Article

Business & Society
2019, Vol. 58(4) 841–882

DOI: 10.1177/0007650317701227
journals.sagepub.com/home/bas
SAGE

The Transferability of Financial Inclusion Models: A Process-Based Approach

Marlei Pozzebon[1,2], Tania Pereira Christopoulos[3], and Frédéric Lavoie[1]

Abstract

Although a number of microfinance initiatives have improved financial inclusion in various regions of developing countries, the transferability of their foundations from one context to another is still a challenge. This study proposes an innovative process-based model targeting the initial stages of the transfer process that links three interconnected categories: local contextual conditions, transferring practices, and initial developmental consequences. The results were produced through a longitudinal study of the implementation of three community development banks on the periphery of Sao Paulo based on a highly successful Brazilian model known as Banco Palmas. In addition to the process-based model, our findings contribute to the microfinance and bottom of the pyramid (BOP) literatures, showing a cross-fertilization that has been insufficiently explored.

Keywords

bottom of the pyramid (BOP), community development bank, financial inclusion, microcredit, microfinance, process-based model, transferability

[1]HEC Montreal, Quebec, Canada
[2]Escola de Administração de Fundação Getúlio Vargas (FGV-EAESP), São Paulo, Brazil
[3]Universidade de São Paulo, Brazil

Corresponding Author:
Marlei Pozzebon, HEC Montreal, 3000, Chemin de la Cote-Sainte-Catherine, Montreal, Quebec H3T 2A7, Canada.
Email: marlei.pozzebon@hec.ca

Over the last two decades, microfinance has gained global acceptance as a social inclusion mechanism and a poverty-alleviating development strategy (Yunus & Jolis, 2008). What began as small-scale, isolated microlending experiments soon became a fast-growing, global practice (Bastiaensen, Marchetti, Mendoza, & Pérez, 2013). Following the success of microcredit organizations such as the *Grameen Bank* in Bangladesh, *Bank Rakyat* in Indonesia, and *Banco Solidário* in Bolivia, wealthy nations and international agencies have begun providing billions of dollars to support microfinance projects (Woller & Woodworth, 2001). They eventually started to finance projects involving the transferability of these successful models and their respective methodologies and tools to expand financial inclusion "best practices" around the world (Mettenhein, Diniz, & Gonzalez, 2014). However, these initiatives have not always produced the expected results. In fact, host organizations have often had to significantly adapt the original methodology to implement it sustainably in their own context. In other cases, transferability and implementation of the foreign model could not be successfully achieved (Seibel & Torres, 1999).

A number of scholars have investigated financial inclusion transferability, but the subject is still poorly understood. In this article, we contribute to a better understanding of how social inclusion models can be transferred by examining the expansion of community development banks—or CDBs—in Brazil. By CDB we mean a bank that is founded by and linked to a local community association and managed within the structures of a community organization (association, council, forum) or other civil society entity that is recognized by the community (for more work on CDB, see: Christopoulos & Marques, 2013; Diniz, Birochi, & Pozzebon, 2012; Diniz, Jayo, Pozzebon, Lavoie, & Voguel, 2014; Diniz, Pozzebon, & Jayo, 2009; Gonzalez, Diniz, & Pozzebon, 2015; Jayo, Pozzebon, & Diniz, 2009; Pozzebon, Christopoulos, Peerally, & Saldanha, 2014). One of the pillars of a community bank is the underlying microfinance methodology used to promote local development (França-Filho, Silva-Júnior, & Rigo, 2012).

The Brazilian model of a CDB operates on the principles of solidarity finance. This is an interesting factor to consider, given that the commercialization and financing of microfinance operations to align them with market economy principles is criticized by several authors (Aitken, 2013; Bastiaensen et al., 2013). The main goal of the CDB model is the promotion of local development by building local solidarity economy networks through the integration of producers, service providers, and local consumers. Economic resources for those networks come from microcredit lines for production and local consumption and alternative instruments such as social currencies—"a form of parallel currency set up and run by its own users, whose emission stems from the private sphere of the economy" (Soares, 2009, p. 255). Loan repayments are guaranteed by control mechanisms of peer pressure that are much more social than economic (França-Filho et al., 2012).

In Brazil, the CDB model was pioneered by *Banco Palmas* (Instituto Banco Palmas, 2013) and has spread throughout the country since 2005, when the government decided to provide resources for the creation and consolidation of new CDBs (Pozzebon et al., 2014). One of the main steps in the consolidation process was the creation of the Brazilian network of CDBs. In 2010 and 2011, more government resources were invested, leading to the formulation of the first national solidarity finance policy in Brazil. These efforts resulted in the founding of a growing number of CDBs in many regions of Brazil. In November 2013, the Brazilian network of CDBs included 103 community banks (Instituto Banco Palmas, 2013). At the core of all these CDBs is the microcredit methodology of the Palmas model. We wish to better understand this expansion process, so the research question guiding this empirical study is as follows: *How can financial inclusion models be transferred in the initial phases of the replication process?* Terms like "transfer" and "replication" are employed with caution since the process is far from mechanical, but requires careful appropriation and adaptation. By targeting the early stages of the process of transferring financial inclusion models, we are highlighting the key role played by initial local conditions and actionable practices in the implementation process. By actionable practices, we refer to ways (strategies, tactics, maneuvers, activities) the replication process could be guided and implemented.

Our study is based on three in-depth case studies, that is, the launch of three CDBs on the periphery of the city of Sao Paulo between 2009 and 2010, based on the Palmas model. Current discussions of the transferability of financial inclusion models generally focus on innovative approaches such as bottom of the pyramid (BOP; Kolk, Rivera-Santos, & Rufín, 2014), social ventures (L. Easterly & Miesing, 2009), and revisited business/community partnerships (Reficco & Márquez, 2012). Almost invariably, multinational enterprises (MNEs) and large nongovernmental organizations (NGOs) are depicted as having a central role in those processes (W. Easterly, 2006; Eweje, 2006; Muthuri, Moon, & Idemudia, 2012). Our investigation of community banks and of the expansion of this model across a country as vast as Brazil is in line with Valente (2012), who argues for the consolidation of a "strong" interpretation of sustainable development, one that respects social values and the local contexts of communities in developing countries.

Our study makes two main contributions. The first is to promote cross-fertilization between two literatures—microfinance and BOP—that deal with poverty alleviation but do not often talk to each other, particularly about transferability. The second is to propose a process-based model of transferability that is absent from the literature on microfinance. The extant literature tends to portray a static understanding of the transferability of processes that is limited to the identification of necessary conditions and factors. Very few authors identify practices, and even they do not offer a holistic view. Our processual model adopts a dynamic view that, more than just identifying necessary conditions and practices, shows how existing conditions affect each other—acting as triggers or barriers according to their presence or absence—and how actionable practices can influence existing conditions.

Financial Inclusion Models and Their Transferability

In the first section, we review studies of microfinance and social-oriented programs to see what they suggest about their replication or transferability. In the second, we review the BOP literature, which contains a vast repository of learning that could contribute to microfinance literature.

Transferability of Microfinance Practices

In this article, microfinance is defined as the access to and use of financial services by a low-income population that has typically been excluded from the traditional financial system. These financial services are highly differentiated in terms of credit analysis, payment collection, microinsurance, and so on (Arora & Kazmi, 2012). Of these components of microfinance, microcredit is not necessarily the most important but is certainly one of the most prominent (Mettenhein et al., 2014).

Studies investigating the expansion of financial inclusion models suggest that the emergence of new (replicated) microfinance institutions (MFIs) depends on the capacity of those institutions to adapt successful models to different contexts (Hamid, Roberts, & Mosley, 2011). Hulme (1990) has analytically categorized four possible scenarios for the transferability of Grameen to different contexts: (a) the model's organizational framework is considered replicable on a national scale in its present form; (b) the original model can be used as a starting point for a small-scale action research project, which can eventually be modified to suit a new context; (c) an organization may adopt a number of features and policies pertaining to the original model and reject others; (d) the model is appreciated as an interesting case but little can be transferred to another institution. He concluded that, in many cases, the host organization needs to deeply adapt the original methodology to the contextual particularities of the host region so that it can be sustainably implemented

(Hulme, 1990). In other cases, the transferability and implementation of the foreign model simply could not be achieved (Seibel & Torres, 1999). Not surprisingly, the differences between contexts suggest the need for adaptation of original models, but the key question then is how to manage such adaptation processes.

In researching what the literature has to say about the challenges associated with the replication of financial inclusion models, we found a number of articles that specifically addressed the transferability of microfinance programs, but we extended the review to include socially oriented studies targeting the replication of social programs where microfinance is not the focus but is considered. Our analysis of these two bodies of literature allowed us to identify two prominent and contrasting approaches: universalist and contextualist. The universalist approach may be seen as dominant and is based on the belief that universal principles can be identified and applied to an extremely wide range of practices and situations (Jowett & Dyer, 2012; Racine, 1998; Tomioka & Braun, 2013). The terms "transfer," "diffusion," or "replication" are applied to make sense of processes linking a well-defined methodology or program to a universe of potential users or beneficiaries (van Oudenhoven & Wazir, 1998). The second approach, referred to as contextualist, rejects the assumption that universal principles and concepts may be indiscriminately replicated elsewhere (Chambers, 1992; Goldman, 2003; Summerville & Raley, 2009). Supporters of the contextualist approach argue that each local context has cultural, economic, historic, and social specificities that must be taken into account to adapt social innovations to other realities, instead of just cloning exogenous models and practices. While in the universalist approach the reapplication initiative is undertaken by third parties—such as government agencies, foundations, or sponsors—focused mainly on a demand-driven basis, the contextualist approach favors the development of social programs on a need-driven basis, with the focus on solutions that are desired by local communities. In other words, rather than adopting programs and strategies with a top-down method, the contextualist approach emphasizes bottom-up, self-generated learning and empowerment to engage communities in actively contributing to the replication process. The subjects, or the potential beneficiaries, are not seen here as "empty recipients" of the exogenous knowledge but rather as cocreators of the process of building solutions to their social problems. Partnership, convergence, and ownership are more appropriate terms to describe the social or technological replication processes (van Oudenhoven & Wazir, 1998).

Both the universalist and the contextualist approaches have strengths and weaknesses. Very few studies attempt to combine elements of both. From our epistemological perspective, the contextualist approach seems more suitable for reapplying principles and mechanisms of financial inclusion from one context to another, but there are few frameworks or blueprints in the reviewed literature to guide the replication process. Moreover, as the uniqueness of each context is stressed by contextual defenders, there is also the risk of falling into the idiosyncratic dilemma of rejecting any preformatted exogenous solution, as it does not arise from local specificities. More research is needed to find ways to remain sensitive to the context and local actors, as proposed by the contextualist approach, while integrating more structured guidelines, as suggested by the universalist outlook.

In the replicating literature specifically targeting microfinance programs, a prominent concept proposed by Seibel and Torres (1999) is that of *core principles* or *essentials*: a set of interrelated foundations that are necessary for a given model to succeed in reaching and benefiting a large number of beneficiaries. The art of replication lies in the process of identifying and implementing those essentials and adapting them to different contexts. Precisely because contexts differ to varying degrees, we need to implement practices to help in identifying functional equivalents of those essentials that cannot simply be copied because of cultural, economic, or political barriers inherent in the new context.

