

**YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF COMMERCE
MASTER OF BANKING AND FINANCE PROGRAMME**

**THE EFFECT OF MICROFINANCE SERVICES ON
ECONOMIC AND SOCIAL DEVELOPMENT OF WOMEN
ENTREPRENEURS
(A CASE STUDY OF SOUTH DAGON TOWNSHIP)**

**KHIN LAPYAE WON
(MBF DAY – 1st BATCH)**

DECEMBER 2019

**THE EFFECT OF MICROFINANCE SERVICES ON ECONOMIC AND
SOCIAL DEVELOPMENT OF WOMEN ENTREPRENEURS
(A CASE STUDY OF SOUTH DAGON TOWNSHIP)**

A thesis submitted to the Board of Examiners in partial fulfillment of the requirement for the
degree of Master of Banking and Finance (MBF)

Supervised By

Professor Dr. Daw Tin Tin Htwe
Professor
Department Of Commerce
Yangon University of Economics

Presented By

Ma Khin Lapyae Won
MBF II - 28
MBF Day (1st Batch)
Yangon University of Economics

December 2019

ABSTRACT

This paper analyzed the effects of microfinance services of Microfinance Delta International Co., Ltd. Both of the primary data and secondary data were used for the study. Primary data were collected by questionnaire survey, the random sample included 100 respondents of the Microfinance clients from South Dagon Township. The microfinance services were used as independent variables with four main factors, which are the loan or micro-credit, advisory services, savings and the micro-insurance. A descriptive method was used in the study. The survey was measured by descriptive statistics to measure the relationship between the independent variables and dependent variables. The survey result indicates that the loan or micro-credit has the strong relationship and positive effect with the effects of economic and social benefits of the clients. In terms of micro-insurance, it effects relatively important in explaining the economics effect of women entrepreneurs in south Dagon township. It was studied that clients have less interest in the advisory services of the microfinance services as the result of insignificant value. It was found out that the importance of the advisory services for the sustainable livelihoods of the clients were unaware. The MFIs should be more emphasized to provide the regular financial literacy training and vocational trainings to improve the economic and social benefits of the clients as a whole.

ACKNOWLEDGEMENTS

I would like to express my special thanks to Dr. Tin Win, Rector, Yangon University of Economics, for giving me permission to carry out this thesis.

I also thank Prof: Dr. Soe Thu, MBF Programme Director and Head of Department of Commerce, Yangon University of Economics, for her great contribution and encouragements to precede this thesis.

I would like to express my heartiest appreciation and respect to my supervisor Prof: Dr. Tin Tin Htwe, Department of Commerce, Yangon University of Economics for her valuable support and guidance, constructive suggestions, supervision, encouragement and valuable opinion.

Furthermore, I reveal my special recognition to all board of examiners, teachers for giving their precious time, energy and effort in sharing valuable knowledge throughout the duration of the course.

I would like to thank the clients from South Dagon Township, and Regional Manager, Branch Manager and Loan Officers from Microfinance Delta International Company Ltd, who helped me, everything for their cooperation in collection necessary data and documents for this thesis. I would like to thank all the individuals who participate in this study for their time and effort.

I would also thank all the teachers who taught me within MBF course. I thank all the faculty members for their continuous support and feedback throughout my study.

Finally, I am also indebted to my parents and friends for their support and encouragement.

TABLE OF CONTENTS

	Page
ABSTRACT	i
ACKNOWLEDGEMENTS	ii
TABLE OF CONTENTS	iii
LIST OF TABLES	v
LIST OF FIGURES	vi
LIST OF ABBREVIATION	vii
CHAPTER I	INTRODUCTION
1.1	Rationale of the Study 2
1.2	Objectives of the Study 3
1.3	Scope and Method of the Study 3
1.4	Organization of the Study 3
CHAPTER II	THEORETICAL BACKGROUND
2.1	History of Microfinance 5
2.2	Microfinance Services 6
2.3	Factors behind women as entrepreneurs 7
2.4	Women financial inclusion in Myanmar 9
2.5	Previous Studies 10
2.6	Conceptual Framework of the Study 11
CHAPTER III	OVERVIEW OF MICROFINANCE DELTA INTERNATIONAL CO., LTD (MIFIDA)
3.1	Overview of Microfinance in Myanmar 13
3.2	Profile of Microfinance Delta International

	Co.,Ltd.	14
3.3	Microfinance Services and Operational Procedures	16
3.4	Organization Structure of Microfinance Delta International	17
3.5	Historical Performance	18

CHAPTER VI

ANALYSIS OF THE EFFECTS OF MICROFINANCE SERVICES FOR THE WOMEN ENTREPRENEURS

4.1	Research Design	20	4.2
	Demographic information of the Respondents	21	
4.3	Analysis of Microfinance Services	24	
4.4	Economic effect of the women Entrepreneurs	26	
4.5	Social effect of the women entrepreneurs	28	

CHAPTER V

CONCLUSION

5.1	Findings	31
5.2	Suggestion	32
5.3	Needs for Further Study	32

REFERENCES

APPENDIXES

LIST OF TABLES

Table No.	Description	Page
Table 4.1	Demographic Information of Respondents	21
Table 4.2	Coverage of Loan Amount	24
Table 4.3	Advisory Services	25
Table 4.4	Savings Services	25
Table 4.5	Micro-Insurance Services	26
Table 4.6	Correlation Coefficient of Economic Effect	26
Table 4.7	Regression Result of Economic Effect	27
Table 4.8	Correlation Coefficient of Social Effect	29
Table 4.9	Regression Result of Social Effect	30

LIST OF FIGURES

Figure No.	Description	Page
Figure 2.1	Conceptual Framework	11
Figure 3.1	Organization structure of Microfinance Delta International	17
Figure 3.2	Loan Portfolio Progress Report	24
Figure 3.3	Clients Savings Yearly Progress Report	24
Figure 3.4	Number of Staffs Progress Report	25

LIST OF ABBREVIATIONS

FRD	-	Financial Regulatory Department
HDI	-	Human Development Index
INGO	-	International Non-Government Organization
LIFT	-	Livelihoods and Food Security Fund
MAP	-	Making Access Possible
MFI	-	Microfinance Institutions
MIFIDA	-	Microfinance Delta International
MMK	-	Myanmar Kyat
MOPF	-	Ministry of Planning and Finance
NGO	-	Non-Government Organization
UNCDF	-	United Nations Capital Development Fund
UNDP	-	United Nations Development Fund

CHAPTER I

INTRODUCTION

Microfinance deliver financial and non-financial services also known as credit plus services enormously amongst low income housewives. The majority objective to focus female borrowers is to encourage socio economic development to the community and to create sustainable financial solution to the families independently. Myanmar as a developing country has the formal financial access for less than 30 percent of the total population. In many cases, most of the financial providers like banks reliable on the hard collateral when customers approach to get loan. Dr Muhammad Yunus, created an opportunity for the poor people by establishing the Grameen Bank in Bangladesh in 1983. He aimed to support low income people by providing financial access altogether with basic financial literacy that they could sustainable and overcome of poverty.

Microfinance has started since 1997 by UNDP-PACT project in Myanmar, adopting of the Grameen Model microcredit financial aids to the grass-root people. In 2011, Microfinance Law has enacted and attracts many foreign investments with minimum capital requirement compare to other financial services. Instead of hard assets or collateral deposit for the credit access, Grameen Model relies trust in group lending where the clients guarantee each other for the delinquency of repayment. According to the research by LIFT, most of the low-income households take loans for the emergency needs, foods, healthcare where medium to high income people require loans for the investment of their business, education, enhance for the living standard, etc. Due to the limited formal financial access, most of the poor families withdraw the loans from their families, friends or informal money lenders with relatively high interest rates.

Microfinance aims to fulfill the demand and requirement of the routine culture thus also deliver financial literacy, vocational training, capacity building services altogether with the credit services. Moreover, to secure their clients, also encouraged the saving habit for all the clients. There is compulsory requirement of savings while the client has applied for and withdraw the loan with the interest rate of minimum of 14% which is relatively higher than bank interest rate. Voluntary savings is also available only for the microfinance clients who have loan outstanding or saving outstanding balances with the interest rate of minimum of 10%.

There is huge unconscious healthcare protection of the poor people, and Microfinance offers microinsurance for their clients for life and major accident insurances. In the case of unexpected events, there is coverage and safety source for the family members of the clients as well. Most of the Microfinance Institutions focus on the female borrowers as they are the trusted members of the families and least opportunity for the source of financial access compare to the male clients.

