Analysis of microfinance lending and credit assessment methodology

Microfinance Institutions (MFIs) core activities are driven by a social mission through provision of full range of banking needs to poor people for productive purposes, thereby contributing to the developmentl objective of poverty reduction. MFIs products and services includes micro-credit, micro-savings, micro-insurance and also remittances. Microcredit program is providing financial capital to the poor household in order to engage them in income generating activities for alleviating poverty mostly to finance small businesses agricultural loans. Typically this type of lending is not secured by any collateral but granted based on the client's ability to generate the necessary financial means for repayment based on his or her business activities. Most of the terms and conditions for microcredit loans are flexible and easy to understand. However, there is no standard lending and credit assessment methodology employed by MFIs. We are motivated to explore and document this research gap.

1. 2 The Innovation and Development of Microfinance Industry in Malaysia

The provision of microcredit is nothing new in Malaysia. Poverty eradication programs involve provision of credit at subsidised rate to the poor has been around since 1970s after formation of the New Economic Policy (NEP) that was instituted in 1970. The earlier micro credit program was mainly carried out by credit unions, co-operatives, specialised credit institutions and NGOs. The provision of small financing designated mostly to finance micro enterprises, agriculture sector for poverty reduction and to improve income of the Bumiputera. The legislation for microfinance regulation in Malaysia includes, Moneylender Act 2002, Banking and Financial Institution Act 1989,

Development Financial Institution Act 2002, and Cooperatives Societies Act 1993, (Zakiah, 2004). The Microfinance business models are based on mass market, cooperatives, monoline and distributor network (BNM, 2010).

Majlis Amamah Rakyat (MARA), a council of trust to the Bumiputera and Credit Guarantee Corporation (CGC) are some of the pioneers to introduce micro credit to micro enterprises. The rural credit institutions comprising of Agriculture Bank of Malaysia (Agrobank), Farmers Organization Authority (LLP), Federal Land Development Authority (FELDA), Rubber Industry Smallholders Development Authority (RISDA) and other agro-based Co-operative Societies provide micro credit for the agriculture sectors. There are also a number of non-governmental organizations (NGOs) that engage in micro credit provision (Kasim and Jayasooria, 1993). These include Amanah Ikhtiar Malaysia (AIM), Yayasan Usaha Maju (YUM) and Sabah Credit Corporation (SCC) in Sabah, Koperasi Kredit Rakyat (KKR) in Selangor. Tabung Ekonomi Kumpulan Usaha Niaga (TEKUN) is a government agency micro credit provider. While, Malaysian Islamic Economic Development Foundation (YaPEIM), a cooperatives institution providing Islamic microcredit program based on al-rahnu concept in Malaysia.

Prior to 2003, Commercial banks involvement in microfinance program are just limited to extending lines of credit to AIM, and as a mediator for schemes such as the loan fund for hawkers and petty traders operated by the Credit Guarantee Corporation (CGC). In May 2003, the government launched a Micro Credit Scheme, particularly stimulating agricultural production activities as well as expanding small and medium enterprise activities. Two banking institutions namely Agrobank and Bank Simpanan

Nasional (BSN), and AIM have been given the responsibility to carry out the scheme. The scheme is collateral free, and borrowers are eligible for a maximum loan of up to RM20, 000 with interest rates charged at 4% per annum on reducing balance.

The government acknowledged that development of the microfinance industry is crucial in promoting greater financial inclusion, given that almost 80 percent of the SMEs in Malaysia are micro enterprises (BNM, 2006). Thus, in August 2006, the National SME Development Council (NSDC) approved a comprehensive microfinance institutional framework proposed by BNM, comprising banking institutions, Development Finance Institutions (DFIs) and credit cooperatives to develop a sustainable microfinance industry. This commercially-driven microfinance industry will complement the existing Government-sponsored microfinance programmes. This is important to ensure that micro enterprises have adequate and continuous access to financing.

Following this initiative, 10 local banks are now offering microfinance products providing a channel for micro enterprises to obtain financing from the formal financial systems. BSN was mandated to provide microfinance, while Bank Rakyat would provide microfinance to members of cooperatives and Agrobank would continue to provide microfinance to micro enterprises in the agriculture and agro-based sector. Banking institutions with their extensive nationwide network of branches would ensure wider outreach of microfinance. In addition, BNM proposed the establishment of the Malaysia Cooperative Societies Commission to strengthen the role of credit cooperatives in providing credit to micro enterprises. The new

comprehensive microfinance indusry framework in Malaysia is as isllustrated in Table 1 below.

