

# 2008-2013

# MICROFINANCE MARKET TRENDS

## *in Latin America and the Caribbean*

### JULY 2014

The Microfinance Information Exchange (MIX) and the Multilateral Investment Fund (MIF), a member of the IDB Group, are pleased to present the report *"2008 – 2013 Microfinance Market Trends in Latin America and the Caribbean."*

This report uses a sample which includes data from 58 institutions from December 31 of each year between 2008 and 2013, representing 59% of the total borrowers and 62% of the gross loan portfolio of the region regularly reporting to MIX. All the data is available in a **spreadsheet** that can be downloaded from the MIX website.

The indicators of this sample of microfinance institutions show their accomplishments as significant agents of financial inclusion. The growing diversification of the services on offer, the increase in the number of borrowers and deposit accounts, and the dominant focus on the microenterprise sector are all indicative of these accomplishments.

This report incorporates information on the regional loan portfolio from MIX, broken down by loan method, geographical location and gender of borrowers, together with the structure of deposits for each product. Together with the information presented earlier (types of loan and other financial performance variables), this enables a complete overview of the evolution of the microfinance industry in the region.

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## KEY FINDINGS

The microfinance market in Latin America and the Caribbean has experienced marked differences among the different sub-regions in relation to the services offered, the population served, and the financial performance of institutions.

In 2013, the total loan portfolio of these institutions grew slightly (7% in total amount and 1% in number of borrowers) while loans to microenterprises (microcredits) remained relatively stable (-2% in amount and 5% in number of loans). The microenterprise portfolio in the region still represents over 50% of the total loan portfolio of the institutions reviewed, however, a slight trend towards greater diversification may be observed, through the growth of the commercial, consumption and mortgage portfolios.

The more mature markets, such as South and Central America and the Caribbean, displayed more diversified portfolios, with greater proportions of other portfolios including commercial, consumption and housing loans, unlike the situation in Mexico, where the microcredit portfolio prevails.

In terms of clients served in the region, the number of depositors is higher than the number of borrowers, a difference that has increased between 2012 and 2013. Borrowers are predominantly from rural areas and a greater number are women. The number of depositors increased to a greater proportion than deposits did, leading to a reduction in the average size of deposit balances as compared to previous years. Deposits are mostly voluntary in nature, though in Mexico compulsory savings have a strong presence.

A gradual increase in the average amount of loans is also observed (to US\$2,000), including those made to microenterprises (to US\$1,550), which have increased almost 50% in the past five years, above all due to the strong growth in average balance in South America.

Financing of the microfinance entities is principally through deposits (62% of the total), though there are some marked differences at a regional level. The evolution of the profitability and risk portfolio ratios presents significant differences. In South America, there is a certain level of stability, while Central America and the Caribbean are recovering the ratios they had prior to the financial crisis. In Mexico, results are more variable.

## THE MICROFINANCE MARKET AT THE SUB-REGIONAL LEVEL

### CENTRAL AMERICA AND THE CARIBBEAN

The total loan portfolio and the number of borrowers maintain the pace of growth seen in previous years. Of note is the higher level of portfolio diversification compared to their peers in Mexico, a significant proportion of commercial loans in relation to the total volume of the portfolio, a high level of investment in the rural sector (49%) and high levels of voluntary deposits (78%). Deposits in these Central American and Caribbean institutions have become consolidated as the principal source of financing in the past five years, climbing from 41% to 52% of the total sources of financing.

### MEXICO

The total amount of the loan portfolio grew slightly (1%), however, the number of borrowers fell (-9%). The total proportion of microcredits (balance and borrowers) saw a slight rise in its pace of growth over the previous year. The loan method is predominantly community banking. Clients are overwhelmingly female (92%), though the trend over the past five years has been towards a slight decrease in this percentage. Institutions are principally financed through debt.

### SOUTH AMERICA

The loan portfolio and the number of borrowers continue to rise (8% and 7% respectively) with a slight slowdown in the pace of growth. In the case of microenterprise loan portfolios, a slight reduction is observed both in number of loans (-1%) and in volume of the gross loan portfolio (-4%). The dominant loan method is individual, mostly urban (80%), and diversified, but still with an emphasis on microenterprises (53%). As in Central America and the Caribbean, they are primarily financed through deposits (around 70%) and to a lesser degree through debt and other liabilities.

## MAIN VOLUME INDICATORS *from 58 LAC MFIs*

↘ **TABLE 1** MAIN VOLUME INDICATORS *from 58 LAC MFIs* <sup>[1]</sup>

MAIN ACCOUNTS	2013 BALANCES	YOY% '13/'12	YOY% '12/'11	VARIATION TREND <sup>[2]</sup>	YOY% '13/'08 <sup>[3]</sup>
<b>Borrowers ('000)</b>	11,693	1%	8%	↓	12%
<b>Depositors ('000)</b>	17,323	16%	11%	↑	22%
<b>Gross Loan Portfolio</b>	23,070	7%	21%	↓	19%
Microenterprise <sup>[4]</sup>	12,712	-2%	25%	↓	19%
Other credit types	10,358	21%	16%	↑	18%
<b>Assets</b>	29,704	5%	22%	↓	23%
<b>Deposits</b>	18,382	7%	24%	↓	26%
<b>Borrowings</b>	5,015	1%	20%	↓	15%
<b>Equity</b>	4,638	5%	19%	↓	25%

