

AccessBank Impact Assessment

Produced as an Addendum to:

**Assessment of Microfinance Impact and Social Performance
of MFI's in Azerbaijan**

By Azerbaijan Micro-Finance Association (AMFA)

for AccessBank Azerbaijan

April 2009

Section 1: Introduction

This report is produced as an addendum to the survey and subsequent report produced by the Azerbaijan Micro Finance Association (AMFA) titled “Assessment of Microfinance Impact and Social Performance of MFIs in Azerbaijan”, published in February 2009. The original survey and report were performed to determine the impact of microfinance on business and household development. The original survey sampled 1,000 new and 1,000 long-term microfinance clients in Azerbaijan during 2008 on a wide range of subjects. The survey sample included 336 AccessBank clients.

This addendum to the original report was commissioned and paid for by AccessBank to compare the responses of AccessBank clients to the responses of the entire survey sample. This report should be read in conjunction with the main report, which provides full details on methodology and analysis. This report focuses only on key items and items where there were significantly different between AccessBank’s clients and the study at large. In the case of tables and data that are not specifically discussed in this report, responses for AccessBank clients were similar to the survey at-large.

The primary focus of the survey was on the effect of microfinance on businesses and quality of life issues, including poverty rates, education, etc. New clients (those who have taken their first microfinance loan in the past 17 months) and long-term clients (those who have been involved in microfinance for 18 months or more) are compared in order to determine the impact of long-term involvement in microfinance across various variables.

Section 2: Executive Summary

The general results of the impact assessment of AccessBank in Azerbaijan were extremely strong, as they were for microfinance as a whole in the country. Some noteworthy areas include:

- AccessBank loans to new clients in the survey were slightly larger than the study as a whole (AccessBank – 1,518 AZN; General Survey – 1,124 AZN) but were significantly larger for long-term clients (AccessBank – 3,389 AZN; General Survey – 1,978 AZN) displaying a greater flexibility and reward system in growing with clients than the sectoral average;
- Despite giving larger loans, a higher percentage of AccessBank’s clients reported repaying their loans with their business income than for the general survey (AccessBank – 80%; General Survey – 71%);
- More than 90% of AccessBank’s long-term clients reported an increase in year-over-year income compared to 77% of new clients, showing the developmental impact of long term microfinance usage, and compared to 80% of long-term clients from the general survey who reported an increase. At the same time, less than 1% of AccessBank’s clients reported a decline in income;
- Average annual household income for new clients was about 2,025 AZN for AccessBank and general study clients, which increased for long-term clients to 2,729 study-wide, and

almost doubled for AccessBank long-term clients to more than 3,800 AZN. This also filtered through into higher expenditures in quality of life areas including education, savings, etc.;

- 86% of AccessBank's clients said they were "Satisfied" or "Very Satisfied" with their membership in microfinance programs, approximately the same as for the general study (89%).

Section 3: Sampling and Methodology

The study surveyed 2,000 microfinance clients – 1,000 each of clients who had been working with microfinance programs for fewer than 18 months (new clients, or NCs) and clients who had been working with microfinance programs for 18 months or more (long-term clients, or LTCs). Out of this group 336 clients were from AccessBank, including 261 LTCs and 75 NCs. The survey sampled clients from various regions, broken down into: Baku, other urban areas, and rural areas. The breakdown in clients can be seen below in Chart 1.

As shown in Chart 1, AccessBank's sampling included higher rates of urban clients at the expense of rural clients. This can be attributed to AccessBank's relatively recent expansion into the regions and AccessBank's high penetration of urban areas (more than half of all Baku LTCs sampled in the general survey were AccessBank clients).

Chart 1 – Client breakdown by location (Table 1.3 from original report)

	Study-wide				AccessBank			
	NC	LTC	Total		NC	LTC	Total	
	#	#	#	%	#	#	#	%
Capital city	147	147	294	15%	4	80	84	25%
Other urban areas	457	460	917	46%	49	131	180	54%
Rural areas	396	393	789	39%	22	50	72	21%
TOTAL	1000	1000	2000	100	75	261	336	100%

The clients sampled were 68% male and 32% female as a whole and 80% male and 20% female for AccessBank. 96% of all clients completed at least secondary education, with the numbers basically even between NC and LTC as well as between AccessBank and the general study. AccessBank differed in that a higher percentage of their sampled clients considered themselves self employed or involved in entrepreneurial activities (71%) than those of the general study (52%), with a commensurately lower rate saying they were employed in the public or private sector (21%) than the general study (36%). This data can be viewed in Chart 2.

