

A New Paradigm for Microfinance in Developed Nations

Joshua T. Kim

Abstract—As several studies have continuously proven repeatedly the benefits that microfinancing can bring to society, microfinancing has quickly caught the interest of both developed and developing countries. However, little study has been done into the particular models of microfinancing and their characteristic strengths and limitations. This particular study begins by differentiating the needs of the two parties (developed country and developing country) and focuses on South Korea and looks into what the best microfinancing model could be for developed nations.

Analysis into the generic microfinancing model that South Korea's government and Central Microfinance Foundation utilizes will prove to us the fundamental issues of utilizing a model whose structure does not fit the environment. From there, we will go on to study the developed nation's environment and what it demands in the present, namely welfare.

This set guideline will allow us to select a unique microfinance model from South Korea that fits the researched environment and we will analyze its success factors and limitations. Finally, we will check whether the final model seems applicable in other developed nations and conclude by suggesting a more improved model for developed nations than the generic microfinance model also used in developing nations.

Index Terms—Developed countries, microfinance, no interest loans, welfare.

I. INTRODUCTION

Microfinancing has garnered much attention from both developing countries and the United Nations in the past decade. 2005 was the United Nation General Assembly's "Year of Microcredit" and microcredit, also otherwise called microfinancing, was recognized as a key factor in achieving the United Nation's millennium development goal (MDG) of reducing poverty rates by 50% by 2015 [1]. Furthermore, the 2006 Nobel Peace Prize was awarded to Muhammad Yunus, creator of the Grameen Bank in Bangladesh, for the success of both idea and institution.

Following the rapid development of microfinancing, much research has been done on the part of both individual researchers and world organizations into the impacts that microfinancing has and could bring to developing nations. For instance, studies have concluded that microfinancing has the ability to empower both women and oppressed populations in a society through a bottom up approach [2]. These empowerments have been followed by a marked reduction in starvation, disease, and illiteracy among children, especially female, [3] and prove the necessity of microfinancing in nations who have high inequality in gender

parity. Furthermore, cases like Bangladesh have proven microfinancing to be successful in poverty alleviation and fostering an employment generation especially for the poor. Microfinancing institutions work to empower private enterprises and reduce the inequality gap between the rich and poor, acting as an "effective development strategy [that the] government can use ... to enhance the standard of living of the poor and achieve millennium development goals" [4].

In more recent times, microfinancing has begun to appeal to developed nations as well in its ability to reach out to financially and socially excluded groups. For instance, the Microfinancing Centre has created guidelines to create a sustainable microfinance system in the European Union after seeing successful individual cases in Eastern Europe such as Mikrofund in Bulgaria, Express finance in Romania, and Fundusz Mikro in Poland. A more detailed outlook into the plan suggests the creation of a "wholesale EU level financial intermediation facility" that would finance existing microfinance institutions, finance start-up microfinance institutions, and provide technical assistance to all types of microfinance institutions [4].

Understanding the rising attention towards microfinancing, this paper goes on to study particular microfinance models and how they have impacted developed nations, more specifically South Korea. This paper also cautiously takes the concept of microfinancing and suggests a necessity to extend the definition in the context of developed nations to include what the author would like to call a finance welfare system.

As to why this definition is needed in developed countries, we will study generic microfinancing models in South Korea that will show limitations in the current microfinancing model against the needs of developed countries. Then, we will look into a unique microfinancing model that has developed in South Korea and analyze success factors and limitations that it has faced compared to the generic model. By analyzing the reasons for necessity of such an organization and studying its applicability internationally, we will be able to better create a case for a microfinancing model better adapted to developed countries and their corresponding environments.

II. KOREA'S BASIC MICROFINANCING MANAGEMENT

A. Background

South Korea as a country stands in a precarious position when studying developed nations. According to the World Bank, South Korea's Gross Domestic Product grew from 67.8 billion USD in 1980 to 1.378 trillion USD in 2015. While South Korea's economy has grown by nearly twenty times in size within the last 35 years ranking 11th globally in 2015, compared to its economic development, other sectors like agriculture have failed to catch up resulting in an interesting

Manuscript received October 21, 2017; revised January 19, 2018.

