## ASSESSMENT OF THE ROLE OF MICRO-FINANCE BANKS IN BUSINESS DEVELOPMENT IN ADAMAWA STATE

**CHAPTER ONE INTRODUCTION**

### Background of the Study

With all the measures implemented to encourage new business, help existing businesses grow and to ultimately improve the economy, there is still a growing concern of business development. As a means to address this concern, microfinance banks were introduced to cater especially for the poor low income earners who are underserved by conventional commercial banks. According to Echo Microfinance, microfinance banks are institutions licensed by the Central Bank of Nigeria (CBN) to operate as financial institutions that offer savings, loans, local funds transfer and other financial services needed by the poor economically active Small and Medium sized Enterprises owners, to operate and expand their businesses. A large share of the total population of poor SME owners are excluded from services rendered by conventional financial institutions. According to CBN, a study by EFinA back in 2010 showed a slight increase in the rate of those served by formal financial market. The study revealed an increase of 1.3 percent within the first five years after launching microfinance banks. All economies of the world are characterized by commercial activities which consist of all businesses or business operations in the economy. Despite the great desire by Nigerians to become entrepreneurs, only 40% actually start up businesses and only 20% of these start ups survive (UNIDO, 2015). The modern society cannot exist without business as it contributes to improvement in the

standard of living, utilization of resources, production of goods and services, employment opportunities and economic growth.

Small and Medium Scale Enterprises (SMEs) which are the most common types of business are the engines for growth and development of any society or nation, specifically, developing nations. This is because of the facts that they have become major sources of employment for the unemployed youths, wealth creation, provision of varieties of goods and services and improvement of Gross Domestic Product (GDP) and Gross National Product (GNP) for developing economies of the world. It is also becoming an instrument for ensuring peaceful coexistence among societies (Ekpudu, Posu and Olabisi, 2014). SMEs represent the sub-sector of special focus in any meaningful economic restructuring programme that targets employment generation, poverty alleviation, food security, rapid industrialization and reversing rural-urban migration (Olowe, Moradeyo & Babalola, 2013).

The importance of microfinance institutions in the reduction of poverty and development of a nation cannot be overemphasized. It is a tool employed as a means of getting small capital to small businesses that find it difficult to survive and grow beyond their capacity. Microfinance services are thus vital in the lives of the rural poor because most of the income earners either small or medium scale entrepreneurs in rural areas mostly lack the necessary financial services and support (Abdulmumini, 2012). Provision of financial services by microfinance institutions to SMEs in developing countries has aided the growth of businesses as well as the economy. Interest on SMEs would contribute to creation of jobs, reduction in income disparity, production of goods and services in the economy, as well as providing a fertile ground for skill development and acquisition, serve as a mechanism for backward integration and a vehicle for technological innovation and development especially in modifying and perfecting emerging technological

breakthroughs (Olowe et al, 2013). It can be ascertained that for an economy to progress, microfinance banks are essential to provide financial services to business owners who can use their potentials to impact on the standard of living and quality of life of hundred people in such economy.

Establishment of Micro-finance banks as an effort by the government to improve the access to loans and savings services for poor people is currently being promoted as a key development strategy to develop businesses at the grassroots and develop the economy ultimately (Shreiner, 2005). The size of the unserved market by the existing financial institutions is large. The aggregate micro-credit facilities in Nigeria are very marginal, accounted for about 0.2% of Gross Domestic Product (GDP) and less than one percent of total credit to the economy (CBN, 2011). In 2008, 79 percent of the total population in the country had been unbanked out of which 68% were rural dwellers (CBN, 2011). This showed that financial services are not provided for the poor entrepreneur and household, and this has further increased the level of poverty in the country.

In this direction, Olowe, Moradeyo & Babalola, (2013) noted that Microfinance Banks (MFBs) emerged as a substitute to the formal banks, as they are effective and powerful instruments for poverty reduction among people who are economically active but financially constrained. The international year for microcredit in 2005, stressed on the relevance of microfinance as integral part of collective efforts at achieving the Millennium Development Goals (Ekpudu, Posu and Olabisi, 2014). The Central Bank of Nigeria (CBN) introduced microfinance bank policy option having used a number of failed fiscal and physical credit options in the past in an attempt to empower the vulnerable and poor group of people to have access to credit facilities to start up new or expand existing businesses. This led to the approval of licenses to two categories of microfinance banks in Nigeria- those licensed to operate within a local government and

those to operate within a state or federal capital territory, with a minimum capital requirement of N20 million and N1billion respectively (Ekpudu, Posu and Olabisi, 2014).

### Statement of Research Problem

The rate of unemployment in the nation has motivated individuals to venture into entrepreneurship and in a bid to maximize gains from this, there is the need for development. Most entrepreneurs engage in small or medium scale business as a start due to several constraints (financial and technical). Microfinance banks are closer to them, as such play vital roles in development or growth of the business. International Finance Corporation (IFC) reported in 2002 that only 2 out of every 10 newly established businesses survive up to the fifth year in Nigeria. The report was corroborated by Small and Medium Enterprise Development Agency of Nigeria (SMEDAN, 2007 as cited in Emmanuel and Ikenna, 2015) that only 15% of newly established businesses survive the first five years in Nigeria. This is a pointer to the fact that there is a problem.

Many microfinance programmes have been established in Nigeria to provide financial and non-financial services in order to render support services to the SMEs. Without a doubt, consistent access to credit facilities implies execution and implementation of plans and project; expansion and improvement of business operations in order to increase profit level.

In Nigeria, one of the greatest obstacles that Small and Medium Enterprises (SMEs) have to grapple with is access to funds from microfinance institutions which have occasioned the low development of business (most especially SMEs) in the economy. (Olowe et al, 2013). Other problems are related to access to microfinance banks, their system of operations or conditions associated with obtaining a credit facility. Some misuse the loans they get due to poor managerial skills or orientation. The indispensable role of finance to

the growth and performance of SMEs and the adoption of microfinance as the main source of financing SMEs and advisory services to business owners in Nigeria, therefore, opens the research gap for this study to examine the impact of microfinance banks on business development in the country.

### Purposes of the Study

The main objective of the study is to assess the role played by microfinance institutions on entrepreneurship development. Specifically, the study aims to achieve the following objectives:

* + 1. Assess the impact of financial services from microfinance banks on business development.
    2. Assess the impact of advisory services from microfinance banks on business development.
    3. Examine the impact conditions of obtaining credit facility has on business development.
    4. Examine the impact availability of microfinance institutions have on business development.

### Research Questions

The following are the research questions

1. Do financial services of microfinance banks impact on business development?
2. Do advisory services of microfinance banks impact on business development?
3. What impact do the conditions of obtaining credit facility have on business development?
4. What impact does availability of microfinance banks have on business development?

