Impact Assessment of Microfinance Institutions: A Case Study of Akhuwat

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Abstract

This study is conducted for impact assessment of Akhuwat in Faisalabad, as it is Manchester of Pakistan. This study will assess how their clients' living standards are improved when they took loans and avail the facilities from Akhuwat. Either Akhuwat is successful in alleviating the poverty of his clients or not? Primary data is collected from this institute's customer to measure the effect of facilities provided by Akhuwat. The methodology includes accessing the various aspects of clients before and after taking the loans from Akhuwat. These aspects include Girls attending school, head of family income, total family income, meat consumption, fruit consumption, ailments, medical treatments, interaction with friends and relatives, giving credit to friends and relatives, family and friends involved in solving issues and problems, daily travel, availability of the personal vehicle, residence ownership, physical condition of houses and entertainment activities. The similar variables are combined to measure the impact. Then Wilcoxon test is applied to each variable to measure the effect before and after taking loans from Akhuwat. The results show that clients' living standards, including income level, medical facilities, transportation, relationship with friends and relatives, social issues, and general living conditions have improved after taking the loans from Akhuwat. These results show that Akhuwat successfully contributed to poverty alleviation in Faisalabad city.

Keywords: Methods, Microfinance, credit, impact assessment, monitoring and evaluation, poverty reduction.

INTRODUCTION

Poverty is one of the critical issues faced by all the economies in the world. A person is said to be poor when he cannot meet his basic needs of life, when someone cannot have much money to fulfill his life necessities. Poverty is measured in absolute terms and for other people (relative poverty) (Lipton & Ravallion, 1995). Especially the poverty is more crucial for the developing and underdeveloped countries. Many international bodies are working to reduce poverty globally and raise the living standard of the poor. But organizations like UNO World Bank ADS SAARC cannot be said that they are successful in this purpose. Poverty itself is a big problem, but it is a routine case for other issues as well. For example, it affects the children's mental development (Mani, Mullainathan, Shafir, & Zhao, 2013). The economics developed various methods to overcome poverty in different eras, but poverty still proved a significant issue for the world.

Government develops various plans and policies to improve the standard of living and control the level of poverty. These efforts made by the government contribute in this regard through the conventional banking sector, but these programs remain inefficient because of various factors (Muhammad, 2010). Commercial banks' loans are impossible for the lower-income people because of the unavailability of the collaterals and securities demanded by the commercial banks, so the poor people cannot enjoy the commercial facilities banks. Thus, the new concept of microfinance banks was introduced in the economic system to uplift low-income people's living standards and alleviate poverty. In the near past periods, microfinance was considered an excellent remedy to reduce the world (Ahmad, 2011; Ahmed et al., 2011). Different microfinance institutions' programs try to reduce poverty, and the importance of these programs increased over the

period. Microfinance institutions tried utmost to provide the credit and facilities to the deserving poor people. Microfinance institutions give the small loans to the people who have low income, including both who have their own business and have any employment; the people who have not any excess to the conventional banking credit. The microfinance institution aims not only to provide credit to maximum poor people but also to raise the standard of living and make them able to fulfill their necessities by themselves (Akhter & Zia-ur-Rehman, 2011). The microfinance got the reputation after the efforts made by Bangladeshi economics Dr. Muhammad Yunus. He started to help the poor by giving only a few dollars to the poor, but his idea was very successful over time, and he was awarded the noble prize. It is establishing that microfinance institutions contributed a lot to reducing poverty and raising the poor's standard of living.

The significance of microfinance institutions critical. There is still a question regarding the microfinance institutions' performance? The importance of impact assessment of MFIs is increasing, because the government and fund providers want to know how efficiently funds are being utilized. MFIs are getting popularity for poverty reduction, so it emphasizes the performance of MFIs. But the prove about the achievement of MFIs is a controversial issue for researchers. Is it been argued that whether microfinance banks are conducting the activities and performing in a developed way? (Hermes & Lensink, 2011). If they deviate from their primary purpose and are not performing well, then what are the reasons for this problem. Various studies were conducted to measure the performance of the microfinance institutions all over the world. The purpose of this study is to determine the impact assessment of the Akhuwat in Pakistan. This study is conducted to examine the

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performance of Akhuwat and how successful Akhuwat is to alleviate the poverty in Faisalabad.

