60_decibels

# 60 Decibels Microfinance Index 2024

## About 60 Decibels

60 Decibels is the world's leading customer insights company for social impact. We bring speed and scale to social measurement, making it easy to listen directly to the people who matter most.

Our network of 1,400+ researchers in 80+ countries gives you global reach. Couple this with standardized questions across thousands of projects and you get the largest data set of social performance benchmarks worldwide — with a focus on Financial Inclusion, Off-Grid Energy, and Agriculture value chains. These data help investors, funders, Fortune 500 companies, and NGOs understand their impact performance relative to their peers.

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# Table of Contents

# Thank You

This work would not be possible without the support of sponsors, partners, investors, financial service providers, and their clients. The Index and these insights are a product of their investment in social performance and impact measurement.

The 2024 Index was made possible thanks to the collaboration and support of 27 sector leading partners. Each of them distinguishes themselves for their commitment to social impact and desire to learn directly from clients.

A special thanks to champions of our work from the start: Calum Scott (Opportunity International), Tara Murphy Forde and Meghan Flaherty (Global Partnerships), Bridget Dougherty, Upoma Antara Husain and Sadiaa Haque (BRAC International), Safeya Zeitoun (Tameo Solutions), and Greg Neichin, Harry Davies, and Diane Isenberg (Ceniarth). Thank you for your investment in this initiative, and for always allowing us to drop in your inbox for thoughtful feedback.

To the financial service providers who participated, thank you for placing your trust in the 60dB team to contact your clients and listen to them on your behalf. We are humbled to be your partners in social performance measurement and applaud your work in broadening financial access to improve people's lives. Most importantly, to all the clients who took part in our surveys—the vast majority of whom may, unfortunately, never read this report. Thank you for your time and honest feedback. We have done our best to faithfully represent your voices, in the hopes that we collectively learn from these results and can support you in living richer, more productive lives.

Sasha Dichter

**CEO and Co-founder, 60 Decibels**

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# Foreword

While there is more impact data than ever before, has the data helped those of us in the financial inclusion sector to do better, or just to know more?

Our conversations with sector peers suggest there's room for growth in "doing better." This has led us to ask, "how are we acting differently to maximize impact for the people we serve?"

We cannot manage what we do not measure, and measurement of outcomes is crucial for us to shape our business by amplifying the voices of our clients. Participating in the MFI index has helped us in building this capacity through enriching the quality of our MFI management conversations—conversations that inspire tangible changes we can make in our operations.

A key operational example in our network has been in Myanmar, where in the 2023 Index report we identified that too many clients perceived unexpected fees. By retraining our loan officers on effective communication of fees, we were able to substantially improve our results in the 2024 MFI index report to achieve 99% of clients reporting that they never faced an unexpected fee.

We are also using the MFI index to explore how the provision of additional non-credit services can create deeper impact for vulnerable clients and their children. Amidst rising food insecurity in Myanmar, our MFI is actively monitoring and benchmarking its basic nutrition training program that will be included with every loan cycle. Clients seeking to grow their business income are now also learning which foods to eat so that their children are well nourished and growing healthy and strong.

VisionFund Myanmar is targeting a >33% improvement in increase in quality meals reported by clients in the next MFI index report.

The benchmarking provided by the MFI index has also provided an additional level of rigor that has helped us analyze the unique impact delivery of our flagship savings group linkage product called FAST (Finance Accelerating Savings Group Transformation). Our parent organization World Vision works in communities that are so remote and with people living too far below the poverty line for traditional microfinance to meet their needs. Savings groups fill the void left by formal banking institutions by giving group members access to financial security. Through our partnership with World Vision, we provide mature savings groups with economic empowerment training combined with digitally delivered loan capital to grow their businesses. Thanks to benchmarking insights from 60 Decibels, we know that we are nearly twice as effective as global peers in targeting the financially excluded, with 35% more clients reporting 'very much improved' income due to the FAST product.

Looking ahead, we aim to lead a mindset shift from impact measurement as a technical niche to impact data driving good business practice—growing business value through listening to client voices. We are grateful for the contribution 60 Decibels has made to our ultimate impact objective as a champion for vulnerable families and their children:

*Our vision for every child, life in all its fullness, our prayer for every heart, the will to make it so.*

Josh Olson

**Global Impact Director, VisionFund International**


# Introduction

# Intro to the Index

Welcome to the third edition of the 60 Decibels Microfinance Index, a comprehensive analysis of the microfinance sector grounded in customer voices!

This year, we've broadened our reach, listening to more than 36,000 microfinance clients across 45 countries (up from 32,000 clients in 32 countries last year).

This increase in scope and refinement of our methodology represent our—and our partners'—ongoing commitment to providing a more comprehensive and nuanced view of the global microfinance landscape.

We began this journey three years ago and remain committed to our founding objective: to shine a light on microfinance clients' experience and outcomes, at scale. This rich client data serves a dual purpose: it enables financial service providers (FSPs) to enhance their services through data-driven business intelligence, while helping investors and grantmakers direct capital where it will create the greatest social impact.

> "Since expanding my pharmacy and stocking almost all the products my customers need, my profits have increased significantly. This financial growth enabled me to buy land and build a home. Now, it's easier to afford food and cover university expenses for both of my children.
>
> – Female, 40, Democratic Republic of the Congo

This year's Index represents approximately 32 million global microfinance borrowers. This report goes deeper into several areas we've analyzed in the past, exploring new territory. We have:

- **Expanded our focus on client protection**, a critical issue in the wake of past microfinance crises in Cambodia[1] and other markets
- **Introduced universal questions about fair and respectful treatment** by agents and awareness of harassment reporting mechanisms
- **Piloted optional modules for FSPs and investors** exploring gender, climate resilience, and enhanced client protection

In our continuous effort to refine our methodology, we asked FSPs to include PAR30[2] data when sharing client contact details. We analyzed these data alongside other sampling metrics to ensure the contact details we received represented each FSP's complete customer population. This approach strengthens the representativeness of our Index sample and helps us understand experiences across a diverse range of clients, including those who have recently missed payments. These insights are particularly valuable as we navigate a period of global economic uncertainty and rising inflation.

[1] "We can't force willingness." – Cerise+SPTF. (n.d.).

[2] PAR30 refers to loans in arrears for over 30 days

Another addition this year is a time series analysis of data from the 25 FSPs[3] that have participated in all three years of the Index, providing us valuable longitudinal insights. These findings offer a unique perspective on the evolution of client outcomes and the microfinance industry performance over time, informing the ongoing conversation about the long-term impact of microfinance on economic resilience, poverty reduction, and economic development.

The microfinance sector continues to play an essential role in providing financial services to underserved populations worldwide. Despite the explosion of fintech services in recent years, traditional Microfinance Institution (MFI) lenders remain at the forefront of serving many of the most marginalized communities. This report shows where potential impacts are being a reality, and helps MFIs and their supporters identify practices that lead to the strongest client outcomes.

In the following pages, you'll find a wealth of data-driven insights, benchmarks, and analysis. Whether you're part of an FSP looking to improve your impact, an investor seeking to understand how best to allocate capital, a policymaker working towards greater financial inclusion, or an interested (unaffiliated!) reader, we hope you'll find new, engaging insights in these pages.

As we present this third edition of the 60 Decibels Microfinance Index, we remain committed to listening to microfinance clients around the world and amplifying their voices to improve how the sector—and its investors—can best meet their needs. We firmly believe that putting this data in the hands of key stakeholders will help drive greater impact for clients.

Join us as we delve into the evolving world of microfinance, guided by the voices of those at the heart of this global movement—the clients themselves.

[3] While these FSPs have remained consistent, the specific clients within each FSP may have varied year to year.

# 2024 Headlines

## 01 Access

**FSPs continue to reach underserved clients, even as competition grows.** Despite the presence of more than 7,000 microfinance institutions worldwide, 56% of clients report that their current Financial Service Provider (FSP) was the first to offer them the loan services they now use. This indicates that FSPs are successfully reaching new, underserved segments across rural, urban, and peri-urban areas, effectively bridging the urban-rural divide.

SEE MORE ON PAGE 27

## 02 Market Competition

**Clients without good alternatives are more loyal and experience more impact.** Clients who perceive a lack of good alternatives demonstrate higher satisfaction and loyalty to their FSPs, reflected in significantly higher Net Promoter Scores. These clients also report more substantial improvements in their lives, suggesting that FSPs make a meaningful difference where alternatives are scarce.

SEE MORE ON PAGE 29

## 03 Clients' Rights

**Awareness of clients' rights enhances outcomes.** Clients who know how to report harassment or unfair treatment and clearly understand their loan terms experience better financial results. They report improved financial management, increased savings, reduced stress, and higher overall satisfaction with their FSPs, highlighting the importance of client education on rights and reporting mechanisms.

SEE MORE ON PAGE 31

## 04 Group Loan Inclusivity

**Group loans reach excluded groups and close the gender gap.** Group lending effectively reaches historically excluded populations, particularly women and rural borrowers. With 85% of group borrowers being women, these loans show impressive results in increased community respect and household decision-making power for women, suggesting that group loans are a powerful tool for gender inclusion.

SEE MORE ON PAGE 33

## 05 Group Loan Impact

**Group loans could hold the key to more informed and impactful borrowing practices.** Group lending offers an edge in both financial outcomes as well as overall well-being and experience. Group lending clients report more material improvements in income and financial management, and are experiencing less financial stress. In turn, group loan clients report higher satisfaction with their FSP and are more informed about their loan than individual lending peers.

SEE MORE ON PAGE 35

## 06 Additional Services

**Additional services enhance financial management and elevate quality of life.** Clients accessing additional services—such as training, business support, and additional financial products—report better financial management, increased savings, and higher quality of life compared to those receiving only credit. These services strengthen clients' financial resilience and overall well-being.

SEE MORE ON PAGE 36

## 07
### Impact and Financial Resilience

**Access to finance strengthens client resilience, but moving the needle for more vulnerable clients is challenging.** While FSPs improve clients' lives and financial flexibility, vulnerable clients, those who say they'd struggle to meet emergency expenses, report lower improvements in most aspects of resilience. This highlights the need for tailored solutions to address the unique challenges faced by vulnerable populations.

SEE MORE ON PAGE 38

## 08
### Productive Use

**Financial habits and additional services are key to enabling resilient financial behaviors.** Clients using loans for productive purposes, such as starting or expanding a business, report higher improvements in financial management and savings. Offering additional services can encourage productive loan usage and improved financial behaviors, leading to better financial resilience and empowerment.

SEE MORE ON PAGE 41

## 11
### Climate Resilience

**FSPs build clients' preparedness and knowledge for climate resilience.** FSPs contribute to clients' preparedness for climate shocks, especially through group lending and additional services. Clients with longer tenure and access to additional services feel more capable of recovering from climate-related events, highlighting the role of microfinance in building adaptive capacity among vulnerable populations.

SEE MORE ON PAGE 49

## 12
### Three Years of Data

**Consistent impact metrics provide time series insights.** Across the three years of the Index we see a consistency of results over time, with improving trends across a number of key indicators. One of the most encouraging findings is the consistent upward trend in key impact metrics such as quality of life, financial management, and household expenditures.

SEE MORE ON PAGE 52



## 09
### Gender

**FSPs improve access and resilience for women; female-centric FSPs lead in empowerment.** Women are more likely to use loans to invest in businesses, enhancing their financial resilience. Female-centric FSPs outperform others in improving women's financial resilience, community respect, and household influence, demonstrating the value of inclusive lending methodologies and the provision of additional services.

SEE MORE ON PAGE 43

## 10
### FSP Operations: Year of Establishment

**Mature FSPs outperform younger and older peers in client impact.** FSPs operating for 11–20 years deliver better client outcomes, suggesting they have hit a "sweet spot" in effective service delivery. They outperform both newer and legacy institutions in reaching clients without good alternatives and in offering additional services, leading to higher client satisfaction and impact.

SEE MORE ON PAGE 47

## 13
### Consistent Participation Validation

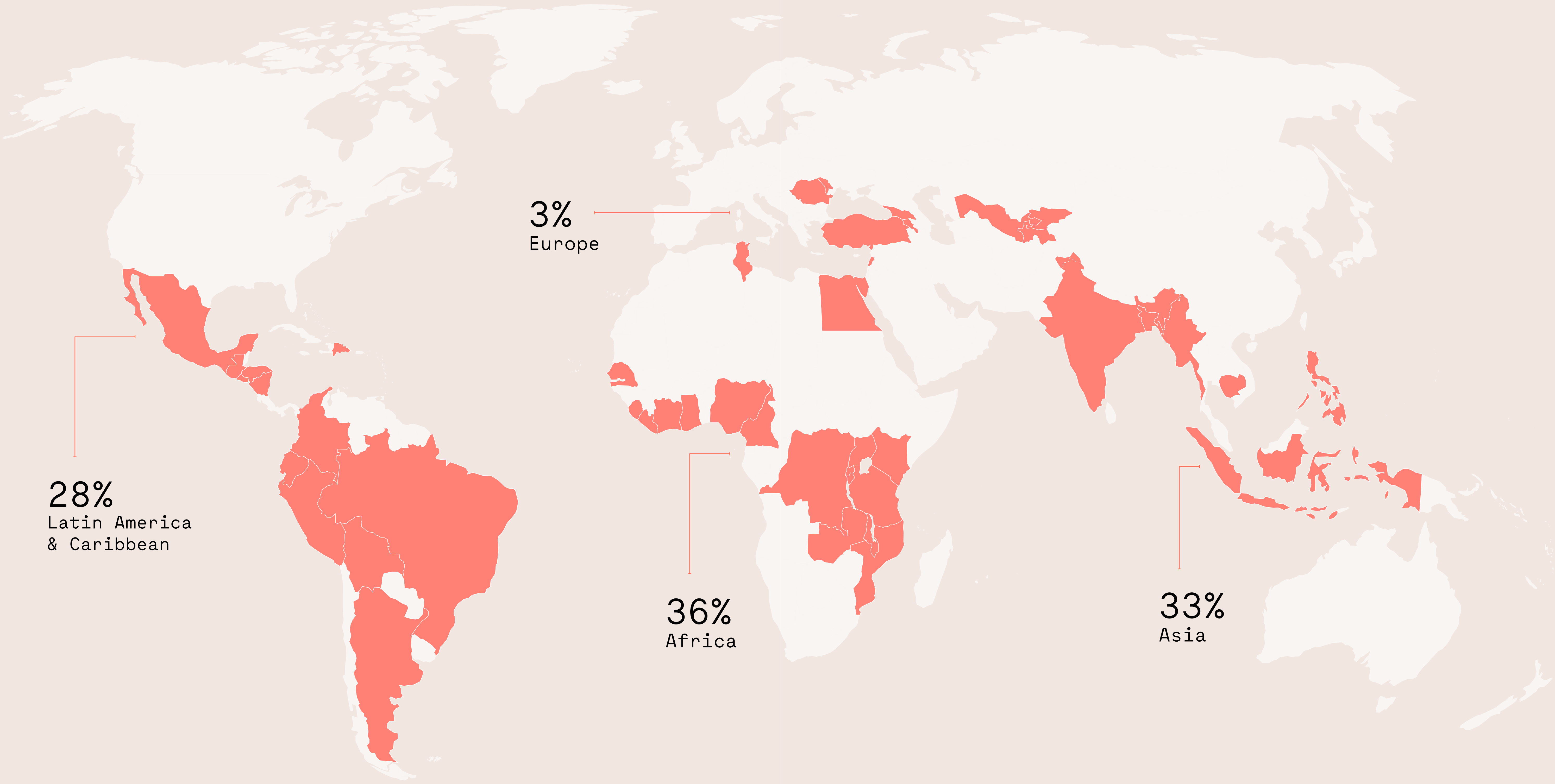
**Consistency between repeat FSP participants and global trends help to validate the MFI Index's reliability.** Over the past three years, key impact metrics have consistently improved among microfinance clients. Notably, the 25 Financial Service Providers (FSPs) that participated each year showed remarkable consistency with the full dataset, confirming the Index's reliability and representativeness. This demonstrates that despite variations in participating institutions, the MFI Index effectively captures sector-wide trends, validating its use as a reliable tool for stakeholders.

SEE MORE ON PAGE 57


02

# About Our Data

# Who We Listened To




36,000
Clients

126
Financial Service Providers

61
Languages

45
Countries

22
Minutes, Average Phone Interview

65%
Response Rate

# About the Financial Service Providers

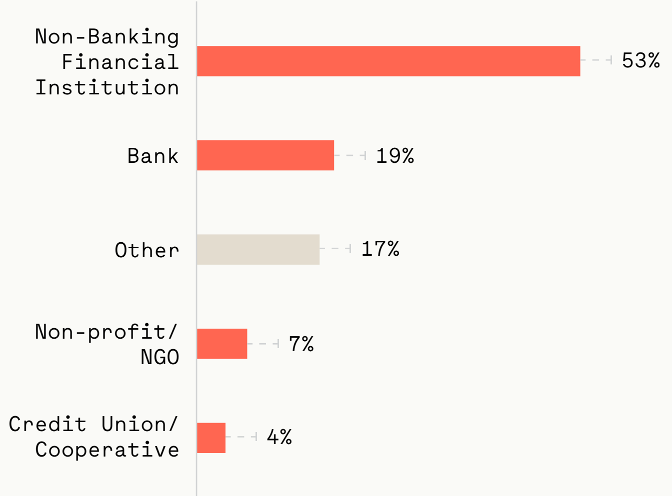
In the 2024 Index, we worked with 126 Financial Service Providers from 45 countries in Asia, Africa, Europe, and Latin America.

These FSPs are diverse in their institutional types, number of clients served, services offered, and total assets under management. What unites them is their commitment to understanding their social performance through their clients' experiences.

**Type of Financial Institution**

The majority of participating FSPs (61%) are Non-Banking Financial Institutions/Corporations, followed by Banks (13%), and Non-profit/NGOs (7%). Credit Unions/ Cooperatives make up 5% of the sample, with the remaining 13% classified as Other. The majority of FSPs classified as 'Other' are deposit-taking Microfinance Institutions.

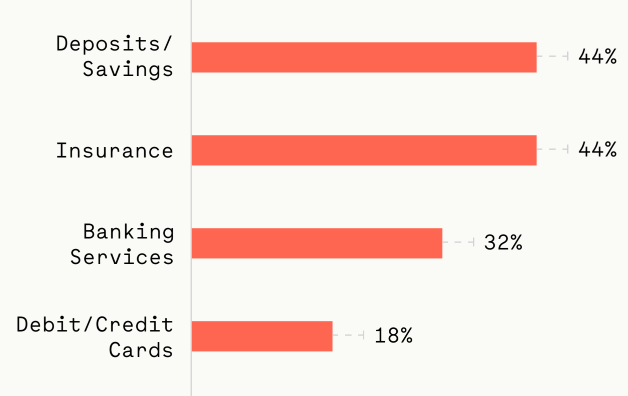
**Additional Financial Services Offered by FSPs**
Respondents could select more than one option
(n = 126)




**Financial Services Offered**

While all participating FSPs offer loans, many provide additional financial services.

**Additional Financial Services Offered by FSPs**
Respondents could select more than one option
(n = 126)

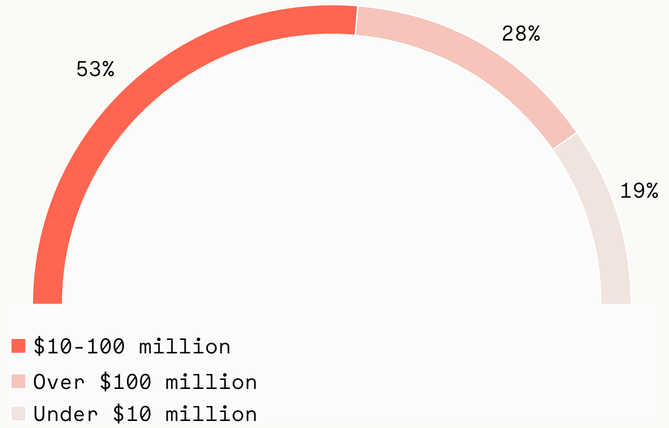



This diversity in service offerings reflects the evolving nature of the microfinance sector, with many institutions expanding beyond traditional microcredit to provide a broader range of financial products.

**Total Assets Under Management (AUM) in USD**

The FSPs in our dataset vary significantly in their assets under management. More than half (53%) manage between $10 million and $100 million in AUM. About a quarter (28%) manage more than $100 million, while 19% manage less than $10 million.

**Total AUM in USD**
(n = 126)



### Number of Clients Served

This year, the participating FSPs collectively serve 31,948,531 clients. This total is lower than last year's, which included one FSP serving more than 34 million clients. However, our 2024 sample represents a more diverse range of institutions by longevity, region, and loan methodology, offering a broader and more representative view of the microfinance landscape.

**Participating FSPs' Number of Clients**
(n = 126)

| Region | Min | Max | Average | Median | Total |
|---|---|---|---|---|---|
| Africa (n = 45) | 1,121 | 472,358 | 70,830 | 27,190 | 3,045,669 |
| Latin America (n =37) | 1,350 | 376,557 | 78,533 | 39,805 | 2,827,196 |
| Asia (n = 42) | 872 | 11,114,147 | 635,881 | 180,951 | 26,071,110 |
| Europe (n = 2) | 2,070 | 2,486 | 2,278 | 2,278 | 4,556 |
| **Total** | 872 | 11,114,147 | 261,873 | 48,680 | 31,948,531 |



# About the Clients

We spoke to more than 36,000 clients this year, bringing our cumulative three-year dataset to more than 86,000 clients. These clients represent the diversity of the MFI sector in terms of tenure, loan form, and geographic distribution.

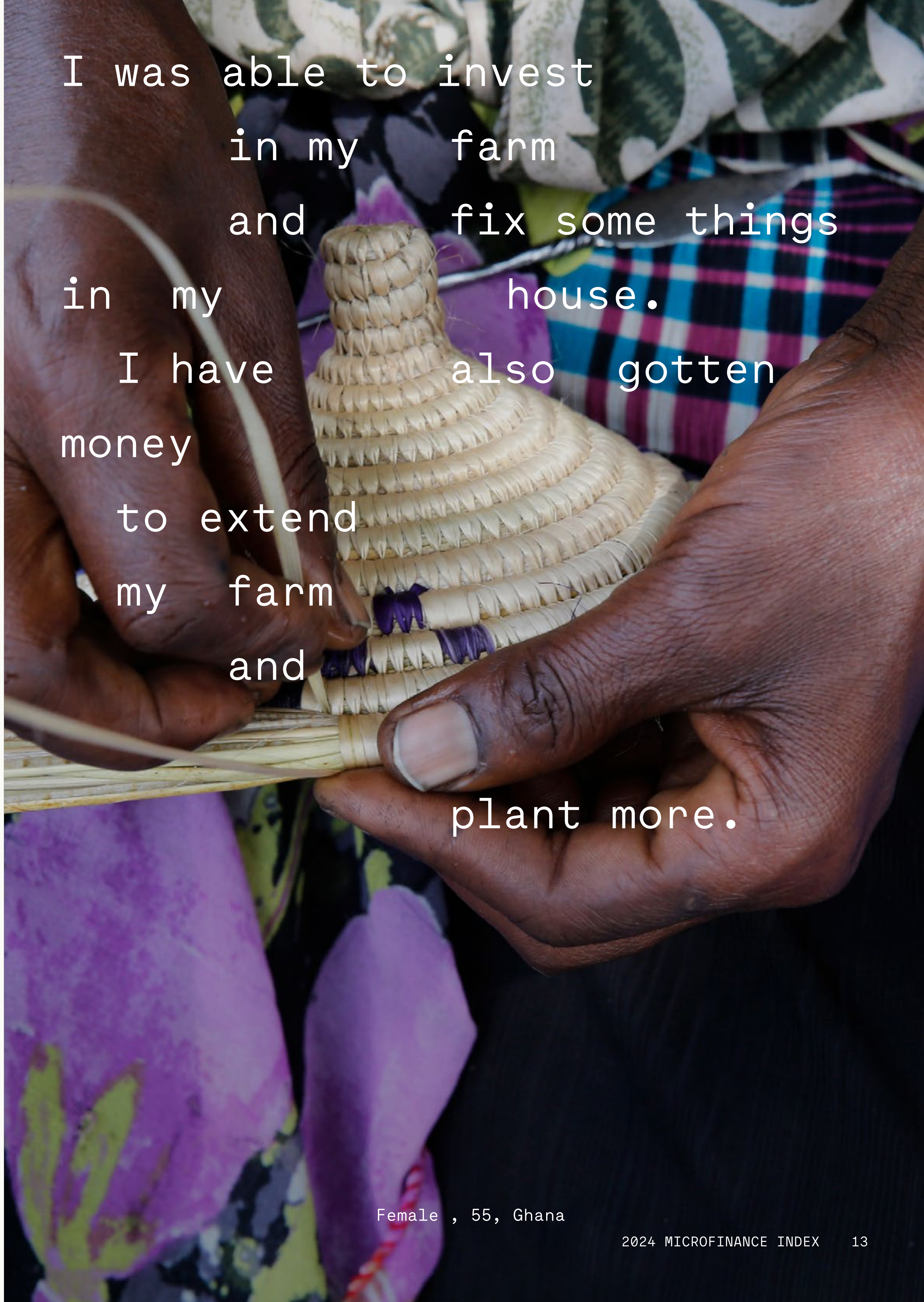
Globally, just under half (49%) of the 2024 clients we spoke to have been with their FSP for fewer than two years.

We spoke to clients who borrowed as individuals (56%) and as part of a group (44%). The proportion of group borrowers in our dataset remained stable compared to 2023 (45%).

Though nearly two-thirds (64%) of the FSPs we worked with offer additional products or services such as savings, insurance, training, and other business-related services, only a third (31%) of clients report using these additional services from their FSP in the past six months.

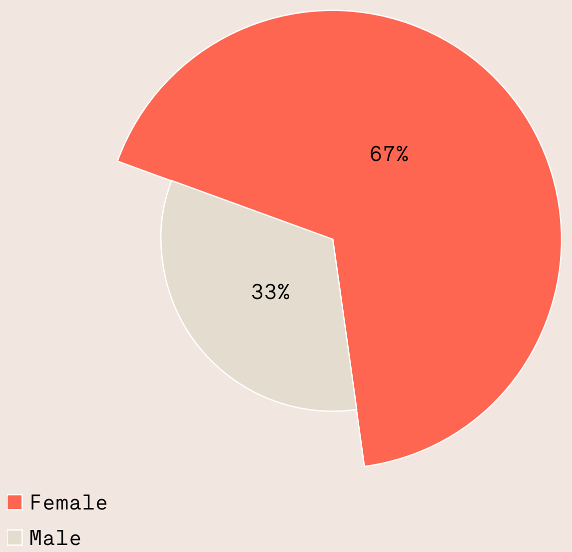
The geographic distribution of clients shifted slightly from 2023 to 2024, with a greater representation from Latin America and Africa. In 2024, Africa constituted 36% of the Index clients surveyed, followed by Asia (33%), Latin America (28%) and Europe (3%). This compares to our 2023 numbers of 50% (Asia), 32% (Africa) and 18% (Latin America).

Two-thirds of all the clients we spoke to in 2024 are women, which is consistent with the global microfinance customer base and our 2023 findings. The average age of respondents was 43, with a range from 18 to 99 years old.

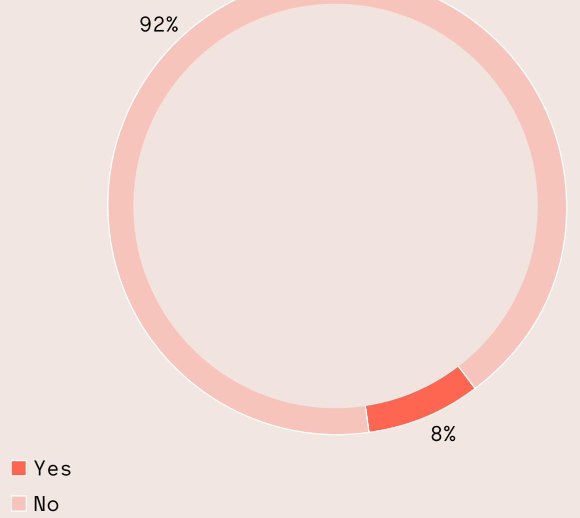


# About the Clients

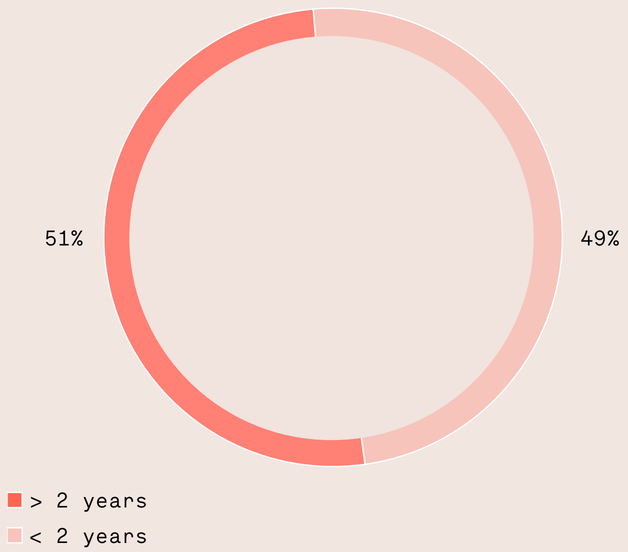
### Gender
(n = 36,313)



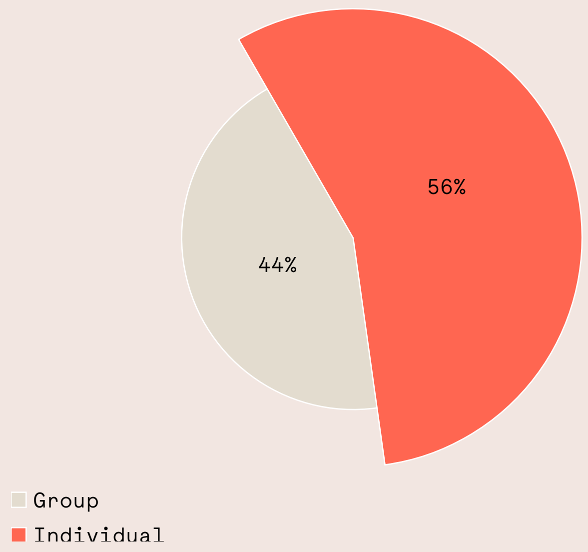

### Clients Who Missed a Payment in the Last 30 Days
(n = 33,426)



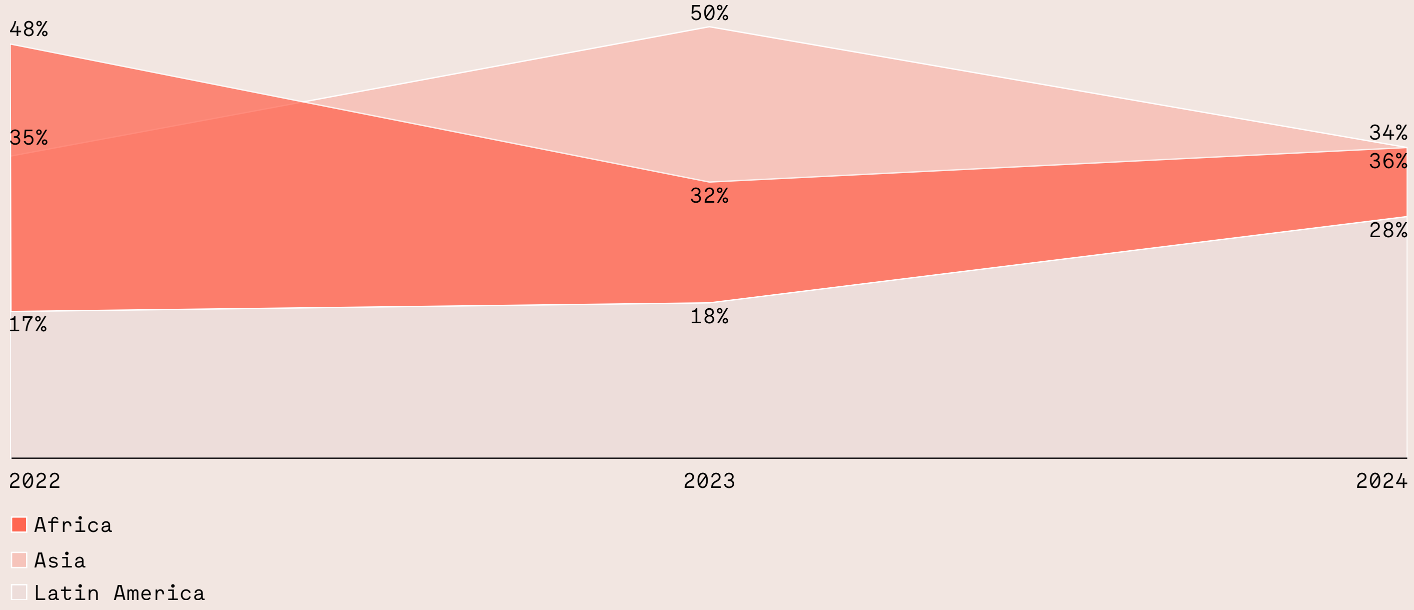

### Tenure
(n = 33,715)



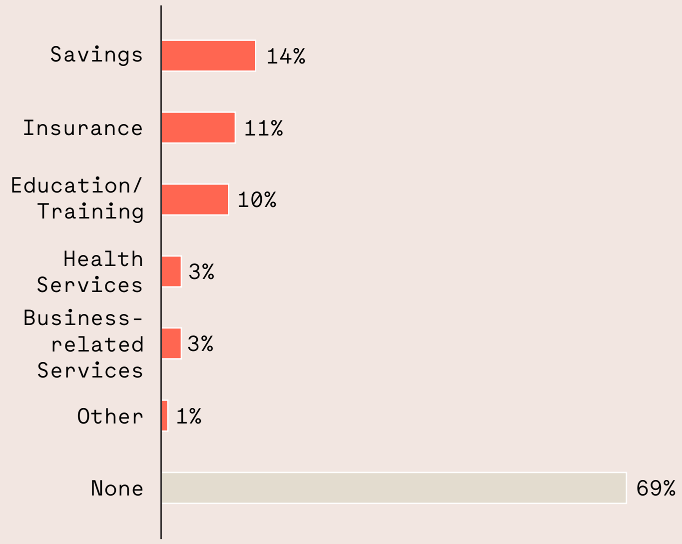

### Lending Methodology
(n = 36,313)



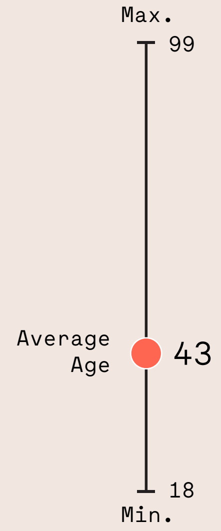

### Geography
(n = 36,313)




### Percent of Clients Accessing Services from FSP in Addition to Loan
(n = 36,292)




### Average Client Age
(n = 34,416)



# 03

# The Index

# Dimensions & Indicators

## Access

Measures the degree to which the financial service providers are serving a previously underserved population, the competitive landscape the financial service providers operate in, and the degree to which they are serving less well-off clients.

**Indicators**
Clients who say
- that they are accessing a loan for the first time
- they could not easily find a good alternative

## Business Impact

Measures the impact the financial service providers have on clients' ability to earn income from their business and their ability to employ others.

**Indicators**
Clients who say
- their income has 'very much increased'
- their number of paid employees have increased

## Household Impact

Measures the impact the financial service providers have on clients' quality of life and their ability to invest or cover household expenditures.

**Indicators**
Clients who say
- their lives have 'very much improved'
- the number and quality of meals has 'very much increased'
- the amount they spend on children's education has 'very much increased'
- their ability to visit healthcare providers has 'very much increased'
- the amount they spend on home improvements has 'very much increased'

## Client Protection

Measures the degree to which clients are informed of the financial service provider's loan conditions prior to borrowing, and the ability of clients to make repayments without reducing other household consumption.

**Indicators**
Clients who say
- they 'strongly agree' to understanding their fees, interest rates, and penalties
- they have never experienced an unexpected charge or fee
- time worrying about finances has 'very much decreased'.
- their loan repayments are 'not a problem'
- they never reduced their household's food consumption in order to make repayments
- they 'strongly agree' agents always treat them fairly and respectfully
- they know how to and would report harassment

## Resilience

Measures the degree to which clients are financially prepared for an unforeseen economic shock, and the impact the financial service providers have on this preparedness. It also measures the client's ability to manage finances and save.

**Indicators**
Clients who say
- their ability to manage their finances has 'very much improved'
- their savings have 'very much increased'
- their ability to face an emergency expense has 'very much improved' because of the financial service provider

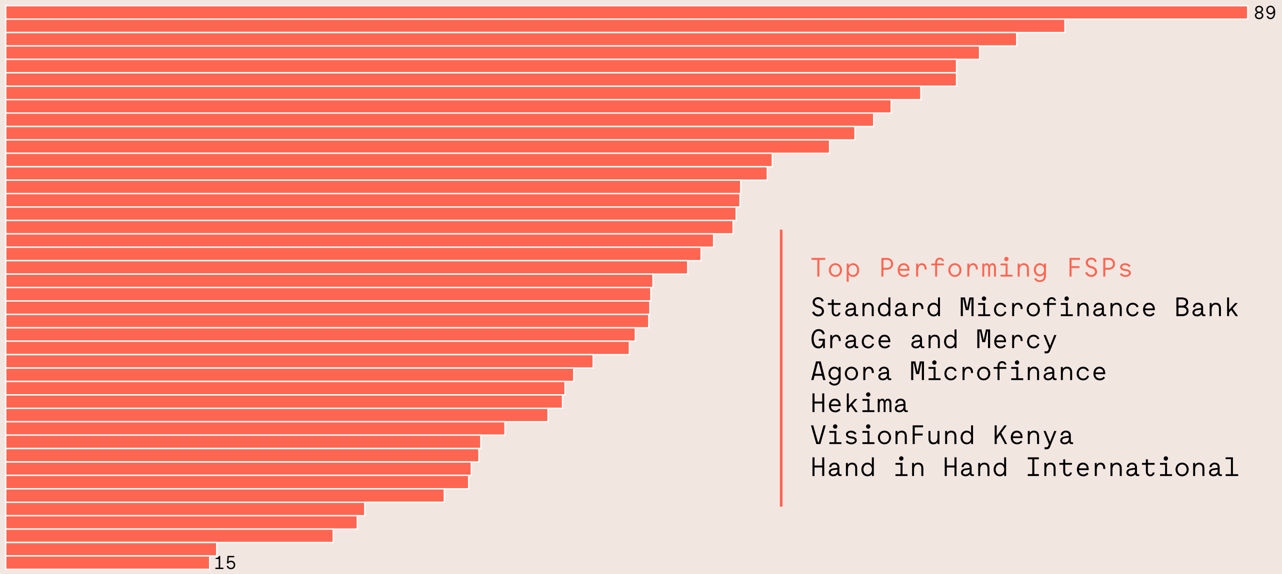
## Agency

Measures the impact the financial service providers have on clients' confidence, ability to make decisions about their money, and contributions to clients' ability to achieve their financial goals.

**Indicators**
Clients who say
- their confidence has 'very much increased'.
- their ability to make decisions about money has 'very much increased'.
- their ability to achieve a financial goal has 'very much improved'.

