



### Over-indebtedness Case Study: Bangladesh 2008

In 2008, Bangladesh faced a bursting credit bubble, with signals of market saturation.

The senior executives of the country's big four MFIs—ASA, BRAC, Grameen Bank and BURO, which represented 2/3 of the microfinance market – gathered to discuss the issue of multiple borrowings. No collective response could be found.

However, one after the other, these MFIs started slowing growth, individually reacting to 2 main problems:

- Market saturation started having a negative impact on their sustainability
- The rapid growth 2002-2007 had left some gaps in their credit management

®Bangladesh avoided a potentially devastating microfinance crisis Looking back, signals that become obvious later are often invisible or overlooked or brushed aside at the time. Source: *A Microcredit Crisis Averted: The Case of Bangladesh*, CGAP Focus Note 87, July 2013