



How access to sustainable finance alleviates poverty: A case study of Blantyre rural Malawi

Kondwani Kachamba Ngwira¹, Saima Sajid^{2*}, Syed Saqlain ul Hassan³, Hao Liu^{4, 5}

¹Faculty of Business Communication and Law, Inti International University Malaysia.

²Senior Lecturer, Faculty of Business Communication and Law, Inti International University Malaysia

³Faculty of Law, University of Sialkot, Pakistan

⁴Faculty of Business Communication and Law, Inti International University Malaysia

⁵School of Engineering Management, Changchun Institute of Technology, Changchun 130012, China

Abstract

The study evaluates the extent to which sustainable financing restrains the poverty of individuals in the rural community of Blantyre, Malawi, with specific reference to the Project Innovation Centre (PIC) Business Development Fund. A quantitative research design was used in the study by gathering data from 150 borrowers of PIC Business Development Fund Microcredit. To find the effect of microcredit on the self-efficacy of a borrower, their loan use, and financial management, the quantitative approach using questionnaire was used. Findings revealed that the married people and those who spent three to five years in the area had the highest levels of trust in loan access. However, confidence lacks consistency in grouping demographically since the divorced and widowed participants are more perplexed. Although it enjoys great availability of loans, many of the respondents have little ability to make predictive, productive investment adjustments, accompanied by slight gains in financial planning. Such findings provide evidence that even though people are less bound in terms of the right to gain access to loans, unmet need exists due to insufficient understanding of how to utilize microfinance, extensive outreach efforts, and non-financial services. Whilst in such a strategically framed way of being, which relates actual borrowing requirements and entry-level capabilities, the long-term finance can help in the alleviation of poverty in the rural areas of Malawi, whereby the micro-credits repayment is most likely to attain its maximum payoffs when used along with proactive customized support within the level of the actual abilities of the borrower.

Keywords: Sustainable finance, Poverty alleviation, Micro-Credit, Quantitative analysis, Financial management.

1. Introduction

Long-term financing is an important aspect of the scope of poverty alleviation and the inclusive growth agenda, particularly in developing countries. Sustainable finance provides financial services that meet the needs of those communities who lack sufficient access to such services, and it is in a responsible, economically rational, and ecologically friendly manner. It is particularly necessary in sub-Saharan Africa, where the inability to access financial services remains a social and economic growth factor.

The Global Findex Database (2022) says that out of everyone in the world, 1.4 billion adults do not have a bank account, and most of that population is from Africa. Only 29% of adults in Malawi have access to formal finance (Fin scope Malawi, 2022).

There is a great opportunity to change the situation with financial inclusion because finance, mobile banking, and fintech solutions are in incredible

places. For instance, GSMA (2023) reports that 60% of people in Sub-Saharan Africa who had no bank account were still able to receive money because of mobile money services. In addition, the FSD Malawi (2023) financial literacy and credit access initiatives with smallholder farmers and the informal sector workers are very supportive and promising.

Notwithstanding such improvements, several issues prevail. These may include high interest rates charged on loans, lack of financial literacy, gender gaps, and poor digital infrastructure, among others. Such obstacles do not allow low-income earners (especially those in rural areas) to enjoy the full benefits of financial services. Hence, this means that democratic access to finance is not enough to ensure that poverty is reduced in a significant manner unless appropriate contextual support mechanisms accompany the same.

Notwithstanding the emerging body of literature on sustainable finance, most of the literature is available on institutional performance or generalized

measures of financial inclusion. The knowledge of the consequences that sustainable financing has on individual borrowers is lacking, whereby the individual borrowers in the homeland of Malawi, particularly the rural population, are given more emphasis. The research is aimed at filling that gap by analyzing the experience of beneficiaries of the Project Innovation Centre (PIC) Business Development Fund in Blantyre Rural District. The research design is a quantitative one, and it examines the influence of sustainable finance on the self-efficacy of borrowers, the use of loans, and financial planning.

This study can be a welcome addition to the existing body of research on the topic of poverty alleviation because it is grounded in evidence that is based on continuing the credible research carried out among the marginalized communities. It also brings to focus the manner in which customized financial and non-financial assistance can enhance the potential of microfinance in underprivileged environments. This research aims to use the findings to guide both policy and practice in improving the effectiveness of sustainable finance in Malawi and other contexts.

1.1. Demographic profile of Malawi

Malawi is a landlocked nation in southeastern Africa, surrounded on the northwest by Zambia, the northeast by Tanzania, and the south, east, and west by Mozambique. The country has around 22 million inhabitants and a median age of 22.7 years, demonstrating that the population is relatively young (World Population Review, 2025). This demographic characteristic is a double-edged sword and offers potential and obstacles in socio-economic development as the youthful population is likely to serve as the country's future working population. However, the youth population would also place enormous strain on the social, employment, and economic systems of the country.

