

ECON 465 - 500
Department of Economics
Texas A & M University

<p>Contemporary Issues in Economics: Microfinance Spring 2018 TTH 4:15-5:30 Allen 1002</p>
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SYLLABUS (REVISED 3/20/2018)

Course Instructor (First Half):

Prof. Adel Varghese

Allen 3057

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Office Hours: Tuesday 2-4 pm or by appointment

Teaching Assistant (First Half)/Course Instructor (Second Half):

Mr. Piruz Saboury

Allen 3009

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Office Hours: Tuesday 2-4 pm or by appointment

Description: This course covers one of the most fascinating topics in contemporary economics, microfinance. It will analyze recent research in the economics of microfinance. Economics of Microfinance will provide us with a basic text covering the fundamental issues. Other than studying theory and empirical work of recent research, I would like you to work on a “hands on” project on microfinance. We will discuss this later. This is NOT a “W” course, so it is not writing intensive.

Prerequisites: This is a 400 level Economics course, thus it employs an advanced understanding of economics.

COURSE GRADE

There will be two exams and one paper (including a presentation).

Exams: 2 exams 15% each = 30% total

Quizzes: 24% (lowest 2 full quizzes dropped)

(Some quizzes are comprised of two half quizzes (A and B) that together make one full quiz)

Response Sheets: 2 response sheets 8% each = 16% total

Project: 30% (includes paper, presentation, and other due dates)

There is no curve in this class. The grade breakdown is standard.

89.5-100: A, 79.5-89.4: B, 69.5-79.4: C, 59.5-69.4: D, Below 59.5: F

Course Objectives

Writing

- Improve analytical, writing, and presentation skills.
- Learn to read and summarize technical economics papers.
- Learn to design a policy oriented paper with academic rigor.

Topic

- Become familiar with as many different aspects of microfinance as possible.
- Microfinance is one of those rare fields that involves both academics and practitioners. In this respect, we want to question the academic research and see how relevant it is to the practical aspects of microfinance.
- Understand thoroughly the micro-asymmetries in lending.
- Understand how to evaluate impact studies.

MATERIAL INFORMATION

1. TEXT (REQUIRED)

Beatriz Armendariz de Aghion and Jonathan Morduch, The Economics of Microfinance, **Second Edition**, The MIT Press, 2010. (If you do not have the textbook within the second week of classes, your quiz grades might suffer.)

2. OPTIONAL READING

- Vikram Akula, A Fistful of Rice: My Unexpected Quest to End Poverty Through Profitability (November 2010).
- Alex Counts, Small Loans, Big Dreams: How Nobel Prize Winner Muhammad Yunus and Microfinance are Changing the World (April 2008).
- David Roodman, Due Diligence: An Impertinent Inquiry into Microfinance (2012).
- Muhammad Yunus, Banker to the Poor: Micro-Lending and the Battle Against World Poverty (2003).

3. Poll Everywhere (REQUIRED)

- A subscription must be purchased for \$14 to take quizzes.
- After the second week of the semester everybody is expected to have solved all issues with Poll Everywhere. No excuses are acceptable by that time. Please remember that as with any device you have to take time to understand it. In the second lecture we will have a practice quiz (not graded). In the third lecture we will have the first graded quiz.
- See the instructions on pages 7-9 and read it.

4. EXAMINATIONS

The first exam is on part 1 of the course that includes microfinance theory and the readings so far. The second exam is on part 2 of the course that includes impact studies and essays on the nature of microfinance. Learning objectives will be provided before each exam explaining what each exam covers. If you miss an exam you can only take a made up if you have a valid excuse, notify me within two working days of the exam, and provide written documentation of the valid excuse for the date and time of the exam.

5. Announced quizzes

These are full quizzes worth 10 points each. They are based on homework and its solutions posted before that class. The homework posted will be optional and won't be graded. They are meant to prepare you for quizzes and exams. You are strongly encouraged to work on them and ask questions about any parts that you do not understand. If missed, these quizzes can be made up with a valid excuse conditional on notifying me within two working days of the quiz and providing written documentation of the valid excuse for the date and time of the quiz. These quizzes will be announced in advance.

6. Poll Everywhere quizzes

Each full quiz of this type is comprised of two half quizzes conducted separately worth 5 points each. These are pop quizzes (won't be announced in advance) based on readings assigned for that day. So you need to read articles assigned for every class before coming to class. These quizzes cannot be made up unless there is a (1) valid TAMU related reason, (2) a series of very sick days and weeks, or (3) a series of job interviews which cannot be missed. I require notification of any of these situations within two working days of the quiz and written proof of the situation for the date and time of the quiz. These quizzes will be conducted electronically via polleverywhere.com. So you would need to use a texting device or a web device to respond. Instructions are provided on pages 7-9.

