

CGAP - Microfinance

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- Brazilian Market Description
- **UNIBANCO'S Experience using correspondent bank**

Brazilian Market Environment

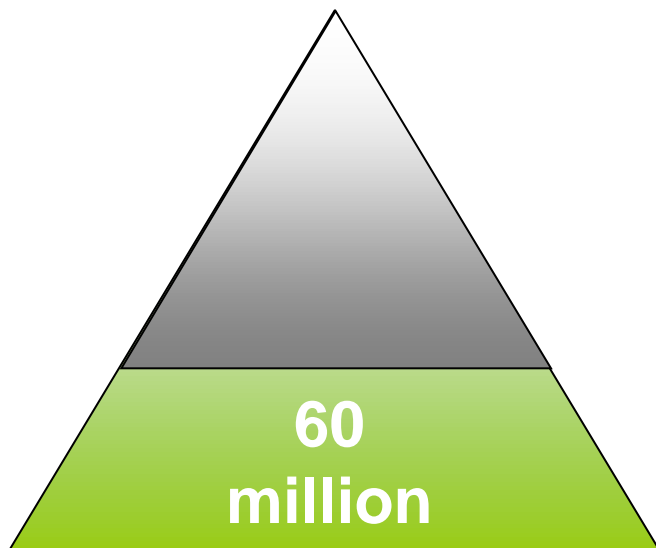
Population: 179 MM

Economic Active: 88 MM

GNP: US\$ 500 bi

US\$ 2700 Average Income





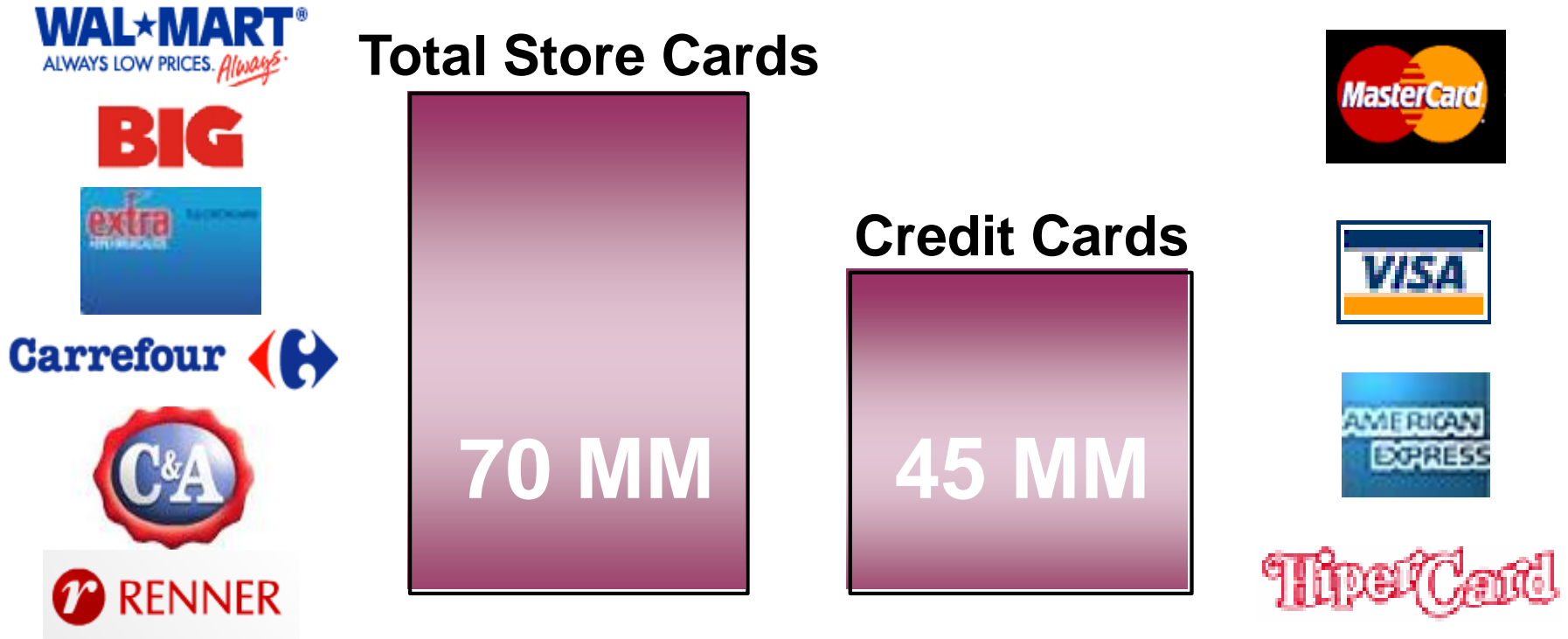
EXCLUDED POPULATION: 60 MM
1/3 of Brazilian population lives with less than US\$ 1 per day.