1.1.1 Population structure and distribution

Comments on the demographic and socio-economic structure of the country show Malawi is predominantly rural, more than 80% of the population lives in rural areas and primarily practices subsistence agriculture, this structure is particularly

concentrated in the rural heartland of the country, smallholder farming is the major source of income and employment in this area (World meter, 2025). The rural areas in Malawi are also the most impoverished in the country with many people lacking the easy access to the most basic social and community services like health and education, the infrastructure is also poor; this condition contributes to the poverty of the population (Malawi National Statistics,2024).

Malawi National Statistics indicates that it has also been growing at a much lower rate and currently around 18-20% of the total population.

While the nation's rate of urbanization is increasing, it is still relatively low in comparison with other Sub-Saharan African nations (Malawi National Statistics,2024). This slow urbanization highlights the still existing rural-urban divide, with Lilongwe and Blantyre being the country's economic centers but still facing issues of overpopulation, unemployment, and lack of public services. This urban rural divide is crucial in assessing the effectiveness of microcredit and similar interventions, as they are intended to benefit rural people, but do not adequately address the issues pertaining to rural areas.

1.1.2 Age structure and labor force participation

Malawi's population has a very young age structure, with a median of 22.7 years (World Population Review, 2025). This demographic has heavy concentration and focuses on youth, for which a large share of rural population constitutes. The youth dependency ratio is rather high, as a significant share of the population is too young to work, and a large share too old to be economically active. The demographic of the country is even more challenging with a rather low life expectancy of 66.5 years (World Bank, 2025). This is because older people tend to remain in the informal sector of the economy for a prolonged duration of time, with even less access to social services, and financial support mechanisms.

Even though a large share of the population is youth, there is a large part of the youth labour force which faces a multitude of challenges regarding education and skills training, as well as employment

opportunities. This has led to a very high rate of under-employment and unemployment of young people, and particularly in rural areas which are very limited in what they can offer for more formal employment opportunities (World Bank, 2025; Moghavvemi et al., 2025). A significant part of the youth is left with no option other than the informal sector, which includes self-employment, and subsistence agriculture, and are small scale businesses, which are very much unbacked by any formal financial services and economic structure.

1.1.3 Gender dynamics and social inequality

When it comes to Gender, there are still large gaps in the country, and in Malawi for women education is still highly unequal as well as the economic activity where women participate is considerably less than for men.

Most rural areas in Malawi have financial institutions and services bias against women, and they have poverty and financial exclusion without land ownership, employment, and financial services. Poverty affects women to a greater extent as they must depend on microcredit loans and informal savings, but gender bias and social norms prevent them from getting loans to expand a business or accumulate wealth (UN Women, 2023).

These microcredit services, along with educational and business services, have created policies to empower women in Malawi, but there is a lack of financial education, no collateral, and cultural barriers to women entrepreneurship (remote areas of Malawi) (UN Women, 2023).

1.1.4 Education and literacy levels

The degree of educational attainment Malawi can receive is a major factor to socio economic mobility, especially in rural areas. The Ministry of Education states that for adults aged 15 and Older, only a little more than 2 out of every 3 adults (62.4) are internationally classified as being literate; this figure does not take into account even higher illiteracy rates as socioeconomic status declines and other disparities as one moves away from urban areas to more rural settings (Malawi Education Statistics, 2024). Despite there being free primary schooling, a large number of youngsters in rural areas are

severely influenced by a number of factors, for example, poor infra-structure, overcrowded classrooms, and excessive school dropout rates, and as a result, these youngsters miss out on valuable opportunities to acquire and utilize important skills in the formal labor market in order to get ahead (Malawi Education Statistics, 2024).

Aside from the problems of educational attainment on socioeconomic status, Malawi must deal with a constrained educational system because of severely limited primary schooling resources, as illiteracy will always result in an unreasonable and excessive demand for poor rural illiterates' assistance. Impractical educational resources challenge the objectives of microcredit programs that expect the poor, illiterate, and economically inactive to utilize the loans successfully, and that there be a control of movement and provide budgeting for loans. A logic illiterate society and poor people will always result in loans being used for movement and that it be constructed around a discipline of expenditure.

1.1.5 Health and social services

Access to healthcare is another critical area where rural populations in Malawi face significant challenges.

The disparity of urban and rural healthcare systems is pronounced, and by default rural areas are disadvantaged due to longer access to care and treatment. This further compound their negative health outcomes and leads to additional co-mobilities (World Bank, 2025).