Chart 2 – Client Demographics (Table 2.1 from original report)

	Study-wide				AccessBank			
	Sample Size	NC	LTC	Total	Sample Size	NC	LTC	Total
	#	%	%	%	N	%	%	%
Male	1363	66.2	70.1	68.1	279	80.0	83.9	83.0
Female	637	33.8	29.9	31.9	57	20.0	16.1	17.0
16 – 24 Years Old	111	7.1	4	5.6	8	5.3	1.5	2.4
25 – 34 Years Old	426	22.5	20.1	21.3	70	20.0	21.1	20.8
35 – 44 Years Old	612	28.9	32.3	30.6	113	30.7	34.5	33.6
45 – 54 Years Old	636	30.7	32.9	31.8	102	22.7	32.6	30.4
55 – 64 Years Old	191	9.3	9.8	9.6	37	17.3	9.2	11.0
65 Years or Older	24	1.5	0.9	1.2	6	4.0	1.1	1.8
No Formal Education	12	0.6	0.6	0.6	2	0.0	0.8	0.6
Primary Education	6	0.4	0.2	0.3	1	0.0	0.4	0.3
Secondary Education	961	50.7	45.4	48.1	142	40.0	42.9	42.3
Specialized Secondary Education	455	21.5	24	22.8	81	22.7	24.5	24.1
Higher-Bach/Masters	506	23.1	27.5	25.3	101	32.0	29.5	30.1
Married	1627	78.5	84.2	81.4	299	84.0	90.4	89.0
Not Married	184	10.7	7.7	9.2	12	2.7	3.8	3.6
Widow	143	7.9	6.4	7.2	14	8.0	3.1	4.2
Divorced	38	2.3	1.5	1.9	3	2.7	0.4	0.9
Self-employed	843	41.1	43.2	42.2	174	50.7	52.1	51.8
Entrepreneurial activities	187	7	11.7	9.4	64	9.3	21.7	19.0
Employed in public sector	552	27.9	27.3	27.6	53	20.0	14.6	15.8
Employed in private sector	174	10.6	6.8	8.7	16	4.0	5.0	4.8
Unpaid family work	15	0.4	1.1	0.8	1	0.0	0.4	0.3
Unemployed looking for work	18	1.2	0.6	0.9	2	1.3	0.4	0.6
Unemployed not looking for work	6	0.5	0.1	0.3	0	0.0	0.0	0.0
Student	25	1.2	1.3	1.25	2	0.0	0.8	0.6
Retiree with pension	1	0	0.1	0.1	0	0.0	0.0	0.0
Community sector	179	10.1	7.8	9	24	14.7	5.0	7.1
Additional work	601	26.2	33.9	30.1	66	22.7	18.8	19.6
Total	2000	100	100	100	336	100.0	100.0	100.0

Section 4: Impact of Microfinance on Business in Azerbaijan

The financing of businesses in Azerbaijan has had a significant impact on the development of those businesses. Businesses of LTCs received larger loans and had higher business income than NCs. This higher income subsequently meant that LTCs invested more in their businesses and were more likely to repay their loans from that business income.

In the general study, and for AccessBank, larger loans were given to LTCs than NCs. As people increasingly display their trustworthiness, which is of particular importance in

microfinance, giving larger loans is common. As can be seen in Chart 3 below, AccessBank NCs received larger first loans than in the general study (AZN 1,518 compared to AZN 1,124), and AccessBank LTCs received 123% more than NCs (3,389 AZN), while in the general study, LTCs received 76% more than NCS (1,978 AZN) . Also shown in the chart is the relatively fast turn-around of loans in AccessBank, averaging 3.2 days amongst those surveyed, or 41% faster than the 5.4 days from the general study. The interest rates of the loans is perhaps less telling, as some clients view a 36% effective rate loan to have 20% interest (as they would repay approximately AZN 1,200 on a 36% loan of AZN 1,000) and some as 36%, so the lower rates for NCs at AccessBank is unlikely to be an actual effect.