Source: FGV

Banking inclusion "old school concept"...

- **54 million of Checking Accounts...**
- **16.358 towns with no regular banking branches**
- **Exclusion reaches 75% of the active population**

However...in terms of credit



Credit and store cards are the only way of credit inclusion...

Store cards are cards issued by department stores, and at least 40% are on \$ 3 dollar per day

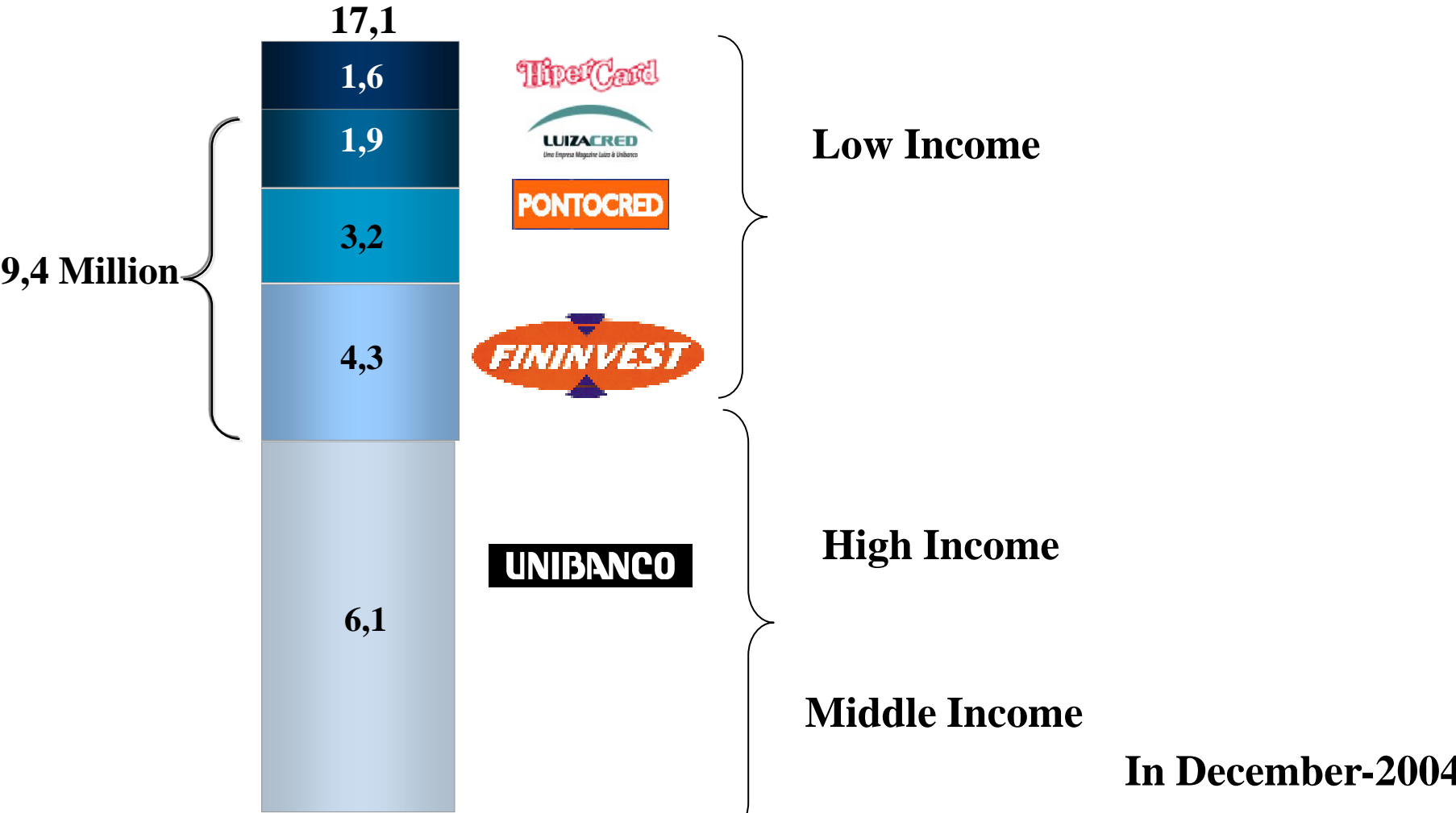
Other ways of doing Banking

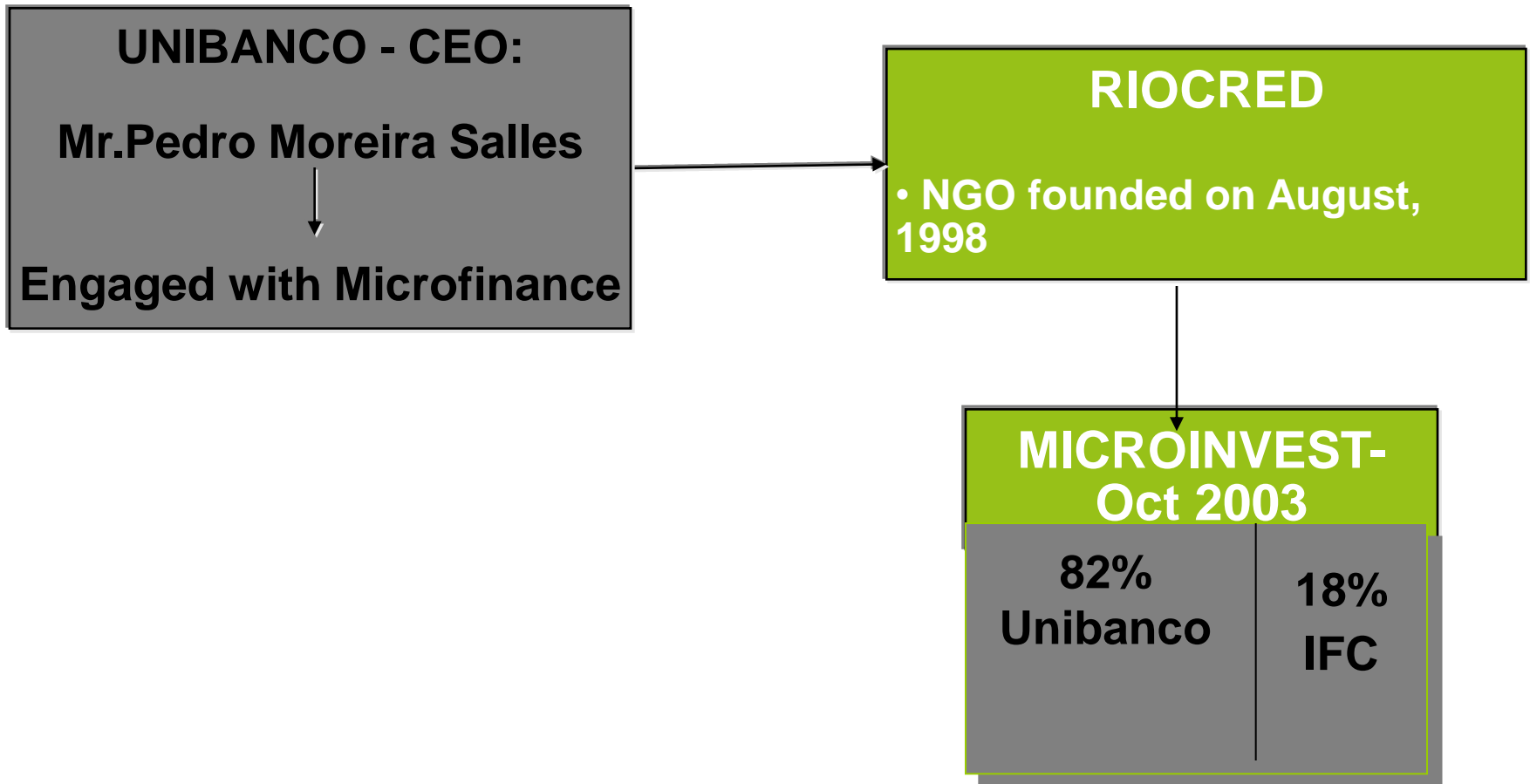
- **Banking correspondents:** Central Bank Resolution 1999
 - Bradesco: banking services at post offices - Banco Postal. 5.490 points.
 - Caixa Econômica: using the places that sell lotteries to offer financial services. 12.027 points
 - Banco do Brasil: Project Banco Popular - financial services in poor communities in Brazil – over 8.000 points
 - Unibanco: department stores and supermarkets – 3.500 points
 - More than 46.000 new places offering financial services outside of the traditional banking model.

