

MICROFINANCE CUSTOMER (BORROWER) EXPERIENCE TOWARDS THE EFFECTIVENESS OF MFIS IN BANGLADESH: AN EXPLORATORY ANALYSIS

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บทคัดย่อ

โครงการการเงินชุมชน (Microfinance) เป็นช่องทางหนึ่งในการเพิ่มรายได้ชุมชน ลดความยากจน และก่อให้เกิดการเจริญเติบโตในชุมชน อย่างไรก็ตามประสิทธิภาพของการเงินชุมชนนั้นเป็นที่โต้แย้งกันอย่างกว้างขวางในปัจจุบัน งานวิจัยนี้ใช้การวิจัยเชิงสำรวจเพื่อวิเคราะห์ความคิดเห็นของลูกค้า (ลูกหนี้) เกี่ยวกับโครงการการเงินชุมชนที่จัดทำขึ้นโดยสถาบันการเงินชุมชน (Microfinance Institutes-MFIs) ในประเทศบังกลาเทศ 3 แห่ง ได้แก่ Grameen Bank (GB), Bangladesh Rural Advancement Committee (BRAC) และ Association for Social Advancement (ASA) มีการเก็บข้อมูลจากกลุ่มตัวอย่างตามความสะดวก โดยให้กลุ่มตัวอย่างตอบแบบสอบถามที่เป็นการจัดลำดับความสำคัญของคุณลักษณะต่างๆ ของการเงินชุมชนซึ่งใช้มาตรวัดแบบคำคุณศัพท์ที่มีความหมายตรงกันข้าม (Two Bipolar Adjectives) ผลการวิจัยพบว่า จากประสบการณ์ของลูกค้านี้ โครงการการเงินชุมชนไม่ได้ทำให้ชุมชนมีรายได้เพิ่มขึ้น ซึ่งหมายความว่า สถาบันการเงินชุมชนไม่สามารถบรรลุวัตถุประสงค์ในการเพิ่มรายได้และการลดความยากจนในชุมชน นอกจากนี้ปัจจัยต่างๆ เช่น เงื่อนไขในการรับสมาชิก ต้นทุนเงิน รายได้ และข้อจำกัดทางด้านศาสนา เป็นปัจจัยสำคัญที่กระทบต่อประสบการณ์ของกลุ่มตัวอย่างในโครงการการเงินชุมชนในประเทศบังกลาเทศ

Abstract

Microfinance initiative is widely acclaimed as an approach to raise income level, alleviate poverty and bring about development, but recently the effectiveness of the microfinance programs has been appeared to be a focus of debate in microfinance literature. An exploratory survey was conducted to analyze the microfinance customers' (borrowers') perception about the microfinance schemes adopted by different microfinance institutes (MFIs) in Bangladesh. This study covered only three MFIs such as Grameen Bank (GB), Bangladesh Rural Advance-

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ment Committee (BRAC) and Association for Social Advancement (ASA). Convenience sampling technique was adopted in data collection process. The customers were asked to evaluate different objects selected in the questionnaire. The respondents ranked the attributes on a number of itemized five-point scale ratings bounded at each end by one of two bipolar adjectives. Based on the study, borrowers' experience suggests that income level has not been increased. This implies that MFIs are not effective to achieve their objectives of raising income and reducing poverty. It also shows that the factors such as membership criteria, costs of credit, income level and religious restrictions are observed significant to affect microfinance consumer experience in Bangladesh.

1. INTRODUCTION

Panel survey data indicate that in 1998/99, about 53 percent of total land-poor (defined as household owning less than half an acre of land) rural household participated in microcredit programs (Khandkar, 2006). Available assessments of microfinance institutions' (MFIs') peer-monitoring model in Bangladesh emphasized the lack of physical, human and social capital as key access barriers to micro-entrepreneurship (Zeller et al., 2001). This has led some to argue that microcredit is perhaps not suitable for many of the poor and that expanding coverage of social safety nets notably as foreseen by many organizations may represent a better avenue for poverty and ultra-poverty reduction (NFPCSP, 2007). Dichter (1996), Hulme and Mosley (1996) and Montgomery (1996) report that MFIs do not serve the poorest, who are either not given loans or drop out of the credit schemes. Karim and Osada (1998) observe that there is a steady increase in dropout rate from the Grameen Bank (GB) (15 percent in 1994) and that 88 percent of the total drop outs did not graduate to the status of non-poor. Assaduzzaman (1997) finds

that current operations of MFIs are not very effective in improving the lives of the extreme poor.

