ADB FINANCE FOR THE POOR
A Quarterly Newsletter of the Focal Point for Microfinance
September 2008 • Volume 9 Number 3

IN THIS ISSUE

Assessing the Importance of Financial Literacy 1

Selected Publications on Microfinance 7

ON THE PROGRESS OF MICROFNANCE

Microfinance has evolved significantly over the last three decades from narrow microcredit to a broader range of basic financial services. The industry's current emphasis on financial inclusion must be nurtured and supported because it will most likely make a major contribution to our efforts to build a more inclusive society.

Nimal Fernando
Practice Leader for Microfinance
Asian Development Bank

Assessing the Importance of Financial Literacy


BY SHAWN COLE
Assistant Professor, Harvard Business School, Harvard University;
scole@hbs.edu
and
NILESH FERNANDO
Research Associate, Center for Microfinance, Chennai, India;
nilesh.fernando@ifmr.ac.in

INTRODUCTION

Financial decisions can be difficult. Comparing savings or borrowing options with different interest rates and term structures can be difficult for those without financial savvy—and even a knowledgeable individual may need to rely on calculators or spreadsheets to make truly informed decisions. Yet, many households are not knowledgeable, and often receive little assistance when making these decisions. Moreover, unlike the decision to visit a restaurant or purchase a particular car, customers may not receive useful feedback on the value of the product they have purchased, making the typical learning process even more difficult.

Financial literacy—the ability to process financial information and make informed decisions about personal finance—has received growing attention in the developed world and, recently, in the developing world, as a potentially important determinant of household well-being.

A compelling body of evidence demonstrates a strong association between financial literacy and household well-being. Survey after survey shows that households

The quarterly newsletter of the **Focal Point for Microfinance** at ADB aims to provide information on microfinance. Articles in the newsletter, however, do not necessarily reflect official ADB views. Articles may be reprinted with proper acknowledgement of the source. Please address any inquiries, comments, and suggestions concerning the newsletter or its content to the Focal Point for Microfinance; Office of Director General; East Asia Department. Asian Development Bank, 6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines. Tel +63 2 632 6931 • Fax +63 2 636 2337 • E-mail: nfernando@adb.org.
In this publication, $ refers to US dollar.

A challenge to understanding the importance of financial literacy is measuring it. There is no standardized measure of financial literacy.

that demonstrate low levels of financial literacy are those that tend not to plan for retirement,[1] borrow at high interest rates,[2] and acquire fewer assets.[3] This has led policy makers in the developed and developing world to advocate increased expenditure on literacy education, in hopes of increasing household savings and financial market participation, with the ultimate goal of reducing poverty and improving welfare.

Indeed, the Asian Development Bank (ADB) holds the view that financial literacy education is important. In the keynote speech at a recent conference, the Managing Director General of ADB, Rajat Nag,[4] noted:

> Financial literacy allows people to increase and better manage their earnings—and therefore better manage life events like education, illness, job loss, or retirement. It also promotes understanding and acceptance of important political reforms, such as health care or pension reforms. While the significance of financial literacy has not yet been fully articulated and recognized by the international development community—or by policy makers and practitioners in developing countries—measures to promote and improve financial education are becoming more frequent.

In this paper, we define financial literacy, and describe how it is measured in practice. We describe why financial literacy may matter in a variety of contexts relevant to microfinance institutions (MFIs) and their clients. A small but growing number of institutions and organizations are providing financial literacy training: we describe some current efforts. We discuss the evidence on the efficacy of these programs, with a critical view. We conclude with what we feel are a series of important, unanswered questions.

FINANCIAL LITERACY IS LIMITED

The diversity of financial products available in developed and developing countries has increased rapidly in the past decade. In the US, for example, households may choose from a dizzying array of mortgage options[5] and among thousands of mutual funds. In developing countries, the expansion of microfinance, often accompanied by microinsurance and savings products, has vastly increased: a household may have the choice of a loan product from several different MFIs, as well as insurance products for health, livestock, life, and even index-based weather derivatives.

