

2011 Asia Regional Snapshot

March 2012

*The Premier Source for Microfinance
Data and Analysis*

Overview of the microfinance sector in Asia:

General Landscape

- *What is the size of the sector and how has it grown?*

Funding

- *What do we know about how MFIs are funding their portfolios in Asia?*

Profitability and Efficiency

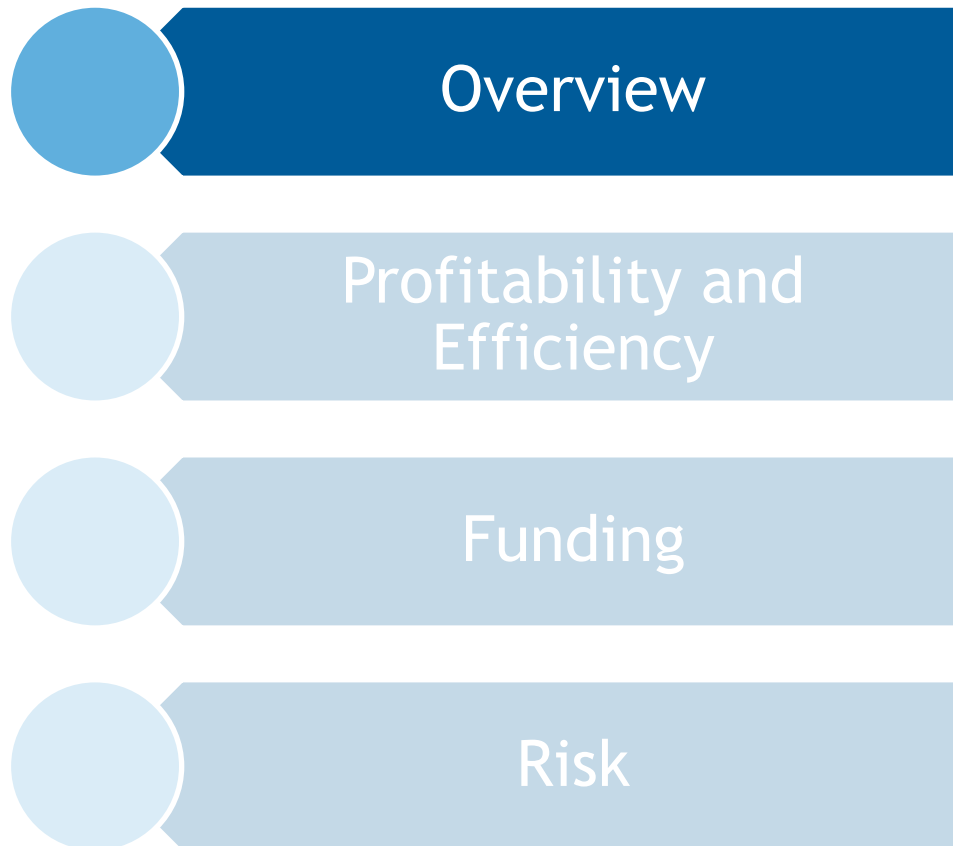
- *How profitable and efficient are Asian institutions?*

Risk

- *What is the general risk profile of Asian MFIs?*

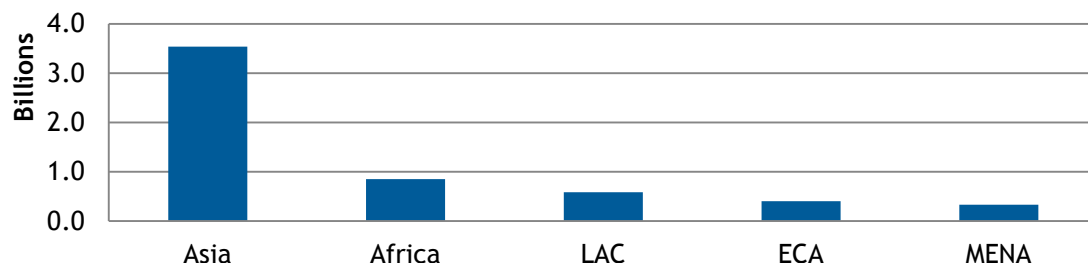
India Post Crisis

- *How did the crisis affect the Indian microfinance sector?*



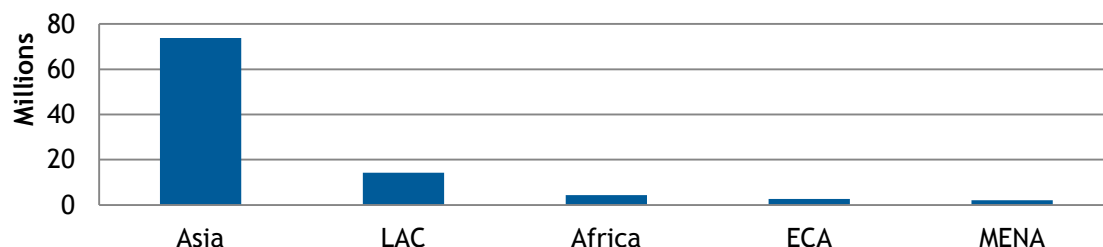
The Asia MF landscape is large and growing

Population, developing world, 2010



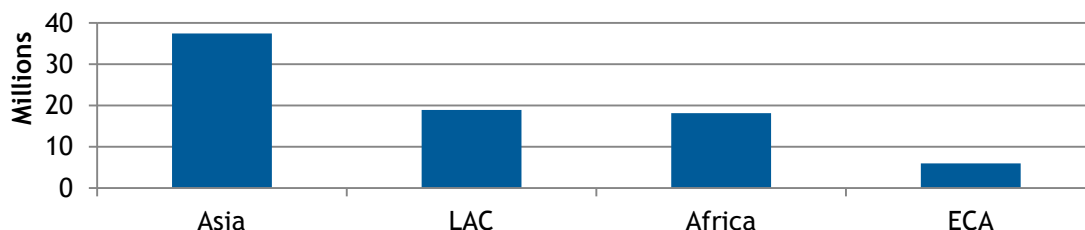
Asia has:
62% of the population of
the developing world, or
3.5 billion people*

Borrowers by Region 2010



75% of the world's
microfinance borrowers,
or 74 million borrowers**

Deposit Accounts 2010



47% of the world's
microfinance deposit
accounts, or 37 million
deposit accounts**

*Figure downloaded from <http://databank.worldbank.org/data/home.aspx> Data represent totals.

