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ANALYSIS OF THE FEATURES AND OPERATIONS OF MICROFINANCE INSTITUTIONS IN GHANA

THE CASE OF SINAPI ABA TRUST

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Abstract

Microfinance conventional role of providing micro loans have expanded to include non-financial services that address broader social goals. The paper examines the features of microfinance services in the contemporary microfinance and development sector. The study employed cross-sectional approach. Data was gathered from 361 beneficiaries and 13 officers using the mixed method. Data analysis comprising both quantitative and qualitative methods, descriptive and inferential statistics, transcribing of individual narratives were used. Findings from the study indicated that the features of Sinapi Aba Trust (SAT) comprised financial and non-financial *services which indicated an expanded mission of SAT. Thus, SAT programme has expanded beyond the traditional service of giving out loans for economic activities to related financial products such as compulsory savings, remittance services, micro-insurance, welfare and children's education loans, housing loans, funeral loans and micro loans. In addition are business training, awareness creation and social forums that sensitize beneficiaries on topical issues on overall socio-economic development. It was further noted that the non-financial activities facilitate business improvement and development sustainability. The study recommends that microfinance institutions should keep expanding the features of microfinance, particularly the non-financial aspects to facilitate the total development of beneficiaries.*

Keywords: Features, Operations, Microfinance, Microcredit, Beneficiaries

INTRODUCTION

Earlier financial services provided by donors or governments from the 1950s through to the 1970s, were mainly in the form of subsidised rural credit programmes which were not able to reach poor rural households. Microfinance as an emerging phenomenon in the field of development first came into prominence in the 1970s (Robinson, 2001; Khavul, 2010). Microfinance institutions provided microcredit as the sole financial service in the late 1970s up to the 1980s but currently microfinance services include savings, money transfer and micro insurance (Hamada, 2010). Implicitly, microfinance's conventional service of providing loans among most contemporary microfinance institutions have expanded beyond micro credit (Bateman, 2011) through the provision of non-financial services such as training and awareness creation to address broader development goals.

The importance of microfinance was underscored when the year 2005 was declared the year of microcredit by the General Assembly of the United Nations (United Nations, 2005) recognized the need for access to financial services for the poor and further stipulates that microcredit will help member countries achieve the Millennium Development Goals (MDGs) of reducing poverty rates by 50 percent by 2015.

Microfinance operations have focused on two main models depending on the institutional visions and missions to meet their goals. The models have been generally, classified as the client-centred approach and the institution-centred approach (Datar, Epstein & Yuthas, 2008) or the welfarist and institutionist. The client-centred model focuses on both financial and non-financial services which have the potential of enhancing the overall development of the beneficiaries. On the other hand, the institution-centred model focuses on financial sustainability and creates little opportunities for social support (Adjei, Arun & Hossain, 2009). Despite the expanded roles towards comprehensive development, microfinance studies rarely research on the non-traditional services. Hamada (2010) indicates that although many studies have been done on microfinance the expanded focus has not been given the needed attention. It is therefore important to study the nature and features of the microfinance sector in Ghana using Sinapi Aba Trust (SAT) as a case. SAT has a long standing establishment as a non-governmental microfinance institution in the country with impressive growing client strength (Adjei, 2010).

Over the years, SAT, like well-established contemporary microfinance institutions has expanded beyond the traditional role of microloans to support non-finance services such as providing skill training and social services to enhance broader development of beneficiaries. It is one of the leading Microfinance Institutions (MFIs) in the country and compliments its portfolio with diverse services which might have introduced additional features into its programme making it important to examine and document the expanded features and related advantages to beneficiaries. Purpose of the study is to examine the features and operations that correspond with the expansion of the institution's programmes and services and their impacts on beneficiaries to help initiate policy support for the expanding roles of microfinance institutions.

