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MICROFINANCE- A TOOL FOR POVERTY REDUCTION IN GHANA (WEST AFRICA)

Diploma Thesis

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DECLARATION

I hereby declare that this submission is my own work towards my master diploma thesis title "microfinance a tool for poverty reduction in Ghana (West Africa)" and that to the best of my knowledge it contains no material published by another person nor materials which have been accepted for the award of any other degree of the university, except acknowledged information from other sources stated in my reference.

In Prague

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Richard Gardiner

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.Despite the acknowledgement, I am solely responsible for any shortcomings in this research.

Richard Gardiner

ABSTRACT

This study has examined how to strengthen microfinance to be used as a tool to reduce poverty in Ghana with central business districts in both Accra and Kumasi as the case study. The study employed both qualitative and quantitative techniques in the acquisition of data for the study. Both simple and purposive sampling techniques were used to sample 500 beneficiaries (300 in Accra and 200 in Kumasi respectively) of loans in the two central business districts. The most of the findings indicate that majority of the respondents who were mainly traders in the two central business districts started their business through gradual savings in microfinance institutions. Few of them also commenced the business with loans they acquired from microfinance institutions. The findings of the study also reveal the income level of the loan beneficiaries had increased since acquiring the loan from the microfinance institutions. The aim of acquiring the loan differs from one person to another. Beside, great number of them secured the loan to expand their business as realized in the findings. The views from the loan beneficiaries on the rate of interest on loan differ. In addition, respondents who had collected loans from GIFS Microfinance, Atwima Kwawoma Rural bank, Asokore- Rural bank (in Kumasi) and Innovative microfinance, Ga Rural bank (in Accra) respectively declared that the interest rate was reasonable. Moreover, the views on how easy to get the loan from these financial institutions also differ slightly. Most of the respondents who had acquired loan from GIFS Microfinance, Atwima Rural bank, Asokore Rural bank (in Kumasi) and Innovative Microfinance, Ga Rural Bank (in Accra) stated that the procedure was easy compared to conventional banks like (commercial, Backlays, Standchart etc). Generally, the result shows an improvement of socio economic lives of the respondents as the loans were used in their business has increased the income, savings, and better access to health care as they can afford them. The study will try to cover how to strengthen microfinance MFIs by finding solution to some of their problems to facilitate reduction of poverty in Ghana. It is also recommended that governments should also provide more flexible and cheaper loans to traders in the private sector. Furthermore, wholly or partly own organizations like Masloc can be established in the regions to help these traders. The interest rate on loan should be curtailed to the barest minimum to enable more individuals in the private sector to have access to increase the size of their business.

Key words: Socio-economic, microfinance, poverty reduction, Africa, Ghana

Souhrn Microfinance – nástroj pro snižování chudoby v Ghaně

Tato studie zkoumá, jak posílit mikrofinancování, které má být použito jako nástroj pro snižování chudoby v Ghaně v centrální obchodní čtvrti, jak v Akkře, tak v Kumasi. Při získávání a vyhodnocování dat bylo využito jak kvalitativních, tak kvantitativních metod. Jednoduché a cílené vzorkování bylo použito na 500 příjemců půjček ze dvou centrálních obchodních čtvrtí (300 v Akkře a 200 v Kumasi). Z těchto pozorování a nálezů vyplývá, že většina respondentů, kteří byli obchodníci v těchto dvou centrálních obchodních čtvrtích, začali své podnikání prostřednictvím postupných úspor pomocí mikrofinančních institucí. Jen málo z nich zahájilo obchodování s úvěry, které získali z mikrofinančních institucí. Závěry studie také ukazují, že úroveň příjmu z půjčky příjemce se zvýšila v případě získání úvěru od mikrofinančních institucí. Každý člověk má jiný cíl, ke kterému mu získání úvěru bude sloužit. Bylo zjištěno, že mnoho z nich si zajišťují úvěr, aby mohli rozšířit své podnikání. Pohledy příjemců úvěrů na úrokové sazby se také velmi liší. Respondenti, kteří získali úvěr od GIFS Microfinance, Atwima Kwawoma Rural bank, Asokore- Rural bank (in Kumasi), Innovative microfinance a Ga Rural bank (v Accře), prohlásil, že úroková sazba byla rozumná. Kromě toho, názory na to, jak snadno získat půjčku z těchto finančních institucí se také mírně liší. Většina respondentů, kteří získali půjčku od GIFS Microfinance, Atwima Kwawoma Rural bank, Asokore- Rural bank (in Kumasi), Innovative microfinance a Ga Rural bank (v Accře) uvedli, že postup byl jednoduchý ve srovnání s konvenčními bankami, jako je komerční banka, Backlays nebo Standchart. Obecně platí, že výsledek ukazuje zlepšení sociálně ekonomické situace u respondentů, kteří si vzali úvěr, protože peníze mohou využít na zvýšení příjmu z podnikání nebo si mohou dovolit lepší zdravotní péči. Studie se bude snažit upozornit na to, jak posílit mikrofinancování měnových finančních institucí tím, že najde řešení na některé ze svých problémů s cílem usnadnit snižování chudoby v Ghaně. Doporučuje se také vládní zajištění pružnějších a levnějších půjček pro obchodníky v soukromém sektoru. Navíc, ať již plně nebo jen částečně, organizace, jako je Masloc mohou být stanoveny v regionech a mohou pomoci těmto obchodníkům. Úroková sazba z úvěru by měla být omezena na nejnutnější minimum, aby umožnila více lidem v soukromém sektoru, mít přístup ke zvýšení velikosti jejich podnikání.

Klíčová slova:

Sociálně- ekonomicky, mikrofinance, redukce chudoby, Afrika, Ghana

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POVERTY REDUCTION IN GHANA
(WEST AFRICA)**

**Microfinance – nástroj pro snižování
chudoby v Ghaně**

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1.0 INTRODUCTION

Background Information

Globally, microfinance is regarded as one of the effective tools for bringing people out of poverty. Many academicians believe that improved access and efficient provision of savings, credit and insurance facilities in general will help the poor to smooth their consumption or finance larger expenditure. In addition, microfinance services assist them manage both health and maternal health, control their risk better, systematically develop their asset base, build their micro enterprises, improve their income earning capacity and enjoy improved quality of life (Philipinas 2002).

Moreover, many researchers argue that microfinance institutions are important as they:

- Serve as one of the tools for poverty reduction
- Improve school enrollment
- Child nutrition
- Female empowerment
- Build the business sector through growth
- Develop a parallel financial sector (Hulme and Mosley, 1996a, Hashemietal, 1996, and Buckley 1992).

As it has been recognized, the denial of permanent access to microfinance institution, will actually have adverse effect on most poor household, they will continue to depend on meager self- finance or informal sources of micro credit. This will reduce their ability to actively participate and benefit from development opportunities. Dr. Mahammed Yanus (the putative founder of microfinance) once said “Almost 1.2 billion people living on this planet do not get access to basic necessities and microfinance could be their pathway out of despair.” It can be deduced from his point of view that, a well set up microfinance institutions and small enterprises in many societies can contribute to the growth of national income, promote better

standard of living, create more employment opportunities and therefore curtail poverty to certain level.

On the contrary, International finance corporation (IFC, 1994) also stated that, 60percent to 69percent of the population in many Africa countries have no access to conventional financial institutions. As a result of decline in the public sector nowadays, micro and small enterprises have assumed some of their responsibilities and therefore fostering economic growth and development, create opportunities for income generation, capital accumulation, poverty reduction and empowerment of women (Ojo 2003, World Bank, Babajide, 2012). In Ghana, micro and small enterprise contribute about 46% of national employment and as well as 48.1% of GDP (Ghana national employment policy, 2012-2016).

However, increased in involvement and contribution of SMEs has brought the need to increase financial services. Granting of credit is also been regarded as one of the means of enhancing the development of SMEs (Chijoriga, 1997; Chijorga and Cassimon 1999). Loans help individual member or enterprise to enjoy economic of scale and those with high technology (Grande, 1984). The Government of Ghana having realized the significance of financial services to SMEs in 2000, came up with national microfinance policy in line with the overall financial reforms initiated in 1991(URT, 2000). The policy was to assist the low income earners to access micro financial services. Microfinance institutions (MFIs) have also been seen as another sources for financing medium and small enterprises (MSEs) in areas of formal Financial institutions (FFIs). Mean while it is branded as too poor to save, possessing low borrowings and carrying a national micro finance policy default risk (Chijoriga,2000). The policy further assist in raising income for enterprises, household through savings, payment- insurance and offer credit services (URT 2000).

In spite of dynamic role of providing credit to small enterprises, only few people, business owners and small enterprises have opportunity to enjoy these financial services. This is because most of the microfinance institutions are sited in urban vicinities.

2.0 RESEARCH OBJECTIVES AND METHODOLOGY

The study aims at finding out:

- the magnitude by which MFIs services have reduced poverty (in terms of increase in poor people wealth, creation of employment opportunities, generation of income and investment)
- to find out if MFIs really channel their services to the targeted population (poor especially those in the rural areas), medium and small business (wholesaler, retailers and other services)
- Assess whether the conditions and procedure set by MFIs favour the poor and low income earning clients.
- Assess whether the target population get the enough MFIs services.
- To ascertain if there has been improvement in the life of customers reached by microfinance schemes.

2.1 Hypothesis

H1: Operational assistance received from microfinance institutions (MFIs) do not bring better financial situation in running the business

H2: Operational assistance received from microfinance institutions (MFIs) bring better financial situation in running the business

H3: Increase in income does not lead to improvement of the standard of living.

H4: Increase in Income leads to improvement in the standard of living.

2.2 Significance of the Study

The study will be of help to MFIs, MSEs, policy makers and community at large. The study will cover and deal with areas that MFIs require to put in more effort when offering their services. Beside, the policy maker will enjoy the benefit because the results will unfold suggestions and recommendations on how they can be improved. With regard to this, the policy makers will realize where there are gaps in the services, develop and implement prudent policies to meet or overcome those setbacks. Moreover, MSEs and community will benefit through easy access to MFIs services.

2.3 Organization of the Study

This study is divided into five chapters. Chapter one is introductory chapter to the study. Subtopics discussed under this comprises: background to the study, statement of the problem, the objectives of the study, and significance of the study. The chapter two states the research methodology utilized for the study. It is made up of subheadings which consist of: research design, research population, sample size and sample techniques, sources of data and instruments used procedures and data analysis and presentation.

The chapter three is made up of literature review on microfinance serving as a tool for poverty reduction, discusses the conceptual framework with which this work has been done.

The fourth chapter on the other hand, deals with analysis of data received from the field and discusses the outcome of the study. The final chapter which is chapter five also provides summary of the findings of the study. Draw conclusion and develop significant recommendations based on the results from the study.

2.4 RESEACH METHOLOGY

From the perspective of Sarankos (2005) methodology is defined in two ways. On one hand, methodology is similar to a research model used by a researcher in particular project. Bryman (2008) refers to methodology as techniques that are used to conduct research. This demands application of data collection instruments such as questionnaires interview or observation. It also utilizes sample procedures and statistical techniques for organizing and interpreting quantitative data. In general, research methodology deals with gathering or collection of important data from defined documents or source, compelling data base so as to assist in analyzing the material and attain more understanding of event or issue. Apparently, it involves using a range of sophisticated statistical analyses of data in order to find correlation or statistical validity of the outcome. This chapter therefore explains the procedures and instrument employed for this research. The problems encountered during the data collection period are also discussed.

