

Obstacles and challenges for the access of mypes to financial services



According to Gabriela Elgegren, UNDP official, the main objective of the Inclusive Business Development Program (Prider) is to contribute to the economic development of rural populations through the creation of Savings and Credit Unions (Unicas).

More than 90% of companies in Peru are micro and small companies (mypes). The heterogeneity in this huge business group, as well as its low productivity, are factors that characterize it. This research table adds a crucial element for its strengthening: financial inclusion and gender gaps to access a loan.

The mypes capture 70% of the economically active population (PEA) occupied

in Peru and generate about 25% of GDP. Definitely, this group presents a considerable economic dynamism and is the most important business sector due to the number of companies and workers. The study Determinants of access and use of financial services of microenterprises in Peru, developed by Janina León, Miguel Sánchez and Guillermo Jopen, researchers from the Pontificia Universidad Católica del Perú (PUCP), analyzes some key aspects

of the access of mypes to credit.

According to the researcher Janina León, credit is a necessary condition, but not sufficient for the viability of a mype. Only if your projects are technically and economically viable, will mype generate enough returns to continue operating. Like any company, it works with its own financing and/or with credit. Precisely, your viable economic projects will allow you to pay loans and stay as a credit subject in the future. What does it depend on this

1/ The speakers at this research table were Janina León, professor and researcher at the Pontificia Universidad Católica del Perú (PUCP), and Fiorella Arbulú and Sissi Heras, analysts from the Microfinance Analysis Department of the Superintendency of Banking, Insurance and AFP (SBS). Moderator: Gabriela Elgegren, Prosperity and Poverty Reduction Officer of the United Nations Development Program (UNDP). Commentators: Johanna Yancari, researcher at the Institute of Peruvian Studies (IEP); Elard Arévalo, Deputy Manager of Productivity of the Financial Cooperation of Development (Cofide); Julio Corcuera, from the United Nations Development Program (UNDP) and Gabriela Elgegren, from UNDP.

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sector to access financing? The study tries, among other points, to answer this question. With data from the Micro and Small Enterprise Survey (Emype), between 2011 and 2013, for the service and manufacturing sectors, an econometric model was estimated, and in parallel, a qualitative analysis through interviews with managers of mypes, a credit providers and members of civil society. The investigation focused on Lima Metropolitan, Piura, Trujillo, Arequipa and Cusco.

Among the results obtained, it is found that only between two and five, of every 10 mypes, would be interested in filling out a request for financing in a regulated financial institution; lower is the number of those who manage to access credit. In addition, it is estimated that micro-enterprises are more likely to apply for loans. However, sma-

ll companies in the manufacturing sector are more likely to access and use these credits.

Among micro-enterprises (ME), one in two request financing. ME in the service sector are more likely to request it. Small businesses (PE) engaged in manufacturing are more likely to have a passing response, while SPs in the service sector are less likely. In addition, one in five PE requests funding regardless of the economic activity to which they are dedicated. Finally, the driver of a PE shows a similar probability of requesting and using financing.

According to León, in this study it was methodologically complicated to analyze gender biases in the access and use of credit, because Emype does not collect this information, and qualitative interviews show minimal biases in access to credit by gender. León points out that the results are inconclusive and that further study is required.

Among the policy recommendations that derive from the research, it is suggested to strengthen the business activity of the MEPs in the short and long term, through technical assistance programs, productive services and improvements in access to financial services. It is also recommended to promote policies focused on information, technical and business assistance to the

mypes conducted by women. Other key aspects that are proposed are that financial institutions attend the specialized demand of the mypes with greater economic viability, as well as the strengthening of the National Strategy of Financial Inclusion (ENIF).

GENDER GAPS IN ACCESS TO FINANCING?

To analyze the relationship between gender and financial inclusion, and identify and explain potential gender gaps in access to financial services, Fiorella Arbulú and Sissi Heras, analysts from the Microfinance Analysis Department of the Superintendency of Banking, Insurance and AFP (SBS), presented the research Gender and financial inclusion.