### Statement of Hypothesis

In respect to the research questions, the following hypotheses will be verified.

### Hypothesis one

H01: Financial services of microfinance banks have no significant impact on business development.

H11: Financial services of microfinance banks have a significant impact on business development.

### Hypothesis Two

H02: Advisory services of microfinance banks have no significant impact on business development.

H12: Advisory services of microfinance banks have a significant impact on business development.

### Hypothesis Three

H03: The conditions of obtaining credit has no significant impact on business development.

H13: The conditions of obtaining credit has a significant impact on business development.

### Hypothesis Four

H04: Availability of microfinance banks has no significant impact on business development.

H14: Availability of microfinance banks has a significant impact on business development.

### Significance of the Study

This study was chosen as an area of concentration given that the background of any nation’s industrial development is small and medium scale enterprises. The result of the study will show the significance and role of microfinance banks towards developing business in Nigeria. Recommendations from the study will proffer a lasting solution which will aid the development of business as well as Nigeria economy.

It will also be useful to educationists, scholars and students who wish to carry out further research on the related topic or even produce textbook to add to existing literature on the topic.

### Scope of the Study

The study is mainly focused on small and medium scale businesses; on the other hand, microfinance banks in the locality of study area would also be of interest. This study will be carried out within Adamawa and seeks to make use of data and information collected from respondents within Yola and Jimeta precisely with the aim of examining the impact of microfinance banks on business development.

## CHAPTER TWO LITERATURE REVIEW

This chapter deals with the review of literature associated with the study in order to understand concepts and theories relevant to the study. The chapter is structured to include the conceptual review, theoretical review..

* 1. **Conceptual Framework**
     1. **Concepts of Microfinance and Microfinance Banks**
        1. **Concept of Microfinance**

Microfinance is defined as the provision of thrift, credit and other financial services and products in very small amounts to the poor to enable them to raise their income levels and improve their standard of living (Eluhaiwe, 2005). Microfinance is the act of providing a whole range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and, their microenterprises. Microfinance is the practice of offering small and short-term loans to entrepreneurs who otherwise would not have access to capital to begin a small business or other income generating activities (Oyedokun, 2015). Canadians International Development Agency (CIDA, 2005), defined microfinance as the provision of very small loans for the micro enterprise, agriculture, education and consumption purposes as well as insurance facilities and other financial product such as insurance services, housing and pension funds. Khandker (1998) defined microfinance as "successful opening of economic opportunities for the poor, increasing access to resources and contribution to their confidence and well- being".

### Concept of Microfinance Banks

Microfinance banking could be categorized mainly into two sources namely: informal sources of microfinance and formal sources of microfinance. While it could be very easy to trace the origin of the formal sources of microfinance in Nigeria, the origin of the informal sources of Microfinance is only traceable to the practices among ethnic nationalities without any known precise date (Adeoye and Emmanuel, 2015). Microfinance banks are the basic instrument through which the whole concept of microfinance is executed. According to the basis of microfinance, it is a term, which is related to promoting the habit of savings. At the same time, the concept also aims at providing loans and insurance and other traditional services to the poor people to support their business, which can also be termed as a micro business. The prime aim of these banks is to provide institutional financial services to those people who are denied from all these because of their poverty.

However, Microfinance Bank is any company licensed by the Central Bank of Nigeria to carry on the business of providing microfinance services such that are needed by the economically active poor, micro, small and medium enterprises to conduct or expand their businesses as defined in the guideline for MFBs in Nigeria. This is to create vibrant micro-financing that provide the necessary stimulants for national growth and economic development.

In view of this inherent weak institutional capacity, weak capital base and existence of huge unserved market among others. The framework for microfinance bank according to the provision of CBN (2005) is:

* + - * 1. Microfinance Banks (MFBs) licensed to operate as a unit: these are previous community banks licensed to operate branches and cash centres subject to meeting the prescribed prudential requirements and availability of free fund for opening

branches/ cash centers. The minimum paid-up capital of this category of banks is

₦20million for each branch. The branding should be gradual within a local council before it spreads to other local councils and state.

* + - * 1. Microfinance Banks (MFBs) licensed to operate in a state: these are MFBs licensed to operate in all parts of the state at once within recourse to gradual coverage as in unit MFBs. Branches are opened subject to meeting the prescribed prudential requirement and availability of free funds. The minimum paid-up capital for this category of MFBs is ₦1billion.

### Objectives of Microfinance Banks

The objectives of the Microfinance Banks in Nigeria in line with CBN (2005) provision among others include:

* + - * 1. Promote rural development through financial intermediation
        2. Stimulate of productive activities in the rural sector
        3. Develop banking habit in rural dwellers and ensuring the development of an integrated national financial system.
        4. Improve the economic status of small-scale producers in the rural and urban areas
        5. Provide diversified, dependable end timely financial services to the economically active poor
        6. Create employment opportunities
        7. Render payment services such as salaries, gratuities and pension on behalf of various tiers of government
        8. Increase access to credit as well as productive assets and enhance opportunities for ownership through savings mobilizations
        9. Increase the financial capacity of participating organization to provide microfinance services to the economically active poor
        10. Develop coordination and collaboration between the different actors in the microfinance sector and promote an appropriate regulatory framework
        11. Contribute to the development of knowledge, expertise and information in microfinance
        12. Enhance the local capacity to provide technical assistance on a sustainable basis and ensure the continuity of the initiatives taken in the pilot programme (Adeusi, 2015).

### Microfinance Banks in Nigeria

The evolution of microfinance in the 1970's is to break the barricade to access capitals by low-income individuals for development purposes. To say that microfinance empowers the entrepreneurial spirit that exists among the small-scale entrepreneurs worldwide is not an exaggeration. Microfinance has the ability to strengthen microfinance enterprises and encourage best practices among operators of small and medium-scale enterprise (Adeusi, 2015). The CBN (2004) as cited in Asor, Essien and Ndiyo, (2016) noticed that microfinance institutions grew as a result of the failure of the formal financial institutions to provide financial services to the poor. Microfinance institutions can be grouped into formal and informal institutions. The former consists of banks, while the latter include cooperative societies, self-help groups etc. Several microfinance programmes and institutions have been established by both governmental and non-governmental agencies, to promote economic growth and development in the country by increasing and improving the productive capacity and living standard of the poor. Informal microfinance groups include the Esusu/Itutu/Adashai, Daily/periodic contribution. While the formal group includes: The Nigerian Bank for Commerce and Industry (NBCI), The Nigerian Industrial Development Bank (NIDB), Nigerian Agricultural and Cooperation Bank (NACB) etc (Asor, Essien and Ndiyo, 2016).

