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**GEST-S-6001
Module “Management of social finance institutions” PART 2
Course: Contracts and products for financial inclusion

1st semester EMP 2025-26**

**Module manager: Prof. Marc LABIE**

***Planning***

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Time | Lecturer  | Guest speaker | Place |
| 22/10/2024 | 6 pm – 9 pm | Prof. R. Mersland |  | A.0.05.2 |
| 23/10/2024 | 6 pm – 9 pm | Prof. R. Mersland |  | A.0.05.2 |
| 24/10/2024 | 6 pm – 9 pm | Prof. R. Mersland |  | A.0.05.2 |
| 06/11/2024 | 6 pm – 9 pm |  | B. Opdebeeck | A.0.05.2 |
| 07/11/2024 | 6 pm – 9 pm |  | B. Opdebeeck | A.0.05.2 |
| 29/11/2024 |  6 pm – 9 pm | Prof. R. Mersland | A. Ashta | A.0.05.2 |
| 02/12/2024 | 6 pm – 9 pm | Prof. N. Hermes |  | A.0.05.2 |
| 03/12/2024 | 6 pm – 9 pm | Prof. N. Hermes |  | A.0.05.2 |
| 04/12/2024 | 6 pm – 9 pm | Prof. N. Hermes |  | A.0.05.2 |

**Part 1: Prof. R. MERSLAND**

***Objectives of the course***

To introduce students to key concepts in the development of the microfinance industry, and to present recent research in combination with case experiences related to the topics covered.

***Topics covered and recommended readings***

**1) CEOs and their influence on Microfinance Performance**

References:

* Mersland, R., D. Pascal and L.A. Beisland (2019), "The Origin of Chief Executive Officers and Performance in Hybrid Businesses: The Case of Microfinance," *Journal of Small Business Management.* 57(4), 1578-1594
* Pascal, D., R. Mersland and N. Mori (2017), “The influence of the CEO's business education on the performance of hybrid organizations: The case of the global microfinance industry,” *Small Business Economics* 49(2): 339-354.

**2) Mission Drift and Social Performance in Microfinance?**

References:

* + Beisland, L.A., D’Espallier, B. & Mersland, R., (2019), "The commercialization of the microfinance industry: Is there a 'personal mission drift' among credit officers?". Journal of Business Ethics. 158(1), 119-134.
	+ Mark Schreiner (2002), Aspects of outreach: a framework for discussion of the social benefits of microfinance. *Journal of International Development* 14(5), pp 591-603.
	+ Armendariz, B., and A. Szafarz (2011), "On Mission Drift in Microfinance Institutions,” in: B. Armendariz and M Labie (Eds.), The Handbook of Microfinance, London-Singapore: World Scientific Publishing, 341-366
	+ Mersland, R. and R. Ø. Strøm, (2013), “Microfinance Costs, Lending Rates and Profitability,” in Caprio, G. (ed), *The Encyclopedia of Financial Globalization*, Oxford: Elsevier.
	+ Mersland, S., Nyarko, S., & Szafarz, A. (2019), “Do social enterprises walk the talk? Assessing microfinance performances with mission statements”, *Journal of Business Venturing Insights* Vol. 19, e00117.
	+ Beisland, L.A., Djan, K., Mersland, R. & Randøy, T. (2021), “Measuring Social Performance in Social Enterprises: A Global Study of Microfinance Institutions", Journal of Business Ethics, Vol. 171, pp. 51-71. https://doi.org/10.1007/s10551-019-04417-z.

**3) The future of the microfinance product innovations and institutional designs**

References:

* + Mersland, R**.** and R. Ø. Strøm (2012), “The Past and Future of Microfinance Innovations”*,* in Cumming, D. (ed), *The Oxford Handbook of Entrepreneurial Finance*, New York: Oxford University Press.
* Mersland, R. (2013), “The microfinance market opportunities,” *Enterprise Development & Microfinance* 24(4): 282-294.
	+ Hollis, A. and A. Sweetman (1998), “Microcredit: What can we learn from the past?” *World Development* 26: 1875-1891.

**4) Pro-poor microfinance products: Disability market; Microfinance plus; Savings Groups**

References:

* Beisland, L. A. and R. Mersland (2013), “A literature review and policy guidelines on microfinance and disability”, in Heymann, J., M.A. Stein and G. Moreno (eds.), *Disability and Equity at Work*, Oxford: Oxford University Press.
* Bossuyt, E., D’Espallier, B. & Mersland, R., (2023). Profit-Generating Entities or Cash-Management Vehicles? Unpacking the Financial Performance of Savings Groups Worldwide. Journal of Alternative Finance. https://doi.org/10.1177/27533743231201771
* Mersland, Gonzales, Nakato and D’Espallier (2018), “Global Indicators of Savings Groups - A description of the SAVIX database,” CERSEM, Norway.

