

# A JOURNEY FOR CHANGE IN INCLUSIVE FINANCE AND SOCIAL BUSINESS

## Episode 3: From Founder to Visionary: Alex Counts' Blueprint for Coordinated Impact

**Philippe Guichandut:** Hello Alex, I'm Philippe Guichandut, I'm the General Secretary of the Foundation Grameen Crédit Agricole and I'm so happy to have you here, because you are a person that has been in the sector for so many years. You were the founder of the Grameen Foundation in 1997, if I'm not wrong, and that you led this institution for 18 years.

**Alex Counts:** I did.

**Philippe Guichandut:** So, yes, the microfinance landscape has evolved quite a lot in between. So, what could you see and what do you consider that has been the most significant evolution over the last at least 25 years?

**Alex Counts:** Yes, even before starting Grameen Foundation, I was in a long apprenticeship with Professor Yunus in Bangladesh for about 10 years.

**Philippe Guichandut:** Yeah, I know you speak fluently Bengali.

**Alex Counts:** I speak Bengali well and I wrote a book during that period on Grameen, called "Small Loans, Big Dreams" and how it was transferred to the United States". I think the innovations, you know, we can talk about many micro innovations, technology innovations, but really, if we go back to it, the big innovation in my mind was that Professor Yunus proved that the world's poor women were bankable. And we take that for granted now. But if you go back to the 1970s, even the 1980s, and you say commercial loans to the world's poor women, illiterate women, people would look at you like you were crazy. It would be as if you're saying "I want to market running shoes for marathon runners to people that are paralyzed". You'd be said, there's no market. There's no reason to ever sell one. But what Professor Yunus proved is that there is a market if you develop the right products. There was a huge market for financial services amongst the world's poor women. The other thing, the other revolution that we also take for granted now is that you can provide financial services to the world's poor women profitably and with impact, but only if you do it with the right incentives and the right products and the right measurement tools to know if you're achieving both. Many organizations that do microfinance, they only focus on one, even today, either profit or impact. But you can do both, and if you approach it the right way. And those are two revolutionary ideas that we're still coming to terms with now and yet have changed the world in so many ways.

**Philippe Guichandut:** Yeah. And so, you mentioned that you wrote the first book, but I know it was not the only one. You'd written quite a few in between. So could you let us know what you've seen as the model that has been duplicated successfully and that there were some surprises along the way in some countries that have been done and in other places maybe a little bit more controversial. So, what is your point of view on this?

**Alex Counts:** Well, you know, when I started with Grameen in the 90s, people said that microfinance could not be done in India because of the caste system. People would not form groups among different castes. And people were very certain that this was correct. It turned out to be totally incorrect. And in fact, then they said it wouldn't work in the Arab world because of certain Muslim principles that were followed there. They said it wouldn't work in Africa because of population density. And they said it definitely wouldn't work in the United States because it was a much more regulated economy, especially on financial sector and business. And it turned out in all of those markets, microcredit in the Grameen model did work. It just took time. And it doesn't work necessarily as efficiently as it does in Bangladesh, but it works.

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**Alex Counts:** But the thing that the common element between success and failure is that people took the whole model of Professor Yunus, which isn't just providing loans and trying to get them back and becoming profitable, but it's measuring is this changing people's lives? Is this leading to children being more educated? Is it leading to asset accumulation? Is it leading to better health care? Is it leading to more choices for women in their society? And when you operationalize that idea of measuring both profitability and impact and then managing each quarter, do a little bit better in the spirit of Professor Yunus, I think this model can work in any country. If you take a kind of stunted model version of that where you only focus on one element, then it's definitely going to be less successful. But I think the lesson is it can work just about anywhere.

**Philippe Guichandut:** And I think it happens in America, with Grameen America. We have here in France, Adie. So, I think it's something that can be, but it needs to be adapted. And I wanted to know, because I know that Grameen Foundation has been working a lot on digital. So, could you tell us a little bit more about this new trend and how you see it?

**Alex Counts:** Well, Professor Yunus sometimes was accused of saying that only credit would change the lives of the poor. Only credit would eliminate poverty. And he never said that. He certainly believed in the power of credit. And I believe in it. I know you believe in it. But if he believed that, he would not have started more than 50 other organizations besides Grameen Bank that deal with issues of health care for the poor, education for the poor, helping the poor farmers and subsistence farmers. So at Grameen Foundation, after the first five or six years, when we focused almost exclusively on microcredit and micro savings, we began to branch out following the lead of Professor Yunus, looking at issues of health care, looking at issues of how do you provide low-cost agricultural extension to help the farmers with market intelligence so they can get better prices for their crops. And those things were natural for us to follow the lead of Bangladesh. But what's really exciting to me with Grameen Foundation, which I ran for 18 years, I've been less involved in recently, until recently when I'm now rejoining it, there's a Bangladeshi American woman who's now going to be the head of Grameen Foundation named Sabrina Quaraishi. And she's exceptional. She's the only person at Grameen Foundation to serve there more years than me. She's been there now for 20 years. And she has run a program called Bankers Without Borders, the largest reserve corps of volunteers in the world, and used across not just for Grameen Foundation projects, but for many others. And so, Sabrina is bringing new ideas and energy and is very familiar with some of the opportunities of the digital world for poverty alleviation. And also, we're joining an alliance with Yunus Social Business in India and in Germany to form a kind of an organization that will take advantage of the unique capabilities of both Yunus Social Business and their social business funds and some of the things that they've done that are incredible and also joining forces with Grameen Foundation. So, we'll function as one organization, even though we'll legally remain more than one. And I think these two things are incredibly exciting. And as I get back involved with the organization I started 30 years ago.