- **Banking correspondents:** Central Bank Resolution 1999
 - No town in Brazil is unattended in terms of financial services and transactions.
 - Since 1999, almost 1 million new transactions in the financial system.

- Brazilian Market Description
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3rd largest Private Bank in Brazil





Brazilian Microcredit Market Description

- Two Different Worlds:

Formal Market

- Includes 4 million small enterprises(*).
- Employs over 25 million people.
- Represents 20% of Brazil's GNP

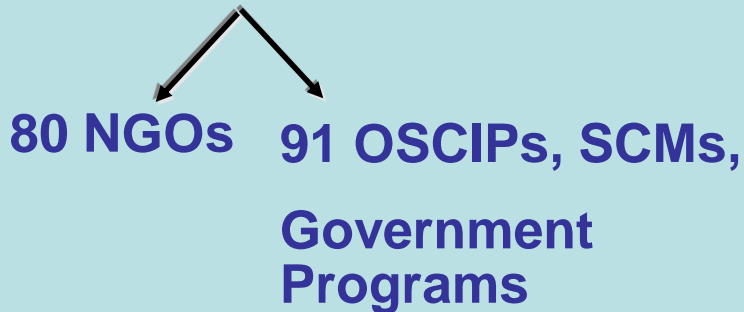
Informal Market

- Includes 9 million small enterprises.
- More than 30 million people work in informal enterprises.

*Productive Units with less than 5 employees and with a annual revenue less than US\$ 80,000

