Microfinance Index 2025

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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 across 80+ countries gather verified data from hard-to-reach customers. Using advanced data collection techniques and AI analytics, we measure and benchmark impact performance, helping our clients – investors, Fortune 500 companies, and NGOs – make informed, data-driven decisions.

This data powers 60dB Signal, a SaaS impact intelligence platform used by investors to build better pipeline and integrate customer-level impact into their investing process.

Written by:
Adriana Baqueiro Fuentes, Atul Sukumar, Daniel Field, Katie Reberg, Sasha Dichter, Sharat Nair

Data Collected by:
Diksha Mishra, Brenda Wafula, Kouame Djah, Maria Gomez, Krupakar Reddy, Fred Ouma Mulango, Grace Kanyi, Ian Osuka, Ingrid Bianka Garcia Lino, Isaac Yator, Kiran Bose, Mariana Martínez, Milly Magak, Susan Kaburu, Vikas S R, Wanjiku Mwangi, Mueller Bosire, Lynette Nduta, Regina Diaz, Laura Tlachi Santacruz, Fabianna Mueti, Agnes Wachuka Kibunja, Kennedy Kirimi, Oliver Sitti, Radhika Krishnan, Beth Kiarie

Supported by:
Alison Tan, Ananya Singh, Boris Boroda, Gabriela Barbosa, Ivy Langat, Jay Batavia, Manuela Santaella, Meghan Curran, Mónica Restrepo Franco, Nikhil Menon, Pranav Sridhar, Praveen Shirali, Victor Thirima, Nicola Mitchell

Design by:
Emilie Boyer, Constantin Nimigean

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Thank You

The 60 Decibels Microfinance Index is based on the work of FSPs around the world and the investors who support them. Collectively, these thousands of individuals demonstrate an unwavering commitment to client-centered impact measurement. We thank each of them for their leadership and commitment to listening to their customers to understand how to serve them better.

We'd also like to acknowledge and thank our advisors, who serve as thought partners and sounding boards for this work: Calum Scott from Opportunity International; Tara Murphy Forde and Meghan Flaherty from Global Partnerships; Kathleen Yaworsky from Accion; and Sabrina Dong and Erin Egan from UNICEF. Thank you for your active engagement throughout this process, for your wisdom and insight, and for always pushing us to be better. We are proud to have you as champions of this work, and your inputs, as always, were invaluable.

To our 85 participating financial service providers (FSPs) across 39 countries: thank you for your trust in opening your client relationships to independent assessment. This is a testament to your genuine commitment to listening, accountability and improvement. We appreciate your willingness to partner with us, and for your focus on learning from the clients you serve.

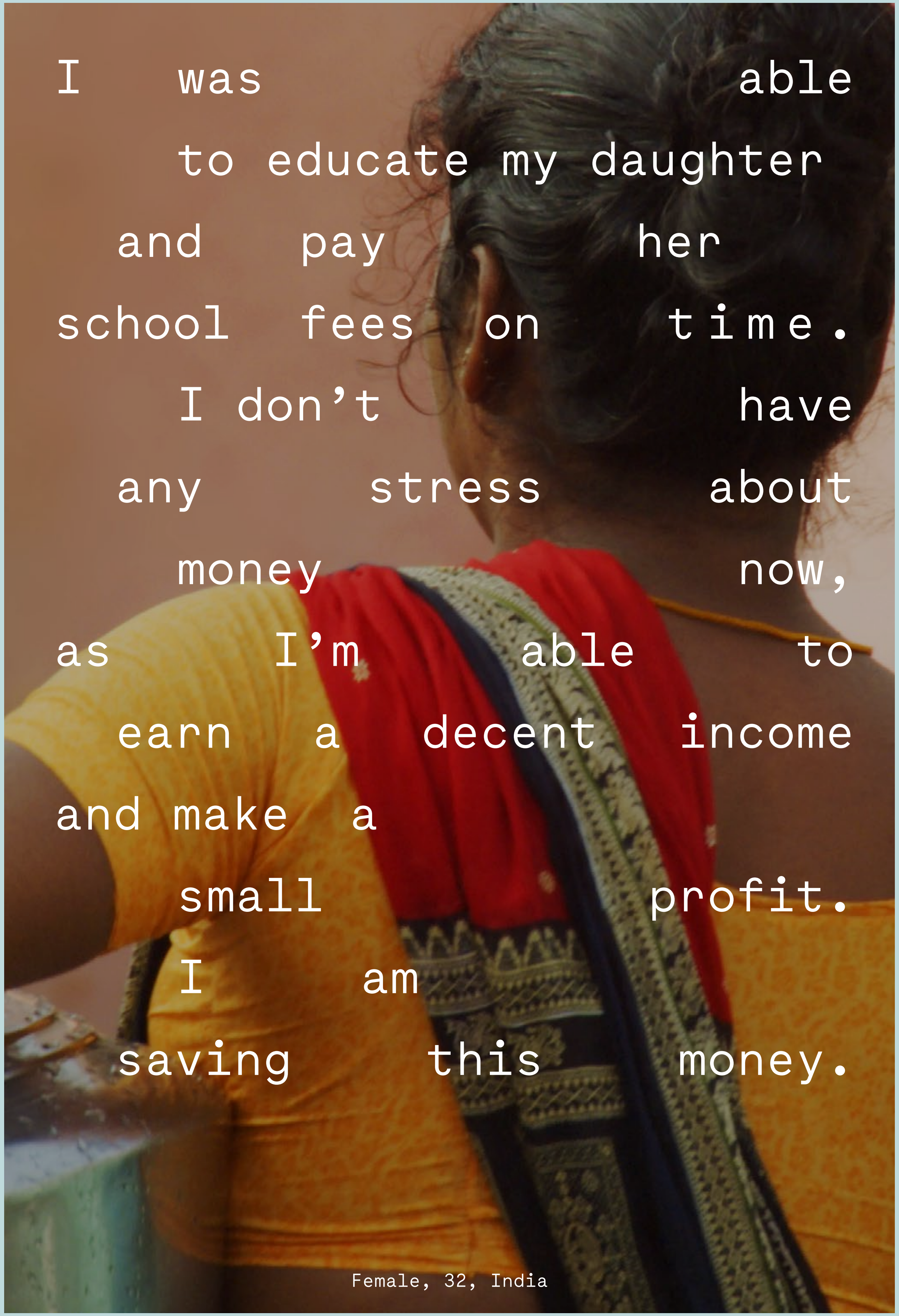
Above all, we extend our gratitude to the 24,450 clients who shared their time and honest experiences with us. Your voices are the heartbeat of this research. Though many of you may never read these pages, the insights we have captured here are our attempt to help the sector serve you better.

Finally, to our investors and sector champions who believe that evidence drives impact: this work is only possible because of your support. Together, we're building a more responsive, effective microfinance ecosystem, one client voice at a time.

Sasha Dichter

CEO and Co-founder, 60 Decibels

brac kiva GLOBAL PARTNERSHIPS ACCION OPPORTUNITY International Abler Nordic SHARE VisionFund GLS Investments FS Impact Finance FRIENDSHIP BRIDGE FAFIDESS PROPARCO GROUPE AFD MAJ INVEST symbiotics mce SOCIAL CAPITAL Impact. Guaranteed. LocfundNext ceniarth finnfund TripleJump ALMA



Introduction to the Index

Welcome to the 2025 edition of the 60 Decibels Microfinance Index. It's good to be back.

Four years ago, we launched this Index with the goal of building a regular, comparable benchmark of the lived experience of microfinance customers.

By deploying a standard client survey across hundreds of microfinance institutions, we endeavor to listen at scale, and to understand what good, better and best look like in serving microfinance customers. The scale of this annual effort, grounded in comparability, has allowed us to create increasingly robust benchmarks of microfinance performance, allowing FSPs and their investors to get a granular understanding of who is being served, what types of institutions are—according to their clients—having the biggest positive (or negative) impact on clients' lives, and what product and institutional characteristics correlate with better performance across our metrics.

> This year, the Index is built on interviews with 24,450 clients from 39 countries, representing approximately 25 million global microfinance borrowers.

Since we launched the Microfinance Index, the industry has evolved considerably. Increased integration of digital service delivery is driving greater scalability and access. Financial Service Providers (FSPs) are growing more sophisticated in how they customize product offerings. And, in some geographies, increased penetration has led to over-lending, which in turn brings client protection into sharper focus. Global institutions like CGAP have highlighted the need for FSPs to adopt client-centric approaches, integrating responsible lending practices to avoid over-indebtedness and minimise financial distress.[1,2] These trends are all part of a global evolution, one which has the potential to make microfinance more holistic and more client-centric.

1 CGAP (2021). "The Role of Digital Financial Services in Microfinance." Consultative Group to Assist the Poor (CGAP)

2 World Bank (2022). "Microfinance and Financial Inclusion: Trends and Impacts." World Bank Group.

Introduction to the Index

Our hope is that the data in this report, coupled with the data shared with the report participants, helps bend the evolution of the industry towards more positive client outcomes.

Each year, we aim to improve the Microfinance Index, incorporating what we've heard from participants and from the sector as a whole about the prior year's work. This year, we made specific improvements to our survey and analysis, in order to make it easier for FSPs and investors to enhance client protection and strengthen service delivery. Specifically, we have:

> **Refined existing metrics** by replacing overlapping questions or those with weak predictive power, and adding borrower behavior questions to better understand the different ways borrowers use and experience microfinance.
>
> **Expanded the scope of our measurement** by adding new modules to measure the impact of microfinance on children in households, the climate resilience of borrowers, and the specific outcomes of housing and education loans.
>
> **Updated our ranking methodology** to better reflect diverse loan usage. Historically, all ranking included a Business Impact dimension. This year, if it is a housing or education loan, it is ranked based on its impact on those outcomes.
>
> **Offered more flexible, product-specific sampling to partner FSPs** so they could get targeted results for specific products.
>
> **Enhanced the Index's actionability** by adding questions that ask clients why they feel impact levels varies, and how product characteristics or additional services drive stronger impact performance.

These improvements allow us to better capture clients' lived experiences while generating actionable data for partners and the broader sector.

With these improvements, we hope to give you clearer insight on topics like:

> How borrowing approaches and client profiles affect long-term financial security
>
> The role communication plays in client protection
>
> The current state of clients' understanding of their rights
>
> The types of service approaches that deliver stronger outcomes for at-risk populations
>
> And, through specialized modules on child welfare, housing, education, and climate resilience, an understanding of how impact patterns extend beyond conventional productive-use frameworks

The findings demonstrate both the strong positive foundation of microfinance and the ways the sector must continue to evolve to meet changing client needs and market conditions (including, in some cases, market saturation). The client voices captured in this report can help guide this evolution.

Our findings underscore that microfinance's impact depends on fundamental design choices rather than scale alone. A few insights emerge as particularly critical. Clients who plan their borrowing and understand their loan terms consistently achieve superior outcomes, while emergency-driven borrowing can lead to over-indebtedness. Vulnerable clients—representing one quarter of borrowers—report results similar to non-vulnerable clients when provided additional services beyond credit alone. We also see how different client types experience microfinance differently, be it women evaluating success through household welfare improvements, or households with children reporting superior outcomes. Perhaps most significantly, we see that the sector's movement toward digital efficiency weakens client protection, underlining the importance of human interaction for both safety and meaningful impact.

These findings point to a sector where FSPs that combine transparent communication, a focus on client protection, and comprehensive financial and non-financial services achieve the strongest outcomes. As the sector navigates continued global economic uncertainty, these insights provide essential guidance for institutions seeking to understand borrower experiences and maximize their impact.

> "Thanks to the loan, I was able to start my own business, and now I have a steady income from it, plus I have money left over to cover other necessary expenses.
>
> – Female, 26, Honduras

This Year's Headlines

01

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Those who borrow for emergencies risk over-indebtedness.

Clients who plan their borrowing are nearly twice as likely to invest in businesses, and they report significantly stronger outcomes across all measures. These borrowers report better quality of life improvements, improved financial management, and lower repayment burden. In contrast, borrowers taking unplanned loans, often for emergencies, face significantly higher repayment burden and financial stress, reflecting the risks of borrowing during crises without the income-generating foundation needed for sustainable repayment This validates the strong return on investment that intentional use of microfinance loans can have, while also showing the downside risk of emergency-driven borrowing.

02

SEE MORE ON PAGE 34

The most vulnerable benefit most when credit is combined with additional services.

The most vulnerable clients—the ones who say they would have the most difficulty coming up with funds to cover emergency expenses, who represent 26% of respondents—report poor outcomes when they only have access to credit. However, when these clients have access to additional services, they report dramatic improvements that are comparable to those of non-vulnerable clients: improvements in quality of life, financial management, and financial resilience. These findings demonstrate that vulnerable clients represent significant impact potential for FSPs, if these FSPs offer comprehensive financial and non-financial services.

03

SEE MORE ON PAGE 37

Users of digital-only services are twice as likely to report unexpected fees.

Clients using digital-only services have lower satisfaction and loyalty (NPS) and report weaker impact outcomes. However, hybrid approaches that combine digital efficiency with human interaction achieve satisfaction and impact outcomes approaching those for traditional delivery. This suggests that FSPs can harness the benefits of technology without negatively impacting clients, as long as human interaction remains a part of the client experience.

04

SEE MORE ON PAGE 40

There's a strong impact dividend to explaining loan terms clearly.

Clients who don't understand loan terms report much higher repayment burdens, and report lower satisfaction and impact. Our data demonstrate a strong positive correlation between client comprehension of loan terms and client protection outcomes. This correlation holds across lending methodologies, gender, location, and regions, suggesting that FSPs can directly improve client protection for all through better communication and transparency.

05

SEE MORE ON PAGE 43

Limited awareness of complaint processes keeps most harassment incidents unreported.

Nearly one in 10 clients experience harassment from FSP representatives, yet only a quarter report these incidents, with a lack of knowledge about complaint processes being a primary barrier. The data also show that clients who understand loan terms are significantly less likely to report experiencing harassment, highlighting how comprehensive client education serves multiple protection functions.

06

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For women, loan success is measured at the household level.

Women represent distinct impact patterns that create opportunities for targeted approaches. Women report dramatically higher satisfaction than men, and, despite higher business loan usage, consistently report measuring success through household welfare improvements, linking quality of life gains to covering household expenses and their ability to access education for their households. These findings suggest FSPs can strengthen outcomes by tailoring services to women's priorities—their household welfare outcomes.

07

SEE MORE ON PAGE 49

Non-productive-use loan products create value through different impact pathways.

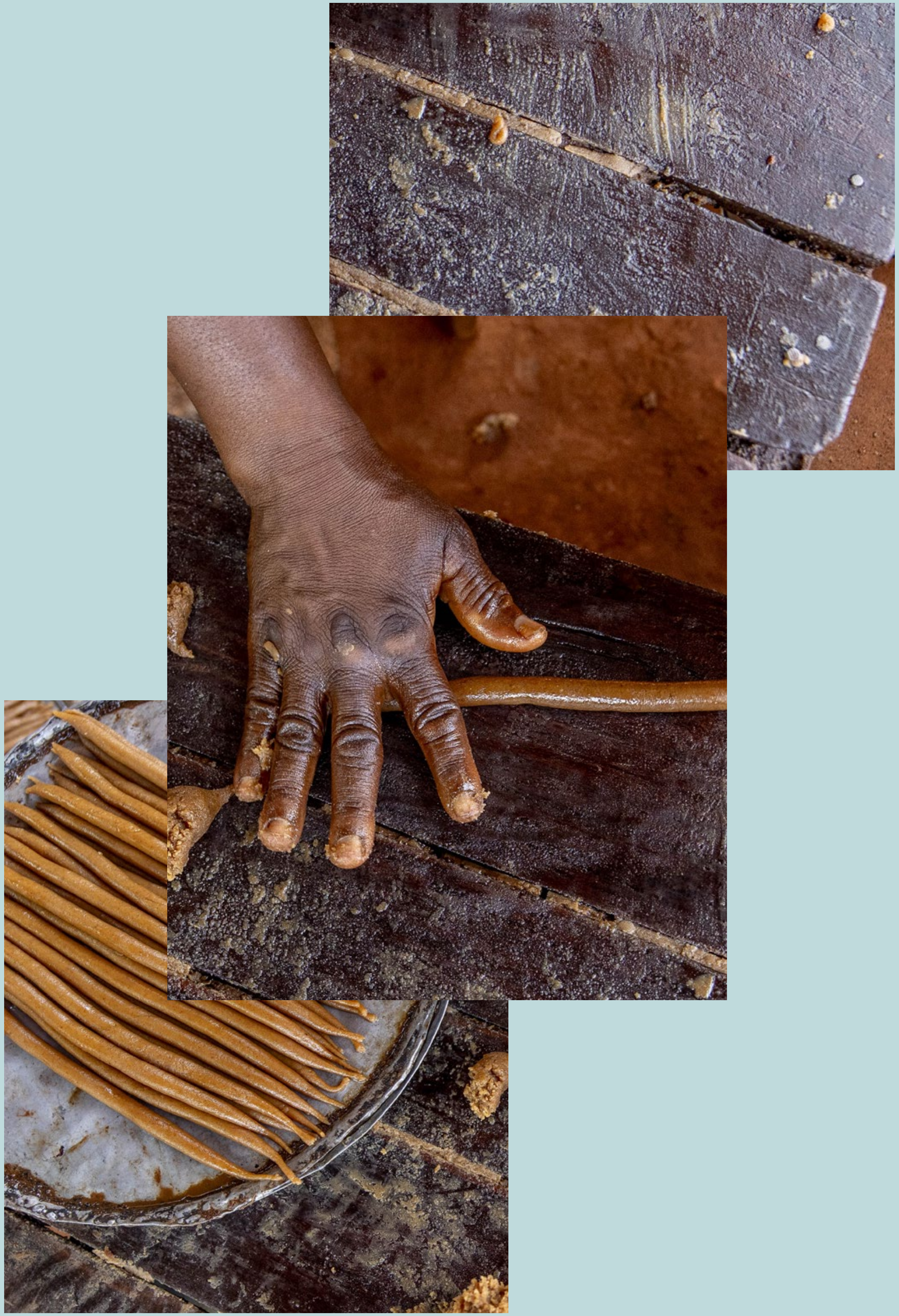
Non-productive-use loan products (e.g. home improvement loans) operate through different impact pathways than traditional microfinance loans. While clients using these loans report lower financial impacts, they say their quality of life has improved more, and they are more loyal clients. However, these borrowers report elevated repayment burden and increased financial stress. MFIs offering these products must therefore focus on good product design to ensures client protection while still delivering on this distinct value.

08

SEE MORE ON PAGE 51

Client household characteristics have significant influence on impact outcomes.

Households with children report improvements in meal quality and healthcare at higher rates than those without children, suggesting that these families direct financial resources toward child-focused expenditures. Rural clients, despite facing disproportionate climate shocks, demonstrate stronger adaptive capacity and preparedness than urban clients. FSPs can maximize impact by recognizing client characteristics as primary determinants of success, be it targeting households with children, or developing location-specific climate products that align with existing adaptation strategies.

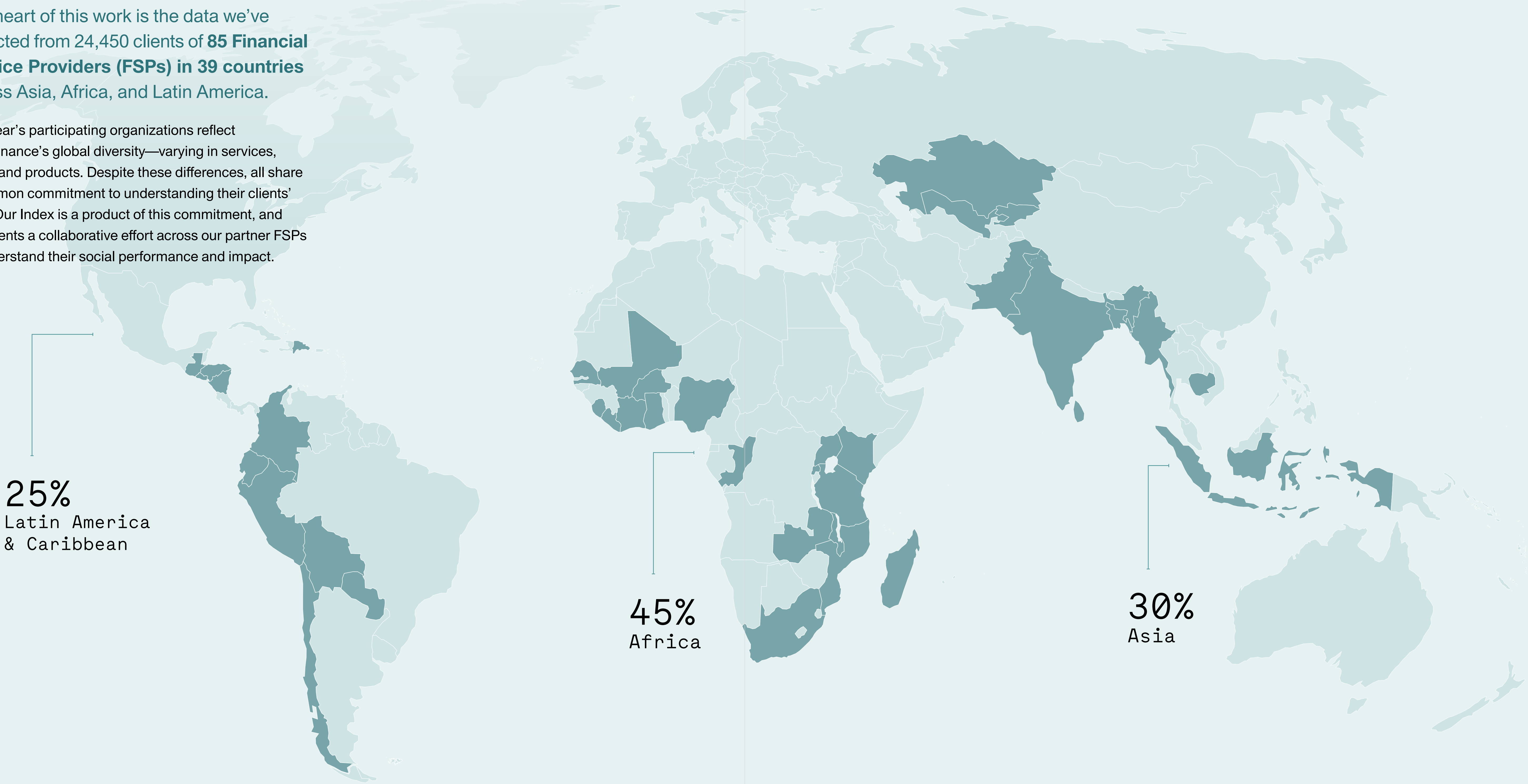


About Our Data

Who We Listened To

The heart of this work is the data we've collected from 24,450 clients of **85 Financial Service Providers (FSPs) in 39 countries** across Asia, Africa, and Latin America.

This year's participating organizations reflect microfinance's global diversity—varying in services, scale, and products. Despite these differences, all share a common commitment to understanding their clients' lives. Our Index is a product of this commitment, and represents a collaborative effort across our partner FSPs to understand their social performance and impact.



24,450	85	39	58
Clients	Financial Service Providers	Countries	Languages

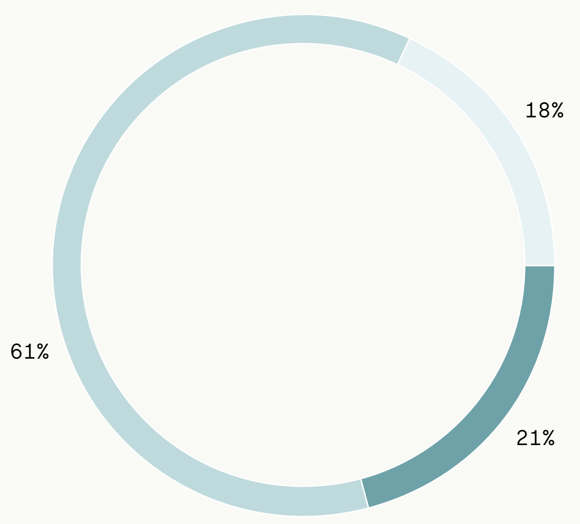
The Institutions Behind the Numbers

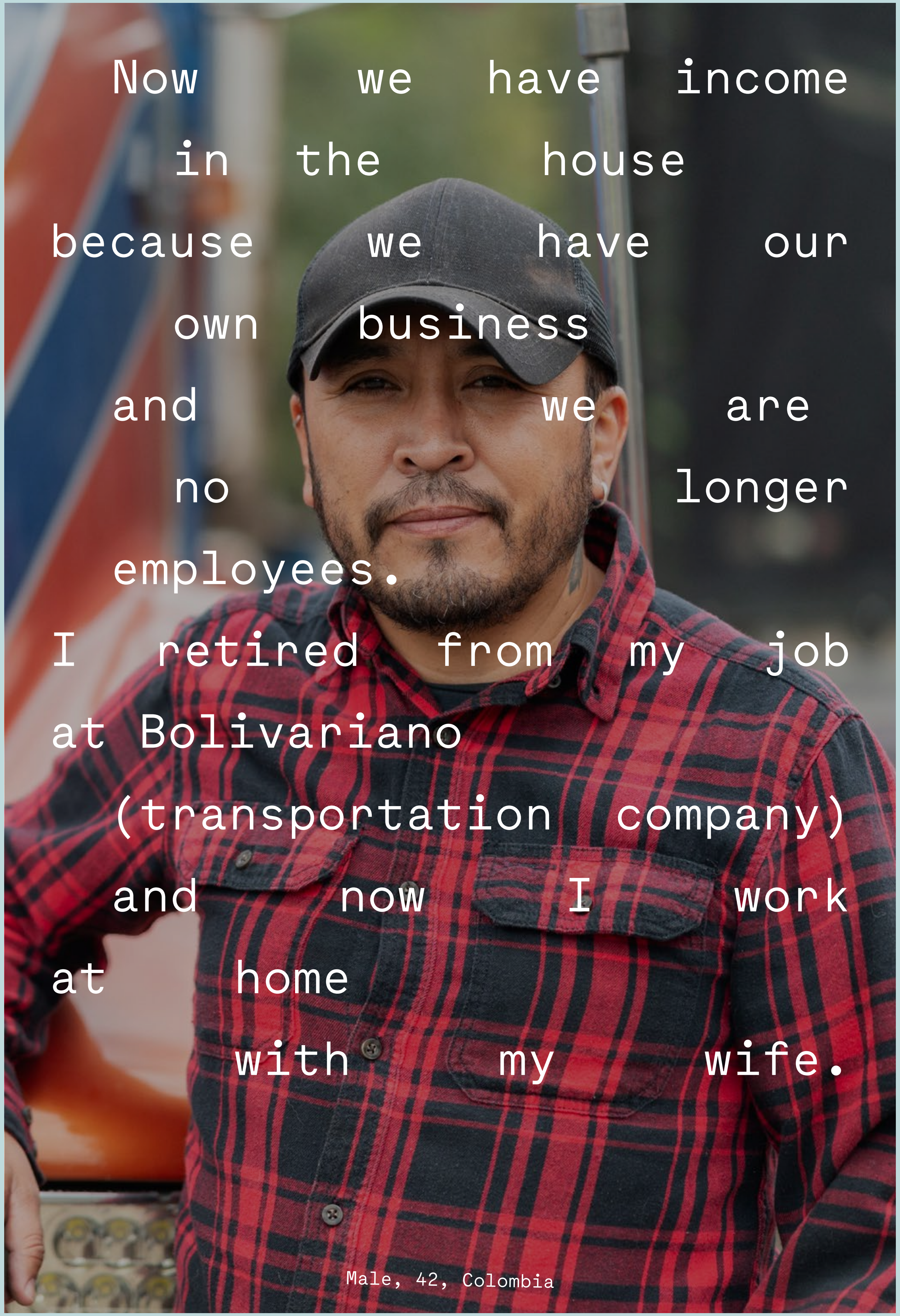
In this year's Index, Non-Banking Financial Companies (NBFCs) account for 51% of participating FSPs, while Deposit Taking Microfinance Institutions make up 15%, and Non-Profit/Non-Governmental Organizations make up 14%. Banks, credit unions, and cooperatives together make up about 12% of our sample, with the remaining 8% classified as Other. The majority of FSPs classified as Other are non-deposit taking Microfinance Institutions.

These institutions together reach 25 million borrowers across the world. Average loan sizes given by these institutions also vary widely, ranging from $100 to $5,500.

In terms of product types, 22% of these institutions offer only group loans, 36% offer only individual loans, the rest offer a mix. In terms of the range of financial products, 36% only provide loans, but others offer a suite of services, most commonly deposits and savings. Beyond core financial products, 85% of those offering additional services extend non-financial support, such as complementary education or skills training for improved financial management.

