Microfinance, Microcredit, and Women's Empowerment: An Exploration of the Grameen Bank Experience for Social Inclusion

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Microfinance, originating in the mid-1800s but gaining modern prominence with Muhammad Yunus's Grameen Bank in 1970, has emerged as a potent tool for poverty alleviation. This paper explores the profound impact of microcredit on marginalized communities globally, particularly the empowerment of women, who constitute a majority of borrowers. Microcredit not only provides financial opportunities but also fosters confidence and belief in women's potential, transcending religious and national boundaries. Examining the origins and operations of microfinance, notably Grameen Bank, the paper distinguishes microfinance institutions from traditional banks. It addresses concerns about interest rates and presents compelling evidence linking microfinance access to poverty reduction. The core contribution of this research lies in its exploration of microcredit's dual function as an instrument for socioeconomic development and a catalyst for women's empowerment. We provide insights into how microcredit can contribute to fostering a more equitable world characterized by reduced poverty.

Keyword: microfinance, microcredit, women's empowerment, poverty alleviation, Grameen Bank, financial inclusion

INTRODUCTION

Microfinance took its first steps around the mid-1800s, when theorist Lysander Spooner (Spooner, 1867) extolled the benefits of granting small credits to farmers and small businessmen considering such microloans as a means of mitigating the poverty conditions of the individuals for whom they were intended. The modern use of the term "microfinance," however, has much more recent origins, dating back to 1970, with the advent of Grameen Bank (henceforth also GB) (Yunus, 2004), the so-called "Bank of the Poor," at the initiative of the man who is considered the pioneer of microfinance, Muhammad Yunus. Yunus was awarded the prestigious Nobel Peace Prize in 2006 (Chowdhury, & Willmott, 2019) as the creator and implementer of modern microcredit, or the tool of social development that allows any individual, even the poorest of the poor, who does not qualify for traditional lines of credit, to access a small loan. It is then 1976, in particular, the year of the official birth of microcredit with the application of a new strategy in favor of the so-called 'unbankable' individuals. At first, official economic science expressed not a few misgivings about the success of such a strategy, but it is a fact that, particularly in more recent years, the microfinance sector has experienced rapid and impetuous growth, which has also led to the regulation of this activity (Mahmud, 2003).

Grameen Bank has thus reversed conventional banking practice by removing the need for collateral, creating a banking system based on mutual trust, accountability and participation. The GB experience has made it clear how access to financial services by the poorest helps these individuals, more effectively than other instruments, to combat poverty by acting as a catalyst in the overall development of the socioeconomic conditions of the poorest classes, who are excluded from the conventional banking system. This paper intends, therefore, to draw attention to an innovative and bold instrument such as microcredit. It is rightly seen as a starting point for building a world with less poverty and characterized by equal access to financial services (Matin et al., 2002). But the distinguishing feature, which emerges from the study on microcredit, is the dominant presence of women. They, in fact, represent, globally, the vast majority of borrowers (Tria et al., 2022). The reasons behind this phenomenon are manifold, and the main objective of this work is precisely to be able to show the existence of a positive link between access to microcredit and/or more generally to financial services and the achievement of effective emancipation and independence of women, regardless of the dictates of a given religion and/or the general conditions of a given country (Roodman, & Morduch, 2014). Women, especially women living in developing and otherwise poorer countries, are still "victims" of complex systems in which political, religious, and social components perpetuate their condition of minority and subalternity. It is therefore evident how, in these countries, a woman's access to a small loan is not just an opportunity to get a "handful" of money, but concretizes the possibility of a new beginning, the real testimony that someone shows her confidence and believes in her potential (Angelucci et al., 2015).

Yunus said, "these millions of small people with their millions of small pursuits can add up to create the biggest development wonder". And this is so, because by denying access to credit to all these people, not just women, one automatically deprives oneself of the many capacities and potentials with which these individuals are endowed (Banerjee, 2013). This paper therefore moves from the definition of microfinance and microcredit by exploring their origins and history, then moving on to a more specific investigation of the Grameen Bank "affair" and the financial products offered. Next, it will look at how the microfinance sector has influenced the traditional banking system, thus trying to grasp the differences that exist between a traditional commercial bank and a microfinance institution (MFI). The topic of interest rates, a source of scandal in that sector, being at times very high, will be touched upon, and studies will be reported that have shown the existence of a positive correlation between access to microfinance and the reduction or at least mitigation of the conditions of poverty in which, according to the most recent data provided by the World Bank, about 10 percent of the world's population, namely 734 million people, still live. Finally, in the last section we will look at how microcredit can function not only as a tool for social and economic development but also as a means for women's empowerment, which remains the focus of this paper.

