Women's World Banking

Women's Financial Inclusion Through

MOVABLE COLLATERAL

Three Case Studies

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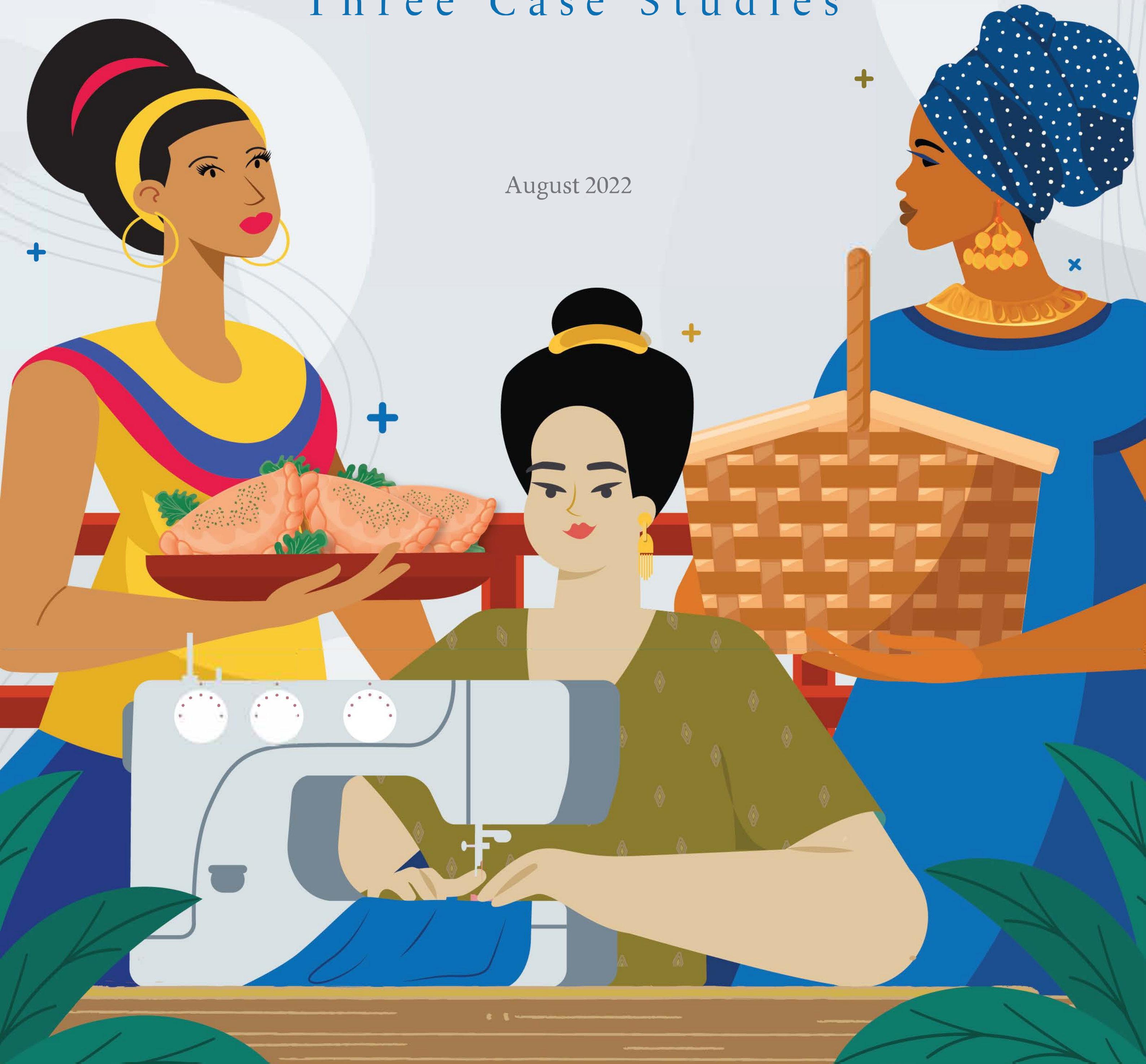

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Foreword

The latest data from the Global Findex indicates there are 742 million women globally left out of the financial system—and an additional quarter of a billion women with financial services that are not useful to them. Financial inclusion is an enabler that benefits women while also increasing national economic stability and prosperity through access to and usage of payment, credit, insurance, and savings products. While the development community has focused on financial inclusion for decades, progress on closing the gender gap has been slower than expected.

Women's access to and use of financial services cannot rely on a one-size-fits-all solution. Instead, a constellation of enabling policy, robust infrastructure, and private sector buy-in create the right conditions for women's access to services. In light of the scale of the challenge, innovation is critical to success, with public-private partnerships leveraging creative solutions to this often intractable challenge.