2.4.1 RESEARCH DESIGN

This research is an information gathering process base on microfinance serving as a tool for poverty reduction in Ghana. The reason for choosing this design comes from the fact that the data for this study emanates from interviews with the individuals and institutions that have enrolled in the microfinance projects. The design will also provide baseline information on the influence of Microfinance on the poverty reduction in the central business Districts of Accra and Kumasi respectively. The nature of the study requires a qualitative research approach. Nonetheless, this cannot be attained without using some quantitative techniques. The

questionnaires were used as the interview schedules. Furthermore, the study will utilize some of the interpretative views at some stages of the study.

2.4.2 TARGET AND STUDY POPULATION

The target population comprises a group of cases from which a researcher studies a sample and then generalizations are made from the results of the sample (Neuman, 2006). The target population applies to people who have certain characteristics in common (Barbie, 2005). The study focused on traders who have benefited from loans by MASLOC as well as other microfinance institutions in both Accra, Kumasi and some personnel from these institutions.

2.4.3 SAMPLE SIZE AND SAMPLING PROCEDURE

Sample is part of a population selected for a study and the process of selecting a sample is termed as sampling, (Godor et al 2006). The study population from this target population included five hundred (500) traders who have accessed loans from microfinance institutions in Accra (300) and Kumasi (200) and also some personnel from institutions. The researcher purposively selected beneficiaries and the personnel from the institutions. The choice of this sampling method is vital because it helps the researcher to handpick key informants who were deemed fit to provide relevant information for study.

2.4.4 TYPES AND SOURCES OF DATA

Primary and secondary data will be used for the research. Information sourced for the study will therefore come from both primary and secondary sources. The primary data was selected mostly using semi-structured interviews prepared in the form of questionnaires while secondary data was sourced from journals, internet and written books. The questionnaires will be open and closed ended questions. The open-ended questions will facilitate the expression of subjective views by respondents.

2.4.5 RESEARCH INSTRUMENT

For all the 500 respondents, semi-structured interview prepared in the form of questionnaires used in eliciting the desired responses. The use of this research instrument is due to the reason that it provides the chance for a free-to-face conversation to explore, among others the reason for accessing or providing microfinance assistance. It illuminated the voices of the disadvantaged like women, widow/widowers, disabled and the elderly. The semi-structured interview is centered on knowledge/ perception of people on the microfinance, poverty/ income level, trust benefit package and equality of investment, power relations within MASLOC and other microfinance institutions and the effects of these dynamics on the poverty reduction.

2.4.6 ADMINISTRATION OF RESEARCH INSTRUMENT

Upon contacting the respondents, the questionnaires prepared as the interviewed schedule were read out to the respondents and given out to those who could read and understand. While reading out the questions to those who could not read, the researcher noted the various responses given by the respondents. The researcher used a period of four weeks to collect the primary data.

2.4.7 DATA ANALYSIS

Data collected was analyzed using statistical package for social scientist (IBM SPSS). The collected data was coded and entered into the SPSS software for analysis. The result from the analysis were presented using tables and graphs.

3.0 LITERATURE REVIEW

Microfinance is basically made up of providing financial services such as saving, microcredit, micro insurance, micro leasing and transfers in relative small transactions which is accessible to micro-enterprises and low-income household (Chijoriga, 2000). Micro-enterprise may be supplemented by non financial services especially training, to enhance the ability of client to make use of the facilities effectively. This chapter of relevant literature on the variables mentioned in the objectives and the research questions raised in the background to the study. Discussions are done as follows:

3.1 Overview of microfinance and microfinance institutions (MFIs)

Philipinas (2002) regards microfinance as provision of a broad range of financial services such as deposit loans, payment services, money transfer, insurance to poor and low-income households and their micro enterprises. With regard to his definition, it is clear that micro finance does not cover only financial services but non financial assistance such as training and business advice to the poor and low income households in the rural and urban areas of Ghana including licensed institutions such as rural unit banks, commercial banks, NGOs offering micro credit operations are funded and supported with technical assistance by international donors, (Asiama, 2007). Microfinance according to (ADB 2006) has been in Africa for centuries no matter how poor one will be, needs and uses financial services. A part from global examples of its history which starts from the informal, small, rotating saving-and-loans clubs in England, Ireland and Germany during the eighteenth century to savings and credit cooperatives in Indonesia in the nineteenth century, Nigeria's microfinance goes back to the fifteenth century and extended to the Caribbean by the slaves. For instance the Yoruba term *Susu* and this is still in use. Microfinance in Africa started going through formalization, mainstreaming, recognition and gained momentum in the part of the formal financial sector in 1990s. Actually, the twentieth century microfinance has gone through four unique phases of evolution before reaching its current phase of developing sound inclusive financial system. The first phase according to (ADB 2006) of microfinance in the previous century began in 1950s and comprised directed subsidized credit, usually aiming at individuals who did not have the

means to reimburse loans. In that phase, it was perceived lack of money was the actual impediment to eliminate poverty. The second emerged in the 1970s, which was made up of microcredit provided by NGOs starting from the Grameen Bank in Bangladesh. After, a great number of NGOs attempted to provide microcredit services to the poor. During that period, financial self-sufficiency was not as vital to such NGOs as were donated resources. The development of agencies to offer subsidized fund and general perception was that, the supply of such resource would remain reliable (Randhowa and Galado 2003). NGOs also functioned as intermediaries mostly acting as income transfer agents for social mission instead of serious financial intermediaries.

In addition, formalization of microfinance institutions in the 1990s was the third face. In order to satisfy some demand (Simanowitz and Broady, 2004), MFIs began to offer more financial services such as savings and insurance. As a result, microfinance proved that it could enhance the socio economic well-being of its clients and their families. According to ADB (2006) report, the poor would experience positive changes in attitude as microfinance helped them to believe they could lift themselves out of poverty and therefore reduce poverty level. The fourth phase also started in the mid – 1990s and dealt with the mainstreaming of microfinance and its institutions into the formal financial sector. Microfinance is being changing in terms of becoming obsolete (United Nation, 2005). Developing financial system for the poor is the term that is mostly used as microfinance becomes formal financial sector without losing its aim of serving the poor. Mainstreaming demand that MFIs and other intermediaries function according to the same standards of transparency, performance, accountability, performance and profitability as other commercial banks, formal financial institutions do.

3.3 Micro and Small enterprises (MSEs)

There are many definitions for SMEs, but for the purpose of this study, a SME is regarded as a productive activity either to produce or distribute goods and services, usually undertaken in the informal sector (Hulme and Mosley, 1996). Actual microfinance enterprise employs fewer workers mostly less than five and usually family members and very limited small fixed assets.

Small enterprise however, employs more than five workers and basically, they are from the formal sector with much higher fixed asset compared with micro enterprise (Hulme, and Mosley, 1996). Based on the small and medium Enterprises development policy (Randhawa and Gallardo, 2003), small enterprise are formal undertakings employing between five and forty nine employees.

3.3.1 Demand for microfinance service in Africa.

The demand for microfinance in Africa is great and the kind of services the poor and low income clients demand differ across the board (United Nations 2000). This great demand and the differences of the microfinance clients have called for the need to develop inclusive financial system that work for the poor (ADB, 2006). According to Littlefield et al (2003), poor and low-income people need and want a range of financial products and services to build income and wealth, smooth their expenditure patterns, and reduce risk (example wants payment services loans, money and remittance transfers, pension insurance and leasing). Savings services are needed more than loans in Africa. Microfinance therefore permits micro-enterprises to develop and turn into small and medium sized enterprises (SMEs). The remittance flows and their end use are raised by measure that reduced fees build assets and assist direct control those flows into the formal financial sector.

The ADB (2006) report indicated that microfinance has worldwide potential of serving three billion people who are not currently served or otherwise excluded by institutions in the formal sector. Out of these three billion people, 1.2 billion live on less than USD 1 per day including 320 million Africans. According to global report, there is large difference between the potential demand for microfinance services and the supply of these services. Also less than three percent of estimated demand is currently been met. In 2004, about 3000 MFIs was reported to have reached about 81 million clients, by which 58 million clients, among the poorest of the poor who had accessed to their first loan. Observation made by Buckley (1997) indicated that there has been a proved that the poorest thus those tagged ask destitute will be

saved. Moreover, working in developing countries, MFIs also work in poor area of certain developed countries such the states.

Beside, United Nation (2000) research paper indicated that the possibility for developing microfinance in Africa is great. The demand is estimated to be about USD 10 billion among micro- and small business alone over the next several years. Sixty one percent of will be woman and will be outstanding loan per client of USD three hundred and seven the client (United Nation 2000). Africa also has relatively few successful institutional models. Against this background, microfinance can assist in modernizing banking systems, design them to be more hospitable to those who do not use banks and organize idle capital for investment in economic and social development.

According to Rosenberg (2004), Most of microfinance efforts and institutions in Africa operate in the informal sector in Africa. The intervention of international cooperative and specialized NGOs movement during the 1990s made it possible for microfinance to reach more clients in Africa. Over one million clients now in Ethiopia enjoyed this scheme. Continuous efforts have been put in place for the institutional transformation of microfinance in Africa, basically NGOs that have become MFIs and they have met best practice standards. Example of this trend is K-Rep bank in Kenya, which changed from NGO into a licensed commercial bank. The microfinance institution in Africa are increasingly integrating and joining forces via such mechanism as cross- border cooperation in institutional development networks and addressing policy issues of the enabling environment (World Bank New York, 1999). National associations and Networks of retail MFIs called microfinance associations (MFAs) are being set up to help members to enhance their professional performance and unify the criteria against which MFIs have to report. The association offer services and perform activities which support the MFIs members (United Nation 2005). National MFAs are increasingly grouping themselves into regional and sub- regional networks such as AFMIN (Africa Microfinance Network) and microfinance network for North Africa and Middle East countries. Moreover, microfinance networks, (NEAPAD) are operating with microfinance as part of its supports of the regional finance sector, economic integration, and the harmonization of standard (United Nations 2005).

3.3.2 Supply of Microfinance Services in Africa

According to United Nations (2005), the market structures in microfinance in Africa differ significantly and depending on member countries stage of the financial sector development, policy environment etc. Beside, the bigger difference on the supply side is inadequate information on what institutions are actually accomplishing verse what they could be accomplishing. Microfinance institution should be aware that microfinance service delivery is more complex than one might think, mostly in a competitive environment where clients are more demanded and educated (ADB 2006). Due to these, microfinance institutions should endeavor to understand what clients demand and how to offer service and products that their clients need instead of just presuming that potential clients patronize whatever the institution will be offered to them.

There are three main levels of MFIs in Africa (United Nations 2005d), classified according to their stages of institutional change from emerging MFIs to expanding MFI to formal financial sector institutions. This classification is more over defined in terms of RMC (regional management centre) enabling environment, competency experience level of microfinance development, competence and service courage. This classification assist in indentifying the stage that microfinance has reached in the individual, RMCs and there structure suitable interventions by sequence, the kind of support they provide (ADB 2006) individual RMCS and thus appropriate interventions by sequencing the type of support that they provide, (ADB 2006).

Category I: MFIs in the emerging stage is made up of thousand NGOs in informal sector intermediaries (specifically those operating in rural areas), and even individuals who offer financial services on a largely artisanal basis. (ADB, 2006), RMCs actually do not have the skills to recognize these institutions due to the absence or inappropriate of existing legislation and regulation on microfinance. By virtue of their informal nature and non legal status, MFIs operating in this category enjoy few opportunities to expand or grow. For instance Susu of Ghana as one of them operate in urban and peri-urban markets, the Wool and Mohair

associations operating in the Lesotho Highland, (SACCOs) operating in East Africa informal associations such as the (MMD) in Niger.

Category 2: They are institutions which are on the verge of expanding and growing phase, showing features of financially self sufficient; also widen their services to cover thousands of people who previously had no access to quality financial services (ADB 2006). RMCs are increasingly changing existing and designing new legislation and regulation to govern such MFIs. These MFIs are yet to become fully integrated mainstreamed financial sectors of their respective RMCs. For instance, we can talk of SACCOS of East Africa and the Susu of Ghana which have established level of legal recognition in the individual countries as well as NGOs such as PADME in Benin, which are profitable but have to be fully incorporated into the formal financial sector.

