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Loan Delinquency and Loan Recovery Strategy among Micro-Finance Institutions (Mfis) in the Province of Sarangani

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Abstract: *This study employed the Dual Bottom-Line Theory to explore the relationship between loan recovery strategies and loan delinquency among Microfinance Institutions (MFIs) in Sarangani Province. Using a descriptive-correlational design, data were collected from MFI employees across seven municipalities through a structured questionnaire. The analysis involved descriptive statistics and Spearman Rank Correlation. Findings revealed strong implementation of loan recovery strategies, notably in credit evaluation ($M = 4.53$), performance management ($M = 4.52$), and credit risk management ($M = 4.30$). Loan delinquency was also well-managed, with high scores in loan supervision ($M = 4.45$), credit appraisal ($M = 4.42$), and credit history evaluation ($M = 4.33$), yielding an overall mean of 4.40. A significant positive correlation was found between loan recovery strategies and loan delinquency management ($r = 0.760$, $r^2 = 0.578$, $p = 0.000$), indicating that effective recovery strategies explain 57.8% of the variance in delinquency management. The results highlight the strategic importance of structured, client-focused approaches in minimizing delinquency and promoting financial sustainability, affirming the relevance of data-driven practices (Schreiner, 2003) and sound internal controls (Armendáriz& Morduch, 2010; Ledgerwood, 2013) in achieving both financial and social goals within the microfinance sector.*

Keywords: *Credit Evaluation, Credit Risk Management, Financial Sustainability, Joint Liability, Loan Delinquency*

I. INTRODUCTION

Microfinance has become a successful tool against poverty, especially in developing nations where services from traditional banks are not so readily available. Microfinance Institutions (MFIs) are such a safety net for poor people due to the fact that they provide plain financial services like credit, savings, and insurance. These services allow the recipients to start small businesses and live better lives. By changing the financial situation of poor segments, microfinance has been of immense help towards financial inclusion and has assisted in facilitating sustainable livelihoods in economically disadvantaged and rural communities.

Even after the unprecedented accomplishment of microfinance in poverty eradication as well as in economic opportunity, MFIs still undergo chronic issues. One of them is loan defaulting, whereby borrowers do not repay the loan on time. If delinquency continues, it will result in loan default, compromising the financial viability of MFIs. High delinquency will limit the capacity of such institutions to extend new loans and operate. In the event of Sarangani Province, whose livelihood is significantly dependent on microfinance products, delinquency in loans threatens the very existence of the economy and the future of microfinance.

The long-run sustainability of MFIs addresses the delinquency of loans. Reliable loan recovery channels provide delinquency and default risk avoidance. These not only make MFIs financially stable but also encourage responsibility and trust from the customers. As a result of high recovery rates, MFIs are able to keep funding the low-income group and contribute to poverty reduction. Understanding and responding to the causative determinants for delinquency and recovery channel maximization are fundamental steps in providing continuity to the success of microfinance operations.

Delinquency is the highest in the Philippines, where microfinance constitutes the best pillar of the poverty alleviation program of the government. Even with that the country has been globally acclaimed for excellent policies and an effective microfinance sector, rural provinces such as Sarangani Province experience financial exclusion. Most rural borrowers cannot repay loans because of low earnings, poor financial literacy, and economic shocks. These issues underscore the need for more efficient loan recovery strategies that can confront the specific challenges of rural borrowers.

Some microfinance issues have already been researched, such as the poverty-reducing efficiency of microfinance and the impact of financial inclusion on economic growth. Comparatively, fewer works are centered on the particular issue of delinquency and the manner in which this issue may be addressed via recovery activities within rural settings. Research carried out by Bhatt and Tang (2001), Lassoued (2017), and other scholars revealed that although group lending and women's loans have the potential to limit the risk of credit, delinquency on the loan is still a subject of concern, especially within economically backward areas. The research highlights the importance of bringing into being practical recovery mechanisms that can react effectively to rural borrowers' interest as well as to MFIs' viability.

The research assessed loan delinquency as well as the recovery process of MFIs operating in Sarangani Province using a baseline approach. Through an analysis of the determinants of delinquency and the effectiveness of various recovery schemes, it was able to deliver operational inputs that would enable the sustainability of MFIs at the rural level. The findings of the study have added to the literature on microfinance and provided evidence-based policy solutions to policymakers and practitioners of the MFIs in the Philippines and other developing countries. These outcomes are likely to enhance financial inclusion and maximize poverty reduction interventions in impoverished communities.

