

Trust Mechanisms, Cultural Difference and Poverty Alleviation

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Contents of ***CLCWeb: Comparative Literature and Culture 20.2 (2018)***

Thematic Issue ***The One Asia Foundation and its Cooperation and  
Peace-Making Project***

Ed. **Asunción López-Varela Azcárate**

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**Abstract:** In her paper "Trust Mechanisms, Cultural Differences and Poverty Alleviation" Lihua Guo explores how Grameen Bank, which originated in Bangladesh, can effectively reduce regional poverty. The basic means based on a trust mechanism include the provision of loans only to women, five-person teams, a system of conference centers, personal financial management and weekly repayment with golden membership awards. Although the Grameen mode presents different practice effects around the world due to cultural differences, the fundamental cause for success is the respect showed to human beings by the model, and a tailored program that includes rather than excludes. The Grameen model has unique advantages in promoting poverty alleviation and reduction in Asian countries, which is of great significance for promoting Asian integration.

**Lihua GUO**

### **Trust Mechanisms, Cultural Difference and Poverty Alleviation**

Asian integration is a slow process. It encompasses a multi-ethnic, multi-lingual and multicultural community with more than 4 billion people who face a wide range of problems. Poverty is a common one. In the early 1990s, more than 90% of the Asian population lived in low-income economies. Today, more than 95% of Asian countries have entered the ranks of middle-income economies. It is clear that Asia has made great progress in reducing the number of poor people. The poverty reduction experience from China, Bangladesh, India and other countries is worthy of analysis and reference.

Poverty elimination is a worldwide problem. No matter where you are in the world, poor people always share common characteristics, beyond the boundaries of communities, regions, and nations. In the poor areas of New York, Bombay and Mexico, income conditions, family structures, value concepts, consumption modes, and community ideas, and so on, present great similarity. Oscar Lewis has developed what he terms "culture of poverty theory" where he maintains that poverty is a self-sustaining cultural system in itself. According to Lewis, poor people have been living in poverty for a long time and this has led them to form a particular way of life, with their own code of conduct and value concept system, etc. The formation of this subculture affect people around the original group, especially offspring, leading to intergenerational transmission of poverty (Lewis).

Poverty elimination may be discussed from different perspectives, and culture is one of the most important ones. The British anthropologist Edward Burnett Tyler defined culture as a "a complex whole, including knowledge, belief, art, morality, law, custom and all other capabilities and habits acquired as a member of society" (Zhang 23). Research by other scholars from various countries has shown that culture and its basic elements have a positive impact on financial and economic development. For instance, classical economists such as the Scottish Adam Smith, the German Adam Müller or the British Alfred Marshall have described how culture affects economic development. All these authors pay attention to the impact of ethics and morals, ideals, customs and habits, as well as religious beliefs and other cultural factors upon the economy. In his book *The Protestant Ethic and the Spirit of Capitalism*, Max Weber put forth the relationship between religious culture and the emergence of modern capitalist society (Weber 200).

Other scholars have investigated the relationship between trust level and economic growth rate, and the majority of them believe that trust can reduce uncertainty in economic activities and promote economic development. In recent years, some scholars have also studied the relationship between trust level and financial development. Data from 48 countries, between 1980 and 1994, was made available to Arturo Galindo, Alberto Chong, and César Calderón in 2001 showed that the higher the trust level, the more developed the credit market and the lower the interest margin, the higher financial efficiency.

Under the condition that laws and regulations are continuously improved, trust could play a role in the substitution of the formal system. The analysis by Luigi Guiso, Paola Sapienza and Luigi Zingales (2004) showed, taking Italy as an example, that in high-social-capital areas, households were more likely to invest less in cash, have higher access to institutional credit and less use of informal credit. The conclusions were that the effect of social capital is stronger where legal enforcement is weaker and

among less educated people. Zhang Junsheng and Zeng Yamin (2005) have verified these conclusions in an empirical research on Chinese market. Although this analysis is only for financial market, the trust mechanism seems to act on the market as a whole to promote the improvement of financial efficiency. Taking Grameen Bank as an example, this paper discusses how the trust mechanism stimulates poor people's vitality. The paper also analyzes the cultural differences between China and Bangladesh and explores the overall impact of Grameen Bank in regional poverty reduction.

