Trends of Outreach and Sustainability of Microfinance Institutions in Southwestern Nigeria

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Key Words
Micro finance banks, Outreach, Sustainability, South-western, Nigeria

Abstract
This study examines the trends of outreach and sustainability of microfinance institutions in Southwestern Nigeria. The study made use of secondary annual panel data collected from 80 microfinance institutions in Lagos and Ondo States over a period of six years from 2005 to 2010. The study employed pooled Ordinary Least Square Method to analyze the trends of outreach and sustainability of microfinance institutions. The empirical results showed that there has been an increase in the trend of outreach and sustainability of the sampled microfinance institutions in Southwestern Nigeria contrary to earlier studies with coefficient values of 0.03940 ($t=1.9417$, $p<0.05$) and 0.3317 ($t=9.448$, $p<0.000$) respectively. Therefore, microfinance institutions are encouraged to increase their outreach by providing relatively small loans. The small loan sizes can reach more clients and therefore achieve a greater outreach. Also, since sustainability is usually an outcome of a strong governance structure, as the microfinance institutions strengthen their governance structure to achieve the outreach objective, sustainability will be achieved simultaneously.

Introduction
The strategy for delivering financial services to the poor has become a feature of major development policies and initiatives of international development agencies. National and regional governments incorporate financial intermediation that benefits the poor into their development agenda. Nigeria being the most populous in Black Africa has over 50% of its population living in poverty (Yaqub, 2012). The inability of the poor and low income group to have access to credits in Nigeria has contributed largely to the increased rate of poverty in the country. According to Oladejo (2011), the poor and microenterprises in the country have been conspicuously denied access to credit by the formal financial institutions. Awojobi and Murad (2011) reported that in most developing countries, the inaccessibility of the poor to financing options has hindered the progress and survival of small and medium scales enterprises increasing their poverty incidence. It is also emphasized in the survey conducted by CBN (2004) that 54% of Nigerians still live in poverty and down to about 70% in 2009 inspite of significant growth in GDP. Since the existing financial institutions structure could not meet the required credit need of the poor and the fact that Nigeria, like most other developing countries, is in serious need of sustainable economic growth, the Nigerian government has vigorously pursued poverty reduction programmes through direct and indirect involvement in micro finance institutions, to cater for the financial needs of the so-called deprived groups. It has however, been observed that inefficiencies as well as over indebtedness of credit granted to the clients led to collapse of these publicly owned micro finance institutions (Sanusi, 2003; Okereke-Onyiuke, 2005). The collapse of community banks which was hitherto established to provide financial assistance to deprived groups in the community consequently leads to establishment of microfinance institutions in Nigeria.

The federal government of Nigeria on the 15th of December, 2005, through the Central Bank of Nigeria (CBN) issued a microfinance policy supervisory and regulatory framework that allows for the establishment of microfinance banks that will cater for the need of small scale business and low income group (Oladejo, 2011). The policy provides for the establishment of three categories of private sector-driven microfinance institutions of banks, that is, those licensed to operate in a local government area with a capital base of 20 million and those licensed to operate in a state which must be capitalized to the tune of one billion naira. The third category is licensed to operate and open branches in more than one State including the federal Capital Territory (FCT), with a capital base of two billion naira. These initiatives had benefited many of the immediate beneficiaries and their families; they also had introduced the very concept of micro credit, Microfinance and market led approaches to offering financial services for the poor and less-privileged.

The microfinance banks have been in operation for some years now in Nigeria. Unfortunately, according to the Central Bank of Nigeria (2005) survey, the existing microfinance institutions in Nigeria serve less than 1 million people out of at least 40 million that need the service and account for about 0.2 percent of Gross Domestic Product (GDP) and less than 1.0 percent of total credit to the economy. This is further corroborated with the study of Soludo (2008) which argues that the existing microfinance institutions in Nigeria will benefit only 35 percent of the nation's population, particularly MSEs, due to uneven spread of the institutions across the states. It has been observed that one of the challenges currently faced by micro finance institutions in Nigeria is that of outreach and sustainability (Soludo, 2008). Contrary to these studies, some empirical studies in Nigeria have shown the depth and breadth and sustainability of microfinance institutions. This study is established to examines the trend of sustainability and outreach of microfinance to the micro and small enterprises, poor and low income groups in Nigeria. Hence, the continued disappointing performance of microfinance institutions outreach in Nigeria calls for investigation.