The following research questions are included in the study. Is Akhuwat successful in alleviating the poverty and raise the living standards of its clients in Faisalabad? Is the income level of clients of Akhuwat improved in Faisalabad? Are the health conditions and quality of life of the clients of Akhuwat improved? As poverty is a significant issue of Pakistan, and micro-financial institutions provide their services to alleviate poverty and improve their clients' quality of life. But this is always a question regarding the performance of MFIs. Either they are performing well or are their deficiencies in their account. This study will provide an insight into the micro-financial institutions to improve their performance in different aspects. Primarily this study will help Akhuwat understand either its motive to alleviate the poverty and raise the standard of life of its clients is fulfilling or not. This study will also give guidelines for Akhuwat that how they can improve their performance.

LITERATURE REVIEW

Poverty is one of the most interesting seeking problems for the world. This is faced by the government and population worldwide, even in the times of depression and when the economy is enjoying boom or prosperity. To tackle this problem, the economics, introduce the anti-poverty program with the time, which helps to achieve the target of alleviation of poverty but still, poverty proves itself a un control ailment for the world. The industrialized countries are affected by this fatal problem, about 10%, but the agriculture-based countries are effected by 15% (Hagenaars & De Vos, 1988). Who is a poor person, is a question? There are different answers regarding this question. The definition of poor varies from one person to another, but in general, poverty is measured in two ways: absolute poverty and relative poverty (O'Boyle, 1999).

Simply poverty can be defined as if someone lacks the basic needs of life. Someone is said to be poor if he cannot earn enough to have food and shelter, which can be a consequence of his death. A large number of people in the world are facing this situation. The absolute measure of poverty considers only the survival principles; the required minimum calorie intake (Lipton & Ravallion, 1995). The very first time the poverty line was described by the Molly Orshansky in the 1960s. The comparison between nutrition required and income sources was conducted to establish the poverty line (Orshansky, 1969). This approach considered both the people's social and economic aspects by keeping in mind the minimum resources required to fulfill the nutrition requirement and account for the non-food expenditure. Poverty is the deprivation of necessities that can affect the quality of life, and these necessities are determined by conduction a household survey.

The research established the different levels of living and the composition of the household. This definition of the poverty is accepted by the world and refers to absolute poverty (Easterlin, 1995). This definition of the poverty is not received by the countries with a generally high level of living. So they use the term relative poverty to measure the poverty (Rodgers, 1984) argues that the calories required are not a proper measurement of poverty

as some unusual conditions such as disasters, diseases, and famines responsible for the death of poor people.

Different tools are used to alleviate the poverty; in these tools, microfinance is gaining popularity. The concept of microfinance was evaluated in a proper form about forty years ago. The microfinance banks' primary purpose is to provide the credit to poor people to start their own business and develop and expand their existing business. The conventional banking sector ignored these poor people because of the commercial banks' securities' unavailability to secure their risk. To provide the credit to the poor people of the society is one of the significant contributions of microfinance banks. Microfinance banks offer small loans, which are less than $1000, and some time they are even less than $ 100. The repayment rate of the microfinance banks is between 95% to 100%. There are many studies to establish the importance of microfinance by different researchers. They proved that microfinance plays a vital role in alleviating poverty and improving the poor people (Epstein & Crane, 2005).