7. RESPONSE SHEETS

There is one response sheet due before the end of each part of the class. These allow you to articulate and reflect on what you have learned during each part of the course. You need to submit them electronically via eCampus as Turnitin Assignments. Additional instructions are provided on page 10.

8. PROJECT

The paper will allow you to get your "hands on" experience on a practical aspect of microfinance using the theory, empirical work, and readings as guide. You need to submit paper drafts electronically via eCampus as Turnitin Assignments. Additional instructions are provided on page 11.

OTHER COMMENTS AND QUESTIONS

1. How can I contact the professor or the TA?

The best way is via email (checked more than twice during weekdays). Please follow e-mail etiquette, have a header such as Dear Professor Varghese or Dear Mr. Saboury and always sign your emails. I do not check my office phone often so that is not a good way to get in touch with me. I am also not always in my office so it is better to set up a time to meet with me rather than come to my office without an appointment.

2. What if I miss a class?

I do not take class attendance but it is your responsibility to obtain class notes from a fellow student if you miss class. I will not go over the missed class with you. If you have remaining questions after having reviewed the material please ask me. You must be responsible for downloading the slides, and keeping up with the readings.

3. Policy on Grades

All grades in this class are final. I will not give a "bump" after the final grades are turned in and there is no extra credit. The cut off line is strict and as stated in the syllabus. So start working early so that you will not be in a bad situation at the end.

4. Readings

You are responsible for reading the articles and book chapters as announced, BEFORE that particular class date. You should be ready to have OPINIONS on the material. These readings will be available on the website. Students that have done well in class have said that it helps them to read the textbook before class. In order to avoid redundancy, I will not go over all the material in the textbook in class.

5. Tardiness

Please do not come late to class as it interferes with other students' learning. If you do come late, please be quiet. If you think there is a reason that you will regularly come late to class, please inform the professor.

6. Use of Electronic Devices during class

The use of electronic devices is strictly prohibited during class. Any student who is seen spending time on an electronic device will be asked to stop immediately. Repeated infractions and the student will be asked to leave the classroom. The only expectation is for taking Poll Everywhere quizzes.

7. Class Demeanor

Please do not talk excessively during class or get up in the middle of the class unless there is an emergency.

8. Academic Integrity Statement

By accepting admission to Texas A & M University, a student assumes a commitment to comply with the **Aggie Honor Code: "An Aggie does not lie, cheat, or steal nor tolerate those who do."**

Compliance with this code includes the avoidance of plagiarism. As commonly defined, plagiarism is presenting as one's own ideas, the work, writing, etc. that belongs to someone else. You are committing plagiarism if you copy the work of another person and/or let them submit it as your own, even if you have their permission. If the professor identifies plagiarism, then the issue will be forwarded to the Aggie Honors Council.

Other than plagiarism, a student may be academically dishonest. These include: acquiring information not permitted by the instructor, and providing information during an exam. If the professor identifies academic dishonesty, then the issue will be forwarded to the Aggie Honors Council.

9. Disabilities

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please visit <http://disability.tamu.edu>.

10. Student Learning Outcomes

Texas A&M University has identified student learning outcomes that describe our institutional commitment to your education goals. These include the ability to demonstrate critical thinking, effective communication, and social, cultural, and global competence. Please see http://provost.tamu.edu/essentials/pdfs/copy_of_UndergraduateLearningOutcomesFinal.pdf/view

CLASS OUTLINE

Note: titles in italics refer to readings not from text (on eCampus) while non-italics refer to sections from the textbook.

Part 1: (January 18 – February 22): OVERVIEW of MICROCREDIT

1. Rethinking Banking
2. Why Intervene in Credit Markets?
4. Group Lending
5. Beyond Group Lending

To read: (tentative list)

1. *Background Check*
2. *Millions for Millions (New Yorker Article)*
3. *Property Rights in Peru*
4. Testing AS vs MH (Section 2.5)
5. *Bank-Moneylender Linkages: Theory and Evidence* & Section 2.6
6. Evidence on Groups and Contracts (Section 4.5)
7. Competition and Incentives (Section 5.2.3) & Competition and Organizational Learning

Project Title, Project Group Members, Project References (at least 3) due on February 15

First Response Sheet due on February 20

Exam 1 on February 27 (regular class time)

Project Outline due on March 1

PROJECT WORK (March 1-6): Examples of MFIs and how they work

To read (and watch):

1. *Grameen and Grameen II*
2. *Microcredit for Americans*
3. *Kiva*
4. *Tala*

There is no class on March 8, March 13, March 15 (spring break)

CLASS OUTLINE CONTINUED

Part 2 (March 20 – April 19): OTHER ASPECTS of MICROFINANCE

6. Savings and Insurance
7. Gender
8. Commercialization and Regulation
9. Measuring Impacts

To read: (tentative list)

