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**Effects of Loan Services from Myanmar Business Resource  
(MBR) on Women Employability**

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# **Effects of Loan Services from Myanmar Business Resource (MBR) on Women Employability**

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## **ABSTRACT**

This study focused on client perception on loan practices of Myanmar Business Resource towards women employability. The main objective of the study is to identify the financial services provided by Myanmar Business Resource (MBR) and to analyze the effect of loans of the Myanmar Business Resource (MBR) towards women employability. To meet this objective, descriptive research method was used in the study. Primary data were also collected by face-to-face interviewing with responsible persons of MBR and surveyed to 138 women clients by using structured questionnaire. The secondary data were collected from relevant textbooks, previously prepared research papers and internet websites. It was found that most of the clients were satisfied with loan practices of MBR since they encounter better employment, health care service and get respect from senior males in the family. Although most of the clients have improved since they get the loan, MBR still needs to offer special programs for women. In additions, the company needs to create new saving accounts and educate clients about saving types with varying saving interests. Finally, MBR should arrange flexible loan amounts based on client's business in order to improve women employability.

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## **LIST OF ABBREVIATIONS**

CGAP	Consultative Group to Assist the Poor
ESCAP	The Economic and Social Commission for Asia and the Pacific
IFC	International Finance Corporation
IGL	Income Generation Loan
ILO	International Labor Organization
JICA	Japan International Cooperation Agency
MBE	Myanmar Business Executives Association
MBR	Myanmar Business Resource
ME	Microloan Expenditures
MFI	Micro Finance Institution
MFO	Microfinance Organizations
MTL	Mid Term Loan
SHG	Self Help Group
SMEs	Small and Medium Enterprises
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Services

# **CHAPTER 1**

## **INTRODUCTION**

Microfinance can be used as an effective tool to alleviate poverty and instill entrepreneurial skills among masses. It can become a meaningful tool to address the problem of poverty and unemployment. Women who continue to be among the most poverty-stricken section in our society can benefit a lot from microfinance. In a way, it can be translated into an effective means of addressing the women empowerment issue. It is often said that economic empowerment of the women is their real employability.

Financial services for poor people are a powerful tool for alleviated poverty, enabling them to build assets, increase incomes, and reduce their vulnerability to economic stress. The provision of formal financial services such as savings, loans, and money transfers enable poor families to invest in enterprises, better nutrition, improved living conditions, and the health and education of their children. Microfinance has also been a powerful catalyst for empowering women.

Microfinance industry has built a solid track record as a critical tool in the fight against poverty and has entered the financial mainstream. The rapid growth of the industry over the past 15 years has reached approximately 130 million clients according to recent estimates. Yet microfinance still reaches less than 20 percent of its potential market among the world's three billion or more poor. Nearly three billion people in developing countries have little or no access to formal financial services. (IFC, 2013)

As the microfinance industry developed globally, the types of funders expanded significantly to include private sector institutional investors, commercial banks, private equity funds and individuals. In Myanmar, the commercialization and professionalization of the microfinance industry likewise attract investors offering a variety of funding sources to MFIs. A sound regulatory framework is essential for ensuring that those who offer more products and services have the foundation to do so, including adequate capital, governance and capacity. Well-governed institutions capable of adhering to stricter standards enable the privilege of offering a full menu of products and services to the people of Myanmar.

## **1.1 Rationale of the Study**

In Myanmar, the population is currently 54 million and 70% of the population is farmers who live in rural area. To reduce the poverty in rural area, rural developments are very important and develop a chance for economic growth. (UNOPS, 2016)

Women play a crucial role in the economic development of their families and communities but certain obstacles such as poverty, unemployment, low household income and societal discriminations mostly in developing countries have hindered their effective performance of that role. Therefore, most of them embark on entrepreneurial activities to support their families. It is often said that economic empowerment of the women is their real empowerment. It is assumed that increasing women's access to micro finance will enable women to make a greater contribution to household income and this, together with other interventions to increase household well being, translate into improved well being for women and ability to bring about wider changes in gender inequality (Biswas, 2008).

There are many microfinance institutions that are assisting poor women and it needs to analyze the effect of interventions provided by micro finance institutions on examining employability. Thus, it needs to examine whether Myanmar's Microfinance sector can be a truly inclusive one in particular creating better opportunities for the women let them drive out the poverty from the country.

As mentioned by Rosintan and Cloud (1999) poor and hardcore poor women all over the world, with access to productive capital offered by MFO's (Microfinance Organizations) created their own employment in small scale agriculture and dairying, food processing and sales, beer brewing, sewing, midwifery, crafts, services, and petty trading. Because of the importance of self and wage employment, the government and non-government organizations focused on intermediary programs like microcredit programs to provide small scale working capital and training to the poor and hardcore poor households, who needed the service most.

Myanmar Business Resource (MBR) is one of the microfinance institutions and it has faced high competition as new microfinance businesses are appearing in the industry. MBR offers the people to support the financial needs in its governance and operations. This study intends to measure the impact of MBR's microcredit schemes on employment among hardcore poor women households in Yangon.

## **1.2 Objectives of the Study**

The main objectives of the study are as follow:

- (1) To identify the financial services towards women employability provided by Myanmar Business Resource (MBR)
- (2) To analyze the effect of loans provided by the Myanmar Business Resource (MBR) on women employability

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

This study only focuses on the effect of loan of Myanmar Business Resource (MBR) towards women employability. Descriptive research method is applied for this research study. To achieve the main objective of the study, both primary data and secondary data are utilized. There are 83 MFIs are currently providing microfinance services in Yangon. Among them, there are almost 25 MFIs in Hlaing district. This study mainly focuses the employability of women who are taking loan from MBR Hlaing branch. Primary data are acquired by collecting customer survey collected by using a structured questionnaire from 138 customers selected as sample population representing 15 % of 921 total customers from Hlaing Myo Ma Market. The structured questionnaire includes questions with 5 point likert scales. The secondary data are also be used such as reports and documents of MBR, text books, reference books, website and annual reports.

## **1.4 Organization of the Study**

This researched is organized into five chapters. Chapters one is an introductory one that presents rationale of the study, method of the study, scope and limited of the study and organization of the study. Chapter two presents with literature review of the microfinance institutions. Chapter three describes profile of Myanmar Business Resource (MBR). Chapter four presents the effect of credit loan by Myanmar Business Resource (MBR) on women employability. Chapter five presents the conclusion, suggestions, and needs for future research.

## **CHAPTER 2**

### **LITERATURE REVIEW**

This chapter presents the related literature review about the study. Firstly it introduces microfinance institutions. Secondly, it presents influencing factors of microfinance loan and women employability. Thirdly, it includes conceptual framework of the study.

#### **2.1 Microfinance Institutions**

Microfinance is a special financial program that provides small loans to poor people who cannot access to the traditional bank loans (UNDP, 1993) and introduce them to the small-enterprise sector, which is based on the availability of loans.

Microfinance as a concept is defined as the development tool which grants or facilitates various financial products and services to small business and individuals to help them be able to grow in business and improving their lifestyles. These services and products include the following small loans, micro insurance, money transfer, micro-leasing and savings. The micro finance operates usually in developing countries where they provide banking services to SMEs which are unable to other sources for financial assistance (Robinson, 1998).

Microfinance is used as a solution to poverty alleviation, changing the situation in the family and community, particularly for poor women in rural areas (ESCAP, 1995 and 1996). Microfinance programs are taking the vehicles for reaching the poor women with appropriate supporting programs, which access the rural poor people with a group-based lending method that members are collectively guaranteed loan repayment within the group.

Microfinance Institutions (MFI) is a type of financial institution that offers financial service to the low-income peoples, unemployed or group of peoples who have no access to financial services of commercial banks. It is a modern tool that is used almost everywhere to fight poverty, make awareness and empower women that results unsustainable development (Perways A., and P. Krishna M., 2017). Microfinance' history

is often related to the introduction of non-governmentally owned institutions that provide the service of micro-credit to the active poor community. Standards started to rise calling stronger financial management to the providers of small credits in the early 1990s particularly in their behavior of reporting and management. Credit unions and formal financial institutions like banks involved stronger monitoring techniques of micro lending for their microcredit jobs (Ledgerwood, 1998).

Microfinance is related to a group of financial service innovations under the term microfinance, according to microfinance it is micro savings, money transfer and micro insurance (Islam, Mohd. Najmul, 2013). According to the conceptual framework of MFIs by Zeller and Meyer (2002) which summarize the paradigm shifts, strategies and developmental practice in the 1990s led the recognition of the three most important policy objectives of MFIs; outreach, financial sustainability, and welfare impact. Zeller and Meyer have further discussed the paradigm shift about the policies of financial sector development in which much of this can go back to the recent success of a few MFIs and failures of the traditional small farmer credit paradigm. The past four decades policymakers wanted to limit the gap between the access to financial service and its demand through different interventions albeit with mixed success. Many different scholars argued how to evaluate the performance of MFI but Zeller and Mayer introduced the critical triangle of MFIs out of the objectives of MFIs that are; outreach, financial sustainability, and welfare impact for the evaluation of the performance of MFIs.

