BANKS AND SMES: RAISING THE GAME

4TH REGIONAL SURVEY IN LATIN AMERICA AND THE CARIBBEAN 2011
22 COUNTRIES IN LATIN AMERICA AND THE CARIBBEAN

109 BANKS SURVEYED
73% of the financial institutions surveyed forecast an increase in their SME portfolio.

83% of the financial institutions surveyed expect that the financial position of SMES will improve in the next two years.
CONFIDENCE GROWS IN SMALL AND MEDIUM ENTERPRISES AS THEY TAKE A STRATEGIC ROLE IN THE BUSINESS OF PRIVATE BANKS IN LATIN AMERICA AND THE CARIBBEAN.

ACCORDING TO A NEW SURVEY, PRIVATE BANKS IN LATIN AMERICA AND THE CARIBBEAN (LAC) ARE INCREASINGLY PREDISPOSED TO FINANCE SMALL AND MEDIUM ENTERPRISES (SMEs). THE IDB GROUP REMAINS THE MOST IMPORTANT INTERNATIONAL FINANCIAL ENTITY PROVIDING CREDIT TO PRIVATE BANKS IN THEIR QUEST TO EXPAND THEIR PORTFOLIO OF SMES.

SMEs are positioning themselves as a strategic branch of banking operations in the region, while banks are increasingly pushing for more active policies when it comes to the financing of SMEs. This is one of the highlighted conclusions from a 2011 joint survey done by the Inter-American Development Bank Group’s entities dealing with the private sector: the Multilateral Investment Fund (FOMIN), the beyondBanking program of the department of Corporate and Structured Financing (SCF), and the Inter-American Investment Corporation, along with the Latin American Banking Federation (FELABAN).

According to the results from this fourth survey (previous surveys took place in 2004, 2006 and 2008), 73 percent of the financial institutions forecast an increase in their SME clientele compared to their regular portfolio of clients. 83 percent believe SMEs will grow in the next two years.

The surveyed banks indicate that there are two main indicators that affect their willingness to make loans to SMEs: higher returns from these operations; as well as the desire to diversify risk in a segment that is experiencing economic growth. Results show that banks mostly finance working capital of SMEs. In relative terms, bigger banks offer a larger array of leasing products, compared to the smaller financial institutions; however, smaller institutions may have more to offer when it comes to factoring credits.

In the foreseeable future banks are planning to offer SMEs an average of four different credit services and products. They are also considering extra transaction-based services, backed by commissions coming from clients. The survey also highlights that most banks do not take into account the particular industry sector of the SME when weighing their credit decisions. About 90 percent of the largest banks do not pay attention to the sector, as compared to 61 percent and 58 percent of the medium-sized and smaller
ones, respectively. There are also important regional differences, with 69 percent of the Central American and Caribbean banks tending not to focus on an exclusive business sector at the time of offering a credit.

**WEIGHING RISK**

The study also illustrates that banks do take into account three key aspects of the SMEs when evaluating credit risks. Analysis of financial statements ranks first (84%), followed by the valuation of financial statements including statement of cash flows (77%).

The third and final factor when evaluating credit risk is the tangible assets of the business owner (65%) - 6 out of 10 banks care about it while 5 out of 10 also prioritize the company’s assets.

Since the 2008 report, credit scoring has gained ground with 5 out of 10 banks adding it to their priority list, compared to 3 out of 10 in the previous survey.

**MARKETING CAMPAIGNS**

Financial institutions use an average of two different ways to promote financing to SMEs. The study reveals that banks tend to promote their credit offers to SMEs using direct action, through bank representatives or advisors either contacting or personally visiting the SMEs (68 percent) as well as through gatherings and events organized by the bank (25 percent). These are followed by information campaigns on the Internet (19 percent), newspapers (17 percent), radio (16 percent) and television (14 percent).

Financial entities with strong emphasis on direct marketing and Internet campaigns tend to offer a broader spectrum of products and services for SMEs.

**FINANCING**

While South American banks tend to rely on their own capital for the financing of SMEs, banks located in Central America and the Caribbean are still benefiting from foreign credit lines as well as funding from international financial institutions. This is a trend that was already described in the 2006 report.

In this scenario, the IDB Group is the leading body providing means for the local banks in LAC to expand their client base of SMEs.

**METHODOLOGY**

This report introduces the general results obtained during the fourth survey encompassing the views and opinions of directors, managers and deputies of the SME division of 109 banks scattered across 22 countries in Latin America and the Caribbean. It also includes an itemized analysis of the answers divided by the banks size and location, as well as their interrelations with other trends in that sector.