Table 1: The Microfinance Institutions (MFIs) in Malaysia

Non-Bank MFIs

Bank MFIs

Amanah Ikhtiar Malaysia (AIM)

Yayasan Usaha Maju (YUM)

Koperasi Kredit Rakyat (KKR)

Kooperasi Kredit Pekerja (KKP)

Partners in Enterprise Malaysia (PiEM)

Tabung Ekonomi Kumpulan Usaha Niaga (TEKUN)

Council of Trust to Bumiputera (MARA)

Malaysian Building Society Berhad (MBSB)

Sabah Credit Corporation (SCC)

Agrobank Bhd (AgroBank)

Bank Kerjasama Rakyat Bhd (Bank Rakyat)

Bank Simpanan Nasional (BSN)

Alliance Bank Bhd (Alliance Bank)

AMBank Bhd (AM Bank)

CIMB Bank Bhd (CIMB)

EONCAP Islamic Bank Bhd (EON Bank)

Public Bank Bhd (PBB)

United Overseas Bank Bhd (UOB)

Credit Guarantee Corporation Bhd (CGC)

Source: adapted from Jasman et. al., (2010)

These financial institutions have adopted different business models and strategies that leverage on the institutional strengths and niches to supports the credit needs of micro enterprises. A number of financial institutions have adopted a mass market model whereby the financial institution provides micro credit products through its existing branch network. Others, like Bank Rakyat, have adopted a cooperative model which provides microfi nance to its members. Some have employed the distributor network model, which leverages on the distributive capabilities of strategic business partners. Another is the monoline model with a dedicated microfinance operation, formed with its own distinct branding and processes designed to uniquely appeal to micro enterprises.

Table 2 : Comparative Analysis of Non-Bank Microcredit Programs in Malaysia

Category

Non-Government Organization (NGOs)

Government Agency

Coopeatives

Institution

AIM

YUM

TEKUN

MARA

SCC

YaPEIM

Target Group

Low income community

Bumiputra micro entrepreneurs

Bumiputra mincro

entrepreneurs

Agroculture based entrepreneurs

Pretty traders

Gold financing

Programe Name

Ikhtiar Microcredit

General 1 &2 and Group Fund Loan

Tekun Microcredit

Business Financing

Community Loan Scheme

Al-Rahnu Micro Credit

Age Limit

18 years &above

Women 18 to 55 years

18 – 60 years

21 – 60 years

–

–

Loan Amount

Min : Nil

Max : RM20, 000

Min : RM100

Max : RM20, 000

Min : Nil

Max : RM50, 000

Min : 1, 000

Max : RM10, 000

Min : 1, 000

Max : RM10, 000

Up to RM25, 000

Loan Period

6 months to 3 years

6 months to 5 years

6 months to 5 years

Up to 4 years

Up to 3 years

–

Processing Period

21 days

N/a

35 days

11 days

N/a

–

Repayment Period

Weekly

Daily, Monthly

Monthly

Monthly

Monthly

Monthly

Interest Rate / Charge

10%p. a

4% – 11%p. a

5% – 6%p. a

1. 25%p. m

10%p. a

0. 1% – 0. 75%

Program Supports

Insurance &Business Training

Business Training, Compulsory Deposits

Business training

Compulsory savings

Advisory &Business Matching

loan scheme for group of 5 or 6 individuals.

—

Source : UNDP(2008), and Respective Institutions' websites. Note : No published data available for KKR, KKP and PiEM microfiance program details.

Table 3 : Comparative Analysis of Banks & Financial Institutions Microcredit Programs in Malaysia

Category

Banking Instititions (BIs)

Development Financial Institutions (DFIs)

