

The Assessment of Performance and Sustainability of Nigerian Micro-Finance Banks amid Distortions in the Nigerian Economy (2010-2014)

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Abstract

This paper is assessing the performance and sustainability of the Nigerian Microfinance Banks (NMFBS) in terms of quality of life, poverty reduction and economic empowerment; employment creation; access to loans; utilization of loans; timely disbursement of loans; increase in monthly income, and; banking habits of the borrowers using logit model, which allow for estimating the probability that an event has occurred or not by predicting a binary dependent outcome from self independent variables. Eighteen (18) NMFBS are selected, three each from the six states; Bauchi, Benue, Kaduna, Kano, Ondo and Rivers covering the period 2010-2014. Primary and secondary methods are used in collecting the data. The main findings showed that quality of life, poverty reduction and economic empowerment; employment creation; access to loans; utilization of loans; timely disbursement of loans; increase in monthly income, and; banking habits formed part of the determinants for assessing the performance and sustainability of NMFBS. Also, this paper summarizes, concludes and recommends that the NMFBS are succeeding despite economic distortions in the country and that more support is therefore required to expand the activities of the NMFBS in the selected areas.

Keywords: *performance; sustainability; logit model; poverty reduction and economic empowerment.*

Introduction

Microfinance activities have gained widespread acceptance globally. Research findings revealed that large scale directed government credit programmes have proved far too costly to manage, as they have always been mismanaged. With the help of donor countries, most of the developing nations have adopted micro entrepreneurship as an alternative approach to development, in order to avoid these negative antidotes (Anyanwu, 2004; Yaron, 2002; 2000). Nigerian Microfinance Banks have rapidly evolved in the last five years (2010-2014) and have not been able to create significant quality of livelihoods of its beneficiaries in terms of: employment creation, poverty reduction and economic empowerment; increase in the monthly income of its beneficiaries; the banking habit of its beneficiaries; access to loans; utilization of loans, and; timely disbursement of loans. Most of the reasons for the insignificant contributions were identified as high rates, heavy transaction costs, mounting loan losses and difficulty in the recoveries (Yaron, 2002).

Nigerian Microfinance Bankss should not be seen as “national cakes” or “social welfare projects”. They must be seen as financial activities to welfare issues. Those NMFBS must be able to provide the development activities necessary to generate financial performance at zero interest rate (Aliyu et.al., 2008; Ahmad, 2000; Abdullahi, 1990; Ali, 1989; Al Tamimi, 1986;

Akeredolu, 1972). Nigerian Microfinance Banks activities, therefore, become measures to cushion the incidence of poverty situation to the extent of alleviating it. Those activities should help to improve on the performance of the NMFBS (Almeyda, 1998; Ayagi, 1989).

Yunus (2006; 1992) and Baldry (1987) argued that not much could be identified as impacts of Microfinance Banks (MFBs) on the employment creation, poverty reduction and economic empowerment; increase in the monthly income of its beneficiaries; the banking habit of its beneficiaries; access to loans; utilization of loans, and; timely disbursement of loans in most of the developing countries. In most of the developing countries, microfinance activities are uncoordinated, due to political instability for some times in the past to the period under review. It is evident that most microfinance banks policies are to: lend to the poor; deal with creditors in group; require creditors to deposit savings in the bank; use group peer pressure, arising from social moral force to ensure non-default in loan repayment; and require good credit standing to secure subsequent loans by the group. Once a policy is violated, the whole data or information for assessing the performance of MFBs is also tempered and violated. But because of the Nigerian factor(s), all these violated policies or information that are part of the progress of performance of MFBs (Armendariz et.al., 2005; Armendariz, 1998; Banerjee et.al., 2006, 1994; Khandker, 1998; Khandker et.al., 1995). Additional policies of some of the MFBs in the developing countries are to: empower its beneficiaries; promote popular participation; develop skills, knowledge, culture and consultations; give rural poor a sense of belonging, opportunity to benefit and contribute to the development of the economy and; give sound knowledge of technology, tradition and culture that are sustainable for economic development. These are also violated and form some of the problems to performance of the MFBs (Akinwale, 2010; Adam et.al., 1996; 1984)

Other policies of some of the MFBs in the developing countries are to: provide loans directly to people at ward; provide employment opportunities; improve on the standard of living of the beneficiaries of MFBs; encourage producers at the lower levels to form cooperatives societies with a view to promoting development consciousness; involve private sector, state and local governments in the funding of the production process; and reduce the rural to urban dualism. Few of these are taking so seriously and at the end form part of the problems of performance of any organization (Siyan, 2006, Anyanwu, 2004; Godwin, 2000; Grey-Johnson, 1992).

