CHALLENGES FACING MOBILE BANKERS OF MICROFINANCE INSTITUTIONS IN GHANA

(A CASE STUDY OF EDEN MICROFINANCE INSTITUTION IN THE KUMASI METROPOLIS-ASAFO)

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STATEMENT OF AUTHENTICITY

We have read the university regulations relating to plagiarism and certify that this report is all our own work and does not contain any unacknowledged work from any other source. We also declare that we have been under supervision for this report herein submitted.

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ABSTRACT

In Ghana it is estimated that only 6 percent of the entire population have access to formal financial services. However, recent studies show that access to microfinance contributes to poverty reduction, particularly for women participants, and to overall poverty reduction at the village and community levels. To bring microfinance to the doorsteps of the informal sector, microfinance institutions engaged the services of mobile bankers who mobilize savings on daily basis amidst numerous setbacks. For this reason therefore, the study sort to examine the challenges facing mobile bankers in the discharge of their duties. A descriptive research design was adopted in the conduct of the study. With a sample of 60 respondents, a multi-stage sampling technique was used comprising convenient and purposive sampling techniques. It was found among others that, various meanings were given to the concept of mobile banking which include; poor people pooling small sums of money into large lump sums, bringing banking services to the convenience and door steps of customers, serving as agents for large businessmen, money lenders and the economically powerful in society, providing credit in proportions of customer deposits, daily visits to collect deposits from market vendors, charging fee of one deposit per time period and deducting fee at withdrawal. Patronage of mobile banking concept was however found to be generally low. The core challenges facing mobile bankers were found to be; lack of counterfeit detection machines on fields, sexual harassment by some clients, fatigue due to excessive walking and unrealistic targets set by management. To address these nagging challenges, it was recommended among others that, adequate education on the security features of the cedi should be given to mobile bankers as part of their in-service training to avoid the incidence of counterfeits and that management of microfinance institutions should consider investing in a less stressful means of transport such as motorbikes and bicycles to reduce fatigue

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DEDICATION

This piece of academic work is dedicated to our beloveds.

They are our parents, spouses and children. To them we honour with this work.

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CHAPTER ONE

1.0 BACKGROUND OF THE STUDY

In Ghana it is estimated that only 6 percent of the entire population have access to formal financial services, with the majority being denied access (Basu et al., 2004). These individuals and enterprises therefore tend to rely largely on informal sources, including relatives, friends, suppliers and money lenders, for their financial needs (Aryeetey, 1994).

Ghana's financial system is characterised by the co-existence of formal and informal financial markets. They concentrate on providing working capital mainly to medium and large-scale enterprises. Furthermore, the formal financial institutions are inflexible in their operations, with respect to the needs of the small-scale enterprises and the poor people in the rural areas who may not have collateral or well-written feasibility studies to solicit for loans.

In recent times, there is a growing concern amongst academics that the expectations of the microfinance companies are not being met. In addition, microfinance companies are confronted with internal challenges as well as external. The study seeks to examine the internal challenges such as administrative and external challenges facing mobile bankers and concerns of the contributors of microfinance companies.

1.1 STATEMENT OF THE PROBLEM

According to a UNDP report, using microfinance for creating wealth and reducing poverty in developing countries has been recognized as one of the strategies for achieving the first Millennium Development Goal (MDG) (UNDP, 2003). This is because microfinance services can assist the poor and the underprivileged in the economy to accumulate assets, reduce risk and vulnerabilities, facilitate activities to earn livelihood, protect against income shocks, build social capital and improve quality of life. 'Susu' scheme, a microfinance tool which involves the payment of specific amount of money on regular basis in order to collect or save the accumulated contributions after some period, has become very pervasive in Ghana. Despite the ever growing popularity of the microfinance especially the 'susu' scheme in Ghana much work has not been done on challenges facing the mobile bankers of the microfinance. The study seeks to investigate the challenges facing mobile bankers of microfinance companies.

1.2 RESEARCH OBJECTIVES

1. To explore the concept of mobile banking with customers of Eden microfinance company
2. To explore the level of patronage of the mobile banking
3. To identify the challenges facing microfinance mobile bankers
4. To recommend possible solutions to the challenges facing mobile bankers

1.3 RESEARCH QUESTIONS

1. How is mobile banking by Eden microfinance company administered?
2. What is the level of patronage of the mobile banking?
3. What are the challenges facing microfinance mobile bankers?
4. What are the possible solutions to the challenges facing mobile bankers?

1.4 RELEVANCE OF THE STUDY

The main contribution of this study would enhance the operations of microfinance companies. By better understanding the challenges of the mobile bankers would influence the clients' retention; practitioners would be able to adjust their policies to improve retention rates. The general public would be abreast with changes in the industry, to use knowledge gained through the study as a negotiation bargaining tool for efficient service. Microfinance as a whole provides the public a means to have access to financial services in their localities to boost their living standards in a sustainable manner in line with the millennium development goals of alleviating poverty in developing countries.

1.5LIMITATION OF THE STUDY

Challenges were encountered in the collection of the data for the study and the constraints confronted include funding which limited the studies to only Kumasi Metropolis. The funding constraints also include the cost of communication, printing, the cost of data analyst and transportation costs which hampered the study. Supply information was also a major challenge because respondents both the microfinance institution and the customers, especially those which had to do with the company was a major challenge to the administration of the study. The staffs were unwilling to give out details information concerning the company. Also, since most of the information required will relate to business issues, ethical and legal regulations made it quite difficult to access some vital information concerning the company due to uncertainty of the use of the information being gathered.

1.6 RESEARCH METHODOLOGY

This research would employ a data based approach that would provide a full analysis of primary data that would be sought from the contributors of the microfinance company and another for the employees such as mobile bankers by the use of structured questionnaire and in-depth interviews.

The combination of both qualitative and quantitative methods would enable the researcher broaden his perspective about the topic under study, the challenges facing mobile bankers of microfinance companies in Ghana.

1.7 ORGANISATION OF THE STUDY

This work would be organized into five chapters. Chapter one would cover the background of the study, problem statement, research objectives, organization of the work, significance of the study and the scope of the study.

Chapter two would concern literature review, where relevant theoretical and empirical literatures on the subject would be reviewed on microfinance companies in Ghana and challenges facing them.

Chapter three would cover the research design, data collection companies, sources of data and data analysis.

Chapter four would discuss the data analysis and the results of the study.

Finally, chapter five would present summary, conclusions, and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

The purpose of this chapter is to offer theoretical and empirical review of microfinance institutions and the challenges faced by mobile bankers. It covers the evolution of microfinance and its impacts on development. Through the literature review the researcher sought to elucidate the benefits as well as the challenges faced by microfinance institutions.

2.1 THE INTRODUCTION OF MICROFINANCE

Over the past two decades, various development approaches have been devised by policymakers, international development agencies, nongovernmental organizations, and others aimed at poverty reduction in developing countries. The challenge of reducing poverty and improving living conditions for the poorest population is a formidable one. The betterment of poor people requires an effort that spans all sectors of the economy and may not be easy to achieve through economic growth alone. Improved access to financial services helps poor people by enabling payment transactions then bring them into the formal sector. Financial services enable poor people to use profitable business opportunities and raise earnings (Kumar, 2005; Wolday, 2003). But financial markets often serve poor people badly. Since poor people often have insufficient traditional forms of collateral to offer, they are often excluded from financial markets. The formal financial institutions were relevant to extend credit facilities to the poor for fear that loans would not be repaid. Poor borrowers faced high transaction costs when they sought loans from formal financial institutions. The costs included time, travel and paperwork involved in obtaining credit. One of these strategies, which have become increasingly popular since the early 1990s, involves microfinance schemes, which provide financial services in the form of savings and credit opportunities to the working poor (Johnson & Rogaly, 1997).

