



Microfinance as an Instrument for Economic and Social Benefits to Women:

A Case Study of Nepali MFIs in Rural- Urban Settings

CMF Occasional Paper # 1

Andréa Parent

**Centre for
Microfinance Nepal**
*(Knowledge Services for Institutions
Serving the Poor)*

G.P.O. Box 20933
Saraswatinagar, Bhrikuti Chowk, Besh
Marg, Kathmandu, Nepal
Tel: 977-1-48/4821631, 4811030; Fax: 977-
1-4811030
E-mail: cmf@cmfnepal.org
Website: www.cmfnepal.org

July 2020

Microfinance as an Instrument for Economic and Social Benefits to Women: A Case Study of Nepali MFIs in Rural- Urban Settings ¹

Andréa Parent ²

Supervised and Edited by
Prof. Subas KC³

Centre for Microfinance Nepal
(Knowledge Services for Institutions Serving the Poor)

July 2020

¹ A study carried out as an Internship Project with partial funding by CECI-Nepal.

² Graduate Intern to Centre for Microfinance Nepal from Laval University, Canada.

³ Institutional Knowledge Advisor to Centre for Microfinance Nepal.

Contents

	page
Foreword	iv
Abstract	v
Introduction	1
Literature Review	2
Methodology	6
Results	6
<i>Demographic profile</i>	7
<i>Microfinance services availed</i>	9
<i>Economic and social benefits</i>	11
Main Findings and Conclusions	13
References	16
Annex: Survey questionnaire	19

Foreword

Centre for Microfinance Nepal (CMF/N) has been serving as a catalyst for the development of the Microfinance industry in particular and the poverty sector of the country in general for last two decades through training, research, management consulting, advocacy, and networking services. While its services are limited relative to the vast needs of the microfinance institutions (MFIs) and other agencies working for the poor, they have created significant value from the perspective of developing human resource capability, building knowledge, framing policies, and improving institutional effectiveness. CMF/N is aware of its role in creating more value while expanding its services to meet the increasing needs of MFIs and other institutions in the field of poverty alleviation. Guided by this concern, our recent efforts are directed at increasing both the quantity and quality of our services.

In line with its policy of doing more and better in its services, particularly in building contextual and practical knowledge capital in the microfinance industry as valuable inputs for framing better policies and managing programs effectively, CMF/N has stepped up its research and publication activities. In this connection, it intends to bring out a series of occasional papers based on research works and analytical observations for dissemination of valid and valuable knowledge to the stakeholders of the entire poverty sector of the country.

This publication is the first occasional paper of CMF/N, and is based on a field level case study carried out by Andréa Parent, a graduate intern at the Centre from Laval University, Canada. During her short stint at CMF/N, the researcher carried out a quick case-study based assessment of the socio-economic benefits to women of microfinance services in both rural and urban settings. This study was partially funded by CECI-Nepal. I thank Andréa Parent for her painstaking work in carrying out this study. My thanks are also due to CECI-Nepal for their support.

I believe that this paper will be of some help to the microfinance practitioners in reviewing the practices and policies directed at benefitting women through their services. I would also like to believe that more of their supports will be forthcoming in doing research on various issues facing the microfinance sector and publishing them for larger benefits of the poor and those service them.

Dr. Rewat Bahadur Karki
Executive Chairperson

Abstract

Microfinance has shown much potential and promise in a developing society where poverty is an endemic problem. In Nepal Microfinance programs consist in women as their primary target beneficiaries. The present study focuses on the social and economic benefits to women from their engagement in microfinance services. Its main purpose is to explore if access to microfinance services has positive economic and social benefits to women in two different communities of Nepal, one each in an urban and rural settings. It was designed as a case of two microfinance institutions. As an exploratory study, it consisted of a field survey for data collection from 21 women members of the two selected microfinance institutions based on personal interviews using a survey questionnaire. Results suggest that there is a broader level of homogeneity among the women clientele of microfinance institutions in Nepal. They join microfinance institutions mainly for loans and savings, only partly for trainings. Other services such as health, advisory, and literacy programs are not widely used. Reasons for joining the microfinance institution are largely different between the urban and rural women. Most of them did not have access to any financial services before joining microfinance institution. Findings also suggest most women see noticeable improvements in their economic and social lives, majority of them are now more involved in decision making, are more financially independent, and have higher living standards, better family relationships, and more confidence. Women across varying geographical, demographic, and social divides have more or less a similar perception of the usefulness of microfinance services. This suggests microfinance services have a huge role in serving needs of women in both urban and rural contexts in a country like Nepal. These conclusions have major policy and programmatic implications for the development of microfinance sector in Nepal.

Key Words: Microfinance in Nepal, Social and Economic Benefits to Women, Rural and Urban Settings of Microfinance Services

Microfinance as an Instrument for Economic and Social Benefits to Women: A Case Study of Nepali MFIs in Rural- Urban Settings

In 2020, statistics stated that the population of working-age females in Nepal was higher than that of males but only 22 percent of these women are currently employed (Shrestha, 2020). Indeed, the employment ratio of women is very low. This phenomenon can be explained by a few different factors.

First of all, Nepali women often have very busy schedules with household chores. Indeed, in Nepal, it is generally expected of them to take care of the children and manage the housekeeping. It is also for that reason that a large number of rural girls drop out from schooling at early age (Tuladhar, 1996). Starting early, they are told that their main duty is to assist their mother in a variety of household activities. Dropping out of school and being kept away from advance education contributes to the high number of illiterate and unskilled women in Nepal, making them unfit for employment.