The decision was initiated to develop the microfinance bank in 1976 named by Grameen Bank in Bangladesh. The purpose of this bank was to provide the credit to the poor without any collateral. It was criticized that the commercial banking sector does not benefit the poor because of not having collaterals. His idea was very successful and contributed a lot to alleviate the poverty, so he received a noble prize (Chowdhury & Alam, 2008). The facts show that microfinance is making its substantial grounds in Asia by targeting many clients and providing credit to the relatively more impoverished people of the society. The studies show more than 1500 microfinance banks in 85 developing countries (Weiss & Montgomery, 2005). In Asia, most MFIs are responsible for providing the credit to the poor and offer them an opportunity to save their money in the banks (Shastri, 2009).

This is an essential element to reduce poverty (Schreiner, 2001). MFIs developed a wide range of products and services to serve the poor community. However, there is also a group of people who believe that MFIs have not a substantial impact on the poverty alleviation. The study of Bangladesh proved that MFIs significantly affect poverty reduction and contribute to improving the country's economy's growth rate. The MFIs significantly contribute to increasing the living standards of the female in Bangladesh. (Khandker, 2005). MFIs provide the credit to low-income people by introducing different products and services, but it is also responsible for securing the saving for the poor. MFIs also providing health insurance, educational plans for the children, provide training to families, and financial services. So MFIs provide these facilities that contribute to the nations' economic growth (Imai & Azam, 2012).

Pakistan is the 6th largest populated country globally, with a population of more than 200 million. Pakistan's area is 796,095 km2 (307,374 square miles), making it the world's 36th largest country. Pakistan's population growth rate is 1.95% per year (Government of Pakistan's Economic Survey, 2014-15). Every third Pakistani is under the poverty line and facing severe economic problems. Social deprivation and economic situations for a common man are the underpinning issue in Pakistan (Chaudhry, Khan, Hassan, & Amir; Sharafat, Rashid, & Khan,

2014). The official poverty line in terms of food and non-food expenditure required by households with food consumption near to 2,350 calories per day per adult. Poverty exists in Pakistan. 29.1 percent at the household level and 35.4 percent at the individual level (Nazli, Whitney, & Mahrt, 2015).

Pakistan Poverty Alleviation Program (PPAF) was established, which supports the World Bank. This fund provides the financial assistance to the MFIs in Pakistan. This fund also helps MFIs reach maximum clients, and right now, it has provided about Rs. 1.2 billion to 27 MFIs (Siddiqi, 2008). To overcome the poverty in Pakistan, the government establish the first microfinance bank by the name Khushhali bank in 2000. Microfinance Institution Ordinance was promulgated in 2001 to regulate and facilitate the microfinance sector in Pakistan. State Bank of Pakistan regulates microfinance banks. Six microfinance banks have started operations in Pakistan in the last six years. At the country level Khushhali Bank, The First Microfinance Bank Ltd., Tameer Microfinance Bank Ltd, and Pak-Oman Microfinance Bank Ltd. are operative, whereas Rozgar Microfinance Bank Ltd. And Network Microfinance Bank Ltd. is functioning at the district level. Other types of organizations, such as expert microfinance bodies, non-government organizations, rural support programs. And commercial, financial institutions are also providing microfinance along with Microfinance banks. Pakistan Poverty Alleviation Fund was created in 1999 to facilitate these non-bank microfinance providers (Noreen, Imran, Zaheer, & Saif, 2011). Right now, dozens of microfinance banks are working to alleviate the poverty in Pakistan. Although the MFIs are performing well, there is still a question regarding the performance of MFIs (Westover, 2008).

