The impact of microfinance on economic development and the standard of life of individuals during the years 2018-2021. The case of Albania

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Abstract

The goal of each country today is to have the highest and continuous economic growth. But sustainability of economic growth is very important. This is achieved only by making the right policies, providing the country with high income. Microfinance is not a new development. Its origins date back to 1976, when Muhammad Yunus founded the Grameen Bank as an experiment on the outskirts of the Chittagong University campus in the village of Jobra, Bangladesh. Since then, several microfinance institutions emerged and succeeded in helping the poor and over time created new strategies to fulfill their vision. This paper is about microfinance and its impact on people from different layers of society, with the main focus on the impact on the poor layer of the population in Albania during the years 2018-2021. The aim of this study is to show how microfinance works and how it affects the standard of living (income, savings, etc.) of poor people in Albania.

Poverty should not belong to civil society.
His place is in a museum. There it should be!
Muhammad Yunus

1. Introduction

There are about three billion people, half the world's population, who live on less than two dollars a day. In these poor communities, one in five children do not live to see their fifth birthday (Barr, Michael S, 2005). A 2006 study shows that the income ratio between the richest 5% and the poorest 5% of the population is 74 to 1, compared to 30 to 1 in 1960. Microfinance is a lending methodology that uses an effective substitute for collateral for short-term loans and working capital even for micro-entrepreneurs. According to Otero, microfinance is "the provision of financial services to the low-income poor and self-employed very poor". These financial services, according to (Ledgerwood, 1999), generally include savings and loans, but may also include other financial services such as insurance and payment services.

1.1 The problem addressed in the study.

The problem in this thesis is about microfinance and its impact on poor people in our country. Through this study, we will show how microfinance works, using the lending methodology to reduce poverty, and how it affects the standard of living (income, savings, etc.) of poor people in Albania.

1.2 Objectives of the study

- Identifying the definition of microfinance according to different economic theories.
- Review of the literature from a historical point of view on Microfinance and its main concepts, referring mainly to researchers and economists, such as Muhamed Yunus, Otero, etc.
- Analyzing the progress over time of the main elements of the financial performance of MFIs in Albania.
- Analyzing whether the standard of living of individuals in Albania has increased due to the influence of MFIs.
- Recommending some solutions that can lead to the reduction of poverty and the increase of living standards through the benefit of microcredit.

1.3 The purpose of the paper

The main purpose of this paper is to research the progress of the operation of microfinance institutions, the growth and economic development of the population in our country, as well as to analyze the performance trend and determine the factors that influence the increase in the financial performance of these institutions that operate in Albania. Also, this paper aims to understand if microfinance in Albania can represent a financial opportunity to be implemented on a larger scale to improve the creditworthiness of individuals as well as the level of the standard of living. The research question is:

- What is the impact of microfinance on living standards and poverty alleviation in Albania?

Hypothesis

The main hypothesis of this paper is: Loans received in microfinance institutions have negatively affected the increase in the standard of living and the alleviation of poverty in Albania during the years 2018-2021.

1.4 Limitations of the study

This study has the following limitations:

- Difficulties related to finding information and lack of official publications related to this topic. For this reason we mainly used secondary data.

- We have obtained these data from the websites of these units and from the data published on the official websites of the controlling institutions (AMF, etc.).
- There remains the possibility that other studies will deal with the study of the effects that microfinance institutions and microcredit have on increasing well-being in Albania.
- For the realization of this paper, we relied mainly on foreign literature, since the studies of Albanian authors related to this topic are few. The limitation in this paper was precisely in the adaptation of this foreign literature to the relevant models in the Albanian situation.

2. Literature review

Small operations have existed since the 18th century. The first appearance of microlending is attributed to the system of the Irish Loan Fund, introduced by Jonathan Swift, who sought to improve conditions for poor Irish citizens. In its modern form, microfinance became known on a large scale in the 1970s.

Microfinance and intermediary institutions play a powerful role in economic growth and development. In accordance with the literature, there seems to be a positive relationship between economic growth and the growth of the financial sector. (King, Robert, Ross, & Levine, 1993).

(Rena, Ravinder, Tesfy & Ghirmai, 2006) concluded that microfinance has strong capacity to drive economic growth and poverty reduction. They showed that there is a significant link between microfinance and the evolution of poverty, in that the ultimate decline in the poor's access to income and the control of economically productive resources, which include financial resources. The previously implemented programs did not bring good results due to the non-inclusion of the citizens for whom the program was designed (the poor).