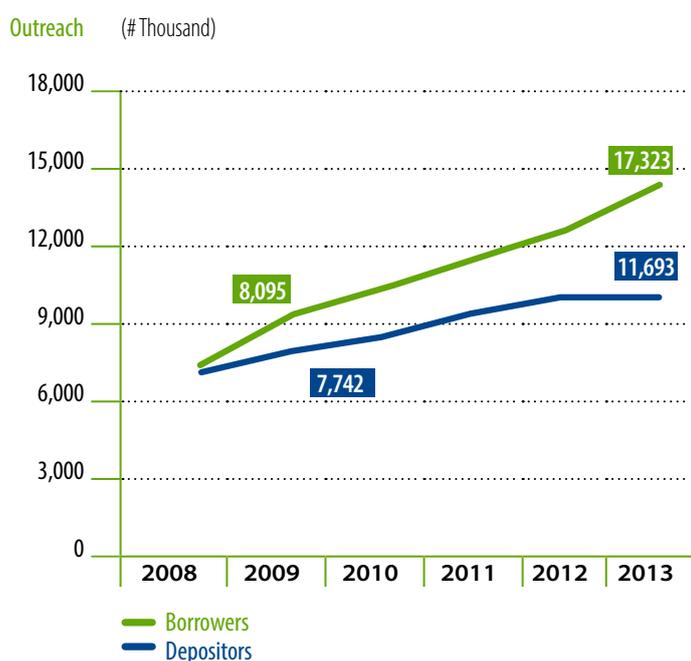
[1] In US\$ millions.

[2] Refers to change on speed between two annual growth rates.

[3] Annual average.

[4] Final MFI information for Bolivia, Colombia, Ecuador and Peru, estimates for other countries.

↘ **GRAPH 1**  
ACTIVE BORROWERS AND DEPOSITORS  
*for 58 LAC MFIs*



↘ **GRAPH 2**  
GROSS LOAN PORTFOLIO  
AND DEPOSITS *for 58 LAC MFIs*

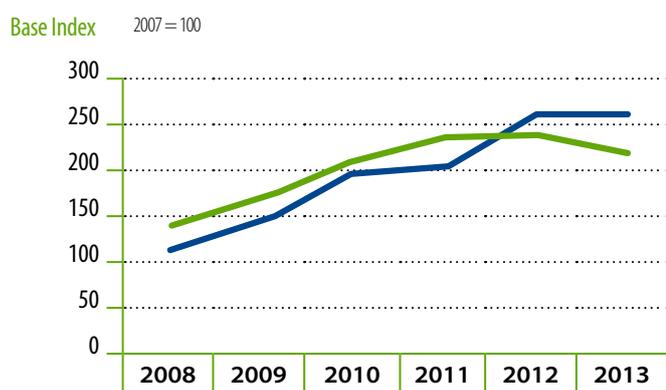


▶ **TABLE 2** BORROWERS AND GROSS LOAN PORTFOLIO *in LAC Subregions*

MAIN ACCOUNTS	SUB REGION	2013 BALANCES	YoY % '13/'12	YoY % '12/'11	YoY % '13/'08
<b>Active Borrowers</b> (# in Thousands)	MX	4,307	-9%	2%	10%
	CC	553	1%	9%	1%
	SA	6,833	7%	13%	9%
	Total LAC	11,693	1%	8%	9%
<b>Gross Loan Portfolio</b> (US\$ Millions)	MX	2,053	1%	30%	19%
	CC	1,055	5%	5%	6%
	SA	19,962	8%	21%	20%
	Total LAC	23,070	7%	21%	19%

▶ **GRAPH 3** BORROWERS AND GROSS LOAN PORTFOLIO *by Subregions*

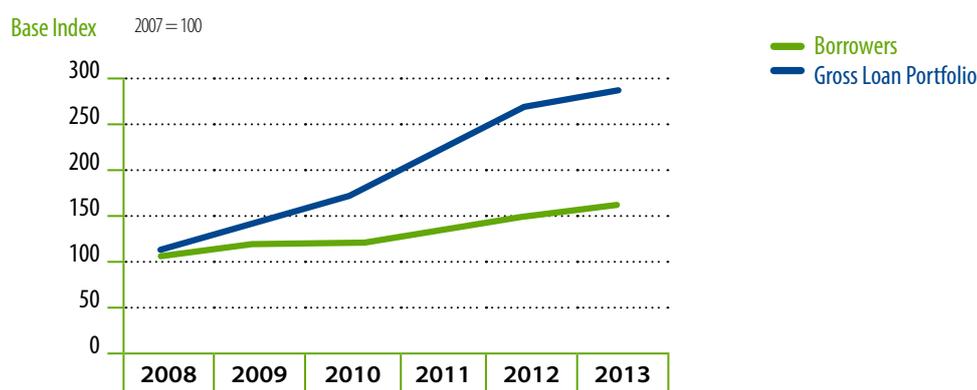
▼ MEXICO (MX)



▼ CENTRAL AMERICA AND THE CARIBBEAN (CC)



▼ SOUTH AMERICA (SA)



▶ **TABLE 3** MICROENTERPRISE PORTFOLIO *in LAC Subregions*

MAIN ACCOUNTS	SUB REGION	2013 BALANCES	YoY % '13/'12	YoY % '12/'11	YoY % '13/'08
<b>Active borrowers</b> (# in Thousands)	MEX	3,726	12%	6%	19%
	CC	471	5%	3%	2%
	SA	4,124	-1%	7%	7%
	Total LAC	8,320	5%	6%	11%
<b>Gross Loan Portfolio</b> (US\$ Millions)	MX	1,498	8%	30%	25%
	CC	463	5%	6%	6%
	SA	10,751	-4%	25%	20%
	Total LAC	12,712	-2%	25%	19%

