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EFFECT OF MICROFINANCE SERVICES ON SOCIO-ECONOMIC STATUS OF LOCAL HOUSEHOLDS IN DALA TOWNSHIP

DARLY LIN AUNG

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EFFECT OF MICROFINANCE SERVICE ON SOCIO-ECONOMIC STATUS OF LOCAL HOUSEHOLD IN DALA TOWNSHIP

A thesis submitted as a partial fulfillment towards the requirement for the degree of Master of Banking and Finance (MBF)

Supervised by

Dr. Tin Tin Htwe
Professor/ Head
Department of Commerce
Yangon University of Economics

Presented by

Darly Lin Aung
Roll – No.7
EMBF - 7th Batch

January, 2023

ACCEPTANCE

Accepted by the Board of Examiners of the Department of Commerce, the Yangon University of Economics, in partial fulfillment for the requirement of the Master Degree, Master of Banking and Finance.

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…………………………….

Prof. Dr. Tin Tin Htwe

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Yangon University of Economics

………………………….

(Supervisor)

Dr. Tin Tin Htwe

Professor / Head

Department of Commerce

Yangon University of Economics

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Dr. Thynn Thynn Myint

Professor

Department of Commerce

Yangon University of Economics

…..……………………

(Examiner)

Dr. Aye Thanda Soe

Professor

Department of Commerce

Yangon University of Economics

…..……………………

(Examiner)

Dr. Phu Pwint Nyo Win Aung

Associate Professor

Department of Commerce

Yangon University of Economics

January, 2023

ABSTRACT

This study analyzed the effects of microfinance services on households in Dala Township. The study used both primary and secondary data sources. Primary data were collected by interviewing with the use of structured questionnaire. Targeted MFIs' clients are from urban area of the Dala Township. A Sample size of 395 household units were selected by using simple random sampling method. This study applied regression analysis and descriptive statistics. Microfinance services considered in a study are measured by micro credit, micro saving, micro insurance, social and business training. According to the regression results, all the microfinance services positively affect on socio – economic benefits of the clients. The results also indicated that micro credit services had mostly affected on socio – economic status of household units, and followed by social and business training. As regarding the affecting social conditions of clients, the results point out that they could take care of the health of their family members. As an economic condition, they enhance the family income level and selling goods for their business. Therefore, this study suggested that MFIs should emphasize to provide efficient and effective loan products, saving, insurance scheme, training with skillset development to improve the economic and social benefits of the household units as a whole.

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LIST OF ABBREVIATIONS

B2B	Business to Business
B2C	Business to Consumers
CGAP	Consultative Group to Assist the Poor
FRD	Financial Regulatory Department
HDI	Human Development Index
IGA	Income Generating Activities
INGO	International Non-Government Organization
LIFT	Livelihoods and Food Security Fund
MAP	Making Access Possible
MBL	Microfinance Business Law
MEB	Myanma Economic Bank
MFI	Microfinance Institutions
MOPF	Ministry of Planning and Finance
MSLE	Myanmar Small Loan Enterprise
NGO	Non-Government Organization
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Fund

CHAPTER I

INTRODUCTION

The aim of Microfinance is to provide sustainable financial solutions to low-income people and households units. Microfinance is extremely beneficial to low-income households provided by financial and non-financial services. Individual can take loan for small business with microfinance comfortably and in ways that are harmonious with ethical standards. When customers ask for loans from financial institutions like banks, tangible collateral is frequently required. Muhammad Yunus founded the Grameen Bank in Bangladesh in 1983 to give the underprivileged chances. His objective was to help low-income people escape poverty by giving them access to basic financial education and resources. Although the majority of microfinance initiatives have their roots in industrialized nations like Indonesia, Uganda, and Serbia, they are accessible everywhere (Crepon et al., 2015).

In Myanmar, UNDP-PACT initiative has offered microcredit financial services to those with low incomes since 1997, following the Grameen Model. The Grameen Model is based on group financing and relies on the client's desire to be responsible for repayment rather than a deposit of assets or collateral. In Myanmar, a developing nation, less than 30% of the population has official access to finance. Over the past few years, microfinance in Myanmar has steadily expanded to become a vital area of financial service providers focusing on low-income populations excluded from the formal financial system. The former Microfinance Supervisory Enterprise (MMSE), now known as the Financial Regulatory Department (FRD), a division of the Ministry of Finance, approved and released the microfinance law in November 2011. Local microfinance institutions (MFIs) that are just getting started can compete with foreign MFIs that have previously been established in the nation (MMFA, 2018).

The goals of microfinance institutions (MFIs) are to offer financial aid to the general public, reduce poverty among the poor, and enhance their socioeconomic conditions. Rarely do the general public have access to formal financial services provided by financial entities like banks. Through MFIs, poor people can obtain the sizable amounts of money they need for a range of objectives. They can develop the infrastructure and markets needed to strengthen the economy from the ground up. MFIs have provided loans to more than 5 million Myanmarese borrowers, enabling them to launch enterprises or settle debt. In Myanmar, where MFIs are becoming more common, there are many success stories, but overall penetration is still low (nelito, 2022).

In order to meet the demands and requirements of regular cultures, microfinance offers lending services combined with services for financial literacy, vocational training, and capacity-building. The prospective clients attended a business training course so they would know the type of business they should conduct. Additionally, MFI promoted saving practices for all of their clients. The client must have savings and agree to pay a minimum interest rate of 14%, which is greater than the interest rate charged by Myanmar's banks, in order to apply for and withdraw a loan (Microfinance Business Law, 2011). Additionally, Microfinance provides its clients with microinsurance for life and serious accident insurance, as well as an unconscious healthcare protection system. In the event of unforeseen circumstances, there are protection and safety measures available for the clients' families as well. According to Sean Turnell, a Myanmar researcher at Macquarie University in Sydney, "Microfinance institutions might meet most of the demand for financial services in Myanmar with adequate regulation." Therefore, microfinance is essential to the socioeconomic growth of both urban and rural communities. Through MFI work, clients have the chance to develop prosperous companies that give households more opportunities for housing, education, nutrition, and healthcare (Mohammed Nusari, 2019).

MFIs are quickly becoming one of the most important formal financial institutions having the capacity to expand rural outreach to both individuals and the numerous low-income micro and sometimes small businesses. Over 5.4 million active loan accounts have been opened, up from 950,000 at the beginning. According to the Myanmar Financial Roadmap for 2019 to 2023, UNCDF is collaborating closely with the government to raise the percentage of the people covered by the financial sector from the current 48% to 60%. Microfinance enables greater financial inclusion in rural and conflict-affected communities. MFIs have aided business owners and farmers by giving them access to official financial services, which has decreased their reliance on pricey informal finance sources (MAP Financial Inclusion Diagnostic 2018).

1.1 Rationale of the Study

Microfinance institutions (MFIs) play a key role in the wellbeing of the household through the provision of insurance, credit, saving, and training in business management, bookkeeping, repayment schedules, and cashflow management,. By offering these activities, MFIs help households develop while lowering the danger of moral hazard. Additionally, microcredit has been referred to as a characteristic of microfinance institutions and is a significant component of microfinance. MFIs provide a variety of loans, including micro enterprise loans, education loans, loans for vocational training, seasonal loans, staff loans, loans for plant workers, loans for hire-purchase, and loans for horticulture. Even so, let's assume that microfinance succeeds in achieving its social objective of determining the extent of outreach to the core poor and understanding how broader benefits could assist poverty reduction. In that circumstance, social performance management in microfinance must still be implemented and assessed.

In Yangon, Mandalay, and Ayeyarwady, there are numerous profit-driven MFIs that are battling for survival owing to client rivalry. At the moment, Myanmar does not keep track of clients who borrow from numerous MFIs and accumulate unmanageable debt levels. In the majority of today's MFIs, the study of the client's demands and loan consumption, as well as the differentiation of loan products, contribute to the client's literature and the veracity of the socioeconomic development of the customers. Due to MFIs' substantial contributions to raising household income, it was vital to investigate if their products or services have an impact on the growth of local households. If borrowers have the necessary financial literacy skills, they may use their money effectively and efficiently and so reach the right socio-economic empowerment level. The location chosen as the emphasis is Dala Township, which is situated across from Yangon's city on the river's southern bank in Myanmar. The township is still predominantly rural and underdeveloped despite its advantageous proximity to Yangon, primarily because it still lacks a bridge over the Yangon River. Instead, connections between the township and the city are made solely via ferry boat and ship. By providing them with funds through various MFIs, disadvantaged households can be empowered in their efforts to address their socioeconomic issues. Even in the existence of several MFIs and government subsidies, the elimination of poverty by small-scale firms in underdeveloped areas appears to be confronted by numerous socioeconomic challenges with the introduction of microcredit funding.

Through a review of relevant literature, this study's focus was on the effects of microfinance services, particularly on the socioeconomic position of the local households. The study was conducted in the context of the socioeconomic impacts that MIF services had on neighborhood homes in Dala Township. By making it easier for underprivileged people to enroll in college, microfinance fosters education and gives them more power. It also helps people satisfy their social, religious, and other duties and provides protection from crises and disasters. Through its microfinance activities, such as the provision of modest, affordable loans, insurance, saving opportunities, and training services, microfinance works to ensure the wellbeing of children in urban and rural communities. MFI services have a major impact on the socioeconomic performance of local households in all areas, including social well-being, economic well-being, and entrepreneurial success.

1.2 Objectives of the Study

There are two main objectives in the study. They are:

1) To identify MFIs services provided in Dala Township.
2) To analyze the socio-economic effects of microfinance services on local households in Dala Township.

1.3 Scope and Method of the Study

The effects of microfinance services on local households in Dala Township are the main subject of this study. For the study, primary and secondary data were also utilised. Using simple random sampling method, 395 household units were selected as the sample size. Taro Yamane's (1973) formula was used to determine the sample size. The study's total population (172,857) in Dala Township was analyzed using descriptive research. The secondary data were gathered from online sources, prior research papers, news, articles, books of references, and journals. The statistical analysis is performed using the SPSS application. The link between two variables is assessed using the Pearson correlation coefficient. 30 items make up the survey, which measures both independent and dependent factors. Each item is rated on a Likert scale from 1 to 5, with the possible outcomes being strongly agree, agree, disagree, neutral, and strongly disagree.

1.4 Organization of the Study

This study is divided into five chapters. Chapter one is the introduction, which includes rationale of study, objectives, scope, methodology, and organization of the study. The theoretical background is described in Chapter two, and Chapter two concludes with a conceptual framework for the study. Chapter three provides an overview of MFI organizations and their services in Dala Township. Chapter four evaluates the socioeconomic effects of microfinance services on neighborhood households in Dala Township. The conclusion, which includes the findings and discussion, recommendations and suggestions, is presented in the final chapter, chapter five. Additionally, the chapter concludes with areas that demand further research.

CHAPTER II

THEORETICAL BACKGROUND

In this section describe about the concepts and definitions of microfinance, socioeconomic development, and variables influencing households were discussed in this chapter. The standard, principles, and benefits of microfinance services for local households are also represented in this chapter.