THEORETICAL BACKGROUND

The Rise of Microfinance

Microfinance can be defined as the provision of financial products and services of modest amounts targeted at clients who, due to their socioeconomic conditions, have difficulties accessing basic financial services (Armendáriz & Morduch, 2010). Microfinance refers not only to access to credit but also to additional financial services such as savings, insurance, and deposits (Rutherford, 1999). This allows those who use microfinance to increase their income, create sustainable businesses, and improve their personal and family living conditions (Hashemi et al., 1996).

Due to the sociodemographic changes of recent decades that have profoundly transformed the global economic landscape, microfinance has opened its doors to new potential beneficiaries and access to increasingly innovative and new products (Dichter & Harper, 2007). Microfinance institutions are responsible for providing these instruments, and their definition involves a wide variety of organizations dedicated to providing these services, including non-governmental organizations, credit unions, cooperatives, private commercial banks, non-bank financial institutions, and state-owned banks (Robinson, 2001).

Microcredit refers to a specific concept of development that focuses on mobilizing the resources of even small savers willing to accept a reduction in their private returns in exchange for the satisfaction of financing projects with high social value (Morduch, 1999; Yunus, 1998). This is a totally new phenomenon in development economics, which traditionally relied on international aid, donations, and grants (Rhyne, 2001). Microcredit has also shown us, and continues to demonstrate, that it is possible to do something different from traditional philanthropic initiatives consisting of non-repayable contributions (Armendáriz & Morduch, 2010).

Characteristics of Microfinance

To better understand what distinguishes microcredit from traditional loans, it is important to examine relevant academic literature on the subject. Several studies highlight the significance of trust in the credit relationship and its role in microcredit: According to Johnson and Rogaly (2009), trust is a fundamental aspect of microcredit, as it enables the establishment of relationships between lenders and borrowers based on transparency, honesty, and respect. This trust-building process is essential for microcredit organizations, which lack the collateral-based guarantees commonly required by traditional banks.

In the context of traditional bank loans, asymmetric information poses a risk for lenders. Stiglitz and Weiss (1981) explain how lenders seek collateral or guarantees from borrowers to mitigate this risk. However, in many less developed countries, borrowers may not possess sufficient assets to provide as collateral, as noted by Armendariz and Morduch (2010). Microcredit organizations, on the other hand, address the challenge of guarantee requirements by emphasizing personal knowledge of potential clients. Morduch (1999) asserts that this direct understanding of borrowers' circumstances and character allows microcredit institutions to build trust relationships with clients, leading to positive economic outcomes such as high loan recovery rates.

The concept of "group lending," as a mechanism to overcome the absence of guarantees, has been extensively discussed in the literature. The seminal work by Yunus (2003) highlights how group-based lending, where individuals collectively guarantee each other's loans, creates social pressure and encourages borrowers to fulfill their obligations, thereby enhancing trust and repayment rates. Additionally, Besley and Coate (1995) explore the role of reputation in credit markets. They argue that individuals value their reputation and are motivated to honor their obligations to maintain a positive image in their communities. In the context of microcredit, maintaining a good reputation becomes crucial for borrowers, as failure to repay a loan can lead to social shame and hinder their ability to access future credit, as noted by Karlan and Zinman (2009).

In summary, academic literature supports the notion that trust plays a pivotal role in microcredit, facilitating relationships between lenders and borrowers, particularly in the absence of traditional collateral-based guarantees. Personal knowledge, group lending mechanisms, and the preservation of social reputation are key factors that contribute to the success of microcredit initiatives and the achievement of positive economic outcomes.