109 banks from Latin America and the Caribbean participated in the survey – more specifically, 58 banks from South America, 46 from Central America and the Caribbean and 5 from Mexico.

Inside this spectrum 28 percent were small banks, 49 percent were medium-sized banks and 23 percent were large banks. The questionnaire included some of the key questions from the three previous surveys, as well as new questions about current issues related to SMEs, which seemed relevant to the project coordinators from the IDB Group and FELABAN.

The three previous surveys took place in 2004, 2006 and 2008. In December 2004, FOMIN, the CII and FELABAN launched the first survey among financial entities in Central America with the aim of understanding regional banks’ willingness to fi-
nance SMEs. The subsequent surveys in 2006 and 2008 were focused on gathering information regarding the financing the SMEs via private banks, based on the 2004 findings.

The current survey has been produced by the Argentina-based consultancy D’Alessio and its quality is certified. In 2006 and 2008, D’Alessio was awarded the ISO 9001:2000 thanks to the quality of their procedures in personal (with PDAs), telephone and online polls. Earlier this year the consultancy received the ISO 9001:2007 thanks to their management of their handling of surveys.

* “BANK SIZE” INDICATOR

**Small banks:** Institutions with fewer than 300 employees, or if counting more than 300 employees have up to 10 branches

**Medium-sized banks:** Institutions with between 301 and 5,000 employees and 11 to 150 branches

**Big Banks:** Entities that have more than 150 branches
SMES AS BANK CLIENTS
DOES YOUR BANK....?

CONSIDER SMES AS STRATEGIC TO YOUR BUSINESS?

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>84</td>
</tr>
<tr>
<td>2006</td>
<td>80</td>
</tr>
<tr>
<td>2008</td>
<td>66</td>
</tr>
<tr>
<td>2011</td>
<td>93</td>
</tr>
</tbody>
</table>
HAVE AN ACTIVE POLICY WHEN IT COMES TO FINANCING SMES?

<table>
<thead>
<tr>
<th>Year</th>
<th>Affirmative Answers %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>69</td>
</tr>
<tr>
<td>2006</td>
<td>82</td>
</tr>
<tr>
<td>2008</td>
<td>76</td>
</tr>
<tr>
<td>2011</td>
<td>89</td>
</tr>
</tbody>
</table>

HAVE A SECTION AREA SPECIALIZED IN PROVIDING LOANS TO SMES?
DOES YOUR BANK CONSIDER SMES STRATEGIC TO YOUR BUSINESS?

DOES YOUR BANK HAVE AN ACTIVE POLICY WHEN IT COMES TO FINANCING SMES?

DOES YOUR BANK HAVE A SECTION/AREA SPECIALIZED IN PROVIDING LOANS?

<table>
<thead>
<tr>
<th>Bank Size</th>
<th>Small Banks</th>
<th>Medium-sized Banks</th>
<th>Large Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Banks</td>
<td>85%</td>
<td>96%</td>
<td>100%</td>
</tr>
<tr>
<td>Medium-sized Banks</td>
<td>61%</td>
<td>91%</td>
<td>80%</td>
</tr>
<tr>
<td>Large Banks</td>
<td>94%</td>
<td>77%</td>
<td>61%</td>
</tr>
</tbody>
</table>

**AFFIRMATIVE ANSWERS %**

**BY BANK SIZE**
DOES YOUR BANK CONSIDER SMES AS STRATEGIC TO YOUR BUSINESS?

AFFIRMATIVE ANSWERS %

BY REGION

- South America
- Central America and the Caribbean
- Mexico

- %-

80

91

95
**WHAT ARE THE VARIABLES THAT YOUR BANK USES TO DECIDE IF A CLIENT IS A SME OR A LARGE COMPANY/CORPORATE CLIENT?**

**MULTIPLE ANSWERS**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>By the number of employees</td>
<td>31</td>
</tr>
<tr>
<td>By revenues</td>
<td>73</td>
</tr>
<tr>
<td>By leverage</td>
<td>13</td>
</tr>
<tr>
<td>By its ability to borrow</td>
<td>6</td>
</tr>
<tr>
<td>By deposits</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>24</td>
</tr>
</tbody>
</table>
HOW LONG HAS YOUR BANK BEEN OFFERING LOANS TO SMES?

