

**YANGON UNIVERSITY OF ECONOMICS**  
**DEPARTMENT OF MANAGEMENT STUDIES**  
**MBA PROGRAMME**

**EFFECT OF MICROFINANCE SERVICES ON**  
**SOCIO-ECONOMIC WELFARE OF HOUSEHOLDS IN**  
**BRAC MYANMAR MICROFINANCE**

**SOE HAY MAR NAING**

**EMBA II – 56**

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**JUNE, 2025**

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**ACADEMIC YEAR (2023 - 2025)**

**Supervised by:**

**Submitted by:**

**Dr. Hla Hla Mon**

**Professor**

**Department of Management Studies**

**Yangon University of Economics**

**Soe Hay Mar Naing**

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This thesis is submitted to the Board of Examiners in partial fulfillment of the requirements for the degree of Master of Business Administration (MBA).

**Supervised by:**

**Submitted by:**

**Dr. Hla Hla Mon**

**Professor**

**Department of Management Studies**

**Yangon University of Economics**

**Soe Hay Mar Naing**

**EMBA II-56**

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**2023-2025**

## ACCEPTANCE

This is to certify that the thesis entitled “ **Effect of Microfinance Services on Socio-Economic Welfare of Households in Brac Myanmar Microfinance.**” has been accepted by the Examination Board for awarding Master of Business Administration (MBA) degree.

### Board of Examiners

-----  
(Chairman)

**Dr. Tin Tin Htwe**

**Rector**

**Yangon University of Economics**

-----  
(Supervisor)

-----  
(Examiner)

-----  
(Examiner)

-----  
(Examiner)

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(Examiner)

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(Examiner)

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(Examiner)

**JUNE, 2025**

## **ABSTRACT**

The objectives of this study are to examine the effect of financial services on the socio-economic welfare of households, to analyse the mediating effect of income on the relationship between financial services and socio-economic welfare, to examine the effect of non-financial services on socio-economic welfare, and to analyse the mediating effect of income on the relationship between non-financial services and socio-economic welfare in BRAC Myanmar Microfinance. The study utilizes both primary and secondary data sources. The sample size is 132 among 400 female clients, which is calculated using the Rao Soft sample size calculator. Primary data are collected by personal interview method using a 5-point Likert scale. The sample is selected using a simple random sampling method. The secondary data are obtained from textbooks, academic journals, previous research studies, and BRAC Myanmar Microfinance records. Descriptive statistics and regression analysis are used to analyse the collected data. The findings indicate that among financial service factors, savings and micro-insurance have positive and significant effect on socio-economic welfare. Among non-financial service factors, training and social intermediation also have positive and significant effect on socio-economic welfare. There is the mediating effect of income on the relationship between savings, micro-insurance, training, social intermediation, and socio-economic welfare. Therefore, BRAC Myanmar Microfinance should continue promoting both financial and non-financial services to enhance income and improve socio-economic welfare.

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## **LIST OF ABBREVIATIONS**

BMM	BRAC Myanmar Microfinance
BRAC	Bangladesh Rural Advancement Committee
FRD	Financial Regulatory Department
MFI	Microfinance Institution
MMK	Myanmar Kyat (Currency)
SEM	Structural Equation Modeling
SPSS	Statistical Package for the Social Sciences
UNDP	United Nations Development Programme
VIF	Variance Inflation Factor

# CHAPTER 1

## INTRODUCTION

Microfinance services play a crucial role in reducing poverty and improving the livelihoods of low-income households, especially in rural areas. By providing both financial and non-financial support such as microcredit, savings, insurance, training, and social intermediation, microfinance helps individuals start small businesses, manage risks, and build financial stability.

According to Ledgerwood (1999), microfinance services can be classified into two main types: financial services and non-financial services. Financial services refer to the direct monetary products provided to clients, such as microcredit, savings, and micro insurance (Ledgerwood, 1999). These are designed to help individuals manage cash flow, invest in income-generating activities, and protect themselves from financial risks. Non-financial services, in contrast, are capacity-building interventions such as training and social intermediation, which enhance clients' ability to use financial products effectively and sustainably. Together, both service types aim to improve the economic and social conditions of low-income households.

Koh et al. (2020) stated that financial services in microfinance are structured to improve the financial capacity and stability of the poor by offering them accessible credit, safe savings mechanisms, and risk management tools such as insurance. These services are intended to empower individuals who lack access to conventional financial institutions and to support productive economic participation through small-scale investment.

Wahid (1994) defined microcredit as a small, short-term loan granted to individuals or groups who are unable to access loans from commercial banks. Microcredit is commonly used to finance small businesses, informal trading, and agricultural activities. The main goal of microcredit is to provide startup capital for income-generating activities, allowing low-income individuals to create or expand microenterprises and improve their living standards.

Matul (2005) described micro insurance as a form of low-cost insurance designed specifically for low-income populations to protect against financial losses caused by illness, accidents, or other unexpected events. Micro insurance helps stabilize household income

by reducing the economic effect of shocks, thereby preventing borrowers from falling deeper into poverty due to unforeseen circumstances.

Isibor et al. (2015) explained that savings in the microfinance context refer to the practice of setting aside a portion of income for future use. Savings services offered by MFIs are intended to help clients manage risks, prepare for emergencies, and develop a habit of financial discipline. Encouraging regular savings among low-income individuals contributes to greater financial security and supports long-term economic planning.

Duasa (2010) defined non-financial services as support mechanisms provided alongside financial products, including training programs and educational assistance designed to enhance clients' ability to use loans and savings effectively. These services aim to build clients' capacity to manage income, operate businesses, and make informed financial decisions.

Saad and Duasa (2010) described training as non-financial assistance offered to microfinance clients through structured programs in financial literacy, business planning, budgeting, and loan management. These training sessions are intended to increase the entrepreneurial competence of clients and support the successful use of financial services in income-generating activities.

Al-Shami et al. (2014) defined social intermediation as a set of interventions aimed at building human and social capital among marginalized communities. It includes group formation, leadership development, and peer-monitoring systems, all of which promote mutual accountability, reduce default risk, and strengthen the social infrastructure needed for effective financial service delivery.

Koh et al. (2020) defined income as the total earnings received by a household from various sources, including wages, small business profits, and remittances. Income is an important outcome variable that reflects the financial capacity of households to meet their basic needs, invest in productive assets, and improve their living conditions. Access to financial and non-financial microfinance services has been shown to facilitate income growth by enabling clients to undertake productive activities and manage financial risks more effectively.

Omwange et al. (2013) stated that income is one of the most significant determinants of socio-economic welfare. As household income increases, families are more likely to experience improvements in nutrition, education, healthcare, and housing. This

makes income a critical pathway through which microfinance can influence broader development outcomes.

According to Omwange et al. (2013), socio-economic welfare refers to the overall well-being of a household, encompassing financial security, health status, education levels, housing conditions, and access to basic services. It is considered a multidimensional indicator that reflects a household's capacity to lead a stable and productive life. Socio-economic welfare captures not only income levels but also the quality of life and resilience to external shocks, making it a key measure in evaluating the effectiveness of development interventions.

By examining the relationships among these variables, this study seeks to understand the extent to which BRAC Myanmar Microfinance services contribute to improving the lives of rural households in Kaw Hmu Township. BRAC is one of the world's largest non-governmental development organizations, originally founded in Bangladesh in 1972. It operates in multiple countries across Asia and Africa with the mission of alleviating poverty through community-based, sustainable development programs expanded to Myanmar in 2013 and established BRAC Myanmar Microfinance Company Limited to support underserved communities by providing inclusive financial services (BRAC, 2023). BRAC Myanmar focuses on empowering low-income households especially women through a combination of financial and non-financial services. These include microcredit, savings, micro-insurance, financial literacy training, and social mobilization. Using a group-based lending approach, the organization promotes social cohesion, accountability, and sustainable income generation. BRAC's operations in Myanmar align with its global strategy of fostering resilience, improving livelihoods, and enhancing the socio-economic welfare of marginalized populations. This study investigates the effect of microfinance services on the socio-economic welfare of households in BRAC Myanmar Microfinance, particularly in Kaw Hmu Township, where access to formal financial institutions is limited.

## **1.1 Rationale of the Study**

Socio-economic welfare is a vital element in improving the quality of life for low-income households, particularly in rural communities. It reflects the overall well-being of individuals and families in terms of income stability, access to basic services, and the ability

to maintain a decent standard of living. Enhancing socio-economic welfare is essential for reducing poverty, building resilience, and supporting sustainable development. In areas where opportunities are limited and formal financial access is scarce, practical interventions are necessary to improve household welfare through structured financial support and development-focused initiatives.

In Myanmar, BRAC Myanmar Microfinance Company Limited operates with the goal of improving the socio-economic conditions of underserved populations by delivering an integrated package of services. Socio-economic welfare is placed at the center of its operations, with all services designed to promote better livelihoods and long-term household stability. BRAC focuses on empowering poor and marginalized households by expanding access to microfinance services that are both inclusive and sustainable. One of the key indicators of improved socio-economic welfare is increased household income. When income rises, families gain the ability to afford education, healthcare, nutritious food, and safe housing, all of which are fundamental to human development.

Income generation is therefore considered essential in advancing socio-economic welfare. It enables families to meet daily needs, invest in productive activities, and access important social services. Within BRAC's microfinance model, income growth is supported through two critical components: financial services and non-financial services. These two areas operate as interconnected mechanisms that directly and indirectly influence household income. The rise in income is not a result of financial access alone, but also the capacity to manage resources effectively, which is made possible by the combination of financial and non-financial support.

Financial services offered by BRAC include microcredit, savings, and micro insurance. These services are crucial in enabling low-income clients to access capital, protect against financial risks, and develop financial discipline. Microcredit provides the initial support for business startup or expansion, while savings encourage regular deposit habits that strengthen financial stability. micro insurance offers basic protection against economic shocks, helping households maintain continuity in times of crisis. These services are delivered through a group-based lending model, which promotes accountability and supports responsible financial behavior.

Non-financial services are equally important in complementing the financial tools provided. BRAC delivers training programs that equip clients with knowledge in areas such

as budgeting, loan utilization, and business management. These capacity-building efforts are essential for improving decision-making and increasing the likelihood of successful income generation. Additionally, BRAC promotes social intermediation through group formation and peer support activities. This approach helps foster trust, cooperation, and mutual responsibility within the community, which enhances program participation and loan repayment performance.

By combining financial and non-financial services, BRAC has established a comprehensive microfinance model that addresses the economic and social needs of the poor. The focus on income as a pathway and socio-economic welfare as the ultimate goal ensures that clients are not only financially included but also empowered to improve their long-term living standards. The rationale for focusing on these components lies in their critical role in advancing the welfare of rural households and in BRAC's commitment to delivering sustainable, people-centered development.

Therefore, achieving socio-economic welfare is not merely the result of improved living conditions alone, but rather a multidimensional outcome that relies critically on increased household income. The growth of income itself depends essentially on the accessibility and effective use of both financial and non-financial services. Financial services such as microcredit, savings, and micro insurance provide the necessary resources for initiating income-generating activities, while non-financial services including training and social intermediation equip clients with the knowledge, discipline, and support systems required to use financial resources successfully.

As a result, socio-economic welfare should be understood not as an isolated measure, but as an integrated development goal that is shaped by the combined effect of financial inclusion, capacity building, and income enhancement. In the context of rural communities where resources are limited, institutions like BRAC Myanmar Microfinance play a vital role in providing these services in a coordinated manner. Their contribution is not only crucial for individual household progress, but also for promoting sustainable community-level development in the long term.

## **1.2 Objectives of the Study**

The main objectives of this study are as follows:

- (1) To examine the effect of financial services on socio-economic welfare of households in BRAC Myanmar Microfinance.
- (2) To analyze the mediating effect of income on the relationship between financial services and socio-economic welfare of households in BRAC Myanmar Microfinance.
- (3) To examine the effect of non-financial services on socio-economic welfare of households in BRAC Myanmar Microfinance and
- (4) To analyze the mediating effect of income on the relationship between non-financial services and socio-economic welfare of households in BRAC Myanmar Microfinance.

### **1.3 Scope and Method of the Study**

This study focuses on the effect of microfinance services on the socio-economic welfare of rural households in Kaw Hmu Township, Yangon Region. According to the 2024 records of BRAC Myanmar Microfinance Company Limited, there are around 400 active female clients in Let Khite Village. Therefore, the study uses 400 active female clients as the population. The sample size is 132 respondents (margin of error is 5%, confidence level is 95%), which is calculated by using the Rao Soft sample size calculator. Primary data are collected from 132 female clients by personal interview method and simple random sampling method. The study collects primary data from randomly selected clients who directly receive microfinance services from BRAC Myanmar Microfinance. For secondary data, it is obtained from relevant textbooks, some previous papers, records of BRAC Myanmar Microfinance Company Limited, and some related online resources. For data analysis, both descriptive statistics and regression analysis are used in this study.

#### **1.4 Organization of the Study**

This study is organized into five chapters. Chapter one is an introduction that includes the rationale of the study, the objectives of the study, the scope and method of the study, and the organization of the study. Chapter two presents the literature review of financial services, non-financial services, income, socio economic welfare including previous studies and the conceptual framework of the study. Chapter three presents the profile, financial and non-financial services activities of BRAC Myanmar Microfinance company and demographic profile of respondents. Chapter four discusses the client perception on financial services, non-financial services, income and social economic welfare, the analysis of the effect of microfinance service on socio-economic welfare the analysis of the mediating effect of income on relationship between financial services and socio-economic welfare in BRAC Myanmar Microfinance and the analysis of the mediating effect of income on relationship between non-financial services and socio-economic welfare in BRAC Myanmar Microfinance. Finally, chapter five involves the conclusion with the findings and discussions, suggestions and recommendations, and needs for further research.

## **CHAPTER 2**

### **THEORETICAL BACKGROUND**

This chapter presents the theoretical foundation of the study and outlines the key variables, including financial services, non-financial services, income, and socio-economic welfare. This chapter also describes previous study and conceptual framework.

#### **2.1 Financial Services**

According to Armendáriz and Morduch (2010), financial services is defined as structured financial products designed to meet the specific needs of low-income individuals and households who are often excluded from conventional banking systems. These services commonly include microcredit, savings, and micro-insurance, which are typically offered by microfinance institutions to enhance clients' financial access and stability. By providing small loans, safe saving mechanisms, and insurance coverage, these financial tools aim to improve the economic security and livelihoods of underserved populations. Koh et al. (2021) further highlight that microcredit provides small loans to support income-generating activities, savings services enable clients to accumulate and protect funds for future use, and micro-insurance offers protection against unexpected risks such as illness, accidents, or natural disasters. Collectively, these financial services contribute to enhancing financial security and improving the socio-economic welfare of microfinance clients.

In the context of microfinance, financial services serve as a mechanism to promote economic empowerment and poverty reduction. By providing capital and financial tools, microfinance institutions empower individuals to invest in income-generating opportunities and better manage household expenditures (Robinson, 2001).

The provision of financial services also contributes to broader development goals. It enables households to improve their standard of living, access education and healthcare, and build resilience against economic shocks. Moreover, the availability of financial services at the community level can stimulate local economic activity,

enhance entrepreneurship, and foster a culture of savings and financial planning (Armendáriz & Morduch, 2010).

Effective financial service delivery requires sound institutional management, customer-oriented product design, and responsible lending practices. Institutions must

ensure that services are accessible, affordable, and appropriate to the financial capacity of their clients. When implemented responsibly, financial services in microfinance have the potential to transform lives by enabling economic participation and long-term welfare improvements.

Financial services are a cornerstone of the microfinance model. They offer practical solutions to the financial exclusion faced by the poor and support the achievement of economic and social development objectives. Their significance lies not only in providing immediate financial relief but also in enabling sustainable growth and improved quality of life for disadvantaged populations.

### **2.1.1 Microcredit**

According to Armendáriz and Morduch (2010), microcredit is defined as the provision of small loans to individuals who typically lack access to formal financial institutions due to insufficient collateral or credit history. These loans are primarily used to finance income-generating activities such as small businesses and agricultural ventures. Microcredit enables borrowers to obtain the capital necessary to start or expand their enterprises, leading to increased income and improved economic wellbeing.

Ledgerwood (1999) explained that microcredit programs often utilize group lending methodologies, where borrowers form groups that jointly guarantee loan repayment. This approach fosters peer support and mutual accountability, reducing the risk of default and allowing lenders to serve clients without conventional collateral. The group lending mechanism is therefore essential in extending credit to low-income and underserved populations.

Moreover, Armendáriz and Morduch (2010) emphasized that microcredit not only provides financial resources but also contributes to social empowerment by strengthening community networks and cooperation. As a result, microcredit is widely regarded as a key financial service in microfinance that supports poverty reduction and socio-economic development.

### **2.1.2 Micro-insurance**

According to Churchill (2006), micro-insurance is defined as the provision of affordable insurance products designed to protect low-income individuals against specific risks such as illness, accidents, crop failure, or death. These insurance products are tailored to the needs and capacities of poor households who are typically excluded from conventional insurance markets.

Ledgerwood (1999) explained that micro-insurance helps reduce vulnerability by providing financial support during unforeseen events, thereby preventing households from falling deeper into poverty. By mitigating risks, micro-insurance complements other microfinance services like credit and savings, contributing to the overall economic stability and welfare of clients.

