

# Grameen Bank



## Journey from Jobra to Oslo and Looking Forward

Zamal Uddin Biswas

Deputy General Manager  
Grameen Bank  
Dhaka, Bangladesh

E-mail: [g\\_estab@grameen.com](mailto:g_estab@grameen.com)

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### Origin of Grameen Bank

*The rural landless people who are desperately in need of credit generally remain outside the orbit of the banking system. Dr. Muhammad Yunus, Professor of Economics, Chittagong University, launched an action-research program in 1976 with the following objectives:*

- I. To extend the banking facilities to the poor men and women.
- II. To eliminate the exploitation of the moneylenders.
- III. To create opportunities for self-employment for the vast unutilised and underutilized manpower resource.
- IV. To bring the disadvantaged people within the folds of some organisational format which they can understand and operate, and can find socio-political and economic strength in it through mutual support.
- V. To reverse the age-old vicious circle of "low income, low savings, low investment, low income" into an expanding system of "low income, credit, investment, more income, more credit, more investment, more income".

### Transformation into Grameen Bank

- "Grameen" means 'rural' in Bengali language. "Grameen Bank", therefore, means 'rural or village bank'.
- The project Grameen Bank demonstrated it's success in the village of 'Jobra' (near Chittagong University) and neighboring villages during 1976-79.
- The action research project became a pilot project in 1979, covering an entire district Tangail (near Dhaka). This was undertaken with the financial support of the central bank of Bangladesh.
- With the success in Tangail, it further extended to several other districts of the country.
- In October 1983 the Grameen Bank project was transformed into a formal bank under a special law passed for its creation, with the name "Grameen Bank" (GB).

## Situation of Women in Bangladesh

Women are deprived in our society:

- Insecurity: poor women are insecure in their husband's houses and even in their parents' houses
- Divorce - frequently divorced by their husbands
- Dowry - is a deep rooted social disease
- Abandoned by their husbands
- Burden to the family
- In a disaster situation (The mother continues to feed her children' by collecting vegetables and green leaves etc.)
- Take care of the children (Core rearer)
- Last person in the family to take food
- Lack of opportunity - no dream, no vision and no hope.

## Grameen Bank : Owned by the Poor

- The government provided 60% of the initial paid up share capital of the bank, while the 40% was the borrowers of the bank.
- In July 1986, the government proportion in the paid up share capital was reduced to 25%, while 75% were to be subscribed by the GB borrowers.
- In amendment 24 Feb 2008, Government authorized share in Grameen Bank is reduced to 15% from 25% i.e. borrowers share increased to 85%.
- At present GB borrowers own 94% of the total equity of the bank, remaining 6% is owned by the government.
- Now GB is an independent financial institution which owned by the poor borrowers of the bank who are mostly women and it works exclusively for them.

*The mission of the Grameen Bank (GB) is to alleviate poverty from the lives of the poor people.*

## Jobra to Tangail : 1976-83



## Jobra to Tangail : 1976-83



**Jobra to Tangail : 1976-83**



**Jobra to Tangail : 1976-83**



**Jobra to Oslo : 1976-2006**  
Professor Muhammad Yunus and Grameen  
Bank Received the Nobel Peace Prize 2006



Mr. Ole Danbolt, Chairman, Nobel Peace  
Committee, giving the Award to Prof.  
Muhammad Yunus

Taslima Begum, GB Board Member & Prof.  
Muhammad Yunus with Nobel Peace Prize



## GB Board of directors

Total Directors	: 13
GB Members	: 9
Government	: 2
Chairman (Elected by Board)	: 1
MD, GB (Ex Officio)	: 1

In amendment 24 Feb 2008 :

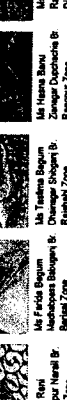
- Government Representative in Grameen Bank Board reduced to 2 from 3 and borrower Representative increased to 10 from 9.
- Chairman will be appointed by the Board instead of the Government.



