

“Enhancing Youth Employment and Small Firms Growth”

Conference Hall at Silver Springs, Bugolobi – Kampala, 18 July 2017

Summary of presentations

***Title: Flexible Microcredit and Business Growth: Evidence from Pilot of a New Loan Product
in Bangladesh***

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In Bangladesh, BRAC Microfinance program is piloting a new and flexible loan product that enables clients to reschedule 2 out of their 12 monthly repayments at any point in the repayment cycle. We are collaborating with BRAC to evaluate the introduction of the new loan product which was randomized at the branch office level. 1 year after its introduction we find that flexibility enables both microfinance clients and SME loan clients to hire more workers and invest in more capital. Clients in branches where flexible loans were introduced take out larger loans and client retention increases. All of this suggests that flexibility in microcredit loans improves client satisfaction and business growth.