

The Unbanked: Evidence from Indonesia

[Get access >](#)

Don Johnston, Jr., Jonathan Morduch

The World Bank Economic Review, Volume 22, Issue 3, 2008, Pages 517–537,
<https://doi.org/10.1093/wber/lhn016>

Published: 22 October 2008

Abstract

To analyze the prospects for expanding financial access to the poor, bank professionals assessed 1,438 households in six provinces in Indonesia to judge their creditworthiness. About 40 percent of poor households were judged creditworthy according to the criteria of Indonesia's largest microfinance bank, but fewer than 10 percent had recently borrowed from a microbank or formal lender. Possessing collateral appeared as a minor determinant of creditworthiness, in keeping with microfinance innovations. Although these households were judged able to service loans reliably, most desired small loans. Calculations show that the bank, given its current fee structure and banking practices, would lose money when lending at the scales desired. So, while innovations have helped to extend financial access, it remains difficult to lend in small amounts and cover costs.

© The Author 2008. Published by Oxford University Press on behalf of the International Bank for Reconstruction and Development / THE WORLD BANK. All rights reserved. For permissions, please e-mail: journals.permissions@oxfordjournals.org

JEL: [G21 - Banks; Depository Institutions; Micro Finance Institutions; Mortgages](#), [O16 - Financial Markets; Saving and Capital Investment; Corporate Finance and Governance](#)

Issue Section: [A Symposium on Access to Finance](#)

You do not currently have access to this article.

[Sign in](#)[Get help with access](#)

Personal account

- Sign in with email/username & password
- Get email alerts
- Save searches
- Purchase content
- Activate your purchase/trial code
- Add your ORCID iD

Sign in >

Register

Institutional access



Sign in through your institution



Sign in through your institution >

Sign in with a library card

Sign in with username/password

Recommend to your librarian

Institutional account management

Sign in as administrator

Purchase

[Subscription prices and ordering for this journal](#)

[Purchasing options for books and journals across Oxford Academic](#)

Short-term Access

To purchase short-term access, please sign in to your personal account above.

Don't already have a personal account? [Register](#)

The Unbanked: Evidence from Indonesia - 24 Hours access

EUR €39.00

GBP £33.00

USD \$43.00

Rental



This article is also available for rental through DeepDyve.