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Assessment of Microfinance Institutions as Poverty Reduction Mechanism in Nigeria

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Abstract
Microfinance Institutions are intended to bridge the financial gap usually created by the dearth of capital created by the inability of the conventional banks to support the Small and Medium Scale Enterprises in the country. This has however provided the compelling reasons why issues relating to Microfinance Institutions have to be taken more seriously in Nigeria than ever before.This paper therefore focused on the identification of the causes of poverty in Nigeria and the extent to which microfinance institutions have helped in reducing poverty in the Nigerian economic development.. The researcher used Chi- square, Analysis of Variance (ANOVA) and the method of regression analysis for investigating the contribution made by the microfinance institutions to poverty reduction in the Nigerian context. The study revealed that exclusion of the poor from the financial system seriously contributed to their inability to participate in the development process. Equally with no access to funding therefore, the household finds in extremely difficult to take advantage of economic opportunities to improve their lots and their children and protect them against financial imbalances, thereby making them to be permanently within the vicious circle of poverty. The analysis revealed that increase microcredit finances drastically reduced poverty level in Nigeria and also the poverty index. The study also revealed that microfinance institutions contributes most considerably to the empowerment of the masses, majority of whom were women, rural dwellers and this has translated in business and financial development in Nigeria.
Keywords: Microfinance, Financial empowerment, Entrepreneurial functions, Development Finance Institutions(DFIs), Poverty.

I. Introduction

Microfinance Institution (MFI) is an organisation that provides microfinance services, ranging from small non-organisations to large Deposit Money Banks.

Microfinance may therefore be defined as the supply of loans, savings and other basic financial services to the poor. Microfinance may also be defined as any organisation-credit union down-scaled commercial bank, financial NGO, or credit cooperative – that provides financial services to the poor (CGAP:2003).

The term microfinance helps to differentiate the services of an MFI from those which conventional banks provide in view of the fact that the financial services of the MFIs usually involve small amount of money (i.e. small loan, small savings etc).

By extension, microfinance is the provision of small loans to the unemployed, the poor, entrepreneur, and others living in poverty, not normally considered by the traditional finance institutions as bankable in view of their lack of collateral security, steady employment and a verifiable credit history which normally disqualifies them from having access to credits in the traditional/conventional banks.

The unwillingness or inability of the formal financial institutions to provide financial services to the urban and the rural poor has substantially contributed to the growth of private sector-led microfinance in Nigeria. Before the emergence of formal microfinance institutions, informal microfinance activities flourished all over the country. Informal microfinance services were provided by traditional groups that work together for the mutual benefits of their members. These informal groups provide savings and credit services to their members. The informal microfinance arrangements operate under different names depending on what part of Nigeria it is located. For example, in the west, the Yorubas call it "esusu", in the east the Igbos call it "etoto" and in the north the Hausas call it "adashi" (CBN: 2000).

The non-traditional formalised Microfinance Institutions (MFIs) are operating side by side with the informal institutions.

Microfinance institutions are essentially needed to serve the poor city dwellers overcrowding in slums or squatter settlements in deplorable state of condition most of whom are women and other rural dwellers. They lack access to basic services such as education and healthcare for their children.

The emergence of the microfinance institutions is as a result of the failure or unwillingness of the conventional banks to tap into the financial resources in the rural areas. In the past, under its Policy of Rural Banking Scheme of the 1980s and 1990s conventional banks were compelled to have branches in the rural areas to cater for the banking needs of the dwellers. This programme was hampered by a member of factors which therefore made the idea fail to meet the banking needs of the rural populace. Over 700 rural branches were opened before the programme was discontinued (Obisesan, 2009).

The conversion of Community Banks into Microfinance Banks in the Nigerian economy as a means of realising the policy thrust of the National Economic Empowerment and Development Strategy (NEEDs) programme under former President Olusegun Obasanjo cannot be overstressed, given the fact that about 60% of the Nigerian population consist mainly of rural, poor and small economic unit (Ojo, 2009). It is necessary that such unit need to be empowered and geared towards economic growth and development.

Throughout the entire universe, the poor people are usually excluded from the formal financial system- either partially in developed countries or full exclusion in Less Developed Countries (LDCs) (Jegede C.A., Kehinde J. And Akinlabi, B.H., 2011).

It has been estimated that formal microfinance bank only serves less than one million clients in a country where over 70% of the country 140 million lives below poverty line (Nwankwo 2008).

