

# What Women Say About Microfinance

Insights from the 2022 & 2023 60dB MFI Index



Source: ERAC

60 \_ decibels

## Summary

This report is an in-depth look at the impact of microfinance & financial service providers (FSPs) on women’s financial resilience, access to finance, and on their businesses and households.

Women have been central to the story of microfinance since its origins. When Muhammad Yunus started Grameen Bank, the first modern microfinance bank, he emphasized lending to women. They had lower access to credit and were “more readily and successfully able to improve the welfare of both children and men.”<sup>1</sup>

This report supports the hypothesis that lending to women pays higher dividends. Our data shows that with access to microfinance, women now have greater financial acumen, more prosperous households, and better-resourced businesses.

These insights are based on phone interviews conducted by 60 Decibels with 50,229 clients globally, of which 66% (32,713 clients) are women – aligned with the global population of women microfinance clients.

These interviews were conducted by 60 Decibels researchers from November 2021 to May 2023. We employed a random sampling method to select respondents. To learn more about our sampling, check out our methodology [here](#).

The average woman in our dataset has been with their financial service provider for three years and is 41 years old. They live in a household of 5 people. Of the 155 FSPs in our sample, 39 (or 25%) have a client population that is 95%+ women clients.

It is worth mentioning that the FSPs whose clients are included into this report are not representative of all FSPs and microfinance clients in the world, and we suspect that they are above-average performers with respect to social impact.<sup>2</sup> The results in this report could indicate better social impact performance than what we might see from a representative sample of FSPs.

More information about 60dB’s research on microfinance can be found [here](#).

32,713

Women interviewed

66%

Of clients from our sample around the world are women

“ I have a business of hand crafts which has improved a lot because of the loans that I get from [FSP]. I am now able to pay school fees for my children without affecting my business capital.

– Female, 55

<sup>1</sup> Muhammad Yunus, Banker to the Poor (1998).

<sup>2</sup> Many of the FSPs included in our sample are backed by international investors who have a social impact orientation and mission.

# Key Insights

Our data show that women microfinance clients have better outcomes than men in terms of overall satisfaction, impact on their households, and uptake of new financial skills. However, they are equally as likely to be burdened by their repayments.

**1 Women have fewer alternatives.** Though both genders report similar rates of gaining first time access, women are less likely to find a good alternative.

**2 Women use their loan for business purposes and are achieving their goals.** Women are more likely to use their loan for productive purposes and report an improved ability to achieve financial goals due to the financial service provider.

**3 Women face few challenges but experience adverse outcomes of credit.** Few women say they face challenges or dissatisfaction with their FSP. But one in five clients, women and men alike, face adverse outcomes from borrowing.

**4 Women say their households are better off.** Women report improvements in their households because of their financial service provider. These improvements are marginally greater than those men report.

**5 Women understand their credit and have improved skills.** Women are more likely than men to report understanding loan terms and conditions. They also report greater improvements in financial management and decision-making.

**6 Some FSPs target women, but that doesn't mean better outcomes.** Outcomes for women at women-focused FSPs do not differ significantly from outcomes for women in general.



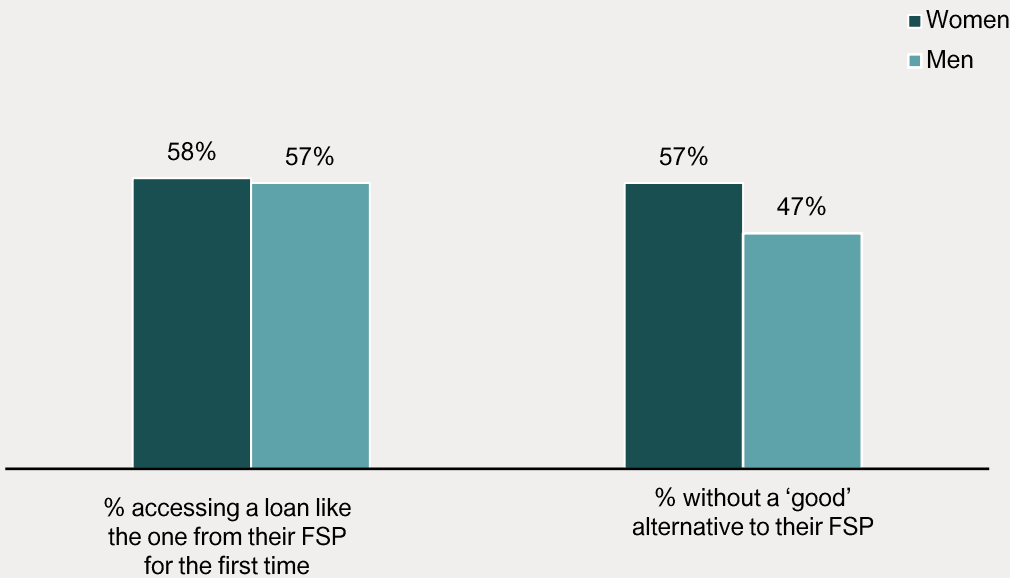
Though both genders report similar rates of gaining first time access, women are less likely to say they have a good alternative.