Microfinance Institutions (MFIs) have become increasingly involved in providing financial services to SMEs focused on poverty reduction and the economic survival of the poorest of the poor. There is continuing and quite rapid improvement in understanding how financial services for the poor can best be provided. As part of this learning process, microfinance practitioners, donors, and governments have been interested in knowing to what extent these credit interventions impact the beneficiaries. According to Robinson (2001), there are two known approaches in microfinance development. These are poverty lending approach and financial system approach. Both approaches share the goal of making financial services available to poor people throughout the world.

The poverty lending approach focuses on reducing poverty through credit and other services provided by institutions that are funded by donors and government subsidies and other concessional funds. A primary goal of this approach is to reach the poor especially the poorest of the poor with credit. Saving is not a significant part of this approach. But mandatory saving is a precondition for receiving the loan.

The emphasis is on micro- credit, not microfinance. With the failure of credit institutions to address the grassroots (households') financial needs, the situation demanded an innovative approach to address the lower segment of the population. The new approach should correct the drawbacks of the old approach (Hailu, 2005).

This is a financial system approach. The financial system approach focuses on commercial financial intermediation among poor borrowers and savers; and also emphasis is given to institutional self-sufficiency. The approach targets lending to the economically active poor people, i.e. people with the ability to use small loans and the willingness to repay and to voluntary save mobilization. Bank Rakyat (Indonesian's micro-banking system) and Banco Sol (salvia's banking system) are models of profitable microfinance institutions (Robinson, 2001). From the forgoing approaches, this will go a long way to elevate many poor people who have the ability and willingness to work with a micro- credit facility to change their standard of living.

2.2 MEANING OF MICROFINANCE

There are various school of thought about microfinance however, they all have common meaning thus to provide small loans to the poor to improve their living conditions. Robinson (2001) microfinance refers to small scale financial services for both credits and deposits- that are provided to people who farm or fish or herd; operate small or micro enterprise where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions; gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and local groups in developing countries in both rural and urban areas. Microfinance has also been defined as the means by which poor people convert small sums of money into large lump sums (Rutherford 1997).

Microfinance, according to Otero (1999) is “the provision of financial services to low-income poor and very poor self-employed people”. These financial services according to Ledgerwood (1999) generally include savings and credit but can also include other financial services such as insurance and payment services. Schreiner and Colombet (2001) define microfinance as “the attempt to improve access to small deposits and small loans for poor households neglected by banks.” Therefore, microfinance involves the provision of financial services such as savings, loans and insurance to poor people living in both urban and rural settings who are unable to obtain such services from the formal financial sector. Microfinance is an economic development approach that involves providing financial services, through institutions, to low-income clients, where the market fails to provide appropriate services. The services provided by the Microfinance Institutions (MFIs) include credit saving and insurance services. Many microfinance institutions also provide social intermediation services such as training and education, organizational support, health and skills in line with their development objectives.

From the various definitions, microfinance is provision of financial services to clients who have otherwise been neglected by the mainstream banking industry. These clients are excluded from mainstream banking primarily for reasons such as poverty, lack of education, living in a remote location, etc. Many kinds of organizations participate in providing microfinance services. These include non-profit organizations (both regional and international), private companies, financial institutions and registered banks. Throughout the rest of the paper such organizations will uniformly be called microfinance institutions, or MFIs. The microfinance industry also includes other participants - such as state, local and national governments, independent rating agencies and other third-party observers. The broader definition of microfinance includes not only microcredit but also other financial services, which can be offered to the poor. Interested economists found soon that not only small credits but also other services connected with lending could improve economic lives of the poorest (Bauer, Chytilova &Morduch, 2008).

In the Ghanaian context, Appiah, (2008) defines microfinance as the provision of financial services and the management of small amounts of money through a range of products and a system of intermediary functions that are targeted at low income clients. It includes loans, savings, insurance, transfer services and other financial products and services.

Ghana, for the past two years through BoG has introduced regulatory policies that will redirect the activities of microfinance institutions. This will foresee how microfinance institutions will transform the living standard of especially the poor in Ghanaian society.

2.3 TYPES OF MICROFINANCE INSTITUTIONS

With regards to the institutional framework for microfinance service provision, Parivartan (2006) identified three basic types of providers. These are formal, semi-formal, and informal providers.

2.3.1 Formal

Formal providers refer to formal financial providers that are subject to the banking laws of the country of operation. These can be government institutions or private banks. They rely on reduced transaction costs, regulation, the legal system, and individual risk evaluations. Net savers earn lower rates with formal providers than with bank accounts, but net borrowers pay lower rates. Formal providers increase access to small loans and savings services for those who lack bank access in Argentina, but NGOs probably cannot do much to promote them.

2.3.2 Semi – formal

Semi-formal providers are those microfinance institutions which have commitment to provider banking and financial services to clients who have been excluded from formal banking. They registered as banks with special charter or as NGOs. They function by enabling access to useful lump sums by borrowers through loans. The loans are repaid in small frequent manageable instalments. Borrowers are encouraged to repay loans through accountability and a number of incentives such as repeat loans, access to group members and so on.

2.3.3 Informal

Informal providers refer to traditional credit providers such as moneylenders, pawnbrokers, and traders with unregistered sources of credit. Informal microfinance also includes loans from friends and relatives or micro-credit based on traditional informal groups. These types of providers tend not to have a formal workplace and maintain few records. Loans are usually in small amounts and are almost always available immediately. Informal microfinance associations are usually held up as models for NGOs interested in microfinance.

2.4 HISTORY AND DEVELOPMENT OF MICROFINANCE IN GHANA

The concept of microfinance is not new in Ghana. It has always been common practice since pre-independence days. Susu, one of the traditional microfinance methodologies currently in use, is thought to have spread to Ghana from Nigeria early in the twentieth century (Bank of Ghana, 2007). Since its arrival, the Government of Ghana has attempted a variety of financial sector policies and programs that have influenced the development of informal microfinance sector activities.

Microfinance has a very important role to play in development according to proponents of microfinance. UNCDF (2004) states that studies have shown that microfinance plays three key roles in development. It:

- Helps very poor households meet basic needs and protects against risks,
- Is associated with improvements in household economic welfare,

- ❖ Helps to empower women by supporting women’s economic participation and so promotes gender equity.

Otero (1999) illustrates the various ways in which “microfinance, at its core combats poverty”. She states that microfinance creates access to productive capital for the poor, which together with human capital, addressed through education and training, and social capital, achieved through local organisation building, enables people to move out of poverty. By providing material capital to a poor person, their sense of dignity is strengthened and this can help to empower the person to participate in the economy and society (Otero, 1999).

The aim of microfinance according to Otero (1999) is not just about providing capital to the poor to combat poverty on an individual level, it also has a role at an institutional level. It seeks to create institutions that deliver financial services to the poor, who are continuously ignored by the formal banking sector. Littlefield and Rosenberg (2004) stated that, the poor are generally excluded from the financial services sector of the economy so MFIs have emerged to address this market failure. By addressing this gap in the market in a financially sustainable manner, MFI can become part of the formal financial system of a country and so can access capital markets to fund their lending portfolios, allowing them to dramatically increase the number of poor people they can reach (Otero, 1999).