Microfinance is generally defined as the provision of financial and non-financial services to the poor on sustainable basis. These services of microfinance include microcredit, savings, micro insurance, money transfer services, pension remittances and business advisory services targeted at low-income groups and enterprises. (Robinson, M.S.,2002).

According to (Asiama, J., 2007) microfinance started as a self-help group among the rural poor and in Africa microfinance was first established in the Northern region of Ghana by Canadian Catholic missionaries in the year 1955. He averred that successive government in Ghana has developed varying strategic programmes aimed at reducing poverty and ensuring that the standards of living of the low income earners are enhanced.

According to (Johnson & Rogaly, 1997) financial service providers, which aim to enable people to overcome poverty, are focused on credit, with a focus on credit for small enterprises, including agricultural production. Nowadays, a number of institutions emphasize that the poor benefit from microfinance in terms of increasing income and reducing dependency.

The programs of microfinance institutions have become important components in the construction and implementation of strategies for reducing poverty or promoting the promotion of micro and small enterprises (Hulme, 2000).

MFIs serve a pivotal role in the economies by availing small packages that suit every economically active person (Zainal et al. 2019).

Many studies have revealed that microfinance institutions help to alleviate poverty through the provision of credit to marginalized societies. Availability of credit helps diversify household income and smoothens household expenditure, allowing them to absorb economic shocks and fluctuations (Samer et al. 2015). Enisan and Oni (2012) emphasized that MFIs are a vehicle through which the poor are empowered.

3. Overview of microfinance

3.1 Economic and social developments in Albania.

In addition to the economic conditions since the beginning of the economic transition - the previous industrial and manufacturing segment completely collapsed in the 1990s. During the last years, Albania has progressed in terms of economic development, where it is clear that the country has grown steadily and comprehensively.

Microfinance can be an essential element of an effective poverty reduction strategy, mainly in developing countries. Especially in Albania there is a lack of access and efficient provision of credit, savings and insurance facilities to develop businesses, increase their capacity to earn income and improve the quality of life. The roles of Microfinance Institutions (MFIs) are unmatched in terms of providing access to financial services to poor citizens. This part of society is financially excluded from formal financial institutions due to the unwillingness of institutions to provide loans without collateral due to their commercial purposes. In addition to the social goals intended by MFIs, institutional support is essential to ensure continued support. Therefore, the efficiency of MFIs is key to achieving sustainability.

Microfinance during the years 2018-2021

It should be noted that in recent years the competition in the microfinance market has grown, also thanks to the increased interest of banks in this segment, especially in the field of financing small businesses and agriculture. Microfinance institutions have comparative advantages with the banking system when it comes to the microfinance market, which requires different expertise and approaches than banks, which take time to build.

Microfinance is a very necessary element for increasing financial inclusion, especially in the new credit system and for strengthening low-income segments. Last year's data show that the microfinance sector disbursed 29.4 billion ALL or 242 million euros in new loans. According to data from the Albanian Microfinance Association (AMA), the volume of new loans increased by 91% compared to 2021, which confirmed the rapid recovery of lending in this segment as well.

The value of the new loan has also exceeded the pre-pandemic levels, 9.3% more than in 2019. The new loan, based on the detailed data of various sectors of the economy, has been granted mainly to individuals, where 52% of the value of of new loans are loans followed by loans for business with 37% and loans for agriculture with 10%.

The loan portfolio at the end of 2021 was estimated at around ALL 34.8 billion, with an increase of 14.3% compared to 2020. The phase before the pandemic hit the microfinance sector the most. The postponement of quarterly loans and the subsequent need for further restructuring during 2020 have caused liquidity difficulties for some microfinance institutions and limited the scope for new loans. In recent years, microfinance institutions have had advantages over the banking system when it comes to the microfinance market, a market that requires expertise and approaches different from banks, which take time to establish. These institutions operate in a competitive environment, their activity is stable in terms of growth and portfolio quality Microfinance institutions generally offer loans with characteristics such as small amounts, alternative collateral options, transparent interest rates and often irregular loan repayments in line with business cycles. Of course, they pay special attention to the improvement of existing products, as well as the development of new products, constantly monitoring the development of the target market, the demands and preferences of this market, how the demand changes, as well as the identification of new markets, etc.

