T.C.
SAKARYA UNIVERSITY
INSTITUTE OF SOCIAL SCIENCES

ANALYSIS OF CLIENT DROP-OUT FROM MICROFINANCE: A CASE STUDY OF CENTRAL ANATOLIA

MASTERS THESIS

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"This thesis is approved by the consensus of the examining committee on 2/6/2016."

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DECLARATION

I hereby declare that this thesis conforms to academic standards, scientific ethics, and refers to the appropriate scientific standards in case of utilization of others' works, as there has not been any tampering of the quoted information. This thesis is an original piece of work and any part of this thesis has never been presented as another thesis in any university.

Amna MALIK

02.06.2016

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LIST OF ABBREVIATIONS

ABC : Agricultural Bank of China
AKP : Justice and Development Party
BOT : Build, Operate and Transfer
CBRC : China Banking Regulatory Commission
CPSB : China Postal Savings Bank
EIB : European Investment Bank
GDP : Gross Domestic Product
KEDV : Foundation for the Support of Women's Work
MENA : Middle East and North Africa Region
OSCIP : Public Interest Civil Society
PBOC : People's Bank of China
RCC : Rural Credit Cooperatives
SCM : Microenterprise Credit Society
SEWA : Self Employed Women's Association
SRMP : Social Risk Mitigation Project
TGMP : Turkish Grameen Microfinance Program
TISVA : Turkish Foundation for Waster Reduction
UNDP : United Nations Development Program
USAID : United States Agency for International Development

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Title of the Thesis: Analysis of Client Drop-out from Microfinance: A Case Study of Central Anatolia.	
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Microfinance has brought a change in the economic life of the participants of the society by providing an opportunity to the financially disadvantaged individuals to be employed and be financially independent. Microfinance is a financial instrument that can be utilized to combat poverty and other challenges hindering the progress of countries. It has managed to impact the lives of thousands of families within Turkey and on a global level too. Recently, it has been observed that the number of clients of microfinance has decreased. Therefore, the objective of the research is to identify the reasons of dissatisfaction among microfinance borrowers which leads to their separation from the microfinance institution. A total of 150 drop-out clients from Turkish Grameen Microfinance Program have been considered through the random sampling method for the research via the survey method of face-to-face interviews.

Change in income level of the drop-out clients was an important reference in the method of microfinance as an instrument against poverty. The results revealed that insufficient credit limit, high interest rate on loan, weekly payment schedule, societal facts and insufficient entrepreneurial training methods were some of the factors that impacted the number of borrowers of the microfinance institution. The recommendations of this research like repayment period and microcredit limit can be considered and these suggestions may contribute to better managerial strategies and organizational plans for the development of microfinance institutions.

Keywords: Microfinance, Poverty, Micro-Entrepreneur and Women Empowerment.

Tezin Başlığı: Mikrofinans'tan Ayrılan Üyelerin Analizi: Orta Anadolu'nun Örnek Çalışması.

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Anabilimdalı: İktisat **Bilimdalı:**

Mikrofinans toplum içinde bir değişiklik oluşturulmaktadır çünkü dar gelirli insanlara çalışmak için bir fırsat sunarak işsizleri toplumun çalışanları haline gelmesine yardım etmektedir. Mikrofinans yöntemi, ülkelerin yoksullukla ve diğer kalkınma zorlukları ile mücadelede önemli bir finansal araçtır. Bu yöntem, Türkiye'de ve küresel düzeyde binlerce ailenin hayatını etkilemektedir. Son zamanlarda, Mikrofinans kurumlarının müşteri sayısında azalma gözlemlenmektedir. Bu nedenle, bu araştırmanın amacı Mikrofinans yönteminden yararlanan kişi veya hanelerin memnuniyetsizlik nedenlerini tespit etmektir. Bu araştırmada Türkiye Grameen Mikrofinans Programı kredi kullanmış ve sistemden ayrılmış tesadüfi seçme yöntemi ile seçilmiş 150 müşteri ile yüz yüze yapılan anket yöntemiyle araştırma verileri elde edilmiştir.

Mikrofinans yönteminin yoksullukla mücadelede başarı düzeyini analizinde bu yöntemde ayrılanların bakış açıları önemli bir referans oluşturmaktadır. Bu kurumdan ayrılan müşterilerin bu yöntemi kullanmakta ayrılma nedenlerine bakıldığında dikkat çeken unsurlar; yetersiz kredi limiti, yüksek hizmet bedeli, haftalık ödeme planı, toplumsal faktörler ve yetersiz girişimci eğitim becerisi mikrofinans kuruluşların müşteri ayrılmasında etkili olan en önemli faktörler olarak öne çıkmaktadır. Bu araştırmanın dikkat çeken önerisi TGMP kurumunun uyguladığı yöntemin (geri ödeme süresi ve mikrokredi tutarı) gözden geçirecek iyileştirmeler yapması ve kurumun organizasyonunun daha ektili olacak şekilde geliştirilmesine ve bu kurumun yoksulluk ile mücadelede halen önemli bir fonksiyon icra edeceği şeklinde olmuştur.

Anahtar Kelimeler: Mikrofinans, Yoksulluk, Mikro-girişimci ve Kadınların Güçlendirilmesi

INTRODUCTION

Microfinance is a form of banking where specialized loans are offered at low interest rates. Generally, microfinance refers to savings and credit. However, it also includes various other financial services like insurance and payment services. The microfinance services are provided to those individuals living in both urban and rural areas who have limited access to the formal financial sector.

Poor individuals are usually deprived of the basic necessities. However, the biggest deprivation is the lack of financial independence. In the financial sector, a poor person who wants a loan is unable to do so because he does not fulfill the collateral requirements. Therefore, such individuals are excluded from the financial sector. With regard to this situation, microfinance sector has advanced as one of the solutions against poverty (Bilen, 2015). The microfinance system is aimed on poverty alleviation and the social protection of vulnerable people and groups. The conventional banking system has failed to support the system of microfinance because their business models are based on traditional lending methodologies which are an unsuitable prerequisite for the borrowers of microfinance. Microfinance sector has a thriving potential in Turkey because out of the labor force dynamics 30.8% are women ("TUIK", n.d.). A significant proportion of the working women of Turkey engage in agricultural activities or home-based entrepreneurial activities. Therefore, women empowerment aspect of microfinance is of great importance within Turkey. As the currently employed women can be supported in their small-scale businesses and the unemployed women can achieve employment status by the successful loan application of microfinance. Financially disadvantaged people have the need for financial services so that they can manage their financial resources in a reliable manner. Microfinance institutions provide diverse payment services, money transfers, insurance and micro-entrepreneurship deposits and loans. Poor people constitute a major proportion of the total population of every country and access to financial services usually enables the poor people to collect assets and to reduce their vulnerability from external economic shocks. The poor people usually finance their needs by taking loans from costly and informal means and receive saving services through rotating saving clubs but these methods have a very high rate of risk and fraud.

Maintenance of client retention and creating client loyalty are inevitable factors for any microfinance institution to progress as drop-out of clients can cause inefficiency in the controlling and monitoring system of the microfinance institution (Rahman, 2014: 36). Drop-out of borrowers from microfinance is a major problem because their complaints adversely affect the image of the institution and discourages other people from entering the microfinance institution. Drop-out clients provide the most genuine feedback because they are not under the influence of the microfinance institution any more. To gain reliable information about client exit is one of the most difficult tasks faced by any microfinance institution. Clients often do not express openly the reasons of their business failure. A number of microfinance institutions have experienced a drop-out of clients because of management problems. Sometimes, fraudulent transaction committed by the staff of the institution can lead to clients resigning from the microfinance institution. Microfinance institutions face risk as a result of default from the borrowers. Natural disasters like floods and earthquakes also cause risk of the institutions to increase because borrowers engaged in agricultural activities are not able to make the repayments. Some clients switch to other microfinance institutions primarily in the interest of innovative products being offered by other institutions.

Method of Research

The primary method used for the collection of data in the conducted study is the questionnaire approach. A questionnaire was distributed to the microfinance members of the Turkish Grameen Microfinance Program (TGMP) in the cities of Ankara and Konya of Turkey. The selected respondents were those women who have previously benefited from microfinance but now have separated from this system, were requested to fill out the questionnaire. TGMP was founded in 2003 and serves thousands of poor citizens in Turkey, but with regard to the poverty rate, there remains a large demand for microfinance. Microfinance is different from traditional banking system and it provides credit to people living both in rural and urban areas. This approach aims to protect poor people, specifically women who are excluded from the formal banking system. The goal of the TGMP is to lend money to poor women so that they can make small investments and encourage them towards business entrepreneurship. The microcredit program works as an efficient remedy for people who cannot benefit from formal financial services.

The main research question is to investigate the reasons of drop-out of clients from microfinance. The purpose of the conducted research is to assess the reasons of separation from microfinance services. Drop-out clients from microfinance have been considered as audience for the research in order to measure the overall impact of the program. These clients have benefited from microfinance services but after a period of time separated from the system. Therefore, this research aims to understand the reasons of separation from microfinance so that appropriate recommendations can be made and clients can be encouraged to borrow from microfinance institutions. Feedback from drop-out clients can improve the credibility of the research and yields to important information (Barnes, 2000: 17). Moreover, questionnaire approach is used as the primary research design which not only exemplified the client perspective as a result of program participation but also illustrated intangible factors like gender relationships and self-confidence (Barnes, 2000: 23).

Ethical Considerations

The questionnaire was conducted with the permission and consent of women and the respondents have voluntarily participated in the research. The clients are considered as autonomous agents. The clients have been selected fairly from the population of drop-out clients from TGMP. The privacy of the participants in the research has been considered and personal data like names of clients have not been disclosed in the study except with their approval. Adequate level of confidentiality of the research data has been maintained in the research.

Assumptions and Limitations of Study

The study has involved a qualitative research so it has been assumed that the responses made by the clients were based on honesty and truth. The findings have been based on the responses of the research audience.

Due to the cultural uniqueness of every market, data regarding microfinance is territorial and non-transferable in nature (Barnes, 2000: 17). The drop-out clients were difficult to access as a result access of clients was a time consuming and an expensive process. Some drops-out clients were not willing to participate in the research so these methodological limitations lead to difficulty in data collection. The privacy of data by

the microfinance institutions about their borrowers and their discontent to disclose information about their borrowers was one of the most significant limitations encountered during the research.

The language of women was sometimes difficult to understand as people spoke in different accents and an interpreter was not available at all times. Moreover, the number of organizations working for the purpose of microfinance is very few because of which one organization (TGMP) was included in the study as microfinance institutions do not usually disclose the data because of institutional policies.

Purpose of Research

1. The study analyzed microfinance as a financial instrument against poverty alleviation and assessed its impact on women empowerment.
2. The research tried to understand the problems of drop-out clients.
3. The study researched the reasons for clients' separation from microfinance.
4. The study intended to provide recommendations for the microfinance institutions so that clients are encouraged to continue with the microfinance scheme.

The conducted study is divided in different sections. Chapter 1 of the study gives a conceptual and retrospective review of related research on microfinance. It begins with an overview of microfinance. It provides a brief explanation of the history of microfinance since its evolution by Dr. Muhammad Yunus who received the Nobel Peace Prize in 2006 for his initiation of microfinance in Bangladesh. It provides a detailed background about the evolution of the system of microfinance around the world and in Turkey. The development challenges of Turkey are mentioned with microfinance as an appropriate financial instrument to struggle against poverty. In the second part of the chapter, the outreach of microfinance around the world is discussed. The section ends with a detailed review of the microfinance organizations operating in Turkey.

Chapter 2 refers to the methodology of the study which begins with a section about the activities of the TGMP. This is followed by an explanation of the sampling procedure,

data collection and the conducted field research for the survey. Chapter 3 consists of the analysis of the survey with statistical analysis of the results and the conducted case studies. Lastly, main findings and recommendations of the study are discussed to provide solutions for client retention in the system of microfinance.

CHAPTER 1: A REVIEW OF RESEARCH ON MICROFINANCE

The roots of microfinance are quiet ancient. The birth of microfinance can be attributed to the major acceleration of poverty in Europe since the 16th century. In Ireland, interest-free loans were distributed from donated resources where peer monitoring system was used to ensure repayment of the loans in weekly installments. In the 18th century, small-scale and informal saving clubs like the boxing clubs were introduced. Later in 1823, the charities were changed to financial intermediaries by enforcing interest rates on the disbursed loans. In 1836, a Loan Fund Board was established for the regulation and supervision of the loans. These loans showed a few years of expansion but eventually their use was declined as a result of the financial repression (Dieter Seibel, 2003).

Microfinance was also introduced in Germany in the later part of the 18th century. Friedrich Wilhelm Raiffeisen founded the first cooperative lending bank in Germany in order to alleviate poverty. However, the modern concept of microfinance was not initiated till 1970 (Chakravartı, 2015: 75). Microfinance in Germany was informal and it was focused on community-based funds, and credit cooperatives in rural and urban areas. The remarkable success of microfinance in Germany was based on the mobilization of savings and on local outreach as it was based on house-banking relationships (Dieter Seibel, 2003).

The term microfinance was first used in 1846 by an entrepreneur, Lysander Spooner who extended credit to the farmers in an effort to combat poverty in rural America. In mid-1880's, he emphasized on the vast benefits of extending credit to the financially disadvantaged from the rural areas (Saatçi, 2013). Later in 1970, Dr. Muhammad Yunus and Aktar Hameed established the system of microfinance in Asia and began the services of microcredit without the requirement of collateral from the poor.

1.1 EVOLUTION OF MICROFINANCE

Bangladesh faced a major famine from 1974 to 1975. During this period of economic fluctuation, Dr. Muhammad Yunus started the system of microfinance in the village of Jobra. Dr. Muhammad Yunus who is a Nobel Peace Prize winner discovered the system of microfinance. In 1970, Dr. Muhammad Yunus was a professor of Economics at

Chittagong University so he carried out an experiment by lending money to women of Jobra in Bangladesh (Pimpale, 2012). The people used to pay high interest rates of approximately 10% on the credit with which they used to purchase raw materials for the manufacture of stools. Every evening, those people used to sell the prepared stools on less than market prices to the local lenders. If they could purchase the materials on their own then they could even earn a profit but they were unable to do this. During that period, Dr. Muhammad Yunus coincided with a woman who was making bamboo stools and she also relied on money from a local moneylender. As a result of this, that woman was able to earn about a minor amount of income because the rest of her earnings were taken by the money lender. So Dr. Muhammad Yunus gave some money to that woman as a loan. In addition to this, Dr. Muhammad Yunus and his team extended $27 to $42 as loan to a group of women based on the condition that they will return the loan

Later, Dr. Muhammad Yunus tried to convince the banks to provide credit to the people but the banks refused to provide support because the poor people were not credit-worthy as they did not fulfill the collateral requirements and majority of them were illiterate. Therefore, this method of lending became widespread and in 1979 the Grameen Bank was established in the village of Jobra with the support from various banks in Bangladesh. Later this project was extended to the region of Tangail which is a district in the central Bangladesh and this gave more popularity to the Grameen Bank. Later in 1983, with the support of Ford Foundation and various other international organizations, the Grameen bank was established as an independent bank (Ateş, 2012: 39). The Grameen Bank was established with the aid from rural banks under a special law in 1983 (Yunus, 2007).

The Grameen Bank was the first microfinance institution and it replaced the conventional banking system by replacing required collateral with trust, creativity and mutual accountability. The Grameen Bank considers credit as a cost-effective weapon for the inevitable socio-economic development of the society (Pimpale, 2012). The total number of borrowers of microcredit from the Grameen Bank is approximately 8.35 million and out of this number 96 % are women. The Grameen Bank serves in 81,379 villages in Bangladesh. Since 1998, the Grameen Bank has not received funds from

donors and is able to generate profit every year (Yayla, 2012: 17). The fundamental principles of the Grameen Bank are discipline, unity, courage, and hard work. The Grameen Bank considers credit as basic human right of people. The Grameen Bank is based on trust and faithfulness rather than on legally enforceable contracts. The most prominent characteristic of the Grameen Bank is that it does not offer individual loans as these are offered in the form of group loans (Yayla, 2012: 18).

A number of microfinance institutions were established after following the model set by the Grameen Bank in a number of countries. For instance, in the continent of Asia, Afghanistan, China, Indonesia, Philippines, Nepal, Pakistan, Sri Lanka, India, Cambodia and Malaysia adopted the Grameen model. In the continent of Africa, Chad, Ethiopia, Morocco, Ghana, Republic of South Africa, Kenya, Egypt, Somalia, Sudan and Zimbabwe replicated the Grameen model. Other countries which used the Grameen model include the United States of America, Brazil, France and Netherlands. Today microcredit based on the Grameen model is implemented in approximately 175 countries (Yayla, 2012: 24).

The year 1980 was a crucial year for microfinance because the Grameen Bank and Bank Raykat Indonesia discovered that they could provide small loans and make profit from this system. It was during this period that the term 'microcredit' came to prominence. In the 1950's and 1960's various subsidized rural credit programs were introduced. However, the main difference between microcredit and subsidized rural credit programs was that microcredit focused on repayment system and interest payments which covered the cost of the credit delivery. In the 1990's, there was increased awareness about microfinance and the number of microfinance institutions also increased in number. For instance, between the year 1997 and 1999, the microfinance industry in the Middle East and North African region developed and a number of active clients increased from about 90,000 to about 170,000. Morocco also experienced rapid growth in the microfinance industry but microfinance industries faced restructuring in other countries like Gaza and Lebanon (Hart, 2004: 2).

In 2000's, the microfinance institutions not only established themselves but also focused on the introduction of innovative financial services like pension and savings programs. By reason of the Microfinance Association Law in 2001, the interest rates on

the microfinance loans became limited to the average interest rates on the loans from the bank (Campion, 2010: 5). In early 2000's, microfinance institutions in Bangladesh reached their aim of providing access of microloans to most of the poor of Bangladesh (Hart, 2004:1). By 2008, the Grameen Bank served a total of 20 million members and has claimed to have extra-ordinary repayment rate of approximately 98% (Obaidullah, 2008: 12).

For the reason of widespread application of microfinance, it is difficult to exhibit the precise number of microfinance institutions and the exact number of microcredit borrowers. However, the approximate number of microfinance institutions in some of the countries is 70 in Bangladesh, 101 in Russia, 42 in Brazil, 50 in Mexico, 20 in China and 24 in Bulgaria (Özmen, 2012: 110). Table 1, provides approximate statistical information about the global impact of microfinance as of the year 2010. It can be seen from the table below that microfinance has impacted the lives of 56.5% of the financially disadvantaged people.

Table 1

Global Statistics of Microfinance

Data Point	Finding
Number of MFIs Reporting (data from 12/31/97 – 12/31/10)	3,652
Number of MFIs Reporting in 2011 (data from 12/31/10)	609
Percent of Poorest Clients Represented by MFIs Reporting in 2011	56.5%
Total Number of Clients (as of 12/31/10)	205,314,502
Total Number of Women (as of 12/31/10)	153,306,542
Total Number of Poorest Clients (as of 12/31/10)	137,547,441
Total Number of Poorest Women (as of 12/31/10)	113,138,652

Source: (Reed, "State of the Microcredit Summit Campaign Report 2011", p. 3)

1.2 MODERN CONCEPT OF MICROFINANCE

Individuals who earn less than $1 a day are hindered from financial services of the formal financial sector. The system of exclusion of a certain class from the traditional financial system is not necessarily based on the financial status but also is a result of social, cultural and gender barriers (Burritt, 2003). Microfinance is a crucial catalyst for economic growth and human development (Pimpale, 2012). Microcredit refers to

provision of loans without collateral and has a repayment rate of about 90% which is much more than the repayment rates of traditional banking system. Microfinance refers to the financial services such as saving, money transfers and credit extended to the poor so that they can achieve financial stability. The main components of microfinance include deposits, loans, payment services, money transfers, insurance services to low-income families and their microenterprises (Chakravartı, 2015: 76).

The terms microcredit and microfinance are used interchangeably in the field of microfinance. Actually, microcredit is a component of the broad term microfinance because it refers to the credit given to the people. Microfinance as a whole refers to all the financial services that supplement the loans provided as microcredit (Wrenn, 2005).

Microfinance aims to improve the financial status of low-income women. Microfinance refers to the provision of financial services to the entrepreneurial poor so that they can contribute to economic activities and move above the poverty line. The entrepreneurial poor do not require assistance in carrying out the business activities but require support in the initiation of a business (Hart, 2004: 1). The microfinance institutions provide services to low-income clients that vary in the legal structure, mission and methodology. These financial services are provided to the women who have limited access to the banks (Lafourcade, 2005: 2). The financially disadvantaged people have equal rights for trustworthy financially services.