LITERATURE REVIEW

Microfinance in Perspective

The concept of microfinance has become an important factor in financial intermediation system. Scrutinising the concept and its features helps to appreciate the changing and expanding activities for analysis of the capability of microfinance to enhance development. The concept of microfinance is that, access to credit is one of the major constraints of the poor and through provision of access to microfinance, for investing in businesses they would be able to escape poverty (Rooyen, Stewart & De Wet, 2012). Microfinance products are usually characterised by short-term and small loans, savings and payment schedules through frequent installments or deposits (Dunford, 2002).

There is a changing trend in microfinance operations and it has resulted in the expansion of activities through various approaches. Understanding these realities and their associated ideological and economic implications can help microfinance institutions to have clarity of mission (Epstein &Yuthas, 2010). As explained earlier, microfinance operations have focused on two main models; client-centred and the institution-centred (Datar, Epstein &Yuthas, 2008).

Features and Operations of Microfinance Services

The features of microfinance have been variedly described (Dunford, 2002; Murray &Boros, 2002). Services rendered by a microfinance institution determine its paradigm and position as to whether it is client-centred, institution-centred or a blend of the two approaches. The various approaches could have varied influences on incomes and overall development of beneficiaries (Datar et al., 2008). Hermes, Lensink and Meesters (2011) assert that the inefficiency in operation of a microfinance institution may be influenced by the features or type of loans it predominantly offers. It is assumed that some types of loans require more efforts than others. In addition, various loan types have their loan size ranges and the loan types of beneficiaries give an idea about the size of loans granted and possible underlying gender prejudices. Agier and Szafarz (2013) found out that there were no prejudices in loan denial though the study revealed an unequal treatment with regard to credit sizes for female beneficiaries in medium scale businesses.

The expanded features and operations such as training and skill enhancement facilitate the development of business related skills. Black, King and Tiemoko (2003) contend that the lack of skills poses a challenge to business development and found business training and awareness creation as important aspects of the extended features which enhance business acumen and competencies to facilitate increased productivity in small-scale businesses.

Studying the features and operations of microfinance programmes are significant to the analysis of the effectiveness of the roles of a microfinance institution towards improving the lives of target beneficiaries. It also provides information on whether the institution is meeting its core objectives and values. Knowing the features help delve into the nature and services of microfinance available to the beneficiaries and to study whether the institution is oriented to an institution-centred or client-centred model of microfinance as positioned in microfinance sector studies (Cheston& Kuhn, 2002; Robinson, 2001).

