



microfinance
Ubank

Impact

Assessment Study



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Executive Summary

Microfinance is essential in bringing the underserved and unbanked communities into the financial net. Research has proven that microfinance undoubtedly helps in providing a buffer against economic shocks; however, its impact on poverty alleviation is debatable. One of the major reasons for the unclear impact on poverty is the lack of experimental research. Due to difficulties in identifying control groups, the cost and the time required, many researchers opt for case studies. While case studies do provide some insights, they do not identify the main mechanisms that link microfinance and social conditions.

In 2019, U Bank took the initiative to conduct a study on the impact of its loans on the borrowers using a blended research design focusing on business performance and socio-economic indicators. The research resulted in a comprehensive baseline study. This report is an extension of that research work and moving forward U Bank aims to conduct it at regular intervals to measure the impact overtime. Although it does not replace the need for experimental research nor does it prove causality with complete accuracy, it does provide quick and actionable insights that can help U Bank and other MFPs in focusing on products that are better geared towards improving people's socio-economic conditions.

Some key findings of the research are as follows:

- Compared to 2019, average family size has increased from 6 to 7 members.
- Compared to 2019, there has been a significant decrease in borrowers who feel that their living standard improved after taking the loan.
- There has been a sharp increase in borrowers who faced difficulty in repaying the loan and interest.
- Majority of the respondents in KP and AJK took loans for business use.
- Majority of the female respondents reported an increase in saving capability due to the loan while majority of the male respondents reported no increase.
- Compared to 2019, there has been a slight increase in daily nutrient intake as measured by fruit and meat consumption.
- Livestock remains the most popular asset bought by borrowers with the loan.
- Awareness about health insurance products is relatively higher in South Punjab.

1. Introduction and Background



1.1. Historical Overview of Microfinance – Origin and Purpose

Microfinance refers to financial services offered to economically disadvantaged sections of the population which lack access to, or are excluded from, traditional banking services. It emerged as a means to empower financially disadvantaged communities and provide them with an avenue to lift themselves out of poverty. The most common form of microfinance is 'microcredit'; these are small loans given to people with the notion that they will utilize the credit to support their businesses or partake in other income-generating activities without having to suffer due to unforeseen expenses or fall prey to loan sharks.

Modern history of microfinance is traced back to late 20th century Bangladesh. Witnessing the plight of the poor in famine-ridden Bangladesh, Dr. Muhammad Yunus decided to extend a loan of \$27 to 42 women involved in the making of bamboo stools, believing that if the women had a loan to fall back on they would be able to boost their productivity. The model was a success as the women were able to increase their output and repay the borrowed amount. Expanding this model, Yunus went on to set up the Grameen system (later grew into the Grameen Bank) which offered small loans to economically disadvantaged groups, particularly women, with no collateral or financial security. It grew to be a huge success with "over 7 million beneficiaries in Bangladesh, 97% of whom [were] women"¹. The

model was adopted by NGOs and financial institutions around the world.

Around the same time, John Hatch was designing a medium of lending to the poor through institutions called "Village Banks". In order to safeguard poor communities from inflexible money lenders and third-party organizations, Hatch devised a method whereby Village Banks would receive loans from microfinance organizations, which could then be invested into practices as per the needs of the community. This would allow communities to retain their decision-making power and control capital flow without generating dependency on financial institutions.

Although Hatch and Yusuf's endeavors set the foundation for the modern-day operations of microfinancing, its essence, or the principle of microfinance, can be seen in ancient social practices also. Informal mechanisms to issue loans to financially disadvantaged people has long been a norm in many Asian countries: The Vaishya caste in India can be traced back to moneylender guilds which were solidified into caste by ancient Hindu law; In Bengal, Rabindranath Tagore, gave collateral-free loans to cooperatives made up of his subjects². The contention lies in the fact that none of these measures were sustainable; they did not provide a long-term solution to poverty as most often people were unable to repay their loans. In contrast, the Grameen system offered a sustainable model of lending which made the 'poor' a bankable community for financial institutions.

Microfinance allows for development and

¹. <https://group.bnpparibas/en/news/history-microfinance-small-loans-big-revolution>

². <https://journals.sagepub.com/doi/pdf/10.1177/2319714520925933>

entrepreneurial activity in economically disadvantaged societies. It engenders communal responsibility and a sense of loyalty amongst members of the recipient communities. However, the modern microfinance system is not without its flaws. Following the global adaptation of the system, the 2000s witnessed a fall in the return on microfinance investments. Factors such as increased interest rates, profit incentive of lenders overshadowing the social motive behind the practice, and lack of transparency added to borrowers' inability to return payments. Jason Hickel, in his article "The Delusion of Microfinance", highlights that 94% of microfinance loans in South Africa are utilized for consumption purposes. He concludes that microfinance practices exacerbate poverty as consumption expenses immerse the borrower into "layers of debt". In cases where they are used to fund businesses, the proprietors face a lack of demand as the market communities are also poor. Interest rates for certain microfinance loans can range from 30% – 60% which renders microfinance as unsustainable a method to alleviate poverty as its precursors³. The Compartamos Bank scandal of 2007 can be cited as evidence of the failure of the system as lenders charged exorbitant interest rates of upto 200% per annum primarily to boost profit margins.

1.2. Global Microfinance Market

In the past five years, lending of microfinance institutes has grown by 11.5 % on average. The number of borrowers worldwide continued to increase by 7 % since 2012. The pace is slower than the previous decade (2000–2010), which stood at 20 %. In 2018, 139.9 million borrowers benefited from microfinance, of which 80 % were women and 65 % belonged to rural areas. The proportions of female and rural borrowers have remained stable since 2009. MFIs have also improved their efficiency between 2009–2018. Despite sharp increases in cost per borrower, from \$68 to \$107 on average, the operating expense ratio decreased by 2.7 points. MFIs also reported an increase in their returns on assets by 1.3 points and on equity by 2.9 points⁴.

According to 2019 microfinance barometer, Latin America and Caribbean region accounts for 44 % of the total microfinance portfolio (\$48.3 billion in outstanding loans)⁵. The region is the second largest in terms of number of borrowers and has low penetration rate in rural areas. South Asia remains the world leader in terms of number of borrowers. Between 2017 and 2018, the number of borrowers in the region grew at an astounding rate of 13.8 %. In East Asia and the Pacific, the number of borrowers continues to grow, and the portfolio reached \$21.5 billion in 2018. Remarkably, 73 % of the borrowers in the region are females and 79 % belong to rural areas.

³. <https://www.theguardian.com/global-development-professionals-network/2015/jun/10/the-microfinance-delusion-who-really-wins>

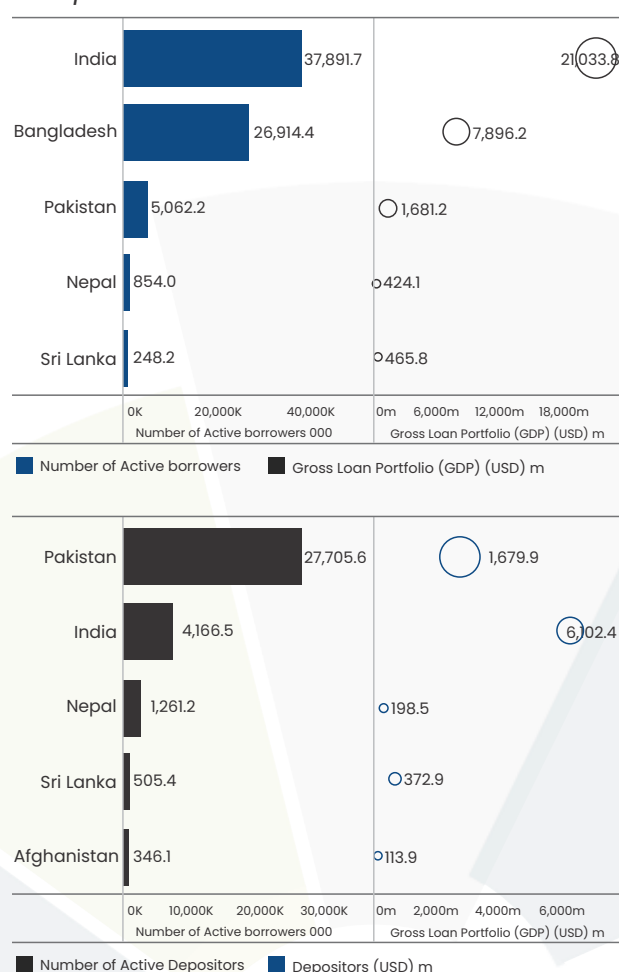
⁴. <https://www.convergences.org/en/119115/#:~:text=In%202018%2C%20139.9%20million%20borrowers,in%20the%20number%20of%20borrowers.>

⁵. <https://www.pmn.org.pk/publications/Microfinance%20poised%20to%20play%20a%20vital%20role.pdf>

1.2.1. Microfinance in South Asia

Globally, the South Asia region has the largest number of borrowers (85.6 million in 2018). It also has the top three markets in terms of borrowers: India, Bangladesh and Vietnam. Notably, almost all borrowers in the region are female borrowers (89% in 2018). Although the region represents almost two-thirds of global borrowers, it is only second in terms of credit portfolio, with an outstanding amount of \$36.8 billion in 2018. In South Asia, 72 % of borrowers are rural and 28 % urban. Average loan balance per borrower stands at \$378.

Figure 1: Top Five Countries by Active borrowers & Depositors

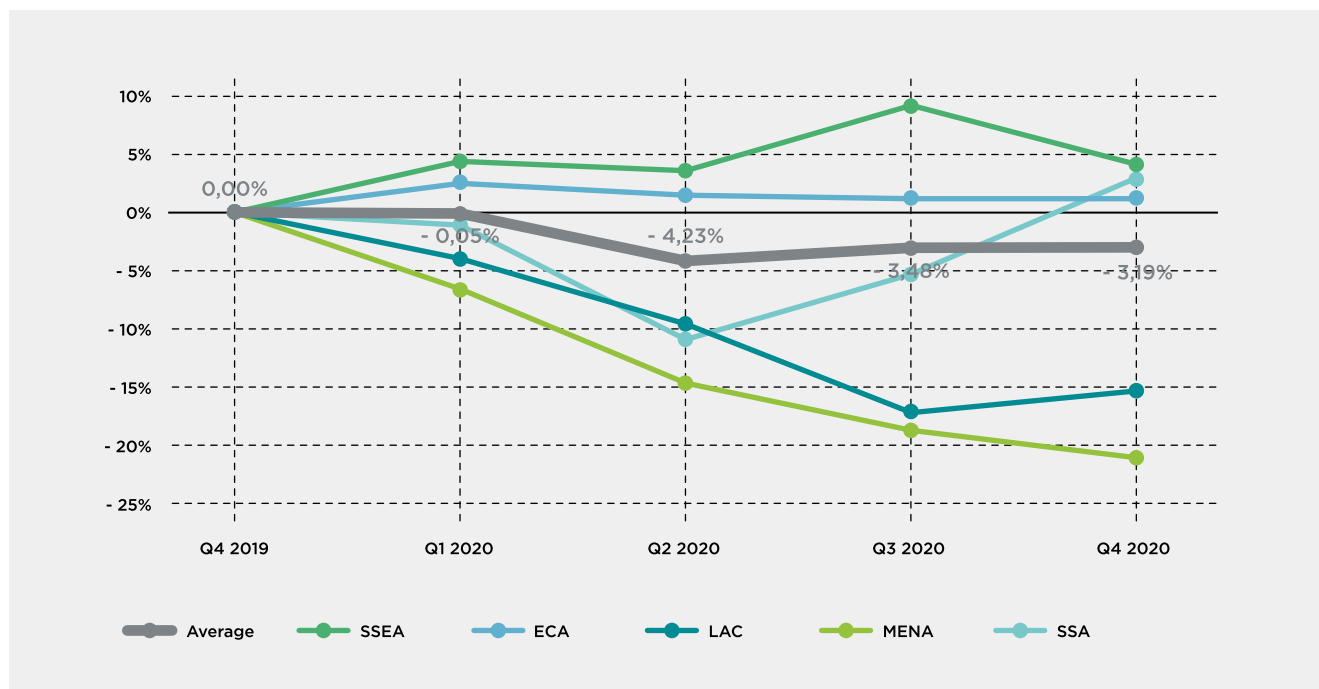


1.2.2. Impact of Covid-19 on the Market for Microfinance

A study was conducted by ADA and Grameen Foundation to analyze the impact of the Covid-19 pandemic on the market for microfinance. In the first part of 2020, outstanding loans of MFIs declined globally ("The impact of the Crisis on Microfinance Institutions" 6). The main reasons identified include operational constraints, greater caution and less appetite for credit risk, and a temporary drop in demand for new funding by clients. Smaller institutions faced greater difficulties in adapting to new the normal due to their lack of resources in terms of human expertise and management tools. In the second half of 2020, outstanding portfolio overall experienced a growth, which was mostly attributed to arrival of new clients and an increase in average loan size. At the end of 2020, nearly half of the institutions logged an increase in provisioning expenses to cover the risk of default on overdue loans. Client difficulties were projected to continue in 2021 as almost half of the institutions surveyed reported that they will need re-capitalization in 2021 if they are to return to their pre-pandemic activities.