Md. Hossain Akbar  
Chairman  
Chittagong Zone



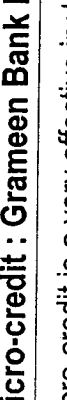
Md. Rashedul Alam  
Member  
Sylhet Zone



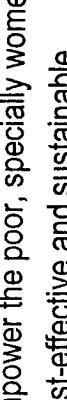
Md. Rashedul Alam  
Member  
Tangail Zone



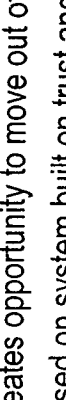
Md. Rashedul Alam  
Member  
Rajshahi Zone



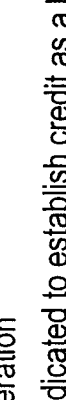
Md. Rashedul Alam  
Member  
Dhaka Zone



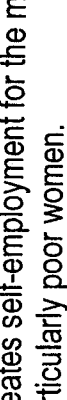
Md. Rashedul Alam  
Member  
Comilla Zone



Md. Rashedul Alam  
Member  
Barisal Zone



Md. Rashedul Alam  
Member  
Moulvibazar Zone



Md. Rashedul Alam  
Member  
Jessore Zone



Md. Rashedul Alam  
Member  
Rajshahi Zone

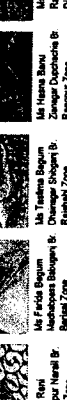


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Md. Rashedul Alam  
Member  
Chittagong Zone

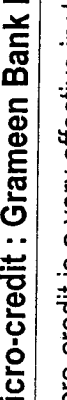
## 8th Grameen Bank Board : Board of directors from borrowers



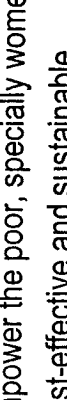
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Tangail Zone



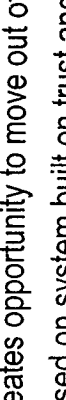
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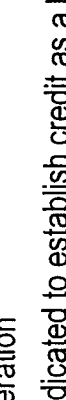
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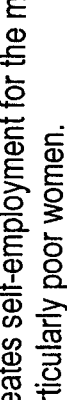
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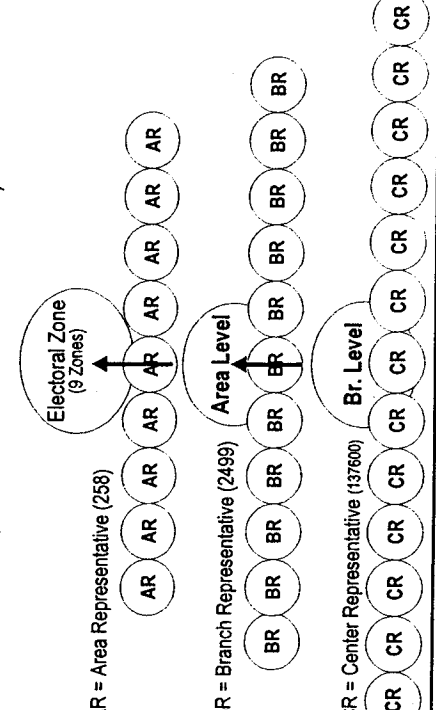
Md. Rashedul Alam  
Member  
Dhaka Zone



Md. Rashedul Alam  
Member  
Chittagong Zone

## Electoral Level of Grameen Bank Board of Directors

(9 Directors elected from 9 electoral zones)



## Micro-credit : Grameen Bank Experiences

- Micro-credit is a very effective instrument to empower the poor, specially women
- Cost-effective and sustainable
- Creates opportunity to move out of poverty
- Based on system built on trust and mutual co-operation
- Dedicated to establish credit as a human right
- Creates self-employment for the most poor, particularly poor women.

