# Chapter 48
# Digital Entrepreneurial Charity, Solidarity, and Social Change

**José Manuel Saiz-Alvarez**
*Tecnologico de Monterrey, Mexico*

**Jorge Colvin-Díez**
*Schiller International University, Spain*

**Jorge Hernando Cuñado**
*Nebrija University, Spain*

## ABSTRACT

*Microcredit has been studied from many perspectives. In this work, the authors analyze KIVA, the most important Person-to-Person microfinance organization from the viewpoint of social change, and they consider how it has impacted on the nascent of a new wave of entrepreneurs known as digital entrepreneurial charity. Applied to KIVA, the authors analyze the impact of the digital space and its Internet-based Peer-to-Peer Lending to create social change in the poor, while alleviating the poverty thanks to solidarity and charity. This work concludes affirming that banking the poor and education, with the intensive use of Internet-based devices, is the best way to alleviate poverty in the digital and globalized economic world. Finally, after their last research, the authors found some critics about Kiva and micro-credits which might be interesting to be considered and these have been analyzed at the end of this work.*

## INTRODUCTION

The nascent field of microcredit is growing rapidly and attracting increased attention from many sectors. There is something inherently attractive and appealing about microfinance and increasingly new stories as KIVA. These extraordinary people, who started helping others after the seminal work carried out by the Nobel Peace Prize laureate Muhammad Yunus, came up with brilliant ideas, and against all the odds, succeed at creating new products and services that dramatically improved people's lives.

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We can define KIVA as a collective movement based on solidarity and generosity with the final scope of achieving social change based a new entrepreneurial movement. As a result, we have analyzed as a background the principles of microfinance as a way of alleviating poverty, but also for impulsing social change derived from:

1. A financial approach and the banking of poverty
2. An increasingly used Digital Space and its Internet-based Peer-to-Peer Micro-lending
3. An entrepreneurial-based approach based on solidarity
4. Organizational dynamics
5. Virtuous Approach

As a result, and using this in-depth study, it has allowed us to focus on Kiva.org or the Social-on-Linezation of poverty.

Can KIVA experience and success be applied to other NGOs? What is the impact of ICT on microfinance? What are the advantages using Joint Liability Lending? To answer these questions, the objective of this work is to analyze how the strategy and the good results obtained in KIVA can serve as learning from practice to other NGOs pursuing similar goals. Our work begins describing the theoretical background that exists on this issue. Then the model of KIVA's loan cycle will be described to analyze the impact of the digital space through this case study. Finally, future research directions and conclusions will be added.

## THEORETICAL BACKGROUND

### Alleviating the Poverty: Main Global Initiatives

Before understanding the deepness of the case of KIVA within its social-on-linezation of poverty, it does make important to comprehend what is poverty and the principles of microfinance which underlines as a new wave of alleviating the poverty. According to the World Bank Group (n.d.), there are an estimated 2.5 billion financially excluded adults today, with almost 80 percent of those living under $2 per day, and having no accounts at formal financial institutions. This matter holds back the fulfillment of the World Bank Group's goals of eradicating extreme poverty by 2030 while increasing the share of income held by the bottom 40 percent of the population. The World Bank's Global Financial Inclusion Database (Global Findex) reports that three-quarters of the world's poor lack a bank account, because of poverty, costs, travel distances and the often burdensome requirements involved in opening an account. As a result, this population does not have a current account's holders. Only 25 percent of adults earning less than $2 a day have saved money at a formal financial institution. Being "unbanked" is linked to income inequality, so they are exposed to be victims of loan sharks.

On the other hand, from micro, small and medium-sized enterprises (MSMEs) perspective, there is still a lack of access to credit and savings services that would enable them to grow. Indeed, and according to the World Bank Group (n. d.), about 200 million formal and informal businesses in developing countries lack the financing they need to grow, with a funding shortfall of $2.1 trillion to $2.6 trillion for MSMEs in developing economies. As a result, business growth is inexistent in many cases, and a

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