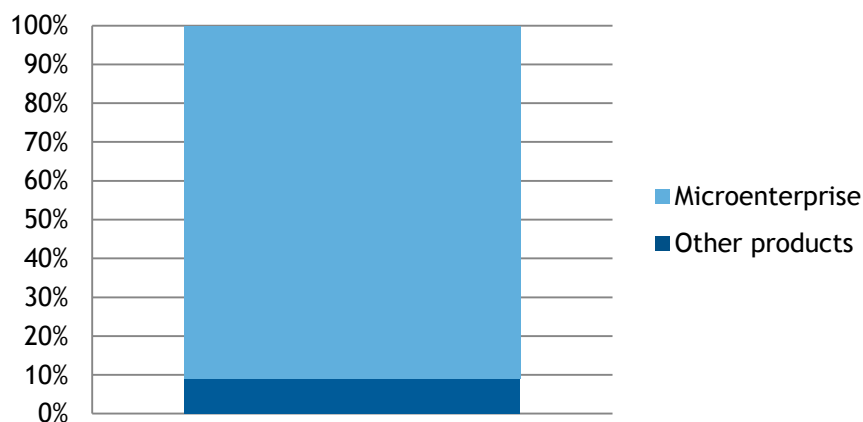
**Figure downloaded from MIX Market Cross Market Analysis, 11/11/11. Depositors does not include ASA

World's largest sector, dominated by India and Bangladesh

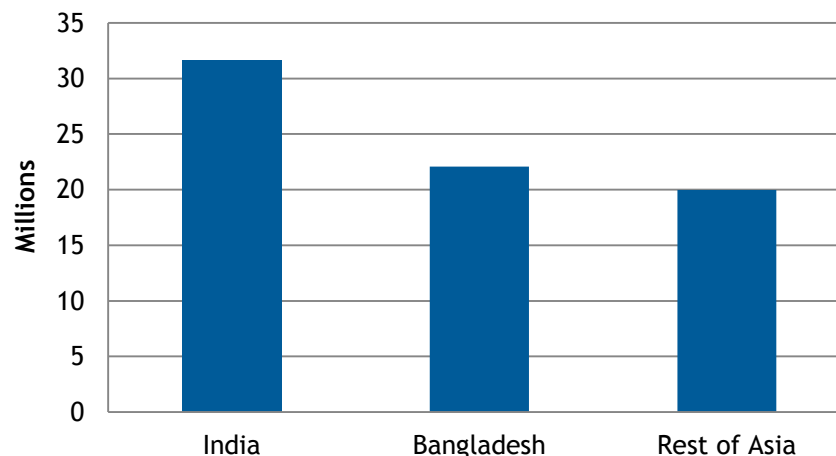
In Asia:

- 74 million borrowers have a total 34 billion USD in loans outstanding*
- 91 % of loans are used to fund microenterprises**
- 32 million depositors have mobilized 15 billion USD in deposits*
- 7 out of 10 borrowers in Asia live in Bangladesh or India*

Microenterprise loans vs. other loans in Asia



Borrowers in Asia 2010

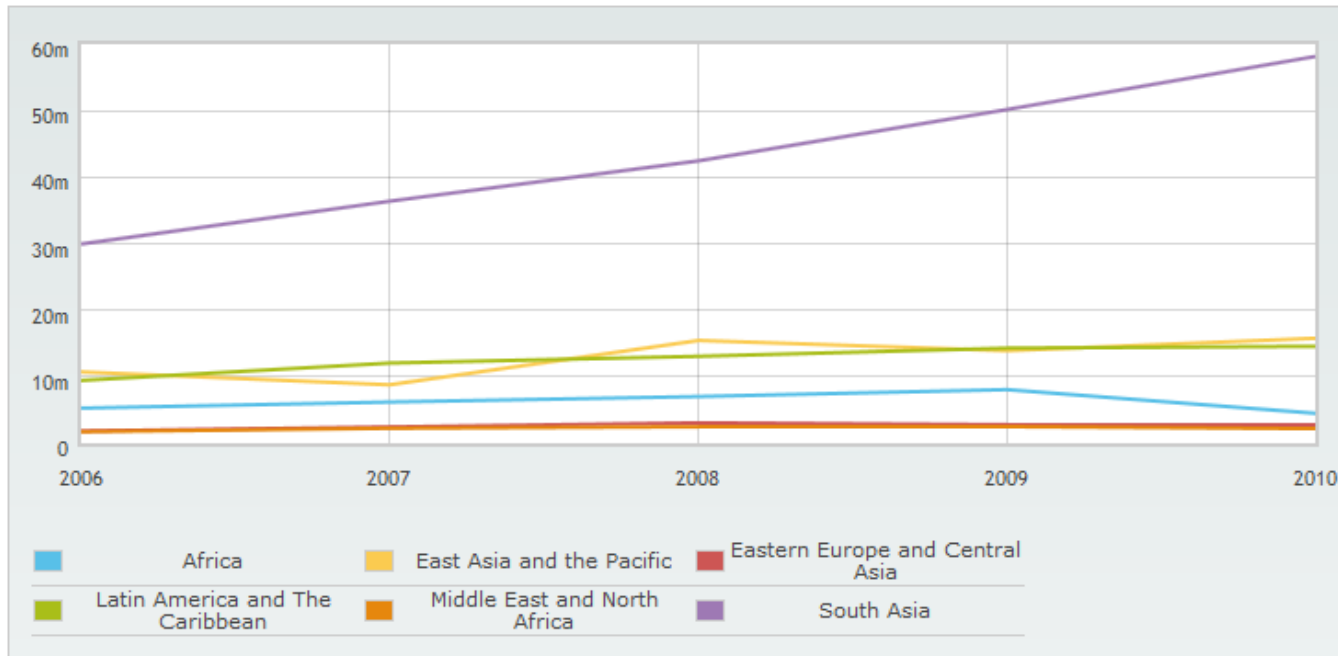


*Figure downloaded from MIX Market Cross Market Analysis, <http://mixmarket.org/profiles-reports/crossmarket-analysis-report?rid=YDZeX2AG> 11/11/11

**MIX Product Data Extract. 3/2/2012

The number of borrowers in Asia doubled in 5 years

Number of active borrowers (sum)



