The Impact of Microfinance on Small Business Growth and Income Stability: Challenges and Opportunities

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Abstract

Microfinance plays a crucial role in enhancing financial inclusion by providing accessible and flexible credit opportunities, particularly for low-income individuals and small businesses. This study analyzes the demographic trends of borrowers, with the majority falling within the 26-45 age group and earning above 100,000 ALL. This research adopts a quantitative approach, utilizing structured surveys administered to microfinance borrowers. Data was analyzed using descriptive statistical methods and graphical analysis was employed for visualization. The study highlights the importance of microfinance in business growth and income stability, suggesting that future strategies should focus on reducing interest rates, extending repayment periods, and enhancing financial access for underserved communities, particularly in rural areas. Findings indicate that a balanced proportion of borrowers reinvest in their businesses, primarily for expansion (37%) and technological upgrades (41%), while fewer focus on production increases (8%) and asset purchases (10%). Despite economic fluctuations, more than 50% of respondents reported stable income, with salary increases (61%) and trade activities (24%) as the main contributors to financial growth.

Keywords: *Microfinance, Small Businesses, Lending, Income Growth, Economic Challenges*

1. Introduction

Microfinance is an important sector that provides specialized financial services for small and medium-sized enterprises (SMEs), focusing on granting loans, often to those who face difficulties in obtaining financing from traditional institutions such as banks (Adnan & Kumar, 2021). This sector holds significant importance for Albania, as it enables access to credit for businesses and individuals in remote areas with weak infrastructure, primarily targeting agriculture, livestock farming, and other activities that are typically not favored by bank lending.

Microfinance has undergone significant evolution, improving the services it offers over the years. Microfinance institutions have increased the range of services, reduced interest rates, extended loan repayment periods, and simplified application procedures to better meet the needs of their clients (Muigai & Muriithi, 2023). In Albania, five major microfinance institutions operate alongside a large number of smaller institutions, which are spread across the entire country. This sector continues to expand due to the ever-growing market demand.

An interesting statistic is that 78% of microfinance institutions report that small enterprises are an essential part of their strategies and expect portfolio growth from these businesses. These institutions aim to support businesses with limited capital or those still in their early stages of operation.

The Albanian banking system faced a sharp rise in non- performing loans after 2009. There are a

number of microeconomic and macroeconomic factors that explain Non-Performing Loans (NPL-s). However, in the focus of this study it is the determination of the main macroeconomic factors affecting the level of bad loans (Leka et al., 2019) .

Different research studies have found as the most important macroeconomic factors explaining Non-Performing Loans (NPL-s): GDP growth rate, inflation rate, unemployment rate and interest rate.

Microfinance plays a crucial role in fostering economic growth, particularly by enhancing access to financial resources for small businesses and individuals. It has a significant impact on the agricultural sector, helping improve technology, increase production and employment, and provide opportunities for income growth (Khan & Gulati, 2022). Moreover, microfinance initiatives contribute to broader financial inclusion, particularly among underserved populations, thereby supporting sustainable economic development.

Another crucial aspect of microfinance is the inclusion of women, as they have demonstrated lower credit risk (Vogelgesang, U. 2003) and represent an increasingly important group in the borrowing process (Blanco-Oliver et al., 2021). By providing financial opportunities to women entrepreneurs, microfinance enhances economic participation and promotes gender equity in business development (Vanroose, A., & D'Espallier, B. 2013).

Technological advancements are also reshaping the financial sector, improving service efficiency and expanding financial access. Findings (Tabaku, Duci, Kapciu, et al., 2025) reveal that the integration of artificial intelligence, particularly virtual assistants, has significantly improved service quality by addressing 80% of customer requests at the first point of contact. This success stems from a client-centric approach, rapid integration, and real-time content management, leading to increased customer satisfaction and operational efficiency. By addressing these technological challenges, research in this field enhances academic understanding and equips future professionals with essential tools to navigate financial and business obstacles. Such knowledge contributes to professional growth and aligns with broader objectives of promoting financial stability and operational excellence within organizations (Tabaku, Duci, & Kapciu, 2025).

Furthermore, the rapid growth of online trade, driven by technological advancements, is transforming the commercial landscape. E-commerce is becoming a dominant force, eliminating the need for physical store visits and enabling consumers to explore products and make informed decisions from the convenience of their homes (Tabaku et al., 2024). The integration of AI in e-commerce operations further enhances customer satisfaction, expands the customer base, and drives business growth. These developments highlight AI's potential to revolutionize various industries, reinforcing its pivotal role in shaping the future trajectory of global markets (Tabaku, 2024).

In addition to microfinance and technological innovation, Foreign Direct Investment (FDI) plays a crucial role in driving economic expansion. Countries rely on FDI as a means of financing new infrastructure projects and creating employment opportunities. In this context, FDI serves as an essential alternative for achieving faster and more competitive economic growth. The Albanian economy, in particular, has grown to heavily rely on FDI to sustain its development and enhance its global competitiveness. By attracting foreign investments, countries can strengthen their financial markets, boost industrial productivity, and foster economic resilience (Lazaj, A., & Duci, E. 2024).