Institution

ABB

AMBank

CIMB

EONCAPi

PBB

UOB

CGC

Agrobank

BSN

Bank Rakyat

Program Name

Personal Financing

AmMikro

Cash Express

Personal Financing

PB Micro Finance

EasiCash

DAGS

Modal Usahawan 1

BSN Teman Niaga

Mikro-i

Target Group

Micro enterprises

Micro enterprises

Micro enterprises

Micro enterprises

Micro enterprises

Micro enterprises

SMEs

Micro enterprises

Micro enterprises

Micro enterprises

Age Limit

25 – 60 years

18 – 60 years

21 – 60 years

Retired civil servants

25 – 60 years

21 – 55 years

–

21 – 60 years

21 – 60 years

18 – 65 years

Loan Amount

RM2, 000 – RM50, 000

RM3, 000 – RM50, 000

RM3, 000 – RM50, 000

RM5, 000 – RM50, 000

RM3, 000 – RM50, 000

RM5, 000 – RM50, 000

RM50, 000 – RM3. 0M

RM1, 000 – RM50, 000

RM5, 000 – RM50, 000

RM1, 000 – RM50, 000

Loan Period

6 months – 5 years

1 – 5 years

6 months – 5 years

3 – 15 years

1 – 5 years

2 – 5 years

—

3 months – 5 years

1 – 5 years

1 months – 5 years

Processing Period

2 days

5 days

2 days

5 days

6 days

7 days

–

4 days

6 days

10 days

Repayment Period

Monthly

Monthly

Monthly

Monthly

Monthly

Monthly

–

Monthly

Monthly

Monthly

Interest Rate / Charge

5. 05%p. a

2. 5%p. m

2% – 3%p. m

–

2% – 3%p. m

0. 9%p. m

0. 5% – 3. 5%p. a

4%p. a

4%p. a

4%p. a

Source : Comparative table on microfinanc product features (BNM, 2010) and Respective Insritutions' website

1. 3 Problem Statements: Research issues in Microcredit

Lending combines the science of obtaining and analysing the facts of a loan request and the art of making judgements about that information, the feasibility of the business, and the credibility of the borrower. Experienced lenders focus on the key business issues quickly, determine what information is needed, and then make prompt decisions based on that information. Developing sound credit judgement takes time and experience; development lending to small businesses “ by the book” is difficult and rarely results in a quality loan portfolio.

There is no formula for determining creditworthiness. The loan officer must assemble and evaluate information and then determine what the entire picture looks like. Traditional bank lenders refer to the “ Four Cs” of lending: Credit, Capacity, Collateral, and Character. Development lending uses the same rigorous credit assessment principles, but applies them to situations in which the lender must rely on borrower character and cash flow from the business. The loan application and the first meeting with the borrower are the first screen of whether a business is a potential candidate for microcredit. Beginning with the first meeting, the lender must evaluate the quality of the business deal, the fit with the borrower’s experience and capacity, and whether the financing amount and structure is appropriate.

1. 4 Research Questions/Objectives

The questions/objectives of this study are:

RQ1: To investigate the microcredit lending methodology of commercial-driven and government funded MFIs

RQ2: To investigate the credit assessment methodology of commercial-driven and government funded MFIs

RQ3: Is there any different between lending and credit assessment methodology of commercial-driven and government funded MFIs?

1. 5 Significance of this study

This paper aim to understand, comparatively analyze and document the MFIs lending and credit application assessment methodology of both the commercial-driven and government-funded MFIs microcredit program. This study will contribute to enrich the existing literature related to microcredit and microenterprises financing with specific reference to Malaysia environment.

1. 6 Limitations

Survey involving only selected active MFIs based in west Malaysia. This paper only focused on microcredit lending and credit assessment methodology for micro enterprises only.

1. 7 Organization of Report

This paper is organized into four parts, after the introduction, part two contains the literature review related to microfinance lending and credit assessment methodology for micro enterprises. Part three describing data collection and analysis methodology and the last part contains concluding remarks and recommendations.

LITERATURE REVIEW

2. 1 Review of Microfinance Delivery Methodologies (REFINE)

The Review of Rural Finance Innovations in Asia-Pacific Region have identified and documented the microfinance methodologies used in Asia. These methodologies include: Grameen Bank; Association for Social Advancement (ASA); SHG Linkage Banking ; Unit Desas (Village Banks) of the Bank Rakyat Indonesia (BRI); and Mixed model and mixed method (Source: xxx)

Grameen Bank model – The Grameen model is the most popular and widely replicated model in Asia. It consistently achieves outreach both in depth and magnitude and high repayment rates (98 per cent). The early replicators as early as 1989 were India, Malaysia and the Philippines; others include China and Indonesia. The model focuses on: poor people's access to credit, with women as a priority; small loans repaid in weekly instalments; eligibility for higher loan amount for succeeding loans; loans for income-generating activities; financing activities chosen by borrowers themselves; and forming solidarity groups. Over time, the replicators modified the model to suit local contexts.

