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Customers' Perception of Microfinance Services as a Tool for Rural Development: A Romanian Case Study

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Abstract: Microfinance institutions (MFIs) play a vital role in extending financial services to marginalized and underprivileged populations worldwide. While the focus of MFIs has traditionally been on providing financial products, recent research highlights the importance of intangible factors in shaping their success and sustainability. This research examines the influence of factors such as trust, empathy, organizational culture, and reputation on MFI performance. A structured questionnaire was developed, and data were collected from 110 clients. Statistical analysis, including Cronbach alpha, composite reliability, and exploratory factor analysis, was employed to assess the reliability, validity, and dimensionality of the collected data. Three dimensions of service quality were identified: empathy and assurance, trust, and intangibles. While gender differences in perception were observed, they were not statistically significant. However, significant differences were noted across age groups, educational levels, and types of businesses. Understanding and addressing factors related to trust, intangibles, and specific aspects of service satisfaction are crucial for enhancing client engagement and long-term success. By continuously striving to improve service quality, microfinance companies can strengthen client relationships and position themselves in such a way as to achieve sustainable impact and success in the microfinance landscape.

Keywords: intangibles dimension; empathy and trust; social value creation

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1. Introduction

Microfinance institutions (MFIs) serve as critical enhancers for financial inclusion, extending services to marginalized and underprivileged populations worldwide. While MFIs primarily focus on providing financial products and services, their success and sustainability are deeply intertwined with a range of intangible factors. Beyond the quantifiable metrics of financial transactions, aspects such as trust, empathy, and organizational culture wield significant influence on MFI performance and social impact. Recent research has underscored the importance of intangible assets in shaping the efficacy and resonance of microfinance interventions across diverse contexts.

Organizational culture emerges as a pivotal determinant of MFI effectiveness, influencing internal dynamics, client interactions, and institutional outcomes. Studies emphasize the role of values, norms, and leadership practices in fostering innovation, adaptability, and client-centricity within microfinance organizations.

Moreover, the reputation of MFIs plays a crucial role in driving client trust, investor confidence, and stakeholder engagement. Positive reputation capital can attract funding, talent, and strategic partnerships, thereby bolstering MFI sustainability and outreach. Effective reputation management strategies, including stakeholder engagement and social media presence, are vital for maintaining and enhancing MFI reputation in competitive markets. In addition to financial returns, MFIs are increasingly recognized for their broader social impact and contribution to sustainable development goals. Scholars advocate for holistic approaches to measuring social performance, encompassing dimensions such as poverty alleviation, gender equality, and environmental sustainability. By articulating and quantifying social value creation, MFIs can align their mission with stakeholder expectations and drive positive change in the communities they serve.

Furthermore, intangible outcomes such as client satisfaction, empowerment, and social cohesion are integral to assessing the effectiveness and relevance of microfinance interventions. This research highlights the importance of client-centered approaches, participatory methodologies, and community-driven initiatives in enhancing impact and inclusion. By prioritizing a client's voice and agency, MFIs can foster a sense of ownership, dignity, and belonging among marginalized populations, amplifying the transformative potential of microfinance.

However, managing intangible factors in microfinance presents challenges related to measurement, integration, and alignment with organizational objectives. Scholars and practitioners advocate for the development of robust frameworks, tools, and indicators to capture the multidimensional nature of intangible value creation in microfinance.

Microfinancing services dedicated to agriculture can play a major role, as the agricultural sector has significant importance in the global economy and, as we have previously stated, has a great deal of potential in Romania. It also holds a significant position in the national economy due to tradition; more than 20% of the active population are employed in agriculture [1], and the contribution of agriculture to the Romanian GDP was 4.5% in 2022 [2], as the financial needs in the agriculture and agri-food sectors in Romania are increasing [3].

In this context, the following two research questions arose: which is the perception of the quality dimensions of these services? Which are the factors that influence the quality perception? Once these two research questions were answered, it was achieved the aim of the current study, which was to identify the satisfaction level of the clients of the microfinance services. To achieve the aim of the paper, the following sections were developed: literature review, material and methods, results, discussions and in the end the conclusions.

2. Literature Review

Microfinance institutions (MFIs) play a crucial role in providing financial services to the unbanked and underprivileged populations worldwide [4]. However, the success and sustainability of these institutions are significantly influenced by factors such as trust, empathy, and intangible aspects [5]. Beyond the tangible aspects of financial transactions, intangible factors wield significant influence on the performance and sustainability of microfinance institutions (MFIs) [5,6].

Recent research has underscored the importance of intangible assets, organizational culture, and social impact in shaping the efficacy and resonance of microfinance interventions in diverse contexts. Organizational culture emerges as a critical determinant of MFI effectiveness, shaping internal dynamics, client interactions, and institutional outcomes [7].

Nwazuoke et al. [8] emphasize the role of organizational values, norms, and leadership practices in fostering innovation, adaptability, and client-centricity within microfinance organizations. A strong organizational culture characterized by transparency, accountability, and ethical conduct can enhance trust, employee engagement, and organizational resilience amidst dynamic market conditions. The reputation of MFIs serves as a key driver for client trust, investor confidence, and stakeholder engagement in the microfinance sector. The study conducted by Lusambo [9] explores the relationship between MFI reputation and financial performance, highlighting the potential of positive reputational capital to attract funding, talent, and strategic partnerships. Effective reputation management strategies, including stakeholder engagement, impact reporting, and social media presence, are essential for safeguarding and enhancing MFI reputation in a competitive marketplace.

In addition to financial returns, MFIs are increasingly recognized for their broader social impact and contribution to sustainable development goals. Scholars like Garcia-Peres et al. [10] advocate for a holistic approach to measuring social performance, encompassing dimensions such as poverty alleviation, gender equality, and environmental sustainability. By articulating and quantifying social value creation, MFIs can align their mission with stakeholder expectations, enhance accountability, and drive positive change in the communities they serve.

Furthermore, intangible outcomes, such as client satisfaction, empowerment, and social cohesion, are integral to assessing the effectiveness and relevance of microfinance interventions. Research by Chakraborty et al. [11] investigates the links between intangible factors and client well-being, highlighting the role of client-centered approaches, participatory methodologies, and community-driven initiatives in enhancing impact and inclusivity. By prioritizing client voice and agency, MFIs can foster a sense of ownership, dignity, and belonging among marginalized populations, thereby amplifying the transformative potential of microfinance.

