

# Microfinance's Influence on Achieving Sustainable Development Goals in Pakistan: A Comprehensive Investigation of Khushhali Microfinance Bank Ltd in Mirpurkhas District

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## Abstract

This comprehensive investigation focuses on the impact of Khushhali Microfinance Bank Ltd in Mirpurkhas District, Pakistan, with a primary aim of contributing to Sustainable Development Goals (SDGs). The study evaluates the bank's interventions in poverty reduction (SDG 1), hunger alleviation and food security (SDG 2), promotion of health and well-being (SDG 3), and fostering quality education (SDG 4). Employing a non-probability sampling method, 226 respondents from Khushhali Bank Limited Mirpurkhas were surveyed using structured questionnaires. Statistical analyses, including SPSS 22.0 and SEM, were employed to assess the relationship between microfinance interventions and living standards, income levels, and poverty reduction. The findings suggest that microfinance, as facilitated by Khushhali Microfinance Bank Ltd, plays a vital role in advancing SDGs. The study recommends a continued focus on digital payments, increased collaboration with other development policies, and emphasizes the need for ongoing research to enhance the evidence base for maximizing the impact of microfinance on various development sectors.

**Keywords:** Poverty, Microfinance, SPSS, SDGs

## INTRODUCTION

Committing to achieving the Millennium Development Goals (MDGs), which includes halving extreme poverty by 2015, the member nations of the United Nations recognize microfinance as an effective intervention for poverty reduction. According to the Consultative Group to Assist the Poor (CGAP), only 500 million out of approximately three billion people with low

incomes who could benefit from formal financial services currently have access. In rural areas, access to such services is crucial for agricultural activities, while in urban areas, potential microfinance clients often include vendors, small traders, cottage industry workers, and low-wage earners.

Despite the recognized ability of microfinance to reduce poverty, uncertainty exists regarding its extent and optimal implementation methods. This uncertainty is partly due to common methodological challenges in impact studies. This study aims to assess the impact of Khushhali Bank (KB), Pakistan's leading microfinance bank, on specific MDG-aligned targets. It represents the second research endeavor utilizing the same set of data but adopts a different research methodology. The first study, conducted by Montgomery in 2005, assumed no self-selection bias occurred, while this study employs econometric methods to address that issue. The objective is to provide insights that can assist Khushhali Bank in making adjustments to maximize its impact on poverty reduction in Pakistan.

Following the Introduction, Section II delves into a review of literature on the impacts of microfinance on MDGs and the various research methodologies employed in impact studies. Section III provides details on the case study, focusing on Khushhali Bank, the conducted survey, and a summary of client characteristics. Section IV addresses the issue of selectivity bias and discusses the use of Propensity Score Matching. Sections V to VII estimate and discuss the impact of Khushhali Bank's lending program on key welfare indicators. Finally, Section VIII presents the study's conclusions.

The Sustainable Development 2030 agenda was adopted by the United Nations General Assembly as on 25th September 2015, in which there are so many new set of goals development goals which will be collectively called the Sustainable Development Goals (SDGs). This agenda was acknowledged by all 193 member-nations of the General Assembly and The Motivation may be a perfection of numerous a long time of arrangement, so both developed and developing and applies to all countries. UN Secretary General Boycott Ki-Moon noted that "the modern plan could be a guarantee by pioneers to all individuals all over. It is a motivation for individuals, to conclusion destitution in all of its forms an plan for the planet, our common home."

The SDGs include total 17 objectives. Whereas the SDGs did not directly target the role of microfinance and its services could be a key enabler for numerous of them. But when we research and try to compare its benefits and effect of microcredit or small sized loan on SGDs goals where research found how microfinance services can offer assistance accomplish the SDGs. Here research mainly discusses some more important goals with SGDs perspective.

### **Research Question**

How does the operational framework of Khushhali Microfinance Bank Ltd in Mirpurkhas District contribute to the realization of Sustainable Development Goals, particularly in terms of poverty alleviation, economic empowerment, and the overall well-being of the local community?

