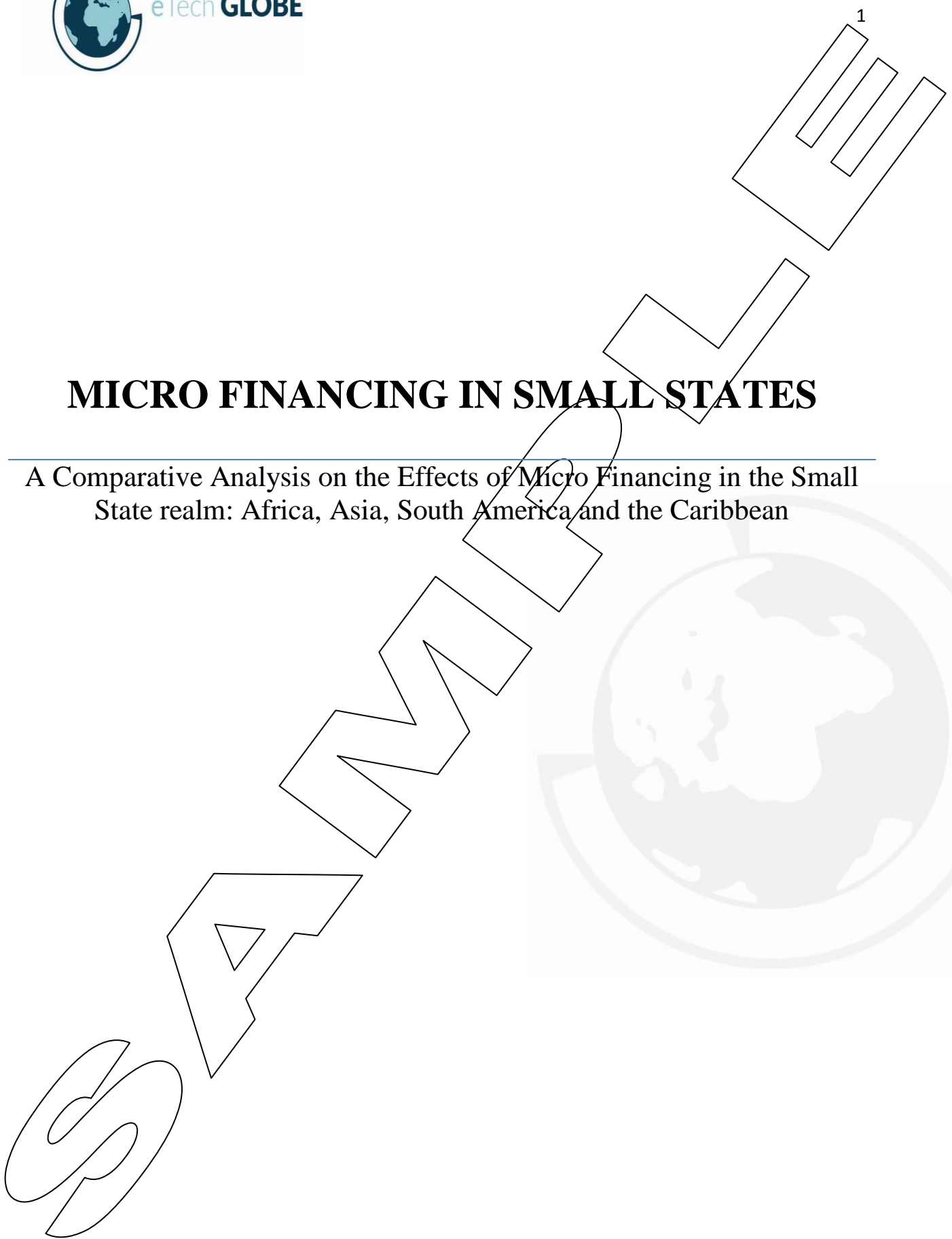




MICRO FINANCING IN SMALL STATES

A Comparative Analysis on the Effects of Micro Financing in the Small State realm: Africa, Asia, South America and the Caribbean



Executive Summary

Problem Statement: Poverty is considerably a compound issue in this world, which is related to the income and low standards of people's living. The poor people all over the world are not considered in the financial systems because of which they have recognized informal financial arrangements to fulfill their needs. The micro financing, therefore, is considered as the channel, which provides loans that are smaller in size to the poor people to help them in their involvement in productive activities while establishing their small businesses. With the passage of time, micro financing have a broad range of services for people and it specifically includes credit, savings, and insurance. Considering these aspects of microfinance for poor people, it is considerably a powerful instrument for self-empowerment within small states.

Aim of the Study: The study aims to investigate the impacts of micro financing in small states of Asia, Africa, South America, and Caribbean. The comparative analysis is also aimed in this study between the small states and large states.

Limitations of the Study: The area of the study is very broad, because of which it is not practically possible to conduct study in small states of Asia, Africa, South America, and Caribbean. Therefore, the African state namely Nigeria is considered appropriate for this study because the micro financing activities are carried out in this state at larger extent.

Methodology: The research purpose of this study is descriptive because the study is considering the negative and positive impacts of micro financing in Nigeria. Considering the nature of the study, research approach of the study is qualitative and strategy selected is survey. The primary data is collected through the questionnaires for both borrowers and lenders of Nigeria. The



sample size selected for collecting data from borrowers and lenders is 20, that is 10 borrowers and 10 lenders. The secondary data is collected through the past researches and studies in the same area and context using journals, books, and research reports.

