



MICROFINANCE CONTRIBUTIONS IN THE PERCEIVED QUALITY OF LIFE IN ENUGU CITY, NIGERIA

Onyemaibeya Nkiru Favourⁱ

Master in Development Management,
University of the Cordilleras,
Baguio City, Philippines

Abstract:

This study examined the contributions of microfinance to the perceived quality of life of clients in Enugu City, Nigeria, with a focus on both economic and social dimensions, as well as the challenges faced by clients and microfinance institutions (MFIs). Guided by Sen's (1985) Capability Approach, the research employed a mixed-method design, combining a quantitative descriptive survey and qualitative case study. A sample of 311 clients was drawn from a population of 1,604 to respond to a structured questionnaire with a Cronbach alpha of 0.875, while interviews were conducted with 18 employees from four MFIs and 15 randomly selected clients. Findings revealed that microfinance significantly provided clients with opportunities to invest in their businesses; however, it did not substantially translate into higher income levels, indicating a mixed economic impact. Socially, clients reported increased involvement in community development projects but limited empowerment to assume leadership roles. The major challenge confronting clients was the lack of acceptable collateral, as many lacked conventional assets typically required for loan access. On the institutional side, MFIs were largely constrained by high loan default rates, which threatened their financial sustainability and operational efficiency. The study concluded that while microfinance contributes positively to clients' entrepreneurial opportunities and community participation, its economic benefits remain constrained by structural challenges. Recommendations included introducing tailored training in financial and business management, adopting flexible collateral frameworks, promoting leadership development among clients, and strengthening risk management mechanisms through credit assessments and financial counseling. The study reiterates the need for policy reforms and institutional innovations to enhance the effectiveness of microfinance in improving the quality of life of clients in Nigeria.

ⁱ Correspondence email: nkiruonyema24@gmail.com

JEL Classification: G21 – Microfinance Institutions; I31 – General Welfare and Well-Being; I32 – Poverty Measurement and Analysis; O15 – Human Development and Income Distribution; O55 – Africa.

Keywords: microfinance, quality of life, economic, social

1. Introduction

Microfinance has become an important mechanism for improving the quality of life in low-income regions by extending financial services to populations traditionally excluded from formal banking. Through microloans, savings accounts, and insurance products, microfinance institutions (MFIs) enable marginalized groups to establish businesses, increase income, and build economic stability. Over time, these initiatives have supported poverty reduction, promoted entrepreneurship, and enhanced social empowerment in both developing and emerging economies (Adnan & Kumar, 2021).

At the global level, microfinance has been integrated into broader poverty alleviation strategies, with its fundamental aim being financial inclusion. By offering small loans and savings opportunities, microfinance provides individuals with the resources to engage in economic activities, fostering entrepreneurship and job creation (Rahman, 2023). This approach has ripple effects, improving local markets and community participation. A particularly notable achievement of the global microfinance movement is its contribution to gender empowerment. Women, who make up the majority of microfinance clients, gain greater financial independence, which strengthens their role in household decision-making and community leadership (Khurshed *et al.*, 2021). Despite these successes, challenges persist. High interest rates often burden borrowers, while inadequate financial literacy hampers loan management (Klapper & Lusardi, 2020). MFIs also face difficulties with sustainability due to high operating costs, limited access to capital, and regulatory barriers (Wondirad, 2022). These issues sometimes result in high default rates and, in extreme cases, over-indebtedness among clients (Gutema, 2021; Brickell *et al.*, 2020).

In Africa, microfinance plays a crucial role due to the continent's high poverty levels and limited financial access. MFIs have supported smallholder farmers, traders, and informal workers by providing capital for agricultural inputs and small business growth. These efforts have contributed to improved productivity, food security, and household income (Warinda *et al.*, 2020). Beyond the economic dimension, microfinance enhances social inclusion by empowering marginalized groups, particularly women, to participate more actively in community and household decision-making. Increased income from microfinance activities often translates into better healthcare, education, and housing for families, helping to break cycles of poverty across generations (Bondinuba *et al.*, 2020). Many African MFIs also integrate financial literacy programs, which equip clients with skills to manage finances effectively and plan for the future (Chikwira *et al.*, 2022). Nevertheless, the sector faces obstacles. High interest rates discourage some borrowers, while limited financial literacy continues to hinder repayment and

sustainability (Easton-Calabria & Hakiza, 2021; Sangwan *et al.*, 2020). Institutions struggle with high operational costs, especially in rural regions, and inadequate capital to expand services (Non, 2023). Furthermore, inconsistent and restrictive regulatory environments complicate the growth of MFIs (Nguyen, 2020). To maximize microfinance's benefits, African countries require stronger financial education initiatives, reduced cost structures through technological innovation, and supportive policies.

In Nigeria, microfinance has become an essential instrument for economic development and poverty alleviation. By extending access to financial services to about 65% of Nigerians (Onuka, 2021) and channeling resources to rural and underserved populations (Arinzeh, 2022), MFIs have advanced financial inclusion significantly. A major contribution of microfinance is its support for small and medium-sized enterprises (SMEs), which form the backbone of Nigeria's economy. SMEs generate jobs, drive innovation, and foster growth, and microfinance provides the necessary funding for their expansion. Access to microloans has enabled entrepreneurs to increase productivity, profitability, and household welfare (Ejiogu & Villano, 2020). The social dimension is equally notable, with microfinance empowering Nigerian women by granting them financial resources to establish businesses. This empowerment improves their household decision-making power, enhances children's education and healthcare, and reduces gender inequality (Eko-Raphaels & Richard, 2020). In this way, microfinance contributes not only to income generation but also to broader social development and equity.

However, the sector is hindered by restrictive regulations that often fail to reflect the realities of MFI operations, thereby limiting flexibility and innovation (Aninze, 2023). Economic instability, including inflation and currency fluctuations, further threatens repayment rates and the sustainability of MFIs (Sharimakin, 2023). Infrastructural challenges, such as inadequate transportation and communication networks, also limit outreach, particularly in rural areas (Ukanwa, 2021). Furthermore, Nigerian MFIs struggle with limited access to capital, constraining their ability to scale services and offer competitive interest rates (Osakwe, 2020). These challenges underscore the need for supportive policy reforms, infrastructural investment, and financial sector strengthening. At the local level, in Enugu City, microfinance has had a transformative impact on both economic and social development. Enugu, a major city in southeastern Nigeria, has seen significant growth in microfinance institutions over the past decade. Four major MFIs, anonymized as MFI-A, MFI-B, MFI-C, and MFI-D, provide a range of services including loans, savings accounts, insurance, and financial literacy programs. These institutions play a vital role in supporting local farmers by offering loans for seeds, fertilizers, and other inputs, thereby boosting agricultural productivity and contributing to food security.

Microfinance in Enugu also supports micro, small, and medium-sized enterprises (MSMEs), which are central to the city's economy. Access to business loans enables entrepreneurs to expand operations, purchase equipment, and create employment opportunities, leading to improved income and economic stability (Oluka, 2023; Omeje *et al.*, 2022). Women, in particular, have benefited greatly from microfinance services in Enugu, as they gain the financial resources to support families and increase participation

in community activities, thereby reducing gender disparities (Obodoechi, 2023). Beyond loans, savings facilities provide secure means for financial planning, while insurance products protect against risks such as illness and natural disasters. Financial literacy programs further strengthen clients' ability to manage resources, ensuring sustainability and long-term benefits.