Objective of the Study

Microfinance is premised on economic relations that the poor remain poor because they are deprived of access to life transforming opportunities such as affordable financial services. As a development strategy, microfinance believes in the ability of the poor to meaningfully improve their conditions of living, if they can access financial support on affordable terms. Thus, the main purpose of this study is to examine the trend of outreach and sustainability of microfinance institutions in Southwestern Nigeria.

Hypothesis

Only one hypothesis is formulated and presented for testing by means ordinary least square to method to ascertain the trend of the outreach and sustainability of microfinance institutions in Southwestern Nigeria.

Ho: There has not been increase in trend of microfinance institutions in Southwestern Nigeria.
Hi: There has been an increase in trend of microfinance institutions in Southwestern Nigeria.

Literature Review

Microfinance has been identified microfinance as a major effective tool in alleviating poverty and the empowerment of the financially disadvantaged ones.This is made possible through the establishment of microfinance institutions. According to Olaitan (2001) and Akanji (2001), the tools of microfinance include increased provision of credit, increased provision of savings, repositories and other financial services to low income earners or poor households. This provision of funds in form of credit and microloans empowers the poor to engage in productive economic activities which can help boost their income level and thus alleviate poverty in the economy

Schreiner and Colombet (2001) averred that microfinance is "the attempt to improve access to small deposits and small loans for poor households neglected by banks. A person is therefore regarded poor if she/he lives below a certain level of consumption or level of income (Ogunrinola, 2011).

The Olaitan and Akanji perspective on microfinance go in line with Schreiner's description of the concept. Schreiner (2001) also proposed a definition of microfinance as "uncollateralized loans to the poor and small-scale entrepreneurs". This implies that microfinance provides financial strength to the low income earners so as to enable them carry on economic activities that can earn them improved living standard. This is buttressed by the claims of the Central bank of Nigeria (2003) that the latent capacity of the poor for entrepreneurship would be significantly enhanced through the provision of microfinance to enable them engage in economic activities and be more self reliant, increase employment opportunities and create wealth.

The establishment of microfinance policy and supervisory framework for Nigeria was propelled by the need to reduce poverty, generate employment, and stimulate economic growth through the provision of credit and other financial products on a sustainable basis to economically help the active poor (CBN, 2005). In addition, the decision is to bring existing informal financial institutions under Central Bank of Nigeria's supervision
to phase out existing community banks, who according to Adetunji (2006) had suffered from the deficiencies of weak institutional capacity, weak capital base, the existence of huge un-served market economic empowerment of the poor, employment generation and poverty deduction and converting them to microfinance banks.

Aklilu (2002) views microfinance as the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and their micro-enterprises. These groups include low income households as well as those below the poverty line since there are a significant number of low-income households that are not below the poverty line, but have limited access to financial services, especially in rural areas.

Microfinance is a key strategy in reaching the MDGs and in building global financial system that meets the needs of the poorest people, especially small scale entrepreneurs (yaqub, 2012).

Microfinance institution also stimulates savings and asset accumulation. Empirical and anecdotal evaluation of many microfinance institutions reports conclusively, from the clients' perspective that learning to save and having a safe place to keep those savings are principal benefits of the microfinance institutions (Odejide, 1997). Thus, microfinance has demonstrated ability to build up capacity of people and communities; as well as make a significant and social development in developing countries. In addition to financial intermediation, some microfinance institutions provide social intermediation services such as group formation, development of self-confidence, and training in financial literacy and management capabilities among members of a group intended to benefit low-income women and men. Attah and Alegieumo (2005) state that the skills and confidence of low-income people have to be developed in addition to giving them access to credit provision. Therefore, the microfinance approach is not a minimalist approach offering only financial intermediation but an integrated approach offering both financial intermediation and the other services.