2.1 Concepts and Definitions of Microfinance

Microfinance is described as financial services that offer small loans to low-income people or organizations that would not otherwise have access to financial products like those offered by commercial banks due to a lack of sufficient background deposits. Credit, savings, insurance, money transfers, and other social and business training services are all part of microfinance. There are two primary ways that microfinance services are provided. 1) Lending on an individual basis; and 2) Lending in groups, in which a number of business owners apply together for loans and other services. In essence, microfinance aims to provide low-income individuals with the means to support themselves. Credit plus service used to be another name for microfinance. By providing a variety of other services, the word microfinance has taken the place of microcredit. Under the terms "microcredit and microfinance," MFIs offer loans and other financial services to private citizens and small enterprises (Julia Kagan, 2022).

Microfinance is a category of financial services aimed at people and small enterprises who don't have access to traditional banking and related services. Through the support of microentrepreneurs and small enterprises, microfinance can boost economic growth, employment, and development. For other people, it provides a way for the poor to manage their money more skillfully and take advantage of financial possibilities while minimizing dangers. The use of working capital loans by borrowers to buy more inventory for their companies, such as flour for a food entrepreneur, or to buy equipment is known as numerous microcredit loans. The issue of microcredit has gradually grown to include the supply of other financial services that low-income borrowers in the informal sector are not eligible for. The term "microfinance" first appeared in the 1970s, when organizations like Bangladesh's Grameen Bank and microfinance pioneer Muhammad Yunus were launching and developing the contemporary microfinance business. By offering financial services to the underprivileged since the 1980s, the growth of microfinance programs has acquired acceptability and appeal on a global scale. It is one method that development initiatives can combat poverty. In many regions of the developing world, a wide variety of institutions offer microcredit, and the institutions recoup the loans. The group lending strategy developed by Grameen Bank was adopted by several institutions worldwide (Julia Kagan, 2022).

Governments, multilateral institutions like the World Bank, or private foundations first fund MFIs. Despite being as tiny as MMK 100,000, these loans are sizable enough to support straightforward enterprises. Since MFI's humble origins in one community, it has expanded astronomically. MFIs were closed to 140 million borrowers worldwide as of 2021. Microloans are typically provided to micro or tiny firms without the need of collateral, which is required for a traditional loan. Microloans are made available to people in poor nations that engage in a variety of occupations, including carpentry, fishing, and transportation. Microfinance assists them in acquiring funding for the expansion of their small businesses and other needs (FINCA, 2021).

2.2 Household Vulnerability and Microfinance

A tool for consumption smoothing across nearly all income categories, microfinance has helped households in the middle quintiles enhance their assets and income. It has also aided women in raising their social status and improving their economic circumstances. The provision of "credit-plus" services to clients by MFIs, particularly those in low income categories, is crucial to the development of sustainable microenterprises and other economic activities. Microfinance can be a useful tool for improving the income, output, and employment of low-income households. Therefore, it has been thought that one of their biggest challenges to increasing their revenue and output levels is a lack of access to financing. Due to lack of credit worthiness, greater transaction costs, or perceived higher default rates, formal institutions like banks have ignored the loan needs of the poor. It's common knowledge that informal lenders demand outrageous interest rates. Thus, it is believed that microfinance encourages income and employment generating prospects for the impoverished households by providing financial services to people, households, and microentrepreneurs. In addition to having low earnings, the poor also face a number of dangers and vulnerabilities. They frequently lack buffers to withstand the shocks of income losses or reserves to draw upon in times of need. In order to assist the poor who otherwise would not be eligible for the mainstream credit sector, microfinance is a component of initiatives to reduce poverty. Many low income households throughout the world currently receive assistance and financial services from microfinance organizations (Morduch & Haley, 2002). In Myanmar, poverty alleviation strategies include using microfinance services. Additionally, microfinance has allowed the households to upgrade their living arrangements, which is especially true for those who are comparatively better situated. Credit has also helped their clients' operations that generate income and employment. However, a lot of the businesses that have started as a result of microfinance initiatives are either microenterprises or modestly sized self-employment ventures that employ little to no technology or expertise. The households in the three middle quintiles are primarily affected by the effects of microcredit on income and assets because they can invest more money and can afford to incur investment risks with a given loan amount. On the other hand, the poorest groups' demand for credit goes beyond financing for investments or sources of income. Adults in households with more education are more likely to borrow money. Urban households with regular wage-earning jobs are more likely to obtain a loan from a formal source. Additionally, it is thought that larger savings levels aid in balancing consumption in the face of income fluctuations and other vulnerabilities. Once savings reach a certain level, households are also thought to be able to invest in more productive industries. For low-income households, the practice of saving is just as crucial as the amount saved. An increased income affords households a variety of alternatives, including the ability to boost consumption, save for the future, lessen vulnerability to future income failures, provide better educational chances for children, and more.

2.3 Microfinance Standards and Principles

Microfinance is a type of small loan for the poor that provides the means for more employment and income generation, enables the underprivileged to manage their spending and fulfill their social, religious, and other obligations, provides financial security from crises and disasters, promotes education, and gives the weak, particularly women, more power. Microfinance is seen as a tool for socioeconomic development and is distinct from charitable giving. Families that are in need of assistance or who are so impoverished that they are unlikely to be able to generate the cash flow necessary to repay a loan should receive it. Financial institutions are best suited to help others. The Consultative Group to Assist the Poor (CGAP) articulated several principles that encompass a century and a half of development work in 2004, and the leaders of the Group of Eight endorsed them at the G8 Summit on June 10, 2004. There are eleven fundamental tenets of microfinance.

(i) The poor need a variety of financial services, not just loans

Poor individuals, like everyone else, require a variety of financial services that are practical, adaptable, and reasonably priced. Poor people may also require savings, cash transfers, and insurance, depending on their individual circumstances, in addition to credit.

(ii) Microfinance is a powerful instrument against poverty

The poor can grow their incomes, accumulate assets, and lessen their vulnerability to outside shocks with access to sustainable financial services. With the help of microfinance, low-income families can shift their focus from day-to-day survival to long-term planning and investments in their children's health, education, and general well-being.

(iii) Microfinance means building financial systems that serve the poor

In most developing nations, the bulk of the population is made up of poor people. However, a sizable portion of the poor still do not have access to basic financial services. For donors, governments, and socially conscious investors, microfinance is still mostly considered as a peripheral sector and a development issue in many nations. Microfinance needs to be integrated into the banking sector if it is to attain its full potential of helping a lot of the poor.

(iv) Financial sustainability is necessary to reach significant numbers of poor people

Due to the dearth of reliable retail financial intermediaries, the majority of the poor are unable to receive financial services. The creation of financially sound institutions is not a goal in and of itself. The only way to achieve a big scope and influence well beyond what donor organizations can fund is through it. A microlender's sustainability is their capacity to pay all of their expenses. It permits the microlender to continue doing business and the disadvantaged to continue receiving financial services. Reducing transaction costs, providing better goods and services that satisfy customer expectations, and coming up with novel strategies to reach the unbanked poor are all necessary for financial viability.

(v) Microfinance is about building permanent local financial institutions

Building a stable domestic financial system that can permanently offer financial services to low-income people requires building sound domestic financial intermediaries. These institutions should be able to lend credit, mobilize and recycle domestic funds, and offer a variety of services. As local financial institutions and private capital markets expand, dependence on funding from donors and governments, especially government-financed development banks, will eventually decline.

(vi) Micro-credit is not always the answer

Microcredit is not suitable for everyone or in every circumstance. Before they can apply for loans, those who are homeless, hungry, and lack the means of support must first find alternative sources of assistance. Small grants, infrastructure upgrades, job and training programs, and other non-financial services may frequently be more effective strategies for reducing poverty. Such non-financial services ought to be combined wherever possible with conserving money.

(vii) Interest rate ceilings can damage poor people's access to financial services

Making numerous small loans versus a few large loans is substantially more expensive. Microlenders won't be able to cover their costs and their growth and sustainability will be constrained by the limited and unpredictable supply of subsidized funding unless they can charge interest rates that are significantly higher than normal bank loan rates. Governments frequently set interest rates at levels that are too low to allow for sustainable microcredit when they regulate interest rates. Microlenders shouldn't, however, charge customers charges (interest rates and other fees) that are far higher than necessary in order to cover operating inefficiencies.

(viii) The government's role is as an enabler, not as a direct provider of financial services

National governments are crucial in creating a policy climate that encourages the growth of financial services while safeguarding the savings of the underprivileged. Maintaining macroeconomic stability, avoiding interest rate ceilings, and avoiding market distortion through unsustainable subsidized, high-delinquency loan programs are the most important things a government can do for microfinance. Governments may help the poor access financial services by enhancing the business climate, combating corruption, and enhancing market access and infrastructure. When other funding sources are insufficient, government funding for reputable and independent microfinance organizations may be necessary.

(ix) Donor subsidies should complement, not compete with private sector capital

To construct supporting infrastructure (such rating agencies, credit bureaus, audit capacity, etc.) and support experimental services and products, donors should utilize suitable grant, loan, and equity instruments on a temporary basis. To reach sparsely populated and otherwise hard-to-reach groups, longer-term donor subsidies might occasionally be necessary. For donor funding to be effective, it must work to integrate financial services for the poor into regional financial markets, use specialized knowledge in project design and implementation, impose strict performance requirements on financial institutions and other partners, and develop an exit strategy early on.

(x) The lack of institutional and human capacity is the key constraint

Building capacity is necessary at all levels, from financial institutions, via regulatory and supervisory organizations, and information systems, through government development entities, and donor agencies. Microfinance is a specialist profession that blends banking with social purposes. The majority of sector investments, both public and private, ought to concentrate on this capacity creation.

(xi) The importance of financial and outreach transparency

It is crucial to have access to accurate, consistent, and comparable data on the economic and social performance of financial institutions serving the underprivileged. This information is necessary to properly analyze risk and returns for bank regulators, donors, investors, and—most importantly—the impoverished who use microloans (CGAP, 2004).

2.4 Benefits of Microfinance

According to estimates made by the World Bank for 2020, over 500 million people have profited from microfinance-related activities directly or indirectly. A Washington-based international nonprofit group called the Consultative Group to Assist the Poor estimates that by 2021, microfinance would have positively impacted more than 140 million individuals directly. Even while some of the world's impoverished can access these services, an estimated 1.7 billion people cannot open simple bank accounts. In order to offer microfinancing choices, IFC has assisted developing countries in establishing or improving credit reporting bureaus. Additionally, it has pushed for the addition of pertinent regulations governing financial activity in developing nations. In addition to the immediate effects of having access to money, microfinance helps people. A community gains from successful entrepreneurs in the form of job creation, commerce, and general economic prosperity (Julia Kagan, 2022).

