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Microfinance and Gender Equity

As a women and gender studies minor at Washington University in St. Louis, I am particularly interested in exploring how microfinance can be a vessel for gender equity. Like many, I was first introduced to the world of microfinance by reading Muhammad Yunus' *Banker to the Poor* early in my college career. A notoriously high percentage (98%) of Grameen Bank's loans are made to women, who use the funds to buy livestock, start small businesses, and send their children to school. The stories told in *Banker to the Poor* and other books like *Half the Sky* and *The Blue Sweater* were certainly compelling, but they seemed so *distant*. I also found myself feeling that many of the narratives were romanticized, ignoring many of the critiques the microfinance industry has been inundated with for the past decade or so. Regardless, I wondered how I could explore the principles of microfinance and its impact on gender equity on a local level. I wanted to interact with female borrowers myself, to hear their stories, share their triumphs, and engage in conversation on how microfinance could be improved to meet their needs.

With that in mind, I proposed an in-depth research project for the fall of 2013 that would explore the (then) current state of microfinance in St. Louis, a city notorious for divisions along class and racial lines. I wanted to see how a microloan or a microsavings account was helping women in St. Louis improve their household incomes, social capital, and self-efficacy. After visiting with a number of local borrowers, one of the nation's largest Small Business Administration (SBA) lenders, and economists at the St. Louis Federal Reserve, I gained an

interesting array of views on the impact microfinance is having on transforming gender roles and improving the lives of women in the St. Louis community.

Microfinance is versatile. For single-parent households, a microloan can provide the income needed to help a woman put food on the table and send her children to school. For women in marriages or other partnerships, a microloan and other initiatives under the umbrella of microfinance can provide an opportunity to improve her self-efficacy and feel like she is contributing equally to a household's income. Women have historically been excluded from the target market of traditional banking institutions, and it's clear that reaching female borrowers through microfinance can help them feel like they have the ability to make lasting improvements in their lives. As Rob Boyle, CEO of one of St. Louis' SBA lenders told me, "Women come in here with a dream. It sounds campy, but it's true. They have dreams of home, business, car ownership, and we help them along their journey." It's clear that access to capital can help a woman improve her social capital and confidence. But I think the next step in the march toward total gender equity is expanding the type of businesses women are able to begin. In my research, most of the women I spoke with secured loans for hair salons, day care centers, and home cleaning businesses. Each of these reinforces traditional gender roles that position women as care-takers and domestic workers. Furthermore, high levels of competition within these local markets may limit the viability of a new business. Where are the woman-owned roofing, moving, and construction companies? Until women are not limited by the types of businesses they can begin, inevitably shaped by societal construction of gender roles, gender equity will not be realized.

I also want to say something about the word "empowerment." I see it a lot in microfinance literature, especially as it relates to women, and it's always been a bit troublesome

to me that it is thrown around without much second thought. What does it mean to empower a woman through microfinance? What does empowerment look and feel like? In my research this past fall, I wanted to push beyond platitudes and generalizations about empowerment, and find tangible evidence of this buzzword. The best example of empowerment I saw came from one of the small microlending programs for victims of intimate partner violence. There, all of the borrowers act as bankers themselves, reviewing loan applications, planning and running meetings, and deciding who ultimately gets a loan. This concept of “paying it forward” is crucial to the empowerment narrative promised by microfinance.

I asked each of my interviewees what empowerment meant to them, and one answer from a board member of a local nonprofit with a microlending program struck me: “For women who come from cultures or situations where they have been disenfranchised, whether it be lack of access to education or intimate partner violence, where they’ve never been given the freedom to access, handle, manage money, I think it [microfinance] can be very transformative. It can be the difference for somebody whose esteem has been negatively impacted—to be given the tools, to see, on a smaller scale, that they can be successful and to pursue something they have a talent or interest in—that’s empowerment.” From my perspective, empowerment is all about expanding a woman’s capacity to make decisions that affect her life, and removing barriers that inhibit her forward progress. Microfinance isn’t a panacea, but it’s proving to be a vehicle for empowering women across the globe.