Quest Journal of Management and Social Sciences
Volume 4 Issue 2: 200-209
ISSN Print: 2705-4527
ISSN Online: 2705-4535
Web: https://www.quest.edu.np

Effects of Microfinance Services on Economic Status Improvement: A Case of SKBBL, Pokhara, Nepal

Bharat Ram Dhungana[1]*, Arjun Timilsina[2], Bandana Thapa[1], Devi Raman Tiwari[3]

[1] School of Business, Pokhara University, Kaski, Nepal

[2] NIC Asia Bank Limited, Pokhara, Nepal

[3] Adjunct Faculty, Prithvi Narayan Campus,Pokhara, Nepal

[4] Assistant Professor, Kathmandu Model Campus, Kathmandu Nepal

*Corresponding Author (dhunganabharat.pu@gmail.com)

Received: August 22, 2022

Revised: November 17, 2022

Accepted: November 27, 2022

Published: December 21, 2022

How to cite this paper:

Dhungana B.R., Timilsina A., Thapa B. & Tiwari D.R. (2022). Effects of Microfinance Services on Economic Status Improvement: A Case of SKBBL, Pokhara, Nepal. *Quest Journal of Management and Social Sciences, 4*(2), 200-209

Abstract

Background: Microfinance is an effective tool for financial inclusion and poverty reduction in developing countries like Nepal. It delivers financial and non-financial services to unbanked people from formal financial services. Microfinance services support people from weaker sections of society with a view of socio-economic transformation. Low access to finance is a problem for poor and marginalized people. Microfinance institutions provide microcredit to unbanked people without physical collateral. Thus they help people from lower-income groups improve their livelihood through productive investment.

Objectives: This paper aims to examine the effects of microfinance services on the economic status of clients' status with references to Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited (SKBBL), Pokhara, Nepal.

Methods: The research presents the findings of data collected through a survey research design in the Kaski district of Nepal. The researchers administered the survey questionnaire to 235 clients of SKBBL microfinance institutions involved in the programme for the last five or more years. We used a stratified random sampling technique to collect the data. The sample population comprised 70 from a scheduled caste (Dalit), 75 from ethnic groups, and 90 from upper castes. Both descriptive and inferential statistics have been used to analyze the data. The paired sample t-test has been used to examine the effects of microfinance intervention on occupational status, income level, consumption expenditure, capital expenditure, and monthly savings of the clients.

Results: The results show that microfinance has contributed a significant role. It has enabled people from lower income groups to access microcredit and encourage productive investment that facilitates productive investment and economic transformation. The result derived from paired sample t-test finds the positive effects of microfinance intervention on occupational status, income level, consumption, capital expenditure, and saving habits.

Conclusion: This study concludes that role of microcredit is significant in enhancing the clients' economic status. Microfinance positively affects clients' earnings, savings, spending, asset accumulation, and occupational status. However, utilizing microcredit in productive sectors is necessary to empower the clients' economic status. The findings indicate that microfinance institutions must focus on effective microcredit applications to help create micro-businesses and improve the clients' livelihood status.

Keywords: Economic status, Microcredit, Micro-enterprises; Microfinance institutions, Pokhara Nepal

Paper Type: Research Paper

JEL Classification: E2, G21, O16

Introduction

Microcredit is a relatively new term in the development field. First, it became prominent in the 1970s (Natarajan et al., 2021; Robinson, 2001; Morduch, 1999). The provision of financial services by donors or governments was mainly in subsidized rural credit programs from the 1950s to the 1970s. These often resulted in high loan defaults, high losses, and an inability to reach poor rural households (Chaudhary & Ishfaq, 2003; Robinson, 2001). The government reinforced the importance of microfinance (MF) in the development field with the launch of the Microcredit Summit in 1997. The UN also declared 2005 as the International Year of Microcredit. Finally, microcredit became a popular instrument for poverty reduction when Yunus and Grameen Bank jointly got the Nobel Peace Prize in 2006 for their contribution to the field (Cull et al., 2009).

The growth of financial services is crucial to households' social and economic well-being, particularly for those disadvantaged. By borrowing money from financial institutions, the underprivileged can increase their income, encourage local trade, and influence the supply and demand of goods and services in their own country at any rate (Abdelkader & Salem, 2013). The capacity of financial access to expedite the efficient deployment of productive resources, hence lowering the cost of capital, makes it an essential weapon that government uses to promote economic growth (Sharma, 2016). Microcredit has recently gained popularity as an innovative instrument to combat poverty in developing nations (Chikwira et al., 2022; Mustafa et al., 2018).