Akhuwat

The study is conducted for the impact assessment of Akhuwat. Although Akhuwat is a small institution, it is working on a large scale by providing the credit to poor people. Credit offers low-interest rates and emphasizes that credit is being provided to individuals rather than poor groups. Akhuwat's main office is situated in Lahore, capital of the province Punjab. The institute was inaugurated in 2001 (Babar, 2011), Dr. Amjad Saqib. It is registered under Societies Registered Act 1860. Akhuwat is based on the Islamic philosophy of mua'khaat, which means brotherhood. Akhuwat provide the facilities by following the Islamic principles, as it includes interest-free loans to the people (Di Benedetto & Bengo, 2014; Siddiqi, 2008)

Akhuwat provides the Islamic principles based on finance, which is interest-free. It offers about Rs. Ten thousand initially, and then according to the customer's repayment schedule, the loan amount can be about Rs 25,000. The repayment consists of 1000 per month, and the first installment is excluded. If someone cannot give the installment, then there is not any kind of financial penalty. The client must submit the 5.5 % fee for membership, a charge to cover the processing expenses (Rehman, Moazzam, & Ansari, 2015).

The Group lending program of Akhuwat foundation concentrated on the women, a Self-Help Groups (SHGs) introduced consist of 10 members. It is a quick procedure for returning the loan; each group has to keep Rs. 3000 to become the eligibility of getting a loan. Afterward, the group members get a loan turn by turn. Repayment of the loan falls on whole group members.as Akhuwat is an interest-free loan donor so that. Some of the costs should charge from the borrowers as it gives a sense of responsibility. It is not the free meal why 5% admin and the operational cost set from clients will show the value of loan transaction and make it professional. In the group lending, group meetings held fortnight, a recurrent collaboration among members and staff of Akhuwat.in the meeting the problems, complaints, loan payments, and savings. Individual loans are also provided to the clients. There are also various other facilities which are available for the customer, for example, for their personal need, to buy a vehicle or any other utility (Obaidullah & Shirazi, 2014)

METHODOLOGY

This study is conducted by getting the qualitative data through the questionnaire, which are applied to the poor people who took loans from Akhuwat. Through the questionnaire, the data is collected regarding almost 30 variables before and after association with Akhuwat. These 30 variables are divided into different sections: necessary information, family information, income level, consumption level, health and medical issues, social issues, transportation issues, and general living conditions. These six variables are computed from the 30 variables. Each computed variable is measured by asking a few questions from the client of Akhuwat in Faisalabad. We took four offices in Akhuwat and took data from 200 clients from Faisalabad, which include Makkoana, Dhodiwal, Nishatabad, and Samanabad, 50 clients form each office. The assumption behind the impact assessment is that when any intervention is introduced, then the agents' behavior under study is changed. The impact is determined by understanding the difference between the agents influenced by the intervention and without intervention. The agents may include the population, individuals, or households. A large difference between the agents before and after the intervention is said to have an enormous impact on that intervention (Sebstad et al., 1995).

This approach allows for the collection of data in depth from the client. As the client is asked to give information regarding the variables before and after association with Akhuwat, we will understand how the intervention influences each variable by Akhuwat. The simple statistics as percentage changes in the different variables show us deep insight into the impact of Akhuwat on the variable of the study. As the data obtained from the questionnaire is non-normal, Wilcoxon signed ranks test is also applied to these six computed variables after and before association with Akhuwat. This is a non-parametric test that gives the information regarding the variables before and after any other factor intervention. So, this test helps us understand what kind of influence is caused by the intervention of Akhuwat in the variables included in the study. There are various variables which can be considered for the assessment of microfinance institutions.

Data Analysis

Table 1: Years of Association

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	36	18.0	18.0	18.0
	2	41	20.5	20.5	38.5
	3	44	22.0	22.0	60.5
	4	29	14.5	14.5	75.0
	5	24	12.0	12.0	87.0

| | 6 | 26 | 13.0 | 13.0 | 100.0 |
| | Total | 200 | 100.0 | 100.0 | |

The above table shows the percentages of the clients who are associated with the Akhuwat. 18% of clients are associated with one year. There is 22 percent of the client enjoying facilities from Akhuwat from the last three years, which is the highest frequency of association. There are 12 % and 13% of the institute's clients from five and six years.

