The microcredit in the hotel sector in Bucaramanga

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Abstract
The article discusses a theoretical review of the microcredit and its behavior in Colombia as an alternative for finance the micro and the new business models. It aims to reveal the impact of microcredit on the development and consolidation of the colombian micro enterprises in the short, medium and long term. Likewise, It pretend to determine the use of microcredit in different sectors, analyzing in this first phase the hotel sector in the city of Bucaramanga, and its metropolitan area (Floridablanca, Girón and Piedecuesta), in Santander, Colombia.

Keywords: Microenterprise, microcredit, hotel sector.

Introduction
One of the variables that affect the economic growth of a country is the speed with which the money circulates. The sooner you do, there will be more growth, because in theory, every time the money changes hands, it produces profit or surplus. Every economy should to have two agent: the agents they have liquidity surpluses and the agents they have liquidity needs. Families were found on the first group because they do not make large capital investments; while in the second group are the companies, which incur in large capital investment and they need resources to finance its operations.

Micro-enterprises play a key role in the economic development of the country, however, they are part of agents that they have liquidity needs. For this reason, these micro-enterprises have structural weaknesses that restrict their competitiveness and their chances of survival [1]. These weaknesses affect the aspects of financing of its operations, and it generate restricted access for obtaining external credit [2].

In the first part of this paper it will do a brief theoretical exploration of microcredit in Colombia, and the most important elements in which this research is based is performed. In the second part will seek to analyze the use of microcredit in the hotel sector in the Bucaramanga city, and its metropolitan area (Floridablanca, Girón and Piedecuesta), in Santander, Colombia.

Theoretical background
A. Microcredit
MSMEs in Colombia are regulated by Law 590 of 2000, which sought to alleviate the country's economy and determinated the characteristic of MSMEs (see Table 1) [3] [4]. This law was amended by Law 905 of 2004, in which the creation of SMEs tips and considerations that entities should consider about microcredit promoted. These laws encouraged the creation of MSMEs and strengthened the culture of entrepreneurship by Act 1014 of 2006 for the new generations.

| Table 1. Classification of companies in Colombia |
Microcredit is defined by Act 590 of 2000 and its implementing decree, "is a scheme designed to finance micro businesses, which encourages and promotes financial inclusion and has a positive impact on the country's development and employment. It directed towards for the micro businesses that they have been established and they not to purposes of business venture or to produce a seed capital. On this regard, although the business venture is highly desirable, high-risk nature makes credit institutions are called upon to finance a more advanced stage of the process, in order to strengthen and expand business and not in its inicial fase " [4].

While the interest of the Colombian State in this field is not null, is very recent in terms of promoting standards for development, motivated today not only for faults representing this gap for the national economy, but also as the experience successful and inspiring as "The Grameen Bank", that relieved the poverty and they contributed to the women empowerment in Bangladesh, after the incorporation of the microcredit as transforming elements of finance and the creation of social development programs in developing countries, taking into account development uneven of their economies, and the density of population [5].

For this reason, only after 1995 is evident that in the country the relationship between legislation on MSMEs was inserted in the industrial and commercial context, through law 590 of 2000 [6] and 905 of 2004 [7]. With these laws not only was defined the public action, but also they delved in promoting institutions for their protection and development for example the Board of Governors of small and medium industries and the Board of Governors of microenterprises with their peers at regional level. From this perspective, only upon recognition of micro, small and medium enterprises as the basis of the national economy, it allow to use of the same language in terms of the importance of the microfinance tools in microcredit and its institutions, and they having clear that these arise and are maintained as alternative financing instruments versus standardized traditional banking system.

Hence some authors [8] [9] [10] explain the microcredit in the Colombian case as a means of funding for poverty alleviation, aimed at low-income households, people that lack purchasing power and marginalized sectors of society who find in the microcredit the elements necessary for access and use productive of capital. Demonstrating in this way the clear relationship of national initiatives with the family micro small.

### B. Performance of Microfinance in Colombia

According to Asobancaria the number of people with microcredit increased by 72,000 compared to that observed in September 2013, had a growth of 4.1%. For the first quarter of 2014, the adult population that has this type of credit is 1.83 million, referring to June 2014 increased 4.8% to Figure 1 [12].
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Figure 1. Annual evolution of people with microcredit

![Figure 1](image1)

Source: Asobancaria 2014 [12]

The figures for the third quarter of 2014 reflect how more and more companies are entering the financial system. The number of loans to companies presented an increase in the periods 2010 and 2014, but in the third quarter of 2014 showed a substantial rise (Figure 2).