In 1976, spurred by the famine of 1974, Muhammad Yunus, a Bangladesh scholar who came from a working class background but encouraged by his father had earned his PhD in Economics during a Fulbright at Vanderbilt University, made an experiment in Jobra Village while he was professor at the University of Chittagong. The experiment led to the establishment of his Rural Economics Program. In spite of lending practices which ignored the poor, Yunus supported forty-two extremely poor women entrepreneurs to purchase veins of bamboo to make stools by giving small loans of twenty-seven dollars to each of them. He believed that, given the chance, the poor would be able to repay the borrowed money. The women not only repaid their loan on time, but also made a profit to supplement their family incomes. This experiment directly facilitated the formation of Grameen Bank, an institution that became instrumental in lifting people worldwide out of poverty, with the pioneering use of microcredit.

With years of experience, Grameen Bank developed into a 'trust' which extended the microcredit system to other countries at different levels of development and with diverse social systems all over the world, including China, India, several countries in Europe, North and South America. Grameen Bank seeks to help poor people to increase their income and personal assets in order to shake off poverty and become prosperous. The realization of these final objectives depends on two assumptions: Yunus' belief that everyone should have the right to credit, and that poor people are natural entrepreneurs. Yunus' was convinced that poor people did not lack the courage and determination to shake off poverty but lacked basic material conditions and opportunities. For example, they could not borrow from formal financial institutions, and their status at the bottom of the socio-economic pyramid caused them to be neglected in the market. According to Yunus, if their credit rights were realized, poor people would stimulate unprecedented vitality, capable of paying off the principal and interests and even increasing their incomes and build up their fortunes. Together with Grameen Bank, Professor Yunus was awarded the 2006 Nobel Peace Prize for his efforts to create economic and social development.

The smooth operation of Grameen Bank is dependent on good design and full implementation of the trust mechanism. One of the first initiatives was the provision of loans to women. In Bangladesh, under the influence of male chauvinism and religious belief, the status of women continues to be generally low. However, women present different characteristics from the male when financial services are offered. For example, they are risk averse, seek a strong family orientation and cherish opportunity. Grameen Bank thought they would be the perfect people to grant loans to. Indeed, the repayment ratio has also enhanced the status of women in Bangladesh communities.

Grameen Bank offers basic loans such as housing credit. The microcredit system is provided to women only, and it requires that the land used for housing construction should be registered under the women's name. This requirement helps women to have access to their own homes, preventing

homelessness. It is also specially designed to safeguard the basic rights of women. The philosophy of Grameen holds that the power of money is symbolic. Thus, credit not only increased poor women's courage to fight against poverty, it has also helped them against an unfair social system, helping them obtain their inherent rights in the family and in society.

Another important element used by Grameen Bank to enhance trust and the system interconnection is the 'five debtor group.' This is a team of five people who are, in turn, supervised by a central organization through meetings. The team consists of five neighboring or familiar persons who assist the borrower in solving problems and challenges with the help of the central organization. In case of default, the team does not assume responsibility.

There is a strong connection between the person in charge of each borrowing situation at Grameen Bank and the borrowers. They meet and discuss different aspects that might complicate the borrower's proper use of the funds. The relationship is much more than an ordinary financial contract. It resembles more that of a teacher and a student, or a guide and a follower. In this way, the borrower can receive ongoing training at each meeting, all of which strengthen her social esteem and confidence. The opportunity is also one for the borrower to return part of the loan, avoiding low-efficiency house-to-house repayment collection as well as time and money costs to the center manager.

