



Scottish Institute for Research in Economics

Micro-credit Symposium

January 24, 2013

Senate Room (CL205)

Collins Building
22 Richmond Street
University of Strathclyde
Glasgow G1 1XQ

Organiser: Professor Robert E. Wright
Department of Economics
University of Strathclyde

REPORT

About sixty participants from a range of academic and civil society bodies came together on 24th January to discuss the main features of micro-credit programmes and their application to the Scottish economy and society. Shafique Choudhury and Praful Patel (for bio-data details see below) were scheduled to take part in a meeting in London just before 24th January, and Robert Wright managed to secure their agreement to make two presentations in Glasgow and to participate in the remainder of the symposium. The complete list of participants may be found at the end of this report, and the final programme for the day has also been included.

The event was co-organised by the Department of Economics, University of Strathclyde together with the Yunus Centre for Social Business and Health in Glasgow Caledonian University and was co-funded by the two university departments, by the Development Studies Association (DSA Scotland) and the Scottish Institute for Research in Economics (SIRE). The organisers are grateful for the funding support which was provided.

In the opening address Shafique Choudhury outlined the main features of the ASA micro-credit system, emphasising the significance of simplicity and manageability which ensure low operating costs. He distinguished between 'micro-credit' (small loans) and 'micro-finance' (which includes savings, insurance and the handling of remittances). A special manual has been prepared explaining the ASA system for those involved in the everyday running of the operations. Staff training is important but is undertaken on the basis of 'each one trains one' so that skills and experience gained by existing workers are passed on systematically. The ASA interest rate is 13½% with a loan recovery rate of 98%. There are no government subsidies of any sort and any supplementary financing needs are covered by borrowing from the banking system. In Bangladesh the ASA is regulated by government.

Praful Patel opened by pointing out that globally 2.5 billion people do not have access to 'normal' banking facilities, and that even in the United States about 10% of the population is 'unbanked'. There is a major difference between the size of 'micro-credit' loans in developing countries and in more developed, higher income countries. The average US microfinance loan is around \$9,000, while in developing countries the average is more likely to be around \$200 to \$900. There are issues and problems associated with micro-credit: for example transactions costs per \$ or £ borrowed tend to be 'high' for small loans; poorer borrowers may repay loans but middle-class borrowers may not. There are risks associated with non-repayment of loans due to ill-health or bad weather. There are identifiable lessons: visionary leadership is needed; an enabling environment helps a lot; success is more likely if there are complementary activities such as education, health and conditional cash transfers; there is a role for foreign aid donors; and the Bangladesh rules and regulations can be replicated.

FINAL PROGRAMME

- 12:00-12:45: Sandwich Lunch
- 12:45-1:00: *"Welcome and Introduction"*, Robert Wright
- 1:00-1:45: *"Managing Microfinance in an Innovative Way"*, Shafique Choudhury
- 1:45-2:30: *"Poverty Alleviation and Microfinance: A Perspective from the World Bank"*, Praful Patel
- 2:30-3:00: Coffee break
- 3:00-3:30: *"Micro-credit in Scotland"*, Cam Donaldson
- 3:30-4:30: Panel Discussion: *"Will Micro-credit Work in Rich Countries?"*
Chaired by Robert Wright
Members: Shafique Choudhury, Neil McHugh, Eunice Lancaster and Praful Patel
- 4:30-5:30: Tea
- 5:30: Close



Photograph: Thanks to Twyeafur Rahman

Left to right: Front – John Struthers, Mozammel Huq, Shafique Choudhury, and Rabiul Islam
– Rear – Robert Wright, Mahmuda Islam and Nazrul Islam

SPEAKERS

Shafique Choudhury is Founder and President of ASA (Association for Social Advancement) and ASA International. ASA is a global micro-finance institution with facilities in such countries as Bangladesh, Philippines, Nigeria, Indonesia, India, Pakistan, Tajikistan, Afghanistan, Yemen, Jordan, Ethiopia, Myanmar and Peru

Praful Patel is a Development Consultant and Advisory Board Member at the African Center for Economic Transformation, Washington DC. He is a former Regional Vice President, World Bank, with responsibility for all operations in this region

Cam Donaldson is Yunus Professor of Social Business and Health and Director of the Yunus Centre for Social Business and Health at Glasgow Caledonian University

Neil McHugh is a PhD student in the Yunus Centre for Social Business and Health at Glasgow Caledonian University. His research focuses on the South to North transfer of microcredit for enterprise and the associated challenges of implementation in the UK

Eunice Lancaster is General Manager of DSL Business Finance. DSL is a not-for-profit company that provides business guidance and loans to start-up and growth companies

Robert Wright is Professor of Economics at the University of Strathclyde

PARTICIPANTS

Presenters and Panelists

Shafique Choudhury	ASA Bangladesh and ASA International
Cam Donaldson	Glasgow Caledonian University
Eunice Lancaster	DSL Business Finance
Neil McHugh	Glasgow Caledonian University
Praful Patel	The World Bank / African Center for Economic Transformation
Robert Wright	University of Strathclyde

Participants

Ana Fernandez Alvarez	Robert Gordon University
Janey Andrews	University of Strathclyde
Linda Arthur	STGA Blue BadgeTourist
Marzieh Assadi	University of Glasgow
Rachel Baker	Glasgow Caledonian University
Olga Biosca	University of the West of Scotland
Nasira Rauf Bradley	University of Glasgow
Emanuele Costa	University of Edinburgh
Beatrice Isah Dara	University of the West of Scotland
Loe Franssen	University of Strathclyde
Tobias Franz	University of Glasgow
Andreeva Galina	University of Edinburgh
Simon Gao	Edinburgh Napier University
Morag Gillespie	Glasgow Caledonian University
Rosemary Harley	University of Strathclyde
Obo Etim Henshaw	University of Glasgow
Mozammel Huq	University of Strathclyde
Dr Mahmuda Islam	University of Strathclyde
Dr Nazrul Islam	University of Strathclyde
Qamarullah Islam	University of Glasgow

Rabiul Islam	University of Strathclyde
Piotr M Jaworski	Edinburgh Napier University
Preety Karal	Edinburgh Napier University
Hafiz Khan	Middlesex University
Shiho Kuwana	University of Glasgow
Ricky Singh Landa	Heriot Watt University
Murdo Macdonald	Church of Scotland
Stuart McIntyre	University of Strathclyde
Azra Meadows	University of Glasgow
Peter Meadows	University of Glasgow
Kirstin Mitchell	University of Glasgow
Sushil Mohan	University of Dundee
Struan Noble	University of Strathclyde
Clementine Hill O'Connor	Glasgow Caledonian University
Konstantin Pagonas	University of Glasgow
Georgios Panos	University of Stirling
Percy Patrick	Scottish Catholic International Aid Fund
Pannaga Narayana Prasad	University of Glasgow
Scott Preston	University of Glasgow
Ashiqur Rahman	University of Strathclyde
Twyeafur Rahman	University of Strathclyde
Diane Risbey	Community InfoSource CIC
Janet Roberts	Glasgow Caledonian University
Michael Roy	Glasgow Caledonian University
Katsunori Sato	Tohoku University (Visiting Glasgow Caledonian University)
John Struthers	University of the West of Scotland
Anqi Sun	University of Glasgow
Graham Thompson	The Blackford Trust
Helen Cargill Thompson	University of Strathclyde
Michael Tribe	University of Strathclyde
Sylvie Vigneux	Glasgow Caledonian University
Lina Nabwire Wanaga	University of Glasgow
Yang Wang	Edinburgh Napier University
Saizi Xiao	University of Glasgow
Ye Yue	University of Glasgow