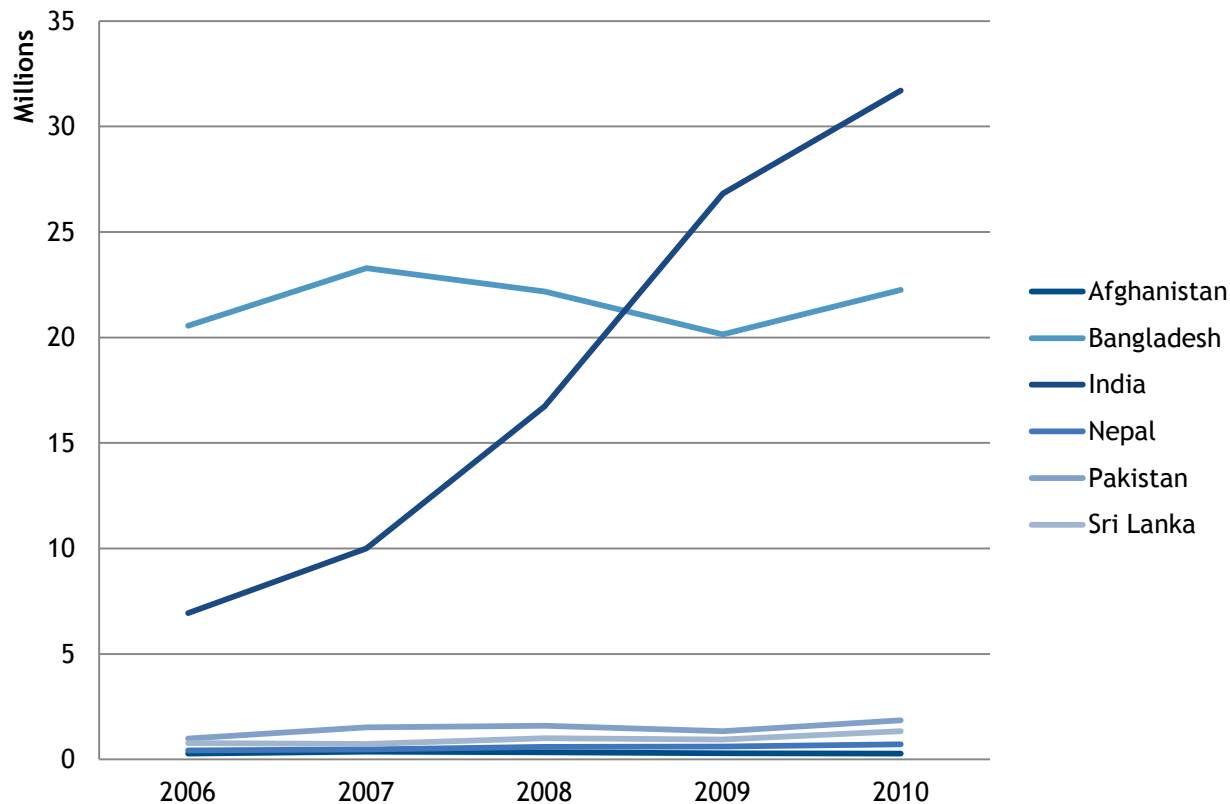
- EAP and SA show vastly different market sizes and growth trajectories

- South Asia is growing faster than any other region in the world, while;

- Growth in EAP remains similar pace to the rest of the world

Figure downloaded from MIX Market Cross Market Analysis, <http://mixmarket.org/profiles-reports/crossmarket-analysis-report?rid=qhj5yHDZ> 11/18/11
Data represent totals.

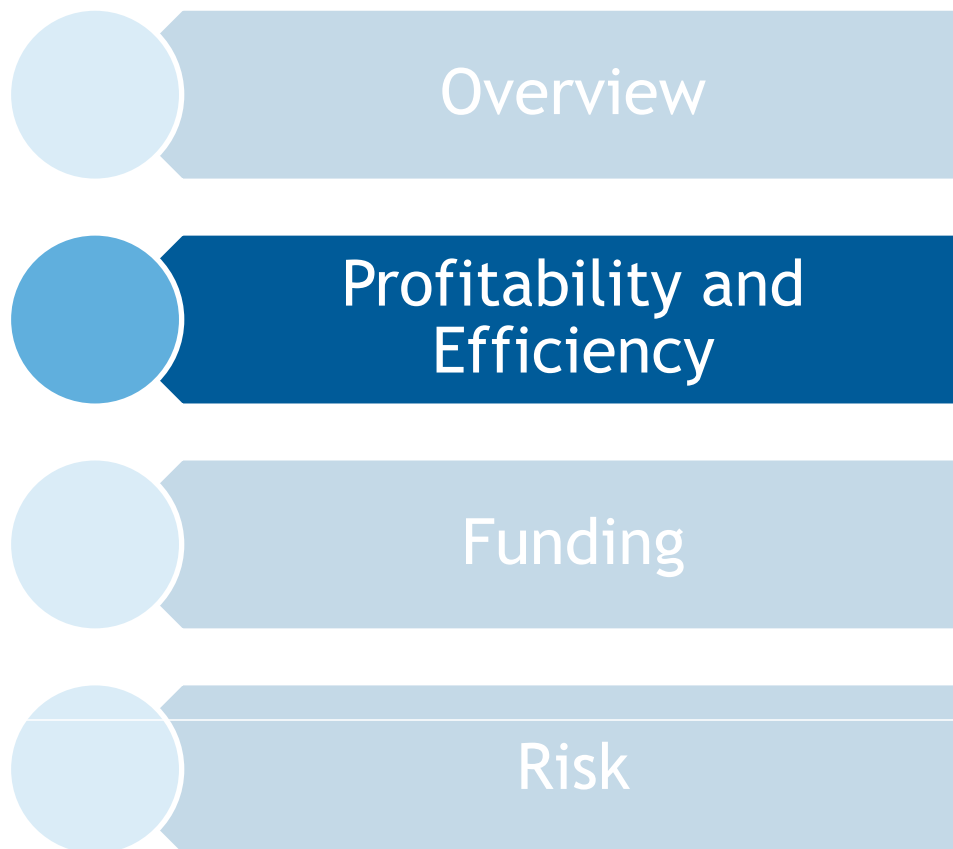
Number of Borrowers, S. Asia 2010



- Borrowers in all S. Asian countries are growing slightly, but on a radically different scale than India and Bangladesh

- Bangladesh remained stable after years of growth

- India borrowers increased five fold in six years



Asian MFIs have been consistently profitable

- The “typical” MFI in Asia has fared well in the past half decade;
- EAP ROA hovers around 3%, with a reversal of the dip last year from the financial crisis;
- SA is stable with 2010 returns coming back to 2005 levels.

