

A comparative analysis of the practice and performance of microfinance institutions in Nigeria

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The effect of Microfinance practice on performance of Microfinance Institutions in Nigeria

What is it about?

The study compared the practice and performance of 'non-profit' and 'for profit' microfinance institutions in Nigeria. The performance of microfinance institutions in Nigeria has not been impressive since inception, the contribution of microcredit to GDP is less than 2 percent. The investigates the practice of microfinance on performance of Microfinance Institutions in Nigeria. We use financial sustainability and outreach as proxy for performance (dependent variables) and Asset quality, Microfinance methodology employed/practice, Operating expenses, Quality, adequacy and productivity of personnel as explanatory variables.

Why is it important?

Despite the huge literature on microfinance in Nigeria, the effect of microfinance practice on performance of microfinance institutions has not been investigated in Nigeria. The need to provide empirical evidence necessitated the need for the study.

Perspectives



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The microfinance bank is the last hope of the low income earners to access formal financial services in Africa, without access to finance the poverty circle remains in Sub Sahara Africa. Many of the microfinance institutions are not performing at their optimal level as expected, the incessant failure among them has forced many low income entrepreneur into the informal market which is more exploitative, limited in resources and contract cannot be enforce. This is a concern for me because poverty prevalence in Africa keep rising despite huge investment opportunities in the continent.

Writing this article help me developed Microfinance methodology/practice index that can replicated.

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