

**A new player in the field:      Microfranchising**

In the preceding chapters, we so far have set out to scrutinize the impact of microcredit on poverty alleviation and advanced the opposing cases for and against its effectiveness. For all the laurels microcredit has justly earned in its endeavor to provide millions of people (mostly women) - often for the first time - with financial services, a slightly bitter aftertaste remains. Microcredit undoubtedly is a major development tool to address the challenge of lifting people out of poverty and a powerful engine of job creation, but it has its limitations and shortcomings.

The question arises whether microcredit institutions (MCIs) may successfully address these concerns about their business practices within the bounds of their current strategies. To answer this question I will first intend to recapitulate some of the recurrent points of criticism in the literature as they are articulated by practitioners in the field and development scholars alike (Christensen, Parsons & Fairbourne 2009, Karnani 2007, Lehr 2008). Based on these findings, I will argue that there is ample room for better harnessing the potential hitherto locked in the ‘bottom billion’. Thereafter, I will try to demonstrate in a theoretical context how microfranchises may solve each of these impasses and thus constitutes a powerful tool to complement microcredit schemes. Moving from theoretical considerations to real-life implementation, I set out to analyze two early adopters of the microfranchising philosophy and, finally, will conclude with key learning points that have implications for future microfranchising businesses.

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