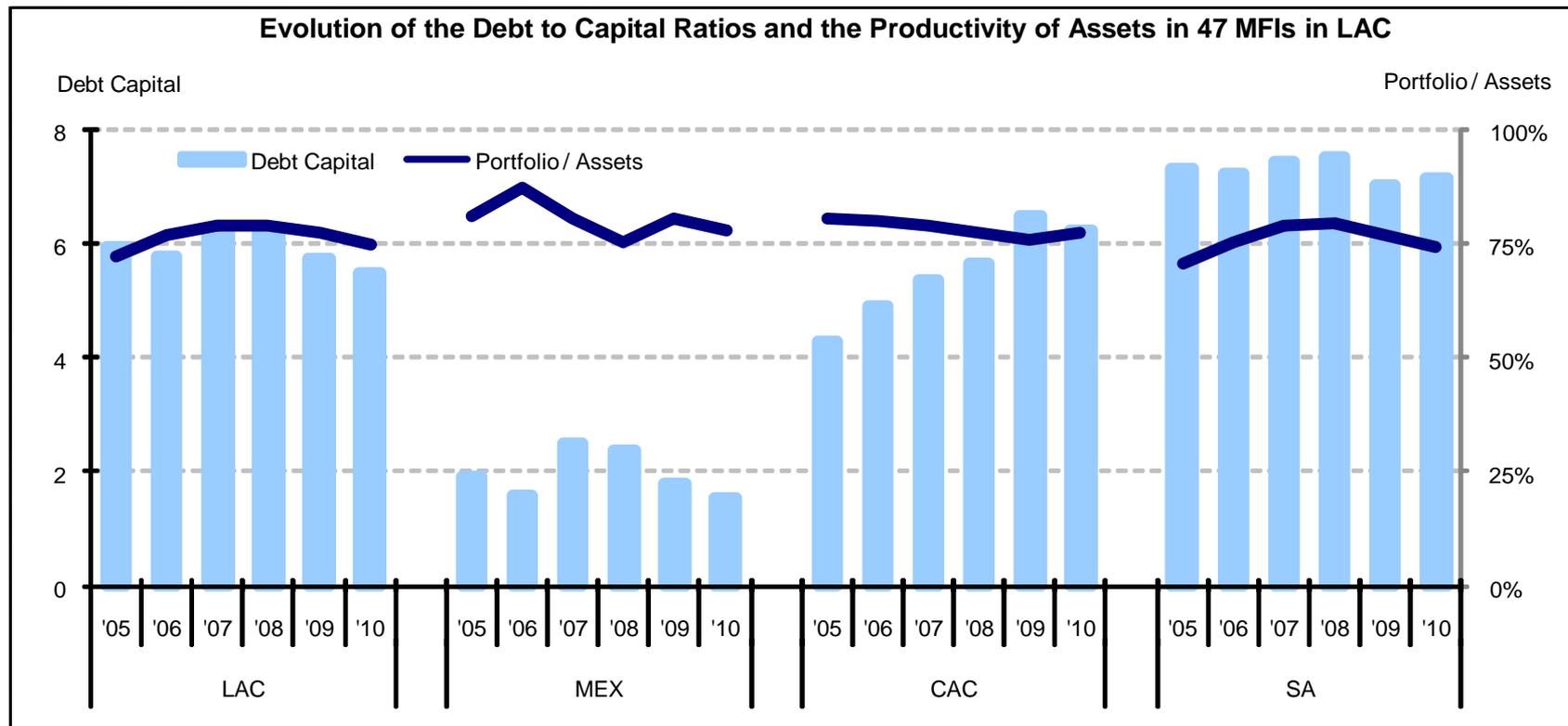
- In Mexico the portfolio saw a recomposition since 2008 with commercial and housing credit more clearly manifested themselves.
- Central America experienced an increase in commercial portfolio while South America manifested greater credit to microenterprises.

