Microfinance – a positive or a negative impact on the women in the rural Bangladesh?

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Abstract
Title: Microfinance – A positive or a negative impact on the women in the rural Bangladesh?

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Purpose: The purpose of this study is to analyze if the Grameen Banks Microfinance program has a positive or negative impact of the women in the rural Bangladesh. With our field study we want to get our own insight into the how Grameen Banks organization works. Furthermore we want to meet and see with our own eyes a number of borrowers to hear their version of about Microfinance and its impact on their lives. Main research question is: Does Microfinance have a positive or negative impact of the women in rural Bangladesh? Our sub questions are: How does microcredit work in the practice? How does the Grameen Bank finance the Microfinance system? And how can the borrowers repay the loans without falling into a vicious spiral where the economic situation deteriorates? Is Microfinance a way of developing the society in a long term way? Is Microfinance a community development solution for the reduction of society's poverty that generates the development of welfare?

Method: We have chosen to use the qualitative method when we collected data. The collection have taken place mainly through personal interviews and general group interviews, but also through own observations.

Result & Conclusions: From our research we have seen that the MF impact on the women is more positive than negative. This study shows that Grameen Bank MF program gives poor women in rural Bangladesh opportunities that they don’t otherwise have. GB MF program gives women chance to gain a more secure life, a social network, a change in life, with hope for a better life.

Suggestions for future research: To investigate on one part of Microfinance. For example the interest rate and how that affects the women or impact on women’s empowerment with help of MF, or struggling members and how they benefit from MF programs.
**Contribution of the thesis:** We did a practical study too see and get our own experience of Microfinance in real life. Contributions from our study are that the society in Sweden can be enlightened and educated that Microfinance can be a critical element of an effective poverty reduction strategy especially for developing countries. The services provided by Microfinance institutions can enable the poor to build their assets gradually, develop their microenterprises, enhance their income earning capacity, and enjoy an improved quality of life. To inform society in Sweden that Microfinance contributes to poverty reduction in Bangladesh, we hope that society wants to learn even more and have active discussion regarding Microfinance institutions. Following information collected from our study has revealed that Microfinance have changed the life of poor people in a positive way.

**Key words:** Grameen Bank, microfinance, impact, rural women in Bangladesh.
# Table of Contents

Abstract ................................................................................................................................. 2

Table of Contents .................................................................................................................. 4

List of Figures and Tables .................................................................................................... 6

List of Photos ......................................................................................................................... 6

Acknowledgments .................................................................................................................. 7

Chapter 1. Introduction ......................................................................................................... 8

1.1 Why Grameen Bank and Bangladesh? ........................................................................ 9

1.2 Purpose .......................................................................................................................... 10

1.3 Problem ......................................................................................................................... 11

1.4 Demarcation ................................................................................................................. 11

1.5 Outline of the study ...................................................................................................... 12

Chapter 2. Method .................................................................................................................. 13

2.1 Research approach ....................................................................................................... 13

2.2 Interview questions ..................................................................................................... 13

2.3 The process of data collection ..................................................................................... 14

2.5 Conduction of our Field Study .................................................................................... 16

2.5.1 Transparency .......................................................................................................... 18

Chapter 3. Different views about Microfinance ................................................................. 20

3.1 Positive side of MF ....................................................................................................... 20

3.2 Negative side of MF ..................................................................................................... 24

Chapter 4. Information and facts about Grameen Bank .................................................... 27

4.1 History about Grameen bank ....................................................................................... 27

4.2 Methodology ................................................................................................................ 28

4.3 Facts ............................................................................................................................. 29

4.4 Types of loans .............................................................................................................. 31

4.4.1 Loans paid off at death ............................................................................................ 32
4.4.2 Loan loss reserve

4.5 Types of savings

4.6 The 16 decisions

Chapter 5: Outcome of our field study

5.1 Own observations

5.2 Minor Field Study

5.2.1 Jobra

5.2.2 Internship at Grameen Bank

5.2.3 Moharajpur

5.2.4 Remaining days at the village Moharajpur

5.2.4 Overview of the women’s responses

5.2.5 Six employees of Grameen Bank

5.2.6 Overall view

Chapter 6. Analysis

6.1 Positive side of Microfinance

6.2 Was there any negative side?

Chapter 7. Conclusions

7.1 Answers to our research questions

7.2 Reflections

7.3 Contribution

7.4 Further research

References

Appendix 1. Questions to Women

Appendix 2. Group Questions to Women

Appendix 3. Questions to Grameen Bank

Appendix 4. Map over Bangladesh

Appendix 5. Information of the interviewed women
Appendix 6. Information of the interviewed employers of Grameen Bank

List of Figures and Tables
Figure 1. Grameen Bank hierarchal structure..........................................................29
Figure 2. The hierarchal structure of a Center group.............................................30
Table 1. Result of the responses from the Center meetings.................................45

List of Photos
Photo 1. Angomana Khatum, Elham Nikkhah and Marlene Ruth.....................40
Photo 2. Center meeting.........................................................................................43
Photo 3. Sanwara sitting at her veranda...............................................................47
Photo 4. Md. Emdadul Haqul, Center manager..................................................54
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Through interviewing the women and hearing their thoughts on Microfinance, we gained a higher and deeper insight of the impact of Microfinance. We would like to thank the participating women for their kindness and openness during the interview sessions.

We deeply want to thank the family we lived with during our time in Bangladesh. They have giving us great support, deeper insight of the culture and a lots of wonderful memories that we never will forget.
Chapter 1. Introduction

“I firmly believe that we can create a poverty-free world if we collectively believe in it. In poverty-free world the only place you would be able to see poverty is in the poverty museums.”

-Muhammad Yunus

Professor Muhammad Yunus the founder of the Grameen Bank started the idea of building a bank for the poor people during his time as the Head of the Rural Economics program at the University of Chittagong. ¹ As he was working he felt that it was extremely hard to teach elegant theories about economics while terrible famine was running outside the classroom as a result of destruction from the war between Bangladesh and Pakistan, combining with floods, droughts and monsoons. Because of this he felt a big meaninglessness and felt that he needed to do something for the people. He decided to visit the village Jobra which is the neighbor village close to his University in Chittagong. He started to learn more about the people who lived in the village Jobra and had a goal to at least help one person per day.

During the time he spent in Jobra he came face to face with the poor people and they struggled to find the tiniest amount of money needed to support their efforts to eke out the living. In particular he was shocked to meet a woman who had borrowed just 5 taka (the equivalent of around 7 cents in U.S dollars) from a moneylender and trader. Professor Yunus got to know that this woman required this small amount of money to buy bamboo that she needed to make stools so she could earn money by selling them. The interest rate on the loan was high, about 10 percent per week. But the worst thing was that the moneylender put her in a vicious circle when he decided the price she should sell her stools for. Since the moneylender decided that she should sell her stools to a lower price she could never earn as much money so that she could repay the loan. No matter how hard she worked, the 5 taka loan transformed her into a virtual slave, in this way she and her family could never escape the grips of poverty.

To understand the situation Muhammad Yunus did an investigation in the village and found out that 42 people had taken loans from the moneylenders, a total of 856 taka (the equivalent

value of around 27 U.S dollars). Muhammad Yunus felt that it was absurd that this small amount of money have created so much misery in the village Jobra. He took matters into his own hands and with his own money he paid back the entire village loans. After repaying the loans that everyone in the village had, he was incredibly touched over the peoples’ joy and appreciation. “If this little action makes so many people so happy, why shouldn’t I do more of this?” And this is how the idea of starting a bank for the poor people in rural Bangladesh was born.

1.1 Why Grameen Bank and Bangladesh?
Grameen Bank (GB) is working with Microfinance (MF) to help poor people with different kinds of microcredit and banking services. In 2006 Professor Muhammad Yunus the founder of GB received the Nobel Prize for peace along with the Bank itself for their effort of alleviating poverty with MF.

MF is a general term to describe financial services to low-income individuals or to those who do not have access to typical banking services. MF is also the idea that low-income individuals are capable of lifting themselves out of poverty if given access to financial services. While studies indicate that MF can play a role in the battle against poverty, it is also recognized that it is not always the appropriate method to alleviate poverty.

We find this topic very interesting in the aspect of combining the knowledge of economics with a strong engagement to build an organization to help a wide population and fight poverty in Bangladesh. We became familiar with MF when we came in contact with Maria Fregidou-Malama professor at the University of Gävle. We had a deep discussion with her about aid-organizations like Sida and UNICEF since we wanted to write our thesis about some of these kinds of organizations. Maria Fregidou-Malama informed us about GB and how they have been an inspiration source all over the world to help poor people through MF. She also inspired us to apply for a Minor Field Study (MFS). For us this was really tempting, to actually go to Bangladesh and be able to with our own eyes see how MF works in practice. We applied for the MFS and got the privilege of being one of those who got approved to do the MFS.

2 Yunus, M. (2010), Building social business, p. viii-ix
5 http://www.kiva.org/about/microfinance (2011-04-12)
After we got the approval of MFS a reportage made by Tom Heinemann from the Norwegian channel NRK, was published in the Swedish TV documentation, Uppdrag Granskning. The reportage was about GB and how MF has become a vicious debt trap for many borrowers in rural Bangladesh. We feel that through this reportage the divided opinions about MF have turned into an even greater worldwide discussion. This created a greater interest to go to Bangladesh and see for ourselves and get our own idea of the MF and what impact it brings for the poor people.

1.2 Purpose

The purpose of our study is to analyze if Grameen Banks Microfinance program has a positive or negative impact of the women in the rural Bangladesh. With our field study we want to get our own insight into the how Grameen Banks (GB) organization works and why this form of Microfinance (MF) is known to be successful. Furthermore we want to meet and see with our own eyes a number of borrowers to hear their version about MF and its impact on their lives. We would like to find out if these loans have helped the borrowers out of the grips of poverty.

We have an objective and a critical view of the GB:s organization to identify the strengths and weaknesses. In this way we believe that we have got a more truthful study that we can learn from and pass on to both the GB, other organizations and people who want to be inspired of our work in Sweden and other countries.

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1.3 Problem

With all divided opinions among different researchers we wanted to gain our own main view with a blank insight on the Grameen Bank and how Microfinance work. For this reason we created questions that will gain an overall view of the system. But our main question is to see with our own eyes and analyze whether Microfinance has a positive or negative impact on the women in rural Bangladesh.

Main research question

- Does Microfinance have a positive or negative impact of the women in rural Bangladesh?

Sub questions

- How does Microfinance work in practice?

- How does the Grameen Bank finance the Microfinance system? And how can the borrowers repay the loans without falling into a vicious spiral where the economic situation deteriorates?

- Is Microfinance a way of developing the women poverty in a long term way? Is Microfinance a community development solution for the reduction of society’s poverty that generates the development of welfare?

1.4 Demarcation

Our field study is geographical conducted in two villages and the capital of Bangladesh; Jobra in the sub district of Chittagong, Moharajpur in the sub district of Jhenidah and the Head office of Grameen Bank in Dhaka. We visited two villages in different parts of Bangladesh to be able to investigate whether there would be any similarities and differences among the respondents’ answers from the different villages. By visiting the Head office we could get a deeper insight in the organization and how they operate and also compare if the employee answers at the Head office would be the same as the other respondents or not.
We have excluded male borrowers thus our main focus is to interview the female members. We have done this exclusion because we feel that the women are the core borrowers that will help the whole community to grow out of poverty. From the employees of Grameen Bank we have chosen to interview employers from different positions to get a deeper substance. In this way we believe that we can see if the culture and what Professor Yunus stands for permeates throughout the Grameen Bank hierarchy structure.

1.5 Outline of the study
From start, we chose to sketch an outline of our work with the understanding that this helps to get an overview of this study’s content. However, there have been detailed changes during the time of work. The study is divided into seven chapters.

Chapter 1 – Introduction aims to give readers a background on why we find this topic interesting, the purpose of our work and also the research questions of this investigation along with the demarcation. The next chapter, Chapter 2 – Method we present the selected research methods that have formed the basis of how we worked with and performed our investigation. Chapter 3 – Different views about Microfinance we underlie the positive and the negative part of Microfinance. Thereafter, Chapter 4 – Information and facts about Grameen Bank is an overview of Grameen Banks history, methodology and facts are presented that will serve as a base for the upcoming chapter. In Chapter 5 – Outcome of Minor Field Study, we present the empirical result of the responses and thoughts that were found during the qualitative interviews with respondents which consist of 9 women that are Grameen Bank clients, two group interviews and 6 Grameen Bank employees from different positions in the organization. Chapter 6 - Analysis we will go through the analysis of the positive and the negative sides of Microfinance. In Chapter 7 - Conclusion we will present our conclusion of our research and also suggest further investigations on the topic. We will also discuss some reflections that can be good to be aware of when you do a research like this in a different country.
Chapter 2. Method

In this chapter we will explain which method we have chosen to collect our data. How we set up our interview questions, the process of data collection. We are also going to mention the ethical aspect, the process of our field study and test interview.

2.1 Research approach

There is a distinguishing between quantitative and qualitative method, which are the two main types of methods. When doing a study, you must think carefully about what you want to achieve with the investigation and selection of the method. The use of measurement, quantification by means of mathematics and statistics have led to certain practices come to be known quantitative method – in other words, these methods leads to numerical observations. The other group of method is described as qualitative and are characterized of that they do not use numbers. Qualitative methods involve or result in verbal formulations, written or speaking.7

We have chosen to use the qualitative method when we collected our data. The collection took place mainly through personal interviews and general group interviews, but also own observations. When doing both qualitative group- and personal interviews we believe that it has provided us a good opportunity to hear the unexpected reply. The advantage of qualitative method is that at the time of the interview, we have the chance to ask supplementary questions and this will broaden our understanding that we otherwise could not get and also get deeper analysis from it. Misunderstandings can also easily be sorted out.

2.2 Interview questions

When we decided which method we could use and what the interview question would be, we began thoughtfully thinking about how the questions would be formulated. Larsen means writes that one begins with background questions such as about age, gender, education, experience, etc. The interview should open with supple questions, and then it should go into more personal issues such as behaviour, attitudes and values. One should remember not to use difficult words that the respondent may not understand.

7 Backman, J. (2008), Rapporter och uppsatser. p. 31
One important issue is that the interviewer will get the interviewee to feel relaxed and comfortable in the situation and therefore one should think of how to behave and not to evaluate or appraise what the interviewee says.  

Our interview questions are formed in this way by starting with wide open questions to open up the communication and follow with more direct deeper questions. We would essentially describe our interview question to be formed as a funnel. We also supplemented our interview questions with follow-up questions, this to go deeper and gain a more comprehensive response. We chose to use a qualitative interview that was prearranged. The questions were thus structured, which means that we had made a list of prepared questions in a fixed sequence. By having a structure it made it easier for us to compare the responses. By using structured question, the comparison of the collected materials, which then became our empirical material, became more manageable. We have used the answers from the respondents to connect with facts and theories to form our analysis and discussion part.