According to Murduch and Hashemi (2003) microfinance is a critical contextual factor with strong impact on the achievements of the MDGs...microfinance is unique among development interventions: it can deliver social benefits on an ongoing, permanent basis and on a large scale. Simanowitz and Brody (2004) also stated that, microfinance is a key strategy in reaching the MDGs and in building global financial systems that meet the needs of the poorest people. Referring to various case studies, they show how microfinance has played a role in eradicating poverty, promoting education, improving health and empowering women.

Poverty is a complex issue and is difficult to define, as there are various dimensions to poverty. For some such as World Bank, poverty relates to income, and poverty measures are based on the percentage of people living below a fixed amount of money, such as US$1 a day (World Bank, 2003).

Therefore, Wright (2000) states that much of the scepticism of MFIs stems from the argument that microfinance projects "fail to reach the poorest, generally have a limited effect on income...drive women into greater dependence on their husbands and fail to provide additional services desperately needed by the poor". In addition, Wright says that many development practitioners not only find microfinance inadequate, but that it actually diverts funding from "more pressing or important interventions" such as health and education.

As argued by Navajas et al (2000), there is a danger that microfinance may siphon funds from other projects that might help the poor more. They state that governments and donors should know whether the poor gain more from microfinance, than from more health care or food aid for example. Therefore, there is a need for all involved in microfinance and development to ascertain what exactly has been the impact of microfinance in combating poverty.

As indicated above, not all commentators are as enthusiastic about the role of microfinance in development and it is important to realise that microfinance is not a silver bullet when it comes to fighting poverty. Hulme and Mosley (1996), while acknowledging the role microfinance can have in helping to reduce poverty, concluded from their research on microfinance that "most contemporary schemes are less effective than they might be". They state that microfinance is not a panacea for poverty-alleviation and that in some cases the poorest people have been made worse-off by microfinance. Rogaly (1996) finds five major faults with MFIs. He argues that:

- They encourage a single-sector approach to the allocation of resources to fight poverty,
- Microcredit is irrelevant to the poorest people,
- An over-simplistic notion of poverty is used,
- There is an over-emphasis on scale,
- There is inadequate learning and change taking place.

Considering the various arguments, the effectiveness of microfinance as a tool for directly reducing poverty, and about the characteristics of the people it benefits (Chowdhury, Mosley and Simanowitz, 2004). Sinha (1998) argues that it is notoriously difficult to measure the impact of microfinance programmes on poverty. This is so, because money is fungible and therefore it is difficult to isolate credit impact, but also because the definition of 'poverty', how it is measured and who constitute the 'poor' "are fiercely contested issues".

2.5 MICROFINANCE ADMINISTRATION IN GHANA

The operation of microfinance entails little amounts of loans which are given to individuals and groups to help them start some income generating activities. Little savings over time is also an integral aspect of microfinance as it serves as security for the poor households and also helps them accumulate substantial capital to overcome their capital constraints. The loan which are given out are also short-terms loan which is usually up to the term of one year. Payment schedules are usually on week basis. Instalments made up from both principal and interest, which amortized in course of time. Easy entrance to the microfinance intermediary saves the time and money of the client and permits the intermediary to have a better idea about the clients' financial and social status (Haugen, 2005).

Haugen (2005) explained terms of application that the clients need not go through the cumbersome procedures which are required in the traditional commercial banks. There is also short processing periods between the completion of the application and the disbursement of the loan. No collateral is required contrary to formal banking practices. Instead of collateral, microfinance intermediaries use alternative methods, like, the assessments of clients' repayment potential by running cash flow analyses, which is based on the stream of cash flows, generated by the activities for which loans are taken. The use of tapered interest rates decreasing interest rates over several loan cycles as an incentive to repay on time. Large size loans are less costly to the MFI, so some lenders provide large size loans on relatively lower rates. The clients who pay on time become eligible for repeat loans with higher amounts.

In developing countries we observe that individuals that are unable to get loans from formal institutions can still obtain credit from informal lenders. This indicates that informal lenders are able to handle information- and enforcement problems. In a credit market there are typically asymmetric information between a borrower and a lender, where borrowers have full information about their productivity and their risk types, but a lender lacks this information. This kind of information asymmetries may be captured in a standard principal-agent model. When borrowers have private information about their risk types, the lender is facing an adverse selection problem. Adverse selection is a pre -contractual problem and we refer to this as the lenders screening problem later in the thesis. If post-contractual action by the borrower is not verifiable for the lender, the problem is called moral hazard. This problem can be thought of as a monitoring problem and we refer to this as the incentive problem (Haugen, 2005).

Stiglitz (1990) looks at how peer monitoring can help improve the operations of MFIs and welfare of borrowers. He attributes the success of the flagship of MFIs, the Grameen Bank to peer monitoring. Peer monitoring is largely responsible for the successful financial performance of the Grameen Bank of Bangladesh and of similar group lending programs elsewhere. But peer monitoring has a cost. It transfers risk from the bank, which is in a better position to bear risk, to the consignor. In a simple model of peer monitoring in a competitive credit market, this article demonstrates that the transfer of risk leads to an improvement in borrowers' welfare.

2.6 MICROFINANCE AND SMEs DEVELOPMENT IN GHANA

Accessing credit is considered to be an important factor in increasing the development of SMEs. It is thought that credit augment income levels, increases employment and thereby alleviate poverty. It is believed that access to credit enables poor people to overcome their liquidity constraints and undertake some investments such as the improvement of farm technology inputs thereby leading to an increase in agricultural production (Hiedhues, 1995).

Navajas et al, (2000) stated that the main objective of microcredit is to improve the welfare of the poor as a result of better access to small loans that are not offered by the formal financial institutions and argued that insufficient access to credit by the poor just below or just above the poverty line may have negative consequences for SMEs and overall welfare.

Access to credit further increases SME‟s risk-bearing abilities; improve risk-copying strategies and enables consumption smoothing overtime. With these arguments, microfinance is assumed to improve the welfare of the poor. It is argued that MFIs that are financially sustainable with high outreach have a greater livelihood and also have a positive impact on SME development because they guarantee sustainable access to credit by the poor (Rhyne and Otero, 1992).

Buckley (1997) argue that, the indicators of success of microcredit programs namely high repayment rate, outreach and financial sustainability does not take into consideration what impact it has on micro enterprise operations and only focusing on "microfinance evangelism". Carrying out research in three countries; Kenya, Malawi and Ghana, came to the conclusion that there was little evidence to suggest that any significant and sustained impact of microfinance services on clients in terms of SME development, increased income flows or level of employment. The focus in this augment is that improvement to access to microfinance and market for the poor people was not sufficient unless the change or improvement is accompanied by changes in technology and or technique (Buckley, 1997).

Zeller and Sharma (1998) argue that microfinance can aid in the improvement or establishment of family enterprise, potentially making the difference between alleviating poverty and economically secure life. On the other hand, Burger (1989) indicates that microfinance tends to stabilise rather than increase income and tends to preserve rather than to create jobs.

