

The evolution of microfinance market in Italy

*XVIII National Conference on Microfinance and Financial Inclusion
St Petersburg, 29th November 2019*

Ugo Biggeri

Eticasgr president (BancaEtica's Group)
and University of Firenze, Italy

www.gabv.org board member

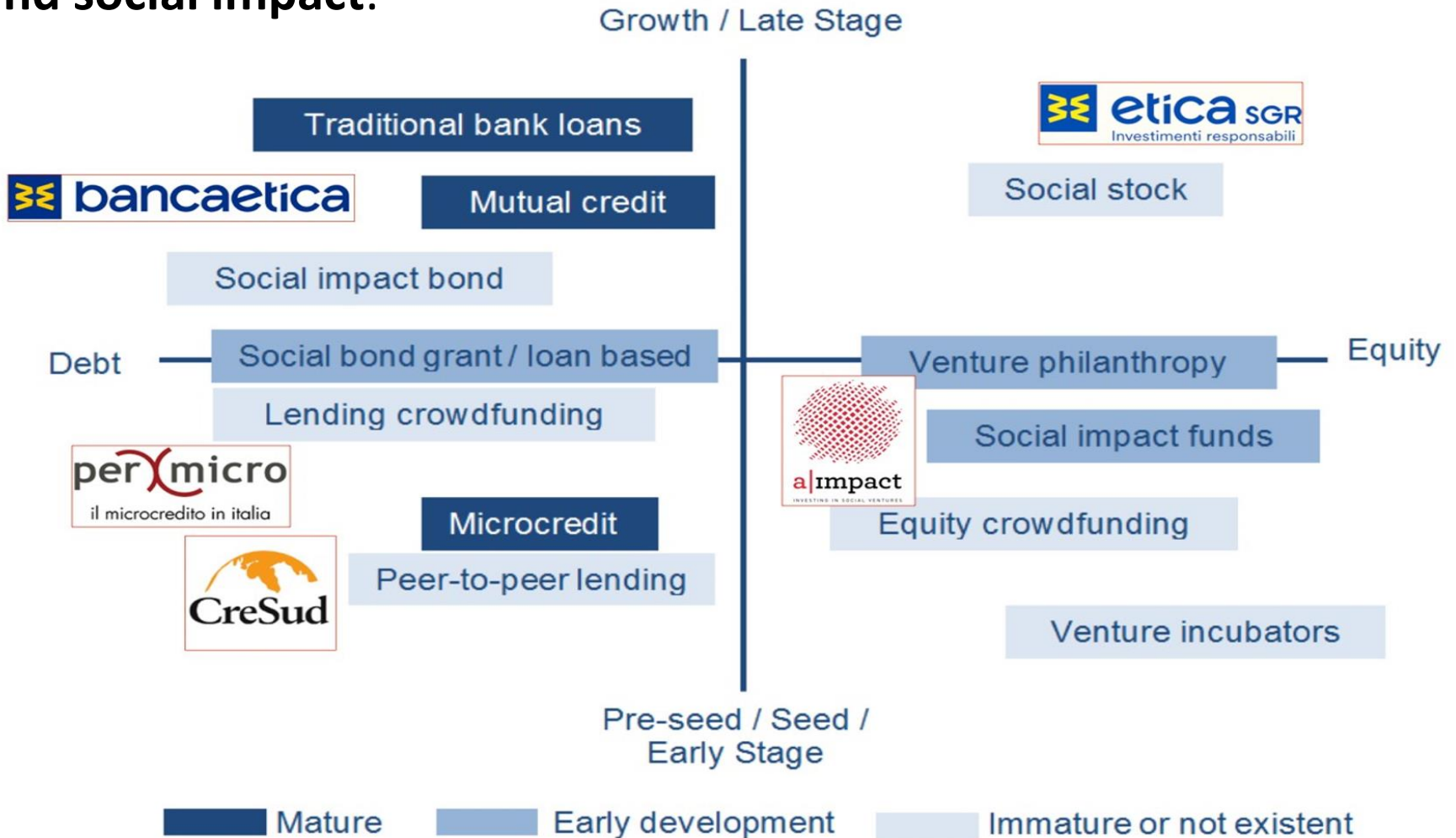
ubiggeri@eticasgr.it

Ugo.biggeri@unifi.it

@ubiggeri

Banca Etica's group: Banca Etica (1,6G€ assets), Etica investment fund (4,3G€), Cresud microcredit vehicle (5M€)

