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Primary Author:

Anusheh Naveed Ashraf

Secondary Author & Data Analytics

Consultant:

Muhammad Mubashir Ehsan

Field-work Team:

Ahsan Mukhtar

Syed Ali Abbas Shah

U Bank Team:

Ambreen Malik

Riasat Zaman

Sajjad Ali



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Executive Summary

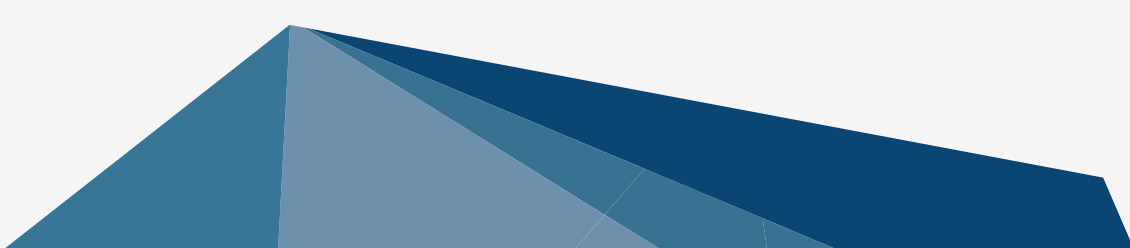
The microfinance model, as developed by Grameen Bank, has been hailed in the past as the “silver bullet” solution for poverty alleviation worldwide. However, over the years, research has shown that the tool has not achieved the target results we had hoped. While microfinance does build financial resilience so that beneficiaries are able to sustain shocks (e.g. illness, natural disasters and other similar tragedies) and has the added benefit of consumption smoothing, it does not lead to poverty alleviation. Furthermore, the tension between financial sustainability among microfinance Providers (MFP’s) and their ultimate social impact goals has become increasingly tangible.

Despite these limitations, microfinance remains an essential part of the poverty alleviation equation, especially when it comes to bringing the underserved and unbanked into the financial inclusion net. MFP’s world over, including Pakistan, are adopting more holistic approaches and product offerings in an effort to reach the social impact targets of poverty alleviation and beyond.

In Pakistan, one of the main gaps that remains within this effort is the lack of (either missing or siloed) micro-level demand side data related to customers and the impact of MFPs on their lives. This is in part due to the cost and time associated with the setup of experimental design-based impact evaluations. However, U Bank and their research partner organization Invest2Innovate believe that using a blended research design, that focuses on collecting data on both business performance and the social benefits people experience, can yield quick and actionable insights that stand to: a) help MFP’s iterate on products so that they are better geared towards achieving the social impact results they are working towards, and b) help track social impact progress in a way that may not prove causality with a 100% certainty but still helps to identify, with reasonable accuracy, the positive or negative trends that MFP operations are contributing towards achieving over the years.

This research activity, the first of its kind, has helped us establish a baseline of what is happening on ground in the lives of U Bank customers. How they perceive the loan’s impact on their lives and businesses, and lastly provides the recommendation for future research projects that can help not only glean useful product and business insights but also ensure that U Bank keeps making progress on its social impact agenda.

Some key findings of this research include: 1) financial literacy remains a key success factor when it comes to helping customers grow and make their businesses sustainable, for women who traditionally have limited commercial exposure and experience; 2) customers without children and those who have undergone some form of formal medical treatment in the last 6 months, keeping other factors constant, tend to perceive their standard of living as having improved as a result of U Bank’s loan facility; 3) male customers tend to be able to increase their asset ownership more than female customers, keeping other factors constant. The former segment is also much more likely to save. The report includes more details on these results, including the additional assumptions and nuances of the statistical analysis, as well as more insights and data from the field.





01

INTRODUCTION



1.1 A historical view of microfinance & what's been happening so far

The concept of microfinance can be traced all the way back to the 1800's, when Lysander Spooner, a prominent nineteenth century political philosopher and theorist, first wrote about how farmers and entrepreneurs could benefit and potentially climb out of poverty through small credits. In Germany (mid-1800s) and Quebec (early 1900s) there are also reported successful interventions which fulfilled the two pillars of microfinance provision, establishing peoples payback moral and proving that financial services for the poor could work. However, it was in Chicago (1974) that the first microfinance and community development bank ShoreBank was established. At about the same time, Professor Muhammad Yunus was experimenting with giving out \$27 to a group of villagers in Bangladesh as a way of helping them generate wealth and improve their socioeconomic status. The Grameen Bank (founded 1983) model was born out of this effort and would go on to win many awards and accolades.

This model put-forth by Grameen, providing very small loans to the poor and traditionally uncreditworthy, became synonymous with the microfinance concepts we refer to today and was hailed as a panacea to pull people out of poverty globally. Its appeal came from its simplicity and initial promising results. Microfinance not only appeared to be making communities more financially resilient but was also able to reach the most marginalised and excluded groups, empower women and develop capacity among borrowers to further improve their lives and incomes. While Grameen has provided loans to the very poor over the years, it initially provided loans to the "slightly less poor" and focused primarily on helping them set-up their micro-enterprises. This was to ensure the bank's own sustainability. Despite this, progress remained slow: in 2008, the bank's impact research suggested that each year only 5% of its customers go on to be "lifted out of poverty".

Globally, the success, impact and effectiveness of microfinance as a tool for poverty alleviation has come under increasing scrutiny as a consequence of new evidence and research. In 2015, results of a multi-year random controlled trials (RCTs) based impact evaluation spanning six countries was released, which established

that microfinance had not been achieving its intended results. While microcredit made it possible for customers to withstand financial shocks due to illness, crop failure, natural disasters or other similar tragedies, it was not making them less poor. This study, conducted by the non-profit Innovations for Poverty Action (IPA) and the Abdul Latif Jameel Poverty Action Lab (J-PAL) at MIT, found there to be no increase in customers' consumption or average incomes. Furthermore, while business investments increased as a result of giving loans to small entrepreneurs, it rarely translated into higher profits. Only one case study found any concrete evidence that microfinance led to gains in women's decision-making power. Having said that, this research also established that microfinance remains an integral part of the equation as the portfolio worldwide only grows by each passing year. According to the 2018 microfinance Barometer, microfinance institutions (MFIs) are estimated to have reached 139 million low-income and underserved customers (5.6% growth in borrowers compared to 2016) with the total loan value standing at 114 billion dollars (15.6% growth in loan portfolio since 2016) at the end of 2017.

Experts and practitioners around the world such as Yale University's Dean Karlan believe that with more attention to product design and market contexts microfinance can be made more effective. The evidence gathered from the IPA and J-PAL study also established that the approach that was most likely to address the issue of poverty was the "Graduation" Programs model. Simply put, the graduation programs model establishes that any interventions to lift people out of poverty need to incorporate six key components: (1) providing assets like livestock or goods that can be used to make a living; (2) offering training on how to manage those assets; (3) offering food and cash support to help avoid emergencies; (4) making frequent visits to reinforce skills; (5) giving health education and access to health care; and (6) providing a savings account for future investment. None of these approaches is groundbreaking, and interventions designed around each of these have been implemented globally for many years. However, what is innovative is that under the graduation model all of these approaches need to be integrated simultaneously. Doing so was found to not only improve family incomes, but also promote a sense of well-being among beneficiaries. The model has been described as a "big push for families to gradually and sustainably lift themselves out of poverty."

As a result of these findings, we have now seen MFIs (as well as other development and international agencies) adopt a more holistic approach when designing interventions and products. Technological progress has been a key asset in moving the sector forward. More MFP's are taking advantage of an increasingly digital user base and technology disruptions like mobile money. Statistics for 2017 shared by The MIX, show that 61% of the reporting MFIs are using some form of alternative delivery channels such as agents, ATMs and mobile phones. 40% of them self-reported as having already developed mobile money based channels and another 20% are pilot testing them according to the results of the same survey.

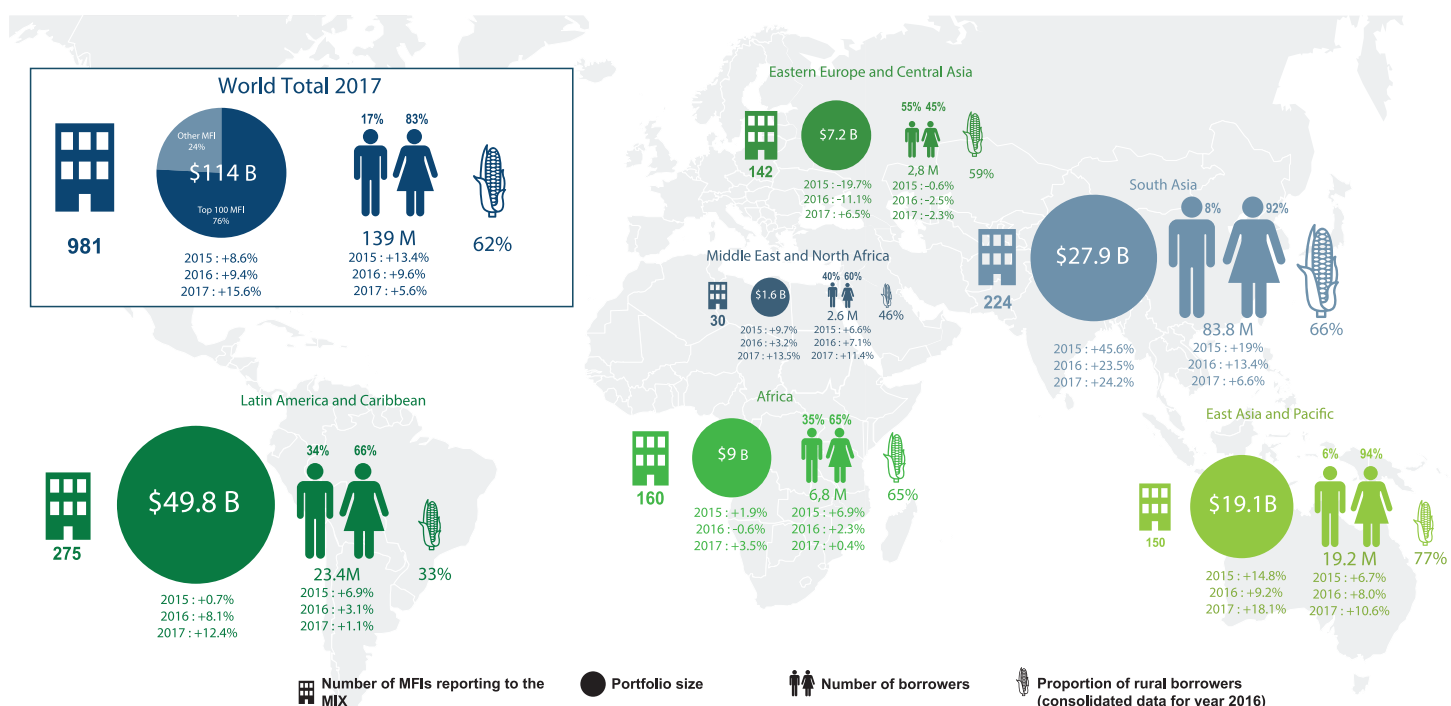
1.2 The global microfinance market in 2017

According to the 2018 microfinance Barometer, the top 100 largest MFIs globally, ranked by loan portfolio, account for 76% of both borrowers and loan portfolio (87 billion dollars in loans for 108 million borrowers). Latin America & the Caribbean was the biggest regional portfolio (\$49.8 billion) in terms of portfolio value followed by South

Asia (\$27.9 billion). The latter remains the global leader when it comes to borrower outreach accounting for 60% of global borrowers. However, the growth of borrowers in South Asia has decreased for a second year to 6.6% in 2017 from 13.4% in 2016.¹ This has largely to do with the demonetisation that has happened in India, the region's biggest microfinance market, which decreased the value of the currency in circulation and as a result negatively impacted the cash-based dealings of MFIs.

On the other hand, East Asia and the Pacific regions were able to come out of the slowdown in one of its biggest markets, Cambodia (due to an interest rate cap), with a 10.6% growth in borrowers and a 18.1% growth in loan portfolio (\$19.1 billion loan value). 2016 was a tough year for Eastern European and Central Asian countries and the market/loan portfolio experienced significant contraction, while 2017 saw the loan portfolio grow (6.5% in 2017 from -11.1% in 2016) the borrowers decreased by 2.3%. This can be partly blamed on the continued impact of stricter regulations (and revocation of licences from some MFIs) in Azerbaijan and Tajikistan. The African market experienced a relatively flat trend between 2016 to 2017 in terms of both outreach to borrowers and loan portfolios.

While MFIs globally faced encouraging trends in terms of growth (despite a slowdown in growth due



Source: microfinance Barometer 2018

¹ Convergences.org. (2019). microfinance Barometer 2018. [online] Available at: http://www.convergences.org/wp-content/uploads/2018/09/BMF_2018_EN_VFIALE.pdf

to challenging environments), the major concern worldwide remains sustainability and profitability. The 2018 Barometer's theme for the briefing also reflected this concern, especially considering projections that the global business environment are going to be tougher in 2018 and onwards. Although we will have to wait a few more months for the official numbers to be reported, initial (scattered) data from 2018 seems to be in-line with projections of slower growth due to the increased competition within the microfinance market and a more difficult macroeconomic environment.

1.3 Microfinance in Pakistan & impact measurement context

In the Pakistan microfinance landscape, what once started off with a small number of institutions offering basic microcredit to the country's unbanked population, has evolved into a complex microfinance market which is currently the fifth largest in the world according to data published in the 2018 microfinance Barometer. The sector experienced a promising year in 2017 and recorded continued growth across credit, savings and insurance facilitated by a favourable macroeconomic and regulatory environment.

According to data shared in the annual Pakistan microfinance Network's (PMN) Pakistan microfinance Review (PMR) 2017, active borrowers grew to 5.5 million in 2017 from 4.2 million in 2016. It is important to note that the PMR data represents data from 40 MFP's (including 11 microfinance Banks - MFB's) that submitted audited financial statements. The Gross Loan Portfolio saw similar growth from PKR 132 billion to PKR 196 billion, a 49% increase. In line with global trends in terms of concentration of leading institutions, the top 10 Pakistani MFP's account for 82% of the total outreach. The market share in active borrowers only saw slight growth from 42% in 2016 to 48% in 2017. While we are still a few months away from the year closing figures for 2018, PMN's quarterly newsletter on microfinance outreach MicroWatch reported that at the end of Q3

(Jul to Sep) in 2018 outreach grew by 3.2% to close at 6.66 million active borrowers and the gross loan portfolio stood at PKR 254 billion.

The uptake in the Pakistan microfinance sector has occurred on the back of various initiatives and developments over the past decade; the emergence of new players, branchless banking initiatives, product innovation, enhanced geographic footprint and access to credit guarantee schemes for SME financing have all played a role in stimulating sector outreach. Overall improvements in industry infrastructure, energy shortages and the security situation as well as development under the China-Pakistan Economic Corridor (CPEC) have also contributed significantly towards continued growth and ensured that microfinance remains an essential tool for financial inclusion particularly when it comes to bringing the unbanked within the financial net. However, perhaps the critical success factors that have proven to push the market forward have been recent advancements in technology. Pakistan's internet penetration stands at 22% and it's home to 154.3 million mobile phone subscribers as of January 2019. 3G and 4G has also been adopted within the country since 2014. All of these factors put it on the right trajectory to benefit from disruptive technologies and have facilitated the development of alternative (digital) delivery channels in-line with global trends. According to the latest newsletter released by the State Bank of Pakistan, currently there are 413,117 branchless banking agents operating across Pakistan. PMN's 2016 review cited this change as a key innovation which drove the continued expansion & growth of microfinance in the country.

However, despite these encouraging trends, much like MFIs globally, Pakistani MFIs are also grappling with questions around sustainability, profitability and achieving their core mission of poverty alleviation and striking a balance among all three. While macro-level data around financial indicators and performance within the microfinance sector has historically been collected and reported extensively by players such as the SBP, World Bank (Findex), InterMedia and Bill & Melinda Gates Foundation (FII Tracker) and PMN, gaps exist within the data when it comes to micro-level demand-side data. These gaps are especially prominent when it comes to performance against social indicators. According

to PMN's 2016 report, this is partly due to the varying social impact goals among players (and varying methods of evaluating impact). Some headway was made this past year by PMN to help standardize social performance measurement, and as a result seven institutions underwent an external social audit conducted by PMN to ensure compliance with the Universal Standards for Social Performance Management (USSPM) developed by the Social Performance Task Force (SPTF). In addition, the review included results from 36 PMN members measured via the annual social performance reporting framework (developed by the MIC and SPTF). This framework involves self-reporting across five categories i.e. "social goals, governance and HR practices, products and services offered to customers, customer protection and environment safeguard". While this is a step in the right direction and encourages MFIs to start reporting social performance, there is still a significant gaps in terms of the data being reported particularly when it comes to social impact. For example, under the framework, the reporting MFIs can indicate their development goals (increased access to financial services, poverty reduction, employment generation, children schooling, growth of existing businesses, gender equality and women's empowerment etc.) but there is no/limited reporting on how successfully these goals are being met. Setting-up RCTs, the traditional way of impact evaluations to establish causality, can be a time, effort and money intensive activity in order to measure said social performance. However, there is room to develop quick impact measurement and feedback mechanism that may be effective at giving us an idea of how well the sector is performing on the micro-level and also gathering business insights that can help MFIs design better interventions/products. This study conducted by U microfinance Bank Ltd. (U Bank), with Invest2Innovate Pvt. Ltd (i2i) as research partner, is one such offering and the first step towards developing standardized tools to measure impact along five key categories on the micro-level. More detail on the objectives and methodology of this research can be found in later sections.