The research question this paper asked is: are the employment creation, poverty reduction and economic empowerment; increase in the monthly income of its beneficiaries; the banking habit of its beneficiaries; access to loans; utilization of loans and; timely disbursement of loans determinants for assessing the performance of Nigerian Microfinance Banks (NMFBS)?

Based on the above question, the objective of this paper; is to assess the performance and sustainability of NMFBS in terms of: employment creation, poverty reduction and economic empowerment; increase in the monthly income of its beneficiaries; the banking habit of its beneficiaries; access to loans; utilization of loans and; timely disbursement of loans.

Therefore, this paper hypothesized that employment creation, poverty reduction and economic empowerment, increase in the monthly income of its beneficiaries, the banking habit of its beneficiaries, access to loans, utilization of loans and; timely disbursement of loans are not determinants for assessing the performance and sustainability of the NMFBS.

Literature Review

Theoretical basis for identifying determinants for assessing the performance of MFBs originated from an extensive research carried out by the Rural Finance Programme (RFP) at Ohio State University. According to the research, it was analyzed that failure of many rural credit programmes during 1960 -1970 was a direct result of lack of “institutional viability” (Yaron, 1992; 1994 and Yunus, 1992)). This analysis derived two key conclusions: financial performance and sustainability is a pre-requisite for institutional performance and sustainability; and to deliver financial services to the poor, successfully, it is crucial to have institutional performance and sustainability (Hulme et.al., 1997, 1996a, 1996b; Gonzales-Vega et.al., 1995). Therefore, most literature pertaining to microfinance, relates to the concept of performance and sustainability to attainment of ‘financial’ performance and sustainability. In context of financial performance and sustainability concept, being referred to as ‘performance and sustainability’, most researchers mentioned above have disintegrated the terms into two distinct levels, these are: Operational Self Sufficiency and Financial Self Sufficiency (Gonzales-Vega et.al., 1995). The first level refers to the cost-covering capacity of MFBs, that is, whether they are able to generate sufficient revenues to cover operational cost, not essentially the entire cost of capital. On the other hand of Financial Performance and Sustainability refers to ability of MFBs to utilize funds and grants effectively to generate revenue (Giese et.al., 1999; Gallup et.al., 1997; Hoff et.al., 1993; 1990).

To relate operational self sufficiency and financial self sufficiency in relation to economic theory, Nigerian Microfinance Banks (NMFBS) on many occasions are full-time activities. These activities provide the primary source of employment and income generation for the beneficiaries and their dependents. These MFBs have been described as the economic activities of the poor because of the predominance of the poor in utilizing them. The MFBs penetrated in the urban and rural areas at very small scales (Drakes et.al., 1992; and Trager, 1987). These MFBs are the only hope of employment for a reasonable proportion of labour force in the urban centres of many developing countries, especially those with static or slow-growing modern sectors, Nigeria inclusive. Most of these developing countries now face acute unemployment problems, which has resulted from an infinite contracting or at best, stagnant modern sector. The microfinance beneficiaries are now taking charge of their own destinies (Ovia, 2007; Olanrewaju, 2005). It is imperative to know that those whom the system has rejected have refused to resign themselves to fate. These microfinance beneficiaries strive on their own to make ends meet. Therefore, operational self sufficiency and financial self sufficiency are the defence from which the myriads of small-time, highly enthusiastic sole microfinance activities emerge. By providing microfinance activities to the poor beneficiaries with a view to exercise their skills, NMFBS help to generate revenues to cover operational costs and also to allow the poor microfinance beneficiaries to utilize funds and grants effectively with a view to generate revenues (Yunus, 2006; Anyanwu, 2004; Yaron, 2000; Drakes et.al., 1992).

Research Methodology

Data were obtained from primary and secondary sources covering a period of 2010-2014. Primary data and information were collected through a combination of techniques: questionnaires, personal interviews, focus group discussions and observations. A set of questionnaire was administered to the microfinance borrowers (respondents) and Nigerian Microfinance Banks, as indicated in Appendix 1.