A movable collateral system is one such innovation. Women around the world are less likely to own titled property like land than men. However, they often own valuable assets contributing to the success of their businesses. Leveraging their existing resources for increased loan capital, movable collateral systems used by lenders bypass some of the social or legal norms which contribute to gender inequality.

This Women's World Banking report highlights three country cases of movable collateral infrastructure. Each of these country cases shows a different combination of government capacity, legal infrastructure, program management, and ongoing support that have increased women's access to capital. We are proud to have supported Women's World Banking in elaborating this action-oriented and accessible publication, and trust it will contribute to our joint goal of supporting women's financial inclusion to contribute to sustainable growth.

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Introduction

Small and medium sized enterprises (SMEs) represent approximately 90 percent of all businesses and over 50 percent of all employment worldwide (World Bank 2019). Formal SMEs provide roughly 40 percent of GDP in emerging economies, and 55 percent of GDP in high-income economies (World Bank 2019). Yet, in emerging markets, access to capital remains the second-most reported constraint faced by SMEs seeking to grow their businesses (World Bank 2019).

To ease financing constraints, movable collateral offers the potential to expand the market opportunity for SMEs and individual borrowers to receive secure loans though they lack traditional, immovable or fixed assets, such as land or real estate. Movable collateral lending – also called movable assets, movable finance, movable property, or asset-based lending – allows assets such as equipment, inventory, receivables, motor vehicles, agricultural products, or livestock to be used as collateral for loans. Unlike unsecured lending, movable collateral reduces the risk of default and releases more available and affordable credit. In modern movable collateral systems, borrowers also maintain possession of their collateralized asset which allows them to continue to use the asset to run their business while also leveraging it for additional capital.

Women benefit disproportionately more from effective movable collateral systems because women are less likely than men to own fixed assets. Women are simultaneously less likely to access and use formal financial tools and services, including credit. These asymmetries result in a $1.7 trillion (USD) credit gender gap among entrepreneurs. When women do receive credit, it is often in smaller amounts than their male counterparts. Accessing loans by using movable assets as collateral gives women greater opportunity to leverage capital they need for themselves, their households, and their businesses.

In modern movable collateral systems, registries are centralized and notice-based (see Box 1 below for terminology), enabling secure transactions to facilitate credit delivery from lenders to borrowers (Doing Business 2017). Modern registries are also unified for all types of movable assets and provide digitally-accessible and searchable options for consumers and financial institutions to register, verify, amend, and renew assets.

As such, when effectively designed and implemented, movable collateral registries can boost SME growth, leading to greater private sector development and national economic development through firms' increased access to finance. One study found that the number of firms with access to finance increased by 8 percent on average once

1 These modern notice-based registries include Australia, Colombia, the Lao People's Democratic Republic and most recently Costa Rica, El Salvador, Liberia and Malawi (Doing Business 2017).

a movable collateral registry was introduced (Love et al. 2013). Evidence also supports the finding that smaller firms and women entrepreneurs in particular benefit from movable collateral to start and grow their businesses. Twenty-six countries operationalized national modern collateral registries by mid-2016, and even more have implemented modern collateral registries as of today.

Given the recognized potential of movable collateral registries, Women's World Banking has advocated for the creation of such systems for much of the past decade. But what are the elements of a successful movable collateral registry? What are some of the challenges to a registry's effectiveness at increasing women's financial inclusion? This brief first provides an overview of all movable collateral registries on which there is substantial publicly available data. Next, we showcase three movable collateral systems in countries selected on regional diversity, data availability, and demonstrated impact: Colombia, Ghana, and Laos.

Methodology

This brief combines IFC and the World Bank Group's Doing Business frameworks to measuring the effectiveness of movable collateral registries.

TABLE 1: LIST OF BEST PRACTICES IN DEVELOPING MOVABLE COLLATERAL REGISTRIES

Within these frameworks, successful movable collateral registries should establish the following best practices:

1. A notice-based registration system.
2. A digital, internet-based database that is accessible to the public to register, verify, amend, renew, and search assets.
3. An index available to search by debtor's identifiers.
4. A centralized registry.
5. A single registry for all types of assets.
6. Reasonable registration fees.
7. No restrictions to file.
8. All debtors are legal/natural persons.
9. No liability of the registrar.
10. All secured creditors to establish their priority to the collateral.
11. Clear standards for refusal of registration.
12. A procedure for out-of-court enforcement of collateral.

Source: IFC 2010; Alvarez de la Campa et al. 2012; Doing Business 2017.

