

WSBI

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savings and retail banking

Microfinance in Latin America The leadership of WSBI Members



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Highlights



WSBI Latin American members:

- **Are large and long-established providers of microfinance services.** As proximity financial institutions with large networks and with a strong social commitment, they are leaders in the Latin American microfinance industry. A rough estimate indicates that they provided microcredits to more than 1,45 million clients in 2006. They also mobilized at least 779 million USD deposits from their microfinance clients in that same year.
- **Provide a full range of microfinance products.** All of them mobilize savings, which is one of their major advantages compared to other microfinance providers focusing exclusively on credit. They also provide remittance services and some of them are leaders in the distribution of accessible insurance products.
- **Are experiencing impressive growth** both in terms of clients, microcredit portfolio size and savings collection. On average they have experienced 40% portfolio growth rate and 30% client growth rate for each of the past 3 years (2004-2006)

The Context: Microfinance in Latin America

Microfinance is generally understood as the provision of small-scale financial products and services -such as savings, credits, payments and insurances-, to low income segments of the population. In Latin America, microfinance has experienced an enormous success with a vibrant sector of sophisticated, commercially oriented microfinance providers. Indeed, most microfinance institutions in Latin America seek to become commercial players in the financial sector, achieving impressive records of financial and operational performance. Many of them are integrated into the formal financial system, being banks or microfinance specialized institutions, regulated by the financial authorities in their countries.

A recent regional survey¹ shows that in 2005, around 6 million people received microcredits in Latin America and most of those credits (81%) came from regulated institutions. The overall portfolio stood at around 5,4 billion USD for the same year. In terms of growth, the survey reveals annual growth rates of 35% for the number of clients and 46% in terms of portfolio, which confirms the rapid expansion experienced by the Latin American microfinance industry.

While microfinance in Asia and Africa has a stronger social focus on the poor, microfinance in Latin America is mostly understood as a financial solution for microentrepreneurs and their families, presenting higher loan average values (783 USD) than those found in other regions (121 USD for Asia and 187 USD for Africa)². It is also mainly an urban activity (as opposed to large rural schemes existing in Asia), where individual credit methodologies predominate over group lending.

Microfinance providers in Latin America can be broadly characterized in three categories. They are 1. NGOs that have transformed into regulated institutions (upscaling), 2. banks that have entered into the microfinance market (downscaling), or 3. traditional proximity financial institutions created to serve the microentrepreneur market. WSBI microfinance provider members in the region belong to the latter two categories, they are either banks with special microfinance programs or proximity financial institutions dedicated to microentrepreneurs.

¹ Navajas, Tejerina, *Microfinance in Latin America and the Caribbean: How Large is the Market?*, InterAmerican Development Bank, 2006.

² Data from *MicroBanking Bulletin*, Issue 14, Spring 2007, *Trend Lines 2003-05 MFI Benchmarks*, looking at median values of "Average Loan Balance per Borrower" for Latin America, Asia and Africa for the year 2005.

Microfinance, as carried out by WSBI Latin American Members

1. Magnitude and Presence

WSBI Latin American members³ are large and long-established providers of microfinance services. As proximity financial institutions with large networks and with a strong social commitment, many of them have been pioneers in the Latin American microfinance industry. As of today, 7 out of 15 Latin American members are active in microfinance. These members are involved in different ways in the microfinance sector as can be seen in Table 1. Caixa Economica Federal (Brazil), Banco Estado (Chile) and Banco BCSC (Colombia), were initially created as savings banks and have transformed into universal banks which among a full portfolio of financial services, offer specialized microfinance services⁴ (including credit, savings, insurance and payment services). FEPCMAC (Peru), FEDECREDITO (El Salvador) are federations that represent the largest microfinance institutions in their countries, such as the Cajas Municipales and the Cajas de Ahorro y Crédito respectively. BANSEFI is the Apex Institution of the Mexican Cajas de Ahorro y Crédito Popular but has an additional role as a national savings bank mobilizing small savings with a large network. BANRURAL (Guatemala) is a universal bank but has a very specific focus on microfinance reaching out to rural and remote areas.