2.5 Microfinance and Socioeconomic Development

Critical study demonstrates that microfinance is utilized as an effective instrument to combat poverty, so promoting both economic and social growth. If microfinance institutions are run more methodically, primarily with the welfare of society in mind, poverty can be reduced (Jaffery & Mamoon,2015). Economic development refers to the efforts made by policymakers to enhance the circumstances of a developing country. Social development, which is also known as development economics, includes improvements to peoples' overall well-being as well as financial development and economic progress. Therefore, general economic development is an amalgam of socioeconomic advances. Disparities between sectors lead to poor coordination and low values for social and economic indicators, including GDP, employment, investment, trade, balance of payments, literacy rate, health services, infant mortality, population, and credit availability, among others. The World Bank and the United Nations Organizations, two of the most prominent organizations, work to improve the lives of people around the world in many different contexts. These international organizations mostly work in the areas of poverty, human rights, education, health, finances, security, and peace. When someone or a community lacks the basic financial means to enjoy the benefits of the minimum standards of living and wellness that are deemed acceptable by society, it is said to be in a condition or position of poverty (Simanowitz, 2002). A concerted effort is needed to reduce poverty in order to provide individuals more social and economic freedom, which will increase the value of people's human capital (Bank, 2006). It is believed that poverty deprives people of their overall well-being. Poverty is characterized by low levels of income, poor health, limited access to educational resources, a lack of security, insufficient capacity, and a lack of facilities for improving one's life (Bank, 2010). Therefore, poverty is not just an economic problem; it is also tied to many other factors that have an impact on community social well-being. When it comes to eradicating poverty, microfinance institutions have a double bottom line strategy, which means they have both financial and social goals (Christen, 2004). Only those who can use the money for business objectives and earn profits from those activities should be given credit, according to the belief.

Microfinance has contributed to the economic and social growth in numerous ways that are connected to movement. Poverty is reduced by building relationships with customers and helping them with simple, subsidized loans to solve their financial issues. The availability of credit aids the impoverished in adjusting their consumption patterns and raises household income levels. MFI gives disadvantaged individuals access to social and human capital in order to combat poverty. The majority of NGOs established schools, pharmacies, clinics, centers for vocational training and counseling, etc. while attempting to secure funding from MFIs. MFIs have helped by generating job possibilities. Thousands of people now have work thanks to the majority of commercially successful microfinance organizations. These positions could potentially have a multiplier impact, it is believed (Roodman & Qureshi, 2006).

Social and economic development are intertwined in society. GDP, life expectancy, literacy, and employment are just a few examples of the measures used to gauge socioeconomic growth. New technologies, altered legislation, alterations to the physical environment, and ecological changes are a few examples of socioeconomic repercussions. There is a lot of controversy over how socioeconomic development is defined and measured as well as what true progress actually entails. A nation with socioeconomic growth is able to efficiently and productively generate an increasing amount of products and services, build up capital, and equitably share the benefits of production. The shift from tradition to modernity has received attention in sociological studies as a crucial stage in the greater process of societal transformation (Todaro & Smith, 2009).

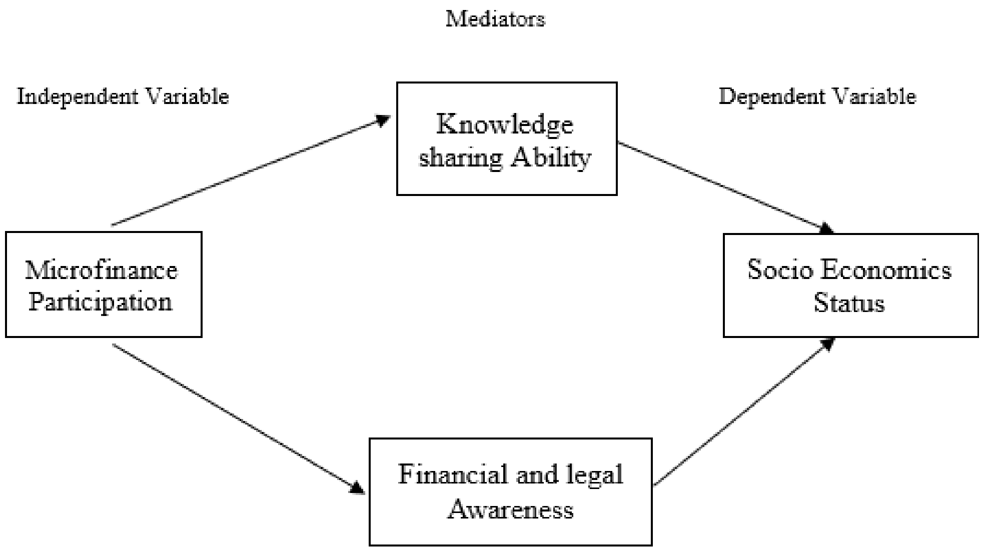
Social economics is a broad phrase that refers to many different topics. Social economics can refer broadly to the application of economics in the study of society. Identifying the social and economic requirements present in a community and coming up with solutions to meet them in a way that is both realistic and long-term beneficial to the community are crucial components of socio-economic development. Some of the factors that contribute to socioeconomic repercussions include technology, environmental changes, and ecological changes (Joanna Ledgerwood, 2012).

Additionally, the idea of social performance outlines how the mission of an institution is put into reality in conformity with widely held social norms. Whatever the social mission of an organization may be, social performance requires putting that objective into practice. In order for a corporation to fulfill its social goals, social performance management (SPM) essentially involves putting the customer at the center of the firm's strategy and operations. The term "social performance" describes a provider's capacity to meet their declared social objectives and offer clients value. Great SPM practices increase the likelihood that an organization will achieve strong social performance. By putting into practice the global standards for social performance management, MFIs can enhance their social performance and accomplish their social objectives. The strategic plan used to fulfill a social mission needs to be managed with intention. A mission statement, target customer definitions, an explanation of the organization's social goals, and an explanation of how products and services will be employed to achieve these goals should all be included in organizational plans (Joanna Ledgerwood, 2012).

2.6 Previous Studies

In order to explain the findings of the earlier researchers' studies, Jamal, W. N. (2021) looked at how microcredit finance affected the socioeconomic standing of Punjab's poor population. According to the findings of this study, microcredit financing significantly changed and enhanced the socioeconomic circumstances of the respondents. The importance of microfinance institutions and their positive standing are strongly related to the advantage of small companies. The findings show that dependent variables like living standards and company productivity are significantly and clearly influenced by the independent variable. Small company profitability in Punjab's rural and remote locations is greatly impacted by the availability of microfinance as a dummy variable.

Figure (2.1) The Impact of Microfinance Services on Socio-Economic Welfare of Urban Vulnerable Households in Malaysia

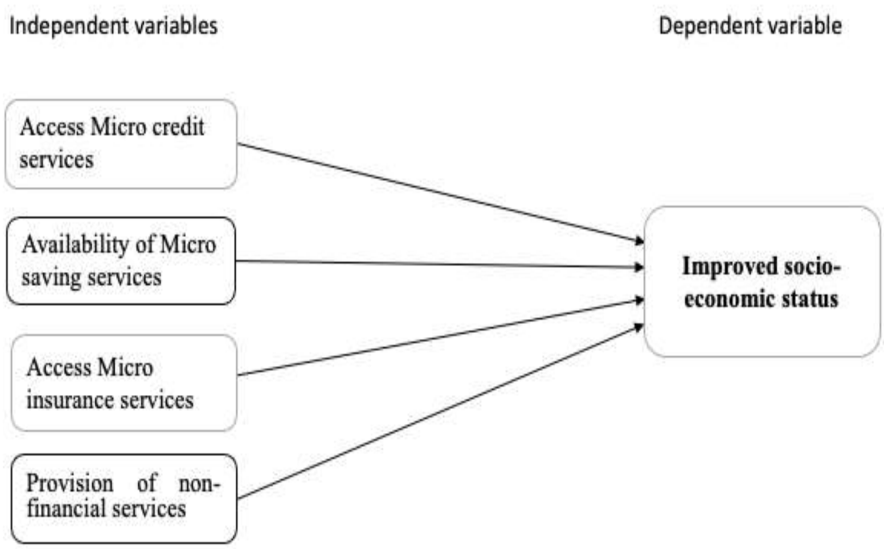


Source: Jamal, W. N., et al. 2021

According to the study, there is a strong relationship between socioeconomic class and involvement in microcredit financing schemes. The results demonstrate that these initiatives enhance the state of Punjab's small companies (Pakistan). Participating in microcredit finance programs helps women raise their socioeconomic position and provide for their family financially. It also helps them become more financially independent. Through involvement in microcredit finance programs, the research also showed a favorable correlation between knowledge sharing ability (KSA) and socioeconomic status (SES) of male and female small company respondents. The study suggests that the knowledge sharing ability (KSA) also improves small company owners in Pakistan, both men and women understanding's, of contemporary seed types, fertilizers, agribusiness markets, environmental changes, and their capacity to apply the newest farm technologies. In Punjab (Pakistan), small businesses (both male and female) can improve their socioeconomic standing by increasing their income and resources thanks to the capacity to share information. Through participation in microcredit finance, the study also reveals the favorable association between financial and legal ability (FLA) and socioeconomic level (SES) (PMF). The study demonstrates that small firms in Punjab, run by both men and women, benefit more from financial and legal awareness (FLA) (Pakistan).

It helps people understand their legal rights under the Tenants Act, property heritage rights, particularly for rural women, and financial markets, interest rates, legal document awareness, local and federal tax laws, and banking guidelines. Financial and legal awareness (FLA) also protects people from scams, check fraud, tenant contract abuse, and other legal document misuse. Additionally, it shows how to profit from financial markets. Microcredit programs play a key role in improving agricultural assets, crop productivity, revenue, income, livestock numbers, housing quality, socioeconomic standing, and the health and education of the family members. Punjab's outlying districts were less impoverished as a result of the microcredit schemes (Pakistan). By looking at Rosewo Microfinance Organization, a microfinance organization in Nakuru County, according to Kireti, G.W., and Sakwa, M. (2014). From a population of 5000 Rosewo microfinance participants, a straightforward random sample of 370 women participants with at least two years of experience and above was selected. Data were quantitatively analyzed using descriptive statistics from the SPSS tool and displayed in the form of frequencies, pie charts, and tables. A structured questionnaire was employed as the data collection technique. The study's goals were to evaluate the socioeconomic impacts of women's access to microcredit, microsavings, microinsurance, and nonfinancial services.