# Types of Credit – Portfolio structure in selected markets



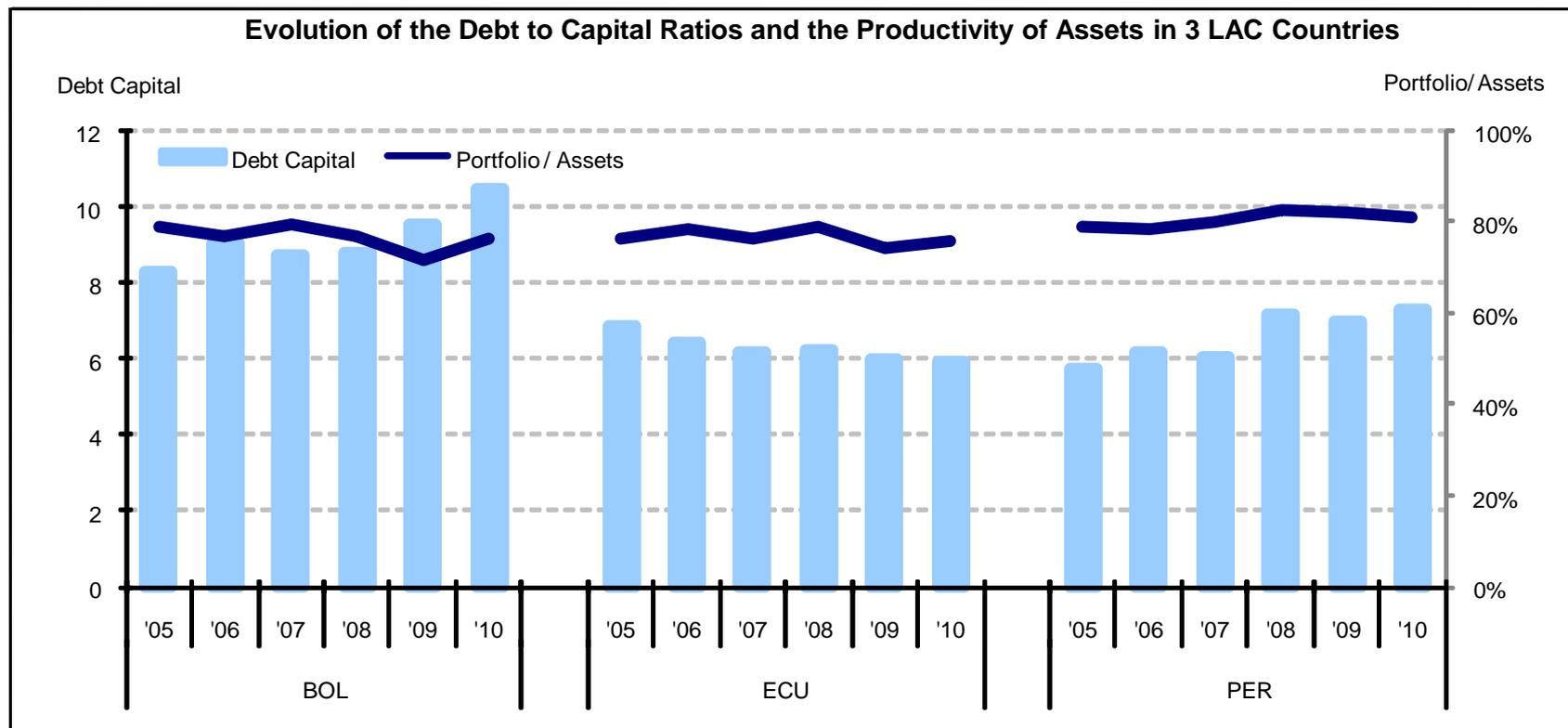
- Although credit to microenterprises is the primary product in Bolivia, Ecuador, and Peru, in the case of Bolivia and Ecuador, loans for consumption have begun to have a greater presence.
- The observed recomposition in Peru during the last year follows a change in the definition of commercial and microenterprise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