3.2 The roles of non-bank financial institutions in the credit market.

In almost all advanced economies, financial systems offer a wide range of sophisticated services and products. The effectiveness of such developed systems has contributed to macroeconomic stability and growth and sustainable economic

development of the country. Increasing access to credit and its efficient distribution to strengthen the private sector benefits the entire economy, with particular benefits for small and medium-sized enterprises (SMEs), which often have limited access to financing from the banking sector.

A well-developed non-banking financial sector is considered an important part of a healthy and efficient financial system, which can ensure stability in the growth and development of the economy, making it complete, balanced and sophisticated. A multilateral financial system that includes tier-2 banks and non-bank financial institutions protects the economy from financial shocks and enables rapid recovery from such shocks.

Non-bank financial institutions are still in an early stage of development in Albania, but their importance should increase in the future, as has happened in other developed countries, where they have an important role for financial intermediation.

4. Empirical analysis

This chapter will contain the empirical analysis of this study, which is built based entirely on secondary data. In this study, the quantitative method was used, which helps us to use secondary data. Secondary data consists of statistics conducted by institutions, books, articles and other relevant data. Also, from the annual reports published on the official websites of various institutions such as the Bank of Albania, the Ministry of Finance, the Albanian Microfinance Association (AMA).

The first part of the analysis is built by interpreting the annual reports of the microfinance institutions operating in Albania. These data were obtained from the Microfinance Association in Albania (AMA).

The second part of the analysis is constructed by interpreting the results obtained from the multiple linear regression analysis. In this analysis, the number of active loans, number of disbursed loans, total debt from loans, active loan portfolio, active customers in rural areas were used as independent variables, while the standard of living was used as the dependent variable.

The first part

The progress of IFJB assets

In December 2021, the total assets of IFJBs reached the level of 76.29 billion ALL, which is an increase of 12.4% or 8.42 billion ALL compared to 2020. In 2020, the total of these assets was 59.6 billion ALL, where, comparing it with 2019, it again marked an increase of 3% or 1.5 billion ALL. A significant increase was

evident this year, where comparing it with the previous year, there is a difference of 25% or 11.8 billion lek. Mainly, this increase was generated by: Fondi Besa (25%), Iutecredit Albania (19%), Kredo Financë (16%), Porsche Leasing (5%) etc. The assets of these institutions reach 4.43% of the total assets of the banking system, compared to a year ago.

TABLE 1. Total assets of NBFIs

Indicator/mld ALL	Dec. 2018	Dec. 2019	Dec. 2020	Dec. 2021
Total assets of NBFIs	53.1	65.2	67.9	76.3

Source: Bank of Albania.

4.1.1 Surplus of the loan portfolio

In 2021, the gross loan portfolio for IFJBs was worth 42.1 billion ALL, which resulted in an increase of 5.51 billion ALL (or 15.1%) compared to the previous year. At the end of 2020, this portfolio reached 36.6 billion ALL, where compared to 2019, it experienced an increase of 3%. Again in 2019, a significant increase of 23.7% is reflected compared to 2018. The activity with the highest growth during 2021 and 2019 was microcredit compared to the other three categories: lending, financial leasing and factoring. While in 2020 it was lending, which is certainly related to the pandemic situation.

TABLE 2. Performance of the gross and net loan portfolio.

Indicators/mld ALL	Dec. 2018	Dec. 2019	Dec. 2020	Dec. 2021
Total portfolio (net)	26.4	33.0	33.5	37.4
Total portfolio (gross)	28.6	35.5	36.6	42.1

Source: Bank of Albania.

4.1.2 Progress of the gross loan portfolio based on the activity of NBFIs

The microcredit portfolio in IFJBs mainly consists of lending and microcredit entities (76.1%). Next is the portfolio of financial lease entities (22.8%) and the portfolio of factoring entities (1.1%). The credit portfolio of IFJBs reaches 5.9% of the total credit of the banking system, maintaining almost the same weight compared to the previous year.

TABLE 3. Progress of the gross loan portfolio according to the activities of IFJBs.

Financial activities (in billion ALL)	Dec. 2018	Dec. 2019	Dec. 2020	Dec. 2021
Lending	12.7	14.7	15.6	16.6
microcredit	8.4	11.4	11.6	15.4
Financial lease	6.9	8.9	9.1	9.6
Factoring	0.6	0.5	0.4	0.5
Gross portfolio	28.6	35.5	36.6	42.1

Source: Bank of Albania.