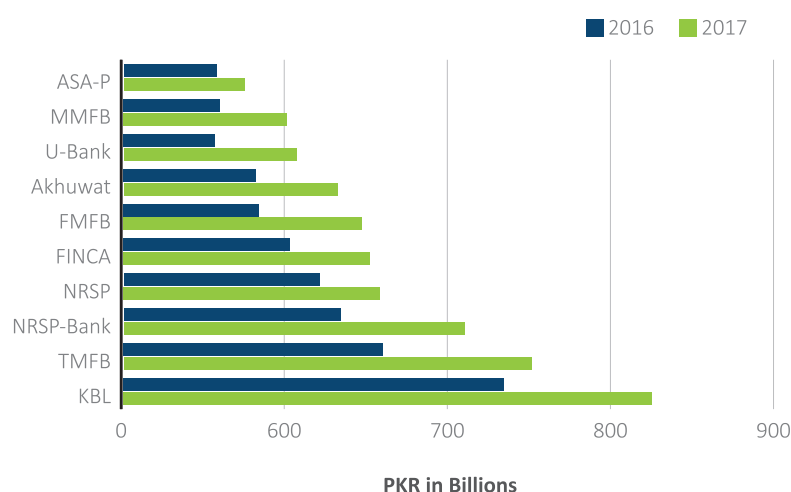
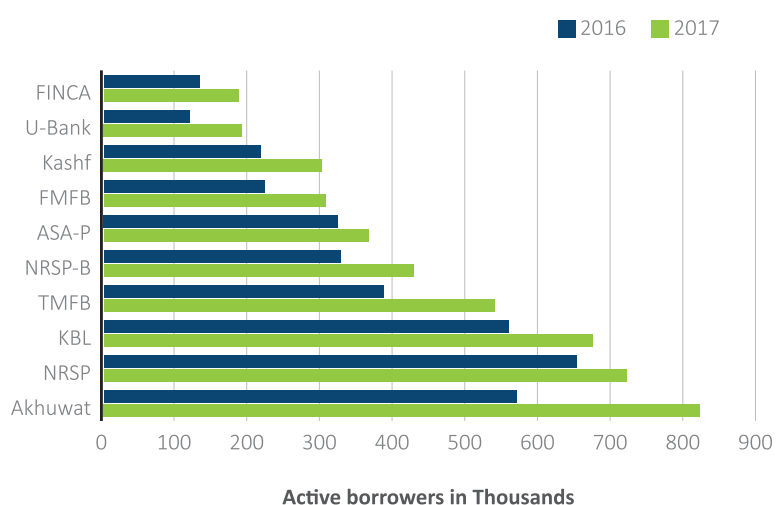
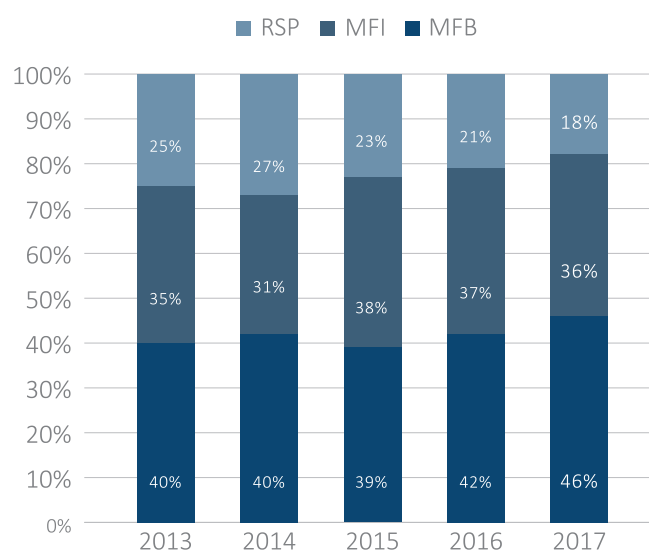


Exhibit 2.4: Share in Active Borrowers by Peer Group



Source: PMN Microfinance Review 2017

1.4 About U Microfinance Bank Limited operations & lending products

U Bank has been operating formally in Pakistan since 2013, and includes a network of 183 touch points, across 160 cities and rural areas in the country. The bank offers a wide range of microfinance loans, deposit products, and branchless banking solutions. U Bank's branchless banking offers services under the banner of UPaisa in collaboration with Ufone (Pak Telecom Mobile Limited). These services are offered at nearly 45,000 agent locations across Pakistan.

The core mission of the bank remains to be at the frontline of fighting poverty in Pakistan, building a more inclusive society, bringing the underserved and unbanked into the banking net, helping facilitate the documentation of the informal economy and designing products that help create livelihood opportunities to help the Pakistani population bring betterment and financial resilience in their lives.

2018 saw the bank reach new heights of exceptional performance. U Bank's loan customer portfolio grew to 850,000 in 2018 from 625,163 in 2017 and, 22% of these customers are women. Customer deposits also grew to over PKR 20 billion from PKR 11.97 billion in 2017, while the loan portfolio closed at 17 billion plus in 2018.

1.5 The need for this research

In line with what has been happening globally, U Bank has also been working towards becoming a sustainable model for microfinance while remaining committed to its mission of making the lives of its customers better. Over the last three years, the bank has been recording an impressive growth. In an effort to continue the bank's commitment towards creating lasting social impact in the lives of its customers, U Bank is following the guidelines set forth by the United Nations (UN) Sustainable Development Goals (SDGs) number 2) Zero Hunger, 8) Decent Work

and Economic Growth, 9) Industry, Innovation and Infrastructure and 10) Reduce Inequalities. All four of these goals have agendas that are directly associated with U Bank's work and the bank seeks to continue to do its part to achieve economic and social development in Pakistan.

For U Bank, the broader goal when it comes to measuring performance around social indicators is to gain a deeper understanding of their customers' general state of well-being, as well as the health of their businesses and livelihoods. The bank seeks to gauge well-being along a range of topics such as children's schooling, household health and nutritional standards, overall standard of living (e.g. ability to shop for essentials and wants, purchasing electronics and furniture, asset ownership etc.). Through repeating this research and gathering actionable insights on a yearly basis, U Bank hopes to get closer to this goal. The bank wants to contribute to positive trends in our national indices on indicators such as economic growth, education and enrolment, health and nutrition, poverty alleviation etc.

As mentioned in the previous section, so far research and data on the impact being created in the lives of MFP customers via loaning activities remains scarce or siloed. However, in order for MFPs to not only improve product design but also achieve the desired social impact, the ecosystem needs to undertake more research activities geared towards understanding where their customers are currently, what can be done to improve their circumstances and how MFPs can iterate on their business models and products to better serve the communities they seek to uplift. In an effort to do so, U Bank partnered with i2i to design and conduct an impact assessment geared towards 1) evaluating and reporting on U Bank's micro-lending activities so far, 2) creating and testing a framework for continued longitudinal reporting on a set of key impact indicators, 3) providing a snapshot of what social impact (according to the metrics identified in the research objectives) looks like currently for U Bank's customers and what changes, if any, they experience as they move from the 1st loan cycle to subsequent loan cycles and 4) identifying key areas and topics for further research and inquiry to glean behavioural insights about the customer base which would have significance on both U Bank's business operations and resulting social impact in the lives of its customer base.

1.6 Research Objectives

The main goal of this research initiative is to try to understand and gauge how successful U Bank operations and micro-lending activities are in improving the earning ability and standard of life among its customers and their households. In addition, the study seeks to understand the quality of U Bank's services and identify areas for improvement. In order to achieve this goal, data was gathered along five main categories of impact - household, livelihood, health and nutrition, business and MFB service and product quality.

The questions that this research aims to answer include:

- How does microcredit impact a customer's business and income growth rates?
- How does microcredit correlate with U Bank customers saving capacity and habits?
- What are the effects of microcredit provision on a family's ability to enroll and keep their children in schools, among U Bank customers?
- What is the relationship between microcredit provision and a U Bank customer's asset ownership?
- What is the relationship between microcredit provision and U Bank customer's health and nutrition outcomes?
- How does microfinance provision correlate with U Bank customers perception of the overall standard and quality of their lives?

02

METHODOLOGY



Traditionally, impact evaluations and assessments have been performed using experimental research design, which involves setting up RCTs with a control group (without any intervention) and a non-control group in an effort to establish causality. This approach is especially suited to the overarching goal of the study, and therefore seeks to establish or negate whether the social impact and improvements created can be linked to the specific intervention being tested. However, setting-up an experimental research design is a cost, time and effort intensive task. When it comes to testing for interventions such as micro-financing activities, the task becomes even more difficult because it is nearly impossible to create a control group that imagines how a particular community would fare if everything remained the same, except for the existence of microfinance/U Bank in this case. While researchers have developed a number of methodologies based on experimental or quasi-experimental design, true causality can never be established with a 100% certainty because each approach has a number of limitations. However, the goal remains to get as near to establishing causality (that provision of microfinance is the reason for resulting social improvements) as possible. However, as discussed earlier, this remains an extremely costly undertaking. Our vision with this study was to design an innovative research approach, which would minimise the cost and time involved, while also giving us reasonable results and data to determine the impact of microfinance on a community, beginning with U Bank customers. The idea was to design, develop and test a unique tool/methodology which would give a quick snapshot of what

was happening to customers currently, create a quick product and service feedback loop and monitor progress in the main categories identified above over the years.

As a result, the research team adopted a blended research design, an approach that “consciously mixes research methods in an effort to get a quality and breadth of information that reflects the complexity of the setting being studied”. Hence the resulting research combined principles from experimental, mixed methods (an approach that integrates both qualitative and quantitative data) and Acumen’s lean data (an approach that applies lean experimentation principles to measure business performance as well as the social benefits people experience) research methods in order to understand how U Bank’s micro-financing activities were impacting customers businesses, livelihoods and well-being.

The research consisted of collecting and synthesising both primary and secondary data. The primary tools used were in-person surveys and interviews. In addition, the team reviewed and drew from the existing literature and tools within the sector such as Grameen Foundations Poverty Probability Index (PPI), IRIS metrics, The microfinance Information eXchange (MIX) framework, FinScope Survey, Simple Poverty Scorecard, State Bank of Pakistan’s newsletters and Pakistan Microfinance Network’s (PMN) Microwatch and various other researches/case studies on microfinance both locally and globally (detailed list of literature reviewed in the Bibliography).

2.1 Tools

i. In-person Survey:

A survey was designed and implemented in 35 locations across Pakistan (see attached Annex for list of districts covered) to measure the impact created via U Bank’s loan facility on both the lives of beneficiaries and the sustainability and growth of their businesses. Some of the resources listed above were used as reference materials, as well as surveys previously implemented in similar developing, rural communities and a unique questionnaire was designed to measure the impact being created in the community. The surveyors were hired from within the communities to ensure survey implementation in local languages. This has an added benefit of putting customers at ease when answering as they are

speaking to individuals from within their communities. All surveyors were given a day-long training on survey implementation and given the context and aim behind the research to ensure that the quality of data gathered was maintained and standardized.

Some Key Indicators included:

- Revenue and profit increase in business
- School going children & any enrolled within the last year (loan cycle)
- Any children withdrawn from schools
- Assets ownership before and after the loan
- Spending patterns before and after the loan
- Household meat and fruit consumption
- Access to and ability to pay for medical attention and facilities
- Client perception on improvement in income due to loan
- Client perception of improvement in the quality of life due to the loan facility

ii. Focus groups:

Focus groups were also conducted in seven key locations in KPK, Punjab, and Sindh (Abbottabad, Peshawar, Lahore, Layyah, Bahawalpur, Sukkur and Karachi). A majority of these focus groups were conducted with female customers and attempted to measure their experience as borrowers. Along with the main categories identified above, the focus groups were also used to capture women empowerment related impact that may be resulting from the micro loans. Examples of these empowerment indicators include whose decision it was to take out the loan, who is the spending and budgeting allocation decision maker, what kinds of decisions are women making in the households etc.

iii. Case studies & other secondary research:

A comparative analysis via case studies from similar developing country contexts as well as local researches was also conducted in the initial desk research phase. Other secondary research was also carried out to create a “big picture” view of the microfinance ecosystem and its performance.

2.2 Sample Size



The sample size consisted of a representative sample of 2023 respondents who were all U Bank micro-credit customers. A proportional sample² size approach was adopted and the respondents were chosen based on the geographic spread and density of U Bank customers nationwide. The bulk of customers, and hence the sample, is from Punjab, followed by Sindh. The exact locations and surveying breakdown can be found attached as an Annex.

² Proportionate sampling is used when a population is composed of different subgroups and the numbers of each subgroup vary significantly. The sample size from each subgroup is determined relative to their number in relation to the entire population. For this research we organised subgroups based to the geographic spread of U Bank's customers in relation to their total customer population.

2.3 Summary of timeline and activities



PHASE 1

Assessment & Desk Research:

In this initial phase of the project, work was done to define the framework and methodology of the research. The data already collected by U Bank on its customers was also reviewed. By the end of this phase, the research team had a detailed methodology, and had designed surveys and focus group interview questions. The sample of customers that would be approached for Phase 2 & 3 was also identified. Work was also done on advertising for and recruiting surveyors across survey locations. The desk research also involved an extensive literature review to identify how similar researches were conducted elsewhere and what possible lessons could be extracted on the methodology from them.



PHASE 2 & 3

Training Surveyors & Field Research:

After locking the survey questions the project moved into its next phase that consisted of going into the field for training surveyors and initiating survey implementation as well as conducting focus groups. This time was spent engaged in data gathering exercises to understand the state and impact of U Bank's microfinancing activities. The data gathering was done via in-field researchers (who responded to U bank's advertisement and/or were referred via employees) trained by the research team. The training was a full-day event whereby the context and use case of the research was first explained to the surveyors. They were then walked through the questionnaire and given the logic behind each question, followed by a brief session on surveying etiquette and rules and role playing exercises where the trainees role-played surveying and were given tips on how to go about the whole process.



PHASE 4

Data Analytics & Final Report:

This phase involved collecting all the completed surveys, digitizing the data from the surveys, cleaning up and statistically analyzing the data. The next step included integrating the quantitative and qualitative findings and gleaming key insights on the current state of U Bank customers against each metric identified in the survey and customer perception about the kinds of impact they were experiencing as a result of the loan. All of this information has been synthesized in this final report with an overview of the project, data analysis, and interpretation, findings and lessons learnt and lastly the way forward i.e. recommendations for next steps. The data analysis was conducted in Excel and STATA.

2.4 Limitations/Assumptions

i. As highlighted in greater detail in the methodology section, not having an experimental research design meant that direct causality cannot be established. However, even with experimental design it is very hard to determine cause and effect with absolute certainty due to a wide variety of development activities undertaken in our target communities that seek to achieve similar social impact gains. While the methodology established for this research also faces these limitations, we believe that it remains a cost and time effective way to gauge the progress being made along the main categories identified earlier as the survey is administered on yearly basis and the results compared.

ii. Limited availability of female surveyors may have adversely impacted the accuracy and quality of responses from female customers. Historically, similar social science researches (especially in a developing country context) have reported that female surveyors make a significant positive impact on data collected from female customers. In an effort to ensure that as much insight as possible could be gathered on the gender variable, a majority of the focus groups were conducted with female customers by a female facilitator.

iii. There were limitations in terms of focus group sampling and randomization as well as the minimum criteria (no borrower who has been a customer for less than 6 months) for participants was not able to be met effectively. In Layyah and Abbottabad, people who had come to the bank to pay an installment or apply for the loan had been asked to join the group which had an impact on the relevance of the findings. Furthermore, there is a risk of bias by virtue of having conducted the focus group in U Bank offices (participants giving positive answers which they felt would please the research team). The research team made significant efforts to minimize this risk by beginning each focus group with a disclaimer of anonymity and ensuring the customers that the research team were not U Bank employees. In addition, assurances were also given to participants that their responses and feedback would have no negative impact on their loan in any way. Lastly, participants were asked to view this exercise as an opportunity to help U Bank improve its services and products for them and hence share their feedback as honestly as possible.

iv. The involvement of U Bank's team in the research process, especially surveyor management, data collection, and entry, could raise concerns about bias. However, in order to minimize this risk, a transparent and standardized recruitment, training and monitoring process was developed. This included the independent research team placing calls to candidates during the hiring stage to vet them, training of surveyors being directly done by the i2i team without interference from U Bank and monitoring and evaluations calls placed to surveyors, at random, throughout the surveying process.



03

DATA ANALYSIS & INTERPRETATION



The data collected was processed and analysed using Excel and STATA and is presented via tables, bar charts, pie charts and other charts to make for easier understanding and interpretation. The majority of our sample was from Punjab consisting of 86.31% of the responses, the remaining sample was from the Sindh and Azad Jammu and Kashmir (AJK) regions.

The data analysis is divided into four main parts:

1 Descriptive Breakdown

This first section reports the breakdown of responses against each indicator from the survey, e.g. respondent's background, purpose of the loan, household children's education, household health & nutrition, business background, health and continuity, household asset ownership, repayment of loans etc. Beyond reporting on the "first look" results, this section also deep dives into the data and identifies some of the main trends.

2 Impact Indicators

This section explores some of the social and business impacts that U Bank customers currently experience. The primary goal with exploring these indicators is to understand deeper what links exist, if any, between U Bank's micro-crediting activities and customers overall well being³.

3 Borrower Profiles

A snapshot picture of what basic characteristic are exhibited by a "typical" U Bank customer across the regions surveyed.

4 Logit Regression Model

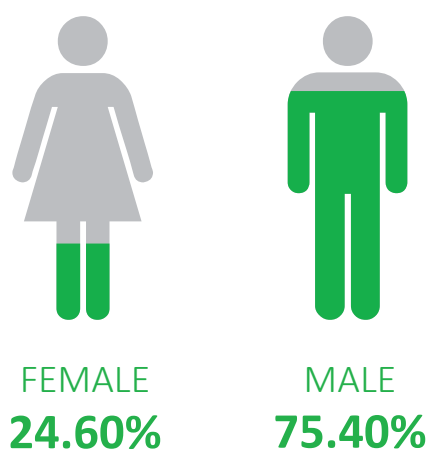
An in-depth data analysis that seeks to explore some interesting trends, how the various variables interact with each other and explore correlations between variables in an effort to gain deeper understanding about how U Bank operations are changing the various variables.

3.1 Descriptive Analysis - What does a first look at the data reveal?

Respondents' backgrounds

According to our sample size, we can conclude the following:

1. South Asian microfinance programs have traditionally been focused on targeting women as customers, due to the expectation that it can lead to important gains in female empowerment, decision making and poverty alleviation. The microfinance sector in Pakistan also followed a similar trajectory, however, over the years we've seen the industry come to a point where male borrowers have increased compared to female borrowers. According to the latest edition of MicroWatch, female borrowers now stand at 47% of total customers compared to 53% in 2016. Furthermore, according to PMN's review of 2017 for MFB's in Pakistan this number stands at 29%, which represents a 4% increase from last year. U Bank's total female portfolio currently stands at 28%. Our study observed similar trends, where the female respondents constituted 24.6% and male respondents 75.4% of the total sample.



The gender divide is an issue that remains a major challenge across the major sectors in Pakistan, which can be mainly attributed to the social norms/framework which restricts the economic mobility of women. While microfinance was initially hailed as a promising tool to

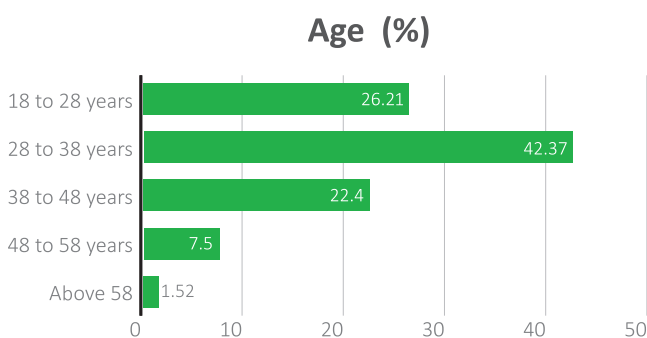
³ As explained earlier in the Methodology section, it is very difficult and costly (due to costs associated with identifying and interviewing people who are not MFI customers) to establish causality between loan facility and resulting social impact/benefits that customers experience. The main challenge exists in being able to create a control group, where the only difference between it and the comparison group is the provision of micro-credit by U Bank. In a developing country context it is often the case that there are multiple social schemes in place geared towards creating the same social impact or customers take out loans from multiple MFIs etc. which all limit our ability to establish a control group.

increase women's decision making ability and general empowerment, it was only found to do so in one case, according to the IPA and J-PAL study. However, having said that, during our focus groups (while limited in sample size) women cited examples of how they are using greater agency as a result of some of the financial freedom that results from them getting access to loans.