Table 2: Marital Status

		Frequency	Percent
Valid	Married	136	68.0
	Un Married	64	32.0
	Total	200	100.0

Three are 68% of the married clients, and 32% of the clients of the Akhuwat are unmarried. The data shows that married persons are those who are taking benefits from the institute.

Table 3: Income Level Before Akhuwat

		Frequency	Percent
Valid	2000-8000	32	16.0
	8001-15000	50	25.0
	15001-21000	81	40.5
	21001-25000	37	18.5
	Total	200	100.0

The income level before Akhuwat shows that 16% of the clients have an income level between Rs2000-8000. The 25% of clients have the income between the range of Rs 8001 to 15000. There are 40.5% of the clients who have an income level between Rs15001 to 21000. This is the highest percentage of the clients who have income levels in the said range. There are 18.5% of the clients who have income level between Rs 21001 to 25000

Table 4: Income Level After Akhuwat

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2000-8000	11	5.5	5.5	5.5
	8001-15000	28	14.0	14.0	19.5
	15001-21000	126	63.0	63.0	82.5
	21001-25000	35	17.5	17.5	100.0
	Total	200	100.0	100.0	

The above table shows the percentages of the incomes of the clients after association with Akhuwat. The table showed that clients with an income level between Rs8000 to 15000, the rate of the clients decreased from 25% to 14%., The data shows that after association with Akhuwat, the income level above 15000 increases from 40.5% to 63%, which indicates that Akhuwat has a positive impact on the clients with income more than 15000. Simultaneously, other statistics show that the clients who have an income level of more than 21000 have not changed in income after association with Akhuwat. The overall results show that after association with Akhuwat, there is a positive change in the clients' income level.

Table 5: Consumption Before Akhuwat

		Frequency	Percent	Valid Percent	Cumulative Percent
	Never	1	.5	.5	.5
	Once a Month	111	55.5	55.5	56.0
	Twice a Month	80	40.0	40.0	96.0
Valid	Once a Week	5	2.5	2.5	98.5
	Twice a Week	3	1.5	1.5	100.0
	Total	200	100.0	100.0	

The above table shows the data regarding the consumption patterns, including meat and fruit consumption, before associating with Akhuwat. The data shows only half the client's percentage, which never consumes meat and fruit. 55.5% of the clients use once a month, which is the highest consumption in the table. The clients who consume meat and fruit twice a month are 40% of total

clients. There are only 2.5% and 1.5% of clients who consume once a week and twice a week, respectively.

Table 6: Consumption Before Akhuwat

		Frequency	Percent	Valid Percent	Cumulative Percent
	Never	6	3.0	3.0	3.0
	Once a Month	98	49.0	49.0	52.0
Valid	Twice a Month	78	39.0	39.0	91.0
	Once a Week	14	7.0	7.0	98.0
	Twice a Week	4	2.0	2.0	100.0
	Total	200	100.0	100.0	

The above table shows the percentages of the clients who consume meat and fruit. The above statistics show that after association with Akhuwat, there is a little change in the consumption once a month, twice a month, and twice a week of fruits and meat. But the consumption once a week significantly changed from two percent to seven percent. From this, it is inferred that after association with Akhuwat, the consumption patterns of clients of fruit and meat improved.

Table 7: Medical Facility Before Akhuwat

		Frequency	Percent	Valid Percent	Cumulative Percent
	Dispensary	126	63.0	63.0	63.0
Valid	Government Hospital	60	30.0	30.0	93
	Private Hospital	14	7	7	100.0
	Total	200	100.0	100.0	

The above table shows the percentages of clients having a medical facility before Akhuwat. The 63% of the clients have the medical facilities form the local dispensaries, and 30% go to the government hospital to get medical facilities. Only seven percent of the clients have access to private hospitals.

