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# Factors affecting multiple borrowing among microfinance clients: evidences from Bangladesh

Multiple  
borrowing among  
microfinance  
clients

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## Abstract

**Purpose** – Although microfinance had experienced rapid growth in most developing economies, multiple borrowing remains a growing concern for practitioners and researchers in recent years. Hence, the main purpose of the study is to evaluate the factors affecting multiple borrowing among microfinance clients.

**Design/methodology/approach** – The primary survey data of 400 microfinance clients from Bangladesh was collected to execute the research objective. Considering the types of dependent variable, this study employed logistics, probit, ordinary least squares (OLS) and Poisson regression techniques to analyze the data.

**Findings** – Among others, it was discovered that the expected (requested) loan amount is positively associated with multiple borrowing, while the level of training, small cattle farming business and marital status (widow/separated) exhibited negative effects under logistic regression. These results are robust with respect to the regression method, the specification and the definition of the outcome variable. Also, supply-side incentives (e.g. training) were found to partly influence the multiple-borrowing behavior of microfinance clients. These findings reiterate the contribution of both demand and supply-side factors to the multiple-borrowing behavior of clients. Consequently, policy implications and future research direction are advanced.

**Originality/value** – The authors have examined some individual-level characteristics as well as some supply-side incentives to better understand the underexplored issue of multiple-borrowing behavior among microfinance clients.

**Keywords** Microfinance, Multiple borrowing, Factors, Sustainability, Bangladesh

**Paper type** Research paper

## 1. Introduction

Microfinance, a system for providing small-scale loans to the poor, is an important policy intervention in combating poverty and generating self-employment in many developing countries. This system is being adopted in over 120 countries around the world and hailed as an effective channel of realizing financial inclusion of the poor and contributing toward the

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