The establishment of microfinance banks is to serve the following purposes according to Central of Nigeria, (2005); provide diversified, affordable and dependable financial services to the active poor; mobilize savings for intermediation; create employment opportunities and increase the productivity of the active poor in the country; enhance organized, systematic and focused participation of the poor in the socio-economic development and resource allocation process; provide veritable avenues for the administration of the micro credit programmes of government and high net worth individuals on the non-recourse case basis (Olowe, Moradeyo and Babalola, 2013).

According to CBN (2005), the microfinance policy has the following objectives:

* + - * 1. Make financial services accessible to a large segment of the potentially productive Nigerian population which otherwise would have little or no access to financial services;
        2. Promote synergy and mainstreaming of the informal sub-sector into the national financial system;
        3. Enhance service delivery by microfinance institutions to micro, small and medium entrepreneurs;
        4. Contribute to rural transformation; and Promote linkage programmes between development banks, specialized institutions and microfinance banks (Adeoye and Emmanuel, 2015).

Prior to the promulgation of the indigenization decree, the lending of predominantly foreign-owned commercial banks to indigenous firms was abysmally low. During this period, the Central bank through the Central bank credit guidelines issued directives to financial institutions to extend certain percentages of their total loans to business in which Nigeria equity participation is not less than 50 percent. The percentage allocation

increased progressively from 35 percent in the late sixties to 90 percent for the fiscal year 1984 (Adeoye and Emmanuel, 2015).

It was observed that as a result of the indigenisation decree, most business becomes at least 60 percent owned by Nigerians. Consequently, the lending pattern of banks was manipulated against small-scale indigenous enterprises for which the directives were originally issued. Hence, there was a need for modification of the policy. Also, it was noted that while most banks have over the years been able to meet the required levels of lending to indigenous borrowers, they were unable to meet the prescribed percentage reserved for small-scale enterprises (Adeoye and Emmanuel, 2015).

### Benefits of Microfinance Banks in Nigeria

The primary purpose of establishing microfinance banks in Nigeria was poverty alleviation through the provision of financial services to the poor. By providing these services, the microfinance banks can contribute to the wellbeing of the economy through the following ways as cited in Asor, Essien and Ndiyo, (2016)

* + - * 1. Enhancement of savings and investment opportunities, they mobilize local savings into productive activities, thereby contributing to the growth of the economy.
        2. Improve income distribution of the Nigerian population
        3. They encourage rural industrialization thereby reducing rural-urban migration.
        4. They encourage entrepreneurship behaviour among the youth by providing them with financial services which would allow them to engage in economic activities and become self-reliant. By doing this, microfinance banks help tackle the problem of poverty and unemployment.

### Concepts of Business and Business Development

* + - 1. **Concept of Business**

A business is an organizational entity and legal entity made up of an association of people who focus their various talents and organize their collectively available skills and resources to achieve specific declared goals and is involved in the provision of goods and services to consumers (Sterioti and Steven, 2003). Aaker and Stafford define business generally as an organizational unit that has (or should have) a defined strategy and a manager with sales and profit responsibility. Business may also be defined as an activity involving regular production or purchase of goods and services for sale, transfer and exchange with an object of earning a profit. Business is characterized by risk, consistency, goods and services and a profit motive.

Business could be categorized into different categories, size, ownership, industry, organization structure, etc. In terms of categorization based on size, business could be categorized major into; large scale, medium scale and small scale business or enterprise.

### Business Development

Development can be said to be the holistic change in way of doing things from a level adjudged to be low to a high level. This could be characterised by improvement in way of doing things, increase in quantity or quality of products or services produced. Business development is defined as the tasks and processes concerning the analytical preparation of potential growth opportunities, and the support and monitoring of the implementation of growth opportunities, but does not include decisions on strategy and implementation of growth opportunities (Hans, 2013).

Business development involves array of business services [such as training, consultancy, marketing, information, technology development and transfer, business linkage

promotion, etc.], both strategic [medium to long-term issues that improve performance] and operational [day-to-day issues] that improve the performance of business enterprise, its access to markets, and its ability to compete (UNDP, 2004).

The business development aims at mitigating risk by reducing two recurring managerial challenges that hamper firm growth: the senior decision-makers' lack of resources to make informed decisions on potential growth opportunities, and a disconnect between the preparation of growth opportunities and their actual implementation (Penrose, 1959). To ensure development in business, four key areas of on-going intervention are identified; business support centres; local economic development initiatives; business incubators; information and communication technology centres (UNDP, 2004). Business is affected by so many factors (economic, social, political, technical, financial, management, etc.), development is necessary to adjust to changes in these factors to ensure existence and consistency of business. Also, the need to ensure efficiency in terms of producing good quality products is important. Business owners, therefore, seek for means to development business, one of the major factors used in developing or improve business operations is finance, this is the where the microfinance institutions come to play their role (mostly in case of small and medium scale enterprises).

### Small and Medium Scale Enterprises (SMEs)

The criteria for defining the size of a business differ from country to country, with many countries having programs of business rate reduction and financial subsidy for SMEs. According to European Commission, small-scale enterprise or business is one with less than 50 employees and turnover of less than €10 million Euros while medium scale business is one with less than 250 number of employees and turnover of less €50 million Euros (European Commission, 2003). Kilby (1969) Sees SMEs as a quasi-sponge for urban employment and a provider of inexpensive consumer goods with little or no import

content, serving an important pressure-releasing and welfare-augmenting function. SMEs also contribute to long-run industrial growth by producing an increasing number of firms that grow up and out of the small sector.

SMEs have no doubt been indeed recognized as the main engine of economic growth and development, a major variable for promoting the private sector, development and partnership. Various governments, development agencies and experts as well as multilateral institutions do appreciate this fact such that they positively respond to any occasion and situations, which could permit they contributing to or creating opportunities for promoting the lot of SMEs. The SME sub-sector not only contributes significantly to improved living standards but they also bring about the substantial local capital formation and achieve high levels of productivity and capability. Employment or job opportunity- wise, SMEs account for well over half of the total share of employment, sales and value added in most countries (Basil, 2005).

### The Role of Microfinance Banks in Business Development

The idea of creating Micro Finance Institutions (MFIs) is to provide an easy accessibility of SMEs to finance/ fund particularly those which cannot access formal bank loans. Microfinance banks serve as a means to empower the poor and provide a valuable tool to assist the economic development process. Kolawole (2013) is of opinion that the promotion of microenterprises in developing countries is justified because of their abilities to foster economic development.

### Microfinance Banks, Business and Economic Development

Developing countries like Nigeria, at various stages of development, are unable to raise enough domestic resources to meet their development goals. This situation results from the low level of aggregate income, which limits the level of saving and ultimately

loanable funds for investment projects such as small and medium enterprises (Babagana, 2010).