1.1 Rationale of the Study

Poverty and unemployment are the major challenges for any developing countries. In Myanmar, about 26% of population was living under poverty line, less than 30% of population have financial access and with average economic growth of 5%. Formal financial intermediaries, such as commercial banks, usually refuse to serve poor households and microenterprises because of high cost of small transactions, lack of traditional collateral, lack of basic requirements for financial and geographic isolation. Providing access to financial services will stimulate the independence and self-development of poor households and micro entrepreneurs.

By increasing access to financial services for the poor segments of society, the financial sector can play an important role in alleviating poverty in developing countries. Myanmar is significantly under the unmet for the needs of the population. In many cases, most of the fund providers were constrained due to the currency risk which is unattractive to foreign fund providers. TCX and the Livelihoods and Food Security Multi-Donor Trust Fund (LIFT) were provided solutions for these uncertainties of currency risk coverage for Microfinance sector in Myanmar since 2016. Microfinance Delta International Company Limited is selected as one of the MFIs to be entitled the programme of TCX and LIFT in 2019. The hedging facility is relatively new strategy as a supporting way to attractive foreign investments.

The challenges for MFIs are the over lapping and over indebtedness for the clients. Where most of the MFIs strive and entrance to the urban areas were economic is developed than rural areas. The lack to less source of financial access and aids to the conflict area is also challenging for both MFIs and clients, where the opportunity for the economic development is distressed and risky. The outreach and the delivery to services to the needs society is one of the life blood for the real development of the economy as a whole. The differentiation of the loan products and the survey of the clients needs and utilization of the loans were largely studied by

most of the modern MFIs these days, which is contribute to the clients literature and authenticity of the socio-economic develop of the clients.

There are total of 189 MFIs in Myanmar, 115 local companies, 53 foreign companies, 15 NGO, 3 INGO, 6 Joint Venture companies. Under the Myanmar Financial Roadmap for 2019 to 2023, UNCDF is working closely with authorities to increase the population covered by financial sector from 48% currently to 60%. Microfinance plays a vital role to increase the coverage of financial inclusion by targeting more on the rural and conflict areas.

1.2 Objectives of the Study

The general objective of the study is to investigate the effects of microfinance services in the specific area. More specifically, the objectives of this study are as follows:

1. To identify the microfinance services of Microfinance Delta International Co., Ltd (MIFIDA).
2. To analyze the effects of microfinance services; loan or micro-credit, advisory services, micro-insurance, savings for the women entrepreneurs in South Dagon Township.

1.3 Scope and Method of the Study

This study focuses on the microfinance services of Microfinance Delta International Co., Ltd. The focus area is South Dagon Township, Yangon region, Myanmar. A descriptive research has applied in the study where primary data is collected from questionnaires of answer from 100 clients from South Dagon Township on the analysis of the real circumstance of economic and social development comparison before and after the financial and advisory services obtained. The secondary data is collected from browsing from internet websites, previous research papers, news, articles, reference books and journals.

1.4 Organization of the Study

This thesis included five chapters. Chapter one is included the introduction, rationale of the study, objectives of the study, scope and method of study. Chapter two is describing Theoretical background of Microfinance services. Chapter three includes overview of business behavior and geographic overview South Dagon Township and microfinance services in Myanmar. Chapter four is data analysis of the effectiveness of microfinance services for women

entrepreneurship. The findings and suggestions are presented in Chapter five, which are the conclusions of this thesis.

CHAPTER II

THEORETICAL BACKGROUND

This chapter described about the microfinance services, credit plus services, socio-economic growth and factors affecting the women entrepreneurs. Furthermore, this chapter represent the microfinance industry in Myanmar and effectiveness of microfinance services for women entrepreneurs.

2.1 History of Microfinance

Microfinance was originated in Bangladesh by Dr. Mohammad Yunus by providing financial credits to the poor. While he was serving as the Head of Economics Department at Chittagong University in Bangladesh, Dr. Yunus has aware the rising of the poverty in his home country. He noticed that the high interest rate among moneylenders only lead to worsen the lives of the village people. He lent his money US\$ 27 to 42 villagers with no interest and explained that the expectation of fully repayment. He executed the small survey with his students to track the usage of the loan received. He continued the process until 1983 thus gained much clients and experience in micro credit services and founded the Grameen Bank in 1983. The concept of microfinance or micro credit was born as a meaningful way to solve the problem of poverty in Bangladesh. Nowadays, the Grameen Model serves for more than 200 MFIs worldwide, and followed microfinance policies which were unable previously.

In Myanmar, Microfinance has started since 1997 with UNDP as a separate project under its Human Development Initiative (**HDI**) for 11 townships in the three zones of Dry, Delta and Shan. It was the first project as Microfinance that initiated to operate in Myanmar. The objective is to improve the livelihoods of poor rural communities through sustainable financial services. The Microfinance Project (**MPF**) offered loans with lack of collateral requirement and at effective interest rate of well below than those of informal lenders in the market. The average annual client grown rate of 36 percent and loan portfolio grown rate of 77 percent from 1997 to 2010 showed the acceptance of the services by the community.

After the Microfinance law was enacted by 2011, many foreign investments brought their capital to Myanmar in 2012 to 2014. Currently, total MFI clients were reached to 4.9 million with total loan portfolio of Ks 1.5 trn. The objective is to create more job opportunities, the emergence of new small-scale businesses, to cultivate savings behavior, to access micro-insurance services and to acquire technical know-how from local and foreign sources. In 2019, new directive is enacted for Microfinance for the ceiling of interest rates. Under the new Directive, the interest rate for microfinance loans shall be charged at a rate of 2.30% per month but shall not exceed 28% per year and would be calculated using an effective rate. The interest rate for compulsory savings as prescribed by the Directive shall be 1.20% per month but shall not be lower than 14% per year, whereas the interest rate for voluntary savings shall be 0.8% per month but shall not be lower than 10% per year.

Microfinance is more than a form of financial inclusion and is also a form of social inclusion by strengthening women's roles and increasing decision making authority in the household as well as the community. As a result of the increased access to credit, women's increased contribution to household incomes has led to tangible gains for poor families in achieving a more balanced economic contribution from men and women.

2.2 Microfinance Services

Microfinance provides financial and other services also known as credit plus services to low-income clients as a resource for capital to initiate or expand their businesses. Microfinance institutions (MFIs) in Myanmar have different types of institutions including INGOs, NGOs, Joint Ventures, local companies, foreign companies. Starting from 1997, microfinance industry is booming so fast after the microfinance law after 2011, due to the meet of the demand in the country by mostly foreign investments. Microfinance service offers not only the microcredit but also the allied services such as consulting and training for the microenterprises as well as market information and access to wider market which is very often not in reach of micro-entrepreneurs due to their lack of knowledge and bureaucratic hurdles.

1.7 billion people are unbanked, globally. In Asia alone, less than 27% of adults and only 33% of enterprises have an account or a line of credit or loan from a financial institution respectively. The World Bank Global Findex reported that emerging Myanmar has only 26% of the population banked. Recently, Myanmar has benefited from leapfrogging technology cycles

and widely recognized as one of the last true frontier economies. 8.8 million of the population in Myanmar own a business. Yet 56% of these enterprises do not have a savings/checking account and only 7% of small enterprises have a line of credit. According to a UNCDF study, 52% of businesses identified access to finance as an obstacle. The low trust and penetration of traditional banking methods in Myanmar is particularly chronic in the low income and rural areas where 70% of the population still reside.

Therefore, Myanmar presents tremendous opportunities for microfinance to be an enabler of sustainable poverty reduction, wealth creation and economic progress. Myanmar's microfinance scene is nascent but rapidly developing. For instance, the credit reporting system regulation issued in March 2017 has paved the way for the establishment of a credit bureau, to help banks better assess to collaborate with MFIs and facilitate credit access. This upward momentum is part of efforts in the Myanmar Financial Inclusion Roadmap (2014-2020) where one of the targets was to increase formal financial inclusion to 40% by 2020.