2.7 IMPACT OF MICROFINANCE ON POVERTY

Wright (1999) highlights the shortcomings of focusing solely on increased income as a measure of the impact of microfinance on poverty and states that," there is a significant difference between increasing income and reducing poverty". Wright argues that, by increasing the income of the poor, MFIs are not necessarily reducing poverty. It depends on what the poor do with this money, Oftentimes, it is gambled away or spent on alcohol, and so focusing solely on increasing incomes is not enough. The focus needs to be on helping the poor to "sustain a specified level of well-being" (Wright, 1999) by offering them a variety of financial services tailored to their needs so that their net wealth and income security can be improved. It is commonly asserted that MFIs are not reaching the poorest in society. However, despite some commentators' scepticism of the impact of microfinance on poverty, studies have shown that microfinance has been successful in many situations.

Littlefield, Murduch and Hashemi (2003) "various studies concluded on increases in income and assets, and decreases in vulnerability of microfinance clients". They referred to projects in India, Indonesia, Zimbabwe, Bangladesh and Uganda which all shows very positive impacts of microfinance in reducing poverty. For instance, a report on a SHARE project in India showed that three-quarters of clients saw "significant improvements in their economic well-being and that half of the clients graduated out of poverty" (2003).

Hulme and Mosley (1996) in a comprehensive study on the use of microfinance to combat poverty, argue that well-designed programmes can improve the incomes of the poor and can move them out of poverty. They state that "there is clear evidence that the impact of a loan on a borrower's income is related to the level of income" as those with higher incomes have a greater range of investment opportunities and so credit schemes are more likely to benefit the "middle and upper poor". However, they also show that when MFIs such as the Grameen Bank and BRAC provided credit to very poor households, those households were able to raise their incomes and their assets. Therefore, while much debate remains about the impact of microfinance projects on poverty, it can be seen that when MFIs understand the needs of the poor and try to meet these needs, projects can have a positive impact on reducing the vulnerability, not just of the poor, but also of the poorest in society.

Wright (2000) was of the view that the advantage of microfinance is that donor investment is recycled and reused. Khandker (1998) did direct comparisons to show that microfinance can be a more cost-effective developmental tool than alternatives including formal rural financial intermediation, targeted food interventions, and rural infrastructure development projects. Moreover, unlike many other interventions, costs for microfinance tend to diminish with the scale of outreach (Rhyne 1997; Christen et al 1996). Microfinance is an instrument that, under the right conditions, fits the needs of a broad range of the population—including the poorest—those in the bottom half of people living below the poverty line. While there will be people in this group who will not be suited for microfinance because of mental illness, etc., the exclusion of this small percentage of the population will likely not be a limiting operational issue for MFIs.

2.8 POLICIES OF FINANCIAL INSTITUTIONS IN GHANA

The financial policies in Ghana have created three broad categories of microfinance institutions formal, semi-formal and informal:

2.8.1 Formal

Formal financial institutions are those that are incorporated under the Companies Code 1963 (Act 179), which gives them legal identities as Limited Liability Companies, and subsequently licensed by the Bank of Ghana (BoG) under either the Banking Law 1989 (PNDCL225) or the Financial Institutions (Non-Banking) Law 1993 (PNDCL 328) to provide financial services under Bank of Ghana regulation. Some Formal organizations are savings and loans companies, rural and community banks, some development and commercial banks.

2.8.2 Semi- formal

Semi formal organizations are made up of the credit unions, financial nongovernmental organizations (FNGOs), and cooperatives. They are formally registered, but are not licensed by the Bank of Ghana. NGOs are incorporated as companies limited by guarantee (not for profit) under the Companies Code. Savings and Loans companies and Credit Unions are incorporated under the Non Banking Financial Institution (NBFI) law. The Credit Unions, however, are not regulated by the BOG, but by the Credit Union Association (CUA) which acts as a self regulatory apex body.

2.8.3 Informal

Informal organizations such as Susu collectors and clubs, rotating and cumulating savings and credit associations, traders, moneylenders and other individuals. One of the components of the microfinance sub-sector in Ghana is the 'Susu' scheme which is one of Africa's most ancient traditional banking systems which have over the years been the mode of fund mobilization for initiation, sustenance and in some cases development of micro and small businesses, particularly micro enterprises (Alabi et al., 2007). "Susu" is an informal financial identification for daily or weekly deposit collection which can be described as a form of banking because it is a system of trading in money. It involves regular and periodic collection of fixed amount of deposits that are made available to the owners after a specified period of time or when required or to borrowers within the scheme at a fee (Alabi et al., 2007).

2.9 GHANA CO-OPERATIVE SUSU COLLECTORS' ASSOCIATION

The Ghana Co-operative Susu Collectors' Association, (GCSCA) which is one of the vibrant informal organisations was established in 1994 as an umbrella organization for all Regional Susu collectors Societies in Ghana. The objective behind its formation was to self regulate the activities of the Susu collectors and to instill best practices in them, to facilitate greater consumer confidence and deposit mobilization. Even though Susu collectors mobilize savings, the central bank has refrained from regulating them.The institution of GCSCA is expected to facilitate formalization of the Susu system in future. It is also likely to integrate the Susu collectors with the mainstream banking institutions. This in turn will reduce the risk involved for the depositors.

Some savings and loans such as First Allied have tried adopting the Susu collector model for mobilizing savings and giving loans. Their efforts have not met with much success as the bank employees were not able to gain the level of confidence and intimacy that the Susu collectors enjoy with the rural poor. . Currently, GCSCA has regional offices in all the regions and some districts in the country with a total membership of one thousand three hundred and thirty-five (1,335).

These informal financial institutions "...use specialized methods to serve broad segments of the population that lack access to banks..."they also"...use specialized techniques to address the problems of information, transaction costs and risks in serving households and micro businesses that prevent banks from serving these market segments...it is important both to include informal institutions in financial development strategies and to link them more closely with the formal financial system in order to both increase savings mobilization and make more funds available to high-return investments in informal activities...",World bank. Enabling tools covered earlier can only improve this derivative of the financial arena.

2.10 THE CONCEPT OF MOBILE BANKING BY MICROFINANCE COMPANIES

Diagne and Zeller (2001), according to them Mobile bankers' activity consists of making regular - often daily - visits to market vendors and collecting their deposits from them. The fee usually amounts to one deposit per time period (one month, for example) at the end of which the lump sum less the fee is returned to the depositor. Mobile bankers also extend credit; some of the larger traders, for instance, may get advances of up to six times their deposits. Mobile bankers frequently carry out deposit and credit operations amongst vendors. In fact, mobile bankers are often agents for large businessmen, moneylenders, or other economically powerful individuals (Diagne and Zeller, 2001).

For the market vendor, mobile bankers offer the convenience of bringing banking services directly to their place of activity, during working hours - which is also the time when banks operate - and the possibility of opening a line of credit under better conditions than a formal bank. This regularity of transactions is also appreciated by the mobile bankers themselves, as it is one of the ways they may assess the creditworthiness of their clients. Indeed, their daily visits put pressure on vendors to make deposits, which are usually always of the same amount so that accounting may be made easier.

2.11 ADMINISTRATIVE CHALLENGES

Again, the microfinance institutions are confronted with administrative challenges which impede the smooth running of the industry. Among the challenges is managerial, most employers of the institutions do not hire employees with professional backgrounds in microfinance operations or proper managerial skills. In addition, unlike the formal and the semi-formal institutions, most microfinance institutions do not have credit risk management officers even though most of them given loans to their clients.