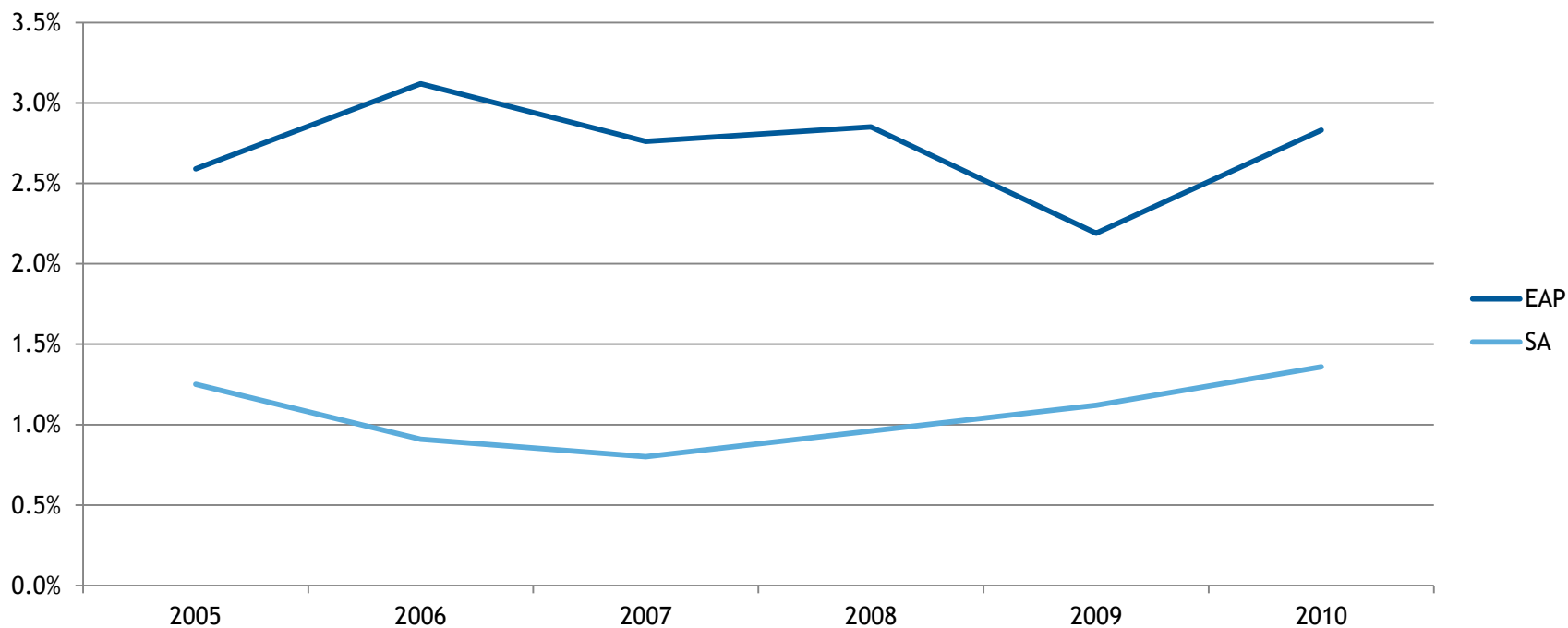


Figure downloaded from MIX Market Cross Market Analysis.
Data represents medians.

EAP and SA varied efficiency scenarios

- Yield levels differ between regions with S. Asian MFIs providing through large volumes of low-yield loans;
- Efficiency increases in EAP from the reduction of personnel and admin expenses;
- Financial expenses remain constant in EAP, but are the driving factor in increased overall expenses in S. Asia.

