



# Microfinance and the commercial banking system: perspectives from Barbados

Tonya Knight

Project Analyst, Caribbean Financial Services Corporation, Barbados

Farhad Hossain

Institute for Development Policy and Management,  
School of Environment and Development, University of Manchester

Christopher J. Rees

Institute for Development Policy and Management,  
School of Environment and Development, University of Manchester

**Abstract:** By adopting microfinance as a core component in their development aid programmes, non-governmental organizations (NGOs) and other development groups aim to reduce poverty and also, raise the status of women and disadvantaged communities. Nevertheless, despite its enormous success in tackling poverty, the applicability of microfinance in formal banks remains a major challenge for developing countries where most of the world's poor reside without access to banking facilities. The authors of this article posit that central banks and the banking sector, in general, can promote good and inclusive financial governance in developing countries by adopting microfinance practice and by integrating pro-poor policies into their banking systems. Focusing on the case of Barbados, the article examines the importance of microfinance for commercial banks. It is argued that the integration of microcredit into the banking and credit schemes of commercial banks and microfinance institutions is a key to promoting good governance.

**Key words:** Barbados, commercial banks, international development, microcredit, microfinance, poverty

## I Introduction

In international development, the concept of microfinance has become increasingly important over the last three decades or so. Microfinance is defined as the practice of 'supply of loans, savings, and other basic financial services to the poor' (Consultative Group to Assist the Poor [CGAP], 2003). Greene and Gangemi (2006) place microcredit at the heart of microfinance, where it is widely understood as 'the practice of offering small, collateral-free loans to members of cooperatives who otherwise would not have access to the capital necessary to begin small businesses' (Hossain, 2002: 79). Notwithstanding the importance of other forms of microfinance innovations, discussions on microcredit feature prominently during the course of this article, with the terms 'microfinance' and 'microcredit' used interchangeably.

Recent literature has highlighted increasing recognition of microfinance as a crucial tool in the alleviation of poverty, via its creation of employment opportunities and promotion of rural development and fulfilment of creative potential (Navajas *et al.*, 2000; Ahmad, 2001, 2002; Yunus, 2001; CGAP, 2003; Brau and Woller, 2004; Lashley, 2004; Chowdhury *et al.*, 2005). Interest in microfinance has been fuelled by its acceptance and successful implementation in organizations such as ACCION in the US; BancoSol in Bolivia; Association for Social Advancement (ASA) and Bangladesh Rural Advancement Committee (BRAC) in Bangladesh; and Bank Rakyat Indonesia (BRI) in Indonesia (ASA, 1997; Navajas *et al.*, 2000). One of the most notable innovations in microcredit is the Grameen Bank in Bangladesh which was founded by Muhammad Yunus in 1983, in response to the numerous challenges he experienced in attempting to lend to the poor via existing commercial banks. Microcredit has since been replicated in more than 65 countries throughout the world. The year

2005 was declared the 'International Year of Microcredit by the United Nations'. The clearest official recognition thus far of the impact of microfinance has been the award of the 2006 Nobel Peace Prize to Muhammad Yunus and the Grameen Bank (The Nobel Foundation, 2006). However, the numerous accolades of microfinance have been countered by heavy criticism in the literature with regard to high interest rates, exploitation of women, loan repayment, unchanging poverty levels and failure to cater effectively to the target groups (Holt, 1994; Dignard and Havet, 1995; Christen, 1997; Mallick, 2002; Brau and Woller, 2004). As noted by Potts (2002: 352), 'it is unfortunate if a flexible and useful toolkit is completely discarded because some of the tools in the kit are difficult to use. What is needed is to use the appropriate tools at the right time and in the right places.'

Little discussed in microfinance literature, however, is the fact that, despite its enormous success in tackling poverty, the applicability of the microfinance system in formal banks still remains a major challenge for developing countries, where most of the world's poor reside without access to banking facilities. Furthermore, poverty itself remains the largest challenge to the social and economic development within the Caribbean region (Bowen, 2007) and currently, various microfinance institutions (MFIs) are attempting to tackle poverty and promote sustainable livelihoods in the Caribbean. This article, therefore, aims to explore the applicability of microfinance to the commercial banking system in Barbados. The remainder of the article is structured as follows. Section II gives a brief overview of the microfinance environment in Barbados and the Caribbean. Section III provides an empirical and contextual examination of the relevance of microfinance to the Caribbean International Bank (CIB), a well-known commercial bank in Barbados. Finally, a presentation of the main recommendations and conclusions is given in Section IV.