MFIs in the Middle East, North Africa, and Latin America and the Caribbean have been affected to a higher extent, with a higher risk ratio, a larger drop in the number of active clients, and a decline in outstanding loans. On the other hand, performance of MFIs in Europe and Central Asia remained steady with only a limited decrease in number of active clients and stable portfolios. In Europe 80 % of the MFIs reported a gradual return to their pre-Covid activities.

Figure 2: Development of Number of Clients per Region



SSEA: South and Southeast Asia / ECA: Europe and Central Asia / LAC: Latin America and the Caribbean / MENA: Middle East and North Africa / SSA: Sub-Saharan Africa

1.3. Microfinance in Pakistan

1.3.1. Evolution and Recent Developments

Following the international rise of microfinance, MF started getting importance in Pakistan in the late 1990s. International funding aided Non-Government Organizations (NGOs) to expand their operations and support the establishment of specialized microfinance institutions in the formal sector (Microfinance Banks). To promote microfinance in the formal sector, government launched Microfinance Sector Development Programme (MSDP) in 2000. Khushali Bank was the first specialized microfinance bank that was

established in 2000 ("SBP Second Quarterly Report FY06" 107). MFI Ordinance 2001 was then issued to provide regulatory framework exclusively for microfinance. More recently the government created the Pakistan Microfinance Investment Company (PMIC) in 2016 as part of its National Financial Inclusion Strategy. PMIC provides finance direct to target sectors and offers funding and support to other microfinance lenders. Initiatives financed by PMIC include renewable energy, agriculture, micro-insurance and digital finance.

Microfinance has rapidly grown in Pakistan in the last decade. Between 2014 and 2019 the number of active borrowers increased three-folds from 2.8 million in 2014 to 7.3 million in 2019. According to PMN's 2020 review, despite the disruptions caused by Covid-19, the Microfinance outreach indicators have depicted growth. The gross loan portfolio

increased from PKR 302 billion in 2019 to PKR 319 by the end of 2020. This increase in GLP was largely driven by MFBs as the peer group managed to accumulate an additional PKR 1 billion. This was led by FMFB, MMFB, U Bank and KBL as they additionally collected PKR 8 billion. However, year on year increase in active borrowers declined for the first time since 2009, from 7.44 million in 2019 to 6.98 million in 2020. The largest 10 MFPs account for 81 % of the total outreach of the industry. As per MicroWatch's latest edition (2022), the total number of active borrowers stand at 8.12 million, of which 4.69 million are from Punjab.

Figure 3: Top 10 MFPs by Active Borrowers

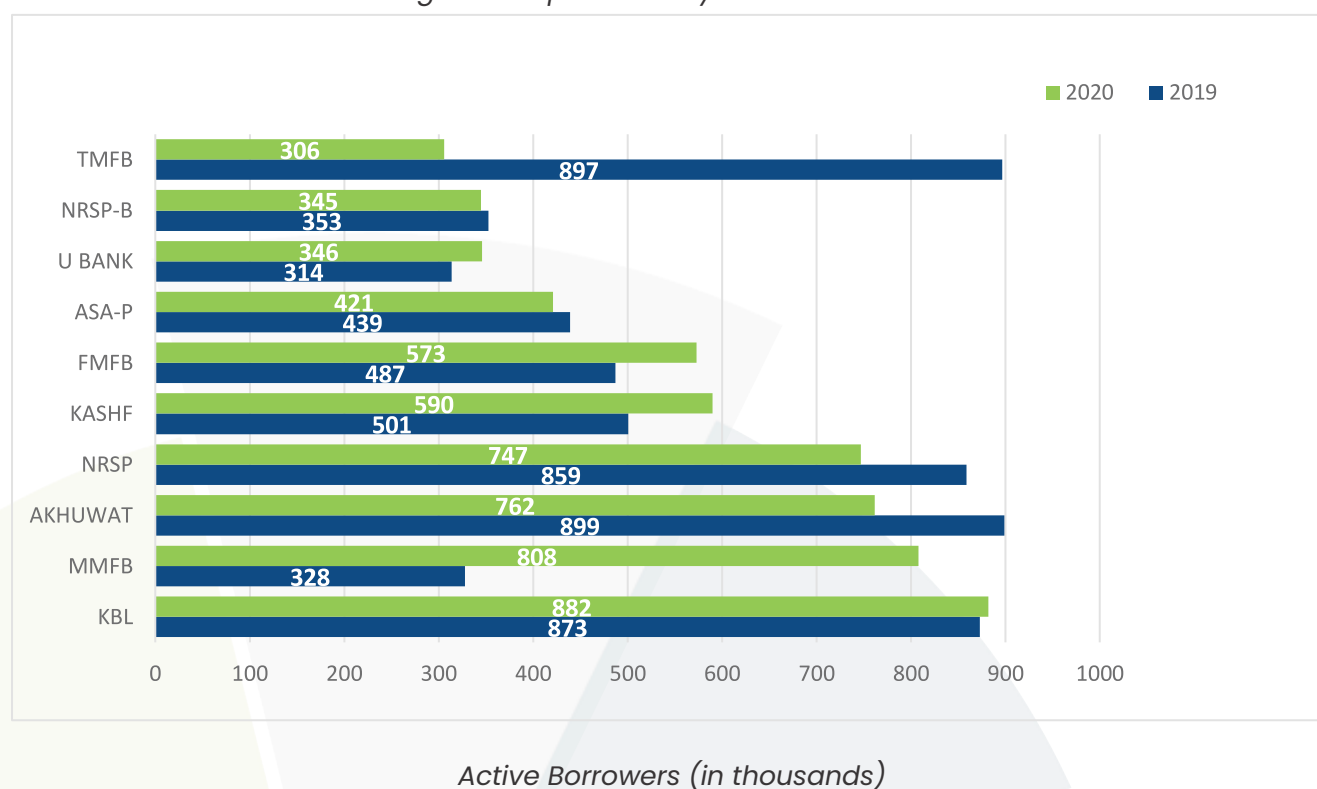


Figure 4: Active Borrowers by Peer Group

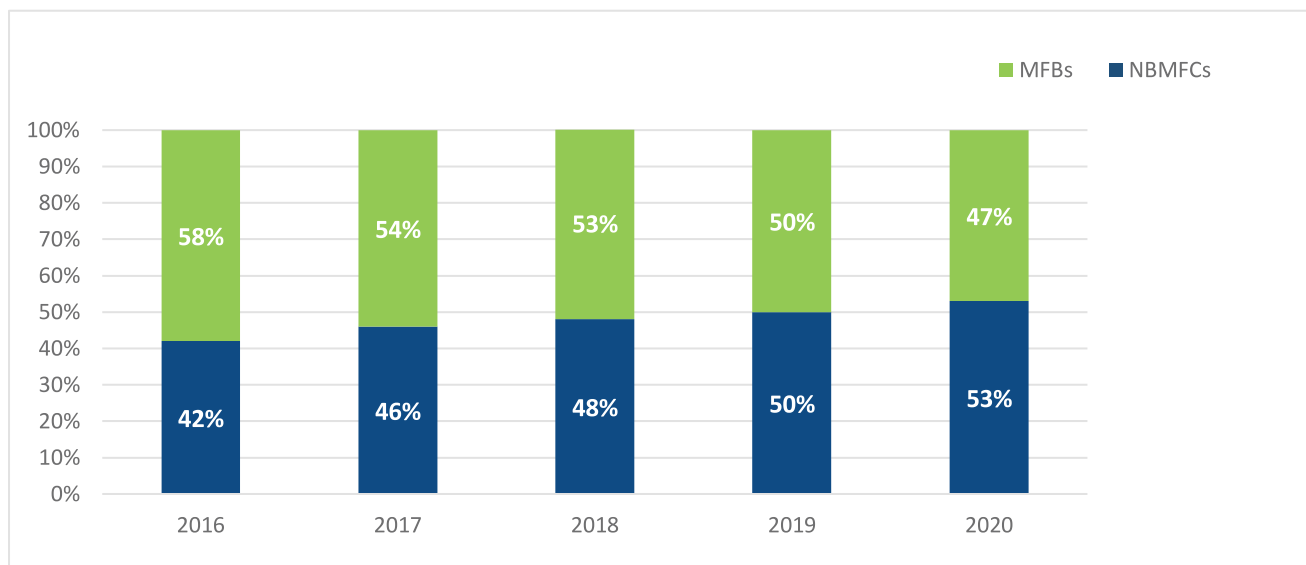
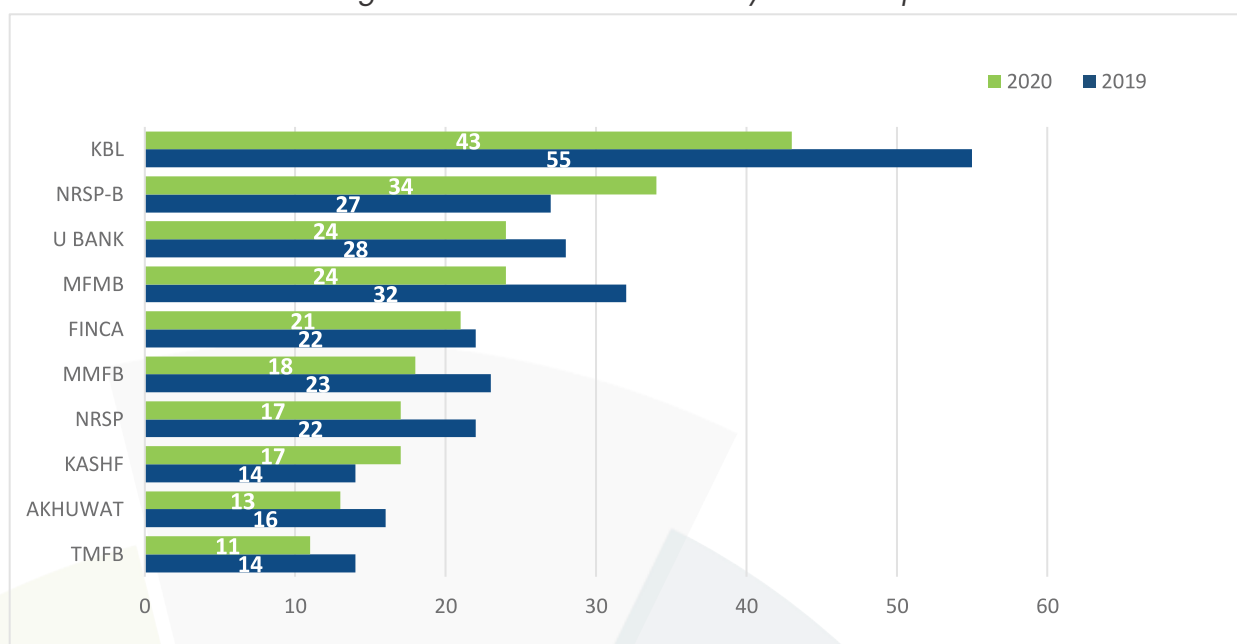


Figure 5: Gross Loan Portfolio by Peer Group



Gross Loan Portfolio (PKR Billions)

In Pakistan, the proportion of women borrowers stands at 50, this percentage has decreased by 1% compared to 2019. The sector is largely focused on rural borrowers; the concentration of rural borrowers increased from 53 % to 62 % in 2020. Moreover, an increasing trend of reduction in group borrowing and surge in individual

borrowing can be observed. In 2019 individual borrowing stood at 51% and rose to 78 % by the end of 2020.

Pakistan Microfinance Networks' industry review report of 2020 shows that all MFPs have social development goals at the core of their mission.

The most common objective was economic enablement followed by poverty reduction. Other objectives cited include employment generation, growth of existing businesses and gender equality and women's empowerment. A new trend observed was that the inclusion of development of start-up enterprises as a high number of MFPs reported it as part of their development goals. Additionally, as the government's focus on low-cost housing projects has increased, it indicates an increase in housing finance in the coming years. Data from all MFPs showed that they target more than one segment of the marginalized population. The most common target market for the industry in terms of income is low-income clients. 20 MFPs reported that they target poor clients, while only seven MFPs stated that they target very poor clients. A relatively higher number of MFBs lend primarily to low-income clients while MFIs and Rural Support Programmes (RSPs) tend to target poor and very poor clients.