Category 3: They are fully mature financial institutions that are integrated into the formal financial sectors of the respective countries, (Buckley, 1997). Actually, they are registered and have licensed as financial services entities such as commercial banks. They have legislative environment fully address microfinance. For example savings and credit cooperatives in Tanzania and countries of Francophone West Africa (or UEMOA), K-Rep Bank Equity building society in Kenya, together with Centenary Bank in Uganda.

However, unregulated MFIs are offering services to poor client (Buckley, 1997). They incur higher transaction cost and smaller operation volume. They will have to rise, change or merge with other institutions to attain levels of efficiency that can assure their continued operations. Cooperatives compare favorably with savings mobilization, they do not provide much on average as others MFI types. Commercial banks are entering the market and competition is now keen in many countries especially Ghana, Madagascar, Mali, Senegal, Benin, Kenya South Africa, Cameroun, and Uganda (ADB 2006). Innovation and provision of high quality services should be a hall mark of MFIs so that they can retain client and remain competitive in their financial service market.

3.4 DEFINATION OF POVERTY

Poverty in a wider scope can be regarded as a state of deprivation, prohibitive of decent human life (Buckley, 1997) From his point of view, this is caused by lack of resources and capabilities to purchase basic needs and wants as noticed in abundantly. This however usually re-enforcing parameters that consist of malnutrition, ignorance, prevalence of diseases high infant, child, maternal mortality, squalid surroundings, low technological utilization, unemployment, low per capita income, low life expectancy, rural urban migration, poor communication and environmental degradation.

3.4.1 Prevalence of Poverty in Ghana

According to (Churchill 2000), poverty is not uniformly distributed geographically or within the population. The distinction can be seen between rural and urban poverty, gender and long agro-ecological zones and the wider difference between the urban and rural populations, (Churchill 2000). At one point Accra (the capital) is averagely better off than the other parts of the country. At another point rural households were much poorer than urban folks in all respect. Comparably, poverty gap between men and women are smaller than geographical differences. Poverty can also emanate from many re-enforce factors comprising lack of productive assets to generate material wealth, prevalence of diseases, illiteracy, natural calamities as drought, flood and man- made calamities such as wars (Churchill 2000).

3.4.2 Poverty Eradication in Ghana

Ghana being a developing country like other developing countries has been struggling to reduce poverty (Government of Ghana 2005). According to the Government of Ghana document, one of the measures has been the introduction and implementation of social and economic policies which will deal with the issue of poverty at national and individual levels. The state intervened through education and other social services and creating an enabling environment for private sectors (Government of Ghana 2005). Ghana focused its development

strategy of poverty reduction through this document. This approach was galvanized in 1995 with launching of the vision of Ghana- “vision 2020” initiation of institutional arrangement to enhance and assess poverty reduction. Government prepared a development strategy for poverty reduction in 2000 and has since prepared the poverty reduction strategy 2002-2004: An agenda for growth and as well as attaining prosperity. Poverty in Ghana has declined from 51% of the population in 1991-1992 to about 43% of the population living below the poverty line in 1998 and the average consumption level of the poor in Ghana is about 30% below this level. The reduction in poverty levels have turned to be focused in the Accra and rural forests areas. Poverty still remain a bit high in a rural area 52% than in urban areas (23%) and more than one-half of the population still remain a bit high in a rural areas (52%) than in the urban areas (23%). More than one-half of the population living in the natural savannah zones still been tagged as extremely poor (Asiamah and Osei 2007). The highest poverty among the self-employed households engaged in exports- crops agriculture and the wages employees in the public and private sectors.

3.5 Microfinance policies in Ghana

The overall policy frame work for microfinance (government of Ghana 2008) is informed by the poverty reduction strategy. This policy deals with balance growth and macroeconomics stability with human development and empowerment to extend that it will positively reduced the country’s poverty levels in the medium term. The strategy portrays the main sources of poverty; assess all the sectorial strategies and programs with regard the extent to which they help in reducing poverty. Actually, the overall strategy stress on the reduction of inflation, the need to sharply reduced the fiscal deficits, as important steps to reduce the level of the public sector crowding out of the private sector in the financial market and the assist lower interest rate (Asiamah and Osei 2007). Microfinance strategy paper was prepared through a consultative process in 2000, but was never taken up by cabinet before a change of government, (government of Ghana, 2005). The poverty focus has led the new regime to increase directed, offer subsidized credit programs that are not consistent with best practices in

microfinance and tend to impede development of the industry. All these ponder on the significance of equitable, sustainable economic growth and improvement of people's welfare.

The government also realized the responsibilities of the private sector in dealing with poverty reduction. The sector has a duty of creating employment opportunities by increasing investments (Government of Ghana 2005). In addition, private sector investment in social services will create effective and efficient environment for poverty reduction. Microfinance in Ghana is one of the sectors that the government (Asiamah and Osei 2007) has paid more attention in recent years in pursuit of its long term vision of ensuring competitive, effective financial system. Despite the reforms have achieved some success in enhancing growth of competitive and efficient mainstream banking sector, it has not actually increase access to basic financial services by the most of the Ghanaian, specifically those in rural areas (Government of Ghana, 2005). The government took a deliberate action when he realized the above shortcomings by creating a broad based financial system comprising of different sustainable institutions with wide outreach and offering diverse financial products (ibid). The government's option for microfinance was induced by the conviction that, when providing adequate attention, microfinance possesses the potential to contribute to assist the economic development of the country because it is more pruned to the needs to the low-income population which constitute the majority of Ghanaians.

3.6 The link between Micro Finance Institutions and Poverty Alleviation

The scheme for microfinance was initiated to meet different objectives. The most common among them include: women's empowerment (Rahaman, 1999), development of business sector as a means of achieving high standards and reducing market failure (Chijoriga and Cassimon 1999), poverty alleviation, improve living standards, providing finance to the poor (Harper et al, 1999). There have been some empirical evidences and surveys which unfolds mixed results on the performance of MFIs. In some cases debacle stories have been reported, yet there have been success stories. Actually, the reasons for failures or success have been

well documented. Recent studies portray that linking MFIs with other interventions such as poverty reduction mostly make it difficult for the functioning of MFIs by pushing them to areas not considered sustainable. This means that it is difficult to eradicate financial performance and poverty reduction. The obvious sustainable indicators emphasizes on MFIs as a profitable institution (loan repayment, profitability and degree of subsidization). For the MFI to satisfy the microfinance practices as stated by consultative group to assist the poor (CGAP), and also be financially sustainable, then it has to recognize itself as business venture. As a result of this and especially in rural areas, very few people qualify for a business loan.

3.7 Review of studies done outside Ghana

Generally, studies on MFIs have been done indifferent countries around the world. The findings from those studies are very useful to new researches on microfinance. Some of the studies which had important contribution comprising study by Mosley (2001). In his study on microfinance and poverty in Bolivia, he analyzed the impact of microfinance on poverty. The study was carried through small sample surveys of four microfinance institutions, two urban and diversity, and various measures of vulnerability. The institutions which the studies were conducted had on balance, positive impact on income and asset levels. The income impacts tie in negatively with income on account of poor households opting to invest in low-risk and low-return assets. The study showed also that in comparing with other antipoverty measure, microfinance seems to be very good and relatively at cheap reducing the poverty of those close to the poverty line. Beside this was regarded to be ineffective by comparing labor-market and infrastructural measures, in reducing extreme poverty in Bolivia and can also be beneficial to other developing countries. These actions consist of great effort to mobilize rural savings, taking out the lower limit on loan size, and setting up an appropriate income mechanism. In spite of this contribution, the study conducted by Mosley (2001) has some setbacks. The first gap is that, the sample size was only four microfinance institutions. And that sample size was not enough for generalization made above. In addition, the poverty concept ignored the number of employees. This is very significant to measure, as it shows whether the microfinance institution has created capacity to employ more people or not.

Hassan and Renteria-Guenero (1997) made another empirical contribution experience with their work ‘the experience of the Grameen Bank (GB) of Bangladesh in community development.’ They looked for GB experience with an aim of understanding the important elements of its operations and the factors which helped GB to reach the poor. The study showed that the GB carved its image as an institution which aimed at providing credit to the poor who neither have land nor assets in rural areas. GB credit provides the recipient the power of entitlement to society’s productive goods and services together with its immediate impact, looking differently from most of the other programs for the poor that tend to create the unintended negative effect of dependency on the service providers. It is also observed that, the credit by itself is an insufficient factor to improve poverty conditions, and thus the GB spent a substantial amount of resources to the improvement of the social well being of its members. GB employs a clear eligible method which ensures that only poor or very poor can take part. It incites their client to organize themselves into a group of five like-minded members. Each group chooses one group leader among them. Every six groups constitute a centre which functions as the basic operating unit of the GB. It is at the center that weekly meetings are conducted to openly discuss loan applications, proposals and to accept repayment and compulsory savings deposits. At the same time, the loans are given to individual members, the group as a whole is expected to be responsible for the regular repayments of the loans of all their members. This type of grassroots organization did not only promote solidarity, participation among the members or at the group and centre levels, but also enhance mutual assistance and peer pressure to ensure that the loans are properly utilized and repayments made promptly.

According to the assessment made by Hassan and Renteria-Guerrero of GB approaches seems to be an effective tool for rural poverty reduction, in spite of minor reproach which has never offer alternative solution for poverty alleviation. The program provides credit to enhance the physical productive capacities of the poor and in addition, it provides the disadvantage with human development inputs to improve their overall productive and living standards. External factors did not have any influence on the success achieved by GB. For the credit delivery system to be effective and sustainable there was a need for a supportive national policy framework for it to remain autonomous and free from political influence though this work was

just an experience and not a research work, we see its contribution in the area of microfinance practices.

3.8 Review of Studies Done in Ghana

The concept of microfinance is not new in Ghana (Asiama and Osei 2007). There has always been the tradition of people and or taking small loans from individuals and groups within the context of self-help to start business or farming ventures (Asiamah and Osei, 2007). For example, available evidence indicates that first union in Africa was set up in Northern Ghana in 1955 by Catholic missionaries. However (Churchill 2000) Susu, which is one of the microfinance schemes in Ghana, is thought to have originated from Nigeria and spread to Ghana in the early twentieth century.

In recent years, microfinance sector has thrived and transformed into its current state. Thanks to various financial sectors policies and programmes carried on by different government since independence (Government of Ghana, 2005). These are offering of subsidized credit in 1950, setting up the agricultural development bank in 1950 with the aim of addressing the financial needs of the fisheries and agricultural sector.

Establishment of Rural and Community Banks (RCBs), and implement regulations such commercial banks being required to set aside 20% of total portfolio, to promote lending to agricultural and small scale industries in the 1970s and 1980s and transformation from a restrictive sector regime to liberalized regime in 1986.

Promulgation of PNDC law 328 in 1991 to allow the establishment of different categories of non-bank financial institutions, made up of savings and loans companies and credit unions.

The policies have brought three broad categories of microfinance institutions (Churchill, 2000). These are:

- Formal suppliers such as savings and loans companies, rural and community banks, as well as some development and commercial banks;

- Semi-formal suppliers such as credit unions, financial non-governmental organizations (FNGOs), and cooperatives;
- Informal suppliers such as Susu collectors and clubs, rotating and accumulating savings and credit associations (ROSCAs and ASCAs), traders, moneylenders and other individuals.

With the regulatory framework (government of Ghana, 2005), rural and community banks are regulated under the banking Act 2004 (Act 673). While the savings and loans companies are currently regulated under the non-bank financial institutions (NBFI) law 1993 prepared, and this would recognize their dual nature as cooperative and financial institution.