The central bank's data also showed a jump in the number of non-deposit taking MFIs to 168 in Q2 2019 from 86 at the start of the year. The Financial Regulatory Department (FRD) listed 189 MFIs as of July 2019, including 3 INGOs, 15 NGOs, 112 local companies, 53 foreign companies and 6 joint ventures. The number of MFIs operating in the market has increased by 8% over the past year from its Q2 2018 level of 175 operating MFIs. Deposit taking MFIs' outstanding deposits fell by 23% to Ks 141.6 bn from Q4 2018 to Q1 2019, then rose by 5% to Ks 148.9 bn. Deposit taking share of total deposits has decreased to 66.7% from 95.4% at the end of 2018. After a sharp decrease of 38.7% at the start of the year, outstanding loans of non-deposit taking MFIs recovered slightly by 13.7% quarter-over-quarter and stood at Ks747.3bn in Q2 2019. Sector wide total outstanding portfolio has grown to Ks1.5trn as of Q2 2019 – an increase of 57% yoy.

2.3 Factors Behind Women as Entrepreneurs

Women entrepreneurs involvement was significantly increased over the last 20 years, and researchers are exploring the reasons for women willingness to set up their own businesses. Carter and Cannon (1988) argued that most women are motivated by different reasons for starting a business. Most of these are related to social, cultural, political and economic factors

(Turner, 1993). According to Bradley and Boles (2003) women have six motivational factors when entering entrepreneurship. These motivate women to start their own business-

Independence and Freedom

Financial Rewards and Personal Fulfillment

Flexibility of self-employment

Prior work experience

Employability

Role Models

Due to the industrial structural development, micro to small businesses have expanded across countries. These small-scale businesses lead the economic development and research shows that women entrepreneurs had a tendency to start small businesses. Most of the research has concentrated on male entrepreneurs as small business owners and the role of women as entrepreneurs has been neglected (Goffy and Scase, 1985). The participation of women entrepreneurs is increasing in the labour market (Karter & Cannon, 1992). Additionally, Hoffman & Averett (2010) show that women in developing countries spend money on necessities such as education and healthcare while men consume more luxury goods for self. This suggests that putting money in the hands of women is more beneficial to society, especially children, than putting money in the hands of men. In addition, Armendariz and Morduch (2005) argue that women are safer clients for banks, because they show higher rates of repayment. They find that women are socially swayed more easily than men and therefore are more likely to be influenced by persistent bank officers requesting repayment. This creates an incentive for banks to target women.

Schreier's (1975) research state that women entrepreneurs have same passion and common with the male counterparts. The past records of studies showed that. women started business in the service sector as own business. Schwarts (1976), states that the motivation to start a business is all the same between genders, the inspiration of self-reliant, freedom of uncertainty, ownership of business are common factors between both genders. For many it is to generate an income but the greatest barrier for their business success is lack of financial support, lack of training and business knowledge. The desire for job satisfaction, independence and achievement are the main motivation for women. As entrepreneurs, women have to overcome many problems, with the extra problem of social beliefs that women are not as serious about business as men

(Hisrich and Brush, 1986). Despite the limitations, researchers show why and how women are entering the labour market as entrepreneurs, experienced on their problem specially the strategies that they adopt to succeed.

2.4 Women Financial Inclusion in Myanmar

Myanmar is the 26th most populous country in the world, and the 40th largest country by area, with a 2019 estimated population of 54.05 million. Myanmar has 676,578 square kilometers of surface area available within its boundaries. This includes 1,930 km of coastline. When calculated with the estimated current population of 54.05 million, the population density overall is approximately 79 people per square kilometer.

Economic empowerment is a process that increases people's access to and control over economic resources and opportunities including jobs, financial services, property and other productive assets (from which one can generate an income), skills development and market information. Financial inclusion is only one 'brick' in the entirety of economic empowerment. This reasoning is especially valid in the context of least developed countries where, in addition to financial exclusion, a significant number of other social, political, cultural and legal barriers still prevent individuals, and women, from reaching their full economic empowerment. The premise of this paper is the understanding that full economic empowerment can only happen if development partners and government efforts aimed at increasing financial inclusion are constantly coupled with initiatives aimed at removing other non-financial barriers.

Women workers throughout the world contribute to the economic growth and sustainable livelihoods of their families and communities. Microfinance helps empower women from poor households to make this contribution. Microfinance is the provision of financial services to the poor in a sustainable manner that utilizes credit, savings and other products such as microinsurance to help families take advantage of income-generating activities and better cope with risk. Women particularly benefit from microfinance as many microfinance institutions (MFIs) target female clients. Myanmar's financial sector is in the early stages of development; 39% of the population is excluded from both formal and informal finance per Finscope, the gender gap is at 4% points, with 29% of females accessing finance through either formal banks or non banks compared to 33% of males, the gender gap between men and women in formal

financial product usage stands at 12% points 2 (at 20% of women vs. 32% of men accessing formal finance). Women are also more likely to use informal products compared with men. Women's current financial usage is not an effective motor for economic empowerment, in contrast with other focus Power countries, likely due to the limited scope of informal coping mechanisms (e.g. low levels of savings groups) and vicious debt cycles induced by use of money lenders (<10% monthly interest). This indicates that the quality of financial products matters if financial inclusion is to contribute to women's economic empowerment. Evidence of a business case for targeting women with financial products exists, in the form of higher education levels, labor force participation in alignment with high priority sectors & a higher life expectancy. Women own approximately 25% of all MSMEs in Myanmar predominantly in services, but also in the manufacture of textiles and footwear. Women-owned enterprises constitute 27.3% of small and medium firms, based on the percentage of firms with female participation in ownership and 18.7% based on the percentage of firms with a majority female ownership. There are an estimated 100,000 registered and 620,000 unregistered SMEs in Myanmar.

Micro enterprises, with less than ten employees make up 50% of SMEs, and account for the majority of businesses in Myanmar. It can be difficult to assess ownership of MSMEs on the basis of registration alone – men can register a company in their wife's name to access microfinance. Additionally, small shops managed by women are often registered by their husbands in their own name. Large enterprises are predominantly male owned – women make up only around 7% of business owners in enterprises with more than 100 employees. There is no official government definition of a woman owned SME, and no centralized database for business registration.

The FinScope survey is a national representative survey focusing on the financial access of adults in a particular country and is undertaken by Myanmar Survey Research (MSR and independent research agency). The FinScope survey has been conducted twice, in 2013 and 2018. As per FinScope survey 2013, women's access to formal financial providers remained low in Myanmar and many still relied on informal providers. In 2013, it was found that only 29 percent of women could access formal bank products and other formal (non-bank) products while 34 percent were served informally. With regard to savings, only 7 percent of women had formal savings compared to 31 percent from informal savings. In addition, only 18 percent of women could access formal credit while 29 percent accessed informal credit.

2.5 Previous Studies

By reviewing the previous studies, it was examined that credit, savings and training were found to have positive impact on women entrepreneurs' income and wellbeing in Haiti, Kenya, Malawi and Nigeria by Isidore Ekpe, Norsiah Binti Mat and Razli Che Razak (2010). Savings and credit were also found to have positive effect on women entrepreneurs' wellbeing in Bangladesh, Indonesia, Ghana and Mexico. Skill training is also necessary to provide the needed entrepreneurial skill for small business start-up while business or management training provides the needed managerial competence for routine and corporate decisions.

It was also found that by the studying the impact of microfinance on female entrepreneurs' empowerment across three independent variables such as accessibility for loans, repayment procedure and non-financial services. As per descriptive statistics, loan accessibility, repayment procedure and non-financial services and women entrepreneurs were at accepted level among respondent. Not only correlation coefficients of all independent variables with the dependent variable were statistically significant at 0.05 percent level. Final regression analysis indicated that loan accessibility, repayment procedure and non-financial services have statistically significant impact on women empowerment by the studies of Harshani Dedunu (2017).