Nonetheless, challenges remain at the local level. High interest rates imposed by some institutions create repayment burdens for low-income borrowers, while limited financial literacy increases the risk of loan mismanagement (Ekwochi, 2020). On the institutional side, MFIs in Enugu face capital shortages, high operating costs, and regulatory barriers that restrict their capacity to expand services (Ume & Kaine, 2023). Addressing these issues is essential for consolidating the gains already achieved and ensuring that microfinance continues to drive inclusive development in the city. In essence, microfinance has demonstrated its capacity to improve the quality of life across global, regional, national, and local contexts. It promotes entrepreneurship, creates jobs, and enhances social empowerment, particularly among women. Yet, recurring challenges, high interest rates, limited financial literacy, operational inefficiencies, and restrictive regulations remain significant barriers.

2. Literature Review

Numerous studies have explored the contributions of microfinance to improving the quality of life of individuals, households, and communities. This review synthesizes empirical findings across different regions, outlining both achievements and limitations, while also highlighting research gaps that the current study aims to address. Evidence suggests that microfinance has moderately improved clients' economic outcomes, though impacts vary by context. In Malaysia, Abdullah *et al.* (2022) and Muithya & Muathe (2020) reported gains in income and financial stability, but little evidence of major economic transformation. Similar findings were reported in Indonesia by Purnawan & Brunori (2022), who noted improved financial security but limited structural change due to restricted market access and volatile conditions.

In Africa, studies point to positive though uneven contributions. Njeru & Irungu (2024) found that in Kenya, microfinance promoted small business growth and higher incomes but was constrained by high interest rates and inconsistent policies. Kibichii & Wafula (2020) also highlighted local-level economic improvements in Kenya, while Samineni & Ramesh (2023) observed increased business investments in rural India. In Nepal, Thapa & Chowdhary (2022) documented substantial entrepreneurial growth, particularly among women, while Bakare *et al.* (2023) showed that microfinance enabled Nigerian farmers to adopt modern agricultural techniques and increase yields. In Sri Lanka, Kulawardena & Nissanka (2022) found that microfinance facilitated diversification among rural entrepreneurs, reducing vulnerability to shocks.

Despite these successes, long-term effects remain limited in several cases. Baqui-Khalily (2020) observed in Bangladesh that while microfinance boosted short-term investments, it did not sustain long-term growth. Shane *et al.* (2023) in the Philippines,

and Sulemana *et al.* (2023) in Ghana, similarly found that increased business investments did not consistently translate into higher profitability, with operational inefficiencies and competitive pressures posing challenges. Findings on income impacts are mixed. Bandiera *et al.* (2022) and Mandrawal (2022) reported minimal effects in Malaysia and India, as loans were often used for consumption. In contrast, Karanja & Simiyu (2022) demonstrated that when credit was paired with financial training, clients in Kenya experienced significant income improvements. Singh *et al.* (2022) likewise observed income growth in India when microfinance was coupled with entrepreneurship and market linkages. In Nigeria, Oladapo (2021) noted that flexible repayment schedules allowed microfinance to boost both income and savings, while Guja (2022) emphasized stronger results when services were tailored to sectors such as agriculture and retail.

Microfinance has also contributed to social empowerment, though with varying intensity. Sector-specific programs appear most effective. Henegar *et al.* (2024) highlighted agricultural microfinance as a driver of leadership and community participation. Similarly, Zeb *et al.* (2021) in Pakistan and Appietu *et al.* (2021) in Ghana found that when combined with leadership or community development initiatives, microfinance fostered trust, cooperation, and governance participation. Ribeiro *et al.* (2022), Mukendi & Manda (2022), and Al-shami *et al.* (2021) echoed this, linking microfinance to women's empowerment and broader social cohesion. By contrast, Kataria *et al.* (2020) noted limited effects in urban settings where weaker community bonds reduced social engagement. Sun & Liang (2021) also observed minimal social outcomes in Eastern Europe, suggesting that impacts are strongest in contexts with stronger communal ties. Kayongo & Mathiassen (2023) and Kandie *et al.* (2023) further highlighted that programs integrating mentorship or cooperative leadership yielded the greatest empowerment. However, Milana & Ashta (2020) argued that most MFIs remain overly focused on financial services, underinvesting in social and leadership development.

Several barriers limit clients' ability to benefit fully from microfinance. Chief among them are collateral demands, which exclude the poorest individuals from loans (Elahi *et al.*, 2021; Sommer, 2022). Saifurrahman & Kassim (2022) noted this was especially severe in rural areas where clients lack assets. Jumlongnark (2024) found that strict collateral requirements in Thailand increased default risks, while Benami & Carter (2021) highlighted that borrowers without collateral often face higher interest rates, worsening financial strain. Other barriers include bureaucratic loan application processes (Prijadi *et al.*, 2020), though high interest rates and rigid repayment schedules are typically more prohibitive (Jimoh, 2023; Mackenzie & Louth, 2020). Microfinance institutions (MFIs) also face obstacles, with high default rates being the most pressing. Tehulu (2023) and Salifu (2024) stressed that defaults undermine sustainability by reducing lending capacity and disrupting cash flows. Doering & Wry (2022) found this especially acute in rural areas. While issues such as outdated infrastructure exist (Girón & Silva, 2021; Ali *et al.*, 2021), financial instability and limited capital remain more critical (Bouasria *et al.*, 2020).

Despite a wealth of literature, notable gaps persist. Little is known about the contributions of microfinance to the perceived quality of life of clients in Enugu City,

Nigeria, as no empirical studies have examined this location specifically. This lack of localized research highlights the need for targeted studies to understand how microfinance affects client well-being in specific contexts.

Moreover, existing challenges are dynamic, evolving with economic, regulatory, and social changes. There is a need for ongoing research to identify new barriers and opportunities, and to develop context-specific interventions. Researchers also call for further exploration of how microfinance contributes not just to financial but also to social empowerment, especially in developing countries. The reviewed studies show that microfinance contributes to economic empowerment, income growth, and social inclusion, though effects vary across contexts. Persistent challenges, collateral demands, high interest rates, defaults, and underdeveloped social programs, limit its transformative potential. Addressing these barriers requires both research and policy action. Tailored, practical solutions by governments and MFIs are essential to make microfinance more inclusive, sustainable, and effective in improving the quality of life.

3. Theoretical Framework

This study is anchored on Sen's (1985) Capability Approach, which evaluates development not solely through income or economic growth but by the expansion of individuals' freedoms and capabilities. The framework emphasizes functionings (what people value being or doing, such as being healthy or educated) and *capabilities* (the real opportunities to achieve these functionings). Microfinance aligns with this approach by providing resources, credit, savings, and training, that enhance clients' capabilities to pursue valued life outcomes such as entrepreneurship, improved health, education, and housing (Garces, 2022; Mwashuuya & Mbamba, 2020).