The model specification adopted in this paper for using Logit Model bade on the Ordinary Least Square (OLS) is given as:

The independent variables in Tables 2 and 3 below are further specified and described in the model adopted in the paper as follows:

$$X \text{ variables} = (\text{loanutili, loandisburs, loanaccess, qlife, empow, incomenet, bhabit, pover} \dots \dots \dots (3.1)$$

Based on the above arrangements, $\beta_n X$, would now become;

$$\beta_n X = \beta_0 + \beta_1 \text{loanutili} + \beta_2 \text{loandisburs} + \beta_3 \text{loanaccess} + \beta_4 \text{qlife} + \beta_5 \text{empow} + \beta_6 \text{incomenet} + \beta_7 \text{bhabit} + \beta_8 \text{pover} + \mu_i \dots \dots \dots (3.2).$$

As highlighted above, therefore, the sample model for the employment creation, poverty reduction and economic empowerment; increase in the monthly income of its beneficiaries; the banking habit of its beneficiaries; access to loans; utilization of loans and; timely disbursement of loans drawn from the population data in Appendices 4 have now become as follows (Gujarati, 2009, 2003 and 1998):

$$\text{NMFBSL}_P = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 \dots \dots \dots (3.3)$$

Where:

NMFBS_{PS} = is the dependent variables for the loans utilization, loans disbursement, loans access, quality of livelihoods, employment creation, increase in monthly income, banking habit as well as poverty reduction, which go from $-\infty$ to $+\infty$ and their probabilities lied between 0 and 1 and are the dependent variable

$X_1, X_2, X_3, X_4, X_5, X_6, X_7$ and X_8 , = are the independent variables for NMFBS_{PS} .

β_0 = Is the intercept or constant for NMFBSL_{PS} .

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7$ and β_8 = are the slopes for NMFBS_{PS} .

In estimating these results, the following techniques are used as: estimation of unknown overall data parameters from computed sample statistics; testing of hypothesis about unknown overall data parameters using sample information and the Generalized Least Squares (GLS) in determining the reliabilities of these random variables with discrete variables X as shown in Table 1, where the mean and standard deviation are known; and the Chi-Square Theorem and Empirical Rule, which allow this paper to estimate the answers for intervals that are symmetrical about the mean. Chi-Square Theorem agrees that no matter what the distribution looks like, the probability that a randomly selected values is in the interval given below (Gujarati, 2003; 1998; Gujarati et.al.,2009):

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \mu_i \text{ (or } E_i \text{) (Expected or Linear Regression Model) } \dots \dots \dots (3.4)$$

$$y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 \text{ (Predicted or Regression Plane) } \dots \dots \dots (3.5)$$

Y or y = Dependent variable

X_1 or x_1 and X_2 or x_2 = Independent variable

β_0, β_1 , and β_2 = Are the parameters, ranging from 0 to 1

β_1 , and β_2 = Are the Slopes of the independent variables X_1 and X_2

β_0 = Is the Intercept or constant; Se = Standard Error Mean; $H_0 : \beta_0 = 0.00$ and $H_1 : \beta_0 \neq 0.00$; $H_0 : \beta_1 = 0.00$ and $H_1 : \beta_1 \neq 0.00$; $H_0 : \beta_2 = 0.00$ and $H_1 : \beta_2 \neq 0.00$

Results and Discussions

The main purpose of the paper as described earlier is to find out whether the qualities of livelihoods of its beneficiaries, employment creation, increase in the monthly income, the

banking habit of its beneficiaries, access to loans, utilization of loans, timely disbursement of loans as well as poverty reduction are determinants of performance and sustainability of the Microfinance Banks (NMFBS). In order to empirically investigate these eight (8) variables Tables 1 - 6 are referred.

(a) Response Rate of the Questionnaire Distributed

Table 1 showed that of the 900 questionnaires that were distributed to the respondents, 850 were returned, while 50 were not returned. The findings of the results showed that 94.44 percent of the questionnaires were returned, while 5.56 percent was not returned.

Table 1: Microfinance Borrowers (Respondents) Response Rate

Type	Questionnaires Distributed	Questionnaires Returned	Balance	No. Responded (%)	No. Not Responded (%)
Total	900	850	50	94.44	5.56

Source: Field Survey, 2014

(b) SPSS Results

Tables 2 shows the discrete random variables in the form of NMFBS beneficiaries such as the; loans sizes and collateral securities participated in the NMFBS activities in Nigeria as given below:

Table 2: Results of Random Variables for NMFBS_{PS}

Variables	Estimates	Standard Error	Change in Probability (t-ratios)
Loanutili	-0.159348	0.73328	0.42174
Loandisburs	0.18721	0.52362	0.16111
Loanaccess	0.26002	0.42651	0.20016
Qlife	0.19191	0.00501	0.14091
Empow	0.19181	0.00511	0.14081
Incomenet	0.24918	0.74891	0.41982
Bhabit	0.42631	0.75006	0.40061
Pover	0.46621	0.70678	0.48764