Instead of "core principles" or "essentials," Boily (1999) prefers the term "necessary conditions" to refer to elements required for a given model to be replicated. He organizes the necessary conditions according to three levels of analysis: organizational/community, regional, and national. Without denying the importance of the national and regional levels, we focus our investigation on the organizational/community level since we are looking for conditions and practices upon which local community members and implementers of microfinance programs can act directly. We are nevertheless aware that communities in subsistence markets are not closed; they interact primarily with markets at the regional level (Simanis & Hart, 2008) and are subject to the authority of regulatory institutions, particularly at the national level (Rivera-Santos, Rufin, & Kolk, 2012). When relevant to our analysis, they will be considered. Table 1 summarizes the conditions that, according to the microfinance literature, may affect replicability. While most studies focus on the necessary conditions for replication, some authors propose practices to facilitate or improve transferability. We have therefore organized our review according to these two categories: conditions and practices.

The necessary conditions are divided into two subcategories: resources and people. Interesting insights are associated with the first subcategory: the appropriateness of the replication site. A number of authors emphasize the importance of a feasibility study to determine whether the conditions in place are sufficient to launch the project (Boily, 1999). Others make a

Table 1. Necessary Conditions and Optimal Practices for Replication.

	Necessary conditions	Main authors—Microfinance literature
Resources	Appropriateness of the replication site	Hossain and Diaz (1997); Hulme (1990); Auwal (1996); Seibel and Torres (1999); Boily (1999)
	Existence of a basic infrastructure	Riedinger (1994); Yaron (1994); Buchenau (1997); Klein, Meyer, Hannig, Burnett, and Fiebig (1999); Boily (1999)
	Access to external financial support	
People	Skilled credit analysts	
	Motivated staff committed to social inclusion values	Renteria (1996); Moreno (2011)
	Commitment of leaders to maintaining focus on the poor	Renteria (1996); Moreno (2011); Seibel and Torres (1999); Gibbons (1999)
	Practices that could facilitate transferability	**Main authors—Microfinance literature**
Training	Knowledge transfer strategies to facilitate learning	Dick (2002)

clear connection between situational and institutional levels by recognizing the importance of social, cultural, demographic, ethnic, and religious differences between the two environments: the origin and the recipient of the transferred model. Attention to cultural adaptation has proved crucial to successful replication (Auwal, 1996). The model being replicated must be adapted to the new environment, adopting some features and rejecting others (Hossain & Diaz, 1997; Hulme, 1990). In addition to a feasibility study, some authors list as necessary conditions the presence of a basic infrastructure, including access to an effective ICT infrastructure, and access to external financial support to launch and maintain the project, at least in its early stages (Klein, Meyer, Hannig, Burnett, & Fiebig, 1999; Riedinger, 1994).

The second subcategory of necessary conditions is people. While a number of authors are specific, mentioning the importance of having skilled credit analysts in the community (Buchenau, 1997; Yaron, 1994), others stress that everyone involved in the implementation must be highly motivated and committed to social inclusion values. Moreno (2011) argues that a motivated and socially oriented staff can build rapport and interact with the local community, adapting the model to one suitable for the poor. Renteria (1996) associates this condition with that of leadership. Maintaining focus on the poor requires a high moral commitment on the part of the leaders, based on values reinforced through training (Seibel & Torres, 1999).

Based on his analysis of Grameen Bank, Gibbons (1999) identifies three essential conditions: strong commitment of leaders to focusing exclusively on the poor (particularly women), the delivery of financial services that facilitate participation and repayment, and speedy attainment of financial self-sufficiency through credit discipline. Some failures in the replication of Grameen may be due to insufficient attention having been paid to these basic elements when transferring microcredit initiatives (Hilson & Ackah-Baidoo, 2011). We consider the two final essential conditions mentioned by Gibbons (1999) as not really being conditions, but rather practices that could help a program achieve long-term sustainability.

The second category identified in the microfinance literature involves practices that may facilitate transferability. Here we identify one main subcategory: training. Dick (2002) stresses the need to implement knowledge transfer strategies that facilitate learning. These strategies involve training programs that management implements for clients, staff, and the entire community. Dick (2002) notes that replicating the learning process may actually be more important than replicating the microfinance program.

Our review of this body of literature led us to conclude that, to maximize the probability of a microfinance project being successfully replicated in a different context, it is important to pay attention to two main types of condition: those related to resources that are already in place or can be obtained and those related to the skills and motivation of the people involved. With one exception (Boily, 1999), all these conditions were based on analyses of the replication of Grameen Bank. Some practices aimed at achieving sustainability (Gibbons, 1999) and training (Dick, 2002) were also proposed, but we found a lack of information about how to implement those practices. Dick (2002) is one of the few authors who provides a detailed action plan, based on his analysis of a Bolivian microfinance experiment, for implementing a knowledge transfer process to sustain replication. We argue that while the microfinance literature is rich and relevant, it could be improved with the addition of actionable plans. Microfinance studies provide valuable insights, but they fail to offer a holistic view of how implemented practices could reinforce/transform existing conditions and vice-versa. BOP literature provides more information on this subject. Although microfinance programs are not identical with BOP programs, we discovered that much can be learned from the most recent examples since their target beneficiaries—low-income segments—often share a number of characteristics and conditions.

BOP Literature: What Can We Learn About Replication?

The term "bottom of the pyramid" was first coined by Prahalad and Hart (cf. Prahalad, 2004) and later changed to "base of the pyramid" as suggested by London (Johnson, 2007). It refers to the more than four billion people who constitute the lowest level of the world's economic pyramid; most live in developing countries and earn less than $1,500 USD a year, and about one billion earn less than a dollar a day (Prahalad, 2004). In its first generation (1999 to 2002), BOP literature was strongly influenced by Prahalad's initial formulation and focused on low-income populations as a market segment and inclusive consumption through MNE initiatives. Following a wave of criticism (Karnani, 2007), BOP literature became more comprehensive, including not-for-profit initiatives, small and domestic companies, as well as microfinance institutions (Kolk et al., 2014). In the field of microfinance, nonprofit initiatives such as Grameen Bank and Acción International have been cited. Indeed, the microfinance sector provides good examples of how organizations can adapt to a wide variety of social and economic conditions through the application of low-cost business models, adaptation to a wide variety of social and economic conditions, and the evaluation of social outcomes.

Because the BOP literature is extensive, we focused on identifying and synthesizing the factors and practices affecting the replication of BOP models that were complementary to findings in the microfinance literature. Our goal was to inspire cross-fertilization between these two literatures. As is shown in Table 2, we did not include the "necessary conditions" category, just the "practices" category. The main reason was that we could not identify conditions in the BOP literature that would enrich the extant microfinance literature. For instance, Simanis and Hart (2008) note the importance of doing a careful preliminary analysis of the appropriateness of the replication site, invoking factors such as the existence of facilities (conditions already included in Table 1). On the other hand, we found a rich field for cross-fertilization in the identification of practices, including valuable insights that complement the microfinance literature.

The first prominent set of practices is related to the delivery of appropriate training, both to the corporate team that implements BOP initiatives and to community members involved in their implementation (Simanis & Hart, 2008). This double-sided training is emphasized by Yunus, Moingean, and Lehmann-Ortega (2010), who claim that a process of "double loop learning" (term coined by Argyris, 1991) forces the organization to challenge its conventional window and be open to adapting new references while giving community members the opportunity to develop new skills (management

Table 2. Learnings From BOP Literature: Main Factors Affecting Replication.

	Practices affecting the replication of BOP projects	Authors
Training	Design a training program to prepare a team, including members from the local community and outsiders Create mechanisms to access local knowledge through local consumers and producers	Simanis and Hart (2008); Seelos and Mair (2007); Mair and Schoen (2007); Yunus, Moingean, and Lehmann-Ortega (2010)
	Build strategic and procedural knowledge types within and with communities	Viswanathan, Sridharan, Gau, and Ritchie (2009)
Trust-building	Build trust between all parties	Simanis and Hart (2008); Khavul, Bruton, and Wood (2009); Bruton, Ireland, and Ketchen (2012); Khavul, Chavez, and Bruton (2012)
	Create alternative governance mechanisms to handle informal subsistence markets, including partnerships, extralegal agreements, and informal rules	Kistruck, Sutter, Lount, and Smith (2013), Webb, Kistruck, Ireland, and Ketchen (2010); Mersland (2011); De Soto (2001); Rivera-Santos, Rufin, and Kolk (2012)
Adapting	Identify institutional voids as opportunities for institutional entrepreneurs	Mair, Martí, and Ventresca, (2012); Mair and Martí (2009)
	Include community members in the whole value chain as producers and partners	Yunus et al. (2010); Simanis and Hart (2008)
	Innovate by changing rules and strategies; modify the industry competitive game; change boundaries of informality; constantly experiment	Mair and Schoen (2007); Yunus et al. (2010); Simanis and Hart (2008); Seelos and Mair (2007)

Note. BOP = bottom of the pyramid.

skills, for example) that could help them in future actions. Faivre-Tavignot, Lehmann-Ortega, and Moingeon (2010) analyze this double-loop learning process as a disruptive strategy. The best way to develop local capabilities is to radically rethink the whole supply chain by involving locals in the process not just as consumers, but also as producers (Mair & Schoen, 2007; Seelos

& Mair, 2007; Yunus et al., 2010). Viswanathan, Sridharan, Gau, and Ritchie (2009) suggest a unique approach to the theme of knowledge, highlighting the value of consumer literacy to market access and the use of financial resources. They identify three types of knowledge: vocational/occupational, procedural, and conceptual. The first has the lowest level of abstraction. The last two are related to tactics and strategies and should be cultivated to enable community members to expand their horizons, create new businesses, or expand existing ones. These marketplace skills could be honed through the expansion of social ties.

The second set of practices that facilitates the successful replication of BOP initiatives relates to the building of trust between all parties. Simanis and Hart (2008) propose a detailed structured approach organized according to interdependent phases and involving a flow of activities that goes from the prefield process to the scaling out. The importance of building a locally embedded model founded on trust and mutual respect is presented as central to almost every task, but primarily to relationships between insiders and outsiders, that is, community members and external partners (the organization implementing the BOP initiative, NGOs, etc.). Bruton, Ireland, and Ketchen (2012) see trust-building among all parties—including business partners, suppliers, and key customers within local communities—as critical to the success of any informal business or project, as firms need legitimacy to obtain credit from informal markets, as they usually have trouble obtaining it from formal markets. Khavul, Chavez, and Bruton (2012) suggest that, in BOP, market lending is often done through informal agreements. Connectivity between borrowers and lenders is based on mechanisms of trust rather than on traditional legal structures.

