

The Impact of Microfinance on Living Standards of Lower Income People: A Case Study Based on SANASA Society

M. I. S. Fernando

Department of Finance, University of Kelaniya, Sri Lanka.

isurifernando1@gmail.com

ABSTRACT

Purpose - Microfinance is given with a solution for people who are excluded from a formal financial system. The typical idea is providing credit to the poor as a tool for increasing their income and fulfilling their basic needs. Thereby reducing poverty, Microfinance becomes a more productive tool for poverty alleviation. This research is examined the impact of the Microfinance on the living standards of lower income people, based on the SANASA society in Mathugama area.

Design/ Methodology/ Approach: - The population is represented by all microfinance loan-holders in Sri Lanka. The sample is comprised with SANASA society. Because it is the one and only microfinance co-operative network in Sri Lanka which covers all the provinces. The data was collected from a sample of 144 microfinance loan-holders in Mathugama area through a pre tested survey questionnaire. Analyses are derived from descriptive statistics by using SPSS software.

Findings - The results suggest that income, savings, education level of their children, assets ownership, healthcare accessibility and psychological factors caused to enhance the living standards of lower income people.

Conclusion - There is a positive impact of microfinance on the living standards of lower income people.

Keywords: *Microfinance, Microfinance Institution, Living Standards, SANASA, Lower Income People*