Microfinance policy came into being with the sole aim of channelling the flow of financial services to the rural dwellers in Nigeria. The inability of the Deposit Money Banks (formerly called Commercial Banks in Nigeria) to adequately serve the rural communities has led to the underdeveloped nature of economic activities and consequently, lack of empowerments of the rural dwellers, predominantly women.
The Development Finance Institutions (DFIs) tried to bridge this gap, which was equally inhibited by the drastic reduction in government subventions to them in the 1990s when their operations declined considerably.

The main focus of this paper is therefore to give an assessment of microfinance institutions as poverty reduction mechanism in Nigeria. Apart from this introductory section, the rest of the papers are divided into: Literature Review & Theoretical Framework; Objectives of the Study, Research Questions and Hypotheses Formulations; Methodology, Hypotheses Testing, Conclusions and Recommendations.

II LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Microfinance is a financial innovation which originated in Bangladesh in the mid 1970s by Noble Peak Laureate – Professor Muhammed Yunus, and by Action International in Brazil where it has successfully assisted poor people to engage in self-employment projects which has enabled them to generate reasonable income and have consequently begun to build wealth (Obisesan, 2009).

According to Yunus (2008), microfinance is about providing financial services to the poor, who are traditionally not served by the conventional financial institutions. In Nigeria, the formal financial system provides services to about 35% of the economically active population while the remaining 65% are excluded from the access to financial services (Otiti. 2007:161). The 65% are often served by the informal financial sector, through Non-Governmental Organisation (NGO), microfinance institutions, moneylenders, friends, relatives, and credit unions (Otiti, 2007: 162). Microfinance activities have come of age in Nigeria. It started as an informal, rural and unregulated financial arrangement including self financing by relations, friends and well wishers, professional money lenders, jackpots, raffle and pools winning, and trust systems of credit transactions (Okpara, 2010).

According to Okpara (1990) in Okpara (2010), informal financial services include the Rotating Savings and Credit Associations (ROSCAs), thrift associations, savings mobilisation groups-traditionally called *Esusu, bambam, ajo, and adashi* by different communities), daily savings or contribution organisations, co-operative societies, religious organisations, social clubs and village or town unions.

According to Otero (1999), the objective of Microfinance is not providing capital to the poor to combat poverty but it seeks to create institutions that delivers financial services to the poor who are ignored by the formal banking sector.

Lack of access to funding has adversely affected the people, especially the rural dwellers, in contributing their own quota to the economic process of Nigeria.

Robust economic growth cannot be achieved without putting in place well focused programmes to reduce poverty through empowering the people by increasing their access to factors of production, especially credit Otiti (2007).

Given the importance of Small and Medium sized Enterprises (SMEs) in the economic development of any nation, and the consequent role of finance in the growth and development of the SMEs it is imperative that adequate funding be provided to aid this economic process if any meaningful economic development is to be experienced.

"The World Bank estimates that there are now 7000 microfinance institutions, serving some 16 million poor people in developing countries. The total cash turnover of MFIs world-wide is estimated at US$ 2.5 billion and the potential for new growth is outstanding"- Data Snapshot on microfinance (The Virtual Library on Microcredit, 2009).

Evidences from literature show that adequate credit aids entrepreneur performance and as a result reduces poverty. (Gatewood et al, 2004, Kuzilwa, 2005; Lakwo, 2007; Martins, 1999, Ojo, 2009, Peter, 2001). The result of such credit assistance to entrepreneur, especially women, is often seen in improved income, output, investment, employment, welfare of the entrepreneurs and reduces poverty (Kuzilwa, 2005; Lakwo, 2007; Martins, 1999, Peter, 2001).

Jegede, C.A., Kehinde J., and Akinlabi, B.H. (2011) reported that savings and credit groups that have operated for centuries include the "Susus" of Ghana, "Chit Funds" in India, "Tandas" in Mexico, "Arisan" in Indonesia, "Cheetu" in Sri Lanka, "Tontines" in West Africa, and "Pasanaku" in Boliva, as well as numerous savings clubs and credit societies found all over the world. In his own studies on "Credit for the Alleviation of Rural Poverty in Bangladesh" Hossain (1988) found that Grameen members who are poor and landless have average household of 43% higher than marginal landowners.

