

Services Offered and Sustainable Development Program by the LifeBank Microfinance Foundation, Incorporated: Its Impact on the Branch 220 Members Lives

Kimberly A. Sab¹, Geneva V. Garcia-Antonio², Mark Anthony R. Ibarra³, Joyce D. Legaspi⁴, Joverlyn J. Marzan⁵, Clarizza de Leon, PhD⁶

¹Organizational Performance Specialist, LifeBank Microfinance Foundation, Inc.

²Administrative Officer III, Philippine Rice Research Institute

³Training Assistant, Central Luzon State University

⁴Administrative Assistant V, Philippine Rice Research Institute

⁵Foreign English Teacher, Anubanmuangsakao School

⁶Faculty, Nueva Ecija University of Science and Technology

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Abstract— This study evaluates the awareness levels among the branch 220 members of Muñoz, Nueva Ecija, Philippines regarding the services and products offered by LifeBank Microfinance. Findings reveal that services in terms of Savings received the highest awareness among the respondents, followed by Microinsurance and Wash Loans, while the respondents were not aware of the Regular Project Loans. In terms of sustainable development programs, microfinance services, show potential to influence the demand for education, particularly through the Education Scholarship Program (ESP). The Health Fund also garners significant awareness as it serves as a prerequisite for members. Assessing LifeBank's impact on members' lives, positive outcomes are noted in business and education funding. While saving money is acknowledged, opinions on employment assistance are mixed. The study suggests addressing lower-ranked areas, such as employment assistance and housing, for a more comprehensive impact.

Keywords— Awareness, LifeBank Microfinance Foundation, Inc., Nueva Ecija, Sustainable Development Program, Services Offered

I. INTRODUCTION

Inadequate access to financial resources is a widespread problem faced by rural women, low-income households, and small to medium-sized businesses. Microfinance programs play a crucial role in addressing this challenge by assisting households in achieving stability and saving for the future, particularly during periods of economic instability. Dessalegn (2013) emphasizes that microfinance helps achieve stability and savings, addressing limited financial access for vulnerable groups.

In the realm of economic disparity, insufficient access to financial resources remains a pervasive hurdle for rural women, low-income households, and small to medium-sized businesses. Tackling this challenge head-on, microfinance programs emerge as vital instruments,

extending a lifeline to these underserved demographics. Recognizing the urgency of the matter underscores the pivotal role of microfinance in fostering stability and cultivating a culture of savings, especially during turbulent economic times. This concerted effort not only bridges the financial gap but also empowers vulnerable groups to navigate and thrive in the complex landscape of economic instability (Morrissey, Cha, Wolf, & Khan, 2020).

One of the microfinance institutions supporting poverty alleviation is LifeBank Microfinance Foundation, Inc. Operating under the name LifeBank Foundation (LBF), LifeBank Microfinance Foundation, Inc. has a core mission to break the chains of poverty, offering financial and social services in both urban and rural communities. This initiative economically empowers impoverished women, advocates

for gender equality, and enhances the overall well-being of women in terms of family status, health, and financial literacy.

This study aims to assess the impact of LifeBank Microfinance Foundation, Inc. on its customers' financial well-being. It focuses on the levels of customer awareness regarding LifeBank Microfinance Foundation, Inc. as a whole and specific programs like IKABUHI Microfinance Program (IMP) and Sustainable Development Program (SDP). Additionally, it examines the considerations taken by LifeBank Microfinance Foundation, Inc. when extending credit to individuals and explores how the organization contributes to improving the lives of its members. By addressing these inquiries, the study is essential for advancing microfinance knowledge, enhancing practices, and shaping policies and programs to ensure a transformative impact on financial well-being.

II. METHODOLOGY

The study utilized a descriptive-correlational research design. It has identified the socio-demographic characteristics of the respondents that may show the relationship between the two variables. These characteristics include age, civil status, number of household members, level of education, duration of membership of individuals at LifeBank Microfinance Foundation, Inc., source of income and monthly income. All respondents are Novo Ecijanos (Subia, Mangiduyos, & Turgano, 2020) whom the researchers selected using a simple random technique and surveyed 100 randomly selected members or borrowers from Branch 220 Muñoz of LifeBank Microfinance Foundation, Inc. located in Science City of Muñoz, Nueva Ecija. The instrument used in the study is a questionnaire constructed by the researchers for a survey to collect data from the responses of respondents. The questionnaires were distributed to the respondents by the researchers in a physical manner with the help of the center chief or *purok* leaders. Following the completion of data collection, the data was systematically arranged and subjected to thorough analysis. The data was examined using descriptive statistics such as the mean and frequency. To determine the significance of the relationship between LifeBank Microfinance Foundation, Inc. and the financial status of the respondents, the chi-square test was used. Hayes (2021) defines the chi-square test as the statistical procedure described, which is frequently employed in evaluating hypotheses about a given phenomenon. It involves the comparison of the null hypothesis with the observed outcomes, which are obtained through appropriate calculations.