Terminology

SECURED TRANSACTION SYSTEM

Legal and institutional framework to facilitate the use of movable property as collateral for both business and consumer credit (IFC 2012).

SECURITY INTEREST

Property interests created by agreement or by law over the debtor's assets" (Doing Business 2017).

MOVABLE COLLATERAL

All types of movable assets, tangible and intangible, present and future, including vehicles, equipment, inventory, raw goods, accounts receivable, agricultural products, negotiable instruments, bank accounts, insurance policies, intellectual property rights, durable consumer goods, minerals and timber (IFC 2012).

PERFECTION

The process of "putting the world on notice" of the security interest in an effort to make the secured parties' rights fully enforceable (Weiler 2006).

NOTICE-BASED

A registry that files only a notice of the existence of a security interest and not the underlying documents (World Bank 2019).

MEDIATION

The process of settling disputes through an impartial, third-party actor who assists both parties in reaching a resolution.

CENTRALIZED REGISTRY

A registry that "encompasses all types of collateral, security interests, and their functional equivalents" (Doing Business 2017).

CONCILIATION

The process of settling disputes through an impartial, third-party actor who assists both parties in reaching a resolution.

Overview of Global Cases

In the past decade, support for the idea of movable collateral has increased, as has the list of jurisdictions employing various movable collateral registries. Figure 1 displays a list of countries with established movable collateral registries noted during this research.

TABLE 2: LIST OF COUNTRIES WITH ESTABLISHED AND DOCUMENTED MOVABLE COLLATERAL REGISTRIES

EAST ASIA AND PACIFIC	EUROPE AND CENTRAL ASIA	LATIN AMERICA AND CARIBBEAN	MIDDLE EAST AND NORTH AFRICA	SUB-SAHARAN AFRICA
Australia	Albania	Bahamas	Jordan	Ethiopia
Bangladesh	Bosnia and Herzegovina	Colombia	Morocco	Ghana
Cambodia	Bulgaria	Costa Rica	United Arab Emirates	Kenya
China	Croatia	El Savador		Lesotho
Laos	Finland	Guatemala		Liberia
Macau	French	Jamaica		Malawi
Malaysia	Ireland	Mexico		Mauritius
New Zealand	Cosovo	Peru		Mozambique
Singapore	Macedonia			Nigeria
Solomon	Norway			Rwanda
Islands	Romania			Senegal
Vanuatu	Serbia			Sierra Leone
	Slovakia			Tanzania
	Spain			The Gambia
				Uganda

This set of countries—collateral systems that are repeatedly referenced and documented in the literature—contains a range of income levels and is relatively evenly distributed across the globe. However, one thing that most have in common is high capacity. To build, execute, and sustain movable collateral systems, governments need a strong policy function and a high-functioning legal system for continued enforcement.
From this list comes our three case examples: Colombia, Ghana, and Laos.

Case Study 1: Fast-Growing Centralized Registry in Colombia

In less than a decade, Colombia's movable collateral registry developed rapidly while sustaining a high-level of customer service for both individuals and financial institutions. The registry demonstrates the positive impact of moving from a fragmented and decentralized system to a centralized modern secure transaction legal framework. Colombia's registry and accompanying infrastructure is an example of how asset-based lending can significantly improve individuals' and SMEs' access to capital.

Before asset-based lending launched in Colombia in 2014, nearly one third of Colombian entrepreneurs reported that access to credit was the greatest constraint to starting and growing their enterprises. From data collected in 2018, this number dropped to only 7.5 percent of firms that reported access to finance as their biggest obstacle (World Bank Enterprise Surveys 2018). Nearly one-half (46 percent) of SMEs in Colombia are owned by women (USAID 2018).

In the first few months of the registry's operation, 890,295 original movable assets were registered, indicating both rapid expansion and possibility for future success (IPA 2015). By 2017, over 1.5 million companies were registered in Colombia's Single Business and Social Registry, of which 92 percent were microenterprises and 7 percent were SMEs, representing 99 percent of Colombia's private sector (Confecámaras 2018). Macroeconomic impact was high, as SMEs generate 67 percent of employment in Colombia and 28 percent of the country's GDP (Departamento Administrativo Nacional de Estadística 2017). In 2018, SMEs represented 54 percent of the national credit portfolio which has been slowly rising over the last three years (Superintendencia de Colombia 2018).

Colombia's Secure Transaction Legal Framework

The Code of Commerce was established in 1971 and laid the groundwork for secured transactions. The Code of Commerce formed a fragmented and decentralized system in which security interest over movable assets could only be enforced against third parties once the security agreement was registered with the Chamber of Commerce where the collateral was located. As such, any time an asset was moved across jurisdictions, the asset needed to be deregistered and re-registered by debtors, requiring creditors to constantly monitor the location of assets.

