Social Sciences Research
Nnamdi Azikiwe University Awka Nigeria

SSR
Volume 10 Issue 1
87-114

https://journals.aphriapub.com/index.php/SSR/about

Employment And Job Creation Through Microfinance Banks In Anambra State

Olisaemeka Dennis Maduka
Department of Economics, Nnamdi Azikiwe University Awka, Anambra State Nigeria
Email: od.maduka@unizik.edu.ng,

Ndubuisi Vincent Anaenugwu
Department of Economics, Nnamdi Azikiwe University Awka, Anambra State Nigeria
Email: nd.anaenugwu@unizik.edu.org,
&
Onwuka Irene Nkechi
Department of Economics, Nnamdi Azikiwe University Awka, Anambra State Nigeria
Email: in.onwuka@unizik.edu.ng

Corresponding author: **Olisaemeka Dennis Maduka**
Email: od.maduka@unizik.edu.ng

Abstract

This study is on the role of Micro Finance banks on employment generation in Anambra State, Nigeria. It aims at ascertaining the extent the MFBs have contributed to employment and job creation objectives of Micro Finance policy Regulatory and supervisory Framework (MPRSF) since its formulation in 2005. The instrument for data collection was a well-structured questionnaire. 500 customers of MFBs were selected out of which 410 questionnaires were returned. The data were analyzed with descriptive and inferential statistics (ordinary least square). Findings show that MFBs have contributed to employment generation but there are still constraints to the accessibility of financial and non-financial services of MFBs. The study recommends a special fund by CBN to MSMES to be accessed by micro entrepreneurs at a lower interest rate for more employment potentials and also restriction of commercial banks operations in certain areas so that MFBs could be harnessed for development and employment in rural areas.

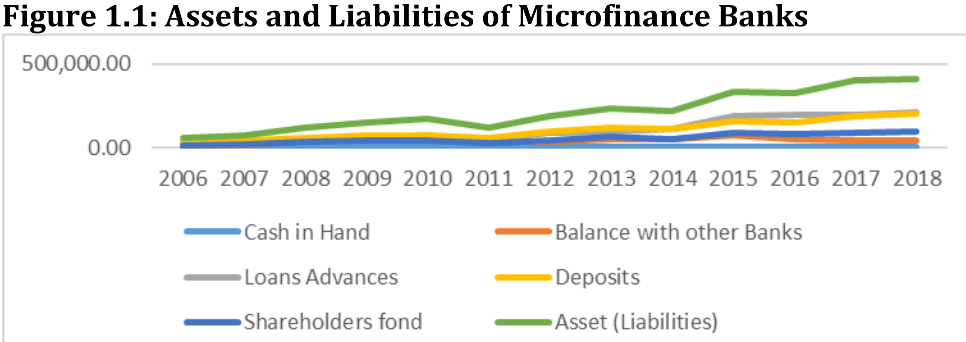
Key Words: Employment, Job Creation, Interest rate, Micro Finance Banks, Micro entrepreneurs.

1. Introduction

Employment is one of the macroeconomic objectives and government of nations have formulated policies and embarked on programmes towards achieving this singular objective. The formulation of MPRSF) in 2005 and subsequent launching by CBN was one of the policies to address the issue of unemployment through the provision and accessibility of microfinance services to the targeted group; especially after the failure of the community banking policy. The specific objectives of MPRSF and MFBs policies are provision of diversified, affordable and dependable financial and non-financial services to the economically active poor, who are excluded from the conventional Deposit Money Banks (DMBs) and other formal financial institutions. Enhancing service delivery to Micro, Small and Medium Enterprises (MSMEs) for employment generation. And also promoting synergy and mainstreaming of the informal sector into the national financial system among other objectives. Micro financing is the provision of financial services to the targeted group or sector (active poor, MSMEs-informal sector businesses/entrepreneurs, women and rural dwellers) who are not covered by the formal financial system. It is characterized by the smallness of loans/credit facilities advanced or smallness of collaterals and simplicity of operation. (Akinboyo,2007) cited in Maduka(2019).

Experience globally have shown that MFBs complement the formal financial institutions in extending the intermediary role of financial intermediation between the surplus unit and deficit unit of the economy. In some country MFBs have moved beyond the primary role of lending and savings mobilization to a new dimension of housing, trading, education and community development .MFBs stimulates saving culture, assist the economically active poor and MSMEs in accumulating productive assets and inputs and by doing so expand their capacity to prove jobs and employment .Since the establishment of MFBs of MFBs in Nigeria in 2005 the volume of transactions and activities have increased as shown in graph below:

Figure 1.1: Assets and Liabilities of Microfinance Banks



Despite these positive trend and other reforms and programme to boost employment in the economy by the successive government, Statista (2020) revealed as shown in the table below the disturbing and alarming rate of unemployment as determined by international and national methodology in some states.

Table 1: Selected States and Unemployment Rates

States	Unemployment Rates %	States	Unemployment Rates %	States	Unemployment Rates %
Benue	43.52	**Anambra**	16.48	**Edo**	15.86
Zamfara	41.37	**Lagos**	4.25	**Akwaibom**	16.69
Bayelsa	30.24	**Abuja**	13.12	**Borno**	23.85
Plateau	26.15	**Ogun**	9.87	**Kano**	31.20
Rivers	17.63	**Enugu**	21.29	**Kaduna**	22.65

Source: Statista (2020), Author's compilation (2023)

National methodology shows the labour force who have worked for less than 20hours a week or have never worked at all. As against the figures above when we considered unemployment through national methodology, the rates will decrease to 11.98% from 43.52% in Benue but will increase to 44.22% from 22.65% in Anambra, 44.35% from 22.65% in Kaduna and 37.14% from 4.25% in Lagos. An international and professional service and auditing firm KPMG puts Nigerian unemployment rate at 37.7% in 2022 with a predicted further rise of about 40.6% due to increased inflow of job seekers into the labour market –accordingly unemployment is expected to continue to be a major challenge in the future due to limited investment to the private sector, lack of access to credit and financial services ,low industrialization and slower than required economic growth and consequently the inability of the country to absorb the 4- 5 million new entrants into the labour market every year as a result of proliferation of universities and other higher institutions. This paper looks at the employment and job creation potentials of MFBs to the economy using Anambra State because of the state has the second largest population density and concentration of MFBs after Lagos State in Nigeria.

2. Literature Review

2.1 Theoretical Literature Review

a) Microfinance:

Microfinance can be defined as the provision of financial services to the group, (active poor) who are traditionally not covered by or served by the conventional financial institutions. It is characterized by the smallness of loans advanced, absence of asset-based collateral and simplicity of operation (Akinboyo, 2007). This implies that it is a policy by the government to ensure that targeted group/economically active poor assess financial and non-financial services which will enable them to improve on their life-sustaining goods and enhance their standard of living. Microfinance emphasizes the provision of loans (micro-credits) to the economically disadvantaged and active group to help them engage in new productive activities and/or to expand on the existing ones. According to United Nation Capital Development Fund (UNCDF), cited in Adeusi (2015), the government of Nigeria identified microfinance as a useful tool in achieving the three objectives of:

i. A strong and focused emphasis on economic growth.
ii. Better access by the poor to social services and adequate infrastructure and
iii. Targeted interventions to protect the low-income population or the most vulnerable, because it helps poor people to expand their businesses, increase their revenue and augment employment thereby contributing to the economic development of the country through an improved standard of living.

According to Ayodeji, Adesusi and Ibitoye (2013) microfinance banks give access to financial and non- financial services to low-income people who wish to access money for starting or developing an income-generating activity. Ronaldo (2010) describes microfinance bank as a medium supporting entrepreneur and improving economic growth. It provides poor borrowers with access to sustainable livelihood through zero or very low-interest rate.

