

## INTEGRATION OF MICRO FINANCE AND HEALTH PROTECTION SERVICES

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### ABSTRACT

Micro Finance and Health protection services have a strong link. Single solutions need to be continued in order to be inadequate by presenting the prevailing poverty issues, insufficient health problems and health-illness capacity that has been systematically increasing worldwide. The people within the poverty line want to have an enhanced set of health and financial services in order to get a security of income and an appropriate health approach. Around 3500 MFIs (Microfinance Institutes) facilitate with microfinance and financial institutes covering more than 150 million households around the world. The public health programs and health systematic approach that has been justifying the unequal needs of the population. The offers made by micro-finance sectors having the utilized options for health-related delivery services by too difficult to reach the maximum population. These research papers examine the MFIs value concentrating on the fulfillment of basic poor necessities in order to incorporate the “client’s better health” for tackling the primary objective. In order to implement it, Microfinance Institutes could have the massive impact on the poverty easement. It represents a challenging term for MFIs for financial sustenance. MFIs could not neglect their customer’s health issues and concerns. The particular health services and various strategies have been highlighted in this research paper. Micro-finance institutes must select the appropriate strategies towards their external and internal context in order to balance the social goals and financial restraints. The poverty alleviation is quite fruitful in a situation when all the basic necessities have been fulfilled.

**Keywords:** Microfinance, Health Services, Poverty.

### INTRODUCTION

#### *Background of the Study*

It is acknowledged that low-income people need micro-financing in order to address the conditions and causes of their poverty. The poor people need development services and microfinance services in order to improve their health, nutrition, business, education, family planning, income and so on. Many children and their mothers suffer from health and nutrition problems. Attention is required to the integration of microfinance with health education for women. There is the need to give them family planning education and the education to prevent from Aids. (Dunford, 2001)

Microfinance Institutions and Non-Government organizations introduced microfinancing facility to the low-income people. These institutions are working to reduce the poverty and decrease the vulnerabilities through their different programs. There are around 3500 Micro-financing institutions who have facilitated 155 million households from microcredit and other financial services (Harris, 2009). These microfinance programs signify a tremendous, private-sector structure of service. The clients of micro-financing institutions are very poor as it is defined by the MDG, between the ranges of 22% to 69% (Leatherman, 2011). According to

MFI's, if five members are in each household so they are getting an estimate of 170 million people who have very low income, many of them live in the areas which are out of reach of private as well as government health organizations.

Some of the services of MFIs positively impact and lead to economic benefits such as women becoming more empowered, reduction in family violence, nutritional status of the children, and health outcomes. It also improves child survival rates and a positive increase in the use of health services. However, many of the MFIs have preferred to focus on their strongest competencies i.e. microenterprise credit.

In many studies, it is highlighted that the main reason to becoming ill or unhealthy is poverty. When people are trapped in poverty, many problems related to health are clearly seen by MFI managers. It affects the operations of their clients and also badly affects the lives of the communities and the households. MFI introduced many programs related to the health to the poor income people, it includes health-related education that includes nutrition and sanitation, Healthcare financing that includes loans and savings accounts and training community health workers and health microinsurance (Leatherman, 2011).

### ***Research Aim***

Poverty is considered the main cause of poor health and death. The aim of the study is to find the impact of microfinance services on the MFIs client's households, community and family and other reason of this study is to examine the improved dimensions of health care service with the help of micro-financing.

### ***Research Objective***

- To find out the impact of microfinance service on the health of a microfinance client.
- To find out the impact of integrating microfinance with some form of services which are mainly related to the health such as health education, community health workers, and health loans.

### ***Research Questions***

- How microfinance service impact the health of microfinance client?
- What is the impact of integrating microfinance with services related to the health?

### ***Problem Statement***

The poor-income people don't have sufficient resources to treat their own selves. They want to access the set of health and financial service for the betterment of their health. To achieve the development goals and increase the productivity, the good health is mandatory. Microfinance Institutions are working for the health betterment of low-income people and support them economically.

## **LITERATURE REVIEW**

Many of the microfinance workers survey poverty-stricken communities to aid needy people to become more resilient by providing them microfinance services. Women who work hard to be able to pay back their loans are often supported financially and become capable to repay them over time instead of working daily. In Asia, Africa and Latin America, many microfinance institutes help necessitous by not only providing them microfinance services

but also guide them in business and financial management as well. Some institutions also help in health-related services by educating people and giving them awareness and medical care and mainly focus on pooling financial resources and allocating them to health care providers' inefficient way. These institutions also give loans to sick people for their better treatment and also offer health insurance. (Leatherman, 2010)