Develtere and Huybrechts (2005) have brought forth that there is no consensus about whether these MFIs reduce the poverty. Similarly, Ullah and Routray (2007) went further and revealed that the economic condition of the poor in the study areas has not improved much when judged against some selected indicators, namely, family income, food, and non-food expenditure, productive and non-productive asset, food security and employment creation. The Foster Greer Thorbecke index of Ullah and Routray (2007) shows that the majority of them remained below the poverty line in terms of income and the overwhelming majority of them remained below underemployment line (less than 260 days of work in a year). The regression analysis shows that the income of the households is determined by landholding size, family labor, days suffered from morbidities and employment opportunities. These findings that MFIs have not been successful to bring about the wellbeing of the rural poor explicitly support the Develtere and Huybrechts thesis.

Similar findings are also evident in the article of Kingsbury (2007, p.43) that says,

“Fighting poverty with small loans is hot, but microcredit is not a magic bullet for under-development”. Today about 10,000 MFIs hold more than \$7 billion in outstanding loans. As Yunus told *The Time*, last October 2006, “At the rate we’re heading, we’ll halve total poverty by 2015”. Yet, there’s surprisingly little evidence that promise can be met (Kingsbury 2007, p.43). No long-term study has measured how often borrowers graduate to the middle class. Dyal-Chand (2007) raised an immensely insightful question in terms of collateral hinged on the GB microfinance process that imposed human worth as collateral. By the term human worth means family status, honor and respect, this, in local word, is called ‘*ijjat*’. Examples are there that many a debtor committed suicide in the extreme cases (see e.g. Rahman, 1999). Dyal-Chand (2007) reported such an incident in Bangladesh where a woman captive in a house of the GB compound used her ‘*sari*’ to hang herself from the ceiling fan having faced with the loss of honor to her family as a result to her failure to repay the loans. The GB is enforcing this collateral by group lending or group solidarity. Dyal-Chand (2005) asked the question whether microcredit is a cure for entrenched poverty or not. She herself answered based on the information available to her, “There aren’t the statistics to prove that yet” (Kingsbury, 2007, p.43).

2. Customer (Borrower) Experience

An experience is not an amorphous construct; it is as real an offering as any service, good, or commodity (Pine and Gilmore, 1999). In today’s service economy, many

organizations simply wrap experiences around their traditional offerings to sell them better. To realize the full benefit of staging experiences, however, businesses must deliberately design engaging experiences. An experience occurs when an organization intentionally utilizes services as the stage to engage individual consumers or customers in a way that creates a memorable event. Commodities are fungible, goods tangible, services intangible, and experiences *memorable* (Pine and Gilmore, 1998).

There is no generally accepted definition of borrower or customer experience. According to Pine and Gilmore (1999), customer experience is the sum of all experiences a customer has with a supplier of goods or services over the duration of their relationship with that supplier. It could also be stated as customers’ perception that a supplier has met or exceeded their expectations (Hill, 2002). This perception is the state of customers’ mind which may or may not conform to the reality of the situation. Customers may be wrong about the quality of the goods and services, but it is on these perceptions that millions of purchase decisions are made every day. So the customer experience is perceived by the customers in two basic ways: as either an outcome or as a process (Hill and Alexander, 2006). The outcome definitions characterize satisfaction as the end-state resulting from the consumption experience. Alternatively, satisfaction has been considered as a process, emphasizing the perceptual, evaluative and psychological processes that contribute to experience which transformed from commodities to goods, to services, to experiences (Pine and Gilmore, 1998). As the world’s major economies have matured,

they have become dominated by service-focused businesses (Frei, 2008).