In February 2014, Colombia enacted Law 1676 of 2013 ("Law 1676") which replaced Colombia's Code of Commerce's regulations on the creation, perfection, and enforcement of security interests over movable assets. Specifically designed to increase SME's access to credit, Law 1676 unified the legal framework of all security interest over movable assets.

Law 1676 implemented four significant changes to security interests in Colombia:

1. expanded the types of assets subject to security interest;
2. created a centralized registry (Registro de Garantias Mobiliaris ("RGM")) in which movable assets could be filed and searched;
3. established new methods to enforce security interests against third parties;
4. introduced new methods to enforce security interests against debtors.

As indicated, Law 1676 provided three types of security interests:

1. fixed security interest,
2. purchase-money security interest, and
3. floating security interest.

Of purchase-money security interests, Doetch et al. (2014) states, "This feature will likely foster lending and selling on credit, as it will help mitigate the credit risks of customers that have financed their purchases of such goods by allowing the creditor/seller to regain possession of the goods sold should the customer default in the payment of the goods."

Since 2014, additional decrees and resolutions further refined Colombia's movable guarantees by modifying Law 1676. Resolution 834 of 2014 approved the registration forms and registration rights of the Movable Guarantee Registry. Resolution 0356 of 2015 modified Resolution 834 Article 2, and Resolution 001 of 2015 further amended RGM's registration forms and rights. The Circular 032 of 2015 sought to provide a valuation of assets. Later resolutions, such as Resolution 1320 and Resolution 1362 of 2020 modified and approved bankruptcy execution and termination of bankruptcy execution registration forms. Resolution 1520 of 2021 further modified the content of RGM's initial registration forms.

Colombia provides a strong example of mediation and conciliation, two alternative dispute resolution mechanisms that allow for extrajudicial proceedings. In other words, with an alternative dispute resolution, a secured creditor, for example, is able to recover his or her collateral without going to court. The country's legal framework provides an avenue in which a settlement of conciliation, which must be signed by both parties, is given the same authority as a court order. In this way, enforcement of collateral is possible out-of-court for both public tender and private sale (IFC 2010; Doing Business 2017).

Colombia's Movable Guarantee Registry

Administered by the Confederación Colombiana de Cámaras de Comercio—Confecámaras,[2] the Registro de Garantias Mobiliarias (RGM), Colombia's Movable Guarantee Registry, was established by Law 1676 to register, modify, extend, cancel, transfer, and execute movable security interests. Digitized and centralized, the online registry system operates through an online filing system and is easily accessible by the public. Electronic filing simplifies the registration procedure and reduces review time to secure interests. Anyone can access the online RGM to identify the value of their secured obligation and confirm the status of its underlying assets. Any user can request physical copies of the registration agreements.

Law 1676 imposes additional safeguards to protect debtors and creditors in monitoring their movable asset security interests. For instance, debtors must authorize creditors to file, modify, or extend their security interest. Time limits are placed on security interests – registration statements are only valid for the time period mutually agreed upon by debtor and creditor, and can only be extended for three years. The law clarifies that any statement not indicating a timeline is valid for five years.

The RGM is funded in part through charges to register, modify, and cancel movable collateral. Figure 3 displays the cost breakdown.

2 Confederación Colombiana de Cámaras de Comercio—Confecámaras is a private, non-profit entity that represents the 57 entities across Colombia .The confederation was develop under Article 96 of the Commercial Code, which states: "The Chambers of Commerce may confederate provided that no less than five percent of the Chambers of the country meet in the form of a confederation."

TABLE 3: COLOMBIA'S RGM FEES PER TRANSACTION

Spanish	English	Fee charged per transaction (Colombia Peso)	Fee charged per transaction (USD)
Inscripción Inicial (nueva garantía)	Initial registration (new guarantee)	COP $41,000	US $9.35
Modificación Global Acreedor/Entidad	Global Modification Creditor/ Entity	COP $41,000	US $9.35
Formulario de Ejecución Concursal	Bankruptcy Enforcement Form	COP $41,000	US $9.35
Modificación de Registros	Modification of Records	COP $11,000	US $2.51
Cancelación	Cancellation	COP $11,000	US $2.51
Cesión	Assignment	COP $11,000	US $2.51
Ejecución	Execution	COP $11,000	US $2.51
Restitución	Restitution	COP $11,000	US $2.51
Terminación de la Ejecución	Termination of Execution	COP $11,000	US $2.51
Terminación de la Ejecución Concursal	Termination of the Bankruptcy Execution	COP $11,000	US $2.51
Certificados pre-pagados	Prepaid certificates	COP $6,000	US $1.37