Improper record keeping by mobile bankers is also another key administrative issue facing the operators of microfinance. Under-recording of clients' monies by the mobile bankers has been a major concern by the contributors which sometimes leads to unnecessary arguments between the contributors and the mobile bankers leading clients exit. Contributors monies brought in by the mobile bankers recorded in the ledger cards may also be different from the actual amount in the contributors' passbook or card this mismatch leads to major administrative issue.

Lack of proper monitoring of mobile bankers due inadequate staff has also been a major contributor to the woes of the institutions. The companies are not able to monitor the activities of mobile bankers in the field leading to the gap of the mismatch of the records by the mobile bankers.

2.12 CHALLENGES FACING MICROFINANCE INSTITUTIONS

Microfinance institutions are contributing immensely as indicated previously, however they are also beset with drawbacks. Despite the well defined roles of stakeholders in microfinance in Ghana, it appears that growth in the microfinance sector has been slower than expected because certain constraints and challenges have hampered its operations. There has so far not been a coherent approach to dealing with the constraints facing the sub-sector (Asiama &Osei, 2007).

Asiama &Osei, (2007) stated that the microfinance industry has been burdened by inappropriate institutional arrangements, poor institutional linkages, a tax regulatory environment, lack of coordination and collaboration, an absence of lending criteria, lack of linkages between formal and informal financial institutions, and inadequate capital. Coordination and collaboration among key stakeholders including development partners, government and other agencies, is badly needed in order to advance microfinance and its impact on poverty in Ghana. It has been difficult to ascertain the effect of microfinance on the population of Ghana. This is due to the lack of research or independent evaluation of the microfinance activities and their impact in Ghana. Most equity owners do not justify the sources of the initial startup capital and turned to redraw beyond their investment, so clients who are refused redraw of their susu savings create awareness to their business counterparts whose responds sometimes

2.12.1 Clients Exit

Pawlak and Matul (2004) in their study stated that client exit (drop out) undermines MFIs effort to maintain long term banking relationship is necessary for its successful performance. Clients exit increases the MFIs cost structure, discourages other clients and reduces prospect for sustainability. A rising exit rate may be indicative of major problems for an MFI and even threaten its survival. Users may be unhappy with the terms and conditions, or may have poor relations with staff. They may be switching to competitors, or overall demand may be falling due to a change in the economic climate. According to Copestake (2002), a key determinant of commercial viability is staff productivity and high exit rates are likely to reduce this because of fixed costs associated with induction and screening of new members.

2.12.2 Causes of Clients Exit

Microfinance practitioners are concerned about higher client exit in microfinance for several reasons. First, MFIs and clients have much to gain from a quality, long-term banking relationship. As the relationship matures, the lender benefits from lower screening and monitoring costs, increased revenue, assuming loan balances grow overtime and improved lending decisions given that risk decreases as more information about the borrower is revealed. Benefits to the clients include a continued and often expanded access to credit, cost reduction in capital as terms and conditions improve over the long-run and an opportunity to establish a valuable reputation as a trustworthy borrower. Second, if clients leave after using microfinance services for a short time, fulfilment of social goals is jeopardised. For the impact to be felt, this needs time, and by leaving the programme, the existing clients are moving beyond the MFI's development reach (Copestake et al, 2005).

2.12.3 Effects of Clients Exit

Hulme (1999) emphasised that, in the longer-term, increase in exit rates also affects reputation and goodwill. Leavers may spread stories that deter others. High exit rates associated with adverse welfare effects on users may also scare away potential investors (from the private sector as well as donors) who are mindful of their reputations. This may raise the cost of capital and possibly also costs of compliance with regulation. An increase in exit rates may also be a lead indicator of a more widespread loss of goodwill among users, which may subsequently lead to contract enforcement problems. Client exit does not only affect the individual MFIs but also the entire industry. It is believed that there is now more MFI dropout in East Africa than there are active MFI clients. The danger posed by exit clients in the microfinance industry is that it leads to a growing cohort of people who discourage friends and relatives from joining MFIs.

2.13 LOANS TO FINANCE OPERATIONS

MFIs find it very difficult to obtain commercial loans to finance their operations; hence there is an inadequate capital for their operations expansion. The main concept of microfinance institutions is to give micro credit to young and dynamic entrepreneurs to start micro businesses, farming etc.

2.14 STRINGENT REGULATIONS

Problems of becoming a financial institution due to stringent regulations and legal frameworks by Bank of Ghana (BoG) in particular, to become a S& L company, the BoG mandatory deposit requirement is ¢15 billion (BoG-NBFIs Performance Review, 2004). Currently, microfinance institutions are required to proof a holding shareholders fund of ¢100,000.00. This regulation has deterred many investors in the industry.

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CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

This chapter is concerned with method used to meet the specific objectives. It refers to the various sequential steps to be adopted by a researcher in studying the problem with certain objectives in view. Methodology is the theory of how research should be undertaken or conducted. This study contains research design, sources of data, samples and sampling techniques, instrument for data collection, method of data analysis and statistical procedures adopted to gather data, process and present the output.

3.1 RESEARCH DESIGN

There are several types of research design namely; Exploratory, Descriptive and explanatory. But for the purpose of this study, the researchers used descriptive design. Descriptive research is undertaken to describe answers to questions of who, what, where, when, and how. It is desirable when researcher wish to project a study's findings to a larger population, if the study's sample is representative. The basic research design that was used in this study was a case study. The study would use two groups of samples namely, the employees of the microfinance including mobile bankers and the Susu contributors. The mobile bankers and other employees would be used to get information on administrative challenges facing the institution and the mobile bankers. The second group are the Susu contributors of the institution. The sample frame of the study is the entire clients found in the list of Eden microfinance institution.

3.2 RESEARCH POPULATION

The population for this research comprised all persons belonging to or associated with Eden microfinance and clients of the microfinance, Asafo- Kumasi. All customers, mobile bankers and other employees who relate to the company form part of the population of the study. It is so because a customer, mobile banker and other employees in any of this category has had some experience and will therefore be in a position to give accurate responses to the research questions.

3.3 SAMPLE SIZE AND SAMPLING TECHNIQUES

Since it is impossible for the researchers to study the hundreds of clients, mobile bankers and employees of microfinance company, a sample of 60 people were chosen from whom information were elicited on the variables been studied. The sample had the following allocation; 12 microfinance officials, 30 mobile bankers and 18 clients. In order to examine the challenges, questionnaire was submitted to a convenient sample of people, and interviewed by researchers in the environs of Eden Microfinance Company, Asafo. The data were collected in three days during the banking hours of each day.

The choice of microfinance was based on the convenience. In terms of proximity and resources, it was deemed appropriate and convenient to study this company. This microfinance company is among those that Bank of Ghana has given licence to operate. In view of the specialized nature of the study, purposive sampling and convenient sampling were employed in the selection of individual respondents for the study.

Purposive sampling type has a reasonable cost and reasonable control over sample content. It works with small sample size and representation is by choice. The researcher considered giving equal right to select males and females in the strata. Thus the employees included mobile bankers, accounts officers, cashiers, and loans officers of the microfinance.

The respondents could be divided into three categories. The schedule shows the categories of respondents and the size of samples.

Table 3.1 Group of respondents and sample size

Group numbers.	Group of Respondents	Sample Size	Percentage
1	*Microfinance officials*	12	20
2	*Mobile bankers*	30	50
3	*Clients*	18	30
	Total	**60**	**100**

Source: Field Survey, March, 2013

3.4 SOURCES OF DATA

Two types of data was collected for the study – primary and secondary information. In the collection of primary data, a structured questionnaire was used to collect information from the respondents. This was done by the researcher within three days period. Secondary information was obtained through extensive review of existing literature, which included but not limited to articles in newspapers, textbooks, articles on the internet and journal publications.

