

# 2009-2014

# MICROFINANCE MARKET TRENDS

## *in Latin America and the Caribbean*

### JUNE 2015

Microfinance Information Exchange, Inc. (MIX) and the Multilateral Investment Fund (MIF), a member of the Inter-American Development Bank (IDB) Group, are pleased to present the sixth edition of their report *"Microfinance Market Trends in Latin America and the Caribbean."*

A sample of 58 microfinance institutions, drawn from among the institutions reporting to MIX, was selected for the preparation of this report. Data were taken as of December 31st for each year in the period 2009-2014. This sample represents 55% of total borrowers and 58% of the gross loan portfolio in the region (as reported to MIX). The indicators selected for this sample of financial service providers that specialize in microcredit or loans to microentrepreneurs demonstrate their importance as players not only in the microfinance industry, but also for financial inclusion. The growth in number of borrowers and deposit accounts, and their strong focus on providing financial services to microenterprises, attest to this importance.

All data and information in this report have been obtained from the regional credit portfolio reported to MIX, taking into consideration lending methodology, geographical location, and borrower gender, as well as deposit structure by product. These data, along with credit data and other financial performance metrics, provide a comprehensive view of the evolution of the industry in the region..

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This report was prepared by Renso Martínez, Operations Manager and Regional Manager for MIX in Latin America and the Caribbean. Sergio Navajas and Verónica Trujillo of the Multilateral Investment Fund coordinated this work.

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## MAIN FINDINGS

In our sample of 58 specialized microfinance institutions, the microcredit portfolio represents 54% of the total portfolio. These institutions show moderate growth in different indicators. Indeed, both the total portfolio and microcredit loan portfolio grew just 3% in 2014. This portfolio remained constant when compared with the number of borrowers, while the number of loans to microenterprises (proxy for number of borrowers) also grew by 3%.

When this portfolio is broken down by lending methodologies, individual loans predominate in comparison to group lending, which focuses on low income clients and niche markets. Credit targeting rural areas increased its market share notably in 2014, ending the year at just over one third of the regional portfolio. Men and women received equal shares of the total portfolio (48% vs. 47%), while approximately 5% of loans are held by formal businesses.

With the exception of Mexico, deposits represent the main source of funding in the region. Deposits grew by 4% in 2014, with similar growth in depositors. Borrowing grew more slowly (2%) over the year, and hence its share of total funding declined. Microfinance equity grew by 11%, and as a result leverage declined from 5.4 to 5 (debt to equity ratio).

Portfolio quality showed mixed results. The portfolio at risk over 30 days declined on the whole over the 2009-2014 period, and represented 5.4% of total loan portfolio at the end of 2014, while the write-off ratio increased slightly to 4%. Profitability remained stable over the period, at 2.8% return on assets.

## THE MICROFINANCE MARKET AT THE SUB-REGIONAL LEVEL

### MEXICO

The sample of nine institutions analyzed showed a decline in the total loan portfolio (-3%) and number of borrowers (-2%). These institutions stand out from those in other subregions for their focus on microenterprise portfolio (71% of total portfolio), higher incidence of village banking lending methodologies (58%), higher proportion of rural credit (34%), and higher number of loans to women (89%). Their operations are funded mainly through borrowing, with just 6% of total assets funded through deposits. Profitability levels are also higher than the regional average. Mexico followed regional trends in portfolio quality, with a decline in portfolio at risk over 30 days, but an increase in write-offs.

### CENTRAL AMERICA AND THE CARIBBEAN

This market experienced the greatest increase in total loan portfolio (8%) and number of borrowers (7%) compared to other subregions. Across credit products, commercial loans gained market share (41%), displacing microenterprise credit (37%) as the top product. The individual lending methodology is predominant, although solidarity group and village banking persist (6% of total portfolio). Rural credit represents one third of total portfolio (32%) and lending to men and women is equal, similar to regional trends. On the funding side, deposit balances grew by 7%, representing the main source of funding for institutions in the sample (51%). Although profitability remains lower than the regional average, portfolio at risk over 30 days and write-offs improved steadily over the 2009-2014 period (from 13% to 5% and 3% to 1.5% respectively).

### SOUTH AMERICA

Credit growth has slowed compared to prior years, with growth in total portfolio of 4% and in number of borrowers of 1%. Microenterprise credit remains the leader at 53% of total portfolio, but consumer lending carries 22% of total portfolio, well above other subregions. Individual lending is the predominant methodology (99%), rural credit represents a smaller share than in other subregions (23%), and loans to men occupy more than half of the portfolio (51%). Deposits grew more slowly than in other subregions (3%). Profitability was stable, while portfolio quality remained constant over the period (PAR 30 decreased one percentage point and the write-off ratio grew half a percentage point).