Malawi, as many other countries in the region, faces the dual challenge of malnutrition, HIV/AIDS, and malaria, especially in remote areas where health services are lacking. These challenges are developmentally regressive and indirectly foster poverty by creating a negative cycle of household productivity, increased burden, and sustaining poor health conditions within families. This is especially true for families whose livelihoods are based on subsistence agriculture and informal employment.

1.1.6 Socio-Economic context

Malawi's low-income status, underdevelopment, and reliance on low-income agriculture determines the

country's socio-economic context. While there has been some economic growth, most Malawians, especially those in rural areas continue to experience deep poverty and face multiple resource, infrastructure, and service access constraints. This chapter reviews the main socio-economic characteristics of the country which affect the impact of the microcredit programs particularly the socio-economic characteristics of the country, and provides an overview of poverty, inequality, and the country's response to those socio-economic challenges.

1.1.7 Structure of the economy and the challenges of the economy

Malawi's economy is predominantly characterized as an agrarian economy, with approximately 30% of the GDP coming from agriculture, and over 80% of the population being employed in this sector (World Bank, 2025). Most of the agriculture is in the smallholder farming sub-sector, and is characterized as growing subsistence crops like maize, tobacco, and ground nuts. The crops grown and the entire farming sector are particularly vulnerable to problems of climate change such as severe and extreme droughts and floods which, in turn, creates problems of food insecurity, increased crop failure, and economic growth erosion rural agriculture reliant households (Malawi Government Economic Report, 2024).

There is potential for economic transformation even with the problems being experienced in the agriculture sector.

Though there have been positive strides made in value-added agricultural production and the diversification of the economy (ISS Africa, 2025), the government's attempts are still being hindered by a lack of infrastructure, market inaccessibility, and a deficiency of financing directed towards smallholder farmers. Consequently, rural poverty continues to exist, and a large portion of the population remains unable and unentitled to the economic opportunities due to the disproportionate distribution of economic growth.

1.1.8 Poverty and inequality

Malawi, and especially its rural areas, have a severe lack of access to essentials such as education, and

basic services and healthcare. Rural areas in Malawi have the highest levels of poverty, and as of the year 2025, over 70% of Malawi's population lives below the poverty line, and according to the World Bank, Malawi's economy keeps growing, yet the poverty level stays the same regardless of economic conditions. The World Bank attributes this condition to the increasing informal sector, its low wages, the lack of jobs accessible to employees, and the limited economic development in areas with private sector.

The gap in the level of poverty is also a result of the high level of income inequality and Malawi is in the lowest of the low. The richest 20% have most of the country's income and the poorest 20% who do not have income have at least 3 of the essentials of life (food, shelter, and education). The Malawi National Statistics Office in 2024 points out that gender inequalities level out the poverty gap in Malawi. The most of these rural women are not economically active, do not have access to the land, and facilities to support them financially.

Most women in Malawi obtain informal jobs which pay very little, and which frequently do not provide acquisition of credit and business development; thus, microcredit and other financial inclusion mechanisms have been crucial for Malawi in attempting to achieve gender equality and reduce poverty (UN Women, 2023).

1.2 The Role of microcredit in poverty alleviation

The provision of microcredit, which constitutes very small loans to the informal sector is one of the more significant strategies to alleviating poverty in Malawi. Rural borrowers have, for example, been able to obtain business loans from microfinance institutions (MFIs) like the Project Innovation Centre (PIC) Business Development Fund. These loans have made it possible for poor smallholder farmers, women, and informal traders to not only start but also expand businesses to the extent that these households have improved their economic status.

That said, the extent to which microcredit has contributed to alleviating poverty is not very clear.

Microcredit alone remains ineffective in alleviating poverty because of inadequate financial literacy, poor

business skills, and market inaccessibility, despite some beneficiaries using the loans to start small businesses or to engage in agricultural activities (World Bank, 2025). More successful microcredit exponents of poverty alleviation and of fostering sustainable development are those that combine microcredit with business training and mentoring, and that also facilitate market access. Consequently, microcredit in Malawi must be combined with education, healthcare, and social protection, and this will provide multi-sectoral integration required for poverty alleviation (World Bank, 2022).

1.2.1 Education and skills development

Beyond the provision of funds, education and skills development extend across the entire economy, especially in Malawi. Malawi's education system has several challenges. These challenges include and are not limited to large class sizes, limited resources, and a high dropout rate. Education, especially at the primary level, has been a major obstacle in Malawi, but the increasing rate of school attendance has the potential to uplift most of the economically disadvantaged population in Malawi (Malawi National Statistical Office, 2024). Education is important in all forms of literacy, especially financial literacy and entrepreneurial education. It is widely accepted that microcredit projects that include some level of training in business and financial skills and marketing promote the alleviation of rural poverty (Chipeta & Mkandawire, 2017).