**BY BANK SIZE**

- **Small Banks**
  - Up to 5 years: 39%
  - Between 5 and 10 years: 11%
  - Over 10 years: 50%

- **Medium-sized Banks**
  - Up to 5 years: 22%
  - Between 5 and 10 years: 32%
  - Over 10 years: 46%

- **Large Banks**
  - Up to 5 years: 14%
  - Between 5 and 10 years: 24%
  - Over 10 years: 62%
WHAT ARE THE MAIN REASONS FOR YOUR BANK TO WORK WITH SMES?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better rate of returns</td>
<td>32</td>
</tr>
<tr>
<td>Diversified interest</td>
<td>26</td>
</tr>
<tr>
<td>Commitment to National/Social development</td>
<td>21</td>
</tr>
<tr>
<td>Rapidly growing segment</td>
<td>21</td>
</tr>
<tr>
<td>Banking expertise in that particular sector</td>
<td>22</td>
</tr>
<tr>
<td>Unexploited market</td>
<td>15</td>
</tr>
<tr>
<td>Loyal clientele</td>
<td>6</td>
</tr>
<tr>
<td>Other</td>
<td>14</td>
</tr>
</tbody>
</table>
Small Banks

- Better rate of returns
- Diversified interest
- Commitment to national/social development
- Rapidly growing segment
- Banking expertise in that particular sector
- Unexploited market
- Loyal clientele
- Other

Medium-sized Banks

- Better rate of returns
- Diversified interest
- Commitment to national/social development
- Rapidly growing segment
- Banking expertise in that particular sector
- Unexploited market
- Loyal clientele
- Other

Large Banks

- Better rate of returns
- Diversified interest
- Commitment to national/social development
- Rapidly growing segment
- Banking expertise in that particular sector
- Unexploited market
- Loyal clientele
- Other
INSIDE YOUR BANK’S STRUCTURE, WHERE IS THE DEPARTMENT DEDICATED TO SMES?

<table>
<thead>
<tr>
<th>Department</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate banking</td>
<td>15</td>
</tr>
<tr>
<td>Retail banking</td>
<td>8</td>
</tr>
<tr>
<td>Independent from other areas</td>
<td>14</td>
</tr>
<tr>
<td>Others</td>
<td>60</td>
</tr>
<tr>
<td>Non-existent</td>
<td>2</td>
</tr>
</tbody>
</table>
INSIDE YOUR BANK’S STRUCTURE, WHAT IS THE POSITION OF THE PERSON IN CHARGE OF SETTING THE STRATEGIES FOR SMES?

- Multiple answers

<table>
<thead>
<tr>
<th>Position</th>
<th>Small Banks</th>
<th>Medium-sized banks</th>
<th>Large Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director/General manager</td>
<td>24</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Area manager</td>
<td>33</td>
<td>19</td>
<td>9</td>
</tr>
<tr>
<td>Others</td>
<td>20</td>
<td>28</td>
<td>2</td>
</tr>
<tr>
<td>No answer</td>
<td>31</td>
<td>31</td>
<td>4</td>
</tr>
</tbody>
</table>

BY BANK SIZE

FIRST PART
WHAT KIND OF COMMUNICATION STRATEGY DOES YOUR BANK USE TO PROMOTE LENDING TO SMES?

MUSTIVE ANSWERS

- Advisors/representatives either visit or contact SMEs: 68%
- Gatherings/events organized by our bank: 25%
- Internet ads: 19%
- Television ads: 14%
- Newspaper ads: 17%
- Radio ads: 16%
- Marketing material sent to SMEs: 14%
- Industry exhibitions/fairs: 10%
- Industry/business magazines: 5%
- Other: 16%
MULTIPLE ANSWERS

BY BANK SIZE

Small Banks
Medium-sized banks
Large Banks

Internet sites
Television
Newspapers

Radio
Marketing material sent to SMEs
Industry/Business magazines

First Part
TRENDS IN THE FINANCING OF SMES
WHAT WOULD YOU EXPECT THE FINANCIAL POSITION OF THE SMES IN YOUR COUNTRY TO BE IN TWO YEARS?
WHAT WOULD YOU EXPECT THE FINANCIAL POSITION OF THE SMES IN YOUR COUNTRY TO BE IN TWO YEARS?

BY BANK SIZE

- Small Banks
- Medium-sized Banks
- Large Banks

Much better

Moderately better

The same

Other
WHAT WOULD YOU EXPECT THE FINANCIAL POSITION OF THE SMES IN YOUR COUNTRY TO BE IN TWO YEARS?
DO YOU EXPECT YOUR BANK’S PORTFOLIO OF SMES TO GROW COMPARED TO THE BANK’S TOTAL PORTFOLIO FOR 2011?

