Effectiveness of Communication Strategies on Loan Repayment Among Microfinance-Supported Women Groups in Alego-Usonga Sub County, Siaya, Kenya

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ABSTRACT

This paper assessed the effectiveness of microfinance institutions (MFIs') communication strategies for microfinance-supported women's groups in Alego-Usonga Sub-County, Siaya, Kenya. Anchored in Systems Theory, the study used a mixed-methods descriptive research design with 100 women borrowers selected from an estimated population of 134 and 14 MFI staff purposively selected as key informants. Structured questionnaires and key informant interviews collected data from women's group clients and MFI staff, respectively. Quantitative data were analysed using SPSS for descriptive statistics, correlation, and binary logistic regression; qualitative data were analysed thematically. Key findings show that repayment improves when communication improves. Borrowers who received timely, clear, and respectful information were significantly more likely to repay on time; good communication quality was associated with an approximate 21-percentage-point increase in the probability of successful repayment. Two-way and participatory communication approaches outperformed top-down approaches. Face-to-face group discussions and SMS helped foster trust, reduce miscommunication, and improve accountability. Communication that overlooked borrowers' language, education levels, and digital literacy increased exclusion and the risk of default. Overreliance on digital channels also hindered borrower–agent rapport during debt recovery. The study concludes that communication influences repayment behaviour and recommends that MFIs adopt proactive, timely, clear, and respectful communication, tailored to borrowers' language preferences and literacy levels, combining SMS and telephone reminders with face-to-face group discussions, personalised follow-ups, and opportunities for borrower feedback.

Keywords: Communication strategies, loan repayment, women groups, borrower – MFI communication, Alego-Usonga

I. INTRODUCTION

Communication is at the centre of interactions within any social environment. Fatimayin (2018) defines communication as a process between a sender and receiver in which meaning is encoded and decoded. It occurs through verbal and non-verbal channels, both visual and non-visual, written and unwritten. Communication serves numerous purposes: to facilitate action, express intent, and achieve specific objectives. These functions are particularly crucial within organisational environments, such as microfinance institutions (MFIs). Mudogo (2020) affirms that human interaction can be structured differently in organisations and that the success of any institution depends directly on the quality of communication within it. Similarly, Bucata (2017) emphasises that communication is inevitable in business, education, and social life, and remains an essential skill in work and personal life.

For effective communication, there needs to be an effective strategy. Mudogo (2020) argues that a communication strategy offers detailed descriptions of the goals and functions of outreach activities within an organisation. It entails defining messages and target audiences and coordinating communication practices with organisational goals. An effective strategy ought to describe media channels, priority messages, timing, audience segmentation, and resource allocation. Before developing such a strategy, an organisation should define its communication scope, establish team roles, conduct situational and market analyses, and draft the strategy (Mudogo, et al., 2026).

Against this background, this study examined the communication strategies used by MFIs and their effectiveness in promoting loan repayment among women's groups in Alego-Usonga Sub-County, Siaya County. This focus recognises women's roles in household economic activities and community development, as well as the importance of accessible and effective communication in supporting their participation in microfinance programmes. Specifically, the study sought to

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examine the communication strategies used by MFIs, assess their effectiveness in relation to loan repayment, and establish how communication practices influence repayment among women's groups in Alego-Usonga Sub-County.

1.1 Research Objective

The main objective of this study was to assess the effectiveness of communication strategies used by microfinance institutions in promoting loan repayment among microfinance-supported women's groups in Alego-Usonga Sub-County, Siaya County, Kenya.

II. LITERATURE REVIEW

2.1 Theoretical Framework

The study was guided by communication theories that explain how messages are transmitted, interpreted, and understood between microfinance institutions (MFIs) and borrowers. The framework draws on Shannon and Weaver's decoding process model, Schramm's emphasis on feedback, and Berlo's Source–Message–Channel–Receiver model to explain how message clarity, communication channels, borrower characteristics, and two-way interaction may influence loan repayment behaviour.

2.1.1 The decoding process model

The study was guided by Shannon and Weaver's (1949) model of communication which highlight the relationship between the sender's encoding process and the receiver's decoding process in the pursuit of effective communication. The model emphasises that receivers interpret messages differently according to their cultural backgrounds and experiences, a consideration particularly relevant in multicultural societies like Kenya. Effective communication is vital in microfinance to ensure that loan conditions, repayment periods, and the consequences of default are clearly communicated to clients. Miscommunication or failure to communicate clearly can lead to misunderstandings, loan defaults, and damaged relations between MFIs and customers. This is important in rural communities where literacy levels may be limited and conventional communication methods are widely used.

Mobile money services have revolutionised transactions in Kenya, offering consumers real-time information, transparent terms, and convenient interfaces. The success of such services underscores the importance of effective communication in financial services. MFIs can learn from these models by adopting digital means of communication that promote transparency and strengthen customer trust.