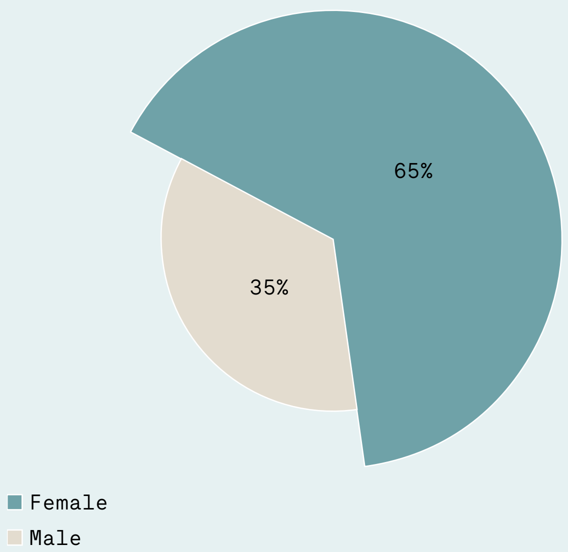
FSPs by Total Assets Under Management (AUM) in USD
(n = 85)



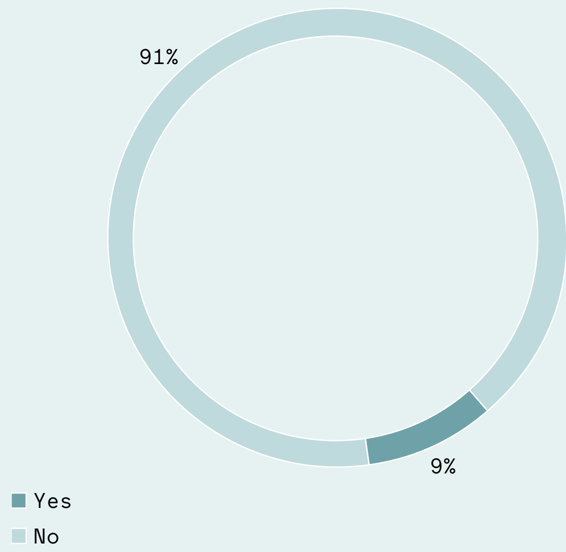


About the Clients

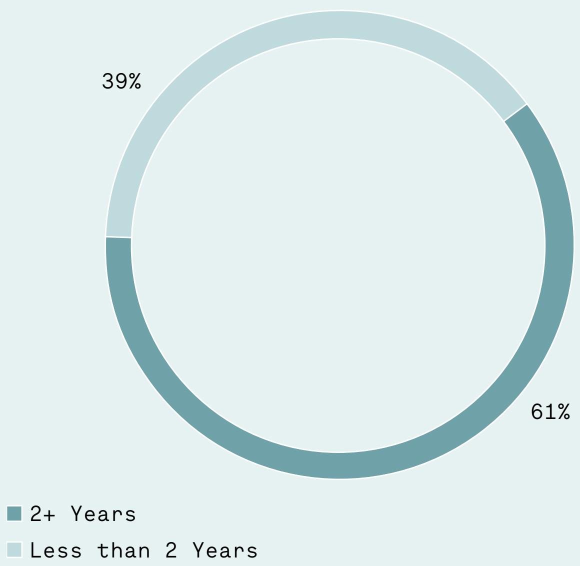
Gender
(n = 24,450)



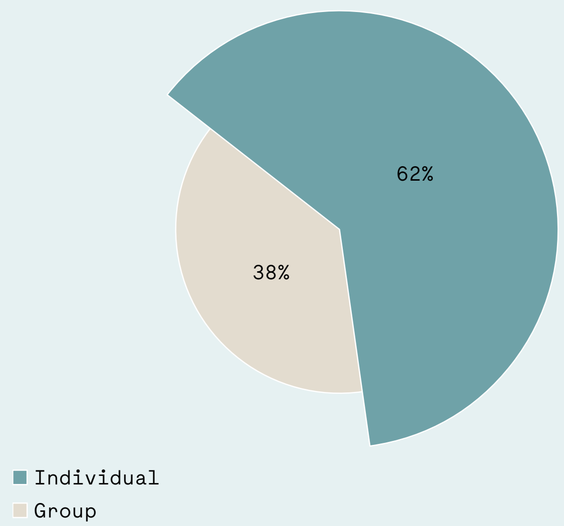
Clients Who Missed a Payment in the Last 30 Days
(n = 21,953)



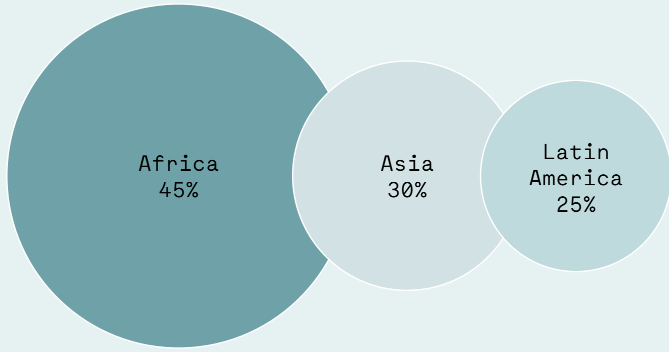
Tenure
(n = 20,762)



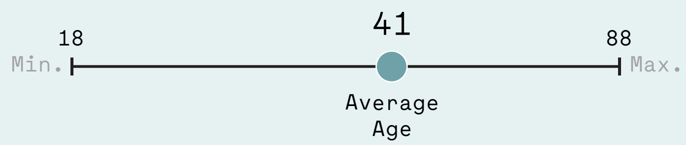
Lending Methodology
(n = 24,185)



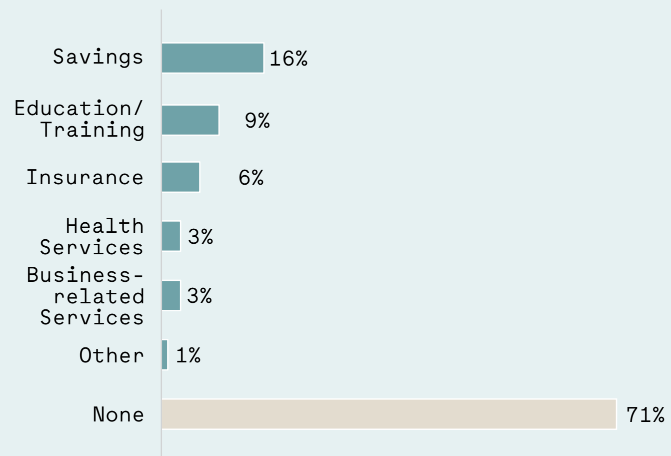
Geography
(n = 24,450)



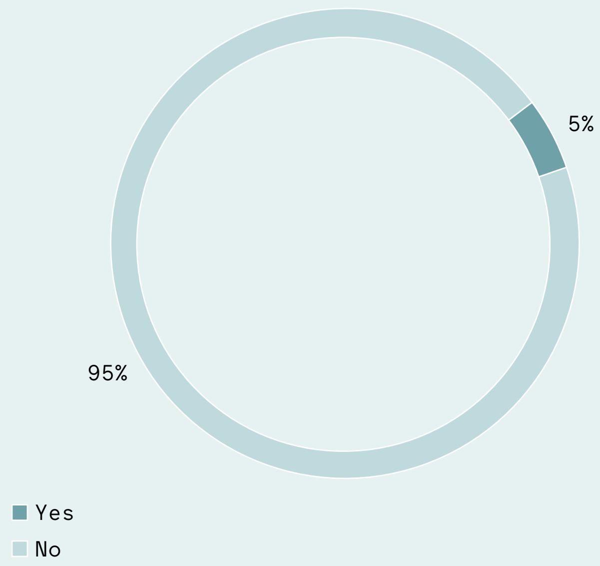
Average Client Age
(n = 23,053)



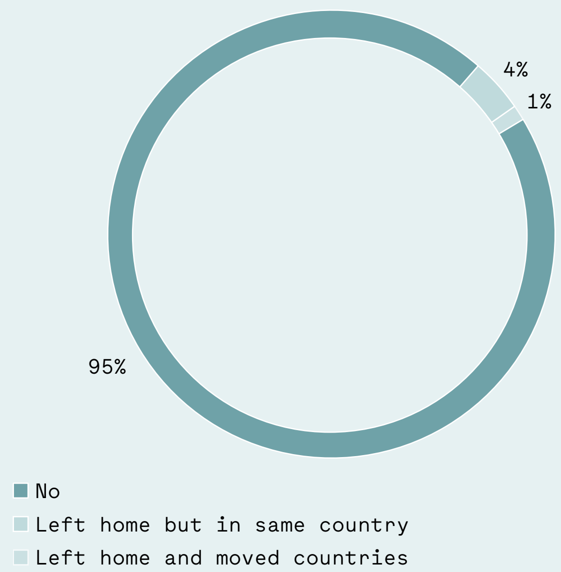
Percent of Clients Accessing Services from FSP in Addition to Loan
(n = 24,450)



Disability Status
(n = 21,835)



% of Respondents Reporting Displacement
(n = 21,843)



About the Clients

This year's respondents reflect the sector's continued effort to reach newer borrowers, with approximately 39% having become clients of their FSP within the past two years.

Our sample comprised both individual (62%) and group borrowers (38%), which is a significant difference in sample composition from 2024 (56% individual and 44% group). While nearly two in three (64%) of participating FSPs provide supplementary offerings—including savings accounts, insurance products, training programs, and business support services—uptake remains limited, with only 29% of clients reporting accessing these services. We also see that 22% of these clients accessed and repaid their loans through digital-only means, while 53% did this in-person only, and 25% had a hybrid approach.

Regional representation evolved from our 2024 composition. The geographic breakdown of this year's sample shows Africa accounting for nearly half (45%) of surveyed clients, Asia representing 30%, and Latin America contributing 25%. This contrasts with our previous year's distribution of 34% Asia, 36% Africa, and 28% Latin America.

Female clients constitute 65% of our respondent base, aligning with sector demographics and historical Index patterns. Five percent of clients report experiencing a disability, and 5% report being forcibly displaced from their homes. Client ages span from 18 to 88 years, averaging 41 years across the sample.

Female, Age not disclosed, Guatemala

Limitations of Our Approach

The 60 Decibels Microfinance Index is not a census of the microfinance sector. Participation in the Index is voluntary. This means that, while the participating institutions serve a significant portion of microfinance customers globally, we cannot say with confidence that these results represent the industry as a whole.

In addition, it is possible that the selection of FSPs is not random: perhaps more socially-oriented investors and stronger-performing FSPs are more likely to participate (though, we should note, nothing in our conversations with participating investors or networks leads us to that conclusion).

Finally, our interviews ask people to self-report their results, and it is possible that an individual's interpretation of their lived experiences varies, and one person's interpretation is not the same as another's. Beyond that, we are always attentive to social desirability bias—the human tendency to give a more positive response. Finally, there are other biases inherent in our approach and our choice not to have formal control groups: selection bias (people who have a certain type of experience may be more likely to respond to the survey); and attribution bias (without a formal control, one cannot be sure that outcomes are the result of the intervention) are always top of mind for us. While there are research methodologies that could control for some of these biases, the cost and timelines for implementing these approaches would make it difficult to garner large-scale participation in the Index.

This is why we have continued to opt for a 'goldilocks' approach, one that anchors on straightforward, easy-to-answer questions that are standard across respondents, so that we can build large-scale benchmarks within and across cohorts. While we know that each individual measure is not perfect—as any researcher knows, it never can be—we believe that relative results both within and across indiciators—as seen in our benchmarks—provide a strong basis for comparison, and paint a nuanced picture of what good, better and best look like through the eyes of microfinance customers.

The goal of all these data is to give the industry and its many players a rich repository that serves as a basis for reflection, constructive comparison, and improvement.

With the above context in mind, here are some more specific reflections for those who want to sharpen their pencils.

REFLECTIONS

The interpretation of certain survey questions can vary significantly across different cultural and economic contexts. Clients may understand questions about financial stress, loan terms, or repayment burden differently depending on local practices and the financial environment, and this regional and local context is important when parsing through these results. We have identified a core set of indicators that are globally relevant, but there is a limit to the nuance that can be captured in a global effort.

We are asking respondents to make connections between their lives and the microfinance product they received. It's possible that clients over- or under-attribute. It is also possible that we (and they) are not fully considering the impacts of other exogenous factors.

As mentioned, self-reported data is by definition subjective. An outcome being 'very improved' for one client might not be 'very improved' for another client. That said, our core objective is to faithfully report what we hear from clients. If they think an impact is significant, that is what matters most to us. We do look to mitigate subjectivity in our results by using a variety of questions to triangulate the nature of impact experienced by clients, and by using regional benchmarks to make like-for-like comparisons.

Our research focuses on cross-sectional data rather than longitudinal data. While we speak to a representative sample of borrowers every year, the participating organizations change, as do the individual borrowers we survey. As such, these data serve as a snapshot of clients' experiences and outcomes at the time of the survey – we do not measure the long-term impact of microfinance services on specific borrowers over extended periods.

With these limitations in mind, we encourage you to read on to our detailed results. Again, our intent is to provide a clear picture, and a rich data set, that allow the many committed actors in the microfinance space to better serve their clients and to build a healthier, more sustainable industry.

The Index

Index Updates

Each year we take steps to improve our survey, sampling approach, and analysis. Here's what changed from 2024 to 2025.

Access

We maintained the same indicators but refined question wording. The alternatives question shifted from a binary response ("Could you find a good alternative?") to a more nuanced question asking clients how easy or difficult it would be to find another lending source offering similar services to their current FSP.

Loan Product Impact

This dimension was renamed from Business Impact to better reflect the diversity of loan product offerings. We now assess expected impact for each specific product through targeted questions for business, housing, and education loans. We also refined our business impact measurement by including questions about FSP effects on business operations, instead of focusing solely on business income changes. We also removed the question about the number of employees, because we found that many clients are sole proprietors or run microbusinesses where increasing employee headcount is not a priority.

Household Impact

We added household income changes as a new impact indicator and updated questions on education access and home improvements based on insights from previous years.

Client Protection

The measurement approach remains unchanged, though we moved financial worry from this dimension to the Resilience calculation.

Resilience

This dimension is largely unchanged but now incorporates questions about changes in financial stress and worry.

Agency

We updated the goals question to focus on clients' original intentions when accessing loans, rather than using general goal categories. This allows us to better measure how FSPs help clients achieve their specific objectives.

Dimensions & Indicators

Access

Measures the degree to which FSPs are serving a previously underserved population, the competitive landscape, and the degree to which they are serving less well-off clients.

INDICATORS

- Clients who say they are accessing a loan for the first time
- Clients who say they could not easily find a good alternative
- Clients who are from lower-income segments as a proportion of national income distribution

Loan Product Impact

Measures the impact of the loan product depending on the original purpose of the loan. This covers impact on clients' business, housing, and/or education.

INDICATORS

BUSINESS IMPACT
- Clients who say their income has very much increased
- Clients who say their business operations have improved

HOUSING IMPACT
- Clients who say their physical living conditions have very much improved
- Clients who report that their feeling of safety in their home has very much improved

EDUCATION IMPACT
- Clients who say their or their child's academic performance has very much improved
- Clients who say their or their child's attendance has very much improved

Household Impact

Measures the impact of [FSP] on clients' quality of life and their ability to invest in or cover household expenditures.

INDICATORS

- Clients who say their lives have very much improved
- Clients who say their household income has very much increased
- Clients who say the number and quality of meals has very much increased
- Clients who say their ability to spend on children's education has very much improved
- Clients who say their and their households ability to access healthcare has very much improved
- Clients who say their ability to spend on home improvements has very much improved

Client Protection

Measures the degree to which clients are informed of FSP'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 that the FSPs fees, interest rates, and penalties are clear and easy to understand
- Clients who say they have never experienced an unexpected charge or fee
- Clients who say their loan repayments are 'not a burden'
- Clients who say they never reduced their household's food consumption in order to make repayments.
- Clients who say they never faced harassment or unfair treatment from FSP representatives

Agency

Measures the impact of [FSP] 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
- Clients who say their influence on HH decisions has very much increased
- Clients who say they were able to achieve all of their financial goals

Resilience

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

INDICATORS

- Clients who say their ability to manage finances has very much improved
- Clients who say time worrying about finances has very much decreased
- Clients who say their savings have very much increased
- Clients who say their ability to face an emergency expense has very much improved because of the financial service provider

Rankings

Consistent with previous editions of the MFI Index, one of our objectives is to establish social outcome benchmarks across all questions and dimensions.

Using our standardized, validated question set that we deploy uniformly across partner institutions, we create performance metrics and rankings that enable comparison at sector, indicator, and regional levels. This approach allows us to highlight FSPs achieving the strongest results—as per their clients—while providing reference points that organizations can use to identify opportunities for improvement.

This year's analysis includes rankings for 81 of the 85 participating FSPs, determined by their Index Score. The Index Score represents the average of six equally weighted dimension scores: Access, Loan Product Impact, Household Impact, Client Protection, Resilience, and Agency.

Our Microfinance Social Impact Awards spotlight the three highest-performing FSPs per region based on this year's Index results. These awards honor organizations that demonstrate excellence relative to industry peers, as validated through the voices of their clients. Beyond celebrating their achievement, we want these awards to serve as a testimony to the tangible difference these FSPs make in their communities, and hopefully act as a platform to showcase this impact to the sector as a whole.

THE AWARD WINNERS

Africa

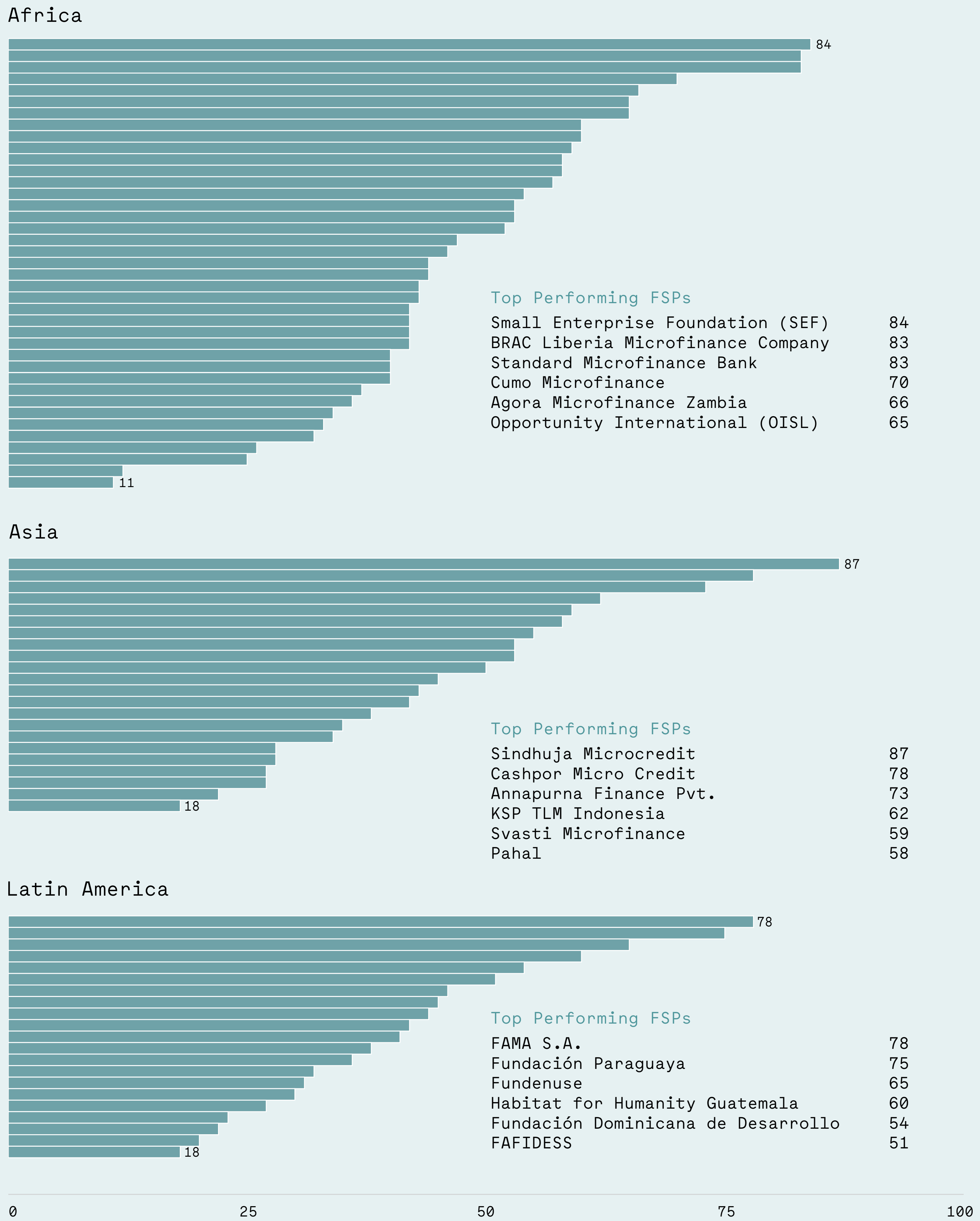
Small Enterprise Foundation (SEF) South Africa
BRAC Liberia Microfinance Company Liberia
Standard Microfinance Bank Nigeria

Asia

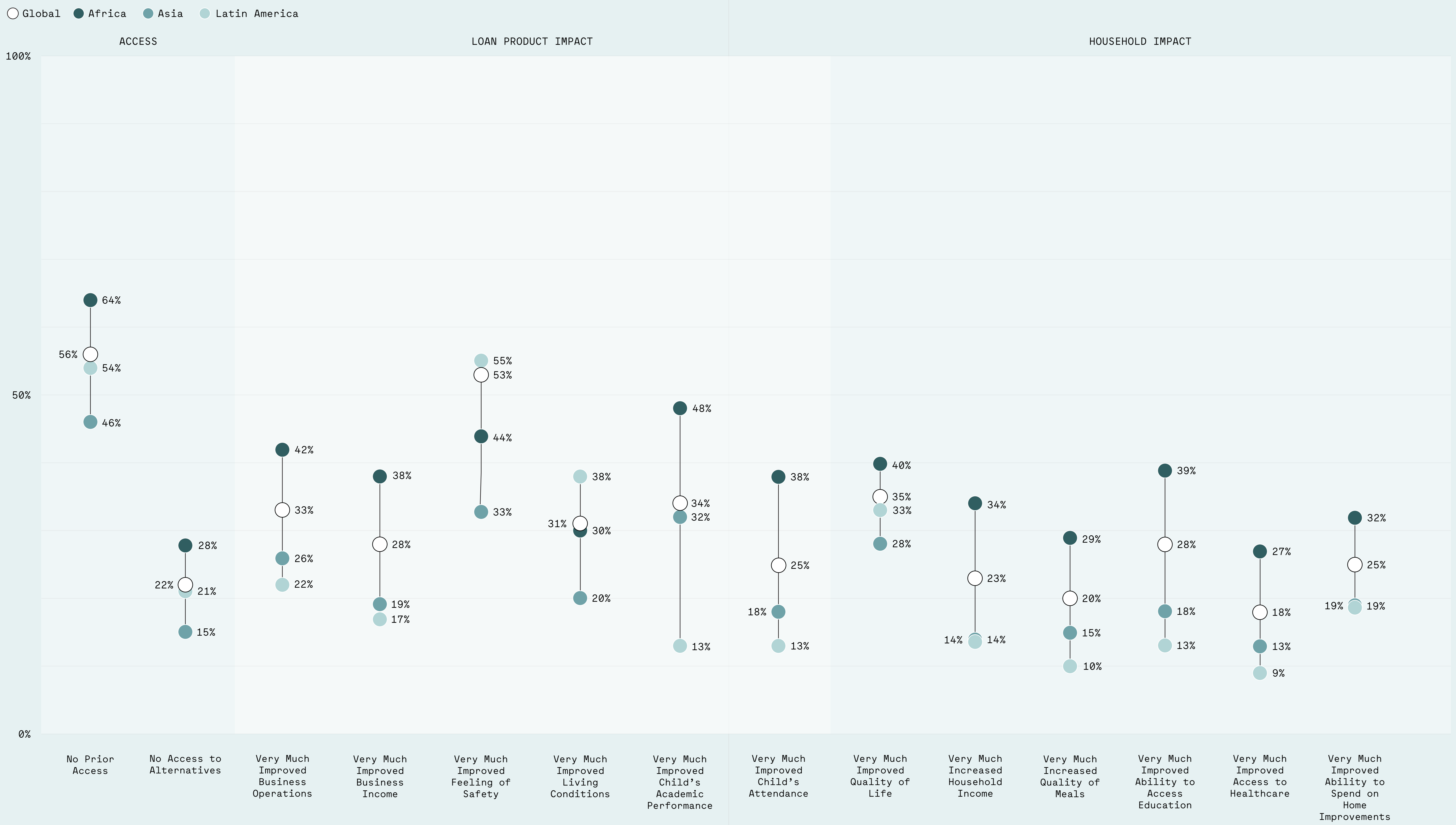
Sindhuja Microcredit India
Cashpor Micro Credit India
Annapurna Finance Pvt. India

Latin America & Caribbean

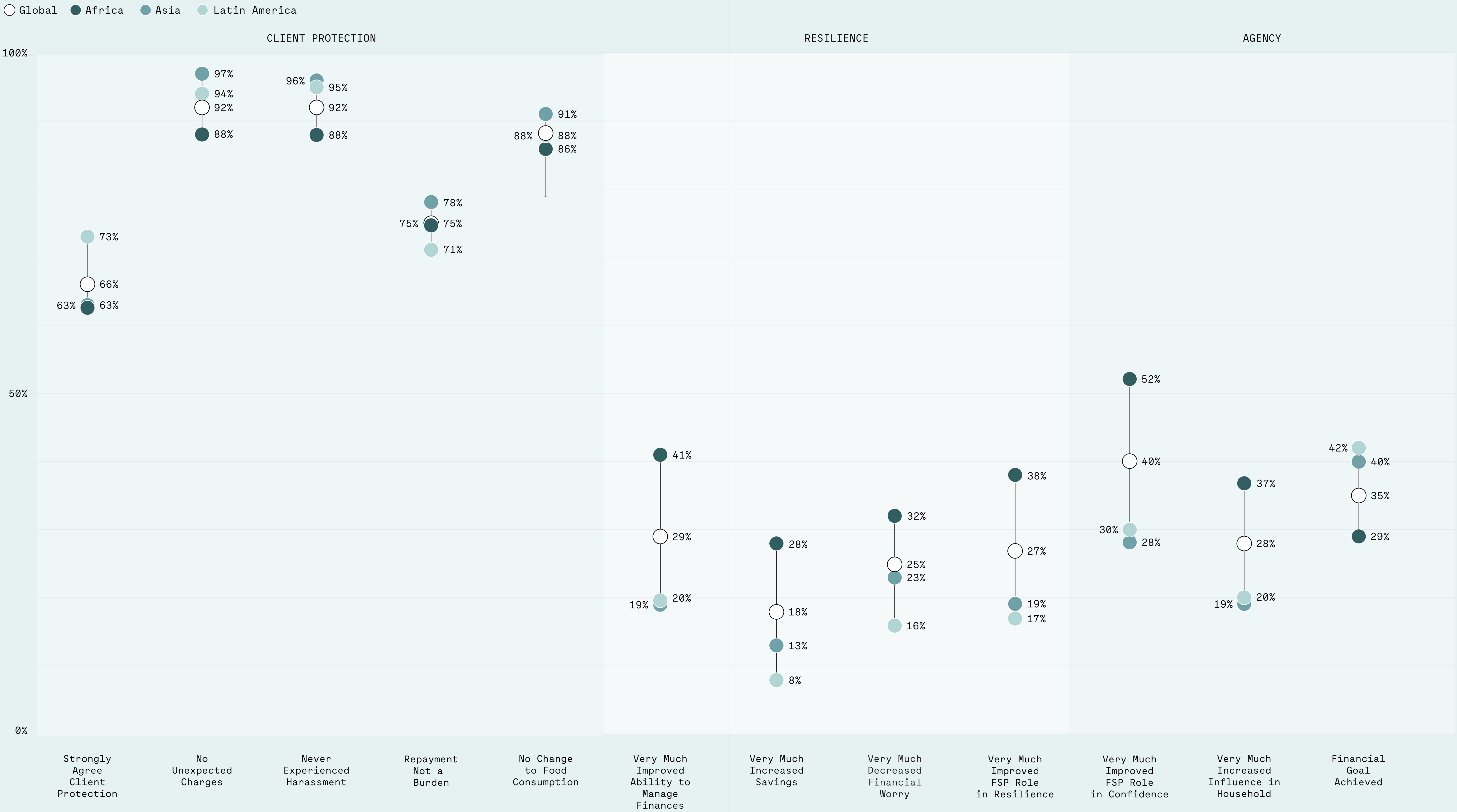
FAMA S.A. Nicaragua
Fundación Paraguaya Paraguay
Fundenuse Nicaragua



Regional Snapshot



Regional Snapshot

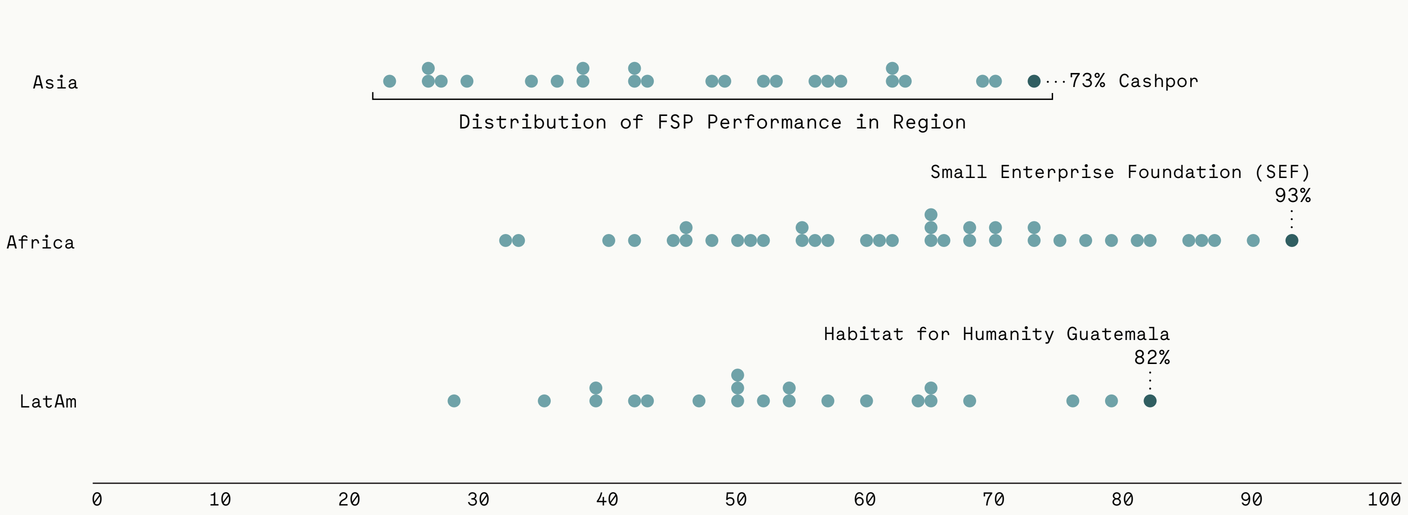


Access

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.

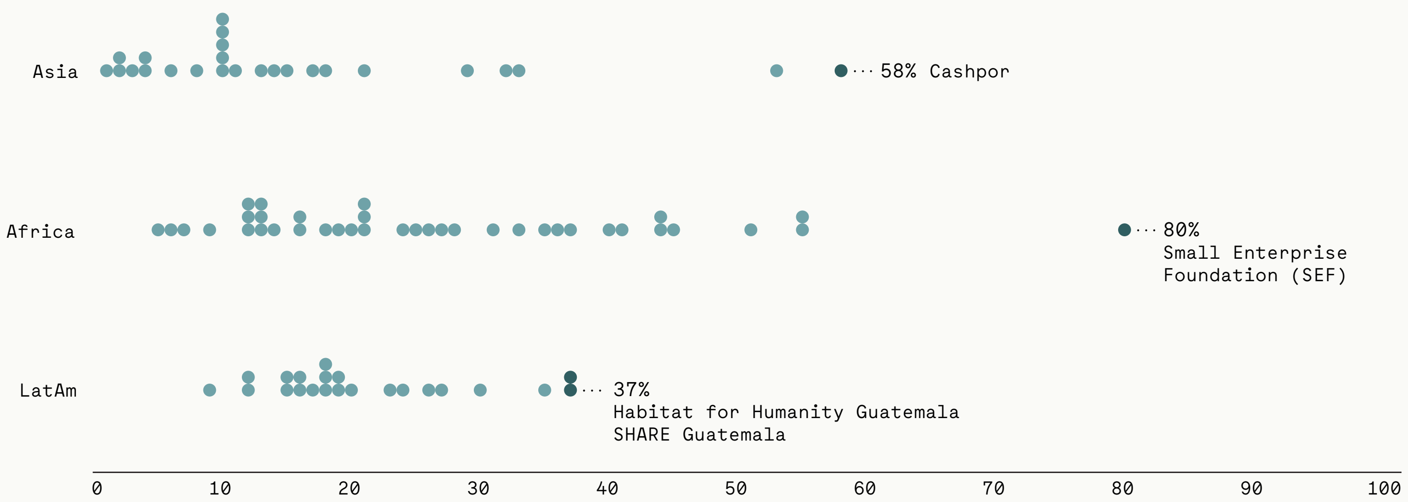
First Access

Percent of clients who say that they are accessing a loan for the first time



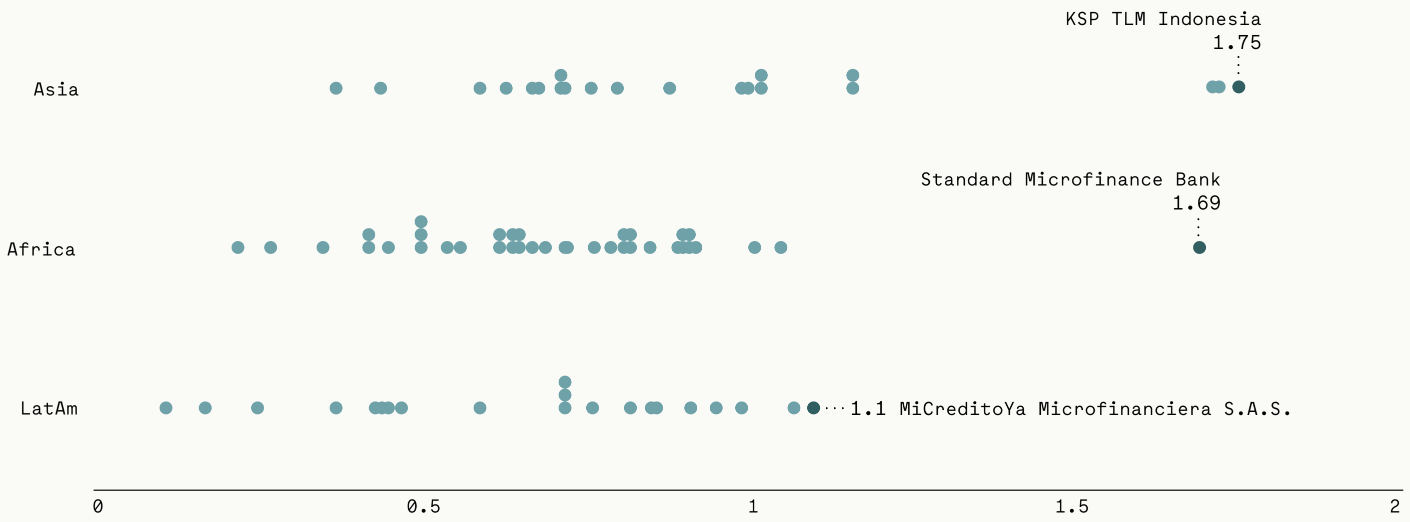
Alternatives

Percent of clients who say they could not easily find a good alternative to the financial service provider



Income Inclusivity*

Percent of 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.