### **Objectives of the study**

These are the objectives of this research study

- Assess the impact of Khushhali Microfinance Bank Ltd's interventions in Mirpurkhas

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District, aiming to significantly contribute to the elimination of extreme poverty Sustainable Development Goal.1

- Investigate the role of Khushhali Microfinance Bank Ltd in reducing hunger and promoting food security as part of its commitment to Sustainable Development Goal 2.
- Evaluate the influence of Khushhali Microfinance Bank Ltd on achieving good health and well-being in Mirpurkhas District, aligning with Sustainable Development Goal 3.
- Examine the comprehensive efforts of Khushhali Microfinance Bank Ltd towards fostering quality education, thereby contributing to the realization of Sustainable Development Goal 4.

## **LITERATURE REVIEW**

### **INTRODUCTION OF MICROFINANCE**

Microfinance plays a crucial role in providing financial assistance to impoverished and low-income households that lack access to traditional financial institutions (Appah et al., 2012). It serves as an institution dedicated to delivering a range of economic services tailored to the specific socio-economic circumstances and objectives of the underprivileged. These services include financial investments, transactions, insurance, and financial assessments, with Microfinance Institutions (MFIs) operating through various entities such as commercial banks, state development banks, postal banks, microfinance banks, non-banking financial institutions (NBFI), cooperatives, credit unions, rural banks, NGOs, insurance providers, payment platforms, pawn shops, money lenders, informal networks, and mobile network operators (MNOs).

Microfinance serves as a mechanism for constructing economic frameworks that cater to the needs of the poor (Novotel, Lami, 2009). It is a globally recognized tool in the ongoing effort to alleviate poverty, stimulate financial development, and enhance the overall well-being of individuals (Dupas and Robinson, 2008). This financial development strategy ensures the availability of essential financial services through institutional networks, especially in situations where conventional institutions fall short. Microfinance Institutions (MFIs) extend services such as transfers, savings, and insurance coverage. Moreover, they go beyond financial offerings by encompassing social services such as education, training, organizational support, health services, and skill development, aligning with the developmental goals of the beneficiaries (M. Arif and Rahaman, 2007).

Microfinance is a successful motivational way to reduce poverty level since the economic services empower poor people and low pay families to exploit the financial chances to expand their expectations for everyday comforts through independent work. They additionally take note of that it is presently acknowledged that the poor don't have much cash, so low wage family units require monetary help. The significance of microfinance especially in the nations saw to be neediness stricken has been expanding lately which have prompted arrangement creators of numerous nations to receive national small scale back strategies and projects. (Manandhar and Pradhan 2005)

In 2001, the legislature of Pakistan introduced an administrative system that advances the quick extension of microfinance all over the nation to accomplish these un-served families, exploiting worldwide encounters, in advancing the development of get right of section to

fiscal administration's policymakers from the begin stressed the significance of maintainable microfinance and upheld individual zone interest. (SMRO of Pakistan, 2004)

Microfinance plays a multifaceted role in advancing the attainment of MDGs, extending beyond the provision of financial services solely for business purposes. It encompasses support for health and education investments, coping with household emergencies, and addressing diverse cash requirements. The subsequent evaluations underscore the significance of microfinance in eradicating poverty, fostering children's education, enhancing health outcomes for women and children, empowering women, and promoting environmental sustainability.

### **02.01 ELIMINATING EXTREME POVERTY (SDG 1)**

By providing microfinance services to poor people with services they need to make investments and manage unexpected expenses, Microfinance facilitates the first SDGs: goal that is eliminating extreme poverty.

Multidimensional Poverty Index (MPI) from the UN Development Programme (UNDP), shows that, research was conducted in 101 countries in which 31 countries low income, 68 countries are middle income and 2 high income in which 1.3 billion people are "multidimensionally poor"(which means that poverty is defined not simply by income, but by a number of indicators, including poor health, poor quality of work and the threat of violence).in 2015 when SDGs agenda was set down if we compare world bank report 2016 as of 2015 with 1990 the SDGs first and most important goal that to reduce extreme poverty level has achieved remarkable downward position as 1990, 36% or about 1.9 billion people uplifted from poverty line in 2015 that was 731 million people were earning on or below 1.9 dollar per day.

As per MICROFINANCE BAROMETER 2019, in 2018, 139.9 million borrowers benefited from the services of MFIs, compared to only 98 million in 2009. Of these 139.9 million borrowers, 80% are women and 65% are rural borrowers, proportions that have remained stable over the past ten years, despite the increase in the number of borrowers.

