

ABSTRACT

The present master thesis deals with non-banking microfinance institutions and examines its abilities and role in the poverty alleviation process.

It is more than necessary to pay attention to the rural sector and its development as any successful transition of the economy requires transition of the rural sector as well. In many transition economies people in the rural areas continue to live on the edge of poverty, engaged in subsistence agriculture and remain susceptible to wide range of shocks. In such countries rural population unlike urban one did not benefit to the same extend from transition and need special attention and supporting policy measures.

Due to low penetration rate of microfinance institutions into rural areas, lacking or insufficient size of collateral, financial illiteracy many poor but active man face problems to obtaining finance for the development of new income opportunities.

In this context the master thesis emphasizes the role of savings and credit associations, which unlike the commercial banks operate mainly in rural sector, have the most significant effect on poverty alleviation.

Finally, the author analyses the activity of 3 non-banking microfinance institutions of the Republic of Moldova and uses publicly available data to calculate the outreach, efficiency and financial stability indicators.