Microfinance programs targeting the poor women have been a welcome corrective to previous neglect of women's productive role. In many third world countries, women are primary victims of discrimination, exclusion, poverty, illiteracy, family violence and armed conflict. Therefore, to promote the women situation is becoming important activities for the present world. Most of the United Nations organizations and other similar organizations ensure that women, particularly poor women, are able to exercise their right to access social as well as financial services and to fully benefit from them. Microfinance is considerable initiative, increases the women's income and improves their status in the family and community, particularly after a series of loans (Mayoux, 1997).

In the late 1970s, some highly inventive non-profit agencies and banks invented techniques to issue loans to the self-employed and those who lack access to loans as well. Ten years ago, credit programs were developed to include client training and marketing

services. Today, Microfinance Institutions are different from other development activities by providing financial and technique approach to the poor. Microfinance programs have removed the conventional misconceptions regarding the "bank ability" of the poor and also demonstrated that "financial technologies" are capable of efficiently bringing quality financial services within the reach of poor household and introduced the effective saving mobilizing schemes (Raman, 1997).

Microfinance has been defined by CGAP as “The provision of financial services to low-income people”. The term microfinance does not only mean the extension of small loans to disadvantaged people, it further includes different types of small products and financial services such as saving, insurance, micro leasing. The term microfinance has its root in microcredit which has been evolved in latest decades, it is considered to be one of the new tools used for poverty and unemployment mitigation in various developed and developing countries.

## **2.2 Women Employability**

Development economists have long agreed that access to finance plays an essential role in the process of reducing the inequality in income distribution, enhancing the household income and employment of the poor and hardcore poor households all over the world. The poor and hardcore poor households commonly have little or no land, little education, no specialized skills and almost zero working capital. The group based microcredit program provides small amount of credit as working capital and training the poor and hardcore poor households, which all together contributes to both self and wage employment (Neill et al., 1994).

Since the early 1980's the number of female headed households has been growing as male partners are permanently absent due to separation by death or temporarily absent due to labor migration. Especially in rural area women are legally single, divorced or widowed (Moser, 1993; Wee and Heyzer, 1995).

Employability is commonly defined as the combination of factors and processes that enable people to progress toward or find employment, to remain employed, and/or to advance in the workplace and as such employability emphasizes an individual's skills and skill development. The popularity of this concept has grown as global business has moved away from a workforce based on long-term tenure in favor of shorter-term, transitory

arrangements. The employment trend today is that employees usually stay a few years at a job in contrast to past generations in which employees used to spend entire careers with one company. In addition, employability represents a conceptual and policy shift away. Women have to face with double work in daily life. Although they are in a subordinate situation, women are important to society because their contribution plays a major role in production. (Howard, 1996)

It is very essential to know the effect of microfinance over women employability and for that it is necessary to investigate this impact with the help of some economic, social and political indicators, these indicators are used mostly by researchers to identify whether the microfinance has really helped in making some positive changes in the life of women households or not. Microfinance programme generates employment, reduces poverty and empower the women participants of the programme. The MFIs may play an important role to reach the poor especially in those areas where bank branch network has not reached. (Ahmad, 1999)

The increase of labor force participation of the women, which is one of the most important components of development, economic growth and fight against unemployment, is one of the highest priority targets of employment policy in any countries. According to the World Bank (2017), difficulties in access to credit, lengthy and complicated procedures business startup procedures, and lack of technical and financial support represent major challenges hindering the growth of SMEs. Governments take measures to promote the fulfillment of girls' and women's potential through education, skills development and the eradication of illiteracy for all girls and women without discrimination of any kind, giving paramount importance to the elimination of poverty and ill health. In additions, governments and microfinance provides loans for women who could not get formal loans.

Microfinance Institutions help toward economic development of low-income communities by providing sustainable financial services and loans. Microfinance group forming was recognized as an important mean to meet the specific needs of women. (ILO, 2018)

Key strategies of Microfinance programs simultaneously address both poverty alleviation and women's employability. Consequently, expansions of microenterprise can create potential impacts. Increase in women's income levels and control over income leading to greater levels of economic independence. Access to Microfinance networks

and markets giving wider experience of the world outside the home, access to information and possibilities for development.

These can create employment opportunities, engage women in economically productive activities, and significantly increase women's security, autonomy, self-confidence and status within the family and community. There are many reports of improving the economic assets of poor women who have shown considerable initiative as a means of enhancing their socio-economy, increasing their income and improving their status in the family and community, particularly after a series of loans (Mayoux, 1997).

The industry of microfinance faces a lot of difficulties and obstacles especially with women clients. Many challenges have been reported in different studies conducted by the Social Fund for Development and other gender studies. The researcher further adds his own point of view to these challenges.

There are major challenges while supporting women employability. The existence of very conservative lending practices which hinders the possibility of women to obtain loans and contribute to the improvement of their household standards of living. The demand for collaterals and guarantees for loans extension hampers the development of the home based conventional activities and restrict the growth of business.

The religious attitude towards conventional lending limits the possibility of women to apply for loans from microfinance institutions. The negative perceptions of the society's members especially in northern and middle cities against women who want to start their own businesses restrict and demotivate them to apply for loans. The lacks of marketing skills, knowledge about the market and marketing activities lead to losing the amount invested in the enterprise.

Absence of proper technical training and support to women making them rely mainly on their relatives or experts in the field. The extension of very small loans does not really serve the purpose of the women clients especially if it needs long period of time to graduate from one loan to another. The very high interest rate creates fear in women regarding the ability to repay it back which lead to not applying for the loan. Shortage in the innovation and availability of repetition of products and services in microfinance institutions result in freezing of the micro finance market.

The graduation of loan level from one to other is very slow. The fear of women to take responsibility of business frustrates women to get rid of microfinance idea. No enough knowledge or awareness among women about resource management budgeting control and other commercial functions available. Lack of innovations in Microfinance as no new products and services developed to meet women's needs (World Bank, 2013).

### **2.3 Characteristics of Microfinance Loan**

A number of studies are conducted on women employability and microfinance. These studies covered a wide spectrum of issues related to the aspect of women employability through microfinance. The main objectives of the microfinance are to improve the employability of the women. In order to achieve its objectives, the characteristics of microfinance become essentials.

#### **2.3.1 Loan Amount**

Strong appeal of microfinance is the success of achieving high repayment records. From an historical perspective this is not surprising. After all, modern microfinance was born as a response to the frustrated development resulting from subsidized rural credit in the 1950s-1980s. For example, Hulme and Mosley (1997) report default rates of up to half the loan amount on small loans in Indian state banks in the late 1980's. In addition to the use of group collateral (Ghatak and Guinnane, 1999) and dynamic incentives like sequential loans (Aghion and Morduch, 2003), the targeting of women has been put forward as a main determinant of microcredit repayment.

#### **2.3.2 Loan Terms**

How loan repayment is structured is of central importance to both borrowers and lenders. Loan terms describe the process of loan repayment in terms of price and time. The terms of a loan are time elements, duration of loan contract, repayment intervals, grace period (time between loan disbursement and first repayment). Price elements are interest payments, amount of forced savings, fees and commissions.

The loan terms determine both the yield on an MFI's portfolio and the real cost to the borrower. One of the most critical elements is the amount and structure of interest payments. As is demonstrated below, a quoted interest rate of 3%, for example, may

generate dramatically different levels of interest income depending on how interest payments are calculated. There are standardized loan types offered by most microfinance institutions as follow:

**Table (2.1) Loan Products, Terms and Interest Rate**

<b>Product</b>	<b>Purpose</b>	<b>Terms</b>	<b>Interest rate</b>
Income Generation Loan (IGL)	Income generation, assets development	50 weeks loan paid weekly	12.5% (Flat) 24% (effective)
Mid-Term Loan (MTL)	Same as IGL, available at middle (week 25) of IGL	50 weeks loan paid weekly	12.5% (Flat) 24% (effective)
Emergency Loan (EL)	All emergencies such as health, funerals, hospitalization	20 weeks loan	0% Interest free
Individual Loan (IL)	Income generation, asset development	1-2 years loan repaid monthly	11% (Flat) 23% (effective)

Source: Harper (2002)

The Income Generating Loan (IGL) is used for a variety of activities that generate income for their families. Clients submit a loan application and based on approval receive the loan after one week. Loans are paid in 50 equal, weekly installments. After completion of a loan cycle, the client can submit a loan application for a future loan. The approach with smaller short-term loan is to avoid long-term economic problems with bigger loans.

The Mid Term Loan (MTL) is available to clients after 25 weeks of repaying their IGL loan. A client is eligible for a MTL if the client has not taken the maximum amount of the IGL. The residual amount can be taken as a MTL. The terms and conditions of the MTL are otherwise exactly the same as IGL.