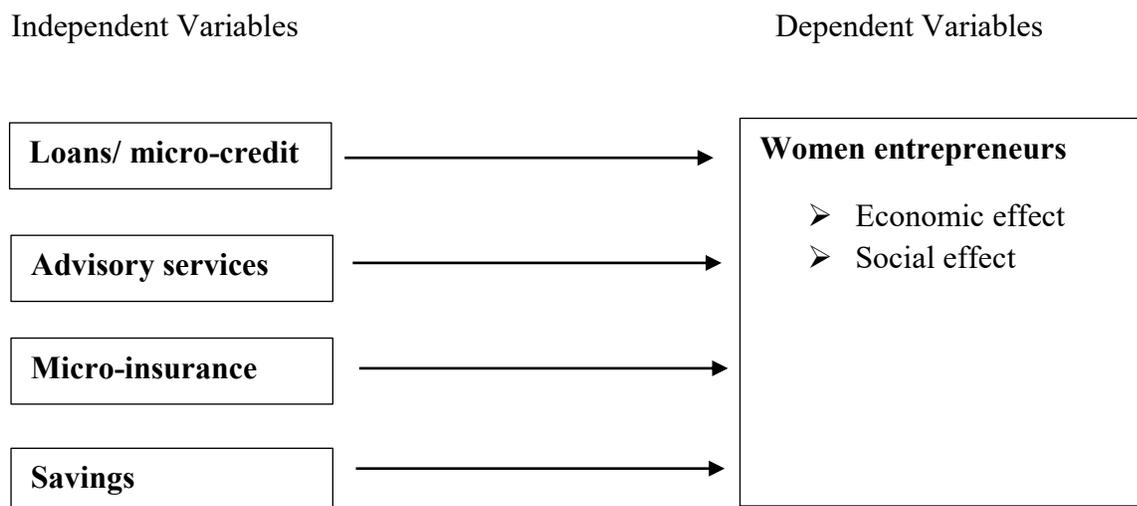
According to Umemezia Evelyn and Osifo Samuel J. (2018), by studying microfinance and female entrepreneurship in Nigeria, that female entrepreneurs, especially the poor want to support their spouse and families. They want to move above the poverty line and improve their own standard of living. They want to contribute their own quota to the growth and development of the society. They refuse to be hindered by the traditional roles the society foist on them and would rather be self-dependent than stick to the barbaric norms of mere motherhood and being a wife. They tend to possess a strong internal locus of control inherent in their potentials and would achieve enviable heights if conditions for their development are favorable.

2.6 Conceptual Framework of the Study

An own combination of Conceptual framework is developed by binding from theoretical framework (Ekpe et al., 2013) and conceptual framework (Harshani Dedunu, 2017). The research

study the relationship between effect of the microfinance services (loans or micro-credit, advisory services, micro-insurance, savings) on women entrepreneurs (economic and social effects) in South Dagon Township.

Figure 2.1 Conceptual Framework of the Study



Source: Owned Combination (2019)

In the framework, microfinance services of loans or micro-credit, advisory services, micro-insurance and savings are studied as independent variables and the economic and social effect for women entrepreneurs were defined as dependent variables. The population of this study was all microfinance beneficiaries from South Dagon Township in which 100 clients were selected as sample sampling method. Data was collected through a set of questionnaires which consist of three parts. The first data is the demographic information, second part is used to collect the response of independent variables. And the last part is the effect of economic and social

performance of women clients. Each independent variable includes one to five points, one represents lowest level of agreement and five point represents the highest level of agreement. The questionnaires were analyzed through SPSS software and produced mean value, standard deviation, correlation coefficient analysis according to the previous studies.

CHAPTER III

OVERVIEW OF MICROFINANCE DELTA INTERNATIONAL CO., LTD (MIFIDA)

This chapter mentions the background of Microfinance Delta International Co., Ltd (MIFIDA). The main contents are the history, vision, mission, methodology and operational procedures, products and services, target clients and historical performance.

3.1 Overview of Microfinance in Myanmar

Microfinance was first introduced to Myanmar in 1997 by the United Nations Development Program's Human Development Initiative. Microfinance currently services more than 3.4 million clients, who are predominantly women, with a total portfolio of around Ks 350 billion. The Microfinance Law was enacted in 2011 and until now there are about 189 MFIs which are in the form of INGOs, NGOs, local MFIs, Foreign MFIs, Joint Venture, etc. The Financial Regulatory Department (FRD) is the supervisory and regulatory authority for all private and state-owned financial institutions. Commercial banks have shown little interest in microfinance, products are designed to serve micro or small and medium enterprises (SME), develop agricultural activities, or enable poor household to meet primary needs. Range of products is quite developed, including insurance, healthcare, individual loans, and voluntary saving products.

Myanmar has a population of over 53 million, rural population is about 65 percent according to Myanmar Rural Population Index. According to the household survey by UNDP, 30 percent of the population is living under the poverty line which means that their income is not meeting the basic needs. As they do not have any collateral to get formal financial access, the hope for the poor people to sustain and survive is so harsh. Due to the constraint, the informal money providers were providing the require capital or fund with very high interest rates. Microfinance aims to support to those suffering population with no collateral with the formation of group liability.

3.2 Profile of Microfinance Delta International Co., Ltd.

Microfinance Delta International Co., Ltd. (MIFIDA), was founded in 2013 in Myanmar, with a mission to assist low-income groups to improve their living conditions through the promotion of self-reliant micro-business opportunities and provision of access to small-scale credit. MIFIDA is clear in its objective of serving all people regardless of race, faith, and ethnicity. A former top management of the UNDP Microfinance Program in Myanmar set up the organization and operates it with an outstanding team. The organization's microfinance practice is developed based on the Grameen methodology, to best suit the needs of the low-income groups in Myanmar. MIFIDA is founded by local microfinance experts with more than 20 years of MFI experience in Myanmar since 1997 with UNDP Pact Project. Since incorporation, MIFIDA has operating the microfinance services across Myanmar with 57 branches in 13 states and divisions except Chin State. The origin of the operation of services was started in South Dagon Township, where the founder U Myint Swe, who is the microfinance guru of Myanmar and had been in discussion with Dr. Yunus since UNDP Pact Project, is founded his own MFI in 2013.

MIFIDA was started the microfinance services with 100% women clients as it believed women as housewives and mothers encountered very much in trouble while the main income generating male as a chief in the house has passed away or left the families. Many children left school and jumped in to the business to strive for family income. The overlapping is the main barrier for the effectiveness of the objective of microfinance sector and MIFIDA has expanded

the operation mainly to the rural areas with the responses of the survey of necessity and suitability for the clients. At the end of October 2019, MIFIDA has 110,567 clients with the loan outstanding of 25.9 billion MMK. The urban and rural expansion ratio is 15 percent and 85 percent respectively. With the balance of financial and social services, MIFIDA has certified the smart campaign client protection certificate by M-CRIL.

Gojo & Company is a Japanese holding company incorporated in Tokyo, Japan in 2014 with a mission is to provide financial access to more than 100 million people by 2030. Gojo has invested in 7 companies in 4 countries including Myanmar, Cambodia, Sri Lanka and India. Gojo is providing support and capacity building in microfinance operations, social performance management and business management through its experts to all the partner companies. Gojo is operating along with microcredits, micro savings and other financial advisory services stability for the clients' lives in the longer run both financially and socially. Gojo engaged with MIFIDA with investments as joint venture in August 2015 in Myanmar.

MIFIDA's "Vision" is to allow all low-income people to have opportunities to achieve a life free from poverty with dignity and purpose. Its "Mission" is to assist the low-income groups to improve their living conditions through the promotion of self-reliant micro-business opportunities through the provision of access to small-scale financial services.

The main methodology of MIFIDA is to focus on serving female clients through a group of five members with the age limit from the minimum of 18 years to the maximum of 60 years. The group guarantee system with the team solidarity is built between the members where any of the member is in socio economic problems, other group members agree to help each other by fulfilling the duties of liabilities. A small amount of the loan of MMK 300,000 is provided as the first cycle loan to support and build clients' confidence through successful repayment of loans. A weekly collection to reduce the amount of repayment per payment and to develop a trusting relationship between clients and MIFIDA through regular meetings. MIFIDA is one of the deposit- taking MFIs in Myanmar amongst eight MFIs. It encourages the savings habit for the clients with the minimum of 500 MMK with the minimum interest rate of 10 percent per annum for voluntary savings which is more than the minimum requirement of 10 percent by Myanmar Microfinance Law to overcome the unexpected future uncertainties and to expand their businesses. The portfolio at risk is at 0.04% as of October 2019. Since its establishment, MIFIDA has successfully expanded operations to 13 states and regions: Kachin, Kayah, Kayin,

Mon, Rakhine and Shan States and Yangon, Mandalay, Sagaing, Magway, Tainingthayi, Bago and Ayeyarwady Regions. To fulfil the lack of financial access in ethnic border states and regions, MIFIDA has set up an expansion project focusing on the ethnic border and urban areas.