Microcredit in Brazil

Brazil: 171 institutions

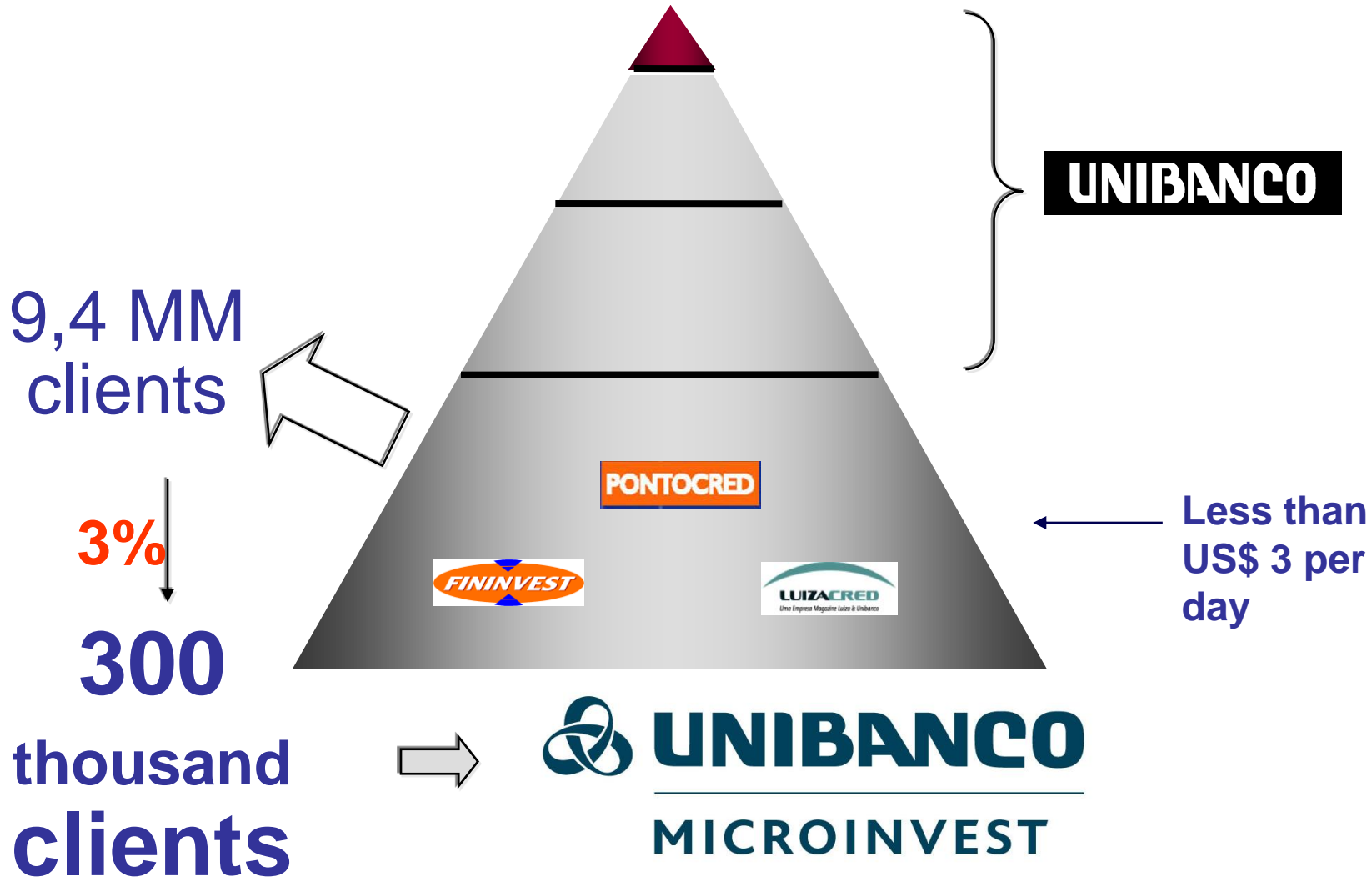


- Total Portfolio: US\$ 60 million
- 223.000 active clients!
- 1.304 clients on average, per institution