Clients want to secure their dignity while borrowing from the financial institutions as they do not want to face any humiliation from the bank. Therefore, the providers need to invest in the consumer service sector. Microfinance aims to offer standardized products to clients of certain socio-demographic traits so that their standard of living is increased (Hes, 2014: 62). The success of microfinance depends on an in-depth analysis of consumer behavior and its influence on financial services. Therefore, there is a great potential of microfinance in both rural and urban areas (Dieter Seibel, 2003).

1.3 BIRTH OF MICROFINANCE IN TURKEY

After 1980’s, neoliberal policies were introduced which limited state-intervention in the social issues. This paved the path for the establishment of various microcredit programs in the beginning of 2000’s (Yayla, 2012: 28). In the early year of development

of the microfinance sector, non-governmental organizations, multilateral and bilateral donors, investment agencies and government organizations invested in the microfinance sector. Later, government and public sector agencies designed microfinance-support strategies and situated microfinance sector within the overall financial system (Burritt, 2003: 9).

United Nations declared the year 2005 as the "International Year of Microcredit". The first National Microfinance Committee took place in Ankara in order to adopt a plan for the microfinance sector in Turkey. In the microcredit summit campaign of 2005, it was declared that 175 million of the world's poorest families would receive credit (Daley-Harris, 2005: 29). However, owing to the global financial crisis, the focus of the government was shifted to the recovery of the country's economy. The United Nations Development Program (UNDP) has encouraged the commercial banks to enter the microfinance sector. The UNDP made efforts to convince the banks that financially disadvantaged people are also a profitable segment and the commercial banks should participate in poverty alleviation by the provision of enabled access to credit to the low-income people (Günel, 2006: 165). The "Istanbul Finance Summit" took place in 2011 and the governor of the Central Bank of the Republic of Turkey gave a speech in which he reiterated Dr. Muhammad Yunus's concept of empowering the financially disadvantaged people by the application of microfinance. Later in 2012, a global microfinance forum was also held in Istanbul, Turkey (Dincer, 2014: 4). In the last twenty years, acceptability and demand of microfinance has been increased because of the introduction of different customer-oriented products and appropriate banking services for the clients of microfinance (Iqbal, 2015: 488).

Research shows that there is a weak credit culture in Turkey. People are usually unwilling to make timely repayments to the lenders. However, this can partially be attributed to the lenders who are unable to enforce systems and incentives for repayment. Efforts in the past to provide financial services to the financially disadvantaged people were based on agricultural development policies. These programs failed to achieve their intended objectives because they were based on specific groups. Later government-supported subsidized programs were initiated but these were also aimed to increase certain productive activities. Some activities were started to provide

loans to the poor but these were gradually shifted to the provision of loans to the micro enterprises. In some countries, credit unions were established which mobilized saving deposits and provided credit to the people but these were not supported by the financial and legal regulatory framework so their impact was also limited. Over time credit-based non-governmental organizations have earned the status of licensed banking institutions. The entry of commercial banks into the business of micro lending has supported the microfinance sector to become a sub-sector of the financial sector of the economy (Burritt, 2003: 9).

Before 2002 financial cooperatives like the Halk Bank and the Ziraat Bank offered microfinance loans along with the Foundation for the Support of Women's Work (KEDV) in Turkey (Microfinance in the Arab States: Building inclusive financial sectors, 2004). As of 2003, the Halk Bank provided loans to 130,000 clients and the Ziraat Bank provided loans to 2 million clients (Burritt, 2003: 31). The first microfinance institution in Turkey was the Maya Enterprise which was created in 2002. The Maya Enterprise aimed to support women with entrepreneurial abilities. Therefore, the Maya Enterprise can be termed as a women's entrepreneurship development program. In 2011 KIVA[*] collaborated with the Maya Enterprise. KIVA introduced the system of "peer lending model" in microfinance by introducing borrowers with lenders and donors. By 2013, total number of borrowers from KIVA was 1 million (Dincer, 2014: 9).

A group of women voluntarily established the Maya Enterprise with the aim to improve the standard of living of women and to solve the economic disparities in the society. It organized programs for women empowerment in the society, for individual and collective women entrepreneurship and to redevelop the disaster zones which have suffered from natural calamities. Maya Enterprise initiated its credit activities by extending $1 million as credit to the people. In 2002, Maya Enterprise started its activities in the Kocaeli region of Turkey. In June 2003, credit activities were started in Istanbul. Its activities were extended to the city of Duzce in August 2004. In November, 2005, first micro credit branch was opened in Sakarya (Ateş, 2012: 46).

[*] KIVA is a non-profit organization and provides a peer to peer (P2P) connection between donors and microfinance borrowers (Ly, 2010:1).

The second microfinance institution is TGMP which was initiated by Prof. Dr. Aziz Akgül[*]. TGMP is the most significant microfinance institution in Turkey and has the largest number of branches as compared to other microfinance institutions in Turkey. TGMP has 107 branches in 68 provinces of Turkey. It was established in 2003 as a joint venture between TISVA and Grameen Trust, with the aim to provide sustainable financial services to low-income women. The total number of women who have taken small business loans from TGMP is more than 50,000. A unique characteristic of TGMP is that it encourages the borrowers to make the repayments and has never resorted to court proceedings for loan repayments ("TGMP", 2016). The success stories of women who had received credit from the TGMP have been shared on the social networks. (Yayla, 2012: 2).

1.4 IMPACT AND CHALLENGES OF MICROFINANCE AROUND THE WORLD

1.4.1 Impact of Microfinance around the World

The Microcredit Summit Campaign of 2006 had aimed to reach 175 million of the world's poorest families by the provision of microcredit especially to women by the end of 2015. The total number of microfinance institutions around the world as of 2010 are 3,652. The total number of clients is approximately 205,314,502 and out of this more than 50% of the loans were given to women (Yayla, 2012: 14). Table 2 below shows the regional distribution of microfinance institutions.

[*] Prof. Dr. Aziz Akgül is a member of the parliament from Justice and Development Party (AKP) and Chief Executive Officer of the Turkish Foundation for Waste Reduction (TISVA).

Table 2

Regional Distribution of Microfinance Institutions

Region	No. of program reporting	No. total clients in 2009	No. of total clients in 2010	No. of poorest clients in 2009	No. of poorest clients in 2010	No. of poorest women clients in 2009	No. of poorest women clients in 2010
Sub-Saharan Africa	1,009	10,776,726	12,692,579	6,360,861	7,248,732	3,935,808	4,783,256
Asia & the Pacific	1,746	156,403,658	169,125,878	117,178,142	125,530,437	97,385,541	104,752,430
Latin America & Caribbean	639	7,772,769	12,257,181	2,206,718	2,834,742	1,450,669	1,935,685
Middle East & North Africa	87	3,310,477	4,552,387	1,140,999	1,492,322	890,418	1,217,113
Developing World Totals	3,430	149,711,990	183,989,952	106,241,551	127,866,067	88,520,502	104,474,146
North America & Western	91	176,958	148,628	109,318	85,750	72,576	56,651
Eastern Europe & Central Asia	68	4,936,877	5,996,500	233,810	268,234	133,815	163,318
Industrialized World Totals	159	5,113,835	6,145,128	343,128	353,984	206,391	219,969
Global Totals	**3,589**	**154,825,825**	**190,135,080**	**106,584,679**	**128,220,051**	**88,726,893**	**104,694,115**

Source: (Reed, "State of the Microcredit Summit Campaign Report 2011", p. 47)

1.4.1.1 Middle East and North Africa Region

The total number of microfinance programs in 2010 in the Middle East and North African Region (MENA) are 91 and the total number of borrowers was approximately 4,290,735 (Reed, 2011: 47). The economies of the Middle East and North African region have developed at different rates by reason of limited amount of fertile land, slow economic and political reform and dependence of the financial system on oil (Frasca, 2008: 3). Microfinance is a not a very old industry in the MENA region. The policy makers for the microfinance institutions in the Middle East region are in a unique position because they can learn from other countries and implement relevant policies in the Middle East (Hart, 2004: 1). Grameen Jameel is a microfinance institution that provides loans to its partner microfinance institutions in the Middle East and North African region. As of March 2012, Grameen Jameel collaborated with seventeen microfinance institutions in nine countries in the Middle East and North African

(MENA) region, and has reached 1,671,216 new clients through its partners ("Grameen Jameel", n.d.).

Egypt leads other countries of the Middle East and African Region in the field of microfinance as it has one of the highest number of borrowers. As of 1999, Egypt had the highest number of active borrowers which was approximately 91,000 with an outstanding portfolio of almost $48 million. The distinguishing feature of the Egyptian microfinance institutions is that they have an efficient loan portfolio system and financial systems. The high repayment rates and retention rates depicts the fact that Egyptian microfinance institutions have loyal customers. Alexandria Business Association was the oldest microfinance institution established about ten years ago. Another significant microfinance institution of Egypt is the National Bank for Development Program (Hart, 2004: 29).

1.4.1.2 Sub-Saharan African Region

In 2009, Sub-Saharan Africa was among the three regions that showed high numbers of borrowers and savers as compared to global averages (Rooyen, 2012: 2260). The operating and administrative costs within the Sub-Saharan Africa Region are above that of other countries. Despite the high costs, microfinance institutions in Africa are among the most productive in terms of borrowers and savers as compared with global averages. In 2003, women represented 61 % of the total borrowers from the microfinance institutions in Africa. However, in the present period, the microfinance industry is undergoing a crisis. In spite of this, microfinance is on an increase in Africa. Micro-credit within Africa has had a positive impact on the income and livelihood of people (Lafourcade, 2005: 6).

1.4.1.3 Brazil

Microfinance in Brazil was started in 1972 when the first microenterprise credit program was initiated in Recife, Brazil. In Brazil, State-owned development banks, Public Interest Civil Society (OSCIPs), Microenterprise Credit Society (SCMs) and commercial banks offer microfinance services to the people. Actually, there is a huge potential of microfinance in Brazil as the country has a developed financial market in terms of retail banking. Therefore, the experienced micro entrepreneurs can contribute to a great extent to the microfinance industry. However, the latest statistics depict the fact that Brazil has only managed to meet 2 to 3 percent of the demand for microfinance

products. The microfinance institutions face problems by virtue of hyperinflation which hinders their growth. In Brazil, there are 16.4 million micro enterprises out of which approximately 8.2 million are potential customers for microfinance products. However, currently only 1.1 million micro enterprises are current clients of microfinance products (Chakravartı, 2015: 77).

The ACCION International is one of the initial microfinance institutions and was founded in 1961 and was formally established in the form of a Bridge Fund in 1984. It started the services of micro lending in Brazil. Later, it provided portfolio securization and bond offerings to the people (Microfinance: Global Experience and Prospects for Turkey. 2003: 76). The ACCION International has supported countless families by the provision of loans of approximately 4.6 billion as of 2002. Today, ACCION International has a network of partners in United States of America, Latin America, Africa and Asia. Moreover, ACCION International collaborates with banks, insurance companies, academics, credit card companies, regulators, mobile network operators to develop efficient methods of fostering global financial inclusion. ACCION International has established 64 microfinance institutions in 32 countries across four continents since 1961. The active borrowers are approximately 5.3 million as of 2014 (ACCION Annual Report 2014, 2014: 23).

1.4.1.4 Russia

In 1994, United States Agency for International Development (USAID) facilitated the initiation of microfinance institution in Russia and later these were adapted according to terms suitable for Russia. On 4th August, 2009, the Federal Law on Credit Cooperatives was enforced and accordingly the financial performance was supposed to accelerate to a required standard. Moreover, all credit cooperatives within Russia can establish themselves according to a self-regulated framework. The enactment of this law enabled the microfinance institutions to facilitate the small businesses and further encourage the establishment of new microfinance institutions. There is a colossal demand for microfinance services by the small and medium scale businesses in Russia but the high transaction costs act as a growth barrier in its progress (Chakravartı, 2015: 77).

1.4.1.5 India

The evolution of microfinance in India can be traced back to early 1970 when the Self Employed Women's Association (SEWA) of the state of Gujarat established an urban cooperative bank, known as the Shri Mahila SEWA Sahakari Bank[*]. The concept of microfinance was evolved in 1980 with the aim to provide financial services to the people. Later, Development Bank of India and the National Bank for Agriculture and Rural Development also provided financial services to the people. In between 2007 and 2008, microfinance had served approximately 33 million Indians out of which around 80 percent clients were women. The microfinance institutions operated in 209 out of 331 districts of the country. Today, the microfinance institutions from the private sector of India has provided credit to 20 million clients in nearly every state of India and many Indian microfinance institutions have become global leaders in the industry The private sector in India can also play a major role in the development and establishment of microfinance institutions as neither the government nor the charity organizations have the capital and the business models inevitable to satisfy the microfinance demand (Chakravartı, 2015: 78).

1.4.1.6 China

Since the 1990's, the microfinance institutions in China were initiated. Later the non-governmental organizations with the support from the People's Bank of China (PBOC) and the China Banking Regulatory Commission (CBRC) started microfinance pilot projects in 2005 and 2006. With regard to these pilot projects, the China Postal Savings Bank (CPSB) received a license to enter the rural credit market. The microfinance providers complement traditional banking institutions like Rural Credit Cooperatives (RCCs) and the Agricultural Bank of China (ABC), which began to experiment with microcredit offerings in the late 1990s (Chakravartı, 2015: 79).

[*] Shri Mahila SEWA Sahakari Bank was established to provide banking services to low-income women employed in the Ahmedabad City which is a former capital of the state of Gujarat in India (Chakravartı, 2015: 78).

1.4.1.7 European Union countries

The European Commission provides micro-credit funding to businesses within the European Union countries. The European Commission in 2009 proposed to provide microcredit to entrepreneurs so that they could start a business. This project was initiated with the collaboration of European Investment Bank (EIB) and other financial institutions. The concept of microloans refers to credit of less than €25,000 and they are given to microenterprises who have less than ten employees or to the unemployed people ("€100 million EU micro-finance facility to help unemployed start small businesses", 2009). The European Commission aspired to continue their microfinance initiatives under the program named as “Programme for Social Change and Innovation” (PSCI). The European Progress Microfinance Facility was launched in 2010. The Progress Microfinance still funds micro credit and micro loans to entrepreneurs ("Progress Microfinance-Employment, Social Affairs & Inclusion - European Commission", n.d.).

Commerzbank one of the leading banks in Germany was founded in 1870 and has a distinguished position in 50 countries (Commerz Bank Annual Report 2014, 2014). The Commerzbank provides access to its local and international branches and also to the banks. Commerzbank facilitates eligible clients by providing access to the microfinance banks. Commerzbank was initiated in Kosovo. Since 2000, it has acquired stake in seven microfinance banks under the name of Pro-Credit Group which provides credit to people who have limited access to the financial services (Microfinance: Global Experience and Prospects for Turkey, 2003: 91).

1.4.2 Challenges of Microfinance

The failures of microfinance are prominent in many countries. The microfinance in Sub-Saharan Africa is struggling to survive because of incompetent staff and inefficient internal controls. In Nigeria, lack of competent human capital contributes to the failure of microfinance. Microfinance institutions in Morocco failed to achieve their goals because of employee fraud. Moreover, Zambia’s dependence on the funds from the donors has caused serious problems for the system to proceed as the institutions face high operating costs and low client ratio. The market penetration of Egypt is low as

there is a huge potential demand for microfinance but approximately only 5% of the demand has been supported with this system. In addition to this, microfinance is narrowly defined in Egypt as microfinance is usually merely offered for business activities and business activities are usually carried out by the male individuals, resulting in the exclusion of thousands of potential beneficiaries (Hart, 2014: 30). According to the literature, in the year 2005, 50 branches of four microfinance institutions were closed in the state of Andhra Pradesh of India for the reason of allegations of unethical collections, illegal operational practices like consuming the savings of the clients, poor governance and profiteering (Focus Note, 2010: 3). In 2009 growth of loan portfolio was 95 % and it came down to 17% in the fiscal year 2010 (Kaur, 2013: 696).

The drop-out of clients from the microfinance system can vary with respect to countries as every country is economically and socially faced with different conditions. Logic behind leaving the microfinance institution can be complex and can involve a number of factors. Low retention rate is a result of endogenous factors like frequent repayment schedules or forced savings and exogenous factors include variation in sales. The reasons for low retention rate of borrowers may result from inefficient services at a cost. As the microfinance institutions are unable to collect the repayments from the clients so neither further loans can be financed nor equity can be raised (Pagura, 2011: 1). In addition to this, drop-outs usually occur in the earlier period of microfinance loans as in some cases clients leave the institution before the microfinance institution can influence their livelihood. A lack of legal regulation makes it difficult for the microfinance institutions to receive funds from international organizations. As a result of lack of appropriate legal support people prefer state-owned banks and other financial opportunities. Some banks offer microfinance loans but they are unable to make a significant impact, owing to asset-based collateral requirements Microfinance cannot erase poverty all of a sudden but can be used as a weapon against poverty and other development challenges. It can be used to make sustainable contributions to consolidate the system (Dincer, 2014: 12).

The failure of microfinance can be attributed to organizational failure which is mostly a result of external factors. However, failure of the microfinance institutions can be

attributed to lack of managerial foresight or to the failure of the top management. The failure of the microfinance institutions can be attributed to weak governmental practices and lack of governmental support. Microfinance has been basically used to fulfill consumption needs rather than to develop enterprise. One of the most essential problems is the lack of productive microfinance institutions that can promote entrepreneurship. The problem of microcredit indebtedness is commonplace across developing countries like Bangladesh, Peru; and also in transition countries like it is prevalent in Bosnia and Herzegovina (Bateman, 2011: 2).

1.5 DEVELOPMENT PROBLEMS IN TURKEY

Turkey is an upper middle economy and the world's eighteenth most populated country with a population of 75.93 million. The Gross Domestic Product (GDP) of Turkey is 799.5 billion. According to international experts, Turkey is amongst the top economies of the world and is considered as an exemplary role model for the Middle East. One of the main development challenges for Turkey is the medium and long-term unemployment. The rate of unemployment in Turkey is 10.15% as of 2015 ("TUIK", n.d.). Labor markets of Turkey illustrate the fact that that the female labor force participation rate is low as compared to the other members of the OECD* countries and its neighboring states. In spite of the more cooperative attitude of families towards employed wives, better educational standards for Turkish girls and late marriages, women seeking jobs has decreased from 34.3% in 1998 to 22% in 2008. The women are hindered from employment because of unfavorable working conditions as the workplaces do not provide adequate support for domestic activities like child care resulting in the phenomenon of unemployed women within the society (Hes, 2013: 5).

Poverty and unemployment continue to be significant challenges for Turkey. According to the basic basket of expenditures considered by the Turkish Statistical Institute about 18% of Turkey's population is facing poverty. Approximately, 12.8 million people are below poverty line in Turkey according to the statistics of 2011 and poor people lived mostly in rural areas than in urban areas. Approximately, 20% of the population earns less than $2 a day (Ateş, 2012: 41). In 1999, a severe earthquake was stuck in Turkey after which poverty accelerated in Turkey (Korkmaz, 2007: 100). The demand for

* OECD stands for Organization for Economic Cooperation and Development

microfinance is by people who have low income and are unable to finance the needs of daily life but have the skills to progress if necessary capital is provided to them. The demand for microfinance in Turkey is extended by the inclusion of people who want to develop or establish micro enterprises.

Poverty is a multidimensional problem which interconnects the political, economic and the social system of the society. Poverty is a huge hindrance in the path of economic development. It is a hurdle in the effort to achieve economic goals and creates social problems that can lead to illegal activities within the society (Iqbal, 2015: 489). As poverty is a multidimensional developmental issue so microcredit can also impact non-income dimensions of poverty such as education of children, health and nutritional status. This positive impact is in view of increase in income, social mobilization and inspirational messages which are conveyed during weekly meetings with the members. In the long run, microcredit can have an impact on female empowerment as women become financially stable and are able to participate in decision making issues within domestic and social sphere (Obaidullah, 2008: 12).

Poverty is a diverse development challenge that varies across different countries and every country has a different culture. Alleviation of poverty by the establishment of microenterprises requires diverse models with regard to different countries. Therefore, every country should design the system of microfinance with regard to their distinguished culture and people. By the reason of significant income disparity among the segments of the population there is a need to tailor services to specific markets and to include non-loan products such as savings deposits, insurance, remittances products, and even pension funds. Entrepreneurship poverty is directly linked to the issue of collateral. Collateral mitigates the risk of default by the borrower so microfinance supports the people that have insufficient collateral to borrow from the financial institutions. Therefore, microfinance institutions focus on joint liability as a guarantee for the micro credit loans (Obaidullah, 2008: 10).