**Philippe Guichandut:** Okay, very good. And I mean, you mentioned your program in Bankers Without Borders. It just reminds me about the program we do have at the Grameen Crédit Agricole Foundation, where we have what we call Solidarity Bankers, where we have people from the group Crédit Agricole going to our partners for missions, a little bit like what you do. So, I think there's a lot of opportunities there to do things more together. We just spent two days, I mean, with what we call the Grameen Family, where we gather here in Paris. And what do you think that could be the way to move forward and to have more of this Grameen family to be alive?

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**Alex Counts:** Well, first of all, I want to thank you and Grameen Crédit Agricole for organizing this with Grameen Trust. It was a meeting that had been like this that I think had been needed for a long time. And it just took someone to take the initiative and make it happen, design an agenda that allowed for us to all get to know each other again and strategize for the future. You know, I would like to see the organizations that Professor Yunus started. You know, for so many years, he would go into a country, he would give a few speeches, and someone would come forward and said "I want to be your champion in this country. And I want to devote my life and raise money and contribute money to do something". And if he believed in them, and their ethics and values, he would just say, go do it. And that was very entrepreneurial, not very bureaucratic. You created a lot of organizations quickly. Some succeeded wildly, some succeeded a little bit, some failed. But that entrepreneurial spirit was how he designed this network. I think now it's our responsibility to organize ourselves in a more rational way and in a way that recognizes that the world is changing, a world with artificial intelligence, a world where the nations are relating to each other, where tariffs are coming in, the world is a different world than it was even two or three years ago. And as Grameen Yunus organizations that have been started by him in the last 30 years, I think we need to function in a more coordinated way. The example I gave in our conference was, you have at a large university, you have a business school, a medical school, a veterinary school, and arts and sciences school. And all of them are run by deans who, in some level, maybe compete for resources and attention. But they have to all work towards the larger objectives of the university under a university president. They all need to have a common vision and coordinate in some way so they're not confusing the marketplace, confusing philanthropists. And I think that's a model that we can evolve to, not to become a big bureaucracy, but to do it in a more coordinated way that we don't leave value on the table. And I think we can get there.

**Philippe Guichandut:** Okay. And I'm sure we will. More than that. And maybe a last question. I mean, you mentioned it a little bit, but what do you think are right now currently the biggest risks that inclusive finance sectors are facing today?

**Alex Counts:** Well, I'll say it in two ways. One is, I think, that people getting away from the values of Professor Yunus and other leaders like Fazle Abed, who's passed away, Ela Bhatt in India, who's passed away, some of the real great moral leaders who spawned microfinance movement and who really believe that microfinance was not an end in itself, but was a means to an end of ending poverty. And so, holding that vision, even in an age where technology has changed so radically, if we lose touch with that, I think we will, unfortunately, we'll probably need to reinvent the microfinance sector, maybe under a different name, because microfinance will evolve in a way that it will be irrelevant to the people who need it most. I think the other way I'll put it, it might be more understandable to the younger generation is that we can't become seduced that technology alone, that a magical app on your phone is going to solve poverty and bring financial inclusion, that it's not solely a technical fix. Yes, you can create wonderful apps, and they're fintech startups, they're doing incredible things, but some of them have the ability unintentionally, perhaps, to lead to financial exclusion, not inclusion. And so, again, you need those values of people like Professor Yunus infused into technology. And that's not easy. That's not something you dream up in an afternoon and create an app, and then it's going to lead to financial inclusion. It takes real hard work. It takes understanding the realities of poor women. And if we can use technology, but not have technology use us, I think we're going to make a lot of progress in the next 10 years.

**Philippe Guichandut:** Thank you. And yes, yesterday we talked about human touch. And I think that, I mean, it's really what we still need to be sure that it will be there, whatever the innovation will be there. Thanks a lot, Alex. It has been a pleasure talking to you. Have a nice trip back to the US. And it's the end of the day. Thanks a lot.

**Alex Counts:** Thank you. Bye-bye.