20 y of ethical finance **ALL loans** evaluated for their **environmental and social impact.**



Banca Etica engagement with microfinance, out of Italy :

- Directly via Cresud (microfinance vehicle recently part of the group)
- With some direct loans to Microfinance banks (Mali, Burkina faso, Nigeria)
- Trough Microfinance vehicle partner: Oikocredit - NL ; SIDI – FR
- We are member of EMN and MFC

*In total around **15 M€** (growing)*



EUROPEAN
MICROFINANCE
NETWORK



Banca Etica microfinance in Italy:

Banca Etica direct engagement in microfinance 2-4 M€ y for:

- social inclusion (in support of vulnerable people)
- entrepreneurship (to startup or consolidate micro-enterprises)

The activities of microfinance are carried out in collaboration with local social networks to ensure a real relationship between the bank and the borrowers and to cut costs.

We have set up a Guarantee fund for entrepreneurial microcredit via Etica sgr (investment funds company) customers 0,1 voluntary fee: nowadays around 2,5 M€

We recently buy 10% of PerMicro, Italian leader company in microfinance



Italian microcredit market

Not an easy market for some reason:

- Banking sector with credit crunch, but very low interests rate
- A misleading tradition that interests rate should be kept very low (a 4 % y or less)
- A recent law (2014) that insert microcredit in the banking general law (art 111 TUB), but in a way that is marginalized and seen as an NGO field

In the law there are possibilities to access to governmental guarantee funds, but highly complex and not efficient

- Credit loss range is variable 2-15%: strongly affected by microcredit design.

... but we have some good practices...

Banca etica:

Workers buyout experiences

About 24 realized

Some of them giving microcredit to members in order that they support the cooperative capital need
(the total credit range 60-400 k€)

Social microcredit via NGO

Supported by Eticasgr or private guarantee fund

Managing to be sustainable with 4% interest rate year

... but we have some good practices...



perXmicro

il microcredito in italia

Is a professional microfinance institution (interests rate range 8-16%.)

street branches help to be closer to customers and allow to better serve the local areas.

16 branches in **12** Italian regions

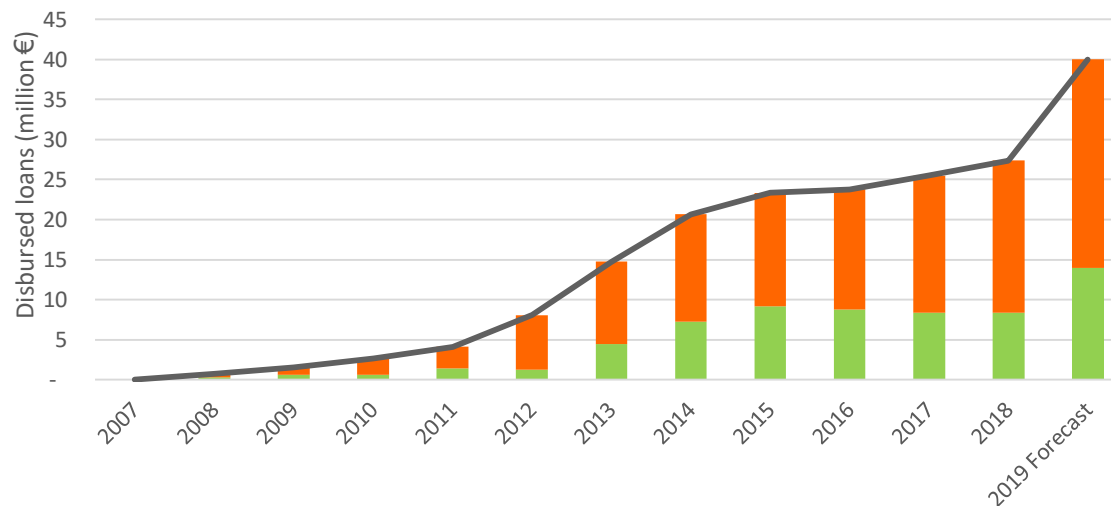
We are a young and motivated team:

45 EXPERT LOAN OFFICERS
16 BRANCHES

disburses **loans** to "unbankable" people allowing them to become bankable;

offers **accessory services** a part from credit (support, business planning, etc.);

operates an excellent **evaluation of credit risk** which allows the possibility to obtain funding from the banking system.