Moreover, by considering the historical and developmental background of the Efficient Market Hypothesis (EMH), this paper will also provide a quick review of the evidence rejecting this hypothesis. This will be done by examining previous studies as well as through independent investigations. Given the increasing influence of financial markets on business stability, understanding the limitations of EMH is crucial in assessing the real efficiency of market operations and their impact on small business growth and financial decision-making (Hallunovi, A., Taraku, E., & Duci, E. 2017).

This paper explores the impact of microfinance on small business growth and income stability, analyzing the challenges and opportunities within this evolving financial landscape. By examining the intersection of microfinance, technological innovation, and financial inclusion, the study aims to provide insights into how these factors collectively contribute to economic resilience and sustainable development.

Strategic Management Accounting (SMA) further contributes to financial decision-making by offering a prospective view rather than the historical perspective traditionally associated with management accounting. Unlike conventional management accounting, which focuses on single periods and internal manufacturing processes, SMA is forward-looking, extends across multiple periods, and maintains a competitive focus. Additionally, SMA differs from Supply Chain Management (SCM), as it emphasizes decision-making using economic theories and attributes, while SCM primarily enhances competitive positioning through value chain analysis and Activity-Based Costing (ABC) theories. Understanding these differences is essential in exploring the financial strategies that drive business sustainability and economic growth (Duçi, 2021).

This paper aims to assess the impact of microfinance on fostering the development of small and medium-sized enterprises in Albania by considering and examining the significance of these institutions within the Albanian financial sector. It is also essential to analyze how microfinance contributes to improving living standards, enhancing employment conditions, and developing other economic sectors.

The objectives of this study focus on evaluating the impact of microfinance on the development of new businesses, as well as small and medium-sized enterprises. This research seeks to analyze how microfinance can contribute to the growth and expansion of these businesses, which often face challenges in accessing traditional finance. Another objective is to assess the role of microfinance institutions in the Albanian financial sector by examining their development, the financial products they offer, and the credit portfolios they manage, to better understand how they influence the economic and financial improvement of small and medium-sized businesses in Albania. The aim of the study is to answer to the following Research Questions:

1. How do microfinance institutions operate in Albania?
2. How does microfinance support agriculture?
3. For which reasons individuals invest in loans?
4. In what kind of sector have these loans been invested?

This study aims to contribute to understanding the impact of microfinance on improving living standards in Albania. The research is significant as there is a lack of in-depth and concrete studies on this topic within the Albanian context. This paper will examine how microfinance aids in the development of small and medium-sized businesses and other economic sectors, assessing the tangible impact of microfinance institutions in driving economic development.

2. Methodology

The literature used in this paper includes a wide range of information and theories related to microfinance, encompassing the fundamental principles and concepts that characterize this sector. The key characteristics of microfinance institutions will also be examined, including their structure, their role in local economies, and the factors influencing their success. This will involve an assessment of performance indicators such as the growth of the credit portfolio, borrower repayment rates, and engagement in innovations that improve financial services for low-income clients.

An essential part of the literature will focus on analyzing the importance of microfinance for the development of small and medium-sized enterprises (SMEs) in Albania. Studies and reports reflecting the positive effects of such financing on the survival and growth of these businesses, as well as its impact on job creation, will be included. Furthermore, the study will examine concrete examples of businesses that have benefited from microfinance loans to analyze the changes that have occurred after receiving credit, such as income growth, technological improvements, and increased employment.

Another important element will be the examination of the impact of demographic factors such as gender, age, and household income on the borrowing process. The study will explore whether there are differences in how various individuals benefit from microfinance and how these factors influence their success after obtaining a loan. This analysis will help provide a deeper understanding of how microfinance can contribute to improving the social and economic conditions of different individuals and promoting gender equality and economic inclusion.

The methodology used in this study is based on the primary data collection tool, providing the opportunity to gather information from a broad sample of borrowers in microfinance institutions. These surveys will include both open-ended and closed-ended questions, helping to collect detailed information about borrowers' experiences, factors influencing their decision to take a loan, changes in their businesses after receiving credit, and other relevant aspects for assessing the impact of microfinance. Data collection focused on individuals with loans from non-banking financial institutions, in Durrës chosen for its higher concentration of microloan borrowers. Questionnaires were administered both electronically and in physical form from May 1 to June 16, 2024. Of the 150 people surveyed, 145 valid responses were ultimately analyzed.

The methodology will also include statistical analysis of the collected data using advanced descriptive statistical tools and business success after obtaining a loan.

Additionally, another component of the methodology will be reviewing existing literature and analyzing similar studies to support data interpretation. This holistic approach will help create a view of the impact of microfinance, offering a thorough assessment of the factors affecting borrowers' success and the effectiveness of microfinance institutions.

3. Theorical Framework

Microfinance has evolved from agricultural loans for small farmers to supporting micro-enterprises, targeting low-income individuals who lack access to traditional financial services (Guja, 2022). Initially, loans were provided by government institutions to farmers, while later, voluntary organizations primarily supported women entrepreneurs through joint liability groups. Microfinance helps the poor increase their income, develop sustainable businesses, and reduce financial risks by empowering them as economic agents (Ranabahu & Tanima, 2022). However, it is not suitable for extremely poor individuals without stable income, as it may further push them into debt.

