



## SPOTLIGHT ON PUBLICATIONS: LATIN AMERICAN MICROFINANCE



The following selection presents some of the key publications focusing on the microfinance sector in Latin America. Addressing a variety of issues related to microfinance in the region, and highlighting examples from a diverse group of Latin American countries, the publications can be grouped into the following categories: [Assessing Risk](#); [Regulations and Regulatory Frameworks](#); [Impact Evaluations and Empirical Work](#); [Regional Trends and Analysis](#); [Rural Microfinance](#); and [Technologies](#).

### ASSESSING RISK

#### ► [Managing Credit Risk in Rural Financial Institutions in Latin America](#)

This study provides valuable information to expand available knowledge on rural finance in the Latin American context. It is divided into three parts: the first part is a review of the typical risks faced by financial institutions and the techniques to address them; the second presents results from a survey of 42 microfinance institutions (MFIs) in Latin America offering services in rural areas; and the last part explores in detail the cases of Peru and Guatemala. The MFIs studied in this final section include a traditional bank, a non-regulated NGO and regulated deposit-taking nonbank financial institutions. The information about products offered and limitations faced will be particularly interesting for those working in rural areas in other context.

Full citation: Wenner, M. *et al.* 2007. *Managing Credit Risk in Rural Financial Institutions in Latin America*. Sustainable Development Department Best Practices Series. Inter-American Development Bank (IDB), Washington, DC.

#### ► [Managing Risks and Creating Value with Microfinance](#)

Presented by the World Bank, this publication is the result of a series of presentations by leading experts working on the institutional sustainability of microfinance, in particular from four South American countries: Bolivia, Colombia, Ecuador and Peru. The first half of the book focuses on risk management, while the second half presents innovative new products and technologies such as microleasing, microinsurance, disaster preparedness and housing microfinance. Some interesting conclusions relate to the importance of technologies in microfinance, the strong repercussions of management failures and the challenges of introducing microleasing. The book share examples - both negative and positive - of adoption of new techniques, and is meant for staff of microfinance institutions, donors and governments alike.

Full citation: Goldberg, M., Palladini, E. 2010. *Managing Risks and Creating Value with Microfinance*. World Bank, Washington, DC.



## REGULATIONS AND REGULATORY FRAMEWORKS

### ▶ [Guidelines and Principles for Effective Regulation and Supervision of Microfinance Operations](#)

This report, prepared by the Microfinance Working Group of Banking Supervisors, members of the Association of Supervisors of Banks of the Americas (ASBA), will be useful to help readers access information about some of the best practices in regulation coming out of the region. It presents interesting and concise information about principles for effective regulation and supervision of microfinance operations, while also putting the regional information in context through discussions of international bank supervision standards. Best practices are highlighted from banking supervisors in Bolivia, Brazil, Colombia, El Salvador, Peru and the United States of America.

Full citation: Association of Supervisors of Banks of the Americas (ASBA). 2010. *Guidelines and Principles for Effective Regulation and Supervision of Microfinance Operations*. ASBA, Washington, DC.

### ▶ [Microfinance Regulation in Mexico: Lessons and Challenges Ahead](#)

This publication contributes to the debate about what types of financial and microfinance regulations work best and in which context. Focusing on the case of Mexico, the author presents an analysis of what objectives were and were not achieved in terms of the new regulations implemented. The paper presents details about the regulatory framework and challenges and changes needed in order to improve the legislation.

Full citation: Ramos, J. 2010. *Microfinance Regulation in Mexico: Lessons and Challenges Ahead*. National Banking and Securities Commission, Mexico City.

### ▶ [Microfinance Regulation: Lessons from Bolivia, Peru and the Philippines](#)

This paper aims to describe the microfinance regulatory systems of Bolivia, Peru and the Philippines, countries that are currently considered to be leaders in the sector. For this reason, it can be useful to understand best practices in Latin America, for although the Philippines is not a Latin American country, the paper argues that it does have similar Spanish traditions. In addition to providing a detailed profile of each country's microfinance regulatory system, the paper offers some interesting conclusions by comparing the cases. For example, risk-based supervision is emerging as the norm for approaching prudential regulation and supervision of all financial institutions.

Full citation: Vogel, C., 2012. *Microfinance Regulation: Lessons from Bolivia, Peru and the Philippines*. Multilateral Investment Fund (FOMIN), Washington, DC.