1.3.2. Microfinance during Covid-19 in Pakistan

At the end of March 2020, State Bank and the Securities and Exchange Commission announced regulatory relief for MFIs permitting flexibility in observing internal financial reporting standards and encouraged them to defer borrowers' obligations to repay principal amounts by one year. A study was conducted to measure the impact of Covid-19 on microfinance in Pakistan,

which comprised of two samples: 1) microenterprises 2) graduated borrowers. The study also included insights from loan officers and senior representatives at microfinance institutes (Malik et al). 97 per cent of microenterprises had an outstanding loan, while 45 per cent of graduated borrowers reported an outstanding loan. Amongst those who had an outstanding loan only 30 per cent of the micro-enterprises stated that they were able to pay the monthly payment due on the loan while 23 % of those in graduated borrower group reported the same. Loan officers were asked about the repayment rates for their loan portfolios in February, March, and April of 2020. Average repayment rate in February was 98 per cent, 81 per cent in March (reflects the effect of the nation-wide lockdown imposed) and 34 per cent in April.

1.4. Operations of U Microfinance Bank Limited

U Microfinance Bank has a network of more than 200 branches across 183 cities and rural areas in Pakistan. The bank offers microfinance loans, deposit products and branchless banking solutions. U Bank's branchless banking offers services in collaboration with Ufone. The service is offered at nearly 45,000 agent locations across Pakistan.

U Bank's aim is to stand at the fore front of fighting

poverty in Pakistan and is dedicated to play its critical part in the implementation of the National Financial Inclusion Strategy 2023 that aims to bring 50 % of Pakistan's adult population into the banking net. U bank is dedicated to building a more inclusive society by bringing the underserved population into the banking net as well to help document the informal economy.

During the year 2021 and in the first quarter of 2022, U Bank's operations reached new heights. U Bank's gross loan portfolio grew to PKR 38.5 billion from PKR 31.3 billion in 2020. The Bank disbursed 274,237 loans amounting to PKR 43.1 billion out of which 42,891 loans amounting to PKR 6.5 billion were disbursed to female borrowers. Customer deposits also grew to over PKR 54.8 billion in 2021 from PKR 46.1 billion in 2020. U bank's active borrowers also increased from 314,000 in 2020 to 346,390 in 2021.

1.5. Need for this Research

Microfinance is considered an important tool in increasing financial inclusion, helping the beneficiaries in upward socio-economic mobility and nations in achieving inclusive and equitable growth. Most of the clientele of microfinance largely constitutes marginalized segments (including population from rural areas and women among others) where penetration of formal financial service channels is lacking. Greater financial inclusion plays a critical role in meeting the United Nations Sustainable Development Goals (SDGs) especially poverty

alleviation, zero hunger, fostering quality education, gender equality, and shared economic growth.

In 2015, a 'National Financial Inclusion Strategy' was developed by the State Bank of Pakistan with a target to provide formal financial access to 50 % of the adult population by 2020. To support this initiative Pakistan Microfinance Network rolled out its 'Microfinance Growth Strategy 2020' with a focus on a) diversifying products and services b) increasing active borrowers, deposit and insurance clients and c) adopting latest technology in the field⁵. U Bank as a part of PMN has played its role in improving financial access over the years. For U Bank to measure the greater impact of its performance, it is important to gain a deeper understanding of its customers' general wellbeing as well as the health of their businesses and livelihoods. The bank aims to collect in-depth insights on a range of indicators including health and nutrition, children's' schooling, business performance, asset ownership and general standard of living. By conducting this research on a regular basis U Bank hopes to get closer to its goal. The research on the impact of microfinance on social indicators is scarce. In an effort to better understand how microfinance providers can improve their products and service to better serve the communities they seek to uplift, U Bank partnered with Akademos to conduct an impact assessment to gauge how successful U Bank operations and micro-lending activities have been in improving the standard of living of its customers and to identify the areas that require further improvement. The study will also help

identify areas that require further research to obtain behavioral insights about the customer base which would have significance on both U Bank's business operations and resulting social impact in the lives of its customer base.

1.6. Research Objectives

The main goal of this research initiative is to analyze the impact of U Bank's lending activities on its customers' lives. In addition, the study seeks to understand the quality of U Bank's services and identify areas for improvement. In order to achieve this goal, data was gathered along five main categories of impact: household, livelihood, health and nutrition, business and MFB service and product quality.

The questions that this research aims to answer include:

- What are the effects of microcredit provision on a U Bank customer's earning ability?
- What is the relationship between microcredit provision and U Bank customer's health and nutrition outcomes?
- What are the effects of microcredit provision on a family's ability to enroll and keep their children in schools, among U Bank customers?

- What is the relationship between microcredit provision and a U Bank customer's asset ownership?

- How does microfinance provision correlate with U Bank customers perception of the overall standard and quality of their lives?

This research is an extension of a similar baseline study conducted by U Bank in 2019 in partnership with I2I. Measuring changes overtime across the above-mentioned socio-economic indicators will help U Bank assess the impact of the loans it extended in an in-depth manner. This year U Bank has partnered with Akademos to design this research and conduct an impact assessment to

- 1) Evaluate U Bank's micro-lending activities
- 2) Continue the longitudinal reporting across key impact indicators
- 3) Provide a glimpse of how the impact of the loan varies across different demographic indicators
- 4) Identify areas of improvement for U Bank's business operations that would lead to a significant positive impact on its customer base.

2. Methodology



2.1. Research Tools

i) In-person Survey

A comprehensive survey was executed in 35 districts across Pakistan (see annex 1 for a list of the districts covered). The surveyors were hired from within the communities to overcome any language barriers. Additionally, this helped in putting customers at ease while answering survey questions. A unique questionnaire was designed by using a similar study conducted by U Bank in 2019 along with relevant research conducted in

other developing economies as reference. All enumerators were given a day-long training by Akademos on survey implementation and given the context and aim behind the research to ensure that the quality of data gathered was maintained and standardized.

The infographic below shows some of the key indicators.

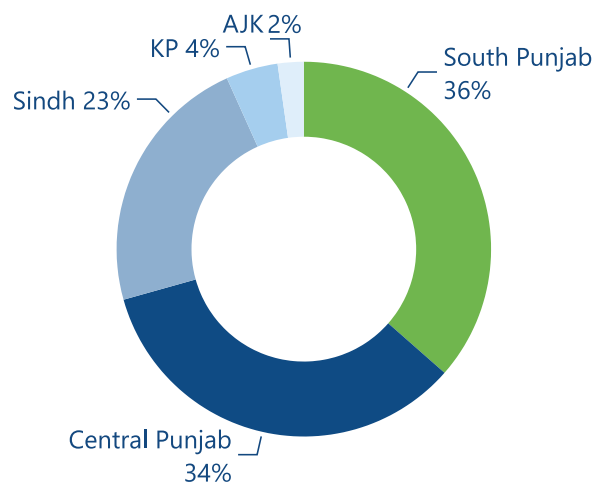
Figure 6: Key Research Indicators



ii) Focus Group Discussions

Focus group discussions were also conducted in seven key locations in KPK, Punjab and Sindh (Abbottabad, Bhakkar, Bhawalpur, Karachi, Lahore, Peshawar, Sukkur). Along with the indicators identified above, the focus groups were also used to capture women empowerment related impact that may be resulting from the micro loans and any changes in customers' standard of living due to the Covid-19 pandemic. Examples of empowerment indicators include who is the head of the family, whose decision it was to take out the loan, who is the spending and budgeting allocation decision maker. Examples of Covid-19 impact indicators include impact on business, earnings and children's education due to Covid-19.

Surveys Conducted by Province



2.2. Population Sample

The sample size consisted of a representative sample of 2045 respondents who were all U Bank micro-credit customers. A proportional sample size approach was adopted and the respondents were chosen based on the geographic spread and density of U Bank customers nationwide. The majority of customers were from Punjab; hence, bulk of the sample is from Punjab followed by Sindh. For an in-depth analysis the Punjab region has been broken down into Central and South Punjab.

2.3. Summary of Timeline and Activities

• Phase I

Research Design and Desk Research In the initial phase of the research in-depth desk review of the baseline report, data of U Bank's previous customers and similar impact evaluation reports in other developing countries was carried out. A detailed framework and methodology were drafted. Instruments for in-person surveys and focus group discussions were extensively

reviewed and finalized. Sampling was conducted to identify the customers who were approached in different locations. Surveyors across the 35 districts were also recruited and trained.

• **Phase II**

Implementation

Pilot surveys and a Focus Group Discussion was conducted in Lahore. After the pilot data was tweaked and approved, the field work started in other locations using SurveyCTO. A dashboard was developed to supervise field activities which provided real time updates. Quality checks such as phone verifications were established to ensure 100 % data integrity. FGDs were locked in the remaining cities by coordinating with U Bank field teams in the respective locations. 8-12 participants were mobilized, and the Delphi technique was used to identify census.

• **Phase III**

Analysis and Reporting

In this phase all the verified data was received and cleaned extensively and a dashboard was developed on Power BI to identify key quantitative insights. The qualitative insights obtained through FGDs were then analyzed to further understand the reasons behind the quantitative trends. This resulted in an in-depth analysis of each metric identified in the survey. Finally, the information was compiled in a final report for the internal and external stakeholders, providing a comprehensive analysis of the current state of U bank's customers and their perception of the impact of the loans on their lives.

2.4. Limitations

- I. The report purely indicates the impact on U Bank customers of its loan services. While it may show some general trends in the microfinance market, it does not depict the state of affairs of the entire market in Pakistan. Moreover, as the study did not follow an experimental research design due to limited resource, direct causality cannot be established.
- II. The pandemic has disrupted people's standard of living throughout the world. Therefore, it is hard to distinguish the expected impact of the loans from the consequences occurred due to Covid-19 lockdowns. Many positive implications may have diminished due to the impact of Covid-19.
- III. On many instances loans were taken out in the name of the female household members but were in-fact utilized by their male members of the family. This may have affected the gender-wise analysis of the various metrics assessed. To overcome this issue, the moderators encouraged female participants in FGDs to openly share their perspective.
- IV. Many female clients were hesitant to talk to male surveyors; hence, female surveyors were arranged to interview them. During the FGDs as well

husbands/fathers spoke on the behalf of their wives/daughters. This made it difficult to obtain in-depth insights from female borrowers.

- V. Some of the phone numbers of the clients listed in U Bank's database had changed overtime and hence verifying these customers became difficult. CNIC's were matched and verification calls were made to ensure data integrity.
- VI. There were limitations in terms of focus group sampling and randomization as well. As the focus group discussions were held at U Bank branches, the branch managers had mostly invited borrowers who resided close to the branch. A large majority of the participants were those customers who had taken small loans as the branch manager could easily persuade them to come to the branch for discussion. This could have an impact on the findings of the research.

3. Data Analysis and Interpretation



3.1. Major Insights

Respondents' Background

1. Although many microfinance schemes in Pakistan target female borrowers due to the expectation that it can lead to important gains in female empowerment, decision making and poverty alleviation, the number of female borrowers continues to decline. According to MicroWatch's latest edition of March 2022 female borrowers now stand at 44 % of the total active borrowers compared to 50 % in 2020⁶. Furthermore, according to PMN's review of 2020, active women borrowers declined from 51% in 2019 to 50 % in 2020 of the active borrowers. U Bank's total female portfolio currently stands at 28 %. The study observed similar trends, where the female respondents constituted 26% and male respondents 74 % of the total sample.

2. The average age of respondents is between 28 to 37 years of age. The figure below illustrates the percentage of different age groups for the respondents. The aggregate for 28 to 37 years and 38 to 47 years, makes up the majority of the customers (approximately 57%).

3. The average size of a household in the sample is seven individuals. The bar graphs illustrate the average household members in different regions. Average household size according to PSLM 2019–2020 is 6.39. Province-wise ex-FATA region holds the highest number of members (8.60) followed by KP (7.83). While the average number of children is 3 per household. A positive trend in the data was observed; amongst the female respondents 24 % reported that they were the head of their families.

Figure 7: Gender of Respondents

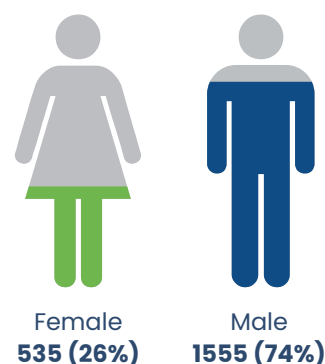


Figure 8: Age of Respondents

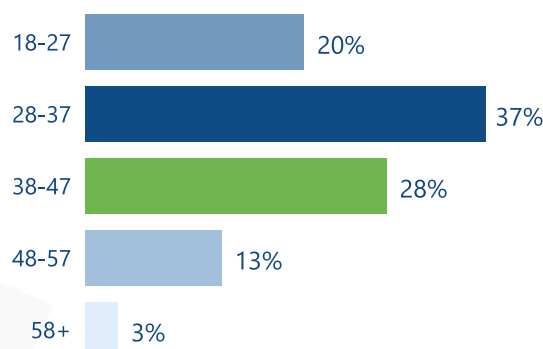


Figure 9: Average Number of Household Members



⁶. <https://pmn.org.pk/microwatch-issue-62/>

Also, households with female heads had fewer members (six on average).

