

## **BALTIMORE SUN - October 14, 2006**

### **EARLY ON, IT WASN'T CLEAR HOW BIG IDEA WOULD GET**

He was just a humble bookkeeper at a tiny bank in one of the world's poorest countries. So it never occurred to Asif Dowla that he was part of something that would someday change the world. When Dowla worked for five months at what would become the Grameen Bank of Bangladesh back in the late 1970s, it had just two other employees and served a few tiny villages. But the bank's founder had an idea. Dowla was recruited for the job by his doctoral thesis adviser at Bangladesh's Chittagong University, Professor Muhammad Yunus, who won the Nobel Peace Prize yesterday.

Yunus, a Vanderbilt-trained economist, had failed to sell established banks on his idea of providing loans as small as \$5 and \$10 for the poor to launch small businesses and lift themselves out of poverty. So Yunus handed a few villagers \$27 from his own pocket. Eventually, he started a small bank of his own. From those humble beginnings, Yunus launched the global microcredit movement. Dowla, now a 52-year-old economics professor at St. Mary's College of Maryland, said he always believed in his mentor's vision. "He has changed people's lives," he said. "There's no doubt about that." But Dowla adds that he didn't recognize, at first, how powerful the microcredit idea was. "I didn't see how big it was going to get," he said in a telephone interview from his faculty office.

### **Today - 16,000 employees - 6.6 million households - \$70 million a month**

Today, the Grameen Bank has 16,000 employees and a 20-story headquarters in the capital, Dhaka. It has borrowers in 6.6 million households around Bangladesh and lends out about \$70 million a month. Through loans as small as \$20, the bank helps families start small businesses, build homes, or just feed, clothe and educate their children. And it generally makes a profit.

Grameen has also inspired 110 other micro-loan banks around the world, some affiliated and some independent. Similar banks have opened in such developed countries as the U.S., as well as Burma, Zambia, Turkey and China.

Dowla, who teaches a course called the "Economics of Developing Countries," took a sabbatical in the late 1990s to research a book about the bank called *The Poor Always Pay Back: The Grameen II Story*. The book, written with Grameen co-founder Dipal Barua, is scheduled for publication next month by Kumarian Press. After graduating from Chittagong in 1978, Dowla immigrated to the West. He received a doctorate from Southern Methodist University in 1986 and joined the St. Mary's faculty in 1991. He lives in Lexington Park with his wife, a student at St. Mary's, and three children, including his oldest son, a sophomore at the University of Maryland.

After hearing the Nobel announcement early yesterday, Dowla decided not to even try to call his old

friend, mentor and colleague in Bangladesh. Yunus' apartment at the bank was besieged, Dowla said, by government officials and the news media. But Dowla remembers those early days, when the bank was struggling to get off the ground. Bankers were skeptical, Dowla said. "Why do you want to give money to poor people?" they asked. "They're never going to give it back."

### **And at first there were significant problems.**

Yunus began by lending money only to men. But he and other bank employees soon found that men sometimes squandered the money on cigarettes, gambling or useless status symbols. Women, on the other hand, were more practical: They typically spent money on school fees, uniforms and better food for their children.

### **97% are women**

Today, he said, up to 97 percent of Grameen's borrowers are women. Over the years, the bank's services have gradually expanded. Now it offers savings accounts, pensions and low-interest educational loans. Two years ago, it even started a program of small loans to beggars, interest free. "It's social entrepreneurship," Dowla said. "Yunus wants to make a profit, but he doesn't want to make a filthy amount of profit." Grameen Bank's borrowers have repaid 98.5 percent of their loans, Dowla said, a rate of repayment much higher than that of many Western commercial lenders. Traditional banks in Bangladesh recover about half of what they lend.

Dowla once asked Yunus why he thought the poor were such diligent borrowers. "Look, it's self-interest," Yunus told him. "They know that this is the only window open to them. They don't want to mess it up."

All poor borrowers need from a bank is forbearance, Dowla said, if they can't make a monthly payment because, say, they have to buy medicine for a sick child. One of the bank's most important services is its 5 percent educational loans, which is about the rate of inflation in Bangladesh. Giving Bangladesh's poor the means to better themselves has not just improved their lives materially, Dowla said. It has given many poor Bangladeshis reason to believe in themselves. "The self-esteem that he has inculcated in poor people's minds is amazing," Dowla said.

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