Chart 3: Loan Conditions (Chart 3.1 from original report)

	Study-wide				AccessBank			
	NC	LTC	Diff.	Total	NC	LTC	Diff.	Total
Average amount of the last loan, in AZN	1,124	1,978	76%	1,551	1,518	3,389	123%	2791
Days to get a loan	6	5	-17%	5.4	4	3	-25%	3.2
Annual interest rate, in %	30	30	0%	30	28	29	4%	28.8

The business income of LTCs was substantially higher than that of NCs, with the difference much greater for AccessBank clients than for the general study, despite AccessBank's NCs having a higher average income. As can be seen in Chart 4 below, LTCs from the general study had business income that exceeded NCs' income by 59% while AccessBank's LTCs' business income exceeded NCs' income by 120%. These differences in income allowed higher business investment and, importantly, a higher proportion of the loans to be repaid with business income. When compared with Chart 3 above, this shows that despite AccessBank giving substantially larger loans to their LTCs, those clients were more likely to pay off their loans with business income, showing relative lower risk for the bank and burden of debt on the borrowers. This is also reflected in Chart 5 below, which shows the sources of income used for repaying loans, with 94% of AccessBank's LTCs relying on business income, compared to 85% study-wide, with NCs' rate in both groups being approximately the same. There is also a lower reliance on all of the other sources of income for LTCs, both study-wide and for AccessBank.

Chart 4: Business Income and Investment (in AZN-Figures 4.24 to 4.27 and Table 3.13 from original report)

	Study-wide				AccessBank			
	NC	LTC	Diff.	Total	NC	LTC	Diff.	Total
Average Business Income in Last 12 Months (AZN)	4,606	7,309	59%	5,958	5,629	12,397	120%	10,886
Reporting Decrease in Income (%)	4.6	3.1	-33%	3.9	2.7	0.4	-85%	0.9
Reporting Increase in Income (%)	71.8	79.4	11%	75.6	77.3	91.2	18%	88.1
Average Amount Invested in Business in Last 12 Months (AZN)	2,943	4,743	61%	3,890	2,843	8,417	196%	7,173
Business Costs in Last 12 Months (AZN)	1,282	2,060	61%	1,697	1,292	3,339	158%	2,882
Proportion of Loans Repaid with Business Income (%)	66.1	76.7	16%	71.4	71.6	89.6	25%	79.7

Chart 5: Source of Money to Repay Loan (Percent-Figure 3.2 from original report)

	Study-wide				AccessBank			
	NC	LTC	Diff.	Total	NC	LTC	Diff.	Total
Business Income	73.7	84.8	15%	79.3	74.7	94.3	26%	89.9
Salary	33.2	28.4	-14%	30.8	25.3	11.1	-56%	14.3
Savings	1.6	2.0	25%	1.8	0	2.7	NA	2.1
Remittance	1.1	0.4	-64%	0.8	0	0	NA	0.0
Other	6.3	3.5	-44%	4.9	9.3	0.8	-91%	2.7

The percentage of clients investing in various fixed assets is listed below. AccessBank clients, both NCs and LTCs, were more likely to have made investments in fixed income in the past year, 21%, compared with 16% of clients from the general study. In the line-by-line breakdown, some significant differences in the types of investments can be noted. For example, AccessBank LTCs were more 170% likely to make investments in major tools than NCs, but were 66% less likely to make a minor investment in something like a chair or table. Presumably this is because as the businesses start developing clients start with small investments necessary for day-to-day function, and as they develop invest increasingly in big-ticket items.