Joshua Taehyung Kim is with the social enterprise *People Who Live Together* and Yongsan International School of Seoul, South Korea (e-mail: jbiz5056@gmail.com).

mix of developments. Old and new clashing, the distinction between developing nation or developed nation becomes difficult when considering South Korea. However, perhaps it is the result of such a mixture between new and old though that allows for innovative microfinancing models to be built in South Korea.

South Korea's official microfinancing history can be seen to have begun from August of 2007 when the dormant deposit management law was passed by Senate [5]. The law was created with the purpose of supporting microfinancing institutions and low cost insurance companies aimed towards lower and middle class citizens. Additionally, the dormant deposits would be utilized to support welfare and reduce the inequality gap between lower and upper class citizens. With the law set in place, the Dormant Deposit Management Foundation was founded later that year and changed its official name to the Central Microfinancing Foundation, and then to the People's Financing Agency in 2016.

While microfinancing institutions have only recently been created in South Korea, the concept of microfinancing has long existed in South Korea's traditional market system. In traditional markets, people would sometimes borrow small amounts between 10 to 50 USD from the local merchants' association and return the money with a small interest at the end of the day or week. As a result of such systems already pre-existing in South Korea's culture, the Central Microfinancing Foundation first worked to support the local merchants' association and create a more sophisticated manual for microfinancing¹. In 2011, the Central Microfinancing Foundation further decided to invest in the traditional markets and increased their number of invested traditional markets to 314 with a total of approximately 30.1 billion USD (33.8 trillion KRW) [6]. As of 2013 June, the support for microfinancing in traditional markets have expanded to over 432 traditional markets and approximately 57.2 billion dollars (64.2 trillion KRW).

Along with developments in microfinancing through traditional markets, the Central Microfinancing Foundation also has invested into its own local microfinancing branches since December 24, 2009 [7]. As of July 2017, over 160 branches have been placed nationally and support startups with up to 50 million KRW, approximately 44,568 USD, at a rate of below 4.5% yearly [8].

Besides the Central Microfinancing Foundation, South Korea has also led the world's first government-led microfinance program through the establishment of the Smile Microcredit Bank (SMB) in December 2009; the establishment was also followed by the launch of the Sunshine Loan Program in June 2010 [9]. The program promised to provide 10 trillion KRW (or 8.45 billion USD) over the next five years for unsecured loans to low-income households through partnerships with the private sector. With the partnership of several financial institutions including the National Agricultural Cooperative Foundation, National Credit Union Federation of Korea, the Korean Foundation of Community Credit Cooperatives, and more, the program offers anywhere up to 50 million KRW for low-income

households to start businesses at a ceiling interest rate of 10.6% per year.

B. Accomplishments and Success Factors

It is undeniable that both the government and Central Microfinancing Foundation, also called People's Finance Agency, have made real change and progress in pioneering microfinancing in South Korea. Not only have they gained the interest of politicians and created laws supporting microfinancing (through the 2007 Dormant Deposit Management Law), but they have also managed to attract both large private-sector companies, including Samsung, Hyundai-Kia, SK, LG, POSCO, and Lotte, and major financial institutions, including Hana-Bank, Woori-Bank, Industrial Bank of Korea, and Kookmin Bank [9].

Many of South Korea's microfinancing successes at first glance can be attributed to the support that they have been able to rally with politicians and large conglomerates. With the support, both government and Central Microfinance Foundation were able to make aggressive moves that have successfully resulted in action taking place. However, while things may be seeming bright and action may have taken place on the surface, we still must check the apple's insides to determine whether the money and actions have resulted in real and worthwhile impact.

C. Limitations and Issues

We will first begin by analyzing the limitations of both government-led and Foundation led microfinancing models and search for the issues that each have developed as a result of environment and structure. The first limitation that the microfinancing models of South Korea face are none other than instability and reliance on current laws. Ever since the development of the Dormant Deposit Management Law in 2007, much of the funds for microfinancing have come from these dormant deposits. However, developments in both technology and law have recently posed crucial barriers that microfinance institutions must solve. Originally, bank accounts were classified as dormant deposits if the bank account owner had made no transaction with the account for the past five years. Following the classification, the bank would receive the dormant deposits and help fund microfinance institutions. However, as of August 2012, the classification between dormant deposit and active bank account has become extremely unclear with the rise in popularity of online banking. Based on a verdict from Korea's Supreme Court, the court stated that if the bank continues to hand interest and the account holder could check this through online banking, then the account could not be classified as dormant deposit [10].

