Microfinance Services in Rural Areas - Farmers' Self-reliance **Branch of CFPA Microfinance in Shangyi County**

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The Grameen Bank Microfinance Model

- Traditionally: lending groups, weekly meetings, rigid repayment schedules, and joint liability
- + 12-10% annual interest rate
- + 16 decisions- social programs that the bank members must take up.
- Grameen II (1998): No more joint liability (more flexibility) and requires savings + Globalized Bangladesh consensus
- · Bangladesh consensus on poverty
- Bangladesh model of microfinance promoted in Washington DC as a strategy to poverty
- Global microcredit summit (2006)
- e.g. Grameen Bank, BRAC, and ASA
- Microfinance industry vs. microfinance plus
- Bangladesh Paradox
- micro-interventions do little to address macro-structures of underdevelopment, but recently Bangladesh is hailed as a forefunner in human and economic development
- closer to meeting the MDGS

Questions for you to consider **Grameen Bank Debate**

- · Grameen Bank is accused of imposing patriarchal discipline on women... What do you think?
- . What do you think about the assertion that the model only makes the "poor less poor?" Is this a step in the right
- · Microfinance, originally a Global South endeavor, is now becoming an industry, dominated by the World Bank, in which the focus is now on financial sustainability. Does this break from the original intent of the Grameen Bank?

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Thecasesolutions.com What is Microfinance?

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- It is the provision of financial services to the poor via credit banking
- Bottom Billion/Creative Capitalism
- Origin of Microfinanc
 - Grameen Bank Model "We Live in a Sea of Money"
 - BRAC
 - Originally a Global South Model
- Two claims of microfinance
 - "democratization of capital"
 - Empowerment of poor women
- Distinction between global microfinance industry and microfinance plus

Thecasesolutions.com Globalization of Microfinance

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Washington consensus on poverty

- Embodied by CGAP
 - Echoes World Bank Transformation under McNamara and Wolfensohn
 - Core belief: access to financial services empowers the poor by
 - + reducing their vulnerability and
 - + giving them choices
- Produces norms and standards for the industry of microfinance
- Control knowledge about microfinance
 - Key Principles of Microfinance
 - "Global 100"

Minimalist Microfinance

- Shift from emphasis on human development to financial sustainability
- Operational self sufficiency vs. Financial self-sufficiency
- Intermediary microfinance institutions
- Problem: Redlining and Portfolio at Risk Analysis

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