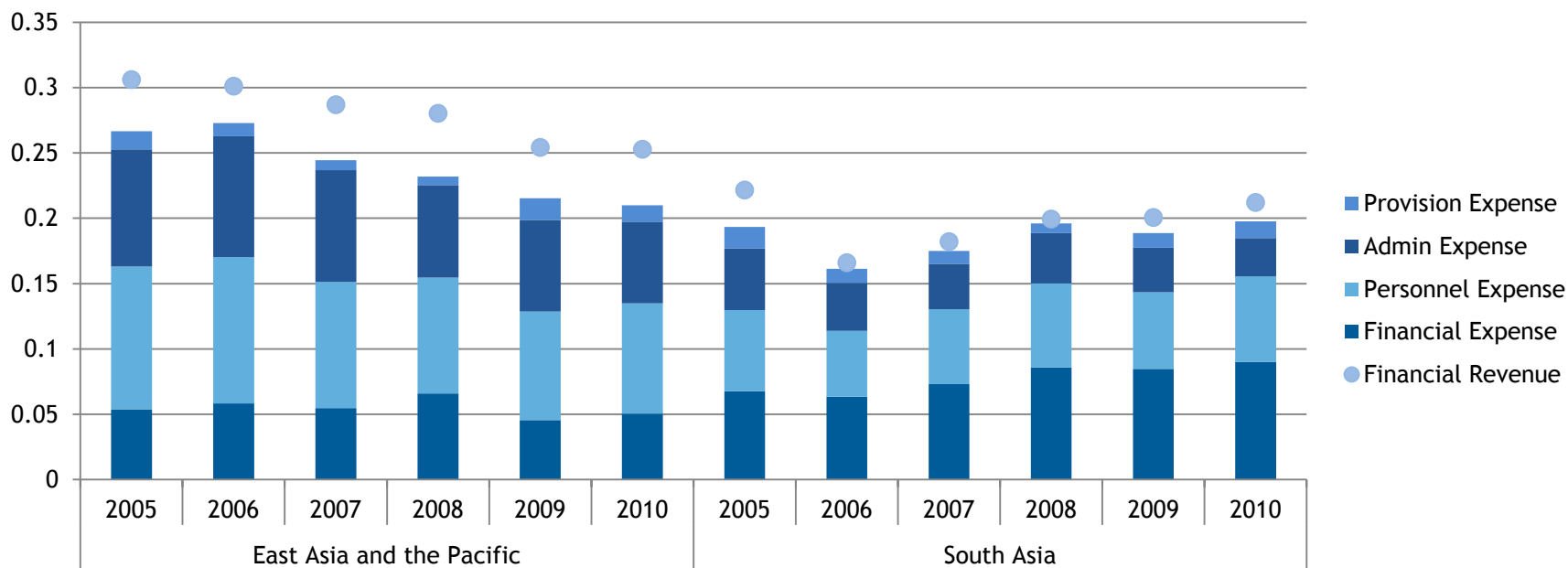
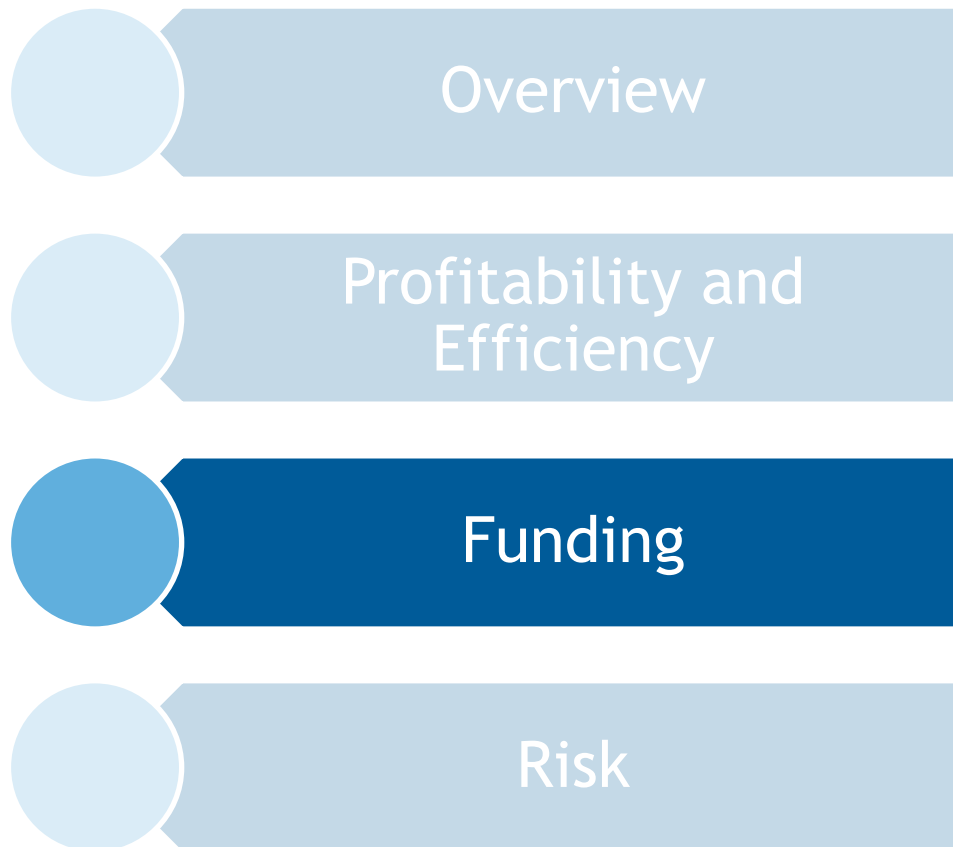


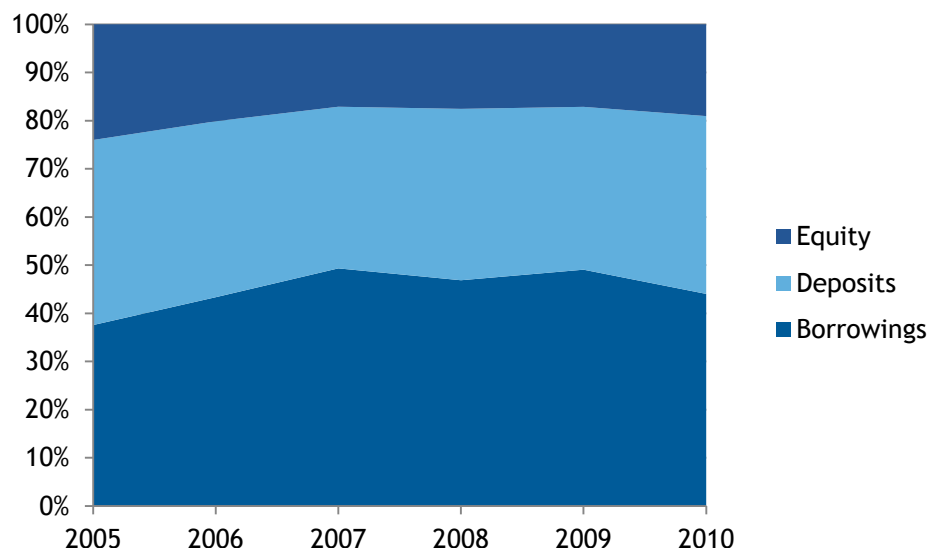
Figure downloaded from MIX Market Cross Market Analysis.
Data represents medians.



How are MFIs in Asia funding their portfolios?

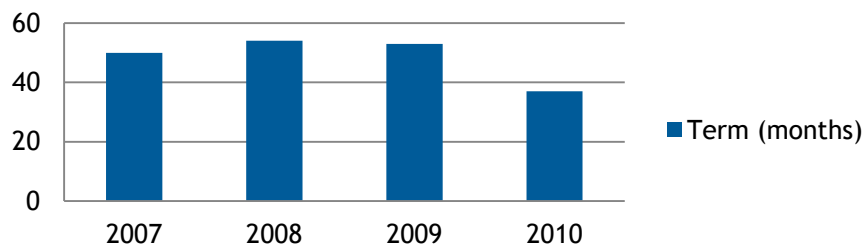
•Slight reversal of the 5-year trend of increasing reliance on borrowings

•Increasing reliance on deposits



•Cost of funds are more expensive in S. Asia; increase driven by increasing interest rates and shorter terms for borrowings