2. The average age of respondents is between 28 to 38 years of age. Figure 1 illustrates the percentage of different age groups for the respondents. The aggregate for the first two age groups, 18 to 28 years and 28 to 38 years, makes up the majority of the customers (approximately 69%). The age group of 18 to 38 years is the identified labour force age group for Pakistan.

Figure 1

Y-axis representing age & X-axis representing the percentage of respondents

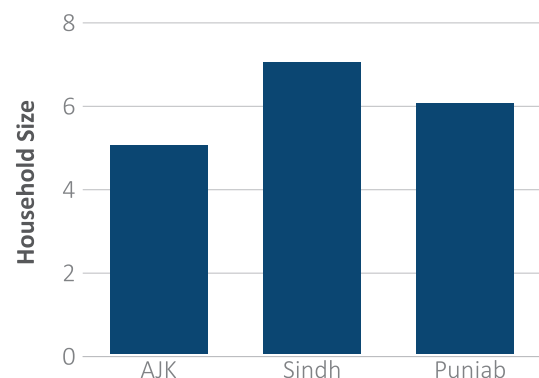


3. The division of the regions in the sample illustrates the highest number of customers were surveyed in Punjab, which is around 86.31%. The other two regions AJK and Sindh have 2.13% and 11.57% of respondents respectively. In order to understand further insights into the location wise trends, the Punjab region could be divided into south, north, and central Punjab. Southern Punjab accounts for 86.6% of Punjab's population surveyed in the sample and the remaining 13.34% of respondents are spread throughout the rest of the province. This sampling is proportional to the geographical spread and density of U Bank customers across the country⁴. Focus group sessions were conducted in the KPK region.

4. The average size of a household in the sample is six individuals. This average only varies slightly across different provinces. The bar graphs illustrate the average household members in different regions.

Figure 2

This figure illustrates the average household sizes by region:

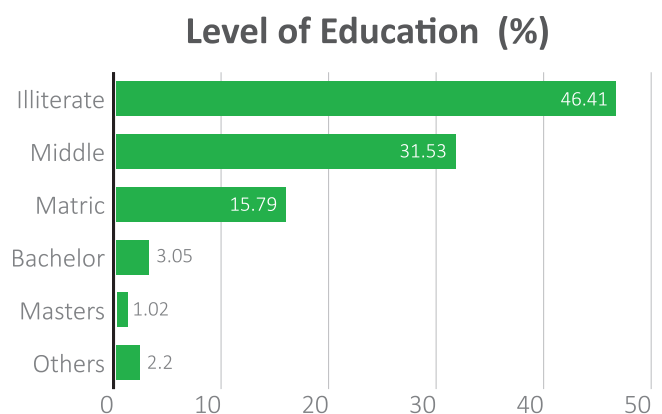


AJK: 5 people per household
Sindh: 7 people per household
Punjab: 6 people per household

5. Almost 46.41% of the respondents have no education at all (illiterate), around 31.53% have completed middle school, and 15.79% have done matriculation. Respondents who hold Bachelors and Masters are only 3.05% and 1.02% respectively of the total sample. Respondents' with other levels of education are around 2.2% (Figure 3)

Figure 3

Education breakdown



Household Child Education

Around 70% of the respondents reported that they have children. More than half of them stated that they send

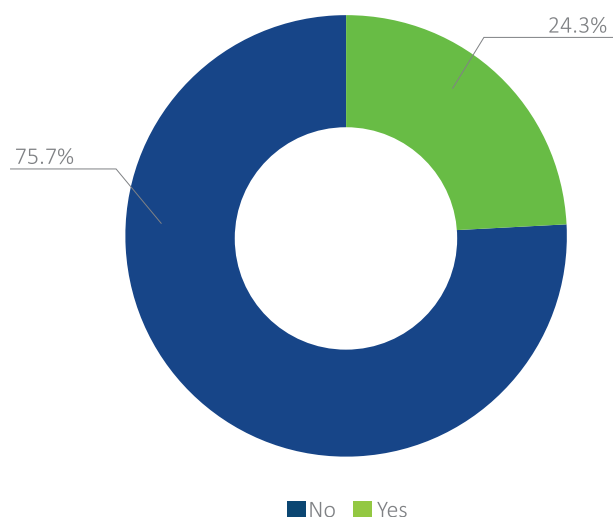
⁴ At the time of the design of the research, the customer base in KPK was very limited and therefore the research team decided to conduct focus groups there instead of conducting surveying activities. However, between then and the time of publishing of this report the customer portfolio has increased significantly in KPK and Sindh.

their children to school but around 24.3% answered that not a single child in their household goes to school⁵. According to the Pakistan Education Statistics 2016 - 17 — education data compiled by the Academy of Educational Planning and Management (AEPAM) 44% of the country's child population are not going to schools. Our survey data does not reflect a similar gap, instead it seems to highlight that there is better education attainment among the children of U Bank customers. However, this can not be concluded in concrete terms and another possible explanation may be that our outreach did not extend to areas where the education crisis is more severe.

Figure 4

Distribution of children's education status.

Not a single child going to school (%)



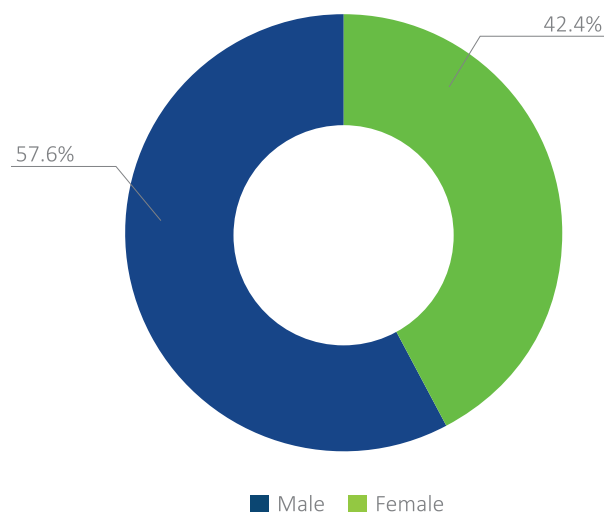
The major reason for people not sending their children to school was domestic issues such as their children were working or helping in doing household chores. The most prominent outliers were respondents whose children were married and respondents who had disabled children.

42.2% of females responded that their children are not going to school and 57.6% males stated similarly. The following pie chart illustrates the composition of male and female respondents whose children are not going to school.

Figure 5

Breakdown of female & male respondents whose children are not going to school.

Gender: Not a single child going to school (%)

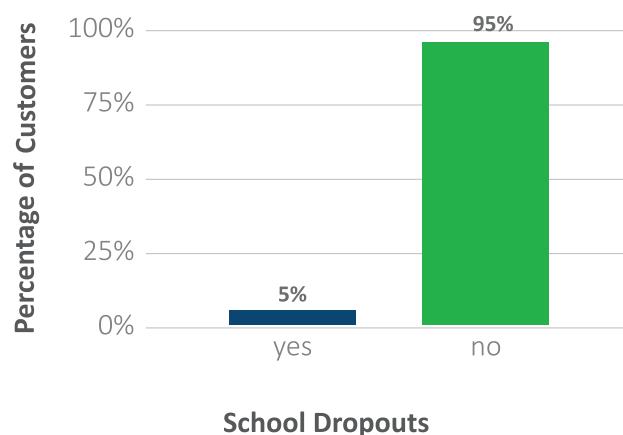


In terms of education, a positive trend was dropout rates being as low as 5%. The following pie chart illustrates customers who have taken their children out of school.

Figure 6

The school dropout rate

School Dropouts (%)



⁵ It is important to note here that for statistical analysis purposes the variable "not going to school", includes people who do not have any children or are not married.

Purpose of loan

The purpose of the loan is an essential indicator and also a key part of an individual's loan application to U Bank. Our aim in asking this question is to cross-check whether the loans are indeed being utilized for various business activities as claimed by many respondents or not. There are a series of additional questions, such as the one around asset ownership that seek to further investigate whether this business purpose is being achieved or not, for e.g., if a borrower claims they use the loan for business growth and sustainability, yet their asset ownership for jewellery or consumer electronics goes up, this would need greater investigation on how these kinds of assets were being purchased. There is good reason to believe that this consumer is using the loan for consumption vs. business growth.

The survey results illustrate that there are six main ways people use their loans. The most popular response was to purchase livestock (35% of respondents). This is in-line with country trends reported in PMN's 2017 review, where livestock was the most popular category and constituted 24% of the total country portfolio. The other two most popular categories included purchasing business and agricultural assets. Once again this is in-line with industry trends where Agriculture represented 18% of the total portfolio. In addition, Trade, Services and Manufacturing/Production stood at 17%, 16% and 6% respectively and our survey responses under business assets may fall within these categories. The most interesting insight from the responses is that people also stated that their loan was going towards personal projects & use (consumption) such as house renovations. While the PMN review did not include a consumption related category, it did capture that 18% of the portfolio was being used for "Other" purposes and consumption may be covered within this category. It should be noted that there is an overlap present in the answers here, as customers were able to indicate more than one reason for taking/using the loan. The illustration in Figure 7 shows the frequency breakdown for the reasons customers are choosing to take out loans.

Figure 7

Purpose of the loan in percentage. Note: This graph does not cater for overlap.

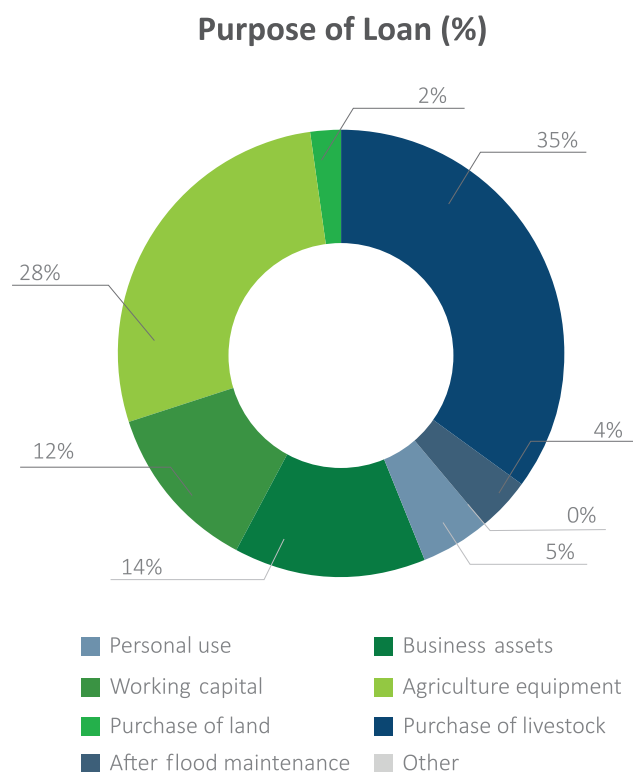
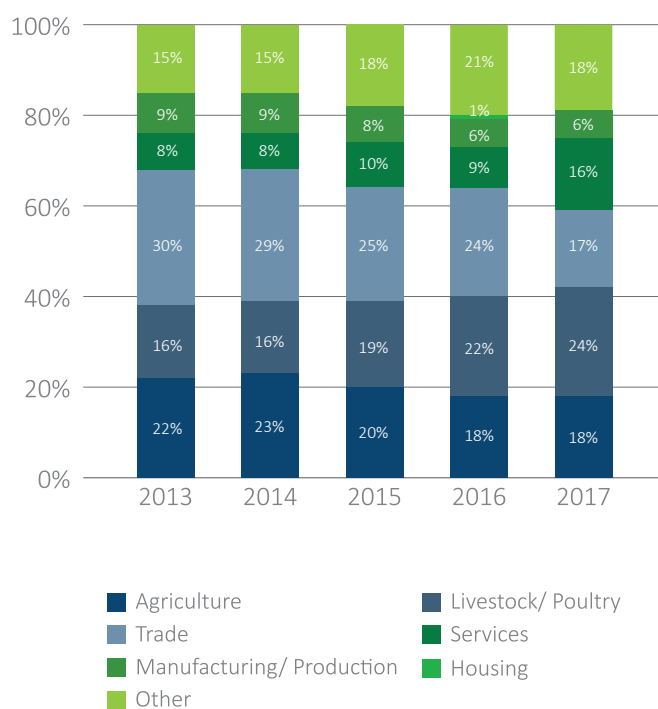


Figure 8

Portfolio distribution by sector as seen in PMN's Pakistan microfinance Review 2017.



Loan cycle

Variable	1st	2nd	3rd	Others
Gender (%)				
Male	72.47%	73.10%	83.44%	90.72%
Female	27.53%	26.90%	16.56%	9.28%
Business activity				
Agriculture	35.10%	49.28%	55.24%	57.29%
Livestock	29.80%	23.68%	26.98%	26.04%
Service	17.86%	10.88%	4.76%	5.21%
Trade	13.79%	12.00%	10.16%	10.42%
Manufacturing	3.33%	4.16%	2.86%	1.04%
Vehicle purchase	0.12%	-	-	-
Business Income				
Increased	75.62%	73.30%	78.64%	75.00%
Decreased	11.54%	10.34%	13.27%	17.71%
No Impact	12.84%	16.36%	8.09%	7.29%
Savers	90.59%	88.65%	90.65%	88.54%

Table 1: Breakdown of key variables across loan cycles.

Gender

The gender distribution throughout the loan cycles is similar i.e. high percentage of males. An interesting observation is that there is a slight increase in the percentage of female customers each year from 9.28% in others (all loan cycles greater than 3rd) to 25.53% in the 1st loan cycle.

Business activity

The figures in the table illustrate how business activity or simply the type of business being pursued overlaps across loan cycles. Across loan cycles, agriculture remained the most popular category of business activity that our respondents were engaged in. This was followed closely by Livestock. The least popular categories were manufacturing & vehicle purchase. These results are consistent with our insights around geographical spread & density of U Bank customers. A vast majority of customers are concentrated in the South Punjab region (86%) which largely consists of a rural population engaged in agricultural and livestock related activities.

Business income

The trend in the business income was similar across the loan cycles. The highest percentage of increased business income was observed in the 3rd loan cycle. The highest percentage decrease was illustrated in the others loan cycle.

Savers

The percentages in the table indicate a similar trend for all the loan cycles.

Household Health & Nutrition

The respondents were asked a series of questions related to their own and their family's health. The responses to these questions varied considerably. The object of this question was to understand customers' affordability with regards to formal health services. Furthermore, respondents were also asked about major obstacles they face currently (if any) in getting required medical attention. The results revealed that 91% of customers had access to formal health care i.e. a doctor or hospital nearby. The remaining 9% of respondents faced issues related to access to medical care and also lack of affordability.

Figure 9

The number of customers taking formal medical care

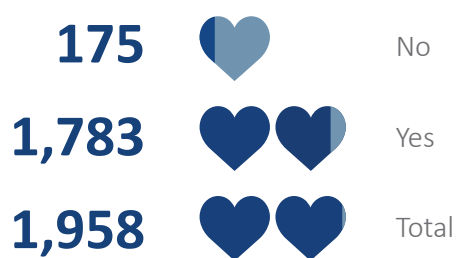
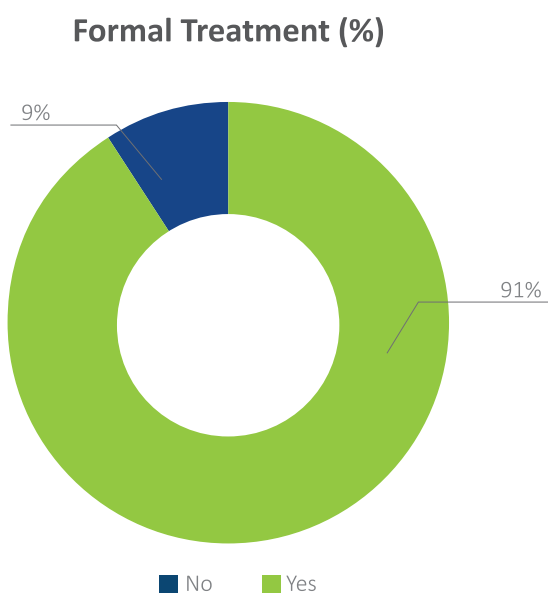


Figure 10

The % of customers who received formal medical care in the last 6 months.

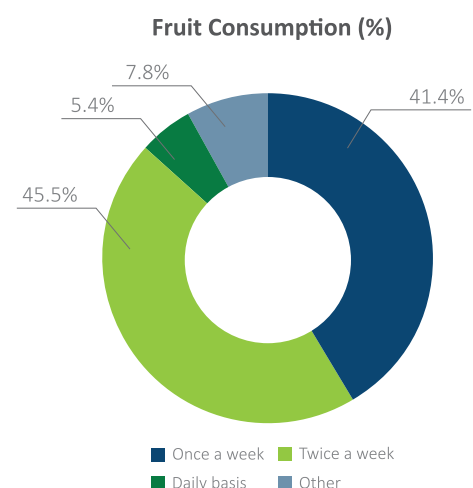
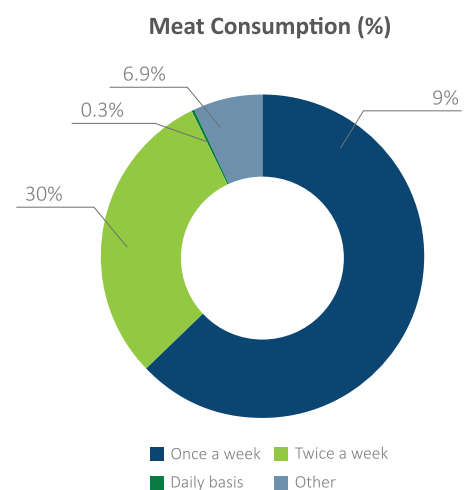


Collecting data around additional nutrition-related indicators was important in this research for a number of reasons for e.g., 1) understanding how much significance nutrition and food carried within the customer's budgets; 2) getting a basic idea regarding the nutritional intake levels of customers and if they were getting the required amount of calories and 3) gaining deeper insights around spending patterns (and affordability) when it comes to food, especially meat and fruit.

For the purpose of this survey, we chose to measure nutrition by asking our respondents how frequently they were able to consume meat and fruits. Almost 62.8% of the customers said they eat meat once a week and 45.5% said that they eat fruit twice a week. This is a useful baseline indicator, and it will be interesting to track changes (if any) in this number over the next years.