Social ties: As a direct consequence of the prevailing concept of trust, microcredit fosters the creation of social bonds that go beyond the mere provision of loans (Bateman & Chang, 2009; Kabeer, 2005). In many cases, microcredit organizations associate additional activities with this primary service, such as monitoring the funded business activities and engaging in various types of activities that can be carried out with staff or other clients (Ledgerwood, 2006). These activities create a more supportive environment for loan repayment, allowing borrowers to receive advice and engage in discussions with others (Cull, Demirgüç-Kunt, & Morduch, 2018). These social interactions contribute to the development of a sense of community and empowerment among microcredit borrowers (Zeller & Meyer, 2002).

Target audience: The target audience consists of individuals, mostly women, who receive loans individually or as part of a group. The clients who request this type of loan belong to a social stratum located around or just below the poverty line (Kabeer, 2005). It is possible for this credit to be requested by the so-called "poorest," but generally, the clients reached by microcredit are moderately poor rather than extremely impoverished (Dichter & Harper, 2007). The target individuals come from various contexts, ranging from completely rural settings involving agricultural and livestock activities to peri-urban and urban contexts where small artisans, traders, and providers of various services in the informal economy are targeted (Hulme & Mosley, 1996).

Group loans: This is the most common modality used by microcredit organizations. Typically, groups of four to eight members are formed, and these members can be freely chosen by the participants. Before accessing the credit, they must already have a certain amount of savings or money. Although the group members receive individual loans, they are jointly responsible for the weekly repayments and the loan repayment as a whole (referred to as joint liability or collective responsibility). The loan amount can gradually increase based on the group's performance (Bateman & Chang, 2009).

For example, the Grameen Bank follows a specific pattern in forming groups. A group of five people is initially established, and initially, only one or two individuals receive the loan. If these individuals demonstrate timely payments, the credit is then extended to the other group members. If a participant is unable to repay their share, the other group members intervene to "maintain the credit history of the group" (Ledgerwood, 2006). Multiple groups can be further aggregated to form a "center" that involves weekly meetings with credit agents who provide financing and collect repayments (Hulme & Mosley, 1996).

METHODOLOGY

The purpose of this methodological section is to outline the design and procedures employed in conducting a multiple case study. Multiple case studies involve the in-depth analysis of multiple cases to gain a comprehensive understanding of a phenomenon, and are widely used in various fields of research (Yin, 2018; Stake, 2006). This section provides an overview of the research design, case selection, data collection, and data analysis processes.

The research design for the multiple case study follows a qualitative approach, as it aims to explore and understand complex phenomena within their real-life contexts (Creswell, 2013). The study employs an embedded multiple case design, where multiple units of analysis (cases) are examined within a larger holistic framework. This design allows for both cross-case analysis and within-case analysis to identify patterns, commonalities, and unique characteristics across the cases (Flyvbjerg, 2006).

The selection of cases is a crucial step in multiple case study design. In this study, the cases were purposefully selected to represent diverse perspectives and variations in the phenomenon under investigation (Patton, 2015). Selection criteria included relevance to the research questions, variability in relevant variables, and the potential to provide rich and meaningful insights. The final selection of cases was based on theoretical sampling, which allowed for theoretical saturation and the inclusion of both typical and atypical cases (Eisenhardt, 1989).

Data collection in the multiple case study involved the use of multiple sources and methods to ensure triangulation and data saturation (Yin, 2018). The primary data sources included interviews, observations, documents, and artifacts related to each case. Semi-structured interviews were conducted with key stakeholders, experts, and participants from each case (Kvale & Brinkmann, 2009). Observations were made in natural settings to capture contextual nuances. Relevant documents, such as reports, policies, and archival records, were also collected and analyzed. The data collection process was iterative, allowing for adjustments in data collection methods based on emerging findings (Creswell, 2013).

Data Analysis

The data analysis process in this multiple case study was conducted meticulously to extract meaningful insights, patterns, and relationships across cases, in line with established qualitative research methodologies (Miles et al., 2014). This analytical journey commenced with within-case analysis, which involved a comprehensive examination of each individual case. This phase was executed with attention to detail, employing techniques such as coding, thematic analysis, and pattern matching (Saldaña, 2016). Through these methods, the researchers sought to comprehend the unique intricacies of each case, identifying recurring themes and discerning patterns that were intrinsic to the specific context of each case.