III. RESULTS AND DISCUSSION

Socio-demographic Characteristics of Participants

Out of 100 respondents, 35% fall in the 51–60 age group. Married individuals constituted approximately 70%, while 55% had attended high school. These findings align with Haq, et al. (2018), Frintner et al. (2013), and Xiao & Yao (2014), emphasizing the influence of age and marital status on financial behaviors.

Years of Membership, Source of Income, and Monthly Income

Participants' average membership duration was 5 years, with 40% having five years or less. It was also found in the paper of Kuchler (2012), that the average membership duration among current members in microfinance was between four and five years. Business was the primary income source for 48% of participants, and 37% had a monthly income in the 5,001-10,000 range. Peprah (2012) and Bangko Sentral ng Pilipinas (2018) support the positive impact of microfinance on income diversification and economic empowerment.

Number of Household Members

To assess the impact on impoverished families, the number of household members was examined, revealing that 28% reported living with three members. This finding aligns with the Asian Development Bank's (2013) emphasis on understanding household dynamics. To thoroughly evaluate the influence of microfinance on economically disadvantaged families, it was crucial to determine the count of household members within the surveyed individuals, excluding the participants from this calculation (Asian Development Bank, 2013).

Awareness of LifeBank (LBMFI) as a Whole

Based on the means computed, the highest level of customer awareness of the products and services offered by LifeBank Microfinance Foundation, Inc. "The purpose of LifeBank Microfinance Foundation, Inc. was to assist its members in establishing their businesses.", With a mean of 4.90, most respondents strongly agreed with this statement, suggesting a high level of understanding about LifeBank's mission to support its members' entrepreneurial efforts. According to Papulova (2014) An organization's mission determines its identity, purpose, and course. It served as a guide for staff members as well as a way for clients, shareholders, and the general public to learn about the core values that guided the company's operations. Word of mouth played a significant role, aligning with the credibility of referrals. However, Agustin et. al (2023) claimed in their paper that partnering with several organizations would help to expand the reach and provide new programs and services to its clients.

Awareness of IKABUHI Microfinance Program (IMP)

Table 1. IKABUHI Microfinance Program (IMP)

	Mean	Standard Deviation	Descriptive Rate*
Regular Project Loan	2.90	1.714	Neither Aware nor Not Aware
Small Business Loan	4.19	1.346	Aware
Water, Sanitation, And Hygiene (Wash Loan)	4.54	1.114	Fully Aware
Loan Insurance	4.52	1.068	Fully Aware
Microinsurance	4.87	0.464	Fully Aware
Savings	4.95	0.219	Fully Aware

*Fully Not Aware 1.00 – 1.80, Not Aware 1.81 – 2.60, Neither Aware nor Not Aware 2.61 – 3.40, Aware 3.41 – 4.20, and Fully Aware 4.21 – 5.00

Table 1 illustrates varying awareness levels of IMP services and products. Savings received the highest awareness (4.95) followed by Microinsurance (4.87) and Water, Sanitation and Hygiene (Wash Loan), while the Regular Project Loan had the lowest (2.90) in terms of awareness. Tailoring communication strategies based on these insights could enhance program effectiveness. According to Karlan et al., (2014), savings aided households in controlling consumption and funding profitable capital expenditures on people and businesses.

Awareness on Sustainable Development Program (SDP)

The LifeBank Foundation acknowledged that poverty was a complex issue that could not be effectively addressed through a singular approach. In their endeavor to alleviate the burdens of poverty, they allocated resources towards a diverse range of social service initiatives that aimed to tackle multiple dimensions and underlying factors contributing to poverty (LifeBank Foundation, n.d.)