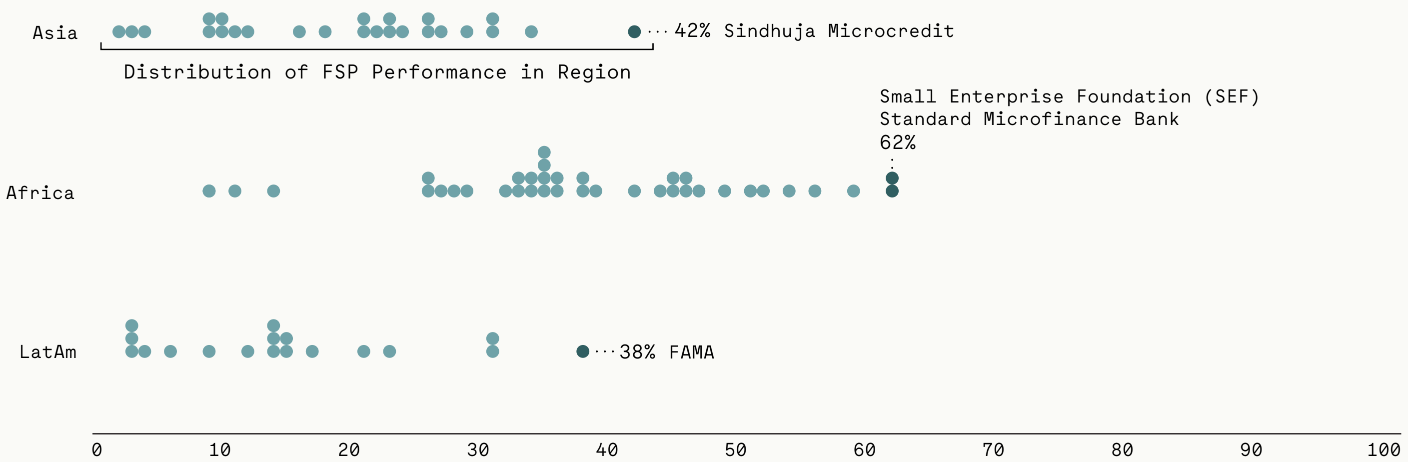
Loan Product Impact

Measures the impact of the loan product depending on the original purpose of the loan. This covers impact on clients' business, housing, and/or education.

BUSINESS IMPACT

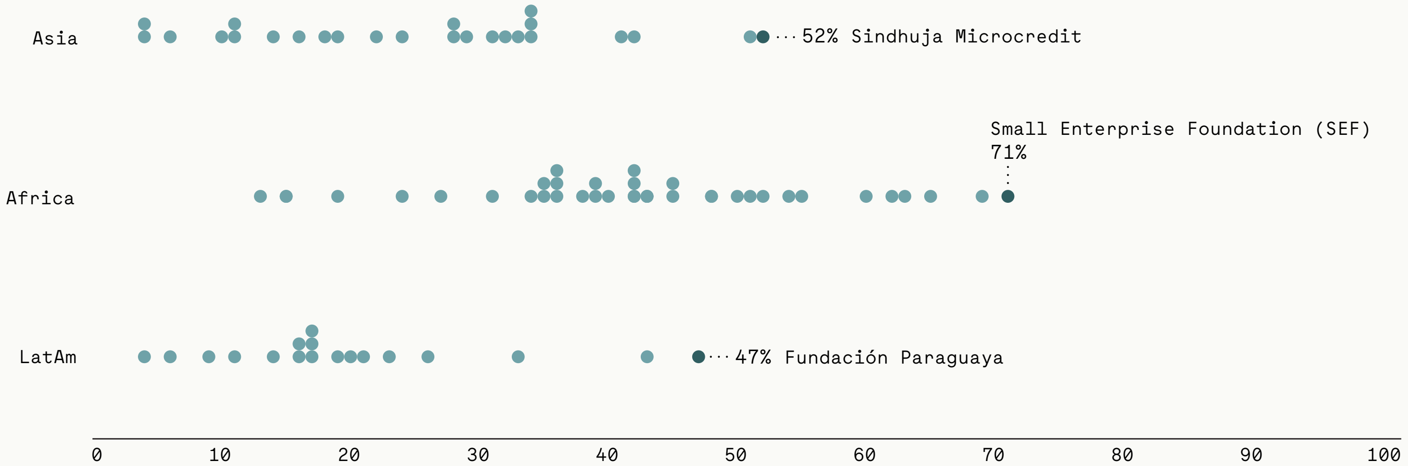
Business Income

Percent of clients who say their income has 'very much increased'



Business Operations

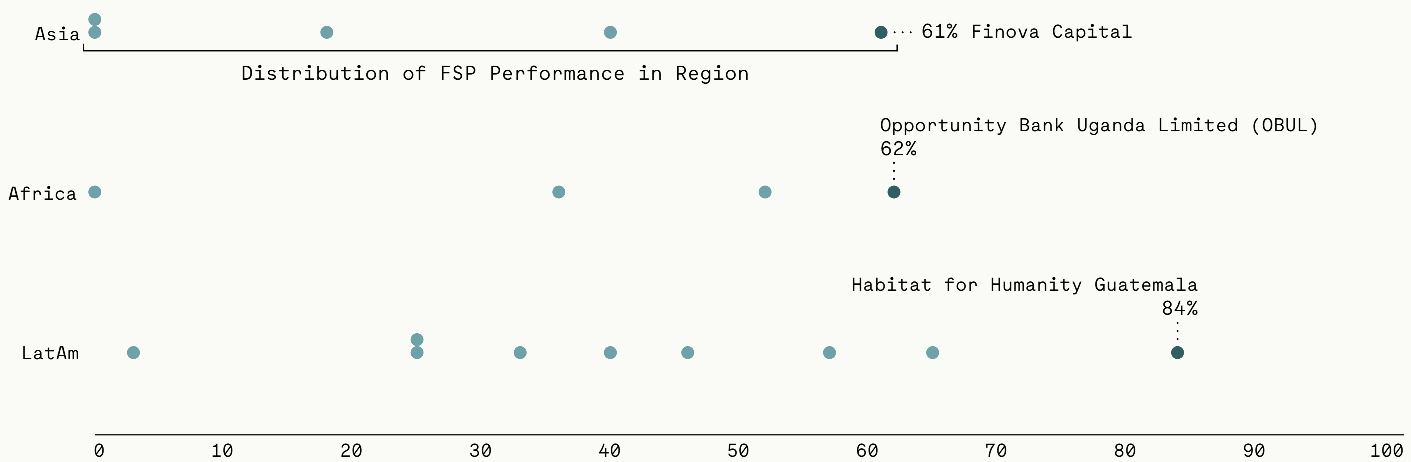
Percent of clients who say their business operations have improved



HOUSING IMPACT

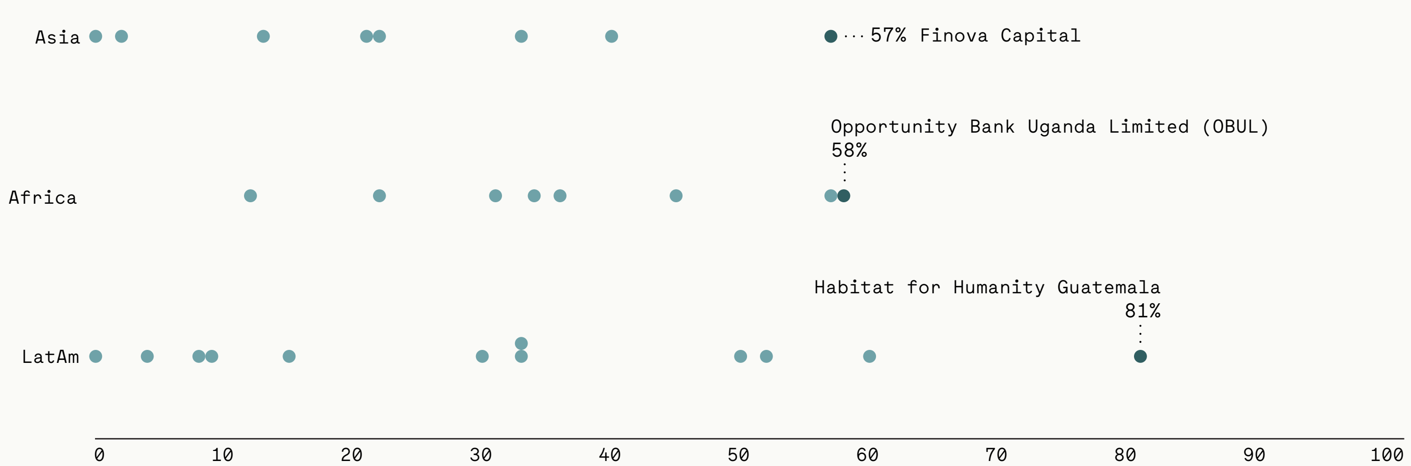
Perception of Safety

Percent of clients who report that their feeling of safety in their home has 'very much improved'



Living Conditions

Percent of clients who say their physical living conditions have 'very much improved'



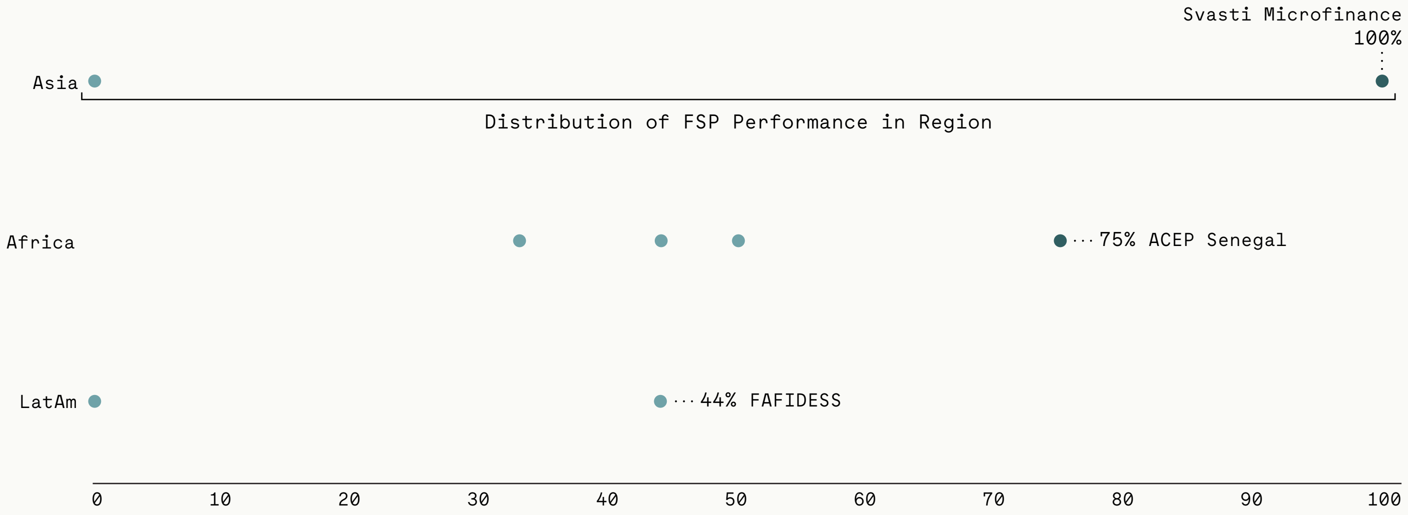
Loan Product Impact

Measures the impact of the loan product depending on the original purpose of the loan. This covers impact on clients' business, housing, and/or education.

EDUCATION IMPACT

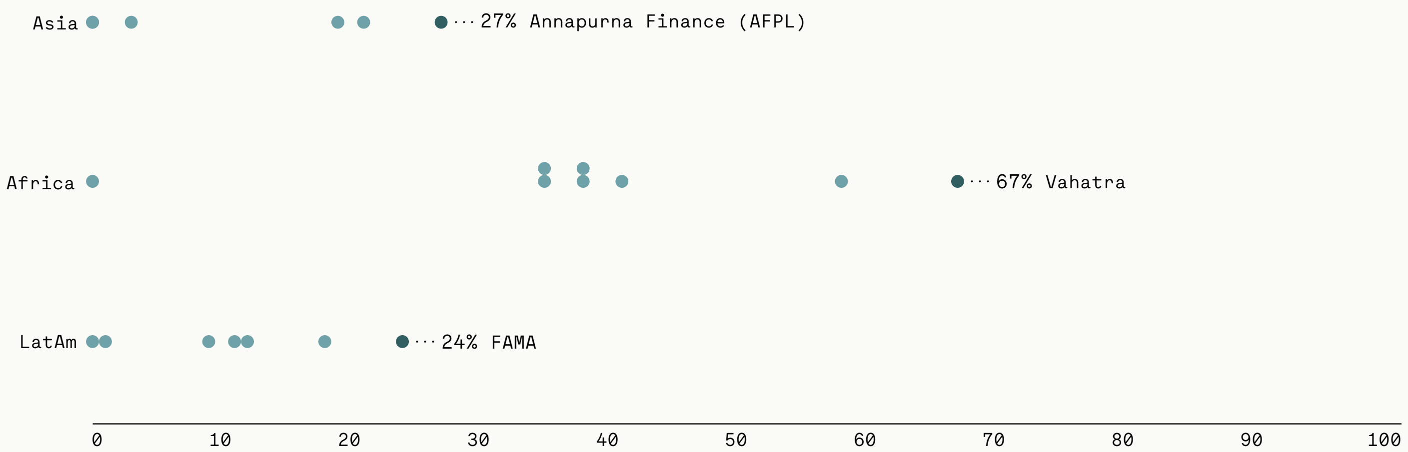
Child's Academic Performance

Percent of clients who say their or their child's academic performance has 'very much improved'



Child's Attendance

Percent of clients who say their or their child's attendance has 'very much improved'



"Thanks to the loan, I was able to buy the necessary equipment for my event rental service, such as dishes, pots, tables, and chairs. This has created a consistent income stream from setting up for weddings and other occasions.

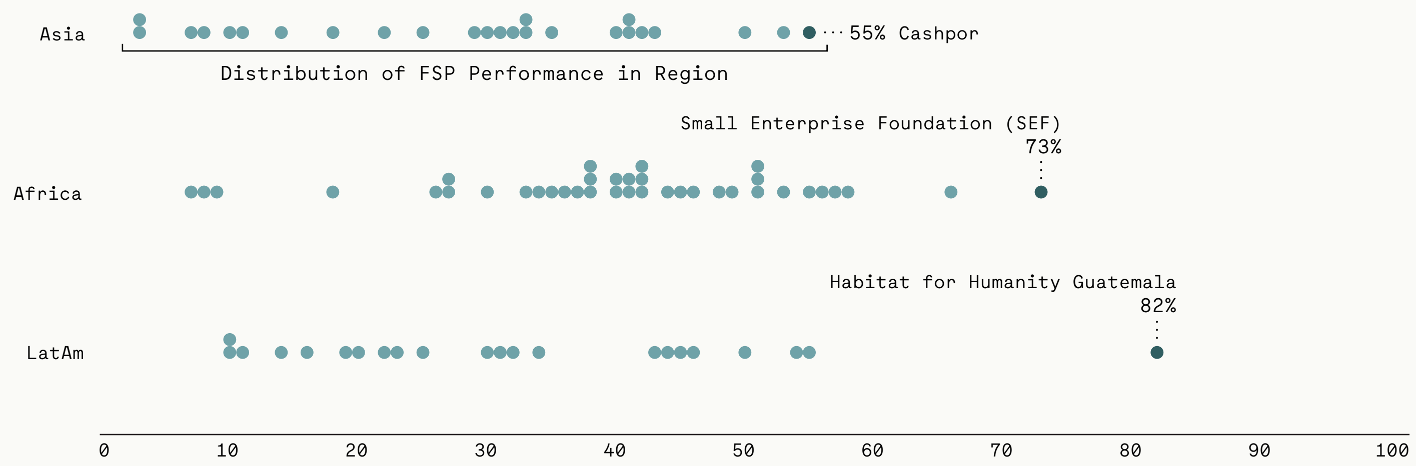
– Female, 65, Cambodia

Household Impact

Measures the impact of the [FSP] on clients' quality of life and their ability to invest in or cover household expenditures.

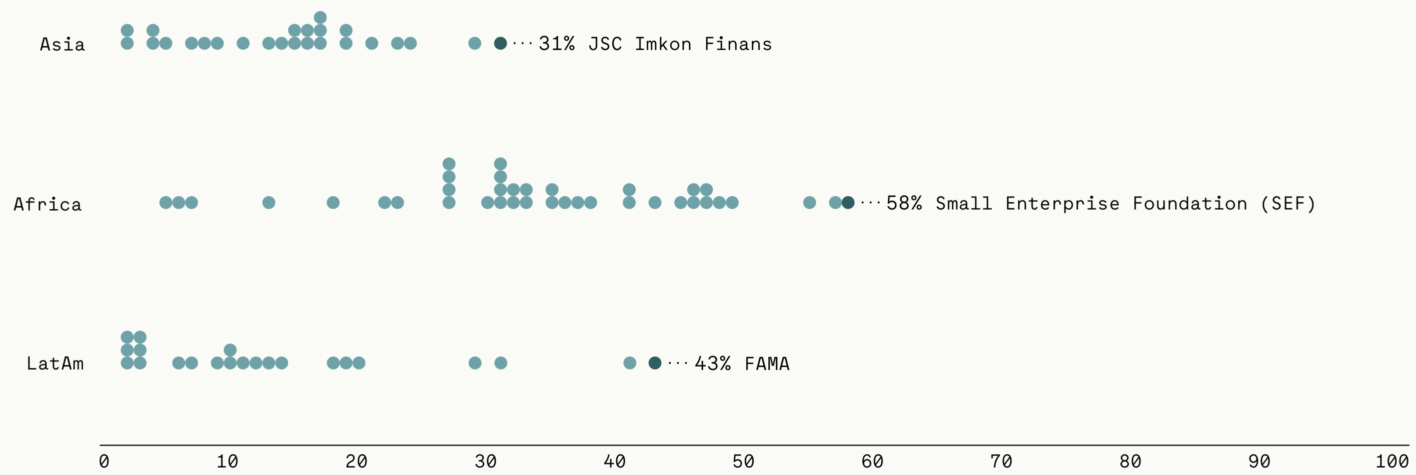
Quality of Life

Percent of clients who say their lives have 'very much improved'



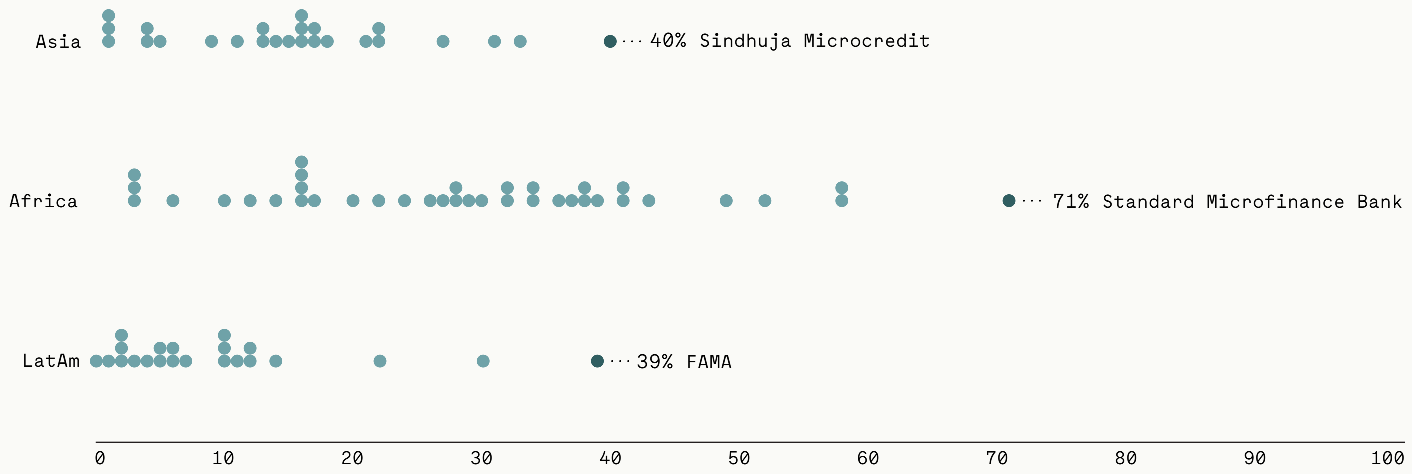
Household Income

Percent of clients who say their household Income has 'very much increased'



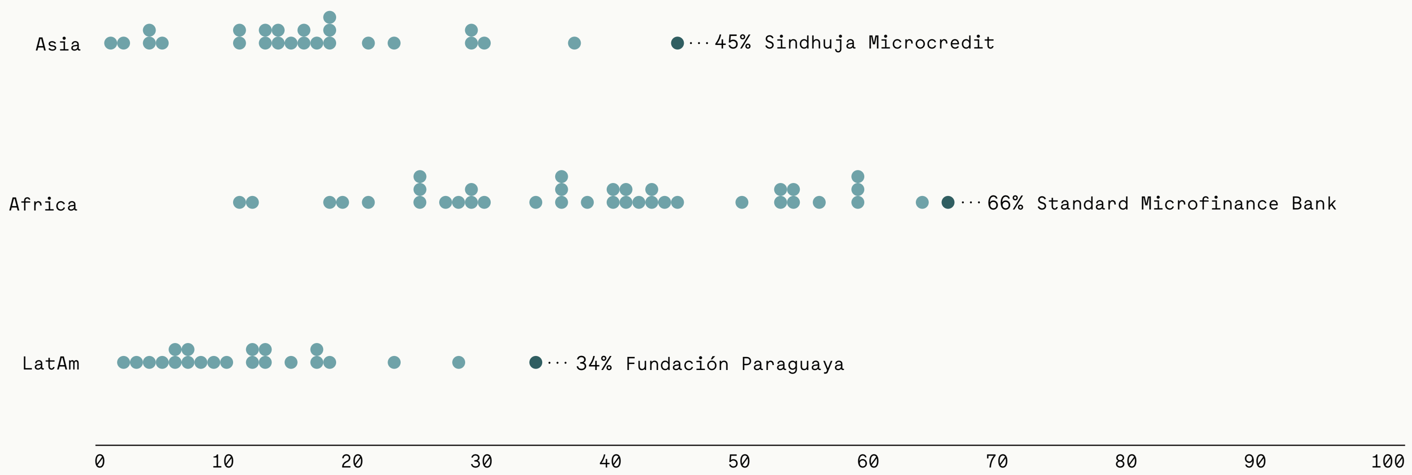
Quality of Meals

Percent of clients who say the number and quality of meals has 'very much increased'



Education

Percent of clients who say their ability to spend on children's education has 'very much improved'

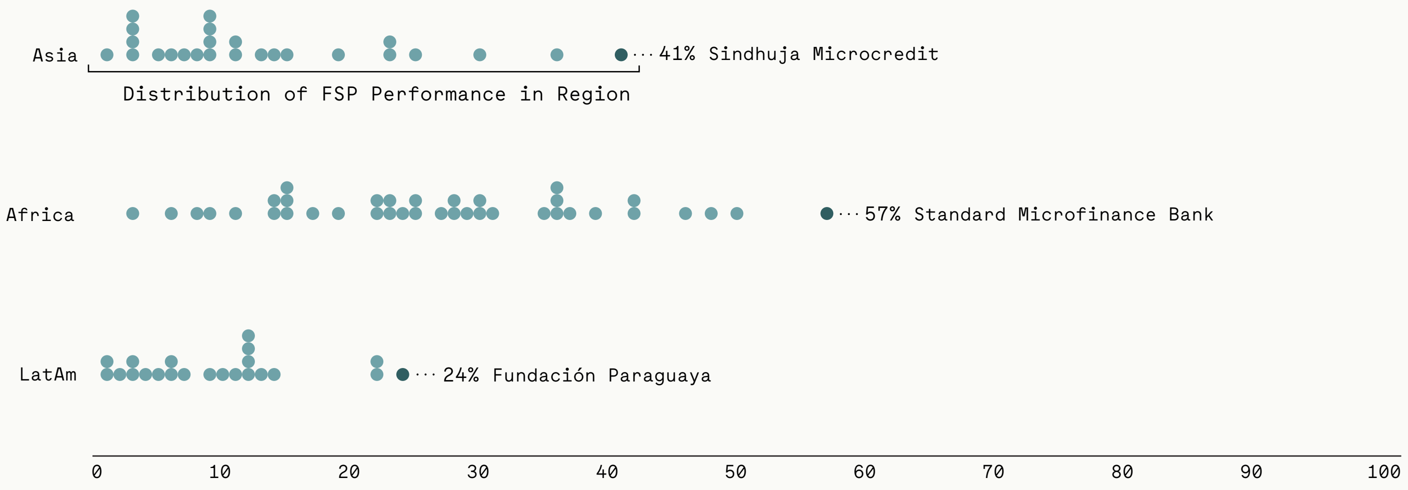


Household Impact

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

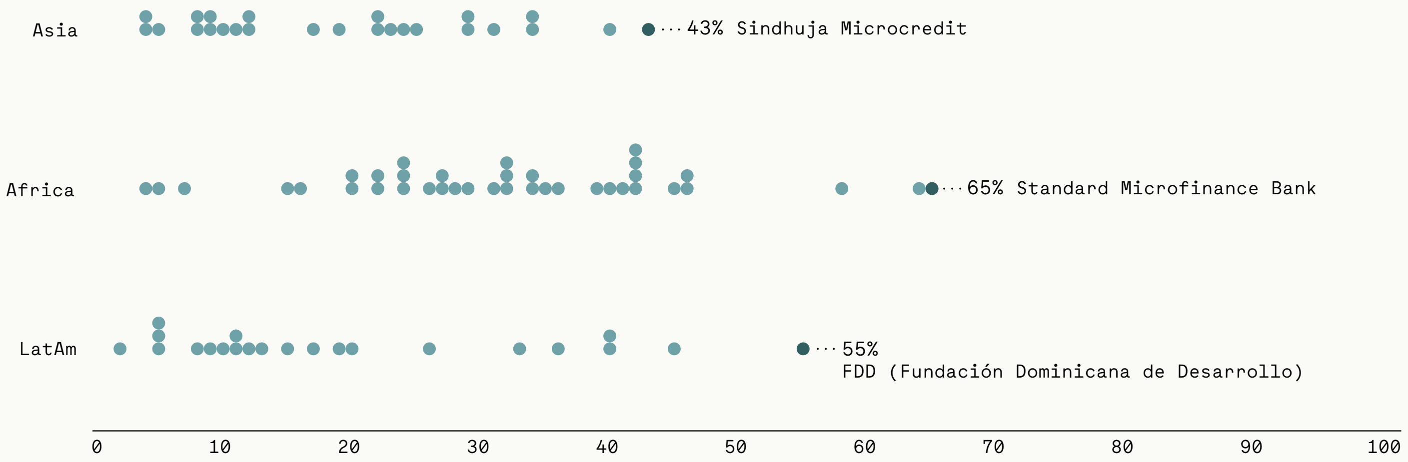
Healthcare

Percent of clients who say their and their households ability to access healthcare has 'very much improved'



Home Improvement

Percent of clients who say their ability to spend on home improvements has 'very much improved'



"I now own rentals and my family has a place to call home permanently, no more rent bills. The income generated from the rental house has helped me in meeting my household expenses.