### ▶ [New Actors in Microfinance Lending: The Role of Regulation and Competition in Latin America](#)

This paper captures the key role that regulations can play in the sector, as the author presents the argument that the regulatory framework (along with international involvement) has had a strong and positive effect on the microfinance sector's ability to attract borrowers in Latin America. The article will also be of interest to readers as it includes interesting data on other variables such as competition, state and international actors, and macro-political factors, and their impact on the sector.

Full citation: Olsen, T. 2010. *New Actors in Microfinance Lending: The Role of Regulation and Competition in Latin America. Perspectives on Global Development and Technology* 9 500-519.



## ▶ [Principles and Practices for Regulating and Supervising Microfinance](#)

This publication aims to provide guidance for bank supervisors and regulators to support their efforts to create suitable business environments for the development of microfinance in Latin America, emphasising the successful experiences of regional sector leaders such as Peru and Bolivia. It covers the regulation and supervision of microenterprise lending and of microfinance institutions and credit unions, and includes discussion of lessons learned and challenges in implementation. This highly recommended publication offers a thorough treatment of the question of microfinance regulation in Latin America.

Full citation: Janson, T., Rosales, R., Westley, G. 2004. *Principles and Practices for Regulating and Supervising Microfinance*. Inter-American Development Bank (IDB), Washington, DC.

## ▶ [Public Policy on Microfinance in South America](#)

This paper analyses the impact of public policies on the development of the microfinance sector in various countries of South America. The authors include a strong focus on financial system regulatory frameworks because of their key role in the success of microfinance. The paper also compares best practices recommended by international agencies with the actual legal and regulatory framework for microfinance activities in the countries included in the study. Their conclusions about similarities and differences across countries, the region's trends and the key role played by regulatory and other public policies will likely be of interest of those trying to better understand the Latin American microfinance sector.

Full citation: Delfiner, M., Gómez, A, Perón, S. 2009. *Public Policy on Microfinance in South America*. Paper presented at the First European Research Conference on Microfinance, CERMI and the European Microfinance Platform, Brussels, Belgium, June 2-4, 2009.

## ▶ [Regulatory Requirements for Microfinance: A Comparison of Legal Frameworks in 11 Countries Worldwide](#)

The principal aim of this publication is to present an inventory of the regulatory requirements for microfinance institutions, conducted by analysing the legal frameworks in 11 countries worldwide. In particular, the author focuses on pointing out the diversity of regulatory options available and making an assessment of their relative advantages and disadvantages. The study includes two Latin American countries - Bolivia and Honduras – thereby facilitating interesting comparison between the Latin American region and other contexts.

Full citation: Staschen, S. 2003. *Regulatory Requirements for Microfinance: A Comparison of Legal Frameworks in 11 Countries Worldwide*. Division 41, Economic Development and Employment Promotion, GTZ, Bonn.

## ▶ [Supervising & Regulating Microfinance in the Context of Financial Sector Liberalization: Lessons from Bolivia, Colombia and Mexico](#)

This publication will be of particular interest to those wanting to expand their knowledge about the debate over what the most effective regulatory framework to promote microfinance. Drawing on case studies from Bolivia, Colombia and Mexico - three countries with very different regulatory experiences - the authors draw out lessons, conclusions and good practice in both the process of establishing regulations and the key elements of those regulations. The publication could be useful as a resource for bank supervisors, regulators and policymakers from a variety of contexts.

Full citation: Loubière, J. T., Devaney, P. L., Rhyne, E. 2004. *Supervising & Regulating Microfinance in the Context of Financial Sector Liberalization: Lessons from Bolivia, Colombia and Mexico*. Tinker Foundation, Washington, DC.



## IMPACT EVALUATIONS AND EMPIRICAL WORK

### ▶ [Prompting Microfinance Borrowers to Save: A Field Experiment from Guatemala](#)

This paper presents the results of an experimental methodology used to assess methods for promoting savings amongst microfinance clients in Guatemala. They test if microfinance borrowers in Guatemala can use the discipline of regular loan repayments in order to accumulate savings if prompted to do so, and they use distinct types of interventions – such as developing savings plans or the option of a default savings settings – and demonstrate their positive impact on savings amongst borrowers.

Full Citation: Atkinson, J. *et al.* 2012. *Prompting Microfinance Borrowers to Save: A Field Experiment from Guatemala*. Poverty Action Lab, online publication.