In the context of this study, microfinance is understood as more than financial empowerment; it is a tool for improving quality of life. Access to financial services allows individuals to manage risks, accumulate assets, and invest in income-generating activities, which contribute to stability and long-term well-being (Thaher *et al.*, 2021; Kumar *et al.*, 2021). Importantly, microfinance also promotes gender equality. Since women constitute the majority of clients, their financial independence translates into enhanced decision-making power in households and communities, expanding their social and economic freedoms (Babajide *et al.*, 2022; Abebe & Kegne, 2023). Beyond economic impacts, microfinance fosters social empowerment by building financial literacy, entrepreneurial skills, and community participation. These outcomes resonate with the capability approach's emphasis on enabling individuals to live lives they value, while also strengthening social cohesion and reducing marginalization.

However, both clients and institutions face significant challenges that restrict the expansion of capabilities. For clients, barriers such as high interest rates, stringent eligibility requirements, and low financial literacy can lead to indebtedness and limited effectiveness of loans (Tesfaye, 2021; Owusu-Yeboah *et al.*, 2020). For microfinance institutions (MFIs), issues such as limited capital, regulatory burdens, and weak governance structures undermine their sustainability and outreach (Tadele *et al.*, 2022).

These institutional constraints ultimately reduce the sector's ability to deliver inclusive services. The capability approach provides strong justification for this study, as it captures the multidimensional impacts of microfinance on both economic and social well-being. By situating microfinance within this framework, the research highlights not only its potential for poverty alleviation and empowerment but also the barriers that must be addressed to enhance sustainable development in Enugu city.

4. Research Questions

The aim of this study was to assess the contributions of microfinance in the perceived quality of life of Enugu City, Nigeria. Specifically, this study provided answers to the following research questions:

- 1) To what extent does microfinance contribute to the perceived quality of life of microfinance clients along:
 - a. economic, and
 - b. social?
- 2) What are the challenges encountered by microfinance clients?
- 3) What are the challenges encountered by microfinance institutions?

4.1 Significance of the Study

The outcomes of this study carry significant implications for multiple stakeholders within the microfinance ecosystem. For microfinance bank management, the findings highlight the need to address operational and client-related challenges by adopting strategies such as streamlined processes, stronger risk management, and the design of innovative financial products. These actions can strengthen institutional sustainability, improve service delivery, and enhance both financial and social outcomes. For clients, the study underscores the importance of making services more accessible, affordable, and tailored to their needs. Addressing these areas can empower clients to grow their businesses, improve financial stability, and enhance quality of life, thereby fostering economic resilience and social inclusion. This has the potential to reduce poverty and promote sustainable community development.

The Nigerian government also benefits by gaining deeper insights into systemic issues within the sector. Such knowledge enables policymakers to implement reforms that support microfinance growth, financial inclusion, and poverty alleviation programs. Furthermore, the broader society gains from a strong microfinance system through entrepreneurship promotion, job creation, and community empowerment, all of which drive local economic growth and improve living standards. For future researchers, the study provides a solid foundation for further exploration of microfinance dynamics and development management. It opens pathways for investigating new issues, refining methodologies, and contributing to evidence-based practices.

In sum, the study highlights the interconnected role of microfinance in fostering inclusive, resilient, and sustainable financial ecosystems, benefiting individuals, communities, and society at large.

5. Methodology

This study employed a mixed-method research design that integrated both quantitative and qualitative approaches to provide a comprehensive understanding of microfinance's role in entrepreneurship and women's empowerment. The quantitative aspect utilized a descriptive research design, while the qualitative component adopted a case study design. The study population consisted of clients and employees from four selected microfinance institutions (MFIs) in Enugu City, referred to as MFI-A, MFI-B, MFI-C, and MFI-D. Together, these MFIs had 1,604 clients and 58 employees. Using the Raosoft sample size calculator, a sample of 311 clients was determined and allocated proportionally across the four MFIs through stratified random sampling. Purposive sampling was then employed to select clients and employees with direct experience in microfinance services, ensuring relevant and in-depth responses. For the qualitative component, 18 employees and 15 clients were selected for interviews based on criteria such as active loan usage, roles in loan disbursement, repayment history, and geographic diversity.

Data collection tools included questionnaires and semi-structured interviews. The questionnaire, pre-tested for reliability using Cronbach's Alpha (yielding 0.875), was distributed to clients via a research proxy. Semi-structured interviews were conducted online with both clients and employees to explore challenges and contributions of microfinance. The questions were formulated by the researcher based on past studies, and institutional approval was sought for employee participation. Data analysis involved statistical and thematic techniques. Weighted mean was applied to analyze the extent of microfinance contributions to clients' quality of life, while thematic coding based on Braun and Clarke's (2006) six-phase model was used to classify qualitative responses. This process highlighted recurring issues such as high interest rates, repayment difficulties, inadequate loan sizes, fraud, mismanagement, and regulatory constraints, providing a nuanced understanding of both client and institutional challenges.

6. Results and Discussions

This section presents and interprets the findings of the study in relation to the research objectives, focusing on the extent to which microfinance contributes to the perceived quality of life of clients in Enugu City, Nigeria, across economic and social dimensions. The results are discussed in light of the data collected, highlighting patterns, strengths, and limitations in the role of microfinance. The discussion further situates these findings within existing literature and theoretical perspectives, drawing comparisons with similar studies in other contexts. By integrating empirical evidence with scholarly insights, this section seeks to provide a nuanced understanding of the contributions of microfinance to both economic empowerment and social well-being, as well as the challenges that limit its transformative potential.

Table 1: The Extent to Which Microfinance Contributes to the Perceived Quality of Life of Microfinance Clients

	Dimensions	Weighted Mean	Interpretation
1	Economic	3.03	Microfinance clients generally acknowledge economic improvements.
2	Social	3.02	Microfinance clients recognize positive changes in their social lives.
Overall weighted mean		3.03	Microfinance clients recognize positive changes in their economic and social lives.

Table 1 shows the extent to which microfinance contributes to clients’ perceived quality of life across economic and social dimensions. The overall weighted mean of 3.03 indicates a moderate impact, with the economic dimension (3.03) slightly higher than the social dimension (3.02). This suggests that microfinance is viewed as more effective in improving financial stability than in fostering social cohesion. However, the contributions remain incremental rather than transformative. The moderate economic effect implies that while clients gain access to credit and opportunities for income growth, challenges such as small loan sizes, high-interest rates, and volatile economic conditions in Nigeria limit progress. Although clients experience improvements in financial security and entrepreneurial activity, these remain modest.

Similar findings revealed that microfinance enhances income but rarely transforms conditions due to systemic barriers like limited market access and weak policy support (Okesina, 2025; Ranabahu & Tanima, 2022). These align with Sen’s capability approach, which stresses that outcomes depend not only on resources but also on the broader socio-economic environment (Sen, 1999). On the social side, moderate gains are observed in fostering social interactions, group solidarity, and community involvement. Yet, deeper impacts such as leadership development and strong community integration are limited. Nigeria’s fragmented social structures and ethnic diversity may constrain these benefits. Global evidence is mixed: while some programs enhance social participation, many report only modest outcomes (Rahman, 2025; Gutiérrez-Nieto & Serrano-Cinca, 2023). Overall, the results suggest that microfinance contributes positively to clients’ economic and social lives but remains constrained by structural and contextual factors.