METHODS

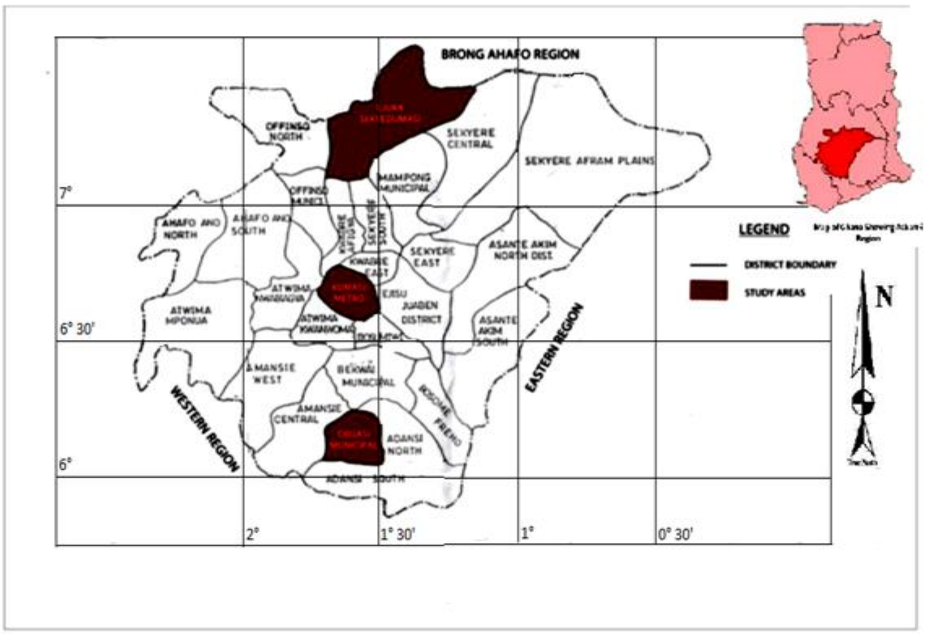
Overview of the Study Areas

Sinapi Aba Trust is a non-governmental financial organisation and started from the Ashanti region and has operated since 1994. The data for the study were collected from beneficiaries in the Ashanti Region since the region has a long standing link with SAT in terms of its activities and offers the opportunity to help shed light on the nature of services. SAT's microfinance activities in the region in 2012 covered seven districts. These were the Kumasi Metropolis, Offinso, Mampong, Obuasi and Asante Akyem municipalities and Ejura Sekyedumase and Atwima Nwabiagya districts. The Kumasi Metropolis (represented by Adum), Obuasi

Municipality and Ejura Sekyedumase District were selected for the study due to their geographical positions in the middle, southern and northern sectors of the region respectively. They differed in their levels of infrastructure, credit facilities, commercial and economic activities making the areas representative of the survey population.

These socio-economic differences were likely to engender interesting analysis. Figure 1 shows the map of the Ashanti Region and study areas.

Figure 1: Map of districts of the Ashanti Region showing the study areas



Source: Kumasi Metropolitan Assembly (2012)

Research Design

For the study purpose, a descriptive design was adopted. The simple random and the purposive sampling techniques were used to arrive at a sample size of 361beneficiaries from the total population of 8734 beneficiaries. This was determined from the figures presented by Krejcie and Morgan (1970) (as cited in Sarantakos, 2005). The 361 computes to a confidence level of 95 percent and a margin of error of five percent. To ensure that all the various categories of the beneficiaries were fairly represented, the multi-stage sampling was used. Out of SAT's seven branches in the Ashanti Region, three branches were purposively selected mainly due to their ability to provide diverse information relevant to the study and based on information from SAT officials. After selecting the branches the second stage utilised existing information from SAT to cluster the target population in each branch into individual-based and group-based loans (trust bank and solidarity). The next stage of the sampling process used the proportionate simple random to select the required sample size from each branch. This process allowed the characteristics of the population to occur in the sample and to facilitate analysis of data pertinent to each of the subgroups for internal validity and reliable conclusions. Key informants comprising loan officers, branch managers and the Chief Executive Officer were purposively sampled for data collection. The survey was answered by 361 beneficiaries comprising 268 females, 93 males and 13 officers of SAT. Main survey instruments used were interview schedule and guide, focus group discussion guide, and field observation guide from the micro finance beneficiaries and key informants..

The study employed the cross-sectional approach which combined relevant aspects of quantitative, qualitative, and participatory methods (Afrane, 2002). The quantitative method dealt mainly with economic indicators, the qualitative and participatory methods examined social indicators. Descriptive statistics such as, tables, frequencies, percentages were used to interpret and analyse the information obtained.

RESULTS AND DISCUSSION

Features and Operations of Sinapi Aba Trust

SAT operates four main programmes of microfinance to provide a comprehensive microfinance service to the poor. These are microcredit, savings, remittance services, micro insurance and non-finance operations. It was found out that the remittance services were opened to the general public but SAT clients had an upper hand over non-clients because the clients could keep their monies in their individual savings and earn interest on them. The micro insurance serves as a security for beneficiaries’ health and fire outbreak and other adverse occurrences (Ledgerwood, 1999). The non-finance operations focus on non-cash but relevant activities aimed at improving clients’ lives in association with the loans for livelihood development. All the services enumerated corroborate to what some studies have found. For instance, Armendáriz de Aghion and Morduch (2010) note that, beside their traditional role of providing loans, contemporary microfinance covers many other services.