### ▶ [What is the Evidence on Microfinance Impact? A Review of Microfinance Impact Evaluations in Latin America and the Caribbean](#)

This study identifies and analyses published evidence of impact evaluations of microfinance and microfinance plus services, and impacts related to savings and new technologies, all from the Latin America region. The survey covers 20 impact assessment studies conducted over the past 13 years, providing valuable information about the extent to which empirical effects of microfinance have been documented. In particular, it presents studies about the impact of technologies, effects on education and results from rural microfinance contexts.

Full citation: Gutierrez, C., Soarez, F. 2011. *What is the Evidence on Microfinance Impact? A Review of Microfinance Impact Evaluations in Latin America and the Caribbean*. Multilateral Investment Fund (FOMIN), Washington, DC.

## REGIONAL TRENDS AND ANALYSIS

### ▶ [Global Microscope on the Microfinance Business Environment 2012](#)

The Global Microscope is perhaps the most-cited benchmarking study of countries' microfinance sectors. It ranks individual countries based on a composite index, constructed of indicators from two broad categories: Regulatory Framework and Practices; and Supporting Institutional Framework. Published annually, the report also includes a review of microfinance-related events in the previous year. Conclusions for all regions and countries are drawn from the report, giving readers a good overview of the microfinance sector in Latin America and beyond.

Full citation: Economist Intelligence Unit. 2012. *Global Microscope on the Microfinance Business Environment 2012*. Economist Intelligence Unit, Washington, DC.

### ▶ [An Inside View on Latin American Microfinance](#)

This report, produced by the Inter-American Development Bank (IDB), presents a general overview of a variety of aspects related to Latin American microfinance. Chapters are written by different authors and include a number of distinct examples of Latin American experience that could be useful for understanding how the Latin American microfinance model differs from other models in use, as well as other emerging issues and challenges facing the sector. The topics covered include microfinance methodologies, types of microfinance institutions, technology used, regulations, challenges for the future, reaction of microfinance to economic and financial crises and the microfinance plus model.

Full citation: Berger, M., Goldmark, L., Miller-Sanabria, T. (eds.) 2006. *An Inside View on Latin American Microfinance*. Inter-American Development Bank (IDB), Washington, DC.



## ▶ [Latin America and the Caribbean 2009: Microfinance Analysis and Benchmarking Report](#)

This report, published by the [Microfinance Information Exchange \(MIX\)](#), uses indicators constructed with MIX data to conduct an assessment of various issues related to the Latin American microfinance sectors. The report includes indicators, for example, of outreach, performance, penetration and growth. Other subtopics developed include the evolution of credit, the correlation of credit and economic activity that has become more pro-cyclical, and portfolio quality, which has shown more stability in South America than in Central America. The publication also discusses what type of microfinance model seems to have worked best to weather the financial crisis in the region.

Full citation: Martínez, R. 2010. *Latin America and the Caribbean 2009: Microfinance Analysis and Benchmarking Report*. Microfinance Information Exchange (MIX), Washington, DC.

## ▶ [Microfinance in Latin America](#)

This document presents a comprehensive and updated summary of microfinance trends in the Latin America region in recent decades. It is divided into two parts: the first provides overall characteristics and a historical perspective on the sector's development in the region, while the second focuses on the challenges faced and future prospects. Conclusions include an emphasis on the importance of tailoring products to consumers and diversification of funding away from aid agencies. The publication will be useful for anyone looking for a global picture of the microfinance sector in the region, as well as to anyone interested in studying the key drivers of microfinance growth and what still needs to be done.

Full citation: Peck, R. 2012. *Microfinance in Latin America*. FOMIN, New York.

## ▶ [Microfinance: Lessons Learned in Latin America](#)

In this paper, the author analyses the key lessons coming out of Latin America's experience in the evolution of its microfinance sector. Though from 2000, the paper provides a clear analysis of the 1980s and 1990s, as well as the previous decades. The lessons coming from this period have relevance for current microfinance policymaking and practice. The publication includes a wide variety of issues, such as rural microfinance and regulations and regulatory set-ups. It concludes with recommendations that are still relevant today.

Full citation: Miller, T. 2000. *Microfinance: Lessons Learned in Latin America*. Inter-American Development Bank, Washington, DC.

## ▶ [The Microfinance Sector in Peru: Opportunities, Challenges and Empowerment with Gender Mainstreaming](#)

This publication takes a particular look at the question of gender inclusion and women's participation in the microfinance sector, through a focus on one of the region's most successful microfinance countries, Peru. It looks at data and trends throughout the sector and its evolution over time, studying mergers and how MFIs transformed, as well as the expansion in products and services. Its aim is to understand how women have fared and participated in these changes, and if microfinance in Peru has had an impact on women's empowerment.