Microfinance is intervening between the small loans distribution, accepting the small savings and providing financial services to needy people. Microfinance institutes are classified by the scope of their products and services. They are either minimalist; that only provide financial services or they are integrated that provide additional services along with financial services. But their objective to eradicate poverty by providing income support is same. Income generating activities are not only fruitful to combat poverty but they also help in increasing assets that can help during hard times also, such as savings accounts, permanent houses etc. This is supported by empirical data. Microfinance Institutions are very effective for women. They help empower women, enhance their self-respect and dignity, and improve gender relationships. They highly contribute in decreasing the domestic violence. Edmark and Ericson's study has proved the benefits of increased income on children's education and their bright future (cited in Ohri, 2004)

After World War II, there is globally positive increase in the standard of living. In spite of this according to the World Bank report there were more than 1.2 billion people who faced extreme poverty. Their income was less than US\$1 per day. In 1997, according to the report of United Nations Development program, only lack of income is not considered as poverty. It includes lack of basic human development in some areas like safe drinking water, education and knowledge, food and access to health services. According to the World Health Organization, poverty is the major cause of death and poor health in all over the world. Further the interrelation of health and economic status was reinforced by UNDP, it identified that since 1990 there were 54 poorer countries and they declined in health indicators and human development. While relationship of poverty and health was considered and the strategies like microfinance and health services were introduced to improve the condition of low-income people. Since 1998, Microcredit has been given to the families which are affected by HIV/AIDS to facilitate them economically. At early stage, the collaboration of microcredit programs and AIDS disease was to support economic institutions that operates in the hard-hit areas. They can take advantage by organizing sessions for the risk that are caused by HIV/AIDS, instead of following multifaceted approach to execute the mediation in highly affected HIV areas. The strategy of micro-financing related with economic benefits for clients, and to address health education and HIV related outcomes to its participants (Sherer, et al. 2004). Microfinancing institutions make different strategies for the betterment of the society. One of the strategies is to focus on the betterment of the health of low-income people to increase the impact of microfinance on poverty.

The microfinancing institutions main goal is to decrease poverty. They have to identify the non-financial needs of the clients and to facilitate them from such needs. Low-income people cannot be able to come out from poverty if they do not facilitate education and health improvements. MFI has been continuously raising the incomes, however the only change in income does not overcome health problems. According to the Microcredit Summit Campaign, the researchers of public health stated that increasing assets and income is the strategy that is not sufficient to overcome many serious diseases, like spread of HIV/AIDS, child malnutrition and the lack of knowledge in women for selecting timing and number of

pregnancies. Poverty alleviation is not a single element for the betterment of health, it can also be a complementary strategy.

Commission on Macroeconomics and Health of the World Health Organization stated that health means a lot in reducing poverty and for achieving development goals. If the health would be better, it results in high productivity and adds significant value to income generation. A healthy person does not have to pay bills and other expenses of the hospital and will work harder, so health programs strategies are valuable.

### ***Sustainability and performance of MFIs***

Microfinance institutions are facing such major problems that directly impact their activities and even survival. MFIs can increase income and reduce loan defaults. Grameen Bank states that issues related to illness expenditure cause loan default and failure for micro-business. Because of the unhealthy client, MFIs faced such difficulties including delay in a loan payment, poor attention in a group meeting of microfinance institutions, inability to pay back the loan and its result in loan default, decrease in clients' productivity, the weak solidarity of MFIs groups. A Microcredit study showed that medical expenditures are the main factors which are responsible for endangering the budget of households. Illness is the most common devastating economic appalls, unhealthy people cannot be able to work or engage to earn income.

### ***MFIs and Health Services***

Microfinance Institutions have some characteristics to address such major problems. It plays a positive role to bring the service to their clients. Microfinance Institutions have given regular access to the low-income people, related to health service delivery. In many of this institution, there is the mechanism of group-based delivery where participants form groups and meet for the loan administration. This group is based for providing the health education. MFIs have different programs like they built a strong relationship with customers, they have opened branches in poor areas, and they also do home visits. These programs are very effective in providing health awareness services.

In Microfinance Institution's group meetings, the health education is given to change the behavior and to improve the knowledge which is linked with positive health results in the areas where women are not educated and they don't have knowledge related to child and maternal health and infectious disease (Leatherman and Dunford, 2010). According to (Hadi, 2001) the many studies found that there is a positive development in participant health and knowledge when microfinance services and health education were given combined. However, it was provided by microfinance institutions staff through education periods of clients.

## **METHODOLOGY**

The methodology is the important part of the research. For conducting this research the data is collected from the secondary source by reviewing literature from different research papers and articles.

### ***Research Approach***

The qualitative approach is used in this research paper, in which different articles were interpreted in terms of findings. This research is focused on the social constructive model.

### ***Data Collection***

The data was collected by the secondary source by studying different research papers and articles. The design regarding the study such as the discussion of the integration of microfinance and health services was highly assumed. Different past papers were used in this research.

