

The GLOBE Gazette



Microfinance Meets Wall Street: Bringing The Issues Of The Microfinance World To My Summer Internship

Nakita Austin

I would often feel like just a little intern on Wall Street as I got out of the train and walked up to Standard & Poor's. This was my second consecutive internship with them and it was quite an eventful summer (and, no, not just because they downgraded the country). Within this great internship experience, I was selected to work on a project where 8 interns would collaborate to come up with an idea, any idea we could dream of, to present to senior leadership in the company. We weren't sure who would be in that boardroom, or what we would do, but we were more than excited to give them our best stuff.

We ultimately presented our findings and ideas on Emerging Markets and SME's. My portion of the project was to bring awareness of Microfinance Institutions and the help they need to the eyes of Credit Rating Agencies. You may ask why Microfinance is so poor, and wouldn't

bring much revenue to a huge Credit Rating Agency like S&P, but I thought differently. I thought this would be a diverse market for the company to venture into as many MFI's need help and regulation in countries all over the world in order to get the bigger dollars for their institutions. I found that S&P already started to create criteria and formed a group specialized to focus on metrics for Microfinance Institutions and their regulation. They partnered with various organizations such as Crisil, CGAP, and the MIX in order to form a groundbreaking research and analytics that would change the game for Microfinance. Unfortunately, because of the economy, this group and project had slipped through the cracks by 2009.

Ultimately, a portion of our project involved telling the company why they needed to lead the industry by creating an MFI Rating Agency by presenting opportunities, real time data, and strategic analyses to the senior leaders. Of course I knew that this would be the "Poor" segment of our presentation, but with everything else being about profits and numbers, I thought it would be a great idea to promote social good and regulation for the Microfinance world since it is an industry growing tremendously even with minimal to no regulation. I was so excited to get a head start in learning about the Microfinance World before entering GLOBE in the Fall Semester, and I am definitely becoming more and more passionate about the cause as I learn more. We have the world in our hands; why not share it with those who don't?



Accounting Team

Updates & Goals

Track loan repayments in the field

Since the beginning of its operations, the GLOBE program has issued 29 loans in three different countries. This could not be possible without the assistance of the Daughters of Charity, who communicate with GLOBE directly from the field and relay information about the borrowers. The Accounting and Enterprise Development Team plans to work with the Finance Team to track loan repayments. The Accounting Team will contact the Daughters in active GLOBE lending communities for more details related to outstanding loans.

Update and revise GLOBE lexicon

The GLOBE lexicon consists of 8-pages of microfinance vocabulary. Its purpose is to define the complicated terminology the borrowers may encounter. The lexicon is intended to be used by people in any community, so revisions will be made to simplify it. The Accounting Team will make definitions brief and use common words to make the terms easy to understand.

Internal Auditing

Every semester, the Accounting Team performs an internal audit on every team by collecting the goals and objectives of each team at the beginning of the semester and following and analyzing each team's progress until the end of term. The Accounting Team has created an objective rating system to rate each team's performance at the end of the semester.

Standardize the money-tracking system

The current system used to track revenues and expenses is Microsoft Excel. One member of the Accounting Team is entrusted with the task of updating the spreadsheet and then sending it out to the rest of the team. This may create confusion and lead to many mistakes. The Accounting Team is trying to incorporate the Google Docs application into the current system. All documents will be uploaded onto the application and updated in real-time. This way, all Accounting Team members will have access to documents and there will not be any double entries.

Expense request system

One of GLOBE's goals is to make sure that 95% of fund monies is used for loans. The remaining 5% may be used for marketing and fundraising purposes. The Accounting Team wants to create a formal system that the teams may use when they need to request money. A request will be submitted to the Accounting Team, which may then comply with the request or compromise on the figure. Using the money-tracking system mentioned above, the team will keep track of these cash disbursements as well as any revenues that are realized as a result of fundraising activities. Using this system, GLOBE's donors will be more confident in the effectiveness and efficiency of the program.

IT Team

Updates & Goals

Devise a Strategic Plan for Technology Development

So far, we have created an internal timeline for all the posts, articles, and videos placed in the GLOBE sites, such as Facebook and Twitter. Hootsuite, a software program used for posting updates across multiple platforms, has proven to be a great help in taking the struggle out of keeping the numerous GLOBE sites up to date. Currently, we are devising a time schedule for our promotional video/trailer as well as the video logs (vlogs).

Utilize multimedia to promote the mission of GLOBE

Aside from updating the social network sites, we are culminating all photographs from GLOBE and other microfinance events into our Flickr account. We are gathering photos from the "Bottom-up Entrepreneurship" panel held in the Morgan Stanley Office and posting them on the sites. Thanks to the donated FLIP camcorder, we can now present amazing high-definition videos to our YouTube account. In the upcoming weeks, we will focus

on increasing our Facebook “likes” and Twitter followers with an incentive campaign in order to promote GLOBE awareness on campus.