## KEY AGGREGATED FIGURES *from 58 LAC MFIs*

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

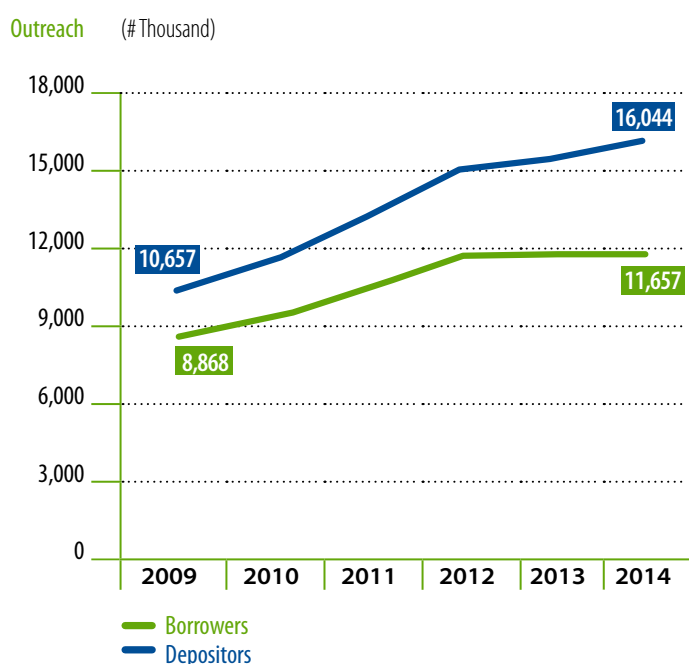
MAIN ACCOUNTS	2014 BALANCES	YOY% '14/'13	YOY% '13/'12	VARIATION TREND <sup>[2]</sup>	YOY% '14/'09 <sup>[3]</sup>
<b>Borrowers ('000)</b>	11,657	0%	2%	↓	6%
<b>Depositors ('000)</b>	16,044	4%	3%	↑	9%
<b>Gross Loan Portfolio</b>	23,888	3%	6%	↓	15%
Microenterprise	12,947	3%	2%	↑	15%
Other Credit Types	10,941	4%	12%	↓	14%
<b>Assets</b>	30,793	4%	5%	↓	15%
<b>Deposits</b>	18,956	4%	5%	↓	16%
<b>Borrowings</b>	4,798	2%	0%	↑	8%
<b>Equity</b>	5,156	11%	4%	↑	17%

[1] In US\$ millions.

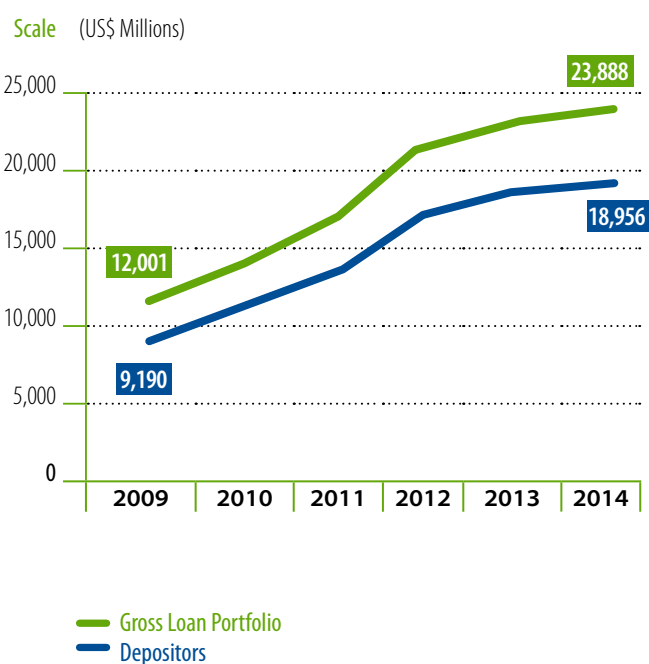
[2] Refers to change in pace between two annual growth rates.

[3] Annual average.

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



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

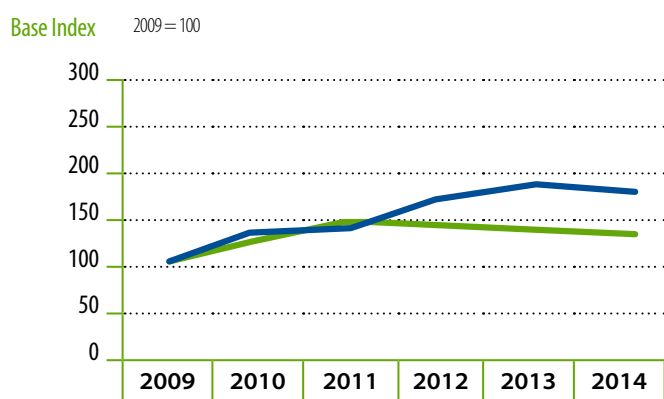


▶ **TABLE 2** BORROWERS AND GROSS LOAN PORTFOLIO in LAC Subregions

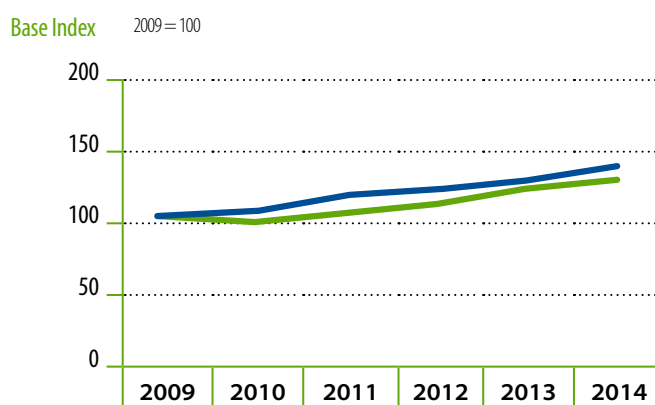
MAIN ACCOUNTS	SUBREGION	2014 BALANCES	YoY % '14/'13	YoY % '13/'12	YoY % '14/'09
<b>Active Borrowers</b> (# in Thousands)	MX	4,219	-2%	-6%	5%
	CC	641	7%	9%	5%
	SA	6,797	1%	6%	6%
	Total LAC	11,657	0%	2%	6%
<b>Gross Loan Portfolio</b> (US\$ Millions)	MX	1,989	-3%	7%	12%
	CC	1,137	8%	5%	7%
	SA	20,762	4%	6%	16%
	Total LAC	23,888	3%	6%	15%