## Main Features of GB (1)

- GB provides loan without collateral. It based on trust. There is no legal instrument between the lender and the borrowers in the GB methodology.
- It does not wish to take any borrowers to court law in case of non-repayment.
- In order to obtain loan from the GB, a borrower belong to a five members group. But there is no form of joint liabilities.
- GB provides service at doorstep of the borrower based on the principle that 'people should not come to the bank, bank should go the people'.

### Main Features of GB (2)

- Loans can be received in a continuous sequence.
- GB loans are to be paid back in installments by weekly.
- Loan repayment schedule is fixed consulting with the concerned member.
- Loan repayment schedule is flexible. The borrowers have the flexibility to repay more in pick season and less in dull season. She has the freedom to choose her installment within the loan period.
- GB allows a loan of any duration such as 3 months, 6 months, to more than one year.

### Main Features of GB (3)

- Loan ceiling of an individual borrower depends his/her performances & his/her group center performances.
- All kinds of transaction are done openly in front of borrowers.
- Overdue loans are regularly written off as a part of financial prudence.
- It provides loan mainly for income generating activities for creating self-employment opportunity.
- Develop leadership at the grass root level among the poor.

### GB's credit delivery and receiving system

- GB's credit delivery system is integrally related to GB's receiving arrangements at the grass root level. Some main features of credit delivery-cum-receiving system:
- An exclusive focus on the poorest of the poor especially women.
  - Borrowers are organized into small homogeneous groups.
  - Special loan conditionality suitable for the poor.
  - Simultaneous undertaking of social development agenda.
  - Design and development of organization and management systems capable of delivery program resources to targeted clients.
  - Enhancing the capacity of the poor to bear new risks.
  - Expansion of loan portfolio to meet diverse development needs of the poor.

### Economic activities

- GB loan had been disbursed for different income generating activities.
- Since inception of the bank members took loan over 500 different economic activities like rearing cow, cow fattening, live stocks, running grocery shops, tailoring, growing vegetables, renting in land to cultivate crops, leasing in pond to cultivate fishes.
- Some are selling telephone service to rural people.
- The activities can be grouped under seven broad categories/sectors:
  - a) Processing and Manufacturing
  - b) Agriculture and forestry
  - c) Livestock and Fisheries
  - d) Services
  - e) Trading
  - f) Peddling
  - g) Shop keeping

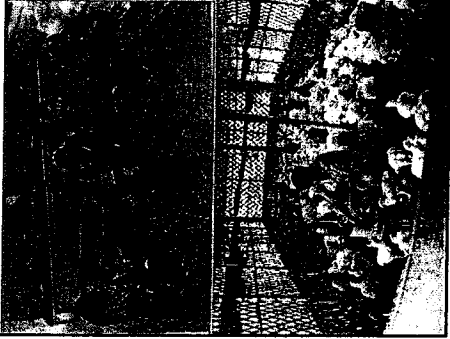
## Loan Programs of GB

General credit (Basic loan, Flexible loan in disaster situation) program gathers momentum and the borrowers becomes familiar with credit discipline, other loan program are introduced to meet growing social and economic development needs of the client and her family. The loan programs of GB are:

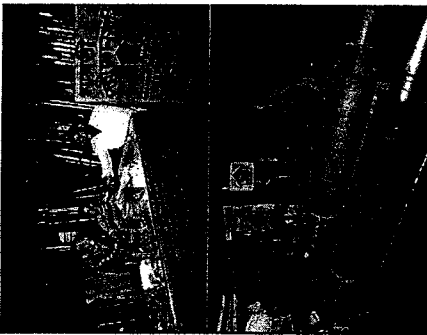
- Basic loan (Micro-credit Highway)
- Flexi-Loan (in disaster situation)
- Micro Enterprise loan (Special Investment)
- House loan
- Higher Education loan for member's children
- Scholarship program for member's children
- Struggling (Beggars) member program

## Basic Loan: Over 500 activities

- All borrowers will start with a basic loan. Most of the borrowers will continue with this basic loan, cycle after cycle, without any difficulty, and meet all their credit needs in the most satisfactory manner.
- The prime loan product of GB is the "Basic Loan" (Micro-credit Highway).