4. Almost 37 % of the respondents have no education at all (illiterate), around 34 % have completed primary and/or middle school, and 16 % have completed matriculation. Respondents who hold Bachelors and Masters are only 4 % and 2 % respectively of the total sample. Respondents with other levels of education such as diplomas are around 1%. The percentage of uneducated clients has decreased compared to 2019. This means that U Bank is over the years moving towards a more educated clientele. Gender-wise education distribution shows that 61 % of female borrowers are uneducated.

Figure 10: Education of Respondents

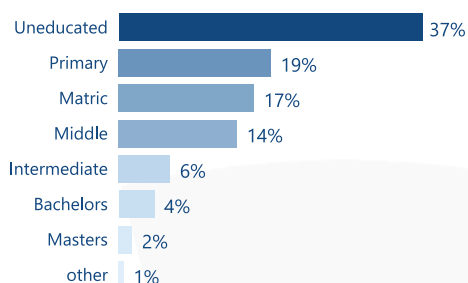


Figure 11: Education of Respondents

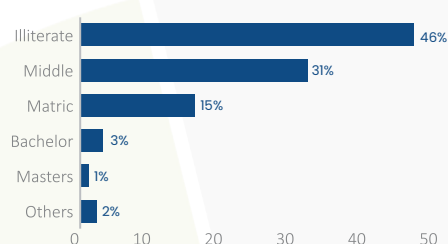
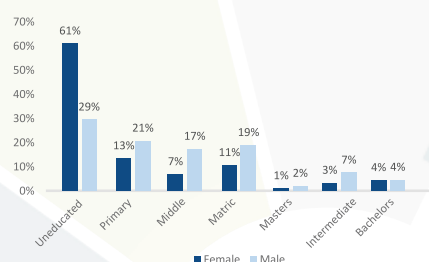
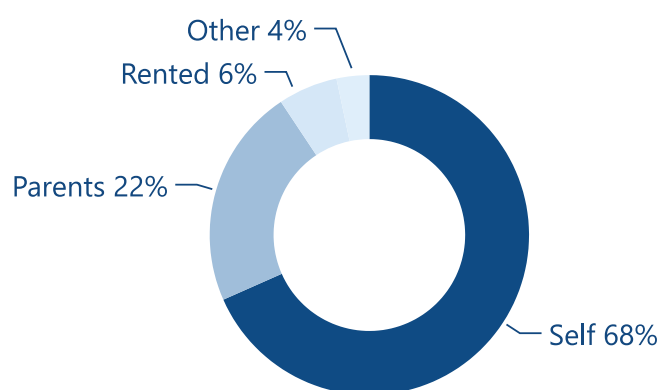


Figure 12: Education Level by Gender



5. Exploring the house ownership status of the respondents shows that most respondents reside in their personal properties. Gender-wise data shows that a higher percentage of females live under the roof of their parents', 25 % compared to 15 % for males. Rented housing is more popular in male respondents compared to females.

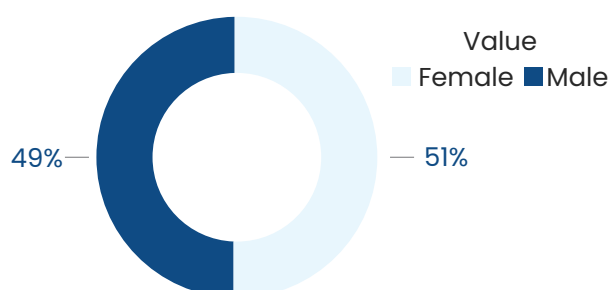
Figure 13: House Ownership Status



Household Child Education

Around 80 % of the respondents reported that they have children. Out of the respondents who have children, 39 % have at least one child who does not go to school. Amongst the children who do not go to school 52 % were males and 48 % females. The data corroborates with Pakistan Social and Living Standards Measurement 2019-2020 which states that among children 5-16 years of age, 32 % do not go to school. However, contrary to the popular trend that out-of-school girls are more than boys, the data showed that children who do not go to school were mostly males (this is after filtering out underage children). It could be an indication of greater women empowerment in U bank's customers' households.

Figure 14: Gender of Children Who Do Not Go to School



Another important finding was that in Khyber Pakhtunkhwa more female children did not go to school compared to males while in Sindh it was the opposite. The most popular reason cited by parents for not sending children to school was that they believed that schooling does not result in an increase in earnings. The children that did go to school were mostly enrolled in public schools. Province-wise breakdown of type of schools show that government schools are most popular among the clientele from South Punjab.

Another positive trend observed is the low school dropout rate. Merely 6 % of the respondents reported that they pulled any child out of school in the past year.

Figure 15: Type of School

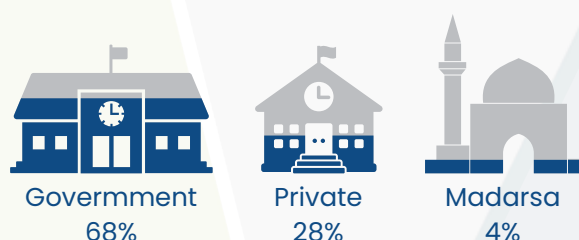


Figure 16: Type of School by Province

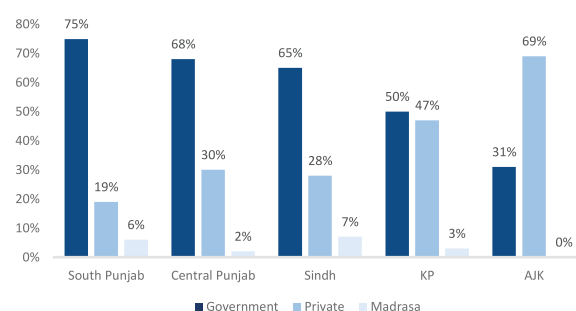
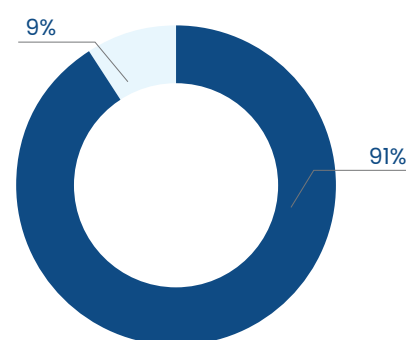


Figure 17: Removed Any Child from School in Past Year



Purpose of Loan

The purpose of the loan is an essential indicator and a key component of an individual's loan application to U Bank. The objective behind including this question in the study is to track whether the loans are being utilized for various businesses they are claimed to be taken for. The survey results show that there are five main ways people use their loans. The most popular response was for household issues (39 % of respondents) such as weddings, house repairs and upgradation. The other two most popular categories included for business and to buy livestock. Province-wise breakdowns shows that the majority of the respondents in Khyber Pakhtunkhwa (51 %) and Azad Kashmir (53%) took loans for business use.

The respondents were further asked what they bought with the loan. Livestock was selected by 60

Figure 18: Reasons for Bank Loan

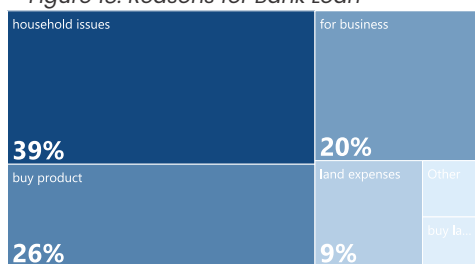


Figure 19: What did you Buy with the Loan?

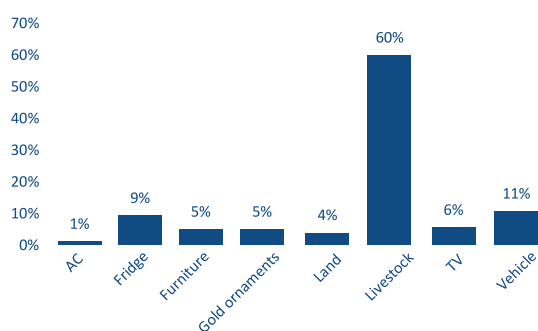
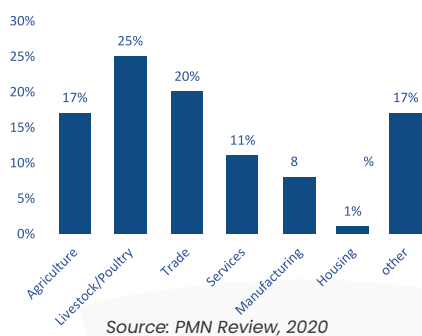


Figure 20: Distribution of Active Borrowers by Sector



Source: PMN Review, 2020

Figure 21: For What did you Buy the Asset?

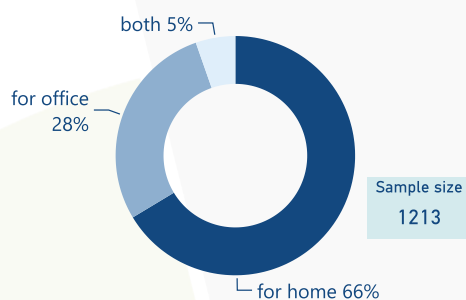
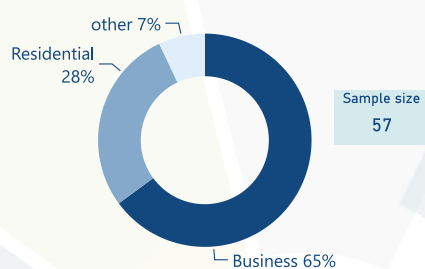


Figure 22: Type of Land



% of the respondents. This is in-line with country trends reported in PMN's 2020 review, where livestock was the most popular category and constituted 25 % of the total country portfolio. It is important to note that the respondents were allowed to select more than one type of asset.

Furthermore, the respondents were probed about the purpose for which they bought the asset with the loan taken and 66 % reported that they bought it for home while 5 % said they purchased it for both home and office. The respondents who reported to have used the loan for buying land were also asked about the type of land they purchased, and 65 % reported to have purchased land for business use.

Household Health and Nutrition

The respondents were asked a series of questions related to their own and their family's health. The aim of this question was to understand affordability with regards to formal health services. Furthermore, respondents were also asked about major obstacles they faced in getting medical attention. The results revealed that 92 % of customers had access to formal health. Of the customers who had access, 48 % visited public hospital for health issues, 35 % visited private hospital and 15 % visited a clinic.

Overall, average hospital cost stands at PKR 18,580. Province-wise comparison shows that average cost is highest in South Punjab (PKR 28,436) and lowest in Khyber Paktunkhwa (PKR 8,367).

Collecting data around additional nutrition-related indicators was important as calorie intake is widely considered a critical indicator of standard of living or poverty. For the purpose of this survey, nutrition intake was measured by asking the respondents how frequently they were able to consume meat and fruits. Almost 58 % of the customers said they eat meat once a week and 49 % said that they eat fruit once a week. Compared to 2019, customers who reported consuming meat and fruit on a daily basis has increased slightly. Meat consumption on daily basis stood at 0.3% in 2019 while it is 2% in 2021. Fruit consumption on daily basis stood at 5.4% in 2019 while it is 7% in 2021.

Similar to the patterns observed in the baseline report of 2019, when weekly fruit and meat consumption were cross tabulated with savings, savers were seen to consume less compared to non-savers. This is intuitive as non-savers mostly spend their income on various consumption activities including food.

Figure 23: Did you Visit Hospital for Health Issues?

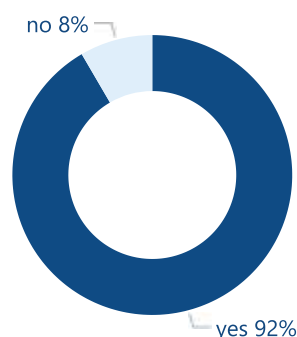


Figure 24: Which Hospital Did you Visit?