According to bank officials, banks had made compromises with the Fair Trade Commission to suggest possible changes in law regarding stopping interest after five years of no transaction. If the account was to be reactivated at a later date, the interest was to be handed all at once instead. However, due to several complications in law and interest, it seems unlikely that this suggestion will be passed. Considering that the Central Microfinancing foundation holds a total capital of 1.9 trillion KRW (or approximately 1.7 billion USD) and of this, 450 billion KRW (or approximately 401 million USD),

¹ From interview with CEO Lee Chang Ho from microfinance institution People Who Live Together on July 8, 2017.

24%, is from dormant deposits, the reliance on law and more specifically dormant deposits, is a crucial issue that current microfinancing institutions will have to solve [10].

The second limitation that the current microfinancing model afflicts on itself is a lack of real expectations and policies. According to a microfinancing official, the Central Microfinancing Foundation helped support microfinancing for private alternative lenders under the condition that they achieved return rates of at least 95%. Considering that the average private lender's return rate average is barely 75%, not only is 95% a ridiculous condition, but also as a result, many private lenders have completely ignored the foundation's support [11]. Additionally, even the government's Sunshine Loan Program held crucial flaws in expectations that had to be fixed. The Sunshine Loan Program was a part of the government's efforts to motivate and persuade low-income families to vote during election season and consequently massive advertising was done for the product. However, there were complications inherent within the Sunshine Loan Program as they were backed by financial institutions, and if the financial institutions could not receive the money back from microfinancing, that would lead to direct losses for banks and corporations. Naturally, paperwork for the loans grew and banks became exceedingly passive and careful in their selection of loans. In fact, only 10% of the total capital was reported to have actually been lent out [12]. If the foundation and government are to truly support microfinancing and lending to low-income families, they must create policies regarding microfinancing that are realistic in expectations and allow for low-income households to truly reap the benefits.

The third crucial limitation that microfinancing places itself in the context of developed nations is in its scope of lending. The majority, if not all, microfinancing institutions currently led by the Central Microfinancing Agency and government focus foremost on helping fund start-ups for low-income households. While we can see why this may hold true in developing nations, we will go on to see why this is a limitation in the context of developed nations in the next section regarding welfare.

As a result of many of these limitations, issues inevitably grew especially regarding the direction and target of government and foundation-led microfinance loans. Banks became exceedingly picky about their selection of people for loans and the microfinancing loans ended up going to much of the wrong population intended. As can be seen in Fig.1, the graph represents the percentage distribution of sunshine loans handed in 2015 by credit level. A credit level rating of 1 is the highest possible, while a credit level rating of 10 is the lowest, just above having lost credit. When analyzing the 2015 graph, out of a total of 147,583 loans that the Sunshine program loaned out, only 193 cases were people with a credit rating of 9, and only 2 cases were people with a credit rating of 10. Considering that the two lowest credit ratings had only been able to loan out 0.13% of the total loans, the Sunshine Loan Program can be said to have failed its original purpose helping mainly low-income households. In addition, even microfinance led by the foundation wasn't much better with a total of 15,232 loans, of which 156 were of the 9th credit rating and 31 were of the 10th credit rating, standing at 1.2%

of the total loans [13]. One of the major reasons for the low loan rate to 9th and 10th credit rating citizens from 2015 were partially due to the government's change in policy in 2014 that decided to cover only 85% to 90% of the losses from microfinancing unlike the previous at 95% [14]. Naturally, to cover the losses, banks could only become increasingly passive and reduce the risk-taking actions of lending to those of low credit ratings.

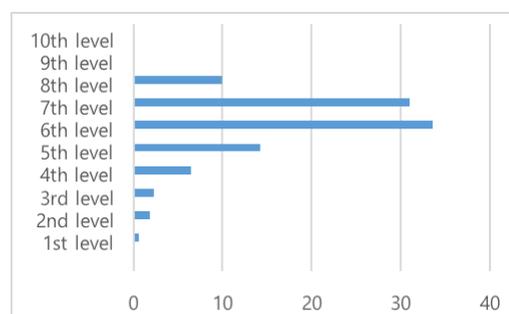


Fig. 1. Percentage distribution of sunshine loans by credit rating level.

