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MICROCREDITS AS A TOOL FOR FINANCIAL AND SOCIAL INCLUSION: GRAMEEN BANK AND MICROBANK

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MICROCREDITS AS A TOOL FOR FINANCIAL AND SOCIAL INCLUSION: GRAMEEN BANK AND MICROBANK

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ABSTRACT

Microcredit is a financial tool essential to eradicate poverty in developing countries and to end financial exclusion in developed countries.

The Grameen Bank was created by Muhammad Yunus, the founder of microcredit; it has become the most famous financial institution dedicated to microcredits worldwide. The growth of Grameen Bank has been spectacular, coming to accumulate 10,124 million dollars in microcredits in 2010. In 2013, Manos Unidas claimed that 64% of Grameen borrowers exceeded the poverty line thanks to microcredits.

The MicroBank was created in 2007 as the social bank of "La Caixa". At present, it is the only bank specialized in microcredits in Spain and aims to be the European social banking reference. In just six years, it has come to accumulate 1,293 million Euros.



Grameen Bank



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1. INTRODUCTION

As Muhammad Yunus, the founder of microcredit, said one day, the success of the Grameen Bank, the first microcredit bank, resides in the amount of banknotes that its members, who once went hungry, have now in their hands. But the microcredit movement, which is ironically built around, for and with money, in its heart, at its deepest root, it is not at all about money; it aims at helping each person to achieve fullest potential. It's not about cash capital but human capital. Money is merely a tool that frees human dreams and helps even the poorest and most unfortunate of this planet to achieve dignity, respect and meaning in their lives (Reed, 2011).

Throughout this paper, we will see the performance and features of microcredit in both developing countries and developed countries, analyzing as well the Grameen Bank and Microbank. After making the comparison between countries and case studies, we will appreciate, as Yunus said, that microcredit helps both financial and social inclusion, empowering effective and human capital. As we will see in the paper, microcredit achieves to get out of poverty thousands of people every year giving both financial and social opportunity they need.

The aim of this paper is twofold: firstly, to investigate about microcredit in general, both in developed and developing countries; and secondly, to compare the two most important institutions specialized in microcredit. For this, the paper begins explaining what is microcredit and what are its characteristics and overall impacts. Then, microcredits in developing countries are analysed firstly, deepening the Grameen Bank; and then, in developed countries in Europe, in Spain and in the case of MicroBank. Finally, this paper will be ended with conclusions drawn after all the above analysis.

The paper is based on official reports and analysis, textbooks and official websites to gather the best information possible. All fonts used are publicly available and can be disposed at any time.



2. MICROCREDITS

2.1. DEFINITIONS

The system of microcredit was born in India in the seventies and has gradually evolved to the present, when there are different variants of the initial model.

At the first International Conference on Microfinance held in Washington D.C. in February 1997, microcredits were defined as “programs of providing small loans to the poorest of the poor so that they could start small businesses that generate incomes to improve their standard of living and their families”.

Microcredit is a small financial credit which is dedicated to the neediest, to people who are without resources and lack of assets and guarantees. Thus, people who cannot access to conventional financing have the opportunity to access small loans to exploit their potential launching small businesses that generate incomes and improve their quality of life and their families’ (Jan P. Maes, Larry R. Reed, 2012).

As Muhammad Yunus, the founder of Grameen Bank, said, “Microcredit is not just about giving a few dollars to help people start small businesses. The whole idea is to help people move out of poverty” (Reed, 2014).

2.2. CHARACTERISTICS

The main characteristics of microcredits are (Lacalle, 2008):

- The aim is to provide microcredit to the poorest so they can improve their living conditions and reduce poverty levels.
- There is a preference for women for their greater impact on the whole family and their more responsibility to repay the credit.
- They are a tool that comes from lack of access to credit for millions of people financially and socially excluded.
- Microcredit is an alternative variant to the loan that also requires some interests to ensure future financial viability; it is not delivered, repayable money nor a grant.



- The average amount of microcredits is small amounts of money, and these amounts vary depending on the country.
- The period of time in which microcredits are extended occurs in short term, equal to or less than one year. The repayment of principal and interests is usually weekly or monthly.
- Microcredits do not require collaterals or guarantees; they are based on trust to the borrower and solidarity groups formed by borrowers.
- In addition to the credit, other elements such as training and motivation are also introduced.
- They are simple operations and with few bureaucratic procedures.
- Microcredits are invested in activities chosen in advance by borrowers; they are not a consumer credit.

2.3. IMPACTS

Microcredits have many impacts both economical and social; some of them are:

- They increase the value of women in the family that are characterized by low default rates and high responsibility for repayment (Schultz, 2002).
- They increase the sense of responsibility and solidarity, especially in microcredits groups in which the whole group responds to all members that form it. Such a sense of responsibility and solidarity leads to low levels of default (Copestake, Bhalotra y Johnson, 2001).
- They improve health levels. According to the study conducted by Islam and Maitra (2008), microcredits improve health through consumption of quality food products.
- They increase the educational level of young people. According to a study conducted by Quisumbing and Maluccio (1999), microcredits granted to women are mostly addressed to the education of their children.



2.4. CONVENTIONAL CREDIT VS MICROCREDIT

Microcredit is a completely different conventional or traditional financial product. In the following figure, we can see some major differences between both financial instruments.

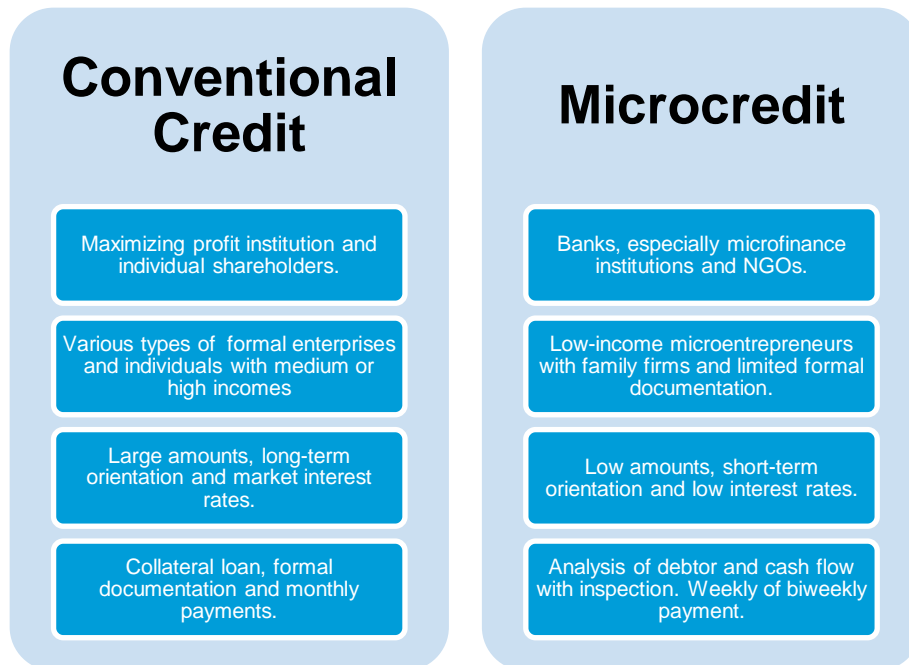


Figure 1. Conventional Credit vs. Microcredit (Torre, 2012). Own work.

The first difference we appreciate is that the purpose of the conventional credit is to maximize profit while microcredit has no profit. The second is that microcredit is aimed at entrepreneurs with a low level of incomes, while the conventional credit aims to entrepreneurs with medium or high incomes. The third difference is that the amount of microcredit is low, with short term maturity and low interest rate while the conventional credit has a high amount, long-term maturity and an interest marked in the market. Finally, the fourth difference is that a guarantee is needed in the conventional credit and not in the microcredit (Torre, 2012).

In addition to the differences between microcredit and conventional credit, there are also dissimilarities between microcredit in developing and developed countries. Therefore, I will firstly discuss how microcredits are in developing countries and secondly how microcredits are in developed countries. After this analysis, I will make a comparison to see the differences between microcredits in Grameen Bank, the largest microlender in the underdeveloped countries, and MicroBank, the microcredit institution reference in developed countries.



3. MICROCREDITS IN DEVELOPING COUNTRIES

Developing countries are those that are at a lower level of economic development than other countries. These are countries in which their inhabitants hardly have what it is needed, they have got food insufficiency, neglected resources, illiteracy, social deficit, striking domestic social inequalities, child labour, persistence of poverty, etc. (Enciclopedia Libre Universal, 2015).

Microcredit is a great tool against poverty but must also be accompanied by other tools such as policies and initiatives of the State of each developing country to end poverty (García and Lens, 2007).

Nazrul Chow-dhury, Grameen Bank consultant, said in 2011 that “we estimate that 5% of microcredits users go out of poverty every year” (Requena, 2011).

Jake Kendall and Rodger Voorhies, of the Bill & Melinda Gates Foundation, also said in the Foreign Affairs magazine that “very few years, somewhere between ten and 30 percent of the world’s poorest households manage to escape poverty, typically by finding steady employment or through entrepreneurial activities such as growing a business or improving agricultural harvests. During that same period, however, roughly an equal number of households slip below the poverty line. Health-related emergencies are the most common cause, but there are many more: crop failures, livestock deaths, farming-equipment breakdowns, and even wedding expenses” (Reed, 2014).