Table 1. WSBI members involvement in Microfinance

Country	WSBI Member	Type of Involvement in Microfinance Sector
Brazil	Caixa Economica Federal	Banks with a microfinance specialized program
Chile	Banco Estado	
Colombia	Banco BCSC	
El Salvador	Federación de Cajas de Crédito y Bancos de los Trabajadores -FEDECREDITO	Federations that represent microfinance specialized institutions
Peru	Federación Peruana de Cajas Municipales de Ahorro y Crédito - FEPCMAC	
Mexico	Banco del Ahorro Nacional y Servicios Financieros -BANSEFI	Apex Institution and Savings Bank
Guatemala	Banco de Desarrollo Rural S.A - BANRURAL	Microfinance specialized bank

³ A list of WSBI Latin American Members can be found at the end of this report.

⁴ WSBI Members in Brazil and Colombia both created microfinance divisions inside their institutions. In Colombia, Banco BCSC who traditionally serves the microfinance market, created in 2004 a further specialized microfinance programme called Creemos. In Chile, Banco Estado created a subsidiary called BancoEstado Microempresas. For further information on Banco BCSC Creemos Program and on Banco Estado Microempresas please refer to the case studies at the end of this report.

Two WSBI members are among the precursors of the Latin American microfinance industry. Colombian Banco BCSC (formerly known as Banco Caja Social), was created back in 1911 as a savings bank with the mission to cater to the financial needs of low-middle income clients and microenterprises. The Cajas de Crédito, today represented by FEDECREDITO in El Salvador, started as early as the 1940's to operate in rural and remote areas. In the 1950's they began offering microcredits (mainly to finance microentrepreneurs' working capital needs) through group guarantees and offered financial incentives to their staff based on loan recovery⁵.

Currently, WSBI members in Latin America are among the biggest microfinance providers in the region. They have an extensive reach with a considerable number of branches and staff dedicated to microfinance as it is illustrated in Table 2. In the Mix Market⁶, WSBI members are among the 15 biggest microfinance institutions in Latin America in terms of gross microloan portfolio and also in terms of number of microborrowers. In Colombia, Banco BCSC has a share of 21,4% of the microcredit market⁷; Banco Estado Microempresas serves 52% of the total microfinance market in Chile⁸. In Peru, the Cajas Municipales (CMACS) represent 74% of the total microcredit portfolio⁹.

Table 2. Microfinance Branches and Staff (2006)

Country	Institution	Microfinance Branches	Microfinance Staff
Chile	Banco Estado Microempresas	145	792
Colombia	Banco BCSC	260 of which 71 with Creemos program	n/a
El Salvador	FEDECREDITO	98	763
Guatemala	BANRURAL	430	761
Mexico	BANSEFI	505	1316
Peru	FEPCMAC	218	1411

* Data from FEPCMAC and FEDECREDITO from this and all tables in the document are consolidated figures from their affiliated Cajas.

Microfinance in Latin America is an expanding industry with a large growth potential. Most WSBI members, and especially those who have created specialized microfinance programs in the past years, are experiencing rapid growth both in terms of clients and portfolio size. On average they

⁵ Berger, Goldmark and Miller, *An Inside View of Latin American Microfinance*, InterAmerican Development Bank, 2006, p.10.

⁶ The Mix Market provides information on over 800 individual microfinance institutions worldwide. It represents the most comprehensive data source for the microfinance industry. Available at: www.mixmarket.org

⁷ Banco Caja Social, *Presentation at WSBI Latin American Regional Group Meeting*, San Jose, 2007.

⁸ BancoEstado, *Las Microfinanzas en BancoEstado. Historias de Emprendimiento y Responsabilidad*, 2004.

