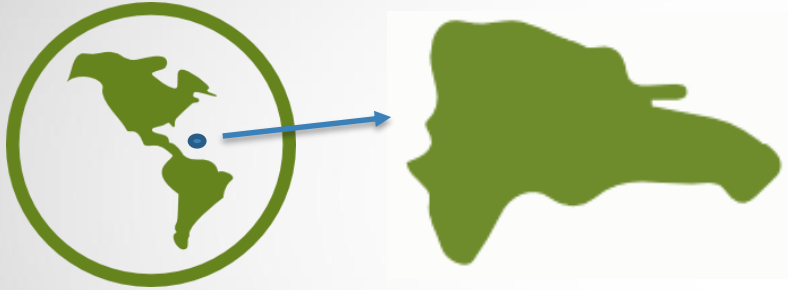


Credit Access for SMEs in Dominican Republic:

How the Secured Transactions Reform can potentiate the financial inclusion?



Dominican Republic



- **Population:** 10.2 millions (ONE, 2010)
- **GDP per cápita:** US\$8,752 by PPP (WBG, 2014)
- **HDI:** 0.702 (96°) – Medium level
- **Poverty:** 37% (MEPyD, 2014)
- **Labour force:** 4.6 millions (BCRD, 2013)
- **Banked population:** 44% of population (Tecnocom, 2014)
- **Main economic activities:** agriculture, industry, manufacturing, services, mining...



Approximately
791.236 SMEs;
representing 98%
of all businesses



Contribution of 38.6%
to Gross Domestic
Product (GDP)

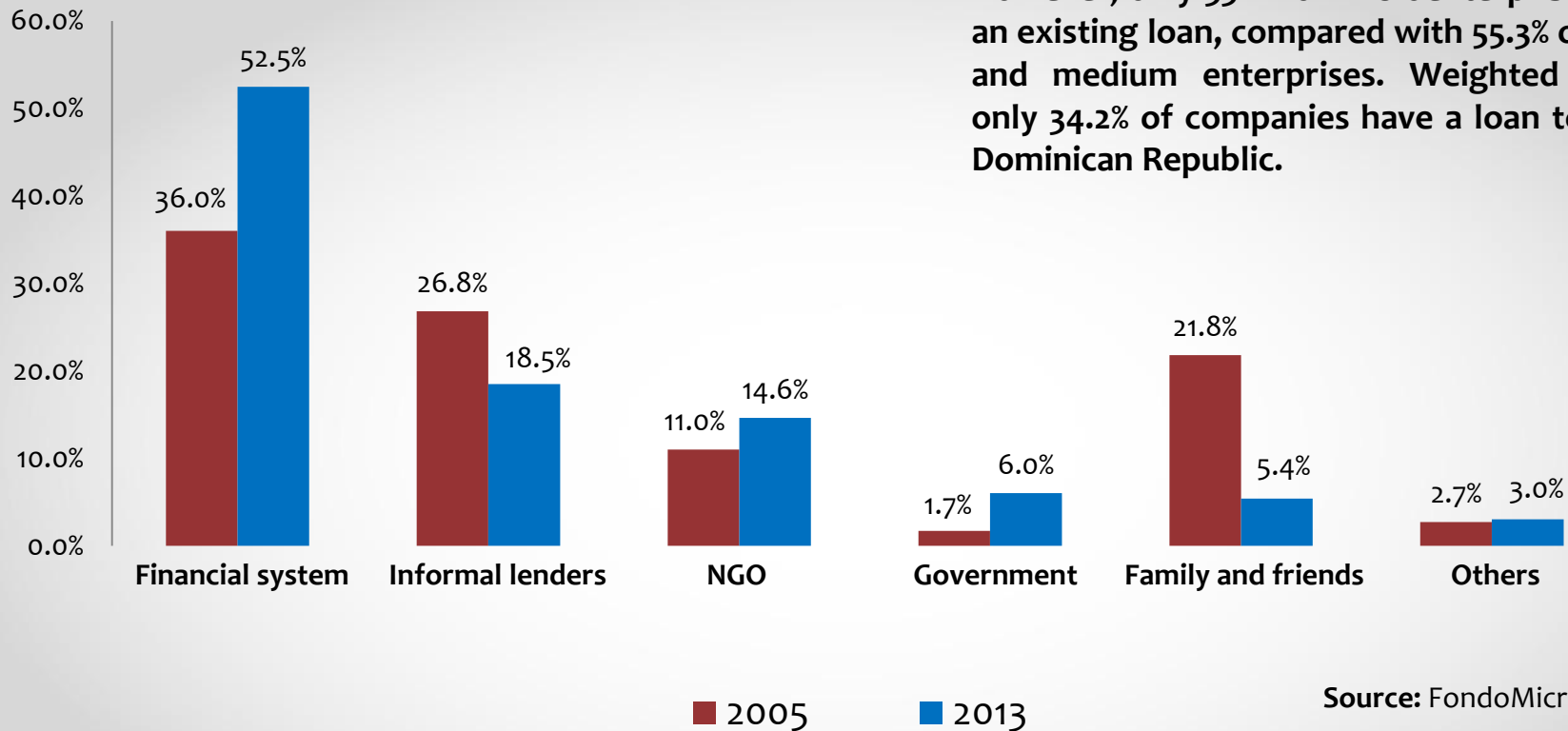


More than 2.2 million
jobs; 54.4% of the
employed population
of the country



In Dominican
Republic, 51.3 % of
the microenterprises
are led by women

Source: FondoMicro 2014



However, only 33.6% of microenterprises have an existing loan, compared with 55.3% of small and medium enterprises. Weighted mode, only 34.2% of companies have a loan today in Dominican Republic.

Source: FondoMicro 2014



Inventory
replacements

66.9%



Infraestructure
investment

8.6%



Machinery and
equipment

10.3%



Consolidation and/or
payment of debts

14.2%

Source: FondoMicro 2014

**Demand for credit
and financial gap
for SMEs:**

US\$821.9 MM

Source: FondoMicro, 2014



**Financial gap in
Dominican Republic:**

US\$3,778.0 MM

Source: Enterprises Surveys
World Bank, 2010



**For this reason, maybe there is a
great demand for productive
credit in the Dominican
Republic, but there are
limitations on lending to SMEs**





¿What actually happens with the productive credit in the country?

The wealth of SMEs is composed of
78.0%
of personal property
(tangible and intangible)

However, personal property today, only represents
27.0%
of collateral, accepted by banks in the national system.

In addition, the cost of collateral represents
234.4% of the total credit value

Source: Enterprises Surveys
World Bank, 2010



The secured transactions reform in Dominican Republic can achieve:

Reduce bank credit costs for SMEs %

Credit expansion for SMEs using personal property as collateral
US\$2,900 MM

Source: Own estimations



More flexible requirements for credit



Empowerment and financial inclusion of women



Legal certainty and registry unification



Expected impact



Joaquín Prestol
Financial Inclusion Head



Ministry of Industry and Commerce
Vice Ministry of SMEs Development



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Thank you very much!

Hands to the work!