Women are disproportionately excluded from financial services, and microfinance is a solution to reach women that otherwise do not have access to credit.<sup>1</sup>

3 in 5 clients are accessing a loan for the first time—without a difference between genders. However, women are more likely to talk about not being able to easily find ‘good’ alternatives to their financial service provider compared to men (57% vs 47%).

### Access Outcomes by Gender

(n = 48,837 to 49,038)



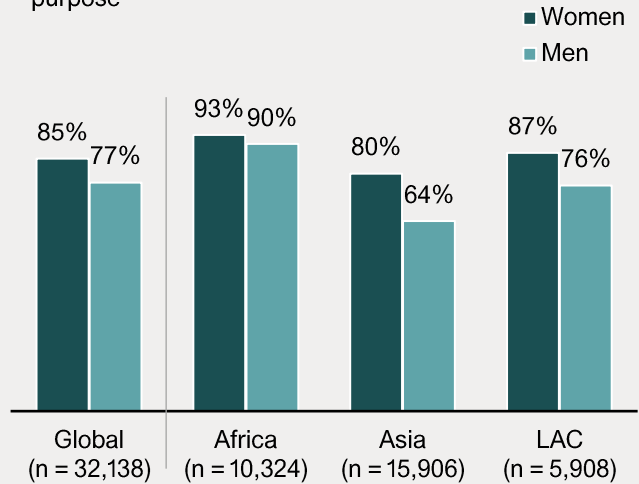
<sup>1</sup>Small change, Big changes: Women and Microfinance, International Labour Office

Women are more likely to use their loan for productive purposes and report an improved ability to achieve financial goals due to the financial service provider.

85% of women we spoke with globally use at least part of their loan for productive uses (investing in a new or existing business). This proportion is higher than men, 77% of whom report productive use. Looking at results by regions, the differences are most pronounced in Asia (difference of 16 percentage points) compared to 11 percentage points in Latin America and the Caribbean and 3 percentage points in Africa.

### Productive Loan Usage by Gender

% of clients who used their loan for any business purpose

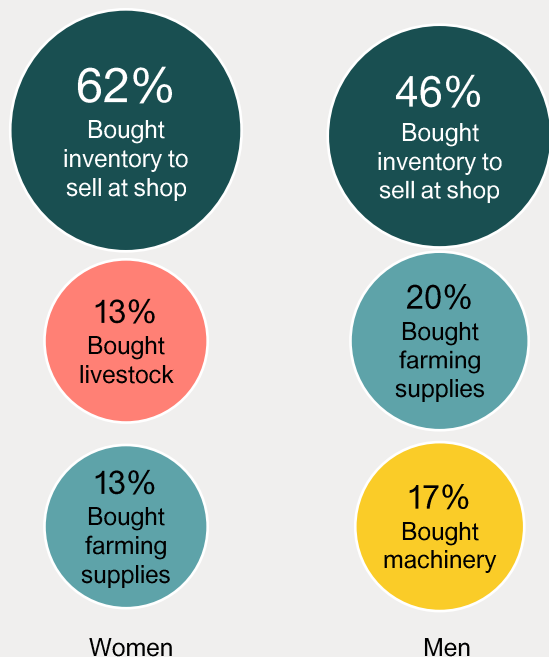


The top business use for women’s loans was purchasing inventory to sell at shops (62% compared to 46% of men). The next top usage for women was buying livestock (13%). Men are more likely to report they bought machinery and farming supplies with their loan (46% vs. 20%).

Women also discussed their most important financial goals with us, of which the most common was investing in business (36%). Nearly 9 in 10 (88%) report their ability to achieve their goals has improved because of their financial service provider.

### Top Business Uses

Q: What business purposes did you use your loan(s) for? (n=24,732)



Few women say they face challenges or dissatisfaction with their FSP. But one in five clients, women and men alike, face adverse outcomes from borrowing.