1.5.1 Instrument of Microfinance for Poverty Alleviation

Dr. Muhammad Yunus has mentioned, “To me, the poor are like Bonsai trees. When you plant the best seed of the tallest tree in a six-inch deep flower pot, you get a perfect

replica of the tallest tree, but it is only inches tall. There is nothing wrong with the seed you planted; only the soil-base you provided was inadequate." (Yunus, 2007).

The poor do not have adequate resources with which they can achieve stability in their lives. They have the required talent to progress but they are unable to utilize their talents because their advancement is hindered by financial instability. Microfinance can be used to combat the phenomenon of deprivation of goods and necessities, eventually aids to increase the standard of living of the borrowers. The microfinance institutions are capable to mobilize and recycle savings and provide credit to the people. In Turkey, the borrowers of microfinance usually engage in microfinance businesses that have a high turnover rate so they can use these rates of return to make the repayments to the microfinance institutions. At a personal level, microfinance can be used to cope with the social and psychological personality problems for individuals who were previously unable to discover their potential (Burritt, 2003: 28).

The financial and economic goals of the microfinance institutions can definitely positively influence the financially disadvantaged people. On the other side of microfinance perspective, microfinance is considered to be the primary solution for India to combat the high level of poverty prevailing in the country. As microfinance provides capital to the people for the development of small enterprises and this can be a positive contribution to the national economy (Iqbal, 2015: 489).

Studies question the effectiveness of microfinance on poor and on people who are below poverty line. Mostly the clients of microfinance tend to be around the poverty line therefore the effectiveness of microfinance is higher for poor people than for people who are below poverty line. This is because microfinance institutions may not succeed in including the very poor individuals in their portfolio because of lack of sustainability of their participation. So the standard model of microfinance becomes incapable for the inclusion of very poor individuals. Microfinance is one of the most appropriate instruments for poverty reduction as consumption is increased owing to better economic conditions after participation in microfinance (Leikem, 2012: 10).

Microfinance is not a miracle solution for poverty so it must be integrated with social development program in order to achieve significant results. The microfinance sector

has managed to reach only 20% of the total potential. Therefore, the focus of the policies should be on gender equality. Income and gender disparities have been a result of urbanization as it has led to challenges in the supply and education of labor. Urbanization has also led to a decline in agricultural employment and as a result women have lost their means of employment. According to a research, microfinance does not alleviate poverty but it is an instrument to convert the needs of poor people to effective demand (Günel, 2006: 160). Microfinance is not the solution for poverty. For instance, destitute people who have no means of livelihood cannot make efficient use of microfinance as they have no means of repayment. So other development initiatives should definitely be encouraged (Yayla, 2012: 8).

1.6 IMPLEMENTATION METHODS USED IN THE MICROCREDIT SYSTEM

The microfinance institutions provide services to low-income clients that vary in the legal structure, mission and methodology. These financial services are provided to the women who have limited access to the banks (Lafourcade, 2005: 2). There are different implementation models introduced by the microcredit system and a brief explanation of the significant implementation methods has been mentioned.

1.6.1 The Rotating Savings and Credit Association

It refers to the different members of a group making cyclical contribution to a mutual fund and that lump sum fund is used to provide credit to one of the members in a specified order. The group usually includes friends and neighbors and this sort of saving is referred to as the Self Help group (Roodman, 2006: 2).

1.6.2 The Grameen Solidarity Group Model

It refers to the system of accountability within a group. As a group of five to seven individuals is made and loan is given to each of the individuals. The group members guarantee the loan payments and eligibility for further loan is dependent on the timely repayments by all group members. Usually the payments are made on a weekly basis. The Grameen Bank and various other organizations follow this type of microfinance model. In Turkey, TGMP is the first organization to introduce the microfinance implementation of the Grameen model. TGMP was established as a joint collaboration

of the Grameen Trust and the Turkish Foundation for Waste Reduction (TISVA) (Dincer, 2014: 8). TGMP is the most significant organization in Turkey that began microcredit activities through the provision of group loans to the Turkish women. TGMP aims to support financially disadvantaged people to utilize their abilities in self-employment ventures. Mostly women have used loans from TGMP to initiate agricultural, trade and home-based businesses.

1.6.3 The Village Banking Model

It refers to small loans that are offered to the clients on the conventional lending methodologies. The loan distribution is based on the informal business operations. Another significant implementation method is the Village Banking Model which refers to the saving associations established by non-governmental organizations. Village Banking Model was introduced in the early eighties in Latin America by John Hatch and his associates at the Foundation for International Community Assistance (FINCA) to provide asset-building loans to the poor people of Bolivia. They usually have up to fifty members from financially disadvantaged backgrounds. The members organize the banking activities, make their own laws, elect their own officers and distribute loans to the eligible people and collect payments according to the system devised by the members. In addition to this, the members elect their officers in the village banking system. However, in the village banking system, problems arise when there are variations in the loan size as the poorest face the greatest risk. An example of the village banking system is the Self-Help group which is prevalent in India. The borrowers are organized in groups for the purpose of empowerment through group savings, education, and microenterprise support. The bank grants a loan of a big amount and the loan is given to the members according to the terms decided by the group. The Self-Help group was initiated when the Indian government started to support the National Bank for Agriculture and Rural Development (NABARD) (Roodman, 2006: 3).

1.7 ROLE OF BANKING SECTOR IN MICROCREDIT

In the 1980’s the Turkish government developed market-based strategies which increased the involvement of the private sector in the economy. In 1990’s, the economy of Turkey faced various financial fluctuations which resulted in bank failures. The

financial crisis of 1994 led to the devaluation of the Turkish Lira which resulted in a decrease of investment within Turkey. The risk of banks was increased as they started borrowing in the foreign currency and lending in the Turkish lira. In 2000's the float exchange rate regime was adopted and the Turkish lira was allowed to float (Gurkaynak, 2015: 2).

In 2000's, many banks consolidated and the majority of loan assets was consolidated within the few established banks. In 2001, the Ziraat Bank was ranked as the biggest bank in the country with over 1495 branches. It primarily targets the agricultural sector. In July 2003, government increased the subsidy supplied to the micro-enterprises by the state-owned Halk Bank. The Halk bank provides loans to the women through a subsidized program. The Halk Bank has allocated a credit scheme especially for women as it initiated a plan to include women entrepreneurship in its credit portfolio. The Halk Bank targets the trading and services sector (Burritt, 2003: 22). The Halk Bank and the Ziraat Bank provide credit to farmers. The Garanti Bank and the Is Bank also have allocated microcredit services to the people of Turkey. Despite the limited depth outreach, these state-owned banks try to provide maximum number of loans to microfinance borrowers. By 2002, the Halk Bank supported 130,000 micro entrepreneurs. The Ziraat Bank provided credit to 2 million clients (Korkmaz, 2007: 109).

The banks were not able to reach their potential in the provision of credit to the borrowers because of low repayment ratio and the presence of collateral as a security for extending credit. In addition to this, the banks mostly extended credit to men and their programs were not women-oriented. Despite this phenomenon, the Ziraat Bank and the Halk Bank managed to provide microcredit to a significant number of people (Yayla, 2012: 28). According to a research, state owned banks like the Ziraat Bank and the Halk Bank were established solely to facilitate the agricultural sector and the small and medium enterprises. With the passage of time, these banks diversified their outreach by including the household and the commercial sector (Dincer, 2014: 7). Several banks in Turkey like the Garanti Bank and Is Bank have included credit services for micro enterprises (Ateş, 2012: 43). Commercial banks provide credit on the basis of

guarantees and sureties but microcredit institutions on the other hand provide credit on the basis of humanity

1.8 SUPPLY OF MICROFINANCE IN TURKEY

In the international arena, the microfinance sector has established itself but in Turkey it is still in the development phase. The supply of microfinance services is not sufficient to meet the demand for microfinance in Turkey. In Turkey, only a limited number of non-governmental organizations provide microfinance services to people. The deficit in the supply of microfinance is in terms of the range of products offered and in terms of the number of people serving in the microfinance sector. Only a few state owned banks, the Halk bank and the Ziraat Bank are involved in providing microfinance services to the people. The number of non-governmental organization is meager because of insufficient funds (Burritt, 2003: 6). This can be attributed to the lack of support to the non-governmental organizations from the government. In the previous years, non-governmental organizations did not have a firm footing and could not much contribute to the development procedures. However, after the earthquake of 1999 in Turkey, the role of non-governmental organizations has become more prominent (Burritt, 2003: 35).

1.8.1 The Maya Enterprise

Micro credit was introduced in Turkey in 2002 by the Foundation for the Support of Women's Work[*] (KEDV) and the organization was later named as the Maya Enterprise. Since 1995, the Foundation for the Support of Women's Work had started to provide microcredit to the women. Moreover, after the Marmara earthquake in 1999 they provided financial and psychological support to a number of women. The Maya project was actually started in 1995 when the Foundation for the Support of Women's Work started a pilot project for 100 women in Istanbul. Later in 2001, Foundation for the Support of Women's Work received financial support which led to the official establishment of the Maya Enterprise. The Maya Enterprise has various credit portfolios for different segments of the society. The Maya enterprise is a business development program and it has various products in its portfolio. Some of the projects of the Maya

[*] Foundation for the Support of Women's Work is a non-profit organization known as Kadın Emeğini Değerlendirme Vakfı (KEDV) in Turkey (Günel, 2006: 159).

Enterprise are “Maya We” which focuses on the business diversification and “Maya Family” which facilitates domestic needs like bills and expenses (Günel, 2006: 159). The Maya Enterprise targets women with already existing businesses. Mostly, the members of the Maya Enterprise are single, divorced or widowed women so they support them in finding employment opportunities.

The Maya Microeconomic Support initiated the services of microfinance with the disbursement of 1 million which was financed by national and international donors. The disbursement of credit was 66% for production, 26% for services and 8% was allocated for other sectors (Ateş, 2012: 47). As of 2004, the Maya Enterprise had 712 clients and the loans were utilized for businesses in agriculture, trade and the services sector (Artukoğlu, 2009: 229).

Maya Enterprise extended credit free of collateral but formed “solidarity groups” of borrowers in which the members of the group were responsible for the payments from other group members. If an applicant is unable to be a part of the solidarity group then she needs to provide collateral in order to qualify for a loan. The Maya Enterprise provides microfinance services to women in a group of three. The credit ranges from ₺100 to ₺900 and the maturity of the loan is from 3 to 12 months (Yayla, 2012: 29). Citibank and the HSBC Bank also support the Foundation for the Support of Women’s Work through social responsibility programs to provide credit to women. (Dincer, 2014: 8).

1.8.2 The Turkish Grameen Microfinance Program (TGMP)

TGMP was started in 2003 in the city of Diyarbakır. This program was started in Diyarbakır on 18th July 2003, by the President of Turkey; Recep Tayyip Erdoğan gave ₺500 to individual women and with a total of ₺6000 microcredit was initiated with the loan disbursement to 1553 women. The credit was mostly used for manufacture of handicrafts (Saatçi, 2013). In March 2003, staff from the Grameen Trust and the Grameen Bank was invited to Turkey and they experimented the application of microfinance in Istanbul, Diyarbakır and Siirt. TGMP was established according to the Build, Operate and Transfer (BOT) model of Grameen Trust and financial assistance was received from the TISVA, Finans Bank, Vakif Bank and Open Society Institute.

Under the Build, Operate and Transfer (BOT) model of Grameen Trust, microcredit program is launched in a country by a team of experts from Bangladesh and microfinance programs have been launched by this model in some countries like Myanmar, Turkey, Zambia, Kosovo, Costa Rica, Guatemala, and Indonesia. Borrowers receive microcredit under the basic loan system and the amount of credit received varies with regard to the performance of the borrowers. An interest rate is charged as service fee on every loan granted to the borrower (Yayla, 2012: 33).

TGMP offers five types of loans. It initially offered only Basic Loan which comprises of ₺1000 ($339) to its borrowers. Then the Social Development Loan was started to support borrowers to develop their existing businesses. Later, the Animal Husbandry (Livestock) Loan program was launched in 2005 which is especially provided by the rural microfinance branches. This loan is usually provided 6 months before the Muslims' religious festival of sacrifice. The Social Development Loan and Communication Loan were initiated in 2013 and are successfully being offered to the borrowers till today (Yayla, 2012: 35).

In 2011, TGMP launched the insurance program which protects the micro-credit borrowers against unforeseen circumstances. This program has been introduced in Turkey for the first time and as of June 2012 all the borrowers of microfinance from TGMP are covered by their Micro insurance program. The insurance program compensates the borrowers in the case of death or accidents. The allocation of loans by TGMP is illustrated in Table 3 below. For instance, TGMP has allocated 6600 women credit ranging from ₺1000 to ₺2500.

Table 3

Loan disbursement by TGMP

	2012	**2013**	**2014**	**2015**
Up to ₺500	2,773	11,655	30,385	1,361
More than ₺500 up to ₺1,000	46,824	35,339	22,572	3,952
More than ₺1,000 up to ₺2,500	19,335	30,384	33,654	6,600
More than ₺2,500 up to ₺5,000	763	1,687	4,623	6,278
More than ₺5,000 up to ₺10,000	35	135	150	619
More than ₺10,000	1	1	1	756

Source: ("TGMP", n.d.)

1.8.3 The General Directorate of Social Assistance and Solidarity

One of the well-known institutions for poverty alleviation within Turkey is General Directorate of Social Assistance and Solidarity[*]. It supports people who are in a dire need for aid or rehabilitation. General Directorate of Social Assistance and Solidarity initiated the Social Risk Mitigation Project (SRMP) in 2001 which was aimed to provide resources to financially disadvantaged people and to strengthen institutions that contribute to this cause. In the period of 2002-2007 Local Enterprises Program was initiated which aimed to provide employment opportunities to people who had no resources to initiate a business. With the aim to provide assistance, the organization distributed a total of ₺1,797 million in 2008 and ₺2,379 million in 2009, respectively (Yayla, 2012: 24).

[*] General Directorate of Social Assistance and Solidarity is known as Sosyal Yardımlaşma ve Dayanışma Genel Müdürlüğü (SYDGM) in Turkish (Yayla, 2012: 24).

CHAPTER 2: METHODOLOGY OF STUDY

The methodology used for the study and the tools used to conduct the research are in correlation to the drop out of clients from microfinance. Drop-outs are those clients who faced negative consequences from microfinance resulting in their departure from the microfinance institution. Drop-outs from microfinance provide a useful source of information for the microfinance institutions to improve their performance (Simanowitz, 2000: 112).

The main microfinance institutions in Turkey are the TGMP and the Maya Enterprise. The main focus of the literature is drop-out clients from TGMP as it has supported every stage of the research and provided access to its clients. The research aimed to do an in-depth study on the reasons of clients' separation from microfinance from the borrowers of TGMP.

2.1 DETAILED PROFILE OF TGMP

TGMP was established in June 2003 and credit was started to extend to the borrowers on 11th July 2003. The main values of TGMP include integrity, accountability, respect, efficiency and continuous improvement. TGMP follows the principles of the Grameen Bank which comprise of discipline, unity, hard work and courage (Obaidullah, 2008: 20).

TGMP is the most effective microfinance institution in Turkey and offers standardized products countrywide. TGMP has a high repayment ratio of 98% (Hes, 2014: 5). TGMP is known as the bank of the poor and in the long run it aims to facilitate approximately 19 million poor people of Turkey (Korkmaz, 2007: 110). The portfolio of every loan type is mentioned in Table 4.

Table 4

Portfolio of TGMP

Loan Product	Remaining Total Balance
Basic Loan	৳42,237,828.18
Entrepreneurial Loan	৳5,296,752.14
Communication Loan	৳1,185,437.3
Animal Husbandry Loan	৳21,616.28
Social Development Loan	৳1,966,852.73
TOTAL	৳38,013,578

Source: ("TGMP", n.d.)

A group is formed of five women with unique business ideas who cannot be close relatives. For example, mothers and daughters, brothers and sisters, etc. should not be in the same group so as to increase accountability in the repayments. Then training is provided to the eligible clients and then the loan amount is disbursed. The lending activities are complemented by training activities like development of entrepreneurial skills, management of microenterprises like shop keeping, and crafts production and education on social awareness and family planning activities. The groups are required to contribute to a savings fund so that the funds can be used for household emergencies (Obaidullah, 2008: 10).

One of the primary motives of TGMP is based on the principle that the poor people can utilize their abilities in self-employment ventures if they are given access to capacity-building trainings and capital in the form of microcredit. The microcredit system is not based on the financial possessions of a woman but on the evaluation of her ambition to work towards the future and her potential. The belief of microcredit system is that all people, including the poorest people, are equipped with endless talents. The graphical illustration of the members of TGMP is shown in Graph 1.

Graph 1. Member Count of TGMP

Source: ("TGMP", n.d.)

2.1.1 Types of Loan offered by TGMP

2.1.1.1 Basic Loan

Basic Loan was initially offered from ₺100 to ₺700. Later this amount was increased to ₺1000 with regard to the economic conditions of Turkey. Basic Loan is the main credit type which is offered by TGMP. The borrowers can take another credit after 6 months with regard to the amount repaid in the 6 months (Yayla, 2012: 34).

2.1.1.2 Entrepreneurship Loan

The entrepreneurship loan is offered to women who have entrepreneurial skills to start a business. TGMP gives priority to financially disadvantaged women who are rejected from traditional lending systems. The evaluation is based on their ambition to work towards the future.

2.1.1.3 Social Development Loan

Social development loan is a microcredit loan that aims to develop the society. Moreover, it is different and unique from other loan products in the sense that it provides assistance to the borrowers in improving an existing business. Such women are

provided cooperation to explore talents. This loan was started in December 2007 when 48 entrepreneurs were granted this credit and a total of ₺94,957 was disbursed (Gökyay, 2008: 92).

2.1.1.4 Animal Husbandry Loan

Animal Husbandry Loan is offered to borrowers who want to perform cattle farming business (Çakmak, 2012: 67). Borrowers of Animal Husbandry Loan buy animals and sell them to earn livelihood and later to make repayments to TGMP.

2.1.1.5 Communication Loan

Communication Loan is offered to borrowers so that women can purchase mobile phones and the credit is repaid to TGMP. This loan particularly aims to facilitate women in the use of technology. This loan provides an opportunity of employment to the borrowers as they sell these mobile phones at a profit (Alpaslan, 2015: 89).

2.1.2 Non-Loan Products offered by TGMP

2.1.2.1 Voluntary Savings Program

Voluntary Savings Program was initiated to encourage borrowers to save some of their earnings for future use. Voluntary Savings Program enabled the borrowers to contribute to the education of their children (Gökyay, 2008: 93). At every weekly meeting, members of TGMP are encouraged to deposit at least ₺1 to the personnel so that it can be deposited in the saving accounts of borrowers (Türkiye Grameen Microfinance Programı Faaliyet Raporu, 2011: 7).

2.1.2.2 Microinsurance Program

The Microinsurance Program was initiated in November 2011 for TGMP members by Buyukkaya International Insurance and Reinsurance Brokers Limited in collaboration with Turkey's national insurance company, Gunes Insurance. As of 2012, Micro insurance membership became a requirement for all the micro credit borrowers. Low-income women and their families can receive up to ₺10,000 as compensation in the case of an accident or death. This policy also nullifies all credit debt of the holder. Each insured woman will obtain a certificate showing her insurance coverage status and

emergency contact numbers in case of an accident (Türkiye Grameen Microfinance Programı Faaliyet Raporu, 2011: 7). Borrowers pay ₺1 monthly which makes them eligible for Microinsurance program (Alpaslan, 2015: 89).

2.1.2.3 Micro housing Program

In January, 2013, Micro housing program was initiated. This insurance covers house owners and renters with ₺15,000 ₺10,000, respectively, in case of damages to their houses owing to natural disasters, earthquake, fire and floods ("TGMP", n.d.).

2.1.2.4 Micro retirement Program

Micro retirement program is a platform introduced by TGMP which is an insurance program for the retired borrowers. It involves the combined efforts of philanthropists and voluntary donors who can make donations to people who have been a part of microfinance in the past (Alpaslan, 2015: 90).

2.1.3 Loan Process

Women are provided with educational training before they become eligible for the loan. The 3-day training course is provided in which information is conveyed about the system of loan repayment and motivation messages are conveyed. The personnel assess the women in different activities after which the loan is disbursed. Moreover, women start their business and the repayment period is 46 weeks ("TGMP", 2016).