Moreover, the application of communication theories to the operational models of MFIs may improve their efficiency. For instance, Schramm's model of communication identifies feedback as an essential component of communication and highlights the role of two-way interaction in promoting mutual understanding and relationship development (Schramm, 1954). According to this model, MFIs should not only disseminate information but also actively solicit client feedback to ensure that messages are received and potential misunderstandings are addressed in a timely fashion.

2.1.2 Source-Message- Receiver Model

Also relevant is the Source–Message–Channel–Receiver (SMCR) model developed by Berlo (1960). This model emphasises the influence of the source's communication skills, attitudes, knowledge, social system, and culture on the communication process. For MFIs, this highlights the need to train employees in communication skills and cultural awareness to improve client engagement.

Despite these insights, important knowledge gaps remain. First, although previous studies have linked communication to loan repayment, the relative effectiveness of different communication strategies, particularly one-way and two-way approaches, requires further investigation in specific rural microfinance settings. Second, the influence of borrowers' language, literacy levels, and access to digital communication channels on their understanding of loan obligations and repayment behaviour remains insufficiently established in the context of women's groups in rural Kenya. Third, there is limited contextual evidence on how communication strategies operate among microfinance-supported women's groups in Alego-Usonga Sub-County, Siaya County. Addressing these gaps is important because the effectiveness of a communication strategy may depend not only on the information conveyed but also on how it is delivered, understood, and acted upon by borrowers. This segment examines how communication strategies and models influence loan repayment among MFI-supported women's groups in Alego-Usonga Sub-County, Siaya County, Kenya. It synthesises empirical studies from global, regional, national and local contexts to identify patterns, limitations and gaps relevant to the study.

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2.2 Empirical Review

2.2.1 Microfinance strategies in the global context

Internationally, the microfinance sector has been heralded as a catalyst for poverty alleviation, especially among underserved populations. Nevertheless, loan default remains a problem in the industry (Ledgerwood, 2013).

In Bangladesh, Dahir (2015) observed that regular and clear communication between MFIs and clients had a positive impact on loan repayment, financial literacy and client trust. Poor communication contributed to information asymmetry, leaving borrowers unable to understand loan terms and repayment schedules.

Cassiolato and Soares (2014) found that communication was associated with increased loan repayment in Brazil, particularly when it was two-way and personalised. They recommended participatory communication models in which clients actively participate in decisions about their loans.

In India, Ghosh and Van Tassel (2022) found that SMS reminders, interactive voice response systems and mobile applications were positively associated with repayment performance among rural women's groups. Their findings also highlighted the importance of adapting communication to borrowers' languages, literacy levels and cultural contexts.

Laudenbach and Siegel (2024) examined two-way interpersonal communication with delinquent borrowers in Germany. They found that borrowers who spoke to a bank agent were more likely to recover from delinquency and less likely to become delinquent again than those who did not receive such personal contact. This finding suggests that personalised communication may influence repayment behaviour beyond the provision of standard written notices.

Karlan et al. (2015) examined the impact of text-message repayment reminders in the Philippines. They found that messages improved repayment when they included the account officer's name and were sent to clients previously served by that officer. This finding highlights the potential of reminders while suggesting that established relationships between borrowers and loan officers may influence their effectiveness.

Overall, the studies suggest that repayment-related communication may be more effective when it is personalised, participatory and adapted to borrowers' circumstances. However, findings from commercial banks and digital lending environments may not directly apply to rural women's groups in Kenya.

2.2.2 Regional Context

In Africa, microfinance contributes to financial inclusion and socio-economic development, but loan repayment remains a challenge. In Ghana, Asiama and Osei (2007) found that borrowers' lack of understanding of loan conditions due to ineffective communication contributed to default. Mersland and Strøm (2014) similarly associated participatory communication, including regular follow-ups and borrower feedback, with improved loan recovery.

In Uganda, rural borrowers experienced repayment challenges associated with infrequent communication, language barriers and illiteracy. The study recommended visual aids, local languages and community-based communication agents to improve understanding and repayment (Dahir, 2015). In Tanzania, Nanziri and Kararach (2023) found that regular feedback, responsive customer service and culturally sensitive loan education supported group cohesion and repayment among women-led groups. They also observed that overly formal communication could alienate some clients.

Adewale and Akambi (2020) found that interactive, real-time communication between lenders and borrowers was more effective in reducing defaults in Nigeria than traditional top-down approaches. This suggests that opportunities for borrowers to seek clarification and communicate their concerns may be important to repayment outcomes.

In Rwanda, Murezki and Kibuuka (2020) found that community radio, local savings groups and village agents helped disseminate loan information and improve financial literacy. Communication in local languages and the use of storytelling reportedly helped borrowers understand loan conditions, repayment schedules and default penalties, particularly among women engaged in agriculture and small-scale trade.

