Index

A Little World 79
administrative costs 87, 90
Africa 18, 20, 21, 113–14, 118
  see also individual countries
agencies see aid agencies; development
  agencies; NGOs (non-governmental organizations)
agency costs 112
agricultural loan initiatives 4
agricultural pricing information 13
agricultural production 112
aid 111
aid agencies 5, 92
airtime credits 76, 77, 78
Allen, Hugh 113
AML (anti-money laundering) 16–17, 77–8, 82, 89–90
Anderson, Siwan 111
Asia 74
  see also Asia Pacific; East Asia;
    South Asia; individual countries
Asia Pacific 78
  see also individual countries
asset class 40–41
assets, median total of lending institutions 20, 21
assortative matching 11–12, 19
Baland, Jean-Marie 111
BancoSol 92
Bangladesh 4, 100, 109–10, 113
  see also Bangladesh Bank; BRAC;
    BRAC securitization; Eastern
    Bank Limited (EBL); Grameen
    Bank; PKSF (Palli Karma
    Sahayak Foundation); Proshika
Bangladesh Bank 49–50
bank failures 86, 93–4, 98, 105
banks
  and CDOs 31, 32
  costs of access to 7
  and equity 9, 37
India 72, 73, 74
  and Internet 20
  and mobile phone technology 13–14,
    20, 79, 80, 82, 83, 98
prudential regulation 86, 94, 95, 96,
  97–8, 105
and securitization of micro-loans 35
supervision 98–100, 102, 103, 105
women's empowerment 18, 19, 20
  see also bank failures; commercial
    banks; overbanking; rural
    banks; rural branches of
    nationalized banks; village
    banks; individual banks
barcode-reading point-of-sale (POS)
terminals 12–13
Barth, J.R. 105
Beam 74, 80–83
BlueOrchard 27, 28, 32, 46
Bolivian 89, 91–2, 93–4
BOMSI (BlueOrchard Microfinance
  Securities I) 27–32
bonds 28, 30, 38, 50, 53–5, 62–8
borrower characteristics' information
  59, 69–70, 73, 90, 95
borrowers 3, 7–8, 19, 26, 47, 48
  see also borrower characteristics' information;
    consumer protection; men; self-help
    groups (SHGs); solidarity
    groups; women; individual
    borrowers
BRAC 47–9
BRAC securitization
currency risk 46
future prospects 69–70
performance 46, 61–8
political economy considerations 49–53
structure overview 35, 53–60
transaction rationale 47–9
branching requirements 96
branchless banking 97–8
see also mobile phone technology
Brazil 12–13, 111
BRI (Bank Rakyat Indonesia) 94
broad borrowers 8
BTMs (biometric teller machines) 13
Burkina Faso 112
capital adequacy 93–4
capital calls 101
capital markets 5, 9–11
see also domestic capital markets;
international capital markets
capital structure 8–9
Caprio, G. 105
cash 14, 75, 76, 77, 111, 113, 114, 115
cash flow 60–61, 62, 63, 65, 68, 70
CDOs (collateralized debt obligations) 10, 27–34, 46
CFT (combating the financing of terrorism) 17, 82, 89–90
CGAP (Consultative Group to Assist the Poor) 6–7
child health 111
China 78
Citibank 53
Citigroup 10
co-signers as borrowers’ restrictions 95
collateralized loans 94–5
commercial banks 26, 38, 39–40, 72, 74, 93–4
commercial investors 29–31, 35–9
Compartamos 6, 10, 37, 88
competition, commercial and non-commercial investors 38–9
consumer protection 17, 88–9
contracts see loan contracts; puts cooperatives 18, 20
see also credit unions; self-help groups (SHGs); solidarity groups
correspondent banking 12–13
corruption 77, 105
costs: access to credit and financial services 6–9, 14
cash handling 75, 76
electronic matching of borrowers and lenders 11
m-commerce 78
micro-loans 87–8
prudential regulation 87
women as microfinance customers 112
see also administrative costs; fees; transaction costs
CRAB (Credit Rating Agency of Bangladesh) 50, 53
credit enhancements, BRAC
securitization 55–6, 62–8
credit history 4, 8, 112
credit ratings 6, 11, 35, 38, 50, 62, 70, 89
see also CRAB (Credit Rating Agency of Bangladesh);
MicroRate
credit rationing 3
credit supply 4
credit unions 4, 7, 9, 18, 19, 20, 21, 94, 103
culture 20–21
see also social norms
currency 33
see also currency risk; local currency
currency risk 33, 46, 49–50
data 56–60, 69–70
debt/equity ratio 9
default insurance 3
default risk 11, 15, 19
defaul ts, loan see loan defaults
dele gated supervision 103–4
delinquent loans
and BRAC securitization 55, 56, 57, 59–60, 61–2, 63–7, 68
collateralized versus uncollateralized 94–5
demography, India 71–2
deposit insurance 16, 97
deposits/savings
BRAC microfinance funding 48
in domestic capital markets 26
India 71, 72, 74
regulation 16, 86–7, 91, 92, 106
unsupervised small community-based intermediaries 100–101
and women 111, 115
development agencies 26, 27, 30, 35, 38–9, 40, 101
see also FMO; KfW
Index

Dexia Microcredit Fund 27
domestic capital markets 10, 26, 40
Done Card 79
donor funding 48, 92
DSRAs (debts service reserve accounts) 56, 69, 70
DWM (Developing World Markets) 26, 27, 28, 29–30, 31, 38, 41
East Asia 18, 20, 21
see also individual countries
Eastern Bank Limited (EBL) 47, 53
eChoupals 13
economic downturns 31, 41
see also bank failures; sub-prime mortgage crisis
economy, India 71–2
education 108–9, 110, 111, 114, 116, 117–18
see also financial education; literacy levels; primary education
electronic matching of borrowers and lenders 11–12
Engle, Patrice 111
entrepreneurship 4, 19, 110, 116, 118
equity 9, 28, 35–7
Equity Bank (Kenya) 10, 37
equity capital 10
Europe 35, 37, 38
see also FMO; KfW
exchange rates 50
exits 36, 37
FATF (Financial Action Task Force) 89–90
fees 34, 50
financial controls 42
see also regulation; supervision
financial education 88–9, 101
financial return 34, 36, 41–2
financial services 5, 7–9
Fino 79–80
FMO 35, 40, 49–50, 53
food expenditures 110, 111, 114
formal credit markets 2–3
see also banks
formal markets 2
fraud 77
friction, marital 108, 113, 114, 115, 119
funding sources 48, 51
funds 27–9, 32–4, 38
G-cash 14
GCMF (Global Commercial Microfinance Facility) 38
gender see men; women; women-only solidarity groups; women’s disempowerment; women’s empowerment
geographic variation, women’s empowerment 18, 19–21, 117–18
Gonzales, A. 7–8, 9, 18, 19
governments 5, 9, 48, 51–3
see also prudential regulation; supervision
Grameen Bank 4, 20, 87, 108, 113
Grameen Trust Chiapas, AC (GTC) 114–15, 116, 117–19
group lending see self-help groups (SHGs); solidarity groups; women-only solidarity groups
GSMA 74–8
Guatemala 111
health 2, 22, 108–9, 110, 111, 114, 116, 117–18
hedging 38, 39–40, 44, 55–6
high-end borrowers 8
high-risk borrowers 3
HNWIs (high net worth individuals) 32, 38
household expenditure 110, 111, 114, 117–18
household income 1, 108, 110, 111, 116, 117–18, 119
housework 114–15
ICICI 13, 46, 80
IFC Washington 10, 75–8
IFIs (international financial institutions) 10
see also individual IFIs
illiquidity 34, 41
income 1
see also household income
India 4, 13, 15–16, 71–5, 78
see also ICICI; mobile phone technology in India
individual loans 8, 9, 18, 19
individual responsibility 42, 74
Indonesia 87, 94, 99–100
informal credit markets 3–4
informal markets 3
information see agricultural pricing
information; barcode-reading
point-of-sale (POS) terminals;
borrower characteristics’
information; data; eChoupals;
information asymmetry;
information availability;
information disclosure;
information sharing; Internet;
loan files; MIS (management
information systems); reporting;
transparency
information asymmetry 2–3, 114, 119
information availability 3
information disclosure 14–15, 88–9
information sharing 70
insider lending 96
insiders, and equity 36
interest payment frequencies 3
interest rate caps 88
interest rates 4, 6–7, 11, 14–16, 19, 48–9, 52, 87–8, 91
international capital markets
amount of investment 25
asset class, on the path to 40–41
CDOs versus funds 32–4
commercial investors, growing
participation in CDOs 30–32
commercial investors, introducing to
CDOs 29–30
and concerns about microfinance
41–3
equity 35–7
from funds to CDO 27–9
importance 25–7
and local currency 33, 38, 39–40
non-commercial investors 26, 27, 37–9
and securitization of micro-loans
34–5
international money transfer services
81, 82, 83
Internet 11–12, 13, 20, 70, 79
intimidation 89
IPA (Innovations for Poverty Action) 116–18
IPOs (initial public offerings) 10, 36, 37
ITC (India Tobacco Company) 13
ITZ Cash 79
JiGrahak 79
joint liability 3, 8, 74
Kenya 10, 77, 98, 111
KfW 10, 35, 50, 53
Khandker, Shahidur 109–10
KIVA 12
land ownership 110
Latin America 4, 18, 19, 20, 21, 36, 87
see also Compartamos; individual
countries
legal vehicles see SPVs (special-purpose vehicles)
Lending Club 12
Levine, R. 105
licensing 91–2, 99–100, 102
liquidations 28, 36
liquidity 34, 40, 44, 62
see also illiquidity
literacy levels 12, 101
Little World, A 79
loan contracts 3, 8, 9, 11, 35
loan defaults 15–16, 29, 42, 59, 89, 94–5
see also default insurance; default
risk; delinquent loans
loan files 42, 95, 101
loan loss provision 95
loan maturity 48
see also short-term loan contracts
loan repayments
and consumer protection 89
frequencies 3, 48
and inclusion of men in women’s
solidarity groups 114
and m-commerce 14, 76, 77
self-help groups (SHGs) in India 74
women 4, 112
loan size 19–20, 26
see also broad borrowers; high-end
borrowers; low-end borrowers;
small borrowers
local commercial banks 38, 39–40, 53
see also individual banks
local currency 33, 38, 39–40, 46, 49–50
logistics 57–8
Index

long-term investment 27–9
low-end borrowers 7, 8
low-risk borrowers 3

m-commerce 75–8, 79
marriage rates 115
Mayoux, Linda 113–14, 118
MChek 79
men 108, 110, 111–13, 114–18, 119
Mexico 111, 114–15, 116–19
MF Analytics 53, 56
MFBA (Microfinance Bank of Azerbaijan) 38
MFIs (microfinance institutions)
borrowers, global number of 26
capital adequacy 93–4
costs 87–8
India 72–4
loan size 19–20, 26
mission drift 42–3
ownership requirements 97
regulation see regulation size 100
stock exchange listing 10
supervision 99–104
sustainability 92
and women’s empowerment 18, 19, 20–21
see also banks; NBFIs (non-bank financial institutions);
individual MFIs
MFRC (Micro Finance Regulatory Council) 89
micro-credit backed securities 5
micro-insurance 81, 82, 83
micro-investment 10, 81, 82, 83
see also international capital markets
micro-payments 82, 83
microfinance, evolution 4–6, 9, 108
Microfinance Securities XXEB 26, 31
MicroRate 6, 38–9
minimum capital requirements 93, 99, 100
MIS (management information systems) 51, 53, 56–8, 69, 70
mission drift 42–3
MIX data 6, 7–8, 9, 18–21, 87–8, 92
mobile phone technology
and banks 13–14, 20, 79, 80, 82, 83, 98
and BRAC securitization 70
India see mobile phone technology in India
and m-commerce 75–8
mobile phone technology in India
future and challenges 81–3
industry 79–80
and microfinance 74–5, 78
products 80–81
usage 72
money see AML (anti-money laundering); cash; cash flow; CFT (combating the financing of terrorism); currency; fees; loan repayments; loan size; money laundering
money laundering 77
see also AML (anti-money laundering)
Morgan Stanley 32

NBFIs (non-bank financial institutions) 5, 7, 9, 18, 19, 20, 21
see also credit unions; PACS (primary agriculture credit societies); ROSCAs (Rotating Savings and Credit Associations); self-help groups (SHGs); village banks
NGOs (non-governmental organizations)
and capital calls 101
and capital markets 10–11
costs of access to financial services 7, 9
in evolution of microfinance 5, 9
ownership requirements 97
and women’s empowerment 18, 19, 20, 21
see also individual NGOs
non-commercial investors 26, 27, 30, 32, 37–9
non-profit organizations 26, 33–4
see also aid agencies; credit unions; development agencies; NGOs (non-governmental organizations); PACS (primary agriculture credit societies); ROSCAs (Rotating Savings and Credit Associations); self-help groups (SHGs); village banks
non-prudential regulation 17, 86, 87–90, 103

Omidyar, Pierre 5

OPIC (Overseas Private Investors Corporation) 30

OPORTUNIDADES 111

origination risk 35

over-collateralization 63–8, 69–70

overbanking 33, 41–2

ownership requirements 97

PACS (primary agriculture credit societies) 72

Pakistan 91

pawnbrokers 4

pay-down structure 54–5

payday lending 4

Paymate 79

payment systems 74–5

peer monitoring 14, 15, 18

peer pressure 15, 74, 112

performance, BRAC securitization 46, 61–8

Philippines 14, 76–8, 98, 99–100

physical security 96

Pitt, Mark 109–10

PKSF (Palli Karma Sahayak Foundation) 48, 51, 53, 54

political economy 49–53, 70, 92, 99, 104, 105

pool maintenance, BRAC securitization 53, 56

poor persons 2–3, 5, 22, 100–101, 110

see also poverty alleviation; poverty measurement

Portio Research 78

poverty alleviation 7–8, 110, 111

poverty measurement 1

prepayment risks 55–6, 60–61, 69

prepayments, and BRAC securitization 55–6, 57, 60–61, 62–3, 64–7, 68, 69

primary education 1, 22

ProCredit Bank Bulgaria 35

ProCredit Holding AG 5, 35

ProFund Internacional SA 36

promotion of microfinance 90–91

Proshika 52–3

Prosper.com 11, 12

prudential regulation

adjusting regulations to fit products and institutions 92–8

critique 105–6

versus non-prudential regulation 86–7

regulation as promotion 90–91

regulation that follows the market 91–2

puts 36

PWC (PriceWaterhouseCoopers) 53, 69

RBI (Reserve Bank of India) 72

regulation

deposits/saving 16, 86–7, 91, 92, 106

formal markets 2

infrastructure problems 35

interest rates 14–16

and m-commerce 77–8

and mobile phone technology in India 82

non-prudential regulation 17, 86, 87–90, 103

prudential regulation (see prudential regulation)

self-regulation 104

see also peer monitoring; supervision

repayment capacity 89

reporting 53, 56, 70, 96, 103, 104

risk

BRAC securitization 69, 70

CDOs (collateralized debt obligations) 27–30, 31, 32, 33

and costs of access to financial services 8–9

group lending and self-help groups (SHGs) 3

non-commercial investors as shield for commercial investors 37–8

and overbanking 33, 41–2

see also currency risk; default risk; high-risk borrowers; low-risk borrowers; origination risk; prepayment risks; risk analysis; risk aversion; risk/return ratios; security risks

risk analysis 58–61, 70

risk aversion 26, 70, 112

risk/return ratios 29–30
ROSCAs (Rotating Savings and Credit Associations) 111
RRBs (regional rural banks) 72, 73, 74
rural areas 71, 72
see also RRBs (regional rural banks); rural banks; rural branches of nationalized banks; village banks; village Internet
rural banks 99–100
see also RRBs (regional rural banks); rural branches of nationalized banks; village banks
rural branches of nationalized banks 5, 7, 9, 72, 73
sachet purchasing 76–7
savings see deposits/savings
SCBs (scheduled commercial banks) 72, 74
Schultz, Paul 111
secondary markets 32, 43
Securities and Exchange Commission (SEC) 50
securitization of micro-loans 5, 10, 34–5, 46
see also BRAC securitization; CDOs (collateralized debt obligations)
security risks 74, 90, 91, 100–101
see also physical security
self-employment 74
self-help groups (SHGs) 3, 14, 19, 73–4
see also solidarity groups; village banks; women-only solidarity groups
self-regulation and supervision 104
servicers 35
see also BRAC securitization
short-term investment 27, 50, 53, 54–5
short-term loan contracts 3, 11, 35
Skoufias, Emmanuel 111
small borrowers 73, 87, 90, 91, 100–101
see also low-end borrowers
small community-based intermediaries 100–101
SMS (short message service) 78, 79, 80–81
social norms 112, 113–14, 118
social pressure 15, 74, 112
socially responsible investors see non-commercial investors
soft capital 5
solidarity groups 3, 8, 9, 14, 15, 18, 19
21
see also women-only solidarity groups
solvency 93–4
South Africa 13–14, 77, 89, 90, 91, 98
South Asia 18, 19, 20, 21
see also individual countries
SPVs (special-purpose vehicles) 28, 53, 54, 55, 62–8
stand-alone loans see individual loans
Stephens, B. 10–11
stock exchange listing 10
stop-lending order 102
sub-prime mortgage crisis 32
substitution, and BRAC securitization 55, 56, 63, 64–7, 68
Superintendency of Banks (Bolivia) 89, 92
sustainability of MFIs 92
Suvidha 74, 80, 81–3
swaps 40
SWIFT 74, 80, 81
syndication 48, 49
Tanzania 91
taxation 7, 82
technological innovation 5, 11–14, 15–17
technology 2, 8, 22
see also Internet; mobile phone technology; technological innovation
Thailand 111
Thomas, Duncan 111
TIAA-CREF 5
transaction costs 2, 7, 73, 78, 112
transparency 30, 33
trustees 28, 30, 47, 53
Udry, Christopher 112
uncollateralized loans 94–5
underclass 76
United Kingdom 11, 12, 111
United States 4, 11, 12, 32
  see also IFC Washington; MicroRate; OPIC (Overseas Private Investors Corporation)
unsecured lending limits 94
USAID 14
usury limits 87–8

village banks 5, 8, 9, 18–19
  see also rural banks; rural branches of nationalized banks
village Internet 13
violence 89
volatility 41, 48–9

Wallet 365 79
women 4, 111, 112, 115
women-only solidarity groups 114–19
women’s disempowerment 108–9, 113, 115–19
women’s empowerment
  agricultural inputs and productivity 112
  assets 20, 21
  and education 108, 110, 111, 114, 116, 117–18
  entrepreneurship 4, 19, 110, 116, 118
  in evolution of microfinance 4, 108
  geographic variation 18, 19–21, 117–18
  and health 108, 110, 111, 114, 116, 117–18
  and household expenditure 110, 111, 114, 117–18, 119
  and household income 108, 111, 116, 117–18
  and housework 114–15
  individual versus solidarity group lending 18–19, 21
  and lending institutions 18, 19, 20–21, 108
  and level of aggregation 20–21
  loan size 19–20
  and marital friction 108, 113, 114, 115, 119
  measurement 115–19
  microfinance in India 72
  SHG (self-help group) lending in Asia 74
  and social norms 112, 113–14, 118
World Bank 1, 74, 110
Yanus, Muhammad 4, 113
Zambia 92
Zopa.com 11, 12