Discussions to date suggest that it is appropriate to consider the role of normal, day-to-day experience and practices as well as emotional experiences in terms of seeking the status of customer experience. Wolf (2007) defines the outstanding or perfect customer experience as one that results in customers becoming advocates for the company, creating referral, retention and profitable growth. This definition represents a helpful starting point for addressing the concept of customer experience along with its outstanding performance as advocacy typically implies achieving a high score on customer satisfaction. A number of studies have emphasized the importance of seeking high levels of customer satisfaction and resulting advocacy. For example, a study by Jones and Sasser (1995) reached two conclusions. First, only extremely delighted customers (e.g. a 5 on the 5-point scale) can be considered truly loyal. Secondly, customers who are just satisfied (e.g. a 4 on the 5-point scale) are only slightly more loyal than customers who are thoroughly dissatisfied (e.g. a 1 on a 5-point scale). Such measures, despite some limitations, can help companies make a judgment as to how far they have progressed in terms of delivering an outstanding or perfect customer experience. Of course, customer satisfaction, at any given point in time, reflects the summation of a customer's previous and present experiences with the product. As Gronroos (1997) points out, customer perceived value is created and delivered over time as the relationship with the customer develops.

Issues regarding customer experience often highlight the sale or after-sale service

condition; however, the customer experience needs to be discussed in terms of the whole interaction over the lifecycle of the customer relationship, not just for the sales and service activities. The stages of a customer relationship can be considered under the three broad headings of acquisition, consolidation and enhancement. Each of these elements is divided into further entities under these three headings and each entity is mapped using tools such as process mapping or service blueprinting (Shostack, 1984; Shostack, 1987; Pine and Gilmour, 1998; Hurst, 2003).

A superior or outstanding customer experience must be achieved at an affordable cost. The concept of a segmented service strategy is important here (Payne and Frow, 1999). Improvements in customer experience should be based on the profit potential of different customer segments and service strategies and investment decisions should be made with the knowledge of this profit potential.

3. Conceptual Framework

Microcredit is a financial product delivered by the MFIs in exchange of predetermined service charge. As is well-known, the main goal of the MFIs is to provide group-based microcredit exclusively to the destitute rural poor without having any security deposit from the recipients in order to uplift their income and living standard through facilitating the easy formation of microenterprises in the rural areas. This study investigated the factors affecting microcredit beneficiaries' experience of the measured variables and the cause and ef-

fect relationship among the variables, which in turn reflect the poor microcredit members' evaluation for the effectiveness of the different microfinance organizations. There have been identified seven socioeconomic factors which affect the microcredit beneficiaries' opinion to find out the effectiveness of the aforementioned microcredit organizations.

Income is the most important economic factor for the poor beneficiaries of the microcredit institutions (Doeringer 1980) in the context of a developing country such as Bangladesh. Living standard of the rural poor would only be uplifted when the income received from the economic activities of micro-entrepreneurships could be augmented. The activities of generating income of the beneficiaries of the microcredit institutions of Bangladesh include domestic animal rearing, fish farming, poultry farming

carpentry, tailoring, petty business, *kantha* stitching, paddy husking, rickshaw-van driving and nursery. The expected benefits from these activities are to increase income, increase employment and raising living standard of the beneficiaries (Ullah and Routray, 2007).