Table 2: Challenges Encountered by Microfinance Clients

	Indicators	Frequency (F)	Percentages (%)
1	Lack of acceptable collateral/security	15	22.06
2	Inadequate loan sizes	12*	17.65
3	Inconsistent loan repayment	11*	16.18
4	Insufficient support services	9*	13.24
5	High interest rates	9*	13.24
6	Limited financial literacy	7*	10.29
7	Complex loan application process	5	7.35

*Multiple responses

Table 2 outlines the key challenges faced by clients of microfinance institutions (MFIs) in Nigeria. The most pressing issue is the lack of acceptable collateral or security (22.06%), which severely restricts access to loans. Many clients, often low-income individuals or small-scale entrepreneurs, lack the tangible assets, such as land or property, typically required by MFIs. As interviews revealed, clients consistently described collateral requirements as the main obstacle preventing them from securing adequate credit. One participant noted, *“I have good business ideas, but I can’t get the loans I need because I don’t have land or property to use as collateral”* (Interviewee Client “A”). Others shared similar frustrations, with some turning to informal borrowing as an alternative. Empirical studies support these findings. Elahi *et al.* (2021) and Sommer (2022) identify collateral demands as a major barrier limiting financial access for low-income clients. Jumlongnark (2024) further found that such requirements contribute to higher default rates, while Benami and Carter (2021) report that a lack of collateral often leads to higher interest rates, compounding financial strain. Saifurrahman and Kassim (2022) add that rural populations are particularly disadvantaged, as they rarely possess assets acceptable as collateral. From Sen’s (1985) capability approach, collateral constraints directly reduce individuals’ opportunities to expand businesses, improve stability, or escape poverty.

Other significant barriers include inadequate loan sizes (17.65%) and inconsistent repayment terms (16.18%). Clients reported that even when loans were accessible, the amounts were insufficient to meet business needs. High interest rates (13.24%) further undermine loan effectiveness, limiting the benefits of borrowed funds. Respondents also highlighted insufficient support services (13.24%) and limited financial literacy (10.29%), which restrict their ability to manage loans effectively. These findings echo earlier studies showing that the absence of training, financial guidance, and supportive mechanisms often reduces the developmental impact of microfinance (Prijadi *et al.*, 2020; Jimoh, 2023). The least reported challenge was the complex loan application process (7.35%). While some clients described the paperwork as cumbersome, most emphasized that collateral and loan size were more significant obstacles.

One participant explained, *“The paperwork is a hassle, but it’s not the main problem; I could manage if I had better loan terms”* (Interviewee Client “D”). Similar sentiments were reported by others, who considered the complexity secondary to structural barriers. Studies reinforce this perception: while bureaucratic procedures can discourage some borrowers (Cowling *et al.*, 2021), they are often overshadowed by more pressing issues

like high interest rates and collateral demands (Mackenzie & Louth, 2020). Overall, the findings reveal that challenges in accessing microfinance are both structural and procedural. Collateral requirements remain the most critical, reinforcing cycles of exclusion among those without assets. Meanwhile, small loan sizes, high interest rates, and a lack of support services further constrain clients' ability to use microfinance as a tool for empowerment. Addressing these barriers requires not only reforms within MFIs but also broader policy interventions that align microfinance practices with the needs of vulnerable populations.

Table 3: Challenges Encountered by Microfinance Institutions

	Indicators	Frequency (F)	Percentages (%)
1	High default rates	18	23.68
2	Inadequate capital	15*	19.74
3	Fraud and mismanagement	13*	17.11
4	Difficulty in client acquisition and retention	12*	15.79
5	Weak infrastructure	10*	13.16
6	Regulatory constraints	8	10.53

*Multiple responses

Table 3 outlines the challenges faced by microfinance institutions (MFIs) in Nigeria, showing that financial and operational issues significantly undermine their sustainability. The most critical challenge is high default rates (23.68%), followed by inadequate capital (19.74%) and fraud or mismanagement (17.11%). Other concerns include client acquisition and retention (15.79%), weak infrastructure (13.16%), and regulatory constraints (10.53%). High default rates were unanimously reported as the greatest threat to MFIs. Defaults erode cash flow, reduce lending capacity, and weaken institutional stability. Interviews reinforced this: one MFI manager stated, *"We constantly deal with clients who cannot repay their loans, which strains our financial resources"* (Interviewee "MFI A"). Another added, *"the default rates are crippling our ability to lend more"* (Interviewee MFI "B"). Such burdens limit MFIs' ability to expand services and undermine their mission to serve vulnerable populations.

These findings align with empirical studies. Tehulu (2023) noted that high default rates destabilize MFIs by restricting lending operations. Hailu (2023) found that poor borrower assessment and limited financial literacy exacerbate defaults in Ethiopia. Similarly, Battaglia *et al.* (2024) observed that volatile economic conditions in Bangladesh increased defaults, while Salifu (2024) and Doering & Wry (2022) stressed that defaults particularly threaten rural MFIs, where clients face greater financial vulnerability. From Sen's (1985) capability approach, defaults reduce MFIs' ability to expand clients' opportunities and hinder broader development outcomes. Inadequate capital, the second major challenge, restricts MFIs' ability to scale operations. Without sufficient funds, institutions cannot expand lending or cushion against defaults. Fraud and mismanagement further drain resources, weaken institutional trust, and reduce efficiency. Client acquisition and retention also pose difficulties, particularly in competitive financial markets where trust and accessibility determine outreach.

Weak infrastructure was the least significant challenge. While outdated technology and poor facilities hinder efficiency, respondents considered these manageable compared to financial constraints. As one manager noted, *“the infrastructure is not ideal, but financial issues take precedence”* (Interviewee MFI “D”). This perspective reflects resilience: MFIs adapt to infrastructural deficits while prioritizing urgent financial challenges. Scholarly evidence supports this prioritization. Girón and Silva (2021) argue that although infrastructure deficits impede efficiency, they are overshadowed by financial instability. Similarly, Ali *et al.* (2021) and Bouasria *et al.* (2020) stress that infrastructure upgrades alone cannot resolve issues of capital adequacy or client repayment. Thus, while infrastructural improvements could enhance efficiency, they remain secondary to tackling defaults and liquidity constraints. In essence, Nigerian MFIs face interconnected challenges, with high default rates and inadequate capital posing the greatest threats. These financial pressures not only compromise operational stability but also limit the sector’s ability to promote economic empowerment.

7. Conclusions

Microfinance has provided clients with opportunities to invest in their businesses, yet its impact on sustained income growth remains modest, producing mixed outcomes for overall economic well-being. While it has successfully fostered greater participation in community development initiatives, its role in empowering clients to assume leadership positions within these activities is still limited. A major constraint faced by clients is the lack of acceptable collateral, which restricts access to essential resources needed for business expansion, asset acquisition, and long-term economic advancement. On the institutional side, high default rates remain the most pressing challenge for microfinance institutions, as they erode financial stability and significantly weaken their capacity to extend credit effectively.

8. Recommendations

Based on the findings and conclusions, the following recommendations are proposed. First, microfinance institutions should provide comprehensive business training programs that equip clients with essential skills in financial management, marketing, and strategies for business growth. Such capacity-building initiatives would enhance clients’ ability to use loans productively and improve economic outcomes. Second, policymakers are encouraged to review and revise existing microfinance models to better reflect the economic realities of clients. This may include conducting needs assessments to identify the distinct challenges of various client segments and adapting loan structures, repayment terms, and interest rates accordingly.