The United Nations (UN), in its report of 2013 stated that “the world has achieved the goal of reducing poverty five years earlier than expected”; however, in the State of the Microcredit Summit Campaign Report 2014 it is shown how most part of global reduction in poverty occurred in Asia, specifically in China. In contrast, in other regions, this reduction has not occurred and poverty remains. Therefore, the President of the World Bank, Jim Yong Kim, said that one of the main goals of the World Bank was to end extreme poverty by 2030 (United Nations, 2013).

To achieve poverty reduction, financial services are key, and microcredit is nowadays the most important tool for economic and social inclusion of the poorest. As well commented by Kendall and Voorhies, 77% of the world's poorest people lack financial access and do not even have a savings account. This percentage increases to 85% in Sub-Saharan Africa (Reed, 2014).



3.1. SCOPE OF MICROCREDIT IN DEVELOPING REGIONS

The scope of microfinance and microcredit in developing regions, according to the State of the Microcredit Summit Campaign Report 2014 is as follows:

REGION	IMF	TOTAL CUSTOMERS	WOMEN CUSTOMERS	POORER CUSTOMERS	POOR WOMEN CUSTOMERS
Asia and the Pacific	1.747	161.022.985	130.880.298	102.627.426	87.134.440
Sub-Saharan Africa	1.042	15.192.387	8.194.610	8.471.247	5.899.917
North Africa and Middle East	95	5.231.520	2.777.297	1.497.012	1.074.968
Latin America and the Caribbean	670	16.491.676	10.154.176	2.798.274	2.038.188
TOTAL developing world	3.554	197.938.568	152.006.381	115.393.959	96.147.513

Table 1. Reach of microfinance and microcredit in developing countries (Reed, 2014). Own work.

According to the summit, the most disadvantaged regions of the world are Asia, Africa, the Pacific, Middle East, Latin America and the Caribbean. We see that from these areas, Asia and the Pacific are the regions with the highest number of IMF and clients valued at 1,747 IMF and 161.022.985 clients. Thi quantity is well above those recorded in the other regions.

Another striking fact is that much of microcredits in developing regions are aimed at women. If we compare the total number of clients to total female clients, we see as the 76.79% of clients are women. At the same time, we also see as that percentage increases if we compare the total number of poorest clients with the total number of poor women clients; we see that 83.32% of the poorest clients are women.



3.2. GRAMEEN BANK CASE

The Grameen Bank is a microfinance institution better known worldwide thanks to microcredits for the most disadvantaged population. The Grameen Bank has reversed conventional banking practice by creating a banking system based on mutual trust and responsibility and eliminating the need of collateral to obtain loans. The Grameen Bank makes microcredits available to the poorest, directly fighting against inequality and poverty (Lacalle, et. al., 2007).

The Grameen Bank has been lending to the poor, women, the illiterate, people considered ignorant when it comes to investing money to earn an income for their lack of education. Grameen has created an institution around the financial needs of the poor training and helping them (Grameen Bank, 2015).

The impact that the Grameen Bank has had on their poor borrowers has been very positive as evidenced by many independent studies carried out by external agencies such as the World Bank, the International Food Policy Research Institute (IFPRI) and the Bangladesh Institute of Development Studies (Grameen Bank, 2015).

As well, other recognized newspapers as The Economist claimed that "The Grameen Bank has become a mecca for development economists and is being copied around the world" (Yunus, 2006).

3.2.1. ORIGIN

It all started with Mohamed Yunus, professor of Economics specialized in Finance. He left in 1976 with Professor H. I. Latifee and some of his students to visit the poorest families in a village called Jobra, to see if they could help in some way (Yunus, 2006).

Yunus, after analyzing with his students poverty from different villages in rural areas of Bangladesh, realized that all those people had no access to traditional financial systems and informal lenders took advantage of them by high interest rates. Therefore, these people could not improve their living standards and could not get out of poverty (Marbán, 2006).

Therefore, soon after, Yunus created a loan program that was feasible for the poorest and breaking with the traditional system, granting loans to the poorest without requiring collaterals or guarantees. He soon awoke the first disagreements from the government



and the board of banks; but despite this, Yunus, with his own resources and with the help of students, continued delivering microcredits to the poorest of the poor (Grameen Bank, 2015).

Gradually, Yunus and his colleagues developed their own mechanism of microcredits granting and, with time and errors, they were adapting and growing. They organized groups of four or five people who severally took responsibility for the repayment of credit made by the whole group. The group had to repay the principal and the interests in the established period of time; if someone in the group did not meet, the group should put part payment of that member: the group served as a kind of guarantee (Yunus, 2006).

3.2.2. STRUCTURE

The structure of the Grameen Bank is one of its most characteristic attributes. From the beginning, the bank introduced that every borrower who received a microcredit for the first time would be required to purchase one share of the Grameen Bank. In 2011, 90% of the bank's shares were spread over 8.09 million customers while the remaining 10% belonged to the Government of Bangladesh (Grameen Bank, 2015).

Next, in the following chart, we can see the current composition of the organization and the different levels that exist in it.



Figure 2. Grameen Bank organization (Grameen Bank, 2015). Own work.



As shown in the graphic above, the Grameen Bank is composed of different steps.

At the top of the pyramid, the central office, in the city of Dhaka, is located and deals with all the general system: activities such as management, general budgets, internal and external relations, account control, management, evaluation, research and new methods of action and staff training.

One step below, zone offices are located, each of which is responsible of the control of 6 area offices. Each of these area offices supervises 10 branches which in turn have approximately 556 centres each.

Finally, in the last steps, centres, groups and members are located. Each centre consists of about 8 groups which in turn are composed of approximately 6 people (Grameen Bank, 2015).

3.2.3. CHARACTERISTICS

The main features of microcredit in Grameen Bank are (Grameen Bank, 2015):

- It is free from any guarantees or collaterals, is based on mutual trust.
- It is geared to the poor in order to reduce poverty.
- It offers its services door to door, is the bank that goes to people and not vice versa as with conventional loans.
- All clients access to the credit as a group, along with others who are in the same situation.
- A customer may receive several loans simultaneously.
- The repayment terms are weekly or biweekly.
- It is specially aimed at women as discussed in more detail later.

Interest rates are set according to the sustainability of the bank, not in order to gain maximum benefit. At present, there are four types of microcredits depending on the following parameters(Grameen Bank, 2015):

- 20%: For income-generating microcredits



- 8%: For housing microcredits
 - 5%: For students microcredits
 - 0%: For beggars and the most needy
- It is not a consumer credit; it is designed to support self-employment initiatives, incomes generation and housing.
 - It attaches great importance to the generation of social capital, especially education of children.
 - The amount of microcredit is small, it is around \$60.
 - Transactions are very simple.
 - The concession system is progressive; it has the possibility of receiving another microcredit in the future, but it depends on compliance with the return of the first microcredit granted.
 - The approval and granting of the operation process lasts only one to two weeks.

3.2.4. METHODOLOGY

To be a borrower of Grameen Bank, everyone have to exceed some eligibility requirements. On the one hand, the bank only accepts as borrowers those who do not own more than 0.2 hectares of arable land or families whose assets do not exceed the value of 0.4 acres of land of average quality.

On the other hand, customers are required to make a training program for seven days in order to learn the laws and regulations of the bank and the procedures and types of financial instruments that the Grameen Bank has (Lacalle, et. al., 2007).

As we can see in the chart below, there are different methods of microcredit methodologies in the Grameen Bank.