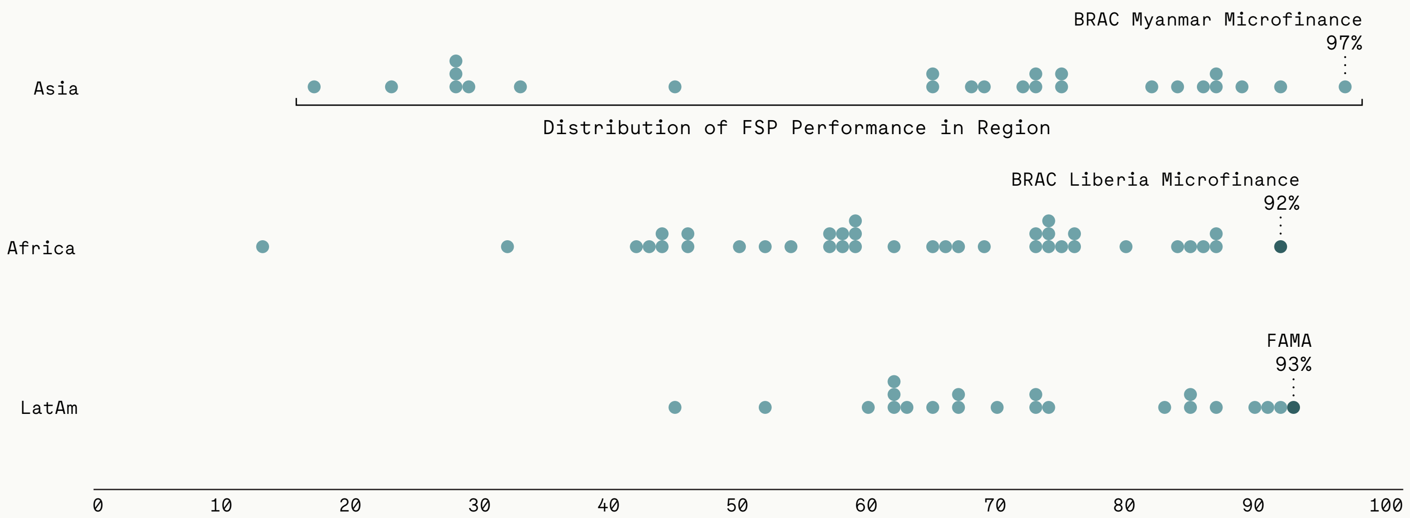
– Male, 45, Kenya

Client Protection

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

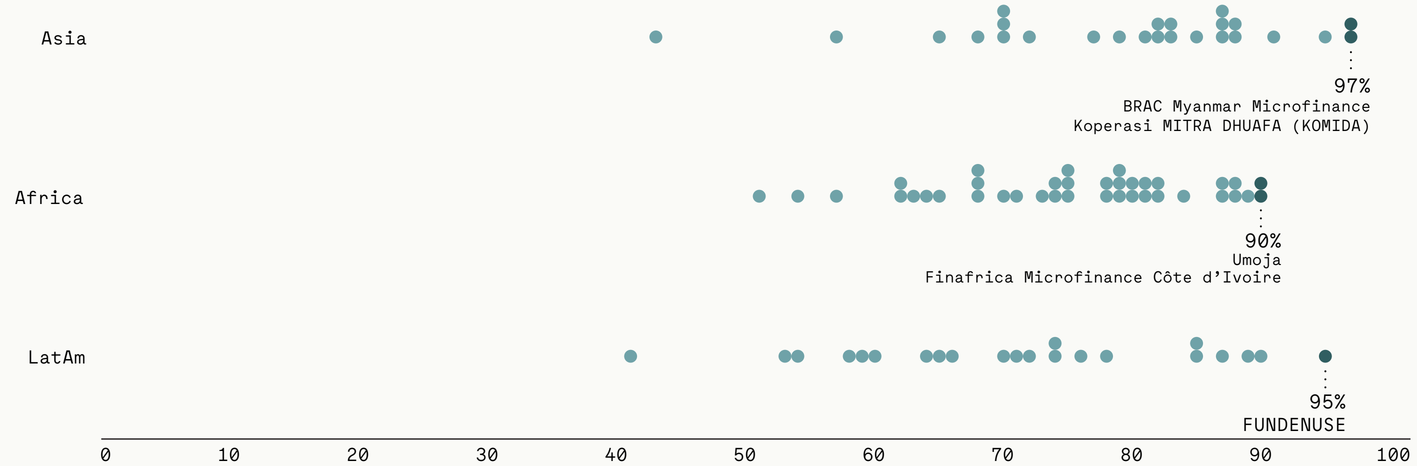
Client Protection

Percent of clients who say they 'strongly agree' that the FSPs fees, interest rates, and penalties are clear and easy to understand



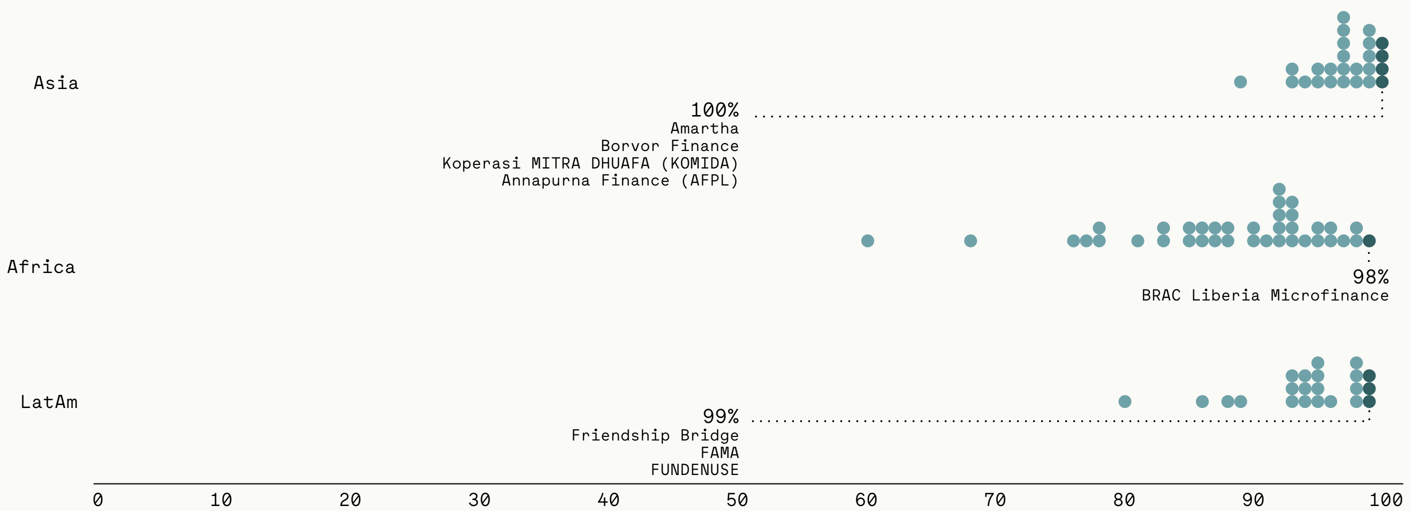
Repayment Burden

Percent of clients who say their loan repayments are 'not a burden'



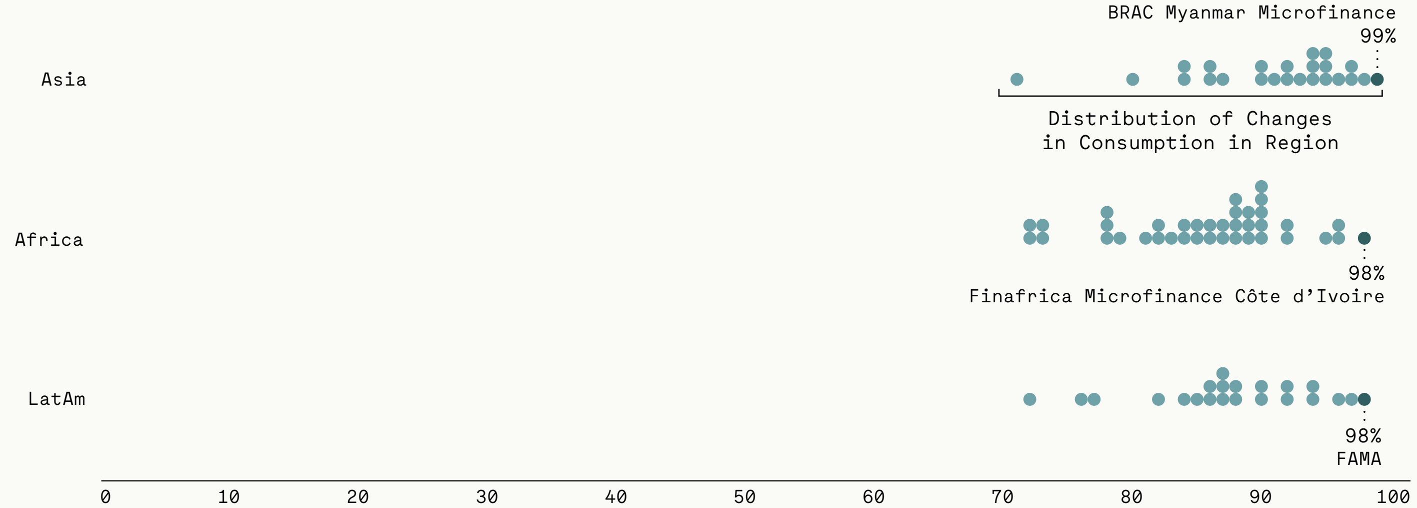
Unexpected Charges

Percent of clients who say they have 'never' experienced an unexpected charge or fee



Changes in Consumption

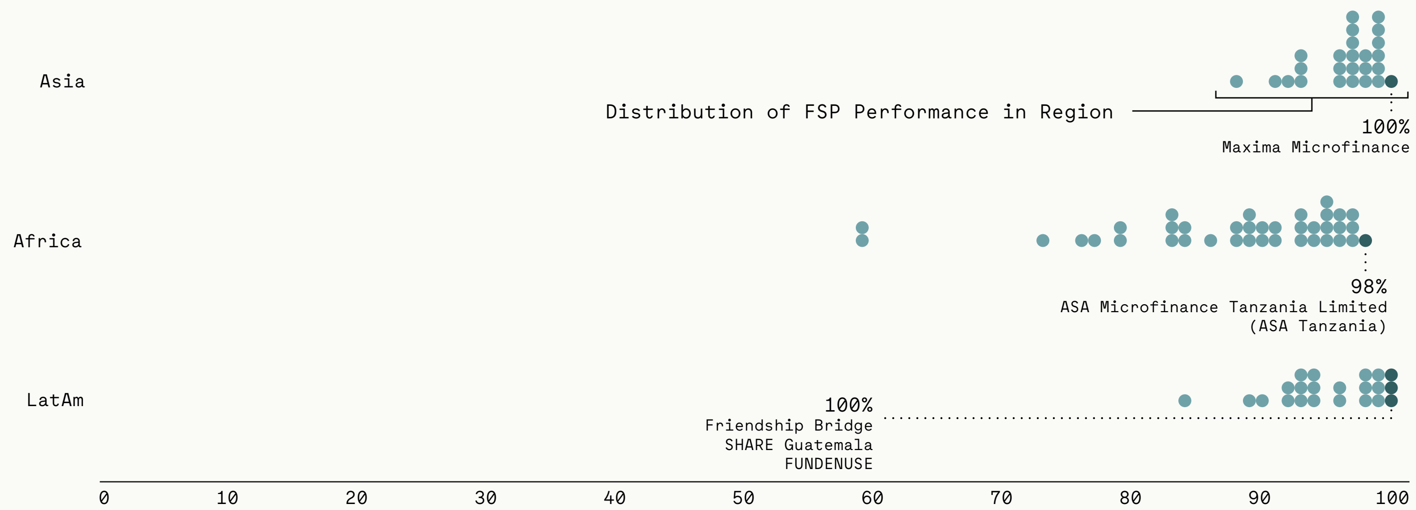
Percent of clients who say they 'never' reduced their household's food consumption in order to make repayments.



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.

Experience of Harassment
Percent of clients who say they 'never' faced harassment or unfair treatment from FSP representatives



"Their agents are listening and patient with me. When I delay making repayments I call them and they understand without putting me on pressure. In addition, they have good customer care as they treat me with respect and they are calm.

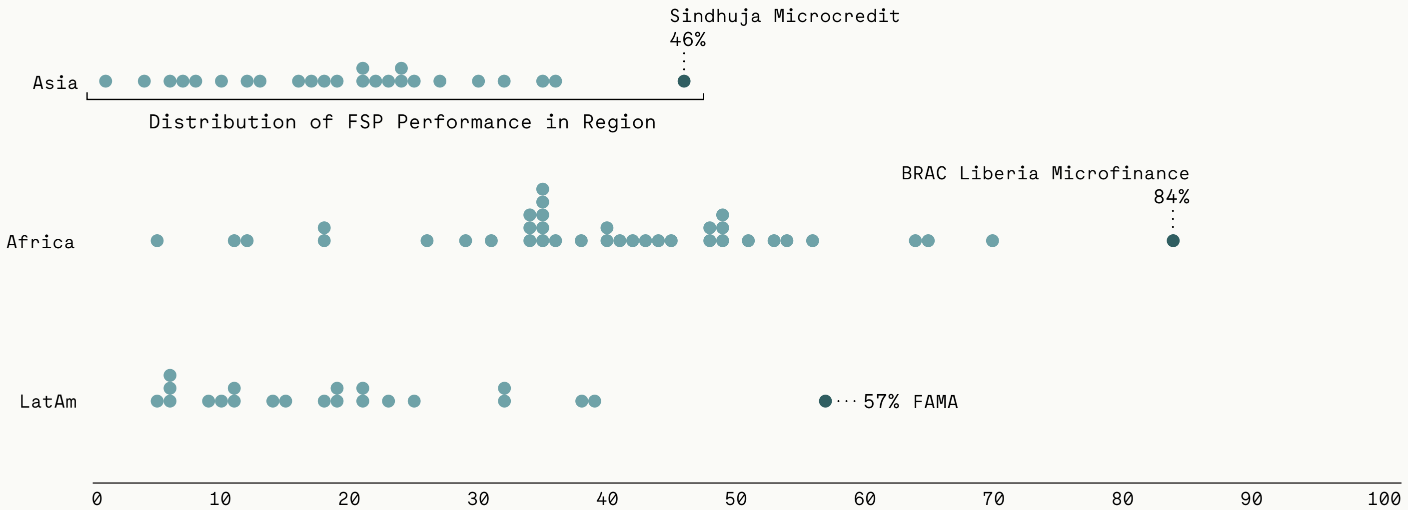
– Male, 53, Uganda

Resilience

Measures the degree to which clients are financially prepared for an unforeseen economic shock, and the impact [FSP] has on this preparedness. It also measures the client's ability to manage finances and save.

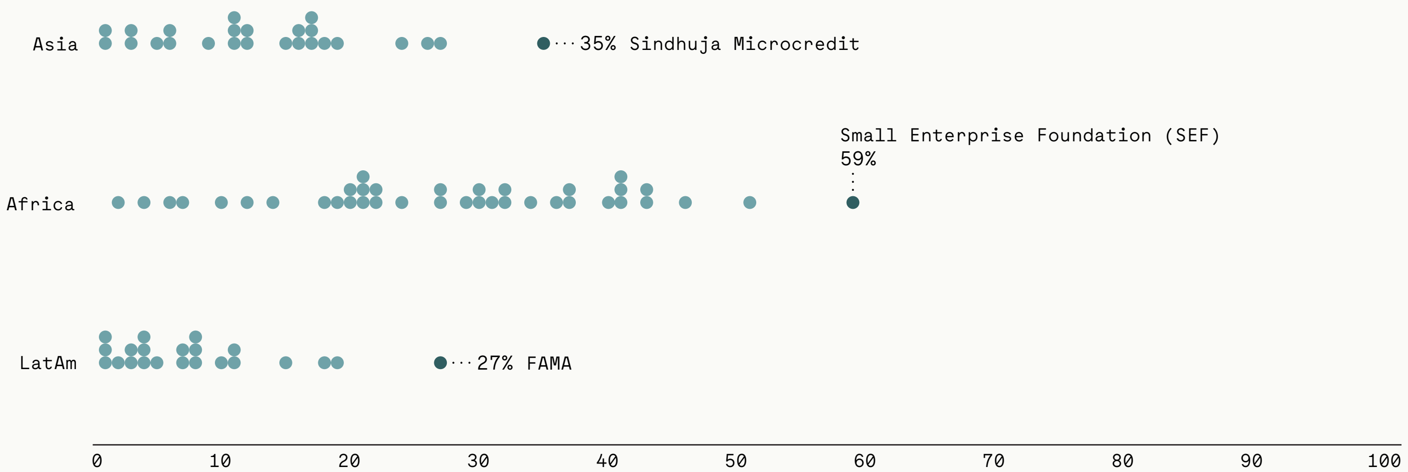
Ability to Manage Finances

Percent of clients who say their ability to manage finances has 'very much improved'



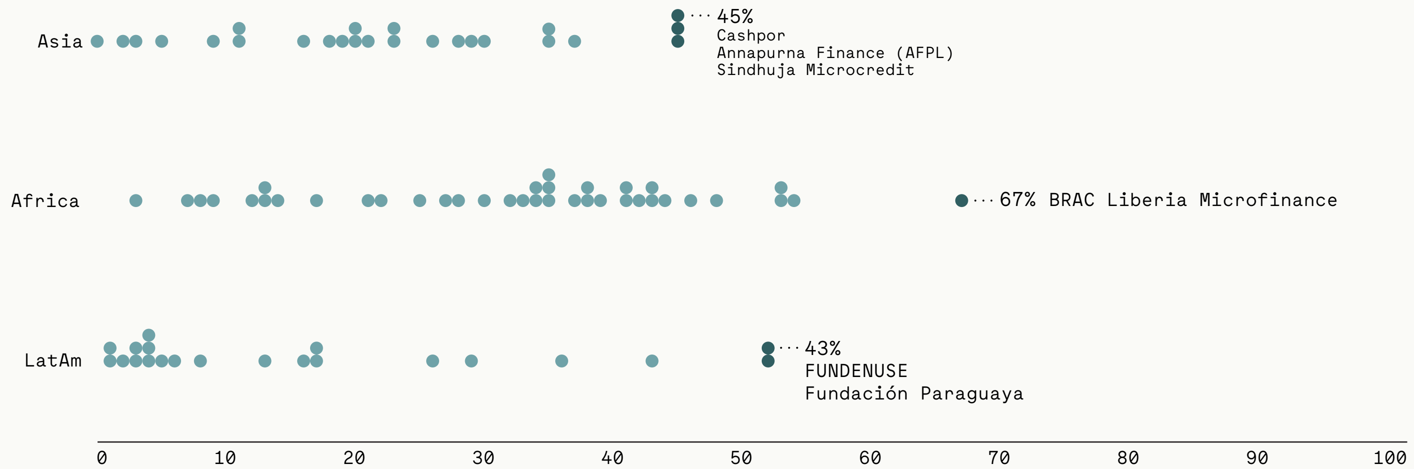
Financial Worry

Percent of clients who say time worrying about finances has 'very much decreased'



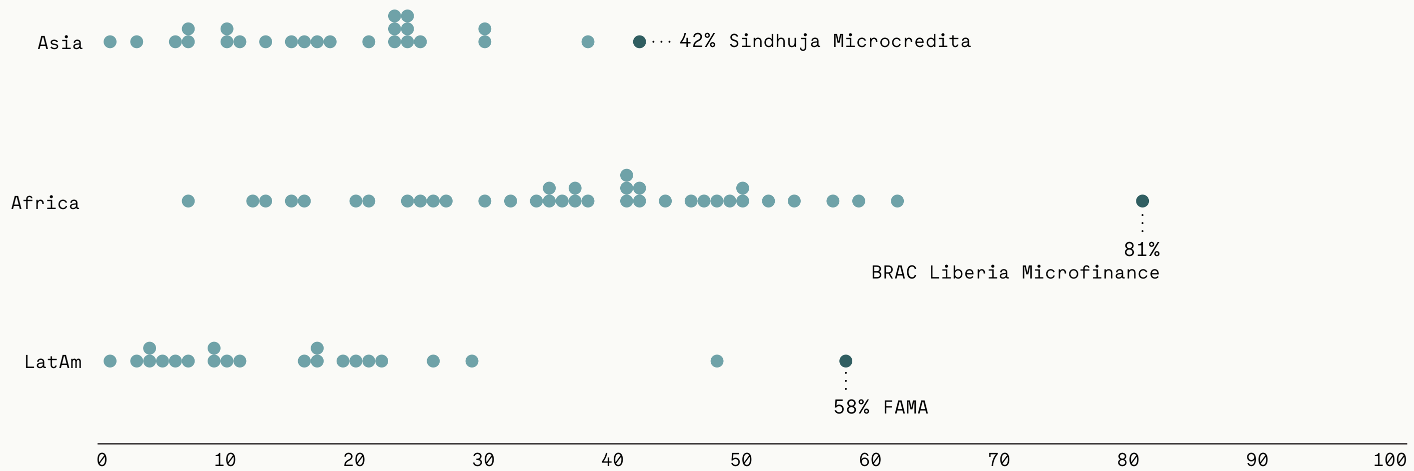
Savings

Percent of clients who say their savings have 'very much increased'



FSP Role in Resilience

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

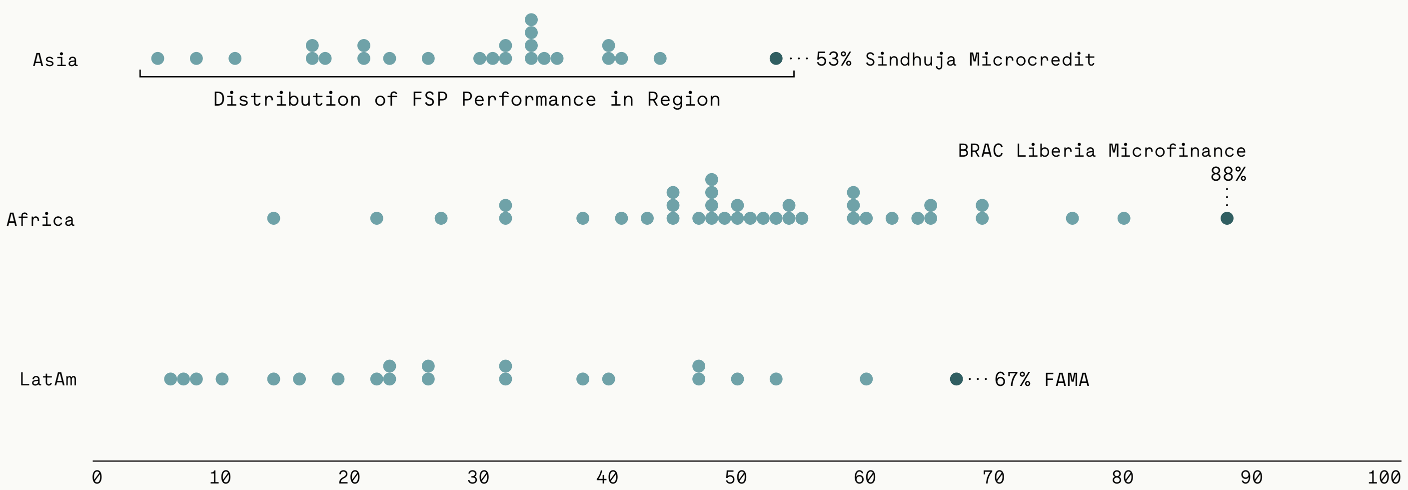


Agency

Measures the impact of [FSP] on clients' confidence, ability to make decisions about their money, and contributions to clients' ability to achieve their financial goals.

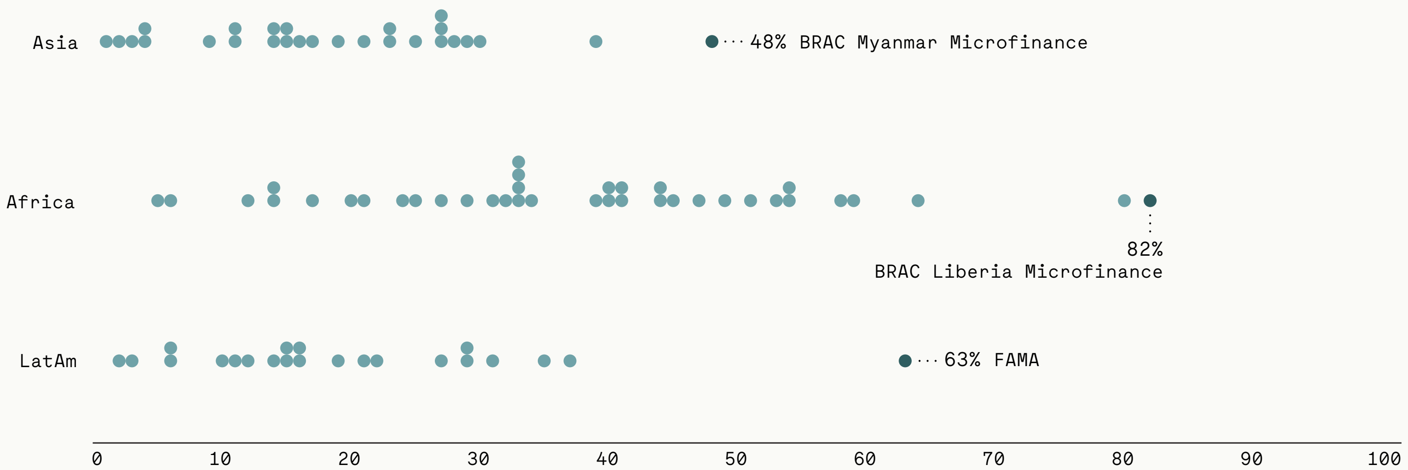
FSP Role in Confidence

Percent of clients who say their confidence has 'very much increased'



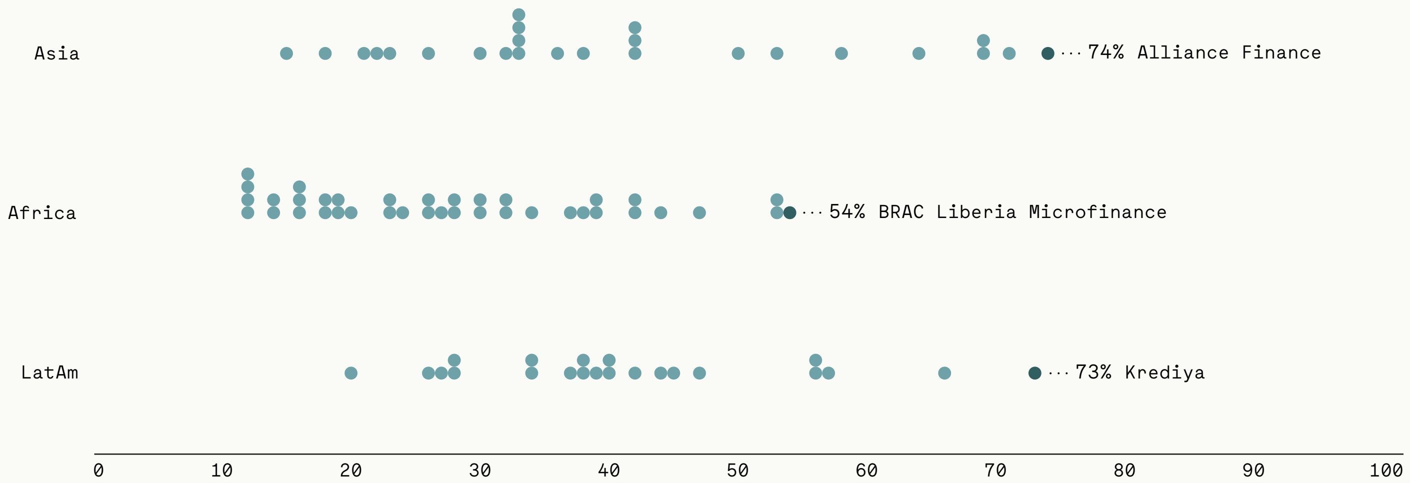
Influence in Household

Percent of clients who say their influence on household decisions has very much increased.



Financial Goal Achievement

Percent of clients who say they were able to achieve all of their financial goals



The Story So Far

What We Already Know

Since the start of the 60 Decibels Microfinance Index, we have seen trends emerge around microfinance's impact on underserved populations. These findings, reinforced across multiple datasets and geographies, establish the baseline upon which this report builds. Below is a summary of what we've learned to date.

FSPs Continue to Reach First-Time Borrowers

Microfinance institutions are often bringing credit and financial services to populations with limited access or alternatives. Over the past few years of the Index, our data has validated this, with around three in five clients consistently reporting that their current FSP is their first access to loan services. This validates microfinance's core mission: reaching underserved populations who lack good alternatives. Rural borrowers and women have also consistently remained the most likely to be first-time borrowers, highlighting microfinance's role in advancing financial inclusion.

Productive Loan Usage Drives Superior Outcomes

Over the years of the Index, clients who use loans for business purposes consistently report better outcomes than those using credit for consumption. Business loan users show greater improvements in financial management, increased savings, enhanced ability to meet emergency expenses, and stronger financial resilience. This pattern validates microfinance's foundational premise that productive credit generates sustainable impact. This year, we've explored the borrower behavior side of this to understand this difference in impact in more detail, and to see how usage patterns are driven by immediate financial need versus broader consumption needs.

Group Lending Maintains Its Effectiveness

Group lending has emerged as a very important practice across all three years of the Index so far. Our data has shown that group loan clients consistently report higher Net Promoter Scores, better understanding of loan terms, stronger financial resilience, and greater satisfaction. Group lending also demonstrates superior reach to women and poorer clients, reinforcing its value as a delivery methodology for inclusive finance.

Repayment Burden Remains a Persistent Challenge

Despite overall positive outcomes, 25% to 30% of clients find loan repayments burdensome year on year. This burden correlates with serious consequences: clients report reduced food consumption, experience increased financial worry, and show lower impact scores across multiple dimensions. The persistence of this challenge signals a need for improved affordability assessment and product design. This year we have looked to explore this further, and understand the other client protection factors that ease repayment burden for borrowers.

Additional Services Enhance Impact

Our research demonstrates that clients who access services beyond credit experience substantially better outcomes. Clients who used any services in addition to credit in the last six months reported more substantial improvements across multiple dimensions. Additional services—especially non-financial services like training—enhance financial management and elevate quality of life. This shows that while credit is a good starting point, the impact of credit is often maximized when it dovetails with other financial inclusion support.

Financial Management and Savings Drive Resilience

Over the years, we have seen a strong correlation between improved financial management, increased savings, and enhanced ability to withstand financial shocks. This relationship has remained consistent each year, suggesting that microfinance's impact extends beyond immediate credit access to building long-term financial capabilities. This year, we look to take this thread forward for the most vulnerable borrower populations, by exploring the relationship between vulnerability and resilience, and identifying the types of products and support that maximize impact and financial resilience for vulnerable borrowers.

Women's Agency Improves Through Engagement

Women benefit distinctively from microfinance access. They are more likely to use loans for business purposes, report greater improvements in business income, and demonstrate stronger financial resilience. Female-centric FSPs further enhance these outcomes, improving women's influence in decision-making, providing superior client protection, and building confidence.

The Last Three Years of Data: A Story of Stability, Amid Some Notable Shifts

Before examining this year's headlines, let's look at how performance across our core metrics has evolved over the last three years. We see that most client outcomes remain stable across 2023-2025, with only a few indicators showing significant changes.

Most indicators show minimal change, suggesting stable borrower profiles and consistent macro experience: business loan usage stays around 80-84%, savings improvements hold at 18-19%, and promoter rates climb from 62% to 69%. Financial worry reduction shows consistent progress (18% to 25%).

Healthcare access shows the largest positive shift, jumping from 12% (2023-2024) to 19% in 2025—a 7-point increase suggesting changing priorities or improved accessibility. Ability to make home improvements rose similarly from 16% to 25%, though an important note here is that this year's data includes housing-only loans for the first time, so we would expect that these loans would have some sort of positive effect. In addition, we reframed the question this year to ask "Has your ability to make improvements to your home or living conditions changed because of [FSP]?" instead of "Has the amount you spend on home improvements changed because of [FSP]?" and it is possible that responses reflect ability to pay, versus actual spending on home improvement.

More concerning are financial management and client protection declines. Financial management improvements peaked at 35% in 2024, then dropped to 29% in 2025—the previous low was 31% in 2023. Client protection shows similar volatility. The percentage of clients who 'strongly agree' that loan terms are clear was 66%—a decline from the 2024 high of 70% and an increase from the 62% reported in 2023. The percentage of clients experiencing challenges increased from 13% to 16% despite stable NPS scores.

The three-year data demonstrates microfinance's consistency in delivering core benefits despite changing external conditions, with FSPs maintaining value even as certain empowerment outcomes face pressure from broader economic uncertainties.

