

# An Evaluation of the Impact of Microfinance Credit Market on Commercial Banking in Sierra Leone: The Case of BRAC and Rokel Commercial Bank (Sierra Leone), Limited

Sheka Bangura<sup>1</sup>, Festus Bernard Massaquoi<sup>1</sup>, Daniel Kasim Sesay<sup>2</sup>, Joseph Sasay Kanu<sup>1</sup>

<sup>1</sup>Faculty of Agriculture and Natural Resources Management, Ernest Bai Koroma University of Science and Technology, Makeni, Sierra Leone

<sup>2</sup>Faculty of Social and Management Sciences, Ernest Bai Koroma University of Science and Technology, Makeni, Sierra Leone

## Email address:

[sbangura@ebkustsl.edu.sl](mailto:sbangura@ebkustsl.edu.sl) (S. Bangura)

## To cite this article:

Sheka Bangura, Festus Bernard Massaquoi, Daniel Kasim Sesay, Joseph Sasay Kanu. An Evaluation of the Impact of Microfinance Credit Market on Commercial Banking in Sierra Leone: The Case of BRAC and Rokel Commercial Bank (Sierra Leone), Limited. *Research & Development*. Vol. 3, No. 2, 2022, pp. 135-148. doi: 10.11648/j.rd.20220302.20

**Received:** May 26, 2022; **Accepted:** June 20, 2022; **Published:** June 27, 2022

---

**Abstract:** The multiplicity of Microfinance Institutions in the country of Sierra Leone has increased the compounded problems faced by Commercial Banks as active partners in the credit market. The Bank of Sierra Leone, the Central Bank in the Country, through its other Financial Institutions department, created the enabling environment for MFIs to thrive. Most of these MFIs are accredited to serve the same customers of the commercial banks with an overall effect on the profit margins of banks because of the seeming attractive nature of MFIs when it comes to loans. The study employed a survey design methodology to interview 24 managers at BRAC-Sierra Leone and Rokel Commercial Bank, Sierra Leone Limited. The study utilized both Secondary and Primary data with a statistical analyses of the collected data done through descriptive statistics, frequency matrices, charts, and multiple regression to produce answers on the study variables. The study reveals that 29.2% of the managers are satisfied with their credit market skills in their organizations (BRAC-Sierra Leone and Rokel Commercial Bank (Sierra Leone) Limited). The study also found out that BRAC-Sierra Leone saw a peak of its operating Income in 2017 with 75% rate as compared to Rokel Commercial Bank (Sierra Leone) Limited that witnessed a 60% increase of its operating Income in 2017. It was also found out that the Fixed Asset base for Rokel Commercial saw a dramatic increase of 5% from 2013-2014 signaling a significant change in asset and from 2015- 2016 a 10% increase was also witnessed by the Bank as compared to BRAC-Sierra Leone seeing a decrease of 20% in their fixed asset base, and a 5% reduction in 2015- 2016. The Multiple regression results of the study show that variables such as Probability Ratio (*PR*), Earnings Before Interest and Tax (*EBIT*), Net Operating Income (*NOI*) are statistically significant. The study therefore recommends that government through the Central Bank of Sierra Leone should regulate and regularize MFIs in their credit system and try to encourage the commercial Banks to intensify their microfinance system with flexible application procedures to attract clients.

**Keywords:** Credit Market, Microfinance, BRAC-Sierra Leone, Rokel Commercial Bank Sierra Leone Limited, Financial Performance

---

## 1. Introduction

Poverty is a menace that has been an endemic disease in the African Continent in general and to be specific in Sub-Saharan Africa. Researchers and academic scholars has proven beyond all reasonable doubt that Poverty is one of the concerns that every single state in the universe has to face with according to statistics. [1].

The World Bank report in 2013 that 2.7 billion persons

survived on less than \$2 a day in 2000. Notwithstanding the difficulties and challenges ensued in combating and altering this condition purposely to alleviate poverty in enhancing human livelihood, there are answers and microfinance is a sure bet. Beginning with the Grameen Bank initiated by Mohammad Yunus in the 1970s, microfinance signified a technique of loaning that was to be custom-made precisely for the world's poorest peoples [1].

All the way through the years, microfinance has

demonstrated to be an operative practical channel for poverty alleviation.. In fact, today, the business is facing a new phase in its past with a host of opportunities to the poor and marginalized people, in under developed and developing nations especially the emerging market of which Sierra Leone is not an exception.

Together with the degree of income-generating prospects and aptitude to respond to such opportunities are contingent to a great degree by the access of reasonable financial services. Increasing the access of financial service delivery to poor households using the micro-finance (MF) commercial window is consequently being actively pursued globally and would appear to have become the mantra of today's development [2].

Once almost completely the area of contributors and experimental projects, MF has advanced during the last period with prospects of practicality, offering a broader range of services, and significant opportunities for expansion. Development practitioners, policy makers, and multilateral and bilateral lenders, recognize that providing efficient MF services is important for variety of reasons. Improved access to MF services can enable the poor to smoothen their consumption, manage their risks better, build their assets, develop their micro-enterprises, enhance their income earning capacity, and enjoy a better life.

Globalization and unrestricted market system has delivered the upper hand to the industrialized countries. At the same time, normal propensities in the free market system have brought about an enormous concentration economic gains in very few hands Marshall, [5].

Despite the great social and scientific progresses of the past few decades, the total number of poor people on the globe has never been greater, one hundred thousand people enter the global labor force, but only one in five is expected to find formal employment. The persistence of mass joblessness and poverty remains the most pressing difficulties in the world. Even as we witness the fall of dictatorial administrations and the mushrooming democracy throughout the globe, one third of the world's population has yet to attain the most basic levels of economic well being and security in their lives. [5].

Countless commercial banks in unindustrialized nations are beginning to scrutinize the microfinance market. Stiff banking competition in many countries has forced some to expand into new markets Zeynep Uğur, [1].

Some seek a new public image, others that have established with a considerable share of the market have been facing very stiff competitions in the credit market with microfinance institutions. [1].

Throughout the last five years or so, their exploration of the credit market has been facilitated by donor funded loan guarantees, central bank rediscount lines, and dedicated practical assistance. It is prudent that most of the commercial banks do loose a considerable share of their credit markets to microfinance institutions because of either as a result of the soft regulatory conditions for these MFIs or the flexibility of their transaction costs and loan regimes.

Anderson [8]. Though the initial resources for loans frequently came from donor funded credit programs, commercial banks in time began to draw their own deposit sources for a growing share of their total funds for micro loans Baydas et al, [3].

While traditional commercial banks and finance companies are beginning to look at ways to service the large number of possible clients for small loans, many microenterprise lending NGOs with heavy caseloads have begun to scale up operations by changing themselves into controlled banks or specialized financial institutions offering micro-deposit facilities as well as micro-loans [3].

The ensuing trend is that MFIs looked strong in the credit market as have somehow affected the operations of commercial banks in terms of profitability and liquidity. The new Non- Governmental Organization (NGO) sturned-banks and the traditional banks are beginning to meet on a single possibly lucrative market but from two sharply conflicting financial worlds Hulme and Mosley, [4].

NGO and bank operations, however hardly begin to cover the demand for microfinance services, NGO programs are generally minuscule in each country, and the banking sector is still by and large just entering this market niche, fighting for a share of the credit market with MFs.

### 1.1. Study Background

The financial sector in Sierra Leone is relatively small with commercial banks and other financial institutions competing for the same customers IMF [6].

With an unpredictable customer base network, many of the commercial banks in the country have resorted into aggressive advertisement and marketing to lure potential customers to bank with them and this situation has been exacerbated by the exodus of capital flight in the country over the years [6].