Maintaining the GLOBE website to deliver information

The social media sites will not only be used to deliver information on GLOBE, microfinance, and entrepreneurship, but it will also compile information for all those interested in our cause. We will maintain contact with our affiliates such as the Daughters of Charity and attempt to grasp the curiosity of young entrepreneurs who are interested in GLOBE (or microfinance). There are even a few entrepreneurs from developing countries that have left feedback on our page and have become attracted to the benefits of GLOBE and microlending.

Increase and solidify GLOBE’s social media presence

With the present activity of GLOBE’s initiatives, we have managed to increase our Facebook “Likes” by 19 profiles and our Twitter followers by 26. This progress is steady but no way near the amount we had originally desired. If we wish to double these figures, we need the help of all GLOBE members and friends of GLOBE. We will continue to bring this awareness to all friends, families, and associates in hopes of growing our initiatives in this program.

Long-term goals

We aim to keep a bridge of communication between Dr. Sama, GLOBE G.A.P, GLOBE GA, and GLOBE Liaisons to the entire IT Team. We also need to maintain a close relationship with the Marketing Team so that our ideas and objectives do not conflict with their own. With their promotional activities, we can use our technology to reach all of our GLOBE friends and keep them up to date with ongoing events. We also ask that all GLOBE members help us brainstorm on a theme for the GLOBE trailer. It would be great if everyone could pitch in and offer some ideas for future videos.

Finance Team Updates & Goals

Risk assessments of new locations

The team plans to examine the risks of issuing loans in new communities. Assessments will include research on country-specific political and socio-economic risks. Recently, the team performed an assessment of Madagascar to determine its desirability as a new location. Since many microfinance institutions already operate in the country, the team feels that there is a greater likelihood of warm reception from the citizens. The island nation appears to be no more risky than some of the communities in which GLOBE already operates.

Measure and evaluate interest rates

Presently, the GLOBE interest rate stands at 5%. The team will study micro and macro economic factors to determine whether the current rate is appropriate in the communities presently served. The team will then determine whether the interest rate should be kept at 5% across the board or if it should vary by individual, community, or country.

Address collateral problem

Microloan applicants are currently not required to present collateral to receive loans, creating what is called a “collateral problem”. The team will examine different cutting-edge methods to ensure timely repayment. Group planning and compulsory savings are some of the incentives that will be explored.

Analysis of previous loans

The team is currently performing a thorough analysis of previous loans. Once completed, recommendations may be made that suggest changes in loan applicant requirements, loan evaluation procedures, and the repayment process.

Additional loans to the Congo

The team went before the Steering Committee to recommend five new loans to the Democratic Republic of the Congo. All five loans were approved. GLOBE currently has 11 borrowers in the Democratic Republic of Congo who have reported back on their business successes.

Marketing Team Updates & Goals

The Marketing Team has been busy planning and working events for GLOBE.

University Service Day

University Service Day was a huge success. GLOBE was able to add +30 people to its email distribution list and raise GLOBE awareness amongst the student population.

Main Event

Currently, GLOBE is working towards a few of its larger goals, one of which is its main event. On Entrepreneurship Day, November 15th, we will have a fundraiser featuring a raffle with great prizes.

Promotional Item

GLOBE students will use a promotional item during the fall semester, to raise interest in GLOBE. We will be selling GLOBE back massagers with the tag line: "Ease the Tension on Poverty". The plan is to have them before our main event.

Fundraising

The Marketing team will be holding several bake sales this semester. The schedule for bake sales is as follows: October 24th along with our annual Treat for Change event, November 15th- during Entrepreneurship Day, and on December 6th at the final presentations. In addition, the GLOBE program is working with Mr. Scott Van Deusen and is now in the beginning stages of implementing a telephone marketing campaign. Our goal is to have a substantial increase in donation as a result of the marketing campaign.

Bottom-Up Entrepreneurship: How Cows Can Save the World

Julia Mignone

Emergence BioEnergy is one of the many organizations on the horizon looking to create entrepreneurs in developing countries through microfranchising. The business model is simple: find a financially liquid dairy farmer, sell him a generator powered by cow manure, and collect a periodic fee from the farmer for use of that technology. This model yields many benefits: the generator makes use of waste which may otherwise be discarded, energy created can be used to refrigerate milk produced by the cows, and the energy created may also be used to power homes.

In early October, the Microfinance Club of New York held an event at Morgan Stanley entitled, "Bottom-Up Entrepreneurship". Guests Firas Ahmad, director of Emergence BioEnergy, and Iqbal Qadir, a professor at MIT and founder of Grameenphone and Emergence BioEnergy, discussed how the model works within the two organizations.