Results and Findings: The results and findings of the paper provide apparent evidence of positive and negative impacts of micro financing in Nigeria. The results provide that the life standards of poor people in Nigeria have improved due to the use of microphones. The negative impacts of micro finance are also apparent from the results in the form of an increase in work stress, and long working hours.

Conclusion: The study provides the conclusion that the micro financing is the essential tool for reducing poverty in small states like Nigeria but it possesses both positive and negative effects on the people. It is also concluded that the study has provided that larger states are not using micro financing at larger extent as compared to the small states.

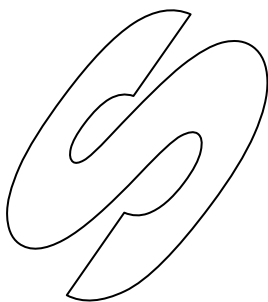


Table of Contents

Executive Summary	2
Chapter 1: Introduction	7
1.1 Introduction	7
1.2 Background Study.....	7
1.3 Aims and Objectives of the Study	8
1.4 Research Questions of the Study	9
1.5 Scope of Study	9
1.6 Conclusion.....	10
Chapter 2: Literature Review.....	12
2.1 Introduction	12
2.2 Background Literature	12
2.3 Factors Motivating People to use Micro Financing.....	14
2.4 Improvement in Socio-economic Development by Micro financing	16
2.5 Positive Influences of Micro Financing on Socio-economic Growth.....	17
2.6 Negative Influences of Micro Financing on Socio-economic Growth.....	18
2.7 Case Study: Nigeria	19
2.8 Conclusion.....	21
Chapter 3: Methodology.....	22
3.1 Introduction	22
3.2 Conceptual Framework	22
3.3 Research Purpose.....	23
3.3.1 Exploratory Purpose.....	23
3.3.2 Descriptive Purpose	24
3.3.3 Explanatory Purpose	24
3.4 Research Approach	24
3.4.1 Qualitative Research Approach.....	24



3.4.2	Quantitative Research Approach	25
3.4.3	Pragmatic Research Approach.....	25
3.4.4	Participatory Research Approach	25
3.5	Research Strategy.....	25
3.6	Data Collection Method and Techniques	26
3.6.1	Primary Data Collection.....	26
3.6.2	Secondary Data Collection.....	27
3.7	Sampling Technique	27
3.8	Methods of Data Analysis	28
3.8.1	Quantitative Data Analysis.....	28
3.8.2	Qualitative Data Analysis.....	29
3.9	Ethical and Professional Issues.....	29
3.9.1	Confidentiality	29
3.9.2	Reliability and Validity	30
3.9.3	Plagiarism.....	30
3.9.4	Informed Consent	30
3.10	Research Limitations.....	30
3.11	Conclusion.....	31
Chapter 4: Results and Findings.....		32
4.1	Introduction	32
4.2	Questionnaire Responses of Lenders	32
4.3	Questionnaire Responses from Borrowers.....	38
4.4	Conclusion.....	45
Chapter 5: Discussion and Analysis.....		46
5.1	Introduction	46
5.2	Discussion and Analysis on Research Objective 1	46
5.3	Discussion and Analysis on Research Objective 2	47
5.4	Discussion and Analysis on Research Objective 3	49
5.5	Discussion and Analysis on Research Objective 4	50
5.6	Discussion and Analysis on Research Objective 5	52
5.7	Conclusion.....	53



Chapter 6: Conclusion.....	55
6.1 Introduction	55
6.2 Conclusion of the Study	55
6.3 Recommendations for Future Study	56
6.4 Conclusion.....	57
Reference.....	58
Appendix – A.....	64
Questionnaire for Lenders.....	64
Appendix – B.....	67
Questionnaire for Borrowers.....	67

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Chapter 1: Introduction

1.1 Introduction

The study undertaken in this thesis is to analyze the impacts of micro financing in small states with the help of comparative analysis. The comparative analysis for the thesis includes Asia, Africa, South America, and the Caribbean. The purpose of this chapter is to introduce the topic under consideration by providing the background of the study, which is followed by aims and objectives of the study to formulate research questions. The chapter is also providing scope of the study for the reader to understand the significance of conducting this research. The conclusion of the chapter is intended to provide a brief summary of the elements covered within it for the reader.

1.2 Background Study

Micro finance possesses an established history in the form of development tool for direct poverty alleviation in the less developed countries of Asia, Africa, Caribbean, and South America. Engler (2009), Husain (2008), and Imboden (2005) provides that poor people are excluded from financial systems all across the globe and such exclusion ranges from partial exclusion in developed countries to complete or almost complete exclusion in less developed countries. Yunus (2007), Ayayi & Sene (2010), and Basu, Blavy, and Yulek (2007) demonstrates that the poor people have established a wide variety of informal and community based financial arrangements for fulfilling their financial needs without access to formal financial services. Consequently, an increasing number of formal sector organizations have been established over the past few decades for poor people to fulfill their financial needs. Many efforts have been made in the area of micro finance to formalize financial service provision to the poor individuals (Yunus, 2007; Ayayi & Sene, 2010; Basu, Blavy, & Yulek, 2007)...