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Goenka, A. and D. Henley (Eds.). *Southeast Asia's credit revolution: From moneylenders to microfinance*. Milton Park, UK: Routledge. 2010.

Goenka and Henley's appropriately titled collection of essays offers a broad perspective on financial institutions in Southeast Asia with a specific focus on microfinance, which the editors define as ". . . the provision of financial services to the poor, on a scale appropriate to their needs" (Goenka & Henley, 2010, p. 1). The broad aim of the book as stated in the introduction is, ". . . to evaluate, in a critical spirit, the microfinance experience in Southeast Asia" (p. 8). Understanding the microfinance experience in Southeast Asia entails answering the central questions of how and why the microfinance revolution was possible and necessary in the region. The book aims to answer these questions and to identify and understand outcomes of the microfinance revolution for borrowers and lenders alike. Notably, the book investigates the development and impact of formal microfinance institutions (MFIs) but does not overlook the importance of informal financial institutions including money lenders, cooperatives, and rotating savings and credit associations (ROSCAs) that fill the formal financial institutional void. The essays of the contributing authors provide insights and expertise using both qualitative and quantitative data from economic, sociological, anthropological, entrepreneurial, and developmental perspectives in a truly interdisciplinary approach to the study of finance in Southeast Asia.

Each of the twelve chapters in the book contains interesting and important information, but space does not allow for a thorough discussion of each chapter here. Aditya Goenka discusses the challenges of financial intermediation among rural populations. Specifically, Goenka points to the problem of information asymmetries—that borrowers have more information about their ability to repay than do lenders. Material collateral provides insurance against default, but the poor who are often the target population of microfinance often have no such collateral. Goenka outlines strategies that might be used by lenders to enforce contracts such as joint liability, progressive lending, and reputation management, which are particularly powerful in high-transparency rural settings. Each of these bypasses the material constraints upon the poor, relying instead on relationships and reputations to overcome risk.

Subsequent chapters offer specific histories of microfinance. Turnell outlines the history of microfinance in Burma, one of the poorest countries of Southeast Asia. Included in this chapter is a description of United Nations Development Programme (UNDP) poverty-alleviation initiatives as well as MFIs founded by the Grameen Trust, by Private Agencies Collaborating Together (PACT), and by the *Groupe de Recherche et d'Échanges Technologiques* (GRET). The microfinance situation in Burma is fragile owing to undercapitalization of MFIs, legal questions surrounding interest rates, broad macroeconomic instability, rising inflation, and little savings mobilization among MFI borrowers. In contrast, Quiñones' account of microfinance in the Philippines is encouraging. In the Philippines, policy and regulation create a competitive market and encourage innovative products. For example, the Center for Agriculture and Rural Development (CARD) established a rural bank that is now fully self-sufficient. Similarly, "banks engaged in microfinance operations" (BEMOs) as well as "microfinance oriented banks" (MOBs) are making their way into economically depressed rural areas. Nonetheless, Quiñones voices a concern that, like microfinance elsewhere, these institutions are not reaching the poorest of the poor.

Hans Seibel provides a brief history of early European microfinance including accounts of informal associations, later formal MFIs of Ireland and Germany, and a description of "linkages banking" in Indonesia whereby formal financial institutions are linked to informal self-help groups either directly or indirectly by way of a non-governmental organization (NGO). Steinwand similarly provides a history of microfinance in Indonesia. By way of historical comparison, Steinwand offers some lessons learned in the Indonesian microfinance experience, particularly in regards to decentralized small banks as being more accessible to the rural poor than are large, centralized banks. Henley also provides a chapter on the history of microfinance in Indonesia. Henley's chapter includes sociological content pertaining to shifts in sentiments such as "community spirit" and the [mis]characterization of indigenous peoples as economically naïve. Henley points out some important distinctions between Indonesian microfinance and other MFIs. Specifically, he notes the following unique characteristics of Indonesian microfinance: the use of individual loans rather than group loans; the lack of financial institutions and programs that specialize in serving women, which is a mainstream strategy of many MFIs; and the administrative advantages of state-owned MFIs. Henley concludes that despite widespread praise for the BRI, microfinance was not solely responsible for poverty alleviation in Indonesia but rather was coupled with other economic, infrastructural, and technological developments as well as favorable political and macroeconomic conditions.