A second approach to analyzing trust-building relates to governance mechanisms. Kistruck, Sutter, Lount, and Smith (2013) suggest the application of identity salience mechanisms to deal with distrust between firms selling products in the BOP market and local embedded workers (a principal–agent problem in BOP markets). Webb, Kistruck, Ireland, and Ketchen (2010) address conflict-related issues between BOP implementers and the community. They suggest that both form partnerships with NGOs, which can act as brokers, providing legitimacy and increasing trust on both sides. "Mutual trust is paramount," according to Mersland (2011, p. 334); it can be generated not by legal but other mechanisms such as reduced working hours, target diversification, and closeness to the customer. He also notes that MFI governance should respect donor and client relationships—a far cry from the traditional financial sector, where the conflict is between shareholders and agents. De Soto (2001) points out that normative and cognitive institutions prevail in subsistence markets, while regulatory institutions prevail in formal ones.

Rivera-Santos and colleagues (2012) build on that, stating that in those markets, where the shrinking presence of links and partnerships with formal institutions hinders the development of support industries such as finance or distribution, communities strengthen the informal mechanisms that become available to partners. Richer and more complex than interpartner trust, these mechanisms include informal contracts, in-kind contributions, and gifts or, as described by De Soto (2001, p. 185), “extralegal social contracts that rely on a combination of customs, improvisations, and rules selectively borrowed from the legal system.”

The third, and perhaps most complex, set of practices relates to the ability to adapt, revisit, and cocreate the business model being transferred during the BOP implementation. This set of practices takes three forms. The first involves identification of institutional voids as opportunities for institutional entrepreneurs. Mair, Martí, and Ventresca, (2012) consider that formal rules and informal norms generate market microstructures and institutional architectures. When these institutions are in contradiction and conflict, some realities, which the institutionalist literature calls “institutional voids,” are constituted, hindering the emergence and development of new markets. Mair and Martí (2009) analyze how cross-sector alliances and local social entrepreneurs are formed in the presence of “institutional voids,” what type of resources institutional entrepreneurs deploy, and what strategies—beyond skills—they enact to deploy those resources. This entrepreneurial vocation requires certain conditions, which leads us to the second form—the inclusion of community members in the whole value chain as producers and partners (Mair & Schoen, 2007; Seelos & Mair, 2007; Simanis & Hart, 2008; Yunus et al., 2010). Mair and Schoen (2007) recommend that organizations should include not only poor consumers but also poor producers in their supply chains. Other measures may also contribute to the creation of social value. Some are typical of traditional businesses models, such as taking customer needs into account and adequately managing customer interface. Transforming consumers into producers and including them in the overall value chain may contribute to the third form: innovating by changing rules and strategies, leveraging expertise and resources through complementary partnerships, and engaging in continuous experimentation (Yunus et al., 2010). Still others are exclusive to social business models but are also innovative and create social value: “the need to involve socially oriented shareholders and to state the social profit explicitly” (Yunus et al., 2010, p. 310). Simanis and Hart (2008) talk about providing an “enabling environment,” and setting up a cocreation logic lies at the core of their protocol. They emphasize prototyping, the launching of small experiments, and immersion within the local context to learn new ways of doing things.

In line with Augustine (2012), we argue that to increase our chances of successfully transferring a given program or methodology, we need to learn more about actionable practices, which are still poorly understood, rather than relying solely on necessary conditions. The first main contribution of our study thus comes from our analysis of the literature. By adding BOP studies to our review, we discovered a rich set of actionable practices related to training, trust-building, and adapting that are absent from the microfinance literature. We shed light on the huge potential of cross-fertilization for both areas, but particularly on the rich contribution that BOP practices could make to microfinance researchers and practitioners. To further contribute to this important area, we designed an in-depth qualitative field study of one of the most innovative financial inclusion projects in Brazil: the expansion of the Palmas model.

Methodological Approach

To answer our research question, we studied the Palmas model—one of the most successful financial inclusion projects in Brazil—and its expansion throughout the country. Although we have been following the national expansion of the Palmas model in Brazil from 2006, in this article we focus on in-depth case studies of three CDBs launched on the periphery of Sao Paulo between 2009 and 2010. The three CDBs are based on the principles of the Palmas model. We developed a qualitative longitudinal case design (Pettigrew, 1990) based on our primary goal of identifying conditions and practices that could facilitate transferability. Qualitative approaches have been increasingly seen as useful in fostering an understanding of practices and consequences related to microfinance expansion in developing countries (Bylander, 2014).

Our methodological design was strongly influenced by the work of Stake (1994), Pettigrew (1990), and Langley (1999). According to Stake (1994), a case study is instrumental when it explores a research question that is not limited to the case itself but allows for some degree of generalization. When it is possible to include more than one instrumental case, whether by criteria of similarity or contrast, it is extended to a multiple or collective design. Our case study design is instrumental, longitudinal, and aligned with a process-based logic (Langley, 1999; Langley & Abdallah, 2011; Pettigrew, 1990).

The selection of the three cases was guided primarily by theoretical considerations in keeping with the research question being asked: *How can financial inclusion models be transferred in the initial phases of the replication process?* Three main considerations validate the selected cases. First, these cases represent three communities trying to replicate the Palmas model. This means that we are targeting the transfer from one context (northeast

Brazil) to another (southeast Brazil). For space reasons, we cannot expand here on this comparison, but the two regions differ in a number of ways. Nonetheless, because the three replication sites share a number of contextual conditions, it is possible to *identify common factors* (Stake, 1994). According to Yin (2014), selecting multiple cases with similar outcomes facilitates literal replication. Second, the locations and timing were excellent as the three communities are geographically close, facilitating the simultaneous arrival of the researcher and those initiating the implementation process, enabling us to *follow them longitudinally from the beginning* (Pettigrew, 1990). The third factor was the *access to rich empirical material* we enjoyed through intensive observation and participation in meetings, interactions, and interviews. Although this literal replication logic—selecting similar cases—helps to identify common elements, thus helping to explain a process or an outcome, we acknowledge that this is also a limitation as the inclusion of contrasting cases would enrich the production of relevant results.

The Palmas Model

Before presenting a summary of the three cases, it is important to explain the Palmas model, developed by Banco Palmas, a community bank (CDB) opened in January 1998 in a poor neighborhood in the city of Fortaleza in northeast Brazil. The Banco Palmas was founded with financial support from local and international NGOs to extend microcredit loans to local residents. The two main objectives of this CDB were to reduce financial exclusion in the community and to generate income in the neighborhood through local development (Schiavinatto & Schmidt, 2011).

To achieve the first objective—reducing financial exclusion in the community—the bank was physically located within the community, thus changing the situation of community households that were previously obliged to travel long distances to visit a bank. In addition, local residents were able to open a bank account without presenting the collateral usually required by traditional banks. Banco Palmas developed its own microcredit methodology whereby microloans are extended based on a credit evaluation that does not require consultation of a formal credit protection data base. Residents apply for credit by filling out a form with their personal information, the loan amount requested, and the purpose for which the money is sought. The Banco Palmas credit analyst visits the applicant's neighbors to gather more information about the borrower. Being trustworthy and having a good reputation are two criteria that must be met for the borrower's application to be approved.

To achieve the second objective—local income generation—Banco Palmas developed three tools for stimulating a production and consumption cycle within the community. These three tools, designed to be used in conjunction with the microcredit methodology described above, are (a) a social currency, (b) a local production and consumption map, and (c) intensive professional training to support small business initiatives.

The social currency is called the *Palma.* It was created by Banco Palmas to stimulate local consumption, thereby supporting local commercial activities. At the time of its creation in 2002, the *Palma* generated strong resistance from Brazilian authorities. The local bank's leaders had to convince the government and the central bank that the *Palma* was not a threat to the national currency—the Real—because it was strictly local and pegged to the Real as a legitimate payment instrument for bills and purchases. The *Palma* social currency is printed on special paper with security coding to prevent forgery and backed by the Real at one-to-one parity; for each *Palma* in circulation, one Real is held in reserve by Banco Palmas.

Loans in the form of social currency are intended to finance consumption needs. Borrowers use the currency only for local purchases as it is accepted only within their own neighborhood. The eligibility requirements for these lines of credit are not based on formal guarantees. Instead, the system is based on the borrower's reputation, with neighbors providing assurances that the loan applicant is responsible and trustworthy; the borrower is not obliged to offer any collateral. Additionally, loans issued in the form of social currency do not accumulate interest charges. It is important to note that while consumption-oriented microcredit is provided in *Palmas*, production-oriented microcredit is provided in Reals. This dual pattern relates to one of the main objectives of the Palmas model: to stimulate a production and consumption cycle within the community to ensure that the multiplicative, income-generating effects of the microcredit loans remain within the local economy. Besides stimulating the local production and consumption cycle, the use of *Palma*s also aims to build and strengthen the community's political and social identity. Banco Palmas was created through economic and social solidarity links between its inhabitants. The use of *Palmas* currency is thus part of the process of creating a solidarity economy. Even the design of the currency was part of a collective process in which local residents played a role.

The annual "local consumption and production map" is the second important component of the Banco Palmas methodology. The map is based on careful research conducted by Banco Palmas and provides up-to-date information on the products and services typically produced and consumed within the community. The information is gathered via an extensive door-to-door survey carried out by local youths. The resulting map identifies the local demand for particular products and services, enabling Banco Palmas to better evaluate which investments should be promoted or discouraged within the community. The objective is to align local supply with local demand. In this way, Banco Palmas is able to focus its microcredit and professional training resources on products and services that will satisfy the community's needs while taking into account the production and payment capacities of local entrepreneurs. This procedure prevents the launch of microbusinesses that could saturate the local market with a particular product or service or force the collapse of existing competitors. It is an integrated approach that considers community development on a territorial basis.

The third tool for promoting income generation is training. When Banco Palmas was created, few community members had professional skills. To address this lack of skills among local workers and producers, a number of vocational training courses and workshops have been developed and offered by Banco Palmas in partnership with government agencies, NGOs, and universities. The goal is to provide community members with specific vocational and business skills that will help them make good use of microcredit loans. The combination of productivity-oriented microcredit and vocational training has led to the creation of a number of solidarity businesses—small production units that seek to achieve financial sustainability in their business operations.

Financial inclusion through microcredit from Banco Palmas is a central component of a range of activities designed to boost local development. All the initiatives run by Banco Palmas reflect a central philosophy aimed at building a solidarity network integrating local producers and consumers in such a way that a large percentage of local wealth circulates locally, thereby keeping it within the community rather than generating income and employment elsewhere. Using terms drawn from Seibel and Torres (1999), we can see the three tools as being part of the microcredit methodology, together representing the core principles of the Palmas model that should be applied and adapted as necessary when attempting to replicate the methodology in other contexts.