Figure 11

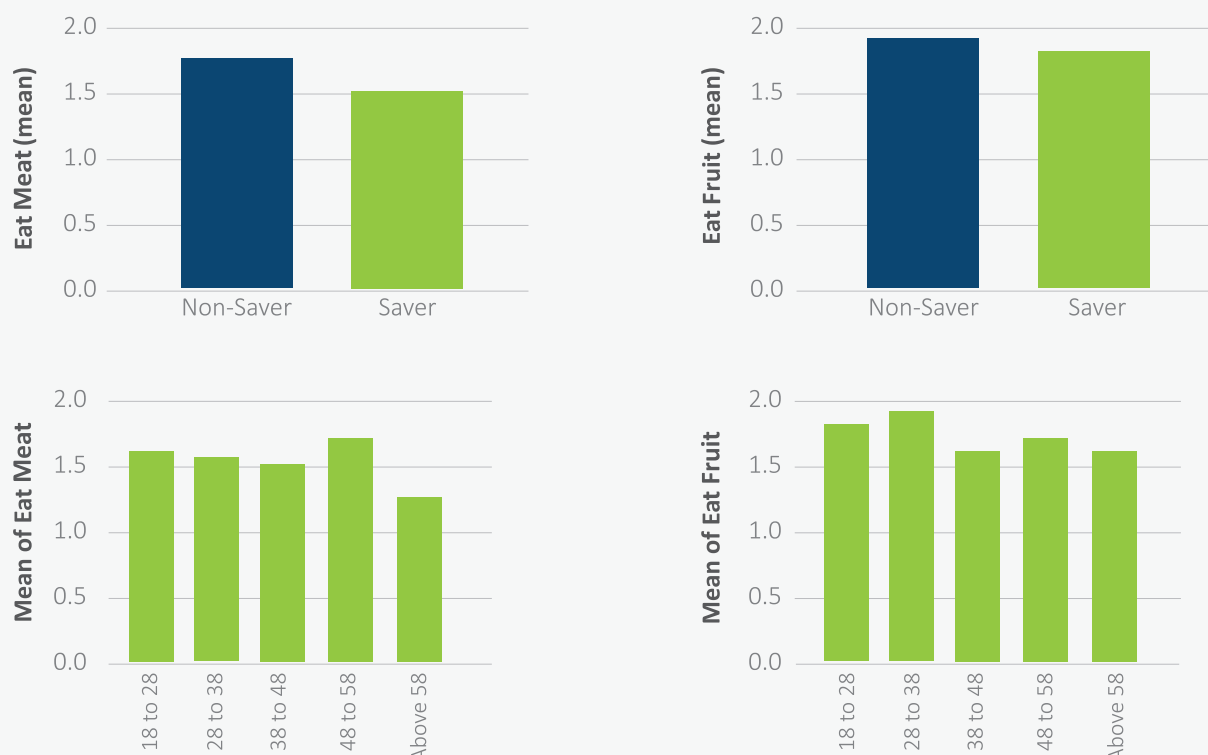
Pie charts illustrate the consumption patterns of eating meat and fruit



The graphical analysis using the mean values of different segments is illustrated in the graphs below. Interestingly, it was observed that non-savers (people who do not save a portion of their income) on average consume more fruit and meat than savers. Age is also a factor which informs eating habits. An interesting observation from analysing the mean results is that respondents above the age of 58 consume less meat. In this case, the consumption of fruit marginally decreases with age.

Figure 12

A set of graphs representing food consumption against saving and age.



Note: The mean value in graphs represents the average level of consumption of meat and fruits.

Saving behavior

90% of the respondents reported that they save a portion of their income/earning. Within this sample of responses, 75% of males reported that they save and 25% of females gave a positive response to saving.

Figure 13

Percentage of customers who save.

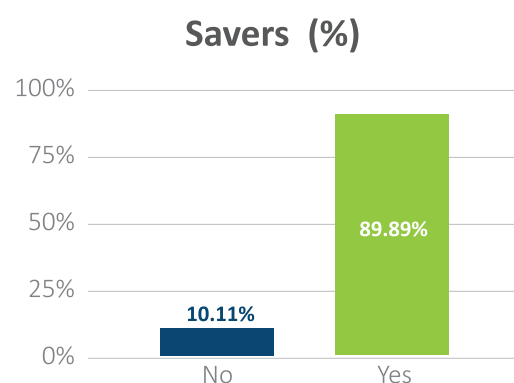
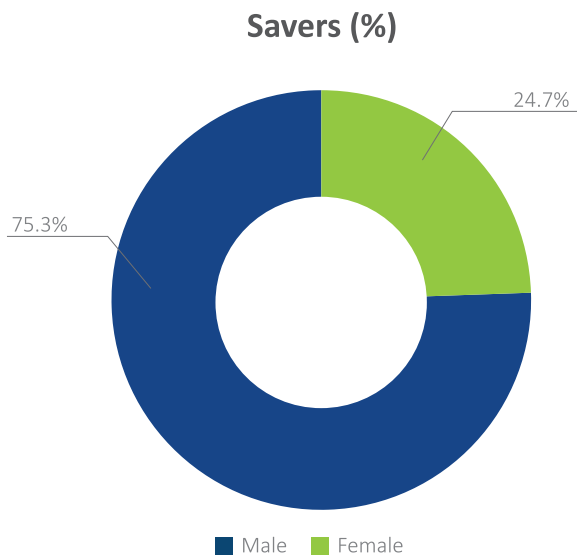
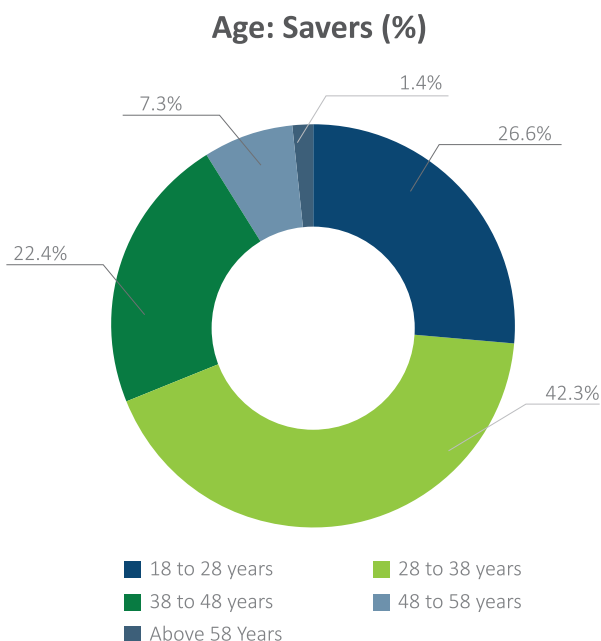


Figure 14**Breakdown of female & male respondents who save.**

According to the age segments, the highest percentage of savers observed for respondents are those that lie in the age bracket of 28 to 38 years. The lowest percentage of savers was observed for individuals above 58, one reason for this is that there are fewer observations for this age range in the sample. The representation of the saving behaviour can be illustrated through a series of graphs.

Figure 15**Distribution of savers by age.**

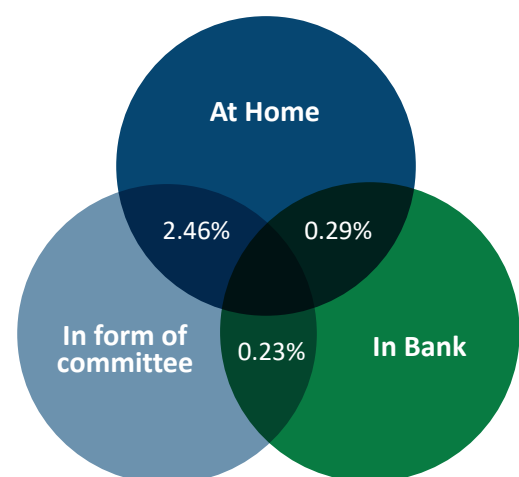
We also sought to explore the mediums used for saving, which can present interesting insights regarding whether the general population favours formal (money kept in banks) or informal (non-banking i.e. at home or saving in the form of committees) saving methods.

In the survey sample, 97% of customers highlighted that they saved money informally and only 3% stated that they saved money formally. The following is the breakdown of saving methods adopted by the customers.

Table 2**Breakdown of responses according to preferred medium of saving.**

Medium of Saving	(%)
At Home	76.97
In Bank	2.11
In the form of committee	14.74
At home & in bank	0.29
At home & in committee	2.46
In committee & in bank	0.23
Other	3.20
Total	100.00

It can be observed from the table that there are overlaps in the saving methods, this can be represented through a Venn diagram.

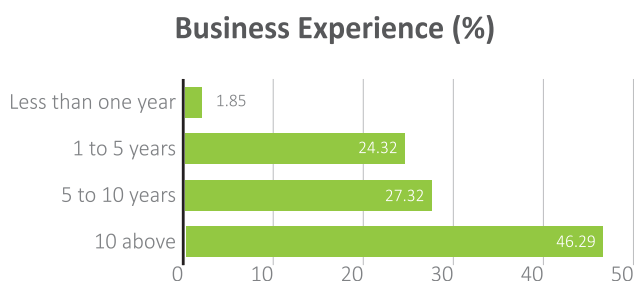
Figure 16**The overlap between different mediums of saving.**

Business Background

The years of business experience was divided into four segments. The highest percentage of customers have above 10 years of business experience, which is around 46%. Respondents with the lowest percentage in the sample are people with less than one year of experience. This can be explained by the fact that according to bank criteria the minimum age of a business must be one year to get a loan. Figure 15, shows the distribution of the business experience.

Figure 17

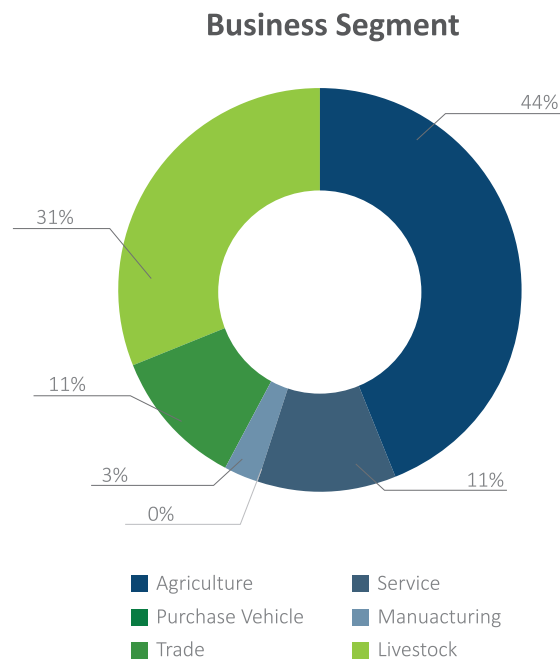
Distribution of years of business experience



There are a series of business segments, ranging from agriculture to manufacturing identified within the sample. A majority of the respondents are engaged in agricultural businesses and account for 44% of the sample. The Microwatch 4th quarter report illustrates that the highest number of active borrowers are for the livestock sector (around 27%). According to the survey responses, 31% of customers are working in the livestock sector. This result stands at odds with both the earlier data reported and also industry trends which both establish livestock as the most significant category. Furthermore, only 6.7% of individuals reported being engaged in both agriculture and livestock. This establishes the need for further investigation to understand if these results are due to customers choosing to not fully disclose the correct information, the way the question was framed or irregularities within the data collection process.

Figure 18

Percentage of customers in different business segments.

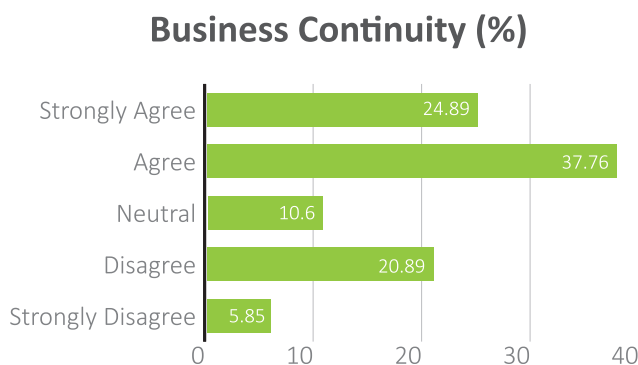


Business Continuity

The responses for this variable varied, about 37% of them agreed that the loan is essential for their business to survive and continue. On average the responses show that the loan facility is essential for their business continuity.

Figure 19

Business continuity scale distribution.



Quality of Business Health

The responses for this indicator varied, approximately 32% responded “strongly agree” to the question on whether the loan helped in improving the quality and health of their business. On average the responses indicated a positive impact of the loan on this indicator.

Figure 20

Quality of business scale distribution.

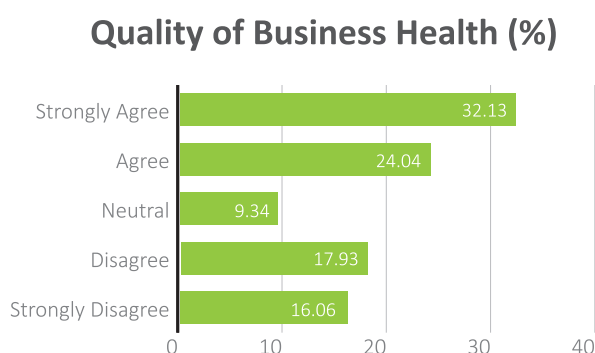
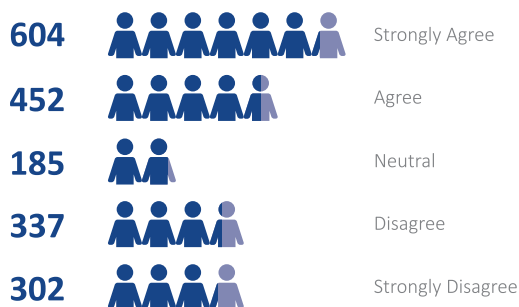


Figure 21

Number of customers response regarding the importance of loans for the health of their business.

Business Health Quality



Asset Analysis

There are two variables discussed here - status of assets of the customers before and after (in section 3.2 of the data analysis section) U Bank's intervention/loan. Please note that many respondents have checked more than one option which has created an overlap in the data (i.e. the percentage total for all responses will not add up to a 100).

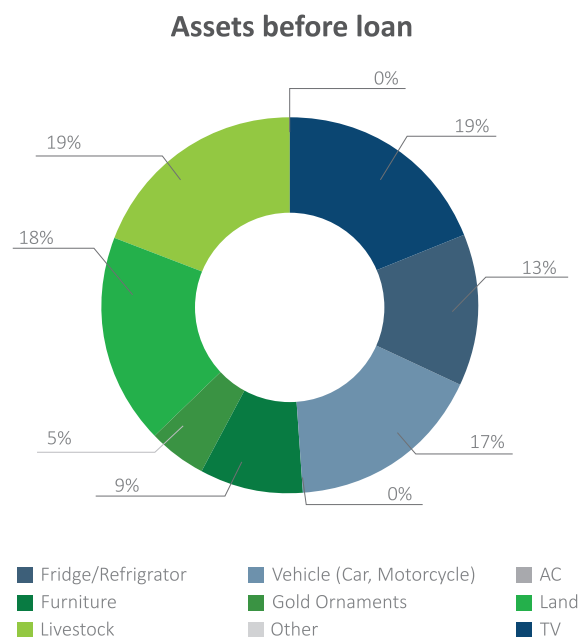
Before U Bank Loan

Respondents reported having acquired a wide variety of assets ranging from livestock to electrical appliances such as a refrigerator and television. A majority of the

respondents indicated land and livestock as assets they already owned pre-loan. In terms of electrical assets, television sets were the most common. The distribution of before the loan is shown in graph (Figure 20).

Figure 22

Assets before the U Bank loan.

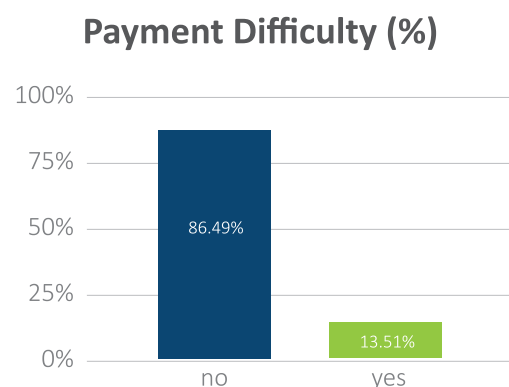


Payment difficulty

A large proportion, around 86% of the customers, responded that they do not face difficulties in loan repayments but the remaining 13% reported facing difficulties in repayment.

Figure 23

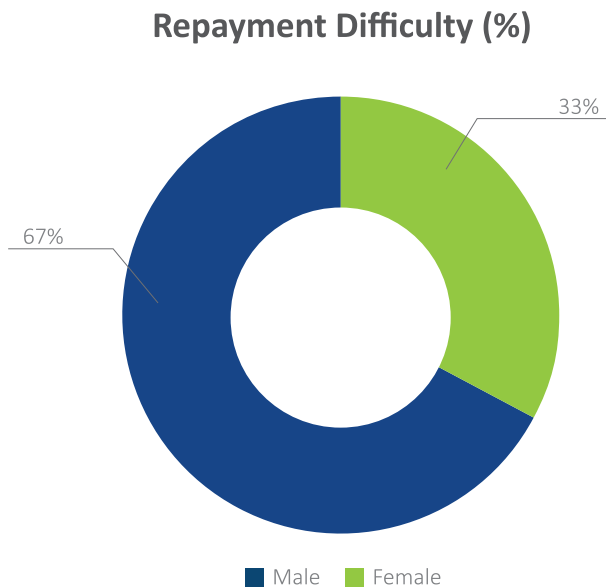
Percentage of customers facing repayment difficulties.



67% of the male population in the sample said that they faced no difficulty in terms of loan repayments and 33% of female answered similarly.

Figure 24

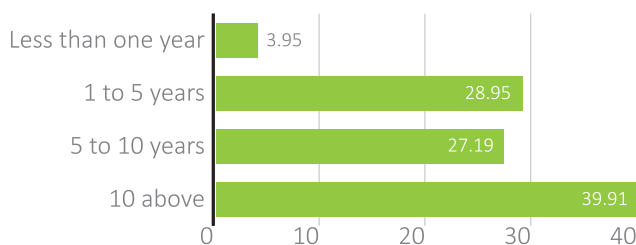
Breakdown of female & male respondents that faced no repayment difficulties.



Exploring the business related insights, 35% of customers who were in the livestock business segment face difficulty in the loan repayments. Customers from the agriculture sector also had high percentage in repayment difficulty. Another observation from the data was that the customers above 10 years of experience faced the highest percentage of difficulty (39.91%) when it came to repayment.

Figure 25

Repayment difficulty by years of business experience

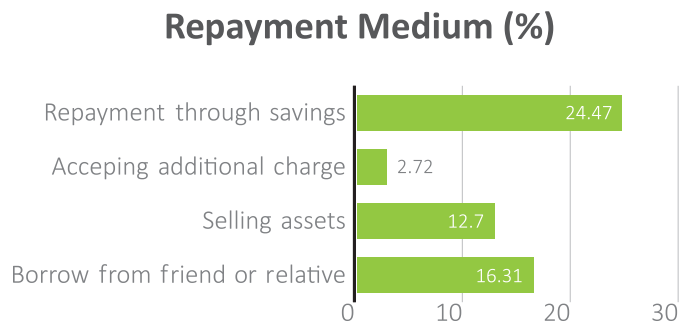


Repayment Difficulty: Business Experience (%)

Some of the quantifiable re-payment mediums extracted from the data are repayment through selling assets, accepting an additional charge (late fine) and through savings illustrated in the bar chart below. The most prominent medium of repayment was repayment through savings.

Figure 26

Repayment methods adopted by the customers.

