



## **“Everyone is born an entrepreneur.”**

### **M. Yunus, Grameen Bank, Nobel laureate**

---

Muhammad Yunus believes the world must look again at what banks should be—and what they should do. The Bangladeshi Nobel laureate and founder of Grameen Bank also wants to upend our thinking about jobs and entrepreneurship. He sent a video message to the Global Think Tank Summit held in Yokohama in May, and organized by the Asian Development Bank Institute and the Think Tanks and Civil Societies Program, University of Pennsylvania. He spoke about the microcredit institution he founded some 40 years ago. He started Grameen after seeing the life-changing effects of lending his own money to poor villagers near his university at Chittagong.

**I had no idea what I was doing but circumstances pushed me to do that due to loan sharks in the village. And it worked. People loved it. It became very popular and I was very happy that I could be of assistance to them, that I could solve their problems. They don't have to be victims of loan sharks.**

Grameen Bank, or Village Bank, is owned by its members. Yunus says it has 49 million borrowers in Bangladesh. Ninety-seven percent are women. The bank lends out over \$1.5 billion a year. What makes Grameen special is its purpose—to lend to poor people, mostly women, who have no collateral whatsoever. Some might say that's a recipe for defaults, but Yunus says the reverse has turned out to be true.

**The repayment rate has remained very high all along in the entire history of Grameen Bank. Over 97%, 98%, and now 99%. It raises a lot of questions. Why don't banks do that? I keep pointing out banks work in very funny ways. They lend money to people who have lots of money. And they don't lend money to people who don't have money. As any logic will tell us, it should be the other way around. Banks should lend money to people who don't have money, yet they do otherwise.**

Yunus says the reason conventional banks can't adopt the Grameen model is they're not conceived for this purpose. But he says has a solution.

**Two things are needed to lend money to poor people: a methodology that is appropriate for them and an institution. Grameen Bank developed the methodology. It works. It works all over the world. Rich country, poor country. We even have a Grameen program in the US called Grameen America. We have**

nearly 100,000 borrowers in 11 cities through 19 branches. The repayment rate is over 99%. We have no problem whatsoever. It's not a question of poor country or rich country. It's a question of people deprived of the banking system.

Solving poverty is, more than anything, a matter of thinking differently, says Yunus. He points out some institutions that can easily adopt the microcredit model. He says society should look harder at creating banks for people who most need them.

The idea of microcredit has been adopted across the world, but not the institution. So it's done by NGOs. That's where ADB [the Asian Development Bank] can help. Why don't we create banks for the poor? Encourage the countries, encourage the policy makers to think about the methodology and institution.

Many people see poverty as a vicious cycle from which escape is all but impossible. But Yunus believes every human being has the skills to improve his or her life. He says people are held back by an outdated emphasis on the conventional job market.

Every human being is an entrepreneur, everyone is born an entrepreneur. That's history. When we were in the caves, we were not sending job applications to anybody. We took care of ourselves. That's how human beings are. Million years of history. It's only recently that we are applying for jobs because our books are telling us how to apply for jobs. A job is our destiny. That's a completely wrong conception of a human being. A job is not the destiny of human beings. Entrepreneurship is the destiny of human beings. Creativity is the destiny of human beings. Let's go back to the basics and that's what microcredit does. All these illiterate poor women in villages, remote villages and mountains. They are not looking for jobs, just a small amount of money so that they can start businesses, and that's what microcredit has done. Provided the money. I keep saying financial resources like credit and other services are like economic oxygen. People need oxygen to breath, to survive, to function. Without oxygen our body doesn't function. It becomes weak. It becomes dead. Financial oxygen is also like that. Without that financial oxygen, people cannot use their faculties. They are economically weak. They are economically dead. Financial service is financial oxygen, and that's not available to most of the world's poor people, the bottom 50% of people have no access to that oxygen.

Yunus asks, what is the world waiting for? He says over 300 million people currently make use of microcredit, but most financial institutions do little more than leave it to NGOs or set up token programs. He says all that's needed is new impetus for change within these institutions.

Nobody says that it is not financially workable. Nobody tells us that. So why are we hesitating? We can extend entrepreneurship to all people. This is what we do: telling young people, particularly in Bangladesh, to believe and persuade themselves that they are not job seekers; they are job creators. A completely different role. It was very difficult in the beginning to understand that. How can I

be a job creator? I don't have job myself. Because you are always told right from birth that you have to find a job. Get good grades in school, and you get a good job. That's where the problem begins. Ultimately most of us remain unemployed because there not enough job opportunities. Because we are pushed in the wrong direction. We don't have to be at the mercy of anybody. All we need is financial backup. That's missing completely. If you put money on the table, everybody around the table will be entrepreneurs.

Yunus also reinterprets the notion of venture capital. His idea of a successful investment is one that doesn't just deliver financially, but helps find solutions that improve people's lives.

We have created social business investment funds. Social Business Venture Capital Fund. We tell young people, "Come with business ideas. We'll invest in your business." The difference between conventional venture capital and social business venture is conventional venture capital wants to make big money. We turn it around. Our venture capital is not interested in making money. Our venture capital is interested in solving your problem. Once your problem is solved—meaning you become an entrepreneur—you return the money that we gave you, plus the operational cost: a small amount of money. And all the profit belongs to you. You continue and this is your new partner. Now we get thousands and thousands of young people coming up with new business ideas and we keep on investing in them. Instead of waiting for jobs, which are not coming, become an entrepreneur yourself.

Yunus says he uses the name "social business" to differentiate his approach from conventional business, which he says has only one aim: to make money.

The new kind of business is a problem-solving business. It's fully dedicated to solving problems in a sustainable way. No interest, no intention of making money out of this business. The world that we created today is created by profit-driven companies, profit-driven motivations and so on. Many problems are created in the process. If we follow the same path of profit motive, we end up in the same destination. But we want to have a different destination—a destination where we have no poverty, no unemployment, no environmental hazards.

Yunus steers Grameen with a clear destination in mind. He calls his goal the "three zeros," and stresses the journey can be undertaken by anyone, whether it's a social business or a profit-driven model.

Zero poverty, zero unemployment, zero net carbon emission. If you follow that destination, we build new roads of social business, technology, entrepreneurship. Young people, all can participate in building this new road to get there. You don't have to wait for long to do that. It's only a question of putting our mind to it. Conventional businesses, money-making businesses can participate in that, too. Pick any problem you have: create a social business to solve it in a business way.

Young people will be creating social business. Business people will be creating social business. Governments will be creating social business. Foundations will be creating social business. And ADB will be helping them understand what social businesses is.

That was Muhammad Yunus, founder of microcredit institution Grameen Bank, in a video speech for the Global Think Tank Summit in Yokohama in May, organized by the Asian Development Bank Institute and the Think Tanks and Civil Societies Program, University of Pennsylvania.

### *Listen to podcast*

- <https://soundcloud.com/adbinstitute/everyone-is-born-an-entrepreneur-yunus-grameen-bank>

### *Watch the full presentation*

- <https://www.youtube.com/watch?v=kuVY-vByR6M&t=808s>