Tsegaye and Tefera (2019) found that microfinance clients in Ethiopia preferred face-to-face meetings and mobile-phone follow-ups for reminders and clarification. Participatory communication and the use of local communication officers were associated with improved repayment. In Malawi, Chikalipah (2017) found that peer education and group meetings supported accountability, discussion of repayment challenges and trust among women in rural microfinance groups.

Taken together, these African studies highlight the relevance of language, borrower participation, interpersonal interaction and group communication. However, differences in local contexts mean that these findings need to be examined in relation to the experiences of women's groups in rural Kenya.

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2.2.3 National Context

The microfinance sector in Kenya has expanded, but loan default remains a concern. In Nairobi County, Ngugi and Muturi (2020) found that MFIs using consistent, multichannel communication reported lower default rates, while borrowers receiving timely loan information exhibited more responsible repayment behaviour.

In Meru and Embu Counties, Kiiru and Ndegwa (2022) found that MFIs relied heavily on one-way communication, including printed repayment schedules, which often failed to engage borrowers meaningfully. They recommended two-way and participatory communication to promote dialogue, ownership and accountability.

Otieno and Wanjiru (2021), studying motorcycle-taxi borrowers in Kisumu County, found that loan defaults increased when borrowers perceived MFIs as unapproachable or dismissive of their concerns. Regular client forums, local-language communication and personalised follow-ups were associated with improved recovery rates.

Kamau et al. (2023) identified WhatsApp groups, USSD messages and interactive applications as communication channels used in Kenyan microfinance. However, limited digital literacy and unequal access to mobile phones constrained their effectiveness. FSD Kenya (2022) reported that 34% of default cases were attributable to misunderstandings of payment terms and conditions, highlighting the importance of borrower education and communication monitoring.

Literature specific to Siaya County and Alego-Usonga Sub-County is limited. Odhiambo and Atieno (2021) found that rural women in Siaya experienced repayment difficulties associated with inadequate understanding of loan terms. Although group leaders acted as intermediaries between borrowers and providers, information-flow problems contributed to misunderstandings and conflicts.

These findings point to the importance of examining how communication is delivered and understood within women's groups in Alego-Usonga, particularly where group leaders mediate information between MFIs and borrowers.

2.2.4 Synthesis and Research Gaps

The reviewed literature generally associates effective communication with improved understanding of loan obligations, trust and repayment behaviour. Across the studies, three issues recur: the distinction between one-way and two-way communication; the influence of language, literacy and access to communication channels; and the role of interpersonal relationships and group participation. However, findings from different countries and lending contexts may not fully explain how these factors operate among rural women's groups in Kenya.

The study addresses three related gaps. First, the relative effectiveness of different communication strategies in supporting loan repayment among women's groups requires further investigation. Second, the influence of borrowers' language preferences, literacy levels and access to digital communication on their understanding of loan obligations remains insufficiently established in rural settings. Third, there is limited context-specific evidence on communication practices and loan repayment among MFI-supported women's groups in Alego-Usonga Sub-County, Siaya County. By examining these issues, the study seeks to contribute contextual evidence on the relationship between communication strategies and loan repayment.

III. METHODOLOGY

3.1 Research Design

A mixed methods approach was adopted, involving the collection of quantitative and qualitative data. Quantitative data enabled statistical analysis, while qualitative data helped explain how communication was understood and interpreted by MFI employees and women's group members (Saunders, et al. 2019). Combining both approaches enhanced the breadth and depth of the findings (Creswell & Plano Clark, 2018).

The study was conducted in Alego-Usonga Sub-County, Siaya County, Kenya, because of the presence of MFI-supported women's groups, variations in loan repayment performance, and established group-lending schemes. These characteristics provided a suitable context for examining communication strategies, loan monitoring, financial literacy and repayment behaviour.

A pilot study was conducted to assess the data-collection instruments and fieldwork procedures before the main study. Data were collected using structured questionnaires for women borrowers and key informant interview (KII) guides for MFI staff. The questionnaires covered respondents' demographic characteristics, loan repayment history, communication channels, reminder frequency and timeliness, message clarity, feedback opportunities, perceived respect and trust, and self-reported repayment behaviour. Likert-scale questions measured communication quality and repayment intentions, while open-ended questions explored preferences, challenges and suggestions. The KII guides focused on

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communication practices, feedback, borrower relationships and operational constraints. An observation guide was also available to assess group-meeting dynamics and communication practices.

3.2 Target Population

The target population comprised MFI personnel involved in loan administration and client communication, and women's group members who were beneficiaries of KWFT and Uwezo Fund loans in Alego-Usonga Sub-County. The study focused on these groups because of their direct involvement in borrower–lender communication.

The quantitative component involved 120 eligible borrowers selected from active women's groups and stratified by group and loan cycle. Each borrower contributed one observation on repayment behaviour and perceived communication quality. The qualitative component involved 14 MFI staff members selected purposively because of their responsibility for designing or implementing borrower communication.

The borrower-level data were used in the binary logistic regression analysis of loan repayment. The staff interviews were analysed thematically and used to contextualise and triangulate the quantitative findings; they were not included in the borrower-level regression dataset.