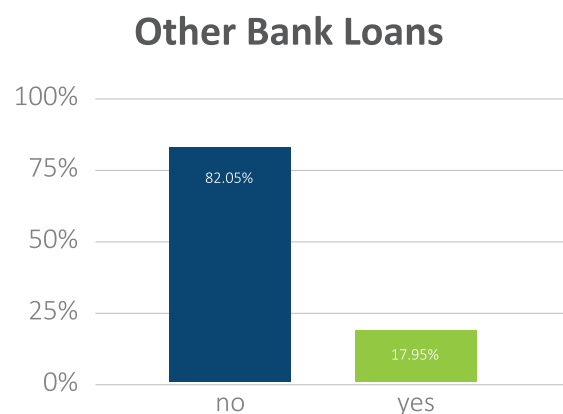


Borrowing From Other Banks i.e. Same Household Lending

Around 82% of customers responded that they did not think of taking loans from the other banks (since they became U Bank customers), which is a good sign for any MFB, especially with regards to repayments. However, this data is not in alignment with insights from the focus groups where a significant number of participants admitted to having taken out multiple loans at the same time. Same household lending not only negatively impacts repayment ability, but may also have far reaching consequences on the economic and social progress MFB customers are able to make. It stands to reason that if customers are entrenched in multiple debt cycles, the net impact on their economic and social wellbeing will not see any improvement or worse exhibit a downward trend. There is a need for further research to be done on this factor in order to more clearly understand the reasons and impact of same household lending.

Figure 27

Percentage of customers using other bank loans.



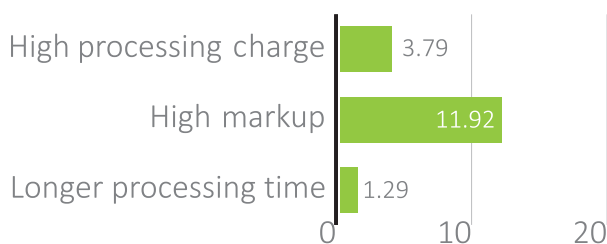
It is also critical for us to understand why the remaining 17.95% of respondents feel the need to go to other

banks for loans. Some of the quantifiable reasons for customers choosing other banks are illustrated in Figure 25 below. The most common concern indicated by respondents was high markup rates. However, it wasn't clear if this perception was based on market awareness i.e. if the respondents knew what rates were being charged by other players. This is an important distinction to make, because U Bank's target clientele is a highly price sensitive one and has traditionally made their spending decisions based on price. There is an opportunity for future research to investigate market awareness further and also dig deeper into customer's decision to continue to bank with U Bank despite this perception. This may lead to interesting discoveries regarding our target customer segment's key decision-making factors beyond pricing. Other reasons highlighted include high processing charges and delay in loan disbursement (i.e. loan disbursement to the customer). Only 2% of customers complained regarding staff behavior. This is consistent with a reoccurring theme across focus groups and locations, where respondents highlighted that one of the biggest reasons they remain loyal to and/or chose U Bank was because of the superior customer service and handling. Customers indicated that the best thing about being U Bank customers was how they were treated with "izzat" (respect) by the front-end staff.

Figure 28

Breakdown of reasons for using other bank loans.

Reasons of Using Other Banks Loans (%)



3.2 Impact Assessment of U Bank Operations

This section of the analysis seeks to dig a little deeper into the monetary, social and quality of life related impact the loan was able to create in the respondents' lives. The program not only helps the borrowers themselves but also makes a difference in the lives of their family, household and community. We explore the

impact created by dividing it into a few main dimensions (increase in assets, ability to save, business income, living standards, and health and nutrition).

Increase in Physical Assets

In this case, it can be reasonably assumed that the following assets increased directly with help of the U Bank loan (based on people's perceptions and also keeping in mind that this is an assumption but we are not determining causality). More than half of the respondents from the sample reported increases in their livestock and land. The most noteworthy observation about this indicator is that for a significant chunk of customers, the kinds of assets they reported as having accumulated since/after they took the loan from U Bank fall under the consumer goods category, e.g. 328 customers reported having bought a television. This may have implications in terms of identifying whether people are actually using their loans for consumption vs business-related expenses/activities. This finding would correspond with some of our focus group results where people indicated that they were either using their loans for consumption, spending on consumption related items was their first priority after paying the monthly loan installment and/or they made requests for consumption loans to be introduced as part of the bank's product offering. All these factors make it quite plausible that consumers are indeed using their loans for consumption purposes as well. This does not discount that fact that people are experiencing a positive impact in their lives, it just may not be happening via growth in business revenue. This is counter to the microfinance philosophy which seeks to empower and improve customers lives in a more sustainable manner by helping them increase their earning capacity.

Another noteworthy insight from the focus groups is that people in their first loan cycle may be more likely to use their loans for consumption purposes but as they mature as customers they tend to use the loans for the business purposes it was meant for. This insight provides room for future research activities to confirm or dismiss this hypothesis and also to understand more deeply if there are actions/activities that can be undertaken to start making this switch happen earlier rather than later (in the recommendations section we explore one way of doing this via financial literacy programming and developing community role models/trainers).

The distribution of the increase in assets, as reported by customers, since or after the U Bank loan is shown in the following table.

Table 3**Asset distribution after loan.****Note:** There are overlaps in the data.

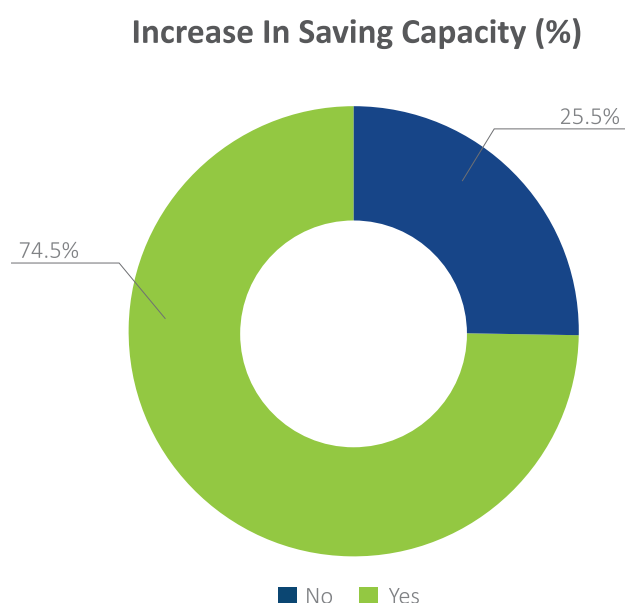
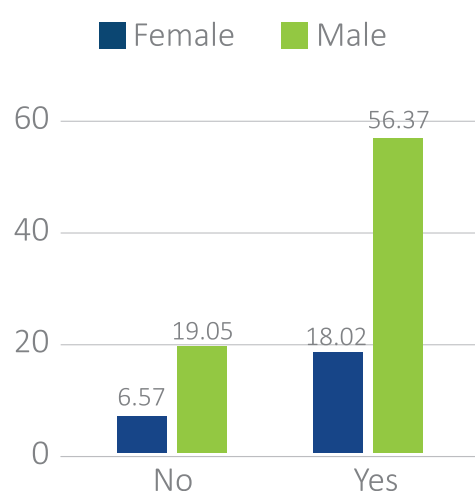
Items	Increase Physical asset by microfinance loan
Vehicle	15%
Furniture	4%
Gold ornaments	0.90%
Land	12%
Livestock	41%
Electronics	26%
Other	1.29%

Impact of Loan on Saving Behavior

The direct impact on savings has been reported by 549 customers, who have reported that the loan helped them increase savings.

A majority of the customers stated that the loan assisted them in increasing their savings capacity. 74% customers said that their capacity to save increased due to the loan and 26% said that it didn't increase their savings capacity. Around 57% of male respondents reported that their savings capacity increased and 18% of the female respondents answered similarly. Some interesting ways to explore this further would be to understand more deeply women's financial empowerment within the household. While in the focus groups we conducted all women reported that the decision to take out the loan and budgeting and monetary decisions in their households were taken either collectively by their husbands and them (the majority of participants) or by them individually, these results may not reflect reality accurately. Participants may have chosen to censor their responses due to their unfamiliarity with the facilitators or because they perceived that as being the "ideal/right" answer. Or it might be that the loan is in the name of the women only on paper whereas their husbands or other household members are actually controlling how the money is spent. Ultimately, it may just be the case that women are less likely to save as much as men⁶. Lastly, it may just have to do with the fact that women are given smaller amounts in loans leaving them unable to engage in savings behavior. This seemed to be a trend in some focus groups, where the loan amounts of women were

found to be smaller than the men participating in the focus groups. This needs to be further investigated to confirm if this trend holds across the bank's portfolio and if so, if there is a link between product design, application assessment procedures and/or other factors that may be leading to this outcome.

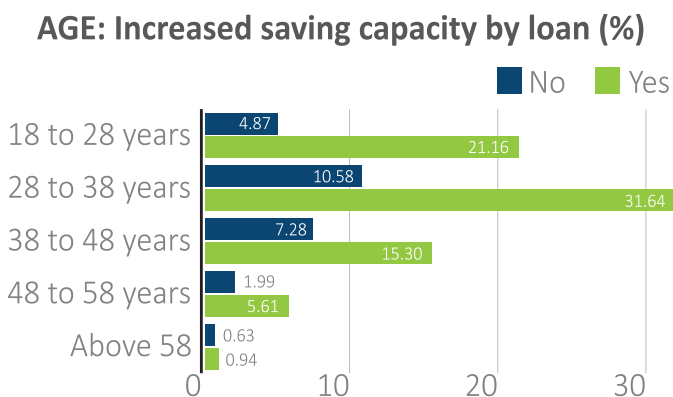
Figure 29**Impact of the loan on increased saving capacity****Figure 30****Breakdown of female & male respondents according to increased capacity to save.****GENDER: Increased saving capacity by loan (%)**

⁶ A worthwhile next step would be to explore further if this is because women tend to have lower incomes and earnings than men (and if this also impacts loan amounts given to them and hence further widening the gap). Globally, research has proven that women tend to invest and save less than male peers due to the fact that they have to "do more with less money". Studies have also found that when women do engage in investing activities, they tend to outdo (earn higher returns) male peers but the gender wage gap inhibits their participation in such activities.

In terms of the age groups, 31.64% of respondents who answered that their capacity to save increased due to the loans that were in the age bracket of 28 to 38 years. The lowest impact on saving capacity existed for respondents above the age of 58. Again as noted previously, this may just be a result of the fact that there are only a few observations within this age category. Since the sampling was done randomly, this insight may have implications on the narrowing down on the current age bracket most likely to take out a loan and hence narrow down U Bank's target market. More details about the typical age brackets of borrowers are available in the snapshot section below.

Figure 31

Increased saving capacity by age.



When examining the savings behavior it is important to understand the relationship with years of business experience. According to the sample of the respondents, the more years of experience, the higher the likelihood that the individual had increased their savings capacity post-loan. The illustration below visualizes this information further.

Figure 32

Increased saving capacity trend over years of business experience.

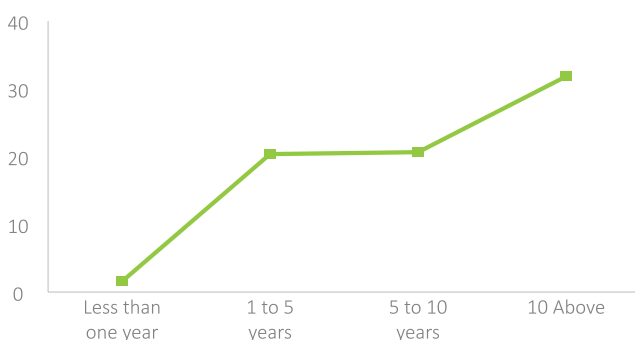
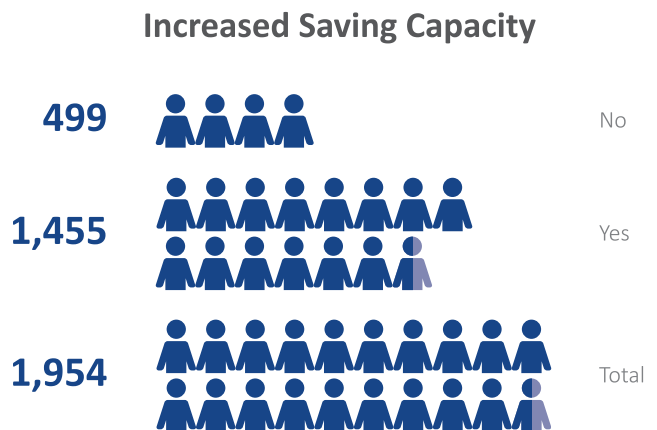


Figure 33

Number of people who stated regarding the impact of the loan on increasing their capacity to save.



The variable related to quantifying the change in savings capacity was an important one, but its implications are harder to understand because there were no fixed quantifiable parameters associated with assigning a numeric value to savings. For future research, this could be a relevant change to standardize and also better understand increase or decrease in savings capacity.

Due to the lack of fixed parameters, the responses for this varied in terms of their measurement units. For example, some respondents said there was a 10% increase, some suggested an annual increase of Rs 25000 and some just mentioned it decreased.

Increase in the Business Income

The respondents were directly asked, "what was the impact of the loan on the business income?" The responses for this show that around 75% of the customers say that there has been a positive impact on the income. However, about 11% of the respondents stated that their business has experienced a negative impact. Looking at the information gathered from the focus groups this may just be due to their perception that the monthly installments that they have to pay, end up equalizing or cannibalizing any income increases. Some participants, in the minority, did state during the focus group that the loan was taken out because they were strapped for cash at the moment but it's just another expense that's added to their businesses' balance sheets and ends up hurting it. There is something to be said for the need for more financial awareness and literacy required among

customers so that they can better understand this impact, particularly given that 13.21% of respondents say that there was no impact of the loan. This is a sentiment that was echoed by many participants in the focus groups as well, both male and female, who were of the opinion that the loans ultimately helped them maintain their current standard of living and income. Many attributed this to the fact that loan amounts they were given were very small for any significant positive impact. This also was tied to other factors such as high markup, shorter durations (in all focus groups the participants asked for either markup to be decreased or the number of installments increased without any additional markup so that the month-to-month payment burden could be lessened), hence increasing household needs etc. Some also noted that the loan had helped them survive tragic events and other shocks like illness a lot better. This is consistent with international research that is increasingly becoming of the opinion that MFI loans may not enable people to increase their income levels, but rather help them maintain their lifestyles through said shocks without being setback considerably.

Figure 34

Impact of the loan on business income in percentage.

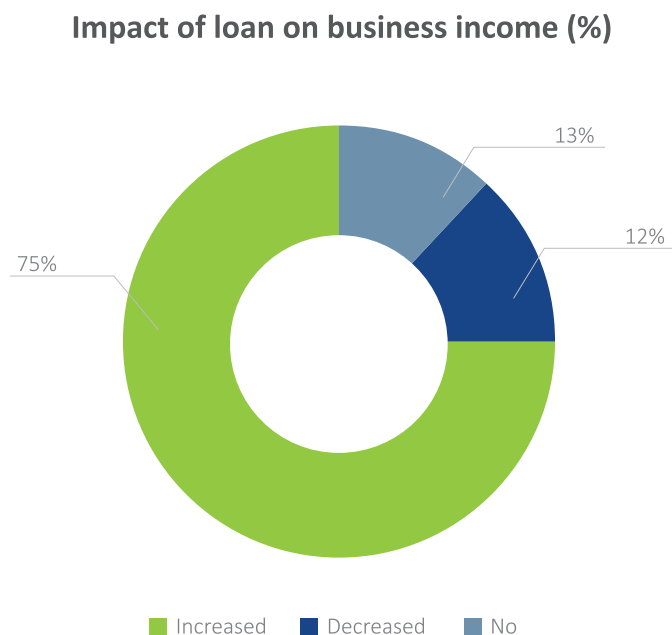
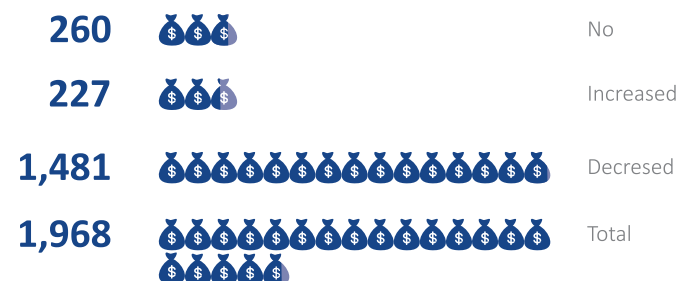


Figure 35

Number of people who stated regarding the impact of the loan on their business income.

Business Income



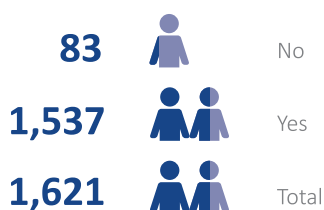
Increase in living standards

According to the overall living standards, the majority of the respondents stated that the impact of the loan was able to positively impact their standard of living. A very high percentage of males and females responded that their living standards improved. In the focus groups, the participants added more texture to this metric by saying they were able to renovate their houses, buy furniture, buy new clothes and school bags for their children, go on outings more frequently to shop and eat more meat and fruits.

Figure 36

Number of people who stated regarding the impact of the loan on their living standard.

Improvement in Living Standards



Impact on Health and Nutrition

20.24% of the respondents stated that because of the U Bank loan they were able to provide better health care facilities to their children. Similarly, 15.85% respondents stated that they were able to access better treatment facilities. In our focus groups, participants shared stories

of being able to afford major surgeries for their children through the loan and the resulting impact/wiggle room it created within their business incomes. Participants stated that they felt that they would have not been able to afford such medical care if it were they did not have the loan. A

majority of focus group participants also noted that the loan facility helped them sustain themselves in times of tragedy, death in the household and happy occasions that required greater expenses.

3.3 Snapshot Profile of a Typical Borrower - Across Regions

Table 4

The comparison is based on the proportion of responses from each region against a series of demographic variables

Demographic

Variable	AJK	Sindh	Punjab
Gender (%)			
Female	79.09%	20.60%	23.79%
Male	20.93%	79.40%	76.21%
Age Brackets (%)			
18 to 28 years	30.23%	47.29%	23.25%
28 to 38 years	44.19%	36.36%	43.14%
38 to 48 years	20.93%	12.12%	23.84%
48 to 58 years	4.65%	4.33%	8%
58 years above	-	-	1.77%
Mean Family Size	5.06	6.89	6.22
Mean number of children	1.63	2.15	2.01
Mean number of daughters	2.31	2.82	2.66
Education (%)			
Illiterate	25.58%	34.32%	48.19%
Middle	34.88%	31.95%	31.40%
Matric	27.91%	24.26%	14.61%
Bachelors	9.30%	4.14%	2.78%
Masters	2.33%	1.18%	0.97%
Others		4.14%	2.05%
Children not going to school (%)	25%	39.9%	22%
Loan Cycle			
1 st	44.19%	58.95%	42.67%
2 nd	37.21%	27.95%	34.74%
3 rd	18.60%	11.79%	16.95%
Other	-	1.31%	5.65%

Gender

Both Punjab and Sindh provinces have a high percentage of male respondents. On the other hand, AJK has a high proportion of female respondents.

