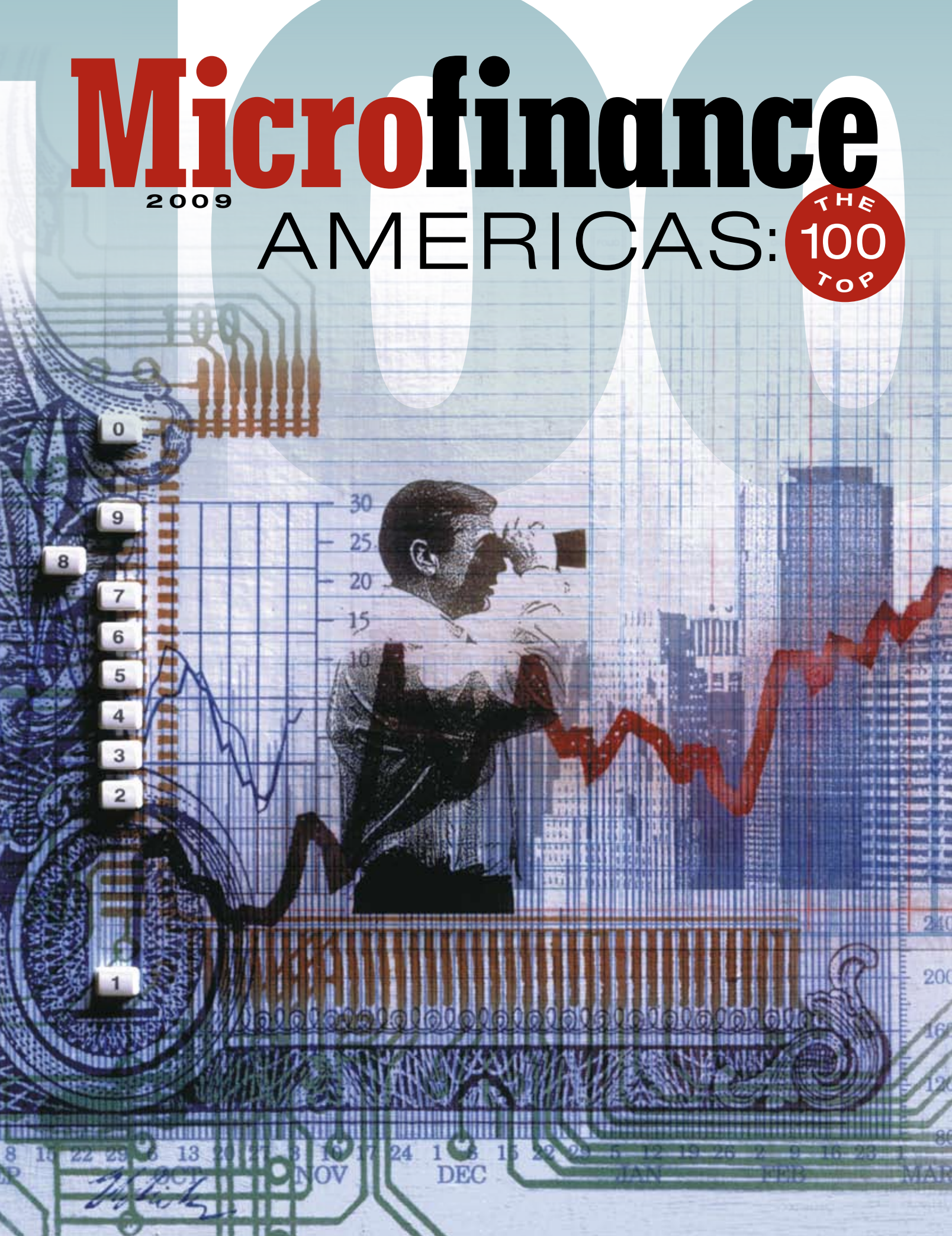


Microfinance

2009

AMERICAS:

THE
100
TOP



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Microfinance

AMERICAS: THE TOP 100



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Microfinance Americas 100 is published by the Multilateral Investment Fund of the Inter-American Development Bank.



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The Inter-American Development Bank is not responsible for the editorial content of *Microfinance Americas 100*; the views expressed in the articles are those of the authors.

ISSN 1811-2013

Cover by Gary Eldridge/Images.com

FROM THE MANAGER

The Multilateral Investment Fund and the MIX are pleased to present the 2009 *Microfinance Americas 100*, this year's ranking of microfinance institutions (MFIs) in Latin America and the Caribbean.

This year's report has been significantly improved and upgraded. For the first time, the report's main ranking is based on a combination of indicators rather than simply size. As of this edition, the top microfinance institutions will achieve their ranking based on three areas of performance: *outreach, efficiency and transparency*. We believe that combining these factors more accurately reflects the impact MFIs are having in the region.

As with all rankings, this one will no doubt provoke debate and discussion. We hope that it will cause those at the top of the ranking to work hard to stay there and others to work even harder to improve their standing.

Microfinance Americas 100—the ranking—like the *Microscope of the Microfinance Business Environment*, is based on our view that knowing and addressing one's weaknesses is key to moving past them. *Microfinance Americas 100* provides essential information for the microfinance industry in the region as they work toward expanding the access to financial services to the millions of currently underserved microenterprises. The MIF, through *Microfinance Americas 100*, the *Microscope* and its other activities, will continue to provide the support that will allow us to achieve this goal.

We invite you to enjoy this new edition of *Microfinance Americas 100*.

JULIE T. KATZMAN

General Manager
Multilateral Investment Fund



ARLETTE PEDRAGLIO, IDB

The graphic features the word "Microfinance" in a large, bold font, with "Micro" in red and "finance" in black. Below it, the word "AMERICAS:" is written in a smaller, black, all-caps font. To the right of "AMERICAS:" is a green circular badge with the text "THE 100 TOP" in white. The background consists of large, light blue, stylized letters "100" with a grid pattern. A globe is visible on the right side of the graphic.

Microfinance

AMERICAS: THE 100 TOP

The microfinance industry in Latin America and the Caribbean saw its growth diminish in 2008 compared to previous years. However, microfinance institutions (MFIs) were still going to great lengths to expand their services to low-income sectors, which led to portfolio growth of 12.6% and an increase in the number of loans of 17.8%. By the end of 2008, the initial effects of the international financial crisis on the microfinance industry were beginning to show. Additionally, the global economic slowdown and oversupply of credit in some markets were latent risks that had already affected the performance of several leading players.



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Despite the fact that MFIs were still able to finance themselves through commercial sources—mobilizing deposits as much as loans—margins fell in the period from 2007 to 2008 with return on assets dropping from 3.4% to 3.2% and return on equity declining from 12.4% to 11.5%. This was the first indication of the need to sacrifice results, assigning operational resources to control repayment delinquency, which increased from 3.8% to 4.3% in roughly the same time period.

The Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB) and the Microfinance Information Exchange, Inc. (MIX) are pleased to present this year's annual ranking of the region's leading MFIs. Based on a survey of 229 MFIs, the MIX collected and analyzed data from auditors, regulatory agencies, risk-ranking agencies and other independent sources to report on MFI performance in 2008. As a whole, these

DO YOU WANT TO KNOW MORE?

This report contains only a small portion of the information available on Latin American and Caribbean MFIs. For further statistical data, go to: www.mixmarket.org > Microfinance Institutions.

institutions managed US\$14.7 billion channeled through more than 13.4 million products and loans for low-income clients in 18 countries in the region. Microenterprise lending grew 20.9% in 2008, for a total of US\$7.9 billion distributed in 8.2 million loans.