Figure (2.2) Effects of Microfinance Services on Women in Nakuru County, Kenya



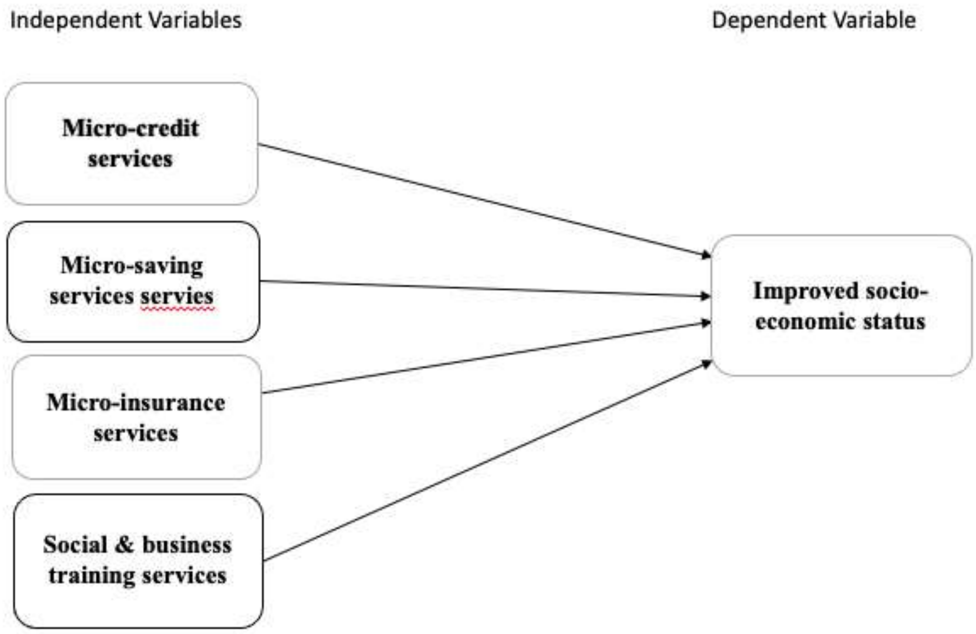
Source: Kireti, G.W., & Sakwa, M. (2014)

According to the study's findings, microcredit services offered by microfinance institutions are highly important because they raise income, which in turn helps pay for health and education services, helps create jobs, and increases output and stock in the company, as highlighted by the respondents. It was also clear that many people already have a saving culture, and the poor are not an exception. Micro savings services have thus played a significant role in encouraging people, even those with low income levels, to save more in order to level out income levels, increase capital resources to manage consumption needs, and ultimately create more wealth for a better way of life. It was discovered that micro-insurance is a timely service that builds a social network with solid links of trust that have an impact on both personal and comprehensive regional and global growth. Since these non-financial services improve personal skills that result in positive behavioral change that influences the successful realization of the general microfinance programs, they complement the other microfinance services to realize the positive effects on users.

2.7 Conceptual Framework of the Study

Based on Kireti, G.W., & Sakwa, M., an original compilation of the conceptual framework of this study is constructed (2014). The study looked at how local households in Dala Township benefited economically and socially from microfinance services (loans or microcredit, saving, microinsurance, social and business training). Based on the goals and questions of the research, a conceptual framework is created. Both the independence and dependence variables are shown. These are interrelated and interconnected to provide a test for this research.

Figure (2.3) Conceptual Framework of the Study



Source: Owned Compilation (2022)

The independent variables (Microfinance services) from the conceptual framework above include microcredit services, saving services, microinsurance services, and social and business training services. Independent factors for microcredit services include interest rate, loan procedure, cost of loan, and frequency of repayment. Independent factors for savings services include saving interest, saving amount, and saving withdrawal. Independent factors for microinsurance services include lowering risk, protecting against unexpected loss, and social welfare fund contribution. Independent factors for social and business training include financial management training, saving awareness training, and gaining knowledge for business. The dependent variable (socio-economic status) is determined by an individual's ability to save money, improve their income, expand their business, renovate or repair their home, acquire more assets, consume high-quality food and meals, and have access to quality healthcare.

The research study focuses on the relationship between the impact of local households' economic and social status and the microfinance services (loans or micro-credit, savings, micro-insurance, and social and business training). In this approach, the economic and social standing of local households was treated as a dependent variable, while microcredit, microsavings, microinsurance, and social and business training were treated as independent variables. From the recipients of microloans in Dala Township, 395 individuals were chosen as a sample. The questionnaires used to gather data have three sections. Demographic data was gathered in the first section, and credit data was gathered in the second. The final section, which focused on how MFI clients' economic and social performance affected them, gathered responses from independent factors. There are one to five points for each independent variable, with one denoting the degree of agreement and five denoting the degree of agreement at its peak. Using SPSS software, the questionnaires were evaluated, and results included mean values, standard deviations, and correlation coefficients.

CHAPTER III

OVERVIEW OF MICROFINANCE INSTITUTIONS AND THEIR SERVICES IN DALA TOWNSHIP

The background study of the financial sector in Myanmar, the roles of the government in the MFI sector, the products and services offered by MFIs in Myanmar, and the microfinance institutions and their services in Dala Township are all covered in this chapter.

3.1 Background Study of MFI Sector in Myanmar

In the beginning of Myanmar's microfinance industry in the middle of the 1990s, when the government permitted major foreign NGOs to begin offering microfinance services. The Sustainable Microfinance to Improve the Livelihoods of the Poor project was launched by the United Nations Development Programme (UNDP) in 1997. In addition to working with UNDP on the Microfinance Program (MFP), PACT launched the "PACT Global Microfinance Fund (PGMF)" in 2003. The INGOs Grameen, Gret, EDA, Save the Children, and Pact served as the implementation partners. Pact served as the only implementing partner starting in 2006. The programme, which would eventually grow into the largest single microfinance operation in the nation, received donations from LIFT, USAID, the UK's Department for International Development, and the Danish International Development Agency in 2009. Financial Inclusion for National Development (FIND) was supported in 2012 by the World Bank. It was established to support the Myanmar Microfinance Supervision Entity (MMSE), which is in charge of regulating the establishments registered under the new Microfinance Law. The Fund receives funding from USAID, DFID, and LIFT (UNOPS), and it has 670,000 beneficiaries, including 98% women, with 730 employees and 141 million US dollars in disbursements. 26 Townships in the Central Dry Zone and Delta region are the target locations, while 20 TS also receive microcredit help from MFP of UNDP. PACT estimates that 40% of clients are farmers, 40% are non-agricultural employees, including livestock breeders, and 20% are employed in the service industry. Due to sound scheme design, Burmese culture, and the assistance of project employees, repayment rates of both MFP and PGMF are 99.8% in detail.

According to a development research on sustainable agricultural and rural development for poverty reduction programs in the Central Dry Zone, carried out by JICA from 2006 to 2010, 64% of farm households and 58% of nonfarm households borrow money, most commonly from local brokers or relatives. Purchasing agriculture inputs, food for consumption, medical care, and education are a few of the causes of debt. 2010 JICA Survey A microfinance law, enacted in May 2011 by the administration of President Thein Sein, has paved the way for the formalization of the microfinance sector and opened the door for for-profit microfinance enterprises to register and start making loans to customers. The Microfinance Business Law (MBL), passed by the government in 2011, provided the first foundation for microfinance, which was then followed by a number of rules and regulations in the months and years that followed. The law established the Ministry of Finance's Myanmar Microfinance Supervisory Enterprise (MMSE) as the industry's regulator and watchdog. The Microfinance Business Supervisory Committee is the group responsible for setting policy (MBSC). The framework gives existing microfinance providers who were previously offering unlicensed microfinance services the ability to become fully privately owned MFIs and provides licenses to the organizations, including local and foreign investors. Nearly 120 MFIs acquired licenses between November 2011 and November 2012 after the law was passed in November 2011. There are 176 MFIs operating in Myanmar's microfinance sector, not including cooperatives, according to the MAP Financial Inclusion Diagnostic 2018.

Table (3.1) Number of Microfinance Institutions in Myanmar

Sr. No.	Institutions	Number
1	Local	107
2	Foreign	39
3	Joint-Venture	3
4	INGOs	5
5	NGOs	22
	Total	**176**

Source: MAP Financial Inclusion Diagnostic 2018

To accelerate Myanmar's economic growth, the industry group the Myanmar Microfinance Association has suggested a number of policy changes. The group informed the Ministry of Finance's Financial Regulatory Department in March 2016 of its intended modifications, as the Financial Regulatory Department regulates the microfinance industry. The claims include the following: 1) removing client deposit limitations gradually 2) MFIs' ability to obtain financing 3) Lowering liquidity ratios; 4) lowering deposit interest rates. The Myanmar Microfinance Association also urged regulators to guarantee openness in the formulation and implementation of policies. The group also advocated for allowing MFIs in order to broaden the scope of services they can offer. More cash, human resources, and financial education will be offered to clients as the microfinance industry develops.

According to FRD, the amount of outstanding MFI loans surged fourfold between 2016 and 2018, from MMK 276 billion (USD 207 million) in the first quarter of 2016/2017 to MMK 773 billion (USD 579 million) in the third quarter of 2017/2018. This is an average quarterly growth rate of 16%. Over the same time frame, the number of active loan accounts continuously climbed from 950,000 to 2.8 million. There were 3.5 million MFI accounts in the beginning of 2018 according to the FinScope Survey (2018). Most MFIs lack access to a database that would allow them to know whether their clients had extra loans in other financial institutions. There hasn't been much development in this area, despite the fact that some MFIs have exchanged client information with other MFIs. Privacy laws prevent lenders from exchanging consumer information with other MFIs, which is a major barrier. The Myanmar Credit Bureau, which received a license in May 2018, might eventually widen its clientele to include MFIs. The Myanmar Micro Finance Association (MMFA) was building a mechanism to share customer credit information between MFIs at the time the MAP report was being written in November 2018. The 2018 MAP Financial Inclusion Diagnostic Over the five-year period from 2013 to 2018, MFIs were crucial in boosting access. The type of MFI expansion and development during this time may have been limited, though, due to budgetary limitations. The high cost of international financing (once exchange rate risk is taken into account), restrictions on deposit taking, and lending interest rate caps (which limit the spread and the sustainable cost of funding) are some likely funding restraints (MAP Financial Inclusion Diagnostic, 2018).

3.2 Roles of Government in MFI Sector in Myanmar

MFI oversight and regulation fall under the purview of the Ministry of Finance's Financial Regulatory Department (FRD). On September 1st, 2014, the Financial

Regulatory Department (FRD) was created. According to goals established by the government to lessen poverty in rural areas, the FRD's fourth goal is to oversee microfinance institutions in Myanmar in order to reduce poverty among people from the basic social class, improve their social, educational, health, and economic conditions, and foster and cultivate the habit of being thrifty and practicing saving. In addition to overseeing microfinance institutions, the FRD also has other obligations that include regulating and supervising the state lottery industry, state-owned banks, and the insurance sector to ensure that it develops sustainably. Implementation that enables financial institutions to effectively carry out their duties, promotes socioeconomic growth, and aids in the education of the public in matters of finance (Ministry of Planning and Finance, 2022). Myanmar Small Loans Enterprise (MSLE) was first established on October 11th, 1952 as the state Pawn Shops management board. It joined Myanma Economic Development Corporation in October 1961, with the name People's Loans Company. The People's Loans Company and the People's Bank of the Union of Myanmar were combined in 1963, the year that the Myanma Economic Development Corporation was nationalized. The Small Loans Department was then reinstituted in the recently established Myanma Economic Bank. Small Loans Department was split off from Myanma Economic Bank when Myanmar Financial Institution Law was passed in 1990. Since August 14, 1992, Myanma Small Loans Enterprise has operated independently as a financial organization under the direction of a Managing Director. Myanma Small Loans Enterprise was renamed Myanma Microfinance Supervisory Enterprise on October 10, 2011, with the approval of the Union Government, in order to be more organized and accurate in its oversight of the microfinance industry. It had been covered under the Ministry's authority. The Ministry of Finance issued Directive No. (1560/2014) on September 1st, 2014, to transform Myanma Microfinance Supervisory Enterprise into "Financial Regulatory Department" with effect from September 1st, 2014, in accordance with the decision made by Meeting No. (16/2014) of the Union Government Office held on August 14, 2014. The Financial Regulatory Department is divided into six divisions at the corporate level and fifteen regional branch offices (Ministry of Planning and Finance, 2022).