III. INTRODUCTION TO FINANCIAL WELFARE SYSTEM

A. Current State of Welfare

Before we begin suggesting solutions to the afore mentioned limitations and issues, it is also important that we analyze the problems and differences that a developed country faces compared to a developing country.

According to the Microfinance Centre's 2010 report for the development of microfinance in Europe, the Microfinance Centre stresses a few key differences between the microfinancing environment of developing and developed countries. First, unlike developing countries, most developed countries hold high competition levels that make survival for small businesses difficult. Second, while welfare systems exist in quantity and are functional, they are poorly designed and "lack incentive for people to graduate off welfare into self-employment." And third, developed nations tend to have a lack of specialized skills to run a small business for low-income households due to high levels of competition and barriers to entrance in businesses. Out of these three points, the one I would like to emphasize most in this section relates to that of welfare in developed countries.

It should be to no surprise that welfare systems have become increasingly difficult in developed countries recently with economy tanking. For instance, take into account Arizona where for every 100 poor families with children, only 8 families receive welfare; considering that lawmakers are reducing the maximum time amount for welfare from 5 years to just 12 months, the number can only be expected to decrease even further [15]. The situation is not much different in Pennsylvania where more than 75% of welfare applicants are denied assistance each month [16]. Even America as a whole, and more specifically single mothers feel the lasting effects of dropping welfare as TANF (Temporary Assistance for Needy Families), "the only cash assistance program that non-disabled, non-elderly, poor single mothers are eligible for, has dropped precipitously: It was lower in 2007 than it had been in 1970" [17].

The welfare issue is not something that only America feels

as well. Take for example Europe who faces the refugee crisis. As a result of the flood of refugees entering the country, supporting their welfare system has become extremely costly at the moment and pressures the region financially [18]. As welfare reforms are leaving people behind, it becomes increasingly clear that aid for low-income households through other measures are necessary in developed countries.

One way to solve or alleviate this issue of welfare worldwide is to better allocate the given resources. When looking at Fig. 2, data from the OECD regarding 2011 percentage of public social benefits in cash paid to the lowest and highest quintile, we begin to notice the inefficiencies present within our welfare system [19]. While countries like Australia, Norway, and Denmark have been able to control their welfare system extremely efficiently, the OECD average points to an equal amount being handed in cash to the most financially well off 20% and worst off 20%. In other words, fixing these inefficiencies in our system could solve or cover much of the blind spots of welfare that we once had without large additional costs.

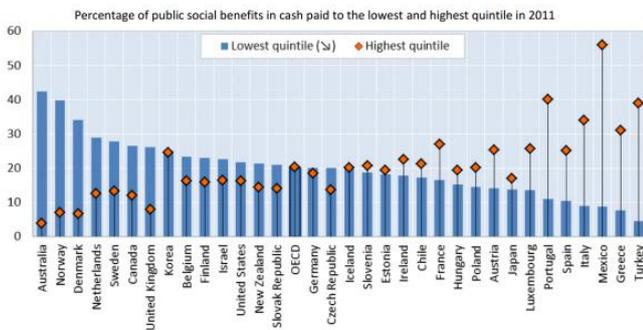


Fig. 2. Percentage of public social benefits in cash paid to the lowest and highest quintile in 2011 for OECD nations.

B. Solution: People Who Live Together

1) Microfinance model

I was recently introduced to CEO of People Who Live Together, Lee Chang Ho in June of 2017 where I was able to learn about the unique microfinance model of People Who Live Together. People Who Live Together is a social enterprise that mainly does microfinancing with people who have lost their credit rating, so cannot borrow from banks. Not only is it unique in that it loans to those who have lost their credit rating, but it also lends to those individuals with no collateral and no interest.

At first thought, it is inevitable but to think that such a model is completely unsustainable. However, the data proves otherwise when, after its initial establishment in 2012, People Who Live Together has grown its capital from under 35,000 USD to over 200,000 USD. Furthermore, as of June 30, 2017, the organization has lent out approximately 433 million KRW (386,000 USD) over 1,172 loans with a return rate of 87%². Considering that the average private microfinance lender has a return rate of 75%, the 87% return rate with no collateral and no interest is extremely high.