Chart 6: Purchase of or Investment in Fixed Assets for Major Business Activity in last 12 months (Percent-Table 3.4 from original report)

	Study-wide				AccessBank			
	NC	LTC	Diff.	Total	NC	LTC	Diff.	Total
Purchased small tools/accessories (cooking utensils, hoes, plow, baskets, basins)	2.7	4.0	48%	3.4	2.7	3.8	41%	3.6
Purchased major tools (such as stoves, equipment, machinery)	2.7	3.5	30%	3.1	2.7	7.3	170%	6.3
Purchased own means of transportation (such as bicycle, motorcycle)	0.4	1.2	200%	0.8	1.3	1.5	15%	1.5
Invested in a storage structure (granary, stock room)	0.9	0.8	-11%	0.9	2.7	1.1	-59%	1.5
Made a minor investment in marketing site (purchasing a chair, table)	4.3	2.5	-42%	3.4	6.7	2.3	-66%	3.3
Invested in structures for marketing site (kiosk, shop)	2.2	2.9	32%	2.6	5.3	2.7	-49%	3.3
Other	2.2	2.0	-9%	2.1	0.0	1.9	NA	1.5
Total	15.4	16.9	10%	16.2	21.3	20.7	-3%	20.8

The constraints on businesses are difficult to compare between AccessBank and the general study, as AccessBank clients reported far more constraints on their businesses than for the general study (1.7 constraints per client as compared with 1.0 constraint per client for the general study). However, some conclusions can be drawn from Chart 7; the AccessBank LTCs consider more macro-economic and business environment issues to be constraining their businesses as compared with NCs and the general study clients. The percentage of clients who considered monopolies to be a constraint was more than twice as high for AccessBank LTCs than NCs. Additionally, lack of infrastructure (63%), inflation (31%), and competition

(20%) were all more highly reported amongst AccessBank's LTCs than NCs and were much higher than the general study. Lack of access to financing was more highly reported amongst AccessBank clients (17%) than study-wide (11%), as they chose many more constraints per person.

Chart 7*: Biggest Constraints on Business Development (Percent-Chart 4.15 from original report)

	Study-wide				AccessBank			
	NC	LTC	Diff.	Total	NC	LTC	Diff.	Total
Inflation	24.9	25.4	2.0%	25.2	37.3	49.0	31.4%	46.4
Competition	18.7	19.1	2.1%	18.9	32.0	38.3	19.7%	36.9
Lack of access to financing	10.8	10.8	0.0%	10.8	18.7	16.9	-9.6%	17.3
Lack of market	9.6	8.8	-8.3%	9.2	9.3	8.8	-5.4%	8.9
Monopoly	8.7	7.9	-9.2%	8.3	5.3	12.3	132.1%	10.7
High taxes	9.4	7.4	-21.3%	8.3	12.0	11.5	-4.2%	11.6
Lack of infrastructure (electricity, water, roads, etc.)	7.7	8.1	5.2%	7.9	8.0	13.0	62.5%	11.9
Transportation	4.5	3.9	-13.3%	4.2	5.3	5.7	7.5%	5.6
Corruption/bribes	2.3	3.7	60.9%	3.0	12.0	11.1	-7.5%	11.3
Lack of skilled workers	1.4	3.0	114.3%	2.3	2.7	3.4	25.9%	3.2
Lack of training	1.7	1.4	-17.6%	1.5	4.0	2.3	-42.5%	2.7
Other	0.3	0.6	100.0%	0.5	0.0	0.0	0.0%	0.0
Total	100.0	100.1	0%	100.1	146.6	172.3	18%	166.6

Section 5: Impact of Microfinance on Living Conditions in Azerbaijan

In Section 4, it was clear that the impact of microfinance on businesses in Azerbaijan has been significant. Section 5 deals with the subsequent impact of microfinance on the families and living conditions of the borrowers. The increased business income feeds through to a number of areas, from household income, to a reduction in poverty and higher spending on more discretionary items, such as healthcare and education.

Per capita household income is the area, logically, most directly impacted by the increase in business income from Section 4. Study-wide LTCs had a 35% higher average per capita income than NCs. While NCs had the same household income at AccessBank and the general study, LTCs at AccessBank showed a larger difference of 89% between NCs and LTCs than the general study (35%).