Source: SPS Version 10 Output: NB: PS = Performance and Sustainability

The status and definitions of each variable in Table 2 is hypothetically defined in Table 3 as:

Table 3. Description of the Variables for the NMFBS_{PS}

Variables	Status	Definitions of Variables
Loanutili	= 1 if loan is utilized, 0 if not	Loans Utilization
Loandisburs	= 1 if loans disbursed in time, 0 if not	Loans Disbursement
Loanaccess	= 1 if loans is accessed, 0 if not	Loans Access
Qlife	=1 if quality of life improved, 0 if not	Quality of livelihoods
Empow	=1 if employment is created, 0 if not	Employment Creation
Incomenet	= 1 if net increased in income after loan, 0 if not	Increase in Monthly Income
Bhabit	= 1 if banking habit inculcated, 0 if not	Banking Habit
Pover	=1 if loans alleviate poverty, 0 if not	Poverty Alleviation

Source: Field Survey 2014: NB: PS = Performance and Sustainability

Table 4 gives the results of variance at 5 percent significant level as indicate below.

Table Results of Variance at 5 Percent

var00001	Var00002	Var00003	var00004	Var00005	Var00006	Var00007	var00008
1.00	1.00	0.00	0.00	0.00	0.00	1.00	1.00
1.00	1.00	0.00	0.00	0.00	1.00	0.00	0.00
1.00	1.00	0.00	0.00	1.00	0.00	0.00	1.00
1.00	1.00	0.00	0.00	0.00	1.00	0.00	1.00
1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00
1.00	1.00	0.00	0.00	0.00	1.00	0.00	2.00
0.00	1.00	1.00	0.00	0.00	0.00	0.00	1.00
1.00	1.00	0.00	0.00	0.00	0.00	1.00	3.00
1.00	1.00	0.00	0.00	0.00	0.00	1.00	3.00
1.00	1.00	0.00	0.00	0.00	0.00	1.00	0.00
1.00	1.00	0.00	0.00	0.00	0.00	1.00	1.00
0.00	1.00	0.00	0.00	0.00	0.00	1.00	0.00
1.00	1.00	0.00	0.00	1.00	0.00	0.00	3.00
1.00	1.00	0.00	0.00	0.00	0.00	1.00	2.00
1.00	1.00	1.00	0.00	0.00	0.00	0.00	1.00
1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00
1.00	1.00	0.00	0.00	0.00	1.00	0.00	2.00
0.00	1.00	1.00	0.00	0.00	0.00	0.00	1.00
1.00	1.00	0.00	0.00	0.00	0.00	1.00	3.00
1.00	1.00	0.00	0.00	0.00	0.00	1.00	3.00
1.00	1.00	0.00	0.00	0.00	0.00	1.00	0.00

Source: SPS Version 10 Output: NB: PS = Performance and Sustainability

From Table 5, the calculated value of Z_c (0.00 and +0.85) are within and smaller than the table value of Z_t (1.96) at 5 percent, the null hypothesis ($H_0: \beta_0 = 0.00$ and $H_0: \beta_0 = 0.85$), are accepted respectively and the alternative hypothesis ($H_1: \beta_0 \neq 0$), is rejected. On the other hand, Z_c (+6.55) is outside and greater than the table value Z_t (1.96) at 5 percent, the null hypotheses ($H_0: \beta_1 = +6.55$), is rejected and the alternative hypothesis ($H_1: \beta_1 \neq +6.55$), is accepted.

In order to test for this hypothesis: The calculated SPSS value for Z_c – score = -2.05. Taking the absolute value of Z_c , the score for a two tailed test is given as: Z_c (calculated value from SPSS) = 2.05 is outside the normal area and greater than $Z_t = \pm 1.96$, that is, ($Z_c > Z_t$), the null hypothesis ($H_0: Z_c = 2.05$), is rejected, while the alternative hypothesis ($H_1: Z_c \neq 2.05$), is accepted.

