

Determinants of microcredit satisfaction: Evidence from borrowers in Dhunat Upazila, Bogura, Bangladesh

Dr. Mst. Hasna Banu¹, Masum Mia², Samalia Binte Haque³, Dr. Md. Abdul Mazed Chowdhury⁴
and Dr. Md. Sumon Hossain*⁵

^{1 2 3 4 5}Department of Accounting and Information Systems, University of Rajshahi, Bangladesh

Email: hasna@ru.ac.bd¹; masumbbaru123@gmail.com²; upoma1999@gmail.com³; mazedchowdhury151167@yahoo.com⁴

*Correspondence: sumon7027@ru.ac.bd

Abstract

Borrower satisfaction is central to the sustainability of microcredit programs, yet evidence from rural Bangladesh remains limited, particularly on non financial determinants. This study examines how service quality, security, cost, social influence, and trust shape the satisfaction of microcredit borrowers in Dhunat Upazila, Bogura, Bangladesh. A quantitative cross sectional design was adopted, and primary data were collected from 140 borrowers, selected through convenience sampling, using a structured questionnaire with Likert scale items. The data were analyzed using descriptive statistics and multiple regression in SPSS. The results show that trust and security have significant positive effects on borrower satisfaction. Social influence has a significant negative effect, indicating that peer and community pressure reduces satisfaction. Cost has a negative but statistically insignificant effect, and service quality has a positive but insignificant effect. Overall satisfaction was low to moderate. The findings suggest that microfinance institutions should prioritize transparent procedures, secure handling of client information and funds, and voluntary rather than socially pressured participation, while keeping borrowing costs reasonable. The study contributes borrower centered evidence from a rural Bangladeshi setting, although the single upazila, the convenience sample, and the untested scale reliability limit generalization.

Keywords: Microcredit, Borrower Satisfaction, Trust, Security, Social Influence, Service Quality, Rural Bangladesh

JEL Classification: G21, O16, D12

1. Introduction

Microfinance has become an essential tool to boost the economic wellbeing of marginalized communities. For example, in Bangladesh, the country where modern microfinance was born, organizations such as Grameen Bank and BRAC have provided millions of marginalized households with small loans that enable them to generate income, improve living standards, and stop relying on informal moneylenders. Microfinance has become an essential tool to boost the economic wellbeing of marginalized communities. Microfinance has become one of the major instruments for promotion of economic empowerment and financial inclusion through provision of collateral free loans and access to credit for marginalized groups that are excluded from the traditional banking system. This enables people to start self-employment ventures, run small businesses, reduce poverty, increase education, health, and family welfare. Women, especially, benefit from microfinance through empowerment as they tend to invest their income back into families and communities. For organizations, microfinance increases their client base, improves repayment discipline, and increases their engagement in social responsibility. Also, Self-Help Group linkage programs help to decrease economic disparities through incorporation of rural population into the formal financial system. Therefore, microfinance helps to achieve sustainable development through linking individual wellbeing with organizational success and socio-economic development (Maity, 2023; Women's World Banking, 2025; The Economic Times, 2025). In the context of mobile banking in Bangladesh, Rouf et al. (2024) show that system and information quality contribute to trust, which then mediates satisfaction—an issue that is closely related to digitalization of micro-credit. In microfinance, quality of services is a critical prerequisite to satisfaction. The success of micro-credit program is determined by the satisfaction of its borrowers and Customer satisfaction becomes a strategic asset for service organizations, as it provides them with long-term benefits such as positive word-of-mouth, customer trustworthiness, and sustainability (Vizoso et al., 2023; Jadmiko et al., 2025). Moreover, Customer satisfaction in the context of microfinance depends on quality of the services provided, nature of interactions between employees and customers, and overall performance of the organization. Although the terms *microfinance* and *microcredit* are sometimes used interchangeably, they refer to different concepts. Microcredit specifically refers to the provision of small loans to low-income borrowers, whereas microfinance represents the broader provision of financial services that may include credit as well as savings, insurance, and other services (CGAP, 2003; World Bank, 2008). Thus, microcredit is a component of microfinance rather than a synonym for it. This distinction is particularly important for the present study because the research focuses on borrowers' experiences with microcredit services, especially the quality and cost of the credit services they receive.