Other chapters are more ethnographic. Appold and Thahn discuss credit provisioning among Vietnamese small businesses. In this case, the authors argue that social capital must be important in credit provisioning because there has been rapid economic growth but the state lacks the capacity to adequately administer credit. The authors conclude that while microfinance is crucial for starting small businesses, credit is not deeply or widely embedded in the community. Instead, financial help often came from family in the form of intergenerational transfer of wealth rather than credit. Relationships are useful as a safety net, but they do not cross over into the business sphere.

Chan and Owyong's chapter provide a fascinating qualitative account of Chinese pawnshops in Singapore. The pawnbroker community in Singapore is "closed," and the members of the community typically know each other or are related. These relationships are characterized by cooperation, not competition and pawnbrokers reduce information asymmetries by sharing information among themselves. The pawnshops of Singapore, like pawnshops everywhere, meet the needs of the poor in ways that conventional lenders cannot. By accepting household removables as collateral, pawnshops establish a means to recoup losses associated with default and eliminate costs of monitoring and credit screening. Further, pawnshops are able to make small loans with short maturities that would be too costly for a bank.

Singzon and Shivakoti write a thorough account of the financial challenges faced by farmers in Northeast Thailand. They emphasize important variables that are often overlooked such as the growing importance of cash and the associated risk of debt among cash-poor farmers, the costs associated with the quality of the infrastructure and the distance to market where farmers sell their produce, the problem of limited access to public support services and the greater reliance on middlemen and moneylenders, land disputes related to ownership and usufruct rights, and indebtedness resulting from low crop yields and income in the context of primary reliance on cash crops.

Finally, Ames and Ames discuss the impact of microfinance use among the women who are *orang asli*, or indigenous peoples, of Malaysia. Specifically, they focus on the development initiatives of *Persatuan Pembantuan Kristian Malaysia*, The Malaysian Christian Association for

Relief (CARE) as well as informal means of generating business capital. Aside from the operational measures of success of the program (e.g. income, technology, links of participants to the wider economy) the authors also address some important but less-tangible aspects of microfinance participation. For example, the entrepreneurial Orang Asli CARE participants were hesitant to take their produce to market because they did not want to be seen selling their products themselves. Further, there was a reported "pain of failure" if they failed to sell their products as well as a fear of gossip among other Orang Asli. Despite this, the authors conclude that CARE has resulted in positive outcomes at the community level and that women's access to credit has open up access to other economic resources and claim that "empowerment was evident" in a number of aspects of participants' economic and social lives.

Each of these chapters provides a glimpse of microfinance throughout time and in a variety of Southeast Asian environments. The authors write from a diversity of perspectives and approach the issue using qualitative and quantitative methods and with an eye toward the historical trajectory of institutional development. Importantly, the book includes discussions of informal financial institutions as well as some ethnographic data that helps to contextualize the microfinance revolution. However, despite the specific intention of including informal institutions in the accounts of microfinance in Southeast Asia, only a few chapters thoroughly discussed participation in informal institutions. This relates to another area for improvement of the book—a consideration of locally established and operated financial institutions that extend microfinance to members of the community. In Indonesia in particular, a country that was a major focus of these essays, many people have had little access to the acclaimed programs of the BRI and instead have developed their own formal and semi-formal institutions. An investigation of this phenomenon elsewhere in the region would be interesting. Additionally, framing MFI development in the broader economic context is important. Livelihood strategies, especially in rural locales, are in flux around the world as people find that household agricultural production is no longer a viable option as plantation agriculture, logging, manufacture, and mining expand. This economic transition influences decisions about work, education, mobility, and whether or not to use financial products. Although cash is more important as people in rural locations move toward off-farm labor, not everyone is inclined to pursue formal financial alternatives. The reasoning behind these decisions is an area for more exploration.

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