Another factor that contributes to the low employment rates of women is financial dependency. Generally in Nepal and especially in rural areas, men act as income earners for the household, while women's role is to support their male counterpart. For that reason, as Dhungana (2014) stated, Nepali women entrepreneurs have not broken the glass ceiling yet. Dhungana also pointed out Nepali women encounter many problems to get going with their business ideas. Indeed, the society does not believe in their ability to manage a business, making it especially difficult for them to get support from traditional financial institutions, bankers, etc. They also often suffer from inadequate financial recourses and working capital, since they are not able to afford external finance due to the absence of tangible assets as security. They have very less property and bank balance in their names and men are rarely willing to invest in their names (Dhungana, 2014).

Moreover, research has also shown that being economically dependent increases the risks of remaining with or returning to an abusive partner. Walby and Towers (as cited in Adisa, 2018) found that economic dependence on an abuser is a source of risk and vulnerability, so that victims are less likely to leave their abusers, and survivors are more likely to return if they do leave.

Indeed, despite political awareness and social changes, most women in Nepal are still subject to discrimination, resulting in situations where violence against them is commonplace. In 2008, the central cell for women and children at Nepal's police headquarters recorded 1100 cases of domestic violence against women for that year. Unfortunately, these reports only include the formal complaints lodged by women, meaning that the accurate numbers are most likely much higher (Dhakal, 2008).

In other words, economic dependence goes hand in hand with domestic violence. Therefore, addressing the financial situation of women should not only improve their economic security, but also reduce the extent of domestic abuse (Walby and Towers as cited in Adisa, 2018). Moreover, women's employment and participation in entrepreneurship should be encouraged because it ensures inclusive growth and contributes to the overall raise of living standards (Dhungana, 2014).

Although predominantly a patriarchal society with its own social history of female oppression, the Nepali mindset has shown discernible changes in many social and cultural areas including women's career paths (Sharma, 2018). With that being said, some avenues have helped women gain economic independence in the last decades. Microfinance is one of the tools that is available for them to gain economic power and security.

Microfinance has shown much potential and promise in a developing society like Nepal where poverty is an endemic problem, and its reduction a national priority (Centre for Microfinance Nepal, 2019). The largest target beneficiaries of microfinance programs are indeed women. The fact that microfinance services is mainly provided to women is an important step to include them in the financial sector (Robinson, 2019). In fact, microfinance has received a lot of positive critics for providing loans mainly to women.

In Nepal, microfinance programs consist in women as their primary target beneficiaries, their coverage being almost 100 percent of the total clientele base. The resulting benefits to women as a consequence of their overwhelming involvement in microfinance programs are however not studied as extensively as would be desirable. The present study focuses on the social and economic benefits to women from their engagement in microfinance services, presenting evidence from two microfinance institutions, as an effort to gather some evidence of the effects of microfinance on women in Nepal. Its main purpose is to assess microfinance – and the services offered by microfinance institutions – as an instrument for economic and social benefits to women. More specifically, it aims to explore if access to microfinance services has positive economic and social benefits to women in two different communities of Nepal.

Literature Review

Over the years, some research around the topic of microfinance was done. However, since microfinance is a pretty recent concept, it seems to not be documented enough yet. According to Zeller and Meyer (2002), the MFI field operations have far surpassed the research capacity to analyze them, meaning the use of microfinance as a poverty reduction tool is not yet backed up. They explain that the techniques for measuring the

depth of outreach (poverty level of clients) are not developed to a point where they provide consistent information. This lack of knowledge can explain why there is still a lack of confidence to give public resources to microfinance development.

Despite the low number of research done in the past years, some have obviously been done. Most of it was done in Asia, as it is the most developed continent in the world in terms of volume of MFI activities (Lapenu & Zeller, 2001). Indeed, MFIs are common in Asia and they exhibit good outreach and high repayment rates.

In 1996, a poverty impact study was conducted by Hulme and Mosley. The researchers used a control group to analyze the changes in household income in villages that had access to microfinance programs. In general, their results showed positive impacts. The increase of income ranged from 10 to 30% in the three observed countries (Indonesia, India, and Bangladesh). However, gains were shown to be higher for non-poor borrowers.

In 2003, Khandker used data collected by the Bangladesh Institute of Development Studies (BIDS) and the World Bank to present other results. His conclusions are specific: borrowing by males have no significant impact on consumption, while borrowing by females does. Also, a decrease of 8.5% in moderate poverty was noted amongst microfinance programs participants, while extreme poverty decreased by 18%.

In 2003, the ABD Institute published a paper titled “Microfinance and Poverty Reduction in Asia: What is the Evidence?” authored by Weiss, Montgomery and Kurmanalieva. The objective of this paper was to examine the extent to which microfinance has made a lasting difference in poverty reduction, the extent to which it reached only the better-off amongst the poor and whether it was a cost-effective model or not. The conclusion is not as positive as one would expect. In fact, their conclusion suggests that microfinance has had positive impacts on poverty, but it is not able to reach the core poor. Reasons for this phenomenon can be of various matter, but it is obvious that these clients are less “attractive” for financial institutions because of their high risk profiles.

In 2007, the World Bank conducted a study called “Ending poverty in South Asia – Ideas that work” edited by Narayan and Glinskaya. This study, which was later published as a book, features 12 case studies of successful poverty reduction actions throughout South Asia. One of the 12 case studies is particularly interesting. Indeed, it reviews the Bangladesh microfinance expertise over the last three decades. Nowadays, more than one in three households in the country has access to some sort of credit thanks to the 1,200 microfinance institutions located there. What was also observed during that case study was the large scale of services provided by MFIs. Offering

microcredit is not the only service that MFIs provide. They also offer trainings, literacy programs, health services, business development services, etc. Microfinance is so successful in Bangladesh that a large number of countries have attempted to replicate its model. However, for various reasons, many of them face struggle in achieving as successful results.