However, managing intangible factors in microfinance presents challenges related to measurement, integration, and alignment with organizational objectives. Scholars and practitioners advocate for the development of robust frameworks, tools, and indicators to capture the multidimensional nature of intangible value creation in microfinance [12,13]. This includes methodologies for assessing social impact, cultural competency, and ethical conduct, as well as mechanisms for embedding intangible considerations into strategic planning, risk management, and performance evaluation processes. Intangible factors play a pivotal role in shaping the effectiveness, sustainability, and social relevance of microfinance initiatives. By embracing a holistic perspective that encompasses organizational culture, reputation, and social impact, MFIs can strengthen their value proposition, deepen stakeholder engagement, and maximize their contribution to inclusive development and poverty reduction.

Trust is essential for the functioning of any financial institution, including MFIs. It plays a pivotal role in attracting clients, mobilizing savings, and ensuring loan repayment. According to Johnson and Rogaly [14], trust in microfinance is built on transparency, reliability, and mutual understanding between the MFI and its clients. Moreover, it involves the belief that the MFI will act in the best interest of its clients [15]. Research suggests that trust is multidimensional in the microfinance context. Rahman [16] identifies trust in the institution, trust in the loan officer, and trust in fellow group members as significant dimensions. Additionally, Ahlin and Townsend [17] argue that social capital, including trust, significantly affects repayment performance in microfinance. Trust remains a fundamental element in the relationship between microfinance institutions (MFIs) and their clients, shaping the efficacy and impact of financial inclusion efforts worldwide.

Scholars and practitioners continue to explore the multifaceted nature of trust in microfinance, delving into its various dimensions, determinants, and implications for client outcomes and institutional sustainability. Building on earlier research, recent studies have highlighted the evolving dynamics of trust in the context of changing market landscapes and technological advancements. For instance, Gustomo et al. [18] emphasize the role of digital financial services in reshaping trust dynamics as clients increasingly rely on mobile platforms and digital channels for accessing financial products and services. Understanding the interplay between technology adoption, client preferences, and trust formation is essential for MFIs seeking to leverage digital innovations to enhance financial inclusion.

Moreover, the COVID-19 pandemic has underscored the resilience of trust-based relationships in mitigating the socioeconomic impact of crises. Research by Khan et al. [19] suggests that MFIs with established trust networks were better equipped to navigate the challenges posed by the pandemic, as clients demonstrated higher levels of cooperation and solidarity in times of adversity. As MFIs adapt their operations to the post-pandemic reality, strategies that prioritize trust-building and client-centric approaches are poised to yield sustainable outcomes.

In addition to traditional metrics of trust, such as transparency and reliability, recent studies have explored the role of social capital and cultural factors in shaping trust dynamics within microfinance ecosystems. For example, Firdaus [20] investigated the influence of social networks and community norms on trust formation among rural microfinance clients in developing countries. Their findings exhibit the importance of contextualizing trust-building efforts within the socio-cultural fabric of local communities, highlighting opportunities for tailored interventions that resonate with clients' values and preferences.

Furthermore, the emergence of impact investing and sustainable finance has brought renewed attention to the role of trust in fostering positive social outcomes and responsible financial practices. Scholars like Gadedjisso-Tossou et al. [21] advocate for a holistic approach to trust in microfinance, encompassing not only financial performance but also social impact metrics and ethical considerations. By aligning organizational values with stakeholder expectations, MFIs can cultivate trust as a driver of long-term sustainability and inclusive development.

However, trust-building in microfinance is not without challenges, particularly in contexts marked by institutional fragility, political instability, and regulatory constraints. Recent research by Adams et al. [22] explores the impact of regulatory frameworks on trust formation in microfinance markets, highlighting the need for balanced oversight that fosters innovation while safeguarding client interests. Regulatory clarity and adherence to ethical standards are essential for nurturing trust and preserving the integrity of the microfinance sector. Trust remains a cornerstone of effective microfinance operations [23], underpinning client confidence, institutional resilience, and social impact. As the microfinance landscape continues to evolve, interdisciplinary research and innovative strategies are needed to foster trust-based relationships that empower marginalized communities [24] and advance the goals of financial inclusion and poverty alleviation [25].

Empathy, defined as the ability to understand and share the feelings of another, is crucial for effective client engagement and relationship building in microfinance. Morduch [26] emphasizes the importance of empathy in designing financial products tailored to the needs of low-income clients. Empathetic loan officers are better equipped to assess clients' situations accurately and offer suitable solutions [27]. Furthermore, empathy contributes to the social mission of MFIs by fostering client empowerment and poverty alleviation [28]. Empathetic interactions between loan officers and clients enhance trust and cooperation, leading to improved loan repayment rates and overall client satisfaction [29]. Empathy stands as a foundational principle in microfinance, playing a pivotal role in shaping the client experience and driving positive social outcomes. Defined as the capacity to understand and resonate with the emotions and circumstances of others, empathy underpins client-centric approaches to financial inclusion and poverty alleviation.

Scholars and practitioners alike have recognized the transformative potential of empathy in microfinance, highlighting its relevance across various dimensions of client engagement and institutional practices. Morduch [26] was among the early proponents of empathy in microfinance, advocating for the integration of client perspectives and live experiences into the design and delivery of financial products and services. By adopting an empathetic approach, MFIs can tailor their offerings to address the unique needs and preferences of low-income clients, thereby enhancing relevance and impact in diverse socioeconomic contexts.

Empathy not only informs product design but also shapes the quality of interactions between loan officers and clients within microfinance institutions. Armendáriz and Labie [27] underscore the importance of empathetic engagement in building rapport, trust, and mutual respect between financial service providers and clients. Loan officers who demonstrate empathy are better equipped to establish meaningful connections with clients, fostering an environment of open communication and collaboration. Moreover, empathy serves as a catalyst for client empowerment and agency in the context of microfinance. Brau and Woller [28] argue that empathetic interactions enable clients to feel valued, heard, and supported in their financial journey, thereby bolstering their confidence and self-efficacy.

