

Authors

Manuela Angelucci
University of Michigan

Dean Karlan
Northwestern University

Jonathan Zinman
Dartmouth College

Microcredit Impacts:
Evidence from a Randomized Microcredit Program Placement Experiment
by Compartamos Banco

June 2014

Manuela Angelucci, Dean Karlan, and Jonathan Zinman*

Abstract

We use a clustered randomized trial, and over 16,000 household surveys, to estimate impacts at the community level from a group lending expansion at 110 percent APR by the largest microlender in Mexico. We find no evidence of transformative impacts on 37 outcomes (although some estimates have large confidence intervals), measured at a mean of 27 months post-expansion, across six domains: microentrepreneurship, income, labor supply, expenditures, social status, and subjective well-being. We also examine distributional impacts using quantile regressions, given theory and evidence regarding negative impacts from borrowing at high interest rates, but do not find strong evidence for heterogeneity.

JEL Codes: D12; D22; G21; O12

Keywords: microcredit; microcredit impact; microentrepreneurship;
Compartamos Banco

* angeluc@umich.edu (University of Michigan); Economics Dept., University of Michigan, Loeb Hall, 611 Tappan St., Ann Arbor, MI 48109-1220; dean.karlan@yale.edu (Yale University); IPA, J-PAL, and NBER; Yale University, P.O. Box 208269, New Haven, CT 06520-8269; jzinman@dartmouth.edu (Dartmouth College); IPA, J-PAL, and NBER; Department of Economics, 314 Rockefeller Hall, Dartmouth College, Hanover, NH 03755-3534. Approval from the Yale University Human Subjects Committee, IRB #0608004114 and from the Innovations for Poverty Action Human Subjects Committee, IRB #06100406-008. Thanks to Tim Cooley for collaboration and mapping expertise. Thanks to Innovations for Poverty Action staff, including Kerry Brennan, Ellen Degnan, Alisha Fishbane, Andrew Hillis, Hideto Kikumi, Elana Salton, Rachel Simhan, Brandon Torres, Anya Trochanski, Irene Velez, Glynn Starr, Sangore Swamy, Martin Sweeney, Matthew White, and Anna York, for outstanding research and project management assistance. Thanks to Dale Adams, Abhijit Banerjee, Jake Kendall, Melanie Morton, David Roodman, and participants in seminars at Berkeley ABE, MIT/Harvard, Institute for Fiscal Studies-London, IPA Microfinance Conference-Bangkok, Georgetown Qatar, University of Warwick, University of Stockholm, and NYU for comments. Thanks to Compartamos Banco, the Bill and Melinda Gates Foundation, and the National Science Foundation for funding support to the project and researchers. All opinions are those of the researchers, and not the donors or Compartamos Banco. The research team has retained complete intellectual freedom from inception to conduct the surveys and estimate and interpret the results.

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May 01, 2014