1.2.3 Healthcare access and social services

Access to health care is the most fundamental of social and economic challenges.

Compared to the level of advancement being attained, the Malawian health systems, especially in rural parts, continue to remain underfunded and over constrained. Unfortunately, the rural population in Malawi has very little, if any, healthcare access, and there needs to be more attention to these areas. The health-related problems are more than with poverty (World Bank, 2025) in these areas. access to basic health care and other social services is still inadequate and poor in rural areas of the country. The access of rural households to microcredit services is more likely to happen if there is an improvement in the provision of basic social services, health care, and

education.

Microcredit allows households to pay more for health care, spend more on income-generating activities, and free up time for children to attend school, resulting in food security (Hashemi et al., 2021). Therefore, to achieve sustainable level of poverty alleviation, there should be a provision of financial services, healthcare, and business education together.

1.2.4. Rationale of the research in Malawi

In Malawi, especially the rural communities where most of the population live in poverty, the socio-economic circumstances present certain opportunities and challenges to alleviating and tackling poverty. Malawi's overdependence on agriculture and the absence of formal financial institutions calls for proactive strategies such as microcredit. Microfinance, in particular microcredit, can help the rural poor access small loans and utilize the funds to commence or grow a business. The positive effects of microcredit in alleviating poverty have been documented and research focuses on Malawi. This research will help to address the existing research gap on microcredit and rural poverty alleviation in Malawi, specifically on the Project Innovation Centre, Business Development Fund in the Blantyre Rural District.

1.2.5 The persistence of rural poverty in Malawi

Malawi is one the world's least developed countries. Poverty, especially in the rural areas, where over 80% of the population live is among the highest in the world (World Bank, 2025). Rural Malawians have experienced deep poverty, as there have been developments in certain areas of human health and education and some aspects have improved, agriculture remains the same and there are no significant changes in other infrastructure and services available.

Analyzing the effects of climate change, market changes, inadequate infrastructure, and the reliance on rain-fed agriculture, the plight of smallholder farmers grows ever more critical. Therefore, the factors contributing to the poverty of these farmers and the means to implement sustainable economic solutions for poverty alleviation and long-term

economic development need to be addressed as a priority.

Rural poverty alleviation options need to include microfinance, as it allows access to funds to those without collateral and to those who do not have access to the banking system. The independent effectiveness of microfinance for poverty alleviation has been challenged, as it has been found to be more effective when offered with additional support, and some of those are business training, financial literacy, microfinance programs, and improved social services (World Bank, 2022). The purpose of this study is to analyze the impact of microfinance, and to determine whether the integration of microfinance with the provision of business training and improved social services, poverty alleviation, can be achieved in rural Malawi.

1.2.6 Financial exclusion in Malawi's rural areas

Malawi continues to struggle with financial inclusion in the rural areas. Only 29 % of Malawi's adults have formal financial service access. A large part of the population must rely on informal financial service systems, which are savings groups, money lenders, etc. (Finscope, 2022). This lack of financial service access prevents people from being able to start or grow businesses. It also prevents people from being able to save to invest in their education or health or put money away for the future. The rural areas have also been targeted by rural people, but the provision of credit does not lead to the achievement of long-term economic stability despite availability of microcredits in the area.

Financial inclusion is important in Malawi because it is one of the programmes which focuses on sustainable financing, aimed at improving the self-sufficiency of borrowers. Access to microcredit is complemented by the provision of business development and financial education.

This understanding will address the business development gap. It will also add to the efforts of reducing poverty by increasing income. The outcomes of the study will add to the knowledge on the designing of microcredit programs to address the needs of the rural areas in Malawi.

1.3 Relevance of PIC business development fund

PIC Business Development Fund is one of the case studies for assessing microcredit's impact in reducing rural poverty in Malawi.

The purpose of the fund is to give micro-entrepreneurs located in rural areas, with little to no access to the formal financial sector, affordable loans. Furthermore, the fund also incorporates Business Development Services (BDS) such as training or mentorship to aid borrowers in the sustainable utilization of loans to grow their businesses. Yet, although the fund has been operating for some years, there is little information on how or if the loans from PIC enhance the financial literacy, business development (if any), and poverty levels of rural PIC borrowers in Malawi. The extent of research in this area is foundational to further understanding this strategy and refining it for greater outreach and replication in poor rural areas in Malawi.