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

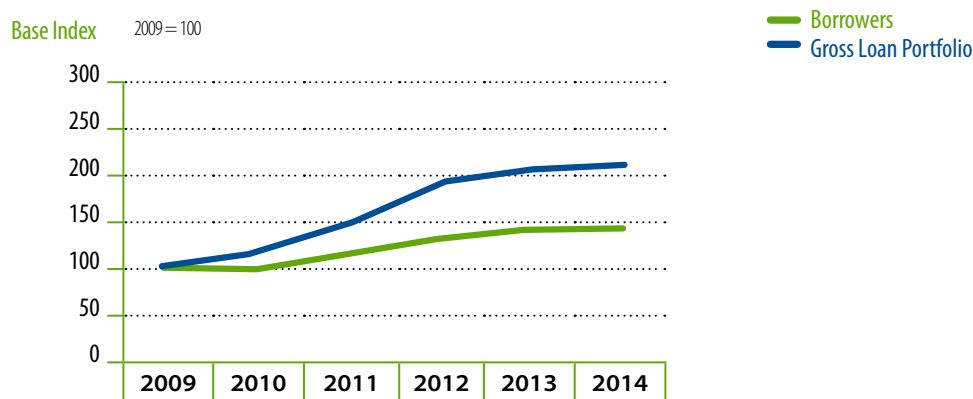
▼ MEXICO (MX)



▼ CENTRAL AMERICA AND THE CARIBBEAN (CC)



▼ SOUTH AMERICA (SA)

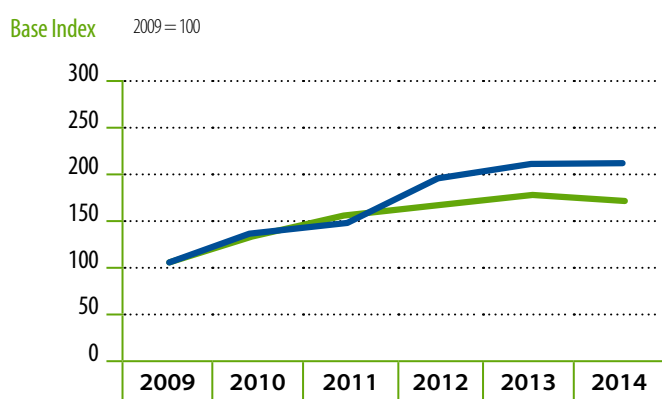


▶ **TABLE 3** MICROENTERPRISE PORTFOLIO *in LAC Subregions*

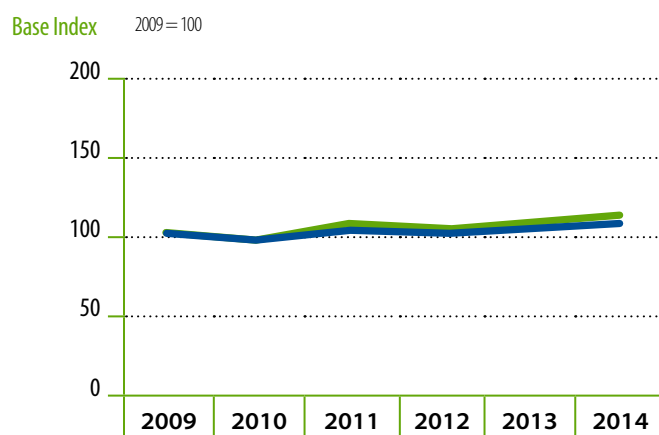
MAIN ACCOUNTS	SUBREGION	2014 BALANCES	YoY % '14/'13	YoY % '13/'12	YoY % '14/'09
<b>Active borrowers</b> (# in Thousands)	MEX	3,476	-2%	6%	12%
	CC	550	24%	3%	6%
	SA	4,504	5%	5%	8%
	Total LAC	8,530	3%	6%	9%
<b>Gross Loan Portfolio</b> (US\$ Millions)	MX	1,417	-2%	7%	17%
	CC	423	4%	6%	2%
	SA	11,107	4%	1%	16%
	Total LAC	12,947	3%	2%	15%

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

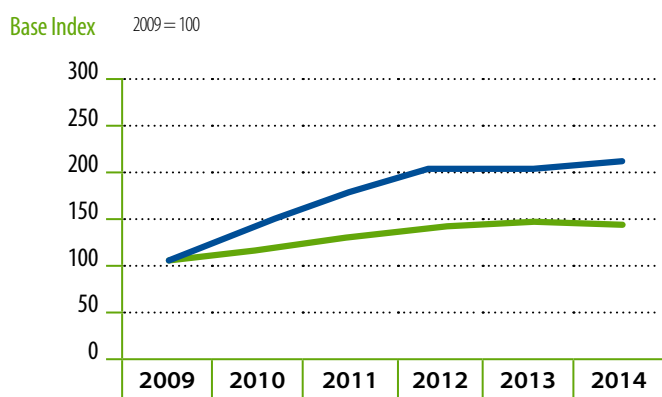
▼ MEXICO (MX)