Churchill (2006) further emphasized that micro-insurance plays a crucial role in strengthening the resilience of poor communities, enabling them to recover from shocks and sustain their livelihoods over time.

### **2.1.3 Savings**

According to Robinson (2001), savings in the context of microfinance is defined as the service that allows low-income individuals to deposit and accumulate small amounts of money securely over time. Unlike informal saving methods, formal savings accounts offered by microfinance institutions provide safety, accessibility, and opportunities for clients to plan for future financial needs.

Ledgerwood (1999) noted that encouraging savings among low-income households helped build financial discipline and provides a buffer against unexpected expenses such as medical emergencies or natural disasters. Savings also enable households to invest in productive activities and improve their economic stability. Furthermore, Robinson (2001) highlighted that access to savings services enhances financial inclusion by integrating marginalized populations into the formal financial system, thereby supporting long-term socio-economic development.

## 2.2 Non-Financial Services

According to Koh et al. (2021), non-financial services is defined as the provision of capacity-building programs and social support activities designed to complement financial services by strengthening clients' skills, knowledge, and social capital. These services include training and social intermediation services activities that promote cooperation, trust, and community development. Non-financial services play an essential role in empowering clients to effectively utilize financial products and improve their socio-economic welfare.

According to Schreiner (2002), non-financial services helped microfinance clients overcome barriers that financial products alone cannot address. For example, business training equips clients with managerial and technical skills that increase their ability to effectively utilize financial resources. This enhances the probability of business success, income generation, and poverty reduction. Furthermore, non-financial services often include financial literacy education, which is vital in helping clients understand credit terms, manage repayments, and plan for sustainable financial growth (Karlan & Valdivia, 2011).

Social intermediation is another key aspect of non-financial services. It involves facilitating community networks and support systems that build social capital among clients. This creates trust, cooperation, and mutual assistance, which are crucial for group lending models and collective problem-solving (Gutiérrez-Nieto et al., 2012). Social capital, reinforced through non-financial services, contributes to improving clients' resilience to shocks and expanding their economic opportunities.

In addition, non-financial services played a significant role in addressing gender inequalities and empowering marginalized groups. Training and support programs tailored to women entrepreneurs, for instance, can improve their confidence, decision-making capacity, and access to markets (Mayoux, 2001). By providing holistic support, microfinance institutions not only facilitate access to capital but also foster sustainable development and socio-economic welfare among low-income populations.

Therefore, non-financial services are recognized as a vital component of microfinance that enhances the effectiveness of financial interventions and contributes to broader social and economic development goals.

### **2.2.1 Training**

According to Karlan and Valdivia (2011), training is defined as the process of imparting relevant skills and knowledge to microfinance clients to enhance their business capabilities and financial management. Training programs typically include business planning, bookkeeping, marketing, and financial literacy, which are essential for clients to effectively use financial services and improve their income-generating activities.

Mayoux (2001) emphasized that training empowers clients, especially women, by increasing their confidence and decision-making ability, which in turn positively affects their economic participation. By acquiring new skills, clients can better manage their businesses, reduce risks, and improve profitability.

Moreover, Schreiner (2002) pointed out that training helps reduce the information asymmetry between lenders and borrowers, leading to better loan utilization and repayment rates. Well-designed training interventions contribute to sustainable business growth and enhance the overall effect of microfinance services on socio-economic welfare.

### **2.2.2 Social Intermediation Services**

According to Gutiérrez-Nieto et al. (2012), social intermediation services refer to activities that build and strengthen social networks, trust, and cooperation among microfinance clients. These services facilitate collective action and mutual support, which are essential for the success of group lending and other community-based financial models.

Mayoux (2001) highlighted that social intermediation services promote social capital by encouraging collaboration and accountability within client groups. This social cohesion reduces the risk of loan default and enhances the overall sustainability of microfinance programs. Additionally, these services empower marginalized clients, especially women, by fostering inclusion and active participation in economic activities.

Schreiner (2002) emphasized that social intermediation services help clients develop resilience against economic and social shocks through the support of their community networks. By enhancing social ties, these services contribute to improved access to information, resources, and opportunities, ultimately supporting clients' socio-economic development.

### 2.3 Income

According to Todaro and Smith (2015), income refers to the monetary earnings received by individuals or households from various sources, including wages, business profits, rents, and transfers. It serves as a fundamental indicator of economic well-being, reflecting the financial capacity of individuals to meet basic needs, invest in productive activities, and enhance their standard of living. In the context of microfinance studies, income is considered a key measure of effect, as the primary goal of microfinance institutions is often to improve the income levels of low-income households through access to financial services.

Income generation is one of the central objectives of microfinance services, particularly microcredit. According to Armendáriz and Morduch (2010), microcredit enables clients especially those in the informal sector or rural areas to start or expand small businesses, engage in petty trading, or invest in agricultural productivity. These activities, supported by small loans, have the potential to increase earnings, create self-employment opportunities, and reduce dependency on external sources of income. Microfinance clients often use the funds for buying tools, inventory, livestock, or seeds, all of which directly contribute to higher and more stable income over time.

Khandker (2005) supported this view by emphasizing that increased income as a result of microfinance participation leads to significant improvements in household welfare, including better access to food, education, health care, and housing. These outcomes are interconnected with long-term poverty alleviation strategies, as income acts as both a means and an end in improving living conditions. The multiplier effect of rising income can also contribute to community-level economic growth, as successful borrowers may employ others or generate demand for local goods and services.

Moreover, income stability is just as important as income level. Morduch (1999) explained that low-income households often face high income volatility due to seasonal work, fluctuating crop yields, or informal employment. This instability can reduce the effectiveness of microfinance interventions if earnings are inconsistent or unpredictable. Therefore, sustainable income growth is critical for ensuring that the benefits of microfinance are long-lasting and transformative. In this regard, microfinance programs that include financial literacy training, business development support, or market linkage services can further enhance income stability.

In addition to its economic significance, income is also linked to social empowerment, particularly in gender-focused microfinance programs. Mayoux (2001) argued that when women gain access to microfinance and generate income, they often experience increased decision-making power within the household, improved self-confidence, and greater participation in community affairs. This empowerment effect has broader implications for household welfare, as women are more likely to reinvest their earnings in children's education, nutrition, and health.

Furthermore, income plays a pivotal role in achieving broader development goals. As income levels rise, households are better equipped to manage risks, build savings, and plan for the future. In this sense, income is not only an outcome of microfinance services but also a driver of sustainable socio-economic development. Therefore, evaluating the effect of microfinance on income requires a comprehensive understanding of income sources, stability, utilization patterns, and its long-term effects on individual and community welfare.

## **2.4 Socio-Economic Welfare**

According to Todaro and Smizh (2015), socio-economic welfare is defined as the overall well-being of individuals and households, encompassing both economic and social dimensions such as income, education, health, housing, empowerment, and social inclusion. In the context of development studies and microfinance, socio-economic welfare reflects the improvement in quality of life and the ability of people to lead stable, productive, and meaningful lives. It moves beyond simple income measurements to consider broader indicators of human development and social equity.

Socio-economic welfare is often influenced by access to financial and non-financial services. As noted by Khandker (2005), microfinance services such as microcredit, savings, and training can significantly contribute to welfare improvement by enabling low-income households to increase their earnings, invest in human capital, and cope with unexpected shocks. For instance, increased income from small enterprises can be used to pay for children's education, improve nutrition, or afford better housing and healthcare services. These changes directly enhance household welfare and reduce multidimensional poverty.

Mayoux (2001) argued that socio-economic welfare should also be considered social factors such as empowerment, participation in community activities, and gender equity.

Microfinance, when accompanied by non-financial interventions such as training and social intermediation services, plays a critical role in strengthening clients' social networks and decision-making capacity. Women's empowerment, in particular, has been recognized as a key outcome of improved welfare, as it allows for more equitable resource allocation and enhanced household stability.

Morduch (1999) emphasized that socio-economic welfare also includes resilience to vulnerabilities and shocks. Financial access enables households to plan better, save for the future, and maintain consumption during times of crisis. This resilience reduces dependency on informal lenders or harmful coping mechanisms such as selling productive assets or pulling children out of school.

Furthermore, the concept of welfare is multidimensional and dynamic. According to the United Nations Development Programmed (UNDP, 2010), development is not just about economic growth but also about expanding people's choices and improving their freedoms. Therefore, in assessing the effect of microfinance, it is essential to consider whether the interventions have led to sustainable improvements in livelihoods, social dignity, and access to opportunities.

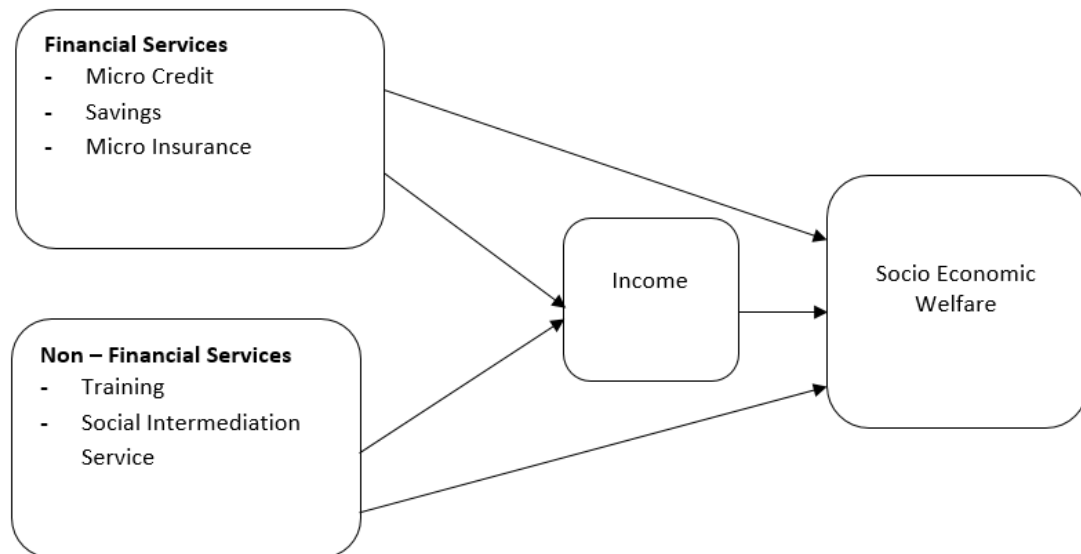
Socio-economic welfare is a holistic indicator of well-being that incorporates both tangible improvements, such as income and housing, and intangible aspects like empowerment and security. Microfinance services, when effectively delivered, have the potential to enhance these dimensions by promoting inclusive development and reducing both income and non-income poverty.

## **2.5 Previous Study**

There are many previous papers related to microfinance services, financial inclusion, household income, and socio-economic welfare. One key previous study has been used to support and develop the conceptual framework of this study. This study is based on the study conducted by Koh et al. (2020), the title of the effect of microfinance on household welfare and women empowerment in southeast Asia. The main objective of the study was to analyze the influence of microfinance services both financial and non-financial on household income and welfare, with income serving as a mediating variable. The collected data from 300 households using structured questionnaires and applied structural equation modeling (SEM) for data analysis. The conceptual framework from Koh

et al. (2020) is shown in Figure (2.1) below, and it illustrates the hypothesized relationships among microfinance services, income, and socio-economic welfare.

**Figure (2.1) Conceptual Framework of Koh et al.**



Source: Koh et al. (2020)

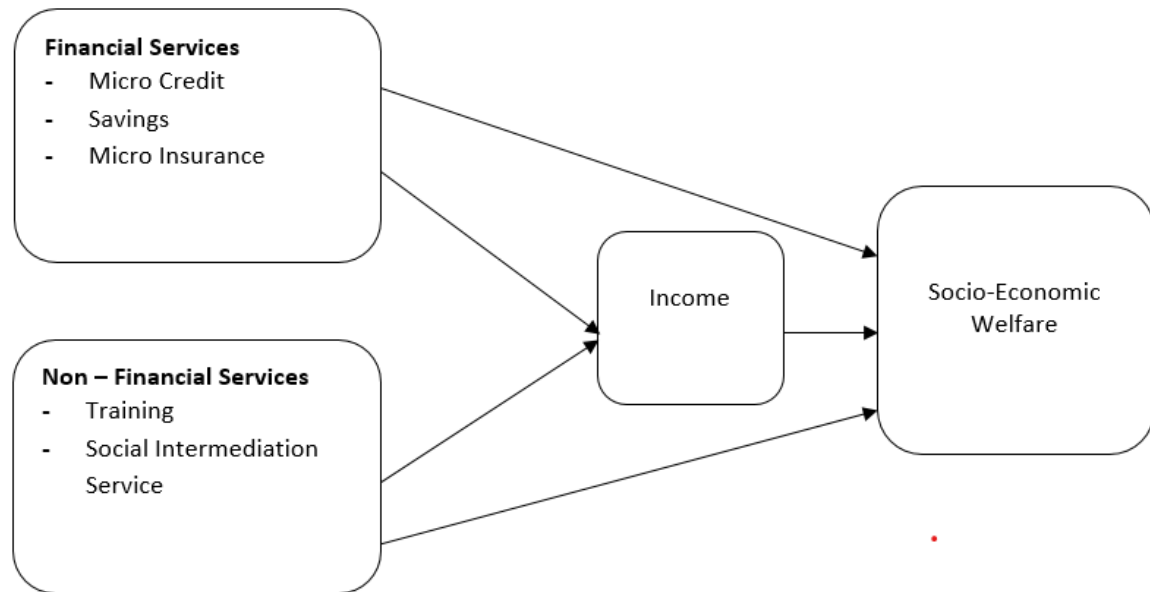
The findings of the study revealed that both financial and non-financial microfinance services had a significant positive effect on household income. In turn, household income had a strong influence on improving socio-economic welfare. The results further indicated that income partially mediated the relationship between microfinance services and household welfare, indicating that while services can directly improve welfare outcomes, their effect was enhanced through improved income generation. This highlighted the importance of financial empowerment and capacity building for sustainable development in low-income communities.

The study also emphasized that non-financial services such as financial literacy training, business development support, and social awareness programs contributed to long-term improvements in income stability and household resilience. Koh et al. (2020) concluded that an integrated approach to microfinance combining credit, savings, training, and advisory support were most effective in improving both the economic and social dimensions of household welfare.

## 2.6 Conceptual Framework of the Study

The conceptual framework of this study is developed based on theoretical concepts and previous study findings. This framework is primarily adapted from the study conducted by Koh et al. (2020), which examined the role of microfinance services in improving household welfare. Figure (2.2) shows the conceptual framework of the study

**Figure (2.2) Conceptual Framework of the Study**



Source: Adapted from Koh et al. (2020)

The framework presented in this study illustrates the relationships among the independent variables, the mediating variable, and the dependent variable. The independent variables in this study include financial services and non-financial services. The mediating variable is household income, and the dependent variable is socio-economic welfare.

## **CHAPTER 3**

### **PROFILE AND FINANCIAL AND NON-FINANCIAL SERVICES OF BRAC MYANMAR MICROFINANCE**

This chapter presents profile and financial and non-financial services of BRAC Myanmar Microfinance. Then, profile of respondents and reliability test are described.

#### **3.1 Profile of BRAC Myanmar Microfinance**

BRAC Myanmar Microfinance is a subsidiary of BRAC International Holdings B.V., which operates under the umbrella of BRAC International. Founded in Bangladesh in 1972, BRAC has grown to become one of the largest development organizations globally, with operations in multiple countries across Asia and Africa. In Myanmar, BRAC established its microfinance operations in 2014 with the objective of addressing financial exclusion and supporting poverty alleviation initiatives, particularly in rural and underserved communities. The institution is licensed by the Financial Regulatory Department (FRD) under Myanmar's Ministry of Planning and Finance, in accordance with the Microfinance Law enacted in 2011. Through its community-based approach, BRAC Myanmar Microfinance aims to empower clients especially women to engage in productive economic activities and improve their standard of living. BMM has expanded its services across several regions in Myanmar, including Yangon, Ayeyarwady, Mandalay, and Magway. Its operations are guided by a client-centric philosophy, a commitment to social effect, and financial sustainability.

The vision of BRAC Myanmar Microfinance is to create a world free from all forms of exploitation and discrimination where everyone has the opportunity to realize their potential. This vision reflects the organization's commitment to equality, dignity, and social justice. It also emphasizes BRAC's long-term aspiration to empower individuals by enabling access to the tools and resources necessary for sustainable development.

The mission of BRAC Myanmar Microfinance is to provide inclusive, accessible, and sustainable microfinance services that empower low-income individuals especially women to achieve socio-economic resilience and improve their livelihoods. This mission highlights the organization's core focus on serving the financially excluded, enhancing

economic opportunity, and enabling vulnerable populations to become active participants in their own development. By targeting low-income households and marginalized groups, BRAC aims to facilitate long-term social and economic empowerment.

