

Book Review

A Research Agenda for Financial Inclusion and Microfinance. Edited by Marek Hudon, Marc Labie and Ariane Szafarz. Edward Elgar Publishing, Cheltenham, 2019, 200 pp.

This book discusses the evolution of the microfinance industry over the years and its function in achieving financial inclusion objectives. The book is edited by Marek Hudon, Professor at the Solvay Brussels School of Economics and Management (SBS-EM), Université Libre de Bruxelles (ULB), Marc Labie, Professor at the Warocqué Business School of the University of Mons (UMONS) and Ariane Szafarz, Professor at the Solvay Brussels School of Economics and Management (SBS-EM), Université libre de Bruxelles (ULB). The editors have attracted contributions from several prominent scholars and experts in the field of financial inclusion and microfinance. Divided into four sections, altogether thirteen chapters, this book provides the readers with riveting insights about transdisciplinary role of microfinance and financial inclusion.

Following a brief introduction, the first section, which comprises of four chapters, discusses perspectives on the management of microfinance, its challenges, and impacts. It begins with challenges faced by the microfinance industry, particularly social investments. The first chapter, written by Jonathan Morduch and Timothy Ogden, describes important issues, such as the tensions between financial and social goals, the possibility of a mission drift and the dependency of microfinance institutions (MFIs) on subsidies. Chapter 2, written by Brian Hathaway and Tyler Wry, contextualises the institutional management of MFIs in combining social and economic goals, not only for the organisation, but for society at large. The third chapter is written by Isabelle Guérin, Solène Morvant-Roux and Jean-Michel Servet. This chapter documents the evolution of microfinance research over the past decade, the interdependence of theory, research, and practice in the financial inclusion agenda, and the role of technology in expanding the industry. In the fourth chapter, Maren Duvendack provides a rigour evaluation of MFI impacts, by assessing various methodological approaches of past empirical research. The author highlights that several previous studies suffer from weak methodologies, which undermines the reliability of its findings.

The second section focuses on multipronged functions of the MFIs, which target on the financial, social, and environmental aspects of development. This section consists of three chapters. Chapter 5, written by Bert D'Espallier and Jann Goedecke, provides an in-depth assessment of the validity of MFIs' social performance used in empirical studies, and highlights the limitations of some common proxies. In chapter six, Johan Bastiaensen, Frédéric Huybrechs and Gert Van Hecken unveil the nascent development of green microfinance. The authors discuss different ways microfinance and financial inclusion relate to the environmental dimension, and the role MFIs can undertake to assist transformation to sustainability. The authors conclude that it is an important action plan to generate pathways to be more environmentally and socially sustainable. In chapter seven, Valentina Hartarska and Denis Nadolnyak offer an overview of the efficiency and productivity analyses within the context of MFIs. The authors distinguish two main approaches to productivity and efficiency analysis: non-structural and structural approaches.

Chapters 8, 9 and 10 make up section three of the book, titled "Target for Financial Inclusion", which centres around various contexts of financial inclusion. First, Laurent Weill explains the merits and limitations of Islamic microfinance. Here, the chapter discusses many discourses on Islamic microfinance and various stages of development, alongside its characteristics, by comparing with conventional banking systems. Next, keeping to the theme of financial inclusion, Adriana Garcia and Robert Lensink summarise studies that address the impacts of additional services provided by MFIs. It is worth noting that a combination of both financial and non-financial services can enhance the overall effects of microcredit provisions. The final chapter of this section is devoted to elaborating microfinance in developed countries, directing towards MFIs as a niche market, with a special focus on social finance.

The final section of the book deals with institutional and technological features of modern microfinance. In chapter eleven, Roy Mersland, Stephen Zamore, Kwame Ohene Djan and Tigist Woldetsadik Sommemo review the impact of internationalisation on the microfinance industry. The chapter provides an elaborate overview of international MFIs in terms of its performance and contribution to boosting social efficiency. Next, Niels Hermes addresses the issue of governance in the microfinance industry, with special focus on boardroom dynamics. In the chapter, many scholars agree

that low quality of management, cronyism and lack of transparency affect the efficiency of MFIs. The final chapter draws upon the implications of financial digitalisation in developing countries. Given its recent immense influence on financial inclusion, Baptiste Venet discusses the rise of financial technology and its potential to provide changes in users' welfare and economy activities.

Overall, this book provides a critical and multidisciplinary approach to the topic of microfinance and financial inclusion, through its discussion of several intertwining themes. Each chapter offers readers with vibrant and insightful discussion of current scholarly knowledge on the provision of financial services to disadvantaged populations. However, the shortcoming of the book is that the importance of microfinance and its ability to alleviate poverty is repeated in several chapters. What is interesting is that while highlighting the limitations and challenges of current research, the contributors also judiciously chart out the potential directions of future research. Indeed, this book is an interesting read, as its multidisciplinary approach to microfinance and financial inclusion offers invaluable guidelines not only for policymakers, but also to academicians and students.

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