Institutions such as ASCAS, FNGO and ROSCAS do not have legal and regulatory frameworks.

From the government of Ghana (2005) document, program currently addressing the sub-sector in Ghana consist of the rural financial services project (RFSP), the financial sector improvement project, financial sector strategic plan (FINSSP), the community based Rural development program (CBRDP), Agricultural services investment project (ASSIP), the Rural financial services Project (RFSP), United Nations Development Program (UNDP) Rural Enterprise Project (REP), and Social investment fund (SIF).

3.8.1 Microfinance and Poverty Reduction in Ghana

The purpose of Ghana's growth and poverty reduction strategy (GPRSII) is to ensure sustainable growth, accelerated poverty reduction, the protection of vulnerable and excluding within a decentralized, democratic environment (government of Ghana 2005). The aim is to get rid of wide spread poverty and growing income inequality, basically among the productive poor who constitute the majority of the working population. 2000 population and housing census stipulates that 80% of the working populations are found in the private or informal sector. These group of people do not have access to credit and this constrains the development

and growth of that sector of the economy. Obviously, access to financial services is necessary for the development of the informal sector and also helps to mop up liquidity through savings that will be made available as investment capital for national development. As a matter of fact, and in spite of the tremendous roles which microfinance institutions have been playing in the economy especially for the last twenty years, there is still insufficient data on their operations.

According to (Bateman and Chang 2010), Loans given by microfinance institutions are usually for purpose such as petty trade, housing, start up loans for farmers to purchase inputs for farming including rice seeds, fertilizers and agriculture tools. (Gibbons and 2000), indicated that some of the loans are used for a lot of activities including : poultry farming, weaving dairy cow raising, cattle fattening basket making, leasing farm, capital machinery and woodworking. Sincerely, funds may be used for different activities such as pottery manufacture, crop and animals trading and cloth trading. Asiamah and Osei (2007) noted that there are other situations where credit is given to group made up of number of borrowers for collective enterprises such as: building sanitary latrines, leasing land for cooperative farming power for loans, latrines and irrigations' pumps. For instance the trend in loans and advantages extended to small business, individuals and groups by the Non- Bank financial institutions (NBFIs) in Ghana amounted to of GH¢ 50.97 million in 2002 as against of GH¢39.64 million in 2001, signaling about 28per cent growth. The amount of loan advanced by NBF is further increased from of GH¢70.63 million in 2003 to of GH¢72.85 million in 2004, indicating 3.1 percent growth (Asiamah and Osei 2007) In 2006, the total of GH¢160.47million was extended to clients, which represents 48.8 percent higher than the previous year's total loans and advances granted these microfinance institutions (see the chart). The upward –trending NBFIs credit to individuals, small businesses groups and other suggests marked improvements in level of microfinance in the country.

3.9 Challenges Facing the Microfinance Sector

In 1950, when the government got involved in the microfinance, there was no particular policy to guideline and aim to regulate the operation of the sub- sector (Government to Ghana 2005). This resulted in the sub-sector experience slow growth, obviously lack of direction, division and no coordination. There has not been orderly approach to deal with the gaps confronting the subsector. The constraint which were seen in the Government of Ghana (2005) document were: insufficient capacities, poor coordination, poor institutional arrangements, coordination and collaboration, absence of precise set of criteria designed to categorize beneficiaries, providing fund by MDA, inappropriate linkages between formal and informal financial institutions, lack of technical knowhow and professional insufficient capital. The research perceived coordination and collaboration among the main shareholders consisting of development partners, government and other agencies, might assist to integrate microfinance so that the overall financial sector could be developed. Furthermore, Churchill (2000) expressed his view by saying that traditional commercial banking approaches to microfinance delivery do not function. The traditional commercial banking principles stipulate that the credit methodology demand a documentary prove, prolong bank customer relationship and collateral, that almost all micro and small business do not have, (world bank, 2004). The commercial banks possess about twenty three main banks which extend it services to cover only about 5% shareholders and has 40% of money supply (world bank 2004). Hence there is the need for expansion of microfinance sector in Ghana. For instance, Barclays Bank of Ghana (BBG) Ltd came up with micro banking scheme in December 2005 which brought up formal link between modern finance and Susu (one of Africa's most ancient form of banking) collection in an unconventional mobile plans across the country (world Bank 2004). The scheme as it is already mentioned in the world bank Report is based on extension of microfinance to the least affluent in Ghana, especially the small traders at the market or micro entrepreneurs selling from road sides stall. Although the individual income is obviously small for high street banking but when put together, it is estimated at about of GH¢150 million economy thriving below the traditional banking radar, Ghana's 4000-strong Susu collectors

provide basic banking to the needy (United Nation 2000). Moreover, the finance from Baclays Banks Susu collectors are also providing client with loans assisting them to set up or promote their business. The CEO of BBG Margaret Mwanakatwe expressed her view by demonstrating the unique services they are offering "What we are doing is somewhat exceptional, we are not only creating an account for Susu collectors to deposit money but we are giving them loans of their own, which they can 'lend-on' to their customers, assisting them to form or develop their capital. In the process, we are developing the building blocks for a truly financially inclusive society. Over three quarters of Ghanaian society are currently may not have access to high street banking. Capacity building training is also provided to Susu Collectors to make sure that they do their credit risk correctly and any training needs they may need".

The government of Ghana has also adopted microfinance as one of vital tools/strategies for poverty reduction and creation of wealth (Asiamah and Osei 2007). The government has realized the role which various institutions and individual can play to facilitate the achievement of the nation vision of attaining MDGs and also becoming middle income country by end of year 2015. This calls for the need to speed up the reformation microfinance sector so as to a unbridle the full potential for accelerated growth and poverty reduction as planned.

There is a need for appropriate regulation and extension of those regulations to other institutions operating in the microfinance sub-sectors as Ghana has prudentially diversified and monitored regulatory legal framework for financial institutions licensed by Bank of Ghana. (Example is the legal framework for credit union).

3.9.1 Capacity Building and Funding for the Sector

In order to ensure the growth of the sectors, various stakeholders should embark upon training programs and activities with the aim of upgrading the human capita in the industry (Government of Ghana 2005). Beside, the staffing and competency levels which is to be attain with these training programs below the standard required (government of Ghana 2005) the

human capacity of some key stakeholders and institutions consisting of MASLOC, MFIs, GHAMFIN, relevant ministries, and technical services provides etc need to be developed for microfinance undertaking or operations. The inconsistent and unpremeditated or arbitrary nature of training programs has also probably obstructed the attainment of the projected benefits for the sub-sector, as the weakness in human capacity of all stakeholders would probably have had ripple effect on governance and the structure of the industry. In addition, (Rosenberg 2004) the current microfinance Apex bodies need an adequate cadre of in-house trainers or facilitator and in house monitoring, evaluation unit to measure the progress of their activities continuously. The infrastructural capacity in the subsector, (National Development Planning Commission, 2005) is now to be structured around an integrated and holistic assistance and internal operating system. The funds for the subsector emanates from three sources: the government, development partners and institutions themselves. In the first place the available fund is not enough to cover the needs for developing and expanding the sub-sector, secondly the changing sources have to go with the conditions and create distortions in the market in some cases (Churchill, 2000). Also he observed that there was the need for a central microfinance fund by MFIs which will apply for on-lending or capacity building assistance, improvement on experience such the training fund under the rural financial services project.

3.9.2 Credit Delivery and Management

It was made known by Churchill (2000) as he pointed out the current strategies for credit delivery are not appropriately diversified or efficient, and hence are unable to totally meet the different demands of the market and different group of users. Further explanation indicated that there is absence of framework which will categorize and upgrade some of emerging microfinance institutions both in the informal and formal sub-sectors in line with their operational capacities. According to Churchill (2000), the objective of microfinance is to provide resources for the poor. Hence, there is yet to be reliable, adequate, acceptable methods

for classifying various levels poverty to facilitate categorization of potential, actual MFIs clients and other form of assistance that will be more appropriate for some group.

3.9.3 Targeting the Vulnerable and Marginalized

Mostly, people with disabilities and impairment do not have products and services designed to meet their needs and also are not served adequately by the existing microfinance funds and services (Churchill 2000). Actually, this target group could be benefited from the complementary skills training programs. Beside, the skills training and funding arrangement for women now do not turn to be market driven. Thus the kind of services and products that are provided to women for entrepreneurship development to help them engage in economic activities and more self-reliant need to be more structured (government of Ghana, 2005). Young people aged 18-30 account for about one third the populations. Therefore, it will be very prudent to design special microfinance's grant and training programs which aim at the youth for entrepreneurial skills development.

4.0 DATA ANALYSIS AND DISCUSSION

This chapter contains results of data gathered from 500 respondents in both Greater Accra Metropolitan Assembly (GAMA, 300 respondents) and Kumasi Metropolitan Assembly (KMA, 200 respondents) who were traders in the area and have ever taken a loan from micro finance institutions. Structured questionnaires were used to solicit information from the respondents who were mainly traders.

4.1 Demographic Profile of Respondent

Table 4.1 The outcome of demographic Profile of the Respondents

		Greater Accra Metropolitan Assembly (GAMA)		KUMASI Metropolitan Assembly (KMA)	
		Frequency	Percentage	Frequency	Percentage
Gender of respondent	Male	138	45%	82	41%
	Female	162	54%	118	59%
Age of respondent	18_25	45	15%	34	17%
	26_35	102	20%	50	25%
	35_45	111	40%	76	38%
	45and above	36	25%	40	10%
	Total	300	100%	200	100%
Do you have any educational experience	Yes	198	66%	124	62%
	NO	102	34%	76	38%

	Total	300	100%	200	100%
What is the nature of your business	Whole sale	66	22%	50	25%
	Retail	126	42%	78	39%
	Services	69	23%	50	25%
	Other	39	13%	20	10%
	Total	300	100%	200	100%

Source: Authors' own study, 2014

As shown in Table 4.1 majority of the respondents (54%) were females compared to (45%) males in Accra and (59%) were female compared (41%) males in Kumasi. The female dominance in these two cities is due to the fact that the study area has majority of women involve in trading activity. The age distribution shows that (40%) are less than 35 years old while the remaining 60% are 35 years and above in Accra, 43% are less 35years and 57% are above 35 years in Kumasi. The results also shows that more than half of the respondents (66%) have had some level of education compared to only 34% who have no level of education in Accra and 62% have some level of education and 38% have no level of education Kumasi. Retailers dominate in both Accra and Kumasi as the respondents representing 42% (in Accra), 39% (in Kumasi). Then followed by services 23 %, (in Accra) 26 % (in Kumasi), whole sale 22% (in Accra) 25% (in Kumasi) and other activities 13%.(Accra), 10% (in Kumasi).