4.1.3 Quality of the loan portfolio.

At the end of 2021, the indicator of problem loans for financial entities has increased by 2.44%. This result was influenced by the increase in problem loans by about 28.6% (or ALL 1.6 billion), while the increase in the financing portfolio was about 15.1%. This increase in problem loans has resulted mainly as a consequence of the deterioration of the quality of the portfolio in the microcredit entities. Even during 2020, the indicator of problem loans has increased compared to 2019. This increase has been entirely influenced by the microcredit portfolio. In addition to the consequences of the quarantine and the slowdown in economic growth, this indicator has also been affected by supervisory requirements, which has led to an increase in the amount and number of loans classified as problematic.

At the end of 2018, this indicator increased by 0.5%, which was influenced by the increase in non-performing loans by about 56.8%. At the end of this year, the growth of the financing portfolio was about 23.7%. The main cause of this increase was the event of fraud in the entity "Fondi Besa", as well as the deterioration of the quality of the portfolio in the microcredit entities.

TABLE 4. Progress of the credit quality indicator.

Indicators	Dec. 2018	Dec. 2019	Dec. 2020	Dec. 2021
Non-performing loans (gross)	9.16	9.69	11.20	13.60
Non-performing loans (net)	2.53	4.14	4.38	3.96

Source: Bank of Albania.

Second part

4.2.1 Regression analysis, correlation between variables and hypothesis testing.

This part of the study will focus on the analysis of the hypothesis, the theory of which has been extensively covered in the previous chapters. This part will analyze the financial situation and lending by NBFIs during the period 2018-2021, where through the analysis of some constituent elements of the overview of the sector, we will notice the impact that microcredit has had in alleviating poverty during the period under study. The elements that will be analyzed are: total deposits/savings, active loan portfolio, disbursed volume, number of disbursed loans. The verification of the hypotheses was carried out through the testing of the variables obtained in the study. These tests were performed using the statistical program EViews 12.

1. Stationarity tests for time series

The stationarity test shows the stability of the data for each variable. In the multiple linear regression analysis, only those variables are entered which during the testing are stationary. To identify the stationarity of the time series we will use the Augmented Dickey-Fuller test.

Hypotheses:
H0: The time series has a unit root (is not stationary).
Ha: The time series is stationary.

Decision rule:
- If the probability is less than 0.05, the basic hypothesis is not accepted and we will accept the alternative hypothesis.
- If the probability greater than 0.05, the basic hypothesis is accepted.

TABLE 5. Summary of stationarity test results

Variables	T-statistic	Probability	Result
Number of active loans (NAL)	-3.48284	0.0019	Stationary
Number of loans disbursed (NLD)	-1.66389	0.0032	Stationary
Total Debt from Loans (TDL)	-1.054349	0.5707	Not stationary
Active loan portfolio (ALP)	-1.464131	0.4242	Not stationary
Active customers in rural areas (ACRA)	-1.931609	0.2889	Not stationary

Source: Author (2022).

2. *Multiple linear regression analysis.*

The multiple regression analysis will be built in order to validate the hypotheses at the beginning of the study, which will be carried out with the variables that turned out to be stationary. This equation relates the mean value of y to the independent variables x1…..xk.

The multiple linear regression equation has the form: y=β0+ β1χ1+ β2χ2+……+ βkχk+u

- Standard of living = *β0+ β1NAL+ β2NLD+ β3TLD+ β4ALP+ β5ACRA+ui* (Equation before stationarity test)
- Standard of living = *β0+ β1NAL+ β2NLD* +ui (Equation after stationarity test)

The equation evaluated with the relevant tests (overall and individual significance test) is presented as follows:

Estimated equation: *y=β0+ β1χ1+ β2χ2+……+ βkχk*

Standard of living =17.00081 -0.373319NAL-0.479899NLD

- *Overall significance test.*

This test is performed to examine the significance of the model as a whole.

H0: *β1= β2= β3=0*

Ha: At least one of the parameters must be non-zero.

Test: Least Squares

Criteria for making the decision:

- If p ≤ 0.05, the basic hypothesis is rejected and we will accept the alternative hypothesis.
- If p > 0.05, the basic hypothesis is not rejected.

In the specific case, p=0.007817, i.e., smaller than 0.05. This means that the basic hypothesis is rejected and the alternative hypothesis is accepted.

Result: The model is statistically significant.