Chart 8: Per Capita Household Income (AZN-Table 4.4 from original report)

	Study-wide				AccessBank			
	NC	LTC	Diff.	Total	NC	LTC	Diff.	Total
Mean	2,028	2,729	35%	2,378	2,026	3,839	89%	3,434
Median	1,410	1,753	24%	1,582	1,374	2,570	87%	2,303
Minimum	142	100	-29%	121	360	120	-67%	120
Maximum	30,000	52,440	75%	41,220	16,063	52,440	226%	52,440

The increase in per capita household income is subsequently reflected in the breakdown of income by quintiles amongst the clients. For both AccessBank and the general study, the lower income clients are much more likely to be NCs than LTCs. In fact, there is a very strong symmetry in the breakdown, with NCs comprising 58% of the clients in the bottom two quintiles and LTCs comprising 58% of the clients in the top two quintiles in the general study.

Chart 9: Breakdown of Income by Quintiles (Percent-Table 4.7 from original report)

	Study-wide				AccessBank			
	NC	LTC	Diff.	Total	NC	LTC	Diff.	Total
Quintile 1 (Lowest Income)	11.8	8.2	-31%	20	12.1	7.9	-35%	20
Quintile 2	11.2	8.8	-21%	20	11.0	9.0	-18%	20
Quintile 3	9.9	10.1	2%	20	9.8	10.2	4%	20
Quintile 4	9.2	10.8	17%	20	9.2	10.8	17%	20
Quintile 5 (Highest Income)	7.8	12.2	56%	20	7.9	12.1	53%	20

The survey of poverty amongst clients based on purchasing power parity (PPP) reflected the positive impact of microfinance in Azerbaijan as well. Poverty levels for AccessBank's NCs (20%) were almost the same as that of the study-wide NCs (22%). In the general study, poverty was 26% lower for LTCs, while at AccessBank, the difference was even greater at 52%. This follows from Charts 8 and 9 above, which showed similar income levels for NCs at AccessBank and study-wide, while AccessBank's LTCs displayed much higher income than those of the general study.

Chart 10: Clients Living in Poverty by PPP and Expenditure Method* (Percent-Figure 4.11 from original report)

	Study-wide				AccessBank			
	NC	LTC	Diff.	Total	NC	LTC	Diff.	Total
Baku	6.1	3.4	-44%	4.8	20.0	13.0	-35%	14.6
Other Urban Areas	24.3	20.0	-18%	22.2	18.4	15.3	-17%	16.0
Rural Areas	24.7	16.5	-33%	20.6	27.3	8.0	-71%	12.3
Total	21.8	16.2	-26%	19.0	20.0	9.6	-52%	11.9

*The expenditure method surveys the amount clients report spending, as clients often underreport their real income for fear of "discovery" by the tax authorities. Poverty rates measured in this way are substantially lower than those measured by surveying income.

The survey of the use of income shows that LTCs spread out their additional income. In the general study, LTCs reported 22% more outlets for their income (3.1 responses per LTC versus 2.6 responses per NC). AccessBank NCs, on the other hand reported fewer places of expenditure (2.4 per client) but LTCs were 77% higher (4.3 responses per client). The largest differences reported between AccessBank's NCs and LTCs were in some of the more important areas surveyed, including business investment (160%), education (130%), and savings (380%).

Chart 11: Use of Business Income (Percent-Table 3.14 from original report)

	Study-wide				AccessBank			
	NC	LTC	Diff.	Total	NC	LTC	Diff.	Total
For Household Consumption	53.5	64.3	20%	58.9	50.7	70.5	39%	66.1
For special events (such as birthday party, wedding party, religious event, etc.)	37.3	40.3	8%	38.8	33.3	53.6	61%	49.1
Investment in a business	33.5	43.6	30%	38.5	22.7	59.0	160%	50.9
Payment of interest rate and other cos	33.4	37.9	13%	35.6	21.3	31.8	49%	29.5
Emergency (e.g. accident, illness, death)	30.1	34.6	15%	32.3	34.7	51.3	48%	47.6
For home improvements	20.2	26.9	33%	23.5	25.3	46.7	85%	41.9
To purchase other consumer goods (such as home appliances, etc.)	12.7	17.4	37%	15.0	16.0	33.7	111%	29.7
To repair or buy a car	9.9	17.0	72%	13.4	13.3	34.9	162%	30.1
For education	4.7	7.2	53%	5.9	4.0	9.2	130%	8.0
For savings	5.6	8.7	55%	7.1	4.0	19.2	380%	15.8
For purchase of real estate	2.3	5.1	122%	3.7	5.3	12.3	132%	10.7
For tourism	1.3	1.2	-8%	1.2	1.3	1.5	15%	1.5
Others	14.3	9.4	-34%	11.8	9.3	3.8	-59%	5.0
Total	258.8	313.6	21%	285.7	241.2	427.5	77%	385.9