Age

Sindh has the youngest proportions of customers of age bracket 18 to 28 years. AJK and Punjab have more middle-aged customers than other age groups, with the 28 to 38 years being more typical.

Family size

The mean family size varies from 5 to 7 members across different regions. In AJK we found 5 member families most common, followed by 6 members in Punjab and 7 in Sindh.

Number of children

On average customers from all three regions have 2 to 3 children.

Education

The highest proportion of uneducated customers are from Punjab and the lowest proportion of illiterate customers are from AJK. A similar trend is seen across all the regions for customers who have achieved middle school education. Furthermore, the highest educational qualification of masters is observed in AJK.

Children school status

The highest proportion of customers who do not send their children to school is from Sindh.

Loan cycle

Majority of the customers are from the 1st and 2nd cycle, which means they are relatively new customers. An important factor to highlight is that there were no customers from AJK beyond the 3rd Loan cycle.

Business section

Table 5

The comparison is based on the proportion of responses from each province against a series of business-related variables

Variable	AJK	Sindh	Punjab
Years of business experience			
Leass than 1 year	-	7.27%	1.35%
1 to 5 years	62.79%	56.97%	19.99%
5 to 10 years	30.23%	22.42%	27.98%
10 above	6.98%	13.33%	50.68%
Business segment			
Agriculture	-	26.98%	41.91%
Livestock	39.53%	32.28%	32.76%
Trade	2.33%	31.22%	10.04%
Service	55.81%	5.29%	11.98%
Manufacturing	2.33%	3.70%	3.31%
Vehicles	-	0.53%	-

Business experience

In terms of years of business experience, the customers in Punjab are observed to have the highest experience, i.e. above 10 years. A large proportion of customers from Punjab have one to five years of business experience.

Business segment

The most dominant business segment in Punjab is agriculture and livestock. In the case of Sindh, livestock and trade account for a large proportion of a customer's business segment. The purchase of vehicles seems to be only happening in Sindh. It is interesting to see that there is no agriculture-based business segment for customers in AJK, the most prominent business is within the service sector. Lastly, manufacturing accounts for a similar trend across provinces.

Table 6

The comparison is based on the proportion of responses from each province against a series of health-related variables.

Health

Variable	AJK	Sindh	Punjab
Formal Health (%)	81.40%	81.50%	92.59%
Eat Meat (%)			
Once a week	53.49%	50%	64.73%
Twice a week	44.19%	44.87%	27.61%
Daily basis	-	0.43%	0.29%
Others	2.33	4.70	7.37%
Eat Fruit (%)			
Once a week	55.81%	39.79%	41.41%
Twice a week	39.53%	47.41%	45.35%
Daily basis	4.65%	3.45%	5.63%
Others	-	10.34%	7.61%

Formal Health

A large proportion of customers are able to access formal healthcare, which includes going to a hospital or the availability of a qualified doctor. Punjab has the largest proportion of customers who were able to access formal health treatment due to illness in the last six months.

Nutrition

Based on the frequency of customers' consumption of fruit and meat, it is observed that the consumption of fruit is generally higher as compared to eating meat. Fruit has been consumed by customers of all three provinces on a daily basis but meat consumption has been generally very low.

3.4 Logit Regression

The Estimation Strategy

This study used cross-sectional data collected through a structured questionnaire. By design, the research sample consisted of a larger proportion of customers from Punjab, mainly due to a high number of customers in that region. On further analysis, it was observed that out of 1746 customers in Punjab, 1513 were from South Punjab. Furthermore, in terms of loan cycle there were only 97 respondents who were beyond their 3rd cycle, so most of the data was from relatively recent customers. As the sample was selected randomly, and only customers who had been U Bank customers for 6 months and above were interviewed. If the underlying reason is the fact that people's business goals are being met and they've become sustainable then this aligns with the U Bank mission. However, if there are other reasons for customers falling out of the U Bank service web there needs to be more research done to investigate these reasons. One of the most critical follow-up researches that U Bank should engage in, is with those customers that have defaulted on loan payments and those who have taken out a loan once but did not take any further loans from U Bank to understand more deeply what factors play a role in these situations.

Due to some of the reasons detailed above, around 1740 responses were effectively used for the analysis below. It is also important to mention that self-selection bias may have an impact on the results of the regression.

In an analysis of several studies involving qualitative choices, usually, a choice has to be made between Logit and Probit models. According to Amemiya (1981), there are statistical similarities between Logit and Probit models which make it difficult to choose between the two. However, Maddala (1983) and Kmenta (1986) stated that many authors tend to agree that the logistic and cumulative normal functions are very close in the mid-range, but the logistic function has slightly heavier tails than the cumulative normal functions. Pindyck and Rubinfeld (1981) illustrated that the Logit and Probit formulations are quite comparable.

Therefore, in light of previous studies the logit model was selected for this analysis. Furthermore, logistic regressions are done to extract the odd ratios to explain different relationships across the series of regressions.

Model Specification

The hypothesis for this study was that microfinance loans have a positive impact on the socio-economic status of customers.

In order to understand the impact of the loan on the customers, three impact variables were taken from the data:

1. The impact of the loan to improve the living standards
2. The impact of the loan on increase in assets
3. The impact of the loan on the increased capacity to save

Note: These variables are collected on the bases of self-reporting of the customers.

All of these variables are binary in nature meaning (yes==1 and no==0).

Impact is a binary, dependent variable. Impact_i=1; includes all the impact variable listed above. Selection of the independent variables has been mainly dictated by the availability of data. The aim of the analysis was to cater, as best as possible, to all aspects of the demographic.

X1 = Age: 28 to 38 years(yes=1 other age groups =0)

X2 = Gender (male=1 female==0)

X3 = Business segment: Agriculture (yes=1 no=0)

X4 = Business segment: Service (yes=1 no=0)

X5 = Educated (yes==1 no==0)

X6 = Children not going to school (yes=1 no=0)

X7 = Business experience 1 to 5 years (yes=1 other business experience groups=0)

X8 = Formal medical treatment (yes=1 no=0)

X9 = South Punjab (yes=1 no=0)

Empirical results

Table 7, below, shows the empirical results of three regressions run using impact variables through the estimated logistic regression analysis model. At least two explanatory variables throughout the three regression were significant. The first model was not good, the second model was relatively better but the third model was a good fit. It is, therefore, safe to conclude that the explanatory power of the logit regression model can be satisfactorily used to explain the likelihood of the microfinance loan having an impact on the socio-economic indicators listed above.

Regression 1

Improved Living Standard

In this regression, the analysis aims to understand how the odds of being able to improve the living standard with help of loans varies across different demographics. There are only two explanatory variables which are significant in this regression, namely children not going to school and formal health treatment.

Children not going to school

The coefficient for this variable illustrates a negative sign and relationship. The interpretation of this coefficient is explained through the odds ratio, according to which the odds of improved impact for customers whose children are not going to school are 5.53 times lower than the customers whose children are going to school, keeping others factors constant. Intuitively, it stands to reason that the loan facility would be able to create higher impact in a household with no children as compared to a household with no children. More children would translate into more helping hands especially in the agriculture and livestock sector.

Formal health treatment

The coefficient for this variable illustrates a positive sign and relationship. The interpretation of this coefficient is explained through the odds ratio, according to which the odds of improved living standard for customers who received formal medical treatment via hospital or doctors in the last six months are 2.26 times higher than those who did not receive formal medical treatment, keeping others factors constant. Intuitively, this would make sense

as the ability to be able to afford medical treatment tends to have implications on how people perceive their quality of life. Furthermore, this finding also seems to be aligned with international research that claims that microfinance loans help end customers sustain shocks in their lives, such as illness.

Regression 2

Increase in Assets

In this regression, the analysis aims to understand how the odds of being able to increase assets with the help of a loan, varies across different demographics. Six out of nine explanatory variables are significant in for this regression.

Gender

The coefficient for this variable illustrates a positive sign and relationship. The interpretation of this coefficient is explained through the odds ratio, according to which the odds of increased assets for male are 1.41 times higher than female, keeping others factors constant. Again intuitively speaking, this seems to be aligned with what we know about asset ownership in our target audience and also about women having to depend on consent from male guardians when purchasing major assets. Hence, it would stand to reason that men would be more likely to own and increase asset holdings.

Business segment: Service

The coefficient for this variable illustrates a negative sign and relationship. The interpretation of this coefficient is explained through the odds ratio, according to which the odds of increased assets for customers in service segment are 0.55 times lower than other business segments, keeping others factors constant.

Children not going to school

The coefficient for this variable illustrates a negative sign and relationship. The interpretation of this coefficient is explained through the odds ratio, and, according to which, the odds of an increase in assets for customers whose children are not going to school are 0.68 times lower than the customers whose children are going to school, keeping other factors constant.

Intuitively, this makes sense for households that do not

have any school going children, as they might not have helping hands to increase their assets via agriculture and livestock based work.

Business experience 1 to 5 years

The coefficient for this variable illustrates a positive sign and relationship. The interpretation of this coefficient is explained through the odds ratio, according to which the odds of an increase in assets for customers who have one to five years of experience are 1.46 times higher than customers with any other amount of experience in the sample, keeping others factors constant.

Formal health treatment

The coefficient for this variable illustrates a positive sign and relationship. The interpretation of this coefficient is explained through odds ratio, according to which the odds of an increase in assets for customers who received formal medical treatment via hospital or doctors in the last six months are 3.27 times higher than others who did not receive formal medical treatment, keeping others factors constant. This result seems to contradict a little bit with what common intuition would dictate i.e. one would assume that if a household has had to spend on medical treatment this would translate into fewer funds available to invest in assets. It would be interesting hence to explore in the future if people who are able to afford medical treatment are relatively more affluent, to begin with especially when compared to those who can't afford medical treatment. It is important to understand that in these surveys self-reporting can cause biased results.

South Punjab

The coefficient for this variable illustrates a negative sign and relationship. The interpretation of this coefficient is explained through the odds ratio, according to which the odds of increased assets for customers from South Punjab are 0.46 lower than customers from other regions, keeping others factors constant.

Regression 3

Increased Capacity to Save

In this regression, the analysis aims to understand how the odds of being able to increase saving capacity with the help of a loan, varies across different demographics. Five out of nine explanatory variables are significant in for this regression.

Gender

The coefficient for this variable illustrates a positive sign and relationship. The interpretation of this coefficient is explained through the odd ratios, according to them the odds of increased capacity save for customers who are male are 1.5 times higher than female, keeping others factors constant.

Educated

The coefficient for this variable illustrates a negative sign and relationship. The interpretation of this coefficient is explained through the odds ratio, according to which the odds of increased capacity to save for customers who are educated are 0.75 times lower than illiterate, keeping others factors constant. This represents the biggest contradiction in the data, reason would suggest that the more educated an individual is the more likely they are to have financial acumen which should trickle into saving capacity. However, the data does not seem to indicate this. It might be worth exploring this in greater detail in the future to understand if there is no evidence-based link between attaining academic education and financial education. Some other factors would influence this result might be the fact that more educated people were also the ones with the bigger families (again this is counterintuitive to previous research but this may be a factor) or that the more educated a borrower is the more they aspire to better living standards and hence exhibit lesser saving behavior. Other possible explanations can include the educated customers have spent a considerable amount of money on their education or they are more likely to send their children to school, and hence increasing the expenditure on education which may translate into less saving ability.

Business experience 1 to 5 years

The coefficient for this variable illustrates a positive sign and relationship. The interpretation of this coefficient is explained through the odds ratio, according to which the odds of increased capacity to save for customers who have one to five years of experience are 1.42 times higher than customers with any other amount of experience in the sample, keeping other factors constant.

South Punjab

The coefficient for this variable illustrates a negative sign and relationship. The interpretation of this coefficient is explained through the odds ratio, according to which the odds of increased capacity to save for customers from

south Punjab are 0.36 lower than customers from other regions, keeping other factors constant. This may have implications on the status and socio-economic conditions of those living in South Punjab; deeper investigation into why there may not be as much a culture of savings within the region may have important implications in terms of

interventions and product design. For example, the data shows us that about 48% of respondents in the region are involved in agriculture and about 33% in livestock, these sectors already have tough profit margins and are especially susceptible to lose in value due to say weather, natural disasters etc.

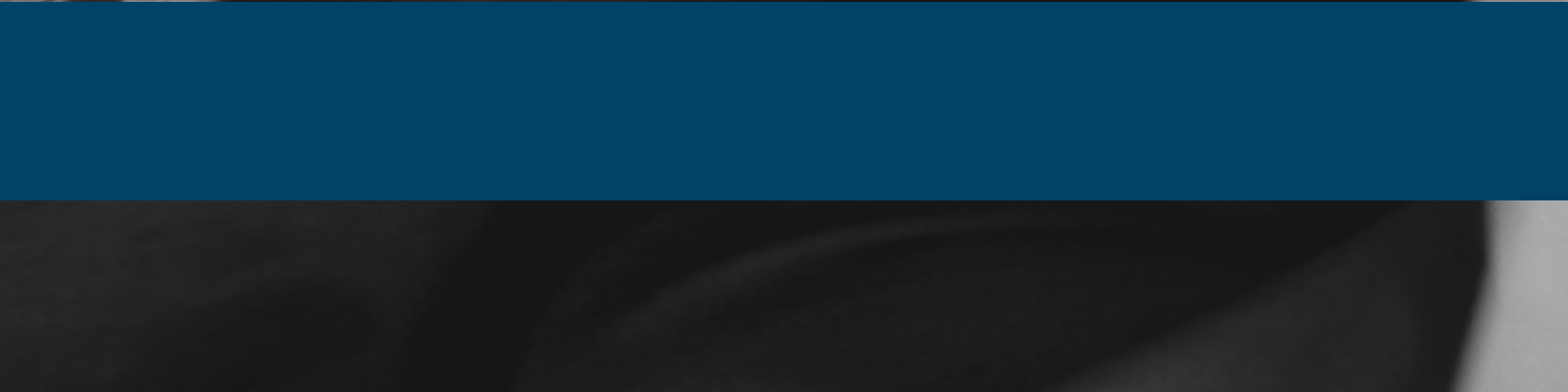
Table 7

Regression against the variables, significance levels: (* 10%, **5%.***1%)

Variables	Increased living standards	Odd ratios	Increased assets	Odd ratios	Increased capacity to save	Odd ratios
Age 28 to 38 years	-0.36 (-0.246)	0.6975399	0.076 (-0.124)	1.079156	0.066 (-0.115)	1.067984
Male	-0.638 (-0.371)	0.52853	0.343* (-0.153)	1.408504	0.412** (-0.143)	1.509801
Agriculture	-0.016 -0.268	0.9840706	-0.096 -0.137	0.9086512	0.067 -0.124	1.069283
Service	1.142 -0.627	3.132578	-0.599** -0.213	0.5493065	-0.061 -0.215	0.9412274
Educated	0.134 -0.25	1.143187	-0.04 -0.125	0.9611946	-0.294* -0.116	0.7455422
Children not going to school	-0.591* -0.247	0.5539525	-0.375**	0.6874493	-0.013	0.9867938
Business experience 1 to 5 years	0.702 -0.37	2.016929	0.379* -0.17	1.460289	0.351* -0.161	1.420183
Formal medical treatment	0.818* -0.332	2.265593	1.186*** -0.192	3.274872	0.308 -0.198	1.360899
South Punjab	0.343 -0.337	1.409194	-0.767*** -0.199	0.4643223	-1.006*** -0.19	0.3656651
_cons	2.605*** -0.525	13.53791	0.709* -0.277	2.031176	1.320*** -0.277	3.742047
Number of observations	1,462		1,673		1,740	
Degree of freedom	9		9		9	
Prob > chi2	0.0004		0.0000		0.0000	
HL Prob > chi2	0.2356		0.3778		0.8574	

04

FINDINGS & LESSONS LEARNED



Key Insights from the Field (Focus Groups + Survey Data)

i. All focus group participants unanimously stated that word-of-mouth was how they discovered U Bank. Many customers also indicated that they followed a specific staff member after the said employee left their previous MFI institution and joined U Bank. Hence, the Relationship Officers (ROs) play an important role in customer perception & satisfaction.

ii. The female participants within our focus groups indicated that all decisions regarding taking out the loan and the financial decisions following were taken by them individually or were a collective decision taken by the husband and wife unit (the latter being the majority). However, if we were to take a look at some of the results from the survey data (savings capacity and asset ownership) it seems to indicate that women may not be making financial decisions as independently as they claim in a focus group. Part of this may be explained by the fewer female survey responses, but it may also indicate that women may not feel comfortable sharing openly that they do not have the full agency in making decisions. This would benefit from further investigation.

iii. Speaking to the customers also seemed to indicate that many of them do not fully understand the loans built-in life insurance, except for women in Lahore & Peshawar who seemed to be more aware of this.

iv. A majority of the participants from focus groups indicated that they have previously taken loans from other microfinance providers. Interestingly, only a few would admit to having multiple loans out at the same time. However, interestingly a majority indicated that if U Bank were to only increase the amount of the loan they would not have to take out multiple loans at the same time. This hesitancy to admit to having taken multiple loans may exist due to fear of repercussions. But the suggestion about loan amounts indicates that many customers may, in fact, take out loans from multiple institutions though we cannot say this with certainty without further research.

v. Interestingly, in our conversations with customers, those who claimed to never have taken out a loan from another institution and also were in their first loan cycle with U Bank, seemed to be less bothered by the processing and

other fees associated. It might be of interest to further investigate this to see if this actually proves to be true. A deeper look at the data indicates that only about 11% of respondents in their first cycle indicated they had an issue with high markup, hence somewhat corroborating this point.

vi. A majority of people are probably using their loans for consumption, although few admitted to it. Indicators such as asset ownership before and after the loan seem to indicate that people are only increasing consumer goods assets rather than assets such as say sewing machines etc. that would help with business growth. This is also corroborated by customer requests for U Bank to start giving out consumption loans. Another thing we observed was that it's possible that people in their first loan cycle are more likely to spend the loans of consumption but as they mature as customers they are more likely to start investing in their businesses. However, the data indicates that even after randomly selecting the survey sample there are fewer customers who stay U Bank borrowers past 3 loan cycles. Again this represents an interesting jumping point for future research.

vii. Almost all female participants identified needing/wanting more business and financial literacy support to help them understand how they should be using the loan and to figure out spending and saving patterns. They indicated that their lack of business experience and exposure as well as commercial acumen compared to male members of society often leaves them feeling as if they haven't been able to use the loan in the most effective manner possible.

viii. Some common spending for participants across focus groups remains paying the monthly loan installments, utility bills followed by children's schooling and other needs-related expenditures.

ix. However, beyond these three buckets, many customers also note an overall increase in their ability to spend on food and grocery, including fruits and meat, buying things like new furniture and curtains for their homes and being able to buy new clothes for themselves more frequently as things that have been made possible for them since the loan.

x. All focus group participants unanimously praised the professionalism, friendliness, and cooperation of the staff as a key reason that they continue to do business with U Bank and choose it over others. This becomes an especially big thing to say when they put it in the context of having options with smaller monthly installment amounts. It must be noted that these responses may be influenced by focus group participant selection bias and the venue for the focus groups being the U Bank offices both of which would make participants fear repercussions. However, even in the data from the surveys only a very small segment of respondents indicated that they had experienced bad behaviour by staff. Another reason they state for choosing U Bank over others is the shorter processing time required to get a loan from U Bank compared to others.

xi. A concern that came up frequently was around high markup rates. In addition, requests were made to either lower this markup and/or increase the number of installments (without any changes in markups) so that the monthly installment burden could be eased.

xii. In terms of repayments, many customers complained about the short margins given between loan disbursement and the 1st installment; e.g., customers shared that if they got a loan on the 25th of a particular month, and installments were due on the 5th of every month, the customers would have to pay the first installment within 10 days of having received the loan. They wanted more margin built in-between.

xiii. A majority of customers do not regret taking out a loan. They deem it to be the most dignified option available to them and take out loans due to necessity. They deem this as a better way to receive money than having to ask relatives or friends.

xiv. There seems to be about a 50/50 split between customers who perceive that the quality and living standards of their lives has become better due to the loan facility and those who believe it's just helping them make ends meet and does not have any considerable impact on their lives.

xv. Customers based in Layyah seemed to be the most open to sharing with friends and family members about having taken out the loan. They also claimed that a majority of the people in their social circle had taken out a microfinance loan from U Bank. These were also the customers that stressed on the importance of quick and timely loans because of very small margin within crop cycles. In case, they did not get a U Bank loan in time for their crop cycles these customers would either try to find an alternative MFI or borrow money from their friends and family network on an urgent basis (to be returned as soon as the loan was disbursed). These customers were also more in favour of lump sum payments, whereas, in other locations, customers complained about lump sum payments.

xvi. A lot of Muslim borrowers take greater issue with the interest associated with the loans. They still borrow because of "majbori", i.e., necessity but firmly believe interest is wrong. These borrowers were also more likely to say that they would not take out another loan unless they desperately needed to do so. Participants belonging to other religious groups tended to talk about processing and insurance fees being higher rather than just markups and interests. Women seem to be more affected by this since they indicated having faced more backlash from husbands and family members because interest was raised as the major issue.

xvii. We also noticed that almost all female participants in Lahore and Bahawalpur indicated that they took the decision to take out the loan on their own and many of them had never bothered telling their husbands and family members about the loan amount. Many noted that once the family is able to see the benefits and impact the loan creates in their household, they are less likely to resist against taking out the loan. For many of these women's husbands, the two main concerns were the interest associated and fear of having to deal with the added burden of paying installments. These women have overcome this by taking sole responsibility of paying back the loan.

