

Microlending helps small entrepreneurs start businesses

[Business](#)



Micro lending Kiva. org has been very successful at extending micro lending to entrepreneurs in need. What about kiva. Org has helped it so successful? Kiva. org partners with microfinance agencies in the entire world. Such partnership approves business people and sends their portfolio to Kiva. In turn, the entrepreneurs profiles are uploaded on kiva's website which gives people a chance to lend money to individual they want. They can send their donations via the site. Another factor that has made Kiva successful is that it distributes loans, collect repayments and work with entrepreneurs to ensure they succeed.

2. What is unique about the way kiva. org is organized that sets it apart from more traditional businesses?

Kiva. org does not earn returns from entrepreneur's investments but they apply an interest rate of 23 to 48 percent depending on the amount borrowed. Unlike traditional businesses, the interest rates of kiva. org cover transaction costs, loans, inflation rates and defaults and much less when compared with informal lenders.

3. Do you think the kiva. org model of giving loans would work for larger loans or even for other kinds of businesses?

I think the model that Kiva. org uses in giving loans cannot work for larger loans or other types of businesses since it brings less profit to the company. Further, at times of high inflation, people cannot be in a position to access loans due to lack of funds since they hold the money. Additionally, when there are defaults, the company can suffer massive losses.