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>It will grow</td>
<td>73%</td>
</tr>
<tr>
<td>It will grow significantly</td>
<td>21%</td>
</tr>
<tr>
<td>It will grow moderately</td>
<td>52%</td>
</tr>
<tr>
<td>It won’t change</td>
<td>15%</td>
</tr>
<tr>
<td>It will diminish</td>
<td>6%</td>
</tr>
<tr>
<td>It will diminish slightly</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
</tr>
<tr>
<td>No answer</td>
<td>6%</td>
</tr>
</tbody>
</table>
WHAT WOULD THE GROWTH RATE BE?

- 45% for 1 to 20%
- 21% for 21 to 39%
- 10% for 40 to 59%
- 7% for 80 to 100%
- 4% for Other
- 11% for No answer
- 2% for 60 to 79%

Other growth rates (40 to 100%) are as follows:
- 60 to 79%: 80 to 100%: Other:
WHAT PERCENTAGE OF LOANS GRANTED BY YOUR BANK ARE TARGETED TO SMES?

- 36% between 1 to 20%  
- 23% between 21 to 39%  
- 13% between 40 to 59%  
- 6% between 60 to 79%  
- 17% between 80 to 100%  
- 4% None
WHAT IS THE EXPECTED GROWTH OF YOUR BANK’S SMES PORTFOLIO COMPARED TO THE TOTAL PORTFOLIO FOR 2011?

BY BANK SIZE

- Small Banks
- Medium-sized banks
- Large Banks

- It will grow
- It will grow significantly
- It will grow moderately
- It won’t change
- It will diminish slightly
- It will diminish
- Other
- No answer

- %-

- Small Banks:
  - It will grow: 62%
  - It will grow significantly: 74%
  - It will grow moderately: 91%
  - It won’t change: 31%
  - It will diminish slightly: 6%
  - It will diminish: 2%
  - Other: 7%
  - No answer: 9%

- Medium-sized banks:
  - It will grow: 8%
  - It will grow significantly: 20%
  - It will grow moderately: 29%
  - It won’t change: 54%
  - It will diminish slightly: 54%
  - It will diminish: 62%
  - Other: 7%
  - No answer: 4%

- Large Banks:
  - It will grow: 54%
  - It will grow significantly: 54%
  - It will grow moderately: 62%
  - It won’t change: 31%
  - It will diminish slightly: 6%
  - It will diminish: 2%
  - Other: 7%
  - No answer: 4%
WHAT IS THE EXPECTED GROWTH OF YOUR BANK’S SMES PORTFOLIO COMPARED TO THE TOTAL PORTFOLIO FOR 2011?

- It will grow: 100
- It will grow significantly: 69
- It will grow moderately: 74
- It won’t change: 20
- It will diminish: 22
- It will diminish slightly: 49
- Other: 80
- No answer: 52

BY REGION:
- South America
- Central America and the Caribbean
- Mexico

SECOND PART
THIRD PART
SECTORS, PRODUCTS AND SERVICES OFFERED TO SMES
### WHAT KIND OF LOANS ARE YOU OFFERING TO SMES?

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Large Banks</th>
<th>Medium-sized banks</th>
<th>Small banks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgages backed loans</td>
<td>10</td>
<td>12</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Discount on financial instruments</td>
<td>8</td>
<td>5</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>Pre-financing for foreign trade</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Securitized loans</td>
<td>14</td>
<td>19</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Financial loans</td>
<td>9</td>
<td>14</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Pre-financing for foreign trade</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Securitized loans</td>
<td>14</td>
<td>19</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Discount on financial instruments</td>
<td>10</td>
<td>12</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Pre-financing for foreign trade</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Securitized loans</td>
<td>14</td>
<td>19</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Discount on financial instruments</td>
<td>10</td>
<td>12</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Pre-financing for foreign trade</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Securitized loans</td>
<td>14</td>
<td>19</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Discount on financial instruments</td>
<td>10</td>
<td>12</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Pre-financing for foreign trade</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>
### MULTIPLE ANSWERS BY BANK SIZE

<table>
<thead>
<tr>
<th>Service</th>
<th>Large Banks</th>
<th>Medium-sized banks</th>
<th>Small banks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securitized loans</td>
<td>7</td>
<td></td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>Business credit cards</td>
<td>8</td>
<td></td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Line of credit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit advances</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warrants</td>
<td>4</td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Mutual guarantee societies</td>
<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td>15</td>
</tr>
</tbody>
</table>

- **Securitized loans:** 7
- **Business credit cards:** 8
- **Line of credit:** 4
- **Credit advances:** 4
- **Warrants:** 2
- **Mutual guarantee societies:** 1
- **Other:** 15
WHICH SERVICES ARE YOU EVALUATING/DEVELOPING FOR THE SME SECTOR?