ASA model – ASA is another model from Bangladesh. In the 1990s, ASA gained recognition for achieving a repayment rate of 99 per cent. In Asia, the model has been replicated in India, Indonesia and the Philippines. While loan products are the same as with the Grameen model, the difference is that it does not impose the group co-liability. The model also requires that the borrowers form groups of 25 to 30 members. The model uses a unique

standardized branch approach which enables cost savings and efficiency in service delivery – the branch has no need for additional personnel for cashier and accountant, enabling it to fully cover costs even after 9 to12 months.

SHG Linkage Banking model – The SHG Linkage Banking model is an outcome of the Regional Linkage Banking Programme which is an initiative supported by APRACA and Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) in the early 1990s. Using this model, NABARD of India achieved the largest scale and outreach in the countries supported by this programme. The approach is linking SHGs with banking institutions for loan and deposit services. Most SHGs are formed by NGOs or government agencies with financial support from NABARD. One difference between this model and the Grameen and ASA models is that before obtaining their first loan, the members of SHGs are required to mobilize savings first. They usually start at a 1: 1 or 2: 1 loan- to-savings ratio, increasing to 4: 1 in succeeding loan cycles. Bank loans are ‘ wholesaled’ to SHGs, which in turn lend to individual members following terms and policies set by the SHGs themselves. The SHG is the dominant microfinance methodology in India (Sinha, 2003).

Unit Desas model – Unit Desas are village banks of the Bank Rakyat Indonesia (BRI). The bank provides loans for any income-generating activity: from 3 to 24 months for working capital and 36 months for investment capital. The reported repayment rate is 99 per cent. Charging market interest rates enabled the unit banks to be profitable and operationally self-sustainable units.

Mixed model and mixed method – As a result of cross-dissemination of various methodologies and experimentation by microfinance institutions, there is an emerging trend of adopting a ‘ mixed model’ and a ‘ mixed method’. The former combines features of two or more models under one approach. The latter uses different methodologies for different client segments. For example, in the Philippines, microfinance institutions use an approach called ‘ GraSa’ which identifies clients and forms groups using the Grameen model while removing the co-liability requirement, which is a feature of the ASA model.

Overall, the common thread among the best practices is the shift from mere credit to providing broader and sustainable financial services. While there are variations, there is an increasing emphasis on attaining a sustainable fund base, cost recovery of invested funds and efficient and responsive financial services to rural clients.

2. 2 Traditional Approach of Creditworthiness Assessment for Small Borrowers

An important role of credit markets is to screen borrowers and allocate credit efficiently based on their creditworthiness. Traditionally, banks have played a dominant role in doing so. One of the reasons posited for this has been that banks have the financial expertise to effectively intermediate capital (Diamond, 1994). The theoretical and empirical literature has argued that banks do very little screening for small borrowers and rely excessively on collateral. In addition, recent theoretical literature has also highlighted that the screening role may be better performed by markets with many participants, as opposed to banks (Boot and Thakor, 1997). Alternative peer-

to-peer credit markets have recently started gaining popularity in lending to smaller borrowers such as individuals and small firms, both in developed and developing economies (Rajkamal I., et. al., 2009)

While prior research has provided substantial evidence of elevated default risk among lower-income, minority, and less creditworthy borrowers (see, for example, Avery et al., 1996, Deng, Quigley, and Van Order, 1996, Berkovec et al., 1998, Pennington-Cross and Nichols, 2000), recent studies also suggest offsets to those risks via the slower prepayment speeds of targeted borrower groups (see, for example, Kelly, 1995, Van Order and Zorn, 2002, Archer, Ling, and McGill, 2002).