# 2024 MFI Index Rankings

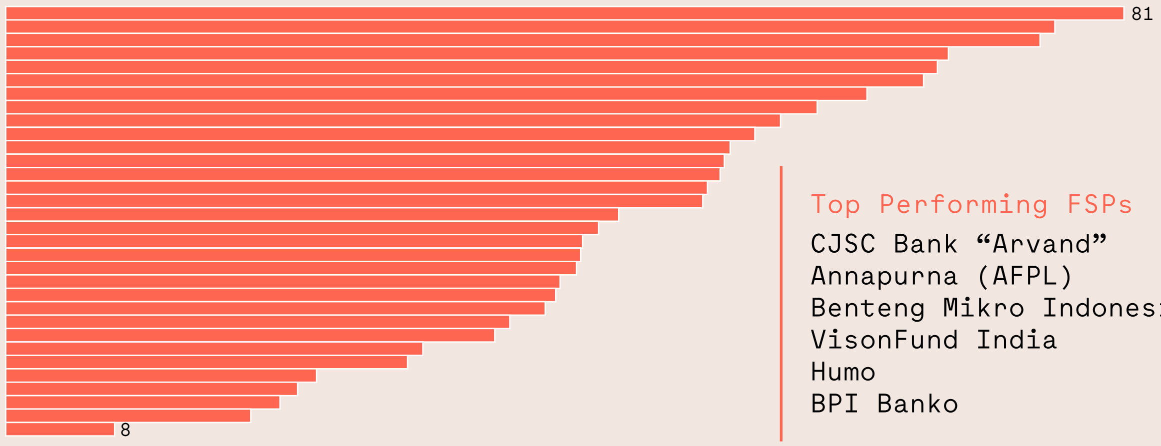
Africa




**Top Performing FSPs**

| | |
|---|---|
| Standard Microfinance Bank | 89 |
| Grace and Mercy | 76 |
| Agora Microfinance | 73 |
| Hekima | 70 |
| VisionFund Kenya | 68 |
| Hand in Hand International | 68 |

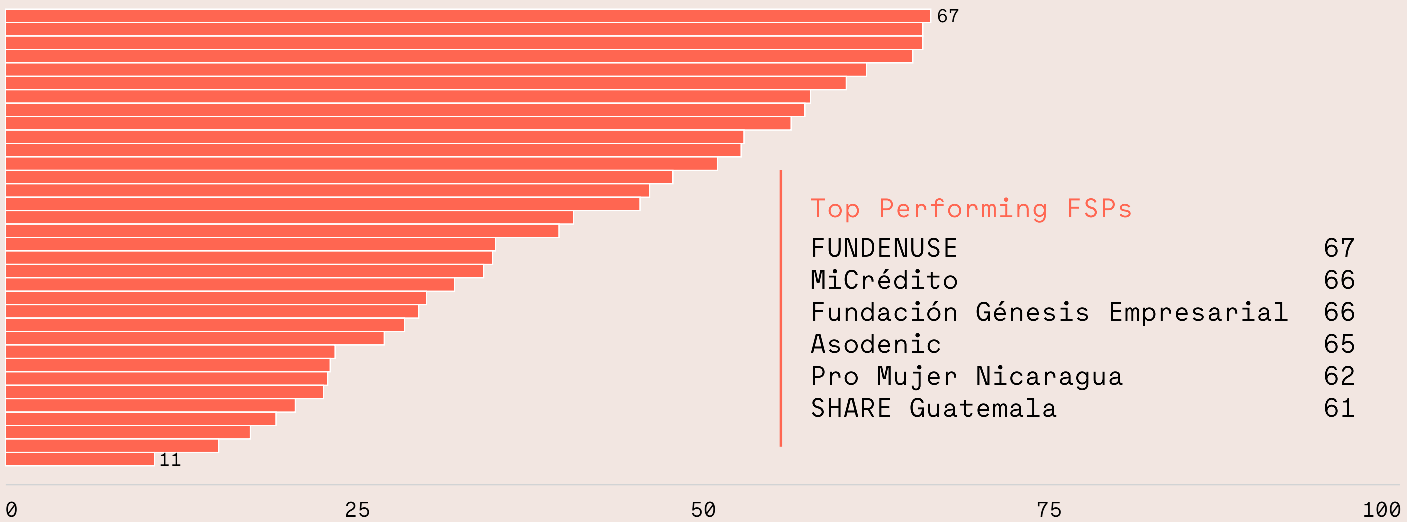
Asia




**Top Performing FSPs**

| | |
|---|---|
| CJSC Bank “Arvand” | 81 |
| Annapurna (AFPL) | 76 |
| Benteng Mikro Indonesia | 74 |
| VisonFund India | 68 |
| Humo | 67 |
| BPI Banko | 66 |

Latin America




**Top Performing FSPs**

| | |
|---|---|
| FUNDENUSE | 67 |
| MiCrédito | 66 |
| Fundación Génesis Empresarial | 66 |
| Asodenic | 65 |
| Pro Mujer Nicaragua | 62 |
| SHARE Guatemala | 61 |



Since we first debuted the 60 Decibels Microfinance Index in 2022, our goal has been to provide social performance benchmarks that are useful to each FSP’s specific strategy, while also providing a common base for comparison for all MFI at the sector, indicator, and regional level so we know what good performance looks like.

We have created the kind of comparable social outcome data that we, and the microfinance sector, have been looking for by deploying a standard, core set of questions across many FSPs. These data allow FSPs to reinforce areas of excellence and pinpoint areas for improvement.

Across our data this year, we have rankings for 108 of the 126* participating FSPs, based on their Index Score. The Index Score is the average of the FSP’s six dimension scores (weighted equally): Access, Business Impact, Household Impact, Client Protection, Resilience and Agency.

Our 2024 Microfinance Social Impact Awards publicly recognize the three top-ranked FSPs per region within this year’s Index. The awards celebrate FSPs that have demonstrated outsized impact in their sector relative to their peers, as evidenced by direct customer feedback. We hope that this recognition provides validation of impact and functions as a door opener to discussion with funders and investors.


THE AWARD WINNERS

**Africa**

Standard Microfinance Bank Nigeria
Grace and Mercy Households Improvement Initiative Nigeria
Agora Microfinance Zambia

**Asia**

CJSC Bank “Arvand” Tajikistan
Annapurna (AFPL) India
Beteng Mikro Indonesia (BMI) Indonesia

**Latin America & Caribbean**

FUNDENUSE Nicaragua
MiCrédito Nicaragua
Fundación Génesis Empresarial Guatemala

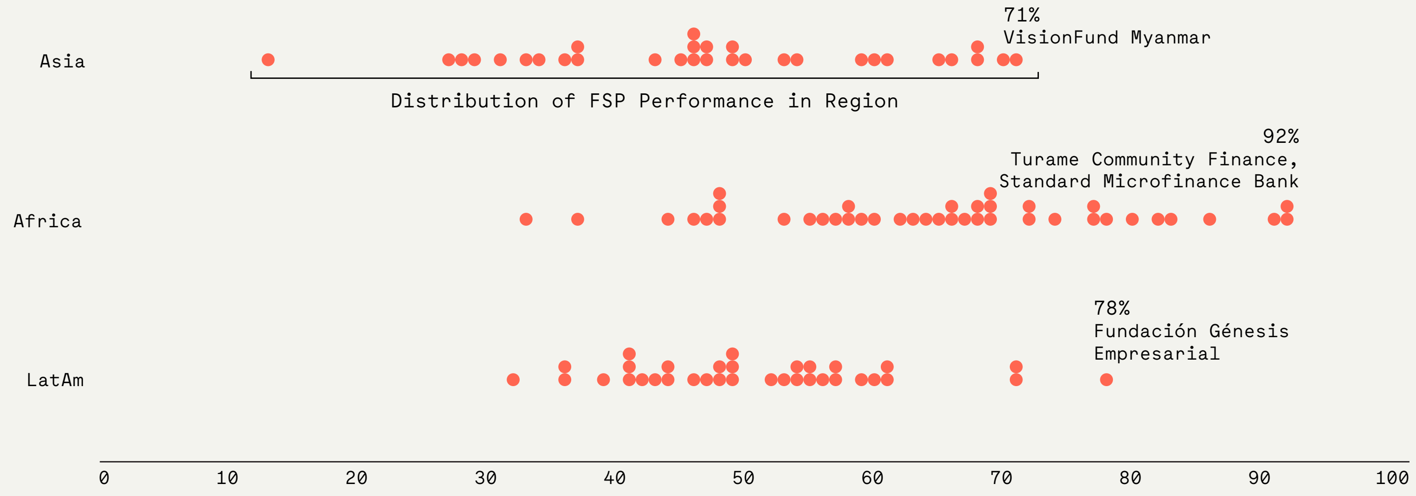
* 18 FSPs were not ranked due to an inability to measure and calculate the Inclusivity Ratio.

# Indicator: Access

Measures the degree to which the financial service providers are serving a previously underserved population, the competitive landscape the financial service providers operate in, and the degree to which they are serving less well-off clients.

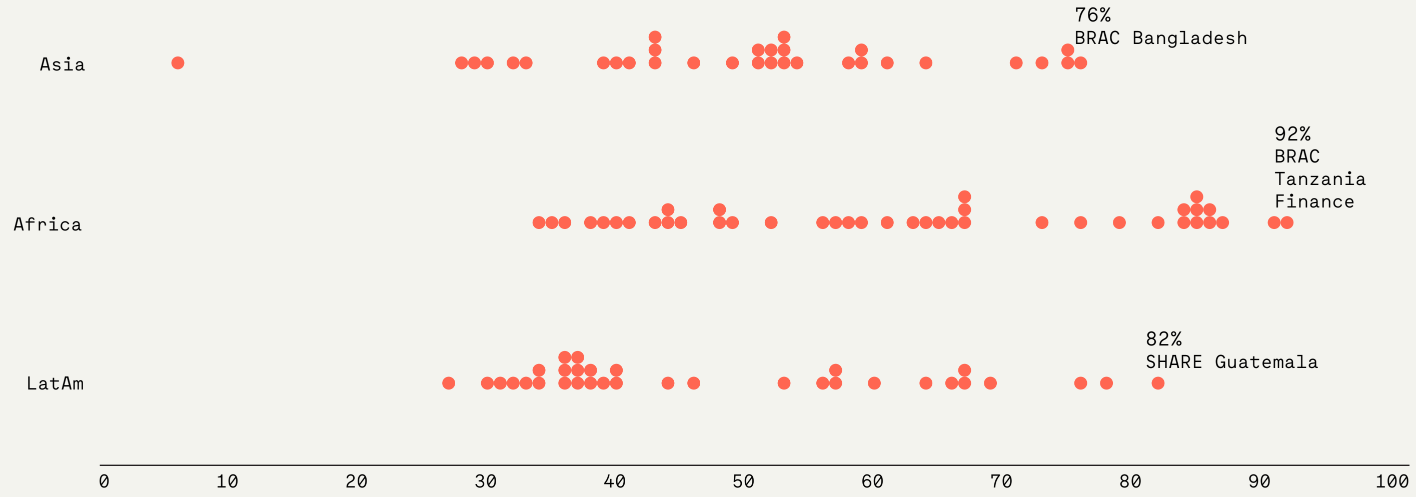
**First Access**

Clients who are accessing a loan like the one from their financial service provider for the first time



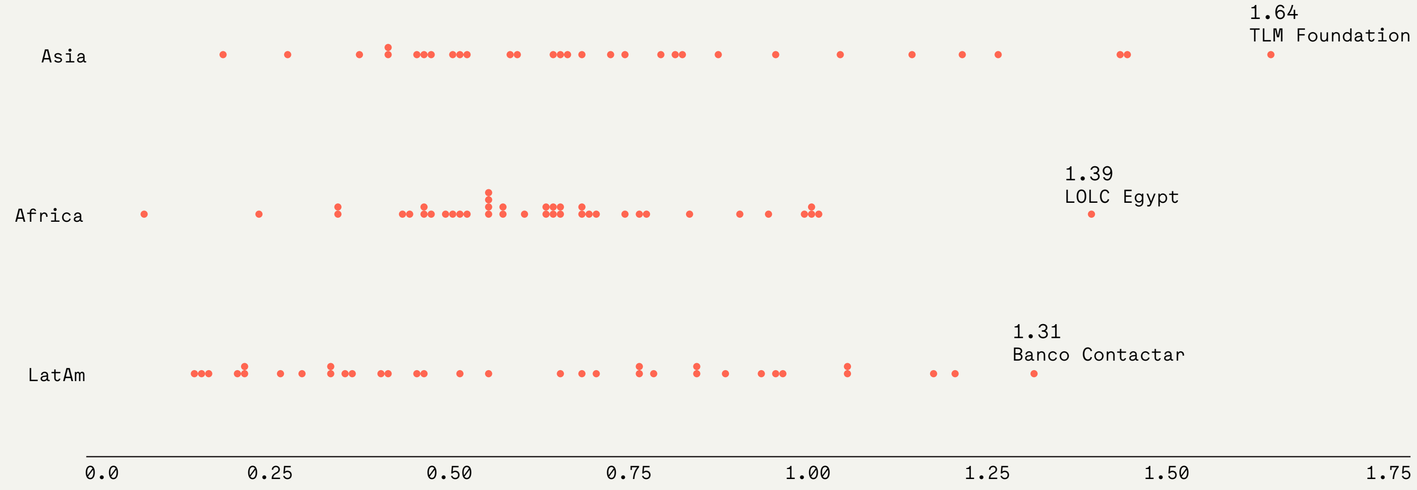

**Alternatives**

Clients who could not easily find a good alternative to their financial service provider




**Income Inclusivity***

Clients from lower-income segments as a proportion of national income distribution



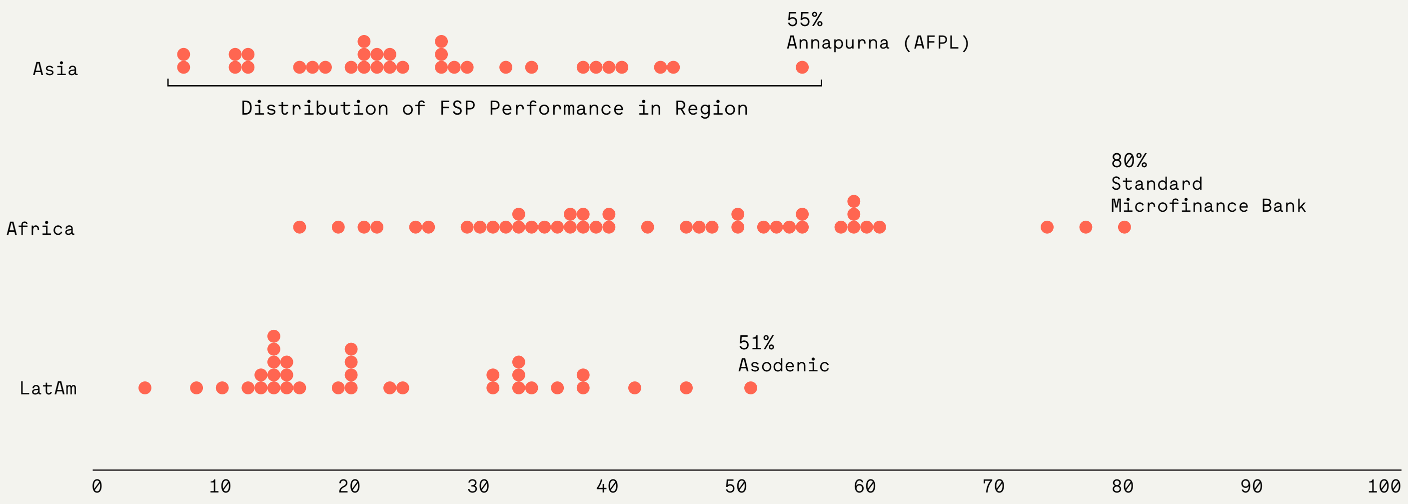

* The inclusivity ratio is a metric developed by 60 Decibles to estimate the degee to which an organization is reaching less well-off customers using world bank national poverty lines or wealth quintile estimations. 1 = parity with national population, >1 = overserving less well-off customers <1 = underserving less well-off customers.

# Indicator: Business Impact

Measures the impact the financial service providers have on clients' ability to earn income from their business and their ability to employ others.

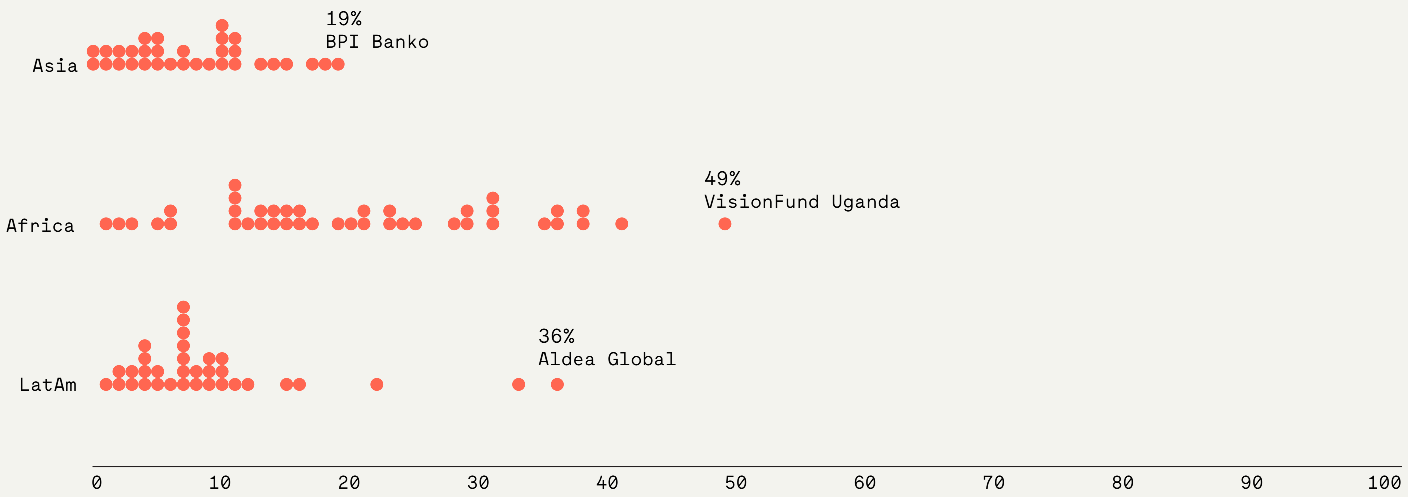
**Income**

Clients who say their income has 'very much increased'




**Employment**

Clients who say their paid employees have increased






“

The stock in the shop has increased, and the profit margin has also improved. As the business is running well, I am now tension-free when it comes to financial matters. It has also become easier for me to take care of my family.

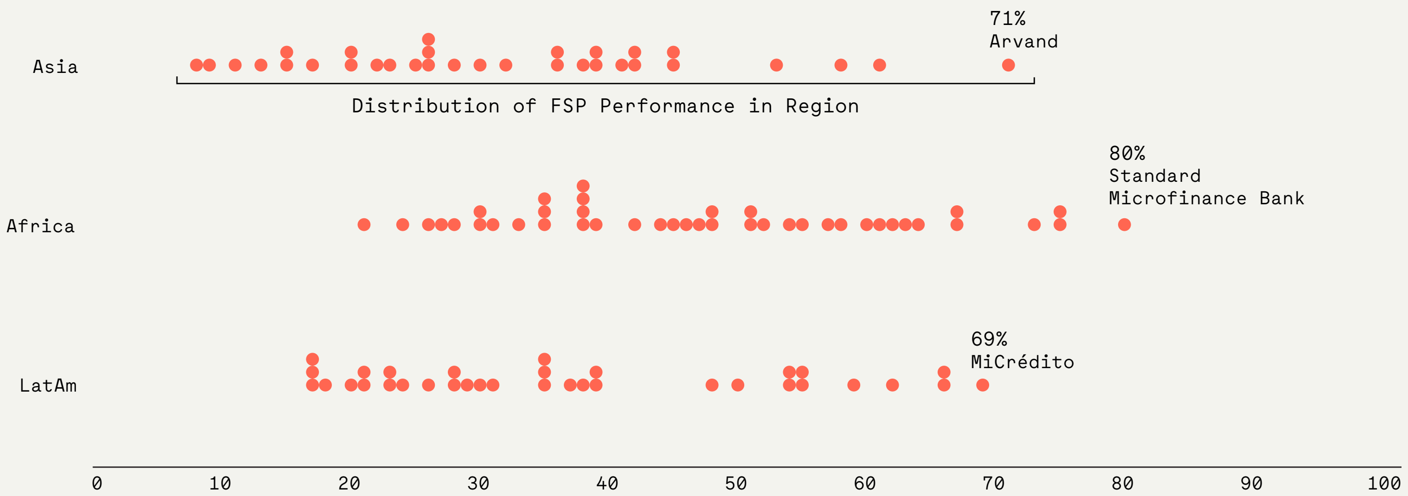
– Male, 25, India

# Indicator: Household Impact

Measures the impact the financial service providers have on clients' quality of life and their ability to invest or cover household expenditures.

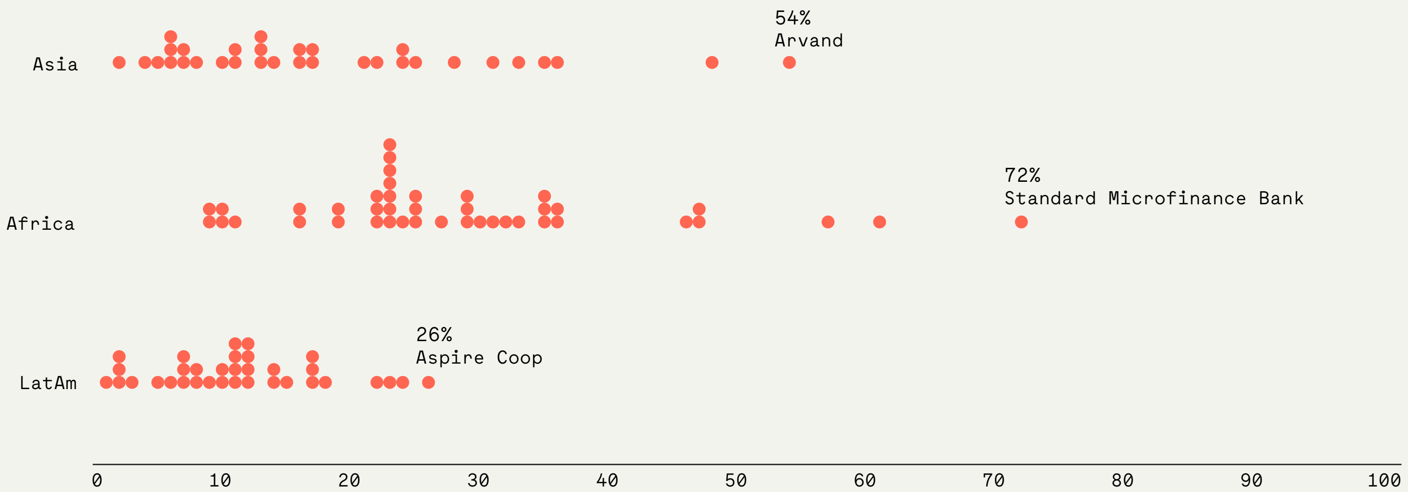
**Quality of Life**

Clients who say their lives have 'very much improved' because of the financial service provider



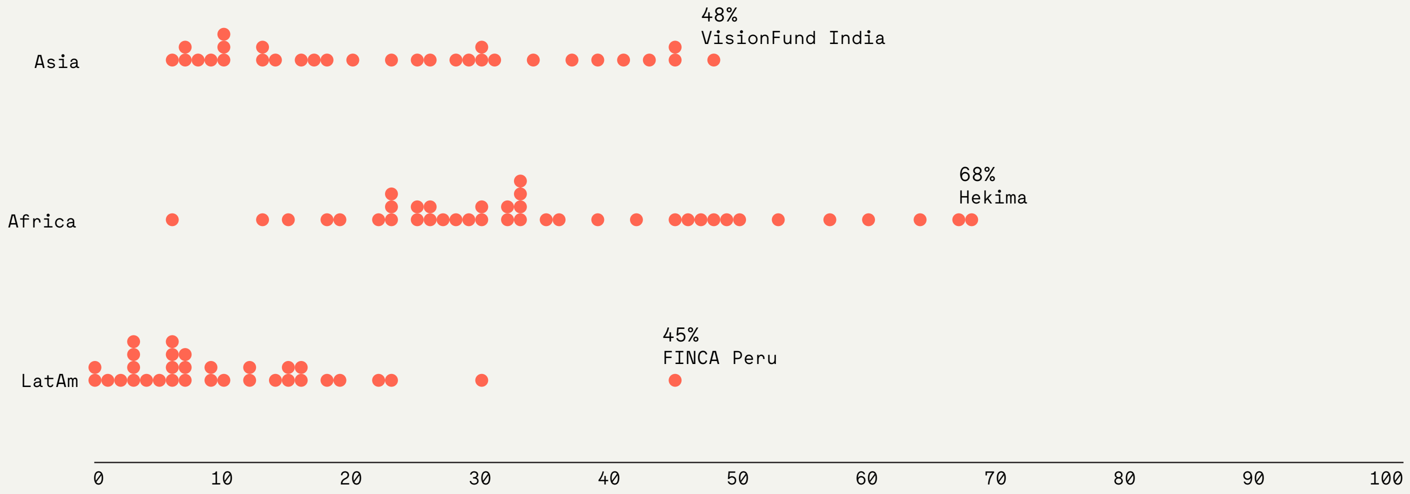

**Home Improvement**

Clients who say the amount they spend on home improvements has 'very much increased'




**Education**

Clients who say their spending on education 'very much increased'

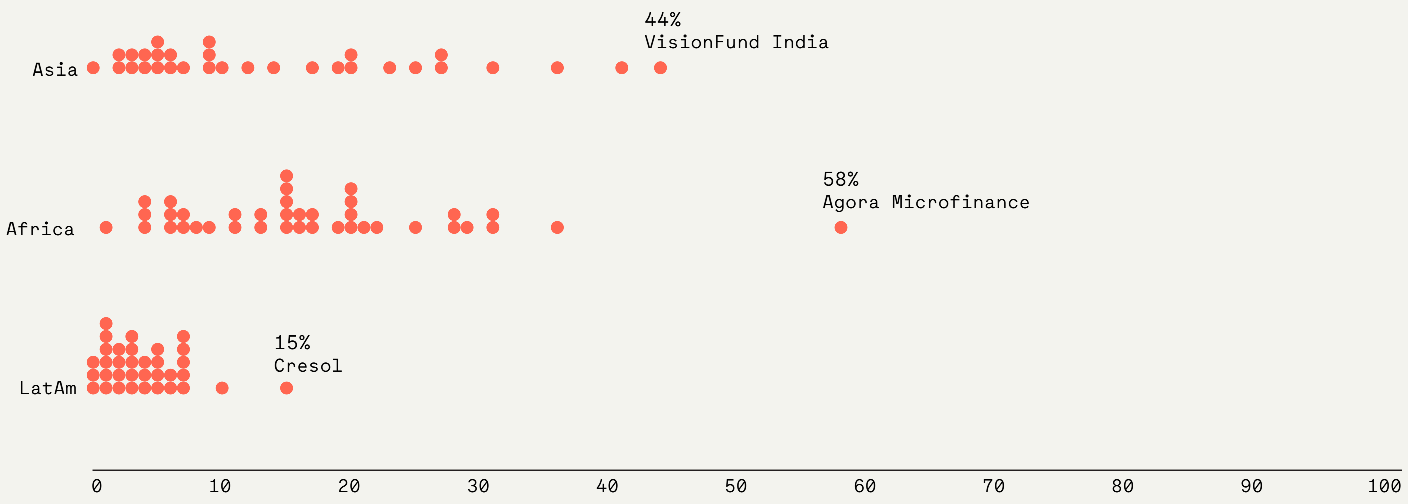


# Indicator: Household Impact

Measures the impact the financial service providers have on clients' quality of life and their ability to invest or cover household expenditures.

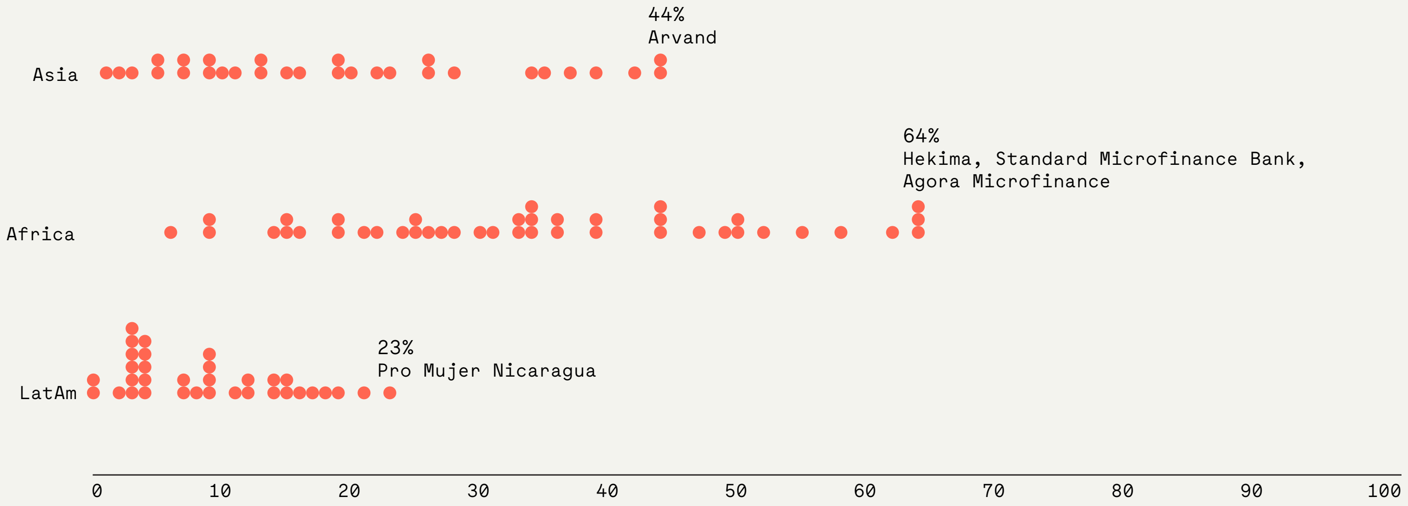
**Healthcare**

Clients who say their ability to visit a healthcare provider has 'very much increased'




**Quality Meals**

Clients who say their number and quality of meals have 'very much increased'




"Using the loan, I have bought cows, and now the children are getting milk which is improving their health. I have also improved the environment of the house I live in.

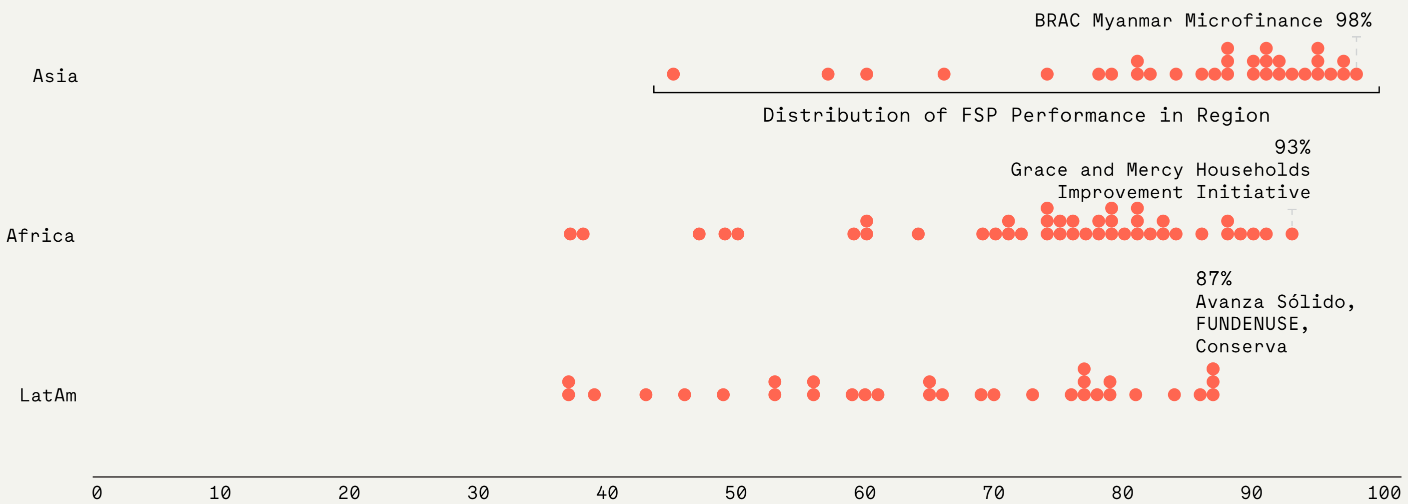
– Female, 42, Tanzania

# Indicator: Client Protection

Measures the degree to which clients are informed of the financial service provider's loan conditions prior to borrowing, and the ability of clients to make repayments without reducing other household consumption.

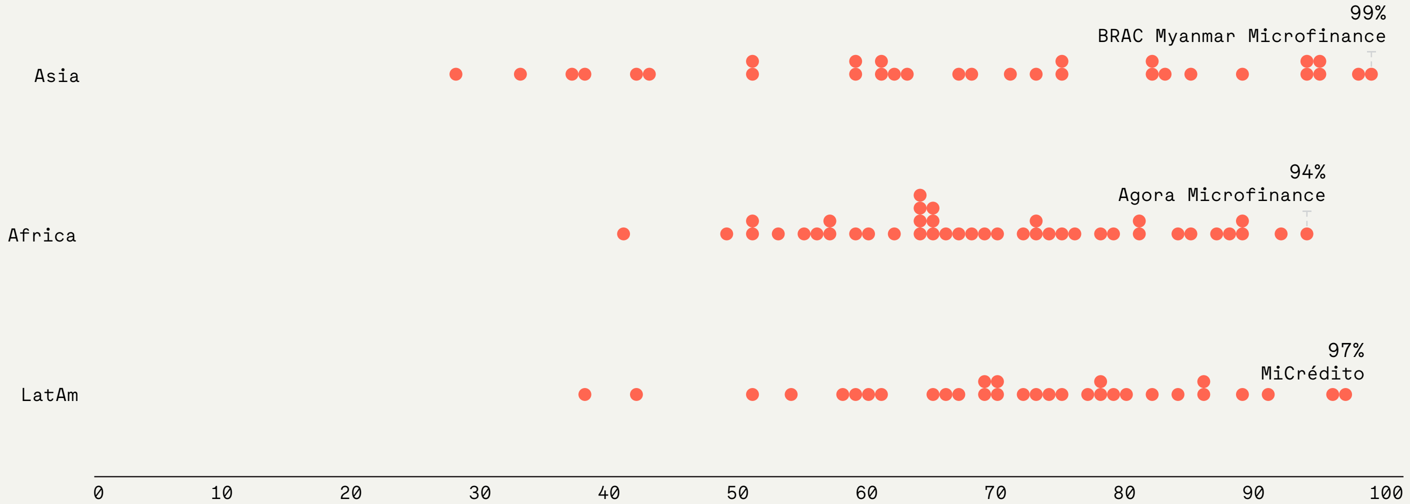
### Repayment Burden

Clients who say their loan repayments are 'not a problem'



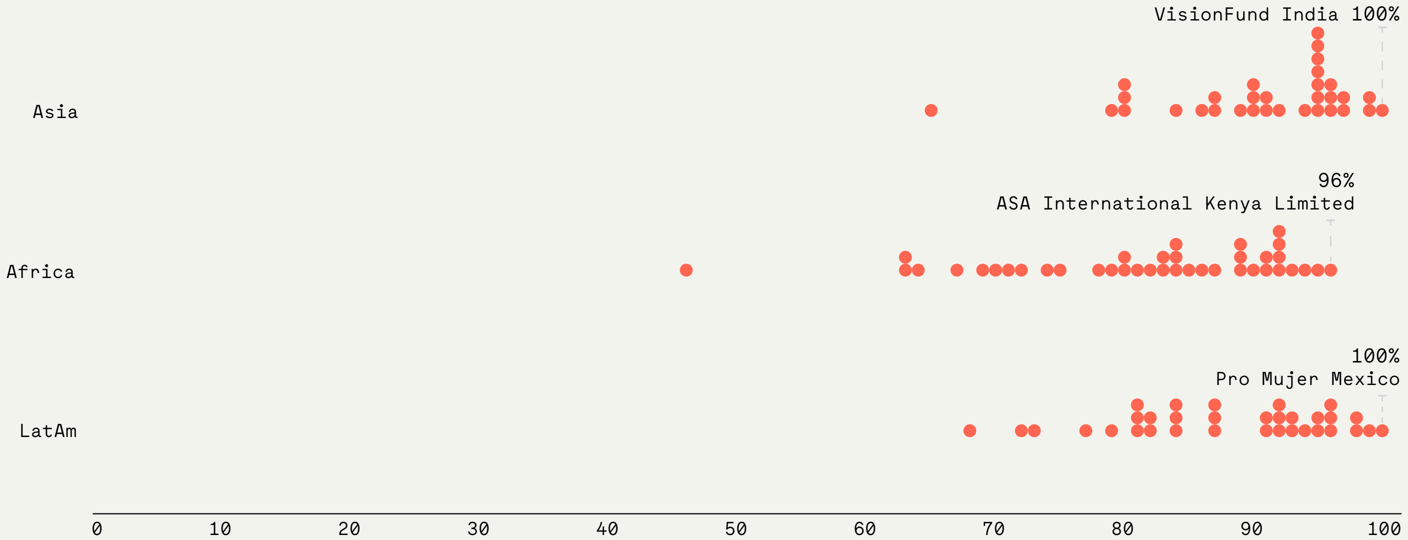

### Loan Understanding

Clients who 'strongly agree' to understanding their fees, interest rates, and penalties



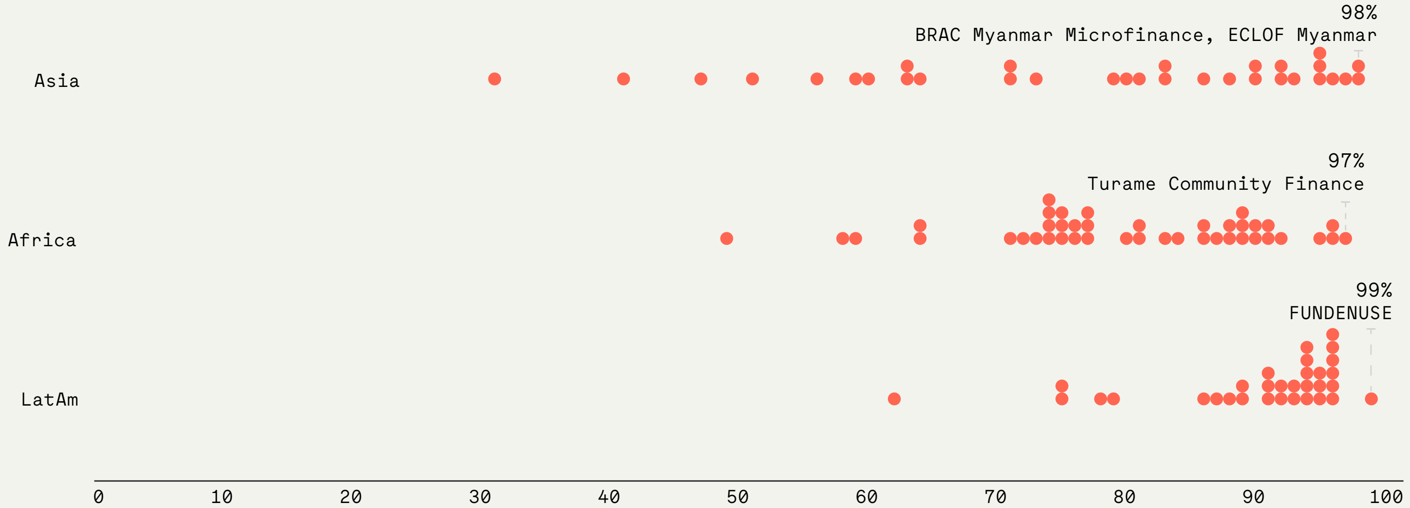

### Consumption Sacrifice

Clients who have 'never' reduced their household's food consumption in order to make loan repayments




### Unexpected Fees

Clients who say they have 'never' experienced an unexpected charge or fee

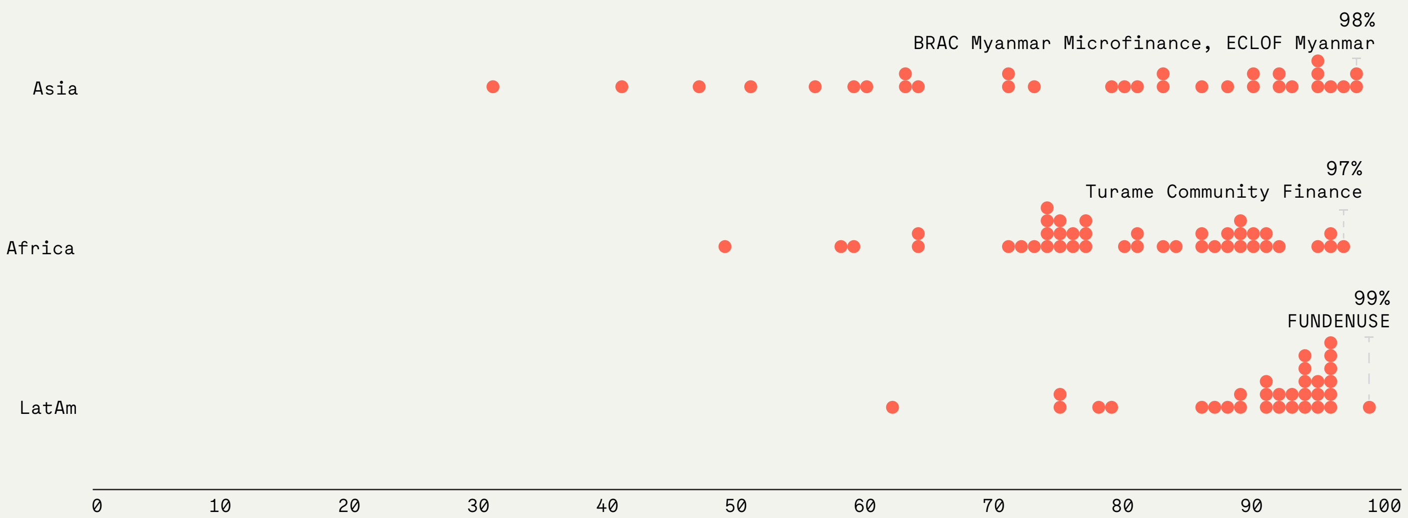


# Indicator: Client Protection

Measures the degree to which clients are informed of the financial service provider's loan conditions prior to borrowing, and the ability of clients to make repayments without reducing other household consumption.