▶ **GRAPH 4** LOANS AND MICRO-ENTERPRISE LOAN PORTFOLIO *by Subregions*

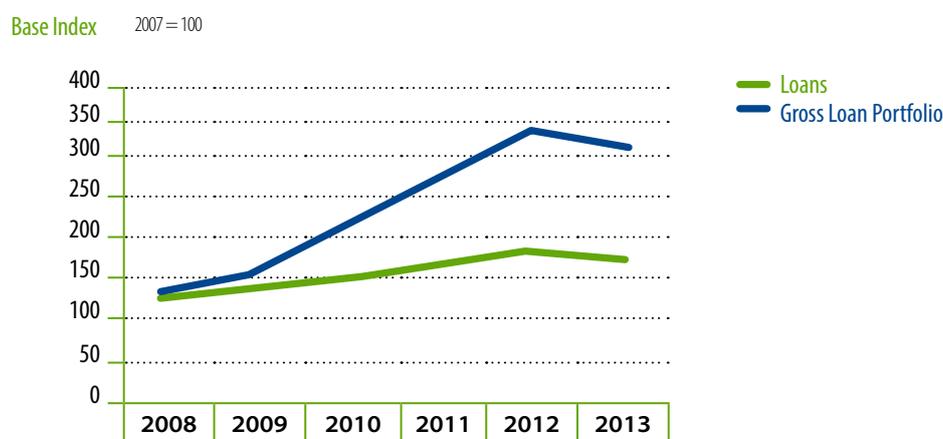
▼ MEXICO (MX)



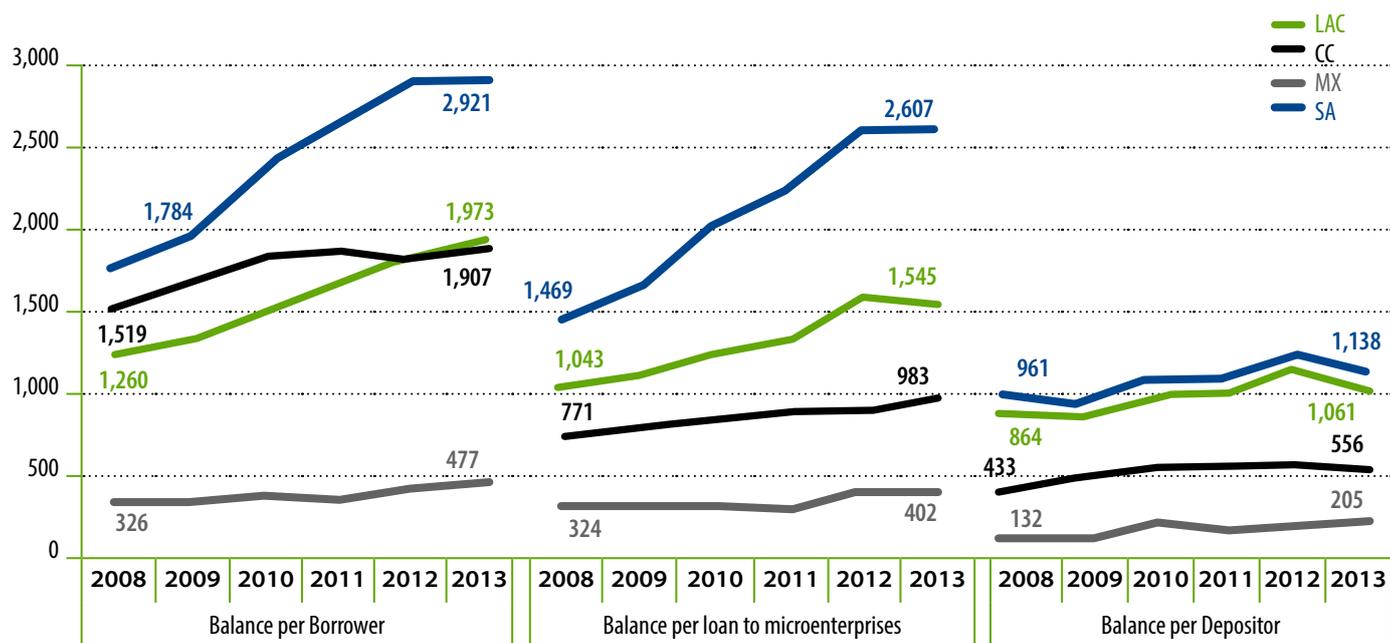
▼ CENTRAL AMERICA AND THE CARIBBEAN (CC)



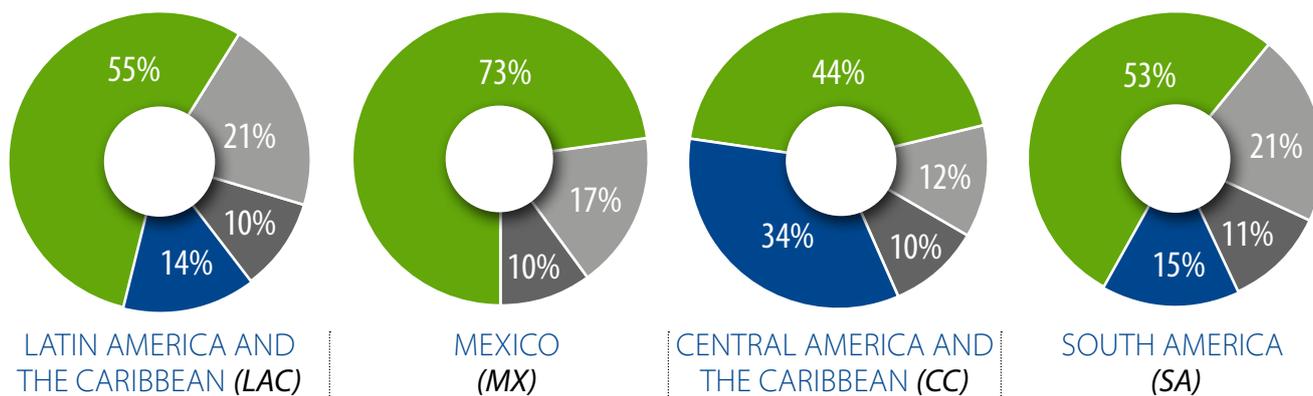
▼ SOUTH AMERICA (SA)