Onugu (2002) added that the importance of small and medium enterprises drives mainly from their characteristics and as such their development is usually regarded as a viable option for sustainable economic growth and development of any given economy. He pointed that, the proliferation of small and medium enterprises (SMEs) through the contribution of the banking industry will serve as a viable tool for stimulating development and growth of Nigeria economy as they will generate employment, development entrepreneurship and manager, prevent small rural-urban drift, develop technology, create various associated industries, and improve equality in income distribution (Babagana, 2010).

## CHAPTER THREE RESEARCH METHODOLOGY

### Introduction

This chapter describes research methodology, nature and source of data, sample size and sampling technique, research design, procedures for analyzing data collected. This chapter also describes the model specification for the study.

### Restatement of the Research Hypotheses Hypothesis one

H01: Financial services of microfinance banks have no significant impact on business development.

H11: Financial services of microfinance banks have a significant impact on business development.

### Hypothesis Two

H02: Advisory services of microfinance banks have no significant impact on business development.

H12: Advisory services of microfinance banks have a significant impact on business development.

### Hypothesis Three

H03: The conditions of obtaining credit has no significant impact on business development.

H13: The conditions of obtaining credit has a significant impact on business development.

### Hypothesis Four

H04: Availability of microfinance banks has no significant impact on business development.

H14: Availability of microfinance banks has a significant impact on business development.

### Purpose of the Study

The main objective of the study is to assess the role played by microfinance banks in business development. Specifically, the study aims to achieve the following objectives:

1. Assess the impact of financial services from microfinance banks on business development.
2. Assess the impact of advisory services from microfinance banks on business development.
3. Examine the impact conditions of obtaining credit facility has on business development.
4. Examine the impact availability of microfinance institutions have on business development.

### Nature and Source of Data

The nature of data used for this research work is cross-sectional data as data on different individuals is collected at a point in time is needed given the nature of the study. The source of data used for the study is primary; data was obtained through a self- administered structured questionnaire which the researcher distributed to respondents in the study area.

### Research Design

The research design is the structure and strategy for investigating the relationship between the variables of the study. It entails the format of research in which mode of operation including the rule and the regulation guiding the study is spelt out to avoid ambiguity. The research design adopted for this work is the descriptive research design. descriptive statistics aims to summarize a sample, rather than use the data to learn about the population that the sample of data is thought to represent. A descriptive research design is more investigative and focuses on particular variable factors. Research design attempts to describe the procedure to be used to ensure reliability and validity of data.

### Sampling Size and Technique

The sample size for the study is 100 and will be selected from the population using simple random sampling technique. Simple random sampling is a basic sampling technique where we select a group of subjects (a simple) for study, from a larger group (population) in which each individual is being chosen entirely by chance and each member of the chosen population has an equal chance of being selected. It eliminates bias and allows each member of the population have an equal chance of being selected. The size of 100 was chosen because it is sufficient to fulfil the requirement for the study.

### Method of Data Collection

The strategy for generating the data involves the administration of copies of the validated questionnaire to the respondents. The questionnaire is a structured one characterized by open-ended, close-ended questions, the use of five (5) point scale (ranging from 1- strongly disagree to 5- strongly agree) is also adopted.

### Procedure for Analyzing Collected Data

The first step regarding analyzing the data that was gathered from these diverse business enterprises was to code the questionnaire and then design a master data sheet on Microsoft Excel. The data sheet is then exported to IBM Statistical Package for Social Sciences (SPSS) software for analysis such as descriptive statistics. A chi-square test was adopted for the testing hypotheses developed during the course of the research.

## CHAPTER FOUR

**DATA ANALYSIS AND PRESENTATION**

### 4.1 Introduction

This part of the study deals with the presentation and analysis of the data collected from the field. The analysis is based on the returned questionnaires from respondents. Out of a total of 100 questionnaires distributed, only 93 copies were used for the analysis as 7 questionnaires were not returned by respondents in the chosen area of study. This shows that there is ninety- three (93) percent response rate.

### Table 4.2 Questionnaire Distribution and Collection

|  |  |  |
| --- | --- | --- |
| **QUESTIONNAIRES** | **FREQUENCY** | **PERCENTAGE** |
| Number Distributed | 100 | 100 |
| Number Collected | 93 | 93 |
| **Total** | **93** | **93** |

*Source: Field study*

The table above shows questionnaire distribution and collection. As stated above 100 questionnaires were administered. 93 questionnaires representing 93% were duly completed and returned. All the questionnaire returned were accepted for the analysis.

### Table 4.2.1: Sex distribution

|  |  |  |  |
| --- | --- | --- | --- |
|  | | Frequency | Percent |
| Valid | Male | 51 | 54.8 |
|  | Female | 42 | 45.2 |
| Total |  | 93 | 100.0 |

**Source: Field Survey**

Table 4.2.1 above shows the sex distribution of respondents. Out of the total respondents, 42 respondents corresponding to 45.2% are female, while 51 respondents corresponding to 54.8% are male

### Table 4.2.2 Age Distribution

|  |  |  |  |
| --- | --- | --- | --- |
|  | | Frequency | Percent |
| Valid | 18-25 | 5 | 5.4 |
|  | 25-30 | 20 | 21.5 |
|  | 31-35 | 31 | 33.3 |
|  | 36-40 | 27 | 29.0 |
|  | 41 and above | 10 | 10.8 |
| Total |  | 93 | 100.0 |

**Source: Field Survey**

The above table shows the age distribution of the respondents. Out of the total respondents, 5 respondents corresponding to 5.4% are below 25 years of age, 20 respondents corresponding to 21.5% are within the age bracket 26 to 30 years, 31 respondents corresponding to 33.3% are within the age bracket 31 to 35 years, 27 respondents corresponding to 29.0% are within the age bracket of 36 to 40 years, and 10 respondents corresponding to 10.8% are above 41 years of age.

### Table 4.2.3: Marital Status

|  |  |  |  |
| --- | --- | --- | --- |
|  | | Frequency | Percent |
| Valid | Single | 35 | 37.6 |
|  | Married | 53 | 57.0 |
|  | Divorced | 5 | 5.4 |
| Total |  | 93 | 100.0 |

Source: Field Survey

Table 4.2.3 shows the marital status of respondents in the study area. Out of the total number of respondents, 35 respondents corresponding to 37.6% are single, 53 respondents corresponding to 57.0% are married, and 5 respondents corresponding to 5.4% are divorced.