Microfinance is small-scale financial services for both credits and deposits that are provided to people who farm or fish or herd; operate small or microenterprises where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions; gain income from renting out small amounts of land, vehicles, machinery and tools; and to other individuals and local groups in developing countries, in both rural and urban areas (Robinson, 1998). Microfinance involves the provision of financial services to the poor and the low-income segment of society. Largely, micro-financing has been identified as a potent instrument for promoting financial inclusion and consequently, poverty alleviation and employment generation.

b). MSMEs and Employment Generation

MSMEs are globally recognized as an employment hub of any economy and hold a strong linkage with the entire range of economic activities structured across other vital sectors. They constitute a large size of the informal sector of the economy which provides jobs to more than 90% of citizens in developing economies. The definition of MSMEs varies from one nation to another, and from one multilateral institution to another. In Nigeria, the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and National Bureau of Statistics (NBS) (2010), define micro-enterprises as those enterprises whose total assets (excluding land and buildings) are less than five million Naira with a total workforce not exceeding ten employees. Small enterprises are those whose total assets (excluding land and building) are above five million naira but not exceeding fifty million with a total workforce of above ten, but not exceeding forty-nine employees. Medium are those enterprises whose total assets (excluding land and building) are above fifty million naira, but not exceeding five hundred million naira with a total workforce of between 50 and 199 employees see table (2.1)

Table 2.1: Structure of MSMEs in Nigeria

Size Category	Employment	Assets	% National distribution
Micro	Less than 10	5 million	95.87
Small	10-49	5.50 million	3.12
Medium	50-199	50-500 million	1.11

Source: NBS & SMEDAN (2010)

According to Afolabi and Oni (2015), cited in Egbuogu (2003), the definition of MSMEs varies across nations and continents depending on factors such as the number of employees, operational capital, rate of turnover, asset base amongst others. Mukras (2003) posited that MSMEs in Nigeria are characterized by high labour intensity, ease of entry and exit, small start-up and operational capital, low labour skill requirements, and they trigger entrepreneurial and indigenous technological development. One of the policy objectives of MFBs is to enhance service delivery to MSMEs. It is a good way of supporting entrepreneurs.

Therefore, to address the problem of growth and survival of MSMEs and to make them the engine of growth in Nigeria, governments have over the year introduced a variety of financing schemes and programmes intending to provide a guarantee for credits to MSMEs and manufacturers (Adewale, 2015). Among the schemes and programmes include; the establishment of the Small Scale Industries Credit Scheme (SSICS), the Nigerian Industrial Development Bank (NIDB), the Nigerian Bank for Commerce and Industry (NBCI), National Economic Reconstruction Fund NERFUND and microfinance banks.

2.2 Empirical Literature Review

Babajide (2012) investigated the effects of microfinance on micro and small business growth in Nigeria. The objectives of the study were to examine the effects of different loan administration practices (in terms of loan size and tenor) on small business growth. He employed panel data and multiple regression analysis to analyze a survey data of 502 randomly selected enterprises financed by microfinance banks in Nigeria. His key variables were entrepreneur age, entrepreneur education, marital status, entrepreneur gender, business age, business form, business size, business location, business registration, asset loan size received from microfinance bank, asset loan duration, asset loan repayment, loan interest and number of technology training received by entrepreneur or his staff in the last year. The results showed that access to microfinance did not enhance the growth of micro and small enterprises in Nigeria. However, other firm-level characteristics, like business size and business location, were found to have a positive effect on the growth of micro and small enterprises in Nigeria. He recommended a recapitalization of the Microfinance banks to enhance their capacity to support small business growth and expansion

Ajagbe (2012) carried out a study to investigate the determinants of access to MFBs credit by small-scale enterprises in Nigeria. A sample of randomly selected three hundred and fifty respondents from the four geopolitical zones in Oyo State, Nigeria was used for the study. The data collected for the study were analyzed using descriptive and logistic regression model. The findings of the study showed that demand for credit by small-scale enterprises in Nigeria is strongly influenced by gender, marital status, family size, interest rate, level of education and capital assets. Based on the findings of the study, it was recommended that women should be encouraged to seek credit facilities from credit institutions.

Odebiyi & Olaoye (2012) examined the impact of microfinance bank loan on small and medium aquaculture development in Ogun State, Nigeria. Multistage random sampling technique was used to select 120 respondents, while the data gathered were analyzed using descriptive, budgetary analyses and profitability ratios. The results showed a positive effect of microfinance banks' loans on small and medium scale aquaculture development in Ogun State. It was also reported that the loans increase the revenue of the farmers, reduce rural-urban migration, generate employment opportunities and increase the overall yield of the farmers.

Anusi (2012) examined the impact of microfinance bank on small and medium scale enterprises in Nigeria. A simple linear regression model was adopted; the variables used are loan and advances, profitability, shareholders funds and investment. The study found a significant positive impact of microfinance banks on small and medium scale enterprises.

Chima (2012) examined an evaluation of the impact of microfinance banks on the beneficiaries in Nigeria and employed descriptive statistics, paired sample test technique and double-difference estimator model. The variables used are maximum loan tenure, interest rate, minimum loan and credit. The study reveals that there is a significant relationship between microfinance credit change in income, output growth and general welfare.

Agbo, Onwumere and Ebe (2013) explored the determinants of access to the MFBs credit to agro-enterprises in Nasarawa State, Nigeria. Sixty agro-enterprises that have received credit from the CBN's scheme formed the sample size for the study. Data were collected through the use of structured questionnaire and oral interview, which were administered on the leadership of each of the groups. The data collected were analyzed using inferential statistics, and the findings showed that determinants of access to credit scheme are stringent conditions such as asset base, acquisition of an insurance cover, distance to the source of finance, years of experience, membership of a group and high cost of the facility (interest rate). It was recommended that the CBN should revisit some of the credit guidelines to ensure wider access to the scheme in the state.

Ugoanni, Onwubiko and Dike (2013) studied the problems of microcredit among microenterprises in Nigeria. The study was carried out in Aba, South-East Nigeria. The study design combined the use of questionnaire and face- to- face interview. Data were analyzed using tables, simple percentages and z-test statistics. According to the study, the problems of microcredit have significant effects on the performance of microenterprises in Nigeria. Ten recommendations were made, including banks to evolve a special microcredit risk appetite mechanism to take care of micro-enterprises. Also, banks should pay attention to the competence and integrity of the micro-entrepreneurs before giving out loans instead of relying on elegant paper projections by consultants. Poor access to finance is a big problem for average MSMEs, and there are several underlying factors on both the supply and demand sides. Asian Development Bank (ADB) (2013) illustrates the supply and demand sides' barriers to finance using four countries: China, India, Korea and Malaysia. The data were analysed using graphs and percentages. The findings identified some supply-side constraints to access to finance they include: The need for collaterals and guarantees as prerequisites for loans, complicated borrowing procedures, strict lending policies of financial institutions, high lending rates, lending policy, and short loan term. The demand-side barriers identified by the study include: Lack of knowledge of financial products, no demand on the part of the enterprise and insufficient management. The findings also showed that requirements of collateral and guarantor, complex documentation process and high lending rates are barriers to MSMEs growth. The study based on the findings recommends the need to strengthen financial literacy to generate positive financial accessibility.

Okafor (2016) examined the Impact of MFBs activities on employment generation in Nigeria for the period 1993-2012, data was collected from CBN and NBS and analysed by the multiple regression models. The result shows that MFBs activities had a significant positive impact on employment generation in Nigeria.