In 2009, an analysis of microfinance was conducted in South Asia by Kulathunga Sophastienphong. Results are interesting. In 2005, microfinance covered at least 35 million of the 270 million poor families in South Asia. The report also shows the importance of microfinance; it provides most of the access to financial services available to low-income people in the region. Again, most of the analysis was about Bangladesh. Indeed, it is said that the microfinance sector in Bangladesh serves over 22 million people and that the funds disbursed through it have reached over US\$12 billion.

The World Bank conducted another study around the problematic issue of housing in South Asia. While some countries have no problem (or almost no problem) with housing, others still struggle with it (Nenova, 2010). In South Asia, one out of two people has an income below the poverty line, and housing shortages are predominant. Only in India, more than 25 million families have no home. One of the many reasons that explain this phenomenon is the lack of housing finance and funding. Indeed, most banks are risk-averse towards low income clients. Since 1987, MFIs have progressively started offering services in the housing finance market. In India, a new low-income housing lending program was a success. The study's conclusion is simple: microfinance is of central importance in extending the outreach of the housing finance market, particularly in rural areas and for house upgrades and maintenance in urban slums.

The Nepal-based literature on microfinance is still rare. The situation is the same in Nepal, where even less literature is available. Most of the research and studies currently available take place in either Bangladesh, Pakistan or India. It is safe to say that there is a lack of research based evidence showing the positive impact brought by microfinance programs in Nepal.

In 1998 and still today, Nepal is considered to be one of the poorest countries in the world. At that time, 70% of its population was below the poverty line. During the 1990's, Nepal's government created an economic policy that included a legal framework for microfinance institutions.

In 2004, the National Planning Commission (NPC) commissioned a study on poverty reduction in Nepal. The study covered six different districts and sampled 479 clients. The results showed that around 35.25% of the poor were covered by microfinance, without any distinction of the level of poverty amongst them (Centre for

Policy Studies and Development, 2004). In addition to that, the level of literacy seemed to have risen from 52% to 89.8% for members of microfinance institutions. Moreover, on the social aspect of things, gender division of work was reduced during the time of the study and men started doing tasks that were considered women's responsibilities. Unfortunately, the study indicated that microfinance was not effective in contributing to reduction of poverty level since the programs were not able to reach the poorest of the poor.

Microfinance is one of the tools that was selected by the Nepali government for poverty reduction. However, even if microfinance was born in 1956 in Nepal and continued growing over the years, an analysis conducted by the United Nations Development Program in 2007 illustrated that the Nepalese microfinance sector is reaching only 37% of its potential market with limited access to hills and mountains (Dhakal, 2007). It also mentioned that providing microfinance services to remote districts and areas is still a challenge for MFIs in Nepal. This is a significant problem because over 90% of the poor in Nepal live in rural areas, including inaccessible hills and mountainous areas. Overall, the outreach of microfinance services is low, even if the market is huge.

The same year, the World Bank also published a study titled "Access to Financial Services in Nepal" authored by Ferrari, Jaffrin, & Shrestha (2007). The authors suggest that the use of banks is very limited in Nepal with only 26 percent of Nepalese households having a bank account. Microfinance and regional rural development banks are distant providers of deposit accounts, serving only 4 percent of households - mainly poor, rural ones. It is said that microfinance institutions in Nepal could play a key role in the delivery of financial services to the poor. However, many potential clients prefer bowering from informal sources (family members, friends, landlords, etc.).

In 2008, a study prepared by the Microfinance Department of Nepal Rastra Bank mentioned that despite the various programs in place, the incidence of rural poverty is still high and a high disparity in income distribution is noticeable in between the regions. However, it is said that rural credit programs are considered as one of the strong components of poverty reduction in Nepal. Also, a better output came with the extension of microfinance programs through semi-government, non-governmental organizations, etc. On the other hand, the study states that microfinance has been suffering from issues such as incidence of overlapping of program location areas, high operating costs, high interest bearing loan and etc.

Lastly, in 2012, a case study was done to measure the impact of microfinance on an eastern area of Nepal. Previous to that study, microfinance did not exist in that region. When the programs were presented to the population, 51% of them took microfinance

loans. The results were impressive: small enterprises displayed large gains in business investment, home improvement, and durables consumption.

Methodology

The present study was designed as a case of two microfinance institutions, exploring the social and economic benefits to their women clients involved in institutional programs. As an exploratory study, it mainly consisted of field survey for data collection to trace the effects of microfinance services on the social and economic positions of women as a result of their involvement in such services.

For field survey, two microfinance institutions based in Kathmandu were selected based on their willingness to participate in the study. Two field sites of these institutions, one from each, were selected in consultation with them in such a way that one of the sites presented a rural setting, outside the Kathmandu valley, and another one an urban setting in the Kathmandu Metropolitan City itself. The selection of two sites this way was done for comparative analysis of rural and urban settings in terms of the effects on women of microfinance services.

Two field works were carried out, one in each site, for data collection. Altogether 21 women clients of the two institutions, 10 in one site and 11 in another, were selected based on purposive sampling method for data collection. Care was given to have in the sample group women with varied experience with microfinance as well as representing different age groups, castes, work fields and backgrounds.

Data collection involved semi-structured interviews with the sampled respondents individually using a questionnaire consisting of questions relating to demographic, microfinance services, and social and economic changes attributable to microfinance programs. The questionnaire is given in Annex I. Opinions and views of the respondents were also elicited through follow-up questions around the major aspects of social and economic effects of microfinance to understand and substantiate the initial responses to each major fact-based question. Their responses were recorded by the researcher on the questionnaire sheet on the spot itself to maintain accuracy, which were later compiled for analysis.

Results

This section presents the results of the survey for drawing out inferences as to the social and economic benefits to women following their joining of microfinance institutions. The results are presented both in aggregation for all respondents and also by their categories to allow a better comparison of results between the rural and urban settings. First, demographic profile of the women clients of the two microfinance institutions are

presented, followed by the analysis of services availed by them. Social and economic benefits accruing to them as a result of their institutional involvement are then assessed.