MIFIDA is mainly target female borrowers as their primary clients, however in exceptional cases, male clients are also accepted. The loans are provided for the purpose of businesses generating income. Primary target businesses include vegetable vendor, meat and fish vendor, food stalls, farming and gardening, small-scale manufacturing (sewing, tailoring), grocery shop and animal livestock, etc. Only one client per household is accepted as the client. In order to avoid overlapping in the developed and crowded urban areas, MIFIDA is expanding to mainly to the rural areas with 85 percent of rural area clients until October 2019. Traditionally, women have been disadvantaged in not having access to financial services throughout the country. Commercial banks tend to focus on men and formal businesses to provide financial services. From a business point of view, female clients have the tendency to be better clients for microfinance. During the day, women tend to spend time in the neighborhoods of their residence facilitating collection, where men tend to travel to other places for work. By providing financial services to women, MIFIDA aims to encourage entrepreneurship, support family finances, and empower women through increased self-confidence. Majority of MIFIDA's staffs are female. Not only the staffs, but majority of the key managers are female. MIFIDA is focusing to continue recruiting and training more female staffs to further increase access to affordable financial services in Myanmar.

3.3 Microfinance Services and Operational Procedures

MIFIDA provide 2 types of loans under financial services, which are business loans and other loans. The interest rate is 28% per annum as defined by the Myanmar regulations. There is no need to collect any collect to entitle the loan.

Business loans include general loans and enterprise loans. Other loans were providing for education loan, emergency loan, life improvement loan (mobile phone and solar lamps). General loans are provided for income-generating businesses. All clients are required to forming a group of five members and apply for a General Loan. The loan term is one year with weekly instalments for principle and interest with the effective interest rate of 28%. After 6 months, a client can choose to take an Extra loan, to be repaid in 25 equal weekly repayments.

After the first year loan, a client is eligible to apply for a microenterprise loan. A solid track record in repayment in the first year authorized business certificate, and a cashflow plan is required to receive the loan. Repayments are made in 50 equal weekly repayments (1 year). Once a client receives a microenterprise loan, she will leave the original group and be liable for the loan as an individual.

Other loans are loans for specific purposes. All clients are eligible from the second year General Loan from MIFIDA. All repayments are made in 25 equal weekly installments apart from the life improvement loan. The interest rate is the same as Business Loan at 28% per annum. The education loan is provided for children in the household of a client, under 18 years old and attending school. Disbursement is limited to school opening season from May to June. A recommendation letter from the principal or teacher in charge is needed. The approval of voucher of school fee payment is required to avail this loan. The emergency loan is provided to support medical treatment for the client and its household family members. A medical certificate and record book are required to apply for the loan. The life improvement loan is provided to purchase specific life improvement products, such as mobile phones and solar lamps. A client can select a product offered through MIFIDA's partner manufacturer or distributor and receive the product through MIFIDA. Based on product price and credit history of the client, the repayment schedule is defined.

MIFIDA has 2 types of savings; compulsory savings and voluntary savings. Both type of savings are interest bearing at 14 percent per year for compulsory savings and 10 percent minimum for voluntary savings. Interest is calculated on a monthly basis and it is calculated based on the minimum savings balance during the month. Full amount of savings shall be returned to the client when she is leaving the organisation.

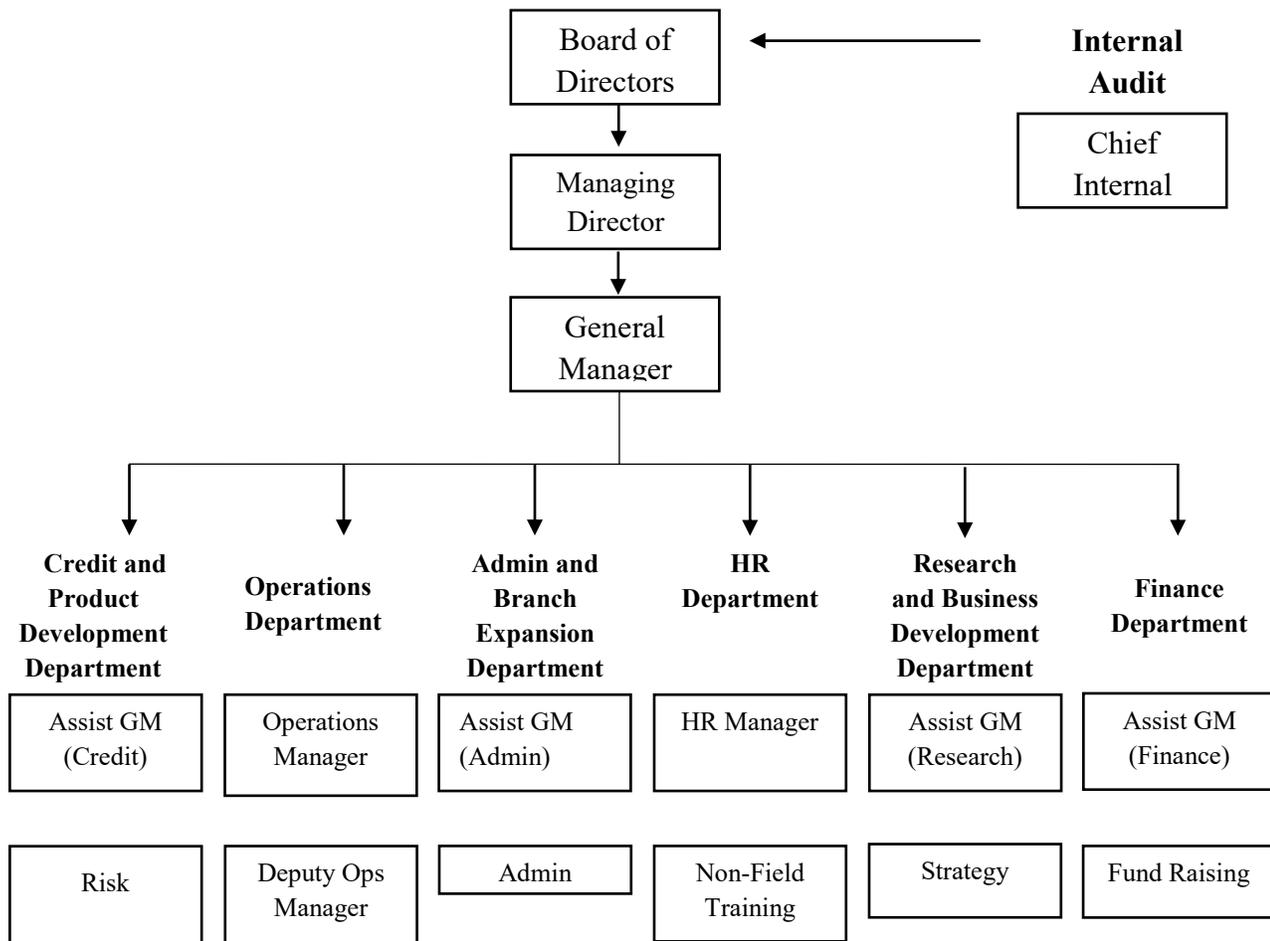
After the disbursal of a business loan, all clients are entitled to open a saving account with an initial amount MMK 500. At the weekly repayment collection meeting, all clients are allowed to deposit or withdraw at their discretion, but the minimum balance must be MMK 500. Total savings amount cannot exceed the total loan amount disbursed during the client lifetime based on Myanmar regulations. Member who has taken Microenterprise Loan shall need to deposit MMK 50,000 to their savings account, which is the minimum balance. 4 percent of loan amount except the life improvement loan, shall be collected as compulsory saving on the loan

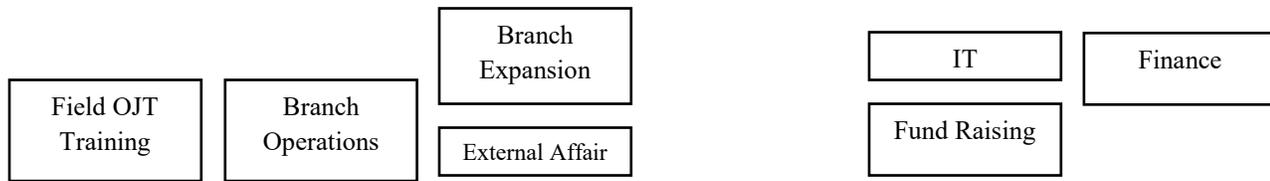
disbursement day. A client can withdraw 90 percent of the savings for emergency cases. Within 25 weeks, the withdrawn amount from the compulsory savings needs to be redeposited.

3.4 Organization Structure of Microfinance Delta International

The organization structure of Microfinance Delta is shown in Figure (3.1). The organization is well structured and clear reporting line. There are seven departments of Internal Audit, Credit and Product Development, Operations, Admin and Branch Expansion, HR, Research and Business Development and Finance Departments. The assistant general managers (AGMs) or department managers were leading each department.