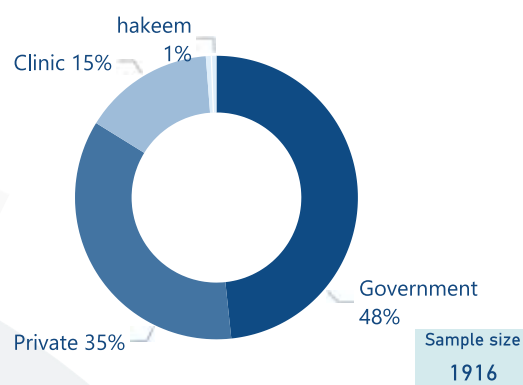


Figure 25: Average Hospital Cost by Province

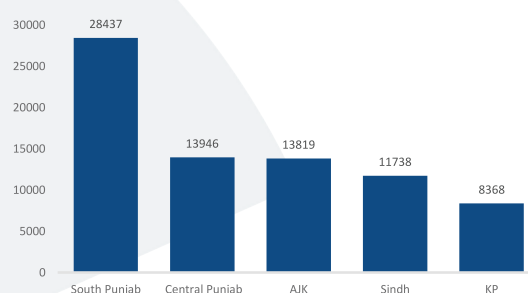


Figure 26: Weekly Fruit Consumption

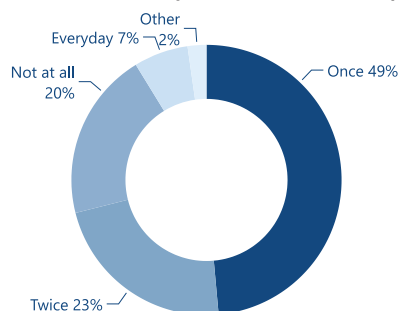


Figure 27: Weekly Meat Consumption

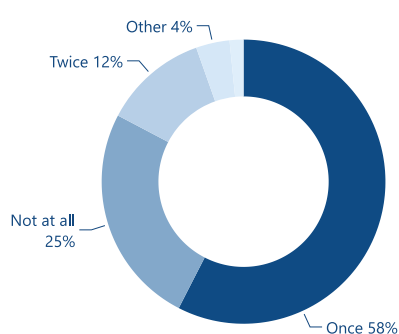


Figure 28: Fruit Consumption by Saving

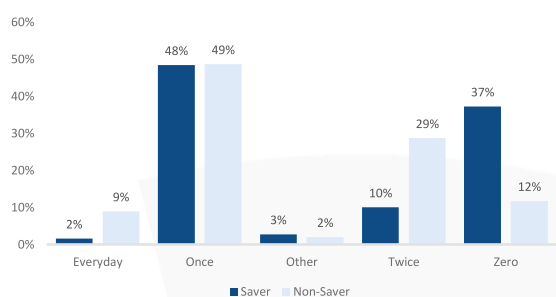
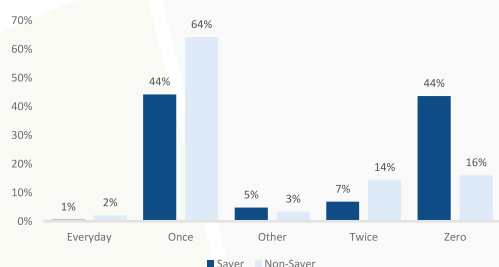


Figure 29: Meat Consumption by Saving



Awareness and Utilization of Insurance Products

Respondents were asked if they were familiar with insurance products offered by U Bank. Overall, 81 % of the respondents had not heard about the products. This figure is higher than 64 % in 2019. Province-wise comparison shows that awareness about insurance related products is highest in South Punjab.

Utilization of the insurance products remains significantly low as only 4 % of the respondents reported that they had availed any insurance product. Amongst the handful of respondents who availed, Sehat Tahaffuz (covering cashless hospitalization) remains a popular choice with 93 % of the respondents opting for it. Only 7% availed Sehat Tahaffuz Plus which provides daily income loss and pregnancy coverage.

Figure 30: Awareness of Insurance Products

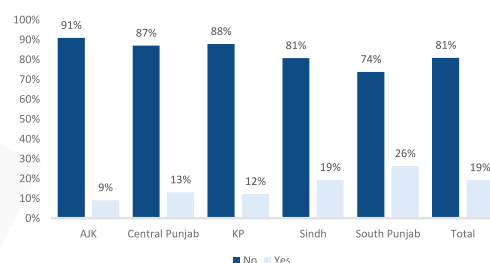
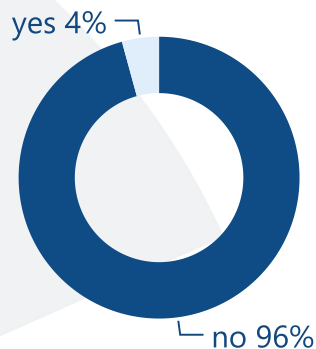


Figure 31: Did you Avail the Health Insurance Package?



Business Health

The responses for this indicator varied, approximately 55 % responded “agree” to the question on whether dependency on the loan was helpful for their business. 51 % of the customers responded “agree” to the question when asked whether the loan was the only way for them to run their business.

Figure 32: Loan Dependency Helpful for Business

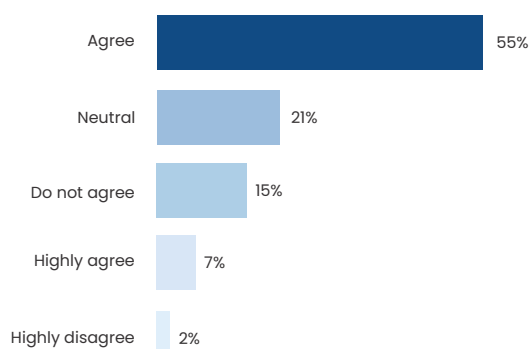
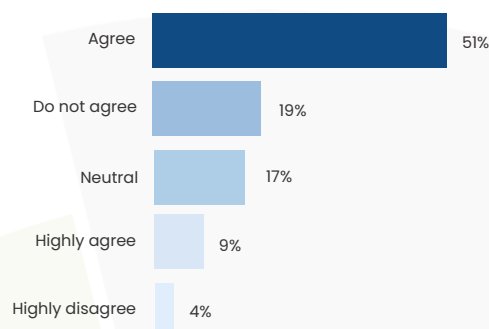


Figure 33: Only Way to Help me Run my Business



Payment Difficulty

A large proportion, around 65 % of the customers, responded that they do not face difficulties in loan repayments, but the remaining 35 % reported facing difficulties in repayment. It is important to note that the percentage of customers who reported to have faced difficulties has increased significantly

compared to 2019 when U bank conducted a similar study (13%). This could be largely due to the Covid-19 pandemic. During the FGDs as well most of the respondents agreed that they were worried about the repayment of the loan taken. Only those who made their personal repayment schedules reported that they were able to meet repayment deadlines. A majority of the focus group participants agreed that U Bank cooperated highly when they faced difficulty in repayment. The most popular repayment alternate adopted was “friends and family” when faced difficulty (64 %).

Figure 34: Problem in Repayment

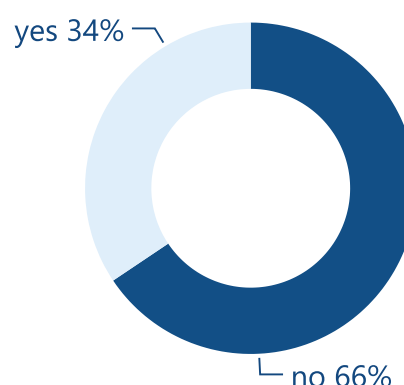
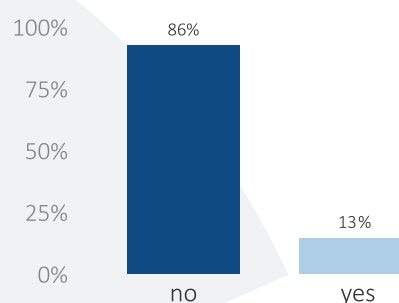


Figure 35: Problem in Repayment



Source: U Bank Baseline Report, 2019

Figure 36: Alternative if Faced Difficulty in Repayment

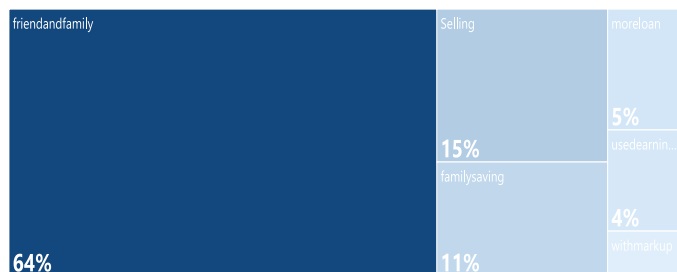
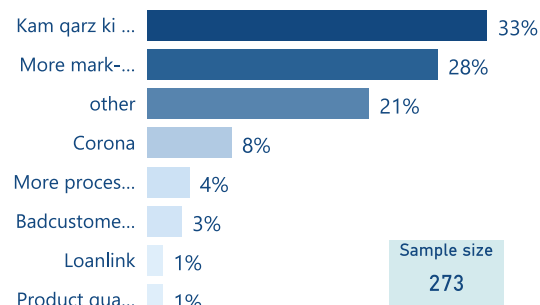


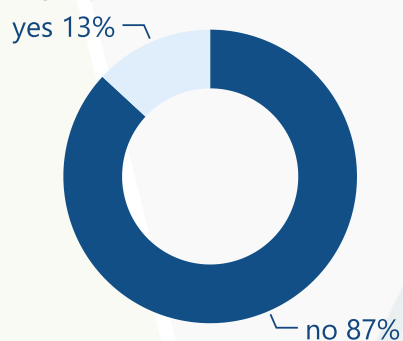
Figure 38: Reasons for Using Other Bank



Borrowing from Other Banks

Around 87 % of the customers responded that they did not think of taking loans from the other banks (since they became U Bank customers). This is a good sign for U Bank, especially with regards to repayments. The data also aligns with the information received during FGDs as when asked what prompted customers to choose U Bank for loan many responded that other banks had higher mark-up, hidden charges or difficult repayment schedules. Amongst those who did use another bank, the most popular reason cited smaller size of loan. Further research would be required to analyze how U Bank compares with other banks in the market when it comes to amount of loan provided.

Figure 37: Thought of Loan from any Other Bank?



3.2. Impact Assessment of U Bank Operations

Impact of Loan on Saving Behavior

A majority of the customers stated that the loan did not assist them in increasing their saving capacity (51%). This finding is contrary to the research carried out by U Bank in 2019 where 74 % of the clients had responded that the loan helped in saving. It is important to note that majority of the female respondents (55 %) had reported an increase in saving while majority of the male respondents (53 %) reported no increase in saving capability. This is a positive sign and could be an indication of greater women empowerment in the households of U Bank's clients. Similarly, in the focus groups that were conducted most male participants reported that they consulted with their wives or mothers before taking major decisions including taking out loan.

Moreover, intuitively saving capability increased nutrient consumption as assessed by consumption of fruit and meat. For all categories of consumption, once a week or above, those who reported an increase in savings due to the loan also reported an increase in nutrient consumption.

Figure 39: Increase in Saving Capability

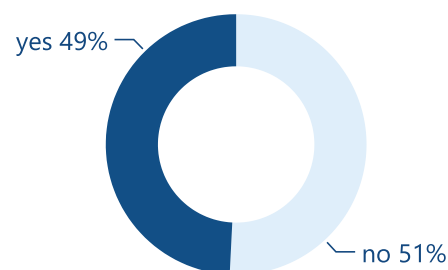
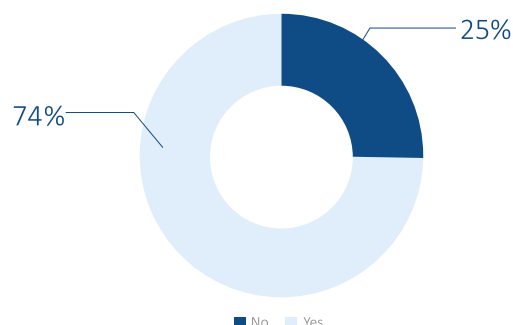


Figure 40: Increase in Saving Capability



Source: U Bank Baseline Report, 2019

Figure 41: Weekly Fruit Consumption

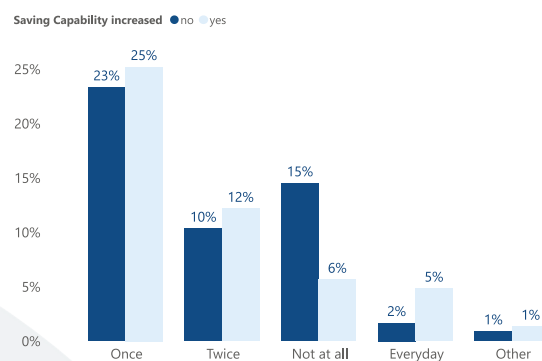
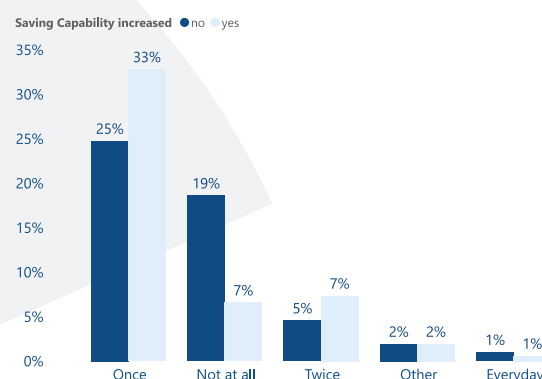


Figure 42: Weekly Meat Consumption



Increase in Business Income

The respondents were asked, “what was the impact of the loan on the business income?”. The responses for this showed that around 41 % of the customers said that there has been a positive impact on their income. This number is significantly lower than 75 % which was reported in U Bank’s 2019 study. Looking at the information gathered from the focus groups this may be a direct impact of the Covid-19 pandemic. Many participants in FGDs reported that their businesses were significantly impacted by the pandemic due to a rise in prices and lower demand. A significant percentage of the respondents (42%) reported that there was no impact on their business earnings from the loan taken. This is also in-line with the responses received during FGDs where most participants stated that their businesses earnings had increased due to the loan but at the same time rising inflation had offset the benefits of increased earnings. A handful of respondents also reported that that the monthly installments that they have to pay ended up equalizing or cannibalizing any income increases. Gender-wise breakdown of change in earnings shows less females reported a negative impact on income as compared to males.

