

1: Portfolios of the Poor - Wikipedia

Portfolios of the Poor: How the World's Poor Live on \$2 a Day (Princeton University Press,) tackles the fundamental question of how the poor make ends meet. Over families in Bangladesh, India, and South Africa participated in this unprecedented study of the financial practices of the world's poor.

May 5, in Microfinance Tags: Reinforcement for the microfinance narratives of empowerment through finance, and of poverty being a problem of finance [see the last posted excerpt], comes from a vision of poor people as being inherently or even exceptionally financially minded subjects. Engagingly written but not addressed to very broad audiences, it chiefly provides legitimation among development practitioners, bankers and microfinance experts for their visions of helping poor people to master their lives via financial services. The authors of *Portfolios* concluded from their study of households that money management is, for the poor, a fundamental and well-understood part of everyday life. It is a key factor in determining the level of success that poor households enjoy in improving their own lives. It was, surprisingly, the tools of corporate finance – balance sheets and cash-flow statements – that offered the structure with which we could begin to understand what it takes, day by day, for poor households to live on so little. That poor people must budget skilfully should surprise only observers with Victorian-era assumptions about the poor as foolish spendthrifts. Furthermore, skilful budgeting is far from portfolio management. Poor people must square their low incomes with low expenses and with their desire to save. Portfolio management, contrarily, is the voluntary assignment of capital to different asset classes with various expected returns and associated risks – not the act of making ends meet, no matter how creatively. Even more bizarrely, the book takes into consideration only cash flows and stocks, failing to study the non-monetized transfers and exchanges which are essential to the economic lives of the poor. This is more a scientific failure of omission than simply a limitation of their study. The authors only explain: Ergo, poverty-as-a-lack-of-money is pretty bad, but poverty-as-a-lack-of-financial-tools is worse. Therefore the poor need more financial tools. This logic is powerful but patently false, as can be demonstrated by formulating its true inverse: Not having enough money to manage is worse. The darker side of the narratives is revealed in an explanation given by Muhammad Yunus for how he originally conceived microfinance: I never intended to become a moneylender. I had no intention of lending money to anyone. All I really wanted was to solve an immediate problem. My work became a struggle to show that the financial untouchables are actually touchable, even huggable. To my great surprise, the repayment of loans by people who borrow without collateral has proven to be much better than those whose borrowings are secured by assets. Indeed, more than 98 per cent of our loans are repaid. The poor know that this credit is their only opportunity to break out of poverty. They do not have any cushion whatsoever to fall back on. If they fall afoul of this one loan, they will have lost their one and only chance to get out of the rut. Thus the champions of microfinance themselves underscore what Elyachar Weigel cites Steinbeck: Everyone was a temporarily embarrassed capitalist.

2: Portfolios of the Poor (Collins, Morduch, Rutherford, Ruthven)

Portfolios of the Poor is the first book to systematically explain how the poor find solutions to their everyday financial problems. The authors conducted year-long.