II. METHODS

This study employed a quantitative-descriptive and correlational research design to examine the relationship between loan recovery strategies and loan delinquency among Microfinance Institutions (MFIs) in Sarangani Province. The descriptive aspect aimed to explore the nature and extent of loan recovery mechanisms and delinquency, while the correlational approach examined the strength and direction of their relationship. Guided by the Dual Bottom-Line Theory, the study conceptualized loan recovery strategies as the independent variable and loan delinquency as the dependent variable. A purposive sampling method was used to select 100 MFI employees from seven municipalities, ensuring that participants had relevant experience and expertise. Data were collected using a structured questionnaire based on the work of Win Kyi Tin (2019), divided into sections on institutional profiles, loan recovery strategies, and delinquency indicators, using a five-point Likert scale.

Data collection involved ethical procedures, including informed consent, pre-tested instruments, and face-to-face interviews. Secondary data from academic sources supplemented the analysis. Ethical standards were upheld through strict confidentiality, voluntary participation, and adherence to Gender and Development (GAD) principles, ensuring inclusivity and integrity. Data were analyzed using descriptive statistics and Spearman Rank Correlation to determine the relationship between loan recovery practices and delinquency outcomes.

III. RESULTS AND DISCUSSIONS

This study reports the findings of in-depth interviews with major actors from Microfinance Institutions (MFIs), whose inputs, views, and experiences are obtained in response to questions raised. Open-ended questions were used by the researcher in investigating the drivers, roles, and measures utilized by MFIs, specifically in studying what factors shape their loan recovery strategies and reaction to loan delinquency.

The profile of MFIs in Sarangani Province reflects significant diversity in financial risk, outreach, product offerings, and institutional maturity. A large portion of institutions (36%) reported a Portfolio at Risk (PAR) of 6–10%, indicating moderate credit risk and potential repayment issues. However, the presence of institutions with both very low (<2%) and high (>10%) PAR rates highlights the need for improved risk management practices and borrower monitoring systems.

In terms of outreach, most MFIs (44%) served fewer than 1,000 active borrowers, suggesting small-scale,

Table 1: Profile of Microfinance Institutions (MFIs) in Sarangani Province

Category	Most Common Response	Frequency (%)
Financial Performance	PAR between 6% to 10%	36 (36.0%)
Outreach - Borrowers	Less than 1,000 active borrowers	44 (44.0%)
Outreach - Loan Size	PHP 25,001 to PHP 50,000	40 (40.0%)
Social Impact	25% to 50% of clients from low-income households	56 (56.0%)
Products/Services	Mix of personal & business loans with moderate interest rates	42 (42.0%)
Interest Rates	21% to 30% per annum	34 (34.0%)
Governance	Management team with 2 to 5 years of experience	32 (32.0%)
Client Protection	Comprehensive policies with audits & education programs	56 (56.0%)
Regulatory Compliance	Fully compliant with all local regulations	44 (44.0%)
Technology Use	Moderate use of digital platforms for key operations	53 (53.0%)
Funding Sources	Mix of equity and debt	51 (51.0%)

community-focused operations. Only a minority had broader outreach beyond 10,000 clients. The average loan size tended to fall within PHP 25,001–50,000, reflecting a preference for moderate-sized loans that balance accessibility with institutional sustainability.

Poverty outreach revealed that more than half of the MFIs serve 25% to 50% of low-income clients, affirming their role in financial inclusion. However, only a few institutions target more than 50% of their clientele from poor households, suggesting room for improvement in aligning with social impact goals (Armendáriz& Morduch, 2010; Zeller & Meyer, 2002). Interest rates varied widely. While many MFIs charged between 21% and 30% annually—potentially to offset risk and operational costs—some offered lower rates below 10%, likely due to donor support or concessional funding. The significant disparity in rates underscores the need for fair pricing standards and stronger regulatory oversight (Ledgerwood, Earne, & Nelson, 2013).

MFIs offered a broad range of loan products, with many providing mixed personal and business loans, while others included agriculture, SME, and housing loans. This diversity supports inclusive financing strategies for varied client needs.

The governance profile indicated that most management teams had 2–5 years of experience, while only a small portion had over a decade of exposure to microfinance. This points to a need for continuous staff development and institutional capacity-building.