## **II An overview of microfinance in Barbados and the Caribbean**

For several decades, Caribbean countries have struggled with poverty and related social challenges, with the impacts of globalization, including removal of subsidies and increasing competition, slowly eroding the much-needed agricultural sector (Ahmed, 2001; Bowen, 2007; Caribbean Development Bank, 2007). Poverty remains the chief threat to the social and economic development within the region, despite thriving economies and improving standards of living in the Caribbean (Bowen, 2007). Microfinance has therefore emerged as a catalyst for entrepreneurship development, poverty reduction and economic growth throughout the region (Lashley and Lord, 2002; Lashley, 2004; Bowen, 2007). This is particularly relevant due to the strong presence of micro and small enterprises in the Caribbean, only 3–5 percent of which can obtain adequate financing (Wenner and Chalmers, 2001).

Barbados is the most easterly of the Caribbean islands, with a population of 280,946 people (Central Intelligence Agency [CIA], 2006). Information services and offshore finance are the major foreign exchange sources, resulting in the Barbadian economy's heavy reliance on financial services (Lashley and Lord, 2002; CIA, 2006). However, lack of access to finance has been revealed as one of the largest hindrances to Barbadian small businesses (Lashley, 2003). Poverty eradication and development of an entrepreneurial spirit have been identified as key goals of the National Strategic Plan for Barbados 2005–25 (Ministry of Finance and Economic Affairs, 2005). Yet, despite the obvious demand for financial services for the poor, von Stauffenberg (2000: 3) observes that 'microfinance is still in its infancy in the English Speaking Caribbean'.

Barbados is home to four microfinance institutions which provide access to credit to entrepreneurs who otherwise would have been unable to receive funding from commercial

banks, despite operating sustainable enterprises. These are the Barbados Agency for Micro enterprise Development Ltd. (which is more commonly referred to as FundAccess), the Urban Development Commission (UDC), the Rural Development Commission (RDC) and the Barbados Youth Business Trust (BYBT). Loans are provided within the range of US\$ 350 and US\$ 50,000, via asset- or character-based lending or a combination of the two, for the purposes of increased employment, poverty alleviation and business expansion. In addition, several organizations provide technical support and training to micro and small enterprises in Barbados. These include the Barbados Small Business Development Centre of the Barbados Investment and Development Corporation, the Barbados Small Business Association, the Youth Entrepreneurship Scheme, the Central Bank of Barbados' Credit Guarantee Scheme and the Caribbean Technology Consultancy Services provided by the Caribbean Development Bank. Institutions such as the University of the West Indies and the Barbados Institute of Management and Productivity (BIMAP) also offer specialized small business management and business skills development programmes (Lashley, 2006). Finally, the Small Business Act aims to promote the growth of the small business sector via the provision of funds and tax incentives for the growth of businesses.

Despite this extensive support framework for the creation of an enabling environment for the growth of micro and small enterprises, there is a lack of development of the microfinance sector in Barbados and the Caribbean, which has been attributed to several factors. First, small population sizes in Barbados and other Caribbean countries provide small portfolios and markets that are limited, both in their degree of expansion as well as in the potential for the achievement of economies of scale (von Stauffenberg, 2000; Wenner and Chalmers, 2001; Lashley, 2004; Westley, 2005). Second, there is a heavy dependence on subsidies from governments, donor programmes and

alternative financial institutions (Wenner and Chalmers, 2001; Westley, 2005). Additionally, the provision of subsidized interest rates is exploited by more bankable clients (Lashley, 2004), thus serving to exclude the poor and to deter international funding. Third, the well-developed financial sector in the Caribbean provides strong competition with the microfinance sector, primarily as a result of the pursuit of wealthier MFI clients by commercial banks (von Stauffenberg, 2000; Lashley, 2004). The higher levels of social and economic development within the Caribbean region have also provided alternative opportunities for self-financing or funding from family members and friends (Wenner and Chalmers, 2001). Fourth, there is strong government intervention in the Caribbean, particularly with regard to delivery of microfinance and setting of interest rates, which has distorted the market and decreased the demand for microfinance (von Stauffenberg, 2000; Wenner and Chalmers, 2001; Lashley, 2004).