Jegede, C.A., Kehinde J., and Akinlabi, B.H. (2011) in their work on Impact of Microfinance on Poverty Alleviation in Nigeria: An Empirical investigation "quoting from Nwankwo (2008), stated that the major challenges of microfinance in Nigeria include: communication gaps and inadequate awareness; insufficient support from governments; inadequate donor funding; less attention on financial sustainability of MFIs, lack of adequate loan or equity capital to increase loan-able funds, high turnover of MFI staff, limited support for human and institutional capacity building; illegal government and NGO operations that spoil the market; and lack of standardized reporting and performance monitoring system for MFIs.

The theoretical frameworks for this work are anchored on: Economic Theory and Psychological Theory.

a. Economic Theory, according to Remenyi, (2006), argued that the success in any business venture, including microfinance is determined by the entrepreneur's ability to deliver appropriate services profitably.
b. Psychological Theory, (Mohammad, 1998) argued that a species of profit-making private venture that cares about the welfare of its customers can be conceived. Arguing further, he stated that it is possible to develop capitalist enterprises that maximise profit subject to the fair interest of their customers.

DEVELOPMENT FINANCE INSTITUTIONS AND MICROFINANCE IN NIGERIA

The establishment of Development Finance Institutions (DFIs) provided alternative source of funding of DFIs in Nigeria between 1964 and 1995, some DFIs were established among which Nigerian Bank for Commerce and Industry (NBCI), Nigerian Agricultural and Cooperative Bank (NACB) Federal Mortgage Bank of Nigeria (FMBN), Urban Development Bank as well as Education bank (Obisesan, 2009).

It is worth of note that each of these institutions was assigned its responsibilities roles as the names are suggestive of their statutory roles.

The NDIB was established in 1964 and given the mandate of developing new industrial enterprises and expanding existing ones through the provision of medium and long term loans and equity participation. In 1973, the NBCI was established to provide funding to small and medium scale enterprises. Again in 1973, the NACB, which is more relevant to microfinance, was established to promote the development of the agricultural sector which predominantly consists of micro enterprises. The FMBN was established in 1977 following the Asabia Commission set up in 1976 to look into how the then Nigerian Building Society (NBI) could be reorganised (Obisesan, 2009). The FMBN was established with the primary aim of providing funding for residential and other housing needs of individuals and corporate organisations.

The Urban Development Bank was established in 1992 to deal with the problem of inadequate housing, transportation, electricity and water supply. It operated strictly as an independent profit-making institutions providing financial services to both the public and private sectors for the development of urban dwelling, mass transportation and public utilities.

The Nigerian Export Credit Guarantee and Insurance Corporation established by NEXIM Act of April 1988 became operational in November, 1990. This corporation metamorphosed into the Nigerian Export-Import Bank on January 1, 1991 with the main activities of trade and project financing at preferential rates, treasury operations, export advisory services, provision of market information and market risk guarantee (Otiti, 2007).

The People's Bank of Nigeria (PBN) attained legal status to later for the credit needs of small borrows who lernt meet the stringent collateral requirements of the conventional bank, in 1990. The NERFUND was set up in 1988 as a funding mechanism to bridge the gap in the provision of local or foreign funds to small and medium-scale enterprises. The FEAP was established in 1997 as a poverty alleviating programme aimed at stimulating appropriate economic activities in the various wards of each local government areas of Nigeria to raise people's productivity and economic power.

The Education Bank was established in 1993 to provide finance to support those Nigerians finding it difficult to pursue the academic career for lack of sponsorship. It was later convenled into Education Trust Fund.

REFORMS OF THE FDIs

Various reforms were carried out of the FDIs in Nigeria. Prominent of these reforms was that of year 2000 where some DFIs were merged giving rise to new ones.

The NACB, People's Bank and FEAP were merged to form the Nigerian Agricultural Cooperative and Rural Development Bank Ltd (NACRDB Ltd). The NACRDB Ltd was recently restructured into the new Bank of Agriculture in Nigeria.

The NIDB, NBCI and NERFUND were merged in 2000 to form the new Bank of Industry (BOI). The BOI formed took off in 2002.

The FMBN, though not emerged with any other FDI, it has undergone some reforms in that primary Mortgage Institutions PMIs were introduced in 1992 through the emergence of Primary Mortgage Institutions Act of that year. This development made FMBN to Float a sister PMI – the Federal Mortgage Finance Ltd (FMFL) which was later merged with FMBN in 2005 to give more scope to the development of private PMIs (Otiti, 2007).

