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## **Compulsory versus Voluntary Savings as Incentive Mechanism in Microlending Contracts**

Paper co-authored with Olivier Bruno (University of Nice Sophia-Antipolis, SKEMA Business School and OFCE-DRIC)

**Friday, December 9<sup>th</sup>, 2011**

From 3.00pm to 4.30pm

At the “**Salle des Conseils**” (ground floor)  
of the **Warocqué School of Business and Economics**  
Université de Mons - UMONS

### Abstract

This paper investigates the incentive mechanism of individual microlending contracts focusing particularly on microsavings. We built a model to show the role of compulsory and voluntary microsavings in addressing problems of information asymmetries. We show that voluntary savings can serve as a complementary tool in repayment enforcement at the same time inducing borrowers to reveal abilities of their projects.

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Please confirm your presence by December 8<sup>th</sup>, 2011.