Demographic profile

The age of women participating in the study ranged from 29 to 67 years. As shown in Fig. 1, ages showed an almost similar pattern for both groups, the age range for women from the rural community being slightly wider, from 29 to 67 years, than those from the urban setting where it ranged from 33 to 59 years.

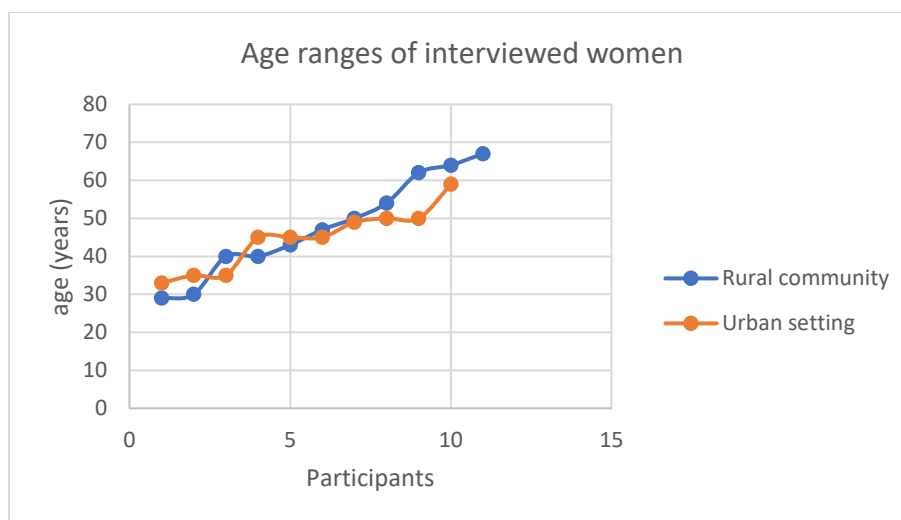


Fig. 1: Age Range of Respondents from Rural and Urban Settings

Data from both communities show that 100% of the women were married and had at least 1 child each. All of them had their children enrolled in school. However, the level of education varied drastically from woman to woman. Some of them had never been to school while a few others had completed higher level formal education. As shown in Fig. 2, results between the two groups were, though, quite similar in terms of educational attainment, majority of them not having any formal education.

These results show that age and level of education are no factors of discrimination for women who want to access microfinance services. Women of all age and from all education background were involved in the activities MFIs. However, only married women with children were in the group. No single women was a participant. The limitations of this study did not allow time to investigate the matter, but there are certainly reasons for why only married women with a family of their own participate in such services.

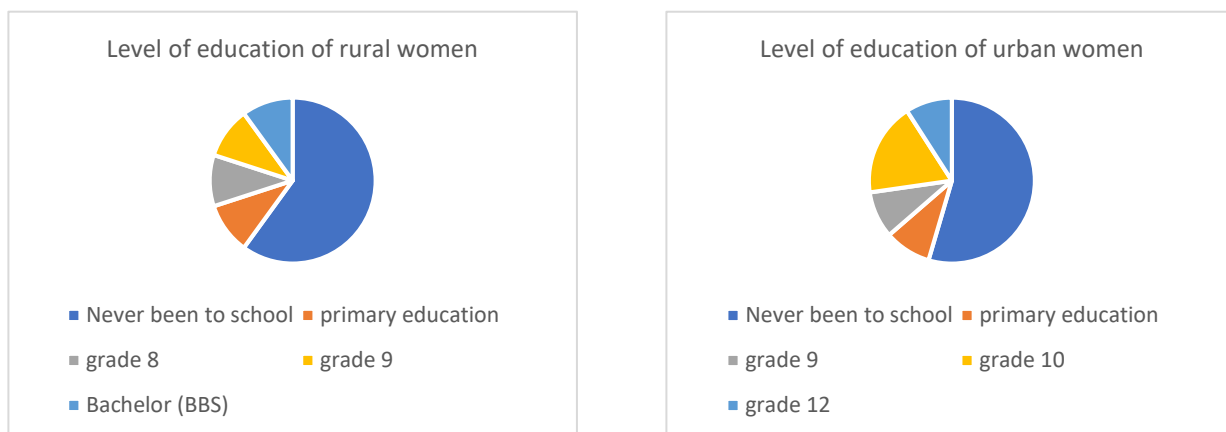


Fig. 2: Level of Education of Respondents from Rural and Urban Settings

Castes are still a really important factor in Nepal. Even though the constitution of Nepal doesn't recognize castes as a legitimate factor of discrimination, it is still widely spread. As for the study, women amongst the same microfinance institution were mainly from the same caste, but there were differences between the two groups. In total, the 21 women represented six different castes. Most of the women were from the same caste groups as they had some kind of family relationship with each other. Fig. 3 presents the details.

