



## Orientation to Microfinance: MFI 101

This *Orientation to Microfinance* is a reference sheet for easy access to learn more about this fascinating area. Industry terminology and concepts are subtle, and international development is complex, so introductory learning can be challenging. Don't be put off by jargon or seeming contradictions.

If you are working with others and new to microfinance, we recommend each person chose two websites to study. If this information is new to you, you might consider additional background in topics including international development, poverty, banking systems, and alternative financing..

Microfinance can generally be defined as providing financial services to the 'unbanked', particularly poor people working in the 'informal economy' doing work often invisible to national statistics. It is also referred to as micro-credit and mentioned as a service for micro-enterprise. It is a myth that microfinance only provides loans for people to start businesses. Product development has advanced to include savings, housing loans, credit cards, and even insurance. Typical forms are individual loans, group lending, and village banking.

### **Resources:**

- World Bank - CGAP Microfinance Gateway – [www.microfinancegateway.org](http://www.microfinancegateway.org). Deep site, lots of information. CGAP is the microfinance arm of the World Bank
- Microcredit Summit – [www.microcreditsummit.org](http://www.microcreditsummit.org). Promotional organization emphasizing microfinance for the poorest of the poor.
- Microfinance Network – [www.bellanet.org/partners/mfn](http://www.bellanet.org/partners/mfn). Site provides introduction to microfinance, the largest networks, and some industry issues.
- Mix Market – [www.mixmarket.org](http://www.mixmarket.org) World Bank funded effort to match MFIs and funders. Information on numerous sources.
- Journal of Microfinance – [www.microjournal.org](http://www.microjournal.org) Industry trade publication with all back issues available for free download.
- Planet Finance – [www.planetfinance.org](http://www.planetfinance.org) European effort, with information about rating MFIs & smaller institutions.

### **Leading Microfinance Institutions (MFIs) & Networks:**

- Grameen Bank (Grameen Foundation in the US) – [www.grameen.com](http://www.grameen.com). The biggest MFI in the world, out of Bangladesh, uses peer-lending model.
- ACCION Network – [www.accion.org](http://www.accion.org). Mostly Latin American network.
- FINCA International – [www.villagebanking.org](http://www.villagebanking.org). Network using Village Banking
- Freedom From Hunger – [www.freefromhunger.org](http://www.freefromhunger.org). Network offering Credit Plus products. Also has a research arm with additional information.
- Banco Sol – [www.bancosol.com.bo](http://www.bancosol.com.bo). Largest Latin American MFI, now a commercial bank, with \$100 m in assets in Bolivia.
- SKS – [www.sksfoundation.org](http://www.sksfoundation.org). South Asian MFI, adopting technology (ie. Cards).
- IMI – [www.imi-ag.com](http://www.imi-ag.com). German company running many MFI banks, particularly in E. Europe.

Additional information, articles & attachments can be found on the Social Enterprise Associates website on the resources page – [www.socialenterprise.NET](http://www.socialenterprise.NET).