Microfinance institutions should also invest in leadership development initiatives to strengthen clients’ confidence and capacity to engage in community decision-making. This can be achieved through leadership workshops focusing on decision-making, communication, and community organizing, alongside mentorship programs that

connect clients with experienced leaders. To improve accessibility, loan application processes should be simplified by reducing documentation requirements and leveraging digital platforms to make applications more user-friendly. Institutions may also adopt alternative collateral models, such as group guarantees or acceptance of movable assets like machinery and livestock, to accommodate clients who lack traditional collateral. Furthermore, financial literacy training should be prioritized to help clients better understand loan terms, manage their finances effectively, and maximize available financial services. Finally, microfinance institutions must strengthen risk management strategies to address high default rates. This includes implementing comprehensive credit assessments, providing financial counseling, and establishing continuous client monitoring. At the policy level, active engagement with regulators to advocate for reforms that support sustainable microfinance practices will be essential for long-term effectiveness.

Creative Commons License Statement

This research work is licensed under a Creative Commons Attribution-Non-Commercial-No Derivatives 4.0 International License. To view a copy of this license, visit <https://creativecommons.org/licenses/by-nc-nd/4.0>. To view the complete legal code, visit <https://creativecommons.org/licenses/by-nc-nd/4.0/legalcode.en>. Under the terms of this license, members of the community may copy, distribute, and transmit the article, provided that proper, prominent, and unambiguous attribution is given to the authors, and the material is not used for commercial purposes or modified in any way. Reuse is only allowed under the terms of the Creative Commons Attribution-Non-Commercial-No Derivatives 4.0 International License.

Conflict of Interest Declaration

The author declares that there is no conflict of interest regarding the conduct of this research, the collection and interpretation of data, or the presentation of findings. No financial, personal, or professional interests have influenced the outcomes of this study.

About the Author

Onyemaibeya Nkiru Favour is a dedicated professional with a strong academic and practical background in both healthcare and development management. She earned her Bachelor of Science in Pharmacy from Panpacific University, Urdaneta, Pangasinan, Philippines, in June 2019, and is currently pursuing a Master's degree in Development Management at the University of the Cordilleras, Baguio City, Philippines. Her professional objective is to collaborate with innovative organizations that uphold a tradition of excellence while creating strategies for long-term sustainability, productivity, and competitiveness. She possesses excellent communication, leadership, and interpersonal skills, complemented by creativity, adaptability, and computer proficiency. Beyond her academic and professional pursuits, she is also a certified chef, showcasing her versatility and passion for learning.

References

- Abdullah, W.M., Zainudin, W.N., Ismail, S.B., and Zia-Ul-Haq, H.M. (2022). The Impact of Microfinance Services on Malaysian B40 Households' Socioeconomic Performance: A Moderated Mediation Analysis. *International Journal of Sustainable Development and Planning*, 17(6), 1983-1996. <https://doi.org/10.18280/ijSDP.170634>
- Abebe, A., and Kegne, M. (2023). The Role of Microfinance Institutions on Women's Entrepreneurship Development. *Journal of Innovation and Entrepreneurship*, 12(17), 1-24. <https://doi.org/10.1186/s13731-023-00285-0>
- Adnan, S.A., and Kumar, P. (2021). Role of Microfinance in Economic Development. *Adhyayan: A Journal of Management Sciences*, 11(2), 22-30.
- Ali, H., Gueyie, J.P., and Okou, C. (2021). Assessing the Impact of Information and Communication Technologies on the Performance of Microfinance Institutions in Niger. *Journal of Small Business and Entrepreneurship*, 33(1), 71-91. <http://dx.doi.org/10.1080/08276331.2019.1698222>
- Al-shami, S.A., Al Mamun, A., Rashid, N., and Al-shami, M. (2021). Microcredit Impact on Socio-Economic Development and Women Empowerment in Low-Income Countries: Evidence from Yemen. *Sustainability*, 13(16), 9326. <https://doi.org/10.3390/su13169326>
- Aninze, F. (2023). Women Empowerment through Microfinance and Enterprise: Evidence from Nigeria. Unpublished Dissertation, Birmingham City University, United Kingdom. Retrieved from <https://www.open-access.bcu.ac.uk/14182/>
- Appietu, R.K., Dankwa, I.O., and Caesar, L.D. (2021). Exploring the Nexus between Microfinance Activities and Economic Wellbeing at the Grassroots: Evidence from an Emerging Market Economy. *Global Social Welfare*, 8, 337-349. Retrieved from <https://link.springer.com/article/10.1007/s40609-020-00172-6>
- Arinzeh, I.F. (2022). Microcredit Loan Accessibility and its Effect on the Performance of Small and Medium-sized Enterprises (SMEs) in the Niger Delta Region of Nigeria. Unpublished Dissertation, Warsaw Management University, Poland. <http://dx.doi.org/10.13140/RG.2.2.16385.94569>
- Babajide, A.A., Obembe, D., Solomon, H., and Woldesenbet, K. (2022). Microfinance and Entrepreneurship: The Enabling Role of Social Capital amongst Female Entrepreneurs. *International Journal of Social Economics*, 49(8), 1152-1171. Retrieved from <https://westminsterresearch.westminster.ac.uk/item/qqz2z/microfinance-and-entrepreneurship-the-enabling-role-of-social-capital>
- Bakare, A.Y., Ogunleye, A.S., and Kehinde, A.D. (2023). Impacts of Microcredit Access on Climate Change Adaptation Strategies Adoption and Rice Yield in Kwara State, Nigeria. *World Development Sustainability*, 2. <https://doi.org/10.1016/j.wds.2023.100047>
- Bandiera, O., Burgess, R., Deserranno, E., Morel, R., Rasul, I., Sulaiman, M., and Thiemel, J. (2022). Microfinance and diversification. *Economica*, 89, S239-S275. <https://doi.org/10.1111/ecca.12424>