**5) The Internationalization of the microfinance industry**

References:

* Mersland, R., S. Zamore, K.O. Djan and T. Woldetsadik Sommeno (2019), “Internationalization of the Microfinance Industry,” in Hudon, M., M. Labie and A. Szafarz (eds.) *Research Agenda for Financial Inclusion and Microfinance,* Edward Elgar.
* Mersland, S., Nyarko, S., & Sirisena, A. (2020), “A Hybrid Approach to International Market Selection: The Case of Impact Investing Organizations”, International Business Review. Vol. 29(1), 101624

**Guest speaker: Prof. Arvind ASHTA (29 November 2024)**

***Topics covered and recommended readings***

1. **Theoretical Introduction to technology, innovation, adoption (1 hour)**
* Innovation models in the information age

References:

* Rogers, E. (2003), *Diffusion of Innovations,* 5th ed., New York: Free Press.
* Friedman, T. (2006), *The World is Flat: The globalized world in the twenty-first century,* U.K.: Penguin.
* Shuen, A. (2008), *Web 2.0: A Strategy Guide,* Sebastopol, CA: O'Reilly Media Inc.
* Ashta, A. and D. Assadi (2010), "An analysis of European online micro-lending websites," *Innovative Marketing* 6(2): 7-17.
* Ashta, A. (2011), "Advanced Technologies for Microfinance: Solutions and Challenges," Hershey, PA: IGI Global. (Introduction to the Book)
1. **Management Innovation Systems in Microfinance (1 hour)**
* Importance
* Concept
* Cloud computing and Software-as-a-service

References:

* Armbrust, M., Fox, A., Griffith, R., Joseph, A. D., Katz, R., Konwinski, A., Lee, G., Patterson, D., Rabkin, A., Stoica, I., & Zaharia, M. 2009. Above the Clouds: A Berkeley View of Cloud Computing. In: UC Berkeley Reliable Adaptive Distributed Systems Laboratory.
* Ashta, A. 2015. SaaS: Strategic Innovation In MIS For Microfinance Market. In A. Ashta, B. Barnett, K. Dayson & G. Supka (Eds.), *Management Information Systems for Microfinance: Catalyzing Social Innovation for Competitive Advantage* (pp. 200-224). Newcastle upon Tyne, U.K.: Cambridge Scholarship Publishing.
* Ashta, A., Barnett, B., Dayson, K., & Supka, G. 2015. Management Information Systems for Microfinance: Catalyzing Social Innovation for Competitive Advantage. In (pp. 344). Newcastle upon Tyne, U.K.: Cambridge Scholarship Publishing.
* Ashta, A., Bumacov, V., Cherkas, M., & Constantinou, D. 2015. The Evolving Industry for Microfinance Software: Evaluation and Guide for MFIs and MIS Vendors. In A. Ashta, B. Barnett, K. Dayson & G. Supka (Eds.), *Management Information Systems for Microfinance: Catalyzing Social Innovation for Competitive Advantage* (pp. 155-177). Newcastle upon Tyne, U.K.: Cambridge Scholarship Publishing.
* Ashta, A., & Patel, J. 2010. Is SaaS the Appropriate Technology for Microfinance? In Available at SSRN: http://ssrn.com/abstract=1604741.
* Barnett, B. 2015. Risks and Mitigation in Cloud Computing for Microfinance. In A. Ashta, B. Barnett, K. Dayson & G. Supka (Eds.), *Management Information Systems for Microfinance: Catalyzing Social Innovation for Competitive Advantage* (pp. 225-239). Newcastle upon Tyne, U.K.: Cambridge Scholarship Publishing.
* Bumacov, V., Lanet, F., & Ashta, A. 2015. The Open Source Attitude in Microfinance: the case of Airdie In A. Ashta, B. Barnett, K. Dayson & G. Supka (Eds.), *Management Information Systems for Microfinance: Catalyzing Social Innovation for Competitive Advantage* (pp. 178-199). Newcastle upon Tyne, U.K.: Cambridge Scholarship Publishing.
1. **Online Lending (1 hour)**
* Different online lending models (commercial and microfinance)
* Governance, Strategy and Marketing of different online lending sites, commercial as well as microfinance base, direct as well as intermediary, profit as well as not-for-profits.