Note: These prices do not include VAT of 19% nor the cost of withholdings
Source: Registro de Garantias Mobiliarias, Retrieved from: https://www.garantiasmobiliarias.com.co/Ayuda/Legislacion/Tarifas%20del%20Registro%20de%20Garantias%20Mobiliarias.pdf

Impact of Colombia's Movable Guarantee Registry

In the first year the registry was established, over 100,000 loans were secured through movable assets, of which 5,000 were for SMEs with an aggregate amount of $3.43 billion (USD). This number is significantly greater than the few hundred per year that was secured before the reform (World Bank 2015). Since the registry went live in 2015, over 1.3 million registrations which have valued more than $93 billion (USD) have been transacted. Over 100 financial institutions engage with the movable collateral registry as lenders, and even some of Colombia's largest banks are accepting movable collateral such as embroidery machinery, milking equipment, and rice crops to provide loans (Doing Business 2017). No specific evidence on the impact on women was readily available through publicly-accessible sources at the time of writing.

Overall, Colombia's secured transaction legal framework is an example of a modern legal registry established through one comprehensive law that regulates all security interests available, and followed by regulations that support the implementation of the centralized collateral registry.

Colombia is considered an effective and modern legal model because it uses a number of best practices (Table 4).

TABLE 4: COLOMBIA'S MOVABLE GUARANTEE REGISTRY BEST PRACTICES

NO	BEST PRACTISE	PRESENT
1.	A notice-based registration system	Yes
2.	A digital, internet-based database that is accessible to the public to register, verify, amend, renew, and search assets	Yes
3.	An index available to search by debtor's identifiers	Yes
4.	A centralized registry	Yes
5.	A single registry for all types of assets	Yes
6.	Reasonable registration fees	Yes (though pricier)
7.	Restrictions to file	Yes
8.	All debtors are legal/natural persons	Unknown
9.	No liability of the registrar	Unknown
10.	All secured creditors to establish their priority to the collateral -- particularly provision of priority rules outside bankruptcy as well as priority of rights during a reorganization procedure; no	Yes
11.	Clear standards for refusal of registration	Unknown
12.	A procedure for out-of-court enforcement of collateral	Yes

Source: Authors; IFC 2010; Alvarez de la Campa et al. 2012; Doing Business 2017.

However, according to findings from USAID (2018), even with these resolutions, uptake of movable property lending has faced limitations. Despite the existence of the law and registry, most financial institutions have noted that valuation of collateral is a key obstacle to movable asset lending. Accurate and timely validation is challenged by a lack of valuation standards, the fees of valuation services, and the cost of monitoring an asset's change in value over time. This example suggests that clear standardization of valuation is necessary to effectively expand movable asset lending.

Case Study 2: Africa's Influential Movable Collateral Registry in GHANA

As the first movable collateral registry established on the African continent, Ghana's Movable Collateral Registry provides a strong legal framework that highlights the establishment of a modern, centralized registry as well as effective alternative dispute resolution mechanisms that can resolve disputes outside court.

With over 90 percent of the market share, SMEs dominate Ghana's private sector. SMEs employ over 60 percent of the labor force and contribute 70 percent of the country's GDP. Recent experimental research found that Ghana's SMEs are most associated with success when access to external capital, government policies and practices, and managerial competence are present – these were noted as more critical than SMEs' capabilities in technology, human resources, or entrepreneurship (Hagin and Caesar 2021). In this environment, movable collateral might release valuable credit to growing businesses.

Ghana's Secure Transaction Legal Framework

In February 2010, the Bank of Ghana established the Collateral Registry under the statutory mandate of the Borrowers and Lenders Act of 2008 ("Act 773") in order to expand and improve credit delivery, particularly to SMEs. The Collateral Registry allows borrowers to register movable and immovable assets as collateral to secure credit provided by lenders. Ghana's Collateral Registry was the first Secured Transactions Registry on the African continent.

Prior to Act 773, commercial banks primarily lent to state-owned enterprises and large, well-known corporations because of their lower risk profiles. As a result, SMEs and borrowers with greater risk profiles struggled to access the credit necessary to increase business growth.

Act 773 created a legal framework for accessing credit, improved standards of disclosing credit information between borrowers and lenders by creating the Collateral Registry, and prohibited some credit practices. Act 773 also encouraged lenders to move beyond accepting only immovable assets as collateral to also accepting movable property as collateral for credit. Yet, challenges with Act 773 remained, which required an updated Act – the Borrowers and Lenders Act of 2020 ("Act 1052"), which repealed Act 773.