1.3.1 Informing policy and development programs

The research conducted and analyzed in this case study is aimed at providing development practitioners and lawmakers in Malawi with an objective foundation to build on. The research proposes an analysis of the results derived from microcredit, social services, and Business Development Services (BDS) to enhance the MGDS and the national frameworks for poverty alleviation and the Malawi Growth and Development Strategy (MGDS) in general. The need to integrate appropriate services with microfinance to drive development poverty alleviation tailored to rural Malawians is critical.

Moreover, the outcomes of this study could inform policy in other Sub-Saharan African countries facing the same challenges, thereby enriching the microfinance debate most African countries need.

1.3.2 Legacy

With the many works of literature available in the role microcredit financing has in poverty alleviation, Malawi remains a micro case with its peculiar demographic and socioeconomic conditions. This study seeks to fill this gap by concentrating on the

microcredit interventions in the rural Malawi context primarily concentrated on the PIC Business Development Fund. This work will inform microfinance literature with focus on rural development by demonstrating the efficacy of integrated microcredit models which involve a mix of financial services, business training, and social services.

1.4 Explanation of importance

The following questions will help understand the impact of microcredit on rural poverty alleviation in Malawi. These questions will also assist in addressing the larger issues surrounding financial inclusion, poverty alleviation, and sustainable development. These questions will assist in addressing the most pertinent issues within the context of Malawi, where people do not have access to formal financial services (World Bank, 2022)

1.4.1. Funding

"I received funding from PIC Business Development Fund relatively quickly".

The focus of this question is on finance accessibility.

In microfinance, being able to receive loans without delay showcases an inclusive and efficient financial system. This is essential as the ability to access loans is critical for individuals to initiate or expand their entrepreneurial activities. If borrowers can access credit quickly during the process, they will have the ability to make business decisions and investments in a timely manner, which is the main goal in terms of impacting income or business performance. (Merroun & Hamiche, 2023).

1.4.2. "They clearly communicated the interest rates and payment terms, and they were affordable."

This question is about transparency as well as affordability, and both are essential for responsible lending practices. Research shows clearly explained repayment terms as well as reasonable interest rates have the positive effect of not leaving borrowers in a debt cycle (Musah, 2025). Also, the borrower will be able to map out their finances in an efficient way. If the interest rates, repayment terms and overall

conditions of the loan are humane, the loan will be utilized for business initiatives and not just add to financial stress.

1.4.3. "I have little doubt that future PIC microcredit schemes are my portal to financial support".

This question examines the borrower's predictive confidence and trust in the financial system.

Future access to funding this means reliability and predictable trust in the borrower.

Research indicates that longer-lasting financial inclusion support is correlated with continued economic activity. people with these effects may vary.

1.4.4. "The loan enabled me to invest in income business."

This question directly measures the economic impact of the loan by asking whether the loan helped create or expand a business.

Microfinance research often looks at whether credit translates into actual business investment and income generation (Merroun & Hamiche, 2023; Musah, 2025). If borrowers invest the loan into business activities, it suggests the program contributes to economic empowerment.

1.4.5. "I have improved my financial planning and budget since receiving the loan."

This Item focuses on financial capability and planning, and these are important intermediate outcomes of microfinance.

Research highlights that access to credit alone is not always enough; borrowers also need financial knowledge and planning skills to use funds well (Musah, 2025). Improved budgeting and financial planning increase the chances that the loan will have sustained positive effects.

2.Literature Review

2.1 The idea and aspects of sustainable finance

Sustainable finance encompasses a variety of

financial services that are expected to achieve long-term development objectives but can also increase financial inclusivity and the norms of Environmental and Social Governance (ESG). According to OECD (2023), sustainable finance incorporates ESG when making decisions about investments and extending loans. This facilitates the responsibility for allocating resources in a manner that promotes equitable development. Sustainability in microfinance is that institutions can continue to support the poor clients without external funding, as well as ensuring that the borrowers are not exposed to unjust financial exertions (UNCDF, 2023).

2.2 How Sustainable finance can help fight poverty

Many studies have found a significant link between access to sustainable funding and a reduction in poverty. World Bank (2022) illustrates that financial systems that include all members of a community enable families to save, pay for schools, and cover risks. Mobile money and microcredit products have helped to enable families to earn additional incomes and firms to sustain their resilience in sub-Saharan Africa (GSMA, 2023). Malawi Microfinance Network (2022) illustrates that more than 70% of people who received microcredit in Malawi used money to invest in farming or small enterprises, enabling them to access additional products and services for their homes.

2.3 New technologies and access to money

New financial technology products like digital wallets, agent banking, and mobile money have questioned sustainable finance's frontiers. Fintech solutions have been capable of penetrating remote locations and pushing credit and savings products, hence no longer relying on traditional banks, as pointed out by Global System for Mobile Communications (2023). Reserve Bank of

Malawi developed a 2023 sandbox for regulating and promoting digital finance technologies that help human beings access financial services. These new notions are best used by young people, women, and people from local regions who cannot access them effectively.