<table>
<thead>
<tr>
<th>Service</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>47</td>
</tr>
<tr>
<td>Financing of working capital</td>
<td>49</td>
</tr>
<tr>
<td>Lines of credit</td>
<td>33</td>
</tr>
<tr>
<td>Deposits</td>
<td>24</td>
</tr>
<tr>
<td>Credit card/Corporate debit card</td>
<td>25</td>
</tr>
<tr>
<td>Factoring</td>
<td>19</td>
</tr>
<tr>
<td>Leasing</td>
<td>18</td>
</tr>
<tr>
<td>Foreign trade</td>
<td>22</td>
</tr>
<tr>
<td>Utilities payment</td>
<td>16</td>
</tr>
<tr>
<td>Credit card/Customer debit card</td>
<td>16</td>
</tr>
<tr>
<td>Advice on foreign transactions</td>
<td>10</td>
</tr>
<tr>
<td>Treasury</td>
<td>10</td>
</tr>
<tr>
<td>Wage payment</td>
<td>10</td>
</tr>
<tr>
<td>Other</td>
<td>32</td>
</tr>
</tbody>
</table>
MULTIPLE ANSWERS
BY BANK SIZE

- Small Banks
  - Loans: 42%
  - Credit card /Corporate debit Card: 61%
  - Factoring: 48%

- Medium-sized banks
  - Loans: 19%
  - Credit card /Corporate debit Card: 33%
  - Factoring: 19%

- Large Banks
  - Loans: 23%
  - Credit card /Corporate debit Card: 26%
  - Factoring: 9%

- Leasing
  - Small Banks: 19%
  - Medium-sized banks: 28%
  - Large Banks: 5%

- Foreign trade
  - Small Banks: 15%
  - Medium-sized banks: 26%
  - Large Banks: 24%
**WHICH SME SECTOR DO YOU PRIORITIZE WHEN DECIDING ON A CREDIT?**

### BY YEAR

<table>
<thead>
<tr>
<th>Year</th>
<th>We do not prioritize</th>
<th>Commerce</th>
<th>Industry</th>
<th>Services</th>
<th>Agriculture</th>
<th>Construction</th>
<th>Others</th>
<th>No answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>34</td>
<td>34</td>
<td>22</td>
<td>13</td>
<td>9</td>
<td>9</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>2006</td>
<td>67</td>
<td>37</td>
<td>26</td>
<td>31</td>
<td>26</td>
<td>25</td>
<td>28</td>
<td>6</td>
</tr>
<tr>
<td>2008</td>
<td>58</td>
<td>46</td>
<td>14</td>
<td>68</td>
<td>7</td>
<td>6</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>2011</td>
<td>67</td>
<td>34</td>
<td>22</td>
<td>13</td>
<td>9</td>
<td>9</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

### BY BANK SIZE

<table>
<thead>
<tr>
<th>Bank Size</th>
<th>We do not prioritize</th>
<th>Commerce</th>
<th>Industry</th>
<th>Services</th>
<th>Agriculture</th>
<th>Construction</th>
<th>Others</th>
<th>No answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Banks</td>
<td>58</td>
<td>61</td>
<td>15</td>
<td>5</td>
<td>2</td>
<td>5</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Medium-sized Banks</td>
<td>1515</td>
<td>5</td>
<td>2</td>
<td>5</td>
<td>8</td>
<td>9</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Large Banks</td>
<td>15</td>
<td>11</td>
<td>15</td>
<td>11</td>
<td>15</td>
<td>11</td>
<td>15</td>
<td>11</td>
</tr>
</tbody>
</table>

---

**Comments:**
- We do not prioritize Commerce Industry Services Agriculture Construction Others No answer
- 2004 (single answer)
- 2006 (multiple answers)
- 2008 (single answer)
- 2011 (single answer)
We do not prioritize

- Commerce
- Industry
- Services
- Agriculture
- Construction
- Others
INDICATE THE LEVEL OF IMPORTANCE YOUR BANK ASSIGNS TO THE LACK OF CORPORATE MANAGEMENT IN SMES – BE IT INFORMALITY, LACK OF FINANCIAL STATEMENTS, ETC - AS A BARRIER TO ACCESSING CREDIT.