Grameen Bank requires every borrower to open a personal account, a special account, and a pension account where 5% of the loans are taken as compulsory savings. One part of the loan is deposited into the personal account, and small deposits are increased into the personal account so as to raise the borrower's saving awareness. Another part of funds are deposited in the special account to purchase Grameen Bank's share capital. This cannot be withdrawn at any time. However, the borrower may use the dividends. In addition, the borrower is deemed as enterprise's partner. This helps the borrower build up her assets in a personalized way. Any borrower with the borrowings over BDT 8,000 (about USD 138) shall deposit BDT 50 into the pension account every month as a pre-deposited life-guarantee. After opening of these accounts, every person has a triple identity as borrower, depositor and bank shareholder. At the end of the loan period, the person obtains something very important to their financial development: asset and credit. But they also gain in self-confidence and self-esteem, creating an incentive cycle for trust with forms of weekly repayment and the golden VIP shareholder possibility.

The success of the Grameen system largely depends on the weekly repayment mode. Since poor people have a low cash amount, they are only capable of making petty payments at short term scales. This helps increase repayment ratio. Grameen Bank encourages this scheduled repayment and grants golden membership for members who repay 100% loans for seven consecutive years. The golden members in a respected position are qualified for increasing their loan limit and obtaining special honors and other preferential benefits. This is considered a 'trust circulation motivation.' Only if repayments are made on schedule on a weekly basis, credit capitals are accumulated, and larger loan limits and preferential interest obtained.

If a borrower can pay but intends to refuse repayment, Grameen employees may find out the real causes thereof by interviewing other families and neighbors. Incentives may be made to put them back on the right track. Grameen employees or center members can also provide assistance. Finally, the five-

person team applies group pressure to let them know the importance of honesty. Grameen practice in counties shows that, poor people are actually neglected entrepreneurs. They can also pay off the loans in addition to the payment of interests, which indicates that their investment yields a high return ratio and they are trustworthy. The Grameen mode also shows that more human financial system which helps build up self-esteem and capability, giving poor people an opportunity to obtain loans and change their fortune. The repayment ratio of Grameen Bank in Bangladesh was 98.47% and 99.06% respectively in 2015 and 2016 (Du and Zhang 11).

The cultural significance of the Grameen Trust mechanism is as important as its impact upon the life of the poor. Although mortgage guarantee is a conventional means for banks to reduce their transaction risk, the measures undertaken by Grameen bank — lump sum borrowing, small weekly repayments, monitor-groups with a periodic central meeting and golden VIP preferences if repayments are met — has achieved smooth operation without any mortgage guarantee. The main reason is that the above system forms internal incentives for the poor: the formation of the five-debtor group is de facto a form of self-screening among the debtors. If one performs badly, others will refuse to cooperate with her. Once the group is formed, the social network is connected, and its members will evaluate and supervise themselves internally. A member of the group who has a debt default will face peer pressure, helping restrain other members from defaulting too. At the same time, the members support and trust each other, setting up a trust-based community which enables the organization to run efficiently.

Another positive aspect is the improvement of the financial literacy among the poor. As explained above, Grameen Bank requires every borrower to open a savings account, buy bank shares, and deposit money into a pension scheme as life guarantee. These operations turn the poor into borrowers, depositors, and shareholders, helping to increase their assets, and providing them with financial management awareness and saving habit. These measures also reduce default rate and improves credit level. Most crucially, the measures make their life more dependable, confident, and controllable.

The fact that Grameen Bank requires no mortgage guarantee for borrowings proves that banks can bear social responsibility while realizing their economic value. Grameen bank not only plays a critical role in the regional poverty reduction. It makes poverty eradication into a commercially sustainable model. The control mechanisms Grameen has put in place show the feasibility of market-oriented commercial sustainable finance.

