

University of Groningen

Adverse selection and moral hazard in group-based lending

Mehrteab, H.T.

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Questionnaire details

Questionnaire

Serial number:

Interviewer:

Name of the lending program:

Name of interviewee:

Name of the group:

Date:

Zone:

Sub-Zone:

Administration:

Village (town):

Additional details:

A *Socio-economic indicators*

A-1. Gender

- 1 Male
- 2 Female

A-2. Age

...

A-3. Marital status

- 1 Single
- 2 Married
- 3 Divorced
- 4 Widowed

A-4. Socio-cultural group

- 1 Muslim
- 2 Christian
- 3 Other

A-5. What is the level of your education?

- 1 Illiterate
- 2 Primary school
- 3 Junior secondary school
- 4 Secondary school
- 5 University

A-6. What is your principal (main) occupation?

- 1 Farming
- 2 Day laborer
- 3 Services
- 4 Trading (hawking)
- 5 Manufacturing

A-7. What is your monthly income?

...

B. Credit and savings

B-1. Do you have other sources of credit?

- 1 Yes
- 2 No

If the answer to question B-1 is *no*, please move on to question B-3.

B-2. Which of the following are your sources?

- 1 Local traders/suppliers
- 2 Moneylenders
- 3 Banks
- 4 Relatives/friends
- 5 Other

B-3. Has any bank or some other lending institution ever refused you a loan?

- 1 Yes
- 2 No
- 3 Never applied

If the answer to B-2 and B-3 is *no*, please move on to question B-6.

B-4. Where you partly or fully refused?

- 1 Partly
- 2 Fully

B-5. What was the reason for refusal?

- 1 Lack of collateral
- 2 No consignor
- 3 Do not know
- 4 Other reasons

B-6. What size are the loans you got from the program during the last and the present loan cycle?

Last loan cycle ...

Present loan cycle ...

B-7. What is the monthly install payment?

...

B-8. How much of your install payment do you save before the last week of your monthly repayment?

...

B-9. What for have you acquired the loan?

1 Trading purposes

2 To buy sheep/ goats

3 To buy oxen/cows

4 To buy raw materials

5 To buy equipments

6 Other

B-10. Have you had problems repaying your debt in the current loan cycle?

1 Yes

2 No

If the answer to B-10 is *no*, please move on to question B-14.

B-11. How many times did this happen and how much money was involved?

Times

Amount per time

B-12. What were the reasons for your problems?

- 1 Natural disaster
- 2 Profit loss
- 3 Illness of family member
- 4 Death of family member
- 5 Competition was tough

B-13. If you got help from your group members, how many of them helped you?

- 1 One group member
- 2 Two group members
- 3 Entire group

B-14. How do you value future (subsequent) access of a loan from the lending program?

- 1 Very high
- 2 High
- 3 Moderate
- 4 Little
- 5 Not at all

Questions B-15 to B-21 are posed to group leaders only.

B-15. How many times has your group received a loan from the program?

...

B-17. Are there any group members who have had problems repaying their loan in the current loan cycle?

- 1 Yes
- 2 No

If the answer to question B-17 is *no*, please move on to question B-19.

B-18. Who are these members, how many times did they fail to repay and what was the amount of money involved?

- 1 name ...
- number of times ...
- amount ...
- 2 name ...
- number of times ...
- amount ...

B-19. Has there been another group in your village or in the area that has had repayment problems?

- 1 Yes
- 2 No

B-20. Does your group have a saving scheme?

- 1 Yes
- 2 No

If your answer to question B-20 is *no*, please move on to B-22.

B-21. Specify the type(s) of scheme.

- 1 Compulsory only
- 2 Voluntary only

B-22. What is the total value of your group's savings?

...

C. *Group formation and social ties*

C-1. How long have you lived in this village/town?

- 1 I was born here
- 2 I have lived here since ... (number of years)

C-2. Have you ever participated in another group?

- 1 Yes
- 2 No

C-3. How well did you know the members before you formed this group?

- 1 Name: good/hardly/not at all
- 2 Name: good/hardly/not at all

If the answer to question C-3 is *good*, please move on to C-5.

C-4. If you did not know your fellow group member very well or did not know him/her at all, why did you accept him/her as a member in the group?

- 1 He/she is a friend of another member
- 2 He/she is (he is) an acquaintance of another member
- 3 His/her business looks good
- 4 He/she is a relative of another member
- 5 Other

Questions C-5 to C-7 are posed to group leaders only.