By acknowledging and validating clients' aspirations and challenges, MFIs can empower individuals and communities to take proactive steps towards economic resilience and upward mobility. The impact of empathy extends beyond individual client interactions to broader institutional outcomes, including loan repayment rates and overall client satisfaction. D'Espallier et al. [29] demonstrate a positive correlation between empathetic lending practices and repayment behavior, attributing higher repayment rates to enhanced trust, cooperation, and social capital within borrowing groups. Empathetic loan officers are attuned to clients' circumstances and needs, facilitating constructive dialogue and problem-solving strategies that mitigate default risks and promote financial well-being.

Recent research has further emphasized the role of empathy in fostering inclusive and sustainable microfinance practices. Scholars have explored innovative approaches to cultivating empathy within MFIs, such as training programs, mentorship initiatives, and organizational culture interventions. It examined the effectiveness of empathy training for loan officers in enhancing client satisfaction and loyalty, highlighting the importance of empathy as a trainable skill that can be nurtured and developed within organizational settings [30].

However, the integration of empathy into microfinance operations is not without challenges. Structural barriers, such as time constraints, resource limitations, and hierarchical dynamics [31], can impede the manifestation of genuine empathy in client interactions.

Moreover, cultural differences, language barriers, and implicit biases may hinder effective communication and understanding between loan officers and clients, underscoring the need for contextually sensitive approaches to empathy building. Empathy serves as a linchpin to ethical, client-centric microfinance practices, fostering trust, empowerment, and social impact. By prioritizing empathy in product design, service delivery, and organizational culture, MFIs can enhance their effectiveness as agents of inclusive finance and poverty reduction, ultimately advancing the goal of sustainable development.

In addition to trust and empathy, various intangible factors influence the performance and sustainability of MFIs. These include organizational culture, reputation, and social impact. Rahyuada et al. [32] argue that intangible assets such as brand reputation and client relationships are critical for attracting investment and donor support in microfinance. Moreover, Seelos and Mair [33] highlight the importance of social value creation in evaluating the performance of MFIs. They suggest that intangible outcomes, such as improved social cohesion and empowerment, are equally valuable alongside financial metrics. Therefore, measuring and managing these intangible factors is essential for the long-term success of microfinance initiatives.

Microfinance institutions (MFIs) play a vital role in providing financial services to underserved populations, facilitating access to credit, savings, and other financial products [4]. However, the success and sustainability of microfinance operations are influenced by various factors, including customer intangibles, loan guarantees, interest rates, and evaluation commissions [34]. Loan guarantees serve as risk management mechanisms that mitigate credit risk and enhance lender confidence in microfinance transactions. Guarantees can take various forms, including collateral, co-signers, and third-party guarantees, depending on the context and regulatory environment.

Research by Mersland and Strøm [35] examines the role of loan guarantees in expanding access to credit for microfinance clients, particularly those lacking traditional collateral or credit history. Empirical studies by Hermes and Lensink [36] investigate the impact of loan guarantees on repayment behavior and loan portfolio quality in microfinance institutions. They find that well-designed guarantee schemes can improve repayment rates and reduce default risks, thereby enhancing the financial sustainability of MFIs.

However, the effectiveness of loan guarantees depends on factors such as enforcement mechanisms, contract design, and the credibility of guarantors. Interest rates play a crucial role in microfinance operations, balancing financial sustainability with client affordability and welfare. Research by Cull et al. [37] examines the determinants of interest rates in microfinance, highlighting the trade-offs between risk, operational costs, and social objectives. MFIs often face challenges in setting interest rates that are both competitive and sustainable, particularly in competitive markets with limited pricing flexibility. The impact of interest rates on client welfare and financial inclusion is a subject of ongoing debate in the microfinance literature.

Studies by Bateman and Chang [38] explore the implications of high-interest microfinance loans on borrower vulnerability and over-indebtedness, particularly among low-income households. Balancing financial viability with client protection remains a key challenge for MFIs and regulators seeking to promote responsible lending practices. Evaluation commissions, also known as loan processing fees or service charges, are additional costs imposed on microfinance clients to cover administrative expenses and risk assessment. While these commissions contribute to MFIs' revenue streams, they can also impact client affordability and willingness to borrow.

Research by Armendáriz and Morduch [39] examines the role of evaluation commissions in microfinance profitability and client welfare, highlighting the need for transparent pricing and consumer protection measures. Furthermore, studies by Ledgerwood [40] emphasize the importance of fee transparency, competition, and regulatory oversight in mitigating the adverse effects of evaluation commissions on client welfare. Excessive fees and hidden charges can erode client trust and undermine the social mission of microfinance, particularly in markets characterized by information asymmetry and market power imbalances. Intangible aspects, including organizational culture, reputation, and social impact, further shape the effectiveness and sustainability of MFIs. A strong organizational culture characterized by values of integrity, inclusivity, and accountability enhances employee morale, client satisfaction, and institutional resilience [33]. Reputation, both within the community and the financial sector, influences client trust, investor confidence, and donor support, thereby impacting MFIs' access to funding and resources [32].

Moreover, the social impact of MFIs extends beyond financial metrics to encompass broader outcomes such as poverty alleviation, gender equality, and community development [36].

Overall, the literature highlights the interconnection of trust, empathy, and intangible aspects in driving the success and social impact of microfinance institutions. By prioritizing these non-financial factors [41] alongside traditional financial considerations, MFIs can enhance their effectiveness as agents of inclusive finance and sustainable development [42], ultimately advancing the goal of poverty reduction and economic empowerment for marginalized populations worldwide [43,44].

Service quality and customer satisfaction play a crucial role in an organization's competitiveness, as emphasized by Sun and Im [45]. MFIs distinguish themselves from competitors by delivering superior services, as highlighted by Wagner and Winkler [46]. This aspect has garnered considerable attention from researchers in the MF sector over the past decade. With various MFIs offering similar services, careful service provision becomes imperative for MFIs, requiring continuous enhancement, as noted by Habib and Jubb [47]. It is essential to recognize that excellence in service provision today does not guarantee relevance tomorrow. Therefore, MFIs must employ strategies to consistently satisfy customers in order to thrive in the competitive MF industry. The significance of service quality in the marketing literature, as elucidated by Beryl and Brodeur [48], lies in its ability to attract and retain customers, thereby driving growth.