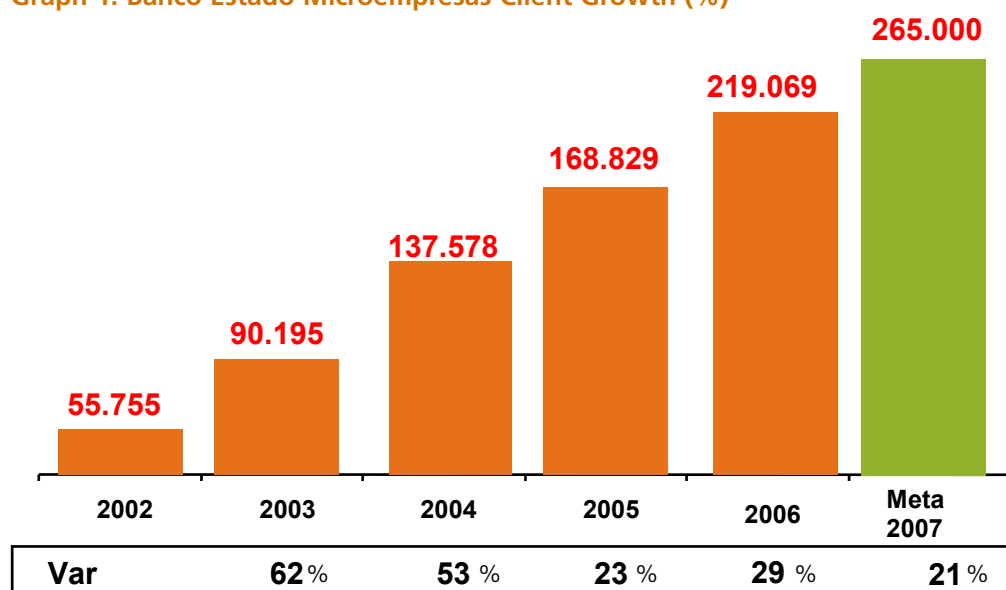
⁹ When compared to the other two microfinance providers in Peru -Rural Savings and Loan Institutions (CRAC) and Entities for the Development of the Small and Microenterprise (EDPYME)-. Data from Ebentreich, *Microfinance Regulation and Supervision in Peru: Current State, Lessons Learned and Prospects for the Future*, 2005.

have experienced 40% portfolio growth rate and 30% client growth rate for each of the past 3 years (2004-2006). Specifically, Banco Estado Microempresas has multiplied by four its client base in 5 years, from 56.819 clients in 2001 to 219.069 clients in 2006¹⁰. Banco BCSC has a large client base of 74.459 microcredit customers. According to Banco BCSC, 70% of these customers had no previous experience with the formal financial sector in their country.

Table 3. Growth Microcredit Clients

Country	Institution	Number of active microcredit clients		
		2004	2005	2006
Chile	BancoEstado Microempresas	137.578	168.829	219.069
Colombia	Banco BCSC	7.954	24.727	74.459
El Salvador	FEDECREDITO	39.702	38.180	39.144
Peru	FEPCMAC	254.373	299.495	356.903

Graph 1. Banco Estado Microempresas Client Growth (%)



Source: Banco Estado Microempresas

¹⁰ Larrain, BancoEstado Microcreditos: Lecciones de un Modelo Exitoso, CEPAL, 2007, p. 13

2. Microfinance Products and Services¹¹

Microcredit and microsavings are the most common microfinance products offered by WSBI microfinance providers in Latin America. As licensed institutions all WSBI Members are authorized to collect savings. One of them, Banco del Ahorro y Servicios Financieros (BANSEFI) in Mexico, is a savings-only institution, allowed also to process payments -mostly national and international remittances and payments of social programs-. While microcredit and microsavings are the most popular products, WSBI members also provide remittance services and some of them are leaders in the distribution of accessible insurance products.

Microcredit

In terms of their microcredit activity, as previously mentioned, WSBI members are very large providers in the Latin American market. The survey found¹² that they reached over 1,45 million microcredit clients in 2006. Looking at the depth of that outreach, they have average loan values representing approximately 49% of their respective country GNP per capita (except FEDECREDITO in El Salvador). Comparing this ratio to the Microbanking Bulletin (MBB) benchmark¹³ for microfinance institutions in the region, similar institutions have a 61% ratio, which means that average microcredit amounts from WSBI members are below the average.

Table 4. Microcredit Outreach (2006)
(No. of Microcredit Clients and Microcredit Average Value)

Country	Institution	Active microcredit clients	Average value of a microcredit (USD)	Ratio Average Loan Value/ GNP 2006
Chile	Banco Estado Microempresas	219.069	3.316,80	48%
Colombia	Banco BCSC	74.459	1.485,81	54%
El Salvador	FEDECREDITO	39.144	3.500,00	138%
Guatemala	BANRURAL	769.994	1.169,44	44%
Peru	FEPCMAC	356.903	1.430,37	49%

¹¹ In order to produce this report, WSBI conducted a survey via a questionnaire sent to the 7 WSBI Latin American microfinance provider members. The questionnaire asked for information about microcredit, microsavings, microinsurance and micropayment services. The following pages show the survey results.