Table 8: Medical Facility After Akhuwat

		Frequency	Percent	Valid Percent	Cumulative Percent
	Dispensary	85	42.5	42.5	42.0
Valid	Government Hospital	90	45.5	45.5	87.5
	Private Hospital	25	12.5	12.5	100.0
	Total	200	100.0	100.0	

The above table shows the condition of medical facilities after association with Akhuwat. The percentage of the clients who get medical facilities from local dispensaries decline to 63% to 42.5%. The clients who have access to private hospitals increase from seven percent to 12.5% percent. This shows that the clients' medical situations improve after association with Akhuwat. The percentages of the clients who go to the government hospital for their medical treatment also increases from 30% to 40.5%.

Table 9: Social Issues Before Akhuwat

		Frequency	Percent	Valid Percent	Cumulative Percent
	To Some Extent	32	16.0	16.0	16.0
	Some Times	128	64.0	64.0	80.0
Valid	Total Involvement	40	20.0	20.0	100.0
	Total	200	100.0	100.0	

The above table shows the data regarding the social issues that incorporate how the relative involves them in the social problems (the importance of the client). Before association to Akhuwat, 16% responded that they were engaged to some extent in social issues, and 64% of the clients responded that they were involved sometimes in social problems. Only 20% of the clients responded that they were fully engaged in the social issues.

Table 10: Social Issues After Akhuwat

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	To Some Extent	13	6.5	6.5	6.5

	Frequency	Percent	Valid Percent	Cumulative Percent
Some Times	87	43.5	43.5	50.0
Total Involvement	100	50.0	50.0	100.0
Total	200	100.0	100.0	

The above table shows that social issues (importance of the clients). The percentage of clients who said they were involved in the social issue decreased to 6.5% from 16% after associating with Akhuwat. The clients who responded to social issue involvement sometimes were reduced to 64% to 43.5% after associated with Akhuwat. The clients who reported total participation in social issues was dramatically increased from 20% to 50%. So from the above statistics, we can say that the social problems of the clients are improved. As the social issues are only improving when the living standards of the people improves.

Table 11: Transport Issues Before Akhuwat

		Frequency	Percent	Valid Percent	Cumulative Percent
	No	88	44.0	44.0	44.0
Valid	Bicycle	59	29.5	29.5	73.5
	Motor Bike	53	26.5	26.5	100.0
	Total	200	100.0	100.0	

The above table shows the transportation conditions of the clients before the association with Akhuwat. The table shows that 44% of the client has no transport vehicle before association with Akhuwat, which implies either they used government transport or private transport. 29.5% of clients used to use bicycles before association with Akhuwat, and 26.5% of the clients used to use a motorbike as their transportation means.

Table 12: Transport Issues After Akhuwat

		Frequency	Percent	Valid Percent	Cumulative Percent
	No	51	25.5	25.5	25.5
Valid	Bicycle	61	30.5	30.5	56.0
	Motor Bike	88	44.0	44.0	100.0
	Total	200	100.0	100.0	

The above table shows the transport conditions after they are associated with Akhuwat. The results predict that the percentage of clients having no transportation means reduced to 25.5% from 44%. The percentage of the client having a bicycle as transportation increases from 29.5% to 30.5%, which is a minor change in percentage. The clients having motorbike dramatically increased from 26.5% to 44% after association with Akhuwat. So from the above results, we can say that the transportation conditions of the clients have improved. After association with Akhuwat, the clients have better transportation means and condition, which shows that Akhuwat positively impacts this clients' living standards.

Table 13: General Conditions Before Akhuwat

		Frequency	Percent	Valid Percent	Cumulative Percent
	Nothing	12	6.0	6.0	6.0
	Film Annually	32	16.0	16.0	22.0
	Film and Park Annually	119	59.5	59.5	81.5
Valid	Film and Park Semi-Annually	17	8.5	8.5	90.0
	Hoteling, Film, and Park Annually	20	10.0	10.0	100.0
	Total	200	100.0	100.0	

Table 13 shows the clients' general conditions before association with Akhuwat, including the events' frequency when the client goes for parks and films for entertainment. As entertainment is also a vital variable while accessing the living standards of the clients. The results predict that six percent of the clients have not any entertainment activities. They do not go to visit the parks and watching the films. The 16% of the clients reported that they go to the cinema for entertainment once a year. And 59.5% of clients reported that they go to parks and films annually. 8.5% of the clients said they go to parks and for films twice a year. 10% of the clients reported that they go for hoteling, films, and parks annually before association with Akhuwat.

