Early Warning System

IFC-40334

Xiaomi MCC Loan

Early Warning System

Xiaomi MCC Loan

IFC-40334

Quick Facts

Countries	China
Specific Location	Chongqing City, China
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	U
Voting Date	2018-12-07
Borrower	CHONGQING XIAOMI MICROFINANCE CO., LTD.
Sectors	Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Advisory Services, Loan
Investment Amount (USD)	$ 120.00 million
Project Cost (USD)	$ 120.00 million

Project Description

The investment entails a senior loan to Chongqing Xiaomi Microfinance Co., Ltd. (“Xiaomi MCC”, or the “Company”). Xiaomi MCC, wholly owned by Xiaomi Corporation, was established in June 2015.

Xiaomi MCC provides consumer loans and installment loans using its big data-based credit assessment methodology. Along with its new retail strategy, Xiaomi MCC is expanding its product offering to micro, small, and medium enterprises (“MSMEs”). The proposed senior loan will be on-lent to MSMEs in low tier cities and counties to support their business operation.

Moreover, the advisory services proposed to Xiaomi MCC including (i) promoting digital MSMEs lending in domestic market; and iii) entering oversea emerging markets and sharing digital financial inclusion business cases.

Investment Description

- International Finance Corporation (IFC)

Xiaomi MCC is registered in Chongqing, China, and provides loans to borrowers throughout the country. The IFC Loan will be used for on-lending to MSMEs located in low tier cities and counties to support their business operation.

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- CHONGQING XIAOMI MICROFINANCE CO. (Financial Intermediary) **is owned by** Xiaomi Corporation (Parent Company)
- CHONGQING XIAOMI MICROFINANCE CO., LTD. (Financial Intermediary) **is owned by** Xiaomi Corporation (Parent Company)

Private Actor Relationship

There is often limited information publicly available about what development banks are funding through financial intermediaries. In 2021, the Early Warning System partnered with Oxfam International to incorporate information on high-risk projects being funded by financial intermediaries receiving funding from the International Finance Corporation (IFC) and the Dutch Development Bank (FMO).

The information listed below describes the relationship between the different private actors linked to high-risk sectors and subprojects of IFC and FMO's financial intermediary investments and/or the financial intermediary's parent companies made from 2017 through 2020, including any associated ring fences.

The database, however, does not explicitly or implicitly imply that IFC or FMO have material exposure to or are contractually or legally accountable to the sub-projects financed by their financial intermediaries or the financial intermediary's parent companies. It only shows a seemingly financial relationship among the different private actors, the financial intermediaries, and IFC or FMO.

Private Actors Description

Xiaomi MCC is indirectly wholly owned by Xiaomi Corporation, through Xiaomi Finance Inc. and Xiaomi Finance HK Limited. Founded by Mr. Lei Jun in 2010, Xiaomi Corporation is a mobile internet company developing smartphones and smart hardware/devices and providing internet services. Xiaomi Corporation was listed in HK Stock Exchange on July 9, 2018.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Xiaomi Inc	Parent Company	-

Contact Information

1/ The Project Contact

Chongqing Xiaomi Microfinance Co., Ltd.
Ms. Yuru Yang
Business Manager
+86-10-60606666
yangyuru@xiaomi.com

2/The IFC Contact

General IFC Inquiries
IFC Communications
2121 Pennsylvania Avenue, NW
Washington DC 20433
Telephone: 202-473-3800
Fax: 202-974-4384

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/

Media

- IFC proposes extending up to $120m debt to Xiaomi’s microfinance business