3.4.1 Secondary Information

These are information which have already been collected by some other individual, organisation or agency and which have already been processed and used to satisfy its own need but it is being used by another under reference for an entirely different reason. Brochures, business magazine, journals, internet, newspapers, relevant articles and other long essays, which cover the area of study, were used. This can also be said to be information gathered for the purposes other than the completion of a research project and also used to gain mutual insight into the research problem. Secondary data source is a term used in a number of disciplines to describe sources materials that is close to the person, information, period or idea being studied. . These will also give specific responses to the research questions through interview schedules with selected respondents well-learned and at least familiar to the challenges facing mobile bankers of microfinance institutions in Ghana.

3.4.2 Primary Data

Primary data are freshly collected data otherwise known as raw data that are either used to test the working hypothesis or as evidence to support your claim or for both. In the collection of primary data, a structured questionnaire was used to collect information from the respondents. The questionnaires were administered to elicit relevant information from selected susu contributors and the employees including mobile bankers of the microfinance. Interviews comprise the most important research input, for two reasons. First, because there is a little existing literature on Ghanaian microfinance institutions is significant; interviews are the most viable method to capture the historical evolution of mobile bankers of microfinance institutions in Ghana. Moreover, interviews ensure that the study reflects an assessment of what changes appeared most important to the administration of the concept.

3.5 DATA COLLECTION INSTRUMENTS

3.5.1 Questionnaire

The field data for the research was collected using structured questions, unstructured questions and interview schedules. The questionnaire contained multiple- choice questions elicited quick responses from especially busy respondents, the unstructured questions allowed for flexibility and offered the opportunity of the researcher to interact with respondents.

3.5.2 Interview

The interview schedules in use ensured that respondents understood the questions since they could ask supplementary questions to clarify the issues that were been raised in the questionnaires. It also ensures quick and high rate of response to the question, as the presence of the researcher facilitated it.

3.6 DATA PROCESSING AND ANALYSIS

After receiving the gathered data, it was edited to detect and correct, possible errors and omissions that are likely to occur, to ensure consistency across respondents. The responses were coded into Statistical Package for Service Social Scientist (SPSS, version 16) programme for analysis. Since the study is descriptive in method, descriptive statistical tools such as bar charts, pie charts and tables were employed in presenting the results. The data analysis involved summarizing the raw data into a manageable size, developing summaries and applying statistical inferences. The qualitative data method will also be used to discuss and assess the data collected in order to draw logical conclusions and recommendations. The data collected would further be examined critically to facilitate acquisition of authentic evidence for the study. This would be done by way of verification of information from the respondents as well as careful scrutiny of the entire data obtained. This is to enable the researcher to investigate the challenges facing mobile bankers of microfinance institutions in Ghana

3.7 PROFILE OF EDEN MICROFINANCE COMPANY

The research was conducted in Kumasi metropolis' Eden microfinance institution Head Office in Kumasi. The Kumasi metropolis covers an area of about 254 square kilometres and has businesses scattered all over the metropolis. The Eden Head Office in Kumasi is located at Asafo Market, behind Neoplan Station.

Eden Microfinance Company Limited was incorporated under the Companies Codes 1963 (Act179) and issues with a certificate to commence business on 24th March 2011. Through good customer relations and the provision of quality product and service, Eden micro finance currently can boast of 11 active branches, with 9 more under construction in different part of the country those are expected to be opened by the end of this year. The company with over 525 staff.

With the initial focus on the informal sector Eden Microfinance over the past 5 months has extended its operations to cover the informal sector providing loans and also financing SMES. The customers who are looking for loans need not have a guarantor or collateral. Plus, timely delivery of financing is assured. Eden microfinance objective is to engage in the ordinary business of banking through effective and efficient mobilization of savings. This is to make funds available to support viable economic ventures as a way of promoting economic growth and improving the living standard of clients.

Eden microfinance's product include Eden Business (a current account with very low charges for all businesses). Eden Nkosuo a susu and loans product with 3% Interest with this product, the monthly interest on principal can be withdrawn by the client.

There is also the Eden foundation by which customers can save with any amount for the future; Eden Emergency loan accessible within a short time for people to do their business and pay over a month later. Another product is the Eden housing loan which patrons are made to pay an initial sum of the cost and asked to pay the rest in instalment. The super Eden is a fined investment account for 6months with more interest for business men and women. Eden micro finance was targeted to cover the northern part of Ghana by 2015 in its corrective Board chairman, William Adom Boateng, the company is poised to create more jobs this years.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION AND INTERPRETATION

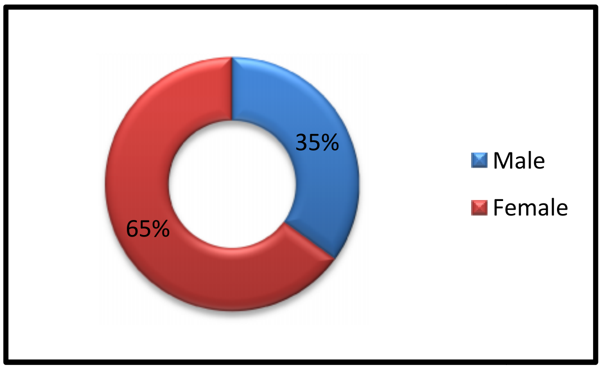
4.0 INTRODUCTION

This fourth chapter of the research work basically contains the results of the field data analysed using SPSS and MS Excel programmes. 60 questionnaires were distributed to the respondents and all were received back, it is upon these that the study is based. For easier comprehension and clarity of presentation, the research results were presented on simple charts and frequency distribution tables.

4.1 DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

According to the field data gathered, out of the total of 60 respondents, females constitute 39 whereas the males were 21 so majority of the players in the mobile banking activities were females. As seen on chart 1 below, 65% of the respondents were females whereas 35% were males. This was probably triggered by the fact that mobile bankers are mostly young females dominated with only a handful of males.

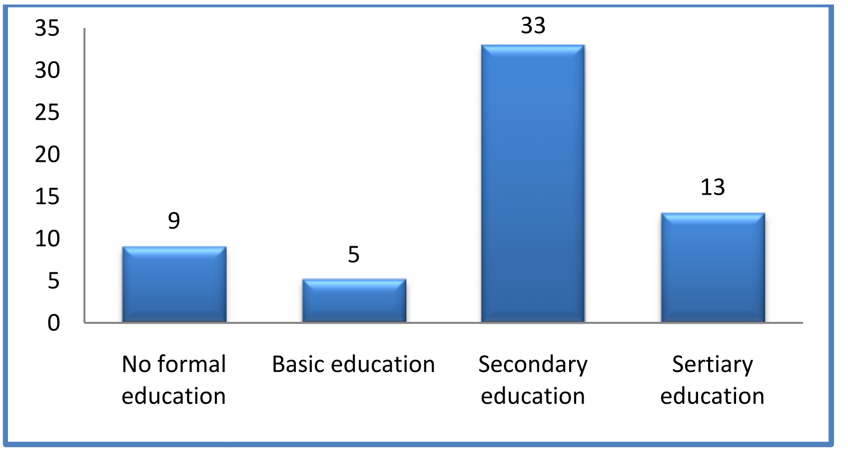
Figure 1: Gender of Respondents



Source: Author's field data, May 2013

With respect to the highest educational levels of respondents, majority of them indicated they were Senior High School graduates of the 60 respondents, 9(or 15%) had no formal education, 5(or 8%) had basic education, 32(or 53%) had secondary education where as the remaining 13(or 22%) had tertiary education.

