

The Washington Post

Zidisha forges a path in microfinance industry

By Danielle Douglas

Monday, October 11, 2010

In the ever-growing universe of microfinance lenders, Julia Kurnia, the 26-year-old founder of peer-to-peer lending Web site Zidisha.org, believes she has found a niche. The Sterling resident has zeroed in on educated entrepreneurs in developing countries. Since Zidisha, which means "to grow" in Swahili, went live in January 2009, Kurnia has facilitated more than \$16,600 in loans from 80 lenders for 30 low-income start-ups in Kenya and Senegal, while maintaining a 100 percent repayment rate.

The fledgling success is as much a credit to Kurnia's strategy as it is to the growing microfinance industry. Designed by Nobel laureate Muhammad Yunus in Bangladesh in 1983, the model of providing small loans to impoverished populations has gained ground. Web-based organizations, such as Kiva, Microplace and Prosper, have in recent years thrust the industry to the forefront -- and inspired individuals such as Kurnia to try their hand at banking.

Zidisha is still a work in progress: The site has logged a daily uptick in funding requests, but with minimal visibility on the Web, the number of lenders has not kept pace.


Borrowers are required to have an established credit history and must pass a background check. Lenders can scroll through borrower

profiles. The money can then be sent via online banking and retrieved at designated retail sites. The borrowers' repayment history is tracked online, where lenders can post satisfaction scores and comments.

What's more, Zidisha forgoes using debt collectors, whose use can add upwards of 35 percent interest to the loans they service. Instead, the organization relies on its vetting process and the relationships it establishes with borrowers. This has allowed Zidisha to lend at an average interest rate of 6 percent. "We're a frugal innovation," Kurnia said. "We bring down the costs of loans to transform the spectrum of opportunities available to everyone."


Working with Kiva's lending partner in West Africa several years ago led Kurnia to research ways to streamline the process. In time, she saved up \$5,000 from her income at

Advertisement




We focus on automating Marriott® Hotels' global invoice process. So they don't have to.

Learn more at RealBusiness.com

xerox 
Ready For Real Business

<http://www.washingtonpost.com/wp-dyn/content/article/2010/10/08/AR2010100806209.html?sub=AR>

Print Powered By  Format Dynamics


The Washington Post

Zidisha forges a path in microfinance industry

her current day job as a portfolio analyst at the U.S. African Development Foundation to launch the Web site.


Zidisha has quite a ways to go before Kurnia can afford to quit her main gig. The business is largely sustained by transaction fees, roughly 5 percent of loan principal per year. Zidisha is staffed by a network of volunteers, who provide assistance to borrowers on the ground.

Advertisement



We focus on automating Marriott® Hotels' global invoice process. So they don't have to.

Learn more at RealBusiness.com

xerox 
Ready For Real Business

<http://www.washingtonpost.com/wp-dyn/content/article/2010/10/08/AR2010100806209.html?sub=AR>

Print Powered By  FormatDynamics