

The Economics Of Microfinance

The remarkable speed at which microcredit has expanded around the world in the last three decades has piqued the curiosity of practitioners and theorists alike. By developing innovative ways of making credit available to the poor, the idea of microcredit has challenged many traditional assumptions about both poverty reduction strategies and financial markets. While this has encouraged new theorising about how microcredit works, the practice of microcredit has itself evolved, often in unpredictable ways, outpacing the development of theory. The Theory and Practice of Microcredit aims to remedy this imbalance, arguing that a proper understanding of the evolution of practice is essential both for developing theories that are relevant for the real world and for adopting policies that can better realize the full potential of microcredit. By drawing upon their first-hand knowledge of the nature of this evolution in Bangladesh, the birthplace of microcredit, the authors have pushed the frontiers of current knowledge through a rich blend of theoretical and empirical analysis. The book breaks new ground on a wide range of topics including: the habit-forming nature of credit repayment; the institutional strength and community-based? role of microfinance institutions; the relationships between microcredit and informal credit markets; the pattern of long-term participation in microcredit programmes and the variety of loan use; the scaling up of microenterprises beyond subsistence; the "missing middle" in the credit market; and the prospects of linking micro-entrepreneurship with economic development. The book will be of interest to researchers, development practitioners and university students of Development Economics, Rural Development, or Rural Finance, as well as to public intellectuals. This book is about microfinance in rural China and how the villagers cultivated their social relationships by moving money.

Microfinance is defined as the financial services offered to the poor for the purpose of promoting small-scale enterprises, and as such it is one of the most important topics in development studies and a burgeoning area in economics. This volume provides a much-needed historical, political and economic dimension to the current knowledge on microfinance. Collectively, the contributors chart the relationship between the prevailing popularity of microfinance and the consolidation of neoliberal economic ideology worldwide. They demonstrate how microfinance, as a market-friendly approach to development, coincides with the global trend towards diminishing the role of the state in economic development, basic healthcare, education and welfare. The articles in the volume focus on the empirical analyses of the experience of microfinance in women 's everyday lives, but rejects the connection between microfinance and women 's empowerment so often imputed in literature. This book offers regional, cultural and other explanations for variable assessments of microfinance and empowerment. It fills a huge gap in published microfinance literature and will be of great interest to postgraduates and professionals in the fields of economics, international finance and banking.

Although microcredit programmes have long been considered efficient development tools, many forms of debt-induced distress have emerged in their wake. This has brought to light the problem of over-indebtedness, a topic which has been previously underexplored in the literature. This new book, from a group of leading scholars, explores the manifestations, scale, and economic and social implications of household over-indebtedness in areas conventionally considered as financially excluded. The book approaches debt not only as a financial transaction, but also as a form of social bond, and offers a socioeconomic analysis of over-indebtedness. The volume puts forward a broad definition of over-indebtedness, highlighting its situational and semantic complexity and diversity. It provides a close analysis of local conceptions of debt and over-indebtedness, highlighting frameworks of calculation and the constant renegotiation of their boundaries. On top of this, it looks far beyond microcredit to examine all the financial practices that individuals juggle. The volume argues that over-indebtedness has more to do with social inequalities than financial illiteracy, and should therefore be understood in the light of global trends of financialization. It also reveals the ambiguity of "financial inclusion" policies, and in many respects questions the actions of new credit providers. This book will be valuable reading for students, researchers and policy-makers interested in microfinance and development issues.

Replicating Microfinance in the United States

Small Money Big Impact

Labor and Risk in Indian Microfinance

Microfinance Institutions

How Nobel Prize Winner Muhammad Yunus and Microfinance are Changing the World

Livelihood and Microfinance

Microfinancing is considered one of the most effective strategies in the fight against global poverty. And now, in Small Loans, Big Changes, author Alex Counts reveals how Nobel Prize Winner Muhammad Yunus revolutionized global antipoverty efforts through the development of this approach. This book presents compelling stories of women benefiting from Yunus's microcredit in rural Bangladesh and urban Chicago, and recounts the experiences of different borrowers in each country, interspersing them with stories of Yunus, his colleagues, and their counterparts in Chicago. The first feminist critique of the much-lauded microcredit process in Bangladesh.

