

Future of the Business World: Students in Vietnam Give Small Loans to Low-income Borrowers

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This month, we welcome Vy Hoang to our [Future of the Business World](#) podcast. Vy, a high school senior at St. Mark's School in Massachusetts, tuned in from her home in Hanoi, Vietnam to talk about her microfinance organization, [Bank Mi](#). Microfinance, developed in the 1970s by social activist and Nobel Peace Prize winner Muhammad Yunus, is the concept of giving small loans to entrepreneurs who are too poor to qualify for traditional bank loans. Vy, who has spent the past year launching and building Bank Mi, discusses how her student team is raising microfinance awareness in Vietnam and supporting borrowers in Southeast Asia and beyond to, she believes, create a "long-term and sustainable" impact on communities.



Wharton Global Youth Program: Hello and Welcome to *Future of the Business World*! I'm Diana Drake with the [Wharton Global Youth Program](#) at The Wharton School, University of Pennsylvania.

Students competing in our [Wharton Global High School Investment Competition](#) are busy forming their teams and preparing to analyze stocks ahead of the launch of this year's game in late September ([Registration](#) ends September 18!).

Today's guest is here to talk about a different type of investing – one that supports entrepreneurs and helps improve the economic strength of entire communities.

High School Senior Vy Hoang is the founder of Bank Mi, a student-led microfinance organization in Vietnam.

When most of us have a dream to start our own business, we can go to the bank and take out a loan.

And yet, many entrepreneurs around the world don't have access to traditional banking services. Microfinance or microlending is one option that gives them the opportunity to become business owners. Vy is going to help us understand the world of microloans – and how her organization is helping to balance risk and impact for low-income entrepreneurs in Southeast Asia and beyond.



Vy Hoang says it can be very challenging to lead a team of high school students.

Vy, thanks for being here. It's great to meet you.

What is microfinance and what makes it different from the typical approach of lending money to start a business?

Vy Hoang: I think the biggest difference between traditional banks and microfinance is their purposes. Banks are pretty much profit-driven, whereas microfinance is created to serve the people who cannot apply to traditional banking services. It might be because they don't pass the requirements of the bank or there is no bank near them, or the interest rate is too high for them to repay. Microfinance helps low-income people to become financially independent by lowering the loan requirements and not requiring any assets from the borrowers to make a loan.

Wharton Global Youth: Why did the concept of microfinance inspire you?

Vy: I was inspired to launch Bank Mi because of the sustainable microfinance. Microloans are granted to people to start their own business and become financially independent. Sometimes these businesses can also create job opportunities for other people and allow them to send their children to school and take care of their families. The impact that microfinance creates is much more long-term and sustainable than just donating necessities. In microfinance, the very special thing is that the money is recycled once repaid by loan borrowers, so people can use the lending capital to continue lending to other people, as well.

Wharton Global Youth: Tell me about the first student-led microfinance organization in Vietnam. When did you launch Bank Mi Microfinance and how has it developed in the past year? And maybe start off by telling us a little bit about you. Were you born in Vietnam?

Vy: Yes, I was born and raised in Vietnam my entire life before coming to school in the U.S. So I am very familiar with how little financial resources people in remote areas have. I was very inspired to launch Bank Mi because I know that microfinance is not a very familiar concept to the Vietnamese population, even though it's very sustainable and it can create such a long-lasting impact. My other friends from my high school in Vietnam and the U.S. launched Bank Mi last November and we're one of the first student-led microfinance organizations in Vietnam, to my knowledge.

From November to March, our team set up the groundwork for our organization, which includes stuff like reaching out to partner with adult-led microfinance, asking for guidance on how to operate our own organization, and figuring out how to lend money without facing legal obstacles. High school students are minors and we are not of legal age to grant microloans. That process of setting up the groundwork took a lot of time because we're one of the first student-led

microfinance [organizations in Vietnam]. That first four months was just trial and error. Once we had everything set up, we had a fundraising pitch in April to raise lending capital from our investors, and in June we recruited more members to work with Bank Mi and were able to expand our organization to more than 30 members all over Vietnam. We lend money to borrowers around the world on a website called [Kiva](#), and we're in a stable place right now.

Wharton Global Youth: Kiva is an established online microlending platform. How did Bank Mi initiate the relationship with Kiva and what is the significance of the partnership approach between your organizations?