According to the World Bank. A lack of access to basic financial services makes it difficult for these people to take control of their economic lives.

According to Demirguc-Kunt et al. 2015, around the world, 67 percent peoples are living rich life 60 percent of families claim they have a few sort of formal bank accounts, compared with 54 percent of adults living within the poorest 40 percent of households. And fair 43 percent of grown-ups within the poorest fifth of families have an account, agreeing to the Worldwide Findex database.

Microfinance is the arrangement of financial facilities to poor and low pay family households who need access to formal economic institutions. (Appah et al. 2012)

Microfinance serves as a dedicated institution focused on delivering a spectrum of economic services to those in impoverished circumstances. These services encompass crucial elements such as financial investment funds, exchanges, insurance, and financial assessments. What sets microfinance apart is its tailored approach, customizing its offerings to suit the unique socio-economic profiles, financial connections, and goals of the underserved population.

Microfinance resources are not standardized; instead, they are adapted to the specific needs

of the vulnerable demographic. These resources are made available through diverse channels, including commercial banks, state development banks, postal banks, microfinance banks, non-banking financial institutions (NBFI), cooperatives, credit unions, rural banks, non-governmental organizations (NGOs), insurance providers, payment platforms, pawn shops, money lenders, informal networks, and mobile network operators (MNOs).

In essence, microfinance acts as a responsive and adaptable financial force, addressing the distinctive requirements of the marginalized by collaborating with an array of institutions and entities. This collaborative and customized approach sets microfinance apart as an inclusive and versatile instrument in the pursuit of economic empowerment for the less privileged.

. Microfinance is a way of building economic structures that serve the poor. (Novotel, Lami 2009)

Micro financing is a relentlessly universal tool in the fight to diminish destitution and advance money related improvement and flourishing of individuals. (Dupas and Robinson 2008)

Microfinance is a financial improvement technique that ensures the availability of financial services through their institutional network to low earning customers where other institutions are failing to provide appropriate services. These services of Microfinance establishments (MFIs) are transfers, saving and insurance coverage offerings. Other social services like schooling and training; organizational support, fitness and capabilities in keeping with their improvement goals are also included by Microfinance establishments. (M.Arif and Rahaman 2007)

The meaning of microfinance is "giving access to financing implies, to an extraordinary of needy individuals, by allowing them to utilize their capacities in the support of a solid improvement". So, the subjacent distinction of microfinance is that underlying, it enables the poorest entertainers to misuse their skills and thusly to end up a beneficial prudent specialist, second, these poor performing artists are getting to be dependable customers of particular microfinance programs. (Yunus, 2003)

Microfinance developed as an honorable alternate for familiar credit and a viable and intense instrument for poverty decrease among individuals who are monetarily active yet fiscally obliged and powerless in different nations. (Japonica Intersectoral-2003) Accessing the Sustainable Development Goals: The Role of Microfinance Services.

It is insured by microfinance institutions the wider economic facilities to the underprivileged people. Pakistan has more than 190 million populations with scared resources to face the basic human needs in daily life. Before 2000, the peoples of our country were totally unknown to saving in both concept and practice. The program of microfinance/microcredit was not relevantly introduced in Pakistan. The main sponsor of the program was NGOs and government rural support programs (RSPs). The vision of microcredit got importance in Pakistan since 1980s. but the program was formally introduced in various developing economies in 2000.

Microfinance is a rising supernatural occurrence that opens access to speculation for individuals some time ago close out from financial administrations. In its immediate responsibility with poor people, microfinance means another route for monetary money to conceivably support financial advancement in creating nation. Be that as it may, the microfinance is inadequately concurred, and it stays indistinct whether it communicates on

its guarantees. (Susanna Khavul A.S)

Since last 15 years, regardless of the efforts and achievements of these microfinance institutions, & general outreach of these kinds of financial services, continues to be much less than 6% of the anticipated six million needy customers in Pakistan that require microcredit assistances.(Pakistan Microfinance Network)

