

A Virtuous Circle of Giving

By Rachel Greene, Photos Courtesy of Bayou Microfund and Julián Sierra



"What if you could use the collective force of your wealth to create more wealth for your community by creating more entrepreneurs?" This is a question Prasad Menon, Founder of Bayou Microfund, asked himself just over a decade ago. That question led him to formulate an organization whose vision is "to energize the community to get connected with micro-entrepreneurs by supporting and lending, thus creating a virtuous circle of giving."

Formerly a ship's captain in the Merchant Marines, Menon attended business school in the UK and came to Houston in 1979 with his wife Amrita. "I became an entrepreneur by an adverse event in my life, which in reality, was a blessing in disguise," Menon recalls. "As a new immigrant to the US, with no credit and no track record, I went to various banks for a line of credit." One banker, Doyle Strickland, took a chance on Menon and gave him a loan of \$6,000. "I do not know if the word micro-loan existed then, but now I know that was a micro loan," explains Menon. "This launched my business and over the years, I went on to become a serial entrepreneur."

Through hard work and a knack for business spanning three decades, Menon's endeavors (varying from ship operations to health foods) met with impressive success. Instead of seeking loans, he had reached a place where he could give them. In 2013, he established a non-profit organization called Bayou Microfund (BMF). Through BMF, he sought ways to address the lack of small, affordable loans, especially for minorities, women, people with poor credit, and other excluded populations in the Houston area. One way to address this hole in the system was for BMF to provide small, interest-free loans, mentorship, and technical assistance to small business owners.

"Access to working capital is key to new entrepreneurs," says Menon, "but in my life experience and through my work with Bayou Microfund, sometimes knowing that someone believes in you is just as powerful as financial backing. That encouragement can make all the difference in the world." In 2015, community leaders began to notice his earnest social entrepreneurship efforts with BMF along with his passionate work with other charities, and Menon was awarded the inaugural Houston Humanitarian Award.

In synergy with his own funding efforts, Menon partnered BMF with several organizations: SCORE, Houston's TiE network (of which he is a founding charter member), and Neighborhood Centers (now known as BakerRipley). The most transformative relationship, though, occurred when BMF became a Trustee partner with Kiva, the internationally famous pioneer in online international microcredit. Starting in 2005, Kiva established itself as the world's first personal micro-lending website. By enabling everyday people to pool lending contributions of as little as \$25 to provide financial access to entrepreneurs in developing communities across the globe, Kiva grew to enable over 1.7 million lenders worldwide to lend a combined \$1.2 billion to more than 2.6 million entrepreneurs in 89 countries. The online platform reached global scale while still maintaining a 97% repayment rate.

In 2011, after the success of their international model, Kiva recognized the need to support financial inclusion in the US by supporting local entrepreneurs. The US program, in contrast to the international program, uses a direct lending model, and they work with Hubs and Trustees (like Bayou Microfund) instead of Field Partners. US entrepreneurs apply for loans directly through Kiva's website platform to fundraise from millions of Kiva lenders.

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Dr. Maria Esther Hernandez with BakerRipley Entrepreneur Connection Team.



Prasad Menon, Bayou Microfund Founder



Dr. Maria Esther Hernandez and Daughter/Collaborator Andrea Aragon

Kiva US's program enables local lenders to make direct loans to entrepreneurs in their neighborhoods, and the borrower is directly involved in every step of their application and fundraising process. Kiva US also establishes an applicant's creditworthiness utilizing a wholistic "social underwriting" approach, which differs from the traditional banking system model. When loans are fully funded, Kiva directly disburses loans to borrowers' via PayPal accounts. PayPal does not charge Kiva to process its transactions, which makes it possible for Kiva to offer 0% interest loans, with 0 dollars in fees to US small business owners. Since its beginning over eight years ago, Kiva US has crowdfunded over \$32 million to more than 5,600 US small business owners from 600,000 lenders.

BMF's Trustee status with Kiva US enabled the organization to leverage the power of crowdlending to benefit local entrepreneurs. Over the years, Menon's organization has served 15 entrepreneurs in the Greater Houston area, providing them with interest-free microloans as well as mentoring and technical assistance. One of BMF's recent Kiva Trustee endorsed entrepreneurs is based in Fort Bend County. "Dr. Maria Esther Hernandez has conceived of an ingenious homegrown business that is global in scope. To me, Omni Language Professionals Network is like Uber for language interpreters," beams Menon.

Menon discovered Hernandez and her business at "Lánzate Houston," a business pitch competition organized by BakerRipley's Entrepreneur Connection small business assistance program. Omni Language Professionals Network provides logistics solutions for interpreters, translators and their customers. Using the advantages of cloud technology, Omni's online app can locate the closest interpreter of the required language in a matter of seconds and schedule them with a client who needs their services. Dr. Hernandez's system has found a way for medical, legal and governmental sectors to easily access language support when they need it. Her solution saves time and money and provides ease of mind for those needing to communicate with someone in another language quickly. The Kiva loan Dr. Hernandez received helped her buy computer equipment and hire a staff member for her start-up, which launched late this summer.

In 2021, BMF's borrowers' 100% payback rate also caught Kiva's eye, and they invited BMF to run Kiva's Houston Hub. With technical assistance from Houston-based BeehiveFund,

Menon has begun the process of scaling up BMF's operations to handle ten times the number of applications it used to review. "It's an exciting time, and our work with the Kiva Hub makes it possible to support many more creative and hardworking entrepreneurs like Dr. Hernandez," says Menon.

Kiva has a saying, "Dreams are universal. Opportunity is not." Menon and his organization are doing everything they can to make sure opportunity and encouragement are available to all.

For more information about borrower and lender opportunities with Bayou Microfund, visit www.bayoumicrofund.org.

To learn more about Kiva's Houston Hub powered by Bayou Microfund, visit www.kivaushub.org.

To learn more about Fort Bend County based Omni Language Professionals Network, visit <https://omnilanguagepn.com>.

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