Weighted Avg Terms, S. A



Cost of Funds, S. Asia

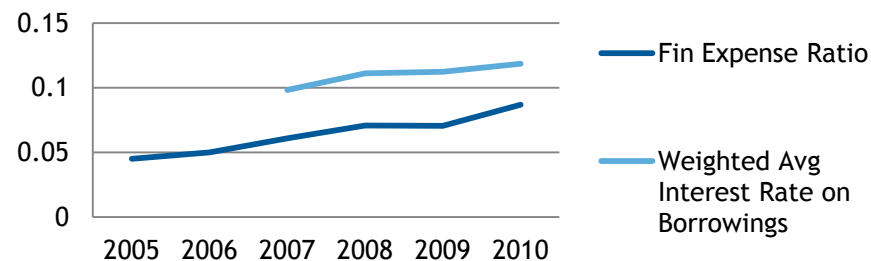
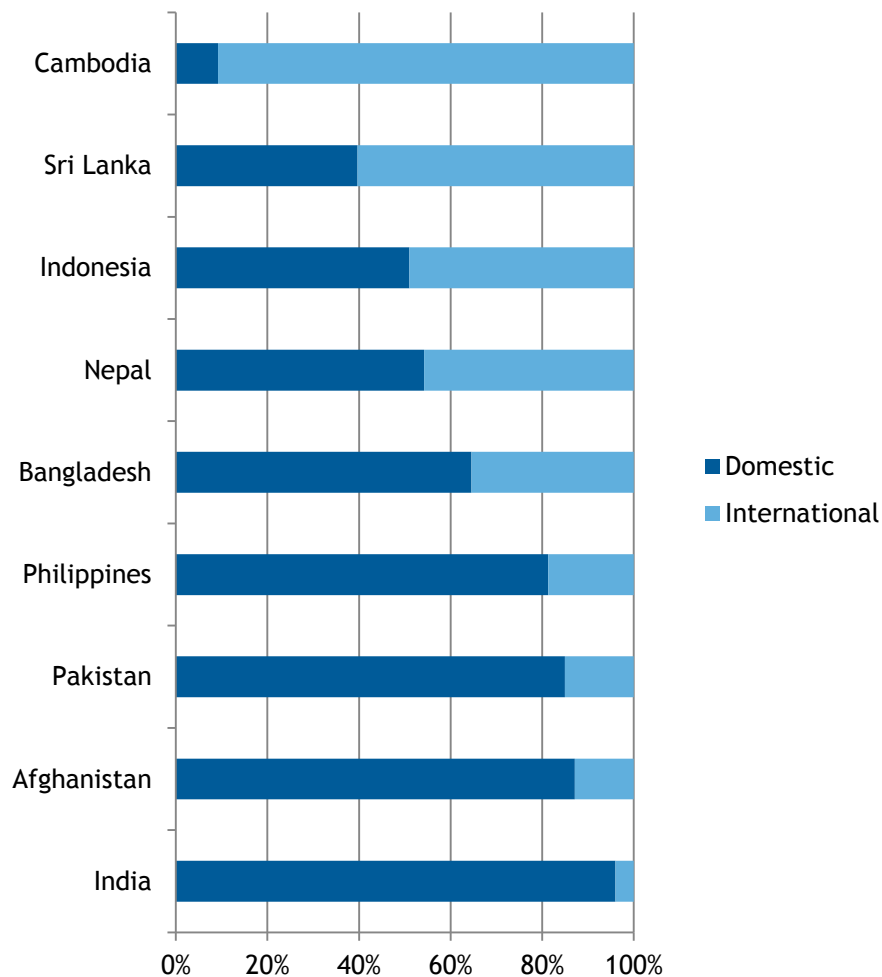
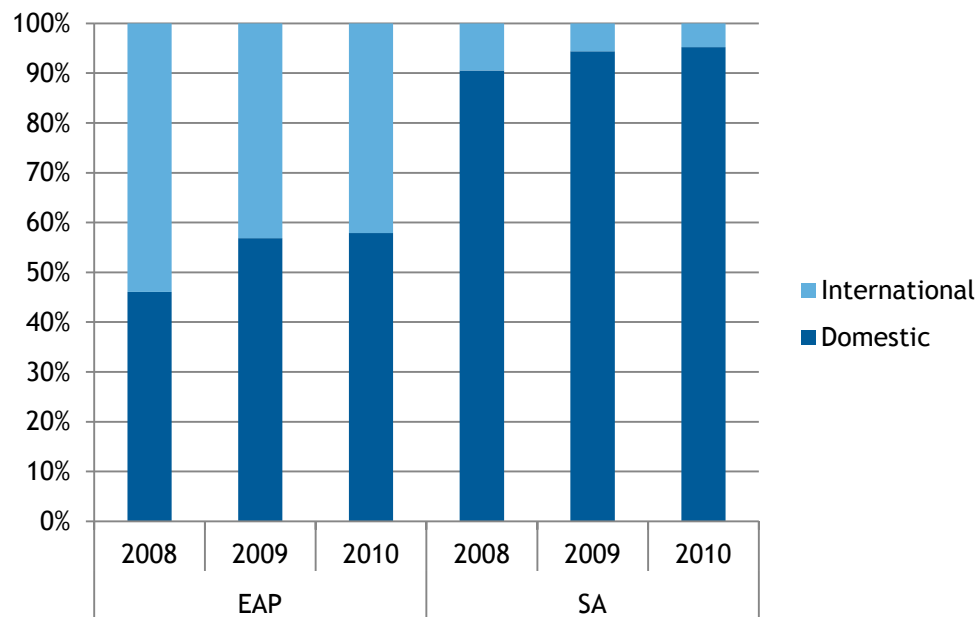
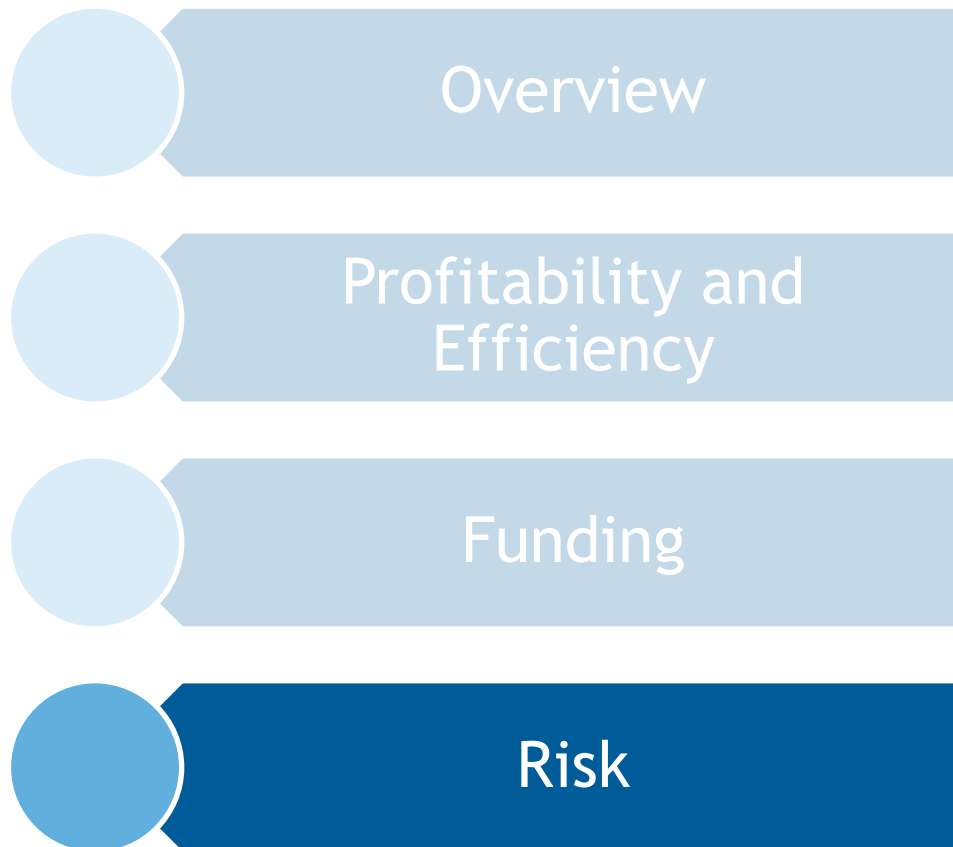