2.3 The process of data collection

Data collection can be categorized into two types, secondary and primary data. Secondary data is collected by someone other than the researcher himself. Primary data, by contrast, are collected by the investigator conducting the research. Collecting primary data has a variety of techniques for example through interviews, questionnaires and observations. We used both secondary and primary data.

Before leaving to Bangladesh to conduct our Minor Field Study (MFS) we collected relevant secondary data and theories home in Sweden. We did this to get a wider insight about Microfinance (MF) and how that works in the theoretical level so we could understand the practical part when we later arrived in Bangladesh to collect primary data. Our initial investigation phase of secondary data collection began by searching Grameen Banks (GB) own website to understand the fundamental parts of MF. When we became more familiar to the history of the organization and what MF stands for, we started searching in different databases for finding relevant theories that can develop even more of our understanding about the subject of MF.

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9 Ibid., p. 83-84
After we had collected facts and information that we needed for the theory part, we finally set off and arrived to the colorful country Bangladesh to do the field study that would be the base of our empirical part in this investigation. The primary data was collected and conducted in our field study which consists of personal interviews and group interviews from the women of rural Bangladesh that take microloan from GB. The primary data also consist of personal interviews with the employees of GB. In addition to the data collection we have incorporated our own observations.

2.4 Ethical aspects
Ethical aspects are important in research contexts where research in the long term have a major impact on society. To print an interview can lead to ethical problems in the sense that the interviews can address sensitive issues.\textsuperscript{11} Kvale and Brinkmann address the importance of view of moral and ethical issues regarding the interviews\textsuperscript{12}. There are four aspects that they raise and which is the most widely discussed areas of ethical guidelines. These are informed consent, confidentiality, consequences, and the researcher’s role\textsuperscript{13}.

*Informed consent* means that the participating interviewees are informed about the purpose and work arrangements, they have also the knowledge of risks and benefits of participation. Informed consent also means that the respondents may pull out at any time without severe consequences. The interviewee participates voluntarily and can always pull out\textsuperscript{14}.

*Confidentiality* means that private information about the respondents is not to be revealed. The information will be anonymous and it is important to protect the interviewees’ private integrity\textsuperscript{15}. As a researcher you must be aware of the *consequences* and you have to assess the impact of a qualitative study both for the damage participants may suffer and for the scientific benefits as their participation provides. The researcher is obliged to consider the consequences which may arise, not only for participating but also for the group they represent. *The researcher’s role* as a person is critical to the scientific knowledge, quality and sustainability of the ethical decisions taken during the work. It is the researcher integrity, knowledge, experience and honesty that are the determining factor for the resulting knowledge.

\textsuperscript{11} http://www.vr.se/etik.4.3840dc7d108b8d5ad5280004294.html (2011-04-10)
\textsuperscript{12} Kvale, S., & Brinkmann, S. (2009), *Den kvalitative forskningsintervjun.*, p. 77
\textsuperscript{13} Ibid., p. 84
\textsuperscript{14} Ibid., p. 87
\textsuperscript{15} Ibid., p. 88-89
The researcher must achieve high scientific quality of the knowledge included in the study; this means that the result should be correct and represent the research.\textsuperscript{16}

During the planning phase of the interview questions, we wrote in the interview sheet an introduction part that was to be announced at each interview, both on personal and group interviews. This became our mantra before the interview even started. We did this so the respondents would have the chance to know who we are and why we are doing this interview. Our mantra contained a question whether they wanted to participate in our research and also if we could take pictures during/after the interview. We informed them that they can pull out any time from the interview. For the personal interviews we always asked the individual whether they wanted to be anonymous or if we could write their name in our thesis. We did this so we could obtain their consent to participate before we moved on with the actual interview questions. The research can thus have a high validity because the respondents knew that the information we received would be anonymous and that they could pull out if they wanted.

\textbf{2.5 Conduction of our Field Study}

Our field study has been conducted in Grameen Bank at the Head office in Dhaka and in the two villages, Jobra and Moharajpur which are situated in the rural area of Bangladesh. From this study we have gained 15 personal interviews and also two group interviews. The personal interviews consist of 9 women that are clients of Grameen Bank (GB) and 6 employees from five different levels of positions in the hierarchal structure of the GB:s organization. We interviewed the women because we believe that we will get a broader view of how Microfinance (MF) has affected their lives and their opinion about GB. We conducted interviews from the six employees at GB from different positions in order to get a broader insight into the company. We divided the responsibility between us and collaborated the same way throughout all the interviews. We did this with the purpose that one of us could focus on writing down the answers and so that the other person could ask the questions and focus on the responder during the whole interview. We believe that this makes the entire interview more organized and helps to build up a connection and trust between us and the responders. In this way it is also easier for us to listen to the responders when you don’t have to write and listen and look at the responder at the same time.

\textsuperscript{16}Kvale, S., & Brinkmann, S. (2009), p. 89-91
The village we first visited was Jobra. We chose this village as it was in this village Professor Yunus began developing his idea for what has become the Grameen Bank today. We went there for one day along with an interpreter and conducted three interviews. We arranged the trip by ourselves including the choice of interpreter.

The second village we went as interns for GB. Senior officer from the Head office of GB arranged so we could visit the village Moharajpur in Jhenidah. He had arranged the transportation, accommodation and interpreter for us. Our stay lasted for five days and we managed to do personal interviews with six women who are GB clients that we handpicked ourselves. We also did five personal interviews with employees from GB that we choose ourselves. The three personal individual interviews were conducted with Zonal-, Area- and Branch manager. We also did two personal interviews on Center managers of GB but they did the interview together due to the time restraint they were facing. To make the answers from the two Center managers as individual as possible we made one of them start first with answering the question and the next question the other respondent started to answer first. We did so both would get the chance to respond to the questions in their own words, otherwise it may be easy to answer almost the same as ones colleague.

During the stay in Moharajpur we also got the chance to visit three center meetings. We took the opportunity to conduct a group interview in these center meetings. But one of them had to abruptly cancel because a fierce storm of rain and wind suddenly came and all the women had to run back to their rice field and home so that their harvest would not be damaged.

When we did the group interview we took the opportunity to ask the questions after the Center manager had counted the installment that was handed in by the Center leader. During the two group interviews, we asked the women questions which had a number of response options and the women would raise their hands if the option was applied to them. We counted raised hands and wrote that down in our interview sheet. From the two group interviews we gained 72 respondents combined together.

The last interview that we conducted was a personal interview with the Senior officer which was held in the Head office. The Senior officer had fluent English and we did not need an interpreter when we did the interview.
When interviewing the employees at the bank from the field level, Zonal-, Area-, Branch –and the two Center managers, the communication between the staff and us was with help of an interpreter. The Zonal- and Brach managers could speak rather good English but needed help from the interpreter to explain and express some parts more carefully and correct.

We had the same interpreter when we conducted the personal interviews and the group interviews. However, as mentioned earlier we had another interpreter whom we ourselves arranged when we were in the village Jobra in Chittagong.

Our first initial idea was to tape record the interviews, to give us an advantage if we wished to return to the material in its entirety. When we were in the village Jobra, the three women approved to be recorded while doing the interview. When we later were doing the interviews in Moharajpur as interns in GB we found out that it was not possible to record without an approval from GB: s head office. Due to the fact that we were at location and about to start the first interview we decided to go ahead anyway and only use the thoroughly notes that was written during the interview and transcribing the notes after the working day was done every evening in the village, Moharajpur. Our approach on the transcription work in the evenings was to divide the interviews to then control each other so that we understood the interview responses in the same way. We have strived to make our work have a high reliability value when all the responders have been interviewed by the same people and had the same questions.

2.5.1 Transparency
For the reason that we were interns at the Grameen Bank (GB) we were worried that everything would be arranged in a way that we would not get a true insight into the organization. Partly because they had chosen the village we would visit, what interpreter we would have and that the Branch manager were supposed to be around during all interviews. We thought the GB would choose who we could interview and who we could talk to.

But when we got to the village we felt that everything was very transparent. We were free to select the women and the staff we wanted to interview and also walk around and talk to whoever we wanted to in the village. The interpreter is authorized and felt very professional we got a good impression of him and didn’t notice that he took directions from GB.
In the Branch office we were able to look at documents such as the borrowers pass books, how many borrowers who had basic loan, enterprise loan etc., how many that had personal savings, Grameen Pension Savings etc. who had repaid the loans.

Even though the Branch Manager was with us during the interviews we didn’t feel that the women we interviewed got affected by his presence. It seemed that the women didn’t notice him and we got the feeling that the women dared to answer honestly even if he sat there. At times he disappeared and did other matters during the time we interviewed. We also saw that many other students that also were GB interns went to different villages and came back and shared similar experiences as us. With this we feel that it would be impossible for GB to control how all the villages and people will respond and behave in order to provide a positive apparent of GB.

2.6 Test Interview

When doing interviews you should first conduct a test interview, this is the best preparation. By doing a test interview you can check that the arrangement was feasible and if the answer sheds light on your questions\(^\text{17}\).

Before we did the interviews that would eventually set the base for our empirical work, we conducted a test interview on an individual that has been working in a non-government organization (NGO) for 22 years. This interview did not become a part of our empirical research, but it has a huge importance for our remaining field research. The test interview became a practice for future interviews to see how our questions would be responded to. The test interview did not go as according to plan, but from this we learned to be observant and try to ask the right follow-up questions at the right time. The appointed time became three hours and our initial thought was one hour, but this was a good lesson to be learned before the actual interviews with the women and the employees from the Grameen Bank. We learned that distractions such as people coming into the room and interrupt the conversation, electrical blackouts and the heat was something to be accounted for. We quickly learned to not lose our focus during the interview even with these distractions, otherwise there would be lost time, the time we knew both the women and the employees did not have.

\(^{17}\) Kvale, S., & Brinkmann, S. (2009), p. 122
Chapter 3. Different views about Microfinance

In this chapter we describe the framework that is the basis for our work on Microfinance (MF). As we understand Grameen Banks Microfinance program is a method of making self-employment and help the poor to grow out of poverty by giving them access to borrow some small amount of money. But some people mean that this way of giving loans to the poor can make harm instead of helping them overcome poverty. We have seen that there are different opinions of this topic and also different evidence of organizations that has succeeded and also been unsuccessful with MF. Since Professor Yunus granted the Nobel Prize the questions about MF has grown in both positive and negative meaning. We will try to structure the believer and disbeliever of MF and try to show the positive and negative side of this topic, to later compare it with our empirical study and see if we can find some truth.

3.1 Positive side of MF

According to the article Rural credit programs and women’s empowerment in Bangladesh, it has been shown that even women who are being used by their husbands to get access to credit often benefit from the Grameen Bank (GB) programs in the villages in Bangladesh. In Bangladesh it is unusual for woman to participate in any non-family group activity, especially when this implies contact with adult men to whom they are not related by blood or marriage. Probably would most women not even be permitted to join the GB-programs if GB only provided education or social benefits, but for the reason of getting access of credit that can provide the whole family women get permitted to participate. Through the rituals of participation, and the contact with other members of their credit group, the women develop an identity outside of their families. When they interact with men outside the family and with authority figures, this will in turn increase the women’s self-confidence. Women who are a part of GB “learn to talk”, they learn to make themselves heard, and become unafraid to talk with “outsiders”. The GB-system increase women’s mobility within their villages by requiring that they attend weekly meetings. The program of GB also creates opportunities for women to travel outside of their villages, by requiring visits to the local program office, and through occasional training programs. GB program also offer their members to have the opportunity to play leadership role.18

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Another benefit for the female member of the GB is that, even when she hands over her loan money to her husband, the family realizes that she is the source of this income. This increases her status and bargaining power in the household. Other members of the family will act kinder and more respectful around the time that they are supposed to receive a new loan. In some cases the husband or other family members provide assistance with cooking, childcare or other household tasks to make it easier for the woman to attend meetings. Some women also perceive a decrease in physical abuse against them around the time of receiving the credit. GB helps women to hold onto their loan money when their husband wants to take it away from them. Grameen communicates to the men, through the women, that if their wives fail to make loan repayments their names will be mentioned in public, and they may face embarrassment and harassment by visiting Bank staff and members. At the same time, the men see that families who pay their loans in time immediately receive subsequent loans that if they follow the rules they are ensure continuing access to larger and larger amounts of credit.

In the rural Bangladesh the system of purdah is still among them. Purdah is the practice of excluding and protecting women to uphold social standards of modesty and morality. Purdah comes in two forms, physical separation of the genders, and women covering their bodies - in some cases also their faces. This system isolates and subordinates women and they are socially and economically dependent on men. Cultural norms are based on assumptions regarding what is appropriate for each gender. The perception of what males versus females needs are different, as well as the rules of what they are permitted to do. Education is often considered irrelevant for girls, and to associate with other male than family members are strictly prohibited. Because of the purdah many women are confined to their homes and the area immediately surrounding it, and their contacts with the world outside of the family are extremely limited. These social norms restrain women’s involvement in business and limit their potential to generate income; this in turn reinforces their economic dependence on the male family member. Microfinance (MF) programs have attempted to draw women out of this isolation mainly by providing them with economic opportunities. GB and other Non-Governmental organizations (NGO: s) is believed to be contributing to social change.

20 Ibid., p. 650
MF programs empower women in rural Bangladesh by drawing them out of their homes, strengthening their economic roles and increasing their ability to contribute to their families’ support. GB: s mainly strong effect on women’s contribution to family support is because of their ritualistic, disciplined method in which GB operates in. This method strengthens the borrower’s ability to control their assets and income, as well as helping them to establish an identity outside of the family, and giving them experience and self-confidence outside their home.21

Many countries have failed to provide access to traditional financial services for the poor22 and lack of savings and capital make it difficult for many poor people who want jobs in the farm and nonfarm sectors to become self-employed and to undertake productive employment-generating activities. When providing credit to the poor then self-employment opportunities comes about, but because the poor lack collateral, they have almost no access to institutional credit. Informal lenders play an important role in many low-income countries, but they often charge high interest rates. The informal money lenders inhibit the poor rural households from investing in productive income-increasing activities. MF programs in the other hand are able to reach the poor at affordable cost and can thus help the poor become self-employed.23 MF programs have been developed all over the world because when providing a financial service to the poor it can help them to increase their incomes and productivity. When the poor becomes self-employed this will in turn make them escape out of the grips of poverty.24

Today microenterprise credit for women has become increasingly common as poverty alleviation movements in developing countries worldwide. Many of the most well-known examples for MF programs for women are in Bangladesh. A number of them have been remarkably successful in providing financial services to poor rural women on a large scale.25 MF ultimately provides the poor people the ability to keep, expand and increase their sources of income, which is an essential way out of poverty and hunger. When having the ability to borrow a small amount of money to start a small business it will eventually give many underlying opportunities, such as to be able to pay school fees for their children or just to

23 Ibid., p. 2
24 Ibid., 1998, p. 1
bridge out a cash-flow gap. These small steps can be the ones that ultimately break the cycle of poverty.26

Even though women are the one who take the loan, often the loans are invested in a business run by male family members such as pulling rickshaw and trading. When the male family members are working in their main business, women are instead involved raising poultry and livestock which are home-based. This type of work typically generate only small amounts of income compared with the daily wage work, services and petty trading activities that the men engage in. But under conditions of extreme shortage, this small amount of income makes a significant difference to a family’s wellbeing. It often means that a family can eat two meals rather than only one meal a day during the lean season, or eat one meal a day rather than going hungry if the husband falls ill and can’t work.27 This means even though the woman is not working in the main invested business, she is the one who has increased their family’s income substantially, both through the loan and by her small amount of income she is providing from her home-based business28. This also means that when women get involved in MF programs, they will gain a dramatic effect on their ability to be recognized as a cash contributor to their families’ support29.