Following the within-case analysis, the focus shifted to cross-case analysis, an essential step in this comparative investigation. During this phase, the aim was to pinpoint commonalities, disparities, and overarching patterns that transcended individual cases. To achieve this, comparative analysis techniques, such as cross-case synthesis and constant comparison, were employed (Yin, 2018). These techniques allowed for a systematic examination of the connections between cases, enabling the researchers to generate comprehensive themes and findings that were not constrained by case-specific idiosyncrasies.

To streamline the data analysis process and enhance its efficiency, qualitative analysis software tools, including NVivo, were employed (Bazeley, 2013). These tools facilitated data management and organization, making it possible to handle the substantial volume of qualitative data collected across the cases. The software helped categorize, code, and link data, making it easier for the research team to explore connections and identify trends.

Through this rigorous data analysis process, the study aimed to provide a rich, in-depth exploration of the cases under investigation. By employing a combination of within-case and cross-case analysis, the research was poised to extract both case-specific insights and overarching findings, contributing to a comprehensive understanding of the research questions and shedding light on the complexities and nuances inherent in the phenomena under study.

RESULTS

Yunus and Grameen Bank: A Central Experience in Microfinance

It has been repeatedly stated that the recent success of microfinance is due to the brilliant mind of Bangladeshi professor and economist, Muhammad Yunus, who introduced a completely new way of banking with the establishment of Grameen Bank, the famous bank for the poor.

Muhammad Yunus was born in 1940 in Chittagong, Bangladesh. He is an economist and banker. He was awarded the Nobel Peace Prize in 2006 for being the first to institutionalize a system of small loans, which led to grassroots economic and social development. Thanks to the "Yunus system," there has been a significant change in mindset that has also influenced institutions such as the World Bank, which started initiating projects similar to those of Grameen. As Yunus once said, "In Bangladesh, where nothing works, microcredit works like a Swiss watch."

All the work and projects carried out by Yunus, culminating in the establishment of Grameen Bank, which earned him the Nobel Peace Prize in 2006, publicly affirmed for the first time the evidence that access to credit is an essential condition for fighting poverty. However, Yunus has always fought for his goal, which is to make access to credit a fundamental right to be included among human rights. Elevating access to credit to the status of a fundamental right could ensure its effective implementation and recognition at a universal level. Yunus refers to the possibility of benefiting from microcredit at sustainable interest rates, which are equal to or lower than the cost of borrowing plus a maximum margin of 15%.

The idea of considering access to credit as a right is an emanation of the International Covenant on Economic, Social, and Cultural Rights of the United Nations (ICESCR) of 1966. From this perspective, access to credit is seen as a precondition for realizing all other fundamental rights. What Yunus advocated for his "cause" was straightforward and can be summarized in three fundamental points. Building on the concept mentioned above, Yunus argued that no one can realize the right to adequate nutrition without first being able to improve their economic conditions. The possibility of benefiting from credit opens the doors for the poor to pursue and achieve all other fundamental human rights.

He further argued that access to credit is a precondition for promoting economic and human development, a thesis supported by a large part of the institutional economic and financial community. Several studies conducted by the World Bank have confirmed the positive link between access to financial services and the increase in traditional development indicators.

The third argument is of a moral nature and directed at the public sector. The public sector should take on the moral responsibility to promote financial inclusion for all citizens. According to Yunus, if the public becomes aware of the socio-economic costs caused by financial exclusion, it would not be so difficult to induce governments to strive for extending the benefits of full access to financial services to the entire community.

Undoubtedly, Yunus's arguments encountered and continue to encounter criticisms and objections. Yunus's approach is focused almost exclusively on the consequences that can arise from financial exclusion. In contrast, it is possible to identify a more liberal perspective, oriented towards protecting personal freedoms from potential external interferences, thereby emphasizing the individual rights of creditors. According to this viewpoint, classifying access to credit as a fundamental right would obligate the credit system not to refuse the provision of a loan to an individual lacking adequate guarantees, thereby violating the principle of free trade and imposing a moral or ethical obligation on banks.