Besides its financial role, Grameen plays other roles within the Bangladesh communities in which it operates. The bank has a code of conduct that every loan customer should keep in mind. It includes the following habits: eating and growing vegetables throughout the year, not sending and receiving dowry at weddings, using water that are drawn from tube wells; building and using toilets, taking efforts to educate children and teaching them to make money, paying tuition and schooling for children, introducing physical training to all centers, and taking part in social activities.

The goal is to make borrowers follow and promote the four principles of the Grameen Bank in all aspects of their life: discipline, solidarity, courage, and diligence, and bring prosperity to the family. The resolutions cover all aspects of a borrower's life, with the purpose of empowering borrowers to learn to manage their lives and those of their families, ensure health, pay attention to the child education, and

improve their living environment. In this way, Grameen brings borrowers something beyond the loan — a change of lifestyle and an improvement of their living standards. These measures are fundamental to create strong communities in deprived areas (for more information see Yunus and Jolis).

As of 2017, the Bank had about 2,600 branches and nine million borrowers, with a repayment rate of 99.6%. 97% of the borrowers were women. The Bank has been active in 97% of the villages of Bangladesh, inspiring similar projects in over 40 countries in the world, where it shows different development features.

In the US, a four-member household whose annual income is less than \$23,500 will be defined as poor population. Based on the standard, 34% of the homes are below the poverty line; one out of five children belongs to the poor: they are the population that the Grameen Bank serves. Between January 2008, when it was established, and 2017, Grameen America has nineteen branches in eleven US cities, with nearly 100,000 borrowers who were all women. They shared the same essential features: most of them are Hispanic women aged about 40 whose mother tongue is Spanish and who do not have any education qualification; they can hardly afford the cost of looking after their children and they live with government's subsidies; they have never used any credit card, do not have credit history, savings account, or loans; they have diverse sources of income but with great volatility. In less than ten years, by January 2017, the bank had granted \$620 million loans so that poor women were able set up their own business (Xu 2017). The default rate was only three per thousand. Due to the influence of US public philanthropy, the US Grameen bank has begun to receive help from all walks of life. Here are some examples: Citibank and First Capital Bank have opened free bank accounts with no minimum limit for the members. Morgan Stanley have provided institutions such as the monitoring and consulting agency to offer strategy advice. Pricewaterhouse-Coopers are executing annual audits. Linklaters delivers legal compliance service for free. Columbia Business School and Duke University offer partnership opportunities for students. New York City Small Business Service Bureau provides free financial education and career development training for members. The 7-11 grocery chains provide the "pay at a place near you" system. These efforts all helped members to repay their loans. While assisting the members on loan services, the partners significantly improved their financial management capability and risk resilience ability. This is why the US Grameen Bank is so attractive.

In India, due to the relatively open economic environment and relatively high capital stock, a significant amount of private capital and foreign capital entered into the small-amount lending and borrowing to compete with the Grameen Bank. After all, a loan project with 98% return rate and 20% interest rate is very tempting. Greedy creditors for more interest induce debtors to increase the loan amount, and the poor would also choose a higher amount of loan when facing the choice. However, the philosophy and control mechanisms of Grameen Bank are gradually getting rid of the competition.

In China, since the beginning of 1994, semi-official and non-government institutions have made experiments on the Grameen mode, depending on international donations or soft loans without government intervention. The effects, however, were unsatisfactory because the Grameen mode was not completely reproduced. The unsuccessful results were caused by environmental and cultural

differences among countries. Such differences show the importance of culture upon the financial system and are reflected in the following aspects.

First, the question of religion. In Bangladesh, Muslim population accounts for over 80%. One of six major creeds of Islam is belief in the afterlife. If a person owes a debt in this life, he/she is still in debt in the afterlife. Debt repayment becomes a powerful element of restraint on the borrowers and an important cause for a high repayment ratio in that country. Meanwhile the weekly center meeting is usually held after the prayer ceremony on Friday. This arrangement can guarantee sufficient attendance and create moral pressures over borrowers by virtue of religious influence.