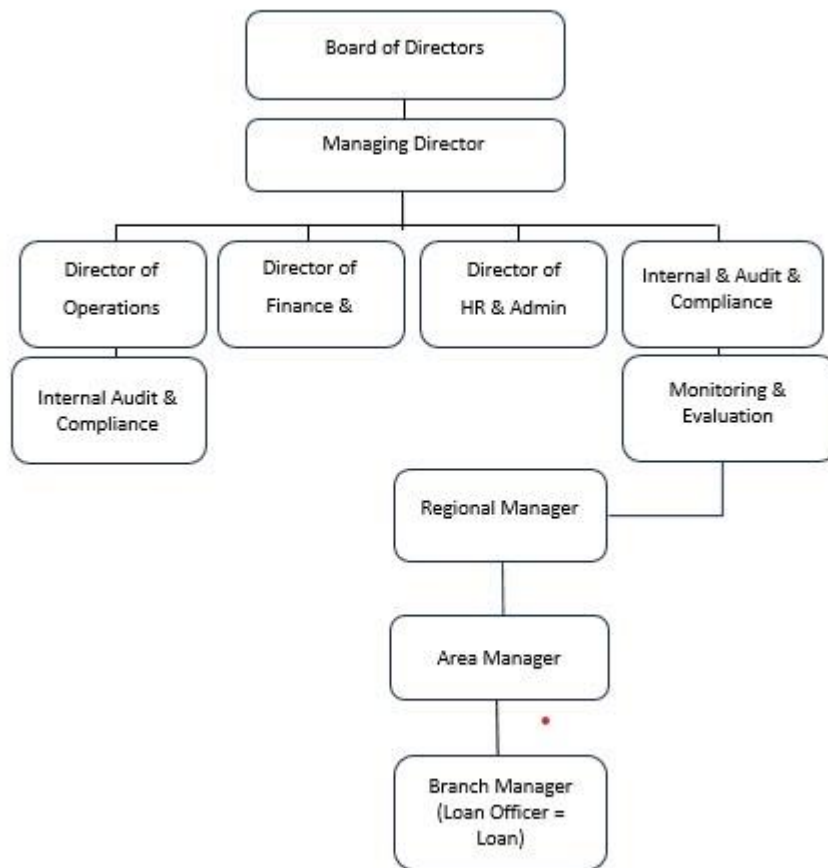
The strategic goals of BRAC Myanmar Microfinance are multifaceted and rooted in both financial sustainability and social effect. Firstly, the organization seeks to enhance financial inclusion by delivering microcredit, savings, and microinsurance products to underserved communities. Secondly, it prioritizes the economic empowerment of women by supporting their participation in income-generating activities. Thirdly, it aims to support household livelihood development through accessible financial services and training. Additionally, BRAC is committed to operating a financially sustainable model that balances efficiency with outreach. It also strives to strengthen community networks through group-based lending and social intermediation. Finally, BRAC is dedicated to innovation and continuous improvement, ensuring that its services remain relevant to the evolving needs of its clients.

BRAC Myanmar Microfinance is played a vital role in supporting socio-economic development in Myanmar. Through its clear vision, mission, and strategic goals, the organization continues to contribute meaningfully to poverty reduction and financial inclusion efforts, particularly in rural areas such as Kaw Hmu Township.

### **3.2 Organizational Structure of BRAC Myanmar Microfinance**

The organizational structure of BRAC Myanmar microfinance is designed to promote efficiency, accountability, and the effective delivery of financial and non-financial services throughout the country. At the top of the hierarchy is the board of directors, which serves as the highest governing body. The board is responsible for setting the overall strategic direction of the organization, approving major policies and budgets, and ensuring that the company operates within the legal and regulatory framework of Myanmar and the standards of BRAC international. The board plays a critical role in governance, transparency, and long-term sustainability. The organizational chart of BRAC Myanmar microfinance company limited is illustrated in the Figure (3.1)

**Figure (3.1) Organization Chart of BRAC Microfinance Company Limited**



Source: BRAC Microfinance Company Limited (2025)

The managing director, who reports directly to the board of directors, serves as the chief executive of the company. This role involves providing leadership, overseeing the implementation of strategic plans, and ensuring that all departments work toward the vision and mission of the organization. The managing director coordinates and supervises the core functional departments, ensuring that organizational goals are met with efficiency and alignment.

The director of operations manages all field-level microfinance activities, including client outreach, loan disbursement, repayment collection, group formation, and monitoring. This position ensures that all operational processes are aligned with institutional guidelines and social objectives. The director of finance and accounts oversees the organization’s financial integrity, handling budgeting, reporting, audits, and risk management to maintain financial transparency and regulatory compliance. The director of human resources and administration is responsible for recruitment, staff development, performance evaluations,

and overall employee welfare. This role also manages administrative operations and supports the day-to-day functioning of all departments.

Supporting accountability and governance, the internal audit and compliance unit operates independently to assess internal controls, detect fraud, and ensure full compliance with both internal policies and external regulations. Alongside this, the monitoring and evaluation unit collects and analyzes operational data to assess the effectiveness and effect of microfinance services, helping the organization adapt and improve its interventions based on evidence and client needs.

The training and development department plays a vital role in capacity building, not only for internal staff through structured training programs but also for clients through financial literacy, entrepreneurship development, and skills training. This dual focus strengthens both institutional performance and community empowerment.

At the regional level, regional managers oversee operations across several areas and act as intermediaries between the head office and field branches. They ensure that area managers and branch managers follow operational standards and meet performance targets. Area managers are responsible for supervising multiple branches within a designated area, supporting branch managers, and reporting field updates to the regional level.

Branch managers lead individual branches and are accountable for managing daily activities, supervising credit officers, and ensuring that loan procedures are followed accurately. They are responsible for achieving operational targets and maintaining service quality. credit officers, also referred to as loan officers, work directly with clients in the field. Their duties include forming and supporting client groups, conducting loan assessments, disbursing funds, collecting repayments, and providing financial education. They are essential in maintaining trust with clients and ensuring effective service delivery at the grassroots level.

This organizational structure ensures a strong alignment between strategic leadership, operational execution, and client-focused service delivery. It enables BRAC Myanmar Microfinance to maintain its position as a leading microfinance institution in the country, committed to promoting inclusive financial access and improving the socio-economic welfare of low-income households.

### **3.3 Financial Services Practices**

BRAC Myanmar Microfinance implements financial services through a structured and client-focused approach that aims to enhance financial inclusion and promote socio-economic development. The institution provides microcredit by offering small loans with flexible repayment schedules, often using group-based lending methods to strengthen accountability and foster peer support among clients. These loans are designed to help low-income households engage in income-generating activities and improve their livelihoods. Field staff work closely with clients to assess their needs, provide guidance, and ensure responsible borrowing practices.

In addition to microcredit, BRAC Myanmar Microfinance promotes savings services that encourage clients to build financial security. Clients are offered safe and accessible savings accounts that allow for regular deposits and withdrawals. The savings products are designed to help clients accumulate assets, prepare for emergencies, and achieve long-term financial goals. Through these services, BRAC Myanmar Microfinance fosters a culture of saving that supports financial discipline and resilience among rural households.

BRAC Myanmar Microfinance also implements micro-insurance services to protect clients against unforeseen risks such as illness, accidents, or natural disasters. These insurance products feature affordable premiums and provide essential coverage to reduce the financial burden of unexpected events. The delivery of financial services is supported by well-trained staff who offer financial literacy education, regular follow-up, and personalized support to help clients make the most of the services provided. Overall, these practices aim to improve household income stability and contribute to the socio-economic welfare of communities.

#### **3.3.1 Microcredit Practices**

BRAC Myanmar Microfinance implements microcredit services as a fundamental financial product to support low-income households in improving their livelihoods. The microcredit program primarily targets women entrepreneurs and vulnerable populations who lack access to formal banking services. Loans are typically provided through a group lending methodology, which fosters mutual accountability among group members and encourages timely repayments. Before loan disbursement, credit officers conduct thorough

assessments of applicants' business plans and repayment capacity to ensure sustainable lending.

Loan amounts are relatively small, aligned with clients' financial needs and business scale, and are offered with flexible repayment schedules, commonly on a weekly or bi-weekly basis. Interest rates are structured to balance affordability for clients with the sustainability of BRAC Myanmar's operations. The organization also provides ongoing support and financial literacy training to borrowers to improve their capacity to manage loans effectively. Monitoring and follow-up visits by loan officers help identify challenges early and maintain high repayment rates.

This microcredit service aims to empower clients by providing them with capital to start or expand income-generating activities, thereby contributing to increased household income and improved socio-economic status. Through its tailored approach and strong community engagement, BRAC Myanmar's microcredit practices play a vital role in promoting financial inclusion and poverty alleviation in Myanmar.

### **3.3.3 Savings Practices**

BRAC Myanmar Microfinance promotes savings practices as an essential component of its financial services to encourage financial discipline and provide clients with a secure means to accumulate funds. Savings products offered by BRAC Myanmar include both compulsory group savings and voluntary individual savings accounts. Compulsory savings are collected regularly alongside loan repayments and serve as a form of collateral and risk mitigation for the institution. This system helps build clients' financial habits and creates a safety buffer for both the borrower and the institution.

Voluntary savings accounts allow clients the flexibility to save according to their capacity and needs, enabling them to prepare for future expenses, emergencies, or investment opportunities. BRAC Myanmar encourages savings as a tool for increasing financial resilience and reducing dependence on credit. The institution provides education and counseling on the benefits of saving, helping clients to set achievable savings goals and manage their household finances more effectively.

Savings practices at BRAC Myanmar are supported by robust record-keeping and regular monitoring to ensure transparency and trust. Through these practices, BRAC

Myanmar not only enhances clients' access to financial resources but also strengthens their ability to cope with economic shocks and improve their long-term financial stability.

### **3.4 Non-Financial Practices**

BRAC Myanmar Microfinance complements its financial offerings with non-financial services aimed at empowering clients beyond access to credit and savings. These services are designed to enhance clients' knowledge, skills, and social networks, thereby supporting sustainable development and improved socio-economic outcomes.

One of the key non-financial services is training, which provides clients with essential business, financial literacy, and life skills. Training sessions focus on areas such as business planning, record-keeping, budgeting, and marketing, enabling clients to manage their enterprises more effectively and make informed financial decisions. This capacity-building effort helps improve clients' income-generating potential and overall financial management.

Another important non-financial service is social intermediation, which facilitates the creation and strengthening of client groups and community networks. Through social intermediation, BRAC Myanmar fosters peer support, collective problem-solving, and mutual accountability among clients. This network strengthens social capital, encouraging cooperative efforts that can lead to greater economic resilience and access to additional resources.

These non-financial services are integrated into BRAC Myanmar's microfinance model to provide a holistic approach to poverty alleviation. By combining financial access with knowledge and social support, BRAC Myanmar helps clients build sustainable livelihoods and improve their socio-economic welfare over the long term.

#### **3.4.1 Training Practices**

BRAC Myanmar Microfinance Company Limited offers various training programs to enhance the capacity of its clients, particularly women entrepreneurs and low-income households. These training sessions focus on business management, financial literacy, and entrepreneurial skills to help clients maximize the benefits of financial services. Training topics include budgeting, record-keeping, marketing strategies, and effective use of credit.

The training is delivered through group workshops and individual counseling sessions, ensuring accessibility and personalized support. Field officers play an essential role in organizing and facilitating these sessions, tailoring content to the specific needs and contexts of clients. By improving clients' knowledge and skills, BRAC Myanmar empowers them to make informed decisions, manage their enterprises efficiently, and sustain their livelihoods over time.

These training initiatives contribute to the overall development objectives of BRAC Myanmar by not only improving economic outcomes but also fostering confidence and self-reliance among participants. Continuous monitoring and feedback mechanisms help the organization refine training content and delivery to maximize effect.

### **3.4.2 Social Intermediation Services Practices**

Social intermediation is a vital non-financial service practiced by BRAC Myanmar Microfinance Company Limited, aimed at building social capital and strengthening community support systems. This service involves organizing clients into groups or networks to facilitate peer learning, mutual assistance, and collective decision-making.

Through social intermediation, clients develop stronger bonds of trust and accountability, which are crucial for successful group lending and sustainable economic activities. Group meetings are regularly held to discuss financial management, resolve issues, and share experiences, creating a platform for empowerment and social cohesion.

BRAC Myanmar's social intermediation practices also encourage community engagement and participation in development activities beyond financial transactions. These services help clients build networks that can provide additional social and economic resources, improving their resilience to shocks and their ability to access markets and information.

By integrating social intermediation into its microfinance model, BRAC Myanmar enhances the effectiveness of its financial services and contributes to the holistic development of its clients.

### 3.5 Demographic Profile of Respondents

This study is conducted among 132 female clients of BRAC Myanmar Microfinance in Let Khite Village, Kaw Hmu Township. The respondents' demographic characteristics include age, marital status, education level, household size, occupation, and monthly household income. These characteristics are presented in Table (3.1).

**Table (3.1) Profile of Respondents**

<b>Sr. No.</b>	<b>Description</b>	<b>No. of Respondents</b>	<b>Percentage</b>
	<b>Demographic Total</b>	<b>132</b>	<b>100.00</b>
<b>1</b>	<b>Age Group</b>		
	18 to 25	21	15.91
	26 to 35	29	21.97
	36 to 45	29	21.97
	46 to 55	34	25.76
	56 and above	19	14.39
<b>2</b>	<b>Marital Status</b>		
	Married	90	68.18
	Single	23	17.42
	Widowed	18	13.64
	Divorced	1	0.76
<b>3</b>	<b>Education Level</b>		
	No Formal Education	9	6.82
	Primary	44	33.33
	Middle	28	21.21
	High School	34	25.76
	University or above	17	12.88

Sr. No.	Description	No. of Respondents	Percentage
<b>4</b>	<b>Household Size</b>		
	1 to 3 members	32	24.24
	4 to 5 members	82	62.12
	6 and above	18	13.64
<b>5</b>	<b>Occupation</b>		
	Vendor/Small Business	44	33.33
	Own Business	35	26.52
	Daily Wages Worker	27	20.45
	Private Sector Employee	16	12.12
	Government Employee	7	5.30
	Others (domestic worker, retired person, fishery man, farmer etc.,)	2	1.52
	Farmer	1	0.76
<b>6</b>	<b>Monthly Household Income</b>		
	100,000 – 300,000 MMK	26	19.70
	300,001 – 500,000 MMK	76	57.58
	500,001 MMK and above	30	22.73

Source: Survey Data (2025)

According to Table (3.1), the majority of respondents are between the ages of 26 and 55, with the highest concentration found in the 46 to 55 age group. This indicates that microfinance services are most accessed by women in their productive working years. Most of the respondents are married, indicating the role of microfinance in supporting family-based financial responsibilities. In terms of education, most respondents have completed primary or high school, while a smaller number has non-formal education or have completed university-level education.

With regard to household size, the largest group reported having four to five household members, reflecting typical rural family structures. The main occupations were vendor or small business owner, own business, and daily wage laborer. Few respondents worked in formal sectors such as private companies or government departments. In terms of household income, most respondents earn between 300,001 and 500,000 MMK monthly,

which reflects a lower-to-middle income level common among microfinance clients in rural areas.

### 3.6 Reliability Test Analysis

Reliability analysis is used to determine the consistency and dependability of the study instrument. It is a critical part of evaluating whether the responses provided in the questionnaire can be trusted. According to Hair et al. (2010), the level of reliability can be assessed using Cronbach's Alpha values, as presented in Table (3.2).

**Table (3.2) Value Level of Reliability Cronbach's Alpha**

Sr. No.	Cronbach's Alpha Value Range	Level of Reliability
1	0.00 – 0.20	Less reliable
2	0.21 – 0.40	Rather reliable
3	0.41 – 0.60	Quite reliable
4	0.61 – 0.80	Reliable
5	0.81 – 1.00	Very reliable

Source: Hair et al. (2010)

As shown in Table (3.2), there are five levels of reliability, namely less reliable, rather reliable, quite reliable, reliable, and very reliable. These classifications were used to interpret the reliability results of this study. The internal consistency of each construct was tested using Cronbach's Alpha. Table (3.3) presents the results of the reliability test for the main constructs used in this study.

**Table (3.3) Reliability Analysis**

<b>Sr. No.</b>	<b>Factors</b>	<b>No. of Items</b>	<b>Cronbach's Alpha</b>	<b>Level of Reliability</b>
1	Microcredit	5	0.763	Reliable
2	Savings	5	0.745	Reliable
3	Micro-insurance	5	0.752	Reliable
4	Training	5	0.738	Reliable
5	Social Intermediation Service	5	0.717	Reliable
6	Income	5	0.778	Reliable
7	Socio-economic Welfare	5	0.805	Very reliable

Source: Survey Data (2025)

According to Table (3.3), all constructs recorded Cronbach's Alpha values above 0.70, indicating a good level of internal consistency. The highest reliability was found in the socio-economic welfare construct ( $\alpha = 0.805$ ), which falls under the very reliable category. The other constructs microcredit, savings, micro-insurance, training, social intermediation service, and income are all considered reliable, with alpha values ranging from 0.717 to 0.778.

These results confirm that the measurement items used for each construct are statistically consistent and suitable for further statistical analysis, including regression and mediation tests.

## **CHAPTER 4**

# **ANALYSIS ON THE EFFECT OF MICROFINANCE SERVICES ON SOCIO-ECONOMIC WELFARE OF HOUSEHOLDS IN KAW HMU TOWNSHIP**

This chapter includes the client perception on financial services, non-financial services, income and social-economic welfare. Furthermore, this chapter investigates whether income serves as a mediating variable in the relationship between microfinance services and socio-economic outcomes.

This section analyzes client perception with descriptive statistics. Client perception are measured using a five-point Likert scale to contextualize their views and provide insights into the strength of their perception across different dimensions, as outlined by (Best, 1977).

A mean score from 1.00 to 1.80 indicates strongly disagree.

