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Draft Op Ed

Keep Nobel-Prize Winning Bank Independent

With so many banks making headlines, it is easy to overlook the news about Bangladesh's Nobel Peace Prize-winning Grameen Bank. This bank does not need a bailout. Quite the contrary, it is prospering as it continues to provide life-changing microloans to millions of desperately poor people. These very borrowers also run the bank, because they are the majority owners. But the Bangladeshi government is now on the verge of taking over this international symbol of equal economic opportunity. We must urge them to reconsider.

If Grameen Bank's borrowers lose control, the bank's most important feature - the user as owner - will be lost. This is a model that needs to be duplicated, not changed. With 30 years of experience in Bangladesh and around the world, Grameen delivers exceptional repayment rates (97%) while vastly improving the lives of its members. Loans are given only to start or expand businesses, and the mostly female members join as groups of five who provide mutual support and accountability. The bank currently has 8.3 million borrowers. It is also a life-line to millions of Bangladeshi's during national disasters and a potent force for peace and for the improvement of the status of women. It has also supported education, community hygiene initiatives, affordable healthcare and better nutrition.

The "Grameen Method" has been successfully replicated across the world and in 2006 Grameen Bank's very poor women owners shared the Nobel Peace Prize with its founder and then Managing Director Professor Muhammad Yunus for their work eliminating poverty. Yunus and some of the borrowers accepted the Peace Prize together. The impact of Grameen has been felt all over the globe. According to one report, in 2010 137.5 million very poor families had microloans. Assuming an average of five persons per family, these loans affected more than 687 million people - more than the combined populations of the European Union and Russia.

But Grameen's signature process is that it is governed by the very poor it seeks to help. The idea that poor people can run their own Bank, let alone help raise themselves from abject poverty, has been revolutionary. If it takes control of the bank, the Bangladeshi government will be sending a powerful message about its view of the poor's abilities. This could also create a negative image of the country's internal affairs and economic environment.

Bangladesh's Grameen Bank is 97% owned by its borrowers, who elect 9 members of the 12 member board of directors. The government of Bangladesh controls just 3% of the board and appoints 3 directors, including the non-executive chairman of the Bank. This governance structure has worked well for almost 30 years, as evidenced the bank's continued growth. More importantly, this arrangement has protected and served the rights and interests of its member owners since the bank's founding.

The recent changes threaten to take the bank out of the borrowers' control. In May 2011, the central bank of Bangladesh made Muhammad Yunus step down as chief executive of Grameen Bank. He has led the bank since he founded it. Early this month, Bangladesh's cabinet passed a proposal that allows the

government-appointed chairman to select Grameen Bank's new managing director. That choice should be made by the entire borrower-dominated board.

What are the reasons for this takeover, what will be lost, and how can it be prevented? To the world at large, Grameen Bank is more than just another financial institution. It is a symbol of humankind's ability to rise above our circumstances. The world is watching carefully. As Bangladesh stakes its place in the international economy, it is vital to consider the international implications of Grameen Bank's ownership structure. A government takeover of the bank would be a symbolic blow to poor people all around the world and especially women. It would further slow foreign direct investment in Bangladesh.

Instead, Bangladesh has a unique opportunity to reaffirm it is one of the world's leading innovators in economic development. Show that in Bangladesh, even the poor have the right to manage their own institutions, especially one that affords them economic sufficiency even during times of great need. The Grameen bank should continue to be a unique competitive advantage for Bangladesh, attracting global attention and investment. The country needs to let it keep thriving independently to reap the rewards.