On client protection, a majority of institutions (56%) implemented comprehensive policies such as client education and regular audits. However, some lacked even basic measures, revealing gaps in safeguarding borrower rights and emphasizing the need for broader policy implementation (Christen, Lyman, & Rosenberg, 2003).

Regulatory compliance varied: While many MFIs fully complied with local regulations, others faced issues ranging from partial compliance to full alignment with international standards. These results suggest a need to strengthen regulatory enforcement and institutional governance (Ledgerwood& White, 2006).

In terms of technology, most MFIs made only moderate use of digital tools, with a few utilizing them extensively. The digital gap suggests the need for increased investment in innovation to enhance efficiency and competitiveness (Ghosh & Van Tassel, 2013; World Bank, 2014).

The funding structure of MFIs showed reliance on blended finance—primarily debt and equity—which signals a transition from donor dependence toward financial self-sufficiency (Helms, 2006; Rosenberg, Gonzalez, & Narain, 2009).

Loan Recovery Strategy of Microfinance Institutions in Sarangani

Table 2: Summary of Loan Recovery Strategy of Microfinance Institutions (MFIs)

Loan Recovery Strategy Component	Indicators Summary	Mean	Interpretation
Credit Product Management	Flexible loan terms, satisfactory loan sizes, manageable interest rates	4.29	Agree
Joint Liability Model	Moderate effectiveness; mixed views on peer monitoring and repayment support	3.61	Agree
Credit Evaluation Management	Strong evaluation of character, financial status, and creditworthiness	4.53	Strongly Agree
Credit Risk Management	Effective credit monitoring and borrower follow-ups; legal recourse used last	4.30	Agree
Performance Management	Transparent loan process, updated MIS, regular reviews and data updates	4.52	Strongly Agree
Team Productivity	Skilled officers, fraud prevention, responsive customer service	4.42	Agree
Collection Process Management	Strong repayment tracking, communication, and on-time repayments; some concerns on defaults	4.01	Agree
Overall Mean		**4.24**	**Agree**

Legend: 4.50-5.00 Strongly Agree, 3.50-4.49 Agree, 2.50-3.49 Undecided, 1.50-2.49 Disagree, 1.00-1.49 Strongly Disagree

Results in Table 2 revealed that Microfinance Institutions (MFIs) in Sarangani Province have good loan recovery policies in the majority of the significant aspects. The highest weighted mean rating was attained by credit evaluation management (M = 4.53), which was under the Strongly Agree category. This implies that MFIs undertake thorough background checks on applicants and examine their financial status and ability to repay loans before lending approval. A sound credit evaluation process is significant in upholding portfolio quality and the financial responsibility of borrowers, according to Ledgerwood (1999).

With a mean score of 4.52, the implementation of performance management indicated a good implementation. The respondents largely concurred that microfinance institutions (MFIs) constantly update and review the loan process and credit standards. Lapenu and Zeller (2001) assert that performance monitoring systems are required to ensure that MFIs link the operation processes with institutional standards and goals. Additionally, team productivity management, with a mean score of 4.42, was rated as Agree, indicating that employees demonstrate competency in serving the clients and minimizing fraud risks. It is aligned with the assertions of Ledgerwood (1999), who asserted that the success of loan recovery strategies greatly depends on the capabilities of the staff and the presence of good internal procedures. Further, the evaluation of credit risk management registered a positive rating (M = 4.30), meaning that MFIs exercise forward-looking approaches, recognizing clients after payment and reminding them of repayment. The institutional frameworks outlined by Lapenu and Zeller (2001), where internal controls play a critical role in minimizing default risk, are aligned with the practices outlined above. Similarly, participants concurred that MFIs offer loan products that support clients' needs with flexible terms and reasonable interest rates, with a weighted average of 4.29 pertaining to credit product management. It is in line with Ledgerwood's (1999) argument that an appropriate structure in a loan canlead to client satisfaction and repayment performance.

The average score in the handling of the collection process was 4.01. The respondents concurred that microfinance institutions (MFIs) have a history of timely repayment and fulfilling commitments through different communication approaches, such as text messages and face-to-face communication. However, there is some doubt about whether MFIs face a high default rate (M = 3.19), indicating that systematic collection methods may need to be improved. Moreover, the joint liability model received the lowest average score (M = 3.61), indicating that respondents were uncertain about whether group members rely on peer pressure methods or collaborate in overcoming defaults. Lapenu and Zeller (2001) acknowledged the strengths and weaknesses of joint liability methods in rural financialenvironments, indicating the dynamic nature of group-based lending models' challenges.

