

## The Economics Of 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.

This book focuses on the achievements, current trends and further potential of microfinance to scale-up and serve many more clients with financial services that enable them to improve their living conditions. The book asks what it takes to achieve sustainable impact: to know your clients and to understand their needs, to treat them in a fair and transparent way, and to safeguard the synthesis between the financial and social dimension of sustainable microfinance. The book also sheds light on the future funding landscape and what is necessary to bring more commercial funders on board while ensuring that these new funders will continue the commitment to responsible finance. While being forward looking, the book reflects the debate on core values of microfinance, triggered by recent criticisms of an approach that was hailed as a panacea in the beginning and which had proved over time as one of the most effective

## Access Free The Economics Of Microfinance

models of development finance. These criticisms emerged over signs of overheating in some markets, particularly the 2010 events in Andhra Pradesh, and turned into an assumption of a worldwide microfinance crisis, putting seriously at stake the good reputation microfinance had enjoyed so far.

Analysis of Latin America's economy focusing on development, covering the colonial roots of inequality, boom and bust cycles, labor markets, and fiscal and monetary policy. Latin America is richly endowed with natural resources, fertile land, and vibrant cultures. Yet the region remains much poorer than its neighbors to the north. Most Latin American countries have not achieved standards of living and stable institutions comparable to those found in developed countries, have experienced repeated boom-bust cycles, and remain heavily reliant on primary commodities. This book studies the historical roots of Latin America's contemporary economic and social development, focusing on poverty and income inequality dating back to colonial times. It addresses today's legacies of the market-friendly reforms that took hold in the 1980s and 1990s by examining successful stabilizations and homemade monetary and fiscal institutional reforms. It offers a detailed analysis of trade and financial liberalization, twenty-first century-growth, and the decline in poverty and income inequality. Finally, the book offers an overall analysis of inclusive growth policies for development—including gender issues and the informal sector—and the challenges that lie ahead for the region, with special attention to pressing demands by the vibrant and vocal middle class, youth

## Access Free The Economics Of Microfinance

unemployment, and indigenous populations.

The first feminist critique of the much-lauded microcredit process in Bangladesh.

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.

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

This book is about microfinance in rural China and how the villagers cultivated their social relationships by moving money.

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

## Access Free The Economics Of Microfinance

rural market. Includes analysis of government schemes to promote rural development. 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* reviews experiences in both developing and industrialized countries and extends the applications of microlending beyond enterprise to consumer finance, housing finance, and community development finance, concentrating especially on previously underserved households and their communities.

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.

*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.

In the mid-1980s the international development community helped launch what was to quickly become one of the most popular poverty reduction and local economic development policies of all time. Microcredit, the system of disbursing tiny micro-loans to the poor to help them to establish their own income-generating activities, was initially highly praised and some were even led to believe that it would end poverty as we know it. But in recent years the microcredit model has been subject to growing scrutiny and often intense

criticism. The Rise and Fall of Global Microcredit shines a light on many of the fundamental problems surrounding microcredit, in particular, the short- and long-term impacts of dramatically rising levels of microdebt. Developed in collaboration with UNCTAD, this book covers the general policy implications of adverse microcredit impacts, as well as gathering together country-specific case studies from around the world to illustrate the real dynamics, incentives and end results. Lively and provocative, The Rise and Fall of Global Microcredit is an accessible guide for students, academics, policymakers and development professionals alike.

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 name microfinance. But is it 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 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.

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 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.

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 microfinance 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.

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



## Access Free The Economics Of Microfinance

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.

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

## Access Free The Economics Of Microfinance

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 grounds 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.

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 entrepreneurs shut out of 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

## Access Free The Economics Of Microfinance

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.

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

## Access Free The Economics Of Microfinance

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. 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.

Lack of credit access is severe in low income and poor families that are normally considered to have fewer opportunities to borrow from banks due to insufficient valuable assets for collateral. These low-income households face limited opportunity to acquire new technology and working capital for agricultural production and thus tend to fall behind. As a result, providing access to finance to low-income rural households has been considered an important component of any rural development strategy. Microfinance programmes, in particular, have been gradually embedded in national strategies of many developing countries as they are poverty-focused. They aim to facilitate the access to financial services such as credit for the poor who are usually disadvantaged in terms of access to conventional financial services from formal financial institutions. The objective of this book is to provide an overview of microfinance

## Access Free The Economics Of Microfinance

programmes in Asia focusing in particular on the determinants of the accessibility of rural households to microcredit. The book studies seven Asian countries such as China, Malaysia, Vietnam, Thailand, the Philippines, Indonesia, and Bangladesh with two specific case studies. The reasons for this success are obvious.