PerMicro is the first Italian institution in terms of number of granted microcredits and disbursed amount.

Until the present moment, it has disbursed **24.983 loans**, for a total amount of **181.790.541 euro** (3.486 business microcredits and 21.497 personal credits for families).

	TOTAL	2007-2012	2013	2014	2015	2016	2017	2018	2019 (up to 31.10)
Business	3.486	590	332	434	507	447	433	422	321
Disbursed	€ 56.648.250	€ 4.334.163	€ 4.450.954	€ 7.240.717	€ 9.186.188	€ 8.786.326	€ 8.352.167	€ 8.397.475	€ 5.900.260
Family	21.497	2.643	2.044	2.476	2.584	2.565	2.692	2.873	3.620
Disbursed	€ 125.142.291	€ 12.817.254	€ 10.314.166	€ 13.438.000	€ 14.135.652	€ 15.010.092	€ 17.126.852	€ 18.973.908	€ 23.326.367
Total	24.983	3.233	2.376	2.910	3.091	3.012	3.125	3.295	3.941
Total disbursed amount	€ 181.790.541	€ 17.151.417	€ 14.765.120	€ 20.678.717	€ 23.321.840	€ 23.796.418	€ 25.479.019	€ 27.371.383	€ 29.226.627


BUSINESS


SECTORS