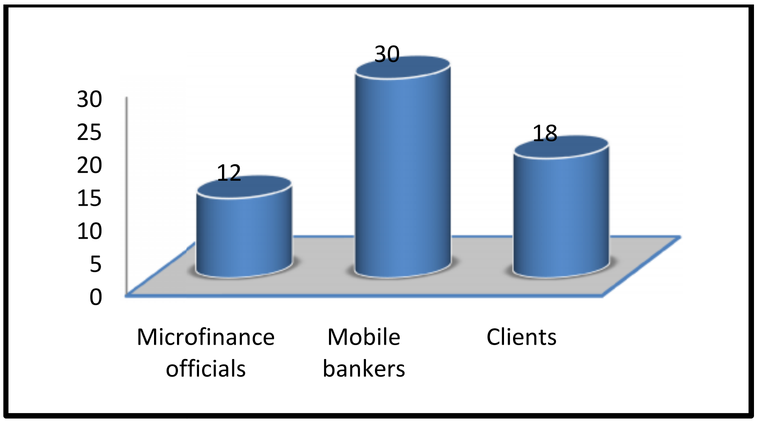
Figure 2: Educational Background of Respondents



Source: Author's field data, May 2013

The respondents in the study were made of three categories of people; these are the microfinance officials, the mobile bankers as well as some clients of the mobile banking services. Of the total of 60 respondents, 12 were officials of the microfinance company under study, 30 were mobile bankers whiles the remaining 18 were clients from whom the mobile bankers receive daily deposits. This is evident on chart 3 below.

figure 3: Occupation of Respondents



Source: Author's field data, May 2013

4.2 CONCEPT OF MOBILE BANKING BY EDEN MICROFINANCE COMPANY

The concept of mobile banking as practiced in microfinance companies is understood by the respondents in the following expressions as indicated on table 1 below. Of the total respondents, 52 of them perceive mobile banking to be a means by which poor people pool small sums of money into large lump sums, all of them indicated mobile banking bring banking services to the convenience and door steps of customers and 37 of the respondents indicated that mobile banking serves as agents for large businessmen, money lenders and the economically powerful in society. Besides, 36 of the respondents understood mobile banking to be providing credit in proportions of customer deposits, 59 respondents consider mobile banking as consisting of daily visits to collect deposits from market vendors, 57 of them understood it to include an arrangement where the fee usually amounts to one deposit per time period and another 45 respondents indicated that at withdrawal the depositor is entitle to the lump sum less the fee as shown on table 4.1 below.

Table 4.2 Concept of Mobile Banking

	Frequency
Mobile banking is means by which poor people convert small sums of money into large lump sums	52
Mobile banking bring banking services to the doorsteps of customers.	60
It serves as agents for large businessmen, moneylenders and the economically powerful individuals.	37
Mobile banking provides credit up to six times the deposit	36
It consists of making regular/daily visits to market vendors and collecting their deposits from them	59
Fee usually amounts to one deposit per time period	57
At withdrawal the depositor is entitle to the lump sum less the fee.	45
Total	60

Source: Authors' field data May 2013

4.3: LEVEL OF PATRONAGE OF THE MOBILE BANKING

Evidence suggests that, patronage for the mobile banking concept was generally low as described the respondents shown on table 4.2 below. According to the 60 respondents, 12 of respondents believe patronage of mobile banking services was very low, 25 of the respondents believe it was low and the remaining 23 respondents believe patronage of mobile banking services were just average.

Table 4.3 Patronage of mobile banking concept

	Frequency
Very low	12
Low	25
Average	23
High	0
Very high	0
Total	60

Source: Author's field data May 2013

4.4: CHALLENGES FACING MICROFINANCE MOBILE BANKERS

Similarly evidence from the field indicates that mobile bankers of microfinance institutions were confronted with wide range of challenges in within the Ghanaian economy. Table 4.3 below displays the various challenges confronting mobiles bankers in the discharge of their duties on daily basis. Of the 60 respondents, 48 of the respondents believe mobile bankers were sometimes duped with counterfeit, 32 of them believe mobile bankers sometimes lose money to juju practitioners when they offer them change, 38 respondents believe attacks by armed robbers was another challenge whiles another 40 respondents believe mobile bankers were sexually harassed on the field.

Besides, 57 of respondents identified fatigue from excessive walking as a challenge to mobile bankers, 39 of respondents identified lose of money due to recording errors, 41 respondents identified disagreement with clients due to mismatched contributions, 46 respondents identified unrealistic targets set by management and 35 of the respondents identified seasonal harvest affecting targets in rural communities. Not only that, 43 respondents observed that remuneration based on commission discouraged mobile bankers, 35 and 22 of respondents respectively observed lack of job security and non-payment of Social Security contributions as critical challenges facing mobile bankers of microfinance institutions in Ghanaian economy.

TABLE 4.4 CHALLENGES FACING MICROFINANCE MOBILE BANKERS

	Frequency
Lack of counterfeit detection machines on fields.	48
Loss of money due to juju or other spiritual means	32
Attacks by armed robbers	38
Sexual harassment by some clients	40
Fatigue due to excessive walking	57
Losses due to recording errors	39
Disagreements with clients on mismatched contributions	41
Unrealistic targets set by management	46
Seasonal harvest affecting targets in rural areas	35
Remuneration on commission basis discourages mobile bankers	43
Lack of job security	35
non-payment of SSNIT contributions	22

Source: Authors' field data May 2013

4.5: SOLUTIONS TO THE CHALLENGES FACING MOBILE BANKERS

With respect to the solutions to the challenges facing mobile bankers of microfinance institutions, 42 of the 60 respondents suggest mobile bankers should be given adequate education on the security features of the cedi to avoid collecting counterfeits, 22 suggest they should avoid changing monies to non-clients to avoid spiritual siphons, 57 of respondents suggest that mobile bankers should be vigilant and professional to ensure their own safety and that of their monies whiles 24 proposed the use of motor bikes and bicycles to reduce fatigue.

In addition, 48 respondents proposed adequate training and regular workshops be instituted to ensure efficiency of mobile bankers, 43 of the respondents proposed that management should always set achievable targets and pay bonuses promptly to encourage mobile bankers, 37 respondents proposed that mobile bankers be put on a monthly salary scale and not paid based on commission whereas 25 respondents proposed SSNIT contributions and other privileges enjoyed by other workers should be extended to mobile bankers.

Table 4.5 Solutions to Challenges facing Mobile Bankers

	Frequency
Adequate education on the security features of the cedi to avoid the collection of counterfeit	42
Avoid changing money to non-customers to avoid spiritual siphons	22
Mobile bankers must be vigilant and professional to ensure the safety of the monies and themselves.	57
Microfinance companies should provide motorbikes and bicycles to reduce fatigue	24
Sound training and regular workshops be instituted to ensure efficiency of mobile bankers.	48
Management should always set achievable targets and pay bonuses to encourage mobile bankers	43
Mobile bankers should be put on monthly salary scale and not on commission.	37
SSNIT contributions and other privileges enjoyed by other workers should be extended to mobile bankers.	25

Source: Authors' field data May 2013

CHAPTER FIVE

SUMMARIES OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 INTRODUCTION

This final chapter of the project work presents the summaries, conclusion and recommendations arising out of the results of the previous chapters. It essentially summaries the entire work and brings it to a close.