Due to implication of this law it was observed that there are so many differences about increase in the outreach of microfinance in Pakistan. Khushhali Microfinance Bank Limited, being flagship organization, which gives uncollateralized micro-loans of Pk.Rs.5000 – 3000) the primary mortgage would be among Rupees five, 5000-15000 and mortgage sizes increase 20% with every cycle to a most of Rs. 35000.The phrases of the microloan vary between three-365 days, to be payback with interest up to twenty% percentage (on diminishing balances) in equal month-to-month installments or in as soon as in a year.(Khushhali Microfinance Bank Limited Outreach)

Savings through Microfinance allow families to increase their income capacity to absorb financial putdowns, smooth consumption, accumulate assets, and invest in human capital such as health and education (Brune et al. 2015;

Dupas and Robinson 2013a; Karlan et al. 2014; Pande et al. 2012). Such investments help people climb out of poverty and ultimately can lead to higher growth. According to Barro (1991), initial human capital (measured by education) is a stronger predictor of economic growth than initial per capita GDP, largely because countries with higher educational attainment can better benefit from technological advances.

Microfinance loans and its disbursement are set by Digital financial facilities by different retailers or easy paisa shops at the door steps of customer. These payments products facilities allow people to collect money from far during times of crisis a study of khushhali bank mobile money program, through different Easy Pesa, showed that when faced with financial shock users are more likely than nonusers to receive a remittance. Easy paisa users also receive more total remittances and money (Jack and Sure 2014). By these Digital payments have also helped and improved the delivery of government poverty reduction programs by reducing opportunities for corruption and ensuring funds reach their intended recipients.

Lower poverty ratios also are linked to financial depth, which includes a robust stock market, and active lending to businesses by banks (Honohan 2004). Among banks, greater collection of cash or funds for deposit—or so-called deposit mobilization as well as more loans can have a positive impact on poverty. Burgess and Pande (2005) find that state-led bank expansion in India's rural unbanked locations significantly reduced those in rural poverty by 14 to 17 percentage points.

A comprehensive and sound Financial framework also can serve SDG 1 by controlling payments imbalance, which is exceedingly related with destitution (Stop and Mercado 2015; Beck et al. 2007). Beck et al. (2007) also prove this relationship in their study.

It was observed by number of countries that the biggest quickly wage share of per capita in national GDP is by poorest quintile's wage share they also found that biggest financial related advancement was totally related within a country's normal GDP per capita. This unbalanced increment in wage among the poorest fifth of the populace income inequalities.



The research also found that, as a result, financial related improvement absolute poverty and is related with a drop within the rate of the people living under poverty line or on \$1 (and \$2) per day earning.

There's providing microfinance services through different networks in shape of loan or saving schemes whether for agriculture ,entrepreneurship, health care ,livestock, education or other social security nets has vital benefits for people, in expansion to moving forward effectiveness for reducing poverty and helpful to government and other agencies who struggling for poverty reduction.

## **02.02 REDUCING HUNGER AND PROMOTING FOOD SECURITY (SDG 2)**

Farmers who have access to Microcredit or microfinance facilities regularly produce more plentiful harvests, leading to progress on the second SDG: reducing hunger and promoting food security. According to the UN Food and Agricultural Organization (FAO), about 795 million people globally are undernourished, with most living in rural areas neglected by the financial system. A lack of access to any credit and other prevents farmers from making investments that could increase crop yields and strengthen food security (FAO 2015). The Global Findex database reveals that a mere 10 percent of rural inhabitants in developing nations utilize formal credit, and only half of them have established formal bank accounts. The 2018 Global Report on Food Crises presents the most recent assessments of severe hunger on a global scale.

Approximately 124 million individuals across 51 countries are currently grappling with crisis-level food insecurity or a more severe condition, equivalent to IPC/CH Phase 3 or above. Conflict and insecurity persist as the predominant factors contributing to food insecurity in 18 nations, leaving nearly 74 million people in a state of urgent need for assistance.

Comparatively, the preceding year's report identified 108 million individuals experiencing crisis-level food insecurity or worse, spanning 48 countries. This underscores the ongoing challenges and emphasizes the pressing nature of addressing issues related to global food insecurity

. A comparison of the 45 countries included in both editions of the report reveals an increase of 11 million people 11% percent rise in the number of food-insecure people across the world that require urgent humanitarian action.