Many of these products are complex, and a growing body of evidence suggests that low levels of financial literacy may prevent consumers from making good decisions about financial products. Much of this evidence is from the United States, a country with an unusually wide array of financial products. For instance, one study[6] gave students an average grade of "F" upon answering a short questionnaire which included topics in economics and personal finance. Adults fared somewhat better, receiving a "C." Research carried out by the Jump$tart Coalition for Personal Financial Literacy showed that high school students[7] in the United States (US) fared poorly on questions about credit management and personal finance. A survey of Australian consumers[8] revealed that only 28% were able to correctly calculate compound interest; the figure for American consumers was even lower at 18%.[9]

Research on levels of financial literacy in developing countries remains comparatively slim. However, a small number of studies show even lower levels of financial literacy. A study conducted in Zambia by the Department for International Development showed that only half the adult population knew how to use basic financial products. The same study showed that in seven African countries only 29% of adults had a bank account and that about 50% use no financial products whatsoever, not even informal financial products.[10] In Asia, an Indian survey found that a majority of laborers surveyed saved by storing cash at home, even as they held loans from moneylenders at very high interest rates.[11]

HOW IS FINANCIAL LITERACY MEASURED?

A challenge to understanding the importance of financial literacy is measuring it. There is no standardized measure of financial literacy. Many studies start with questions first popularized by Annamaria Lusardi:

- Imagine that you saved $100 in a savings account, and were earning an interest rate of 1% per year. If prices were increasing at a rate of 2% per year, after one year, would you be able to buy more than, less than, or exactly the same amount as today with the money in the account?
- If five people all have the winning number in the lottery and the prize is $2 million, how much will each of them get?
- Let's say you have $200 in a savings account. The account earns 10% interest per year. How much would you have in the account at the end of 2 years?
- Is it safer to invest in one stock, or in many stocks?

While the above questions may strike the reader as a very simple way to measure literacy, even an individual's ability to answer these questions serves as a powerful predictor of financial decisions. More detailed tests have been developed: for example, Mandell[12] describes a test administered to US high school students that encompasses dozens of questions about the economy, personal finance, and financial planning.

Yet, it is not always clear what financial literacy measures. Financial literacy test scores, for example, are highly correlated with math test scores, suggesting that financial literacy tests may partly measure an innate or acquired ability to solve problems in general. If this is indeed the case, then teaching financial literacy may have limited effect: the more fundamental skills of addition, multiplication, and division may matter more.

A recent paper by Stango and Zinman[13] links poor financial decisions to a well-documented behavioral bias: the human tendency to view exponential growth as a linear trend. They demonstrate that households that underestimate the cost of borrowing using information about weekly repayment amounts are precisely those individuals who tend to borrow at high interest rates.

CONSEQUENCES OF LOW LEVELS OF FINANCIAL LITERACY

One of the most straightforward consequences of limited financial literacy may be limited financial market participation. Households that are not familiar with the workings of a bank, for example, are unlikely to open a bank account, and may instead choose to store cash at home or invest in other stores of value (such as gold), which may offer unattractive returns.

A tremendous strength of microfinance has been its ability to reach out and interact with individuals in their own village or home, thereby greatly reducing barriers to access. Indeed, microfinance programs themselves often begin with a multi-session course on financial literacy, though often with a narrow scope: borrowers are instructed on how to calculate loan repayments, how to compute fee schedules, and perhaps how to manage household budgets to be sure they can make their payments on time.

Declining to participate in financial markets may well be the optimal decision for an individual with limited financial literacy: if she were to choose the wrong savings product at a bank, for example, she may end up with an illiquid instrument which charges substantial fees to withdraw. A borrower unable to truly understand the terms of a loan may borrow too much, exposing herself to risk of missing a payment, and potentially incurring substantial penalties.

