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Microfinance in Ecuador

A month long internship in Ecuador gave me several points of view regarding micro financing. Micro financing, in a simple term, is a form of financial services for entrepreneurs, small businesses, and people lacking access to banking service. While studying at Soka, I have heard many times about micro financing in and out of class, and the pros and cons are batted back and forth, which made me decide to actually work at micro financing- corporation in Ecuador. What I felt through doing internship was that many people still live in the poverty line and micro financing still is not common among people. Moreover, I believe that micro financing organizations have to rethink about their attitude toward job.

The organization where I have been working was called “Corporación Centro” which has about 400 of branches. There are 44 microfinance-organizations in Ecuador. Since most of them target family in the poverty line, they tend to locate where those family live. According to UNDP, 38.3% of population in Ecuador works on a salary of less than \$ 56.5 in a month. For example, there is a big gap between a city and a farming area. Compared to a city where only 25% of the population lives in the poverty line, 61% of the population lives in the poverty line in a farming area. The place where I have been working, called Calapungo, was also one of the places where poor families concentrate.



The contents of my job are going the round of the community in Calapungo Monday through Wednesday and office work on Thursday and Friday. Collecting money and grasping the situation of each family are the main objects of going the round. 4% of all the clients do not follow the term for the payment, and we, employees, focus on those families when we go to the

round. In the case when clients cannot return money, we collect cash products, cell phone and watch for example. For the rest of 96% of the clients, we call them and let them know when they have to return money and talk how clients are getting along. On Thursday and Friday we basically work in the office using MS Excel, for example, to make a report: the data how much money clients borrowed, the day when they have to return it, and a list of people whose payment is overdue.



Having worked at the office, I feel the difference between bank and microfinance, which is a sense of distance between employees and clients. Different from banks where employees do not interfere in clients, employees in microfinance organizations take care of each clients a lot. If necessary, employees extend the term for payment. Many clients come to the office for getting some advice about the amount of money they need and the types of plan they should choose. Even though both banks and microfinance organizations are financial institution, microfinance organizations target people live in the poverty line and object to assist their better standard of living.

The system of microfinance aims to assist families living in the poverty line; however, microfinance still has to be improved. It is employees' attitude towards the job. In other words, although their job is lending money to poor families and getting revenue from the interests, it is not same as bankers to focus on their profits as their first priorities. Actually in the place where I have worked, employees have a sense of business rather than assisting poor families. I insist that the banking system and micro financing is different. Micro financing has to be flexible to needs of clients.

The founder of Soka University of America, Daisaku Ikeda, declared: the solution to the poverty is education. Education enriches countries. Now, staying in Ecuador I have seen many child labors on streets. I believe that micro financing is one of the solutions to create opportunity

for poor families to manage their money to let children go to study. I believe the time when microfinance enriches people and countries will be ripe in the near term.