2.4 Problems with getting sustainable finance

While things are getting better, there are still a host of problems that make sustainable finance less effective in Malawi and other parts of the region. These are expensive transaction costs, lack of adequate collateral, lack of adequate identification systems, and lack of money knowledge (Demirguc-Kunt et al., 2022). Gender-based inequities make exclusion more debilitating (Ramachandaran et al., 2025), and women are more disadvantaged by virtue of social norms and lack of access to property (AFI, 2023). Some microcredit organizations also prioritize generating revenue over client-serving, and this can lead to excessive debt and worry when repayments fall due (CGAP, 2023).

2.5 Ways that institutions might work toward sustainability

An increasing amount of evidence backs the integration of models involving the interaction of financial goods with non-financial services, such as business training, healthcare access, and providing connections between businesses and markets. According to FSD Africa (2023), a holistic strategy would enhance development through finance and bring about higher payback rates and sustainability. The capacity perspective brought out by Sen (1999) gives us a way of thinking, explaining that when people have access to money, they become more flexible and skilled, thus enabling them to achieve their goals in life.

2.6 Missing information in literature and research

Numerous studies have been conducted demonstrating the way in which sustainable finance should operate, and there is not much information related to Malawi that focuses on the impact it may have on individual borrowers. The available literature mostly focuses on the performance of institutions or general information on the index of financial inclusion. This shortage provides an opportunity to study based on the experiences of the borrowers of the real world in the countryside and how some of these methods, such as the PIC Business Development Fund, could contribute to the growth process long term.

3.METHODOLOGY

3.1 Research design

This study used a quantitative method of research to explore how access to sustainable funding makes a difference in individual borrowers' abilities to escape from poverty in rural Malawi. Architecture enables you to use statistical analysis to measure variables and test hypotheses objectively.

3.2 Target population and sample technique

The target population is the population that is likely to benefit from the PIC Business Development Fund in Blantyre Rural District. The stratified random sample method is used to ensure men and women of all economic activity modes and income classes are represented sufficiently. A minimum of 150 people's sample size was used owing to the statistical significance of Cochran's method.

3.3 Data collection instruments

Data was mainly collected using a standardized questionnaire aimed at obtaining main information pertaining to access to sustainable funding, such as products of loans, uses of digital finance, repayments of loans, and economic well-being. For a more reliable and analytically simpler result, the questionnaire will have Likert-scale items and closed-ended questions.

3.3.1. Data collection method

Data was collected using a questionnaire based on field survey. The four field enumerators were hired to collect data. The data was collected from 12th June 2025 to 30th June 2025.

3.4 Data analysis

The Article focuses on descriptive statistics using the Statistical Package for Social Sciences (SPSS) to display Data behavior.

3.5 Ethical consideration

The study observed ethical research practices, such as getting informed consent, ensuring respondent confidentiality, providing people the freedom to participate, and ensuring data safety.

The appropriate institutional review board asked for ethical clearance. The permission was granted by PIC Business Development Bank on 10th June 2025, and we also get consent from respondents before conducting interviews. The consent was taken directly from respondents.

4.Data analysis

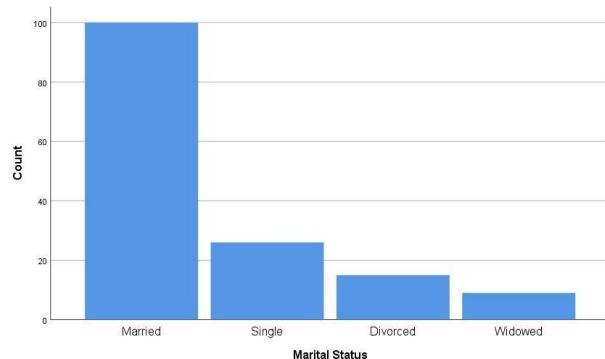


Figure 1: Marital status

This paper elucidates that married respondents constitute a majority of the sample, and this impacts measures of access to loans, confidence, and other financial behavior. More representation by married respondents could also reflect household structure in this region of the nation, where married persons could access subsidized schemes like the PIC Business Development Fund more than others. In their own right, two respondents falling into divorced and widowed statuses, respectively, participating in this study register much lower numbers, which could reflect a disadvantage of isolation from microcredit products among these marital statuses. This indicates a gap which is specific to special targeting and coverage of under-represented marital status groupings.

The largest single group is married people, and they also have by far the strongest desire for ready access to loans. Though a high percentage disagree or are neutral, their attitude is, on average, more positive. This may be because access to our trust in obtaining loans is a matter of marital status, perhaps due to combined incomes or financial security perceptions.