3.3 Sampling Techniques

Stratified sampling was used to ensure representation of women's groups supported by KWFT and Uwezo Fund. Systematic random sampling was then used to select individual borrowers from group registers (Etikan & Bala, 2017). MFI staff, including credit managers and personnel responsible for client communication, were selected purposively because of their specialised knowledge of communication and loan-recovery practices (Palinkas et al., 2015).

The sampling approach sought to include borrowers with different repayment experiences, including consistent payers, late payers and defaulters. This variation supported comparisons of communication experiences and repayment outcomes. Methodological rigour was supported through clear inclusion criteria, representation across repayment categories and triangulation of survey and interview data. The findings were intended to provide context-specific insights rather than statistical generalisations beyond the study population.

3.4 Sample Size

Yamane's formula (1967) was used to estimate the sample size for the women borrowers, based on an estimated population of 134 and a 5% margin of error:

$$n =\frac{N}{1 + N(e)^2}$$

$$Where\ (n)\ is\ the\ sample\ size, (N)\ is\ the\ population\ size\ and\ (e)\ is\ the\ margin\ of\ error.$$

$$n =\frac{134}{1 + 134(0.05)^2}\approx 100$$

Thus, 100 women's group members were sampled for the quantitative survey. In addition, 10 KWFT and Uwezo Fund participants were purposively selected for qualitative interviews, guided by the principle of data saturation (Guest et al., 2006).

3.5 Data Analysis Techniques

Data analysis involved three stages. First, descriptive statistics, including frequencies, means and percentages, were generated using SPSS version 17.0. Second, regression analysis was conducted to examine the relationship between communication strategies and loan repayment outcomes. Third, qualitative data were transcribed and analysed thematically, with codes used to identify recurring patterns and develop themes across participants. Quantitative data were analysed using frequencies, means and Cronbach's alpha to assess the reliability of multi-item communication-quality scales, with SPSS/Excel. Qualitative data were analysed thematically, focusing on clarity, timeliness, respect, two-way communication, language and literacy barriers, access to devices, and suggestions for improvement. The pilot helped identify ambiguous questions and relevant cultural and language considerations, including the use of Dholuo.

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IV. FINDINGS & DISCUSSION

This section presents the findings on the effectiveness of communication strategies used by microfinance institutions (MFIs) in promoting loan repayment among supported women's groups. The findings are organised around the timeliness and frequency of repayment reminders, clarity of messages and opportunities for feedback, repayment patterns, loan repayment periods, and loan utilisation. The section further examines the relationship between communication strategies and repayment outcomes using binary logistic regression, highlighting the key factors associated with successful loan repayment.

4.1 Timeliness of repayment reminders

Findings showed that 92.7% of respondents agreed that MFI communication strategies influenced the repayment behaviour. Key themes included the appropriateness of communication channels, perceived pressure from lenders, and the quality of borrower–lender relationships. However, a minority of respondents attributed repayment primarily to borrowers' integrity rather than communication reminders. Table 1 below shows timeliness of repayment reminders/

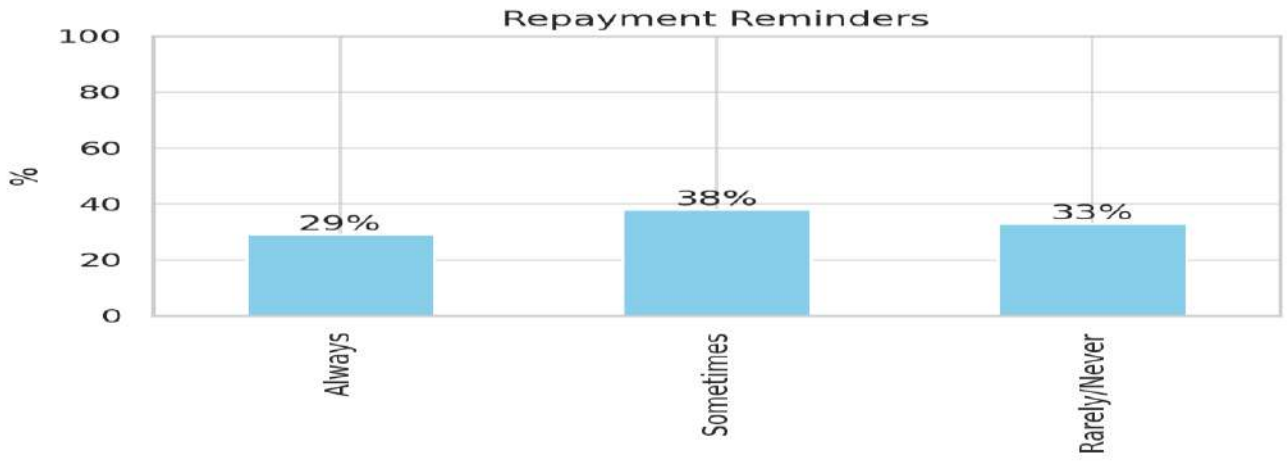

Figure 1
Timeliness of repayment reminders

Source: Field data (2025).