- *Individual significance test.*

This test is performed to observe the significance of each independent variable in the model.

Criteria for making the decision:

- If p ≤ 0.05, the basic hypothesis is rejected and we will accept the alternative hypothesis.
- If p > 0.05, the basic hypothesis is not rejected.

Test: Least Squares
Active number of credits
H0: β2=0
Ha: β2= different from 0.
In the specific case, p=0.0300, i.e. smaller than 0.05. This means that the basic hypothesis is rejected and the alternative hypothesis is accepted.
Result: The active number of loans is a statistically significant variable.
Number of loans disbursed
H0: β3=0
Ha: β3= different from 0.
In the specific case, p=0.0936, i.e. smaller than 0.05. This means that the basic hypothesis is rejected and the alternative hypothesis is accepted.
Result: The number of loans disbursed is a statistically significant variable.

- *Model interpretation*

Standard of living =17.00081 -0.373319NAL-0.479899NLD
Based on the above analysis, it turns out that the model exists as a whole. Given that the F-statistic, which is the measure of the joint importance of the explanatory variables, is statistically significant at the 5.3% level and corresponding to the probability value of 0.007817, it follows that this entire model is statistically significant. From the results we can observe that the number of active loans, the number of disbursed loans and the constant are statistically significant.
The number of active loans (-0.373319NAL) is statistically significant and has an inverse relationship with the standard of living. From this analysis it follows that, if we keep all other variables constant, an increase of one unit in the NAL variable, will lead to a decrease of 0.373319 units in the Standard of Living variable.
Likewise, the variable Number of loans disbursed (-0.479899NLD) is statistically significant, which also has an inverse relationship with the standard of living. If we keep all other variables constant, a one-unit increase in the NLD variable will lead to a decrease of 0.479899 units in the standard of living variable.

TABLE 6. Summary of individual significance test results.

Model	Beta Coeficient	Std. Error	T-statistic	Probability	Results
1					
constant	17.00081	3.772705	4.162992	0.0012	----
No. of active loans	-0.373319	0.590252	-2.273623	0.0300	Active number of loans (ANL) is a statistically significant variable
Number of loans disbursed	-0.479899	0.447544	-1.101322	0.0936	Disbursed volume is a statistically significant variable.

Source: Author (2022).

TABLE 7. Summary of overall significance test results.

Model	R-squared	Adjusted R-squared	F-statistic	Prob (F-statistic)
1	0.388904	0.833289	5.318201	0.007817

Source: Author (2022).

3. Model assumptions.

After constructing the multiple linear regression analysis, tests will be performed on the assumptions of the model, as follows:

Jarque-Bera Test/Test for Normality of Residual Distribution. This test shows whether the distribution of the residuals as a whole is normal or not.

- Assumption of normal distribution of residuals.

H0= The random variable ε has a normal distribution
Hα= The random variable ε does not have a normal distribution
Test: Jarque-Bera
Criteria for making the decision:

- If $p \leq 0.05$, the basic hypothesis is rejected and we will accept the alternative hypothesis.
- If $p > 0.05$, the basic hypothesis is not rejected.

In this case, p=0.05675, i.e., greater than 0.05 (Table 6). This means that the basic hypothesis is not rejected.

Result: The random variable ε has a normal distribution.

- The homoscedasticity assumption.

H0 = The random variable ε has the same variance for each value of the independent variable (Homoskedasticity)

Hα = The random variable ε does not have the same variance for each value of the independent variable (Homoskedasticity)

Test: Breusch-Pagan-Godfrey

Criteria for making the decision:

- If $p \leq 0.05$, the basic hypothesis is rejected and we will accept the alternative hypothesis.
- If $p > 0.05$, the basic hypothesis is not rejected.

In this case, p=0.1354, i.e. greater than 0.05 (Table 7). This means that the basic hypothesis is not rejected.

Result: The random variable ε has the same variance for each value of the independent variable (Homoskedasticity).

- *Functional form adequacy test.*

To see if the chosen linear functional form is appropriate for this study, we will use the Ramsey RESET test, which is presented as follows:

Assumption about the appropriateness of the functional form.

H0 = The chosen linear functional form is appropriate.

Hα = The chosen linear functional form is not suitable.

Test: Ramsey RESET test.

Criteria for making the decision:

- If $p \leq 0.05$, the basic hypothesis is rejected and we will accept the alternative hypothesis.
- If $p > 0.05$, the basic hypothesis is not rejected.