Table 1: Summary of Criteria considered important by Bankers in Assessing Small Business Borrower Loan Applications

Assessment Criteria

Author(s)/Year

Country

Owner's Personal Charatcteristics

Business Ability

(Fertuck, 1982)

Honesty

(Fertuck, 1982)

Trading Experience

(Deakins &Hussain, 1994; Fletcher, 1995)

Managerial Experience

(Jones, 1982; Memon, 1984)

Credit History

(Jones, 1982; Memon, 1984)

Quality of Management

(Rosli, 1995)

Malaysia

Leverage and Security Position

Gearing

(Deakins &Hussain, 1994; Fletcher, 1995; Berry, Grant and Jarvis, 2001; Binks and Ennew, 1996)

Collateral

(Ulrich &Arlow, 1981)

Guarantee

(Deakins &Hussain, 1994; Fletcher, 1995)

Risk of Default

(Rosli, 1995)

Malaysia

Owner's and Business Financials

Initial Capial

(Jones, 1982; Memon, 1984)

Financial Strengths

(Fertuck, 1982)

Bank Lending Policies

Bank Policy

(Berger and Udell, 2002)

Relationship

(Berger and Udell, 2002)

Summary…

Table 2: Negative Factors Resulting in Rejection of Small Business Loans

Application

Assessment Criteria

Author(s)/Year

Country

Owner's Personal Charatcteristics

Lack of Competecnce

(Buttner &Rosen, 1992; Desmond, 1991)

Lack of Management Skills

(Buttner &Rosen, 1992)

Lack of Entrepreneurial Skills &Experience

(Buttner &Rosen, 1992; Desmond, 1991)

Owner's and Business Financials

Poor Cash Flows

(Struck &Glassman, 1983)

Poor Earnings Records

(Fertuck, 1982)

Insufficient Turnover

(Read, 1998)

Poor Credit Ratings

Leverage Positions

Poor Collateral

(Fertuck, 1982)

Insufficient Owner’s Equity

(Struck &Glassman, 1983)

Past Due in Credit

(Struck &Glassman, 1983)

Excessive Loan Requests

(Desmond, 1991)

Gearing too high

(Desmond, 1991)

Business Plans

Insufficient Market Research

(Buttner &Rosen, 1992)

Incomplete Business Plans

(Buttner &Rosen, 1992)

Other Factors

Bad Timing

(Buttner &Rosen, 1992)

Summary…

2. 3 Innovation in Small Business Lending: The Art and Science of Microcredit

The history of microcredit program can be traced back since 18th century where Credit Coperatives and charities provided small entrepreneurs in Europe (Hollis et. al., 1998). According to Hollis et. Al., a notable microcredit program in europe includes a fund created by Jonathan Swift, a novelist and the Irish Reproductive Loan Fund Institution.

In developing economies, it is argued that among others absence of access to credit is presumed to be the cause for the failure of the poor to come out of poverty. Meeting the gap between demand and supply of credit in the formal financial institutions frontier has been challenging (Von Pischke, 1991). In fact, the gap is not aroused merely because of shortage of loan-able fund to the poor rather it arise because it is costly for the formal financial institutions to lend to the poor. Lending to the poor involves high transaction cost and risks associated with information asymmetries and moral hazards (Stiglitz and Weiss, 1981). Nevertheless, in several developing economies governments have intervened, through introduction of microfinance institutions to minimize the gap then allow the poor access credits through provision of so called microcredit.

Microcredit is defined simply as small-scale credit, most typically for less-advantaged individuals. In practice, microcredit is most frequently used to refer to credit provided specifically for the purpose of starting a small business and there is other microcredit products catering for other consumption needs of poor individual. The various forms of micro-credit

systems have proven successful in delivering credit to the poor and ensuring high rate of repayment when compared to the formal channels. Because micro-credit systems have been effective in reaching the poor, many developing countries have set up special financial institutions that either directly provide credit to SHGs and the facilitating NGOs or help refinance commercial and cooperative banks that provide the credit. These national micro-finance institutions are in turn funded by international agencies as well as the national government (source xxxx)

Microfinance Lending Methodology

Micro-lending methodology in practice is appearently different to mainstream banking. The distinguish characteristics are as follows; (i) non traditional creditworthiness assessment criteria; (ii) non traditional collateral accepted; (iii) loan officers are not necessarily bankers; (iv) credit is provided along with business support services. Other distinguishing features between them are as tabulated below;

Table 3: Comparison of Micro-finance and Formal Banking Lending to Micro Enterprises

Characteristics

Microfinance

Formal Banking

Size of loan

Small/tiny size of credit

Medium/large credit

Duration of loan

Short duration

Medium and long

Thrift

Emphasis on thrift as well as loans

Focus on loan only

Screening and Monitoring

Group formation and informal methods

Formal Procedures

Enforcement of Repayments

Stepped or sequential loans, Peer pressure and weekly repayments

Collateral and legal pressured for repayments

Nature of Organization

Social organizational form

Commercial organization form

Motivation

Self-help motivated

Profit motivated

Outreach

Access to poor without collateral (all members)

