

The Role of Microfinance in Economic Development

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Abstract : Microfinance is often seen as a means of repairing credit markets and unleashing the potential contribution of impoverished people who rely on self-employment. Since the 1990s, the microfinance industry has expanded rapidly, opening the path for additional kinds of social entrepreneurship and social investment. However, current data indicate relatively few average consumer effects, opposing pushback against microfinance. This research reconsiders microfinance statements, stressing the variety of data on impacts and the essential (but limited) role of reimbursements. The report finishes by explaining a shift in thinking: from microfinance as a strictly defined enterprise finance to microfinance as a more widely defined home finance. Microfinance, under this perspective, provides advantages by providing liquidity for various requirements rather than just by increasing income.

Keywords : microfinance, small business, economic development, credit markets

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