In the realm of financial services, providers must exhibit heightened caution in ensuring the delivery of quality service, given that customers entrust their hard-earned money in these transactions. Consequently, the profitability of financial institutions hinges on their ability to offer a wide array of universal financial products or tailor-made solutions to meet individual customer needs. The delivery of high-quality financial services is widely regarded as a crucial factor in delighting customers and nurturing long-term relationships, thereby fostering business growth [49].

A study conducted on rice farmers in Glazoue provides information regarding customer satisfaction with the microfinance institution's services. The rice farmers in Glazoué were categorized into three groups according to their expectations for agricultural credit, with each group exhibiting distinct sociodemographic characteristics and preferences for specific features of the credit scheme. Rice farmers voiced discontent regarding several aspects of the credit program, such as the interest rates, collateral demands, accessibility of microfinance institutions, promptness in processing loan applications, and the allocated credit amount [50].

Another study conducted in Kenya regarding the effects of microfinance service quality and the role of the government in satisfying clients shows that the effect of customer satisfaction on service quality is significant. When deciding whether to return to MFIs, customers tend to weigh the quality of service they received. This implies that service quality is closely linked to behavioral intentions, ultimately enhancing customer satisfaction. Consequently, MFIs have ample room for expansion, provided they offer the desired products, services, and convenience. Surprisingly, the study's authors found no significant impact of government involvement on customer satisfaction, suggesting that the government may not prioritize the development of MFIs in Kenya sufficiently [51].

Another investigation regarding customer perception of microfinance services, as highlighted by Tunio et al. [52], underscores the pivotal role of client satisfaction in determining the trajectory of engagement with MFIs. It indicates that contentment among clients fosters continued participation, whereas dissatisfaction may lead to increased defaults, adversely impacting an MFI's performance. The study further discerns variations in satisfaction levels across different MFI types, with clients of NGOs exhibiting higher levels of happiness compared to those of public and private MFIs. Additionally, it notes that male clients tend to be more satisfied than their female counterparts, while the age of the client bears no significant influence on satisfaction levels. Moreover, the research highlights the negligible impact of family income on client contentment, while suggesting that clients from smaller families tend to be happier. Drawing from these insights, the study recommends that public sector MFIs prioritize efforts to enhance client satisfaction. It emphasizes the importance of implementing female-centric policies, recognizing female clients as integral to the microfinance sector. Furthermore, it advocates for tailored approaches to address the needs of clients with lower education levels and larger family sizes, with the aim of bolstering their satisfaction and overall happiness with MFI services [53].

3. Materials and Methods

3.1. Instrument Design, Sample Size and Data Collection

The structured questionnaire was design to collect primary data from the clients of a microfinance company in Romania. A pilot study was conducted among 10 clients to determine possible errors. For the purpose of the research, a questionnaire was developed and conducted via telephone. The research instrument was verified by two experts (representatives of microfinance companies) in the field in order to assure the content validity. The collected data can be divided into two main categories: (i) characteristics of the respondents and (ii) service perceptions.

The respondents' profile included information about their demographic characteristics (gender, age, and education level), information about their activity sector, and type of company. Clients' perceptions regarding the service provided by the microfinance company were evaluated using a set of 18 items. Each item was evaluated on a scale from 1 to 5, where 1 means not satisfied at all and 5 means very satisfied. The items used for evaluating service quality perception were adapted based on previous research (Table 1) [54–60].

From the total number of 754 clients, a sample of 110 respondents was used for the aim of the study. G*power 3.1.9.4 was used to employ the post hoc power analysis. The results validated the sample size (effect size 0.32, significance level 0.05, and power 92%) [61]. IBM Statistics version 23 was used to employ the analysis of the data. The respondents were selected from the database provided by the microfinance company using a step of seven to select the respondents. The respondents were from the Bistrița-Năsăud, Mureș, Alba, and Suceava Counties. The survey was conducted in November 2022 via telephone by a group of researchers who were trained beforehand, regarding the aim of the research.

Table 1. Items adaptation.

Source	Items
Brady et al. (2002) [54]	E1 I can trust MFI's employees E3 I feel safe in transactions with MFI's employees E4 MFI's employees pay attention to customers' specific needs E5 MFI's employees are never too busy to respond to customer requests
Brady et al. (2002) [54] Han et al. (2008) [55]	E2 I was treated with kindness and respect by the MFI's employees E6 Professional behavior of MFI's employees E7 MFI's employees are always willing to help customers E8 I received prompt service from MFI's employees E9 MFI treats all its customers equally
Fullerton (2003) [56] Reichheld (2003) [57]	T1 I would recommend MFI's services to other people T2 I encourage friends and relatives to take the service of MFI
Fornell et al. (1996) [58] McDougall and Levesque (2000) [59]	T3 I will use the services of MFI in the future
Srinivasan et al. (2002) [60]	T4 I will prefer services of this microfinance company over other MFIs in the future
Han et al. (2008) [55]	T5 System of paying overdue T6 Loan repayment period I1 Credit application fee I2 Saving requirements for borrowing I3 Guarantees required to access the credit I4 Interest rate I5 Documents/procedures to access the credit

3.2. Data Analysis

Cronbach alpha and composite reliability (CR) were employed to assess the reliability of the instrument and internal consistency of the scale. A level above 0.6 for Cronbach alpha coefficient and CR is considered to be acceptable [62]. The Fornell criterion was used to access the discriminant validity [63]. Descriptive statistics was used to analyze respondents' profile and the items used to determine the perceived service. Shapiro–Wilk test [64] was used to test the normality of data and $p < 0.05$ was considered statistically significant.

Furthermore, nonparametric tests, Mann–Whitney U test, and the Kruskal–Wallis test adjusted with Boferroni correction were used to determine differences among different groups regarding the perception of the service quality dimensions. To reduce the dimensionality of the 25 items, exploratory factor analysis was conducted (EFA); all the items with a factor loading above 0.5 [65] were retrained, resulting in a solution with 18 items grouped into three dimensions. To determine the factors' score, weighted sum scores method was applied. Based on the constructs of the EFA, a multiple linear regression analysis was conducted to evaluate the prediction of the empathy and assurance, intangible elements, and control variables (gender and age) on trust (loyalty).