For the elaboration of this study, they used the National Demand Survey of Financial Services and Level of Financial Culture 2016, carried out by the SBS, with the support of the Swiss Cooperation (SECO). The development of the study responds to the premise that the financial inclusion of women is important to promote economic growth and development. However, the data indicate that there are gender differences in the access and use of financial services, regionally and globally. According to the research, in Peru, the gap between men and women in accessing deposit accounts in the financial system is 10%. Similarly, women are less likely to have credit than men.

But what factors explain these differences? Is there gender discrimination in the financial system? The study suggests that the gaps are due to differences in areas outside the financial system, such as income level, place of residence, age and employment, added to inequalities in property ownership and financial education, aspects in which women are at a clear disadvantage compared to men.

In this sense, it is through a descriptive analysis where the researchers show that the gaps in access to accounts and credits are reduced, and even reversed, between the po-



In this research table, it was recommended to promote policies focused on information, technical and business assistance to the mypes conducted by women.

pulation with employment and the population that receives income. In effect, the results of this analysis reveal that women with salaried employment have the same propensity as men to have an account or a credit in the financial system, while among the independent or self-employed population, the gap in access to credit is favorable for

“The gap between men and women in accessing deposit accounts in the financial system is 10%.”

women. In this regard, the researchers point out that according to the credit report of debtors of the SBS, 54% of the debtors to the micro and small companies in the financial system are women.

These results are corroborated by the multivariate analysis, which reveals that the gender it lacks statistical significance to explain access to financial services, and that other factors such as residence, age, type of employment, property, education, income, financial education and housing characteristics affect the holding of an account or credit in the financial system.

Finally, as recommendations,

the researchers suggest a better focus on public policies towards differences in dimensions such as employment, income levels and education. In addition, they propose to promote financial competences in women and the design of financial products from a gender perspective, in such a way that they adjust to their needs taking into account the differences in aspects such as ownership, guarantees and income levels. Innovation also emerges as a recommendation in the delivery of products. It is proposed to use digital media that reduce transaction costs and bring financial services closer to women.



According to one of the studies presented, gender gaps in access to the financial system are due more to factors that occur outside it, such as the level of income, place of residence, age, employment, among others.

COMMENTS

Johanna Yancari, IEP researcher

According to 2014 data from the Inter-American Development Bank (IDB), Peru leads access to microcredit with US \$ 3.5 billion in the market. However, that market has been very concentrated in urban areas and in a small group of people who access financial services. In relation to the studies presented, it would be key to work on the improvement of information around the SMEs managed by the different State institutions; also, to include in future research variables that allow a gender analysis in the studies of financial inclusion and in specific access to credit, given that there are some cultural and socioeconomic factors that still restrict access to financial services by women. For example, some financial institutions require married women greater requirements, such as the signature of the husband to obtain a loan.

Elard Arévalo, Deputy Productivity Manager of the Development Finance Corporation (Cofide)

67% of microcredit is concentrated in the commercial sector and no more than 6% in the manufacturing sector, since commercial activity is characterized by having a greater rotation of the working capital cycle, a profile that is more associated with the mypes. This data can be useful for the objectives of the studies that are developed on the subject. It is not enough to grant a credit to a mype. They should also offer business development services (guidance, training and technical assistance) to contribute to the development of the productivity of this business segment.

Julio Corcuera, coordinator of the Joint Human Security Program of the United Nations Development Program (UNDP)

Regarding the investigation of the PUCP, we can observe the predominance of legal and illegal markets for access to credit, a condition that may be linked to risk issues related to the security of certain areas, such as the access of suppliers in highly dangerous places. With regard to the SBS study, I suggest contextual variables such as stereotypes about certain people whose relatives or neighbors are linked to high-risk areas. In general, I recommend the dissemination of this type of studies in academic areas not linked to the economy.

Gabriela Elgegren, Prosperity and Poverty Reduction Officer of the United Nations Development Program (UNDP)

The main objective of the Inclusive Business Development Program (Prider) is to contribute to the local economic development of rural populations for the reduction of poverty, through the creation of Savings and Credit Unions (Unicas), where the partners contribute social capital with the possibilities of generating savings and requesting loans to invest in productive development activities. The program promotes financial literacy, access to financing, the strengthening of productive capacities, the empowerment of women, technical training with sustainable practices and commercial articulation under associative models, emphasizing cultural diversity and environmental sustainability in a transversal manner. Prider has granted 157,542 credits in six regions of the country, worth S/17 million.