The state-owned commercial banks such as The Rokel Commercial Bank (Sierra Leone), Limited and The Sierra Leone Commercial Bank have been in constant competition with foreign banks for market shares, especially credit market shares Bank of Sierra Leone, (2008). These state own commercial banks heavily rely of government through the central for capital injection to keep them competitive in the face ever increasing financial institutions in the country. This is the reason which is why these banks become so aggressive in their customer acquirement and retention strategies to keep their profitability regimes always high for sustainable national development.

The proliferation of Microfinance Institutions in the country of Sierra Leone has increased the compounded problems faced by Commercial Banks as active partners in the credit market The Bank of Sierra Leone, the Central Bank in the Country, through its other Financial Institutions department, created the enabling environment for MFIs to thrive. [6].

Most of these MFIs are accredited to serve the same customers of the commercial banks with an overall effect on the profit margins of banks because of the seeming attractive

nature of MFIs when it comes to loans. Peter Kooi, [7].

An effective lending model of these MFIs through the joint- group system with the absence of collaterals as an incentive to borrow. This may be absent in commercial which most times ask for collaterals with huge loan interests and this has served as a disincentive to borrow [7].

This has left Commercial Banks trailing MFIs behind in the credit market with more people favouring the MFI model of lending thus having a biting effect on the financial performance of these banks to optimize their profitability regimes. But significant progress has been made over the years by Commercial Banks despite the activities of MFIs in denying the banks the pleasure of being champions in the credit market impact [8].

The main aim of this scholarly inquiry is to empirically evaluate the impact microfinance credit market has on commercial banking sector in the country. To achieve this, we do not only need to understand the socio-economic impacts, but also to look at the empirical connection between microfinance credit market and the performance of commercial banks in the country taking The Rokel Commercial Bank and BRAC- Sierra Leone as experimental cases.

Rokel Commercial Bank (Sierra Leone) Limited and BRAC- Sierra Leone are considered appropriate as case studies for the reasons underscore:

- I. The bank is one of the state-owned Financial Institutions that has undergone excruciating financial pains in the past years apparently as a result of low capital investment and liquidity problems to stay active and competitive.
- II. BRAC- Sierra Leone has been a commendable Microfinance Institution in terms of giving collateral free micro- loans to its numerous customers coupled with its national presence in the country.

### **1.2. Research Questions**

1. What is the impact of BRAC-Sierra Leone Credit Market on the financial performance of Rokel Commercial Bank, Sierra Leone Limited?
2. How to measure the financial performances of BRAC-Sierra Leone Credit Market and Rokel Commercial Bank Sierra Leone Limited?
3. Are there any socio-economic benefits of BRAC-Sierra Leone and Rokel Commercial Bank credit market regimes on its employees and customers for the period under review?

### **1.3. Research Hypotheses**

Null hypothesis ( $H_0$ ), There is absolutely no impact of microfinance credit market on Commercial Banking in Sierra Leone.

Alternative Hypothesis ( $H_1$ ) There is a considerable impact of microfinance credit market on Commercial Banking in Sierra Leone.

## **2. Literature Review on Impact of Microfinance Credit Market on Commercial Banking**

### **2.1. A Theoretical Framework of the Study**

In the past few years, microfinance has been one of the programs which caught attention predominantly to policy makers and academics in poverty mitigation in both emerging and industrialized countries as well [9].

However, Microfinance sector has been prevalent and become one of the operative economic key players in supporting and enhancing low income class against poverty, women empowerment, small and micro enterprises development as well as entrepreneurship sector in developing economies. Ideally microfinance credit markets have had an effect on commercial banking in that most of the credits dished out by microfinance institutions have lending conditions that are normally unregulated making the sector attractive to lenders as compared to those rules for lending in commercial banking. [9].

Convincingly, many people in emerging economies have less opportunity to access financial services notwithstanding of current number of commercial banks and other financial services. Grounded on that condition, the introduction of microfinance services seems as a substitute method for accessing financial services to low income households, small holder farmers and micro- businesses in both urban and rural [10]. Because of the stringent measures with regard to credit in commercial banks, most of the people have easily resorted to accepting credit dished out by microfinance institutions.

The study generally looked at two distinct theoretical models, namely: Theory of microfinance credit and Microfinance Access theory coupled with other theoretical issues that are important to the study underpinning the impact of microfinance credit on the financial performance of Commercial Banks.

### **2.2. Credit Theory of Microfinance**

Microfinance in Sierra Leone is regarded as a complete financial sector outlined an account of MFIs in Sierra Leone with microfinance. [7].

Scheme proven to make credit access to indigenous Sierra Leoneans with small business loans. The Microfinance industry in the country far and wide since the incorporation of the Institutions in the country in the 1990s [7].

The idea of group loaning is usually signaled as the foremost novelty of microfinance and this claims to proffer a response to the inadequacies of a flawed credit markets, and the organizational challenges related with commercial bank credit, in specific to the challenge of overcoming information irregularities. Information irregularities may lead to the discrete occurrences of adverse selection and moral hazard. In the case of the former, the lender lacks evidence on the hazardousness of its debtors. Riskier borrowers are more probable to default than safer borrowers, and thus should be

charged higher interest rates to recompense for the augmented risk of default [12].

Consequently, safer borrowers should be charged less provided each type can be precisely recognized. Since the lender has imperfect information about the risk profile of its borrowers, higher average interest rates are approved on to all borrowers regardless of their risk profile [11].

In moral hazard normally denotes to the loan utilization by the borrower that is the lender cannot be certain a loan, once expended, is used for its planned purpose, or that the borrower applies the expected amounts of balancing inputs, especially effort and entrepreneurial skill, that are the basis for the agreement to provide the loan. If these inputs are less than foreseeable then the borrower may be less able to repay it Rahman, [13].

### 2.3. Credit Access Theory

The credit theory was proposed by [14]. Both gave an outline for examining financial market inadequacies. This outline offers that information irregularity is the central cause of financial market failing together with commercial banking credit in emerging countries. Financial institutions that advance loans to financial mediators are not only concerned in the interest they obtain on loans, but also the risks of such loans [11]. Most financial institutions screen and monitor borrowers more efficiently than other investors can. They are specialized in gathering private information and treating it. Managing cash and deposit accounts, commercial banks own highly tactical information on firms' receipts and expenditures as well as the way that firms develop [15].

Notwithstanding this extra of information, relations between bankers and companies are not faultless. Banks suffer from informational asymmetries such that evolution of prices (interest rates) cannot clear the credit market. Finally, nonwarrasian symmetry arises with a marginal of displeased agents Pinaki, (1998). Reference to Stiglitz and Weiss (1981) adverse selection and thus credit controlling still happens if banks need guarantee. They contend that low-risk borrowers presume a lower rate of return on average. Thus, they are less well-off than high-risk borrowers on average after some periods. Low-risk borrowers are therefore not able to offer more security. Cumulative collateral necessities may have the same adverse selection effect as a upper interest rate.

The advocates of this concept contend that the most stimulating form of credit restricting is symmetry rationing, where the market has completely attuned to the public whereby banks ration credit free, obtainable information and where demand for loans for a certain market interest rate is greater than supply [elucidates that credit rationing occurs if a financial establishment charge the same interest rate to all borrowers, because they cannot differentiate between borrowers and screening borrowers perfectly is too luxurious. [15].

Both rules are very abridging and do not happen in this manner in the real world. Banks are usually able to differentiate their borrowers up to a certain point.

### 2.4. Supply of Microfinance

By means of respect to the suppliers of microfinance a study was made of the current and imminent role of commercial banks, development banks and government programmes, microfinance institutions or projects and the informal sector in financial sustainable development.

### 2.5. Commercial Banking

Commercial Banks that are registered and operational in Sierra Leone including the following: Standard and Chartered Bank, Rokel Commercial Bank (Sierra Leone) Limited, Sierra Leone Commercial Bank, Union Trust Bank, Guarantee Trust Bank, Eco bank, United Bank for Africa, First International Bank, Skye Bank, Access Bank, Zenith Bank, Keystone Bank, FBN Bank, The financial sector forms an important part of the formal economy and pays about 30 percent of the annual company tax collected by the Government.