Evolution of Selected MFI Index Metrics (2023–2025)

Indicator	2023	2024	2025
Loan Usage 'Business'	82%	84%	80%
First Access 'No'	42%	45%	56%
Business Income 'very much increased'	28%	31%	28%
Quality of Life 'very much improved'	34%	38%	35%
Quality of Meals 'very much improved'	18%	20%	20%
Healthcare 'very much improved'	12%	12%	19%
Home Improvements 'very much improved'	16%	19%	25%
Confidence 'very much improved'	35%	40%	40%
Financial Management 'very much improved'	31%	35%	29%
Savings 'very much increased'	19%	19%	18%
Financial Worry 'very much decreased'	18%	23%	25%
Change in Ability to Pay Emergency Expenses 'very much improved'	24%	24%	27%
Loan Terms are Clear 'strongly agree'	62%	70%	66%
Experience Unexpected Fees 'No, never'	91%	93%	92%
Repayment Burden 'not a burden'	74%	73%	75%
Net Promoter Score 'promoter' (9 or 10)	62%	65%	69%
Challenges 'no'	87%	86%	84%

What's New in 2025

INSIGHT 01.

Those who borrow for emergencies risk over-indebtedness

Clients who report taking planned loans demonstrate a fundamentally different relationship with credit than those taking unplanned loans, enabling them to access the core benefits of microfinance while mitigating the risks of over-indebtedness. For unplanned borrowers, FSPs provide crucial emergency support, but these clients are less likely to be able to translate this to positive impact, and may benefit from additional, emergency-specific support and product design to mitigate risk. Success lies in matching service approaches to borrowing patterns rather than applying one-size-fits-all lending models.

The vast majority of clients (88%) say they planned to take out their loan, while 10% report it was unplanned and 2% describe a mix of both approaches. This distinction proves significant when we look at whether clients are translating their loans into sustainable financial growth and their likelihood of experiencing credit as a burden.

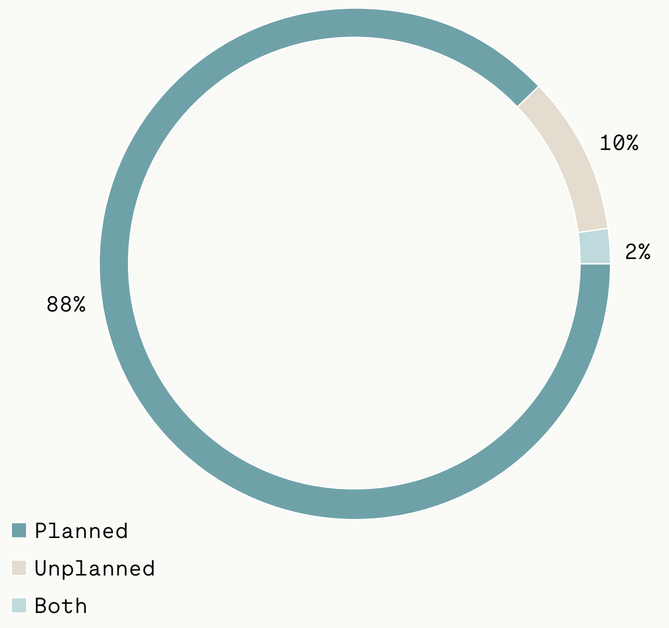
Clients Taking Planned Loans Experience Greater Impact Across All Measures

We know from past research that clients reporting using their loans for business purposes are more likely to experience higher financial impacts than those reporting non-business usage, as they are best able to translate credit into sustained financial growth. The difference in loan utilization among planned versus unplanned borrowers is stark: clients who plan their borrowing are nearly twice as likely to report using the loan to invest in their businesses (85%) compared to those who take unplanned loans (46%). However, it is important to note that not all non-business loan usage is unplanned. Clients with non-productive loan products are equally as likely to plan their loan utilization as clients with productive loan products—90% of productive loan clients, and 88% of non-productive loan clients[3] all took planned loans.

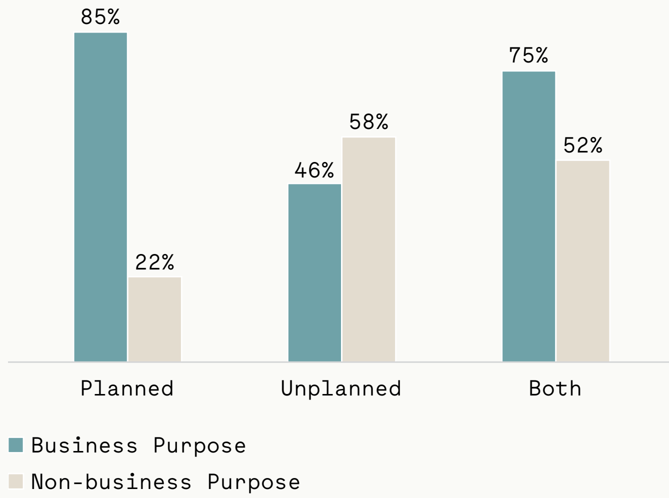
The impact of these differences is clear in the data: those with planned loan access, who are more likely to align their borrowing with cash-flows and income-generating opportunities, experience significantly stronger results across all measures of financial improvement. Clients who plan their loans report stronger quality of life improvements (87% versus 67% for unplanned borrowers), and are more likely to report an improved savings balance (67% versus 36% of unplanned borrowers), and an improved ability to manage finances (77% versus 50% of unplanned borrowers), demonstrating the interconnected benefits that characterize successful microfinance interventions.

3 Non-productive loans in this context refers to clients who had taken Education or Housing loan products in our sample.

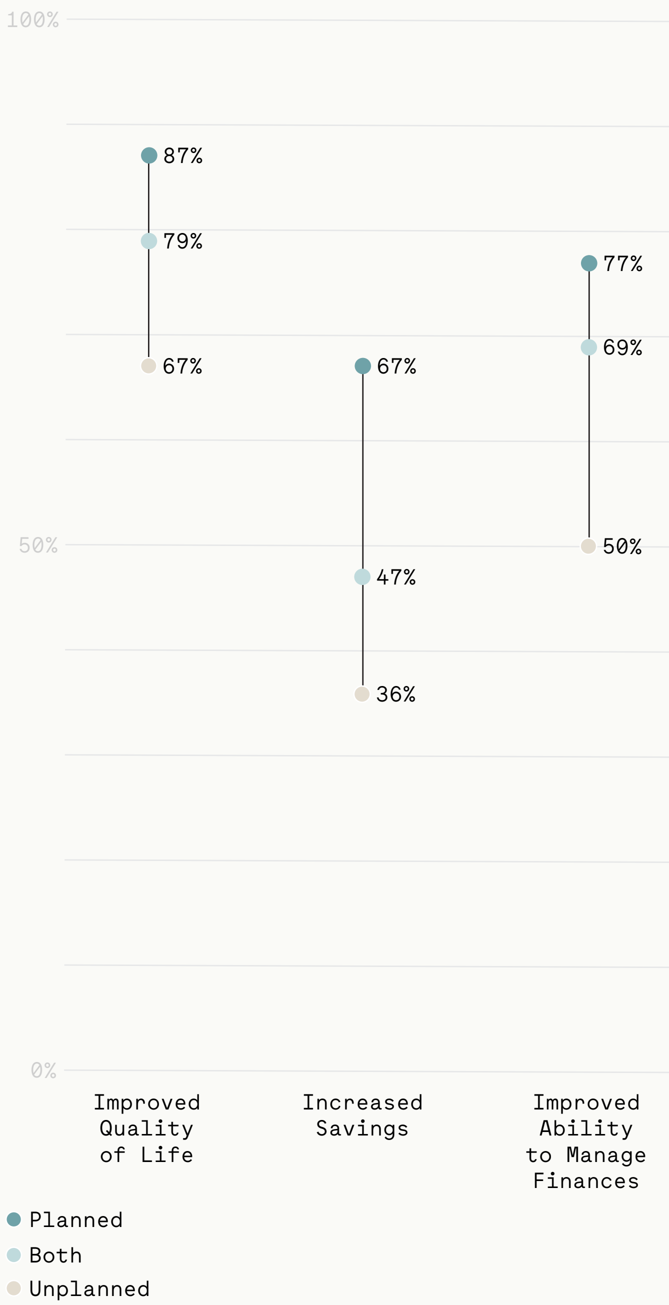
Planned/Unplanned Reason to Take the Loan
(n Planned = 19,220 | Unplanned = 2,290 | Both = 441)



Planned/Unplanned Reason to Take the Loan by Loan usage
(n Planned = 19,220 | Unplanned = 2,290 | Both = 441)



Quality of Life, Savings, and Ability to Manage Finance by Planned or Unplanned Reason to Take the Loan
(n Planned = 19,220 | Unplanned = 2,290 | Both = 441)

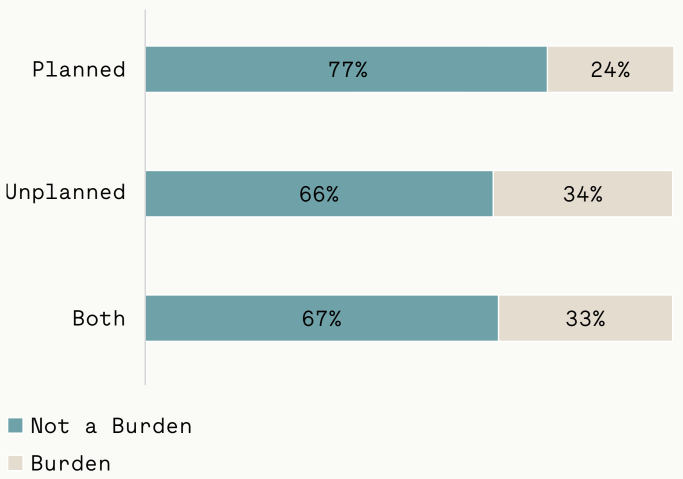


Unplanned Borrowing Runs the Risk of Over-Indebtedness and Vulnerability

In contrast, the data reveal concerning patterns among unplanned borrowers that suggest vulnerability to over-indebtedness. Clients who take loans that are wholly or partly unplanned are significantly more likely to report that repayment is a burden (34% of unplanned and 33% of partly unplanned versus 24% of planned borrowers). They are also more likely to report that their financial stress has increased (23% of unplanned and partly unplanned, versus 15% of those taking planned loans). This difference reflects the fundamental distinction between borrowing from a position of strength versus borrowing in a crisis. Given their reactive borrowing context and limited ability to plan for income generation and repayment, unplanned borrowers may struggle to generate the cash flows necessary for comfortable repayment.

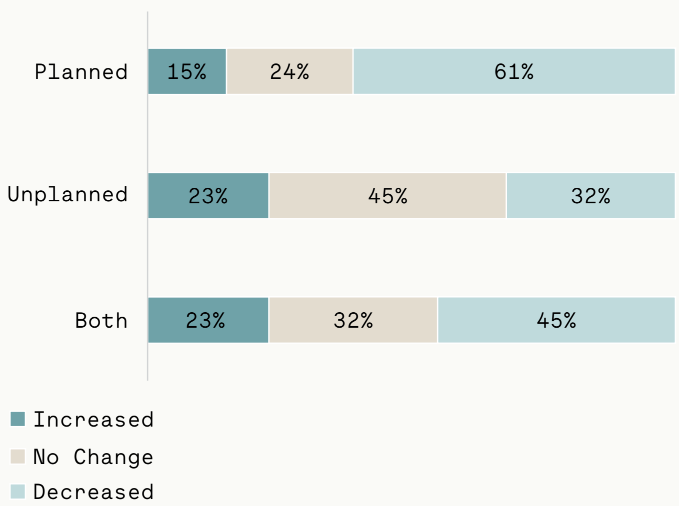
Repayment Burden by Planned/Unplanned Reason to Take the Loan

(n Planned = 19,219 | Unplanned = 2,290 | Both = 441)



Financial Stress by Planned/Unplanned Reason to Take the Loan

(n Planned = 19,216 | Unplanned = 2,288 | Both = 441)

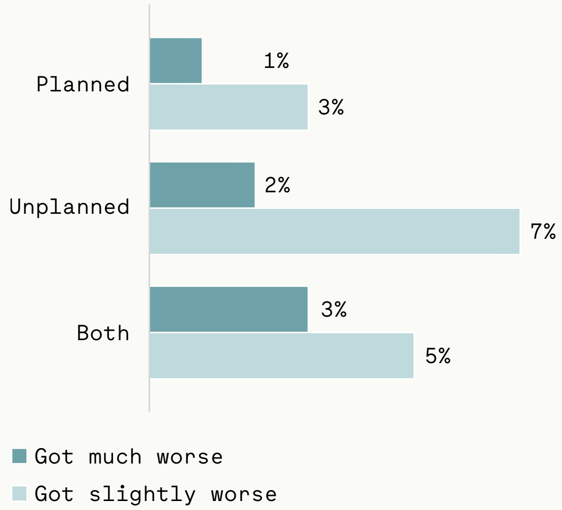


Unplanned loan borrowers also demonstrate worse financial resilience building. Nine percent of borrowers taking unplanned loans report their ability to face future emergency expenses has gotten worse, compared to only four percent of those taking planned loans.

This highlights a critical concern about reactive borrowing. While emergency loans can help clients address urgent needs and provide immediate relief, borrowers taking unplanned credit are likely already in a financial crisis. Adding repayment obligations to an existing emergency situation can exacerbate stress, and creates the risk of accumulating debt burdens that can deepen rather than resolve underlying financial challenges.

Ability to Face a Major Expense by Planned/Unplanned Reason to Take the Loan

(n Planned = 19,210 | Unplanned = 2,286 | Both = 441)



Supporting Both Planned and Emergency Borrowing Responsibly

FSPs play different but important roles for planned versus unplanned borrowers. For planned borrowers, FSPs enable strategic goal achievement and support the deliberate investment approaches that drive long-term financial improvement. For unplanned borrowers, FSPs provide crucial emergency support that addresses immediate needs, though these borrowers require careful attention, and may benefit from additional diligence during the underwriting process, additional financial counseling, and emergency-specific product design to mitigate risk.

The sector's commitment to both growth and protection requires recognizing these different client needs and developing appropriate responses. While planned borrowing offers the greatest opportunity for lasting impact, emergency lending serves essential protective functions—provided it includes safeguards against deepening financial distress for vulnerable clients already facing crisis situations. Success lies in matching service approaches to borrowing patterns rather than applying one-size-fits-all lending models.

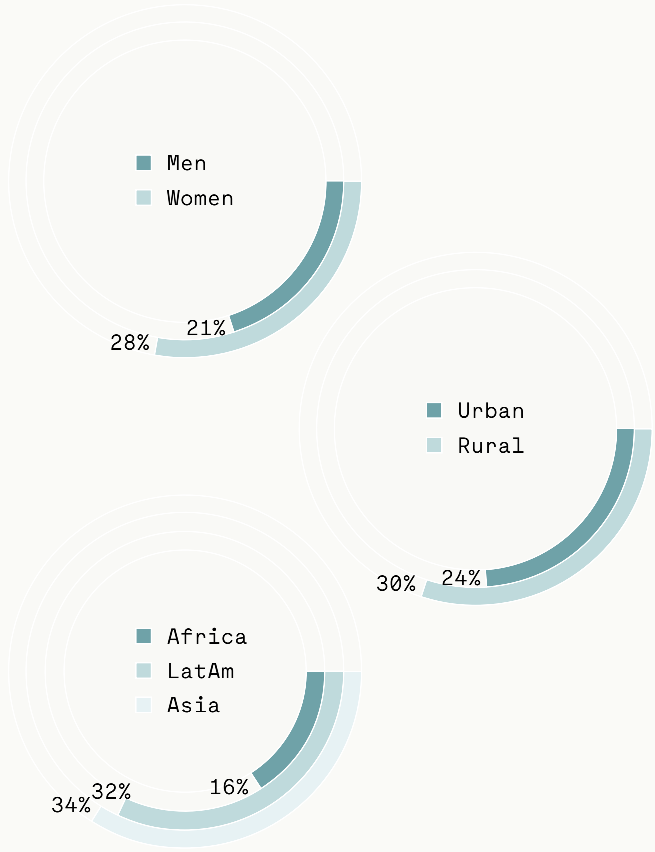
INSIGHT 02.

The most vulnerable benefit most when credit is combined with additional services

Vulnerable clients[4] represent one in four microfinance clients in our sample (26%) and face multiple barriers that limit their ability to achieve positive outcomes from microfinance. The data show that these clients report significantly less positive impact when compared to non-vulnerable clients, but also that they can achieve comparable outcomes when provided with additional services beyond credit alone. This demonstrates that while vulnerable clients face greater challenges, targeted support can unlock substantial impact potential.

These clients are more likely to be women, residents of rural areas, and concentrated in Asia. They are also significantly more likely to take unplanned loans than non-vulnerable borrowers, likely using credit to fill gaps in financial resilience rather than pursue planned investment opportunities.

Demographic Distribution of Vulnerable Clients
(n Rural = 10,258 | Urban = 6,134 | Female = 15,790 | Male = 8,642 | Africa = 10,968 | Asia = 7,330 | LatAm = 6,134)

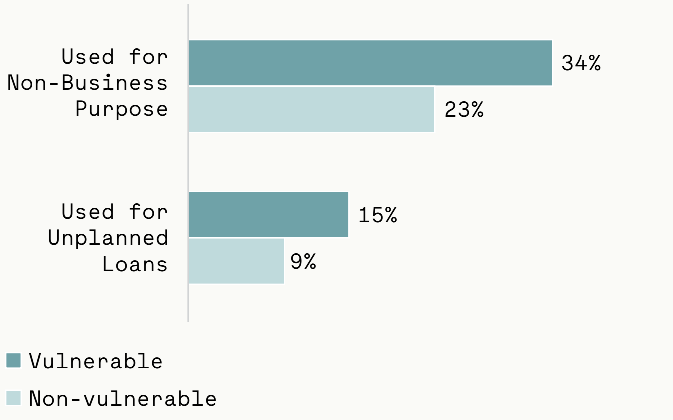


Understanding the Challenges Vulnerable Clients Face

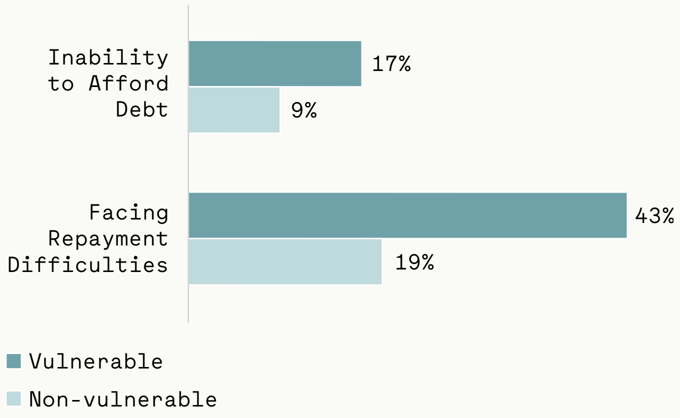
Vulnerability has a significant impact on loan experience: 43% of vulnerable clients face repayment difficulties compared to only 19% of non-vulnerable clients. This pattern persists even among planned borrowers, with 39% of vulnerable clients with planned loans reporting repayment difficulties, compared to 18% of non-vulnerable clients. Among those struggling with repayment, vulnerable clients are nearly twice as likely to report they simply cannot afford their debt (17% versus 9%). Broader research suggests this is likely a result of various underlying factors: lower financial resilience leading to emergency borrowing, limited access to information and financial education limiting their ability to use credit effectively, or simply lacking the income foundation necessary for comfortable repayment.[5]

> I had to undergo a health operation, so I took a loan from [FSP]. If I had taken a loan from somewhere else, I would have had to pay 50% interest, but they charge only 20%, which has reduced my tension.
>
> – Female, 32, India

Loan Usage by Client Vulnerability
(n Vulnerable clients = 6,232 | Non-Vulnerable Clients = 18,195)



Impact of Emergency-Driven Borrowing Approach by Vulnerable versus Non-Vulnerable Clients
(n Vulnerable clients = 6,232 | Non-Vulnerable Clients = 18,200)



4 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.

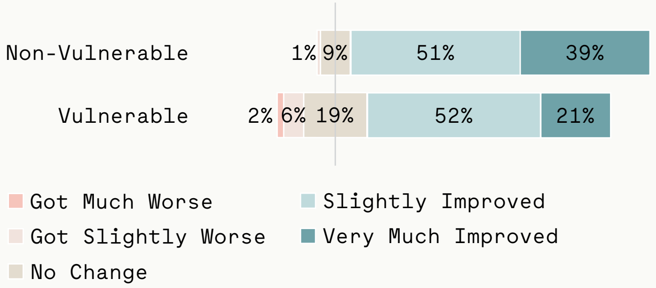
5 World Bank. Global Findex Database 2025: Connectivity and Financial Inclusion in the Digital Economy. Washington, DC: World Bank, 2025. Section 4.1, pp. 218

Impact Outcomes Show Vulnerable Borrowers are Risking Over-Indebtedness

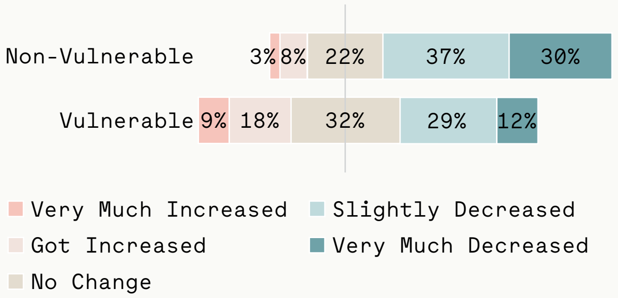
This pattern holds when looking at impact outcomes: 73% of vulnerable clients report improved quality of life compared to 90% of non-vulnerable clients. More concerning, 8% of vulnerable clients report that their situation has worsened since engaging with the FSP compared to just 1% of non-vulnerable clients, with debt affordability being the primary driver of deterioration. Along similar lines, financial stress reduction, a core benefit of effective microfinance, remains limited for vulnerable populations. Only around 41% of vulnerable clients report decreased financial stress compared to around two-thirds of non-vulnerable clients (67%).

Savings outcomes show the starkest disparities. While nearly three-quarters of non-vulnerable clients experience improved savings balances, only 44% of vulnerable clients report increased savings. Around 13% of vulnerable clients actually see their savings decrease due to their FSP relationship, compared to just 2% of non-vulnerable clients. The emergency expense management that defines vulnerability also shows limited improvement: with less than half of vulnerable clients (48%) reporting better ability to access emergency funds due to their FSP compared to over three-quarters of non-vulnerable clients (77%).

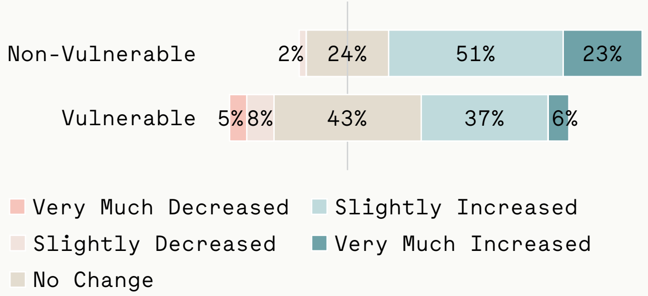
Changes in Quality of Life
(n Vulnerable clients = 6,232 | Non-vulnerable clients = 18,199)



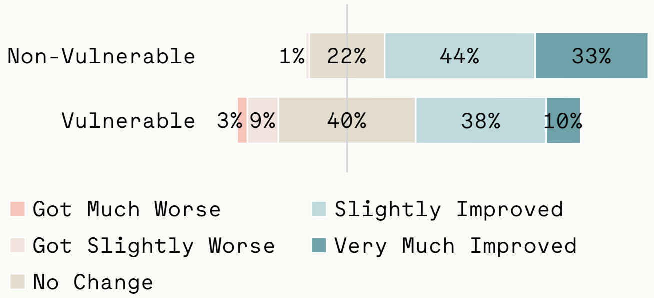
Changes in Financial Stress
(n Vulnerable clients = 6,232 | Non-vulnerable clients = 18,196)



Changes in Savings Balance
(n Vulnerable clients = 6,232 | Non-vulnerable clients = 18,195)



Change in Ability to Access Emergency Funds
(n Vulnerable clients = 6,228 | Non-vulnerable clients = 18,196)

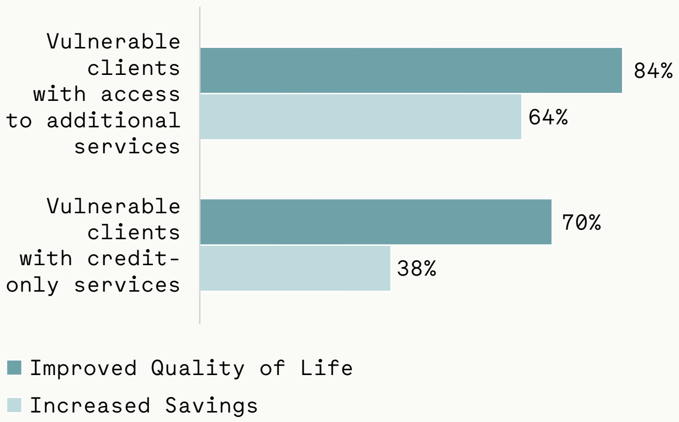


Additional Services Bridge the Gap for Vulnerable Clients

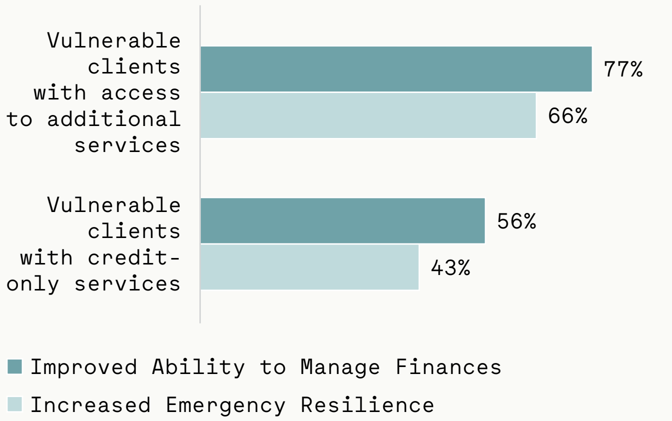
Encouragingly, the data show that additional services beyond credit can significantly improve outcomes for vulnerable populations. Vulnerable clients accessing additional services report dramatically better quality of life outcomes (84% versus 70% accessing only credit) and superior savings performance, with 64% reporting increased savings compared to 38% accessing only credit. Additional services also reduce the likelihood of savings depletion: only 7% of vulnerable clients accessing additional services report decreased savings versus 15% of those accessing only credit.

The benefits extend to financial management and emergency resilience—areas where vulnerable clients face the greatest challenges. An improvement in their ability to manage finances is reported by 77% of vulnerable clients with additional services compared to 56% of credit-only clients, nearly closing the gap with non-vulnerable populations. Emergency resilience building shows equally significant gains, with 66% of vulnerable clients with additional service access reporting improved emergency expense management compared to just 43% of those with credit-only services. This 23-point difference suggests that additional services help vulnerable clients build the financial buffers they lack, and improve their ability to use credit effectively.

Changes in Quality of Life and Savings
(n Vulnerable clients with access to additional services = 1,374 | Vulnerable clients with credit-only services = 4,748)



Changes in Financial Management and Emergency Resilience by Vulnerable Clients accessing Additional Services
(n Vulnerable clients with access to additional services = 1,374 | Vulnerable clients with credit-only services = 4,748)



Transforming Outcomes for Vulnerable Populations

The evidence demonstrates that vulnerable clients can achieve strong outcomes from microfinance, but their more challenging starting point requires additional support to unlock this potential. The multifaceted barriers that contribute to vulnerability —ranging from limited financial literacy and restricted access to information, lower resilience to external shocks, and limited financial ability—all create conditions where traditional credit-only approaches are effective at addressing urgent needs but fail to build the comprehensive financial foundation that vulnerable clients require.

However, FSPs that offer additional services— such as financial education, savings programs, and insurance— can bridge these gaps and dramatically improve outcomes for vulnerable populations. The significant improvements in quality of life, savings, and emergency resilience among vulnerable borrowers with access to additional services suggest these approaches help clients transition from crisis management to stability building. For the sector, these findings highlight both the opportunity and responsibility to design services that meet vulnerable clients where they are, recognizing that with appropriate support, these clients represent significant impact potential rather than increased risk.

INSIGHT 03.

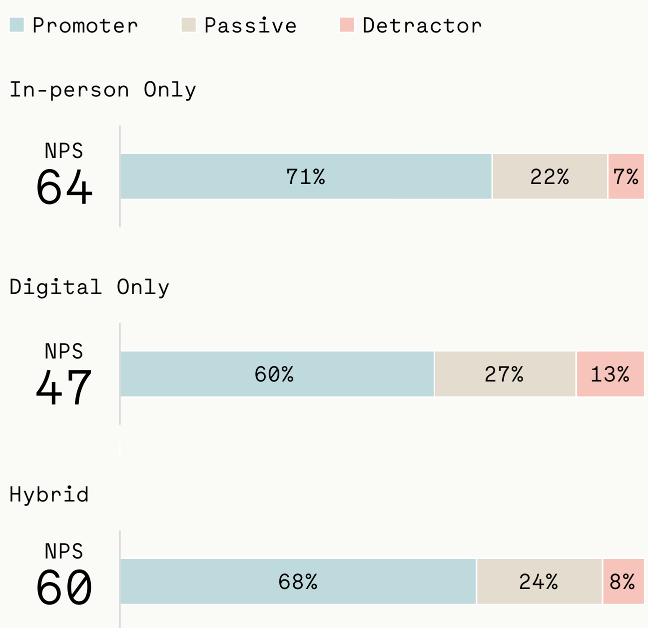
Users of digital-only services are twice as likely to report unexpected fees

Pure digital microfinance solutions show concerning gaps in client protection and satisfaction, when compared to in-person and hybrid offerings.

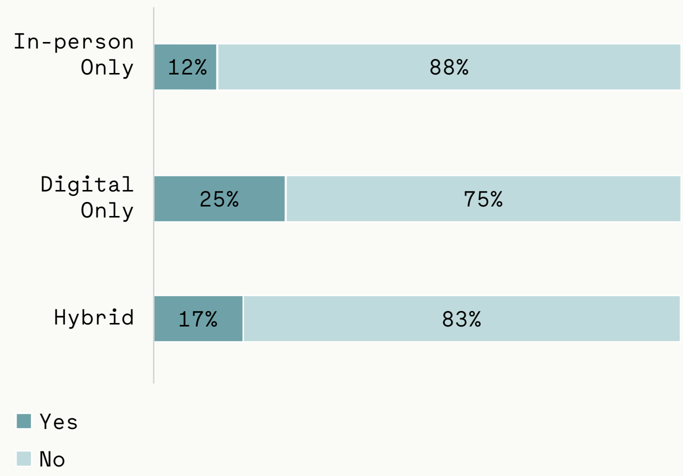
Clients who access and repay loans through only digital means report lower NPS and outcomes across key metrics, including understanding of loan terms and overall business impact. The findings suggest that while digital services offer important benefits, human interaction and in-person support remain essential for effective client protection.

The NPS gap is dramatic: clients using in-person services report an NPS of 64, compared to 60 for hybrid approaches and just 47 for digital-only services. This difference between in-person and digital-only experiences represents a significant erosion in client satisfaction and loyalty, one that could undermine the sector's growth and impact objectives. The challenge extends beyond NPS to real protection concerns—clients accessing services purely digitally report higher challenge rates (25%) compared to mixed approaches (17%) and in-person services (12%).