The Microfinance Business Law of 2011 governs microfinance institutions. According to the law, microfinance includes providing low-income individuals with microcredit, receiving deposits, managing remittances, conducting insurance business, and providing other financial services. The goals of the Microfinance Business Law are to decrease poverty, enhance low-income people's social, educational, health, and economic conditions, provide job opportunities, encourage people to save money, promote the growth of new small businesses, expand cottage industries, help low-income people find other sources of income in addition to agriculture and livestock breeding, and acquire and disseminate technologies. Microfinance Institutions are domestic and international organizations, partnership firms, corporations, cooperative societies, banks, and other non-banking financial institutions that have been established and registered in accordance with the applicable laws and that operate as microfinance businesses with a license to operate by providing capital, charitable donations, and grants to help the poor and the underprivileged and to enhance their socio-economic conditions. With the Supervisory Committee's blessing, the microfinance institution may conduct out (a) microcredit issuance; (b) deposit receipt; (c) money remittance; (d) carrying out insurance business; (e) borrowing money from domestic and international sources; and (f) carrying out other financial activity.

The microfinance institutions will be divided into two categories: (a) those that do not accept deposits; and (b) those that do. The microfinance organization that does not accept deposits must issue microcredit using money that is not a deposit from the general public and that is collected, earned via other means, and paid from members' required savings whenever they use microcredit. The microfinance organization that accepts deposits must issue microcredit using voluntary deposits, funds that are not public deposits and are collected, funds that are received through other means, and the mandatory savings that members must maintain whenever they use microcredit. Only customer deposits are permitted by MFIs. A lender must satisfy the aforementioned requirements as of August 2016 in order to be considered a deposit taking institution. Paid-up capital balance and total equity must both be at least 300 million kyats in amount. a minimum of three years' worth of experience conducting microfinance operations in Myanmar A functioning management information system (MIS), consistent profitability for a minimum of two years, and robust internal controls. (2011) Microfinance Business Law According to notification 1/2016, MFIs are required to abide by the Customer Protection Principles listed below to make sure that their microfinance services do not lead to client over-indebtedness. Additionally, MFI services give clients with financial services that are responsible and accountable while also meeting their needs (Microfinance Business Law, 2011).

- Appropriate product design and delivery that meet clients' needs
- Prevention of over-indebtedness
- Transparency – disseminating information regarding financial services in language that is accessible to the clients
- Responsible pricing – ensuring that pricing for financial services does not affect clients negatively
- Fair and respectful treatment of clients
- Client Data Privacy – ensuring the security of client data
- Mechanisms for complaint resolution – having in place procedures to resolve disputes with clients.

3.3 Product and Services of Microfinance Institutions in Myanmar

The only financial services that are allowed are credit and savings, as per the Microfinance Business Law of 2011, which was intended to provide savings, credit, remittances, and insurance. The lending practices, loans, and services listed below are available in Myanmar, according to the Myanmar Financial Services Report 2018.

Lending Methodology

Microfinance have distinguished themselves by modifying diverse lending processes to efficiently and successfully help the needy. Individual loans and group loans are the two primary types of microfinance lending products.

Group Lending: A group loan is an option for small-to-medium-sized business owners who are having trouble making ends meet to capitalization expenses or net working capital. It takes at least three people to join a group in order to qualify for such a loan.

Individual Lending: The individual loan seeks to maximize profit by developing practical expansion strategies for an already-operational business. Individual loans will give companies the chance to use their financial hardships, capital expenses, net working capital, etc.

Loan Products

Agriculture Loans: Farmers can repay their loans after selling their harvests thanks to these bullet-repayment loans with monthly interest payments. In addition, a lot of MFIs engage in microleasing via hire purchase goods because Myanmar still lacks a leasing regulatory and licensing framework. Agricultural equipment makes up the majority of hire purchase transactions in rural areas. Many MFIs express interest in submitting applications to provide hire-purchase services.

Enterprise Loans: Larger multinational MFIs state that they intend to expand their lending to small and medium-sized firms and increase their enterprise loan activities. These are frequently disbursed through an existing bank account of the lender, which reduces the cost of financing. The two main obstacles to increasing small business lending are the lending cap and funding availability.

Livestock Loans: Livestock financing is a versatile kind of security that may be used by livestock farmers in both urban and rural settings to suit their financial needs.
Aquaculture Loans: MFIs offer aquaculture to people who raise livestock as a part of their household or commercial operations in order to provide operating capital or to expand their businesses.

Consumption loans: Consumption loans are intended to be used for essential household expenses like buying furniture, home improvements, motorbikes, and other household necessities.
Disabilities Loans: As part of a pilot program, BRAC provides microloans to individuals with impairments who might otherwise find it difficult to obtain credit from other MFIs.

Migration Loans: At least one MFI has provided loans for internal relocation of individuals in Myanmar.

Garment workers Loans: Vision Fund In February 2018, Myanmar unveiled a new loan option from garment manufacturing workers, supported by the Livelihoods and Food Security Trust Fund (LIFT).

Individual enterprise loans for startups and small businesses are growing in popularity, in part because of the high demand from borrowers and the higher profitability of these loans for MFIs. Even MFIs that have solely concentrated on group loans intend to expand the proportion of enterprise loans in their portfolios. Similar factors are drawing more MFIs to hire-purchase because they are no longer constrained from offering it for "luxury products" or farm machinery. Mobile systems may be able to assist new entrants in quickly reaching a comparable level as MFI loan books develop to the point where they are self-funding and profitable. Foreign investors are drawn to consumer financing prospects. Given their legal environment, commercial banks find it difficult to enter the sector where some MFIs are quite active in offering finance for consumer goods purchases. MFIs branch out into lending to small and medium-sized enterprises in other, more developed markets, but Myanmar's SME sector is primarily credit-starved. This would probably call for allowing MFIs to accept collateral and provide larger loans.

Savings

Although not as appealing a feature as the lending, savings are a factor that draws people to MFIs as clients. The ability to save little amounts frequently and accumulate a lump sum (a significant amount) for withdrawal to be used for investing in their business or for consumption was valued by participants as a positive factor. This option to withdraw is a good feature for MFIs that permit savings withdrawals (not all do). The mandatory savings requirements varied between MFIs. Microfinance Business Law states that MFIs may require mandatory savings of up to 5% of loan disbursements. The annual interest rate on mandatory savings is 14%. A MFI that satisfies the requirements for a deposit-taking MFI license may solicit voluntary savings. Interest earned on voluntarily saved money is at least 10% annually. Although an infinite amount of voluntary savings can be gathered, MFIs must maintain solvency ratios of at least 12% and liquidity ratios of at least 25%. Not all participants had been able to save voluntarily in the MFIs that permitted or encouraged voluntary savings in addition to mandated savings. This seems to be related to their term of employment with the MFI, since less time equaled fewer voluntary savings (Microfinance Business Law, 2011**).**

Insurance

The MBL specifically covers insurance as part of MFI operation, and lenders claim that this is also the case with their microfinance licenses. However, a lot of MFIs assert that selling insurance products is against the law. Some lenders have the ability to connect clients to the insurance division of a company group that also includes a licensed insurer. To protect borrowers in the event of their death, several of the larger MFIs offer a basic insurance package, either voluntarily or as part of the loan. In order to clear loans and pay for funeral costs for customers who pass away, MFIs may levy a fee that is either a flat rate or a percentage of the loan.

Training

MFIs that offer financial management and planning training help all of their clients acquire sound financial habits with relation to their savings and income-generating activities. Some MFIs mandate that all borrowers, new and old, complete business education, social responsibility, and health-related training programs**.**

3.4 Microfinance Institutions and their Services in Dala Township

The Dala Township is situated southeast of Yangon, Myanmar, alongside the Yangon River. The township, which is bordered on the north and east by the Yangon River, the west by the Twante Canal, and the south by Twante Township, is divided into 23 wards and 23 village tracks (containing 50 villages). Despite being strategically situated close to Yangon, the township is still entirely rural and undeveloped, primarily because there is no bridge across the Yangon River, and there are no other ways to access the city than via ferry. Cyclone Nargis virtually wrecked Dala Township in 2008. With 96 males for every 100 females, there are more women than men. Seven markets can be found in Dala Township: Kamakasit, Aung Zayya, Myoma, Kyansit Thar, Kyaung Su, Antgyi, and No. 9 ward markets. In Dala Township, various business activities take place. Wholesale and retail trade, agriculture, forestry, and fishing, as well as transportation and food services, make up the majority of the business activity in Dala Township. (Report from the Yangon Region, Southern District, and Dala Township of the 2014 Myanmar Population and Housing Census) The MFI industry through a number of stages and adjustments over the years. Financial gaps between the informal sector and financial services were also recognized as a major economic constraint by the population and housing census. As a result, the fundamental barrier to development in the unorganized sector has been a lack of financial prospects. To address some of these issues in conjunction with small enterprises, microfinance institutions (MFIs) have emerged. Only low-income customers are served by microfinance institutions. Therefore, it is the social, economic, and business performance of households. Dala Township has always relied on savings and microloans from individuals and organizations to launch or grow its small companies. In 2013, the NGO began to formalize microfinance in the Dala area. Dala Township currently has thirteen Microfinance Institutions in operation.

The two main approaches used in Dala are group and individual lending. Group loans are offered to businesses that generate revenue. Lending applicants must organize a group in order to use the group loan services offered by MFIs. Depending on the operational guidelines of each MFI, group sizes are determined. Since the group members are insured by one another, collateral is not needed. Due to the fact that they are frequently coworkers, neighbors, or family members, the group members are working hard to keep each other from repaying the debt. Members of the group choose one another based on their shared interests and their faith in the ability of the group's associates to provide support. An internal leader for each group must be chosen. Group loans are designed for small-scale income-generating activities (IGA) in both urban and rural areas. The borrower doesn't require a lot of paperwork to process loan applications. It supports the IGA of MFI's target population in accordance with the capital requirements for their companies and the household repayment capcity. It is flexible in terms of frequency and term. The capital offered will be put to good use in either the expansion of present business operations or the creation of new/additional business activities. Customers were viewed as independent, capable of handling their own finances, and capable of managing their businesses successfully without the interference of other group members in the individual methodology.