Figure (3.1) Organization structure of Microfinance Delta International





Source: Microfinance Delta International Company Ltd (2019)

The internal audit department organized separately with the whole operation and reporting to the board of directors directly. Since the credit and product development is differentiate from operations department, there is external view of operational procedures and product requirements or developments can be done independently and effectively.

3.5 Loan Performance

The loan outstanding is increased average year-over-year (YOY) rate of 300 percent from 2015, since incorporation as joint venture until October 2019. Due to the weekly collection methodology, with the manageable repayment amount, the non-performing loan rate stands at 0.04 percent which is relatively low than the average rate of 2.5 percent industrial MFI rate. MIFIDA is one of the four MFIs in top 20 MFIs in Myanmar that is solely based on a weekly collection scheme. Most MFIs operate with monthly or biweekly schemes. Weekly meetings allow close monitoring of clients’ business and financial situation, leading to swift actions. MIFIDA has been swiftly hiring new staff based on the popularity of management team. MIFIDA has been maintaining low staff turnover rate at 9 percent as of November 2019, compared to 20 to 30 percent of industry average. High staff retention based on MIFIDA methodology allowing staff to work under stress-free environment (appropriate workload and close to nil delinquency). MIFIDA is one of the MFIs in Myanmar providing voluntary deposit savings. When clients apply for a loan, they are automatically entitled to a voluntary deposit account. Only 8 MFIs out of 189 MFIs in Myanmar are awarded the voluntary deposit taking license. Key requirements to receive the license are: 3 years of operations, 2 years consecutive profit, etc.

CHAPTER IV

ANALYSIS OF THE EFFECTS OF MICROFINANCE SERVICES FOR THE WOMEN ENTREPRENEURS

In this chapter, the effects of the microfinance services upon the economic and social benefits for women entrepreneurs is presented based on the data results from survey questionnaires. There are three parts in this chapter. They are research design, demographic characteristics of the respondents, the responses of independent variables, the effects of economic and social performance of the borrowers.

4.1 Research Design

South Dagon Township is located in the southeastern part of Yangon, Myanmar. The township comprises 26 wards and three village tracts, and shares borders with North Dagon

Township and East Dagon Township in the north, Thingangyun Township in the west across the Pazundaung Creek, the Bago River in the east, and Dagon Seikkan Township in the south. South Dagon is one of the new satellite towns founded in 1989 by the military government. The township has 31 primary schools, seven middle schools and three high schools. It is home to the University of Culture, Yangon.

As of October 2018, South Dagon Township has a total population of 323,212 which is the total of 155,611 males and 167,601 females. It has an area of 30.545 square meters. According to the measurement of Myanmar Information Management Unit, there were 59.725 households in urban areas with no household in rural area. The ratio of male and female is 1:1.07 in the South Dagon Township. Sample respondents were selected by using random sampling method. Total respondents of 100 clients were interviewed and collected data.

The objective of the study is to identify the microfinance services and the effects of economic and social performance of the clients in South Dagon Township. To carry out of these objectives, the required data were collected through a set of survey questionnaires. The questionnaires instrument includes three sections.

The first section includes the demographic profile of customer those who are the beneficiaries of microfinance services. This section includes clients' gender, age, marital status, number of family members, number of income-generating members in the family, education, loan cycle, loan amount and daily income. The second section mainly focused on question for the analysis of the microfinance services which are loan or micro-credit, advisory services, savings, micro-insurance. The last section of the questionnaires is the effect of microfinance services on the economic and social effects of the clients.

The study adapts the questionnaires from various parts studied related to the topic and mainly used Likert scale measurement for all the variables constructed questions were made to collect data. A five-point Likert scale has been used in this section to measure the effects of microfinance services. The scaling is: 5 for strongly agree; 4 for agree, 3 for neutral, 2 for disagree and 1 for strongly disagree have been given in order to analyze data.

As a sampling size for this thesis is 100 clients are distributed the survey question. After collecting the data, the processed data are further analyzed by SPSS.

4.2 Demographic Characteristics

This section presents the profiles of 100 respondents from South Dagon Township. The survey is conducted regarding demographic information, analysis of microfinance services and the effects of economic and social status of the borrowers. The survey covers the demographic information of the respondents.

Table (4.1) Demographic Information of Respondents

Gender	No. of Respondents	Percentage
Female	87	87
Male	13	13
Total	100	100
Age	No. of Respondents	Percentage
Between 18 to 25	9	9
Between 26 to 35	17	17
Between 36 to 45	35	35
Between 46 to 55	30	30
Between 56 to 60	9	9
Total	100	100
Type of Business	No. of Respondents	Percentage
Agriculture	4	4
Grocery Store	17	17
Livestock	4	4
Service	26	26

Small-scale production	17	17
Trading	30	30
Total	100	100
Marital Status	No. of Respondents	Percentage
Divorced	9	9
Married	74	74
Single	4	4
Widow	13	13
Total	100	100
No. of Family Member	No. of Respondents	Percentage
2 to 5	70	70
6 to 8	30	30
Total	100	100
Income Generating Member	No. of Respondents	Percentage
1 to 3	87	87
4 to 6	13	13
Total	100	100
Education Level	No. of Respondents	Percentage
Bachelor Degree	13	13
High School	52	52

Middle School	30	30
Primary	4	4
Total	100	100
Loan Cycle (Years)	No. of Respondents	Percentage
1 st Cycle (1 Year)	22	22
2 nd Cycle (2 Year)	13	13
3 rd Cycle (3 Year)	30	30
4 th Cycle (4 Year)	26	26
5 th Cycle (5 Year)	5	5
5 Years and above	4	4
Total	100	100

Loan Amount (MMK)	No. of Respondents	Percentage
300,000 to 500,000	17	17
500,001 to 1,000,000	48	48
1,000,001 to 2,000,000	26	26
2,000,001 to 5,000,000	9	9
Total	100	100
Daily Income (MMK)	No. of Respondents	Percentage
5,001 to 10,000	61	61

10,001 to 20,000	30	30
20,001 to 50,000	9	9
Total	100	100

Source: Survey Results, 2019

As shown in Table (4.1), the gender of respondents are 87% of females and 13% of male out of 100 % respondents as microfinance services are main focus on the female clients. Most of respondent are between the age of 36 to 45 with 35% and between 46 and 55 follows second with 30%. Most of the rest of the respondents falls between 18 to 35.

Most of the respondents are doing the trading business with 30%, the service business follows 26%. The small-scale businesses also represent with third significant with 17%. Those types of businesses produce daily income from businesses. The other businesses are agriculture, grocery store, livestock, small-scale production, etc.

Majority of the respondents are married with 74%, with mostly the family members of 2 to 5 with the percentage of 70%. The widow clients stands with second significant rate of 13% and the rest are divorce and single clients. Among the respondents most of the family members between 2 to 5, have the income generating family members stands of 87%.

About 52% of the clients have the high school education and 30% of the clients have the middle school education. Most of the clients are in the third cycle of the loan with 30% and fourth cycle clients stands second with 26.1%. The loan amount between 500,000 to 1,000,000 with 48% of the clients, because of most of the clients do not take micro-enterprise loans. The micro-enterprise loan clients follow second with the rate of 26%. The daily income of the clients of MMK 5,001 to 10,000 are the majority of the respondents with the rate of 83%.

4.3 Analysis of Microfinance Services

Microfinance services were measured with four main categories which are loan or micro-credit, advisory services, savings and micro-insurance. To analyze the effects of microfinance services, four main microfinance services were measured by the set of structured questionnaires. The sample clients were asked to rate on the statements described and their perception level regarding the variables attribute for using microfinance services.

(1) Analysis of The Loan or Micro-Credit Services

The effects of the loan or micro-credit for getting the microfinance service is measured by 6 questionnaires as described in the table.

Table (4.2) Coverage of Loan Amount

No	Statement	Mean	Std. Dev
1	Sufficient amount of the loan to run the business	4.13	.815
2	Loan repayment schedule is convenient	3.57	.507
3	Affordable cost of the loan	3.52	.511
4	Convenience of getting the loan	3.87	.458
5	Satisfy the procedures of apply the loan	2.48	1.039
6	The loan is enough for the improvement of household appliances	2.17	.650
Average		3.29	

Source: Survey Data (2019)

According to Table (4.2), the average mean score of coverage of loan amount is 3.29 which means that the respondents agree that the coverage of loan amount is benefit of the microfinance services. The highest mean score is 4.13 that is the sufficient amount of the loan to run the business and the lowest mean score is 2.17 that is the loan is enough for the improvement of the household appliances.

