

Microfinance an educational tool: Driving change

Lily Lapenna of MyBnk reports on ways we can learn from developing nations attitudes towards microfinance.



Photo: MyBnk

In 2006, Professor Muhammad Yunus won the Nobel Peace Prize for his work with the Grameen Bank, a microfinance institution which has been offering small loan and saving facilities to the rural poor in Bangladesh since the late 1970s. Microfinance is a concept with an incredible capacity to inspire and enable. But while its origins lie in empowering those living in poverty in economically developing countries, it can also teach us much about achieving economic and social change here in the UK.

My first encounter with microfinance came when I was working in Bangladesh between 2003 and 2004. Much of my work was with women who were living in extremely difficult circumstances – many were illiterate and had previously been forced to beg in order to survive. But by participating in microfinance schemes, these women's lives were completely transformed.

Through their involvement in small loan and savings programmes they were able to develop essential money management skills such as planning ahead and budgeting for themselves and their families. They also started to acquire valuable business skills, learning how to market and sell their products in their communities and to understand concepts such as cash flow.

I started to realise that microfinance was much more than just offering people loans. It was also an extremely powerful educational tool which enabled the women I worked with to develop the skills they needed to achieve self-sufficiency and to become empowered members of the community.

Upon my return to London, I quickly saw a real need for these same skills amongst young people. The days of easy credit may seem long gone, but it was only a few years ago that pre-approved credit card applications would regularly fall through the letterbox, tempting young people who had never received training

on how to manage money to get into crippling debt problems. Moreover, with the ultra competitive nature of today's job market, an enterprising attitude to work and indeed life has become increasingly essential. It was with these issues in mind that I set up MyBnk in 2007.

MyBnk runs a range of educational programmes aimed at developing young people's financial and enterprise capability, and has in just three years reached 20,000 young people across London and the South East. Our flagship programme is 'MyBnk-in-a-Box', a bank for young people, run by young people, which offers savings facilities to their peers as well as small loans to set up enterprising activities.

MyBnk-in-a-Box, as along with the supplementary workshops and learning programmes that we offer, are built on exactly the same principles as the microfinance projects I worked on in Bangladesh, using experiential learning to teach finance and enterprise skills. This parallel is worth emphasising. Often the massive flow of aid into developing economies, along with the concomitant capacity building activity, can make it seem as if the transfer of knowledge between North and South only operates in one direction. MyBnk reverses this, illustrating that ideas which are forged in a Southern context can make a demonstrable impact in our relatively more affluent world.

Given the events of the past few years, learning lessons from situations where access to finance is substantially more restricted could help us build a more sustainable future here in the UK. Certainly, the financial crisis and recession have only made MyBnk's work more pertinent. Whilst the days of easy credit in which MyBnk was founded may be over, the credit crunch brought a new set of challenges, with many people having to do more with less in a way that hasn't been necessary for a long time. Tellingly, the Government is now recognising the importance of financial education.



Photo: MyBnk

Equally, we are seeing dramatically how important enterprise is to the UK. While business has suffered hugely as a result of the recession, it is also business that will be the prime driver of growth both now and in the future. Ensuring that today's young people, tomorrow's entrepreneurs, have the skills and attitude necessary to put Britain at the forefront of the global economy will be essential for our nation's prosperity for years to come.

But we should also consider another factor which makes developing young people's enterprise capability so important, and which is at the very heart of why I set MyBnk up in the first place. Enterprise education shouldn't just be seen as something which is necessary for macroeconomic growth – it should also be recognised as something which can empower people to reach far beyond their circumstances, just as it did for the women I worked with in Bangladesh. Moreover, by introducing concepts such as social enterprise from an early age, we can create a generation of young people who recognise their capacity to achieve positive change in the world around them.

Teaching young people to have faith in their ideas and to believe that they have the tools to be successful is one of the most fundamentally important things we can do. A young person with the confidence to truly aspire is a young person who can do anything – we should be constantly reinforcing the message to our children that they can be anything they want to be. Effective enterprise education can be one mechanism for achieving this, and in doing so help us overcome many of the problems that we face as a society.

Take the issue of gender wage inequality for example. This is an undeniable problem in the UK – only 1 in 10 FSTE 100 company directors are women, and 25 such firms have no female representation at all on their boards.¹ Undoubtedly there are institutional barriers which need to be addressed in dealing with this, but we could also make a big contribution to changing the situation in the future by getting girls interested in business right now – we live in a country where only half as many women set up their own businesses as men.²

This is something that we've been able to do through our programmes at MyBnk. One group of girls we worked with at a school in East London came up with an idea for a small business making T-shirts which would help instil a sense of pride in their local area. With some guidance, we were able to help these girls develop this into a social enterprise.

Through our work with these girls, we were able to convey a series of really powerful messages. Not only did they have the capability to turn their ideas into something tangible, but those ideas could also have a positive social impact in another part of the world. Whether any of these girls ends up on the board of a major company remains to be seen, but what we were undoubtedly able to do was show them that they have the capacity to do something very really, which can only broaden their horizons.

Over the coming few years, we at MyBnk hope to expand not only across the UK but also into other countries. Our vision is for a world in which all young people have the skills, confidence and knowledge to effectively manage their money and to be able to make enterprising choices throughout their lives.

www.mybnk.org

¹ Cranfield School of Management Female FSTE 100 Index 2009

² Jonathan Levie and Mark Hart, Global Entrepreneurship Monitor: United Kingdom 2008 Monitoring Report, p. 16



Prof Yunus with Lily

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