

CHINESE LESSONS: ART WELCOMES VISITORS FROM CHINA

ART was delighted to welcome delegates from the China International Centre for Economic and Technical Exchanges (CICETE) to its Aston offices recently, who were keen to find out about microfinance provision for businesses in the UK.

CICETE is an agency of China's Ministry of Commerce, which aims to reach out to the international community, exchanging ideas and working on collaborative projects.

"We are always keen to share the knowledge and expertise we have built up over 16 years in operation," says Steve Walker, Chief Executive of ART, "and have welcomed many international visitors. It is interesting to hear how other countries approach access to finance. On this occasion, we learnt two key lessons. Firstly, just what a difference there is in the scale of a 'local lender' in each country - Birmingham, one of the largest cities in the UK, has a population of just over 1m people, while two of the Chinese party were operating in cities with populations of 38m and 56m! Secondly, and topical at the moment, was the fact that micro-finance lenders in China are currently subject to a licence which places a cap on the level of interest rate charges."

It seems that enterprise is thriving in China, with many people keen to start up micro or small businesses. The delegation had identified ART as an organisation to visit because its members wanted to find out more about ART's pioneering work in establishing a community development finance model of lending in the UK. They were interested in how ART had developed since it started in 1997 and achieved operational sustainability. CDFIs in the UK often lend alongside the banks, making up a package of finance, and fulfil the role of 'additional' lenders. In China at present, such a model does not exist. All the delegates were commercial micro-finance lenders, offering an 'alternative' to bank finance.

Ms Xie Jin, known as 'Ginger', wrote afterwards: "thank you for helping us fulfil our learning objectives. We are happy to see that more and more practitioners in China are stepping into the micro-finance sector and starting to do similar business ... they are eager to learn and contribute more as well." She extended an invitation to the ART team to visit China and see how the market is developing there.

A University of Birmingham PhD student, Wei Wu, facilitated the exchange of views and was able to assist with translation. He is completing a thesis on Micro-finance in China, so the exchange of information proved useful all round.

During the visit Professor John Bryson from the University of Birmingham Business School, and a voluntary member of the ART Board, spoke to the delegation about alternative and additional sources of finance in the UK. Among the alternative sources of finance to which small businesses turn in the UK, John mentioned pawnbrokers. "We understand that the group, who were encouraged to visit the sights of Birmingham before returning home, were keen to include a pawnbroker in their itinerary," says Steve Walker. "12 Chinese micro-finance professionals visiting a pawnbroker - not quite the kind of lesson we had in mind for them!"