MICROCREDIT METHODOLOGIES

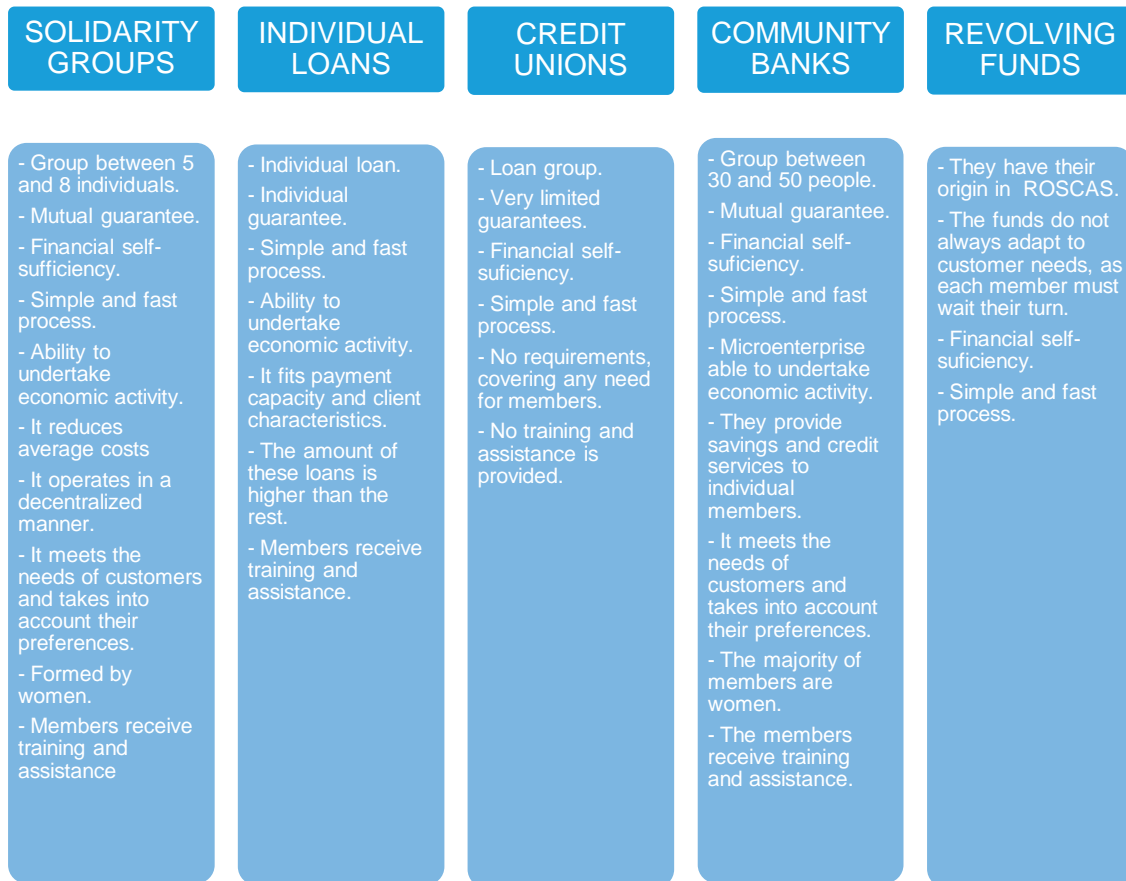


Figure 3. Methodology of the Grameen Bank microcredit (Torre, 2012). Own work

As we see, in the Grameen Bank there are different types of microcredits depending on the situation of each person, who is given one kind of microcredit or another. Each model has its own characteristics and its own procedure.

3.2.5. EVOLUTION

The evolution of Grameen microcredits has been spectacular as we shall see in the following graphs.

The first graphic shows the cumulative loans of Grameen Bank since its founding in 1976 until 2010:



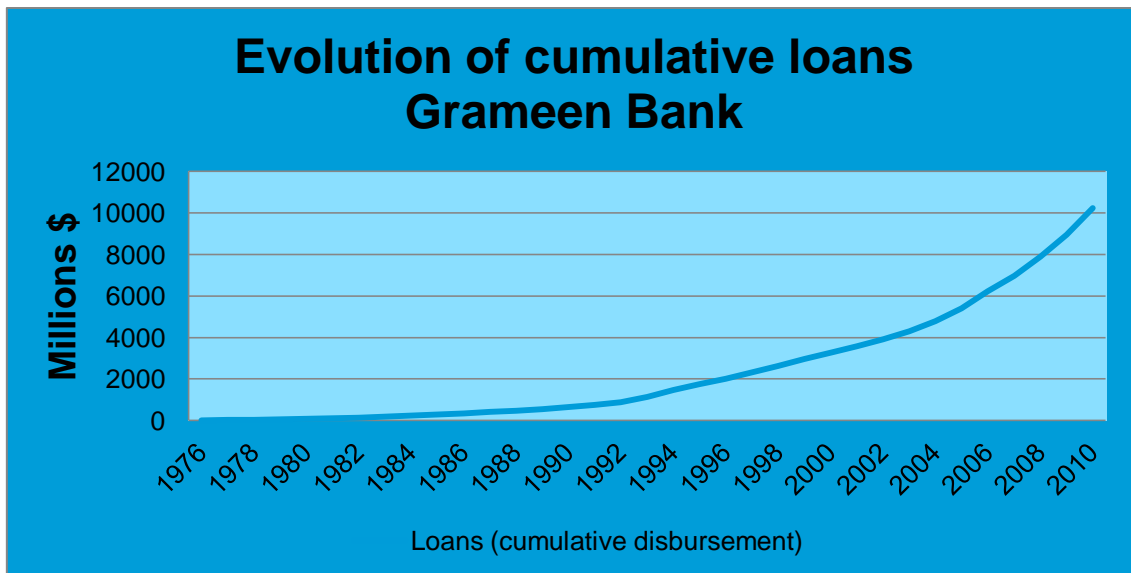


Figure 4. Development loans accumulated in the Grameen Bank (Grameen Bank, 2012).

As we can see, the Grameen Bank in 34 years accumulated 10,124 million dollars, certainly a spectacular figure that confirms its proper operation. We also appreciate as this figure has increased dramatically in the last 8 years, so similar growth is expected in the following years.

Since its creation, the Grameen Bank has grown dramatically; it has gone from paying 27 dollars in 1976 to provide 1,382 million dollars in loans in 2010. In just 34 years, the increase has been sensational. In the following chart we can better appreciate its evolution since its creation in 1976 until 2010 (Grameen Bank, 2015).

In the chart below we can see more visual and detailed the evolution of microcredits in the Grameen Bank from 1976 until 2010.



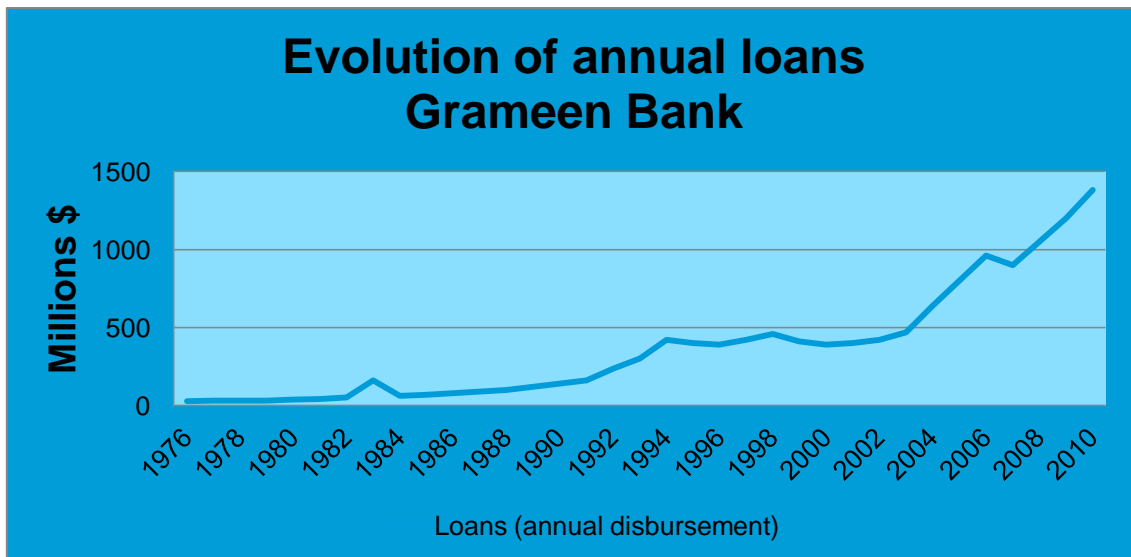


Figure 5. Annual evolution of loans from the Grameen Bank (Grameen Bank, 2012)

As noted, the Grameen Bank has grown from 500 members in 1979 to have 8,340,623 members in 2010, in 30 years the increase has been dramatic.

One thing to note is that, out of the 8,340,623 borrowers who had the Grameen Bank in late 2010, 97% were women. This is because women are the most neglected by society and the vast majority of the poorest of the poor are women, as we can see in the chart below (Maes and Reed, 2012):

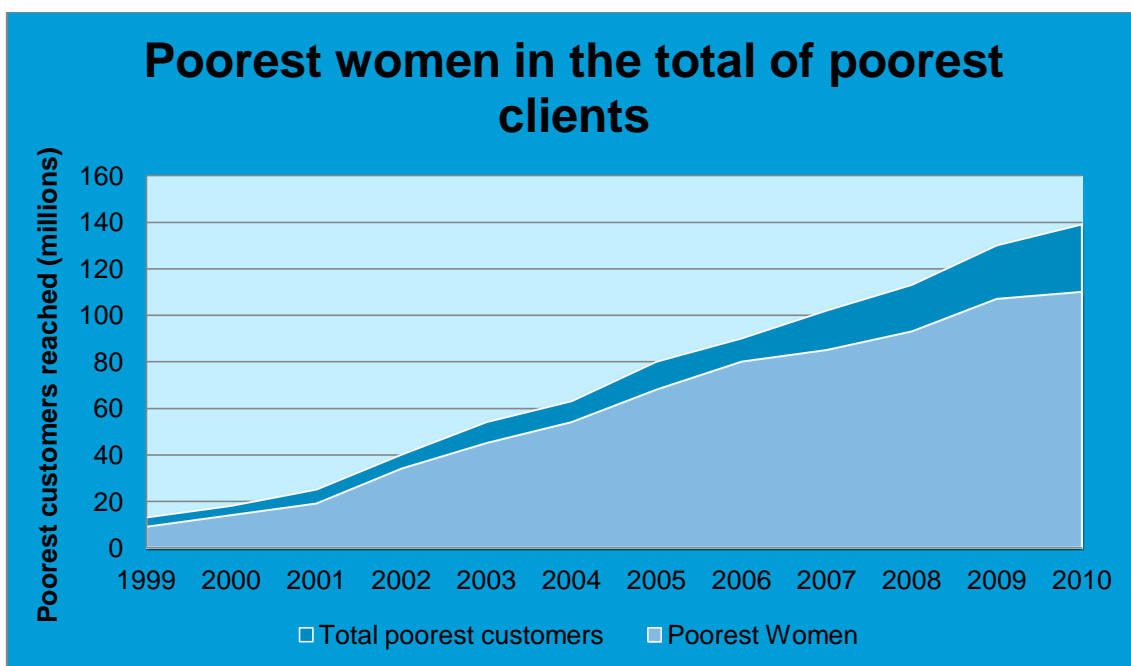


Figure 6. Poorest women in the total of poorest clients (Grameen Bank, 2012).