Microfinance institutions (MFIs) deliver various financial services, for example, microcredit, micro-savings, micro-remittance, and micro-insurance. It also provides non-financial services for empowering its members, such as group formation, sewing and weaving training, financial education, and capability-building activities (Ledgerwood, 1999). MF is a roadmap for reaching poor and marginalized people with a view of socio-economic transformation (Nepal Rastra Bank, 2008). The aims of designing microcredits are to support people from weaker sections of society with a view of socio-economic transformation (Saxena & Punekar, 2020).

Since a few decades ago, microfinance has emerged to eradicate poverty, which is the basis of economic problems (Saad, 2012; Tammili et al., 2018). This goal is crucial in developing nations. Professor Muhammad Yunus, with the example of Bangladesh's Grameen Bank, was the originator of this concept. He created a system of loan distribution for impoverished rural people, most of whom were female borrowers. It improved local economies, produced benefits, and reduced poverty in Bangladesh.

Microfinance facilitates the business environment since it provides loans or credits to underprivileged people. Even unemployed people can receive support to foster their businesses as domestic entrepreneurs. However, poverty may make it difficult for individuals to take advantage of this opportunity because of their low financial management expertise, experience, and entrepreneurial aptitude (Terano et al., 2015). Thus, microfinance can help people from lower-income and underprivileged groups offer financial and capability direction through training programs.

Lending to the poor is projected to have several positive effects, including raising their income, enabling deserved healthcare and education, creating job chances for microbusinesses, and, most importantly, giving the poor a better life. In addition to microcredit and loans, microfinance companies also provide payments, micro-savings, remittances, and micro-insurance (Abdelkader & Salem, 2013). The notion that microfinance is a unique area of development theory suggests the need for a more comprehensive strategy to improve microfinance results through a better understanding of its beneficiaries. Policymakers, regulators, and researchers will be able to investigate the technical details of microfinance and pinpoint the most relevant intervention areas with the aid of this field's trends (Ribeiro et al., 2022).

The financial inclusion in the Nepali case is poor, yet more than half of the adult people are unbanked. Only around 50 per cent of account holders use their accounts properly (The World Bank, 2017).

Dhungana and Kumar (2015) find that financial inclusion led by banks and financial institutions in far-western and mid-western development regions has poor penetration of formal financial services compared to other developing regions. The microfinance industry must grow as a tool of an inclusive financial market through the broader expansion of its services in remote rural and hilly areas of Nepal.

SKBBL is a "D" class wholesale lending microfinance institution that supports Small Farmer Agriculture Cooperatives (SFACLs) and other cooperatives. It offers social and community-based programmes, livestock insurance, and institutional capacity-building initiatives to guarantee that poor and small farmers access microfinance services. This paper aims to determine microfinance's effects led by SFACLs on clients' economic status. The clients' financial status has been measured in terms of occupation, income level, consumption expenditure, capital expenditure, and saving habits.

Review of Literature

The empowerment of women, home decision-making, and political and communal participation were all significantly impacted by microfinance (Ofori & Kashiwagia, 2022). Khan et al. (2021) discovered a strong favourable impact of microfinance services on profitable loans. The probit model has confirmed the coefficients' importance of the "treatment effect." Additionally, loans used for business purposes were more crucial for reducing poverty. This prompts people to investigate service delivery options that offer a different way to keep an eye on how loans are being used to improve outreach. Microcredit has a favourable link with initial investment, revenue generation, employment creation, business expansion, and profit generation. The study also reveals that micro-credit has influenced clients' participation in micro-business and enterprise development activities (Ranabhat & Dhungana, 2021).

Microfinance positively affects people's income, spending, capital accumulation, and saving behaviours. Hossain and Wadood (2020) find a substantial effect on saving habits and expenditure related to education and transportation, whereas little on income and expenditure patterns through participation in microfinance. The occupation profile of MF clients is significantly higher as compared to the non-microfinance borrowers. There is an improvement in the clients' housing, utility usage, water, and sanitation after involvement in the MF program. The microfinance intervention significantly impacted the generation of micro-enterprises and professional profiles. The structural equation model demonstrates that MF clients' income, consumption, and capital accumulation are the primary elements that unquestionably affect their standard of living (Chapagain & Dhungana, 2020).