Figure 1 shows respondents' views on the timeliness of loan repayment reminders. The findings indicate variations in how consistently MFIs communicated repayment deadlines to women's groups. Staff interviews corroborated these inconsistencies, with one Uwezo Fund field officer noting that reminders were sometimes missed due to heavy workloads. This suggests a need for more regular and proactive communication to ensure borrowers receive timely repayment reminders.

4.2 Frequency of Communication

This section examined how frequently microfinance institutions (MFIs) communicated with women's groups regarding loan repayment.

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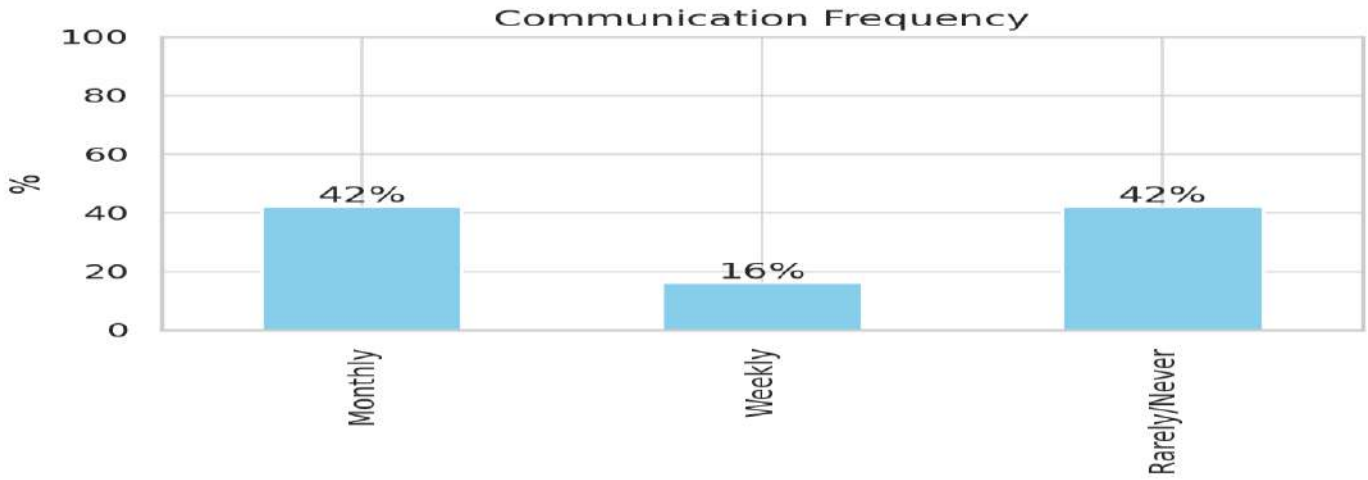

Figure 2
Frequency of Communication

Source: Field data (2025).

Figure 2 shows that 27% of respondents rarely received repayment communication, while 15% never received it. Thus, 42% experienced infrequent or no communication. In contrast, 18% always and 24% often received communication, while 16% received it sometimes. These findings indicate inconsistencies in communication frequency. A KWFT credit officer confirmed this concern, noting that clients were sometimes contacted only after delaying repayment and emphasising the need for proactive communication.

4.3 Clarity and feedback opportunities

Seventy-two percent (72%) agreed/strongly agreed that messages were clear; 65% felt they had opportunities to ask questions. However, 18% disagreed/strongly disagreed, indicating gaps in two-way- dialogue—particularly for new members or those in remote areas. Seventy-one percent (71%) said MFI communication improved their understanding of repayment obligations; those who felt "very informed" were about twice as likely to repay on time. Table 4.7 indicates the borrowers' repayment behaviour based on the communication strategies employed by the MFIs:

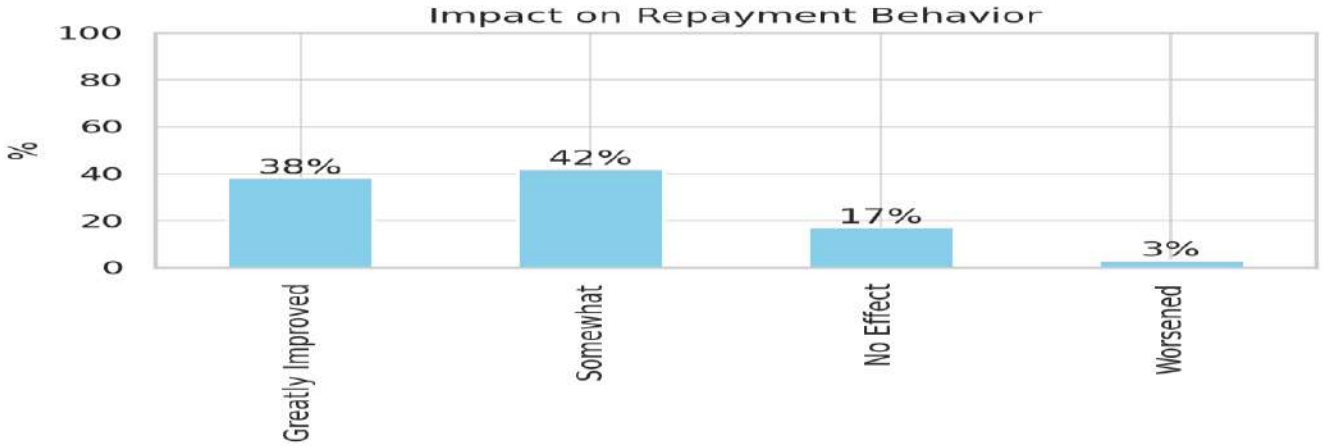

Figure 3
Effectiveness on repayment behaviour
Source: Field data (2025).

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Thirty-eight percent (38%) reported that communication improved repayment behaviour; 42% said it improved somewhat; 17% said no effect. Overall, borrowers who received consistent, personalised communication were more likely to repay than those who did not, supporting the view that communication is a behavioural lever, not merely informational.

4.4 Loan Repayment Period

Repayment periods were classified as short (1 week–1 year), medium (1–5 years), and long (>5 years). Seventy percent (70%) of projects had medium-term periods. Records showed 51% of respondents repaid successfully, 40% were slow, and 9% had prolonged delays. Group members often perceived short-term loans as having insufficient grace periods and "annoying" continuous calls/SMS, which -paradoxically - could undermine timely repayment if perceived as harassing rather than supportive.

Table 1

Loan repayments by respondents

	KWFT		Uwezo Fund	
	f	**%**	**f**	**%**
Successful Repayment	25	26.9	22	23.2
Slow repayment	18	19.4	20	21.5
Delayed/ Longtime repayment	4	4.3	4	4.3
Total	**47**	**50.5**	**46**	**49.5**

Source: Field data (2025).

4.5 Purpose of the Loan

Forty-two-point nine percent (42.9%) used loans for both working capital and fixed investment; 57.7% for fixed investment only. Forty-eight-point one percent (48.1%) admitted sometimes diverting part of the loan away from the intended purpose. Diversion was associated with repayment difficulties, highlighting financial literacy gaps and the value of face-to-face-- guidance and monitoring.

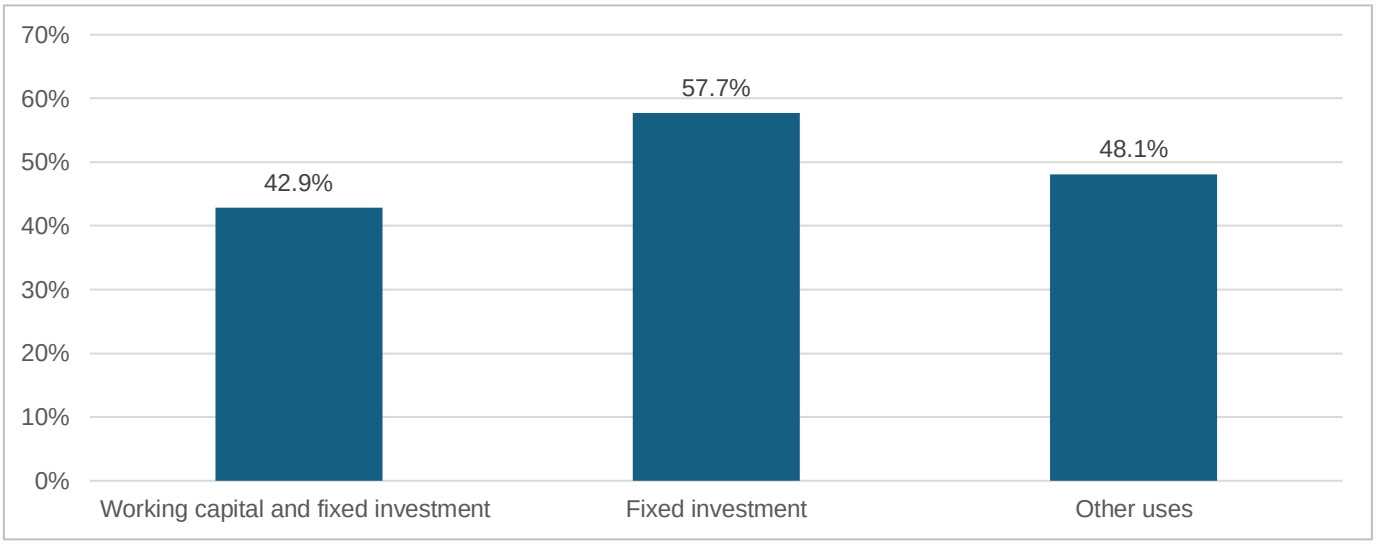

Figure 4

Purpose of loan

Source: Field data (2025).