▶ **GRAPH 5** AVERAGE BALANCES PER CLIENT *for 58 LAC MFIs (in US\$)*



▶ **GRAPH 6** PORTFOLIO STRUCTURE BY CREDIT TYPE IN 2013 *in 58 LAC MFIs\**

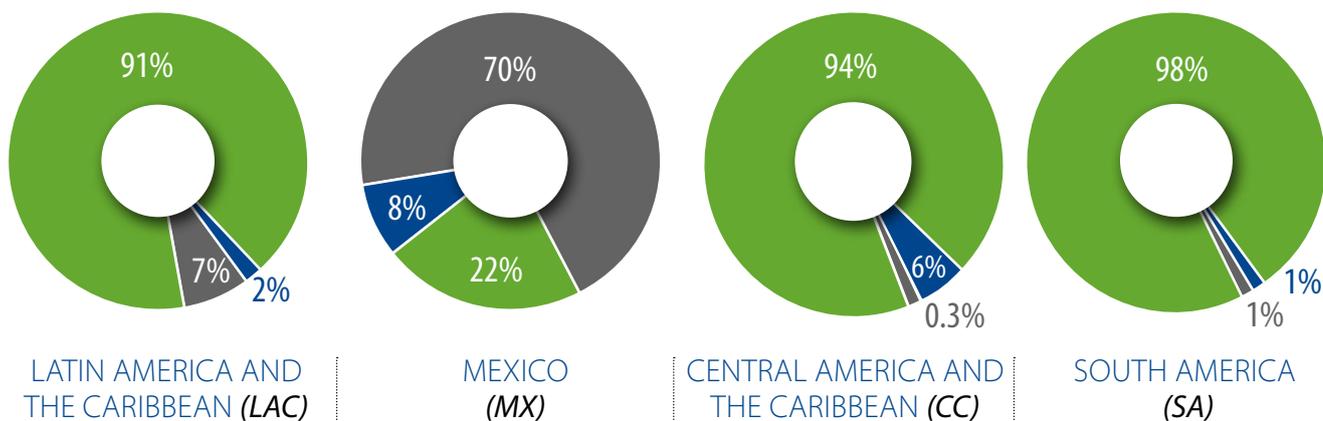


\*In some cases numbers in the pie charts in this document do not add up to 100% due to rounding.

- Commercial
- Microenterprise
- Consumer
- Housing

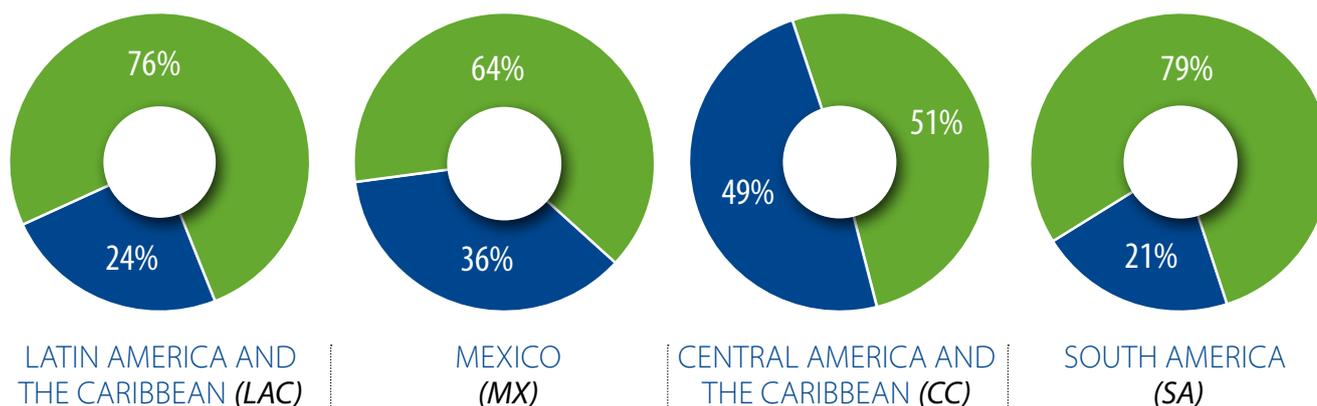
➤ **GRAPH 7** PORTFOLIO STRUCTURE BY LENDING METHODOLOGY  
IN 2013 *in 58 LAC MFIs*

