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**GEST-S-6002**
**Module “Topics in Financial inclusion & Microfinance”**
**Course: Topics in Microfinance / Cooperatives & financial inclusion**

**1st semester EMP 2025-26**

**Module manager: Prof. Annabel VANROOSE**

 ***Planning***

*Part 1:* Prof. Annabel Vanroose - Cooperatives & financial inclusion

*Part 2:* Prof. Jonathan Morduch – Topics in Microfinance

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| --- | --- | --- | --- | --- |
| Date | Time | Lecturer  | Guest speaker | Place |
| 23/09/2025 | 6 pm – 9 pm |  | P. Van Damme |  |
| 21/10/2025 | 6 pm – 9 pm | Prof. Annabel Vanroose |  |  |
| 03/11/2025 | 6 pm – 9 pm | Prof. Annabel Vanroose |  |  |
| 04/11/2025 | 6 pm – 9 pm | Prof. Annabel Vanroose |  |  |
| 22/11/2025 | 6 pm – 9 pm | Prof. Jonathan Morduch |  |  |
| 24/11/2025 | 6 pm – 9 pm | Prof. Jonathan Morduch |  |  |
| 25/11/2025 | 6 pm – 9 pm | Prof. Jonathan Morduch |  |  |

**Part 1: Prof. Annabel VANROOSE**

***Objectives of the session***

* Obtain insights in differences and interrelationships between banks and MFIs
* Understand performance of MFIs in their macro-economic context
* Understand competition in the microfinance sector
* Obtain knowledge on the regional distribution of banks and MFIs and the link with access to financial services
* Identify expansion strategies of MFIs and banks

***Topics covered and recommended readings***

1. **Banking and microfinance: institutions, interrelationships and competition (Sessions 1 and 2)**
* Access to financial services
* Correlation between traditional financial sector development and the microfinance sector
* MFI performance and their macro-economic context
* Relationships between banks and MFIs
	+ - Competition
		- Cooperation and linkages
* Competition between MFIs

References:

* Ahlin, C., J. Lin and M. Miao, 2011, “Where does Microfinance Flourish? Microfinance Institution Performance in Macroeconomic Context,” *Journal of Development Economics* 95(2): 105-120.
* Nisa C., Dony Abdul Chalid, V., 2022, Impact of competition on microfinance institutions: bibliometric analysis and systematic literature review, *Heliyon*, Volume 8, Issue 10.
* Assefa, E., N. Hermes and A. Meesters, 2013, Competition and the performance of microfinance institutions, *Applied Financial Economics*, 23 (9), pp. 767-782.
* [Caballero-Montes](https://onlinelibrary.wiley.com/authored-by/Caballero%E2%80%90Montes/Tristan), T., [Godfroid](https://onlinelibrary.wiley.com/authored-by/Godfroid/C%C3%A9cile), C., [Labie,](https://onlinelibrary.wiley.com/authored-by/Labie/Marc) M., 2021, Are interest rate caps a relevant tool to cool down overheating microfinance markets?, *Briefings in Entrepreneurial Finance*, vol.30 (4), pp. 319-330.
* Claessens, S., 2009, Competition in the Financial Sector: Overview of Competition Policies, *IMF Working Paper*, 09/45, The International Monetary Fund, Washington D.C.
* Cull, R., Demirgüç-Kunt, A. and Morduch. J. ,2009, “Microfinance Meets the Market*,” Journal of Economic Perspectives* 23(1): 167-192.
* Vanroose, A. and B. D´Espallier, 2013, “Do Microfinance Institutions Accomplish their Mission? Evidence from the Relationship Between Traditional Financial Sector Development and MFIs´ Performance and Outreach,” *Applied Economics* 45(15): 1965-1982.
1. **Microfinance expansion strategies and access to financial services**

**(Session 3)**

* Location and access to financial services
* Expansion strategies of MFIs and their logics
* Cases: Peru, India

References:

* Vanroose, A., 2015, “Which Local Factors Drive the Regional Expansion of Microfinance Institutions? Evidence from Peru*?”* *Journal of International Development*, DOI: 10.1002/jid.3082
* Fouillet, C., 2009, *La Construction Spatiale de la Microfinance en Inde*, Doctoral Thesis, Université Libre de Bruxelles, Brussels.
* Fruttero, A. and V. Gauri, 2005, “The Strategic Choices of NGOs: Location Decisions in Rural Bangladesh,” *The Journal Of Development Studies* 41(5): 759-787.
* Bebbington, A., 2004, “NGOs and Uneven Development: Geographies of Development Intervention,” *Progress in Human Geography* 28(6): 725 – 745.

**Part 2: Prof. Jonathan Morduch (New York University)**

***Topics covered and recommended readings***

1. **Interest rates**
* Evidence on global interest rates
* The logic of high interest rates
* What is a “fair” interest rate?
* Evidence on interest rate elasticities and why they matter

References:

* Morduch, J. “The Microfinance Schism,” *World Development* 28 (4), April 2000, 617 - 629.
* Dehejia, R. Morduch, R. and H. Montgomery (2012) “Do interest rates matter? Credit demand in the Dhaka Slums”. *Journal of Development Economics* 47 (2): 437 - 499.
* Cull, R., Demirgüç-Kunt, A. and J. Morduch. (2018). “The Microfinance Business Model: Enduring Subsidy and Modest Profit.” The World Bank Economic Review, Volume 32, Issue 2, 1 June 2018, Pages 221–244.
* Rosenberg, R. (2009), “The New Moneylenders: Are the Poor Being Exploited by High Microcredit Interest Rates?” CGAP Occasional Paper 15. Washington, DC: Consultative Group to Assist the Poor.
1. **Business models and subsidy**
* The microfinance business model (material w/Cull et al)
* What is the logic of subsidy?
* How large are subsidies?
* Who benefits from subsidies?
* Are long-term subsidies justifiable?

References:

* Cull, R., Demirgüç-Kunt, A. and J. Morduch (2018), “The Microfinance Business Model: Enduring Subsidy and Modest Profit” The World Bank Economic Review, Volume 32, Issue 2, 1 June 2018: 221–244.
* D’Espallier, B., Goedecke, J., Hudon, M. and R. Mersland (2017), “From NGOs to Banks: Does Institutional Transformation Alter the Business Model of Microfinance Institutions?” *World Development* 89: 19-33.
1. **Social investment and commercial microfinance**
* Double bottom lines – what do they mean?
* Why mission drift happens
* The social returns to investment – and why they are hard to measure
* Final thoughts: Prospects for microfinance and commercialization

References:

* Morduch, J. and T. Ogden (2019), “Social Investment through the Lens of Microfinance.” Chapter in *Research Agenda in Financial Inclusion and Microfinance* edited by Marek Hudon, Marc Labie, and Ariane Szafarz. 2019.
* Cull, R. and J. Morduch (2018), “Microfinance and Economic Development.” In Thorsten Beck and Ross Levine, eds., *Handbook of* *Finance and Development,* Edward Elgar, 2018.

*Recommended but optional:*

* Armendáriz, B. and A. Szafarz (2011), “On mission drift in microfinance institutions.” In Beatriz Armendáriz and Marc Labie, eds., *The Handbook of Microfinance*, Singapore: World Scientific Publishing.
* Mersland, R. and R. Ø. Strøm (2010), “Microfinance Mission Drift?” *World Development* 38 (1): 28-36.

**All parts**

***Evaluation***

Written exam