Dhungana (2018) finds a positive impact on the creation of micro-enterprises and the income level of the people after MF intervention. The study finds a positive association between loan size and its application. The clients who have taken the small loans have mostly spent their loans on domestic purposes and found an inferior application of loans in micro-business. In contrast, big loan-size clients have a more compelling application for loans in productive sectors. MF intervention has facilitated generating self-employment and employment opportunities through microcredit services.

Kapoor and Dhaka (2017) find a positive relationship between MFIs' credit and the sales revenue, physical assets, and capital structure of micro, small, and medium enterprises (MSMEs), whereas for profitability, an insignificant relationship between the profitability and MFI's credit. Hence, we conclude that MFI credit positively impacts the development and growth of MSMEs.

Dhungana (2015) finds that the people's micro-business or enterprise creation, employment generation, occupational status, and income level have significantly improved after involvement in the microfinance programme in Nepal. Microfinance has facilitated a generation of self-employment and employment opportunities through microcredit services; however, there is not enough orientation regarding the productive application of loans.

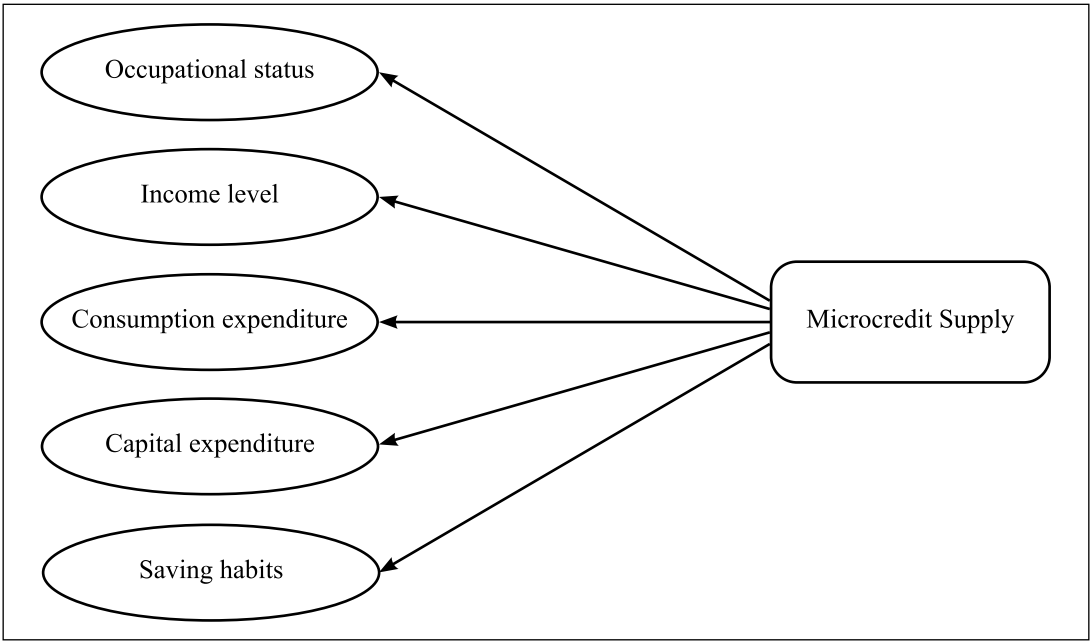
There is much evidence of the positive impact of microfinance, mainly through increasing income (Wright, 2000; McGuire & Conroy, 2000; Khandker, 2001; Chan & Ghani, 2011; Dhungana, 2016), increasing consumption of households (McGuire & Conroy, 2000; Rahaman, 2010; Berhane & Gardebroek, 2011) and reducing vulnerability (Wright, 2000; Zaman, 2000; Salia & Mbwambo, 2014). Microfinance has effectively enhanced clients' economic situations regarding income level, spending, capital expenditure, and other factors.

Research Methods

Conceptual Framework

Financial services like microcredit to low-income people can increase employment opportunities, help to manage limited resources effectively, and lower unemployment (Khandker, Samad & Khan, 1998; Javed et al., 2006; Awan & Ibrahim, 2015; Datta & Sahu, 2021). Numerous studies have confirmed that microcredit programs are beneficial in improving the well-being of the poor by raising income, production, and the economy, adding value, productivity, and business development (Al-Mamun & Mazumder, 2015; Thanh et al., 2019).