In China, however, development of petty credit is still dependent on values of conventional morality such as return after borrowing, payment of the family debts by a dutiful descendant and the Confucian model oriented towards community rather than self-interests. The modes of restraint applied to the borrower have nothing to do with religion. In this situation, it might be difficult for borrowers to accept the weekly center meetings, as they think such meetings are a waste of time and hamper productivity. They often believe that the frequency of center meetings should be reduced, and this could also limit their influence and effect accordingly. Government-enterprise relationships are also different in China. In traditional Chinese social stratification, businessmen are at the lowest level among the commons, and have a lower social status. They have large business risks and, in the past, if the business failed, the male would become a slave and the female a maidservant. In modern times, a successful enterprise is also inseparable from the government's policy support, and the condition for making the enterprise larger and stronger is to master policy trends and maintain a good relationship with the Government. A successful businessman would generally have extensive connections with the central government. Under these conditions the Grameen Bank initiative cannot advance without government support. For example, the Poverty-Relief Community in Yi County, Hebei Province has been keeping close contact with the government since its initiation in 1993. As the first organization that introduced Grameen Mode into China, this community served as a terminal for governmental poverty-relief programs by implementing some of such programs. Therefore, from its founding to growth, the Poverty-Relief Community in Yi County looks like a governmental poverty-relief organization in the eyes of borrowers. Some people blame the government for failure to get a loan, and some become reluctant to repay their loans. Opened in May 2016, the Fudian-Grameen poverty alleviation loan project relies on the government and cannot operate without the government's strong support.

In turn, the key for the success of Grameen Bank everywhere else in the world depends on its independence and separation from governments. In its early days, however, Grameen Bank accepted numerous fund support from Bangladesh Government, and the ratio of shares held by the government there went up as far as 60%. This mode of overdependence on government funds faced a huge challenge when a flood occurred in Bangladesh in 1998, and the repayment ratio was reduced to only 80%, which was the lowest level in the history of the bank. After 2002, Grameen Bank obtained complete financial license and started to reduce its reliance on government funds. Up to 2013, the proportion of government shares decreased to 25% while the proportion of credit customers rose to 75%. Due to the financial license problem, this mode would hardly be feasible in China.



Another aspect that conditions the implementation of the Grameen banking mode in other countries is the fact that the production mode and customs are different. The adherence to 'weekly repayment' is a major reason that contributes to the low default rate at Grameen Bank. For Bangladesh—a country with limited territory, concentrated population, and dominated by handcraft industry and small-scale agriculture, it is easy to realize this mechanism. According to the 2015 annual report of Grameen Bank, the major five activities for loan usage (order descending) are dairy farming and cow milking, grocery shops, rice/paddy cultivation and trading. Relatively speaking, it is easy to manage repayment for such borrowers because these production activities have rapid capital turnover. In China, destitute agricultural population is mostly distributed in former revolutionary base locations, in remote and border zones, and poverty-stricken areas inhabited by ethnic groups. The feeble transport infrastructure, high transport costs, and long production cycles caused by the domination of agriculture all conspire to hamper weekly repayment. In addition, China is a country with a civilized history over 5,000 years. The traditions of worldly wisdom run deep. In the event of traditional festivals, weddings, funerals, and so on, the borrower's expenditures would be significantly increased, which might possibly lead to untimely payment at a large scale. Therefore, in China, repayment is generally made on a quarterly basis, or made at one time upon the expiration of the micro-credit.