### Table 4.2.4: Occupation Distribution

|  |  |  |  |
| --- | --- | --- | --- |
|  | | Frequency | Percent |
| Valid | Trading | 37 | 39.8 |
|  | Farming | 19 | 20.4 |
|  | Artisan | 32 | 34.4 |
|  | Laundry Services | 5 | 5.4 |
|  | Total | 93 | 100.0 |

Source: Field Survey

The above analysis shows different occupation of respondents in the study area. It can be seen that out of the total respondents, 37 respondents corresponding to 39.8% are traders, 19 respondents corresponding to 20.4% are artisans, 32 respondents corresponding to 34.4% are farmers, 5 respondents corresponding to 5.4% are laundry service providers.

### Table 4.2.5: Educational Distribution of Respondents

|  |  |  |  |
| --- | --- | --- | --- |
|  | | Frequency | Percent |
| Valid | No Formal Education | 5 | 5.4 |
|  | Primary Education | 16 | 17.2 |
|  | Secondary Education | 43 | 46.2 |
|  | Tertiary Education | 29 | 31.2 |
|  | Total | 93 | 100.0 |

Source: Field Survey

The above table shows educational qualification of respondents. Out of the total respondents,

5 respondents corresponding to 5.4% have no formal education, 16 respondents

corresponding to 17.2% have primary education, 43 respondents corresponding to 46.2% have secondary education, and 29 respondents corresponding to 31.2% have tertiary education.

### Table 4.2.6: Religion Distribution of Respondents

|  |  |  |  |
| --- | --- | --- | --- |
|  | | Frequency | Percent |
| Valid | Muslim | 34 | 36.6 |
|  | Christian | 59 | 63.4 |
|  | Total | 93 | 100.0 |

Source: Field Survey

The table above shows the religion of respondents. Out of the total respondents, 34 respondents corresponding to 36.6% are Muslims, while 59 respondents corresponding to 63.4% are Christians.

### Table 4.2.7: Business Size of Respondents

|  |  |  |  |
| --- | --- | --- | --- |
|  | | Frequency | Percent |
| Valid | Small Scale | 47 | 50.5 |
|  | Medium Scale | 46 | 49.5 |
|  | Total | 93 | 100.0 |

Source: Field Survey

The above table shows the size of the business of respondents. Out of the total respondents, it can be seen that 47 respondents corresponding to 50.5% run a small-scale enterprise, while 46 respondents corresponding to 49.5% run a medium scale enterprise.

### : Financial services of microfinance banks have impact on sales and profit overtime.

|  |  |  |
| --- | --- | --- |
|  | Frequency | Percent |

|  |  |  |  |
| --- | --- | --- | --- |
| Valid | Strongly Disagree | 30 | 32.3 |
|  | Disagree | 15 | 16.1 |
|  | Undecided | 10 | 10.8 |
|  | Agree | 20 | 21.5 |
|  | Strongly Agree | 18 | 19.4 |
|  | Total | 93 | 100.0 |

Source: Field Survey

The above table 4.2.8 shows responses for impact of Financial services of microfinance banks on sales and profit overtime. A total of 30 respondents with a corresponding percentage of 32.3 strongly disagree, 15 respondents making up 16.1% disagree, 10 or

10.8% were undecided, 20 respondents making 21.5% agreed and 18 or 19.4% strongly agreed that financial services of Microfinance banks had impact on sales and profit overtime.

### : Financial services of microfinance banks have impact on acquisition of more stocks for the business.

|  |  |  |  |
| --- | --- | --- | --- |
|  | | Frequency | Percent |
| Valid | Strongly Disagree | 23 | 24.7 |
|  | Disagree | 18 | 19.4 |
|  | Undecided | 20 | 21.5 |
|  | Agree | 17 | 18.3 |
|  | Strongly Agree | 15 | 16.1 |
|  | Total | 93 | 100.0 |

Source: Field Survey

Table 4.2.9 above shows responses on the impact of microfinance bank’s financial services on acquisition of stocks. 23 respondents representing 24.7% strongly disagreed, 18 respondents representing 19.4% disagreed, a total of 20 respondents with a corresponding

21.5% were undecided. A total of 17 representing 18.3 % agreed while 15 respondents with a corresponding 16.1% strongly agreed.

### : Financial services of microfinance banks have impacted on customer base overtime.

|  |  |  |  |
| --- | --- | --- | --- |
|  | | Frequency | Percent |
| Valid | Strongly Disagree | 30 | 32.3 |
|  | Disagree | 19 | 20.4 |
|  | Undecided | 19 | 20.4 |
|  | Agree | 15 | 16.1 |
|  | Strongly Agree | 10 | 10.8 |
|  | Total | 93 | 100.0 |

Source: Field Survey

The above table 4.2.10 represents responses on the impact of financial services by microfinance banks on customer base overtime. 30 or 32.3% respondents strongly disagreed that financial services of microfinance banks have impacted customer base overtime. 19 respondents with a corresponding 20.4% disagreed, also for undecided. 15 or 16.1 agreed, while 10 or 10.8% strongly agreed.

### : Customer Management advice of microfinance banks have impacted on customer base overtime.

|  |  |  |  |
| --- | --- | --- | --- |
|  | | Frequency | Percent |
| Valid | Strongly Disagree | 30 | 32.3 |
|  | Disagree | 15 | 16.1 |
|  | Undecided | 10 | 10.8 |
|  | Agree | 20 | 21.5 |
|  | Strongly Agree | 18 | 19.4 |
|  | Total | 93 | 100.0 |

Source: Field Survey

Table 4.2.11 above shows responses if customer management advice of microfinance banks has impacted customer base overtime. 30 or 32.3% of the respondents strongly disagreed while 15 or 16.1% disagreed. 10 or 10.8% of the respondents were undecided. 20 or 21.5% agreed and 18 or 19.4% strongly agreed.

### Table 4.2.12: Financial Literacy education of microfinance banks have impacted on improved management of cash and resources.

|  |  |  |  |
| --- | --- | --- | --- |
|  | | Frequency | Percent |
| Valid | Strongly Disagree | 45 | 48.4 |
|  | Disagree | 33 | 35.5 |
|  | Undecided | 5 | 5.4 |
|  | Agree | 10 | 10.8 |
|  | Total | 93 | 100.0 |

Source: Field Study

Table 4.2.12 above shows responses on whether financial literacy education of microfinance banks has improved management of cash and resources. 45 or 48.4% of respondents strongly disagreed while 33 or 35.5% just disagreed. 5 or 5.4% were undecided. 10 or 10.8% agreed while none strongly agreed.

### Table 4.2.13: Availability of microfinance banks has impact on acquisition of stocks and customer attraction.

|  |  |  |  |
| --- | --- | --- | --- |
|  | | Frequency | Percent |
| Valid | Strongly Disagree | 32 | 34.4 |
|  | Disagree | 29 | 31.2 |
|  | Undecided | 11 | 11.8 |
|  | Agree | 14 | 15.1 |
|  | Strongly Agree | 7 | 7.5 |
|  | Total | 93 | 100.0 |

Source: Field Survey

Table 4.2.13 above represents the respondents’ responses on the availability of microfinance and its impact on acquisition of stocks and customer attraction. 32 respondents represented the 34.4% that strongly disagreed, while 29 or 31.2% disagreed. 11 or 11.8% were

undecided. Furthermore, 14 or 15.1% agreed while 7 or 7.5% strongly agreed.

