

Goal: To build livelihoods, improve access to social services, and boost consumption by providing financial services to marginalized populations.

7
million

Borrowers

\$2.3
billion

Value of loan capital

87%

Share of microfinance clients that are women

Background

BRAC believes sustainable poverty reduction must unite both economic and social development. Microfinance activities are an integral part of BRAC's broader, holistic approach to development, helping to build livelihoods, boost consumption, and improve access to social services. Financial inclusion is a powerful vehicle for moving people out of poverty.

Opportunity

Across the world, people living in poverty are excluded from the formal financial system. In Bangladesh, 50% of adults lack access to a bank account, and 77% of the workforce lives in rural areas with limited access to financial services. Furthermore, women disproportionately lack access to the financial resources needed to manage households, limiting their ability to become self-sufficient or contribute to their family's income and decision-making.

These excluded groups instead must depend on informal means to save, borrow, and manage their expenditures, which is risky, unreliable, and stifles economic activity at the bottom of the pyramid.

People living in poverty are 'bankable,' and bringing financial services to the poor, and particularly women, is widely recognized as a tremendous opportunity for economic growth and social development. Money in the hands of women is more likely to be invested in family needs, such as nutrition and education.

Approach

BRAC's programs allow people excluded from the formal banking system to access a suite of financial services, including credit, short and long-term savings, microinsurance, and mobile money.



A village savings group in Tanzania. ©BRAC/Alison Wright



Women use the bKash mobile money application. ©BRAC

In Bangladesh, Liberia, Myanmar, Pakistan, Sierra Leone, Tanzania, and Uganda, BRAC provides microloans to poor and marginalized communities, particularly women, people with disabilities, and those living in remote and rural communities, to initiate income-generating activities. These loans allow them to invest in productive assets, smooth consumption, and manage shocks while promoting the empowerment of these marginalized groups within their communities.

BRAC recognizes the heterogeneity of the poor. To that end, it offers a variety of tailored products, including small enterprise loans, agriculture loans, jobholder loans, and loans for migrants. Furthermore, BRAC offers microinsurance on its loans in the case of the death of a client or insured family member. For a small, one-time premium, this benefit covers the outstanding loan balance in full, provides hospital and funeral expenses, and reimburses clients' savings to the family.

Microfinance clients can deposit their savings remotely via their cell phone through BRAC's mobile money platform, bKash, which offers a flexible, convenient, and high-return savings alternative for borrowers. One of the largest mobile money platforms in the world, bKash has a subscription base of more than 28 million clients.

Recognizing that access to financial services alone is not enough to break the cycle of poverty, BRAC

complements these services with financial education that enables borrowers to make informed decisions. It convenes village savings groups, where 15-40 women in a community come together regularly with BRAC staff to participate in financial literacy training, discuss women's rights, and become connected with BRAC's other social development services.

Why BRAC?

Since launching microfinance activities in 1973, BRAC has become one of the world's largest providers of financial services for the poor, reaching more than seven million clients. Inclusive, affordable, accessible, and client-focused, BRAC leverages over 40 years of expertise to design loan and savings products to meet the unique needs of the poor.

Unique among microfinance institutions is BRAC's holistic integration of microfinance into other social development programs, including those in agriculture, girls' empowerment, skills development, and ultra poor graduation, ensuring loans are complemented with both financial literacy and livelihood training.

BRAC is also leading the microfinance sector in client protection, with some of the sector's strongest mechanisms in place to ensure clients' needs are met. It is the first organization in Bangladesh, and the largest in the world, to be recognized with Smart Certification for upholding universal standards for client protection in microfinance.

“**Microfinance, responsibly delivered, is an incredibly powerful tool to help people lift themselves out of poverty,”** says **Sir Fazle Hasan Abed, BRAC Founder and Chairperson.** “**That is why for over four decades, financial services have been central to BRAC's holistic approach to development.**”