SAT extends lending facilities to beneficiaries through two main credit methodologies, individual lending and group lending (SAT, 2008). The group lending is categorised as trust bank and solidarity groups, It is a development-intensive lending methodology designed to cater for the poorest micro-entrepreneurs. The trust bank beneficiaries comprise of larger groups with relatively smaller loan sizes than the solidarity group members who have ‘graduated’ from the trust banks to form smaller groups and receive loans higher than the trust bank members. Generally, beneficiaries operations cover small-scale manufacturing, food and agriculture, trade and service. In addition to the micro financial services SAT provides non-financial services to clients including institutions. The services focus on training, awareness creation and other social capital related programmes for clients at organised client forum.

Type of Loans Offered by SAT

Two main loan types offered by microfinance institutions are group and individual loans (Varian, 1990; Yunus, 1999). In the study, the majority (60.4%) of the respondents were group-based loan beneficiaries with the remaining 39.6 percent in individual-based loans. Information from staff of SAT showed that the group loans consisted of the trust bank and solidarity loans. The two main loan types have different requirements. With the individual loans, first time applicants must provide application letter, passport pictures, national identification and proof of on-going economic activity usually in the form of bill of laden, sales books and invoices. Regarding group loans, beneficiaries had to provide business certificates and other supporting documents, passport pictures and group guarantee.

The group lending seemed to be prevalent among microfinance operations and could be attributed to the advantage that the group guarantee system offers to the many vulnerable clients who would have found it difficult to provide any form of guarantee or guarantor to access loans (Yunus, 1999). The generally weak socio-economic position of people influenced their enrolment into the groups. Through the group-based loans, members were able to initiate group formations for social capitals.

Females dominate microfinance beneficiaries and considering the gendered nature of livelihood activities with women's work focusing on relatively micro scale businesses (Mensah & Antoh Fredua, 2005; Nanda, 1999), it was necessary to know whether the female and male beneficiaries were given the same loan conditions to lend some valuable knowledge on the businesses operated by both sexes. In Table 1, the chi-square test was used to determine the loan types per the sexes. The percentages presented in the analysis are those within the sex components. The sex distribution was skewed towards females and would conceal the statistics. The analysis indicates that the majority (80.7%) of group loan beneficiaries were females with the remaining (19.3) being males. Out of the 268, female beneficiaries (65.7%) were group members with the rest (34.3%) being individual loan members. Regarding the male beneficiaries, 55 percent and 45 percent were individual and group loan beneficiaries respectively.

In-depth analysis revealed that though the sex composition of microfinance beneficiaries was skewed towards females, 65.7 percent of the females as against 45.2 percent of males were found in group based loans. The summary statistics indicate a Chi-square value of 12.142 and a p-value of .000 showing that type of loan was dependent upon sex. The main reason deduced from the Financial Service Officers (FSOs) indicated that the livelihood projects of the males were usually bigger and require larger loans and as such they preferred the individual loans.

Table 1: Distribution of Sex of Beneficiaries within Loan Types

Loan Type	Female		Male		Total	
	Frequency	%	Frequency	%	Frequency	%
Individual	92	34.3	51	54.8	143	39.6
Group	176	65.7	42	45.2	218	60.4
Total	268	100.0	93	100.0	361	100.0

Chi-square = 12.142, p-value = 0.000

This study did not find loan conditions to be gender biased and that the majority of the women were in the group loans because the women could easily get themselves together for the group formation and they usually stayed longer. A branch manager indicated that males were difficult to work with and difficult to even get them to form groups. Responses from focus group interviews also showed that the loan conditions were generally fair. Thus, the significant difference within loan types as shown in Table 1 depicts that gender pattern is not due to discrimination in loan size delivery. The earlier explanation by a loan officer implicating that men find it difficult to be in groups could not also be simply accepted. Several other explanations such as the type and scales of their businesses remain credible factors that draw males towards the individual loans. According to Adjei (2010), the small group loans granted attract only smallest businesses which are mainly owned by poor women.