An accessible analysis of the global expansion of financial markets in poor communities, incorporating the latest thinking and evidence. The microfinance revolution has allowed more than 150 million poor people around the world to receive small loans without collateral, build up assets, and buy insurance. The idea that providing access to reliable and affordable financial services can have powerful economic and social effects has captured the imagination of policymakers, activists, bankers, and researchers around the world; the 2005 Nobel Peace Prize went to microfinance pioneer Muhammad Yunus and Grameen Bank of Bangladesh. This book offers an accessible and engaging analysis of the global expansion of financial markets in poor communities. It introduces readers to the key ideas driving microfinance, integrating theory with empirical data and addressing a range of issues, including savings and insurance, the role of women, impact measurement, and management incentives. This second edition has been updated throughout to reflect the latest data. A new chapter on commercialization describes the rapid growth in investment in microfinance institutions and the tensions inherent in the efforts to meet both social and financial objectives. The chapters on credit contracts, savings and insurance, and gender have been expanded substantially; a new section in the chapter on impact measurement describes the growing importance of randomized controlled trials; and the chapter on managing microfinance offers a new perspective on governance issues in transforming institutions. Appendices and problem sets cover technical material.

The purpose of the "Microfinance Handbook" is to bring together in a single source guiding principles and tools that will promote sustainable microfinance and create viable institutions.

Poor Economics

Microfinance and Poverty Reduction

Microfinance and Its Discontents

Women in Debt in Bangladesh

The Economics Of Microfinance

The Microfinance Impact

This book offers an in-depth analysis of borrowing and risk taking behavior of rural people, with the aim of designing effective financial products and service delivery in the rural market. Includes analysis of government schemes to promote rural development.

Argues that microfinance is an industry focused on maximizing profits and plagued by predatory lending practices, scandals, cover-ups and corruption, and offers solutions for the future.

The winners of the Nobel Prize in Economics upend the most common assumptions about how economics works in this gripping and disruptive portrait of how poor people actually live. Why do the poor borrow to save? Why do they miss out on free life-saving immunizations, but pay for unnecessary drugs? In Poor Economics, Abhijit V. Banerjee and Esther Duflo, two award-winning MIT professors and field research from around the world. Called "marvelous, rewarding" by the Wall Street Journal, the book offers a radical rethinking of the economics of poverty and an intimate view of life on 99 cents a day. Poor Economics shows that creating a world without poverty begins with understanding the daily decisions facing the poor.

Microfinance was pioneered in the developing world as the lending of small amounts of money to entrepreneurs who lacked the kinds of credentials and collateral demanded by banks. Similar practices spread from the developing to the developed world, reversing the usual direction of innovation, and today several hundred microfinance institutions are operating in the United States. Replicating Microfinance in the United States

Small Loans, Big Dreams

Challenges and Innovations in Developing Countries and Countries in Transition

Confessions of a Microfinance Heretic

The Destructive Rise of Local Neoliberalism

Fighting Poverty with Microfinance

Anthropological and Sociological Perspectives on Savings and Debt

What circumstances or behaviors turn poverty into a cycle that perpetuates across generations? The answer to this question carries especially important implications for the design and evaluation of policies and projects intended to reduce poverty. Yet a major challenge analysts and policymakers face in understanding poverty traps is the sheer number of mechanisms—not just financial, but also environmental, physical, and psychological—that may contribute to the persistence of poverty all over the world. The research in this volume explores the hypothesis that poverty is self-reinforcing because the equilibrium behaviors of the poor perpetuate low standards of living. Contributions explore the dynamic, complex processes by which households accumulate assets and increase their productivity and earnings potential, as well as the conditions under which some individuals, groups, and economies struggle to escape poverty. Investigating the full range of phenomena that combine to generate poverty traps— gleaned from behavioral, health, and resource economics as well as the sociology, psychology, and environmental literatures—chapters in this volume also present new evidence that highlights both the insights and the limits of a poverty trap lens. The framework introduced in this volume provides a robust platform for studying well-being dynamics in developing economies.

On the real lives of people in the slums and villages of Asia, Africa and Latin America.