### ***Search strategy***

Before starting to work on the topic of integration of microfinance and health services, the research papers were gathered through search engines which helps in completing this research. By searching different keywords, this research was carried out. The most keywords were microfinance, poverty, health service, United Nations, institutions etc.

### ***Inclusion Criteria***

Throughout this research, the analysis was done on the gathered information. The inclusion criteria is that research only contains relevant information that is necessary for the study. All researches include which have relevant information and help to complete this research. All journal articles and books were included and were set on the tenure above 2000.

### ***Exclusion Criteria***

The paper aims to explore the integration of microfinance and health services. To select the reliable and authentic information, the websites that contain inappropriate domain were excluded from search engine. Moreover, the timeline was set on 2000 as no research article before 2000 were used in the literature.

## **RESULTS**

Around 3500 microfinance institutions all over the world facilitate with loan and other various financial facilities to around 155 million households in order to support the consumption and income generating. As per the analysis that has been estimated from US agencies for the International Developing studies, minimum 34 million from these households are quite poor and presents approximately 170 million individuals, the majority of them lives in remote locations which are far to reach by health agencies, covering both government and private sectors. Every single day many individuals who work in microfinance departments travel to poor regions in order to facilitate them with the microfinance facilities which leads to the different groups of ladies convoking on a daily basis, monthly and yearly, in order to repay the taken loans and also deposit the savings. Majority of the microfinance companies within Africa, America, Africa and even in Asia that have already offered services fruitfully and beyond microfinance, includes the financial and business training or management (Hermes, 2011). The increased figure also facilitates the services that are related to health for example, health-related financing, clinical care and education. The health finance covers up the health insurance, savings, and loans. It has also established the bridges to private and public health sectors in order to have ease in health care access. This perception leads towards the private infrastructures regarding service deliverance which is usually self-financed through loans interests. Microfinance sectors do facilitate the health the programs which have a positive effect on death causes because of undernutrition that comprises around 53 percent of almost every child death all around the world. The particular controlled group that have got microcredit terminologies does not show up the variations in diarrheal infection but on the other hand, the particular group have just received the health education which has been decreased the relative frequency from 29% and within the group that have received microcredit and education both, the frequency has been



decreased by 43%. The various research analyzes the facts that the health of mother and child education survival along with the resulting attitude make alterations in diarrhea management and breastfeeding that directly leads towards significant increment of appropriate height and age according to the participated children's age (Harris, 2009).

## **DISCUSSION**

Except for the strong and effective contribution to the reduction in diseases and mortality, micro-finance could strengthen the health systematic approach. The building capability range of national initials just to targets the local strategic approach. Building the possible options for the local capability development approach, the two different studies have been examined for a project through which a massive private health facilitator variety was provided, with the business skillful training, seminars, micro-loans along with the tandem objectives. The particular goals occurred in order to increase the small-level health sectors capacity, healthcare institutions practices and also the improvement of health-related results. These type of health care institutes highlight the expansion within the attendance of patients and also deals with the substantial improvement for the customer's perceptions of the level of quality care (Hammil, 2008).

Various studies and research papers have indicated the efficiencies of the micro-finance and its effects on the poverty, whether they are positive or negative. A small firm but on expansion level, the studies have shown that MFIs (micro-finance institutes) are efficient enough in playing their part towards the improvement of health in order to increase the knowledge which leads towards the behavioral variation and also by providing the access to health facilities in a way of dealing the geographic, financial and other various terminologies. Although these researches are linked to uneven product quality, they indicated the positive health beneficiaries within multiple areas for example children health, infectious diseases, malaria and maternal. It also covers up the cases of domestic violence. Although, many strong and focused types of research have been needed in order to inform the guidance and policy program implementation just to intervene in the health and micro-finance terms which can flexibly enhance the poor development and progress. There are some useful and important proofs that support the deliverance and design of the current integrated programs (Musgrove, 2007).

## **CONCLUSION**

More than a billion people spend their daily routine within or less than one dollar spend for a day. The United Nations aimed to reduce this number by the year 2019 through its Millennium goals of development. The poverty, on the other hand, is a dimensional issue carrying various sectors which requires the comprehensive strategy. Currently, microfinance has been established as a crucial alleviation instrument for poverty, while many micro-finance institutions exclusively concentrate on generating the income for the poor people out there. This has been a partial solvent only. Microfinance institutions need to cater for the basic necessities which include the education and health as well. In fact, additionally these are the major challenges for Microfinance institutions, specifically for the financial sustenance, microfinance institutes could not neglect the customers' health issues. There are various strategies which connect to the health sector to financial service facilities. The institutes must select the options that are based on the particular characteristics like population, political conditions, and targeted populations, social and economic conditions. There is an expansion in examples of health and successful health occasions. The physical

development and MFIs economic clients are important for an effective tomorrow. The alleviation of poor sectors is only fruitful within a situation where all the basic needs of the people are met and fulfilled accordingly.

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