Piling up breathless superlatives is not a particularly useful way to review a good book, but I cannot resist starting with an arm-waving proclamation that this is not just a good book but a great one, a really astonishing piece of reporting and analysis and a wonderful read as well. The edifice of modern microfinance has been built on a number of assumptions about what poor people need. *Portfolios of the Poor*: It draws a high-resolution picture of the ways that low-income households manage their cash. This picture sheds a surprising amount of light on common assumptions, undermining some widespread ones in the process. The book is based on hundreds of year-long financial diaries, collected about twice a month from rural and urban households in India, Bangladesh, and South Africa. The diaries revealed that households actively used a wide range of savings and loans, often many of them at once. Flow of cash in and out of these instruments ranged from 75 percent to percent of annual household income in India and Bangladesh, and up to percent in South Africa. Relative to their income, these poor households engaged in more financial intermediation than richer people do. *Portfolios* explains this surprising result by focusing on an oft-neglected dimension of poverty. This view misses another hugely burdensome dimension of poverty: Savings and loans are their principal tools for doing this, so the availability and quality of those tools were very important for the diary households. It is adding further tools to the ones that poor people already have at their disposal. However, most of those tools have serious drawbacks, especially in terms of reliability. The authors report that diary households placed a high value on the services of microfinance institutions because of their reliability. At the same time, the households continued to use informal services because those tend to be more flexible. The book devotes a chapter to the redesign of Grameen Bank after its default crisis of the late s. A core finding of the book is that the poor households in the study value and use financial services more for managing household consumption and cash flow than for business investment purposes. In other words, they are like most of the rest of us. The difference is that managing consumption is far more critical for the poor. When we are told that the evidence about microfinance lifting people out of poverty is unclear, and that many often most clients use microloans and savings to smooth consumption rather than to grow microenterprises, we tend to be disappointed, and to view consumption smoothing as a mere palliative. I suspect we react this way only because our own basic consumption needs are seldom if ever threatened. As this book demonstrates, poor people see it differently. Recent studies have raised some doubts about the claim that microfinance is a tool of extraordinary power to lift poor people out of poverty. Either way, *Portfolios of the Poor* is a compelling reminder that financial services are critical tools the poor use to cope with poverty whether or not they escape it , and that improving the reliability and quality of those service adds real value to their lives. Of course, the authors do not claim that financial diaries in three countries give a definitive picture of poor people worldwide. Can we say anything about the importance of microfinance to people in other settings? Hundreds of millions of poor people vote with their feet, demonstrating how much they value microfinance by flocking to it in droves when it becomes available, and most especially by repaying loans faithfully again and again when the predominant motive to repay is not collateral or even group pressure but rather their desire to keep future access to a valued service. Social programs like primary education and health care usually require large continuing subsidies, using up scarce tax dollars year after year.

3: Portfolios of the Poor: How the World's Poor Live on \$2 a Day | FinDev Gateway - CGAP

Portfolios of the Poor is the first book to explain systematically how the poor find solutions. The authors report on the yearlong "financial diaries" of villagers and slum dwellers in Bangladesh, India, and South Africa--records that track penny by penny how specific households manage their money.

The reality is rather different. Poor people spend a significant amount of time managing money and use a wide range of financial instruments for a variety of ends. While their choices may not be optimal, apparently inefficient financial decisions often make sense on closer inspection. *Portfolios of the Poor* is based on the analysis of financial diaries, tracking every financial transaction of individual households, taken from studies between and in rural and urban areas of Bangladesh, India, and South Africa. The authors are honest about the number of diaries "some in total" being too small to support statistical analysis, but they are a broad enough sample to give a feel for what is going on and some guidance for policy-makers or financial operators. A strength of the approach is that it is "bottom up", starting with how people actually live, and not narrowly focused on the evaluation of interventions. The opening chapter covers the background to the studies; it is supplemented by an appendix with more methodological details. Even those among the South African diarists with government grants had those paid monthly, "regular" employment is similarly lumpy and not always that regular, and casual employment and agricultural harvests are highly variable. So a central role for finance is in smoothing out income fluctuations to ensure that there is enough money to provide food and other basic requirements on a daily basis. To this end households use savings and borrowings simultaneously, mixing informal, interest free loans from friends and family, wage advances and rent arrears, semi-formal microfinance loans, and in occasional cases formal bank services. Here the cash flow analysis captures what matters, not the balance-sheet. Finance is important for dealing with risks. Health problems are the most common source of unpredictable large demands, but funerals in South Africa are extremely expensive; these are funded using a combination of contributions from relatives, formal funeral plans and informal burial societies, which almost always needs to be supplemented with loans. The most obvious problem here is in trust, with concerns about the possible failure of insurers and moral hazard on the part of the insured exacerbated by the social divide between them. Large sums are also needed for special occasions such as weddings and for opportunities such as purchasing land, starting a business or furthering education. This involves both borrowing, usually from multiple sources, and the use of savings "accumulators". With financial instruments for the wealthy the price of money "an interest rate or a rate of return" is central. And in practice interest is often not compounded or is waived after some period, or forbearance of other kinds is exercised. Apparently negative interest rates on savings can also be deceptive. This cycle has repeated so many times that it is no longer clear whether this is a loan or a savings plan. The convenience, flexibility and reliability of financial instruments are often more important concerns than their interest rates. A later study, using the same diary methodology, was carried out on "Grameen II" households in Bangladesh, attempting to evaluate changes Grameen Bank made in to its microfinance products. This involved more flexible loans which could be "topped up" before completion of their term, a passbook savings account designed to make management of cash flows easier, and a long-term savings product that allowed access. This leads into some suggestions for ways in which microfinance could be improved. There may be ways to replicate the best features of informal savings clubs but to improve on their reliability. Products need to be reliable, convenient, flexible and have structure "regularities that promote self-discipline. This analysis is heavily illustrated with examples from individual households. In addition, a second appendix presents summaries of fifteen of the portfolios, with a page describing each household facing another giving its financial net worth breakdown at the beginning and end of the study year, along with its turnover in each kind of financial instrument. Though slightly more sophisticated terms like "debt-to-equity" occasionally occur in *Portfolios of the Poor*, no real knowledge of finance is assumed, just the ability to read a basic balance sheet or cash-flow breakdown. It might have been worthwhile including a brief explanation of this, however, since there are plenty of well-off people in developed countries whose understanding of finance may not go even that far. A similarly detailed

