



## INTRODUCTION TO MICROFINANCE

**BUSI4515A/FINA5515D – FALL 2017**

<b>Instructor</b>	Najib Khan
<b>Office</b>	TBD
<b>Telephone</b>	(613) 520 2388
<b>E-Mail</b>	<a href="mailto:najib.khan@carleton.ca">najib.khan@carleton.ca</a>
<b>Office Hours</b>	Wednesdays: 16:30 –18:00 (4:30 PM to 6:00 PM)
<b>Class Location</b>	Dunton Tower Room 701
<b>Class Hours</b>	Wednesdays: 18:05 - 20:55 (6:05 PM – 8:55 PM)
<b>Prerequisite(s)</b>	<p><b>Graduate:</b> FINA 5501, FINA 5502.</p> <p><b>Undergrad:</b> BUSI 2505 with a grade of C+ or higher, STAT 2606 and ECON 2009 with a grade of C- or higher in each, fourth year standing and enrollment in the Global Financial Management and Systems concentration in the BIB.</p> <p><b>Note:</b> The School enforces all prerequisites.</p>

### Course Description

The course introduces students to the theory and practice of Microfinance. It provides students with a comprehensive understanding of Microfinance, its achievements, its current challenges, and the basic skills needed to manage Microfinance Institutions (MFIs). The course also serves as a forum to reflect on the future of Microfinance and of financing for development in general. The course pedagogy comprises a mixture of lectures, multimedia presentations, quizzes, and open discussions of some selected case studies.

### 2017/2018 Course Calendar Description

Theory and practice of microfinance, its achievements and current challenges; basic skills needed to manage microfinance institutions. The future of microfinance and of financing for development in general. A mix of cases and lectures will be used.

## **Course Learning Objectives**

The course main objective is to introduce students to the world of fundamental notions that constitute the bases for the theory of Microfinance, and to equip them with the tools necessary for the analysis of MFIs. After successfully completing the course, the students are expected to:

- Understand and explain the concept, as well as importance, of a microfinance market in the light of a traditional credit market;
- Analyze the main features of microcredit, and the functionalities of an MFI;
- Identify the difference between various products and services offered by MFIs and traditional financial intermediaries;
- Demonstrate the knowledge and understanding of costs and risks attached to microfinancing, particularly credit risk and liquidity risk;
- Have an overall understanding of the functioning of MFIs under different cultural environments.

## **Methods Used to Evaluate Student Performance**

### **1. Course Attendance and Participation (10%)**

The course is designed to be very interactive leading to opportunities for class participation for every student. Participation will be assessed, and awarded, by the professor. Students with 100% class attendance and participation will be awarded 10% marks towards their final grade. The absence from each session will cost 1 mark. The absence of more than five sessions will result in a zero-mark for attendance and participation. Those with a zero-mark for attendance and participation will not be allowed to write the final exam, implying a zero-mark for the final exam. The absence penalty is waived for a maximum of two sessions with a legitimate reason (medical or family emergency) that is supported by an official document. A signing sheet will be circulated and required to be signed by every student. The students must take the responsibility of signing the attendance sheet during the session before the session is over.

### **2. In-Class Quizzes (10%)**

There are five quizzes to be held in class starting Session 3. These quizzes will contain multiple-choice questions derived from the chapters and topics covered in the preceding weeks. For more details on these quizzes, please refer to the course calendar.

### **3. Group Work: Assignment & Presentation (20%)**

The Sprott School of Business encourages group assignments in the school for several reasons: They offer opportunities to develop and enhance interpersonal, communication, leadership,

follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. The group assignment in this course concerns the textbook chapters as well as the selected case studies.

Groups will be formed of 3 to 4 students during the first two sessions. Each group must designate a person to coordinate the delivery of the project and the communication.

Students are responsible for managing their group, including highlighting opportunities for the group to improve and to continuously offer recommendations for the group to work effectively and efficiently. If groups have serious differences, then it is required to show the professor a detailed record of performance problems (i.e. emails, a file describing the problem, detailed challenges, and detailed missed meetings).

#### **4. Mid-Term Examination (20%)**

There will be a 2-hour midterm exam that will cover all the material from the first six sessions (weeks). The midterm exam may include multiple-choice questions, critical thinking questions for short answers, or a combination of the two.

#### **5. Cumulative Final Examination (40%)**

The final exam will focus on the materials covered throughout the class. The final exam MAY include multiple-choice questions, model and problem-solving questions, critical thinking questions for short answers (from chapters and cases), or any combination of the above.

**Note:** The answers to the analytical questions or the model problem-solving questions in the midterm and the final exams should be of short-to-medium length (half or a full page per question, single-spaced in a standard examination book). Bullet points are NOT acceptable, as the purpose of this examination is to test the comprehension and ability to work with the concepts of the course rather than to purely assess memory retention. Students should emphasize the depth of their answers, rather than attempting to cover a broad number of separate points.

**Email Communication Guidelines:** Always use your university email account. Emails from other domains will be treated as spam, and may not be responded. It is recommended to use your full name, group number and student number to encourage clear identification, and clear communication. Emails will be responded within two business days (Monday – Friday). However, you are expected to ask questions and seek information either in class, during office hours, or on the course website rather than emailing the professor.