Cost of credit is another important dimension for considering effectiveness of the microcredit organizations. The costs include interest charged by the institutions, service charges, forced pension fund charge, emergency fund charge and others, which cost as high as 60 percent on a cumulative basis (Kingsbury, 2007). Undoubtedly, this is extremely high cost that leads the microenterprises to the high risk of losses in the business. If the internal rate of return cannot reach as much as 60 percent overall cost of credit, the risk factor would be higher that could put the small business in



Figure 1: Conceptual framework for microfinance customer experience to measure the effectiveness of the microfinance programs.

losing concern. This fact of losing concern would adversely affect the loan repayment, which is due on weekly basis. Owing to this reason, about 24 percent beneficiaries reported that half of their first loan was repaid by the respective microcredit institutions themselves by deducting the outstanding from the principal amount of the second and third loan when they expressed their inability to repay it. About 12 percent members complained of misbehavior and threat from the officials of microcredit organizations. About 28.4 percent sold out valuables and 26.8 percent borrowed from different sources of fund for repaying the loan (Ullah and Routray, 2007). Thus, cost of credit, risk of loan and loan repayment policy are interrelated and play crucial role to determine the opinion measure of the microcredit beneficiaries.

Most of the microcredit organizations put membership obligations which include the training program among other components such as physical exercise by the members in the premise of the microfinance center before weekly meeting, queuing for getting loan and weekly meetings. As most of the clients of microcredit organizations are female, all these obligations could spark the religious sentiments in the households of the beneficiaries. Religious principles put bar to the interest element as well as free movement without the *purdah* (cover-up) for the female members of the microcredit institutions. Loan utilizing opportunities are also an important dimension for which the business success depends on. These factors are necessarily correlated with the satisfaction measure of the microcredit beneficiaries. Without proper marketing strategy applicable to a particular location, the businesses

could be in failure status. Hence, all these seven factors are identified as the determining variables to affect the opinion scale of satisfaction level of the microcredit beneficiaries in order to prove the effectiveness of the microfinance institutions in Bangladesh.

4. Case Study Research in Customer Experience: Microfinance Institutes of GB, BRAC and ASA in Bangladesh

As mentioned earlier, this study uses an exploratory analytical approach which is done in assessing the attitude of the clients towards investment as well as the nature of financial portfolios. While any subjective evaluation is contingent on numerous socio-economic factors, the study endeavors to identify the key antecedents that are responsible for determining the overall level of evaluation on credit use-experience of the microcredit recipients or members of the MFIs in Bangladesh. The MFIs, which are included in the investigation, are the Grameen Bank (GB), Bangladesh Rural Advancement committee (BRAC) and ASA (Association for Social Advancement). The loan recipients or members of these three MFIs were surveyed from the areas of Gazipur, Savar and Narayanganj - in Bangladesh. The survey was done based on pre-set questionnaire consisting of seven main factors or controlled variables such as Household Income Level, Cost of Credit, Loan Repayment Policy, Loan Utilization Opportunities, Membership Criteria, Religious Restrictions and Risk of Using Loan. Under these seven factors there have been twenty eight struc-

tured questions. Following convenience sampling technique, altogether 300 borrowers were surveyed. Among them 210 data were selected for the analysis which included 70 from each of the three MFIs. The other 90 surveyed questionnaires were partly incomplete and not usable for the analysis. The data were collected during May to September 2008. A structured questionnaire in a 5-point scale was used in the survey. In the measurement, scale 1 indicates “strongly disagree”, scale 5 indicates “strongly agree” and scale 3 indicates “neutral”. The reliability test has been performed to verify the in-

ternal consistency of the variables obtained in the sample. The Cronbach’s alpha (α) coefficient value is found 0.9237, which is much higher than minimum acceptable level (+/- .5 or +/- .6) suggested by Nunnally (1978). Several analytical techniques such as Factor Analyses, Descriptive Statistics and Correlation Analyses, Multiple Regression Analyses, and ANOVA, have been used to measure the level of microcredit users’ opinion of the afore-mentioned selected MFIs in Bangladesh. The SPSS was used for the analyses of data.

