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The Impact of Microfinance firms on Women Entrepreneurs in Blantyre, Malawi: A Case Study of Select Financial Services and FINCA Malawi

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ABSTRACT

Microfinance has emerged as a pivotal tool for economic empowerment, particularly among women in developing countries. This article explores the impact of microfinance services provided by Select Financial Services and FINCA Malawi on women entrepreneurs in Blantyre. Drawing on qualitative and quantitative data, the study examines how access to microcredit, financial literacy training, and non-financial support services influence business growth, income levels, and women's empowerment. The findings reveal that while microfinance has significantly contributed to the socio-economic upliftment of women, challenges such as high interest rates, limited outreach, and gender dynamics persist. Recommendations include policy reforms, digital inclusion, and gender-sensitive financial products to enhance the effectiveness of microfinance institutions.

Keywords: Microfinance, Women Entrepreneurs, Blantyre, Empowerment, Financial Inclusion

1. Introduction

Entrepreneurship is increasingly recognized as a catalyst for economic development, especially in low-income countries. In Malawi, women face systemic barriers to accessing formal financial services, limiting their ability to start or grow businesses. Microfinance institutions (MFIs) such as Select Financial Services and FINCA Malawi have stepped in to bridge this gap. This article investigates the extent to which these MFIs empower women entrepreneurs in Blantyre, focusing on access, impact, and challenges.

2. Literature Review

Previous studies highlight microfinance as a tool for poverty alleviation and gender empowerment (Kabeer, 2005; Mayoux, 2001). However, critiques argue that microfinance can exacerbate debt burdens and reinforce patriarchal control (Bateman & Chang, 2012). Empowerment Theory (Rachmad, 2022) and Financial Intermediation Theory (Gurley & Shaw, 1960) provide frameworks for understanding how financial access influences agency, autonomy, and economic outcomes.

3. Main Content / Discussion

Select Financial Services targets civil servants, offering loans up to MWK 5 million with a 64% interest rate. FINCA Malawi serves a broader clientele, including informal entrepreneurs, with flexible loan products and financial literacy programs. Interviews with women entrepreneurs reveal that microfinance has enabled business expansion, improved household income, and enhanced decision-making power. However, barriers such as collateral requirements, digital literacy gaps, and male dominance in financial decisions hinder full utilization.

4. Findings / Observations

- 60% of surveyed women accessed microfinance services; 50% reported business growth.
- FINCA's group lending model facilitated peer support and reduced default rates.
- Select's focus on civil servants excluded many informal women entrepreneurs.
- High interest rates and delayed disbursements were common complaints.

- Empowerment indicators such as asset ownership and household decision-making improved among long-term borrowers.

5. Conclusion and Recommendations

Microfinance has positively impacted women entrepreneurs in Blantyre, but its potential remains underutilized due to structural and operational challenges. Recommendations include:

- Lowering interest rates and simplifying loan procedures
- Expanding outreach beyond civil servants
- Enhancing digital literacy and mobile banking access
- Integrating gender-sensitive training and mentorship programs
- Establishing monitoring frameworks to assess long-term impact

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