4.2 Securing Loan from a Micro Finance Institutions

The research sought the views from the respondents on contracting loan from Micro finance institutions and the views of the respondents were presented and discussed as follows:

Have you ever secured a loan from a micro finance and Name of Micro Finance Company

Table 4. 2.1

Accra metropolitan Assembly

	Have you secure a loan from any microfinance institution			
	Yes		No	
	Frequency	Percentage	Frequency	Percentage
MASLOC	60	22.2%	0	0%
Women's World Banking (WWB)	49	18.2%	0	0%
Quick Capital savings and Loans	46	17%	0	0%
Innovative microfinance	40	14.8%	0	0%
GC. Micro finance Co. Ltd	27	10%	0	0%

Ga rural bank	27	10%	0	0%
Sinapi Aba Trust	21	7.8%	0	0%
Total	270	100%	30	100

Source: Authors' own study, 2 014

Table 4.2.2

Name of Micro Finance Company

Kumasi metropolitan Assembly (KMA)

	Have you secure a loan from any microfinance institution			
	Yes		No	
	Frequency	Percentage	Frequency	Percentage
Kindom Trust Microfinance	36	20%	0	0%
Atwima Kwawoma Rural Bank	34	18. 9%	0	0%

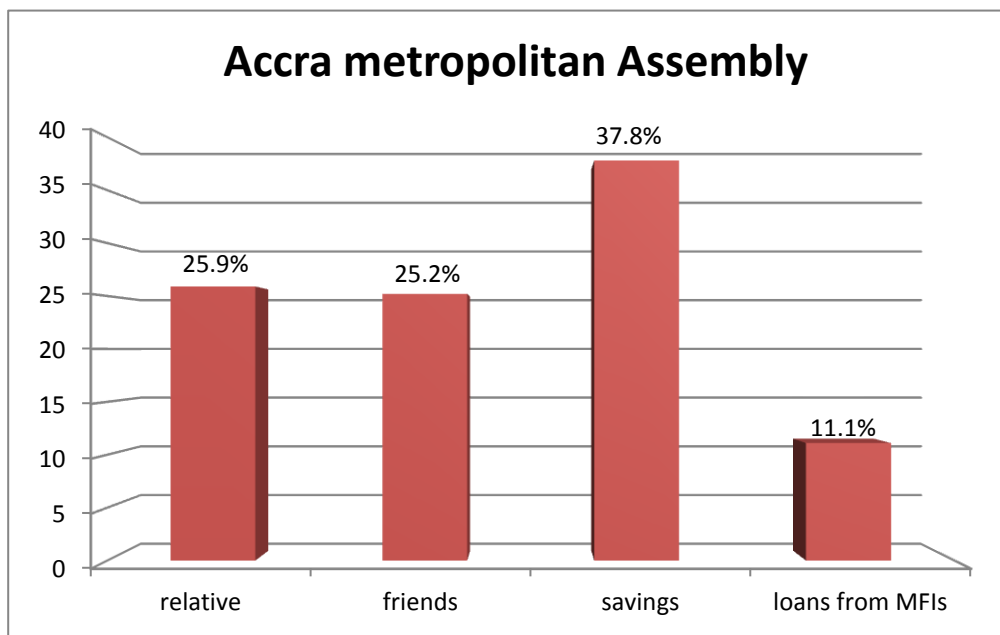
Asokore Rural Bank	29	16.1	0	0%
Sinapi Aba trust	27	15%	0	0%
GIFS	20	11.1%	0	0%
Pathway micro Finance	18	10%	0	0%
A one microfinance	16	8.9%	0	0%
Total	180	100%	20	100

Table (4.2.1 and 4.2.2) show that, out of the 500 respondents interviewed 450 (Accra=270 and Kumasi=180) had ever taken a loan from a micro finance institution compared to 50 who had not taken a loan from a micro finance institution. Out of the 270 who have ever taken a loan (in Accra), 22.2% had taken a loan from Masloc, 18.1% from WWB while 17% had taken a loan from Quick capital savings and loan, Sinapi Aba Trust has the least number of respondent 7.8% who have ever taken a loan from these organizations. In case of Kumasi, out of 180 who had ever taken loan a loan, 20% had taken a loan from Kindom trust, 18.8% from Atwima Kwawoma rural bank, 16.1% from Asokore rural bank and A one microfinance had the least number of respondents 8.9% who had taken loan from the institution.

4.3 Source of Initial Capital

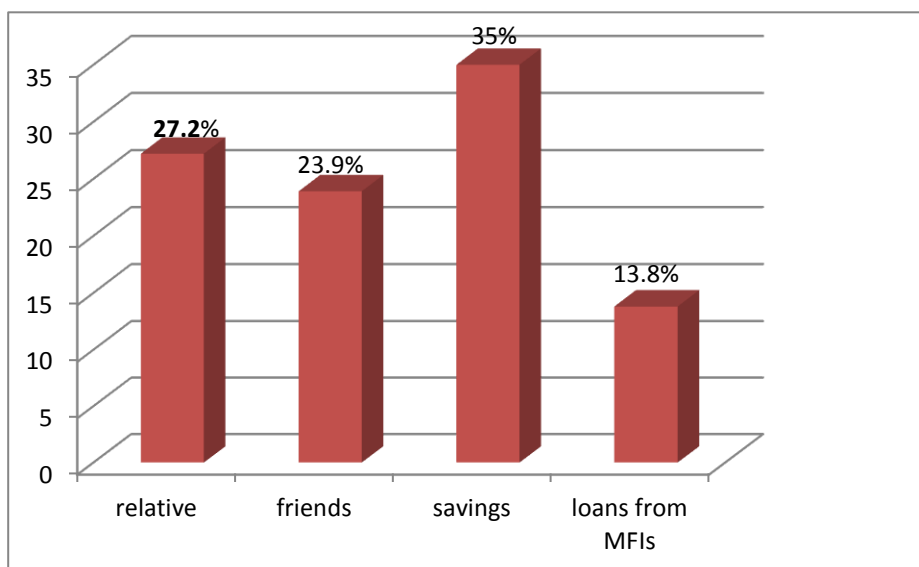
The research further explored the views of the respondents on the source of their initial capital for their businesses. The results are discussed below:

Figure 4.3.1 Source of initial business capital



Source: Authors' own study, 2014

Table 4.3.2 Source of initial business capital



Source: Authors' own study, 2014

Figures (4.3.1 and 4.3.2) show that most of the respondents in Accra started business with personal savings 40.3% while 27% had assistance from their relative. In addition, 26.7% had obtained finance from friends to start their enterprises. Only 6% received loans from micro finance institutions to start their business. In Kumasi, the situation is not different from Accra as 35% of the respondents started their business with personal savings, 27.2% got help from their relatives, 24% had assistance from their friends and 13.8% secured loan from microfinance institution. The size of people who had taken MFI loans to start their business may indicate that it is risky for them to use loans to start business instead of personal savings and assistance from relatives and friends.

Table 4.4 Descriptive statistics on amount of loan and their interest rate

Variables (GHC2=1\$) or 2 Ghana cedi is to one US dollar.	Greater Accra Metropolitan assembly (GAMA)			Kumasi metropolitan Assembly (KMA)		
	Minimum	Maximum	Mean	Minimum	Maximum	Mean
Amount borrowed	GHC100	GHC4500	GHC850	GHC100	GHC400	GHC900
Rate of borrowing	4%	34%	13%	5%	32%	13.5%

Source: Authors' own study, 2014

Results from Table 4.4 shows that the minimum amount of loan borrowed was GHC100 each for both Accra and Kumasi with the highest being GHC4500 for Accra and GHC4000 for Kumasi. The amount has an average of GHC850 and GHC900 for Accra and Kumasi respectively. The rate of loan varies from one MFI to the other. The minimum rate was 4% and 5% for Accra and Kumasi respectively. The rate is also averaged of 13% and 13.5% for the two metropolises and the highest being 34% and 32% for both Accra and Kumasi respectively.

4.5 Purpose of Borrowing

Beneficiaries of loan facilities from micro finance institutions have several reasons that will cause them to access the loan facility. Some may access it to expand their business, increase inventory, increase supply base and buy equipments for the business. The results in Tables (4.5.1 and 4.5.2) show that majority of the respondents who accessed loans from the MFI used the loans to expand their existing business. Only 14% used it to start a new business and 8% also stabilize the existing one in Accra whereas 10% used it to commence and stabilized the existing business in Kumasi.

Table 4.5.1 Purpose of borrowing and payment methods: Greater Accra Metropolitan Assembly (GAMA)

Question		Percentage
Purpose of borrowing	Starting a new business	14%
	Stability of existing business	8%
	Expansion of existing business	78%
	Total	100.0%
What is your repayment schedule	Daily	19.6%
	Weekly	55.2%
	Monthly	25.2%
	Total	100.0%

Source: Authors' own study, 2014

Table 4.5.2 Kumasi Metropolitan Assembly

Question		Percentage
Purpose of borrowing	Starting a new business	10%
	Stability of existing business	10%
	Expansion of existing business	80%
	Total	100.0%
What is your repayment schedule	Daily	20%
	Weekly	50%
	Monthly	30%
	Total	100.0%

Source: Authors' own study, 2014

In addition, more than half of the respondents 55.2% repay the loans weekly compared to payments within one month (25.2%) and daily (19.6%) in Accra whereas in Kumasi, 50% of the respondents repay the loan weekly compared to 30% payment within one month and daily 20%.

4.6 Interest Rate of MFI

Micro finance institutions have different interest rate which they charge their clients on loans given. Micro finance institutions operate in a competitive world to attract more clients because of this they offer competitive interest rates in an effort to attract more clients. Table 4.5 shows opinions of beneficiaries of loans from the micro finance institutions on interest rates offered by these companies.

Table 4.6.1 Interest rate of MFIs:

Greater Accra Metropolitan Assembly (GAMA)

Whether the interest rate charged by MFIs is reasonable				
MFIs	Disagree	Agree	Indifferent	Completely disagree
	Percentage	Percentage	Percentage	Percentage
Masloc	30%	55.2%	15.7%	9.3%
Women's World Banking	15.9%	73%	5.9%	5.2%
Quick Capital savings and Loans	28.1%	40%	27.1%	4.8%
Ga rural bank	35.9%	45.9%	5.9%	12.3%
GC. Micro finance Co.	18.9%	54.1%	20%	7%

Ltd				
Sinapi Aba Trust	12%	76%	2%	10.4%
innovative microfinance	5.2%	78.1%	11.9%	4.8%

Source: Source: Authors' own study, 2014

Table 4.6.2 Interest rate of MFIs:

KUMASI Metropolitan Assembly (KMA)

Whether the interest rate charged by MFIs is reasonable				
MFIs	Disagree	Agree	Indifferent	Completely disagree
	Percentage	Percentage	Percentage	Percentage
Kindom trust microfinance	26.1%	57.2%	5%	7.8%
Atwima Kwawoma	17.2%	77.2%	5.9%	5.6%
Asokore Rural Bank	23.9%	42.2%	26.1%	7.8%
Sinapi Aba trust	40%	47.8%	10%	5.6%

GIFS	22.7%	47.8%	22.2%	4.9%
Pathway micro Finance	8.9%	83.9%	0%	7.2%
A one microfinance	3.9%	82.2%	7.8%	4.1%

Source: Source: Authors' own study, 2014

In Accra, more than half of the respondents (52%) who have taken loans from Masloc agrees that the interest rate is reasonable compared to (30%) who disagrees and (9.3%) who completely disagreed. On the whole Sinapi Aba Trust and Innovative microfinance have the highest percentage of respondents (76% and 78.1%) respectively have agreed that the interest rate at these MFI's is reasonable. Beside, in Kumasi (57.2%) of the respondents who have collected loan from Kindom trust microfinance agree that the interest rate was reasonable compare with (26.1%) and (9.3%) who completely disagree. Also, pathway and A one microfinance have highest percentage of respondent of (83.9%) and (82.2%) who agreed that the interest rate was reasonable. Generally, when interest rates are high it discourages clients from accessing loans from these MFI's. In addition when the interest rates are high it makes it difficult for loan beneficiaries to re-pay their loans.

4.7 Procedure for Obtaining Loans

The procedure for obtaining loans is important in either attracting more clients or prevent prospective clients from securing loans. MFI's sometime make sure that they simplify their loans procedures so as to attract more clients. Tables (4.7.1 and 4.7.2) contain respondent's opinions on the procedures on acquiring loans from MFI's.