5.2 SUMMARY OF FINDINGS

After a critical analysis and a comprehensive interpretation of the field data, the following findings were worth noting; Majority of the respondents were females and most of the respondents were SHS holders with very few having no education at all or having tertiary education. The sample of 60 respondents was made up of 12 officials of the microfinance company under study, 30 mobile bankers and 18 clients.

The concept of mobile banking was conceived variously to include; means by which poor people pool small sums of money into large lump sums, bring banking services to the convenience and door steps of customers, serving as agents for large businessmen, money lenders and the economically powerful in society. Others were; providing credit in proportions of customer deposits, daily visits to collect deposits from market vendors, charging fee of one deposit per time period and deducting fee at withdrawal.

Evidence from the data suggests that, patronage for the mobile banking concept was generally low as described by the respondents. The challenges facing mobile bankers were found to include; lack of counterfeit detection machines on fields, sexual harassment by some clients and fatigue due to excessive walking. Others were unrealistic targets set by management and seasonal harvest affecting targets in rural areas. The solutions to the challenges confronting mobile bankers among other included; adequate education on the security features of the cedi to avoid the collection of counterfeit, mobile bankers should be vigilant and professional to ensure the safety of the monies and themselves, microfinance companies should provide motorbikes and bicycles to reduce fatigue and that management should always set achievable targets and pay bonuses promptly to encourage mobile bankers.

5.3 CONCLUSION

Essentially, the study was conducted to assess the challenges facing mobile bankers of microfinance institutions in Ghana and for that matter; establish the concept of mobile banking by microfinance institutions, explore the level of patronage of the mobile banking concept, identify the challenges facing microfinance mobile bankers and make recommendations for solving the challenges facing mobile bankers. In conducting the research, a descriptive case study design was used with a combination of convenient and purposive sampling techniques. To a large extend, the study achieved its prime objectives. The concept of mobile banking was established from the perspectives of the respondents, the level of patronage ascertained and their challenges identified. To the address the challenges, the recommendations below should be adhered to.

5.4 RECOMMENDATIONS

To avoid the incidence of counterfeits, adequate education on the security features of the cedi should be given to mobile bankers as part of their in-service training. Regular refresher training should be organised to keep mobile bankers abreast to avoid possible losses. Management of microfinance should consider collaborating with the Ghana Police Service to hold training for mobile bankers on self-policing and other basic but important security tips at least once a year. This will keep mobile bankers vigilant, professional and equipped to protect the deposits gathered and themselves.

Besides, management of microfinance institutions consider investing in a less stressful means of transport such as motorbikes and bicycles to reduce fatigue. This will not only benefit the mobile banker, but it will enable them to reach out to many more clients leading more clients and increased deposits for the institution.

Management should always set achievable targets and pay bonuses promptly to encourage mobile bankers. Management should not only be interested in increasing deposits by expecting mobile bankers to perform magic/miracles before they are paid bonuses but rather they should practically achievable targets and reward hard work accordingly.

Sound training and regular workshops be instituted to ensure efficiency of mobile bankers. Some form of basic entrepreneurial training could enhance their understanding of their clients business and make them partners to the growth and success of the businesses of their clients. This will pay the institution back in increased deposits when their clients enjoy business success.

Management of microfinance institutions should consider putting mobile bankers on monthly salary scale and not on commission and ensure that SSNIT contributions and other privileges enjoyed by other workers should be extended to mobile bankers. This will give them job security and ensure their retention for longer periods of time.

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APPENDIXES

CHRISTIAN SERVICE UNIVERSITY COLLEGE

BACHELOR OF BUSINESS ADMINISTRATION

RESEARCH QUESTIONNAIRES FOR MOBILE BANKERS OF EDEN MICROFINANCE.

Research Title; Challenges facing mobile bankers of microfinance institutions in Ghana. A case study of Eden microfinance institution in the Kumasi metropolis.

This exercise is purely academic and any information given herein will be handled with strict confidence, treated anonymously and used for the stated purpose only. You have the right not to respond to this questionnaire; however your participation will be highly appreciated.
(tick the appropriate option)

1. Indicate your gender

a. Male ☐ b. Female ☐

2. What is your highest educational level?

a. No formal education ☐

b. Primary education ☐

c. Secondary education ☐

d. Tertiary education ☐

3. How long have you been a mobile banker for this institution?

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4. How many customers do you have as an individual mobile banker?

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5. How do you meet your daily sales returns?

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6. What is the relationship between mobile bankers and customers?

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7. What in your opinion are the major challenges you face as a mobile banker?

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8. What measures can be instituted to address operational challenges of mobile bankers?

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CHRISTIAN SERVICE UNIVERSITY COLLEGE

BACHELOR OF BUSINESS ADMINISTRATION

RESEARCH QUESTIONNAIRES FOR CUSTOMERS OF EDEN MICROFINANCE.

Research Title; Challenges facing mobile bankers of microfinance institutions in Ghana. A case study of Eden microfinance institution in the Kumasi metropolis.

This exercise is purely academic and any information given herein will be handled with strict confidence, treated anonymously and used for the stated purpose only. You have the right not to respond to this questionnaire; however your participation will be highly appreciated.

(tick the appropriate option)

1. Indicate your gender

a. Male ☐ b. Female ☐

2. What is your highest educational level?

a. No formal education ☐

b. Primary education ☐

c. Secondary education ☐

d. Tertiary education ☐

3. What is your occupation?

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4. How long have you been a customer to Eden microfinance institution?

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5. Do you patronize the mobile banking service?

Yes ☐ No ☐

6. If your answer to question 5 is No, please explain

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7. If you answered yes to question 5, please explain how the mobile banking service has helped your business.

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8. How would you describe the relationship between you and the mobile bankers?

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CHRISTIAN SERVICE UNIVERSITY COLLEGE

BACHELOR OF BUSINESS ADMINISTRATION

RESEARCH QUESTIONNAIRES FOR OFFICIALS OF EDEN MICROFINANCE

Research Title; Challenges facing mobile bankers of microfinance institutions in Ghana. A case study of Eden microfinance institution in the Kumasi metropolis.

This exercise is purely academic and any information given herein will be handled with strict confidence, treated anonymously and used for the stated purpose only. You have the right not to respond to this questionnaire; however your participation will be highly appreciated.

(tick the appropriate option)

1. Indicate your gender

a. Male ☐ b. Female ☐

2. What is your office in this institution?

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3. Does your institution operate the mobile banking service?

Yes ☐ No ☐

4. If your answer to question 3 is No, please give reasons.

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5. For how long have your institution engaged in the mobile banking service?

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6. Who are your major clients as far as this service is concerned?

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7. How many mobile bankers do you have?

8. What are some of your strategies for this service?

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9. What is the level of patronage of your mobile banking services with reference to the entire clientele of your institution?

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10. Has the mobile banking services contributed to the growth and sustainability of your institution?

Yes ☐ No ☐

11. Please explain your choice of answer in question 10

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12. What are the challenges you face as an institution as far as the mobile banking is concerned?

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13. What measures can be put in place to address the operational challenges facing mobile bankers?

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