The majority of the clients are graduated from the group loan approach. Some microfinance organizations use the individual methodology with their clients without going through the group stage. After the credit appraisal procedure, it depended on the customer's business appraisal and their confidence in the business appraisal process. In Dala Township, MFIs provide a variety of loans to borrowers, including business loans, agricultural loans, seasonal loans, education loans, emergency loans, and loans for improving one's quality of life. Loan applicants' needed documentation must include either an original or a copy of their NRC card. If the applicant is unable to provide this document, MFIs typically accept the local authority's recommendation and a household certificate. Most MFI loan candidates must be between the ages of 18 and 70, only one member of the household may apply for group and must reside in the MFI's service area in Dala and provide proof of residency in the area for at least six months. The loan is granted in a brief amount of time, typically up to one year. Additionally, the borrower does not have to pay a significant charge to execute a loan application, such as the cost of travel to the nearby bank branch, which is typically found in a city. Furthermore, there is no assurance that the borrower will offer a loan alternative to security, such as a borrower or group technique for estimating cash flow. Only business expansion and improvement-related purposes are served by the provision of business loans. 1) B2C: This category includes food stores, ambulant vendors, market vendors, and tea businesses. For the duration of the loan, they should have previous work history and stable income. 2) B2B - This refers to all wholesale or business-to-business transactions. It is frequently a punctual industry. All forms of transportation are included in this, including trishaw drivers, motorcyclists, light trucks, and boat captains. To prevent over-indebtedness, loan amounts will be tailored to the client's repayment capacity and the capital requirements associated with the growth of their firm.

The Credit Committee's appraisal will also take into account the repayment history and adherence to group regulations. The loan amount ranges from 100,000 kyats to 10,000,000 kyats, depending on the purpose of the loan and the company's need for finance. According to the cap on interest set by the microfinance law, loans can have interest charged at a rate of 2.33% on the falling basis balance of the loan per payment period (weekly/monthly), which equates to an annual interest rate of 28% or less. The agricultural financing program is tailored for small-town farmers and other comparable businesses. Farmers must exhibit their ownership and exploitation rights to the land, and livestock owners must exhibit their stock of live animals. Before the loan may be disbursed, farmers who are renting the land must present documentation from the owner proving their ownership. Loans for agriculture are given for the following reasons: 1) Farming - villagers who engage in regular farming activities (mostly paddy field). Within the home, they should be the owners or own the exploitation right (rent) to utilize the land. The proceeds from the harvest sales ought to belong to them. 2) Fishing: Villagers regularly engage in fishing. They must own a fishnet and either own or rent a boat. To engage in fishing activities, they must present their fishing license. 3) Villagers who already engage in livestock activities (they have to show that they have a minimum of 6 months of business activities).

MADB also offers term loans (short- and long-term) to purchase farming machinery and equipment, as well as seasonal loans (monsoon, winter, and pre-monsoon) for crop cultivation. The repayment intervals are planned to match the borrower's firms' cash flow. With 205 branches and agency offices spread out around the nation, MADB has the second-largest branch network. It provides finance to farmers in order to promote the growth of rural businesses as well as agriculture and livestock. By running a program for rural savings mobilization, it encourages farmers to save money. It offers loans of MMK 150,000 per acre for the production of paddy and MMK 100,000 for the production of other crops at an interest rate of 8%, serving as the primary official source of funding for farmers. For the production of paddy, oil seeds, beans and pulses, long cotton, and jute, loans are given out. Additionally, MADB provides one-year loans for the production of salt, sugar, tea leaves, and palm oil. Additionally, it offers three-year term loans for the purchase of agricultural machinery and equipment, allowing the borrowers to pay back the loan in installments, similar to a hire-purchase scheme.

Additionally, a client's family children who are under 18 and enrolled in school can get an education loan. The interest rate is 2.33% per month, which is the same as a company loan. Disbursement is only made during the May–June school opening period. A letter of recommendation from the responsible teacher or principal is required. To apply for this loan, you must have your school fee payment receipt approved. The emergency loan is given to cover the cost of the client's and its domestic family members' medical care. The loan application requires a medical certificate and record book. The life improvement loan is given to buy particular life improvement items, such solar lighting and mobile phones. A customer can choose a product from a manufacturer or distributor that is an MFI partner and receive the product from MFIs. The repayment schedule is established based on the cost of the goods and the customer's credit history. The interest rate is 28% annually, which is the same as a company loan. fostering a culture of saving in order to grow a business and create resistance to unforeseen events Prior to receiving their loan amount, each borrower is required to make a mandatory saving. Most microfinance companies forbid customers from withdrawing their required savings while they are borrowing money; instead, they can only do so after they have completed their loan payback terms. In this way, the money saved serves as collateral, is partially guaranteed against client loans, and imposes mandatory accumulation and interest-bearing on savings at a rate of 14% annually. When a client leaves the company, the whole value of any savings must be refunded to them. Based on Myanmar regulations and a minimum interest rate of 10% for voluntary savings, the amount of voluntary savings cannot be greater than the entire loan amount disbursed during the client's lifetime. According to the operational procedures of the individual

MFIs, interest is computed on a monthly and quarterly basis depending on the savings balance.

Microinsurance services including credit life funds, social welfare funds, and beneficiary welfare funds are offered by MFIs. MFIs typically charge 0.5% of the loan amount and are paid at the branch level prior to loan disbursement. The payment for the social welfare or credit life fund cannot be subtracted from the loan balance. It is not refundable and must be paid in cash prior to loan issuance. The social welfare fund will pay the remaining outstanding amount of capital due on the client's death date in order to pay off any debt the client owed to MFIs, and MFIs will get a lump sum payment of (50,000 to 100,000) MMK after the client passed away. This terminate the loan contract.

Training classes are held to ensure that clients and employees at MFIs have a mutually respectful and understanding relationship. The loan officers covered topics like the MFIs methodology, the group of consistent saving, the tasks and responsibilities of group leaders and members, managing loans and loans' repayments, including preventing over-indebtedness, comprehending loans' contracts and repayment schedules, and partners' rights and obligations. In the business trainings, participants learn about topics that will help them advance their companies. Clients receive training in financial literacy during which they are taught about money management for families and other financial concepts. Social education also serves to increase public understanding of social issues.

CHAPTER IV

ANALYSIS OF THE EFFECTS OF MICROFINANCE SERVICES ON LOCAL HOUSEHOLD IN DALA TOWNSHIP

This chapter analyzes, using data from survey questionnaires, how microfinance services affect the economic and social benefits for local households. This chapter provides the research design, demographic information about the respondents, credit information about the respondents, answers to independent variables, and consequences of the borrowers' economic and social performance.

4.1 Research Design

The study's goal is to determine how microfinance services affect clients' economic and social performance in Dala Township. The necessary information was gathered via a series of survey questionnaires in order to carry out these aims. Dala Township has a total population of 172,857 people, according to the 2014 Myanmar population and housing census report. Most of residents from the urban area in Dala township, which have (69 per cent). Due to their high population densities, Ka Mar Ka Sit, Kyan Sit Thar, and Ta Pin Shwe Htee wards were chosen for this study out of Dala Township's 23 wards, or 13% of the total. Simple random sampling method was used to choose the sample clients. In terms of the respondents, this study interviewed in-depth 395 people in total, including 30% of respondents from Ka Mar Ka Sit ward, 40% of respondents from Kyan Sit Thar ward, and 30% of respondents from Ta Pin Shwe Htee ward. A series of survey questionnaires were used to collect data using the face-to-face interview approach. There are three sections in the questionnaire. The demographic profile of the borrowers who get microfinance services is included in the first part. The gender, age, marital status, number of family members, education, loan cycle, occupation, and daily income of the client are all listed in this area. The credit history of the borrowers from the Dala area is included in the second section. A form of opinion about microfinance services, such as loans or micro credit, micro savings, micro insurance, and social and business training, is presented in the third section. The questionnaire's final section discusses the impact of micro credit on the borrowers' social and economic well-being. This study uses five-point questionnaires from several studies connected to the topic, and it primarily measures all the structured questions' variables using Likert scales. As for scaling: To assess the data, the following ratings have been given: 5 for highly agree, 4 for agree, 3 for neutral, 2 for disagree, and 1 for strongly disagree. The survey question is distributed to 395 clients, who are selected at random and interviewed as part of the sampling size for this study. After data collection, SPSS is used to further analyzed the processed data.

4.2 Demographic Profile of Respondents

The profiles of the 395 responders from Dala Township are shown in this section. The demographic data, a microfinance services analysis, and the effect of the borrowers' economic and social status are all covered by the survey. The survey includes the respondents' demographic data.

Table (4.1) Demographic Information of Respondents

Description		Frequency	Percentage
Gender	Male	77	19.7
	Female	318	80.3
Age (Year)	26 – 35	58	14.8
	36 – 45	162	41.5
	46 – 55	104	26.6
	56 – 65	59	15.1
	Over 65	12	2.0
Marital Status	Married	357	90.4
	Single	38	9.6
Occupation	Sellers	300	76
	Farmers	40	10
	Drivers	35	8.8
	Others	20	5.2
No. of Family Member	1 to 3	116	29.7
	4 to 6	255	65.2
	7 and above	24	5.1

Table (4.1) Demographic Information of Respondents (Continued)

Description		Frequency	Percentage
Education	Read and write	13	3.2
	Primary School	199	50.9
	Middle School	107	27.4
	High School	73	18.4
	Graduated	3	0.7
Daily Income (MMK)	Below 5000	24	5.1
	5001 to 10000	201	51.4
	10000 to 20000	146	37.3
	20000 and above	24	6.1

Source: Survey Results, 2022

Out of all respondents, 80.3% were female and 19.7% were male, as indicated in Table (4.1), reflecting the fact that microfinance services are primarily targeted towards women's clientele. The majority of respondents (41.5%) are between the ages of 36 and 45, while 26.6% are between the ages of 46 and 55. The majority of the remaining responders are in the 56–65 age range, with the following group being 26–36. 76% of respondents work in small and microbusiness trading, with 10% in farmers' and agricultural businesses. The majority of respondents (90.4%) are married, with 9.6% of the remaining respondents being single. About 50.9% of the clients have completed elementary school, 3.2% are literate (can read and write), 27.4% are in middle school, 18.4% are in high school, and the remaining 0.7% have graduated. The range of MMK 5,001 to 10,000 represents the majority of the clients' daily income at a rate of 51.4%.

4.3 Credit Information of Respondents

The credit information of 395 Dala Township respondents is included in this section. To examine the respondents' credit data, including borrowing patterns, MFI services used, reasons for borrowing, terms of payments, and repayment methods.