- Baqui-Khalily, M.A. (2020). Microfinance in Sustainable Development and Economic Growth in Bangladesh. *Bangladesh's Macroeconomic Policy: Trends, Determinants and Impact*, 419-448. Retrieved from http://dx.doi.org/10.1007/978-981-15-1244-5_16
- Battaglia, M., Gulesci, S., and Madestam, A. (2024). Repayment Flexibility and Risk Taking: Experimental Evidence from Credit Contracts. *Review of Economic Studies*, 91(5), 2635-2675. <https://doi.org/10.1093/restud/rdad107>
- Benami, E., and Carter, M.R. (2021). Can Digital Technologies Reshape Rural Microfinance? Implications for Savings, Credit, and Insurance. *Applied Economic Perspectives and Policy*, 43(4), 1196-1220. <https://doi.org/10.1002/aep.13151>
- Bondinuba, F.K., Stephens, M., Jones, C., and Buckley, R. (2020). The Motivations of Microfinance Institutions to Enter the Housing Market in a Developing Country. *International Journal of Housing Policy*, 20(4), 534-554. <https://doi.org/10.1080/19491247.2020.1721411>
- Bouasria, M., Ashta, A., and Ratsimalahelo, Z. (2020). Bottlenecks to Financial Development, Financial Inclusion, and Microfinance: A Case Study of Mauritania. *Journal of Risk and Financial Management*, 13(10), 239. <https://doi.org/10.3390/jrfm13100239>
- Brickell, K., Picchioni, F., Natarajan, N., Guermond, V., Parsons, L., Zanello, G., and Bateman, M. (2020). Compounding Crises of Social Reproduction: Microfinance, Over-Indebtedness and the COVID-19 pandemic. *World Development*, 136. <https://doi.org/10.1016/j.worlddev.2020.105087>
- Braun, V. and Clarke, V. (2006) Using Thematic Analysis in Psychology. *Qualitative Research in Psychology*, 3, 77–101. <https://doi.org/10.1191/1478088706qp063oa>
- Chikwira, C., Vengesai, E., and Mandude, P. (2022). The Impact of Microfinance Institutions on Poverty Alleviation. *Journal of Risk and Financial Management*, 15(9), 393. <https://doi.org/10.3390/jrfm15090393>
- Cowling, M., Liu, W., and Calabrese, R. (2021). Has Previous Loan Rejection Scarred Firms from Applying for Loans during Covid-19? *Small Business Economics*, 1-24. <https://doi.org/10.1007/s11187-021-00586-2>
- Doering, L., and Wry, T. (2022). The Challenges of Supporting Necessity Entrepreneurs: Understanding Loan Officer Exit in Microfinance. *Journal of Business Venturing*, 37(2). <https://doi.org/10.1016/j.jbusvent.2022.106189>
- Easton-Calabria, E., and Hakiza, R. (2021). In the Interest of Saving: Refugee-Led Microfinance in Kampala, Uganda. *Development Policy Review*, 39(1), 22-38. <https://doi.org/10.1111/dpr.12500>
- Ejiogu, L.C., and Villano, R.A. (2020). Impact of Microfinance Services on the empowerment of women and Youths: Evidence from rural farmers in Anambra State, Nigeria. *World Journal of Innovative Research*, 8(5), 20-29. <http://dx.doi.org/10.31871/WJIR.8.5.9>
- Eko-Raphaels, M.U., and Richard, O.C. (2020). Effectiveness of Microfinance Policy in Nigeria, 2010-2017. *Journal of Economics and Sustainable Development*, 11(2), 3-17.

- Retrieved from
<https://www.iiste.org/Journals/index.php/JEDS/article/view/51289>
- Ekwochi, E.A. (2020). Impact of Financial Institutions on Small-Scale Enterprises in Nigeria: A Study of Selected Small-Scale Enterprises in Enugu, Nigeria. *IAA Journal of Management* 6(1), 61-77. Retrieved from https://www.researchgate.net/publication/352064312_Impact_of_Financial_Institutions_on_Small_Scale_Enterprises_in_Nigeria_A_Study_of_Selected_Small_Scale_Enterprises_in_Enugu#:~:text=The%20research%20work%20made%20the,interest%20rate%20has%20a%20significant
- Elahi, A.R., Ahmed, A., Majid, S., and Asif, M.F. (2021). Critical Factors Associated with the Access to Bank Credit: An Exploratory Study. *Humanities and Social Sciences Reviews*, 9(3), 135-144. <http://dx.doi.org/10.18510/hssr.2021.9315>
- Garces, P. (2022). Modelling Amartya Sen's Capability Approach: An Interdisciplinary and Contemporary Account. *Philosophical Readings-Online Journal of Philosophy*, 14(2), 85-93. <http://dx.doi.org/10.5281/zenodo.7030271>
- Girón, A., and Silva, J. (2021). The Indian Banking System, Financial Fragility, and Deregulation. *International Journal of Political Economy*, 50(4), 292-317. <https://doi.org/10.1080/08911916.2021.2001245>
- Guja, M.M. (2022). The Role of Financial Institutions in Smallholder Agriculture Development: Ethiopian Context. *European Journal of Business and Management*, 14(1), 31-54. <http://dx.doi.org/10.7176/EJBM/14-1-03>
- Gutema, A.A. (2021). Microfinance for Smallholder Farmers: The Lived Experience of Borrowers in Akaki, Ethiopia. Unpublished Dissertation, Walden University, United States. Retrieved from <https://scholarworks.waldenu.edu/cgi/viewcontent.cgi?article=12637&context=dissertations>
- Gutiérrez-Nieto, B., and Serrano-Cinca, C. (2023). Assessment of microfinance institutions and their impact: evidence from a scientometric study. *Handbook of Microfinance, Financial Inclusion and Development*, 41-65. <https://doi.org/10.4337/9781789903874.00009>
- Hailu, T. (2023). Assessment of Loan Default on Operational Performance of Microfinance: Case of Peace Microfinance Share Company. Doctoral Dissertation, Saint Mary's University, Ethiopia. Retrieved from <http://repository.smuc.edu.et/bitstream/123456789/7787/1/ASSESSMENT%20OF%20LOAN%20DEFAULT%20ON%20OPERATIONAL%20PERFORMANCE%20OF.pdf>
- Henegar, D., Ilieș, G.L., Mureșan, I.C., Poruțiu, A.R., Arion, I.D., and Arion, F.H. (2024). Customers' Perception of Microfinance Services as a Tool for Rural Development: A Romanian Case Study. *Agriculture*, 14(7). <https://doi.org/10.3390/agriculture14071087>
- Jimoh, I. (2023). Determinants of Loan Repayments Culture Among Credit Takers of Microfinance Banks in Kwara State. Unpublished Master's Thesis, Kwara State University, Nigeria. Retrieved from <https://zenodo.org/records/15194847>

- Jumlongnark, W. (2024). Microfinance in Thailand: Navigating Challenges and Unlocking Opportunities. Retrieved from <https://arxiv.org/abs/2409.03157>
- Kandie, K.R., Muhingi, W.N., and Mutisya, M.S. (2023). Effects of Selected Women's Economic Empowerment Programs on Poverty Alleviation in Marigat Ward, Baringo County, Kenya. *Sustainable Development*, 18, 12. <http://dx.doi.org/10.5281/zenodo.10317011>
- Karanja, S.G., and Simiyu, E.M. (2022). Credit Management Practices and Loan Performance of Microfinance Banks in Kenya. *Journal of Finance and Accounting*, 6(1), 108-139. <https://doi.org/10.53819/81018102t6009>
- Kataria, D.J.R., Usman, D.A., Hussain, S., Usman, M., and Amjad, A. (2020). Breaking the Bonds of Poverty: Effectiveness of Microcredit in Improving the Wellbeing of Brick Kilns' Laborers in Pakistan. *South Asian Studies*, 33(1). Retrieved from https://www.researchgate.net/publication/325451802_Breaking_the_Bonds_of_Poverty_Effectiveness_of_Microcredit_in_Improving_the_Wellbeing_of_Brick_Kilns'_Laborers_in_Pakistan
- Kayongo, S., and Mathiassen, L. (2023). Improving Agricultural Relations and Innovation: Financial Inclusion through Microfinancing. *Journal of Business and Industrial Marketing*, 38(11), 2460-2470. <https://doi.org/10.1108/JBIM-10-2022-0459>
- Khursheed, A., Khan, A.A., and Mustafa, F. (2021). Women's Social Empowerment and Microfinance: A Brief Review of Literature. *Journal of international women's studies*, 22(5), 249-265. Retrieved from <https://vc.bridgew.edu/cgi/viewcontent.cgi?article=2451&context=jiws>
- Kibichii, A.K., and Wafula, F. (2020). Effect of Microfinance Products on the Growth of Small and Medium Enterprises in Nairobi County. *International Academic Journal of Economics and Finance*, 3(6), 152-167. Retrieved from https://www.researchgate.net/publication/344709309_EFFECT_OF_MICROFINANCE_PRODUCTS_ON_THE_GROWTH_OF_SMALL_AND_MEDIUM_ENTERPRISES_IN_NAIROBI_COUNTY
- Klapper, L., and Lusardi, A. (2020). Financial Literacy and Financial Resilience: Evidence from around the World. *Financial Management*, 49(3), 589-614. Retrieved from <https://doi.org/10.1111/fima.12283>
- Kulawardena, L.K.R.D., and Nissanka, K. (2022). Future of Microfinance Institutions in Sri Lanka; Prediction of Financial Distress Using Altman's Z-Score. *Asian Journal of Economics, Business and Accounting*, 22(12), 27-39. Retrieved from <https://journalajeba.com/index.php/AJEBA/article/view/694>
- Kumar, P., Sahu, S.K., and Kumar, R. (2021). An Analysis of Role of Microfinance Institutions in Inclusive Growth. *Arabian Journal of Business and Management Review (Kuwait Chapter)*, 10(4), 161-167. <http://dx.doi.org/10.12816/0059989>
- Mackenzie, C., and Louth, J. (2020). The Neoliberal Production of Deserving and Undeserving Poor: A Critique of the Australian Experience of Microfinance. *Social Policy and Society*, 19(1), 19-35. Retrieved from <https://www.cambridge.org/core/journals/social-policy-and-society/article/abs/neoliberal-production-of-deserving-and-undeserving-poor-a->