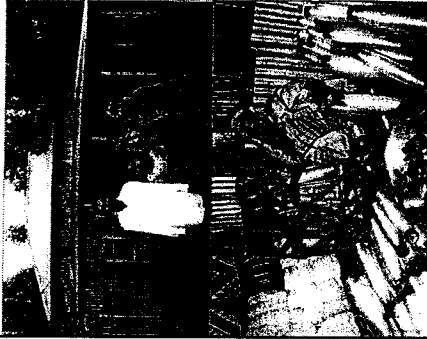


## Micro Enterprise Loans (Special Investment)



- Many borrowers are moving ahead in businesses faster than others for many favourable reasons, such as, proximity to the market, presence of experienced male members in the family, etc.
- GB provides larger loans, called micro-enterprise loans, for these fast moving members.

## Housing for the Poor - A Vital Investment : 652,136 houses built



- Shelter is one of the basic requirements for a person to organize his/her thoughts, discipline for action.
- Not a luxury frill but a source of inspiration.
- Protection from weather and disease.
- Provides space and privacy
- Preceded by incremental material development.
- Vital investment for the poor.
- As a work place or factory.

## Higher Education Loan : 23,637 Recipients

- GB introduced Higher Education Loan program to provide an opportunity for talented children of its borrowers.
- Loans are given covering tuition, maintenance, and other school expenses.



Mr. Ramkrishno Saha is the first Doctor (MBBS) through GB Higher Education Loan.



Ms. Nununnahar is the first female Doctor (MBBS) through GB Higher Education Loan.

## Higher Education Loan: Feb, 2008



- Bachelor of Honors : 20,979
- Masters Degree : 1119
- MBBS : 260
- Bachelor of Engineering : 546
- Bachelor of Agriculture : 273
- Masters of Agriculture : 98
- BBA : 324
- MBA : 38

## Higher Education Loan Recipients Gathering



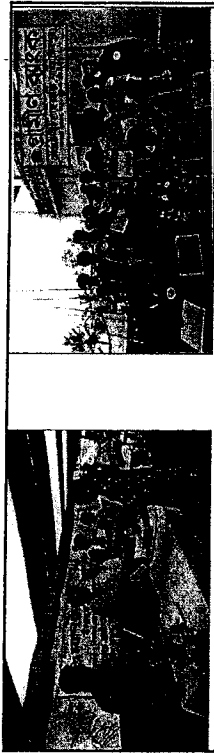
Higher Education Loan recipients of Dhaka zone with UN Foundation board members at Joymontop Singair Branch, on Dec 11, 2005.



Higher Education Loan recipients of Tangail zone with Prof Yunus & others at the gathering of Govt. Koria College, Tangail. April 8, 2006.

## Scholarship Program of Grameen Bank

- In order to facilitate better educational opportunities for the children of GB members, Grameen Bank launched a scholarship program for the talented students in 1999.
- Scholarships are given to the children of GB members, with priority on girl children. At least 50% must go to girls and the remaining 50% to boys & girls.
- Over 27,500 children, at various levels of school education, receive these scholarships per year.
- Around 68,700 students from various levels (primary to higher secondary) got scholarships under this program.



GB scholarship recipients of different zones



## GB Struggling (Beggars) Member's Program

Over 98 thousand Beggars Joined, 11111 given up begging

- Existing rules of GB do not apply.
- Not required to form group and attend the weekly meetings.
- All loans are collateral-free.
- No interest charged.
- The repayment schedule is flexible.
- Loans can be for very long term.
- Repayment installments very small.
- Can save with GB if they wish.
- Covered under life and loan insurance without premium.
- Members are not required to give up begging.



