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## WHERE CREDIT IS DUE

Seven randomized evaluations from around the world show that microcredit does not have a transformative impact on poverty, but it can give low-income households more freedom in optimizing the ways they make money, consume, and invest.



### Key Results:

**Demand for many of the microcredit products was modest.** In Ethiopia, India, Mexico, and Morocco, when MFIs offered loans to eligible borrowers, take-up ranged from 11 to 31 percent, which was much lower than partner MFIs originally forecasted.

**Expanded credit access did lead some entrepreneurs to invest more in their businesses.** In Burkina and Heratania and Mongolia, access to microcredit increased business ownership. All but one study showed some evidence of expanded business activity, but those investments rarely resulted in profit increases.

**Microcredit access did not lead to substantial increases in income.** Despite some evidence of business expansion, none of the seven studies found a significant impact on average household income for borrowers.

**Expanded access to credit did afford households more freedom in optimizing how they earned and spent money.** Six studies suggest that microcredit played an important role in increasing borrowers' freedom of choice in the ways they made money, consumed, invested, and managed risk.

**There is little evidence that microcredit access had substantial effects on women's empowerment or investment in children's schooling, but it did not have widespread harmful effects either.** Microcredit did not lead to increases in children's schooling in the six studies in which it was measured, and only one of the four studies that measured women's empowerment found a positive effect. Across all seven studies, researchers did not find that microcredit had widespread harmful effects, even with individual liability lending or a high interest rate.



# BOLETÍN

BOLETÍN DE POLÍTICA [ AGOSTO 2015 ]

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## CRÉDITO PARA QUIENES MÁS LO NECESITAN

Siete evaluaciones aleatorias alrededor del mundo muestran que, aun cuando el microcrédito no tiene un impacto transformador en la pobreza, puede brindar mayor libertad a los hogares de menores ingresos para optimizar las formas en que ganan dinero, consumen e invierten.



### Resultados:

**La demanda por muchos de los productos de microcrédito fue modesta.** Cuando las instituciones microfinancieras (IMF) ofrecen préstamos a prestatarios elegibles en Etiopía, India, México y Marruecos, la tasa de adopción osciló entre un 13 y 31 por ciento, una bastante inferior a lo pronosticado originalmente por las IMF socias en este proyecto.

**La expansión del acceso al crédito sí generó que algunos microemprendedores invirtieran más en sus negocios.** En Bosnia y Herzegovina y Mongolia, el acceso al microcrédito incrementó la proporción de personas que eran dueñas de su propio negocio. Todos los estudios, excepto uno, evidenciaron una mayor actividad empresarial, sin embargo, estas inversiones rara vez se vieron traducidas en un aumento de las ganancias.

**El acceso al microcrédito no se tradujo en aumentos sustanciales de ingresos.** A pesar de cierta evidencia de expansión de negocios, ninguno de los siete estudios encontró un impacto significativo en el ingreso familiar promedio de los prestatarios.

**La expansión del acceso al crédito sí le otorgó a los hogares una mayor libertad para optimizar la forma en que ganaban y gastaban su dinero.** Siete estudios sugieren que el microcrédito jugó un papel importante en la libertad de los prestatarios de elegir la manera en que ganaban dinero, consumían, invertían y gestionaban el riesgo.

**Existe poca evidencia que muestre que el acceso al microcrédito haya generado efectos sustanciales en el empoderamiento de las mujeres o en la inversión en la educación de los hijos, pero tampoco tuvo efectos perjudiciales.** El microcrédito no condujo a un aumento en la escolarización de los hijos en los seis estudios en que esta variable fue medida, y solamente uno de los cuatro estudios que midieron el empoderamiento de las mujeres evidenció un efecto positivo. En ninguno de los siete estudios, los investigadores encontraron evidencia que indicara que el microcrédito tuviera efectos perjudiciales generalizados, aun con controles de responsabilidad individual o altas tasas de interés.

## Where Credit is Due

Seven randomized evaluations from around the world show that microcredit does not have a transformative impact on poverty, but it can give low-income households more freedom in optimizing the ways they make money, consume, and invest.

### Key Results:

- Demand for many of the microcredit products was modest. In Ethiopia, India, Mexico, and Morocco, when MFIs offered loans to eligible borrowers, take-up ranged from 13 to 31 percent, which was much lower than partner MFIs originally forecasted.
- Expanded credit access did lead some entrepreneurs to invest more in their businesses. In Bosnia and Herzegovina and Mongolia, access to microcredit increased business ownership. All but one study showed some evidence of expanded business activity, but these investments rarely resulted in profit increases.
- Microcredit access did not lead to substantial increases in income. Despite some evidence of business expansion, none of the seven studies found a significant impact on average household income for borrowers.

- Expanded access to credit did afford households more freedom in optimizing how they earned and spent money.
- Six studies suggest that microcredit played an important role in increasing borrowers' freedom of choice in the ways they made money, consumed, invested, and managed risk.
- There is little evidence that microcredit access had substantial effects on women's empowerment or investment in children's schooling, but it did not have widespread harmful effects either. Microcredit did not lead to increases in children's schooling in the six studies in which it was measured, and only one of the four studies that measured women's empowerment found a positive effect. Across all seven studies, researchers did not find that microcredit had widespread harmful effects, even with individual-liability lending or a high interest rate.

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