- [critique-of-the-australian-experience-of-microfinance/7E02B92DA89B70CC06F66C3F05FB6C16](#)
- Mandrawal, M.S. (2022). A Theoretical Evaluation of the Microfinance and its Impact on Living Standards and Poverty Reduction in India. *International Journal for Global Academic and Scientific Research*, 1(3), 11-19. <http://dx.doi.org/10.55938/ijgasr.v1i3.21>
- Milana, C., and Ashta, A. (2020). Microfinance and Financial Inclusion: Challenges and Opportunities. *Strategic Change*, 29(3), 257-266. <https://doi.org/10.1002/jsc.2339>
- Muithya, V., and Muathe, S. (2020). Dynamic Capabilities and Performance in the Context of Microfinance Institutions in Kenya: An Exploratory Study. *Journal of Business, Economics and Management Works*, 7(08), 15-29. Retrieved from https://www.researchgate.net/publication/344041413_Dynamic_Capabilities_and_Performance_in_the_Context_of_Microfinance_Institutions_in_Kenya_An_Exploratory_Study
- Mukendi, S., and Manda, S. (2022). Micro-Financial Institutions and Processes of Women Empowerment in Zambia. *World Development Perspectives*, 28. Retrieved from <https://doi.org/10.1016/j.wdp.2022.100466>
- Mwashiuya, H.T., and Mbamba, U.O. (2020). Relationship of Information and Communication Technology Adoption on Microfinance Institutions' Operational Performance and Access to Financial Services in Tanzania. *International Journal of Information, Business and Management*, 12(1), 214-237. Retrieved from <https://scispace.com/pdf/relationship-between-information-communication-technology-41bypdu69o.pdf>
- Nguyen, Q.A.M. (2020). Financial Services for the Poor in Vietnam: A Comprehensive Analysis on the Performance and Sustainability of the Microfinance Sector. Unpublished Doctoral dissertation, Doshisha University, Japan. Retrieved from <https://doshisha.repo.nii.ac.jp/record/27648/files/zk1113.pdf>
- Njeru, C.W., and Irungu, A.M. (2024). Microfinance Services and Household's Income among Saving and Internal Lending Community Groups in Evurore Ward, Embu County, Kenya. *Journal of Finance and Accounting*, 8(7), 15-27. Retrieved from <http://dx.doi.org/10.53819/81018102t4273>
- Non, R. (2023). Exploring the Challenges faced by Microfinance Industry in Facilitating Ecosystem Financing for Microenterprises in Malaysia. Unpublished Dissertations, University of Wales Trinity Saint David, United Kingdom. Retrieved from <https://repository.uwtsd.ac.uk/id/eprint/2395/>
- Obodoechi, O.B.P. (2023). The Effect of Microfinance Credit on Poverty Index in Udi Local Government Area of Enugu State. *International Journal of Advanced Economics and Sustainable Development*, 4(2), 14-23.
- Okesina, M. (2025). Microfinance Evolution and Development: A Critical Exploration. *International Journal of New Political Economy*, 6(1), 141-178. <https://doi.org/10.48308/jep.2025.237913.1198>

- Oladapo, G.M. (2021). Specialised Bank's Credit Provision in Nigeria: Implication on Poverty Reduction. *African Journal of Economic Review*, 9(2), 151-171. Retrieved from <https://ideas.repec.org/a/ags/afjecr/315794.html>
- Oluka, K.U., Orga, J.I., and Monanu, O.G. (2023). Microfinance Bank as a catalyst for Entrepreneurship Development in Enugu North LGA, Enugu State. *NG Journal of Social Development*, 11(1), 37-47. Retrieved from https://www.arabianjbm.com/pdfs/NGJSD_VOL_11_1_2023/4_ngjsd_2023_1.pdf
- Omeje, A.N., Mba, A.J., Ugwu, M.O., Amuka, J., and Agamah, P.N. (2022). Examining the Penetration of Financial Inclusion in the Agricultural Sector: Evidence from Small-Scale Farmers in Enugu State, Nigeria. *Agricultural Finance Review*, 82(1), 49-66. Retrieved from <https://ideas.repec.org/a/eme/afrrpps/afrr-05-2020-0074.html>
- Onuka, O.I. (2021). Microcredit and Poverty Alleviation in Nigeria in COVID-19 Pandemic. *Asia-Pacific Journal of Rural Development*, 31(1), 7-36. <https://doi.org/10.1177/10185291211007925>
- Osakwe, S. (2020). How Can Developing Countries Reduce Financial Exclusion? A Critical Review of Nigeria's Financial Inclusion Strategy. A Critical Review of Nigeria's Financial Inclusion Strategy. Making Finance Work for Africa, 1-28. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3780805
- Owusu-Yeboah, E., Gideon, O.Y., and Uwineza, D. (2020). Microfinance and Women's Empowerment in Ghana: Challenges and Prospects. *International Journal of Academic Research in Business and Social Sciences*, 10(10), 377-404. Retrieved from https://hrmars.com/papers_submitted/7945/microfinance-and-womens-empowerment-in-ghana-challenges-and-prospects.pdf
- Prijadi, R., Wulandari, P., Desiana, P.M., Pinagara, F.A., and Novita, M. (2020). Financing Needs of Micro-Enterprises along their Evolution. *International Journal of Ethics and Systems*, 36(2), 263-284. <https://doi.org/10.1108/IJOES-05-2018-0071>
- Purnawan, E., and Brunori, G. (2022). Microfinance Program and Food Security: A Review in the Indonesian Context. *Journal of Applied Accounting and Finance*, 6(1), 1-15. <http://dx.doi.org/10.33021/jaaf.v6i1.2345>
- Rahman, M.O. (2023). The Impact of Microfinance on Poverty Alleviation and Employment Creation. *International Research Journal of Management and Social Sciences*, 4(3), 509-527. Retrieved from <https://irjmss.com/index.php/irjmss/article/view/41>
- Rahman, M.W. (2025). A comprehensive review of microfinance impacts, sustainability and outreach. *Asian Journal of Agricultural Extension, Economics & Sociology*, 6(2), 64-76. <http://dx.doi.org/10.2139/ssrn.2978484>
- Ranabahu, N., and Tanima, F.A. (2022). Empowering Vulnerable Microfinance Women through Entrepreneurship: Opportunities, Challenges and the Way Forward. *International Journal of Gender and Entrepreneurship*, 14(2), 145-166. <https://doi.org/10.1108/IJGE-01-2021-0020>
- Ribeiro, J.P.C., Duarte, F., and Gama, A.P.M. (2022). Does Microfinance Foster the Development of its Clients? A Bibliometric Analysis and Systematic Literature Review. *Financial Innovation*, 8(1), 34. <https://doi.org/10.1186/s40854-022-00340-x>