Figure 1 downloaded from MIX Market Cross Market Analysis, 11/18/11. Data represent percentage of total. Balanced panel of 124 MFIs across Asia. Not including Vietnam
Figure 2 downloaded from MIX Market Funding Structure Tool and MIX Market. 3/1/2012. Figures represent weighted averages.

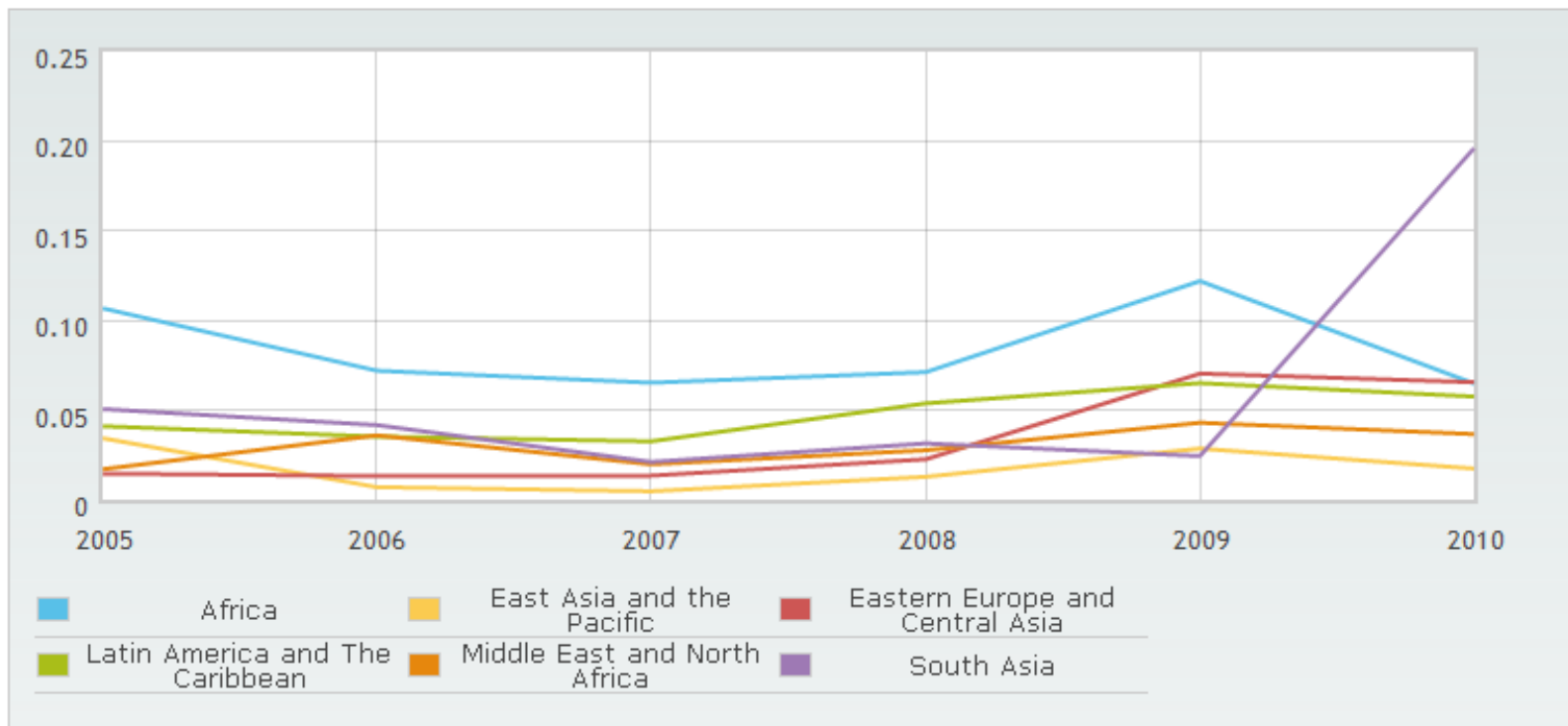
Varying picture on lender origins

- Domestic borrowings play an increasing role in both regions;
- Largest markets rely on domestic funds