Loan Delinquency of Microfinance Institutions in Sarangani

Table 3: Loan Delinquency indicators of Microfinance Institutions

Loan Delinquency Dimension	Indicators Summary	Mean (WM)	Description
Loan Supervision Process Evaluation	Staff are knowledgeable about supervision procedures; consistent and clear borrower communication; effective loan monitoring through documentation and visits.	4.45	Agree
Credit Appraisal Process	Credit policies are clear; effective credit risk assessment; accurate documentation; adequate staff training; general satisfaction with appraisal process.	4.42	Agree
Credit History Evaluation Questionnaire	Accurate and timely credit reports; professional client interactions; trained staff in handling inquiries; overall satisfaction with credit history management.	4.33	Agree
Overall Mean	Reflects high agreement across all indicators of loan delinquency management.	**4.40**	**Agree**

Legend: 4.50-5.00 Strongly Agree, 3.50-4.49 Agree, 2.50-3.49 Undecided, 1.50-2.49 Disagree, 1.00-1.49 Strongly Disagree

Table 3 indicates the intensity of loan delinquency in Microfinance Institutions (MFIs) across three fundamental dimensions: the measurement of the loan supervision process, the measurement of the credit appraisal process, and the measurement of credit history. The weighted mean (WM) of 4.40, equivalent to "Agree," indicates the respondents' perception that their institutions possess very effective systems of managing and regulating loan delinquency.

Compared to the assessment of the loan supervision process, the highest mean score was achieved regarding the degree of loan officer communication clarity (M=4.53), followed by borrower communication consistency (M=4.46) and satisfaction with the supervision process (M=4.46).

The respondents also agreed that MFIs are effective in monitoring the usage of loan funds through documentation and on-site monitoring (M=4.42). These findings indicate that MFIs are seriously involved in careful supervision and follow-up after loan disbursement, adhering to best practices in microfinance management, where careful loan monitoring is crucial in ensuring compliance and reducing the risk of default (Ledgerwood, 2013). A strong and consistent presence by MFIs through the loan cycle increases the chances of borrower compliance with repayment terms and reduces delinquency.

With regard to the credit appraisal process, the respondents agreed that MFIs have clearly defined credit policies (M=4.46) and that their risk assessment processes are effective (M=4.39). Satisfaction with the credit appraisal process (M=4.45) and the perceived adequacy of staff training (M=4.41) show that staff are well-trained to evaluate the risk of borrowers. A good credit appraisal process is necessary to reduce loan delinquency by ensuring that credit is only provided to clients who are willing and able to repay (Armendariz & Morduch, 2010). With clear, standard procedures for lending, MFIs are able to reduce exposure to high-risk clients and thus reduce overall delinquency levels.

On the credit history assessment, respondents concurred that credit history reports are treated professionally (M=4.42) and that MFIs send timely updates (M=4.28). Satisfaction in this sector (M=4.39) suggests that clients' payment histories are well maintained and serve as a foundation for future lending. It supports the contention by Schreiner (2003) that assessing a borrower's history of behavior is a good indicator of future loan performance. When MFIs get credit histories correct and apply them to inform lending, they are able to reduce the risk of repeat delinquencies.

The findings in Table 3 collectively show that microfinance institutions (MFIs) in Sarangani Province have institutionalized inner practices that ensure effective loan delinquency management. The high mean values in all three dimensions are indicative of the fact that the organizations have well-documented procedures for tracking loans, have strict standards in credit evaluation, and regularly check borrower credit records. These practices are in alignment with the core elements of microfinance risk management, which emphasize preventive measures instead of cure-oriented interventions for delinquency (Ledgerwood, 2013; Armendariz & Morduch, 2010).

The high aggregate rating on these practices is an indication of the MFIs' interest in being financially sustainable while ensuring borrower success—a balance that is in line with the Dual Bottom-Line Theory, which enables the realization of both financial and social objectives. Though delinquency in lending is seemingly operationally controlled, the relative indicator scores indicate that there is still room for improvement in the utilization of credit history and regular staff development to further enhance borrower assessment and monitoring.