Table 4.7.1 Procedure for obtaining loans:

Greater Accra Metropolitan Assembly (GAMA)

The procedure of acquiring the loans from MFIs is easier than conventional banking				
	Disagree	Agree	Indifferent	Completely disagree
MFI	Percentage	Percentage	Percentage	Percentage
MASLOC	5.2%	66.7%	21.9%	6%
Women's World Banking	3%	75.9%	14.1%	7%
Quick Capital savings and Loans	15.2%	58.9%	20%	5.9%
Ga rural bank	3%	58.9%	31.1%	7%
GC. Micro finance Co. Ltd	15.9%	51.9%	25.2%	7%
Sinapi Aba Trust	8.9%	78.1%	5.9%	7.1%
Innovative microfinance	19%	71.1%	1.9%	8.1%

Source: Authors' own study, 2014

Table 4.7.2 Kumasi Metropolitan Assembly (KMA)

The procedure of acquiring the loans from MFIs is easier than conventional banking				
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	Disagree	Agree	Indifferent	Completely disagree
MFI	Percentage	Percentage	Percentage	Percentage
MASLOC	5.2%	66.7%	21.9%	6%
Women's World Banking	3%	75.9%	14.1%	7%
Quick Capital savings and Loans	15.2%	58.9%	20%	5.9%
Ga rural bank	3%	58.9%	31.1%	7%
GC. Micro finance Co. Ltd	15.9%	51.9%	25.2%	7%
Sinapi Aba Trust	8.9%	78.1%	5.9%	7.1%
Innovative microfinance	19%	71.1%	1.9%	8.1%

Source: Authors' own study, 2014

In Accra, majority of the respondents (78.1%) who have ever taken loans from Sinapi Aba Trust and Women World Banking (75.9%) agreed that the procedures at these two MFI's are easier than conventional banking. In case of Kumasi majority of the respondents (81.1%) who have also taken loan from Pathway and Atwima Kwawoman rural bank (75%) agreed that the procedure at those MFIs were easier than conventional banking. The results in general reveal that respondents are in agreement about the simplified procedures at these MFI's compared to the conventional banking system. MFI's sometime communicate to their clients in vernacular

languages that their clients who are mainly in the informal sector can understand compared to the formal banking sector where the form of communication is mainly English.

Table 4.8 shows the modes of re-payment of loans at the MFI's

Table 4.8.1 Payment modes: Greater Accra Metropolitan Assembly (GAMA)

	How is your payment mode		
	Savings	MFI Agent	Pay in
MFI	Row N %	Row N %	Row N %
Masloc	40%	28.9%	31.1%
Women's World Banking	15%	51%	34%
Quick Capital savings and Loans	20%	43%	37%
Ga rural bank	30%	45.2%	24.8%
GC. Micro finance Co. Ltd	37%	25.2%	38%
Sinapi Aba Trust	38.9%	51.1%	10%
Innovative microfinance	18.1%	53%	29%

Source: Authors' own study, 2014

Kumasi metropolitan Assembly Table 4.8.2 Payment modes

	How is your payment mode		
	Savings	MFI Agent	Pay in

MFI	Row N %	Row N %	Row N %
Kindom trust microfinance	37.2%	26.1%	36.7%
Atwima Kwawoma Rural Bank	18%	49%	33.33%
Asokore Rural Bank	22.2%	42.8%	35%
Sinapi Aba trust	29%	47.2%	23.9%
. GIFS	35%	27.2%	37.8%
Pathway micro Finance	41.1%	50%	9%
A one microfinance	22.2%	46.1%	32%

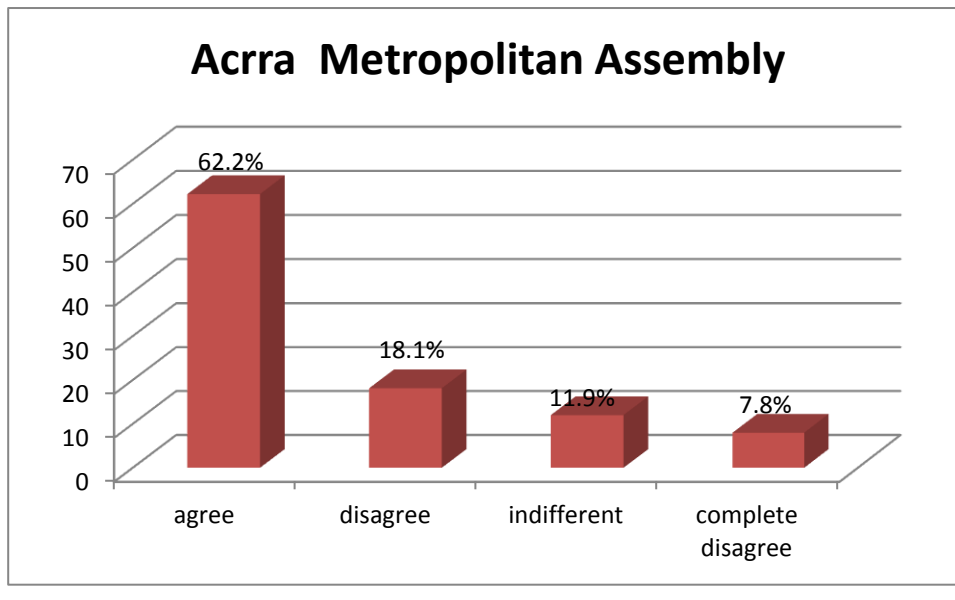
Source: Authors' own study, 2014

The results in the tables (4.8.1 and 4.8.2) above in general show that, in Accra, loan beneficiaries re-pay their loans through agents of the MFI's. Actually, more than half of the respondents (51%) who have taken loans from Women's World Banking, Sinapi Aba Trust and Innovative microfinance repay their loans through the agents of the MFI. Some of the respondents repay their loans directly at the MFI. In Kumasi, almost half of the loan beneficiaries repay their loans through agents of the MFIs. Especially, 49% and 50% of the respondents who have collected loan from Atwima Kwawoman rural bank and Pathway respectively repay their loans through the agent of MFIs. Generally, this might be due to the informal nature of their business and therefore it is difficult for them to leave their business and go to the banks to pay. They might prefer to pay to the agents of the banks which are easier and convenient for them.

4.9 Increase in level of income

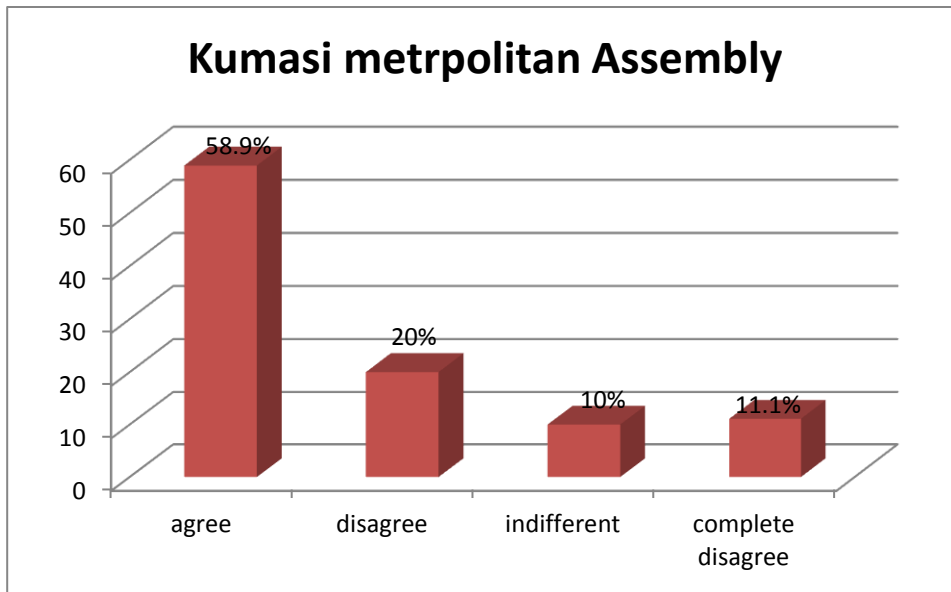
Respondents were asked if their level of income has increased after securing loans from the MFI's. An increase in the level of income of individuals will mean that they are now able to purchase items which previously they were unable to purchase. It is expected that the standard of living of the respondents will improve if there is an increase in their disposable income. Figures (4.9.1 and 4.9.1) show the results of respondents as to whether their level of income has increased after securing loans from the MFI's.

Figure 4.9.1 Increased in level of income



Source: Authors' own study, 2014

Figure 4.9.2 Increased in level of income



Source: Authors' own study, 2014

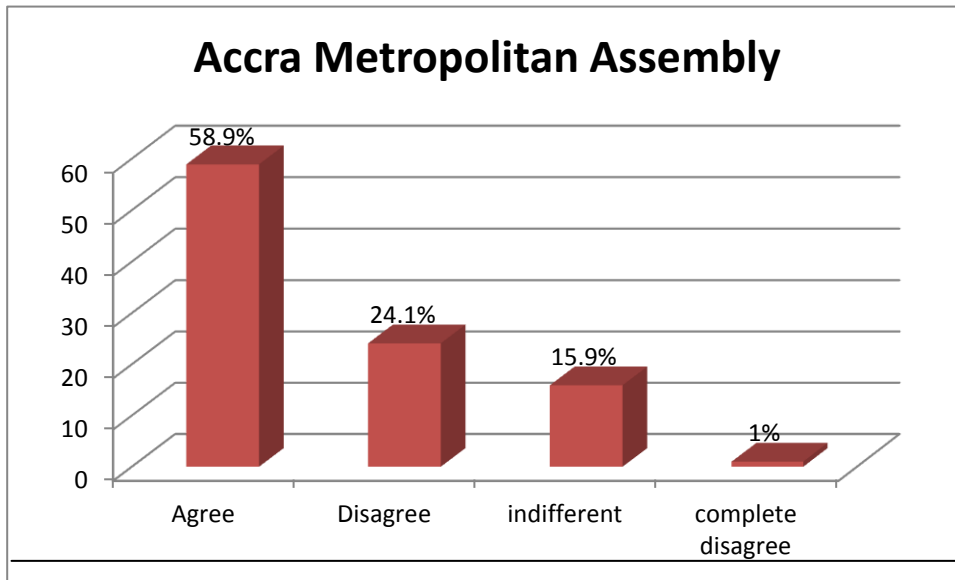
As shown in figures (4.9.1 and 4.9.2) in Accra, more than half of the respondents (62.2%) have experienced an increase in their level of income, compared to only 25.9% who have not had an increase in their level of income. However 10% of the respondents stated that their income level has not changed but has remained the same. Also, the responds from respondents in Kumasi are not different from Accra as more than half of the respondents (58.9%) have also experienced increase in their level of income, compared to 30% who have not had increase in their level of income. Beside, 11.1% of the respondents declared that their income level has not change but remained the same.

4.10 Better Access to education

An increase in the level of income due to access to loan, may enable the beneficiaries have better access to education for themselves and their families. Better access to education will lead to increase to their literacy level and in the long run better standard of living. Figures (4.10.1 and 4.10.2) show opinion of respondents on whether they have better access to education after securing loans from MFI's. In Accra, more than half of the respondents (58.9%) agreed that they have better access to education compared to 25.1% who do not have

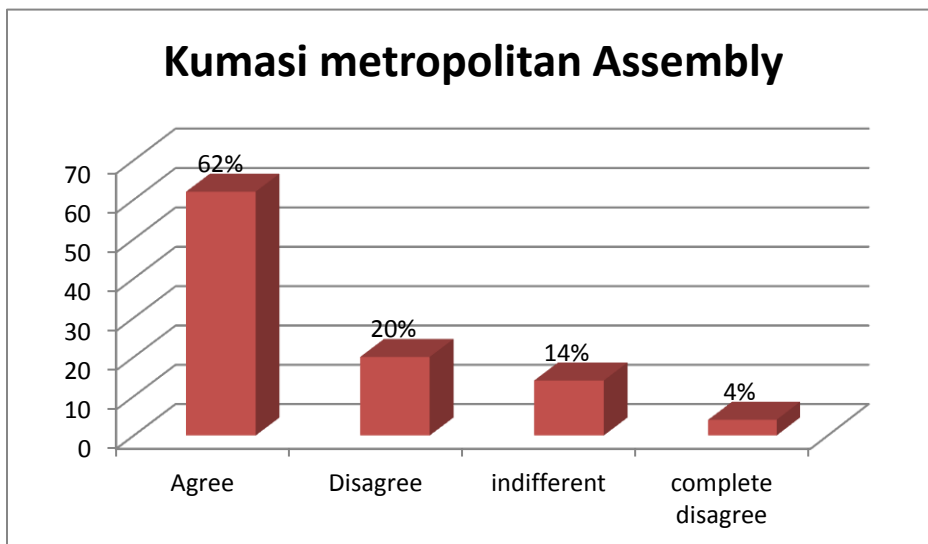
better access to education whereas in Kumasi, 62% of the respondent agreed that they have better access to education compared with 24% who have better access to education.

