Épisode 7: Inclusive Finance as a Tool for Empowerment with Lamiya Morshed

Philippe Guichandut: I'm Philippe Guichandut, I'm the General Secretary at the Foundation Grameen Crédit Agricole and I'm extremely happy to welcome you, Lamya, you're coming from Bangladesh, quite far away. And I wanted to know a little bit more what drew you in the microfinance and social business sectors because you have been working in these fields since 1994, if I'm not wrong, and very close to Professor Muhammad Yunus. So, could you tell us a little bit more about your journey?

Lamiya Morshed: Okay, so well, my first introduction to Grameen was when I was still a student. I was studying actually economics and international development in London.

Philippe Guichandut: London Business School, no?

Lamiya Morshed: London School of Economics. So, I came back one summer, and I was wanting to do a summer internship and my father actually, who was in the diplomatic service, he knew about Professor Yunus' work, and he told me: "Why don't you think about Grameen Bank?" And that was actually the first time I heard about it. So, my first internship was even before 1994, it was 1991, a long time ago. And I spent one summer doing small tasks, but it was interesting that such an interesting revolutionary idea that was homegrown in Bangladesh was going to the rest of the world. That drew me because I came, as I said, my dad was in the foreign service, I lived around the world. It was diplomacy. This I thought was a different kind of diplomacy. It's an economic diplomacy because people from around the world were coming to Bangladesh to learn something that had been developed there, was working for poor people, not just in this particular country, but which potentially would work for all people everywhere. So, when I finished my studies in the UK, Professor Yunus had just established Grameen Trust, which was doing, had this mission of replicating Grameen in other countries. And I felt that was a very good match for me. I was looking for a job in development, and I thought this idea of exporting an idea from Bangladesh to the rest of the world, that really appealed to me. The image of Bangladesh internationally was a country that faces disaster and cyclones and poverty. This was something that was created and which had relevance not just for our country, but for the whole world. I felt very hopeful about, I was drawn to the idea of bringing this around the world. So, in the 13 years that I worked for Grameen Trust, I was very closely involved with Professor Yunus and Professor Latifee, actually, to bring it to many countries. We worked in two ways. One was through local organizations that wanted to implement microcredit. We gave them small amounts of financing. So, the big donors gave us money in Bangladesh, and we used to give retail amount to small organizations around the world. I don't know if people knew that in the 90s there was a Bangladeshi donor organization. I remember there was one NGO in Tanzania that went to get permission for this loan from Bangladesh. They said: "Are you getting a loan from an organization?" They didn't believe it. So, this was actually something that was quite innovative. Because Professor Yunus and Grameen were recognized around the world, donors wanted to give us money. He didn't want money for Grameen Bank, which was self-sustainable. He gave it to Grameen Trust to help set up other organizations around the world. So, for 13 years in Grameen Trust, I was a Director of Development by the end of my time in Grameen Trust. We were helping to do this through NGOs and also through direct implementation. You know, where the field managers from Grameen Bank in Bangladesh went to many countries, including the US, to start similar programs. And it worked exactly the same way. People everywhere who don't have a credit history don't get access to financial services. So, when we started a program like this, whether it's in the US or the Philippines or East Timor, it worked because people always have that need for that financial service. So, through Grameen Trust, we were in more than 50 countries, implementing directly in some countries, working through local NGOs.

Lamiya Morshed: And some of those have grown into big national level organizations. You know, the ones in Nepal and the Philippines. They have now been running for 30 years. They've established banks. So, this is a big, I would say, big untold story. But in 2006, when Professor Yunus received the Nobel Peace Prize, he drafted me over from Grameen Trust to head up his international office because I had been working on the international side. And that was actually the start of the Yunus Center. We were first a secretariat for two years. And then in 2008, we established Yunus Center. And the purpose of the Yunus Center is basically to support and promote everything that Professor Yunus's vision, both in concept but also in practice, and including social business, but also including microfinance as social business, and now the vision of World of Three Zeros. So, we have one part that's a program to support projects that follow these principles in Bangladesh around the world. And one part is basically his international secretariat. We support his media. We support his travels. We support his publications, writings, his speeches. So that's what Yunus Center is. We're a small team.

Philippe Guichandut: But very efficient.