4. Results

Analysis of the respondents' profile revealed the fact that the majority (56.4%) of the beneficiaries of the microfinance company are male, between 41 and 50 years (36.4), having a medium level of education (39.1%—high school). Regarding the type of company, it was noticed that 57.3% are organized as sole proprietor, and 43.6% are working in agriculture, while 40% work in the animal husbandry sector (Table 2).

Table 2. Respondents profile.

Characteristics	Variable	Frequency	Percentage
Gender	Female	48	43.6
	Male	62	56.4
Age (years)	25–40	38	34.5
	41–50	40	36.4
	>50	32	29.1
Education	8 classes	27	24.5
	Vocational school	25	22.7
	High school	43	39.1
	University degree	15	13.6
Type of company	Sole propership	63	57.3
	Individual enterprise	21	19.1
	Limited liability company	26	23.6
Sector of activity	Agriculture	48	43.6
	Animal husbandry	44	40.0
	Services	18	16.4

4.1. Scale Reliability and Validity

The results of Cronbach's alpha and composite reliability (Table 3) showed a good internal consistency of the data with values ranging from 0.888 to 0.945, for Cronbach's alpha, above the threshold of 0.6 [66].

Table 3. Construct validity of the items of each scale.

Constructs	Cronbach's Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
Empathy and Assurance	0.944	0.93	0.63
Trust	0.945	0.89	0.67
Intangibles	0.888	0.89	0.47

To ensure discriminant validity, the square root of the average variance extracted (AVE) should exceed the correlation between constructs, as proposed by Fornell and Larcker in 1981 [63]. In this study it was observed that for each construct, the squares of the correlations between latent variables (representing common variance) were consistently smaller than the square root of AVE values (Table 4).

Table 4. Discriminant validity of scales considering the Fornell–Larcker criterion.

Constructs	1	2	3
Empathy and Assurance	(0.794)		
Trust	0.640 **	(0.818)	
Intangibles	0.456 **	0.639 **	(0.685)

Significance level: ** −1%.

4.2. Services' Quality Dimensions

The exploratory factor analysis using the Varimax rotation with Kaiser normalization, after seven iterations, led to a four-components solution. The Barlett test of sphericity was significant (Chi-square = 21615.140, df = 190, p = 0.000), while the Kaiser–Meyer–Olkin measure of sampling adequacy was 0.819 (>0.6), indicating that data were adequate for the PCA [62]. Cronbach's alpha reliability coefficient was 0.939, above the threshold of 0.6, indicating a good internal consistency of the scale [66]. Items with factor loading above 0.5, and factors with eigenvalues above 1 were retrained. The three-components solution explained 77.04% of the variance (Table 5).

Table 5. Principal component analysis.

Component	Items	Factor Loading	Mean ± SD
Empathy and Assurance 4.87 ± 0.379 VE: 55.10 EV: 11.02	E1 I can trust MFI's employees	0.911	4.89 ± 0.399
	E2 I was treated with kindness and respect by the MFI's employees	0.910	4.90 ± 0.461
	E3 I feel safe in transactions with MFI's employees	0.906	4.89 ± 0.399
	E4 MFI's employees pay attention to customers' specific needs	0.905	4.92 ± 0.367
	E5 MFI's employees are never too busy to respond to customer requests	0.826	4.86 ± 0.427
	E6 Professional behavior of MFI's employees	0.726	4.85 ± 0.520
	E7 MFI's employees are always willing to help customers	0.687	4.83 ± 0.473
	E8 I received prompt service from MFI's employees	0.658	4.89 ± 0.373
	E9 MFI treats all its customers equally	0.588	4.76 ± 0.571
Trust 4.75 ± 0.694 VE: 14.94% EV: 2.98	T1 I would recommend MFI's services to other people	0.861	4.80 ± 0.682
	T2 I encourage friends and relatives to take the service of MFI	0.859	4.79 ± 0.686
	T3 I will use the services of MFI in the future	0.809	4.74 ± 0.747
	T4 I will prefer services of this microfinance company over other MFIs in the future	0.751	4.67 ± 0.877
Intangibles 4.43 ± 0.730 VE: 6.99% EV: 1.39	I1 Credit application fee	0.894	4.35 ± 0.999
	I2 Saving requirements for borrowing	0.842	4.41 ± 0.866
	I3 Guarantees required to access the credit	0.753	4.55 ± 0.903
	I4 Interest rate	0.704	3.96 ± 1.279
	I5 Documents/procedures to access the credit	0.597	4.73 ± 0.649
	I6 Loan repayment period	0.477	4.69 ± 0.615
	I7 System of paying overdue	0.446	4.63 ± 0.837
Total variance: 77.04%; α = 0.939			

The first component named "empathy and assurance" comprises nine items and explains 55.10% of the total variance. This component has an average of 4.87 ± 0.379, with a value of the Cronbach's alpha reliability coefficient of 0.944. The items grouped into this component are related to the ability of the employees to answer to the specific needs of the clients (4.92 ± 0.367), treating them with respect (4.90 ± 0.461), and in this way the employees are inspiring trust to their clients (4.89 ± 0.399), and the clients are feeling safe during transactions (4.89 ± 0.399). It was also highly appreciated that the employees of the microfinance company are treating their clients equally (4.76 ± 0.571), behaving in a professional manner (4.85 ± 0.520) and acting promptly (4.89 ± 0.373).

The second component named "trust" (4.75 ± 0.694) comprises four items and explains 14.94% of the total variance. The reliability coefficient (0.945) indicates a good internal consistency of the data. The items related to this component pointed out the trust that the clients have in the company's services, by recommending them to relatives and friends (4.79 ± 0.686), and their willingness to future use of the services (4.74 ± 0.747). This can be explained by their satisfaction related to the payment system (4.63 ± 0.837) and with the payback period (4.69 ± 0.615).

The third dimension of service quality was named "intangibles" (4.43 ± 0.730). This component comprises seven items and explains 6.99% of the total variance, having a reliability coefficient of 0.843 which indicates a good internal consistency of the component. The results pointed out that the beneficiaries of the procedures of granting the loans (4.73 ± 0.649) requested guarantees (4.55 ± 0.903) when they were less satisfied with the interest rate (3.96 ± 1.279) and the evaluation commissions (4.35 ± 0.999). Subsequently, the perceptions of service quality dimensions through different groups were analyzed. Mann–Whitney U test and Kruskal–Wallis were employed to assess the differences among different groups (Table 6).