Figure 4.10.1 Better Access to Education



Source: Authors' own study, 2014

Figure 4.10.2 Better Access to Education



Source: Authors' own study, 2013

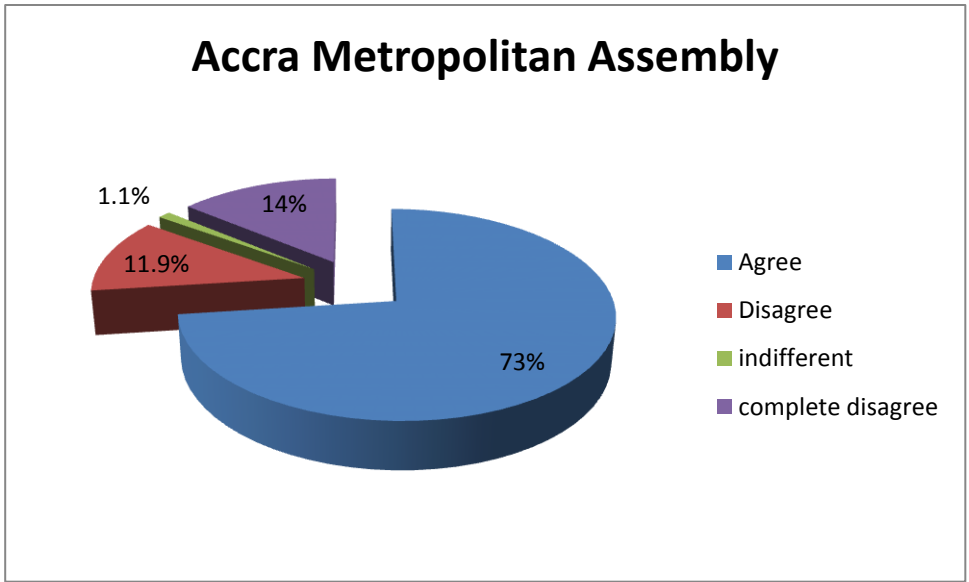
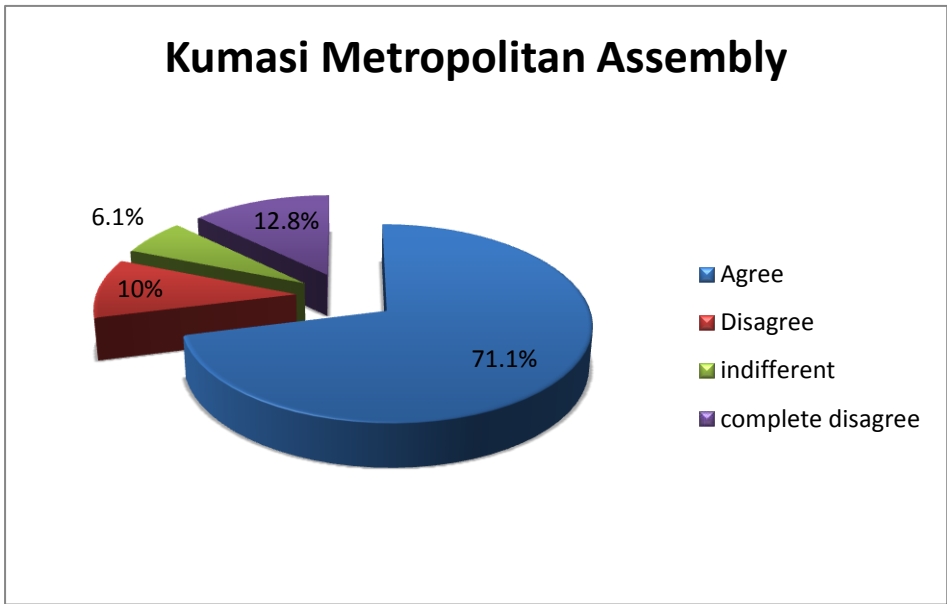


Figure 4.11.1 Increase in Savings

Source: Authors' own study, 2014

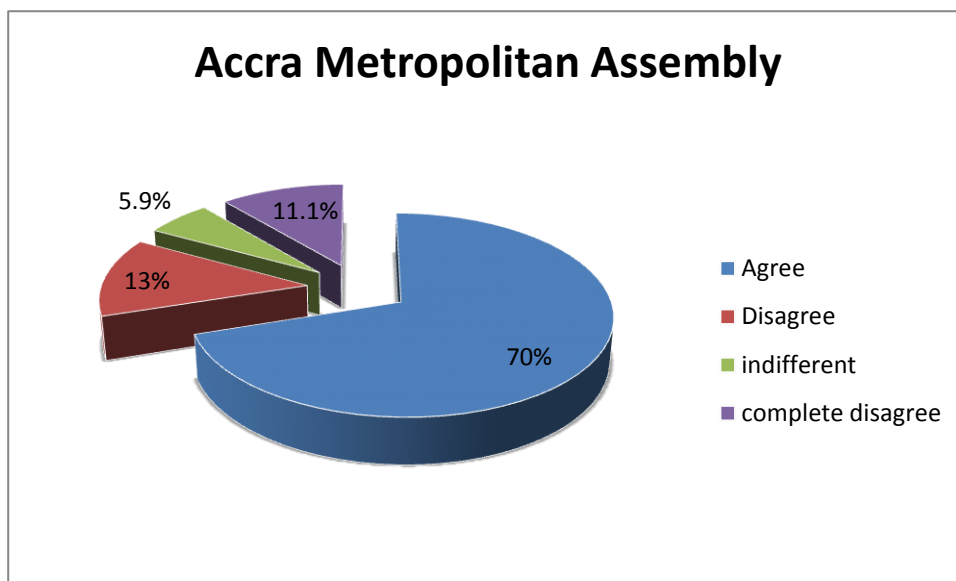
Figure 4.11.2 Increase in Savings



Source: Authors' own study, 2014

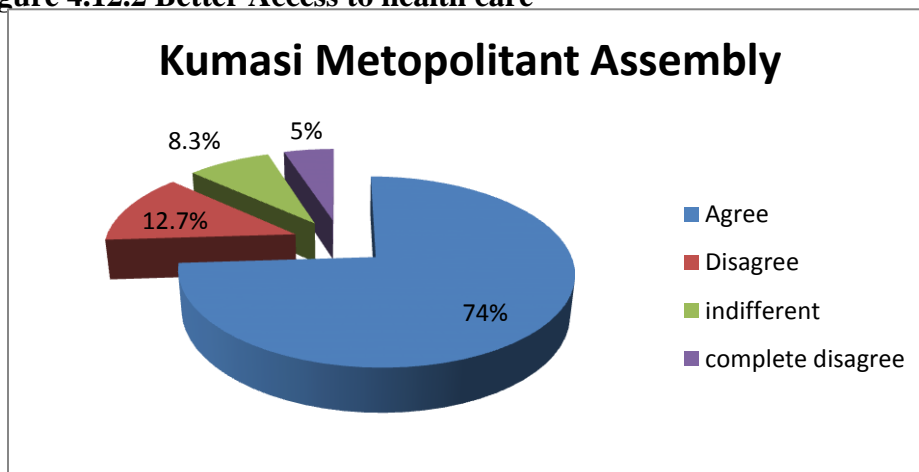
As shown in figure (4.11.1 and 4.11.2) in Accra, majority of the respondents (73%) have had increase in their savings compared to (25.9%) who have not. Whereas Kumasi has (71.1%) of the respondents agreed that they have had increase in their savings compared to (22.2%) who have not. Some of the respondents stated, they have been able to boast the saving as a result so daily program introduce by some of MFIs to re-enforce them to save every day. An increase in the savings of the respondents means that they will have extra money to invest. The returns from these investments may be used to improve their lives therefore reducing their level of poverty and increasing their standard of living.

Figure 4.12.1 Better Access to health care



Source: Authors' own study, 2013

Figure 4.12.2 Better Access to health care



Source: Authors' own study, 2013

In Accra majority of the respondents (70%) now have better access to health care after securing loans from MFI's compared to 25% do not have. In Kumasi 74% of the respondents declared that they have better access to health care after collecting the loan from MFIs compared to 21% who are not. Generally, having better access to health care is an indication of improved standard of living and longer lives. When individuals and their families have better access to health they are able to work and earn income to improve their lives and therefore reduction in their poverty levels.

4.13 Impact of Loan on Family and Business

Table 4.13.1

Greater Accra Metropolitan Assembly (GAMA)

Better financial situation of family	Completely disagree		Disagree		Indifferent		Agree	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
	10	3.7%	22	8.2%	27	10%	211	78.1%
Whether if the role in decision making process has increased	11	4.1%	32	11.9%	30	11.1%	197	72.9%
Operational Assistance from MFI was helpful in running the business	14	5.2%	16	6%	27	10%	213	78.8%

Improvement in standard of living	19	7%	29	10.8%	17	6.2%	205.	76%
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Source: Authors' own study, 2014

Table 4.13.2

Kumasi metropolitan assembly

Better financial situation of family	Completely disagree		Disagree		Indifferent		Agree	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
	9	5%	14	7.8%	22	12.2%	135	75%
Whether if the role in decision making process has increased	5	2.8%	16	8.9%	25	14%	134	74.3%
Operational Assistance from MFI was helpful in running the business	11	6.1%	11	6.1%	30	16.7%	128	71.1%
Improvement in standard of living	9	5%	22	12.2%	19	10.6%	130	72.2%

Source: Authors' own study, 2014

Access to loans in the long run may have positive impacts on the family and the business as a whole. As shown in Tables (4.13.1 and 4.13.2) those who secured loans from MFI's in (GAMA) have better financial situation of their families 78.1%. These results corroborate

results in figures (4.13.1 and 4.13.2) for Accra and Kumasi respectively, where 62.2% declared that they have increase in level of incomes. In addition 72.9% were of the opinion that access to additional funds from the MFIs has increased their roles in decision making process. The results also shows that beneficiaries received operational assistance from their MFI (78.8%) and this has helped in running their businesses. The standard of living of the respondents has improved according to 76% of the respondents. Moreover, the opinion of respondents in Kumasi are slightly different from s Accra as 75% of the respondents who have secured loan from MFIs stated they have better financial situation in the family. Also, 74.3% were of the opinion that access to additional funds from the MFIs has increased their roles in decision making process. The results in addition indicate that beneficiaries received operational assistance from their MFIs (71.1%) and this has helped in running their business. With the standard of living 72.2% of the respondents stated have experience an improvement in that.