COMPOSITE RANKING

This year, *Microfinance Americas 100* (previously *The Championship League*) launched a new ranking based on the methodology established by the *MIX Global 100 Composite*—which ranks

the top-performing MFIs in the region. The measure of performance used in the ranking is made up of three “pillars”: *outreach*, *efficiency* and *transparency*. Each MFI obtains a certain score by combining the indicators that comprise each pillar. (Further information can be found in the *Methodological Note* at the end of this report.)

Top performance implies maximizing the results in different areas: improve outreach, minimize risk, reduce costs and improve returns. Since a top result in all areas is frequently an unattainable goal, this ranking includes and considers all these performance benchmarks rather than using only size. Thus, a variety of MFIs appear in the top spots and not just the largest.

Once the results were evaluated, Credi Fé of Ecuador placed first in the composite ranking. This MFI surpassed other regional leaders in South America, which held the next seven positions, each with significant market coverage in

THE TOP FIVE MFIs:

- 1.** Credi Fé, a lending subsidiary of Banco del Pichincha in Ecuador, took first place in the composite ranking with outstanding performance indicators in the *efficiency* pillar, due to the synergies associated with showing the lowest operating costs relative to portfolio generated for the bank's main office, the largest in the country with a national presence.
- 2.** MiBanco of Peru took second place in the composite ranking based on its second place in the *outreach* pillar, a result of its 45.3% growth in microenterprise lending (20.9% above the regional average and 24% above the Peruvian average) and due to its high level of deposits captured, which allowed it to finance the significant increase in loans placed.
- 3.** The Foundation for Microentrepreneurial Development—Ecuador Alliance Mission, D-Miro—came in third place in the composite ranking and 11th place in the *efficiency* pillar. Its loans are among those with broader

outreach, benefiting microentrepreneurs in Guayaquil and five other coastal cities in Ecuador. Also, it was the best placed non-regulated institution in the composite ranking.

- 4.** FINCA Bank of Ecuador came in fourth place; the MFI obtained similar results in the *outreach* and *efficiency* pillars. The increased number of loans placed allowed it to distribute costs across a wider base of borrowers, which had a positive influence on its efficiency indicators. Its conversion from a financial institution into a bank in early 2008 allowed it to continue to reach synergies and enhance its image in the market.

- 5.** PRODEM S.A. of Bolivia (a private financial fund) was able to place in the top five institutions due to a third place in the *outreach* pillar. It was able to significantly increase its number of deposit accounts (up to 4.3 times the number of total loans), demonstrating that its liability products are vital to reaching the critical mass of rural clients.

TOP 100 MFIs IN LATIN AMERICA & THE CARIBBEAN

Ranking	Name of MFI	Country	Score	Out-reach Pillar	Efficiency Pillar	Transparency Pillar	General Trend †
1	Credi Fé	Ecuador	82.20%	21	5	1	MIC
2	MiBanco	Peru	80.90%	2	56	1	MIC
3	D-Miro	Ecuador	80.56%	23	11	1	Only MIC
4	FINCA - Ecuador	Ecuador	79.76%	24	16	1	MIC
5	PRODEM FFP	Bolivia	79.65%	3	58	1	MIC
6	CrediAmigo	Brazil	79.52%	9	36	1	Only MIC
7	FIE FFP	Bolivia	79.09%	5	63	1	MIC
8	CompartamosBanco	Mexico	78.37%	4	72	1	MIC
9	FONDESOL	Guatemala	77.07%	39	20	1	Only MIC
10	BancoSol	Bolivia	76.88%	16	53	1	MIC
11	Banco ADOPEM	Dominican Republic	76.83%	6	75	1	MIC
12	Central Cresol Baser	Brasil	76.14%	60	18	1	MIC
13	CrediComún	Mexico	76.11%	76	3	1	Only MIC
14	FMM Popayán	Colombia	76.04%	18	57	1	MIC
15	Caja Nuestra Gente	Peru	75.95%	20	55	1	MIC
16	Banco Solidario	Ecuador	75.54%	27	50	1	MIC
17	EcoFuturo FFP	Bolivia	75.48%	8	89	1	MIC
18	WWB Cali	Colombia	75.28%	34	41	1	MIC
19	Crediscotia	Peru	75.21%	30	49	1	CNS
20	Financiera Edyficar	Peru	74.45%	17	78	1	MIC
21	CMAC Arequipa	Peru	74.39%	7	102	1	MIC
22	EDPYME Crear Arequipa	Peru	74.33%	28	61	1	MIC
23	PRISMA	Peru	74.31%	87	4	1	Only MIC
24	AgroCapital	Bolivia	74.25%	46	38	1	MIC
25	CMAC Sullana	Peru	73.64%	29	70	1	MIC
26	Banco Los Andes ProCredit	Bolivia	73.60%	53	43	1	MIC
27	ENLACE	El Salvador	73.24%	72	27	1	MIC
28	FinAmérica	Colombia	73.04%	25	85	1	MIC
29	BanGente	Venezuela	72.84%	26	87	1	MIC
30	FMM Bucaramanga	Colombia	72.69%	38	69	1	MIC
31	Banco Familiar	Paraguay	72.56%	1	139	1	CNS
32	Génesis Empresarial	Guatemala	72.31%	47	64	1	MIC
33	EDPYME Confianza	Peru	72.30%	42	68	1	MIC
34	CMAC Huancayo	Peru	71.70%	36	88	1	MIC
35	Fundación Paraguaya	Paraguay	71.27%	12	123	1	MIC
36	CRECER	Bolivia	70.99%	43	83	1	Only MIC
37	Fundación Mario Santo Domingo	Colombia	70.77%	103	14	1	MIC
38	CRAC Señor de Luren	Peru	70.74%	35	97	1	MIC
39	COAC San José	Ecuador	70.24%	108	16	1	MIC
40	Banco ProCredit - Nicaragua	Nicaragua	69.91%	41	99	1	MIC
41	Cooperativa 20 de Abril	Nicaragua	69.38%	81	44	1	MIC
42	Apoyo Integral	El Salvador	69.16%	40	112	1	MIC
43	EDPYME Solidaridad y Desarrollo	Peru	69.06%	70	73	1	Only MIC
44	Fundación CAMPO	El Salvador	68.31%	79	60	1	MIC
45	BANEX	Nicaragua	68.23%	59	102	1	CNS
46	ADRA - Peru	Peru	68.11%	108	31	1	Only MIC
47	CRAC Los Andes	Peru	68.02%	77	66	1	MIC
48	CMAC Ica	Peru	67.65%	58	114	1	MIC
49	EDPYME Proempresa	Peru	67.64%	51	121	1	MIC
50	FINCA - Peru	Peru	66.82%	111	39	1	Only MIC

† By general trend is understood: Only MIC: 100% of the loans are toward microenterprise.

MIC: Loans to microenterprise surpass 50% of total loans. CNS: Consumer loans surpass 50% of total loans.

