

Select Readings, Second Edition
Pre-Intermediate, TOEFL®iBT-Style Midterm

Read the passage and answer the questions that follow.

Small Loans = Big Success

What does it take to be a successful banker? Do you need to study finance? Do you need experience working in a bank? Not anymore. Now all you need is \$25 and an Internet connection, thanks to an organization called Kiva. Kiva Microfunds, known simply as Kiva, is an organization that connects people, using the Internet, for the purpose of ending poverty around the world. This organization believes that lending people money is better than just giving people money. It also believes that connecting lenders and borrowers directly helps to build a global community of people. People seem to be happier lending money when they know exactly who is using it, and what the loans are being used for.

This is the world of microfinance. Microfinance allows people to lend small amounts of money to people in developing parts of the world—people who may not easily be able to get loans from a real bank. Most of the people who borrow money from Kiva and its partners are self-employed, or have very small businesses. For example, a woman in Dar es Salaam, Tanzania borrowed \$175 from Kiva lenders to open a café in her city. A woman in Angk Svay Chek village, Cambodia, borrowed \$375 to buy a pump to bring water to her small farm so that she can grow and sell more rice. A man in Leon, Nicaragua, borrowed \$300 to set up a small clothing shop so he could work and take care of his family.

Kiva is based in San Francisco, California, and works with many different “field partners.” Field partners are people and organizations around the world who help find local people who want to borrow money to start or grow a business. The field partners post information about these borrowers on the Kiva website, www.kiva.org, and lenders browse the site and choose the people they want to lend money to. The loans are made by credit card, or by PayPal, an online payment service based in the U.S. PayPal usually receives a fee for taking care of these payments, but it has agreed not to take any fees for handling Kiva payments. This helps Kiva put more of the money lent by its members directly into their loans.

In just five years since it was started in October 2005, Kiva had already lent nearly \$170 million to businesspeople around the world. The money for over 232,000 loans during this period came from almost 500,000 people. The average loan size was \$381.65, and nearly 82% of borrowers were women. Almost 99% of loans made through Kiva are paid back in full, which is quite successful in the world of finance—big or small.

A lot of the marketing done by Kiva is through its own lenders, using social media. Kiva lenders can connect with each other through the Kiva website. Inside the website, lenders can join or create their own “lending teams,” plan Kiva events to raise money for loans, send out e-mail

invitations to their friends, and share their Kiva activities on their favorite social networking sites such as Facebook or Twitter. And when lenders' loans have been paid back by their borrowers, most lenders put that money into new loans for new borrowers.

1. According to the passage, which of the following describes Kiva's key to success?
 - Its organization includes many successful bankers.
 - The Internet can end poverty around the world.
 - Connecting lenders and borrowers directly builds a good lending community.
 - More people lend money to Kiva than they do to banks.

2. In paragraph 1, **it** refers to
 - lending
 - loans
 - money
 - community

3. The word **poverty** in the passage is closest in meaning to
 - banking
 - money-lending
 - being hungry
 - being poor

4. According to the passage, who borrows money from Kiva?
 - Its partners
 - Self-employed people
 - Developing parts of the world
 - Owners of large businesses

5. What is the main use of the **pump** mentioned in the passage?
 - To borrow money
 - To bring water
 - To grow food
 - To sell rice

6. Which of the following can be inferred from paragraph 3?
 - PayPal is showing its support for Kiva by not charging a fee.
 - PayPal is losing a lot of money by not charging a fee to Kiva lenders.
 - PayPal donates a large amount of its fees to Kiva.
 - People would be less likely to lend money to Kiva if PayPal charged fees.

7. All of the following are true about Kiva's field partners EXCEPT that they
- are located all over the world
 - help locate people who want to borrow money
 - post information about businesspeople to Kiva's website
 - are based in San Francisco
8. The word **handling** in the passage is closest in meaning to
- taking care of
 - sending
 - lending
 - organizing
9. People can choose the borrowers they want to lend to by
- reading their information on the Kiva website
 - speaking with Kiva's field partners around the world
 - paying a small fee to PayPal for handling the loan
 - posting information about themselves on the Kiva website
10. Between October 2005 and October 2010, Kiva
- had made loans of more than 200 million dollars
 - had made more than 500 thousand loans
 - had paid back almost 99% of its loans
 - had made most of its loans to women borrowers
11. Which of the following can be inferred from paragraph 4?
- More women own businesses than men.
 - Kiva expects to have one million users within ten years.
 - Even large banks don't usually have 99% of their loans paid back.
 - Lenders are not usually willing to let people borrow more than \$300.
12. The word **raise** in the passage is closest in meaning to
- collect
 - lend
 - pay
 - send out
13. Which of the following statements about Kiva's marketing is supported by paragraph 5?
- Kiva's website is easy for lenders to navigate.
 - Kiva doesn't have enough money to support its own marketing.
 - Social media allows lenders to participate actively in Kiva's marketing.

Lenders are limited to a few options in terms of supporting Kiva’s marketing.

14. Look at the four squares (labeled A–D) that indicate where the following sentence could be added to the paragraph.

In many cases, these local organizations would likely not exist without Kiva and its microfinance system.

Kiva is based in San Francisco, California, and works with many different “field partners.”

[A] Field partners are people and organizations around the world who help find local people who want to borrow money to start or grow a business. [B] The field partners post information about these borrowers on the Kiva website, www.kiva.org, and lenders browse the site and choose the people they want to lend money to. The loans are made by credit card, or by PayPal, an online payment service based in the U.S. [C] PayPal usually receives a fee for taking care of these payments, but it has agreed not to take any fees for handling Kiva payments. [D] This helps Kiva put more of the money lent by its members directly into their loans.

Where would the sentence best fit?

- Position [A]
- Position [B]
- Position [C]
- Position [D]

15. **Directions:** An introductory sentence for a short summary of the reading passage is provided below. Choose the THREE sentences that contain the most important ideas in the passage. Some sentences do not belong in the summary because they give information that is not in the passage, or are only minor ideas in the passage.

Kiva Microfunds, or Kiva for short, makes it easy for almost anyone to lend money to people trying to run small businesses in different parts of the developing world.

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Answer Choices:

1. Kiva has grown quickly, already lending over \$170 million to people around the world, partly due to its members’ use of social media to spread the word about the company.
2. Kiva hires “lending teams” who organize large loans to small businesses in developing countries.

3. Kiva works with a number of local “field partners” around the world who identify and post information on a website about people who want to borrow money.
4. Kiva has made loans to self-employed people or people who run very small businesses in Tanzania, Cambodia, and Nicaragua.
5. After choosing a borrower online, lenders can easily make loans of as little as \$25 over the Internet by credit card, or through the U.S.-based payment service, PayPal.
6. Almost all Kiva loans are repaid within 30 days, which is seen as a sign of their success when compared to the rest of the banking industry.