# Financial Structure – Leverage and productivity by subregion



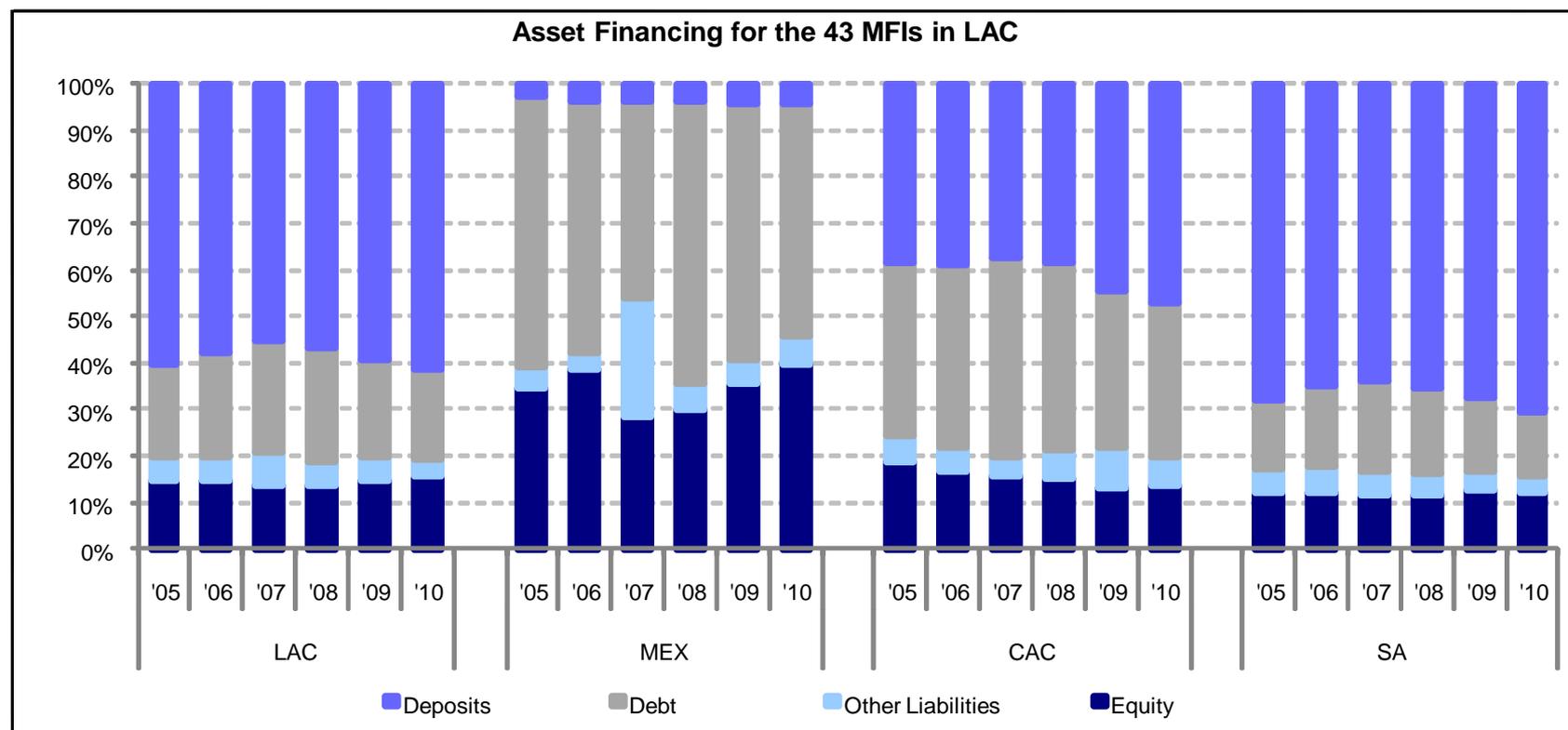
- The leverage and productivity of assets shows an erratic trend in Mexico, owing largely to financing with one's own resources.
- In Central America and the Caribbean the debt to capital ratio fell discretely even though in some cases it increased up to 7 times higher.