In context to second SDGs goal Microfinance institutions provide agriculture product loans that definitely support food security. Different type small loans on seasonal based crops are provided to farmers in Mirpurkhas by Khushhali Microfinance bank on easy arrangement to facilitate between harvests boosted output and increased production. A study showed microfinance group based or cross guaranteed loans increased healthier food consumption.

Another study in Mali found that households that were offered loans increased their investments and expenditures on agricultural inputs (Beaman et al. 2014).

Other Microfinance institutions service insurance services can help their customers to increase their production to meet the food needs of growing populations in limited time we can say in other words, microfinance can provide greater food security. Research suggests that access to agricultural loan with insurance facility can encourage customers to make more and riskier investments, which can lead to increased earnings. A case study on khushhali

microfinance bank Mirpurkhas branch analysis that agriculture loaner with disaster protection plan in which insurance payouts are based on if any disaster satiation either excess rainfall or drought situation or any other unconditional loss the loan amount will be viewed has participated in better harvesting and generating more production and revenue, and was counted post disbarment audit that show increase in their post-harvest assets. Khushhali Microfinance bank also introduced a 20% Savings accounts in which customer have to save at least 20% of income in their accounts and with commitment to not withdraw till specified period that also help farmers make their own share and save interest rate. In addition, savings products allow farmers to manage expenses during the down season. Rural households often have to tap into savings to buy food, as they do not produce enough for their own consumption. Subsidized savings accounts were found to be associated with greater spending on food (Prina 2015). FAO (2015) asserts that financial services also can help farmers increase their income security, which can lead to better household nutrition. Due to online financial services structure by microfinance institutions that facilitate peoples to their door steps payment and receipt of money by any retailer or easy shop saves the time of farmer to travel into bank branch . Digitalization of institutional services may also facilitates in to other products like insurance and saving (Kirk et al. 2011; Mbiti and Weil 2011; Manfre and Nordehn 2013).

### **02.03 ACHIEVING GOOD HEALTH AND WELL-BEING (SGDs3)**

Health is an important factor for all of us but especially for poor people where they have lake of resources and hospital availability.

Health issues not only wipe out their savings or other assets to paying for medical treatment expenses, but in result they bear in income earning loss because of they are not able to go to work or the running down of their assets to meet health expenses.

So in achieving this goal of SGDs Microfinance industry play an important role. It has been observed in research that after availing Microfinance loans people have improves their health by managing their savings to maintain medical expenses and overcome from a health issues. Microfinance institutes may give like Medical protections can give a formal channel for moderating the dangers of health crises. Particularly women's have a big need for Medical insurance services to address the common health concerns related with pregnancy and child birth, counting more prominent helplessness to disease.

Till there are no special any research is conducted or if that is too limited to address women's health issues or any micro health insurance product, but according to (Cole 2015),a research on the implementation of micro health schemes found basically no evidence that it improved welfare, suggesting the need to rethink the design of the involved product offerings.

Furthermore, new products designed to leverage online payments technology might help reduce medical expenses and increase transparency of health subsidies. For instance, ongoing research in Kenya tests the introduction of a "mobile health wallet" that operates on the M-Pesa mobile money platform and is restricted to conditional spending at select healthcare providers (PharmAccess 2014).

Savings also is an important tool for managing medical expenses, whether planned or unplanned. during Khushhalibank client survey it was observed that providing people with a safe yet informal place to save money increased their health savings by73 percent. They also



observed that study participants highly valued earmarking funds for medical emergencies.

#### **02.04 FOSTERING QUALITY EDUCATION (SGDs-4)**

It is not easy to everyone to achieve quality education because it depends upon people's ability to expenses or invest in educational opportunities.

According to The world educational report Worldwide, primary age schooling children are about 57 million which are not in position to attend school. hence economic development is closely connected with human capital, academic underperformance moderates improvement Burnett and Thomas (2013) study 20 countries to found the financial cost of out-of-school children range from 1 percent of GDP to 10 percent of GDP, with the biggest losses faced by countries experiencing slow growth. Educational underperformance also contributes to economic inequality between rich and poor countries (O'Neill 1995).

The World Education Forum (WEF) in 2015 marked a pivotal moment for reshaping the worldwide education agenda, coinciding with the formulation of the Sustainable Development Goals (SDGs) for 2030 by the international community. The vision outlined in Education 2030 strongly emphasizes that education is inherently a public good, underscoring the responsibility of the state as the primary entity accountable for safeguarding and ensuring the right to education.