Table 1: Mean, Standard Deviation and Correlation Coefficient

Factors	Mean	Std. Dev.	OPS	RL	RR	MC	LUO	LRP	CC	IL
Income Level (IL)	2.2413	.8091	.654**	.514**	.650**	.769**	.444**	.404**	.655**	—
Cost of Credit (CC)	2.2952	.7650	.561**	.449**	.594**	.564**	.320**	.544**	—	—
Loan Repayment Policy (LRP)	2.1683	.7487	.299**	.362**	.269**	.295**	.369**	—	—	—
Loan Use Opp. (LUO)	2.6032	.7227	.266**	.452**	.169*	.420**	—	—	—	—
Membership Criteria (MC)	2.4833	.7926	.671**	.551**	.691**	—	—	—	—	—
Religious Restriction (RR)	2.5175	1.0187	.601**	.347**	—	—	—	—	—	—
Risk of Loan (RL)	2.5587	.7414	.445**	—	—	—	—	—	—	—
Overall Opinion on Satisfaction (OPS)	2.3810	1.0155	—	—	—	—	—	—	—	—

*P<.05 **p<.01, N = 210

5. Data Analyses

5.1 Descriptive Statistics and Correlation Analyses

Table 1 presents the means, standard deviations and correlations between all the controlled variables concerned in the study. The Table shows that all the correlation coefficients exhibit positive statistical significance. The above mean scores have been computed based on weighted average method. In the 5-point scale these mean values represent somewhat positive level of overall opinion on satisfaction from the microcredit beneficiaries' point of view. Among all the factors the loan use opportunity has got the highest mean value of 2.6032 ($\sigma = .7227$)

This means that the members of the MFIs are somewhat neutral about the factor of loan utilization opportunity (LUO) available to their locality. The notable point is that even though higher mean value, loan utilization opportunity has the lowest correlation with the overall satisfaction level. From the characteristics of the data it is observed that religious restriction (RR) ($\mu = 2.5175$, $\sigma = 1.0187$) has moderately high deviation from the mean among all other factors. This statistical evidence shows that this factor is less or not important at all to the existing conventional MFIs and the clients of which actually dislike anti-religious activities that remain within the domain of MFIs. This implies that religious regulations matter to the members of the microcredit organizations in rural Bangladesh and that might indicate a possible paradigm shift of MFIs in Bangladesh. On the other hand, the data of income level (IL) ($\mu = 2.2413$, $\sigma = .8091$)

and membership criteria (MC) ($\mu = 2.4833$, $\sigma = .7926$) have also been found moderately deviated from the mean. Particularly, the means value of overall opinion on satisfaction ($\mu = 2.3810$, $\sigma = 1.0155$) of microcredit borrowing is much low which underscore the satisfaction parameter negatively. All these statistics indicate that the MFIs are not successfully maintaining good working environment for raising income of the microfinance customers and membership criteria are not fairly designed by the MFIs according to the Muslim members.

In the table, a significantly positive and strong correlation was found for microcredit customers' satisfaction with income and living standard ($r = .654$, $p < .01$), with cost of credit (CC) ($r = .561$, $p < .01$) with membership criteria ($r = .671$, $p < .01$), with RR ($r = .601$, $p < .01$), and also with risk of loan ($r = .445$, $p < .01$). Such significant correlations indicate that these factors have strong influence on microcredit consumers' (members) opinion of overall satisfaction. Moreover, a positive but significantly low correlation was found among loan repayment policy and loan use opportunity, which implies that the MFIs should develop and adopt a policy that have synchronization among those factors.

Only one association of religious restriction and loan use opportunity has the lowest but positive significance. The relationships of the overall opinion of microcredit customers' satisfaction with income and living standard, membership criteria and religious restrictions are relatively stronger. Among others, membership criteria and income and living standards; religious restrictions and income and living standards; cost of credit and income and living standards

show significantly higher correlation coefficients.

These imply that membership criteria, religious restrictions, cost of credit, and income level are the key factors to consider the overall opinion on satisfaction of microcredit use in Bangladesh. The mean scores have been computed based on weighted average method. In the 5-point scale, these mean values represent somewhat negative level of loan using opinion of satisfaction from the loan recipients' point of view, because 3 indicates the neutral position and less than 3 weighted average implies negative satisfaction.