The Emergency Loan (EL) is available to all clients over the course of a fiscal year. The loan is interest free and the amount and repayment terms are agreed upon by the MFI and the client on a case by case basis. The amount is small compared to the income generating products and is only given in times of dire need to meet expenses such as funerals, hospital admissions, prenatal care and other crisis situations.

The Individual Loan (IL) is designed for clients and non clients that have specific needs beyond the group lending model. Loans are given to an individual outside of the group lending process. Amounts are typically higher than that of the income generating loan and repayments are less frequent. Applicants must complete a strict business appraisal process and have both collateral and a guarantor.

### **2.3.3 Loan Process**

Harper (2006) defines process as a series of actions which are carried out in order to achieve a particular process. MFI Loan application process comprises a set of conditions to be fulfilled before accessing microfinance loans. Loan process is completed by three separate pools. A pool represents a participant in the process. A participant can be a specific business entity (e.g., a company) or can be a more general business role (e.g., a buyer, seller, or manufacturer). Graphically, a pool is a container for partitioning a process from other pools, when modeling business-to-business situations, although a pool need not have any internal details (i.e., it can be a "black box"). In the first pool, the microfinance's client is modeled and the process of various loan applications is formatted. In the second pool, the microfinance System pool, the loan application processing and approval procedure is designed. The orchestration pool acts as a central management entity of all other pools, made up of those responsible for the overall organization and communication. In the third pool, employee pool, the microfinance employee responsible for the approval phased is modeled. Viewing lending methodologies as a process or a system of processes would help MFIs achieving both their social and financial objectives. The organization performance significantly relies on the efficiency of its business processes. A process is defined as some interrelated or interacting activities that convert inputs into outputs. When it is managed successfully; the process can increase productivity, efficiency, profitability, and customer's satisfaction. However, an inadequate process may lead to numerous problems.

Business dictionary (2011) defines loan process as entire sequence of steps, from the time a loan application is received (or a loan offer is accepted) to the time loan is closed, the loan proceeds are disbursed, and the aggregate amount (principal plus interest) is placed on the lender's books as an asset. As for Farlex (2011) loan application process means the creation and transmittal of all information a lender might find necessary to assist it in reaching a decision to loan money to a borrower or not. At a minimum, the

process usually consists of a list of assets and liabilities, Current cash flows showing a present ability to repay the loan, or pro forma projections showing future income sufficient to repay the loan, such as if the loan proceeds will be used to buy income-producing property and a Social Security number and present address so that the lender can obtain a credit score.

A firm's credit policy may be lenient or stringent. In the case of a lenient policy, the firm lends liberally even to those whose credit worthiness is questionable. With the stringent credit policy, credit is restricted to carefully determined customers through credit appraisal system. This minimizes costs and losses from bad debts but might reduce revenue earning from loans, profitability and cash flow (Payle1997). Greuning et al (1999) observe that the lending policy should be in line with the overall bank strategy and the factors considered in designing a lending policy should include; the existing credit policy, industry norms, general economic condition and the prevailing economic climate

Customer satisfaction results in designing appropriate products and services and in the efficiency and effectiveness of the processes creating them. Improving MF processes can help the MFIs achieving such objectives and manage the risks derived from their operations.

#### **2.3.4 Saving Amount**

Microfinance's products were very limited to simplify management for field staff, generate predictable cash flows for programme managers, and be comprehensible to clients. Many programmes had only one loan product, with compulsory savings as a condition for accessing loans. Badly designed savings products, particularly compulsory savings, may thus harm women's ability to increase profits and, among very poor women, their nutrition and health. Savings facilities may increase women's control of household income, but, as mentioned, when savings are regarded as 'a women's affair', men's sense of responsibility for the household may decline. (Cheston,2006).

In designing savings facilities, a number of key issues must be considered, including whether savings are compulsory or voluntary, the level of initial deposit required, ease of withdrawal, confidentiality, accessibility of the provider, and interest rates. All of these have gender dimensions, and it is likely that many women will require a range of different types of savings provision. For example, compulsory savings systems

are one of the few ways for some women to protect income against the demands of husbands and other family members. If savings are only voluntary, women may be less able to oppose the demands of other family members to withdraw them. At the same time, they are likely to need some access to liquid cash for emergencies from a provider who is easily accessible. In many parts of Africa, for example, where in-laws are likely to take the wife's as well as the husband's property when he dies, women's ability to have confidential savings accounts may be a crucial and necessary means of security for the future. Confidentiality may also be important to avoid witchcraft or the jealousy of other women. On the other hand, public knowledge of savings may in some circumstances increase social status and access to credit. (Lacoste, 2001)

The most important financing mechanisms for full-fledged financial intermediaries and savings-driven financial institutions are deposits. Three types of deposits can be distinguished compulsory or forced savings, wholesale deposits of large; and certificates of deposits and small and micro savings such as demand accounts and passbook saving.

Many MFIs have experimented with compulsory customers that particularly use time deposits savings as collateral substitutes and as an instrument to instill thriftiness and discipline among their clientele (Wright et al. 1997). Deposit facilities are an independent financial service that is appreciated particularly among low-income clients that seek secure and liquid deposit facilities.

### **2.3.5 Interest Rate of Loan**

Interest rates refer to an amount that one pays for money or an asset borrowed (Crowley, 2007). Interest rates are paid to the lender for any loss of value that the lender may have incurred from lending out his asset. There are different types of interest rates charged. It is the fee accrued from borrowing an asset. Fisher (1930) considered the interest rate to be the price of money which arises from the link between income and the capital. He went further to define interest rate as being the cost of money or of a percentage of a premium which is paid out for money that is to be returned on a future date. This means we can consider interest rates to be interest charged on loans that the lender gets from lending out his funds. These definitions are all in line with definitions by Lloyd (2006) and McConnell (2009) that collaborate with the above definitions.

According to Lloyd (2006), he asserts that interest rates influence a lot factors and are the most crucial variable in macroeconomics. In a study by Gardner and Cooperman (2005), they found out that price changes are anticipated and are inevitable in the world due to these expected change in prices ; therefore money loaned out must have an increased price on it so as to prevent loss of value to owner. According to Cargill (1991), he asserts that interest rates represent a composition of the loss in value for some loaned out money and it protects the owner of the money from loss through inflation and the risk of defaulter, which he is exposed to within the loan period. Many borrowers use microfinance loans to seed their small entrepreneurial businesses. However, high interest rates charged by microfinance institutions (MFIs) are likely to increase the financial burden of those borrowers. Other critics argue that the excessively high interest rates could create debt traps for the poor (Taylor, 2011) and undermine the important role of MFIs in providing opportunities for small entrepreneurs.

Interestingly, although practitioners have raised many questions regarding how MFIs set their interest rates on microloans, researchers have not devoted adequate effort to examine this issue, which is essential to reducing the financial burden of the poor at the bottom of the pyramid around the world. Given the relationship between high interest rates and financial burdens on borrowers (Yunus, 2007), MFIs should create a way to lower the interest rate while they maintain financial sustainability to achieve both social and economic goals.

### **2.3.6 Repayment Frequency**

Microfinance provides very small short-term loans for 12 months. A series of these loans are renewed on the basis of the borrower's to repayment record. The repayment frequency varies from weekly to monthly. Empirical studies show that high rate of repayment is attributing to the informal participatory structure, which creates an atmosphere in which debtors respect their obligations (UN report, 1996).

### **2.3.7 Saving Interest of Saving**

Most Microfinance institutions offer the interest rate on compulsory and voluntary savings less than 14% per year. All clients earn interest on mandatory and voluntary

savings accounts. The savings account yields interest of 1% per month, un compounded, and is avail-able to the client for withdrawal at any time after the end of the loan.

### **2.3.8 Previous Studies of Women Employability**

This study was based on the five previous researches. By referring those previous studies, the conceptual framework of this study was developed. There are many influencing factors that could affect the women employability. Among those various factors, this study only focuses the facts that are measured in five previous researches. Sherraden (2005) found that other services like advisory, insurance, savings, asset financing and that women entrepreneurs can be given by the MFIs to help them achieve economic empowerment and women employability.

Nycander (2008) initiated an experimental research project of providing credit to the rural poor. He gave a small loan of 856 taka (\$27) from his pocket to 42 poor women bamboo weavers and found that the small loan or loan amount radically changed the lives of these people and they were able to pay back the loan with interest. In additions, Noreen (2011) concluded that women employability was significantly influenced by loan interest rate and repayment frequency and those were statistically significant. Another conclusion was made that the economic determinant loan amount also contributed to the women employability at household level.

According to Asamoah (2011), micro credit saving has positive implications on respondent's economic empowerment and women employability. It helps them to increase and sustain their working capital. It enables them to purchase more raw materials and goods for increased production, as well as to expand their options and choices regarding their business. It also helped them to increase saving capacity. He found that all these factors affect on women employability. According to Gnawali (2018), his study is based on primary data through self administered questionnaire to the women of Butwal Sub-Municipality. He found that loan terms and loan process affect on women employability.