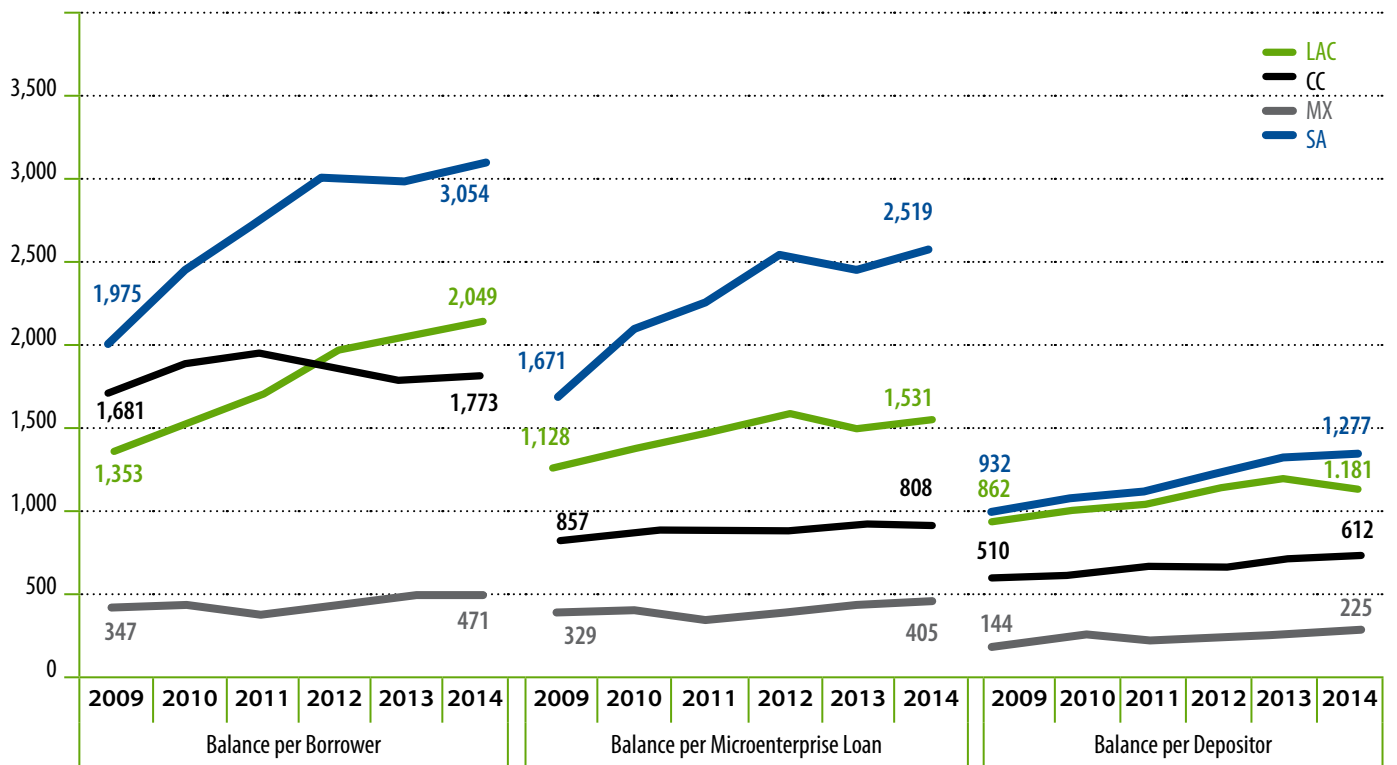
▼ CENTRAL AMERICA AND THE CARIBBEAN (CC)



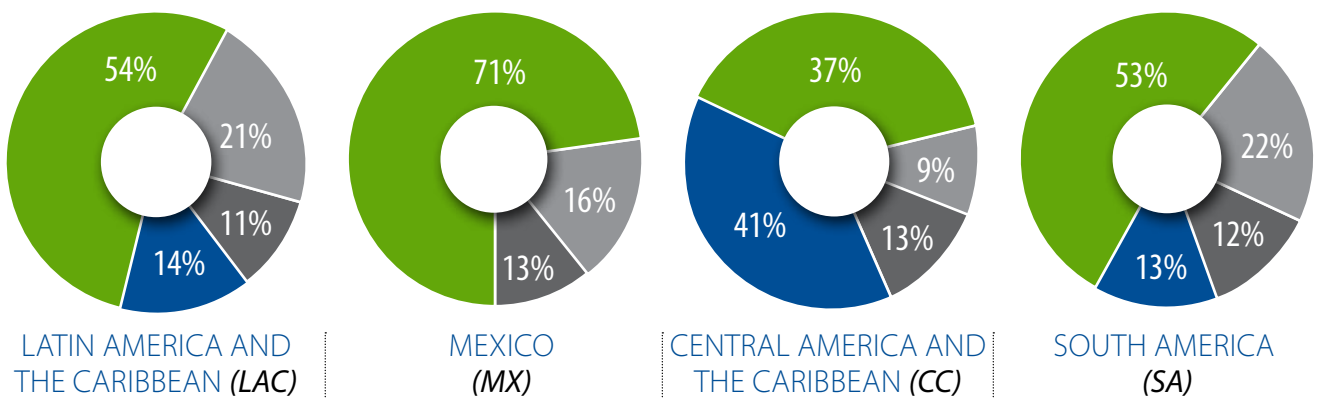
▼ SOUTH AMERICA (SA)



— Loans  
— Gross Loan Portfolio



▶ **GRAPH 6** PORTFOLIO STRUCTURE BY CREDIT TYPE IN 2014 *in 58 LAC MFIs\**



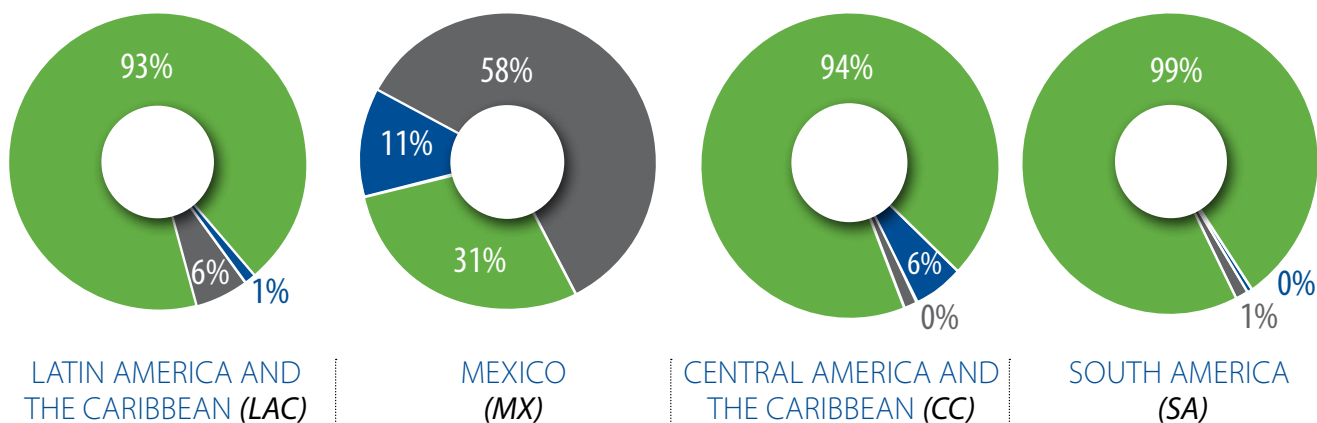
\*In some cases numbers in the pie charts in this document do not add up to 100% due to rounding.