2.3 Other Related Literature

2.3.1 Review of Other Related Theoretical Literature

a) Reasons for establishing MFBs in Nigeria:

The establishment of MFBs is justified because previous efforts made by successive governments to facilitate access to finance/credit to small business, disadvantaged and targeted groups did not yield the desired result. The Deposit Money Banks (DMBs) consider credit to the active poor, MSMEs and other groups as risks. Other efforts and policies of government towards achieving this object have failed. For example, the failure of community banks to live up to the expectations necessitated the MPRSF in 2005. The community banks like the commercial banks had weak internal institution capacity due to poor management, weak internal control mechanism as the absence of deposit insurance scheme. Most of the Community Bank (CBs) also have weak capital base to adequately provide succour for the risk of lend to micro-entrepreneurs without collateral. According to (CBN, 2005) out of 600 community banks in the country, only 75 had N20 million share capital.

Moreover, the total asset of 615 community banks out of 7,533 community banks that rendered their returns as at 2004 stood at N34.2 billion while their total liabilities stood at N21.4 billion for the same period. The need to utilize the fund appropriately for small and medium enterprises equity investment scheme (SMEEIS) led to the establishment of MFBs. The reasons for the transformation of the community banks (CBs) into MFBs can be attributed to the following according to Ayodeji, E.A. (2015).

i. The communal ownership of CBs makes them shareholders in poverty alleviation/microfinance intermediation.
ii. Development and appreciation of the need to cultivate the habit of saving funds mobilization for development purposes.
iii. Community banks are targeted at grassroots communities which engender their loyalty and pride.
iv. It is cheaper for the government to support the CBs as it will make them more self-sufficient and better developed in the short, medium and long terms.
v. Community banks should be seen as helping commercial banks in the task of making the economy grow in all sectors, the more community banks are empowered to be more effective saving mobilizers and credit manager at the grass-root level, the better it will be for the entire economy.

vi. The acceptance of NDIC to insure CBN licensed community has added a further guarantee to the safety of the depositors' funds.

vii. The community banks already held business relationships with the emerging universal banking, thus paving the way for smooth linkage and partnership.

b) Profile of Microfinance Services in Nigeria

MFBs in Nigeria were established with the launch of Microfinance Policy Regulatory and Supervisory Framework (MPRSF) in December 2005 coming from the heels of the banking sector consolidation. An assessment of the microfinance bank sub-sector following the launch of MPRSF revealed some improvements. These include increased awareness among shareholders such as government, regulatory authorities, investors, development partners, financial institutions and technical assistance providers on microfinance. At the inception, there are about 928 MFBs in Nigeria, licensed by the Central Bank of Nigeria.

Currently, there are three categories of MFBs operational in Nigeria: National MFBs with NGN 2.0 billion capital base requirement, State MFBs with NGN100.0 million capital base requirement and Unit MFBs with NGN 20million capital base requirement. There are about 916 MFBs in Nigeria, out of which 819 (89.4%) are unit, 92(10.1%) state and 5(0.5%) national microfinance banks.

The geographical location and state by state distribution of MFBs are shown in Table 2.1.

Zones	**No. of MFBs**	% of Total
North West	118	11.8
North Central	163	18.0
North East	38	5.3
South West (Lagos)	332	35.3
South-South	102	11.2
South East (Anambra)	172	18.5
Total	926	100

Source: Author's compilation.

3. Data and Methodology

Data for this study was collected from four hundred and ten questionnaire as returned by the customers of micro finance banks and were analyzed using descriptive statistics and the inferential statistics (ordinary square regression). Based on the hypothesis of the study which examined the contribution of MFBs to employment generation in Anambra State, the model below was formed.

The model specifications used in the study were based on the hypotheses of the study. The hypotheses were structured to appraise the MFBs based on the MPRSF objectives of MSMEs growth and job creation capacity among households and micro entrepreneurs who have access to microfinance bank services. Empirical evidences abound to substantiate the argument (e.g. Babajide & Iyha, 2013; Ayoeleji, Adewusi & Ibitoye, 2012; Nistkanen & Niskanen, 2007; Karlan & Valdivia, 2006; Canagarajah et al, 1998; Dalt & Ravalin, 1996a; 1996b; Aryeetey & Gockel, Khan & Noreen, 1999). Following Niskanen and Niskanen (2007) who identified sales growth as the predictor of small business development and job creation capacity through the services of MFBs, the **model** was structured to appraise the job creation capacity of MSMEs. The number of jobs created by MSMEs from 2013-2018 were considered. The equation is written thus:

$$JCC_{MSMEs} = \alpha_o + \alpha_1 M1 + \alpha_2 SAV + \alpha_3 CRED + \alpha_4 IMFBs + \alpha_5 BIZ\ SIZE + \upsilon_i \quad 3.1$$

Where JCC_{MSMEs} = Job Creation Capacity of MSMEs

MI = Monthly Income

SAV = Savings Deposit

CRED = Loans/Credit by MFBs

IMFBs = Involvement with MFBs

BIS SIZE = Business Size

υ = Stochastic error terms

A priori, : $a_1>0$; $\alpha_2>0$; $\alpha_3>0$;…………… $\alpha_5>0$.

The respondents are the micro, small and medium entrepreneurs who are the customers of MFBs in different L.G.As in the three senatorial districts of Anambra state.

4. Result Presentation and Analysis

A total of four hundred and ten (410) questionnaires were returned from the five hundred distributed questionnaires. Therefore, the analysis hereupon was based on the 410 returned responses from the total 500 respondents. The result analysis started with the demographic responses as shown in the tables.

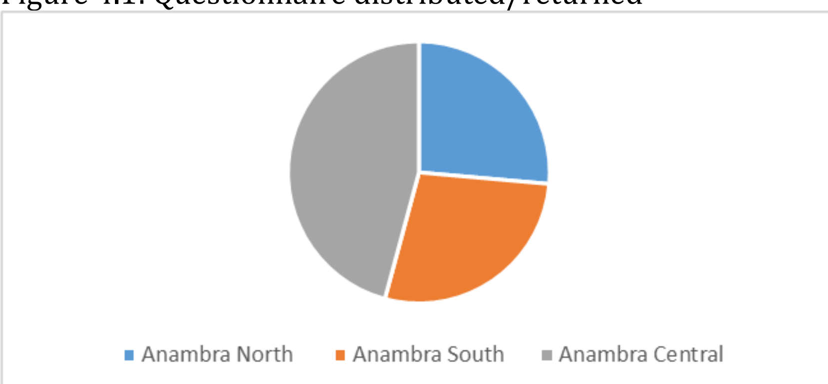
Table 4.1.1: Showing Questionnaire Distributed/Returned

Senatorial Zone	No of MFBs	Questionnaire Distributed	Questionnaire Returned	(%) Returned
Anambra North	11	122	90	22
Anambra South	14	157	138	34
Anambra Central	20	221	182	44
Total	45	500	410	100

Source: Field Survey (2018), Author's compilation

Note: The % of questionnaire returned (column 5) is by dividing column 4 over 410 times 100.

Figure 4.1: Questionnaire distributed/returned



Source: Field study (2019).