4.14 Hypothesis Testing

H1: Operational assistance received from MFIs does not bring better financial situation in running the business

H2: Operational assistance received from MFIs brings better financial situation in running the business

Table 4.14.1 Greater Accra Metropolitan Assembly (AMA) Correlations

		Operational assistance receive from microfinance institutions	Better financial situation in running the business
Operational assistance receive from microfinance	Pearson correlation P-value N	1 	.847** .000 270
Better financial situation in running the business	Pearson correlation P-value N	.847** .000 270	1 270

Table 4.14.2 Kumasi Metropolitan Assembly (KM) Correlations

		Operational assistance receive from microfinance institutions	Better financial situation in running the business
Operational assistance receive from microfinance institutions	Pearson correlation P-value N	1 180	.937** .000 180
Better financial situation in running the business	Pearson correlation P-value N	.937** 000 180	1 180

The correlation results in tables (4.14.1 and 4.14.2) for Accra and Kumasi indicate very much significance correlation between operational assistance received from MFIs and financial situation in running of the business. The correlation figures (R= .841 and R= .937) for Accra and Kumasi show very strong positive correlation with levels 99% respectively.

4.15 Decision:

Since P-value computed (0.00) is less than significant levels (0.01) for these two target population, we reject the null hypothesis and accept the alternate hypothesis which means that

the operational assistance received from MFIs brings better financial situation for running the business.

H3: Increase income does not lead to improvement of the standard of living.

H4: Increase in Income leads to improvement the standard of living.

Table 4.14.3 Greater Accra Metropolitan Assembly (GAMA) Correlations

		Improvement in living standard of the family	Increased in income
Improvement in the living standard of the family	Pearson Correlation	1	0.716**
	P-value		.000
	N	168	168
Increased in Income	Pearson Correlation	0.716**	1
	P-value	.000	
	N	168	168

❖ Correlation is significant at the 0.01 level (2-tailed).

Table 4.14.4 Kumasi Metropolitan Assembly (KMA) Correlations

		Improvement in living standard of the family	Increased in income
Improvement in the living standard of the family	Pearson Correlation	1	.741**
	P-value		.000
	N	106	106
Increased in Income	Pearson Correlation	0.741**	1
	P-value	.000	
	N	106	106

❖ .correlation is significant at the 0.01 level (2-tailed).

The correlation results in tables (4.13.3 and 4.13.4) for Accra and Kumasi indicate a very much significant correlation between increase in income and standard of living. The correlation figures (R= 0.716 and R=0.741) for Accra and Kumasi show very strong positive correlation with a levels 99% each.

4.16 Decision

Since p-value computed (0.00) is less than significant level (0.01) for both Accra and Kumasi we reject the null hypothesis and accept the alternate hypothesis which means that the increase in income has improved the living standard of loan beneficiaries.

SUMMARY CONCLUSION AND RECOMMENDATION

This chapter is made up of the summary of findings, the conclusion drawn from the study and recommendations for further study.

5.1 Summary of major findings

- The study showed that majority of the respondents who were mainly traders (wholesalers, Retailers and others service) in the central business districts of both Accra and Kumasi commenced their businesses with savings they had made. Minority of them commenced their businesses with loans from MFI's.
- The findings of the study also showed the income level of the loan beneficiaries had increase since obtaining loans from the MFI.
- The purpose of borrowing differs from one person to the other. In addition, majority of them secured the loans to expand their business as the findings indicate (See Tables 4.5.1 and 4.5.2)
- Moreover, the opinions of loan beneficiaries on the rate of interest on loans differ. Beside, respondents who had collected loans from Sinapi Aba, Trust and Innovative trust microfinance, Pathway microfinance and A one microfinance declared that the interests on loans were reasonable.
- Also, views on ease of procedures for obtaining loans from MFI differ from one respondent to the other. Mostly, majority of respondents who took loans from WWB, Sinapi Aba Trust, Atwima Kwawoman rural bank and Pathway microfinance agreed that the procedures are simple compared to conventional banking.
- Generally, the results revealed an increase in the socio-economic lives of the respondents as the loans were used in their business has led to increased income, increased savings, better access to improved health care, education as they can now afford them.

5.2 Conclusion

In an effort to reduce poverty especially in the third world, it will be very necessary and prudent for individuals to have access to cheaper sources of funds to finance their businesses. Yet, this has not been the situation. Money lenders and financial institutions require collateral and also charge huge interest on loans thereby making it unbearable for traders especially in the private sector to have access to loans to expand their businesses. Hence, to reduce poverty and improve the standard of living of individuals there is the need for women especially (who have been playing key role in social and economic transformation of the society) to have access to cheaper capital to finance their business.

LIMITATION OF THE STUDY

The major constraints of this study were:

There were mistrust, unwillingness of individuals and resource persons in some of the microfinance institutions to come forth with information or participate in the research. This made it difficult for researcher to conclude the study on schedule. The researcher had to overcome this by providing official document to convince them.

Beside this, some of the respondents could speak only vernacular and could not speak English language. This was constraining in the study since local people (wholesalers, retailers and other service) were needed to comprehend the discussion fully. The researcher had to overcome this by reading the questionnaire to them to illicit their responses’.

Finally, the cost of carrying out this research was very high as the researcher included hiring assistance to travel to areas of study and other preparations demand such research questions, etc. However, this was solved by preparing a good budget and worked within the scope of the budget.

5.3 Recommendations

1. It is recommended that government provides more flexible and cheaper loans to traders (wholesalers, retailers and other service) in the private sector. Additional parastatal organizations like Masloc can be established in the regions to help these traders.
2. Interest rate on loans should be reduced to the barest minimum to enable more individuals in the private sector to have access to loans to expand their businesses. Higher interest rate on loans deters clients who are willing to collect loan to expand their businesses.
3. The legal framework for the operation of micro finance institutions should be strengthened. This will prevent MFI's from exploiting traders and other individuals as it has been the case in recent times.
4. There should be proper guarantee of security and protection for the poor clients deposit or savings. To achieve this, the central bank should ensure that all MFIs in the country are certified and also conduct background investigations of their directors. This will in effect check the diabolic intentions of unscrupulous men or people with tainted characters with the aim of setting up microfinance institutions to dupe the clients.
5. Microfinance institutions should innovate in their operations by introducing modern technology as part of their work. This will streamline their operations and reduce turnaround times at their offices.
6. Government should control the whole microfinance sector by making sure that human resource in the sector are developed to meet up to date skills or technology. In addition, he should also ensure that MFIs adopt the proper accounting tools or practices in their operations so that it will be better place to attract funding and assistance.
7. Political leaders and government should also show concern by providing quality infrastructure, to assist the growth of the sector to attain the desired impact.

8. Owners of MFIs should not be too much incline to profit making but must take into account of both profit and social returns. They should not neglect the relevance of non financial service such as training, talks on health-care etc target at building the capacity of their clients to make them use the loans they have acquired effectively. This will also help the clients manage their lives and enterprises efficiently.

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Acronyms

ADB – Africa Development Bank

AFMIN – Africa Microfinance Network

ASCAs – Accumulated Savings and Credit Associations.

ASSIP – United Nations Development

BBG – Barclays Bank of Ghana

CBRDP – Community Development program

CEO – Chief Executive officer

CGAP -Consultative group to assist the poor

FFI – Formal Financial Institutions

FINSSP – Financial Sector strategic Plan

FNGO – Financial Non-Governmental Organization

GAMA – Greater Accra Metropolitan Assembly

GB – Graham Bank

GHAMFIN – Ghana Microfinance Institution Network

GPRS – Ghana Growth and Poverty Reduction Strategy

K-Rep – Kenya Republic

KMA – Kumasi Metropolitan Assembly

MASLOC – Microfinance and Small Loan Centre

MOGs – Millennium Development Goals

MFA – Microfinance Association

MFI – Microfinance Institutions

MMD – Matu Masa Dubara (Care international village savings and loan programme in Africa)

MSEs – Microfinance and small enterprises

NBFI – Non Bank Financial Institutions

NEPAD – New Partnership for Africa Development

NGOS – Non-Governmental Organizations

PNDC – Provisional National Defense Council

RCB – Rural and Community Banks

REP – Rural Enterprise Project

RFSP – Rural Financial Service Project

RMCs – Resource Management Centre

ROSCA – Rotating and Accumulating Savings and Credit Association

SACCOs – Savings and credit Co-operatives

SMEs – Small and Medium Enterprises

UEMOA – West Africa Economics and Monetary Union

UNDP – United Nations Development Program

WWB – Women’s World Bank

QUESTIONNAIRE SURVEY

Dear Sir/ Madam,

I am a final year MSc student (Faculty of Economic and management) in Czech University of Life Science and as part of my final diploma thesis; I am conducting a study on “microfinance a tool for poverty reduction in Accra and Kumasi.” I would appreciate it very much if you could spare a few minutes of your time and fill this questionnaire for me. The information you will give shall be treated with anonymity and confidentiality.

1. Gender

- Male
- Female

2 Age group:

- a. 18-25
- b. 26-35
- c. 35-45
- d. others specify

3 Educational levels

- a Junior high
- b.Senior high
- c under graduate
- d others specify

4 Marital status

- Option 1
- a single
- b married
- others specify

Other:

5 Number of children

a 1-2

b 3-4

c other specify

Other:

6 Number of dependant.

a 1

b 2

c others specify

Other:

7 What is the nature of your Business

8 What is the source of your initial capital?

a. Personal Savings

b Friends

c Loan from MFIs.

d others specify

Other:

9 Have you secure a loan from any microfinance institution

a Yes

b no

10 If yes, what is the name of the company

.....

11. What amount of loan have you received as a help from the above company?

- a GH¢100-GH¢1999
- b GH¢1000GH¢-9999
- c others specify GH¢
- Other:

12 Purpose of borrowing

- a Starting a new business
- b Stability of existing business
- c expansion of existing business
- d Others (please specify)
- Other:

13 What is the rate of borrowing:(Annual)

- a 1%-10%
- b 11%-20%
- c others specify

14 What is the repayment mode?

- a Savings
- b MFI Agent
- c Pay –in
- d others specify.

15 What is your Repayment plan

- a Daily
- b Weekly

- c Monthly
- others specify
- Other:

16 Is it easy to repay the principal amount plus interest

- a Yes
- b No
- Other:

17 If 'No' then how many installments missed

- a Once
- b Twice
- c others specify
- Option 1
- Other:

The response to the following questions will indicate the degree of satisfaction or agreement level of the beneficiary by (using scale 1-5) after he/she has collected loan from a micro finance institution. (1= agree, 2= disagree, 3= indifferent, 4= completely disagree and 5= I don't know). Please tick the answer which accurately reflects your opinion.

- Option 1
- Other:

18. The rate of interest on micro finance loan reasonable

1 2 3 4 5

Select a value from a range of 1 to 5.

18. The rate of interest on micro finance loan reasonable

1 2 3 4 5

Select a value from a range of 1 to 5.

19. The procedure of obtaining loans from MFIs is easier than conventional banking

1 2 3 4 5

Select a value from a range of 1 to 5.

20. Loan acquisition helped to increase your income

1 2 3 4 5

Select a value from a range of 1 to 5.

21 There is now better access to education.

1 2 3 4 5

Select a value from a range of 1 to 5.

22 A better access to healthcare.

1 2 3 4 5

Select a value from a range of 1 to 5.

23 There is better financial situation of the family now

1 2 3 4 5

Select a value from a range of 1 to 5.

24 Your role in decision making process has increased.

1 2 3 4 5

Select a value from a range of 1 to 5.

25 Operational assistance received from MFIs was helpful to run the business

1 2 3 4 5

Select a value from a range of 1 to 5.

26 Employment opportunities have increased.

1 2 3 4 5

Select a value from a range of 1 to 5.

27 There has been an improvement in the living standard of the family

1 2 3 4 5

Select a value from a range of 1 to 5.

28 Have you planned to borrow again after repaying of the first loan?

- a Yes.
- b No

29 If 'yes' then Purpose of re-borrowing

.....



Source: www.glifeghana.com