

Access to Capital = Growth & Prosperity



Access to Capital = Economic Growth...

Many parts of the world are fortunate...

The financial institutions (banks, stock exchanges) work well and are generally very efficient.

Easy access to capital allows existing businesses to grow, and new businesses to start.



But what happens when access to capital isn't so straightforward?

Access to Capital = Economic Growth...

Existing businesses can't grow.

New businesses can't start.



There is a strong correlation between access to capital and poverty levels.

Access to Capital = Economic Growth...

Enter Microfinance & Microcredit



Muhammad Yunus
Economist
2006 Nobel Peace Prize

Check out this excellent video:
[Muhammed Yunus - Banker to the Poor](#)



Providing small “microloans” to poor people, enabling new economic opportunities for them and their families.

Access to Capital = Economic Growth...

And it's not just a poor country problem...

What happened in 2008?



Several Wall Street banks made some bad investments...



...which led to the bankruptcy of several large banks across the world.



Surviving banks freeze; credit dries up.

No access to capital: no mortgages, no car loans, no equipment purchases....

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Main Takeaways...

- Access to capital enables business owners to take out loans to grow their business, and entrepreneurs to start their businesses.
- This is possible due to the highly efficient network of banks and stock exchanges that provide the ability to shift money (capital) to where it is needed most.
- However, a lack of access to capital often leads to poverty: businesses can't grow and new businesses can't get started.
- Microfinance and microcredit banks provide microloans with little or no collateral, enabling people that are ambitious and capable, yet poor, to provide for themselves and their families.

Access to credit drives growth and prosperity. And when this is interrupted, as it did in 2008, even modern economies suffer greatly.

Next Time...

Costs & Cost Estimation Techniques



Credits & References

Slide 1: Portrait of woman working in own bakery shop by Dragana Gordic, Adobe Stock (374577974.jpeg).

Slide 2: Startup successful small business entrepreneur owner, by paulaphoto, Adobe Stock (388216362.jpeg).

Slide 3: Daily life of poor people in a slum in Kolkata by Travel Wild, Adobe Stock (233743951.jpeg).

Slide 4: Handloom weaver in India working in her loom by Ruma, Adobe Stock (367488826.jpeg). "Professor Muhammad Yunus-Building Social Business Summit (8758300102).jpg" by University of Salford Press Office is marked with CC BY 2.0 (accessed April 7, 2022). By <http://www.grameen-info.org> Grameen Bank Grameen Bank present LOGO was modified with geometric dimension in Corporate Style by Graphic Designer A. M. Saadullah, (BA honors in Graphic Design NCAA , Middlesex University UK. 1977, the then Poly) in 1983/84 at Dhaka., Fair use, <https://en.wikipedia.org/w/index.php?curid=7422300>.

Slide 5: Newspaper headlines - financial crisis on 2008 by Norman Chan, Adobe Stock (9965704.jpeg). Lehman Bros Headquarters in New York City by David Shankbone, CC BY-SA 3.0 <<http://creativecommons.org/licenses/by-sa/3.0/>>, via Wikimedia Commons. Dramatic sunset over cracked earth. Desert landscape background by Jose Ignacio Soto, Adobe Stock (135100113.jpeg).

Slide 8: Business illustration showing the concept of cost estimation models by OpturaDesign, Adobe Stock (192867247.jpeg).