05

THE WAY FORWARD/RECOMMENDATIONS



Financial Literacy & Management Trainings:



Female focus group participants identified that they would benefit if the Bank personnel were able to give them advice about money and business management because they often find themselves struggling with making those decisions. If we are to look internationally at examples like Grameen bank, we know that this element can be the most critical element of micro-finance. There are a number of customers that have matured through multiple cycles of the loans and have flourished as business professionals, especially women, it might be time for U Bank to identify and develop these customers as community leaders who take on the role of helping make other customers more financially literate and mentoring them to grow their business operations.

Loan Size & Interest Rate:



Many customers highlighted this concern and felt that it led them to taking out multiple loans (from different institutions) at the same time (same household lending) due to the fact that the loan amounts did not meet their requirements. While, it is clear that loan amounts must be decided after considerable due diligence on the Bank's end and the borrowers' profiles, perhaps there is something to be explored in-terms of creating a basic credit-rating system for customers, making them aware of the system and helping them identify clear actionable steps that they can be taken to help improve their profile to increase the loan amounts. In some regions, customers identified that they are being guided in this way and they know about how their profiles are built. However, this is not standardized across regions and the public awareness element is key to customers being able to feel better about this situation and also see a clear path forward.

Product awareness:



U Bank has a number of innovative products that can stand to really impact the lives of its target audience such as its saving account feature and insurance products like Sehat Tahafuz and Sehat Tahafuz plus. However, a vast majority of customers remain ignorant (about 64% of respondents said they haven't heard about Sehat Tahafuz Plus, only about 9% said they'd heard about it but didn't purchase it due to the high premium and only about 2% have purchased it) about these products. There needs to be more concentrated effort put into marketing these products and getting current customers to also use these different products. This is essential not only because these products stand to impact customers lives positively but also to help U Bank diversify its risk. Currently, it seems that the customer-bank relationship is just restricted to micro-credit.

Opportunities for Further Research:



Throughout this report, we have identified a number of topics and areas where U Bank could do further research to understand its customers better and design innovative products that will cater to the customers needs and also help the bank improve its margins and bottom-line. The most critical of these is conducting a research with loan defaulters and understanding why they get left behind, as well as customers who have engaged with U Bank just for one loan cycle but not afterwards. There are also a number of other interesting consumer behaviour researches that can be undertaken in the future, for example a more targeted research with female customers especially in areas where the male to female customer ratio is above 50% e.g. Faisalabad, Gujranwala, Kasur, Hyderabad, Lahore, Ellahabad, Karachi-Gulshan, and Muzaffarabad.

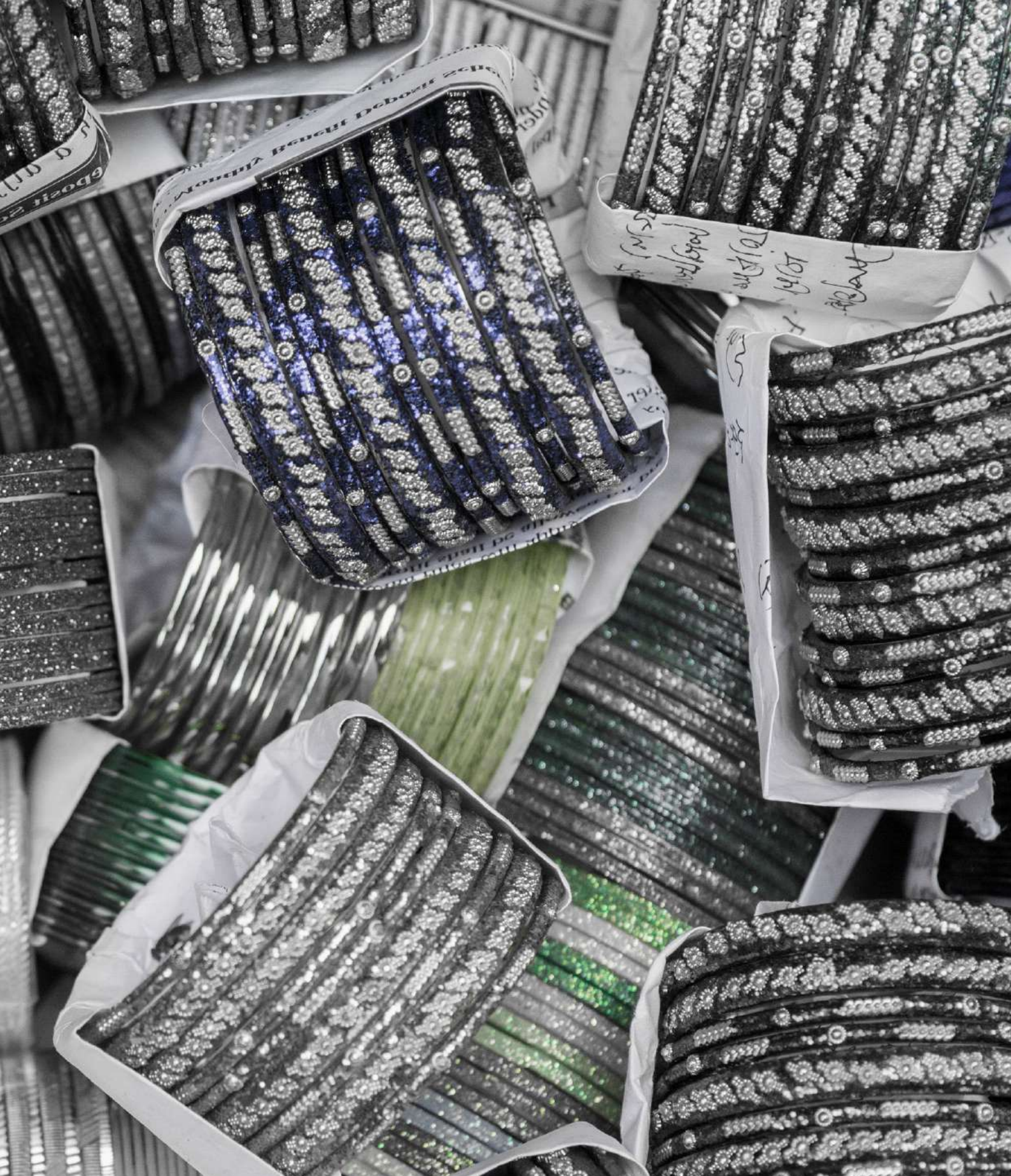
Making Impact Measurement a Biennial Effort:



This research activity needs to be repeated on a yearly basis for U Bank to glean key actionable insights regarding it's business and operations and to be able to understand with more clarity the kind of impact being created at the community and household level (while clear cut causality can't be established, we want to reach a point where we can say that it stands to reason that U Bank is playing a part in driving this change or not).



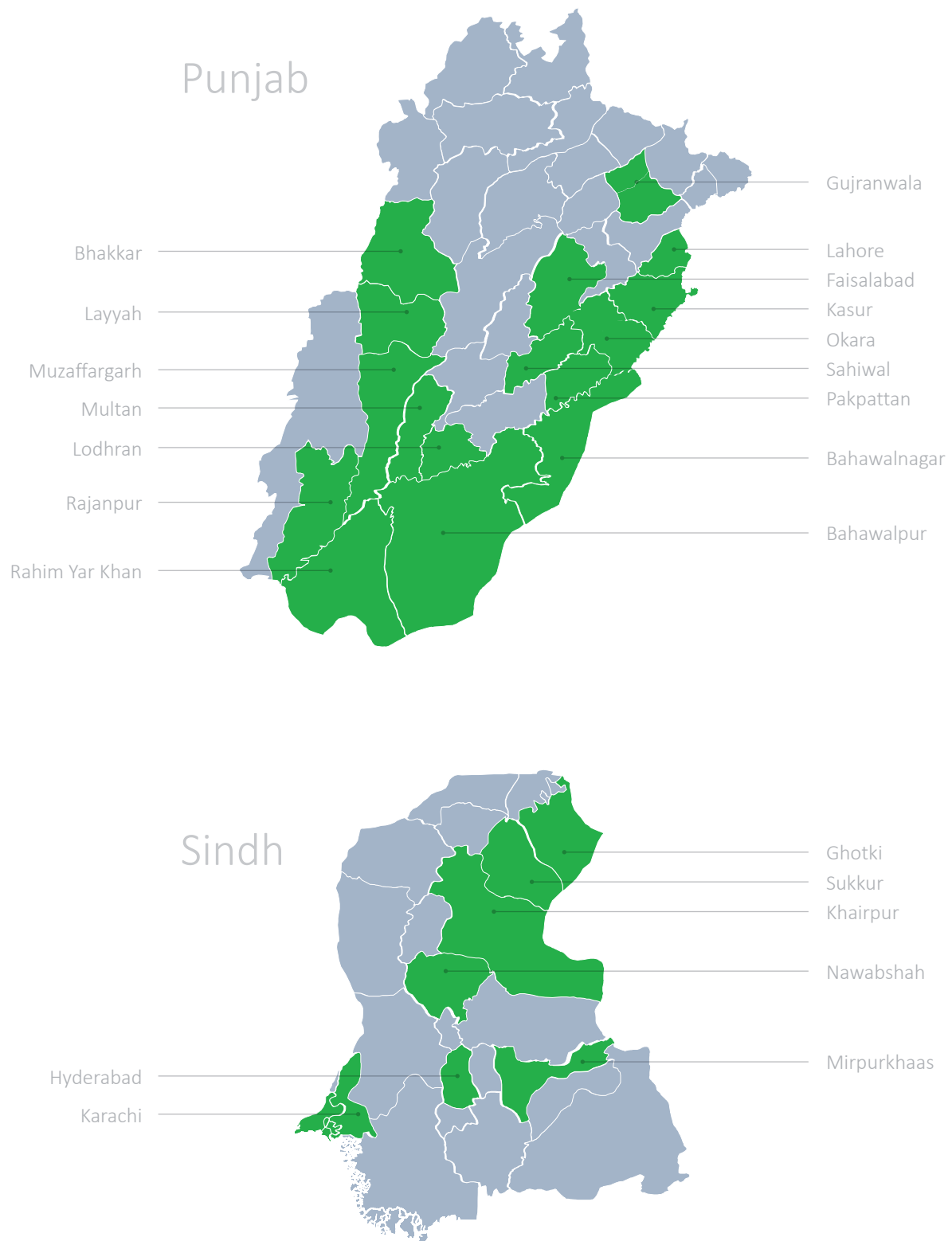
ANNEX



A. References

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B. Sample Locations & Districts



C. Data & Variable Rationale

Variable rationale

All the variables selected in the model are binary variables.

Age

Survey by design did not have age as a continuous variable, so in order to include age variable, one of the age group of was selected i.e 28 to 38 years, and this was mainly based on the higher proportion of responses in the sample.

Gender

The gender variable is included in the analysis to understand the gender-related insights.

Business segment service

Agriculture- A similar rationale has been observed for this and there is an element of overlap of agriculture with the livestock, this is one of the reasons this business activity was included.

Service- The service sector has illustrated growth over different loan cycle, one of the main rationale to include this in the analysis is to identify that are microfinance loans assisting the service sector

For future studies, this variable will be essential understanding social performance of customers working in the service sector.

Educated

This variable is included to explore if being educated has any effect on the impact variables.

Children not going to school

The children not going to the school variable has been computed in a way that it could reflect customers without children as well, this is done to avoid valuable loss in data. In the interpretation of this variable is dealt with careful interpretations.

Business experience

As the business activity of one year is the criteria to be able to get a loan so the next category was 1 to 5 years of business experience. The reason for choosing 1 to 5 years of business experience is that it will allow understanding of the development of the business in the longitudinal study.

Formal medical treatment

The reason to include this variable is to gains insights from the customers who have received medical treatment. This variable has to vital interpretations i) the health-related conditions and awareness ii) it can also be used as a proxy for health status.

South Punjab

A high number of customers are from south Punjab

D. Survey Questionnaire



سوالنامہ یو بینک ایمپکٹ اسیسمنٹ سروے

تاریخ: _____ وقت: _____ تحصیل: _____ ضلع: _____ صوبہ: _____

اسلام علیکم ایہ سروے یو مائیکرو فنانس بینک لمیٹڈ کی جانب سے کیا جا رہا ہے جس کا مقصد بینک کے صارفین کو فراہم کی جانے والی قرضے اور انشورنس کی سہولیات سے ان کی روزمرہ زندگی پر ہونے والے اثرات کو جانچنا ہے۔ اس سلسلے میں یو بینک کے معزز کسٹمر ہونے کی حیثیت سے آپ کے قیمتی وقت میں سے کچھ وقت درکار ہے تاکہ یو بینک کی موجودہ پروڈکٹس اور خدمات میں بہتری لائی جاسکے۔ اس سلسلے میں آپ کی فراہم کردہ معلومات بالکل آپ کے شناخت کے بغیر بروئے کار لائی جائیں گی اور آپ کی شناخت کو پوشیدہ رکھا جائے گا۔ اس لئے آپ سے درخواست ہے کہ بالکل اطمینان سے ہمیں اپنی درست آراء فراہم کریں۔

حصہ الف: ڈیمو گرافکس (آبادیات)

جوابدہ کا نام: _____ فون نمبر: _____ شناختی کارڈ نمبر: _____

جنس: ☐ مرد ☐ عورت ☐ تعلیم: ☐ غیر تعلیم یافتہ ☐ مڈل ☐ میٹرک ☐ ہجیر ☐ ماسٹر ☐ دیگر _____

عمر: ☐ 18 سے 28 سال ☐ 28 سے 38 سال ☐ 38 سے 48 سال ☐ 48 سے 58 سال ☐ 58 سال سے زائد

کاروباری تجربہ: ☐ 1 سال سے کم ☐ 1 سے 5 سال ☐ 5 سے 10 سال ☐ 10 سال سے زیادہ

کاروبار کی نوعیت: ☐ تجارت ☐ سروس ☐ مینوفیکچرنگ ☐ زراعت ☐ لائیو اسٹاک

حصہ ب: گھریلو اثرات

1. آپ کے گھر میں موجود فیملی ممبرز کی تعداد کتنی ہے؟ _____
2. آپ کے گھر میں موجود فیملی ممبرز میں سے 3 سے 13 سال کے افراد (بچے) کتنے ہیں؟ _____
3. آپ کی فیملی میں موجود بچوں میں سے بچیاں کتنی ہیں؟ _____
4. فیملی میں موجود اسکول جانے والے بچوں کی معلومات فراہم کریں۔

بچے کی عمر	جنس	جماعت (جس میں زیر تعلیم ہے)	اسکول میں داخلے کی تاریخ

یا ☐ کوئی بچہ بھی اسکول نہیں جاتا

5. اگر سوال نمبر 4 میں جواب "کوئی بچہ بھی اسکول نہیں جاتا" ہے تو مندرجہ ذیل فراہم کردہ ممکنہ وجوہات میں سے اپنے جواب کا انتخاب کریں۔

- ☐ میری آمدنی میں کوئی خاطر خواہ اضافہ نہیں ہوا کہ میں اپنے بچوں کو اسکول بھیج سکوں۔
- ☐ میرے بچے نوکری کرتے ہیں یا کاروبار میں میری مدد کرتے ہیں اس لئے ان کے پاس وقت نہیں اسکول جانے کے لئے
- ☐ میری نظر میں تعلیم حاصل کرنے کا اسکے مستقبل پر کوئی فائدہ نہیں ہوتا۔

□ میرے بچے تعلیم میں دلچسپی نہیں رکھتے۔

□ میرے بچوں کا گھر میں رہنا ضروری ہے تاکہ گھر کے کاموں میں مدد کر سکیں۔

□ ہمارے قریب کوئی اسکول نہیں ہے۔

□ میری کوئی اولاد نہیں۔

□ کوئی بچہ بھی اسکول جانے کی عمر میں نہیں۔

□ دیگر، اگر کوئی ہے تو بیان کریں۔

ج 1 کیا آپ نے گزشتہ سال اپنے کسی بچے کو اسکول سے نکالا ہے؟ □ ہاں □ نہیں

ج 2 اگر سوال نمبر 1 میں جواب "ہاں" ہے تو مندرجہ ذیل میں فراہم کردہ ممکنہ وجوہات میں سے اپنے جواب کا انتخاب کریں۔

□ قرض کی سہولت میری توقعات کے مطابق نہیں ثابت ہوئی بلکہ اخراجات میں اضافے کا سبب بنی۔