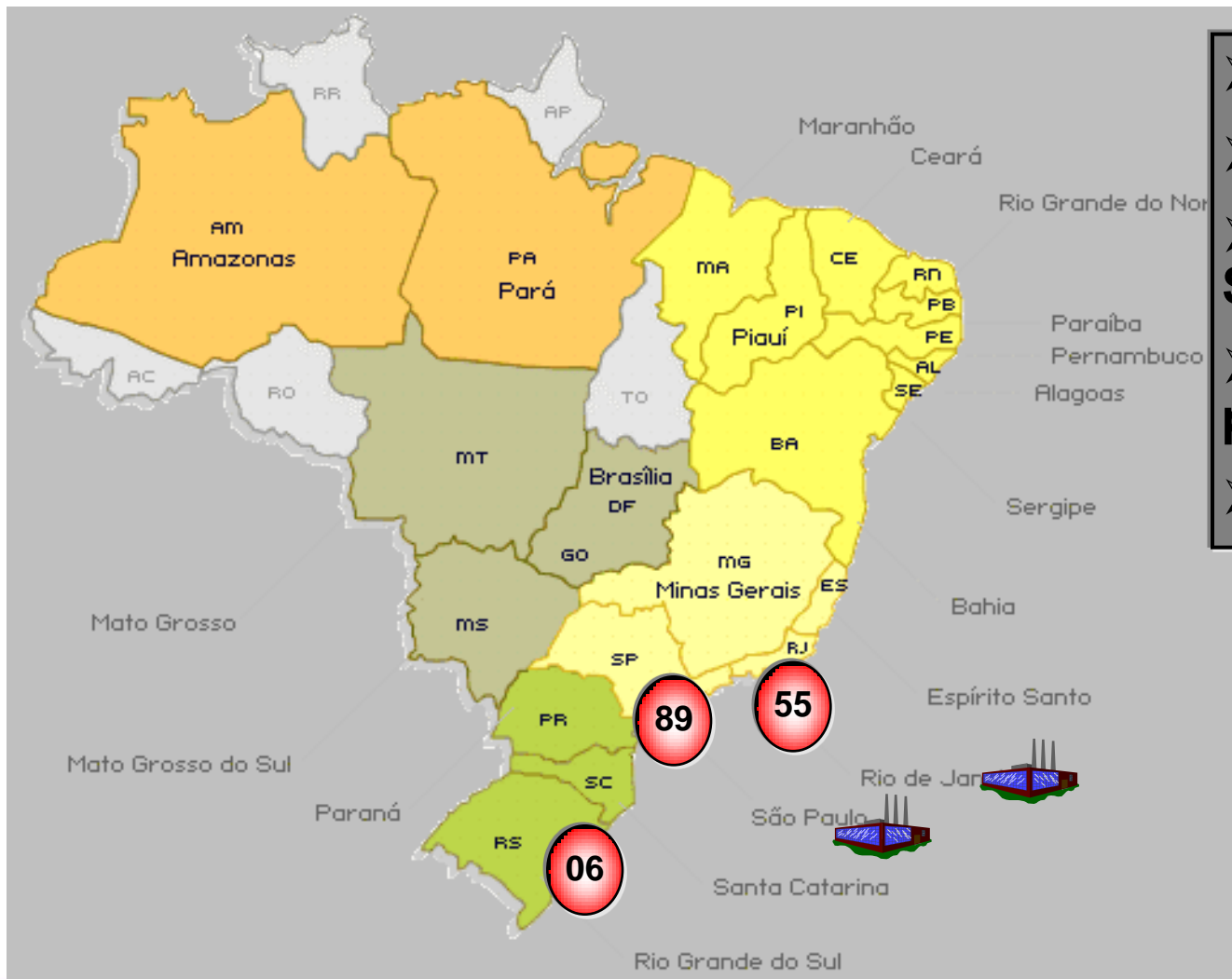
- **Non significant Microfinance Penetration: 2% of potential market (16 millions of micro-entrepreneurs) estimated by Central Bank.**
- **Huge concentration on Northeast region: CrediAmigo = 60% of microcredit in Brazil.**
- **There is almost no competition and the market is far from saturation**

UNIBANCO **Microinvest strategic alliances**

MICROINVEST



Distribution Points



- 3 States
- (RJ, SP and RS)
- 2 UCCs – RJ and SP
- 150 distribution points
- 55 loan officers