Figure 1 Conceptual Framework of the study



Several studies, including Chowdhury et al. (2005), Roodman and Morduch (2014), Pomi (2019), and Dhungana and Ranabhat (2022), claimed that by giving credit to vulnerable people, microcredit considerably helps to reduce poverty. An increasing body of research shows that micro-credit is a successful strategy for expanding enterprises, generating jobs, and enhancing a beneficiary's productive potential (Al-Mamun et al., 2010; Dhungana, 2015; Sahu et al., 2021). Based on the above literature and conceptual framework, this study seeks to test the following alternative hypotheses:

H_1 : There is a significant impact of microfinance services on the occupational status of clients.

H_2 : There is a significant impact of microfinance services on the income level of clients.

H_3 : There is a significant impact of microfinance services on the consumption expenditure of clients.

H_4 : Microfinance services have a significant impact on clients' capital expenditure.

H_5 : There is a significant impact of microfinance services on the saving habits of clients.

Study Area

This study confines to Pokhara municipality of Kaski district, Nepal. The Kaski district has four SFACLs: Begnas, Sarangkot, Nirmalpokhari, and Majhthana. The active members of SFACLs, involved for the last five or more years, were selected (the total population for this study was 2,275) from the list of SFACLs. Using Raosoft for sample size determination at a 95% confidence level, we randomly selected an 85% response rate incorporating a 30% intracluster correlation design effect, 235 clients of SFACLs from the four SFACLs for the study.

Data Collection Techniques

This study is based on primary data collected through structured questionnaires. The questionnaires were administered to the MF clients who were involved in the micro-credit programme in the last five or more years in the SKBBL. The descriptive and explanatory research design has been used to analyze the data with the help of a statistical package for social sciences (SPSS) software. Seven key informant interviews (KII) were used to get expert suggestions on the research design to maintain the validity of the research. To maintain reliability, we conducted a pilot test, and calculated Cronbach alpha to check further reliability of the data. The value of Cronbach's alpha is 0.84 and confirms the good reliability.

Data Analysis and Results

Descriptive Analysis

We have presented the descriptive analysis as demographic profiles and other related information about clients.

Demographic Profile of the Clients

The demographic characteristics of the clients have been characterized by the household head, age structure, ethnic group, marital status, education, and occupation. Table 1 presents the summary of the demographic characteristics of respondents.

Table 1 Respondents' Demographic Profile

Demographic variables	Categories	Frequency	Per cent
Household head	Male	192	81.7
	Female	43	18.3
Age groups (Years)	20-30	32	13.6
	31-40	105	44.7
	41-50	59	25.1
	More than 50	39	16.6
Ethnic group	Dalit	70	29.8
	Janajati & Adhibasi	75	31.9
	Others*	90	38.3
Marital status	Married	192	81.7
	Divorced/separated	9	3.8
	Widow	34	14.5
Education	Illiterate	51	21.7
	Primary education	119	50.6
	Secondary education	47	20.0
	Above secondary level	18	7.7

Demographic variables	Categories	Frequency	Per cent
Occupation	Job	9	3.8
	Business	125	53.2
	Agriculture/Livestock	93	39.6
	Others	8	3.4
Total		**235**	**100.0**

Source: Field survey, 2021, and authors' calculation.

**Others include upper caste, such as Brahaman, Chhetri, etc.*

Janajati & Adhibasi refers to the ethnic and indigenous groups.

Dalit refers to the lower caste group.

Table 1 shows 81.7 per cent of household heads were men and the remaining (18.3 per cent) were women. Likewise, most clients (78.3 per cent) were literate, and the remaining (21.7 per cent) were illiterate regarding their educational status. Furthermore, a large proportion of the clients (53.2 per cent) had business occupations, whereas 39.6 per cent had agriculture/livestock, 3.8 per cent had a job, and 3.4 per cent had other occupations (See table 1). MFIs usually aim to assist and support the underprivileged to eradicate poverty (Bezboruah, 2022; Aubert, 2009).