Access limited

Lending Method

Cash-flows based lending

Asset-based lending

Analysis

Field visits

Desk Analysis

Credit Administration

Flexible and personalized

Standardized

Source: Adapted with midification from…xxx

2. 3. 2 Microfinance Loan Assessment and Credit Analysis Methodology

An important function of credit markets is to screen borrowers and allocate credit efficiently based on borrowers' creditworthiness (Iyer, et. al., 2009). The credit analysis is defined as a process of establishing the current

creditworthiness of loan applicants and forecasting the trends in its development. Top priority goals and stages in the bank credit analysis are determined. (Feschijan, 2008). The analysis of the creditworthiness involves preliminary study of the factors and prerequisites which can affect adversely the duly repayment of the credit. When analyzing creditworthiness, along with the required prerequisites for creditworthiness it is necessary to carry out a comprehensive study of the factors that determine it. It is believed that creditworthiness depends on several major factors: the borrower's efficiency, his reputation, his capacity for profit making, the value of his assets, the state of the economic situation, his profitability, etc. In order to conduct a thorough study of the above mentioned, it is necessary to use a number of indicators for the credit analysis (Feschijan, 2008).

Table 3: Empirical Evidence of Microcredit Repayment Determinants

Determinant factors

Author(s)/Year

Country

Regular monitoring, audits, high repayment frequency, having group savings deposits

Deininger and Liu (2009)

India

Close monitoring and close relationshp with borrowers

Roslan et. Al. (2007)

Malaysia

Threats of sanctions, borrower incur less transactions costs

Bhatt and Tang (2002)

USA

Gender of the borrower, type of business activity, amount of loan, repayment period and trainning

Rosalan and M. Zaini (2009)

Malaysia

Joint liability, dinamic and progressive lending, Peer monitoring, social ties and social connections, self-selection, income shocks, social sanction and cooperation, loan size, infrastructure and local economic environment, group rules and regulations, group size, age of the group, assistance offered by bank, gender, local culture, group homogeneity, role of group leader

Bakshi (2008)

N/a (literature review)

Group gender decomposition (group with more females)

Anthony and Horne (2003)

USA

RESEARCH METHODOLOGY

Data Specification and Collection Method

Target Respondents

Target respondents will comprises of the following selected microfinance institutions (MFIs) which constitutes both the non-bank MFIs and bank-MFIs;

Category

Non-Bank MFIs

Bank-MFIs

Organization

MARA

YUM

AIM

TEKUN

SCC

BSN

Agro

Bank

Bank Rakyat

Target Respondents

Credit Manager/Officer

Credit Manager/Officer

Credit Manager/Officer

Credit Manager/Officer

Credit Manager/Officer

Credit Manager/Officer

Credit Manager/Officer

Credit Manager/Officer

No. of Respondents

40

40

40

40

40

40

40

40

Total respondents = 320

A personally administrated survey was employed in this study. Target respondents were comprises of credit managers and officers of the above selected MFIs in west Malaysia.

Questionnaire Design

Table 3. 1: The Structured Questionnaire Design

Section

Category

Remarks

Section A

Respondent Profile

This section is designed to cater information on respondents' demographic profile.

Section B

Lending Methodology

This section concentrates on profiling the lending methodology of MFIs

Section C

Credit Assessment

This section is designed to explore microcredit assessment criteria employed by MFIs

Data Analysis Methods

Descriptive Statistics Analysis

Descriptive statistics analysis used to explore the characteristics of the respondents.

Factor Analysis

Factor analysis use to analyse and determine the significant important factors for microlenders in analysing microenterprises loan applications.

Analysis of Variance (ANOVA)

ANOVA is used to established statistical significant of differences of lending and credit assessment methodologies between commercially-driven and government-funded MFIs.

ANALYSIS AND DISCUSSIONS

Descriptive Statistics Analysis

Respondent demographic factors

Factor Analysis

RQ1: To investigate the microcredit lending methodology of commercial-driven and government funded MFIs

RQ2: To investigate the credit assessment methodology of commercial-driven and government funded MFIs