Net Promoter Scores by Digitization
(n In-person only = 11,606 | Digital-only = 4,759 | Hybrid = 5,574)



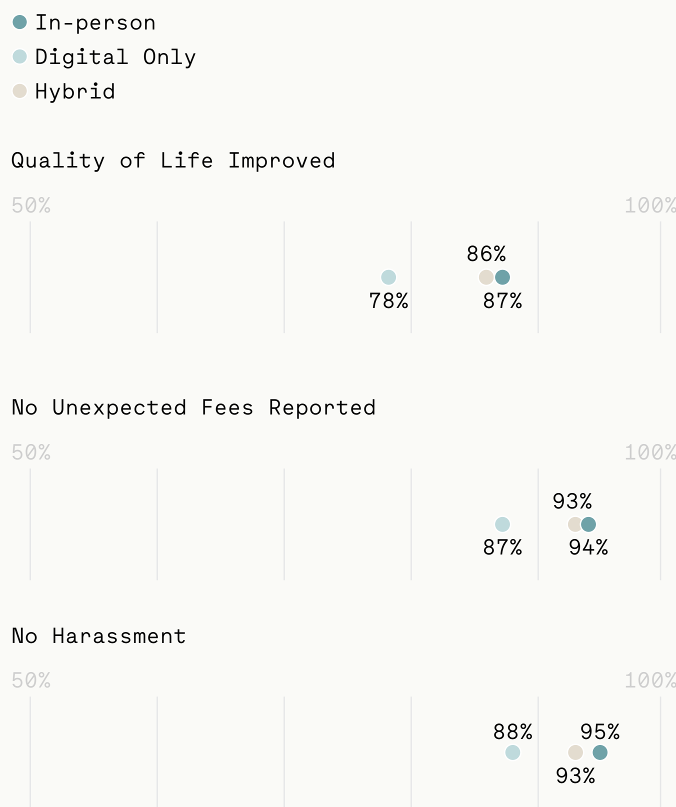
Have You Experienced Any Challenges With Your FSP?
(n In-person only = 11,615 | Digital-only = 4,760 | Hybrid = 5,574)



Digital-only Services Show Consistent Gaps in Impact and Client Protection

Users of digital-only services report consistently poorer results than other clients. Eighty seven percent of in-person clients report improved quality of life, compared to 86% of hybrid clients and 78% of digital-only clients. This 9-point gap between in-person and digital services represents a meaningful reduction in the core benefits that microfinance aims to deliver.

Impact on Client Outcomes Segmented by Delivery Type
(n In-person only = 11,615 | Digital-only = 4,760 | Hybrid = 5,574)

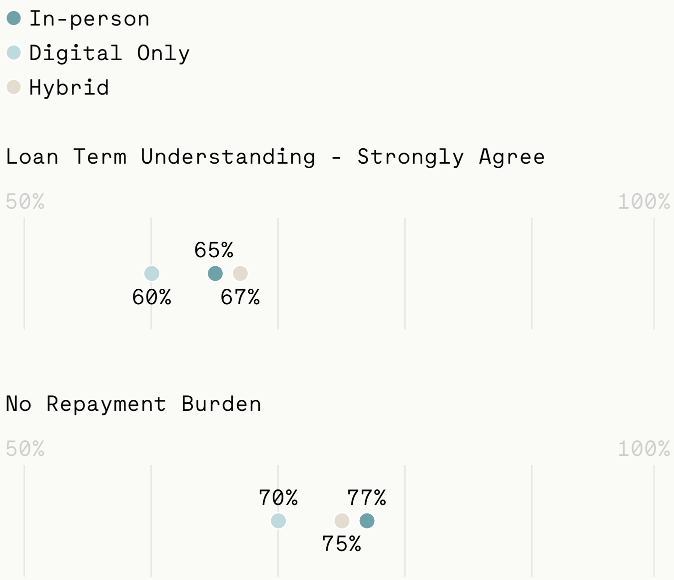


Client protection metrics mirror these impact disparities. Double the number of clients accessing services through digital channels reported unexpected fees—13%—as compared to the number of in-person clients (6%) and hybrid service users (7%). Similarly, 12% of fully digital clients report experiencing harassment, compared to 5% of in-person and 6% of hybrid service users.

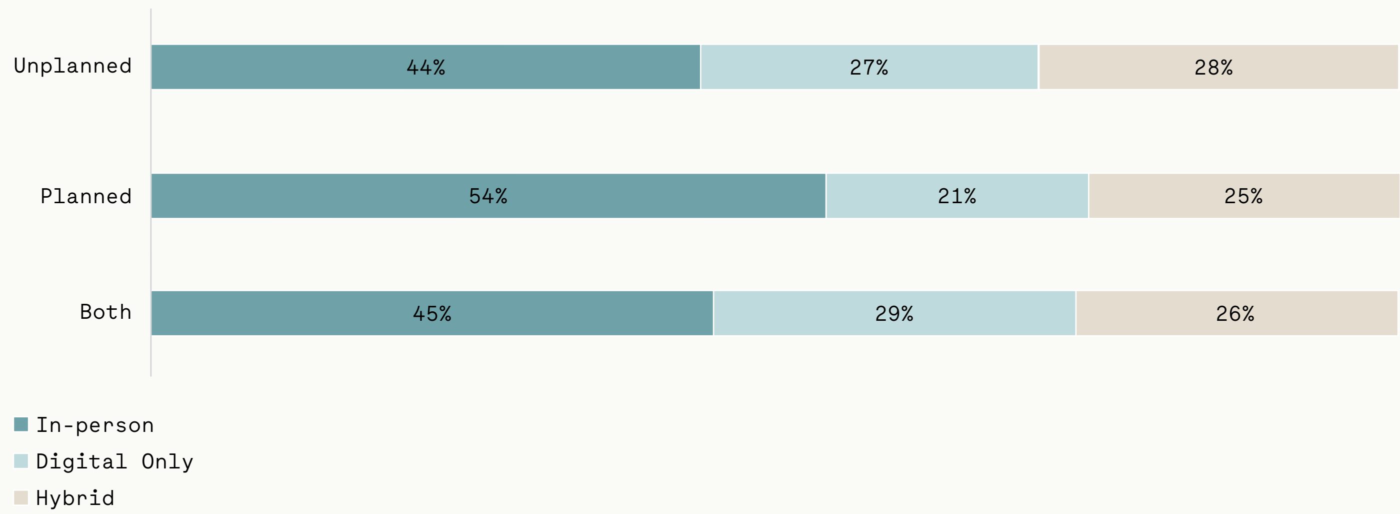
Along similar lines, clarity of loan terms shows meaningful differences across service delivery methods, though the gaps are more nuanced. Among clients accessing services in person, 65% strongly agree that terms are clear, compared to 60% using fully digital services. However, clients using hybrid approaches report the highest understanding at 67%, suggesting that combining digital efficiency with personal explanation creates optimal comprehension. Repayment burden follows similar patterns, with 77% of in-person clients and 75% of hybrid clients reporting no repayment issues, compared to 70% of fully digital clients. This difference may reflect both the superior term understanding that personal interaction provides and the ongoing support available when clients face repayment challenges. This is supported by external research that suggests digital-only services often have a lower quality of client outreach, which can lead to increasing exclusion within microfinance.[6] In short, digital-only clients who encounter difficulties may lack accessible channels for assistance or renegotiation.

The repayment burden gap becomes particularly concerning when considering that digital services are increasingly used by clients for urgent financial need. Nearly one in three (27%) of those taking unplanned loans access and repay credit through digital-only channels, compared to only 21% of planned borrowers. These borrowers are already in vulnerable financial positions, making clear terms, transparent payments, and positive experiences even more crucial for preventing deeper financial distress.

Loan Terms Understanding and Repayment Burden by Digitization
(n In-person only = 11,615 | Digital-only = 4,760 | Hybrid = 5,574)



Planned/Unplanned Reason to Take the Loan by Digitization
(n Planned = 19,219 | Unplanned = 2,290 | Both = 440)



6 Bisht, Nidhi S., Ernesto Noronha, and Arun Kumar Tripathy. 2024. "Digital Technologies Exacerbating Mission Drift in Microfinance Institutions: Evidence From India." Information and Organisation

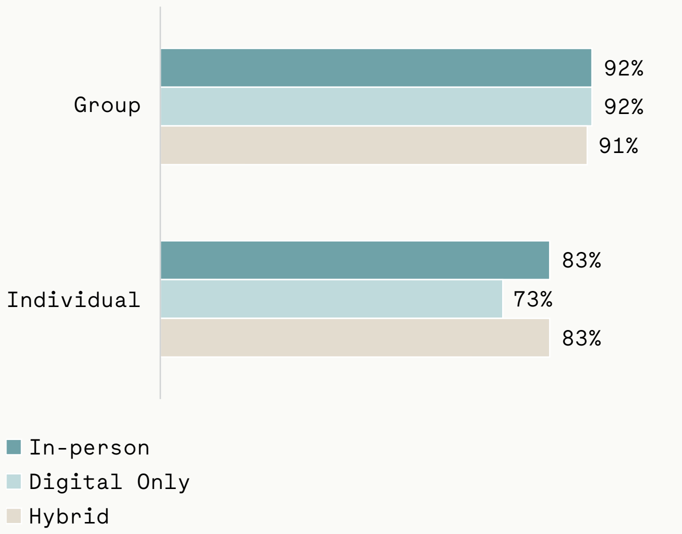
Group Lending Mitigates These Gaps, But Protection Challenges Remain

When looking into the relationship between digitisation and lending methodology, we see that group loan clients report similar quality of life outcomes across service delivery mechanisms, suggesting that the peer support inherent in group lending provides some protection against the negative effects of reduced personal interaction. However, group clients accessing digital loans still show protection vulnerabilities, with 8% of digital group loan clients reporting harassment compared to 3 and 4% for hybrid and in-person group loans.

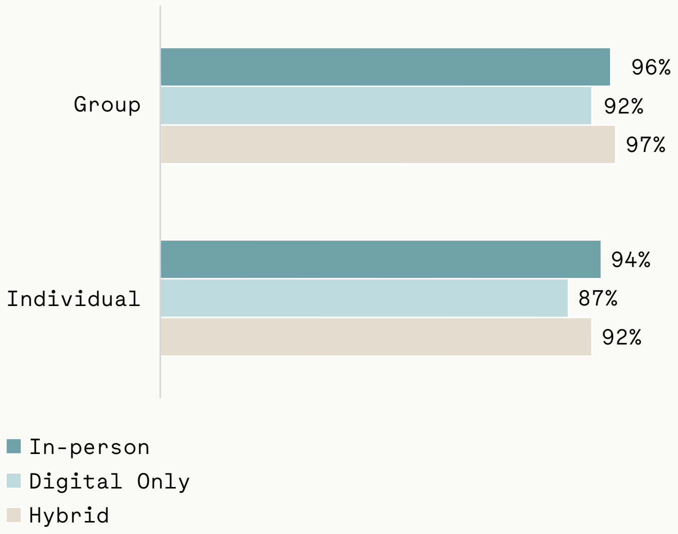
Individual loan clients experience more dramatic differences across both measures—quality of life improvements drop from 83% for in-person and hybrid services to 73% for digital delivery, while harassment-free experiences fall from 92-94% to just 87%.

The consistency of these gaps suggests that the issue stems from digital service design rather than client characteristics. Without face-to-face accountability, ongoing relationship building, and accessible support channels for clients with low digital literacy, digital channels may limit both the transformative potential and protective safeguards that define effective microfinance.

% Reporting Improved Quality of Life by Lending Methodology and Digitization
(n Group = 7,974 | Individual = 13,977)



% Experiencing No Harassment: Lending Methodology and Digitization Comparison
(n Group = 7,974 | Individual = 13,977)



Hybrid Models Offer the Best of Both Worlds

However this is not all bad news for digital approaches. We see evidence that hybrid service delivery is the optimal approach for balancing efficiency with client protection and outcomes. Hybrid clients report the highest loan term understanding (67% strongly agree), maintain strong protection metrics (94% report no harassment, 93% report no unexpected fees), and achieve satisfaction levels (NPS 60) much closer to in-person services than digital-only delivery.

This hybrid advantage suggests that FSPs need not choose between digital efficiency and client protection—they can pursue both through thoughtful service design that combines digital convenience with strategic human interaction. The challenge lies in identifying which interactions provide the greatest protection and satisfaction value, then ensuring those touchpoints are preserved even as other processes become digitized.

INSIGHT 04.

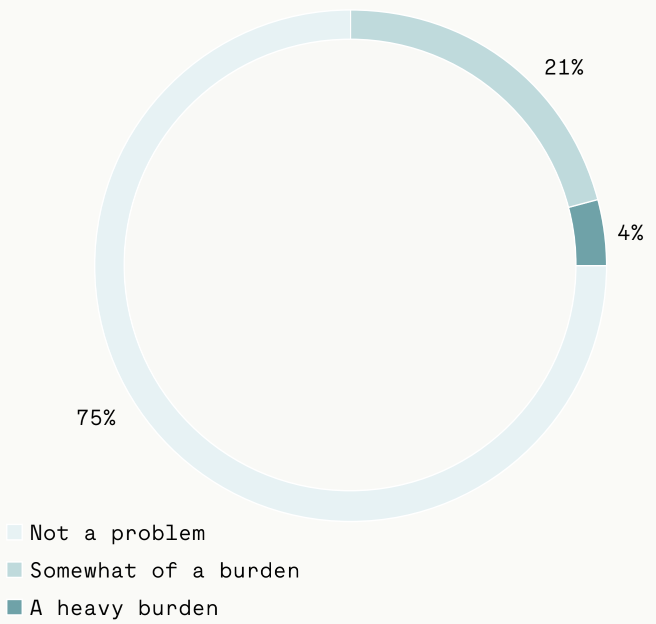
There's a strong impact dividend to explaining loan terms clearly

How well clients understand their loan terms emerges as one of the strongest correlations with repayment experience in this year's data: over half of clients (54%) who say loan terms are not clear report experiencing some form of repayment burden[7], compared to only 22% of those who find terms easy to understand.

To put it simply, the likelihood of experiencing repayment burden almost doubles in the absence of a clear understanding of loan terms and fees. With a quarter of clients reporting that repayment is a burden, this is a critical protection gap that FSPs can directly address through better communication.

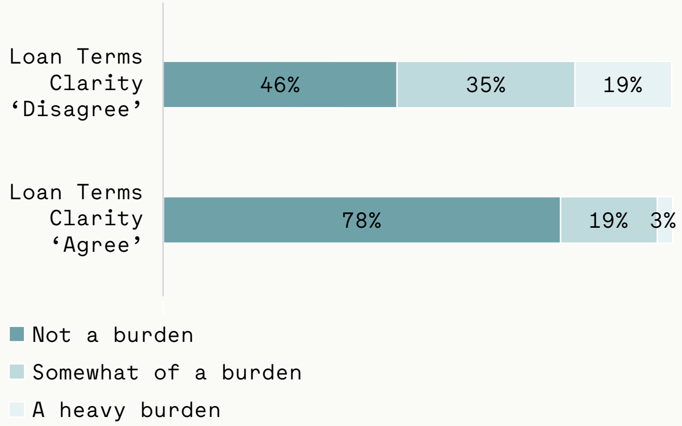
Outside of client protection, this also translates directly to client satisfaction. Clients reporting that repayment is 'somewhat of a burden' or 'a heavy burden' have an NPS of 35, while those reporting no burden have an NPS of 69, a dramatic difference that demonstrates how repayment burden likely leads to negative experiences with the FSP and lowered quality of life.

Repayment Burden
(n = 24,449)

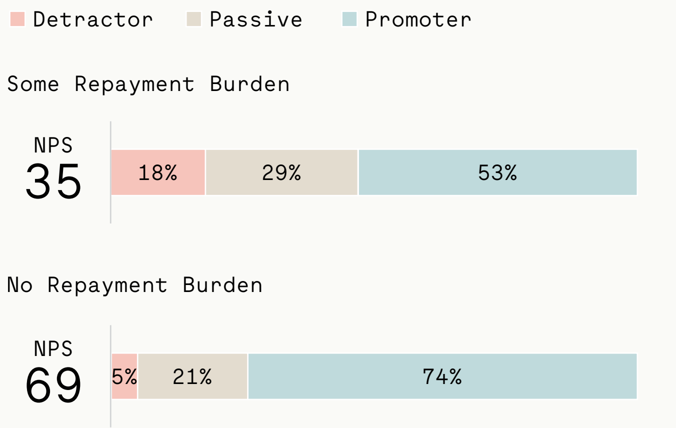


7 This includes clients that replied "A heavy burden" or "Somewhat of a burden" to the question "Thinking about your FSP loan repayments, are they a heavy burden, somewhat of a burden, or not a problem?".

Repayment Burden by Loan Term Clarity
(n Loan Terms Clear = 21,504 | Loan Terms Unclear = 1,623)



Net Promoter Scores by Repayment Burden
(n Some repayment burden = 6,117 | No repayment burden = 18,318)



Repayment Burden includes all clients who considered their repayments as 'a heavy burden' and 'somewhat a burden'.

> "When I apply for a loan, there's no lengthy interview process to assess my eligibility. If I am facing difficulties with a loan payment, I can discuss it with their staff by providing a clear explanation. Plus, I can even request a staff member to collect my payment at my home when I'm ready to repay.
>
> – Female, 51, Cambodia

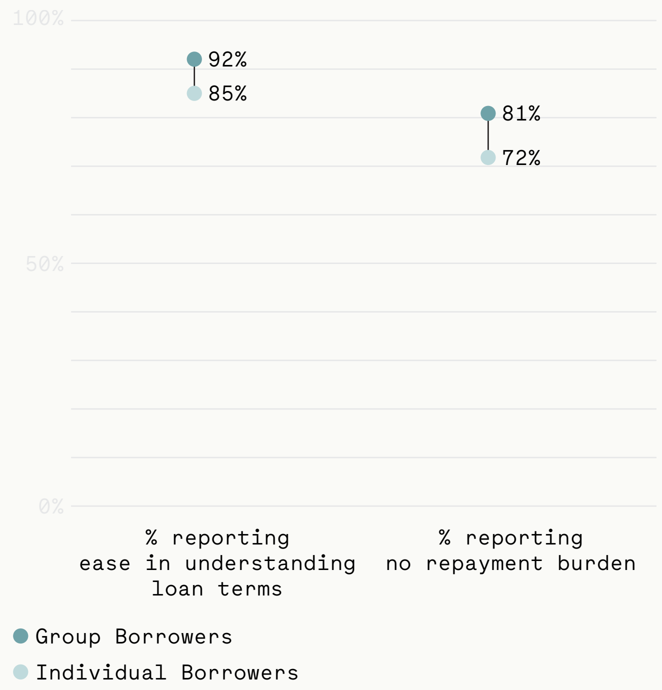
Recipients of Group Loans Understand Products Better

Group lending models have natural information-sharing mechanisms through peer support and collective learning. This translates to both loan term comprehension and lower repayment burden: group loan clients are much more likely to agree that loan terms are easy to understand than individual borrowers—92% versus 85%—and only 19% of group borrowers report repayment stress compared to 28% of individual borrowers.

We also see differences in these results by gender. Women consistently report both better understanding and lower burden than men. Nine in 10 women agree that loan terms are easy to comprehend compared to 84% of men. This comprehension advantage translates to lower burden rates: 23% of women experience repayment burden versus 28% of men.

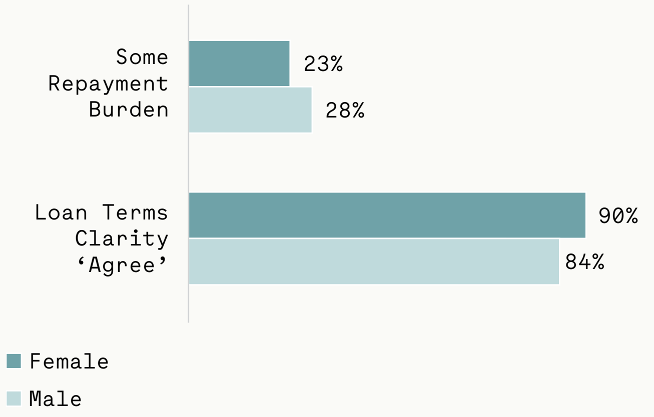
Client Protection Performance for Group and Individual Loans

(n Group = 8,623 | Individual = 13,978)



Client Protection Performance by Gender

(n Male = 8,647 | Female = 15,800)



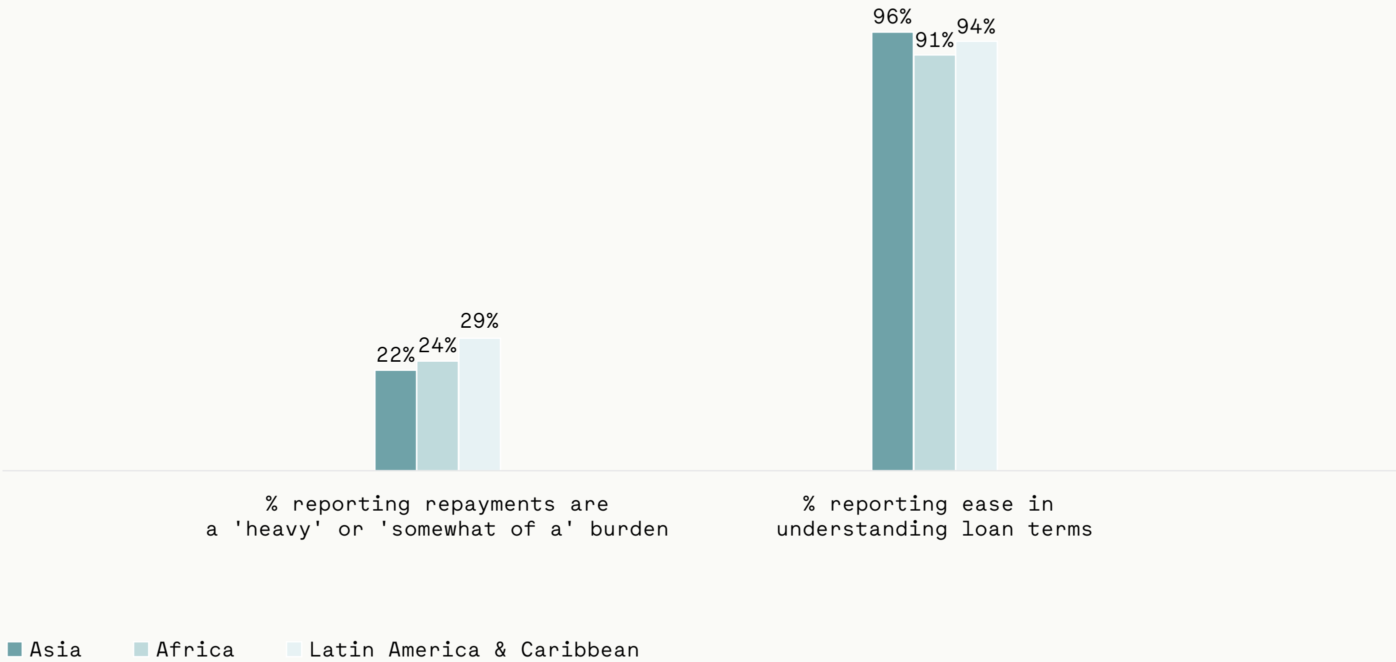
> The service and support are excellent; they clearly explain the entire process and the payments we need to make each month, and the best part is that they speak our language. The disbursement is fast and hassle-free.
>
> – Female, 65, Guatemala

At a regional level things are more nuanced: loan understanding remains important, but is likely balanced by other factors. Borrowers in Latin America report the highest burden rates at 29%, compared to 24% in Africa and 22% in Asia. Interestingly, African borrowers report the lowest understanding levels—9% disagree that loan terms are easy to grasp, versus 6% in LatAm and 4% in Asia. This suggests that factors beyond comprehension alone, such as loan size relative to income, contribute to regional burden differences. In our data, Latin American borrowers are the least likely to be part of group lending models (26% versus 42% of African borrowers, and 57% of Asian borrowers), potentially lacking some of the other protection offered by group lending models.

Broader research also shows that Latin American and African borrowers typically face larger loans relative to income levels, while Asian borrowers often take smaller loans.[8]

Client Protection Performance by Region

(n Africa = 10,974 | n Asia = 7,332 | n Latin America = 6,143)



8 Sotiriou, Alexander, David Crush, and Lucia Spaggiari. 2024. "Which Kind of Microfinance Institutions Can Serve Women Best?" CGAP. May 29, 2024

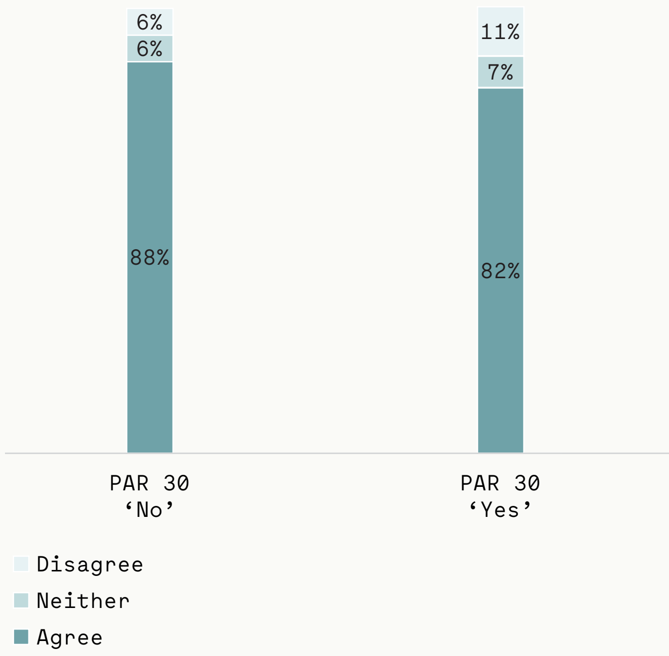
Poor Understanding Often Signals Deeper Problems

The comprehension-burden relationship becomes particularly pronounced among clients experiencing repayment difficulties. PAR30 clients (those who missed a payment in the last 30 days) are more likely to disagree that loan terms, fees, and penalties are easy to understand (11% versus 6% of clients in good standing). This pattern aligns with research by CGAP that shows that clients in arrears retrospectively report poorer comprehension of loan terms[9], creating a cycle where unclear information contributes to repayment stress, which in turn affects clients' perception of transparency.

The evidence is unambiguous: transparent, well-communicated loan terms serve as a foundation for client protection. FSPs that prioritize effective communication don't just improve understanding, they help their clients reduce repayment burden, enhance client satisfaction, and build stronger loan portfolios. In a sector focused on client protection and positive impact, ensuring loan term transparency represents one of the most actionable and effective interventions for improving both client outcomes and the financial bottom-line of FSPs.

Loan Terms are Clear by PAR30 Status

(n PAR30 No = 20,007 | PAR30 Yes = 1,943)



9 CGAP (2023). Understanding Microfinance Client Risks: Evidence from a Study of Client Protection. Consultative Group to Assist the Poor.

INSIGHT 05.

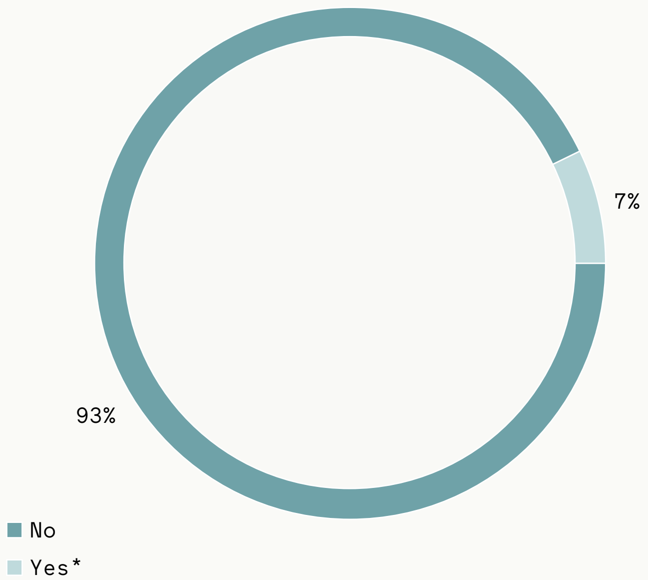
Limited awareness of complaint processes keeps most harassment incidents unreported

In this year's Index, we directly examined client experiences with harassment and their responses to such incidents.

These questions reveal concerning protection gaps across the sector: seven percent of clients report experiencing harassment from FSP representatives in the past year, yet only 25% of these clients report the incidents to their FSP.

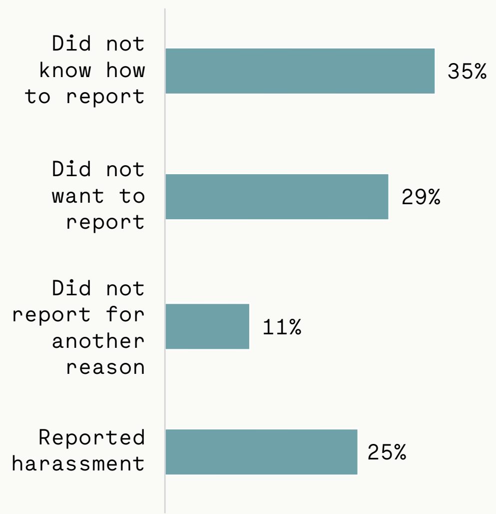
The findings expose a breakdown in client protection systems that extends beyond simple awareness issues. Among those who experienced harassment but didn't report it, 35% didn't know how to file complaints, while 29% didn't want to report the incidents. This reluctance and confusion around reporting creates an environment where harassment can persist unchecked, undermining the sector's commitment to client protection.

Clients Experiencing Harassment
(n = 21,953)



**Yes includes all clients who reported 'Yes, regularly', and 'Yes, rarely' to experiencing harassment.*

Harassment Reporting Behavior
(n = 1,505*)
*only asked to clients who said Yes to experiencing harassment



> Their agents are good, they do not harass us unlike in other companies, and also, they don't have delays in sending customers the applied loan money, the money is received within the agreed timeframe.
>
> – Female, 31, Kenya

Individual Lending Creates Higher Vulnerability to Harassment

The type of lending relationship significantly impacts harassment experiences. Individual borrowers experience harassment at more than double the rate of group borrowers: 9% versus 4%. This vulnerability appears linked to the isolated nature of individual lending relationships. As shown in our previous reports, group lending models offer natural protection mechanisms through peer networks and shared experiences.[10] When harassment occurs in group settings, other members can witness incidents and provide support for reporting. Individual borrowers, lacking these built-in safeguards, face harassment situations alone and may feel more vulnerable to retaliation for speaking up.

Urban Settings Show Higher Harassment Rates

Urban clients report experiencing harassment at nearly double the rate of rural clients: 9% versus 5%. This pattern largely reflects the concentration of individual lending in urban areas and group lending in rural settings, but may also indicate differences in FSP-client relationship dynamics across locations.

Research has shown that rural environments often feature closer, more personal relationships between FSP staff and clients, creating informal accountability mechanisms that may discourage inappropriate behavior.[11] Urban settings, with more transactional interactions and higher client volumes per loan officer, may create conditions where harassment is more likely to occur and less likely to be noticed by management.