Act 1052 provides a legal framework for effective credit delivery which includes the following: "the registration of security interests, general priority rules, improved standards of disclosure between borrowers and lenders, improved recovery and repayment of debt procedures and broadens the scope of the categorization of lenders to include individuals" (Collateral Registry, Bank of Ghana).

Ghana's Collateral Registry

The Collateral Registry reduced information asymmetry between lenders and borrowers in credit transactions by registering assets in the Collateral Registry Application Software (CRAS). CRAS is an online website, run by the Bank of Ghana, that allows all authorized users to register their immovable and movable security interests; to search assets pledged as collateral; to realize security interests that are defaulted without court order; and to register other activities, such as discharges, amendments, transfer of registration, subordination of registration, appointment of receiver of manager, and notices of default.

All users of the Collateral Registry have the option of prepaying or postpaying when making a transaction online. Prepaid users pay prior to accessing the registry's services through either the Collateral Registry online payment portal, or directly to the Bank of Ghana main or branch offices. Postpaid users are required to have a representative bank debit their account on behalf of the Bank of Ghana. Registered users are able to pay CRAS by mobile money and electronic cards, such as Visa and MasterCard. Ghana's fees per transaction are listed in Table 5.

TABLE 5: BANK OF GHANA COLLATERAL REGISTRY FEES PER TRANSACTION

TRANSACTION	FEE CHARGED PER TRANSACTION (GH)	FEE CHARGED PER TRANSACTION (USD)
Registration of security interests	GH ¢20.00	US $2.38
Late Registration of security interest	GH ¢25.00	US $2.97
Searches	GH ¢10.00	US $1.19

Source: Bank of Ghana Collateral Registry; Retrieved from: https://www.collateralregistry.gov.gh/Home/Fees

Impact of Ghana's Collateral Registry

The Collateral Registry has seen significant uptake in the past decade. Between 2010 and 2015, the Collateral Registry in Ghana facilitated $12 billion (USD) in total financing for the business sector and $1.3 billion (USD) in loans to SMEs using only movable assets as collateral (Doing Business 2017). By December 2017, Ghana's Collateral Registry registered $35 billion (USD) in financing backed by movable assets, with nearly three-quarters (73 percent) of all loans going to SMEs (Republic of Ghana, National Financial Inclusion and Development Strategy, 2018). Women entrepreneurs make up 40 percent of all registrations and account for over $100 million (USD) in financing for the SME sector (Doing Business 2017). As women tend to own fewer assets that are more likely to be non-fixed, movable collateral registries have the ability to uniquely expand their access to capital.

Ghana is considered an effective and modern legal model because it provides the following, listed in Table 6.

TABLE 6: GHANA'S COLLATERAL REGISTRY BEST PRACTICES

NO	BEST PRACTISE	PRESENT
1.	A notice-based registration system	Yes
2.	A digital, internet-based database that is accessible to the public to register, verify, amend, renew, and search assets	Yes
3.	An index available to search by debtor's identifiers	Yes
4.	A centralized registry	Yes
5.	A single registry for all types of assets	Yes
6.	Reasonable registration fees	Yes
7.	No restrictions to file	Yes
8.	All debtors are legal/natural persons	Unknown
9.	No liability of the registrar	Unknown
10.	All secured creditors to establish their priority to the collateral -- particularly provision of priority rules outside bankruptcy as well as priority of rights during a reorganization procedure;	Unknown
11.	Clear standards for refusal of registration	Unknown
12.	A procedure for out-of-court enforcement of collateral	Yes

Source: Authors; IFC 2010; Alvarez de la Campa et al. 2012; Doing Business 2017.

Many African countries have used Ghana's Collateral Registry as an example. Some countries that have sought to replicate the Collateral Registry include the Central Banks of Gambia, Lesotho, Liberia, Malawi, Mozambique, Nigeria, Sierra Leone, Tanzania, Uganda, and Zambia.

Case Study 3: A Legal Framework with a Promising Impact in LAOS

While Laos may not be noted for its impactful results following the implementation of secure transactions, its structure provides a strong legal framework that can pave the way for Southeast Asia. Laos' Movable Property Registry (MPR) established a clear example of a modern, centralized registry that has the promise of actively growing SMEs in the future.

Laos, the Lao People's Democratic Republic (or Lao PDR), is among the fastest-growing economies in the world with an economic growth (measured by % of GDP) average of nearly 8 percent over the last decade. Small and medium-sized enterprises (SMEs) account for 82 percent of Laos' employment and 99 percent of all registered firms across the country (World Bank 2019). However, due to lack of capital, SMEs in Laos contribute less than 20 percent to the national GDP, significantly lower than neighboring countries, such as Thailand at 40 percent or the Philippines at 32 percent (World Bank 2019).

