

Merrill Lynch Bank of America Corporation

Microfinance and New Ways of Giving

A Conversation with Jessica Jackley, Founder of KIVA

*Please see important information at the end of this program.
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MR. WOLFE: Jessica, thank you very much for being with us.

Graphic: Christopher Wolfe, CIO, Private Banking and Investment Group,
Merrill Lynch Wealth Management

MS. JESSICA JACKLEY: Pleasure.

MR. WOLFE: --and spending a little bit of time talking about some of your most successful ventures, and I think if we begin where you started which is Kiva.org a matchmaking site for entrepreneurs, micro lending, et cetera. Can you talk a little bit about that and how you got to that idea?

MS. JACKLEY: Kiva is the world's first peer to peer microfinance platform where anybody with a PayPal account and credit card and an internet connection can go online, browse profiles of entrepreneurs, and then lend \$25.00 or more to those entrepreneurs; and often the entrepreneurs are in a poor country or a developing region of the world... // goat herders, seamstresses, farmers, very tiny microenterprise endeavors but ones that mean the difference between lifting their families out of poverty or not... so really important things.

MR. WOLFE: You know one of the shortfalls of traditional philanthropic endeavors is there's big capital trying to find big places to go but it often misses the places that may be most meaningful. And so how did you get to the connection around you know using the technology to get from A to B?

Graphic: Microfinance: small loans to individuals and developing enterprises on a global scale.

MS. JACKLEY: Microfinance, I think of that for anyone watching this who's not familiar with financial products and services for the poor. Philanthropy, I mean it's usually donations, almost always donations to something good in the world. Kiva kind of paired those two ideas together. We went all the way down to a person level. And we do that with the help of microfinance institutions or the help of great organizations all around the world but that's sort of how we put it together.

MS. JACKLEY: If you really look at the microfinance sector broadly, there are 10,000 and some microfinance institutions. Kiva works with 150 or so of them. I mean it is a small slice of what's going on in the world of microfinance and micro lending.

MR. WOLFE: You know one question that I imagine would come up is credit worthiness. How do you understand whether even the \$100.00 or the \$25.00 or the \$1,000.00 is something that is likely to be repaid?

MS. JACKLEY: Yeah so Kiva works with partners that have been vetted, have gone through due diligence. So there's a long process of assessing the risk level of each individual microfinance institution. Those microfinance institutions are experts at assessing risk in their regions and their areas at the borrower level, the client level. Repayment rates are almost 99% consistently over the course of the history of the organization. And overall in microfinance, they're often quite high and again it's only one metric but it's a pretty good one.

MR. WOLFE: The technology, the enablement of it, I think you said at the very beginning of our discussion was, you've got to have an internet connection; anybody with that kind of linkage. That ubiquity it sounds like has been a transforming agent for these types of approaches. I mean could you have seen it any other way without this technology?

MS. JACKLEY: I mean, it's pretty striking... to see how much easier and how much more accessible technology has made these sorts of concepts.

MR. WOLFE: Well, technology, in many industries has dropped the cost of doing business in so many different places. And we don't often think of it in the not-for-profit or worlds outside of traditional corporate analysis. So, this is a wonderful application.

Look this has been wonderful. Thank you very much for your time today.

MS. JACKLEY: Thank you. This is a pleasure.

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