A mean score from 1.81 to 2.60 indicates disagree.

A mean score from 2.61 to 3.40 indicates neutral.

A mean score from 3.41 to 4.20 indicates agree.

A mean score from 4.21 to 5.00 indicates strongly agree.

### **4.1 Client Perception on Financial Services, Non-Financial Services, Income, and Socio-economic Welfare**

This section includes the mean and overall mean scores of financial services, non-financial services, income and socio-economic welfare. Data are collected from 132 female clients of BRAC Myanmar Microfinance in Kaw Hmu Township.

#### **4.1.1 Client Perception on Financial Services**

This section includes client perception on financial services such as microcredit, savings, and micro-insurance provided by BRAC Myanmar Microfinance.

**(a) Client Perception on Microcredit**

To determine client perception on microcredit, five structured questions are utilized. The mean values, over all mean values and standard deviations of microcredit are shown in following Table (4.1).

**Table (4.1) Microcredit**

<b>Sr. No.</b>	<b>Description</b>	<b>Mean</b>	<b>Std. Deviation</b>
1	Access to microcredit from BRAC Myanmar when needed	4.13	0.585
2	Support from microcredit for investment in income-generating activities	4.27	0.526
3	Satisfaction with the microcredit loan terms and conditions	4.18	0.564
4	Sufficiency of the microcredit received for business needs	4.31	0.607
5	Affordability and manageability of loan repayment terms	4.28	0.597
	<b>Overall Mean</b>		<b>4.23</b>

Source: Survey Data (2025)

According to Table (4.1), the mean values except the mean values of 4.13 and 4.18 fall between 4.21 and 5.00, which is at the strongly agree level. It generally concluded that most of the clients strongly agree with the microcredit service provided by BRAC Myanmar Microfinance, which may be attributed to support from microcredit for investment in income-generating activities, sufficiency of the microcredit received for business needs and affordability and manageability of loan repayment terms.

However, the remaining mean values of 4.13 and 4.18 fall between 3.41 and 4.20, which is at the agree level. The clients generally agree that they are access microcredit from BRAC Myanmar when needed and satisfaction with the microcredit loan terms and conditions.

**(b) Clients Perception on Savings**

To determine respondent perception on savings, five structured questions are utilized. The mean values and standard deviations including overall mean value of savings are shown in following Table (4.2).

**Table (4.2) Savings**

<b>Sr. No.</b>	<b>Description</b>	<b>Mean</b>	<b>Std. Deviation</b>
1	Regular saving with BRAC Myanmar Microfinance	4.19	0.568
2	Support from saving services in preparing for future financial needs	4.24	0.540
3	Satisfaction with the interest rates on savings	4.16	0.564
4	Reduction in the likelihood of borrowing in emergencies through savings	4.29	0.546
5	Improvement in financial discipline through saving services	4.26	0.561
<b>Overall Mean</b>		<b>4.23</b>	

Source: Survey Data (2025)

According to Table (4.2), the mean values except the mean values of 4.19 and 4.16 fall between 4.21 and 5.00, which is at the strongly agree level. It generally concluded that most of the clients strongly agree support from saving services in preparing for future financial needs, reduction in the likelihood of borrowing in emergencies through savings and improvement in financial discipline through saving services.

However, the remaining mean values of 4.19 and 4.16 fall between 3.41 and 4.20, which is at the agree level. The clients generally agree that regular saving with BRAC Myanmar Microfinance and satisfaction with the interest rates on savings.

**(c) Clients Perception on Micro-Insurance**

To determine respondent perception on micro-insurance, five structured questions are utilized. The mean values and standard deviations including overall mean value of micro-insurance are shown in following Table (4.3).

**Table (4.3) Micro-Insurance**

<b>Sr. No.</b>	<b>Description</b>	<b>Mean</b>	<b>Std. Deviation</b>
1	Coverage of unexpected medical or life risks through micro-insurance	4.23	0.533
2	Clear understanding of the terms and coverage of micro-insurance	4.23	0.600
3	Reduction of financial burdens during emergencies through micro-insurance	4.36	0.556
4	Sense of security from enrollment in micro-insurance	4.32	0.597
5	Affordability of premium payments for micro-insurance	4.18	0.590
	<b>Overall Mean</b>	<b>4.26</b>	

Source: Survey Data (2025)

According to Table (4.3), the mean values except the value of 4.18 fall within the range of 4.21 to 5.00, which is at the strongly agree level. The clients strongly agree on coverage of unexpected medical or life risks through micro-insurance, clear understanding of the terms and coverage of micro-insurance, reduction of financial burdens during emergencies through micro-insurance and sense of security from enrollment in micro-insurance. The majority of respondents perceive micro-insurance services from BRAC Myanmar Microfinance as a valuable mechanism for financial security and risk management.

The remaining mean value of 4.18 fall between 3.41 and 4.20 at agrees level. It can be concluded that most of the clients agree that affordability of premium payments for micro-insurance. These results demonstrate that clients hold highly favorable views regarding the protective benefits of micro-insurance.

#### **4.1.2 Clients Perception on Non-Financial services**

This section includes client perception on non-financial services such as training and social intermediation provided by BRAC Myanmar Microfinance.

**(a) Clients Perception on Training**

To determine client perception on training, five structured questions are utilized. The mean values, overall mean and standard deviations of training are shown in following Table (4.4).

**Table (4.4) Training**

<b>Sr.No.</b>	<b>Description</b>	<b>Mean</b>	<b>Std. Deviation</b>
1	Useful training from BRAC Myanmar that improved knowledge	4.13	0.585
2	Provision of practical skills for income management through training sessions	4.27	0.526
3	Clarity and ease of understanding of the training content	4.18	0.564
4	Improvement in financial literacy through training programs	4.31	0.607
5	Increased confidence in business management after attending the training	4.28	0.597
	<b>Overall Mean</b>	<b>4.23</b>	

Source: Survey Data (2025)

According to Table (4.4), the mean values except for 4.18 and 4.13 fall within the range of 4.21 to 5.00, which is at the strong agree level. Clients strongly agree that the training provided by BRAC Myanmar Microfinance is provision of practical skills for income management through training sessions, improvement in financial literacy through training programs and increased confidence in business management after attending the training. Most of respondents have favorable perception of the training services provided by BRAC Myanmar Microfinance.

The remaining mean values of 4.18 and 4.13 fall between 3.41 and 4.20 at agree level. Most of the respondents agree that the training programs provide that useful training from BRAC Myanmar that improved knowledge and clarity and ease of understanding of the training content.

**(b) Clients Perception on Social Intermediation Services**

To determine respondent perception on social intermediation services, five structured questions are utilized. The mean values, overall mean and standard deviations of social intermediation services are shown in following Table (4.5).

**Table (4.5) Social Intermediation Services**

Sr. No.	Description	Mean	Std. Deviation
1	Group meetings promote knowledge sharing and cooperation.	4.18	0.590
2	Social intermediation builds trust among members.	4.31	0.554
3	Support from the group during times of need	4.27	0.628
4	Increases social confidence through participation in group activities	4.34	0.590
5	Access to useful information through social intermediation	4.30	0.615
	<b>Overall Mean</b>	<b>4.28</b>	

Source: Survey Data (2025)

According to Table (4.5), the mean values except for 4.18 fall within the range of 4.21 to 5.00, which is at the strongly agree level. Clients strongly agree that social intermediation builds trust among members, support from the group during times of need, increases social confidence through participation in group activities and access to useful information through social intermediation. Most of the respondents hold highly positive views toward the social intermediation services provided by BRAC Myanmar Microfinance.

The remaining mean value of 4.18 falls between 3.41 and 4.20 at agrees level. Most of the respondent agree that group meetings promote knowledge sharing and cooperation.

### 4.1.3 Clients Perception on Income

To determine respondent perception on income, five structured questions are utilized. The mean values and standard deviation values including overall mean value of income are shown in following Table (4.6).

**Table (4.6) Income**

<b>Sr. No.</b>	<b>Description</b>	<b>Mean</b>	<b>Std. Deviation</b>
1	Promotion of knowledge sharing and cooperation through group meetings	4.21	0.642
2	Trust-building among members through social intermediation	4.30	0.538
3	Reliability of group support in times of need	4.31	0.619
4	Increase in social confidence through participation in group activities	4.42	0.568
5	Access to useful information through social	4.39	0.588
	<b>Overall Mean</b>	<b>4.33</b>	

Source: Survey Data (2025)

According to Table (4.6), the mean values all of the means fall within the range of 4.21 to 5.0, which is at the strongly agree level. Clients strongly agree that promotion of knowledge sharing and cooperation through group meetings, trust-building among members through social intermediation, reliability of group support in times of need, increase in social confidence through participation in group activities and access to useful information through social. The majority of respondents perceive a significant improvement in their income due to their involvement in BRAC Myanmar Microfinance services.

### 4.1.4 Clients Perception on Socio-economic Welfare

To determine respondent perception on socio-economic welfare, five structured questions are utilized. The mean values and standard deviation values including overall mean value of socio-economic welfare are shown in following Table (4.7).

**Table (4.7) Socio-economic Welfare**

<b>Sr. No.</b>	<b>Description</b>	<b>Mean</b>	<b>Std. Deviation</b>
1	Improvement in living conditions after using BRAC services	4.17	0.595
2	Better access to healthcare, education, and housing	4.23	0.503
3	Assistance from microfinance services in the improvement of healthcare	4.14	0.581
4	Increased confidence in handling financial emergencies	4.32	0.543
5	Improvement in living conditions after using BRAC services	4.27	0.540
	<b>Overall Mean</b>	<b>4.23</b>	

Source: Survey Data (2025)

According to Table (4.7), the mean values except for 4.14 and 4.17, falls within the range of 4.21 to 5.00, which is at the strongly agree level. This conditions strongly agree response that better access to healthcare, education, and housing, increased confidence in handling financial emergencies and improvement in living conditions after using BRAC services. The overall mean value of 4.23 falls within the strongly agree range, indicating that most respondents perceive the services of BRAC Myanmar Microfinance as significantly contributing to the socio-economic welfare of their households.

However, the remaining mean values of 4.14 and 4.17 fall between 3.41 and 4.20, which is at the agree level. The clients generally agree that clients agree with improvement in living conditions after using BRAC services and assistance from microfinance services in the improvement of healthcare.

#### **4.2 Analysis on Effect of Financial Services on Socio-Economic Welfare**

This section presents the effect of financial services on socio-economic welfare intention is assessed using multiple linear regression analysis. The independent variables are micro credit, savings and micro insurance, while the dependent variable is socio-economic welfare. The results are presented in Table (4.8).

**Table (4.8) Effect of Financial Services on Socio-Economic Welfare**

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	0.833	0.341		2.443	0.016	
Micro Credit	-0.043	0.103	-0.039	-0.416	0.678	2.155
Savings	0.396***	0.117	0.347	3.398	0.001	2.515
Micro Insurance	0.458***	0.111	0.418	4.124	0.000	2.478
R	0.685					
R Square	0.469					
Adjusted R Square	0.456					
Durbin-Watson	1.431					
F-Value	37.664***					

Source: Survey data (2025)

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

According to the analysis result shown in Table (4.8), the effect of financial services (microcredit, savings, and micro insurance) on socio-economic welfare is examined through multiple linear regression analysis. The model explains an R Square value of 0.469, approximately 46.9% of the variation in socio-economic welfare can be explained to the combined effects of microcredit, savings, and micro insurance services. The adjusted R Square value of 0.456 reinforces the reliability of the model after accounting for the number of predictors. The F-value of 37.664, which is statistically significant at the 1% level.

According to the regression result, savings have a significant and positive effect on socio-economic welfare at the 1% level. This finding indicates that promoting access to savings services has a strong and favorable influence on socio-economic status. Regular saving allows clients to accumulate assets, manage financial emergencies, and plan for future expenses. As a result, savings contribute not only to financial stability but also to long-term improvements in household well-being.

Likewise, micro-insurance has a significant and positive effect on socio-economic welfare at the 1% level. It plays a critical role in protecting individuals from financial risks and enhancing welfare outcomes. By providing coverage against unexpected events such as illness, accidents, or natural disasters, micro-insurance reduces vulnerability and promotes resilience. This financial protection allows households to maintain stability and continue progressing toward their development goals even in times of crisis.

According to the regression result, micro credit does not show a significant effect on socio-economic welfare, with a negative unstandardized coefficient. This result indicates that, within the context of the study, access to microcredit alone may not effectively contribute to improving socio-economic conditions, possibly due to repayment burdens or ineffective loan utilization.

The regression results highlight the importance of savings and micro insurance as key financial services contributing to socio-economic welfare, while the role of microcredit appears to be more complex and potentially context-dependent. These findings offer practical insights for financial inclusion strategies and policy interventions aimed at enhancing welfare outcomes through tailored financial services.

#### **4.3 Analysis on Mediating Effect of Income on the Relationship between Financial Services and Socio-economic Welfare**

To examine the mediating effect of Income on the relationship between financial services and socio-economic welfare, the process involves the following steps:

1. Regression analysis on the effect of the independent variable on the dependent variable.
2. Regression analysis on the effect of the independent variable on the mediating variable.

3. Regression analysis on the effect of the independent variable and the mediating variable on the dependent variable.
4. Sobel test for significance of mediating variable.
5. Finding indirect effect, direct effect, and total effect.

#### 4.3.1 Analysis on Mediating Effect of Income on the Relationship between Saving and Socio-Economic Welfare

As a first step, direct effect of savings (independent variable) on socio-economic welfare (dependent variable) is analyzed. The results shown in Table (4.9).

**Table (4.9) Effect of Savings on Socio-Economic Welfare**

Variables	Unstandardized Coefficient		Beta	t	Sig.	VIF
	B	Std. Error				
Constant	1.254	0.331		3.786	0.000	
Savings	0.716***	0.078	0.627	9.174	0.000	1.000
R	0.627					
R Square	0.393					
Adjusted R Square	0.388					
F value	84.171***					
Durbin-Watson	1.369					

Source: Survey Data (2025)

Notes: \*\*\* Significant at 1% level, \*\* Significant at 5% level, \* Significant at 10% level

According to Table (4.9), the adjusted R-squared is 0.388, indicating that approximately 38.8% of the variance in socio-economic welfare can be explained by the independent variable, savings. The F-value is 84.171, which is significant at the 1% level, thereby confirming the reliability and statistical validity of the model.

The regression results indicate that savings have a positive and statistically significant effect on socio-economic welfare.

These findings highlight that when individuals are able to accumulate savings whether for emergency use, future investment, or financial security their overall well-being and economic stability are significantly enhanced. Savings provide a financial cushion that reduces dependence on high-interest loans during crises. This financial preparedness contributes to increased confidence, better decision-making, and long-term improvement in quality of life

The Durbin-Watson statistic of 1.369 falls within an acceptable range, indicating no serious concern of autocorrelation among the residuals. The VIF value is 1.000, which confirms that multicollinearity is not present in the model and the estimation is robust.

The regression analysis underscores the crucial role of savings in promoting socio-economic welfare. The positive and significant influence of savings shows that policies and financial programs encouraging saving behaviors, such as access to formal banking systems, digital saving platforms, or community savings groups, can be instrumental in enhancing the living standards and economic resilience of individuals and communities.

This section presents the effect of savings on income. The results of the linear regression analysis between savings and income are shown in Table (4.10).

**Table (4.10) Effect of Savings on Income**

Variables	Unstandardized Coefficient		Beta	t	Sig.	VIF
	B	Std. Error				
Constant	1.558	0.330		4.726	0.000	
Savings	0.655***	0.078	0.595	8.434	0.000	1.000
R	0.595					
R Square	0.354					
Adjusted R Square	0.349					
F value	71.133***					
Durbin-Watson	1.663					

Source: Survey data (2025)

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

According to Table (4.10), the adjusted R-squared value is 0.349, indicating that 34.9% of the variance in the dependent variable (socio-economic welfare) can be explained by the independent variable savings. While this represents a moderate level of explanatory power, it confirms that savings behavior contributes meaningfully to improvements in socio-economic conditions. The overall significance of the regression model is supported by an F-value of 71.133, which is statistically significant at the 1% level, validating the strength and reliability of the model.

The regression results further reveal that savings have a positive and significant effect on socio-economic welfare. The unstandardized coefficient (B) is 0.655, while the standardized coefficient is 0.595, with a t-value of 8.434 and a p-value less than 0.001. These figures indicate that individuals who actively engage in saving practices are more likely to experience enhanced socio-economic well-being. This includes having greater financial security, the ability to cope with emergencies, and improved access to resources such as healthcare, education, and housing. The Durbin-Watson value of 1.663 indicated that there is no significant issue of autocorrelation in the residuals, and the VIF value of 1.000 confirms the absence of multicollinearity, ensuring the robustness of the regression estimates.

The result shows that savings serve as a critical financial behavior that positively influences socio-economic welfare. By promoting disciplined saving habits and access to formal saving mechanisms, individuals are better positioned to improve their quality of life and financial stability. These findings emphasize the importance of integrating savings-focused initiatives into broader financial inclusion strategies aimed at advancing socio-economic development.

This section presents that the effect of savings and income on socio-economic welfare. The linear regression method is used to find out the effect of independent variable (savings) and mediating variable (income) on the dependent variable (socio-economic welfare). The results of the regression analysis are shown in Table (4.11).