Relationship Between Loan Recovery Strategies and Loan Delinquency

Table 4 presents the result of the Spearman Rank Correlation test, which examined the relationship between loan recovery strategies and loan delinquency in Microfinance Institutions (MFIs). The p-value is 0.000, the r-value is 0.760, and the r^2-value is 0.578. The results show a robust and statistically significant positive correlation between the two variables.

The correlation coefficient of 0.760 indicated that increased utilization of debt recovery strategies significantly enhances the management of loan delinquency. The r^2 value of .578 indicates that the methods employed in loan recovery account for approximately 57.8% of the variance in individuals' management of loan delinquency. The p-value of .000 ($p < .05$) indicates that this link is statistically significant, suggesting that the observed correlation is not merely coincidental.

This conclusion aligns with the data shown in Table 2, indicating that MFIs effectively execute their loan recovery methods, particularly in the areas of credit evaluations (M = 4.53) and performance management (M = 4.52). These strategies encompass meticulous assessment of borrowers' financial conditions, adherence to established appraisal protocols, and periodic evaluation of loan policies. All of these measures are essential to prevent borrowers from defaulting on their loans and to mitigate the risk of delinquency (Armendáriz& Morduch, 2010).

Table 4.
Relationship between Loan Recovery Strategies and Loan Delinquency of Microfinance Institutions

Variables Correlated	R	r^2	p-value	Extent of Relationship	Remark
Loan Recovery Strategies and Loan Delinquency of MFIs	.760	.578	.000	High	Significant

The high scores for credit risk management (M = 4.30) and collection process management (M = 4.01) in Table 2 contribute to effective delinquency control by guaranteeing that loans are monitored after disbursement and that repayments are regularly verified. These proactive measures are crucial as they inform MFIs of potential repayment issues early, enabling intervention before delinquency escalates (Ledgerwood, 2013).

Table 3 further shows this correlation by indicating that microfinance institutions (MFIs) are best in handling loan delinquencies, with an overall mean of 4.40. Respondents indicated that loan monitoring (M = 4.45), credit assessment (M = 4.42), and credit history examination (M = 4.33) were executed proficiently. It only shows the efficiency of the recovery protocols, specifically on the assessment, monitoring, and support of borrowers throughout the lending process.

Overall, the findings in Tables 2 and 3 are connected by the results shown in Table 4: Microfinance institutions are excellent in managing their late payments and also taking precautions when they follow structured, client-focused recovery strategies. Supporting the study of Schreiner's (2003) claim that data is necessary for microfinance to assess borrowers and make risk-based choices. It is consistent with the Dual Bottom-Line Theory, which serves as the foundation for this investigation. This theory illustrates how efficient financial strategies like loan recovery mechanisms can facilitate social goals like sustained outreach and a reduction in delinquency.

Sarangani Province's microfinance institutions are the implication of strong internal controls, and efficient loan collection techniques will greatly lower the possibilities of default. This shows how important a proper operational structure is in achieving the financial sustainability of Microfinance Institutions.

EXHAUSTIVE DISCUSSION

The findings of this study converge to illustrate a comprehensive picture of how Microfinance Institutions (MFIs) in Sarangani Province effectively manage loan delinquency through strategic implementation of loan recovery mechanisms. The results from Table 2 show a high to very high level of loan recovery strategy execution, particularly in the areas of credit evaluation management (M=4.53), performance management (M=4.52), and credit risk management (M=4.30). Theseresults suggest that MFIs emphasize rigorous borrower assessments, structured loan monitoring, and proactive risk controls. Correspondingly, Table 3 reflects a high level of efficiency in handling loan delinquency, as seen in strong mean ratings for loan supervision (M=4.45), credit appraisal (M=4.42), and credit history evaluation (M=4.33). These findings showed that Microfinance Institutions not only effectively implement recovery strategies but also consistently maintain strong operational procedures to monitor borrowers throughout the loan cycle. The statistically significant and strong positive correlation ($r=0.760$, $p=0.000$) found in Table 4 confirms that robust loan recovery strategies directly contribute to better management of loan delinquency. This study agrees with the conclusion of Schreiner (2003) that data-driven and well-informed decision-making reduces borrower risk and aligns with the principle of the Dual Bottom-Line Theory (Armendáriz& Morduch, 2010), which emphasizes achieving both financial sustainability and social outreach. Therefore, MFIs that integrate structured and client-focused recovery mechanisms are better positioned to mitigate delinquency, maintain financial health, and continue serving the underserved sectors of the community (Ledgerwood, 2013).