III OBJECTIVES OF THE STUDY

The purpose of this study is to access Microfinance institutions as poverty reduction mechanism in Nigeria. However, the specific objectives of the study will be based on the following:

a. Identifying the role of Microfinance Institutions towards poverty reduction in Nigeria;
b. Examining the extent to which accessibility to Microfinance funding has provided financial services to the rural dwellers;
c. Accessing the extent the effects of Microfinance Institutions in rural areas in relation to savings mobilization;
d. Discussing the challenges and prospects of Microfinance Institutions in Nigeria;
e. Making appropriate recommendations for actualization of Microfinance policy in Nigeria.

IV RESEARCH QUESTIONS AND HYPOTHESES FORMULATION

RESEARCH QUESTIONS

In order to achieve the objectives of this study, the following research questions are raised:

1. Do Microfinance Institutions contribute to poverty reduction and improve the standard of living of Nigerian people?
2. To what extent has accessibility to microfinance finding provided financial services to the rural dwellers and the small scale enterprises in Nigeria?
3. Does Microfinance significantly contribute to access to improve savings mobilisation in the rural areas in Nigeria?
4. What are the challenges and prospects of Micro financing in Nigeria?
5. What measures must be put in place for the actualisation of microfinance policy in Nigeria?

HYPOTHESES FORMULATION

The following hypotheses (in their Null forms) are formulated and tested to achieve the objectives of the study:

1. Micro financing does not lead to poverty reduction in Nigeria.
2. There is no significant different in the economic situation of the people who benefited from microfinance funding and those who do not have access to micro financing in Nigeria.
3. There is no significant effect of micro financing in economic well-being of the rural dwellers in Nigeria.

V METHODOLOGY

The descriptive survey method was employed in this study. This method is suitable as it involved collecting data from respondents within the community so that the impact of Microfinance Institutions as poverty reduction mechanism can be assessed with special focus on Nigeria. The researcher obtained data from customers of Confidence Microfinance bank in Ilorin and FBN Microfinance bank in Ibadan to obtain a cross fertilized opinions of respondents from more than one Microfinance bank.

The Empirical works was used in analyzing the results so that the Impact of Microfinance Institutions' activities can be assessed in respect of their ability to reduce poverty incidence in Nigeria.

The methods of data analysis adopted were the Chi-square (X^2) method and the analysis of variance (ANOVA). SPSS version 16 was used to carry out the analysis.

A total of four hundred questionnaires were administered to the two banks at two hundred questionnaires per bank. However, one hundred and forty (140) were returned by the customers of Confidence Microfinance bank (denoted by MF1), while One hundred and Sixty (160) were returned by the customers of FBN Microfinance bank (denoted by MF2).

POVERTY INDEX, MICROFINANCE AND INVESTMENT IN NIGERIA

Year	Poverty Index (%)	Microfinance Credit (₦)	Investment (₦)
1992	42.70	135.80	118.40
1993	49.00	654.50	326.60
1994	54.70	1,220.60	491.40
1995	60.00	1,129.80	354.30
1996	65.60	1,400.20	254.00
1997	69.20	1,618.80	384.00
1998	69.20	2,526.80	218.40
1999	70.60	2,958.30	436.80
2000	70.60	3,666.60	450.20
2001	56.00	1,314.00	304.30
2002	56.00	4,310.90	925.50
2003	54.00	9,954.80	2,261.00
2004	54.40	11,353.80	2,612.70
2005	54.40	28,504.80	3,594.10
2006	70.00	16,450.20	2,712.19
2007	70.00	22,850.20	3,715.70
2008	71.50	42,753.06	7,295.30
2009	63.00	58,215.66	8,025.00
2010	69.00	52,867.50	8,674.20
2011	71.00	50,928.30	8,959.80
2012	61.00	80,127.86	14,078.30

Source: Central Bank Statistical Bulletin, 2012

PRESENTATION OF ESTIMATED RESULT

Dependent Variable: PI
Method: Least Squares
Date: 06/17/14 Time: 02:55
Sample (adjusted): 1993 2012
Included observations: 20 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	30.85782	0.341530	90.35167	0.0000
D(LOG(MBC))	-0.121924	0.177495	-0.686914	0.5020
D(LOG(IVT))	-0.204214	0.204923	-0.996542	0.3338
PI^2	0.008012	7.87E-05	101.8540	0.0000