Source: MIX

TOP 100 MFIs IN LATIN AMERICA & THE CARIBBEAN

Ranking	Name of MFI	Country	Score	Out-reach Pillar	Efficiency Pillar	Trans- parency Pillar	General Trend †
51	Interactuar	Colombia	66.57%	116	37	1	MIC
52	EDPYME Nueva Visión	Peru	66.35%	85	76	1	MIC
53	Credicoop	Chile	65.69%	107	59	1	Only MIC
54	COOPAC Santo Cristo	Peru	65.58%	123	45	1	CNS
55	PRESTANIC	Nicaragua	65.58%	31	141	1	MIC
56	FUBODE	Bolivia	65.46%	75	108	1	MIC
57	AMC de R.L.	El Salvador	65.13%	97	74	1	MIC
58	EDPYME Alternativa	Peru	64.80%	92	89	1	MIC
59	FINCA - Guatemala	Guatemala	64.51%	57	136	1	Only MIC
60	Banco ADEMI	Dominican Republic	64.44%	32	71	78	MIC
61	COOPROGRESO	Ecuador	64.32%	93	91	1	MIC
62	Visión Banco	Paraguay	64.27%	68	131	1	CNS
63	Financiera FAMA	Nicaragua	63.33%	73	127	1	MIC
64	BanCovelo	Honduras	63.11%	102	95	1	MIC
65	Fundación León 2000	Nicaragua	62.89%	78	126	1	MIC
66	Caja Popular Mexicana	Mexico	62.66%	83	22	78	CNS
67	Microserfin	Panama	62.49%	105	98	1	Only MIC
68	PRODESA	Nicaragua	62.11%	117	94	1	CNS
69	Fundación Espoir	Ecuador	61.72%	15	23	84	Only MIC
70	COAC Maquita Cushunchic	Ecuador	61.70%	143	47	1	MIC
71	Interfisa	Paraguay	61.43%	64	143	1	CNS
72	Fundación Ecuatoriana de Desarrollo	Ecuador	60.29%	122	118	1	Only MIC
73	CRYSOL	Guatemala	60.17%	127	106	1	MIC
74	FINSOL	Honduras	60.14%	100	128	1	MIC
75	INSOTEC	Ecuador	60.00%	101	129	1	Only MIC
76	ProMujer - Peru	Peru	59.41%	33	21	84	MIC
77	Fassil FFP	Bolivia	58.51%	114	32	78	CNS
78	ACME	Haiti	58.42%	65	146	1	Only MIC
79	FODEMI	Ecuador	57.50%	51	25	84	Only MIC
80	CAME	Mexico	57.45%	10	2	126	Only MIC
81	FINCA - Mexico	Mexico	57.18%	19	28	107	Only MIC
82	EDPYME Credivisión	Peru	56.79%	82	93	78	MIC
83	Emprender	Bolivia	56.79%	136	124	1	Only MIC
84	COAC Mushuc Runa	Ecuador	56.22%	44	12	107	MIC
85	Asociación Arariwa	Peru	55.46%	63	33	84	Only MIC
86	SOGESOL	Haiti	54.69%	120	144	1	Only MIC
87	FUNDESER	Nicaragua	53.93%	14	115	84	MIC
88	Movimiento Manuela Ramos	Peru	53.83%	91	13	84	MIC
89	World Relief - Honduras	Honduras	53.62%	112	145	1	MIC
90	ProMujer - Nicaragua	Nicaragua	53.57%	74	134	78	MIC
91	Cooperativa Jesús Nazareno	Bolivia	53.03%	142	48	78	CNS
92	Banco Caja Social	Colombia	52.85%	22	119	84	CNS
93	Fortaleza FFP	Bolivia	52.67%	69	52	84	MIC
94	Microempresas de Antioquia	Colombia	51.15%	96	30	84	MIC
95	Financiera El Comercio	Paraguay	50.30%	11	139	84	CNS
96	FUNBODEM	Bolivia	50.27%	86	46	84	MIC
97	CMAC Trujillo	Peru	49.46%	61	109	84	MIC
98	Crece Safsa	Mexico	49.36%	80	1	126	Only MIC
99	BancoEstado	Chile	49.01%	13	65	126	MIC
100	Micro Crédit National	Haiti	48.15%	139	147	1	Only MIC

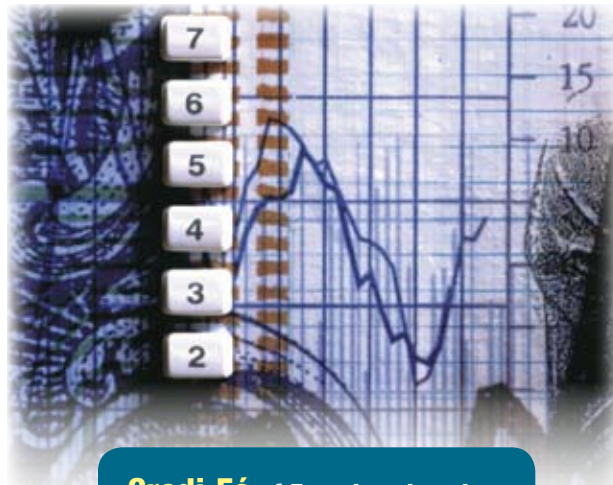
† By general trend is understood: Only MIC: 100% of the loans are toward microenterprise.

MIC: Loans to microenterprise surpass 50% of total loans. CNS: Consumer loans surpass 50% of total loans.

Source: MIX

their respective countries. Only one of these is a non-regulated MFI (D-Miro, also of Ecuador).

The highest-ranked Mexican MFI was CompartamosBanco, in eighth position, while FONDESOL of Guatemala and ADOPEM Bank of the Dominican Republic were the highest-ranked MFIs in Central America and the Caribbean, respectively. In the first 25 positions, the *outreach* pillar was a determining factor in the final results because all the MFIs were in the top 10 in the *efficiency* pillar, except for the leading Credi Fé, CrediComún of Mex-



Credi Fé of Ecuador placed first in the composite ranking.

ico, and PRISMA of Peru. It is worth mentioning that all MFIs in the top 59 places proved to be transparent in publishing their external audits.

SCALE

In separating the composite ranking into categories, MFIs with broader market coverage were favored in the *outreach* pillar, even though they had the slowest growth levels in the region. CompartamosBanco continued to lead the ranking, providing more microenterprise lending than any other institution in the region. Its

TOP 20 MFIs BY MICROENTERPRISE PORTFOLIO SIZE

Ranking		Name of MFI	Country	Number of Microenterprise Loans Outstanding	Microenterprise Gross Loan Portfolio (USD)	General Trend †
2008	2007					
1	1	CompartamosBanco	Mexico	1,150,950	374,205,120	MIC
2	2	CrediAmigo	Brazil	436,138	162,443,711	Only MIC
3	3	MiBanco	Peru	355,933	584,692,553	MIC
4	5	FMM Popayán	Colombia	238,359	136,639,395	MIC
5	4	WWB Cali	Colombia	228,942	212,305,847	MIC
6	n/a	Bancamía	Colombia	209,587	160,680,747	MIC
7	6	FMM Bucaramanga	Colombia	175,417	110,446,359	MIC
8	7	BancoEstado	Chile	172,976	575,723,473	MIC
9	15	Banco Solidario	Ecuador	172,224	205,928,000	MIC
10	9	Financiera Edyficar	Peru	160,896	158,915,822	MIC
11	8	Banco Caja Social	Colombia	149,838	273,312,084	CNS
12	12	CAME	Mexico	148,733	27,048,667	Only MIC
13	11	CMAC Arequipa	Peru	135,130	184,950,653	MIC
14	17	FINCA - Mexico	Mexico	112,858	24,370,640	Only MIC
15	13	BancoSol	Bolivia	110,857	260,441,499	MIC
16	19	PRODEM FFP	Bolivia	104,830	230,397,349	MIC
17	14	CRECER	Bolivia	100,387	37,159,760	Only MIC
18	25	FIE FFP	Bolivia	92,141	222,417,276	MIC
19	20	Credi Fé	Ecuador	90,060	222,598,118	MIC
20	26	Banco ADOPEM	Dominican Republic	88,130	37,498,291	MIC
Totals for 2007 (201 MFI)				6,587,061	6,342,107,516	
Totals for 2008 (201 MFI)				7,962,030	7,580,671,132	

n/a: not available † By general trend is understood: Only MIC: 100% of loans are toward microenterprise. MIC: Loans to microenterprise surpass 50% of total loans.