2.1.4 Principles of TGMP

The basic principles of TGMP are defines as following:

- Prosperity will be inculcated in everyone’s life.
- Efforts will be made to reduce expenditure.
- Vegetable growth will be encouraged.
- Education will be provided to the young generation.
- Efforts will be made to help each other in order to incorporate a mutual brotherhood.
- In case of lack of discipline, plans should be initiated to counter attack it.
- Injustice shall not be committed against anyone.

- Children and women shall be provided protection.
- Investments will be made to increase the total amount of income (Yayla, 2012: 36).

The aim of TGMP is to create a poverty-free country where people with limited financial resources have the opportunity to improve their economic welfare through affordable financial services. TGMP reaches nearly all regions of Turkey with more than 50,000 members. Currently, TGMP has 111 branches in 69 provinces of Turkey. The increase in number of branches of TGMP over the years is illustrated in Graph 2.

Graph 2. Branches of TGMP

Source ("TGMP", 2016)

2.1.5 Platform of Women Empowerment in Economy

The "Women Empowerment in Economy" project aims to promote the participation of women with limited means in the economy and contribute to their social and economic empowerment by helping them start up an income generating business or expand their existing business. This project was initiated in collaboration with the Turk cell* and the platform named as "Women Empowerment in Economy". The project is unique at a

* Turk cell is a leading mobile technology company of Turkey (Dearlove, 2014: 38).

global level because for the first time a national mobile operator has collaborated with a microfinance institution to launch a “crowd funding model” with the purpose to support financially disadvantaged women in seeking employment (Dincer, 2014:9).

TGMP introduced the Point of Sale (POS) machine for efficient collection of repayments from the borrowers which are made on a weekly basis. Later, Near-field-communication (NFC) has been incorporated by TGMP to the management information system. NFC cards are provided to the borrowers so that the transactions made by the borrowers can be followed by the personnel of TGMP. The “Women Empowerment in Economy” project is an innovative feature introduced by TGMP as an online transaction system was introduced via which online donations can be delivered and more women are able to participate in the microfinance business. The “Women Empowerment in Economy” project enables the borrowers to receive donations from philanthropists via Near Field Communication (NFC).

2.1.6 Organizational Structure of TGMP

TGMP has a board of directors at the highest level of organizational structure and they are the governing body of TGMP. After that, the General Manager manages the operations of the general headquarters of TGMP. The Deputy General Manager manages the operations of the individual departments which are administered by unit managers. The branches of TGMP are divided into 15 regions and each region has an individual regional manager.

2.1.7 Regional Distribution of TGMP

Table 5 below shows the branch division of the regions where TGMP is operating currently within Turkey. Every regional manager supervises the branch managers of the branches under his supervision. These branch managers control the operational and business activities of their respective branches.

Table 5

Regional Distribution of TGMP

Burdur Region	Bursa Region	Diyarbakır 1. Region
• Burdur Branch • Isparta Branch • Isparta/Yalvaç Branch • Antalya Branch • Kütahya Branch • Afyon Branch • Eskişehir Branch	• Bursa Branch • Bursa/Yenişehir Branch • Bursa/Mustafa Kemalpaşa Branch • Bursa/İnegöl Branch • Bursa/Gemlik Branch • Bursa/Osmangazi Branch • Balıkesir Branch • Balıkesir/Bandırma Branch • Çanakkale Branch • Çanakkale/Biga Branch • Çanakkale/Çan Branch • Bilecik Branch • Bilecik/Bozüyük Branch	• Diyarbakır/Ergani Branch • Diyarbakır/Bismil Branch • Diyarbakır/Kayapınar Branch • Elazığ Branch • Elazığ/Kovancılar Branch • Batman Branch • Siirt Kurtalan Branch • Van Branch
Diyarbakır 2. Region	**Erzincan Region**	**Gaziantep Region**
• Diyarbakır/Bağlar Branch • Diyarbakır/Sur Branch • Diyarbakır/Silvan Branch • Mardin Branch • Mardin/Kızıltepe Branch • Hakkari Branch • Şırnak Branch	• Erzincan Branch • Erzincan/Kemaliye Branch • Erzurum Branch • Bitlis Branch • Bingöl Branch • Iğdır Branch • Muş Branch	• Gaziantep/Şahinbey Branch • Gaziantep/Şehitkamil Branch • Gaziantep/Nizip Branch • Şanlıurfa Branch • Şanlıurfa/Siverek Branch • Şanlıurfa/Viranşehir Branch • Kilis Branch
Hatay Region	**Kahramanmaraş Region**	**Istanbul Anatolian Region**
• Hatay Branch • Hatay/İskenderun Branch • Hatay/Reyhanlı Branch • Hatay/Hassa Branch • Adana/Sarıçam Branch • Adana/Seyhan Branch • Adana/Ceyhan Branch • Mersin Branch • Osmaniye Branch	• Kahramanmaraş Branch • K.Maraş/Elbistan Branch • K.Maraş/Afşin Branch • K.Maraş/Türkoğlu Branch • K.Maraş/Göksun Branch • Adıyaman Branch • Malatya Branch • Malatya/Aydın Aksoğan Branch • K.Maraş/Çağlayancerit Branch	• İstanbul/Sancaktepe Branch • İstanbul/Eyüp Branch • İstanbul/Beykoz Branch • Sakarya Branch • Kocaeli/Darıca Branch • Kocaeli/İzmit Branch
Istanbul European Region	**Kırsehir Region**	**Muğla Region**
• İstanbul/Bağcılar Branch • İstanbul/Sarıyer Branch • İstanbul/Çatalca Branch • İstanbul/Şişli Branch • İstanbul/Beyoğlu Branch • Kırklareli Branch • Edine Branch	• Kırşehir Branch • Ankara Branch • Konya Branch • Karaman Branch • Aksaray Branch • Çankırı Branch • Kırıkkale Branch • Çorum Branch	• Muğla Branch • Aydın Branch • Aydın Batı Branch • Aydın/Nazilli Branch • İzmir Branch • Denizli Branch • Manisa Branch
Rize Region	**Samsun Region**	**Sivas Region**
• Rize Branch • Trabzon Branch • Artvin Branch • Artvin/Arhavi Branch • Ordu Branch	• Sansum Branch • Samsun/Salıpazarı Branch • Kastamonu Branch • Zonguldak Branch • Sinop Branch	• Sivas Branch • Kayseri Branch • Niğde Branch • Yozgat Branch • Yozgat/Sarıkaya Branch • Tokat Branch • Amasya Branch • Nevşehir Branch

Source: ("TGMP", 2016)

2.2 SAMPLING PROCEDURE AND DATA COLLECTION

The research method is qualitative and the non-longitudinal approach is used. The categories of responses from a standardized questionnaire were used as the principal data collection method. A simple selection approach was used to select the audience for the survey. In addition to this, journals and articles were reviewed to gain an in-depth understanding of microfinance.

The selected research method should be in accordance to the budget allocated for the research. In addition to targeting on the specific issues, primary research is preferred in the research study. It allows monitoring the data collection technique in a better way as the number of responses, time frame and the location of the project can be altered. Moreover, the data gathered from primary research can be modified according to the research. Furthermore, the data gathered is latest and up to date with the current nature of affairs. Therefore, the information gathered is proprietary information as it is not available for use by other researchers. The effectiveness of impact assessment depends on equilibrium between financial and human resources. The knowledge about microfinance institutions is widespread but their impacted lives are not very well known to the people in general.

Impact assessment is an integral component of development activities in order to measure their degree of impact. Impact assessment is important because efficient results concluded from impact assessment studies can lead to improved human behavior. Firstly, there is a control group method in which the impact is measured by before and after comparison of the population that has been experimented with microfinance. Secondly, common impact assessment methods include sample surveys, case studies and participant observations which are used as a method to collect data (Hulme, 2000: 86). Therefore, this component of survey in the common impact assessment method has been used to collect data for the research. Credibility, usefulness, flexibility, patience, cost effectiveness have been considered as key principles in the designing of the questionnaire. Efficient utilization of impact assessment can lead to improved microfinance products and better investment opportunities for the microfinance institution.

2.3 RESEARCH HYPOTHESIS

The research hypothesis is that clients separated from microfinance because of the performance of microfinance institutions operating in Turkey. Different determinants have been used to determine their influence on the dependent variable which is "Satisfaction from microfinance". Significant income disparity among regions and segments of the population reflect a need to tailor services to specific markets as well as include non-loan products such as savings deposits, insurance, products to deal with remittances, and even pension funds. Hypothesis testing method has also been applied to selected determinants to determine their significance in the analysis of the study.

2.4 FIELD RESEARCH AND RESEARCH AUDIENCE

The initial draft of the questionnaire was pre-tested on a group of 10 people from the capital city of Turkey, i.e. Ankara in order to ensure that the questions are well-understood, accurate and well-sequenced. In total, the questionnaire was completed by 150 women from the microfinance branches of Ankara and Konya regions where TGMP has been operating. Respondents were selected from Ankara and Konya region in order to get a detailed view of reasons of separation from the microfinance system. Convenience sampling technique has been used to select the research audience because of time and budget constraints. This "non-probability" sampling technique is used where subjects are selected because of their convenient accessibility and proximity to the researcher.

Case studies have been prepared to incorporate the interviews of members of TGMP. In addition to this, a semi-structured interview was conducted with Mr. Halil Orhan, General Manager of TGMP to gain an insight about the reasons of separation of women from the microfinance. The detailed interview has also been incorporated in the form of a case study in the analysis section of the study.

2.5 DESIGN OF DATA COLLECTION

The questionnaire was formed out of 40 questions which comprised of dichotomous rating scale questions, close-ended and open ended questions. The research was carried out in January and February, 2016. The questionnaire aims to investigate the reasons for

opting out of microfinance after benefitting from it for a certain period. The exit survey approach is used to check the reasons for the drop out of clients from microfinance. The initial part of the questionnaire researched the degree of impact of microfinance on the standard of living of the women. It has been confirmed from previous research that analysis of client empowerment is an inevitable tool for management analysis. All questions in the survey should be based on the standards for evaluation (Nelson, 2000: 19). The latter part of the questionnaire aims to identify reasons of separation from microfinance. The last part of the questionnaire requests for recommendation from the respondents so that TGMP can increase their client size. The questionnaire used in the survey has been attached in the Appendix 5 of the Appendixes section.

2.6 FRAMEWORK OF METHODOLOGY

The framework of methodology is divided into different components to administer change in the individual behavior. Firstly, the material pathway refers to alteration in the access or use of material resources. For instance, income level was measured by asking the clients about their change in income after receiving credit from TGMP. In addition to this, the borrowers were also inquired about the extent to which credit solved their financial problems. Secondly, the cognitive pathway refers to the change in the level of skills and knowledge. Thirdly, the perceptual pathway refers to the change in the self-confidence or an in-depth understanding of the future acquired by the individual. Questions like increase in the level of respect and confidence received from family and society were included in the research. Lastly, the relational pathway refers to the decision-making roles and involvement in different domestic activities. Variables like the inclusion of clients in family management and domestic issues like children education were included (Alter Chen, 1997: 7).

2.7 FACTORS OF CLIENT EXIT AS DETERMINED IN THE SURVEY

The reasons for people separating from microfinance have been divided into categories. In the theoretical framework, the main dependent variable is the “Satisfaction from microcredit” and the independent variables are categorized into categories. Demographic determinants, Problems at the Microfinance branch, Business Problems, Group problems, Social-Empowerment determinants, Social-Entrepreneurship

determinants, Socio-Cultural determinants, Socio-economic determinants, Social-development determinants, Loan purpose determinants, Determinant of interest rate Product satisfaction determinants, Frequency of Payment determinant.

The literature has emphasized the need for demographic variables, impact variables, mediating variables and external factors to be included in the research. Mediating variables are those variables which influence the strength of a relationship between participants and impact at an individual level. Mediating variables improve or constrain the performance of the program and external factors are macroeconomic conditions that can lead to a change in the program (Nelson, 2000: 15). The mediating variables in the research include business issues, domestic issues and problems within the group. The other mediating variables in the research include dependency ratio of household and intra-household decision making factors in the domestic issues like children education and home management. In addition to these, other mediating variables in the research include the local social norms and gender relations like the obstacles of gender discrimination faced at family and societal level. Gender discrimination and position of women in the society of Turkey are inevitable external factors that can impact the separation of women from microfinance (Alter Chen, 1997: 12).

The demographic variables or background variables include the age, marital status and educational level of the client which were determined at the start of the questionnaire. Impact variables refer to the empirical variables that test the hypotheses for the conceptual variables. The questionnaire includes the impact variable of “Increase in the decision making of domestic management” and “Children education”. “Problems faced by members within the group” and “Problems faced while carrying out the business” are also other examples of impact variables included in the research. Participation variables are variables that measure the level of contact that the borrowers had with different services offered by TGMP. For instance, the period of participation affects the experience clients had with the project. If a client was a borrower over a long period then the micro credit program would impact him more than if the borrower has been a client for a short period of time. The questionnaire has incorporated participation variables by asking the level of satisfaction from the products offered by TGMP such as

Micro insurance program, Micro housing program, Micro retirement program and Voluntary savings program (Alter Chen, 1997: 11).

2.7.1 Questionnaire Analysis-Allocation of Determinants

The questions in the questionnaire are allocated to different determinants that determine the drop-out of clients from microfinance. The questionnaire consists of 40 questions designed to capture relevant data about the participants' opinion and experience about microfinance. It was designed in the Turkish Language in order to understand the respondents in a better way. Later, the questionnaire was translated to English Language for the dissertation and then to check the adequacy of the translated questionnaire, it was translated back to Turkish language and it was also proof-read by a native Turkish speaker. Table 6 shows the tabular illustration of the variables in the questionnaire.

Table 6

Tabular Illustration of the Variables

No.	Determinants	Factors
1	**Demographic**	• Educational level, • Marital status, • Number of children, • People living in a house.
2	**Group Problems**	• Problems in group.
3	**Problems at the Microfinance Branch**	• Problems with loan officers.
4	**Business Problems**	• Hurdles faced in business.
5	**Social-Empowerment**	• Changes in social lifestyle after becoming a microfinance client, • Microfinance helped to make decisions about education of children, • Reason for not taking credit from bank.
6	**Social-Entrepreneurship**	• Opportunities of business without microfinance.
7	**Socio-Cultural**	• Respect from family increased after becoming a microfinance client, • Microfinance helped to become active in management of domestic issues, • Microfinance helped to manage economy issues of family.
8	**Socio-Economic**	• Change in expenditure after becoming a microfinance client, • Client exit due to insufficient credit, • Microfinance can support to solve financial problems limit, • Ability to make enough savings from microfinance business, • Income before microfinance loan, • Income after microfinance loan.
9	**Social-Development**	• Microfinance can solve poverty, • Microfinance loan lead to increase in use of technology, • Government should support microfinance program.
10	**Determinant of Interest Rate**	• Client exit due to service fee charged on loan, • Client Exit Due to Non-interest on Savings deposited
11	**Loan Purpose**	• User of credit, • Credit purpose, • Loan type.
12	**Product Satisfaction**	• Satisfaction of non-loan product-Microinsurance, • Satisfaction of non-loan product-Microhousing, • Satisfaction of non-loan product-Micro retirement, • Satisfaction of non-loan product-Voluntary savings.
13	**Frequency of Payment**	• Client exit due to weekly repayment schedule, • Ability to make repayments,

Chapter 3: Statistical Analysis of Survey Results

The analysis has been prepared by using the Statistical Package for the Social Sciences (SPSS) software. The interpretation has been made in accordance with the results. The sample size has been determined with regard to the microfinance borrowers of TGMP in the selected cities which was estimated to be 930 so an approximate sample size of 150 has been selected for the research at 10% confidence level (Israel, 1992: 1).

The basic descriptive statistics with regard to the survey results are presented in this section. Secondly, the relation between variables is analyzed and their subsequent impact on the satisfaction of microfinance. In addition to this, hypothetical analysis is prepared to understand the impact of the main determinants on the dependent variable which monitors the satisfaction of microfinance. Lastly, case studies have been prepared which mention the experience of microfinance by some participants.

3.1 DESCRIPTIVE STATISTICAL ANALYSIS OF DATA

Appendix 1 as illustrated in the Appendix section illustrates the central measures of tendency for all the variables. The range of the data is from 1 to 5. The mode is the value of highest frequency. The conducted study has shown multiple modes. For instance, the mode of the data distribution is found to be 3 for the variables of “Income after Microfinance Loan”, and “Age”. The value of mode is 4 for “Microfinance can support to solve financial problems”, “Microfinance can solve poverty”, “Government should support microfinance program”, “Microfinance loan lead to increase in use of technology”, “Satisfaction from microfinance”, “Change in expenditure after becoming a microfinance client”, “Client Exit Due to Non-interest on Savings deposited”, “Satisfaction of non-loan product-Voluntary savings”, “Respect from family ıncreased after becoming a microfinance client”, “Microfinance helped to become active in management of domestic issues”, “Satisfaction of non-loan product-Microinsurance”, “Satisfaction of non-loan product-Microhousing”, “Microfinance helped to manage economy issues of family”, “Microfinance helped to make decisions about education of children”, “People living in a house”, “Educational level”, “Loan type”, “Problems in business”, “Hurdles in business”, “Changes in social lifestyle”, “Age” and “Reason of separation from microcredit”.

The skewness of the data identifies the symmetry of the distribution. The skewness of the data illustrates negative values for most of the variables signifying that the data is negatively skewed (Field, “Discovering statistics using SPSS”, 2009). However, some variables are positively skewed therefore, the distribution is asymmetrical. The standard error of skewness is 0.198. The values of kurtosis for the variables show that most of the variables are not normally distributed except for the variables “Credit purpose” and “Hurdles faced in business” which have a kurtosis values close to 0.

3.2 FREQUENCY ANALYSIS OF QUESTIONNAIRE

Frequency analysis of all the variables has been prepared with regard to the determinants used for the analysis of drop-out of clients from the microfinance system.

3.2.1 Demographic Determinants

Table 7 shows the demographic profile of the clients of TGMP. Majority of the women are able to read and write. In addition to this, about 15 % of the women have Bachelor’s degree and are considered to be well educated according to the educational standard of Turkey. Approximately, 21% have completed High-School. In the table for “Marital Status”, it is illustrated that majority of the clients of TGMP are married women with a percentage of 76%. Single and widowed individuals are also included in the client portfolio in order to support the majority of the women in the society. Moreover, 45%, 8%, and 0.7% of respondents have 1, 2 or 3 children respectively. Almost, 46% have no children which mostly refer to the single women among the respondents. Table for the number of people living in a house show that 50 % of the respondents live with 3 members in a house and 23% live in a house with more than 6 members. This portion of the respondents refers mostly to the married women who live in joint family system in Turkey. Mostly the clients of TGMP were middle aged of 36 to 45 years of age.

Table 7

Demographic Profile of Clients

Educational Level	Frequency	Percent	**Marital Status**	Frequency	Percent
Literate	57	38.0	Married	114	76.0
Primary School	38	25.3	Single	27	18.0
High School	32	21.3	Widow	9	6.0
Bachelor	23	15.3	**Total**	150	100.0
Total	150	100.0			
Number of Children	Frequency	Percent	**Age**	Frequency	Percent
zero	69	46.0	18-25	6	4.0
one	68	45.3	26-35	32	21.3
two	12	8.0	36-45	85	56.7
three	1	0.7	46 and above	27	18
Total	150	100.0	**Total**	150	100.0
Number of People Living in a House	Frequency	Percent			
three	23	15.3			
four	16	10.7			
five	76	50.7			
more than 6	35	23.3			
Total	150	100.0			

3.2.2 Loan Type

Table 8 shows the loan portfolio of clients. Out of the total respondents, approximately 52% received the Basic Loan. TGMP started its microcredit activities with the initiation of the basic loan. In addition to this, 16% of the respondents received the Social Development Loan. This corresponds to the 38% of respondents who used the credit to improve existing businesses which is shown in the table for "Credit Purpose". These clients were provided support because TGMP provided them with products which they could sell at their shops and improve their business. In addition to this, these clients were provided with entrepreneurial training to assist them in their business. As the table for "Credit Purpose" shows that about 28% of respondents used to open a business and they used Entrepreneur Loan for this purpose. Social Development loan is granted to entrepreneurs who have a unique business idea or who require financial assistance to improve their existing business. It is also offered to the experienced members of TGMP who seek further financial resources to establish their business (Yayla, 2012: 34). Animal Husbandry Loan is granted at distinguished time of the year so it was received by about 2.7% of the respondents. In addition to this, the table for "Credit Purpose" showed that 8% of the respondents used the loan to make repayments to TGMP and 2 % of the respondents used the loan to sell animals which usually refers to the receivers of Animal Husbandry Loan who used this loan to buy animals for sacrifice and then later pay the money back to TGMP. This loan is mostly allocated before the Festival of Sacrifice (Yayla, 2012: 35). The table for "User of Credit" illustrated that majority of the women used the credit themselves. However, about 6 % of the respondents gave the credit to their husbands.