R-squared	0.998748	Mean dependent var	62.96000
Adjusted R-squared	0.998513	S.D. dependent var	7.519056
S.E. of regression	0.289959	Akaike info criterion	0.538701
Sum squared resid	1.345218	Schwarz criterion	0.737847
Log likelihood	-1.387008	Hannan-Quinn criter.	0.577576
F-statistic	4253.458	Durbin-Watson stat	1.662500
Prob(F-statistic)	0.000000		

From the above:
PI = Poverty Index
PI^2 = Square of PI
MBC = Microfinance Banks' Credit
D(LOG(MBC)) = First differenced value of the log of MBC
IVT = Investment
D(LOG(IVT)) = First differenced value of the log of IVT

MODEL ESTIMATION

PI= β_0-β_1 D(LOG(MBC))-β_2 D(LOG(IVT))+β_3 PI^2+ μ_1

PI= β_0-0.122D(LOG(MBC))-0.204D(LOG(IVT))+0.008 PI^2+ μ_1

RESULT ANALYSIS

The result obtained from the regression shows that there is a negative relationship between PI and two of the independent variables that is MBC and IVT while, there is positive relationship between PI and PI^2. Looking at the magnitude of the independent variables, we can see that a 1% decrease in the first differenced value of the log of MBC would increase PI by 0.122% i.e. as microfinance banks' credits decreases poverty index increases. In the same way, a 1% decrease in the first differenced value of the log of IVT would increase PI by 0.204% i.e. as investment decreases, poverty index increases. Lastly, 1% change in the square of PI would increase GDP by 0.008%.

COEFFICIENT OF DETERMINATION (R^2)

The value of R^2 in the model is 0.998748 this means that 99.87% variations in PI are jointly explained by the variation of the explanatory variables i.e. D(LOG(MBC), D(LOG(IVT),and PI^2, while the remaining 0.13% is attributed to the error term (μ_1) i.e. other that affects poverty index apart from the ones already listed.

VI HYPOTHESES TESTING

The Hypotheses were tested using the data collected from respondents from the two case studies: Confidence Microfinance Ltd. denoted as MF1, and FSB Microfinance bank denoted by MF2

Hypothesis 1 (A)
Microfinance Banks' Contribution to Poverty Reduction in Nigeria

MF1 A

	Observed N	Expected N	Residual
yes	131	35.0	96.0
no	1	35.0	-34.0
Undecided	4	35.0	-31.0
no response	4	35.0	-31.0
Total	140		

Source: Field Survey, 2014

MF2 A

	Observed N	Expected N	Residual
1	135	40.0	95.0
2	7	40.0	-33.0
3	9	40.0	-31.0
4	9	40.0	-31.0
Total	160		

Source: Field Survey, 2014

Test Statistics

	MF1	MF2
Chi-Square	351.3	300.9
df	3	3
Asymp. Sig.	.000	.000

Source: Field Survey, 2013

At 0.05 level of significance, and Degree of freedom of 3, the Table value X^2 =7.815. Since X^2c =351.3 for MF1A, and 300.9 for MF2A, are greater than the Table Value, it shows that the test is Statistically significant, hence the Null Hypothesis is rejected and the alternate hypothesis is accepted. This result confirms that Microfinancing leads to poverty reduction in Nigeria.

ANOVA

VAR00001

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.071	3	1.357	246.095	.000
Within Groups	.750	136	.006		
Total	4.821	139			

Source: Field Survey, 2014

Based on the P value (.000) it is concluded that there is no difference between MF1 and MF2 in their contribution to poverty reduction in Nigeria.

Hypothesis 2 (B)

Significant Difference in Economic Situation of people who benefitted from Microfinance Banks and those who do not

MF1B

	Observed N	Expected N	Residual
AGREE	131	35.0	96.0
INDIFFERENT	2	35.0	-33.0
NO RESPONSE	3	35.0	-32.0
DISAGREE	4	35.0	-31.0
Total	140		

Source: Field Survey, 2014

MF2B

	Observed N	Expected N	Residual
AGREE	151	40.0	111.0
INDIFFERENT	1	40.0	-39.0
NO RESPONSE	3	40.0	-37.0
DISAGREE	5	40.0	-35.0
Total	160		

Source: Field Survey, 2014

At 0.05 level of significance, and Degree of freedom of 3, the Table value X^2 =7.815. Since X^2c =351.1 for MF1B, and 410.9 for MF2B, are greater than the Table Value, it shows that the test is Statistically significant, hence the Null Hypothesis is rejected and the alternate hypothesis is accepted. This result confirms that There is significant difference in the economic situation of the people who benefitted from Microfinance funding and those that do not have access to microfinancing in Nigeria.