# Financial Structure – Leverage and productivity in selected markets



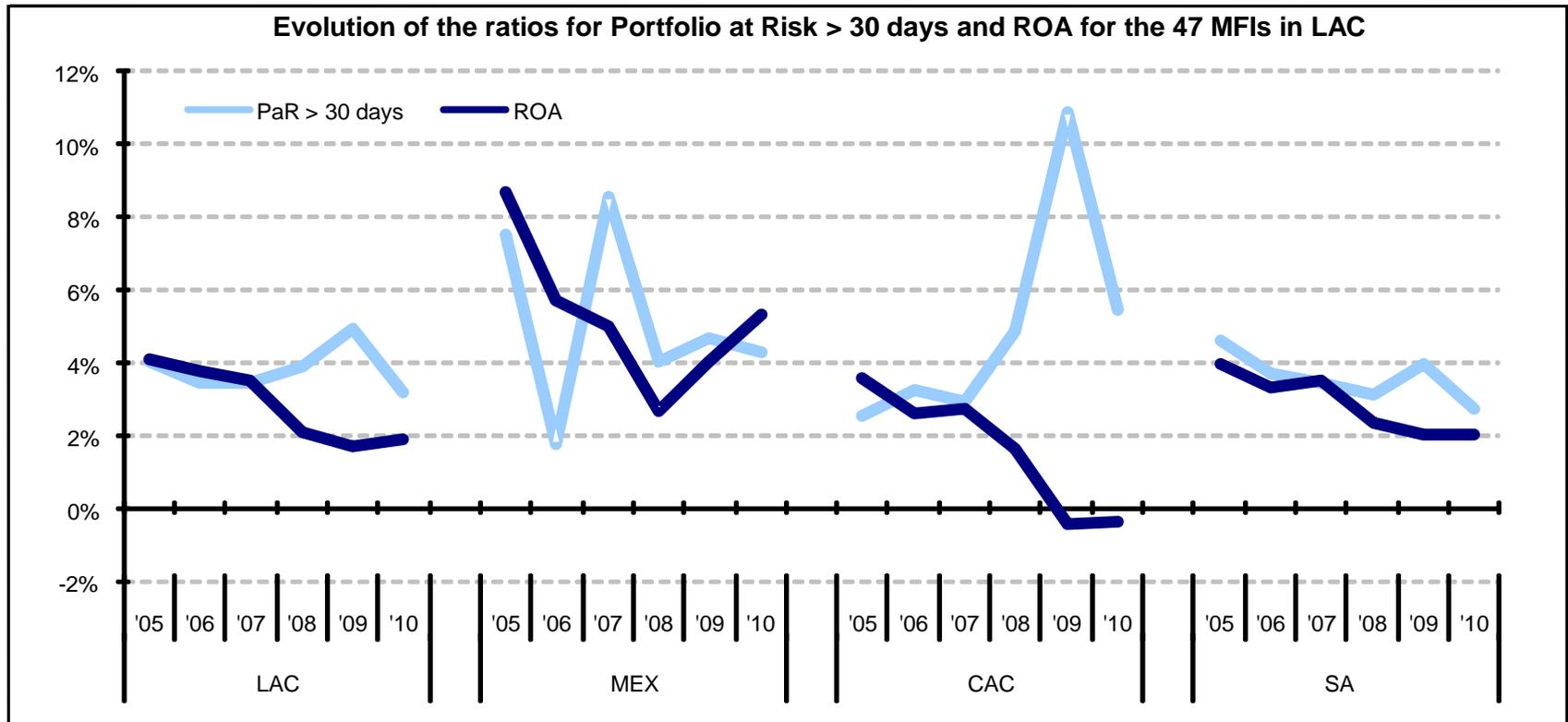
- The growth of deposits (13.1%) and debt (24.5%) in Bolivia caused an increase in its debt / capital ratio.
- In Ecuador and Peru the debt decreased (-1.2% for the former) or had a low rate of growth (4.3%). So leverage does not reach the levels seen in Bolivia.