## **2.4 Conceptual Framework**

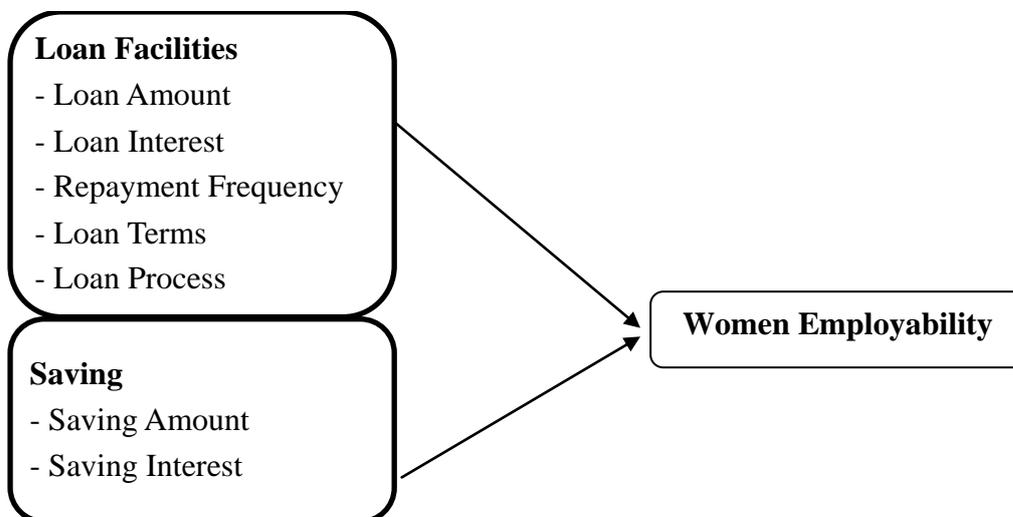
According to theoretical framework of previous studies, there are many factors that lead to women employability. By studying previous studies, Sherraden (2005) proved that saving could increase the women employability and Asamoah (2011) also proved this

finding. Nycander (2008) found that loan amount significantly affect on employability. In additions, Noreen (2011) concluded that women employability was significantly influenced by loan interest rate and repayment frequency. In the last study written by Gnawali (2018), it stated that loan terms and loan process affect on women employability.

The conceptual framework for this study was based on the above previous five papers. In this study, the independent variable consists of loan facilities and savings while the dependent variable is the women employability that indicates the improvement in women employability by financial services of MBR Co., Ltd. The conceptual framework of the study is presented in Figure (2.1).

**Figure (2.1) Conceptual Framework**

**Independence Factors**



Source: Adapted from Gnawali (2018)

Independent variables of loan facilities are measured by loan amount, interest, repayment frequency; loan terms, loan process and saving are measured by (saving amount and interest. This conceptual framework is used to explore the major influencing factors on credit loans of Myanmar Business Resource (MBR) towards women employability. In this study, frequency and mean value are calculated from the data by collecting 5-point likert scales questionnaire from 138 clients in Hlaing Myo Ma Market. Then to analyze the effect of microfinance on women employability, data are interpreted by multiple regressions in SPSS version 22.

## **CHAPTER (3)**

### **MICROFINANCE PRACTICES OF MYANMAR BUSINESS RESOURCE CO., LTD**

This chapter presents the background information of the microfinance practices of Myanmar Business Resource Co., Ltd. There are three sections in this chapter. They are Profile of MBR Co., Ltd., Specification and Procedure for Loan Application and Term and Condition of Loan Services.

#### **3.1 Profile of MBR Co., Ltd**

Myanmar Business Resource Company Ltd is subsidized of Myanmar Business Executives Association (MBE). Myanmar Business Resources Co., Ltd has two branches. They are situated in Kamaryut Twonship and Hlaing Township. MBR Co., Ltd (Kamaryut Township Branch) was registered at the place of No.508, 5 floor, San Yeik Nyein Gamond Pwint, Insein Road, Kamaryut Township in Yangon. It was established in the year 2012 with the initial investment of MMK 7.83 million and with the 600 numbers. Hlaing Township Ward registered at the place of No.15/E, 1<sup>st</sup> Floor, Aungmyitar Street in Hlaing Township. It was established in the same year with the initial investment of MMK 4.57 million and with the 250 numbers.

Myanmar Business Resource Co., Ltd's mission is to support the income generating potential of local grassroots families especially who ate working or potential for a living in a quickly growing suburb area which is neighborhood of the major city. Depth of outreach or reaching the very poorest segments of the population as possible is the primary goals of Myanmar Business Resource Co., Ltd.

Myanmar Business Resources Co., Ltd sets its clear vision that is “to build well-being society through providing financial service to the grassroots people.” Allowing using to financial services can smooth unpredictable periods of income and consumption, and provide safekeeping and returns on excess cash. Financial intermediaries can reduce the transaction costs by matching savers and borrowers within a given market. In order to

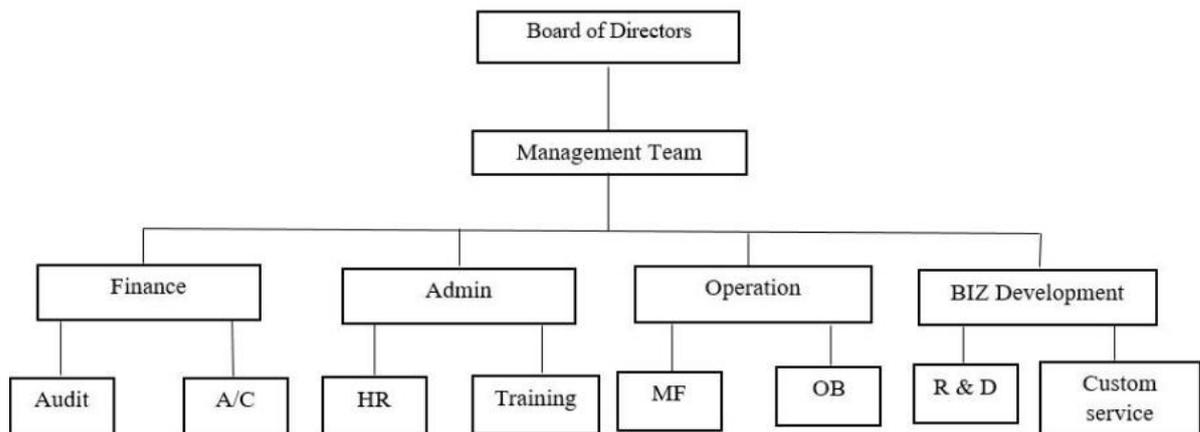
best help the poor respond to these economic opportunities and stock, saving and credit services must be permanent, convenient and accessible. To do that MBR Co., Ltd has a vision to outreach as possible as it can while getting financial sustainability for long term service.

The objective of Myanmar Business Resource (MBR) is to lend the poor people with low interest rate while encouraging with saving culture on daily weekly and monthly basic. For acknowledging it, MBR Co., Ltd reimburses their clients with providing some amount of money for the health of the members, providing money for the education of members' children.

### 3.2 Organization Structure of MBR Co., Ltd

Myanmar Business Resource Co., Ltd head office is organized with four major departments in its organization. We are operating five townships in Yangon region and preparing some townships in another States and Regions. Figure (3.1) illustrates the organization structure of a MBR Co., Ltd.

**Figure (3.1) Organizational Structure of MBR Co., Ltd**



Source: MBR Co., Ltd (2019)

According to Figure (3.1), Myanmar Business Resource (MBR) has four main departments under management team namely Finance, Admin, Operation and Business development. Under Finance department, there are two sections called Audit and Account. Human resource and Training sections are under Admin department.

Microfinance and Other Businesses units are put under Operation. The last department, Business development, has Research and development and Custom service units.

Under the Operation Department, leader is mainly responsible person not only for the whole organization but also for training to the potential client who are organized by field officers. Field officers task the responsibilities of controlling the clients not to be misuse of the loans. According to route plan, they make frequent visits to the clients' places; take for intimacy with the client's families. The other regular task is to make day to day collection activities together with monitoring in Microloan expenditures (ME) cases. Organizer is also known as a trainer. He /She assists the leader in organizing new member and providing training to the effective use of microloan expenditures. He / she has to encourage the clients to pay repayment regularly.

Most clients are illiterate people. So that microfinance institutions officer to explain their clients about loans using specific lending technologies, or methodologies. These processes by which loans are delivered, aim to increase the value of the product to the client, while simultaneously decreasing the risk and the costs to the institution. MFIs have accumulated strong experience in various methodologies, and there are as many methodologies and adaptation as microcredit operations. Effective methodologies have three things in common: they adhere to basic micro lending principle, they adapt to fit the customers' preferences and they are suited to the capabilities of the institution to manage the products and services.

