

## The socio-cultural influence on client behaviour in the microfinance sector

Prof Robert V. Goedegebuure (Phd)<sup>a</sup>, P. Jayashankar (MBA)<sup>b</sup>

<sup>a</sup> The Maastricht School of Management, [goedegebuure@msm.nl](mailto:goedegebuure@msm.nl)

<sup>b</sup> Doctoral researcher, The Maastricht School of Management, [priyanka@msm.nl](mailto:priyanka@msm.nl)

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### Abstract

The study provides qualitative insights into socio-cultural factors, which shape the Indian microfinance market. The research sheds light on the lifestyle trends and credit usage patterns of specific socio-cultural groups. The role of social-cultural identity in the formation of self-help groups, the peculiarities of regional credit markets, and MFIs' outreach strategies towards socially disadvantaged communities come under the ambit of the study. The client relationship and product development strategies of MFIs across diverse regional markets have been analyzed through case studies. The role of religious organizations in promoting and endorsing microfinance is a core focus area of the research.

The religious connotations of marketing microfinance products assume significance in the light of the recent events in Kolar, Karnataka. MFIs in Karnataka have altered their client diversification and outreach strategies due to religious opposition to microfinance in the region.

The Kolar episode poses a new set of challenges and opportunities in terms of product development. The study also focuses on the client relationship strategies of a faith-based MFINGO working with diverse tribal groups of the North East,. The lifestyle and credit usage of the various tribes has been discussed. The impact of MFIs on the scheduled caste and scheduled tribe communities functioning in Northern and Southern India has been documented.

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### Research outline

The proposed study provides insights into the socio-cultural influence on client behaviour in the Indian microfinance sector. The research sheds light on the lifestyle trends and credit usage patterns of specific socio-cultural groups. The impact of microfinance on socially disadvantaged communities, the role of religious groups in endorsing microfinance and the penetration of MFIs into tribal regions come under the gamut of the study.

Socio-cultural factors coming under the purview of the study include linguistic identity, religion, caste and tribal affiliations. A qualitative, case-based approach will be used to gain an in-depth knowledge of the cultural environment in which microfinance institutions operate. The MFIs NEED, Gram Tarang, Nirantara, Navachetana, IDF and ECLOF have participated in the study.