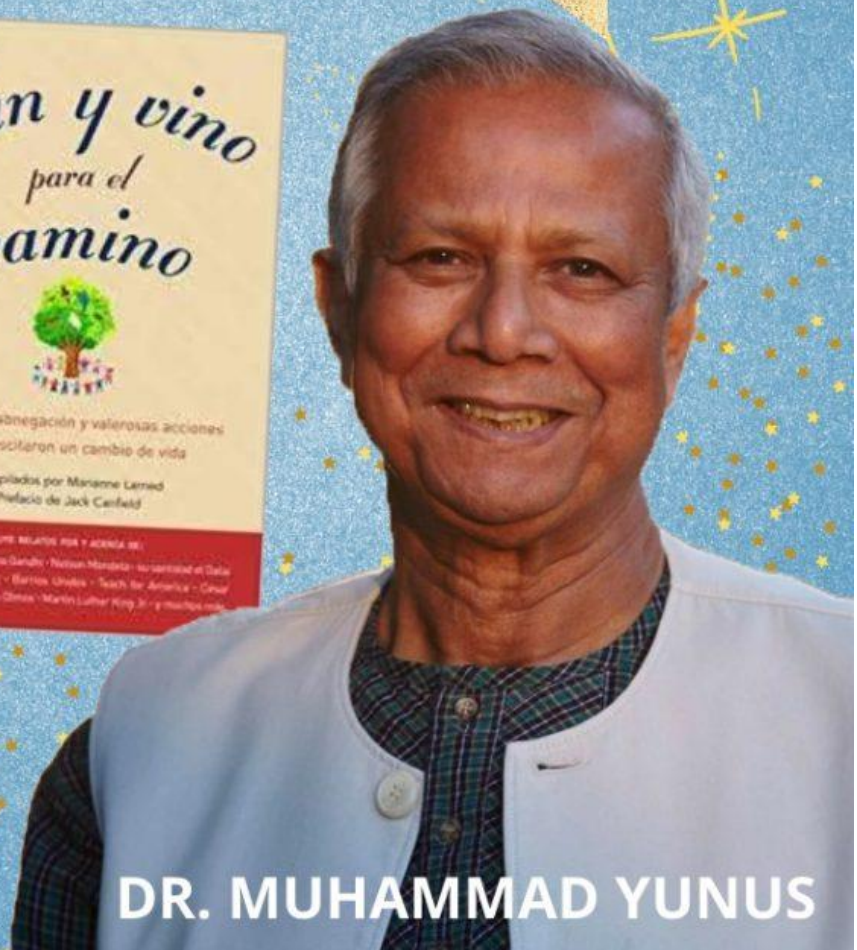
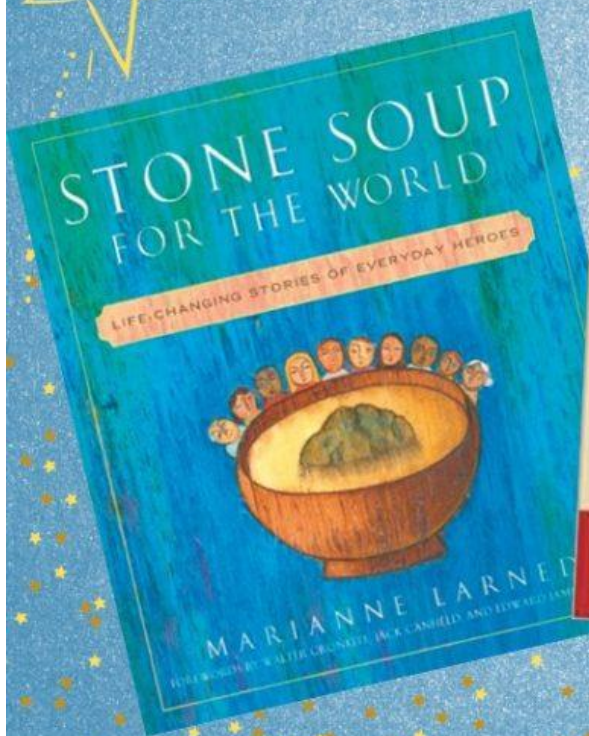


# Story of the Week!

**THE BANKER  
WITH  
HEART**



@stonesoupleader

**DR. MUHAMMAD YUNUS**



## THE BANKER WITH HEART Told by Alex Counts

**Adapted from his book *Give Us Credit: How Muhammad Yunus's Micro-Lending Revolution Is Empowering Women from Bangladesh to Chicago***

In his early twenties, Muhammad Yunus was an impatient young man brimming with self-confidence, optimism, and ambition. Before planning his trip to America, he had never heard of Vanderbilt University in Tennessee, to which he had received a Fulbright scholarship. Looking at a globe, he realized it was almost exactly halfway around the world from Bangladesh.

At Vanderbilt, he studied economics and planned to apply his lessons back in Bangladesh after he graduated. He returned just in time for the famine of 1974, a time when Henry Kissinger called Bangladesh "the world's basket case." But for Yunus, it was home. He got a job teaching economics at the university. On his way to class, he had to walk past hundreds of his countrymen dying from starvation. Yunus no longer had grand illusions about what one man could do. But he knew he had to act.