Handbook of Microfinance addresses the gap between clients who are benefiting from access to financial services via MFIs, and the potential market, which remains underserved or untapped. This gap can be attributed to a "mismatch" between what consumers, or potential clients, demand and what MFIs offer in terms of financial products. The scope of the book is wide. It includes successes and failures, main challenges and debates, methodologies for impact evaluation via random trials, leading trends in Asia versus Latin America, main efforts in Africa, the importance of financial inclusion, ethical and gender issues, savings, microinsurance, governance, commercialization trends and the potential advantages and disadvantages of it. Lastly it features main lessons from informal finance and 19th-century credit cooperatives addressing the above-mentioned mismatch. Research on MFI performance is still in its infancy. MFIs are hybrid organizations with dual objectives. Performance studies in microfinance are therefore less straightforward compared to performance studies in traditional banking research. This book contains new MFI performance research by top scholars from across the globe.

Financializing Poverty

Development, Debt and Disillusion

The Economics of Microfinance

Building Inclusive Financial Systems

The Economics of Poverty Traps

The Microfinance Revolution

Make your money make a difference—and enjoy attractive returns Small Money, Big Impact explores and explains the globally growing importance of impact investing. Today, the investor's perspective has become as important as the actual social impact. Based on their experience with over 25 million micro borrowers, the authors delve into the mechanics, considerations, data and strategies that make microloans and impact investing an attractive asset class. From the World Bank to the individual investor, impact investing is attracting more and more attention. Impact investing is a global megatrend and is reshaping the way people invest as pension funds, insurance companies, foundations, family offices and private investors jump on board. This book explains for the first time how it works, why it works and what you should know if you're ready to help change the world. Impact investing has proven over the last 20 years as the first-line offense against crushing poverty. Over two billion people still lack access to basic financial services, which are essential for improving their livelihood. Investors have experienced not only social and environmental impact, but have received attractive, stable and uncorrelated returns for over 15 years. This guide provides the latest insights and methodologies that help you reap the rewards of investing in humanity. Explore the global impact investing phenomenon Learn how microloans work, and how they make a difference Discover why investors are increasingly leaning into impact investing Consider the factors that inform impact investing decisions Part social movement and part financial strategy, impact investing offers the unique opportunity for investors to power tremendous change with a small amount of money— expanding their portfolios as they expand their own global impact. Microfinance allows investors at any level to step in where banks refuse to tread, offering opportunity to those who need it most. Small Money, Big Impact provides the expert guidance you need to optimize the impact on your portfolio and the world.

The microfinance revolution, begun with independent initiatives in Latin America and South Asia starting in the 1970s, has so far allowed 65 million poor people around the world to receive small loans without collateral, build up assets, and buy insurance. This comprehensive survey of microfinance seeks to bridge the gap in the existing literature on microfinance between academic economists and practitioners. Both authors have pursued the subject not only in academia but in the field; Beatriz Armendariz founded a microfinance bank in Chiapas, Mexico, and Jonathan Morduch has done fieldwork in Bangladesh, China, and Indonesia. The book provides an overview of microfinance by addressing a range of issues, including lessons from informal markets, savings and insurance, the role of women, the place of subsidies, impact measurement, and management incentives. It integrates theory with empirical data, citing studies from Asia, Africa, and Latin America and introducing ideas about asymmetric information, principal-agent theory, and household decision making in the context of microfinance.

This volume offers a unique perspective on microfinance, an issue traditionally dominated by economists and policymakers. Drawing on the rich traditions of anthropology and sociology, Livelihood and Microfinance explores how livelihood approaches could lead to a better understanding of saving and credit behavior, and how such an understanding could help the design of finance for development. Contributors also propose new methods for better incorporating citizens into the larger economic system. Anticipating the United Nations's Year of Microfinance in 2005, Livelihood and Microfinance is a long-awaited contribution to the international debate on the best approaches to development.

According to the author, rather than alleviating poverty, microfinance financialises poverty. By indebting poor people in the Global South, it drives financial expansion and opens new lands of opportunity for the crisis-ridden global capital markets. This book raises fundamental concerns about this widely-celebrated tool for social development.

Juggling with Money

An Institutional and Financial Perspective

Promoting Microfinance

Economics Of Microfinance

The Future of Microfinance

An Impertinent Inquiry Into Microfinance

An assessment of "the microfinance revolution" from an economics perspective that draws on lessons from academia and international practice to challenge conventional assumptions.