### Table 4.2.14: Availability of microfinance banks has impact on sales and profit of the business

|  |  |  |  |
| --- | --- | --- | --- |
|  | | Frequency | Percent |
| Valid | Strongly Disagree | 13 | 14.0 |
|  | Disagree | 12 | 12.9 |
|  | Undecided | 13 | 14.0 |
|  | Agree | 29 | 31.2 |
|  | Strongly Agree | 26 | 28.0 |
|  | Total | 93 | 100.0 |

Source: Field Survey

Table 4.2.14 shows respondents’ responses on whether the availability of microfinance banks has impacted sales and profit. 12 respondents or 12.9% indicated they strongly disagreed while 12 or 12.9% disagreed. 13 or 14% were undecided. 29 or 31.2% and 26 or 28% agreed and strongly agreed respectively.

### Table 4.2.15: Flexible terms of loan of microfinance bank impact on acquisition of stocks.

|  |  |  |  |
| --- | --- | --- | --- |
|  | | Frequency | Percent |
| Valid | Strongly Disagree | 45 | 48.4 |
| Disagree | 33 | 35.5 |
| Undecided | 5 | 5.4 |

|  |  |  |  |
| --- | --- | --- | --- |
|  | Agree | 10 | 10.8 |
| Total | 93 | 100.0 |

Source: Field Survey

Table 4.2.15 represents responses on flexible terms of loan of microfinance bank and its impact on acquisition of stocks. As shown in the table, 45 or 48.4% strongly disagreed while 33 or 35.5% disagreed. 5 or 5.4% were undecided. 10 or 10.8% agreed while non strongly agreed.

### Table 4.2.16: Request for collateral by the microfinance bank impact positively on acquisition of stocks.

|  |  |  |  |
| --- | --- | --- | --- |
|  | | Frequency | Percent |
| Valid | Strongly Disagree | 32 | 34.4 |
|  | Disagree | 29 | 31.2 |
|  | Undecided | 11 | 11.8 |
|  | Agree | 14 | 15.1 |
|  | Strongly Agree | 7 | 7.5 |
|  | Total | 93 | 100.0 |

Source: Field Study

Table 4.2.16 above shows a total of 32 or 34.4% of the respondents strongly disagreed that collateral request by microfinance banks positively impacts acquisition of stocks. A total of 29 or 31.2% disagreed while 11 or 11.8% were undecided. 14 or 15.1% of the respondents agreed while 7 or 7.5% strongly agreed.

### Table 4.2.17: Request for collateral by the microfinance bank impact positively on access to loans.

|  |  |  |  |
| --- | --- | --- | --- |
|  | | Frequency | Percent |
| Valid | Strongly Disagree | 13 | 14.0 |
|  | Disagree | 12 | 12.9 |
|  | Undecided | 13 | 14.0 |
|  | Agree | 29 | 31.2 |
|  | Strongly Agree | 26 | 28.0 |
|  | Total | 93 | 100.0 |

Source: Field Study

The above table 4.2.17 shows respondents responses on collateral request by microfinance banks positively impacting access to loans. As shown in the table, 13 or 14% strongly disagreed, 12(12.9%) disagreed. 13 or 14% were left undecided while 29 or 31.2% agreed. 26 or 28% strongly agreed.

### 4.3 Hypothesis Testing Hypothesis one:

H01: Financial services of microfinance banks have no significant impact on business development.

H11: Financial services of microfinance banks have a significant impact on business development.

**Table 4.3.1: Descriptive Statistics**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | N | Mean | Std. Deviation | Minimum | Maximum |
| Financial services of microfinance banks have impact on sales and profit overtime. | 93 | 2.35 | 1.730 | 1 | 5 |
| Financial services of microfinance banks have impact on acquisition of more stocks for the business. | 93 | 2.53 | 1.599 | 1 | 5 |
| Financial services of microfinance banks have impacted on customer base overtime. | 93 | 2.53 | 1.372 | 1 | 5 |

**Chi-Square Test Frequencies**

**Table 4.3.2: Financial services of microfinance banks have impact on sales and profit overtime.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Observed N | Expected N | Residual |
| Strongly Disagree | 56 | 18.6 | 37.4 |
| Disagree | 1 | 18.6 | -17.6 |
| Undecided | 1 | 18.6 | -17.6 |
| Agree | 17 | 18.6 | -1.6 |
| Strongly Agree | 18 | 18.6 | -.6 |
| Total | 93 |  |  |

**Table 4.3.3: Table Financial services of microfinance banks have impact on acquisition of more stocks for the business.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Observed N | Expected N | Residual |
| Strongly Disagree | 44 | 18.6 | 25.4 |
| Disagree | 3 | 18.6 | -15.6 |
| Undecided | 14 | 18.6 | -4.6 |
| Agree | 17 | 18.6 | -1.6 |
| Strongly Agree | 15 | 18.6 | -3.6 |
| Total | 93 |  |  |

**Table 4.3.4: Financial services of microfinance banks have impacted on customer base overtime.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Observed N | Expected N | Residual |
| Strongly Disagree | 30 | 18.6 | 11.4 |
| Disagree | 19 | 18.6 | .4 |
| Undecided | 19 | 18.6 | .4 |
| Agree | 15 | 18.6 | -3.6 |
| Strongly Agree | 10 | 18.6 | -8.6 |
| Total | 93 |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Table 4.3.5: Test Statistics** | | | |
|  | Financial services of microfinance banks have impact on sales and profit overtime. | Financial services of microfinance banks have impact on acquisition of more stocks for the business. | Financial services of microfinance banks have impacted on customer base overtime. |
| Chi-Square | 108.667a | 49.742a | 11.677a |
| df | 4 | 4 | 4 |
| Asymp. Sig. | .000 | .000 | .020 |

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 18.6.

As shown above in table 4.3.5, the P-values of financial scales (0.00, 0.00 and 0.02) are less that 5% level of significance level (0.05), the null hypothesis is therefore rejected, while the alternative hypothesis that financial services of microfinance banks have significant impact on business development is accepted In other words, the study rejects the null hypothesis and accepts the alternative hypothesis.

### Hypothesis Two

H02: Advisory services of microfinance banks have no significant impact on business development.

H12: Advisory services of microfinance banks have a significant impact on business development.