study of the finances of poor households in say the United Kingdom would make an interesting comparison. They do make a convincing case both for the importance of finance in the lives of the extremely poor and for there being room to improve the provision of financial services to them.

4: Episode Portfolios of the Poor | Development Drums

A more important study than it is an interesting book, Portfolios of the Poor presents the results of several years' worth of "financial diaries" kept by extremely poor people in India, Bangladesh, and South Africa.

5: What's wrong with Portfolios of the Poor? |

Portfolios of the Poor is the first book to systematically explain how the poor find solutions to their everyday financial problems. The authors conducted year-long interviews with impoverished villagers in Bangladesh, India, and South Africa using a method of "financial diaries"-records that closely track how specific households manage their.

6: Portfolios of the Poor

Portfolios of the Poor: How the World's poor Live on \$2 a Day by Daryl Collins See more like this. Portfolios of the Poor How the World's Poor Live on \$2 a Day.

7: Books similar to Portfolios of the Poor: How the World's Poor Live on \$2 a Day

If you want to understand how poor people in poor countries manage money, invest in Portfolios of the Poor. The new book's four authors Daryl Collins, Jonathan Morduch, Stuart Rutherford, and Orlanda Ruthven took up an idea of David Hulme, to compile financial diaries of poor households.

8: Portfolios of the Poor: How the World's Poor Live on \$2 a Day by Daryl Collins

Ten years ago, the authors of this unusual study began collecting detailed yearlong "financial diaries" from households in Bangladesh, India, and South Africa, with a focus on those living on.

9: Portfolios of the Poor - a great new book - From Poverty to Power

Portfolios of the Poor is a financial fly-on-the-wall account of how poor people manage money. To find out, the researchers set up 'financial diaries' with households in selected communities in 3 countries (Bangladesh, India and South Africa).

The British Burma gazetteer. Mothers should not be imprisoned Jackie Crawford Recent Trends in Coding Theory and Its Applications (Ams/IP Studies in Advanced Mathematics) Shabbat, 2nd Edition Models of strategic rationality The Golf Magazine Course Management Handbook (Golf Magazine) Understanding airfield capacity for airlift operations 4.5 Necessary Stability Conditions 128 The Ribeira House Seeking to add an asymmetric / On the Eastern Front Artists and the literary landscape. Balancing the scales: a common-sense look at global nutrition problems and what can be done about them CI Algebraic Geometry IV Guide to Monologues, Women Scene 1: Countering objections positively Portugal Business Law Handbook-98 Generating inequality North Indian temple sculpture Printing ument to format not working Our battalion organization should not be as volunteers [sic but as a militia active force Tiger sharks and other dangerous animals First in their hearts ABCs of Audio-Visual Equipment and the School Projectionist Manual Payment of daily wages labour in India Transitional objects Luthers Catholic Christology A Critical Edition of the Estoires dOutremer et de la naissance de Salehadin. (Westfield Publications in BILL, THE GALACTIC HERO ON THE PLANET OF BOTTLED BRAINS Acer aspire one d250 service manual End of the Republic, 44 to 13 BC A mister Blenkinsop, a diarist. A permanent League of Nations Gopro studio manuale italiano Interpretation of regression analysis in spss Decline and fall of the middle class, and how it can fight back Management Accountants Handbook The Boy Knight A Tale of The Crusades The Gashouse Gang Deconstructing the Nibelungian world.