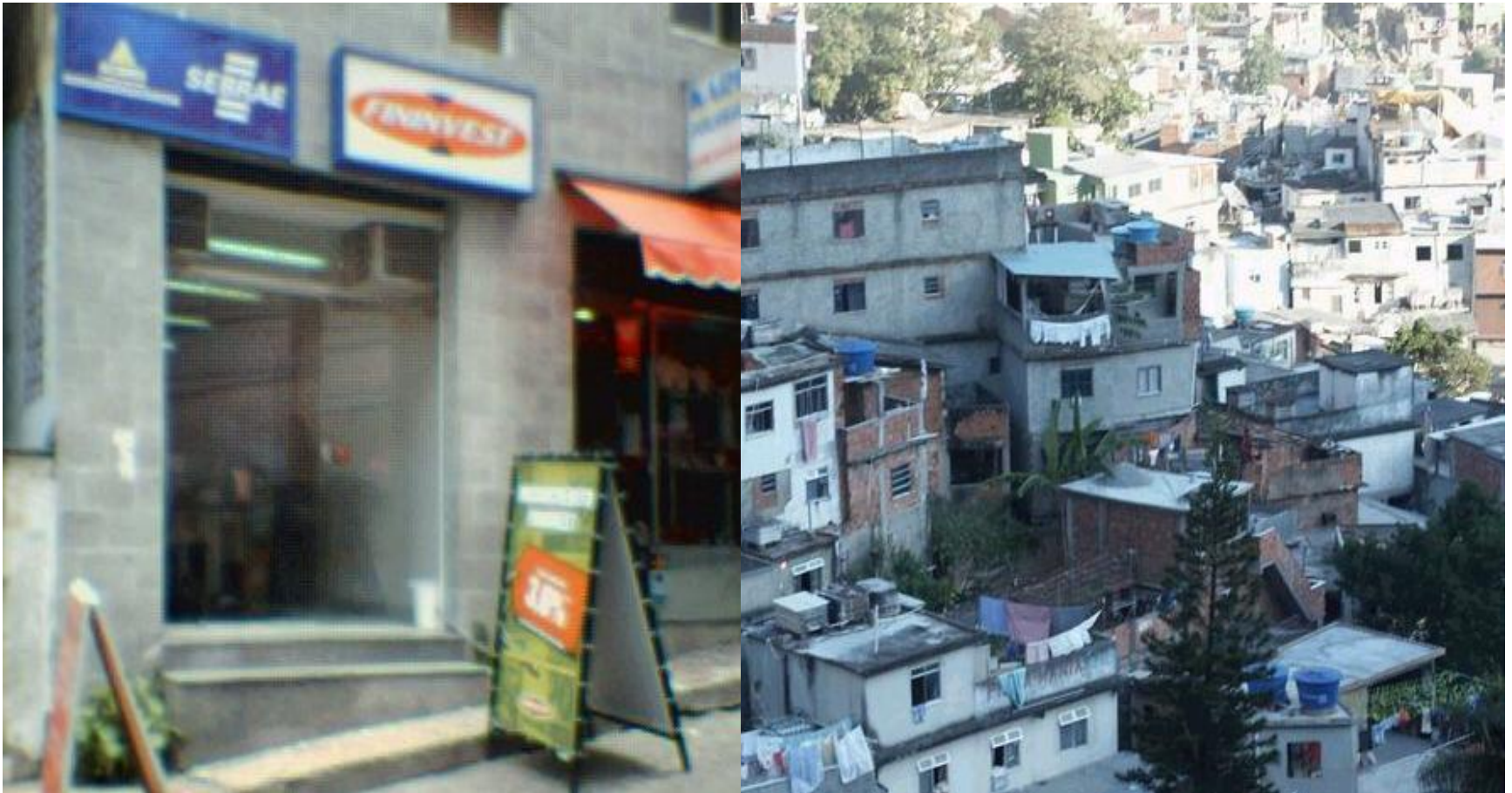
Example of Microinvest alternative distribution channel



Fininvest is the leader of personal credit directed to the low income segment

- 246 branches all over Brazil

Microinvest alternative distribution channel



Fininvest store at Rocinha (*favela*)