3.1 Major Microfinance Institutions in Albania

A large number of microfinance institutions operate in Albania, with the five largest being:

- The First Financial Development Company (Agrokredit, FAF.sha)
- The Albanian Savings and Credit Union (ACS Union)
- The NOA Microcredit Institution
- Vision Fund
- The Besa Microcredit Institution

Additionally, many other smaller microcredit institutions operate in the form of associations, social organizations, foundations, and more.

3.1.1 The First Financial Development Company (FAF-DC) – Agrocredit

Agrocredit is a non-banking financial institution that provides direct loans to individuals and Small and Medium Enterprises (SMEs) in urban, semi-urban, rural, and marginalized areas of Albania, which, in most cases, are beyond the reach of banks.

Agrocredit primarily provides loans to profitable and stable private enterprises whose activities positively impact local development by creating new jobs and markets, aiming to reduce poverty and improve people's living conditions.

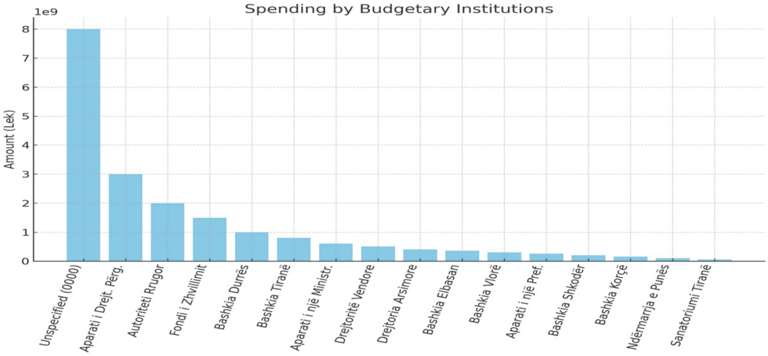


Figure 1: Spending by Budgetary institutions
Source: https://spending.data.al/sq/treasury/graph / Open Spending Albania

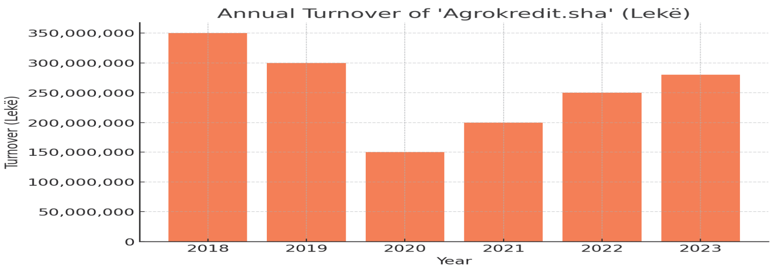


Figure 2: Annual Turnover of Agrocredit Sh. a
Source: Open Spending Albania

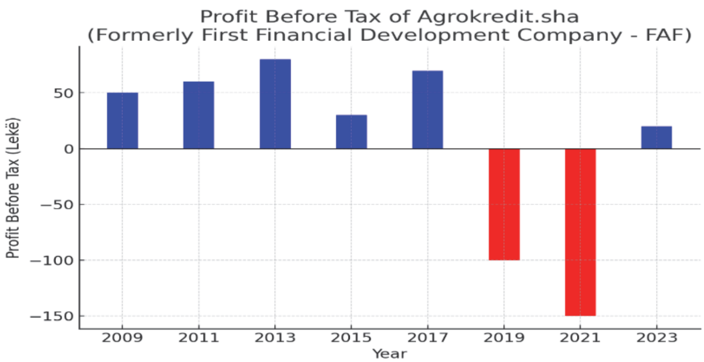


Figure 3: Profit Before Tax of Agrocredit Sh. a

3.1.2 Besa Fund

Besa Fund is a non-banking financial institution operating in urban and semi-urban areas of Albania. It is considered a successful institution in supporting small and medium-sized businesses. It began its activities in 1993 as the Urban Credit Department within the Albanian Development Fund (FSHZH), under the Council of Ministers. Its primary objective was to implement the urban microcredit project, financed by the World Bank, with the goal of providing loans to micro and small businesses. Key Indicators: Disbursement of approximately 35.42 billion ALL over the next three years (2021-2022-2023), specifically:

- **8.76 billion ALL in 2020**
- **12.3 billion ALL in 2021**
- **14.36 billion ALL in 2022**
- A total of **64,144 loans disbursed**

- Maintaining a portfolio at risk of no more than 4% over the next three years.
- Increasing staff productivity by reaching an average of active loans per loan officer of 100, 110, and 122, respectively, at the end of 2021, 2022, and 2023.

3.1.3 FED Invest

FED Invest, formerly known as the SHKK Union, is the continuation of the first microfinance project implemented in Albania by the World Bank in 1992. The initiative, considered highly successful, evolved into consolidated institutions with long-term financial missions, policies, strategies, and objectives.

As of the end of 2021, FED Invest operates in 1,100 villages across 17 districts in Albania, with a total of 69,000 family members.