Purposes of the Clients for Microcredit

MFIs provide access to financial services to improve the livelihoods and economic status of the poor and unbanked people. Assessing the purposes of clients for micro-credit help to examine the reasons and application targets of microcredit provided by SFACLs. Table 2 presents the purposes of clients for microcredit.

Table 2 Purposes of Clients for Microcredit

Purposes of Microcredit	No of Respondents	Per centage
Micro-business	125	53.2
Agriculture/Livestock	93	39.6
Others	17	7.2
Total	**235**	**100**

Sources: Field Survey, 2021, and authors' calculation.

Most clients (92.8 per cent) have taken microcredit for productive purposes. The majority of the loans (53.2 per cent) are for micro-business purposes and followed by agriculture/livestock (39.6 per cent) and others (7.2 per cent), respectively (See table 2). The nature of micro-businesses is related to agriculture/livestock, such as vegetables, fruits, agro-processing, fish/meat selling and so on. Financial services assist in increasing clients' capacity for doing business (Ryals & Payne, 2001). Microcredit will create economic value if clients properly utilize the loan in micro-business and micro-enterprises sectors.

Inferential Analysis

The paired sample t-test has been used to examine the effects of microfinance intervention on occupational status, income level, consumption expenditure, capital expenditure, and monthly savings of the clients. The assumptions of the paired sample t-test were applied while using inferential statistics. Table 3 presents the details results.

Table 3 Effects of Microfinance Intervention

After and Before Microfinance Service	Paired Differences				
	Mean	**Std. Deviation**	**T**	**df**	**Sig. (2-tailed)**
Occupation	0.275	0.448	6.718	235	0.000
Monthly Income (NRs)	19558.33	12964.590	16.526	235	.000
Monthly Consumption Expenses (NRs)	5391.66	4194.927	14.080	235	.000
Annual Capital Expenses (NRs)	68741.667	66879.862	11.259	235	.000
Monthly Savings (NRs)	5791.667	6141.833	10.330	235	.000

Sources: Field Survey, 2021, and authors' calculation.

Effects on Consumption Expenditure of Clients: MF intervention has significantly increased the consumption expenditure of the clients (see Table 3). The reasons behind the increment in consumption expenditure are the use of nutritious foods and educational and health expenses. Several studies found a positive effect of microcredit on the livelihood status of clients (Siyoum et al., 2012; Luqman, 2016; Latif et al., 2020; Sahu et al., 2021; Mazumder, 2022).

Effects on Capital Expenditure of Clients: MF intervention has significantly increased clients' capital expenditure (see Table 3). Due to changes in the client's income levels throughout time, the households' assets have increased considerably. This study is consistent with other studies such as Latif et al. (2020), Mustafa et al. (2020), Sahu et al. (2021), and Mazumder (2022).

Effects on Monthly Savings of Clients: MF intervention has also increased the monthly savings of the clients significantly (see Table 3). These changes in the saving habits of clients are because of the impact of financial literacy and regular periodical meetings. Varman (2005), Crépon (2011), Al-Mamun et al. (2014), Latif et al. (2020), and Dhungana and Ranabhat (2022) found significant effects of microfinance services on the saving habits of clients.

Effects on Occupational Status of the Clients: MF intervention has significantly changed the occupational status of the clients (See Table 3). Access to finance and the productive application of microcredit change the occupational status of the clients. It indicates professionalism in their occupation, especially in agriculture and livestock. The findings of this study align with several previous studies that found a positive effect of microcredit on the occupational status of the clients (Sultana & Hasan, 2010; Dhungana, 2016; Sahu et al., 2021; Mazumder, 2022).

Effects on Income Level of Clients: This study also finds that MF intervention has significantly increased clients' income levels (see Table 3). The changes in clients' income levels result from the productive engagement of microcredit. Most of the studies claimed a strong effect of micro-credit in generating revenue and employment (Alam et al., 2015; Al-Mamun et al., 2014; Mustafa et al., 2020; Kapila & Kalia, 2022; Alemu & Ganewo, 2022).

This study finds positive effects of the microfinance intervention on occupational status, income level, consumption, capital expenditure, and saving habits of clients involved in the micro-credit programme of SFACLs. This study indicates a significant improvement in clients' livelihood and economic status after the access and effective utilization of microcredit. Micro-credit programmes are crucial in promoting entrepreneurial activities and enhancing the economic transformation of poor and marginalized people. Microfinance activities help eliminate financial restraints, reduce poverty, and improve the economic position of women through entrepreneurship.