He started by talking with poor people on the street and in the villages. He immersed himself in their world so he could best learn how to help. He came to believe that the lack of investment capital was one of the root causes of the poverty that plagued these people. In the villages, Yunus found poor folks who earned as little as two cents a day making bamboo stools, yet they paid exorbitant interest rates (as much as 10 percent a week) on the working capital they borrowed from moneylenders. Yunus was appalled. "I felt ashamed to be part of a society that could not make twenty-one dollars available to forty-two hardworking, skilled human beings so they could make a decent living," he said.

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So he started lending tiny amounts of money—as little as ten dollars—to destitute people from his own pocket. They invested their money in building small businesses like poultry farming, rickshaw pulling, stool manufacturing, and other cottage industries. He created the Grameen Bank (Grameen means “village”) to give the villagers something they could count on. Twenty years later, more than 2 million people—mostly women—have received loans from the Grameen Bank. On an average working day, Grameen disburses more than 60 million Bangladeshi taka, or roughly \$1.5 million. The return on Yunus’s first investment has been astounding. Ninety-nine percent have paid their loans back in full.

The bank’s secret is to get poor people to help themselves while they help one another, in borrowing support groups. They meet in their groups every week to troubleshoot their challenges and celebrate their successes. Each borrower also has a real financial stake in all the others in the group; if anyone defaults on a loan, the other group members must repay it. With the help of the Grameen Bank, millions of Bangladeshis are working their way out of poverty, building lives of promise for themselves and their families.

Yunus is spreading this simple story—and its success—to people around the world. In 1986, Governor Bill Clinton invited him to come to rural Arkansas to see if it was possible to start a similar program in the United States. At first, poor people couldn’t believe that anyone would lend to them.

Yunus asked the welfare recipients and unemployed people he met in Arkansas to imagine what they would do with the money if a bank agreed to give them a loan. Almost everybody said that a bank would not give them money, so there was no point in talking about it. So he decided to take a more direct approach. “Look,” he said, “I run a bank in Bangladesh that lends money to poor people. Governor Clinton asked me to bring my bank to your community. I am thinking of starting a bank right here. Now I am trying to find out if somebody is interested in borrowing money from me.” He explained that they didn’t need any collateral, or anything else usually required for bank loans. All they needed was a good idea.

One woman who had been listening very carefully answered, “I would like to borrow some money from your bank!” When Yunus asked her how much, she

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said \$375. Yunus was surprised at the precise figure, so he asked her what she wanted to do with it. She said that she was a beautician and that her business was limited because she did not have all the right supplies. If she could get a box of supplies costing \$375, she was sure she could pay him back with the extra income, and she did not want to take a penny more than what the box cost.

Another woman, unemployed since the textile factory she had worked at closed and moved to Taiwan, requested a few hundred dollars for a sewing machine. Another wanted six hundred dollars to buy a pushcart to sell hot tamales.

For years Yunus had been saying that his program would thrive anywhere poverty existed, but many experts had told him that America was different. “Poor Americans are lazy Americans,” they told him. After his trip to Arkansas, Yunus knew these experts were wrong. Convinced that his program would work in America, he charged a handful of mavericks working for nonprofit organizations with making it happen. Within months they established the Good Faith Fund in Pine Bluff, Arkansas. At about the same time, the Women’s Self-Employment Project started making loans to women in the Englewood section of Chicago.

Since then, nearly forty American nonprofit organizations have started “peer lending” programs based on the model of the Grameen Bank. They serve African Americans and Mexicans in south central Los Angeles, Native Americans in South Dakota, poor whites in Arkansas, North Carolina, and New England, and refugees from Southeast Asia—a whole spectrum of disadvantaged people in the United States. Traditional bankers dismiss the idea that poor people can start businesses. They think a destitute village woman in Bangladesh or a welfare recipient in inner-city Chicago should settle for a job, while banks give loans to wealthy people and companies to create employment. The Grameen strategy turns this idea upside down. It gives the poor and jobless the opportunity to create their own jobs rather than waiting for someone else to give them jobs—and take them away.

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When Muhammad Yunus started lending, two decades ago, he sought a fertile middle ground between rugged capitalism and ragged socialism, between lending to wealthy individuals and to mismanaged cooperatives. He found one, and today, in addition to Grameen's 2 million borrowers in Bangladesh, another 6 million poor people in fifty countries around the world—in the Philippines and South Africa and in cities such as Brooklyn and Paris—are part of a powerful group of peers who are changing the entire banking industry.

Grameen's goal for the year 2005 is to have 100 million of the world's poorest families join them—with access to credit and the opportunity to create their own livelihood. They hope it will be one of the greatest humanitarian campaigns in history.

*Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it's the only thing that ever has.*

MARGARET MEAD

Help end poverty in the world, one woman at a time. Join the campaign to give 100,000 poor families access to microloans by 2005. To learn about the campaign and about how you can develop partnerships with the Grameen Bank, contact the **Grameen Foundation** at [www.grameenfoundation.org](http://www.grameenfoundation.org)

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