### **3.3 Specification and Procedure for Loan Application**

Poor and low income people use microfinance services to manage the cash and other assets of their households and businesses. MBR Co., LTD is also a business organization. It needs to organize members to borrow from company. To carry out microfinance business, the first step is to target region. Normally, it starts from the region where the office based and then extends to nearby area. The following steps are involved to carry out in organizing the new members.

Members are normally the very poor who are not able to provide collateral and also roe the sake of ensuring repayment of the loans. As mentioned in above, the first step is selecting the region for microfinance. For doing this, company authorizes have to meet

with local authorities explaining microfinance support to the grassroots people in that region. As most of its clients are illiterate and assorted, it also holds mandatory literacy classes for them. MBR also has big personnel and administration costs. Field staff managers must perform village or township surveys before entering a village or township, conduct interviews with potential borrowers, educate the borrowers in credit discipline, travel to the villages or township every week to collect interest and distribute loans and control that the loans are being used for the given purpose. For one training section, it is set for maximum number of 25 potential clients because most illiterate clients could not be able to concentrate into the learning.

To become a member, company set borrower criteria. They are low income people, age between 18 to 60 years old, one person from a family, resident in the respected township, permission from family, and a healthy person. If this person shows his interest to borrow money from MBR Organization, he has to find another 4 persons who possess the same criteria to forming a peer group with 5 persons are interested the MBR, which is called SHG. And then, member has to transact business and manage own small business. He or she also has participated in training function.

MBR asks for only few documents such as copy of national registration card, 2 passport photos, family member registration card and loan form. If the clients meet all the requirements, the process will take between 30 days or 45 days for granting the loan.

Self Help group (SHG) takes important key to success role in microcredit business. Members of Self Help Group (SHG) in MBR Co., Ltd composed with small size (3-5 persons) who is voluntary membership and a small group of self-selected borrowers. Reciprocally, each member has to recommend for the repayment on a loan on each other. The group members mutually guarantee each other's loans and are held legally responsible in case of default by other members as well as all members have to sign and put the thumbprint on the agreement or loan application form to offer a collective guarantee.

Chartered leader and another one secretary are required and it promotes a chance to everyone to become a leader in its group. Each group contains five members. MBR Co., Ltd Hlaing Branch currently has total 921 members of clients.

Now, this peer group can borrow loans from MBR Co., Ltd all branches under the umbrella of Myanmar Business Resource Microfinance and to begin after obtaining a loan. Field Officer or Leader might reduce the loan amount if he finds out the proposed plan is poor to implement. A member has to pay services charges (2% of Loan Amount). Every member has a passbook and no further payment on it.

Any member has a pass book which contains withdrawal, saving, and month to month transaction of a member. Any transaction is written down so that both side can be informed and confirmed in anytime. Normally it is listed almost every day if the client took loans, record passbook is kept at the office place rather than client's hand according to the desired of client.

### **3.4 Term and Condition of Loan Services**

There are various types of term and condition in microfinance industry, which may be changed by internal policy of Microfinance institutions. MBR has two kinds of term and condition. They are types of loan and type of saving.

#### **3.4.1 Types of Loan in MBR Co., Ltd**

Although there are three types of loans usually offered by MFIs, MBR offers only two types of loan products. They are normal loan and special loan.

##### **(a) Normal (regular) Loans**

This type of loan made to permanent members of Microfinance Branches and the rate of interest is 2.5% per month. The amounts of loan are Kyats 2lakhs, 2.5 lakhs, 3 lakhs, which are allowed step by step. Normal loans with 3 months (twice a month) maturity offer to SHG members of excellent repayment position at maximum amount (kyat 300000) of normal (regular) loan.

##### **(b) Special Loans**

Special loan is not issued to individual members. The amount of loan issues is Kyat 2 lakhs, 3 lakhs, up to 5 lakhs Kyats which are allowed step by step on the basis. Interest rate is 2.5% per month. Repayment scheme for special loans is specified 6 times

on monthly basis within the 6 month maturity during 1-5 days of respective month. Monthly repayment has to be collected altogether likes as principal and interest within the two years of establishment if MFI any delinquency or loss of loan have not been experienced.

### **3.4.2 Interest Rate**

Interest rates are the primary drivers of financial institutions' financial performance. Although MFI interest rates are lower than in informal finance, they are considered too high with regard to poor clients. From the ethical point of view, high rates undermine the social acceptance of microfinance, generating the disapproval of international political leaders. Government issues the policy about interest rate not more than 2.5% per month and not more than 30% per year. Thus, MBR takes only 2.5% for all loan amounts and it does not relate to repayment frequency. In additions, clients need to pay on the monthly basis. When the interest is not paid on time by customers, MBR takes 1% fine on the remaining loan amount compounded daily.

### **3.4.3 Repayment Frequency**

The loan installment repayment is daily basis and monthly basis. MBR Co., Ltd North Dagon Branch held the loan disbursement meeting for each group at the time of loan disbursed. The meetings also provide self-esteem building activities and discipline enforcement. If the members cannot attend the loan disbursement meeting, absentee can give installment repayment and regular saving through the group leader. All the group members have to attend the loans application and disbursement meetings: and a special group meeting.

All clients have to follow the rules and regulations of their group leaders. Never permit to substitute with others on behalf of her attendance the loan Disbursement meetings. If one of the group members is absence without informing to the group leader, the meeting for loans distribution is not held and the meeting date is moved until all members can attend the meeting. Retail collections are recorded in the day book. Every member has a total collection statement sheet prepared by account of the MBR Co., Ltd (Hlaing Branch). Every transaction make entry in the save box register.

#### **3.4.4 Types of Saving in MBR Co., Ltd**

In Yangon division, among 83 microfinance firms, 13 microfinance firms offer savings while others do not accept savings except compulsory saving. In order to help the poor people, MBR offers compulsory saving and credit services to most clients convenient and accessible.

For self-help group (SHG) members there are two types of saving. They are compulsory saving and voluntary saving. Compulsory saving is collected from members and the amount must be saved 5% of loan amount. It is defined by MFI. It is to be collected together with loan repayment within the specified maturity. These saving are collateral and secure of loan and it can be used as a lending loan to members like a bank. Interest is paid with 1.25% per month on compulsory.

##### **Compulsory Saving**

One of the objectives of MFI is to encourage saving habit among the poor people. For any loan had been made. There has a scheme for compulsory saving. MBR Co., Ltd sets compulsory saving amount for one cycle lending period already workout depend upon credit loan amount.

Compulsory saving is not allowed to be withdrawn unless SHG members wish to design from the Branch and pays off the total loans and it is not a guarantor of any loan. To design from the membership of MBR Co., Ltd in Branch be used to submit it a resignation from one month prior to the cash withdrawal date. According to Ministry of Planning and Finance of Myanmar, the government cut the maximum lending rate from 30 percent to 28 percent per year. It also cut the minimum that MFIs must pay on compulsory savings from 15 percent to 14 percent per year. The minimum rate on voluntary savings remains unchanged at 10 percent.

**CHAPTER (4)**  
**THE EFFECT OF LOANS PROVIDED**  
**BY MYANMAR BUSINESS RESOURCE (MBR)**  
**ON WOMEN EMPLOYABILITY**

This chapter consists of two sections. Firstly, profile of the respondents is presented in frequency and percentage. Secondly, effects of loans on women employability are presented based on the survey data. Finally, this study analyzes the effects of loan facility and saving of MBR on women employability by multiple regression result.

**4.1 Research Design**

This study aims to focus on qualitative research as microfinance and women employability are wide-ranging disciplines with a range of interpretations. Therefore, a qualitative analysis would ensure a thorough understanding of the subject matter. In this study, to collect the primary data, the structured questionnaire is used to collect from 138 women clients in Hlaing Township especially in Hlaing township market. Interview techniques is used to collect the primary data. In the structured questionnaire, there are two parts. First part includes profile of the respondents perception of women clients on loan provided by MBR. The findings in first part are presented in frequency and percentage. Second part of the questionnaire includes five point likert scale questions. For second part, the findings are presented by mean score. If the mean score is greater than 3.0, the respondents have the positive perception towards the service while if the score is less than 3.0, the respondents have the negative perception towards the services. The collected data are then interpreted in SPSS version 22.

**4.2 Profile of the Respondents**

To analyze the profile of the respondents, demographic characteristics, such as age, education level, occupation, organization type, information source and previous experience about the public liability insurance. This is very important for MBR when

considering the new services and promotions to support more women employability and market share.

#### 4.2.1 Age of the Respondents

Table (4.1) shows the age of the respondents by number of respondents and their relevant percent. There are six age categories in the questionnaire. The following table is made based on the survey data.

