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Analysis of Liquidity Risk in Microfinance: Comparing Migrants’ Deposits with Local Deposits in Mali

Friday, April 8th, 2011

From 4.00pm to 5.30pm

At the **Salles des Conseils** (ground floor)
of the **Warocqué Business School**
Université de Mons - UMONS

Abstract:

This paper is devoted to the analysis of liquidity risk in microfinance. Using a re-sampling method, we estimate withdrawal rate distributions for migrants’ and locals’ deposits, using an original database of 7,828 deposit contracts issued between 2002 and 2008 by 12 village banks belonging to a major Malian rural microfinance network (PASECA-Kayes). Results show that the liquidity risk associated to migrants’ deposits is higher compared to that of local deposits, given the high withdrawal rates associated to migrants’ deposits. The article gives an insight on the opportunity remittances, or migrants’ money, could represent for the microfinance industry as a source of stable medium- and long-term funds.

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Please confirm your presence by April 6th, 2011.