Laos' Secure Transaction Legal Framework

To better deliver credit to individuals and SMEs, Laos developed a secure transaction legal framework. In 2005, Laos introduced the Law on Secured Transactions No.06/NA 2005 ("Secured Transaction Law"), which provided security over movable property, including intangible property, by way of a pledge.[3]

The Secured Transaction Law identifies the following five categories of movable property (Article 11):

1. A pledge of material (tangible) items in which a debtor maintains possession of the asset while he/she either deposits the item as security or describes the item to secure performance of an obligation (Article 12).

3 A pledge is "a guarantee of repayment of a debt by moveable property" (Article 10).

2. A pledge of documents, such as a title or documentation that denotes ownership. The debtor maintains ownership and use of the property, but does not have the right to sell, transfer, or place the item under another pledge (Article 15).
3. A pledge of goods in a warehouse, in which the debtor deposits an inventory in a warehouse that is transferable (Article 17).
4. A pledge of intangible assets, including shares in a company, intellectual property, bank savings accounts, and receivables (Article 11).
5. A pledge over future assets or gains (Article 19).

In 2011, a Decree on the Implementation of the Secured Transaction Law No.178/PM, ("Implementing Decree") supplemented the Secured Transaction Law by clarifying the process for registering securities. Specifically, the Implementing Decree eliminated the requirement to register an asset with a notary. However, due to enforcement challenges, assets were still necessary to be notarized in order to be enforced.

Over time, Laos' regulatory framework on secured transactions evolved. The Secured Transaction Law of 2005 was repealed and replaced by the Civil Code No. 55/NA ("Civil Code") which was written in December 2018 and made effective in May 2020. The Civil Code guides most civil transactions, including provisions on security interests for movable assets. The Civil Code includes the following revisions: conditions of making a pledge with movable assets (Article 529); effects of giving a pledge with movable assets (Article 530); the return and sale of movable assets (Article 531); pledge at a pawnshop (Article 532); pledge with documents (Article 533); and pledge of inventory over goods in a warehouse (Article 534).

Most notably, the Civil Code, unlike the Secured Transaction Law, no longer classed secured transactions based on the pledge assets utilized. Rather, the Civil Code categorized secure transactions into three main types: 1) pledge, 2) mortgage, and 3) personal guarantee. In this way, movable and immovable assets can both be held as security, both by transferring the secured asset to a pledge, and by registering the asset to mortgage. Pledge by rights, such as commercial, shareholding, or intellectual property rights, are also recognized and regulated in the Civil Code. Movable assets are required to be registered with the relevant regulator, such as a financial regulator.

Laos' Movable Property Registry

In 2013, the Ministry of Finance formed the Regulation on The Management of the Registry Office for Security Interests in Movable Assets which established the Registry Office for Security Interests in Movable Property, also called the Movable Property Registry (MPR) or the Secured Transaction Registry (STR). The system is an internet- and noticed-based system that gives SMEs and individuals the ability to register their security interest in movable assets. As a centralized, national digital database of registered security interests, MPR captures all pledged assets and allows users to register and search assets. No documentation is filed in physical paperwork. The registry allows movable assets, such as equipment, crops, livestock, and vehicles, to be registered, verified by financial institutions, searched, and used as collateral for loans.

Only creditors are able to keep financing statements as the registry staff are not permitted to accept financing documents. All information is entered by the secured parties or the lenders in a timely manner when an asset is registered. Once registered, the registrant receives a verification certificate that details the security interest. All secured parties addressed in the registration are notified of any changes made to the security interest via mail or electronically. All secured parties are required to make a copy of the security agreement for all entitled to receive or inspect the agreement.

The Ministry of Finance notes the following five benefits of the MPR on its website:

1. **CONVENIENCE**
The ability to access the Registry office remotely from one's home or office, as well as at the Ministry of Finance, State Asset Management Department.

2. **NATIONWIDE ACCESS**
The ability to register and search all registered notices across Laos with only one transaction.

3. **AVAILABILITY**
The ability to access the registry 24/7, though subject to maintenance.

4. **PROTECTION**
The ability for creditors and debtors to easily access information that improves their protection; this enables the "legislative framework to be more effective and transparent" (MPR website).

5. **ACCURACY**
The ability for clients to directly input information accurately and time-effectively; this reduces risk and increases service responsiveness.

Through MPR, all creditors are able to confirm whether a movable asset used as collateral had any previously registered security interests, and, if so, who had priority over that secured asset. Lenders are able to check registered interests through four main avenues: 1) MPR registration number of the debtor; 2) identification information of the debtor (i.e. government ID or passport); 3) Enterprise Registration Certification number of the debtor; 4) Vehicle Identification number of a secured vehicle.