These challenges have been compounded by an over-emphasis on collateral as opposed to willingness or ability to pay; a poor repayment culture; high transaction costs; the need for greater technical cooperation between government, support and business organizations; divergent aims of microfinance; and insufficient consideration of the Caribbean context (von Stauffenberg, 2000; Wenner and Chalmers, 2001; Lashley and Lord, 2002; Lashley, 2004; Westley, 2005).

Nonetheless, the criticisms and challenges of microfinance have failed to lessen its potential for future application. The 2006 Microcredit Summit highlighted the increasing integration of microfinance into the operations of the less limited mainstream financial institutions and markets (World Bank, 2006). Such alternatives have also been explored at the Sixth Annual Roundtable on Microfinance in the Caribbean (Caribbean Microfinance Network, 2007). Future developments in the role of microfinance include household savings as a potential fund resource, where

these savings can be utilized for the provision of dynamic loans for the poor, as part of the objective of financial intermediaries to supply significantly essential deposit services. As proposed by World Bank (2006), this will be preceded by the development of large domestic financial markets in which healthy and stable financial institutions facilitate provision of financial services to the poor throughout the twenty-first century.

### **III Empirical perspectives from Barbados: a case study on the Caribbean International Bank**

#### *1 The relevance of microfinance to Caribbean International Bank (CIB)*

These considerations lead us to the following case study of the CIB, a commercial bank at which one of the authors was previously employed. The aim of this case study is to illustrate the attitudes of commercial banks towards the introduction of microfinance into their banking operations. It should be noted that due to anonymity requirements a pseudonym (i.e., the Caribbean International Bank [CIB]) has been given to the studied bank in Barbados.

The case study is based on the empirical perspectives of various microfinance players on the operations of microfinance in Barbados and its relevance to commercial banking. The study draws on recent research conducted at the CIB, microfinance institutions and other financial institutions in Barbados. The main method of investigation was a mixture of structured and semi-structured questionnaires and interviews, which allowed the participants to provide insights into the practice of microfinance and the advantages and disadvantages of its introduction in the commercial banking sector. Investigations concentrated on the Small Business Banking Department of the CIB.

The CIB is one of the leading commercial banks in the Caribbean, formed recently as a result of a merger between the Caribbean

operations of two major global financial services providers. It is based in Barbados, has branches in 20 Caribbean countries and provides both financial services to residents of these countries as well as offshore financial services to non-residents. The CIB offers a variety of competitive innovative products such as internet banking and electronic wire payments and transfers. A statistical profile of CIB is given in Table 1.

The Small Business Banking and Corporate Departments of CIB are involved in the provision of loans to banking clients and hence, were selected as the most relevant areas for investigations regarding microfinance. There are several benefits for commercial banks involved in microfinance, especially in providing them with a competitive advantage in this age of increased competition and liberalization of markets. Rhyne and Christen (1999, in Bell *et al.*, 2002) list other advantages: management expertise, appropriate physical and systems infrastructure, ability to accept deposits and accessibility to other sources of funding such as equity capital. In addition, Westley (2005) cites superior telecommunications and road infrastructure and lower costs due to small size as natural advantages of the Caribbean for microfinance provision. Finally, as part of CIB's interest in the social and economic development of its member territories, it has

provided donations to microfinance institutions in support of the small and micro enterprise sector. Despite this, although CIB is familiar with the concept of microfinance, bank officials report that microcredit has not been incorporated into its operations (Alexander, 2006). Like several other commercial banks, the possibility of the introduction of a formal microfinance programme in the banking sector in Barbados is highly unlikely at this time (Millar, 2006). Such hesitation was anticipated by the participants of the study and the rationale for such reluctance will be discussed during the course of the case study.