How is such a thing possible? Starting from the beginning, People Who Live Together is an organization run by the CEO

Lee Chang Ho and four other volunteers, managed by a board of 8 who meet once a month. In 2012, the organization began with approximately 35,000 USD that was gathered together by the board members and CEO. After launch, as a social enterprise the organization was able to receive donations, but most of the money was self-procured through its bank-like microfinance model.

Essentially, People Who Live Together loans out with no collateral and no interest to people with no credit rating, but also creates its own credit society by acting as a bank-like system that stores money for people. The act of storing money in small amounts for a constant period of time acts as credit for additional loans of greater amount in the future.

People Who Live Together is also extremely unique in that it loans in extremely small amounts between approximately 300 USD to 1,000 USD. Furthermore, while it also lends for start-up reasons, it focuses more on loans for living expenses that help the person out similar to welfare. For instance, the majority of loans that I witnessed while there were related to medical expenses or scholarly expenses. One case was of a woman who needed to loan roughly 300 USD for her sister who was sick and had no money to go to the hospital. The sister could not get a loan at a bank or other financial institution due to her loss of credit rating and the fact that she did not have a job because she was sick. Similar to her, many of the calls and stories I read were of Catch 22 situations where the lack of a job led to an inability to get a loan to solve their problem and get a job.

What was also shocking to me in the beginning of being introduced to the organization was that these no collateral, no interest loans were being done without meeting the actual loaner. Unlike foreign microfinance institutions such as the Grameen Bank or NILS, or even domestic microfinance models, People Who Live Together did all work revolving around the phone and internet.

Those interested in receiving a loan from People Who Live Together organization would first sign up to their website and leave a post regarding their situation and the amount of money they needed. Next, the CEO would choose based on his experience and call back those that he believed could be made a difference with a mere 300 to 1,000 USD. Following a few conversations on phone, the individual would submit the necessary paperwork by Fax and we would check for their bank records to confirm their credit rating and financial status before lending them the money.

As of June 30, 2017, there were a total of 2,759 members signed up as members on the website of which over 1,500 have posted their stories requesting loans.

2) Data

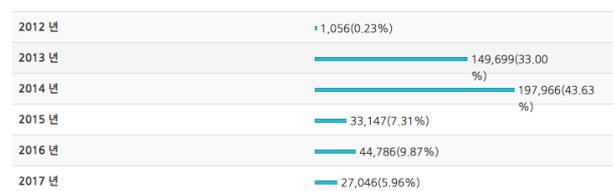


Fig. 3. Yearly Number of visitors to website.

When analyzing Fig. 3 we see that there was a sharp increase in the number of visitors to the website in 2013 and

² From interview with CEO Lee Chang Ho from microfinance institution People Who Live Together on July 8, 2017.

2014, whereas the number reduces sharply from 2015. This is a result of media coverage during the time that helped spread the company greatly.

TABLE I: 2016 FINANCIAL REPORT FOR PEOPLE WHO LIVE TOGETHER

2016 January 1 st – December 31st		
Accounting courses	Costs (KRW)	Income (KRW)
Bank Interest		43,753
Micro Finance Interest		855,610
Donations		29,928,270
Designated donations		4,400,000
Other support		3,875,960
Other income		726,120
Education Fostering Classes		7,612,270
Total Income		47,441,983
Utility Fees	112,500	
Insurance Fees	1,237,510	
Transportation Fees	2,306,900	
Work Related Fees	1,201,060	
Website Maintenance		
Expendables	231,500	
Transfer Fees	15,400	
cms fees	677,105	
Print fees	277,000	
Communication fees	1,664,530	
Registration Cost	237,473	
Rental Management Costs	653,417	
Other losses	130,000	
Conference fees	397,140	
Other fees	660,800	
Total Cost	9,802,335	
Profit		37,639,648

Table I shows us that the total income in 2016 for People Who Live Together stood at roughly 47.4 million KRW (or 42,250 USD) while the costs stood at only 9.8 million KRW (or 8,735 USD), leaving behind 37.6 million KRW (or 33,515 USD) in additional operating funds. The majority of income consisted of donations at about 30 million KRW, but even without the donations, the remaining income could cover the 9.8 million KRW costs that consisted of utility bills, insurance fee, transportation fee, fees related to work, and more.

