

Banking the poor in Iran, illusion or reality?

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ABSTRACT

The problems of poverty and unemployment concerns in Iran are not covered by anyone, the high volume of alumni academic graduates, hidden unemployment, incomplete high employment, high volume of informal economic sector workers and the issues of this hand have become the concern of Iranian families and statesmen. Accordingly, the various employment plans are also in the recent decades have run due to not paying attention to the experiences with global value, in many cases, with the failure. In many countries in the world, policymakers have concluded that the charitable practices of the poor cannot help reduce the number of poor and their withdrawal from the poverty cycle; In fact, these aids play the role of a sedative that relieves inflammation, but do not necessarily lead to complete recovery, And this has made the problem of poverty one of the most intractable social crises in many societies, including poor and developing ones such as Iran. On the other hand, is not covered by anyone that the patterns of economic and social development in today's world, only one country and society does not have dedicated and successful patterns constantly repeat in the land of the other. In other words, research on successful global patterns is very interesting and functional and can be tried by benefiting from their strengths and weaknesses to achieve one or more specific purposes. Therefore, in this investigation, in addition to reviewing a special model, it is suggested to investigate the barriers and problems of poor banking in Iran and also to provide some solutions in this field.

Keywords: Poverty, unemployment, bank.

Introduction

Unemployment and poverty are words that are reminiscent of their passion and problems when they come to mind. Almost all poor people in all societies have the least access to financial resources and services (such as short-term and long-term banking facilities) and this inaccessibility will make them poorer. According to the statistics of the Islamic Consultative Research Center and the World Bank, Unfortunately, in recent years, the unemployment and poverty trend in Iran is bullish, and if effective strategies are not increasing in this process, it will surely be followed by irreparable consequences and damages. For example, statistical surveys show that during the 13-year period

from 2007 to 2019, the number of employed in the country increased by only 2.8 million, indicating net annual employment of 215,000 people. Also, the study shows that employment facilities were faced with 60% deviation over a period of 15 years. Of course, there is no one who is not wearing a lot of unemployment control to poverty and the lack of control, even to the emergence of revolutions and the collapse of governments will go forward. When the discussion of help is raised to the poor, most people will learn the adage that instead of giving fish, teach him fishing, but this look in Iran only very minor and in some charities (such as Imam Khomeini Relief Committee) or some business owners (such as the factory production of Firouz Health that all workers are disabled it) applies. The creation of poor banking is certainly one of the ways of poverty control and employment creation, which is the first time by Dr. Muhammad Yunus - Bangladeshi Economist- creator and inventor in the country of Bangladesh Bank Facility with Grameen established that the winner of the Nobel Peace Prize of 2006 was also. Of course, this article does not seek to develop Grameen Bank's model and its positive or negative points. So, first of all, you

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should first get acquainted with the Grameen Bank method in general.

Grameen Bank:

Banks usually do not lend to the poor. Because the poor cannot provide the loan conditions. They do not have the right and durable assets to introduce as collateral to the bank. Illiteracy is another limitation for many of the poor, which is difficult to encounter with the new banking system and most of them have not a history of receiving money and refunds to the bank and therefore, the Bank does not ensure the financial ability of such customers. Poor women are even more difficult because they are more unbalanced in terms of both income and job stability than men.

In addition to all these, we must note that side affairs related to each bank loan (including loans, the process of collecting relevant installments and also tracking and monitoring the regular payment by the borrower), the cost is more or less independent of the amount of the loan is relatively constant. For further explanation, it can be said that the bank payment fee (mainly as employees' wages and also renting a bank branch location) to carry out the lateral affairs related to a ten million rials loan has no significant difference with the cost of a five hundred million rials loan, while naturally a ten million rials loan, Fifty times the loan will generate five hundred million rials for the bank. As a result, banks tend to reduce the payment of loans with low sums as much as possible in order to control their costs. In 1983, Muhammed Yunus created a major leap in poverty alleviation in Bangladesh by establishing a non-governmental charitable foundation called "Grameen Bank". The activity of the Grameen bank, unlike the common belief in existing banking systems, is based on granting loans and other banking services without collateral to the poor. In this way, the bank, which is the first specialized bank of the poor, has been able to cover more than five million of Bangladeshi poorer, which are more than 90% of women who are female-headed households. The supportive mechanism used by Grameen Bank is based on "Micro Credit" payment for small business startups and gradual financial self-sufficiency. The remarkable success of Grameen Bank in Bangladesh has led the charity to set up branches in more than 50 countries around the world. In an article, Michael Todaro describes the model of Grameen bank.