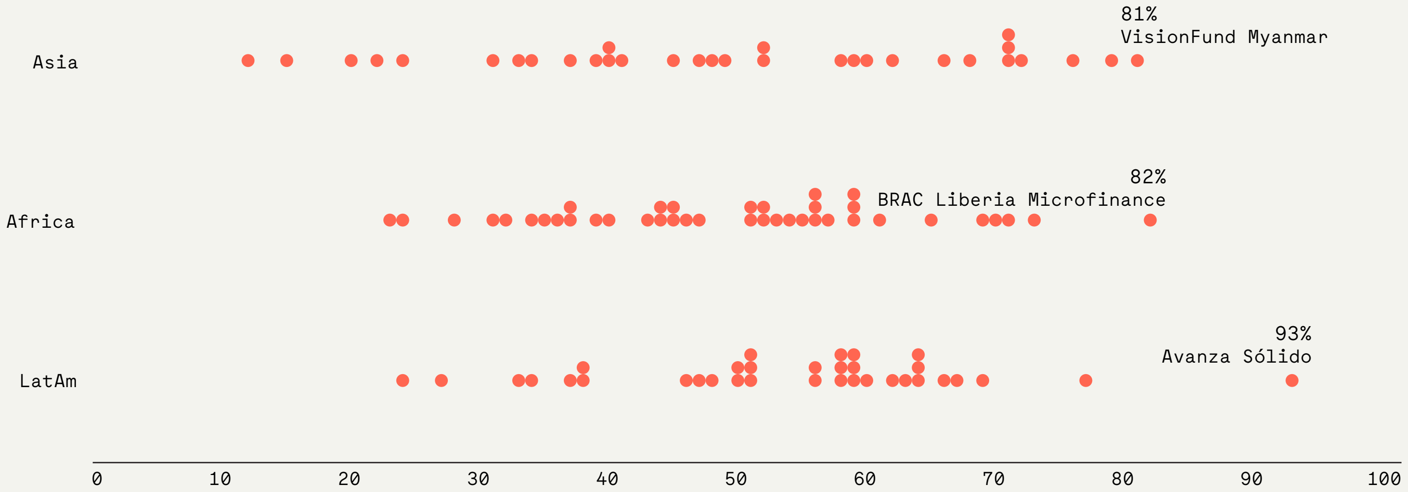
**Agent Fairness**

Clients who say they 'strongly agree' that agents always treat them fairly and respectfully



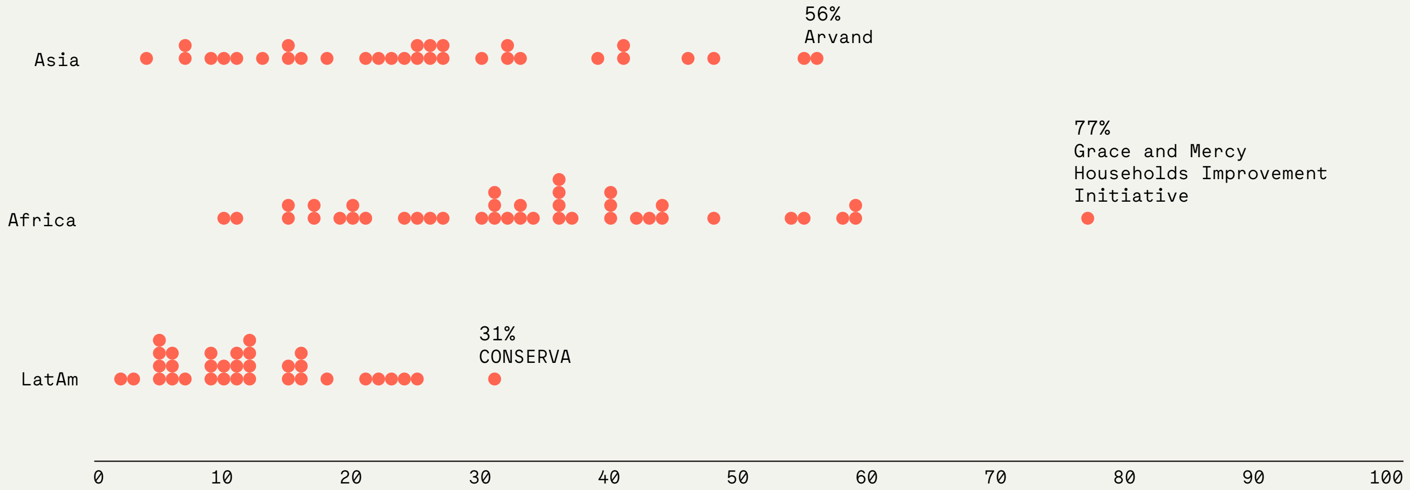

**Harassment**

Clients who say they know how to and would report harassment




**Financial Stress**

Clients who say time worrying about finances has 'very much decreased'




“

I recommend the cooperative because I really like their service. Moreover, what has impressed me the most is how they handle payment delays. I don't feel the pressure I've experienced elsewhere when I fall behind with payments; they are understanding and willing to find a solution.

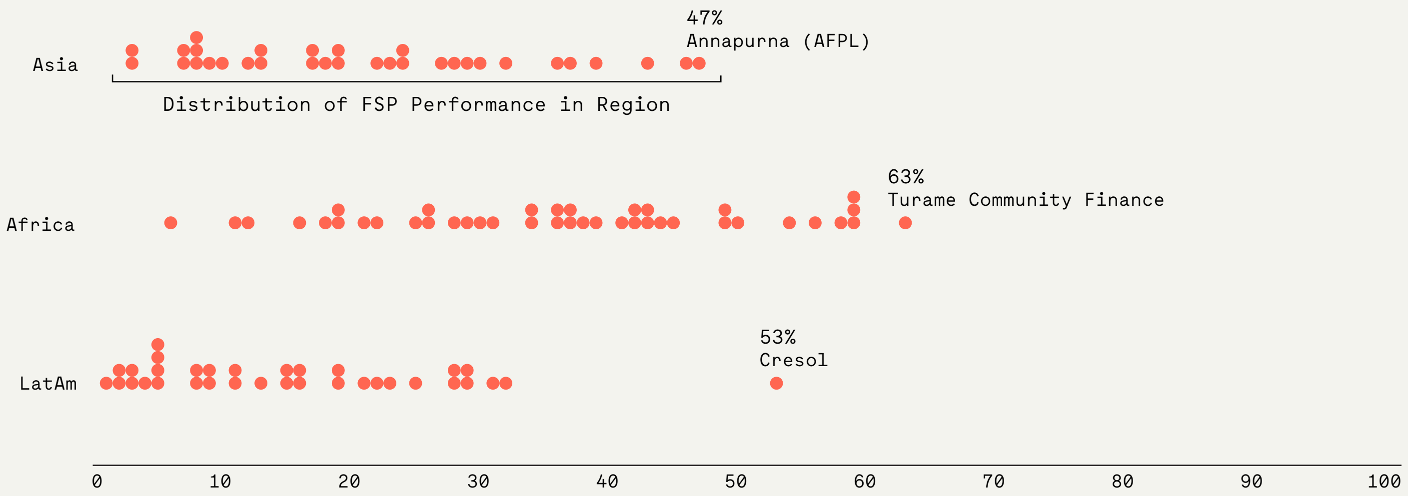
– Female, 66, Dominican Republic

# Indicator: Resilience

Measures the degree to which clients are financially prepared for an unforeseen economic shock, and the impact the financial service providers have on this preparedness. It also measures the client's ability to manage finances and save.

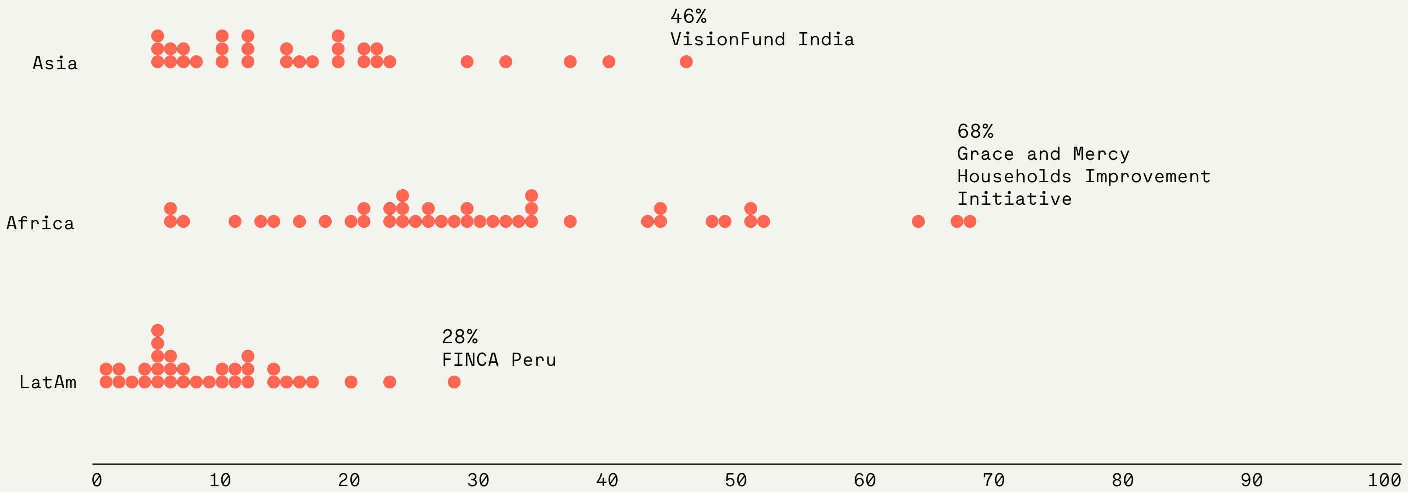
**FSP Role in Resilience**

Clients who say their ability to face an emergency expense has 'very much improved' because of the financial service provider




**Savings**

Clients who say their savings has 'very much increased'




**Financial Management**

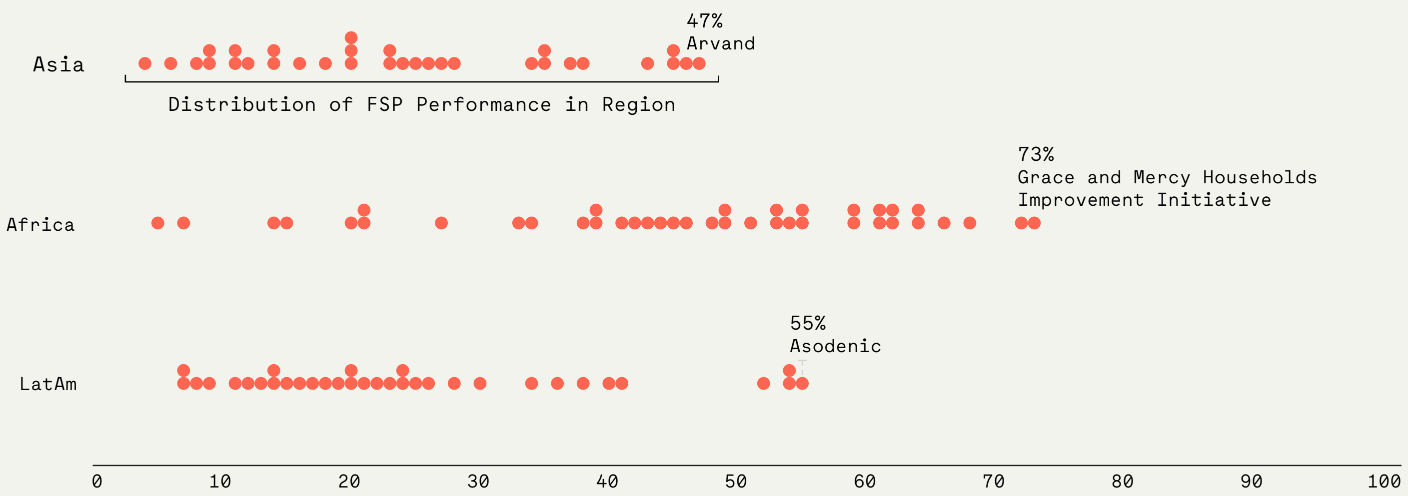
Clients who report their ability to manage their finances has 'very much improved'

# Indicator: Agency

Measures the impact the financial service providers have on clients' confidence, ability to make decisions about their money, and contributions to clients' ability to achieve their financial goals.

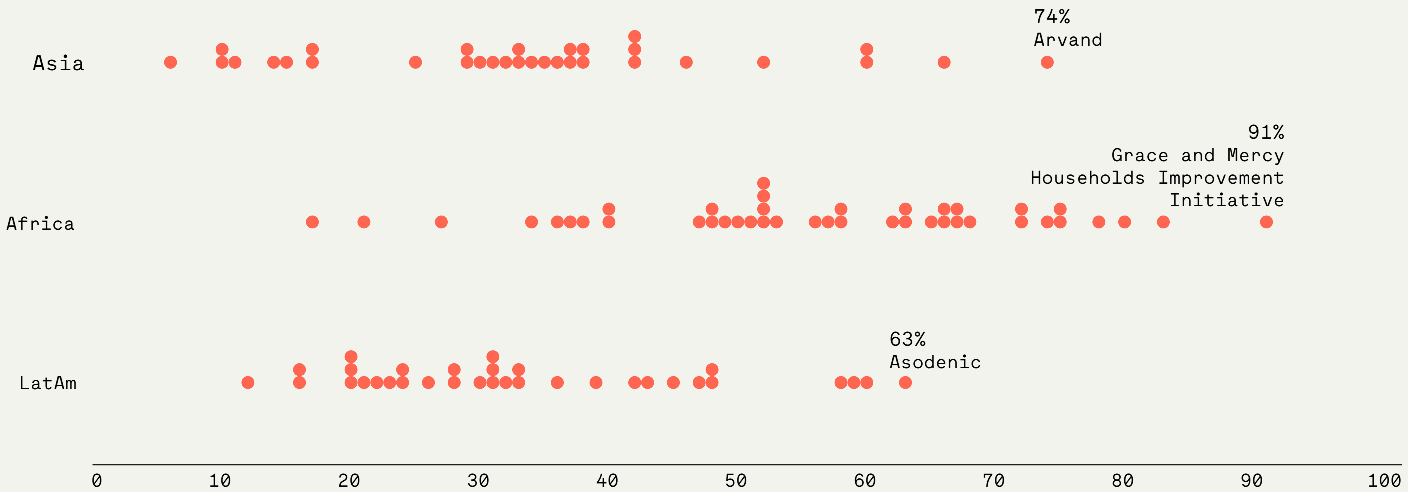
**Decision Making**

Clients who say their ability to make financial decisions has 'very much improved' because of the financial service provider



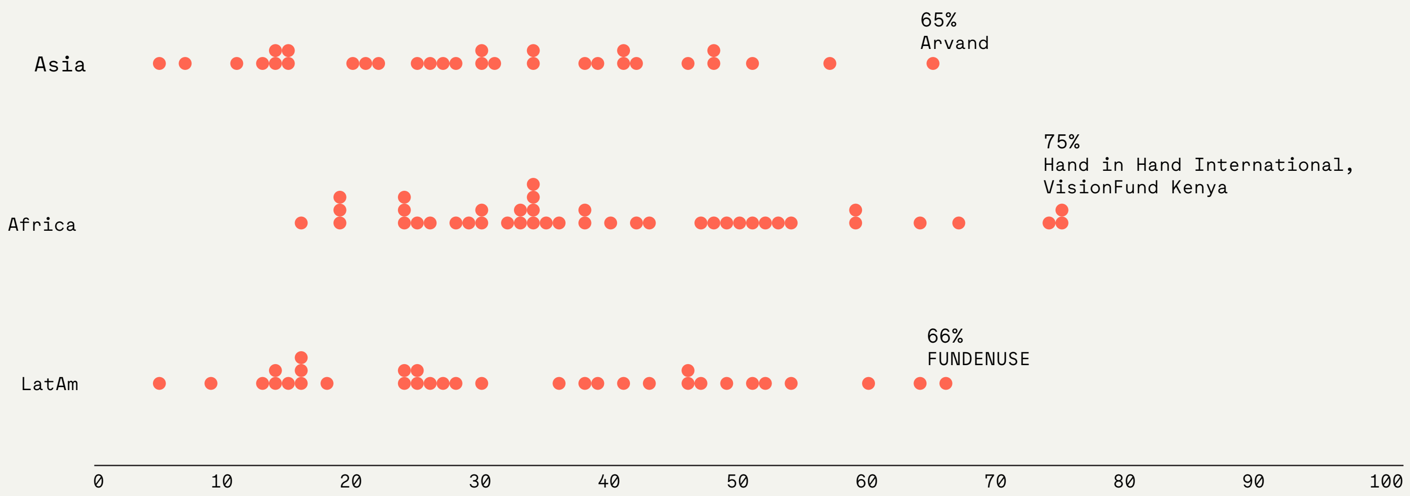

**Confidence**

Clients who report their confidence has 'very much increased' because of the financial service provider




**Financial Goals**

Clients you say their ability to achieve a financial goal has 'very much improved' because of the financial service provider



# 04

# 2024 Headlines

INSIGHT 01. SERVICE DELIVERY: ACCESS

# FSPs Continue to Reach Underserved Clients, Even As Competition Grows

‘First Access’ is similar across rural, urban, and peri-urban customers, despite FSPs’ saturation of clients in urban areas.

The microfinance sector continues to expand, with more than 7,000 microfinance institutions now operating worldwide.[4] This growth is meeting ongoing demand for high-quality microfinance services and providing new access to clients.

> More than half of the clients we spoke to say that their current FSP was the first to provide them with the type of loan services they now use—women and men are equally likely to report first access as are rural, urban, and peri-urban clients.

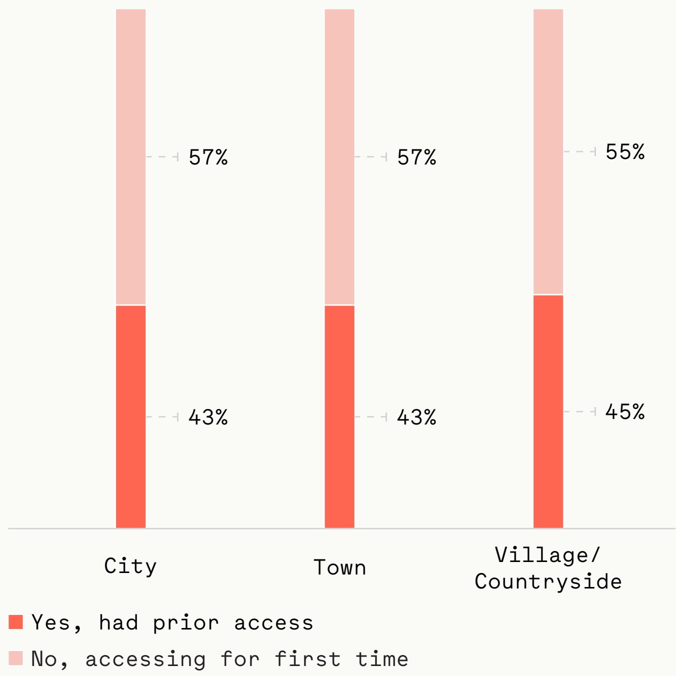
Notably, these results did not differ for new versus long-standing clients. Comparing clients who received their first loan 0-2 years ago, 2-4 years ago, and 4+ years ago, 55% of clients in the first group were accessing this service for the first time, compared to 53% and 55% for the latter two groups respectively. This suggests that, despite increased market competition, FSPs have maintained their focus and ability to reach new, underserved segments of the population. It also indicates that FSPs offering microfinance continue to serve as a key touch point for underserved clients.

Interestingly, our analysis reveals differences in first access rates across various types of financial institutions. Non-profit organizations and NGOs lead in providing first access, with 64% of their clients reporting no prior access to similar financial products, compared to 55% of clients at banks and non-banking financial institutions and 52% of clients at credit unions and cooperatives. The sample sizes across institution types vary significantly in our dataset, with 77 non-banking

[4] Dar, B. A., & Parvez, A. (2024). Role of microfinance as a credit market instrument in the development of SMEs in Kashmir Division. Global Journal of Management and Business Research, 24(G2), 13-22.

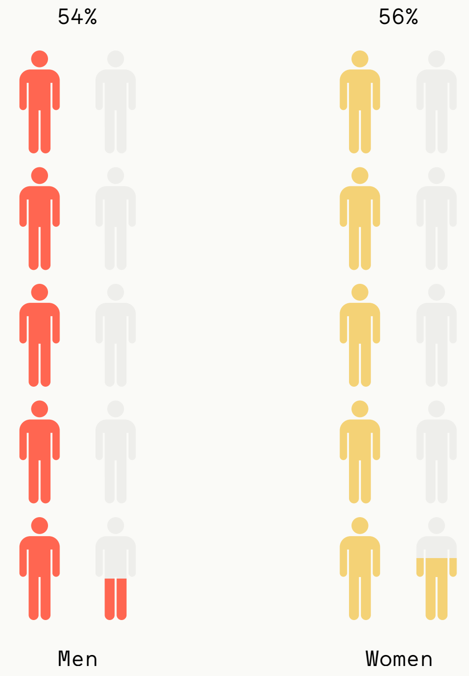
**First-time Access to MFI Product / Service**

(n City = 11,899 | Town = 10,208 | Village = 14,055)



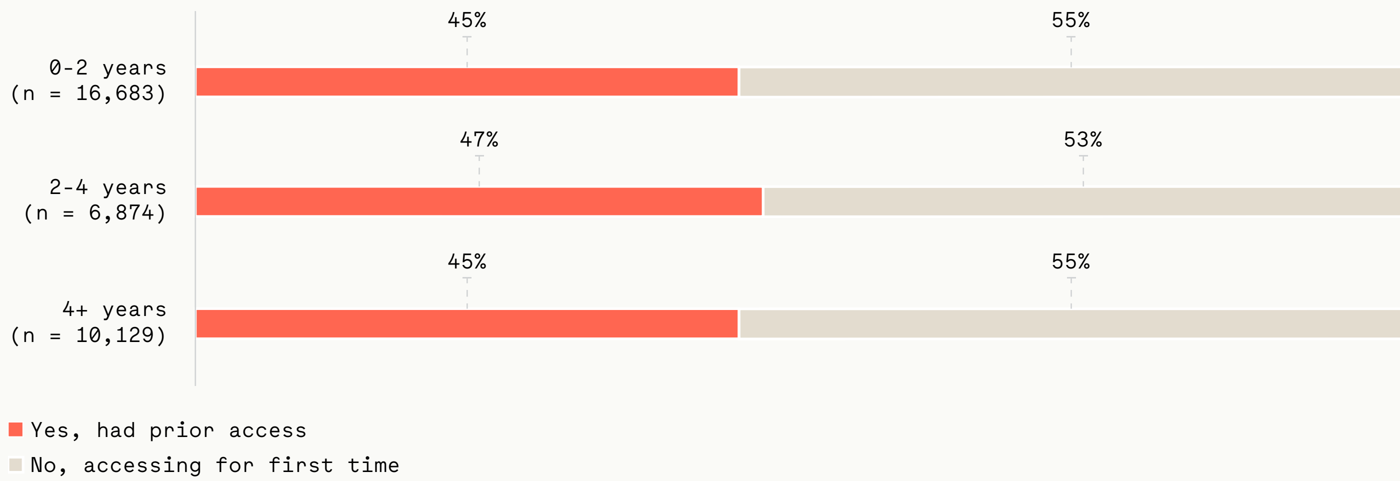

**Clients Reporting No Prior Access to Loans**

(n Women = 24,213 | Men = 12,090)




**First Access by Client Tenure**

(n = 33,686)



institutions, 17 banks, 17 that described themselves as ‘other,’ nine NGOs, and six credit unions. This variation may influence the results. While these findings are specific to the FSPs that took part in this year’s Index and may not be fully representative of the broader sector, they suggest that different types of financial institutions may have varying success in reaching previously unserved populations.

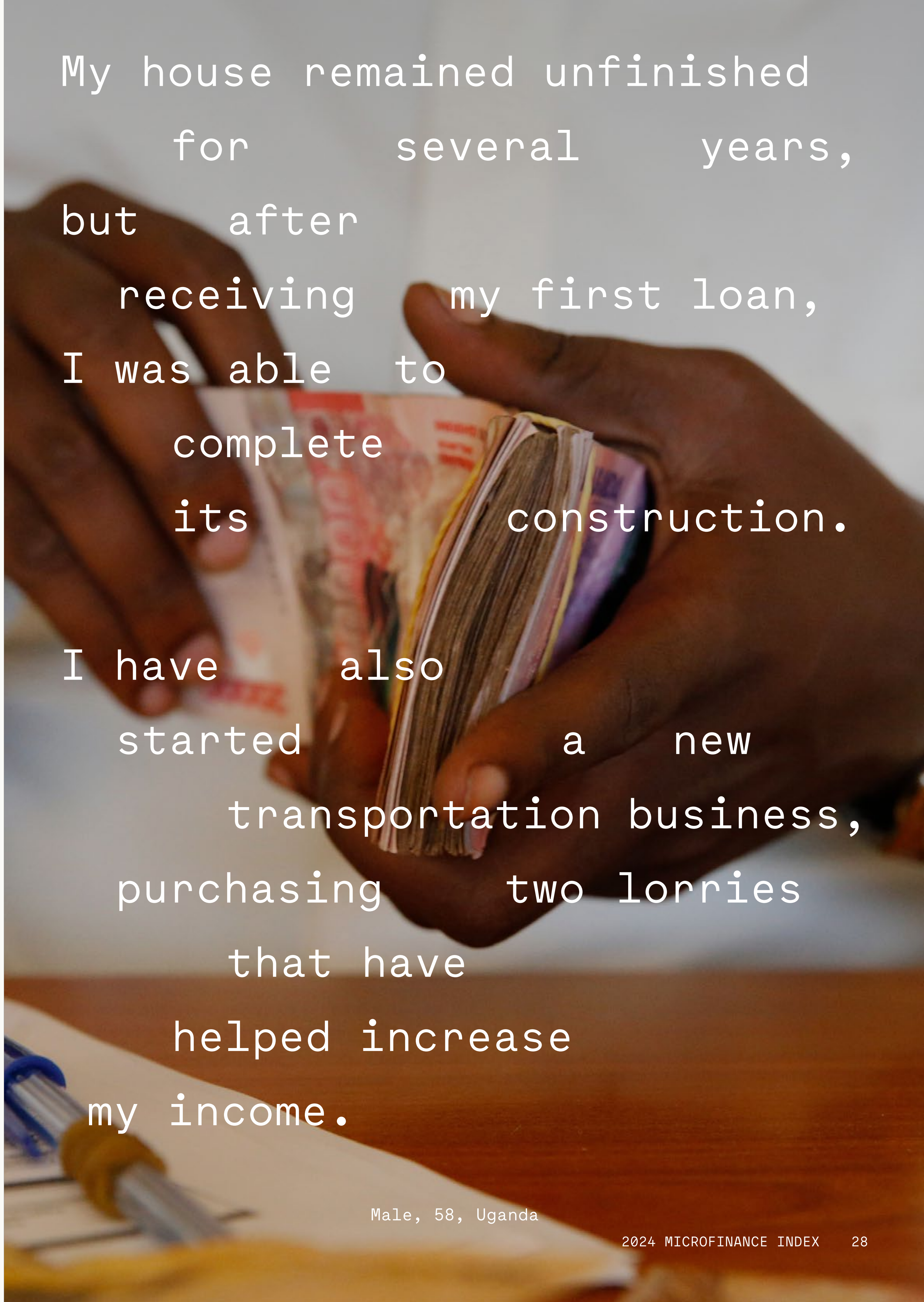
Although rural, urban, and peri-urban clients report high rates of first access, FSPs are still more likely to serve clients in urban and peri-urban areas. This urban bias is particularly pronounced in Africa, where 43% of the population lives in urban areas[5] yet 67% of clients served by African FSPs in our sample are urban dwellers. This disparity highlights the challenges and expense FSPs face in serving rural and hard-to-reach areas, given infrastructural and geographic barriers. There is a critical opportunity for funders and investors to offer more affordable finance to help FSPs overcome these challenges and scale services to rural clients.

A greater rural focus could also translate into greater impact. Rural clients are marginally more likely to say they lack good alternatives (55% vs. 51% for urban clients) and are more likely to face difficulties with emergency expenses (30% vs. 24%). Since our data suggest that loans from FSPs are successful in increasing resilience, rural-focused expansion could make a real difference (see Insight 6 on resilience for more information).

These findings underscore the importance of targeted efforts to expand financial access to underserved populations. As FSPs continue to grow and evolve, focusing on these underserved segments—particularly in rural areas and among women—could yield significant impact in terms of financial inclusion and economic development.

[5] Bos, J. M. (2023, May 17). Africa drives global urbanization. Deutsche Welle.





INSIGHT 02. MARKET COMPETITION

# Clients Without Good Alternatives Are More Loyal and Experience More Impact

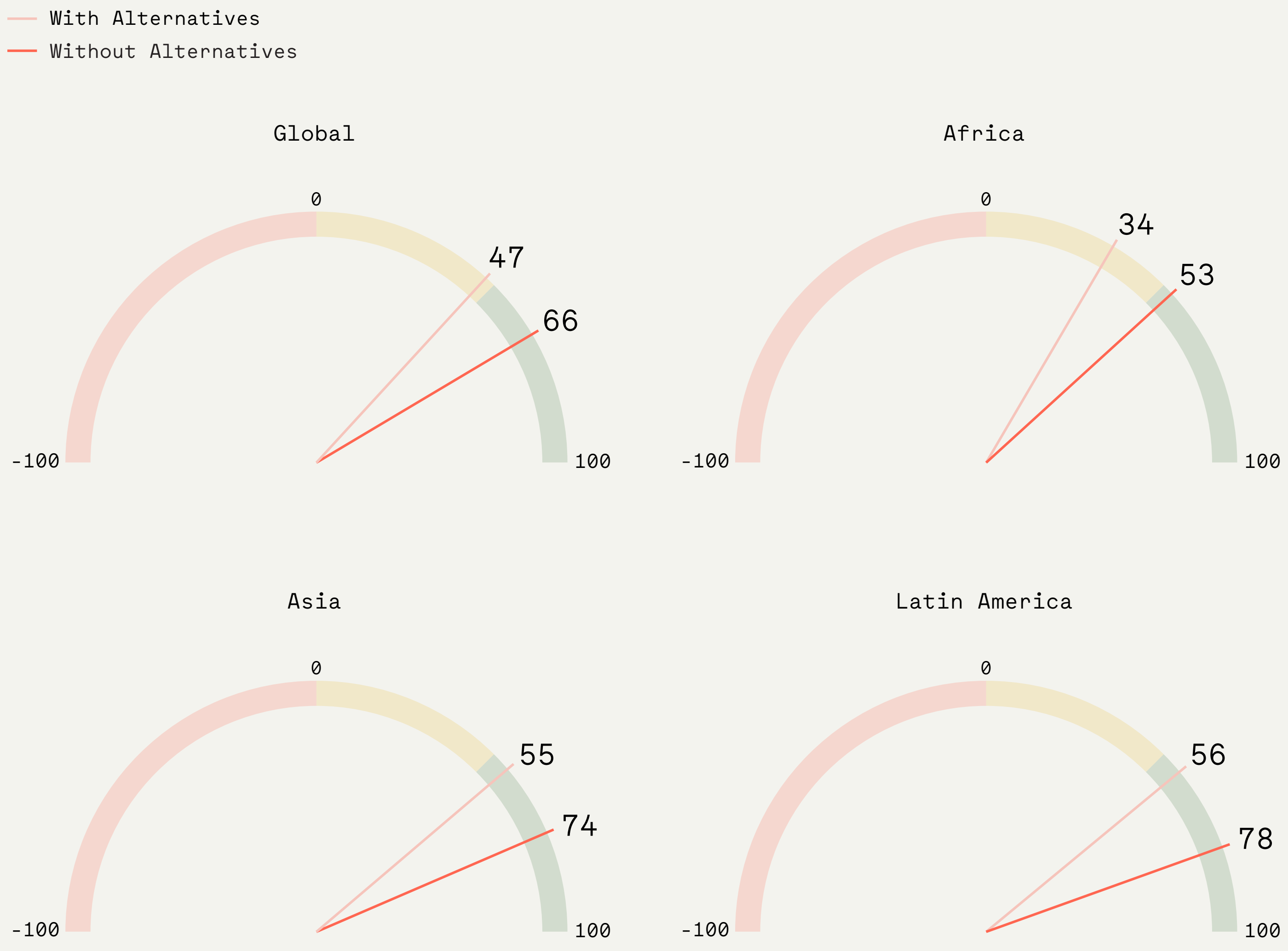
We ask clients for their subjective assessment of whether they have access to "good" alternatives. This metric captures whether other products are available in the market, if clients are aware of these products, and the quality of these products.

Not surprisingly, access to alternatives varies by geography: clients in Africa are most likely to report lacking good alternatives (61%), a figure significantly higher than in Latin America (47%) and Asia (49%).

Clients who report no good alternatives—meaning they perceive no other provider or no other high-quality provider—have a much higher Net Promoter Score® (NPS) than those who feel they have access to alternatives.

For example, in Africa, clients who lack good alternatives have an NPS of 53, compared to an NPS of 34 among those with alternatives. This pattern is consistent in other regions as well—clients in Asia without good alternatives report an NPS of 74 versus 55 for those with alternatives, and in Latin America, the NPS is 78 versus 56.

**NPS Comparison: Clients With vs. Without Good Alternatives**
(n Global = 36,300 | Global With Alternatives = 17,102 | Global Without Alternatives = 19,198)
(n Africa = 12,948 | Africa With Alternatives = 5,010 | Africa Without Alternatives = 7,938)
(n Asia = 12,051 | Asia With Alternatives = 6,059 | Asia Without Alternatives = 5,992)
(n LatAm = 10,179 | LatAm With Alternatives = 5,357 | LatAm Without Alternatives = 4,822)



In addition, clients who perceive a lack of good alternatives are more likely to report significant improvements in their lives.

These findings suggest that market competition may not be a necessary requirement to drive better FSP service and client satisfaction. FSPs can differentiate themselves through quality service and strong client protection, ultimately creating a virtuous cycle. Excellent service leads to high satisfaction, reduced desire to seek alternatives, and increased client loyalty. However, even without market pressures, client protection and client satisfaction should continue to be at the forefront of service delivery to ensure standards for FSP service remain high.

For FSPs, the message is clear: continue to focus on the quality of their offering while executing market expansion for underserved segments.

For funders, these findings underscore the importance of supporting FSPs that prioritize more than just growing client numbers or entering new markets. FSPs must also focus on reaching underserved segments, excellence in product design, client protection, and service delivery. Such targeted investments will help maintain an environment that offers quality and genuine choices to clients, a crucial factor in the sector's long-term health.

> "For me, this program has been an opportunity to improve my job. It is a especially great opportunity for women like me who cannot easily get loans from banks. When I got this credit, the interest rate was good, and I appreciate that we can make weekly payments. Additionally, agents are very friendly and respectful.
>
> – Female, 28, Turkey



**Comparison of Client Protection, Financial Impact, and Household Impact for Clients With and Without Good Alternatives**

Comparing how clients with good alternatives fare versus those without in various service and experience aspects. (n With Alternatives = 17,102 | Without Alternatives = 19,198)

| | | | without alternatives | with alternatives |
|---|---|---|---|---|
| FINANCIAL WELL-BEING | STRESS LEVELS | % very much decreased | 27% | 19% |
| HEALTH AND NUTRITION | HEALTHCARE ACCESS | % very much improved | 15% | 10% |
| HEALTH AND NUTRITION | MEAL QUALITY | % very much improved | 25% | 16% |
| HEALTH AND NUTRITION | HOUSEHOLD IMPACT | % very much improved | 22% | 16% |
| CLIENT PROTECTION | CLARITY OF LOAN TERMS | % strongly agree | 75% | 65% |
| CLIENT PROTECTION | UNEXPECTED FEES | % never experiencing unexpected fees | 95% | 91% |
| CLIENT PROTECTION | REPAYMENT BURDEN | % not a problem | 77% | 70% |
| CLIENT PROTECTION | AGENT FAIRNESS | % strongly agree | 85% | 79% |
| CLIENT PROTECTION | HARASSMENT REPORTING | % know how to report | 51% | 48% |

INSIGHT 03. CLIENTS' RIGHTS

# Awaress of Clients' Rights Enhances Outcomes

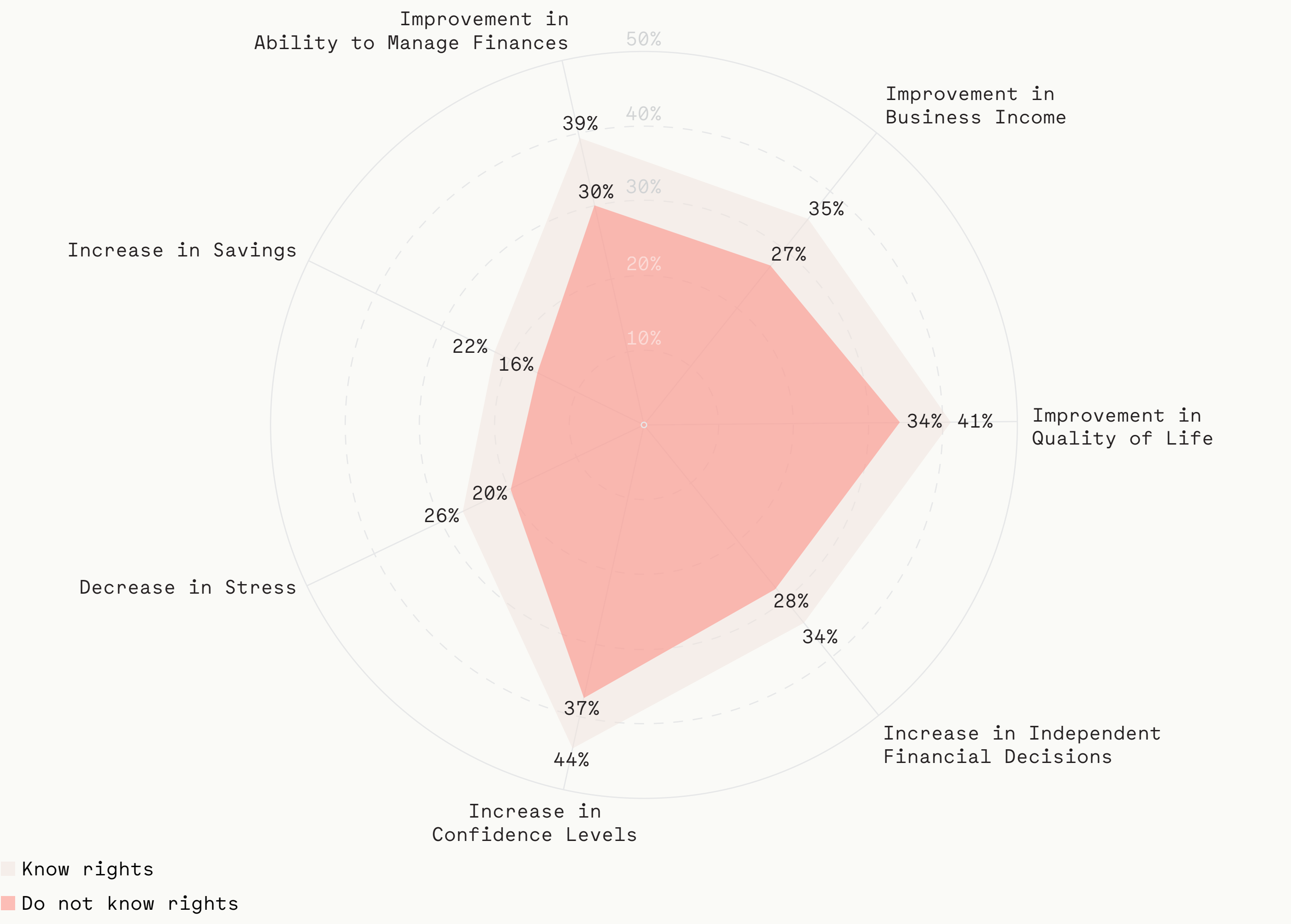
The 2024 MFI Index reveals a strong link between clients' awareness of their rights and positive financial, household, and agency outcomes.

Our data suggests that when clients understand their loan terms and know how to report harassment or unfair treatment, they tend to experience better financial results and overall satisfaction. This awareness appears to be a strong indicator of client protection and effective communication of rights by FSPs.

Clients who demonstrate this awareness show notable improvements in their financial lives. They report a greater ability to manage their finances, with 39% seeing improvement, compared to 30% of those who report unclear loan terms. Similarly, these clients experience higher increases in business income (35% vs. 27%) and are more likely to report their savings have 'very much increased' (22% vs. 16%). These results suggest that clients with a clearer understanding of their loans and rights may be making more informed lending decisions, which in turn enables more impactful uses of the loan.

The benefits extend beyond financial metrics. Clients who are aware of their rights also report broader improvements in their overall well-being. They are more likely to experience more substantial improvements in their quality of life (41% vs. 34%) and more significant decreases in stress levels (26% vs. 20%). These clients also express higher satisfaction with their FSPs, as evidenced by a higher Net Promoter Score® of 59 compared to 54 for less aware clients.

**Comparison of Financial, Household, and Agency Outcomes by Awareness of How to Report Harassment**
(n Know rights = 20,419 | Do not know rights = 15,467)



Perhaps most significantly, awareness of rights strongly correlates with clients' sense of empowerment. Clients who know how to report issues exhibit higher levels of improved confidence in themselves and their abilities compared to those who do not (44% vs. 37%). They also demonstrate an increased capacity to make independent financial decisions (34% vs. 28%). This underscores how awareness of one's rights may enhance overall self-efficacy and engagement with financial services.

> These findings carry significant implications for FSPs. While 95% of clients agree that agents treat them fairly and respectfully, 43% do not know how to report harassment or unfair treatment.

There's more work to be done to empower clients with knowledge of their rights and reporting mechanisms. FSPs should prioritize comprehensive client education about loan products and borrower rights, creating an environment for informed decision-making. This goes beyond regulatory compliance—it's about building client confidence in understanding and exercising their rights. FSPs can better serve vulnerable clients by fostering financial literacy and empowerment, significantly improving overall outcomes, and driving sustainable business growth. This holistic approach to client education forms the foundation for a more robust, client-centric microfinance sector.

INSIGHT 04. GROUP LOAN INCLUSIVITY

# Group Loans Reach Excluded Groups and Close the Gender Gap

Group lending is designed to reach populations historically excluded from mainstream finance, such as women, rural borrowers, and low-income individuals.