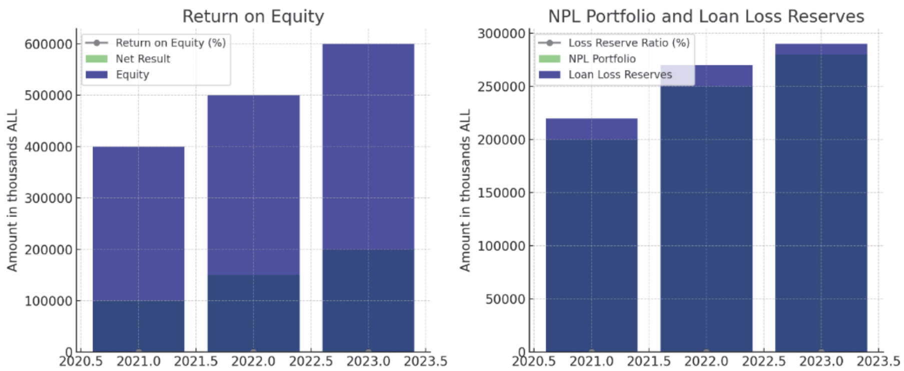


Figure 4. Return on Equity and Non-Performing Loans (NPL) Portfolio and Loan Loss Reseerves

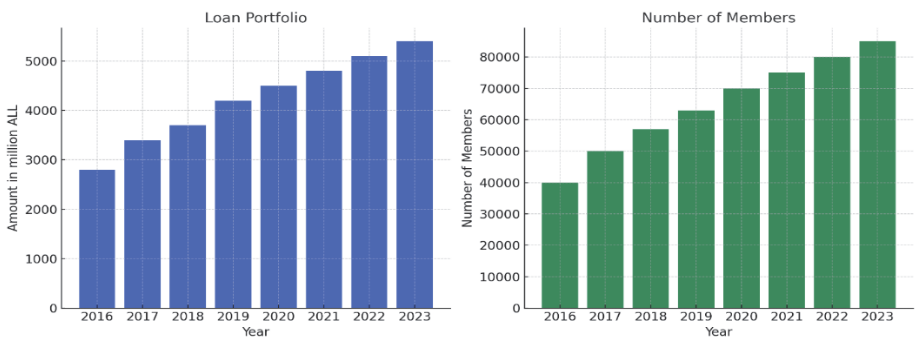


Figure 5. Loan Portfolio and Number of Members

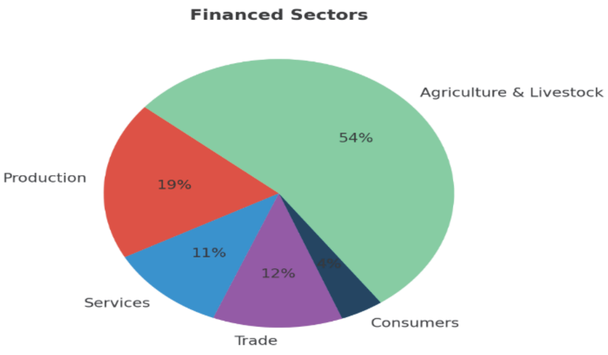


Figure 6. Financed Sectors

3.1.4 NOA

Starting its operations in 1990, NOA Albania serves small and medium-sized businesses through lending activities as a non-banking financial institution in Albania. A new era began in August 2010 when ownership was transferred to NOA Holding, leading to a major transformation of the organization in terms of operations and branding. NOA operates with a unique operational model in microfinance and market infrastructure.

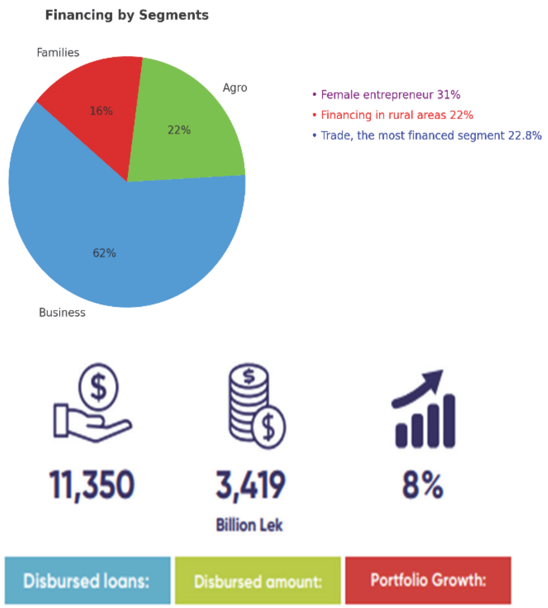


Figure 7: Financing by Segments

3.1.5 VISION FUND ALBANIA (VFA)

VisionFund Albania (VFA) was established in 2001 as a Christian non-governmental and non-profit organization, which is currently owned and controlled by VisionFund International, the microfinance branch within World Vision. VFA currently operates in 23 offices with three branches and two sub-branches across the country, covering the north, southeast, and central Albania.