From the results, it could be observed that both the Education Scholarship Program (ESP) which aims to provide scholarships to students and prepare them for the real world of work (Subia, 2020) and the Health Fund had high levels of awareness among the respondents. The provision of microfinance services has the potential to influence the demand for education, according to Viswanath (2018). For the Education Scholarship Program (ESP), the mean score was 4.28, indicating that most respondents were fully aware of this program. This program aimed to assist low-income Filipinos in achieving a higher level of education. Similarly, the Health Fund also had a high level of awareness, with the highest mean score of 4.69, given that it is a prerequisite for members to have a health fund. This program provided a source for purchasing medicine when necessary.

In general, the table illustrated that both the Education Scholarship Program and the Health Fund had been well received and were well-known among the respondents. The high mean scores and low standard deviations suggested that there was a consistent level of awareness about these programs, which could be seen as a positive outcome for the Sustainable Development Program (SDP) in its efforts to support education and healthcare initiatives among low-income communities.

Considerations for Extending Credit

LifeBank's credit extension considerations, emphasise the modified 4 C's framework—Character, Capacity, Capital, and Conditions—reflecting a collateral-free approach. The character had the highest mean (2.85), indicating that, on average, borrowers had a moderate level of credit history or reputation in repaying debts. Conditions had the lowest (1.98), indicating potential challenges in the market which could impact the ability of the members to repay.

According to First Citizens Bank (2022), the attribute of character plays a crucial role in enabling lenders to evaluate an individual's capacity to repay a loan. Credit history holds significant importance in shaping an individual's character.

Impact of LifeBank on Members' Lives

The impact of LifeBank on members' lives was also assessed, indicating positive outcomes in using funds for business (4.66) and education (4.09). Members acknowledged the importance of saving money (4.60), but opinions on employment assistance were mixed (2.34). The organization may focus on addressing areas with lower rankings for a more comprehensive impact such as regarding assistance in obtaining employment and constructing homes.

Chi-Square Test on the Impact on Socio-demographic Factors

Table 2. Chi-Square Test on the Impact of LifeBank Microfinance Foundation, Inc. on the Lives of its Members

	Number of Household Members	Civil Status	Age	Level of Education	Years of Membership at Lifebank Microfinance Foundation, Inc.	Source of Income	Monthly Income
Chi-Square	81.896	34.071	35.050	42.474	40.116	69.761	51.854
df	40	12	12	12	16	24	20
Asymp. Sig.	0.000*	0.001*	0.001*	0.000*	0.001*	0.000*	0.000*
a. Kruskal Wallis Test							
b. * Significant at 5% level of Significance							

The chi-square test results presented in Table 2 demonstrated the significant impact of LifeBank Microfinance Foundation, Inc. on the lives of its members across various Socio-demographic factors. Curtis & Youngquist (2013) defined the chi-square test as a statistical test used to determine the significance of categorical data, which refers to data that can be classified into nominal or named categories. By analyzing the data, it was evident that there existed a significant association between the impact of LifeBank Microfinance Foundation, Inc. and various Socio-demographic factors, including the number of household members (0.000), civil status (0.001), age (0.001), level of education (0.000), years of membership (0.001), source of income (0.000), and monthly income of its members (0.000).

The analysis of the data highlighted the substantial and statistically significant impact of LifeBank Microfinance Foundation, Inc. on the lives of its members. However, this impact varied across different demographic and socioeconomic groups, underscoring the importance of tailoring services to meet the specific needs and circumstances of its members. Understanding these associations could aid LifeBank in targeting its efforts and resources more effectively to ensure a positive and equitable impact on the lives of its diverse membership base.

IV. CONCLUSION

Based on the data collected and the findings obtained, the researchers have formulated conclusions aimed at addressing the research questions. They are listed below:

1. The levels of customer awareness of the products and services offered by LifeBank Microfinance Foundation, Inc. are as follows:
 - a. In reference to the company LifeBank Microfinance Foundation, Inc. in general: The purpose of LifeBank Microfinance

Foundation, Inc. is to assist its members in establishing their businesses.

- b. IKABUHI Microfinance Program (IMP): Savings
 - c. Sustainable Development Program (SDP): Health Fund
2. The consideration LifeBank Microfinance Foundation, Inc. takes into account when extending credit to an individual is character.
 3. The impact of LifeBank Microfinance Foundation, Inc. on the lives of its members is that they can use the funds borrowed from the organization for business purposes.

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