The legal environment is also different and is another aspect that conditions micro-credits. In 1983, the Government of Bangladesh passed the Grameen Bank Ordinance, acknowledging its status as a legitimate financial institution. In November 2013, the Grameen Bank Act was enacted to replace the above Grameen Bank Ordinance. The Grameen Bank Act specifies that Grameen Bank can diversify its funding pool and maintain continuous operation by accepting donation, absorbing deposits from the society, gathering member shares, and enjoying tax concessions. However, in China, microcredit organizations are not granted clear legal status due to the uncertainty of whether their risks are within control. They are only allowed to lend money and are prohibited from collecting deposits. Nor could they expand their funding resources to donation, enjoy supportive policies like tax recessions or reduction. All these restrictions make it difficult for Grameen Bank to survive. Currently, the disability to solve the problem of funding resources caused by the lack of clear legal guarantee has become the primary reason that restricts the promotion of Grameen Model in China.

Finally, credit environment is also different between the two countries. As described above, the operation of Bangladesh Grameen Bank depends largely on religious power. Plus the construction of trust mechanisms like weekly repayment, center meeting and premium membership, the dignity and self-confidence of the impoverished are sufficiently tapped, and as a result the repayment rate of Grameen loans reaches nearly 90%. In China, the growth environment for Grameen Mode is slightly different. Since 1986, the Chinese government has been taking a leading role in initiating large-scale poverty relief & reduction programs, from which the impoverished population has access to a variety of low-interest soft loans. As the presence of other loan sources, the acceptance rate among the Chinese poor of such high-interest microcredit as the one Grameen Bank provides is relatively low. Meanwhile, as most previous poverty-reduction loans came from the state-sponsored Rural Credit Cooperative, some impoverished borrowers believe that it is ok to default on such loans. Especially when they are

stricken with natural or manmade calamities, the national government is obliged to provide adequate assistance. Such mentality affects the promotion efficiency of Grameen Bank in China.

Even though the cultural environment of Bangladesh and China presents obvious differences, many similarities still exist. For example, women continue to be in relatively weak positions with lack of assistance, and have a strong desire to change their fortunes. Even though the public of Bangladesh can sustain the borrower-lender relationship, much dependent on religious beliefs as stated above, to some extent, the Confucian morality mechanism which has been operating in China for thousands of years can become a substitute for the lack of religious belief. Moreover, both the Government of Bangladesh and the Chinese Government are motivated to alleviate and reduce poverty. Considering that Bangladesh is one of mostly densely populated countries where majority of population live below the poverty line, the economic foundation of the country continues to be weak, and national socio-economic equality very low. These conditions have forced the Government of Bangladesh to take measures to change the status quo and alleviate and reduce poverty. Similarly, in China, one major mark for completion of a moderately prosperous society by 2020 will be the elimination of impoverished population. Therefore, in addition to the large-scale poverty alleviation and poverty-reduction programs put forth by the government, any move that can reduce the number of poor people in China will be encouraged and supported. The mode initiated by Grameen Bank is gathering a growing amount of recognition and attention, and some social organizations including Grameen China have started to perform Grameen Experiments in Yunnan, Jiangsu, Hebei, etc. If problems like funding sources and legal status are solved properly, and if its operation principles can be adjusted and re-arranged alongside China's cultural contexts, Grameen Bank will have a promising future in China.

According to Chinese President Xi Jinping's speech on June 23, 2017, China's campaign of tackling key problems of poverty relief has entered a stage of governance of deep poverty. By the end of 2016, China still had 43.35 million deep poor population. The basic features of the deep poverty are "the degree of the poverty is deep and the population are in the poverty state for a long time." They are not only materially scarce, but also lag behind the average level in the abilities and indexes such as investment and financial management awareness, educational opportunities, drinking water hygiene and health, social capital, and social exclusion. They live in the secluded ethnic minority areas and border areas where infrastructure is weak and natural conditions are bad. By 2016, the eight ethnic minority provinces or regions still had 14.11 million poor population in the rural areas, accounting for 32.5% of all poor people in China's rural areas (Zhang Iijun, 2017). Chinese ethnic areas still include 113 ethnic minorities in deep poverty counties. The secluded and isolated environments, often in locations with difficult access, result in a lack of market and risk awareness of the group. These peoples also lack the skills and methods to escape their current scarcity, as well as ideas and courage to break away from the poverty. They are in the deprivation of viability, as described by Indian economist and philosopher Amartya Sen.