¹² This data doesn't include Caixa Economica Federal (Brazil) customers which could largely expand the total numbers.

¹³ Data from the Spring 2007 edition of *The Microbanking Bulletin (MBB)*. The MBB is the premier source of high-quality aggregate information on the microfinance industry worldwide. It provides performance benchmarks by "peer groups" (putting together data from institutions from the same region with similar characteristics) which facilitates more accurate comparisons. Available at: www.mixmbb.org

Table 5 gives a status of WSBI members' microcredit activity for 2006. The total value of disbursed microcredits is 1,44 billion USD. Table 6 also shows that between 2004 and 2006 the portfolio¹⁴ has almost doubled from 594 million USD to 1,13 billion USD.

Table 5. Key Microcredit Figures (2006)

Country	Institution	Active microcredit clients	Disbursed microcredits	Value disbursed microcredits (USD)	Average value of a microcredit (USD)
Chile	Banco Estado Microempresas	219.069	145.521	389.233.644	3.316,80
Colombia	Banco BCSC	74.459	83.039	123.379.995	1.485,81
El Salvador	FEDECREDITO	39.144	n/a	108.316.467	3.500,00
Guatemala	BANRURAL	769.994	267.515	312.842.561	1.169,44
Peru	FEPCMAC	356.903	n/a	510.499.292	1.430,37

Table 6. Growth Disbursed Microcredits

Country	Institution	Value of Disbursed Microcredits (USD)		
		2004	2005	2006
Chile	Banco Estado Microempresas	142.681.574	272.501.945	389.233.644
Colombia	Banco BCSC	36.591.150	76.424.154	123.379.995
El Salvador	FEDECREDITO	77.490.821	92.653.227	108.316.467
Peru	FEPCMAC	337.400.931	416.845.394	510.499.292

Looking at the quality of the microcredit portfolio as reported by some of the surveyed members, we find outstanding performance for Banco Estado Microempresas (Chile), who despite its accelerated growth in the past 3 years has managed to maintain low levels of portfolio at risk¹⁵. Looking at the Creemos Programme of Banco BCSC, we can see that it maintains a very reasonable ratio of 2,13%¹⁶, while the CMACs (Peru) show a positive trend.

¹⁴ Excluding figures from Banrural (Guatemala)

¹⁵ In this case, Portfolio at Risk is measured by the percentage of overdue microloans (over 30 days) divided by the total portfolio

¹⁶ 1,9%, is the "Portfolio at Risk > 30 Days Ratio" in the MBB benchmark for Latin American large microfinance institutions. Data from the MBB Spring 2007 Edition.

Table 7. Portfolio Quality

Country	Institution	Portfolio at risk > 30 days ratio (%)		
		2004	2005	2006
Chile	Banco Estado Microempresas	0,49%	0,60%	0,68%
Colombia	Banco BCSC Creemos	1,21%	1,63%	2,13%
Peru	FEPCMAC	6,14%	5,86%	5,42%

The financial performance and efficiency indicators reported by Banco Estado (Chile) and the CMACs (Peru), show that their microcredit programs are very profitable and run under efficient operating expenses in microfinance terms and taking into account the costs that they also incur as savings mobilizers.

Table 8. Financial Performance and Efficiency (2006)

Country	Institution	Return on assets	Return on equity	Cost to income ratio	Operating expense ratio
Chile	Banco Estado Microempresas	3,00%	23,60%	58,90%	9,10%
Peru	FEPCMAC	4,15%	25,42%	32,62%	17,27%

Savings

WSBI members are first and foremost savings institutions. Historically they were created with the main purpose of mobilizing domestic resources and investing them in their communities¹⁷. As previously mentioned, all WSBI members in Latin America mobilize savings, which is one of their major advantages compared to other microfinance providers focusing exclusively on credit. The figures appearing in the following tables refer to savings values of their microfinance clients only. For example, for institutions such as Banco Estado (Chile) and Banco BCSC (Colombia) the amounts reported only include clients who are part of their microfinance specialized programs (Banco Estado Microempresas and Creemos respectively) and not of the whole institution, where we could certainly find thousands of microsavers.