Though the consensus is lower, some respondents also agreed that loans exist. Their attitude seems cautious but positive on average, as there are not

many "strongly agree" and no "strongly disagree" scores.

There is greater skepticism or doubt among respondents who have been widowed or divorced. Divorced respondents span all response options,

including significant disagreement. Widened respondents almost always respond with "neutral" or "disagree," and concurrence does not exist. This may reflect their view that access to a loan has been impaired by financial difficulties or by a lack of good supportive networks.

Table 1: Marital status and easy access to loans

Marital Status	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Married	13	17	23	39	8	100
Single	5	1	5	15	0	26
Divorced	4	5	2	1	3	15
Widowed	0	4	5	0	0	9
Total	22	27	35	55	11	150

Source: Author's own work

Table 2: Showing results of descriptive statistics

Descriptive Statistics	Number	Minimum	Maximum	Mean	Std. Deviation
Gender of Respondent	150	2	2	2.00	.000
Age of Respondent	150	1.00	43.00	3.4000	4.44806
Education Level of Respondent	150	1	150	1	4
Marital Status	150	1	4	1.55	.901
Period of Stay in the Area	150	1	4	2.19	.527
Amount of Loan Obtained in MK	150	2	4	3.19	.497
Easy Access to a Loan	150	1	5	3.04	1.198
Affordable Interest loan	150	1	5	2.91	1.411
Confidence in accessing future PIC loans	150	1	150	1	4
Investment in other activities	150	1	150	1	4
Improved financial planning and Budgets	150	1	1	5	2.54
Valid N (listwise)	150				

Source: Author's Own Work

These data from Tables 1 and 2 above represent a single-sex panel, mainly married adults, of moderate

education and long residence. While a majority self-report having received bigger loans, perceptions by

these respondents on interest in affordability and future access are divided or wary. Optimism about using loans to make investments or for better

financial planning appears restricted.

Widespread variation in response suggests a need for tailored financial education and facilitation.

Table 3: Period of stay in the area and easy access to loans

Period of Stay in the Area	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Over 5 years	2	0	0	0	0	2
3-5 years	82	20	14	8	0	124
1-2 years	8	9	0	0	0	17
less than a year	6	1	0	0	0	7
Total	98	30	14	8	0	150

Source: Author's Own Work

Based on Table 3, the survey participants who were residents for 3- 5 years display a high level of assurance of future access to PIC loans, with only a few exceptions. There is a similar proportion of confidence with shorter length of stay (less than 2 years), although it has a very small sample size.

The lack of negative feedback from rather new residents suggests that even individuals who could not be employed in large companies also have positive attitudes towards long-term loans, probably due to the recent amendments in the communication or outreach plans on loan matters. The confidence in accessing loans is independent of duration of stay and depends more on other variables, including recency, presence of a service, satisfaction, or general experience.

5. Results and Discussion

Access to sustainable finance is important in combating poverty in Blantyre, as in other rural areas. Results from respondents of the PIC Business

Development Fund show access to loans has been increasingly better, especially among married

Blantyre residents, for a minimum of three to a maximum of five years. These respondents have high confidence in access to loans and may correspond to feeling financial security or familiarity with local financial systems. Single, divorced, and widowed

respondents have lower confidence and more varied perceptions. This would suggest that social safety systems and marital status define trust in microcredit services.

While access to loans has been made easier, the affordability of future access to PIC loans and interest rates continue to remain unpredictable. Uniformity of confidence is not evident across various population sets. Clients with shorter periods of residency also possess high confidence in future access to loans, as a sign of better outreach or services in the immediate past. This trend hence indicates that confidence in microfinance is as much a product of a client's immediate relationship with services and communication as opposed to residency time itself.

Financial planning wasn't improved. There is also a high gap in credit access. Although high loans are available to many, benefits are often spent without financial growth. This shows that the situation goes beyond just a system access gap. It also assumes the absence of educational system trust borrowers would need to effectively spend financial resources on productivity. The lack of educational system trust is gap in system access.

More planning is needed to solve these problems. Borrowers need to be prepared through financial systems education on the loan and repayment terms to improve service. Special attention to women, divorcees, and new entrants is also required.

Borrowed money often goes unproductive without training in business and budgeting, which are also essential to financial products. Improved trust and communication about existing loans is required with the beneficiaries.

Disadvantaged groups should be the focus of fair and inclusive lending practices. Structures should focus on their Gaps and encourage women's participation without security or formal employment. These gaps are the focus of the guidance.

Assessment needs to happen to see the actual impact microfinance programs have, and to guide future policy design.