He believes that for the rural poor peasants, access to credit can mean the chance to buy livestock and supplies required and also having limited capital goods that makes them able to greatly improve their productivity, their diverse crops and through the production of cereals can be criticized for commercial and agricultural market, toward the end of a marginal peasant farmer to become a business. For poor rural workers without land, access to credits can mean a chance to learn the skills and purchase raw materials (such as textiles) and tools (such as sewing machines) that will eventually become a successful business. By Matthew Roben, borrowing the money to small groups instead of individuals, targeting to pay the major of the loan to women, offer loans at different levels and offer a higher

interest rate than the common interest rate, the most important reasons for the success of Grameen Bank. The bank only lends to groups of 10 to 20 members, and its small business is run on the basis of a particular model that if one or more people fail to meet their obligations, the collective obligation acts as a guarantor for the bank. Increasing the sense of belonging to the group and trying to work with teamwork is one of the results of such an approach; they also have internal control over each other's behavior due to the group's commitment to the bank, which increases the likelihood of project success.

Lending to women is another successful experience of this bank. The precision and order of women in the care of financial resources are one of the reasons why they are more trusted by Grameen Bank. Another Grameen Bank practice is that a step-by-step lending mechanism applies, meaning that if the borrower is orderly and precise, the bank will then lend more money to the borrower.

Grameen Bank's Goals for the Poor:

1. Expanding and offering bank loans to poor men and women
2. Eliminate the exploitation of poor people by money lenders
3. Creating self-employment opportunities for a large number of unemployed people in villages in Bangladesh
4. Emancipate vulnerable people, especially women, from doing humble housework and putting them in an organizational format so that they can think and do their work independently.

Specifications of Grameen Bank Mechanisms:

Important features of the executive mechanisms in the Grameen Banking system can be summarized as follows:

1. Failure to request collateral from the borrower, the bank's legal tool in this regard, the guarantee of a group or create a joint debt.
2. The loan repayment rate is 98%. The reason for this reasonable rate is the exposure of borrowers in small groups and team training regarding the way of financial management in order to get more loans in the next stage.
3. 100% of loans are financed from bank deposits.
4. Failure to receive a loan or grant by the bank of others from 1995 so far. Therefore, payments are made from the bank's revenue.
5. Using a lower interest rate on a loan than the government rate and a higher deposit rate.
6. Paying a loan with an interest rate of zero percent to the very miserables people as members.
7. Cheap loan payment for house building for poor.
8. Payment of loans to small businesses.
9. Granting scholarships and educational loans to customers.
10. Formation of Grameen Communication network as the following companies of Grameen Bank.

11. Payment of installments of the borrower in case of death by the loan insurance fund and the use of survivors of deceased persons of life insurance.
12. Establishment of pension fund for borrowers.
13. Compensation for unpaid loans through loan conversion to "flexible loan".
14. Providing telephone service to members.
15. Using computers and information and communication technology in bank accounting system in order to build institutional capacity in the bank structure and facilitate affairs.
16. Creating self-employment opportunities for a large number of unemployed people in villages.

Muhammad Yunus, with the belief that even the most poor people have the motivation and creativity to start small businesses, the low-paying loan compactness paid for the people of the 12-dollar loans. Loan recipients, they spent money on things like buying a lactating cow, buying bamboo wood to build a tripod, buying wool for weaving scarves or other income generating activities. Muhammad Yunus and his bank acted exactly as opposed to the big banks of the world, who are just thinking of granting loans to the rich and forgotten the poor. Unlike other banks, His bank has now become a renowned banking institution serving poor and based on trust and solidarity to work and invest.

Discussion and Conclusion:

As mentioned at the outset, this post does not seek to develop a Grameen Bank model and is intended solely to examine the barriers to its formation in Iran and to provide suggestions. Therefore, considering the successful Grameen Bank system and comparing it with the current situation in Iran, the major problems and some suggested solutions in this regard are as follows:

Problems with the formation of poor banking in Iran:

1. Lack of defined laws and mechanisms, especially by the central bank.
2. Identifying and ranking eligible groups in Iran, given the distribution of villages and climates in each particular region, as well as the lack of specific statistics on poverty and the number of poor (even on the site of the Iranian Statistical Center, the most official and authoritative reference in this area). Is also not accessible) is very difficult and costly.
3. The unwillingness of banks to pay this type of loan.
4. Lack of supervision over the use of the loan (due to the experience of the Agricultural Bank in the payment of micro credit) and also the impossibility of validating qualified groups due to the lack of credit repayment history.

Suggestions:

1. Formulating flexible laws in accordance with Islamic banking by the Central Bank and the Monetary and Credit Council.
2. Providing support packages or the allocation of credit line to banks to create interest in them in order to participate in the plan.
3. Assistance from local agencies such as village councils or to validate and categorize target groups as well as monitor how loans are used (due to the fact that these institutions are located in villages while reducing costs, accurate assessments more will be done).
4. Creating an integrated target population of the poor to utilize professional and economic capacities with the help of software and computer systems. This, according to the scientific principle of cooperation and synergy, makes potential capacity real.
5. Free advice on proposals or money management, etc. to the poor.

The Last Word:

The last word is that due to the attitude of the contingency and the existence of cultures and subcultures and different conditions of both Iran and Bangladesh, any society should adapt themselves to the conditions of the country and this first on a very small scale implementation. Certainly, the successful experiences of the Imam Khomeini Relief Committee as well as a review of the Agricultural Bank's experience in this field will be helpful.

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