The whole Banco Estado, for instance, mobilizes 88% of the savings retail market in its country¹⁸, with a total of 10,5 million passbooks savings accounts totalling 3,4 USD billion in deposits. The average savings account balance is 330 USD (the rest of the Chilean financial system being 550 USD). BANSEFI is also a large mobilizer of savings in Mexico. Up to June 2006, it registered 3,3 million accounts with

¹⁷ There is only one exception in Latin America. The Cajas de Crédito (affiliated to FEDECREDITO) in El Salvador provided only credit until 2002 when they were authorized to collect savings from their members. The other type of institutions affiliated to FEDECREDITO, the Bancos de los Trabajadores were authorized to collect deposits from the public since their creation in the 90's.

¹⁸ "88% market share by number of accounts". Mena, Errazuriz, BancoEstado: Inclusive Finance: Expanding Borders, Banco Estado, 2006. p. 23.

an overall balance of 455 million USD. FEDECREDITO in El Salvador, has experienced rapid expansion since 2004, from more than 56 million USD savings collected, to more than 138 million USD in 2007 (see Graph 2). In Peru, according to the Peruvian banking supervisor (SBS) the CMACs have reached leadership positions as savings mobilizers ranking ahead of most other financial institutions in their regions¹⁹. They also play an important role investing in their regions. From the 154 million USD savings collected in Lima, 60,12% goes to the municipalities as investments in credits and microcredits.

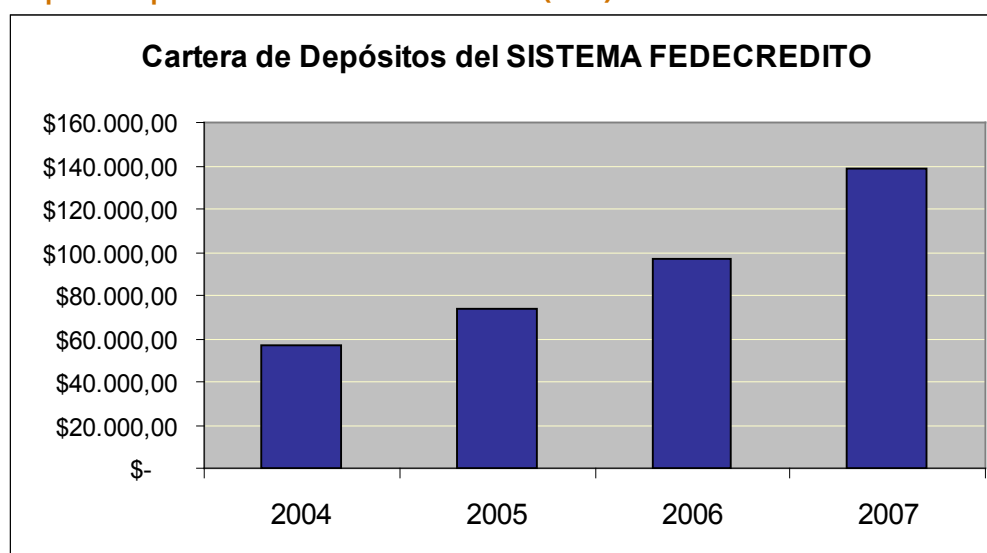
Table 9. Savings Outreach (2006)

Country	Institution	Savings Accounts	Average Savings Value (USD)
Chile	Banco Estado Microempresas"	157.278	667
Colombia	Banco BCSC" Creemos	27.512	80
Mexico	BANSEFI"	496.063	112
Guatemala	BANRURAL	1.052.122	570
Peru	FEPCMAC *	610.713	n/a

" Refers to savings accounts only and excludes demand deposits and term deposit accounts (for an explanation of the difference see footnote ²⁰)

* FEPCMAC only reported microsavings, defined as deposits of less than 100 USD

Graph 2. Deposits FEDECREDITO Affiliates (USD)



Source: FEDECREDITO

¹⁹ WSBI, *Ten Years of Sharing Innovations in the Savings Market*, Brussels, 2007. p. 58

²⁰ Demand deposits where defined as bank deposits that can be drawn easily without previous notice. Savings accounts are interest-earning bank deposits kept for the purpose of savings. Term deposits refer to bank deposits with a fixed term when they can be withdrawn.

It was possible to obtain some figures of the different savings products offered by WSBI Members: demand deposits, savings accounts and term deposit accounts²⁰, as shown in Table 10. Demand deposits seem to be the most popular product among the microfinance clients with a total value of 469 million USD, savings accounts follow with 189 million, and term deposits with 120 million USD.