In terms of synthesizing existing literature on microfinance, it becomes evident that most research papers have been done in general or broad settings, and the general trend has been emphasized more than specific realities. Very seldom is it seen that a study aims at a particular rural area or borrower group. Such generalization fails to address the socio-economic and cultural aspects that

play an important role in determining the satisfaction level of the borrower in a particular context. Such an absence of rural-based literature constitutes a deficiency in previous research. The identification of this gap serves as the main motivation for the current paper. In other words, a systematic review of the existing literature related to the determinants of client satisfaction in the field of microfinance, i.e., the factors affecting customer satisfaction. The objectives of the study include the evaluation of the level of satisfaction among microcredit loan clients, and there are five factors that affect the level of satisfaction positively or negatively.

2. Literature Review and Hypothesis Development

Microfinance has become a critical tool to enhance the economic status of people belonging to the marginalized groups. Satisfaction of customers is based on the performance of the organization, interaction of employees with customers, and success of the business (Briggs, Deretti and Kato 2020). Six dimensions of service quality which include Shariah law compliance, assurance, reliability, tangibles, empathy, and responsiveness were found to be significantly and positively correlated with customer satisfaction in the case of Islamic banks operating in Bahrain (Al Mubarak and Janahi 2017). Literature has indicated that poverty alleviation has a strong and positive correlation with the use of microfinance strategies (Ullah et al., 2020). Literature indicates that there are three possible emotional responses in the context of customer satisfaction including positive (satisfaction), negative (dissatisfaction), and neutral (indifference) after interacting with consumers (Bhattacharjee, 2001; Swaid & Wigand, 2007). Notable here is the way they have emphasized that although religious compliance is important, the performance of banking services plays a major role. Customer satisfaction is defined as the overall evaluation done after consuming the products or services. This is a psychological state experienced after consumption.

In addition to the above, there are many costs associated with micro-credit. If the cost is too high, the customer will be dissatisfied and this cost will add pressure to them. High-interest rates, hidden charges, transaction costs will often lead to low satisfaction. In Bangladesh, it was found that the level of satisfaction decreased due to borrowing costs. According to Islam (2019), perceptions of fairness in pricing have a significant impact on increasing commitment of the MFI customers in Bangladesh. It is necessary to mention that, in the context of Micro Finance Institutions (MFIs), customers are willing to keep relations with MFIs which they think charge a reasonable transaction fee and offer reasonable loan and deposit interest rate. Hence, fairness perceptions, including price fairness, contribute to higher relationship commitment. Responsible pricing and 58 client protection practices, including transparent terms and respectfulness, are essential for maintaining customer satisfaction and viability of organizations according to Lamichhane (2021). Trust is highly related to the concept of satisfaction. The provision of valid information will improve customer satisfaction. Reliability, responsiveness, assurance, empathy, and tangibles are elements of service quality and they increase customer pleasure and business growth. Conclusively, Bashir et al. (2023) found that high service quality in addition to positive user experience contributes

greatly to higher customer satisfaction levels among e-banking customers in Bangladesh. Negative perceptions can arise from social influences such as word of mouth, peer pressures and social media resulting in unrealistic expectations that fail to meet those of the real product or service. The research of Beyari & Abareshi (2018) found that the positive peer advice and social validation not only increased customer satisfaction but also created trust and decreased decisional uncertainty. Khan, Hassan, & Saleem (2022) also revealed that social influence positively impacts customer intention in the case of Islamic banking implying the same for borrowers' satisfaction through community validation and normative approval. Security of financial services means protection of the clients' information transactions. Transaction security and data protection is security. High security increases the confidence. According to Kassim & Mujinga (2024), security is one of the main determinants of customer happiness besides service quality. In addition, Lee (2009) proved that security decreases risk perception, thus increasing satisfaction.