- Individual Credit
- Solidarity Group
- Village Banking



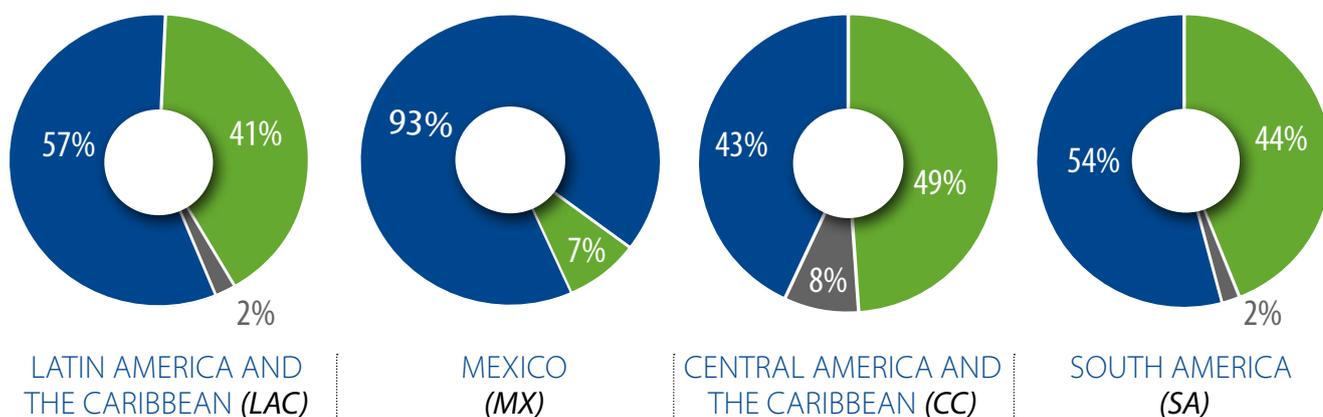
➤ **GRAPH 8** PORTFOLIO STRUCTURE BY GEOGRAPHIC LOCATION IN 2013  
*in 58 LAC MFIs*

- Urban
- Rural



➤ **GRAPH 9** PORTFOLIO STRUCTURE BY BORROWER GENDER IN 2013  
*in 58 LAC MFIs*

- Women
- Men
- Institutional\*



\* It refers to the legal person or legal entities.

▶ **TABLE 4** DEPOSITORS AND DEPOSITS *in LAC Subregions*

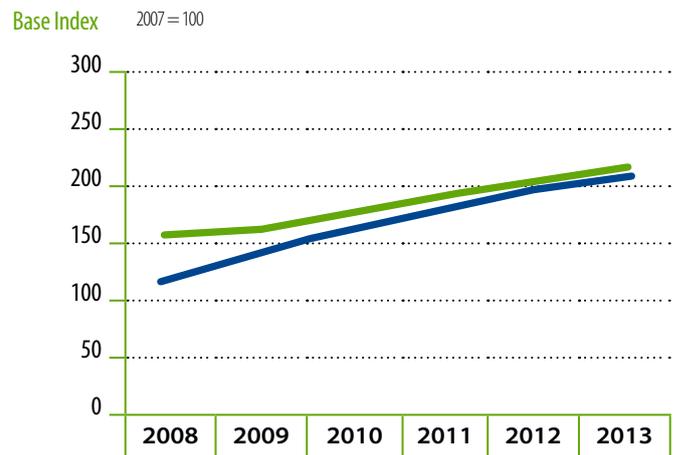
MAIN ACCOUNTS	SUB REGION	2013 BALANCES	YoY % '13/'12	YoY % '12/'11	YoY % '13/'08
Depositors (# Thousands)	MX	615	19%	8%	13%
	CC	1,300	6%	7%	6%
	SA	15,408	17%	11%	18%
	<b>Total LAC</b>	<b>17,323</b>	<b>16%</b>	<b>11%</b>	<b>16%</b>
Deposits (US\$ Millions)	MX	126	33%	15%	23%
	CC	722	4%	11%	12%
	SA	17,533	7%	24%	22%
	<b>Total LAC</b>	<b>18,382</b>	<b>7%</b>	<b>24%</b>	<b>21%</b>

▶ **GRAPH 10** DEPOSITORS AND DEPOSITS *by Subregions*

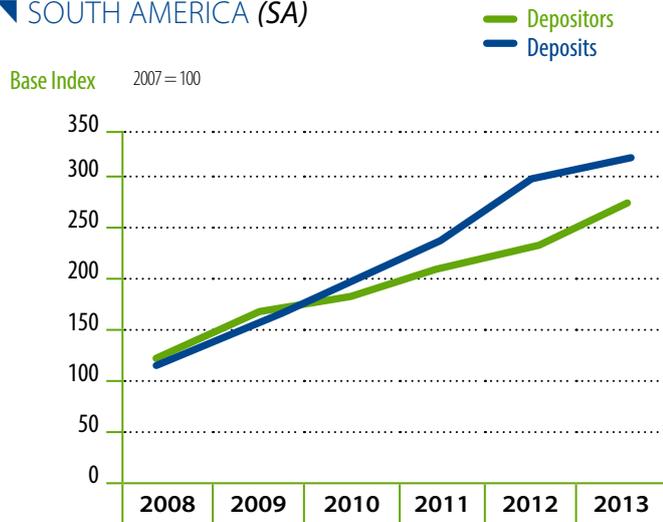
▼ MEXICO (MX)



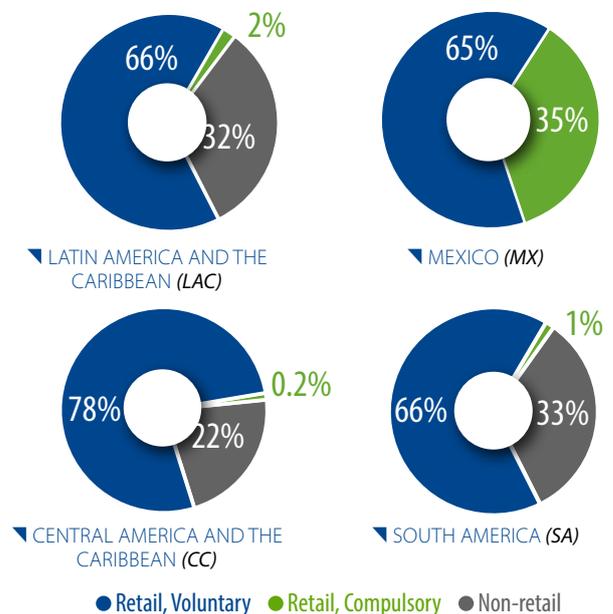
▼ CENTRAL AMERICA AND THE CARIBBEAN (CC)



▼ SOUTH AMERICA (SA)

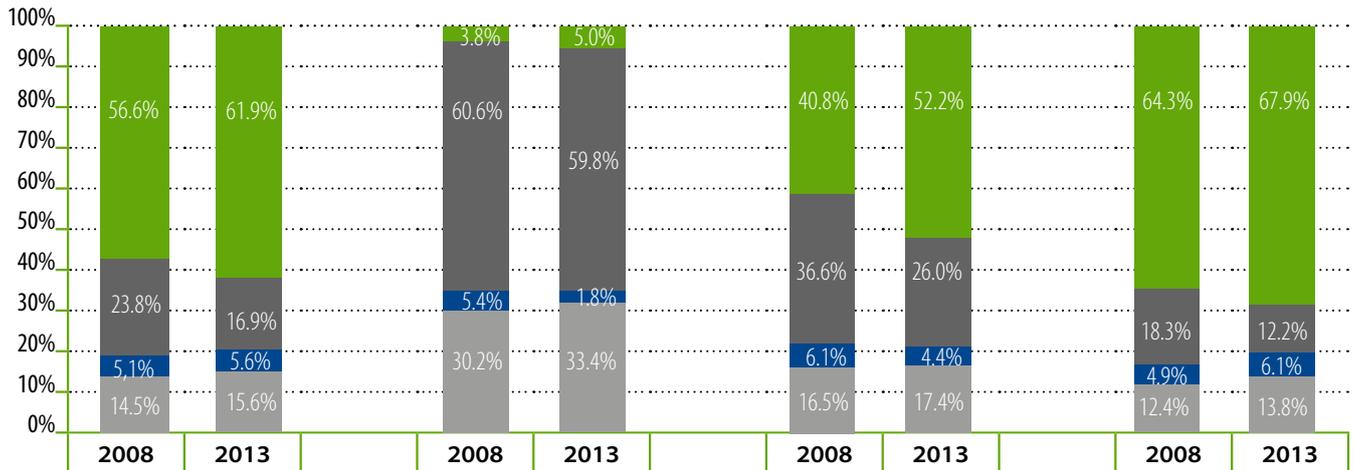


▶ **GRAPH 11** DEPOSITS STRUCTURE IN 2013 *in 58 LAC MFIs*

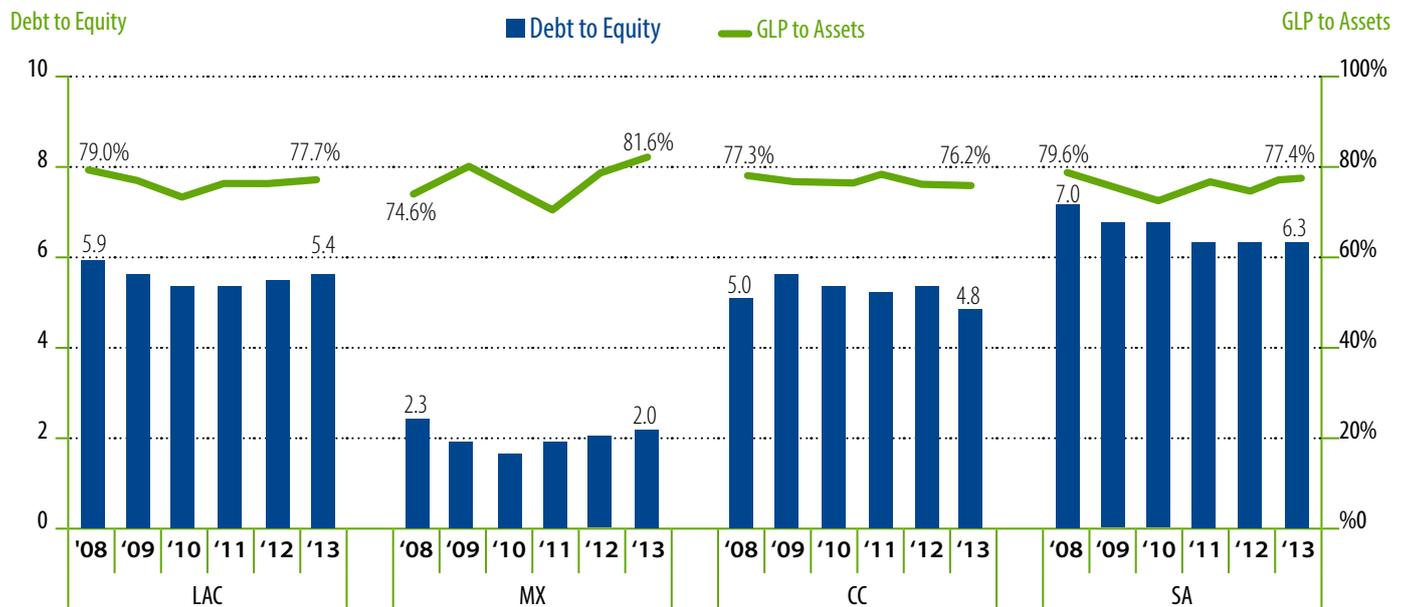


▶ **GRAPH 12 ASSETS FINANCIAL STRUCTURE** for 58 LAC MFIs

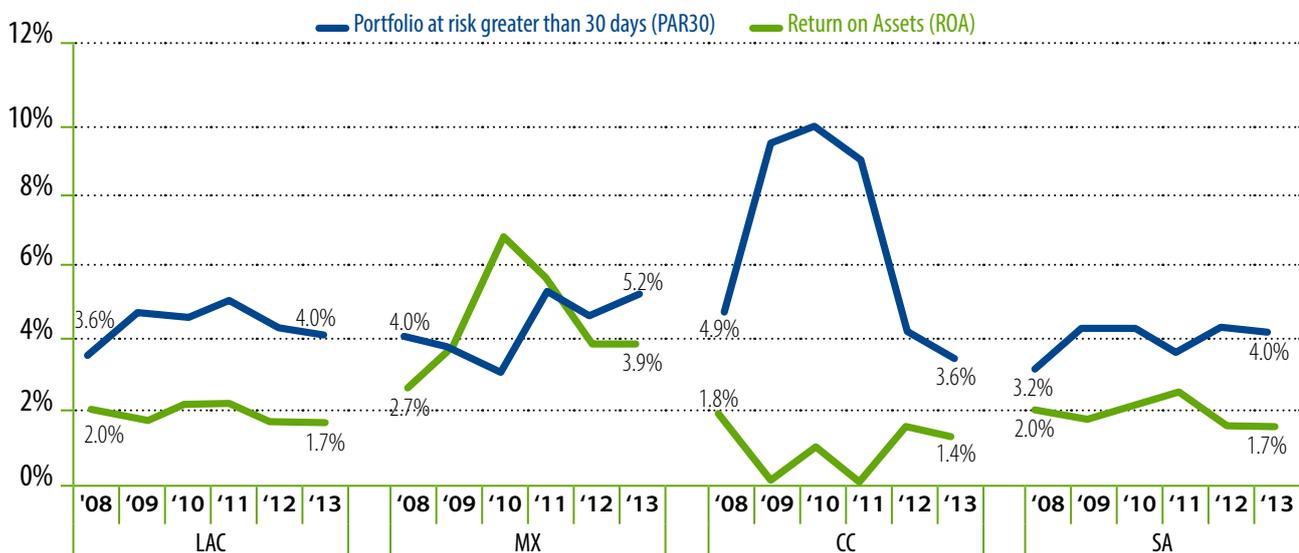
█ Deposits █ Borrowings  
█ Other liabilities █ Equity



▶ **GRAPH 13 DEBT TO EQUITY RATIOS AND PRODUCTIVITY ASSET RATIO (MEDIANS)** for 58 MFIs in LAC



▶ **GRAPH 14 PORTFOLIO AT RISK GREATER THAN 30 DAYS AND RETURN ON ASSET RATIO (MEDIANS)** for 58 LAC MFIs



## MFI REPRESENTATION IN EACH COUNTRY BASED ON 2012 DATA OF MIX SAMPLE (US\$ Millions and Percentages)

COUNTRIES	NUMBER OF MFIs		GROSS LOAN PORTFOLIO (MILL. US\$)		
	INCLUDED ON THE REPORT	AVAILABLE ON MIX	INCLUDED ON THE REPORT	AVAILABLE ON MIX	COVERAGE
Bolivia	8	21	3,349	3,581	94%
Colombia	6	27	5,529	6,755	82%
Ecuador	8	44	1,342	2,782	48%
El Salvador	3	13	339	429	79%
Honduras	6	24	236	368	64%
Mexico	9	60	2,032	3,826	53%
Nicaragua	3	21	120	285	42%
Paraguay	4	6	1,247	1,272	98%
Peru	8	54	6,482	10,722	60%
Dominican Republic	2	12	305	669	46%
Venezuela	1	1	165	165	100%
Other 10 countries <sup>[1]</sup>	-	90	-	4,547	0%
<b>TOTAL REGION</b>	<b>58</b>	<b>373</b>	<b>21,148</b>	<b>35,400</b>	<b>60%</b>

[1] It includes Argentina, Belize, Brazil, Chile, Costa Rica, Granada, Guatemala, Haiti, Jamaica, Panama, Suriname and Trinidad & Tobago.

- > **Sources:** MIX Market, banking and/or financial authorities of countries in the region whose MFIs are included, the MFIs themselves.
- > Representativeness has been measured according to 2012 data given that data for 2013 is still being gathered as this report was published.
- > Data for the 58 participating MFIs (see list of MFIs in appendix) were taken from public sources, provided by microfinance networks or by the MFIs themselves.
- > All the indicators correspond to consolidated figures for the 58 MFIs, except for the Debt to Equity, Productivity of assets, 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/2014/06/Latin-American-and-the-Caribbean-Microfinance-Market-Trends-2007-2013>

## GLOSSARY OF TERMS USED BY MIX

### Definitions of **Credit Types** 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.

**Micro-enterprise.** 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. Also known as a "Microcredit."

**Consumption.** 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.

### Definitions of **Deposits** used by MIX

**Non-retail deposits.** Deposits from institutions such as corporations, other financial institutions or government agencies.

**Retail deposits, compulsory.** The value of deposits that an MFI's clients are required to maintain as a condition of an existing or future loan.

**Retail deposits, voluntary.** The value of savings maintained by MFI clients that is not required as a condition of an existing or future loan.

## PARTICIPATING INSTITUTIONS IN LAC TRENDS 2008-2013 REPORT

SUBREGION	COUNTRY	ACRONYM	NAME
Central America and the Caribbean	El Salvador	ACCOVI	Asociación Cooperativa de Ahorro y Crédito Vicentina de R.L.
Central America and the Caribbean	El Salvador	Apoyo Integral	Sociedad de Ahorro y Crédito Apoyo Integral S.A.
Central America and the Caribbean	El Salvador	ProCredit - SLV	Banco ProCredit El Salvador
Central America and the Caribbean	Honduras	Banco Popular	Banco Popular S.A. (ex BanCovelo)
Central America and the Caribbean	Honduras	FAMA OPDF	Familia y Medio Ambiente OPDF
Central America and the Caribbean	Honduras	FINSOL	Financiera Solidaria Honduras
Central America and the Caribbean	Honduras	HDH OPDF	Fundación Microfinanciera Hermandad de Honduras OPDF
Central America and the Caribbean	Honduras	ODEF Financiera	Organización de Desarrollo Empresarial Femenino Financiera S.A.
Central America and the Caribbean	Honduras	ProCredit - HND	Banco ProCredit Honduras
Central America and the Caribbean	Nicaragua	ASODENIC	Asociación de Oportunidad y Desarrollo Económico de Nicaragua
Central America and the Caribbean	Nicaragua	Financiera Fama	Financiera Fama S.A.
Central America and the Caribbean	Nicaragua	ProCredit - NIC	Banco ProCredit Nicaragua
Central America and the Caribbean	Dominican Republic	Banco ADEMI	Banco de Ahorro y Crédito ADEMI
Central America and the Caribbean	Dominican Republic	Banco ADOPEM	Banco de Ahorro y Crédito ADOPEM
Mexico	Mexico	Apoyo Económico	Apoyo Económico Familiar, S.A. de C.V. SOFOM ENR
Mexico	Mexico	Banco Forjadores	Banco Forjadores (Ex Forjadores de Negocios, S. A. de C.V. SOFOM ENR)
Mexico	Mexico	CAME	Consejo de Asistencia al Microemprendedor, S.A. de C.V., SOFIPO
Mexico	Mexico	Compartamos Banco	Banco Compartamos S.A., Institución de Banca Múltiple
Mexico	Mexico	Financiera Independencia	Financiera Independencia, S.A.B. de C.V. SOFOM E.N.R.
Mexico	Mexico	FINCA - MEX	Financiera Finca, S.A. de C.V. SOFOM, ENR
Mexico	Mexico	FinComún	Servicios Financieros Comunitarios, S.A. de C.V. SOFIPO
Mexico	Mexico	Invirtiendo	Invirtiendo S.A. de C.V., SOFOM, ENR
Mexico	Mexico	Te Creemos	Te Creemos, S.A. de C.V. SOFIPO
South America	Bolivia	Banco FIE	Banco para el Fomento a Iniciativas Economicas S.A.
South America	Bolivia	BancoSol	Banco Solidario S.A., Bolivia
South America	Bolivia	Coop Jesús Nazareno	Cooperativa de Ahorro y Credito Jesús Nazareno Ltda.
South America	Bolivia	CRECER	Crédito con Educación Rural
South America	Bolivia	EcoFuturo FFP	Eco Futuro Fondo Financiero Privado
South America	Bolivia	Fassil FFP	Fondo Financiero Privado Fassil
South America	Bolivia	ProCredit - BOL	Banco Los Andes ProCredit

SUBREGION	COUNTRY	ACRONYM	NAME
South America	Bolivia	PRODEM FFP	Fondo Financiero Privado PRODEM
South America	Colombia	Bancamia	Bancamía S.A., Banco de las Microfinanzas
South America	Colombia	Banco Caja Social	Banco Caja Social Colombia
South America	Colombia	Banco WWB	Banco WWB S.A.
South America	Colombia	Comultrasan	Cooperativa de Ahorro y Crédito de Santander Ltda. "Financiera Comultrasan"
South America	Colombia	FinAmérica	Financiera América
South America	Colombia	Fundación Mundo Mujer	Fundación Mundo Mujer Popayán
South America	Ecuador	Banco Solidario	Banco Solidario S.A., Ecuador
South America	Ecuador	COAC Jardín Azuayo	Cooperativa de Ahorro y Crédito Jardín Azuayo Ltda.
South America	Ecuador	COAC Mushuc Runa	Cooperativa de Ahorro y Crédito Mushuc Runa Ltda.
South America	Ecuador	CODESARROLLO	Cooperativa de Ahorro y Crédito Desarrollo de los Pueblos
South America	Ecuador	COOPROGRESO	Cooperativa de Ahorro y Crédito Cooprogreso Ltda.
South America	Ecuador	D-Miro	Banco D-Miro
South America	Ecuador	FINCA - ECU	Banco para la Asistencia Comunitaria FINCA
South America	Ecuador	ProCredit - ECU	Banco ProCredit S.A., Ecuador
South America	Paraguay	Banco Familiar	Banco Familiar S.A.
South America	Paraguay	Financiera El Comercio	Financiera El Comercio
South America	Paraguay	Interfisa Financiera	Grupo Internacional de Finanzas S.A.E.C.A.
South America	Paraguay	Visión Banco	Visión Banco S.A.E.C.A.
South America	Perú	CMAC Arequipa	Caja Municipal de Ahorro y Crédito de Arequipa
South America	Perú	CMAC Cusco	Caja Municipal de Ahorro y Crédito de Cusco
South America	Perú	CMAC Piura	Caja Municipal de Ahorro y Crédito de Piura
South America	Perú	CMAC Sullana	Caja Municipal de Ahorro y Crédito de Sullana
South America	Perú	CMAC Trujillo	Caja Municipal de Ahorro y Crédito de Trujillo
South America	Perú	Crediscotia	Crediscotia Financiera S.A.
South America	Perú	Financiera Edyficar	Financiera Edyficar S.A.
South America	Perú	MiBanco	MiBanco, Banco de la Microempresa S.A.
South America	Venezuela	BanGente	Banco de La Gente Emprendedora

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