Table 6. Comparative analysis of service quality dimensions.

Characteristics	Empathy and Assurance	Trust	Intangibles
Female	4.81 ± 0.533	4.75 ± 0.638	4.32 ± 0.708
Male	4.90 ± 0.241	4.75 ± 0.732	4.50 ± 0.742
p-value	0.856	0.697	0.190
25–40	4.84 ± 0.555	4.73 ± 0.759	4.63 ± 0.583^{a}
41–50	4.87 ± 0.285	4.68 ± 0.826	4.16 ± 0.894^{bc}
>50	4.90 ± 0.212	4.88 ± 0.315	4.59 ± 0.499^{abc}
Kruskal–Wallis	H(2) = 0.506, p = 0.776	H(2) = 0.886, p = 0.642	H(2) = 6.417, p = 0.04
8 classes	4.94 ± 0.135	4.97 ± 0.107	4.48 ± 0.647
Vocational school	4.92 ± 0.169	4.69 ± 0.661	4.44 ± 0.777
High school	4.86 ± 0.292	4.73 ± 0.783	4.45 ± 0.750
University degree	4.69 ± 0.841	4.56 ± 0.949	4.29 ± 0.778
Kruskal–Wallis	H(3) = 0.660, p = 0.883	H(3) = 3.359, p = 0.309	H(3) = 1.784, p = 0.618
PFA	4.91 ± 0.197	4.79 ± 0.577	4.56 ± 0.645
Intrep indv	4.69 ± 0.711	4.66 ± 0.778	4.29 ± 0.727
SRL	4.91 ± 0.273	4.73 ± 0.891	4.25 ± 0.891
Kruskal–Wallis	H(2) = 2.662, p = 0.264	H(2) = 0.650, p = 0.723	H(2) = 3.763, p = 0.152
Agriculture	4.81 ± 0.502^{a}	4.66 ± 0.795	4.51 ± 0.611
Animal husbandry	4.94 ± 0.198^{bc}	4.91 ± 0.269	4.51 ± 0.716
Services	4.84 ± 0.345^{abc}	4.57 ± 1.062	3.98 ± 0.927
Kruskal–Wallis	H(2) = 9.393, p = 0.009	H(2) = 2.512, p = 0.285	H(2) = 4.840, p = 0.089

Note: Scores within the same statement followed by different letters are significantly different (i.e., "^{a}" is different from "^{b}" but not from "^{ab}").

The results indicated that in general male respondents are perceiving the service quality dimensions in a more positive way compared to the female group, but with no statistically significant differences for any of the dimensions ($p > 0.05$). A higher score, for both male and female groups was recorded in the empathy and assurance dimension (4.90 ± 0.241 vs. 4.81 ± 0.533), while a lower score was recorded in the intangible dimension (4.50 ± 0.742 vs. 4.32 ± 0.742). This can be explained by the fact that the intangibles dimension group items related to interest rate, maximum loan, different administration taxes, and period of loan, aspects that, in general, clients are not necessarily perceiving as positive.

The Kruskal–Wallis test indicated a significant statistical differences among different age categories and their perception regarding the intangible component of the service ($p < 0.05$). The 41–50 years old group was the one less satisfied regarding this aspect (4.16 ± 0.894), compared to the other two groups. The difference was statistically different compared to the 25–40 years group (4.63 ± 0.583) ($p < 0.05$), while comparing to the over 50 years old group (4.59 ± 0.499) the difference was not statistically significant ($p > 0.05$). It was also noticed that the over 50 years group perceived the other dimensions more positively compared with the other two groups.

The analysis of the perceived service quality dimensions through the education level of the respondents, revealed the fact that there were no statistically significant differences ($p > 0.05$). However, it was noticed that the less educated group perceived in a more positive way the service dimensions compared to the other groups, especially the group with university degrees, which recorded the lowest scores for each of the analyzed dimensions. The comparative analysis of the perceived service quality through the type of company revealed no statistically significant differences ($p > 0.05$). The authorized persons perceived all three service quality dimensions more positively, with a higher score for the empathy and assurance (4.91 ± 0.197) and trust (4.79 ± 0.577) dimensions.

Furthermore, we analyzed the perception of service quality dimensions through the activity sector. The results indicated statistical differences for the first component ($p < 0.05$). The respondents that are within the animal husbandry sector perceived the empathy and assurance dimension (4.94 ± 0.198) in a more positive way compared to the respondents from the agriculture sector (4.81 ± 0.502), the differences being statistically significant ($p < 0.05$), or those from the services sector (4.84 ± 0.3345). Regarding the other dimensions, it was noticed that respondents from the services sector perceived the service's quality in a less positive way, compared to the other two sectors, but the differences were not statistically significant ($p > 0.05$).

Subsequently a multiple linear regression analysis was conducted in order to explore if the empathy and assurance, intangibles, sector of activity, and type of company had any significant effects on the trust in the microfinance company services. The results indicated that the independent variables predicted the trust of microfinance company services $F(4, 106) = 32.579$, $p < 0.001$. Both dimensions, empathy and assurance and intangibles, have a significant positive influence on the trust of the microfinance company ($\beta = 0.801$, $p < 0.001$; $\beta = 0.472$, $p < 0.001$), while the gender and age has no significant influence ($p > 0.05$) (Table 7).

Table 7. Regression analysis.

Dependent Variable	Model
Trust	
Independent variable	
Constant	−1.114
Empathy and assurance	0.801 ***
Intangibles	0.472 ***
Gender	−0.146
Age	0.046
R^2	−0.578

Significance level: *** −0.1%.

5. Discussion

The aforementioned findings offer insightful information on the traits and demographics of the microfinance program recipients. Given that males make up the majority of beneficiaries (56.4%)—a fact that is confirmed by other studies [67,68], it is possible that some trends or causes contribute to men's increased access to or demand for microfinance services. Furthermore, the age range of 41 to 50 year-old group accounts for the highest portion of beneficiaries (36.4% of the respondents), suggesting that middle-aged people are the company's main target market for microfinance services, as other scholars also indicate [68]. The same study [68] confirms that, of the recipients, a sizeable percentage (39.1%) have a medium level of education, namely a high school diploma. This suggests that people with a range of educational levels, even those with only a basic education, are able to use microfinance programs. It is possible to better provide financial goods and services to this population by having an understanding of their gender, age, and educational background.