Full citation: Pait, S. 2009. *The Microfinance Sector in Peru: Opportunities, Challenges and Empowerment with Gender Mainstreaming*. WEMAN Programme.



## ► [The Profile of Microfinance in Latin America in 10 Years: Vision & Characteristics](#)

This report presents a detailed profile of the microfinance sector in Latin America. It includes useful information and analysis about products and services offered, key institutions, market coverage, and basic indicators of efficiency and profitability. Data was obtained from two surveys conducted with experts and microfinance institutions from the region. The publication offers both detailed analysis of the sector as well as key conclusions.

Full citation: Marulanda, B., Otero, M. 2005. *The Profile of Microfinance in Latin America in 10 Years: Vision & Characteristics*. ACCIÓN, Boston.

## RURAL MICROFINANCE

### ► [Credit Bureaus and the Rural Microfinance Sector: Peru, Guatemala, and Bolivia](#)

Credit bureaus allow microfinance institutions to take advantage of information technologies and thus reduce costs. This paper reviews the process creating credit bureaus in Peru, Guatemala and Bolivia. Peru's case study not only describes the process in general but also puts emphasis on the creation of credit bureaus in the Cuzco region, in the Andes mountains. The Guatemala study offers an analysis of the credit and lending reporting system in the formal and agricultural sectors related to the development of central risk stations, as does the Bolivia case. The paper provides valuable information related to the creation of credit bureaus by focusing on some of the leaders of the Latin American microfinance industry.

Full citation: Bauchet, J. et al. 2003. *Credit Bureaus and the Rural Microfinance Sector: Peru, Guatemala, and Bolivia*. University of California at Berkeley, FAO Office for Latin America, Berkeley.

### ► [Development Bank for Agriculture: Experiences in Progress in Latin America](#)

This book covers a wide variety of topics related to rural finance in Latin America (though it is only available in Spanish). It presents information about the legal framework, the context of the rural sector in the region, information about institutions and markets, and key lessons learned. Eight case studies are fully detailed from the following countries: Argentina, Chile, Colombia, Peru, Guatemala and Ecuador.

Full citation: Trivelli, C., Venero, H. 2007. *Banca de Desarrollo para el Agro: Experiencias en Curso en América Latina (Development Bank for Agriculture: Experiences in Progress in Latin America)*. Instituto de Estudios Peruanos (IEP), Lima.

### ► [Financial Inclusion in Latin America and the Caribbean: Review and Lessons](#)

This document offers a review of the state of financial inclusion in Latin American and Caribbean countries by measuring access to credit and deposit accounts by poor households. The publication focuses not only on microcredit but also on other financial services such as savings. This exhaustive analysis includes cases studies, practical lessons from the experience of microfinance institutions in the region and policy recommendations.

Full citation: Bebczuk, R. 2008. *Financial Inclusion in Latin America and the Caribbean: Review and Lessons*. Working Paper No. 68. Centro de Estudios Distributivos, Laborales y Sociales (CEDLAS), La Plata.



### ► [Innovative Approaches to Rural Lending: \*Financiera Calpiá\* in El Salvador](#)

This case study on a microfinance institution in El Salvador called *Financiera Calpiá* offers readers a first-hand account to understand a successful system of rural microfinance. The paper describes a detailed account of the institution's work, including the process of obtaining new clients, characteristics of loan officers, techniques to encourage self-selection of clients, and monitoring. Readers may also find the detailed overview of the microfinance sector in El Salvador useful as well.

Full citation: Navajas S., González-Vega C. 2000. *Innovative Approaches to Rural Lending: Financiera Calpiá in El Salvador*. Ohio State University, Columbus.

### ► [Innovative Products and Adaptations for Rural Finance](#)

This paper analyses rural microfinance with a focus on innovations. Most of the assessment comes from the experiences of countries in Latin America, as well as Bangladesh, making it a useful paper for those seeking to better understand the rural microfinance sector in Latin America. The author focuses on four key sets of innovations, related to lending, savings, remittances and new technologies. It details products designed to finance farmers and serve rural households, and concludes with suggestions for institutional stakeholders interested in launching or promoting innovations.

Full citation: Buchenau, J. 2003. *Innovative Products and Adaptations for Rural Finance*. USAID, BASIS-CRSP, World Council of Credit Unions, Inc., Washington, DC.