Women in MF programs do not always retain full control over their loans, and they may not be the managers of the funded enterprises. But women’s financial control over funded enterprises tends to be greater when loans are used for poultry and livestock, reflecting women’s traditional involvement in farmhouse-based activities such as poultry and livestock. Paddy trading generally refers to women parboiling, drying and cleaning the grain, with men engaging in buying and selling and taking the grain to the mill. In cases where loans are used for petty trade, the extent of women’s involvement varies, in some cases they are not involved at all, and other they do everything, including the marketing. Most often however, in joint enterprises women do the home-based productive work, such as making puffed rice or sweets, and men sell the products at the local market or from door to door in the village.30

30 Ibid., p. 647
3.2 Negative side of MF

Views differ on the role of Microfinance (MF) impacts. Critics view MF programs as a social burden when consuming limited capital without significantly affecting long-term outcomes. Critics also argue that the small enterprises supported by MF programs have limited growth potential and there have no sustained impact on the poor. Critics contend these programs thus it makes the poor economically dependent on the program itself.31 Khandker explains that critics can see that even though the women in many countries are the main participants in microfinance program, yet many women lack enough power within households to use their loans to improve productivity and welfare.32

Other critics say that although MF can generate benefits for women and the poor, it only seems to benefit only that portion of the poor that is able to use loans productively. Some poor that are eligible for MF do not join MF programs because they lack either the ability to use loans productively or the land needed to bear the risk of self-employment. Eligible individuals who are ultra-poor (the poorest of the poor) and lack human capital tend not to borrow from MF programs.33

Grameen bank (GB) uses peer monitoring as a substitute for collateral. For example, GB provides credit to members who form self-selected groups of minimum five. Loans are given to individual group members, but the whole group becomes not entitled for further loans if any member defaults.34 When using peer monitoring GB is able to exploit the local knowledge of the members of the group. GB has devised an incentive structure whereby others within the village do the monitoring for them. According to Stiglitz this is peer monitoring. He argues that peer monitoring may be an effective way of designing an incentive-monitoring system in the presence of costly information. He claims that peer monitoring is not without its cost. The members of the borrowing groups in the GB bear risks that, in the absence if the monitoring problem could much better be done by the bank. In case of borrowing groups, the mutual dependence among the members of the group is artificially created. In this way the members have to bear more risks than they otherwise would.35

32 Ibid., p. 6-7
33 Ibid., p. 11
Members of the peer group are jointly liable for repayments of loans, and by the fact that they cannot gain access to credit until the debt is paid. GB organizes small groups of the members. This small size decreased the risk from a single members’ default but increased the incentives for peer monitoring.\textsuperscript{36}

Another critic comes from a reportage that was made by the Norwegian channel NRK. In this reportage they are questioning whether MF is too good to be true. The reportage that was conducted from a two years research time shows how borrowers from GB have got caught in a debt trap. In the reportage you get to see borrowers from different villages who explains how they have taken a loan and then needed to take another loan to be able to repay the first loan and how that puts them in a dead end circle with no way out: “First, I took a loan and then I had to take a new loan to pay the first loan. So I took another loan to pay the installments” says Yasmeen, who lives in a small village in northern Bangladesh.\textsuperscript{37} The reportage also showed a strong type of group pressure among the poor people. Since GB does not take any collateral, they have no guarantee that the borrowers will eventually pay back the loan, instead GB have developed a group system. That is built on that the whole group will be affected if one of them cannot pay back, this is another way of risk management for Bank security for the MF organizations. But for the borrowers it creates strong group pressure.

Some of the borrowers in the reportage says that they want to commit suicide, and others talk about relatives who have taken their lives because strong pressure of not being able to repay the loans.\textsuperscript{38}

Khandker means that MF programs have managed to reduce loan default costs and yielded better loan recovery rates than the individual based credit model in Bangladesh, due to the group based credit delivery. MF programs rely on the groups to monitor and also encourage through peer pressure each other to repay. The group can also avoid undesirable selection of borrowers, thus when the group does all these things it will automatically improve loan recovery rates for the MF programs. Group-based credit delivery does not always improve loan recovery, but at least it is a powerful reason for the high repayments because it helps to create a form of “social collateral” that works against loan default.\textsuperscript{39}

\textsuperscript{36} Stiglitz, J. E. (1990), p. 361
\textsuperscript{37} \url{http://svt.se/2.151554/1.2329694/mikrolanen_har_blivit_en_skuldfalla_for_fattiga} (2011-03-23)
\textsuperscript{38} Ibid.
\textsuperscript{39} Khandker, S. R. (1998), p. 4-5
The Norwegian reportage also claims that the interest rate is very high, up to 30%. They explain that this makes it hard for the women and their families to manage to repay the loans. A woman in the reportage named Hazera had taken loans from GB for 15 years and had always been able to repay on time. At one time she struggled with the repayment and explained that people from the GB came too her house and threatened her to take her tin roof if she wouldn’t pay back. She got so scared that she sold the whole house.  

When Professor Yunus started the idea of GB, one of the fundamental parts of GB was to get rid of the moneylenders that took advantage of the poor people. His idea was to help the poor people to build up their own lives by having the opportunity to take small loans so they could invest and actually help them get out of the poverty. Unfortunately the idea of MF has been used in a negative way and through the strategy of MF many are taking advantage of the borrowers to earn money. Morduch explains that a key principle that must to be considered is that poor households demand access to credit, not “cheap” credit. Because of this MF programs can charge higher interest rates without compromising its outreach.

Morduch also claims that the type of argument that is commonly made in the MF context is that since money lenders charge high interest rates, MF programs can too. But while poor households in low-income countries may borrow from moneylenders at rates above 100 percent per year, they are generally doing so to meet short-term consumption needs, not to make long-term productive investments.

40 [http://svt.se/2.151554/1.2329694/mikrolanen_har_blivit_en_skuldfalla_for_fattiga](http://svt.se/2.151554/1.2329694/mikrolanen_har_blivit_en_skuldfalla_for_fattiga) (2011-03-23)
43 Ibid., p. 621
Chapter 4. Information and facts about Grameen Bank

In this chapter we present both secondary and primary data. The secondary data is taken from the Grameen Bank’s official website and brochures that we obtain through our time as interns at the Grameen Bank (GB). The primary data is from the formal and informal interviews and from our own observations that we also obtained as interns at the GB as well as outside the GB.

4.1 History about Grameen bank

The first initiation research which Professor Yunus did occurred in the village Jobra and was a start of a huge project that turned into a successful Microfinance (MF) program for the poor. The project spread out to nearby villages during the years of 1976-1979. As the project grew it got sponsored from the central bank and also got support from the nationalized commercial banks at the year 1979 and from this help the project could extend to other districts of Bangladesh. From the success in the extended districts the project became an independent bank in 1983 by governmental legislation. The name became Grameen Bank (GB) and it represents the meaning of the bank - bank for the poor, Grameen means "rural" or "village" in Bengal language

When the bank became independent in October 2, 1983 Yunus idea was that it would be owned by the borrowers to 100 percent, but a close friend of the Treasury Department advised him instead to let the state takes 40 percent and borrowers 60 percent. This was necessary to obtain state approval for a greenfield of the organization. Yunus joined in this configuration and signed the papers, but when he read the order he saw that the document was changed and the Bangladesh government gained 60 percent membership and borrowers’ only 40 percent membership. Enraged he contacted his friend at the Treasury Department and wondered what was going on. His friend explained that he had been forced to change the agreement for it to be approved. Professor Yunus was upset about this but knew that GB would be owned by its borrowers over time.

In the years 1985-1990 GB bought out the Bangladesh government and today GB is owned 95 percent by the borrowers and 5 percent by the government.

45 Ibid.
4.2 Methodology

Grameen Bank (GB) methodology is almost the reverse of the conventional banking methodology. Conventional banking is based on the principle that the more you have, the more you can get. In other words, if you have little or nothing, you get nothing. As a result, more than half the population of the world is deprived of the financial services of the conventional banks. Conventional banking is based on collateral; Grameen system is collateral-free. GB has the belief that credit should be accepted as a human right. Conventional banks look at what has already been acquired by a person. Grameen looks at the potential that is waiting to be unleashed in a person. Conventional banks are owned by the rich, generally men, GB is however owned by poor women.49

GB:s methodology is different from other conventional banking methodologies. A conventional bank lend out money against a security that the borrower can repay the loan, this is called collateral. But GB sees it in at a different way. They see borrowers who have no assets as the highest priority as clients. GB system is built to believe in the individual and what potential the individual have, not in what the individual have already achieved, including that the poorest are endowed with endless potential.50

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48 Yunus, M. (2010), Grameen Bank at a glance, p.2
50 Ibid.
4.3 Facts

Grameen Banks (GB) hierarchal structure is of six tiers. The organizational level is of four levels, with the Branch as the lowest unit. The Branch office is supervised by Area office, and above is the Zonal- and Head office. The Branch office is working in the community level. The Branch office consists of Branch manager, Second Branch manager and about 7-10 Center managers. The Center managers have direct contact with the members in a weekly basis during the center meetings.\textsuperscript{51}

Figure 1. Grameen Bank hierarchal structure

![Hierarchal structure diagram]

Source: Compiled from the interview with Senior officer, and own construction

Among the members (the loan takers) in the Center group there is also a kind of hierarchal structure. Women are organized into small groups, and each group has a Chairman who is selected by the women in the group. A Center leader is also selected which is the representative of the whole Center group. During the center meetings, the women in the small groups hand their passbooks that consists of their week installments to the Chairman. The Chairman in each group hands the passbooks to the Center leader. The Center leader finally hands the whole center groups installments to the Center manager.\textsuperscript{52}

In the following page we have constructed a figure of the hierarchal structure within a Center group. This figure also shows how the process of week installments is delivered.

\textsuperscript{51} Interview: Senior officer, (Head office, Mirpur, Dhaka, 2011-05-15)
\textsuperscript{52} Interview: Senior officer, (Head office, Mirpur, Dhaka, 2011-05-15)
Figure 2. The hierarchal structure of a Center group

Key:
- Center manager (employee at Grameen Bank)
- Center leader (a group member that is selected by all of the small groups)
- Chairman (a group member that is selected by their own small group)
- Group member (loan taker)
- Passbooks that consists of the week installments

Source: Own construction

GB: s total number of borrowers is 8.34 million and 97 percent of them are women. GB has 2565 branches and they operate in 81 376 villages. The total number of employees are 22 225. The recovery rates from the borrowers are 97 percent. Ever since GB started it has made profit every year except in 1983, 1991 and 1992. GB has published its audited balance-sheet every year, audited by two internationally reputed audit firms of the country. All these reports are available on CD discs and some of them are available on Grameen homepage.\(^{53}\) For GB to be able to fund their operation they take deposits from borrowers and non-borrowers which are sufficient to fund its operations.\(^{54}\) According to a recent internal survey, 68 percent of Grameen borrowers’ families have crossed the poverty line. The remaining families are moving steadily towards the poverty line from below.\(^{55}\)

\(^{53}\) Yunus, M. (2010), p. 2-4
\(^{55}\) Yunus, M. (2010), p. 17
4.4 Types of loans

Grameen Bank has 6 different types of loans, Basic loan, Micro-enterprise loan, House loan, Higher education loan, Struggling member program and Center house loan. The description of the loans follows:

1. **Basic loan**: The Senior Officer at the Head Office of GB informed us that this is the most common form of the loan, because the loan is meant to be an initial capital for the borrower. “The borrower can with this money invest in a smaller business like agriculture, textile, vegetable, cow fattening, and corps production etc. They start from small things it can be that they buy a rickshaw, instead of renting it.” 56 The interest rate on basic loan is 20%. All interest are simple interest, calculated on declining balance method 57 The Senior Officer explains that the interest rate is 20% declining basis on basic loan which means that the interest rate gets 10% flat for the borrowers. They count the years as 44 week in one year. He draws and shows us their calculation and the formula they use looks like this:

First balance + last balance/ 2 * number of days the loan is used = product

Product * interest rate / 365 days = interest for the days the loan is used

2. **Micro-enterprise loan**: GB provides larger loans, called micro-enterprise loan. These are for the borrowers who are moving ahead in business faster than others. There is no restriction on the loan size. This is used for example to purchase transport vehicle, irrigation pump etc. 58 The interest rate on this loan is 20% decline basis. 59

3. **House loan**: GB provides housing loan so that the borrower can build a new house or renovate an existing one. 60 The interest rate is 8% decline basis. 61

4. **Higher education loan**: Students who succeed in reaching tertiary level of education are giving higher education loans. The loan will cover tuition, maintenance and other school expenses. 62 An informal interview with a son of a borrower who has a higher education loan told us that the ones who are given the loan can repay after they have

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56 Interview: Senior officer Dhaka, Mirpur, (2011-05-15)
57 Yunus, M. (2010), p. 5-6
58 Ibid., p. 8-9
59 Ibid., p. 5-6
60 Interview: Senior officer Dhaka, Mirpur, (2011-05-15)
62 Ibid., p. 9
graduated, they will get one year grasp period before start repaying the loan. The interest rate is 5% decline basis. If they choose to repay the loan before or during the education is finish, they only have to pay a service cost of 5%.

5. **Struggling member program:** The struggling program is for the most vulnerable people in Bangladesh, these people are often in a hard situation, without family or support from anyone. They are forced to beg for money to be able to have food for the day and therefore the borrowing system is not under the same rules for these clients as for the rest of the GB: s clients.

The program is primarily intended to give the vulnerable financial aid and support them to achieve a reasonably better life. Struggling members have 0 % interest rate i.e. interest free.

6. **Center house loan:** The Senior officer told us that this loan is a loan for all the members so that they together can build a house where they can have their center meetings. The interest rate on this loan is 0% and to build this kind of house the cost is approximately 24 000 taka (which is about 2 400 SEK). The standard for population of members is 10 groups and 6 persons in each group which makes a total of 60 persons who will share the loan. The installment for this type of loan is two times per year, one in January and one in December.

