

# **Frauen als Mikrofinanzkunden**

## **Ein internationaler Vergleich**

**BA Thesis in Banking and Finance**

**Universität Zürich**

**Institut für Banking und Finance**

**Prof. Dr. Urs Birchler**

**Betreuung: Dr. Annette Krauss**

Florentin Ruckstuhl

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## **Executive Summary**

Since the beginning of modern microfinance, women have become the main microfinance clients, even in countries where gender equality is far from the norm. Microfinance advocacy networks and sponsors regularly assert that women are good credit risks. Research does indeed show that a higher percentage of female clients in microfinance institutions is associated with lower portfolio risk.

Nevertheless, global analysis indicates that the percentage of female clients of profit-oriented microfinance institutions (MFI) is lower than the one of institutions with a non-profit status. There seems to be a contradiction.

In this thesis, we analyse the link between the percentage of female clients and the overall financial performance of MFIs. Additionally, we are investigating which institutional factors may influence the percentage of female clients an MFI has. This thesis uses a global dataset on MFIs which covers the years 2002 to 2012. All analysis is carried out on a global and regional level. A distinction is made between the six regions Africa, East Asia and the Pacific (EAP), Eastern Europe and Central Asia (ECA), Latin America and the Caribbean (LAC), Middle East and North Africa (MENA) and South Asia.

First, an overview of the research field is provided. Second, hypotheses are established to analyse the influence of the percentage of female clients on the MFIs financial performance. To test these hypotheses, a multivariate analysis based on an Ordinary Least Square (OLS) Regression is used. To examine the link between institutional factors and the percentage of female clients, the partial eta-squared is calculated and some paired t-tests are performed.

The results indicate that the influence of the percentage of female clients on the performance of the MFIs differs between the regions. It can be observed that in the regions Africa and LAC, a higher percentage of female clients leads to a significantly lower operational self-sufficiency. In the regions EAP, ECA and MENA, no comparable significant relation can be found. In South Asia, it can be observed that a higher percentage of female clients leads to a significantly higher operational self-sufficiency. These findings are new. To our knowledge, until now, no study has empirically investigated the link between the percentage of female clients and the financial performance of microfinance institutions on a regional level.

The results concerning the link between institutional factors and the percentage of female clients differ from region to region. Depending on the region, the same legal status of an MFI leads to different percentages of female clients. The paired t-test revealed that South Asia is the only region where the percentage of female clients does not significantly vary between

MFIs with different profit statuses or different regulatory statuses. This could be an explanation for the big impact of a higher percentage of female clients on the financial performance. There is also a weak tendency that in regions with relatively many MFIs with a for-profit status, a higher percentage of female clients leads to better financial performance.

Our findings lead to the conclusion that not all regional differences can be explained by institutional factors. The empirical analysis delivers new insights into the link between the percentage of female clients and the overall financial performance of MFIs. To explain the regional differences in greater detail, further analysis is necessary and other influencing factors have to be taken into consideration.