The various characteristics or practices of the Grameen (microcredit) system (Chowdhury, 2001) are compared to those of these two CIB departments in Table 2.

The results of CIB (see Table 2) are similar to those outlined for traditional banks, both in current literature (Chowdhury, 2001; Bell *et al.*, 2002; Valenzuela, 2002) as well as in the Barbadian banking sector. Table 2 illustrates increasing concern for the welfare of the poor as one moves from operations in traditional banking to those in small business and microcredit (Grameen banking). This occurs as the focus becomes more concentrated on the less wealthy end of the population.

While the best practices of commercial banks are often similar to those of global

**Table 1** Statistical data on the Caribbean International Bank

Number of countries served	20
Total number of branches	90
Total number of employees	3,200
Total number of customers	360,000
Total number of accounts	700,000
Total loans disbursed in 2006 (US\$)	0.5 billion
Asset base (US\$)	9 billion
Range in loan sizes (US\$)	2,000–50,000 (Small Business), More than 50,000 (Corporate)
Total number of accounts	690,000
Total number of customers	500,000
Nominal interest rate (%)	12
Period of loans	Dependent on purpose and size of loan, ability to repay, level of risk involved

Source: Adapted by the authors.

**Table 2** Comparison between Caribbean International Bank (commercial) and Grameen Bank (microcredit) systems

<i>Characteristics of banking</i>	<i>CIB corporate department</i>	<i>CIB small business banking</i>	<i>Grameen bank (Chowdhury, 2001)</i>
Availability to client: Do they go to the client or do they ask the client to come to them?	As a rule, they go to the client	Ideally, they would like to go to the client but are often restricted by lack of human resources	They go to the client/ take the bank to the people
Maximum borrowers: men or women?	Predominantly men	Predominantly men	Predominantly women
Collateral as a prerequisite for a loan?	Yes; required by policy and regulations	Yes; in approximately 90 percent of the cases (case-by-case basis)	Collateral not required
Relationship between the bank and the borrower, subsequent to provision of the loan?	Relationship maintained by means of relationship management and support staff	Relationship not always maintained due to limited resources	Regular weekly and monthly visits to ensure correct utilization of funds and timely repayment of loans
In the event that the loan is not repaid?	Proactive approach; correspondence with borrower	Case-by-case basis; correspondence with borrower	Regular visits as noted above
Financial status of borrowers: above the poverty line?	Above; usually high income clients (large organizations)	Cross-section of clients; caters to smaller organizations	Initially below the poverty line; aim is to bring clients out of poverty
Loan repayment rate?	Fair; less than 80 percent	Fairly high; approximately 80 percent or higher	High; approximately 99 percent
Concern for total human welfare	No special initiatives	No special initiatives	Yes; provision of credit is accompanied by promotion of welfare of individual and family
Group-based lending?	No	No	Group-based and participatory
Borrowers as shareholders	Borrowers are not shareholders	Borrowers are not shareholders	More than 90 percent of Grameen Bank borrowers hold 90 percent share of the bank

Source: Adapted by the authors.

microcredit programmes, the motives are entirely different to that of microfinance. The aim of commercial banking is profit-maximization and hence, the CIB operations are fuelled by competition, whereas in the case of microcredit, the focus is on economic and social development. Given this emphasis of the former on profit, financial status (either in terms of income levels or ability to repay) is crucial

to the loan selection process of commercial banks, hence rendering the very poor or the unemployed ineligible. In contrast to the Grameen banking system, commercial banks generally seek customers above the poverty line and with a verifiable credit history, especially in the case of the Corporate Department whose clients are usually high-income and include large corporate organizations. Although

Chowdhury (2001: 71) notes that after loan disbursement, 'commercial banks completely forget about the borrowers', relationship managers and their support staff within the CIB Corporate Department are especially responsible for maintaining relationships with their clients. However, rather than reflecting a general concern for the welfare of the client, this is primarily a means of ensuring future business with the bank, particularly in the case of the wealthier clients. As with the other Barbadian financial institutions, collateral is usually mandatory for provision of a loan and as observed by Millar (2006), even for competitive campaigns where secure collateral is not required for loan disbursement, eligibility is strongly determined by the ability to repay and the number of years in the workforce.