In contrast, Rashid et al. (2018) used survey data, exploratory factor analysis, and regression analysis to examine the determinants of the satisfaction of Islamic microcredit clients in rural Bangladesh. It was discovered that center-based activities (weekly meetings, training, and performance assessment) are crucial for satisfaction formation. Notably, the competencies, trust, and conveniences of loan procedures were identified to have a significant positive impact on the satisfaction of the borrowers. These results indicate the significance of service quality and trust-related factors for the enhancement of the satisfaction level in the microcredit sector. Another previous study assessed the level of the borrower satisfaction with the goods and services of microfinance institutions (MFI) using the Fuzzy Comprehensive Evaluation Method (FCEM) and the Analytic Hierarchy Process (AHP). It was shown that, contrary to the official claims of the MFI, the borrowers of the microloans were rather unsatisfied with both products and service quality. This indicates that there are problems with the lack of transparency, responsiveness, and client-centricity of MFIs. These results imply the necessity of policy development and operational strategy adjustment at the MFI level and on behalf of the government regulator in order to better ensure the borrower welfare. Overall, the study is focused on the contradiction between the institutional claims and borrower experience in the microfinance services, made by Yang et al. (2022). Kundu (2011) evaluated the impact of microfinance loans and the National Rural Employment Guaranty Scheme (NREGS) on the villagers' satisfaction and empowerment. The study involved the comparison of the participants of different microfinance programs and compared individual and joint liability contract participants. According to the results of the research, both the microfinance participation and NREGS employment increased the happiness of the villagers. In addition, the SHG members of the SGSY scheme were happier and more empowered than those participating in the VSSU program. The current study will use an integrated Fuzzy Comprehensive Evaluation Method (FCEM) and Analytic Hierarchy Process (AHP) to assess the borrower satisfaction with microfinance products and services. The following case study was carried out to demonstrate how the above-discussed integrated method can be useful in making

better decisions for researchers and practitioners. The findings indicated that borrower satisfaction is influenced by a range of service and product characteristics, and the proposed model provides useful information to improve service delivery in microfinance institutions. The following study analyzed the determinants of customer satisfaction in microfinance institutions (MFIs) in Ghana by using customer surveys and interviews with MFI management. It was shown that customer satisfaction is highly dependent on customers' experiences and motivations to interact with MFIs. In addition, the satisfaction outcomes were strongly affected by demographic characteristics such as education and household income. The results of this study indicate how crucial is the role of MFIs in working with underprivileged households and micro-enterprises. Overall, the study considered both experiential and demographic aspects in explaining borrower satisfaction, as described in Agyei-Boapeah et al., (2020). In Yasmeen et al., (2019), the effect of microfinance participation and empowerment on satisfaction level of women borrowers was investigated by using cross-sectional survey and multinomial logit analysis. According to the findings, women borrowers had a high level of satisfaction, and the loan amount was a significant predictor of satisfaction outcomes. Empowerment was found to be a key mediating variable influencing the effect of microfinance access on women satisfaction. However, the research had limitations associated with multinomial probit model and lack of prior research on women empowerment and satisfaction. Overall, the study highlights the importance of loan accessibility and empowerment in increasing women satisfaction from microfinance. Reliability, responsiveness and empathy are the dimensions of service quality affecting customer satisfaction according to the 2023 global survey on microfinance. In addition, institutional affiliations and technology adaptation were the key moderating factors in the link between service quality and satisfaction results. The study offered empirical evidence regarding how improvements in service quality dimensions increase the levels of borrower satisfaction along with emphasizing the effect of institutional environment on customer experience. In summary, the study stresses the importance of service quality in the analysis of microfinance satisfaction across the globe. The aim of Islam and Natori (2014) was to find out the factors affecting borrower satisfaction and make recommendations on how to improve service delivery. The factors affecting borrower satisfaction in the study were categorized in three groups: product factors, human resources, and physical attributes using a pilot and follow-up questionnaires which were analyzed through regression and structural equation modeling (SEM). The results showed that interest rate, loan installment flexibilities, compulsory savings, behavior of staff members, trust in record keeping, and mobile money transfers were the main factors contributing towards satisfaction. The scope of the study was limited to some selected few variables which did not allow any generalization.

2. Hypotheses Development

2.1.1 Service Quality and Satisfaction

Service quality is another critical factor to be considered in measuring customer satisfaction. In the case of micro finance institutions, for instance, Bashir et al. (2012) observed that service quality has a positive and significant effect on customer satisfaction. As per Das & Jannat (2018), an empirical study carried out on the state-owned commercial banks of Bangladesh revealed that some dimensions of service quality, particularly service speed and personal attention, have a negative effect on customer satisfaction although some other dimensions such as reliability and tangibility are positive. The study by Cronin and Taylor (1992) specifically addresses service quality as a precursor to satisfaction. As mentioned in their article in the Journal of Marketing, they say that “service quality is an antecedent of consumer satisfaction,” which means that the better the service quality, the better the customer satisfaction. In the same way, Sureshchandar et al. (2002) discovered that service quality and customer satisfaction are directly related – “an increase in one is likely to lead to an increase in another,” meaning that good service quality results in higher customer satisfaction. So, we postulate that