Table 4.1.1 show the questionnaire distributed and returned from the respondents. From the result, Anambra South (Nnewi North, Nnewi South, Ihiala, Aguata, Orumba North, Orumba South and Ekwusigo) has the second highest number of MFBs of 14, while Anambra Central (Idemili North, Idemili South, Njikoka, Dunukofia, Awka South, Awka North and Anaocha) has the highest number of MFBs 20. The last is Anambra North (Onitsha North, Onitsha South, Ogbaru, Oyi, Anambra East and Ayamelum) with eleven (11) number of MFBs. Meanwhile, Anambra Central has the highest number of questionnaire distributed and returned (44%) followed by Anambra South (34%) and the last, Anambra North (22%). From the Table 4.1.1., it was also shown that Anambra Central has the highest number of MFBs. It was found out that it could be as a result of the number of towns and fewer number of formal banking institutions in the area. While Anambra South has 14

MFBs and Anambra North has 11 Microfinance Banks (MFBs). Interestingly, most of the MFBs in Anambra North and South concentrated in the cities of Nnewi and Onitsha unlike the central district where they are relatively spread. The questionnaires returned also showed that Anambra Central recorded the highest, followed by South and North respectively. The reason is simple when you consider the number of questionnaire distributed in the zones. It was also found out that the respondents of Anambra Central seem to be more educated as the understood the questionnaire easily. Moreover, the people seem to be more friendly with the trained research assistants unlike Anambra South and Anambra North. Table 4.1.2 shows the demographic profile (sex) of the respondents.

Table 4.1.2: Demographic Profile (Sex) of the Respondents

Variable	Responses	Frequency	Percentage(%)
Sex	Male	223	55
	Female	187	45
Total		410	100%

Source: Field Survey (2018).

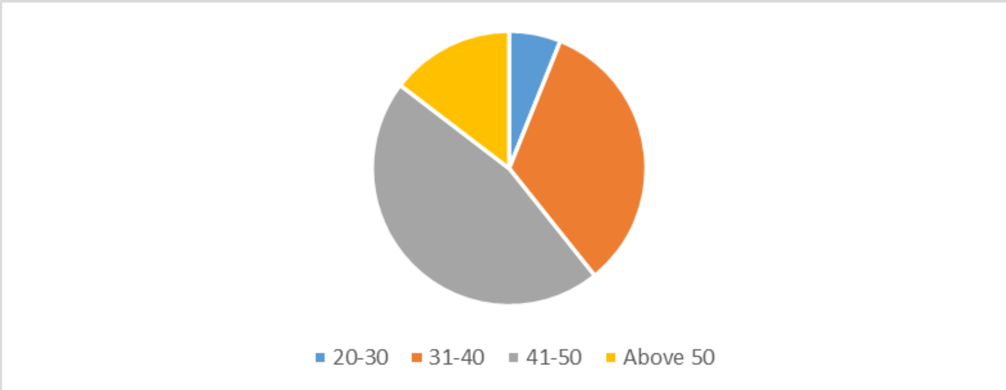
From Table 4.1.2, 223 respondents representing 55% of the total respondents are males while 187 respondents representing 45% are females. This result shows or imply that the males patronize MFBs more than women in Anambra at the time of conducting the research. This may be that women are not yet empowerment or sensitized enough on the benefits of MFBs, when this is done, the performance of MFBs may be enhanced. Table 4.1.3 shows the demographic profile (age) of the respondents.

Table 4.1.3: Demographic Profile (Age) of the Respondents

Variable	Responses	Frequency	Percentage (%)
Age	Below 20	0	0
	20-30	25	6
	31-40	136	33
	41-50	189	45
	Above 50	60	16
Total		410	100

Source: Field Survey (2018).

Figure 4.2: Distribution of respondents according to age



Source: Field Study (2018).

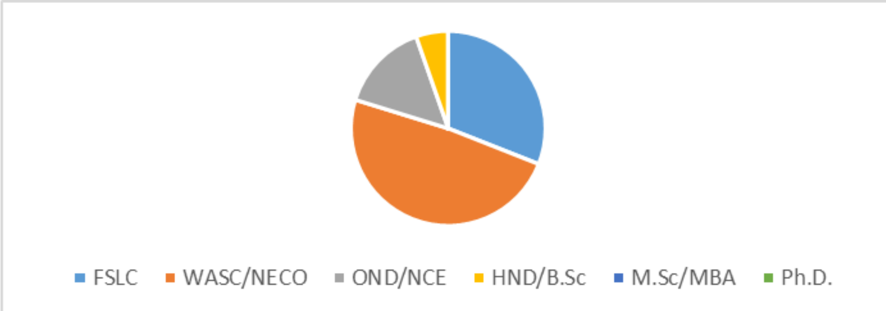
From Table 4.1.3, 189 respondents representing 45% of the total respondents fall under the age bracket of 41-50 followed by 31-40 age brackets of 136 respondents and representing 33%. The implication of the statistics of the table 4.1.3 is that most entrepreneurs are in the age bracket of 41-50 years, and also the youthful has a total of 39% of the respondents against 61% of the ageing population. For the optimal performance of MFBs, there should be awareness creation and sensitization for the young ones on the need to assess the services of MFBs. Table 4.1.4 shows the demographic profile (marital status) of the respondents.

Table 4.1.4: Demographic Profile: Educational Qualification of the Respondents

Variable	**Responses**	**Frequency**	**Percentage(%)**
Educational Qualification	FSLC	127	31
	WASC/NECO	200	48
	OND/NCE	61	16
	HND/B.Sc	22	5
	M.Sc/MBA	-	-
	Ph.D.	-	-
Total		410	100

Source: Field Survey (2018).

Figure 4.3: Distribution of respondents according to educational qualification



Source: Field study (2018)

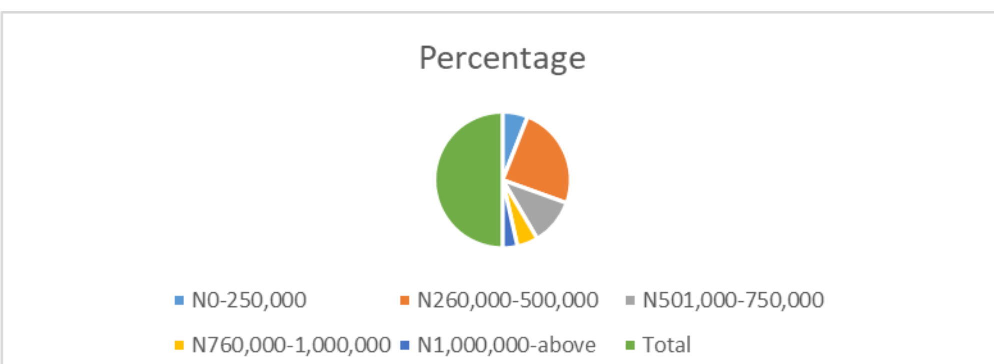
The Table 4.1.4 shows the educational qualification of respondents. From the result, 200 respondents representing 48% has the highest number of education-secondary school certificate. This is followed by the First School Living Certificate (FSLC). This result supports the entrepreneurial spirit of an average modern Anambrarian that prefers business to education. Table 4.1.5 show the demographic characteristic (income per annum) of the respondents.

Table 4.1.5: Demographic Profile: Income Per Annum

Income per annum	**Frequency**	**Percentage**
₦0-250,000	51	12
₦260,000-500,000	201	49
₦501,000-750,000	89	22
₦760,000-1,000,000	43	10
₦1,000,000-above	26	7
Total	410	100

Source: Field Survey (2018).

Figure 4.4: Demographic Profile: Income Per Annum



The table shows the respondents income per annum earned from different economic and microenterprises activities. 51 respondents representing (12%) earned income between 0 and ₦250,000 per annum. When related to the UNDP benchmark of $1.90 per day, they still fall within the poverty range as $1.90 x 365 days equals ₦249,600. This implies that those within the range may not have benefited from the services of MFBs. 201 of the respondents representing (49%) have the annual income between ₦260,000 and ₦500,000; while those from ₦760,000 to ₦1,000,000 are 43 representing (10%) with those with income level above ₦1,000,000 is 26 representing 6% of the respondents.