Vy: As I mentioned, high school students are not allowed to grant microloans to other people. So we figured out a plan to lend money on Kiva, which is a platform that connects students like us with borrowers all around the world. The website allows us to lend money not only to people in Vietnam, but literally all around the world without worrying about the legal framework. Besides Kiva, we also partner with [CEP Microfinance](#), which is one of the largest and oldest microfinance [organizations] in Vietnam. They are very helpful in giving us guidance on how to operate a student microfinance [organization] efficiently. We actually partnered with them to organize an internship trip to help the members at Bank Mi this summer to visit their office and observe the professional microfinance world. It's been postponed because of the pandemic, but will happen soon.

Wharton Global Youth: You mentioned a fundraising pitch to investors to convince them to invest money in your organization. Can you paint a picture for us of your pitch? How did it go? Can you tell us about the moment?

Vy: The investors were all adults, so it was very frightening. We needed to deliver the pitch in the most professional way possible. I think to convince anyone to invest money into your organization, it's important to understand and see things from their perspective to have a clearer sense of what kind of information they need to hear and what kinds of questions they might have. I think that investors all have money, but they don't have time. Our team worked really hard to structure our presentation in a way that answered all of their questions beforehand so that after the pitch the only question is how much money they're willing to invest in us. Because microfinance is a very unfamiliar concept, our first job is to explain to them in full detail what microfinance is: its origins, the lending model and also how it will impact the socioeconomics of Vietnam. Then like any other fundraising pitch, we had to explain to them how Bank Mi operates, how we plan to use the lending capital, our goals and plans for the future, and the benefits to the investors. I think that plan worked really well because we were able to secure around \$5,000 U.S. dollars in lending capital.

“To evaluate the risk of each loan, we need to see if they have received any microloans in the past or they have successfully repaid any loans in the past. How many years of experience do they have in the business?...Also, we consider if their business model will create any jobs or any impact in their community.” — Vy Hoang, founder, Bank Mi Microfinance

Wharton Global Youth: You have had to learn the process of outreach within the finance world and some of your emails and phone calls have no doubt gone unanswered. What have you learned about turning rejection into redirection?

Vy: Just a little bit of context. We first wanted to reach out to these adult-led microfinance [organizations] who do this full-time as legitimate lending institutions so they could give us guidance and mentor us into operating Bank Mi. We started out by emailing them and sending them our project proposals for the first few weeks. We didn't get any email replies, not even a rejection letter. Our team has come very far into launching this microfinance and we are also very passionate about this. We all agree that it's more productive to move forward and keep sending out emails instead of blaming ourselves or being harsh on ourselves. I feel like we would make no progress sitting there blaming ourselves. We had to sit down and figure out what went well and what went wrong in the email, and we kept revising the email. We kept finding new microfinance organizations to send emails to and we were able to secure a partnership with CEP Microfinance, who really understands our mission and is also very happy to help high school students like us. Even

though our first few weeks were not very productive and were even quite miserable, we still managed to reach our goal in the end. I wouldn't be any happier if we were to partner with any other organization. It taught me that rejection is also redirection.

Wharton Global Youth: It sounds like you had to persevere and push through, even when you didn't hear back. And it also sounds like your teammates were very helpful too because you helped support and motivate each other. Would you agree?

Vy: My teammates are a huge motivation for me to keep working and keep improving our organization.

Wharton Global Youth: You have lent money to predominantly women in Vietnam, the Philippines and around Southeast Asia. Can you tell us about one or two people who have received Bank Mi's microloans? I'd love to have a profile of one or more of your borrowers.

Vy: One of our borrowers is a middle-aged woman from the Philippines. She has six children and three of them are still in school. She wanted to borrow some money to buy feed and other supplies to create her own pig-fattening business. Her ultimate goal in life is to expand this business of hers so she can take care of her children. Another borrower that we granted microloans to is a single mother from Kenya. She has two children and she also wanted to send her kids to school, so she made a loan to buy farm inputs, such as fertilizers, pesticides, all that, to expand her farming so she would have more money to take care of her children. Based on these two loan profiles, you can see a common theme that we prioritize people with more children, since it also means more responsibility financially. We also prioritize minorities, such as single parents, women or even middle-aged people, because there aren't many jobs available to people at that age. At the same time we also try to diversify our investment portfolio by helping people from different countries who do different things and have different goals in life to create a greater impact around the world.

Wharton Global Youth: Do you think you'll ever get to meet these people?

Vy: We really want to meet these people. I think it's possible to meet the people we lend to in Vietnam who live in Vietnam. But hopefully one day we will meet those people soon.

Wharton Global Youth: Is it primarily Southeast Asia?

Vy: Yes, it's predominantly Southeast Asia, but we've also granted microloans to people in Africa and South America, to many countries in Southeast Asia.