**Table (4.1) Age of the Respondents**

Age	No. of Respondents	Percentage
25 or younger	36	26.1
26-35 years	39	28.3
36-45 years	29	21.0
46-55 years	28	20.3
Older than 55 years	5	4.3
Total	138	100.0

Source: Survey Data, 2019

According to Table (4.1) most respondents are between 26 and 35 years old and they represent the largest group by 28.3 percent of the respondents. The second largest group is 25 or younger old and representing 26.1 percent of the respondents. 36-45 years old group is the 21 percent and 46-55 years old group is the 20.3 percent of the respondents. Older than 55 years is smallest group in the respondents and represents just 4.3 percent of the total respondents.

#### 4.2.2 Education level of the Respondents

Education levels of the respondents are important for the microfinance business. Education levels could affect the perceptions of the respondents towards the services of the microfinance. Table (4.2) presents the education levels of the respondents.

**Table (4.2) Education Level of the Respondents**

<b>Education Level</b>	<b>No. of Respondents</b>	<b>Percentage</b>
High school	12	9
Others	126	91
Total	138	100.0

Source: Survey Data, 2019

According to the Table (4.2) among 138 respondents, 91 percent of the respondents are included in Other group and most of the respondents do not have formal education qualification and remaining finished middle school. Among other group, most of the clients just could read and write while remaining is illiterate. Only small number of respondents attended high school. It is found that most of the respondents do not have high level of education since most of the respondents are general workers or retailers at the street markets.

#### **4.2.3 Marital Status of the Respondents**

Marital status of the respondents is important for the microfinance business. Marital status could affect the perceptions of the respondents towards the services of the microfinance. Table (4.3) present the marital status of the respondents.

**Table (4.3) Marital Status of the Respondents**

<b>Marital Status</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Single	20	14.5
Married	118	85.5
Total	138	100.0

Source: Survey Data, 2019

According to the Table (4.3), among 138 respondents, 85.5 percent of the respondents are married and they contribute the largest portion. Others are single and they are 14.5 percent of the respondents. It is found that most of the people took loans from MBR Co. ltd are married people.

#### 4.2.4 Borrowing Experience of the Respondents

In this study, respondents are asked about how long they are dealing with MBR is asked and the findings are presented in Table (4.4).

**Table (4.4) Experience of the Respondents**

<b>Experience</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Below 1 year	60	43.5
1 ~ 5 years	78	56.5
Total	138	100.0

Source: Survey Data, 2019

According to the Table (4.4) among 138 respondents, 56.5 percent of the respondents are 1-5 years experience with MBR and they contribute the largest portion. Others are below 1 year and they are 43.5 percent of the respondents. It is found that most of the clients are dealing with MBR for a long time and they completed many loan cycles.

#### 4.3 Analysis of MBR Loan Services

In this study, customer perceptions towards MBR loan facility that could affect on the women employability is analyzed by using the structured questionnaire. In order to find out the influencing factors, five-point Likert scale (1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree) is used in the structured questionnaire.

##### 4.3.1 Customer Perception on Loan Amount

Loan amount is very important for the clients while they consider the selection of microfinance institutions. Clients usually look for the loan amount in order to establish their businesses. In this study, 138 customers are surveyed. Mean scores for each question are calculated and the results are shown in Table (4.5).

**Table (4.5) Loan Amount**

<b>Sr.No</b>	<b>Loan Amount</b>	<b>Mean Score</b>
1.	I can get enough loans to establish my plan.	4.25
2.	Women are not limited the frequency and size of their loan applications	1.42
3.	Loan amount is very important factor for borrowers.	4.19
4.	Funds provided by the MBR are cover different needs by loan seeker	3.12
	<b>Overall Mean Score</b>	<b>3.25</b>

Source: Survey Data, 2019

According to Table (4.5), it is found that availability of loan amount is enough for most clients and is obtained the highest mean score 4.25 showing that most customers perceived well about it. Clients could establish well for the planned business with this loan amount. In additions, customers usually find out the loan amount and this factor got second largest mean score 4.19. They search for the loan amount policies thoroughly before they make the final decision. Many customers perceive that funds offered by MBR are moderately matched for their business since they could do their intended business. On the other hand, most borrowers stated that they do not get special offers for women since MBR do not have special programs for women borrowers. According to overall mean score, respondents are moderately satisfied on the loan amount factor as the whole.

#### **4.3.2 Customer Perception on Interest Rate**

Clients usually look for the interest rate before they take the loans. MBR needs to know the perceptions of the clients about the interest rate. There are four questions in this dimension and the results are shown in Table (4.6).

**Table (4.6) Interest Rate**

<b>Sr.No</b>	<b>Interest Rate</b>	<b>Mean Score</b>
1.	The rate of interest of MBR is reasonable	3.50
2.	I could pay the interest rate regularly.	3.25
3.	MBR's interest rate is lower than that of other financial services like bank.	4.30
4.	MBR interest rate is lower for women when compared with that of men.	1.30
	<b>Overall Mean Score</b>	3.09

Source: Survey Data, 2019

Regarding the interest rate, among four factors, most customers perceive that the interest rate of MBR is lower than that of other financial institutions. Thus, clients think the interest rate of MBR is reasonable for them. Many clients could pay the interest rate regularly since MBR offers reasonable interest rate for its products. But clients do not get special interest rate for women since women have to struggle for their family and they want to get special rate for women borrowers. This factor got only 1.30 mean score presenting that employees do not have positive feeling about it. According to overall mean score, clients are moderately satisfied with the interest rate of MBR.

#### **4.3.3 Customer Perception on Repayment Frequency**

Repayment frequency is the important thing for clients since they need to consider whether they could meet repayment frequency for the specific loans. MBR also needs to analyze whether their repayment frequency is reasonable for clients. The findings are presented in Table (4.7).

**Table (4.7) Repayment Frequency**

<b>Sr.No</b>	<b>Repayment Frequency</b>	<b>Mean Score</b>
1.	Repayment frequency is fair.	4.40
2.	MBR's repayment is based on the capacity of the borrower to earn enough to repay	4.40
3.	Company has various repayment schedules based on the capital.	4.30
4.	When I have problems, MBR is sympathetic and reassuring the repayment frequency.	4.50
	<b>Overall Mean Score</b>	4.41

Source: Survey Data, 2019

According to Table (4.7), it is found that all four factors get more than 3.0 mean score and most clients are satisfied with the repayment schedule. Among four factors, clients experience that MBR rules are flexible and they could negotiate repayment frequency and this factor got the highest mean score 4.41 for this dimension. In additions, clients feel that MBR repayment policy is fair and the policy is based on the repayment capability of the clients. Furthermore, customers are satisfied with the various repayment schedules offered by MBR. Overall mean score indicates that respondents are highly satisfied about existing loan repayment procedures.

#### **4.3.4 Customer Perception on Loan Terms**

Loan terms are very important for loan clients who take financing for their business. Microfinance institutions set different terms for their clients. Thus, clients have to find out which loan terms are good for them. MBR needs to find out the perception of the clients towards loan terms. The findings of the respondents are shown in Table (4.8).

**Table (4.8) Loan Terms**

<b>Sr.No</b>	<b>Loan Terms</b>	<b>Mean Score</b>
1.	MBR's loan terms are reasonable for me.	4.30
2.	Loan officers/lenders explain to me the terms and conditions of the loan thoroughly.	4.60
3.	The fees charged by MBR on the Microloan are reasonable for the services I receive.	4.40
4.	MBR loan terms do not encourage the customer to borrow more than their requirement.	4.30
5.	MBR makes customized loan terms according to borrower's situations.	4.20
	<b>Overall Mean Score</b>	4.38

Source: Survey Data, 2019

Regarding to the loan terms, respondents are satisfied with the thorough explanation of loan officers about the loan terms and conditions and this factor got the highest mean score 4.60. Because most of the respondents do not finish their education and they are not familiar with the financial policy and terms. Clients perceive that service charges are reasonable for the service they received. In additions, loan terms of MBR are well planned not to borrow more than they need. This could help borrowers not to take much money since some borrowers would like to take money as much as possible and it would lead to high burden for borrowers. Furthermore, clients are happy with the customized loan arrangements based on their situations. According to overall mean score, clients are satisfied with the loan terms of MBR.

#### **4.3.5 Customer Perception on Loan Process**

Easy loan process could persuade clients to take loans from the specific financial institution. If the loan process is difficult, clients would find the easier one. MBR needs to find out the perception levels of the clients towards its loan process. In this study, 4 questions are asked in order to explore the perceptions of the clients towards the loan process of MBR. The findings are shown in Table (4.9).

**Table (4.9) Loan Process**

<b>Sr.No</b>	<b>Loan Process</b>	<b>Mean Score</b>
1.	It is easy to apply the loan at MBR.	4.61
2.	The Microloan contract of MBR is understandable and clear.	4.20
3.	The procedure of obtaining loans from MBR is easier than conventional banking	4.55
4.	MBR do not ask many documents during loan applying process.	4.19
	<b>Overall Mean Score</b>	4.39

Source: Survey Data, 2019

Regarding the loan process, among four factors, most clients stated that the loan process is easy and this factor got the highest mean score 4.50 since MBR explains easy steps for borrowers to take loans. Clients acknowledge that the loan contract is understandable and clear. In additions, most clients feel the procedures of MBR are easier than those of conventional banking since MBR arranges easy steps to take the loan and do not ask for collateral and referrals. Furthermore, the documents required for loan process is not wide-ranging. Overall mean score indicates that respondents are highly satisfied about existing loan process of MBR.