Source: MIX

TOP 20 MFIs BY CONSUMER PORTFOLIO SIZE

Ranking		Name of MFI	Country	Number of Consumer Loans Outstanding	Consumer Gross Loan Portfolio (USD)	General Trend †
2008	2007					
1	2	Financiera Independencia	Mexico	1,085,963	323,379,762	CNS
2	1	Banco Caja Social	Colombia	908,070	273,312,084	CNS
3	3	Caja Popular Mexicana	Mexico	847,417	1,004,733,301	CNS
4	4	Crediscotia	Peru	453,871	152,669,001	CNS
5	10	EDPYME Efectiva	Peru	98,825	27,527,371	CNS
6	9	MiBanco	Peru	91,667	57,507,957	MIC
7	12	BancoEstado	Chile	88,681	53,552,990	MIC
8	8	Banco Familiar	Paraguay	85,671	40,705,348	CNS
9	n/a	CompartamosBanco	Mexico	72,565	8,529,303	MIC
10	15	Visión Banco	Paraguay	52,422	35,156,184	CNS
11	14	CMAC Arequipa	Peru	51,522	77,709,622	MIC
12	13	CMAC Trujillo	Peru	45,197	62,681,409	MIC
13	16	CMAC Sullana	Peru	41,816	55,616,493	MIC
14	17	CMAC Huancayo	Peru	41,150	39,817,308	MIC
15	n/a	CMAC Piura *	Peru	39,613	37,754,933	MIC
16	18	Interfisa	Paraguay	39,246	14,577,907	CNS
17	n/a	Financiera Edyficar	Peru	34,482	19,407,580	MIC
18	n/a	Financiera El Comercio	Paraguay	32,431	8,764,789	CNS
19	n/a	Central Cresol Baser	Brazil	32,352	29,959,991	MIC
20	n/a	Apoyo Económico	Mexico	31,178	15,540,474	CNS
Totals for 2007 (116 MFIs)				4,185,489	3,664,669,880	
Totals for 2008 (116 MFIs)				4,668,809	3,505,412,453	

n/a: not available * Only some MFIs supplied numbers for the volume of active loans and gross portfolio of loans.

† By general trend is understood: MIC: Loans to microenterprise surpass 50% of total loans. CNS: Consumer loans surpass 50% of total loans.

Source: MIX

SLOWER GROWTH

The times are changing. The era of the microfinance industry growing at an annual rate of almost 30% is over. And this is not only due to the international financial crisis, but also to other factors that have been troubling the industry for some time, such as the oversupply of loans in certain markets.

Oversupply has mainly affected large MFIs that share the market with other operators. The consolidation of debt and acquisition of loan portfolios (not only consumer lending but microenterprise lending as well) were the two quickest ways to grow and expand the market, but granting larger loans to clients than they could repay caused cash flow problems, and led to increased delinquency. In 2007, almost all MFIs (96%) increased their portfolio, in contrast with 80% in 2008. However, according to Elizabeth Ventura from EDPYME Confianza, MFIs that hold

niches in the market—where clients interact with only one institution—have been able to survive over-indebtedness better and improve their competitive edge. In general, niche market MFIs are those regulated and non-regulated institutions that tend to offer group loans.

The global economic crunch has also taken its toll on MFI clients. Although certain productive activities, such as agriculture, have not been affected, microenterprises that operate in the retail (specifically imported goods), services, and tourism sectors have been the first and most profoundly affected. Xiomara Rizo of the Nieborowski Foundation in Nicaragua explains that in her country the low price of cattle has negatively affected her clients' income. Meanwhile, in Honduras, Santa de Euceda of Financiera ODEF indicates that the slowdown in *maquila* activity has also greatly impacted the MFI's portfolio. Although many

position was thus reinforced in Mexico, the country registering the highest number of loans, close to 1.7 million. Peru led the region with the largest microenterprise lending portfolio (more than US\$2.4 billion). MiBanco was the principal player, with a portfolio of close to US\$600 million. The giant Credi-Amigo from Brazil completes the top three, all of which held onto their positions from last year.

Despite the credit crunch in all markets, 18 of the top 20 institutions in the ranking were able to expand microenterprise lending, be it in the number of loans or portfolio volume. Specifically, Colombia's Bancamía climbed to sixth place, after consolidating its operations with the help of Foundation BBVA, an example followed by Peru's Caja Nuestra Gente. Given that no new MFIs were included in the top 20 spots from last year's survey, the MFIs in this ranking are the top contenders, not only in their respective countries, but in the region as a whole.



CompartamosBanco
continued to lead the ranking (Scale), providing more microenterprise lending than any other institution in the region.

GROWTH

The ranking of growth has characteristically been the most dynamic category in each of the *Microfinance Americas 100*. Even though its results did not have much effect on the composite ranking, the rapid growth of relatively new and small institutions cannot be ignored, such as the growth of Mexican MFIs for the third year in a row. Apoyo Económico remained in first place with approximately 29,000 loans, while eight others of varying size—from Don Apoyo to Caja Popular Mexicana—ranked in the top 20 positions. Greater investment in infrastructure and increased points of service helped these MFIs expand their financial services in the emerging Mexican market.

Bolivia's Fondo Financiero Privado Fortaleza took third place as it almost

MFIs have already set precautionary measures in motion, some markets have seen microentrepreneurs apply their own contingency plans. Instead of requesting loans, for example, they tap into their own savings. In extreme cases, they may change their businesses altogether.

The financial crisis has had a clear and direct impact on MFI financing. One immediate effect has been higher interest rates, in some cases temporary, in others permanent. The slashing of credit lines, shorter terms, and the advanced cancellation of loans, whether voluntarily or obligatorily, have also affected MFI growth. Larger institutions have been able to fare better, since they have more lines of funding. Some have already planned to issue bonds when market conditions improve or sign senior and subordinated debt and encourage savings among their clients. Medium-sized and small institutions, which tend

to have a greater social component while showing satisfactory financial results, have been able to fall back on their external creditors or local banks, even if at a larger financial cost.

In view of this, Aníbal Montoya of FUNED (Honduras), Diego Fernández at PRISMA (Peru), and Luis Ríos at FODEMI (Ecuador) all agree that these medium-sized and small institutions need to prioritize liquidity over lending. This means that most MFIs have stopped focusing on growth or have opted for moderate growth, so that in 2009 they can focus on re-engineering their policies and practices. Following market forecasts, it is expected that portfolio growth will be less than 10%. In short, the economic, political and social contexts of each country will determine if growth will be more heterogeneous than in previous years.