Figure 43: Change in Earnings

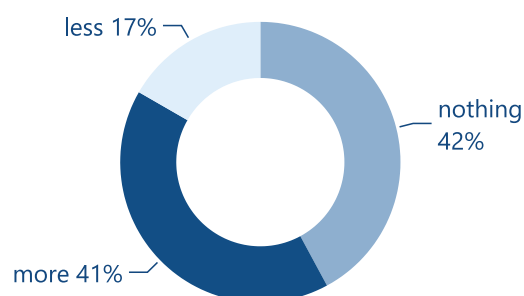
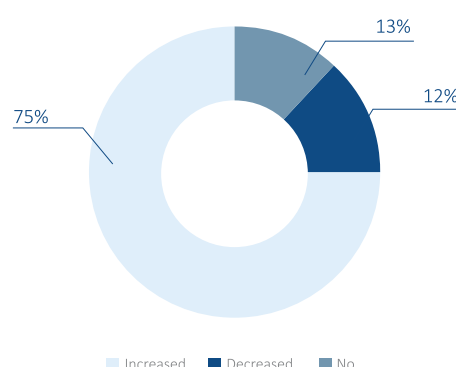
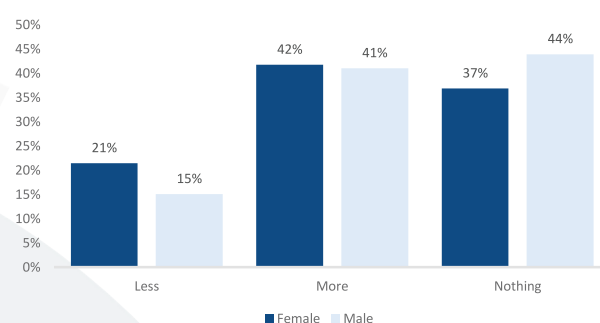


Figure 44: Change in Earnings



Source: U Bank Baseline Report, 2019

Figure 45: Change in Earnings by Gender



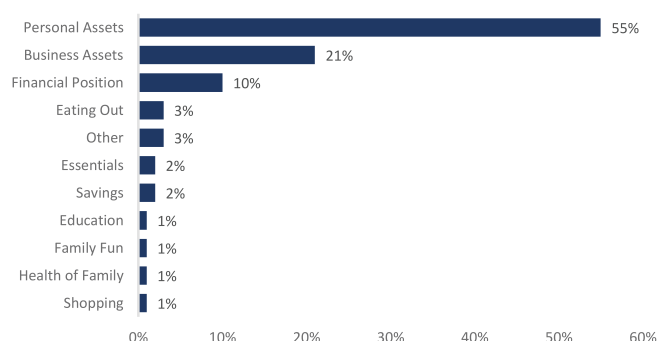
Improvement in Living Standard

Majority of the respondents (58%) stated that the loan positively impacted their standard of living. Most respondents stated that their personal assets increased because of the loan. More light was shed on this aspect during FGDs as some participants stated that they were able to buy household items such as refrigerator because of the loan. Others stated that they were able to keep children in school despite increase in fees. Comparing this figure with the baseline study of 2019 shows that the respondents who stated that their living standards had improved had reduced by a significant margin. In 2019, 94.8% % of the respondents stated that their living standards had improved due to the loan. When asked why they feel that their standard of living has not improved, many respondents quoted effects of Covid-19, rising inflation, loss in business or death of a livestock animal purchased.

Figure 46: Did the Loan Help Improve your Lifestyle?



Figure 47: How did the Loan Help Improve your Lifestyle?



3.3. Snapshot Profile of a Typical Borrower

Demographics

Variable	South Punjab	Central Punjab	Sindh	KP	AJK
Gender (%)					
Male	80%	70%	76%	68%	53%
Female	20%	30%	24%	32%	47%
Age (%)					
18-27	19%	18%	26%	16%	21%
28-37	37%	34%	39%	35%	47%
38-47	29%	29%	24%	30%	19%
48-57	13%	13%	9%	16%	13%
58+	2%	5%	2%	3%	-
Mean Family Size	7	6	7	8	7
Mean Number of Children	3	3	3	4	3
Education (%)					
Uneducated	38%	40%	34%	36%	19%
Primary	22%	19%	17%	3%	6%
Middle	16%	16%	9%	18%	15%
Matric	14%	16%	20%	21%	32%
Intermediate	4%	5%	11%	10%	11%
Bachelors	4%	3%	6%	11%	6%
Masters	1%	1%	3%	1%	11%
Other	2%	-	-	-	-
Loan Cycle					
First	28%	53%	44%	49%	40%
Second	28%	24%	35%	23%	43%
Third	25%	11%	14%	16%	13%
Greater than 3	19%	13%	7%	12%	4%

Gender

All provinces have a higher number of male respondents. Compared to other provinces, AJK has a higher number of female respondents.

Age

Sindh relatively has more young borrowers than other regions. 28–38 is the most popular category in all provinces, especially AJK. Compared to 2019, borrowers in the 58+ category have increased, they are mostly located in Central Punjab.

Family Size

Average family size varies from 6–8 across all regions. It is important that family size has increased compared to 2019, where it ranged from 5–7. In 2019, average family size in AJK stood at 5 while in 2021 it has increased to 7.

Number of Children

KP has the highest mean number of children (4). This explains the high average family size in the region. Other regions typically have 3 children.

Education

Central Punjab has the highest number of uneducated borrowers while AJK has the lowest. Moreover, highest qualification (masters) is also highest in AJK.

Loan Cycle

Majority of the customers in all regions belong to the first or second loan cycle. Loan cycle greater than 3 is most common in South Punjab and least in AJK.

Business Section

Variable	South Punjab	Central Punjab	Sindh	KP	AJK
Years of Business Experience					
Less than 1 year	4%	7%	12%	4%	10%
1 to 5 years	32%	27%	27%	24%	26%
5-10 years	24%	18%	25%	25%	26%
10 above	39%	48%	35%	47%	38%
Business Sector					
Service	17%	35%	32%	91%	81%
Agriculture	38%	20%	30%		2%
Livestock	35%	33%	13%	5%	13%
Trading	8%	8%	19%	4%	-
Manufacturing	15%	4%	6%		4%
Ownership of Business					
Own	85%	90%	73%	86%	100%
Family Owned	12%	6%	15%	9%	-
Partnership	3%	4%	12%	8%	-

Business Experience

Borrowers from Central Punjab have the highest business experience in terms of years of business experience i.e., above 10 years. Overall, as well borrowers across all regions who own businesses typically fall in the above 10 years category.

Business Sector

The most dominant sector in Khyber Pakhtunkhwa, AJK, Central Punjab and Sindh is services. In South Punjab agriculture dominates.

Business Ownership

Businesses across all regions are mostly self-owned. AJK has 100% self-ownership.

Health

Variable	South Punjab	Central Punjab	Sindh	KP	AJK
Formal Health (%)	94%	88%	92%	96%	100%
Eat Meat					
Everyday	1%	1%	3%	1%	4%
Once a week	67%	56%	51%	33%	36%
Twice a week	7%	10%	17%	28%	34%
Not at all	22%	31%	26%	17%	-
Other	3%	2%	2%	21%	26%
Eat fruit					
Everyday	3%	8%	7%	24%	21%
Once a week	62%	39%	49%	29%	21%
Twice a week	20%	25%	23%	23%	28%
Not at all	14%	26%	20%	15%	6%
Other	2%	1%	2%	9%	23%

Formal Healthcare

In all regions, borrowers were able to access formal healthcare in the past six months. Compared to 2019, access to formal healthcare has significantly improved in AJK from 81% to 100%.

Nutrition

Consumption of fruit is generally higher than meat across all regions. Meat consumption is highest in AJK but in other regions is extremely low. For both fruits and meat 'not at all' category was most common in Central Punjab compared to other regions. The 'other' category represents respondents who reported consumption on monthly basis.

4. Findings and Lessons Learned



4. Findings and Lessons Learned

Key Insights from the Field and Focus Groups

Most participants in focus group discussions stated that they had heard about U Bank through word of mouth. They also specifically mentioned that U Bank's easy procedures compared to other banks motivated them to apply for loan with the Bank.

Many respondents mentioned that they did consider loaning money from informal institutions such as money lenders. However, they gave up the idea due to extremely high interest rates and collateral requirements.

Many female participants during focus groups stated that they were consulted with before the loan was taken out. However, it was interesting to note that the loans taken under their name were mostly utilized by male family members.

Majority of the participants in the focus group discussions mentioned that meeting the guarantor requirement was the only difficulty they faced during the loan application period. Some participants stated that guarantors were asked to show their rental agreements and if the guarantors belonged to the government sector they were asked to show their service cards. These requirements delayed loan disbursement.

A few participants in KP mentioned that they used U Bank's digital loan application process and found it to be very efficient. Participants in Punjab had heard about the digital procedure but were hesitant to use it and preferred in-person applications.

In-person survey results showed that a majority of the borrowers were using the loan for household issues and consumption goods. However, during focus group discussions most participants said that they took the loan to invest in their business.

Most borrowers were satisfied with their decision of taking out loan but stressed that the pandemic had severely affected the loan's perceived impact. In-person surveys also highlighted that people who reported no increase in earnings did so due to the negative impact of Covid-19. Many borrowers especially those in KP stated that they recommended their relatives and friends to take loan from U Bank. Many people mentioned difficulty in repaying the loan especially those who run businesses as their

income fluctuates. Moreover, rising inflation and low demand due to Covid-19 also made repayments difficult for the borrowers. All participants in focus group discussions said that they had agreed to their repayment schedule at the time of applying for the loan.

All female borrowers stated that they faced no discrimination while applying for the loan and also during repayments. They were informed in detail about the requirements and received the same treatment from the U Bank staff.

When asked about areas of improvement for U Bank, most borrowers stressed on high mark-up. Some also demanded rewards for loyalty and timely payment. They suggested low mark-up for customers who make timely payments and stay with U Bank for more than one loan cycle.

Recommendations



Recommendations



Loan size

Many customers reported that the loan size was not sufficient for their needs which prompted them to consider other sources. Customers should be guided by the bank staff about how they can improve their borrower profile to acquire more loan. Greater awareness should be created by the staff by providing the existing customers with actionable feedback on ways they can improve their credit rating



Blurred boundaries between consumption and investment

Borrowers declare using their loan amounts predominantly for investment in enterprise, but a large proportion of the loan is diverted to consumption. U Bank should diversify its portfolio of consumption loans. It should conduct awareness sessions on how utilizing the loan for investment purposes is beneficial for long-run income security.



Flexibility in guarantor requirement

During the focus group discussions many respondents reported that they found it difficult to find a guarantor. They also expressed concern over the bank asking them to present the guarantor for document signing several times during the loan application process.

Demand for Islamic banking



Many respondents reported that they took the loan due to economic pressure but were not at peace intrinsically as interest is prohibited in Islam. They vouched for Islamic banking and suggested that U Bank should introduce it. These focus group discussions were held before U Bank launched its Islamic banking program. Hence, it would be ideal to create greater awareness about the program especially amongst the existing customers.

Opportunities for Further Research



A number of areas identified in this study call for further research. An in-depth study should be carried out to explore why a majority of customers only engage with U Bank for one loan cycle. Another area of further research is the limited awareness and utilization of health insurance products. Given the clients' high interest in Islamic banking, future research should also focus on whether U Bank's newly introduced Islamic banking programme is meeting expectations.

