



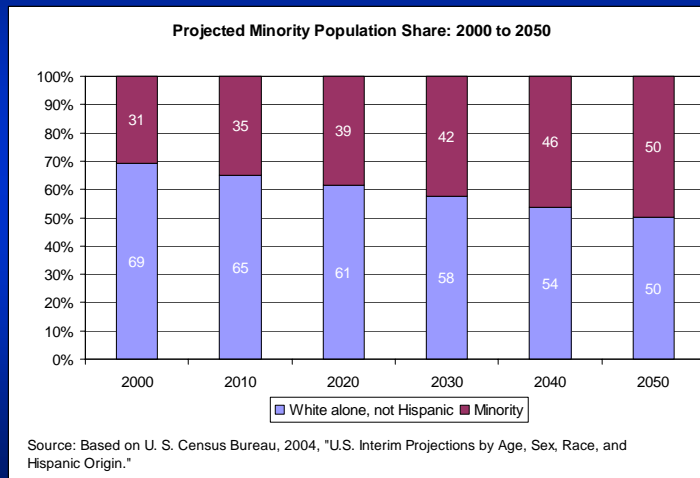
The Importance of Microfinance to the U.S. Economy

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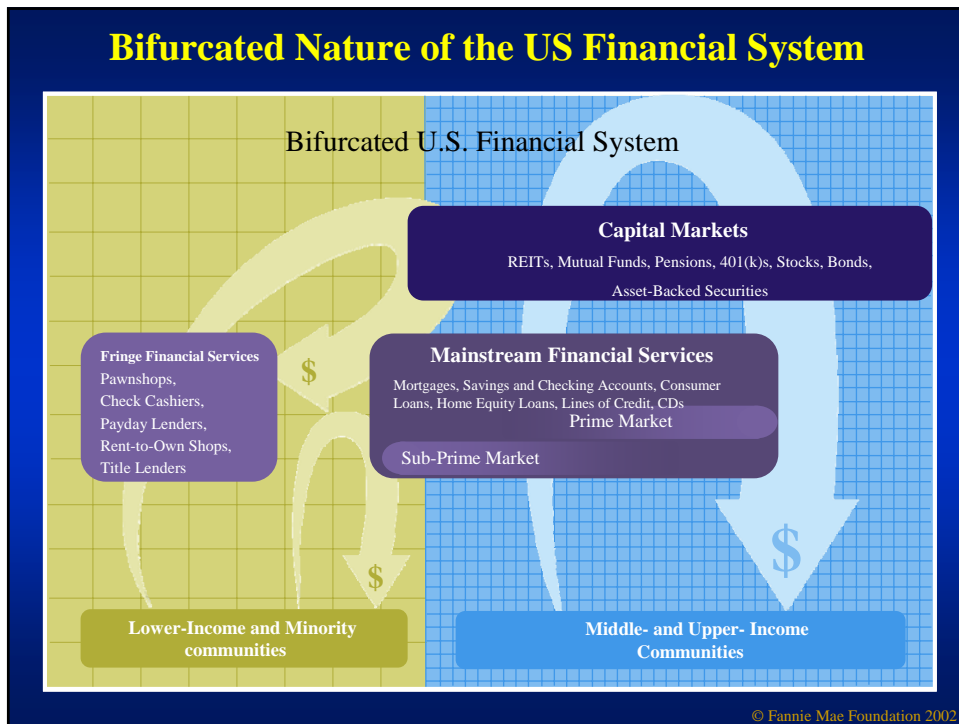
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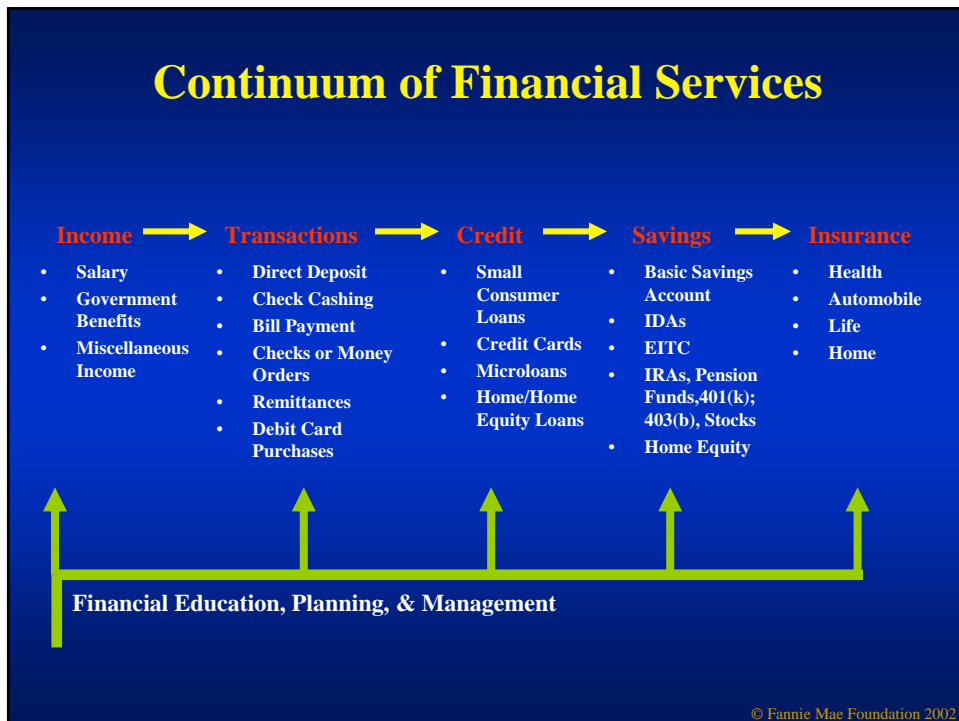
Growth of Population by Race/Ethnicity