Field experience suggests that financial literacy is even more important with respect to insurance contracts. Many households considering microinsurance policies are buying insurance for the first time, and may not have a good understanding of the probability that insurable events will occur, or how the payouts will be calculated. House-

> It is not always clear what financial literacy measures. Financial literacy test scores, for example, are highly correlated with math test scores, suggesting that [the tests] may partly measure an innate or acquired ability to solve problems. If this is the case, then teaching financial literacy may have limited effect: the more fundamental skills of addition, multiplication, and division may matter more.

The evidence linking financial literacy training to savings and investment behavior is weaker. The academic field of program evaluation concerns itself with understanding the causal effect of interventions designed to achieve specific goals. This is often a difficult question to answer.

holds with greater levels of financial literacy may better understand the advantages and disadvantages of insurance policies, and make better decisions.

FINANCIAL LITERACY INFLUENCES SAVINGS AND INVESTMENT DECISIONS AS WELL

Given that many developing countries have a large number of their population engaged in agriculture, such communities are especially vulnerable to income shocks which result from weather risk and price volatility in the goods they produce. As such, savings can be critical in allowing households to smooth consumption and support longer-term investments in human and physical capital.

While research connecting financial literacy to household savings decisions remains limited in developing countries, a rich strand of research exists for developed countries. Lusardi[14] using data from the Health and Retirement Study shows that attending employer-sponsored retirement planning seminars is associated with an increase in both financial and total net worth, particularly for families at the bottom of the wealth distribution. The increases were as much as 20% for those coming from a background of low education.

While much of the attention on financial literacy in the US focuses on investment decisions, economists regularly wonder why, for example, S&P 500 index mutual funds survive in the market, charging relatively high fees, when very low-cost alternatives exist. A consumer may not perceive a big difference between two funds, each earning 7% before fees, but with one charging 0.2% per annum in fees, and another charging 1.2% in fees. However, $10,000 invested in the former would yield $71,968 after 40 years, while the latter would yield only $54,271—a difference of over 30%.

The ability to understand these nuances can dramatically change the financial well-being of an individual. Such calculations are important in developing countries as well. Inflation risk is often substantial, and financial literacy is required to understand which assets provide protection against inflation. Similarly, a nuanced understanding of the importance of how the value of various assets correlates with each other can help households diversify risk efficiently.

ACADEMIC EVIDENCE

While many organizations have provided documentary evidence suggesting that financial literacy education is effective, there is surprisingly little rigorous, academic evidence. Indeed, we are aware of no completed study in emerging markets testing the value of financial literacy education.

Perhaps the most effective program identified to date to encourage savings is to change the "default" option for enrolling in retirement plans for employees. While not strictly a literacy program, we mention it because it is one of the few financial programs shown to have dramatic effects. Choi, Laibson, Mandrian, and Metrick[15] demonstrate that automatic enrollment can increase participation rates by 50 percentage points or more. Putting this experience into practice, a microfinance program seeking to encourage savings might, by default, offer clients programs in which the loan cycle extends by several periods, and these extra payments are automatically deposited into a savings account.

The evidence linking financial literacy training to savings and investment behavior is weaker. The academic field of program evaluation concerns itself with understanding the causal effect of interventions designed to achieve specific goals. This is often a difficult question to answer, as it is not at all easy to disentangle causal relationships (e.g., literacy training causes people to make better decisions) from correlations (e.g., people who are smart, aware, and dynamic enough to seek out literacy training also make better decisions).

Indeed, the main concern with many studies of financial literacy is the problem of selection: individuals who choose or are better able to acquire information about financial products may be different than those who do not. If people with high levels of financial literacy are different than those with low levels of financial literacy, then differences in observed outcomes such as savings levels may be due to these unobserved differences rather than financial literacy. For example, Meier and Sprenger[16] demonstrate that those who chose to participate in credit counseling have strikingly different discount rates than those who decline credit counseling. Discount rates are important determinants of savings: it is therefore very difficult to determine how much differences in savings are driven by differences in financial literacy, and how much they are driven by differences in discount rates.