In an attempt to justify the importance of credit, Ojo (2007) maintain that microfinance is a small scale financial services that are provided to rural/informal small scale operators for farming, fishing, trading, and building of houses and to engage in any other productive and distributive activities. Microfinance and micro financial institutions are intended to fill a definite gap in the finance market and the financial system respectively, to assist the financing requirements of some neglected groups who may be unable to obtain finance from the formal financial system. These neglected groups that constitute the target users of such microfinance are mainly in the informal sector of the economy and are predominantly engaged in small scale farming, commercial/trading and industrial activities.

Microfinance is thus a unique strategy among developmental interventions in less developed countries as it offers benefits to the poor both on the large scale and permanent basis. In this regards, microfinance allows the poor to protect, diversify and increase their sources of income which is an essential path out of poverty and hunger (Littlefield et al, 2003). Microfinance institutions provide services which seek to reduce the vulnerability of the poor such as savings schemes which are operated to assist beneficiaries to gradually build up capital that they could fall back on in times of crises or when the need for capital arises.

Many researchers have studied and reported the justification for establishment of MFIs. The studies purport that efficiency and profitability among MFIs depends partly on the ability of MFIs to procure and effectively utilize cheap funds and channel them to users with minimal recovery risks, among others (Alimi, 2000) and partly on the ability to identify and remove operational constraints. An efficient microfinance programme could also reduce the rate of unemployment and result to a paradigm shift of employment pattern from low-paid daily labour to diversified sources of earnings.

The recent studies on trend of sustainability and outreach of Microfinance Institutions (MFIs) to the micro and small enterprises, poor and low income groups in Nigeria are diverse and imperative for presentation (Yaqub, 2012; Odebiyi & Olaoye, 2012; Idowu, 2012; Audu & Achegbulu, 2011; Awojobi & Bein, 2011; Oladejo, 2011; Babagana, 2010; Irobi, 2008). Furthermore, the reforms of the financial sector has opened the opportunity for private inventors and many interested group to take part in the financial sector, enabling them for delivery of micro financial services at grass root level. The increasing numbers of Microfinance banks is necessary to be evaluated in order to determine their outreach over the period. Ukeje (2005) opined that their positive impact on the socio-economic welfare of the poor can only be sustained if the institutions can achieve a good financial and outreach performance. Outreach as used in this study is the effort by microfinance institutions to extend loans and financial services to an ever-wider audience (breadth of outreach) and especially toward the poorest of the poor (depth of outreach). In this discourse, outreach is reflected as an effort made to provide loans and financial services to the poorest of the poor. Sustainability of Microfinance Institutions (MFIs) on the other hand, is a continuous service provision to clients profitably as a going concern without relying on subsidies. Woller and Schreiner (2006) argue that institutional sustainability is determined by the extent to which microfinance institutions are efficiency in using resources and turning them into services.

Audu & Achegbulu (2011) examined trends in microfinance and its impact on poverty reduction in Nigeria. The results proved that microfinance has the potential to effectively address material poverty, that is, the physical deprivation of goods and services and the income to attain them by granting financial services to households who are not served by the formal banking sector. Further, he showed that most of the microfinance banks tend to concentrate their operations in urban and semi-urban towns instead of the rural areas where the poorest of the poor are concentrated. It was the finding of the study too that most of the managing Directors of these microfinance banks are ill-equipped for the services they are meant to provide, thereby leading them to miss their target market.

Irobi (2008) investigated the impact of microfinance on poverty alleviation of Obazu progressive women association Mbieri, Imo state, Nigeria. The study revealed that microfinance intervention has a positive impact on alleviation of poverty among the women of this association.It also found that most women in this association experienced increased income and therefore improved their economic status, political and social conditions after receiving the loans. The results of the study upholds the main purpose and objectives of microfinance in general. There is a positive outreach of microfinance among progressive women association.