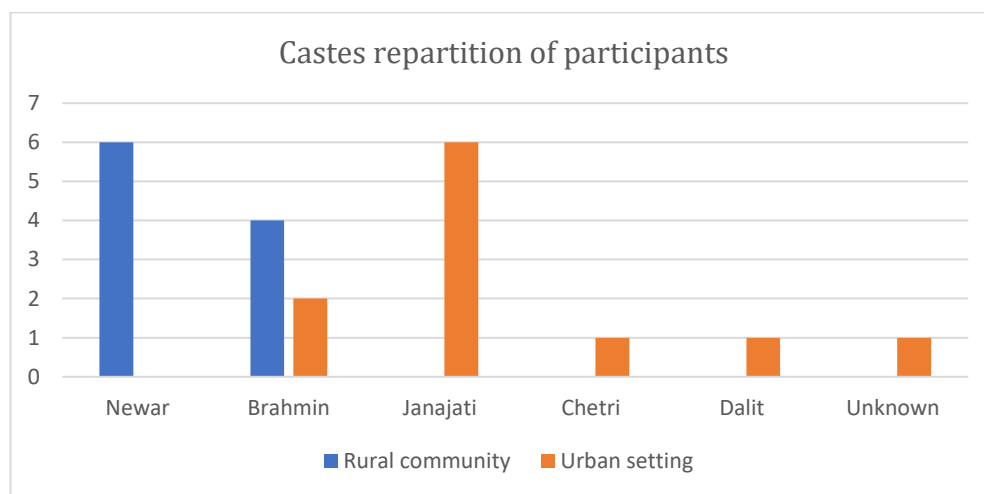


Fig. 3: Caste Categories of Respondents from Rural and Urban Settings

Microfinance services availed

Microfinance institutions have been increasingly offering a wide range of services. Women clients participating in this study took advantage of three main services in varying intensity. Fig. 4 shows the services used by the two different groups of women. As can be seen, saving service is the most popular service for both groups, followed closely by loan services. Trainings are also used, while health services, advisory and literacy seem to be neglected. It can be concluded that women from urban and rural settings share the same interests in microfinance services. Regardless of geographical variation of residential locations, they mostly participate in the same activities and share the same needs.

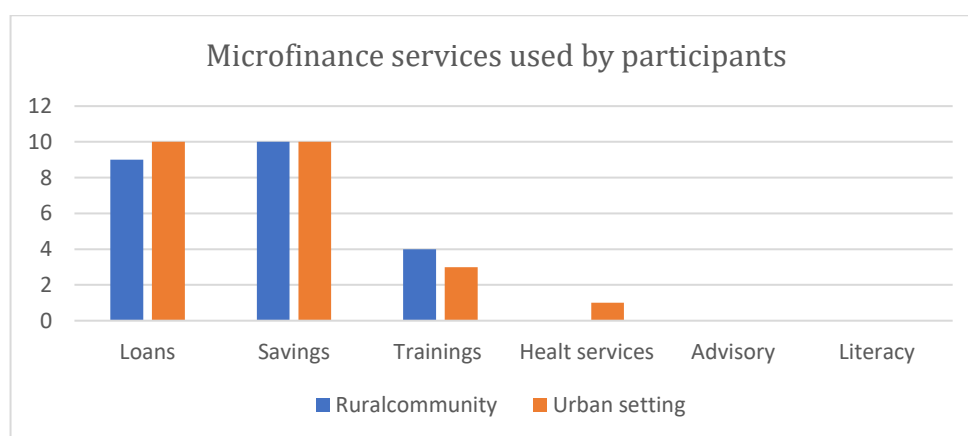


Fig. 4: Microfinance Services Availed in Rural and Urban Settings

The reasons for joining a microfinance institution and using microfinance services were varied amongst the groups. The answers can however be grouped into wider categories, including starting a business, household expenses, payment of children's education, acquire skills and agricultural purposes.

Fig. 5 presents the details. As can be seen, half of the respondents from the urban setting joined the institution in order to start a business of some genre. The other half was split equally in two: a. household expenses, and b. business and agriculture purposes. Women in the rural setting, however, had more varied reasons for joining the institution. Most of them joined for household reasons, while the rest of them joined for agricultural purposes, business startup, children's education, and skills improvement / development. These are really interesting results as they provide information on what women want from microfinance institutions. It is clear that women from urban setting are more eager to manage businesses, while women from rural settings need more help with basic needs.



Fig. 5: Reasons for Joining Microfinance Institutions

Fig. 6 summarizes the previously used financial services by the respondents. When asked about previous experiences with financial services, most women from the urban setting stated that they were not able to get any financial services before joining their microfinance institution. Women from the rural community seemed to have more access to financial services. However, the majority of them mentioned the interest rates were high and the reimbursement methods were inconvenient for them. For example, paying the whole loan amount after a certain amount of time seemed to be a burden for most of them. Many mentioned that they now appreciate having low interest rates and better reimbursement agreement within their institution (e.g. monthly payments).

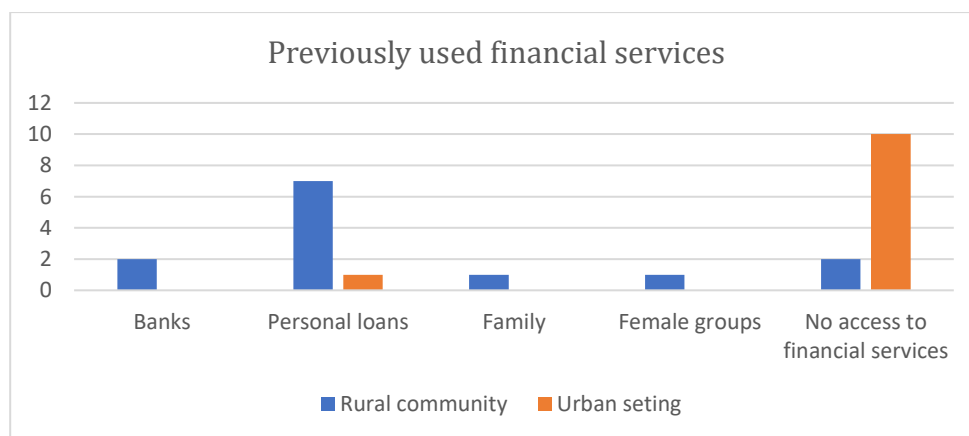


Fig. 6: Previously used Financial Services

Economic and social benefits

As shown in Fig. 7, women from both rural and urban origins stated that improvements could be observed in their economic and social lives since their involvement with microfinance institutions. All urban women mentioned that their financial stability had improved as a result of microfinance services. Eight out of 11 urban women shared the same opinion. Eight women from each groups (a total of 16 women) said that they were more financial independent since they benefited from microfinance services. The overall household income had increased for all urban women, while it increased for eight rural women. Finally, 10 women from each group mentioned they were more involved in financial decision making at home.