5.2 Principal Factor Analysis

Factor analysis of 28 variables in the instrument formed seven main factors with eigenvalues greater than one, which are provided in the parentheses under the factors in the first column of the Table 2. The eigenvalue of last factor (loan use opportunity) contains a value of 0.914, which is accepted as it is close to one. These 7 factors account for 63.58% of the variance in the data on attitudes toward credit use in microenterprises. The first factor, membership criteria that accounts for the most variance (16.03%) consists of eight variables. Eigenvalue for this factor is 8.812, which indicates that this factor contains more information than the other factors. This factor provides the maximum insights of credit use opinion of loan recipients of the MFIs in Bangladesh. The Chronbach's alpha value is .82 which implies a strong reliability of this measurement in the factor analysis. It broadly includes the areas of membership criteria such as, group membership

(microfinance borrowers are called members who ought to be in group of five), weekly meeting (presence in meeting at least once in a week is obligatory), physical exercise practices (members must do physical exercise in the microfinance center-premise and this practice is recently abolished) and amount of loan (which is limited to Taka 2000). This caveat is also admonished by Bornstein (1997) who criticized it as a measure of social control and disciplinary imperatives, which many members do not like to follow. Thus, the result of this study is consistent with the previous empirical outcome.

The second most important factor is the cost of credit, which accounts for 12.257% of variance, 2.263 of eigenvalue and .72 of alpha value. This factor includes interest and other charges that absorb most part of the loans out of its principal amount. This result has been an issue for attacking MFIs from numerous researchers and academia. Ullah and Routray (2007), Hashemi (1997), Murdoch (1998), Evans et al. (1999) support this evidence saying that when they take loan, they can get into trouble if the returns from investment fall short of the cost of borrowing.

This gap is then filled by one of five options, depending on the pre-loan endowment of the borrower: Borrowing from moneylenders, using saving or selling assets, reducing existing consumption levels, negotiating to rescheduling loans or simply defaulting. As Banerjee (1999) says, some defaults, in turn, energize a demonstration of spiral and many households practice self-exclusion. The net result is that the poorest fall through the net.

The third factor is household income and

Table 2: Principal Component Factor Analyses:

Factor*	Variables	Factor Loading	Variance % (Cumulative)	Cronbach's Alpha (α)
Membership Criteria (8.812)	I am satisfied with membership criteria	.635	16.003 (16.003)	.82
	I am satisfied with group-membership criteria	.793		
	I am satisfied with weekly meeting criteria	.704		
	I am satisfied with physical exercise criteria	.480		
	I am satisfied with monitoring criteria	.548		
	I am satisfied with amount of loan	.771		
Cost of Credit (2.263)	I am satisfied with interest rate	.782	12.257 (28.259)	.72
	I am satisfied with service charge	.738		
	I am satisfied with forced saving rate	.533		
	I am satisfied with forced pension saving rate	.618		
Income Level (2.165)	My household income is higher than before taking loan.	.582	11.320 (39.580)	.84
	My consumption is higher than before loan	.553		
	My health is better than before taking loan	.742		
	My children are going to school after loan	.590		
	My housing condition is better than before taking loan	.539		
	My sanitation awareness is now better than before taking loan	.584		
Religious Restrictions (1.410)	I am satisfied with interest-based loan system	.453	7.337 (46.917)	.77
	I am satisfied with male-female free-mixing environment	.411		
	I am satisfied with female membership criteria	.658		
Risk of Using Loan (1.179)	I am satisfied with the risk that can affect welfare of the family	.498	6.749 (53.665)	.50
	I am afraid of risk, because the properties could be seized in case of loan default	.848		
	I am prepared for the risk of defaulting loan	.402		
Loan Repayment Policy (1.06)	I am satisfied with loan repayment installment	.602	6.650 (60.315)	.56
	I am satisfied with weekly payback period	.658		
	I am satisfied with loan repayment cycle	.665		
Loan Use Opportunity (0.914)	I have experience in business for loan use	.657	3.264 (63.580)	.57
	I am satisfied with business where loan is used	.407		
	I am satisfied with profitability of business	.561		

*Numbers in the parentheses in the first column represent eigenvalues of the corresponding factors.

living standard that explains the variation by 11.32%. Most of the criticisms are concentrating around this factor that income of the members of the MFIs is not increased. Research results of Assaduzzaman (1997), Ullah and Routray (2007), Hulme and Mosley (1999), Murdoch (1999) show that the impact of credit on members' monthly income has been limited. Particularly when inflation is taken into account, income increases of members are negligible.