Table 5: Results for Significance for Parameters for Logit Model in Respect of Eight (8) Variables and Hypothesis for the Objective

Parameters	Z – Scores (at 5 percent significant level – table value at 5%)	Z – Calculated from SPSS)
LM (Logit Model)	+1.96	
B_0	+1.96	0.30
B_1	+1.96	0.54
B_2	+1.96	0.07

Se_{β_0}	+1.96	0.00
Se_{β_1}	+1.96	0.0832
Se_{β_2}	+1.96	0.0824
$Z_{C\beta_0}$	+1.96	0.00
$Z_{C\beta_0}$	+1.96	- 6.55
$Z_{C\beta_0}$	+1.96	+ 0.85
$H_0:\beta_0$	+1.96	0.00
$H_0:\beta_1$	+1.96	+6.55
$H_0:\beta_2$	+1.96	+0.85
Objective	+1.96	2.05

Source: SPSS Version 10 Output

Respondents' Responses Views: qualities of livelihoods of its beneficiaries, employment creation, increase in the monthly income, the banking habit of its beneficiaries, access to loans, utilization of loans, timely disbursement of loans as well as poverty reduction

The results revealed in Table 5A that 59.20 percent of the majority of respondents could not access loans from the NMFBS with ease, 32.73 percent accessed the NMFBS loans without difficulty, while the remaining 8.07 percent could not comment on how they accessed the NMFBS loans. And analysis of the respondents on the performance and sustainability of NMFBS in terms of banking habits showed that 69.31 percent rated the of NMFBS as high, in inculcating banking culture as shown in Table 6A.

The analysis of the respondents on the duration of disbursement of approved loans to the beneficiaries of the NMFBS showed that 66.80 percent received their approval in less than two weeks, while the remaining 33.20 percent received their approvals in two weeks and above and analysis of the respondents on marginal increase in monthly income per N10,000 loans showed that 32.73 percent of the beneficiaries increased their income with less than N500, 21.09 percent increased their income with N501-N1000, 18.55 percent increased their income with N1001-N1500, 15.27 percent increased their income with N1501-N2000, 10.18 percent increased theirs income with N2001-N25000, while the remaining 2.18 percent increased their income with more than N2500 and analysis of the respondents on the performance and sustainability of NMFBS in terms of quality of life of the beneficiaries, poverty alleviation and economic empowerment of loans beneficiaries showed that 50.55 percent were rated high, 37.49 percent were rated average, while the remaining 11.96 percent were rated low as highlighted in Table 6B.

The analysis of the respondents on the performance and sustainability of NMFBS in terms of quality of life of the beneficiaries, poverty alleviation and economic empowerment of loans beneficiaries in Table 6C showed that 50.55 percent were rated high, 37.50 percent were rated average, while the remaining 11.95 percent were rated low and analysis of the respondents by the number of people employed on utilizing the NMFBS loans showed that 50.59 percent that dominated the activities of the NMFBS employed 1-5 workers, 24.73 percent employed 6-10 workers, 5.45 percent employed 11-15 workers, 3.51 percent being the least employed more than 15 workers, while the remaining 15.71 percent employed none.

Tables 6A, 6B and 6C: Respondents' Responses Views: qualities of livelihoods of its beneficiaries, employment creation, increase in the monthly income, the banking habit of its beneficiaries, access to loans, utilization of loans, timely disbursement of loans as well as poverty reduction

6A					
Respondents' Responses on Access to Loans from NMFBS			Respondents' Views on the Role of NMFBS in Promoting Banking Habits		
Responses	No. of Respondents	Percentage (%)	Rate	No. of Respondents	Percentage (%)
Easy	278	32.73	High	589	69.31
Not easy	503	59.20	Lows	261	30.69
No comment	69	8.07	Total	850	100.00
Total		100.00			850

6B					
Duration of Disbursement of Approved Loans			Marginal Increase in Monthly Income per N10,000 Loans		
Duration	No. of Respondents	Percentage (%)	Increase in Income (N)	No. of Respondents	Percentage (%)
< 2 weeks	568	66.80	< 500	278	32.73
2 ≥ and above	282	33.20	501 – 1000	179	21.09
Total	850	100.00	1001 – 1500	158	18.55
			1501 – 2000	130	15.27
			2001 – 2500	87	10.18
			> 2500	18	2.18
			Total	850	100.00

6C					
Quality of Life, Poverty Alleviation, Economic Empowerment of Loan Beneficiaries and Marital Status and Poverty Levels			Number of People Employed on Utilizing NMFBS Loans		
Rate	No. of Respondents	Percentage (%)	Levels	No. of Respondents	Percentage (%)
High	430	50.55	0	134	15.71
Average	319	37.50	1-5	430	50.59
Low	101	11.95	6-10	210	24.73
Total	850	100.00	11-15	46	5.46
			> 15	30	3.51
			Total	850	100.00

Source: Field Survey, 2014.

