

Microfinancing in Pakistan, A Case of Tameer Bank



By:

Muhammad Sohail Shehzad

Enroll no: 01-120122-054

Supervisor:

Dr. Taqadus Bashir

**A research submitted in partial fulfillment of the requirement for the degree of
Master in Business Administration (MBA)**

Department of Management Sciences

Bahria University Islamabad

Fall-2015

ACKNOWLEDGEMENT

First of all I would like to thank Allah Almighty, who helped me in completing this task, I would like to acknowledge my respected Supervisor Madam Dr. Taqadus Bashir for extending her kind help and advice. Despite of her busy schedule gave me the opportunity to carry out this knowledge full study and her kind help. Furthermore, I would like to extend my gratitude to all the stake holders, from banks to borrowers, which helped me in gathering important data.

Here I like to express a lot of respect to all my faculty members, university management, class fellows and family who assisted me in every moment when there was need.

DEDICATION

I would like to dedicate my work and thesis to my parents who always taught me to achieve my goals through hard work and determination and supported me in every walk of life. Thank You.

ABSTRACT

The concept of microfinance in Pakistan comes with dual aim of social and economic development of nation. Helping poor people by providing financial services and contribute in the betterment of their lives. By viewing these objectives of microfinance, study aims to provide insight of the concept “betterment through microfinance” by analyzing the effect of loans given to poor people including top microfinance banks in Pakistan. Due to rising, worst security, political instability and economic slowdown has been affecting the growth of microfinance, earlier it has gained immense growth but later growth rate started to go down. This research’s purpose is to analyze the effect of microfinance loans on the life of borrowers. From many years’ bankers, scholars and researcher has been claiming that it brings improvement in social and economic setup of society. It is type of descriptive study to know that whether microfinance in Pakistan fulfilling its purpose and making positive impact on income of those who borrowed money. Finding type of relationship between borrowings and income by developing hypothesis to have better idea of its purpose.

Contents

CHAPTER 1	9
1.2 Introduction	9
1.3 Background	9
1.4 Bank Overview	10
1.5 Tameer bank.....	10
1.5.1 History	10
1.5.2 Vision	11
1.5.3 Mission	11
1.6 Products and services.....	11
1.6.1 Health Micro Insurance.....	11
1.6.2 Easypaisa	11
1.6.3 Dairy financing.....	11
1.6.4 Agri Financing	11
1.6.5 Solar Financing	12
1.6.6 Bio Gas Financing	12
1.6.7 Low Cost Housing Finance.....	12
1.6.8 Bank on Wheels.....	12
1.6.9 Tameer Super Checker Account.....	12
1.6.10 Tameer Super Saver Account.....	12
1.6.11 Tameer Shajar	12
1.6.12 Tameer Mahana Sukh Chain	13
1.6.13 Tameer Khas Bachat.....	13
1.6.14 Tameer Super Aaj Munafa	13
1.6.15 Tameer Easy Sona	13
1.7 Policies to attain the loan	13
1.8 Statement of the problem	13
1.9 Research Objectives	14
1.10 Research Questions.....	14
1.11 Significance of study.....	15
1.12 Limitation of study	15
CHAPTER 2	Error! Bookmark not defined.

2.1 Literature Review	16
2.2 History of Microfinance	16
2.2.1 ACCION International	17
2.2.2 SEWA Bank	17
2.2.3 Grameen Bank	17
2.3 Innovations in Microfinance services	18
2.3.1 CCACN (Central de Cooperativas de Ahorro y Credito Financieras de Nicaragua) is marketing it “Agriculture Salary”	18
2.3.2 Prodem in Bolivia	18
2.3.3 International Remittance Network (IRnet)	18
2.3.4 Managed ASCA’s	19
2.3.5 ICICI Bank (India)	19
2.3.6 Microenterprise Access to Banking Services (MABS)	19
2.3.7 BASIX in India	19
2.3.8 Credit, life and funeral insurance	19
2.3.9 The National Microfinance Bank in Tanzania (NMB)	19
2.3.10 Savings based, Agriculture-oriented Rural Credit Unions- Brazil	19
2.3.11 A network of 8000 armored trucks in South Africa	20
2.3.13 The international NGO Technoserve	20
2.3.14 Producer Associations as Clients of a Financial Institution	20
2.4 Micro finance Institutions	20
2.5 The Grameen Model	21
2.6 Functioning of Grameen Model	22
2.7 Microfinance Industry Evolution and Innovation	23
2.8 Methodology of Microfinance	25
2.8.1 Solidarity Group	26
2.8.2 Community Based Organization	26
2.8.3 Credit Unions	26
2.8.4 Village Banking	26
2.8.5 Savings Mobilization	27
2.8.6 Human Development	27
2.8.7 Education Program	28
2.8.8 Health Program	28

2.8.9 Food Security Program	28
2.9 Microfinance in Pakistan.....	29
2.10 Performance of Microfinance Sector in Pakistan.....	31
2.11 Performance Indicators and Measurement of Microfinance Performance.....	32
2.12 Empowerment.....	34
2.12.1 Concept.....	34
2.12.2 Microfinance and empowerment.....	34
2.13 Theoretical Framework	35
2.14 Hypothesis	36
CHAPTER 3	37
3.1 Methodology	37
3.2 Research Design	37
3.3 Scope of Study.....	37
3.4 Data Methodology	37
3.4.1 Schedules.....	37
3.4.2 In-depth interviews.....	37
3.5.3 Observation	37
3.5 Research Methodology	38
3.5.1 Population	38
3.5.2 Description of the sample.....	38
3.5.3 Sample Size.....	38
3.6 Description of Variables.....	38
3.6.1 Microfinance (Independent Variable)	38
3.6.2 Income Level (Dependent Variable)	38
3.7 Software use.....	39
3.8 Descriptive Statistics	39
3.8.1 Correlation Analysis	39
3.8.2 Regression Analysis.....	39
CHAPTER 4	40
4.1 Analysis and Findings	40
4.3 The First Microfinance Bank Limited	40
4.4 Khushhali Microfinance Bank Limited.....	40
4.5 Waseela Microfinance Bank	40

4.6 Apna Microfinance Bank	41
4.7 Pak-Oman Microfinance Bank	41
4.8 Tables	41
CHAPTER 5	45
5.1 Recommendations	45
CHAPTER 6	47
6.1 Conclusion	47
Bibliography	48
Questionnaire	50