Women we spoke with are satisfied with their financial service provider with the average Net Promoter Score® of 59 — significantly higher than men’s score of 41.<sup>1</sup>

The most common reason people are willing to promote the MFI to their network is good credit terms.

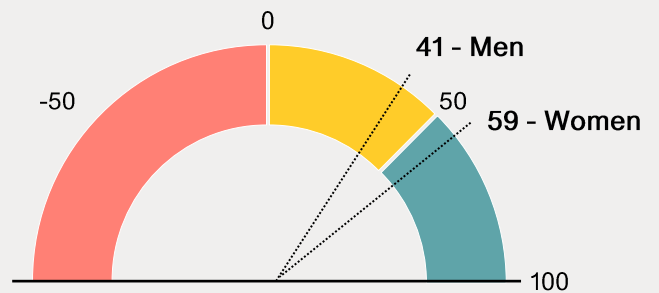
We also asked women if they have faced challenges with their financial service provider. Nearly 9 in 10 (88%) say they have not had any — a higher proportion than men (83%). Women with challenges cite many of the same themes that men do.

Critiques of microfinance have warned that women borrowers may be especially vulnerable to social shaming and other negative consequences.<sup>2</sup> We asked clients about their experiences with some of these adverse outcomes, and a considerable proportion of clients — of both genders — report having experienced them.

One in five women report some degree of reduced food consumption to make repayments (22%), similar to the amount for men (21%). One in five women and men say their time spent worrying about their finances has increased (both 21%).

### Net Promoter Score® (NPS)

Q: On a scale of 0-10, how likely is it that you would recommend [FSP] to a friend, where 0 is not at all likely and 10 is extremely likely? (n = 29,990)

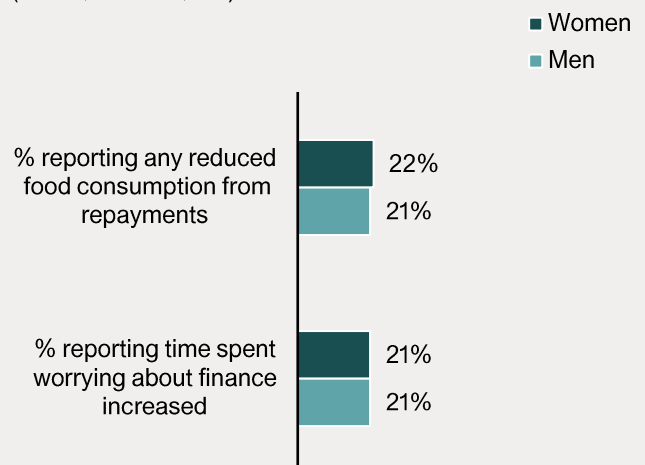


NPS = % Promoters — % Detractors

9-10 likely to recommend      0-6 likely to recommend

### Adverse Client Protection Outcomes by Gender

(n = 48,351 to 48,890)



<sup>1</sup> The Net Promoter Score® is a gauge of satisfaction and loyalty. Anything above 50 is considered very good. A negative score is considered poor. Asking respondents to explain their score explains what they value and what creates dissatisfaction.

<sup>2</sup> Karim, 'The Hidden Ways Microfinance Hurts Women,' Brandeis Magazine (2012); Asadullah et al., 'Does access to microfinance help or hinder women's empowerment?' United Nations University World Institute for Development Economics Research (2022)

Women report improvements in their households because of their financial service provider. These improvements are marginally greater than those men report.