Lamiya Morshed: Yeah, and we're working closely. And the interesting thing about working with Professor Yunus, we were discussing before, is that he's a creator of initiatives. And once something is up and running, he moves on to the next thing. So, it's never a dull moment for us. Microfinance had been refined to a certain extent. Then he opened it up for social business, and we felt like we were in a kind of an ocean trying to find our way. But then that also got set. And so, you know, so it's…

Philippe Guichandut: And, you know, we had already two podcasts with, I mean, people that really were supported by you. I mean, the first one with Roshaneh from Kash Foundation in Pakistan. And then we had also Dorie from CARD in the Philippines. So, I mean, they explained to us how you have been able to support them and to develop them. So, you mentioned that, I mean, one of the role of the Yunus Center is to promote social business. Could you tell us a little bit more? Because it's a concept that is quite revolutionary, but at the same time, not so many people know about it. So, could you tell us a little bit more about it?

Lamiya Morshed: The thing is that while Grameen Bank was established and, you know, gaining momentum, Professor Yunus actually created many other entities as well. This was providing finance to poorest people, but he created an organization called Grameen Shakti to provide renewable energy. He created Grameen Kollan to provide primary health care to the borrowers of Grameen Bank. He created many such organizations in Bangladesh. And in each case, he created it as a company, not as a charity, as a company that makes money, but not for the investor. It makes money so it does not have to keep depending on outside donors. So, he wanted to build in sustainability into these organizations that have addressed a social problem and have an impact. This was the seed of the idea of social business. He created 40 such institutions in Bangladesh. Some of them became national level, like Grameen Shakti and Grameen Kollan, and some stayed smaller and more local. But everyone was addressed to a social problem. Everyone was designed to solve that social problem, but the services were not provided for free. People would pay for it, but only enough to pay for the service and cover the cost of delivering it. That meant that after some time, that entity could start covering its own costs and grow and continue to provide the service to a bigger group of people. So, this was the seed of social business. He used to call it, in his first book "Banker to the Poor", he calls it "Social Consciousness-driven Enterprises". And over time, he refined this idea and talked about social business. I think social business enterprise for a while and then social business. And actually, the first time that he laid it out in detail was in his Nobel Peace Prize speech in Oslo. He talks about that the global economic system only talks about one type of business, profit maximizing, and it means that people in the economic world are only interested in self-enrichment. He said it ignores the part in people, in the entrepreneur himself or herself, that also wants to serve other people. And that business is social business. And people can do conventional business to make money. Alongside, they can do social business to help others.

Lamiya Morshed: When people want to do good to society, they leave it to welfare, governments, or charities. He said "Why can't we use the power of business to solve problems? Because if you do that, then after a while, you don't have to keep looking for outside money." You can grow, and that's the power of social business. There's a quote from him that says "A charity dollar has one life. A social business dollar has endless life". So, it was in 2006 in December in Oslo that he first elaborated the idea of social business. And then after that, we started creating examples as joint ventures, as well as standalone companies, not just in Bangladesh and around the world. And social business does not include microfinance, because there's been a big distortion of microfinance, where in some countries in the world, it became a money-making. And it spoiled the reputation. He says that is actually a new kind of loan sharking. We should call microfinance, microcredit as a different thing. It's a different animal. So social business includes microcredit as well.

Philippe Guichandut: When it's done with very strong social purposes.

Lamiya Morshed: That's right. And I think also in the earlier interview, they asked this question. He never says, shut down the profit maximizing. People have the urge to do that. But why don't you try this alongside? And maybe you'll find that this is what brings you greater satisfaction. And it's a business. So, people who run it and people who work in it, they can get good salaries. It's not that they have to work for less. They have to get competitive salaries because they have to manage the business. So, you can have a good livelihood through that. It's just that the investors say that I don't want any profits beyond my initial capital.

Philippe Guichandut: Yes. There has been a very specific time in the life of Professor Muhammad Yunus. And I guess you also, because we all know that in August 2024, he became the interim Prime Minister. And you follow him within the government. And you were more in charge of the SDG and how you could better implement it. We know there are big challenges in reaching these SDGs for 2030. So, I wanted to know what has been the work that you have done. And also, the limitation may be that as a government, in the government to promote SDG. How was it?