TOP 20 MFIs BY GROWTH RATE

Ranking 2008	Ranking 2007	Name of MFI	Country	% Change in Microenterprise Loans	Absolute Change in Microenterprise Loans	Absolute Change in Microenterprise Gross Loan Portfolio (USD)
1	1	Apoyo Económico	Mexico	238.1%	20,363	9,933,681
2	n/a	Don Apoyo	Mexico	233.5%	8,539	1,427,896
3	n/a	Fortaleza FFP	Bolivia	193.1%	3,881	6,387,982
4	n/a	Caja Popular Mexicana	Mexico	129.8%	1,642	775,656
5	17	CrediComún	Mexico	117.5%	7,201	226,604
6	3	Progresemos	Mexico	117.3%	9,045	532,252
7	n/a	Crece Safsa	Mexico	96.6%	6,311	1,521,378
8	n/a	FONDESURCO	Peru	94.0%	2,551	3,867,308
9	n/a	FONDESOL	Guatemala	90.9%	10,453	3,420,754
10	n/a	Conserva	Mexico	82.4%	10,101	1,724,524
11	6	Invirtiendo	Mexico	77.4%	12,041	1,383,080
12	n/a	FUNDESER	Nicaragua	72.1%	12,352	7,025,275
13	n/a	Fundación Espoir	Ecuador	69.8%	17,188	6,274,404
14	n/a	INSOTEC	Ecuador	59.9%	1,930	1,739,205
15	n/a	FinAmérica	Colombia	59.7%	17,221	21,726,996
16	n/a	PRESTANIC	Nicaragua	57.0%	6,722	6,562,817
17	n/a	CRAC Señor de Luren	Peru	56.9%	11,683	26,400,336
18	n/a	FIE Gran Poder	Argentina	56.6%	2,492	2,032,595
19	n/a	Soluciones Financieras	Mexico	55.3%	13,886	2,006,121
20	5	D-Miro	Ecuador	54.8%	12,810	10,460,754

n/a: not available

Source: MIX

tripled the number of loans disbursed, while FONDESURCO from Peru and FONDESOL from Guatemala each almost doubled their volumes. Significant growth was also seen in other countries in the region. Argentina entered the ranking for the first time with FIE Gran Poder, which expanded its credit services thanks to increased capital and the experience provided by its Bolivian owners (FIE NGO).

MARKET PENETRATION

Inside the overall structure of the composite ranking, market penetration favors large MFIs in relatively small markets or markets with fewer people below the poverty line, even though the countries where they operate are known for having a high per capita income compared to the rest of the region. Chile's BancoEstado continues to lead in this category with greater coverage of low-income clients through

microenterprise lending. Right on its heels, and catching up quickly, is Mexico's CompartamosBanco, with its notable and continuous growth in 2008.

It is noteworthy that the coverage provided by almost all the MFIs listed in this category gained in their potential markets in 2008 compared to the previous year, a direct result of increased microenterprise lending. This in turn was a result of MFI efforts to invest in infrastructure and expand non-conventional services to reach a greater portion of the low-income population. Paraguay, Bolivia and Nicaragua stand out, with among the highest levels of poverty.

CONSUMER LENDING

The category of consumer lending is not included in the composite ranking, although it indirectly influences the total portfolio amount as it is a significant component thereof. The

growth of the microenterprise sector in the region has led MFIs to attempt to satisfy not only their clients' business needs, but also the needs of their families (such as health, education, and improved living conditions). Thus, the increase in consumer lending has been important for MFIs, and accounts for nearly 30% of the region's portfolio. However, the adoption of less exhaustive practices of evaluating lending and fast-track loans in urban markets has led to clients taking out larger loans than necessary, which in turn has led to problems of over-indebtedness and diminished repayment capacity. The industry's reaction has been to reduce its consumer lending portfolio by 4.3% and decrease the size of consumer loans from US\$876 to \$751. It is important to note that the average amount of these loans in local currency grew 5%.

In 2008, Mexican Financiera Independencia held first place in this cat-

TOP 20 MFIs BY MARKET PENETRATION

Ranking 2008	Ranking 2007	Name of MFI	Country	Microenterprise Loans/ Per Population	Microenterprise Loans
1	1	BancoEstado	Chile	6.2%	172,976
2	2	CompartamosBanco	Mexico	6.1%	1,150,950
3	15	Banco Familiar	Paraguay	4.3%	55,519
4	6	Banco Solidario	Ecuador	2.8%	172,224
5	n/a	Financiera El Comercio	Paraguay	2.5%	30,989
6	9	MiBanco	Peru	2.4%	355,933
7	3	Fondo de Desarrollo Local	Nicaragua	2.4%	63,693
8	12	Fundación Paraguaya	Paraguay	2.2%	28,064
9	8	Banco ADOPEM	Dominican Republic	2.1%	88,130
10	n/a	ProCredit - Nicaragua	Nicaragua	2.0%	53,660
11	4	Visión Banco	Paraguay	1.9%	23,179
12	6	BancoSol	Bolivia	1.8%	110,857
13	13	PRODEM FFP	Bolivia	1.7%	104,830
14	7	CRECER	Bolivia	1.6%	100,387
15	17	FIE FFP	Bolivia	1.5%	92,141
16	16	Credi Fé	Ecuador	1.5%	90,060
17	10	ProMujer - Bolivia	Bolivia	1.4%	87,626
18	n/a	Apoyo Integral	El Salvador	1.2%	31,700
19	19	Interfisa	Paraguay	1.2%	15,006
20	n/a	FINCA - Ecuador	Ecuador	1.1%	68,809

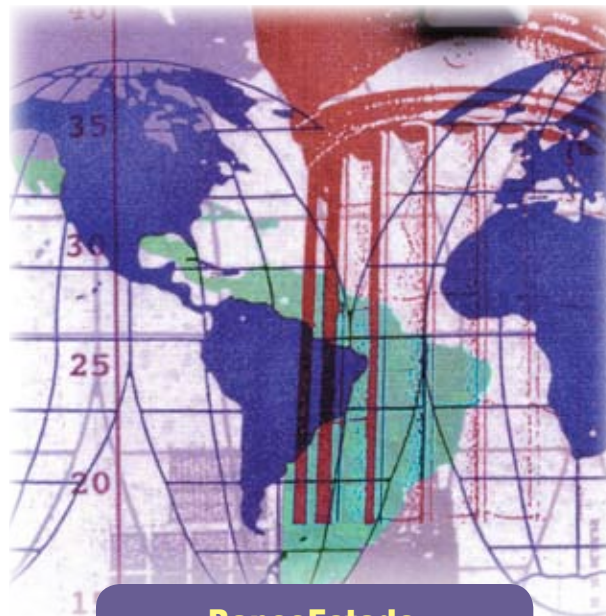
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Source: MIX

egory, exceeding 1 million loans disbursed. Other Mexican MFIs also held top positions, including Caja Popular Mexicana (with a portfolio of more than US\$1 billion) and Compartamos-Banco (a leading microenterprise lender). Four Paraguayan MFIs also ranked at the top in this category. In Peru, several MFIs that do not focus solely on consumer lending, such as Cajas Municipales, also excelled.

DEPOSITS

The composite ranking favors mobilization of deposits, with the understanding that the MFIs are making efforts to expand their financial services beyond simply providing loans. Regionally, MFI deposits saw a 0.6% drop in 2008. The overall balance was US\$7.4 million across 12.8 million accounts. A



Chile's **BancoEstado** continues to lead in this category (*Penetration*) with greater coverage of low-income clients through microenterprise lending.

few large institutions suffered severe setbacks; if they were removed from the sample, the balance would show an increase of 11.2%, showing a diminishing dynamic in capturing these resources. This is explained in part by clients having less capacity to save than before, due to the economic downturn and because microentrepreneurs with saving capacity prefer to spend part of those savings. In certain markets, some clients preferred to transfer their deposits to traditional banks with solid reputations. However, the MFIs that capture public deposits went to great lengths to maintain their credit dynamic, and thus were able to expand their portfolio by 11%.