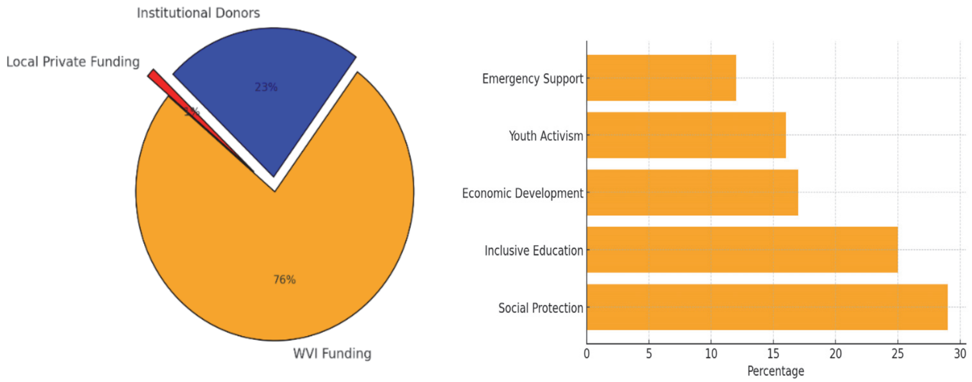


Figure 8: Funding Streams and Expenditures by Sectors

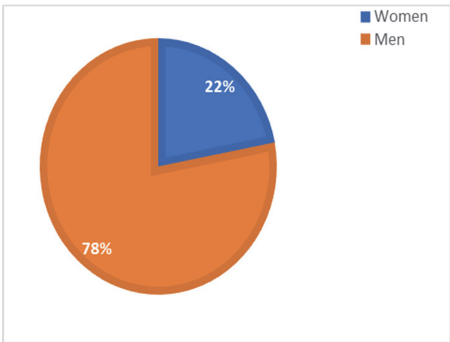
4. Empirical *Analysis*

4.1 Selection of Respondents and Data Collection Procedure

For this study, data was collected using questionnaires directed at individuals who have taken out a loan from non-banking financial institutions. This target group was chosen as it was expected to provide effective data regarding microfinance. The questionnaires were completed in Durrës, as it was considered that this city has a higher distribution of individuals who have taken microloans. The survey period was from May 1, 2024, to June 16, 2024. During this time, a work plan was developed, outlining how the questionnaires would be distributed and subsequently collected.

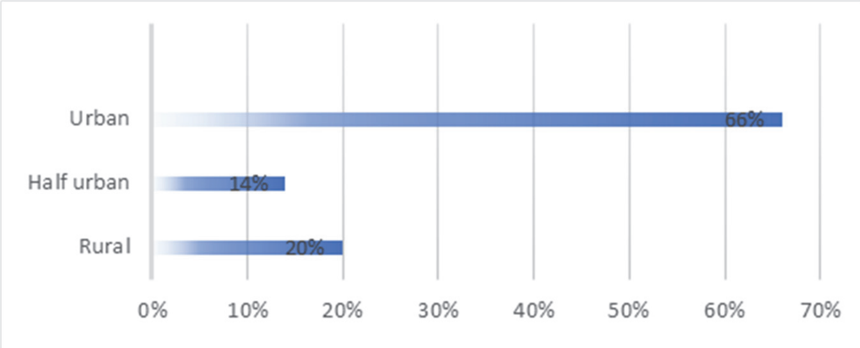
Various methods were used to gather the data. The questionnaire was distributed electronically via email and social media, as well as in physical form.

A sample of 150 individuals was collected, out of which 145 valid responses were evaluated. The selection of respondents was random, with the only criterion being that they had to be a microloan consumer. The collected data consists of primary data, obtained directly by the author.



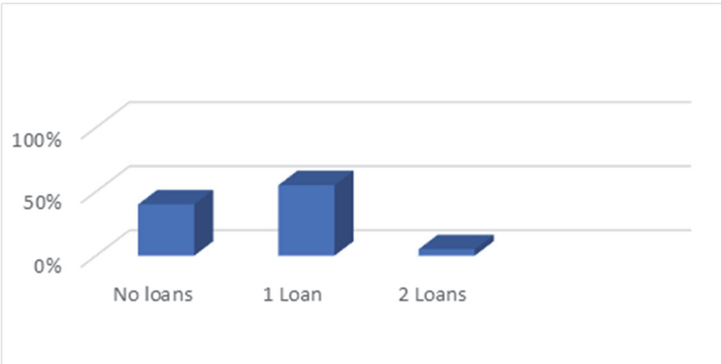
Graph 1. Gender of Borrowers in Durrës

Gender Disparity – The graph shows a significant gender gap in borrowing, with 78% of borrowers being male and only 22% female. This suggests that men have greater access to or are more likely to take loans compared to women in Durrës. The lower percentage of female borrowers may indicate barriers to financial inclusion for women, such as lack of collateral, financial literacy, or cultural factors. The financial sector could explore initiatives to encourage more women to access credit, possibly through targeted programs or microfinance opportunities. It would be helpful to analyze why men dominate borrowing in this area—whether it's due to business ownership, employment rates, or financial decision-making trends in households.



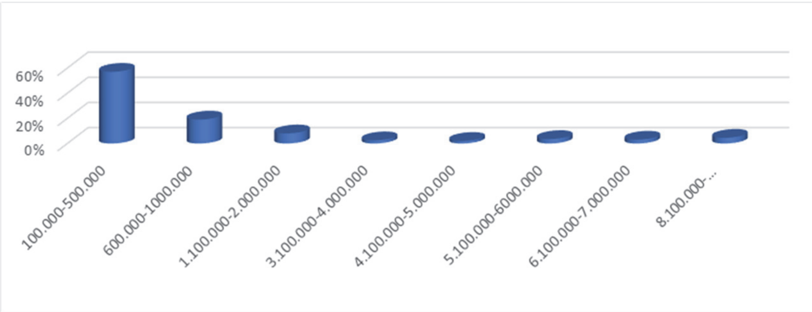
Graph 2: Location of Surveyed Clients

The graph illustrates the distribution of surveyed clients based on their location. The majority of respondents are from urban areas, making up nearly 66% of the total sample. This suggests that microfinance services or credit-taking activities are more prevalent in urban settings. The rural population accounts for a smaller portion, indicating a relatively lower engagement with financial institutions. The "half urban" category has the least representation, which may suggest either a lower population in such areas or limited financial service outreach. This distribution highlights a potential focus for financial institutions to expand their microfinance services in rural and semi-urban areas to promote financial inclusion.