The results pointed out that the majority (57.3%) of the beneficiaries operate as sole proprietors, highlighting the prevalence of small businesses and entrepreneurship among the recipients of microfinance in Romania, as it was already observed by other scholars [69]. In terms of sectors, a substantial portion of the beneficiaries are involved in agriculture (43.6%) and animal husbandry (40%). This indicates that microfinance plays a significant role in supporting agricultural activities and rural areas in Romania, a fact already reported by other studies [70].

Understanding the structure of these businesses can inform the design of financial products and support services to better serve their needs. Since it accounts for a sizeable amount (55.10%) of the variation in the total, the component "empathy and assurance" seems to be an important part of the microfinance company's activities. The elements included in this component indicate that customers place a high value on staff members' capacity to recognize and address their unique requirements. This is confirmed by other findings [71] that suggest that establishing trust and fostering customer satisfaction requires providing individualized and client-focused services.

Employees can more successfully satisfy the needs of their clients by efficiently tailoring financial solutions and by exhibiting awareness regarding their specific situations. Beneficiaries value the respect they receive from the microfinance company's staff. In addition to fostering a favorable client–employee connection, respectful behavior helps to increase the institution's credibility and trust. Other studies have already observed that beneficiaries who meet with staff who show empathy and civility are more likely to feel appreciated and respected [71]. During their interactions with the microfinance organization, beneficiaries feel safe and trusted. Trust is regarded as a crucial element for successful client relationships in the financial sector, and it is developed through consistent, transparent, and reliable interactions, suggesting that clients feel secure and confident about the reliability and integrity of the institution and its employees.

It was also noted that recipients value workers' dedication to treating them fairly and acting professionally. This emphasizes how crucial professionalism, impartiality, and fairness are while dealing with clients. This implies that regardless of their circumstances, background, or status, beneficiaries demand consistent and equal treatment, and staff are required to maintain these values. Beneficiaries appreciate timely and effective assistance from the microfinance company's staff. A speedy service shows the company's dedication to serving customers' demands in a timely way and validates their trust in the organization. Quick replies to questions, quick transaction processing, and proactive communication all contribute to a great client experience.

In general, the "empathy and assurance" component highlights how crucial it is to establish solid client connections founded on equality, professionalism, respect, trust, empathy, and timely service. In the microfinance industry, these components are critical for long-term performance, customer satisfaction, and loyalty. Maintaining a focus on these areas will help the business draw in new business, improve its reputation, and have a good social and economic influence on the communities it serves. A major component of the microfinance company's activities, "trust", accounts for 14.94% of the variation overall. The dependability coefficient shows that the information in this component is internally consistent, indicating that the trust-related items accurately reflect customers' opinions and attitudes regarding the business's offerings. This implies that the element offers a reliable evaluation of trust among customers. The elements included under "trust in company services" demonstrate how much customers trust the services provided by the microfinance organization.

Customers' desire to keep using the services in the future and their readiness to refer the business to their friends and family are clear indications of their faith in the business. Since customers are essentially recommending the business to their social network and demonstrating their devotion, these actions are powerful markers of trust. Furthermore, the findings imply that the customers' satisfaction with the payment method and payback duration is directly linked to their level of confidence in the business's services. Reasonable repayment terms and an effective, dependable payment method all help to increase customers' overall satisfaction and their faith in the business. Customers are more likely to have faith in a business that offers a smooth and equitable borrowing and repayment process [72], so as before, the development and upkeep of trust is critical to the viability and prosperity of the microfinance business. Building trustworthy connections with customers may result in a rise in repeat business, favorable word-of-mouth recommendations, and a solid reputation in the field. The organization may maintain client confidence and set itself apart in the competitive microfinance industry by emphasizing openness, dependability, and client happiness in its services.

In conclusion, the "trust" component emphasizes how crucial trust is in influencing how customers view and interact with a microfinance organization. Through maintaining consistency, openness, and customer satisfaction in its offerings, the business may build client trust and set itself up for long-term influence and success. A variance percentage of 6.99% may be explained by the "intangibles" dimension of service quality, which is a crucial component of a microfinance company's operations. The dependable and consistent nature of the data within this dimension is shown by the high internal consistency of the data. This shows that the tools used to measure intangibles are successful in capturing the attitudes and opinions of customers regarding certain components of the services provided by the organization.

The data pertaining to the loan processes and guarantees component indicates that, in general, customers are happy with a few intangible components of the service, such as the loan application process and the availability of desired guarantees. This suggests that customers think the organization's loan application and approval procedures are effective, open, and simple, as observed by other studies [73]. Furthermore, while obtaining finance from the business, customers may feel more secure and confident knowing that guarantees are available.

The results also show that customers are not as happy with other parts of the service, including the interest rates that are applied to loans and the commissions that the company charges for evaluations. Customers may find borrowing more expensive, as other studies have observed [74], as a result of high interest rates and appraisal commissions, which may have an effect on how satisfied they are with the company's services overall. Customers could think these costs are exorbitant or unjust, which would make them unhappy and might make them less likely to employ the business's services in the future. To improve customer happiness and be competitive in the market, the microfinance organization must address areas of dissatisfaction, such as interest rates and assessment commissions. To make sure that interest rates and fees are reasonable and in line with the value offered to customers, the business should think about reevaluating its pricing policies. In fact, the issue of uncontrolled high interest rate used for microcredits was so critical that the Romanian Parliament adopted, in March 2024, a law on consumer protection regarding the total cost of credit and the assignment of receivables [75]. Enhancing openness and communication about pricing rules can also assist in controlling client expectations and foster confidence.

Therefore, the "intangibles" factor emphasizes how crucial it is to take into account non-tangible aspects of service quality, including loan processes, guarantees, and pricing, in influencing how customers view and interact with the microfinance organization. The business may fortify its ties with customers and set itself up for long-term success and influence in the microfinance industry by resolving areas of discontent and persistently working to improve service quality.