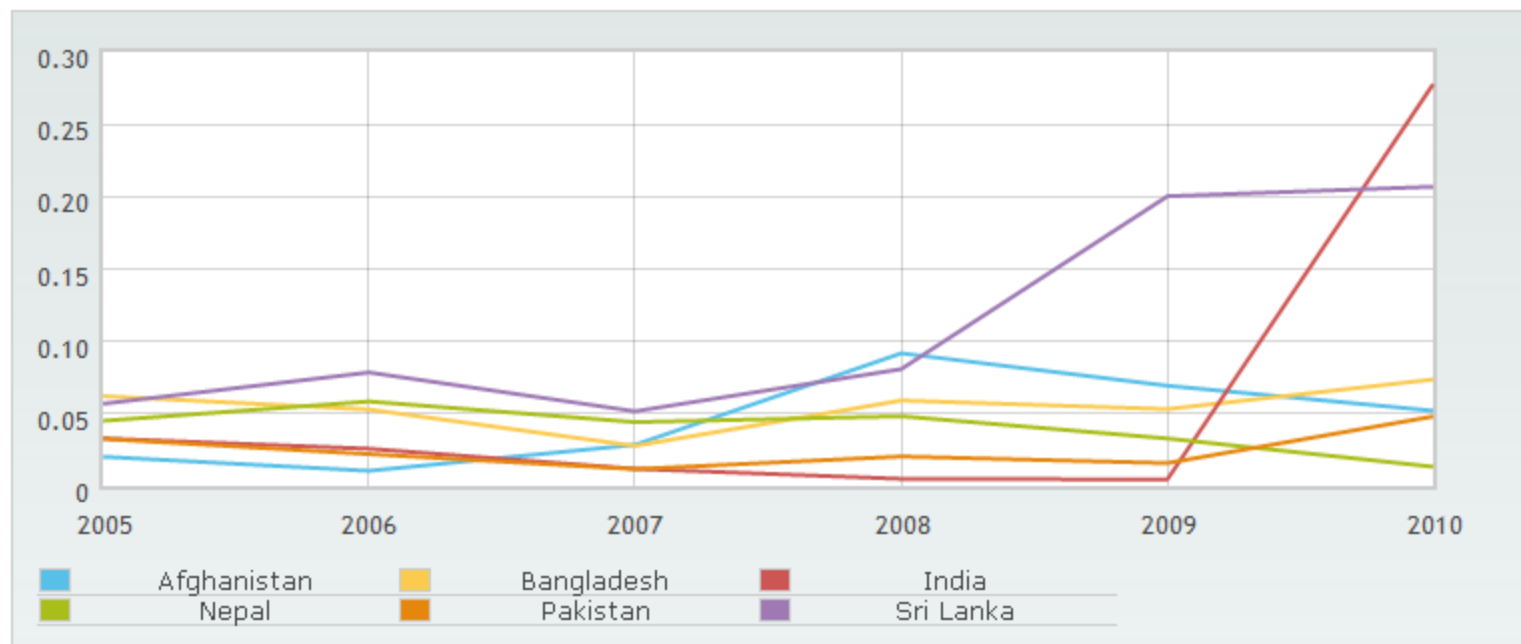
Portfolio at risk > 30 days (weighted average)



•PAR>30 is in a slight downward trend across the globe. South Asia is the exception as the first effects of the AP crisis are detected in rising PAR.

Crisis apparent in PAR data

Portfolio at risk > 30 days (weighted average)

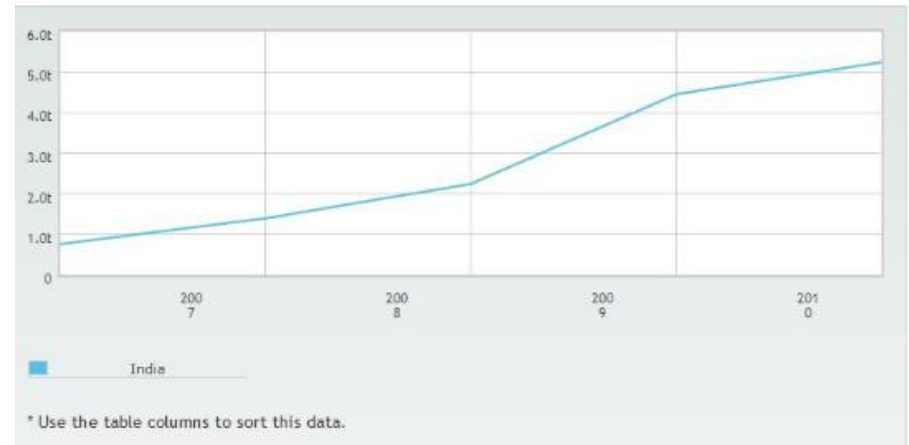


- Rising PAR in South Asia is almost exclusively caused by Andhra Pradesh crisis;
- India's position as lowest PAR in region dramatically reversed in 2010.

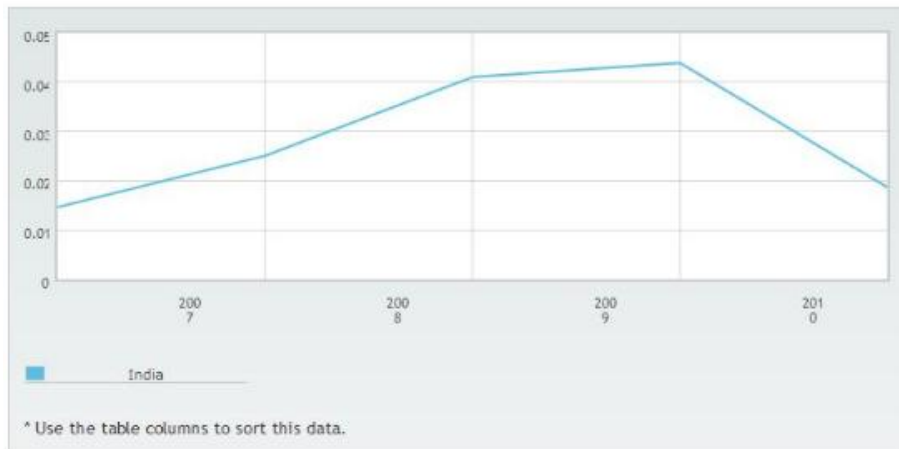
PAR figure represents weighted averages. Does not include SKS; With SKS the figure for India would likely be higher

- Growth for most Indian MFIs decelerated from 95% to 17% last year

Growth in gross loan portfolio



Trends in return on assets (weighted average)



- ROA dropped 2.5% to 2006 levels of 1.9%

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