Table (4.2) Credit Information of Respondents

Description		Frequency	Percentage
Frequency of Borrowing	1	39	10.0
	2	89	22.8
	3	72	18.3
	4	62	15.9
	5	8	2.0
	Over 5	125	31.0
Type of MFI services obtained	Local	9	2.3
	Foreign	386	97.7
Reason for Borrowing	Business Purpose	355	90
	Daily Expense	40	10
Payment Period	3 months	13	3.2
	6 month – 1 year	290	73.3
	1 year and above	92	23.5
Repayment Method	Bullet Payment	78	19.9
	Installment	317	80.1

Source: Survey Result, 2022

The majority of borrowers (31%), 15.9% of respondents are in their fourth loan cycle, and 18.3% are in their third cycle, respectively. Additionally, just 19.7% of respondents received loans from local MFIs, while 97.7% of respondents received loans from foreign MFIs. The group of respondents—90%—have a loan for their primary business purpose, while the remaining 10% have a loan for everyday needs. With 290 respondents and 73.3% of the respondents, most borrowers choose a loan with a 6 to 1 year payment period. 80.1% of clients must make installment payments, while 19.9% use bullet payments.

4.4 Reliability Test

Multiple-question questionnaires using the Likert scale were employed in the study. The Cronbach's Alpha test, which measures the reliability or internal consistency of how closely linked a set of test questions are as a group, is crucial for evaluating the validity of survey questionnaires. For the Five-Likert Question, a general guideline for assessing alpha is;

Table (4.3) Rules of Thumb for Alpha Result

Cronbach's Alpha Value	Internal Consistency
Above 0.9	Excellent
Between 0.9 & 0.8	Good
Between 0.8 & 0.7	Acceptable
Between 0.7 & 0.6	Questionable
Between 0.6 & 0.5	Poor
Below 0.5	Unacceptable

Source: Wikipedia

Cronbach's Alpha has a value that lies between 0 and 1. A high alpha number may indicate redundant questions, whereas a low alpha value may indicate insufficient test questions. It is crucial to assess the validity of the surveys that included questions about microfinance services, economic performance, and social development. In light of this, the study calculated the Cronbach's Alpha test as follows.

Table (4.4) Results of Cronbach's Alpha Value

Scale	No. of Items	Cronbach's Alpha
Micro Credit	5	0.710
Micro Saving	5	0.725
Micro Insurance	5	0.743
Social and Business Training	5	0.711
Economics and Social Effect	10	0.759

Source: Survey Results, 2022

According to the data in Table (4.4), Cronbach's alpha value was higher than 0.7 across the board. The outcome shows that there was a good level of consistency and that the variables and questionnaire are robust, significant, and reliable for scale with this population. The reliability of the questionnaire and variables may be regarded as acceptable overall.

4.5 Descriptive Result of Variables

All items in this study were evaluated using a 5-point Likert scale (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly agree). According on the perceptions of the respondents, mean values were determined. Table provides an explanation of the mean value (4.5).

Table (4.5) Interpretation of Likert Scale

No.	Mean Score between	Interpretation
1	1.00 - 1.80	Lowest
2	1.81 - 2.60	Low
3	2.61 - 3.40	Neutral
4	3.41 - 4.20	High
5	4.21 - 5.00	Highest

Source: Moidunny (2009)

Since the researchers examined the impact of independent factors (Microfinance Services) on the dependent variables, this design was appropriate for the study at hand (Improved socio-economic status**)**.

(1) Loan or Micro-credit services

Five questions are used to assess the effects of a loan or microcredit on obtaining microfinance services, as shown in the table.

Table (4.6) Descriptive Analysis of Loan or Micro Credit Services

No.	Statements	Mean	Std. Dev
1	Interest rate is appropriate and reasonable	4.33	.583
2	Procedure of applying loan is satisfied	4.25	.582
3	Loan disbursement process is fast	4.29	.691
4	Cost of loan is affordable	4.30	.723
5	Loan Repayment period is proper and right time	4.22	.666
Total Average Scores		**4.28**	

Source: Survey Data, 2022

The average mean score of loans or microcredit practices, as shown in Table (4.6), is 4.28, indicating that the respondents firmly agree that microcredit practices are an advantage of microfinance services. The greatest mean score is 4.3, which indicates an acceptable interest rate, and the lowest mean score is 4.22, which indicates that the loan repayment duration is appropriate and timely.

(2) Savings Services

Five surveys, which are presented in the table, are used to measure the effects of the savings services on receiving the microfinance service.

Table (4.7) Descriptive Analysis of Saving Services

No.	Statements	Mean	Std. Dev
1	Saving interest rate is Reasonable	4.13	.727
2	Saving can help emergency usage of unexpected problem	4.29	.663
3	Requirement of compulsory saving amount is Appropriate	4.28	.682
4	Saving withdrawl is convenient	4.01	.698
5	Using saving as capital to expand the business	4.17	.672
Total Average Scores		**4.18**	

Source: Survey Data, 2022

The average mean score of savings services is 4.18, as shown in Table (4.7). The lowest mean score is 4.01, which indicates that saving withdrawal is convenient, while the highest mean score is 4.29, which indicates that saving can assist with emergency usage of unforeseen problems.

(3) Micro Insurance Services

Five questionnaires are used to measure the impact of the microinsurance services on obtaining microfinance services, as shown in the table.

Table (4.8) Descriptive Analysis of Micro Insurance Services

No.	Statements	Mean	Std. Dev
1	Microinsurance can protect against unexpected loss.	3.74	.560
2	Being able to understand the benefit of micro insurance.	3.80	.661
3	Micro insurance can reduce the risk due to emergency events.	3.69	.655
4	Micro insurance can protect the risk for loss of business	3.80	.693
5	Micro insurance (or)Social welfare fund contribution amount is appropriate.	3.86	.627
Total Average Scores		**3.78**	

Source: Survey Data, 2022

The overall mean score for micro-insurance services is 3.78, as shown in Table (4.8). The lowest mean score is 3.69, indicating that microinsurance can reduce the risk of business loss, while the highest mean score is 3.86, indicating that the amount contributed to social welfare funds is reasonable.

(4) Social and Business Training Services

Five questions, which are given in the table, are used to assess the effects of the training services for obtaining the microfinance service.

Table (4.9) Descriptive Analysis of Social and Business Training Services

No.	Statements	Mean	Std. Dev
1	Financial management training can help to improve business	3.79	.679
2	Being able to understand clearly by providing training from MFI staff.	3.91	.727
3	Saving awareness training can support the habit of saving.	3.85	.775
4	Training can support in gaining knowledg for family healthcare	3.85	.703
5	It is worth time-consuming by attending training from MFI.	3.78	.671
Total Average Scores		**3.89**	

Source: Survey Data, 2022

Table (4.9) shows that the overall mean value is 3.89. The greatest mean score is 3.91, meaning MFI employees can clearly explain it to clients, and the lowest mean score is 3.78, meaning MFI training is time well spent. Table (4.10) provides the outcomes of summing all of the consequences of microfinance services. The majority of the respondents' Five-Likert responses led to strong mean scores. The dimension with the highest mean score (Micro credit) is the most impressionable among them, and as a result, respondents are happier than predicted with this dimension.

Table (4.10) Summary of Microfinance Services' Effect

Sr. No.	Statements	Mean
1	Loan or Micro Credit Practices	4.28
2	Saving Practices	4.18
3	Micro Insurance Practices	3.78
4	Social and Business Training Practices	3.89

Source: Survey Data (2022)

The highest mean score was observed for loan or microcredit procedures in the comparison of mean scores for independent variables from Table (4.10). In order to improve socioeconomic status, loan or microcredit techniques are therefore prevalent in microfinance services. According to the total score, respondents concur that microfinance services improve socioeconomic standing.

(4) Social and Economic Status

Ten surveys, as listed in the table, are used to measure the social and economic effects of receiving microfinance services.

Table (4.11) Descriptive Analysis of Social and Economic Status

No.	Statements	Mean	Std. Dev
1	Income has increased after loan	3.93	.636
2	Being able to expand the business	3.86	.734
3	Being able to buy additional inventories to run business	3.83	.676
4	Increasing customers due to additional inventories	3.71	.797
5	Being able to save money due to increase the profit	3.88	.635
6	Being able to repair/renew the house and increase of type or number of assets after taking loan	3.73	.666
7	Being able to have quality food and meal consumed	3.96	.706
8.	Being able to have knowledge and skills for families' members	4.18	.687
9.	Being able to have good health care for family member	3.94	.613
10	Being able to spend not only family expense but also social cost.	4.01	.734
Total Average Scores		**3.84**	

Source: Survey Data, 2022

The average value is 3.84 overall, as shown in Table (4.11). The mean score ranges from 3.71 to 4.18, with 4.18 being the lowest and 4.18 being the highest, indicating that clients can provide information and skills to family members. All questionnaire results revealed that respondents concur that microfinance services have a significant impact on social and economic status.

4.6 Analysis on the Effect of Microfinance Services on Socio-Economics Status

Table (4.12) in this part, which assesses the impact of microfinance services on the socioeconomic status of household units, displays the correlation coefficient between social and economic status. Applying the multiple linear regression model, the impact of microfinance services on socioeconomic position is examined. Table displays the results of creating a multiple linear regression model (4.13)

Table (4.12) Correlation Coefficient of Social and Economic Status

Independent Variable	Effect of Economics and Social
Micro Credit	0.333** .000
Micro Saving	0.084* .049
Micro Insurance	0.177** .000
Social and Business Training	0.280** .000

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed)

Source: Survey Results, 2022

The correlation between the independent and dependent variables was shown in Table (4.12). The outcome demonstrated that variables have positive and correlated relationships, which meant that if one variable increases in value, another variable likewise increases in value in a matching manner. Microcredit, microinsurance, social and business standing, and socioeconomic position are all connected with one another (r=0.333, r=0.177, r=0.28, p0.01). Additionally, the results demonstrated a correlation between saving and socioeconomic status, with results of r=0.084, p0.05, respectively.

Table (4.13) Analyzing the Effect of Microfinance Services on Socio-Economics Status

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	.885	.401		2.210	.028	
Micro credit	.326***	.052	.315	6.259	.000	1.173
Micro saving	.142**	.061	.124	2.329	.020	1.311
Micro insurance	.110*	.066	.091	1.655	.099	1.408
Social & Business Training	.232***	.065	.196	3.537	.000	1.425
N	395					
Adjusted R^2	0.157					
F value	19.174*** (.000)					
Durbin Watson	1.747					
Note: *** Significant at 1% level, ** Significant at 5% level, * Significant at 10% level						

Source: Survey Results, 2022

Relationship between the variables in this section (Saunders et al., 2016). In order to analyze the link between independent variables and search dependent variables, correlation analysis and regression analysis were utilized. In statistics, regression analysis is frequently employed. Regression analysis offers a consistent and unbiased way to evaluate data and outcomes. There are descriptions of significant (p) values, and p is generally accepted at less than 0.05. The factors that contributed the most to the analysis were examined in Column Beta (B). The R field's output also includes a defining coefficient that shows the proportion of the change in the dependent variables that can be understood in light of the independent variables. The regression analysis results in Table (4.13) could account for the correlation between the two variables in about 15.7% of the cases (R Square = 0.157), which suggests that the models' ability to account for variables pertaining to households' social and economic standing is weak given values of adjusted R square of 0.157. As a result, the regression model's effectiveness enables it to explain 15.7% of the variation in social and economic status in terms of microfinance services including loans and microcredit, savings and microinsurance services, as well as social and business training. Additionally, the model fit and had statistical significance (F=19.174, p0.01). In addition, the variance inflation factor (VIF) values of 1.173 on loan or microcredit practices, 1.311 on saving practices, 1.408 on insurance practices, and 1.425 on social and business training practices showed that none of the independent variables were influenced by one another because there is no collinearity and is acceptable among all independent variables if VIF value is less than 10. Microcredit and social and business training are significant at the 1% level among the four variables, with a p-value of 0.000. The findings showed that social and business training, as well as microcredit, have a favorable influence on socioeconomic position. Microsaving had a p-value of.020, which is significant at a threshold of 5%. The outcome suggests that microsaving has a beneficial impact on borrowers' socioeconomic standing. Microinsurance had a p-value of.099, which is significant at a 10% level. The findings suggest that microinsurance benefits borrowers' socioeconomic level in particular.

