Client Satisfaction in Faith-based Microfinance: A Comparison with Mainstream Models of Microfinance

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The main purpose of this paper is to compare the client satisfaction of faith-based and mainstream microfinance institutions. The level of satisfaction is considered on eight independent factors identified through literature survey and experts’ opinion. The data-set comprised of a total of 300 microfinance clients - 150 from faith-based microfinance institutions and 150 from the mainstream microfinance institutions. The data was collected through a structured questionnaire comprising of agreement disagreement on 5-point Likert scale. Independent sample t-test was employed to determine if any significant difference exists in the satisfaction level of clients in the two models of microfinance. The results indicate that there is no significant difference among the two groups on the variables reasonability of interest rates (p=0.49), loan procedure (p=0.13), technical assistance (p = 0.822), and branch location (p = 0.36). However, there are significant differences in the two groups on the variables clients repayment policy (p=0.0001), timely availability of loan (p=0.0001), non-discrimination (p = 0.0001) and supportive staff (p = 0.005). The mean values suggest that the clients of faith-based microfinance institutions are more satisfied on these variables. The recent reports on microfinance suggest that the mainstream microfinance programs and policies that were developed for delivering the benefits of financial inclusion and poverty alleviation neglected the client perspective. The results of this study should be of significance to policy makers who are considering various alternatives to attain the goals of poverty alleviation stipulated in the Millennium Development Goals. The paper contributes to the limited empirical studies available on client satisfaction as well as the faith-based model of microfinance.

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