These borrowers often lack the financial collateral or history to meet individual lending requirements. Our data align with this construct: 43% of group borrowers live in rural areas, versus 36% of individual borrowers. Furthermore, 85% of all group borrowers are women, with most of these loans offered by women-centric FSPs.

Women with group loans show impressive results compared to those with individual loans, particularly in increased community respect and household decision-making.[6]

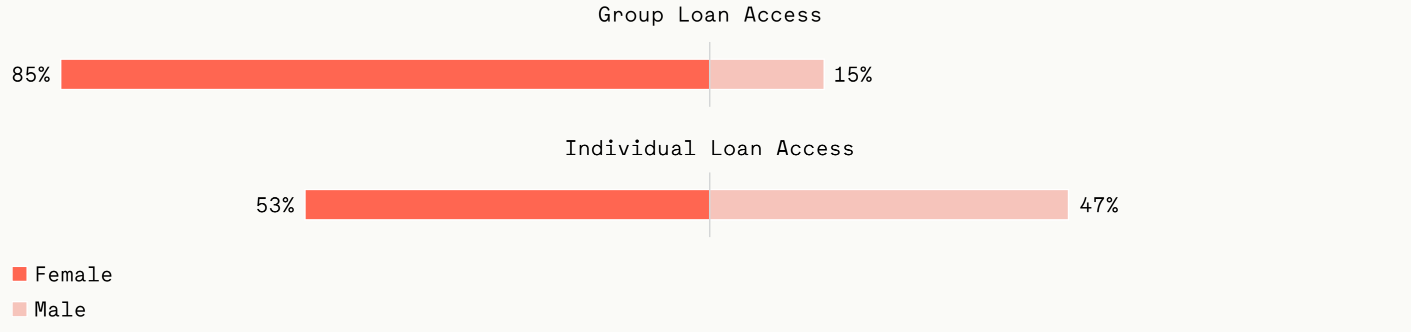
Group loan clients are also more likely to have access to additional services (42% vs. 21% for individual loan clients), which further supports their financial resilience and overall well-being.

The remarkable success of group lending in reaching women and fostering positive social outcomes offers valuable lessons for enhancing individual lending practices. By strategically incorporating key elements from the group lending model, individual loan programs could significantly boost their impact, particularly among women borrowers.

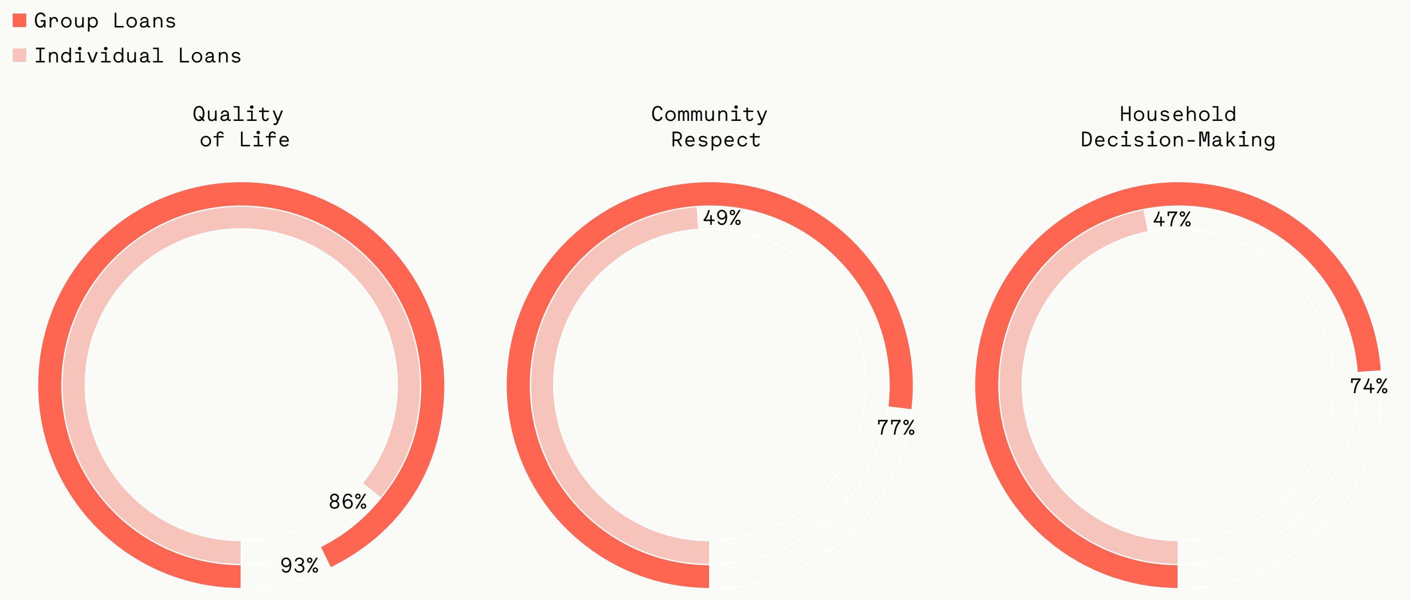
For example, FSPs engaged in individual lending could prioritize learning which product features matter most to women. This could include products that emphasize ease of access—to address women's more pronounced time poverty—and safety, in geographies where these issues are of particular concern to women. The key is to have a strong listening focus to develop products that meet customers' specific needs and are designed to maximize impact.

[6] The household decision making and community respect questions were asked to a subset of customers using the gender deep dive module. The sample size for these insights is ~5,000.

**Gender Split of Group vs. Individual Loans**
(n Male = 12,090 | Female = 24,213)




**Impact on Quality of Life, Decision Making, and Community Respect: Group vs. Individual Loans**
(n Group = 15,829 | Individual = 20,484)



Strong supportive services and vibrant peer dynamics are two critical components of group lending's success. Adapting these to individual lending contexts, while challenging, could yield substantial benefits. For instance, FSPs could utilize cost-effective digital platforms to offer support services, complementing more intensive one-on-one business mentoring and market linkage assistance. These personalized services would help entrepreneurial clients, navigate business challenges and identify growth opportunities.

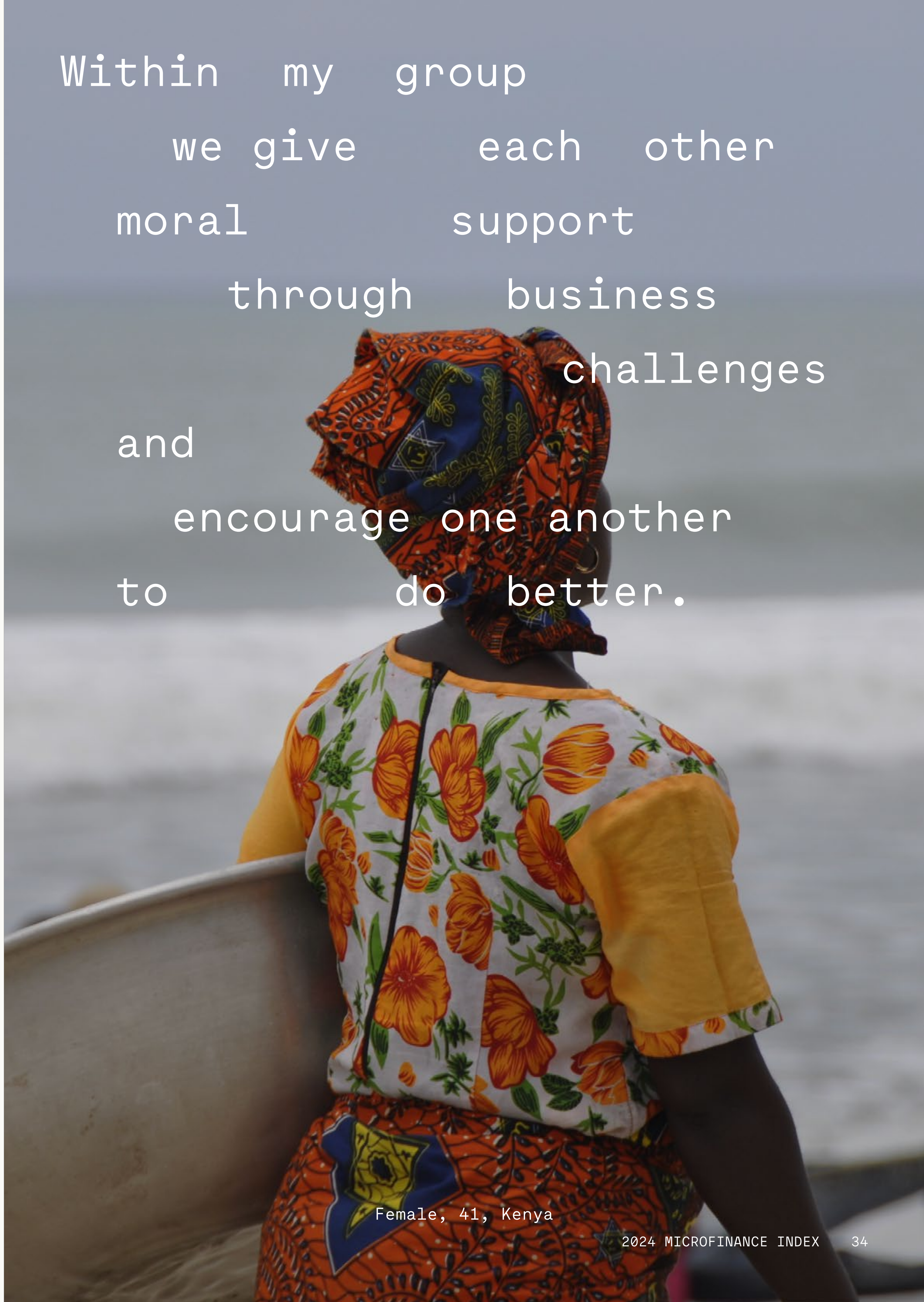
Similarly, fostering peer dynamics within individual lending programs could create a sense of community among borrowers. FSPs might achieve this through online forums or social media groups where clients can connect, share experiences, and offer mutual support. Regular in-person networking events or community service projects could further strengthen bonds among individual borrowers.

The strong social outcomes performance of group loans suggests potential benefits in this model, but it's important to consider both its advantages and limitations. Group lending, typically offered by smaller, community-focused FSPs, can provide built-in support systems and enhance social outcomes, particularly for women borrowers. However, it faces challenges in scalability and efficiency, especially in urban areas or for clients seeking larger loans.

While there's an opportunity to selectively expand group lending in underserved segments or areas with strong community ties, individual lending has become more prevalent for good reasons. Individual lending allows for larger loan sizes, greater operational efficiency, and broader client reach.

Moving forward, a balanced approach combining elements of both group and individual lending could help maximize social impact while ensuring institutional sustainability. This strategy would allow FSPs to tailor their offerings to diverse client needs and contexts, potentially replicating the success seen with women borrowers across a wider range of clients and settings.

By learning from both lending models' strengths, microfinance institutions can work toward more inclusive and effective practices. This approach has the potential to improve outcomes for a broader range of borrowers, ultimately contributing to greater financial inclusion and socio-economic development.



INSIGHT 05. GROUP LOAN IMPACT

# Group Loans Could Hold the Key to More Informed and Impactful Borrowing Practices

The first two years of our MFI Index highlighted the importance of group loans in creating deeper impact and increasing client satisfaction. Our third-year findings confirm group lending's importance as a methodology while revealing new insights into its impact on borrower behavior and financial outcomes.

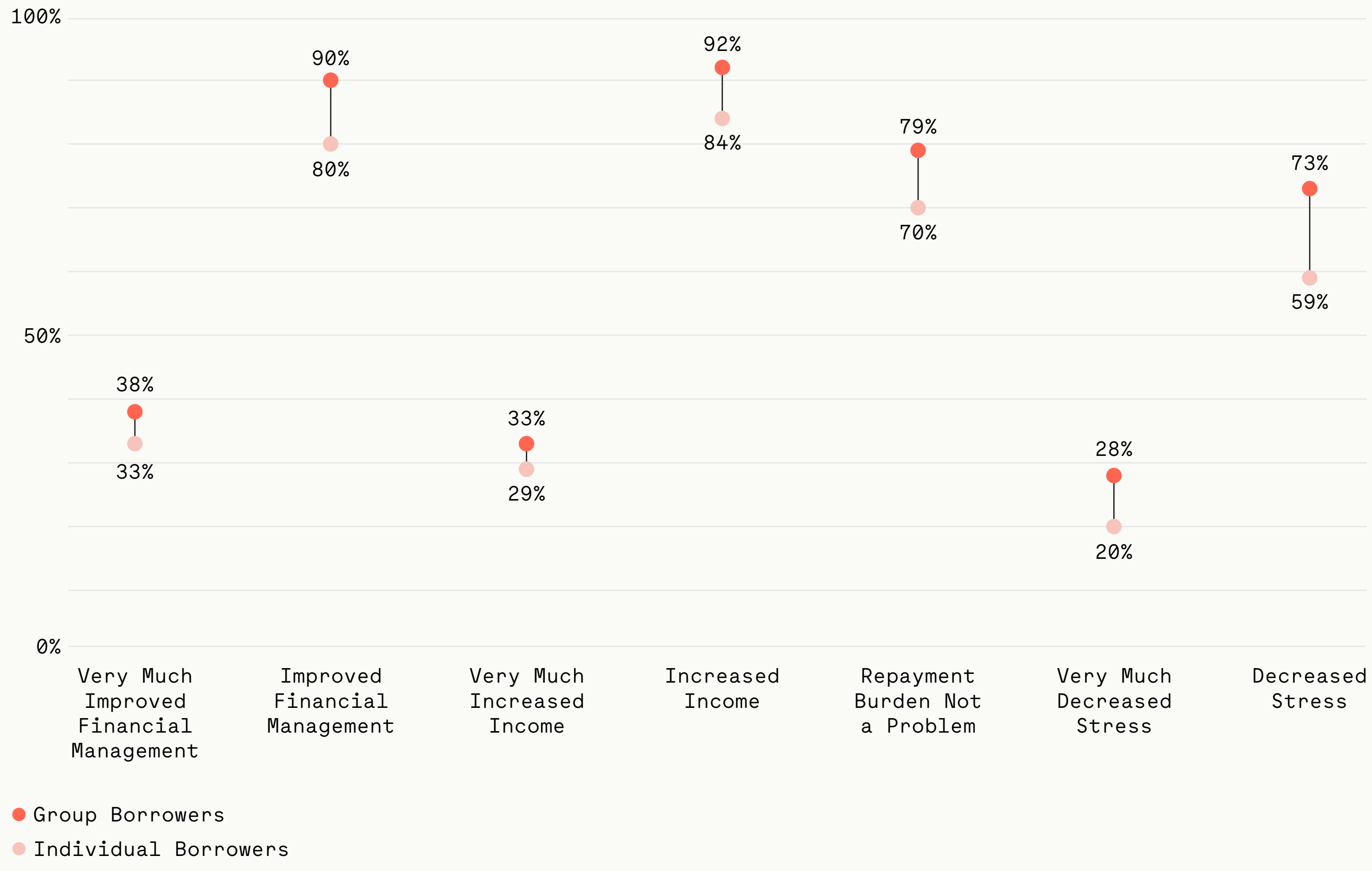
Group loan clients report a more positive lending experience, with higher satisfaction levels than individual loan clients—reporting a Net Promoter Score® (NPS) of 61 compared to 54 for individual loans. Additionally, 94% of group loan clients say they understand their loan fees, penalties, and conditions, compared to 89% of individual loan clients.

Group loan borrowers are not just managing their finances better; they are making real strides in financial well-being. Nine in ten report increased business income, compared to 84% of individual loan clients. This trend continues in financial management, with 90% of group loan borrowers reporting better control over their finances versus 80% of individual borrowers. Again, the proportion reporting greatly improved financial management skills is comparable (38% for group borrowers vs. 33% for individual borrowers), but group borrowers maintain a slight advantage.

The benefits of group loans extend beyond financial metrics. Group borrowers report more material decreases in their financial stress, with 73% experiencing decreased stress compared to 59% of individual borrowers. The group dynamic also seems to ease the burden of repayment—only 21% of group borrowers find loan repayment burdensome, versus 30% of individual borrowers. This may be driven by the smaller size of group loans being more manageable for clients. The median loan size for group loans is $500, while the median loan size for individual loans is $1,300. Alternatively, group loans may also offer a level of comfort with payments due to the camaraderie and group liability.

These figures suggest that while both loan models drive improvement, the group loan structure offers an edge in both financial outcomes and overall well-being.

**Impact of FSP on Financial Well-being: Group vs. Individual Loans**
(n Group = 15,829 | Individual = 20,484)



INSIGHT 06. ADDITIONAL SERVICES

# Additional Services Enhance Financial Management and Elevate Quality of Life

One of the key findings in last year's Index was the importance of additional services in driving positive client outcomes. These strong results persist in the 2024 MFI Index.

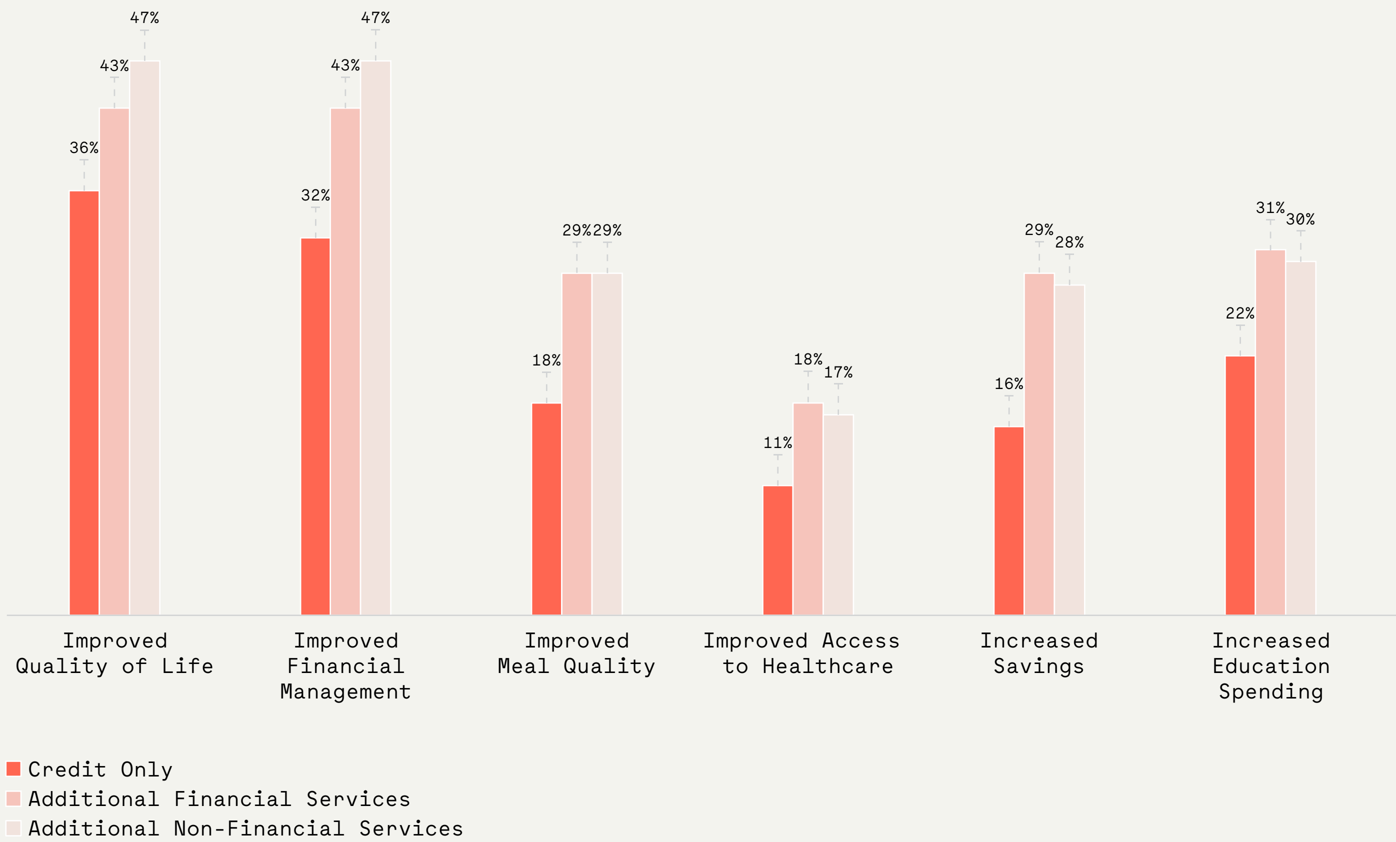
Thirty percent of clients in the 2024 MFI Index say they received at least one additional service from their FSP in addition to their loans in the past six months. These services include both non-financial services—training, business-related services, and health services—and additional financial services like payments, savings, and insurance. While there was no statistical difference between the impact of financial vs. non-financial services, clients who access additional services in addition to their credit products are not just better equipped to manage their finances, they also experience significant improvements in their overall quality of life.

> Three-quarters of clients with access to additional services feel better prepared to handle emergency expenses, compared to 68% of those relying solely on credit. Furthermore, 91% of clients using these services report greater confidence in managing their finances, compared to 82% without such support.

The impact of these services extends beyond just financial stability; they are closely correlated to an improved quality of life. Clients with access to additional services report a higher quality of life (93%) compared to those who only receive credit (87%). Access to additional services enables households to adopt more holistic and healthy financial management patterns, which in turn allows them to enhance their living standards.

**Impact of FSP on Individual, Household, and Financial Outcomes by Use of Additional Services**

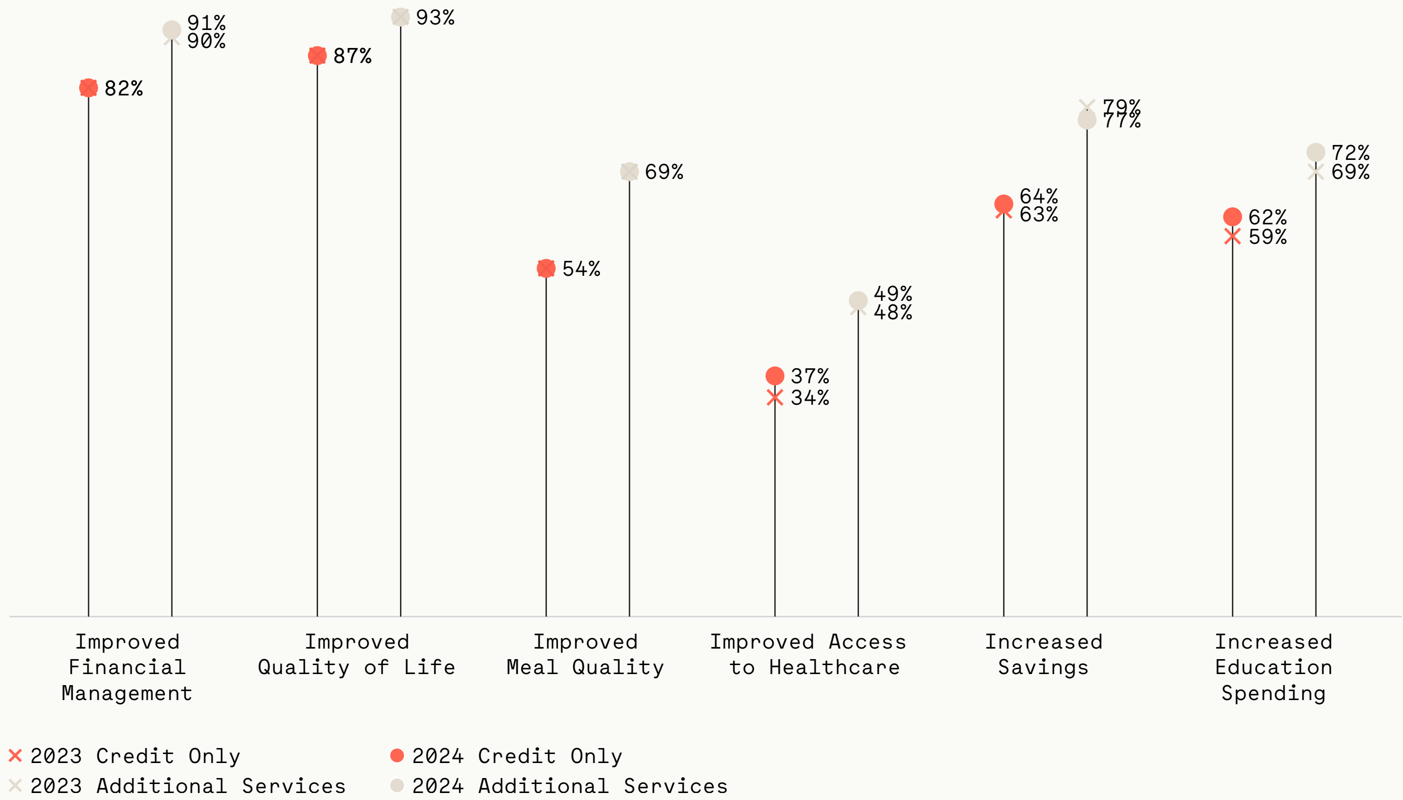
(n Credit Only = 25,090 | Additional Financial Services = 7,712 | Additional Non-Financial Services = 4,796)



In particular, we notice that clients with access to additional services are more likely to report 'very much increased' ability to manage finances as compared to clients with access to only credit services (43% vs. 32%). These improvements are also reflected in various aspects of household well-being, including better meal quality (69% vs. 54%), improved health outcomes (49% vs. 37%), increased savings (77% vs. 64%), and enhanced educational opportunities for their families (72% vs. 62%).

**Impact of FSPS on Individual, Household, and Financial Outcomes by MFI Index Year and Use of Additional Services**

(n 2024 Credit Only = 25,090 | Additional Services = 11,223)
(n 2023 Credit Only = 21,363 | Additional Services = 10,616)

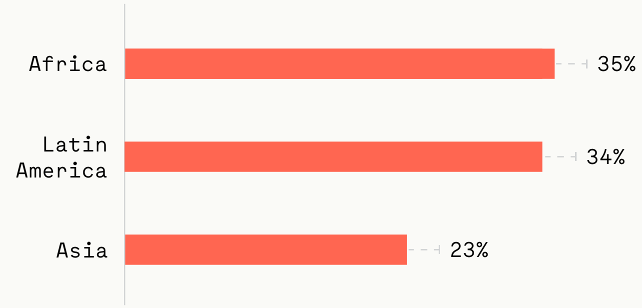



There are interesting differences in the provision and uptake of these services by region. While a significant percentage of FSPs in our sample offer wraparound services, the availability and utilization are most concentrated in Africa and Latin America, where 48% and 31% of clients access these services, respectively. In contrast, clients in Asia are significantly less likely to access these services, with only 20% uptake.

The consistency of these results with previous years strengthens our conviction around the value of additional services. It also raises questions about the factors driving these persistent geographic disparities. Exploring these differences further could provide insights into how these services are delivered and what improvements might be made to ensure more equitable access across regions. Understanding these nuances will help contextualize the results and provide clearer insights into the evolving impact of additional services.

**Client Use of Additional Services by Region**

(n Africa = 12,961 | Asia = 12,051 | Latam = 10,179)



# Access to Finance Strengthens Client Resilience, but Moving the Needle for More Vulnerable Clients is Challenging

The 2024 MFI Index builds upon last year's findings, reinforcing a critical narrative in the microfinance sector: while FSPs continue to play a vital role in improving clients' lives and financial flexibility, moving the needle on financial resilience and long-term financial stability for vulnerable clients is more difficult.

There remains a persistent impact gap between vulnerable[7] and non-vulnerable clients, one that threatens long-term financial improvement for many.

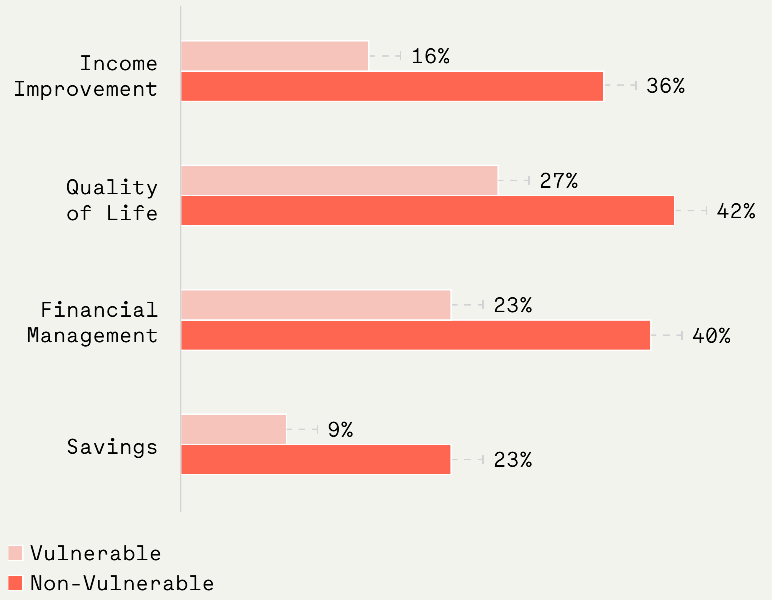
Last year, we observed that despite 89% of clients reporting improved quality of life and 86% noting increased income due to FSPs, a concerning 30% still had concerns with regard to their ability to address unforeseen emergency expenses. This year's data confirms a similar "resilience disconnect." This year, we see 89% of clients reporting improved quality of life and an improved 88% note increased income due to FSPs. However, clients' financial resilience is similar: 26% would still struggle with unforeseen emergency expenses, and 29% say their ability to cover emergency expenses has worsened or not changed.

The resilience disconnect becomes more pronounced when we look at those who are financially vulnerable to shocks—clients who find it 'very' or 'slightly difficult' to raise funds in an emergency. This distinction reveals stark differences in the level of impact FSP loans are having on clients' financial flexibility and resilience.

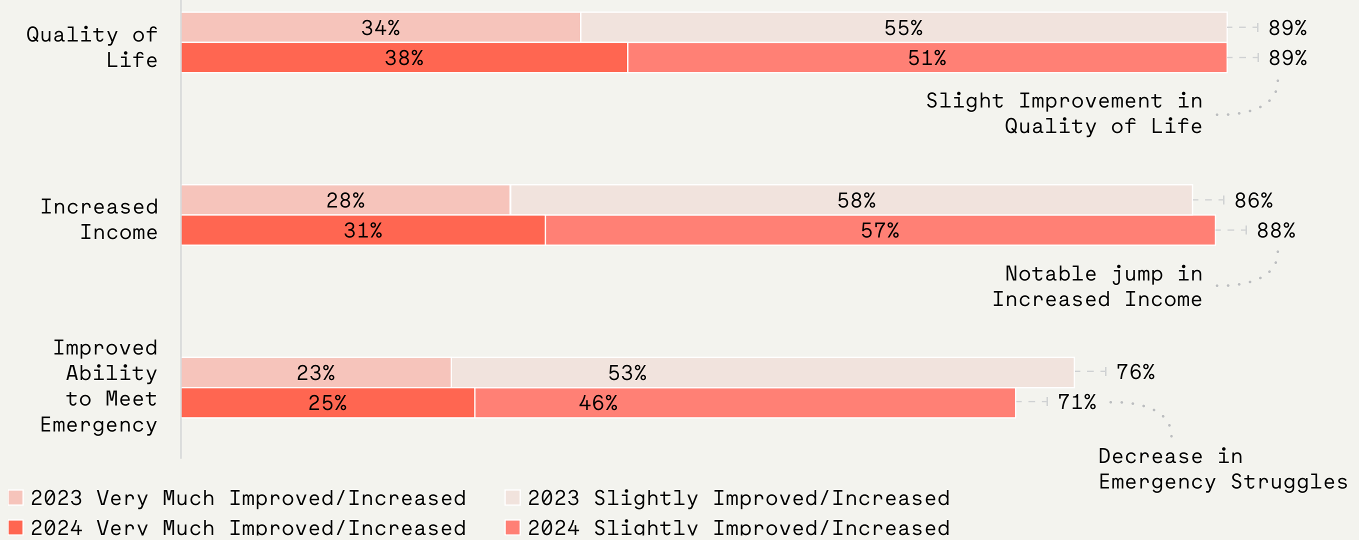
Our analysis shows that 31% of clients who reported an increase in their savings also confirmed an improvement in their ability to face unexpected expenses. In contrast, only 11% of clients whose savings decreased or remained unchanged saw similar improvement, underscoring the importance of savings in building financial resilience.

[7] Respondents who say it's 'very difficult' or 'slightly difficult' to come up with money in an emergency are considered vulnerable while those who say it's 'very easy', 'slightly easy' or 'neither difficult nor easy' are considered not vulnerable.

**Impact of FSP on Individual, Household, and Financial Outcomes by Financial Vulnerability Status**
(n Vulnerable = 9,481 | Not Vulnerable = 26,783)




**Financial Impact Progress (2023 vs. 2024)**
(n 2023 = 28,662 | 2024 = 32,169)

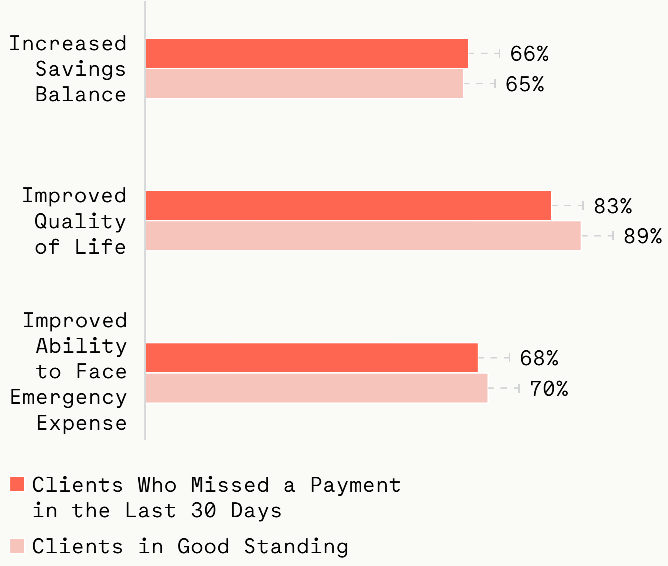


Unfortunately, while vulnerable clients report some improvements, the gains are smaller and less significant than their non-vulnerable peers. Vulnerable clients are less likely to report significant improvements to savings, income, and financial management and, in turn, are less likely to report an improved ability to cover emergency expenses. Strikingly, while 82% of non-vulnerable clients report no problems with loan repayment, this figure drops to 50% for vulnerable clients.

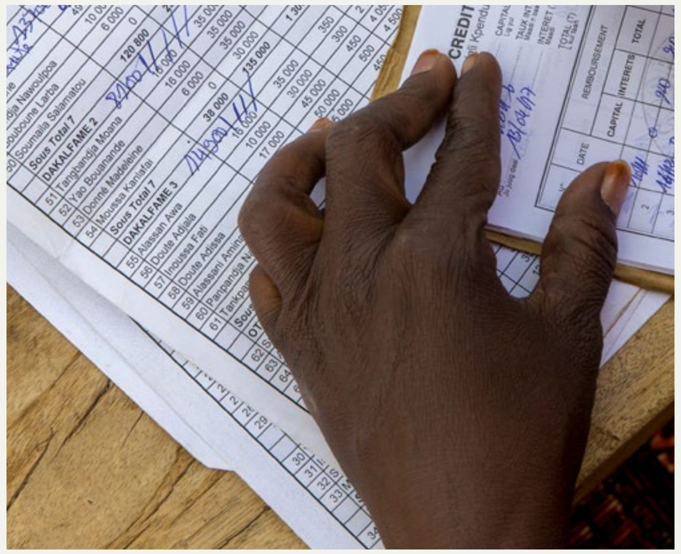
Interestingly, we do not see a strong relationship between clients' overdue payment status and their vulnerability. Clients who had missed a payment in the last 30 days are equally likely to be vulnerable to economic shocks (29%) as clients who had not missed a payment (26%). However, clients who missed a payment are more likely to find their loan repayments a burden (35% to 25%).

Clients who missed a payment in the last 30 days also report similar levels of economic and household impact to those who did not; suggesting factors contributing to financial vulnerability and missed payments are difficult to capture in simple repayment metrics.

**Impact on Savings, Quality of Life, and Financial Resilience by PAR30 Status**
(n Clients Who Missed a Payment in the Last 30 Days = 2,689 | Clients in Good Standing = 30,737)




> We were able to expand the business, not only by increasing our space but also by offering higher quality merchandise, which led to a boost in sales. This growth has positively impacted my personal life as well, allowing me to purchase more for my home and making it easier to cover expenses for electricity, water, and gas.
>
> – Male, 29, Mexico



While only 8% of clients globally had missed a payment in the last 30 days, more than a quarter of all clients are considered vulnerable and a similar proportion find their repayments a burden, highlighting a broader issue. The data suggests that clients who are managing to make payments may be doing so at the cost of their overall financial health and resilience.

Thus, while FSPs are providing much-needed financial assistance to vulnerable clients, data from both years suggests that current services, while beneficial, may not be sufficient to address the unique challenges faced by vulnerable populations. There remains significant room for improvement in addressing the resilience divide faced by vulnerable clients and ensuring financial impacts are experienced equally among clients.

> The 2024 MFI Index serves as both a benchmark and a renewed call to action, highlighting the progress made and the work still to be done in building true financial resilience for all clients.

Loans alone are likely not enough to offset the structural, cultural, and societal barriers to financial resilience faced by vulnerable clients. To bridge this resilience divide, FSPs should look to develop specialized products focused on emergency savings, provide more intensive financial education and support, or create more flexible loan terms that account for the unique challenges faced by vulnerable populations.

Crucially, investors and grantors must recognize that products and services for the most vulnerable clients may require subsidies to be effective and sustainable. This calls for a careful examination of the true economics of fostering financial resilience and health for the poorest, most marginalized customers. Support from these stakeholders can be instrumental in developing and scaling innovative solutions that might not be immediately profitable but have significant social impact.

By rising to this challenge, FSPs can play an essential role in creating a more equitable and resilient financial future—one where improvements in quality of life and income are matched by enhanced ability to withstand financial shocks, especially for the most vulnerable. This evolution in service delivery has the potential to transform the landscape of financial inclusion, ensuring that the benefits of microfinance reach those who need them most, regardless of their starting point.




Male, 48, Philippines

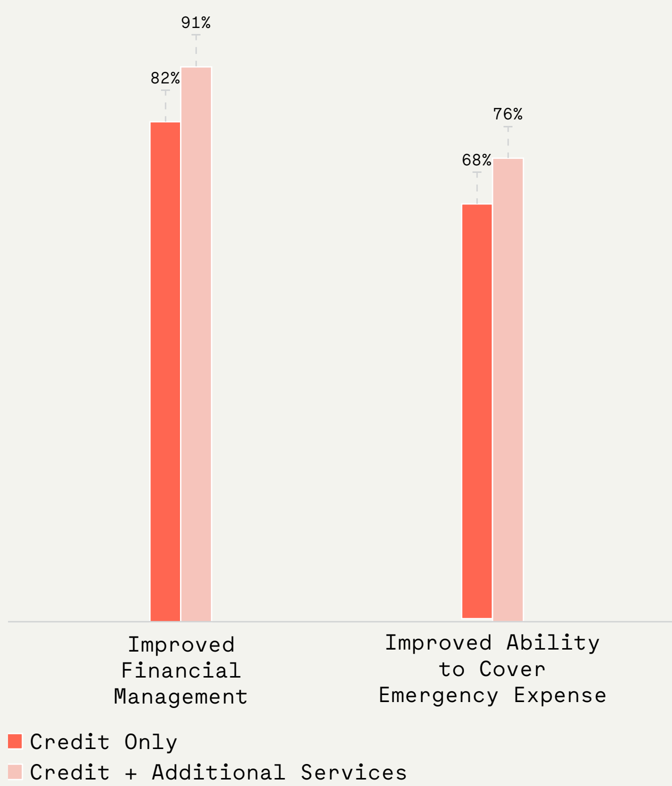
# Financial Habits and Additional Services Are Key to Enabling Resilient Financial Behaviors

Data suggests that self-reported improvements in financial management translate into meaningful improvements to clients' savings and ability to cover a major expense—one of the most important markers of improved financial resilience

Twenty-seven percent of clients who say their financial management skills have improved say their ability to cover a major expense has 'very much improved' due to their FSP, compared to just 5% of those whose financial management ability did not change or worsened.

Uptake of additional services alongside credit are correlated with improvements in clients' financial management. Eight in ten credit-only customers report improved ability to manage their finances, versus 91% of those who receive credit plus additional services. This translates to 68% of clients who only receive credit feeling better prepared to handle emergency expenses, compared to 76% of those who received credit and additional services.