Adding all the savings products shows that WSBI microfinance providers in Latin America mobilized 779 million USD in 2006 from their microcredit clients -which is a conservative estimate taking into account the lack of data for some institutions and the fact that, as mentioned earlier, many microsavers are clients of the banks and not necessarily of the microfinance programs. Table 11 shows the positive trend in the number of savings accounts.

Table 10. Deposits (2006)

Country	Institution	Demand deposit accounts		Savings accounts		Term deposit accounts	
		Number	Total outstanding amount (USD)	Number	Total outstanding amount (USD)	Number	Total outstanding amount (USD)
Chile	Banco Estado Microempresas	13.603	3.701.870	157.278	106.659.572	5.310	29.990.304
Colombia	Banco BCSC	27.530	2.196.997	27.512	2.192.583	92	247.415
El Salvador	FEDECREDITO	n/a	n/a	n/a	19.446.340	n/a	77.785.360
Mexico	BANSEFI	2.842.288	463.438.467	496.063	55.408.860	660	12.516.043
Peru	FEPCMAC	n/a	n/a	610.713	5.810.114	n/a	n/a

Table 11. Evolution Number of Savings Accounts

Country	Institution	2004	2005	2006
Chile	Banco Estado Microempresas	n/a	89.738	157.278
Colombia	Banco BCSC Creemos	n/a	7.529	27.512
Mexico	BANSEFI	359.689	466.994	496.063
Peru	FEPCMAC	437.546	535.439	610.713

Remittances

In terms of remittances, it is mainly BANSEFI (Mexico), BANRURAL (Guatemala), the Cajas de Crédito affiliated to FEDECREDITO (El Salvador) and the CMACs (Peru) who provide services on a large scale in the US-Latin American corridor, often associated with remittance companies. Banco BCSC (Colombia) also processes remittances payments via agreements with the Spanish Savings Banks Confederation –CECA- and La Caixa (Spain), catering to the Colombian migrants living in Spain. It has reported (in 2006) that it received on average 2.000 monthly transactions from this partnership. Banco BCSC also works with “Giros y Finanzas” which is a Western Union agent in Colombia.

BANRURAL channels 50% of the remittances coming into Guatemala, with an average individual value of 391USD. As a bank, BANRURAL offers its remittances customers to deposit their remittances into an account. It also links remittances to the reimbursement of credits and offers access via internet to Guatemalans living abroad, who are able to pay services and buy goods for their families living in Guatemala. Also in Central America, the FEDECREDITO System has become an important remittances service provider in El Salvador and plans to channel 30% of the whole national remittances share. In just two years it more than doubled its remittances business, from 31,6 USD million in 2004 to 69 million USD in 2006.

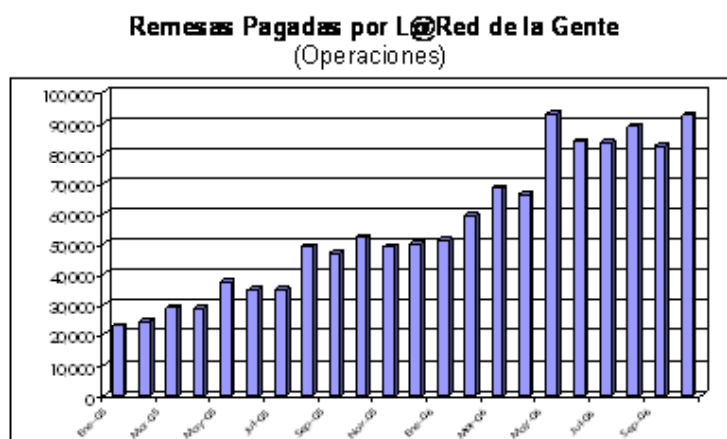
Table 12. International (Int) Money Transfer Operations: Remittances

Country	Institution	2004		2005		2006	
		Int.money transfer operations	Total outstanding amount (USD)	Int. money transfer operations	Total outstanding amount (USD)	Int.money transfer operations	Total outstanding amount (USD)
El Salvador		n/a	31.624.416	n/a	41.198.658	n/a	69.000.000
Mexico	BANSEFI	279.038	87.494.230	460.831	154.715.307	922.219	335.280.417
Guatemala	BANRURAL	n/a	n/a	n/a	n/a	4.647.524	1.815.045.156