Table 8

Loan Portfolio of Clients

Loan Type	Frequency	Percent	**Credit Purpose**	Frequency	Percent
Basic Loan	79	52.7	Open a Shop	43	28.7
Entrepreneurial Loan	35	23.3	Improve Existing Business	57	38.0
Social Development Loan	24	16.0	Finance Family Expenses	34	22.7
Animal Husbandry Loan	4	2.7	Make repayments to TGMP	12	8.0
Communication Loan	8	5.3	Sell Animals	4	2.7
Total	150	100.0	**Total**	150	100.0

User of Credit	Frequency	Percent
Myself	134	89.3
Husband	9	6.0
Brother	5	3.3
Other	1	0.7
Children	1	0.7
Total	150	100.0

3.2.3 Group Issues

Table 9 showed that approximately 51% of the respondents separated from the microcredit system because the group members did not make timely repayments and group members were held responsible for the delay in repayments by other group members. By the cause of disregard of the members' individual needs, problems within the group are accelerated (Alemu, 2008: 36). Approximately 3% of the women separated from the system because they had arguments with other group members on trivial issues at the weekly meetings. Arguments and mistrust among the group members led the respondents to separate from the system. However, according to about 42% of the respondents, problems within the group were not important and they separated from microfinance owing to other reasons. With regard to the literature, guarantee of the loan from other members of the group is one of the main principles followed by TGMP as this specification is mentioned by the Grameen Model which specified the microcredit rules worldwide (Ateş, 2012: 34). The borrowers are not required to have any assets so the guarantee for the microfinance loan is derived from the joint liability for the payment of the principal (Günel, 2006: 156).

Table 9

Group Issues

Problems in Group	Frequency	Percent
Group members did not make payments on time	77	51.3
Arguments within groups	5	3.3
Mistrust within the group	4	2.7
No problems	64	42.7
Total	150	100.0

3.2.4 Business Problems

Table 10 shows the hurdles in business which the borrowers of TGMP faced while conducting the business. Approximately 36% of the women separated from microfinance because of weekly repayments they were unable to focus on their business and allocate enough time to business activities. About 44% of the women separated from microfinance because of insufficient capital. The demand and supply of the products in the business was not efficient. This was especially observed among the social entrepreneur clients. This was observed to be one of important hurdles in the business carried out by the microfinance borrowers of TGMP. Almost 13% of women separated from the system because they received better employment opportunities. Approximately 6% of the women did not consider business problems to be an important reason of separation from the system.

Table 10

Business Problems

Hurdles Faced in Business	Frequency	Percent
Insufficient Capital	66	44.0
Weekly meetings left less time for business	54	36.0
Better job opportunities	20	13.3
Business problems were not an important reason from microfinance	10	6.7
Total	150	100.0

3.2.5 Social-Empowerment Determinants

Table 11 illustrated the Social-Empowerment Determinants included in the survey. It analyzed the reasons for the women to be unable to receive loans from the banking sector. A large percentage of the respondents considered that the high interest rates charged by the banks discouraged them from approaching the banks for credit. Other respondents considered complex procedure for credit application; mistrust and other reasons discouraged them from approaching the bank for credit.

The table for "Microfinance Helped to Make Decisions about Education of Children" reinforces the phenomenon of active management of women in domestic management. Approximately 49% of the respondents approved and 36% of the respondents strongly approved that microfinance empowered them. Consequently, they participated in the important decisions like the education of their children. They started providing better guidance to their children regarding their future. Research has also confirmed that women tend to spend more on children and therefore economic independence allows them to make better decisions regarding the future of their children (Yayla, 2012: 13).

The table for "Changes in Social Lifestyle After Becoming a Microfinance Clients" observed the changes of lifestyle in women after receiving microfinance loans from TGMP. Approximately, 7% of the respondents felt fatigue while working as they had to manage their domestic and professional responsibilities at the same time. Almost 24% of the respondents claimed that they experienced happiness and approximately 34% of the women experienced to be more confident. Some of the women use credit and bank accounts for the first time in their lives so microfinance becomes a source of happiness for them. In addition to this, they gain self-confidence as they are able to positively contribute to their families (Yayla, 2012: 37). About 34% of the women became more socialized because during the weekly meetings they interacted with other women and loan officers. Social Entrepreneurs also received appreciation from the senior personnel of TGMP on the accomplishment of their goals.

Table 11
Social-Empowerment Determinants of Survey

Reason For Not Taking Credit from Bank	Frequency	Percent	**Changes in Social Lifestyle After Becoming a Microfinance Clients**	Frequency	Percent
Lack of trust	31	20.7	Self-Confidence Increased	52	34.7
High Interest Rate	90	60.0	More Happiness	36	24.0
Complex Procedure	21	14.0	Fatigue	11	7.3
Other	8	5.3	More Socialized	51	34.0
Total	150	100.0	**Total**	150	100.0

Microfinance Helped to Make Decisions about Education of Children	Frequency	Percent
Strongly Disagree	2	1.3
Disagree	7	4.7
Neutral	13	8.7
Agree	74	49.3
Strongly Agree	54	36.0
Total	150	100.0

3.2.6 Socio-Economic Determinants

Table 12 depicts the Socio-Economic Determinants used in the survey. It can be seen that mostly clients of TGMP are from financially disadvantaged backgrounds and about 43% earn less than ₺700 and 42 % earn up to ₺1200 respectively. Therefore, TGMP aims to include low-income clients to their portfolio so that the problem of poverty can be solved. The members of TGMP are mostly low-income women whose houses are poorly furnished and are struggling against poverty. The household income of some of the members of TGMP is extremely low especially in the region of Diyarbakir (Yayla, 2012: 45). The criteria used by the personnel of TGMP to evaluate the financial status of the women is that they should not have social security and should not own land more than a specified area (Ateş, 2012: 48).

The table for "Change in Expenditure after Becoming a Microfinance client" inquired the extent to which expenditure of the borrowers changed after joining the microfinance system. About 18% of the clients claimed that their expenditure increased to a great extent and 46% decreased comparatively after becoming a part of the microfinance system. Approximately, 17% of the respondents believed that their expenditure decreased after becoming a borrower of microfinance.

The table for "Income after Microfinance Loan" illustrated the monthly income of the borrowers after receiving credit. Approximately, 30% of the respondents started to earn above ₺2000. 56% of the respondents earned between ₺1000 and ₺2000. As a result, Microfinance enabled the borrowers to increase their income and increased diversification of income (Alemu, 2008: 39).

The table for "Client Exit due to Insufficient Credit Limit" illustrated that 82% of the respondents claimed that with review of the expenditure conditions prevailing within Turkey, the credit limit was not enough to finance the business requirements. Insufficient credit limit was an important reason of separation from microfinance as the clients were unable to make enough savings. This was reinforced in the table for "Ability to Make Savings from Microfinance Business" where 20% of the women strongly disagreed and 64% of the respondents disagreed about saving enough money

from conducting microfinance business. Only 10% of the women agreed and claimed that they were able to make savings from the system.

The table for “Microfinance can Support to Solve Financial Problems” illustrated that 83% of the women claimed that microfinance supported as a major solution to financial problems of the low-income women of the society. However, 10% of the clients were indecisive about their opinions. Research has confirmed that microfinance has reached a large number of people and it can cover most of the inevitable expenses of the borrowers (Alemu, 2008: 37). Moreover, microfinance gives an opportunity to the people to move from mere survival standards to better living conditions (Yayla, 2012: 7).

Table 12
Socio-Economic Determinants of Survey

Income Before Microfinance Loan	Frequency	Percent
Below 700	65	43.3
701-1200	63	42.0
1201-2000	17	11.3
2000 - 3000	5	3.3
Total	150	100.0

Income after Microfinance Loan	Frequency	Percent
Income Decreased	4	2.7
700-1000	1	0.7
1001-2000	84	56.0
2001-3000	45	30.0
above 3000	16	10.7
Total	150	100.0

Change in Expenditure after Becoming a Microfinance client	Frequency	Percent
Expenditure Decreased A lot	8	5.3
Expenditure Decreased	26	17.3
No change in Expenditure	19	12.7
Expenditure Increased	69	46.0
Expenditure Increased A lot	28	18.7
Total	150	100.0

Microfinance can Support to Solve Financial Problems	Frequency	Percent
Strongly Disagree	2	1.3
Disagree	14	9.3
Neutral	9	6.0
Agree	105	70.0
Strongly Agree	20	13.3
Total	150	100.0

Ability to Make Savings from Microfinance Business	Frequency	Percent
Strongly Disagree	31	20.7
Disagree	96	64.0
Neutral	7	4.7
Agree	16	10.7
Strongly Agree	0	0
Total	150	100.0

Client Exit due to Insufficient Credit Limit	Frequency	Percent
Yes	124	82.7
No	26	17.3
Total	150	100.0

3.2.7 Socio-Cultural Determinants

In Table 13 illustrated the fact that about 63% of the respondents agreed that they became more active in family management issues as a result of economic independence their husbands started to involve them in decision making issues. Another 30% of the respondents reinforced this fact and strongly consented that employment granted them the opportunity of management roles within the domestic circle. However, some respondents disagreed with this phenomenon and claimed that they experienced no change in behavior of their family members. Moreover, the table for "Respect from Family Increased after becoming a Microfinance Client" also reinforces the results of the table "Microfinance Helped to Manage Economy Issues of Family" and with regard to that 90% of the approached microfinance borrowers experienced more respect from your family members. A mere 1% of the respondents were neutral in the decision factor. However, a very small percentage of the respondents disapproved and about 2% strongly disapproved regarding increase in respect from their families. Results of the table "Microfinance Helped to become Active in Management of Domestic Issues" further reinforced that approximately 50% of the respondents approved and 40% of the approached women strongly approved of the fact that microfinance accelerated their management roles within their families. Decision making is an important phenomenon of the domestic environment. Efficient decision-making leads to cooperation among the family members (Alemu, 2008: 20).

Table 13
Socio-Cultural Determinants of the Questionnaire

	Microfinance Helped to Manage Economy Issues of Family		**Respect from Family Increased after becoming a Microfinance Client**		**Microfinance Helped to become Active in Management of Domestic Issues**	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly Disagree	4	2.7	4	2.7	5	3.3
Disagree	1	0.7	1	0.7	2	1.3
Neutral	5	3.3	2	1.3	1	0.7
Agree	95	63.3	81	54.0	76	50.7
Strongly Agree	45	30.0	62	41.3	66	44.0
Total	150	100.0	150	100.0	150	100.0

3.2.8 Social-Entrepreneurship Determinant

Microfinance can provide adequate employment opportunities to the people (Alemu, 2008: 24). This is reinforced in Table 14 which showed that about 20% of the respondents were confident enough to believe that they could find employment in case if they had not received microfinance loan from TGMP. However, the rest of the respondents disagreed and believed that without the support of TGMP they would not have earned employment. About 2% of the respondents were indecisive about their opinion.

Table 14
Social-Entrepreneurship Determinant

Opportunities of Business without Microfinance	Frequency	Percent
Strongly Disagree	45	30.0
Disagree	81	54.0
Neutral	4	2.7
Agree	19	12.7
Strongly Agree	1	0.7
Total	150	100.0

3.2.9 Product Satisfaction Determinants

Table 15 showed the satisfaction level of women for the non-loan products offered by TGMP. The table for "Satisfaction of Non-loan product-Microinsurance" showed that clients are usually satisfied with the product of Microinsurance as 52% approved and 33% of the respondents strongly approved the product. Non-loan products should be provided by the microfinance institutions which would provide as a security for the clients (Birgili, 2012: 9). The financially disadvantaged are in need of various financial services in complement to the loans so that they can conduct micro businesses and accumulate collateral (Yayla, 2012: 5). Microinsurance provides the clients with compensation in case of accident or death. A mere 5% of the respondents disapproved of this product. Microhousing provides clients with compensation in case natural disasters cause damage to the residences of the clients. Microhousing product was analyzed in the table for "Satisfaction of Non-loan product-Microhousing". About 48% of the respondents were satisfied with the product and 2% of the respondents were extremely satisfied. However, approximately 40% were dissatisfied with the Microhousing product basically because they did not benefit from this initiative. Some of the respondents did not know about the Microhousing program. Micro retirement program facilitates the retired borrowers of microfinance. Micro retirement was analyzed in the table for "Satisfaction of Non-loan product-Micro retirement". About 16% of the respondents approved of the product and approximately 68% of the respondents disapproved of the product because most lack awareness about the scheme. Voluntary saving scheme is a savings program for the clients so that they can be assisted in their endeavors to collect money. Voluntary-savings program was analyzed in the table for Satisfaction of Non-loan product-Voluntary Savings. Mostly respondents were satisfied with this product as about 55% of the respondents approved and 41% of the respondents greatly approved the saving program. Research has also confirmed that voluntary savings should be carried out by the borrowers so that they have the finances for a difficult financial period (Alemu, 2008: 26). In the study, only 3% of the respondents disapproved of the voluntary savings program.

Table 15
Non-loan Products offered by TGMP

	Satisfaction of Non-loan product-Microinsurance		Satisfaction of Non-loan product-Microhousing		Satisfaction of Non-loan product-Micro retirement		Satisfaction of Non-loan product-Voluntary Savings	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Very Dissatisfied	2	1.3	13	8.7	52	34.7	1	0.7
Dissatisfied	6	4.0	49	32.7	52	34.7	4	2.7
Neutral	14	9.3	12	8.0	21	14.0	0	0
Satisfied	78	52.0	73	48.7	25	16.7	83	55.3
Very Satisfied	50	33.3	3	2.0	0	0	62	41.3
Total	150	100.0	150	100.0	150	100.0	150	100.0

3.2.10 Determinants of Interest Rate

Table 16 shows the results for service fee as being one of the main reasons of separation from microcredit. Approximately, 68% of the respondents claimed that service fee was an important reason of separation from the program. They suggested that the service fee should range from 5% to 10%. Interest rates or service fee should be reduced to retain clients to microfinance (Birgili, 2012: 9). On the other hand, 32% of the respondents disagreed and claimed that service fee was not heavily charged and it was not an important reason of withdrawal from the system.

The table for "Client Exit Due to Non-interest on Savings deposited" illustrated that TGMP does not pay interest on the savings deposited by the borrowers. The table showed the reviews of respondents who were inquired whether this was an important reason of departure from the microfinance system. About 34% of the respondents agreed and 15% of the borrowers strongly agreed that TGMP should initiate an interest rate on the savings deposited by the clients. This claim was especially made by clients who had worked in the microfinance system since many years as their deposits would have gained interest over the years. However, approximately 48% disagreed and did not consider interest on savings to be an important reason of withdrawal from the system.

Table 16
Determinants of Interest rate

Client Exit Due to Service Fee Charged on Loan	Frequency	Percent
No	48	32.0
Yes	102	68.0
Total	150	100.0

Client Exit Due to Non-interest on Savings deposited	Frequency	Percent
Strongly Disagree	39	26.0
Disagree	34	22.7
Neutral	3	2.0
Agree	51	34.0
Strongly Agree	23	15.3
Total	150	100.0

3.2.11 Problems at the Microfinance Branch

Table 17 inquired if the problems encountered by the clients at the microfinance branches led to their decision to separate from the system. Approximately 47% of the respondents agreed that the loan disbursement was delayed by the loan officers. The service quality of loan officers should be increased so as to increase client satisfaction (Birgili, 2012: 9). About 6% of the respondents claimed that the rude behavior of the loan officers convinced them to isolate from the system. About 6% of the women claimed that the loan officers were not available to solve their complaints. Approximately, 40 % of the respondents did not consider that the loan officers had any role in their decision to separate from the system.

Table 17
Problems at the Microfinance Branch

Problems with Loan Officers	Frequency	Percent
Rude behavior of officers	9	6.0
Delay in loan disbursement	71	47.3
Officers are not available to hear complaints	9	6.0
Not an important reason	61	40.7
Total	150	100.0

3.2.12 Frequency of Payment Determinants

Table 18 analyzed the feedback of the respondents with regard to the weekly repayment schedule. Approximately, 26% of the respondents were not satisfied with the weekly repayment schedule and desired the repayment schedule to be made on a monthly basis. However, about 74% of the respondents were satisfied with the repayment schedule. According to the Grameen Model, it is advised that the payments should be scaled at a weekly basis so that it is convenient for the member to make the repayments at a timely basis (Ateş, 2012: 40).

The table for "Client Exit due to Weekly Repayment Schedule" inquired about the ability of the respondents to make the repayments. About 16% of the respondents agreed and 9 % strongly agreed to the ability of making timely repayments. However, approximately 74% of the respondents disagreed and claimed to experience difficulty in making the repayments within time. Frequent repayment schedule makes the microfinance system inconvenient for the women which lead to discouragement among the members of microfinance (Alemu, 2008: 17).

Table 18
Frequency of Payment Determinants used in the Study

Client Exit due to Weekly Repayment Schedule	Frequency	Percent
Yes	39	26.0
No	111	74.0
Total	150	100.0

Ability to Make Repayments	Frequency	Percent
Strongly Disagree	50	33.3
Disagree	61	40.7
Neutral	1	0.7
Agree	24	16.0
Strongly Agree	14	9.3
Total	150	100.0

3.2.13 Social-Development Determinants

Table 19 analyzed the Social-Development Determinants used in the survey. The table for “Microfinance Can Solve Poverty” consents to the extent microcredit can struggle against poverty with regard to the respondents’ perspectives. Approximately 10% of the respondents disapproved and claimed that microfinance has no impact on poverty. However, 84% of the respondents strongly claimed that microfinance can solve poverty within Turkey. Microfinance is effective in regional development as it is an important component of the financial market of the economy. Microfinance institutions participate in social responsibility by providing financial resources to the women. Therefore, microfinance loans have a great potential to struggle against poverty (Korkmaz, 2007: 98). The success stories of the members of TGMP in the media confirmed that TGMP has helped women to boost their incomes and can be used as an effective strategy against poverty (Yayla, 2012: 2). Approximately 55% of the respondents agreed and 34% of the respondents strongly claimed that government should provide financial support to TGMP in order to provide more funds to TGMP. This is illustrated in the table for “Government Should Support Microfinance program”. However, 7% of the respondents were neutral in their opinion. Research shows that microfinance can be a solution to poverty and support from the government can lead to the initiation of new programs that would generate employment opportunities for the people (Birgili, 2012: 2).

The table for “Microfinance Loan Lead to Increase in Use of Technology” analyzed the increase in the use of technology by the clients of TGMP. About 11% of the respondents strongly agreed and 68% of the clients agreed that they had an opportunity to use technology more after becoming clients of microcredit. Generally, TGMP provides a cellphone to all the borrowers of microcredit so that the repayment system can be facilitated. This telephone can be used by the clients for camera and other purposes. However, 12% of the respondents disagreed and considered that microfinance had no impact on the consumption of technology.

The table for “Satisfaction from Microfinance” showed the satisfaction of microfinance by the clients. In general 16% of the clients were extremely satisfied by the microcredit

system and 57% were satisfied by the services of TGMP. However, a small percentage of about 15 % was not satisfied with their experience of microfinance.

The table for “Reason of Separation from Microfinance” analyzed the reasons of separation from the microcredit system. In general, 25% of the respondents’ separated from the system owing to family issues and 24% of the respondents left because of personal problems. About 34% of the respondents separated because they were forced to migrate to another city because of miscellaneous reasons. About 16% of the approached respondents separated from the system because of death or a severe sickness in the family because of which they were unable to continue working outside their domestic environment.