H₁: Service quality is positively associated with client satisfaction

2.1.2 Security and satisfaction

According to Khatoon et al., (2020), it can be seen that secure mobile banking services are of vital importance when it comes to improving customer satisfaction. It has been discovered by researchers that satisfaction is an important mediator for the relationship between service quality and loyalty. Perceived security in internet banking reduces customers’ risk perceptions. Lower risk encourages more positive attitudes toward using digital financial services. This in turn increases both satisfaction and adoption intentions demonstrated by Lee (2009). Laforet & Li (2005) reported that Chinese banking customers often became dissatisfied when strict security checks created inconvenience and slowed transactions. Wang et al. (2003) identified security as a major determinant of user satisfaction in internet banking. Customers considered safety of online transactions a prerequisite for acceptance. Increased security encouraged customer pleasure and ongoing use of the service. We hypothesize that,

H₂: Security is positively linked to client satisfaction

2.1.3 Cost and Satisfaction

The following is the claim from Islam, Saki & Islam (2022), that the high interest rate in Grameen Bank had negative impacts on customer satisfaction implying that cost reduction is key to perception improvement. High costs of loans will discourage customers’ motivation and satisfaction which is against the principle of poverty reduction according to Armendáriz & Morduch (2010). Evidence from the empirical study indicated that increased costs lowered satisfaction levels leading to decreased brand loyalty, as per the statement by Ali et al. (2010). Evidence by Zeithaml (1988) that shows the tendency of customers to perceive high prices as high quality which increases their satisfaction when service delivery is consistent. This shows that

though microfinance helped to alleviate poverty, the high borrowing cost made the customers face problems during repayments lowering their satisfaction levels. We assume that,

H3: Cost is negatively associated with customer satisfaction

2.1.4 Social Influence and Customer Satisfaction

Found by Widiastuti & Rahayu (2020) that borrowers in microfinance groups often experienced stress due to peer monitoring and repayment pressure. This coercive peer influence lowered satisfaction, even when members successfully repaid loans. The study highlights the negative side of collective group pressure in microfinance. Small business owners frequently faced excessive expectations from family and community members. These social obligations placed additional strain on entrepreneurs, generating dissatisfaction and frustration. The findings suggest that strong social influence can undermine personal satisfaction and autonomy is stated by Mahmood & Hanafi (2013). In rural Bangladesh, social support and positive peer views strongly enhanced customer satisfaction with rural banking presented by Hossain et al (2021). The theory of diffusion of innovation suggests that social networks and opinion leaders are very important aspects for influencing acceptance and satisfaction in the adoption of new services. In research conducted by Venkatesh et al. (2003) on the development of UTAUT model, it was observed that there is a very important element of social influence which influences the behavior of users. People tend to be influenced by others and become more accepting and satisfied with the technology if their friends, family members, or even people of authority influence them. We hypothesize that,

H4: Social influence is negatively associated with customers satisfaction.

2.1.5 Trust and Satisfaction

Trust is commonly acknowledged as a key component of happiness in financial services. According to Shan Ho and Wong (2023), “trust is positively and significantly related to customer satisfaction” in the financial sector. The intention to use mobile banking is positively influenced by trust because mobile banking is user-friendly by its nature, and that’s the statement of (De Leon, 2019). The "positivity bias" paper hints at refraining from inferring trust; actual satisfaction may be lower than perceived, even with high trust signals Kias et al (2018). Proposed the Commitment-Trust Theory, arguing that trust is a key driver of relationship quality, directly enhancing customer satisfaction and loyalty by Morgan & Hunt (1994). when customers invest trust in long term service relationships and the provider fails to deliver, dissatisfaction is much stronger compared to low-trust relationships (De Wulf, Odekerken-Schröder, & Iacobucci, 2001). We assume that,

H5: Trust is positively linked to client satisfaction.