(c) Hypothesis Testing

From the above outcome, the paper concludes that:

H₁: Employment creation, poverty reduction and economic empowerment; increase in the monthly income of its beneficiaries; the banking habit of its beneficiaries; access to loans; utilization of loans and; timely disbursement of loans are some of the determinants for assessing the performance and sustainability of the Nigerian Microfinance Banks (NMFBS).

This concludes that the alternative hypothesis (H₁) is accepted at 5 percent in this paper.

The policy implications of the results show that the quality of livelihoods of its beneficiaries, employment creation, increase in beneficiaries monthly income, banking habits, access to loans, utilization of loans, timely disbursement of loans as well as poverty reduction are not antidotes against the performance and sustainability of the NMFBS in this paper (CBN, , 2012; 2011; 2010; 2009; 2006; 2005; 2004; 2003; 2001; 2000; 1993; UNDP, 2006, 2005, 1991; WB, 2009, 2005, 2001, 1996).

Conclusion and Recommendation

In summary, this paper revealed that the quality of livelihoods of its beneficiaries, employment creation, increase in beneficiaries monthly income, banking habits, access to loans, utilization of loans, timely disbursement of loans as well as poverty reduction are determinants of performance and sustainability of the NMFBS and that more support is therefore required to expand the activities of the NMFBS in the selected areas.

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Appendix 1

Memo to the Beneficiaries (Respondents) of NMFBS

Department of Economics,
Kaduna State University, Kaduna.
10/10/2014.

Dear Beneficiaries of NMFBS (Respondent),

I am an academic research Staff of Department of Economics, Kaduna State University. I am at present carrying out a research on the Performance of Nigerian Microfinance Banks. Your opinion with those of others like you would be useful in improving the bank's services to you. You are thereby assured that the information you give would be strictly treated as confidential and for research purpose only.

Thank you.

DR. ABDULLAHI TAFIDA

Appendix 2

Research Questionnaire for the Beneficiaries of NMFBS (Respondents)

1. Name of respondent (optional) _____
2. Name and address of your Microfinance Ban: _____
3. Sex: Male Female
4. Age: 18-60 > 60
5. Educational background (tick the highest obtained) Primary : Secondary : Higher school : OND, NCE, etc : Graduate : HND, B.Sc., BA. Etc : Postgraduate
6. Marital status: Married Single Widow Divorced
7. Number of children and other dependence _____
8. Ownership of durables: Radio _____ Vehicle _____: Others _____
Approximate Naira value _____.
9. Occupation: Crop farmer Mixed farming Trading Food processing Civil servant
Craft Artisan Others (please specify) _____

10. Amount of loans enjoyed since 2005-2009: *Amount in Naira* _____ *Year* _____
11. Have you presented collateral security before getting loans from your Microfinance Bank? Yes No
12. How easy were the loans approved for you? Easy Not easy
13. How many people have you employed after the loans? _____
14. How long did it take the bank to release the loans granted? Less than two weeks More than two weeks

15. By how much your average monthly income increased after utilizing the loans? _____
16. How would you rate your Microfinance Bank's performance in poverty alleviation and economic empowerment of the borrower? High Average Low
17. Did the introduction of the Microfinance Bank lead to inculcation of banking habit in your area? Yes No
18. Please rate the customer encouragement of your Microfinance Bank: High Low
19. State the value added to your durables after enjoying the loans: *Durable*____*Amount in Naira equivalent*____
20. Is there improvement in your quality of life after enjoying the loans? Yes No
21. How many microfinance beneficiaries are being served?_____
22. How easy are the NMFBS collecting their loans in terms of portfolio at risk, annual loan and loss rates? Easy Not Easy
23. How have the NMFBS recovered their loans and the problems encountered? Easy Not Easy
24. Are the NMFBS profitable enough to maintain and expand their services without continued injections of subsidized donor funds? Profitable Not Profitable
25. At what rates are the NMFBS providing services to their microfinance beneficiaries in terms of cost per beneficiary and operating expense ratio? High Low
26. Are the sizes of loans given to the microfinance beneficiaries adequate? Adequate Not Adequate
27. Why are the loans microfinance beneficiaries not servicing their loans as per the agreement? _____
28. What can one do to reduce default of loans? _____
29. How have the microfinance beneficiary's dynamics in terms of dealing with the agency Problems affect the performance and sustainability of the NMFBS?
30. Has the model adopted able to determine default likelihood among microfinance beneficiaries? Yes No

Thank you.