**Impact of Additional Services on Financial Management and Ability to Cover Emergency Expenses**
(n Credit Only = 25,090 | Additional Services = 11,223)




> I now have access to reliable insurance, which has helped me many times, especially in situations where I needed medical attention.
>
> – Female, 28, Turkey

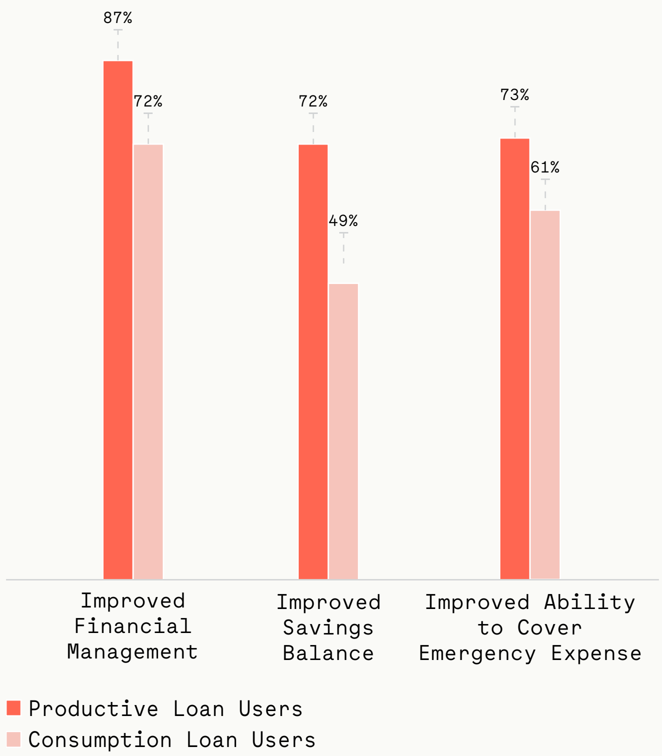
Finally, a significant positive correlation exists between productive loan usage, better financial management, and higher savings balances.

Productive loan users—those who utilize their loans for business or income-generating activities—report much higher improvements in both financial management (87%) and savings balance (72%), compared to those using loans for consumption purposes (72% and 49%, respectively). These productive loan users are also more likely to report an enhanced ability to meet emergency expenses (73%) compared to consumption loan users (61%).

FSPs looking to catalyze deeper financial impact for their clients should keep a keen eye on loans being used for productive purposes. For clients opting for business-focused loan products, how can FSPs supplement these loans with additional financial and business management training, and look to design additional business-related financial products to maximize income generation? And, for clients looking for consumption-focused loans, can additional services encourage improved financial behaviors and inspire productive usage?

**Impact of Loan Usage on Financial Management and Savings**

(n Productive = 30,661 | Consumption = 7,018)




INSIGHT 09. GENDER

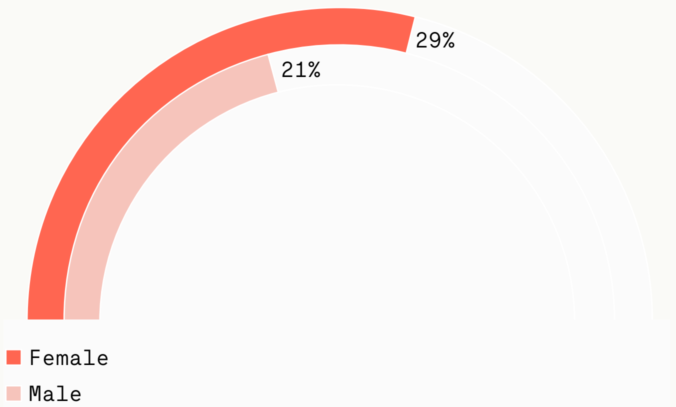
# FSPs Improve Access and Resilience for Women; Female-Centric FSPs Lead in Empowerment

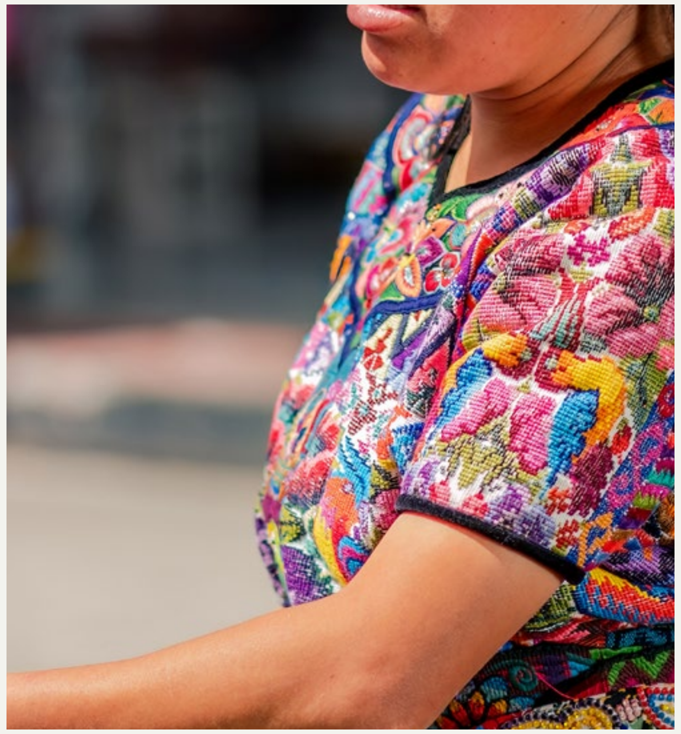
Women continue to face significant challenges in accessing financial services, a problem that has persisted over the last decade.[8]

This disparity is evident in our data, with fewer women reporting access to good alternatives compared to men (45% vs. 52%). In addition, women are more financially vulnerable: 29% of female clients report difficulty affording emergency expenses, compared to 21% of men.

These vulnerabilities likely stem from a historical lack of access to financial resources, which perpetuates a cycle of financial inequality. It is well-documented[9] that financial exclusion undermines economic empowerment, particularly for women. Limited access to financial services and resources restricts women's ability to invest in education, health, and business opportunities, further entrenching economic disparities over time.

**Financial Vulnerability by Gender**
(n Male = 12,090 | Female = 24,213)



[8] World Bank. (2014, February 26). Expanding women's access to financial services. The World Bank.

[9] OECD. (2019). Enabling women's economic empowerment: New approaches to unpaid care work in developing countries. OECD Publishing.

Amid these challenges, our data shows that the women who do have access are taking extra steps to put loans to productive use. Indeed, a full 88% of women—compared to 81% of men—utilize their loans to start, expand, or invest in a business. Over the three years of the MFI Index, we've seen that putting loans to productive use further enhances recipients' quality of life, financial resilience, and overall financial well-being.

> The impact of these loans on women's financial resilience is particularly noteworthy: 73% of the women we interviewed report an improved ability to cover a financial emergency, with 24% noting a significant improvement.

This 'significant improvement' in ability to cover a financial emergency is even higher - 26% - for women who had no prior loan access or said they lacked a 'good' alternative to the loan.

We expect that this increased resilience is related to increased ability to save: 71% of women report an increased ability to save because of their FSP, which is a greater improvement than for men (62%). This could be due to the fact that women, per the World Bank,[10] generally have lower savings rates than men. This gap in savings affects women's ability to invest in education, health, and entrepreneurial activities, and it exacerbates their vulnerability to financial shocks.

“

I have been able to achieve financial stability, this has allowed me to have more confidence and strength to continue investing more in my business. I feel calmer since I realized that my business will give me the income I need to be able to cover my needs at home.

- Female, 21, Bolivia

[10] World Bank. (2013, April 1). Banking on women: Extending women's access to financial services. World Bank.



**Impact of FSP on Women's Household Contribution and Agency**
(n = 24,213)

As the previous chart shows, the benefits of women's financial access extend beyond economic improvements, also resulting in increased education spending, meal quality and quantity, sense of confidence, and community respect.

> Female-centric FSPs are further empowering women, doing stellar work at improving their influence in the household and providing greater levels of client protection, mainly through group loans.

We have defined a Female-Centric[11] FSP as one with 90%+ female clients. Gender-centric lending has been a mainstay of microfinance since the 1990s, a recognition that women's barriers to finance are exacerbated by structural and cultural barriers that are often best addressed by additional support or unique lending products.[12]

It's therefore not surprising that female-centric FSPs in our sample are more likely to offer group lending and additional services: 87% of these FSPs provide group loans compared to 29% of other FSPs. Fourty four percent offer additional services vs. 28% of clients from non-female-centric FSPs.

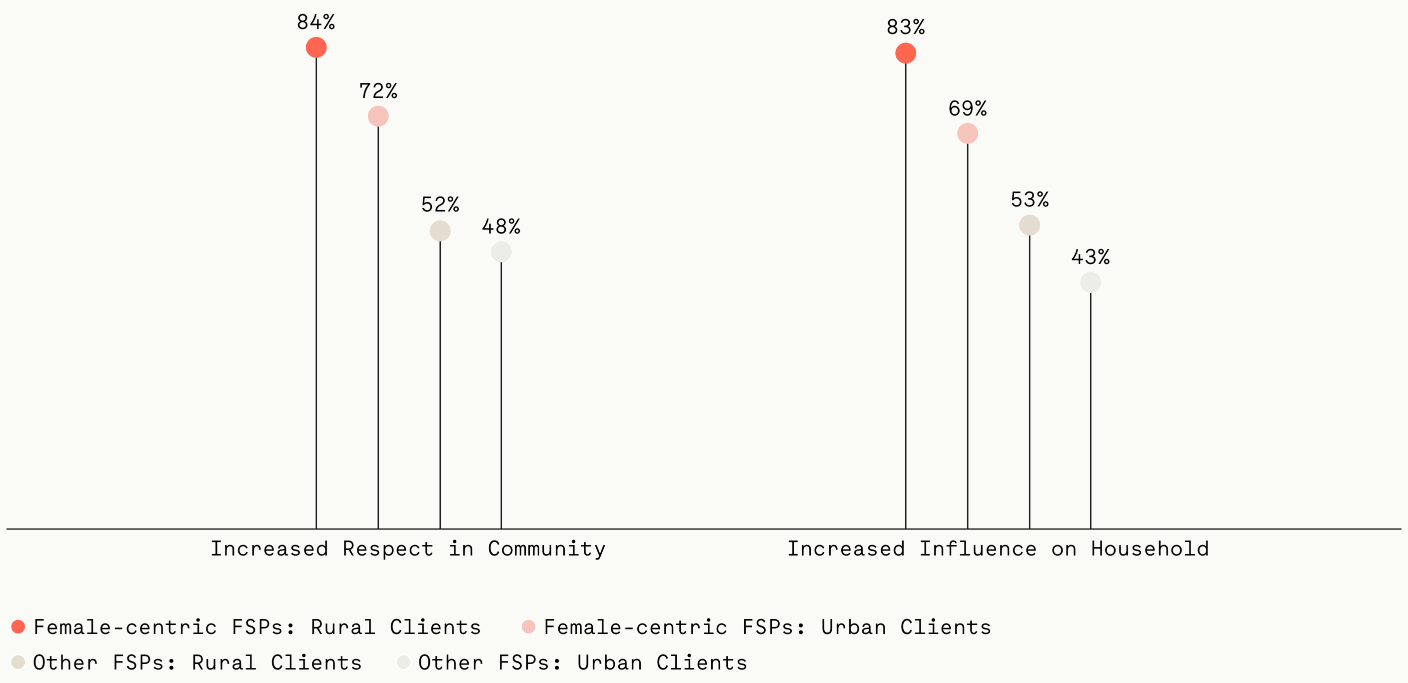
Group lending and additional services have, in the three years of the Index, been shown to positively correlate with greater social impact. Interestingly, female-centric FSPs are also serving poorer communities, with an average Inclusivity Ratio of 0.74—a metric designed by 60dB to measure how effectively companies reach low-income populations[13] —compared to 0.56 for other FSPs.

> Despite a lower income profile, clients of female-centric FSPs report greater improvements in financial resilience, with 79% saying their ability to face an emergency expense has increased vs. 66% of women working with non-female-centric FSPs.

This demonstrates the value of inclusive lending methodologies and the provision of additional services in overcoming clients' vulnerability, and that a significant portion of lower-income clients are achieving stronger positive outcomes relative to others.

Women in female-centric FSPs report greater community respect and more influence in household decisions. These impacts are even more pronounced for women living in rural communities, where gender disparities in education and labor, health, and economic participation are greater.

**Impact of FSP on Rural and Urban Client Agency for Female-centric and Not Female-centric FSPs**
(n Female-centric Rural Clients = 4,080 | Female-centric Urban Clients = 2,930)
(n Other FSPs Rural Clients = 9,975 | Other FSPs Urban Clients = 8,969)



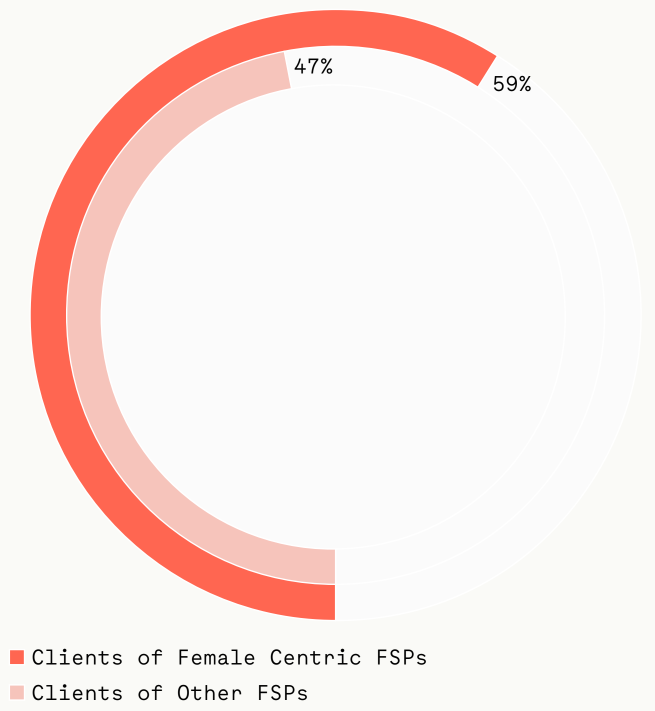

[11] It is worth noting that we have set this threshold high at 90% as we do not have other operational data on the gender-informed practices being implemented by FSPs.

[12] Sheriff, E. K. (n.d.). Address three obstacles for women entrepreneurs to access financing. AEEN. Retrieved September 17, 2024

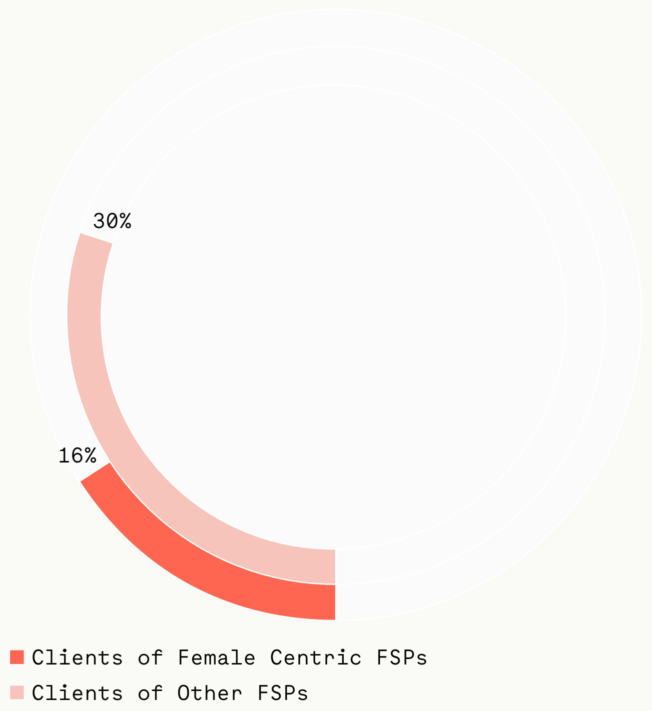
[13] The inclusivity ratio is a metric developed by 60 Decibles to estimate the degee to which an organization is reaching less well-off customers using world bank national poverty lines or wealth quintile estimations. 1 = parity with national population, >1 = overserving less well-off customers <1 = underserving less well-off customers.

Finally, these female-centric FSPs outperform on metrics of client protection: 59% of women from female-centric FSPs say they know how to report a representative in case of harassment, compared to 47% working with other FSPs. In addition, 84% of women from female-centric FSPs report that their loan repayments are not a burden, compared to 70% from other FSPs.

**Female Clients Who Agree they Know how to Report Harassment by FSP Staff**
(n Female-centric FSPs = 10,248 | Other FSPs = 26,065)




**Female Clients Reporting Loan Repayments are 'A Heavy Burden' or 'Somewhat of a Burden'**
(n Female-centric FSPs = 10,248 | Other FSPs = 26,065)




INSIGHT 10. FSP OPERATIONS: YEAR OF ESTABLISHMENT

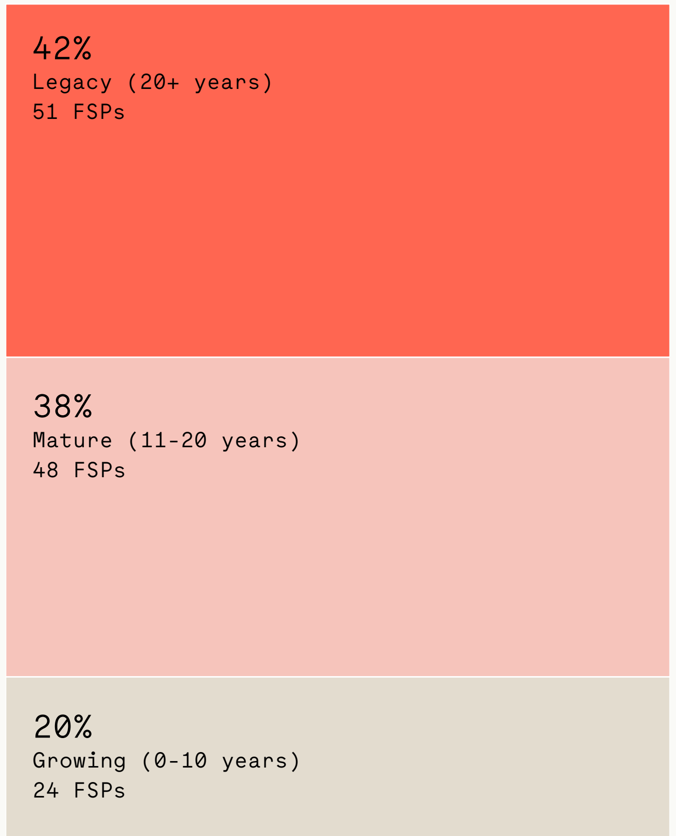
# Mature FSPs Outperform Younger and Older Peers in Client Impact

A new area we explored in this year's data focuses on the maturity of the FSPs themselves. Specifically, we wanted to understand: are newer FSPs better or worse than established FSPs at delivering positive client outcomes?

This line of inquiry stems from our findings that client longevity correlates with deeper impact. It might, therefore, stand to reason that older, more established FSPs are also delivering deeper impact—if they can retain clients for many years.

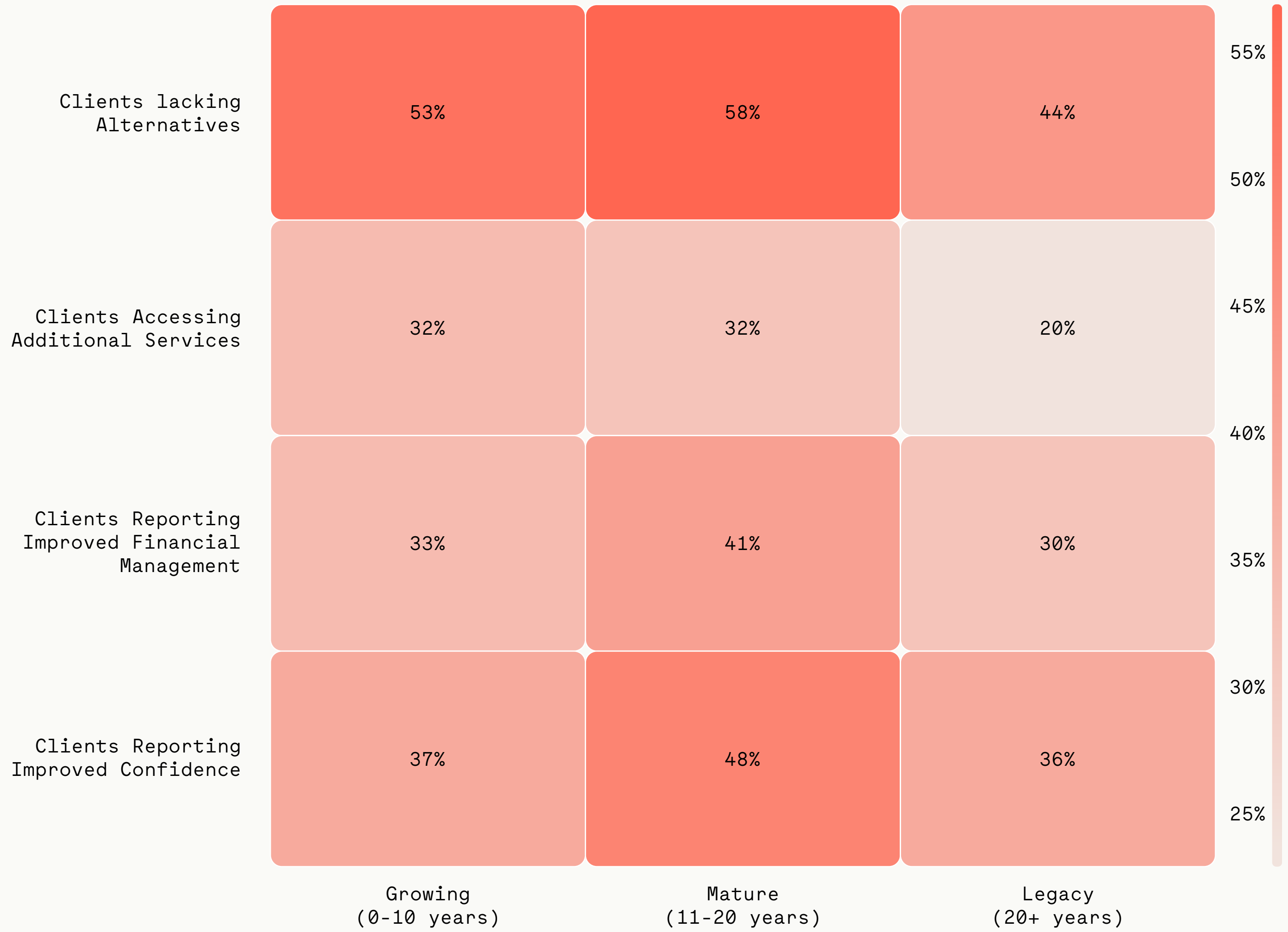
To conduct this analysis, we categorized FSPs into three groups:

**Count of FSP in Each Age group and the Proportion of the Total Client Sample Represented**
(n Legacy = 14,865 | Mature = 13,689 | Growing = 6,958)




Our analysis revealed a surprising result: FSPs in the Mature category top the charts in terms of client outcomes. Per the chart below, Growing FSPs are less likely to serve customers without good alternatives and are less likely to offer non-credit services. They also underperform Mature FSPs in results for clients' ability to manage finances and increase client confidence. These results hold within regions as well.

**Performance of Legacy, Mature, and Growing FSPs Across Metrics**
(n Legacy = 14,865 | Mature = 13,689 | Growing = 6,958)



**One Hypothesis: GDPR and Data Protection**

One surprising finding was the relationship between an FSP's year of establishment and their client's understanding of how their data is being handled. General Data Protection Regulation (GDPR), the European data protection legislation that heavily influenced practices globally, came into effect in 2018. Interestingly, Growing FSPs, which came to market in the GDPR era, outperform Mature and Legacy FSPs in terms of how clients experience them handling their data.

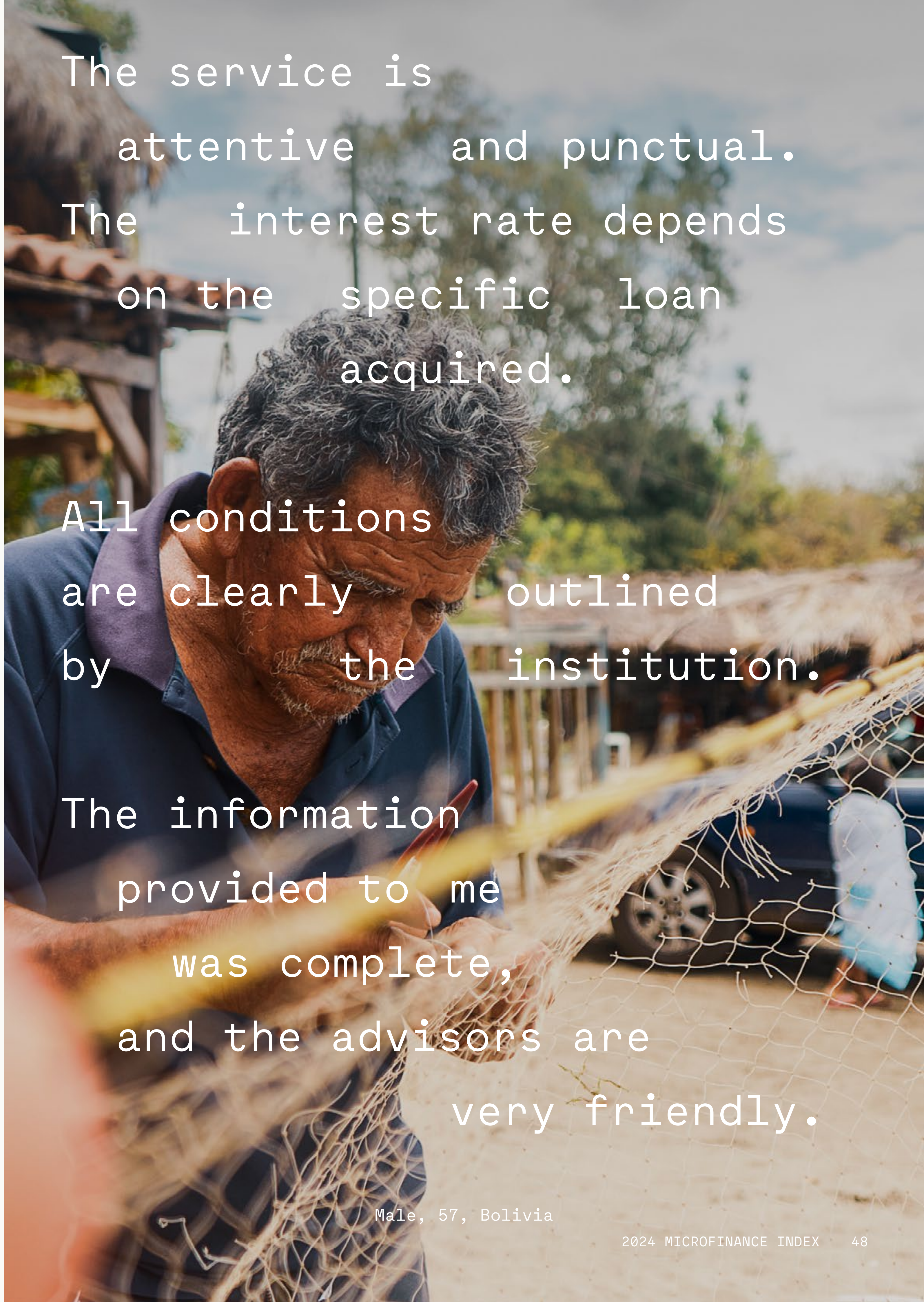
Fourteen of the FSPs participating in this year's Index added a specific additional module on client protection—one that goes deeper than our standard questions. Though this is a small set of companies, the results are intriguing. Seventy percent of clients of Growing FSPs say they have a strong grasp of data regulations, far surpassing the 47% of Mature FSP clients and 61% of Legacy FSP clients. Among digital users, 82% of Growing FSP clients feel confident in their data protection, compared to 77% of Legacy FSP clients.

Despite these differences, on the topic of client protection as a whole, Mature FSPs still lead, with 78% of their clients reporting no issues with loan repayments, compared to 75% for Growing FSPs and 69% for Legacy FSPs.

It is difficult to generalize from these findings; a larger dataset is needed to better understand the relationship between the age of institutions and other factors, such as geography. However, there does seem to be a maturation cycle that occurs with FSPs. Well-established Mature FSPs appear to be hitting a "sweet spot" in terms of client outcomes.

It is reasonable to assume that Legacy FSPs may struggle more with adapting their practices, products, and systems. Meanwhile, new FSPs, still early in their journey with clients, likely have more work to do in order to maximize client impact.

If this is the case, then there is a particular role for investors and grantmakers to help newer FSPs evolve to reach their full potential in terms of delivering client impact. Investors and grantmakers can also support Legacy players, who are well-established in the market, in engaging in change management to leverage their market position for maximum client impact.



# FSPs Build Client's Preparedness and Knowledge for Climate Resilience

In response to the growing threat of climate change to vulnerable communities worldwide, particularly those dependent on agriculture and natural resources, the 2024 MFI Index introduced an optional Climate Resilience module.

This section presents key findings from the module, offering valuable insights into how microfinance services influence clients' preparedness, knowledge, and recovery capacity in the face of climate-related events.

**Participation Overview**

The MFI Climate Resilience module is made up of two distinct sections: Realized Resilience and Perceived Resilience. FSPs utilizing the Climate Resilience questions could opt to ask either or both sections. In total, 19 FSPs engaged with the module: 12 completing Realized Resilience and 19 completing Perceived Resilience. For this year's report we have kept analysis at the aggregate level due to small sample sizes at the regional level.

**Participation Overview (No. FSPs / Respondents)**
(Realized Resilience n Global = 3,855 | Africa = 1,169 | Asia = 1,861 | LatAm = 825)
(Perceived Resilience n Global = 5,721 | Africa = 1,619 | Asia = 2,735 | LatAm = 1,367)

| | Realized Resilience | Perceived Resilience |
|---|---|---|
| **Global** | 12 / 3,855 | 19 / 5,743 |
| **Africa** | 4 / 1,169 | 6 / 1,626 |
| **Asia** | 5 / 1,861 | 8 / 2,744 |
| **LatAm & Caribbean** | 3 / 825 | 5 / 1,373 |

"I feel fully accomplished. I have renovated my pig farm, my business has grown considerably, and I have managed to remodel my house.

– Female, 59, Nicaragua

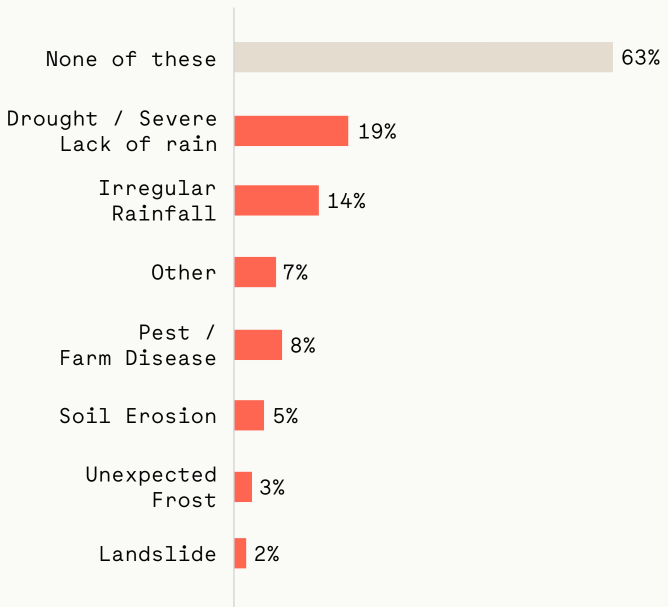
### Realized Resilience

The Realized Resilience module asked clients to reflect on climate shocks they had experienced in the past 24 months and how they coped with this shock.

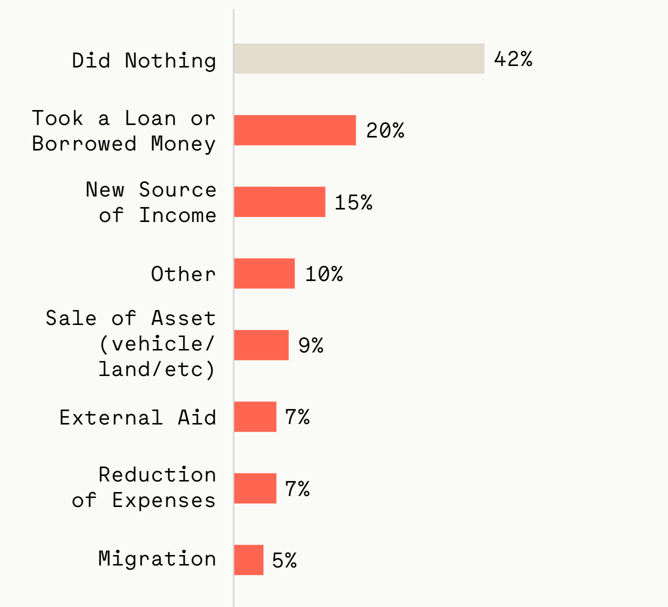
More than one-third of clients reported that their communities had experienced a climate event in the past two years, with drought or severe lack of rain (19% of those experiencing a shock) and irregular rainfall (14% of those experiencing a shock) being the most commonly reported events.

Three in five clients who experienced a shock took action in order to cope. More than half sought increased financial liquidity in the form of loans (20%), new sources of income (15%), or the sale of household assets (10%). Despite five of 12 FSPs offering insurance, only three of the clients we spoke to said the shock was covered by insurance. This suggests clients may be more comfortable with borrowing, or find it to be a more accessible coping strategy.

**Climate Shocks Experienced by Clients in Past 24 Months**
(n = 3,916)



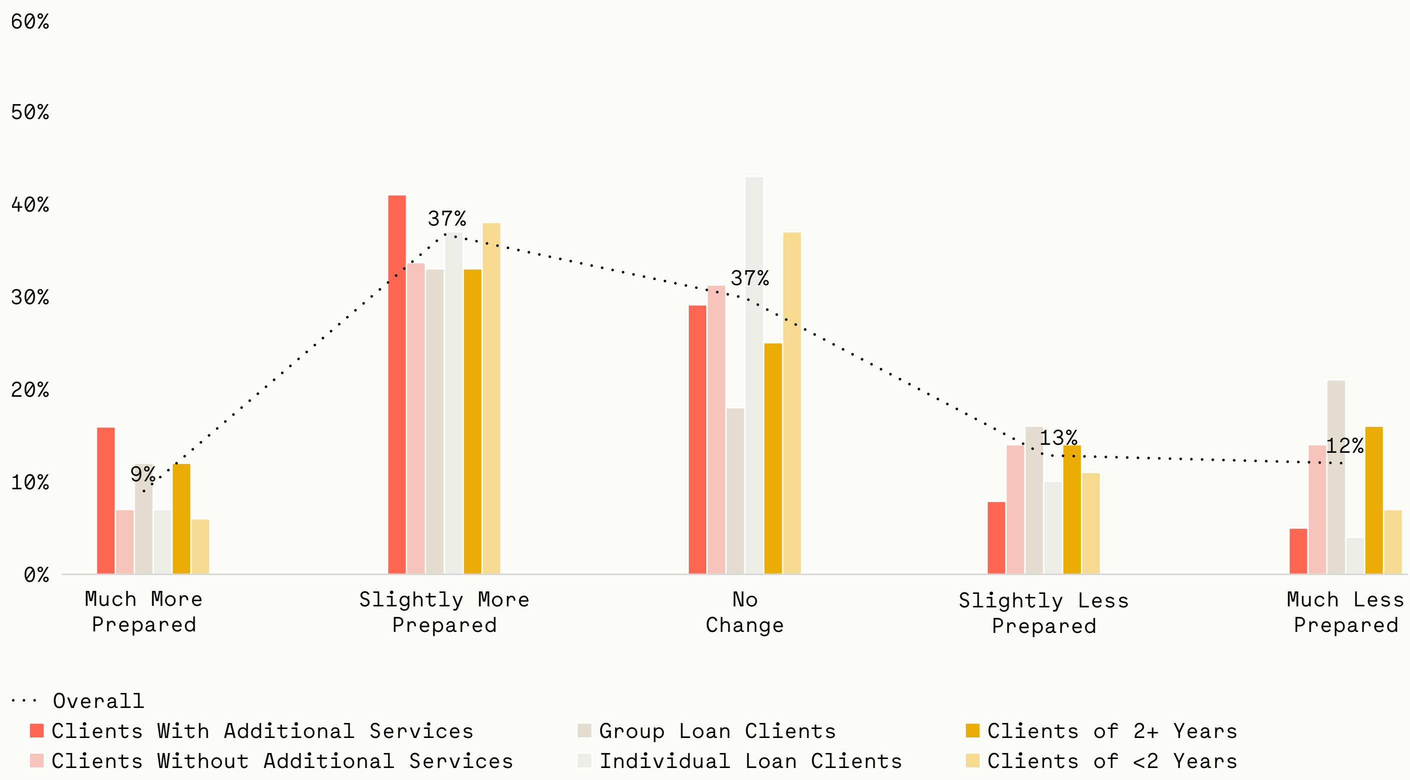

**Coping Mechanisms Implemented by Clients that Experienced a Climate Shock**
(n = 1,500)




FSPs are influencing clients' sense of preparedness for climate shocks, though the impact is mixed. Two in five clients affected by a climate event report feeling better prepared due to their association with their FSP, with 9% feeling 'much more prepared.' However, it's important to note that a quarter of respondents felt less prepared. This decrease in preparedness could be attributed to the burden of credit obligations; the need to make regular loan repayments might reduce clients' financial flexibility to respond to unexpected climate shocks.

As seen in the chart below, as with other impact dimensions, longer client tenure, access to additional services, and group lending are key to maximizing clients' sense of preparedness.

**FSP Impact on Clients' Preparedness for Climate Shock by Uptake of Additional services, Lending Methodology, and Client Tenure**
(n Total = 1,488 | 2+ years = 891 | < 2 years = 669 | Group Loan = 683 | Individual Loan = 805 | With Additional Services = 311 | Clients Without Additional Services = 1,177)



**Perceived Resilience**

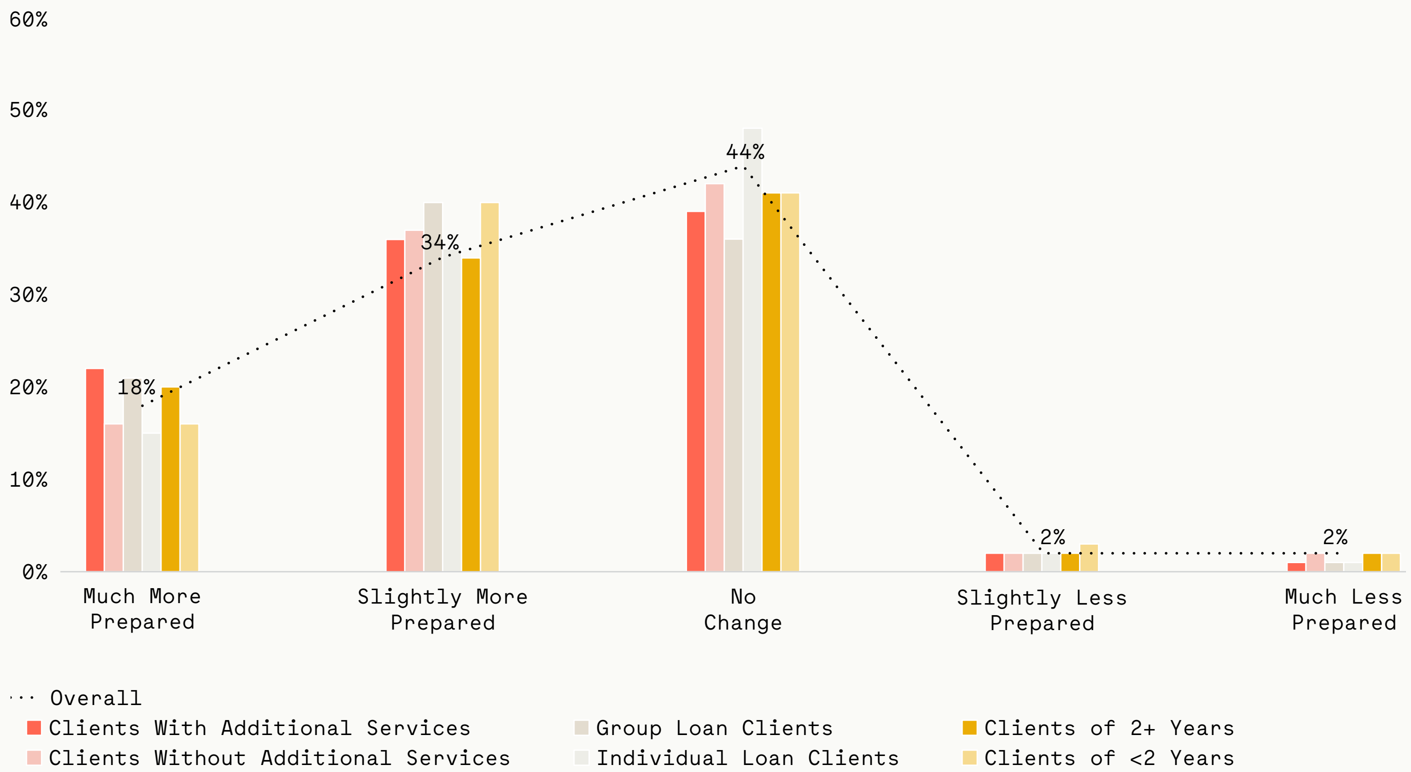
The Perceived Resilience module asked clients to reflect on the impact their FSP has had on their ability to cope with future shocks, their knowledge of shocks, and their recovery time.

FSPs are having the most influence on clients' perception of preparedness for future shocks, with 54% of clients expressing increased preparedness. In addition, 46% of clients say their knowledge of how to deal with climate shocks has increased, and the same proportion say the time it would take them to recover from a shock has decreased.

Similar to the Realized Resilience module, the impact of additional services was particularly significant: clients receiving such services reported higher levels of increased preparedness, higher levels of knowledge gains, and anticipating shorter recovery times. This further underscores the importance of these services in building confidence and enhancing client resilience in the long run.