These results show interesting phenomenon. Indeed, it is obvious that having access to microfinance services gives more independence, flexibility and power to women from both settings. Some questions about domestic violence were asked during the interviews, but most women chose not to answer or seemed uncomfortable answering. Others also seemed to censure their answers. It was then decided to exclude these questions from the study, since no “real” data was collected.

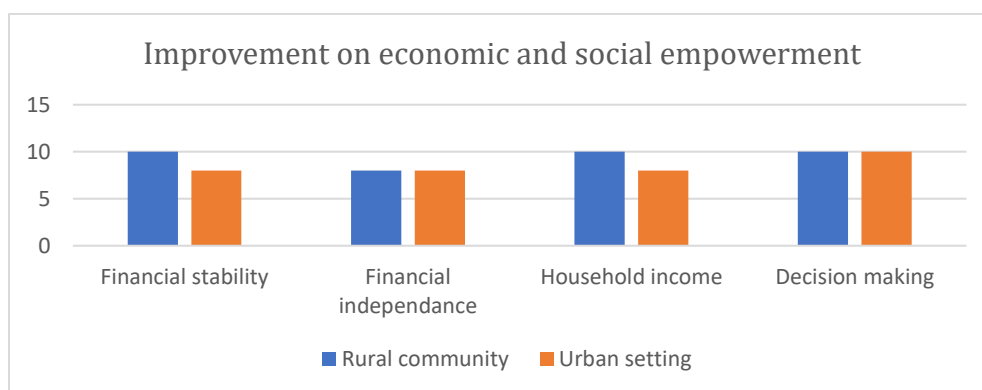


Fig. 7: Economic and Social Benefits to Women

Owning properties or assets is an important factor for financial independence. In fact, having property or asset of some sorts give financial security to women. It allows them to feel more secure about their financial situation, while also giving them collateral to give to banks or other institutions if needed. Out of the 10 rural women interviewed, only two of them mentioned having property in their names. Both of them owned lands.

For urban women, the number was higher. Seven out of 11 of them owned property. Some of them even owned more than one property, either in the business, house or land categories. These numbers show that women from urban settings have more financial

leverage. They are then also less dependent of their husbands and families to survive financially. The details are given in Fig. 8.



Fig. 8: Ownership of Properties/ Assets by Women

All women from both group also mentioned that their families were supportive of their decision to join the microfinance institution. Most of them even stated that their family pushed them to go forward with it. It was observed that joining a microfinance institution was sometimes not the idea of the participant, but of her family. Considering that, it can be observed that families have a big influence on women's' participations in such program. Also, seeing the result, it can be conclude that most people (including participants and their families) have a positive image of microfinance.

Some of the interviewed women were business owners. To this day, nine out of 10 women from the rural community own small businesses. Out of that number, 4 stated that microfinance services helped them set up their business. For them, owning a business is the result of being a member of a microfinance institution. As for the other group, 10 out of 11 women said they own businesses. Seven of them also explained that microfinance helped them start their businesses. Again, it is thanks to microfinance services that they are now business owners.

Finally, social questions were also asked during the interviews. The goals of these questions were to assess if access to microfinance services had any impact on any social aspects of these women's' lives. The results as presented in Fig. 9 show that many women felt that being a member of a microfinance institution increased their overall living standards. Moreover, a high majority of them mentioned that their family relationships improved since they got involved in a financial institution. Most of them also explained that they felt more confident in their ability to run a business or work outside the house.

Then, some of them mentioned that they gained skills that are relevant to their work field during the process.

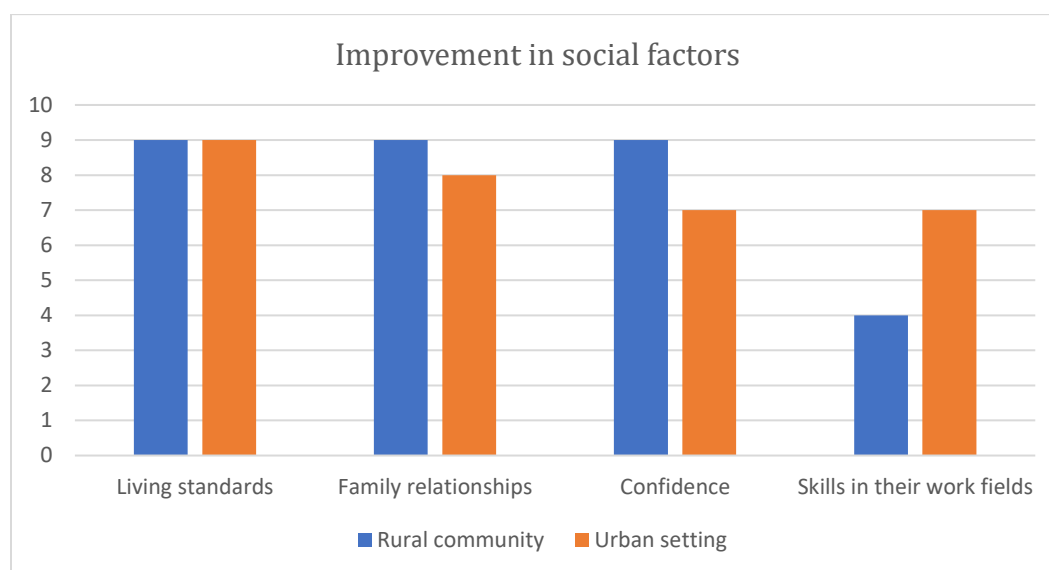


Fig. 9: Improvement in Social Status of Women

Main Findings and Conclusion

The study was able to discern some important effects of microfinance services on the social and economic aspects of the lives of women in both the rural and urban settings in Nepal. First of all, despite their different living areas, women from both urban and rural communities had largely similar demographic characteristics, suggesting a broader level of homogeneity among the women clientele of microfinance institutions in Nepal. It appears the microfinance services have succeeded to an extent to reach to the needy women in both rural and urban settings.