# Financial Structure – Financing by subregion



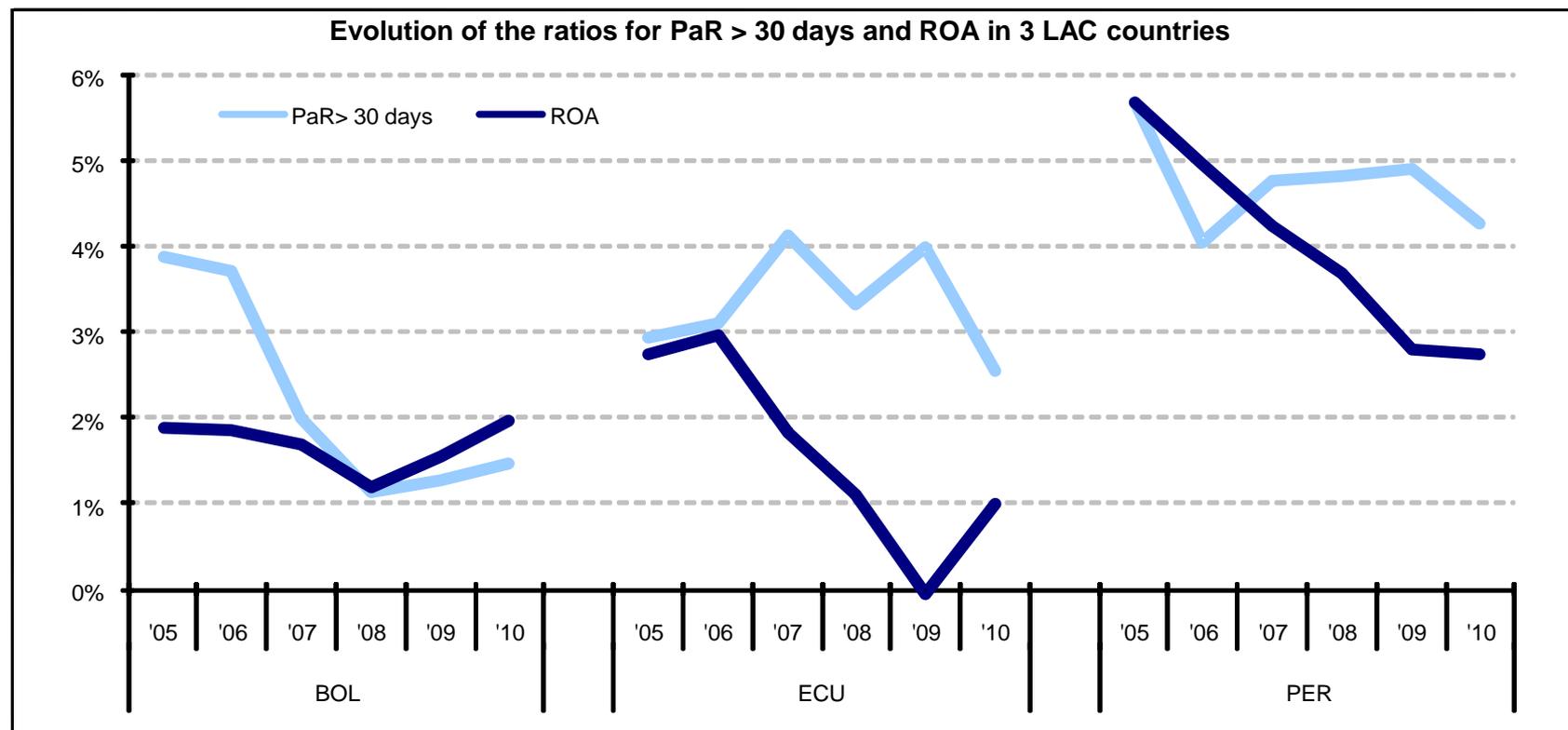
- In the region, deposits financed more than 60% of assets, taking away the amount of debt. However, debt financing has a significant presence in Central America (33%) and above all Mexico (50%).
- Mexico and South America are differentiated by the erratic changes seen in the former contrasted with stable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

# Risk and Profitability - Subregions



- 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 penalties levied. In South America, the results were less disperse.

# Risk and Profitability – Selected Markets



- 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.

## Final Comments

- 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 portfolio penalties. As a result of this, the level of profitability increased slightly.