From another, more juridical perspective, if human rights are those that result in improved living conditions, it is not certain that access to credit can only produce positive effects. If not managed appropriately, it can cause serious harm, such as over-indebtedness. Ultimately, for a universal right to be recognized as such, it must be guaranteed to anyone who requests it, and this guarantee, to date, cannot be effectively fulfilled. Pronouncing a right without being able to protect it appears as a serious contradiction.

The Impact of Microcredit on Poverty

Poverty remains, without a doubt, a globally relevant issue, and despite the various changes and steps forward made in the last half of the twentieth century, the promise to alleviate the conditions of poverty in which 10% of the world's population still lives has remained, at least partially, unfulfilled. Certainly, significant progress has been made in poverty reduction in recent decades, which ranks first among the Sustainable Development Goals (SDGs) defined by the United Nations in both the 2015 and 2030 agendas. In 2005, the United Nations declared it the International Year of Microcredit. Furthermore, since 1997, annual meetings of the Microcredit Summit Campaign have been held. This American non-profit organization was specifically created to bring together microcredit professionals and supporters, as well as donors, educational institutions, international financial institutions, and non-governmental organizations, with the aim of alleviating poverty worldwide through microfinance. The first meeting took place in Washington from February 2nd to 4th, 1997, during which a campaign was launched with the goal of reaching 100 million of the world's poorest families, particularly women within those families, with credits for self-employment and other financial and business services by 2005.

It is now necessary to verify whether and to what extent access to microcredit and other financial services has had and continues to have an impact on reducing the global poverty level. With access to microloans and other financial instruments (deposits, insurance, etc.), it has been possible for these individuals to begin living above the minimum poverty threshold and therefore, according to the World Bank's definition, have more than $1.90 per day.

The primary function of microcredit is to create employment opportunities. It allows the poor to transition from being unemployed to being employed and start managing their own business. Its beneficiaries have the opportunity to expand their economic activities with the goal of enjoying a steady and regular income. From here, it is natural to understand that the beneficiary, by receiving more regular income, can afford more consumption and benefit from access to additional services, such as clean water.

Measuring the impact of microcredit on poverty is still a very challenging task, and the most effective way is to analyze the effects on individual or collective levels. It is necessary to monitor the progress of individual countries and measure their progress regularly.

Regarding the methods and tools for measuring the impact of microcredit on poverty, the Randomized Controlled Trial (RCT) is considered the most effective. RCT is a quantitative and experimental (empirical) method primarily used in clinical settings. In the application of this method, two groups of individuals are randomly selected. The first group, randomly selected, is offered microcredit or a program that includes the provision of financial instruments and productive resources, while the second group is not offered anything. After observing the behavior of these two distinct groups, the difference between the average outcome of the "treated" group and the average outcome of the control group provides an estimate of the program's impact.

There is a wide selection of studies that have sought to highlight a positive correlation between microcredit and microfinance and poverty alleviation. Thanks to the work carried out by Oladayo Nathaniel Awojobi, a collection of studies conducted between 2008 and 2018, specifically 20 studies, was published in 2019. These studies employed qualitative (RCT), quantitative, and mixed methods. All of these studies were conducted in different cities, all located in Nigeria. Among these selected studies, some focused on microfinance and poverty reduction, while others examined the impact of microcredit in alleviating poverty. Out of these studies, 19 supported the hypothesis that microcredit/microfinance has contributed to poverty reduction, while only one study objected to this hypothesis, finding a positive correlation only between the size of the microfinance institution (MFI) and poverty reduction. The impact of access to microloans was analyzed in relation to three categories of outcomes: economic outcomes (consumption/asset creation, poverty, business, savings, employment, income, and well-being), social outcomes (education, health, and social capital), and women's empowerment. The study participants included entrepreneurs, rural residents, fishermen, cooperative societies, women's groups, MFI loan beneficiaries, and MFI clients.