**4.4.1 Loans paid off at death**

In case of a borrower passes away, all outstanding loans are paid off under a Loan insurance program. Under this program, an insurance fund is created by the interest generated in a savings account by the amount of deposits the borrower made for the loan insurance purpose, at the time of receiving loans. Each time a borrower takes a loan, 3 percent of the loan amount deposits to this account. This amount transfers to a special savings account which works like a fund to make the money grow.

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63 Informal interview with a son of a borrower, Moharajpur, Jhenidah, (2011-05-09)
64 Yunus, M. (2010), p. 5
65 Ibid., p. 5-7
67 Interview: Senior officer (Head office, Mirpur, Dhaka, 2011-05-15)
Coverage of the loan insurance program has also been extended to the husbands with additional deposit in the loan insurance deposit account. A borrower can get the outstanding loan paid off by insurance if her husband passes away and vice versa. She can continue to borrow as if she has paid off the loan. Total deposit in the loan insurance savings account stood at December 31, 2010 at TK 6,324.79 million (US$ 89.85 million). Up to that date 185,933 insured members and insured husbands died and a total outstanding loans and interest rate of TK 1600.88 million (US $23.75 million) left behind was paid off by the bank under the program.

The families of the deceased borrowers are not required to pay off their debt burden anymore, because the insured borrower or insured husbands do not leave any debt burden behind to take care of. Also each year families of deceased borrowers of Grameen bank receive 1,500 taka. Borrowers are not required to pay any premium for this life insurance; borrowers come under this insurance coverage by being a shareholder of the bank.68

4.4.2 Loan loss reserve
Loan loss reserve even called as flexible loan. Grameen Bank has a policy on bad debt provisioning. If a loan does not get paid back on time it is converted on to a special type of loan called “flexible loan”. 50 percent provisioning is done on the last day of each month. 100 percent provisioning is done when flexible loan completes the second year. At its third year the outstanding amount is completely written off even if the loan repayment still continuous.69

4.5 Types of savings
Grameen Bank (GB) has different types of savings. We are going to describe the most common used saving services provided for the GB clients. The description of the savings follows:

- **GPS (Grameen Pension Saving)**
  As borrowers get older they worry about what will happen to them when they cannot work and earn any more. Grameen Bank addressed this issue by introducing the program of creating a pension fund for old age. It immediately became popular program. Under this program a borrower is required to save a small amount, such as

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68 Yunus, M. (2010), p. 11-13
69 Ibid., p. 14
50 taka (US 0.71) each month over a period of ten years. At the end of the period the deposit gets almost twice the amount of the money she saved. 70

- **Deposit (personal saving)**
  GB encourages the women to build up a personal savings account. This makes them build up a financial strength for the poor women.71 As we have found out by own observations each woman has her own savings account and passbook. Loans are repaid and savings deposited at weekly center meetings. Loans are made to individuals, at commercial interest rates 12 %.

4.6 The 16 decisions

In a letter addressed to Grameen Bank Members from Nobel Prize winner Professor Muhammad Yunus writes about some memories from the old days and what will come in the future. We feel that he gives his entire honor to the women. One issue he brings up is the part of the 16 decisions and how important they are, and how he wants them to remain also how they arose, this is a part of the letter; “We organized workshops. At these workshops, you told me stories about your lives. You told me about the sadness that you have had to bear. Tears fell from your eyes as you told me your stories. You made songs of your sadness and sang them for me. To turn around your lives, together all of you came to decisions on what you had to do. At these workshops, I collected and noted down the decisions that you reached, and told other women of these decisions. From these, the “Sixteen Decisions” came into being. Those “Sixteen Decisions” have become a part of Grameen Bank.” – Professor Muhammad Yunus72

The 16 decisions cover many subjects and gives high priority to health (drinking water, fighting night-blindness by eating vegetables, housing, latrines, family-planning, cleanliness) since 1984 “sixteen decisions” became integral part of Grameen Bank. Many borrowers can recite the decisions without any effort. All are required to make continuous strides to implement these decisions.73 The decisions are:

1. “The four principles of Grameen Bank- discipline, unity, courage and hard work- we shall follow and advance in walks of our life.

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70 Yunus, M. (2010), p.13-14
71 Ibid., p.3
2. We shall bring prosperity to our families.
3. We shall not live in dilapidated houses. We shall repair our houses and work towards constructing new houses as soon as possible.
4. We shall grow vegetables all the year around. We shall eat plenty of them and sell the surplus.
5. During the plantation seasons, we shall plant as many seedlings as possible.
6. We shall plan to keep our families small. We shall minimize our expenditures. We shall look after our health.
7. We shall educate our children and ensure that they can earn to pay for their education.
8. We shall always keep our children and the environment clean.
9. We shall build and use pit latrines.
10. We shall boil water before drinking or use alum to purify it. We shall use pitcher filter to remove arsenic.
11. We shall not take any dowry at our son’s wedding; neither shall we give any dowry in our daughter’s wedding. We shall keep the center free from the course of dowry. We shall not practice child marriage.
12. We shall not inflict any injustice on anyone; neither shall we allow anyone to do so.
13. For higher income we shall collectively undertake bigger investments.
14. We shall always be ready to help each other. If anyone is in difficulty, we shall help.
15. If we come to know any breach of discipline in any center, we shall all go there and help restore discipline.
16. We shall take part in all social activities collectively”.

Chapter 5: Outcome of our field study

In this chapter present our primary data along with our own observations. We present the data from the interview of the women in the villages Jobra and Moharajpur and interviews from the employers of Grameen bank

5.1 Own observations

When we visited the village Jobra, we had to first wait while our interpreter made contact with someone responsible from the village to get permission to conduct interviews. Limited permission and security was something that permeated our entire stay at a different level than we had thought. We could not just go into a village and make contact with anyone.

Before we went to the village Jobra we arranged a certificate from both Sweden and Bangladesh where it showed why we were there and our purpose of visit. We did this to facilitate if there would be any problems.

In Moharajpur the second village we visited, the accommodation, the interpreter, the transportation and permission was arranged by Grameen Bank. This was helpful since the arrangement can be a little more complicated than we expected. In this way we got the chance to live at the village and get closer to the women in rural Bangladesh. All staff from GB was helpful and answered the questions we asked, even if we asked follow-up questions that we believe may be a little sensitive to answer.

When we were in the villages, many people watched us and followed us as we walked around and explored the village. We saw that the houses they lived in were small but well-built, short in the ceiling. Hard to describe but they felt as if you went back in time and we can imagine that Sweden might have looked like this a number of years ago. People used all the resources they had, they cooked their food using cow dung which they had formed around a wooden stick and sun dried it. This stick would make the fire to last longer. Their cows, goats, ducks, etc. walked free around the houses. We feel that the environment was very open, everyone lived close and the doors were open for everyone.

There was always a crowd of curious people standing around us while we did the interviews in both of the villages. We feel that the women we had the personal interview with didn’t mind or seemed to be affected about the crowd and could open up and share their stories and answers despite all the people who were standing around us. During, under, or after the
interview the women wanted to show us how they lived, the assets they had, and they always offered us something to eat. And many times they asked someone they knew to prepare some snacks for us so that we could eat if after the interview were done. We got the same feeling when we interviewed the employees, this interview was a little more formal, and we often sat at their office and many people, (we believe co-workers) who were curious and interested also sat in the office to be able to listening to the discussions we had. They often offered us tea and Bengali snacks. And we were fascinated of how the employee could open up and share the information despite all the people who were among us.

During our time in Bangladesh Professor Yunus the founder of Grameen Bank was in the middle of a trial, which made everything around Grameen Bank a bit sensitive. Despite the sensitive situation that was going on with Professor Yunus we feel that we were very welcome by the women in the villages and the Grameen Bank employers. Grameen Bank took good care of us given their tumultuous situation. They even organized so that we could meet Yunus in spite of everything that went on. We got the feeling that everything in Grameen Bank was very transparent and that they did not withheld the any information.

5.2 Minor Field Study

We have got a great opportunity to do a Minor Filed Study (MFS) represented by Sida through our school, the University of Gävle. Through MFS we have spent eight weeks in Bangladesh. During our time in Bangladesh we lived in the capital city Dhaka, we have had a supervisor from the American International University of Bangladesh (AIUB), Prof. Anwar Hossain. Through him we have got to know some people that have become our friends.

One of our friends we got to know was initially from Chittagong and had good connections there. So with help from him we could do our first interviews at the village Jobra. Even though Bangladesh is a small country the people we have come to know has told us that the language despite its size of the country can be quite different depending from where in the country you are from. So for us to be able to do our interview we needed to find an interpreter who could speak good English, but also could understand the Bengal dialect properly. Our friend who initially was from Chittagong helped us with this. Our interpreter was a student from a University close by the village Jobra. Our friend, the interpreter along two other persons, one friend of the interpreter and one friend of our friend all joined when we went to the village Jobra – in other words we were six persons including us.
5.2.1 Jobra

The first interviews we did were in the village Jobra outside Chittagong. This is also the first village that Professor Yunus started his whole idea with the Grameen bank (GB). We interviewed three women who had taken loan from GB, Jahanara, Noorbano Bezum, and Angomana Khatum.

The first interview was with Jahanara, she has been a GB client for 30 years and that she didn’t do anything before she became a GB client. She is working with handicraft, but as we can understand she hasn’t gained any more assets since she became a member. During the interview with her, we didn’t really get a contact with her. The whole situation was kind of stressed and chaotic, it was our first “real” interview and too many people got involved in the conversation, the whole situation got uncomfortable both for us and her.

She was sitting down and many men were standing over her and in mouth off each other asking her questions we were supposed to ask, everyone were talking in Bengal language. We felt that the situation got of our control and we didn’t even finish the whole interview. Our interpreter had asked for an example of our written questions so he could have some support and read them through, but he started to ask the questions without us. We wanted to still ask the questions ourselves even if Jahanara couldn’t understand what we were saying. We feel that the right way to do an interview is that the interpreter should only translate what we and the woman are saying, not take part in own matter. The interpreter even gave us and short answer like: this means that she said yes, instead of telling us the whole answer. The interview turned more into an examination and at the same time her daughter was sick and laying in the bed in a room next door.

From the parts of the answers on our questions we can understand that Jahanara easier can take loan from GB and that it is much harder to get a loan somewhere else. The impact on her was hard to figure out, first we got answers that she was is in profit and as far as we could understand she had a basic loan. She talked about that that she had some land. Further on during the chaotically interview we found out that she thought that she was going to get in profit but didn’t. So the answers we got talked against each other. 75

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75 Interview: Jahanara (Jobra, Chittagong, 2011-04-30)
We believe that the reason for the confusions on the answers is because of the bad interview situation and the way our interpreter translated the answers. If we would have had a better interpreter and if we would have finished the interview we could have cleared out the confusion. But this was not possible since she choose not to continue with the entire interview.

After the interview we talked with our interpreter and clearly explained that we were the ones who were going to ask the questions and that he only was supposed to translate what we and the responder said. We also talked with persons who were along with us and made it clear for them that we didn’t want them to talk under the time we did our interview. After our discussion we walked around the village to see if we could find some other women who wanted to participate in our interview. People were very friendly and wanted to show us how they lived and what they owned.

We met one woman who wanted to participate. Her name is Noorbano Bezum. So this is our second interview, this time the whole situation turned out much better. People didn’t interrupt in our interview and the way everything got handle turned out much better after the discussion we have had with our interpreter from our bad situation with the first interview. Still he had a hard time to totally interpret everything Noorbano Bezum was saying. We could see that he was nervous and tried in the best way he could to explain what she was saying. Our friend had to correct him if he missed some details or put in some own interpretations. From her answers we understand that Noorbano Bezum had been a client at the GB for eight years and that she took a basic loan to buy a rickshaw. Her husband is a rickshaw puller and as we could understand she is a housewife. A rickshaw is a transportation vehicle where a rickshaw puller is “driving” passengers with his own psychical power. This is a regular way of transportation in Bangladesh.

From the interview Noorbano Bezum says that she is happy now and that she earlier had some financial problems. Before she bought the rickshaw their income was 200-300 taka per day (20-30 SEK per day)\textsuperscript{76} and after she took the loan her income had increased to 500 taka per day (50 SEK per day)\textsuperscript{77}.

\textsuperscript{76} http://www.convertworld.com/sv/valuta/Bangladesh.html (2011-04-16)
\textsuperscript{77} Ibid.
We found out that she is happy now and that the rickshaw has contributed her whole family, she also said that the best part is that the rickshaw belongs to her. She explains that she is able to repay the loan and from our understanding it doesn’t seem to be any group pressure. She tells us that everyone in the group is friends and if someone would have problems to pay the installment they will help each other. She didn’t describe any negative side of MF.

Our last interview in the village Jobra was with Angomana Khatum, she explains that she has received a loan twice directly from Professor Yunus and that she does not need to pay any interest rate. Since the direct contact with Professor Yunus everyone knows her and she doesn’t even have to sign the papers for the loan. One year ago she received a 20 000 taka (2 000 SEK) loan and her repayments is done every Monday with an amount of 220 taka (22 SEK) without any interest rate. She also saves 100 taka (10 SEK) in GPS (Grameen pension savings). As we understand she feels prioritized of the GB’s employees, but also thinks that it is unfair that she is the only one to get a loan without having to pay any interest.81

Photo 1. From left: Angomana Khatum, Elham Nikkhah and Marlene Ruth. We are sitting in Angomana Khatum’s living room/bedroom during the interview.

81 Interview: Angomana Khatum, (Chittagong, Jobra, 2011-04-30)
Angomana Khatum explains that she feel that she has gain more status and power in both the household and in village since she took the loan. Her position in the group is chairman, she tell us that she is the one who collect all the money of their group who consist of eight people. She explains that people treat her in a special way because she is one of the first borrowers and have had direct contact with professor Yunus. She is doing her own handicraft and another person comes to her house to collect what she has made and sells it for her. Her husband has passed away a couple of years ago.

With the observation, including the circumstances with our interpreter and with the answers we found with the interviews we can understand that two of them are doing their business by themselves and one of them gets help from her husband. It seems like they have gained a better life situation since they became GB clients but at the same time we feel uncertain with our first interview and her answers. Did she gain profit or was she in a bad situation? She had a proper house, a fan and her house looked better than some other houses we have seen. But if the impact was negative or positive on Jahanara is hard to say with the answers we got and the situation during the interview. With the other two interviews we got an overall feeling that they were positive to Microfinance and Grameen Bank. None of them two respondents on these interviews had something negative to say about GB or Microfinance (MF).