Additionally, each coefficient's magnitude shows how much the scores of dependent variables will change if one independent variable's score rises by one while the scores of the other variables stay the same. According to the analysis of the linear regression model, micro credit services have a favorable influence and a dominant effect on the socioeconomic position of borrowers, with standardized coefficients of 0.315. This is explained by the fact that, while maintaining the other variables, socioeconomic status can be increased with a one-unit increase in microcredit. In light of this, social and business training services with a B value of 0.232 suggested that they had a favorable effect on borrowers' socioeconomic standing. Additionally, it explains that if the number of social and business training units increases by one while keeping the other constant, borrowers' socioeconomic level will rise. Additionally, micro saving and microinsurance services with B values of 0.142 and 0.110 respectively revealed that they have a favorable impact on borrowers' socioeconomic level.

CHAPTER V

CONCLUSION

This section influences the socio-economic effect of researchers on the relationship between microfinance services and socio-economic effect for future researchers by highlighting the most significant findings and discussions in response to the learning objectives and concluding with suggestions and recommendations.

5.1 Findings and Discussion

The findings of this study indicate that the primary analysis of the data gathered through correlation and in-depth analysis served as the foundation for the total outcomes. In this study, it was possible to see that social and business training, microcredit or loans, microsavings, microinsurance, and microinsurance had a favorable impact on Dala Township's socioeconomic position. 395 respondents were used as the sample size, and they all provided complete answers to the questionnaire during face-to-face interviews. According to the findings of the descriptive analysis, more female clients than male clients participated in this survey. Most respondents had completed elementary school, according to their level of education. Sellers are the most prevalent company category, and many urban households operate their own little and micro companies. The majority of responders, according to the research, are married persons. Most of the responders had credit histories that are more than five cycles old, according to their credit information. It is insulting that the majority of MFI borrowers in the Dala area have used their services. Additionally, it was discovered that the majority of respondents used overseas MFIs to receive microfinance services.

The majority of respondents firmly think that the loan interest rate is appropriate and reasonable in terms of price when it comes to microcredit or loan services. This study clearly demonstrated that microcredit had a variety of consequences, including the ability to enhance after-loan revenue and firm stock. Clients are also happy with the loan application process and the lengthy disbursement process. The majority of respondents, it has been shown, have favorable opinions on loan payback terms and think that these terms are convenient for them. According to the study's findings, microcredit services offered by microfinance institutions are very important since they boost income, which in turn helps pay for health care and raises the enterprise's stock, as indicated by the respondents.

Additionally, the respondents overwhelmingly concurred that savings can be used in an emergency to address unforeseen problems, demonstrating the value of savings as a microfinance service. After receiving loans, clients claimed they had savings since they could save the profits. It has been discovered that some MFI offer both mandatory and optional saving goods. People want to set aside their revenues for business expansion. Overall, consumers were able to save after receiving loans from MFIs for their lives and businesses. Customers also have a positive view of the savings interest because it is higher than that offered by commercial banks. They have the ability to save money in their separate accounts and typically have a basic understanding of money management. It is also clear that many people already have a saving culture, and the poor are not an exception. As a result, micro-savings services have played a significant role in encouraging many people, even those with low income levels, to save more in order to level out income levels, increase capital resources, manage consumption needs, and create more wealth for a better way of life. The majority of respondents are aware that microinsurance services reduce risk exposure as a result of emergency situations. Microinsurance is one of the efficient techniques used by microfinance institutions, according to research.

The majority of respondents concur that they realize the value of training in terms of social and business training. Additionally, the majority of responders believe that investing time in training is worthwhile. It suggests that microfinance is crucial for giving clients training on how to choose their businesses with their funds and health-related issues. Additionally, it was discovered that the respondents thought social and business training services were beneficial, with the majority of them admitting that they helped them run their businesses and learn about family healthcare. These results show that the non-financial services, such as trainings, do in fact increase the clients' capacity to raise their standard of living.

5.2 Suggestion and Recommendation

The main social objective of microfinance is to improve the conditions of the impoverished. MFIs should create and implement programs, goods, and services that are specifically designed to lessen poverty and provide larger societal benefits for their clients in this regard. The most accurate technique to gauge how well microfinance services affect borrowers' socioeconomic outcomes is to conduct impact studies. However, worries about the disregard for social impact studies have sparked a fiery debate. As a result, this study aims to quantify how microfinance services affect borrowers' social and economic standing. This study shows that it cannot be finished by promoting just one product with regard to socio-economic impacts. Financial and non-financial services must be strongly supportive in order for this to happen. The results of the survey show that MFI services have an impact on small and microbusiness growth, with microcredit services having the biggest impact. The interest rate, loan period, and loan terms are acceptable to all of the respondents who were chosen. According to the survey's findings, respondents would prefer to pay back a smaller sum (in installments) than a larger amount (for both principle and interest) all at once. For small and micro businesses operated by household units, the loan amount and interest rate are crucial factors.

In light of the survey results, it is advised that MFI organizations working in Dala Township offer household units more efficient microcredit services. To enable business owners to use credit more frequently over longer periods of time for the acquisition of capital assets and technology that can help them grow, MFIs should lengthen their loans and spread loan repayment over longer periods. Additionally, non-financial services within the programs, such as training on microcredit management, proper monitoring, and building up social networks, are crucial for household units in the socio-economic development. Microcredit or loan service delivery should be combined with these non-financial services. Customers can utilize the saving processes to act as a buffer to keep their business running. They can use them for a variety of things, including debt repayment during hard times and capital infusion for their company. They can also use them conveniently when they are ill. Furthermore, they also need social welfare programs or micro-insurance plans in case they get sick or die. Microinsurance fees are being collected by some MFIs, and it has been observed that these organizations engage in fewer CSR initiatives. To the advantage of the clients, it ought to be promoted, and MFIs' CSR efforts ought to be examined.

Providing loans is important, but training also serves as a useful complimentary step. If the consumers do not understand how to use their loans efficiently, it could have a detrimental impact on both them and the microfinance industry. Customers can lose their investments as a result, and they might stop making their repayments on time. Therefore, if they borrowed money from unregulated lenders for repayment, they risk becoming trapped in a cycle of excessive debt, which would only make their poverty worse. Additionally, default situations and hesitancy in cash production for the subsequent loans would be encountered by microfinance firms. The majority of a borrower's investment in their sustainability is in their skill-set development, so it is important for key MFI employees to persuade borrowers of the value of social and business trainings and to raise their acceptance of it. Microfinance has given household units greater power by boosting their confidence and giving them with financial support for their companies. Summary: If Microfinance Institutions can support appropriate loan kinds and repayment ways, appropriate saving types, appropriate insurance, and appropriate non-financial activities, then these above elements will affect the socioeconomic position of MFIs' consumers.

5.3 Needs for Further Study

Dala Township's microfinance services were the focus of the research only, therefore other locations and various variables also need to be examined. The research sample might not accurately reflect the nation's entire microfinance services, so the researcher would like to recommend doing a more thorough investigation into these services as well as the impact of the economy and society on MFI clients nationwide. Further improving the understanding of equity-related effects of the microfinance services (microcredit, micro-savings, and micro-insurance) arrangements for efficiency and effectiveness is careful analysis of effects on various subgroups in an area, such as economically different, social, and gender. Further investigation is advised in order to examine the socioeconomic consequences of individual and group lending in the context of microfinance services and see whether there are any commonalities. In Myanmar, the majority of microfinance institutions choose to adopt the practice of individual lending, hence a study under this heading will provide insight into developing country policy.

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APPENDIX - A

Survey Questionnaires

Profile of Respondents – Section A

1. Gender • Male • Female

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

3. Marital Status • Single • Married

4. Ocuppation • Seller • Farmer • Driver • Others

5. Family members • 1 to 3 • 4 to 6 • 7 and above

6. Education Level • Primary • Middle School • High School • Bachelor Degree • Read and Write

7. Daily income from Business • Below 5,000 • 5,001 to 10,000 • 10,000 to 20,000 • 20,000 and above

Credit Information – Section B

1. Frequency of Borrowing • 1 time • 2 times • 3 times • 4 times
   • 5times and above
2. Type of MFIs services Obtained ………………………………………………
3. Reason for Borrowing • Business Purpose • Daily Expenses
4. Repayment Period • 3 to 6 months • 6months to 1-year • 1year and above
5. Repayment Method • Installment • Bullet

Microfinance Services - Section C

1. Strongly Disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

Micro credit or Loan Services

No.	Questions	1	2	3	4	5
1	Interest rate is appropriate and reasonable					
2	Procedure of applying loan is satisfied					
3	Loan disbursement process is fast					
4	Cost of loan is affordable					
5	Loan Repayment period is proper and right time					

Saving Services

No.	Questions	1	2	3	4	5
1	Saving interest rate is reasonable					
2	Saving can help emergency usage of unexpected problem					
3	Requirement of the compulsory saving amount is appropriate					
4	Saving withdrawal is convenient					
5	Using saving as capital to expand the business					

Micro Insurance Services

No.	Questions	1	2	3	4	5
1	Micro insurance (or) Social Welfare Fund can protect against unexpected loss					
2	Being able to understand the benefit of micro insurance					
3	Micro insurance can reduce the risk du to emergency events					
4	Micro insurance can protect the risk for loss of business					
5	Micro insurance or social welfare fund contribution amount is appropriate					

Social and Business training Services

No.	Questions	1	2	3	4	5
1	Financial management training can help to improve business					
2	Being able to understand clearly by providing training from MFI_staff					
3	Saving awareness training can support the habit of saving					
4	Training can support in gaining Knowledge for family healthcare.					
5	It is worth time consuming by attending training from MFI					

Social and Economic status of borrowers

No.	Questions	1	2	3	4	5
1	Income has increased after loan					
2	Being able to expand the business					
3	Being able to buy additional inventories to run business					
4	Increasing customers due to additional inventories					
5	Being able to save money due to increase the profit					
6	Being able to repair/ renew the house and increase of type or number of assets after taking loan					
7	Being able to have quality food and meal consumed					
8	Being able to have Knowledge and Skills for family members					
9	Being able to have good health care for family member					
10	Being able to spend not only family expense but also social cost.					

APPENDIX – B

Map of Dala Township