#### **4.3.6 Customer Perception on Saving Amount**

Saving amount is very important for every people especially who are doing own business. People may need to expand their business or to use for the emergency case. Saving amount may be indicated whether people are doing well or not. MBR needs to find out its clients are doing well by studying saving amount. The findings are presented in Table (4.10).

**Table (4.10) Saving Amount**

<b>Sr.No</b>	<b>Saving Amount</b>	<b>Mean Score</b>
1.	I have saving account after I get loan and do businesses.	4.67
2.	Saving has increased after availing microfinance	4.43
3.	I have enough savings to educate all children in the household	4.13
4.	I save the profits to reinvest in a business	3.87
	<b>Overall Mean Score</b>	4.28

Source: Survey Data, 2019

According to Table (4.10), it is found that clients could open saving account and save money after they received the loan amount. It shows that clients could use the loan amount beneficially since MBR field officers educate borrowers regularly and make the field visit regularly. Thus, it is obtained the highest mean score 4.67 showing that most customers are happy about their saving ability. Moreover, clients answered that their saving has increased since they get the loan. MBR gives supports to its clients regularly so that clients could meet their objectives and return their debts according to the repayment schedules. Further, women are taught about financial usage in day to day business activities. Based on the findings, it could be said that most respondents are doing well after taking the loan as most clients save their profits to reinvest in the business. According to the overall mean score 4.28, saving levels of the clients are improving after they take loan from MBR.

#### **4.3.7 Customer Perception on Saving Interest**

People save their money for safety or saving interest. People usually look for the saving account types by studying the saving interest. MBR could learn whether its members have good perceptions towards its saving interest.

**Table (4.11) Saving Interest**

<b>Sr.No</b>	<b>Saving Interest</b>	<b>Mean Score</b>
1.	I get saving interest for my saving amount.	4.18
2.	I learn the types of accounts in order to get more saving interest.	2.40
3.	Saving interests are important for me.	2.07
	<b>Overall Mean Score</b>	2.88

Source: Survey Data, 2019

Regarding the saving interest, although most clients stated that they get saving account after registering microloan since MBR offers only compulsory saving for all clients, the saving interest rate is very low and those amount got as the saving interest is not much supportive for the clients. Moreover, clients could not save whatever they want since MBR only offers compulsory saving. Thus, clients do not rely on the saving interests and they do not have much knowledge about saving account types. According to the overall mean score, clients are not satisfied or do not have good perception about the saving interest.

#### **4.4 Analysis on Women Employability**

Empowerment of women is crucial for the emancipation of poverty and meaningful participation of entrepreneurship development. It is useful to find out women employability for MBR in order to learn whether its clients improve their career and life. The findings are shown in Table (4.12) .

**Table (4.12) Women Employability**

<b>Sr.No</b>	<b>Women Employability</b>	<b>Mean Score</b>
1.	Employment opportunities are now more after availing microfinance	4.51
2.	I could establish my plan after I got loans from microfinance.	4.49
3.	My business could cover loan interest.	4.46
4.	I am confident about myself.	4.41
5.	Trainings offered by MBI are very helpful for my work.	4.35
6.	Microfinance to women will help in removing unemployment among women	4.28
7.	I used to save my profits and expand the business.	4.29
	<b>Overall Mean Score</b>	4.40

Source: Survey Data, 2019

According to Table (4.12), it is found that clients have more employment opportunities after they received the loan amount. It shows that clients could establish their intended business when they get loans from MBR. In additions, by doing business, they could pay the loan interest regularly since they get enough revenues to pay for it. As the result, most clients feel confidence about their businesses. They stated that they got supportive trainings from MBR Company because MBR offers trainings relative to the businesses of the clients. The respondents feel that microfinance loans to women enables to remove unemployment among women. By getting the loans, women could do small own business like sewing, street vendors, selling vegetables etc. The clients also stated that they could save the extra money from their businesses to expand their businesses in the future. According to the overall mean score 4.40, clients are improving employments after they take loan from MBR.

#### 4.5 Analyzing the Effect of Loan Services on Women Employability

This section finds out whether there is any relationship between independent variables and dependent variable by using multiple regression method. Table (4.13) presents the multiple regression result.

**Table (4.13) Influence of Finance Services of MBR on Women Employability**

Variable	Unstandardized Coefficients		$\beta$	T	Sig
	B	Std Error			
(Constant)	1.062	.487		2.180	.031
Loan Amount	.373***	.066	.526	5.621	.000
Interest Rate	.232**	.104	.195	2.224	.028
Repayment Frequency	.252***	.035	.267	6.588	.000
Loan Terms	.062	.072	.093	.859	.392
Loan Process	.160**	.074	.168	2.169	.032
Saving Amount	.110	.105	.098	1.055	.293
Saving Interest	.031	.085	.039	.360	.719
R Square	.438				
Adjusted R Square	.407				
F Value	14.346***				

Source: Survey Data (2019)

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

According to Table (4.13), the value of  $R^2$  is 43.8 percent thus this specified model could explain about the variation of the women employability of MBR clients. The overall significance of the model, F value, is highly significant at 1 percent level. This model can be said valid. The model can explain 40 percent about the variance of the independent variable and dependent variable because Adjusted R square is 0.407. The value of F test, the overall significance of the model, is highly significant at 1 percent level. This specified model can be said valid. Moreover, t-values in all factors are greater than 0 showing evidence against the null hypothesis that there is no significant difference.

Loan amount could enhance clients' employability thus clients could establish their intended business. The variable Loan amount has the expected positive sign and significant coefficient value at 1 percent level. According to the regression result, the finding suggests that loan amount will lead to an increase of women employability of the

MBR women clients. If there is an increase in loan amount by 1 unit, this will also raise the women employability by 0.373 unit.

Loan interest rate is very important for all clients. Clients aim to extend their business by taking loans from MBR Company limited. Interest rate factor has the expected positive sign and the coefficient of the variable is significant at 5 percent level. The positive relationship means that the increase in interest rate leads to more women employability. The increase in interest rate by 1 unit will also raise women employability by 0.232 unit.

Clients want convenient repayment frequency while they consider taking loans from MBR. If they can pay more conveniently, they will achieve more. Repayment frequency variable has the expected positive sign and highly significant coefficient value at 1 percent level. The positive relationship shows that the increase in repayment frequency leads to more women employability. The increase in repayment frequency by 1 unit will also raise the women employability by 0.252 unit.

All clients look for the loan processes that are simple and easy. Loan process factor has the expected positive sign and the coefficient of the variable is significant at 5 percent level. The positive relationship means that the increase in loan processes leads to more women employability. The increase in ease and simple of loan processes by 1 unit will also raise the women employability by 0.160 unit.

The standardized coefficient (Beta) of loan amount has the largest value (.526) among seven explanatory variables indicating that loan amount has the greatest contribution to increase the women employability of the MBR clients when the variance explained by other variables is controlled for. The overall evaluation reveals that models explain the variation in women employability of the MBR clients well because the estimation produced expected signs and significant coefficients for most variables. The increases in loan amount, interest rate, repayment frequency, and loan process conditions have the positive effects on the women employability of the MBR clients.

In summary, the results show that four factors have significant value and the main determination of women employability of the MBR clients is found to be the loan amount. According to the survey findings, loan amount could significantly raise the women employability of the MBR client

## **CHAPTER (5)**

### **CONCLUSION**

This chapter presents findings and discussions based on the survey data. It also describes the suggestions and recommendations based on the findings. Finally, it covers the further study as well.

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

This study has been conducted with the objectives of identifying the financial services provided by Myanmar Business Resource (MBR) and analysis the effect of loans of the Myanmar Business Resource (MBR) towards women employability. Among 138 respondents, the study reveals that most respondents are between 26 to 35 years old and majority of the respondents have only ability to read and write and some are just middle school graders. In additions, most of the clients are doing business and they are married people. Majority of the women clients are dealing with MBR for a long time and it shows that most of the clients could meet MBR terms and conditions.

Regarding loan amount, clients have good perceptions on the loan amount factor especially loan amount was enough for them to do their planned business. In additions, clients are satisfied with the money they got since it covers their needs and wants. On the other hand, clients are not satisfied with the fact that the women do not get special offers. Moreover, some clients perceived that funds got from MBR moderately matched with their needs since MBR do not have many types of loans whereas others offer. Moreover, many clients state that the funds got from MBR are moderately matched for their needs since MBR only offers normal loan and special loan types. For the loan amount factor content, most respondents have positive impression for this dimension.