Expanding the Palmas Model

In 2003, Banco Palmas began to expand its microcredit methodology and its three pillars throughout Brazil. The first replication of the Palmas methodology occurred in 2004, when a new CDB was opened in a nearby municipality. Two years later, still following the Palmas model, six more community banks began operations in other Brazilian states, leading to the creation of a network of Brazilian community banks. Banco Palmas gradually formulated procedures to ensure the smooth functioning of the network and to validate the various policies, social currencies, and other tools used by the community

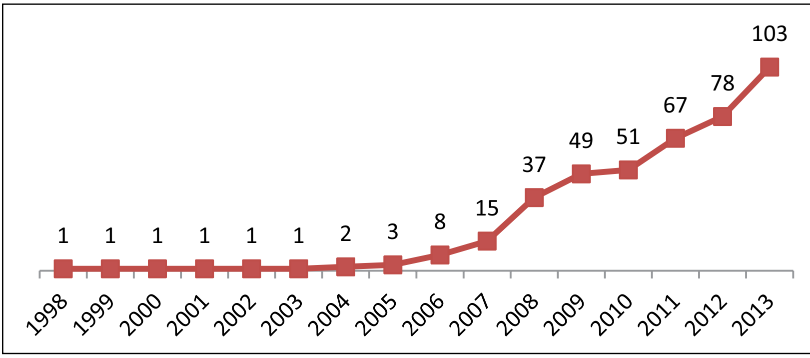

Figure 1. The expansion of Palmas community banks from 1998 to 2013.

banks. Between 2004 and 2013, the number of new CDBs grew to 103 (Figure 1) in 19 Brazilian states. This astonishing expansion is changing the landscape of financial inclusion in Brazil, as these banks provide excluded communities with access to banking services and products.

The Launch of Three CDBs in Sao Paulo

The three case studies document the reapplication of the Palmas model to launch three new CDBs. It is important to note that, from the perspective of Banco Palmas, the first condition for launching a new CDB is having the project initiated and supported by an existing community association. Such a local entity can contact Banco Palmas and formally request further information and support for the creation of a community bank. This process is defined as a bottom-up approach as the interest in creating a CDB comes from the community. One of the administrators of Banco Palmas, who firmly believes that CDBs can thrive only in areas where inhabitants are committed to and embrace the project, explains,

> . . . before a bank can be opened or created anywhere, the community has to be interested . . . and the community has to be responsible for the management of the community bank, [. . .] because ultimately it's up to the community to decide whether they want to have a bank or not.

Communities must not only be committed to the creation of a CDB but must also ensure the sustainability of their banks through the creation of other partnerships without the intervention of Banco Palmas. They must demonstrate autonomy, which is considered a prerequisite for success.

The history of the regions where the three CDBs were implemented is, in some ways, similar to that of several other poor Brazilian regions: a low-income population living in slums without basic infrastructure such as electricity and sanitation. Interestingly, when such infrastructure starts to be provided, people start to incur significant new costs, which most of them cannot afford. Therefore, something needs to be done so they can afford to stay in their homes instead of moving to more remote areas. In the case of the three communities targeted by our investigation, local associations contacted the Banco Palmas asking for its support to implement a local CDB.

Case 1. The first CDB—known as Sampaio—was opened in a poor suburban area south of the city of Sao Paulo with 15,000 residents. The community was known for already being home to various organized (though mostly informal) commercial activities. House of Woman and Child (HWC), a local association recognized for its vitality and legitimacy within the community, hosted the CDB. HWC was housed in a "high-traffic" building 5 min away from the neighborhood's main thoroughfare. Local agents—the people helping to open the CDB—were selected and trained by HWC's coordinator together with volunteers from a local university that was active in the community. The CDB implementation process began in 2009, and by 2010 the three pillars of Palmas methodology were already in place. HWC's coordinator served as the bank manager. The credit agent, a key officer in any community bank, was a member of the local community who had worked as a local agent during the implementation project. By mid-April 2010, the following results had been achieved: more than 50 consumer loans had been provided and some 25 businesses had agreed to accept the social currency; bank workers and community leaders had received training in the Palmas methodology; the production and consumption map had been completed; and credit agents had started to interview clients seeking credit for their businesses.

Case 2. The second case is Apuana, located in an area north of Sao Paulo with some 4,000 residents. When it applied to open a CDB, the local association supporting the community was part of the well-known Brazilian civil society movement called Landless Workers Movement of Sao Paulo (LWM). It established a partnership with Banco Palmas to launch the CDB. In 2008, community businesses, production groups, associations, and schools were mapped. In 2009, staff members were hired and trained by the LWM coordinator (who also lived in that community). As of mid-April 2010, the following results had been achieved: 20 local retailers had agreed to accept the currency, and new businesses were being created; the bank had also set up monthly market fairs to encourage local purchases paid for in social currency; and coordinators, bank staff, and credit agents, who had already been trained, started to participate in seminars offered by Banco Palmas to improve their knowledge of local business dynamics and local income-generation options.

Case 3. The third case is Vista, a small community west of Sao Paulo with some 600 residents. In this community, households are slightly wealthier than in the other two communities. The creation of the CDB, which began in 2008, followed a pattern similar to that in Case 2 as, here again, LWM was the local association behind the implementation. The LWM coordinator was one of the main players responsible for the implementation process and became the CDB manager after its launch. The staff selection process was similar to that in Apuana. After the CDB was opened, credit agents and the coordinator first mapped all the local businesses and then mapped all those that accepted the local social currency. As of April 2010, some 15 businesses had agreed to accept the social currency and training was still being offered by Banco Palmas.

Data Collection

The main sources of data collection were notes taken while observing participants, interviews with key participants in the processes of opening and operating the CDB, and public documents (Table 3).

Data Analysis

The data analysis was based on inductive theorizing (Corley & Gioia, 2004), organized as follows: intensive inductive coding techniques and identification of conditions and practice; identification of first-order and second-order themes and aggregate categories; design of a process-based model. All the empirical material—interview transcriptions, research notes, and documents—were integrated in NVivo software for qualitative analysis. In line with Pettigrew's (1990) guidelines for performing a multiple and longitudinal case design, our data set is composed of three cases, each reporting the chronological trajectory of the process of transferring and implementing the same financial inclusion—microcredit—methodology. The rationale was to recognize *what conditions* and *what practices* might facilitate the process of transfer or reapplication.

At earlier stages of the data analysis, the within-case analysis allowed us to produce three preliminary lists of conditions and practices. These were analyzed and grouped through *constant comparison* into a single

Table 3. Summary of Data Collection.

Sources	Description	Period	Role
Interviews	21 in-depth interviews with 4 CDB project coordinators, 3 CDB managers, 4 CDB workers, 4 credit analysts, and 6 local business owners/ retailers.	October 2009 to March 2010.	Main source of data for the inductive analysis. All the interviews were transcribed.
Participant observation	Field notes from participant observation and informal conversations.		Important for understanding the dynamics of interactions among community members.
Public documents	Reports, articles, and academic publications about the Palmas model and the three community banks.	During the entire history and expansion of Palmas, from 1984 to 2013.	Important for tracing the history of the Palmas model and its expansion. The three targeted banks were inaugurated in June 2009.

Note. CDB = community development bank.

set of "first-order" themes, that is, detailed elements that emerged from the interviews. Following the generation of this set of first-order themes, we applied *axial coding* techniques to link and interrelate these themes. This analysis allowed us to simplify and refine the categories, leading to second-order categories at a higher level of abstraction, that is, categories of *conditions and practices* that recurrently appeared in different cases. We carried out these comparisons several times in an iterative and constant manner until we achieved what is called a degree of data saturation. We arrived at a limited number of aggregate or core categories—three—that serve to summarize the elements of an emerging theoretical model. The result is a "*process-based model*" as we explain in the results.

Results: A Process-Based Model of Financial Inclusion Transferring

The main result of our data analysis is the conceptualization of a process-based model. Figure 2 shows the data structure that emerged from our

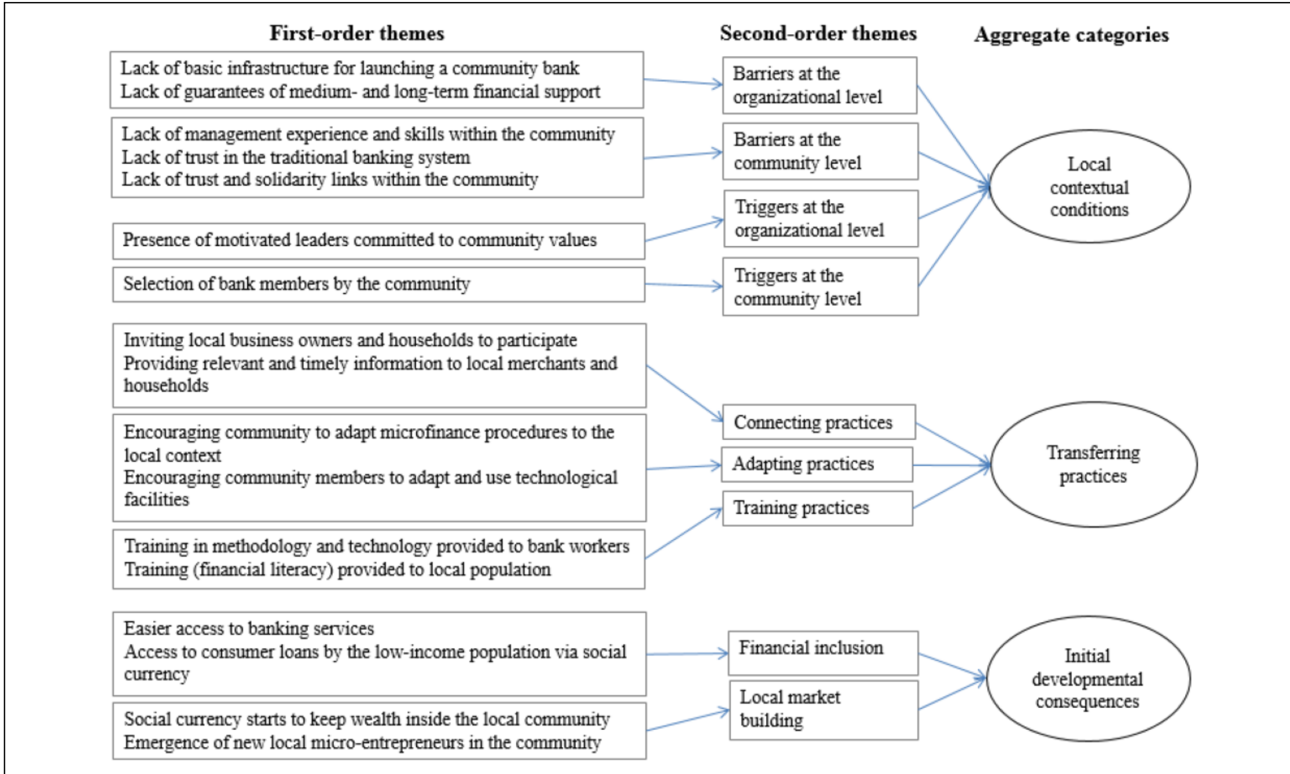

Figure 2. The data structure built from inductive theorizing.