## **Course Text Material**

***Microfinance Handbook: An Institutional and Financial Perspective***, Joanna Ledgerwood, The World Bank: Washington, D.C.

Additional course material, such as lecture notes, academic and financial articles, cases and reports along with their sources will be posted. Efforts have been made to include the most recent and relevant information in the text material, which will help students keep abreast with the challenges facing the modern Microfinance.

## Course Calendar

Date	Topics and Themes	Reading
Sep 6	Introduction and Overview; The Evolving Financial Landscape	Course Syllabus; Chapter 1: The New Microfinance Handbook (TNMFHB)
Sep 13	Clients	Chapter 2 – TNMFHB
Sep 20	The Role of Various Players in Financial Inclusion	Chapters 3 & 4 – TNMFHB; Quiz 1
Sep 27	Community-Based Providers	Chapter 6 – TNMFHB
Oct 4	Institutional Providers	Chapter 7 – TNMFHB; Quiz 2: Ch. 3 & 4
Oct 11	Savings Services	Chapter 8 – TNMFHB
Oct 18	Credit	Chapter 9 – TNMFHB; Quiz 3: Ch. 6 & 7
Oct 25	<i>Carleton Study Break Week</i>	No Classes During the Study Break
Nov 1	Mid-Term Examination	Chapters 1, 2, 3, 4, 6 and 7
Nov 8	Monitoring & Managing Financial/Social Performance	Chapter 14 – TNMFHB
Nov 15	Building Inclusive Financial Markets	Chapter 19 – TNMFHB
Nov 22	Case Studies & Group Presentations	Quiz 5: Ch. 14 & 19
Nov 29	Case Studies & Group Presentations	
Dec 6	Conclusion	

## Additional Information

### Course Sharing Websites

Materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

### **Required calculator in BUSI course examinations**

If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

### **Group work**

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your professor may assign one or more group tasks/assignments/projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

A+ = 90-100	B+ = 77-79	C+ = 67-69	D+ = 57-59
A = 85-89	B = 73-76	C = 63-66	D = 53-56
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52
F = Below 50			

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

**Academic Regulations and Accommodations:** University rules regarding registration, withdrawal and appealing marks can be found on the university's website at:

<http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/>

### **Requests for Academic Accommodations**

**For Students with Disabilities:** The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or [pmc@carleton.ca](mailto:pmc@carleton.ca) for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your **Letter of Accommodation** at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (*if applicable*).

**Requests made within two weeks will be reviewed on a case-by-case basis.** After requesting

accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website ([www.carleton.ca/pmc](http://www.carleton.ca/pmc)) for the deadline to request accommodations for the formally-scheduled exam (*if applicable*).

***For Religious Obligations:*** Students requesting academic accommodation on the basis of religious obligation should make a formal, written request to their instructors for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory event.

Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student.

Students and instructors can confirm accommodation eligibility of a religious event or practice by referring to the Equity Services website (<http://carleton.ca/equity/accommodation/religious-observances/>) for a list of holy days and Carleton's Academic Accommodation policies. If there are any questions on the part of the student or instructor, they can be directed to an Equity Services Advisor in the Equity Services Department for assistance.

***For Pregnancy:*** Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a letter of accommodation. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

**Academic Integrity:** Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another's ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include; a grade of Failure in the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <http://carleton.ca/studentaffairs/academic-integrity>.

### **Sprott Student Services**

The Sprott student services office, located in 710 Dunton Tower, offers academic advising, study skills advising, and overall academic success support. If you're having a difficult time with this course or others, or just need some guidance on how to successfully complete your Sprott degree, please drop in any weekday between 8:30am and 4:30pm. Our advisors are happy to

discuss grades, course selection, tutoring, concentrations, and will ensure that you get connected with the resources you need to succeed! <http://sprrott.carleton.ca/students/undergraduate/learning-support/>  
Be in the know with what's happening at Sprrott: Follow @SprrottStudents and find us on Facebook SprrottStudents Sprrott.

### **Centre for Student Academic Support**

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at: [carleton.ca/csas](http://carleton.ca/csas).

### **Important Information**

- Students must always retain a hard copy of all work that is submitted.
- All final grades are subject to the Dean's approval.
- For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, it would be easier to respond to your inquiries if you would send all email from your Carleton account. If you do not have or have yet to activate this account, you may wish to do so by visiting <http://carleton.ca/ccs/students/>

### **A Brief Bio of the Instructor (Najib Khan)**

I have a PhD in Economics from the University of Ottawa. I also received my Master's in Economics from uOttawa. Earlier in 1999, I earned an MBA from North Park University, Chicago. My undergraduate in Economics was from Ummal Qura University.

I have an ambitious research agenda that includes both empirical and theoretical topics in my primary research area of Monetary Economics, Applied Econometrics and Finance.

I have a University Teaching Certificate, and have taught courses in Business, Economics, Econometrics, Finance and Management. I have also taught abroad as a visiting professor.

More importantly, I have a wealth of professional experience: Following my MBA, I worked as a Market Research Analyst for a software company in Chicago. After migrating to Canada, I acquired the life insurance and mutual-fund licenses, and joined the financial sector as a Financial Analyst. I worked for the largest Canadian financial group, RBC Financial Group, before starting my own business in the financial services.

I love biking and camping, as well as watching documentaries with my family!

For more on my profile, visit my personal website at: <http://najibkhan.weebly.com/>