- Commercial
- Microenterprise
- Consumer
- Housing



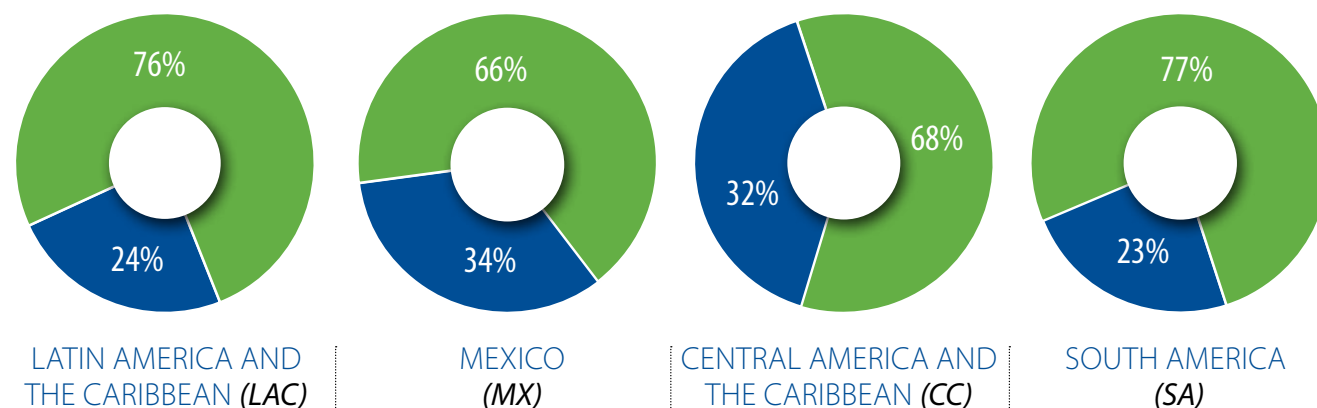
▶ **GRAPH 7** PORTFOLIO STRUCTURE BY LENDING METHODOLOGY  
IN 2014 *in 58 LAC MFIs*

- Individual Credit
- Solidarity Group
- Village Banking



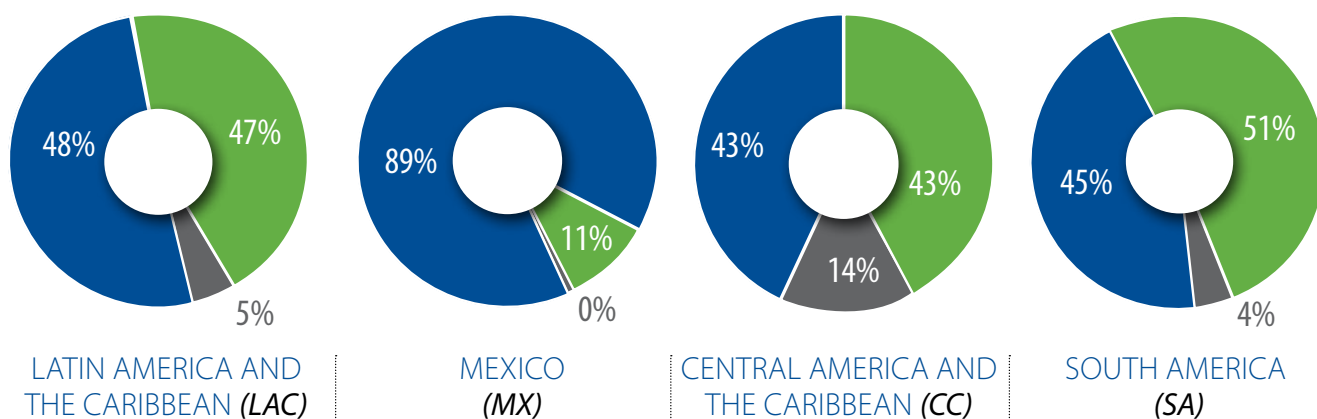
▶ **GRAPH 8** PORTFOLIO STRUCTURE BY GEOGRAPHIC LOCATION IN 2014  
*in 58 LAC MFIs*

- Rural
- Urban



▶ **GRAPH 9** PORTFOLIO STRUCTURE BY BORROWER GENDER IN 2014  
*in 58 LAC MFIs*

- Women
- Men
- Institutional\*



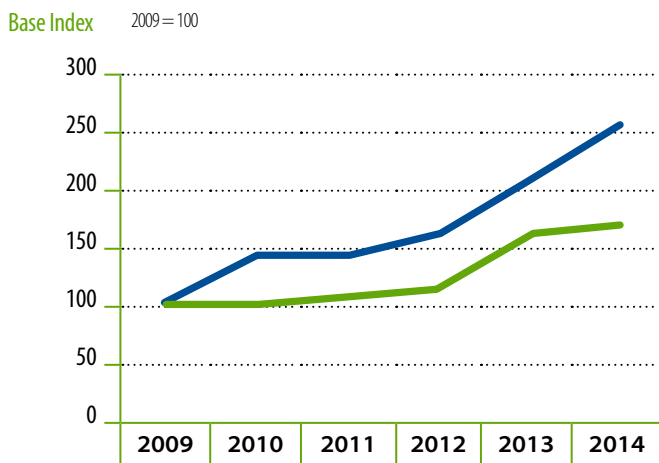
\*Refers to the legal person or legal entities.

