

Influence of microcredit in economic growth: An internal regional approach

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Abstract

No matter the size of the company, access to credit is essential for the birth, development and subsistence of any productive unit. However, due to information asymmetries, many small businesses will not have access to credit, which becomes a factor of financial exclusion. As in many Latin American countries, specialized microfinance institutions enabled access to credit to economic sectors that were previously excluded. On this subject, there are conflicting views regarding the effect of microfinance development on sustainable economic welfare. A stream believes that microfinance helps to eradicate poverty, and other current points out that microcredit does not help people to overcome poverty and that it is only a palliative that allows their livelihood.

In this sense, the objective of the study is to determine the impact of the development of microcredit in economic growth in different regions of Bolivia. For this purpose an estimate panel data is applied. This estimate relates per capita growth and microcredit in each region.

The results showed a positive relationship between growth in per capita GDP and deepening of microcredit in each region respectively. This suggests that the expansion of specialized microfinance institutions had an important contribution in explaining the regional economic growth.

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