

Rethinking Microfinance for Developed Countries

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Abstract

Despite the growth of the sector, microfinance's academic research in developed countries is still very limited. The paper builds on earlier works, which discuss four technical problems related to the diffusion of microfinance in developing countries. In re-framing their approach to apply it to developed countries, we propose a set of recommendations in order to foster the growth of the microfinance sector: (1) the use of financial institutions to supply microfinance products; (2) the development of an alternative credit scoring in banks; (3) the adoption of a regulatory framework for microfinance; and (4) the use of networks as social collaterals. Copyright © 2016 John Wiley & Sons, Ltd.

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