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

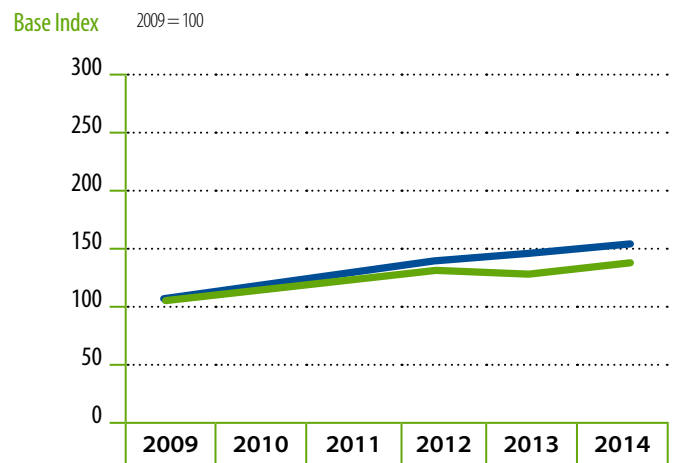
MAIN ACCOUNTS	SUBREGION	2014 BALANCES	VAR.% '14/'13	VAR.% '13/'12	VAR.% '14/'09
Depositors (# Thousands)	MX	672	7%	20%	10%
	CC	1,243	5%	-4%	5%
	SA	14,129	4%	3%	9%
	<b>Total LAC</b>	16,044	4%	3%	9%
Deposits (US\$ Millions)	MX	151	19%	32%	21%
	CC	761	7%	4%	9%
	SA	18,044	3%	5%	16%
	<b>Total LAC</b>	18,956	4%	5%	16%

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

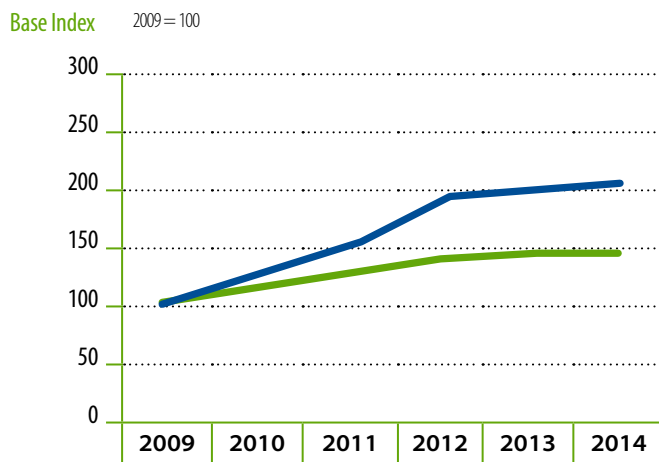
▼ MEXICO (MX)



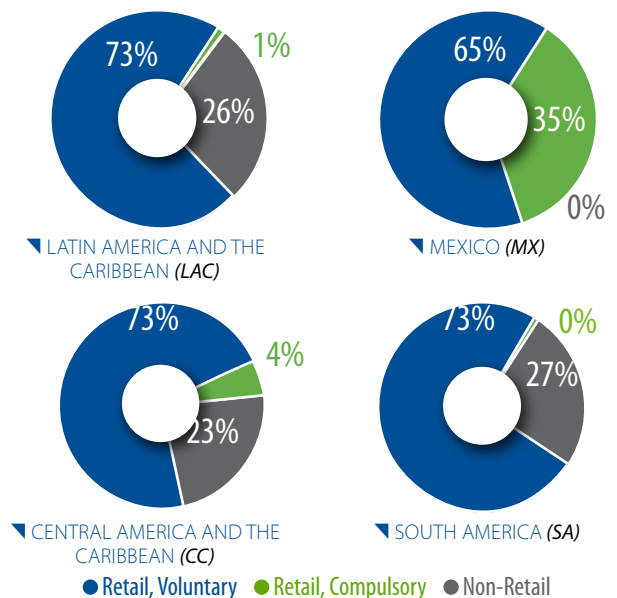
▼ CENTRAL AMERICA AND THE CARIBBEAN (CC)



▼ SOUTH AMERICA (SA)



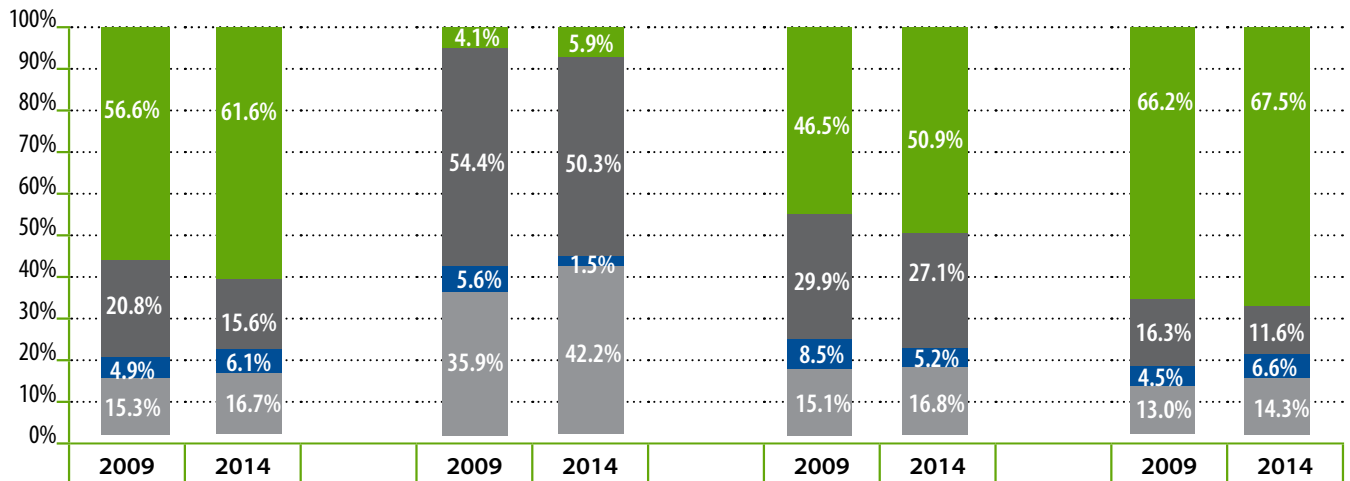
▶ **GRAPH 11** DEPOSITS STRUCTURE IN 2014 *in 58 LAC MFIs*