**Table 4.3.6: Descriptive Statistics**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | N | Mean | Std. Deviation | Minimum | Maximum |
| Customer Management advice of microfinance banks have impacted on customer base overtime. | 93 | 2.80 | 1.557 | 1 | 5 |
| Financial Literacy education of microfinance banks have impacted on improved management of cash and resources. | 93 | 1.78 | .965 | 1 | 4 |

# Chi-Square Test Frequencies

**Table 4.3.7: Customer Management advice of microfinance banks have impacted on customer base overtime.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Observed N | Expected N | Residual |
| Strongly Disagree | 30 | 18.6 | 11.4 |
| Disagree | 15 | 18.6 | -3.6 |
| Undecided | 10 | 18.6 | -8.6 |
| Agree | 20 | 18.6 | 1.4 |
| Strongly Agree | 18 | 18.6 | -.6 |
| Total | 93 |  |  |

**Table 4.3.8: Financial Literacy education of microfinance banks have impacted on improved management of cash and resources.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Observed N | Expected N | Residual |
| Strongly Disagree | 45 | 23.3 | 21.8 |
| Disagree | 33 | 23.3 | 9.8 |
| Undecided | 5 | 23.3 | -18.3 |
| Agree | 10 | 23.3 | -13.3 |
| Total | 93 |  |  |

**Table 4.3.9: Test Statistics**

|  |  |  |
| --- | --- | --- |
|  | Customer Management advice of microfinance banks have impacted on customer base overtime. | Financial Literacy education of microfinance banks have impacted on improved management of cash and resources. |
| Chi-Square | 11.785a | 46.312b |
| df | 4 | 3 |
| Asymp. Sig. | .019 | .000 |

1. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 18.6.
2. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 23.3.

As shown above in table 4.3.9, the P-values of advisory scales (0.019, 0.00 and 0.000) are less that 5% level of significance level (0.05), the null hypothesis is therefore rejected, while the alternative hypothesis that advisory services of microfinance banks have a significant impact on business development is accepted. In other words, the study rejects the null hypothesis and accepts the alternative hypothesis.

### Hypothesis Three

H03: The conditions of obtaining credit has no significant impact on business development.

H13: The conditions of obtaining credit has a significant impact on business development.

**Table 4.3.10: Descriptive Statistics**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | N | Mean | Std. Deviation | Minimum | Maximum |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Flexible terms of loan of microfinance bank impact on acquisition of stocks. | 93 | 1.78 | .965 | 1 | 4 |
| Request for collateral by the microfinance bank impact positively on acquisition of stocks. | 93 | 2.30 | 1.292 | 1 | 5 |
| Request for collateral by the microfinance bank impact positively on access to loans. | 93 | 3.46 | 1.388 | 1 | 5 |

# Chi-Square Test Frequencies

**Table 4.3.11: Flexible terms of loan of microfinance bank impact on acquisition of stocks.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Observed N | Expected N | Residual |
| Strongly Disagree | 45 | 23.3 | 21.8 |
| Disagree | 33 | 23.3 | 9.8 |
| Undecided | 5 | 23.3 | -18.3 |
| Agree | 10 | 23.3 | -13.3 |
| Total | 93 |  |  |

**Table 4.3.12: Request for collateral by the microfinance bank impact positively on acquisition of stocks.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Observed N | Expected N | Residual |

|  |  |  |  |
| --- | --- | --- | --- |
| Strongly Disagree | 32 | 18.6 | 13.4 |
| Disagree | 29 | 18.6 | 10.4 |
| Undecided | 11 | 18.6 | -7.6 |
| Agree | 14 | 18.6 | -4.6 |
| Strongly Agree | 7 | 18.6 | -11.6 |
| Total | 93 |  |  |

**Table 4.3.13: Request for collateral by the microfinance bank impact positively on access to loans.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Observed N | Expected N | Residual |
| Strongly Disagree | 13 | 18.6 | -5.6 |
| Disagree | 12 | 18.6 | -6.6 |
| Undecided | 13 | 18.6 | -5.6 |
| Agree | 29 | 18.6 | 10.4 |
| Strongly Agree | 26 | 18.6 | 7.4 |
| Total | 93 |  |  |

**Table 4.3.14: Test Statistics**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Flexible terms of loan of microfinance bank impact on acquisition of stocks. | Request for collateral by the microfinance bank impact positively on acquisition of stocks. | Request for collateral by the microfinance bank impact positively on access to loans. |
| Chi-Square | 46.312a | 26.946b | 14.473b |

|  |  |  |  |
| --- | --- | --- | --- |
| df | 3 | 4 | 4 |
| Asymp. Sig. | .000 | .000 | .006 |

|  |
| --- |
| a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 23.3. |
| b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 18.6. |

As shown above in table 4.3.14, the P-values of conditions for obtaining credit (0.000, 0.000 and 0.006) are less that 5% level of significance level (0.05), the null hypothesis is therefore rejected, while the alternative hypothesis that conditions for obtaining credit have a significant impact on business development is accepted. In other words, the study rejects the null hypothesis and accepts the alternative hypothesis.

### Hypothesis Four

H04: Availability of microfinance banks has no significant impact on business development.

H14: Availability of microfinance banks has a significant impact on business development.

**Table 4.3.15: Descriptive Statistics**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | N | Mean | Std. Deviation | Minimum | Maximum |
| Availability of microfinance banks has impact on acquisition of stocks and customer attraction. | 93 | 2.30 | 1.292 | 1 | 5 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Availability of microfinance banks has impact on sales and profit of the business | 93 | 3.46 | 1.388 | 1 | 5 |

# Chi-Square Test Frequencies

**Table 4.3.16: Availability of microfinance banks has impact on acquisition of stocks and customer attraction.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Observed N | Expected N | Residual |
| Strongly Disagree | 32 | 18.6 | 13.4 |
| Disagree | 29 | 18.6 | 10.4 |
| Undecided | 11 | 18.6 | -7.6 |
| Agree | 14 | 18.6 | -4.6 |
| Strongly Agree | 7 | 18.6 | -11.6 |
| Total | 93 |  |  |

**Table 4.3.17: Availability of microfinance banks has impact on sales and profit of the business**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Observed N | Expected N | Residual |
| Strongly Disagree | 13 | 18.6 | -5.6 |
| Disagree | 12 | 18.6 | -6.6 |
| Undecided | 13 | 18.6 | -5.6 |
| Agree | 29 | 18.6 | 10.4 |

|  |  |  |  |
| --- | --- | --- | --- |
| Strongly Agree | 26 | 18.6 | 7.4 |
| Total | 93 |

**Table 4.3.18: Test Statistics**

|  |  |  |
| --- | --- | --- |
|  | Availability of microfinance banks has impact on acquisition of stocks and customer attraction. | Availability of microfinance banks has impact on sales and profit of the business |
| Chi-Square | 26.946a | 14.473a |
| df | 4 | 4 |
| Asymp. Sig. | .000 | .006 |

a. 0 cells (0.0%) have expected frequencies less than

1. The minimum expected cell frequency is 18.6.

As shown above in table 4.3.18, the P-values of advisory scales (0.000 and 0.006) are less that 5% level of significance level (0.05), the null hypothesis is therefore rejected, while the alternative hypothesis that availability of microfinance banks have a significant impact on business development is accepted. In other words, the study rejects the null hypothesis and accepts the alternative hypothesis.