Banco Caja Social from Colombia continues to lead the region with 4 million accounts and US\$2.1 billion

TOP 20 MFIs BY DEPOSITS

Ranking 2008	Ranking 2007	Name of MFI	Country	Retail Deposits Accounts	Retail Voluntary Deposits (USD)	General Trend †
1	1	Banco Caja Social	Colombia	4,293,467	2,183,638,061	CNS
2	2	Caja Popular Mexicana	Mexico	3,073,249	1,240,820,178	CNS
3	3	Crediscotia	Peru	390,647	77,640,230	CNS
4	5	PRODEM FFP	Bolivia	349,580	175,293,046	MIC
5	n/a	Banco Los Andes ProCredit	Bolivia	318,008	170,986,160	MIC
6	6	CMAC Arequipa	Peru	278,958	185,629,198	MIC
7	n/a	Banco ProCredit-Nicaragua	Nicaragua	271,442	27,360,040	MIC
8	8	FIE FFP	Bolivia	249,074	110,215,292	MIC
9	9	BancoSol	Bolivia	245,066	159,553,134	MIC
10	7	BancoEstado	Chile	216,900	312,916,848	MIC
11	10	MiBanco	Peru	190,618	493,873,189	MIC
12	n/a	Banco ProCredit - Ecuador	Ecuador	164,168	131,683,000	MIC
13	11	CMAC Cusco	Peru	162,186	135,332,880	MIC
14	18	FinComún	Mexico	160,583	24,845,089	MIC
15	n/a	Sèvis Finansye Fonkoze	Haiti	123,251	9,693,700	Only MIC
16	12	CMAC Trujillo	Peru	120,642	239,575,256	MIC
17	14	CMAC Sullana	Peru	115,852	145,299,887	MIC
18	13	Cooperativa Jesús Nazareno	Bolivia	111,192	76,248,482	CNS
19	n/a	Caja Nuestra Gente	Peru	109,946	91,497,717	MIC
20	20	Banco ADEMI	Dominican Republic	96,848	73,036,286	MIC
Totals for 2007 (63 MFIs)				9,795,916	7,471,525,795	
Totals for 2008 (63 MFIs)				12,798,689	7,426,996,781	

n/a: not available † By general trend is understood: Only MIC: 100% of the loans are toward microenterprise. MIC: Loans to microenterprise surpass 50% of total loans. CNS: Consumer loans surpass 50% of total loans.

Source: MIX

WORKING AGAINST DELINQUENCY

Without a doubt, MFIs' traditional strong points of low levels of risk and delinquency have been affected by over-indebtedness, reduced economic activity and—to a certain degree—by the international financial crisis. In some cases, delinquency, although temporary, has been unusually high. In other cases, delinquency levels have more than doubled.

This has forced institutions to take measures to slow the increase in delinquency:

Reinforcing evaluation, follow-up and portfolio recuperation processes. Disbursement time has been sacrificed for longer periods of analysis, which has reduced the pressure for expanding portfolios.

Reducing amounts and repayment periods, and increasing frequency of payments.

Refinancing and reprogramming loans. Before penalizing clients or getting collection agencies involved, some MFIs are looking to help clients with temporary measures.

Extending working hours for payments. MFIs have extended their opening hours exclusively to receive payments.

Other less common measures include:

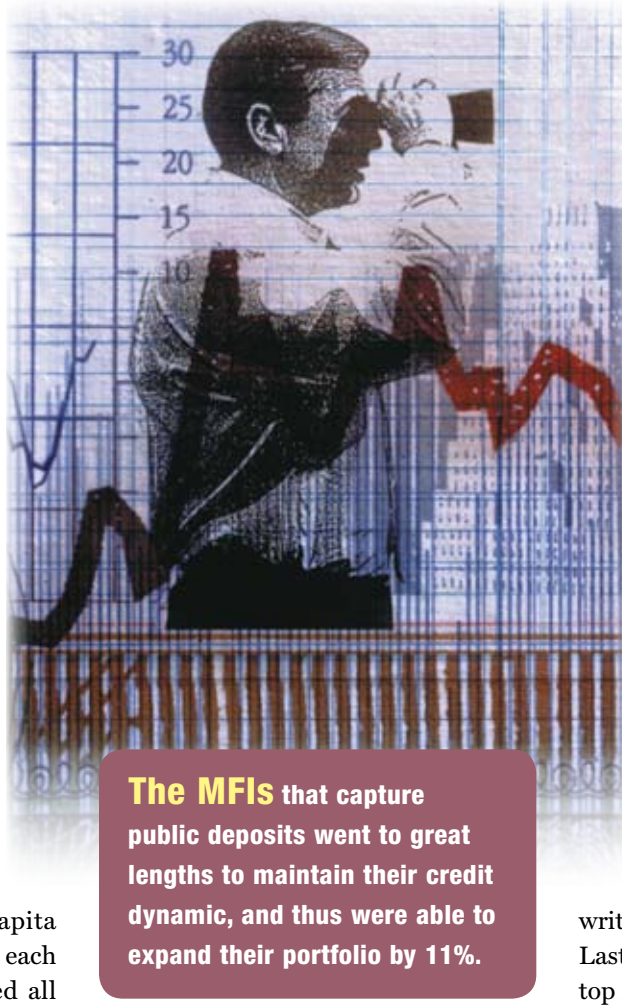
Seizing opportunities to capture clients. Francisco Moreno of Ecuador's Espoir Foundation explains that medium- and small-sized institutions have been more active than their larger counterparts, which take longer to approve loans due to a more conservative approach. They anticipate the competitors' evaluation or are re-evaluating clients that the larger institutions have turned down or not taken into account.

Informing and educating the client. In El Salvador, some medium-sized institutions have opted for a more personal

in deposits, followed closely by Caja Popular Mexicana. Both MFIs noticeably distanced themselves from the rest of the regional players. Together they hold 57.1% of all accounts and 41.8% of total deposits in the region. ProCredit subsidiaries in three countries (Bolivia, Ecuador and Nicaragua) were this year's stars as they all appeared in the Top 20 ranking, while historically well-known institutions from Bolivia and Peru also stood out. This reflects the maturity reached by these two markets, which have become regional examples for institutional regulation and development.

EFFICIENCY

This year's *Microfinance Americas 100* overhauled the *efficiency* category and used a single criterion: the average operating cost per loan compared to the per capita gross domestic product (GDP) of each country. Mexican MFIs surpassed all



The MFIs that capture public deposits went to great lengths to maintain their credit dynamic, and thus were able to expand their portfolio by 11%.

the rest in this category. They maintain low cost levels because of their use of group loans (mainly collaborative groups), plus the country's high per capita income level.

COCDEP led the list, with an unbeatable operating cost level of US\$30 for each active loan. This reaffirms the effectiveness of the collaborative group methodology, independently of the income level per inhabitant. Only three non-Mexican institutions placed within the top 20: ProMujer Peru in ninth place, FMM Popayán from Colombia in first place for those using individual loan methodology, and CrediAmigo from Brazil, which placed right behind it.