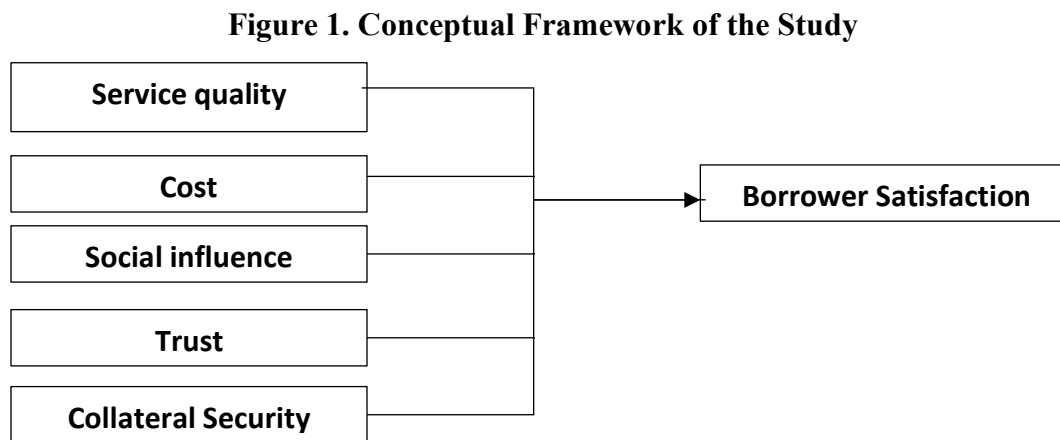
3. Methodology

3.1 Research Design

This research was conducted through a quantitative approach to understand the factors affecting the satisfaction level of microcredit borrowers. A structured questionnaire was developed in order to get answers from the respondents on different dimensions including service quality, security, cost, trust, and social influences.

3.2 Conceptual Framework of the Study

Figure 1 shows the conceptual framework of the study



Source: Authors' Compilation

3.2 Population and Sample

The target population in this research comprised individuals who had received microcredits. Consequently, 200 questionnaires were distributed, out of which 160 were returned, but only 140 were considered valid while the remaining 20 were deemed invalid. The sample technique applied was convenience sampling considering the time and availability factors. Even though it affects generalization, it was an effective way of collecting data in relation to the research area.

3.3 Data Collection Method

The collection of primary data was done through personal interviews based on a standardized survey questionnaire containing both demographic information and Likert scale items addressing different aspects of satisfaction. The survey was conducted personally for the purpose of attaining a higher response rate.

3.4 Variables and Measurement

Table 1 shows the operational definition of the variables of the study.

Table 1. Operational Definitions

	Symbol	Abbreviation	Definition
Dependent variable	SAT=	Satisfaction	A 1 to 5 likert scale was used to measure this.
Independent variables:	SQ=	Service quality	Borrowers' attitudes of the quality, dependability, and responsiveness of microcredit services.
	SEC	Security	Borrowers' views on the safety and security of their financial transactions and personal information.
	C	Cost	Borrowers' financial and non-financial expenditures associated with microcredit access and repayment.
	SI	Social Influence	The impact of family, peers, and community on borrowers' use and ongoing engagement in microcredit.
	TST	Trust	Borrowers believe the MFI is trustworthy, fair, honest, and transparent.

3.5 Data Analysis Methods

SPSS (Statistical Package for the Social Sciences) was used to evaluate the gathered data. The features of the data and the respondents' satisfaction levels were summarized using descriptive statistics, such as mean, standard deviation, skewness, and kurtosis. Additionally, the impacts of service quality, security, cost, social influence, and trust on microcredit satisfaction were investigated using multiple regression analysis. Descriptive Statistics: To summarize the demographic characteristics and satisfaction aspects. (mean, standard deviation, skewness, kurtosis). The following regression model was employed:

- Regression model:

$$SAT = \beta_0 + \beta_1 SQ + \beta_2 SEC + \beta_3 C + \beta_4 SI + \beta_5 TST + \varepsilon$$

Where, SAT = Satisfaction, SQ = Service Quality, SEC = Security, C = Cost, SI = Social Influence, TST = Trust, β_0 = Constant, β_1 – β_5 = Regression coefficients, and ε = Error term.

3.6 Validity and Reliability

Validity and reliability of the questionnaire were taken into consideration through the construction of items based on constructs and literature. Validity was achieved by basing the items on the variables in the study that include service quality, security, cost, social influence, trust, and satisfaction. On the other hand, reliability could not be achieved through Cronbach's Alpha test due to lack of time and resources.

3.7 Ethical Considerations

The purpose of the research was explained to each participant, and participation was entirely voluntary. Anonymity and confidentiality were meticulously maintained throughout the research process.

4. Data Analysis and Interpretation

The results of the study of the data collected from 140 microcredit borrowers in Dhunat Upazila, Bogura, are explained in the section that follows. The demographic profile of the respondents, descriptive data on satisfaction dimensions, and inferential analysis on factors that predict satisfaction using a regression model comprise the three sections of this investigation.

4.1 Respondents Demographic Profile

Table 2, depicts the demographic characteristics of the respondents in the study. Firstly, as per the gender distribution, out of the total respondents, 58 individuals (41.4%) are males, while 82 individuals (58.6%) are females. It signifies that there are relatively more number of microcredit consumers as females, which conforms to the prevalent practice that microfinance programs target women.