5.2.2 Internship at Grameen Bank

During our time in Bangladesh we got to learn about MF. And the more time we spent in Bangladesh the more we got to learn about the country, both about the culture and the religion. Professors we met in the University AIUB and friends we got to know shared their opinions about GB and MF. We feel it would be a whole book to try to explain what everyone has told us. Still we hadn’t formed our own opinion about GB and if the impact on the rural women in Bangladesh was positive or negative. Since we got an opportunity to be interns at the GB we got to learn more about their operation. Our first days as interns was all about how the GB works, we got to see documentary’s about borrowers and also on GB history and how the bank was created by Professor Yunus. We also got to meet other students from all over the world and share thoughts and opinions with them about GB and MF.

During this time we had a coordinator who made sure that we could get answers to all our questions. Before we went to the village Moharajpur we explained to him that we wanted to

82 Ibid.
do some interviews, and because of our last experience with the interpreter we were very clear with the coordinator that we needed to have a good interpreter. Every day at the Head office we sat down and discussed about GB and had a chance to ask all kinds of questions. With all the basic information about GB we went to the village.

5.2.3 Moharajpur

The second village we visited was Moharajpur and is located outside Jhenidah. Here we got to see how women are living; we also got to do interviews with six women and five employees from the GB. We also conducted three group interviews, but only two of them were completed. The six women we interviewed were Komo Larani, Hassina, Renuha Bisas, Sanwara, Akotah Bisas, and Siba Dasi. The five employees were Md. Abdul Karim- Zonal manager, Md. Ataur Rahman Sarkar- Area manager, Md. Shahabuddin - Branch manager, Ms. Shahanara Khatun - Center manager and Md. Emdadul Haqul- center manager. With us we had the interpreter that GB had arranged for us.

At our first day in this village we got to look, walk around and get familiar with the environment. We even got to do our first interview. This was with Komo Larani, she informed us that she took her loan 20 years ago and that she and her family lived in a mud house at that time. Today she has a constructed house, motor for the watering, cows etc., “I am happier and I am earning more money than before. Before when I had no job I was only sleeping, today I have piping water for drinking, I can shower. All this I did for myself, and without Grameen Bank this would not have been possible”\(^\text{83}\). As we can understand they are both, she and her husband working with agriculture. They have bought a motor so that they can pump water and water the rice field, and also the land they have with all their plants. Her husband stocks the rice and sells it later. She told us that she could see that many other women were working by themselves with handicraft. She also explains that her situation has changed in a positive way since she took the loan. We got a positive impression of her and her husband’s situation, after the interview she showed us her piping water and her cows.

We would like to add that this interpreter we had in this village had a long experience as an interpreter and for us it was a huge difference from the first one we had. We had a great corporation, and he insured us that he only translated the word we said as well as what the other part said. We felt that this was true; he was translating words by words. He also told us

\(^{83}\) Interview: Komo Larani, (Moharajpur, Jhenidah, 2011-05-08)
that he wouldn’t change a question or even ask us to rephrase a question even if he felt that there was something that needed to be formulated in a different way during an interview. He said that if he did that then it wouldn’t be right and we agreed with him. We got a proof of this when we were interviewing one of the women; she was holding her daughter and we asked her if she is married. She looked at us with a distanced face expression. And after the interview our interpreter told us that it is very rude to ask if a women who has a child is married, because it is considered to be bad if you have child without a husband in the Bangladeshi culture. We didn’t even think of this until he informed us, we did appreciate this kind of small culture difference he informed us about, since that would help us get a better contact with the people we met.

After the first interview, we returned back to the house where we lived the next upcoming days. We lived at the Branch manager’s “apartment” on top of the Branch Office, in this way we could observe all the center managers who worked for this Branch.

5.2.3.1 Center meeting

The next day we attended a center meeting and got to see how this works. We could see how each groups chairman gave the groups passbooks with the women’s installment to a center leader, then to the center manager. We stayed through the whole meeting and when it was done we did a group interview with the women who were at this meeting.

From this meeting along with another center meeting that we attended a different day we could capture 72 members of the GB. The questions and answers are presented in a table on the following page. From this we can see that all the answers are very positive for example, all of them are happier and no one is unsatisfied with GB services, also everyone felt that MF has changed their life in a positive way for the rest of their lives. We are aware of the uncertainty of the answers when you do group interview. We can understand that some persons can be affected by other and don’t show their true answers. But from the way the women were raising their hands when they answered the questions and from their face expressions we could feel a joy and happiness. Everyone was very excited and some women even told us about all the improvements they have gained by becoming a member of GB.
Photo 2. Center meeting. *We are sitting at their Center house which the women have built themselves.*

*Photographer: Branch Manager Md. Shahabuddin*
The table below gives an overview over the questions and answers from the group interviews we did with a total of 72 members of the Grameen bank. As you can see 100% of the attended feels that the GB loans have given them higher status, made them happier and have changes their lives. No one feels that they are less happy after the loan. As we mentioned earlier the expression of the way these women gave the answers really gave more than the actual answers. To us we could really feel a relief and pride of their new improved life through the opportunity of GB and MF.
Table 1. Result of the responses from the Center meetings

<table>
<thead>
<tr>
<th>Question</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>No answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 Contacted Grameen Bank</td>
<td>By yourself 58.3 %</td>
<td>By GB 37.5 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.2 %</td>
</tr>
<tr>
<td>Q2 (Q1:A) Recommendation relative/friend/neighbor</td>
<td>Percentage 95.2 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.8 %</td>
</tr>
<tr>
<td>Q3 Types of loan</td>
<td>Basic 86.1 %</td>
<td>House (repaid) 2.8 %</td>
<td>Higher Education 1.4 %</td>
<td>Struggling 1 %</td>
<td>Center House 5 %</td>
<td>Microenterprise 26.4 %</td>
<td>-</td>
</tr>
<tr>
<td>Q4 Using other services</td>
<td>Saving 100 %</td>
<td>Life insurance 100 %</td>
<td>GPS 100 %</td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Q5 How long GB client</td>
<td>New members 1= years 15.3 %</td>
<td>Old members 1= years 84.7 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Q6 Other loans</td>
<td>Yes 1.4 % (one person)</td>
<td>No 95.5 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Q7 (Q6:A) If yes</td>
<td>NGO 100 % (one person - ASA)</td>
<td>Commercial 1</td>
<td>Traditional 1</td>
<td>Others 1</td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Q8 Mf changed poverty in community</td>
<td>Yes 100 %</td>
<td>No 100 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Q9 Reasonable business idea before credit</td>
<td>Yes 100 %</td>
<td>No 100 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Q10 Married</td>
<td>Yes 100 %</td>
<td>No 100 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Q11 Woman own business &amp; handle money</td>
<td>Yes 100 %</td>
<td>No 100 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Q12 Gain more status</td>
<td>Percentage 100 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Q13 Happier</td>
<td>Percentage 100 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Q14 Unsatisfied with GB services</td>
<td>Percentage 100 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Q15 Mf change your life forever</td>
<td>Percentage 100 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>-</td>
</tr>
</tbody>
</table>

Source: Own construction
5.2.4 Remaining days at the village Moharajpur

During the rest of the days in the village we interviewed the five remaining borrowers and will now go through some of their personal situation.

We start with Hassina she told us that she has been a client of GB for four years. Through the loan she runs a rice business where she buys and stock the rice in the season and then later sells it when it is not the season (thus she makes the higher profit because the demand increases and the supply increases therefore make higher profit). Hassina explained that because her husband passed away 15 years ago, she and her eldest son together are running the rice business. Besides running this business she is also taking care of her house, cows and also her children and grandchild. “Today I’m earning a lot, and I have a lot of people working for me.” Hassina also feels that the women’s rights in her community have changed and that the women have now more rights. Her personal confidence has also been raised since she took a loan from GB: “After receiving the loan I got very confident and I can speak up for myself when before I was very shy and timid.”

Renuha Bisas has been a GB client for 7 years and before she became a client she had almost no income and she was suffering from other problems she didn’t want to talk about. When we were interviewing her she was very happy, she kept smiling and excitedly sharing her story about her and her family’s life improvements. She told us about all the assets she now have, the bed she says and pointing at it, the furniture’s and six cows. Renuha Bisas explained that she has two daughters that she has sent to university to study economics without taking the higher education loan. When we asked her if she can see any negative side of the program she said: “Look at me, can’t you see that I am smiling, there is no bad side, we have a lot of joy, satisfaction, we have pride, we have savings.” During the personal interview with her she was smiling a lot, and when we asked her about the women’s right in Bangladesh among the woman she said “Look at me I am more superior than my husband, I am sitting on the chair and he is sitting on the ground” And her husband adds “she is the Prime minister, sitting on

84 Interview: Hassina, (Moharajpur, Jhenidah, 2011-05-08)  
85 Interview: Renuha Bisas, (Moharajpur, Jhenidah, 2011-05-09)
He looks at her and said that she has all the power. She also told us that it is a different feeling to be able to handle money by herself as a woman.

Another member of GB is Sanwara; she has been a member of GB since 2001. Before joining she was living with her family. Her mother joined 20 years ago, her mother had cows, ducks, goats, poultry but Sanwara did not have anything before joining GB. As soon as she came to the village Moharajpur and settled down and started to live there permanently, people talked about GB. Because she had some financial problems with her land ownership and with no one to turn to, she decided to turn to GB and take a loan.

**Photo 3. Sanwara sitting at her porch.**

Sanwara has through the loan helped her family tremendously. With the loan she and her family have the land still in their possession: “*Allah have helped me through microfinance*”

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86 Interview: Renuha Bisas, (Moharajpur, Jhenidah, 2011-05-09
from Grameen Bank.” And through the micro loan from GB she has also invested in different small businesses that she herself run, such as agriculture and raising cows, her main business is agriculture.

Sanwara explained that her husband and she are separated so that is why she does everything by herself: “I am doing everything by myself! I’m male and female together in one body. All the male things - I’m doing by myself, I don’t hire anyone! I seed the land, harvest the land, get the rice and sell it. Through that I get my money.” Sanwara explained that her husband lives in the district Kushtia because he misbehaved with the community here, and also with her. Sanwara said that they live separate, but they are not divorced. She also added that they don’t speak to each other because there is no need for that. Sanwara feels that the loan has done a huge impact on her financial situation. She can with this money buy cows, goats, ducks, chicken. The most beneficial loan for her is the Microenterprise loan. Sanwara explained that she also has future plans and that is to buy more land but also to build another house. She is also hoping to buy a shop someday and run it herself.87

Akotah Bises says that she works more since she has taken the loan, she raises chickens and cows. Her husband is a teacher, they have two daughters. They had some kind of income before she took the loan, but since they have taken the loan she tells us that the family has gain many benefits. “We have bought cows and land, we have better income now, with this loan we I can open savings, especially GPS is a big benefit for us”, She informed us that she has three GPS (Grameen Pension Savings), in two of them she saves 500 taka (50 SEK)88 per month and one of them she saves 200 taka (20 SEK)89 per month, the amount all together that she already has saved should be 80 000 taka (8 000 SEK)90. She hires labour who works for her with agriculture. Sometimes she has 10-12 employees. She has to pay them 200 taka (20 SEK)91 each per day. Her last loan was on 10 000 taka (1000 SEK)92 and she has weekly instalments with the amount of 250 taka.93 One of her daughters received a scholarship from

87 Interview: Sanwara, (Moharajpur, Jhenidah, 2011-05-10)
89 Ibid.
90 Ibid.
91 Ibid.
92 Ibid.
93 Interview: Akotah Bises, (Moharajpur, Jhenidah, 2011-05-1)
GB, because of her talent in dance. Akotah Bises is very proud for her daughter and said that scholarship is the best part of being a client of GB.  

We got a chance to interview a struggling member of GB her name is Siba Dasi and she is about 60 years old. She is married but her husband passed away 7 years ago and that was when she got in a struggling situation. She has 6 children and Siba Dasi sleeps outside on her daughters “porch” because there are no room for her inside the house since her daughter lives there with her husband and kids. Her relatives told her about GB and she got a loan. Siba Dasi tells us that she bought with the loan three chickens and two goats and some ducks but unfortunately the ducks died. The purpose with the goats is to fatten them and then sell them. When we ask her how she is able to repay the loan she tells us that she has working for others and explains her situation: “I am somehow managing, Grameen gives me loan every time. I repay them; 3000 taka was my last loan. After I receive a loan I give instalment, there are no rules for me, and there is no interest rate. Sometimes I pay 30 taka sometimes 50 taka.” She tells us that it is good that you can get a loan and buy goats and cows, it is also good to be in a group but she doesn’t go to any group meetings, she doesn’t want too. We did not get a clear answer about why she didn’t go to the center meetings.

5.2.4 Overview of the women’s responses

We have gone through and presented what each of the women had said to us during the interview. In some of the questions the women have all had the same answers but expressed it in different ways. In the village Moharajpur all of the women had taken loan to invest in agriculture. Every one of them have expressed that they have gained a better life situation since they have become members of Grameen. This is with the exception with the struggling member. As we see it she is still struggling, but we don’t know what could have happened if she hadn’t take a loan from the GB. The loan for a struggling member has other “rules” than the rest of the members and she doesn’t have to pay any interest rate, and as we have understand she doesn’t have to attend in any center meetings if she doesn’t want to.

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94 Interview: Akotah Bises, (Moharajpur, Jhenidah, 2011-05-1)
95 Interview: Siba Dasi, (Moharajpur, Jhenidah, 2011-05-11)
All of the women (again with exception from the struggling member) have in different ways said that they feel happier and that they have more status in the family. All of the women had invested in agriculture, but something we noticed was that one of them, Sanwara ran the business totally independent (she and her husband didn’t live together, or even talk to each other). Komo Larani had help from her son and (since her husband had passed away). Akotah Bises had labour who worked for her and a husband worked as a teacher. The remaining three women had a husband who worked with the main part of the business while these women worked closer to the home taking care of the household, vegetables and animals. Even though we noticed that in most of the families a male family member did the main part of the business, we could see that the women in these families were empowered. For example like Hassina said: “After receiving the loan I got very confident and can speak up for myself when before I was very shy and timid.”

When we asked the women about the interest rate all of the borrowers expressed that the interest rate was 100 taka on a 1000 taka loan, and that on a 1000 taka loan you should give a 25 taka instalment per week. But we feel that they might not understand the meaning of percentage of interest rate. Even though this seems to be the case we feel that at least they know what they have to repay in taka instead of percentages. As long as they understand that the “taka interest rate” gets higher or lower if they change the time of instalment we find that it is good enough regarding to their situations. Many of them don’t even know how to read so how could we expect them to understand the percentages?

