



## Stanford eCorner

### Urban Model for Microfinance

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March 04, 2008

Video URL: <http://ecorner.stanford.edu/videos/1991/Urban-Model-for-Microfinance>

Urmee Mehta Mankar works for Swadhaar Finances, an organization that focuses on building an urban model for microfinance to individuals and groups in Mumbai, India. Mumbai offers a unique environment to survey an urban finance situation and develop a lending methodology to be scaled beyond Mumbai. Mankar recounts lessons learned and how partner Unitus has been helpful for Swadharr during the startup phase.



#### Transcript

Global X interviews social entrepreneurs who tackle some of the world's biggest problems. They are pioneers of innovation that benefits humanity. My name is Urmee Mehta Mankar. I work with this organization called Swadhaar Finances. We are an urban MFI. We work in urban Mumbai in India. We started operations about 18 months ago, and at present we have about 2,000 clients spread over two branches. And the sort of special thing that we do and the difference about us is that we are really trying to find a model that will work in urban areas in India especially right now. I would say one of the biggest challenges is to work in a context like Mumbai. When you look at urban areas in the developing world, there are a lot of forces that are very intense, the physical forces.

There's a lot of economic activity, but at the same time you live with high cost of simple things like real estate, bringing in human resources. And Mumbai in itself is a particularly unique context because if you look at urban areas in other parts of India, you multiply that into 10 or even 100 to get the situation that is Mumbai. Successes that we've had is that we use a hybrid model right now, which is a mix of individual- and group-lending. We lend to individuals, but within a joint liability group. So we're putting together a basic concept of microfinance of group-lending but also trying to introduce the whole aspect of being very client-centric, of giving clients what they are looking for, and in this case it is more getting individual attention from a bank or from a financial services organization. And that is what I think we are. We are beginning to succeed in doing that. We are still in a pilot phase, so we're looking for a methodology that will work well and that we can follow in the next few years. We are really looking to scale this up. Get out into the field, go out and look at the actual reality.

And even before we launched Swadhaar, we were working on the proposal. I worked with my CEO, Veena Mankar and she insisted that we spend one year just going to 10 different slums in Bombay, go and talk to people. We conducted a survey of almost 1,000 households. We spoke to different NGOs that worked in the area and really tried to understand what it was that people wanted, what it was that they were looking for. And I think that was a very important part of setting up Swadhaar for us. And anybody starting to do that should first go out and understand the market. For us, even the fact that we decided to go with an individual methodology came out of this understanding from the one year of looking around and talking to people that we did. And we realized a lot of women that we spoke to were willing to pay much higher interest rates but they didn't want to be in a group. I mean, they didn't have the time or the sort of free... even the social connection with the people around them to the degree that they wanted to take financial responsibility for each other.

And that was a big learning for us, which is why we decided to use the methodology that we do. The first thing is they bring

a very strong team. They have a valid variety of expertise and experience on their team. And to be able to tap into that at different points of growth has been very useful for us. They have helped at several levels. In India, the Unitus-ACCION alliance, through that we've got technical assistance from ACCION and a lot of our methodology comes from that. That has been useful. And just the opportunity to meet in forums like this with their other partners, interact with different people, see how Unitus is helping other people, that brings a lot of ideas and opportunities to sort of grow, interact and look at these two improve what we are doing. As a start-up that is now really looking to scale up, it is also when we go out to funders, there is a sense of credibility that comes with being a Unitus partner because they go through a very rigorous process of selecting their partners, and I think to be able to go out and tell people, "We are Unitus partners" has been a good benefit for us also. I was driving along with my parents in a car.

And in India what you find is that at several traffic junctions there are people selling small objects through your car window when you wait for the traffic lights to change. And we were waiting at a similar traffic intersection like this in Delhi. This is probably about 10, 12 years ago. And there was a small boy selling tissue paper boxes, like Kleenex boxes. And he had a stack of about 10 of those. He came and knocked on our window and asked if we wanted to buy any. And he was a 12-year-old boy, this really sweet little boy. And so I rolled down the window and said, "I don't want any tissue paper, but here's 10 rupees for you." And he was so offended. And he looks at me and says, "I'm not begging. I'm doing a job."

If you want to buy my product, fine. If you don't want it, then there's no need to give me money." And I think just to see that pride in what he was doing and the dignity of labor in someone that young, I think, to me, that's the essence of micro-entrepreneurs of the informal economy. That's the spirit of the people we are trying to help. And he's sort of been my mascot through my work in doing this. Global X is also on Social Edge at [socialedge.org](http://socialedge.org).