# Data Preparation

Represented MFIs from each country according the sample from MIX and focused by types of credit in 2009 (Millions of US\$ and percentages)								
Countries	Number of MFIs			Total Gross Portfolio (Millions of US\$)			Types of Credit <sup>1/</sup>	
	Report	MIX	Coverage	Report	MIX	Coverage	Micro Enterprise 2/	Consumption
Bolivia	6	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	7	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%
Dominican 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%
8 Other Countries	-	79	0.0%	-	2,492.3	0.0%	n/a	n/a
<b>Total Región</b>	<b>47</b>	<b>347</b>	<b>13.5%</b>	<b>11,089.1</b>	<b>19,520.7</b>	<b>56.8%</b>	<b>68.0%</b>	<b>20.6%</b>

1/ As a percent of Total Gross Portfolio for the 47 MFIs included in this report / NA not available

n/d: No disponible

2/ Including loans to microenterprises and small businesses

3/ Including 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 superintendants and or finance superintendants 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 averages.
- 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

## Participating Institutions in the Trends Report for LAC 2005- 2010

Acronvm	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
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
BANEX	Banco del Éxito (ex FINDESA)	Nicaragua
BanGente	Banco de La Gente Emprendedora	Venezuela
BCSC	Banco Caja Social Colombia	Colombia
CAME	Consejo de Asistencia al Microempendedor, 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
Crezkamos Kapital	Crezkamos Kapital Eurekaoli, S. A. de C.V.	Mexico

# Participating Institutions (con't)

Participating Institutions in the Trends Report for LAC 2005- 2010		
Acronym	Name	Country
D-Miro	Fundación para el Desarrollo Microempresarial D-Miro	Ecuador
FIELCO	Financiera El Comercio	Paraguay
Financiera Edyficar	Financiera Edyficar S.A.	Perú
Financiera Fama	Financiera Fama S.A.	Nicaragua
Financiera Independencia	Financiera Independencia, S.A.B. de C.V. SOFOM E.N.R.	México
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	México
FinComún	Servicios Financieros Comunitarios, S.A. de C.V. SFP	México
FINSOL	Financiera Solidaria Honduras	Honduras
FMM Popayán	Fundación Mundo Mujer Popayán	Colombia
Interfisa Financiera	Grupo Internacional de Finanzas S.A.E.C.A.	Paraguay
MiBanco	MiBanco, Banco de la Microempresa S.A.	Perú
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	México
Visión Banco	Visión Banco S.A.E.C.A.	Paraguay
WWB Cali	Fundación WWB Colombia	Colombia

# About MIX

MIX is the premier source for objective, qualified and relevant microfinance performance data and analysis. Committed to strengthening financial inclusion and the microfinance sector by promoting transparency, MIX provides objective, qualified and relevant performance information on microfinance institutions (MFIs), funders, networks and service providers dedicated to serving the financial sector needs for low-income clients.

MIX fulfills its mission through a variety of platforms. On MIX Market ([www.mixmarket.org](http://www.mixmarket.org)), we provide instant access to financial and social performance information covering approximately 2,000 MFIs around the world. Our publications, MicroBanking Bulletin and MIX Microfinance World, feature thorough and timely analysis based on qualified data and research.

Incorporated in 2002, MIX is a non-profit organization headquartered in Washington, DC with regional offices in Azerbaijan, India, Morocco, and Peru. Our efforts are strengthened through our collaboration with the following global partners: Bill & Melinda Gates Foundation, CGAP, Omidyar Network, The MasterCard Foundation, IFAD, Michael & Susan Dell Foundation, Citi Foundation, and Ford Foundation. For more information about MIX, please visit [www.themix.org](http://www.themix.org).



# About MIF / IDB

Through donations, loans and capital investments, MIF, member of the IDB group, supports innovative private projects that expand the access to basic services, finances, markets, skills and capabilities for the betterment of Latin America and the Caribbean. Founded in 1993, MIF is the largest source of financing in Latin America and the Caribbean, and concentrates its principal activities in the development of small and medium enterprises.