From our study almost all the women that we have interviewed has told us that they have no problem to repay the loans, and that the interest rate is ok. “The way Grameen Bank takes the instalment is ok. By the grace of mighty Allah I have never have the problem of not being able to pay back. I have a fresh book with no defaults.”- Sanwara. One of the women, Noorbano Bezum feels that it sometimes gets hard to repay loan. She even needs to sell off some of her assets to be able to repay the loans. Her situation has changed since she no longer is able to do her own handicraft. But we have to add that this interview were in Jobra and that she also has said that she have had financial problems but that it got better after she bought the rickshaw. We don’t know how it really is, and it might have been a misunderstanding since our interpreter we had in this village didn’t translate words by words.
Most of the women had also good eye contact and self-confidence that was visible. Their body language and face expressions were strong and not timid.

5.2.5 Six employees of Grameen Bank

We have now presented the women’s answers and will continue with the employees’ response. Zonal-, Aria-, Branch- and two Center managers’ interviews was at the village Moharajpur and the Senior officer that was held in the Head Office in Dhaka. Our main impression and also to a surprising part was that all employees had the same way of seeing things in and shared the same views even if they expressed them in various ways.

For us to have read Professor Yunus’ book, it feels as they are very inspired by him. When you read his book you get a very emotional description, and we feel as if all the staff talked in the same way as Professor Yunus. From this we believe that the GB has a very strong culture that permeates the entire organization and that they seem to be incredibly inspired by Professor Yunus. To capture what all of them said, we summarize below:

The Senior Officer talked about the impact of MF: “When poor people will get money they will start to think different, instead of thinking my parents were poor so I am also going to be poor, they learn that they can improve their situation. The philosophy is: first come motivation, then discipline, then credit. We give poor people money, it’s a human right, if we give them money they can use it right or misuse it. But we have seen that when they look at each other, motivation will grow. This people had nothing, cannot feed, and can’t do anything. After joining Grameen Bank their existence changed. They are coming to central meetings and when everything is happening in front of their eyes, they can feel a change, this is motivation. With the gatherings they can help each other, they can choose anything, and changes will come. Grameen Bank also provides savings which they can’t get somewhere else. This leads to a saving culture, you start to see life with bigger opportunities. The impact always starts with the financial part, when people don’t have food in the stomach they can’t think of something else - they need food. When they get money they can feed their children, they can put their children to school, and with that their status will change. And when they get together they can discuss other social issues, they talk about the 16 decisions. And when they will use the money they will increase their income, then they can get essential assets and stay sustainable.”

96 Interview: Senior officer (Head office, Mirpur, Dhaka, 2011-05-15)
The senior officer explains that they work as any financial institution, but they have higher operation costs. He tells us that their target is not profit maximization they only want to stay sustainable. “The interest rate we have now is ok, we have inflation but the interest rate is fixed. The interest rate we are taking are not high because of our operational cost, if we take lower we would not be sustainable. It’s not a burden for the borrowers, they are making money, and from the profit they are able to repay the loans, they are also getting interest rate on their savings. Ninety-eight (98) percent of those who take a loan repay it, some of them are in flexible loan until their situation gets better and that will not affect their interest rate. The total system is the key of the repayments and all the success, the procedure we are following before and after, we have the organization in a group but all loans are individual. The philosophy has no negative side, formation of the group is positive. They are mentally joined not financial joined - financial detached. Everyone in one group is almost at the same age, same area, no blood connections, if there is any problems they can help each other. They have the same work and responsibilities, same central meetings, they can exchange ideas and talk and help each other, and some social problems can also be solved with help from each other. Some members are doing well and other will see the result and follow.”

The senior officer talked about the advantages with MF, that poor people are given a banking facilities: “the rich man has it, but the poor man didn’t, when a rich person take a loan from a bank he is considering a business person, but when a poor person takes loan from a bank he is considering as a debt person, we need to change our views, poor people should have right to borrow money and build up an own capital.”

The Senior officer explains how GB gives poor people banking facilities without collateral which traditional banks would never do. GB has built up a system and believes in people, he explains how they have changed poor people’s mind set, by giving them credit and hope of a better future. GB is flexible and looks at the demand of the borrowers and their situation. He also says that the system can be improved: “The system runs by man, not by a machine. You can’t just switch on and the machine will start, we are humans. To improve we need government support. The development would be so good. The government can do so many things. They can for example give Grameen bank members and other NGO:s like BRAC, ASA free treatment, the government doesn’t need to do any research because we and the other NGO:s has already done that. If the government gives them free health service then the
members don’t need to pay for that. The borrowers are working with their bodies, and need to have health support. We can only do so much. If this help would come from the government there will be a quick change, but this is not going on, the government needs to change the system.”  

Area manager, Md. Ataur Rahman Sarkar: “In the banking history, people cannot get access to a loan without collateral. Only Grameen offers here without collateral. Living standard, child death rate, all are being developed through credit. Now the poor people are keeping phase to run their business. They have now social status, their children are going to regular college (...) the important thing is that they are getting credit here.”

The Branch Manager, Md. Shahabuddin explained that most of the borrowers are women although in a typical family the men do most of the business, but a woman can do business by herself. He also added that in cases when the husband is dead, the woman does the business by herself. He expressed: “Normally the business is run by the man. But to the core micro credit is a good thing, because the woman is empowered when she can take the loan. Mental development also happens because they are going to the centers and are very interested in the centers.”

Mrs. Shahanara Khatun Center manager told us that poor women can’t do anything, but if the women get credit with help of MF they can get capital and start a business: “As soon as I give loan with smaller interest rate, she will no longer go to moneylenders, and this is the best part”

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97 Interview: Senior officer, (Head office, Mirpur, Dhaka, 2011-05-15)
98 Interview: Area Manager, Md. Ataur Rahman Sarkar, (Moharajpur, Jhenidah, 2011-05-12)
99 Interview: Branch Manager, Md. Shahabuddin, (Moharajpur, Jhenidah, 2011-05-11)
100 Interview: Center managers, Md. Emdadul Haqu & Mrs. Shahanara Khatun (Moharajpur, Jhenidah, 2011-05-11)
Md. Emdadul Haqul, Center manager: “In center meetings everyone can share what’s on their mind, if there is a problem they will try to solve it together or if something needs to be changed the center manager can bring the information to the Branch manager who can bring it to the Head office. Everything happens on the field. We have so much contact with the borrowers we will see if something is wrong and try to help them, talk to them, and motivate them.”

Photo 4. Md. Emdadul Haqul, Center manager. He has received the women’s passbooks which consist of the weekly installment from the women in this Center group.

When we interviewed the Md. Abdul Karim - Zonal manager we felt that his answers stood out from the other especially when he talked about abuse and violence on the women, we will summarize what he said below.

Md. Abdul Karim, the Zonal Manager explains that initially GB used to provide loans to both men and women, but after some time they saw that women were more responsible and punctual, sincere and more bankable than men. So because of that GB shifted the idea to mostly focus on women borrowers: “With this Microfinance we have empowered women, and if we empower them, then we all have a bigger responsibility.”

101 Interview: Center managers, Md. Emdadul Haqul & Mrs. Shahanara Khatun (Moharajpur, Jhenidah, 2011-05-11)
He explains that some husbands who abuse their wife because the woman has no influence in the family - woman had no right to say anything. This has been going on for generations, he also explains that if a son sees his father abusing his mother then the son will do the same to his wife, he explains that it is deep in the culture and been passed on for generations.

Women are victims; a woman could be neglected if she only gives birth of daughters. But with GB she holds the power of income, she is holding the money, and she has the right to ask about how the business is going: “The husband will get the money and does most of the business, but the woman gets very empowered because she has the money. There is a power! Money is power!”

Md. Abdul Karim, Zonal manager believes that that most central aspect to make GB work well is the dedication from the staff, and the dedication is inspired from Professor Yunus. Md. Abdul Karim explains that GB provides an essential need for human being. They provide loan to those who are not getting facility from the society, he tells us that poor people don’t get help with health, with education etc.: “(...) from sunrise to sunset they are working, but they have no facility even though they are working so hard, we provide them basic need, the fundamental rights and they are giving access without collateral.”

Md. Abdul Karim Zonal manager says that the impact of MF on the poor is tremendous; he tells us that they are saving people’s lives. “They can fulfill their dreams. As a human being they can feel proud, they have food, clothes, criticism are saying that we are bounding them in a loan trap system, this is not communism or capitalism, we are doing reality but that is their simple thinking. In my country we have a solution, some options are here. When members gather together in Center meetings the Center manager can give them support and advise them of what they can do. And if she is a Grameen Bank member she can get help from savings that was mandatory before, 3 percent of the loan should go to savings. But again we got criticism, they don’t want poor people to get up in the society, today savings is an option.” Md. Abdul Karim Zonal Manager tells us that those who are doing MF in his country have higher interest rate than GB has. And if a person collects a loan from a moneylender they have to pay a lot of interest rate, the moneylenders were very active some time ago.

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102 Interview: Zonal manager, Md. Abdul Karim, (Moharajpur, Jhenidah 2011-05-09)
103 Ibid.
He tells us that commercial banks have an interest rate of 13-16 percent, he explains that GB has different interest rates on different types of loan but on the basic loan they have 20 percent declining rate. He tells us that their overhead cost is very heavy and the interest rate is also going back to the members since they are the shareholders. 104

5.2.6 Overall view

Overall the employees gave us a positive picture of the GB and the impact they have on women in rural Bangladesh. The way they expressed themselves was amazing, we could see their passion for their work. From what we could understand they have an explanation to the “high” interest rate, and the reason is their operation cost. And what we could see from our research the interest rate didn’t seem to be any problem for the borrowers in the village Moharajpur. In Jobra we feel that it might have been a problem since the answers were little uncertain. What we have understood is that with the declining method the interest rate gets lower and for the borrowers it means that they pay 10 percent flat. From this it seems that GB does not take advantage of the borrowers to earn money since the borrowers own 95 percent of the shares and are the ones who will get the return if the GB will go with profit. Still we feel that it can always be an improvement, but that this is something that we need to look deeper in to get more information.

As we could see in our research there didn’t seem to be any group pressure, the employees talked more about the positive sides of a group credit delivery system and how that will give the women a social community where they can support each other. And the women also expressed the same way. No one told us that they felt any pressure from the other members, and as we understand the loans are individual. There are no group pressures in the way that if one member can’t pay then the whole group will be affected. Still there can be mental pressure, but from our primary data we couldn’t see anyone who felt this way. As we see it with the situation in Bangladesh, with all the poverty and no Government support the GB have created an opportunity for the poor people in the rural Bangladesh that they otherwise don’t have.

104 Interview: Zonal manager, Md. Abdul Karim, (Moharajpur, Jhenidah 2011-05-09)
Chapter 6. Analysis

Under this chapter we discuss the outcome of the data collection from our interviews and analyze and connect them with relevant theories about Microfinance.

6.1 Positive side of Microfinance

When we visited the villages in the rural Bangladesh and had the interviews with the women, all of them have told us how their life situation has changed since they have become Grameen Bank (GB) members. From the explanations and answers from our responders we see that it seems like everyone are improving and going from having nothing to having an income, having assets, improving the houses and they can send their children to school. Many of them didn’t have any jobs and had nothing to do before they took the loan from Grameen. After the women have joined the GB they are fully busy taking care of their business such as the rice field, their animals and household in a whole different level.

From our responders answers and as we understand it, the access of credit has a huge impact on the women’s lives in the two villages. We believe that the credit gives them an opportunity to change their situations and help them move the poverty to a different level. We agree with Khandker about the part where he explained that it becomes very hard to get access to credit since the poor people have no collateral. Both from the general group interviews and from the individual interviews, women talked about how being a part of GB and have access to credit have led them to go from doing nothing to be self-employed. Khandker also mentions that because of the hard access to credit informal lenders play an important part for the poor people, but that these informal lenders often take a very high interest rate. We believe that with an organization like GB that provides women a banking system they feel safe and would not have to turn to the informal money lenders. In this way all the borrowers would be treated the same way and some kind of reputation of the organisation will be spread among the people.

From the explanations and answers from our respondents we see that it seems like everyone are improving and going from having nothing to having an income, having assets, improving their houses and they can send their children to school. We have come to understand that by providing the rural women of Bangladesh credit they have a chance to invest the money in business, it can be in agriculture, buying a rickshaw, buying materials to be able to make handicraft etc. In this way we mean that the women can improve their life situation. As
Khandker have shown this is a way of breaking the cycle of poverty. Still we feel there can be many questions about the system. One issue that we found was that many of the women are independent of their husbands. In most of the cases in our research it was the male family members who were working, through the women as a source of income. Just like Khandker have shown, we could also see a good side of this and it is that even though the men are the ones who are working and have the main income, the women can work with small enterprise at home which will help the whole income for the family. Besides gaining a more income for the whole family we believe that the women by being a source of income gain status in the family and can have right to question the husband and be a part of the economy together with her husband in a greater way than before being a GB member.

According to Hashemi et al. it has been said that even if the women are getting used by their husbands to be an income source for the family, it makes her empowered through the GB:s system in many different ways. We do believe that this is true. From our observation and respondents answers we have found that the women have gained status, and have become empowered with the help from GB since they are the source of income. One reason we believe that women can be empowered is that they are getting support from GB.

We have seen that they are gathered together at the center meetings that they have every week, and we believe that being a part of a business will help them get self-esteem. This is a similar conclusions that Hashemi et al. has, where they explains about how women develop an identity outside of their families when the women are attending in weekly meetings. For example women who are a part of GB “learn to talk”, they learn to make themselves heard and become unafraid to talk with “outsiders”. We feel that GB: s MF-program gives the ground for the basic needs, and with the basic need and through the rituals of participation and the contact with the other members the women in the two villages we visited can grow as persons and become part of the society where they no longer are poor.

Hashemi et al. talk about how the purdah system is still practice in the rural Bangladesh. This system isolates and subordinates women so they are socially and economically dependent on men. According to our interpretation the purdah system plays a role in the culture in Bangladesh. We feel that in the two villages we visited the women were still secluded by the purdah system when in most of the cases it was still the male family member who was running the main business.
Even though the _purdah_ system is still among them, we mean that the women we interviewed had through GB got empowered by strengthening their economic roles in their families. And most of the women we interviewed could talk to their men like they were higher or at least at the same level as them. Most of the women had also good eye contact and self-confidence that was visible. Their body language and face expressions were strong and not timid.

### 6.2 Was there any negative side?

The criticisms side of MF is that borrowers shouldn’t get credit without education and that the focus should be on controlling the patriarchal power structures. One other negative side of the MF was about how organizations use the borrowers by making money on them. Grameen Bank (GB) does educate their borrowers for seven days and make sure that the borrower’s children can go to school. GB also provides scholarship and higher education loan. As we see it GB can improve the system of education for the borrowers.

Through our own observation and informal interview with GB:s employees we can understand their thinking about how they believe in the individual person creativities and how they don’t want to interfere with the borrowers business plan in case of bad investment. If it wouldn’t work out, the blame would be on GB. We believe that this can be true but we see it more of a cost related question. If GB would give more education and internal training for the borrowers it would be more costly for them and might be too expensive for them to be sustainable. With more education and internal training for the borrowers they might learn more and be able to become even better businessmen.