6. Conclusion

This study's focus is on the impact of the PIC Business Development Fund's microcredit on sustainable poverty alleviation and the finance on the rural residents of Blantyre, Malawi. Married residents and people that have lived in the community for a while have better access to microloans, but educational barriers, knowledge of investment, and long-term access guarantee keep community members from realizing the full benefits of access to microloans.

Demographic characteristics such as being married and living in a rural community significantly impact on the loan beneficiaries' belief that they can use the loan effectively. However, research states that the simple availability of a loan will not, by itself, reduce poverty. There needs to be a focus on education, the design of delivery mechanisms, and support frameworks that address the needs of the community members.

This research adds knowledge to the literature by featuring empirical research from Malawi and offering insights on the relationships between the availability of financial services and the ability of individuals to grow economically. It encourages service providers to integrate microcredit with business support services to reduce rural poverty.

Enhancing foster supervision, outreach, and protection demonstrate how to make sustainable finance more attainable and possible tools for achieving inclusive growth and sustainable poverty

reduction.

References

African Union Commission. (2023). *Agenda 2063: The Africa we want*. <https://au.int/en/agenda2063>

Banerjee, A., Duflo, E., Glennerster, R., & Kinnan, C. (2015). The miracle of microfinance? Evidence from a randomized evaluation. *American Economic Journal: Applied Economics*, 7(1), 22–53. <https://doi.org/10.1257/app.20130533>

Bateman, M., & Chang, H.-J. (2012). Microfinance and the illusion of development: From hubris to nemesis in thirty years. *World Economic Review*, 1, 13–36.

Beck, T., Demirguc-Kunt, A., & Honohan, P. (2009). Access to financial services: Measurement, impact and policies. *The World Bank Research Observer*, 24(1), 119–145. <https://doi.org/10.1093/wbro/lkn008>

Brau, J. C., & Woller, G. M. (2004). Microfinance: A comprehensive review of existing literature. *Journal of Entrepreneurial Finance*, 9(1), 1–27.

Chipeta, C., & Mkandawire, S. (2017). Business development and poverty alleviation in Malawi: The case for entrepreneurship support services. *Journal of African Business*, 18(2), 173–194. <https://doi.org/10.1080/15228916.2017.1268620>

Chirwa, E. W. (2022). Microfinance and poverty reduction in Malawi: What has happened to the microfinance revolution? *Wadonda Consult Working Paper*.

Diagne, A., & Zeller, M. (2001). *Access to credit and its impact on welfare in Malawi* (Research Report No. 116). International Food Policy Research Institute.

FAO. (2021). *Empowering rural women through business development services*. Food and Agriculture Organization of the United Nations.

Giné, X., & Karlan, D. (2014). Group versus individual liability: Long-term evidence from Philippine microcredit lending groups. *Journal of Development Economics*, 107, 65–83. <https://doi.org/10.1016/j.jdeveco.2013.11.003>

International Labour Organization (ILO). (2023).

Promoting women's entrepreneurship: The role of business development services. <https://www.ilo.org/global/topics/women-and-gender/lang--en/index.htm> Kabeer, N. (2001). Conflicts over credit: Re-evaluating the empowerment potential of loans to women in rural Bangladesh.

Khandker, S. R. (2005). Microfinance and poverty: Evidence using panel data from Bangladesh. *The World Bank Economic Review*, 19(2), 263-286.

Moghavvemi, S., & Jam, F. A. (2025). Unraveling the influential factors driving persistent adoption of ChatGPT in learning environments. *Education and Information Technologies*, 1-28.

Ledgerwood, J. (1999). *Microfinance handbook: An institutional and financial perspective*. The World Bank.

Mayeux, L. (2001). *Measuring microfinance impact*. United States Agency for International Development.

McKernan, S. (2002). The impact of microfinance programs on self-employment profits: Do non-credit program aspects matter? *Review of Economics and Statistics*, 84(1), 93-115.

Putnam, R. D. (1995). Bowling alone: America's declining social capital. *Journal of Democracy*, 6(1), 65-78.

Ramachandaran, S. D., Zu Yi, T., Joon, L. M., Kaur, S., Jie, F. W., & Chaudery, U. (2025). Empowering Women Through Education: Strategies for Leadership Development in Malaysia Towards Achieving Sustainable Development Goals. *IJLTER. ORG*, 24(1), 225-251.

Reserve Bank of Malawi (RBM). (2023). *National Financial Inclusion Strategy II (2022-2026)*. <https://www.rbm.mw>

UN Women. (2019). *Turning promises into action: Gender equality in the 2030 Agenda for Sustainable Development*. United Nations Women.

World Bank. (2022). *World development indicators*. <https://databank.worldbank.org/source/worlddevelopment-indicators>