Expenditure on education and healthcare were also higher for LTCs in the general study. Education expenditures were 78% higher for LTCs than NCs in the general study, and 336% higher amongst AccessBank clients. This reflects the additional disposable income amongst LTCs, and particularly those with AccessBank, who outspent LTCs in the general study 244 AZN to 169 AZN in the last year (45% more). Healthcare is a more curious result, with LTCs in the general study spending 12% more per year than NCs despite 35% higher per capita income. AccessBank's LTCs actually reported spending 33% less on healthcare in the year than the NCs, despite 89% higher per capita income. What this possibly reflects is that due to more education and better living conditions as a result of the higher income, LTCs are healthier and actually have reduced needs for healthcare compared with NCs.

Chart 12: Expenditure on Healthcare and Education in Last Year (AZN-Figures 4.9 and 4.11 from original report)

	Study-wide				AccessBank			
	NC	LTC	Diff.	Total	NC	LTC	Diff.	Total
Spending on Medical Services	263	295	12%	279	331	223	-33%	247
Spending on Education	95	169	78%	132	56	244	336%	202

Section 6: Satisfaction with Microfinance in Azerbaijan

Clients in general were extremely satisfied with their microfinance organizations, though they did have some areas where they would like to see loan conditions changed. The high

satisfaction rates, as well as higher reporting of advantages versus disadvantages, shows that generally clients view the impact of microfinance as positive.

AccessBank clients and clients from the general study showed similar levels of satisfaction with their MFI in the survey. 86% of AccessBank clients said they were “satisfied,” or “very satisfied,” while this number was 89% for the general survey as shown in Chart 13 and were approximately the same for LTCs and NCs. One difference was that for both groups, more LTCs reported being “very satisfied” than NCs while more NCs reported being “satisfied”. The percentage of dissatisfied clients was fairly small but did show that LTCs were more likely to be dissatisfied (7.5%) than NCs (3.6%) for the general study with similar numbers for AccessBank.

Chart 13: Client Satisfaction with their MFI (Percent-Table 3.5 from original report)

	Study-wide				AccessBank			
	NC	LTC	Diff.	Total	NC	LTC	Diff.	Total
Very satisfied	8.4	13.5	61%	10.9	8.0	12.3	54%	11.3
Satisfied	82.4	74.2	-10%	78.3	78.7	73.6	-6%	74.7
No opinion	5.6	4.8	-14%	5.2	6.7	5.7	-15%	5.9
Dissatisfied	2.2	4.1	86%	3.1	2.7	5.0	85%	4.5
Very dissatisfied	1.4	3.4	143%	2.4	4.0	3.4	-15%	3.5

The survey also asked clients what they considered to be the advantages and disadvantages of their current MFIs in Azerbaijan. Chart 14 shows that in the general study there were 2.3 responses per client compared to 2.7 responses per AccessBank client and AccessBank LTCs gave 74% more responses per client (3.0) than NCs (1.7), showing that LTCs saw more advantages. These differences came primarily from AccessBank LTCs’ reported happiness with accessible services to get the loan, the speed of the loan processing, credit length, repayment schedule, and loan amount. Interestingly, AccessBank’s clients were less likely to consider transparency an advantage of their MFI (26%) than the clients in the general study (35%).