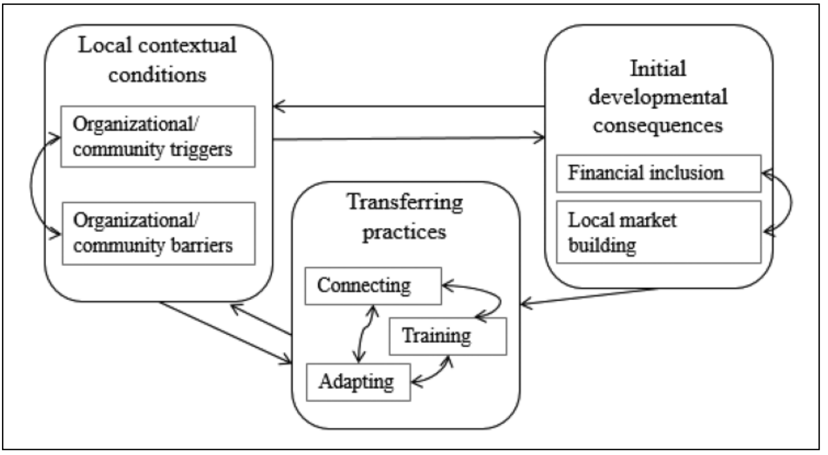

Figure 3. A process-based model for financial inclusion transferring.

inductive coding (Corley & Gioia, 2004), indicating (a) the first-order themes—detailed elements that emerged from the *in vivo* data analysis; (b) the second-order categories—a set of themes related to contextual elements, practices, and consequences; and, finally, (c) our aggregate categories—local contextual conditions, transferring practices, and initial developmental consequences. The appendix presents all the first-order themes that gave rise to the emergent structure of data, with quotes that corroborate their conceptual identification.

In line with Gioia's template for theorizing from process data (Gioia & Chittipeddi, 1991; Langley & Abdallah, 2011), the above data structure was a preliminary step to achieving a process-based model. Figure 3 shows the aggregate categories and the imbricated second-order themes forming an initial but promising process-based model of financial inclusion transferral. The logic behind the model is related to the reciprocal relationships between the three broad categories and their constitutive themes.

Local Contextual Conditions

The first aggregate category is *local contextual conditions*, which is divided into two main themes: *barriers* and *triggers*. For each theme, we identify the appropriate level—*organizational* or *community* (using the terminology proposed by Boily, 1999). A careful analysis of the presence or absence of necessary conditions leads to the identification of *triggers* and *barriers*. In the case of the Brazilian context under investigation, we identified five elements whose absence could be considered significant barriers to the implementation of the core principles of the Palmas model. In other contexts, these barriers might vary but could be identified through a set of preliminary interviews. Similarly, the recognition of the presence of necessary conditions—triggers—is as important as the identification of barriers, as they may signal that a counterbalance to the barriers might emerge in the short term. The arrows linking triggers and barriers means that one is likely to influence the other, so people managing the microcredit implementation process should be aware of those connections.

Quotes 1 and 2 (Q1 and Q2) illustrate how the barrier "lack of basic infrastructure for launching a CDB" may be offset: first, by the "presence of motivated leaders" that develop their own instruments to disseminate the currency and managing community members' anxiety, and, second, by volunteer work from community members.

> (Q1) Until the social currency had arrived, we disseminated information throughout the community by creating leaflets, posters, social currency miniatures, and visiting merchants. We explained that the currency would come soon and that they should be preparing to take it from the bank to pay for goods, by using it. But the currency did not arrive on time. They became anxious and we had to manage it until some social currency bills arrived from Palmas. (Ana, bank coordinator)

> (Q2) I do volunteer work since before the bank was launched here and because of that I was selected by Palmas and by the community to be a bank worker. I still do volunteer work such as knocking on household doors and convincing them to come to meetings, important to CDB organization. As I work also as a teacher for adult literacy, during those visits I verify if there are illiterate people that would like to study. (Carla, bank worker)

In Quote 3, the barrier "lack of guarantees of medium- and long-term financial support" is compensated for by the trigger "presence of motivated leaders committed to community values" through volunteer efforts to get NGOs' support and to create new services to guarantee the CDB's sustainability.

> (Q3) If we do not have sponsorship we will have to continue to work on the volunteer basis. At this time, the money will not come from the government. So we are working to get it from NGOs. At the same time, we are working to make the bank self-sufficient by creating and providing services to be sold outside the community. (Ricardo, bank manager)

The barrier "lack of management experience and skills within the community" is overcome by, in Quote 4, the trigger "presence of motivated leaders" who, with good will, explain to community members how to handle their money and, in Quote 5, the trigger "selection of bank members by the community," reflected in the experience of bank workers that came from community and because of that knew how to deal with day-by-day problems, by improvising.

> (Q4) Sometimes, it is necessary to take the calculator and explain to someone that if he takes the credit, he will not be able to pay it back. His business is not going to profit enough to give him conditions to pay out the loan and after that he will be in a worse condition, owing to the bank. (Carla, bank worker).

> (Q5) When I visit people who ask for credit, I usually do not do questions that are in the form. I ask questions that I think are relevant. I live here in the region, and I worked in the women's house before, a project operating here before the CDB implementation. This job is an opportunity for me, to be more integrated with households. (Fábio, credit analyst)

In Quote 6, the barrier "the lack of trust in the banking system" is mitigated by the trigger "presence of motivated leaders" who explain that people should trust in the possibility of taking loans without interest.

> (Q6) People are used to paying interest on the money they borrow. But, lending money in social currency does not generate interest. When we say that there is no interest, at first people do not believe. But we do our job. We explain that the currency has the objective of bringing development to the community and can circulate only inside the community. (Ana, bank coordinator)

In Quote 7, the barrier "lack of solidarity links and trust within the community" is influenced by the trigger "presence of motivated leaders that are committed to community values" and their work to get enough information to give required credits. The barrier is also influenced by the trigger "selection of bank members by the community" (Quote 8), who have links with many households, which could help in the acquisition of information about credit takers.

> (Q7) Sometimes neighbors don't know each other because they don't work in the community and do not see each other frequently. So they don't provide information that could help us to approve credit. However, I know that I should be committed to this ideal. My job is to encourage people to participate and to get the information needed to make the system work. (Ana, bank coordinator)

> (Q8) The highest difficulty in Sao Paulo as a big city is to make neighbors trust each other. However, here is different. I know my neighbors and know who I

> can trust in. I live in this community since it was built through the task force system, through which one neighbor helped the other to build his house. So, I already knew most of them. Now, I know everyone who comes here to ask for credit. For example, a person comes here and I said: So, you live close to Geraldo's father. I know your son because we built our house together. (Ana, bank coordinator)

Transferring Practices

The second aggregate category is *transferring practices*, which are organized under three themes: *connecting*, *adapting*, and *training*. These practices play an important role, helping to promote the transfer process and to create room for the required adaptation of financial inclusion models.

Connecting practices. Connecting practices are important to convince business owners to accept the social currency for purchases by local consumers. These connecting practices—*inviting local business owners and households to participate* and *providing relevant and timely information to local merchants and households*—should begin early on to increase the chances that the social currency will be adopted. Circulating the social currency within the community is key to the project's success, and this requires a certain critical mass. The connecting practices could also be understood as tactics to convince people to engage with the principles of the methodology. Business owners must be convinced not only to accept social currency as a payment method but also to put the social currency into circulation. In addition, a few business owners began to offer a discount to those who purchased merchandise with the social currency, a substantial encouragement to use it (see Q21 and Q22, Appendix). This domino effect was reinforced by practices connecting merchants and households and disseminating relevant and timely information about the use of social currency. These practices also encouraged participation and trust among community members. As the lack of trust and solidarity links among community members are a barrier to the successful implementation of CDBs, the connecting practices managed by CDB team members who are also community members help to build trust among all the parties—between the CDB team and the community members, and among the community members themselves.

Adapting practices. Adapting practices such as encouraging community members to adapt microfinance procedures to the local context and encouraging community members to use the technological facilities play a crucial role in helping the community to "appropriate" the CDB. The community's appropriation is important because the local population is expected to make decisions jointly with CDB workers, and merchants and households are encouraged to discuss the composition of the production–consumption mix in the community. Local merchants drop by the CDB to see how things are going and to offer help, reviewing possible business projects to be financed by the bank. They also form working groups aimed at identifying ways to generate income within the community and to create opportunities for the unemployed (see Q24, Appendix). These practices help community members to identify with the process and to understand that the credit belongs to the community, so if someone fails to pay back a loan, another member of the community will be denied access to that money (see Q18, Appendix). In the end, it is the community that is implementing a project to improve everyone's living conditions and that is assuming responsibility for its own development. By encouraging community members to use the community bank facilities, CDB coordinators enable them to experience the benefit of having financial services available close to their homes, giving them greater confidence in the system and encouraging them to communicate that confidence to others.

Training practices. Training practices help to strengthen the project. Many of the coordinators who took part in the implementation process had already been trained in the principles of a solidarity economy. Others—including credit agents, analysts, and staff members—were formally trained by Banco Palmas staff. Training sessions provided methodological and technological content, covering subjects such as social currency management and technology issues related to the banking system. These training sessions did not stop when the implementation process ended. Many lectures and workshops continued to be provided to CDB workers in different communities, helping to strengthen ties among them and disseminating the knowledge acquired by the CDB network. When training activities were finished, mechanisms were left in place to contribute to the financial education of residents. As part of this practice, CDB workers visited merchants and households to inform and educate them about ways to manage their resources, thereby enhancing mutual confidence and development in the community (see Q26 and Q27, Appendix).

These three categories of practices are highly complementary. It is important to connect local people, particularly key players who are needed to make the model work—local merchants and households, for example—and to provide them with timely and relevant information that encourages them to participate. But merely connecting local people is not enough. These players must be encouraged to adapt the core principles to their needs and values. This appropriation process is crucial to the long-term survival of the CDB. Inviting local community members to participate in the decision-making process that determines the local production–consumption mix encourages their sense of ownership of the future of their community. But to be able to connect and adapt, local people need training. The following quotes (Q9 and Q10) show how transferring practices are connected. "Providing relevant and timely information to households" encourages communities "to adapt microfinance procedures such as social currency adoption to the local context":

> (Q9) As soon as the community bank opened, some merchants from the community put a banner on their doors indicating that they accepted the social currency, "Sampaio," even though the bills had not yet arrived at the bank or at their stores. This was a strategy to pique the curiosity of households and merchants about the currency, helping them to quickly understand the idea and wish to participate, promoting the success of the bank project. (Ricardo, bank manager)

Transferring practices are not only interdependent, they also act to minimize barriers and to strengthen triggers. For example, connecting practices such as "inviting local business owners and households to participate" help to counterbalance the barrier effects of "lack of guarantees of medium and long-term financial support" for community banks:

> (Q10) Households thought the social currency project would not go ahead . . . But, as I had already participated in a community bank meeting, I could tell many skeptical people that the community bank would be guaranteed by its implementers and the social currency would only circulate safely within the neighborhood. (Gilberto, business owner)

Initial Developmental Consequences

Finally, the third aggregate category, *initial developmental consequences*, is related to the initial and provisional outputs of replicating the Palmas model at three new locations. Although, due to timing issues, we could not assess the actual impact of the CDBs' implementation in the three communities, some initial consequences were already recognizable. We call them *initial* and *provisional* because the process was still evolving when we finished the field work. This was, therefore, coherent with our research question. In line with our process-based logic, we were not trying to measure but to understand, to grasp how social actors involved in the community bank project made sense of the process and its initial consequences. From this perspective, we were able to identify two main types of initial consequences: *financial inclusion* and *local market building.*

