



GEST-S-6002

Module “Topics in Financial inclusion & Microfinance”

Course: Topics in Microfinance & financial inclusion

1st semester EMP 2026-27

Planning

Part 1: Prof. Simon Cornée

Part 2: Prof. Jonathan Morduch

Module manager: Prof. Simon Cornée

Date	Time	Lecturer	Guest speaker	Place
17/11/2026	6 pm – 9 pm	Prof. Simon Cornée		
18/11/2026	6 pm – 9 pm	Prof. Simon Cornée		
19/11/2026	6 pm – 9 pm	Prof. Simon Cornée		
21/11/2026	6 pm – 9 pm and 13pm to 15pm	Prof. Jonathan Morduch		
23/11/2026	6 pm – 9 pm	Prof. Jonathan Morduch		
30/11/2026	6 pm – 9 pm		Eddy Balemba	
01/12/2026	6 pm – 9 pm		Eddy Balemba	
04/12/2026	6 pm – 9 pm		P. Van Damme	

Objectives of the course

The course aims to help students:

LO 1.2

- understand and assess the risk management of MFIs.

LO 1.3

- understand the need for financial regulations and the lessons to be learned from the current crisis.

LO 1.4

- provide a sound financial statement analysis of an MFI.

LO 1.1

- Address ethical concerns related to the evolution of the microfinance sector and the associated managerial implications.
- Understand how microfinance interest rates are determined and why interest rates matter.
- Understand the role of subsidies in microfinance.
- Critically evaluate the social business model.

Part 1: Prof. Simon CORNEE

Objectives of the course

- Present social banks and cooperative banks (in rural areas)
- Figure out the implications for rural microfinance

Topics covered and recommended readings

1) Social banks:

Based on a simple case study, the objective is to discover the foundational principles and functioning rules of social banking. The following topics will be covered:

- Governance
- Intermediation of values
- Selectivity and transparency
- Interest rate setting and reciprocity
- Relational approach of financing

References:

- Allet, M. and M. Hudon (2013), “Green Microfinance: Characteristics of Microfinance Institutions Involved in Environmental Management,” *Journal of Business Ethics* 126(3): 395-414.
- Cornée, S. (2019), “The Relevance of Soft Information for Predicting Small Business Credit Default: Evidence from a Social Bank”, *Journal of Small Business Management*, 57(3): 699-719.
- Cornée, S., P. Kalmi and A. Szafarz (2016), “Selectivity and Transparency in Social Banking: Evidence from Europe,” *Journal of Economic Issues* 50 (2): 494-502.
- Cornée, S., D. Masclet and G. Thenet (2012), “Credit Relationships: Evidence from Experiments with Real Bankers,” *Journal of Money, Credit and Banking* 44(5): 957-980.
- Cornée, S. and A. Szafarz (2014), “Vive la Différence: Social Banks and Reciprocity in the Credit Market,” *Journal of Business Ethics* 125(3): 361-380.
- Cornée, S., P. Kalmi, and A. Szafarz (2020), “The Business Model of Social Banks,” *Kyklos*, 73 (2), 196-226.
- Hudon, M. and J. Sandberg (2013), “The Ethical Crisis in Microfinance: Issues, Findings, and Implications,” *Business Ethics Quarterly* 23(04): 561-589.
- Weber, O. and S. Remer (eds.) (2011), *Social Banks and the Future of Sustainable Finance*, New York: Routledge.

2) Cooperative banks:

The objective is to provide an overview of the following themes:

- Historical background
- Return, risk and stability
- Growth and governance
- Regulatory issues

References:

- Angelini, P., R. Di Salvo and G. Ferri (1998), “Availability and Cost of Credit for Small Businesses: Customer Relationships and Credit Cooperatives,” *Journal of Banking & Finance* 22(6): 925-954.
- Coco, G. and G. Ferri (2010), “From Shareholders to Stakeholders Finance: A More Sustainable Lending Model,” *International Journal of Sustainable Economy* 2(3): 352-364.
- Cornée, S., Fattobene, L., & Migliorelli, M. (2018), “An Overview of Cooperative Banking in Europe,” in: Migliorelli, M. (Eds.), *New Cooperative Banking in Europe. Strategies for Adapting the Business Model Post Crisis*, Springer, pp. 1-27.
- Ferri, G. and Neuberger, D. (2015), “The banking regulatory bubble and how to get out of it,” in: Calciano, F., Fiordelisi, F., and Scarano, G. (Eds.). *The Restructuring of Banks and Financial Systems in the Euro Area and the Financing of SMEs*. London: Palgrave Macmillan, 31–61.
- Guinnane, T.W. (1997), “Regional Organizations in the German Cooperative Banking System in the Late 19th Century,” *Research in Economics* 51(3): 251-274.
- Hesse, H. and M. Čihák (2007), “Cooperative Banks and Financial Stability,” IMF Working Paper No. 07/02.

- Kalmi, P. (2012), “Cooperative Banking,” in Toporowski, J. and J. Michell (eds.) *Handbook of Critical Issues in Finance*, Edward Elgar Publishing, 56-65.
- Perilleux, A. (2013), “Strategic Governance Lessons from History for West African Microfinance Cooperatives,” *Strategic Change* 22(1/2): 95-106.

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.

2) 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.

3) 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.

Guest Speaker: Eddy Balemba, Université Catholique de Bukavu

Commercialization in the Great Lakes Region

- Understand the specificities of the microfinance sector in the Great Lakes Regio, including the Democratic Republic of the Congo
- Highlight the impact of commercialization on women and youth inclusion

All parts

Evaluation

Written exam