C-5. Who initiated the group formation?

- 1 Members themselves
- 2 VB officials
- 3 Credit officer
- 4 Other

C-6. How many members does your group have?

...

C-7. What is the gender of the group members?

1 Female:

2 Male:

D. Screening

D-1. Did you know about the behavioral integrity of all potential group members before the formation of your group?

- 1 Yes
- 2 No

If your answer to question D-1 is *yes*, please go to D-5.

D-2. If the answer for D-1 is *no*, do you then screen them before forming the group?

- 1 Yes
- 2 No

D-3. If your answer to question D-2 is *yes*, whom do you ask for more information?

- 1 Neighbors
- 2 Friends
- 3 Relatives
- 4 Money lenders
- 5 Merchants
- 6 Other

D-4. If your answer to question D-2 is *yes*, what information do you seek from the above individuals?

- 1 What does he/she do for a living?
- 2 How is his/her business (farm) doing?
- 3 Is he/she creditworthy?
- 4 Is he/she a hard worker?
- 5 Does he/she have any assets or liabilities?
- 6 Is he/she a nice person?
- 7 Other

Questions D-5 to D-6 are posed to group leaders only.

D-5. Do you have internal group agreements and rules of conduct?

1 Yes

2 No

If your answer to question D-5 is *no*, please go to E-1.

D-6. What kind of rules?

1 Written

2 Verbal

E. Monitoring

E-1. What is the average distance between your homestead (business) and that of the other group members?

... meters

E-2. Do you know what the economic activities of other group members are?

1 Yes

2 No

E-3. Did you know for what purpose the other group members acquired their current loans?

1 Yes

2 No

If your answer to question E-3 is *no*, please move on to E-5.

E-4. What did they buy with the loan?

1 Oxen/cows

2 Goats/sheep

3 Raw materials

4 Equipment

5 Supplies

6 Other

E-5. Do you know monthly sales of other group members?

1 Yes

2 No

E-6. Do you visit each other at the business or at home regularly?

1 Yes

2 No

If your answer to question E-6 is *no*, please move to E-8.

E-7. How often do you visit each other?

- 1 Daily
- 2 Once a week
- 3 Every fortnight
- 4 One a month
- 5 Other

E-8. How often does the group meet?

- 1 Once a week
- 2 Every fortnight
- 3 One a month

Questions E-9 to E-11 are posed to group leaders only.

E-9. Does a credit officer visit your group?

- 1 Yes
- 2 No

If your answer to question E-10 is *no*, please move to E-11.

E-10. How often does the credit officer visit you?

- 1 Once a week
- 2 Every fortnight
- 3 One a month
- 4 One every three months

E-11. Has any one member of your group ever misused (abused) loans?

- 1 Yes
- 2 No

F. Leadership

This question is posed to regular group members only (members other than the group leader).

F-1. How do you think the group leader is carrying his responsibility as a leader?

- 1 Good
- 2 Same as the others
- 3 Bad/not efficient

G. Enforcement

G-1. Why do you repay your loans?

- 1 Because you want to stay on good terms with the group
- 2 Because you want to fulfill your moral obligation towards the group
- 3 Because you highly value future access to loans from the program
- 4 Because you want to settle your debt

G-2. What form of pressure would/does your group use against defaulting member to repay his/her dues?

- 1 Moral persuasion
- 2 Village gossip
- 3 Hassling
- 4 Exclusion from social activities
- 5 None

G-3. How would/do you feel if a group member defaults?

- 1 Very angry
- 2 Neutral
- 3 Sympathetic

G-4. What form of penalty would the group impose against a defaulting member?

- 1 He/she will be denied subsequent loans
- 2 He/she will have to leave the group
- 3 He/she will be reported to the village leaders or administrators
- 4 He/she will be reported to the credit officer
- 5 He/she will loose his/her assets

G-5. Are you yourselves always prepared to sanction a member with repayment problems?

- 1 Yes
- 2 No

G-6. If your answer to H-5 is *no* do you feel applying sanctions to defaulting members difficult?

1 Yes

2 No

H. Infrastructure

J -1. What is the distance between your village or town and the following?

- | | |
|----------------------------------|--------|
| 1 Clinic | ... km |
| 2 Asphalted road | ... km |
| 3 Post office | ... km |
| 4 Market | ... km |
| 5 Regional administration office | ... km |
| 6 Bank | ... km |