5  20  63  10  2
Not very important  Slightly important  Very important  Other  No answer
TECHNOLOGIES TO EVALUATE RISK

Banks take into account three key aspects of SMEs, on average, before offering a loan. Financial statements, with or without cash flow, are the first and most important element banks take into account when evaluating risk.

The informality of corporate management tends to be the main barrier for the SMEs to access credit.

6 out of 10 surveyed banks identified the business owner’s assets, while 5 out of 10 also mentioned the company’s assets. Credit scoring has gained ground among the surveyed banks, climbing from 3 to 5 out of 10 financial institutions.

WHICH OF THESE TOOLS DOES YOUR BANK USE WHEN PERFORMING A CREDIT ANALYSIS OF SMES?

84% Financial statement analysis
77% Valuation of financial statements including statement of cash flows
65% Analysis of owner’s current assets
50% Credit scoring
50% Asset base
10% Other
2% No answer
WHICH OF THESE TOOLS DOES YOUR BANK USE WHEN PERFORMING CREDIT ANALYSIS OF SMES?

- Financial statement analysis: 60
- Valuation of Financial statements including statement of cash flows: 37
- Analysis of owner’s current assets: 12
- Credit scoring: 35
- Asset base: 39
- Other: 5
- No answer: 13
Financial statement analysis 84
Valuation of financial statements including statement of cash flows 77
Analysis of owner's current assets 65
Credit scoring 50
Asset base 50
Other 10
No answer 2

2011
COULD TELL US IF YOUR BANK...?

ADVISES SMES ON FOREIGN TRADE?

<table>
<thead>
<tr>
<th>Bank Size</th>
<th>AFFIRMATIVE ANSWERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Banks</td>
<td>54</td>
</tr>
<tr>
<td>Medium-sized Banks</td>
<td>59</td>
</tr>
<tr>
<td>Large Banks</td>
<td>71</td>
</tr>
</tbody>
</table>
AFFIRMATIVE ANSWERS
BY REGION

South America: 80%
Central America and the Caribbean: 60%
Mexico: 64%
FUNDING SOURCES FOR BANKS
HOW DOES YOUR BANK FIND FUNDING FOR FINANCING SMES IN THE MEDIUM AND LONG TERM?

- Own capital: 65%
- Deposits: 68%
- Government: 18%
- International financial institutions: 15%
- Other banks: 19%
- Foreign credit lines: 23%
- Central bank: 15%
- Wholesale banks: 6%
- Other: 18%
- No answer: 17%

2004:
- Own capital: 65%
- Deposits: 39%
- Government: 8%
- International financial institutions: 10%
- Other banks: 6%
- Foreign credit lines: 10%
- Central bank: 2%
- Wholesale banks: 4%
- Other: 9%
- No answer: 7%

2006:
- Own capital: 65%
- Deposits: 33%
- Government: 16%
- International financial institutions: 11%
- Other banks: 9%
- Foreign credit lines: 14%
- Central bank: 7%
- Wholesale banks: 4%
- Other: 12%
- No answer: 10%

2008:
- Own capital: 65%
- Deposits: 33%
- Government: 15%
- International financial institutions: 11%
- Other banks: 15%
- Foreign credit lines: 13%
- Central bank: 15%
- Wholesale banks: 6%
- Other: 12%
- No answer: 10%

2011:
- Own capital: 65%
- Deposits: 43%
- Government: 18%
- International financial institutions: 15%
- Other banks: 11%
- Foreign credit lines: 13%
- Central bank: 7%
- Wholesale banks: 4%
- Other: 10%
- No answer: 17%
IS YOUR BANK PARTICIPATING IN ANY CREDIT PROGRAM FOR SMES WITH PUBLIC SECTOR GUARANTEES?

BY BANK SIZE

- Large Banks
- Medium-sized Banks
- Small Banks

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>No answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>80</td>
<td>78</td>
<td>13</td>
</tr>
<tr>
<td>36</td>
<td>51</td>
<td>13</td>
</tr>
<tr>
<td>13</td>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>
FROM WHICH INTERNATIONAL ORGANIZATIONS DOES YOUR BANK GET FUNDING?

- IDB Group: 50%
- IFC (International Finance Corporation): 40%
- European Bilateral (FMO, DEG, CDC): 30%
- CAF (Andean Foment Corporation): 20%
- BCIE (Central American Bank of Economic Integration): 10%
- No answer: 10%
SPECIFICATIONS
### Specifications

The survey was done in 2011.