A well-cited paper by Bernheim, Garret, and Maki[17] links high school financial literacy training programs in the US to household savings decisions. They find that the programs significantly increased savings rates. However, further scrutiny by Cole and Shastry[18] suggests that the correlation is spurious, as states that were growing quickly were more likely to enact mandates.

Mendell[19] provides evidence to support that high school education may not be effective. The evidence indicates that high school students who have taken financial education do not demonstrate higher levels of financial literacy than those who have not taken such courses.

A second potential site for delivery of training is the workplace. Bernheim and Garrett[20] find a strong correlation between provision of training at the workplace, and financial market participation.

The most convincing evidence showing that financial education can have an effect comes from Duflo and Saez[21] who conduct a randomized evaluation of an intervention at a US university. In the experiment, they sent letters (at random) to staff, encouraging the staff to attend an employee benefit fair. (Those receiving the targeted letters who did attend received a small payment.) The authors find that enrollment in retirement plans increased significantly in the departments in which letters were received. The size of the effect is quite small, an increase of approximately 1.25 percentage points.

We are not aware of any completed rigorous evaluations of financial literacy programs in the developed world; two ongoing studies are expected to yield results within a year. Researchers from Harvard University are working with the Self-Employed Women's Association (SEWA) in Ahmedabad, India, to evaluate SEWA's financial literacy training program.

If financial literacy is very important to household well-being, why do firms not enter the market, offering training or advice in return for payments?

In ongoing work, Cole, Zia, and Thompson[22] evaluate a financial literacy program designed to teach unbanked individuals how to open bank accounts. Randomly selected unbanked households were offered a 1-day course covering the costs and benefits of banking services. Preliminary results suggest that the financial literacy program was not effective in increasing the use of banking services among households.

One related study by Karlan and Valdivia[23] examines the efficacy of offering a business training program to female microentreprenuer clients of a bank in Peru. While the content of the course falls outside the standard definitions of financial literacy, the spirit was similar: provide education for individuals making household decisions. They found that the treatment resulted in higher repayment and client retention rates, but no impact on business income or assets.

IS THERE A MARKET SOLUTION?

If financial literacy is very important to household well-being, why do firms not enter the market, offering training or advice in return for payments? After all, private schools and tutoring for hire are quite common throughout the developing world. While we are not certain of the answer to this, we posit several answers: first, consumers may not realize the extent to which they lose because of limited financial literacy. Consumers unable to correctly evaluate loan offers will also not understand how much is to be gained by choosing the optimal

Private foundations are also stepping up. The Citi Foundation, funded by Citigroup, has supported a number of initiatives that look to improve financial literacy throughout the world.

loan. Second, individuals with high levels of financial savvy often command high wages, and may choose to work in the financial sector, rather than by providing financial education. Finally, many financial advisors earn commissions for products they sell—a consumer may actually be worse off if she is advised to take decisions that benefit the advisor, rather than the advisee.

EFFORTS TO IMPROVE FINANCIAL LITERACY

Some governments have devoted efforts to improve financial literacy. In the US, many state governments require high school students to take financial education courses; the first such requirement took effect in Nevada in 1957. The Reserve Bank of India has recently undertaken a program promoting financial literacy as well.[24]

Private foundations are also stepping up. The Citi Foundation, funded by Citigroup, has supported a number of initiatives that look to improve financial literacy throughout the world. Currently, the program is headed by Microfinance Opportunities, a microenterprise resource center that promotes client-led microfinance, and Freedom from Hunger. The financial literacy initiative is currently being implemented by Pro Mujer (Bolivia), Teba Bank (South Africa), Al Amana (Morocco), Equity Building Society (Kenya), SEWA Bank (India), CARD Bank (the Philippines), and the Microfinance Centre (Poland), among others.

CONCLUSION

Where does the review of the evidence leave us? It is our opinion that financial literacy is important, and that better-educated consumers will make better decisions. The benefits of improved financial literacy may be great. On a personal level, individuals may save more and better manage risk through insurance. There may even be general equilibrium effects: increased demand by households for financial services may improve risk sharing, reduce economic volatility, improve intermediation, and speed overall financial development. This in turn could facilitate competition in the financial services sector and, ultimately, more efficient allocation of capital in society.