Lamiya Morshed: So, I was actually with Professor Yunus in Paris just before. I went back a few days before. I was back in Dhaka on July 30th. So, I saw the protests on the street. And I was on the streets on the 5th of August. And we were in touch with the people who wanted to come into the government. And of course, he came back on the 8th of August. I and a few others from his existing teams joined him in the government. And I was involved with the SDGs, but also with his other international initiatives, like his appointments, his travels, shaping his visits, working with the foreign office. We tried to actually enlarge some of the contacts of the Bangladesh government, because he has so many contacts in many places. So, we tried to bring that to the Bangladesh government. So that was one. The SDGs part made sense, because what we are doing through social business and building a world of Three Zeros links very closely with the sustainable development goals. In fact, I think the vision of Three Zeros encompasses many of the SDGs. So, we talked about it. But I would say it was there. I did a lot of events to promote it. We presented Bangladesh's, it's called the Voluntary National Review. Every year a country talks about where they are on the progress. So, we did that last year. But you know what we did? We tried to actually capture that moment in Bangladesh's history with the uprising and what the uprising was trying to achieve for the people of Bangladesh, because those relate to the SDGs too.

Philippe Guichandut: Yes, at the end.

Lamiya Morshed: All the reforms that he proposed that the government of Professor Yunus proposed, they all impact on the SDGs. So, we actually talked a little bit less about SDGs explicitly.

Lamiya Morshed: We talked more about what reforms this government was trying to bring in, that impact on the SDGs and how it will benefit the people of Bangladesh and how it's needed. Globally, of course, the SDGs are lagging behind. So, we use the opportunity to say why it's important to have these measurable goals. But for the case of Bangladesh, for this year and a half, we tried to say how are the reforms that Professor Yunus's government is implementing will help Bangladesh achieve the SDGs. So, we didn't speak about access to water or access to energy separately. We were trying to say more about how the initiatives, reform initiatives of the interim government were impacting on the SDGs. And we did the voluntary national review to capture this very important moment in Bangladesh's history where inequality of power, wealth and access was so great that the people rose up to throw a government. So, it was couched in a broader, I would say, frame.

Philippe Guichandut: Frame and perspective. And let's hope that the seeds that you plant, I mean, we grow up and be able to…

Lamiya Morshed: I think so, because I think that Bangladesh has changed. The young people who rose up and gave life, they gave life for this movement. They have not gone away. They are there. So even if it looks sometimes that maybe things are not moving the way as fast as they should, I think it is. I think it is. I think this is a change that is for the future. It's not going back.

Philippe Guichandut: So, I mean, we're coming to the end of this dialogue. So, what will be your main message to the new generation, to… And especially the women. We didn't talk so much about the women, but I know that women have been part of the focus of all the action of the Grameen Trust and Professor Muhammad Yunus.

Lamiya Morshed: That's true.

Philippe Guichandut: So, what would be the message you would have?

Lamiya Morshed: Well, I would say for the women, for the young people in particular, especially the women, that they have an extremely important role in not just creating their own life, but help create the life of the country and the community. From the beginning of Grameen Bank and Grameen Trust were replicated, we always saw that the women, when they received the economic opportunity to access financial services, that they bring benefits not just to themselves, but to the family and to the community. They always invest in the health and education of the children, so the whole family benefits. This is what we saw in a lot of countries, and definitely in Bangladesh as well. I remember Professor Yunus saying that men and women both repay equally well, but the women always invest in the family, and that's why we started focusing, it used to be 50-50, but we moved to 97% or 96% in Bangladesh. And in other countries like the US, it's 100% women, because it's the same story. When you give a woman an opportunity, she benefits her family and the society more powerfully than when it's given to men. And I think the message of social business and the Three Zeros is that it doesn't matter how young you are, whether you're a girl or a boy, you can start taking actions that will impact on your own life and that of your society. With the climate challenge, I don't think we wait until we come out of high school and finish university. You have to start now. And I think that's where the idea of the Three Zero clubs comes, where young people, as young as 12, girls and boys, form a peer group of five, like the Grameen Bank, to take actions to impact on the Three Zeros in their own lives when they're very young. So, that there's not a separation from your education and your life outside or the life in the planet. People understand very early on, that I'm part of this and if we want this earth to sustain, I have to play a part. It doesn't matter if I'm young or old. So, I would say that everyone has agency, everyone has power, young people, especially girls. There's a very important role for them to play, starting today. That would be my message.