Respondents have great impression on the interest rate of the MBR loan. They also feel the interest rate of loan is very reasonable. Moreover, they feel that they could pay that interest regularly since MBR interest rate is lower than those of banks. Conversely, majority of the respondents are not satisfied as they do not get the special offer for women. Generally, most clients are moderately satisfied with the interest rate of the MBR Co.ltd.

It is found that most respondents have positive feedback on repayment frequency. They consider repayment frequencies are convenient for them since most of the clients are general class. MBR offers repayment schedules based on the capacity of the clients. Most clients are satisfied with the fact that MBR accepts if the clients have financial difficulties for repayment. But MBR only offers monthly basis while others offers more repayment frequency options.

Regarding loan term factor, most clients give positive feedback about loan terms offered by MBR. MBR offers attractive loan terms and its field officers are giving trainings to the clients in order to improve women employability. The fees charged by MBR are reasonable for the most clients. Moreover, MBR does not permit clients to borrow more than their requirements and repayment capability since this is very important for the clients in order to run their business for a long term.

Most respondents think the process of loan by MBR is simple and easy. But the standard process takes up to 30 days while registering but sometimes it takes almost 45 days. Clients are satisfied with the loan process as field officers explain clients about the loan process. Moreover, clients could take the loans easier than those from conventional banks since MBR arranges simple steps and do not ask for many documents and collateral. But the key issue in this context is that MBR asks for family member registration card since some clients rent the house and they do not have it. As the whole, most respondents think loan process factor is acceptable.

Regarding saving amount, clients stated that they have savings after they received loans since people could work and save the profits. MBR educate people how to manage their financial case on daily basis. It is found that MBR only offers compulsory saving and does not have voluntary saving product. People intend to save the profits for the extension of the business. As the whole, clients could save for their life and business after getting the loans provided by MBR.

Paradoxically, clients do not much rely on the saving interest since most of the clients are daily workers. They could not save money in fixed accounts and they do not usually have financial literacy about the various types of saving. In additions, MBR do not have voluntary saving. Thus, most clients do not rely on saving interest.

Furthermore, most clients feel that they achieve employment opportunities after they receive financial loans and could serve the family more. Senior males in the family

give respect to the clients and accept ideas of the clients. Clients get better health care service since they have more family income and savings for the emergency case. Many neighboring women are also motivated by looking at the successful clients of the MBR Company limited.

According to the regression result relating to women employability, among seven independent variables, only four variables are significant within 10 percent significant level. Among these four variables, loan amount and repayment frequency variables are strongly significant at 1 percent level while interest rate and saving amount are moderately significant at 5 percent level. It is found that loan amount factor most influences on women employability. The increases in four variables have the positive effect on clients' employability.

## **5.2 Suggestions**

Myanmar Business Resource (MBR) Company Ltd is the financial institution and it needs to attract customers for its products and improve women employability. This study shows that MBR should do some improvements in its loan practices.

According to the findings, MBR and authorized agents should target to people and self-employed people who are between 26 to 35 years old. MBR should focus this market segment by offering relevant loan products and trainings for those people.

Regarding loan amount, it is recommended that MBR offering microfinance loans should make them more accessible to women clients. MBR should offer more than 300,000 ks for normal loan and more than 500,000 ks for special loans since some clients would like to open small grocery stores and they would like to get more loans. In additions, MBR should offer or create many loan types such as housing loan, livestock loan, education loan, agriculture loan and staff loan offered by other MFIs. Therefore, MBR should also find the better ways in order to give more financial assistance to its clients. MBR should find out the external funds like JICA 2-step loans for better service.

For the loan process, MBR should set up the processing time within one month since most of the clients would like to get the money in short time. MBR should focus more in referrals rather than taking the family member registration card in order to persuade more clients.

According to the findings, MBR should concentrate and educate clients about saving types since MBR currently have compulsory saving which is not much effective for the clients. Thus, MBR should create saving account types then clients will achieve more saving targets. MBR should do financial management plan for its clients based on their strategic goals. Now, most of the respondents save their extra money at other banks.

Regarding saving interest, most of the clients are not much interested saving interest since MBR has only compulsory saving and the interest is very low. MBR should create more saving accounts offering good interest rates. This will motivate clients to save more regularly.

Last but not the least; MBR should set up more attractive special offers for women clients since microfinance needs to reduce women unemployment. In additions, it also needs to give suggestions for women clients based on the geographic place or expertise of the regions. The required knowledge about preparing business plan, market identification, and produce development should be given to clients as consultancy services. Further, women need to be taught about financial usage in day to day business activities. Not only has that micro institute provided short trainings about preparation of financial statements to holders. MBR should provide these life-long educational activities such as discussions of home finance skills, women's health and gender equity for participants. Various social development activities such as adult education, trade-related technical and vocational training must be provided to these women to enhance women's income-generating activities that in turn will empower them.

Finally, according to the regression result, MBR needs to pay greatest attention to loan amount that could most affect the women employability. Therefore, new models of microfinance should be developed where poor women should be looked as entrepreneurs as well as stakeholders to empower them in an effective manner. These above suggestions could increase market share of MBR Company limited in Yangon.

### **5.3 Need for Further Research**

This thesis focuses only on loan practices of Myanmar Business Resource (MBR) Company Ltd. Therefore this study only analyses on the customer perception of Myanmar Business Resource (MBR) Company Ltd towards the microfinance loan. This does not

analyze other financial situations and competitors. There are many opportunities to improve this study. Further study should conduct the broad loan practices of microfinance organizations so that it will cover the whole microfinance industry.

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## APPENDIX

### Structured Questionnaire

#### SECTION A : Demographic Profile.

Please place a tick “√” or fill in the blank for each of the following;

1. Age:

- 25 years old and below
- 26 ~ 35 years old
- 36 ~ 45 years old
- 46 ~ 55 years old
- Above 55 years old

2. Education level:

- High school
- Certificate / Diploma
- Bachelor Degree
- Master
- Others, please specify: .....

3. Marital Status :

- Single
- Married

4. How long have you been taking loans form MBR Co. Ltd.?

- Below 1 year
- 1 ~ 5 years.
- 6 ~ 10 years.
- 11 ~ 15 years.
- Above 16 years

## SECTION B

Instruction for completing the questionnaire.

Please assign a level of agreement (or disagreement) for each one of the following situations described below, with reference to Loans Service of MBR. Please “√” your answer to each statement using 5 Likert scale [(1) = strongly disagree; (2) = disagree; (3) = neutral; (4) = agree and (5) = strongly agree]

### Loan Amount

No.	Questions	1	2	3	4	5
1	I can get enough loans to establish my plan.					
2	<i>Women</i> are not <i>limited</i> the frequency and <i>size</i> of their <i>loan</i> applications					
3	SME loan amount is very important factor for borrowers.					
4	Funds provided by the MBR are cover different needs by loan seeker					

### Interest Rate

No.	Questions	1	2	3	4	5
1	The rate of interest of MBR is reasonable					
2	I could pay the interest rate regularly.					
3	MBR's interest rate is lower than that of other financial services like bank.					
4	MBR interest rate is lower for women when compared with that of men					

### Repayment Frequency

No.	Questions	1	2	3	4	5
1	Repayment frequency is fair.					
2	MBR's repayment is based on the capacity of the borrower to earn enough to repay					
3	Company has various repayment schedules based on the capital.					
4	When I have problems, MBR is sympathetic and reassuring the repayment frequency.					

### Loan Terms

No.	Questions	1	2	3	4	5
1	MBR's loan terms are reasonable for me.					
2	Loan officers/lenders explain to me the terms and conditions of the loan thoroughly.					
3	The fees charged by MBR on the Microloan are reasonable for the services I receive.					
4	MBR loan terms do not encourage the customer to borrow more than their requirement.					
5	MBR makes customized loan terms according to borrower's situations.					

### Loan Process

No.	Questions	1	2	3	4	5
1	It is easy to apply the loan at MBR.					
2	The Microloan contract of MBR is understandable and clear.					
3	The procedure of obtaining loans from MBR is easier than conventional banking					
4	MBR do not ask many documents during loan applying process.					

### **Saving Amount**

No.	Questions	1	2	3	4	5
1	I have saving account after I get loan and do businesses.					
2	Saving has increased after availing microfinance					
3	I have enough savings to educate all children in the household					
4	I save the profits to reinvest in a business					

### **Saving Interest**

No.	Questions	1	2	3	4	5
1	I get saving interest for my saving amount.					
2	I learn the types of accounts in order to get more saving interest.					
3	Saving interests are important for me.					

### **Women Employability**

No.	Questions	1	2	3	4	5
1	Employment opportunities are now more after availing microfinance					
2.	I can now better serve my family					
3	Senior Male members of my family now respect me & my decision more than before					
4	Better access to health services after availing microfinance					
5	Overall income of family has increased after availing microfinance					
6	Microfinance to women will help in removing unemployment among women					
7	Seeing my success other women also got encourage improving their lives through microfinance					

Thank you for your time, opinion and comments.