Reciprocal relationships between developmental consequences, transferring practices, and local contextual conditions may develop. For example, increasing "access to consumer loans" may reduce the barrier "lack of trust in the banking system" and vice-versa:

> (Q11) There are merchants who are distrustful, because they think the currency may be fake, that someone wants to take advantage of them, but there are also others who accept it, who help to create it and are making this money work, so . . . it helps a lot . . . people who are struggling, who are in need of medicine, have no money, so . . . little by little it is accepted by people and they use it. We know that it takes time, but it's happening little by little. I have hope that it will get there. (Charles, business owner)

In turn, "trust in the banking system" may increase as community bank leaders employ a transferring practice of "encouraging community members to adapt microfinance procedures to the local context":

> (Q12) When the bank opened, we did a survey of local businesses to learn who had already accepted the social currency that had been distributed earlier. At the same time, we registered them, and many showed more trust in the currency when we explained the project. (Eduardo, general manager of neighborhood association)

Discussion

The literature review of microfinance reveals a major gap. Several authors converge toward the idea that the more the contexts differ, the more the stakeholders need to adapt the original model, with all the attendant risks (Hulme, 1990; Seibel & Torres, 1999). However, these studies fail to provide detailed proposals of how to do that. The seven local contextual conditions we found in our cases mostly corroborate the existing literature, with some nuances. What was not previously mentioned in either literature—microfinance (Boily, 1999; Seibel & Torres, 1999) or BOP (Simanis & Hart, 2008)—is the importance of purposively identifying those conditions in the form of barriers and triggers—elements that might obstruct or facilitate the transferring process. We argue that a "static" diagnosis of necessary conditions is not enough. Barriers and triggers are dynamic conditions that change over time and influence each other. Our results thus make a contribution by proposing a process-based model to help guide the transferring process. Such a processual view goes beyond the identification of necessary conditions and adds implications for practice. Those interested in transferring financial inclusion models could conduct a set of preliminary interviews and discussions with representatives of different social groups to identify such triggers and barriers. In addition, they should monitor those elements over the long run as they may affect each other in a dynamic manner. Thinking in terms of a process-based model instead of a variance-based model (i.e., looking for factors affecting a given outcome) provides opportunities to enrich and complete the microfinance literature. In addition, we argue that a process-based model is one way to fill the gap between contextualist and universalist approaches as it represents a dynamic and structured framework without losing sensitivity to context and local actors.

Three of the barriers—lack of basic infrastructure for launching a community bank, lack of management experience and skills within the community, and lack of guarantees of medium- and long-term financial support—have already been mentioned by microfinance authors (Boily, 1999; Buchenau, 1997; Klein et al., 1999; Moreno, 2011; Renteria, 1996; Riedinger, 1994; Yaron, 1994). These barriers are mostly related to the low development level that characterizes areas where excluded people live. The fourth barrier—lack of trust in the banking system—relates to the Brazilian context and is also noticeable in countries such as Guatemala (Khavul et al., 2012). The banking system in Brazil is known for posting huge profits and adopting an elitist approach to managing client relationships. Low-income people feel not only excluded but also doubtful of the possibility of making any kind of gain with commercial banks (see Q17). Low-income people's distrust of the financial sector is fuelled by the enormous interest rates historically charged by Brazilian banks, although these have recently been lowered. While we cannot affirm that this barrier is also present in other regions, we see its identification as a contribution as it draws attention to the possible particularities of different contexts. As most of the extant literature is based on replication of the Grameen Bank in Asia, our study in the Brazilian context helps to enrich knowledge of the necessary conditions for transferability of microfinance models.

Another contribution regards one of the barriers that emerged from our analysis: *lack of solidarity links and trust within the community.* This condition represents a crucial element that, although present in the BOP literature, is absent from the microfinance literature. Particularly in the BOP literature, the ability to build trust between all parties is presented as a crucial element that can significantly affect the success of any implementation or replication targeting low-income segments (Bruton et al., 2012; Simanis & Hart, 2008). With some exceptions (Bruton et al., 2012; Khavul et al., 2012), this trust-building is often seen as something between outsiders (the organization implementing the BOP program, NGOs, etc.) and insiders (community members). Our results suggest that even more than building trust between outsiders and insiders, it is important to build trust *within the community*, that is, between the members of the community themselves (see Q7 and Q8, and Q18 Appendix). Our three cases suggest that, because of conflicts, violence, and fights among neighbors for critical resources in many poor and deprived contexts (Gulyani & Talukdar, 2010), the links of trust and solidarity among community members may be broken, and this disruption can be a huge barrier to implementing any type of program. We identified a number of tensions among the members in our cases that existed before the arrival of the Palmas project. One interviewee said the following:

> (Q13) Here we have neighbors who do not want to open their mouths. There are some who might say, "she borrows from me, but always repays." However, there are neighbors that fear gossip and fights and do not talk. (Tania, bank manager)

Such tensions and internal conflicts, differences in values and interests, can only be identified if the local community is not seen as a *homogenous bloc*, a monolithic social actor that is always subject to the actions and decisions of the implementers. The launch of an external project could potentially increase and fuel those tensions if not addressed in a timely and appropriate manner. We therefore argue that implementers of programs targeting low-income populations living in deprived areas should be aware of the importance of building links of trust and solidarity not only between themselves—the outsiders—and the members of the community but also within the community itself. They should avoid seeing local communities as homogeneous blocs and try to identify practices that could promote internal trust-building.

The first trigger—*presence of motivated leaders committed to community value*s—corroborates the extant literature (Moreno, 2011; Renteria, 1996). The second trigger—*selection of bank members by the community*—also deserves attention. The literature review reveals an emphasis on the role of the "external implementers" of a given program—be it microfinance or BOP initiative—in selecting skilled or appropriate local people to work with them on the project. A key activity is the selection by the corporate team of community partners (Simanis & Hart, 2008). Although BOP authors are clear about cocreation, dialogue, and mutual commitment (Seelos & Mair, 2007; Simanis & Hart, 2008), there is a prominent management role for outsiders vis-à-vis insiders in that literature. Some authors emphasize the relevance of including community members as producers in BOP initiatives (Mair & Schoen, 2007; Yunus et al., 2010). Our findings suggest that there are benefits when the selection process is managed by "insiders" from the very beginning (see Q20, Appendix).

Finally, our focus on actionable practices makes a number of contributions. The first is to shed light on the potential of cross-fertilization between the BOP and microfinance literatures. The microfinance literature highlights the importance of learning and training (Dick, 2002). The BOP literature complements the microfinance literature, adding a rich repertoire of training, trust-building, and adapting practices (Table 2) that might be used when transferring microfinance models. For reasons of length, we cannot discuss each practice identified in Table 2. The BOP literature provides relevant insights, particularly the work of Simanis and Hart (2008) and their detailed protocol with clearly defined phases and action plans for implementing and transferring BOP initiatives. But in our study we found elements that contribute to the BOP literature. Our process model enriches both literatures by proposing synergies between *connecting*, *adapting*, and *training* practices that are not trivial since the absence of one can drastically weaken the others. We argue that to be able to train and adapt, we first need to connect. The practices are mechanisms to improve the engagement of community members in the process of adapting the financial inclusion model, which arises from a space created by institutional voids left by traditional financial institutions (Mair & Martí, 2009; Mair et al., 2012). These practices lead to the creation of social value with a focus on necessary social changes and the empowerment of communities (Mair & Schoen, 2007). The BOP literature skillfully addresses the need to adapt, revisit, and cocreate the model being transferred (Simanis & Hart, 2008; Yunus et al., 2010). It also identifies the need to expand the horizons of community members by giving them the opportunity to receive training and acquire strategic and tactical knowledge that increases their ability to create new businesses or improve existing ones (Viswanathan et al., 2009). However, the literature is less rich in providing contextually situated illustrations about the how: *how* to adapt, revisit, and cocreate. We argue that our transferring practices help to fill this gap. The interconnection between connecting, adapting, and training practices offers a purposive way to influence local contextual conditions, thus helping to overcome barriers and reinforce triggers. It offers a meaningful way to grasp how to adapt, revisit, and cocreate financial inclusion models when transferring processes from one context to another.

Conclusion

As stated in the introduction, our study contributes to nourishing the debate involving a number of scholars who, as noted by Valente (2012), argue for an alternate way of thinking about economic development: one that promotes a strong interpretation of sustainable development and respects the culture, social values, and local contexts of communities in developing countries. The prominent debates around local development tend to emphasize the role of multinationals and international development agencies in promoting poverty-alleviating initiatives. Projects initiated and promoted by community-based organizations such as Banco Palmas are little known. In promoting the CDB model, Palmas's main goal is to promote local development through building local solidarity economy networks by integrating producers, service providers, and local consumers in an original way. Western-based scholars tend to believe that the feasibility of microcredit and BOP programs requires openness to free market initiatives and minimal political interference. Our investigation of the emergence and dissemination of financial inclusion mechanisms in Brazil indicates a hybrid situation where commercially oriented initiatives coexist with socially oriented initiatives characterized by solidarity economy ideology. Acknowledging the possibility of this hybrid coexistence is crucial as the dominance of a purely market-based orientation has already caused too much damage in developing countries (Escobar, 2010).

This study is one of the first to provide a process-based perspective on the transferability of financial inclusion models in a Brazilian context, and the findings reported here are likely to support managers, implementers, researchers, and policy makers in their social inclusion initiatives. We are not proposing a formula or recipe that supports the best practices leading to successful replications. Indeed, we have avoided making broad claims about causal links and predictive models. The impact of having a processual view that calls attention in a structured way to certain connections between conditions and practices lies in the insights it provides, without losing high sensitivity to different contexts and cultures. Our results target the early stages of the process of transferring financial inclusion models, claiming that the sooner the microfinance managers and team members learn to manage local conditions and actionable practices, the better they can facilitate and adapt the models.

Appendix

First-Order Themes and the Corresponding Quotations.