In this case, p=0.2957, i.e. greater than 0.05 (Table 8). This means that the basic hypothesis is not rejected.

Result: The selected functional form is suitable.

TABLE 8. Summary of model assumption results.

Model assumptions	Probability	Result
Assumption of normal distribution of residuals	0.5675	The random variable ε has a normal distribution.
The homoscedasticity assumption.	0.1354	The random variable ε has the same variance for each value of the independent variable (Homoskedasticity).
Assumption about the appropriateness of the functional form.	0.2957	The functional form chosen is appropriate.

Source: Author (2022).

5. Conclusions

The purpose of this paper was to study and analyze the impact of microfinance on increasing the standard of living and reducing poverty in Albania during the years 2018-2021.

Microfinance has proven to be an effective mechanism for poverty reduction, especially in developing and less developed countries. Microfinance can penetrate those levels of society that the traditional financial system has missed. In this paper, several indicators were analyzed, through which the hypothesis and the research question raised at the beginning of the study were proven.

From the first part of the analysis, it is noted that during the period 2018-2021 they have increased from year to year, which affects the increase in sustainability, efficiency and income of the microfinance institution. Quite a significant increase is observed during the years 2020-2021, i.e. during the period of the Covid-19 pandemic.

In terms of developments in the balance of the portfolio, the activity with the highest growth was in the years 2019 and 2021, where microcredit was the main category used by individuals, compared to factoring, financial leasing or lending. Of course, the earthquake and the pandemic have affected this situation as well.

- Conclusions of multiple regression analysis.

In this study, several indicators were analyzed such as (Active loans, disused loans, total debt, active loan portfolio, active customers in rural areas) on the relationship they have with the standard of living of individuals who have received loans from non-financial institutions. bank during the period 2018-2021. In order to analyze these links, the data were obtained from the Financial Supervision Authority (FSA) and the Bank of Albania (BA). Multiple linear regression analysis was performed using EViews 12 statistical software.

Based on the multiple regression analysis, we can conclude that this model exists as a whole as the F-statistic is statistically significant at the 5.3% level, according to the corresponding probability value of 0.007817.

From the results we can observe that the number of active loans, the number of disbursed loans and the constant are statistically significant.

The number of active loans (-0.373319NAL) is statistically significant and has an inverse relationship with the standard of living. From this analysis it follows that, if we keep all other variables constant, an increase of one unit in the NAL variable, will lead to a decrease of 0.373319 units in the Standard of Living variable.

Likewise, the variable Number of loans disbursed (-0.479899NLD) is statistically significant, which also has an inverse relationship with the standard of living. If we keep all other variables constant, a one-unit increase in the NLD variable will lead to a decrease of 0.479899 units in the standard of living variable.

Referring to the above analysis, it is concluded that, from a social point of view, the main goal of non-bank financial institutions is to positively influence economic development and increase the standard of living. In the short term, these incentives achieve their goal. But relying on the analysis carried out in this study, it results that IFJB, in addition to increasing their assets and profitability, lower the standard of living and deepen poverty. This results because they have facilities in the initial benefit of the loan, but on the other hand, they have high interest rates, which deepens the individual's inability to fulfill obligations. From the side of these institutions, this is somewhat justifiable, since they themselves, since they do not hold collateral for the loans granted, are forced to "protect" themselves with these interest rates. The analysis shows that the more the number of active loans increases, the more the profitability of non-bank financial institutions will increase and the more the standard of living will decrease. So, the hypothesis raised at the beginning of the study is confirmed.

6. Recommendations

Based on the final results of this study, we can say that there is still a lot of work and many opportunities to improve the condition of the population from a social and economic point of view.

Two elements are needed for the microfinance sector in Albania to be successful:

1. An institutional and cultural environment favorable for microcredit must be built and consolidated with the contribution of a wide range of actors, from public administration to traditional lending actors.
2. Further in-depth analyzes should be drawn up by the responsible institutions for access and profitability in the microfinance sector.

Researchers should conduct scientific research to provide suggestions on how microcredit should be used efficiently to increase economic development, standard of living and poverty alleviation.

Cooperation with all the aforementioned actors will contribute to the assessment of the current situation, the creation of new plans and strategies, the creation and evaluation of new opportunities, the initiation of concrete steps to positively influence the increase in the standard of living of families in Albania. and poverty reduction.

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