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MiCredito

Nicaragua

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Update from Kiva Staff on July 7, 2011:

In recent years, the "No Pago" movement (a movement for non-repayment of loans) has created concern around the

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Lending to the working poor through Kiva involves risk of principal loss. Kiva does not guarantee repayment nor do we offer a financial return on your loan.

Loans that change lives

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increased risk of loan non-repayment by Kiva borrowers in Nicaragua. As a result, last year Kiva posted a loan alert on Nicaraguan loans, warning lenders about the potential risks of lending to entrepreneurs in Nicaragua. Earlier this month though, the government passed a new microfinance law that has addressed many of these concerns. As a result, the situation appears to have resolved itself and the "No Pago" loan alert is being removed.

We will update this page if there is any additional information available.

About MiCredito

MiCredito services a growing urban market for micro-loans in Nicaragua. At the same time, **MiCredito** is developing a rural clientele, with loan terms tailored to farmers. **MiCredito** reaches out to borrowers by word-of-mouth advertising based on the strong reputation of its well-known credit officers. **MiCredito** treats its clients with respect and offers them excellent service, both in the office and in the field. This microfinance institution's success so far has been due to its ability to offer quick credit decisions and competitive interest rates. Find out more about **MiCredito** by visiting its [website](#).

MiCredito's Values

Compromise
Innovation
Honesty
Respect
Transparency
Discipline
Responsibility
Ethics

MiCredito

Field Partner:	MiCredito
Field Partner Due Diligence Type:	Full Due Diligence
Field Partner Risk Rating:	
Time on Kiva:	12 months
Kiva Entrepreneurs:	465
Total Loans:	\$284,125
Interest & Fees are Charged	Yes
Portfolio Yield:	41.70%
Profitability (Return on Assets):	-0.1%
Average Loan Size (% of Per Capita Income):	115.80%
Delinquency Rate:	0.04%
Loans at Risk Rate:	0.40%
Default Rate:	0.00%
Currency Exchange Loss Rate:	0.00%

[See all loans from this field partner >>](#)

KIVA FUNDRAISING STATUS




Loyalty

MiCredito's Vision

MiCredito's vision is to establish a profitable and sustainable financial institution in Nicaragua, with national coverage in key locations, in order to serve small urban and rural businesses and producers. **MiCredito** plans to provide at least 60% of its loan portfolio to rural borrower's and hopes to become one of the top ten unregulated micro-finance institutions by portfolio size in Nicaragua by 2012.

Fundraising Status Active

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ASOMIF -
Asociación
Nicaragüense de
Instituciones de
Microfinanzas

Network AffiliationSocial PerformanceReporting Level

Not reporting

Client ProtectionPrinciples

Endorsed

Field PartnerWebsite[View Website](#)Email Contact

None

MICREDITO'S MISSION STATEMENT:

To provide appropriate and sustainable credit services to micro and small urban and rural businesses and producers that

MiCrédito Kiva Student Loans

Just outside of Estelí, three hours north of Managua, you can find the Catholic University of Dry Tropic Farming and Livestock. In October 2010, **MiCrédito** and **Kiva** disbursed their first low-interest student loans at the school.

There is a wealth of land resources in Nicaragua, and these loans enable the students to realize there is opportunity in rural areas and not only in the big cities. In the first two projects, the students used their loans to cultivate cabbage, and produce dairy products, that were then sold on campus.

By putting into practice what they have learned in the classroom, the students must understand how to use credit well to be successful and avoid becoming over-indebted. This lesson is crucial for the next generation of entrepreneurs in Nicaragua.

In the future, MiCrédito would like to replicate the student loan program in other parts of the country, and hope to make it sustainable, so it will have a social impact on the next generation.

Avoiding Over-Indebtedness and Delinquency

At **MiCredito**, every borrower is checked against two credit bureaus, TransUnion and SinRiesgo, for outstanding debt, including loans taken out for cars, store merchandise, and any loans from other microfinance institutions.

The guarantor of the loan is also checked for outstanding debt. The borrower must have been in their business for at least a year.

The borrower must have a national identification card.

The borrower must have a guarantor.

The borrower must have collateral (e.g. cow, refrigerator, sewing machine, etc.) equal to the amount of the loan.

Innovative Technology in the Field

have limited or no access to credit through the formal financial system. Crear soluciones de negocios para llevar esperanzas a Micros y Pequeños empresarios y propiciarles un futuro prospero.