Idowu (2012) analyzed the impact of microfinance on small and medium-sized enterprises in Nigeria. The study reveal that significant number of the SMEs benefitted from the MFIs loans although few of these SMEs were able to secured the required amount needed. It is also reported that majority of the SMEs acknowledge positive contributions of MFIs loans towards promoting their market share, product innovation achieving market excellence and the overall economic company competitive advantage.

Babagana (2010) examined the impact assessment of the role of micro finance banks in promoting small and medium enterprises growth in Nigeria. He resulted that MFBs have contributed to the promotion of small and medium enterprises growth in Nigeria. In terms of institutional sustainability, Garu Micro Finance banks in Bauchi ensured the judicious use of the loan by the beneficiaries so much that the aim of the loan was not defeated.

Yaqub, (2012) investigated the relationship between micro-credit and welfare of micro entrepreneurs in Alimosho Local Government Area of Lagos State, Nigeria. the Chi-square result obtained revealed that there is a significant relationship between micro-credit and the welfare of the small scale entrepreneurs in Alimosho Local Government Area of Lagos State.

Contrary to the above studies, some other studies have disagreed that Micro Finance banks have not meaningfully contributed to welfare and poverty alleviation in Nigeria. Makarfi and Olukosi (2011) conducted a study to find out the uses of fund and constraints to growth among microfinance institutions in Kano State, Nigeria. The objective of their study is to address challenges posed to Microfinance institution (MFIs) as they work to improve access to credits by poor entrepreneurs among farmers and other low resource-based individuals. They have used two sets of questionnaires to collect information from the eleven (11) MFI decision units in Kano State, on their characteristics, financial resources and mode of operations; sources and uses of funds, resource use efficiency as well as outreach The results of the descriptive statistics showed that the three categories of MFIs operating in the area namely: formal finance institutions (FFIs), semi-formal finance institutions (SMFIs), and informal finance institutions (IMFI) has a unique features and mode of operations, but shared many common problems from low level of member savings, low equity levels lower than the African average in all cases and high level of borrowed funds. They suffered sustainability problem.

The extent of microfinancing in small scale poultry and the implications for poultry industry in South Western Nigeria was the main focus of the study by Akanni (2007). The study found out that the selected small-scale poultry farmers have limited access to funds from the microfinance loans. It was fervently argued in the paper that if only sufficient agricultural finance was made available, the decline in production and supply of poultry products in Nigeria would improved (Oludimu and Fabiyi, 1983). An increase in the level of finance of the poultry industry, and management practices, leading to good nutrional egg and meat production, arerequired to supply the essential protein for the population (Oboth, 2003).

Opue et al (2011) discussed the role of microfinance banks in the socio-economic development of rural communities in Cross River State, Nigeria. The results of the method of ordinary least squares revealed that CBN credit policy has a significant effect on the supply of credit to institutional borrowers such as micro-finance banks; micro-finance bank operations (roles) has no significant effect on credit demand by small scale business enterprises; and that the roles of microfinance banks has no significant effect on the socio-economic development of rural communities in Cross River State.

Peterside (2012) attributed the poor performance of microfinance banks particularly those owned by the private sector in reaching the less-priviledge to lack of adequate skills set by operators for effective service delivery; lack of proper corporate governance and management structure, inefficient internal controls and poor credit administration; lack of adequate capital base leading to insufficient loanable funds.

Most of the previous studies had reached to the same results approximately, which had proved that microfinance institutions have played a significant role as financial intermediaries and as well make a significant contribution to the long-term economic and social development in emerging economies. The institutions have succeeded in financial deepening, the creation of a separate system of sustainable financial intermediation for the poor, as the institutionist approach predicted. Although in a few cases microfinance institutions compete with the commercial bank sector, most cases show that the microfinance institutions are complementary to the commercial banks sector. It can be argued then that this complementarily has had some influences on the sustainability and outreach of these institutions over the decades.

Theoretical Framework

The theory central to the analysis in this paper is the theory of Finance. Finance theory readily lends itself to the micro credit delivery model, which is the pre-occupation of the microfinance paradigm. According to Iniodu & Ukpak (1996), finance is an indispensable tool in development. He therefore believes that a poorly developed financial system is an obstacle to the development of wealth, enhancement of socio-economic welfare and promotion of human dignity. Thus, the provision of financial support through credit and savings for the acquisition of capital goods is crucial for effective economic management. Economic management goals, which aimed to increase prosperity, equity and sustainability, are consistent with the primary objectives of the provision of microfinance.