Wharton Global Youth: You have described your organization as being in a stable phase right now, with lending capital and partnership mentors and a growing lending team at Bank Mi. Can you expand on this?

Vy: As an organization, we need lending capital to grant microloans to people. But at the same time, because we convince investors to donate money to our organization, we also have to be responsible with their investment. The lending team at Bank Mi, what we call the investment department at our organization, is responsible for choosing who to lend money to. Each month, the team will look at all the loan profiles on the Kiva website and we will evaluate the risk and the impact of each loan using our own criteria sheet. Just to illustrate the criteria sheet, we take a lot of factors into consideration. To evaluate the risk of each loan, we need to see if they have received any microloans in the past or they have successfully repaid any loans in the past. How many years of experience do they have in the business? We want to make sure their business will sustain for a long time. And also to evaluate the impact of each loan, we have to look at the number of children or the number of people in the household that they need to take care of. Also, we consider if their business model will create any jobs or any impact in their community. All that information will help us how to make the best decision on who to lend the money to.

Wharton Global Youth: You are headed back to school in the U.S. for your senior year in only a few days. Is Bank Mi going to continue?

Vy: We will continue lending money to people all around the world on Kiva because it is very flexible right now. You can do anything from home. Our goal for 2021 is to give borrowers the educational resources to better manage their businesses through workshops on personal finance or business management so that the microloans that we give to them will be used efficiently. We also want to help them in the most sustainable way possible. We don't want to just give them the money and let them figure out how to run their business themselves. We also want to give them resources to continue operating their business for a long time. In the future, we aim to provide them not only the money but also the resources to sustain their business.

Wharton Global Youth: Are you interested in pursuing a career in finance?

Vy: I always have a passion for business, not particularly finance. I'm very interested in social business, social enterprise. I think that normally people would associate business or finance with exploiting people to selfishly generate profits. More often, business can be used toward a good cause like microfinance or any other social enterprise can use business to help the people in need.

Wharton Global Youth: It sounds like Bank Mi is promoting sustainable socioeconomic growth in Vietnam and the other areas where your borrowers live. Do you feel you have had an impact?

Vy: For the borrowers, we have helped them become more self-sufficient and we also helped their families by allowing them to send their kids to school and improving the lives of their families. Besides that, I think granting microloans to borrowers also encourages other people besides the borrowers to seek opportunities in life to improve their life. I think that launching microfinance for students inspires other people my age to support the unfortunate, whether by launching their own microfinance in the future or just donating and supporting microfinance organizations.

Wharton Global Youth: What has this experience taught you specifically about leadership?

Vy: If there is any lesson that I gained from leading Bank Mi it is that being a student leader is not that easy. It's very difficult. Sometimes you have underperforming members that you have to confront. It's not very easy having difficult conversations with people around your age. I have also learned that leadership is not about leading and micromanaging, but rather understanding and accommodating to the people in your team — just knowing their strengths and accommodating to their working style. And to foster a very open and comfortable working space together so that your team can achieve any goals you have.

Wharton Global Youth: One question that I ask all the guests on *Future of the Business World* is if you could change one thing in the world, what would it be?

Vy: I think it would be giving equal access to opportunities, regardless of their gender, race, social status, or anything that they don't have control over.

Wharton Global Youth: Let's end with our lightning round questions. Try to answer these quickly:

Who is an entrepreneur you admire and why?

Vy: Definitely Muhammad Yunus, because he's a social entrepreneur who focuses a lot on sustainable charity. [Muhammad Yunus received the Nobel Peace Prize for pioneering the concept of microfinance].

Wharton Global Youth: What is a unique skill that you bring to Bank Mi?

Vy: My resilience.

Wharton Global Youth: Finish this sentence: the COVID pandemic has taught me...

Vy: to multi-task.

Wharton Global Youth: A topic you would love to discuss with a roundtable of business CEOs?

Vy: Whether they would choose to create social impact or maximize profits through their businesses.

Wharton Global Youth: Something about Vietnam that you want people to know?

Vy: The food here is amazing, especially the Vietnamese baguette called *banh mi*, which is also where our name Bank Mi came from.

Wharton Global Youth: In 10 years, where do you hope you'll be?

Vy: I hope to be back in Vietnam providing guidance to student-led microfinance and I hope that microfinance will be much more developed and prevalent in Vietnam.

Wharton Global Youth: Vy Hoang, thanks so much for joining us on *Future of the Business World!*

Vy: Thank you so much for having me, and I hope that this conversation will help you guys understand a little bit about microfinance and maybe feel empowered to do something for your community.