Poverty Alleviation and Identifying the Barriers to the Rural Poor Participation in MFIs: A Case Study in Bangladesh

Mohammad A. Ashraf and Yusnidah B. Ibrahim

The main purpose of the study is to identify the barriers of participation of the rural poor in microfinance institutions (MFIs) in Bangladesh. To this aim, data were collected through face to face interview from six different districts of Bangladesh. From the microfinance literature, the study set eight explanatory factors and six demographics which are explored through three separate models in examining the factors that influence the dependent variables such as nonparticipation and drop-out (Model 1), participation (Model 2) and nonparticipant but willing to participate (Model 3) in MFIs. Logistic regression techniques are employed in analyzing data. The results of Model 1 indicate that education, other assets and spousal dislike to female head of households are observed as the significant barriers of participation. The outcome of the Model 2 suggests that there have been six factors that inhibit the rural poor participation in MFIs which are gender, age, yearly income, land, religion and lack of knowledge. And in the Model 3, gender, education, land, insufficient resources and lack of knowledge appear to be the significant barriers to participation of the rural poor in MFIs in Bangladesh.

---

1 This paper is a part of Mohammad Ashraf’s Doctoral Dissertation in University Utara Malaysia (UUM). The author is grateful to Kamrul Islam, Assistant Professor, Department of English, United International University, for editing on an earlier draft of the paper.
2 Assistant Professor and Head, Department of Economics, UIU-United International University, 80/8A Dhanmandi, Dhaka Email: mashraf@eco.uiu.ac.bd
3 Professor and Dean, School of Economics, Finance and Banking, University Utara Malaysia, 06010 Sintok, Kedah Darul Aman, Malaysia, Email: yibrahim@uum.edu.my