Conclusion and Suggestions

Microfinance is now widely used to reduce poverty and transform the economy. The research reveals that microfinance has significantly influenced the livelihood status of the people concerning SKBBL, Pokhara, Nepal. This study finds that the microcredit program conducted by SKBBL has increased the clients' household income, employment status, productive assets, and economic empowerment. Microfinance initiatives help remove financial constraints, lower poverty, and enhance women's economic standing through entrepreneurship. The findings of this research support the importance of microcredit in improving clients' economic circumstances. Microcredit must be used in productive sectors to enhance clients' financial standing. Based on the results of this study, we suggest that microfinance institutions must concentrate on productive applications of micro-credit to support the expansion and development of micro-businesses. As a result, we can transform the livelihood status of people of low-income groups from micro-credit to micro-enterprises.

Acknowledgement

We are thankful to the SKBBL and MF clients for the primary survey. We express our sincere gratitude to the Editorial Board and anonymous referees for their thoughtful recommendations and input, which helped us improve the paper's content.

Conflict of Interest

There is no conflict of interest while preparing this article.

References

Abdelkader, I. B., & Salem, A. B. (2013). Islamic vs conventional microfinance institutions: performance analysis in MENA countries. *International Journal of Business and Social Research (IJBSR)*, 3(5), 219-233.

Aubert, C., De Janvry, A., & Sadoulet, E. (2009). Designing credit agent incentives to prevent mission drift in pro-poor microfinance institutions. *Journal of Development Economics,* 90(1), 153-162.

Alemu, A., & Ganewo, Z. (2022). Impact analysis of formal microcredit on the income of borrowers in rural areas of Sidama Region, Ethiopia: A propensity score matching approach. *Journal of the Knowledge Economy*, 1-21.

Al Mamun, A., Abdul Wahab, S., & Malarvizhi, C. A. (2010). Impact of Amanah Ikhtiar Malaysia's microcredit schemes on microenterprise assets in Malaysia. *International Research Journal of Finance and Economics*, (60), 144-154.

Awan, A. G., & Ibrahim, M. A. (2015). Role of micro-financing in creating self-employment in Pakistan: A case study District Bahawalpur. *Journal of Economics and Sustainable Development,* 6(7), 38–44 https://www.iiste.org/Journals/index.php/JEDS/article/view/ 21463/22219

Berhane, G., & Gardebroek, C. (2011). Does microfinance reduce rural poverty? Evidence-based on household panel data from Northern Ethiopia. *American Journal of Agriculture Economics,* Oxford University Press, 93(1), 43-55.

Bezboruah, K. C. (2022). The role of microfinance in mediating livelihoods. In *The Routledge Handbook on Livelihoods in the Global South* (pp. 403-414). Routledge.

Chan, S. H., & Ghani, M. A. (2011). The impact of micro-loans in vulnerable remote areas: Evidence from Malaysia. *Asia Pacific Business Review*, 17(1), 45-66.

Chapagain, R., & Dhungana, B. R. (2020). Does microfinance affect the living standard of the household? Evidence from Nepal. *Finance India*, 34(2), 693-704.

Chaudhary, M. A., & Ishfaq, M. (2003). Credit worthiness of rural borrowers of Pakistan. *The Journal of Socio-economics*, 32(6), 675-684.

Chikwira, C., Vengesai, E., & Mandude, P. (2022). The impact of microfinance institutions on poverty alleviation. *Journal of Risk and Financial Management*, 15(9), 393.

Chowdhury, M. J. A., Ghosh, D., & Wright, R. E. (2005). The impact of micro-credit on poverty: evidence from Bangladesh. *Progress in Development Studies*, 5(4), 298-309.

Crépon, B., Devoto, F., Duflo, E., & Pariente, W. (2011). *Impact of microcredit in rural areas of Morocco: Evidence from a randomized evaluation* (No. 6659). MIT Working paper.

Cull, R., Demirguc-Kunt, A., & Morduch, J. (2009). Microfinance meets the market. *Journal of Economic Perspectives,* 23(1),167–192.