Aggregate category: Local contextual conditions	
Second-order theme: Barriers Organizational level	Quotes
Lack of basic infrastructure for launching a community bank	*(Q14) I think Sao Paulo is one of the most expensive cities for community banks, the cost of the bank [. . .] In terms of hard infrastructure [. . .] for example, where the association is located, broadband is not enough. It is there, but gets bad. They do not achieve a very high speed. . . . (Tatiana, project coordinator)*
Lack of guarantees of medium and long-term financial support	*(Q15) So, since we could not secure government support for the banks [. . .] say, for the next two years, the communities feel insecure to get started in providing credit, in mobilizing a lot of people. [. . .] We cannot assure that the operation of community bank pays the bank workers, which ensures its maintenance, sustainability. For that, it is necessary a capital, a financial turnover for the bank, much larger than we are having now. (Daniel, project coordinator)*
Community level	Quotes
Lack of management experience and skills within the community	*(Q16) I think that a bit of qualification . . . people have a hard time working with computers, especially spreadsheets . . . low level of education of the people. So they have the records, but it's all in the notebook, on their annotations. And we need a strong support on it, from the university. I think the role of the university within the project go in there, to do this training, production of documents, to systematize . . . (Daniel, project coordinator)*
Lack of trust in the banking system	*(Q17) I think that the dissemination [of the bank] is difficult in the moment only because people don't believe that this credit is differentiated. When you say: "Open an account, order a bank card, and take a loan with us in the social currency" [many people say]: "God forbid! I don't want to have anything to do with these loans and credit. This is a curse. It led me to hell. I am still paying for that." People really fear the "damned" credit, the "damned" loan, abusive interest [rates] . . . (Ana, bank worker)*

(continued)

Appendix. (continued)

Lack of solidarity links and trust within the community	*(Q18) It is a challenge to make these people aware of the bank proposal and that they need to pay their debts to favor a neighbor that will also need it. So the challenge is strengthen relationships among neighbors and the bonds between people who are living at the same location. (Janaina, project coordinator)*
Second-order theme: Triggers Organizational level	Quotes
Presence of motivated leaders committed to community values	*(Q19) I do a little of everything. In fact, there is no specific activity here. The manager in a community bank is not like that in a traditional bank. I come from a community, We are an association. So all people need from this association, I'll do. I work for the community. [. . .]After my work time, I still continue to work for the bank . . . (Ana, bank worker)*
Community level	Quotes
Selection of bank members by the community	*(Q20) In fact, the whole project of banks implementation has been developed in conjunction with the development of some community associations and some leaders of these associations became bank leaders . . . Actually, the community associations started earlier than community banks projects and the training for bank workers had already been initiated. (Tatiana, project coordinator)*
Aggregate category: Transferring practices Second-order theme: Connecting practices	
Inviting local business owners and households to participate	*(Q21) Businesses owners were aware of what was going on . . . The merchants wanted to know what was going on and we always talked. A merchant came two or three times to ask if the currency had already arrived because he wanted to start using that currency. So, we dropped by merchants, saying that the currency would arrive within a month, within fifteen days, or at the end of the week. (Ana, bank worker)* *(Q22) Take the money from the bank and use the money instead of real to pay your debts. As the currency has no interest and almost all merchants accept it and give 5% discount on everything you pay through that currency, soon you will have the money to pay your debts . . . (Rosa, credit analyst)*

(continued)

Appendix. (continued)

Providing relevant and timely information to local merchants and households	*(Q23) [. . .]Last year, before the Project start, community members were invited to meet at the learning room of community headquarters. I used to come every Wednesday—my free time—because I was curious about community banks objectives and operation. Today, I am taking this job because I have sought a more integrated work with the community before. I feel committed with the community members I see more frequently now. I had the duty to give return back to people whose credit demand I handle the analysis. (Fabio, credit analyses coordinator)*
Second-order theme: Adapting practices	
Encouraging community to adapt microfinance procedures to the local context	*(Q24) A fundamental principle to achieve is to get the people closer to the bank, so that they come to feel responsible for the bank [. . .] so that they know how we make decisions. We are thinking of starting to invite people to participate in specific processes so they may internalize and make theirs the bank's process . . . thinking about credit approval, the way to use the social currency, the elaboration of strategies [. . .] (Janaina, project coordinator)*
Encouraging community members to use the technological facilities	*(Q25) One encourages the other. Because one household paid its bills here, the other will also pay it. At the beginning, some of them did not trust the bank. They thought that they could have problems if they paid their bills here because they thought the bank were not a real bank . . . (Ana, bank worker)*
Second-order theme: Training practices	
Training in methodology and technology provided to bank workers	*(Q26) We did the training and almost immediately we had the inauguration of the bank. During 2009, we were more devoted to training and deployment of the bank, which was the knowledge of the technology system on how to develop the social currency. (Eduardo, Household's Association coordinator)*

(continued)

Appendix. (continued)

Training (financial literacy) provided to local population	*(Q27) In the case of a person coming to borrow, we'll have to go into the house of that person and teach her how to control her expenditures, writing down in a notebook what she spends, what she does not spend, what she can afford. During the course Banco Palmas provided us, it was said that we may teach people about it, guide them . . . So, we'll have to go to the merchants and help them to create a control so that they could know what they sell every day, how much he is selling, which is the amount they have to pay for water and electricity. (Tania, bank manager)*
Aggregate category: Initial developmental consequences Second-order theme: Financial inclusion	
Easier access to banking services	*(Q28) A lot of people who do not have opportunity to have accounts, cards, or some that do not like automatic debit come here to pay their bills instead of going outside to do that. We know that that the community bank helps people. (Eduardo, households association coordinator)*
Access to consumer loans for the low-income population via social currency	*(Q29) What changed for me, thank God, was certainly something in the economic area. Today at Apuana Bank, there are people who take loans . . . For me it helped a lot, since it helped to increase the foot traffic in my business. Not only for me but also for my other colleagues here who have local businesses. (Leo, local retailer)*
Second-order theme: Local market building	
The social currency starts to keep wealth within the local community	*(Q30) [. . .] Let's say the person who lives here and works in Santana, a distant neighborhood. When she comes back from work, she has already made purchases and paid water and electricity bills at that location. In other words, she already left all her money there. She does not bring anything to the community. So our neighborhood becomes every time poorer [. . .]. Why is the currency important? It is because [the population] will only be able to use it in small businesses and shops in the vicinity of [our housing project]. (Regina, bank worker)*

(continued)

Appendix. (continued)

Emergence of new local microentrepreneurs	*(Q31)[. . .] this is my dream . . . I know this place, I would never have imagined that there would be a bank here . . . a community bank, but still a bank. So this is a great progress [. . .] this will oblige local business owners to offer a greater variety of products on their shelves. There will be more people purchasing, the demand will be higher. They will purchase from suppliers that will grow and perhaps become a supermarket [. . .] where one can make his purchases. This is why the social currency is important. (Carla, bank worker)*

Note. For sake of authenticity, we have translated and reported the quotes as they were verbalized by our respondents. Sometimes, grammar or style is not perfect, yet we can easily understand their meaning. We found this preservation of the "original voices" important.

Acknowledgments

The authors thank the anonymous reviewers and the editors-in-chief at *Business & Society* for their very helpful suggestions on revising this article. The authors also would like to thank IRDC (International Development Research Center), SSHRC (Social Sciences and Humanities Research Council of Canada), HEC Montreal, and Escola de Administração de Fundação Getúlio Vargas (FGV/EAESP) for their support to the completion of this research project.

Declaration of Conflicting Interests

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

References

Aitken, R. (2013). The financialization of micro-credit. *Development and Change*, *44*, 473-499.

Argyris, C. (1991). Teaching smart people how to learn. *Harvard Business Review*, *4*(2), 4-15.

Arora, B., & Kazmi, S. B. A. (2012). Performing citizenship: An innovative model of financial services for rural poor in India. *Business & Society*, *51*, 450-477.
Augustine, D. (2012). Good practice in corporate governance: Transparency, trust, and performance in the microfinance industry. *Business & Society*, *51*, 659-676.
Auwal, M. A. (1996). Promoting microcapitalism in the service of the poor: The Grameen model and its cross-cultural adaptation. *Journal of Business Communication*, *33*, 27-49.
Bastiaensen, J., Marchetti, P., Mendoza, R., & Pérez, F. (2013). After the Nicaraguan non-payment crisis: Alternatives to microfinance narcissism. *Development and Change*, *44*, 861-885.
Boily, M.-H. (1999). *Innovations en matière d'offre de services financiers aux ménages ruraux pauvres de Bolivie: Le Cas de Caja Los Andes* [Innovations in terms of finantial services offer for poor rural houses: the case of Caja Los Andes]. Université Laval, Quebec City, Quebèc, Canada.
Bruton, G. D., Ireland, D. R., & Ketchen, D. J., Jr. (2012). Toward a research agenda on the informal economy. *Academy of Management Perspective*, *26*, 1-11.
Buchenau, J. (1997). *Financing small farmers in Latin America*. First Annual Seminar on New Development Finance, Goethe University, Frankfurt, Germany, September.
Bylander, M. (2014). Borrowing across borders: Migration and microcredit in rural Cambodia. *Development and Change*, *45*(2), 84-307.
Chambers, R. (1992). *Spreading and self-improving: A strategy for scaling-up?* Paper for the Workshop on Scaling-Up NGO Impact, University of Manchester, 8-10 January . Retrieved from https://opendocs.ids.ac.uk/opendocs/bitstream/handle/123456789/548/rc423.pdf?sequence=1
Christopoulos, T. P., & Marques, T. C. A. (2013). Formulação de Indicadores de Impacto para Microfinanças [Formulation of Impact Indicators for Microfinance]. *Revista de Politicas Publicas*, *17*, 105-114.
Corley, K. G., & Gioia, D. A. (2004). Identity ambiguity and change in the wake of a corporate spin-off. *Administrative Science Quarterly*, *49*, 173-208.
De Soto, H. (2001). *The mystery of capital: Why capitalism triumphs in the west and fails everywhere else*. New York, NY: Basic Books.
Dick, B. (2002). Organizational learning, microfinance, and replication: The case of MEDA in Bolivia. *Journal of Developmental Entrepreneurship*, *7*, 361-382.
Diniz, E., Birochi, R., & Pozzebon, M. (2012). Triggers and barriers to financial inclusion: The use of ICT-based branchless banking in an Amazon county (Special issue on Poverty, Technology and Microfinance). *Electronic Commerce Research and Applications*, *11*, 447-534.
Diniz, E., Jayo, M., Pozzebon, M., Lavoie, F., & Voguel, F. (2014). ICT helping to scale up microfinance (Special issue ICT in Brazil: Global Issues and Challenges). *Journal of Global Information Management*, *22*, 34-50.
Diniz, E., Pozzebon, M., & Jayo, M. (2009). The role of ICT in helping parallel paths to converge: Microcredit and correspondent banking in Brazil (Special issue on Information Technology Research in Brazil). *Journal of Global Information Technology Management*, *12*, 80-103.

Easterly, L., & Miesing, P. (2009). NGOs, social venturing, and community citizenship behavior. *Business & Society*, *48*, 538-564.

Easterly, W. (2006). *The white man's burden: Why the West's efforts to aid the rest have done so much ill and so little good*. New York, NY: Penguin Books.

Escobar, A. (2010). Latin America at a crossroads: Alternative modernizations, post-liberalism or post-development? *Cultural Studies*, *24*, 1-65.

Eweje, G. (2006). The role of MNEs in community development initiatives in developing countries: Corporate social responsibility at work in Nigeria and South Africa. *Business & Society*, *45*, 93-129.

Faivre-Tavignot, B., Lehmann-Ortega, L., & Moingeon, B. (2010). Le social business, laboratoire d'apprentissage des stratégies de rupture (Social business, learning laboratory of strategies of rupture). *Revue française de gestion*, *36*(208-209), 175-189.

França-Filho, G. C., Silva-Júnior, J. T., & Rigo, A. S. (2012). Solidarity finance through community development banks as a strategy for reshaping local economies: Lessons from Banco Palmas. *Revista de Administraçao de São Paulo*, *47*, 500-515.

Gibbons, D. S. (1999). International replication of Grameen Banking: What can the poultry network learn from it? In F. Dolberg & P. H. Petersen (Eds) *Proceedings of Workshop: Poultry as a Tool in Poverty Eradication and Promotion of Gender Equality*. Tune Landboskole: Denmark.