(2) Analysis of Advisory Services

The effects of the advisory services for getting the microfinance service is measured by 5 questionnaires as described in the table.

Table (4.3) Advisory Services

No	Statement	Mean	Std. Dev
1	More spending on donation and social welfare	2.09	.288
2	Gaining knowledge from trainings	2.17	.388
3	More confident in business decision making	2.13	.344
4	Effect for the family health care	2.09	.288
5	Confidence of financial access for expansion of business	2.17	.388
Average		2.15	

Source: Surveyed Data, 2019

According to Table (4.3), the overall mean value stands at 2.15 and all the responses for the questionnaires showed that respondents do not agree the significance of the advisory services as the benefit of the microfinance services.

(3) Analysis of Savings Services

The effects of the savings services for getting the microfinance service is measured by 4 questionnaires as described in the table.

Table (4.4) Savings Services

No	Statement	Mean	Std. Dev
1	Increase of Savings	4.22	.736
2	Can use savings as capital	3.70	.470
3	Can use savings for expand business	3.65	.487
4	Regular savings from business	3.96	.367

Average	3.88
----------------	-------------

Source: Surveyed Data, 2019

According to Table (4.4), the average mean score of savings services is 3.29. The highest mean score is 4.22 that is the increase of savings and the lowest mean score is 3.65 that is the usage of savings for expand the business.

(4) Analysis of Micro-Insurance Services

The effects of the micro-insurance services for getting the microfinance service is measured by 4 questionnaires as described in the table.

Table (4.5) Micro-Insurance Services

No	Statement	Mean	Std. Dev
1	The cost of the service is affordable	4.22	.736
2	Usefulness of micro-insurance	3.65	.487
3	Enough for major uncertainty	3.61	.499
4	Security for social and economy	3.96	.367
Average		3.86	

Source: Survey Results, 2019

According to Table (4.5), the overall mean scores of micro-insurance services is 3.86. This mean value presents that almost all customers agree the micro-insurance services are benefits for the usage of microfinance services.

4.4 Economic Effect of the Women Entrepreneurs

The relationship between microfinance services and economics effect of women entrepreneurs of the organization is presented in Table 4.5.

Table (4.6) Correlation Coefficient of Economic Effect

Determinant		Economic Effect
Loan or Micro Credit	Pearson Correlation	.674**
	Sig. (2-tailed)	.000
Advisory Services	Pearson Correlation	.167
	Sig. (2-tailed)	.223
Saving	Pearson Correlation	.693**
	Sig. (2-tailed)	.000
Micro-insurance	Pearson Correlation	.752**
	Sig. (2-tailed)	.000

**Correlation is significant at 1% level

Source: Survey Results, 2019 (SPSS Output)

According to Table (4.6), it is clear that there is moderate and direct relationship between micro credit and economics effect. The resulted P value (0.000) is less than the $\alpha=0.01$ (1% level of significant). This means that correlation coefficient between micro credit and economics effect is significant at 1% level of significance. Moreover, there is weak and direct relationship between advisory services and economics effect. The resulted P value (0.223) is more than $\alpha=0.05$ (5% level of significant). This means that correlation coefficient between the advisory services and economics effect is not significant at 5% level of significance. And, there is moderate and direct relationship between saving and economics effect. The resulted P value (0.000) is less than $\alpha=0.01$ (1% level of significant). This means that correlation coefficient between the saving and economics effect is significant at 1% level of significance. Through studying the relationship between micro insurance and economics effect is strongly and directly relationship. The resulted P value (.000) is less than $\alpha=0.01$ (1% level of significant). This means that correlation coefficient between micro insurance and economics effect is insignificant at 1% level of significance.

In this section analyzes the effect of microfinance services of Microfinance Delta International Co., Ltd on economics effect of women entrepreneurship. The multiple linear regression model is applied to analyze the effect of microfinance services on economics effect. The output from generating multiple linear regression model is shown in Table (4.6)

Table (4.7) Regression Result of Economic Effect

Determinants	Unstandardized Coefficients	Standardized Coefficients	T	Sig.
---------------------	------------------------------------	----------------------------------	----------	-------------

	B	Std. Error	Beta		
(Constant)	-.440	.586		-.751	.462
Loan or Micro-Credit	.417	.140	.397	2.972	.008
Advisory Services	.172	.154	.141	1.121	.277
Saving	-.085	.351	-.091	-.243	.811
Micro-insurance	.677	.363	.708	1.862	.049
N = 100 Adj R² = .707 F = 14.258* (p-value = 0.000) DW = 1.702					

*regression coefficient is significant at 1% level

** regression coefficient is significant at 5% level

Source: Survey Results, 2019 (SPSS Output)

The results of the analysis are presented in Table (4.6), the power of the models to explain variables supposed to the economics performance of women entrepreneurship is considered strong as values of adjusted R square .707. Therefore, performance of the regression model, the model explains 70.7% of the variation of the economics performance on microfinance services such as loan or microcredit, advisory services, saving and micro-insurance. The value of F-test, the overall significance of the models, came out highly significant at 1% level. It can be clearly seen that all the coefficients such as loan or microcredit, advisory services, saving and micro-insurance in the models are jointly significant at 1% level on economics effect of women entrepreneurs. According to the Durbin Watson statistics, there is no serial correlation among the error term since that value close to 2 that is no serial correlation. Therefore, sample is enough for this study.

Among four determinants of microfinance services, only micro-credit and micro-insurance are significant at 1% and 5% level respectively since the results p value are less than 0.01 and 0.05. And saving and advisory services is not significant since the resulted p value is greater than 0.05. The magnitude of each coefficient indicates that the amount how much the score of the dependent variable will change if the score of an independent variable increase by 1 unit other thin remain unchanged. That is, if the score of micro-credit by 1 unit, while other thing remains unchanged, the will effective in economics by .417 units. If the score of micro insurance increase by 1 unit, while other thing remains unchanged, the economics performance will effective by .677 units.

In terms of the standardized coefficient, two types of microfinance services such as microcredit and micro-insurances relatively the most important in explaining the economics effect of women entrepreneurs in south Dagon township.

4.5 Social Effect of the Women Entrepreneurs

According to Table (4.7), it is clear that there is moderate and direct relationship between micro credit and social effect. The resulted P value (0.000) is less than the $\alpha=0.01$ (1% level of significant). This means that correlation coefficient between micro credit and social effect is insignificant at 1% level of significance. Moreover, there is weak and negative relationship between advisory services and economics effect. The resulted P value (0.492) is more than $\alpha=0.05$ (5% level of significant). This means that correlation coefficient between the advisory services and social effect is not significant at 5% level of significance. And, there is strong and direct relationship between saving and social effect. The resulted P value (0.000) is less than $\alpha=0.01$ (1% level of significant). This means that correlation coefficient between the saving and social effect is significant at 1% level of significance. Through studying the relationship between micro insurance and social effect is strongly and directly relationship. The resulted P value (.000) is less than $\alpha=0.01$ (1% level of significant). This means that correlation coefficient between micro insurance and social effect is insignificant at 1% level of significance.

Table (4.8) Correlation Coefficient of Social Effect

Determinant		Social Effect
Loan or Micro Credit	Pearson Correlation	.681**
	Sig. (2-tailed)	.000
Advisory Services	Pearson Correlation	-.040
	Sig. (2-tailed)	.492
Saving	Pearson Correlation	.710**
	Sig. (2-tailed)	.000
Micro-insurance	Pearson Correlation	.769**
	Sig. (2-tailed)	.000

**Correlation is significant at 1% level

Source: Survey Results, 2019 (SPSS Output)

The results of the analysis are presented in Table (4.7), the power of the models to explain variables supposed to the social effect of women entrepreneurship is considered strong as values of adjusted R square .728. Therefore, performance of the regression model, the model explains 72.8% of the variation of the social performance on microfinance services such as loan or microcredit, advisory services, saving and micro-insurance. The value of F-test, the overall significance of the models, came out highly significant at 1% level. It can be clearly seen that all the coefficients such as loan or microcredit, advisory services, saving and micro-insurance in the models are jointly significant at 1% level on social effect of women entrepreneurs. According to the Durbin Watson statistics, there is no serial correlation among the error term since that value close to 2 that is no serial correlation. Therefore, sample is enough for this study.