**Impact of FSP on Climate Shock Preparedness by Client Access to Additional services, Tenure, and Lending Methodology**

(n Total = 5,724 | 2+ years = 2,324 | < 2 years = 3,125 | Group Loan = 2,111 | Individual Loan = 3,613 | With Additional Services = 1,241 | Clients Without Additional Services = 4,295)




The most striking difference was observed between group and individual loan clients with regard to expected recovery time. More than half (55%) of group loan clients expect shorter recovery times as a result of their FSP, while only 42% of individual loan clients shared this optimism. This 13-percentage-point gap highlights the significant impact of group structures on perceived resilience, possibly due to shared resources, knowledge, and support systems inherent in group lending models.

The findings from the Climate Resilience module underscore the crucial role that microfinance institutions play in strengthening clients' resilience to climate shocks. The data suggests that sustained engagement with FSPs, particularly through group lending structures, enhances preparedness, knowledge, and optimism about recovery from climate events.

As climate risks continue to intensify, microfinance institutions are uniquely positioned to be catalysts for building resilience in vulnerable communities. By integrating focused interventions and expanding educational efforts, they can further empower clients to navigate the uncertainties posed by climate change, ensuring sustainable livelihoods and financial stability.

60 Decibels is committed to furthering this important research—the Climate Resilience module will be offered again in 2025, with potential refinements based on learnings from this year's survey. Our aim is to expand the number of MFIs including the module, providing even richer insights into the role of financial services in building adaptive capacity among vulnerable populations, ultimately informing more effective strategies for climate resilience in themicrofinance sector.

INSIGHT 12. THREE YEARS OF DATA

# Consistent Impact Metrics Provide Time Series Insights

When we first embarked on the Microfinance Index, we envisioned an annual dataset that would provide relevant and actionable impact data at the company, investor, and sector level. Our goal was to build on what we'd learned each year, and to uncover trends in the microlending sector that would be useful to all players.

Over the last three years, we have been learning and adjusting: we have tweaked questions, added Indicators, and explored new topics like client protection; we have worked with hundreds of FSPs to integrate more operational data into our analysis; and we have dug deeper into individual geographies to strengthen local benchmarks.

With the completion of the 2024 MFI Index, we now have three years of global microfinance data and are able to uncover trends over time at both a global and regional level. While our sample of participating FSPs is not consistent—the underlying population adjusts each year based on client demand—we still think it is useful to see what the global trends indicate, given that there is no comparable dataset available at the customer impact level in microfinance. Therefore, we consider these to be observations about underlying trends in the industry, rather than definitive conclusions. We hope these data serve to strengthen the foundation of what we know about the lived experience of microfinance customers globally.

“

To be honest, I really like [FSP] and that is why I have continued to take a loan from them until now. I have been their customer for a long time. What attracts me the most is their good and fast services, their loan comes out quickly, and they do not have unnecessary delays.

– Male, 62, Tanzania

## Global Insights over Time

Overall, we see a consistency of results over time, with improving trends across a number of key indicators. One of the most encouraging findings is the consistent upward trend in key impact metrics such as quality of life, financial management, and household expenditures.

**Household Impact**

Our most universal metric is 'quality of life'. This metric reflects customers' holistic self-assessment about how access to microfinance has impacted their lives.

There is consistency in the underlying metric—about 89% of customers say their quality of life has improved thanks to microfinance—however, the proportion of customers saying their lives have 'very much improved' has grown meaningfully, from 33% in 2022 to 38% in 2024.

Similarly, we see a mix of consistency and improvement in changes in household spending indicators: (1) Education spending and self-reported outcomes have increased meaningfully, followed by spending and overall improvement in meals; and (2) Health visits and home improvement spending have remained steady.

Our hypotheses based on these data are:

> Overall, the population we've studied is doing better—with more disposable income that they can allocate to their priority spending categories.[14]
>
> Education and food are the most important spending categories for these households when they find themselves having increased financial freedom.

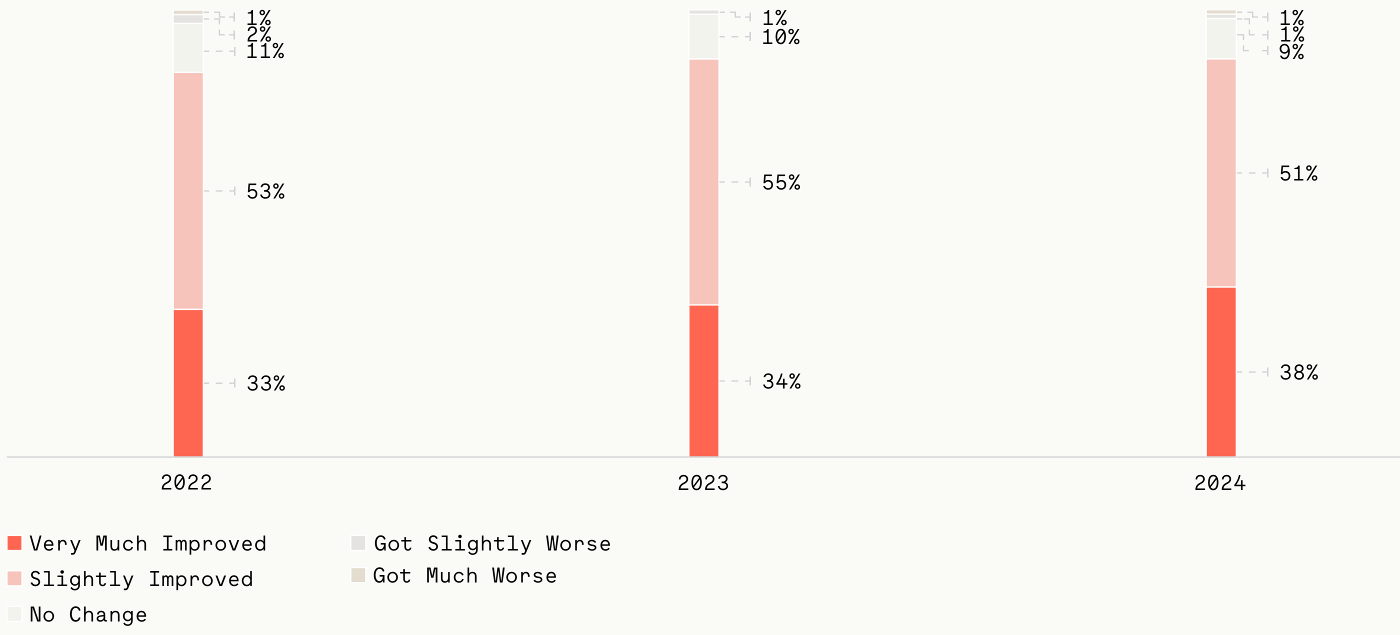
Both of these are insights for us to build upon in the coming years. The more we know about whether clients are better off, and the more we understand what improvements clients prioritize when they have more financial flexibility, the better FSPs can design products that meet these needs.

[14] Of course, without a control group we cannot isolate the role that being a microfinance client has versus other (post COVID) macroeconomic trends. That said, the totality of results from this years' Index leads us to believe that being a microfinance client matters, a lot.



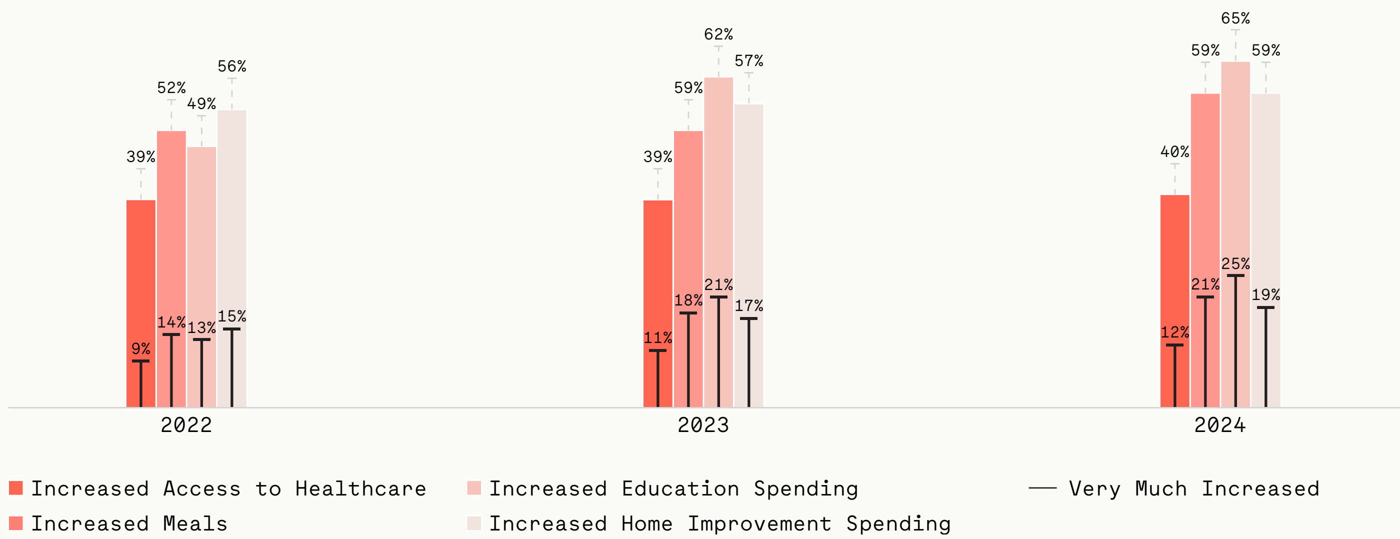
**FSP Impact on Quality of Life Over Time**

(n 2022 = 19,452 | 2023 = 31,924 | 2024 = 36,289)




**FSP Impact on Household Spending Over Time**

(n 2022 = 16,451 | 2023 = 31,844 | 2024 = 36,196)



**Business Impact**

Consistent with the theme of improvements since 2022, the proportion of clients reporting their business income has 'improved' saw a jump between 2022 and 2023 and has since remained consistent. However, the proportion of clients reporting significant increases has steadily increased over all three years.

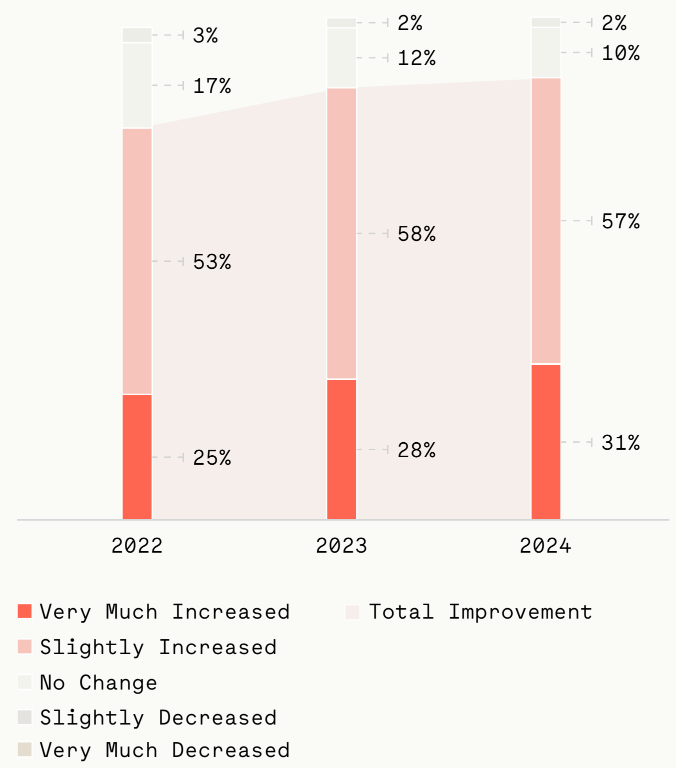
Businesses with employees are also seeing an increase in their headcount. Among clients who have employees, the proportion of those saying their employee count has increased because of their loan has increased over time (37% to 44%). However, it is important to note that the proportion of clients reporting that their businesses have no employees has also increased, with 55% of clients we spoke to saying they had no employees in 2022 compared to 68% this year.

Interestingly, we do not see any difference in the proportion of clients saying they are using their loan for business purposes. In 2022, when we started this Index, the global economy was still bouncing back from the aftermath of pandemic-related shutdowns and supply chain challenges, which heightened global inflation and limited purchasing power. We believe that these income improvements may be in part due to an improvement in global economic markets and purchasing power for customers of micro, small, and medium-sized enterprises (MSMEs).

> “I have been with [FSP] for over 10 years now and I have so far got six loans and these have boosted my business capital over time. I started as a small business but now I operate a wholesale business and can now import my own spare parts for cars, bicycles, etc. This growth has significantly improved my standard of living, allowing me to build my own home and no longer pay rent.
>
> – Male, 43, Uganda

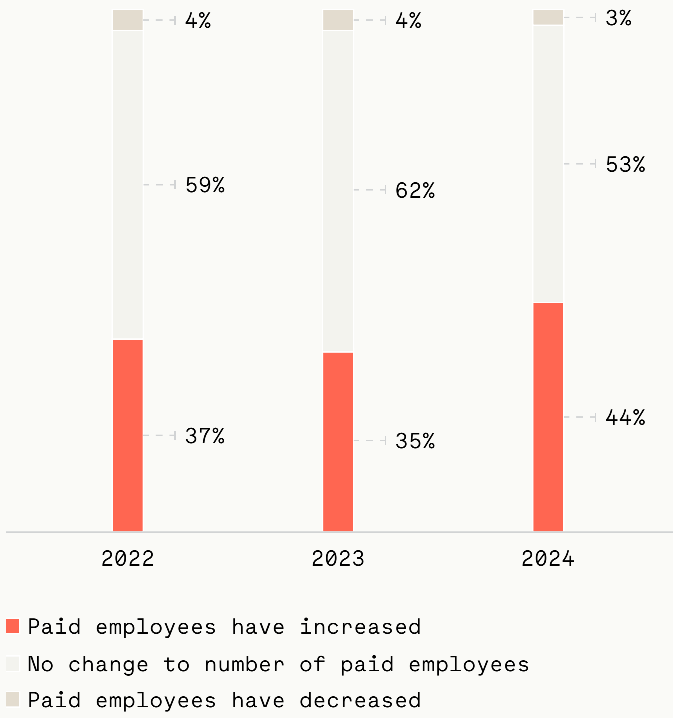
**Income Change**

(n 2022 = 17,594 | 2023 = 28,662 | 2024 = 32,169)




**Employment Change - those with employees**

(n 2022 = 5,954 | 2023 = 10,022 | 2024 = 10,399)

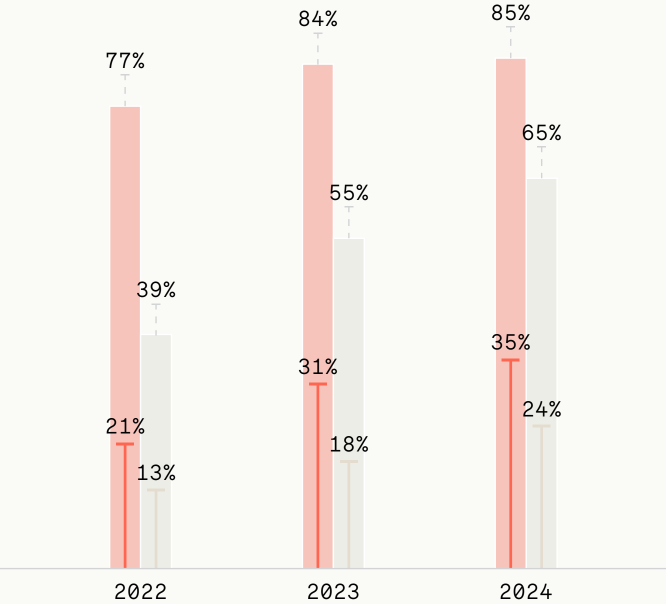


### Financial Resilience

Our data show ongoing increases in clients' resilience and financial flexibility, including their ability to manage finances and their financial stress.

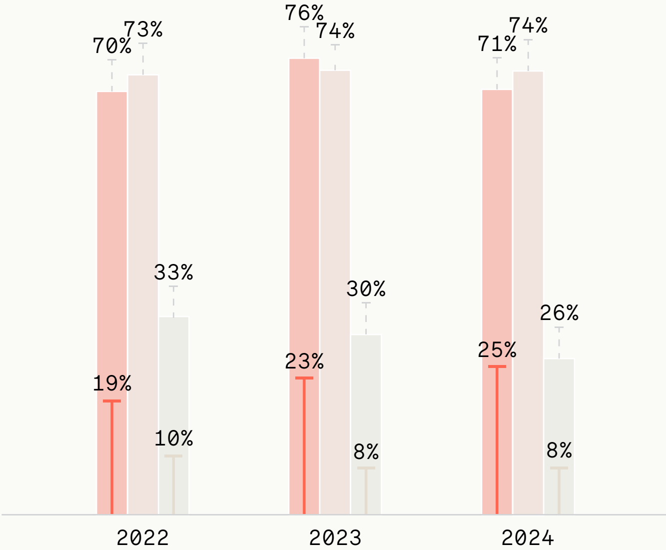
As the table below shows, clients' financial management abilities have substantially improved. The percentage reporting 'very much improved' financial management ability increased from about 21% in 2022 to 35% in 2024. In addition, the percentage of clients reporting 'very much decreased' stress levels nearly doubled from 2022 to 2024.

**FSP Impact on Clients' Financial Flexibility**
(n 2022 = 17,956 | 2023 = 31,933 | 2024 = 36,292)




- Very much improved ability to manage finance
- Improved ability to manage finance
- Very much decreased financial stress
- Overall decreased stress

**FSP Impact on Clients' Financial Resilience**
(n 2022 = 17,821 | 2023 = 31,937 | 2024 = 36,283)




- Very much improved ability to cover emergency expense
- Improved ability to cover emergency expense
- Repayment burden not a problem
- Difficult to cover emergency expense
- Very difficult to cover emergency expense



"

I have been able to improve the quality of meals in my family as compared to before getting the loan. I used to struggle and stress when it came to paying school fees for my children, but now I feel a bit less stressed because I can afford it.

– Male, 57, Tanzania

**Client Protection**

Client protection is a growing focus for MFI investors and of our Index. In 2023 we tested more nuanced client protection questions, and in 2024 integrated many of these as core questions in the 60dB MFI Index survey.

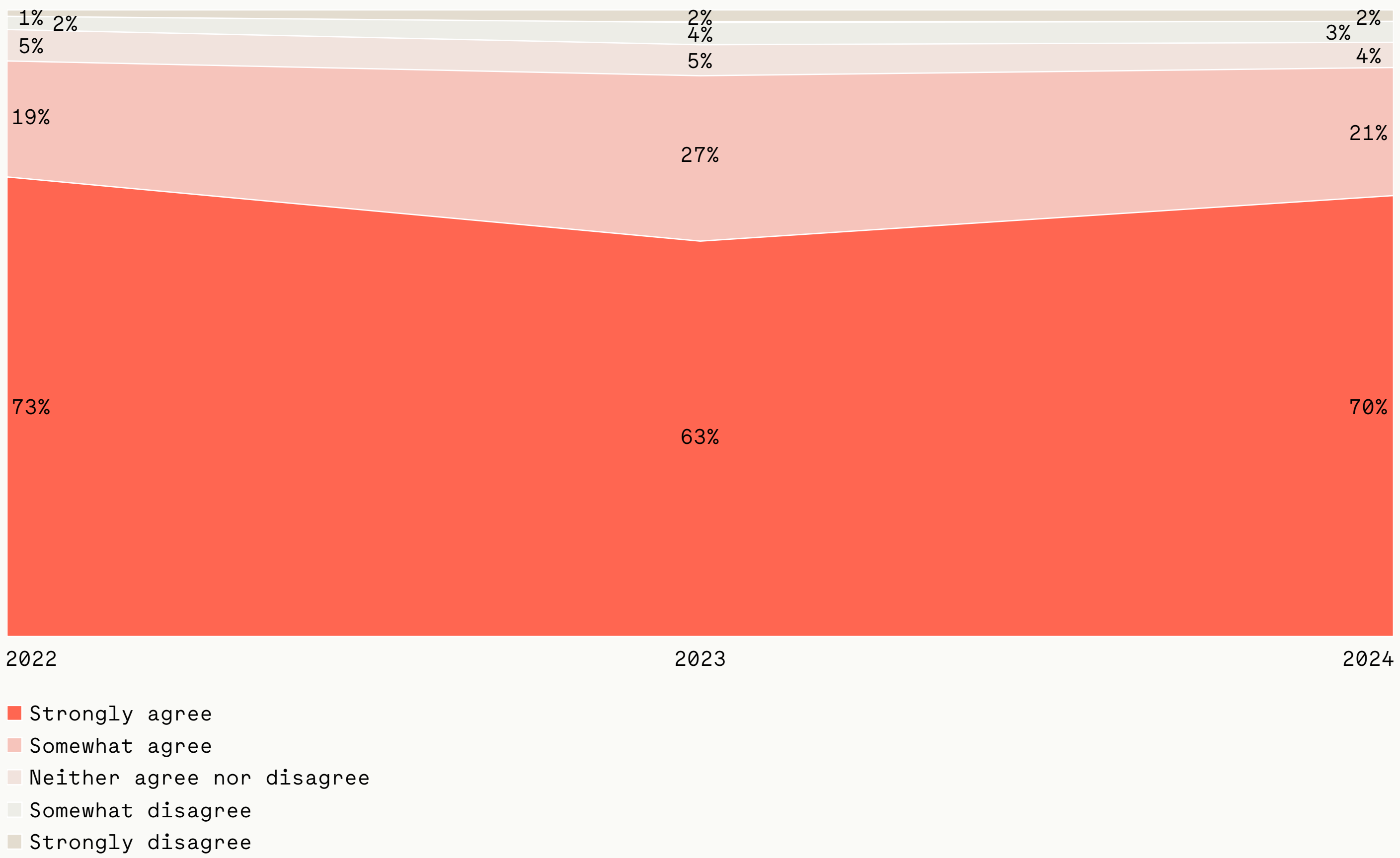
Across all three years of the Index we have asked clients whether they find their loan terms to be clear and easy to understand—a gauge of whether clients are making informed decisions.

While the data showed a notable decrease in clients who 'strongly agreed' their loan terms were clear from 2022 to 2023, we saw a slight rebound this year.

We look forward to comparing trends on other client protection metrics, such as fair treatment by agents, unexpected fees, and knowledge on how to report harassment in coming iterations of the Index.

**Loan Understanding**

(n 2022 = 17,669 | 2023 = 31,911 | 2024 = 36,282)




INSIGHT 13. CONSISTENT PARTICIPATION VALIDATION

# Consistency Between Repeat FSP Participants and Global Trends Help to Validate the MFI Index's Reliability.

Across the three years of the 60dB Microfinance Index, we have a group of FSPs that have participated across multiple years—42 of the 228 total FSPs have participated in two of the three years, and 25 FSPs have participated in all three years of the Index.

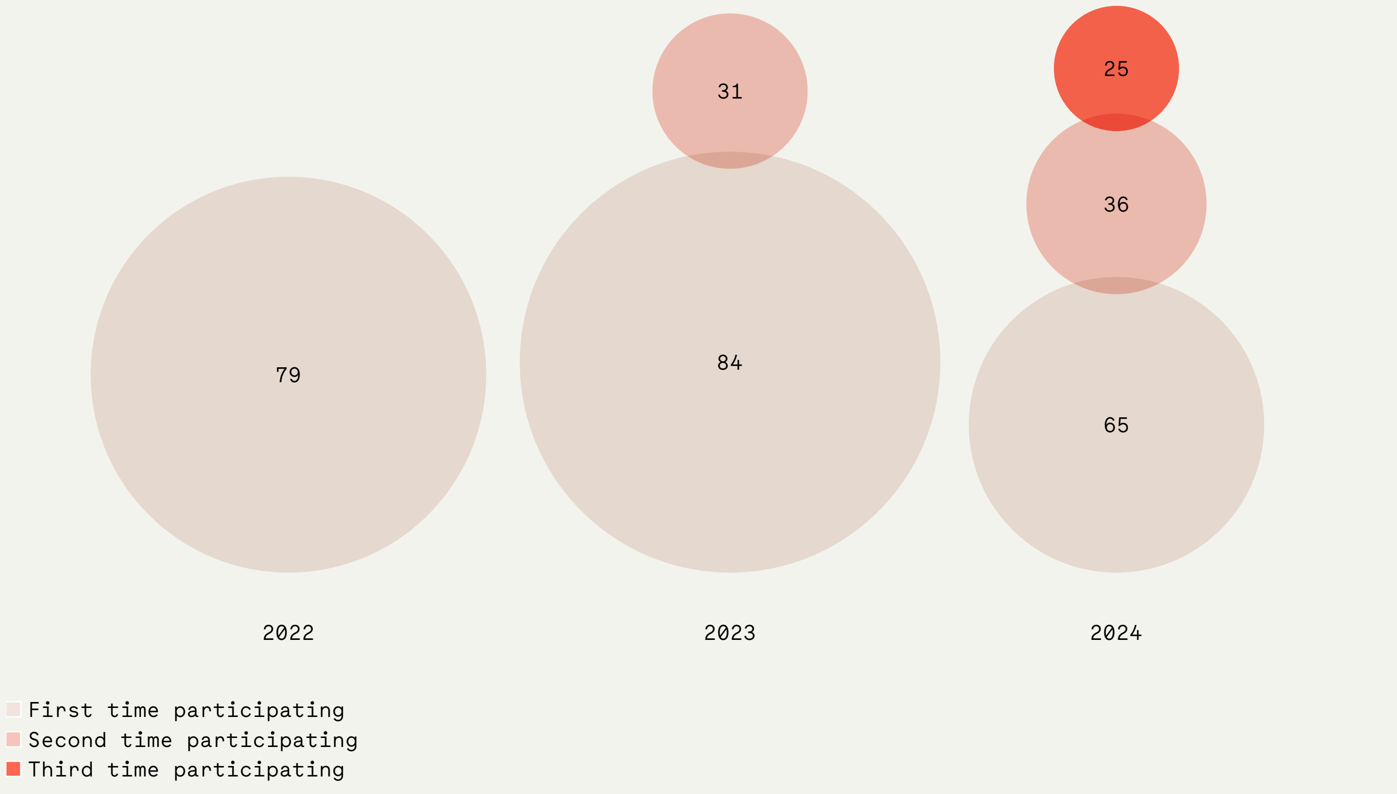
One important question about the Index's annual findings is how subject they are to changes in the underlying population of participating FSPs. As a general rule, our take has been that, although the exact makeup of the sample varies, the large sample size and broad distribution of participating FSPs make it likely that aggregate trends are indicative of the sector at large.

With three years of data, we wanted to compare the full dataset to the performance of the 25 FSPs who participated annually. Consistency in trends between the two datasets would suggest that the variability in the underlying FSP population does not undermine the global relevance of the overall findings.

The remarkable consistency between these results for the 25 three-peat FSPs and the full dataset provides compelling evidence of the 60 Decibels MFI Index's reliability and representativeness, and solidifies the robustness of our methodology (see Appendix for more). Despite changes in participating institutions each year, the Index is successfully capturing sector-wide trends in client outcomes and experiences. These consistent trends provide strong evidence that microfinance services are having a tangible, positive impact on clients' lives and businesses.

This consistency lends significant credibility to the Index as a tool for understanding and improving the effectiveness of microfinance services globally. It allows stakeholders—from microfinance institutions to investors and policymakers—to make informed decisions based on reliable, trend-based data.

**FSP Participation Over Time**
(n = 228)




# Regional & Country Snapshot

# Regional 2024 MFI Index Performance

# Asia

In emerging Asian economies like India, Cambodia, and Indonesia, microfinance institutions continue to play an important role in providing access to financial services. Mobile banking and fintech solutions are expanding rapidly, driven by high smartphone penetration and supportive government policies.

That being said, gaps in financial services remain, for individual and entrepreneurial customers alike. Despite the recent fintech boom, access to credit remains limited for many. The World Bank estimates a $330 billion credit gap for micro, small, and medium-sized enterprises (MSMEs) in Southeast Asia alone.[15] In rural areas, low financial literacy and inconsistent access to digital infrastructure limit the reach of financial services. For instance, despite the proliferation of digital finance, around 190 million adults in India—40% of the adult population—and 50 million in Indonesia—30% of the adult population—remain unbanked, highlighting the ongoing struggle to meet financial needs.

[15] World Bank. (2020). MSME finance gap: Assessment of the shortfalls and opportunities in financing micro, small, and medium enterprises in emerging markets.

# Cambodia

Cambodia consistently lags behind both the Asian regional averages and the global averages across virtually all indicators. The largest gaps are in Loan Understanding, Agent Fairness, Confidence, and Alternatives, where Cambodia scores significantly lower than both regional and global benchmarks.

| 1,398 | 5 | 70% | 38% | 78% |
|---|---|---|---|---|
| Clients | Financial Service Providers | Women Respondents | Country Market Represented | Rural Respondents |

# Cambodia

Cambodia's microfinance market is increasingly viewed as overserved, with significant concerns about over-indebtedness, the sustainability of the sector, and the idea that microfinance might be exacerbating poverty rather than alleviating it.

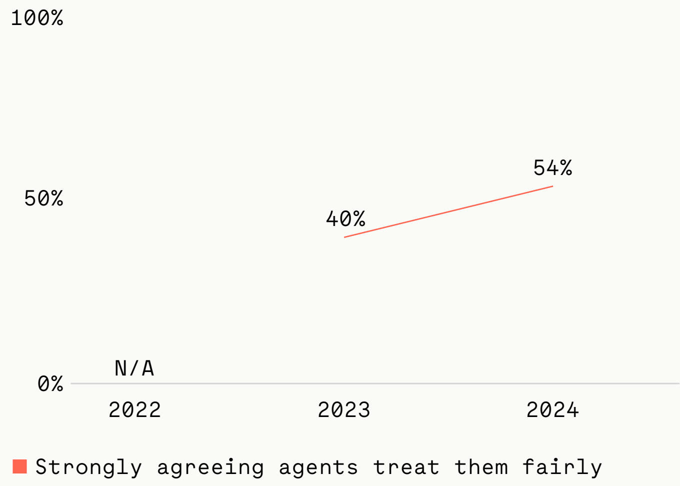
The picture of oversaturation is clear: the country has one of the highest proportions of microfinance borrowers relative to its population, with more than 3 million active microloans in a nation of only 3.6 million households.[16] Cambodia has one of the highest levels of microfinance debt relative to personal income globally, with average loan sizes reaching alarming levels, often exceeding the annual GDP per capita.[17] This situation has led to widespread concerns about the state of the microfinance sector in Cambodia, calling attention to the need for stronger client protections, more sustainable lending practices, and stricter regulatory oversight.

In 2023, 60 Decibels published an in-depth report on Cambodia's microfinance market.[18] The report revealed significant underperformance in social impact and client protection compared to other Asian countries. Only 6% of Cambodian clients reported their quality of life had 'very much improved' due to microfinance services, compared to 26% in other Asian countries, and a substantial 32% of Cambodian clients found their loan repayments burdensome, versus 20% in the rest of Asia. Moreover, 39% of Cambodian clients experienced increased financial worry after engaging with their financial service provider, compared to 16% in other Asian countries. These findings raised serious questions about the efficacy and impact of microfinance practices in Cambodia, highlighting a pressing need for reform and improved client protection measures.

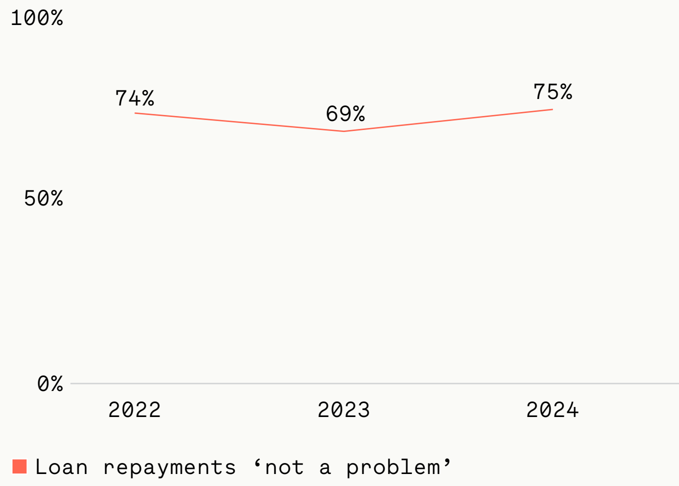
Purchase the full Cambodia Microfinance Report now to access all the data, analysis, and recommendations that can help shape the future of microfinance in Cambodia and beyond.

Find it here →

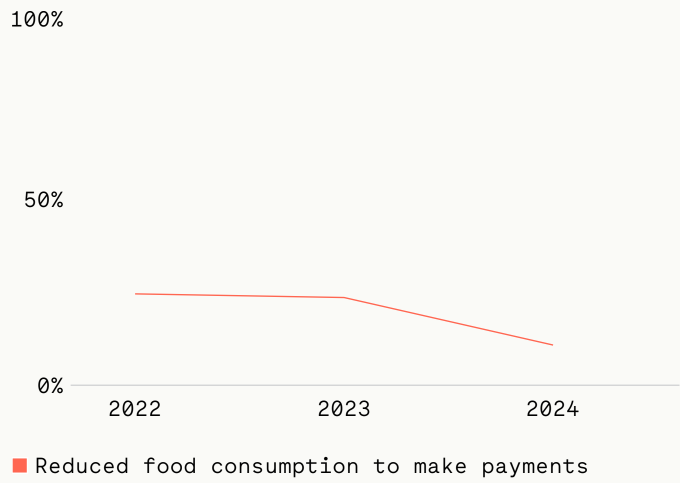
**Cambodia: Fair Treatment**
(n = 1,398)




**Cambodia: Loan Burden**
(n = 1,398)




**Cambodia: Reduced Consumption**
(n = 1,398)




[16] Whitehouse, D. (2023, June 27). Cambodian microfinance's high repayment rates are built on misery, research finds. The Diplomat.
[17] Whitehouse, D. (2023, February 2). Western investors are losing the ability to shape the future of Cambodian microfinance. The Diplomat.
[18] 60 Decibels. (n.d.). Cambodia microfinance: Customer voices on financial inclusion, well-being & satisfaction. 60 Decibels.

Our 2024 findings indicate that while the Cambodian microfinance market continues to underperform on social indicators relative to its peers, there are signs of improvement.

When looking across our three years of data, we see signs that the focus on Cambodian client protection measures are yielding some improvement for clients, notably with more positive results reported regarding fair treatment by agents, lessened repayment burden, and fewer clients reporting reducing food consumption to make payments over the years.

However, despite these improvements, Cambodian clients remain more indebted than clients in other Asian countries.

Compared to their Asian counterparts, Cambodian clients are less likely to report improvements in home improvement spending, health visits, and quality meals. These findings, coupled with the rest of our Cambodian data, suggest that the high rates of credit extension are not translating into better household results. Whether this is caused only by too much credit being extended, or if it is reflective of Cambodia's broader economic environment—lower average incomes and higher levels of poverty compared to other countries in SE Asia[19]—is hard to say. What we can say is that Cambodian microfinance clients report significantly fewer positive outcomes than clients across SE Asia.

[19] World Bank. (2022). Cambodia poverty assessment 2022: Toward a more inclusive and resilient Cambodia. World Bank.



My family can now live in a more attractive, sturdy, and modern home, thanks to my use of the loan for improvements. I do not have to worry about my family's safety when I leave for work because they can enjoy a clean home like the other villagers.

Female, 45, Cambodia

# India

India generally exceeds the Asian regional averages in indicators such as Healthcare, Confidence, Education, and Decision Making, showing stronger outcomes compared to its regional benchmarks. However, it remains below global averages in areas like First Access and Employment Count Increased.

3,601
Clients

7
Financial Service Providers

98%
Women Respondents

12%
Country Market Represented

66%
Rural Respondents

# India

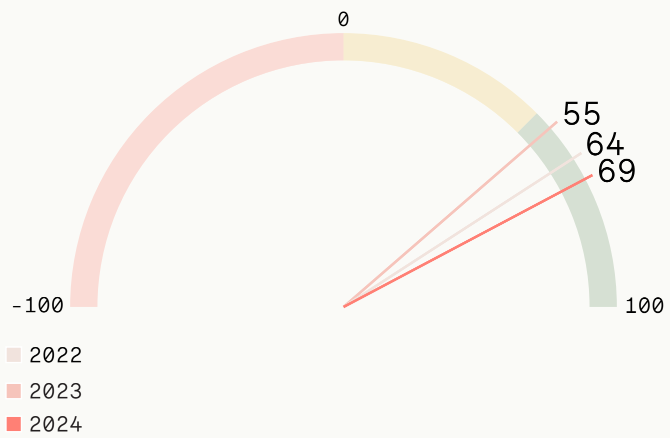
India's microfinance sector is large, reaching 70 million unique borrowers through more than 130 million loan accounts.[20] The average household size in India is five,[21] implying that India's microfinance sector is reaching about one-third of the country's population. In 2022, the Reserve Bank of India (RBI) implemented new microfinance regulations, including capping the interest rates that FSPs can charge and enforcing a uniform household income assessment method across the industry, with the aim of increasing fairness in loan approvals.

These measures put client protection at the forefront, with the goal of ensuring that FSPs are implementing responsible lending practices.

In addition, the definition of a microfinance loan has expanded, making households earning up to 3 lakh INR (~3570 USD) annually eligible for these loans. This has broadened access to credit. The removal of the minimum loan tenure requirement and the adjustment in the asset mix requirement have also provided FSPs with greater flexibility to serve their clients more effectively.

These new regulations may be contributing to clients' increased satisfaction over the years. NPS has increased from 64 in 2022 to 69 in 2024, with Promoters citing good loan approval processes and favorable interest rates—both of which point to key elements of the RBI regulation.

**India NPS Values by Year**
(n 2022 = 2,022 | 2023 = 4,610 | 2024 = 3,601)




**2024 Drivers of Client Satisfaction**
% of NPS Promoters

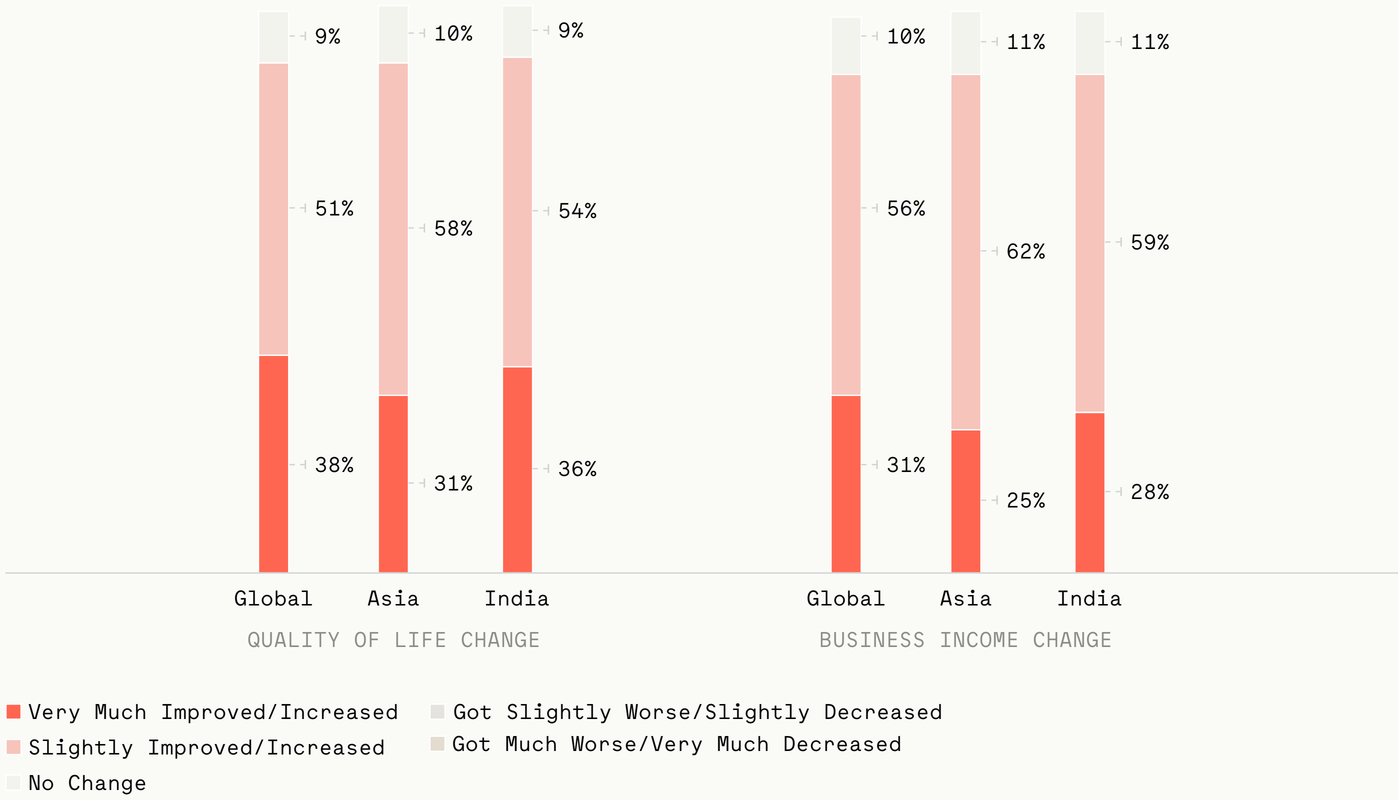
- 44% Good Company Staff
- 38% Timely Delivery
- 38% Good Loan Approval
- 38% Good Interest Rate
- 23% Good Installment Frequency
- 10% Improved Access to Finance
- 8% Good Loan Amount
- 8% Good Installment Amount
- 7% Increased Business Investment
- 6% Company Integrity
- 3% Home Banking Facility
- 2% Good Credit Terms
- 2% Business Growth
- 2% Provision for Insurance
- 2% Good Payback Period
- 2% Afford Assets
- 1% Afford Medical
- 1% Good Digital Service
- 1% Better Banking Channels
- 1% Afford Household & Bills
- 1% Increased Income

[20] Microfinance Institutions Network. (2023). Micrometer (March 2023 edition).