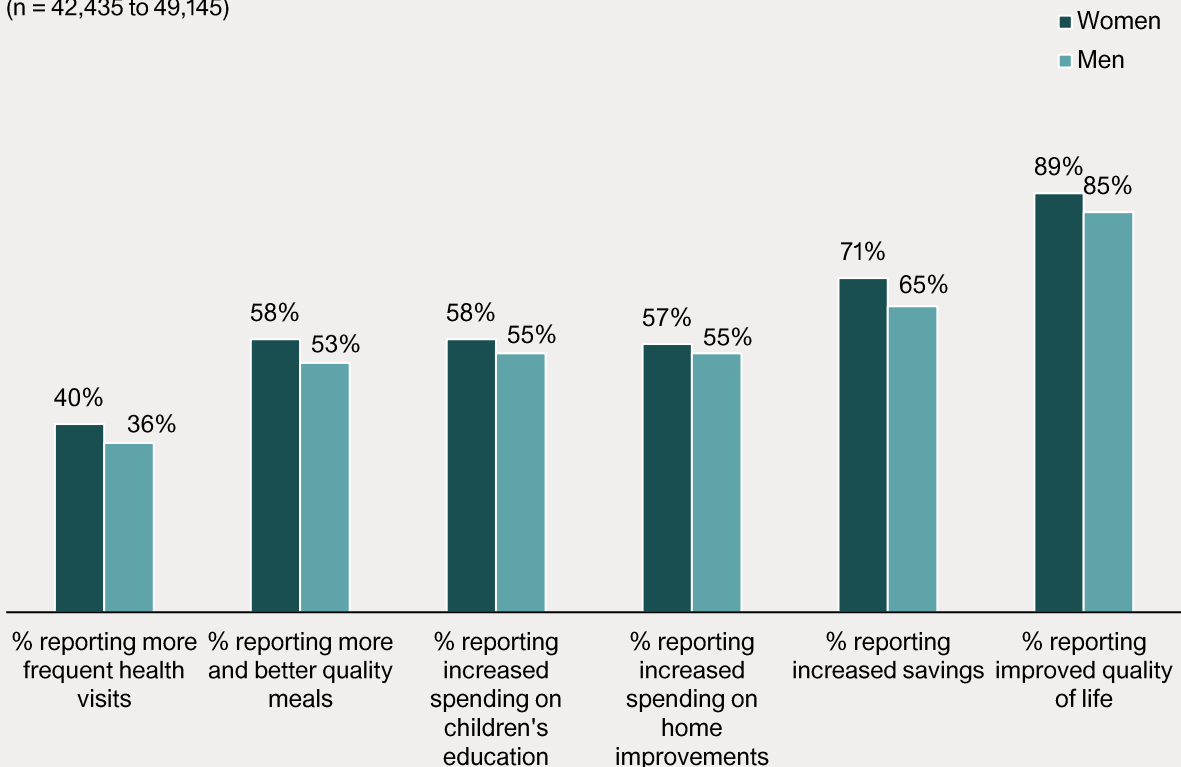
The difference in household improvement outcomes between genders is most significant when men and women talk about their ability to save because of their financial service provider. 71% of women and 65% of men report increased savings.

Though the differences are small, women are more likely than men to report increased spending on home improvements and education. Women are also more likely than men to increase their health visits and number and quality meals.

89% of women we spoke with say that their quality of life has improved because of their financial service provider compared to 85% of men. The top themes women mention for their quality of life improvements are the increased ability to afford household expenses and bills (35%) and increased income (32%).

### Improved Household Outcomes by Gender

(n = 42,435 to 49,145)



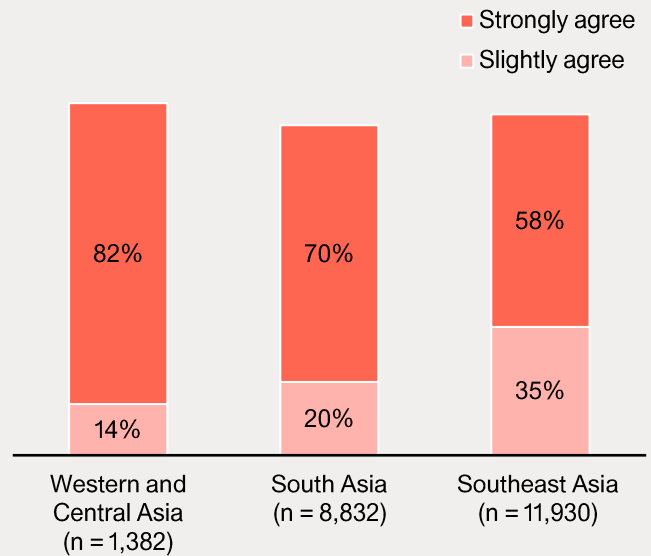
Women are more likely than men to report understanding loan terms and conditions. They also report greater improvements in financial management and decision-making.

Two thirds of women we spoke with ‘strongly agree’ that their loan’s fees, penalties, and interest rates are easy to understand and clear.

We find differences in this indicator by region – specifically Asian subregions. Women in Central and Western Asia especially say they ‘strongly agree’ that they understand those terms and conditions (82%). In comparison, only 58% of women in Southeastern Asia say they ‘strongly agree’ — a relatively low proportion resulting in part from clients in Cambodia and Indonesia (43% and 47%, respectively, who ‘strongly agree’).

