ITEM4 - Financial inclusion: Lessons between the South and the North
April 11 & 12, 2013, Paris, France

FOSS Meets Microcredit-Case Study from China

Wu Wei & Li Jun

Sous le haut patronage de
M. Benoît HAMON, Ministre délégué auprès du Ministre de l'Économie et des Finances, chargé de l'Economie Sociale et Solidaire et de la Consommation
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Research Question

How FOSS MCIS has been implemented in Chinese Microfinance Institutions?
Literature Review

- Interlectual Property
- Technology in Microfinance
- Microfinance in China
- MCIS in China
Propositions:

- natural rights: Outcome of your labour and your body should be protected; (Ayn Rand, 1967)
- utilitarian function: maximize social wealth and utility by eliminating free-riders; (Friedman, 1994)

Oppositions:

- Nature rights:
  - The patent law which deprives the right of individuals to use their own belongings is not justifiable neither generate marginal utilities;
  - Soft IP creates arbitrary scarce as they are non-occupational or non-scarce;
  - U.S. Supreme Court v.s United States Court of Appeals for the Federal Circuit (CAFC) on software exceptions;

- Utilitarian Function:
  - Cost in preventing patent law punishment outrages the margin of social wealth creation;
## Microcredit in China

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<tr>
<th>Region</th>
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<td>GFUSA</td>
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<td>Yanchi; Chifeng;</td>
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## Mifos in the World

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Mifos in China

Ningxia Yanchi MCC
ChiFeng ZWDWA
Shannxi XixiangWA

Youchange Purong

Grameen Foundation USA
Youchange Foundation
Kunshan Tano
Methodology

• Data Collection:
  • Semi-Structured Survey;
  • Interviewees: Loan Officers, Junior/ Senior Managers;

• Data Analysis:
  • Context based analysis;
Findings:

CZWSDA-Where?
## CZWSDA-Lending Process

### Rural Product
- Targeting clients
  - Women
  - Demand
- Centre Conference
  - Forming
  - Training
- Primary Assessment
  - Grouping
  - 5 members/Group
  - 2-7 Groups/Centre
- Documentation
  - Contract
  - Due Diligence
  - Repayment Plan
- Appraisal
  - Loan Disburse (HQ-Branch-Office)
- First Centre Meeting
- Group Meeting (Repeat)
- Last Centre Meeting

### Urban Product
- **1st Type**
  - Targeting Clients
    - Women
    - Demand Guaranteeing
  - Find a Guarantee
  - Documentation
    - Contract
  - Due Diligence
  - Repayment Plan
  - Appraisal
    - Loan Disburse (HQ-Branch)
    - Repayment Completed

- **2nd Type**
  - Targeting Clients
    - Women
    - Demand
  - Grouping
  - 5 members/Group
  - Documentation
    - Contract
  - Due Diligence
  - Repayment Plan
  - Appraisal
    - Loan Disburse (HQ-Branch)
    - Last Group Meeting

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*ITEM4, Paris, 2013*
Conclusions

Sustainability Challenge

• Funding
• Technical Assistance

Lending in Transition: Members & Staff Mobility;
Functionality: Financial Reporting;
Human Resource: No IT professionals;
Data Security: Power & Internet Interruption;
Ownership;
Future research

• What is the role of back-office in FOSS?
• Can FOSS bring an alternative international trade model between the North and the South?
• New critiatia of Ethical Microfinance Investment?
Thank you very much!

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