The number of times loans have been received is perceived as having effect on beneficiaries' business characteristics and related investment in assets (Afrane, 2002). Adjei (2010) observed that established clients had greater investments than those who were new. From Table 2, 49.0 percent of the sampled beneficiaries had received up to five loan cycles and 32.2 percent had received loans from 6-10 times with 9.1 percent indicating that they had received loans from 11 to 20 times. The remaining 9.7 percent did not know the number of loans they had received.

The classification of loan sizes is necessary because it enlightens the issues of continual loan acquisition by beneficiaries and to establish the dependency or non-dependency syndrome among beneficiaries. Considering that generally, three loan cycles were received in a year was an indication that the majority (81.2%) of the beneficiaries had received loans for up to four years while 18.8 percent had received loans for more than four years.

The results could be due to the accumulation of adequate capital and income within the first four years enabling beneficiaries to be financially independent. Adjei, Arun and Hossain (2009) have indicated that when microfinance programmes incorporate savings and insurance they help to minimise the application of the loans for consumption. This suggests that beneficiaries are able to accumulate resources safely and faster. However, the assertion does not rule out factors such as negative effects of the programme on businesses and other socio-economic factors such as, repayment difficulties which could put the beneficiaries to a disadvantage or compel them to exit the programme (Jain &Mansuri, 2003).

Table 2: Number of Loan Cycles Covered by SAT Beneficiaries

Number of times	Frequency	Percent
1 – 5	177	49.0
6 – 10	116	32.2
11 – 15	30	8.3
16 – 20	3	0.8
Don't know	35	9.7
Total	361	100.0

Within the microfinance sector, it is assumed that when small loan sizes are disbursed they offer the opportunity to reach out to most low income people who need micro loans to start or expand their businesses. Osotimehin, Jegede and Akinlabi (2011) have observed that relatively small loan sizes help loans reach more beneficiaries and are the most important determinant of outreach. For this analysis, the amount of loans received within the first five cycles was the focus since it was expected that with the two year minimum for the study beneficiaries, most of them would have received the fifth loan. The summary statistics of loan amounts for the first five cycles are presented in Table 3.

Table 3: Loan Sizes Received within the First Five Cycles

Loan Cycle	Freq.	Min. Gh¢	Max. Gh¢	Median Gh¢	Mean Gh¢	Std. Error	Coefficient of Variation	Std. Dev.	Skewness	Std. Error
1st cycle	359	30	20,000	1000	1494.82	100.82	1.28	1910.24	4.42	0.13
2nd cycle	355	50	20,000	1100	1591.54	94.19	1.12	1774.76	4.82	0.13
3rd cycle	343	70	30,000	1200	1923.76	160.55	1.55	2973.39	6.69	0.13
4th cycle	298	100	15,000	1200	1876.27	111.31	1.02	1921.55	2.87	0.14
5th cycle	219	50	20,000	1000	1909.68	156.71	1.21	2319.14	3.54	0.16

n=361; GH¢2.00 = US$1

The results show that most loan sizes were relatively small. The minimum sizes varied between GH¢30 and GH¢100.00 with the maximum sizes varying from GH¢15,000.00 to GH¢30,000.00. This could explain the lack of normal distribution in loan amounts as indicated by the variance values of skewness and coefficients of variation. According to Pitt et al. (1998), microfinance products usually start with small loan sizes which are tied to disbursal schedules, frequent repayments and savings in most cases.

The statistics across the cycles indicate a mean of between GH¢1495 and GH¢1924. Pallant (2005) and Bryman (2008) have indicated that skewness of 0.000 represents normal distribution and from the results the range of skewness did not show a normal distribution of loan sizes. But, Sirkin (2006) has indicated that the median could produce a supplementary representative average in terms of distribution. The results in Table 3 suggest that the median of loans at the 3rd and 4th cycles were the highest. The 3rd cycle recorded the highest variation of 1.55 followed by the 1st and 5th cycles in that order.