In this context, savings products play a crucial role in assisting families with the planning and management of education-related expenses. Prina's (2015) findings revealed a notable 20 percent increase in this aspect, highlighting the positive impact of savings mechanisms on facilitating access to education and supporting families in meeting educational financial commitments.

Savings products help families plan for and manage education expenses. Prina (2015) reported a 20 percent increase in spending on education among households that opened free bank accounts.

Another study of Nepal, was to access and found association with improved education and advanced skilled aspirations of daughters of formers who saved their savings after microcredit (Chiapa et al. 2015).

According to Morduch 2007; Ashraf et al. 2003, study observed that after getting micro level loans, promise goods, and direct debit services can help households pay expenses such as tuition fees.

Achieving the Sustainable Development Goals: The Role of microfinance to go to private school, and were less likely to drop out and start working. These students also invested more of their own money in education: for each dollar they received in remittances, they spent almost \$4 of their own money (Ambler, Aycinena, and Yang 2015).

Well-functioning financial systems benefit school-age children in other ways as well. A cross-country analysis spanning 1960–1995 found that financial development is related to a reduction in child labor (Beck et al. 2007).

### **3. Methodology**

Establishing the connection between variables like the increase in microfinance loan size and its impact on living standards, income levels, and poverty reduction requires a well-designed research methodology. This section focuses on the methods, approaches, and procedures

used by the researcher, emphasizing the core concepts of research design and the fundamentals of quantitative research.

The researcher outlines the principles of the explanatory study technique and methods employed for participant selection, data collection tools, questionnaire types, and scale development.

### 3.1. Population

Mirpurkhas District serves as a notable model for microfinance programs, witnessing an increasing number of applicants. The focus is on low-income individuals, particularly those served by microfinance institutions such as Tameer Microfinance Bank and NRSP. The Khushhali Microfinance Bank's program, operational for 12 years, is chosen due to its successful track record in the region. The bank, established under special regulations in 2000, plays a crucial role in depicting the lifestyle, language, and economic dynamics of the Mirpurkhas region.

### 3.2. Sample

The study centers around Khushhali Bank Limited Mirpurkhas, with 250 respondents selected from beneficiary areas. A non-probability sampling method is employed, with 226 actively participating. This method is chosen for its suitability and flexibility in obtaining responses.

### 3.3. Data Collection Tools and Techniques

Statistical evaluation methods, including SPSS 22.0 (Statistical Package for Social Sciences) and SEM (Structural Equation Modeling), are employed to derive results. Smart PLS is specifically used for positive evaluation. Various statistical techniques, such as survey analysis, missing data analysis, outlier detection, linearity assessment, and structural equation modeling, contribute to a comprehensive evaluation.

Primary data, collected through structured questionnaires, is complemented by secondary information from research articles, literature, reports, journals, and library resources. The combination of primary and secondary data enhances the research's conceptualization and aids in deriving conclusive results.

## 4. Data Analysis

### 4.1. MODEL ASSESSMENT BY SEM

In this research, Structural Equation Modeling (SEM) is utilized to analyze quantitative data, examining the statistical relationships between different types of independent or dependent variables. SEM, also known as causal modeling or path analysis, serves a dual role by assessing constant loadings for measurement precision and exploring relationships between variables simultaneously. This approach allows for a comprehensive evaluation of the strength of connections between independent and dependent variables, as emphasized by Hair et al. (2006-2007) and Tabachnick et al. (2007).

**Table: 1 Reliability Statics**

Variables	Cronbach's Alpha	Cronbach's Alpha Based on N of Items	Standardized Items
Increase In Education	.794	.828	7

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(SDG-4)			
Increase In Health &well beings(SGD-3)	.805	.805	7
Increase In Living Standard (SDG-2)	.688	.726	9
Reduction In Poverty Level (SDG-1)	.885	.884	7

#### 4.2. FACTOR LOADING

Factor loading, or cross loading, indicates the strength of the relationship between factors in a given construct. It is a crucial measure to understand the implications of each factor (Kothari, 2004). Judging the significance of each factor involves examining how well the indicators load onto a specific construct compared to other constructs. In this analysis, RIP1 to RIP7 demonstrate high loading values (0.8651, 0.9503, 0.9061, 0.8116, 0.9249, 0.9039, and 0.9389) with their respective constructs, suggesting a strong association. Cross-loading with additional constructs yields lower values (IILS= 0.2363, 0.2705, 0.243, 0.2989, 0.2373, and 0.2780), indicating that each construct predominantly influences its associated factors.