## CHAPTER FIVE

**SUMMARY, CONCLUSION AND RECOMMENDATION**

### Introduction

This chapter discusses a summary of this research from the first chapter to the fourth chapter. Also, a conclusion was drawn from the result gotten from the analysis and recommendations are suggested for improvement in the functioning of microfinance banks.

### Summary

In a bid to assess the impact of microfinance bank on business development, the study was divided into five chapters. Chapter one dealt with an introductory aspect which explains the importance of microfinance banks and its services in the development of business. It goes on to discuss the impact services rendered by microfinance banks have on business development. It was discovered that there are not many studies, if any, on the impact of services rendered by microfinance banks have on business development. The objectives of the study were stated to proffer solution to the problems stated earlier, and scope and limitation of the study, the significance of the study also looked into.

Chapter two dealt with the review of past literature with relevance to microfinance and business development. Also, parts of this chapter are the theoretical framework. Chapter three dealt with the research methods which was used to achieve the objectives of the study. A simple random sampling was utilized to pick 100 participants in the study area. Questionnaires were distributed to these respondents which were later used for analysis. 93 out 100 questionnaires were returned.

Chapter four dealt with presentation and analysis of data. This was done through the use of frequencies count, simple percentages, and the use of chi-square to test hypotheses that were formulated. At the end, the four alternative hypotheses were accepted, showing that microfinance banks have a significant impact on business development.

### Conclusion

It can be concluded from the result that it is true that microfinance banks have significant impact on business development. The availability of microfinance banks and the numerous services they offer particularly at encouraging business development, has made positive impact towards business development. Although, it can be said that many lack the knowledge of how it can be effectively utilized. Proper financial literacy programmes given to microfinance customers because many do not have adequate knowledge of how the services rendered by microfinance banks can positively impact their businesses. Only a few had above secondary education compare to the large number that stopped at the secondary level. The first hypothesis tested if financial services of microfinance banks have a significant impact on business development. With the data derived from the study and with the aid of SPSS software, a chi-square test analysis was carried out. The results showed that financial services of microfinance banks have a significant impact on business development at significance level of 0.05. Furthermore, the second hypothesis was tested using the same methods, with significance level of less than 0.05, the alternate hypothesis that advisory services of microfinance banks have a significant impact on business development is accepted. Thus, rejecting the null hypothesis. The conditions for obtaining credit has no significant impact on business development, this was the third hypothesis developed and tested during the course of the research. Also with a significance level of less that 0.05, we reject the null hypothesis and accept the alternate. The fourth hypothesis, availability of microfinance banks has no significant impact on business development, was developed and tested using chi-square test. The results yielded showed a significance level of less than 0.05. This also means the null hypothesis is rejected while alternate hypothesis is accepted.

### Recommendation

Based on the conclusion and findings on this research, the following recommendations are made;

* + 1. To contribute to business development as well as economic growth, microfinance banks should offer more array of services that better suite their target market. Microfinance banks should design and market their financial services towards the SMEs in a way that truly aims to improve their products and services. Hence, leading to development
    2. Advisory services offered by microfinance banks have proven be be significant in business development. However, there is still a drawback on the potential these advisory services can have on business development. Microfinance banks should re- assess marketing strategies used in creating awareness of these services. This will help reach its full potential when effectively used by SME owners.
    3. Although microfinance banks require little or no collateral when SME owners apply for loans, there are other stringent terms and conditions that SME owners face when accessing loan from microfinance banks. Policies regarding loans and credit should be looked into by microfinance banks and reviewed in order to ease the access to these loans. Loans and credits from microfinance banks play a significant role in business development especially being utilized effectively by SME owners for growth and expansion.
    4. Availability of microfinance banks has a significant impact on business development with regards to sales and profit. As a financial institution that primarily exists for business development at the rural level, not many microfinance banks are accessible by the poor SME owners at the rural areas. Hence, Microfinance banks should address

this by making their services as a whole easily accessible to the poor SME owners that seek to expand their operations and businesses.

## QUESTIONNAIRE

INSTRUCTIONS:

Please answer the questions objectively by ticking the appropriate box (√) and filling the gap provided against each question and leave the alternative box blank. You may as well express your opinion in response to each question as deemed fit.

### SECTION A: Demographics

1. Sex: Male( ) Female( )
2. Age: 18—25years( ) 25—30 years( ) 31---35years( ) 36—40years( ) 41years and above( )
3. Marital status: Single( ) Married( ) Divorced( )
4. Occupation: Trading ( ) Farming ( ) Artisan ( ) Others (Specify)
5. Educational qualification: No formal education ( ) Primary education( ) Secondary education( ) Tertiary education( )
6. Religion: Muslim ( ) Christian ( )
7. Business size: Small scale ( ) Medium Scale ( ) Large Scale ( )

## SECTION B:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **STATEMENT** | **Strongly agree** | **Agree** | **Undecided** | **Disagree** | **Strongly disagree** |
| **Financial Services and Business Development Scale** | | | | | |
| Financial services of microfinance banks have impact on sales and profit overtime. |  |  |  |  |  |
| Financial services of microfinance banks have impact on acquisition of more stocks for the business. |  |  |  |  |  |
| Financial services of  microfinance banks have impacted on customer base |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| overtime. |  |  |  |  |  |
| **Advisory Services and Business Development** | | | | | |
| Customer Management advice of microfinance banks have impacted on customer base overtime. |  |  |  |  |  |
| Financial Literacy education of microfinance banks have impacted on improved management of cash and resources. |  |  |  |  |  |
| **Availability of Microfinance Banks** | | | | | |
| Availability of microfinance banks has impact on acquisition of stocks and customer attraction. |  |  |  |  |  |
| Availability of microfinance banks has impact on sales and profit of the business |  |  |  |  |  |
| **Conditions for Obtaining credit and Business Development** | | | | | |
| Flexible terms of loan of microfinance bank impact on acquisition of stocks. |  |  |  |  |  |
| Request for collateral by the microfinance bank impact positively on acquisition of stocks. |  |  |  |  |  |
| Request for collateral by the microfinance bank impact positively on access to loans. |  |  |  |  |  |

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