Graph 3: Number of Loans Taken by Surveyed Clients in the Last 12 Months

The graph illustrates the number of loans taken by surveyed clients in the last 12 months. The majority of respondents (around 60%) have taken only one loan, while a significant proportion (approximately 40%) have not taken any loans. A very small percentage of clients have taken two loans. This suggests that most clients rely on microfinance institutions for a single loan, indicating either a cautious borrowing approach or limited credit needs. The low percentage of clients taking multiple loans may reflect financial stability, loan repayment constraints, or institutional lending policies.



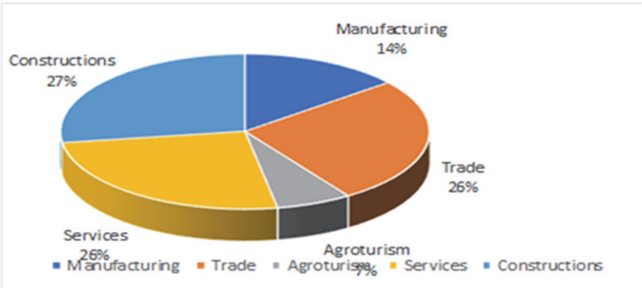
Graph 4: Total Amount of Loans Taken

The graph illustrates the distribution of the total amount of loans taken by surveyed clients. The majority of respondents have taken loans in the range of **600,000 - 1,000,000**, as indicated by the highest bar. This suggests that microfinance loans are mostly concentrated within this range.

Smaller proportions of borrowers have taken higher loan amounts, with a noticeable decline in the number of clients as the loan size increases. This trend indicates that large loans are less common, possibly due to stricter lending criteria or lower demand for high-value loans in the surveyed population.

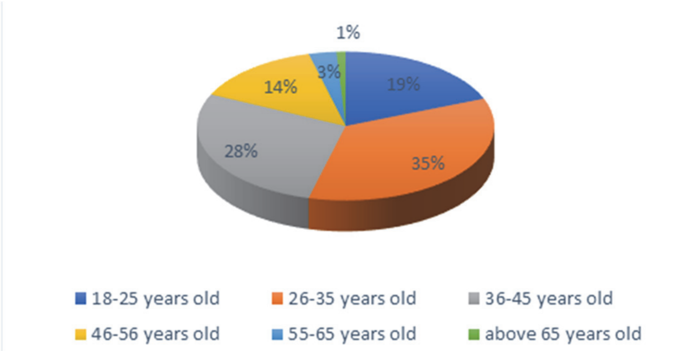
Additionally, the graph uses a 3D format, which may slightly distort the visual perception of the data. A standard bar chart might provide a clearer representation of the distribution.

The dominant loan amounts taken are small loans ranging from **100,000 to 500,000 ALL**, making up approximately **57%** of the total. These loans are considered **less risky** since they have lower repayment installments, making them more manageable for borrowers. Following this, an **equal percentage** of loans are distributed within the range of **500,000 to 2,000,000 ALL**. However, for loans exceeding **2,000,000 ALL**, the percentage of borrowers gradually decreases. This decline suggests that **higher income levels** are required to meet the repayment obligations for larger loan amounts.



Graph 5: Type of Business in Which Investments Are Made

The graph presents the distribution of investments across different business sectors. The largest portion of investments (27%) is allocated to the construction sector, indicating significant interest in infrastructure and real estate projects. Trade and services each receive 26% of investments, highlighting their essential role in the economy. Manufacturing accounts for 14%, reflecting a moderate level of investment in industrial production. Agro-tourism, at just 7%, receives the least funding, suggesting that it is a less popular investment sector. The overall distribution shows a strong preference for trade, services, and construction, while manufacturing and agro-tourism receive comparatively lower investments.

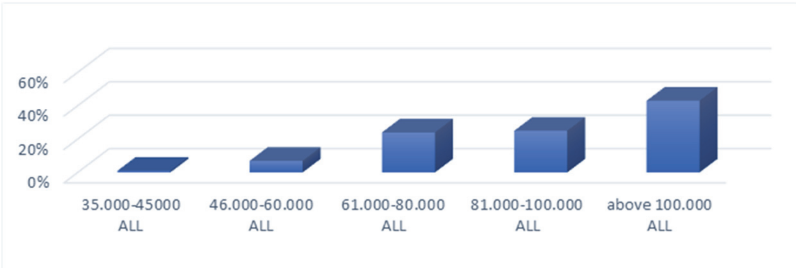


Graph 6: Age of Borrowers

The pie chart illustrates the age distribution of borrowers. The **26-35 age group** represents the largest proportion at **35%**, indicating that younger adults are the most active in taking loans. The **36-45 age group** follows closely with **28%**, showing continued financial activity among middle-aged individuals. The **18-25 age group** accounts for **19%**, suggesting that younger individuals also participate in borrowing, though at a lower rate.