3) Success factors

The most prominent success factor that People Who Live Together holds unique to itself is in the way it creates its own credit society not based on credit profiles already existent. In previously introduced microfinance models, the decision to lend money was always based on the credit statuses banks issued. However, People Who Live Together creates its own credit society among those who have no credit, encouraging loaners to maintain and raise their credit among the organization, which partially accounts for its unusually high return rate. This type of finance welfare system incentivizes people to get off welfare and enter employment, encouraging action. Another prominent success factor that People Who Live Together holds is its self-sustainable environment. As an organization which receives no government support and no money from the dormant deposits, People Who Live Together has created its own self-sustainable banking environment that does not have to rely on donations. As a result, the management of the organization is extremely stable unlike current microfinance models that rely on government support,

private corporations, banks, or dormant deposits.

People Who Live Together also aims itself towards a very niche, but clear target market and purpose. As a microfinance model that works to support the lives of those who have lost credit or have extremely low credit ratings, it always maintains consistency within its actions.

Finally, the last success factor stressed by People Who Live Together is none other than passion for networking and partnership. People Who Live Together many times oversteps the bounds of a simple microfinance institution. When people face problems, the organization speaks with them and contacts nearby hospitals, dentists, or the like requesting for help. The majority of times, we contact places that we have never had business done before together, but it is the passion to make these people's lives better that enables the small organization to have so many partnerships and networking across the country.

4) Limitations

The uniqueness of People Who Live Together also often acts as its own limitation. For instance, it is extremely difficult to expand the business in a short period of time since it deals with those who have close to no credit rating. Investors see the business as extremely high risk without enough return, thus it may be hard to procure funds from investors. Naturally, it is close to inevitable for the organization to be formed based on a social enterprise rather than a financial institution since donations could be more easily procured to help foster the organization.

Secondly, the model is reliant on time and effort to create a credit society. If the organization fails to create the appropriate credit society, the lack of collateral can backfire and huge losses could also be piled up. Thus, careful planning and management must go into the system in order to create the necessary environment for success.

IV. INTERNATIONAL APPLICABILITY OF MODEL

Although People Who Live Together's microfinance model has proven itself to work within the contexts of South Korea, it is too early to determine whether it is applicable in the setting of all or most developed countries, especially considering South Korea's position in between developing and developed nation. Thus, we intend to look at similar microfinance models as People Who Live Together and see their successes in the different countries.

The most noticeable microfinance model similar to People Who Live Together is that of No Interest Loan Scheme (NILS) done by the Good Shepherd Microfinance in Australia.

Begun in 1981, NILS is similar to People Who Live Together in that it utilizes no interest, loans between 300 to 1,200 USD (just a bit above People Who Live Together), and aims to help those struggling as more of a welfare concept than a finance institution. Between the periods of 1981 to 2016, NILS has reached 205,338 clients with 1,306 volunteers nationally. Furthermore, the average NILS repayment rate stands at an outstanding 95%. Just this year, 22,396 loans were written by NILS worth 20 million USD at an average of 904 USD per loaner [20].

A major difference between NILS and People Who Live Together would be that while NILS fully utilizes face-to-face

conversations, People Who Live Together does not. Considering that both have high repayment rates though, and People Who Live Together has a much smaller number of workers involved, the difference is acceptable.

Looking at NILS, we are able to see a future in People Who Live Together's microfinance model in that it also has potential to grow large unlike some of the limitations that we have originally placed on it. Thus, we can cautiously come to the conclusion that such a microfinance model could be more acceptable and successful in developed nations than the generic microfinance model aimed towards helping foster start-ups.

V. CONCLUSION

Analyzing the history, accomplishments, and limitations of the generic microfinancing model in South Korea, we were able to make several conclusions regarding issues revolving the generic model that relied on dormant deposits. Considering that Japan has also just recently decided to open up its dormant deposits for similar microfinancing opportunities, it may be wise to rethink about the model that Japan may want to consider supporting for its microfinancing and welfare [21].

Unlike what many believe to fail with a no-interest loan scheme aimed towards those who have lost credit or have the worst of it, the return rates tell us different when utilizing the correct models with the right vision. Similar to NILS in Australia, such microfinancing models also host enough potential to grow large and can prove to be an option of support for governments of developed nations.