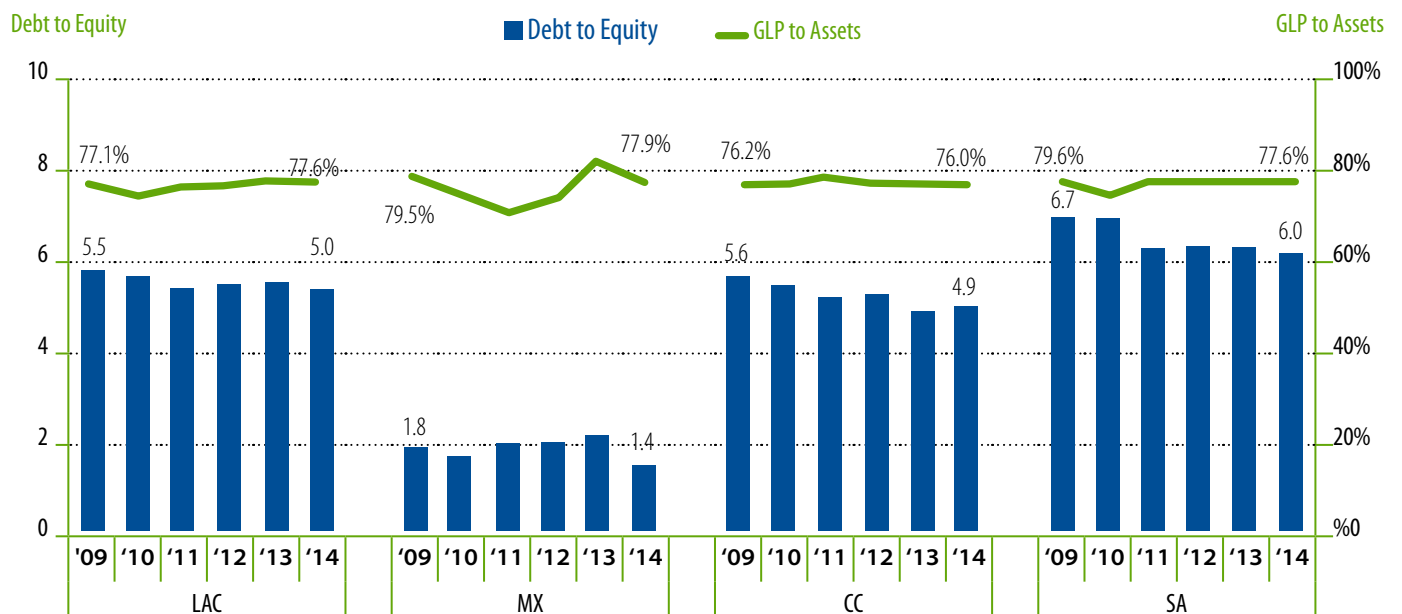


▶ **GRAPH 12 ASSETS FINANCIAL STRUCTURE** for 58 LAC MFIs

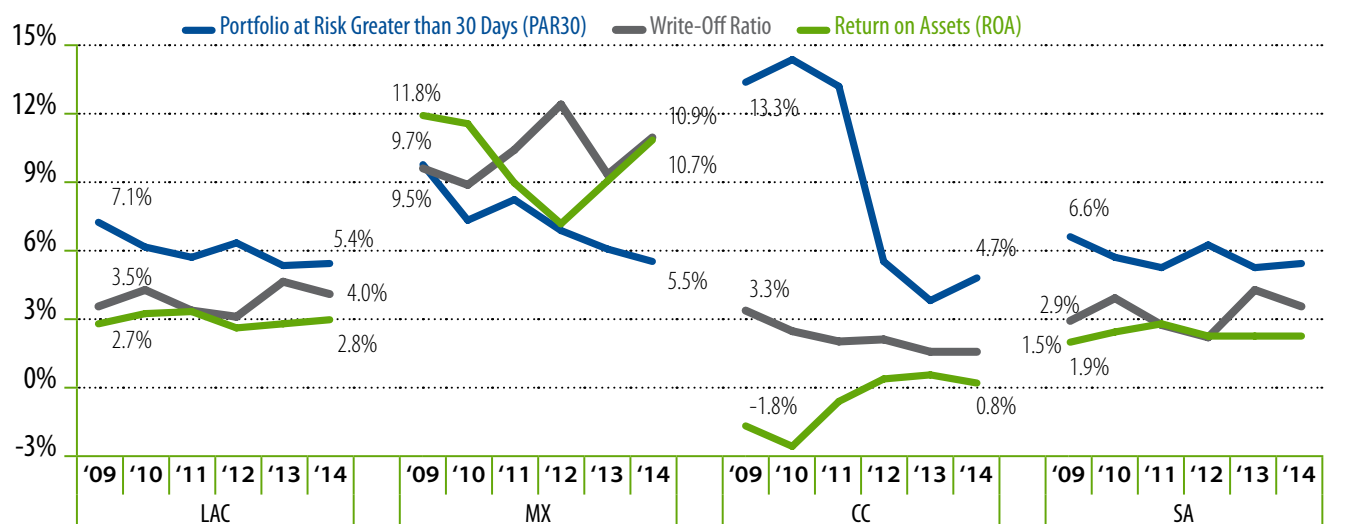
Deposits Borrowings  
Other Liabilities Equity