### Loan Understanding by Asian Subregion

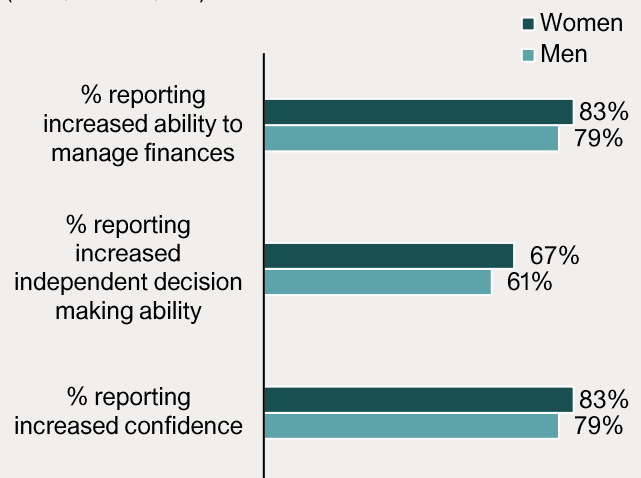
Q: To what extent do you agree or disagree with the following statement: “[FSP]’s fees, interest rates, and penalties are easy to understand and clear.”



Women report that they have better skills in financial management, decision-making, and confidence because of their financial service provider. 83% report an improved ability to manage finances because of their financial service provider, compared to 79% of men. Women report having better capacity for independent financial decision-making (67%) and higher confidence about themselves in general (83%), somewhat outperforming their male counterparts across these outcomes (61% and 79%, respectively).

### Financial Management and Agency Outcomes by Gender

(n = 4,670 to 4,677)





Outcomes for women at women-focused FSPs do not differ significantly from outcomes for women in general.

Experts have theorized that programs that offer non-financial services and specifically target women are likely to reach those who have previously faced financial barriers & contribute to their financial agency.<sup>1</sup>

Clients of women-targeted FSPs (WFSPs)<sup>2</sup> are less likely to be accessing microfinance for the first time than women who are clients of women-minority FSPs (59% vs. 69%), though the former are significantly more likely to report a lack of ‘good’ alternatives (65% vs. 44%).

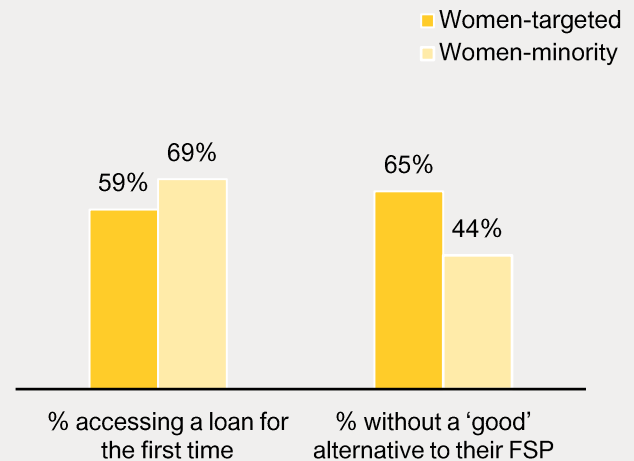
This means that WFSPs clients are more likely to have had access to some sort of microfinance service, but, nevertheless, they consider their current offering unique.

The results remain mixed when we look at financial management and agency. Women at WFSPs are more likely to report an increased ability to manage finances than their women-minority counterparts (89% vs. 81%). However, they report about the same rates of increased independent decision-making ability (75% vs 77%) and the same rate of increased confidence (89%).

It is worth mentioning that all these outcomes are impressive and nearing a 100% rate of improvement for clients. And yet, these results suggest that the FSP does not have to women-focused for women clients to report strong outcomes in financial management & agency.

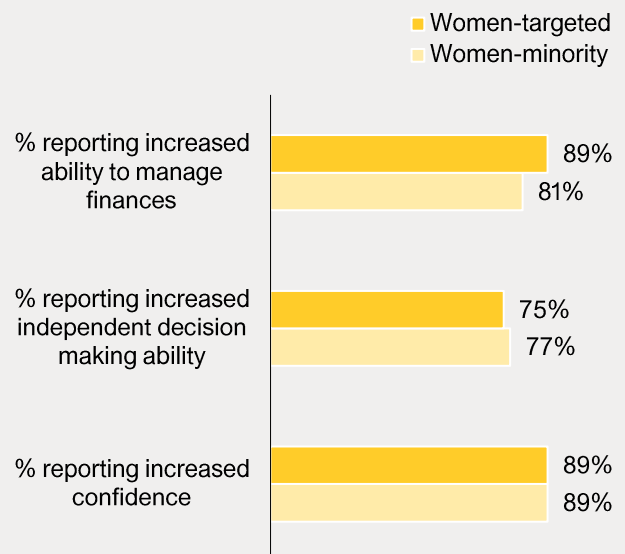
### Outcomes for Women by FSP Type

(n = 48,836 to 49,036)



