

## Microcredit and religion: complementarity or incompatibility?

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### Abstract

*In the line of the work of Max Weber, we like to re-question the relation between the religious and economic spheres. Indeed, because of the world crisis among other reasons, microcredit is becoming one possibility to go out poverty by availing use of solidarity and by creating one's wealth. But very high interest rates are practiced. Meanwhile, the crisis shows the rise of religions and hence a perceived barrier to micro-credit, even if their goals are similar. We are looking for the way it is possible to conciliate the social justice purpose and the high level of interest rates. We determine if religion is compatible with microcredit or if the discussion between economics and religion is still a dialogue of the deaf. This article is the first to study the main religions and their articulation with microcredit. Firstly, we look at the IMF origins and there interest rates practices. Secondly, we look for the basis of the usury prohibition and its evolution. It has become more a religious practice than an economic one. The charitable aim is predominant, so that there is no incompatibility remaining. It removes one kind of hurdle that could have been a brake to the microcredit development and which implies that it will be sustainable.*

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### Introduction

In 2006, almost two billion people worldwide have been classified as living below the absolute poverty line, i.e. surviving with less than two dollars a day (Cazabat, 2007). Three billion people are poor, according to a report from the World Bank in 2005. Meanwhile, it is considered that 500 million people are microfinance beneficiaries, while eighty percent of the population lacks access to credit and financial services (Rapport de Planet Finance, 2006).

With globalization, the economic and financial crisis has intensified and has increased the number of unemployed in the world, which automatically increases the number of people who choose to create their own activity (Bacin et al., 2009). Microcredit should thus play a role of absorber for unemployment (Baudet et al., 2009). In contrast, however, Emmanuel de Lutz (2009) noted a stabilization of the microfinance market though market showed a growth of 30% annually during the recent years.

Microfinance has indeed experienced a rapid development in recent years. 2005 was the International Year of Microfinance for the UN. In 2006, Muhammad Yunus and the Grameen Bank were awarded the Nobel Prize for Peace. Microfinance has grown significantly in Asia, Africa and Latin America, it is estimated that 150 to 200 million people benefit from this in the world and that is creating \$ 25 billion in outstanding (Brack, 2009). Most active Microfinance institutions (MFIs) are not located in Europe but in the Indian subcontinent, Latin America and Africa. While the agrarian dimension can certainly be a factor, however, our research will focus on the religious dimension and more specifically on the potential power of spiritual obstacles that come to interfere in the economic sphere according to Max Weber. Indeed, if one compares the location with the dominant religions, this search becomes legitimate to the extent of connections found with Hinduism, Islam and Christianity.

Currently, a rise of religious feelings and communalism emerges on the fertile ground of the crisis, insecurity and globalization. Pascal Glemain (2009) stresses the correlation between the increased internationalization of