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



▶ **GRAPH 14 PORTFOLIO AT RISK GREATER THAN 30 DAYS, WRITE-OFF RATIO, AND RETURN ON ASSETS RATIO TRENDS (MEDIANS)** for 58 LAC MFIs



## MFI REPRESENTATION IN EACH COUNTRY BASED ON 2013 DATA OF MIX SAMPLE (US\$ Millions and Percentages)

COUNTRIES	NUMBER OF MFIs		GROSS LOAN PORTFOLIO (US\$ MILLIONS)			MICROENTERPRISE PORTFOLIO (US\$ MILLIONS)		
	INCLUDED IN THE REPORT	AVAILABLE ON MIX MARKET	INCLUDED IN THE REPORT	AVAILABLE ON MIX MARKET	COVERAGE	INCLUDED IN THE REPORT	AVAILABLE ON MIX MARKET	COVERAGE
Bolivia	8	24	4,040	4,731	85%	2,577	2,976	87%
Colombia	6	24	6,119	7,768	79%	2,032	3,250	63%
Ecuador	8	52	1,705	4,644	37%	869	2,111	41%
El Salvador	3	12	360	459	78%	61	117	52%
Honduras	6	26	237	397	60%	105	162	65%
Mexico	9	62	2,047	4,797	43%	1,440	1,710	84%
Nicaragua	3	22	121	313	39%	60	154	39%
Paraguay	4	5	1,344	1,368	98%	532	551	96%
Peru	8	58	6,601	10,470	63%	4,494	5,772	78%
Dominican Republic	2	12	332	717	46%	179	211	85%
Venezuela	1	2	209	209	100%	209	209	100%
Other 10 countries <sup>[1]</sup>	-	64	-	4,130	0%	-	2,798	0%
<b>TOTAL REGION</b>	<b>58</b>	<b>363</b>	<b>23,115</b>	<b>40,003</b>	<b>58%</b>	<b>12,558</b>	<b>20,023</b>	<b>63%</b>

[1] Includes Argentina, Brazil, Chile, Costa Rica, Guatemala, Haiti, Jamaica, Panama, Suriname, and Trinidad & Tobago.

n/a: Not available.

- > **Sources:** MIX Market, banking and/or financial authorities of countries in the region in which MFIs are included, the MFIs themselves.
- > Representativeness of the sample has been measured according to 2013 data available on MIX Market, given that data for 2014 are 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, including Debt to equity, Asset productivity, Return on assets, Portfolio at risk over 30 days and Write-Off ratios (WO).
- > The data used can be found at the following webpage: <http://www.themix.org/publications/mix-microfinance-world/2015/06/latin-american-and-caribbean-microfinance-market-trends-2009%E2%80%932014>

## GLOSSARY OF TERMS USED BY MIX

### Definitions of **Credit Types** used by MIX

**Commercial.** Credit 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.** Credit aimed at financing the production and marketing of goods and services on a small scale. May be granted to groups of borrowers backed by solidarity guarantees. Also known as "microcredit."

**Consumption.** Credit 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).** Credit granted to individuals for the acquisition, construction, remodeling, or improvement of housing, whether or not 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 2009-2014 REPORT

SUBREGION	COUNTRY	ACRONYM	NAME
Central America and the Caribbean	Dominican Republic	Banco ADEMI	Banco Múltiple ADEMI, S.A.
Central America and the Caribbean	Dominican Republic	Banco ADOPEM	Banco de Ahorro y Crédito ADOPEM
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.
Central America and the Caribbean	Honduras	Banrural Honduras	Banrural Honduras (ex Banco ProCredit Honduras)
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	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
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 ENR
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	Impulsarte para Crecer	Impulsarte para Crecer, S.A. de C.V., SOFOM, ENR (antes Invirtiendo)
Mexico	Mexico	Te Creemos	Te Creemos, S.A. de C.V. SOFIPO
South America	Bolivia	Banco Fassil	Banco Fassil S.A.
South America	Bolivia	Banco FIE	Banco para el Fomento a Iniciativas Económicas S.A.
South America	Bolivia	Banco PRODEM	Banco PRODEM S.A.
South America	Bolivia	Banco PYME EcoFuturo	Banco PYME EcoFuturo 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.

SUBREGION	COUNTRY	ACRONYM	NAME
South America	Bolivia	CRECER	Crédito con Educación Rural
South America	Bolivia	ProCredit - BOL	Banco Los Andes ProCredit
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	BanCompartir	Banco Compartir S.A.
South America	Colombia	Comultrasan	Cooperativa de Ahorro y Crédito de Santander Ltda. "Financiera Comultrasan"
South America	Colombia	Fundación Mundo Mujer	Fundación Mundo Mujer Popayán
South America	Ecuador	Banco Solidario	Banco Solidario S.A., Ecuador
South America	Ecuador	Banco D-Miro	Banco D-Miro S.A.
South America	Ecuador	BANCODESARROLLO	Banco Desarrollo de los Pueblos S.A.
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	COOPROGRESO	Cooperativa de Ahorro y Crédito Cooprogreso Ltda.
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 S.A.E.C.A.
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	Peru	CMAC Arequipa	Caja Municipal de Ahorro y Crédito de Arequipa
South America	Peru	CMAC Cusco	Caja Municipal de Ahorro y Crédito de Cusco
South America	Peru	CMAC Piura	Caja Municipal de Ahorro y Crédito de Piura
South America	Peru	CMAC Sullana	Caja Municipal de Ahorro y Crédito de Sullana
South America	Peru	CMAC Trujillo	Caja Municipal de Ahorro y Crédito de Trujillo
South America	Peru	Crediscotia	Crediscotia Financiera S.A.
South America	Peru	Financiera Edyficar	Financiera Edyficar S.A.
South America	Peru	MiBanco	MiBanco, Banco de la Microempresa S.A.
South America	Venezuela	BanGente	Banco de La Gente Emprendedora

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