It was further observed from the interviews with the FSOs that the minimum and maximum amount of loans varies from branch to branch. As at 2012 the loan sizes were, as shown in Table 4. In addition, were the minimum and maximum amounts and the duration for repayment. The individual loans vary from GH¢200.00 to GH¢50,000.00 while that of the group loans vary from GH¢100.00 to GH¢8,000.000.

Table 4: Loan Types and Sizes for Beneficiaries of SAT branches

Branches	Type of loan	Minimum amount Gh¢	Duration (Months) Min.	Duration (Months) Max	Maximum amount Gh¢	Duration (Months) Min.	Duration (Months) Max.
Adum	Individual	200.00	6	24	50,0000.00	6	24
	Group	200.00	6	24	8,0000.00	6	24
Ejisu	Individual	500.00	3	6	7,0000.00	4	8
	Group	100.00	3	8	3,0000.00	5	8
Obuasi	Individual	700.00	6	7	6,9000.00	6	10
	Group	400.00	6	7	3,500.00	5	10

Source: SAT, 2012

According to the Financial Service Officers (FSOs), the differences depended on the type and scale of business being undertaken by the beneficiaries. Various methods were used to determine loan sizes and typical among them was the scale of business. Among the criteria was the repayment stance of the beneficiary or group in terms of meeting repayment schedules. The finding corroborates the observation of Pitt et al. (1998) that microfinance loan sizes are usually linked to frequent repayments by beneficiaries in most cases. In addition, it came out that some beneficiaries did not get the loan sizes applied for even though they claimed they were credit worthy. Probing for reasons revealed that it could be due to the straight jacket loan sizes given to the group-based loan beneficiaries.

Generally, microfinance products meet the standards of the majority of beneficiaries who were females, poor and non-literates who would not be comfortable with very large loan sizes that they may not be able to manage (SAT, 2012). Thus, loans reach more beneficiaries who form the majority of small-scale businesses in Ghana and it is an indication that SAT is achieving outreach which is one of the principal goals of the institution. It was reported during a focus group discussion that social capital acquisition by group members through social organisations and client forums and trainings gave the poor women who formed the majority of the beneficiaries the acumen to put the loans to productive use.

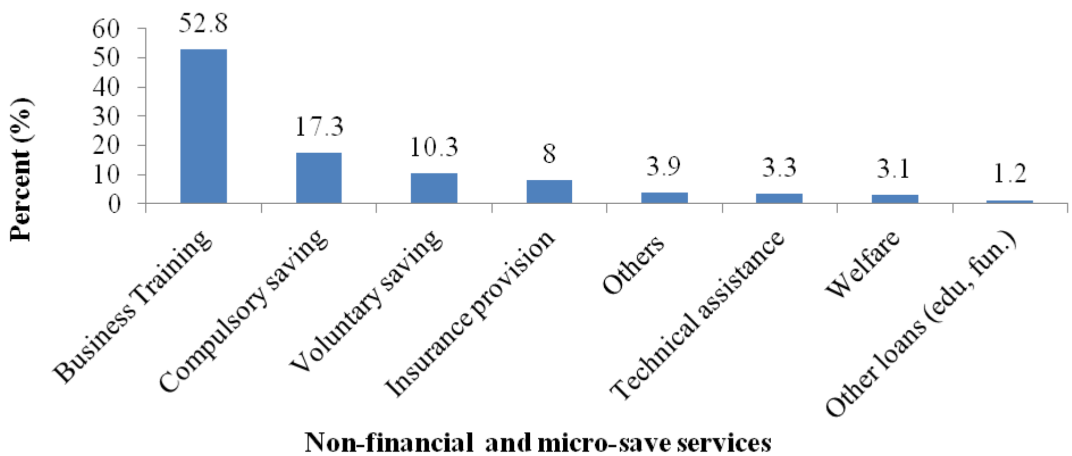
Interviews with loan officers pointed out that initial loan sizes were relatively small subject to increase depending on certain factors. Some of the beneficiaries had to start with smaller loans to acquaint themselves with the loan programmes before larger loan sizes are granted to them. Meanwhile, it was also learnt that initial smaller loan sizes were part of the preparatory and probationary periods for studying the credit worthiness of clients by loan officers before raising loan sizes to enable loan officers reduce default rates and portfolio at risk. Clients who paid on time became eligible for repeat loans with higher amounts. For instance, Pitt et al (1998) report that microfinance products usually begin with small loan sizes which are tied to disbursal schedules and frequent repayments.