Microfinance may be the poster-boy of international development, but the facts remain that 100 million borrowers are in poverty and most Microfinance Institutions (MFIs) are not financially self-sustainable. This means that there are systemic faults, which do not allow the goals of microfinance to be consistently achieved. This paper considers the interaction between regulation and the goals of microfinance being achieved, with specific focus on financially self-sustainable MFIs. Previous research has not considered microfinance from a law and economics perspective. Regulation has the potential to directly affect the financial sustainability of MFIs, through restricting or supporting their business operations regarding obtaining capital and product design. Given that financially self-sustainable MFIs have the potential to increase long-term access to financial services without reliance on donations, the influence of regulation in this sector is a critical area for study. Despite the importance of the topic, little research has discussed the way regulation creates incentives for MFIs and borrowers, affecting financial self-sustainability. Thus, a law and economics perspective, which considers just this, is an important perspective from which to consider how microfinance can achieve its long-term goals. This article is the first which considers such an important yet overlooked issue. In order to consider the law and economics of microfinance this article will present a comparison between financial relationships in developed and developing contexts and explore how microfinance complies a credit market failure that has resulted in those who are willing and able to obtain financial services being excluded from the market. Vermeersch and Kromer examine the effects of subsidized school meals on school participation, educational achievement, and school finance in a developing country setting. They use data from a program that was implemented in 25 randomly chosen preschools in a pool of 50. Children's school participation was 30 percent higher in the treatment group than in the comparison group. The meals program led to higher curriculum test scores, but only in schools where the teacher was relatively experienced prior to the program. The school meals displaced teaching time and led to larger class sizes. Despite improved incentives, teacher absenteeism remained at a high level of 30 percent. Treatment schools raised their fees, and comparison schools close to treatment schools decreased their fees. Some of the price effects are caused by a combination of capacity constraints and pupil transfers that would not happen if the school meals were ordered in all schools. The intention-to-treat estimator of the effect of the randomized program incorporates those price effects, and therefore it should be considered a lower bound on the effect of generalized school meals. This insight on price effects generalizes to other randomized program evaluations. This paper—a product of the Poverty Reduction and Economic Management 2, Africa Technical Families—is part of a larger effort in the region to increase our understanding of the impact of programs aimed at reaching the Millennium Development Goals.

The idea that small loans can help poor families build businesses and exit poverty has blossomed into a global movement. The concept has captured the public imagination, drawn in billions of dollars, reached millions of customers, and garnered a Nobel Prize. Radical in its suggestion that the poor are creditworthy and conservative in its insistence on individual accountability, the idea has expanded beyond credit into savings, insurance, and money transfers, earning the title "microfinance." But is the boon so many think it is? Readers of David Roodman's openbook blog will immediately recognize his thorough, straightforward, and trenchant analysis. Due Diligence, written entirely in public with input from readers, probes the truth about microfinance to guide governments, foundations, investors, and private citizens who support financial services for poor people. In particular, it explains the need to deemphasize microcredit in favor of other financial services for the poor.

Microfinance

Poverty Capital

Due Diligence

The Law and Economics of Microfinance

Strategic Issues in Microfinance

Microfinance Handbook

Financial inclusion through microfinance has become a powerful force in improving the living conditions of poor farmers, rural non-farm enterprises and other vulnerable groups. In its unique ability to link the existing extensive network of India's rural bank branches with the Self Help Groups (SHG), the National Bank of Agriculture and Rural Development (NABARD) has covered up to 97 million poor households by March 2010 under its Self Help Group Bank Linkage Programme. Policy-makers have proclaimed SHGs as "the most potent initiative . . . for delivering financial services to the poor in a sustainable manner." This book presents a comprehensive scientific assessment of the impact of the Self Help Group Bank Linkage Programme (SBLP) on the member households. The book discusses wide-ranging topics, including the rural financial sector in India, the history and structure of the SBLP, the impact methodologies, the economic and social impacts of microfinance, its role in building assets while reducing poverty and vulnerability, the role of women and their empowerment, training and accumulation of human capital and policy implications of lessons learned. The empirical results show that vulnerability of the more mature SHG members declines significantly. Vulnerability also falls for villages with better infrastructure and for SHGs that are formed by NGOs and linked by banks. The results strongly demonstrate that, on average, there is a significant increase in the empowerment of the female participants. The economic impact of SBLP is found to be the most empowering. Greater autonomy and changes in social attitudes also lead to female empowerment. The investigation further reveals that training (especially business training) has a definite positive impact on assets but not on income. The impact of training can be improved through better infrastructure (as in paved roads), linkage model type, and the training organiser. Bridging the gap in the existing literature and between academics and practitioners, this book moves beyond the usual theoretical issues in the impact assessment literature and draws on new developments in methodology. It will be of interest to academics, development practitioners and students of economics, political science, sociology, public policy and development studies.