Datta, S., & Sahu, T. N. (2021). How microcredit supports the employability in the new normal era? A study on rural backdrop of India. In *New business models in the course of global crises in South Asia*, 243–256. doi:https://doi.org/10.1007/978-3-030-79926-7_14

Dhungana, B. R. (2015). Microfinance, micro-enterprises, and employment: A Case of Nepal. *The International Journal of Nepalese Academy of Management*, 3(1), 78-91.

Dhungana, B. R. (2016). Does microfinance transform economic status of people? Evidence from western development region of Nepal. *The Journal of University Grants Commission*, 5(1), 35-48.

Dhungana, B. R., & Kumar, P. (2015). The status of financial inclusion in Nepal. *Pacific Business Review International,* 7, 51 – 59.

Dhungana, B. R., & Ranabhat, D. (2022). Impact of microcredit on micro-enterprise development: A case of Gandaki province of Nepal. *Journal of Emerging Financial Markets and Policy,* 1(1), 26-42.

Hossain, M. K. (2012). Measuring the impact of BARAC microfinance operations: A case study of a village, *International Business Research*, 5(4), 112-123.

Javed, A., Luqman, M., Khan, A. S., & Farah, A. A. (2006). Impact of micro-credit scheme of NRSP on the socio-economic conditions of female community in district Rawalakot, Azad Jammu and Kashmir, Pakistan. *Journal of Agriculture and Social Sciences,* 2(3), 142–144 https://agris.fao.org/agris-search/search.do?recordID=PK2007000984

Kapila, M., & Kalia, P. (2022). Impact of microcredit on income and employment of self-help group members in Punjab: Does credit size matter? *International Social Science Journal,* 72(243), 193-208.

Kapoor, V., & Dhaka, V. (2017). The impact of microfinance institutions in the development of micro small and medium enterprises the case of Uttar Pradesh, India. *Journal of Humanities and Social Science*, 01-08.

Khan, A. A., Khan, S. U., Fahad, S., Ali, M. A., Khan, A., & Luo, J. (2021). Microfinance and poverty reduction: New evidence from Pakistan. *International Journal of Finance & Economics*, 26(3), 4723-4733.

Khandker, S. (2001). Does microfinance benefit the poor? Evidence from Bangladesh. Paper delivered at Asia and Pacific Forum on Poverty: Reforming policies and institutions for poverty reduction, *Asian Development Bank,* Manila, 5-9 February. Retrieved from: http://www.adb.org/poverty/forum/pdf/khandker.pdf

Khandker, S. R., Samad, H. A., & Khan, Z. H. (1998). Income and employment effects of microcredit programmes: Village-level evidence from Bangladesh. *The Journal of Development Studies*, 35(2), 96–124. https://doi.org/10.1080/00220389808422566

Latif, W. U., Ullah, S., Ahmed, W., Sultan, M. U., Jafar, R. M. S., Tariq, M., & Linping, W. (2020). Microcredit and economic welfare: Experience of poor rural households from Pakistan. *Journal of International Development*, 32(6), 976-997.

Ledgerwood, J. (1999). *Microfinance handbook: An institutional and financial perspective,* Washington DC, The World Bank, 11-258.

Luqman, M. (2016). Impact of micro-credit on livelihoods of rural poor in the Punjab, Pakistan. *Open Journal of Social Sciences,* 4(05), 305.

Mazumder, M. S. U. (2022). The effects of microfinance programs on recipients' livelihoods in rural Bangladesh. *The European Journal of Development Research*, 34(3), 1383-1418.

McGuire, P. B., & Conroy, J. D. (2000). The microfinance phenomenon. *Asia-Pacific Review,* 7(1), 90-108.

Morduch, J. (1999). The microfinance promise. *Journal of Economic Literature,* 37(4), pp 1569-1614.http://links.jstor.org/sici?sici=00220515%28199912%2937%3A4%3C1569%3ATMP%3E2.0.CO%3B2-F

Mustafa, F., Khursheed, A., & Fatima, M. (2018). Impact of global financial crunch on financially innovative microfinance institutions in South Asia. *Financial Innovation*, 4(1), 1-11.

Natarajan, N., Brickell, K., & Parsons, L. (2021). Diffuse drivers of modern slavery: From microfinance to unfree labour in Cambodia. *Development and Change*, 52(2), 241-264.