Table 4.1.6: Amount of Loan Received from MFBs

Variable	**Responses**	**Frequency**	**Percentage**
Loan received	0-N50,000	103	25
	N51,000-100,000	189	46
	N101,000-500,000	86	21
	N501,000-1,000,000	23	6
	Above N1,000,000	9	2
Total		410	100

Source: Field Survey (2018).

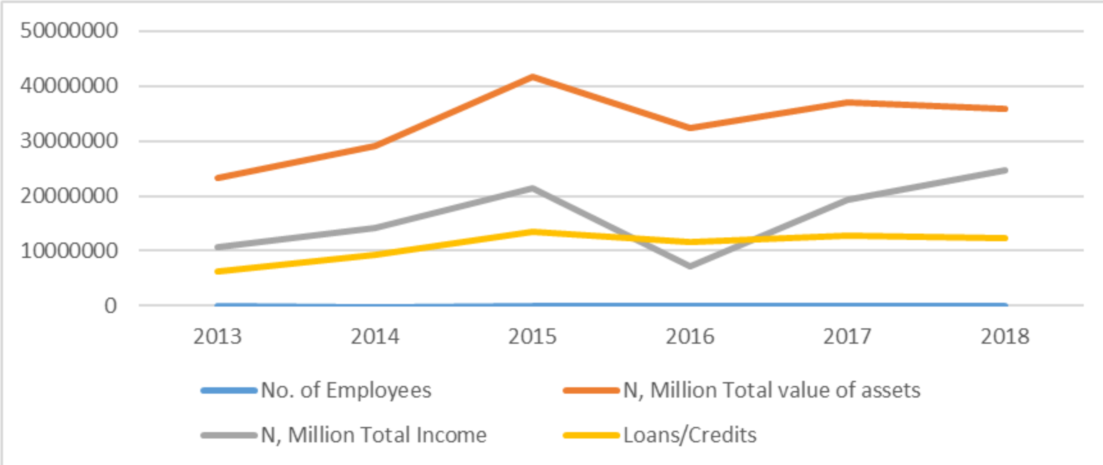
From the result, 189 respondents representing 46 received loan between NGN51, 000 to N100,000. While 103 respondents representing 25% agreed that they have received loan within the range of NGN50, 000. The greater percentage of the respondent received loan between N51, 000 to N100, 000, while 23 received credit from MFBs from NGN501,000-NGN1,000,000 (6%). This implies that the MFBs in the State give out loan/credit within the stipulated MFB operational guidelines and mandate.

Table 4.1.7: Summary of No. of Employees, Total Assets, Credit/Loans and Income of 410 Respondents/MSMEs (2013-2018)

Year	**No. of Employees**	**₦, Million Total value of assets**	**₦, Million Total Income**	**Loans/Credits**
2013	1,039	23,251,452	10,575,005	6,245,000
2014	1,147	29,008,098	14,175,148	9,250,000
2015	2,226	41,765,310	21,500,274	13,500,000
2016	1,302	32,264,108	7,069,218	11,550,000
2017	1,217	37,004,117	19,291,423	12,750,000
2018	1,354	35,796,289	24,667,367	12,200,000

Source: Researcher's Compilation

Figure 4.5:Summary/Trend of No. of Employees, Total Assets, Credit/Loans and Income of 410 Respondents/MSMEs (2013-2018)



The table 4.1.7 showed the growth/increase in no. of employees, assets, credit and income from the respondents. The total number of employees by the respondents in 2013 were 1139, but with the accessibility of MFBs services, the number of employees increased to 1,304 in 2018. The total value of assets of the respondents stood at N23,251,452 million in 2013 and increased to N35,796, 289 million in 2018. In same vein the total income and credit increased tremendously from N10,575,000 million and N6,245,000 million in 2013 to over N24,667,367 million and N12,200 million in 2018, indicating a positive trend and direction from those that assess MFBs services. We may assume that MFBs contributed to this positive trend.

4.2 Topic Related Results and Analysis

Table 4.2.1: Constraints to Accessibility of Financial and Non-Financial Services of MFBs by the Respondents

S/N	Constraints	SA	A	UN	D	SD	Mean Item Scores
1.	High interest rate	151	209	39	6	11	4.17
2.	Lack of Access to loan and credit information	156	156	69	62	35	3.45
3.	Short repayment policy	138	129	63	49	31	3.96
4.	Competition with other financial institutions	67	79	126	71	67	3.63
5.	Social perception of MFBs	108	91	63	51	23	3.02
6.	Insider abuse	81	118	60	54	23	3.60
7.	Inefficient credit management	53	67	124	77	89	2.93

Source: Field Survey (2018)

Figure 4.6: Constraints to Accessibility of Financial and Non-Financial Services of MFBs by the Respondents

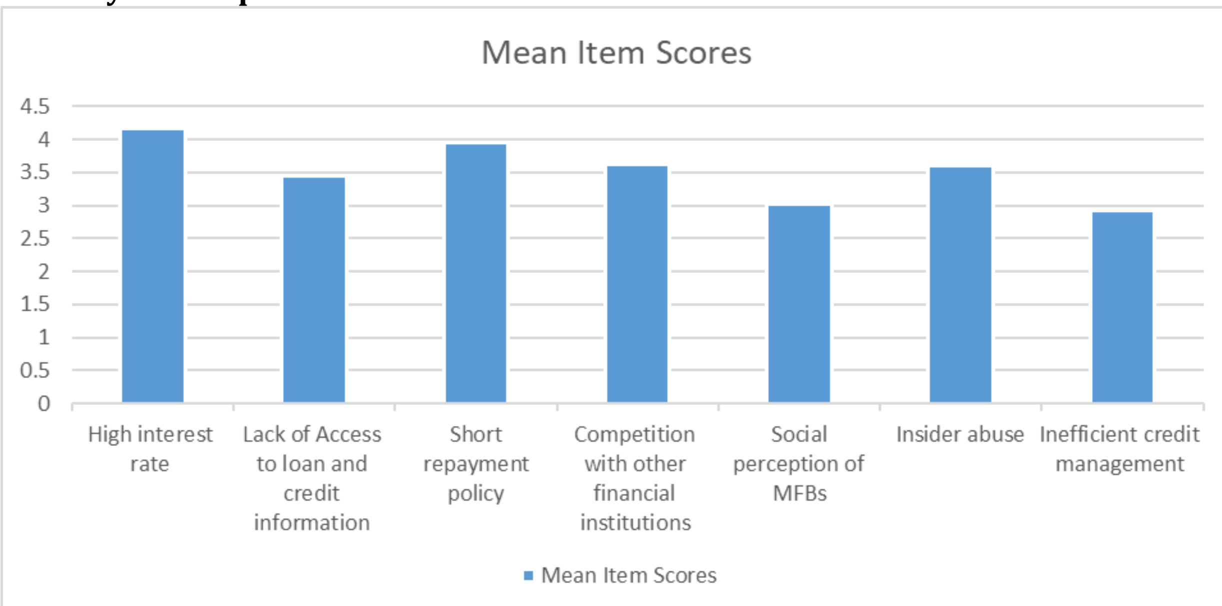


Table 4.2.1 shows some of the constraints affecting the performance of the MFBs in Anambra State. According to the responses of the respondents, 209 which is 50% percent of the respondents agreed that high interest rate charged by the MFB constrained accessibility by credit/loan by the households, while 11 representing 2 percent strongly disagreed that high interest charged by the MFBs is not a constraint to accessing loan and credit by the households.