**TABLE: 2 LOADING FACTOR**

Objects	IIE	IIH	IILS	RIP
IIE3	0.7180	0.2193	0.120	0.1752
IIE 4	0.7335	0.2935	0.1784	0.2385
IIE 5	0.8084	0.3970	0.0341	0.1672
IIE 6	0.7581	0.2743	0.0544	0.0802
IIE 7	0.7832	0.4234	0.0026	0.0964
IIH1	0.3271	0.7410	0.0820	0.1223
IIH2	0.3278	0.7121	0.0093	0.2232
IIH6	0.3187	0.8234	0.0132	0.1815
IIH7	0.383	0.8317	0.1514	0.3041
IILS1	0.0558	0.0073	0.7047	0.1830
IILS2	0.0681	0.0706	0.8443	0.2363
IILS6	0.0655	0.0976	0.7063	0.2461
IILS7	0.0857	0.0776	0.7445	0.2096
RIP1	0.2611	0.261	0.23554	0.8651
RIP2	0.1883	0.2517	0.2705	0.9503
RIP3	0.17	0.263	0.243	0.9065
RIP4	0.0760	0.1748	0.2890	0.8116
RIP5	0.1957	0.2767	0.2959	0.9239
RIP6	0.1677	0.2766	0.2384	0.9042
RIP7	0.1857	0.2494	0.2782	0.9389

**TABLE: 3 OVERVIEW OF CORRELATION AMONG CONSTRUCTS**

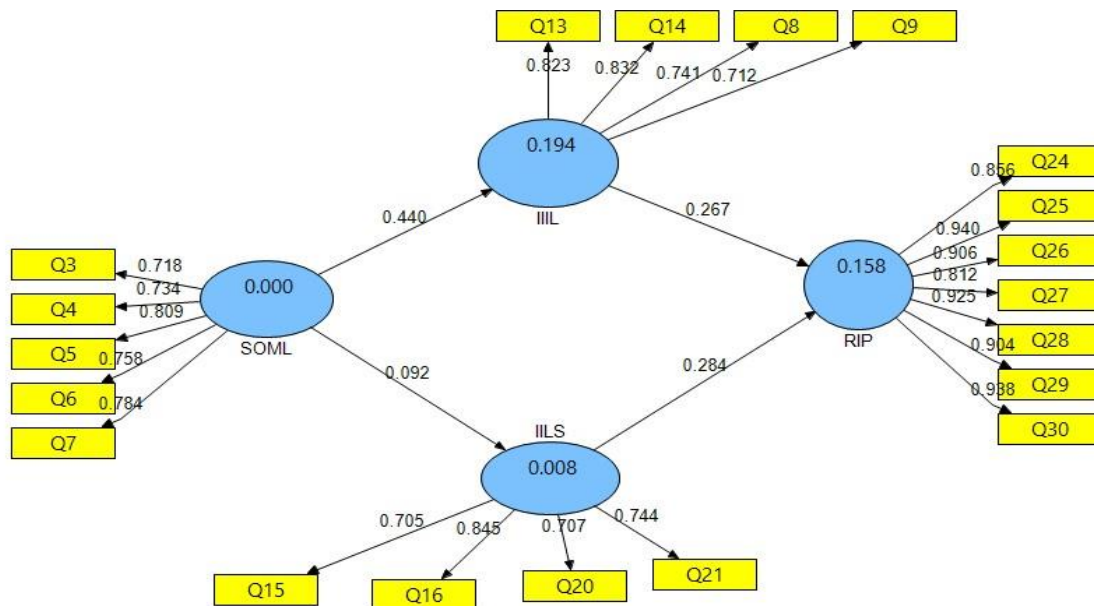
Variables	AVE	Composite Reliability	R Square	Cronbach's Alpha
IIH	0.6064	0.8598	0.1936	0.7831
IILS	0.5658	0.8382	0.0084	0.7425
RIP	0.8072	0.9668	0.1578	0.9597
IIE	0.5793	0.874	0 0	0.822

#### 4.3. PATH COEFFICIENTS

Path coefficients represent standardized versions of linear regression weights utilized to examine potential causal connections among statistical variables within the structural equation modeling approach (G. David Garson, 2016).