An overview -- Introduction / Milford Bateman, Stephanie Blankenburg and Richard Kozul-Wright -- Development prospects in an era of financialization / Richard Kozul-Wright -- Microcredit and development / Milford Bateman -- Country case studies -- Looking through the glass, darkly : microcredit in Peru / Matthew Bird -- Latin America : lessons from the field / Fernando Pail and Adrijana Slijepkovic -- Colombia : a critical look / Daniel Wang -- Mexico and the microcredit industry / Laura Vidal -- Is sustainable microcredit in Bangladesh putting clients' livelihoods in the balance? / Mathilde Matziroff -- Cambodia : the next domino to fall? / Milford Bateman -- The instability of commercial microcredit : understanding the Indian crisis with minsky / Phillip Mader -- Collective resistances to microcredit in Morocco / Solène Morvant-Roux and Jean-Yves Moisseiro -- Microcredit as post-apartheid South Africa's own US-style sub-prime crisis / Milford Bateman -- Policy implications -- Financing development in the global economy post-2015 : an alternative agenda / Stephanie Blankenburg -- Conclusion / Milford Bateman, Stephanie Blankenburg and Richard Kozul-Wright Since its emergence in the 1970s, microfinance has risen to become one of the most high-profile policies to address poverty in developing and transition countries. It is beloved of rock stars, movie stars, royalty, high-profile politicians and 'troubleshooting' economists. In this provocative and controversial analysis, Milford Bateman reveals that microfinance doesn't actually work. In fact, the case for it has been largely built on hype, on egregious half-truths and - latterly - on the Wall Street-style greed of those promoting and working in microfinance. Using a multitude of case studies, from India to Cambodia, Bolivia to Uganda, Serbia to Mexico, Bateman demonstrates that microfi nance actually constitutes a major barrier to sustainable economic and social development, and thus also to sustainable poverty reduction. As developing and transition countries attempt to repair the devastation wrought by the global financial crisis, why doesn't microfinance work? argues forcefully that the role of microfinance in development policy urgently needs to be reconsidered.

Promoting Microfinance: Challenge and Innovations in Developing Countries and Countries in Transition brings together essays and empirical work by leading researchers and practitioners in the field of microfinance. The book covers key issues currently facing the microfinance industry. These include the following topics: challenges and innovations in microfinance policies, design and regulation; the role of microfinance institutions and apex organizations in natural disaster mitigation; achieving the balance between public support and external aid in helping the microfinance industry dealing with natural or man-made hazards affecting both them and their clients; and performance and impact assessment of microfinance institutions. In addition, the book provides an overview of the microfinance industry in selected countries/regions and provides lessons learned from cases spanning countries in Latin America, Africa, Europe and Asia.

Together, the collection of essays and studies presented in this volume highlight the challenges faced by the microfinance industry and its future direction.

A Framework for Financial Access

Microfinance, Risk-taking Behaviour and Rural Livelihood

The Theory and Practice of Microcredit

Microfinance from a Twenty-first Century Consumer's Perspective

Why Doesn't Microfinance Work?

Introduction to Microfinance

Broad-based and inclusive financial systems significantly raise growth, alleviate poverty, and expand economic opportunity. Households, small enterprises, and the rural poor often have difficulty obtaining financial services for a multitude of reasons, including transaction costs, perceived risk, inadequate infrastructure, and information barriers. Yet many financial institutions are now making profitable inroads into underserved markets through formal banking, investment in equities, venture capital, postal banks, and microfinance. Access to Finance addresses the challenges of making financial systems more inclusive, emulating successful ventures in new markets, and utilizing technologies and government policies to support the expansion of financial access. The contributors examine many dimensions of financial access, including:

• Measuring financial access • Understanding the impact of expanded access • Examining alternative institutional models • Exploring new technologies and information infrastructure • Evaluating government policies toward outreach.