Table 2. Demographic Information

Characteristics	Category	Frequency	Percentage	Total
Gender	Male	82	58.6	100
	Female	58	41.4	
Age	Less than 20	43	30.7	100
	20-30	57	40.7	
	30-40	40	28.6	
Marital Status	Single	3	2.1	100
	Married	111	79.3	

	Widow	21	15.0	
	Divorce	5	3.6	
	Illiterate	68	48.6	
	Matric	46	32.9	
Education level	Higher Education	4	2.9	100
	Graduation	18	12.9	
	Post-Graduation	3	2.1	
	Vocational	1	.7	
	Employed	12	8.6	
	Self-Employed	17	12.1	
	Labor	22	15.7	
Occupation	Housewife	71	50.7	100
	Unemployed	13	9.3	
	Professional	1	.7	
	Family-owned Business	2	1.4	

Source: Authors' calculation based on survey data, 2025

There are more chances that the microcredit organizations operating in the area are concerned about economic empowerment of women through financial services. Moreover, the gender distribution shows that microfinance is considered as an instrument for empowering women and reducing poverty on a national and international level. Secondly, as per age distribution, it is observed that the highest proportion of the respondents (57 individuals) is from the age group of 20-30, which means that young adults are most enthusiastic participants in the microcredit programs. They are followed by 43 respondents (30.7%) below the age of 20, and 40 respondents (28.6%) in the age group of 30-40. It shows that the age group of youth and early adults prefer microcredit as they might be interested in business and livelihood-related financial services.

Thirdly, in terms of marital status, a major number of respondents 111 respondents (79.3%) are married, which implies that most of the microcredit services are utilized by people who are married. Besides, 15.0% (21 respondents) are widows, which shows that microcredit services are used for helping vulnerable and possibly economically weaker segments of the society, particularly women. Besides, a few respondents are divorced (3.6%) and single (2.1%). The domination of married people in the sample implies that the microcredit programs might be attractive for stable households who need loans either for family needs or for doing any business or house-related work. It is clear from the data that microcredit services play an important role in making financially inclusive services available to underprivileged segments of the society. Fourthly, in case of educational qualifications of the borrowers of microcredit loans, it has been seen that a major number of respondents 68 respondents (48.6%) are illiterate, which implies that nearly half of the microcredit service users do not have any education. The above distribution clearly shows that microcredit facilities are being used by people with lower levels of education. Also, the fact that education is not a barrier to the access of microcredits implies that the financial facilities are being utilized by people with low or no formal education at all, hence uplifting the poor in terms of economic status. Lastly, the occupational distribution of the microcredit reveals that 71 people (50.7%) fall under the category of housewives implying that microcredit programs in the region have greatly empowered women who are not formally employed. The above analysis proves the social outreach role of microfinance in rural Bangladesh, especially in targeting women and poor or unemployed people.

Additional key objectives include:

- Housing (22.1%), indicating microcredit is helping improve or construct homes.
- Consumption (9.3%), covering daily household needs.
- Education (5.7%), which, although low, still reflects some investment in human capital.
- Marriage (4.3%), which represents cultural and social obligations often requiring financial support.

The data indicates that microcredit in this region is predominantly being used for non-productive or welfare-oriented purposes, especially emergencies and housing, rather than for business or income-generating activities. This might reflect borrowers' financial weaknesses and point to the need for program reorganization or financial literacy to promote more efficient loan use.

4.2 Descriptive statistics of satisfaction attributes items

The central tendency, variability, and distribution of replies were evaluated using descriptive statistics such as minimum, maximum, mean, standard deviation, skewness, and kurtosis. The study was based on 140 genuine respondents. The mean ratings for service quality varied from 1.46 to 1.85, with Staff Behavior having the highest mean (1.85). The comparatively low standard

deviations showed that there was little variety in the replies. The mean ratings for security varied from 1.79 to 3.56; Security 1 and Security 2 had higher mean scores (3.49 and 3.56), while Security 3 had a lower mean (1.79). Although Security 3 had a greater kurtosis (5.049), indicating a more concentrated distribution with certain extreme answers, the skewness and kurtosis values generally exhibited properly dispersed responses.