Non-Financial and Micro-Save Services Offered by SAT

The concept of microfinance has developed to encompass many other non-financial services. This is an indication of the expansion or the role of current microfinance industry. Armendáriz de Aghion and Morduch (2005, 2010) have indicated that microfinance covers many services. In view of this, the study examined other services undertaken by SAT. The respondents enumerated other services that SAT offered them as shown in Figure 2.

These services were business training, compulsory savings and voluntary, micro insurance, other forms of loans such as education and funeral loans which were given to beneficiaries at lesser rates to obviate situations where beneficiaries would be compelled to use loans targeted at income generating ventures. These were aimed at enhancing and sustaining the poverty reduction efforts of beneficiaries. The result confirm the notion that contemporary microfinance institutions are drifting from the traditional focus of providing micro loans and expanding to offer other non-financial services (CGAP, 2010; Ledgerwood, 1999; Robinson, 2001). The provision of business training was explicitly cited as the major non-financial services rendered by SAT to beneficiaries. The majority (52.8%) of the respondents indicated that they were receiving regular training from SAT at meetings as depicted in Figure 2. According to the respondents, the major training areas were business management followed by health education and skills development.

Figure 2: Non-Financial Services of SAT



Responses from focus group discussions confirmed that they received trainings from SAT on good business management skills, customer care, savings, and loan management. In addition was financial education on basic business topics. It was further indicated that the government and some non -governmental organizations use their platforms to educate and sensitize beneficiaries on several issues including health, education, politics and community development. Plate 1 shows beneficiaries at a training and awareness creation forum.

During loan servicing, clients are encouraged to save some of their incomes into a progressive savings scheme. The scheme enables clients to make withdrawals for loan repayments in case of eventualities and also save towards compulsory savings, a requirement for subsequent loans. According to SAT (2010), the savings keep increasing which indicate clients' ability to save.

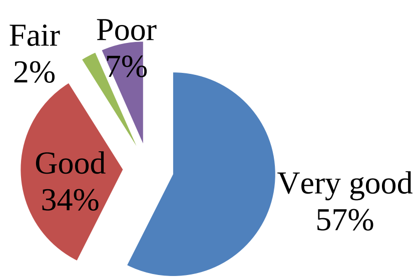
Plate 1: Beneficiaries of SAT in a Training Programme

Source: SAT, 2012

The study revealed the influence of these trainings and the social related services offered towards improving business incomes and savings. Zohir and Matin (2004) maintain that financial institutions, due to their expanding objectives and services, have broader effects. These services which encompass economic, social, cultural and political lives have positive impact on the individual.

On the quality of training to appreciate the relevance to their social and economic lives, the respondents were asked to indicate the eminence of the contents and presentation styles of the training programmes. As presented in Figure 3, 57 percent of the respondents reported that the trainings were very good while 34 percent indicated that it was good. Only seven percent indicated that the quality of the training was poor.