ASSET QUALITY

In the composite ranking, both the portfolio at risk and the write-off ratio were taken into account. Last year the institutions ranking in the top 20 spots maintained their portfolio-

relationship with their clients, advising them on the effects of the crisis and its possible impact on their businesses, thus keeping an eye on the evolution of the credit and building customer loyalty for when payments are due.

Some indirect measures have also been taken to control delinquency, and include the following:

Training personnel. In order to retain key personnel, MFIs are offering their credit agents and business and commercial officials non-monetary incentives, such as training and professional advancement.

Delaying implementation of strategic plans or more gradual implementation. The implication is that expectations for growth have decreased.

Improving processes. The goal is to reduce the institutions' operating timeframes and costs.

Maintaining current infrastructure level. Where possible, some MFIs seek to keep all points of service to their clients open. Only those that have found niche markets have expanded their number of agencies.

Although many of the above measures have emerged as a result of what MFIs have had to face, most are in line with traditional financial sector practices. The fact that the microfinance industry has enjoyed years of uninterrupted growth, allowing some MFIs to reach the sizes they are today, suggests that microfinance activity is more in tune with economic activity than before. Plus, the numbers of clients seeking larger loans have grown at a fast pace, which has led some MFIs to offer commercial loans not only to corporations but to medium- and small-sized enterprises as well.

TOP 20 MFIs BY EFFICIENCY

Ranking 2008	Name of MFI	Country	Cost per Loan/ GNI per capita	Cost per Loan (USD)	Average Loan Balance (USD)
1	COCDEP	Mexico	0.3%	30	134
2	APROS	Mexico	0.4%	37	164
3	Alternativa Solidaria Chiapas	Mexico	0.7%	67	199
4	AMEXTRA	Mexico	0.8%	80	229
5	CAFASA	Mexico	0.9%	89	195
6	Progresemos	Mexico	1.0%	94	136
7	Alternativa 19 del Sur	Mexico	1.3%	126	306
8	Grupo Consultor para la Microempresa	Mexico	1.3%	127	123
9	ProMujer - Peru	Peru	1.4%	49	205
10	Semilla Solidaria	Mexico	1.4%	132	276
11	Conserva	Mexico	1.4%	134	253
12	ProMujer - Mexico	Mexico	1.4%	135	197
13	FMM Popayán	Colombia	1.5%	63	565
14	CrediAmigo	Brazil	1.5%	88	372
15	Invirtiendo	Mexico	1.5%	139	351
16	Caja Popular Mexicana	Mexico	1.5%	144	1,225
17	CrediClub	Mexico	1.5%	146	160
18	Crece Safsa	Mexico	1.6%	148	625
19	CompartamosBanco	Mexico	1.6%	149	326
20	FINCA - Mexico	Mexico	1.6%	151	216

Source: MIX

at-risk levels (PAR>30) below 0.8%, while in 2008 the percentage rose to 1%. ProMujer Perú stood out among all regional MFIs for being the only one reporting ideal delinquency levels. Joining the usual top-ranked contenders were Mexico's EurekaSoli and Alternativa 19 del Sur, plus Argentina's subsidiary of ProMujer. Other MFIs from Bolivia and Mexico also excelled at keeping low delinquency levels.

As previously mentioned, most of these players focus mainly on group lending, and many have established niche markets, which means that the majority of their clients have taken out loans with just that one institution, especially in rural areas. Nonetheless, Diaconía (Bolivia) stood out for being the first to use a combination of group and individual loans, while Fassil FFP (Bolivia) and Crezcamos (Colombia) stood out for pioneering individual lending practices.

TOP 20 MFIs BY PORTFOLIO QUALITY

Ranking 2008	Ranking 2007	Name of MFI	Country	Portfolio at Risk > 30 days	Write-off Ratio*
1	3	ProMujer - Peru	Peru	0.0%	0.0%
2	6	ADRA - Peru	Peru	0.0%	0.2%
3	1	FIACG	Guatemala	0.0%	0.9%
4	n/a	EurekaSoli	Mexico	0.1%	0.0%
4	2	Movimiento Manuela Ramos	Peru	0.1%	0.0%
6	n/a	ProMujer - Argentina	Argentina	0.3%	0.1%
7	n/a	Alternativa 19 del Sur	Mexico	0.5%	0.0%
7	9	COCDEP	Mexico	0.5%	0.0%
9	10	Fundación Espoir	Ecuador	0.5%	0.4%
10	8	FINCA - Peru	Peru	0.6%	0.3%
11	16	FODEMI	Ecuador	0.6%	0.4%
12	10	CRECER	Bolivia	0.6%	0.8%
13	17	Diaconía	Bolivia	0.7%	0.2%
14	15	ProMujer - Bolivia	Bolivia	0.8%	1.5%
15	5	SemiSol	Mexico	0.9%	0.0%
16	n/a	Fassil FFP	Bolivia	0.9%	0.4%
17	n/a	Crezcamos	Colombia	0.9%	0.5%
18	n/a	CAME	Mexico	0.9%	1.3%
19	n/a	CAFASA	Mexico	0.9%	1.4%
20	20	BancoSol	Bolivia	1.0%	1.2%

n/a: not available * The write-off ratio should be less than 3%.

Source: MIX

TOP 20 MFIs BY PROFITABILITY

Ranking 2008	Ranking 2007	Name of MFI	Country	Return on Assets	Return on Equity
1	4	Invirtiendo	Mexico	29.3%	69.3%
2	n/a	Alternativa 19 del Sur	Mexico	27.0%	31.9%
3	5	Alternativa Solidaria Chiapas	Mexico	26.3%	56.6%
4	1	Conserva	Mexico	23.7%	44.2%
5	3	CompartamosBanco	Mexico	19.1%	55.2%
6	9	ProMujer - Peru	Peru	16.4%	33.1%
7	8	CEAPE Maranhão	Brazil	14.9%	33.0%
8	7	Financiera Independencia	Mexico	14.7%	62.2%
9	6	COCDEP	Mexico	14.0%	36.3%
10	n/a	ADRA - Peru	Peru	13.4%	23.5%
11	13	CrediAmigo	Brazil	12.5%	39.2%
12	n/a	AMEXTRA	Mexico	12.3%	28.4%
13	n/a	Te Creemos	Mexico	11.8%	73.7%
14	n/a	Banco da Família	Brazil	11.6%	22.4%
15	n/a	Contactar	Colombia	10.9%	23.8%
16	15	FAFIDESS	Guatemala	10.7%	15.7%
17	n/a	FMM Popayán	Colombia	10.4%	30.6%
18	n/a	PRODESA	Nicaragua	10.1%	24.6%
19	n/a	FINCA - Guatemala	Guatemala	9.6%	22.4%
20	18	FUBODE	Bolivia	9.4%	20.4%

n/a: not available

Source: MIX

PROFITABILITY

Although this category was not included in the ranking, it is possible to estimate profitability using the Profit/Average Portfolio indicator. Despite reduced profits and returns throughout the region, no real variations could be seen, but there were important changes in positions and in the introduction of new players. Once again, Mexican institutions came out on top. The MFI Invirtiendo reported the highest profitability rate, followed by the newcomer Alternativa 19 del Sur. The Peruvian subsidiary of ProMujer shone as the only non-Mexican MFI and the only one from South America. FAFIDESS (Guatemala) excelled as the sole Central American MFI to gain the highest level of profitability in the sub-region, followed by PRODESA (Nicaragua).