We believe that even though other NGO might use borrowers to earn money we don’t see that GB uses the borrowers in this way. We can understand that it can look that way, especially with the confusion on the high interest rate. From our observation and empirical study we found that the women didn’t feel this way. We believe that if GB would use the borrowers to earn money the women would notice this and feel used. The women we interviewed and talked with told us that they were very glad with GB services and many of them felt that they have gained a better life after becoming a GB client. We don’t think that GB take advantage of their members, as we have seen from our observations, informal and formal interview the GB and its employees are influenced of Professor Yunus.
As we see it Professor Yunus truly want the best for the borrowers, he has dedicated his life on MF and the rural women of Bangladesh. And his implement does really permeate the whole GB from borrowers to head office, we add the borrowers since they are the shareholders of the organisation and also a part of the board. Even one of the reasons Yunus started the GB was to prevent the moneylenders and give credit in a place where borrowers could feel safe.

The critics view MF programs as a social burden that does not affect long-term outcome and that the small enterprises have limited growth potential as well as that the poor becomes economically dependent on the MF program itself. We couldn’t see that our respondents felt any social burden of the program, and from our research many of the borrowers had been clients for several years and their business had grown during these years. The growth might not be in the meaning that they can change direction and have a totally new business situation. But the growth is slow but steady improving and helps them to move out from poverty. As we know the borrowers can choose to not be a client every time they have repaid their loans. We only met one woman who was in this situation and she wanted to take a new loan so that she could keep invest her money in the agriculture business and make the business grow. We feel that in one way the borrowers do get dependent of the GB program since this is the only way for the poor to get credit and can expand their business. At the same time this doesn’t mean that they are stuck in the grips of an organisation, they can any time choose to leave but since they get banking facilities where they can keep their money safe and use other benefits of being a member therefore we believe that this is why they often choose to stay. Just like any person in the western country we feel that we all in some way are dependent of a banking facility.

Khandker talks about some critics that MF program gets, one of them is that it only seems to benefit the persons who are able to use loans productively, which means that it is not a solution for everyone. We can understand the criticism and why this can be a problem since MF is built up to help poor people by giving them loan to run their business, we believe that everyone is not suited to run their own business. Even though we can agree with the statement from the criticism we can also feel that if we compare the benefits on those who do improve their lives with help from MF with the ones who don’t is minimum.
In Sweden it might be hard to be entrepreneurs and do your own business. We believe that if we look at the way with international eyes we feel that this can be a challenge, but if we look at the situation in Bangladesh we can see that small businesses do really help people to become in a better life situation. Many of the borrowers we interviewed showed us their improvement and been very excited about it. We must add that this country is very high populated country so the demand is bigger than the supply. It is not hard to improve if you use the loan productively, according to our own observations that even though MF turns to poor people they are still human beings with great potential of development. We mean that it is up to every single person to take own responsibility and productively use the loan right, just like a western person. If a western person takes a loan and misuses it is not as sensitive as if a poor person does the same.

We mean that this is one side that we really have changed our view of looking at it, before we went and saw MF with western eyes and could see many obstacles with MF. But today after all the interviews and all the experience we have gained in Bangladesh we have a whole different view of approaching the criticism. We can in one way think that it is a shame that the poor people don’t have many options of improving their life situations. But this is reality and we do believe that MF as we observed gives opportunities for life improvements and the last challenge is to handle the loan in a productive way.

A negative criticism that Stiglitz mentioned has been on MF is that GB uses peer monitoring as a substitute for collateral. Loans are given to individual group members, but if any member defaults the whole group will not be approved to take loans in the future. They can’t get access to credit until the debt is paid. As we have found out in our research the individual person does not get affected if any other member in the group defaults. The members of GB are financially detached from each other, if one person defaults another group member can still take a loan. Peer monitoring also creates a cost reducing structure for the bank, in this way the cost and risk falls on the members instead of the bank. As we understand, the GB works in this way to be able to have information about the members. The employees also live in the village to be close to the members and visit the members regularly. GB also puts the responsibility on the members when the group have to collect the money and make sure that the instalments are correct before handing it over to the Chairman who count and gives it to the Center leader who in return counts and gives it to the Center manager. We couldn’t see
any negative side of this cost reducing structure. The only part is that the members don’t get anything in return for helping the bank with this cost reducing system.

Khandker mentioned that MF programs rely on groups to monitor and also encourage each other to repay through peer pressure. In the Norwegian reportage they also showed strong types of group pressure among the poor people who take MF. From our interviews, no one of our respondents mentioned anything about group pressure even if we asked follow up questions. They only talked about the positive side of a group based credit delivery system, and that it was good to be in a group to get support from each other and this also gave them a social security, as we interpret it. Everyone talked about that they are good friends in the group, that they like to go to the center meetings, and no one said that they had any problems in the group in this matter.

Even though our respondents didn’t mention anything about a group pressure we believe that it can be a mental group pressure in some way. We believe that each group member feel responsible for one another to not get into default, even if one member can’t repay that will not affect the other group members financially. But we believe that the mental pressure is a way to keep the status and responsibility to the group to repay the instalments in time.

Our research contradicts to the reportage where they strongly brought up the group pressure. The reportage also brought up that members of GB get caught in debt trap where they have to take loans to be able to repay the first loans and how that puts them into a dead end circle with no way out. From our interviews and observations, when we got to see the pass books it didn’t seem to be this way. No one told us that they felt like they were trapped in a debt trap with no way out. One woman we interviewed had already repaid the loan and didn’t then have to take a new loan to repay the first loan, it was already paid. All of the borrowers who had taken house loans had also repaid it. We actually thought that we would meet someone who was in a vicious circle before coming to Bangladesh due to this reportage but we didn’t. There wasn’t any tendency of this, neither from the village Jobra that we by ourselves arranged nor from the village Moharajpur that the GB arranged for us.

The reportage from Norway also brought up that GB has a very high interest rate and that it gets hard for the women and their families to repay the loan due to the high interest rate. They claimed that the interest rate is about 30 percent.
From our research we found out that the interest rate is not as high as 30 percent, the highest is 20 percent declining basis which means that it will be 10 percent flat for the borrower if they pay back in time. All of our respondents explained the interest rate in the exact same way – 25 taka instalment each week for a 1000 taka loan, which is 100 taka interest rate in one year. From our interview we didn’t get one answer that the interest rate was a problem. Everyone except one said that the interest rate isn’t any problem and many of them showed us their passbooks that were fresh from defaults. Only Noorbano Bezum from the village Jobra mentioned that it sometimes could get hard to repay the instalments due to the high interest rate. This also contradicts what the reportage was claiming. We mean from the results of our research that the reportage is misleading and even though we can’t claim that our research covers the whole Bangladesh and all the borrowers, we understand that the interest is high but not as high as the reportage mentioned and not in the way that it becomes a burden for the borrowers. We have also met other interns at GB who hasn’t seen any side of what the reportage brings up.

With all the negative criticism we feel that the guarantee of income is dependent of the life situation, if a woman or her husband get sick or for some reason can’t work, the income gets affected in a negative way and still they have a loan they need to repay. We mean that this can be a bigger and harder problem than for example the interest rate. The Government does not pay out sickness benefits. The GB has a backup plan for this which they call flexible loan. We believe that the flexible loan is good in the way that it can give the borrowers’ time to recover and get back on track. Although if they are in a situation where there are no possibilities for them to ever work the same way as they did before, the flexible loan can’t help them. As we see it, to be able to solve this problem GB itself would need help from other sources, like the Government.
Chapter 7. Conclusions

Under this chapter we present the answers to our research questions, along with reflections and contribution. We also suggest further research on this topic.

7.1 Answers to our research questions

Our main research question was, does Microfinance (MF) have a positive or negative impact of the women in rural Bangladesh? From our research we have seen that the MF impact on the women is more positive than negative. Through our time in Bangladesh we believe that the question if MF has a positive or negative impact on women in the rural Bangladesh is a very big and complex question. We have got to seen that is so much more to be learned to be able to motivate an answer on that question. Even though MF is a big subject we believe that Grameen bank and their MF has a positive impact on the women in the rural Bangladesh because it opens a door for the poor people who have no collateral and no options to invest money. The market to start an own business in Bangladesh is wide due to the fact of the overpopulation. The MF loan gives poor people a chance for financial support that all the humans have right to. Not all of the people can maintain to use the financial support in a descent way. This is no different between poor people in rural Bangladesh or in the richest part of United States of America. Just the side effects can differ. We can see negative parts of the risk of taking MF loans. For example if you get sick or are in no shape to invest your money. Even though this is a huge negative side we believe that from the situation these women are in there have no better options to change and hope to stay healthy. The government should take a bigger responsibility for those kinds of problems.

One of our sub questions was how does the Grameen Bank (GB) finance the MF system? And how can the borrowers repay the loans without falling into a vicious spiral where the economic situation deteriorates? Our study shows that GB uses the loans to cover the cost they have. If a borrower fall in to a vicious spiral where the economic situation deteriorates the GB has a “program” where the borrower get a flexible loan until they get in a better situation.

The other sub question was, is MF a way of developing the society in a long term way? Is MF a community development solution for the reduction of society’s poverty that generates the development of welfare? MF has changed many people’s life situation and generated to a reduction of poverty. Our study shows that the women we have interviewed are going from
having nothing to having constructed houses, been able to eat properly, sending their children to school etc. We would say that MF is a way of community development opportunity when there is no Government support. If the MF programs would get help from the Government then the development of welfare and reduction of poverty would be even greater.

GB: s MF program leads to self-employment that will help the borrower out of poverty, but this generates bigger responsibility for each and one of the individual borrowers. If the borrower gets in a position where she or he can’t work for example in case of sickness there is no back-up system of insurance of income for the borrower, like support from the Government. The GB has the flexible loan which helps the borrowers in the way where they don’t need to pay back as much installment until they get better. This helps but is not a whole solution of poverty reduction. We cannot draw a general conclusion of the Grameen Bank Microfinance program and their operation in the whole Bangladesh.

Thus our investigation was on 72 borrowers in group interviews and a total of 15 individual interviews were 9 of them were borrowers of GB. This interview sample is a small part of all the 8, 5 million members.

To summarize our outcome of our research we have fund that GB MF program does have a positive impact of the women in rural Bangladesh. However it is always a risk to take a loan regardless if you live in rural Bangladesh or in a well-developed country. The discussions about how the poor people end up in vicious spiral of debt trap seems to from our understanding to be over dramatized and looked at from the wrong perspective. We don’t deny that this can’t happen even if we didn’t meet anyone who was in this situation during our time in Bangladesh. It’s of course sad and not a very good outcome if this would be the case of MF in majority. This was nothing we could see and it seemed to have more benefits of banking facilities than getting stuck in a debt trap. Through GB:s MF it helps to reduce poverty since the women who take the loan are improving their lives. Even though they still will be consider to be poor they have moved the level of poor to a higher standard are now living a life where they don’t struggle for food and roof over their heads, and in that way generate the development of welfare. What we found out is that GB MF program gives poor people opportunities that they otherwise don’t have, GB MF program gives a security, a social network, a change in life, with hope for a better life.
7.2 Reflections

If we were to go to Bangladesh again or recommend someone else to go and conduct a field study, we would first and foremost recommend that you are well prepared and familiar with the subject. In this way you can research deeper on one part of the subject Microfinance (MF) and have a more narrow research question that makes the work to have deeper substance. MF is a big topic and it would be good to look at just one “puzzle piece” of the whole “puzzle” of MF.

Another issue to consider is to get hold of a good interpreter who you trust and know that you can collaborate with. We would recommend hiring a qualified and professional interpreter. We would also recommend meeting the interpreter before, and agreeing how you want to collaborate in the field. In other words, meet up with the interpreter and discuss in advance so that both parts know how and what can be expected from the collaboration. This also gives you an opportunity to build up a professional relationship with the interpreter that will be an advantage both for you and your empirical study. English can also be an advantage thing to check when you meet up with the interpreter before going to the field. With the various dialects and forms of pronunciation, it can be good to listen to the interpreter’s English so you know that you can understand what he/she says. Make even sure that your interpreter knows the domestic dialect from the area you are going to be at since this can vary from different parts of Bangladesh. Once in place, you should be aware of your own observations. Observe the respondents body langue and facial expression during the interviewing. Try to have an arrangement so that you can take in as many impressions as possible during the interview and not just focus on getting answers. A major advantage is if you can record the interview session, especially if you are by yourself so you can be more present during the interview itself. In this way you can even notice if the interpreter seems to translate in a correct way.

Accommodation is something that we would recommend to look into the best you can before arriving to the country. This will give you an idea of the price you can expect on the different locations. Before we arrived we didn’t expect that the accommodation would be so problematic, when we arrived we got to learn that safety is to be considered when choosing accommodation. Now we have subsequently learned that Gulshan and Banani are the safest areas in Dhaka, but also the most expensive.
Bangladesh is a Muslim country, you should think about how to dress. Both as man and woman it is inappropriate to show too much of your skin. To adapt to the culture you should cover your shoulders and knees. As a woman there is no need to wear a veil, but it helps to have a shawl that you can have around your shoulders and cover your female forms. Also try to learn as much as possible about the culture and how to act to avoid culture misunderstandings.

We would really recommend students to do a field study. It has truly been an amazing experience and has given us wonderful memories for the rest of our lives. One issue that everyone recommend and that we truly agree with is to be well prepared and well informed about the country you will visit and the subject you will study before you leave. But we would also add that you should be willing and open to change directions along the way to adapt to the situations that arise.

Everything will not always turn out as expected; therefore you should be open and receptive to changes. If you have an open mind with the willingness to adapt to the different situations then everything will be fine, if not even better in the end.

Establish a relationship and build contacts with the people you meet. We gained a lot of advantages by getting to know many people. People in Bangladesh are very helpful and friendly. You learn a lot by meeting many different people who live in the country and they can come up with many good ideas and tips that can help you during your stay.

There are probably other ways to do an investigation. The problem in a developing country is that you have to understand that many of the people haven’t gone to school and many of them are not capable or reading. So a written questionnaire survey wouldn’t be suitable in this case. We believe that a good way to get answers to your questions is to go in to the culture. Try to see and live through these peoples’ lives, try to walk in their shoes. Be open and listen to what everyone around you has to give. We believe that by having well prepared questions and to do interviews is the best way in this case. In this way you can recon structure a question that the responders might not understand or incapable to answer on. You can also do follow up questions or retell an answer to make sure that you understood the responder in the right way and reduce misunderstandings. You can also see the reactions on the responders and
sometimes the body-language speaks bigger than the words and you can capture a lot from this.

We believe that all people who are going to an investigation can learn something from our experience. We also believe that people who are interested in the third country and financial tools all at the same time or in different parts can get inspiration from our survey.

