

Microfinance: a Geneva case

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Microfinance, that is to say the provision of financial services — credit, savings, insurance, payments — to populations excluded from the banking system in developing countries, is one of the earliest fields of impact finance, and Geneva played an early role in it. From the late 1990s onwards, Geneva-based managers created funds that lend to microfinance institutions in dozens of countries, mobilising capital from institutional and private investors.¹ These funds demonstrated that an investment could combine a moderate return with a documented social effect.

Microfinance has also experienced crises, which revealed the risks of a rapidly growing sector. Situations of over-indebtedness, brought about by excessive competition between lenders and by abusive collection practices, struck several countries and led to a strengthening of borrower protection rules and to a reflection on the limits of the model.² Part B recalled, in connection with Calvin, that the question of the fair remuneration of credit to the poor remained open, a question of which microfinance is the contemporary expression.

For Geneva, microfinance served as a laboratory for impact finance. It trained professionals, created evaluation methods, established relationships with development institutions and demonstrated the viability of a model. It also showed that social effect cannot simply be decreed and that it requires standards, controls and vigilance against abuses.

1 Notes

1. BlueOrchard, page “BlueOrchard Microfinance Fund” (blueorchard.com): fund launched in September 1998, presented as the first and largest commercial microfinance fund in the world; Allnews, 26 March 2026 (“BlueOrchard célèbre 25 ans”): company founded in 2001 as part of a United Nations initiative, which launched the first

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commercial microfinance investment fund, taken over by Schrodgers in 2019 and expanded into private debt, public debt and venture capital.

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2. CGAP, Andhra Pradesh 2010: Global Implications of the Crisis in Indian Microfinance (Chen, Rasmussen, Reille, Focus Note 67, November 2010): ordinance of the State of Andhra Pradesh of October 2010 requiring the registration of institutions and altering repayment schedules, collapse of repayments, suicides attributed to over-indebtedness, stock-market listing of SKS Microfinance in 2010; average household debt of 65,000 rupees, more than eight times the national average, 83% of households holding loans from several sources; Saxena, Reconsidering Development (2014): recovery rates fallen from 99% to 20%, Malegam committee of the Reserve Bank of India (December 2010), NBFC-MFI category (December 2011) and client protection recommendations. ↩

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