Commercial banks deliver mostly simple financial services. Most banks have capitalized a large part of their possessions in risk free treasury bills. [39].

The banks provide credit, deposit accounts, transfer services and currency exchange services. The combined client base of the commercial banks is estimated between 60,000 – 70,000 clients. Most banks require minimum deposits for savings. Most banks provide Automated Teller Machine services to their customers. All commercial banks have branches in Freetown while some have a limited branch network elsewhere in the country. At present commercial banks are not active in microfinance although some provide loans as low as 5 million Le. Some banks articulated an interest in lending to microfinance institutions provided enough security is offered. The Sierra Leone Commercial Bank and Rokel Commercial Bank (Sierra Leone) Limited formerly Barclays Bank are the two government commercial Banks in the country [7].

### 2.6. Credit Creation by Commercial Banks

Credit formation has showed to be a significant role of commercial banks since it is the main source of commercial banks' internally created revenue [28].

From the commercial perspective, credit involves giving out resources obtained from depositors held in their customers' accounts, to another party at an interest rate higher than what they pay to suppliers of funds with the aim of maximizing profit [30].

Credit creation is measured as one of the oldest and most complex functions of the commercial banks Small-Business-Briefs, (2016). Thus, Credit Management by commercial banks is of great importance to the general economic growth and development of any country as it allows funds to be available through the credit creation to areas such as mining, agriculture, industries, manufacturing, etc. This will have positive impact on the level of employment, development and economic growth and individual income [29].

The Rokel Commercial Bank Ltd. is sighted as case study

as it is one of the first local banks. In Sierra Leone, banks and banking services were overseas based until the formation of the Central Bank of Sierra Leone in the year 1964 West African Bankers Association, (2016). This ultimately led to the formation of Rokel Commercial Bank, which was established in 1917 as Barclays Bank DCO with 100% shares own by the British West African Bankers Association [31].

To established home-grown ownership, Barclays Bank DCO combined local interest and offered 25% of shares to Sierra Leoneans and renamed the bank as the Barclays Bank of Sierra Leone Limited in 1971. Due to the eleven-year civil war the parent branch Barclays Bank PLC withdrew its shares from Sierra Leone branch. The title status was instantly changed and management changed the name to Rokel Commercial Bank with 51% of its shares held by the government of Sierra Leone.

Commercial Banks are financial organizations that are recognized for lending, borrowing, issuing, exchanging, taking deposits, safeguarding or handling money under the laws and guidelines of a respective country Association of Certified Chartered Accountant, Financial Management (F9 2014). Amongst their undertakings, credit provision is the main product which banks offer to likely business tycoons as a main source of producing income. The importance of strong credit management for building quality loan portfolio is of paramount importance to robust performance of commercial banks as well as the overall economy. [38].

While providing credit as a main source of generating income, banks take into account many considerations as a factor of credit management, which helps them to reduce the risk of avoidance that results in financial distress and insolvency [17].

This is due to the reason that while banks provide credit they are exposed to risk of default (risk of interest and principal repayment) which need to be managed effectively to acquire the required level of loan growth and performance [17].

The types and degree of risks to which banks are exposed depends upon a number of factors such as its size, complexity of the business activities, volume etc. It is believed that generally banks face Credit, Market, Liquidity Operational, Compliance/legal/regulatory and reputation risks among which credit risk is known to have the adverse impact on profitability and growth [20].

Hence, the success of most commercial banks lies on the achievements in credit management mitigating risk to the acceptable level. Credit risk management has always been in the vicinity of concern throughout the globe.

Credit Controlling is one of the essential purposes of every Commercial Bank. As banks deeply rely on this action for revenue generation, effectual credit management is therefore vital to the profitability of every commercial bank [21]. Hence, leading a study in this area has brought out a number of issues that possibly have served as interruption to rise profit maximization in a number of financial institutions. Credit management (its creation and control) is therefore the process of controlling and collecting payments from

customers. This is the function within a bank or company to control credit policies that will improve revenues and reduce financial risk.

Credit controlling in commercial banks in Sierra Leone is being controlled to a certain extent by the Central Bank of Sierra Leone which sets the requirements the bank needs to fulfil before being granted a authorization to start operations]. This is normally not the case for microfinance institutions. [21].

## **2.7. Commercial Banks in Microfinance: Entry Strategies and Keys of Success**

In the 1980s, new subsidy creativities were developed for the unbanked poor in developing countries. From abandoned projects, often industrialized on generous basis, these operations themselves are structured: they cover today a sectoral activity clearly identified, “microfinance”, most often exercised by institutions having legal personality, “microfinance institutions” or MFIs Baydas, M. (1998). A few years ago, microfinance was the exclusive domain of non-profit organizations and cooperative societies. In 1998, commercial banks were described as “new actors in the microfinance world [32].

Today, commercial banks occupy a prominent place in microfinance. Non-governmental organizations (NGOs) constitute 40 percent of microfinance institutions and reach 36 percent of microfinance borrowers. Private banks constitute 9 percent of the institutions, but, because they are larger, they reach another 36 percent of the borrowers [33].

Banks have a wide range way to choose from when entering the market. The current approaches can be divided into two main ways, direct and indirect, based on how the bank makes contact with the client.

Commercial banking is often referred to as “deposits takings and loans making”. Conversely, commercial banks simply borrow money mainly in the form of deposits and lend money to families and to firms [18].

Services offered to lower-income people (micro entrepreneurs), where unit size of the transaction is usually small (“micro”), typically lower than the average gross domestic product (GDP) per capita, although the exact definition varies by country” [19].

In the literature, the terms microfinance and microcredit are often confused therefore, it is important to highlight the difference between them. Both terms refer to small transactions, but microcredit relates only to the lending side of financial operations. Microfinance, on the other hand, refers to a whole range of financial services including microcredit (microloan), micro saving as well as money transfer and micro insurance. So, microcredit is a constituent of microfinance [11].

## **2.8. A Model Change in Microfinance**

Some writers have expressed the partnership of a new microfinance pattern connecting the contribution of a number of corresponding players. Consequently, there is an array of

procedures executed in the microfinance industry that are engrossed in providing mainly sponsored loans [22]. This invariably restricts the number of loans that can be delivered due to the fiscal restrictions that are faced by government and benefactors. Underneath follows an examination of the budgets on which the applied policies and practices depend, and the subsequent consequences resulting from the operation of these policies and applications.

With credit, it is generally believed that the poor, owing to their situation, may not be able to pay back the loans delivered at commercial interest rates [22].

Additionally, it is understood that loans need to be directed to particular undertakings. Both elements have led to the expansion of supply-driven rather than demand-driven funded credit programs. Some of these policies have triggered high levels of nonpayment and heavy losses [23].

Most times, grants were used with diverse reasons and directed at powerful persons. Regarding savings, it is assumed that the poor have no aptitude to save or that those who save favor non-financial forms. Because of this, the delivery of voluntary saving mechanisms is not even reflected, thus the survival of MFI's is normally threatened due to the absence of much needed funds.

Nevertheless, experience has confirmed that through a satisfactory lawful, political, macroeconomic and monitoring setting, the growth of financial establishments that provide the economically active poor with monetary intermediation amenities can be conceivable [23].

These facilities could be delivered on a lucrative, supportable, unsubsidized and large scale fashion, and they may serve as a balance to government and MFIs poverty alleviation and employment generation programs for the destitute.