Figure 2. Number of enterprises with microcredit

![Figure 2](image2)

Source: Asobancaria 2014 [12]

By 2014 the demand for microcredit presents an increasing trend in deepening rising from 0.5% in 2008 to 1.19% in March 2014, as shown in Figure 3 [13]. This evidence is due to its dynamic and the population to which it is addressed, and there is still much potential for growth.

Figure 3. Financial Deepening of microcredit
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The weekly average that manage banking and market rate usury rate, has a high difference so the banks have good margin for put more microcredit in the market, as shown in Figure 4 [14].

Figure 4. Gap interest rate banks - usury rate


According to a survey by the Bank of the Republic, the factors that prevent achieving a higher volume of microcredit are the Indebtedness and the ability to pay debts to other customers, credit history, as shown in Figure 5.

Figure 5. Factors impeding the increase microcredit
According to the Departamento Administrativo Nacional de Estadística, DANE (2012) the dynamics of microcredit in Colombia has the following characteristics:

- The monthly income is $ 7.4 million (2.950 USD) per establishment;
- On average have 2.2 employees;
- 66.3% said the reason why the property was a business opportunity and 30.4% was created because no other alternative income;
- 68% say that the main source of funding for the creation of microenterprises were personal savings.
- The 51.1% microenterprises were created by women
- The 82.6% have over 3 years of operation.
- 75% are individuals
- 80% have Registro Unico Tributario RUT and 69.7% are commercial register.

Results

The students of hotbed of SIMIPYME Research, which belong "Grupo de Investigacion en Administración, GIA" of Universidad Pontificia Bolivariana Bucaramanga, Colombia, conducted an analysis on microcredit in the hotel industry with characteristics and the results found were:

The economy of Santander has been characterized by the importance of MSMEs. They provide more than 70% of provincial GDP and the largest generators of employment. Currently in Santander are registered at the Camara de Comercio de Bucaramanga 74,617 companies, of which 95.6% (70,885) are micro, 3.7% (2,765) are small businesses, 0.9% (697) are medium enterprises, and 0.4 % (270) are large companies,
Santander's hotel sector is composed of 774 hotels. In Bucaramanga, the target for research, has 319 hotels, of which 293 are micro. A survey was applied to 54 hotels that meet the condition of microenterprise.

To achieve the characterization of microcredit and microenterprise the hotel industry the following variables and indicators were established:

- Features of the hotel
- Microcredit: Formal - Informal
- Amount of microcredit: From $500,000 (200 USD) to $15 million (6,000 USD) Microcredit time: Less than 6 months to 36 months
- Monthly interest rate of microcredit: Less than 1% to 10%
  - Investment type of microcredit by the recipient: Purchase building
  - Maintenance building
  - Purchase of furniture and fixtures
  - Purchase of food (food)
  - Technology Purchase
  - Working capital investments
  - Check other credits
- Impact of microcredit in the growth and competitiveness of business

The general characteristics of micro hoteles show that on average have 5 employees, the main service is providing accommodation and barely have additional services, 77.8% of companies are registered at the Cámara de Comercio de Bucaramanga and the Dirección de Impuestos y Aduanas Nacionales, DIAN. The 66% are constituted as natural person and 33% as legal persons. The 72.1% of hotels are recorded in stratum 3 and 14% in stratum 2 and 12% in stratum 4.

In the characterization of microcredit, 36% admit to ever having asked a microcredit; of these 42% have done so through formal financial institutions, 11% from informal sources such as family, friends, lenders called "Gota Gota", among others. The 14% have requested microcredit up to a value of $15,000,000 million pesos ($6,000), 20% requested amounts less than or equal to $5,000,000 million pesos ($2,000). Also, show that most have used microcredit to physical arrangements of the premises where the hotel works, a fact that has generated higher growth and revenue in the business.

However, a lot of microhoteles answered that could not access formal microcredit services to improve their business capacity installed. Also, it was found that most of the owners or managers of these hotels only reach the average primary school or, and the financial issues have been handled with distrust with some banks, because they do not have to pay taxes to Dirección de Impuestos y Aduanas Nacionales, Dian, and they prefer informal borrowings, with high interest rates.

Conclusions

Microenterprises in Colombia have grown due to the new opportunities that are presenting the economy in each of their regions. It is important to support the Government and banks that support microenterprises, with low interest rates, avoiding resort to informal credit at high interest rates, which undermine the financial results of micro-enterprises.

Regarding Santander, is a region with a large numbers of services micro enterprises, because is an area that is being strengthened in the sector of tourism and health. Also the bet being made to finance other sectors of the economy, for example dressmaking, footwear and hydrocarbons, creating the free trade zone of health, thereby allowing will be increased the micro enterprises, and therefore, new forms of microcredit granted.
References