**Country Distribution:**

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
<th>Country</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td></td>
<td>México</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>Costa Rica</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>El Salvador</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Guatemala</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Honduras</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nicaragua</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Panama</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dominican Republic</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Barbados, Belize, Suriname</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jamaica</td>
<td>5</td>
</tr>
<tr>
<td>Central America and the Caribbean</td>
<td>42</td>
<td>Argentina</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bolivia</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brazil</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chile</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Colombia</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ecuador</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Paraguay</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Peru</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Uruguay</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Venezuela</td>
<td>4</td>
</tr>
<tr>
<td>South America</td>
<td>53</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>TOTAL</td>
<td>109</td>
</tr>
</tbody>
</table>
SAMPLE COMPOSITION BY BANK SIZE

*“BANK SIZE” INDICATOR*

Small banks: Institutions with fewer than 300 employees, or if counting more than 300 employees have up to 10 branches

Medium-sized banks: Institutions with between 301 and 5,000 employees and 11 to 150 branches

Big Banks: Entities that have more than 150 branches
ORIGIN OF CAPITAL

RELATIONSHIP BETWEEN BRANCH NETWORK AND EMPLOYMENT

NUMBER OF BRANCHES

- Less than 300
  - 61
  - 10
  - 9

- Between 301 and 999
  - 28
  - 59
  - 17

- Between 1000 and 4999
  - 16
  - 61
  - 33

- More than 5000
  - 9
  - 67

NUMBER OF EMPLOYEES

- Up to 10
  - 11
  - 15
  - 4

- Between 51 and 150
- Between 11 and 50
- Over 151
DISTRIBUTION OF BANKS BASED ON NUMBER OF EMPLOYEES

BY REGION

South America
Central America and the Caribbean
Mexico

Less than 300
Between 301 and 999
Between 1000 and 4999
Over 5000
No answer

16
15
40
21
31
21
20
29
40
15
25
15
20
20
7
<table>
<thead>
<tr>
<th>Country</th>
<th>Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>Banco Comafi, Banco de la Provincia de Córdoba, Banco Galicia, Banco Credicoop, Banco de la Nación Argentina, Standard Bank, Banco de Corrientes, Banco Julio</td>
</tr>
<tr>
<td>Barbados</td>
<td>Scotiabank</td>
</tr>
<tr>
<td>Belize</td>
<td>Belize Bank</td>
</tr>
<tr>
<td>Bolivia</td>
<td>Banco Económico, Banco Nacional de Bolivia</td>
</tr>
<tr>
<td>Brazil</td>
<td>Banco do Brasil, HSBC, Bradesco, Banco do Nordeste do Brasil, Banrisul, Caixa Economica Federal, Citibank</td>
</tr>
<tr>
<td>Chile</td>
<td>Banco Security, Banco do Brasil, Scotiabank, Banco de Crédito e Inversiones, Banco del Estado de Chile, Citibank, Banco Internacional</td>
</tr>
<tr>
<td>Colombia</td>
<td>Bancoldex, Banco Davivienda, Banco Popular, HSBC, Bancolombia S.A.</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>Banco de Costa Rica, Banco Nacional</td>
</tr>
</tbody>
</table>
## SURVEYED BANKS BY COUNTRY

