

A reading of financial benchmark results



There was marginal annual growth in 2020 over the previous year in Latin America, although accompanied by a 6% annual increase in the loans disbursed.

The average loan is larger in Latin America (US\$2,000 per borrower) than in Africa (US\$1,200). However, the countries that show the highest service improvement in terms of loan size (with comparatively smaller loan amounts) continue to be Mexico, followed by Colombia.

On the African continent, Nigeria is the country with a comparatively small average loan.



The portfolio at risk affected by refinancing and rescheduling (facilitated by the pandemic's economic impact) is evidence that there is still concern about their recovery. In MicroRate's experience, the more days past due with minimal or no amortization, the greater the probability of their becoming write-offs.

Operational Efficiency

Although operational efficiency in the midst of this still complex scenario has required expense optimization in MFIs, Latin America shows a higher ratio (20.5%) compared to Africa and Asia (19.0%) even though it disburses a higher average loan amount.

An eventual digital transformation of their operations would increase the possibility of improving their expense levels in coming periods, as well as their competitiveness.

Although Latin America, Africa and Asia prove to be highly competitive microfinance markets, portfolio yield (measured as financial income over gross portfolio) in the first continent was reported at 33.3% per annum, versus an average of 25.6% reported in the latter two continents.

It should be noted that the indicator continues to be partially fed by accrued returns associated with current rescheduling and, in some cases, the shifting of strategies to other market niches.

Regarding the financial expense (the cost of microfinance funding sources), usually affected by contexts, treasury management and also by the leverage, it was higher in Latin America (7.5%) than in Africa (5.5%). In Asia, it is around 10.2%.



There is a great deal of expectation regarding the development of key indicators to be analyzed soon by MicroRate in its June 2021 edition.

What is MicroRate's Financial Benchmark?

For over 20 years, our benchmark has been prepared based on semi-annual information from financial institutions rated by MicroRate. Thus, this report is an important reference to evaluate the performance of the main microfinance financial and management indicators.

What indicators does it include?
Learn more about it [here](#).
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