[21] Government of India. (2011). Census of India 2011: Household size and composition. Office of the Registrar General & Census Commissioner.

Indian FSPs outperform the Asia Regional Average with regard to both quality of life and income improvements. It is therefore unsurprising that increased business investment and income are the top quality of life improvements mentioned by Indian clients.

**India Comparison: FSP Impact on Quality of Life and Business Income**
(n Global = 36,289 | Asia = 12,051 | India = 3,600 / 3,443)




# Indonesia

Indonesia generally lags behind both the Asian regional averages and the global averages across most indicators. The largest gaps are in Agent Fairness, Confidence, and Loan Understanding  where Indonesia scores significantly lower than both regional and global benchmarks. However, it exceeds both regional and global averages in Alternatives and Repayment Burden.

| 1,919 | 7 | 86% | 6% | 47% |
|---|---|---|---|---|
| Clients | Financial Service Providers | Women Respondents | Country Market Represented | Rural Respondents |

# Indonesia

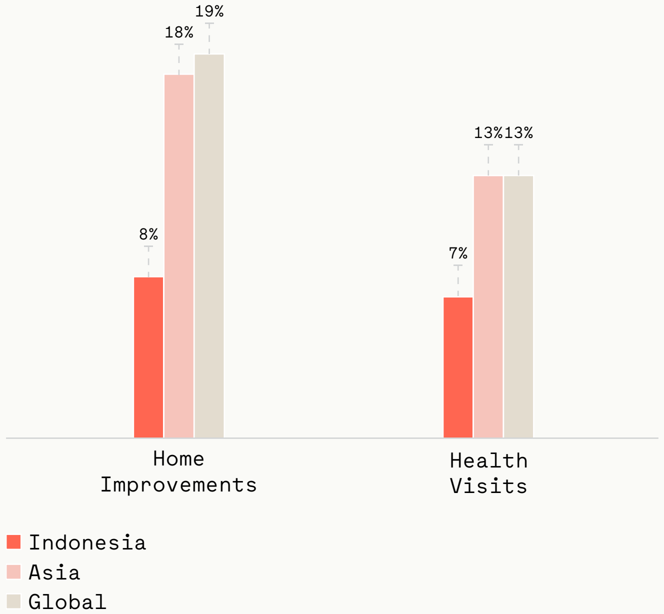
Indonesia's microfinance sector is among the largest in the world, with more than 238 FSPs reaching more than 50 million people.[22] These FSPs play a crucial role in supporting the country's expansive network of micro, small, and medium enterprises (MSMEs), which account for 97% of all businesses in the country.

Indonesian FSPs in our sample are serving a higher proportion of female and rural borrowers than the Asia average. Six out of seven Indonesian FSPs are classified as 'female-centric', and have a higher proportion of group lending clients than the Asia average (69% vs. 53%). Additionally, these FSPs are successfully reaching rural borrowers: 47% of Indonesian clients we spoke to live in rural areas, compared to 41% of the Indonesian population in 2023.[23]

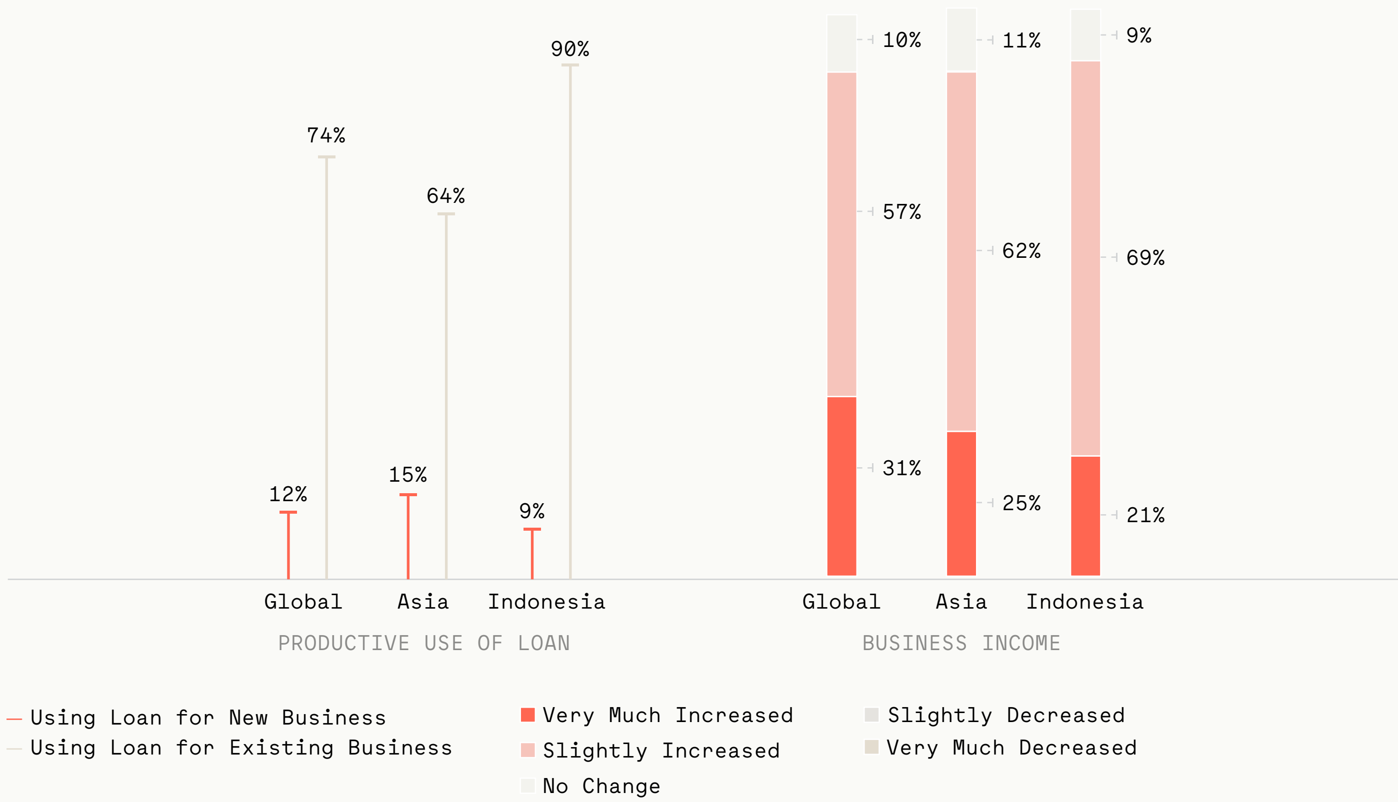
These clients are using their loans to further expand Indonesia's MSME sector and increase their personal income. Nearly all (99%) Indonesian clients we spoke to used their loan for a business purpose, and 90% say their income has increased. Clients' emphasis on business investment and income generation is confirmed through open-ended responses—26% of clients who report an improved quality of life attribute it to increased business investment.

Despite these business investments, Indonesian clients are less likely than peers in other countries to report significant positive impacts on household outcomes, such as quality of life, frequency of health visits, and home improvement spending. This highlights a potential disconnect between productive loan usage and desired household outcomes.

**Indonesia Comparison: FSP Impact on Household Spending**
% of respondents reporting 'very much increased'
(n Global = 36,289 | Asia = 12, 051 | Indonesia = 1,919)

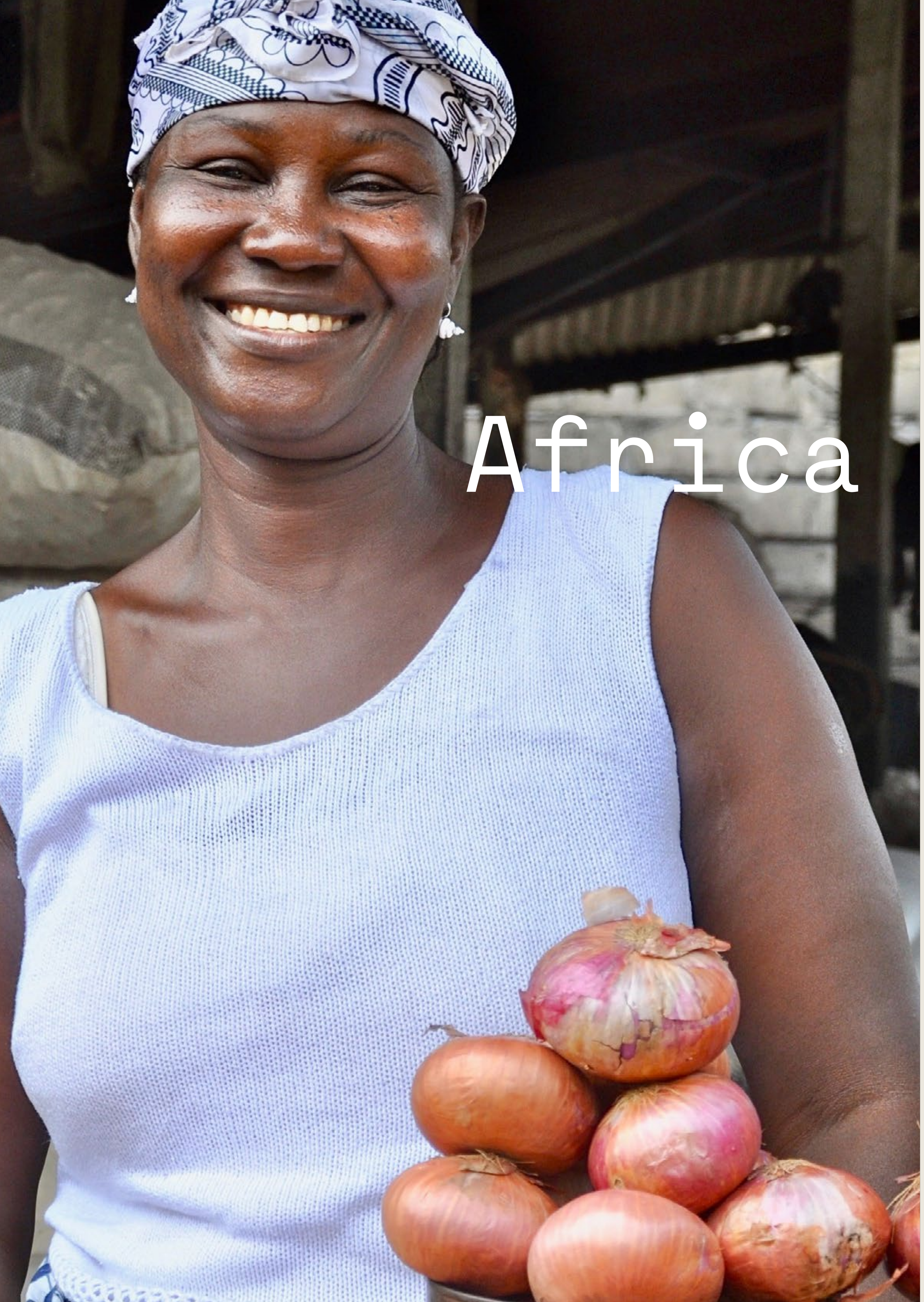



**Indonesia Comparison: FSP Impact on Income and Productive Use**
(n Global = 36,289 | Asia = 12, 051 | Indonesia = 1,919)




[22] Bank Rakyat Indonesia (BRI). (n.d.). Microfinance institutions: Definition, purpose, and examples. BRI API. Retrieved September 18, 2024.

[23] Ellis, P., Dowall, D., Day, J., Yuwono, T. E., Lewis, B., Dastur, A., Simatupang, R., Rahman, A., Batubara, R., Lubis, H. al-Rasyid, Priyono, E., Ramadhian, A., Salim, W., Setiawan, R., & Urban and Regional Development Institute. (n.d.). The Rise of Metropolitan Regions: Towards Inclusive and Sustainable Regional Development. In the Rise of Metropolitan Regions: Towards Inclusive and Sustainable Regional Development.



# Africa

Africa's financial services market is marked by a dynamic blend of rapid development and persistent challenges, with significant differences across the continent. In more developed markets like South Africa, Kenya, and Nigeria, the financial sector is witnessing substantial advancements in mobile banking and fintech, driven by robust mobile penetration and innovative solutions like M-Pesa in Kenya.[24] These countries benefit from progressive regulatory environments that support financial technology innovations, helping to improve financial inclusion. However, the financial sector in other countries in the region still grapples with issues such as inadequate infrastructure, regulatory challenges, and the need for greater financial literacy among the population.

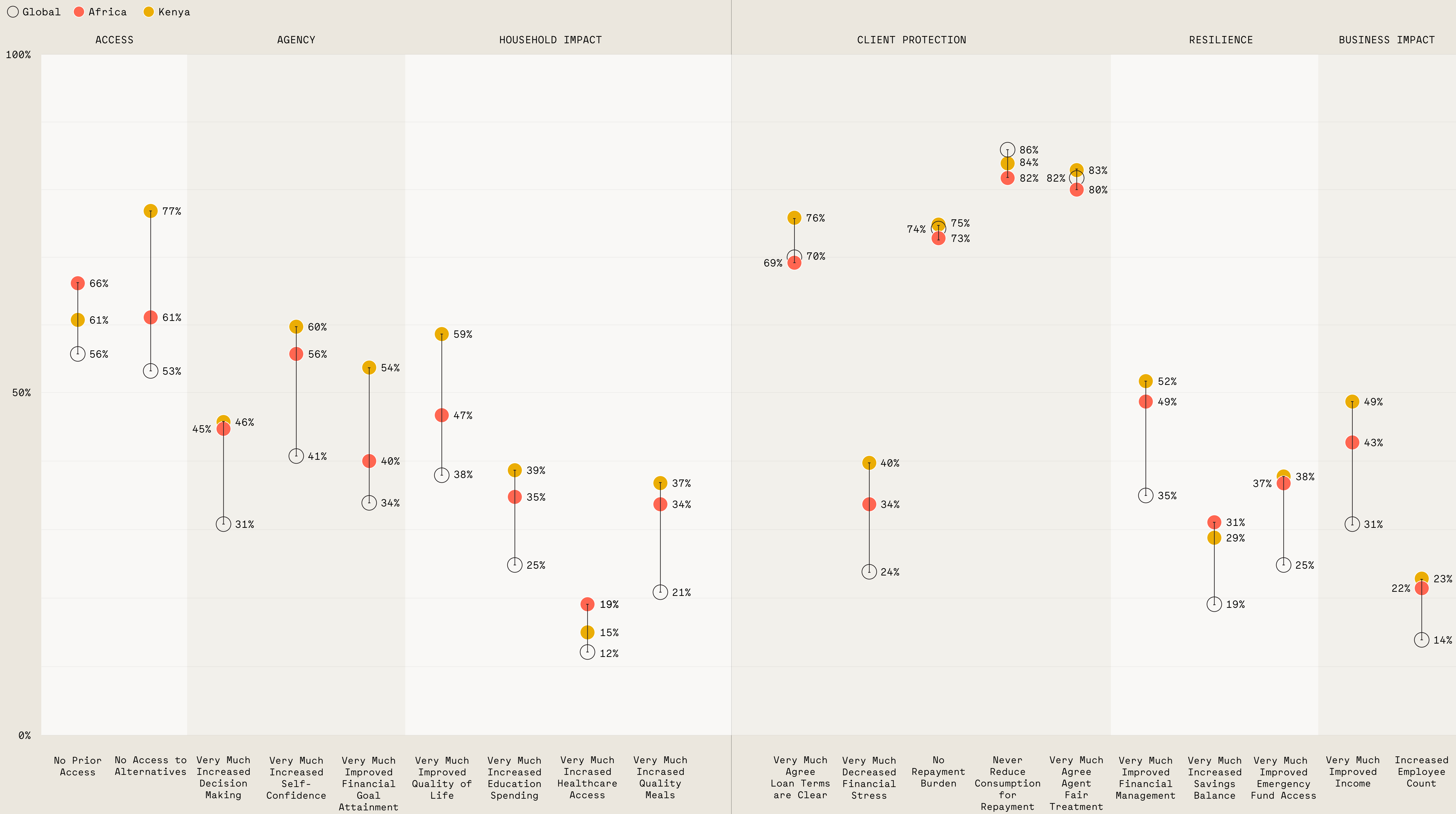
Conversely, in less developed economies across Sub-Saharan Africa, the focus remains heavily on expanding access to basic financial services. Despite significant strides, access to credit remains limited for many, with the International Finance Corporation (IFC) estimating a financing gap of more than $330 billion for micro, small, and medium-sized enterprises (MSMEs) across Africa. Mobile money platforms have gained considerable traction, but challenges persist, particularly in rural and remote areas where financial literacy is low and access to digital infrastructure is inconsistent. Despite the growth of digital finance, nearly 57% of adults in Sub-Saharan Africa remain unbanked, highlighting the significant work still needed to enhance financial inclusion.[25]

[24] World Economic Forum. (2021). Africa is the world leader in digital and mobile banking. World Economic Forum.
[25] SME Finance Forum. (2018). Closing Africa's MSME Finance Gap. SME Finance Forum.

# Kenya

Kenya's performance meets or exceeds the African regional averages and surpasses global averages across most indicators. The largest positive differences are in Alternatives, Financial Goals, and Quality of Life 'very Much increased', where Kenya scores significantly higher than both regional and global benchmarks.

| 1,689 | 6 | 69% | 9% | 66% |
|---|---|---|---|---|
| Clients | Financial Service Providers | Women Respondents | Country Market Represented | Rural Respondents |



# Kenya

Kenya's microfinance sector has become a cornerstone of the country's financial ecosystem, serving more than 6 million active borrowers, particularly in rural and low-income areas.[26] This extensive outreach is supported by a well-established network of FSPs and guided by the Association of Microfinance Institutions of Kenya (AMFI-K), which champions MFIs, fosters best practices, and collaborates with regulators like the Central Bank of Kenya to maintain a stable and sustainable environment.

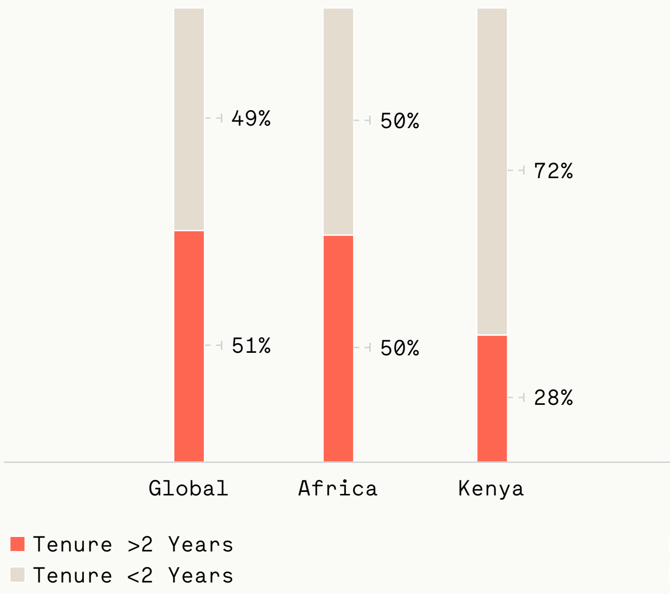
Despite the sector's maturity, our data reveal a dynamic market with significant client mobility. A striking 72% of clients report having started working with their current FSPs in the past two years, at a rate notably higher than both African (50%) and global (49%) averages.

Kenyan FSPs excel in several critical areas related to financial access. They are effectively serving a market with limited perceived alternatives, as 77% of clients report lacking good alternatives to the services offered by their current FSP, compared to 61% in Africa and 53% globally.

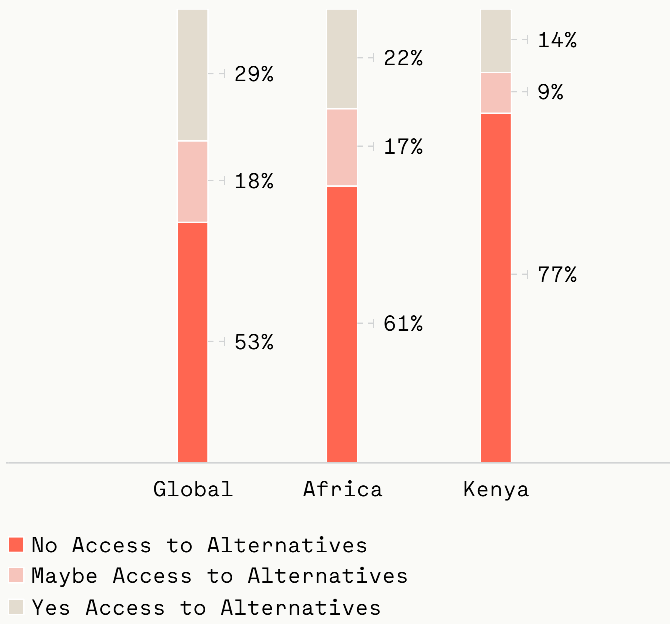
> “What I love most is the fact that the loan payment is on monthly basis and the interest rate is affordable. The teachers/trainers have the best business language and they are respectful to us.
>
> – Female, 52, Kenya

[26] Totolo, E. (2018). The digital credit revolution in Kenya: an assessment of market demand, 5 years on.

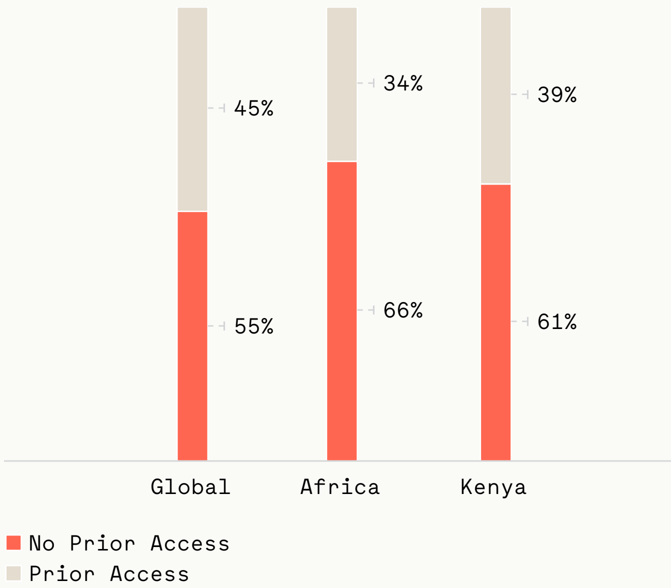
**Kenya Comparison: Client Tenure**
(n Global = 33,715 | Africa = 11,694 | Kenya = 1,689)




**Kenya Comparison: Access to Alternatives**
(n Global = 36,174 | Africa = 12,922 | Kenya = 1,686)




**Kenya Comparison: First Access**
(n Global = 36,174 | Africa = 12,922 | Kenya = 1,686)



Seen together, these data points present a paradox: high client mobility—the frequency with which clients switch between or add new FSPs—coexisting with a perceived lack of alternatives. This may be explained by the prevalent practice of “financial service provider stacking” in Kenya, where clients engage with multiple FSPs simultaneously to meet distinct financial needs. In this context, other providers might not be viewed as true alternatives, but as complementary services within a diverse product portfolio. This highlights the complexity of borrowers’ financial lives and the specialized roles different FSPs might play within them.

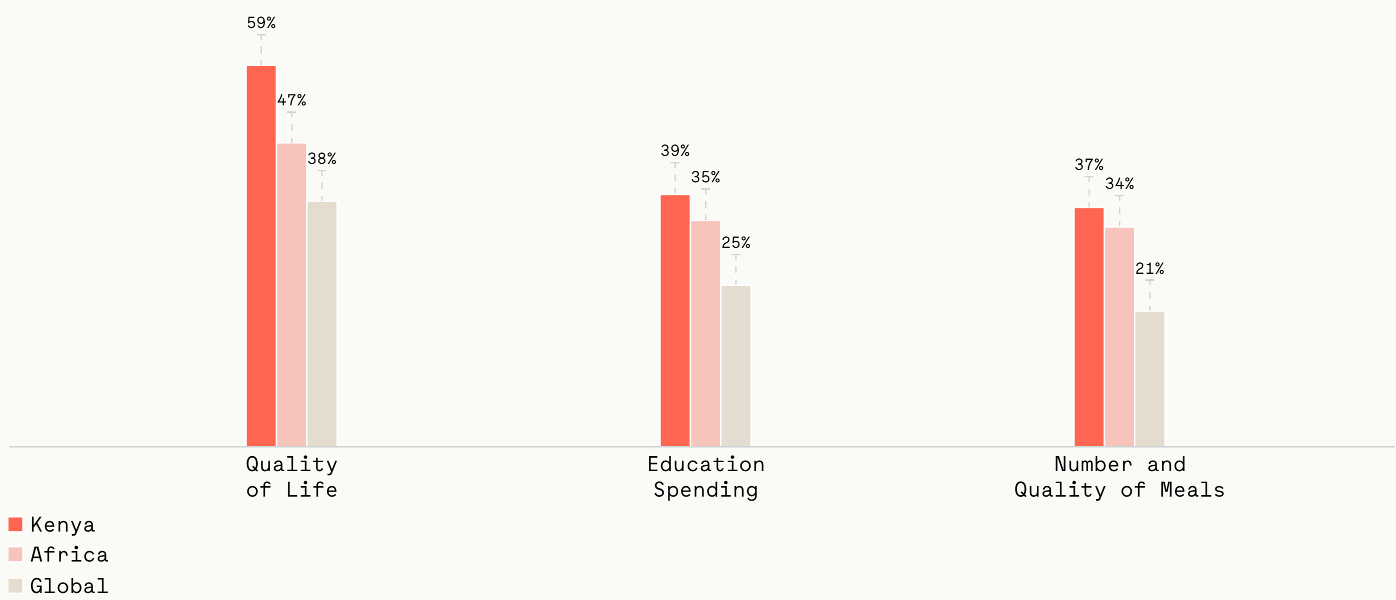
The rural outreach of Kenyan FSPs is particularly noteworthy, with 66% of surveyed clients living in rural areas, compared to 70% of the Kenyan population[27] and significantly outpacing the African regional average of 32%.

The sector also shows progress in reaching women, with 69% of interviewed clients being female, higher than the 61% average across Africa. This strong rural and female focus correlates with a higher prevalence of group loans in Kenya (58% compared to 47% in Africa), suggesting that group lending models may be particularly effective in serving rural populations.

The impact of these financial services on quality of life is substantial, with 59% of Kenyan respondents reporting very much increased quality of life, surpassing both African (47%) and global (38%) averages. Notably, one in five Kenyan clients attributes this improvement to a better ability to afford education for their children.

**Kenya Comparison: Quality of Life, Education Spending, Quality Meals**

% of respondents reporting ‘very much improved’ (n Global = 36,289 | Africa = 12,944 | Kenya = 1,688)




[27] International Fund for Agricultural Development. (n.d.). Kenya.



# Uganda

Uganda's performance aligns with the African regional averages and surpasses global averages in several indicators. The largest positive differences are in Employment Count Increased, Financial Resilience, Decision Making, and Income 'very much increased', where Uganda scores significantly higher than global benchmarks. However, the country lags behind in Loan Understanding and Agent Fairness.

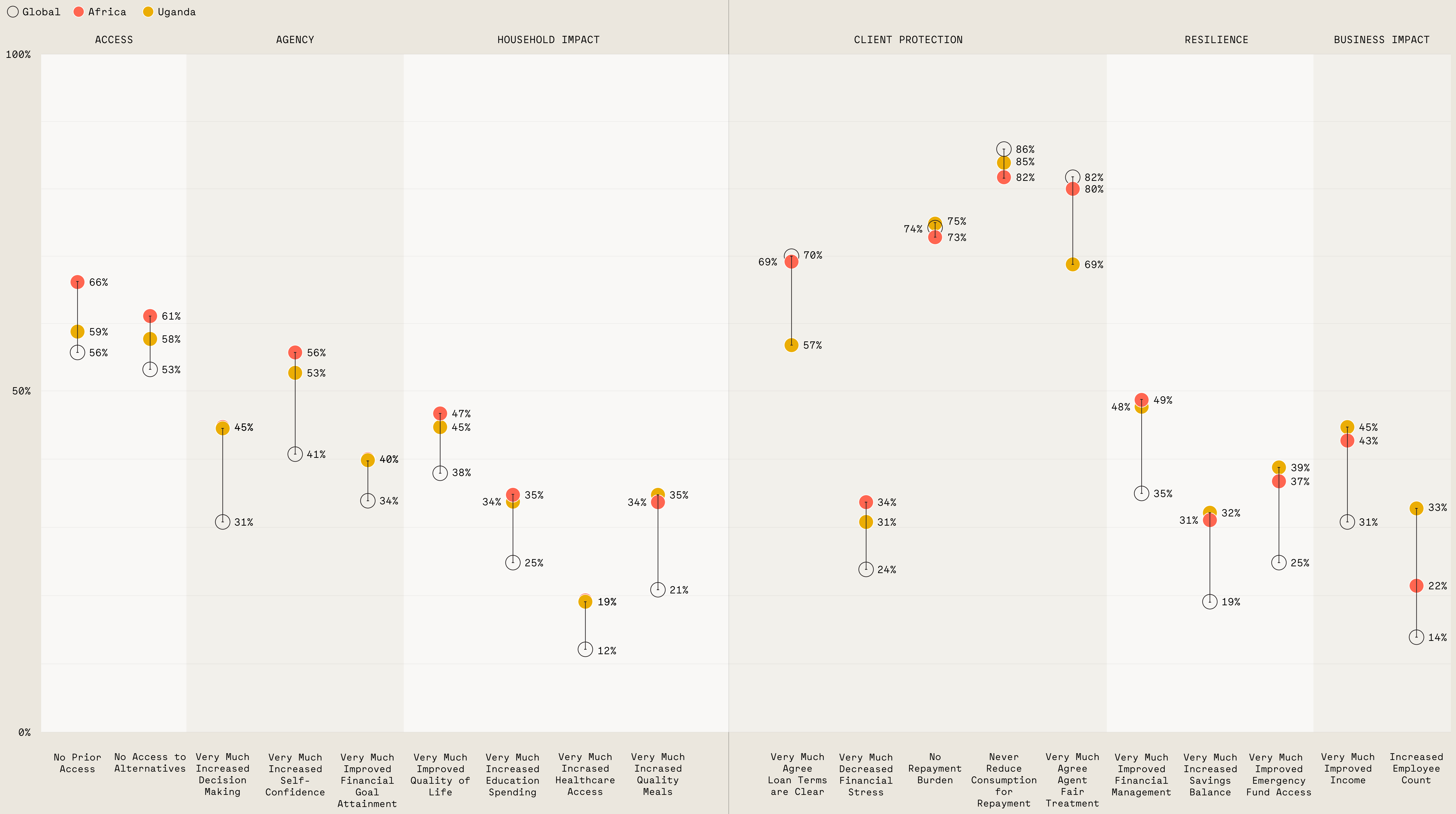
1,761
Clients

6
Financial Service Providers

48%
Women Respondents

45%
Country Market Represented

44%
Rural Respondents



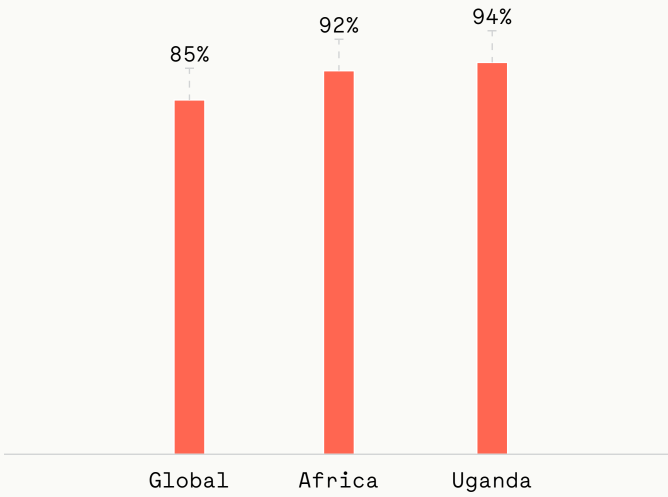
# Uganda

Uganda's microfinance sector has evolved into a well-established component of the country's financial landscape. As of March 2023, the microfinance sector in Uganda served approximately 2 million unique borrowers through various institutions, with a gross loan portfolio of around UGX 1.5 trillion (about $400 million).[28] Regulated by the Uganda Microfinance Regulatory Authority (UMRA), this sector plays a crucial role in promoting financial inclusion, particularly in underserved regions.

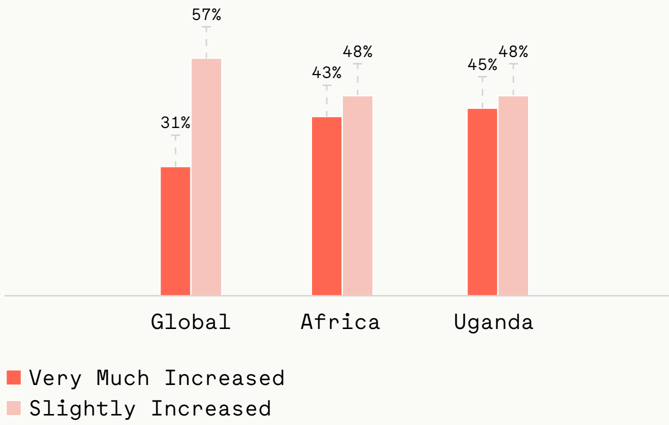
Within this context, our data reveal a complex picture of strengths and challenges in Uganda's financial services landscape. The country stands out for its remarkable impact on business growth and job creation, with 33% of Ugandan clients reporting an increase in the number of paid employees—a figure that significantly outpaces both the African (22%) and Global (14%) averages.

> "We started as a group of women in Masaka, but as my income grew with the help of [FSP]'s loan services, I was able to start my own poultry farm. Now, I have enough capital to run my business independently, and I can easily take care of myself without relying on anyone.
>
> – Female, 48, Uganda

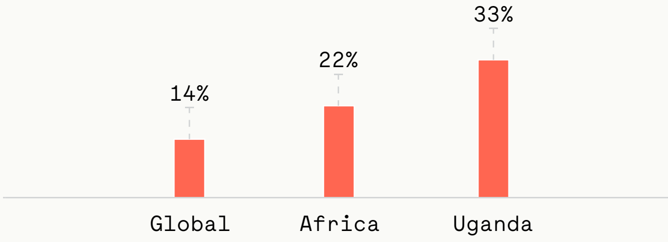
**Uganda Comparison: Client Productive Use of Loan**
(n Global = 35,997 | Africa = 12,948 | Uganda = 1,761)




**Uganda Comparison: FSP Impact on Business Income**
(n Global = 32,169 | Africa = 12,168 | Uganda = 1,691)




**Uganda Comparison: FSP Impact on Employee Count**
Percent of respondents reporting increased employees (n Global = 32,169 | Africa = 12,168 | Uganda = 1,691)



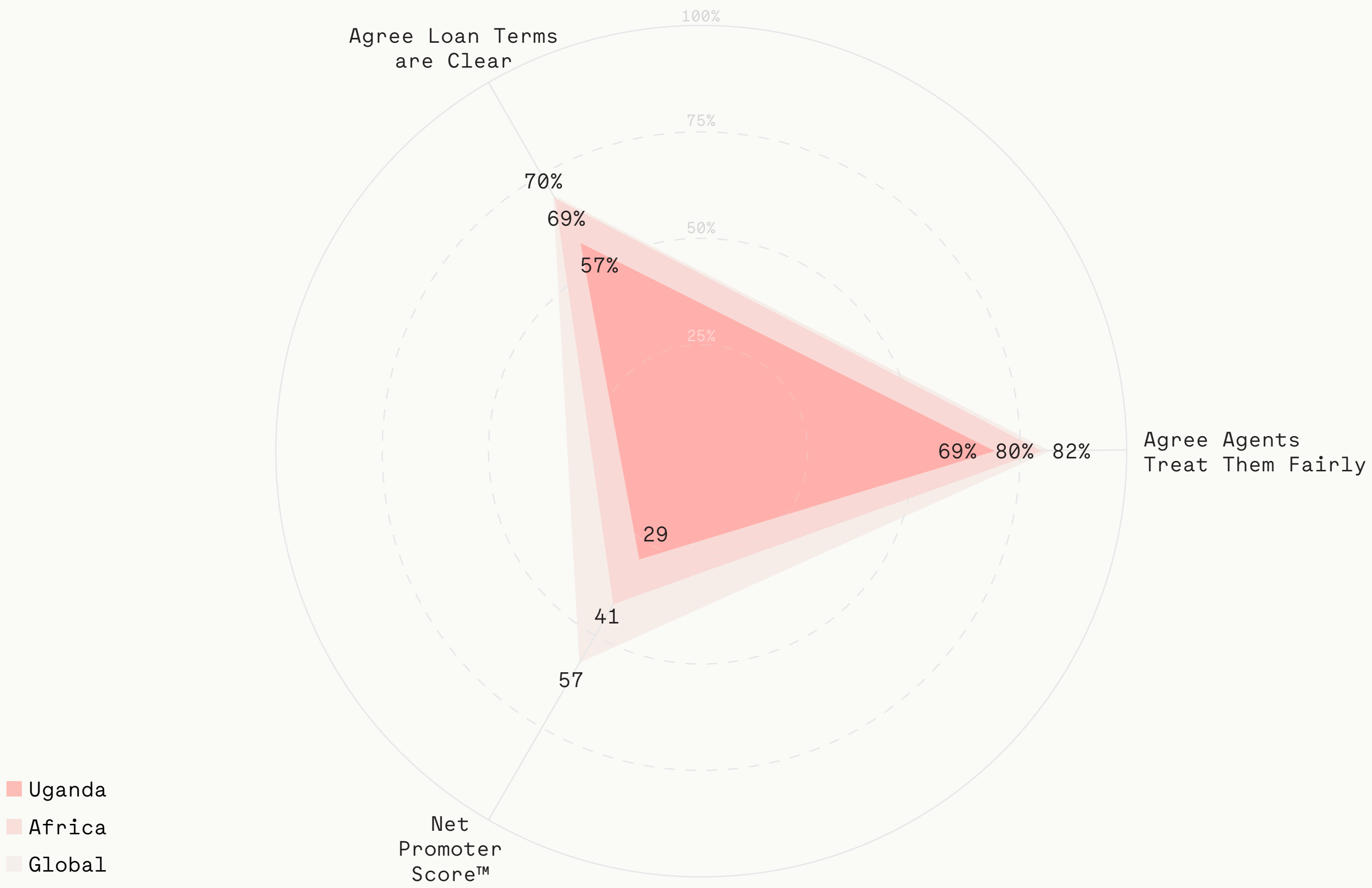

[28] AMFIU. (2023). Revised microfinance industry report 2022/2023. Association of Microfinance Institutions of Uganda.

Despite these positive indicators, Uganda faces significant challenges with client experience and protection. Only 57% of Ugandan clients report a clear understanding of their loan terms, lagging behind both African (69%) and global (70%) averages. Similarly, the perception of fair treatment by agents is lower in Uganda, with 69% 'strongly agreeing' they are treated fairly compared to 80% in Africa and 82% globally. These challenges culminate in a notably lower Net Promoter Score® (NPS) for Ugandan FSPs, averaging 29 compared to regional (40) and global (56) averages.

Some of this lower performance may be driven by the fact that the proportion of individual loans is higher in Uganda (66%) than the African average (51%). As reported in Insight 5, individual loans perform lower than group loans with regard to these client protection and satisfaction metrics

This disconnect suggests that while the core financial products may be meeting business needs, the delivery and support of these products need significant improvement.

**Uganda comparison: Client Experience**
(n Global = 36,299 | Africa = 12,948 | Uganda = 1,761)




# Latin America

Latin America's financial services market is diverse, with varying levels of economic development coexisting with significant social and financial inequalities. In more developed markets such as Brazil, Mexico, and Chile, the financial sector has experienced substantial growth, driven by a combination of macroeconomic stability, regulatory advancements, and the increasing adoption of digital financial services. However, despite these advancements, large segments of the population, particularly in rural areas and among marginalized communities, remain underserved by the formal financial system.

In contrast, emerging economies such as Peru, Bolivia, and Guatemala, which are prominent in the region's microfinance sector, are focused on addressing the significant gaps in access to financial services. While FSPs have played a critical role in providing credit to small entrepreneurs and low-income households, the region still faces a considerable credit gap. According to the Inter-American Development Bank (IDB), micro, small, and medium-sized enterprises (MSMEs) in Latin America face a credit shortfall of more than $250 billion, limiting their potential for growth and development. Mobile banking and fintech solutions are expanding rapidly, particularly in countries like Peru, where mobile penetration is high, and government policies are increasingly supportive of financial innovation.[29]

However, challenges such as regulatory fragmentation, low financial literacy, and inadequate infrastructure persist, particularly in remote and indigenous communities, limiting the reach and effectiveness of financial services. Furthermore, internet penetration in rural Latin America is low, with only 37% coverage in rural areas compared to 71% in urban centers, exacerbating the challenges of delivering digital financial services and underscoring the role that traditional FSPs will continue to play in driving financial inclusion.[30]

[29] Inter-American Development Bank. (2022). Fintech Industry Doubles in Size in Three Years in Latin America and the Caribbean.

[30] World Economic Forum. (2021). Poor digital access is holding Latin America and the Caribbean back. Here's how to change it. World Economic Forum.

# Bolivia

Bolivia's performance consistently lags behind both the Latin America and Caribbean regional averages and the global averages across most indicators. The largest gaps are in Financial Goals, Quality of Life 'very much increased', Decision Making, and Education Spending.