Gioia, D. A., & Chittipeddi, K. (1991). Sensemaking and sensegiving in strategic change initiation. *Strategic Management Journal*, *12*, 433-448.

Goldman, K. D. (2003). Planning for program diffusion: What health educators need to know. *Californian Journal of Health Promotion*, *1*, 123-139.

Gonzalez, L., Diniz, E., & Pozzebon, M. (2015). The value of proximity finance: How traditional banking system can contribute to microfinance. *MIT Innovations*, *10*, 125-137.

Gulyani, S., & Talukdar, D. (2010). Inside informality: The links between poverty, microenterprises, and living conditions in Nairobi's slums. *World Development*, *38*, 1710-1726.

Hamid, S. A., Roberts, J., & Mosley, P. (2011). Evaluating the health effects of micro health insurance placement: Evidence from Bangladesh. *World Development*, *39*, 399-411.

Hilson, G., & Ackah-Baidoo, A. (2011). Can microcredit services alleviate hardship in African small-scale mining communities? *World Development*, *39*, 1191-1203.

Hossain, M., & Diaz, C. P. (1997). *Reaching the poor with effective microcredit: Evaluation of a Grameen Bank replication in the Philippines*. Los Baños, Philippines: International Rice Research Institute.

Hulme, D. (1990). Can the Grameen Bank be replicated? Recent experiments in Malaysia, Malawi, and Sri Lanka. *Development Policy Review*, *8*, 289-296.

Instituto Banco Palmas. (2013). Available from http://www.institutobancopalmas.org

Jayo, M., Pozzebon, M., & Diniz, E. (2009). Microcredit and innovative local development in Fortaleza, Brazil: The case of Banco Palmas (Special issue on Social Innovation and Territorial Development). *Canadian Journal of Regional Science*, *32*, 115-128.

Johnson, S. (2007). SC Johnson builds business at the base of the pyramid. *Global Business and Organizational Excellence*, *26*(6), 6-17.

Jowett, A., & Dyer, C. (2012). Scaling-up successfully: Pathways to replication for educational NGOs. *International Journal of Educational Development*, *32*, 733-742.

Karnani, A. (2007). The mirage of marketing to the bottom of the pyramid: How the private sector can help alleviate poverty. *California Management Review*, *49*(4), 90-111.

Khavul, S., Bruton, G.D., & Wood, E. (2009). Informal family business in Africa. *Entrepreneurship Theory and Practice*. *33*: 1219-1238.

Khavul, S., Chavez, H., & Bruton, G. D. (2012). When institutional change outruns the change agent: The contested terrain of entrepreneurial microfinance for those in poverty. *Journal of Business Venturing*, *28*, 30-50.

Kistruck, G. M., Sutter, C. J., Lount, R. B., Jr., & Smith, B. R. (2013). Mitigating principal-agent problems in base-of-the-pyramid markets: An identity spillover perspective. *Academy of Management Journal*, *56*, 659-682.

Klein, B., Meyer, L. R., Hannig, A., Burnett, J., & Fiebig, M. (1999). *Better practices in agricultural lending* (FAO, GTZ Agricultural Finance Revisited No. 3). Rome. Retrieved from ftp://ftp.fao.org/docrep/fao/012/ak919e/ak919e00.pdf

Kolk, A., Rivera-Santos, M., & Rufín, C. (2014). Reviewing a decade of research on the "Base/Bottom of the pyramid" (BOP) concept. *Business & Society*, *53*, 338-377.

Langley, A. (1999). Strategies for theorizing from process data. *Academy of Management Review*, *24*, 691-710.

Langley, A., & Abdallah, C. (2011). Templates and turns in qualitative studies of strategy and management. In D. Ketchen & D. Bergh (Eds.), *Research methods in strategy and management* (pp. 105-140). London, England: Emerald Group Publishing.

Mair, J., & Martí, I. (2009). Entrepreneurship in and around institutional voids: A case study from Bangladesh. *Journal of Business Venturing*, *24*, 419-435.

Mair, J., Martí, I., & Ventresca, M. (2012). Building inclusive markets in rural Bangladesh: How intermediaries work institutional voids. *Academy of Management Journal*, *55*, 819-850.

Mair, J., & Schoen, O. (2007). Successful social entrepreneurial business models in the context of developing economies: An explorative study. *International Journal of Emerging Markets*, *2*, 54-68.

Mersland, R. (2011). The governance of non-profit micro finance institutions: Lessons from history. *Journal of Management & Governance*, *15*, 327-348.

Mettenhein, K. E. V., Diniz, E., & Gonzalez, L. (2014). *New perspectives on banking and agendas for financial inclusion*. *Journal of Management and Entrepreneurship*, *7*, 5-42.

Moreno, F. G. (2011). *Microcredit governance*. Retrieved from https://ssrn.com/abstract=1967273

Muthuri, J. N., Moon, J., & Idemudia, U. (2012). Corporate innovation and sustainable community development in developing countries. *Business & Society*, *51*, 355-381.

Pettigrew, A. M. (1990). Longitudinal field research on change: Theory and practice. *Organization Science*, *1*, 267-292.

Pozzebon, M., Christopoulos, T., Peerally, J., & Saldanha, F. P. (2014). The expansion of community banks in Brazil: Discovering Palmas' methodology. *Revista Brasileira de Casos de Ensino em Administração*, *4*(2), 1-20. doi:10.12660/gvcasosv4n2c16

Prahalad, C. K. (2004). *The fortune at the bottom of the pyramid: Eradicating poverty through profits*. Upper Saddle River, NJ: Wharton School Publishing.

Racine, D. P. (1998). *Replicating programs in social markets*. Philadelphia, PA: Replication and Program Strategies.

Reficco, E., & Márquez, P. (2012). Inclusive networks for building BOP markets. *Business & Society*, *51*, 512-554.

Renteria, L. (1996). *Cost efficiency and replication of Grameen Bank: An action research for Mexico* (Doctoral dissertation). University of New Orleans, Louisiana.

Riedinger, J. M. (1994). Innovation in rural finance: Indonesia's Badan Kredit Kecamatan Program. *World Development*, *22*, 301-313.

Rivera-Santos, M., Rufín, C., & Kolk, A. (2012). Bridging the institutional divide: Partnerships in subsistence markets. *Journal of Business Research*, *65*, 1721-1727.

Schiavinatto, F., & Schmidt, F. H. (2011). SIPS Bancos. Inclusão financeira e bancarização no Brasil [Financial inclusion and banking in Brazil]. In F. Schiavinatto (Ed.), *Sistema de indicadores de percepção social* [System of social percetpion indicators] (pp. 181-210). Brasilia, Brazil: IPEA - Instituto de Pesquisa Econômica Aplicada.

Seelos, C., & Mair, J. (2007). Profitable business models and market creation in the context of deep poverty: A strategic view. *Academy of Management Perspectives*, *21*, 49-63.

Seibel, H. D., & Torres, D. (1999). Are Grameen transferabilities sustainable, and do they reach the poor? *Journal of Microfinance*, *1*, 117-130.

Simanis, E., & Hart, S. L. (2008). *The base of the pyramid protocol: Toward next generation BoP strategy (Version 2.0)*. Ithaca, NY: Cornell University.

Soares, C. L. B. (2009). Moeda social [Social money]. In A. D. Cattani (Ed.), *Dicionário internacional da outra economia* [International dictionary of another economy] (pp. 255-259). Coimbra, Portugal: Edições Almedina.

Stake, R. E. (1994). Case studies. In N. K. Denzin & Y. S. Lincoln (Eds.), *Strategies of qualitative inquiry* (pp. 119-149). Thousand Oaks, CA: Sage.

Summerville, G., & Raley, B. (2009). *Laying a solid foundation: Strategies for effective program replication*. Philadelphia, PA: Public Private Ventures.

Tomioka, M., & Braun, K. L. (2013). Implementing evidence-based programs: A four-step protocol for assuring replication with fidelity. *Health Promotion Practice*, *14*, 850-858.

Valente, M. (2012). Indigenous resource and institutional capital: The role of local context in embedding sustainable community development. *Business & Society*, *51*, 409-449.

van Oudenhoven, N., & Wazir, R. (1998). *Replicating social programmes: Approaches, strategies and conceptual issues* (Management of Social Transformation, Discussion Paper Series No. 18, Note 3). Paris, France: UNESCO. Retrieved from http://www.unesco.org/most/dsp18.htm

Viswanathan, M., Sridharan, S., Gau, R., & Ritchie, R. (2009). Designing marketplace literacy education in resource-constrained contexts: Implications for public policy and marketing. *Journal of Public Policy & Marketing*, *28*, 85-94.

Webb, J. W., Kistruck, G. M., Ireland, R. D., & Ketchen, D. J. J. (2010). The entrepreneurship process in base of the pyramid markets: The case of multinational enterprise/nongovernment. *Entrepreneurship Theory & Practice*, *34*, 555-581.
Woller, G., & Woodworth, W. (2001). Microcredit as a grass-roots policy for international development. *Policy Studies Journal*, *29*, 267-282.
Yaron, J. (1994). What makes rural finance institutions successful? *World Bank Research Observer*, *9*, 49-70.
Yin, R. K. (2014). *Case study research: Design and methods* (5th ed.). London, England: Sage.
Yunus, M., & Jolis, A. (2008). *Banker to the poor: Micro-lending and the battle against world poverty*. New York, NY: Public Affairs.
Yunus, M., Moingean, B., & Lehmann-Ortega, L. (2010). Building social business models: Lessons from the Grameen experience. *Long Range Planning*, *43*, 308-325.

Author Biographies

Marlei Pozzebon (PhD, McGill University) is a full professor at HEC Montréal and associate professor at Escola de Administração de Fundação Getúlio Vargas (FGV/EAESP). Some keywords of her research are social change, social technologies, global-local dialogue, and postdevelopment. Her research interests are linked to the relationship between technology and society and to the possibilities of better understanding and promoting social change using practice-based theoretical lenses and qualitative research methods. In terms of theories, structuration theory, different forms of social constructivism, and critical approaches are appealing to her. She has been publishing her work in journals like *Journal of Change Management, Journal of Management Studies, Organization Studies*, and *Public Administration* among others, and at leading Brazilian journals as well, like *Revista de Administração de Empresas (RAE).*

Tania Pereira Christopoulos (PhD, Fundação Getúlio Vargas) is an assistant professor in the undergraduate marketing program and in the graduate program of sustainability at University of Sao Paulo, Brazil. Her research agenda is focused on microfinance, ICT for development, organizational learning, and qualitative research. With a postdoctor in social business from HEC Montreal, she has published her research in journals such as *Culture and Organization Journal, Journal of Business Ethics*, and *Journal of Innovation and Learning*.

Frédéric Lavoie (Masters, HEC Montréal) is an international development professional. He has supported microfinance, small enterprise, and livelihoods development projects in several countries across Latin America, Africa, South-East Asia, and the Middle-East. He is currently based in Cambodia where he is in charge of *Improving Market Access for the Poor* (IMA4P), an Accenture-VSO sponsored project aiming to make the Cambodian rice sector more inclusive.