The CIB Small Business Department caters to small businesses and entrepreneurs of various financial backgrounds (Alexander, 2006). Although the Small Business Banking Department generally follows specific guidelines, the results show that decisions are more flexible and are often made on a case-by-case basis, reflecting greater empathy for less desirable clients than in the case of the Corporate Department. Occasionally, the Small Business Department provides small loans in the range of US\$ 2,000–50,000, which, although smaller than the millions lent in the Corporate Department, are still noticeably larger than the US\$ 50–1,500 (Holt, 1994) range provided under microfinance. However, the Small Business Banking Department is limited by lack of resources and hence, is often unable to fulfil objectives or best practices to their satisfaction. For example, although follow-up with the clients after provision of a loan is normally encouraged, the specialty of this department is portfolio management rather than relationship management and therefore, unlike the Corporate Department, it is not equipped with separate officers for the performance of full case relationship management. It is apparent that areas which cater to high-income clients are not limited by such

challenges, again reflecting the importance of profit maximization to the goals of such organizations. Despite these obstacles, this department appears to be an ideal starting point for the expansion of banking services to meet the needs of the poor.

Although the research has revealed a high demand for microfinance in Barbados, there are several factors that contribute to the absence of microfinance in banking operations. Alexander (2006) lists high level of risk as well as the absence of collateral security, increased information cost and associated increases in interest rates as potential challenges to the implementation of microfinance at CIB. She also emphasizes the lack of resources in the Small Business Department as a hindrance to the process. The poor repayment culture in the Caribbean as well as the highly interventionist nature of Caribbean governments, especially in interest rate setting (von Stauffenberg, 2000; Lashley, 2004), possibly compound these issues. Bell *et al.* (2002) and Millar (2006) suggest several other obstacles that are equally detrimental to the incorporation of microfinance, including significant resistance by banking employees to the microfinance culture; potential disapproval by shareholders; regulatory requirements with regard to unsecured lending and interest rates; and the need for specialized training. Alexander (2006), however, downplays the possibility of scepticism and negative attitudes by banking staff, highlighting that employees in both departments are well equipped with necessary core skills in financial analysis as well as communication and empathy, with the latter two deemed important for interacting with people of a lower social status in a way that maintains their dignity and respect. She observes that those in small business are particularly attuned to the issues faced by those in poverty due to the diversity of their client base. For this reason, she dismisses the need for specialized training or precautionary measures such as separate facilities to avoid friction, as suggested by Bell *et al.* (2002).

Nonetheless, the reluctance of commercial banks to enter the microfinance market has been firmly established.

Finally, it must be noted that the issue of gender does not play a major role in the introduction of microfinance in traditional banking in Barbados, demonstrating that attitudes towards gender are affected by culture rather than the nature of the banking system. Although the results at CIB reflect that a higher percentage of loans are disbursed to men, the difference in percentage between men and women is negligible. In addition, whereas in many non-Western countries, the role of the woman is still limited to the duties of a subservient nature, there are several female Barbadians holding positions of power including bank managers, the Governor of the Central Bank of Barbados and two former Deputy Prime Ministers of Barbados, reflecting a stark contrast between these countries in relation to the status of woman in society. Despite this, Lashley (2004) observes that the characteristics of poverty in the Caribbean are rural, young and female. Therefore, micro-credit initiatives, which are targeted at women in particular, must be tailored to suit the specific characteristics of culture and gender that are influenced by the country context.

## *2 Prospects for change*

Microfinance operations in Barbados and the wider Caribbean would benefit greatly from the recent successes enjoyed by relationships between commercial banks and microcredit organizations worldwide. Prominent examples include ABN AMRO Bank which provides microfinance in Brazil, India and the US, both directly and via financial intermediaries and has recently nearly doubled its number of microfinance clients within a two year period (The Information Company Private Limited, 2007). This may be attributed, in part, to its flexibility in tailoring its microfinance operations to local operations and context. Similarly, Barclays Bank has entered a formal partnership with the Ghana Microfinance

Institutions Network (GHAMFIN) and the Susu Collectors, one of the oldest forms of banking in Africa for the needy, in order to rapidly extend the microfinance provision to the ultra poor in Ghana (Barclays Bank PLC, 2007).