Table (4.9) Regression Result of Social Effect

Determinants	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.024	.293		-.082	.936
Loan or Micro-credit	.266	.070	.489	3.805	.001
Advisory Services	-.064	.077	-.101	-.838	.413
Saving	-.079	.175	-.164	-.453	.656
Micro-insurance	.359	.181	.724	1.980	.063
N = 100 Adj R² = .728 F = 15.743* (p-value = 0.000) DW = 1.708					

*regression coefficient is significant at 1% level

** regression coefficient is significant at 5% level

Source: Survey Results, 2019 (SPSS Output)

Among four determinants of microfinance services, only micro-credit is significant at 1% level since the results p value are less than 0.01. And other remaining variables not significant on

social effect of women entrepreneurs since the resulted p value is greater than 0.05. The magnitude of each coefficient indicates that the amount how much the score of the dependent variable will change if the score of an independent variable increase by 1 unit other thin remain unchanged. That is, if the score of micro-credit by 1 unit, while other thing remains unchanged, the will effective in social by .266 units.

In terms of the standardized coefficient, only one variable of microfinance services such as microcredit relatively the most important in explaining the social effect of women entrepreneurs in south Dagon township.

CHAPTER V

CONCLUSION

Microfinance has become the popular tool for the reduction of poverty in Myanmar for more than two decades. Throughout the journey, MFIs have been executed and analyzed of the changes and improvements of the economy and social performance of the population. The financial access is the key to overcome the poverty and for the improvement of social lives or the poor. The extending of the services as the additional tools for the clients are also significant for the sustainability of the livelihoods of the clients. After the Microfinance Law has been enacted in 2011, 189 MFIs were operating in the whole country.

5.1 Findings

In this chapter, the key findings of studies and survey have been discussed. The goal of the study is to analyze the effects of microfinance services for women entrepreneurs. By measuring the microfinances services into four categories as loan or micro-credit services, advisory services, savings services and micro-insurances as the independent variables and the effects upon the economic and social benefits as the dependent variables. The primary data was

collected from 100 respondents and the secondary data was collected from the various source of previous studies, websites, internet, news and journals.

According to the survey and results, there are 87% of female clients and 13% of male clients. Majority of them are having the high school education. The most common type or businesses are trading and services, the small-scale production is also the second most dominant business among microfinance clients. The average loan amount is mostly at 48% of the total loans. Most of the respondents strongly agree that they agreed that the amount of the loan is sufficient to run the business. Majority of the respondents agreed that savings is beneficial as the service of microfinance. The respondents strongly agreed that savings has increased by means of microfinance services, thus they followed the regular savings. The advisory services were not considered as significance of microfinance services amongst the clients. The micro-insurance considered as one of the effective tools of microfinance services.

5.2 Suggestion

The microfinance services have developed over the years and performed the tool as the poverty alleviation. However, the outreach area of the clients was still under unmet demands. Majority of the MFIs aim to expand to the well infrastructure regions and states. Thus, the ethnic border areas and the crisis areas have least developed in terms of socio-economy effects.

In addition, most of the microfinance clients encountered over indebtedness due to the overlapping of the MFIs in the urban areas. The regulatory authorities should be considered the population, development of the business, and the required number of MFIs in the area carefully. For the sustainability of the clients, the skill-set development is the majority investment for the clients and thus to encourage key operation staffs to persuade the clients for the understandability and to increase the acceptability of the importance of the vocational trainings. Most of the MFIs are collecting micro-insurance fees and found to be less activities in the Corporate Social Responsibility activities. It should be encouraged for the benefits of the clients and review the CSR activities of the MFIs.

Finally, the utilization is the most important for the microfinance services as to follow seven rules of client protection principle. “Do No Harm to the Clients” is the most important

factor and to monitor and evaluate the cash flow analysis before providing any new or additional loans for the clients as to be matched with their requirement as the capital to run the business.

5.3 Needs for Further Study

As the research has done for the Microfinance Services of Microfinance Delta International Co., Ltd in South Dagon Township only, additional areas and different MFIs also need to be analyzed. The research sample may not be represented the overall Microfinance Services of the country and the researcher would like to suggest that further detailed study to carry out more detailed of Microfinance Services and the effect of economic and social on MFI clients throughout the country.

REFERENCES

- Anon., 2011. World Bank Report, s.l.: *Engendering Development: Through gender equality in rights, resources and voice-Summary*. Washington, D.C.: world bank, 2001.
- Bagati, D. (2003). Microcredit and Empowerment of Women: *Journal of Social Work Research and Evaluation* 4(1) 19–35.
- Biswas, T. (2008). *Women Empowerment Through Micro Finance: A Boon for Development*
- Chhay, D. (2011). *Women's economic empowerment through microfinance in Cambodia*.
- Choudhury Haque Ariful, Das Atanu & Rahman Ashiqur. (2017). *The Effectiveness of Micro-credit Programmes Focusing on Household Income, Expenditure and Savings: Evidence From Bangladesh*.
- FinScope Myanmar (2018). Making Access Possible.
- Fwamba Rashid, Matete John, Nasimiyu Consolatta & Sungwacha Stephen. (2015). *Impact of Microfinance Institutions on Economic Empowerment of Women Entrepreneurs in Developing Countries*
- Harshani Dedunu. (2017). *Impact of Microfinance to Empower Female Entrepreneurs*.
- Isidore Ekpe, Razli Che Razak & Norsiah Mat. (2010). *The Effect of Micro-finance Factors on Women Entrepreneurs' Performance in Nigeria*.
- Lucy-George Cooper. (2014). *The Impact of Microfinance on Female Entrepreneurs in Tanzania*.
- Myanmar Financial Services Brief. Issue 83.
- Tun Thandar Bo. (2018). *Overview of Financial Inclusion of Women in Myanmar*.
- UNCDF. (2017). *Power Women and Girls Financial Inclusion Country Assessment*.
- UNCEF. (2015). *Financial Service Providers and Women's Economic Empowerment in Myanmar*.
- UNDP Myanmar. (2011). *Sustainable Microfinance to Improve the Livelihoods of the Poor. Project Proposal for United States Agency for International Development Funding*.

APPENDICES

Appendix – A

Questionnaires

Profile of Respondents

- 1 Gender
 - Male
 - Female

- 2 Age
 - Between 18 to 25
 - Between 26 to 35
 - Between 36 to 45
 - Between 46 to 55
 - Between 56 and 60

- 3 Marital Status
 - Single
 - Married
 - Divorce
 - Widow

- 4 Number of family members in household
 - 2 to 5
 - 6 to 8
 - 9 to 10
 - 10 and above

- 5 Income generating members in family
1 to 3
4 to 6
7 to 10
10 and above
- 6 Education Level
Primary
Middle School
High School
Bachelor Degree
Master Degree
- 7 Number of years with MIFIDA and Loan Amount

1 Year (1st cycle)
2 Year (2nd cycle)
3 Years (3rd cycle)
4 Years (4th cycle)
5 Years (5th cycle)
5 Years and above
- 8 Daily income from business

1,500 to 3,000
3,001 to 5,000
5,001 to 10,000
10,000 to 20,000

20,000 and above

Loan or Micro-Credit

- 1 Sufficient loan amount to run the business
- 2 Loan repayment schedule is convenient
- 3 Affordable cost of the loan
- 4 Satisfy the procedures of apply the loan
- 5 Convenience of getting the loan
- 6 The loan is sufficient for the improvement of household appliances

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree

Advisory Services

- 1 Gaining knowledge from trainings
More confident in business decision making
- 2
- 3 Gaining knowledge for family health care
- 4 Participate in donation and social welfare
Confidence of financial access for additional fundraising
- 5

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree

Savings Services

- 1. Increase of savings
- 2. Can use savings as capital to expand the business
- 3. Emergency usage for unexpected problems

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree

4. Regular savings from business

--	--	--	--	--

Micro-insurance Services

1. Preference of micro-insurance
2. Usefulness of micro-insurance
3. Enough for major uncertainty
4. Security for social and economy

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree

Economic effect on borrowers

1. Income has increased after loan
2. Can expand the business
3. Afford to buy goods to operate business
4. Improvement of business
5. Increase of savings

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree

Social effect on borrowers

1. Can repair/ renew the house
Increase of type or number of assets after taking loan
2. Better quality food and meals consumed
3. Can send school aged children to school
4. Better health care for family members

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree