

VILLAGE BANK SPONSORSHIP

What are Village Banks?

Village Banks are groups of 5-20 members—usually women—who want to work and achieve better lives for their families. These individuals would otherwise lack the collateral needed to take out a loan with a commercial bank. This methodology of leveraging group and social cohesion fosters empowerment, and serves to facilitate financial literacy in a peer-led community setting while allowing members to borrow working capital for their microenterprises.

Through donations from Village Bank sponsors, the members receive small loans, sometimes as low as \$50, to start or expand a small business. Loans are generally repaid in 16-week installments. When one loan is repaid, the member can receive another to further expand her business.

Village Banks have weekly meetings where they make repayments, receive training, and discuss progress in their businesses. Members support and encourage each other to succeed, to use their loan responsibly and to pay it back on time.

Building Brighter Futures

As their businesses grow and they increase their income, FINCA clients invest in their families and communities. Their businesses bring jobs, capital and opportunity into thousands of neighborhoods where formal employment isn't available.

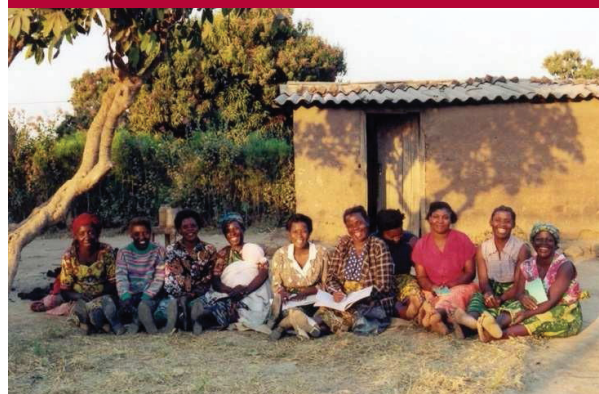
FINCA borrowers are able to purchase more nutritious foods, seek out better housing and send their children to school—thus breaking the cycle of poverty. Equally stunning changes can be witnessed in the renewed spirit of determination and self-confidence that characterizes the women and men who participate in Village Banks.



Why Village Banks

In 1984, John Hatch saw that lack of capital was keeping poor Bolivian farmers poor. Traditional loans were too large and too expensive, and without collateral, the farmers couldn't borrow. So he came up with an idea; if the farmers formed groups to share a loan and guarantee repayment, they could access the funds they needed to invest in their farming operations. It was the dawn of what we know today as microfinance. The idea proved versatile and revolutionary.

In urban and rural areas, and in economies as diverse as Mexico City and Kitunda,



Tanzania, Village Banks allowed those with scarce resources to borrow, invest and grow their businesses. They also allowed women—who were routinely denied credit—to build enterprises that kept food on their tables and their children in school.

Today, many of our subsidiaries worldwide still offer this service. Neighbors come together in "Village Banking" groups. Individuals borrow working capital for their microenterprises, and the group guarantees those loans. Village Banking also encourages neighbors to support each other while growing their businesses; these mutual support groups can help invigorate entire communities.



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