

Determinants of Loan Repayment of MFI Women Clients and the Relationship Between Loans and Business Performance

Evidence from BRAC MFI in Siha District

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This study focused on understanding the determinants of loan repayment of MFI women clients and establish the relationship between loan and business performance. The study used simple random and purposive sampling to select respondents for interview where a sample of 150 women clients from BRAC MFI in Siha district were involved. Interviews, observation and documentary review techniques were used to collect data. Likely, data were analysed using qualitative and quantitative techniques. The study revealed that women clients' loans repayments rates are high. The study findings revealed that, group lending approach, type of business engaged by women, education and training offered to clients on business management, multiple businesses and closely follow up from loan officers have influenced women clients to be able to pay back the loan on time. Also, the study findings revealed that, women have stronger impacts on household's development and higher share of their earnings passes on to their families, leading to an increase in the households spending on food and education for their children hence good repayment for them to have a second loan from MFIs. The study recommends that BRAC Microfinance Institution to increase the grace period for loan repayment to avoid using part of the loan to repay first installment. Time spent to access loan through group lending approach should be short to avoid prolonged loan follow-up and cost to clients.