This study examines whether social context and norms can lead to gender differences in behavior among microfinance borrowers.

Microfinance lab-in-the-field (artefactual field) experiments were conducted in neighboring patrilineal and matrilineal societies in India.

- The two societies have the same genetic background, religion and primary occupation but they differ regarding social and gender norms.
- In the patrilineal Karbi society, the eldest son inherits family property, and women have little bargaining and decision-making power.
- In contrast, in the matrilineal Khasi society, the youngest daughter inherits family property and men are not allowed to own land.

368 subjects in total (184 male, 184 female) participated in the experiment.

- Subjects received either an individual or a group liability loan and decided independently to invest between projects X and Y.
- If project fails, then subjects cannot repay loan.
- If project is successful, subjects decide to repay loan or default strategically.
- For group liability loans, two subjects of the same gender and society are randomly matched and make the same decisions in the experiment.
- If one group member defaults, the other must repay the entire group loan to continue receiving loans in future rounds in the experiment.

Reversal of gender effect across the two societies:
- In the patrilineal society, women are better credit risks, but the pattern reverses in the matrilineal society.
- Matrilineal women are more likely to invest in risky projects and default strategically more than patrilineal women.
- Patrilineal women are significantly more risk-averse than patrilineal men, but this gender gap disappears in the matrilineal society.

Are Women Really Better Borrowers in Microfinance? Evidence from Matrilineal and Patrilineal Societies in India
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