References:

* Attali, J. (2000), "A Market Solution to Poverty: Microfinance and the Internet," NPQ: New Perspectives Quarterly 17(1): 31.
* McAfee, A. P. (2006), "Enterprise 2.0: The Dawn of Emergent Collaboration," *MIT Sloan Management Review* 47(3): 21-28.
* Kupp, M. and J. Anderson (2007), "Zopa: Web 2.0 meets retail banking," *Business Strategy Review* 18(3): 11-17.
* Robinson, K. (2007), "Peer-to-peer lending strives to break the banking mould," *Banker* 157(974): 110-111.
* Wolfe, D. (2007), "How Secondary Market Could Morph Prosper (cover story)," *American Banker* 172(212): 1-9.
* Powers, J., B. Magnoni and S. Knapp (2008), "Person-To-Person Lending: Is Financial Democracy A Click Away?" microREPORT 130, USAID, Washington, D.C.
* Assadi, D. and A. Ashta (2009), "How do People Trust on Peer-to-Peer Lending Websites? Analysis of the Impacts of the Web 2.0 Technologies and Intermediation Roles," in Gera, R. (ed.), *Advances in Technology and Innovation in Marketing,* Delhi: MacMillan Publishers India Ltd, 49-69.
* Flannery, M. (2009), "Kiva at Four," *Innovations* 4(2): 31-49.
* Roodman, D. (2009), "Kiva is Not Quite What it Seems", Center for Global Development blog, [http://blogs.cgdev.org/open\_book/2009/10/kiva-is-not-quite-what-it-seems.php](http://blogs.cgdev.org/open_book/2009/10/kiva-is-not-quite-what-it-seems.php%5D).
* Johnson, S., A. Ashta and D. Assadi (2010), "Online or Offline? The Rise of "Peer-to-Peer" Lending in Microfinance," *Journal of Electronic Commerce in Organizations* 8(3): 26-37.
* Ashta, A. and D. Assadi (2010), "Should online micro-lending be for profit or for philanthropy? DhanaX and Rang De," *Journal of Innovation Economics* 2(6): 123-146.
* Assadi, D. and M. Hudson (2011), "Marketing Analysis of Emerging Peer-to-Peer Microlending Websites," in Ashta A. (ed.), *Advanced Technologies for Microfinance: Solutions and Challenges,* Hershey, PA: IGI Global, 185-205.
	+ Ashta, A. and D. Assadi (2011), 'The use of Web 2.0 technologies in online lending and impact on different components of interest rates," in Ashta, A. (ed.), *Advanced Technologies for Microfinance: Solutions and Challenges*, Hershey, PA: IGI Global.

**Part 2: Prof. N. HERMES**

 ***Objectives of the course***

* Get an understanding of microfinance lending services
* Focus on the economics of group lending versus individual lending
* Get an understanding of microfinance savings and insurance services

***Topics covered***

1. **Credit**
2. **Savings**
3. **Product design**

***Recommended readings (not required to prepare for the exam)***

* Armendáriz, B. and J. Morduch (2010), *The Economics of Microfinance,* Cambridge, MA: MIT Press.

***Required readings (Required to prepare for the exam)***

*General*

* Collins, D., J. Morduch, S. Rutherford and O. Ruthven (2009), *Portfolios of the Poor: How the World's Poor Live on $2 a Day*, Princeton: Princeton University Press, Chapter 1.
* Morduch, J. (2021), “Rethinking Poverty, Household Finance, and Microfinance” <https://wagner.nyu.edu/files/faculty/publications/Rethinking%20Poverty%20Household%20Finance%20and%20Microfinance.pdf>

*Credit*

* Banerjee, A., D. Karlan and J. Zinman (2015, “Six Randomized Evaluations of Microcredit: Introduction and Further Steps,” *American Economic Journal: Applied Economics* 7(1): 1–21.
* Field, E., R. Pande, J. Papp and N. Rigol (2013), “Does the Classic Microfinance Model Discourage Entrepreneurship among the Poor? Experimental Evidence from India,” *American, Economic Review* 103(6): 2196-2226.
* Hermes, N., R. Lensink and H.T. Mehrteab (2005), “Peer Monitoring, Social Ties and Moral Hazard in Group Lending Programs: Evidence from Eritrea,” *World Development* 33(1): 149-169.

 *Savings*

* Ashraf, N., Karlan, D., & Yin, W. (2006). Tying Odysseus to the mast: Evidence from a commitment savings product in the Philippines. *The Quarterly Journal of Economics*, 121(2), 635-672.
* Dupas, P., and J. Robinson (2013), “Savings Constraints and Microenterprise Development: Evidence from a Field Experiment in Kenya,” *American Economic Journal: Applied Economics* 5(1): 163-92.
* Gugerty, M. K. (2007). You can’t save alone: Commitment in rotating savings and credit associations in Kenya. *Economic Development and Cultural Change*, 55(2), 251-282.

*Product design*

* Bauchet, J. and J. Morduch (2019), “Paying in Pieces: A natural experiment on demand for life insurance under different payment schemes,” *Journal of Development Economics* 139: 69-77.
* Labie, M., C. Laureti and A. Szafarz (2017), “Discipline and flexibility: a behavioural perspective on microfinance product design”, Oxford Development Studies, 45:3, 321-337

<https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2155327>

**Both parts**

***Evaluation***

Written exam

The module « Management of microfinance institutions” is composed of two courses:

A) Microfinance from conception to management (Prof. M. Labie)

B) Contracting and microfinance products (Prof. N. Hermes and Prof. R. Mersland)