□ مجھے کاروبار میں مددگار کی ضرورت ہوتی ہے اسلئے

□ دیگر، اگر کوئی ہے تو بیان کریں۔

حصہ ج: معاشی اثرات

ج 1 آپ نے یو بی ٹی کی جانب سے فراہم کردہ قرض کی رقم کا استعمال کس مد میں کیا؟

□ ذاتی مقاصد کے لئے (گھر کی مرمت، شادی بیاہ، گھریلو آلات کی خریداری، قرض کی ادائیگی وغیرہ)۔

□ کاروباری اشیاء (جس میں تجارت کرتے ہیں) کی خریداری کے لئے۔

□ کاروباری ساز و سامان (جو کاروبار میں مدد فراہم کرتے ہیں) کی خریداری کے لئے۔

□ زمین کی خریداری کے لئے۔

□ مال مویشی کی خریداری کے لئے۔

□ زمین سے متعلقہ اوزار، کھاد، بیج یا دیگر بنیادی اشیاء کی خریداری کے لئے۔

□ دیگر، اگر کوئی ہے تو بیان کریں۔

ج 2 کیا آپ نے گزشتہ ایک سال میں اپنے گھر کے لئے بجلی کا متبادل ذریعہ (سولر سسٹم، جنریٹر یا پمپ الیس وغیرہ) خریدا ہے؟

□ ہاں □ نہیں وجہ بیان کریں۔

ج 3 یو بی ٹی سے قرض کی سہولت لینے سے قبل آپ کے پاس کون کونسے اثاثہ جات موجود تھے؟

□ ٹی وی □ فریج □ ریفریجریٹر □ اے سی □ فرنیچر □ زمین □ سواری (گاڑی / موٹر سائیکل وغیرہ)

□ مال مویشی □ زیورات □ دیگر، اگر کوئی ہو۔

ج 4 کیا یو بی ٹی کے جانب سے فراہم کئے گئے قرض کی سہولت نے آپ کو اپنے اثاثہ جات کو بڑھانے میں مدد کی؟

□ ہاں □ نہیں وجہ بیان کریں۔

ج 5 اگر سوال نمبر ج 4 میں جواب "ہاں" ہے تو مندرجہ ذیل میں فراہم کردہ اثاثہ جات میں سے وہ کون سے ہیں؟

□ ٹی وی □ فریج □ ریفریجریٹر □ اے سی □ فرنیچر □ زمین □ سواری (گاڑی / موٹر سائیکل وغیرہ)

□ مال مویشی □ زیورات □ دیگر، اگر کوئی ہو۔

ج6 کیا آپ اپنی آمدنی سے بچت کرتے ہیں؟

□ ہاں □ نہیں وجہ بیان کریں۔

ج7 اگر سوال نمبر ج6 میں جواب "ہاں" ہے تو مندرجہ ذیل میں فراہم کردہ ممکنہ طریقوں میں سے وہ کون سی ہیں؟

□ گھر پر □ کمیٹی کی صورت میں □ بینک میں □ دیگر، اگر کوئی ہے تو بیان کریں۔

ج8 کیا یو بینک کے جانب سے فراہم کردہ قرض کی سہولت نے آپ کی اور آپ کے خاندان کی معیار زندگی کو بہتر بنانے میں مدد کی ہے؟

□ ہاں □ نہیں وجہ بیان کریں۔

ج9 اگر سوال نمبر ج8 میں جواب "ہاں" ہے تو ممکنہ صورتوں میں سے قابل اطلاق کا انتخاب کریں۔

- اس قرض کی سہولت کی بدولت میں ذاتی اثاثہ جات میں اضافہ ہوا ہے۔ □ اس قرض کی سہولت کی بدولت میں کاروباری اثاثہ جات میں اضافہ ہوا ہے۔
- اب میں نسبتاً زیادہ باہر کھانے پر اپنی فیملی کے ساتھ جاتا ہوں۔ □ اب میں نسبتاً زیادہ تفریح کے مواقع اپنی فیملی کے افراد کو فراہم کرتا ہوں۔
- اب میں نسبتاً زیادہ اپنی فیملی کے ساتھ شاپنگ پر جاتا ہوں۔ □ قرض کی سہولت سے میرے معاشی حالات میں بہتری آئی ہے۔
- قرض کی سہولت سے میرے بچت کرنے کی صلاحیت بہتر ہوئی ہے۔ □ میں اپنے بچوں کو بہتر صحت کی سہولیات فراہم کر پا رہا ہوں
- میں اپنے گھر والوں کو بہتر علاج و معالجے کی سہولیات فراہم کر پا رہا ہوں۔ □ میں اپنے گھر والوں کو بہتر ضروریات زندگی فراہم کرنے کے قابل ہو گیا ہوں
- دیگر، اگر کوئی ہے تو بیان کریں۔

حصہ د: صحت اور غذائی اثرات

1 ہفتے میں کتنے دن آپ کی فیملی گوشت کا استعمال کھانے میں کرتی ہے؟

□ روزانہ □ ایک دفعہ □ دو دفعہ □ دیگر، اگر کوئی ہے تو بیان کریں۔

2 ہفتے میں کتنے دن آپ اپنی فیملی کے لئے پھل خریدتے ہیں؟

□ روزانہ □ ایک دفعہ □ دو دفعہ □ دیگر، اگر کوئی ہے تو بیان کریں۔

3 گذشتہ چھ مہینوں میں آپ کی فیملی میں موجود افراد عموماً گل کتنی دفعہ بیماری کا شکار ہوئے؟

4 گذشتہ چھ مہینوں میں گل کتنی دفعہ آپ کو پیسے نہ ہونے اور ڈاکٹر نہ جانے کی وجہ سے خود کو یا اپنے فیملی کے افراد کو ادویات کی مدد سے علاج کرنے کے ضرورت پیش آئی؟

5 کیا آپ اپنی فیملی کے بیمار افراد کو ڈاکٹر یا اسپتال بہتر علاج و معالجے کے لئے لے کر جاتے ہیں؟

□ ہاں □ نہیں وجہ بیان کریں۔

6 اگر سوال نمبر 5 میں جواب "نہیں" ہے تو ممکنہ جوابات میں سے مناسب جواب کا انتخاب کریں۔

- میں اپنے خاندان کا واحد کمانے والا ہوں اسلئے ڈاکٹر یا اسپتال لے جانے کے لئے چھٹی نہیں کر سکتا۔ □ میرے گھر کے قریب ڈاکٹر یا اسپتال کی سہولت دستیاب نہیں۔
- میرے گھر کے قریب کوئی لیڈی ڈاکٹر موجود نہیں۔ اسلئے فیملی میں بیمار ہونے والی لیڈیز کو ڈاکٹر کے پاس نہیں لے جاسکتا۔ □ میں مالی طور پر اس قابل نہیں۔
- میرے پاس بیمار افراد کو لے جانے کے لئے سواری دستیاب نہیں۔ □ دیگر، اگر کوئی ہے تو بیان کریں۔

69 کیا آپ کے گھر میں گزشتہ سال کوئی نومولود بچہ تھا؟ کیا اُسے ماں کا دودھ دستیاب تھا؟

- ☐ ماں کا دودھ دستیاب نہیں تھا کیونکہ ماں کی صحت اس قابل نہیں تھی
- ☐ تین ماہ یا اس سے کم عرصے کے لئے دودھ دستیاب تھا
- ☐ چار سے چھ ماہ تک دستیاب تھا
- ☐ دیگر، اگر کوئی ہے تو بیان کریں
- ☐ کچھ اور وجوہات کی بناء پر ماں کا دودھ دستیاب نہیں تھا
- ☐ چھ ماہ سے زائد عرصے کے لئے دستیاب تھا
- ☐ گزشتہ سال کوئی نومولود بچہ نہیں تھا

70 کیا آپ نے یونیک کی صحت تحفظ پلس انشورنس کی سہولت کے متعلق سنا یا لیا ہے؟

- ☐ نہیں میں نے اس انشورنس کی سہولت کے متعلق نہیں سنا
- ☐ ہاں میں نے اس کے متعلق سنا ہے مگر زیادہ پر غم کی رقم ہونے کی وجہ سے لیا نہیں
- ☐ ہاں، میں نے یہ سہولت لی (کسٹمر سے اُسکا تجربہ پوچھیں)
- ☐ نہیں میں نے یہ انشورنس کی سہولت نہیں لی کیونکہ مجھے اس کی ضرورت نہیں
- ☐ نہیں میں نے یہ انشورنس کی سہولت نہیں لی کیونکہ میرا کوئی بچہ سی سکشن سے نہیں ہوا

حصہ ۵: کاروباری اثرات

1۵ آپ کا موجودہ کونسا لون سائیکل چل رہا ہے یونیک کے ساتھ؟

- ☐ پہلا ☐ دوسرا ☐ تیسرا ☐ دیگر

2۵ نیچے دیئے گئے بیانات سے آپ کس قدر اتفاق کرتے ہیں اس پر بنائے گئے اسکیل کے مطابق اپنے خیال کا اظہار کریں۔

بہت زیادہ متفق	متفق	غیر جانبدار	غیر متفق	بہت زیادہ غیر متفق
				کاروبار کے لئے بینک سے لئے گئے قرض پر مستقل انحصار کرنا کاروبار کی صحت اور استقامت کے لئے مشکل ثابت ہوتی۔
				یونیک سے قرض کی فراہمی ہی میرے کاروبار کو جاری و ساری رکھنے کا واحد ذریعہ ہے
				بینک سے قرض کی فراہمی نہ صرف کاروباری اخراجات میں اضافے کا باعث بنتی ہے بجائے زندگی میں بہتری لانے کے
				بینک سے قرض کی فراہمی دیگر ذرائع کے مقابلے میں ایک بہتر متبادل ہے۔

3۵ کیا یونیک سے قرض کی سہولت سے آپ کی آمدنی پر کوئی اثر پڑا ہے؟

- ☐ کچھ بھی نہیں ☐ ہاں، کم ہوئی ہے ☐ ہاں، بڑھی ہے

4۵ اگر سوال نمبر 3۵ میں جواب "ہاں، کم ہوئی ہے" تو درج ذیل میں موجود وجوہات میں سے ممکنہ جواب کا انتخاب کریں۔

- ☐ کاروبار میں استعمال ہونے والی بنیادی اشیاء کی قیمتوں میں غیر متوقع اضافہ
- ☐ غیر متوقع طور پر مارکیٹ طلب کی کمی
- ☐ کاروبار میں اشیاء کی فروخت میں تاخیر
- ☐ علاقے کے حالات موزوں نہ ہونے کی وجہ سے کاروباری معاملات پر پڑنے والے غیر موزوں اثرات
- ☐ فروخت ہونے والی اشیاء کی قیمتوں میں غیر متوقع کمی
- ☐ قرض کے دورانیے کے دوران صحت ٹھیک نہ ہونے اور متبادل نہ ہونے کی وجہ سے
- ☐ بینک کی طرف سے فراہم کردہ قرض کی سہولت پر مارک اپ زیادہ ہونے اور ادائیگیوں کی ترتیب کی وجہ سے
- ☐ دیگر، اگر کوئی ہے تو بیان کریں

4۶ کیا قرض کی سہولت آپ کی کاروبار سے متعلق ضروریات پر پورا اُترتا ہے؟

- ☐ ہاں، اس قرض کی بدولت میری تمام کاروباری ضروریات پوری ہو گئی ہیں
- ☐ نہیں کیونکہ مجھے قرض کی فراہمی تاخیر سے ہوئی
- ☐ نہیں کیونکہ قرض کی رقم نا کافی تھی
- ☐ نہیں کیونکہ قرض کا دورانیہ وہ نہیں تھا جو مجھے چاہیے تھا
- ☐ نہیں، دیگر وجہ ہونے کی صورت میں بیان کریں

69 کیا یو بینک سے قرض کی فراہمی سے آپ کی بچت کی صلاحیت میں فرق پڑا ہے؟ ☐ ہاں، کتنا بیان کریں ☐ نہیں

حصہ ۱: خدمات کا معیار / پروڈکٹس کی مناسبت

1 کیا آپ نے کبھی یو بینک کے علاوہ کسی اور مائیکرو فنانس بینک سے قرض لینے کا سوچا؟ ☐ ہاں ☐ نہیں

2 اگر سوال نمبر 1 میں جواب "ہاں" ہے تو ممکنہ امکانات میں سے اپنے خیال کا انتخاب کریں

☐ کم قرض کے رقم کی فراہمی ☐ زیادہ مارک اپ ☐ زیادہ پروسیسنگ فیس ☐ اسٹاف کا غیر موزوں رویہ

☐ وعدوں کی پاسداری کا نہ ہونا ☐ قرض کی فراہمی میں تاخیر ☐ موزوں پروڈکٹ کی عدم دستیابی

☐ دیگر، اگر کوئی ہے تو بیان کریں

2 کیا آپ کو کبھی اپنے قرض کی قسط کی ادائیگی میں مشکل کا سامنا کرنا پڑا؟ ☐ ہاں ☐ نہیں

3 اگر سوال نمبر 2 میں جواب "ہاں" ہے تو اسکی وجہ بیان کریں؟

4 آپ نے قرض کی قسط کی ادائیگی میں مشکل کی صورت میں رقم کیسے ادا کی؟

☐ رشتے دار یا دوست سے قرض لئے کر ☐ کاروبار یا ذاتی اثاثہ جات بیچ کر ☐ فیملی کے افراد کی آمدنی یا بچت سے مدد لے کر

☐ دیگر ذرائع آمدنی سے پیسے استعمال کر کے ☐ قرض کی ادائیگی میں خصوصی مہلت لے کر ☐ قرض کی بعد ازاں ادائیگی معمد اضافی چارجز کے ساتھ

☐ دیگر، اگر کوئی ہو تو بیان کریں۔

4 اگر آپ مزید کوئی اضافی معلومات ہمیں بتانا چاہتے ہیں گے؟

اپنے قیمتی وقت میں سے کچھ وقت دینے کے لئے یو بینک آپ کا بے حد شکر گزار ہے!

E. Focus Group Questions/Prompts (Focus groups were conducted in Urdu)

Objective: knowing how U Bank is performing at achieving its underlying purpose of creating meaningful impact in the lives and wellbeing of their customers.

Opening: Greetings, I along with my two colleagues have been hired as an external and non-partisan third party to analyze and evaluate how U Bank is performing, especially when it comes to its core purpose of improving the lives of its customers.

Aim – Our conversation here today will help us understand how your experience has been using the U Bank products and services, how your lives have been impacted by your decision to avail their loans and any pain-points or suggestions you may have that would allow U Bank to serve you even better. We assure you that this conversation will be kept completely anonymous. Nothing you say here will be associated or communicated with your name, unless we have your express consent to do so. However, we would like to record this conversation (for internal use only) just to ensure that we do not miss any important points. If any of you have any questions about this or problems with the recordings please state them now so that we can address them before proceeding.

Ground Rules – Before we begin we would like to suggest a few ground rules to keep in mind so as to encourage a meaningful exchange and flow of ideas

- Avoid speaking over each other. If there are more than one people trying to respond, please raise your hand to indicate that you have something to say before speaking. We will make sure that everyone gets a chance to speak.
- There are no wrong or right answers. We encourage all of you to be as open and honest as possible. Please say whatever you feel is relevant to the discussion, even if it does not seem to match the consensus of opinion around the topic. It is extremely important that we hear all sides when it comes to any particular topic as this will only help us understand better the actual situation and lead to better solutions for you and the community.
- Please listen to each other and try to build-off each other's comments as often as possible rather than introducing a completely new idea/tangent into the topic. Chances are that the topic you want to discuss, will be discussed anyway as we proceed through the process. Even if it is not, you will have the opportunity to share it at the end when we open up the floor for additional comments. Sticking to the topic under discussion at the particular moment will ensure that we have all the relevant information we possibly can before we move on.
- We're happy to answer any additional questions or concerns you may have based on what we have just shared. If not, then we can proceed with the asking you some of the questions we would like to get answered during this session.

General

- Q1.** What purpose did you need a microfinance loan for?
- Q2.** Did you have any other options for financing that you explored before/while pursuing the U Bank loan?
- Q2b.** If yes, why did you opt for U Bank over the others?
- Q3.** How did you hear about U Bank microfinance?
- Q4.** Have you ever taken a microfinance loan from any other institution?
- Q5.** If yes, then how would you compare the U Bank loan to other loans?
- Q6.** How many people do you know in your friends and family circle who have taken a U Bank loan? What do you think their experience has been like?
- Q7.** What did you spend the microfinance loan on?
- Q8.** Whose decision was it to get the microfinance loan in your household?
- Q9.** How are decisions made with regards to spending of money or the loan in your household?

Process

- Q10.** Walk us through the entire process of getting a U Bank loan from application to getting the funds to repayment?
- Q11.** Do you think the process is easy? If yes, what makes it easy and if no what makes it hard?
- Q12.** What are the top 3 best things in your opinion about this process?
- Q13.** What are the 3 things that you would change about this process?
- Q14.** Do you regret getting this loan in any way? What is this?

Impact & Current status on indicators

- Q15.** In what ways, if any, has this loan changed your life in the following categories?

a. Livelihood & Income

- i. Increase in monthly income
- ii. People are now engaged in vocational trainings or other activities that stand to improve livelihood
- iii. Have children been previously gainfully employed and now instead pursuing education

b. Business/Production growth

- i. Business has grown revenues and sales
- ii. Employed more people in the business
- iii. Opened multiple branches and/or multiplied production

c. Education status of children in my household

- i. How many children of school going age
- ii. Girls and boys equally enrolled
- iii. Children have continued to higher education

d. Health & Nutrition

- i. Have you been able to increase meat and fruit consumption
- ii. Have people been getting 3 square meals a day regularly
- iii. Have people been forced to consume roti or rice only due to scarcity of resources and funds.
- iv. Are they able to self medicate when sick
- v. Are they able to go to a doctor

e. Quality of life

- i. Go shopping more frequently
- ii. Dine out more frequently
- iii. Parents, primary breadwinner is able to spend more quality time with family

Q16. What other ways has your life improved as a result of the loan?

Q17. Would your life be any different without the loan? If yes, how so?

Repayment

Q18. Have you had any trouble repaying the loan ever or do you worry about repaying the loan in the near future?

Q19. If yes, then why?

Q20. If no, then how are you able to repay the loan?

Gender Lens

Q21. What is your role within the family currently? (e.g. breadwinner, homemaker etc) Are you engaged in any earning activities?

Q24. How are major decisions made in your household

- i. What kind of grocery to purchase
- ii. Sending children to school or not
- iii. Visiting the doctor or not
- iv. How to set the household budget and what to spend money on

Q22. Did getting the loan change this role or your decision-making ability within the household in any way?

Q23. Has the loan changed your life in any other ways? If yes, how so?

Conclusion

Q24. Have your expectations regarding your life and business with the help of this loan been achieved? If yes, what were these and how were they met? If not how did the loan fall short?

Q25. Would you take a repeat loan from U Bank? Why or why not?

Q26. Would you recommend the U Bank loan to your family and friends? Why or why not?

Q27. If you were to give any feedback or suggestion to the U Bank team what would those be?

Q28. Are there any additional things that you would like to discuss with us today?



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