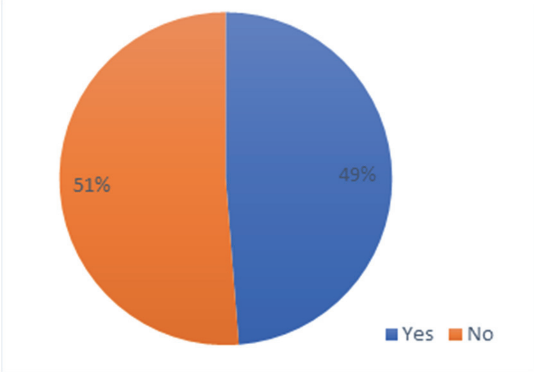
Meanwhile, the **46-56 and 55-65 age groups** hold **14%** and **3%**, respectively, showing a declining trend in borrowing as individuals approach retirement. Borrowers **above 65 years old** constitute only **1%**, likely due to reduced income stability and lower credit needs.

This distribution suggests that the majority of loans are taken by individuals in their **productive working years**, with borrowing decreasing significantly after retirement age.



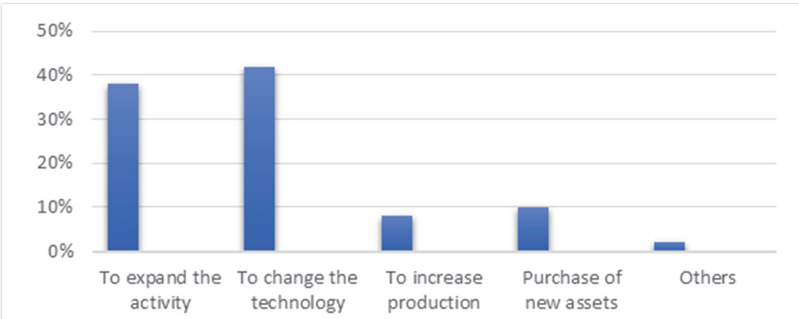
Graph 7: Average Monthly Income

The graph presents the distribution of average monthly income among surveyed individuals. The highest percentage of respondents earn above 100,000 ALL per month, indicating that a significant portion of borrowers have relatively high incomes. A moderate percentage falls within the 61,000–100,000 ALL range, while fewer individuals report earning between 35,000–60,000 ALL. This suggests that borrowing is more common among those with higher incomes, possibly due to greater financial stability and creditworthiness. However, the low representation of lower-income groups may indicate barriers to credit access for those earning less.



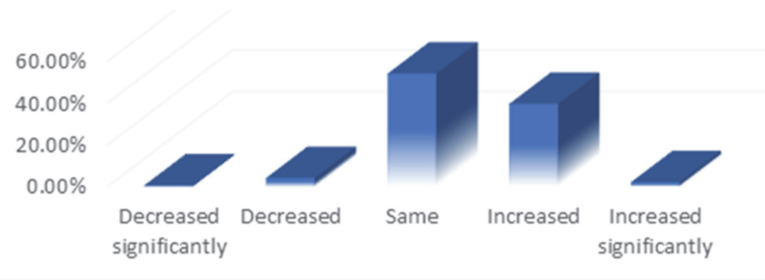
Graph 8: Recent Investment in Business

This pie chart illustrates the proportion of surveyed individuals who have recently invested in a business. The results are nearly evenly split, with **49%** indicating that they have made recent business investments, while **51%** stated that they have not. This suggests that business investment activity is balanced, with slightly more individuals refraining from investing. Possible reasons for this could include financial constraints, economic uncertainty, or a lack of viable investment opportunities. Understanding the underlying factors influencing these decisions could provide valuable insights for financial institutions and policymakers.



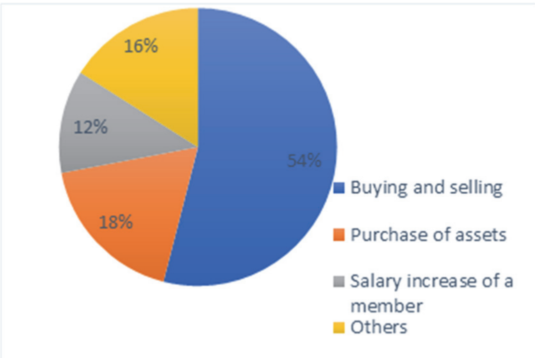
Graph 9: Reason for Investing in Business

The bar chart illustrates the primary motivations behind business investments. The most significant reasons are **expanding activity (around 38%)** and **changing technology (above 42%)**, indicating a focus on business growth and modernization. **Purchasing new assets (around 10%)** and **increasing production (less than 7%)** have lower priorities, suggesting that businesses may be more interested in overall development rather than immediate capacity expansion. The **"Others" category (under 3%)** is minimal, meaning that most investment decisions fall within the predefined reasons.