**TABLE: 4 PATH COEFFICIENT**

Variable Relationship	Beta	Standard Error	T Statistics
IIH -> RIP	0.2672	0.0474	5.6426
IILS -> RIP	0.2841	0.0336	8.4473
IIE -> IIH	0.4401	0.0401	10.986
IIE -> IILS	0.092	0.0551	1.9783



**Figure: 1 (Boot) Statistical Equation Model**

#### 4.4. DEFINITION OF HYPOTHESIS

Hypothesis are populace constants which always tested by statistical supposition. All assumptions are not true, because of that this formal procedures to testing hypotheses is used

by researchers (Wikipedia).

**TABLE: 5 HYPOTHESIS**

Hypothesis	Variable Relationship	Beta	Standard Error	T- statistics	Status
H3 Increase in Health Facilities of beneficiaries considerably decrease their poverty level	IIH > RIP	0.6065	0.0474	5.6426	Accepted
H1 Improving the living standard of Beneficiaries considerably reduces their poverty level.	IILS > RIP	0.5659	0.0336	8.4473	Accepted
H2 Increase in Education unpromisingly improves the income level of beneficiaries.	IIL > IIH	0.8071	0.0401	10.986	Accepted
H1 Increase in Education the living standard of beneficiaries improves.	IIE > IILS	0.5794	0.0551	1.9783	Accepted

### 03. CONCLUSION

Microfinance is not universal solution but it is useful tool for the development sectors however it can helpfully interface with other advancement policies and further increment its commitment to the battle against Poverty and its decrease.

It is necessary to Microfinance institutions and concerned got to give fast and right way to connection between Microfinance and its services and reduction in poverty through financial development.

Organizing loan or other services doesn't keep away assets from other key needs set through the SDGs.

This research has made strong relationship through its observations that Microfinance institutions through its loan and other services are one of the best ways to reach out many of the SDGs.

Yet additionally by moving ceaselessly from money and utilizing computerized installments to convey social advantages and wages, governments can diminish expenses and spillage, while simultaneously progressing budgetary incorporation.

In the developing world, about

Achieving the Sustainable Development Goals: The Role of Financial services more than 244,000 microloans outstanding at the end of 2018, representing an amount of €1.359 billion, compared with nearly €1 billion in 2013, microcredit continues to grow steadily in France. Most loans are professional in nature (55% of the outstanding amount) or used to finance equity capital (40% of the outstanding amount). Only 5% of the outstanding amount is used to finance personal projects (e.g. the purchase of a vehicle), but the personal microcredit still makes up to 19% of the total number of loans.

There likewise are numerous open doors for organizations to make new records by changing



to computerized installments, improving proficiency while setting up the conditions for expanding money related consideration.

Rural installments present one more opportunity to extend access to the formal money related framework, as approximately 440 million unbanked peoples in the creating scene are paid in real money for ranch products.

The proof base talked about in this paper assists with educating arrangement creators and givers in recognizing open doors for additional speculation. Proceeded with interest in research can assist with working out the proof on new chances, for example, advanced installments—and its effect on family units and more extensive economies.

After one year of adopting Sustainable Development Goals (SDGs), it is pointed out that microfinance promotes access to credit, but also to health, agriculture, education, and energy and housing services.

#### **Future Recommendations:**

Digital Integration: Emphasize the transition to digital payments for delivering social benefits and wages, reducing costs, and enhancing financial inclusion.

Intersectoral Collaboration: Encourage microfinance institutions to collaborate with other development policies and sectors to maximize their contribution to poverty reduction.

Research Investment: Advocate for continued investment in research to build evidence on the impact of microfinance on various development sectors and identify new opportunities, such as digital payments.

Rural Financial Inclusion: Explore opportunities to expand access to the formal financial system in rural areas, considering the substantial number of unbanked individuals in developing regions receiving cash payments for agricultural products.

Diversification of Microcredit: Promote the diversification of microcredit to address personal projects and community needs beyond professional and equity capital financing.

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