Chart 14: Advantages of Clients’ Current MFI (Percent-Table 3.6 from original report)

	Study-wide				AccessBank			
	NC	LTC	Diff.	Total	NC	LTC	Diff.	Total
Accessible services to receive loan	42.3	46.0	9%	44.1	40.0	53.0	33%	50.1
Simplicity of procedures to receive loan	36.5	37.1	2%	36.8	32.0	40.0	25%	38.2
Transparency	36.3	33.0	-9%	34.6	16.0	29.0	81%	26.1
Rapidity of loan processing	30.3	35.6	17%	32.9	28.0	44.0	57%	40.4
Competency and well-treatment of staff and management	16.3	26.3	61%	21.3	11.0	23.0	109%	20.3
Appropriate repayment schedule	20.6	21.2	3%	20.9	21.0	34.0	62%	31.1
Reasonable credit length	15.8	19.0	20%	17.4	15.0	36.0	140%	31.3
Guarantor policy & requirements	11.2	14.3	28%	12.7	5.0	14.0	180%	12.0
Sufficient amount of loan	2.5	7.9	216%	5.2	3.0	18.0	500%	14.7
Low interest rate	2.7	3.4	26%	3.1	0.0	6.0	NA	4.7
Total	214.5	243.8	14%	229.0	171.0	297.0	74%	268.9

The reported disadvantages of clients' current MFIs are displayed in Chart 15. They show much more consistency in number and type of responses between NCs and LTCs than Chart 14 with 2% more responses per LTC than NC in the general study and 1.6 responses per client for both the general study and AccessBank. Dissatisfaction generally centered on interest rates, small loan amounts, or loan length. While 88% of AccessBank clients said that interest rates were a disadvantage, compared with 79% of those in the general study, AccessBank clients were less likely to see small loan size (28% compared to 35%) and short loan term (14% compared to 28%) as disadvantages. Some of the less reported areas are significantly contradictory between Charts 14 and 15.

Chart 15: Disadvantages of Clients' Current MFI (Percent-Table 3.7 from original report)

	Study-wide				AccessBank			
	NC	LTC	Diff.	Total	NC	LTC	Diff.	Total
High interest rate	78.2	80.1	2%	79.1	85.3	88.5	4%	87.8
Low amount of loan	34.8	34.9	0%	34.8	21.3	29.9	40%	28.0
Short loan length	29.8	26.6	-11%	28.2	12.0	14.9	24%	14.3
Intensive repayment schedule	4.7	12.0	155%	8.3	5.3	10.0	89%	9.0
Hard guarantor policy & requirements	5.1	4.5	-12%	4.8	14.7	6.9	-53%	8.6
Difficult procedures to receive loan	3.2	1.4	-56%	2.3	6.7	2.3	-66%	3.3
Long waiting period	0.8	1.0	25%	0.9		0.8	NA	0.6
Corruption	1.2	0.4	-67%	0.8	1.3	0.4	-69%	0.6
Inaccessible services to receive loan	0.6	0.2	-67%	0.4	0.0	0.0	NA	0.0
Incompetency or inadequate-treatment by staff	0.4	1.0	150%	0.7	1.3	1.1	-15%	1.1
Other	0.0	0.0	NA	0.0	1.3	3.1	138%	2.7
Total	158.8	162.1	2%	160.3	149.2	157.9	6%	156.0

Section 7: Conclusions

The survey of microfinance clients in Azerbaijan showed that across the board, microfinance has had a positive impact on lives in the country. Long-term clients are much more likely to have higher income, lower rates of poverty, and higher spending on important non-core items. They reported being satisfied with microfinance in Azerbaijan, and they reported many more advantages than disadvantages of microfinance.

AccessBank's clients showed even more difference between new clients and long-term clients. While new clients in AccessBank and in the general study were fairly similar in terms of income and first loan size, long-term clients at AccessBank were much higher. They reported being more likely to have discretionary expenditures, such as education or savings; were less likely to be in poverty; and invested more in their businesses than clients from the general study. Despite receiving larger loans, a much higher percentage of AccessBank's long-term clients reported repaying their loans with business income, showing that there has not been an overburdening with debt, and displaying AccessBank's ability to finance development in Azerbaijan.