Annex

A. References

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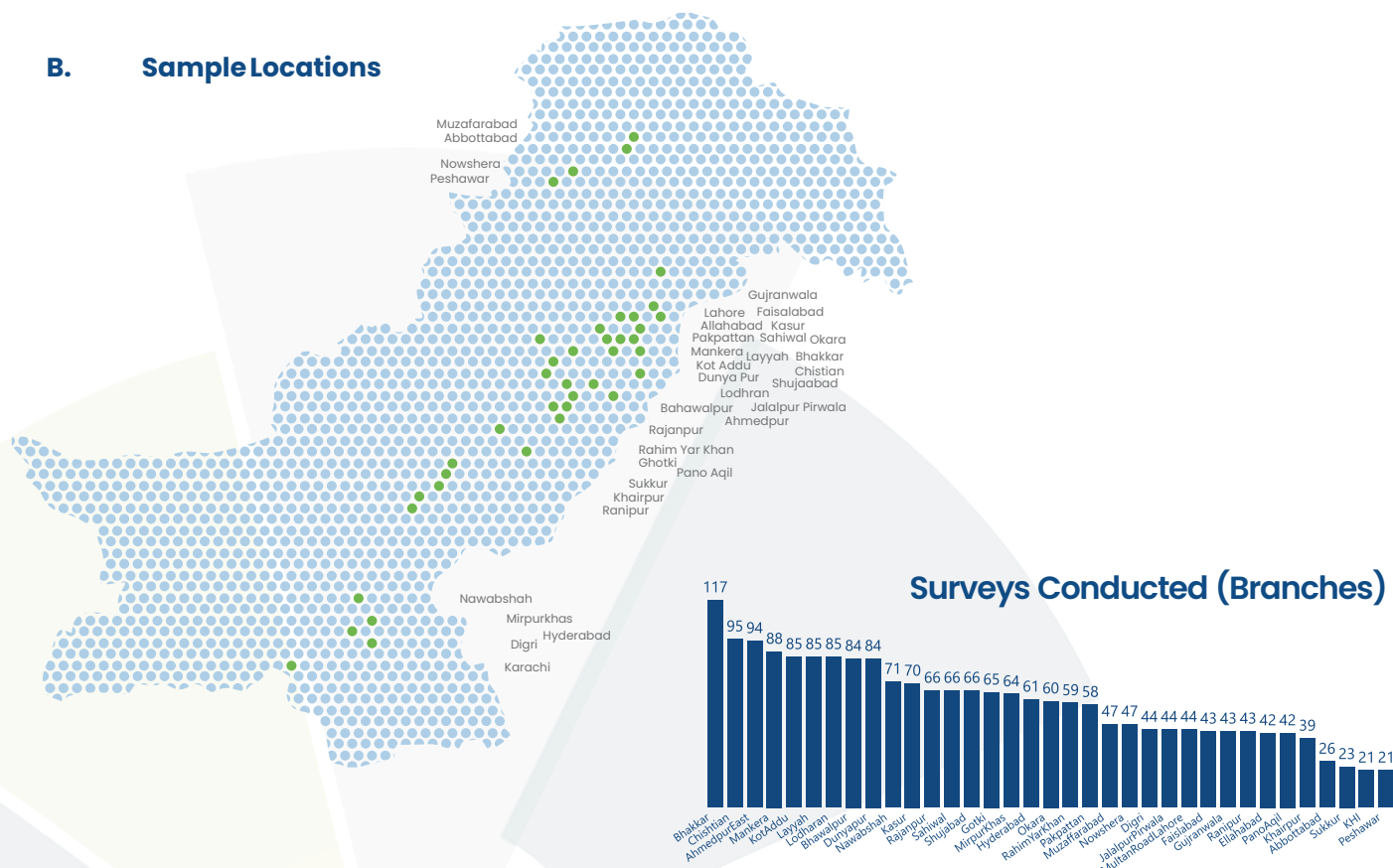
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B. Sample Locations



C. Survey Questionnaire

Sawalnama

U Bank Impact Assessment Survey

Tareekh – Waqt – Sooba – Sheehar – Tehsil – Enumerator ka Naam

(GPS location to be detected and recorded)

Assalam o Alaikum, ye survey U micro Finance Bank Limited ki janib se kiya ja raha hai jis mein maqsad bank ke aap ko faraham ki Janay wali qarzay aur insurance ki sahulat se unki roz marrah zindagi par hone walay asraat ko janchna ja rha hai. Es silsilay mein U bank ke muaziz customer hone ki hesiat se aap ke qeemti waqt mein se kuch waqt darkar karyein takkay U bank ki mojuda products aur khidmat mein behtri layi ja sakay. Aap ki farahm karda maloomat bilkul aap ke shinakht ke baghair baroyay kaar layi jayen gi aur aap ki shinakht ko poshida rakha jaye ga. Es liye aap se darkhuast hai ke bilkul itmenan se hamein apni durust raaye faraham karen.

1. Jawab de Ka Naam
2. Phone No
3. Shinakhti Card No
4. Jins
 - Mard
 - Aurat
 - Deegar
 - Batana Nahi
5. Kitnay jummat taleem hasil ki hey? (Years of Education)
 - 0 (Ghair Taleem Yafta)
 - 1-5 (Primary)
 - 6-8 (Middle)
 - 9-10 (Matric)
 - 11-12 (Inter)
 - 15-16 (Bachelors)
 - 17-18 (Masters)
 - Deegar
6. Umar
 - 18 se 27 saal
 - 28 se 37 saal
 - 38 se 47 saal

- 48 se 57 saal
- 58 saal se zayida

7. Karobari Tajarba

- 1 saal se kam
- 1 saal se 5 saal
- 5 saal se 10 saal
- 10 saal se zyada
- Bilkul b nae

8. Karobar ki Noyat

- Tijarat
- Service
- Manufacturing
- Zaraat
- Livestock
- Deegar

9. Karobar ki malkiat kia hey?

- Aapna hai
- Family ka hai
- Kisi kay sath partnership main hai
- Deegar

Section B: Gharelu Maloomat

1. Ghar ka saarbarahh kon hey?

- Aap
- Baap
- Maa
- Mian
- Deegar

2. Ghar ki milkitat kis ki hai?

- Aapna hai
- Maa
- Rent pay hai
- Deegar

3. Aap ke ghar mein mojud family members ki tadad kitni hai (jo aap kay hi kitchen say rai rahktay hain)?
4. Aap ke ghar mein mojud family members mein bachay hain?
 - Haan
 - Nahi (Skip to next section)
5. Aap ke ghar mein mojud family members mein se kitnay bachay hain?
6. Family mein mojud School janay walay bachon ki maloomat faraham kerein

6.1. Bachay ki Umar

6.2. Jins

6.3 Konsay school jata hey?

- Government ka hai
- Private hai
- Madrasa hai
- Deegar
-

6.4 Jamaat (jis mein zer e taleem hai)

6.5 School ki mahinay ki fee kitni hai

7. Koi bacha aisay hai jo school nahi jata?

- Haan
- Nahi

7.1 Agar Sawal 7 main "Haan" bola tou kitnay bachay school nahi jatay?

8. Family mein mojud school na janay walay bachon ki maloomat faraham kerein

8.1 Bachay ki Umar

8.2. Jins

8.3 Ager bacha school nahy jata, to kis waja sai nahy jata? (Multiple)

- Meri amdani mein izafa nahin hua ke apne bachon ko school bhej sakun
- Mere bachay nokri kerte hain ya karobar mein meri madad kerte hain esliye unn ke paas waqt nahin school janay ke liye
- Meri nazar mein taleem hasil kerne ka enke mustaqbil par koi faida nahin hota
- Mere bachay taleem mein dilchaspi nahin rakhte
- Mere bachon ka ghar mein rehna zaruri hai takkay ghar ke kamon mien madad ker saken
- Hamaray qareeb mein koi school nahin hai
- Koi bacha bhi school janay ki umar mein nahin
- Corona ki wajah say mushkil hai
- Deegar ager koi hai tou bayan keren

8.4 Agar school nahi jatay tou ab kia kartay hain?

9. Kya aap ne guzishta saal apne kisi bachay ko school se nikala tha?

- Haan
- Nahin

10. Ager sawal no 9 mein jawab “haan” hai tou mandrjazel faraham kerda mumkina wajihat mein se apne jawab ka intikhab keren

- Qarz ki sahumat meri tawaquqat ke mutabiq nahin sabit hui balke ikhrajat mein izzafai ka sabab bani
- Mujhey karobar mein madadgar ki zarurat hai esliye
- Corona ki wajha say school band hai
- Deegar ager koi hai tou bayan keren

Section C: Muashi Asrat

1. Aap ne U bank ki janib se faraham kerda qarz ka istamal kis lie kiya ?

- Zaati maqasid ke liye (ghar ki murramat, shadi biyah, gharelu aalaat ki kharidari, qarz ki adaigi waghera)
- Karobari ashya (Jis mein tijarat kerte hain) ki kharidari ke liye
- Zameen ki kharidari ke liye
- Maal Maweshi ki kharidari ke liye

- Zameen se mutaliqa ozaar, khaad, beej, ya deegar bunyadi ashya ki kharidari ke liye
- Deegar, Agar koi hai tou bayan karen.

1.1 If option “Zameen ki kharidari” phir kaisi zameen thi?

- Business
- Residential
- Deegar

1.2 If “Zameen se mutaliqa ozaar, khaad, beej, ya deegar bunyadi ashya ki kharidari ke liye” tou phir batayain yeh konsay products thay?

2. Kya aap ne guzishta aik saal mein apne ghar ke liye Bijli ka mutabadil zarye (Solar System and Appliances, Generator, ya UPS waghera) khareeda hai?

- Haan
- Nahin

2.1 Agar sawal 2 main jawab “Haan” hai tou phir konsay solar walay appliances khareeday hain?

- Battery
- Solar Panel
- Fans
- Generator
- UPS
- Deegar

3. U Bank se qarz ki sahulat lene se qabal aap ke paas konse asasajat mojud the? (Multiple Selection)

- TV
- Fridge/Refrigerator
- AC
- Furniture
- Zameen
- Sawari (Gaari/Motorcycle waghera)
- Maal maweshi
- Zewrat
- Deegar, ager koi hai

4. Kya U bank ki janib se faraham kiye gaye qarz ki sahulat ne aap ko apne asasajat ko

barhanay mein madad ki?

- Haan
- Nahin

5. Ager sawal no 4 mein jawab “Haan” hai to mandrjazel mein farahm kerda asasajat mein se wo kon se hain ?

- TV
- Fridge/Refrigerator
- AC
- Furniture
- Zameen
- Sawari (Gaari/Motorcycle waghera)
- Maal maweshi
- Zewrat
- Deegar, ager koi hai

5.1 Yeh aapnay kyun liya tha?

- Ghar kay liye
- Business ya office kay use kay liye
- Dono kay liye (aapnay liye aur saab kay liye bhi)

6. Kya U bank ke janib se faraham kerda qarz ki sahulat ne aap ki aur aap ke khandan ki mayar e zindagi ko behtar banany mein madad ki hai ?