Table 19
Social-Development Determinants used in the Study

Microfinance Can Solve Poverty	Frequency	Percent	**Government Should Support Microfinance program**	Frequency	Percent
Strongly Disagree	4	2.7	Strongly Disagree	3	2.0
Disagree	12	8.0	Disagree	2	1.3
Neutral	8	5.3	Neutral	11	7.3
Agree	77	51.3	Agree	83	55.3
Strongly Agree	49	32.7	Strongly Agree	51	34.0
Total	150	100.0	**Total**	150	100.0
Microfinance Loan Lead to Increase in Use of Technology	Frequency	Percent	**Satisfaction from Microfinance**	Frequency	Percent
Strongly Disagree	1	0.7	Not at all Satisfied	3	2.0
Disagree	17	11.3	Not Satisfied	20	13.3
Neutral	13	8.7	Neutral	16	10.7
Agree	102	68.0	Satisfied	86	57.3
Strongly Agree	17	11.3	Very Satisfied	25	16.7
Total	150	100.0	**Total**	150	100.0
Reason of Separation from Microfinance	Frequency	Percent			
Sickness or death in family	24	16.0			
Shifting to another city	52	34.7			
Family Issues	38	25.3			
Personal Issues	36	24.0			
Total	150	100.0			

3.3 STATISTICAL FINDINGS

3.3.1 Reliability Analysis

Reliability analysis is also known as the Cronbach's alpha and is a test to check for internal consistency. Cronbach's alpha of greater than 0.7% is considered to be acceptable with regard to statistical standards (Nunnally, 1967). The closer the value of Cronbach's alpha is to one the greater is the internal consistency of the research (Gliem, 2003:87). The reliability of the research is calculated to be 0.831% so this can be considered as a reliable research according to the statistical standards. The conducted study has a high internal consistency. Important independent variables were selected in the research and the total number of respondents was taken to be 150 as illustrated in Table 20.

Table 20
Reliability Statistics

Cronbach's Alpha	No. of Items
0.831	150

3.3.2 Factor Analysis

Factor analysis is widely used in qualitative research to analyze pattern of interrelationship and description of data, data transformation and hypothesis testing (Ford, 1986: 291). Each variable initially has a value of 1 as the variables are standardized and total variance is equal to the number of variables which is 37 with regard to this research. Total variance as explained in Appendix 2 of the Appendixes section shows the variances of the variables arranged in a descending order. The first factor which is 6.149 has the highest value of variance. Rotation Sums of Squared Loadings illustrate the values of the distribution of the variance after the Varimax rotation. Varimax rotation tries to maximize the variance of every factor, so the total amount of variance accounted for is redistributed over the extracted factors (DeCoster, 1998: 3). It depicted the variables which were extracted. In this study, 11 variables had values greater than the Eigen value which was considered to be 1 because of which they were extracted and the values showed the variance of each factor respectively. The

column of percentage of variance (% of variance) showed the percentage of total variance that can be accounted for each the extracted factors.

The Scree Plot illustrated in Graph 3, the Eigen values are plotted against the factor number or the variable number (DeCoster, 1998: 2). The slop is steep for the first three variables which show that these variables contribute the most to the total variance. After this the slop becomes flat which means that the successive variables contribute less to the total variance.

Graph 3. Scree Plot

3.3.3 Linear Regression Analysis

In Table 21, the R-value indicates the degree of correlation and the calculated value of 0.872 shows a high positive correlation between the variables. The value of R Square showed the degree of total variation in the independent variables that can be explained by the dependent variables. In this study approximately, 76% of the total variation in the dependent variable can be attributed to the independent variables. The value of the Durbin-Watson statistic indicates that there is no autocorrelation in the study (Field, 2009). In Table 21, the designed model has significantly predicted the model as the F value is 21.816.

In Appendix 3 of the Appendixes section, the values of B in the column of unstandardized coefficient show the relationship between the dependent and the independent variable. A positive correlation shows a positive value and a negative correlation suggests a negative value of B (Field, "Discovering statistics using SPSS", 2009). "Educational level" shows a negative correlation of -0.180 with satisfaction from microfinance. However, the literature generally predicts a positive relationship of education level with the satisfaction from microfinance as education increases the skills of the individuals (Yayla, 2012: 185).

"Problems in the group" has a negative correlation of -.0159 as the disagreements within the group cause the overall satisfaction from microfinance to decrease (Özmen, 2012: 115). The variable of "Microfinance helped to manage economy issues of family" showed a positive correlation of 0.315 with the dependent variable. Microfinance enables to encourage women to participate actively in the economy and reduce poverty (Özmen, 2012: 109). The literature also reinforces the fact that microfinance enables women to make better decisions regarding the domestic issues like their children's' education. Therefore, the variable "Microfinance helped to make decisions about education of children" had a positive correlation of 0.392 with the dependent variable. The variable of "Respect from Family Increased after becoming a Microfinance client" has a negative correlation of -0.045 with the dependent variable "Satisfaction from microfinance". This can be attributed to the gender discrimination prevailing in the society. The variable of "Satisfaction of Non-loan product-Voluntary Savings" has a positive correlation of 0.264 with overall contentment with microfinance as this non-loan product enables the women to save money for later use (Yayla, 2012: 34).

Individuals who had disagreements with the loan officers were generally not satisfied from their experience of microfinance and this showed a negative correlation of -0.066. Clients were generally not content with the weekly repayment schedule. The coefficient for this variable also showed a negative correlation of -0.339. The frequency of repayment schedule discourages women to participate in the microfinance system (Alemu, 2008: 17).

The variable of "Client Exit due to Insufficient Credit Limit" showed a positive correlation of 0.113 as some individuals who were very poor made use of the credit despite it being insufficient. The variable of "Microfinance can solve financial problems" showed a negative correlation of -0.177 because microfinance is not a remedy for poverty. It is basically one of the instruments against poverty. The variable of government support for the microfinance institutions showed a positive correlation of 0.312 with the satisfaction with microfinance. Government assistance for the microfinance institutions can have a direct impact on the outreach and viability of the microfinance institutions. Government support can facilitate in a strong financial system for the poor people because adequate financial resources are not provided to the financially disadvantaged people of the society who form a majority of the population (Yayla, 2012: 186).

Table 21
Linear Regression Analysis

Model Summary					
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	0.872	0.761	0.726	0.502	2.113
ANOVA					
Model	Sum of Squares	df	Mean Square	F	Significance
Regression	104.545	19	5.502	21.816	0.000
Residual	32.789	130	0.252		
Total	137.333	149			

3.4 DATA FINDINGS AND HYPOTHESIS TESTING

3.4.1 Analysis of Government should support Microfinance program" and "Microfinance can solve Poverty".

H0 = "Government should support Microfinance program" is not related to "Microfinance can solve Poverty".

H1 = "Government should support Microfinance program" is related to "Microfinance can solve Poverty".

Statistical Observation

The case processing summary output illustrates the number (N) and percentage for the valid cases, missing cases, and the total sample (Field, 2009). In this case, participant data for either of the variables is not missing so the valid and total numbers are the same, and the number of respondents is 150 in Table 22.

From Table 23, it can be seen that the Pearson Chi-Square is 146.670 and $p < 0.001$ so this implies that a small probability of the observed data is under the null hypothesis of no relationship. The null hypothesis is rejected, since $p < 0.05$. From Table 23, the value of Phi determines the direction of the relationship. A value of 0.989 is determined which shows that there is a positive high correlation between the variables. Cramer's V shows the strength of association between the cross-tabulated variables. A value of 0.494 is determined which shows a correlation between the variables (Burns, 2008).

Interpretation

"Government should support Microfinance program" seems to be related to the variable "Microfinance can solve Poverty". Therefore, measures should be taken by the government to support microfinance so that poverty should be dealt with.

Table 22

Case Processing Summary Government should support Microfinance program" and "Microfinance can solve Poverty"

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Government should support Microfinance program * Microfinance can solve Poverty	150	100.0%	0	0.0%	150	100.0%

Table 23

Chi-Square Test and Symmetric Measures of "Government should support Microfinance program" and "Microfinance can solve Poverty"

Chi-Square Test of "Government should support Microfinance program" and "Microfinance can solve Poverty"			
	Value	df	Asymptotic significance (2-sided)
Pearson Chi-Square	146.670	16	0.000
Likelihood Ratio	64.021	16	0.000
Linear-by-Linear Association	40.106	1	0.000
Number of Valid Cases	150		

Symmetric Measures Government should support Microfinance program" and "Microfinance can solve Poverty"		
	Value	Approx. Sig.
Nominal by Nominal Phi	0.989	0.000
Cramer's V	0.494	0.000
Number of Valid Cases	150	

3.4.2 Analysis of the impact of "Client Exit due to Weekly Repayment Schedule" and "Ability to make Repayments".

H0 = Ability to make repayments is not related to Client Exit due to Weekly Repayment Schedule.

H1 = Ability to make repayments is related to Client Exit due to Weekly Repayment Schedule.

Statistical Observation

From Table 24, it can be seen that the Pearson Chi-Square is 108.15 and $p < 0.001$ so this means that a small probability of the observed data is under the null hypothesis of no relationship. The null hypothesis is rejected, since $p < 0.05$. From Table 24, the value of Phi shows a value of 0.849 which indicates that there is a positive high correlation between the variables. The value of Cramer's V is 0.849 which is the same value as the Phi value. Cramer's V value shows a high positive correlation between the variables.

Table 25 shows that mean rank is higher (124.32) for the variable "Client Exit due to Weekly Repayment Schedule" was higher as compared to the value of 58.35. Table 25 shows that the Mann-Whitney U test has a value of 260.500 and with regard to this, we reject the null hypothesis and conclude that "Client Exit due to Weekly Repayment Schedule" was related to the variable of "Ability to make Repayments".

Interpretation

"Client Exit due to Weekly Repayment Schedule" is related to the variable "Ability to make Repayments". Therefore, the variable of "Ability to make repayments" is related to the current repayment schedule followed by TGMP.

Table 24

Chi-Square Test and Symmetric Measures of "Client Exit due to Weekly Repayment Schedule" and "Ability to make Repayments"

Chi-Square Tests of "Client Exit due to Weekly Repayment Schedule" and "Ability to make Repayments"			
	Value	df	Asymptotic significance (2-sided)
Pearson Chi-Square	108.155	4	0.000
Likelihood Ratio	110.958	4	0.000
Linear-by-Linear Association	97.574	1	0.000
Number of Valid Cases	150		

Symmetric Measures of "Client Exit due to Weekly Repayment Schedule" and "Ability to make Repayments"		
	Value	Approx. Sig.
Nominal by Nominal Phi	0.849	0.000
Cramer's V	0.849	0.000
Number of Valid Cases	150	

Table 25

Analysis Observations of "Client Exit due to Weekly Repayment Schedule" and "Ability to make Repayments"

Ranks of "Client Exit due to Weekly Repayment Schedule" and "Ability to make Repayments"				
	Client Exit due to Weekly Repayment Schedule	N	Mean Rank	Sum of Ranks
Ability to make Repayments	Yes	39	124.32	4848.50
	No	111	58.35	6476.50
	Total	150		

Test Statistics of "Client Exit due to Weekly Repayment Schedule" and "Ability to make Repayments"	
	Ability to make Repayments
Mann-Whitney U	260.500
Wilcoxon W	6476.500
Z	-8.643
Asymptotic significance (2-tailed)	0.000

3.4.3 Analysis of the impact of "Client Exit due to Insufficient Credit Limit" and "Ability to make savings from Microfinance business".

H0 = Client Exit due to Insufficient Credit Limit is not related to Ability to make savings from Microfinance business.

H1 = Client Exit due to Insufficient Credit Limit is related to Ability to make savings from Microfinance business.

Statistical Observation

From Table 26, it can be seen that the Pearson Chi-Square is 52.95 and $p < 0.001$ so this means that a small probability of the observed data is under the null hypothesis of no relationship. The null hypothesis is rejected, since $p < 0.05$. From Table 26, the value of Phi is 0.594 which shows that there is a positive correlation between the variables. The value of Cramer's V shows the association between the two variables as a percentage of their maximum possible variation. The value of Cramer's V is 0.594 which shows a positive correlation between the variables.

Table 27 shows that mean rank is higher (108.56) for the option 'No' of the variable "Client Exit due to Insufficient Credit Limit" as compared to the value of 68.57. Table 27 shows that the Mann-Whitney U test has a value of 752.500 and with regard to this, we reject the null hypothesis and conclude "Client Exit due to Insufficient Credit Limit" is related to "Ability to make savings from Microfinance business".

Interpretation

"Client Exit due to Insufficient Credit Limit" is related to the variable "Ability to make savings from Microfinance business". As the borrowers are unable to make enough savings from the microfinance business they withdrew from the microfinance business.

Table 26

Chi-Square Test and Symmetric Measures of "Client Exit due to Insufficient Credit Limit" and "Ability to make savings from Microfinance business"

Chi-Square Tests of "Client Exit due to Insufficient Credit Limit" and "Ability to make savings from Microfinance business"			
	Value	df	Asymptotic significance (2-sided)
Pearson Chi-Square	52.957	3	0.000
Likelihood Ratio	41.722	3	0.000
Linear-by-Linear Association	38.055	1	0.000
Number of Valid Cases	150		

Symmetric Measures of "Client Exit due to Insufficient Credit Limit" and "Ability to make savings from Microfinance business"		
	Value	Approx. Sig.
Nominal by Nominal Phi	0.594	0.000
Cramer's V	0.594	0.000
Number of Valid Cases	150	

Table 27

Analysis Observations of "Client Exit due to Insufficient Credit Limit" and "Ability to make savings from Microfinance business"

Ranks of "Client Exit due to Insufficient Credit Limit" and "Ability to make savings from Microfinance business"				
	Client Exit due to Insufficient Credit Limit	N	Mean Rank	Sum of Ranks
Ability to make savings from Microfinance business	Yes	124	68.57	8502.50
	No	26	108.56	2822.50
	Total	150		

Test Statistics of "Client Exit due to Insufficient Credit Limit" and "Ability to make savings from Microfinance business"	
	Ability to make savings from Microfinance business
Mann-Whitney U	752.500
Wilcoxon W	8502.500
Z	-5.002
Asymptotic significance (2-tailed)	0.000

3.5 ANALYSIS OF CLIENT SATISFACTION OF MICROFINANCE

To capture the impact of satisfaction of microfinance which is the main dependent variable on the different determinants, hypothesis test has been used to analyze the significance of the determinants on the satisfaction of microfinance. The interpretation is prepared from with regard to the responses 150 individuals.

3.5.1 Relation of "Satisfaction from Microfinance" and "Client Exit due to Insufficient Credit Limit".

H0 = Client Exit due to Insufficient Credit Limit is not related to Satisfaction from Microfinance

H1 = Client Exit due to Insufficient Credit Limit is related to Satisfaction from Microfinance.

Statistical Observation

From Table 28, it can be seen that the Pearson Chi-Square is 34.949 and $p < 0.001$ so this means that a small probability of the observed data is under the null hypothesis of no relationship. The null hypothesis is rejected, since $p < 0.05$. From Table 28, the value of Phi shows the direction of the relationship can be determined. A value of 0.483 is determined which shows that there is a very slight positive correlation between the variables. The value of Cramers's V shows the association between the two variables as a percentage of their maximum possible variation. The value of Cramer's V is 0.483 which reinforces the slight positive correlation between the variables (Burns, 2008).

Table 29 shows that mean rank is higher (112.38) for the option 'No' of the variable "Client Exit due to Insufficient Credit Limit" as compared to the value of 67.77. Table 29 shows that the Mann-Whitney U test has a value of 653.000 and with regard to this, we reject the null hypothesis and conclude "Client Exit due to Insufficient Credit Limit" is related to the variable of "Satisfaction from Microfinance".

Interpretation

"Client Exit due to Insufficient Credit Limit" is related to the variable "Satisfaction from Microfinance business". The literature also reinforces the fact that the "Client Exit due to Insufficient Credit Limit" is negatively related to "Satisfaction from Microfinance". As the borrowers considered that credit limit was insufficient so this lead to their departure from the microfinance business as their satisfaction from microfinance reduced.

Table 28

Chi-Square Test and Symmetric Measures for "Client Exit due to Insufficient Credit Limit" and "Satisfaction from Microfinance"

Chi-Square Tests for "Client Exit due to Insufficient Credit Limit" and "Satisfaction from Microfinance"			
	Value	df	Asymptotic significance (2-sided)
Pearson Chi-Square	34.949	4	0.000
Likelihood Ratio	34.535	4	0.000
Linear-by-Linear Association	22.120	1	0.000
Number of Valid Cases	150		
Symmetric Measures for "Client Exit due to Insufficient Credit Limit" and "Satisfaction from Microfinance"			
		Value	Approx. Sig.
Nominal by Nominal Phi		0.483	0.000
Cramer's V		0.483	0.000
Number of Valid Cases		150	

Table 29

Analysis Observations for "Client Exit due to Insufficient Credit Limit" and "Satisfaction from Microfinance"

Ranks for "Client Exit due to Insufficient Credit Limit" and "Satisfaction from Microfinance"				
	Client Exit due to Insufficient Credit Limit	N	Mean Rank	Sum of Ranks
Satisfaction from Microfinance	Yes	124	67.77	8403.00
	No	26	112.38	2922.00
	Total	150		

Test Statistics for "Client Exit due to Insufficient Credit Limit" and "Satisfaction from Microfinance"	
	Satisfaction from Microfinance
Mann-Whitney U	653.000
Wilcoxon W	8403.000
Z	-5.312
Asymptotic significance. (2-tailed)	0.000

3.5.2 Relation of "Satisfaction from Microfinance" and "Client Exit due to Weekly Repayment Schedule".

H0 = Client Exit due to Weekly Repayment Schedule is not related to Satisfaction from Microfinance

H1 = Client Exit due to Weekly Repayment Schedule is related to Satisfaction from Microfinance .

Statistical Observation

From Table 30, it can be seen that the Pearson Chi-Square is 48.040 and $p < 0.001$ so this means that a small probability of the observed data is under the null hypothesis of no relationship. The null hypothesis is rejected, since $p < 0.05$. From Table 30, a Phi value of 0.566 is determined which shows that there is a positive correlation between the variables. The value of Cramer's V is the same as the Phi value.

Table 31 shows that mean rank is higher (100.62) for the option 'Yes' of the variable "Client Exit due to Weekly Repayment Schedule" as compared to the value of 66.68. Table 31 shows that the Mann-Whitney U test has a value of 1185.000 and with regard to this, we reject the null hypothesis and conclude that the variables "Client Exit due to Weekly Repayment Schedule" and "Satisfaction from Microfinance" are related.

Interpretation

"Client Exit due to Weekly Repayment Schedule" is related to the variable "Satisfaction from Microfinance business". The borrowers are unable to make timely payments which lead to their withdrawal from the microfinance business and their satisfaction from microfinance is reduced. Measures should be encouraged to increase the capacity of the members to make the repayments as presently the payments to TGMP are made at a weekly basis. The members are sometimes unable to make payments if the installments are taken from them on a weekly basis (Yayla, 2012: 45).

Table 30

Chi-Square Test and Symmetric Measures for "Client Exit due to Client Exit due to Weekly Repayment Schedule" and "Satisfaction from Microfinance"

Chi-Square Tests for "Client Exit due to Client Exit due to Weekly Repayment Schedule" and "Satisfaction from Microfinance"			
	Value	df	Asymptotic significance (2-sided)
Pearson Chi-Square	48.040	4	.000
Likelihood Ratio	49.276	4	.000
Linear-by-Linear Association	12.728	1	.000
N of Valid Cases	150		

Symmetric Measures for "Client Exit due to Client Exit due to Weekly Repayment Schedule" and "Satisfaction from Microfinance"		
	Value	Approx. Sig.
Nominal by Nominal Phi	0.566	.000
Cramer's V	0.566	.000
N of Valid Cases	150	

Table 31

Analysis Observations for "Client Exit due to Client Exit due to Weekly Repayment Schedule" and "Satisfaction from Microfinance"

Ranks for "Client Exit due to Client Exit due to Weekly Repayment Schedule" and "Satisfaction from Microfinance"				
	Client Exit due to Weekly Repayment Schedule	N	Mean Rank	Sum of Ranks
Satisfaction from Microfinance	Yes	39	100.62	3924.00
	No	111	66.68	7401.00
	Total	150		

Test Statistics for "Client Exit due to Weekly Repayment Schedule" and "Satisfaction from Microfinance"	
	Satisfaction from Microfinance
Mann-Whitney U	1185.000
Wilcoxon W	7401.000
Z	-4.682
Asymptotic significance (2-tailed)	0.000

3.5.3 Relation of "Satisfaction from Microfinance" and "Client Exit due to Service Fee".

H0 = Client Exit due to Service Fee charged on loan is not related to Satisfaction from Microfinance

H1 = Client Exit due to Service Fee charged on loan is related to Satisfaction from Microfinance.

Statistical Observation

From Table 32, it can be seen that the Pearson Chi-Square is 27.579 and $p < 0.001$ so this means that a small probability of the observed data is under the null hypothesis. The null hypothesis is rejected, since $p < 0.05$. From Table 32, the value of Phi is 0.429 which shows that there is a positive correlation between the variables. The value of Cramer's V is 0.429 which shows a positive but weak correlation between the variables. Table 33 shows that clients who separated from microfinance due to service charge were far more than those who did not consider service charge to be an important reason of withdrawal from the system. This is confirmed by the mean rank value of 84.56. Table 33 shows that the Mann Whitney U has a value of 1524.00 so the null hypothesis is rejected (Field, 2009).

