

Micro Kredite

Helping people help themselves

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HOW MICROCREDIT WORKS

The **initial financing** offers the clients the resources to begin **production**. The loan is paid over time as they bring in revenue. As borrowers successfully **pay off** their microcredits, they may become eligible for loans of larger and **larger amounts**.

HISTORY:

Already in 1515, Pope Leo X promoted financial institutions that lent money to poor people. Microcredits were launched in their modern in the 1970s. Even at the beginning of the 1990s, there were only a few players in the industry, meanwhile, the sector has strongly differentiated itself with several thousand players worldwide. Microcredit reached its peak in popularity when the UN General Assembly declared 2005 to be the International Year of Microcredit.

each

(USD) &
th since
2015 (%)

24.4%

+0.2%

19.7%

16.3%

(-6.4%)

20.7%

12.5%

13.1%

11.8%

(-7.2%)

TRAINING

In order to ensure that micro-borrowers are not left alone with their entrepreneurial and personal problems in everyday life, many microfinance organizations have incorporated special training and training into their concepts. Mostly this is about economic and legal issues.

GOALS/IDEA: Poverty Reduction Instrument

- focuses on and empowers women
- no credit history collateral necessary
- lifts people out of poverty and elevates them from the vicious poverty cycle by boosting their entrepreneurial potential
- employment to the masses
- immediate financial impact on the clients

SOCIAL MICROFINANCE

Social microfinance programs are designed in such a way that the services offered serve primarily to reduce poverty and not to generate returns to investors. It is usually not limited to pure lending but emphasizes the importance of access to micro-savings accounts and insurance or training of clients.

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CRITICISM

- Many borrowers were unable to repay the debt due to over-indebtedness and some were driven to sell their organs or chose to take their lives.
- Competition increases among these small businesses as more people follow the entrepreneurial path.
- Without governmental support and international donors, microfinance institutions must