## GB Struggling (Beggars) Member's Program



Professor Muhammad Yunus with the Struggling Members of Dhaka Zone



## Struggling Members Gathering in Tangail Zone



A Struggling Member is receiving Palli Phone

Prof Yunus at Struggling Members gathering, Tangail zone, April 8, 2006.



A Blind Struggling Member is singing a song



Prof Yunus is listening to experiences of Struggling Members

Prof Yunus is talking with one Palli Phone resident and two former beggars



### Financial Management of GB

Savings products have brought financial self-reliance

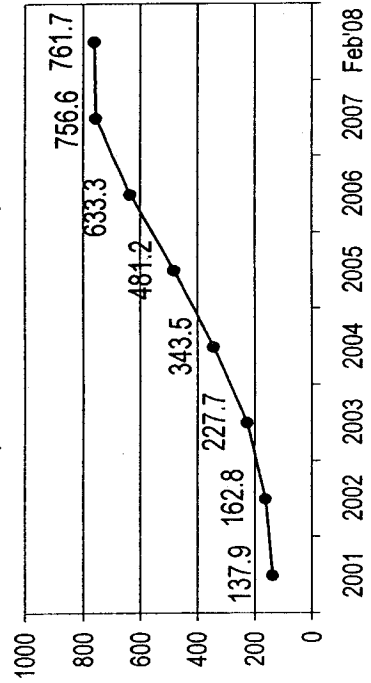
- GB stopped accepting new foreign grant and loan since 1995.
- Outstanding loan & savings deposit ratio is 100:141
- 59% of total branches have more savings than outstanding loans.
- Total deposit (Feb, 2008)
  - Members : US \$ 430.09 million (57%)
  - Non-members : US \$ 331.58 million (43%)
  - Total : US \$ 761.67 million

### Savings Products of GB with Balance: Feb, 2008

Description	Balance (In Million US\$)
Grameen Pension Savings (GPS)- (GB Mem. & Staff)	255.80
Personal Savings (open to all)	217.62
Double in 7 years-Term Deposit (open to all)	169.91
Loan Insurance Savings Fund (GB Mem & Staff)	56.76
Fixed Deposit with Monthly Income (open to all)	34.24
Fixed Deposit (open to all)	9.15
Other Fund (GB Members & others)	18.19
<b>Total</b>	<b>761.67</b>

### Growth of Savings : Balance

(In million US dollar)



### Obligatory Savings

Each borrower will have two obligatory savings accounts —

- Personal savings account
- Pension deposit account (obligatory only for borrowers borrowing above Tk 8,000).

#### Personal Savings Account:

- Borrower has to deposit weekly savings and all voluntary savings in her personal savings account .
- A borrower can withdraw any amount from her personal savings account any time she desires.
- There is no restriction on her withdrawal.

## Ten Indicators to Assess Poverty level

At the end of 2007 65.5% GB members crossed the poverty line

- Family lives in a house worth at least Tk. 25,000.
- Family members drink pure water.
- All children are school going.
- Minimum weekly loan installment Tk. 200.
- Family uses sanitary latrine.
- Family have adequate clothing, clothing for winter, and mosquito-nets.
- Family has sources of additional income.
- Annual balance of savings Tk. 5,000.
- No difficulty in having three square meals a day.
- Family can take care of the health.



## The sixteen decisions

- Borrowers of Grameen Bank were engaged in a series of week long intensive dialogues at the village-level to reflect on their lives during a five-year period, 1980-84.
- Some of these dialogues generated "decisions", which we circulated among others who did not get a chance to participate in dialogues.
- The decisions covered many subjects, but gave high priority to health (drinking-water, fighting night-blindness by eating vegetable, housing, latrines, family-planning, cleanliness).
- Since 1984, "Sixteen Decisions" became integral part of Grameen Bank.
- Borrowers are required to make continuous strides to implement these decisions.