Further responses show that 156 respondent representing 38% percent agreed that lack of access to credit is one of the constraints faced by the respondent in access financial services of the MFBs in Anambra State while 35 respondents representing 8% strongly disagreed that lack of access to credit/credit information is not a constraint faced by the respondents in accessing financial/non-financial services offered by the MFBs.

On short repayment policy, competition from other financial institutions, social perception of MFBs, insider abuses and inefficient management skills, the result shows that 129 respondents representing 31% agreed that short repayment policy is a constraint while 31 respondents representing 7% strongly disagreed. (126) respondents representing 30% were undecided as to whether competition from other financial institution (Commercial

Banks) were a constraint faced by the household. Incidentally, there was a tie between the strongly agreed and strongly disagreed respondents on whether competition from other financial institutions was a constraint faced by the households. Furthermore, for social perception and insider abuses as constraints, 108 respondents representing 26% agreed that social perception is a constraint while 23 respondents representing 5% strongly disagreed that social perception is not a constraint faced by households/respondents. For insider abuse 118 (28%) agreed as against 23 (5%) disagree.

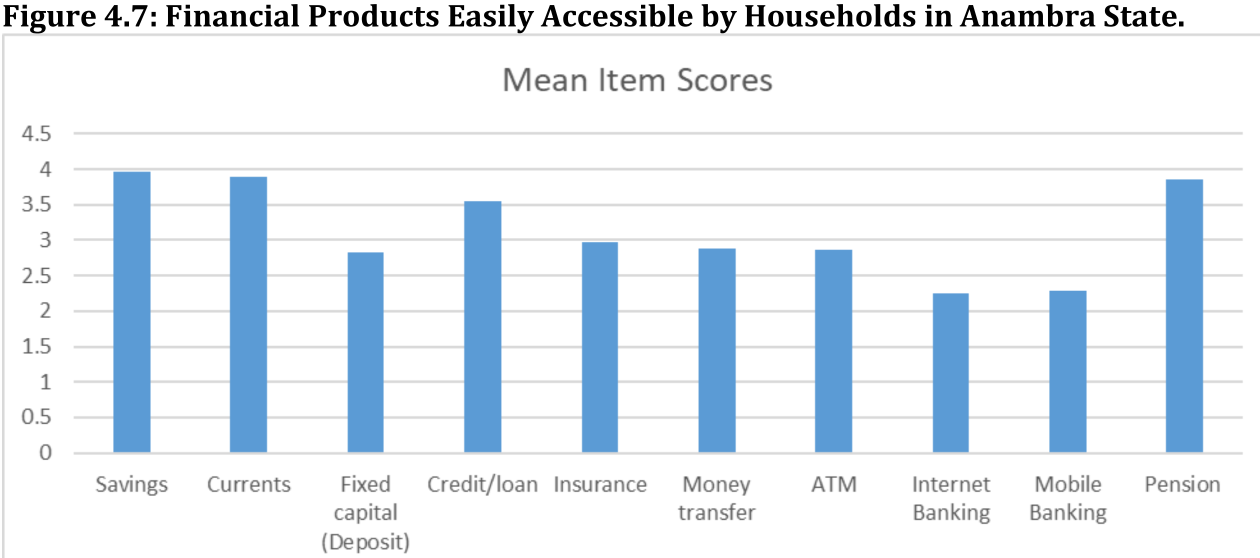
Lastly, 124 respondents representing 24 percent were undecided as to whether inefficient management was part of the constraints faced by the households/respondents in accessing financial services of MFBs in Anambra State.

Table 4.2.2: Financial Products Easily Accessible by Households in Anambra State.

S/N	Financial Services	SA	A	UN	D	SD	Mean Item Scores
1.	Savings	73	239	47	40	11	3.97
2.	Currents	49	221	70	40	20	3.90
3.	Fixed capital (Deposit)	63	105	105	42	47	2.83
4.	Credit/loan	80	136	96	53	35	3.55
5.	Insurance	51	76	126	71	76	2.97
6.	Money transfer	57	63	139	93	48	2.88
7.	ATM	23	49	37	201	73	2.87
8.	Internet Banking	38	50	50	129	143	2.25
9.	Mobile Banking	42	29	60	150	119	2.28
10.	Pension	180	91	40	42	41	3.85

Source: Field Survey (2018)

Figure 4.7: Financial Products Easily Accessible by Households in Anambra State.



From Table 4.2.2, which is on the evaluation of financial products easily accessible by the households/customers of the MFBs in Anambra State, the result revealed that 239 respondents representing 58% agreed that saving services as provided by the MFBs are easily accessible by the households while 11 households strongly disagreed. Forty-seven (47) of the respondents were undecided. Table 4.2.2 further revealed that 221 respondents representing 57% agreed that current account services of the MFBs are easily accessed by the households/customers, while 20 strongly disagreed. Since the agreed respondents outweigh the strongly disagreed, it could be concluded that current account services like savings are easily accessed as provided by the MFBs in Anambra State. On fixed account deposits, 93 respondents representing 24% agreed that fixed deposit service is easily accessed by the Anambra State households/customers but 105 undecided. Meanwhile, 126 respondents representing 32% were undecided on the insurance services as provided by the MFBs. Since 126 respondents were undecided and are over and above the 76 respondents that agreed on insurance services, it could be concluded that the insurance services as provided by the MFBs in Anambra are not accessible by the household/customers, better still, it could be that insurance services are not provided by the MFBs.

On ATM, internet and mobile banking services, 201(53%), 143(37%) and 150(39%) disagreed and strongly disagreed that these services are not provided or easily accessible by the Anambra State households, while 180 respondents representing 47 percent out of the total respondents strongly agreed that the MFBs in Anambra State make the pension services available.

Table 4.2.3: Non-Financial Services Easily Accessible by Households in Anambra State

S/N	Non-Financial Services	SA	A	UN	D	SD	Mean Item Scores
1.	Pre-loan Training	39	58	89	152	72	2.58
2.	Business consulting for start-up and development	41	38	98	116	117	2.99
3.	Financial/Management Training	22	49	108	209	22	2.45
4.	Procurement Services	18	61	98	69	164	2.22
5.	Business Monitoring	42	27	45	208	88	2.33

Source: Field Survey (2018)

Figure 4.8:Non-Financial Services Easily Accessible by Households in Anambra State

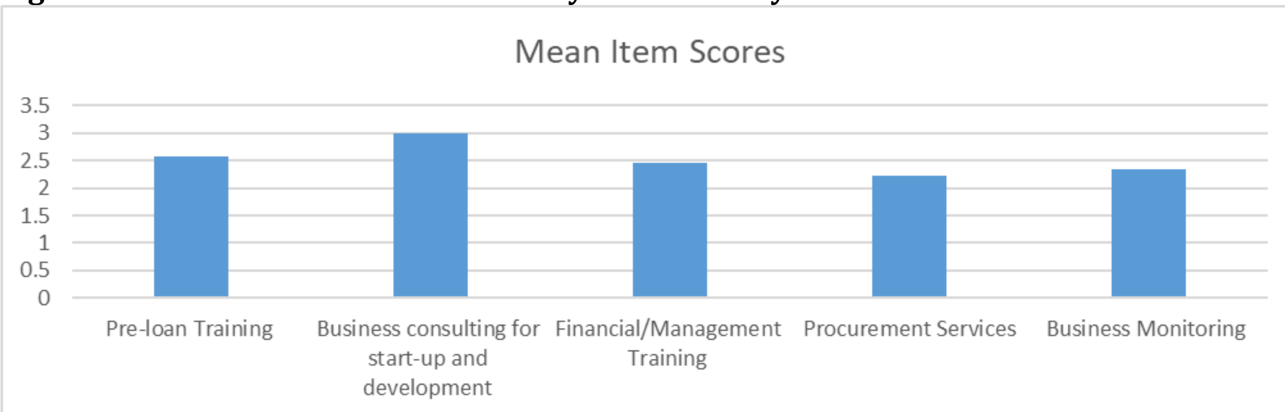


Table 4.2.3 revealed information and statistics on the non-financial services easily accessed by the respondents through the MFBs in Anambra State. From the table, it was shown that 152 respondents representing 37% and 72 representing 17% disagreed and strongly disagreed that pre-credit training is not provided or accessed by the respondents. Similarly, 116(30%), 209(54%) and 69(18%) respondents disagreed that business consultancy for start-up and development, financial and management training as well as business monitoring are not accessible or provided by the MFBs to the respondents in Anambra.