**Table (4.11) Effect of Savings and Income on Socio-Economic Welfare**

Variables	Unstandardized Coefficient		Beta	t	Sig.	VIF
	B	Std. Error				
Constant	0.213	0.269		0.792	0.430	
Savings	0.278***	0.073	0.243	3.822	0.000	1.547
Income	0.668***	0.066	0.645	10.122	0.000	1.547
R	0.813					
R Square	0.662					
Adjusted R Square	0.656					
F value	126.155***					
Durbin-Watson	1.765					

Source: Survey data (2025)

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

According to Table (4.11), the adjusted R-squared value is 0.656, indicating that 65.6% of the variance in the dependent variable (socio-economic welfare) can be explained by the two independent variables savings and income. This demonstrates a strong level of explanatory power, indicating that both financial behaviors significantly contribute to individuals' socio-economic conditions. The overall model significance is supported by an F-value of 126.155, which is significant at the 1% level, thereby confirming the validity, reliability, and robustness of the regression model.

The regression results show that both savings and income have positive and statistically significant effects on socio-economic welfare. Specifically, the standardized coefficient for savings is 0.243, with an unstandardized coefficient of 0.278, a t-value of 3.822, and a p-value less than 0.001, indicating a meaningful yet moderate contribution of savings toward enhancing welfare. This shows that individuals who save regularly are better positioned to manage risks, access essential services, and maintain financial stability, thereby improving their socio-economic standing. Income with a Beta value of 0.645 and an unstandardized coefficient of 0.668, also significant at the 1% level. The high t-value of 10.122 further confirms its dominant influence. This means that higher income levels

directly enhance individuals' ability to meet basic needs, invest in education, healthcare, and housing, and accumulate wealth key indicators of socio-economic welfare. Additionally, the Durbin-Watson statistic of 1.765 lies within the acceptable range, indicating that there is no significant autocorrelation in the residuals. The VIF value of 1.547 for both predictors confirms that multicollinearity is not a concern and that each variable contributes independently to the model.

In conclusion, both savings and income play crucial roles in promoting socio-economic welfare, with income showing a stronger influence. These findings highlight the importance of inclusive financial policies that not only promote access to regular income sources but also encourage saving practices, which together can significantly improve the quality of life and economic security of individuals and households.

The Sobel Test is conducted to test the mediating effect of income on the relationship between savings and socio-economic welfare. The result is shown in Table (4.12).

**Table (4.12) Sobel Test Result for Mediating Test of Income on the Relationship between Saving and Socio-Economic Welfare**

Input			Test	Std. Error	P-Value
A	0.655	Sobel test:	6.46266401	0.06770273	0.000
B	0.668	Aroian test:	6.44406166	0.06789817	0.000
S <sub>a</sub>	0.078	Goodman test:	6.48142841	0.06750672	0.000
S <sub>b</sub>	0.066	<b>Reset all</b>	<b>Calculate</b>		

Source: Survey Data (2025)

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

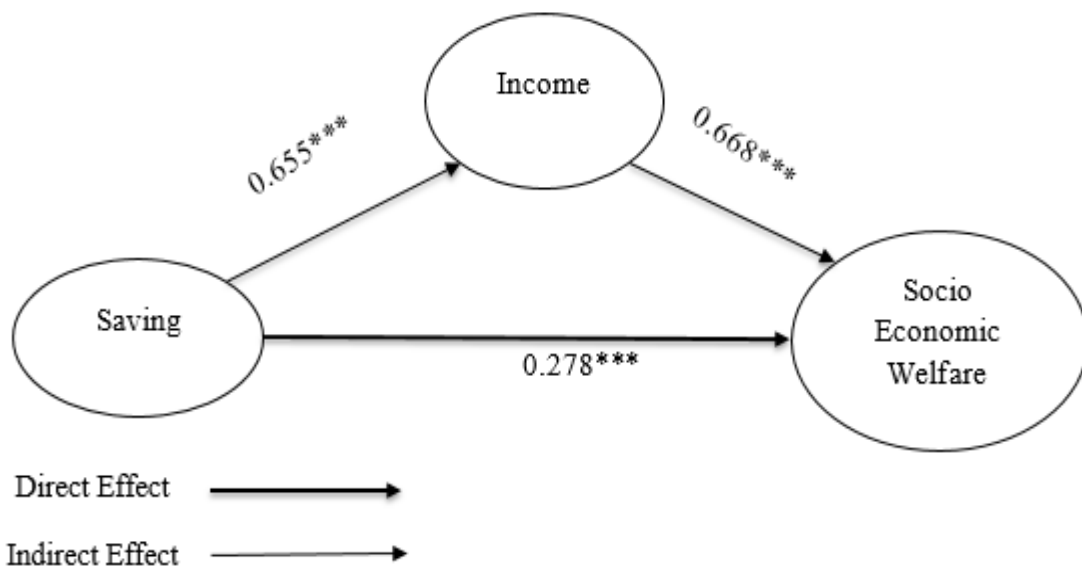
As shown in Table (4.12), the p-value of the Sobel test is 0.000, which is below the 0.01 significance level, confirming that the mediating effect is statistically significant. This indicates that income significantly mediates the relationship between the independent variable (savings) and the dependent variable (socio-economic welfare). The Sobel test statistic is 6.463, with a standard error of 0.0677, demonstrating a strong and reliable mediating effect. This result is consistently supported by both the Aroian test and the Goodman test. The Aroian test yields a test statistic of 6.444 and a p-value of 0.000, while the Goodman test reports a statistic of 6.481 with the same level of significance. These

consistent outcomes across multiple mediation tests reinforce the robustness of the finding that income serves as a key mediating variable in this relationship. The mediation analysis confirms that income significantly strengthens the positive influence of savings on socio-economic welfare. After Sobel Test, saving the last step is finding which are indirect effect, direct effect, and total effect as follows.

Total Effect	= 0.716
Direct Effect	= 0.278
Indirect Effect	= 0.655 x 0.668 = 0.438
Direct Effect + Indirect Effect	= Total Effect
0.278+ 0.437	= 0.716

The direct effect and indirect effect can be seen in Figure (4.1)

**Figure (4.1) Mediating Effect of Income on the Relationship B  
between Saving and Socio-Economic Welfare**



Source: Survey Data (2025)

According to the Figure (4.1) the findings reveal that savings have both a direct and an indirect effect on socio-economic welfare. The direct effect of savings is 0.278, while the indirect effect through income is 0.437, calculated as the product of the effect of savings on income (0.655) and the effect of income on socio-economic welfare (0.668). The total effect is 0.716, confirming that income plays a substantial mediating role. These results

demonstrate that while savings alone contribute to improved welfare, their effect is significantly amplified when they lead to increased income. This emphasizes that financial interventions promoting savings should also consider enabling income-generating opportunities, as the compounded effect leads to greater socio-economic outcomes for individuals and households.

Therefore, the mediating effect of income is confirmed in this relationship among BRAC Myanmar Microfinance clients. Saving services provided by BRAC Myanmar Microfinance have a positive and significant influence on the socio-economic welfare of households. The results indicate that increased savings contribute to better living conditions, enhanced access to basic needs, and greater financial security for the rural female clients. This indicates that savings not only directly improve socio-economic welfare but also indirectly contribute to welfare through its positive influence on income. The findings imply that promoting savings habits among clients helps strengthen household income levels, which in turn leads to improvements in overall socio-economic well-being.

BRAC Myanmar Microfinance's savings services help rural households build financial security and accumulate resources that enhance income-generating capacity. In turn, increased income enables families to invest in better living conditions, education, health, and other aspects of socio-economic welfare. This comprehensive analysis highlights the critical role of income as a mediator, enhancing the positive effect of savings on socio-economic welfare in the study area.

#### **4.3.2 Analysis on Mediating Effect of Income on the Relationship between Micro Insurance and Socio-Economic Welfare**

Firstly, the effect of micro insurance on socio-economic welfare. The linear regression method is used to find out the effect of the independent variable (micro insurance) on the dependent variable (socio-economic welfare).

**Table (4.13) Effect of Micro Insurance on Socio-Economic Welfare**

Variables	Unstandardized Coefficient		Beta	t	Sig.	VIF
	B	Std. Error				
Constant	1.261	0.314		4.016	0.000	
Micro Insurance	0.708***	0.073	0.646	9.651	0.000	1.000
R	0.646					
R Square	0.417					
Adjusted R Square	0.413					
F value	93.149***					
Durbin-Watson	1.511					

Source: Survey Data (2025)

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

According to the analysis result shown in Table (4.13), the adjusted R-squared value is 0.413, indicating that approximately 41.3% of the variance in the dependent variable (socio-economic welfare) is explained by the independent variable micro insurance. This indicated a moderate yet meaningful level of explanatory power, emphasizing the importance of micro insurance in shaping welfare outcomes. The model's significance is confirmed by an F-value of 93.149, which is statistically significant at the 1% level, verifying the validity and strength of the regression model. Additionally, the Durbin-Watson value of 1.511 indicates no serious autocorrelation in the residuals. The results are presented in Table (4.13).

The regression results reveal that micro insurance has a strong, positive, and statistically significant effect on socio-economic welfare. The unstandardized coefficient (B) is 0.708, and the standardized coefficient (Beta) is 0.646, with a t-value of 9.651 and a p-value of 0.000, confirming its significance at the 1% level. These findings indicate that access to micro insurance providing coverage for risks such as illness, accidents, or livelihood loss empowers individuals to protect their financial stability and promotes greater confidence in pursuing income-generating activities.

This section presents the effect of micro insurance on income. The linear regression method is used to find out the effect of the independent variable (micro insurance) on the dependent variable (income). The results are presented in Table (4.14).

**Table (4.14) Effect of Micro Insurance on Income**

Variables	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	VIF
	B	Std. Error	Beta			
Constant	1.319	0.296		4.461	0.000	
Micro Insurance	0.706***	0.069	0.667	10.221	0.000	1.000
R	0.667					
R Square	0.446					
Adjusted R Square	0.441					
F value	104.459***					
Durbin-Watson	1.820					

Source: Survey Data (2025)

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

According to Table (4.14), the adjusted R-squared value is 0.441, indicating that approximately 44.1% of the variance in the dependent variable (income) is explained by the independent variable micro insurance. This represents a moderate yet meaningful level of explanatory power. The strength and validity of the regression model are further confirmed by an F-value of 104.459, which is significant at the 1% level, demonstrating the statistical reliability of the model. Additionally, the Durbin-Watson value of 1.820 indicate no significant autocorrelation issues among the residuals. The results are presented in Table (4.14).

The regression analysis shows that micro insurance has a strong and statistically significant positive effect on income. The unstandardized coefficient (B) is 0.706, and the standardized coefficient (Beta) is 0.667, with a t-value of 10.221 and a p-value of 0.000, confirming significance at the 1% level. These findings shows that individuals with access to micro insurance are better able to protect themselves from income disruptions caused by

illness, accidents, or unexpected life events. This financial security allows them to pursue more stable and higher-earning opportunities, such as entrepreneurship or skilled employment.

This section presents the combined effect of micro insurance and income on socio-economic welfare. The multiple regression method is used to examine how the independent variables, micro insurance and income affect the dependent variable socio-Economic welfare. The results are shown in Table (4.15).

**Table (4.15) Effect of Micro Insurance and Income on Socio-Economic Welfare**

Variables	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	VIF
	B	Std. Error	Beta			
Constant	0.378	0.263		1.438	0.153	
Micro Insurance	0.235***	0.077	0.215	3.066	0.003	1.804
Income	0.670***	0.073	0.646	9.224	0.000	1.804
R	0.806					
R Square	0.649					
Adjusted R Square	0.644					
F value	119.236***					
Durbin-Watson	1.801					

Source: Survey Data (2025)

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

According to Table (4.15), the adjusted R-squared value is 0.644, indicating that approximately 64.4% of the variance in socio-economic welfare is explained by the combined effects of micro insurance and income. This shows that the model has substantial explanatory capability and captures key variables relevant to socio-economic well-being. The F-value of 119.236, which is significant at the 1% level, further validates the model's overall significance and robustness. Additionally, the Durbin-Watson statistic of 1.801 indicate that there is no serious autocorrelation in the residuals.

The regression results reveal that both micro insurance and income have positive and statistically significant effects on socio-economic welfare. The unstandardized coefficient (B) for micro insurance is 0.235, with a standardized coefficient (Beta) of 0.215, a t-value of 3.066, and a p-value of 0.003, indicating a moderate yet meaningful contribution. In contrast, income shows a stronger effect, with a B value of 0.670, Beta of 0.646, and a highly significant t-value of 9.224 ( $p < 0.001$ ). These findings indicate that while micro insurance enhances welfare by providing financial protection, income remains the dominant factor in improving access to necessities such as food, housing, healthcare, and education. The combined influence of micro insurance and income enhances household welfare through both risk reduction and improved financial capacity.

To confirm the mediating effect of income between micro insurance and socio-economic welfare, the Sobel test was conducted. The result is shown in Table (4.16).

**Table (4.16) Sobel Test Result for Mediating Effect of Income on the Relationship between Micro Insurance and Socio-Economic Welfare**

Input			Test Statistic:	Std. Error:	p-value:
A	0.706	Sobel Test:	4.875	0.05401	0.06681
B	0.670	Aroian Test:	4.827	0.05404	0.06681
S <sub>a</sub>	0.069	Goodman Test:	4.924	0.05397	0.06681
S <sub>b</sub>	0.073	<b>Reset all</b>	<b>Calculate</b>		

Source: Survey Data (2025)

As shown in Table (4.16), the Sobel test statistic is 4.875 with a standard error of 0.0540 and a p-value of 0.0668, indicating that the mediating effect of income on the relationship between micro insurance and socio-economic welfare is marginally significant at the 10% level. While the effect does not meet the conventional 5% threshold, it provides statistical support for a partial mediation effect. The Aroian and Goodman test results are consistent, with test statistics of 4.827 and 4.924, respectively, and the same p-value, further supporting the mediation structure. These findings indicate that micro insurance contributes to improved socio-economic welfare not only directly but also indirectly through its positive effect on income. Access to micro insurance helps individuals manage financial risks, enabling them to maintain or increase income levels, which in turn enhances their

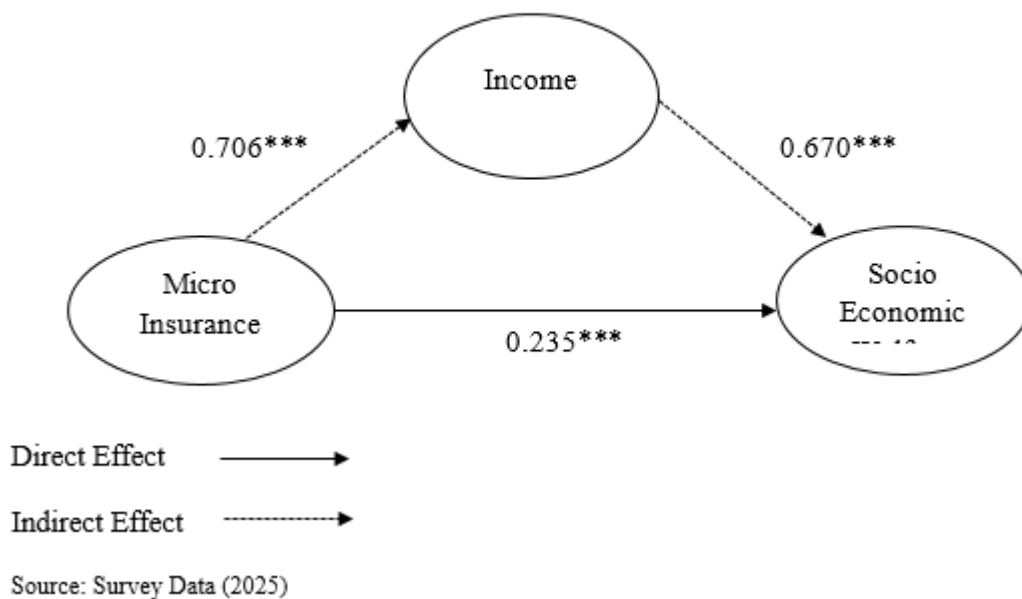
overall well-being. Although the mediation is not strongly significant, the trend highlights income as an important mechanism in the micro insurance–welfare pathway.

After Sobel Test, the last step is finding which are indirect effect, direct effect, and total effect as follows.

Total Effect	= 0.708
Direct Effect	= 0.235
Indirect Effect	= 0.706 x 0.670 = 0.473
Direct Effect + Indirect Effect	= Total Effect
0.235+ 0.473	= 0.708

The direct effect and indirect effect can be seen in Figure (4.1)

**Figure (4.1) Mediating Effect of Income on the Relationship between Micro Insurance and Socio-Economic Welfare**



Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

According to Figure (4.1), the findings illustrate both the direct and indirect effects of micro insurance on socio-economic welfare, with income acting as a mediating variable. The direct effect of micro insurance on socio-economic welfare is 0.235\*, while the indirect effect is calculated by multiplying the effect of micro insurance on income (0.706\*) by the effect of income on socio-economic welfare (0.670\*), resulting in an indirect effect of

0.473. The total effect, combining both direct and indirect paths, is approximately 0.708, indicating a strong overall influence of micro insurance on welfare outcomes.

#### 4.4 Analysis on the Effect of Non-Financial Services on Socio-Economic Welfare

This section presents the effect of non-financial services on socio-economic welfare. The analysis considers two components of non-financial services: training and social intermediation. Multiple linear regression was applied to examine their relationship with the socio-economic welfare of the respondents. The results are shown in Table (4.17).