Most of the women covered by this study joined microfinance institutions for loans and savings, while some of them also participated in trainings. Other services such as health, advisory, and literacy programs were, however, not widely used. On the contrary, reasons for joining the microfinance institution were really different from one group to the other. Women from the rural community mainly joined for agricultural reasons, for business start-up or for household expenses. Women from the urban area had more varied reasons to become a member of microfinance institution: agricultural reasons, business start-up, household expenses, skills acquisition, and children's tuition fees. Another common phenomenon is that most of these women did not have access to any financial services before joining microfinance institution, showing how crucial microfinance is.

Finally, the study discovered that the financial aspect was not the only factor that was impacted by microfinance. Indeed, most women saw noticeable improvements in their economic and social lives. The majority of them are now more involved in decision making, more financially independent and more stable because of their participation. They also have higher living standards, better family relationships, more confidence and new skills.

While discussing with some of the women, some ideas were shared. During the first field visit, some women shared that they would like a wider training offer from their microfinance institution. For example, some women explained that they would like their children to be involved in the process by participating in trainings to learn new skills that could ultimately help them find jobs. However, other women mentioned that they have a very heavy workload with household chores and outside work, meaning that they wouldn't participate in other trainings. A similar answer emerged from the second group of women. Some of them mentioned that they would appreciate having cooking trainings for their restaurant, while others mentioned trainings for agricultural or business purposes.

To conclude, the results of this study show that women across varying geographical, demographic, and social divides have more or less a similar perception of the usefulness of microfinance services and their pattern of the use of these services are also largely similar. This suggests microfinance services have a huge role in serving needs of women in both urban and rural contexts in a country like Nepal.

It comes up very clearly that microfinance has positive impacts on economic and social aspects of the participants' lives. While this study was limited in terms of number of participants, the vast majority of them showed great enthusiasm towards the microfinance programs. It clearly indicates that microfinance has a huge potential for transforming the lives of poor women in a developing society like that of Nepal and that it should be further extended in terms of coverage of women and services to be provided to them.

Both these conclusions have major policy and programmatic implications for the development of microfinance sector in Nepal. More supportive policies and specific programs would be required to uplift the economic and social status of women in Nepal through microfinance. Both the government and microfinance institutions have a major role in this regard.

As a quick survey with a very limited time frame, this study was could cover only two field setting involving only 21 women members of two microfinance institutions. Obviously, its findings are specific to the study domain, and may not be representative of

the overall situation in the country. Hence they cannot be generalized. A study of a larger scale covering more women and field areas would be required for getting more generalizable results. In this study the participants were from pretty accessible areas of Nepal. As mentioned in the literature review, hills and mountains areas are less served by microfinance services than other areas. Thus, it could be interesting to make a follow-up study covering low accessibility areas.

References

- Adisa, O. (2018). Financial capability and domestic abuse: exploring evidence base (University of Suffolk). Retrieved from <https://www.uos.ac.uk/content/financial-capability-and-domestic-abuse-exploring-evidence-base>
- Center for Policy Studies and Rural Development (2004). *Impact evaluation of microfinance programs on poverty reduction*. Retrieved from https://www.npc.gov.np/images/category/Impact_Evaluation_of_Micro_Finance_Programs_On_Poverty_Reduction.pdf
- Centre for Microfinance Nepal (2019). Fourth National Microfinance Summit Declarations Progress Report. Kathmandu.
- Dhakal, N. (2007). Towards expanding the frontier of microfinance services in Nepal. United Nations Development Program. Retrieved from <https://www.findevgateway.org/sites/default/files/publications/files/mfg-en-paper-towards-expanding-the-frontier-of-microfinance-services-in-nepal-jan-2007.pdf>
- Dhakal, S. (2008, February 16). Nepalese women under the shadow of domestic violence. *The Lancet*. Retrieved from [https://doi.org/10.1016/S0140-6736\(08\)60254-8](https://doi.org/10.1016/S0140-6736(08)60254-8)
- Dhungana, S. (2014, March). Nepali women as entrepreneurs. *New Business Age*. Retrieved from <https://www.newbusinessage.com/MagazineArticles/view/687>
- Ferrari, A., Jaffrin, G., & Shrestha, S. (2007). Access to financial services in Nepal. The World Bank. 39976. Retrieved from <http://documents.worldbank.org/curated/en/354951468289542030/pdf/399760NPoAcces101OFFICIALoUSEoONLY1.pdf>
- Hulme, D. and Mosley, P. (1996). Finance against Poverty. *Psychology Press*. Retrieved from https://books.google.ca/books/about/Finance_Against_Poverty.html?id=s_L3INputzQC&redir_esc=y
- John Weiss, Heather Montgomery and Elvira Kurmanalieva (2003). Micro Finance and Poverty Reduction in Asia : What is the Evidence? ADB Institute Research Paper 53. Retrieved from <https://www.adb.org/sites/default/files/publication/157225/adb-rp53.pdf>