BANSEFI also plays an important role in the remittances market in Mexico. Through a commercial alliance called “L@Red de la Gente” it interconnects its affiliated Cajas²¹ to receive remittances and builds commercial partnerships on behalf of L@Red with remittances companies on the sending side. In 2007, it has concluded remittances agreements with 20 money transfer companies and 2 banks, which have more than 30.000 access points in the United States. By the end of 2006, the number of remittances transacted was 922.219, representing an increase of 97% (see Graph 3). The average remittance value was 359 USD for 2006. The next step for BANSEFI is to implement its “account-to-account” service, as now most of the transactions are originated in cash. For this it began its “Directo a Mexico” program and has already concluded agreements with 40 financial institutions in the United States.

²¹ In addition to its role as a savings bank in Mexico, BANSEFI has been mandated as the Apex organization of the reformed popular savings and credit movement (Cajas de Ahorro y Crédito Popular). As the local Cajas come into compliance with a new regulatory regime, they have access to L@Red de la Gente.

Graph 3. Number of Remittances L@Red de la Gente



Fuente: L@Red de la Gente, Bansei.

As a provider of remittances services, Caixa Economica Federal introduced in 2004 a money remittance service through the Internet, “E-conta Caixa” (Caixa e-Account) for Brazilians working abroad. This service allows the latter to send remittances home directly from a host-country issued credit card. The account is available in 50 countries and the cost of a typical transfer is just 2~3%. As a second stage Caixa Economica Federal started making available to Brazilians living abroad remittance services through physical tellers at partner banks. The most successful partnership to date is with BCP Bank (A US based Portuguese Bank).

Insurance

In terms of insurance offered to the microentrepreneur and low-income market, active WSBI members are Banco Estado (Chile), Banco BCSC (Colombia) and BANRURAL (Guatemala). Usually insurances are distributed to microcredit clients and cover mainly life, disability and microbusiness casualties. Banco BCSC has recently (end of 2006) under its Creemos Programme started distributing an insurance product specially designed for its microfinance clients covering life and funeral assistance.

BANRURAL also distributes health insurances, a product that has become very popular, covering 150,000 families throughout the country since its creation in 2005. BancoEstado is a national market leader in Chile with more than 1,3 million insurance customers. It has designed low-cost insurances such as the “Incredible Insurance” covering the risk of accidental death at a cost of only 7,8 USD per year, or about 60 cents per month. This offers holders coverage worth more than 6.200USD. In 2005, the bank sold 132.000 of these policies.

Table 13. Insurance

Country	Institution	2004		2005		2006	
		Number of policies	Total revenue (USD)	Number of policies	Total revenue (USD)	Number of policies	Total revenue (USD)
Chile	Banco Estado Microempresas	72.587	3.025.612	135.917	7.098.438	154.783	8.850.974
Guatemala	BANRURAL					9.431	228.536

3. Current trends

Experiencing an accelerated growth WSBI members in Latin America have incorporated innovations to the microfinance market. This is the case, for example, of the recent deployment of banking agents²² as a solution to expand distribution channels in a cost-effective manner. Three WSBI members, Banco Estado (Chile), Caixa Economica Federal (Brazil) and BANRURAL (Guatemala)²³, have pioneered in their respective countries the rolling out of banking agents.

Banco Estado has installed almost 1000 new banking at the end of 2007. In 2006, in rural areas alone, Banco Estado was reaching more than 200.000 inhabitants. It estimates that in four years' time it will serve more than 1,2 million people, primarily in regions where there are neither banks nor ATMs. Caixa Economica Federal in Brazil, is also installing a great number of banking agents, in June 2006 it had more than 16.000 POS outlets. It also reported that close to 45% of all of its banking transactions are now handled at banking agents.

In addition to expanding distribution channels, WSBI members are also advancing in credit scoring systems specially designed for microfinance. Thanks to their historical client database Banco Estado and Banco BCSC have refined their credit scoring systems, which have become a very important tool for making faster and more accurate credit decisions. Once a loan officer has inputted a client's information, the institution applies a credit scoring based on historical and demographic data, which automatically determines the customer's potential and ability to reimburse the credit.