The Economics of Microfinance MIT Press

Experts report on the latest research on extending access to financial services to the 2.5 billion adults around the world who lack it. About 2.5 billion adults, just over half the world's adult population, lack bank accounts. If we are to realize the goal of extending banking and other financial services to this vast "unbanked" population, we need to consider not only such product innovations as microfinance and mobile banking but also issues of data accuracy, impact assessment, risk mitigation, technology adaptation, financial literacy, and local context. In *Banking the World*, experts take up these topics, reporting on new research that will guide both policy makers and scholars in a broader push to extend financial markets. The contributors consider such topics as the complexity of surveying people about their use of financial services; evidence of the impact of financial services on income; the occasional negative effects of financial services on poor households, including disincentives to work and overindebtedness; and tools for improving access such as nontraditional credit scores, financial incentives for banking, and identification technologies that can dramatically reduce loan default rates.

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

## Access Free The Economics Of Microfinance

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 impact 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,

## Access Free The Economics Of Microfinance

public policy and development studies.

Around the world, a revolution is occurring in finance for low-income people. The microfinance revolution is delivering financial services to the economically active poor on a large scale through competing, financially self-sufficient institutions. In a few countries this has already happened; in others it is under way. The emerging microfinance industry has profound implications for social and economic development. For the first time in history, capital is well on its way to being democratized. 'The Microfinance Revolution', in three volumes, is aimed at a diverse readership - economists, bankers, policymakers, donors, and social scientists; microfinance practitioners and specialists in local finance and rural and urban development; and members of the general public interested in development. This first volume, 'Sustainable Finance for the Poor', focuses on the shift from government- and donor-subsidized credit systems to self-sufficient microfinance institutions providing voluntary savings and credit services.

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 value chains in Central America, 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

## Access Free The Economics Of Microfinance

credit cooperatives addressing the above-mentioned mismatch.

Vermeersch and Kremer 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.

Following the recent global financial crisis there is a growing interest in alternative finance – and microfinance in particular – as new instruments for providing financial services in a socially responsible way or as an alternative to traditional banking. Nonetheless, correspondingly there is also a lack of clarity about how to regulate alternative financial methods particularly in light of



## Access Free The Economics Of Microfinance

the financial crisis' lessons on regulatory failure and shadow banking's risks. This book considers microfinance from a legal and regulatory perspective. Microfinance is the provision of a wide range of financial services, particularly credit but also remittances, savings, to low-income people or financially excluded people. It combines a business structure with social inspiration, often resorts to technological innovations to lower costs (Fintech: e.g. crowdfunding and mobile banking) and merges with traditional local experiences (e.g. financial cooperatives and Islamic finance), this further complicating the regulatory picture. The book describes some of the unique dimensions of microfinance and the difficulties that this can cause for regulators, through a comparative analysis of selected European Union (EU) countries' regimes. The focus is in fact on the EU legal framework, with some references to certain developing world experiences where relevant. The book assesses the impact and validity of current financial regulation principles and rules, in light of the most recent developments and trends in financial regulation in the wake of the financial crisis and compares microfinance with traditional banking. The book puts forward policy recommendations for regulators and policy makers to help address the challenges and opportunities offered by microfinance.

Microfinance has become an important component of development, poverty reduction and economic regeneration strategy around the world. By the early twenty first century tens of millions of people in more than 100 countries were accessing services from formal and semi-formal microfinance institutions (MFIs). Much of the initial attention on microcredit came through work on Bangladesh's much-lauded Grameen Bank but, there are now many different 'models' for microfinance and many countries have substantial microfinance sectors. This timely book, written by one of the major players in the UK in development economics explores,

## Access Free The Economics Of Microfinance

amongst others, topics such as: microfinance and poverty reduction microfinance, gender and social development microinsurance regulating and supervising microfinance institutions. Topical and insightful, this important text examines what has become a vast global industry employing hundreds of thousands of people and attracting the attention of large numbers of governments, banks, aid agencies, non-governmental organizations and consultancy firms. As microfinance is increasingly being absorbed into broader debates on financial inclusion and sustainable development, there is a growing number of professionals operating in international relations and development who are often confronted with sweeping statements about the alleged benefits and risks of microfinance. This book provides a concise introduction to microfinance – the key issues, debates, research agenda and public policy relevance. Illustrated by real-life examples, the book's sections also highlight key publications and data sources and identify gaps for future research. The book will be an invaluable resource both for development economists and for scholars in neighbouring disciplines who need to get up to speed quickly on the current debates and research in microfinance. 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 2006 Nobel Peace Prize went to microfinance pioneer Muhammed Yunis and Grameen Bank of Bangladesh. This book offers an accessible and engaging analysis of the global expansion of financial markets in

## Access Free The Economics Of Microfinance

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. Appendixes and problem sets cover technical material. 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.

An assessment of "the microfinance revolution" from an economics perspective that draws on lessons from academia and international practice to challenge conventional assumptions. 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, answer these questions based on years of field research from around the world. Called "marvelous, rewarding" by the *Wall Street Journal*, the book offers a radical

## Access Free The Economics Of Microfinance

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.

[Copyright: eab8c7d18bef96e7a1047d3be4c623d0](#)