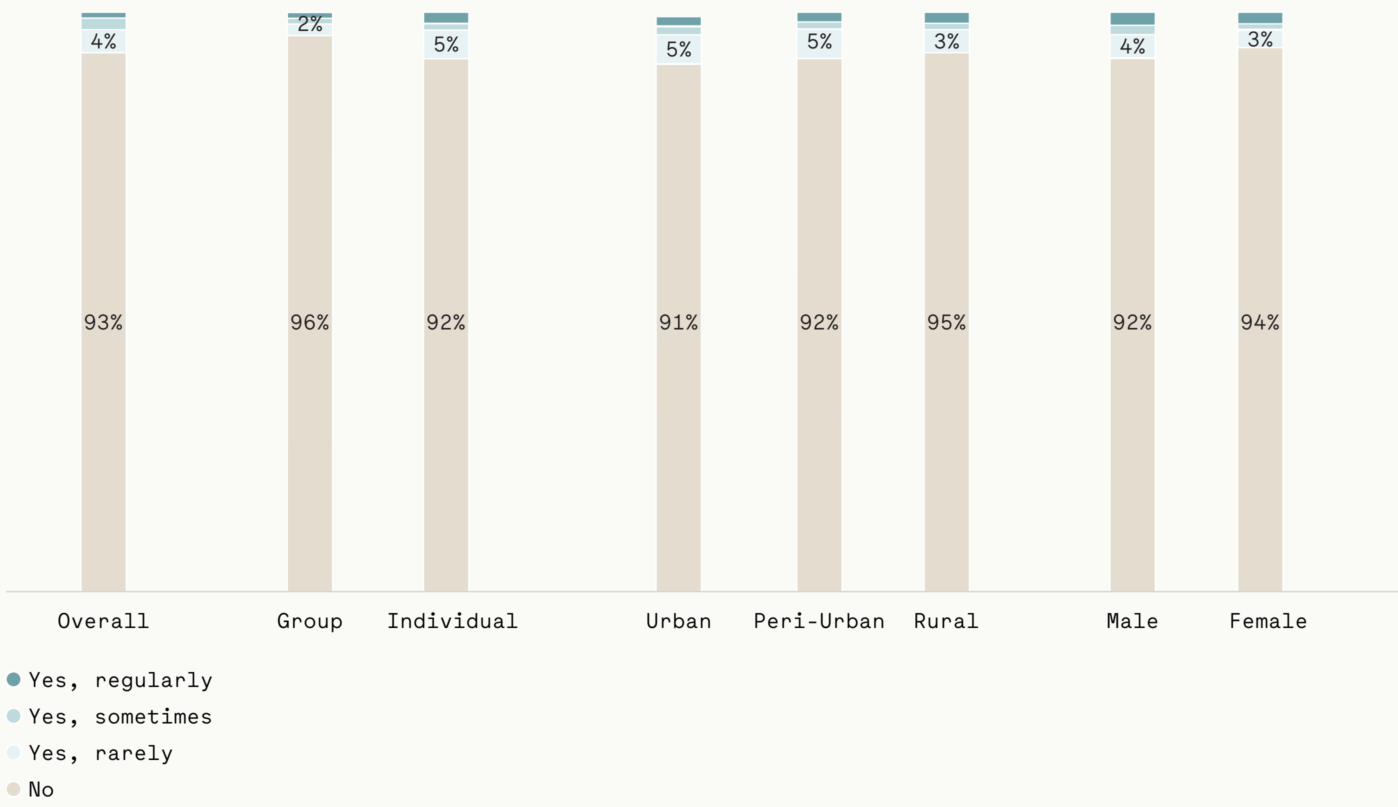
Gender Patterns Complicate Harassment Measurement

Men report experiencing harassment at slightly higher rates than women: 8% versus 6%. However, this difference requires careful interpretation, as women are more likely to take group loans, and likely benefit from the protections offered by group lending models.

Notably, among those who do experience harassment, men and women show no difference in their likelihood of reporting incidents to their FSPs. This suggests that once harassment is acknowledged, gender doesn't affect reporting behavior—but the initial recognition and acknowledgment of harassment may be where gender differences emerge.

Experience of Harassment by Gender, Location and Lending Methodology

(n = 21,953 | Female = 13,458, Male = 8,495 | Individual = 13,979, Group = 7,974 | Urban = 6,139, Peri-Urban = 5,415, Rural = 10,264)



10 60 Decibels. Microfinance Index 2024. 60 Decibels, 2024. pp. 33–35.

11 International Labour Organization (ILO). Rural Microfinance: Enhancing Financial Inclusion. International Labour Organization, 2024. pp. 19-22.

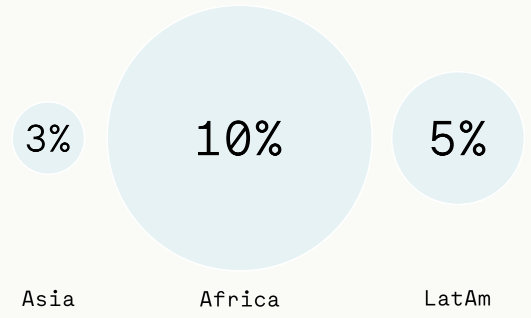
Regional Differences Reveal Varying Protection Challenges

African borrowers face the highest harassment rates at 10%, compared to 5% in Latin America and only 3% in Asia. However, the response to harassment varies significantly across regions, revealing different underlying barriers to effective client protection.

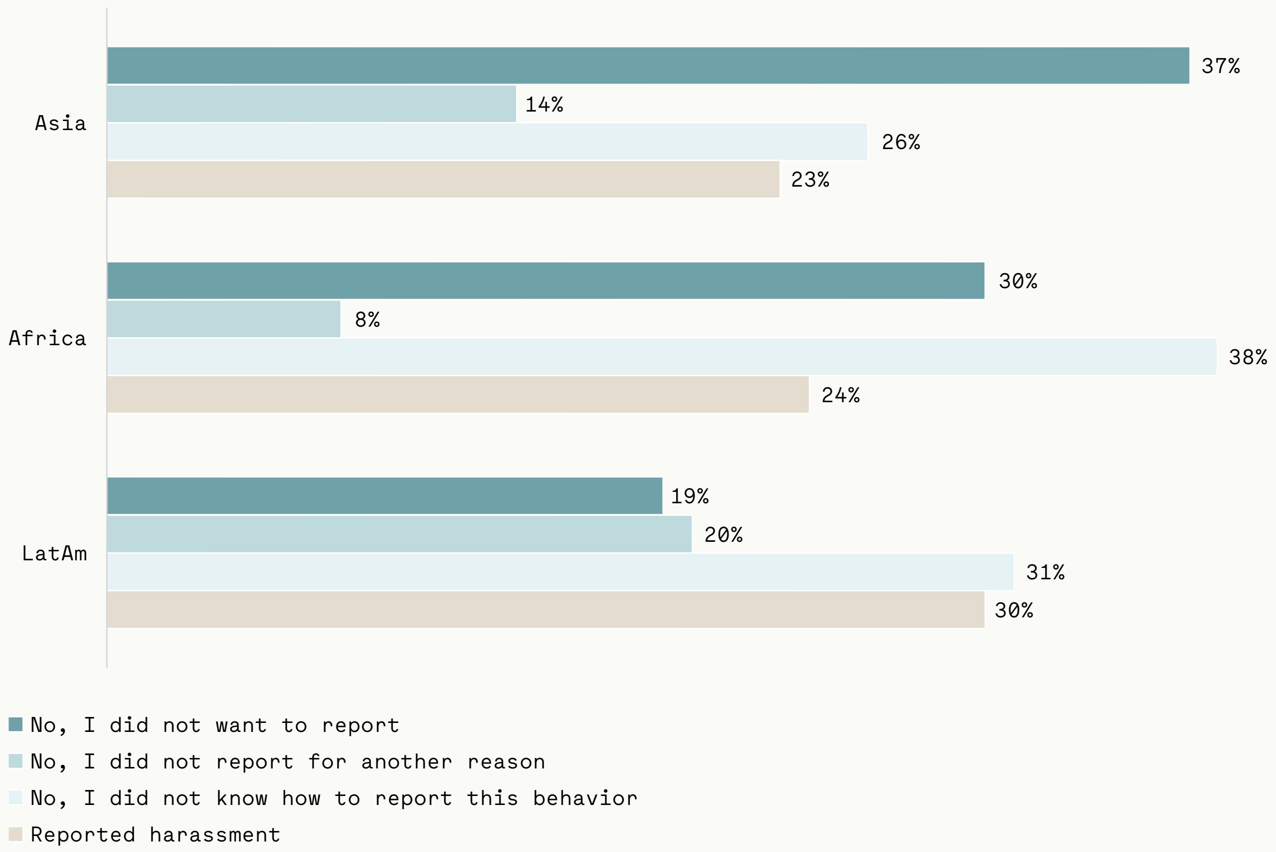
Latin American clients are most likely to report harassment when they experience it (30%), compared to 24% in Africa and 23% in Asia. Asian borrowers who don't report are most likely to cite unwillingness (37%), suggesting regional barriers to complaint-making. In contrast, African and Latin American non-reporters more commonly attribute their silence to institutional gaps—38% of African borrowers and 31% of LatAm borrowers simply don't know how to report harassment.

These patterns suggest that effective protection strategies must be tailored to regional contexts. Asian markets may require approaches that address cultural sensitivities around complaint-making, while African and Latin American markets need stronger institutional mechanisms and client education about available recourse options.

% of Clients Experiencing Harassment by Region
(n Africa = 9,443 | Asia = 6,367 | LatAm = 6,143)



Reporting of Harassment by Region
(n Africa = 985 | Asia = 214 | LatAm = 306)

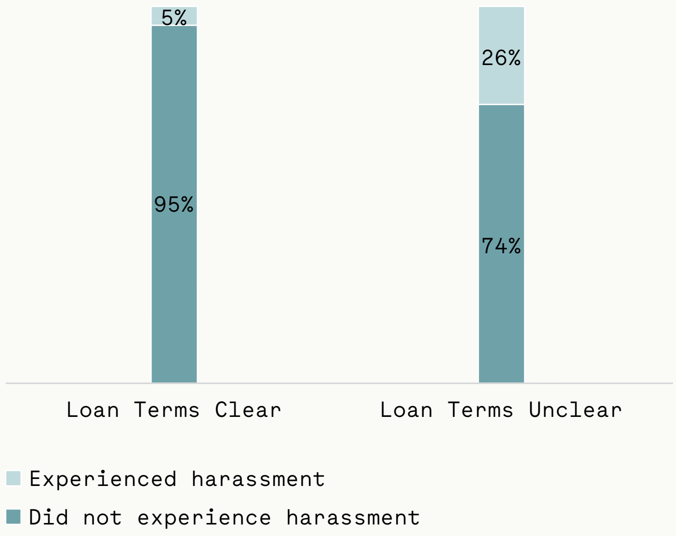


Knowledge Gaps Drive Protection System Failures

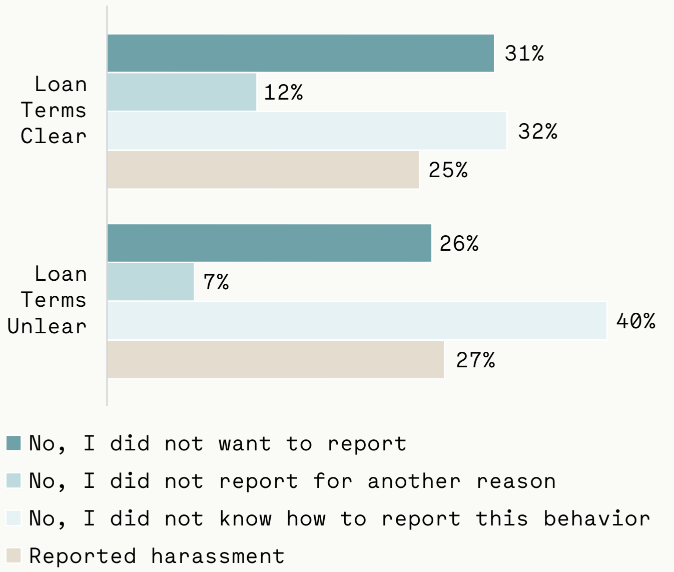
Interestingly, clients' understanding of loan terms emerges as a significant factor in both harassment experiences and reporting behavior. Among clients who find loan terms clear, 95% report no harassment, compared to only 74% among those who find terms unclear.

We also see that of borrowers who experience harassment and find loan terms unclear, 40% attribute non-reporting to not knowing how to complain, versus 32% of those with better loan understanding. This pattern suggests that clients who struggle to understand their basic loan obligations also struggle to navigate protection systems when problems arise.

Experience of Harassment by Loan Term Understanding
(n Loan Term Clear = 19,137 | Loan Terms Unclear = 1,567)



Reporting Behavior by Loan Term Understanding
(n Loan Term Clear = 953 | Loan Terms Unclear = 399)



Building Stronger Protection Through Education and Systems

These findings reveal that effective client protection requires both robust systems and comprehensive education. FSPs cannot rely solely on having grievance mechanisms in place—clients must understand their rights, recognize inappropriate behavior, and feel confident about using available recourse options. Protection efforts should focus on three key areas: making complaint processes widely known and accessible, addressing cultural barriers to reporting in different regional contexts, and ensuring that basic client education includes rights awareness alongside financial education. Only through these comprehensive approaches can FSPs close the gap between harassment experiences and appropriate institutional responses.

INSIGHT 06.

For women, loan success is measured at the household level

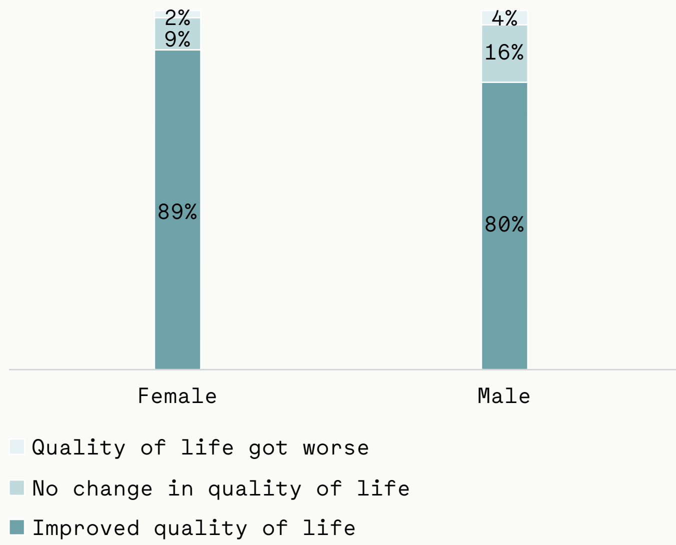
Women approach microfinance with different priorities than men, which is reflected in the impact they experience and how they measure loan success.

Female borrowers consistently evaluate loan benefits through household welfare improvements rather than just direct business results. Understanding these differences reveals opportunities for more targeted products and service approaches that align with women's priorities.

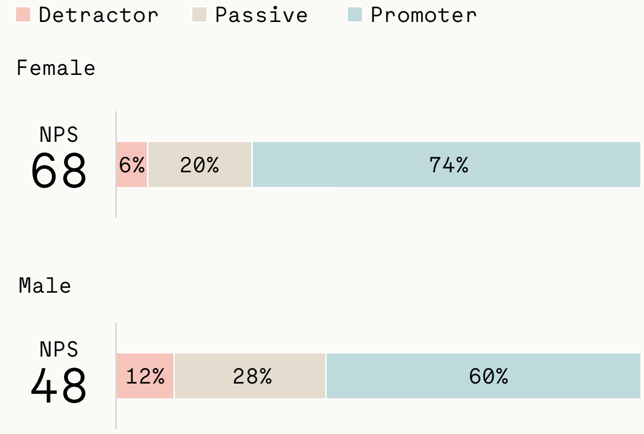
Women Experience Higher Impact, Driven by Household-Level Outcomes

Women report dramatically higher quality of life improvements (89% versus 80% for men) and satisfaction (with an NPS of 68 compared to 48 for men). However, the more revealing difference lies in what drives these differences. Despite women being more likely than men to use loans for business purposes (84% versus 71%), their perception of value comes from impact on immediate family needs. While increased income is top of mind for both genders, women are significantly more likely to report that their quality of life improved due to an increased ability to cover household expenses and bills (26% versus 21%), and to afford education for themselves or their dependents (23% versus 16%). This pattern reveals different approaches to measuring loan success: women pursue increased income but also evaluate outcomes through household welfare improvements, while men see value primarily in their ability to increase their business investment and assets. Overall, women are using credit in a manner that serves multiple household objectives simultaneously, a finding validated by broader research by CGAP, and one that is often a core thesis of microfinance impact.[12]

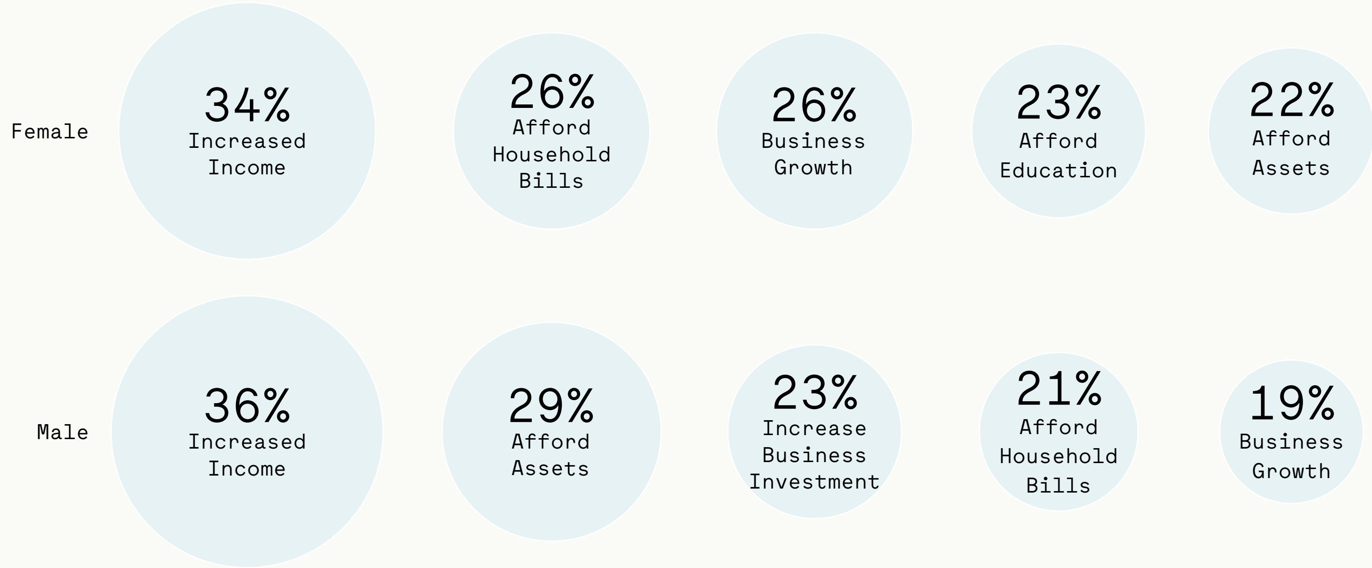
Self-Reported Impact on Quality of Life Segmented by Gender
(n Female = 15,800 | Male = 8,649)



Net Promoter Score® by Gender
(n Female = 15,788 | Male = 8,648)



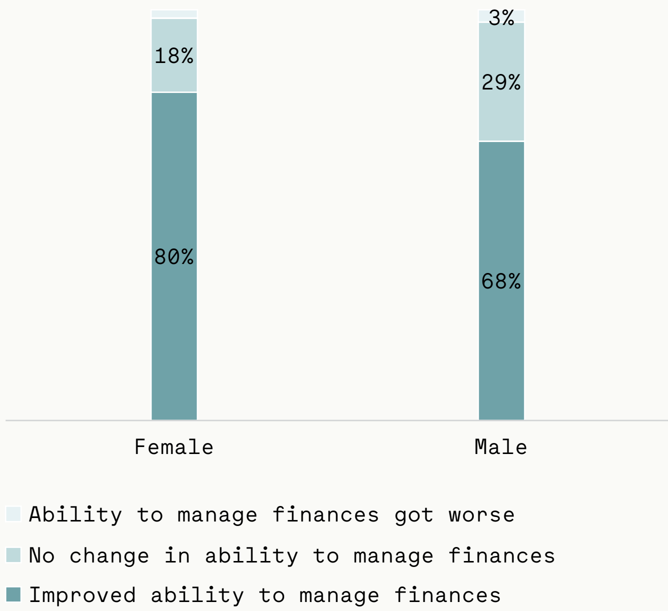
Top Qualitative Drivers of Quality of Life Improvement by Gender
(n Female = 14,052 | Male = 6,940)



12 CGAP. (2025, March 4). Bridging the Evidence Gap in Women's Financial Inclusion.

The household focus is further reinforced by women's financial management outcomes: 80% of women report improvements in their ability to manage their finances compared to 68% of men. These improvements likely reflect a combination of enhanced financial capability and improved access to capital: 49% of women with an improved ability to manage finances are better able to pay expenses on time, 48% are better able to match expenses and income, 46% are able to budget better, and 45% are able to save more. This is in line with research by the World Bank, which shows that increased engagement with financial services empowers women borrowers to manage finances more effectively and enhances their financial autonomy and household decision-making.[13] This is reflected in our data: women report enhanced household decision-making influence (62% report increased contribution versus 48% of men), with borrowers primarily attributing this improvement to an increase in joint decision making at the household level.

Change in Financial Management by Gender
(n Female = 15,537 | Male = 8,644)



13 Klapper, Leora, Dorothe Singer, Laura Starita, and Alexandra Norris. Global Findex Database 2025: Connectivity and Financial Inclusion in the Digital Economy. Washington, DC: World Bank, 2025. pp. 85–98, 127–149.

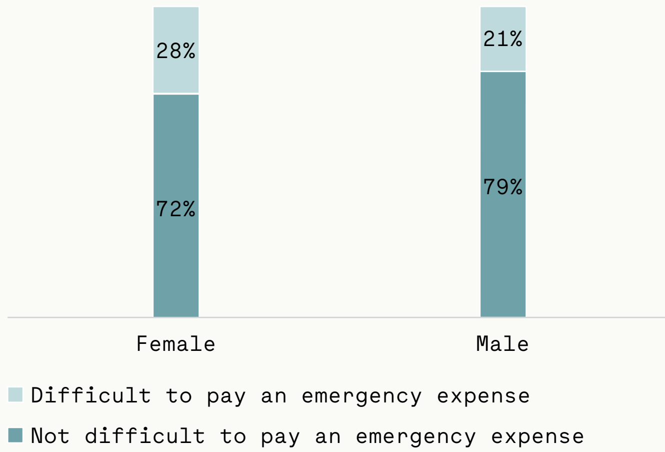
Women Borrowers Build Resilience, Contributing to their Financial Independence

Women also demonstrate different emergency resilience patterns. While 28% report difficulty accessing emergency funds compared to 21% of men, 73% report improved access to emergency funds due to their FSP compared to 63% of men. This suggests that women start from a position of greater vulnerability and achieve stronger resilience improvements. The resilience gains also likely connect with women's improvements in financial management skills. The data support the following hypothesis: better budgeting and saving capabilities combine with improved access to funds, creating financial security that can then enhance ability to cope with emergencies and overall financial independence. Moving from limited options to reliably being able to deal with emergencies changes not only immediate security, but can also allow borrowers to take calculated risks, invest in opportunities, and participate actively in household financial planning.

Implications for Serving Women More Effectively

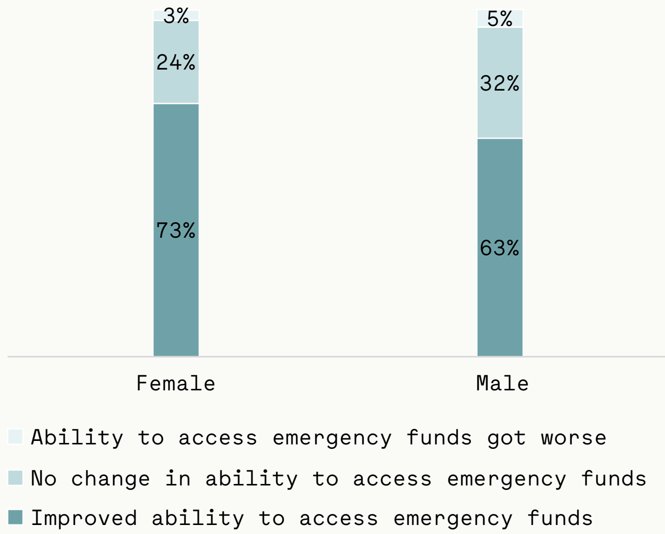
Women's distinct impact patterns suggest opportunities for FSPs to better align their approaches with female clients' priorities. Understanding women's household-oriented borrowing strategies and loan use behavior can create opportunities for providing tailored financial products, training, and services that can help women enhance the household-level impact of microfinance loans.

Ease of Paying Emergency Expenses by Gender
(n Female = 15,790 | Male = 8,642)



**No Difficulty includes all clients who report that they found it 'Very Easy', 'Somewhat Easy' and 'Neither easy nor difficult' to meet an emergency expense. 'Difficult' includes the remaining clients.*

Change in Ability to Access Emergency Funds by Gender
(n Female = 15,792 | Male = 8,642)



INSIGHT 07.

Non-productive-use loan products create value through different impact pathways

Microfinance's primary impact thesis centers on productive-use loans—such as those for business, services, agriculture, and industry— enabling low-income individuals to leverage loan capital for income generation, leading to positive outcomes across financial well-being, resilience, and quality of life.

This approach is also generally viewed as a best practice to ensure clients do not become over-indebted, as income-generating loans provide the means for sustainable repayment. However, microfinance extends beyond productive-use, and our data over the years has often highlighted a variety of non-productive usage, and loan impacts that extend beyond financial gains alone.

Non-productive-use loan products operate under different impact frameworks not necessarily tied to financial gains and income expansion, creating distinct value propositions that warrant separate assessment. Keeping this in mind, in the 2025 Microfinance Index, we look to dive deeper into the impact of non-productive use loan products and the benefits they offer clients.[14]

Despite Lower Financial Gains, Non-Productive-Use Loan Products Create Significant Impacts

The data reflects the difference in impact pathways—productive-use loan clients are significantly more likely to report increases in savings (68% versus 31%), improvements in financial resilience (71% versus 33%), and enhanced ability to manage their finances (77% versus 52%) compared to those with non-productive-use loans.

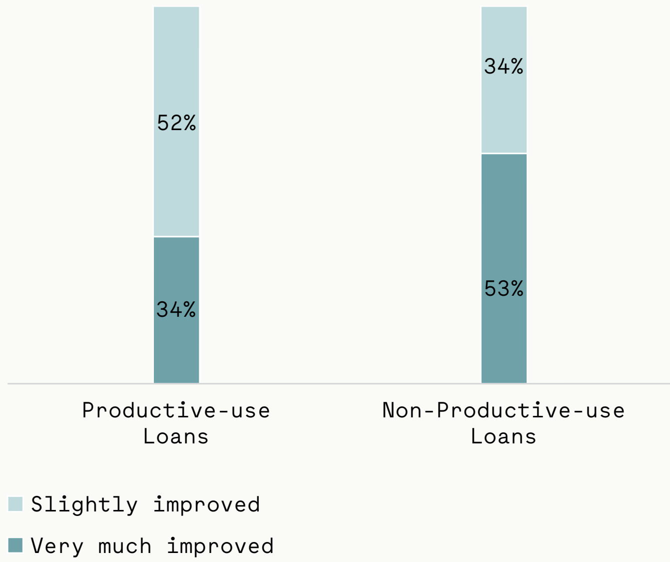
Yet, despite lower financial gains, these non-productive-use loan products continue to catalyze significant impacts in clients lives: quality of life outcomes remain comparable between groups (86% for productive-use versus 87% for non-productive-use loans), but clients with non-productive-use loans are more likely to report significant improvements (53% versus 34%).

This pattern extends to satisfaction, where non-productive-use loan clients achieve higher NPS scores (69 versus 60) and demonstrate greater loyalty, with 75% promoters compared to 68% for productive-use loans.

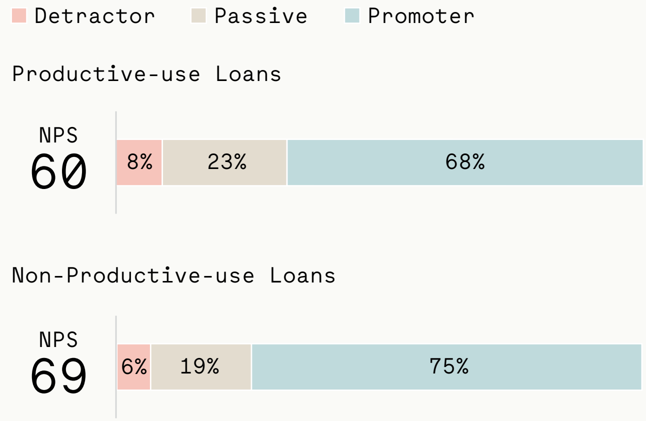
14 This includes loans classified as Housing or Education Loans by FSPs.

Changes in Savings, Financial Resilience, and Ability to Manage Finances by Loan Product Type
(n Productive-use loans = 23,041 | Non-productive-use loans = 1,115)

Reported Improvements in Quality of Life by Loan Product Type
(n Productive-use loans = 23,040 | Non-productive-use loans = 1,115)



Net Promoter Score by Loan Product Type
(n Productive-use loans = 23,029 | Non-productive-use loans = 1,114)



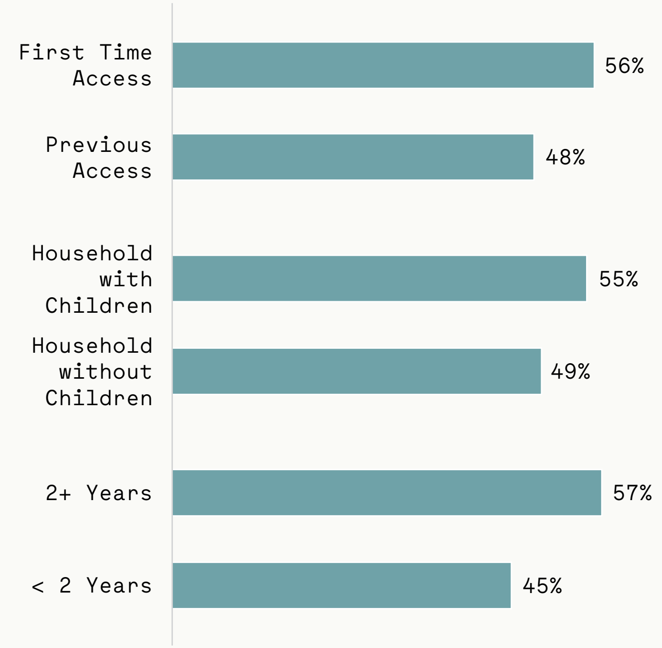
Housing Loans: Familiar First-Time Benefits, Unexpected Individual Advantages

Outside of core microfinance impact, non-productive loan products are also able to catalyze impacts unique to their product design. As part of our exploration of non-productive-use loan products, we incorporated an additional module to assess the unique impact of Housing loans.[15]

Perhaps not surprisingly, we see that first-time clients of housing loans demonstrate superior outcomes when it comes to improvements to conditions in their home, with 56% reporting 'very much improved' versus 48% among those with previous access. This pattern extends to clients with children, who are also more likely to have experienced an improvement in the conditions of their house than those without children (55% vs 49%). In addition, clients with greater tenure with the FSPs (2+ years) demonstrate superior outcomes to those with smaller tenure (57% vs 45%).