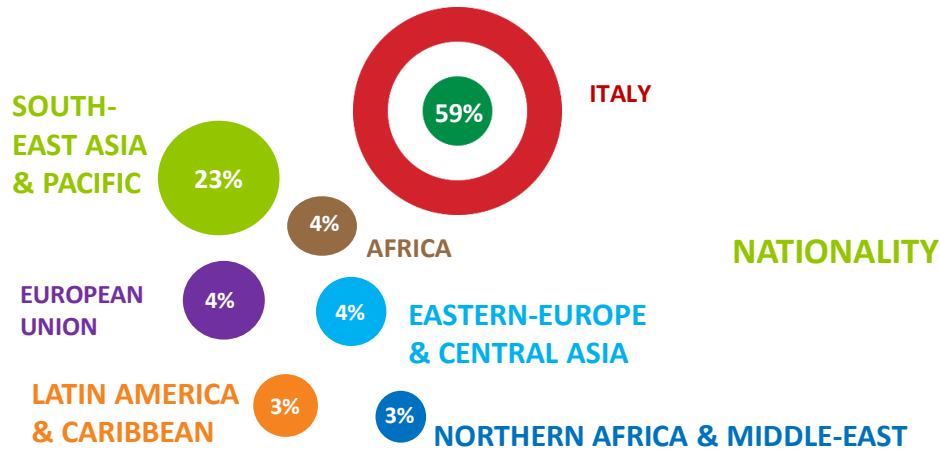
53% startups 

47% under 35 

66% men 

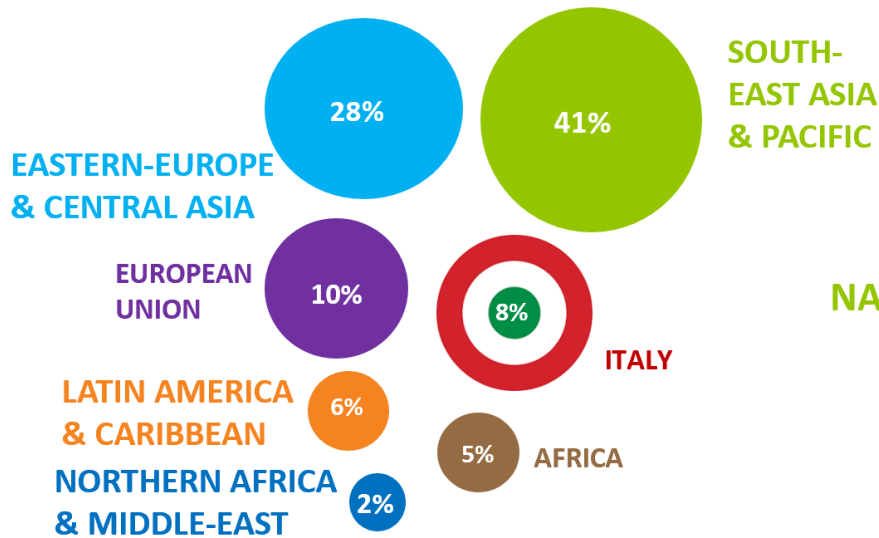
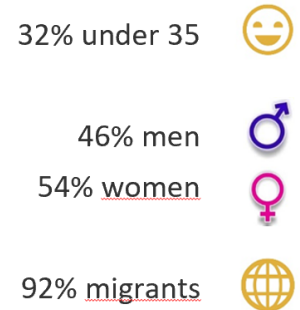
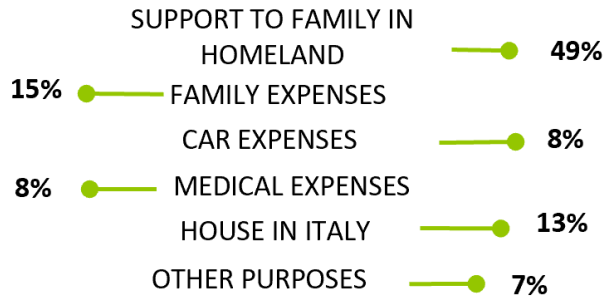
34% women 

41% migrants 



FAMILIES

PURPOSES



NATIONALITY



IMPACT ON PUBLIC WELFARE



perXmicro

il microcredito in italia

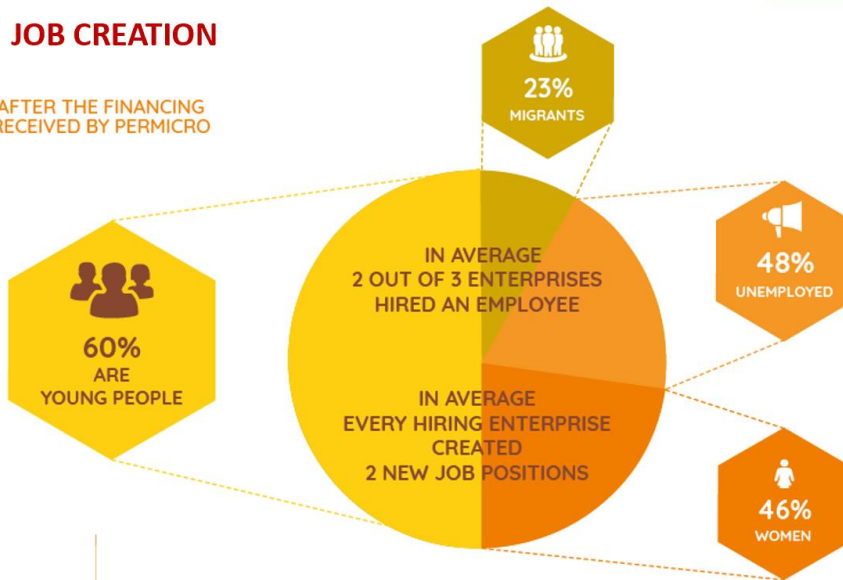


[ANNUAL DATA 2009-2014 [12.437.260]*
(# LOANS 09-14/ TOT LOANS 09-16)
+
ANNUAL DATA 2015-2016 [14.574.695]*
(# LOANS 15-16/ TOT LOANS 09-16)
* 3.5 = AVERAGE LOAN DURATION 09-16]

BUSINESS MICROLOANS

JOB CREATION

AFTER THE FINANCING
RECEIVED BY PERMICRO



ACCESS TO CREDIT





SOCIAL IMPACT MEASUREMENT - FOCUS ON “UNDER 35” ENTREPRENEURS

IMPACT # 1 INDIVIDUAL INCREASE OF PERSONAL WELFARE AND FINANCIAL INCLUSION



SOCIAL IMPACT MEASUREMENT - FOCUS ON “UNDER 35” ENTREPRENEURS

IMPACT # 2 - SOCIO-ECONOMICAL SYSTEM: GOVERNMENTAL REVENUES



Thank you for your attention!

Ugo Biggeri