Figure 3: Respondents' Views on the Quality of Trainings Provided by SAT



Record Keeping

Record keeping is a good business practice and vital for sound and proper financial and business operations. It helps to keep track of business transactions (Holst, 2012). A key informant acknowledged the importance of record keeping in businesses and the efforts that SAT has been making to inculcate the skills to beneficiaries. The key informant stated that:

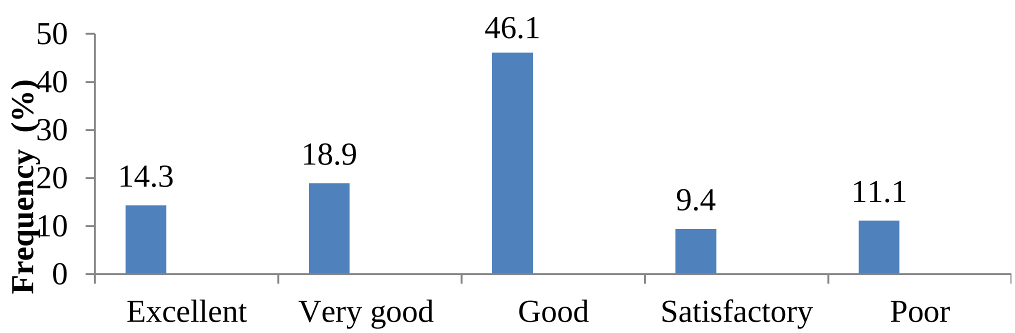
> "The clients, who are unable to read and write, still have their own traditional way of keeping records such as the use of chalk, charcoal to document daily sales through the training and business advice given" (Key Informant – KI 1, October, 2012)

Yet, 50.1 percent of the respondents were not keeping records of business transactions whilst 49.9 percent reported that they were keeping records. Those who reported that they were not keeping record of business transactions gave reasons including illiteracy, revolving all monies into business capital, inadequate time and lack of interest.

The record books of those who reported keeping records were examined to determine the status of record keeping by taking note of the documentation of stocks, sales, debit and credit inflows as well as loans received, repayment schedules and business income. Record keeping documents observed revealed that 14.3 percent, 18.9 percent and 46.1 percent of the records were excellent, very good and good respectively while 9.4 percent and 11.1 percent were satisfactory and poor respectively. Figure 4 gives an indication of the assessment of beneficiaries' record keeping.

The reasons underlying the overall good performance with regard to record keeping was attributed to the efforts of SAT in training and urging beneficiaries to keep business records to enhance their businesses. Black, King and Tiemoko (2003) observed that business training and awareness creation led to the promotion of small businesses in Ghana.

Figure 4: Record keeping status of respondents



Institutional Challenges

Interviews with key informants indicated that the rising number of microfinance institutions in the country has led to multiple borrowing including SAT beneficiaries resulting into diversion of loans among others. With the proliferation of microfinance institutions, governance has become critical in the implementation of the broader operations of SAT especially with the extended features. In order to achieve the transformational goal of the broader features Afful and Annim (2008) suggest the redistribution of institutional resources to meet requirements.

CONCLUSION AND RECOMMENDATIONS

The focal point of the paper was to examine the features of microfinance services to accentuate expanded role of microfinance in development. By narrowing the services of microfinance to only financial can restrain the prospects of microfinance in development. The study has indicated that the services of the microfinance institution cover financial and non-financial packages. Group-based loans and individual-based loans were the two main categories of loans offered. Most of the beneficiaries were found in the group-based loans. SAT's programme activities have expanded beyond the traditional service of giving out loans for economic activities and related financial products such as savings, remittance services, micro-insurance, welfare loans covering children's education loans, housing loans, funeral loans and micro loans for other consumption purposes.

Thus, SAT has extensively integrated non-financial services into its traditional function of providing loans to beneficiaries. For effective transformation in the microfinance sector, management should consider policies that drive expansion of microfinance activities, especially, the non-financial aspects such as business training, awareness creation and social forums that sensitize beneficiaries on development issues.

The main study limitation related to the geographical scope of the study which was limited to one region, considering the fact that Sinapi Aba Trust programme has a national coverage, the choice of one region as study area indicates a limitation in terms of size and composition of sample size. This may affect the representativeness and generalisation of the study results. However, despite the limitations the samples are considered substantially representative of SAT clients. The sampling techniques used also aided in arriving at reasonable and reliable conclusions on analysing the features and operations of the study institutions.

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