WHY KIVA WORKS WITH MICREDITO:



To create or expand interesting product offerings (?)

Kiva chose to partner with MiCredito in Nicaragua because of an innovative loan product that they are piloting through Kiva. The product was designed for students of an agriculture university and allows them to buy the materials for their first plot of land, including farm animals, crops, etc. The hope is that the loan will not only allow students to learn hands-on, but also instill the knowledge from a young age how to manage credit well – a skill that is becoming crucial in Nicaragua given the experience with the "No Pago" movement in 2010 which corrupted some of the work done by the microfinance industry to establish a culture of payment. Kiva lenders' low cost and risk tolerant capital is allowing MiCredito to provide these loans to a

Recently MiCredito has started a new marketing campaign. Their desire to be more professional and innovative has resulted in the launch of a new product called "Mobile Consultation." The goal is to increase speed and agility with which they evaluate potential clients while still working with one of the most prestigious credit risk evaluation companies, called TransUnion. TransUnion is dedicated to developing and offering services designed to achieve excellence, and in this way MiCredito can better understand risk and their relationships with clients and consumers so as to better manage credit distribution.

User-added image

Veronica Herrera, Executive Director of MiCredito says, "the goal is to reach more entrepreneurs and offer them better service in rural and urban zones. MiCredito is the first microfinance institution in Nicaragua using this mobile communication technology to enhance credit services, and it will be a great benefit to underserved sectors."

User-added image

Javier Gomez, Microfinance Consultant for TransUnion

Javier Gomez, a microfinance consultant for TransUnion says, "TransUnion is the world leader in this field, and with experience in over 50 countries, enables practices in its associate countries to improve the mechanisms of loan placement, new product launches, and in this case using data enabled telephone devices to make consultations. MiCredito's need to enhance their

population that otherwise would not have been able to access them.

different products coincided with TransUnion's recent launch of Mobil Consultation, and it is the first microfinance institution in Nicaragua to work with their clients in such an efficient way, allowing loans to be approved within 24 hours and without a guarantor."

User-added image

Loan officer Dayana Bravo says, "In my opinion the use of phones for mobile consultations makes my work much easier. With this technology I will only have to visit the client, check the Internet through the phone, verify the client's credit history, evaluate it, and done! I already have one new client in my portfolio."

With this innovation that MiCredito has developed, loan officers are more productive, efficient and effective when addressing client needs.

How To Support MiCrédito

Please make a loan to one of **MiCrédito's** borrowers [here](#).

Please join our **Kiva** lending team [here](#).

Repayment Performance on Kiva



	This Field Partner	All Kiva Partners
Start Date On Kiva	Dec 1, 2010	Oct 12, 2005
+ Total Loans	\$284,125	\$260,405,350
+ Delinquency Rate	0.04%	3.41%
+ Default Rate	0.00%	1.06%

 Currency Exchange Loss Rate	0.00%	0.00%
 Refund Rate	0.94%	1.31%

Loan Characteristics On Kiva



	This Field Partner	All Kiva Partners
Loans To Women Entrepreneurs	53.47%	75.22%
 Average Loan Size	\$617	\$385
 Average Time To Fund A Loan	6.65 days	3.47 days
Average Loan Term	8.53 months	9.25 months

Journaling Performance on Kiva



	This Field Partner	All Kiva Partners
Total Journals	88	125,547
Journaling Rate	66.93%	39.85%
Average Number Of Comments Per Journal	0.02	0.17
Average Number Of Recommendations Per Journal	0.02	4.41

Borrowing Cost Comparison (based on 2009 data)



	This Field Partner	Median for MFI Peers in Country	All Kiva Partners
Average Interest Rate and Fees Borrowers Pay (Portfolio Yield)	41.70%	26.60%	36.29%
Average Partner Return On Assets (Average Profitability)	-0.1%	-1.5%	-1.53%
Average Loan Size (% of Per Capita Income)	115.80%	93.20%	43.57%

Country Fast Facts



<u>Country:</u>	Nicaragua
<u>Capital:</u>	Managua
<u>Official Language:</u>	Spanish
<u>Population:</u>	5,359,759
<u>Avg Annual Income:</u>	\$3,636
<u>Labor Force:</u>	services 43%; agriculture 42%; industry 15%
<u>Population Below Poverty Line:</u>	50%
<u>Literacy Rate:</u>	67.50%
<u>Infant Mortality Rate (per 1000):</u>	30.15 deaths
<u>Life Expectancy:</u>	70.02 years

Field Partner Staff

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