Interpretation

Client Exit due to Service Fee charged on loan is related to the variable "Satisfaction from Microfinance". Therefore, measures should be taken to reduce service fee so that satisfaction from microfinance can be increased as currently TGMP is charging a service fee of 15% to its clients (Yayla, 2012: 35).

Table 32

Chi-Square Test and Symmetric Measures

Chi-Square Test of "Satisfaction from Microfinance" and "Client Exit due to Service Fee"			
	Value	df	Asymptotic significance (2-sided)
Pearson Chi-Square	27.579	4	0.000
Likelihood Ratio	28.722	4	0.000
Linear-by-Linear Association	12.254	1	0.000
N of Valid Cases	150		

Symmetric Measures of "Satisfaction from Microfinance" and "Client Exit due to Service Fee"		
	Value	Approx. Sig.
Nominal by Nominal Phi	0.429	0.000
Cramer's V	0.429	0.000
N of Valid Cases	150	

Table 33

Analysis Observations of "Satisfaction from Microfinance" and "Client Exit due to Service Fee"

Ranks of "Satisfaction from Microfinance" and "Client Exit due to Service Fee"				
	Client Exit due to Service Fee charged on loan	N	Mean Rank	Sum of Ranks
Satisfaction from Microfinance	Yes	48	56.25	2700.00
	No	102	84.56	8625.00
	Total	150		

Test Statistics of "Satisfaction from Microfinance" and "Client Exit due to Service Fee"	
	Satisfaction from Microfinance
Mann-Whitney U	1524.000
Wilcoxon W	2700.000
Z	-4.153
Asymptotic significance (2-tailed)	0.000

3.6 Case Study Survey

Case study has been used to analyze the issue of withdrawal of borrowers from the microfinance system. The case study approach has been used to develop an in depth focus of the dynamics underlying the relationship of client departure and microfinance system. Case study approach increase the quality of the qualitative data which is inevitable in providing a useful understanding of the dynamics of the issue (Siwale, 2011: 7). The case studies were prepared from the following individuals as illustrated in Table 34.

Table 34
Status of Individuals for Case Studies

Name	Status of Individual
Nihal Melek	Drop-out Client
Azra Mehmet	Drop-out Client
Emine Demir	Problem Client
Canan Dilek	Present Client of TGMP
Halil Orhan	General Manager of TGMP

Nihal Melek

Nihal Melek was born in 1971. She got married at an early age because of which started to live in Ankara, Turkey. Her husband used to work but as a result of financial problems and inflation, they started having domestic arguments. Later, she started doing cleaning in various houses to earn money to contribute to the domestic expenses. Her husband worked as a mechanic in a shop near their house but it was difficult to make ends meet. Nihal wanted to open a shop and sell handicrafts but because of insufficient capital she could not do anything. One day, she heard about microfinance from one of her neighbors. She became inquisitive and researched about it. In 2011, she became a member of TGMP and received the basic loan from the microfinance branch in Ankara.

She received her loan of ₺700 and established her shops of handicrafts. It was a huge success for her. In 2012, she received social entrepreneurial loan of ₺2000 with which she increased products at her shop. In 2014, she opened a stall of handicrafts at a national event and foreign tourists appreciated the handmade shawls and jewelry. She had a huge turnover at that event. Later, she started establishing stalls at different events and was able to sell different hand-made items in large quantities. Hand-made necklaces and earrings were most appreciated by the tourists. With the passage of time, she became financially strong enough to finance her children's' education. In 2015, she separated from microfinance because she was unable to make enough savings to expand her business. She needed more capital to expand her business so she separated from microfinance. She separated from microcredit because she found a better employment opportunity. She had no complaints from microcredit. In fact she is grateful to the TGMP for supporting her in her financial crisis.

Azra Mehmet

Azra Mehmet lives in Konya. She was born in 1990. She worked in the bakery business with her father since she was a child. Later, her father had to quit working because of health problems so she decided to continue in her father's profession. However, the money the family was making from the bakery was not enough. In this time of crisis, she heard about TGMP from her neighbors. In 2010, she received a loan for ₺700 with which she bought flour and salt for the bakery. As she thought that with more supplies she could sell a variety of items.

Her business improved overtime. In 2010 she received another loan of ₺1,000 and she with her husband rented a convenience store. With the money they earned from this convenience store they paid off the loan taken from TGMP. However they still needed more money in order to expand their business. Therefore, in 2011, she received the social entrepreneurial loan of ₺2,000 to buy supplies for both her husband's store and for her bakery. By doing this she was able to reach more customers and her earnings increased.

In 2012, she decided to separate from microcredit because she started facing health problems. Her need for microcredit had also finished as now she worked as a housewife

at home. Moreover, her husband got employed in Istanbul so the family shifted to Istanbul. Azra Mehmet is grateful to TGMP for supporting her in a difficult time. However, she offered some recommendations from her experience of microcredit. Firstly, the weekly installments should be on monthly or fortnightly basis. Therefore, the weekly meetings should be monthly rather than on a weekly basis. Secondly, the meeting should not be compulsory as she recalled that it was difficult for some of the members to attend every meeting. Thirdly, the option of top up on the credit amount should be available if more credit is required to open a business. Fourthly, Microhousing program and micro insurance should be not made compulsory for the borrowers as everyone is not able to benefit from these programs. Lastly, the microcredit system should provide more opportunities to the clients to retain the borrowers within the system. For instance, entrepreneurial training should be improved with the inclusion of more activities that emphasize on personality and business development. Microcredit system should also provide products besides the loan products.

Emine Demir

Emine Demir was born in Ankara in 1973. She is married and has two children. Her husband worked at a workshop where plastic doors and windows are produced. Then, her husband had health problems which made him incapable to work and earn livelihood for his family. They experienced financial problems and could not meet the educational costs of their children.

As Emine worked as an apprentice at a hair salon, she desired to open her own hair salon. Her biggest dream was to provide education and comfortable life for her children. Emine possessed entrepreneurial talents so in spite of all odds, she successfully opened her own hair salon in her house. Emine then desired to expand her business but she did have the finances to expand her business. She needed money to purchase materials for expanding the business. That was when she learned about TGMP from a presentation in the shopping center where her shop was located.

Emine used the Basic Loan of ₺700 in 2011 and purchased all the materials she needed to expand her business and she was able to make a profit. She also became financially

strong to send her children to school. Initially, she made the repayments on time. However, since last two months she has not been making timely repayments to the personnel. In addition to this, she does not attend the weekly meetings at the microfinance branch. Personnel have visited her house and she refuses to make any payments. According to her, she is unable to make repayments because she could not generate enough savings from her business. Later, the employees tried to change the payment schedule to accommodate Emine's financial difficulty. However, she is adamant on not making the repayments. She desires to separate herself from the microcredit system as she is not satisfied with the microcredit system.

Canan Dilek

Canan Dilek was born in 1971 in the region of Konya, Turkey. She was the eldest of nine children. Her father was a farmer and her mother was a house wife. She is illiterate. As a result of family pressure she was married at an early age. She had five children from marriage and after which her husband passed away in a traffic accident. She was left with the orphaned children and it was important to find a job to earn a living. Her neighbor introduced her to microcredit system.

Canan received the first loan of ₺1000 in 2010 as a basic loan. She rented a field of about a quarter of an acre and bought vegetable seeds. With the sale of products grown on her field, she made some income and was able to save herself from abject poverty. Later, she received a second loan of ₺1,000 as social development loan, and bought greenhouse materials and vegetable seeds. She grew cabbages, turnips and lettuce. After that she received a loan of ₺5000 in 2015. With this amount, she had enough capital to purchase her own field. Canan rented a store in the district and started to sell seeds, agricultural pesticides and fertilizers. Her sales are accelerating with every passing day.

Canan said, “I have succeeded and was given the title of entrepreneur. I would not have fulfilled my dreams without receiving the social development loan from TGMP.” She collected enough money to marry her eldest daughter and her other children have started to study in universities. Now, she is in need of ₺10, 000 to expand her business and employ other employees to work on the field. TGMP is considering her request for the loan disbursement.

Halil Orhan

Halil Orhan, General Manager of the TGMP joined TGMP in 2013. TGMP began to serve the community through the provision of group loans exclusively to women who faced financial difficulties throughout Turkey. The mission of TGMP is to improve the economic and social conditions of financially disadvantaged families throughout Turkey by providing appropriate financial services, business skills, and motivation to women entrepreneurs, and to do so in a financially sustainable manner.

From an organizational perspective, the credit limit should be increased so that more finances are available for the borrowers to establish their businesses. In addition to this, he considers that entrepreneurs should be given more training before the allocation of loan to the social entrepreneurs. The social entrepreneur products can be further improved to increase client satisfaction.

Some borrowers want the weekly payments to be monthly-based but according to Halil Orhan this would be more difficult for the majority of the buyers as weekly payments would be compiled into the monthly payments and that would become difficult for clients to submit large payments. According to some clients, it should not be obligatory to attend weekly meetings. However, weekly meetings are held so that clients can submit the money with convenience and inform field officers about any complaints and problems.

According to Halil Orhan, generally, the reason behind clients leaving the program is directly linked to the inability to accumulate enough savings. Clients are unable to make savings because of which they separate from microfinance after a certain period of time. Some women do not use the microcredit themselves and give them to their family members mostly husbands; hence, the purpose of microcredit becomes void. As a result they become a default borrower and eventually separate from microcredit. Some women migrate to other cities because of which they are unable to continue with microfinance. Despite these issues, TGMP is continuously striving to improve its service to its clients so that women do continue to progress along with the system of microfinance as the mission of TGMP is to combat poverty and women empowerment.

CONCLUSION AND RECOMMENDATIONS

In spite of the success of microfinance sector in Turkey, the microfinance sector is still very young and unregulated. The market gap can be estimated to be approximately 99% if the potential of the microfinance market is estimated to be approximately 2.9 million micro and small enterprises (Microfinance in the Arab States: Building inclusive financial sectors, 2004). Microfinance in Turkey can not only improve the economy of the country but can also lead to the deepening of the financial markets by providing financial services to the people of the lowest financial status and including them in the economy. Microfinance has managed to impact the lives of thousands of families within Turkey. It provides financial services like credit loans, savings, money transfer services and insurance to the financially disadvantaged women who are unable to receive these services from any other sector. The financially disadvantaged people have the right to easily access trustworthy financial services. Microcredit facilitates in the provision of sources of financial income for the poor so that they can utilize their skills to earn their own livelihood instead of opening hands for aid. It provides an opportunity of employment to people who are unable to enter the job market as a result of lack of training and work experience.

TGMP does not discriminate among the members on the basis of individual's income level in the decision of eligibility for the credit. Microfinance may not necessarily increase income for everyone but they do provide a range of options for the people to protect themselves against financial shocks. As seen in Appendix 4 of the Appendixes section, majority of the respondents experienced an increase in monthly income which is a success-factor for TGMP. Microfinance certainly brought an increase in the incomes earned by most of the borrowers and after the microfinance experience most of the respondents were able to earn between ₺2000 and ₺3000. Before becoming a microfinance participant average income level of the respondents was below ₺1000 so most of the respondents were not extremely poor which also resulted in high expectations from microfinance scheme.

The conducted research has confirmed that microfinance has brought a change in economic thinking by with the inclusion of the financially disadvantaged as economic participants of the society. Expectations of women had a direct impact on their

experience of microfinance. Among the respondents, women who had other sources of income did not consider microfinance credit to be sufficient to fulfill their needs. On the other hand, women who were near the poverty line made very adequate use of the credit. In contrast to this, women who had other sources of income or other job opportunities preferred to withdraw from the system because their expectations could not be fulfilled.

Microfinance within Turkey has become an important financial instrument and it has impacted thousands of families. The analysis has reinforced the fact that microfinance can contribute as an important instrument for poverty reduction. However, the interest rate taken by the microfinance institutions is suggested to be lowered so that women are encouraged to continue with the system of microfinance. With regard to the conducted research, interest rate is expected to be decreased in order to decrease the client drop-out ratio.

Microfinance institutions should consider increasing the credit limit. The credit limit is not considered enough to launch a business and clients expect an increase in the credit limit. The insufficient credit limit is complemented with the inability to make enough savings as it can be seen from Table 12 in the section of Statistical Analysis of Survey Results. According to the study, the respondents considered that microcredit barely meets the financing needs of the borrowers. However, entrepreneur members benefited from the current limit of microcredit because microcredit enables them to purchase products from wholesalers in large quantities and in monetary terms, therefore diversity of products is increased in complement to the discount received.

The study has tried to interrogate the reasons of departure of clients from the microfinance system. After conducting the research via questionnaires, interviews and case studies, recommendations were prepared to increase the client retention ratio. With regard to the conducted research, some respondents considered weekly meetings to be a hurdle for them in conducting their businesses. Most of the respondents desired for a change in the weekly repayment schedule because they were unable to make the repayments to the personnel of TGMP. The repayment schedule is proposed to be changed to a monthly basis so that the borrowers can be facilitated. Therefore, microfinance institutions should consider a change in their repayment schedules. The

weekly schedule also results in additional operating costs for the microfinance institution but the management of TGMP considers it important for the maintenance of discipline in the payments. Therefore, for the microfinance sector to realize its potential, the human and institutional capital should collaborate to match its financial sources (Microfinance: Global Experience and Prospects for Turkey. 2003: 78).

Some women separated from microfinance because some of the group members do not make timely payments and other members of the group are forced to contribute to their repayments. Therefore, some respondents insisted on the issuance of credit at an individual level. Actually, TGMP follows the lending methodology of the Grameen Bank and the borrowers are not expected to have any collateral assets so the joint liability of the group is a guarantee for the microfinance institutions because of which the credit is allocated in the form of groups. Successful microfinance institutions can develop innovative lending methodologies which aim to decrease risk of the microfinance institution.

The client drop-out from microfinance can also be a result of selecting more financially stable clients and rejecting the application of clients who are below poverty line. In the study it was observed that, microcredit was also extended to women who were below poverty line and later they had difficulty in making the repayments. However, the theme of microfinance is to provide assistance to the financially disadvantaged so measures can be introduced in the repayment schedule to become more flexible for extremely poor borrowers. With regard to the group lending model, the very poorest individuals are usually not extended credit because they are considered to be more risky as compared to other clients. In general, instead of targeting a specific group an effort should be made to extend credit to the general population.

The borrowers report their problems to the personnel of TGMP at the weekly meetings. The employees of the general headquarters take regular feedback from the personnel at every branch regarding client satisfaction about the products. With regard to TGMP, field officers work directly with clients on a regular basis and collect complaints or comments. Problems are either directly addressed by the field officers or taken to branch managers if appropriate. If the problems cannot be resolved by the branch managers then the regional managers intervene and solve the complaints. In the

conducted research, most of the respondents did not face any problems at their respective microfinance branches.

Microfinance should initiate developed saving services in addition to the loan services because poor people are desperately searching for safe deposits. The saving potential is vast in Turkey as 2.57 million households can save up to ₺90 ($31) per month (Grossmann, 2006: 27). Therefore, satisfaction of non-loan products offered by TGMP has also been researched in the study. Microhousing is provided to borrowers whose houses are destroyed by terrorist activities or natural disasters. Microinsurance applies to borrowers in case of accident or death. Satisfaction with the non-loan products of Microhousing and Micro retirement was found to be very low within the borrowers of microfinance. Some borrowers were not sufficiently aware of these programs. Therefore, awareness programs should be introduced by the microfinance institutions to spread awareness about all the programs to the borrowers. Government support for the microfinance institutions can also increase the awareness about microfinance programs among the less educated people of the society.

Microfinance system may not fulfill the expectations of some people but its positive effects should not be overlooked as many women have managed to make profits from their microfinance businesses. Mostly the respondents from Ankara and Konya used microcredit to open a shop or improve their existing businesses. Table 8 in the section of "Methodology of Study" shows that largest percentage of respondents received the Basic Loan and a large majority of the women received the Entrepreneurial Loan. This loan was primarily used to initiate a new business. Social Development Loan was also given to a large number of women. Receivers of Animal Husbandry Loan and Communication Loan were comparatively less than the receivers of other loans. The following recommendations have been prepared for the microfinance institutions.

Increase in Supply

Turkey has tried to stabilize the level of poverty prevailing in the country. The people of Turkey have better financial access as compared to the people of other countries. According to a 2003 study, "Microfinance in Turkey" by Kiendel Burritt, of the United Nations Development Programme (UNDP), the market for microfinance services in

Turkey is vast and still under-tapped. The demand of financial services by the financially disadvantaged people is significant, hence, cannot be ignored. Mostly, people of Turkey are engaged in some sort of income-generating activities. Microfinance can provide adequate assistance so that these people can be facilitated. With the passage of time, these people can utilize their savings and convert them to small scale businesses.

The majority of demand for "micro credit" loans in Turkey falls between $500 and $3,000. Therefore, there is an untapped capacity for microfinance in banks and in the non-governmental organizations. The gap between the supply and demand of the microfinance institutions is vast. The funds from the government and from donors are not sufficient enough to meet the large demand for microfinance as only 5 percent of the poor have access to the financial services. Therefore, microfinance strategy of banking with the poor is workable and the microfinance institutions can become profitable and sustainable by employing this strategy. At the micro level, non-governmental organizations should recognize sustainability as the core factor of development and establish linkages with banks and capital markets. The suppliers of microfinance have not been able to employ their total capacity because of structural problems like lack of capital and strategy. Despite all challenges, TGMP provides a variety of loan products to the people so that they can start small businesses and become employed. The long term aim of TGMP is to achieve 100,000 active borrowers by the year 2020. Active borrowers are those people who are actively dealing with the microfinance institution and in-active borrowers are those that have not have made transactions with the microfinance institution for at least six months (Rahman, 2014: 36). Table 35 below shows the number of clients who received micro credit loans from TGMP and the value of loans disbursed. The total number of clients for TGMP as of 2015 is more than 50, 000 and the value of loans disbursed is ₺483,409,133. Still the demand of microfinance is far more than the supply of microfinance in Turkey.

Table 35

Clients Reached by TGMP

	2012	2013	2014	2015
Number of clients who received disbursement	52,271	50,768	45,669	50,653
Value of loans disbursed during period (₺)	9,894,156	203,730	273,720,869	483,409,133

Source: ("TGMP", 2016)

Increase in Credit Limit

The credit limit should be increased so that women can be provided with more financial support for their business. Insufficient credit limit was found to be related to the satisfaction of microfinance in the conducted research. Therefore, a plan should be made to increase the credit limit to provide better prospects of profit to the borrowers. According to the borrowers, the loan amount is not sufficient to finance the expenditure of carrying out the business. Increase in the credit limit would also benefit the microfinance institution as the service fee received from the borrowers would increase with regard to the credit disbursed. Therefore, this can benefit both the microfinance institution and the borrowers (Yayla, 2012: 191).

However, because of lack of funds, TGMP is not able to increase the credit limit. As a result funds deficiency remains as a major reason because of which clients separated from micro credit. Funds deficiency is a major problem faced by microfinance institutions and required support should be provided to them on a national and an international level. Government should use its resources to finance the microcredit system in order to increase the positive impact of the system (Buğra, 2007: 2).

Rate of Service Fee

Microfinance institutions require finances to carry out their operating activities because of which interest rate is charged. Hence, TGMP charges a service fee from its clients to finance the necessary expenses (Yayla, 2012: 33). Presently TGMP disburses credit amount of a maximum of approximately ₺15,000. Along with this amount, it charges a service fee of 15% till maturity on the principal disbursed amount. Other than this

amount, TGMP does not require any collateral or possessions as a guarantee from the borrowers. This sort of loan disbursement is not managed by any bank and only microfinance institutions within Turkey facilitate this system. Service fee was considered to be an important variable which measured the satisfaction of microfinance. Approximately 68% of the respondents desired that the service fee should be reduced to about 10% or a lower rate. According to some clients, this service charge should be nullified. However, this is the only revenue that TGMP earns from the microcredit system. Moreover, this charge is much less than the interest fee charged by the national banks in Turkey. Table 11 in the section of Statistical Analysis of Survey Results, showed that in the conducted research high interest rate was the main reason for people not applying to the banking institutions for credit purposes. Lack of trust with regard to the banking sector is also another reason that women do not apply to the bank for credit. The banks require collateral to become eligible for credit and have long procedures because of which financially disadvantaged people are not able to receive credit.