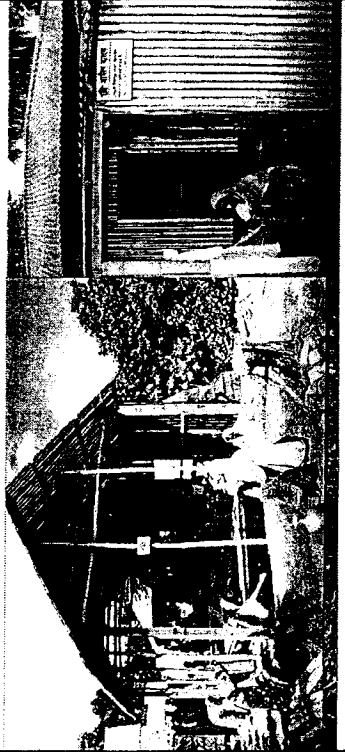
1. We shall follow and advance the four principles of Grameen Bank-discipline, unity, courage and hard work-in all walks of our lives.



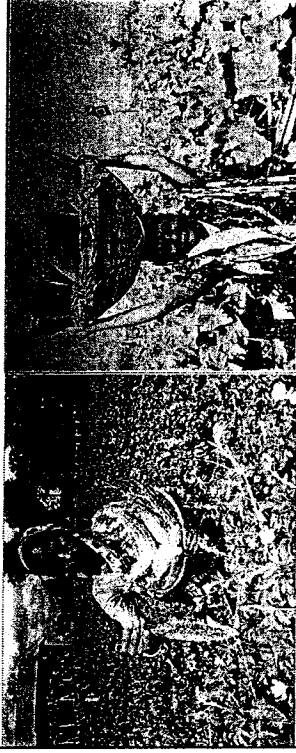
2. We shall bring prosperity to our families.



3. We shall not live in dilapidated houses. We shall repair our houses and work towards constructing new houses at the earliest.



4. We shall grow vegetables all the year round. We shall eat plenty of them and sell the surplus.



5. During the plantation seasons, We shall plant as many seedlings as possible.



6. We shall plan to keep our families small. We shall minimize our expenditures. We shall look after our health.



7. We shall educate our children and ensure that we can earn to pay for their education.



8. We shall always keep our children and the environment clean.



9. We shall build & use proper latrines.



10. We shall boil water before drinking or use alum to purify it. We shall use pitcher filter to remove arsenic.



11. We shall not take any dowry at our son's weddings, nor shall we give any dowry at our daughters wedding. We shall keep our center free from the curse of dowry. We shall not practice child marriage.



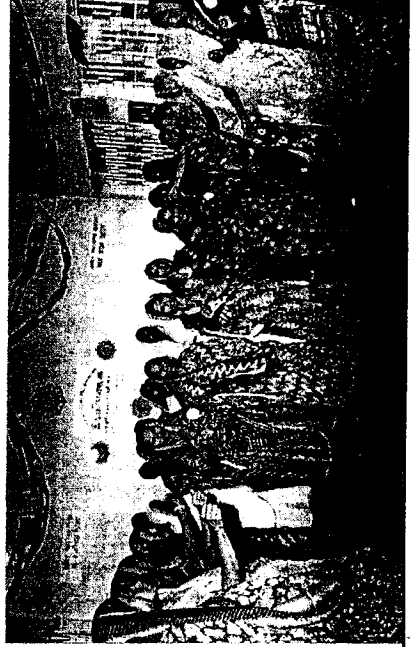
12. We shall not inflict any injustice on anyone, neither shall we allow anyone to do so.



