

Entrepreneur Magazine's
Entrepreneur OF 2010 AWARDS
Presented by **The UPS Store**

Be the next one to get one.
Enter Now



Entrepreneur Connect
Sign In | Create Profile
Sponsored by **Sprint**

Home > Entrepreneur Magazine > July 2009 > Sharing the Micro Wealth

Sharing the Micro Wealth

Kiva.org connects people making microloans to entrepreneurs around the world.

By Jennie Dorris | Entrepreneur Magazine - July 2009

[Print](#) | [Email](#) | [Share](#) | [Get the Mag](#) | [Weekly Updates](#) | [Text Size \[+\]](#)



Matt Flannery (l.) and Premal Shah of Kiva.org
Photo © Eva Kolenko

Three and a half years ago, Matt Flannery was in East Africa when he had a realization. "I had always thought Africa was bleak and oppressed," he says. "But it's a place that is uplifting, because the people are very entrepreneurial." Flannery came back to the States and started [Kiva.org](#), a website that allows people to make microloans to entrepreneurs across the world—a unique blend of Facebook-like networking and angel [investing](#). The website now raises \$1 million a week, mostly from \$25 loans. And potential lenders—who enjoy a 98 percent payback rate—have 150,000 entrepreneurs to choose from.

The company gained a reputation for facilitating U.S. lenders' support of *global* entrepreneurs, but the model will gain new footing in June, when Kiva adds U.S. entrepreneurs to its list of loan recipients. "It lets someone in India [lend](#) to someone in Louisiana," says Kiva president Premal Shah. "And I think U.S. lenders will be excited to help people in their own backyard." Here's how it all works.

1. **A lender logs on to Kiva.org to search for an entrepreneur.**

"People are basically voting with their money," Shah says. "Out of the 100,000 profiles we've posted, only one has gone unfunded. I think people believe in entrepreneurs; I don't think many businesses would go unfunded."

2. **Kiva gets "paid."**

"Our 2008 revenue was about \$7 million," says Fiona Ramsey, Kiva's public relations director. "This came from lender donations. We also get some interest from the funds traveling through our [accounts](#) to and from the borrowers and lenders."

3. **Kiva wires the money to microfinance institutions.**

"We look for credible organizations with a history of lending to the poor,"

Kiva: by the numbers

- 56.3 hours:** The average time it takes a Kiva loan to be funded
- 31 seconds:** Frequency of Kiva loans in 2008 (on average)
- 337:** The number of volunteers signed on to translate Kiva loan descriptions to entrepreneurs and lenders around the world
- 1 year old:** The age of the youngest [lender](#) on Kiva
- 101 years old:** The age of the oldest Kiva lender

Today on Entrepreneur



- [Grab the Media Spotlight With 'Carpe Diem' PR Your Message Has Their Attention; Now What?](#)
- [Entrepreneur Learns to Say No](#)
- [Give Your Business a Spring Cleaning](#)
- [You Violated a Loan Covenant. Now What?](#)

[More Stories >](#)

Free seminar from *Entrepreneur*. Sign up now.

Current Issue



Entrepreneur's Annual 100 Brilliant Ideas

A bold concept perfectly in sync with the moment: It's what great companies are built on.

[Read this issue >](#)

Magazine Resources

- [Issue Archive](#)
- [Subscribe](#)
- [Buy Back Issues](#)
- [Give a Gift](#)
- [Manage Your Subscription](#)
- [Renew Your Subscription](#)
- [Article Reprints](#)

Starting a Business

- Money
- Marketing
- Sales
- Advertising
- Franchises
- Biz Opportunities
- Home Based Biz
- Online Business
- Management
- Human Resources
- Technology
- Work Life

Magazine

- Current Issue
- Archives
- StartUps Magazine
- StartUps Archives
- Subscribe

Mobile Edition

Entrepreneur Assist

Subscribe to



More Resources



- Business Calculators
- College Search
- Franchise Your Biz
- Columnists
- Business Forms
- Resource Centers
- Publish Your Book
- Startup Books
- Free Trade
- Magazines
- Classifieds
- Trade Journals
- Entrepreneur Press
- Encyclopedia
- Slideshows
- Get the Magazine

Shah says, adding that these microfinancers also offer education to entrepreneurs. "While people know how to make money, they still need help with cash-flow management, value chains and market development."

4. **The microfinancers seek out local entrepreneurs.**
"The microfinancers market themselves," Flannery says. "They'll drive pickup trucks to rural villages and meet with the village chiefs to let them know that there are banking services available to them."
5. **Entrepreneurs pay back their loans to the microfinance institutions.**
"When people loan through Kiva, it's a zero percent interest loan," Shah says. "Entrepreneurs pay back their loans to the microfinance institutions at an 8 percent to 15 percent interest rate in the U.S., which is a pretty phenomenal rate for someone considered uncreditworthy."
6. **Microfinance institutions wire money back to Kiva.**
7. **Kiva repays its lenders.**
"Our lenders predominantly loan their money again and again," Flannery says.

[Print](#) | [Email](#) | [Share](#) | [Get the Mag](#) | [Weekly Updates](#)

Marketplace

 Mobile hotspot.	 Try online printing from The UPS Store®
--	--

Look at your bill and find out how much your business can save with Comcast Business Class. Two entrepreneurs will walk away with \$10,000 cash! Register for the Irvine Entrepreneur Forum today!

< REPLAY

PUT YOUR CARD TO THE TEST.

CREDIT CARD

Charge Card

COMPARE CARDS

UNBIASED RECOMMENDATIONS

TAILORED TO YOUR BUSINESS

BILLSHRINK

FOR BUSINESS

TEST YOUR CARD ▶

Entrepreneur Connect

How should I market a product that everyone needs but no one knows about?


Entrepreneur Connect member Leo Vainshtein wants to know the best way to market his new product.

Join the discussion

Resource Centers

 **Mobile Entrepreneur**
If you want to compete, you need an office that goes everywhere. We'll help get you on the go.

 **101 People Problems Solved**
Find solutions for your most challenging personnel situations.

 **Web Smarts**
Get tips and tactics for growing your business online.

Find Pre-Screened Vendors

MARKET PLACE

- [Web Design](#)
- [Online Marketing](#)
- [Credit Card Processing](#)
- [Phone systems / VOIP](#)
- [Telemarketing](#)
- [Direct mail](#)



Merchant Cash Advance Loan
[View all 80 categories »](#)

Sponsored Offers

Ads by **Adblade™**



\$86 R/T From Denver?
It's true: Airfare from only \$86. Get the Top 25 weekly deals email & Save up to 50% on travel! [Learn more](#)



2550% Penny Stock Gains?
This 100% free penny stock newsletter sends you the absolute best picks straight to your email! [Learn more](#)



2550% Penny Stock Gains?
This 100% free penny stock newsletter sends you the absolute best picks straight to your email! [Learn more](#)

[Buy a link here](#)



Entrepreneur
NEWSLETTERS

Sign Up for the Latest in:

- Starting a Business
- Sales & Marketing
- Growing a Business
- e-Business & Technology
- Franchise News
- Business Book Sampler

E-mail*

Zip Code*

Submit