### 7.3 Contribution

We contacted an empirical study to investigate and experience Microfinance in real life. We enabled our experience in Bangladesh by writing this study. Through this more people will be aware of Microfinance and how GB help women in rural Bangladesh to overcome poverty. During our time in Bangladesh we also made notes and discussed our experience through Facebook. This opened a curiosity among friends and also spread the information about MF and the GB. We do believe that people that read this study and people who we come in contact with it will be more informed about the subject and learn more about Microfinance and how microfinances can be a possibility to help overcome poverty.

The society in Sweden can be enlightened that Microfinance can be a critical element of an effective poverty reduction strategy especially for developing countries. The services provided by Microfinance institutions can enable the poor to build their assets gradually, develop their microenterprises, enhance their income earning capacity, and enjoy an improved quality of life. By informing the Swedish society that Microfinance contributes to poverty reduction in Bangladesh, we hope that people should like to learn even more and actively discuss the role of Microfinance institutions. We also hope that more students can be interested in the area and contribute with new knowledge about microfinances. The information collected from our study has revealed that Microfinance have changed the life of poor people in a positive way.

### 7.4 Further research

During our time in Bangladesh and through the people we have met along with our investigation we have learned that MF is a very big and broad conception.
There are many different parts to investigate. Our investigation was an overall view of the impact of MF and how it operates. But MF is like a whole puzzle, and we have tried to get a clear picture of the puzzle when all the pieces are in place. To be able to do that it requires a major investigation and longer time. For example many organizations are working with different types of MF operations, the idea is the same but the way it is presented it’s different. For example: we have learned that there are another big NGO in Bangladesh that focus more on education to their members. And if you look at the same NGO you will find that it might work different in another country. MF is a service provided for the poor people, to deeply understand the context you need to have a long experience in the subject. So further research is to study one part of MF, like interest rate and how that affects the women, or impact on women’s’ empowerment with help of MF, or struggling members whether they benefit from MF programs.

The reason there are so much positive and negative view about MF is probably that MF topic is huge and to find out what impact they have, we needed to start from the big picture. But it would be interesting to go deeper into one "puzzle piece" to see how it works.
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Center manager, Emdadul Haqul: Moharajpur, Jhenidah (2011-05-11)
Appendix 1. Questions to Women

Hello we would like to introduce our selves and let you know why we want to visit your village. Our names are Marlene and Elham, we are both from Sweden. We are 27 years old and study Economics with a focus on Business development/Marketing at the University of Gävle in Sweden.

We came in contact with the Grameen Bank and the Microfinance through our University. We are now doing our thesis and got the opportunity to visit your country to study about the Microfinance and the Grameen Bank. The purpose of our field study is to see the impacts of Microfinance. We also want to find out if the Grameen Bank approach works in practice, and how it helps to develop a community in Bangladesh. For us, your opinion along with other women’s view and experiences of Microfinance are the most important. After all, you and the women are the ones who have come in contact with Grameen Bank and have real experience from Microfinance.

Can we ask you some questions regarding your experience of Microfinance?
Before we move on, we also want to ask if you want to be anonymous or if we can write your name in our thesis?
- If yes, may we also take pictures of you (and your family) during the interview? These might end up in the thesis also.

Name: Date:
Age: Time:
Married: Location:
Kids:
Occupation:

Intro questions:
1. Have you come in contact with Grameen Bank?
2. If yes, how did you come in contact with the Grameen Bank initially?
3. Do you know what kind of services Grameen Bank provides? (Types of loans, saving opportunity etc.)
4. Are you using any of the Grameen Banks services?
5. If yes, which one/ones?
6. How long have you been a Grameen Bank client?
7. What process did you go through before you got granted for Microfinance (MF)?
8. What process follows after your application was granted?
9. Do you have other loans besides from the Grameen Bank? How many?
10. If yes, are they NGO or from a commercial (private) Bank, or traditional (public) Bank?

Impact:
11. What impact does the microfinance have on you?
12. What was your income before you took the loan?
13. What is your income now after you have taken the loan?
14. Do you think that MF has had any other impacts besides financial?
15. What do you think is the advantages of MF?
16. What do you think is the disadvantages of MF?
17. As a client of Grameen Bank, what is the most central for you to be satisfied with their services?
18. Do you feel that the employees from the Grameen Bank truly care about you?
19. Has your occupation changed after you took the loan?
20. How has the occupation changed? Work more /less?
21. Since you have taken the loan, have you then been able to obtain essential assets?

Interest rate and data questions:
22. What do you pay in rate to the Grameen Bank?
23. How does the interest rate affect your ability to repay the loan?
24. How does the process of the repayment of the loan work?
25. What happens if you aren’t able to repay the loan?
26. What do you think is the positive side of group based credit program?
27. What do you think is the negative side of group based credit program?
28. What is your role in the group?
29. Do you know how many people from your village/community who has taken loan from Grameen Bank?
30. Can you see whether MF has changes the poverty in your village?

Closing question:
31. Did Grameen Bank make sure that you had a reasonable business idea before you received the credit?

32. Can woman own businesses and handle the money by themselves?

33. How is the situation in your family? – Do you run the business?

34. What happens if your husband passes away?

35. What are the women’s rights in Bangladesh?

36. Has your influence in your family changed since you took the MF loan?

37. Do you believe that MF is a short term or a long term solution to alleviate poverty?

38. Where will you see yourself in the future?

39. Do you want to add something you feel we should be aware of when it comes to MF, Grameen Bank and about your situation?
Appendix 2. Group Questions to Women

Hello we would like to introduce our selves and let you know why we want to visit your village. Our names are Marlene and Elham, we are both from Sweden. We are 27 years old and study Economics with a focus on Business development/Marketing at the University of Gävle in Sweden.

We came in contact with the Grameen Bank and the Microfinance through our University. We are now doing our thesis and got the opportunity to visit your country to study about the Microfinance and the Grameen Bank. The purpose of our field study is to see the impacts of Microfinance. We also want to find out if the Grameen Bank approach works in practice, and how it helps to develop a community in Bangladesh. For us, your opinion along with other women’s view and experiences of Microfinance are the most important. After all, you and the women are the ones who have come in contact with Grameen Bank and have real experience from Microfinance.

Can we ask you some questions regarding your experience of Microfinance?
Before we move on, we also want to ask if you want to be anonymous or if we can write your name in our thesis?
  - If yes, may we also take pictures of you (and your family) during the interview? These might end up in the thesis also.

Number of participants: Date: Time: Location:

General group questions:
1. How many of you contacted Grameen Bank:
   - by yourself
   - or got contacted by the Grameen Bank?
2. Those of you who contacted the Grameen Bank by yourself, how many got a recommendation through a relative /friend/neighbor?
   - number
3. As we know there are 6 types of loans, how many of you uses:
   - Basic loan
   - House loan
- Higher education loan
- Struggling loan
- Center house loan
- Microenterprise loans

4. As we know Grameen Bank has 3 other services, how many of you uses:
   - Savings services
   - Life insurance
   - Pension fund

5. How long have you been a Grameen Bank client?
   - 1-5 years
   - 6-10 years
   - 11-16 years
   - 17-more years

6. Do you have other loans besides from the Grameen Bank?
   - yes
   - no

7. If yes, are they NGO or from a
   - commercial (private) Bank
   - traditional (public) Bank
   - other

Rate/data questions:

8. Can you see whether MF has changes the poverty in your village?
   - yes
   - no

9. Did the Grameen Bank make sure that you had a reasonable business idea before you received the credit?
   - yes
   - no

10. How many of you are married?
    - number

11. Can woman own businesses and handle the money by themselves in your village?
    - yes
    - no
12. How many of you feel that you have gain more status since you have taken the loan?
   - number

13. How many of you feel happier after you have taken the loan?
   - numbers

14. How many of you are unsatisfied with the Grameen Bank services?
   - number

15. How many of you believe that MF will change your life in a positive way for the rest of your life?
   - number
Appendix 3. Questions to Grameen Bank

Hello we would like to introduce our selves and let you know why we would like to conduct this interview with you. Our names are Marlene and Elham, we are both from Sweden. We are 27 years old and study Economics with a focus on Business development/Marketing at the University of Gävle in Sweden.

We came in contact with the Grameen Bank and the Microfinance through our University. We are now doing our thesis and got the opportunity to visit your country to study about the Microfinance and the Grameen Bank. The purpose of our field study is to see the impacts of Microfinance. We also want to find out if the Grameen Bank approach works in practice, and how it helps to develop a community in Bangladesh.

Can we ask you some questions regarding your experience of Microfinance?
Before we move on, we also want to ask if you want to be anonymous or if we can write your name in our thesis?

- If yes, may we also take pictures of you during the interview? These might end up in the thesis also.

Name: Date:  
Gender: Time:  
Position: Location:  
Intro questions:
1. How long have you been working for Grameen Bank?
2. How would you in one sentence describe the most central aspect to make Grameen Bank work well?
3. What kind of services does Grameen Bank provide? (types of loans, saving opportunities etc.)
4. How do you reach out and communicate with the women in rural Bangladesh?
5. What process does Grameen Bank have before Microfinance (MF) gets granted for the borrower?
6. What process follows after an application is granted?
7. What kind of businesses has developed through MF?
8. What do you think is the impact of MF on the poor? (How does the MF affect the poor?)

9. Does MF have other effects than financial effects?

Interest rate and data questions:

10. What is the rate on the loans for the borrowers?

11. How does Grameen Bank set the rates? Does the same rate apply to all borrowers, and all kinds of loans?

12. Why do Grameen need to have high interest rate?

13. What do you suggest that the interest rate should be?

14. How do the interest rates affect the ability to repay the loans for the women?

15. What is the percentage of those who pay back the loans?

16. What is the key for the high repayments?

17. In case of default, what does Grameen Bank do?

18. MF program practice group based credit delivery. What do you think is the positive side of this program?

19. What do you think is the negative side of this program?

20. Do you have any data of the borrowers? (How many borrowers Grameen Bank has etc.)

21. Can you see in the data if the poverty among the borrowers has changed?

22. Is there any other evidence that the borrowers has come out of poverty? Any statistics? (ex. that the lenders now have more of the essential assets than before taking the credit. 10 assets that makes the poor no longer counts as poor, ex; mosquito net)

Closing questions

23. What are the advantages with MF?

24. What are the disadvantages with MF?

25. Does the Grameen Bank take responsibility to make sure that the borrowers have reasonable business ideas before they receive the credit? (Providing credit seems to be away to generate self-employment opportunities for the poor. But does the opportunity for one person lead to a dead end for another person? If too many people have the same business does the competition make some go out of business and/or make the price demand decrease, so that the profit gets lower. To make the business profitable you need to find a niche, segmentation or diversify your product/service etc.)

26. Can women own businesses and handle the money by themselves?
27. What are the women’s rights in Bangladesh? (97% of the borrowers are women, but does the money go to them so that they can start an own business or does the women take the loan and only handle the economics in the family, i.e. the women becomes the borrower and have the risk on them, but the men provides the business? What happens if the husband passes away? )

28. Do you know what happen after the women borrow and get the money?

29. Do you believe that MF is a short term or a long term solution to alleviate poverty?

30. Do you have any other suggestions of financial support to the rural Bangladesh?

31. What do you believe will happen in the future?

32. Do you want to add something you feel we should be aware of when it comes to MF and Grameen Bank?
Appendix 4. Map over Bangladesh

The red dots are denoting the two villages and city that we stayed:
1. Jobra (Chittagong)
2. Moharajpur (Jhenidah)
3. Dhaka (Dhaka)

### Appendix 5. Information of the interviewed women

<table>
<thead>
<tr>
<th>Name</th>
<th>Sub-district</th>
<th>Village</th>
<th>Married (years)</th>
<th>Children</th>
<th>Types of loan</th>
<th>Types of savings</th>
<th>Age</th>
<th>Purpose of loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Siba Dasil</td>
<td>Jhenidah</td>
<td>Mornigur</td>
<td>10</td>
<td>2 sons &amp; 1 daughter</td>
<td>Deposit &amp; LIS</td>
<td>Deposit &amp; LIS</td>
<td>60+</td>
<td>land investment and daughters</td>
</tr>
<tr>
<td>Widow 7 yrs., 3 sons &amp; 3 daughters</td>
<td>Chittagong</td>
<td>Jothar</td>
<td>15 yrs.</td>
<td>2 sons &amp; 1 daughter</td>
<td>Deposit, LIS &amp; GPS</td>
<td>Deposit, LIS &amp; GPS</td>
<td>30</td>
<td>rickshaw, marriage</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2 daughters</td>
<td>Basic &amp; microenterprise</td>
<td>Basic &amp; microenterprise</td>
<td>37</td>
<td>livestock, land</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Basic &amp; housing loan</td>
<td>Deposit, LIS &amp; GPS</td>
<td>Deposit, LIS &amp; GPS</td>
<td>45</td>
<td>agriculture, vegetable</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Deposits, LIS &amp; GPS</td>
<td>Deposits, LIS &amp; GPS</td>
<td>50+</td>
<td>agriculture, rice</td>
</tr>
</tbody>
</table>

**Source:** Own construction
### Appendix 6. Information of the interviewed employers of Grameen Bank

<table>
<thead>
<tr>
<th>Sub district</th>
<th>Village</th>
<th>Level</th>
<th>Position</th>
<th>Name</th>
<th>Gender</th>
<th>Age</th>
<th>Years of employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dhaka</td>
<td>-</td>
<td>Head Office</td>
<td>Senior Officer and Coordinator</td>
<td>Senior officer</td>
<td>Male</td>
<td>34</td>
<td>7</td>
</tr>
<tr>
<td>Jhenidah</td>
<td>-</td>
<td>Zonal Office</td>
<td>Zonal Manager</td>
<td>Md. Abdul Karim</td>
<td>Male</td>
<td>50+</td>
<td>29</td>
</tr>
<tr>
<td>Jhenidah</td>
<td>-</td>
<td>Area Office</td>
<td>Area Manager</td>
<td>Md. Ataur Rahman Sarkar</td>
<td>Male</td>
<td>50+</td>
<td>26</td>
</tr>
<tr>
<td>Jhenidah</td>
<td>Moharajpur</td>
<td>Branch Office</td>
<td>Branch Manager</td>
<td>Md. Shahabuddin</td>
<td>Male</td>
<td>34</td>
<td>6</td>
</tr>
<tr>
<td>Jhenidah</td>
<td>Moharajpur</td>
<td>Central Center</td>
<td>Center manager</td>
<td>Shahanara Khatun</td>
<td>Female</td>
<td>24</td>
<td>7</td>
</tr>
<tr>
<td>Jhenidah</td>
<td>Moharajpur</td>
<td>Central Center</td>
<td>Center manager</td>
<td>Emdadul Haqul</td>
<td>Male</td>
<td>28</td>
<td>6</td>
</tr>
</tbody>
</table>

*Source: Own construction*