According to Professor Qadir, there are a number of misconceptions floating around about developing countries, namely that money needs to be spent in order to be made. Microfranchising debunks this idea because it often utilizes shared-access models in which many people participate in income-generating ventures using the financial contributions of a small group who can front the business. Such was the idea behind Grameenphone, through which a small group of Bangladeshi women purchased cell phones from the organization using microloans and then charged their neighbors a fee for use of those phones.

By making technology accessible to developing countries, organizations like Grameenphone and Emergence BioEnergy not only increase the productivity of humans, but of other forms of capital as well. "Sustainability" is not just a buzzword of the early 21st century; it is a movement that seeks to create long-lasting business models for modern entrepreneurs.

Grand Opening of the Grameen America Bronx Branch Office

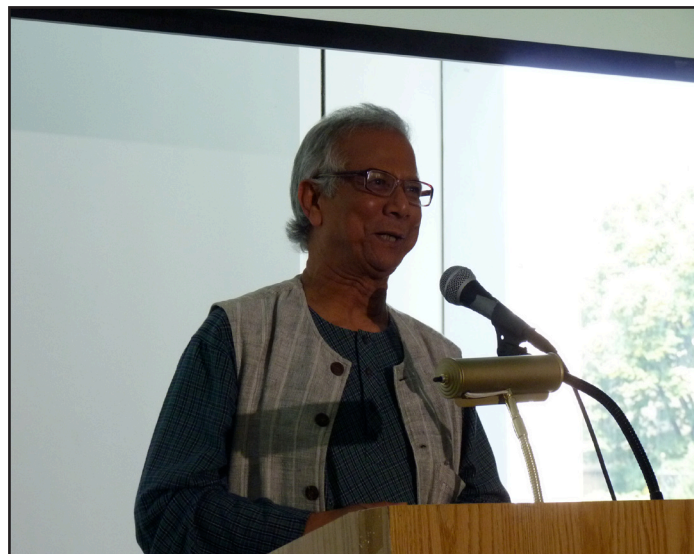
John Kenny

The opportunity to see Muhammad Yunus at the Bronx Museum of the Arts for the opening of the Grameen Bank's new Bronx branch helped make the bank a more real, tangible entity in my mind. Grameen's work intrigued me from the moment I read about it, but it also seemed like a distant, foreign idea rooted half a world away. This event demonstrated the significance of Grameen in the lives of borrowers here in the United States as well. In some instances, finally meeting a person who strikes you as brilliant can take the luster off because they do not live up to expectations. Professor Yunus only enhanced my perceptions of him at the event because of his personality and mannerisms. If Professor Yunus does have an aura about him, it is an aura that puts others at ease; this effect derives from the humility with which he carries himself. During his speech, he quickly and frequently gave credit to other people who assist in making Grameen America possible. Whether it was Shah Newaz or the adorable young children who performed their song so courageously, Professor Yunus kept the applause for others coming. He never appeared anything but approachable and only ABC news prevented us from meeting him personally.

Professor Yunus explained that a major hindrance to Grameen America surfaces not from problems with borrowers but instead with strict regulations facing lenders. The topic of government regulation claims news headlines when it refers to major corporations, but Professor Yunus points out what the opposite end of the spectrum entails regarding loans to America's version of the "unbankable". Bureaucracy and red tape prevent people from getting much needed credit.

Professor Yunus, following the lead of his daughter Monica, also referenced the disturbing unemployment problem and empathized with the struggles facing so many families because of

the lack of available jobs. He did not just refer to the unemployment numbers because in doing so, we lose sight of the humanity behind such figures. In an uplifting manner, he explained microcredit's potential for unemployed Americans and Europeans, instilling in them the belief that all humans are capable of great things if given the opportunity.



Featuring Special Guest Nobel Laureate Muhammad Yunus



Bottom-Up Entrepreneurship Event-MFCNY / Morgan Stanley



Are you Ready ?
“Treat for Change” is Backkk



Look out for our GLOBE “Superhero” Managers on October 24th @ the Queens Campus.

GLOBE Alumni Corner

Nicole Tonis

GLOBE has impacted my life tremendously. As an undergraduate student I was on the GLOBE Marketing Team for the Spring 2011 semester and we were in charge of promoting the GLOBE program through events and information sessions. As a GLOBE alumna and now the new GLOBE Graduate Assistant, I can honestly say GLOBE has changed my life. I am so lucky to be a part of such a wonderful program. My goal in life is to be able to put a smile on someone’s face every day, and knowing that a small loan can impact the lives of the borrowers makes all the difference in the world for me. As the GLOBE GA I have the privilege of helping Dr. Sama with all of the behind-the-scenes work. As an undergrad I was unaware of how much work really goes into making this program succeed. I will continue to support GLOBE for the rest of my life!

Coming Soon !!!



Our new promotional bundle will be available online through the STJ Bookstore.

*Thank You for your
continuous support
of GLOBE !*

For further information on current events and activities of GLOBE, please follow us on our social media sites or visit us @ www.stjohns.edu/globe