In order to register assets, Laos requires all users to setup an account and deposit a minimum of 300,000 LAK ($20 USD) into one of the three stated banks, which is the most expensive element to accessing the registry. Table 7 displays the costs associated with use of the registry.

TABLE 7: LAO'S MOVABLE PROPERTY REGISTRY FEES PER TRANSACTION

TRANSACTION	FEE CHARGED PER TRANSACTION (LAK)	FEE CHARGED PER TRANSACTION (USD)
Account Activation	LAK 300,000	US $20
Registration of initial notices of security interest	LAK 20,000	US $1.34
Registration of amended notices	LAK 20,000	US $1.34
Registration of continuation notices	LAK 20,000	US $1.34
Registration of certified search results	LAK 20,000	US $1.34
Registration of termination notices and tax liens	LAK 0	US $0
Searches	LAK 0	US $0

Ministry of Finance; Retrieved from: https://www.mof.gov.la/str/file/Fee_Schedule_English.pdf

Impact of Laos' Movable Property Registry

Laos' movable collateral legislation and registry has provided some positive impact on SMEs, but results are not yet as robust as in other case examples. When the MPR was established in December 2013, SMEs comprised over 90 percent of Laos' private sector (IFC). Between 2013 and 2016, more than 300 business loans were financed because of movable assets (IFC 2016). Women are able to independently own movable property in Laos, which positions movable property lending as a possible opportunity to gaining capital (White & Case 2017). No specific data on the impact of movable collateral on women entrepreneurs or independent borrowers was found.

One barrier to entry may be the steep initial account activation fee required of all users. Individuals and SMEs with the funds to set up an account may not be the target user in most need of movable collateral. The fees associated with registering notice of security interest and other notice-types that may follow are reasonably priced, but the initial fee may present a barrier.

TABLE 8: LAOS' MOVABLE PROPERTY REGISTRY BEST PRACTICES

NO	BEST PRACTISE	PRESENT
1.	A notice-based registration system	Yes
2.	A digital, internet-based database that is accessible to the public to register, verify, amend, renew, and search assets	Yes
3.	An index available to search by debtor's identifiers	Yes
4.	A centralized registry	Yes
5.	A single registry for all types of assets	Yes
6.	Reasonable registration fees	No
7.	No restrictions to file	Yes
8.	All debtors are legal/natural persons	Yes
9.	No liability of the registrar	Unknown
10.	All secured creditors to establish their priority to the collateral	Unknown
11.	Clear standards for refusal of registration	Unknown
12.	A procedure for out-of-court enforcement of collateral	Yes

Source: IFC 2010; Alvarez de la Campa et al. 2012; Doing Business 2017. The Women's World Banking team identified the case studies of Colombia, Ghana and Laos to demonstrate both geographic spread and key examples of the ways in which secure transactions operate effectively across three distinct contexts.

Conclusion

What do we learn from these examples? Each offers a strong legal framework, institutional capacity to maintain the registry, a strong consumer-facing strategy to serve debtors and creditors alike, transparency, and clear legal redress mechanisms.

Each also appropriately charges fees, ensuring the capacity of the registry to continue to provide services in the long-term. As a result, they all show clear value—or potential—for increasing credit to micro, small, and medium-sized enterprises in the markets in which they operate. There are a number of registries across the world that have launched but could not gain and sustain participation, even within Women's World Banking's priority markets. We suspect lack of revenue and resulting capacity challenges could be driving this low impact.

The complexity of a movable collateral ecosystem requires active participation and transparency from all players, particularly registry administrators, financial services providers, consumers, and the judicial system. Pain points in each of these three ecosystems discussed here, or in one of the many movable collateral systems in the world, may be driven by apathy in any one of these stakeholders.

Furthermore, the currently subjective assessment of asset value over time is a felt pain point in any movable collateral system. In addition, the balance between a funded registry and reducing financial barriers to entry for both financial services providers and consumers alike is not an easy one to strike. Funding the registry while not deterring use is not a calculation for which there is a universal answer.

Despite challenges, each of these cases shows the promise movable collateral makes for underrepresented and lower-income consumers. Women show disproportionately high potential for credit access through the registries, contributing to solving the gender credit gap for small and medium-sized enterprises and low-income women. Registries rarely collect data on the percentage of women accessing the registry. Introducing gender disaggregated data collection could help increase the focus on lending to women.

Future work might be able to probe more systematically women's access to the registry and corresponding impact of the registry on women's access to finance, and these additional data points will improve women's financial inclusion through modernized movable collateral systems.

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