Nepal Rastra Bank (2008). *Microfinancing towards empowerment of disadvantaged groups in Nepal: Innovations and practices,* Kathmandu, Nepal

Ofori, E., & Kashiwagi, K. (2022). Impact of microfinance on the social performance of local households: Evidence from the Kassena Nankana east district of Ghana. *Sustainability*, 14(10), 6002.

Pomi, S. S. (2019). Impact of microcredit on rural poverty alleviation in the context of Bangladesh. *International Journal of Economics and Finance,* 11(6), 1-70.

Rahaman, S. (2010). Consumption difference between microcredit borrowers and non-borrowers: A Bangladesh experience. *The Journal of Developing Areas*, 43(2), 313-326.

Ranabhat, D., & Dhungana, B. R. (2021). Micro-credit for the Small Enterprises Development: A Case of Kaski District, Nepal. *Prithvi Academic Journal*, 4, 27-38.

Ribeiro, J. P. C., Duarte, F., & Gama, A. P. M. (2022). Does microfinance foster the development of its clients? A bibliometric analysis and systematic literature review. *Financial Innovation,* 8(1), 1-35.

Robinson, M. S. (2001). *The microfinance revolution: Sustainable finance for the poor.* World Bank Publications.

Roodman, D., & Morduch, J. (2014). The impact of microcredit on the poor in Bangladesh: Revisiting the evidence. *Journal of Development Studies,* 50(4), 583–604. https://doi.org/10.1080/00220388.2013.858122

Ryals, L., & Payne, A. (2001). Customer relationship management in financial services: towards information-enabled relationship marketing. *Journal of strategic marketing,* 9(1), 3-27.

Saad, N. M. (2012). Microfinance and prospect for Islamic microfinance products: The case of Amanah Ikhtiar Malaysia. *Advances in Asian Social Science,* 1(1), 27-33.

Sahu, T. N., Agarwala, V., & Maity, S. (2021). Effectiveness of microcredit in employment generation and livelihood transformation of tribal women entrepreneurs: evidence from PMMY. *Journal of Small Business & Entrepreneurship,* 1-22.

Salia, P. J., & Mbwambo, J. S. (2014). Does microcredit make any difference in borrowers' businesses? Evidence from a survey of women-owned micro-enterprises in Tanzania. *International Journal of Social Sciences and Entrepreneurship,* 1 (9), 431-444.

Saxena, R., & Punekar, R. M. (2020). Designing pro-poor mobile financial services: Learning from the financial diaries of urban poor in India. *World Development Perspectives,* 20, 100266.

Sharma, D. (2016). Nexus between financial inclusion and economic growth: Evidence from the emerging Indian economy. *Journal of Financial Economic Policy,* 8(1), 13-36.

Siyoum, A. D., Hilhorst, D. J. M., & Pankhurst, A. S. A. (2012). The differential impact of microcredit on rural livelihoods: Case study from Ethiopia. *International Journal of Development and Sustainability,* 1(3), 1-19.

Sultana, S., & Hasan, S. S. (2010). Impact of micro-credit on economic empowerment of rural women. *The Agriculturists,* 8(2), 43-49.

Tammili, F. N. M., Mohamed, Z., & Terano, R. (2018). Effectiveness of the microcredit program in enhancing micro-enterprise entrepreneurs' income in Selangor. *Asian Social Science,* 14(1), 71-78.

Terano, R., Mohamed, Z., & Jusri, J. H. H. (2015). Effectiveness of microcredit program and determinants of income among small business entrepreneurs in Malaysia. *Journal of Global Entrepreneurship Research,* 5(1), 1-14.

Thanh, P.T., Saito, K., & Duong, P. B. (2019). Impact of microcredit on rural household welfare and economic growth in Vietnam. *Journal of Policy Modeling*, 41(1), 120-139.101016/j.jpolmod.2019.02.007

The World Bank (2017). *The global findex database,* Washington, D.C, United States of America.

Varman, M. (2005). Impact of self-help groups on formal banking habits. *Economic and Political Weekly,* 1705-1713.

Wright, G. A. N. (2000). *Microfinance systems: Designing quality financial services for the poor.* London: Zed Books.

Zaman, H. (2000). Assessing the poverty and vulnerability impact of microcredit in Bangladesh: A case study of BRAC. *The World Bank.* Retrieved from: www.worldbank.org/html /dec/publications/workpapers/wps2000series/wps2145.pdf