- Haan
- Nahin, wajah (qualitative)

7. Ager sawal no 8 mein jawab “Haan” hai tou mumkina suraton mein se mumkina wajuhat ka intikhab keren (Multiple)

- Es qarz ki sahulat ki badolat mere zaati asasajat mein izafa hua hai
- Es qarz ki sahulat ki badolat mere karobari asasajat mein izafa hua hai
- Ab mein nisbatan pehley se zyada bahar khanay apni family ke sath jata hun
- Ab mein nisbatan pehley se zyada tafreeh ke mawaqay apni family ke afrac ko faraham kerta hun
- Ab mein nisbatan pehley se zyada apni family ke sath shopping pe jata hun
- Qarz ki sahulat se mere maali halaat mein behtri ayi hai
- Qarz ki sahulat se mere bachat kerne ki salahiyat behtar hui hai
- Mein apne bachon ko behtar taleem ki sahuliat faraham ker pa raha hun

- Mein apne bachon ko behtar sehat ki sahulat faraham ker pa raha hun
- Mein apne ghar walon ko behtar zaruriyat e zindagi faraham kerne ke qabil ho gaya hun
- Mein apne ghar walon ko behtar ilaaj ki sahulat faraham ker pa raha hun
- Deegar, ager koi hai tou bayan keren

Section D: Sehat aur Ghizai Asrat

1. Hafte mein kitne din aap ki family gosht ka istamal khanay mein kerti hai ?
 - Rozana
 - Aik dafa
 - Dou Dafa
 - Mahinay main eik dafa
 2. Hafte mein kitne din aap family ke liye phal kharidte hain ?
 - Rozana
 - Aik dafa
 - Dou Dafa
 - Deegar, Ager koi hai tou bayan keren
 3. Guzishta 6 mahinon mein aap ki family mein mojud afrad umooman kul kitni dafa beemari ka shikar huey?
 4. Guzishta 6 mahinon mein kul kitni dafa aap ko paisay na hone aur doctor na janay ki waja se khud ko ya apnay family ke afrad ko adwiyaat ki madad se ilaaj kerne mein zarurat paish ayi?
 5. Kya aap ki apni family ke beemar afrad ko doctor ya hospital behtar ilaaj ke liye le ker jatay hain?
 - Haan
 - Nahin, waja bayan keren
- 5.1 Agar Sawal 5 main jawab "haan" hai tou konsay jaga gaye thay?
- Government
 - Private
 - Clinic
 - Hakeen
 - Deegar

5.2 Kitna karcha hoa tha andazaan?

5.3 Agar Sawal 5 main jawab “nahi” hai tou mumkina jawab mein se munasib jawab ka intikhab kerein

- Mein apne khandan ka wahid kamanay wala hun esliye doctor ya hospital le janay ke liye
- chutti nahin ker sakta
- Mere ghar ke qareeb doctor ya hospital ki sahulat dastyab nahin hai
- Mere ghar ke qareeb koi lady doctor mojud nahin esliye family mein beemar hone wali ladies
- ko doctor ke paas nahin le ja sakta
- Mein maali tour pe es qabil nahin
- Mere paas beemar afrad ko le janay ke liye sawari dastyab nahin hai
- Corona ki wajah saay dar lagta hai
- Deegar, ager koi hai tou bayan kerein

6. Kya aap ke ghar mein guzishta saal mein koi nomolud bacha tha?

- Haan
- Nahi

7. Kya ussey maa ka doodh dastyab tha?

- Haan, bachyy ko main ma ka dhood dastyab tha
- Maa ka doodh dastyab nahin tha kyunke maa ki sehat es qabil nahin thi
- Kuch aur wajuhat ki bina par maa ka doodh dastyab nahin tha
- Teen maah ya iss se kam arse ke liye doodh dastyab tha
- 6 maah se zayid arsay ke liye dastyab tha
- 4 se 6 maah tak dastyab tha
- Guzishta saal koi nomolud bacha nahin tha
- Deegar, ager koi hai tou bayan kerein

8. Kia apnay UBank say health insurance package haasil kia hey?

- Haan
- Nahi

7.1 Agar sawal 8 main “haan” jawab hai tou konsa product tha?

- Sehat tahaffuz plus
- Sehat tahafuzz

7.2 Kia ap inn (insurance products) ki affadiat ka andaza hai?

- Haan
- Nahi

7.3 Koi claim aapnay istamal kia hai?

- Haan
- Nahi

7.4 Agar sawal 7 main "nahi" jawab hai tou aapnay suna hai product ka?

- Haan
- Nahi

Section E: Karobari Asraat

1. Aap ka mojuda konsa loan cycle chal raha hai U bank ke sath?

- Pehla
- Doosra
- Teesra
- Deegar

2. Neeche diye gaye bayanat se aap kis qadar ittefaq kerte hain es per banay gaye scale ke mutabiq apne khayal ka izhar kerein

(5 Scaling options, statements are below) -> Bohat zyada muttafiq | Muttafiq | Ghair Janibdar | Ghair muttafiq | Bohat zyada ghair muttafiq
(Statements below)

2.1 Karobar ke liye bank se liye gaye qarz per mustaqil inhisar kerna karobar ki sehat aur istaqamat ke liye mushkil sabit hota hai

2.2 U Bank se qarz ki farahami hii mere karobai ko jaari o saari rakhne ka wahid zarya hai

2.3 Bank se qarz ki farahami na sirf karobari kharchon mein izafa ki waja banti hai bajaye zindagi mein behtari lanay mein bhi madad kerta

2.4 Bank se qarz ka milna baaqi zaryon se behtar mutabadil hai

3. Kya U Bank se qarz ki sahulat se aap ki amdani per koi asrat parre hain ?

- Kuch bhi nahin
- Haan kam hui hai
- Haan barhi hai

4. Ager sawal no 3 mein jawab "Haan, kam hui hai" to darjazel mein mojud jawab mein se mumkina jawab ka intikhab karen
 - Karobar istamal hone wali bunyadi ashya ki qeematon mein ghair muttawaqqa izafa hua hai
 - Ghayr muttawaqqa tour par market talab ki kami hui hai
 - Karobari ashya ki farokht mein takheer hui hai
 - Ilagay ke halat mozun na honay ki waja se karobari muamlat par parrnay walay ghayr mozun asrat
 - Farokht hone wali ashya ki qeematon mein ghair muttawaqqa kami
 - Qarz ke doraniye ke doraan sehat theek na hone aur mutabadil na hone ki waja se
 - Bank ki taraf se faraham kerda qarz ki sahulat per mark up zyada hone aur adaegion ki tarteeb ki waja se
 - Deegar ager koi hai tou bayan karen
5. Kya Qarz ki sahulat aap ki karobar mein mutaliqa zaruriyat per pura utra hai ?
 - Haan, es qarz ki badolat meri tamam karobari zaruriyat puri ho gayi hain
 - Nahin kyunke mujhey qarz ki farahmi takheer se hui
 - Nahin kyunke qarz ki raqam nakaafi thi
 - Nahin kyunke qarz ka dorania wo nahin tha jo mujhey chahye tha
 - Nahin, deegar waja hone ki surat mein bayan karen
6. Kya U Bank se qarz ki farahmi sai aap ki bachat ki salahiat mein farq parra hai ?
 - Haan
 - Nahin
7. Apki mahana bachat ki salaheeyat kitni hai? (open ended)
8. Ager sawal no 6 mein jawab "Haan" hai toh mandarjazel mein faraham kerda mumkina tariqon mein se wo kon sii hain ?
 - Ghar per
 - Committee ki surat mein
 - Bank mein
 - Gold
 - Deegar, Ager koi hai tou bayan karen

Section F: Khidmat ka mayar/Products kai mayar ki munasbat

1. Kya aap ne kabhi U Bank ke ilawa kisi aur microfinance bank se qarz lene ka socha ?
 - Haan
 - Nahin
2. Ager sawal no 1 mein jawab “Haan” hai tou iski kya waja hai?
 - Kam qarz ke raqam ki farahmi
 - Zyada mark-up
 - Zyada Processing Fees
 - Staff ka ghair mozun rawayya
 - Qarz ki farahmi mein takheer
 - Mozun product ki adam dastiyabi
 - Corona ki wajah say amdani aur rehnay main kafi masla ho raha hai
 - Deegar, ager koi hai tou bayan karen
3. Kya aap ko kabhi apne qarz ki qist ki adaigi mein mushkil ka samna kerna parra hai ?
 - Haan
 - Nahin
4. Ager sawal no 3 mein jawab “Haan” hai tou bata ayy kia mushkilat ayy thi ?
5. Aap ne qarz ki qist ki adaigi mein mushkil ki surat mein raqam kese ada ki ?
 - Rishtedar ya dost se qarz le ker
 - Karobar ya Zaati Asasajat bech ker
 - Family ke afracd ki amdani ya bachat se madad le ker
 - Deegar zaraye amdani se paisey istamal kerke
 - Qarz ki adaigi mein khususi muhlat le ke
 - Qarz ke baadazan adaigi muamma izafi charges ke sath
 - Deegar ager koi ho tou bayan karen
6. Ager aap mazeed koi izafi malumat hamein batana chahyen ge ?

Apne qeemti waqt mein se kuch waqt dene ke liye U Bank aap ka behad shukarguzar hai!

D. Focus Group Questions
(Focus groups were conducted in Urdu)

FGD Guide – Ubank

Objective: Understand how U Bank is currently performing in achieving its mission to create a meaningful impact in the lives and wellbeing of its customers and why or why not people prefer or do not prefer their services. The discussion will also be geared to understand how, why, and when loans are split between productive and non-productive expenditures. Insights from this will be used to construct a set of actionable recommendations.

Opening: Salaam, I am [facilitator name] along with my team from Akademos. We have been hired as an external and non-partisan third party to analyze and evaluate how U Bank is currently performing, especially when it comes to its core purpose of improving the lives of its customers. Moreover, we will also be asking you how you think U Bank can improve its services.

Aim – Our conversation here today will help us understand how your experience has been using the U Bank products and services, how your lives have been impacted by your decision to avail their loans and any pain points or suggestions you may have that would allow U Bank to serve you even better.

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

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

Methodology:

- Akademos' team will get in touch with the Point of Contact (PoC) at each branch to fix a day and time for the focus group discussion.
- Next, in tandem with the UBank PC, Akademos will provide a list of U Bank customers which will be invited to the FGD through U Bank.
- Akademos will communicate and arrange the logistics (such as refreshments, room etc.) of the FGD in collaboration with the PoC.
- Akademos will deploy a moderator supported by a team to the U Bank branch. They will be bringing the following:
 - Focus group guide
 - Note-taking guide (Separate for participants and note-taker)
 - Audio and video recording devices
 - Incentives for the participants
 - Tablets (to fill digital forms)
- Before the start or after the conclusion of the focus group, participants will be requested to fill in a demographics form where key points such as education, occupation, gender etc. will be collected.
- Please write down your answers before speaking up as that could influence another person's opinion, these notes will be collected by us at the end of the focus group discussion. The session will be audio and video recorded, however, these will only be used to ensure that all the data is collected only to ensure that all insights are captured. Our team members will also be noting down any important insights throughout the focus group.

General

Q1. What purpose did you need a microfinance loan for?

Q2. Did you have any other options for financing that you explored before/while pursuing the U Bank loan?

Q3. How did you hear about U Bank microfinance?

Q4. Have you taken a loan from any informal institution like a money lender?

Q5. Have you ever taken a microfinance loan from any other formal institution?

Q6. If yes, then how would you compare the U Bank loan to other loans?

Q7. What did you spend the microfinance loan on?

Q8. Whose decision was it to get the microfinance loan in your household?

Q9. How are decisions made with regards to the spending of money or the loan in your household? Who makes these decisions?

Process

Q11. Walk us through the entire process of getting a U Bank loan from application to getting the funds to repayment?

Q13. Did you face any difficulty in the disbursement process?

Q14. Have you used U Bank's digital loan application process? Would you prefer a digital or manual application process?

Q15. What are the things you like about this process and things that you would change about this process?

Q16. Are you satisfied with this loan?

Q17. Was taking a U Bank loan the right decision?

Impact & Current status on indicators

Q18. In what ways, if any, has this loan impacted your life in the following categories?

a. Livelihood & Income

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

b. Business/Production growth

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

iv. Purchase of input like raw materials

v. Purchase of new product line

c. Education status of children in my household

i. Has the education quality of your children improved?

ii. Status of gender-wise enrollment of children in the household

iii. Have children started vocational training (formal/informal) along with their education

iv. Children have continued to higher education

d. Health & Nutrition

i. Have you been able to increase meat and fruit consumption

ii. Have people been getting 3 square meals a day regularly

iii. What do you consider a 'good meal'? Can you afford a good meal or are you forced to consume roti/rice due to scarcity of resources and funds?

iv. Are they able to go to a doctor? Which type of health facilities do you usually avail? (govt. private etc)

v. In your opinion, what is an ideal health insurance package?

vi. Have you used loans from UBank or other MFIs for medical emergencies?

e. Quality of life

i. Go shopping more frequently

ii. Dine out more frequently

iii. Parents, the primary breadwinner is able to spend more quality time with friends/ family and leisure time in general

Repayment

Q19. Do you worry about repaying the loan in the near future? If yes, then why?

Q20. Are you able to repay the loan on time?

Q21. At the time of application, did you agree/approve your repayment schedule? If yes, have you had any trouble repaying the loan?

Q22. If you had trouble then what did you do?

Gender Lens

Q23. How are major decisions made in your household

i. What kind of grocery to purchase

ii. Sending children to school or not

- iii. Visiting the doctor or not
- iv. How to set the household budget and what to spend money on

Covid-19 impact

Q24. State of Children's education:

- i. Has anyone drop-out of schools amidst Covid (girls and boys)
- ii. High fee and cost pushed for drop-out
- iii. Children in household joined work (part-time or full-time)

Q25. Savings:

- i. Unable to pay local committee payments
- ii. Unable to save at formal MFIs/banks
- iii. Unable to pay family/friend's loan
- iv. Taken extra non-formal loans

Q26. Business:

- i. Fired employee (specify number if any)
- ii. Cut down production (can discuss in degree i.e. cut down production by one-third or half)
- iii. Initiated side-business or job
- iv. Increase workload after Covid
- v. Approached traditional moneylender more frequently than formal institutions

Conclusion

Q27. Have your expectations regarding your life and business with the help of this loan been achieved?

Q28. Would you take a repeat loan from UBank? Why or why not?

Q29. Would you recommend the U Bank loan to your family and friends? Why or why not?

Q30. If you were to give any feedback or suggestion to the UBank team what would those be?