**Table (4.17) Effect of Non-Financial Services on Socio-Economic Welfare**

Variables	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	VIF
	B	Std. Error	Beta			
Constant	0.494	0.319		1.547	0.124	
Training	0.500***	0.094	0.450	5.298	0.000	1.972
Social Intermediation	0.395***	0.100	0.335	3.942	0.000	1.972
R	0.726					
R Square	0.527					
Adjusted R Square	0.520					
F value	71.908***					
Durbin-Watson	1.393					

Source: Survey data (2025)

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

According to Table (4.17), the adjusted R-squared is 0.520, indicating that approximately 52.0% of the variance in the dependent variable (socio-economic welfare) is explained by the independent variables training and social intermediation. This represents a moderate to strong level of explanatory power. The model's statistical significance is confirmed by an F-value of 71.908, which is significant at the 1% level, validating the overall fit and reliability of the regression model. Additionally, the Durbin-Watson value of 1.393 shows that there is no serious autocorrelation in the residuals. According to the regression results, both training and social intermediation have significant positive effects on socio-economic welfare.

Training has a significant positive effect on socio-economic welfare at the 1% level. To enhance welfare outcomes, organizations should provide relevant training that develops practical skills and improves employability. Well-designed training helps increase individual capacity and self-reliance, contributing directly to socio-economic development.

Social Intermediation has positive and significant effect on socio-economic welfare at the 1% level. Strengthening social intermediation through group engagement and inclusive communication can improve community trust and cooperation. This in turn supports better access to resources and long-term welfare improvements.

#### 4.5 Analysis on Mediating Effect of Income on the Relationship between Non-Financial Services and Socio-Economic Welfare

The effect of training on socio-economic welfare. A simple linear regression analysis was conducted to examine the direct relationship between the training component of non-financial services and the socio-economic welfare of clients. The results are displayed in Table (4.18).

**Table (4.18) Effect of Training on Socio-Economic Welfare**

Variables	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	VIF
	B	Std. Error	Beta			
Constant	1.057	0.301		3.509	0.001	
Training	0.761***	0.071	0.686	10.741	0.000	1.000
R	0.686					
R Square	0.470					
Adjusted R Square	0.466					
F value	115.379***					
Durbin-Watson	1.412					

Source: Survey data (2025)

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

The regression analysis shows that both components of non-financial services training and social intermediation have positive and statistically significant effects on socio-economic welfare. The unstandardized coefficient for training is 0.500, with a standardized Beta of 0.450 and a t-value of 5.298, while social intermediation yields a coefficient of 0.395, a Beta of 0.335, and a t-value of 3.942. Both predictors are significant at the 1% level. These findings imply that non-financial services such as skill development, capacity building, group formation, and social networking play a crucial role in enhancing individuals' quality of life. By empowering individuals with knowledge and community support, these services promote self-reliance, access to resources, and greater participation in economic and social activities. Therefore, strengthening non-financial support mechanisms can significantly contribute to sustainable socio-economic development, especially within marginalized or low-income populations.

According to Table (4.18), the adjusted R-squared is 0.458, indicating that approximately 45.8% of the variance in the dependent variable (income) is explained by the independent variable training. This demonstrates a moderate but meaningful level of explanatory power. The F-value of 111.621, which is significant at the 1% level, confirms the overall validity and strength of the regression model. Furthermore, the Durbin-Watson value of 1.934 indicated no significant autocorrelation in the residuals, ensuring the model's reliability.

The effect of training on income. A simple linear regression was conducted to determine whether the training services provided to clients have a significant influence on their household income. The results are shown in Table (4.19).

**Table (4.19) Effect of Training on Income**

Variables	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	VIF
	B	Std. Error	Beta			
Constant	1.246	0.293		4.253	0.000	
Training	0.728***	0.069	0.680	10.565	0.000	1.000
R	0.680					
R Square	0.462					
Adjusted R Square	0.458					
F value	111.621***					
Durbin-Watson	1.934					

Source: Survey data (2025)

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

According to the analysis result shown in Table (4.19), training has a positive and statistically significant effect on income at the 1% level. This finding indicates that the training services provided by BRAC Myanmar Microfinance contribute significantly to enhancing the income of the clients by improving their capacity to generate earnings through better skills and knowledge. The R square value is 0.462, showing that 46.2% of the variance in income can be explained by training. The adjusted R square value of 0.458 further confirms the strength and reliability of the model. The analysis indicates that training has a significant and positive effect on income.

The regression results show that training has a strong and statistically significant positive effect on income. The unstandardized coefficient is 0.728, and the standardized Beta coefficient is 0.680, with a t-value of 10.565 and a p-value of 0.000, indicating high significance at the 1% level. These findings indicate that individuals who receive training such as vocational skills, financial literacy, or technical education are more likely to enhance their earning capacity.

Combined the effect of training and income on socio-economic welfare. The model includes both variables to examine whether income mediates the relationship between

training and welfare. Multiple linear regression was used, and the results are presented in Table (4.20).

**Table (4.20) Effect of Training and Income on Socio-Economic Welfare**

Variables	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	VIF
	B	Std. Error	Beta			
Constant	0.281	0.257		1.094	0.276	
Training	0.307***	0.077	0.277	3.986	0.000	1.859
Income	0.623***	0.072	0.601	8.650	0.000	1.859
R	0.815					
R Square	0.665					
Adjusted R Square	0.659					
F value	127.856***					
Durbin-Watson	1.676					

Source: Survey data (2025)

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

The regression results reveal that both training and income have positive and statistically significant effects on socio-economic welfare. The unstandardized coefficient for training is 0.307 with a standardized Beta of 0.277, and a t-value of 3.986, while income demonstrates a stronger effect with a coefficient of 0.623, a Beta of 0.601, and a t-value of 8.650. Both predictors are significant at the 1% level.

According to Table (4.20), the adjusted R-squared is 0.659, indicating that approximately 65.9% of the variance in the dependent variable (socio-economic welfare) is jointly explained by the independent variable training and the mediating variable income. This reflects a strong level of explanatory power. The F-value of 127.856, which is significant at the 1% level, confirms the robustness and overall significance of the regression model. Additionally, the Durbin-Watson statistic of 1.676 indicates no serious autocorrelation issues in the residuals, ensuring the model's reliability.

The Sobel test is conducted to test the mediating effect of income on the relationship between training and socio-economic welfare. The results are shown in Table (4.21)

**Table (4.21) Sobel Test Result for Mediating Effect of Income on the Relationship between Training and Socio-Economic Welfare**

Input			Test Statistic:	Std. Error:	p-value:
A	0.728	Sobel Test:	4.738	0.06053	0.06681
B	0.623	Aroian Test:	4.689	0.06056	0.06681
S <sub>a</sub>	0.069	Goodman Test:	4.788	0.06050	0.06681
S <sub>b</sub>	0.072	<b>Reset all</b>	<b>Calculate</b>		

Source: Survey Data (2025)

As shown in Table (4.21), the p-value of the Sobel test is 0.0668, which is slightly above the 0.05 threshold but below the 0.10 level, indicating that the mediating effect of income is marginally significant at the 10% level. This indicated that income partially mediates the relationship between training and socio-economic welfare. The Sobel test statistic is 4.738, with a standard error of 0.0605, supporting the presence of an indirect effect. The Aroian (4.689) and Goodman (4.788) test statistics further confirm this conclusion, with consistent p-values. These findings indicate that while training has a direct effect on socio-economic welfare, its effectiveness is enhanced when it also contributes to increasing income. Training programs that develop individuals' skills and capacities can lead to better employment opportunities or entrepreneurial success, thereby improving income levels. In turn, this increased income enables individuals to access better living conditions, healthcare, education, and financial stability key indicators of socio-economic welfare.

After Sobel Test, the last step is finding which are indirect effect, direct effect, and total effect as follows.

Total Effect = 0.761

Direct Effect = 0.307

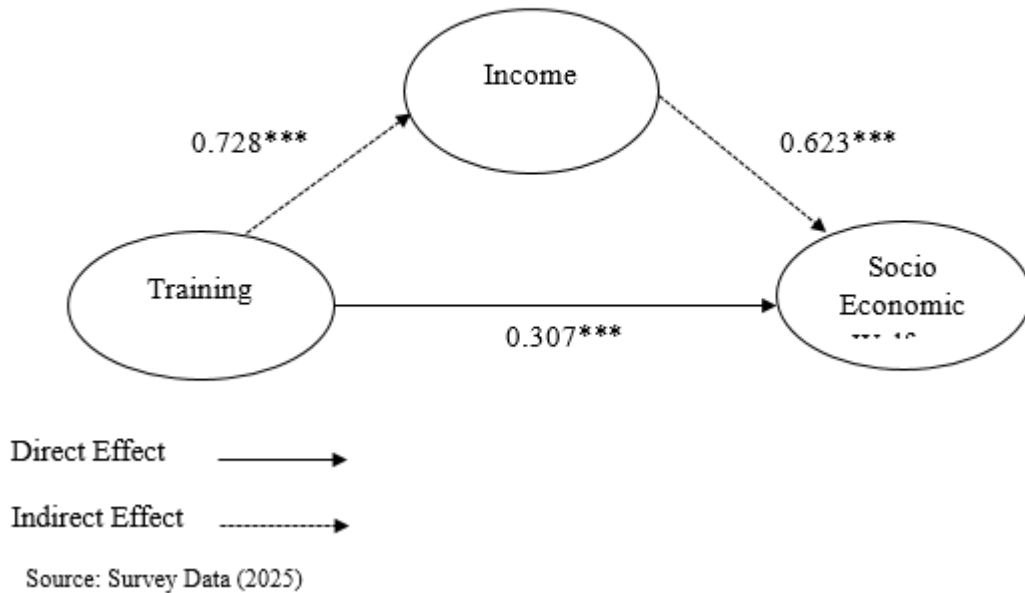
Indirect Effect =  $0.728 \times 0.623 = 0.454$

Direct Effect + Indirect Effect = Total Effect

$$0.307 + 0.454 = 0.761$$

The direct effect and indirect effect can be seen in Figure (4.3)

**Figure (4.3) Mediating Effect of Income between Training and Socio- Economic Welfare**



Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

The direct and indirect effects of training on socio-economic welfare are illustrated in Figure (4.3). The diagram demonstrates that training influences welfare outcomes through two pathways: a direct effect on socio-economic welfare ( $B = 0.307, p < 0.01$ ) and an indirect effect operating through income. The total effect of training on socio-economic welfare is 0.761, confirming the strength of this relationship.

These findings indicate that training not only affects socio-economic welfare directly, but also indirectly through its influence on income. This implies that when clients receive training, it contributes to welfare improvement by enhancing their income-generating capacity. The result of the Sobel test supports the significance of this indirect pathway, confirming that income serves as a mediator between training and socio-economic welfare.

Overall, income serves as a vital transmission mechanism through which training programs improve the well-being of individuals. By equipping people with relevant skills that translate into higher income, training initiatives become a powerful tool for achieving sustainable socio-economic improvements.

The effect of social intermediation services on socio-economic welfare. A simple linear regression was conducted to determine whether social intermediation services such as group formation, peer support, and collective participation significantly influence the welfare of microfinance clients. The results are presented in Table (4.22).

**Table (4.22) Effect of Social Intermediation Services on Socio-Economic Welfare**

Variables	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	VIF
	B	Std. Error	Beta			
Constant	1.036	0.333		3.114	0.002	
Social Intermediation	0.767***	0.078	0.651	9.788	0.000	1.000
R	0.615					
R Square	0.424					
Adjusted R Square	0.420					
F value	95.800***					
Durbin-Watson	1.459					

Source: Survey data (2025)

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

According to Table (4.22), the adjusted R-squared value is 0.420, indicating that approximately 42.0% of the variance in the dependent variable (socio-economic welfare) is explained by the independent variable social intermediation services. This reflects a moderate level of explanatory power. The F-value of 95.800, which is significant at the 1% level, confirms the overall validity and strength of the regression model. Additionally, the Durbin-Watson statistic of 1.459 indicate that there are no serious autocorrelation issues in the residuals, supporting the reliability of the model.

The regression analysis shows that social intermediation has a strong and statistically significant effect on socio-economic welfare. The unstandardized coefficient (B) is 0.767, with a standardized Beta coefficient of 0.651, a t-value of 9.788, and a p-value of 0.000, confirming its significance at the 1% level. These results shows that social intermediation services such as group formation, peer support systems, financial counseling, and community-based capacity-building play an essential role in improving the well-being of individuals and households. The effect of social intermediation services on income. A simple linear regression is conducted to examine whether participation in social intermediation services such as group activities, peer support, and collective responsibility has a significant influence on the income levels of microfinance clients. The results are summarized in Table (4.23).

**Table (4.23) Effect of Social Intermediation Services on Income**

Variables	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	VIF
	B	Std. Error	Beta			
Constant	1.229	0.323		3.801	0.000	
Social Intermediation	0.733***	0.076	0.645	9.620	0.000	1.000
R	0.645					
R Square	0.416					
Adjusted R Square	0.411					
F value	92.553***					
Durbin-Watson	1.891					

Source: Survey data (2025)

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

According to the analysis result shown in Table (4.23), the adjusted R-squared value is 0.411, indicating that approximately 41.1% of the variance in the dependent variable (income) is explained by the independent variable social intermediation services. This represents a moderate level of explanatory power. The overall model significance is supported by an F-value of 92.553, which is statistically significant at the 1% level,

confirming the model’s validity. Moreover, the Durbin-Watson statistic of 1.891 shows that there is no serious autocorrelation in the residuals, supporting the reliability of the regression estimates.

The regression analysis shows that social intermediation services have a strong and statistically significant positive effect on income. The unstandardized coefficient (B) is 0.733, with a standardized Beta coefficient of 0.645, a t-value of 9.620, and a p-value of 0.000, confirming significance at the 1% level. These results indicate that individuals who have access to social intermediation such as group-based financial literacy, peer mentoring, and community support systems are more likely to experience increases in income.

**Table (4.24) Effect of Social Intermediation and Income on Socio-Economic Welfare**

Variables	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	VIF
	B	Std. Error	Beta			
Constant	0.230	0.271		0.849	0.398	
Social Intermediation	0.287***	0.079	0.243	3.613	0.000	1.712
Income	0.656***	0.070	0.633	9.389	0.000	1.712
R	0.811					
R Square	0.658					
Adjusted R Square	0.653					
F value	124.094***					
Durbin-Watson	1.730					

Source: Survey data (2025)

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

According to Table (4.24), the adjusted R-squared value is 0.653, indicating that approximately 65.3% of the variance in the dependent variable (socio-economic welfare) is explained by the combined effects of social intermediation and income. This reflects a strong level of explanatory power. The overall model is statistically significant, as shown by the F-value of 124.094, which is significant at the 1% level, confirming the validity and

robustness of the regression model. Additionally, the Durbin-Watson statistic of 1.730 shows no serious autocorrelation issues, supporting the model's reliability.

The regression analysis demonstrates that both social intermediation and income have positive and statistically significant effects on socio-economic welfare. The unstandardized coefficient for social intermediation is 0.287, with a standardized Beta of 0.243, and a t-value of 3.613, indicating a moderate yet meaningful contribution. In contrast, income exerts a stronger influence, with a coefficient of 0.656, a Beta of 0.633, and a t-value of 9.389, all significant at the 1% level. These findings indicate that while social intermediation services directly improve socio-economic welfare by enhancing social capital, financial awareness, and community support, their effect is further amplified when they lead to increased income. Income acts as a key enabler that allows individuals to translate social support and financial literacy into tangible improvements in living standards.

**Table (4.25) Sobel Test Result for Mediating Effect of Income on the Relationship between Social Intermediation Services and Socio-Economic Welfare**

Input			Test Statistic:	Std. Error:	p-value:
A	0.733	Sobel Test:	4.902	0.05453	0.06681
B	0.656	Aroian Test:	4.853	0.05457	0.06681
Sa	0.076	Goodman Test:	4.951	0.05448	0.06681
Sb	0.070	<b>Reset all</b>	<b>Calculate</b>		

Source: Survey Data (2025)

According to Table (4.25), the p-value of the Sobel test is 0.0668, which indicates marginal statistical significant at the 10% level. The Sobel test statistic is 4.902, with a standard error of 0.0545, indicating that income partially mediates the relationship between social intermediation services and socio-economic welfare. Consistent results from the Aroian test (4.853) and Goodman test (4.951), both with the same p-value, reinforce the presence of this mediation effect.