From the table, we concluded that non-financial services as should be provided by microfinance and as stipulated in the operational guideline is not provided by the MFBs in Anambra State.

4.3 Regression based Results/Interpretation

The regression results include appraisal of MFBs on employment generation/jobs capacity, poverty alleviation and women empowerment.

4.3.1 MFBs and Job Creation Capacity of MSMEs

Job creation is proxied by the number of people employed by MSMEs within the period 2013-2018.

Table 4.3.1: MFBs and Job Creation Capacity of MSMEs

Dependent Variable: EMPL Method: Least Squares Date: 01/30/20 Time: 02:10 Sample: 1 410 Included observations: 410				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
MI	1.256254	0.450436	2.788976	0.0044
SAV	-1.071105	0.785174	-1.364163	0.1733
CRED	0.699236	0.243172	2.875486	0.0038
IMFB	0.348561	0.142388	2.447979	0.0144
BIS SIZE	0.330014	0.140905	2.342115	0.0232
C	4.917720	1.012340	4.857776	0.0000
R-squared	0.750802	Mean dependent var		5.446341
Adjusted R-squared	0.734665	S.D. dependent var		3.646118
S.E. of regression	3.619284	Akaike info criterion		5.448672
Sum squared resid	5161.092	Schwarz criterion		5.605400
Log likelihood	-1100.978	Hannan-Quinn criter.		5.510678
F-statistic	12.40582	Durbin-Watson stat		1.944174
Prob(F-statistic)	0.000008			

Source: Researcher's Computation with E-view version 10.0

The results are summarized in Table 4.3.1 above shows the job creation capacity of MSMEs in Anambra state. The table shows that the explanatory variables monthly income has a positive coefficient of 1.256254 with the probability (p-value) 0.0099 which is statistically significant. It implies that 1% increase in the monthly income of MSMEs will bring about 1.26% increase in jobs. The coefficient of saving/deposits has a negative coefficient of -1.071105 with the probability value of 0.1733 which is greater than 0.05, and is statistically insignificant. It implies that 1% increase in savings/deposit may affect the job creation capacity of MSMEs. In same vein, the coefficients of credit/loan, involvement in MFBs, Business size all have positive coefficients of 0.699236, 0.348561, and 0.330014 with probability (p-values) of 0.0038, 0.0144 and 0.0234 which are all significant. The implication is that 1% increase in the loan/credit, involvement with MFBs and Business size may bring about increase in job creation capacity of MSMEs by 0.69%, 0.35% and

0.33%. again, the estimated model has reasonable high values of R^2 and adjusted R^2 of 0.750802 and 0.434665. The R^2 value shows the percent of total variation in the dependent variable that was accounted by the variations in the dependent variables. Therefore, about 75% of total variations in the dependent variable Employment was accounted variation in the independent variables. Finally, the Durbin-Watson statistic of 1.944174 is close to 2 indicating no problem of autocorrelation and that the estimated model can be relied upon for making inferences.

5.2 Conclusion

The main thrust of this study was to appraise the MFBs in Anambra state in line with the MPRSF objectives of employment and job creation potentials of MSMEs. Particularly, the study focused on the accessibility of the financial and non-financial services of MFBs since its established in 2005 to 2018. The study also examined the constraints to the accessibility of the services of the bank. From the results obtained and inferences drawn thereof, we conclude as follows. First, MFBs have significantly contributed to employment generation/jobs in Anambra state. With the financial and non-financial services, new MSMEs have started and old ones expanded. The findings, also revealed positive contribution to poverty alleviation and women empowerment though there are still areas for improvement.

Secondly, there are still financial and non-financial services that are not optimally provided. For example, internet and mobile banking services, pre-loan training, business consulting and procurement services and the need to improve on them.

Thirdly, there are still inherent constraints to the accessibility of financial and non-financial services of MFBs. These constraints include high interest rate, short loan repayment period, competition with DMBs.

5.3 Policy Recommendations

The key findings from our study show that MFBs have contributed to the objectives of MPRSF despite some challenges. The following policy recommendations are provided for improvement:

1. Enabling Environment for MFBs Operations: The government should provide basic infrastructure especially in the rural areas to enhance the operations of the banks as most MFBs prefer urban areas where the cost of doing business is low.
2. In line with the world technology derive, the banks (MFBs) should acquire appropriate Information Communication Technology (ICT) so as to boost the internet and mobile banking services of the MFBs as evidences proved that its non-availability hinders the performance of MFBs.
3. Improve on the financial and non-financial services/products that will be beneficial and attractive to the economically active poor.
4. Restriction of commercial banking activities on certain areas so that MFBs could be harnessed for development in the rural areas.
5. Creation of dedicated fund in the CBN for easy assessment by the MFBs to the benefit of the poor.

References

Adewale, A., Afolabi, B. & Abumere, S. (2015). Micro, small and medium scale enterprises (MSMEs) financing and the transformation of the Nigerian economy. In S.A. Igbatayo & E.A. Ayodeji (Eds), *Promoting Finance of Micro, Small and Medium Enterprises in Nigeria* (pp. 11-28). Ado Ekiti: Afe Babalola University.

Agbo, F. U., Onwumere, M. C. & Ebe, P (2013). Determinants of access to the Central Bank of Nigeria (CBN) commercial agriculture credit scheme by agro-enterprises in Nasarawa State, Nigeria. *European Journal of Business and Management,* 5(26), 53-60.

Agu, O.B., Anidionu, G.A. & Ezinwa C.E. (2015). Microfinance institution: A vehicle for empowerment of rural and urban poor in Nigeria. Retrieved from: www.arabianjbmr.com/JPDSindex.php

Ahiabor, G. (2013). The impact of microfinance on the development of small scale enterprises in the Ledzorkuku-Krowor Municipality in the greater Accra Region of Ghana. *European Journal of Business and Management,* 5(7), 165-172.

Akande, O. O. (2012). Performance analysis of microfinance banks on women entrepreneurs in Oyo state, Nigeria. *Research Journal in Organizational Psychology and Educational Studies*, 1(3), 168-173.

Anane, G.K., Cobbinah, P.B. & Manu, J. K. (2013). Sustainability of small and Medium Scale Enterprises in Rural Ghana: The role of microfinance institutions. *Asian Economic and Financial Review,* 2013, 3(8), 1003-1017.

Anupam, B., Rodolphe, B., Murat, Y., (2004). Microfinance in Africa: Experience and lessons from African Countries. Retrieved from: https:www.imf.org/en/publications/wp/issues/2016/12/31

Anyawu, C.M. (2003). *The role of CBN of Nigeria in enterprises financing*. Paper delivered at Small and Medium Industries Equity Investment Scheme (SMIEIS) Seminar. CBN Training Centre, Lagos.

Audu, M.L. &Achegbulu, J.O. (2011). Microfinance and Poverty Reduction: The Nigeria International Business and Management. 3 (1): 220-227.

Awojobi, O.N. (2014). Empowering women through microfinance: Evidence from Nigeria. Retrieved from: https:www.ajbmr.com/articlepdf/aus-29-195i04no/a3.pdf

Babagana, S. (2010). Impact Assessment of the Role of Microfinance Banks in Promoting Small and Medium Enterprises Growth in Nigeria. *International Journal of economic Development Research and Investment,* 1(1), 42-53.

Babajide, A. (2012). Effects of Microfinance on Micro and Small Enterprises (MSEs) Growth in Nigeria. Asian Economic and Financial Review, 2(3), 463-477.

Babajide, A.A (2011). *Effects of Microfinancing on Micro and Small Enterprises (MSMES) in Southwest Nigeria.* A Ph.D Thesis Submitted to the Department of Banking and Finance, Covenant University, Ota.

Berger, A. N. & Udell, G. F. (1998). The economics of small business finance: the roles of private equity and debt markets in the financial growth circle. *Journal of Banking and Finance*, 9 (22), 873-897.

CBN (2005) Microfinance Policy Regulatory and Supervisory Framework for Nigeria. Abuja CBN.

Central Bank of Nigeria (CBN, 2005). Microfinance policy, regulatory and supervisory framework. Abuja.

Central Bank of Nigeria (CBN, 2011). Development finance. Retrieved from http://www.cenbank.org/Devfin/smefinance.asp Assessed on 25/12/2014.

Central Bank of Nigeria (CBN, 2014). Annual report. Retrieved from: http://www.cenbank.org/Documents/annualreports.asp. Assessed on 25/12/2014.

Chittenden, F., Hall, G. & Hutchinson, P. (1996). Small firms growth, access to capital markets and financial structure: Review of issues and an empirical investigation. *Small Business Economics* 8, 59-67.

Edori, I.S., Edori, D.S. & Needam, B.B. (2017). Financial Intermediation and economic growth in Nigeria: Long-run analysis and Test of Demand following Hypothesis (Nigerian experience) http://www.sciencepublishinggroup.com/j/jwer

EFInA, (2012). *Access to financial services in Nigeria 2012 survey*. Retrieved from http://www.efina.org.ng/assets/Documents/EFInA-2012-siirveyFGDReport.pdf Accessed 24/10/2015.

EFInA, (2014). *Access to financial services in Nigeria 2012 survey*. Retrieved from http://www.efina.org.ng/assets/Documents/EFInA-2012-surveyFGDReport.pdf. Accessed 20/1/2016.

Ghalib, A. (2009). *Measuring the Impact of Microfinance Intervention: A Conceptual Framework of Social Impact Assessment.* IARC Working Papers Series no. 24/2009, Impact Assessment Research Centre, University of Manchester.

Gibson, T. & Vander Vaart, H. (2008). Defining SMEs: A less imperfect way of defining small and medium enterprises in developing countries. *Brookings Global Economic and Development,* Brookings.

Gichuki, J. A. W., Njeru, A. & Tirimba, O. I. (2014). Challenges facing micro and small enterprises in accessing credit facilities in Kangemi Harambee Market, Nairobi city, Kenya. *International Journal of Scientific Research Publication*, 4(12), 1-12.

http://www.cenbank.org/fss/mon/FSS2020Presentation%20at%20International%20Conference.ppt.http://www.cgap.org/about/faq/what-microfinance [Accessed January 18, 2014].

Huang C., When Ya, & Liu Z. (2014). Analysis on financing difficulties for SMEs due to asymmetric information, *Global Disclosure of Economics and Business*, Volume 3, No 2, 28-31.

Jaffari, S.I., Kaleem, A.S., Abideen, Z.U., Kaleem, M.M., Malik, N. & Raza, M.(2011) An Examination of Challenges and Prospects of Microfinance Sector of Pakistan. *European Journal of Economics, Finance and Administrative Studies.31: 146-159*.

Jones, R. G. (1979). Analyzing initial and growth financing for small business. *Management Accounting,* 61(5), 30-38.

Lloyd, J. E. & Igbani, O. R. (2014). National microfinance policy and credit accessibility by micro, small and medium entrepreneurs in Nigeria. *Journal of Good Governance and Sustainable Development in Africa*, 2(2), 18-30. Retrieved from http://www.rcmss.com.. Accessed 2/1/2015.

Moruf, O. (2013). Evaluation of the Nigerian Microfinance Banks Credit Administration on Small and Medium Scale Enterprises Operations. *International Review of Management and Business Research,* 2(2), 505-517.

National Bureau of Statistics (NBS) (2013). *Annual Abstract of Statistics.* Federal Republic of Nigeria. 459-563.

NBS (2013) Job Creation Report, National Bureau of Statistics, Abuja, Nigeria. Retrieved from http://nigerianstat.gov.ng/.

Obasan, K. (2001). Small Business Management: *An Entrepreneurship Approach*, Lagos, Higher Education Books Publisher.

Ocholah, R., Ojwang, C., Aila, Fredrick, Oima, D., Okelo, S. & Ojera, P. (2013). Effect of micro finance on performance of women owned enterprises, in Kisumu City, Kenya. *Greener Journal of Business and Management Studies,* 3(4), 164-167.

Odebiyi, O. and Olaoye, O. (2012). Small and Medium Scale Aquaculture Enterprises (SMES) Development in Ogun State, Nigeria: The Role of Microfinance Banks. *Libyan Agriculture Research Center Journal International,* 3(1), 1-6.

Olowe F.T, Moradeyo O.A & Babalola O.A (2013) Empirical Study of the Impact of Microfinance Bank on Small and Medium Growth in Nigeria, *International Journal of Academic Research in Economics and Management Sciences,* November, Vol. 2, No. 6.

Olowe F.T, Moradeyo O.A & Babalola O.A (2013). Empirical Study of the Impact of Microfinance Bank on Small and Medium Growth in Nigeria. *International Journal of Academic Research in Economics and Management Sciences*, 2 (6).

Olusanya S.O., Sufian, B. J. & Temi O.A. (2014). Can Microfinancing Improve Small and Medium Scale Enterprises in Lagos State, Nigeria, *OSR Journal of Economics and Finance (IOSR- JEF),* Volume 3, Issue 3, PP 49-56.

Owualah, S. I. (1999). Entrepreneurship in small business firms. Lagos: G-Mag Investments Ltd.

Portes, A. (1998) Social capital: Its origins and applications in contemporary sociology. *Annual Review of Sociology*, 24(1), 1-24.

SMEDAN (2007). National policy on micro, small and medium enterprises. Retrieved from http://www.smedan.gov.ng/search.php?searWords=National%2Qpolicv%20on%20MSMEs. Accessed: 8/8/2014

Suberu, O., Aremu, O. & Popoola, E. (2011). The Impact of Microfinance Institutions on the Development of Small Scale Enterprises in Nigeria. *Journal of Research in International Business Management,* 1(8), 251-257.

Ugoanni, J. N. N.; Onwubiko, N. & Dike M. (2013). Problems of micro credit among microenterprises in Nigeria. *Research Journal of Finance and Accounting*, 4(6), 49-49.

Wang X. (2013). The impact of microfinance on the development of small and medium enterprises: The case of Taizhou, China. The Johns Hopkins University, Baltimore, MD, USA.

Welsh JA & White JF (1981) A small business is not a little big business. *Harvard Business Review.* 59, No. 4, 18-32.

Yunus, M. (2003). Expanding microcredit outreach to reach the millennium development goals. *International Seminar on Attacking Poverty with Microcredit, Dhaka: Bangladesh.*