In addition to its potential profitability, Bell *et al.* (2002) indicate the need for the involvement of private commercial banks in microfinance as essential in the fight against global poverty because of their domination of the financial market. However, although commercial banks possess electronic payment infrastructure and other necessary resources, the earlier discussions have identified several factors that have reduced their willingness to enter the microfinance market. Meanwhile, although MFIs are powerful in their outreach due to their numerous one-on-one relationships with their customers, they are challenged by reduced accessibility to physical and other relevant infrastructure present in commercial banking. Moll (2005) anticipates that the extension of MFI services will include a larger proportion of the rural population, while commercial banks may eventually compete with MFIs in their goal to reach a greater number of the poor. Therefore, Visa International (Al Bawaba, 2006) suggests partnerships between banks and MFIs as a means of uniting the resources of commercial banks with the extensive community involvement of the MFIs.

With regard to the Caribbean context, Wenner and Chalmers (2001) recommend additional research on the downscaling of commercial banks as a means of understanding the steps required to encourage their entry into the microfinance market. Although there are few formal MFIs in Barbados, partnerships between banks and credit unions would achieve a similar objective as the latter possess characteristics that are strikingly similar to those of MFIs (Magill, 1994; Lashley, 2003), particularly in terms of targeting the lower echelons of the population as well as the fact that they are member-owned and not-for-profit. However, as in the case of commercial



banks, their willingness to participate is an important prerequisite for the establishment of such arrangements. In such a partnership, the strengths of each institution can assist in overcoming the difficulties encountered by the other, and in doing so, would provide several commercial opportunities to improve the standard of living of the poor. Our research has also revealed unanimous support for the formation and strengthening of partnership arrangements between the microfinance and wider financial sectors in Barbados.

#### IV Concluding remarks

The success of microfinance should serve as a lesson to those institutions and critics in general that show scepticism in serving the poor. The negative attitudes of commercial banks to the expansion of services to the poor are usually based on several preconceived notions, chief among which is the view of those in poverty as 'high risk'. Despite this, microfinance programmes, throughout the world, have proven to be successful and are often characterized by high returns and high repayment rates and associated group lending practices that have proven to be quite efficient.

This shows that although the move into microfinance requires a substantial amount of time, resources and dedication and hence, is presently quite rare, there exists a possibility for profitability and financial sustainability for all of the players involved, given that the relevant practices are implemented. The situation is improving slowly due to increased market pressure and despite varying levels of success (Valenzuela, 2002), has proven to be quite rewarding in many cases.

However, the movement of commercial banks into the microfinance market must be preceded by several interventions. First, attitudes towards the poor must change so that they are no longer considered to be unbankable, while attitudes to repayment (particularly in the Caribbean) must conform

to the example set by global microfinance programmes. Partnerships with MFIs and similar entities must now be considered as lucrative alternative methods for expansion in the new market of the ultra poor. Target groups must be clearly defined, their specific needs identified and justification for any special emphasis must be appropriate both to the country and the culture. Finally, in non-western cultures in which the concept of the 'rural moneylender' is fading fast as a means of competition, high interest rates must be revisited so that their attractiveness to the poor is guaranteed. This must be accompanied by strategic support by donors (Bell *et al.*, 2002; Lashley, 2004) as well as revision of traditional regulations and policies that hinder unsecured lending. Given that these criteria are satisfied, the goal of poverty alleviation must remain at the forefront of all proposed objectives in order for microfinance to successfully achieve its intended purpose and live up to its acclaim.

#### Acknowledgements

The authors wish to thank bank personnel in Barbados for their time and contributions to this study. We also want to thank Grameen Bank borrowers in Valuka, Mymensingh in north-eastern Bangladesh for their participation in the Participatory Rural Appraisal (PRA) sessions. Comments by Dr Gavin Hilson on an earlier version of this article are greatly appreciated. Financial support from the Commonwealth Commission and from the Academy of Finland helped to carry out the field research.

