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Are Microfinance Institutions Immune to Science?: A Randomized Controlled Trial

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Are Microfinance Institutions Immune to Science?: A Randomized Control Trial

Puzzle
Are Microfinance Institutions effectively combatting poverty?

Theory
• Microfinance Institutions engage in cognitive dissonance and confirmation bias just like individuals do.
• Cognitive Dissonance: When confronted with credible scientific information inconsistent with their beliefs, Microfinance Institutions are more likely to rationalize their behavior and ignore the information.
• Confirmation Bias: When confronted with credible scientific information consistent with their beliefs, Microfinance Institutions are more likely to reinforce their beliefs.

Invitation to Partner
Treatment Contained:
1. Positive Language
2. Negative Language
3. Control (neither)

Discussion
• Positive treatment was twice as likely to request information
• Microfinance Institutions may be biased against negative information about microfinance
• Donors and academics may have a harder time influencing Microfinance Institutions to pursue “best practices” in microfinance.

Methods
• 1,479 Microfinance Institutions
• Randomly assigned emails priming them with either positive or negative scientific information
• Asked if they would be interested in receiving information about impact evaluations in microfinance

Results

Emails by Treatment

<table>
<thead>
<tr>
<th>Percent Positive Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive</td>
</tr>
<tr>
<td>12</td>
</tr>
<tr>
<td>8</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>2</td>
</tr>
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