

6.2 - Teacher Text 2:

One solution concerning the banking crisis and loss of trust in banks is in Bangladesh where the theory of 'microcredit' has become very popular. Microcredit is an idea by Professor Muhammad Yunus in which small loans as little as \$50 have been distributed by the Grameen bank since 1976 to people to establish a small business. The risk for the bank is very small and as a consequence many families microcredit has led to them becoming more financially independent.

This is how Prof. Yunus started his idea. According to the website <http://moralheroes.org/muhammad-yunus>: "After running through many ideas with his learners, Yunus decided to lend \$27.00 (USD) of his own money to 42 women in one of the poorest villages. He believed that given the chance and adequate support, the poor would be able to repay if they didn't face high interest rates. Yunus also knew that women who were poor were often isolated from each other, had low self esteem and were at higher risk of domestic violence. All of the women were able to make a profit and repay their loans. This experience led Muhammad Yunus and his colleague Dr. Khan (founder of the Bangladesh Academy for Rural Development) to pioneer the development of microcredit and microloans in the surrounding communities."

Grameen has also started to cooperate with Uniqlo for 'social business' ideas in Bangladesh: Bangladeshi people are some of the poorest in Asia and cannot afford basic clothing. Uniqlo is now working with Grameen to make sure Bangladeshi children can receive school uniforms to go to school.