First published in 1998, this collection of essays by eminent microfinance practitioners provides a range of perspectives on contemporary issues in the field. Different approaches are proposed for achieving improved access by the poor to financial services. The common denominator in these essays is financial sustainability for the service provider. Issues addressed include: is savings mobilization integral to microfinance and, if so, how should it be incorporated in new programs? Are borrower groups a necessary element of successful microfinance programs? Are NGOs the right institutional vehicle for sustainable microfinance interventions? Is standardized and generalizable microfinance credit rating system feasible? While there is considerable diversity in the approaches recommended in these essays, the importance of cost efficiency and cost recovery forms the basis for most of the discussions.

?? ... Microfinance is the method whereby financial services and credit is made available to the economically active but low income people of developing countries. This book focusses on three key aspects of the phenomenon: 1) the shift from government- and donor-subsidized credit delivery systems to self-sufficient, sustainable microfinance institutions; 2) the results on the ground, on the way in which microfinance is helps people expand and diversify their enterprises, increase their incomes, raise their living standards and those of their families, and boost their self-confidence; 3) the theoretical frameworks that had previously impeded the microfinance revolution, with suggestions for their improvement.

A major source of financing for the poor and no longer a niche industry Over the past four decades, microfinance—the provision of loans, savings, and insurance to small businesses and individuals that are excluded from traditional capital markets—has grown from a niche service in Bangladesh and a few other countries to a significant global source of financing. Some 200 million people globally now receive support from microfinance institutions, with most of the recipients in the developing world. In the beginning, much of the microfinance industry was managed by non-governmental organizations, but today the majority of these institutions are commercial and regulated by governments, and they provide safe places for the poor to save, as well as offering much-needed capital and other financial services. Now out of infancy, the microfinance industry faces major challenges, including its ability to deal with mobile banking and other technology and concerns that some markets are now over-saturated with microfinance. How the industry deals with these and other challenges will determine whether it will continue to grow or will be subsumed within the larger global financial sector. This book is based on the results of a workshop at Lehigh University among thirty-four leaders in the industry. The editors, working with contributions from more than a dozen leading authorities in the field, tell the important story of how microfinance developed, how it has met the needs of hundreds of millions of people, and they address key questions about how it can continue to meet those needs in the future.

Perils and Prospects

The Rise and Fall of Global Microcredit

Microfinance, Debt and Over-Indebtedness

The Poor and Their Money

How Microcrediting Lost Its Way and Betrayed the Poor

Lessons from Indonesia

Winner of the 2011 Paul Davidoff award! This is a book about poverty but it does not study the poor and the powerless; instead it studies those who manage poverty. It sheds light on how powerful institutions control "capital," or circuits of profit and investment, as well as "truth," or authoritative knowledge about poverty. Such dominant practices are challenged by alternative paradigms of development, and the book details these as well. Using the case of microfinance, the book participates in a set of fierce debates about development - from the role of markets to the secrets of successful pro-poor institutions. Based on many years of research in Washington D.C., Bangladesh, and the Middle East, Poverty Capital also grows out of the author's undergraduate teaching to thousands of students on the subject of global poverty and inequality.

The Economic of MicrofinanceMIT Press

The book emphasizes the importance of studying the local context, and then considering the macroeconomic factors which may be operating upon the economy of a particular country. Five extended case studies, in the Gambia, Ecuador, Mexico, Pakistan, and the UK are examined with reference to further aspects of sustainability and impact assessment.

Introduction : enfolding the poor -- Entrepreneurship and work at the "bottom of the pyramid" -- From social banking to financial inclusion -- The reluctant moneylender -- The domestication of microfinance -- Financial risk and the moral economy of credit -- Insured death, precarious life

Studies in Economics of Microfinance

A Radical Rethinking of the Way to Fight Global Poverty

Microfinance and the Making of Development

School Meals, Educational Achievement, and School Competition

The Handbook of Microfinance

Evidence from a Randomized Evaluation