13. We shall collectively undertake bigger investments for higher incomes.



14. We shall always be ready to help each other. If anyone is in difficulty, We shall all help him or her.



15. If we come to know of any breach of discipline in any center, We shall all go there and help restore discipline.



16. We shall take part in all social activities collectively.



### How GB Empowered the Women (1)

#### Leadership development through GB system



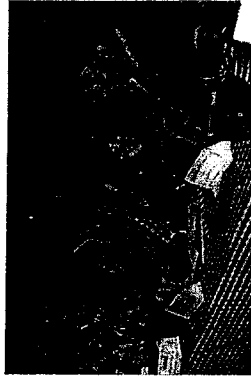
Elected GB members at local bodies are in a workshop

- Grameen system makes the borrowers familiar with election process.
- They routinely go through electing group chairmen and secretaries, centre-chiefs and deputy centre-chiefs every year.
- They elect board members for running Grameen Bank every three years.
- This experience has prepared them to run for public offices. They are contesting and getting elected in the local governments.

### How GB Empowered the Women (2)

#### GB members and GB family members elected.

Description	1997	2003
<b>Chairman:</b>		
GB members	2	0
GB family members	57	81
Total	59	81
Percentage	1.38	2.04
<b>Members:</b>		
GB members	1753	2166
GB family members	1572	1950
Total	3325	4116
Percentage	6.50	8.99



Elected GB Members at local bodies are in a workshop

### The Grameen Impact (1)

- There is substantial evidence that GB's poverty alleviation strategy through its credit operations have very quickly produced a positive impact on the lives of the poor in terms of higher income and empowerment of the poor rural women.
- GB's impact on the socio-economic aspects has been extensively documented by the evaluation studies undertaken by the BIDS (Bangladesh Institute of Development Studies), individual researchers from home and abroad, external aid agencies and multilateral agencies like the World Bank.
- We may sum up the GB impacts by the following ways:
  - Impact on targeting
  - Capital accumulation
  - Impact on employment

### The Grameen Impact (2)

- Ability to withstand disasters.
- Impact on rural wage structure.
- Impact on positive income & assets.
- Impact on ecology.
- Impact on housing loan & family size.
- Impact on socio-cultural status.
- Women's participation and economic potentialities.
- Impact on poverty situation.
- Women's participation - situation wise and performance wise deserve.
- Women's are much more particular and responsive.
- Poor women are bankable.
- Women empowered in family and different social part.
- Better customers and owners than richer counterparts.
- Future generation reaching to better lives.
- Hard core poor are also bankable.

### GB Passed Over Three Decades (1)

• Zonal Offices	:	40
• Area Offices	:	258
• Branches	:	2499
• Members	:	7.45 million
• Total no. of staffs	:	28,000
• Monthly Disbursement	:	US\$ 65 million
• Cumulative Disbursement	:	US\$ 6.82 billion
• Cumulative Repaid Amount	:	US\$ 6.09 billion
• Total Outstanding	:	US\$ 548.75 million

### GB Passed Over Three Decades (2)

• Total Savings	:	US\$ 761.67 million
• Outstanding Loan & Savings	:	
• Deposit Ratio	:	100:141
• No. of Telephone Ladies	:	297,000
• No. of houses built with GB Loan	:	652,136
• Higher Education Loan	:	23,637
• Scholarship per year	:	27,500
• Beggars joined in GB	:	98,000

## GB Looking Forward by 2015

- Membership will reach 15 million.
- Half of the borrower will be on micro-enterprise loan.
- 100,000 medical, engineering and master's degree will be funded by education loans.
- 50,000 scholarships per year.
- All beggars in the villages will become member of GB.
- All branches will be computerized.

## Conclusion

Over 3 decades of experience GB proved that the poor women are bankable and can be even better customers than their richer counterparts. The only preparation needed to bring them with in a viable bankable fold is an appropriate credit delivery and recovery mechanism.

Micro-credit is a very effective instrument to empower the poor, especially women. It is cost-effective and sustainable. It is a system based on mutual trust and co-operation. It creates self-employment for the poorest, particularly poor women. It creates opportunities for the poor to move out of poverty. It established the advocacy of Nobel Laureate Professor Muhammad Yunus - '*credit as a human right*'.

Thanks for Your  
Kind Attention