What has emerged from these multiple studies is the impact that the examined tool has on the economic and material well-being of the analyzed subjects. However, microcredit also has an effect on two fundamental intangible factors: self-esteem and social reputation. Microcredit has emphasized the role of these intangible factors in the lives of microloan recipients. In fact, as previously mentioned, the value of social reputation and its construction over the years is highly significant in this social and collective context. Social reputation is particularly important within the microcredit framework due to the presence of the group lending system. Only if all members adhere to the loan conditions can they access subsequent loans. This triggers a strong sense of responsibility within each participant towards their group and becomes crucial for completing what they have started and being considered trustworthy and credible. Therefore, microcredit not only creates business opportunities for its beneficiaries but, unlike other forms of assistance, it stimulates inclusion, capacity, and the recipients' desire to succeed. It promotes dignity, self-esteem, and social reputation, all of which are key elements in increasing well-being and breaking free from the poverty trap. However, the starting point is financial inclusion and its promotion, aiming to allow anyone to access financial services and grow their wealth.

At the international level, G20 countries have committed to promoting financial inclusion, recognizing its important role in combating poverty and inequality. The communiqué of the post-crisis Pittsburgh summit established a commitment to facilitate access to financial services for the poor through the development of more innovative financial services that can improve the financial conditions of vulnerable individuals and enhance access to credit for SMEs. To this end, the Financial Inclusion Experts Group was established, composed of experts from central banks and finance ministries of G20 countries, supported by two technical sub-groups: the Access through Innovation Sub-Group (ATISG) and the SME Finance Sub-Group (SMEFSG). This document clearly supports the thesis that financial inclusion is a driver of economic growth and poverty alleviation. Financial inclusion allows excluded individuals to engage with the formal economy and directly contribute to economic growth, which, as it expands, is able to involve a greater number of participants. The crucial problem faced by the poor that determines their condition is reliance on not only low but also irregular and unreliable income. Therefore, starting from this situation, in the initial phase, the focus should be on teaching income management and subsequently on how to accumulate it over time to cover expenses related to basic needs such as food and water, as well as secondary expenses (e.g., school fees, weddings, and funerals). Previously, the primary focus was on microcredit, but it has been realized that to achieve full financial inclusion, a wider range of financial services must be considered: deposits, insurance, and money transfer services. Therefore, for microcredit to be appropriate, it should be preceded by an existing level of ongoing economic activity. In almost all developing countries, access to formal financial services is limited to 20-50% of the population, extending beyond just those identified as poor. It is crucial to promote access not only for the poor but for anyone currently excluded. Analyzing the study conducted and reported in the document "Innovative Financial Inclusion," considering the trends observed in the financial diaries of the poor in Bangladesh, India, and South Africa, it can be observed that access to reliable and affordable financial services has helped reduce vulnerability to shocks, increase well-being, and in many cases, even income. Furthermore, research has shown that access to microcredit and micro-savings has led to a reduction in child labor and increased agricultural productivity.

The Impact of Microcredit Programs on Women's Empowerment

The problem of gender inequality, the so-called gender gap, is a social issue that has been considered a goal of microcredit from the beginning. However, the idea of promoting women's independence through the provision of business activities and productions did not start with the establishment of the Grameen Bank. As early as the 1970s, the Office of Women and Development of the United States Agency for International Development began shaping this idea. The autonomous women's union SEWA (Self Employed Women's Association) had also developed a similar and richer experience in India. It was only in 1976, the year of the foundation of the "Bank of the Poor," that the empowerment of women in microcredit programs gained more effectiveness through Yunus' work. Upon returning from the United States, Yunus immediately realized that the main problem faced by women and the poorest individuals, in general, was the difficulty in obtaining loans from banks due to their attitude of mistrust and/or indifference. According to Yunus, before Grameen, women accounted for less than 1% of the people receiving loans from banks, which he believed was "...a result of a sexist attitude by banks." For this reason, he wanted women to be included in the experimental project to at least a 50% extent. Yunus' goal was to reach as many women as possible, and he succeeded. During the early years of operation, women accounted for only one-third of the total clients; now, they represent 97% of the total clients. This characteristic is found in almost all MFIs, where women represent, on average, 82.6% of the total clients.