1. *A letter to our Peers*
2. Saving and Self Discipline (Section 6.5)
3. *MF regulation*
4. Randomized Evaluations (Section 6.7)
5. *Is Microcredit the Answer to Poverty?*
6. *Microfinance with Chinese Characteristics*
7. *A Multifaceted Program*
8. *Mission Drift*

Second Response Sheet due on April 17

Exam 2 on April 24 (regular class time)

Project Presentations on April 26 and May 1 (each group will be assigned a time slot in one of these days)

Project Drafts due the day before the assigned day of presentation April 25 or April 30

Final Project Papers (incorporated suggestions) due on May 7

All Response Sheet rewrites due on May 7

Poll Everywhere Instructions (Revised 1/15/18)

This is a short guide to registering with Poll Everywhere and using it to take quizzes and respond to polls in this course. Please refer to Poll Everywhere Help & FAQ or contact Poll Everywhere support for further information.

Step 1. Registration as a paid participant

- To register as an identifiable participant of my polls and quizzes with Poll Everywhere please use the following link and follow the instructions:

<https://www.polleverywhere.com/register?p=2g4zv-jx1b>

- You will see a page titled “Participant Registration” followed by my name “Adel Varghese”.
- If you already have a Poll Everywhere account, login in first. After logging in, you will see the message “By registering, Adel Varghese will be able to identify your responses.” If you have already paid for participation with another presenter (like another instructor who is using Poll Everywhere this semester) you won’t have to pay anything. Otherwise you will be prompted to pay \$14.00 for 1 year of access to Poll Everywhere as a paid participant. Once you entered your payment information (if required) click on the box that says “Register with Adel Varghese’s Account.”
- If you don’t have a Poll Everywhere account, you need to enter your name, email, choice of password, and payment information. Then click on the box that says “Register and charge \$14 to my credit card”.

Step 2. Setting up your devices

- Please go to (2a) if texting, (2b) if using a web browser, (2c) if using the mobile app. You may pick any method that you feel comfortable with.

Step 2a. Cellphone texting

- If you want to respond to quizzes by text, you DO need to **certify** your cellphone number so that I can identify you whenever you respond.
- To certify your number, sign in, click on your name on the upper right corner, go to settings, then go to personal info. Type in your cellphone number and click on certify. Follow the instructions.
- To take a quiz with texting, you need to first text avarghese to **37607** to join my session. You just need to join the session once during a quiz with multiple questions. Then to respond to any quiz question you need to text the code that corresponds to the correct answer to **37607**. To change

your response while the question is still available, you need to clear your last response by texting “undo” to **37607**. Then you can submit a new response.

Note 1: In very rare cases, your carrier may block the use of short codes such as 37607. The backup texting number then is (747) 444-3548 (this is used sparingly so only use if you need to).

Note 2: Please keep in mind that when you respond by texting, Poll Everywhere does not charge you. However, you will be sending and receiving standard text messages and your phone carrier would charge you as it normally does for standard text messages, which depends on your mobile phone plan.

Step 2b. Using the internet through a web browser on computers, tablets, or smartphones

- To respond to a quiz question using a web device such as a computer, a tablet, or a smartphone you need to go to **PollEv.com/avarghese** webpage and **log in to your account** and then click on the correct answer choice for the active quiz question. You will just need to log in once during a quiz with multiple questions. You can also log in before starting the quiz to save time. To change your response, you need to clear your last response by clicking the Clear button. Then you can submit a new response.

Step 2c. Using the internet through a mobile app on tablets or smartphones

- You can also use a mobile app to respond to a quiz on a mobile device. If you prefer this option, you can use one of the following links depending on your mobile device’s operating system and follow the instructions:

iPhone & iPad: <https://itunes.apple.com/us/app/poll-everywhere/id893375312>

Android: <https://play.google.com/store/apps/details?id=com.polleverywhere.mobile>

Step 3. Entering your UIN, for all users, regardless of device

- In order for me to be able to uniquely identify you and transfer your quiz grades from Poll Everywhere to eCampus, I need you to provide your UIN (student ID number) in your Poll Everywhere account.
- To add your UIN, sign in, click on your name on the upper right corner, go to settings, then go to participant registration. Then look at where it says “You've registered with these presenters”, click the “Details” link under my name, and enter your UIN. Probably the default in that box is your email address.

Step 4. Taking a quiz

- Each quiz question would be displayed **for a limited time** on the big screen in front of the classroom along with answer choices each followed by a code.
- Quiz questions will come sequentially and each question would be displayed and open for submission of answers for a **limited time**.
- If we have moved on from one question, you cannot change the answer to that question. If we are still on the question, you can change the answer, see the instructions above according to which device you use.
- I will also use this system for ungraded poll questions during some lectures. Responding to those would be optional. To respond to those you need to follow the same guidelines explained above.