Table 3. Descriptive Analysis of Satisfaction Attributes

Variable		N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
Service Quality	SQ-1	140	1.00	2.00	1.4643	.50051	.145	.205	-2.008	.407
	SQ-2	140	1.00	3.00	1.5643	.56531	.349	.205	-.828	.407
	SQ-3	140	1.00	4.00	1.8500	.74838	.462	.205	-.424	.407
	SQ-4	140	1.00	3.00	1.5071	.51588	.131	.205	-1.616	.407
Security	SEC-1	140	1.00	5.00	3.4929	1.0423	-.716	.205	.038	.407
	SEC-2	140	1.00	5.00	3.5643	1.0942	-.668	.205	-.145	.407
	SEC-3	140	1.00	5.00	1.7857	.59718	.934	.205	5.049	.407
Cost	C-1	140	1.00	5.00	3.1071	.76522	-.576	.205	1.064	.407
	C-2	140	1.00	5.00	2.1714	.58694	2.767	.205	9.267	.407

Social Influence	C-3	14 0	1.00	5.00	2.214 3	.60911	2.17 9	.20 5	5.31 9	.40 7
	SI-1	14 0	2.00	5.00	3.757 1	.57366	-.644	.20 5	.897	.40 7
	SI-2	14 0	2.00	5.00	3.678 6	.68139	.366	.20 5	-.629	.40 7
	SI-3	14 0	1.00	5.00	3.914 3	.95575	-.429	.20 5	-.610	.40 7
	TST -1	14 0	1.00	4.00	2.078 6	.52379	.708	.20 5	2.64 2	.40 7
Trust	TST -2	14 0	1.00	4.00	1.678 6	.55318	.287	.20 5	.921	.40 7
	TST -3	14 0	1.00	3.00	1.950 0	.48466	-.134	.20 5	1.30 3	.40 7
	TST -4	14 0	1.00	3.00	1.878 6	.45626	-.477	.20 5	1.33 6	.40 7
	TST -5	14 0	1.00	3.00	1.714 3	.52678	-.183	.20 5	-.532	.40 7

Source: Authors' calculation based on survey data, 2025

A five-point Likert scale was used to measure the three cost-related variables: interest rate, file charge, and transport cost. With mean ratings of 3.11, 2.17, and 2.21, respectively, there was comparatively more agreement on interest rates and less agreement regarding file and shipping expenses. The replies showed little variance, with standard deviations ranging from 0.59 to 0.77. While File Charge and Transport Cost were favorably skewed, suggesting a concentration of answers toward the lower end of the scale, Interest Rate had a modest negative skewness. More concentrated distributions with some severe reactions are suggested by the higher kurtosis values for File Charge and Transport Cost.

The majority of respondents felt that social aspects affected their microcredit experiences, as seen by the three social impact items—Community Respect, Repayment Pressure, and Neighbor Evaluation—recording mean scores above 3.50. The mean score for Neighbor Evaluation was the

highest (3.91). The replies showed a considerable degree of variance, with standard deviations ranging from 0.57 to 0.96. With minor variations in the concentration and symmetry of the individual items, the skewness and kurtosis values indicate responses that are generally well distributed.

Responses from 140 respondents were used to evaluate the five trust-related items: Recognition Respect, Process Clarity, Approval Transparency, Payment Trust, and Promise Keeping. The mean ratings varied from 1.68 to 2.08, with Process Clarity having the lowest mean (1.68, SD = 0.55) and Recognition Respect having the highest mean (2.08, SD = 0.52). The replies showed comparatively little variance, with standard deviations ranging from 0.45 to 0.55. Although Trust 1 had a comparatively higher kurtosis value (2.64), suggesting a more concentrated distribution, overall the skewness and kurtosis values indicate properly dispersed answers.

The descriptive statistics for Satisfaction reveal that the scores varied from 2.00 to 4.00, with a mean of 2.52 and a standard deviation of 0.52, indicating a low-to-moderate level of satisfaction with little variance among respondents. The skewness number (0.073) suggests a nearly symmetrical distribution, whereas the kurtosis value (-1.626) shows a flat distribution with fewer extreme reactions.

Table 4. Variance Inflation Factor of each item of Independent Variables

Variables	Items	Tolerance	VIF	Variables	Items	Tolerance	VIF
Service Quality	SQ1	.339	2.949	Social Influence	SI 1	.462	2.163
	SQ2	.280	3.569		SI 2	.420	2.379
	SQ3	.463	2.160		SI 3	.557	1.796
	SQ4	.603	1.659				
Security	SEC1	.685	1.459	Trust	TST 1	.656	1.525
	SEC2	.599	1.669		TST 2	.428	2.335
	SEC2	.594	1.684		TST 3	.732	1.367
Cost	CST1	.608	1.646		TST 4	.527	1.897
	CST2	.371	2.692		TST 5	.574	1.743
	CST3	.436	2.294				

Source: Author's calculation from survey data using SPSS 20

The Service Quality items (SQ1–SQ4) have VIF values ranging from 1.659 to 3.569, with tolerance values between 0.280 and 0.603, indicating acceptable levels of multicollinearity. Similarly, the Social Influence items (SI1–SI3) report VIF values between 1.796 and 2.379 and tolerance values between 0.420 and 0.557, suggesting no problematic multicollinearity. The Security items (SEC1–SEC2) show VIF values of 1.459 and 1.669, with tolerance values of 0.685 and 0.599, respectively, which are also within acceptable limits. For Cost, the VIF values range from 1.646 to 2.692, while the tolerance values range from 0.371 to 0.608, indicating that multicollinearity is not problematic. The Trust items (TST1–TST5) have VIF values ranging from 1.367 to 2.335 and tolerance values from 0.428 to 0.732, further confirming acceptable multicollinearity levels. Overall, all VIF values are substantially below the critical value of 10, and all tolerance values exceed 0.10, indicating that the independent variables do not suffer from serious multicollinearity. Therefore, the results support the suitability of the independent variables for subsequent regression analysis, as multicollinearity is unlikely to distort the estimated regression coefficients.

4.3 Regression Results

This multiple regression analysis was carried out in order to assess the impact of security, social influence, cost, service quality, and trust on the customers' satisfaction with microcredit loans. The statistical model used turned out to be significant ($F=4.275$, $p<0.001$) and it explained about 20.7% of the variance in customer satisfaction ($R^2 = 0.207$). Of the variables considered, only trust ($\beta=0.307$, $p<0.001$) and security ($\beta=0.210$, $p=0.008$) had a significant positive impact on customer satisfaction with their microloans. This means that greater trust in the microfinance institutions by borrowers and perceived transaction security significantly increase the level of customer satisfaction.

Table 5. Regression Output

Independent Variables	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	2.521	.040		62.893	.000
Security	.108	.040	.210	2.687	.008
Social Influence	-.080	.040	-.155	-1.983	.049
Cost	-.068	.040	-.132	-1.696	.092
Service Quality	.033	.040	.063	.809	.420

TRUST	.158	.040	.307	3.932	.000
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Observation: 140; R-Square: 0.207; Durbin-Watson Stat.: 1.689; F: 4.275; P=.000

Source: Authors' calculation based on survey data, 2025

On the other hand, social influence ($\beta=0.155$, $p=0.049$) turned out to have a negative impact on the borrowers' satisfaction level. Even though cost ($\beta=-0.132$, $p=0.092$) also negatively impacted customer satisfaction, its effect was insignificant at 5%. Service quality ($\beta=0.063$, $p=0.420$) had a positive but insignificant impact on customer satisfaction. The Durbin-Watson value (1.689) showed that there was no autocorrelation and the VIF values of all predictors were 1.000 showing no multicollinearity.

5. Conclusion

The study investigates the determinants of microcredit borrower satisfaction in Dhunat Upazila, Bogura by incorporating satisfaction dimensions such as service quality, security, cost, social influence, and trust in shaping overall satisfaction levels. Applying descriptive and regression analyses, the study provided key insights into borrower-centered perspectives in microfinance. From the research, the biggest positive determinants of satisfaction were found to be security and trust indicating the relevance of reliability, transparency, and security of financial services. On the other hand, the social influence had negative effect on the level of satisfaction because the external peer pressure and society decrease the borrower experience. The cost had negative relationship but it was insignificant while the service quality had positive but it was also insignificant. Consequently, the study findings indicate that MFIs need to have transparent loan process, decreasing financial load, increasing security measures and trust in processes and records. Decreasing the costs of borrowing like the interest rates and fees is critical for satisfaction increase. The problem with negative social influence needs to be solved by voluntary participation of people in groups. The improvement of customer service quality will make the environment borrower-friendly. Practical recommendations on how to organize more borrower-friendly microcredit programs are provided by the results of the study. However, the sample size of this study was restricted to only one upazila, thus making the application of the results somewhat restricted. Moreover, the scope of variables chosen was too narrow, since there are other variables that can affect the level of satisfaction of borrowers. Further studies should include larger samples from various regions, use better measurement techniques, and incorporate more variables. Moreover, it will be interesting to explore the influence of digital banking on borrowers' satisfaction.

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