Yet, we are not yet convinced that the case for massive investments in financial literacy education is well established. Certainly, microfinance clients should receive careful explanation and training before they purchase products that are new to them, such as insurance contracts. And just as the school system and government teach individuals about hygiene and math, so too should they provide information on basic financial decision making.

However, the bulk of the evidence linking financial literacy to household behavior documents correlations rather than causal relationships. Financial literacy may be a secondary, or even tertiary, determinant of individual financial behavior. Or empowering individuals with the ability to make informed financial decisions may have a dramatic impact on their savings and investment decisions, and dramatically increase their welfare. We simply don't know.

We applaud the firms and organizations that are developing and delivering financial literacy education around the world. But we conclude by stressing that even the academics and policy makers concerned about financial literacy must have a clearer idea of the impact of financial literacy by way of rigorous evaluations, in order to make informed decisions about how to invest limited resources to improve the lives of the poor worldwide. ■

ENDNOTES

1. Lusardi, Annamaria, and Olivia S. Mitchell. 2007a. Financial Literacy and Retirement Preparedness: Evidence and Implications for Financial Education. *Business Economics*: 35–44.
2. Stango, V., and J. Zinman. 2008. The Price is Not Right (Not Even on Average): Exponential Growth Bias, Present-Biased Perceptions and Household Finance. Working Paper. Dartmouth College.
3. Lusardi, Annamaria, and Olivia S. Mitchell. 2007b. Financial Literacy and Retirement Preparedness: Evidence and Implications for Financial Education. *Business Economics*: 35–44.
4. www.adb.org/Documents/Speeches/2007/ms2007089.asp.

5. Woodward, Susan E. 2003. Consumer Confusion in the Mortgage Market. Working paper. Sand Hill Econometrics, Menlo Park, California.
6. National Council on Economic Education. 2005. What American Teens and Adults Know About Economics. An online study conducted by Harris Interactive.
7. Mandell, Lewis. 2004. *Financial Literacy: Are We Improving?* Washington, DC: Jump$tart Coalition for Personal Financial Literacy.
8. Organisation for Economic Co-operation and Development. 2005. *Improving Financial Literacy: Analysis of Issues and Policies.*
9. Endnote 1.
10. Department for International Development. 2008. *UK Backs Lessons in Banking to Help Africa's Poor*. Available: www.dfid.gov.uk/news/files/alexander-lessons-in-banking.asp.
11. Financial Express. 2008. *How India Earns, Plans and Saves, 2008*. Max New York Life–National Council of Applied Economic Research publication.
12. Endnote 7.
13. Endnote 2.
14. Lusardi, Annamaria. 2004. Saving and the Effectiveness of Financial Education in Pension, 157–184. In *Design and Structure: New Lessons from Behavioral Finance*, edited by O. Mitchell and S. Utkus. Oxford University Press.
15. Choi, James, David Laibson, Brigitte Madrian, and Andrew Metrick. 2001. For Better or for Worse: Default Effect and 401(k) Savings Behavior. National Bureau of Economic Research Working Paper No. 8651.
16. Meier, Stephan, and Charles Sprenger. 2007. Selection into Financial Literacy Programs: Evidence from a Field Study. Discussion Paper 07-5, Federal Reserve Bank of Boston.
17. Bernheim, Douglas, Daniel Garrett, and Dean Maki. 2001. Education and Saving: The Long-Term Effects of High School Financial Curriculum Mandates. *Journal of Public Economics*. 80, 435–465.
18. Cole, Shawn, and Guari K. Shastry. 2007. If You're So Smart, Why Aren't You Rich? The Effects of Education, Financial Literacy and Cognitive Ability on Financial Market Penetration. Preliminary paper. Harvard University.
19. Mandell, L. 2006. The Impact of Financial Literacy Education on Subsequent Financial Behavior. Unpublished manuscript, SUNY-Buffalo, New York.
20. Bernheim, B. Douglas, and Daniel M. Garrett. 2003. The Effects of Financial Education in the Workplace: Evidence from a Survey of Households. *Journal of Public Economics*. 87 (7–8): 1487–1519.
21. Duflo, Esther, and Emmanuel Saez. 2003. The Role of Information and Social Interactions in Retirement Plan Decisions: Evidence from a Randomized Experiment. *Quarterly Journal of Economics*. 118 (3): 815–842.
22. Cole, Shawn, Bilal Zia, and Thomas Sampson. 2008. Evaluation the Impact of Bank Accounts on Households Welfare Outcomes in Indonesia. Unpublished manuscript.
23. Karlan, Dean S., and Martin Valdivia. 2006. Teaching Entrepreneurship: Impact of Business Training on Microfinance Clients and Institutions. Economic Growth Center Working Paper 941. Yale University.
24. www.rbi.org.in/scripts/PublicationDraftReports.aspx?ID=526.