Troubleshooting & FAQs

What if my device does not work or cannot connect to the Wi-Fi?

- If technology fails, then you can turn in your answers on paper. For credit, you must write your name clearly, the question numbers and your answers fully “TRUE” or “FALSE,” etc., the date, and finally the title of the article the quiz is based on. This cannot be used for sequential attended classes, i.e. if you use it for one class, you cannot use it for the next class. It can only be used a total of three times for the entire semester.

Can I see the old quizzes?

- If have taken a quiz you can see it by going to the response history of your account. If you have not taken a quiz, unfortunately you cannot see it because there is no response recorded from you. You will have to contact another class member to see that quiz.

Once I logged into the account, will I be logged in for the whole semester?

- No of course not. As in any website you use, sometimes the computer might log you off for various reasons – e.g. clearing history and not saving the login information. For every quiz, you need to check that you are on **PollEv.com/avarghese** webpage and logged on to **your account**.

Special Thanks to Piruz Saboury for writing most of these instructions.

RESPONSE SHEET INSTRUCTIONS

By every due date and before the class starts, you should submit a short paper electronically (via eCampus as a Turnitin Assignment) that is no more than 3 pages in length, not including title page or references. The response papers will follow this format: (1) a paragraph with an over-arching summary of the assigned paper(s), (2) four – five paragraphs that cover the following: the interlinkage among the assigned reading(s) and the topics from other weeks and/or class work, the contribution of the reading(s) to our understanding of microfinance, your personal opinion on the reading(s) and (3) the bottom line that policy makers can learn from the reading(s), i.e. if you were a policymaker in microfinance, what would you take from the reading(s).

Your response grade will be based on the quality and thought behind the paper and the level of participation in the seminar. Besides electronic submission, you must bring a **typed and printed copy** of your response sheets to class for discussion on the due date. Late or poorly prepared sheets will be graded accordingly. Students who do not attend class should still provide a printed copy of response sheet to be delivered to my mailbox or through another student. These must be received before the beginning of class.

The purpose of the response sheets are to encourage students to read and critically evaluate the required readings, facilitate in-class discussion of the readings, learn to summarize readings, provide a change of pace, force students to become active members of the class, and to familiarize students (i.e. not be scared) with economic readings. Note that all written work will be graded not only for content but also for spelling, grammar, and organization of material.

Note:

1. There is an infinite rewrite policy on response sheets, so you can potentially obtain a higher grade if you rewrite your paper. All rewrites are due electronically (via eCampus as a Turnitin Assignment) by May 7, before midnight.
2. I will only consider the last submission for your final grade.

PROJECTS

PROJECTS are the most important part of the course. PROJECTS must be done with two other partners & presented. Thus, each group should have three members.

IMPORTANT: The paper portions are due electronically (via eCampus as Turnitin Assignments) on those dates listed, if they are not received on those days, there will be a grade deduction for each day that it is turned in late.

PAPER GRADING: By default, all members of a group will receive the same grade on the paper they turn in. But if you want the paper to be graded individually (for example if one person did the lion's share of the work), you should submit a sheet and indicate on the paper which portion was done by each individual. The paper should still work as a cohesive unit.

PAPER LENGTH: 10-15 pages excluding tables, references, etc., 12 point font.

I will provide more information during class about the paper material. You will also receive feedback and suggestions for writing papers during class time.

PAPER TOPICS must be practical topics.

Possible Topics

- Creating a Bryan MFI with Texas A & M Support: Where would the funding come from?
- Creating a Bryan MFI with Texas A & M Support: Who are the clients? (A survey needed)
- Creating a Bryan MFI with Texas A & M Support: How should it be structured, can it be sustainable, how can it continue long term?
- The structure of the lending industry in the Bryan-CS area.
- Explain how banks in the US lend to poorer areas with the help of the Community Reinvestment Act (interview with Prosperity Bank).
- A detailed study of the number of MFIs in the US, where they are located, who they serve, etc.
- A detailed study of the number of MFIs in the world, where they are located, who they serve, etc.
- An MFI: explain exactly how it works, using terminology in class, and provide detailed account with interviews of people with experience.
- Credit Bureaus and MF: explain how many credit bureaus there are for MFIs, why have they been adopted in some places and not others. What are some hurdles for credit bureaus, how can they be improved?
- Bitcoin and Blockchain: is there a future for MF? (might be 2 projects)
- Future financing of MFIs: provide some examples of some recent new ideas in these.

Note:

1. Some of these topics could be 2 papers, done with 2 groups of 3 students each because they might be very long.
2. We will post some more topics later but if you have a topic, it must be vetted through either me or the TA.