#### References

- Ahmad, M.M.** 2001: Distant voices: the views of the field workers of NGOs in Bangladesh on micro-credit. In Hossain, F. and Rahman, Z., editors, *Microfinance and poverty: contemporary perspectives*. department of administrative sciences, University of Tampere, 89–114.
- 2002: Who cares? The personal and professional problems of NGO fieldworkers in Bangladesh. *Development in Practice* 12(2), 177–91.
- Ahmed, B.** 2001: *The impact of globalization on the Caribbean sugar and banana industries*. The Society for Caribbean Studies (UK) Annual Conference Papers 2.

- [http://www.caricom.org/jsp/community/donor\\_conference\\_agriculture/preferences.pdf](http://www.caricom.org/jsp/community/donor_conference_agriculture/preferences.pdf), last accessed 18 June 2007.
- Al Bawaba.** 2006: Visa encourages banks to partner with microfinance institutions – profitable business opportunities for middle east commercial banks. <http://www.albawaba.com/en/main/205734/>, last accessed 12 November 2006.
- Alexander, S.** 2006: Small business department at Caribbean International Bank. Personal communication with author. Caribbean International Bank, Barbados, 22 December.
- ASA.** 1997: *Causes of default in microcredit: motivating and encouraging enthusiasm among group members is essential to addressing the causes of default.* Association for Social Advancement (ASA).
- Barclays Bank PLC.** 2007: Barclays launches Ghanaian microfinance. <http://www.newsroom.barclays.co.uk/Content/Detail.asp?ReleaseID=533&NewsAreaID=2>, last accessed 14 December 2007.
- Bell, R., Harper, A. and Mandivenga, D.** 2002: Can commercial banks do microfinance? Lessons from the Commercial Bank of Zimbabwe and the Co-operative Bank of Kenya. *Small Enterprise Development* 13(4), 35–46.
- Bowen, G.** 2007: The challenges of poverty and social welfare in the Caribbean. *International Journal of Social Welfare* 16(2), 150–58.
- Brau, J. and Woller, G.M.** 2004: Microfinance – a comprehensive review of the existing literature. *Journal of Entrepreneurial Finance and Business Ventures* 9(1), 1–26.
- Caribbean Development Bank.** 2007: *Annual Economic Review 2006.* Caribbean Development Bank.
- Caribbean Microfinance Network.** 2007: *CMN Newsletter, June 2007: 6th Annual Microfinance Roundtable in Montego Bay Jamaica 2007.* CDN Management Services Ltd.
- CGAP [Consultative Group to Assist the Poor].** 2003: *What is microfinance?* <http://www.cgap.org/p/site/c/template.rc/1.26.1302>, last accessed 18 December 2006 and re-accessed the revised version on 3 March 2009. (Please note that the revised web page no longer provides the definition used in this article.)
- Chowdhury, J.H.** 2001: Reintegration of internally displaced people: the need for microcredit. In Hossain, F. and Rahman, Z., editors, *Microfinance and poverty: contemporary perspectives.* Department of Administrative Sciences, University of Tampere, 69–85.
- Chowdhury, M.J.A., Ghosh, D. and Wright, R.E.** 2005: The impact of microcredit on poverty: evidence from Bangladesh. *Progress in Development Studies* 5(4): 298–309.
- Christen, R.P.** 1997: *Banking services for the poor: managing for financial success – an expanded and revised guidebook for microfinance institutions.* ACCION International.
- CIA.** 2006: *World Fact Book, Barbados.* <https://www.cia.gov/library/publications/the-world-factbook/geos/bb.html>, last accessed 27 April 2007.
- Dignard, L. and Havet, J.** 1995: *Women in small enterprise development.* Westview Press.
- Greene, J. and Gangemi, J.** 2006: Taking tiny loans to the next level. *Business Week*, 27 November.
- Holt, S.** 1994: The village bank methodology: performance and prospects. In Otero, M. and Rhyne, E., editors, *The new world of microenterprise finance: building healthy institutions for the poor.* Kumarian Press, 156–84.
- Hossain, F.** 2002: Small loans, big claims. *Foreign Policy* 12, 79–82.
- Lashley, J.G.** 2003: *Microfinance in the eastern Caribbean: demand and delivery options.* Paper presented to the St. Vincent and the Grenadines Country Conference, St. Vincent and the Grenadines, 22–24 May.
- 2004: Microfinance and poverty alleviation in the Caribbean: a strategic overview. *Journal of Microfinance* 6(1), 83–84.
- 2006: Small enterprise and entrepreneurial support in the Caribbean: a case study evaluation of Barbados. Paper presented to the International Council of Small Business Conference, Barbados, 10 February.
- Lashley, J.G. and Lord, K.** 2002: *Microfinance in the Caribbean: experiences and best practice.* Report for the Inter-American Development Bank (IADB), Poverty Reduction Network, May 2002. IADB.
- Magill, J.H.** 1994: Credit unions: a formal-sector alternative for financing microenterprise development. In Otero, M. and Rhyne, E., editors, *The new world of microenterprise finance: building healthy institutions for the poor.* Kumarian Press, 140–55.
- Mallick, R.** 2002: Implementing and evaluating microcredit in Bangladesh. *Development in Practice* 12(2), 153–63.
- Millar, M.** 2006: Corporate and commercial credit division, State Bank. Personal communication with author. State Bank, Barbados, 23 December.
- Ministry of Finance and Economic Affairs.** 2005: *National Strategic Plan of Barbados 2005–25.* [http://www.barbados.gov.bb/Docs/NSP\\_Final%202006-2025.pdf](http://www.barbados.gov.bb/Docs/NSP_Final%202006-2025.pdf), last accessed 5 June 2007.
- Moll, Henk A.J.** 2005: Microfinance and rural development: a long-term perspective. *Journal of Microfinance* 7(2), 13–31.
- Navajas, S., Schreiner, M., Meyer, R.L., Gonzalez-Vega, C. and Rodriguez-Meza, J.** 2000: Microcredit and the poorest of the poor: theory and evidence from Bolivia. *World Development* 28(2), 333–46.