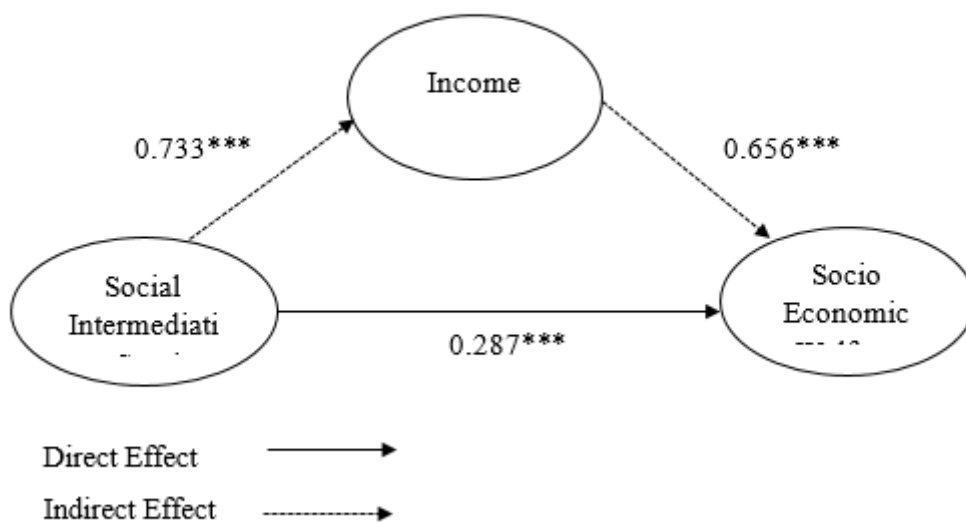
These findings indicate that social intermediation services such as group-based support, financial counseling, and peer education indirectly enhance socio-economic welfare by increasing income levels. While social intermediation has a direct positive effect on welfare, its effect becomes more substantial when it also leads to improved income, which enables better access to education, healthcare, housing, and financial resilience. In conclusion, income acts as a meaningful mediator, though not at the most stringent significance level. To strengthen welfare outcomes, development initiatives should combine community-based empowerment strategies with income-generating opportunities.

After Sobel Test, the last step is finding which are indirect effect, direct effect, and total effect as follows.

Total Effect	= 0.767
Direct Effect	= 0.287
Indirect Effect	= 0.733 x 0.656 = 0.481
Direct Effect + Indirect Effect	= Total Effect
0.287 + 0.481	= 0.767

The direct effect and indirect effect can be seen in Figure (4.4)

**Figure (4.4) Mediating Effect of Income between Social Intermediation Services and Socio Economic Welfare**



Source: Survey Data (2025)

Note: \*\*\*Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

According to Figure (4.4), the model illustrates both the direct and indirect effects of social intermediation services on socio-economic welfare, with income serving as a mediating variable. The direct effect of social intermediation on socio-economic welfare is 0.287\*, while the indirect effect calculated by multiplying the path coefficient from social intermediation to income (0.733\*) and from income to socio-economic welfare (0.656\*), results in an indirect effect of 0.481. The total effect is approximately 0.768, confirming that both direct and indirect pathways are substantial.

The Sobel test statistic of 4.902, with a p-value of 0.0668, provides evidence of partial mediation at the 10% significant level, indicating that income significantly contributes to explaining how social intermediation influences welfare outcomes.

These findings indicate that while social intermediation services such as peer support, group-based savings, and community capacity-building directly enhance socio-economic well-being, their effect is amplified when they improve income levels. Increased income enables individuals to access essential services, reduce vulnerability, and achieve sustainable improvements in their quality of life.

In conclusion, income plays a meaningful mediating role, highlighting the importance of combining social empowerment strategies with economic opportunities to strengthen the overall effectiveness of welfare interventions.

## **CHAPTER 5**

### **CONCLUSION**

The chapter is structured into three main sections. The first section presents the findings and discussions. The second section provides suggestions and recommendations. Finally, needs for further study are discussed. Findings and discussions are based on the effect of financial and non-financial microfinance services on socio-economic welfare, and the mediating effect of income on the relationship between microfinance services and socio-economic welfare of rural female clients in BRAC Myanmar Microfinance at Kaw Hmu Township.

#### **5.1 Findings and Discussions**

This study aims to examine the effect of microfinance services on the socio-economic welfare of households in Kaw Hmu Township under BRAC Myanmar Microfinance. The main objectives of this study are to analyze the effect of financial services (microcredit, savings, and micro insurance) on the socio-economic welfare of households, to examine the effect of non-financial services (training and social intermediation) on socio-economic welfare, to assess the effect of financial and non-financial services on household income, and to explore the mediating effect of income on the relationship between microfinance services and the socio-economic welfare of BRAC Myanmar Microfinance clients in Kaw Hmu Township.

In this study, demographic characteristics of 132 respondents are assessed, covering variables such as age, marital status, education level, occupation, and monthly income. Most respondents are aged between 31 and 40 years and are married women. A large portion has attained only primary education or no formal education, indicating limited access to higher education. The majority engage in farming, small trading, or casual labor. Most clients report a monthly income between 300,000 and 500,000 MMK, reflecting the economic vulnerability of the target group.

According to the survey results, most clients agree with the microcredit services provided by BRAC Myanmar Microfinance. The mean values show that microcredit allows clients to obtain capital for small-scale business activities and household needs. Clients find

the loan disbursement process clear and accessible. They report confidence in their ability to manage loan repayments due to appropriate loan sizes and repayment schedules. This access to credit enables financial inclusion for women who lack collateral or formal banking access.

In terms of savings services, the majority of clients agree that regular saving contributes to financial security. The mean values indicate that savings accounts encourage discipline and help them manage expenses more effectively. Clients also report that they are able to withdraw savings conveniently in times of need. These services increase their ability to cope with unexpected events and meet planned goals.

For micro insurance, most respondents are agree that enrolling in the program protects their households from unforeseen circumstances such as illness or loss. The data show that clients view the claims process as transparent and responsive. They appreciate the sense of financial security that comes with being insured. This minimizes vulnerability and supports household stability.

Regarding training services, the mean values reveal that clients find the training programs beneficial for learning how to manage finances and operate small businesses. Clients report greater awareness of budgeting, savings techniques, and business planning. These skills help them make better financial decisions and improve self-reliance.

In relation to social intermediation services, clients agree that participation in group meetings improves discipline in loan repayment. The mean scores show that peer monitoring and social accountability mechanisms enhance cooperation and motivation. Clients also benefit from emotional support, increased confidence, and a stronger sense of community.

According to the income, most clients agree on an increase in household income after participating in microfinance programs. The majority are able to invest in business, expand their income sources, and cover family-related expenses. The income level of clients shows positive change, which reflects enhanced earning ability through financial and non-financial support.

Regarding socio-economic welfare, clients agree improvements in housing quality, education access for children, better healthcare access, and more stable household environments. The mean values indicate agreement that their overall quality of life has improved since engaging with BRAC's microfinance services. Clients experience greater

well-being through the combined effects of income increase, financial support, and community empowerment.

Results from the regression analysis reveal that financial services (especially microcredit and savings) and non-financial services (particularly training) are statistically significant in explaining variations in income and socio-economic welfare. Micro insurance and social intermediation also play meaningful roles, particularly in risk reduction and social cohesion.

The analysis further shows that income functions as a mediating variable in the relationship between microfinance services and socio-economic welfare. Financial and non-financial services increase income, which in turn leads to enhanced welfare outcomes. This demonstrates that income growth serves as a pathway through which microfinance contributes to better living conditions.

In conclusion, all five components of microfinance services microcredit, savings, micro insurance, training, and social intermediation are positively associated with income and socio-economic welfare. The findings align with the study objectives and confirm that microfinance programs by BRAC Myanmar support the economic and social well-being of low-income households in Kaw Hmu Township.

Regarding the first objective, which is to analyze the effect of financial services namely microcredit, savings, and micro-insurance on the socio-economic welfare of households, the regression analysis reveals that both savings and micro-insurance have a positive and statistically significant effect on socio-economic welfare at the 1% level, while microcredit does not show a significant effect. This indicates that clients who actively save and access micro-insurance services experience more noticeable improvements in their household well-being, financial stability, and resilience to shocks. The effect of savings reflects the importance of building financial reserves for future needs, while micro-insurance plays a crucial role in protecting households from unexpected financial burdens. Although microcredit is widely used to support income-generating activities, its lack of significance in this study may indicate challenges in loan utilization, repayment capacity, or the scale of income generated. These findings underline the need to strengthen savings mobilization and insurance coverage to effectively enhance clients' socio-economic welfare.

Regarding the second objective, which is to examine the effect of non-financial services specifically training and social intermediation on the socio-economic welfare of households, the regression analysis demonstrates that both services have a positive and statistically significant effect. Training services help clients acquire essential skills and knowledge that can be applied in income-generating activities and household financial management, thereby enhancing their ability to improve living standards. Similarly, social intermediation services foster social networks, cooperation, and trust within groups, which contributes to stronger community ties and shared economic opportunities. The results indicate that non-financial services play a critical role in complementing financial services by building clients' human and social capital. These findings reinforce the importance of integrating capacity-building and social support mechanisms into microfinance programs to achieve sustainable improvements in socio-economic welfare.

In relation to the third objective, which is to assess the effect of financial and non-financial services on household income, the regression results reveal that both types of services significantly contribute to increasing clients' income levels. Among the financial services, savings and micro-insurance show a positive and significant influence on household income, while microcredit remains statistically insignificant. This indicates that access to secure savings and risk protection through insurance enables clients to manage financial shocks and allocate resources more productively. Furthermore, non-financial services such as training and social intermediation also exhibit a significant positive effect on income. Training equips clients with practical skills and knowledge for generating income, while social intermediation promotes cooperation and group-based support, which can open doors to shared business opportunities or group financing. These findings indicate that a combined provision of financial and non-financial services plays a vital role in strengthening household earning capacity and overall financial well-being.

Concerning the fourth objective, which is to explore the mediating effect of income on the relationship between microfinance services and the socio-economic welfare of clients, the mediation analysis confirms that household income partially mediates this relationship. The results show that microfinance services—particularly savings, micro-insurance, training, and social intermediation—have both direct and indirect effects on socio-economic welfare through their influence on income. This indicates that when clients gain access to financial and non-financial services, their capacity to generate income increases, which in turn enhances their living conditions, access to basic needs, and overall

well-being. The presence of a significant mediating effect indicates that income functions as a crucial pathway through which microfinance interventions lead to improved socio-economic outcomes. Therefore, microfinance programs that focus not only on service delivery but also on income enhancement strategies are more likely to achieve sustainable development goals among low-income households.

In this study, demographic characteristics of 132 respondents are assessed, covering variables such as age, marital status, education level, occupation, and monthly income. Most respondents are aged between 31 and 40 years and are married women. A large portion has attained only primary education or no formal education, indicating limited access to higher education. The majority engage in farming, small trading, or casual labor. Most clients report a monthly income between 300,000 and 500,000 MMK, reflecting the economic vulnerability of the target group.

According to the survey results, most clients agree with the microcredit services provided by BRAC Myanmar Microfinance. The mean values show that microcredit allows clients to obtain capital for small-scale business activities and household needs. Clients find the loan disbursement process clear and accessible. They report confidence in their ability to manage loan repayments due to appropriate loan sizes and repayment schedules. This access to credit enables financial inclusion for women who lack collateral or formal banking access.

In terms of savings services, the majority of clients agree that regular saving contributes to financial security. The mean values indicate that savings accounts encourage discipline and help them manage expenses more effectively. Clients also report that they are able to withdraw savings conveniently in times of need. These services increase their ability to cope with unexpected events and meet planned goals.

For micro insurance, most respondents are agree that enrolling in the program protects their households from unforeseen circumstances such as illness or loss. The data show that clients view the claims process as transparent and responsive. They appreciate the sense of financial security that comes with being insured. This minimizes vulnerability and supports household stability.

Regarding training services, the mean values reveal that clients find the training programs beneficial for learning how to manage finances and operate small businesses.

Clients report greater awareness of budgeting, savings techniques, and business planning. These skills help them make better financial decisions and improve self-reliance.

In relation to social intermediation services, clients agree that participation in group meetings improves discipline in loan repayment. The mean scores show that peer monitoring and social accountability mechanisms enhance cooperation and motivation. Clients also benefit from emotional support, increased confidence, and a stronger sense of community.

According to the income, most clients agree on an increase in household income after participating in microfinance programs. The majority are able to invest in business, expand their income sources, and cover family-related expenses. The income level of clients shows positive change, which reflects enhanced earning ability through financial and non-financial support.

Regarding socio-economic welfare, clients agree improvements in housing quality, education access for children, better healthcare access, and more stable household environments. The mean values indicate agreement that their overall quality of life has improved since engaging with BRAC's microfinance services. Clients experience greater well-being through the combined effects of income increase, financial support, and community empowerment.

Results from the regression analysis reveal that financial services (especially microcredit and savings) and non-financial services (particularly training) are statistically significant in explaining variations in income and socio-economic welfare. Micro insurance and social intermediation also play meaningful roles, particularly in risk reduction and social cohesion.

The analysis further shows that income functions as a mediating variable in the relationship between microfinance services and socio-economic welfare. Financial and non-financial services increase income, which in turn leads to enhanced welfare outcomes. This demonstrates that income growth serves as a pathway through which microfinance contributes to better living conditions.

In conclusion, all five components of microfinance services microcredit, savings, micro insurance, training, and social intermediation are positively associated with income and socio-economic welfare. The findings align with the study objectives and confirm that

microfinance programs by BRAC Myanmar support the economic and social well-being of low-income households in Kaw Hmu Township.

## **5.2 Suggestions and Recommendations**

Based on the findings regarding the effect of financial and non-financial services on the socio-economic welfare of households in BRAC Myanmar Microfinance, several strategic recommendations should be implemented. By adopting these recommendations, BRAC Myanmar Microfinance can further strengthen its positive outcome on rural households and promote sustainable welfare improvements.

BRAC Myanmar Microfinance should continue providing key financial services that promote income generation and protect household welfare. The organization should prioritize ongoing investment in its savings and micro-insurance services, which were found to have the most significant influence on socio-economic welfare both directly and indirectly through income. These services should be prominently communicated to clients and communities as tools for building financial security and resilience against unexpected risks.

The survey results indicate that within the financial services offered, both savings and micro-insurance play a critical role in improving household welfare. In rural areas where households often face income instability, these services provide essential support for managing risks and accumulating assets. Therefore, BRAC Myanmar Microfinance should emphasize the importance of regular saving habits and the benefits of risk protection through continuous financial literacy campaigns and targeted client engagement activities.

Non-financial services such as training and social intermediation were also found to have a positive and significant effect on socio-economic welfare. BRAC Myanmar Microfinance should continue enhancing its training programs to provide clients with practical skills in business management, financial planning, and income generation. These efforts can help clients make better use of financial services and achieve greater economic stability. In addition, social intermediation activities that build trust, cooperation, and social capital should remain a core component of the institution's strategy, as these services strengthen community networks and contribute to collective welfare improvements.

Given these findings, BRAC Myanmar Microfinance should maintain an integrated approach that combines both financial and non-financial services. Financial services should

be designed not only to provide access to credit and savings but also to help clients achieve long-term financial security. Non-financial services should aim to build the capacities and social capital of clients, ensuring that they are equipped to use financial products effectively and sustainably.

BRAC Myanmar Microfinance should continue to promote savings services as an essential mechanism for asset accumulation and financial discipline. To strengthen saving habits, the institution is encouraged to provide flexible and convenient savings options while recognizing and incentivizing clients who save consistently. Furthermore, micro-insurance products should be expanded and enhanced to offer adequate protection against a range of risks, including health-related emergencies, natural disasters, and income interruptions. Clear communication strategies should be used to illustrate how these services contribute to household financial security and long-term resilience.

In terms of non-financial services, training programs should be continuously updated to address the evolving needs of clients. Special attention should be paid to practical, hands-on training that helps clients apply new skills in their income-generating activities. Social intermediation efforts should focus on strengthening group cohesion, mutual support, and collective problem-solving. These activities can enhance clients' ability to cope with challenges and seize new economic opportunities.

The findings indicate that income is an important mediator that links financial and non-financial services to socio-economic welfare. Therefore, BRAC Myanmar Microfinance should continue to focus on initiatives that directly support income growth among clients. This can be achieved by integrating livelihood support, market linkages, and small business advisory services into its existing programs. By doing so, the organization can help clients convert access to financial and non-financial services into tangible income improvements.

In addition, BRAC Myanmar Microfinance should ensure that its staff, including field officers and trainers, are recognized as key assets in delivering high-quality services. Their professionalism, empathy, and technical knowledge should be emphasized in client communication, and regular training should be provided to maintain high standards of service delivery. The role of staff in building trust and supporting clients in making the best use of microfinance services is vital for achieving lasting effect.

Finally, the study highlights that both direct and indirect effects of financial and non-financial services contribute to socio-economic welfare. BRAC Myanmar Microfinance should continue delivering ethical, transparent, and client-centered services to sustain the trust of its clients. This effort can further enhance the organization's reputation as a reliable development partner, strengthen client loyalty, and promote positive word-of-mouth in rural communities. Through these measures, BRAC Myanmar Microfinance can reinforce its role in advancing socio-economic welfare and supporting inclusive rural development.

### **5.3 Needs for Further Research**

Although this study provides meaningful insights into the effect of financial and non-financial services on socio-economic welfare and the mediating role of income, it also presents certain limitations that point to opportunities for future research. Further studies are needed to enhance generalizability, enrich the analytical framework, and explore additional variables that may influence household welfare among microfinance clients.

Firstly, the current study is geographically confined to Kaw Hmu Township and focused exclusively on female clients of BRAC Myanmar Microfinance. While this localized scope enabled an in-depth analysis, it limits the ability to generalize the findings to other regions or populations. Future research should therefore consider broader sampling across multiple townships or states in Myanmar, including both urban and rural areas. Comparative studies between different microfinance institutions or across diverse demographic groups could provide a more comprehensive understanding of contextual differences and program effectiveness.