Once again the MFIs focused on



Latin American and Caribbean MFIs have become known for their capacity to attract commercial funding, surpassing other regions in the world.

group lending practices proved to be the most profitable. Mexico's Alternativa 19 del Sur and ProMujer along with ADRA (Peru) reported low levels of delinquency, reinforcing the view that portfolio quality is essential to reaching satisfactory levels of profitability. Financiera Independencia and Te Creemos (both from Mexico), along with CrediAmigo and Banco da Família (both from Brazil) and Contactar and FMM Popayán (both from Colombia), together show that it is also possible to reach high profitability levels using individual lending practices.

CONCLUSION

Despite the less dynamic performance of the region's microfinance industry (diminished growth, reduced margins and increased risk in portfolio in 2008), MFIs continued to show positive results, especially in outreach and scale. However, for 2009, some of the effects of the economic downturn, the credit-saturated markets and the international financial crisis will grow worse, which could lead MFIs to reduce consumer lending more abruptly than microenterprise lending. All this presents a significant challenge for MFIs in terms of growth, efficiency and portfolio quality, since over the last few years MFIs in the region have proven that they can meet the requirements of the different fund providers and accomplish results accordingly. Thus, Latin American and Caribbean MFIs have become known for their capacity to attract commercial funding, surpassing other regions in the world.

MIX and the MIF wish to thank their readers and all the participating institutions for sharing their financial and coverage information and advancing transparency in the region. We invite you to look at our data next year as well. ■



METHODOLOGICAL NOTE

Composite Ranking

This ranking is quantitative (all the indicators are quantifiable, none is qualitative), simple (easily reproduced) and results-oriented (the values must work as incentives to reach microfinance goals). It was developed by MIX, and it is utilized in similar products such as *MIX Global 100*.

Rankings are calculated based on the percentile ranking of each of the indicators that comprise the three “pillars”: *outreach*, *efficiency* and *transparency*. After MFIs are screened out according to financial sustainability—no less than 90% of cost recovery—and size—no fewer than 5,000 active loans—the resulting pool of institutions is ranked according to the indicators for each of the three pillars. An average percentile ranking is determined for each pillar, based on the percentile rankings for each indicator described below. The three average percentile rankings for the pillars are then averaged to create an overall percentile ranking. The final MFI ranking is its sequence in the overall percentile ranking.

Below is a detailed description of the three pillars and their indicators:

Outreach: This pillar measures the expansion of access to financial services by means of the following indicators:

- **Loans for microenterprise.** A measure of clients reached by credit services. Favors larger MFIs, as well as MFIs with larger potential markets.
- **Growth in number of loans to microenterprises.** A measure of expansion of service. Favors smaller MFIs with small client bases.
- **Market penetration.** A measure of borrower outreach relative to an indicator of potential market. For two MFIs with the same number of borrowers, favors the one operating in a smaller market with fewer potential clients.
- **Deposit mobilization.** An average of scores for the following two indicators:
 - **Deposits/loan portfolio.** A measure of an MFI’s ability to fund loans from client deposits. Favors institutions allowed to mobilize deposits.
 - **Depositors/borrowers.** A measure of the balance of services between the activities of capture and placement.

Efficiency: This pillar measures the reduction of client costs through the following indicators:

- **Cost per borrower/GNI per capita.** A measure of the cost to service clients in relation to local income levels. Seeks to eliminate the difference in cost in each country, considering different standards of living in each and weighing the relative cost of individually serving each borrower.
- **Profit/loan portfolio.** A measure of the size of an MFI’s profit margin as a component of yield. If revenues are the sum of expenses and profits, profit levels are the one component of revenues most directly within an MFI’s control. Ranked inversely, this metric favors MFIs with smaller profit margins. MFIs that met the overall profitability requirements and posted losses for 2008 are scored as having zero profits.
- **Portfolio quality.** An average of the points obtained in two variables:
 - **Portfolio at risk >30 days.** A measure of delinquency. May favor MFIs with internal accounts and/or group practices or those that follow severe write-off policies.
 - **Write-off ratio.** A measure of actual loss on portfolio, as recognized by the MFI’s policy on portfolio management. Ranked inversely, favors MFIs with no or very lax write-off policies.

Transparency: This pillar measures the public dissemination of performance results in a standard, comparable manner through the following indicators:

- **Annual reporting on MIX Market.** A measure of the availability of standard, comparable, publicly available performance results for an MFI. The score is based on the annual results published for an MFI on MIX Market for 2006, 2007 and 2008.
- **Audits for MIX Market.** A measure of the ability of MIX or outside analysts to validate the reported financial performance results. Based on the MIX Market diamond score, an MFI gets three points for information presented without audited financial statements, and four points for presenting audits. The score is the average of the 2007 and 2008 MIX Market profiles.

General Information

All information is presented in U.S. dollars, using the exchange rate for the year ending December 31, 2008. All data must be of sufficient quality and detail to stand up to critical examination. Financial data must be provided along with third-party documents verifying the accounts. All data are reclassified according to international financial reporting norms. Microfinance programs and institutions that are part of larger entities must also present

reliable financial statements in order to be considered for a ranking in the top-20 lists. MFIs that could not be fully analyzed were considered only for the lists based on volume and were marked with an asterisk (*).

Following the MIX methodology, a microfinance institution is defined as one with financial products averaging less than 250% of the average GNI per capita in the country where it is based. For purposes of comparison, only institutions reporting more than 5,000 active loans were considered for this survey. It is possible that an MFI does not appear here because it was unable to disclose or did not disclose or provide the necessary information by the due date.

For further information on the definitions and methods used, please visit www.iadb.org/micamericas and www.themix.org.

Definitions of Types of Credit, According to MIX

Microenterprise credit: Given to persons or enterprises to finance the production or trade of goods and services, usually directly to small businesses and microenterprises.

Consumer credit: Given to persons to finance the purchase of consumer goods and services that have no commercial or enterprise purposes, including home improvement, health and education loans.

Acknowledgements: The authors would like to thank Charles Cordier (MIX), Betty Zorrilla (MIX), Blaine Stephens (MIX), Ángel Salgado (REDCAMIF) and Samuel Pérez (PD) for helping expand MFI coverage. Many thanks also to the following organizations that provided invaluable assistance in facilitating data for this article: ACCION, ASOFIN, COPEME, FGV-EBAPE, FINCA International, FINRURAL, Opportunity International, ProDesarrollo, REDCAMIF y RFR. Finally, the authors want to acknowledge the following experts who provided valuable information for this analysis: Verónica Albarracín (COAC Maquita Cushunchic), Danilo Chávez (Caja Nuestra Gente), Juan Carlos Urgiles (COAC Jardín Azuayo), David Morales (Asociación Raíz), Francisco Moreno (Fundación Espoir), Xiomara Rizo (Fundación Nieborowski), Aníbal Montoya (FUNED), Walter Chávez (BanCovelo), Imelda Zaldívar (Apoyo Integral), Santa de Euceda (Financiera ODEF), Luis Ríos (FODEMI), Diego Fernández Concha (PRISMA), Víctor Tellería (Financiera FAMA), Jorge Canizales (ENLACE), Arthur S. de C. Pereira (CEAPE Maranhão), María Mercedes Gómez (Bancamía), Stelio Gama (Credi-Amigo), Elizabeth Ventura (EDPYME Confianza), Katia Corroy Castro (ALSOL), Alejandro Flores (CompartamosBanco), María Emilia Alvarez (EDPYME Solidaridad and Desarrollo) and Janio de Souza (Central Cresol Baser).