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## Microcredit is not the enemy

Microfinance fills a vital need in developing countries: the provision of financial services to those on low-incomes who lack access to formal banking. It is not a silver bullet that ends poverty, as is sometimes claimed. But studies have shown sound evidence that it allows many of the world's poorest people to develop businesses, insure against bad weather and illness, maintain employment, and smooth consumption.Â By Abhijit Banerjee, Pranab Bardhan, Esther Duflo, Erica Field, Dean Karlan, Asim Khwaja, Dilip Mookherjee, Rohini Pande and Raghuram Rajan.

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