Innovative Training Methods

Entrepreneurship training should be more rigorous and better training methods should be introduced for the entrepreneur clients in order to provide better guidance to the borrowers of the Entrepreneur Loan. This recommendation was derived from the phenomenon that in some cases women set up businesses for products that sometimes have a saturated market as they lack diverse skills and knowledge required for carrying out a successful business with regard to its demand and supply analysis. This results in supply surplus of some products as many women in the same district are involved in identical fields of businesses. Therefore, microfinance institutions should provide maximum information to women about their planned businesses. In addition to this, microfinance institutions should have agreements with international markets so that these women can sell their products in large scale markets (Yayla, 2012: 189).

Table 10 in the section of Statistical Analysis of Survey Results shows that according to the respondents of the study, insufficient capital was one of the most important hurdles of business. Lack of adequate capital and appropriate experience led to the problems in carrying out of business. Moreover, weekly meetings also were a reason as a result of which women could not focus on their microfinance businesses.

Government Support

Constraint of funds is being faced by microfinance organizations owing to lack of adequate legal framework. Their status limits their access to funding opportunities and hinders them from receiving funding from international organizations. Moreover, insufficient regulatory framework results in lack of government support and this is one of the primary reasons of failure of microfinance. The research reinforced the fact that government support is an inevitable component of support for the microfinance institutions. The government of Turkey should introduce appropriate framework for the support of microfinance. In Turkey, there are no specific microfinance guidelines for the non-governmental organizations. A specific regulation should be implemented to specify the criteria for the minimum capital requirements and the capital adequacy ratio. This can bring a great change for the clients of microfinance and also for the existing non-governmental organizations that are engaged in microfinance. Government support can facilitate the microfinance institutions in spreading awareness among the society about the microfinance program and to provide services to the people who are not otherwise served by any other institution (Yayla, 2012: 186). In addition to this, the stakeholders can provide an enabling environment for the progress of microfinance through the coordination of donor and investor activities. The stakeholder education should be broadened because the stakeholders can accelerate the microfinance sector by supporting the establishment of a various financial demonstration models (Burritt, 2003: 6).

Economic Development

According to economic experts, there is a strong positive relationship between financial development and economic development (Bilen, 2015). Job opportunities are usually less for women by the cause of gender discrimination within some sectors of the society. The female unemployment rate in some metropolitan areas of Turkey like Istanbul and Ankara is much higher than in other cities (Yayla, 2012: 193). The small and medium enterprises in Turkey face pressure from the large enterprises because large enterprises are considered to be more reliable especially in urban areas. Therefore, the initiation of microfinance programs should be encouraged by the banking and the commercial sector. Moreover, economic stability is an inevitable factor for the development of the microfinance sector. Economic growth encourages financial

providers to enter the market. In addition to this, an adequate macroeconomic environment is significant for the advancement of the financial sector (Burritt, 2003: 17).

Human Resource Development

Microfinance is a labor-intensive industry so the human resource management should be developed and the recruitment policies should be well-defined and an appropriate compensation package should be introduced for employees at all levels. In addition to this, training programs should be initiated for the employees and the borrowers of microfinance (Hart, 2014: 8).

Employee Efficiency

The personnel play the most important role in the client satisfaction as all the clients directly interact with the personnel. The drop-out of clients is directly related to the behavior of the employees. The employees should try to provide feedback to the borrowers in the shortest period possible as the borrowers insisted on urgent feedback to their credit demands from the loan officers. Microfinance institutions should focus on efficient fieldwork as an inevitable need for the progress of the microfinance institution so that the borrowers can be motivated and supervised (Obaidullah, 2008: 10).

Product Diversification

Microfinance industry is one of the very few industries that are product-driven instead of market driven. The micro finance institutions attract products according to the needs of the broader population. The products are priced in such a way that the revenue covers the full cost of expenses and enables profitability (Burritt, 2003: 11). In addition to this, clients should be provided with other services like the facility to transfer money within the country to other family members (Birgili, 2012: 9).

The use of wireless technology should be exploited by the microfinance institutions as the financial transaction costs can be reduced. In addition to this, the repayment method can be made more effective and efficient with the use of wireless networks (Chakravartı, 2015: 81).

The recommendations provided in this study can become a component of an improvement scheme for TGMP and other microfinance institutions. TGMP can utilize the findings of this research to increase client satisfaction. TGMP can use this research to expand their outreach within the country. The suggestions can be employed in the form of pilot schemes and applied in some provinces of Turkey. In the case of positive results, these changes can be implemented in all the microfinance branches of Turkey.

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APPENDIXES

Appendix 1: Central Measures of Tendency

	N	Mean	Med.	Mode	Variance	Skewness	Standard Error of Skewness	Kurtosis	Min	Max	Sum
Educational Level	150	2.14	2.00	1	1.195	0.436	0.198	-1.158	1	4	321
Income before Microfinance Loan	150	1.75	2.00	1	0.620	0.901	0.198	0.417	1	4	262
Marital Status	150	1.30	1.00	1	0.332	1.790	0.198	2.166	1	3	195
Loan Type	150	1.85	1.00	1	1.258	1.348	0.198	1.176	1	5	277
Number of Children	150	1.63	2.00	1	0.435	0.704	0.198	0.096	1	4	245
People Living in a House	150	3.82	4.00	4	0.927	-0.682	0.198	-0.399	2	5	573
Credit Purpose	150	2.18	2.00	2	1.048	0.696	0.198	0.015	1	5	327
User of Credit	150	1.17	1.00	1	0.332	4.032	0.198	18.359	1	5	176
Problems in Group	150	2.37	1.00	1	2.126	0.182	0.198	-1.941	1	4	355
Hurdles faced in Business	150	1.83	2.00	1	0.815	0.905	0.198	0.006	1	4	274
Satisfaction from Microfinance	150	3.73	4.00	4	0.922	-0.917	0.198	0.372	1	5	560
Reason of Seperatıon from Microfinance	150	2.57	2.00	2	1.052	.0027	0.198	-1.147	1	4	386

Appendix 1 (Continued)

	N	Mean	Med.	Mode	Variance	Skewness	Standard Error of Skewness	Kurtosis	Min	Max	Sum
Reason For Not Taking Credit from Bank	150	2.04	2.00	2	0.562	0.709	0.198	0.745	1	4	306
Microfinance helped to manage economy issues of family	150	4.17	4.00	4	0.574	-1.897	0.198	6.670	1	5	626
Microfinance helped to make decisions about education of children	150	4.14	4.00	4	0.739	-1.239	0.198	1.968	1	5	621
Changes in Social Lifestyle after becoming a Microfinance client	150	1.83	2.00	1	0.815	0.905	0.198	0.006	1	4	274
Opportunities of business without microfinance	150	2.04	2.00	2	0.562	0.709	0.198	0.745	1	4	306
Respect from Family Increased after becoming a Microfinance client	150	4.31	4.00	4	0.603	-2.076	0.198	7.063	1	5	646

Appendix 1 (Continued)

	N	Mean	Med.	Mode	Variance	Skewness	Standard Error of Skewness	Kurtosis	Min	Max	Sum
Microfinance helped to become active in management of domestic issues	150	4.31	4.00	4	0.711	-2.132	0.198	6.252	1	5	646
Satisfaction of Non-loan products-Microinsurance	150	4.12	4.00	4	0.697	-1.212	0.198	2.157	1	5	618
Satisfaction of Non-loan products-Microhousing	150	3.03	4.00	4	1.248	-0.346	0.198	-1.334	1	5	454
Satisfaction of Non-loan product-Microretirement	150	2.13	2.00	1	1.145	0.577	0.198	-0.908	1	4	319
Satisfaction of Non-loan product-Voluntary Savings	150	4.34	4.00	4	0.468	-1.574	0.198	5.162	1	5	651
Client Exit due to Service Fee charged on loan	150	1.68	2.00	2	0.219	-0.780	0.198	-1.411	1	2	252
Microfinance can solve Poverty	150	4.03	4.00	4	0.945	-1.311	0.198	1.597	1	5	605
Age	150	2.89	3.00	3	0.566	-0.301	0.198	0.348	1	5	434
Government should support Microfinance program	150	4.18	4.00	4	0.618	-1.506	0.198	4.182	1	5	627

Appendix 1 (Continued)

	N	Mean	Med.	Mode	Variance	Skewness	Standard Error of Skewnes	Kurtosis	Min	Max	Sum
Client Exit due to Non-interest Savings schedule	150	2.90	3.00	4	2.225	-0.023	0.198	-1.576	1	5	435
Problems with Loan Officers	150	2.81	2.00	2	1.092	0.060	0.198	-1.601	1	4	422
Client Exit due to Weekly Repayment Schedule	150	1.74	2.00	2	0.194	-1.105	0.198	-0.789	1	2	261
Ability to make Repayments	150	2.27	2.00	2	1.757	0.886	0.198	-0.528	1	5	341
Change in Expenditure after becoming a Microfinance client	150	3.55	4.00	4	1.296	-0.659	0.198	-0.487	1	5	533
Income after Microfinance Loan	150	3.45	3.00	3	0.639	-0.045	0.198	1.194	1	5	518
Client Exit due to Insufficient Credit Limit	150	1.17	1.00	1	0.144	1.743	0.198	1.053	1	2	176
Ability to make savings from Microfinance business	150	2.05	2.00	2	0.682	1.060	0.198	1.052	1	4	308
Microfinance can support to solve financial problems	150	3.85	4.00	4	0.668	-1.355	0.198	2.178	1	5	577
Microfinance loan lead to increase in use of technology	150	3.78	4.00	4	0.669	-1.137	0.198	1.197	1	5	567

Appendix 2: Total Variance Explained

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.149	16.619	16.619	4.843	13.090	13.090
2	4.690	12.675	29.293	3.336	9.016	22.105
3	3.211	8.679	37.972	2.846	7.692	29.797
4	3.067	8.290	46.262	2.763	7.468	37.265
5	2.684	7.254	53.517	2.658	7.184	44.449
6	1.935	5.230	58.747	2.616	7.069	51.518
7	1.725	4.661	63.408	2.384	6.443	57.961
8	1.626	4.396	67.804	2.278	6.157	64.119
9	1.430	3.866	71.670	1.824	4.931	69.050
10	1.278	3.455	75.124	1.746	4.718	73.768
11	1.133	3.063	78.187	1.635	4.419	78.187
12	0.990	2.675	80.862			
13	0.849	2.295	83.157			
14	0.779	2.106	85.263			
15	0.731	1.975	87.238			
16	0.604	1.631	88.869			
17	0.548	1.480	90.349			
18	0.485	1.311	91.660			
19	0.413	1.115	92.775			
20	0.382	1.034	93.808			
21	0.341	0.921	94.730			
22	0.311	0.840	95.569			
23	0.276	0.747	96.316			
24	0.248	0.669	96.985			
25	0.170	0.460	97.445			
26	0.167	0.451	97.896			
27	0.147	0.398	98.294			
28	0.134	0.362	98.656			

Appendix 2: (Continued)

Component	Initial Eigenvalues	Rotation Sums of Squared Loadings				
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
29	0.120	0.325	98.981			
30	0.111	0.300	99.281			
31	0.085	0.230	99.511			
32	0.069	0.185	99.696			
33	0.040	0.107	99.803			
34	0.026	0.071	99.874			
35	0.021	0.057	99.931			
36	0.015	0.039	99.971			
37	0.011	0.029	100.000			

Appendix 3: Coefficients for Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-0.841	0.690		-1.219	0.225
Educational Level	-0.180	0.060	-0.205	-3.007	0.003
Marital Status	-0.083	0.110	-0.050	-0.756	0.451
Credit Purpose	0.198	0.052	0.211	3.843	0.000
Problems in Group	-0.159	0.045	-0.241	-3.561	0.001
Hurdles faced in Business	0.173	0.067	0.162	2.572	0.011
Reason For Not Taking Credit from Bank	0.036	0.081	0.028	0.452	0.652
Microfinance helped to manage economy issues of family	0.315	0.112	0.249	2.814	0.006
Microfinance helped to make decisions about education of children	0.392	0.090	0.351	4.365	0.000
Opportunities of business without microfinance	0.199	0.069	0.197	2.885	0.005
Respect from Family Increased after becoming a Microfinance client	-0.045	0.106	-0.037	-0.427	0.670
Satisfaction of Non-loan product-Voluntary Savings	0.264	0.106	0.188	2.486	0.014
Client Exit due to Service Fee charged on loan	0.128	0.139	0.062	0.918	0.361
Problems with Loan Officers	-0.066	0.059	-0.072	-1.129	0.261
Client Exit due to Weekly Repayment Schedule	-0.339	0.136	-0.155	-2.496	0.014
Client Exit due to Insufficient Credit Limit	0.113	0.172	0.045	0.657	0.512
Ability to make savings from Microfinance business	0.100	0.080	0.086	1.261	0.210
Microfinance can support to solve financial problems	-0.177	0.084	-0.151	-2.112	0.037
Microfinance can solve Poverty	-0.016	0.077	-0.017	-0.210	0.834
Government should support Microfinance program	0.312	0.091	0.256	3.416	0.001

Appendix 4: Pie Chart for Income Mix After Microfinance Loan

Appendix 5: Survey Questionnaire

TGMP Üye Mikro Kredi memnuniyet anketi

1. **Cinsiyet:** Bay **( )** Bayan ( )

2. **Yaşınız**: 18-25 ( ) 26-35 ( ) 36-45 ( ) 46 ve üstü ( )

3. **Eğitim düzeyi**:
   Okur-yazar ( ) İlkokul ( ) Lise ( ) Üniversite ( )

4. **Kredi öncesi gelir düzeyi**:
   700 ve altı ( ) 701-1200 ( ) 1201-2000 ( ) 2001 - 3000 ( ) 3001 ve üstü ( )

5. **Kredi sonrası gelir düzeyi**:
   Gelirim düştü ( ) 700-1000 ( ) 1001-2000 ( ) 2001-3000 ( ) 3001 ve üstü ( )

6. **Medeni durum**:
   Evli ( ) Bekar ( ) Boşanmış / Dul ( )

7. **Çocuk sayısı**: Yok ( ) 1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ve üstü ( )

8. **Aynı evde yaşayan kişi sayısı**:
   3 ( ) 4 ( ) 5 ( ) 6 ve üstü ( )

9. **Diğer banka kredilerine başvurmama nedeni**:
   Güvenmiyorum ( ) Yüksek faiz maliyeti ( ) Prosedür karışıklığı ( ) Diğer ( )

10. **TGMP'nin kredi çeşitlerinden hangisini kullandınız?**
    Temel Kredi ( ) Girişimci Kredisi ( ) Sosyal Kalkınma Kredisi ( )
    Hayvancılık Kredisi ( ) İletişim Kredisi ( )

11. Mikro kredinizi nasıl kullandınız?

Yeni bir iş kurmak/Dükkân açmak ( )

Mevcut iş kapasitesini arttırmak ( )

Aile giderleri için kullanmak ( )

Yaptığım işin karı ile TGMP'ye olan borcumu ödemek ( )

Hayvanları satmak ( )

12. TGMP'den aldığınız krediyi evinizde kim kullandı? (Diğer ise belirtiniz)

Kendim ( ) Eşim ( ) Kardeşim ( ) Çocuklarım ( ) Diğer ( )

13. Mikro Kredi Kullanımından Duyulan Memnuniyet:

Hiç Değil ( ) Pek Değil ( ) Orta ( ) İyi ( ) Çok ( )

TGMP tarafından sunulan diğer hizmetler hakkında memnuniyet durumunuzu aşağıda belirtiniz.

	Çok Memnunum	**Memnunum**	**Kararsızım**	**Memnun değilim**	**Hiç Memnun değilim**
14. Mikro Sigorta					
15. Mikro Konut Sigortası					
16. Mikro Emeklilik					
17. Gönüllü Tasarruf (Kumbara Hesabı)					

18. TGMP'den kullanılan krediler üzerinden alınan hizmet bedeli nedeniyle mikro krediden ayrıldınız mı?

a) Hayır b) Evet

Cevabınız evet ise, size göre hizmet bedeli oranı ne kadar olmalıdır? ( )

19. Mikro kredi sisteminden ayrılma sebebiniz nedir?

a) Hastalık ya da aile bireylerinde yaşanılan ölüm sebebiyle ayrıldım.

b) Başka bir yere taşınmam sebebiyle ayrılmak zorunda kaldım.

c) Ailevi sorunlar sebebiyle, örneğin; eşim mikrokredi kullanmama izin vermedi.

d) Kişisel sorunlarım sebebiyle mikrokrediden ayrıldım.

20. Gruplar arasındaki hangi sorun yüzünden mikrokrediden ayrıldınız?

a) Grup üyeleri zamanında yapmaları gereken ödemeleri yapmadığı için ayrıldım.

b) Grup üyeleri arasında anlaşmazlıklar yaşandığı için ayrıldım.

c) Grup üyeleri arasında güvensizlik ve iletişimsizlik olduğu için ayrıldım.

d) Grup üyeleri arasında hiçbir sorun yoktur.

21. Şubedeki kredi sorumlularının (saha sorumlusu) tavır ve tutumları mikrokrediden ayrılmanız için sebep midir?

a) Evet, kredi sorumlusu tahsilât yaptığı zaman bana kaba davranıyordu.

b) Evet, kredi sorumlusu kredileri vermeyi geciktiriyordu.

c) Evet, şikâyetlerime cevap verilmedi.

d) Hayır, kredi sorumlularının davranışları yüzünden mikrokrediden ayrılmadım.

22. Ödemeler haftalık olduğu için mi mikrokrediden ayrıldınız?

a) Hayır b) Evet

Cevabınız evet ise, size göre tahsilât sistemi nasıl olmalıdır? İki haftalık ( ) Aylık ( )

23. Kredi alımından sonra sosyal yaşamdaki değişim:

Kendime güvenim arttı ( ) Daha mutluyum ( ) Daha yorgunum ( ) Sosyalleştim ( )

24. Mikro kredi kullanırken, yaptığınız işin önündeki ne tür engellere etkili olmaktadır?

Kadının toplumdaki yeri ( ) Sermaye yetersizliği ( )

Kadının ailedeki konumu ( ) İş olanaklarının kadınlara uygun olmayışı

25. Kredi Kullandıktan Sonra Gıda, Eğitim, Sağlık Harcamalarında Değişim:

Harcamalar çok düştü ( ) Düştü ( ) Değişim Olmadı ( ) Biraz Yükseldi ( ) Çok Yükseldi ( )

26. TGMP'den aldığım kredi miktarını yeterli olmadığı için Mikro krediden ayrıldım.

a) Evet b) Hayır

Mikro Kredinin Sosyal Etkileri

(1) Kesinlikle Katılmıyorum	(2) Katılmıyorum	(3) Kararsızım	(4) Katılıyorum	(5) Kesinlikle Katılıyorum

KATKILAR	1)	2)	3)	4)	5)
27. Kullanmış olduğum mikro kredi maddi sıkıntılarınızı gidermek için yardımcı oldu					
28. TGMP'den kredi aldıktan sonra, ailem ve toplumdan daha fazla saygı görmeye başladım					
29. Kredi kullanmaya başladıktan sonra, ev ekonomisini ve aile içi karar alma sürecine daha aktif olmaya başladım					
30. Kredi kullanmaya başladıktan sonra, aile işlerini yönetmesi hakkında daha aktif olmaya başladım					
31. Kredi kullanmaya başladıktan sonra, çocuklarım eğitimi hakkında karar vermeye başladım					
32. TGMP tarafından haftalık olarak üyelerden alınan gönüllü tasarruf hesabına (kumbara) faiz ödenmediği gerekçesiyle mikro krediden ayrıldım					
33. Mikrokredi'den beklentilerim gerçekleşti çünkü hayallerimi gerçekleştirebilmek için yeteri kadar birikim yaptım					
34. Kredi almasaydınız, yine de gelir getirici bir iş sahibi olacaktım.					
35. Kredi aldıktan sonra, evinizde ya da işinizde bilgisayar, internet veya akıllı cep telefonu gibi teknolojik gelişmelere yatırım yapabildim.					
36. Borcumu düzenli olarak ödeyebiliyordum.					
37. Mikrokredi yoksulluk çözümünde etkili olur.					
38. Mikrokredi devlet tarafından desteklenmeli					

39. Genel olarak üyelerin mikro kredi kullanmaya devam etmesi için TGMP neler yapmalıdır? .....

CURRICULUM VITAE

Amna Malik is a Pakistani citizen born on February, 1991. She is a Student of Masters in Economics from Sakarya University, Instıtute Of Socıal Sciences, Turkey. She completed Bachelors in Economics and Finance from Lahore School of Economics, Pakistan on Merit-based scholarship. She is fluent in the languages of English, Turkish and Urdu. She has extraordinary communication, presentation and interpersonal skills. She has written academic articles in the field of social sciences. She is involved in community work and has done voluntary work with various non-governmental organizations.