The examination of how various demographic groups perceive the quality of the services offered exhibits important insights on the differences in customer experiences inside the microfinance organization. In general, male respondents are more likely than female respondents to view aspects of service quality favorably, while other studies did not find significant evidence in support of this [76]. These differences, however, did not reach statistical significance, suggesting that any observed changes could be the result of random variation rather than systematic gender disparities.

The empathy and assurance factor scored highest for both male and female groups, suggesting that customers place a high value on elements like professionalism, dependability, and courteous treatment when interacting with the business. Both male and female groups scored lower on the intangible factor. This dimension contains elements that directly affect the cost and accessibility of financial services, such as interest rates, loan terms, and administrative fees, which may not be seen favorably by clients.

There were notable variations in how the various age groups perceived the intangible aspect of service excellence. Compared to other age groups, the 41–50 year-old group showed the least amount of satisfaction with the intangible feature. This implies that consumers of middle age can be especially sensitive to things like interest rates, loan conditions, and administrative costs. It is interesting to note that, in contrast to younger age groups, clients over 50 years old saw the other dimensions more favorably. This may suggest that elderly consumers value certainty and trust more than concrete elements like prices and interest rates when it comes to the quality of services, which is confirmed by previous findings [68].

All things considered, these results emphasize how critical it is to comprehend how customer opinions of service quality within the microfinance organization fluctuate based on their demographics. Variations within age groups highlight the necessity for customized methods to address the varied demands and preferences of different consumer segments, even if there were no statistically significant gender disparities. All demographic groups' total customer experiences and satisfaction levels may be improved by addressing elements that lead to lower satisfaction, such as interest rates and fees.

The examination of the aspects of perceived service quality according to the type of company and degree of education offers important information about differences in the experiences of clients within a microfinance organization. Despite the lack of statistically significant differences across the various education levels, some intriguing tendencies were identified, similar to what was revealed by other studies [77].

Compared to the group with a university degree, the group with lower levels of education tended to see the service elements more favorably. In particular, the group with lower levels of education had better scores across all examined variables. According to this research, people's expectations and priorities for financial services may fluctuate depending on their educational background, which may have an impact on how well-perceived a service is. Because of their education and exposure to financial ideas, respondents with a university degree may have greater expectations or evaluate service quality more critically. This might explain why these respondents scored lower. As with the examination of educational attainment, no statistically significant variations were discovered across the various categories of businesses.

Nonetheless, compared to other kinds of corporate representatives, authorized individuals —who most likely have a more active part in directing or supervising the firm's operations— perceived all three service quality characteristics more favorably. The greatest scores were obtained by authorized individuals, especially in the areas of certainty, empathy, and trust. This implies that those with more power or influence inside the organization could comprehend its workings better and have more faith in its offerings.

Overall, the study reveals noteworthy patterns and variances in views of service quality among various demographic groups and business types, even if no statistically significant differences were found. By being aware of these subtleties, confirmed also by other research, [71] suggests that a microfinance organization can better adjust its services and communication tactics to the requirements and expectations of various stakeholder groups and customer segments.

Furthermore, resolving any discrepancies in opinions amongst various groups might help to improve general consumer loyalty and satisfaction. The examination of how the activity sector influences perceptions of service quality offers insightful information on how the professional backgrounds of clients may affect their interactions with a microfinance company. Regarding each of the service quality aspects, no statistically significant variations were found across the various activity sectors. Nonetheless, a few patterns and trends were found among respondents from various industries.

The examination of how the activity sector influences perceptions of service quality offers insightful information on how the professional backgrounds of clients may affect their interactions with the microfinance company. Regarding each of the service quality aspects, no statistically significant variations were found across the various activity sectors. Nonetheless, a few patterns and trends were found among respondents from various industries. Respondents from the agricultural or services industries tended to view service quality characteristics more favorably than those from the animal husbandry sector; however, this difference was not statistically significant. This suggests that people who work in the animal husbandry industry could have different expectations or experiences with the services provided by the microfinance organization. These differences could be affected by things like the type of business they engage in or the particular difficulties they encounter. The observed patterns underscore the need for comprehending and catering to clients' sector-specific demands and preferences, even in the absence of statistically significant disparities.

Furthermore, strengthening customer connections and assisting them in achieving their financial objectives may be facilitated by keeping an eye on and resolving any discrepancies in how various sectors perceive the quality of services. Overall, the investigation highlights the significance of taking customer preferences and sector-specific dynamics into account while providing high-quality services and cultivating pleasant client experiences within the microfinance organization, even if no statistically significant differences were discovered.

6. Conclusions

The findings of the research cover the scientific gap that was observed in the scientific literature regarding the level of satisfaction of the clients of microfinance services by adding valuable information on how quality is perceived for microfinance services and identifying the potential factors that influence quality perception.

Overall, the research highlights both the opportunities and challenges in the microfinance landscape. Addressing gender disparities, understanding the needs of different demographic groups, enhancing financial literacy, and customizing support for specific sectors are key considerations for policymakers, microfinance institutions, and development practitioners seeking to maximize the impact of microfinance interventions and promote inclusive economic growth. It emphasized the importance of building strong client relationships based on empathy, respect, trust, equality, professionalism, and prompt service. These elements are essential for fostering client satisfaction, loyalty, and long-term success in the microfinance sector. Continuously prioritizing these aspects can enhance the company's reputation, attract new clients, and contribute to positive social and economic impact in the communities served. Overall client happiness and engagement may be increased by customizing product offerings, support services, and communication tactics to better suit the demands of clients in various industries.

By understanding and addressing factors related to trust, intangibles, and specific aspects of service satisfaction, the company can strengthen its relationships with clients, enhance its reputation, and ultimately contribute to its long-term success and impact by ensuring consistency, transparency, and client satisfaction in its services, the company can strengthen trust among its clients and position itself for long-term success and impact. The microfinance companies should address dissatisfaction and continuously try to enhance service quality so they can strengthen their relationships with clients and position themselves for long-term success and impact in the microfinance sector.

The results offer effective insights for policy makers, who should also take into consideration both the needs of consumers and the needs of providers. The policies related to microfinance services should take into consideration the expectation of beneficiaries to be correctly informed and benefit from clear, reliable, and predictable information. That also involves the need for a better process for informing the population, as potential beneficiaries, regarding financial education and the implications of loans.

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