Table 14: General Conditions After Akhuwat

		Frequency	Percent	Valid Percent	Cumulative Percent
	Nothing	29	14.5	14.5	14.5
	Film Annually	77	38.5	38.5	53.0
Valid	Film and Park Annually	67	33.5	33.5	86.5
	Film and Park Semi-Annually	27	13.5	13.5	100.0
	Total	200	100.0	100.0	

The above table shows the results that predict how many times they go to films, parks, and hoteling after association with Akhuwat. The results show that the clients who go to watch moving annually increase from 16% to 38.5%. The clients who go to parks and film decreases from 59.5% to 33.5%. The clients' go for films and parks annually increased from 8.5% to 13.5% after association with Akhuwat. Although there is no huge change in the clients' general conditions after association with Akhuwat, there is still a good change in the percentages before and after association with Akhuwat, which refers to the fact that Akhuwat has a good positive impact on the living conditions of his clients.

Table 15: Results of Wilcoxon Signed Ranks Test

Test Statistics	Z	P-Value
Income Level After - Income Level Before	-7.632b	0.000
Consumption after - Consumption before	-2.858b	0.004
Medical Facility After – Medical Facility Before	-6.633b	0.000
Social issues after – Social issues before	-8.374b	0.000
Transport tissues After – Transport issues Before	-8.944b	0.000
General Conditions After – General Conditions Before	-10.440b	0.000

For this study, 200 questionnaires were applied for the survey among the borrowers who took loans from Akhuwat for the different years in Faisalabad's various locations. It has been observed that the loans of Akhuwat significantly have a positive impact on the living standards of the clients. The questionnaire was consisting of close-ended questions that incorporated about 30 variables of the clients. Because data collected did not show normality, so the non-parametric test was applied. For this study, the Wilcoxon test is laid, which is non-parametric. This test is used to find any variable's impact before and after the induction of a stimulus. The association with Akhuwat is the stimulus. Hence, the test measures the effects on different variables before and after the association with Akhuwat. As the above table shows the results of six variables before and after association with Akhuwat. As discussed in the methodology, each variable among the six variables is computed using the arithmetic mean of some variables, measuring the same construct. The Wilcoxon test shows that the six variables, including income level, medical conditions, consumption level, social issues, transport issues, and general living conditions have significantly changed after association with Akhuwat at a five percent significance level. So when the client took a loan from Akhuwat, the clients' living standards show positive change.

Conclusion

Microfinance institutions proved themselves as one of the significant sources to reduce poverty and improve the poor people's living standards. The contributions of Akhuwat are

remarkable for the poor people of Pakistan as Akhuwat is providing an interest-free loan to the people to alleviate the poverty and improve the living standards of the people. The results show that the income level of the clients' increases after association with Akhuwat. The income level includes the family head's income and the family's overall income, so the general income level increases, as shown in the results. The consumption patterns, including the consumption of fruits and meat, also improved when clients took loans from Akhuwat. The transportation means improved when the clients took benefits from the institute. Likewise, the medical facility also improves because the clients enjoy the facilities from private hospitals as, before association with Akhuwat, they used to visit local dispensaries for their health issues. The transport issues also improve as, after associations with Akhuwat, the clients have their bicycle and motor cars, which predicts that transportation facilities are enhanced because of the intervention of Akhuwat. The general living condition, which includes the park visits, hoteling, and films, also improved as results predict that after association with Akhuwat clients, visits to watching films, parks, and hotels increased. The Wilcoxon test also shows a significant impact on all these six variables after association with Akhuwat.

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