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4.6 Mean Comparison of Successful and Defaulter Borrowers.

Fifty-one point three percent (51.3%) repaid as scheduled; 39.7% were over a month late; 9% completely failed to repay. This distribution aligns with the descriptive findings that communication quality and consistency are associated with better repayment outcomes.

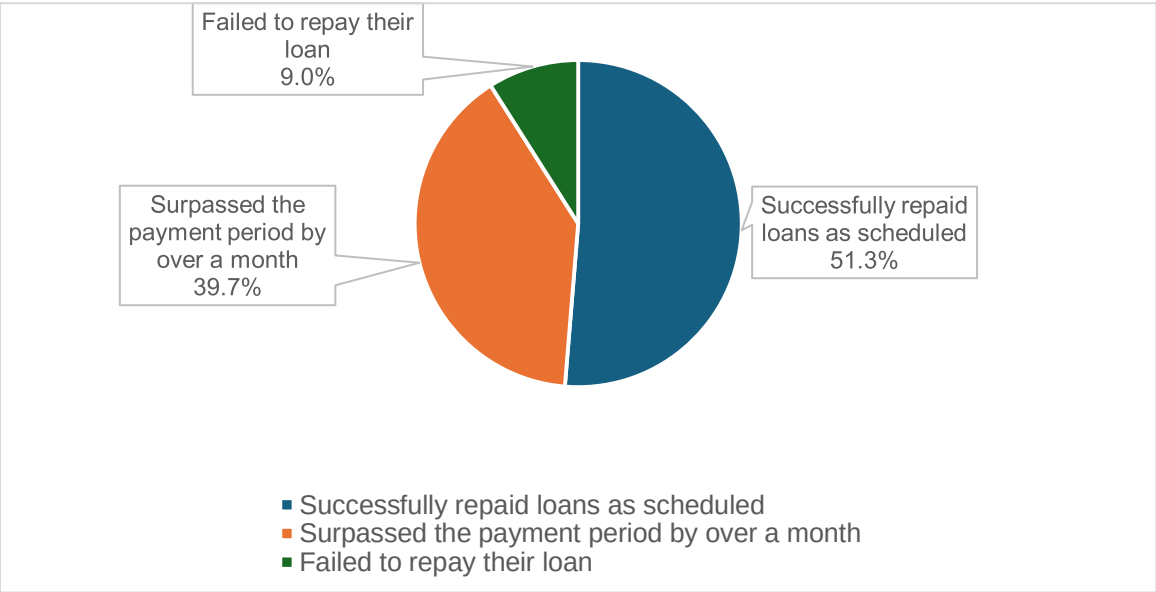

Figure 5
Distribution of respondents by repayment patterns
Source: Field data (2025).

4.7 Results from the regression analysis

A binary logistic regression analysis was undertaken using statistical package for social sciences (SPSS V 17.0) to explain the variation in loan repayment outcomes based on communication strategies used. The results are as shown below:

Table 2
Model summary

Observations	93
Log-Likelihood	-48.73
Pseudo R-squared	0.7348
LR χ^2 (10)	38.76
Prob > χ^2	0.0002

Source: Field data (2025).

Table 2 shows that the binary logistic regression model was estimated using data from 93 observations.
Key predictors (coefficients β, significance, marginal effects)
The binary logistic regression results showed that communication quality was a significant predictor of successful loan repayment ($\beta = 0.88$, $p < 0.05$), with good, two-way communication associated with a 21-percentage-point increase in the probability of successful repayment. This supports transactional communication theory, which emphasises mutual understanding and feedback. The type of microfinance institution (MFI), with KWFT coded as 1, had a positive but statistically insignificant effect ($\beta = 0.39$, $p > 0.1$; marginal effect = 0.10), suggesting that communication practices may matter more than institutional affiliation.

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Borrowers aged 35–44 were more likely to repay successfully than those aged 25–34 (β = 0.65, p < 0.1; marginal effect = 0.17), although this relationship was only weakly significant. Education level also had a positive, weakly significant association with repayment (β = 0.29, p < 0.1; marginal effect = 0.07), suggesting that education may support borrowers' understanding of loan terms. Having an income source was a strong predictor of successful repayment (β = 1.22, p < 0.01; marginal effect = 0.28), indicating the importance of repayment capacity alongside effective communication.
Borrowing experience was positively associated with successful repayment (β = 0.11, p < 0.05; marginal effect = 0.03), suggesting that each additional borrowing cycle increased the probability of successful repayment by approximately three percentage points. Appropriate use of the loan was also a significant predictor (β = 0.95, p < 0.01; marginal effect = 0.24), indicating that loan purpose and utilisation were important to repayment outcomes. Finally, medium- or long-term repayment periods were positively associated with successful repayment (β = 0.51, p < 0.1; marginal effect = 0.13), although this relationship was only weakly significant. Overall, the results suggest that communication quality, income source, and appropriate loan utilisation were important predictors of repayment, alongside borrowers' characteristics and loan conditions.