Graph 10: Change in Income Over the Last 12 Months

This bar chart illustrates the changes in income over the last 12 months. The largest portion of respondents reported that their income remained the same, followed by those who experienced an increase. A smaller percentage saw their income decrease, with only a minimal share reporting significant decreases or significant increases. The trend suggests relative stability for most individuals, though a notable group has seen positive financial growth. The gradient effect on the bars may slightly impact readability but gives a visually appealing representation of the data.



Graph 11: Reason for Income Increase

This pie chart illustrates the reasons behind income growth, with the most significant factor being salary increases of a member (12%), which accounts for the majority of cases. Buying and selling (54%) is the second most influential reason, while purchase of assets (18%) and other factors (16%) contribute marginally. The dominance of salary increases suggests that personal income growth is largely dependent on wage adjustments rather than business investments or financial strategies. Buying and selling plays a considerable role, indicating active financial transactions contributing to income growth. Low impact of asset purchases suggests that investment in tangible resources has not significantly influenced income increases. The graph provides useful insights into how financial improvements are primarily driven by employment-related factors rather than business expansion or investments.

5. Conclusions

Microfinancing offers simple and fast application procedures, a short processing and approval time for loans, as well as more flexible conditions for clients with relatively low incomes compared to traditional financial institutions. In Albania, *numerous microfinance institutions operate* alongside smaller microcredit organizations in the form of associations, social organizations, and foundations. As of 2023, the active loan portfolio of major microfinance institutions in Albania stands at 15,479,958,313 ALL, with 52.50% of total loans being small loans (100,000–500,000 ALL), which are considered lower risk due to their manageable repayment installments. Loans ranging from 500,000 to 2,000,000 ALL share an equal portion of lending, while loans above 2,000,000 ALL are less common due to the higher income required for repayment.

The most active borrowers fall within the 26–35-year-old (35%) and 36–45-year-old (28%) age groups, indicating that younger and middle-aged individuals seek credit the most.

Individuals primarily invest in loans to expand their business activities (38%) and upgrade technology (42%), highlighting a strong focus on business growth and modernization. Purchasing new assets (10%) and increasing production (less than 7%) have lower priority, showing that businesses prioritize long-term development rather than immediate capacity expansion.

Regarding investment sectors, construction receives the largest share of funding (27%), followed closely by trade and services (26%) each. Manufacturing, at 14%, reflects moderate investment in industrial production, whereas agro-tourism (7%) receives the least investment, indicating a lower interest in this sector. While *microfinance* institutions mainly support small businesses and technological improvements, they also *play an essential role in agriculture*. Their flexible lending enables investments in farming technology, production methods, and other agricultural improvements, providing quick and accessible capital, especially in rural areas where traditional bank loans might not be available. This support can help stabilize agricultural activities and contribute to economic development in underserved regions.

6. Future Work

The future of microfinance should focus on improving access and conditions for low-income clients, building upon successful identified practices. Future studies could explore the impact of reducing interest rates on increasing the number of borrowers and market competition. Additionally, a more in-depth analysis is needed on the role of women in microfinance and ways to encourage their participation, considering the high percentage of female borrowers who repay their loans correctly.

Extending loan repayment periods could be another area of research to assess its impact on borrowers' repayment capacity and the stability of microfinance institutions. Furthermore, it is essential to analyze new strategies for supporting agricultural activities and remote rural areas, enabling easier access to financing for farmers and micro-entrepreneurs in these regions.

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Appendix:

A. Identifying Data

1. Client's Name; ____
2. Gender (Male, Female) _____________________________
3. Location (1. Rural 2. Semi-Urban 3. Urban) ____________________________________
4. City/Village ____
5. Number of Loans taken in the last 12 months from Microfinance Institutions ________
6. Total Amount of Loans taken ___________
7. Type of Investment:
   A. Production B. Trade C. Agriculture D. Services E. Viticulture F. Other

B. Income

1. What is your age?
   1. 18–25 4. 46–55
   2. 26–35 5. 56–65
   3. 36–45 6. Over 65
2. What is your average household income?
   A. 35,000–45,000 ALL D. 81,000–100,000 ALL
   B. 46,000–60,000 ALL E. Over 100,000 ALL
   C. 61,000–80,000 ALL
3. Have you made any investments in your business recently?
   YES NO
4. If yes, for what purpose?
   A. To expand the business
   B. To change the technology
   C. To increase production
   D. Purchase of new assets
   E. Other
5. How has your income changed over the last 12 months?
   A. Decreased significantly B. Decreased C. Stayed the same D. Increased E. Increased significantly

6. If your income has decreased, choose one of the following reasons:
   A. Low sales
   B. Reduced returns from the business
   C. Poor agricultural season
   D. Natural disaster
   E. Illness in the family
   F. Other
7. If your income has increased, choose one of the following reasons:
   A. Increased sales
   B. Addition of new products
   C. Good agricultural season
   D. Purchase of new assets
   E. A family member's salary increase
   F. Other

C. The Loan

1. How has your income changed since taking the loan?
   A. Decreased significantly B. Decreased C. Stayed the same D. Increased E. Increased significantly
2. What is the main change in your life after taking the loan?
   A. Improved living conditions
   B. Development of your business
   C. Improvement in children's education
   D. Purchase of various assets
   E. Increase in the number of products produced
   F. Personal vacations/travel
3. Do you plan to take a new loan within the next 12 months from any microfinance institution?
   A. YES B. NO