The factors of religious restriction and the risk of using loan are also remarkable to take into the consideration. It implies that the people are religiously somewhat conservative in Bangladesh. There are evidence, such as Hashemi and Schuler (2000) and

the *Economist* (2000) show that the people of Bangladesh are sensitive to interest charge which is castigated by the Scripture of Islam and women-participation is also discouraged in the religion of Islam. At the same time, risk of using loan is also another concern to think of using loan by the members of the GB, BRAC and ASA.

Multiple Regression Analyses

Multiple regression analyses were conducted to assess the influences of different key factors on credit users' opinion on satisfaction. The results are shown in Table 3. The Table includes the F-test result to de-

Table 3: Multiple Regression Analysis of Microcredit Users' Opinion

Factors	Regression Coefficient	Standard Error Coefficient	Computed T	Significance	
Income Level	.221	1.08	2.570	0.011**	
Costs of Credit	.146	.098	1.978	0.049*	
Loan Repayment Policy	-.002	.081	-.036	0.971	
Loan Uses Opportunities	-.066	.112	-1.12	0.268	
Membership Criteria	.303	.083	3.465	0.001***	
Religious Restrictions	.146	.112	1.963	0.051*	
Risk of Loan	.079	.074	1.274	0.204	
Multiple Correlation	0.731				
R-Square	0.534				
Adjusted R-Square	0.518				
Standard Error of Estimate	0.7051				
ANOVA For Regression					
Sources of Variation	Sum of Square	Degrees of Freedom	Means Square	Computed F	Sig.
Regression	115.089	7	16.441	33.068	000***
Residual	100.434	202	4.97		
Total	215.524	209			

*p< .05**p< .01***p< .001

test the significance of coefficient of determination. The inclusion of seven factors correlates well with microcredit users' evaluation on satisfaction.

This could also be interpreted that 53.4% (0.731 square) of the variation in the opinion on overall satisfaction of the microfinance users be explained by the seven factors and the remaining be explained by other factors. A relatively low standard error value of 0.7051 broadens the scope of prediction of the nature of satisfaction by the factor scores, as they are lying reasonably close around the regression line. Considering the factors individually, membership criteria, income level, cost of credit and religious restrictions are found highly significant towards the overall microcredit users' sentiment on satisfaction. It qualifies that the variables related to these factors are important for the credit users' satisfaction of the GB, BRAC and ASA in Bangladesh.

Notably, the results found in factor analyses are wonderfully congruent with the results displayed in the regression analyses. The same key factors are identified in the both two analytical techniques. Hence, the outputs are robust and forecasting based on these findings would carry realistic implications in alternative paradigm of poverty alleviation and rural development in Bangladesh.

Conclusions

Microfinance programs are widely acclaimed as a new paradigm to alleviate poverty and bring about development. This paper focuses the operations of conventional MFIs and examines their strengths and

weaknesses based on the opinion survey of the microcredit clients of three microcredit institutions such as the Grameen Bank, BRAC and ASA in Bangladesh. The results of the study reveal that the opinion on overall microcredit users' satisfaction of these MFIs is observed at an average dissatisfactory level of 2.3810 (mean level). The means scores of the variables of income level, cost of credit and loan repayment policy are also substantially lower. Nevertheless, the satisfaction variable is significantly dependent on membership criteria, costs of credit, household income level and religious restrictions. To make the safety nets of MFIs to be helpful for the rural poor all those variables should be reconsidered by the existing microfinance programs in Bangladesh. Otherwise, the poverty would persist at the present level rather than scaling down and alternative measurement should be in consideration in order to resolve the poverty problem from its root level in society.

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