### Financial Management and Agency Outcomes for Women by FSP Type

(n = 8,676 to 12,526)



<sup>1</sup>‘Small change, Big changes: Women and Microfinance,’ International Labour Office; Isaac, ‘Expanding Women’s Access to Financial Services,’ World Bank Group (2014)

<sup>2</sup>For the purposes of this analysis, we define women-targeted FSPs as those whose clients are at least 95% women, while we define women-minority FSPs as FSPs whose clients are at most 25% women.

## What's Next?

Women will be central to the story of microfinance. These data support the thesis that women disproportionately benefit from microfinance—access to microfinance & financial services promote greater financial acumen for women, more prosperous households, and better-resourced businesses.

That said, there are also some surprises—at the top of the list is that women-centric financial service providers do not necessarily seem to create outsized impact for women as compared to those that cater to both women and men. This is not necessarily a bad thing: it may simply mean that the act of providing high-quality microfinance services is enough to help women achieve strong social outcomes! And, indeed, women-focused FSPs may independently be bringing more women access to high quality financial services.



“

I have been able to see my business progress and get ahead, which would not have been possible if I did not have the loan money. - Female, 71

In terms of how to take these insights forward, we have a few recommendations:

- It's essential that the sector as a whole develops a more nuanced understanding of how and where providing microfinance services to women creates the greatest impact. While our findings support the conventional wisdom that lending to women creates outsized impact on women and their households, the details will help both investors and MFIs ensure they are maximizing results for women.
- To this end, 60 Decibels has recently entered a membership with the 2X initiative, focused on advancing gender equality and women's economic empowerment through gender lens investing. We are excited to take this membership forward to better monitor, report, and make decisions on financing for gender equity solutions possible.
- Sex disaggregate data and gender analysis is open to everyone, and should be a standard practice. For example, disaggregating results for client satisfaction & challenges using financial products and services will lead to specific, actionable data around improvements. Taking these steps will mean better results for women—and men—over time.
- Let us commit to continuing to invest in getting customer-level outcomes data. These data empower us to understand where we are creating the most change for customers, and where we have opportunities for improvement. We have the institutional foundation to make transformational change in women's lives and, armed with better data and a willingness to grow and learn, we can ensure that we are maximizing the positive impact delivered through financial products and associated supporting services.

# Methodology

## About the 60 Decibels Methodology

From November 2021 to June 2023, 60 Decibels' trained researchers conducted 50,229 phone interviews with microfinance clients from 155 financial service providers. The clients were randomly selected from a random sample of financial service providers' client database.

Here is the breakdown of how we collected this data:

|                       |               |
|-----------------------|---------------|
| Client Population     | 111.5 Million |
| Interviews Completed  | 50,229        |
| Response Rate         | 67%           |
| Languages             | 92            |
| Average Survey Length | 20 mins       |
| Confidence Level      | 90%           |
| Margin of Error       | 5%            |

“

I took a loan to raise capital for my business of trading farming produce. My income has increased and with it, I bought livestock, increased my saving rate, and I provide for basic needs for my family like health insurance and food.

– Female, 50





“

We took a loan from [FSP] to sell vegetables. I put up stall thrice in a week in the market, while my husband sells it as a street vendor. Now we can manage quality meals and the house rent. Only [FSP] supported us to start a business at this age.

– Female, 59

## About 60 Decibels

We're a tech-enabled impact measurement company, working in over 50 countries worldwide. Our repeatable, standardized approach to gathering data allows us to gather robust impact indicators and rich graduate insights direct from end users. We also provide genuine benchmarks of impact performance, enabling our clients to understand their impact relative to peers and to make informed decisions regarding how to improve their impact. Our clients include over 350 of the world's leading impact investors, companies, foundations, corporations, NGOs, and public sector organizations.

Sasha Dichter  
[sasha@60decibels.com](mailto:sasha@60decibels.com)

Devin Olmack  
[devin@60decibels.com](mailto:devin@60decibels.com)

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