<table>
<thead>
<tr>
<th>Country</th>
<th>Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COSTA RICA</strong></td>
<td>Banco Promérica</td>
</tr>
<tr>
<td></td>
<td>Banco Improsá</td>
</tr>
<tr>
<td></td>
<td>Banco Interfin</td>
</tr>
<tr>
<td><strong>DOMINICAN REPUBLIC</strong></td>
<td>Banco Caribe</td>
</tr>
<tr>
<td></td>
<td>Banco León</td>
</tr>
<tr>
<td></td>
<td>Banco BHD S.A</td>
</tr>
<tr>
<td></td>
<td>Banco Popular</td>
</tr>
<tr>
<td></td>
<td>Banco de Desarrollo Industrial</td>
</tr>
<tr>
<td></td>
<td>Banco de Machala</td>
</tr>
<tr>
<td></td>
<td>Banco Amazonas</td>
</tr>
<tr>
<td></td>
<td>Banco Ramíñahui</td>
</tr>
<tr>
<td><strong>EL SALVADOR</strong></td>
<td>Banco Promérica</td>
</tr>
<tr>
<td></td>
<td>Banco Hipotecario</td>
</tr>
<tr>
<td></td>
<td>Banco Credomatic</td>
</tr>
<tr>
<td></td>
<td>Banco Procredit</td>
</tr>
<tr>
<td></td>
<td>Banco G&amp;T Continental</td>
</tr>
<tr>
<td><strong>GUATEMALA</strong></td>
<td>Banco G&amp;T Continental</td>
</tr>
<tr>
<td></td>
<td>Banco Centroamericano de Integración Económica</td>
</tr>
<tr>
<td></td>
<td>Banco Agromercantil de Guatemala</td>
</tr>
<tr>
<td></td>
<td>Banco Reformador</td>
</tr>
<tr>
<td></td>
<td>Banco Americano</td>
</tr>
<tr>
<td><strong>HONDURAS</strong></td>
<td>HSBC</td>
</tr>
<tr>
<td></td>
<td>Banco Continental</td>
</tr>
<tr>
<td></td>
<td>Banco de América Central</td>
</tr>
<tr>
<td></td>
<td>Banco de Occidente</td>
</tr>
<tr>
<td></td>
<td>Banpaís</td>
</tr>
<tr>
<td></td>
<td>Bancafe</td>
</tr>
<tr>
<td></td>
<td>Banco Popular Cvelo</td>
</tr>
<tr>
<td><strong>JAMAICA</strong></td>
<td>Jamaica National Small Business Loans</td>
</tr>
<tr>
<td></td>
<td>Micro Credit Limited</td>
</tr>
<tr>
<td></td>
<td>Development Bank of Jamaica Limited</td>
</tr>
<tr>
<td></td>
<td>Access Financial</td>
</tr>
<tr>
<td>Country</td>
<td>Banks</td>
</tr>
<tr>
<td>-------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>MÉXICO</td>
<td>RBTT Bank Jamaica Ltd.</td>
</tr>
<tr>
<td></td>
<td>Banco Ve por Más</td>
</tr>
<tr>
<td></td>
<td>Banorte</td>
</tr>
<tr>
<td></td>
<td>Banca Mifel</td>
</tr>
<tr>
<td></td>
<td>Banco Monex</td>
</tr>
<tr>
<td></td>
<td>Banco Invex</td>
</tr>
<tr>
<td>NICARAGUA</td>
<td>Banco Procredit</td>
</tr>
<tr>
<td></td>
<td>Banco Crédito Centroamericano</td>
</tr>
<tr>
<td></td>
<td>Banco Lafise Bancentro</td>
</tr>
<tr>
<td></td>
<td>Banco Finanzas</td>
</tr>
<tr>
<td></td>
<td>Banco de la Produccion</td>
</tr>
<tr>
<td>PANAMA</td>
<td>Scotiabank</td>
</tr>
<tr>
<td></td>
<td>Citibank</td>
</tr>
<tr>
<td></td>
<td>Credicorp Bank</td>
</tr>
<tr>
<td></td>
<td>Banvivienda</td>
</tr>
<tr>
<td></td>
<td>Banco Panamá</td>
</tr>
<tr>
<td></td>
<td>Metrobank S.A.</td>
</tr>
<tr>
<td>PARAGUAY</td>
<td>Banco Amambay</td>
</tr>
<tr>
<td></td>
<td>Banco Familia SAECA</td>
</tr>
<tr>
<td></td>
<td>Banco Sudameris</td>
</tr>
<tr>
<td></td>
<td>Banco Nacional de Fomento</td>
</tr>
<tr>
<td></td>
<td>Banco Integración</td>
</tr>
<tr>
<td></td>
<td>Banco Continental SAECA</td>
</tr>
<tr>
<td></td>
<td>Vision Banco SAECA</td>
</tr>
<tr>
<td></td>
<td>BBVA Paraguay</td>
</tr>
<tr>
<td>PERU</td>
<td>Crediscotia Financiera</td>
</tr>
<tr>
<td></td>
<td>Mi Banco</td>
</tr>
<tr>
<td></td>
<td>Citibank del Perú SA</td>
</tr>
<tr>
<td></td>
<td>BBVA</td>
</tr>
<tr>
<td></td>
<td>Banco de Comercio</td>
</tr>
<tr>
<td>SURINAME</td>
<td>Hakrinbank N.V.</td>
</tr>
<tr>
<td>URUGUAY</td>
<td>Banco República</td>
</tr>
</tbody>
</table>
### Surveyed Banks by Country

<table>
<thead>
<tr>
<th>Country</th>
<th>Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uruguay</td>
<td>Lloyds Bank, Banco de Seguros del Estado</td>
</tr>
<tr>
<td>Venezuela</td>
<td>Banco De Venezuela, Bangente, Banco Venezolano de Crédito, Activo Banco Universal</td>
</tr>
</tbody>
</table>