Bifurcated Nature of the US Financial System



Continuum of Financial Services



Continuing Wealth Disparities by Race/Ethnicity

• Race/Ethnicity	Income	Wealth
• Non-Hispanic White	\$100	\$100
• Black	\$ 66	\$ 10
• Latino	\$ 73	\$ 12

Source: 2000 Survey of Income and Program Participation; 2000 Current Population Survey

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Program Participants

According to the Aspen Institute's Self Employment Learning Project:

- African-American 42%, Hispanic 18%, Asian 2%
- Women 78%
- High School Grads 83%, Post H.S. 58%, 4-Yr. College 19%, Graduate Degree 8%

Source: Self Employment Learning Project, Aspen Institute

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Characteristics of Micro-type Programs:

- 72% of poor micro-entrepreneurs increased their households income within 5-yrs.
- Poor increased their household assets by 16K within 5-yrs.
- 53% of poor entrepreneurs moved over poverty line
- Reliance on public assistance decreased by 61%

Source: Self Employment Learning Project, Aspen Institute

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Other Key Findings that Raise Issues:

- Employment
- Asset Accumulation
- Poverty Alleviation

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Challenges to Microfinance in the U.S. Context:

- **Relative size of the microenterprise sector**
- **Existence of a functional safety net in the U.S.**
- **Competition from large firms**
- **Competition with commercial lenders**
- **Regulations in the US**

Source: *Opportunities and Challenges for Microfinance in the U.S.* Mark Shreiner and Johnathan Morduch 2002

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Supporting the continuing growth of microfinance:

- **Increased outsourcing and use of temporary workers**
- **Ageing of the population**
- **Increase in immigration**
- **Economic decline in many rural communities**
- **Emergence of niche markets**

Source: *Opening Opportunities Building Home Ownership*, Aspen Institute 2005

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Is there a future for microfinance in the U.S.:

- **Serve as a tool to promote micro-lending and business training and development**
- **Provide non-traditional housing finance products to lower-income and underserved markets**
- **Connect unbanked lower-income individuals to financial institutions and saving mechanisms**