SELECTED PUBLICATIONS ON MICROFINANCE

JOURNAL ARTICLES

Adams, John, and Frank Raymond. 2008. Did Yunus Deserve the Nobel Peace Prize: Microfinance or Macrofarce? *Journal of Economic Issues*. 42 (2): 435–443.

Akula, Vikram. 2008. Business Basics at the Base of the Pyramid. *Harvard Business Review*. 86 (6): 53–57.

Batchelor, Simon. 2008. Mobile Phone-enabled Payment Systems Transformation. *Enterprise Development and Microfinance*. 19 (1): 13–30.

Chemin, Matthieu. 2008. The Benefits and Costs of Microfinance: Evidence from Bangladesh. *Journal of Development Studies*. 44 (4): 463–484.

Cuong, Nguyen Viet. 2008. Is a Government Micro-credit Program for the Poor Really Pro-Poor? Evidence from Viet Nam. *The Developing Economies*. 46 (2): 151–187.

de Crombrugghe, Alain, Michel Tenikue, and Julie Sureda. 2008. Performance Analysis for a Sample of Microfinance Institutions in India. *Annals of Public and Cooperative Economics*. 79 (2): 269–299.

Fecht, Falko, Kevin X. D. Huang, and Antoine Martin. 2008. Financial Intermediaries, Markets, and Growth. *Journal of Money, Credit and Banking*. 40 (4): 701–720.

Fernando, Nimal. 2008. Managing Microfinance Risks: Some Observations and Suggestions. *Asian Journal of Agriculture and Development*. 4 (2): 1–22.

Guirkinger, Catherine. 2008. Understanding the Coexistence of Formal and Informal Credit Markets in Piura, Peru. *World Development*. 36(8): 1436–1452.

Karim, Lamia. 2008. Demystifying Micro-Credit: The Grameen Bank, NGOs, and Neoliberalism in Bangladesh. *Cultural Dynamics*. 20 (1): 5–29.

Karlan, Dean S., and Jonathan Zinman. 2008. Credit Elasticities in Less-Developed Economies: Implications for Microfinance. *American Economic Review*. 98 (3): 1040–1068.

Karmakar, K. G. 2008. Trends in Rural Finance. *Indian Journal of Agricultural Economics*. 63 (1): 5–18.

Kondo, Toshio, et. al. 2008. Impact of Microfinance on Rural Households in the Philippines. *IDS Bulletin*. 39 (1): 51–70.

Mendoza, Ronald U., and Nina Thelen. 2008. Innovations to Make Markets More Inclusive for the Poor. *Development Policy Review*. 26 (4): 427–458.

Opoku, Lydia, and Deborah Foy. 2008. Pathways Out of Poverty: Innovating Banking Technologies to Reach the Rural Poor. *Enterprise Development and Microfinance*. 19 (1): 46–58.

Pasricha, Nicole. 2008. Next Generation Access to Finance: Gaining Scale and Reducing Costs with Technology and Credit Scoring. *Enterprise Development and Microfinance*. 19 (1): 59–68.