- Khandker, S. (2003). Microfinance and poverty: evidence using panel data from Bangladesh. The World Bank Development Research Group. Paper 2945. Retrieved from <https://openknowledge.worldbank.org/bitstream/handle/10986/19180/multiopage.pdf?sequence=1&isAllowed=y>
- Kulathunga, A. & Sophasienphong, K. (2009). Getting finance in South Asia – indicators and analysis of the commercial banking sector. The World Bank. 45626. Retrieved from <http://documents.worldbank.org/curated/en/225451468302468139/pdf/456260PUBoBox3101OFFICIALoUSEoONLY1.pdf>
- Lapenu, C. & Zeller, M. (2001). Distribution, growth and performance of microfinance institutions in Africa, Asia and Latin America. *International Food Policy Research Institute*, Discussion Paper 114. Retrieved from: <http://ebrary.ifpri.org/utils/getfile/collection/p15738coll2/id/47985/filename/43443.pdf>
- Narayan, D. & Glinskaya, E. (Eds.) (2007). Ending Poverty in South Asia – Ideas That Work. The World Bank, 38287. Retrieved from: <https://openknowledge.worldbank.org/bitstream/handle/10986/6635/382870SA RoEndi11OFFICIALoUSEoONLY11.pdf?sequence=1&isAllowed=y>
- Nenova, T. (2010). Expanding housing finance to the underserved in South Asia. The World Bank, 55543. Retrieved from <http://documents.worldbank.org/curated/en/393181468114238340/pdf/555430PUBoExpa1EPI1968586201PUBLIC1.pdf>
- Nepal Rastra Bank & Centre for International Studies and Cooperation (2008). Microfinancing towards empowerment of disadvantaged groups in Nepal: innovations and practices. Retrieved from <https://www.nrb.org.np/contents/uploads/2020/03/Micro-financing-towards-Empowerment-of-Disadvantaged-Groups-in-Nepal.pdf>
- Rajbanshi, R., Huang, M. & Wydick, B. (2012). Measuring microfinance: cognitive and experimental bias with new evidence from Nepal. Retrieved from https://pacdev.ucdavis.edu/files/conference-schedule/session/papers/nepal_microfinance_3-13-12.pdf

- Robinson, A. (2019, January 3). Microfinance and women: assumptions and reality of empowerment impact. *Australian Outlook*. Retrieved from:
<http://www.internationalaffairs.org.au/australianoutlook/microfinance-women-assumptions-reality-empowerment-impact/>
- Seibel, H. D., Pant, H. D., & Dhungel, D. (1998). Microfinance in Nepal: An assessment of microfinance institutions banking with the poor. *Economics and Sociology Occasional Paper*, . 2368. The Ohio State University. Retrieved from
https://kb.osu.edu/bitstream/handle/1811/66723/CFAES_ESO_2368.pdf?sequence=1&isAllowed=y
- Sharma, B. (2018, August 22). Empowering women through entrepreneurship in Nepal (Blog). Retrieved from <https://theasiadialogue.com/2018/08/22/empowering-women-through-entrepreneurship-in-nepal>
- Shrestha, P. M. (2020, May 2). Only 22 percent of working-age women are employed in Nepal. *The Kathmandu Post*. Retrieved from
<https://kathmandupost.com/valley/2019/05/02/only-22-percent-of-working-age-women-are-employed-in-nepal>
- Tuladhar, J. (1996). Factors affecting women entrepreneurship in small and cottage industries in Nepal (International Labor Organization and Swedish International Development Cooperation Agency). Retrieved from
https://www.ilo.org/asia/publications/WCMS_BK_PB_150_EN/lang-en/index.htm
- Zeller, M. & Meyer, R. (2002, November). The triangle of microfinance: financial sustainability, outreach and impact. *International Food Policy Research Institute*, Food Policy Statement, Number 40. Retrieved from
<https://www.researchgate.net/publication/5056560>

Survey Questionnaire

SECTION 1: Demographic section

1. What is your name?
2. How old are you?
3. What is your marital status?
 - ☐ Single
 - ☐ Widowed
 - ☐ Married
 - Number of children
 - Daughter :
 - Son :
 - Do they go to school?
 - Grandchildren
4. What is your level of education?
 - ☐ Can read and write
 - ☐ Never been to school
 - ☐ Completed primary education
 - ☐ Other
5. Which caste are you from?
 - ☐ Brahmin
 - ☐ Chetri
 - ☐ Newar
 - ☐ Other

SECTION 2: Microfinance services section

Have you ever used Microfinance services?

1. If so, what kind of services did you use from microfinance?

- ☐ Loans
 - ☐ Trainings
 - ☐ Advisory
 - ☐ Health services
 - ☐ Literacy
 - ☐ Savings
 - ☐ Other
2. Why did you need these microfinance services?
 3. How long have you been a member of this microfinance institution?
 4. Before becoming a member of a microfinance institution, where did you get financial services?
 - ☐ Banks
 - ☐ Personal loans
 - ☐ Family
 - ☐ Didn't get any financial services
 - ☐ Other

SECTION 3: Impacts of microfinance on economic empowerment

1. In what way did microfinance help you professionally?
2. Did microfinance have impacts on other spheres of your life ? (personal)
3. Have you been more financially stable? How? Examples.
4. Has your financial independence increased as a result of your involvement in microfinance? How? Examples.
5. Has there been a rise in the household income?
6. Are you involved in financial decision making at home? Also, has there been change in your role after you joined the microfinance?
7. Do you have property or assets in your name? If so, is it a result of involvement with microfinance?
 - ☐ No
 - ☐ Yes

8. Were the members of your family supportive of you joining the micro finance? If not, has their reaction changed after your financial empowerment?

SECTION 4: Employment/ Business involvement

1. Do you own a business? If so, what kind?
2. Did microfinance help with the setup and necessary resources for the establishment of your business? Examples: loans, trainings, etc.
3. Do you work outside of home? If so, what do you do?
4. Did Microfinance help you gain necessary skills to work in your field? If yes, how?
5. Has your involvement in household decision making improved?
6. Has there been changes in behavior towards you from your family members?
7. Do you feel more confident in your aptitude / skills regarding your business?
8. Do you feel you gained skills from the experience?