

There has been tremendous growth in microfinance institutions over the number of years. Microfinance Institutions depends a lot on the repayment of loans for getting funds in the future. Unfortunately, the characteristics or a factor of microfinance institution that affects the repayment performance and lead to default is underexplored area of study.

The purpose of this study is to identify the impact of credit appraisal, client training and collection policy on repayment performance of microfinance clients in Lahore. In this regard a total number of 310 borrowers was observed as a sample from the microfinance population. To select the microfinance institution for data collection the snowball sampling technique was used. Questionnaires were distributed among 310 microfinance clients. Multiple regression analysis was used to test the hypotheses.

The findings of the study proclaimed that credit appraisal, client training and collection policy was positively associated with repayment performance of microfinance clients. In order to avoid the problems of repayment, the relationship between the client and lender should be monitored through advisers or in meetings. Lender could also give rewards to the clients who pay the payment on the decided time.