4.8 Communication Strategies Adopted by MFIs Affect Loan Recovery Rates among Supported Women Group Clients

The type of MFI (specifically KWFT, coded as 1) was included to evaluate whether the institutional communication strategy or structure influences repayment. Though the coefficient for MFI Type (1 = KWFT) is positive (β = 0.39), it is not statistically significant (p > 0.1). The marginal effect is 0.10, suggesting a potential but weak effect on repayment behaviour. Hence, while institutional affiliation might influence communication approaches, it does not have a strong or direct effect on repayment outcomes unless paired with high communication quality. Consequently, the effectiveness of the communication strategy itself, rather than the institution type, is more impactful. From an MFI perspective, the results suggest that MFIs should prioritise improving their communication frameworks, for example, use of feedback loops, personalised follow-ups, and culturally appropriate messaging, rather than relying solely on institutional branding or standard practices.

While MFI type was not significant, the strength of communication quality and related borrower behaviours (purpose, experience) indicates that strategy design-personalization, feedback loops, proactive reminders-matters more than institutional identity.

Table 3

Logistic regression results for objective 2: effect of communication strategies on loan recovery (n = 120)

Variable	B (SE)	OR (Exp B)	95% CI for OR	p-value
(Constant)	−1.66 (0.52)	0.19	[0.07, 0.52]	0.001 **
Reminder Timeliness	0.43 (0.13)	1.54	[1.18, 2.01]	0.001 **
Personalization Index	0.48 (0.14)	1.62	[1.22, 2.15]	0.001 **
Feedback Opportunity (Yes)	0.57 (0.26)	1.76	[1.05, 2.95]	0.032 **
Channel Diversity	0.19 (0.09)	1.21	[1.01, 1.45]	0.041 **
MFI Type (KWFT = 1)	0.17 (0.21)	1.18	[0.78, 1.78]	0.438

Source: Field data (2025).

Note: Dependent variable: Loan Repayment Success (1 = repaid as scheduled; 0 = late/default). Predictors: Reminder Timeliness (scale), Personalization Index (scale), Proactive Contact (1 = yes), Income Source (1 = yes), Loan Purpose Proper Use (1 = yes). Odds Ratios (OR) with 95% confidence intervals (CI) are reported; p-values based on

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Wald tests. Model fit: Omnibus $\chi^2(5) = 56.92$, $p < 0.001$; Nagelkerke $R^2 = 0.57$; Hosmer–Lemeshow $\chi^2(8) = 6.41$, $p = 0.602$; overall classification accuracy = 87.5%. Significance levels: $p < 0.10$, $p < 0.05$, $p < 0.01$.

The most effective communication approaches, based on the findings of this study, are those that are face-to-face, participatory, and culturally appropriate. Although digital communication (SMS and telephone calls) is gaining popularity, many women preferred in-person group meetings because they provided clarifications and community accountability.

This is consistent with Amin et al. (2020), where face-to-face communication in India created collective responsibility and contributed to better repayment practices. Similarly, in Uganda, Dahir (2015) noted that MFIs that made use of visual aids and vernacular languages increased client understanding, especially in rural areas.

What is more, qualitative interviews showed how loan officers sometimes resorted to phone contacts or in-person meetings as a substitute for SMS-based alerts in case of heightened risk of default, indicating an adaptive communication style similar to the one employed in Brazil, according to Cassiolato & Soares (2014). This flexibility often was the key factor between default or recovery.

V. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusion

Effective communication acts as a vital indicator for determining successful loan repayment. Borrowers who receive proper communication that is both prompt and clear tend to repay in a timely manner. Transaction and participative forms of communication prove to be more effective than hierarchical or one-sided forms of communication. Modes of communication where borrower feedback can be obtained through forums and face-to-face communication promote trust.

The cultural setting and literacy levels matter greatly. Communication approaches that do not accommodate these variables end up alienating the borrower and increasing their risk of defaulting.

Technology has huge potential but needs to be inclusive. SMS and mobile application technologies work very well but can leave out some borrowers when literacy and language is not factored in.

5.2: Recommendations

Microfinance institutions should strengthen borrower–lender communication by adopting timely, clear, respectful, and participatory approaches that allow borrowers to seek clarification and provide feedback on loan-related matters. Communication should be tailored to borrowers' language preferences, literacy levels, and access to digital technologies. MFIs should combine SMS and telephone reminders with face-to-face group meetings and personalised follow-ups to improve understanding of loan obligations, strengthen trust, and promote accountability. Regular communication training for loan officers and systematic monitoring of borrower feedback should also be prioritised to identify and address misunderstandings before they contribute to repayment difficulties. These measures should complement appropriate loan monitoring and borrower education to support more effective and sustainable loan repayment among women's groups.

Declaration of Interest

The authors declare that they do not have any known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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