Similar patterns emerge for household safety improvements, with over half of households with children (52%) reporting 'very much improved' feeling of safety compared to those without children (47%). First-time clients are also more likely to report improved safety than those with previous access (57% vs 47%).

Percentage of Clients Reporting Improvements in their Housing Conditions by First Access, Household with and without Children, and Tenure
(n First Time Access = 825, Previous Access = 497 | Household with Children = 908, Household without Children = 325 | Tenure: 2+ years = 908, Less than 2 years = 348)



15 This module was used as part of surveys across 6 housing-focused lenders.

There is Some Inherent Risk in Non-Productive Use Lending

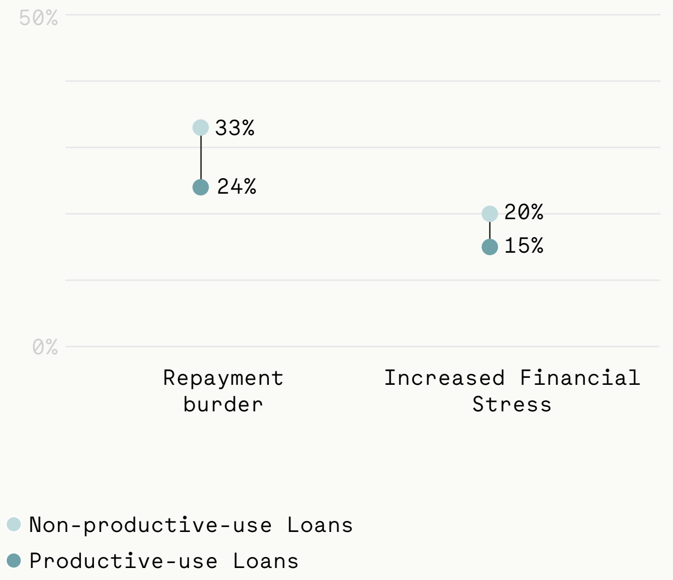
Despite the positive outcomes demonstrated by non-productive-use loan products, the sector's emphasis on productive lending reflects legitimate concerns about client protection and over-indebtedness. Income-generating loans look to provide clients with the means for sustainable repayment as part of their inherent design, which is not necessarily the case for a housing or education loan.

The data validate some of these risks associated with non-productive-use loans: non-productive-use clients are more likely to report repayment burden (33% versus 24% of productive-use clients), and to experience increased financial stress (20% versus 15%).

Implications for Product Design and Risk Management

These findings demonstrate that non-productive-use loan products deliver meaningful value through different impact pathways than traditional microfinance, achieving higher client satisfaction and significant quality of life improvements. However, the elevated risks require deliberate product design, careful underwriting processes, and potentially different pricing structures to ensure client protection. Moving forward, these distinct impact pathways warrant separate assessment approaches that capture each loan type's unique value while addressing their specific challenges and risk profiles.

Financial Challenges by Loan Type
(n Productive-use loans = 23,040 | Non-productive-use loans = 1,115)



INSIGHT 08.

Client household characteristics have significant influence on impact outcomes

The 2025 Microfinance Index includes two specialized modules, Child Lens Investing and Climate Resilience, that provide deeper insights into how financial services affect specific aspects of client well-being.

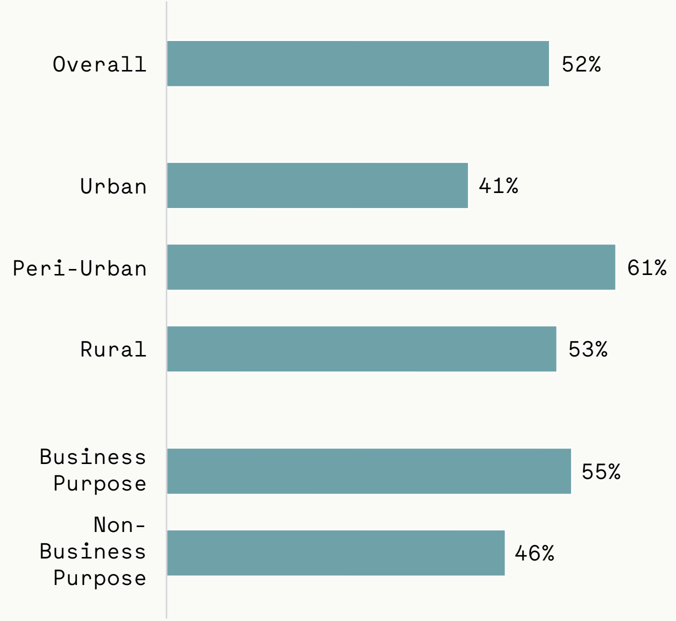
Overall, these modules reveal nuanced impact that is often masked in aggregate data and reveal important variations across client demographics. Understanding these patterns can enable FSPs to design more targeted approaches and loan products that maximize impact by recognizing certain client characteristics as primary determinants of success.

Child Lens Assessment: Households with Children Achieve Impacts that Extend to Child Wellbeing

We designed our child lens assessment approach in conjunction with UNICEF, VisionFund International, and Global Partnerships this year[16], with the objective of better understanding and elevating the lived experiences of families with children and the impact of microfinance on children's well-being specifically. While a comprehensive report on this topic will be published in partnership with UNICEF in the coming months, we highlight a few key findings here.

Overall, over two-thirds of our respondents have children under 18 in their households. Our data show that microfinance has a significant impact on children's outcomes, with 52% of caregivers reporting children's improved school attendance due to loans. Peri-urban areas demonstrate the strongest improvements in attendance at 61% (versus 53% and 41% in rural and urban areas, respectively). Clients using their loans for business purposes report stronger school attendance gains than those using loans for non-business purposes (55% versus 46%), consistent with the idea that income expansion drives increased household investment.

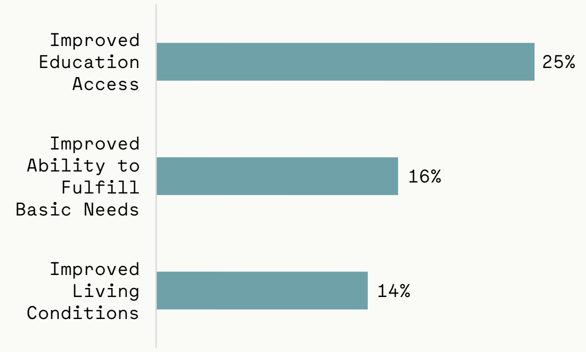
Improvements in School Attendance by Location and Loan Usage*
(n Urban = 728, Peri-urban = 812, Rural = 1,617 | Business = 2,713, Non-business = 691)



Question only asked to FSPs who participated in the Child Lens Investing Module

When asked an open-ended question about the most significant change in children's lives, 25% of caregivers report their children's access to education has improved, 16% report an improved ability to fulfill basic needs for their children, and 14% report improvements to their children's living conditions.

Most Significant Changes in the Lives of the Children in the Household*
Open-ended question coded by 60 Decibels (n = 3,500)



Question only asked to FSPs who participated in the Child Lens Investing Module

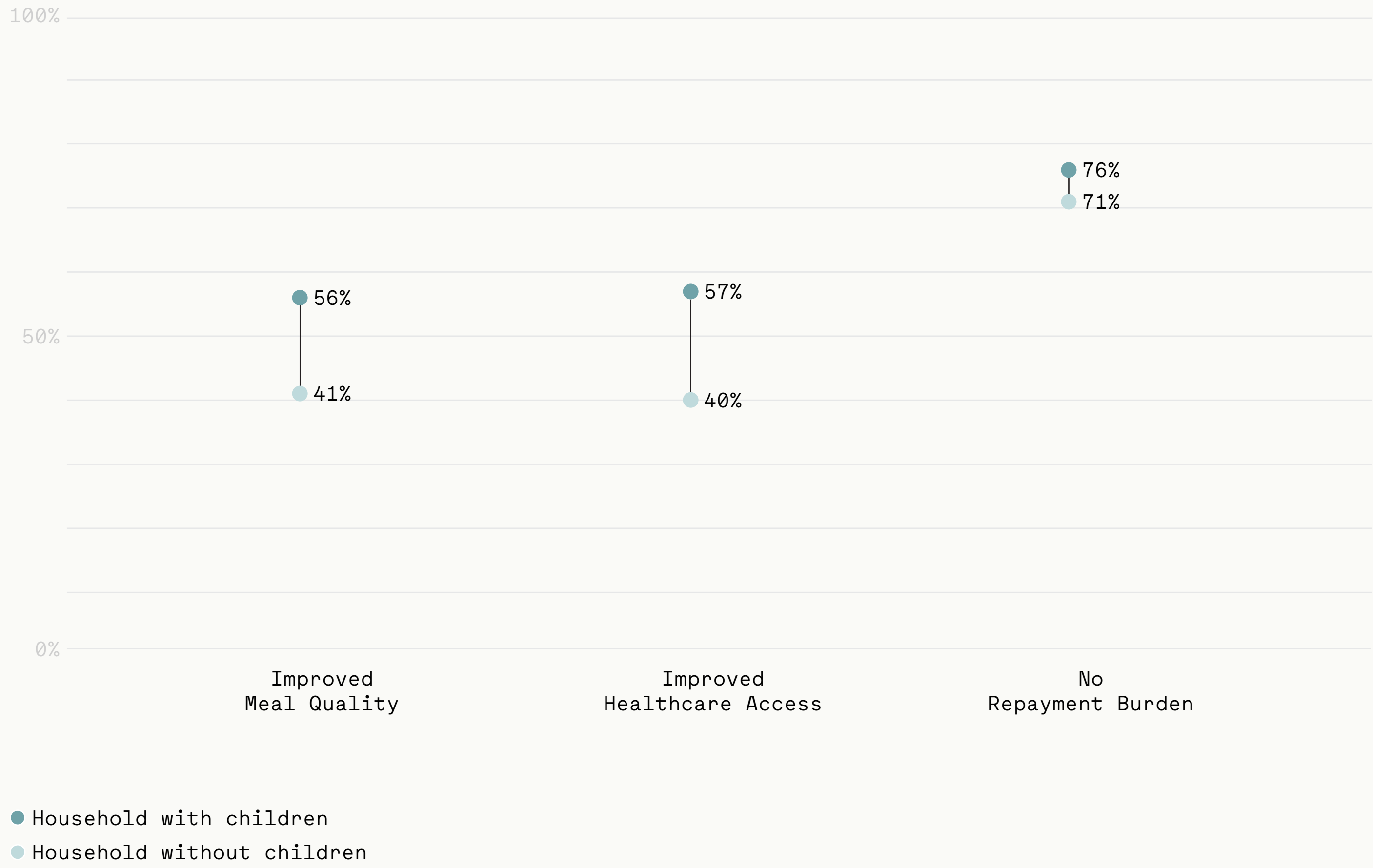
16 UNICEF and Partners Bring Child-lens Investing to the Forefront of Global Financial Inclusion

Households with children are also more likely to report positive impact on areas like improvements in meal quality (56% versus 41% of households without children) and healthcare access (57% versus 40%). This likely reflects different investment priorities focused on household and child welfare. Significantly, 76% of caregivers do not view loans as burdensome compared to 71% of non-caregivers, suggesting stronger loan tolerance among families.

These findings demonstrate how microfinance's impact extends far beyond individual borrowers, creating measurable improvements in children's education, health, and welfare. Targeting outreach and product design to create value for households with children— where loans create demonstrable multiplier effects across family members— can allow FSPs and investors to deepen impact and improve the health of their loan portfolios.

Client Outcomes by Households with and without Children

(n Households with Children = 19,338 | Households without Children = 4,340)



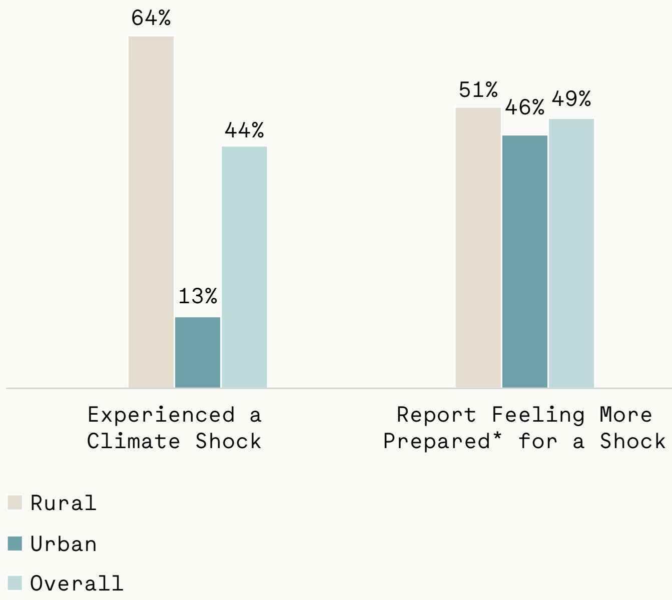
Climate Resilience: Increased Preparedness Despite High Vulnerability

Climate resilience represents a critical area where effective product design requires understanding the specific nature of client vulnerabilities and diverse coping strategies.

The data show that 44% of respondents experienced climate shocks in the past 24 months, with rural communities disproportionately affected (64% of those impacted despite being 47% of the population). Interestingly, despite experiencing more frequent climate events, rural clients report slightly greater preparedness for future crises (51% versus 46% urban), suggesting that exposure drives adaptive capacity development. The most prevalent shocks include extreme rainfall (34%), floodings (22%), and delayed rainfall (22%).

Climate Shocks and Preparedness by Location

(n Overall = 7,941 I Rural = 4,172 I Urban = 1,786)

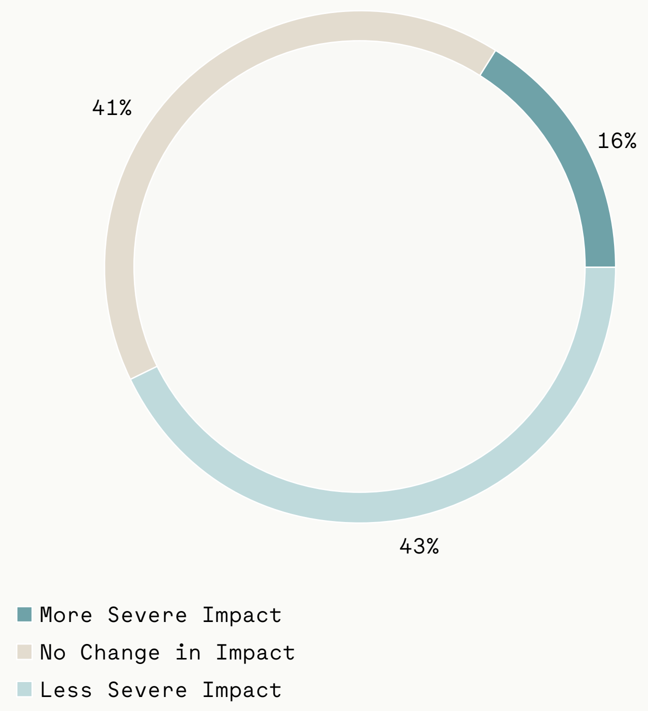


**More Prepared includes all clients who report feeling 'Much More Prepared' and 'Slightly More Prepared'*

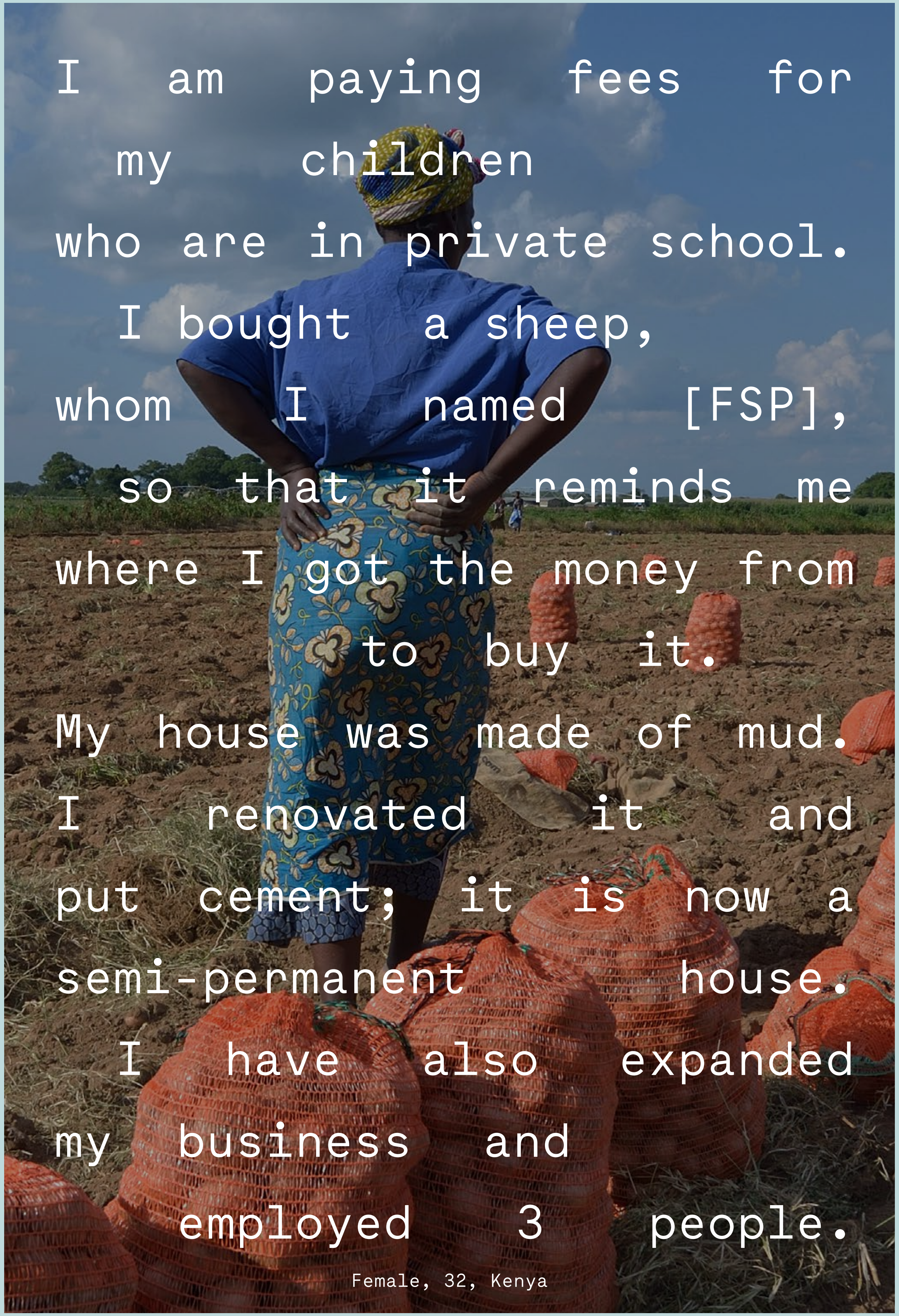
We also see that different clients adopt distinct adaptation approaches: rural borrowers adopt new agricultural practices (12%) while urban clients turn to labor (8%) when climate shocks disrupt their income. Nearly one in five clients report taking additional loans to adapt to climate impacts, though 37% feel no specific strategy is necessary. There are also critical gaps that persist in formal protection, with insurance coverage remaining at only 1%.

However, almost half (43%) of clients report that their loan access reduced the severity of climate shock impacts on their households and businesses, demonstrating the role of microfinance in building climate resilience even without formal insurance products.

Impact on the Severity of Climate Shock Experienced
(n = 3,216)



This data underscore the importance of understanding the specific nature of client vulnerabilities, existing coping mechanisms, and adaptation barriers. Understanding whether clients face water scarcity, flooding, or temperature extremes—and how their current strategies succeed or fail—can allow FSPs to enhance climate resilience by developing targeted products that align with clients' existing adaptation strategies and address location-specific climate challenges.



Conclusion

This report presents a sector at an inflection point. While the core impact thesis of microfinance remains sound, with credit access continuing to contribute to meaningful positive client outcomes, there are concerning areas that demand attention. The decline in clients reporting significant financial management improvements, alongside increasing client challenges, points to growing difficulties that could undermine the core empowerment benefits of microfinance.

Most critically, the sector's movement toward digital service delivery reveals fundamental tensions, with digital-only clients reporting lower satisfaction, weaker impact, and reduced protection. The solution lies in hybrid approaches that preserve human relationships while harnessing technology's benefits, as FSPs combining digital convenience with strategic human touchpoints achieve satisfaction levels approaching traditional delivery.

Client protection findings reveal both challenges and opportunities. Nearly one in 10 clients experience harassment, and only a quarter of them report these incidents. At the same time, clear loan terms function as powerful protection tools, a relationship that holds across all demographics, suggesting FSPs can improve protection through better communication.

Vulnerable clients represent one in four of borrowers and demonstrate the sector's most complex challenge. Though they are more vulnerable, when they have access to additional services from FSPs, the impact they report approaches the results achieved by non-vulnerable borrowers. This finding underscores the impact potential of comprehensive service approaches.

There are broader trends over the last few years that suggest the sector has also recognised these challenges and opportunities. Cerise+SPTF's Client Protection Pathway has served as a baseline for client-centric product design principles among FSPs since 2021, validating responsible practices by financial service providers.[17] CGAP's Financial Inclusion 2.0 initiative is working to generate nuanced evidence to improve the reach and impact of financial services in new domains.[18] The Office of the UNSGSA underwent a strategic repositioning in 2024, moving its focus from financial inclusion to financial health, as part of a shift towards improving the outcomes of financial inclusion, not just expanding access.[19]

Our evidence supports the need for this shift to be realised in microfinance. In order to maintain core impact outcomes, FSPs need to move beyond one-size-fits-all approaches toward targeted service delivery, all while maintaining the fundamentals: clear communication, relationship-focused delivery, and comprehensive support. The sector's opportunity lies in evidence-based adaptation that preserves effective practices while addressing improvement needs, guided by continued commitment to listening to client voices and achieving sustainable impact toward financial health for all.

17 Client Protection Standards & Pathway - Cerise+SPTF.
18 Financial Inclusion 2.0: Embracing a New Outcome Agenda- CGAP
19 Financial Health - United Nations

Appendix

Index Calculations

Indicator Scores

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

$$\text{Quality of Life Score of Company X} = \frac{(30 - 3)}{(46 - 3)}$$

Dimension Scores

Average of all the indicators in the dimension, except for Loan Product Impact where results per dimension are weighted depending on the number of responses per indicator.

Household Impact Dimension Score = average of 6 indicator scores.

Loan Product Impact Dimension Score if 90% of borrowers in sample have business loans and 10% have housing loans = (Business Indicator Score × 0.9) + (Housing Indicator Score × .01)

Index Score

Average of all six dimension scores for Company X

60dB Index Score = Average of dimensions

60dB MFI Index Question Set

Dimension	Question Text	Answer Options
Access	Before your current loan from [FSP], did you have access to a loan like [FSP] provides?	Yes / no
	If you could no longer access loans and services from [FSP], how easy or difficult would it be to find another lending source that provides similar loans and services?	Very easy / somewhat easy / neither easy nor difficult / somewhat difficult / very difficult
	1 - 10 Poverty Probability Index, the Equity Tool, or Wealth Quintile Measure Questions	Country-Specific
Agency	Who made the decision about how to use your loan from [FSP]?	I was the only decision maker / It was a shared decision with my spouse or other household member / Another household member was the only decision maker
	Has your confidence in yourself and your abilities changed because of [FSP]?	Very much improved / slightly improved / no change / got slightly worse / got much worse
	Has your influence on household decisions changed because of [FSP]?	Very much increased / slightly increased / no change / slightly decreased / very much decreased
	Which of these describes the changes in your influence on household decisions? Select all that apply.	You are independently making more decisions / You are contributing to more decisions / You and your spouse are making more decisions jointly / Other: Please Specify
	What were your original reasons for taking the loan?	Open-ended
	Thinking about your original reason for taking the loan, to what extent were you able to achieve this/ these goals?	Achieved all of what I intended / Achieved most of what I intended / Achieved some of what I intended / Achieved none of what I intended
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 unexpected charges or fees from [FSP]?	Yes, regularly / Yes, sometimes / Yes, rarely (1 or 2 times) / No, never
	In the previous year, have you experienced any harassment, unwanted pressure, or been treated unfairly by an agent or representative from [FSP]?	Yes, regularly / Yes, sometimes / Yes, rarely (1 or 2 times) / No, never
	Did you report this behaviour to [FSP]?	Yes / No, I did not know how to report this behaviour / No, I did not want to report / No, I did not report for other reasons
	Thinking about your loan repayments to [FSP], are they a heavy burden, somewhat of a burden, or not a problem?	A heavy burden / Somewhat of a burden / Not a problem
	Can you share the reason or reasons?	Open-ended
	Have you had to make changes to your households' food consumption in order to make loan repayments to [FSP]?	No change to food consumption / Borrowed food or relied on help from friends or relatives / Reduced the number of meals eaten by the household / Reduced portion sizes at meals for any household member / Reduced food consumption for adults / Relied on less preferred foods

Dimension	Question Text	Answer Options
Household Impact	Has your quality of life changed because of [FSP]? Has it:	Very much improved / slightly improved / no change / got slightly worse / got much worse
	[If improved] How has your quality of life improved? [If no change] Why has your quality of life not changed? [If got worse] How has your quality of life gotten worse?	Open-ended
	Has your household income changed because of [FSP]?	Very much increased / slightly increased / no change / slightly decreased / very much decreased
	Has your ability to pay school/university fees changed because of [FSP]?	Very much improved / slightly improved / no change / got slightly worse / got much worse
	Has your or members of your households' ability to go to a healthcare provider for check-ups/if you fall ill changed because of [FSP]?	Very much improved / slightly improved / no change / got slightly worse / got much worse
	Has your ability to make improvements to your home or living conditions changed because of [FSP]?	Very much improved / slightly improved / no change / got slightly worse / got much worse
	Have the number and quality of meals your family eats changed because of [FSP]?	Very much increased / slightly increased / no change / slightly decreased / very much decreased
Loan Product Impact (Business)	[If loan product is business loan] Have your business operations changed because of [FSP]?	Very much improved / slightly improved / no change / got slightly worse / got much worse
	[If loan product is business loan] Has the money your business earns changed because of [FSP]?	Very much increased / slightly increased / no change / slightly decreased / very much decreased
	[If loan product is education] Has your child's / your personal academic performance changed because of [FSP]?	Very much improved / slightly improved / no change / got slightly worse / got much worse
	[If loan product is education] Has your own or your child's school attendance rate changed because of company?	Very much increased / slightly increased / no change / slightly decreased / very much decreased
	[If loan product is housing] Have your physical living conditions (e.g. the size, quality, or facilities at your home) changed because of [FSP]?	Very much improved / slightly improved / no change / got slightly worse / got much worse
	[If loan product is housing] Has how safe you feel in your home changed because of [FSP]?	Very much increased / slightly increased / no change / slightly decreased / very much decreased

Dimension	Question Text	Answer Options
Resilience	Has your ability to manage your finances changed because of [FSP]?	Very much improved / slightly improved / no change / got slightly worse / got much worse
	How has your ability to manage your finances improved?	I can better plan for emergency expenses / I am better able to pay my expenses on time / I can better match my expenses with my income / I am better able to budget for my expenses / I am better able to set aside part of my income or save / Other, please specify
	Has the amount of time you spend worrying about your finances changed because of [FSP]? Has it:	Very much increased / slightly increased / no change / slightly decreased / very much decreased
	Have your savings changed because of working with [FSP]? Has it:	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 [FSP] changed your ability to access [1/20 gross national income per capita in local currency] in the event of an emergency?	Very much increased / slightly increased / no change / slightly decreased / very much decreased
Lending Profile	When you took your [FSP] loan, was it for a planned or for an unplanned/emergency purpose?	Planned / Unplanned / Both
	Was your loan an individual loan or group loan?	Group / Individual
	What did you use your loan(s) from [FSP] for?	Used loan to start a new business / Used loan for an existing business / Used for something else (non-business purpose)
	a) What purpose did you use your loan(s) for in your existing or new business?	Open-ended
	b) What non-business purpose did you use your loan(s) for?	Open-ended
	How did you receive and repay your loan from [FSP]?	In person only / Digitally only / Both digital and in person

Dimension	Question Text	Answer Options
Additional Questions	On a scale of 0-10, how likely are you to recommend [FSP] to a friend or family member, where 0 is not at all likely and 10 is extremely likely?	0 / 1 / 2 / 3 / 4 / 5 / 6 / 7 / 8 / 9 / 10
	[If 0-6:] What actions could [FSP] take to make you more likely to recommend it to a friend or family member? [If 7-8:] What specifically about [FSP] caused you to give it the score that you did? [If 9-10:] What specifically about [FSP] would cause you to recommend it to a friend or family member?	Open-ended
	Have you experienced any challenges with [FSP]?	Yes, in the last year/ Yes, more than a year ago/ No
	Please explain the challenge(s) you have experienced.	Open-ended
	Has your challenge been resolved?	Yes / no
	In the last 6 months, have you received any services from [FSP] apart from your loan?	Savings/ Insurance policy/ Education or Training/ Health services / Business-related services/ None / Other: please specify
	Do you live in a city, town, or in a village or the countryside?	City / town / village or countryside / Don't know
	Including yourself, how many people live in your home?	# Adults / #Children
	Do you mind sharing your age?	#
	Have you been forced to flee or leave your home due to a reason out of your control, such as natural disaster, conflict, or safety concerns?	Yes, left my home but in the same country / Yes, left my home and moved to a different country / No
	Do you have a disability that causes you difficulty with your hearing, vision, walking, speaking or remembering?	Yes / No

Access the Data Behind the Microfinance Index with 60dB Signal

If you're interested in the data behind this report, you can access it on our new impact intelligence platform, 60dB Signal. It is a living database of benchmarked performance of all companies that participated in the 60dB Microfinance Index—both this year's cohort and past years, as well as the full universe of companies that we've worked with.

It allows investors to search by impact criteria—such as poverty reach, gender inclusion, or customer satisfaction—and find high-performing companies to strengthen their deal flow and make better investing decisions.

You can use Signal as a GP or LP, to validate impact potential as part of a diligence process, uncover impact trends, compare your portfolio performance to industry benchmarks, and inform your investment strategy.

Explore 60dB Signal →

Deal Sourcing

Search the 60dB Signal database to identify companies based on impact criteria that matter to your investment thesis: customer demographics, poverty levels, or geographic reach. Discover companies with high impact companies that may not be on your radar today.

Due Diligence

Replace proxy data and self-reported metrics with real customer insights from comparable businesses. Validate impact claims quickly, identify risks early, and build stronger investment cases with evidence to moves deals forward faster.

Strategic Market Research

Analyze sector-wide performance patterns, regional trends, and business model effectiveness using verified customer data. Make informed decisions about fund allocation and investment strategies based on what's actually working in the field.

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 organizations 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 organizations. 60 Decibels makes it easy to listen to the people who matter most.

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Sasha Dichter, CEO
sasha@60decibels.com

Katie Reberg, Deputy Director of Client Services
katie@60decibels.com

Atul Sukumar, Senior Associate
atul.sukumar@60decibels.com

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I'm at peace because

> I pay for school fees

> And can also improve my home.