To better comprehend of the rising agreement on which this new model is being built, it is worth highlighting the following assumptions and the pertinent programs executed as well as their outcomes:

- I. There is a widespread request for microcredit that might be encountered at the profitable interest rates that commercial providers need to charge to attain full cost of retrieval. Conversely, the financially dynamic poor are capable of paying loans at commercial rates when loan terms are suitable and debtors have a reason to maintain their affiliation with the institution throughout time. Under these assumptions, the delivery of microfinance services is commercially worthwhile as long as the use of short-term working capital loans with simple procedures and built-in repayment incentives is emphasized. [36].
- II. There is substantial request for saving tools among the poor driven by transactional and safety reasons, rather than by return rates. In a constant economy other methods of savings will often be inferior to financial savings. MFIs need to learn in what forms and for what purposes their clients save in order to design instruments that sufficiently meet the request, due to the fact that a mature microfinance intermediary is

likely to capture more savings accounts than microfinance loans.

- III. The scale of the worldwide demand for microfinance services is such that it can be met only by sustainable financial institutions. In order to remain sustainable, the spread between loan interest rates and the cost of funds demanded by these institutions will be higher than that of traditional ones due to their higher operating costs. What these institutions require for their adequate functioning is only an enabling macroeconomic, political, legal and regulatory environment. Thus governments and donors should be increasingly concerned with disseminating information about best practices in commercial microfinance, rather than with funding the ongoing loan portfolios of particular institutions.

## 2.9. The "Interest Rate" Issue

Deprived inhabitants in many nations could benefit from the growth of microfinance as financial organizations can serve clients with more useful and less affluent financial products than those available from moneylenders [22].

However, large scale expansion of microfinance is only possible if it can be talented independently, deprived of funding, or with a temporary funding that the administration can fund and in a way that will enable financial institutions to become self-sustainable in a near future [34].

For example, it is examined five Indonesian microfinance programs and finds that subventions can play a appreciated temporary role in the supply of microfinance. [35] If these programs had been not funded in their early years, they would have been forced to charge interest rates that clients couldn't have afforded to pay. Subsidies have given these plans time to develop the attitudes, scale and staff and client experience necessary to move towards self-sustenance while charging high but reasonable interest rates.

In several nations, due to dissimilar details, there are protocols that border the interest rate that the financial sector may charge [25].

In the case of microfinance, although there seems to be consensus in the specialized literature as regards the benefits that the liberalization of interest rates would bring to the microfinance industry, in practice there seems to be no consensus yet, as there are cases in which interest rates are capped or subsidized. Protecting the poor is generally seen as politically correct. However, in most cases, the negative impact that these policies may have on market development are not taken into thought.

There is an increasing realistic indication that vast statistics of poor borrowers can certainly pay interest rates at a level high enough to make MFI sustainable. [24],

- I. Non-formal credit markets by now present in most poor societies. One characteristically discovers that lower-income debtors taking and repaying frequent informal loans at interest rates much advanced than any official MFI would charge.
- II. High interest rates charged by MFIs almost always find

that demand far surpasses their ability to supply it. Most of their clienteles repay their loans and return recurrently for new loans: this pattern validates the customer's belief that the loans are suitable for them.

Numerous informal studies propose that it has never been heard of a microfinance program that ran into distress by driving away clients because of high interest rates [37].

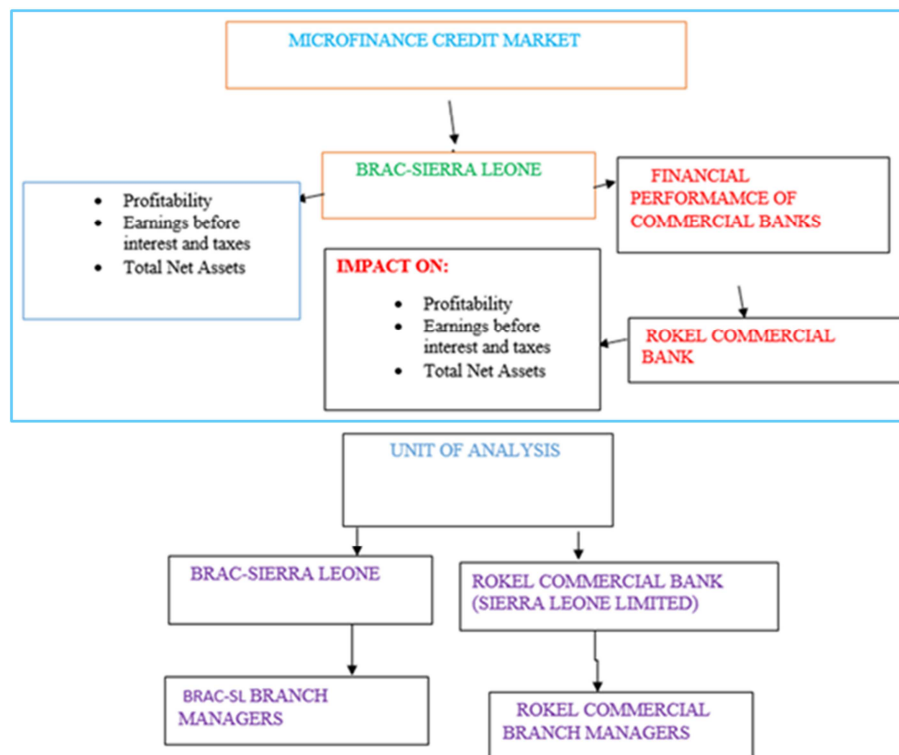
### 2.10. A Conceptual Framework of the Study

A number of studies by many researchers on microfinance credit market and its impact on commercial banking have supported the need for this type of financial intermediation should be encouraged and supported by government. Many scholars agreed that accessing loans to the poor plays a tremendous role in the economic empowerment and development of people who cannot stand the administrative protocols associated with commercial bank credit [26].

However, in order to maintain a steady flow of economic activities in the country both commercial banks and microfinance institutions should be able to provide credit for people whose income is marginal [23].

This piece of work is covered with appropriate literature on the impact of microfinance credit market on commercial banks and it is expected that with this type scheme people especially, would always live a dignified life that is free from poverty and penury.

The figure below conceptualizes the notion of microfinance credit market and the related impact on commercial banking, exemplifying a detailed framework on how the study was conducted to ensure an empirical affiliation between microfinance credit market and the performance of commercial banks. The researcher builds a model the gives a diagrammatic presentation with a clear connection between microfinance credit market and commercial banking.



Source: Researcher's Innovation and creativity, 2021

**Figure 1.** Conceptual Model for Microfinance credit market on the impact of commercial banking.

## 3. Methods

The study employed a descriptive Survey design methodology to elicit information from the target population Branch Managers of Rokel Commercial Bank and BRAC-Sierra Leone), to analyze the impact of microfinance credit market on commercial banking. Survey research is a scientific social research method that involves sampling people to answer some questions [27].

The survey design methodology incorporated both quantitative and document review mix to prompt information.

A triangulation of data and method to seek more information from managers was introduced.

The study was largely quantitative; the document review method was used to verify and measure documentary evidence on the profitability and other aspects of both Rokel Commercial Bank and BRAC-Sierra Leone. As a result of the quantitative style of the study, the survey questionnaire with a structured (close-ended questions) and semi-structured (open-ended questions) approach was designed to collect information on the study variables.

The study used three methods of data collection: survey method, document review and analysis. These methods were

chosen because they are sensitive and allow the active involvement of nurses. The choice of these methods enables triangulation of data collection and therefore increases the credibility and validity of the results. As is the case with qualitative research, these methods allowed the researcher flexibility to refine questions during the research process.

The study also consulted secondary data from a plethora of sources and Internet to get a thorough insight on the topic under review. Primary data collection was centered on Branch Managers of the bank and the microfinance institution.

A Statistical analysis of the data using Statistical Package for Social Sciences (SPSS 20), and EXCEL was conducted. The type of statistical analysis included Descriptive statistics, Cross-tabulations, Correlations, trend analysis, and Chi-Square test of significance etc. to produce answers for the impact of microfinance credit market on commercial banking.