Hypothesis 3 (C)

Significant effect of Microfinancing in Economic Wellbeing of the Rural Dwellers in Nigeria.

MF1C

	Observed N	Expected N	Residual
AGREE	136	46.7	89.3
DISAGREED	1	46.7	-45.7
INDIFFERENT	3	46.7	-43.7
Total	140		

Source: Field Survey, 2014

MF2C

	Observed N	Expected N	Residual
AGREE	145	53.3	91.7
DISAGREED	10	53.3	-43.3
INDIFFERENT	5	53.3	-48.3
Total	160		

Source: Field Survey, 2014

Test Statistics

	MF1C	MF2C	MF1B	MF2B
Chi-Square	256.6	236.6	351.1	410.9
df	2	2	3	3
Asymp. Sig.	.000	.000	.000	.000

Source: Field Survey, 2014

At 0.05 level of significance, and Degree of freedom of 2, the Table value X^2 =5.991. Since X^2c =256.6 for MF1C, and 236.6 for MF2C, are greater than the Table Value, it shows that the test is statistically significant, hence the Null Hypothesis is rejected and the alternate hypothesis is accepted. This result confirms that There is significant effect of Microfinancing in the economic wellbeing of the rural dwellers in Nigeria.

CONCLUSIONS AND RECOMMENDATIONS

This study discussed the Assessment of Microfinance Institutions as poverty reduction mechanism in Nigeria. The main achievement of proper management of Microfinance Institutions has been stimulating economic growth by strengthening the Small and medium Scale Enterprises (SMEs) and has also brought savings orientation to the people at the grass root.

Moreover, at an aggregate level, microfinance services are means of broadening economic participation to include marginal groups that have been left out previously, which makes microfinance institutions effective and thereby have impact on the Nigerian economic development by its ability for poverty reduction as revealed by the result of the analysis.

The result also revealed that Microfinance Institutions have played vital roles on the Nigerian economy by providing diversified, affordable, and dependable financial services to the active poor in a timely and competitive manner, which has the active poor to undertake and develop small, medium, and long time sustainable entrepreneurial activities, mobilising savings for financial intermediation,(at their own level), create employment opportunities and also increase their productivity in the economic unit of the country.

The Development Finance Institutions (DFIs) tried to bridge this gap created by the aparthy from conventional banks, which was equally inhibited by the drastic reduction in government subventions to them in the 1990s when their operations declined considerably. The FDIs were restructured in the early 2000s to equip this economic sub-unit to be able to cope with entrepreneurial finances more vigorously.

We therefore concluded that microfinance is a vehicle for savings mobilization, as it has provided affordable channels of funding for the people, mostly women, in the rural areas and influenced a great deal in their activities and standard of living, with its positive effect on poverty reduction in Nigeria which has helped the desire for macro economic growth and development.

In view of the findings from this work, the following recommendations aiming at promoting and further

enhancing microfinance activities and the trend of input made by this sub sector of the economy were made:
1. Proper Administration and Management of Microfinance Institution services.
2. Central Bank of Nigeria (CBN) should put in place more effective control of Microfinance Institutions in Nigeria
3. Central Bank of Nigeria (CBN) should ensure that Microfinance banks are not hijacked by the money bags in order not to deprive the rural dwellers and the poor from having access to funding.
4. The monetary authorities: The Central Bank of Nigeria (CBN), and the Nigeria Deposit Insurance Corporation (NDIC) to ensure more effective management and control of Microfinance banks to prevent abuses by their proprietors,
5. Any erring proprietor of any Microfinance bank and any of their staff that are involved in malpractice must be duly prosecuted and sanctioned, without an option of fine.
6. For effective and sustainable poverty reduction, Microfinance should be made to be more viable by creating more outreach and depth.
7. Microfinance policies must be carefully implemented by the monetary authorities.
8. Basic infrastructures must be provided by the government to enhance appreciable improvement in the quality of life of the rural dwellers in particular and the generality of the people.
9. Proper enlightenment programmes to be put in place to sensitize the people in order to capture more people into the scheme.
10. Adequate domestic entrepreneurial capacity must be put in place by government to facilitate rapid expansion of microfinance industry.

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