

¿Does regulation have an influence on microfinance and financial inclusion? Lessons from Bolivia, Ecuador and Peru

This Research Paper was written for the Master on Microfinance and Financial Inclusion at the Universidad Autónoma de Madrid, under the direction of Claudio González-Vega (Ph.D.). The research attempted to answer the following questions: How do regulation and public policies influence the pace and style of development of microfinance and its potential contributions to financial inclusion? To what extent and in what ways the different regulatory approaches adopted in Bolivia, Ecuador and Peru influenced the development of microfinance.

State regulation, a key component of the institutional base of the microfinance sector, may have a positive or a negative influence on the actors in the industry, facilitating or hindering the evolution of the supply and the demand of financial services. This research seeks to explain how Bolivia, Ecuador and Peru have adopted public policies directed at the financial system and at microfinance, with the ostensible goal of promoting them. However, the different public policies implemented in these countries show both favorable and unfavorable outcomes for the sector and, in some cases, have even inhibited its growth and ability to innovate.

This document includes a chronological history of microfinance and of the evaluation undertaken by Global Microscope Ranking 2011-2018 (The Economist Intelligence Unit), for the three countries, searching for factors that may explain the influence of facilitating or inhibiting institutions on the development of the microfinance sector. The study compares the evolution of the sector and its contribution to financial inclusion in each one of the three countries. It builds on a view of financial inclusion as a multidimensional process that seeks to improve the access, use and quality of financial services for vulnerable segments of the population and as a potential tool for the struggle against poverty.

To read this document, click [here](#).