Secondly, the study applied a cross-sectional design based on data collected at a single point in time. While this approach is suitable for identifying associations, it does not allow for the assessment of long-term effects or causality. Longitudinal research designs are recommended for future studies, as they would enable researchers to observe changes in income and welfare over time and to determine whether improvements are sustained or temporary. This would also help evaluate the lasting effect of microfinance participation.

Thirdly, the study focused on income as the sole mediating variable. Although income is a crucial factor in explaining the pathway through which financial and non-financial services influence welfare, it may not be the only one. Future studies should

consider exploring other mediators or moderators such as financial literacy, household decision-making power, social capital, or psychological empowerment. These variables may offer a more nuanced understanding of how microfinance affects household well-being.

Moreover, while the study employed quantitative methods using structured questionnaires and regression analysis, future research could benefit from adopting mixed-method approaches. Incorporating qualitative methods such as focus group discussions or in-depth interviews would allow for a deeper exploration of client perspectives, motivations, and challenges. Such approaches can complement statistical findings with real-life narratives, enriching the interpretation of results and generating more client-centered insights.

Lastly, further investigation is needed into the specific challenges and barriers associated with microcredit, which in this study showed no significant influence on socio-economic welfare. Future studies could explore loan utilization patterns, repayment behavior, and the role of business development support in ensuring that credit contributes effectively to income generation and welfare improvement. Understanding why credit performs differently from savings and insurance would be essential in refining financial service delivery.

Taken together, these areas of future research can significantly contribute to the academic literature on microfinance and inform more effective and inclusive program design. By addressing these gaps, future studies can help ensure that microfinance services are not only accessible but also optimally structured to deliver meaningful and lasting welfare outcomes for low-income households.

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## **APPENDIX A QUESTIONNAIRE SURVEY**

### **The Effect of Microfinance Services on Socio-Economic Welfare of Households in Brac Myanmar Microfinance**

Dear respondents, the purpose of the study is to explore the effect of microfinance services on socio-economic welfare of households in BRAC Myanmar Microfinance. This survey is purposed to conduct the effect of microfinance services on socio-economic welfare of households in BRAC Myanmar Microfinance for academic paper of Executive Master of Business Administration graduation. The information of respondents and data is confidentially used for academic purpose only.

Please kindly answer the following questions. I need your valuable cooperation.  
Thank you.

Soe Hay Mar Naing  
EMBA II - 56  
EMBA 20th Batch Online (2023-2025)  
Yangon University of Economics

## Section A: General Information

### 1. Age

- 18 to 25       26 to 35       36 to 45       46 to 55       56 and above

### 2. Marital Status

- Single       Married       Widowed       Divorced       Other

### 3. Education Level

- No Schooling       Primary       Middle       High School       University and above

### 4. Household Size

- 1 to 3       4 to 5       6 and above

### 5. Occupation

- Private Sector       Own Business       Small Business / Vender       Government Employee       Daily Wage       Other

### 6. Monthly Income

- MMK 100,000 to MMK 300,000       MMK 300,000 to MMK 500,000       MMK 500,000 and Above

**Section B: Audit Tenure**

**Instruction: Based on the scale below, Please Pick tick (✓) the number of your choice to indicate the extent you agree or disagree with the statement.**

1= Strongly Disagree,                      2= Disagree,                      3= Neutral,

4=Agree,    5= Strongly Agree

**Micro Credit**

No.	Description	1	2	3	4	5
1	I have access to microcredit from BRAC Myanmar when I need it.					
2	Microcredit has support investment to income-generating activities.					
3	I am satisfied with the microcredit loan terms and conditions.					
4	The microcredit I received was sufficient for my business needs.					
5	Loan repayment terms are affordable and manageable.					

**Savings**

No.	Description	1	2	3	4	5
1	I save regularly through the microfinance institution.					
2	Saving with BRAC helps me to manage unexpected expenses.					
3	My savings have increased since joining the program.					
4	I feel more financially secure due to my savings.					
5	The saving service provided is accessible and easy to use.					

### Micro Insurance

No.	Description	1	2	3	4	5
1	I am aware of the micro-insurance services offered by BRAC Myanmar.					
2	I am currently enrolled in a micro-insurance plan.					
3	Micro-insurance helps protect me from risks (e.g., illness, accident).					
4	Micro insurance builds strong trust bonds with group members					
5	Micro insurance creates more social network bonds within community.					

### Training

No.	Description	1	2	3	4	5
1	I have received business or financial training from BRAC Myanmar.					
2	The training has helped me improve my livelihood or income.					
3	I apply the knowledge from training in managing my household or business.					
4	Training content is understandable and practical.					
5	Trainings enable successful loan usage.					

### Social Intermediation Service

No.	Description	1	2	3	4	5
1	BRAC promotes trust and cooperation among group members.					
2	Social intermediation service enables better social skills on good relation thus building social networks for market growth.					
3	Social intermediation service ensures good practice of prevention health measure for healthy wellbeing.					
4	Social interactions through BRAC have improved my confidence because of discussion with group members.					
5	Social intermediation service enables to obtain loans easily as they belong and guarantee by the members of the group.					

**Income**

No.	Description	1	2	3	4	5
1	My income has increased after joining BRAC's microfinance program					
2	I have more income stability now than before.					
3	Purchasing power has increased after getting facilities of micro financing.					
4	Consumption level has increased by getting microfinance.					
5	My household income is higher than before taking loan.					

**Socio-Economic Welfare**

No.	Description	1	2	3	4	5
1	Microfinance services improve children education standards.					
2	Microfinance services enhance living standards of household.					
3	Microfinance services assist in improving healthcare.					
4	Microfinance services enable households access basic needs.					
5	Overall, my family's quality of life has improved since joining BRAC.					

**Thanks you for your kind participation.**

**APPENDIX B**  
**STATISTICAL OUTPUT**

**(i) Analysis on Effect of Financial Services on Socio-Economic Welfare**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.685 <sup>a</sup>	.469	.456	.32935	.469	37.664	3	128	.000	1.431

a. Predictors: (Constant), MicroInsurance, MicroCredit, Savings

b. Dependent Variable: SocioEW

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.256	3	4.085	37.664	.000 <sup>b</sup>
	Residual	13.884	128	.108		
	Total	26.141	131			

a. Dependent Variable: SocioEW

b. Predictors: (Constant), MicroInsurance, MicroCredit, Savings

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.833	.341		2.443	.016
	MicroCredit	-.043	.103	-.039	-.416	.678
	Savings	.396	.117	.347	3.398	.001
	MicroInsurance	.458	.111	.418	4.124	.000

a. Dependent Variable: SocioEW

**(ii) Analysis on the Mediating Effect of Income on the Relationship Between  
Financial Services and Socio-Economic Welfare**

**The Effect of Saving on Socio-Economic Welfare**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.627 <sup>a</sup>	.393	.388	.34936	.393	84.171	1	130	.000	1.369

a. Predictors: (Constant), Savings

b. Dependent Variable: SocioEW

**ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.274	1	10.274	84.171	.000 <sup>b</sup>
	Residual	15.867	130	.122		
	Total	26.141	131			

a. Dependent Variable: SocioEW

b. Predictors: (Constant), Savings

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.254	.331		3.786	.000
	Savings	.716	.078	.627	9.174	.000

a. Dependent Variable: SocioEW

## The Effect of Saving on Income

### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.595 <sup>a</sup>	.354	.349	.34788	.354	71.133	1	130	.000	1.663

a. Predictors: (Constant), Savings

b. Dependent Variable: Income

### ANOVA<sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.609	1	8.609	71.133	.000 <sup>b</sup>
	Residual	15.733	130	.121		
	Total	24.342	131			

a. Dependent Variable: Income

b. Predictors: (Constant), Savings

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.558	.330		4.726	.000
	Savings	.655	.078	.595	8.434	.000

a. Dependent Variable: Income

## The Effect of Saving and Income on Socio-Economic Welfare

### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.813 <sup>a</sup>	.662	.656	.26183	.662	126.155	2	129	.000	1.765

a. Predictors: (Constant), Income, Savings

b. Dependent Variable: SocioEW

### ANOVA<sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	17.297	2	8.649	126.155	.000 <sup>b</sup>
	Residual	8.844	129	.069		
	Total	26.141	131			

a. Dependent Variable: SocioEW

b. Predictors: (Constant), Income, Savings

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.213	.269		.792	.430
	Savings	.278	.073	.243	3.822	.000
	Income	.668	.066	.645	10.122	.000

a. Dependent Variable: SocioEW

### Sobel Test Result for Mediating Test for Income Between Saving and Socio-Economic Welfare

Input:	Test statistic:	Std. Error:	p-value:
a 0.655	Sobel test: 6.46266401	0.06770273	0
b 0.668	Aroian test: 6.44406166	0.06789817	0
s <sub>a</sub> 0.078	Goodman test: 6.48142841	0.06750672	0
s <sub>b</sub> 0.066	Reset all	Calculate	

**(iii) Analysis on the Mediating Effect of Income on the Relationship Between  
Micro**

**The Effect of Micro Insurance on Socio-Economic Welfare**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.646 <sup>a</sup>	.417	.413	.34226	.417	93.149	1	130	.000	1.511

a. Predictors: (Constant), MicroInsurance

b. Dependent Variable: SocioEW

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.912	1	10.912	93.149	.000 <sup>b</sup>
	Residual	15.229	130	.117		
	Total	26.141	131			

a. Dependent Variable: SocioEW

b. Predictors: (Constant), MicroInsurance

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.261	.314		4.016	.000
	MicroInsurance	.708	.073	.646	9.651	.000

a. Dependent Variable: SocioEW

## The Effect of Micro Insurance on Income

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.667 <sup>a</sup>	.446	.441	.32221	.446	104.459	1	130	.000	1.820

a. Predictors: (Constant), MicroInsurance

b. Dependent Variable: Income

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.845	1	10.845	104.459	.000 <sup>b</sup>
	Residual	13.497	130	.104		
	Total	24.342	131			

a. Dependent Variable: Income

b. Predictors: (Constant), MicroInsurance

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.319	.296		4.461	.000
	MicroInsurance	.706	.069	.667	10.221	.000

a. Dependent Variable: Income

## The Effect of Micro Insurance and Income on Socio-Economic Welfare

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.806 <sup>a</sup>	.649	.644	.26671	.649	119.236	2	129	.000	1.801

a. Predictors: (Constant), Income, MicroInsurance

b. Dependent Variable: SocioEW

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.964	2	8.482	119.236	.000 <sup>b</sup>
	Residual	9.177	129	.071		
	Total	26.141	131			

a. Dependent Variable: SocioEW

b. Predictors: (Constant), Income, MicroInsurance

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.378	.263		1.438	.153
	MicroInsurance	.235	.077	.215	3.066	.003
	Income	.670	.073	.646	9.224	.000

a. Dependent Variable: SocioEW

### Sobel Test Result for Mediating Test for Income Between Micro Insurance and Socio-Economic Welfare

Input:		Test statistic:	Std. Error:	p-value:
a	0.706	Sobel test: 6.83216976	0.06923423	0
b	0.670	Aroian test: 6.81415988	0.06941721	0
s <sub>a</sub>	0.069	Goodman test: 6.85032321	0.06905076	0
s <sub>b</sub>	0.073	Reset all	Calculate	

**(iv) Analysis on the Effect of Non-Financial Services on Socio-Economic Welfare**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.726 <sup>a</sup>	.527	.520	.30954	.527	71.908	2	129	.000	1.393

a. Predictors: (Constant), SocialIS, Traning

b. Dependent Variable: SocioEW

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.780	2	6.890	71.908	.000 <sup>b</sup>
	Residual	12.361	129	.096		
	Total	26.141	131			

a. Dependent Variable: SocioEW

b. Predictors: (Constant), SocialIS, Traning

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.494	.319		1.547	.124
	Traning	.500	.094	.450	5.298	.000
	SocialIS	.395	.100	.335	3.942	.000

a. Dependent Variable: SocioEW

**(v) Analysis on the Mediating Effect of Income on the Relationship between  
Training and Socio-Economic Welfare**

**The Effect of Training on Socio-Economic Welfare**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.686 <sup>a</sup>	.470	.466	.32639	.470	115.379	1	130	.000	1.412

a. Predictors: (Constant), Training

b. Dependent Variable: SocioEW

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.291	1	12.291	115.379	.000 <sup>b</sup>
	Residual	13.849	130	.107		
	Total	26.141	131			

a. Dependent Variable: SocioEW

b. Predictors: (Constant), Training

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.057	.301		3.509	.001
	Training	.761	.071	.686	10.741	.000

a. Dependent Variable: SocioEW

## The Effect of Training on Income

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df 1	df2	Sig. F Change	
1	.680 <sup>a</sup>	.462	.458	.31740	.462	111.621	1	130	.000	1.934

a. Predictors: (Constant), Training

b. Dependent Variable: Income

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.245	1	11.245	111.621	.000 <sup>b</sup>
	Residual	13.097	130	.101		
	Total	24.342	131			

a. Dependent Variable: Income

b. Predictors: (Constant), Training

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.246	.293		4.253	.000
	Training	.728	.069	.680	10.565	.000

a. Dependent Variable: Income

## The Effect of Training and Income on Socio-Economic Welfare

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.815 <sup>a</sup>	.665	.659	.26067	.665	127.856	2	129	.000	1.676

a. Predictors: (Constant), Income, Training

b. Dependent Variable: SocioEW

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.375	2	8.688	127.856	.000 <sup>b</sup>
	Residual	8.765	129	.068		
	Total	26.141	131			

a. Dependent Variable: SocioEW

b. Predictors: (Constant), Income, Training

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.281	.257		1.094	.276
	Training	.307	.077	.277	3.986	.000
	Income	.623	.072	.601	8.650	.000

a. Dependent Variable: SocioEW

### Sobel Test Result for Mediating Test for Income Between Training and Socio-Economic Welfare

Input:	Test statistic:	Std. Error:	p-value:
a <input type="text" value="0.728"/>	Sobel test: <input type="text" value="6.69054634"/>	<input type="text" value="0.06778878"/>	<input type="text" value="0"/>
b <input type="text" value="0.623"/>	Aroian test: <input type="text" value="6.67265125"/>	<input type="text" value="0.06797058"/>	<input type="text" value="0"/>
s <sub>a</sub> <input type="text" value="0.069"/>	Goodman test: <input type="text" value="6.70858618"/>	<input type="text" value="0.0676065"/>	<input type="text" value="0"/>
s <sub>b</sub> <input type="text" value="0.072"/>	<input type="button" value="Reset all"/>	<input type="button" value="Calculate"/>	

**(vi) Analysis on the Mediating Effect of Income on the Relationship Between  
Social Intermediation Service and Socio-Economic Welfare**

**The Effect of Social Intermediation Service on Socio-Economic Welfare**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Durbin-Watson	
					R Square Change	F Change	df1	df2		Sig. F Change
1	.651 <sup>a</sup>	.424	.420	.34025	.424	95.800	1	130	.000	1.459

a. Predictors: (Constant), SocialIS

b. Dependent Variable: SocioEW

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.091	1	11.091	95.800	.000 <sup>b</sup>
	Residual	15.050	130	.116		
	Total	26.141	131			

a. Dependent Variable: SocioEW

b. Predictors: (Constant), SocialIS

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.036	.333		3.114	.002
	SocialIS	.767	.078	.651	9.788	.000

a. Dependent Variable: SocioEW

## The Effect of Social Intermediation Service on Income

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.645 <sup>a</sup>	.416	.411	.33072	.416	92.553	1	130	.000	1.891

a. Predictors: (Constant), SocialIS

b. Dependent Variable: Income

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.123	1	10.123	92.553	.000 <sup>b</sup>
	Residual	14.219	130	.109		
	Total	24.342	131			

a. Dependent Variable: Income

b. Predictors: (Constant), SocialIS

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.229	.323		3.801	.000
	SocialIS	.733	.076	.645	9.620	.000

a. Dependent Variable: Income

## The Effect of Social Intermediation Service and Income on Socio-Economic Welfare

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.811 <sup>a</sup>	.658	.653	.26326	.658	124.094	2	129	.000	1.730

a. Predictors: (Constant), Income, SocialIS

b. Dependent Variable: SocioEW

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.200	2	8.600	124.094	.000 <sup>b</sup>
	Residual	8.940	129	.069		
	Total	26.141	131			

a. Dependent Variable: SocioEW

b. Predictors: (Constant), Income, SocialIS

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.230	.271		.849	.398
	SocialIS	.287	.079	.243	3.613	.000
	Income	.656	.070	.633	9.389	.000

a. Dependent Variable: SocioEW

### Sobel Test Result for Mediating Test for Income Between Social Intermediation Service and Socio-Economic Welfare

Input:	Test statistic:	Std. Error:	p-value:
a <input type="text" value="0.733"/>	Sobel test: <input type="text" value="6.72114682"/>	<input type="text" value="0.07154255"/>	<input type="text" value="0"/>
b <input type="text" value="0.656"/>	Aroian test: <input type="text" value="6.70264088"/>	<input type="text" value="0.07174008"/>	<input type="text" value="0"/>
s <sub>a</sub> <input type="text" value="0.076"/>	Goodman test: <input type="text" value="6.7398069"/>	<input type="text" value="0.07134448"/>	<input type="text" value="0"/>
s <sub>b</sub> <input type="text" value="0.070"/>	<input type="button" value="Reset all"/>	<input type="button" value="Calculate"/>	