According to the State of the Microcredit Summit Campaign Report in 2012, from 137.5 million of poorest clients reached at the end of 2012, 82.3% are women. In addition, it is better to pay women rather than men because numerous studies have shown that global production development is greatest when microcredits are granted to women; they use their incomes to improve their living conditions and to educate their children.

In addition, women also have a key role in leading the Grameen Bank. The Board of Directors has a minimum of 9 out of 13 councillors and Nurjahan Begum is the Managing Director of Grameen Bank (Lacalle, et. al., 2007).

Since its inception, Yunus was fully aware of the feminisation of poverty and hence the need to support the development of women in combating poverty. Grameen Bank's contribution to the development of women is indisputable and, in fact, there are many studies that support this claim (Lacalle, et. al., 2007).

3.2.6. BORROWER PROFILE

The average profile of borrowers is a woman with children, uneducated, poor, with less than 0.2 hectares of land and from underdeveloped regions such as Asia, Africa, the Pacific, Latin America and the Caribbean.

They are also borrowers who are very concerned when returning their microcredits. In 2007 the 98.85% of the 4,560 million Euros in microcredits were returned (Criado, 2010).

3.2.7. IMPACT

The philosophy of the Grameen Bank is based on the belief that microcredits in addition to an economic effect also have an important psychological effect. Therefore the impact of microcredit goes beyond the economic. Microcredit improves self-esteem and appreciation of the capabilities of people. Therefore, the Grameen Bank has created the "16 decisions" that are a list of principles that borrowers must agree to continue to be members of the Grameen Bank. These principles aim to educate while encouraging an attitude of self-esteem and improvement among its members. Some of these principles are self- and group-motivation, unity, solidarity, collective responsibility, nutrition, health, hygiene, education, justice, etc. (Lacalle, et. al., 2007).



In 2001, the Grameen Bank made an internal assessment based on ten indicators and found that 42% of families of their borrowers exceeded the poverty line. Besides, the Grameen Bank encouraged the children of families that were part of the bank to enter and stay in school while retaining good performance. So the impact of microcredit not only reaches the borrower but affects the entire family and the education of their children (Grameen Bank, 2015).

In a more recent study, the Report thoroughly/191 2013, Manos Unidas claimed that "64% of the families of Grameen borrowers have crossed the threshold of poverty." This statement undoubtedly confirms the positive impact of microcredit in the poorest families (Manos Unidas, 2013).



4. MICROCREDITS IN DEVELOPED COUNTRIES

Developed countries are those that have the highest rate of human development, that is, those with higher life expectancy at birth, better education and higher GDP per capita (University of Valladolid, 2010).

Since the first programs of microcredits of Grameen Bank until now, it has been a significant expansion in developed countries. Although the main purpose of microcredit is the same as in underdeveloped countries, schemes and analysis of results are very different (Torre, 2012).

In developed countries, microcredits are intended in trying to solve problems of financial exclusion and the amounts of such microcredits are higher. However, developing countries try to solve problems of exclusion to the poorest of the poor and the amounts are much lower population. Another big difference is that in developed countries, microenterprises are registered and regulated from birth and in developing countries, they are not (Torre, 2012).

4.1. SCOPE OF MICROCREDITS IN DEVELOPED REGIONS

The scope of microfinance and microcredits in developed regions, according to the Report on the State of the Microcredit Summit Campaign Report 2014 is as follows:

REGION	IMF	TOTAL CUSTOMERS	WOMEN CUSTOMERS	POOREST CUSTOMERS	POOR WOMEN CUSTOMERS
Eastern Europe and Central Asia	76	5.400.105	277.944	147.111	72.392
North America and Western Europe	88	170.634	60.663	43.375	34.303
TOTAL developed world	164	5.570.739	338.607	190.486	106.696

Table 2. Reach of microfinance and Microcredit in developed countries (Reed, 2014). Own work



According to the State of the Microcredit Summit Campaign Report, developed regions of the world are Eastern and Western Europe, Central Asia and North America. As seen in the table above, territories that have now a larger number of IMF and clients are Central Asia and Eastern Europe with a total of 76 IMF and 5.400.105 clients.

Another point to note is that in developed regions, in contrast to the underdeveloped, most microcredits and microfinance clients are men. Only 5.14% of clients are women, a figure totally contrary to almost 77% that exists in the developing regions.

4.2. MICROCREDITS IN EUROPE

Microcredits appeared in Europe for the first time in Germany in the 19th century with the creation of credit unions and the large number of mutual banks by Raiffeisen. What these banks did was to promote savings and provide small loans to traders, farmers and artisans.

After the revolution in system introduced by Muhammad Yunus in the sixties, the Grameen Bank did not reach Europe until the late eighties in France. The purpose of the bank was the social and financial inclusion of the poorest people (FUNCAS, 2005).

In Eastern Europe microcredits were enhanced since 1990, after passing the free market economies. However, in Western Europe, microcredit was not promoted until 2000, after the Lisbon Strategy, the development plan of the European Union which was adopted in Lisbon in order to achieve in the future a more competitive, sustainable economy and greater social cohesion (Torre, 2012).

In 2003, it was created in Europe what was called the European Microfinance Network (EMN), founded by ADIE (Association pour le Droit à l'Initiative Economique) of France, NEF (New Economics Foundation) in England and EVERS&JUNG in Germany. This network was created to address all kinds of issues related to microcredit. (REM, 2006)

Most microfinance companies of the European Union are non-profit entities in the form of non-governmental organizations, foundations, government agencies, credit unions, state banks, ethical banks, savings banks or non-banking financial institutions. Only Bulgaria and Romania have microcredit entities with profit (Jayo, Rico and Lacalle, 2009).



4.2.1. EVOLUTION

The development of microcredits in Europe has been positive because there has been a continuous growth since 2003 in most EU countries. In the analysis by the European Microfinance Network (EMN) there is a significant increase from 2003 to 2013. In the following table we can better appreciate the large increase.

	2003	2008	2009	2010	2011	2012	2013
Number	27.000	90.605	84.523	178.572	204.080	324.406	387.812
Value	210	802	828	779	1.074	1.303	1.528
Responses	109/139	118/170	138/170	102/148	108/148	122/150	122/150

Table 3. Development of microcredit in Europe (Bending, Unterberg and Sarpong, 2014). Own work

As we see, the growth has been substantial since 2003, when 27,000 microcredits were registered valued in 210 million Euros, until 2013, when a total of 387,812 microcredits were registered with a total volume of 1,528 million Euros. Therefore, we see as in ten years the number of microcredits in the European Union has multiplied by 14 and 7. We also appreciate value as the average value of microcredit has declined from being 7,778 in 2003 to be 3,940 in the year 2013, so the average amount of microcredit is lower but the number of recipients is much greater and therefore microcredits have reached more households and the multiplier effect is greater. Definitely, these are very significant data demonstrating the future of microcredits in Europe.

If we analyze the data in some countries of the European Union we can see which have been the ones that have increased the number of loans and the value of those since 2010 until 2013.



4.2.1.1. NUMBER OF MICROCREDITS

Country	2010	2011	2012	2013
Germany	310	7.394	1.274	7.783
France	15.925	15.883	22.104	19.055
Netherlands	567	1.000	2.842	3.122
Italy	749	842	11.755	6.206
Spain	36.836	34.308	40.784	55.773
Bosnia and Herzegovina	49.120	48.697	75.367	57.593
Poland	13.401	23.732	11.027	3.800

Table 4. Annual amount of microcredit in some European countries (Bending, Unterberg, and Sarpong, 2014). Own work

4.2.1.2. VALUE OF MICROCREDITS

Country	2010	2011	2012	2013
Germany	1.306.450	4.932.846	8.935.368	12.401.621
France	129.014.320	130.097.103	163.013.400	180.384.000
Netherlands	9.000.000	16.000.000	52.009.218	68.335.407
Italy	3.451.978	4.527.984	11.781.982	18.953.516
Spain	212.017.000	217.978.946	235.489.792	313.198.369
Bosnia and Herzegovina	97.266.847	92.285.409	115.765.031	130.701.818
Poland	48.671.539	100.354.269	145.664.026	134.855.413

Table 5. Annual value of microcredit in some European countries (Bending, Unterberg, and Sarpong, 2014). Own work



As seen in the first table, Bosnia and Herzegovina and Spain are the European countries with the largest number of microcredits by far from the other countries ranking above the 55,000 microcredits. We see as Bosnia and Herzegovina in 2012 reached 75,000 microcredits, a very significant figure that dropped the following year standing at 57,593.

The European country that has evolved the most has been Germany, that has multiplied by 25 the number of microcredits but, as shown in the table, this figure has been rather volatile increasing dramatically in 2011, collapsing in 2012 and increasing again strikingly in 2013.

Poland, unlike the other European countries analyzed, has diminished considerably the number of microcredits from 2010 to 2013 going from 13,401 to 3,800. Italy meanwhile has also reduced the number of microcredits from the year 2012; it had a large rise in that year but then returned to diminish.

As for the value of microcredits, we see that Spain registers a value of 313,198,369 Euros and ranks as the European country with the largest value of microcredits, almost doubling the second highest value that is France with 180,384 million Euros.

4.2.2. SURVEYS ABOUT MICROCREDITS IN EUROPE

Next, we will discuss the results of the various surveys conducted by the European Microfinance Network (EMN) to a few MFIs. (Bendig, Unterberg and Sarpong, 2014)

4.2.2.1. PERSONAL OR BUSINESS PURPOSE

In one of the surveys conducted, people who had been benefited from microcredits of personal consumption purpose were separated from those who had been benefited from microcredits of business purposes. Analyzing the countries examined above, the result of the survey in 2013 was as follows.



Country	Business	Personal
Germany	100%	0%
France	82%	18%
Netherlands	100%	0%
Italy	67%	33%
Spain	28%	72%
Bosnia and Herzegovina	58%	42%
Poland	100%	0%

Table 6. Percentage of microcredits granted with personal or business purposes in some European countries (Bending, Unterberg, and Sarpong, 2014). Own work

As we can see, in Germany, the Netherlands and Poland, all microcredits are granted for business purposes, to create or expand business. In France and Italy, the majority of microcredits are also assigned to business objectives rather than personal. Bosnia and Herzegovina also granted more than personal business microcredits, but the percentage is much closer. Instead, Spain is the only country which grants microcredits to more personal purposes rather than business purposes, 72% of microcredits are granted to for personal consumption and 28% to business.

Therefore, after the table above, we can say that most of microcredits are granted for business purposes.

4.2.2.2. AVERAGE AMOUNT

In another conducted survey, it was analyzed the average amount of microcredits with personal or business purposes of the countries of the European Union in 2013. The result of that analysis in the European countries that we are seeing was as follows.



Country	Business	Personal
Germany	8.032	NA
France	11.866	2.352
Netherlands	17.983	NA
Italy	9.053	3.135
Spain	15.373	1.397
Bosnia and Herzegovina	1.432	1.054
Poland	19.003	NA

Table 7. Average amount of microcredits in some European countries (Bending, Unterberg, and Sarpong, 2014). Own work

In the table we see that the amounts of microcredits for business purposes are much higher than the average amount of those of personal purposes. This is likely due to business needs require greater economic quantity to create or expand a business.

The country with the highest average amount of microcredits for personal consumption is Italy of around 3,000 Euros. And the country with the lowest average amount is Bosnia and Herzegovina with 1,054 Euros.

As we appreciate the average amount of microcredit for business purposes is very different depending on the country we are talking about. Poland, the Netherlands and Spain are the countries with the highest amount since the three exceed 15,000 Euros; France and Italy follow them with around 10,000 Euros and finally placed is Bosnia and Herzegovina with 1,432 euros.

4.2.2.3. AVERAGE MATURITY PERIOD

As for the average maturity period of microcredits, in the survey analyzed countries are as follows.



Country	Business (month)	Personal (month)
Germany	21	NA
France	48	29
Netherlands	52	NA
Italy	48	42
Spain	39	29
Bosnia and Herzegovina	26	20
Poland	51	NA

Table 8. Average maturity period of microcredits in some European countries (Bending, Unterberg and Sarpong, 2014). Own work

As appreciated, the Netherlands, Poland, France and Italy are the countries that grant greater maturity period in microcredits, around fifty months, that is, more than four years. These countries are followed by Spain with 39 months and Bosnia and Herzegovina with 26 months. Finally, in the countries analyzed, Germany is the country with the lowest maturity period with 21 months; the average period in which you have to repay microcredits in Germany is less than two years.

4.2.2.4. INTEREST RATE OF PERSONAL OR BUSINESS MICROCREDIT

The interest rate of microcredits in European countries is quite different depending on the country we are talking about. The following table shows the results of the survey on the interests of microcredits for business purposes and personal purposes.



Country	Business (rate)	Personal (rate)
Germany	8%	9%
France	5%	4%
Netherlands	10%	NA
Italy	4%	4%
Spain	6%	10%
Bosnia and Herzegovina	24%	26%
Poland	8%	NA

Table 9. Interest rate on microcredits granted to personal or business purpose in some European countries (Bending, Unterberg, and Sarpong, 2014). Own work

As we see, the country of the table which is striking the most is Bosnia and Herzegovina because it is a country with very high interest rates, more than double of the interests of the other countries analyzed. The microcredits interest is around 25%, a very high figure compared to other countries. Unlike Bosnia, Italy is the country under less interest rate 4%, in both microcredits for business purposes as for personal purposes.

4.3. MICROCREDITS IN SPAIN

Microcredit arrived in Spain in the nineties thanks to various initiatives by NGOs, social organizations and associations with the support of the Public Administration and savings banks. The precursor bodies were Caixa Catalunya with the "Un Sol M6n" Foundation and CajaGranada with the "CajaGranada" Foundation. In addition to these savings, the others began to also create their microfinance products (Torre, 2012).

The first modern program of microcredit in Spain was created by Caixa Catalunya and "Un Sol M6n" Foundation in 2001. Since then, other Spanish savings banks decided to follow suit and also began to grant microcredits (Lacalle and Rico, 2012).



4.3.1. MICROCREDITS PROGRAMS

In Spain, there are two big and differentiated groups of microcredits. On the one hand, the lines that are partially financed by projects related to Public Administration programs. Financial institutions and savings banks join with Public Administration and the various organizations. The main projects have been the Microcredit Program for Women Entrepreneurs and Business Women by the Instituto de la Mujer (Institute for Women), the Microcredit Program for Youth from INJUVE and ICO Microcredit Line. On the other hand, there are the lines that are financed with its own resources, which are programs created by banks and savings from their own resources. Below, it is the outline of operation of these projects.

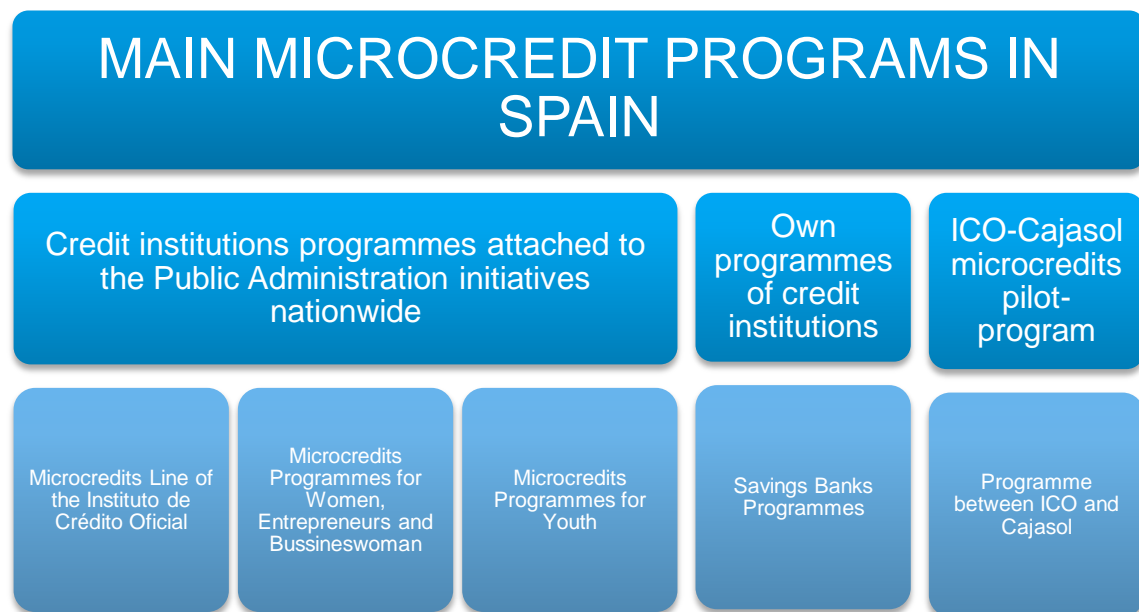


Figure 7. Main microcredit programs in Spain (Lacalle and Rico, 2012). Own work

For all microcredit programs functioned correctly Social Microcredit Support Organisations (ESAM) were created. They are public and private institutions that fight for the rights of the most vulnerable groups promoting self-employment. Perform the function of link between the institutions offering microcredit and microentrepreneurs (Lacalle and Rico, 2012).

For microcredit, microenterprise first presented to a social microcredit support entities for information and then it's already ESAM responsible for determining who are the



recipients of aid and direct the request to the bank or box savings. The credit institution makes a feasibility analysis and depending on the result obtained formalized or not the contract microcredit. The contract is signed only between microentrepreneurs and credit institution. Then in the graph shows more visually whole process.

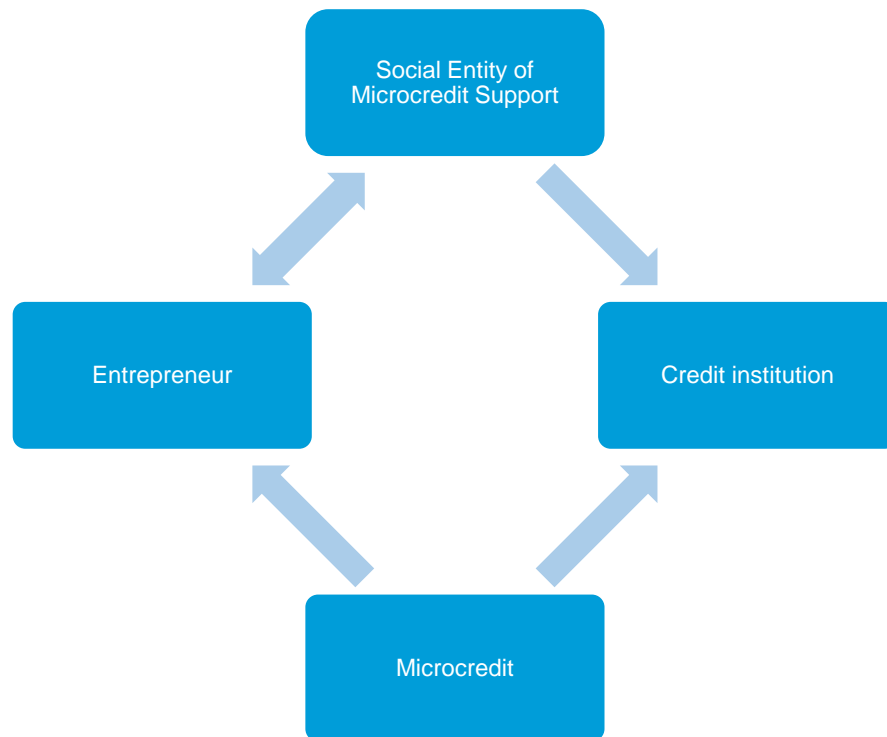


Figure 8. Microcredit granting process (Rico, et. al., 2005)

4.3.2. CHARACTERISTICS MICROCREDITS IN SPAIN

The main features of microcredits in Spain according to Rico, Lacalle-Calderón, Marqués and Durán are:



MICROCREDITS CHARACTERISTICS IN SPAIN	
Average credit	From 8.000 to 25.000 Euros
Shortage period	Between 0 and 6 months
Reimbursement terms	From 3 to 5 years
Current interest rate	Between 4% and 6%
Guarantees	With no guarantees
Commissions	In the majority of cases, without commissions.
General characteristic	Individual loans that are granted for the implementation of small or micro enterprises that generate self-employment and employment.
Main requirements of the target public	<ul style="list-style-type: none"> - Being part of disadvantaged social groups and with special difficulties in employability. - Not having Access to the formal financial system due to lack of collaterals or guarantees. - Having an entrepreneurial spirit and having a viable business initiative.

Figure 9. Microcredits characteristics in Spain (Rico, et al., 2005). Own work

4.3.3. EVOLUTION

By making reference to the grant of microcredits in Spain, according to CECA, Rico, Jayo and Lacalle, from 2001 to 2009, savings banks granted 21,077 microcredits in Spain and an amount of 213.1 million Euros and the ICO line granted 1,072 microcredits and an amount of 20.3 million Euros. Then, in the following table, it can be seen in a disaggregated way the evolution of microcredits in Spain from 2001 to 2009:



MICROCREDITS GRANT IN SPAIN						
Years	Value in Millions of Euros			Number of operations		
	Savings Banks	ICO Line	Total	Savings Banks	ICO Line	Total
2001	1,1	0	1,1	4.106	0	5.178
	2,6	0	2,6		0	
2003	2,3	15,1	17,4		1.072	
	20,5	4,7	25,2			
2005	19,5	0,5	20	1.319	0	1.319
	13,7	0	13,7			
2007	38,1	0	38,1	3.348	0	3.348
	68,7	0	68,7	7.132	0	7.132
2009	46,6	0	46,6	5.172	0	5.172
TOTAL	213,1	20,3	233,4	21.077	1.072	22.149

Table 10. Microcredits grant in Spain from 2001 to 2009 (Jayo, Rico and Lacalle, 2009). Own work

As we see, from 2001 to 2009, a total of 22,149 microcredits and an amount of 233.4 million Euros were granted in Spain. These figures show the great growth of microfinance in our country. In the following chart, we can better appreciate the evolution of the granting of microcredits in Spain:



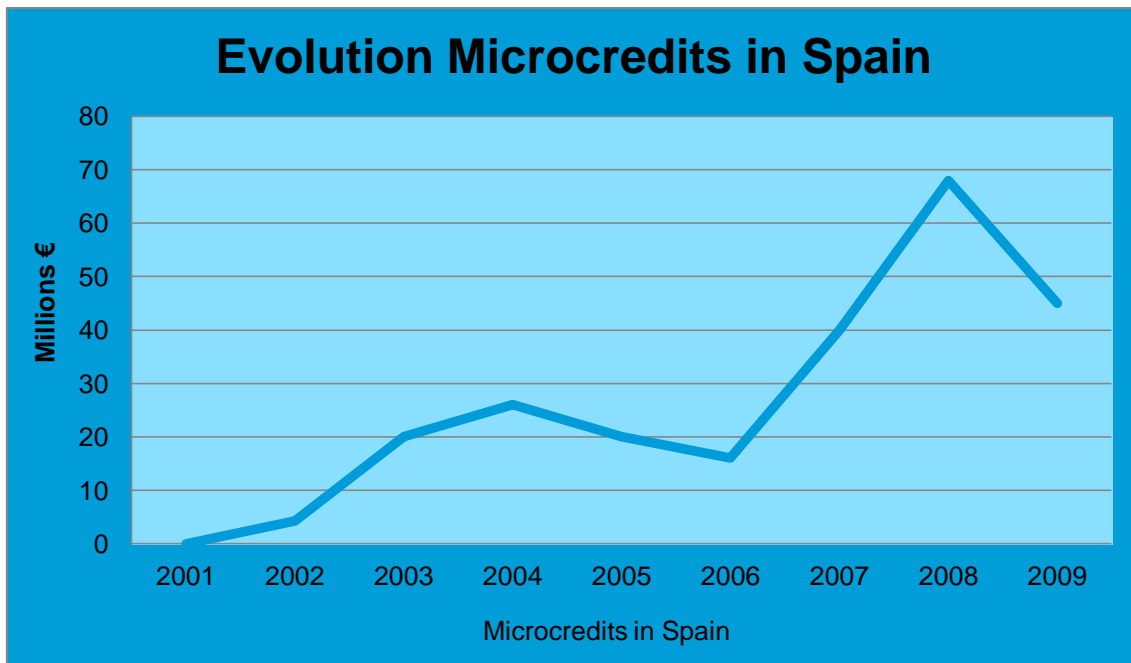


Figure 10. Evolution microcredits in Spain (Lacalle and Rico, 2012)

As seen in the chart above, the grant of microcredits in Spain was significantly increasing since its inception in 2001 to the slowdown occurred in 2008 and 2009, after the outbreak of the world economic crisis. From 2001 to 2008, the growth rate of microcredits reached the 136.67%. The savings banks that granted more microcredits during that period were Obra Social La Caixa, FUSM of Caixa Catalunya, Fundación BBK Solidaria, Inmaculada savings bank, Obra Social La Caixa Galicia, Fundación CajaGranada para el Desarrollo Solidario and Cajasol.

But from the end of 2008 on, of the nearly 20 microcredits projects that were then, only a few financial institutions granted microcredits in Spain in 2010. This is mainly due to the uncertainty around the Spanish financial sector including microfinance sector caused by the global financial crisis. The lack of liquidity caused a strong reduction in credit across the financial sector and also the bursting of the housing bubble triggered a severe financial depression in Spain. All these events severely eroded the savings banks and the Spanish government ordered restructure the entire financial sector by promoting mergers and closing savings banks (Lacalle and Rico, 2012).

As of today, early 2015, according to the Bank of Spain, there are only three savings banks that are Caja de Ahorros y M.P. de las Baleares, Caja de ahorros y M.P. de Ontinyent and Caixa de Ahorros de Pollesa (Bank of Spain, 2015).



Since the end of 2010, innovative initiatives are being driven by financial institutions, public authorities, universities, foundations and the Entidades Sociales de Apoyo al Microcrédito (ESAM) in order to combat the global economic crisis. But only MicroBank as social bank La Caixa and some ESAM remain (Lacalle and Rico, 2012).

4.4. MICROBANK CASE

MicroBank is the social bank of La Caixa that, over time, has become the first bank dedicated specifically to microfinance in Spain and the only specialized in microcredit (Cordobés, Iglesias and Sanz, 2010).

Besides being currently the only company specializing in microcredits in Spain, it aspires to be the model of social banking reference at European level (MicroBank, 2010).

4.4.1. ORIGIN

MicroBank or Banco Social "La Caixa" was created in 2007 to channel the microcredit activities that had been carried out since 2002 through the Obra Social "La Caixa" for the purpose of enhancing the activity of microcredit under some new management parameters (MicroBank, 2010).

Therefore, MicroBank is created with the aim of creating a financial portfolio of quality that is accessible to customers' sector with difficulties of accessing the traditional financial system, providing value in social terms and work sustainably to ensure continuity of the project (Cordobés, Iglesias and Sanz, 2010).

The access to MicroBank microcredits is equal to all segments of the population whose financial needs are not adequately covered by the traditional financial system. This is fundamental for economic development, job creation, welfare of families and generally the improvement of social cohesion (Cordobés, Iglesias and Sanz, 2010).

In the current global economic crisis, the financial support for entrepreneurs is vital to boosting employment and economic recovery. In this economic context, microcredit is essential because of its ability when creating jobs, as demonstrated in previous years.



Already in 2000, the European Union called microcredit as a tool for social cohesion and economic dynamism (Cordobés and Iglesias, 2012 and 2013).

Thanks to its progression, MicroBank is placed in 2013 as a model of social banking leader in microfinance in Spain and a great leader in Europe. After six years of solid experience, MicroBank aims to continue growing and investing in this model of banking committed to ethical values and sustainable social and environmental development (Cordobés and Iglesias, 2012 and 2013).

4.4.2. STRUCTURE

MicroBank is governed, administered and represented by the Board of Directors and CaixaBank as sole shareholder. They share strategic decisions and perform exhaustive monitoring controlling patrimonial and financial developments of MicroBank while of the results and the risks inherent in the operation (MicroBank, 2013).

MicroBank is backed by the main European institutions engaged in microfinance and entrepreneurship. MicroBank, through a network of over 6,300 offices and with the collaboration of 504 organizations, promotes self-employment and facilitates access to financing to segments of the population that are in a situation of financial exclusion or risk of suffering (MicroBank, 2013).

Now, in the following chart, we can see the current composition of MicroBank and the different levels that exist in it:



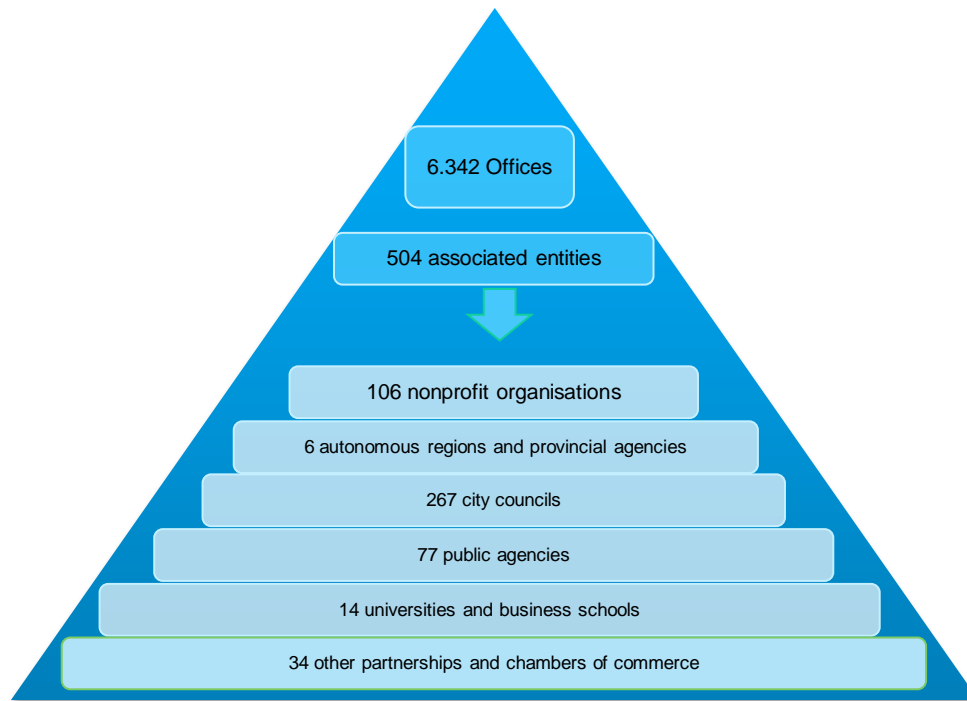


Figure 11. MicroBank's organisation (Microbank, 2013). Own work

4.4.3. METHODOLOGY

The portfolio of financial products and services that MicroBank offers is dedicated to entrepreneurs, freelancers, small businesses and families. Currently, its products portfolio consists of (Cordobés and Iglesias, 2013):

- Microcredits for microenterprises or entrepreneurs:
 - o Financial microcredit: aimed at microenterprises and freelancers who want to start, expand or consolidate their businesses. It is required to submit a business plan in order to analyze the feasibility of the project that is wanted to be financed. The maximum amount of microcredit is 25,000€, no collateral is needed and the maximum loan repayment period is 5 years with an optional absence of six months. This type of microcredit can be ordered by microenterprises with fewer than 10 employees with a turnover of less than 1 million of Euros and freelancers who have incomes below 60,000€.
 - o Social microcredit: aimed at entrepreneurs who have difficulties accessing traditional financial system and also receive counselling from

one of the associates of MicroBank. You also need to submit a business plan to verify the feasibility of the project. The maximum amount of microcredit is 25,000€, no collateral is needed and the maximum loan repayment period is 5 years with an optional absence of six months.

In February 2014, MicroBank signed a collaboration agreement with the General Directorate for Equal Opportunities and Women's Institute, worth 10 million Euros in microloans to finance business projects of women (Ministry of Health, Social Services and Equality; 2014).

- MicroBank Business / EIB Line: aimed at financing projects promoted by young entrepreneurs. With funding from the European Investment Bank (EIB). Like other types of microcredit it is also necessary to present a business plan to study its feasibility. The maximum amount of microcredit is 25,000€, no collateral is needed and the maximum repayment period is between 2 and 5 years, with an optional absence of six months.

MicroBank makes agreements with various national universities with the aim of working for the student to bet on undertaking and see that he or she has aids in his/her career path that let him/her to go out into the working world. MicroBank fully trust in universities and says it wants to work with them because they think that is the core of the future of our society.

Of all the agreements signed with various universities, I would emphasize that MicroBank signed with the Jaume I University (UJI) in 2010. MicroBank signed a collaboration agreement with the UJI up to one million Euros in microloans to finance professional initiatives from the university environment and promote the creation and consolidation of employment (University Jaume I, 2010).

- Personal and family Microcredit: directed to finance projects linked to the personal and family development and needs from specific situations. This loan can be ordered by people with less than 18,000€ annual incomes. Among the most frequent destinations, it includes the costs associated with health, education, housing, transportation, disability or family reunification. The



maximum amount is 25,000€, they are granted without collateral and maximum repayment period is 6 years with an optional period of absence of 12 months.

- Ecomicrocredits:
 - Business ecomicrocredit: aimed at microenterprises and freelancers who want to invest in environmentally sustainable sectors such as renewable energy, agriculture, organic food, eco-tourism, etc. The maximum amount is 25,000€ with repayment terms of up to five years.
 - Personal ecomicrocredit: aimed at those who wish to acquire sustainable products such as ecological cars, solar systems, wastewater treatment, etc. The maximum amount is 25,000€ with repayment terms of up to six years.

4.4.4. EVOLUTION

Since its creation in 2007, MicroBank has not stopped growing. The following graphic shows the growth since 2008 until 2013.

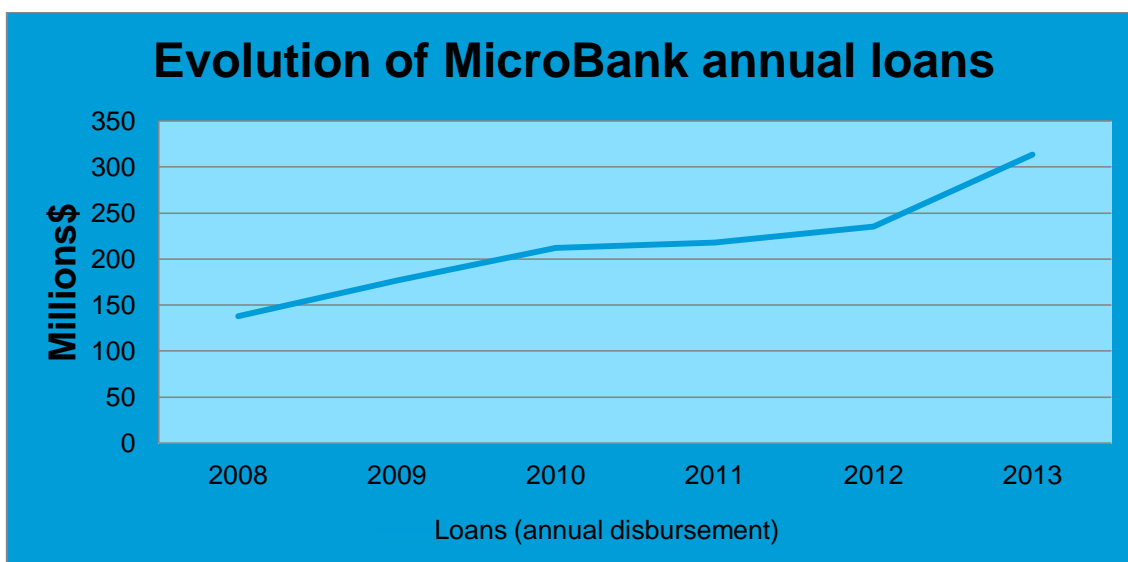


Figure 12. Evolution of MicroBank annual loans (MicroBank, 2013).

As we see, the development of the grant of MicroBank microcredits has grown considerably since 2008 until 2013, reaching nearly triple in value. In 2008, MicroBank granted 138.1 million Euros in microcredits; in 2013, the value increased reaching 313.2 million Euros. In just six years it has come to accumulate 1,293 million Euros.



These figures show the great progression of the social bank of "La Caixa" so it is expected that in subsequent years the figure continues to increase and consolidate the entity as a microcredits reference in Europe.

4.4.5. MICROBANK ANNUAL STUDIES

MicroBank conducts annual studies that analyze the profile of the microentrepreneur, the characteristics of the businesses that ask for microcredits and the impact they have had in them. Now, we are going to compare each of these sections by analysing the results of the years 2011, 2012 and 2013 to see the evolution of each of the points (Cordobés and Iglesias, 2011, 2012 and 2013).

4.4.5.1. MICROENTREPRENEUR PROFILE

In this section, we note some determining factors when fixing the profile of the small microentrepreneur receiving microcredit variables.

GENDER:

	2011	2012	2013
Female	33,2%	47%	46%
Male	66,8%	53%	54%

Table 11. Variable of gender in MicroBank microcredits (Cordobés and Iglesias, 2011, 2012 and 2013). Own work

As seen in the table, in 2011 there was a noticeable difference in gender since much of microcredits were intended to males; but already in years 2012 and 2013, this difference decreased and, although women were still below men, the difference was small. Therefore, microcredits are currently granted in an almost similar way to men and women.



AGE:

	2011	2012	2013
Under 35 years old	36%	40%	28%
Between 35 and 50 years old	31%	33%	47%
More than 50 years old	33%	27%	25%

Table 12. Variable of age in MicroBank microcredits (Cordobés and Iglesias, 2011, 2012 and 2013). Own work

We can clearly see in the table how the percentage of loans disbursed to young people under 35 has dropped considerably in 2013. Conversely, the percentage of microcredits of people between 35 and 50 years has increased in 2013 up to 14% more than the previous year.

MARITAL STATUS:

	2011	2012	2013
Single	31%	30%	29%
Married	58%	56%	59%
Divorced	10%	12%	11%
Widowed	1%	2%	1%

Table 13. Variable of marital status in MicroBank microcredits (Cordobés and Iglesias, 2011, 2012 and 2013). Own work

In terms of marital status, we see that the percentages are almost equal in the three years analyzed. We see that married perceive around 57%, singles perceive only 30%, divorced 11% and the widowed 1%; therefore, the majority of microentrepreneur people are married.



LEVEL OF EDUCATION:

	2011	2012	2013
No education	3%	2%	2%
Primary education	35%	30%	24%
Secondary education	34%	43%	46%
Higher education	28%	25%	28%

Table 14. Variable of education in MicroBank microcredits (Cordobés and Iglesias, 2011, 2012 and 2013). Own work

In the table above, we see how in just two years there is an 11% less of people with primary school level and a 12% more of those with high school level. Therefore, we see how the crisis has induced people with high levels of education to self-employment and entrepreneurship training.

MICROENTREPRENEURS ORIGIN

	2011	2012	2013
Spain	81%	77%	81%
Rest Europe	5%	5%	4%
Latin America	12%	15%	12%
Africa	2%	2%	2%
Asia	0%	1%	1%

Table 15. Variable of origin in MicroBank microcredits (Cordobés and Iglesias, 2011, 2012 and 2013). Own work



LEGAL FORM OF BUSINESS CREATED WITH MICROCREDIT

	2011	2012	2013
Self-employed	82%	79%	80%
Public Limited Company	1%	1%	1%
Limited Liability Company	9%	13%	9%
Cooperative business	1%	3%	2%
Others	7%	4%	8%

Table 17. Variable of legal form of business created with MicroBank microcredits (Cordobés and Iglesias, 2011, 2012 and 2013). Own work

As we appreciate, the vast majority of businesses created thanks to microcredit have the legal form of self-employed, around 80% of businesses. 9% are businesses with legal form of Limited Liability, 2% Cooperative businesses, 1% Public Limited Companies and the remaining 8% are other legal forms than the above.

ACTIVITY SECTOR

44% of businesses created with microcredit belong to the professional services sector, 31% to the retail sector, 17% to businesses related to hotels and restaurants, 5% to the primary sector and the remaining 3% to businesses related to new technologies.



FIELD OF ACTION OF THE CREATED BUSINESSES

	2011	2012	2013
International	12%	9%	8%
National	27%	24%	22%
City	37%	42%	43%
District	24%	25%	27%

Table 18. Variable of field of action of the created businesses in MicroBank microcredits (Cordobés and Iglesias, 2011, 2012 and 2013). Own work

As noted in the table, most of the businesses created with microcredits are local, of city or of neighbourhood. We also see how international businesses have decreased a 4% from 2011.

SITUATION OF BUSINESSES THAT HAVE RECEIVED A MICROCREDIT

	2011	2012	2013
Open	77%	73%	73%
For Sale	1%	3%	3%
Closed	22%	24%	24%

Table 19. Situation of businesses that have received a MicroBank microcredit (Cordobés and Iglesias, 2011, 2012 and 2013). Own work

As shown in the table, in 2012 there was a 2% increase in business transfer situation and 2% of businesses closed. This can be explained by the aggravation of existing global economic crisis.



ABILITY TO RETURN THE MICROCREDIT

	2011	2012	2013
Yes, from the beginning	52%	61%	63%
Yes, after a period of 1 year	7%	5%	4%
Yes, but with many difficulties	10%	7%	10%
Depending on months	6%	4%	6%
No	25%	23%	17%

Table 20. Variable of ability to return the MicroBank microcredits (Cordobés and Iglesias, 2011, 2012 and 2013). Own work

As shown in the table, the ability of companies to repay the microcredit has increased an 11% from 2011 to 2013. The percentage of businesses that did not generate sufficient income to repay the credit decreases reaching 17%.

In businesses of new creation, the percentage of companies that generate sufficient income to repay the microcredit stands at 69%, but in businesses to business expansion stands at 85%.

4.4.5.3. MICROCREDITS IMPACT

In this section, the main objective is to understand the socio-economic impact that microcredits have had from 2011 to 2013 and verify that microcredit is a key tool for businesses creation.

IMPACT IN BUSINESSES CREATION

To the question: “Could you have created your business without the help of the microcredit?” asked by the analysts of MicroBank to their clients, the results obtained were as follows:



As seen in the table, the number of entrepreneurs who have closed their businesses and have worsened their quality of life has declined substantially in 2013, falling by 13% over the previous year. In fact, despite closing their businesses, 24% of entrepreneurs have improved their quality of life and 36% has remained unchanged following the granting of microcredit.

IMPACT ON THE ABILITY OF EMPLOYERS

The Report of Microcredit of MicroBank in 2013, over 70% of entrepreneurs surveyed said they were more confident in their abilities as entrepreneurs as a result of having applied for microcredit.



5. CONCLUSIONS

After analyzing firstly microcredits in developing countries, and in more detail the case of the Grameen Bank, and secondly microcredits in developed countries, in Europe and in Spain and more precisely the case of MicroBank, I have come to the following conclusions.

In developed countries, microcredits are intended in trying to solve problems of financial exclusion and encouraging microenterprises. However, in developing countries, they try to solve problems of exclusion to the poorest of the poor population.

Microcredits in Europe, since arriving, have experienced a significant increase coming to grant in 2013 387,812 microcredits worth 1,528 million Euros. This progressive increase makes us to think that in the coming years will remain so and that microcredits will increasingly take centre stage in Europe.

The European country that grants a greater number of microcredits and a higher overall value is Spain, despite that, with the outbreak of the current economic crisis, most savings banks closed and only MicroBank maintained, the only specialized bank in microcredits in Spain at present.

We have seen how in 2014 the number of microcredits borrowers in the developed world increases to 5,570,739; while in the developing world does it to 197,938,568. This figure is really striking and shows us the power of microcredits in developing countries.

Comparing the two cases discussed above in greater depth, the Grameen Bank and MicroBank, I have seen the following differences:

- 90% of the shares of Grameen Bank are allocated among its borrowers while MicroBank is the sole shareholder of the bank "La Caixa".
- The borrowers of MicroBank microcredits access individually while Grameen Bank do it as a group. So the operation and methodology are quite different.
- The repayment terms of microcredits in Grameen Bank are weekly or biweekly, while MicroBank are monthly.
- The average amount of MicroBank microcredits is around 25,000€ while the Grameen Bank stood at \$60.



- 82.3% of borrowers of Grameen Bank are women while MicroBank is not focused on a particular gender. Women now represent the 46% of MicroBank microcredits.
- While 46% of borrowers of MicroBank have a level of secondary education and 28% of higher education, the vast majority of borrowers of Grameen Bank have no education.
- The vast majority of beneficiaries of the Grameen Bank create businesses whose scope is in neighbourhoods or villages, while 43% of borrowers of MicroBank have a scope at the city level, 22% at national level and 8% internationally.
- While only around 2% of borrowers do not return the Grameen Bank microcredit, that figure rises to 17% in MicroBank.

Finally, after making all the work I would like to compare my final purpose with the result.

I initially opted for this subject because microcredits are totally different from the traditional financial tool that helps and gives opportunities to the poorest people and therefore I wanted to know more about microcredits.

I found a lot of public information about microfinance in both developing and developed countries and analyzed the specific cases of Grameen Bank and MicroBank. Although I had difficulties to find updated information on the characteristics and impacts of microcredits in general, with my resources and public information available to date I have found little updated information. It is an aspect that I would like to further discuss in the future when I have more resources and access.

Finally, after all the work, I have learned a lot about microcredit, I have seen it as an instrument that adds a lot to the society; its impact is very positive both economically and personally. Thanks to microcredit, every day many social and financially excluded people have a chance to get ahead, out of poverty and get a new future for themselves and their families with new skills and new opportunities.

Personally, after this work I have seen finance from another point of view, from a more human perspective. I hope that over time the microcredit reaches more and more households, to change the current conventional systems and that society is more aware to end this way with poverty and social and financial exclusion in the world.



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