- Potts, D.** 2002: *Project planning and analysis for development*. Lynne Rienner Publishers.
- The Information Company Private Limited.** 2007: ABN AMRO almost doubles microfinance clients. <http://www.prdomain.com/companies/A/ABNAmroBank/newsreleases/200733039954.htm>, last accessed 14 December 2007.
- The Nobel Foundation.** 2006: The Nobel Peace Prize 2006 – Nobel Lecture by Muhammad Yunus. [http://nobelprize.org/cgi-bin/print?from=/nobel\\_prizes/peace/laureates/2006/yunus-lecture-en.html](http://nobelprize.org/cgi-bin/print?from=/nobel_prizes/peace/laureates/2006/yunus-lecture-en.html), last accessed 21 December 2006.
- Valenzuela, L.** 2002: The experience of commercial downscalers in microfinance. *Small Enterprise Development* 13(4), 22–34.
- von Stauffenberg, D.** 2000: *Microfinance in the english speaking Caribbean*. Report prepared for the Caribbean Development Bank, September.
- Wenner, M. and Chalmers, G.** 2001: *Microfinance issues and challenges in the Anglophone Caribbean*. IADB.
- Westley, G.D.** 2005: Microfinance in the Caribbean: how to fo further. Sustainable development department technical paper series, Inter-American Development Bank. IADB.
- World Bank.** 2006: *The future of microfinance – and the World Bank's role in it*. <http://www.microfinancegateway.org/content/article/detail/36645>, last accessed 18 December 2006 and re-accessed the revised web location on 3 March 2009.
- Yunus, M.** 2001: Towards creating a poverty-free world. In Hossain, F and Rahman, Z., editors, *Microfinance and poverty: contemporary perspectives*. Department of Administrative Sciences, University of Tampere, pp. 21–41.

Copyright of Progress in Development Studies is the property of Sage Publications, Ltd. and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.