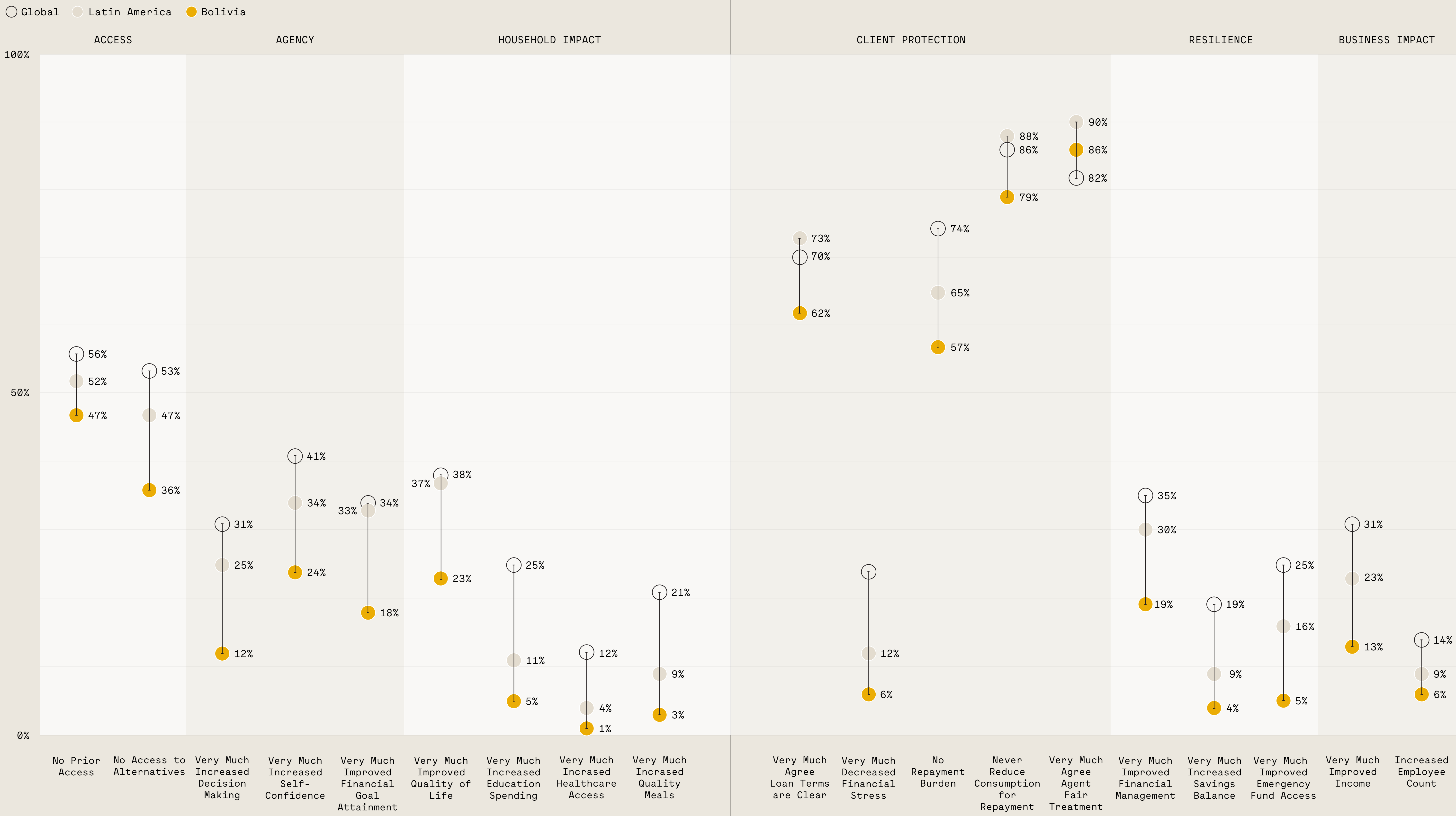
1,944
Clients

7
Financial Service Providers

60%
Women Respondents

46%
Country Market Represented

20%
Rural Respondents



# Bolivia

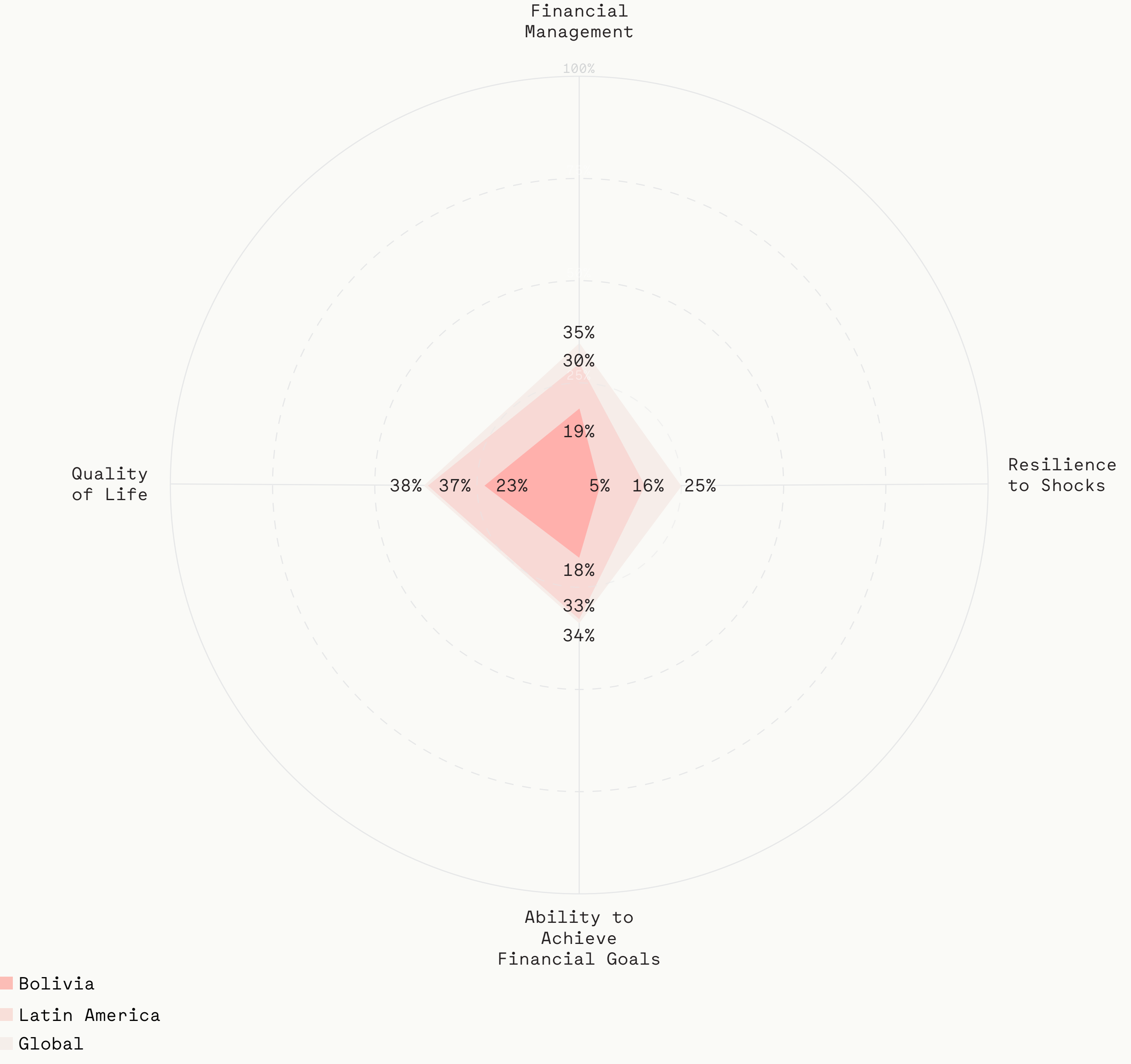
Bolivia's microfinance sector presents a complex landscape, characterized by high penetration, alongside both positive impacts and concerning trends. With more than 1.2 million active microloans serving a country of approximately 3.5 million households,[31] Bolivia's microfinance sector is split between microfinance banks like BancoSol, serving more than 1.2 million clients, and DFIs (Development Financial Institutions), such as CRECER, which target rural and vulnerable populations. The country has around 50 regulated FSPs, with DFIs playing a crucial role in rural development.

The ratio of microfinance debt to personal income in Bolivia is among the highest in the region, with average loan sizes frequently surpassing the annual GDP per capita.[32] Despite these concerns, the microfinance sector continues to play a key role in supporting small businesses and promoting economic development in Bolivia, a country with one of the largest informal economies in the world. The positive impacts are evident: 85% of Bolivian clients use their loans for productive purposes, and 82% report improvements in income due to their loans.

However, the data reveals significant challenges in the sector's ability to improve clients' financial resilience and overall quality of life amid Bolivia's macroeconomic challenges. Only 5% of Bolivian clients attribute a 'very much improved' ability to raise funds in an emergency to their FSP, compared to 16% in Latin America and 25% globally. Similarly, just 17% of Bolivian clients report their ability to achieve financial goals as 'very much improved' due to their FSP, versus 30% in Latin America and 32% globally.

The impact on quality of life is also less pronounced in Bolivia, with only 23% of clients reporting their quality of life has 'very much improved', compared to 37% in Latin America and 38% globally. Financial management skills also lag, with 19% of Bolivian clients reporting a 'very much improved' ability to manage finances, versus 30% in Latin America and 35% globally.

**Bolivia Comparison: FSP Impact on Quality of Life and Financial Metrics**
Percent reporting 'very much improved' (n Global = 36,299 | Latin America = 10,178 | Bolivia = 1,944)




[31] Porteous, D., Brigit Helms, Jasmina Glisovic-Mezieres, David Wright, Graham Wright, Paul Rippey, Beth Rhyne, Andrew Obara, Iftekhar Hossain, & Gonzalo Paz. (2006). FocusNote NO. 33 FEBRUARY 2006. Building financial services for the poor. Consultative Group to Assist the Poor.

[32] World Bank Group. (2011). Bolivia: Assessing the sector's potential role in fostering rural development and growth of the productive sectors: Financial sector notes. World Bank Group.

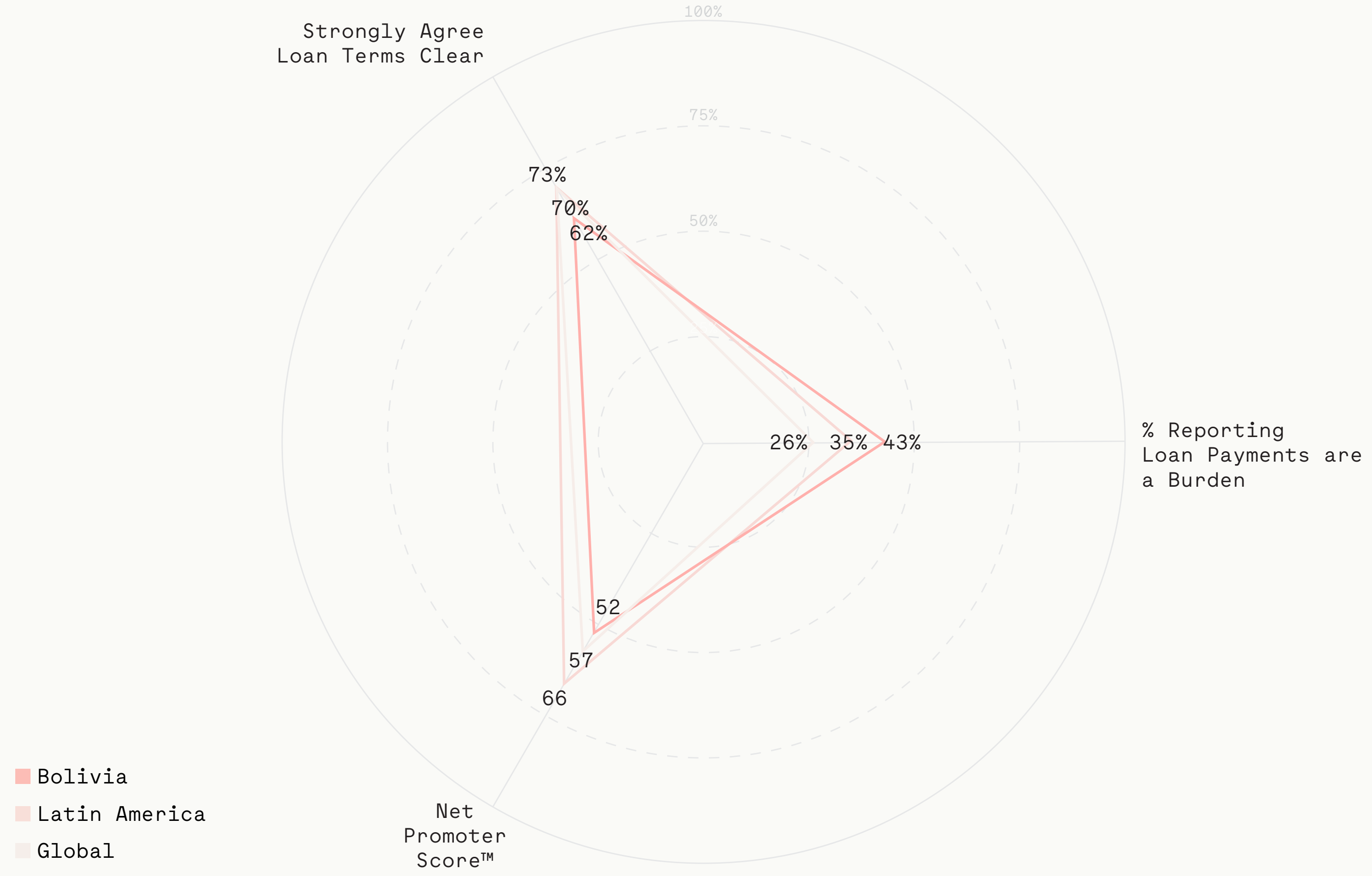
Transparency and client understanding appear to be significant issues. Only 62% of clients in Bolivia believe loan terms are clear, compared to 73% in Latin America and 70% globally. This lack of clarity may contribute to the burden of loan repayments, with 43% of Bolivian clients reporting that loan repayments are a burden, compared to 35% in Latin America and 26% globally. Among Bolivian clients who disagree their loan terms are clear, 66% find their repayments to be burdensome compared to 40% of those who agree their loan terms are clear.

The challenges extend to financial empowerment as well. In Bolivia, 44% of clients report an improved ability to make decisions about money independently, significantly lower than the 59% in Latin America and 64% globally.

These factors collectively contribute to lower client satisfaction scores in Bolivia. The Net Promoter Score® (NPS) for Bolivian FSPs stands at 52, lagging behind the Latin American average of 66, though it's close to the global average of 57.

**Bolivia Comparison: Client Experience**

(n Global = 36,299 | Latin America = 10,179 | Bolivia = 1,944)






The mixed results of Bolivia's FSPs across these key indicators must be seen in context. Bolivia has experienced political instability in recent years, which has impacted the economy and the microfinance sector's ability to maintain consistent service delivery. In addition, Bolivia is one of the most mature markets for microfinance in the region. As a result, it is possible that customer expectations have evolved over time, with clients expecting more impactful results from microfinance compared to those in newer, less developed markets.

The macroeconomic context notwithstanding, many things are within FSPs' control. They can work to improve financial education and transparency while taking on the bigger job of better tailoring financial products to enhance clients' resilience and overall quality of life.

As Bolivia navigates these challenges, FSPs' priority must be to ensure that microfinance remains a tool for financial inclusion and poverty reduction. Achieving this will require a concerted effort from FSPs, regulators, and other stakeholders to adopt more responsible lending practices while maintaining essential access to financial services for those who need them most.

> “Through all the years I have been with [FSP] I have been able to improve my business and pay for the studies of my children who are now professionals. This is a great satisfaction for me.
>
> – Female, 54, Bolivia

# Nicaragua

Nicaragua outperforms both regional and global averages across most indicators. The largest positive differences are in Financial Goals, Quality of Life ‘very much increased’, Decision Making, and Loan Understanding.

1,738
Clients

6
Financial Service Providers

68%
Women Respondents

29%
Country Market Represented

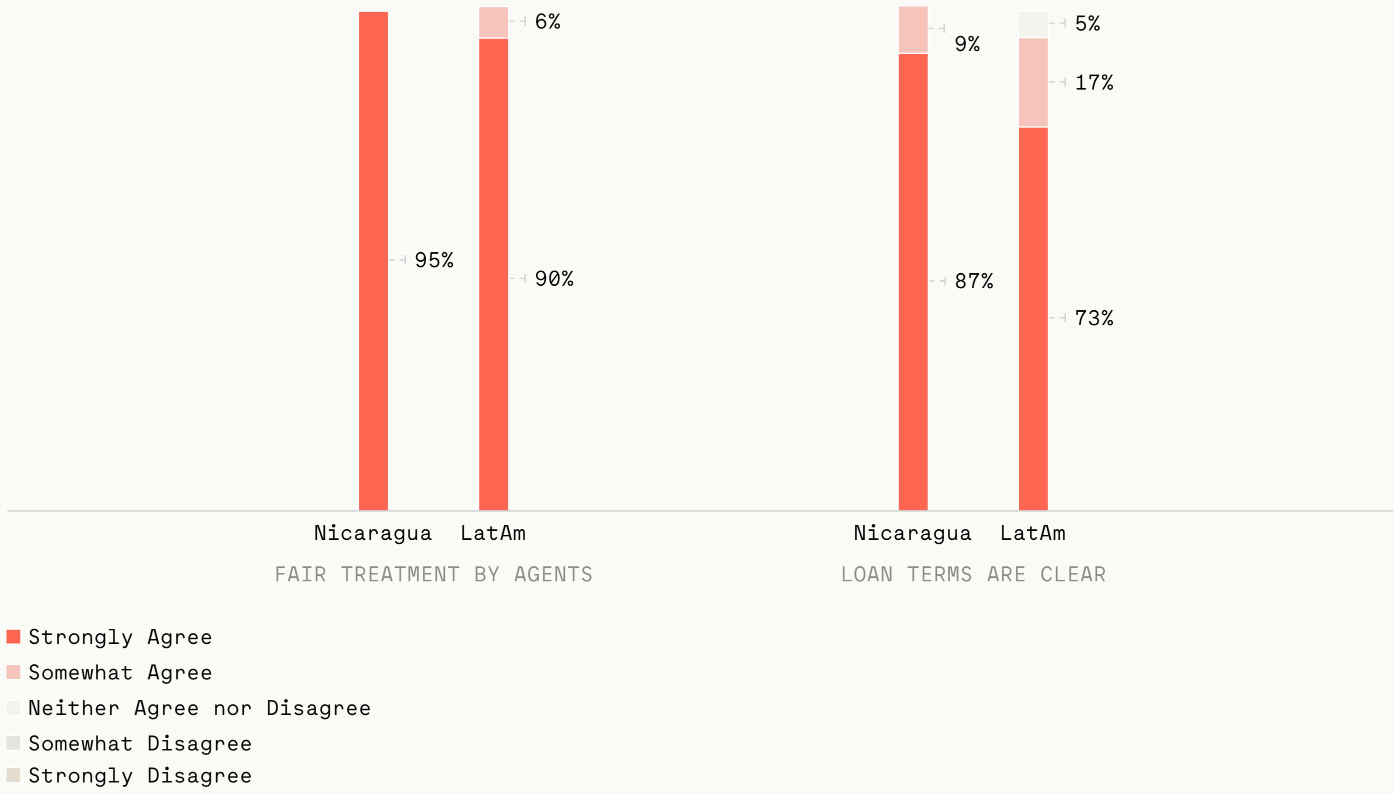
26%
Rural Respondents

# Nicaragua

Nicaragua's microfinance market plays a significant role in the country's financial inclusion efforts, with a substantial proportion of the population relying on microloans for various economic activities. With over 1.5 million active microloans in a country of approximately 6.8 million people, microfinance has become an important tool for supporting small businesses and households in Nicaragua.[33] There are 101 registered FSPs in Nicaragua regulated by the National Microfinance Commission (CONAMI).[34]

Nicaraguan clients in our sample rely on FSPs for enhanced financial inclusion, with 56% accessing a loan like their FSP provides for the first time. Despite their newness to lending, a notable 87% of Nicaraguan clients 'strongly agree' that loan terms are easy to understand, significantly higher than the 73% in Latin America. Furthermore, 95% of clients 'strongly agree' that agents treat them fairly and respectfully, surpassing the Latin American average of 90%.

**Nicaragua Comparison: Client Protection Metrics**
(n Nicaragua = 1,738 | Latin America = 10,173)




[33] Banco Central de Nicaragua. (2022, February 18). BCN publica estadísticas de microfinancieras a diciembre 2021.
[34] Comisión Nacional de Microfinanzas (CONAMI). (n.d.). Registro de instituciones de microfinanzas (IMF).

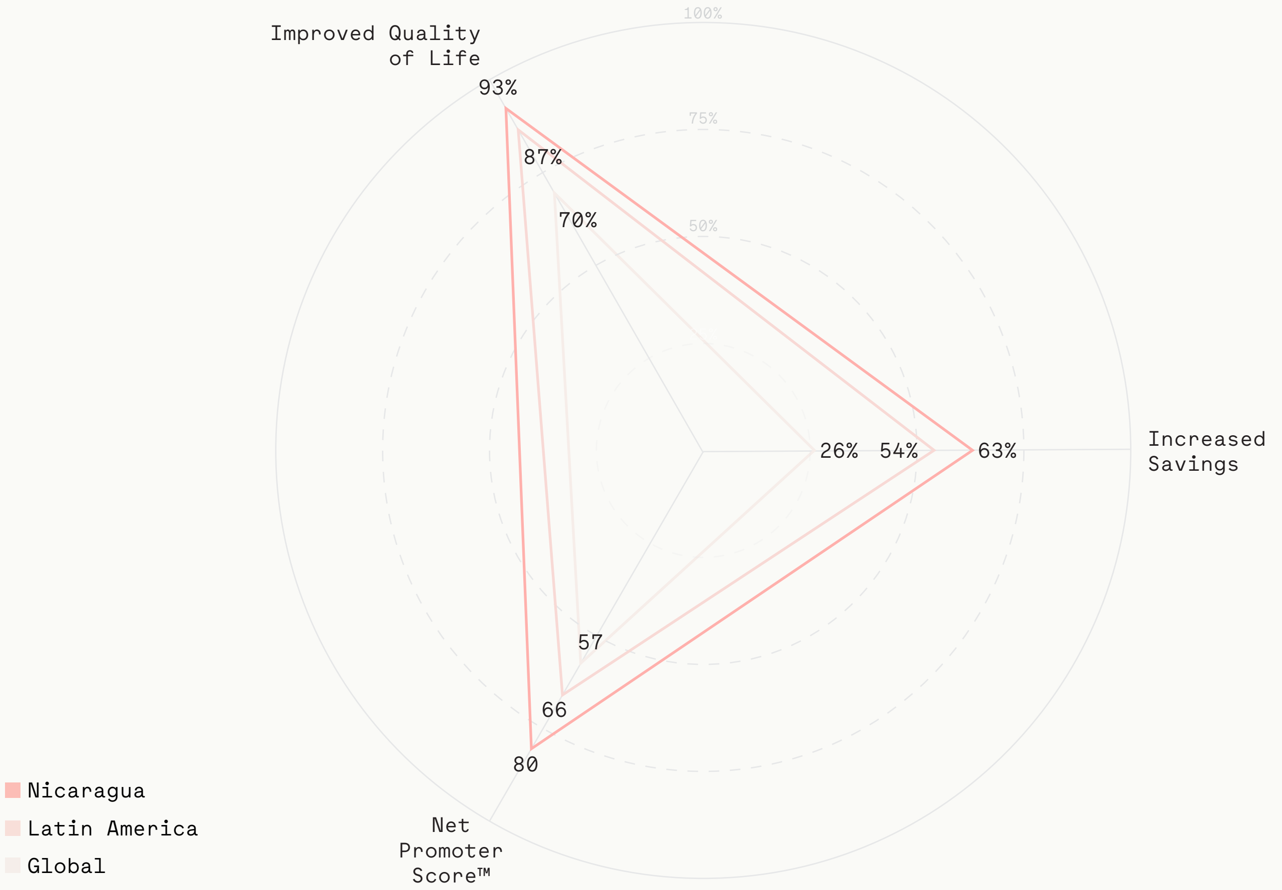


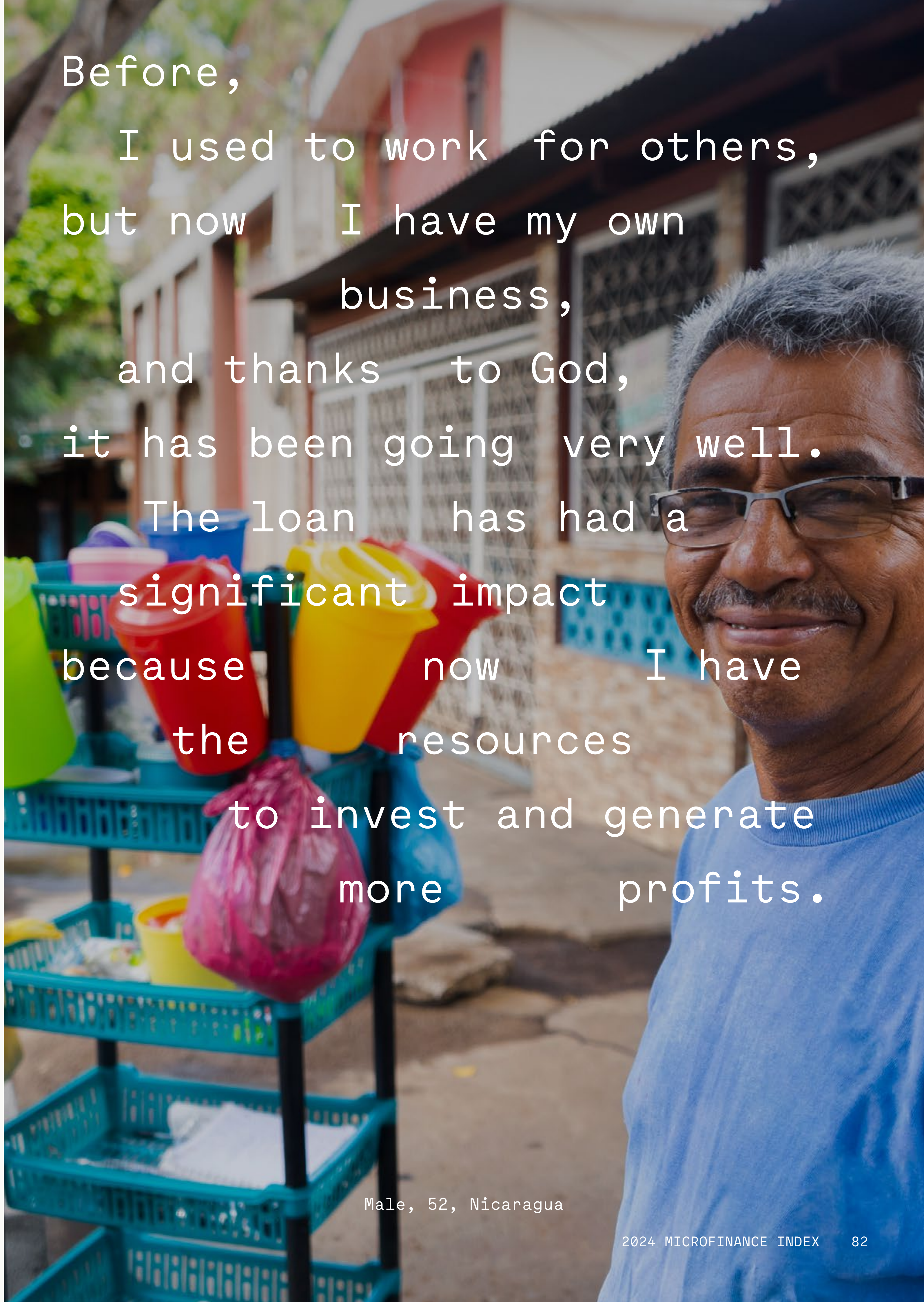
> "When I took my first loan, I learned about loans for women entrepreneurs, and since then, I have grown. With the first loan, I started selling banana and yucca slices. Now, I have a second loan and I sell clothes and makeup. My business has grown, and I'm able to earn a little more money.
>
> – Female, 22, Nicaragua

Nicaragua's political and economic instability has led to increased inflation and currency depreciation, compounding economic hardships nationwide. These factors have likely contributed to a higher proportion of Portfolio at Risk (PAR30) clients in Nicaragua, with delinquency rates reaching 17%, far exceeding the regional average of 6% in Latin America and 8% globally.

Despite these challenges, Nicaraguan FSPs have a higher client satisfaction than the Latin America and Global averages (NPS of 80 compared to 66 in Latin America and 57 globally) and greater impact. An impressive 93% of clients report an improvement in their quality of life, and 63% report an increase in savings, compared to 87% and 54% in other Latin American countries.

**Nicaragua Comparison: Client Satisfaction, Improved Quality of Life, and Increased Savings**
(n Global = 36,299 | Latin America = 10,179 | Nicaragua = 1,738)




# Conclusion

As inflation and economic instability put more pressure on borrowers, FSPs have a critical role to play in helping clients increase their financial resilience and improve their quality of life. As this report shows, many are doing just that, but to have the greatest impact, FSPs must go beyond basic lending to a suite of client-centric offerings—often a combination of additional services and product offerings, robust investment in client protection policies and practices, and a client-centric orientation across strategy and operations.

We hope that the 60 Decibels Microfinance Index is helping FSPs and the organizations that support them to serve clients better. By highlighting best practices, uncovering emerging trends, deepening the evidence around lending practices, and shining a light on top performers, we can help all actors in their space to better support clients during these challenging times.

In service of these goals, our direction continues toward more localized and nuanced insights that can speak to the diverse needs of microfinance clients globally. That's why this year's Index included expanded regional benchmarks, country-level insights, time series comparison of data, and the introduction of our Climate Resilience module. We have also integrated additional operational metrics, such as PAR30, FSP longevity, and female-centric lending, to better understand drivers of client impact.

Next year, we hope to deepen the insights we provide through our additional impact modules—Gender and Climate Resilience. We will work with FSPs and their investors to have more FSPs utilize our Climate Resilience module, and we hope to expand our analysis of the financial products clients need to prepare for and recover from climate shocks. Additionally, we are working to align our Gender Impact module with the 2X Criteria and aim to collect additional operational information from FSPs that highlights gender-informed practices implemented alongside loans.

The challenge and the opportunity for the microfinance sector lies in encouraging innovation that can more holistically address the complex and varied financial needs of clients globally, while continuing to serve the day-to-day needs of a large, and often vulnerable, group of clients. By listening better and comparing like-to-like performance of FSPs, we can get better data that help serve clients, improve products, and, ultimately, improve lives.

# Appendix

# Index Calculations

Below is a worked example of an indicator score, dimension score, and the Index score calculation.

### Indicator Scores

$$\text{Indicator Scores} = \frac{\text{(Company value - Minimum value in the region)}}{\text{(Max value in the region - Minimum value in the region)}}$$

$$\text{Business Income Score of Company X (72)} = \frac{(36 - 3)}{(46 - 3)} \qquad \text{Employment Change Score of Company X (44)} = \frac{(7 - 0)}{(16 - 0)}$$

### Dimension Scores

Average of all the indicators in the dimension.

Business Dimension Score (58) = Average of 72 and 44

### Index Score

Average of all six dimension scores for Company X

60dB Index Score (44) = Average of 34 and 58, 16 and 52, and 45 and 56



# 60dB MFI Index Question Set

| Dimension | Question Text | Answer Options |
|---|---|---|
| **Access** | Before [FSP], did you have access to a loan like [FSP] provides? | Yes / No |
| | Could you easily find a good alternative to [FSP]? | Yes / Maybe / No |
| | 1 - 10 Poverty Probability Index, the Equity Tool, or Wealth Quintile Measure Questions | Country-Specific |
| **Business Impact** | Has the money you earn from your business changed because of the [FSP]? Has it: | Very much increased / slightly increased / no change / slightly decreased / very much decreased / N/A I don't have a business |
| | Has the number of paid employees working for your business changed because of [FSP]? | Paid employees have increased / paid employees have decreased / no change to number of paid employees / my business does not have paid employees |
| | Could you please tell me how many paid employees you had before working with [FSP] and now? | Yes / no / don't remember or can't recall |
| **Household Impact** | Has your quality of life changed because of the [FSP]? Has it: | Very much improved / slightly improved / no change / got slightly worse / got much worse |
| | If improved] How has it improved?<br>[If no change] Why has it not changed?<br>[If got worse] How has it become worse? | Open-ended |
| | Because of [FSP], has the amount you spend on home improvements changed? | Very much increased / slightly increased / no change / slightly decreased / very much decreased |
| | Because of [FSP], has how often you are able to go to a healthcare provider for check-ups and if you fall ill changed? | Very much increased / slightly increased / no change / slightly decreased / very much decreased |
| | Because of [FSP] have the number and quality of meals your family eats changed? | Very much increased / slightly increased / no change / slightly decreased / very much decreased |
| | Because of [FSP] has the amount you spend on your children to go to school changed? | Very much increased / slightly increased / no change / slightly decreased / very much decreased |
| **Agency** | What is the most important financial goal you're trying to achieve right now? | Open-ended |
| | Has your ability to achieve this goal changed because of [FSP]? | Very much improved / slightly improved / no change / got slightly worse / got much worse |
| | Because of [FSP], has your confidence in yourself and your abilities changed? | Very much increased / slightly increased / no change / slightly decreased / very much decreased |
| | Because of [FSP], has your ability to make decisions on what you do with your money (i.e. spend or save) without consulting your spouse/another adult changed? | Very much increased / slightly increased / no change / slightly decreased / very much decreased |

| Dimension | Question Text | Answer Options |
|---|---|---|
| Client Protection | 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." | Strongly agree / somewhat agree / neither agree nor disagree / somewhat disagree / strongly disagree |
| | In the previous year, have you experienced an unexpected charge or fee from [FSP]? | Yes, regularly / Yes, rarely / No, never |
| | Because of [FSP], has the amount of time you spend worrying about your finances changes? | Yes / no / don't remember or can't recall |
| | Thinking about your loan borrowing repayments from [FSP], are they a heavy burden, somewhat of a burden, or not a problem? | A heavy burden / somewhat of a burden / not a problem |
| | Do you have to reduce your household's consumption of food for any family member in order to make repayments from [FSP]? | Regularly / sometimes / rarely / never |
| Resilience | Because of [FSP], has your ability to manage your finances changed? | Very much increased / slightly increased / no change / slightly decreased / very much decreased |
| | Because of [FSP], has your savings changed? | Very much increased / slightly increased / no change / slightly decreased / very much decreased |
| | Imagine that tomorrow you have an unexpected emergency and need to come up with [1/20 gross national income per capita in local currency] within the next month. How easy or difficult would it be to come up with this money? | Very difficult / slightly difficult / neither difficult nor easy / slightly easy / very easy |
| | Has your ability to face this major expense changed because of [FSP]? | Very much improved / slightly improved / no change / got slightly worse / got much worse |
| Additional Questions | What did you use your loan(s) from [FSP] for? | Used loan to start a new business / used loan for an existing business purpose / used for something else (non-business purpose) |
| | What business purposes did you use your loan(s) for? | Open-ended |
| | On a scale of 0-10, how likely is it that you would recommend the [FSP] to a friend, where 0 is not at all likely and 10 is extremely likely? | 0 / 1 / 2 / 3 / 4 / 5 / 6 / 7 / 8 / 9 / 10 |
| | [If 9-10] What specifically about [FSP] would cause you to recommend it?<br>[If 7-8] What specifically about [FSP] caused you to give it this score?<br>[If 0-6] What actions could [FSP] take to make you more likely to recommend it to a friend? " | Open-ended |
| | Have you experienced any challenges with [FSP]? | Yes / no |



| Dimension | Question Text | Answer Options |
|---|---|---|
| | Please explain the challenge (s) you have experienced | Open-ended |
| | In the last 6 months, have you received any non-credit services from [FSP]? | Savings / Insurance / Education or training / Health services / Business-related services / Other: please specify / None |
| | Do you live in a city, town, or village/countryside? | City / town / village or countryside / Don't know |
| | Including yourself, how many people live in your household? | # |
| | Do you mind sharing your age? | # |
| Client Protection* | How many other loans do you have in addition to your loan from [FSP]? | None / 1 / 2 / 3 / 4 / 5+ |
| | Other than using your business income/wages, have you used any of the following methods to make a loan repayment? | Spend less on household expenses (other than reducing food expenses) / Borrowed from an informal lender (e.g. moneylender), a family member, or a friend / Borrowed from another financial institution/ Sold an asset (e.g. land, jewelry, or livestock) / Finding work in addition to my primary income or work more than usual / Took child out of school / Delayed medical treatment for myself or a family member / Other / None, I can make repayments with my business income or wages. |
| | Have you ever been pressured by [FSP] to sell anything that you did not want to in order to make a repayment? | Yes / No / I cannot recall |
| | To what extent do you agree with the following statement: "I know what kind of data the [FSP] collects about me and how my data is being used." | Strongly agree / somewhat agree / neither agree nor disagree / somewhat disagree / strongly disagree |
| | To what extent do you agree with the following statement: "The [FSP] agents always treat me fairly and respectfully." | Strongly agree / somewhat agree / neither agree nor disagree / somewhat disagree / strongly disagree |
| | If a representative of [FSP] harassed you or treated you unfairly, would you know how to report this behavior? | Yes, I know how to report this behavior and would / I know how to report this behavior but would be hesitant to / No, I do not know how to report this behavior |
| | How trustworthy or untrustworthy do you consider [FSP]? | Very trustworthy / Somewhat trustworthy / Neutral / Somewhat untrustworthy / Very untrustworthy |
| | How easy or difficult is it to interact with [FSP] | Very easy / somewhat easy / neither easy nor difficult / somewhat difficult / very difficult |

* This includes an additional Client Protection module that is not part of the standard pricing but which we plan to roll out, at a minimum, in Cambodia and can be added on separately if that is of interest.

# Comparison of 25 Three-peat MFIs and Overall Index Participants

| | Performance of Companies that Participated All Three Years 2022 | Overall Index Performance 2022 | Performance of Companies that Participate All Three Years 2023 | Overall Index Performance 2023 | Performance of Companies that Participate All Three Years 2024 | Overall Index Performance 2024 |
|---|---|---|---|---|---|---|
| **Did not have access to a similar loan before current FSP** | 61% | 57% | 63% | 60% | 59% | 56% |
| **Could not find access to a good alternative** | 66% | 58% | 57% | 51% | 60% | 53% |
| **Net Promoter Score®** | 55% | 45% | 53% | 53% | 56% | 57% |
| **Quality of Life 'very much improved'** | 32% | 33% | 33% | 36% | 37% | 38% |
| **Business Income 'very much increased'** | 24% | 23% | 26% | 29% | 31% | 1% |
| **Ability to Manage Finances 'very much improved'** | 23% | 22% | 29% | 32% | 35% | 35% |
| **Financial Stress 'very much decreased'** | 15% | 19% | 19% | 18% | 27% | 24% |
| **Savings Balance 'very much increased'** | 17% | 17% | 20% | 20% | 21% | 19% |
| **Home Improvement Spending 'very much increased'** | 16% | 16% | 18% | 18% | 19% | 19% |
| **Ability to go to Healthcare Provider 'very much increased'** | 9% | 9% | 12% | 12% | 13% | 12% |
| **Number and Quality of Meals 'very much increased'** | 13% | 14% | 19% | 19% | 24% | 21% |
| **Children's Education Spending 'very much increased'** | 14% | 12% | 21% | 22% | 26% | 25% |
| **Confidence in Self and Abilities 'very much improved'** | 44% | 37% | 35% | 36% | 43% | 41% |
| **Loan Repayment is 'not a problem'** | 77% | 69% | 69% | 74% | 75% | 74% |
| **Ability to Raise Emergency Funds 'very difficult'** | 11% | 9% | 8% | 8% | 8% | 8% |
| **Ability to Raise Emergency Funds 'very much improved'** | 18% | 19% | 22% | 24% | 25% | 25% |



# Access the Data Behind the Microfinance Index

This year we've built 3 new tools to provide deeper access to the data behind the Index. Whether you are looking for an all-in-one dashboard to explore the anonymized data set, a deep dive into the microfinance of a specific geography or region, or want to run a customized insights discovery for your portfolio, we have an option to fit your needs and budget.

## Dashboard Access

Access the data behind the MFI Index through an aggregate dashboard made up of 1 million+ unique data points. Filter and interact with charts, plus explore Social Impact Award winners.

Find out more →

## Geographic Snapshots

Country reports for 5 markets with in-depth analysis. Ideal for investors for planning and market diligence purposes.

Find out more →

## Portfolio Discovery

Customized report or dashboard with investees in the Index (within or outside your portfolio). Comparative, company-by-company performance at your fingertips.

Find out more →

I’m able to allocate my finances better.

I have grown my business.

My shop is fully stocked.

**Tell us what you think!**

60 Decibels is a global, tech-enabled social impact measurement company that brings speed and repeatability to impact measurement and customer insights. We provide genuine benchmarks of impact performance, enabling organisations to understand impact relative to peers and set performance targets.

We have a network of 1,400+ researchers in 80+ countries, and have worked with more than 1,000 of the world’s leading impact investors, companies, foundations, corporations, NGOs, and public sector organisations. 60 Decibels makes it easy to listen to the people who matter most.

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> I pay for school fees

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