As already mentioned, China launched its large-scale poverty reduction campaign in 1986. It has continued to alleviate poverty by means of relocating poor population, utilizing asset income, small-scale public welfare courses, and awards and subsidies, among other methods. Over twelve million of

the poor population have come out of poverty since the eighteenth National Congress of the Party, and the poverty rate was reduced to a lowest of 4.5% at the end of 2016 (see Guo). However, the conventional poverty alleviation methods only have limited effect on deep poverty population. There is also the need to seek out the internal motivation of the poor in order to achieve real stability and sustainable poverty relief. As the poverty alleviation campaign progresses, the poverty alleviation mode conducted by the government is becoming increasingly supported by other social actors. Social organizations have strong resource mobilization force and professional abilities, and they have been playing an irreplaceable role in the anti-poverty practice, a fact acknowledged by the World Bank which stated that NGOs can form a sustainable poverty reduction driving force through three aspects — enlarging the economic opportunities for the poor, promoting empowerment, and enhancing the security.

Thus, Grameen Bank, a social organization and social enterprise can hold a relatively large space in China to develop in the future, considering that its underlying operational principles go in line with the governance of the population in deep poverty situations. At the 19<sup>th</sup> National Congress, the Communist Party set countryside rejuvenation in motion, aiming to transform China's countryside into areas with thriving businesses, pleasant living environments, social etiquette and civility, effective governance and prosperity. To achieve these five goals, it is necessary to promote employment and forms of multi-channel income among peasants. In the past, peasants only got jobs when they left farming behind and moved to cities. However, urban areas in China cannot accommodate such large amounts of the rural population anymore. Therefore, countryside rejuvenation is a priority in order to get rural people to stay in their locations and look for opportunities there. Opportunities such as countryside tourism, the recuperation of rural areas with projects such as "One Road, One Belt," attracting visitors along the old locations of the Silk Road, or the sale of agricultural products via e-commerce platforms are all mechanisms that are being encouraged and require new financial methods and the training and awareness of poor people in becoming entrepreneurs.

The development of Grameen Bank projects in China also coincides with the actual demand. The bank can provide loans to deep poverty population and cultivate the community mindset and contractual mindset among the debtors. It also participates in all aspects of the countryside construction and carries with it the considerable changes to the countryside. The success of the Grameen mode has a basic logic where poor population living at the bottom of the social pyramid need money, but the traditional financial business mode cannot satisfy their demands. While satisfying the basic demand of credit and loan, the influence of the Grameen mode on poor people, especially on poor women, cannot be neglected. Therefore, they will change the view of life and have a positive impact on their lives, health and happiness. Expenditures in family food, medical treatment and education will show an obvious increase. Deprived people will also gradually acquire the awareness of saving and investment, and they will be able to change their fortunes and create opportunities for themselves.

Although economic consideration is possibly the primary factor in promoting the regional integration of Asia, the continent still lags behind other world areas such as the United States, Canada and Mexico, who created a trilateral trade bloc agreement in 1994 (The North American Free Trade Agreement NAFTA). Similarly, the European Union established similar economic ties as early as 1957 with the Treaty

of Roma (Treaty establishing the European Economic Community TEEC). Indeed, economic similarity would be a prerequisite when promoting Asia integration. Hence the importance of diminishing economic disparity among regions and nations. However, the greatest success of the Grameen mode lies in its socio-cultural aspects and the respect and self-molding to human beings. In spite of the cultural differences between regions and countries, in this paper we have concentrated mostly on Bangladesh and China, the same mode can be fully reproduced in different countries and have positive influences on reduction of regional poverty, amelioration of regional income disparity, and promotion of regional integration.

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