- Saifurrahman, A., and Kassim, S. (2022). Collateral Imposition and Financial Inclusion: A Case Study among Islamic Banks and MSMEs in Indonesia. *Islamic Economic Studies*, 30(1), 42-63. Retrieved from <https://www.emerald.com/insight/content/doi/10.1108/ies-04-2022-0023/full/pdf>
- Salifu, I. (2024). Corporate Governance Practices and Microfinance Institutional Performance in Ghana. Unpublished Doctoral Dissertation, Birmingham City University, United Kingdom. Retrieved from <https://www.open-access.bcu.ac.uk/15474/>
- Samineni, S., and Ramesh, K. (2023). Measuring the Impact of Microfinance on Economic Enhancement of Women: Analysis with Special Reference to India. *Global Business Review*, 24(5), 1076-1091. <https://doi.org/10.1177/0972150920923108>
- Sangwan, S., Nayak, N.C., and Samanta, D. (2020). Loan Repayment Behavior among the Clients of Indian Microfinance Institutions: A Household-Level investigation. *Journal of Human Behavior in the Social Environment*, 30(4), 474-497. <http://dx.doi.org/10.1080/10911359.2019.1699221>
- Sen, A. (1985). *Commodities and Capabilities*. Amsterdam: North Holland. Retrieved from <https://global.oup.com/academic/product/commodities-and-capabilities-9780195650389?cc=ro&lang=en&>
- Singh, J., Dutt, P., and Adbi, A. (2022). Microfinance and Entrepreneurship at the Base of the Pyramid. *Strategic Entrepreneurship Journal*, 16(1), 3-31. <https://doi.org/10.1002/sej.1394>
- Sharimakin, A. (2023). Microfinance Bank in Nigeria: Operating Environment, Sustainability, and Welfare Impact. *SN Business and Economics*, 3(10), 183. <https://doi.org/10.1007/s43546-023-00552-y>
- Shane, E.I., Syril, J.C., Anne, K.A., and Teresa, M.R. (2023). Effects of the Products and Services of Microfinance Institutions on the Economic Development of Their Members in Vintar, Ilocos Norte, Philippines. *Divine Word International Journal of Management and Humanities*, 2(3), 474-494. <http://dx.doi.org/10.62025/dwijmh.v2i3.37>
- Sommer, C. (2022). Unintended Consequences of Microfinance: Effects on Credit Access for Small-and Medium-Sized Enterprises. *Journal of International Development*, 34(3), 564-586. <https://doi.org/10.1002/jid.3614>
- Sulemana, M., Fuseini, M.N., and Abdulai, I.A. (2023). Effects of Microfinance and Small Loans Centre on Poverty Reduction in Wa West District, Ghana. *Heliyon*, 9(12). <https://doi.org/10.1016/j.heliyon.2023.e22685>
- Sun, S.L., and Liang, H. (2021). Globalization and Affordability of Microfinance. *Journal of Business Venturing*, 36(1). <https://doi.org/10.1016/j.jbusvent.2020.106065>
- Tadele, H., Roberts, H., and Whiting, R. (2022). Microfinance Institutions' Risk and Governance in Sub-Saharan Africa. *International Journal of Social Economics*, 49(3), 449-469. <https://doi.org/10.1108/IJSE-10-2020-0719>
- Tehulu, T.A. (2023). What Drives Microfinance Institution Lending Behavior? Empirical Evidence from Sub-Saharan Africa. *International Journal of Emerging Markets*, 18(8), 1745-1765. <https://doi.org/10.1108/IJOEM-08-2020-1002>

- Tesfaye, F. (2021). Challenges of Microfinance Institutions a Case of Addis credit and saving institution. Unpublished dissertation, St. Mary's University, Ethiopia. Retrieved from <http://repository.smuc.edu.et/handle/123456789/6913>
- Thaher, L.M., Radieah, N.M., and Wan Norhaniza, W.H. (2021). The Effect of Microfinance Services on Women Entrepreneurship: A Case Study in Jordan. *The Journal of Asian Finance, Economics and Business*, 8(5), 807-815. <http://dx.doi.org/10.13106/jafeb.2021.vol8.no5.0807>
- Thapa, B.S., and Chowdhary, S. (2022). Impact of Microfinance on the Empowerment of Women Entrepreneurs in Rupandehi District, Nepal. *Journal of Business and Management*, 6(1), 100-115. <https://doi.org/10.3126/jbm.v6i01.46639>
- Ukanwa, I. (2021). An Investigation of Poor Women's Micropreneurship and their Experiences of Microfinance in Rural South-East Nigeria. Unpublished Dissertation, Robert Gordon University, Scotland. Retrieved from <https://rgu-repository.worktribe.com/output/1447375>
- Ume, S.I., and Kaine, A.I.N. (2023). Loan Repayment and Credit Worthiness of Maize Farmers under Kenechukwu Microfinance in Enugu North Agricultural Zone of Enugu State, Nigeria. *Journal of Agriprenurship and Sustainable Development*, 6(2), 30-38. <http://dx.doi.org/10.59331/jasd.v6i2.431>
- Warinda, E., Nyariki, D.M., Wambua, S., Muasya, R.M., and Hanjra, M.A. (2020). Sustainable Development in East Africa: Impact Evaluation of Regional Agricultural Development Projects in Burundi, Kenya, Rwanda, Tanzania, and Uganda. In *Natural Resources Forum* 44(1), 3-39. Retrieved from https://www.researchgate.net/publication/361228874_Sustainable_development_in_East_Africa_impact_evaluation_of_regional_agricultural_development_projects_in_Burundi_Kenya_Rwanda_Tanzania_and_Uganda
- Wondirad, H.A. (2022). Interest Rates in Microfinance: What is a Fair Interest Rate When We Lend to the Poor? *Quality and Quantity*, 56(6), 4537-4548. <https://doi.org/10.1007/s11135-022-01320-0>
- Zeb, N., Jalal, R.N.U.D., Fayyaz, U.E., and Zaheer, M.A. (2021). Micro Finance and Economic Development: The Role of Microfinance Institutions' Outreach in Pakistan. *The Journal of Asian Finance, Economics and Business*, 8(5), 117-126. Retrieved from <https://koreascience.kr/article/JAKO202112748674882.page>