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ABSTRACT

Microcredit in the UK: exploring health and wellbeing effects

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The relationship between income and health and wellbeing has been well established in the literature, however, evidence on the impact of income-based initiatives – such as Microcredit Initiatives (MCIs) – on health and wellbeing is still needed. This paper explores the pathways through which microcredit impacts on health and wellbeing and the underlying mechanisms of loan products that facilitate this connection. While microcredit has been conceptualised as having the potential to act on the social determinants of health, pathways that lead to this impact have yet to be empirically explored. In-depth, semi-structured interviews were undertaken with fourteen microcredit borrowers between 2016-2017, from two MCIs, offering personal and business loans respectively, operating in Glasgow, United Kingdom. Six follow-up interviews with selected participants then explored in more depth perceptions and experiences expressed in initial interviews, particularly in relation to the potential pathways of impact connecting microcredit to health and wellbeing. Our findings are presented in a conceptual framework illustrating the loan mechanisms and the pathways that connect microcredit to health and wellbeing. Results indicate that, in general, microcredit,

and the mechanisms through which it is delivered, were perceived as positively impacting on participants' health and wellbeing. Access to flexible, responsibly delivered, loans enabled participants to plan and feel secure when faced with predictable as well as unexpected financial events, reducing the associated stress, sustaining family relationships and empowering borrowers to take greater control of their own lives. This helped to improve participants' feelings of self-worth and reduce stigma. For some, receiving microcredit was stressful, as it is still a debt that needs to be repaid. For some, this stress can also be exacerbated by particular aspects of the lending model, for example, group lending. This work provides empirical evidence that income-based interventions targeted at financially excluded individuals such as MCIs could have an important role in addressing these communities' health challenges. While this issue is under-researched in the context of developing economies, the paper also provides insight for policymakers and service providers in such contexts on the specific health needs of people in low income and how these issues could be addressed.

Keywords: Microcredit; Financial inclusion; Health and wellbeing; Longitudinal qualitative research



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