### ► [Rural Finance: Recent Advances and Emerging Lessons, Debates, and Opportunities](#)

This paper offers a detailed assessment of a variety of features of rural microfinance around the world, focusing on challenges and limitations, as well as advances in products and services. The analysis is based on a literature review exercise, as well as on interviews with rural microfinance experts. Though not only focused on Latin America, many examples come from countries in the region, making it a useful document for comparing different models of rural finance across contexts. One of the most cited documents in the literature on rural microfinance, it is a highly recommended reading.

Full citation: Nagarajan G., Meyer, R. 2005. *Rural Finance: Recent Advances and Emerging Lessons, Debates, and Opportunities*. Reformatted version of Working Paper AEDE-WP-0041-05, Department of Agricultural, Environmental, and Development Economics, Ohio State University, Columbus.

## TECHNOLOGIES

### ► [Biometrics Technology](#)

Biometrics, the use of individual physical characteristics such as fingerprints and voice, is an alternative and effective innovation to reduce transaction costs and increase lower-income clients' confidence in microfinance service. This brief report, elaborated by the [Consultative Group to Assist the Poor \(CGAP\)](#), prevents a short overview on the use of biometrics technology in microfinance institutions. The successful example of *Prondem FFP* in Bolivia is also presented, along with the initiative's challenges, benefits and costs.

Full citation: Whelan, S. 2004. *Biometrics Technology*. CGAP IT Innovation Series. CGAP, Washington, DC.



## ▶ [Handbook for Developing Credit Scoring Systems in a Microfinance Context](#)

This report, elaborated by USAID, was created to provide guidance to public sector officials, donors or microfinance institutions themselves who are assessing how and if to apply credit scoring to their microfinance model. It presents a framework for developing custom credit scorecards, designed to be flexible to be adapted to a variety of different situations and contexts. It is illustrated by the experience of seven institutions, including two from Latin America, Bolivia and Peru, offering readers both access to knowledge about the region and comparison with other contexts.

Full citation: Caire, D. *et al.* 2006. *A Handbook for Developing Credit Scoring Systems in a Microfinance Context*. USAID, Washington, DC.

## ▶ [Innovative Technologies in Microfinance for Latin America: Building Effective Delivery Channels](#)

This paper is a summary of the conclusions of a microfinance workshop held in Costa Rica about the use of information technology in Latin America to deliver financial services. It provides an interesting comparison of smaller and larger countries in the region, focusing on the key technology constraints each type of country faces. The author also highlights some of the more innovative technology in use and offers recommendations for making the best use of technology to improve microfinance delivery.

Full citation: Castello, S. 2004. *Innovative Technologies in Microfinance for Latin America: Building Effective Delivery Channels*. Final Report, Microfinance Workshop on the Use of Information Technology to Deliver Financial Services, San Jose, Costa Rica, October 16-17, 2003.

## ▶ [Mass Retail Banking: How Savings Banks in Africa, Asia and Latin America Can Provide Usable Services to the Poor](#)

This project was elaborated by the World Savings Banks Institute. Its aim is to enable a breakthrough in opening up usable, affordable and sustainable savings services for the poor. The exhaustive analysis presented in this document enables readers to understand the current situation of saving banks, and in particular facilitates an interesting cross-regional comparison.

Full citation: Angelow, W. *et al.* 2012. *Mass Retail Banking: How Savings Banks In Africa, Asia and Latin America Can Provide Usable Services to the Poor*. Working Paper. World Savings Banks Institute (WSBI), Brussels.

## ▶ [Personal Digital Assistants \(PDA\)](#)

This brief report by the [Consultative Group to Assist the Poor \(CGAP\)](#) provides a concise introduction to the use of personal digital assistants (PDAs) to improve efficiencies in microfinance institutions. Examples draw heavily from the Latin American region, presenting experiences from the Dominican Republic, Mexico and Venezuela. The brief focuses on how PDAs work, lessons learned, challenges, benefits and costs.

Full citation: Waterfield, C. 2004. *Personal Digital Assistants (PDA)*. CGAP IT Innovation Series. CGAP, Washington, DC.

### CONTACT [GRADE](#)

To learn more about these and other publications related to microfinance from the region, contact the author: Miguel Jaramillo, PhD, Principal Researcher – GRADE, at [mjaramillo@grade.org.pe](mailto:mjaramillo@grade.org.pe).



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