Prochaska, Klaus, and Laura Brix. 2008. Regulating Transformational Branchless Banking: Dispatches from the Policy Frontlines. *Enterprise Development and Microfinance*. 19 (1): 31–45.

Sengupta, Rajdeep, and Craig P. Aubuchon. 2008. The Microfinance Revolution: An Overview. *Review*. 90 (1): 9–30.

Tedeschi, Gwendolyn Alexander. 2008. Overcoming Selection Bias in Microcredit Impact Assessments: A Case Study in Peru. *Journal of Development Studies*. 44 (4): 504–518.

Yunus, Muhammad. 2008. Turning Beggars into Entrepreneurs. *New Perspectives Quarterly*. 25 (2): 88–89.

Zant, Wouter. 2008. Hot Stuff: Index Insurance for Indian Smallholder Pepper Growers. *World Development* 36(9): 1585–1606.

OTHER PUBLICATIONS

Agrawal, Amol. 2008. Financial Education Programs – Is Teaching ABC of Finance Enough? Mumbai, India: IDBI Gilts Limited.

Anand, Malika, and Richard Rosenberg. 2008. Are We Overestimating Demand for Microloans? Washington, DC: CGAP.

Freedom From Hunger. 2008. An MFI Tests a Multifaceted Approach to Addressing Clients' Healthcare Needs in the Philippines. Davis, CA: Freedom From Hunger.

German Development Cooperation. 2008. Outreach of Financial Services in Sri Lanka. Colombo: German Development Cooperation and Sri Lanka Ministry of Finance and Planning.

Islamic Research and Training Institute (IRTI). 2008. Islamic Microfinance Development: Challenges and Initiatives. Jeddah, Saudi Arabia: IRTI.

Kalpana, K. 2008. The Vulnerability of "Self Help": Women and Microfinance in South India. IDS Working Paper 303. UK: Institute of Development Studies.

Latortue, Alexia, Jasmina Glisovic-Mezieres. 2008. Linking Financial Service Providers to Commercial Capital: How Do Guarantees Add Value? *CGAP Brief*. Washington, DC: CGAP.

Lauer, Kate. 2008. Transforming NGO MFIs: Critical Ownership Issues to Consider. *CGAP Occasional Paper No. 13*. Washington, DC: CGAP.

Mas, Ignacio, and Hannah Siedek. 2008. Banking through Networks of Retail Agents. *CGAP Focus Note 47*. Washington, DC: CGAP.

Meyer, Jeff; Jamie M. Zimmerman, and Ray Boshara. 2008. Child Savings Accounts: Global Trends in Design and Practice. Washington, DC: New America Foundation.

Obaidullah, M. 2008. Role of Microfinance in Poverty Alleviation: Lessons from Selected IDB Member Countries. Jeddah, Saudi Arabia: IRTI.

____________. 2008. Islam, Poverty and Microfinance "Best Practices". Orissa, India: Institute of Microfinance and Development.

Partida, Juan M., and Frederic de Mariz. 2008. Banco Compartamos: Market Leadership Sustained by Superior Efficiency. *Latin America Equity Research*. New York: J.P. Morgan.

Radcliffe, Daniel. 2008. India's MFI Transparency Gap: What Causes It and What Should Be Done About It. Institute for Financial Management and Research (IFMR) Centre for Micro Finance Working Paper Series No. 23. Chennai, India:IFMR.

Sandra, Mai, et. al. 2008. *Microfinance Institutions-Factors in Risk Assessment*. New York: Fitch Ratings.

United Nations Development Programme (UNDP). 2008. *Creating Value for All: Strategies for Doing Business with the Poor*. New York: UNDP.

Woodruff, Christopher, David McKenzie, and Suresh de Mel. 2007. Measuring Microenterprise Profits: Don't Ask How the Sausage is Made. World Bank Research Working Paper No. 4229. Washington, DC: World Bank.

___________. 2007. Returns to Capital in Microenterprises: Evidence from a Field Experiment. World Bank Research Working Paper No. 4230. Washington, DC: World Bank.