With the decline in state of welfare internationally due to refugee crises and tanking economies, it is necessary to provide alternate aid on the side of government for low-income households. Not only can finance-welfare systems of microfinance help solve and aid allocation of welfare in forms that incentivize growing out of welfare, but it also concentrates allocation on the bottom 20% of society instead of the top 20%. Considering the existence of several policies already pre-existent that foster start-ups, a focus on welfare through a finance-welfare system of microfinance proves more viable for developed nations.

This paper has several limitations that can be expanded in further studies. First, this paper focuses on both generic and unique South Korean microfinance models. Thus, future studies could expand from perspectives focused more from a Western perspective of microfinance models. Furthermore, this study is also limited in the range of comparisons done with other microfinance models from other cultures. Thus, a study could be done comparing the microfinancing model to other models from different cultures.

ACKNOWLEDGMENT

Joshua T. Kim would like to thank the CEO of People Who

Live Together, Lee Chang Ho for his dedication and help in writing this paper and allowing the author to study and research his microfinancing organization, People Who Live Together.

REFERENCES

- [1] The United Nations. (2005). 2005 World summit outcome document. USA.
- [2] B. Connor, "MICROCAPITAL BRIEF: South Korean government launches sunshine microfinance loan program under smile microcredit bank for low-income households," *MicroCapital: On Microfinance, Mobile Money, SMEs and Other Forms of Impact Investing*, MicroCapital Affairs, July 11, 2017.
- [3] B. Wydick, "The effects of microenterprise lending on child schooling in Guatemala," *Economic Development and Cultural Change*, vol. 47, no. 4, pp. 853-869, 1999.
- [4] M. Rubana, "Microfinancing in Bangladesh: Impact on households, consumption and welfare," *Journal of Policy Modeling*, vol. 30, no. 6, pp. 1083-1092, 2008.
- [5] World Daily, "Founding of the dormant deposit management foundation," *Segye Ilbo*, July 8, 2017.
- [6] Y. Jeehwee, "Microfinance increases support in traditional markets," *Hankyung News*, July 8, 2017.
- [7] Y. Sunhee, "First microfinance branch opens," *Seoul Yeonhap News*, July 8, 2017.
- [8] S. Microbank, "Microfinance loan types and details," *Opengov Seoul. Central Microfinance Foundation*, July 10, 2017.
- [9] L. Rebecca, "Smile and sunshine: Assessing the impact and sustainability of microfinance in South Korea," *SAIS*, pp. 49-60, 2011.
- [10] Y. Yena and J. W. Bae, "Problems with microfinancing and dormant deposit law," *Chosunbiz. Chosun*, July 6, 2017.
- [11] K. Ilhwan, "Need to lower microfinance loan barrier," *Yonhap. Yonhap News*, July 8, 2017.
- [12] K. Chanho, *An Introductory Course to Money*, Seoul: Oratory and Literature Publishing, 2011.
- [13] Y. J. Chang, "Failures of sunshine loan program," *DongA News*, July 9, 2017.
- [14] Y. He. Oh, "Changes in Guarantee rate for sunshine loan program," *KDI Focus*, vol. 40, pp. 1-7, 2014.
- [15] W. Jordan, "How welfare reform failed," *Slate Magazine*, The Slate Group, July 8, 2017.
- [16] G. Kate, "Pennsylvania denies 75 percent of welfare applicants," *Pittsburgh Post-Gazette*, PG Publishing Company, July 11, 2017.
- [17] K. Olga, "How welfare reform left single moms behind," *The Atlantic*, Atlantic Media Company, July 13, 2017.
- [18] H. Heather, "Can the welfare state survive the refugee crisis?" *The Atlantic*. Atlantic Media Company, 18 Feb. 2016. Web. 9 July 2017.
- [19] Klein, Matthew C. "Welfare Spending Across the OECD." FT Alphaville. The Financial Times, 28 Nov. 2014. Web. July 10, 2017.
- [20] Good Shepherd Microfinance. (2017). 2016 Annual Report. USA.
- [21] Japan Times. "Making use of dormant accounts," *The Japan Times*, July 11, 2017.



Joshua T. Kim was born on June 22, 2000 in the state of Washington. He has since then moved to South Korea in 2005 and has continued to study there.

In relations to microfinancing, Joshua Kim has worked as an intern in the organization People Who Live Together during the summer of 2017 and has had first-hand experience within the business.

Joshua Kim has also written papers related to Intellectual Property Rights and KPop diffusion in the past where it has been presented at the International Conference on Social Science and Business.