Findings

1. MFIs in Sarangani Province exhibit increasing maturity in financial performance, client outreach, social impact, products and services, and capital structures.
2. Many MFIs demonstrate resilience in implementing credit evaluation and loan collection procedures.
3. MFIs face persistent challenges in governance, digital technology adoption, and compliance with regulatory frameworks.
4. High interest rates are observed among MFIs, potentially undermining their social mission and affecting accessibility for low-income borrowers.
5. Some MFIs have adopted international best practices, especially in client protection and operational standards.
6. Loan delinquency remains a major concern, with several MFIs reporting high delinquency rates.
7. A high positive and statistically significant relationship was found between loan recovery strategies and loan delinquency levels.
8. The null hypothesis was rejected, confirming that effective loan recovery strategies significantly contribute to reducing loan delinquency.
9. The findings highlight the need for MFIs to strengthen group lending mechanisms, enhance loan collection strategies, and invest in technological and governance improvements to ensure long-term sustainability and impact.

IV. CONCLUSION

Microfinance Institutions (MFIs) in Sarangani Province show growing maturity in important areas like financial performance, outreach, social performance, interest rate structures, governance, client protection, and capital sustainability. While these have improved, ongoing challenges continue in governance, the adoption of digital technology, and adherence to regulatory frameworks. High interest rates can also impede the social mission of the sector, especially in reaching low-income households. Restricted usage of online platforms and erratic management ability further limit the operational efficiency of MFIs.

Regarding loan recovery, MFIs exhibit strength through good credit assessment, borrower tracking, and collection tactics. However, more emphasis must be placed in developing group lending structures and streamlining collection processes to make them more efficient and lower defaults. Significantly, the research revealed a strong positive significant relationship between loan recovery techniques and loan delinquency. This suggests that as MFIs step up recovery activities, loan delinquency also increases—implying that existing strategies are perhaps reactive measures to increased defaults instead of proactive actions to avoid them. Therefore, the null hypothesis is rejected, establishing a statistically significant relationship between loan recovery approaches and loan delinquency levels.

Recommendations

1. It is recommended that MFIs improve their group lending operations by clearly defining member roles, ensuring fair task allocation, and simplifying the collection process to reduce borrower pressure and improve repayment efficiency.
2. MFIs are advised to reduce reliance on collective guarantees by fostering individual borrower accountability through the implementation of financial education programs.
3. It is recommended that MFIs conduct in-depth client analysis and continuous monitoring to identify delinquency risks at an early stage.
4. MFIs should customize their loan recovery approaches based on client profiles, taking into consideration factors such as socio-economic status, income stability, and payment history.
5. It is suggested that MFIs introduce early warning systems to proactively manage repayment challenges before they lead to defaults.
6. MFIs are encouraged to provide flexible repayment schedules or reschedule loans for borrowers who are experiencing temporary financial difficulties.
7. Strengthening client relations through ongoing communication, financial support, and advisory services is also recommended to increase borrower engagement and trust.
8. MFIs should periodically review and enhance their internal management systems, including employee training, performance appraisals, and incentive programs aligned with organizational goals and client welfare.
9. Providing financial education to borrowers is advised to help them make informed financial decisions and develop good repayment habits.
10. It is recommended that MFIs implement transparent credit reporting mechanisms to raise borrower awareness and promote responsible borrowing behavior.
11. Lending service enhancements—such as improved client interaction, flexible repayment terms, and tailored support—are encouraged to improve borrower outcomes and institutional performance.
12. Investors are encouraged to support MFIs that adopt early warning systems and risk management techniques, which are expected to reduce portfolio risks and boost investor confidence
13. MFIs should also adopt greater transparency and improved client assessment procedures to establish stable and sustainable organizational frameworks that attract long-term investments.
14. Policy-makers and regulators are advised to impose prudent interest rate caps to protect vulnerable borrowers from exploitative lending practices.
15. It is also recommended that regulatory authorities promote transparent reporting and the enforcement of ethical lending practices to preserve the integrity of the microfinance sector and protect borrower rights.
16. Further research is recommended to examine the evolving dynamics between loan recovery strategies and delinquency, with a focus on active intervention models and targeted recovery mechanisms.
17. Scholars are also encouraged to explore the socio-economic determinants of delinquency beyond conventional group lending frameworks, particularly in rural and emerging microfinance contexts.

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