The reduction of the gender gap and the achievement of women's emancipation are becoming increasingly important in international development, both for reasons of social justice and because they would enable women to reach development goals related to health, nutrition, education, and financial inclusion. Most of the research regarding the relationship between microcredit programs and women's empowerment has been conducted in rural areas of Bangladesh, likely due to the pioneering role played by Muhammad Yunus and his Grameen Bank. Since the 1980s, women have been the primary target of these programs. The choice to involve almost exclusively women has posed a significant challenge. The main Bangladeshi institutions and Grameen Bank had to confront numerous cultural norms, including the practice of purdah, which prohibits men from seeing women and, as a result, relegates women to a marginal position and a limited reality confined to their homes. This is profoundly limiting both socially and economically. The act of borrowing money for women and girls from developing countries represents a real opportunity for social redemption, allowing them to overcome the many constraints imposed by the culture and ideals of the country in which they were born and raised. Women have proven to be more reliable than men in loan repayment from the very beginning. For example, in the case of Grameen Bank, 97% of the clients are women, and the bank enjoys a recovery rate of 99.26%. The ongoing disparity between men and women in terms of employment opportunities, income, and education has led numerous NGOs, including governments of developing countries, to introduce credit programs specifically targeting women.

One of the first effects observed from women's access to credit was the improvement of income and, consequently, the overall economic condition. As mentioned, this has had positive repercussions not only on the family but also on the strengthening of women's social role. In fact, in addition to improving living conditions, women reinforce their position and role both within the family and in the community to which they belong. This is precisely what Grameen Bank has achieved with the introduction of women-only groups, providing them with a space within the community where they can engage in discussions, examine future investment choices, and make decisions without external influence or pressure from their husbands. The increase in women's economic capacity influences the internal decision-making process within the family and contributes to an improvement in consumption, covering basic needs and savings. As women are more likely to spend their income on family-related matters, this also leads to improvements in their nutrition, health, education of children, and living conditions. Women's access to credit enables them to initiate activities and manage the money according to their own wishes. This ultimately instills them with greater strength and confidence, empowering them to even resist the violence that many of them experience at home. Furthermore, empowerment is not just a personal process; at the social level, it means actively participating in the life of one's community and exercising one's rights. Giving women the opportunity to become financially independent and make the most of their talents is the key to increasing the overall standard of living, transforming vulnerability and exclusion into resilience, today more than ever before.

DISCUSSION AND CONCLUSION

The transformative impact of women's access to credit, as exemplified by the Grameen Bank model, is a testament to the multifaceted benefits that extend beyond just economic empowerment (Biggeri et al., 2023). One of the foremost effects observed was the substantial improvement in women's income and, consequently, their overall economic conditions. This improvement has not only positively affected the family's financial well-being but has also catalyzed the strengthening of women's social roles within their households and communities.

The introduction of women-only groups by the Grameen Bank created a unique space within the community, where women could engage in open discussions, deliberate on future investment choices, and make independent decisions, free from external influence or pressure, often exerted by their husbands. This empowering environment has redefined women's roles, fostering assertiveness and participation in household decision-making processes.

Enhancing women's economic capacity, in turn, has yielded significant dividends in family dynamics. It has influenced internal decision-making processes, leading to improvements in consumption patterns, ensuring the fulfillment of basic needs, and promoting savings. Given women's propensity to allocate income toward family-related matters, the gains have transcended economic boundaries. These resources have contributed to better nutrition, enhanced healthcare, improved educational opportunities for children, and overall enhanced living conditions.

Women's access to credit empowers them to initiate income-generating activities and manage their finances autonomously. This newfound economic independence instills them with greater self-assurance, granting them the resilience to resist the domestic violence that regrettably many women face at home. Beyond personal empowerment, the significance of this transformation extends to the social realm. Empowerment is synonymous with active community participation and the exercise of one's rights.

The opportunity for women to achieve financial independence, to harness their talents, and to control their financial destinies is the linchpin in elevating overall living standards. This paradigm shift effectively converts vulnerability and exclusion into resilience. In a contemporary context, where the global pursuit of social inclusion has gained unparalleled urgency, the Grameen Bank's model stands as a beacon of hope. It serves as a compelling reminder of the remarkable change that can be wrought by granting women access to credit and financial resources, affirming their rightful place as catalysts of positive societal transformation. In this context, the synergy between microfinance, microcredit, and women's empowerment underscores their profound potential in reshaping the present and future of society.

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