### 3.1. Population and Sampling Strategy

The targeted population of the study was 33 that constituted the managers in the various branches of the Rokel Commercial Bank S/Leone Ltd. accounting for 18 and BRAC- Sierra Leone accounting for 15. The researcher administered 30 questionnaires; 15 to each Institution and was able to retrieved 24 which form the bases of the sample size. Therefore, a sample size of twenty-four (24) branch managers of both BRAC and Rokel Commercial Bank- twelve (12) from each was drawn from the frame constituting 80% of the targeted population. In a bid to ensure representativeness, questionnaires were self- administered by the branch managers.

### 3.2. Data Validity

The researcher developed questionnaires for collecting primary data from the various branches of Rokel Commercial Bank and BRAC-Sierra Leone. Interview guides were developed to ensure good use of limited interview time with respondents; interview guides make interviewing multiple subjects more systematic and comprehensive; and they help to keep interactions focused. The questionnaires comprised both open and closed ended questions and sought to provide answers for the research questions.

Questionnaire was accompanied by informed consent and letter, which explained the purpose of the study and also the need for the respondents to participate and support the study. The questionnaire comprised both open ended and closed questions.

In order to curtail selection bias, interviewees were recruited from among the actual branch managers within a location. The researcher also ensured that only concerned managers are recruited to complete the questionnaires. This is done to guarantee data quality, integrity and validity. Data collection started from 15-17 October 2021.

### 3.3. Model Specification

Following the theoretical literature, the empirical model

used to determine the factors that influence individual's ability to secure/access loan from NCDB follows *Pearson, 1908* and the multiple regression model to analyse the data was informed by the desire to identify the empirical relationship between the covariates (Independent variables) and the outcome variable (dependent variable). There are other empirical models applicable to the study but it is prudent to use the multiple regression model because of its appropriateness in determining the relationship among variables. The choice of the multiple regression model to analyse the data was informed by the desire to identify the empirical relationship between the covariates (Independent variables) and the outcome variable (dependent variable) of interest making logical predictions of youth development holding other factors constant. (*Ceteris Paribus*) Generally, Key Literatures have justified the use of multiple regression model as appropriate to measure and calculate the interaction effects among variables to determine youth performance and development. The use of the model allowed the researcher to learn more about the bond between explanatory variables and a dependent or criterion variable. (*Pearson, 1908- First person to apply the model*).

#### 3.3.1. Econometric Model

Below is the Multiple Regression Model used to estimate the results on the determinants of microfinance credit market development and growth holding other factors constant (*Ceteris Paribus*).

$$CM = f(X_1, X_2, X_3) \quad (1)$$

$$CM(Y) = \beta_0 + \beta_1 PR_{br} + \beta_2 EBIT_{br} + NOI_{br} + e \quad (2)$$

Where:

CM=Credit Market for Both Rokel Commercial Bank-Sierra Leone Limited and BRAC-Sierra Leone;

$\beta_0$  = Constant/Intercept;

$\beta_1 \dots \beta_3$  = Beta- regression coefficients or slope parameters to be estimated;

$PR_{br}$  = Profitability ratio for both Rokel Commercial Bank S/Leone Ltd. and BRAC-Sierra Leone;

$EBIT_{br}$  = Earnings before Interests and Taxes for both Rokel Commercial Bank- Sierra Leone Limited and BRAC-Sierra Leone;

$NOI_{br}$  = Net Operating Income for both Rokel Commercial Bank Sierra Limited and BRAC- Sierra Leone;

$e$  = Random disturbance (Error Term- exogenous factors beyond control).

#### 3.3.2. Testing the Hypotheses

The study was carried out to test the following hypotheses on asymptotic basis (2-tailed).

I. Null hypothesis ( $H_0$ ) There is absolutely no impact of microfinance credit market on Commercial Banking in Sierra Leone.

II. Alternative Hypothesis ( $H_1$ ) There is a considerable impact of microfinance credit market on Commercial Banking in Sierra Leone.

$H_0: \beta_1 = 0, \beta_2 = 0, \beta_3 = 0$   $H_1: \text{at least one of the } \beta_i \neq 0$



## 4. Results

### 4.1. Performance Skills Measurement for BRAC-Sierra Leone and Rokel Commercial Bank (Sierra Leone) Limited

In a bid to measure the skills of both financial entities, Branch Managers in these organizations rated their skills management taking into consideration of how the skills are related to enhance the performance of both organizations.

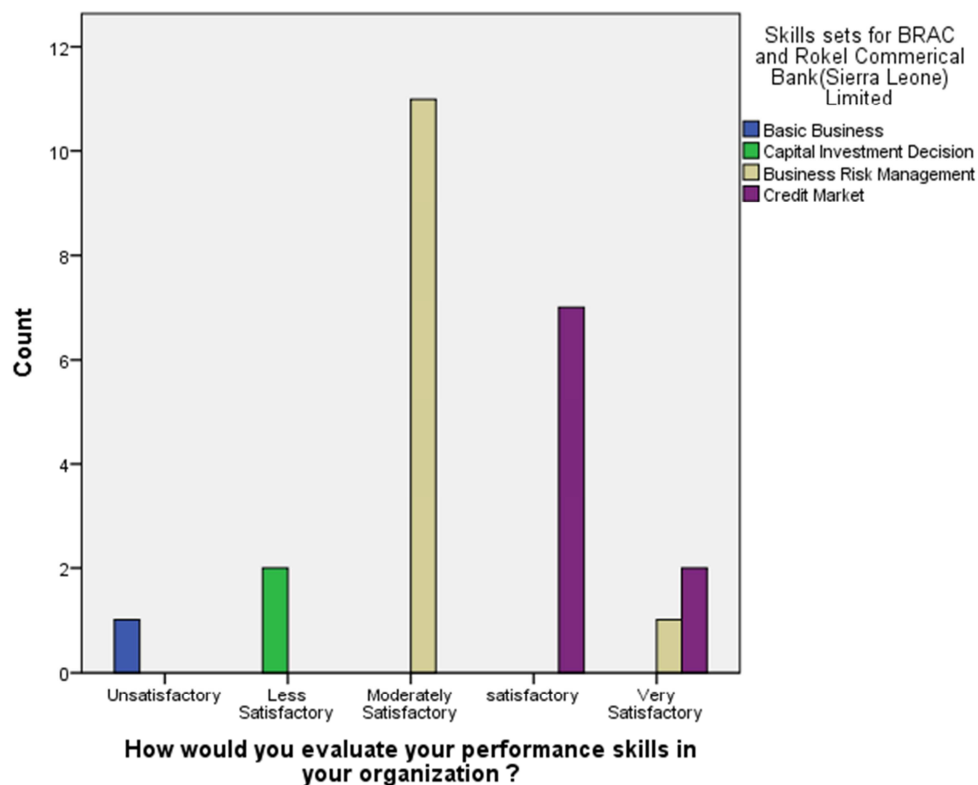
**Table 1.** How would you evaluate your performance skills in your organization? Skills sets for BRAC and Rokel Commercial Bank (Sierra Leone) Limited.

		Skills set for BRAC and Rokel Commercial Bank (Sierra Leone) Limited				
		Basic Business	Capital Investment Decision	Business Risk Management	Credit Market	Grand Total
How would you evaluate your performance skills in your organization ?	Unsatisfactory	1	0	0	0	1
	Less Satisfactory	0	2	0	0	2
	Moderately Satisfactory	0	0	11	0	11
	satisfactory	0	0	0	7	7
	Very Satisfactory	0	0	1	2	3
Total		1	2	12	9	24

Source: Field Data, 2021.

From table 1; out of the 24 respondents from both financial Institutions (BRAC-Sierra Leone and Rokel Commercial Bank Sierra Leone Limited); 7 respondents (29.2%) said they are satisfied with their credit market skills; 11 respondents (45.8%) affirmed of having moderately satisfactory skills in Business Risk Management and out of the total sample size, 2 respondents (8.3%) are less satisfactory about their capital investment decision skills. Only 1 respondent (4.1%) is

unsatisfactory about Basic Business skills. It is prudent to note that branch managers at these Institutions prided themselves of having Business Risk Management skills for the performance of their organizations, though they rated themselves as moderately satisfactory in having this skill, nonetheless it is important for an organization to have skills such as this for sound financial management and prudent fiscal discipline. This is illustrated on the chart below.



**Figure 2.** Performance skills at the organizations.

### 4.2. Financial Estimates for BRAC-Sierra Leone and Rokel Commercial Bank Sierra Leone Limited

It is of critical importance to know the financial position of financial institutions across financial years so as to give an accurate measure of the financial performance of that organization, and to do this Managers of these institutions were able to

compute their financial estimates for 2013-2017 fiscal years.

**Table 2.** Financial estimates for BRAC-Sierra Leone.

Performance Measure	Financial Institution	2013	2014	2015	2016	2017
Operating Income	BRAC-Sierra Leone	56%	20%	60%	60%	75%
Operating Expenses	BRAC-Sierra Leone	45%	69%	54%	35%	44%
Net Operating income	BRAC-Sierra Leone	70%	25%	70%	65%	70%

Source: BRAC Sierra Leone financial Statement 2013 to 2017.

**Table 3.** Rokel Commercial Bank (Sierra Leone) Limited.

Performance Measure	Financial Institution	2013	2014	2015	2016	2017
Operating Income	Rokel Commercial Bank	50%	15%	55%	52%	60%
Operating Expenses	Rokel Commercial Bank	50%	50%	45%	40%	34%
Net Operating income	Rokel Commercial Bank	66%	25%	66%	70%	66%

Source: RCB financial Statement 2013 to 2017.

Result from tables 2 and 3; illustrates that BRAC-Sierra Leone saw a peak of its operating Income in 2017 with 75% rate indicating an increase of 19% from 2013 as compared to Rokel Commercial Bank Sierra Leone Limited that recorded 60% in 2017 indicating an increase of 10% from 2013. It is noteworthy that the 15% variance that existed between the two institutions explains the fact that BRAC-Sierra Leone has enjoyed a steady flow of operating income over the last five years apparently because of its flexible loan schemes with regard to identifying potential clients with or without collateral for the disbursement of loans something that Rokel Commercial bank cannot compromise because of the traditional bureaucratic system of loan delivery in the banking industry. Loan schemes at the Bank are somehow stringent with people having to go through all the rigours of

securing loans before disbursement and this has always provided a disincentive for business and other people to borrow from the bank. Operating Expenses for BRAC-Sierra Leone hit its peak in 2014 with 69% expenditure rate as compared to Rokel Commercial Bank (Sierra Leone) Limited having equal operating expenses in 2013 and 2014 of 50% each. The year 2014 witnessed the onset of Ebola in the country and as such all economic activities including those in financial institutions shut down creating untold loss to financial Institutions including BRAC and Rokel Commercial Bank with most of the Clients of BRAC defaulted to pay back their loans. Still BRAC-Sierra Leone's Net Operating Income saw an increase in 2013 and 2017 with 70% of each years. Rokel Commercial Bank (Sierra Leone) Limited had an increase of its Net Operating Income in 2016.

**Table 4.** BRAC Asset base.

Asset estimate	Financial Institution	2013	2014	2015	2016	2017
Fixed Asset	BRAC-Sierra Leone	40%	20%	55%	60%	60%
Current asset estimate	BRAC-Sierra Leone	45%	69%	54%	35%	44%
Other Asset Estimate	BRAC-Sierra Leone	75%	40%	70%	75%	68%
Total net asset estimate	BRAC-Sierra Leone	66%	25%	45%	70%	66%

Source: BRAC-Sierra Leone Financial statements, 2013-2017.

**Table 5.** Rokel Commercial Bank asset base.

Asset estimate	Financial Institution	2013	2014	2015	2016	2017
Fixed Asset	Rokel Commercial Bank	60%	65%	60%	70%	75%
Current Asset	Rokel Commercial Bank	69%	70%	45%	40%	34%
Other Asset	Rokel Commercial Bank	76%	40%	75%	78%	70%
Total Net Asset	Rokel Commercial Bank	65%	75%	80%	81%	70%

Source: RCB financial Statement 2013 to 2017.

Tables 4 and 5 above revealed that; Fixed Asset base for Rokel Commercial saw a dramatic increase of 5% from 2013-2014 signaling a significant change in asset and from 2015- 2016 a 10% increase was also witnessed by the Bank as compared to BRAC-Sierra Leone seeing a decrease of 20% in their fixed asset base, and a 5% reduction in 2015- 2016. This validates the point of no change in the fixed asset of BRAC-Sierra Leone. In another scenario, there has been a change in current asset seeing an increase of 24% from 2013-2014 and another increase of 19% from 2015-2016.

For other Asset estimate the Financial Institutions saw an increase across the years in other asset estimate BRAC-Sierra Leone saw an increase of 30% from 2014-2015 and 7% increase from 2016-2017. Rokel Commercial Bank (Sierra Leone) Limited saw the same increase in other asset for 35% from 2014-2015 but a reduction of 4% of other asset in 2016-2017. For Total net asset BRAC-Sierra Leone saw an increase of 41% from 2014-2015 and an increase of 1% for Rokel Commercial Bank (Sierra Leone) Limited from 2015-2016.

### 4.3. Multiple Regression Analysis of BRAC-Sierra Leone and Rokel Commercial Bank Financial Performance

In bid to measure the empirical relationship between the

outcome variable (dependent variable) and the repressors (Explanatory variables), the researcher thought it prudent to assess the relationship related to the impact of microfinance credit market on commercial Banking.

**Table 6.** Multiple regression Matrix for BRAC-Sierra Leone and Rokel Commercial Bank Financial performance.

CM	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
PR <sub>br</sub>	-.0638739	.0056557	-11.29	0.000***	-.0756715	-.0520763
EBIT <sub>br</sub>	-.0092251	.00429	-2.15	0.044***	-.0181738	-.0002763
NOI <sub>br</sub>	-.0190802	.0049943	-3.82	0.001***	-.0294981	-.0086624
_cons	9.178573	.0055395	1656.92	0.000	9.167017	9.190128

Note \*\*\* indicates significant at 5%.  $P < 0.05$  with a 95% confidence Level.  $1 - 0.05 = 0.95$  Regression equation =  $Y = a + b \cdot X + e = 0.2925 + \text{Coefficients } X$  (Explanatory variables)

Source: Field Data, 2019.

The Multiple regression result shows that variables such as Probability Ratio (PR), Earnings Before Interest and Tax (EBIT), Net Operating Income (NOI) are statistically significant. There is a positive relationship between Credit market and the financial performance of both BRAC-Sierra Leone and Rokel Commercial Bank (Sierra Leone) Limited. Logically, an increase of profit by 1 unit will increase the financial performance of both institutions by 0.6387 units. Additionally, 1-unit increase of Earnings before interest and tax will see an increase in financial performance for BRAC-Sierra Leone and Rokel Commercial Bank (Sierra Leone) Limited by 0.0922 Units. 1 Unit increase in the Net Operating Income of both institutions will result to their growth and financial performance by 0.1908 Units.

The regression results established that there is an impact of microfinance credit market of the financial performance of

both BRAC-Sierra Leone and Rokel Commercial Bank (Sierra Leone) Limited. The analysis is skewed towards the use of microfinance credit market on the financial performance of Rokel Commercial Bank (Sierra Leone) Limited. However, in spite of this positive relationship both institutions need to step up their drive in achieving sustainable credit market system.

### 4.4. Major Source of Core Capital

Getting the capital needed to run an institution is of crucial importance to the survival of the organization, and this is the reason which is why the requested complied data for BRAC-Sierra Leone and Rokel Commercial Bank (Sierra Leone) Limited to measure their core capital so as to evaluate their financial performance.

**Table 7.** What is the major source of core capital in your organization?

		Institutions		Total
		BRAC-Sierra Leone	Rokel Commercial Bank (Sierra Leone) Limited	
What is the	Personal Savings & Friends and relatives	1	0	1
major source of	Loans from Banks	5	9	14
core capital in	Government subvention	1	0	1
your	Shares	1	6	7
organization?	Other Sources	0	1	1
Total		8	16	24

Source: Field Data, 2021.

Results from table 7 illustrates that out of the total of respondents, 14 people 58.3% confirmed that their source of core capital is securing loans from banks. 5 respondents 20.8% from BRAC-Sierra Leone secured loans from Banks and 9 interviewees 37.5% recorded of getting loans from the Bank and this could be from the central Bank to finance the institution. In terms of shares, Rokel Commercial Bank with 6 respondents 25% venturing into shares to accrue their core capital. It is noteworthy that

Commercial Banks including Rokel Commercial Bank (Sierra Leone) Limited do for shares a vital investment to attain capital for the maintenance of the institution.

Managers from the two institutions were also asked about their motivation for granting loans to people. This was done to ensure that information about loans and clients with regard to motivation is clearly spelt out. Table 7 above underscores findings on this variable.

**Table 8.** What is your motivation for granting loans to individuals.

	Frequency	Percent	Valid Percent	Cumulative Percent
Easy loan repayment	5	20.8	20.8	20.8
Amount offered	1	4.2	4.2	25.0
Interest rate	16	66.7	66.7	91.7
Others state	2	8.3	8.3	100.0
Total	24	100.0	100.0	

Source: Field Data, 2021.

It is obvious that the two financial institutions are motivated to give loans to individuals because of the interest rate accrued with 16 managers 66.7% making that confirmation. 5 of these managers 20.8% affirmed of the easy loan repayment system that motivates them to grant loans. However, since the aim business of any financial institution is to maximize profit, so charging interest to loans is a sure bet of recouping their monies back from persons

who take loans. It is important to say that charging interest to loans is more apparent at BRAC-Sierra Leone as compared to Rokel Commercial Bank (Sierra Leone) Limited because the former deals with more people going for loans than the latter. Even Rokel Commercial Bank (Sierra Leone) Limited do give out loans, the rate at which people come for these loans is incomparable to BRAC-Sierra Leone. This information is presented on the chart below.

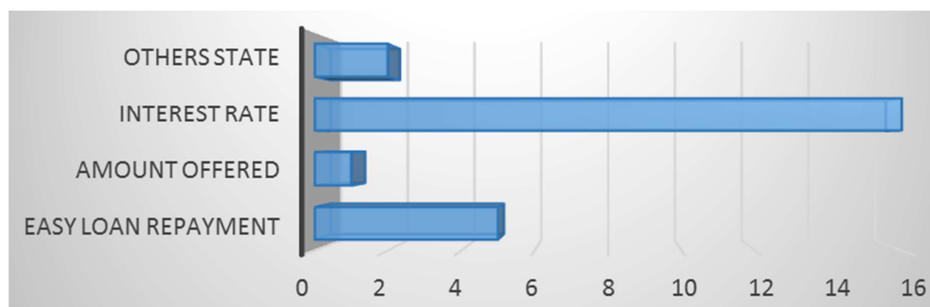


Figure 3. Loan motivation by organization.

## 5. Conclusion

Findings from the research established that there is a proportional correlation between microfinance credit market and the financial performance of financial institutions, especially for Rokel Commercial Bank (Sierra Leone) Limited as expressed in the results section in chapter 4 underscoring a clear suggestion of the impact credit market has on commercial Banking, especially for Rokel Commercial Bank (Sierra Leone) Limited, which give us enough empirical evidence to reject the null hypothesis of the study. Both institutions enjoy prudent capital Investment decisions for the development of their organizations. When institutions such as these ones employ prudent investment decisions, sound financial performance is ensured. [9].

This author states that credit markets in financial institutions can thrive well in an atmosphere of prudent fiscal policies such as capital investment decisions and other financial measures. Microfinance credit market is vital for the sustenance of financial organizations and this is typical for microfinance institutions which have a plethora of clients seeking micro- loans with flexible administrative transactions as compared to commercial banks. According to microfinance credit markets have had an effect on commercial banking in that most of the credits dished out by microfinance institutions have lending conditions that are normally unregulated making the sector attractive to lenders as compared to those rules for lending in commercial banking. [9].

This is the true situation that has really enticed people to go in microloans at these institutions The weight of microfinance credit market is that Microfinance Institutions realized a steady flow capital for the operations of their businesses and this is not most times happening in Commercial banks as loans given out by these Banks are

heavily regulated.

The sad part of this is that most economies in developing countries especially in Africa find it difficult to provide enough loans not targeting the most vulnerable in remote localities. Majority of the people would settle in for meagre loans with very high interest rates which normally serve as a disincentive to borrow. One of the advantages of securing loans from Microfinance Institutions is that the ability of the people to secure loans with or without collaterals something that is impossible for commercial Banks. The Business ethos of any commercial bank is to loans based on collateral requirements serving as guarantee in the event of default. As indicated in Tables 2 & 3.

BRAC-Sierra Leone has higher percentages in terms of financial estimates for the years under review as compared to Rokel Commercial Bank (Sierra Leone) Limited. This could be attributed to the high returns on Investments on the loans they disburse. Indeed, access to loans by clients is crucial for going concern of the organization.

Microfinance credit market on the impact of commercial Bank researches have overwhelmed recent literatures but only few have focused on credit market development in the Sierra Leone context. This study has shown Microfinance Institutions such as BRAC-Sierra Leone has higher financial estimates as compared to Commercial Banks as the case of Rokel Commercial Bank (Sierra Leone) Limited. Prominent writers have confirmed the relationship between Microfinance Credit Market and the financial performance of financial institutions.

In Sierra Leone, greater work on Microfinance Credit Market on Commercial Banking has not been done, many scholarly work have concentrated on Microfinance Financial Development strategies as demonstrated in the work of John Tucker, (Microfinance sector development in Sierra Leone) in 2003. The author gave a general assessment of the microfinance c development in Sierra Leone without delving

into the role or impact of Credit Market, they author concluded on the need to support MFIs and Commercial Banks as they struggle to survive. Most of the authors' endorsements have been taken into consideration by the government because it is prudent to support MFIs and Commercial Banks financially for effective service delivery.

It is therefore empirical to state the role of Credit Market and this should not be taken with a pinch of salt. The existing gap in the literature of this study is that studies that focus on Microfinance Credit Market on Commercial Banking in the framework of Sierra Leone and some developing countries in Africa are scarce. The study was therefore conducted to contribute to the body of data for future researchers and to fill this gap by providing realistic validation to substantiate the fact that indeed Microfinance Credit Market has an impact on Commercial Banking for the financial development of these financial establishments.

## 6. Recommendations for Policy Action

- I. It is important that the Bank of Sierra Leone institute regulatory measures on loans disbursed by MFIs so as to monitor the exploitation of clients.
- II. Commercial Banks including Rokel Commercial Bank (Sierra Leone) Limited be well capitalized so as to create exclusive loan portfolio for the poor with less bureaucratic bottlenecks.
- III. *Revise the loan application policy at Rokel Commercial Bank* In order to attract more clients, Rokel Commercial Bank (Sierra Leone) Limited should look at its loan disbursement policy in order to make sure they get more people coming for these loans and be able to compete with MFIs.
- IV. *Revisit the interest rate by both Institutions* It is apparent that interest rates charged to the loans are alarmingly high and this has created a disincentive for people to borrow.
- V. *Recommendation for further research* From the findings of this research, it is imperative that future researchers concentrate on Prudent Fiscal discipline and its impact of MIFs and Commercial Banks financial performance.

## References

- [1] Abraham, and T Cole, (2012)- Assessing the Risk and Performance of the GCC Banking Sector, Australian Journal of Business and Management Research. 65 (3), 72-80.
- [2] Achou, (2008)- The Impact of Credit Management on Financial Performance of Nigerian Banks, With Particular Reference to UBA Plc. Journal of Banking and Finance. 3.
- [3] Anant, (2015)- Corporate financing and investment decisions when firms have information those investors do not have. Journal of Financial Economics, 13, 187- 221.
- [4] Anitha, (2005)- Regulating for development: The case of microfinance. The Quarterly Review of Economics and Finance. 45 (2-3): 346-357.
- [5] Asobancaria (2014)- carried out a study on impact of credit policy on the performance of Nigerian Commercial Banks using Zenith Bank Plc.
- [6] Association of Certified Chartered Accountant, Financial Management F9 (2014)-Credit systems and credit market in Sub-Saharan Economies.
- [7] Besley (1994)- The Economics of microfinance. London: England Press.
- [8] Bhardhan and Udry 1999 and Ghatak and Guinnane (1999)- A Survey of Credit Risk Management Techniques of Unsecured Bank Loans of Commercial Banks in Kenya. Unpublished MBA Research Project UoN.
- [9] Buera, Kaboski and Shin, (2012)- The economics of lending with joint liability: Theory and practice." Journal of Development Economics 60 (1): 195-228.
- [10] DeMeza and Webb (1987)- "Microfinance and missing markets". Working paper. [https://zeus.econ.umd.edu/cgibin/conference/download.cgi?db\\_name=NAWM2007&paper\\_id=427](https://zeus.econ.umd.edu/cgibin/conference/download.cgi?db_name=NAWM2007&paper_id=427)
- [11] Duval, A. (2004)- "Microfinance and missing markets". Working paper.
- [12] [https://zeus.econ.umd.edu/cgibin/conference/download.cgi?db\\_name=NAWM2007&paper\\_id=427](https://zeus.econ.umd.edu/cgibin/conference/download.cgi?db_name=NAWM2007&paper_id=427)
- [13] Honohan P, (2017)- "Consumer Protection in Indian Microfinance: Lessons from Andhra Pradesh and the Microfinance Bill." Economic and Political Weekly March 31, 2007.
- [14] Iannotta, 2010- "Commercial Banks in Microfinance: New Actors in the Microfinance World), Microenterprise Best Practices (MBP) Project report, A USAID funded project.
- [15] Isern and Porteous, (2005)- "Sustainable Banking with the Poor", Special Issue of Journal of International Development, 8: 2. Jens, (2014).
- [16] John Tucker, (2003), Microfinance sector development in Sierra Leone.
- [17] Kresbach (2003)- "Banking Services for the poor, Managing for Financial Success: An Expanded and Revised Guide book for Microfinance Institutions", ACCION International, Washington D. C.
- [18] Kashyap, Stein and Wilcox, (1993)- Maximizing the Outreach of Microenterprise Institutions: An Analysis of Successful Microfinance Programs," USAID Program and Operations Assessment Report, No. 10, U.S. Agency for International Development, Washington, D. C.
- [19] Ledgerwood, (2010)- Practical, economic and allocative effectiveness of microfinance borrowers and non-borrowers: evidence from Start-ups in Bangladesh. European Journal of Social Sciences, 18 (3), 36.
- [20] Lopéz, C. (2003)- Access to microcredit and its impact on SME profit among rural traders in dryland of Sudan. Global Advanced Research Journal, 2 (3), 88102.
- [21] Meagher, (2002)- "Financial Services for the Poor and the Poorest: Deepening Understanding to Improve Provision", Finance Development Research Programme, Working Papers Series, IDPM, University of Manchester.

- [22] *Mirach, H. (2010)*- "Financial Services for the Poor and the Poorest: Deepening Understanding to Improve Provision", Finance Development Research Programme, Working Papers Series, IDPM, University of Manchester. Murthy, (2010).
- [23] *N'jai, L. (2000)* - Rural Finance for Growth and Poverty Alleviation", Agricultural and Natural Resource Division Country Dept., South Asian Region, The World Bank.
- [24] *OECD, (2000)*- Financing Small Enterprises by microfinance institutions. Retrieved from [www.iimb.ernet.in/microfinance/Docs/Students/SMEDivyas.pdf](http://www.iimb.ernet.in/microfinance/Docs/Students/SMEDivyas.pdf)
- [25] *Peter Kooi (2003)*- Microfinance sector development in Sierra Leone *Pinaki, (1998)* - "Microfinance as a tool for poverty alleviation in Nigeria" Paper Presented at Sensitization Workshop on Microfinance Banking in Kano State.
- [26] *Rahman, (2010)*- Emergency and Impact of Micro-Finance on Indian Scenario. KKIMRC.
- [27] *Rahman, Davanzo and Sutradhar, (2006)*. Financing Small Enterprises by microfinance institutions. Retrieved from [www.iimb.ernet.in/microfinance/Docs/Students/SMEDivyas.pdf](http://www.iimb.ernet.in/microfinance/Docs/Students/SMEDivyas.pdf)
- [28] *Rosenberg, (2013)*- "New Wave" Micro-finance institutions in South-East Europe: Towards a more realistic assessment of impact', Small Enterprise Development, 14 (3): 56–65.
- [29] *Sannoh, A. (2009)*- 'Borderlands and microfinance: impacts of "local neoliberalism"' in: Michael Pugh, Neil Cooper and Mandy Turner (eds.) *Whose Peace? Critical Perspectives on the Political Economy of Peacebuilding*, London: Palgrave MacMillan.
- [30] *Scot A, (2012)*- 'Assessing the sustainable impact of microfinance in Croatia: A new approach and some new tools of analysis', paper at the European Association for Comparative Economics Studies (EACES) seminar 'The Role of Microfinance in Promoting Sustainable Development in Southeast Europe', Great Brioni Island, Croatia, 5 July.
- [31] *Small-Business-Briefs, (2016)*- Locked in: Microfinance needs radical change before its too late, Microfinance Insights, Volume 11, March-April.
- [32] Baumol, William, Robert Litan, and Karl Schramm (2007) *Good Capitalism, Bad Capitalism, and the Economics of Growth and Prosperity*, New Haven: Yale University Press.
- [33] *Soros, (2012)*- 'Microfinance: Some conceptual and methodological problems', in Thomas Dichter and Malcolm Harper (eds.), *What's wrong with Microfinance?* London: Practical Action Publishers.
- [34] *Spence, (2000)*- "State of the microcredit summit campaign report 2011." (Microcredit Summit Campaign. Washington DC.).
- [35] *Stieglitz and Weiss (1981)*- The Effects of Credit Policy used by Commercial Banks on their Performance. Unpublished MBA Project, University Of Nairobi.
- [36] *Valenzuela, L. (2001)*- Understanding and Dealing with High Interest Rates on Microcredit," A Note to Policy Makers in the Asia and Pacific Region. Asian Development Bank.
- [37] *van Greening, Gallardo and Randhawa, (1998)*- Microfinance institutions and public policy'. *Policy Reform*, Vol. 6 (3): pp 147-158.
- [38] *West African Bankers Association, (2016)*- Commercial Banking, models and strategies in Sub-Saharan developing economies.
- [39] *World Bank, (2003)*. The power of financial ratios in detecting fraudulent financial reporting in MFIs. An unpublished MBA thesis, Strathmore university.