Banco Estado Microempresas is also one of the institutions in Latin America that equips its agents with Personal Digital Assistants (PDAs), which contain georeferencing systems and roadmaps, as well as programmes for assessing and calculating financial data, allowing them to forecast credit viability on first contact with the customer.

Finally, WSBI members are also concerned about the accessibility of their products to underprivileged customers. This is the case of BANRURAL (Guatemala) that has ATMs with audio instructions in indigenous dialects and biometric recognition for the clients that cannot speak, read or write Spanish.

²² Banking agents work with POS terminals which are devices connected to a telephone or other telecommunication network, installed in retail shops which enable payments, transfers, withdrawals and deposits.

²³ The experience of BANRURAL with banking agents « Caja Amiga » is very recent and it was not possible to obtain more information.

Short case studies of selected members

Peru - FEPCMAC

Snapshot: Microfinance at FEPCMAC (2006)	
Microcredit Market Share	74%
Number of microborrowers	356.903
Microloan portfolio (USD)	510.499.292
Average microcredit (USD)	1.430
Number of Savings Accounts	610.713
Average savings account (USD)	n/a
Number of Branches	218
Microfinance Staff	1.411

www.fpcmac.org.pe

In Peru, the creation of the Cajas Municipales de Ahorro y Crédito (CMACs) was undertaken in the 1980's with the specific objective to have decentralised financial institutions oriented towards those segments of the population who lack access to the formal financial system. Today there are 12 CMACs, represented by the FEPCMAC, the Federation which provides an auditing role, advisory and capacity building services. The CMACs are financial intermediaries owned by the municipalities. They have a separate legal entity, with economic, financial and administrative autonomy.

The CMACs are the largest providers of microfinance services in Peru. They represent 74% of the microcredit clients and of the total microcredit portfolio in the country. In terms of savings they collect 80% of the total savings mobilized by the microfinance providers in the country. Besides microcredit and savings (savings accounts and term deposits), they provide consumer and agricultural credit, basic payments services and international remittances.

Chile - Banco Estado Microempresas

Snapshot: Microfinance at Banco Estado (2006)	
Microcredit Market Share	52%
Number of microborrowers	219.069
Microloan portfolio (USD)	389.233.644
Average microcredit (USD)	3.316,80
Number of Savings Accounts	157.278
Average savings account (USD)	667
Number of Branches	145
Microfinance Staff	792

www.bancoestado.cl

Banco Estado is the largest bank present in most of the provinces in Chile. It runs a microenterprise programme through the subsidiary “Banco Estado Microempresas”, a national leader with 52% of the microfinance market. The subsidiary was created in order to respond flexibly and dynamically to the needs of microenterprises with adapted technologies and systems, risk analysis methods, specially designed products, different models of client services and professional staff dedicated to working for this sector.

Banco Estado Microempresas offers specialized microcredits to different client segments based on their activity (agriculture, fishing, trade, transportation, etc...). It offers savings and term deposit accounts, as well as payment facilities. It also distributes insurances. Banco Estado Microempresas has become an international reference in the microfinance industry, it has obtained several awards for the quality of its services, the latest being the Asia Pacific Quality Award, awarded by the Asia Pacific Quality Organization (APQO) in November 2007.

Colombia - Banco BCSC

Snapshot: Microfinance at Banco BCSC (2006)

Microcredit Marketshare	21,40%
Number of microborrowers	74.459
Microloan portfolio (USD)	123.379.995
Average microcredit (USD)	1.485
Number of Branches	260 of which 71 with Creemos Program
Microfinance Staff	n/a

www.bancocajasocial.com.co

Banco Caja Social, now known as Banco BCSC, was created back in 1911 with the mission to be the leading bank for financing low-middle income clients and micro and small and medium enterprises (SMEs). According to the bank’s own estimates, 61% of the bank’s portfolio comes from clients with a monthly income of less than 611 USD.

Although it has been targeting the low-income sector since its creation, recently in 2004 the Bank decided to create a specialized microfinance division. This division has developed a new client attention model, which is based in the microfinance principles. With the name “Creemos” –we believe-, it operates as a special division within the bank with its own human resources, technology and sales departments. It also has its own risk policy and own credit procedures.

For its microfinance clients Banco BCSC offers savings and payment facilities, microcredits, and international remittances. It also distributes insurances.

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	Asociación la Nacional de Ahorros y Préstamos
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