Methodolody

The method used in the study was a descriptive survey design, carried out in two states in Southwestern Nigeria. Southwestern Nigeria comprises of six states vis: Lagos, Ogun, Oyo, Osun, Ondo and Ekiti States. The total population of the study is 161 microfinance institutions made up of 140 and 21 microfinance institutions in Lagos and Ondo States respectively. In each of the selected states, the microfinance institutions are separated into three strata; Private-owned, Government-owned and Non-Governmental Organization sponsored. A sample of fifty (50) percent of these microfinance institutions were selected from each state; that is 70 and 10 from Lagos and Ondo States respectively through a purposive method. According to Kilby (1971), purposive type of non-probability sampling is suitable for obtaining ideas, good insights into a situation as well as experienced and critical appraisals of issues. Furthermore, the choice of purposive sampling design was informed by the concentration of microfinance institutions in these states. The state with the highest and lowest concentration of microfinance institutions were chosen for the study.

The study employed secondary data. A cross-section of data were collected from 80 purposively selected microfinance institutions in Lagos and Ondo state for a period of six years from 2005-2010. Yearly microfinance level data was extracted from the portfolio and savings registers, balance sheet and income statement of individual microfinance institution. Table 1 shows the procedure for chosen the study area.

The data obtained in the study were analysed using descriptive statistics of mean, standard deviation, minimum and maximum and econometric method in testing the null hypothesis at 0.05 levels of significance.

Table 1: Procedure for chosen the study area

States in Southwestern Nigeria	Economic Characteristics of the States	No of Microfinance Institutions in the States	Present of three-tier Microfinance institutions (Private, Government & Non - Government Organisations)
Lagos	Urban (Industrial/ Commercial)	140	Present
Ogun	Urban (Industrial/ Commercial)	57	Absent
Oyo	Urban (Industrial/ Commercial)	48	Present
Osun	Agrarian	52	Absent
Ondo	Agrarian	21	Present
Ekiti	Agrarian	18	Absent

Source: Compiled by the Authors

Results and Discusion
Descriptive Analysis

This section contains the minimum, maximum, mean, standard deviation of all variables in this study. Table 2 presents the descrptive statistics of the study variables for 80 microfinance institutions (2005-2010) in Ondo and Lagos for total observation equals to 356 clients and 3756 respectively. From the reported statistics, the mean of outreach is 1594 clients, the standard deviation is 1273 clients and the minimum and maximum values of the observation are 356 clients and 3756 clients respectively. Also, the descriptive statistics in Table 2 showed that there is quite a high degree of variation in the data used so that one should be confidence that reasonable estimated relationships will be obtained. Both the minimum and maximum values provide clear explanation on this statement.

Table 2 Descriptive Statistics of the Variables in the Outreach and Sustainability Models

Variable	Mean	Std. Dev.	Min	Max
OSS	8.62	7.33	1.4	20
OUTR	1594.33	1272.59	356	3756
DE R	121.67	59.92	50	200
TA	229.33	13.76	210	250
WL	34.83	12.07	12	48
ALZ	33.50	11.20	19	52
LRR	80.33	8.87	45	90
CLD	244.42	18.65	130	370
RELD	14.83	5.93	7	22
AGE	6	0	6	6

Source: Authors' Calculation

The analysis of trend of outreach capability of microfinance institutions can not be done in isolation without first considering the amount of total deposit mobilized. From the data in Table 3, it was observed that a major discrepancy occurred in the amount of deposit mobilized and loan disbursement by microfinance institutions on yearly basis. Throughout the years, the deposit was far higher than the loans. The records for deposit mobilized by microfinance institutions were ₦36.5million, ₦60.1million and ₦95.9million for 2005, 2007 and 2010 respectively as against loan disbursement of ₦13.2million, ₦30.9million and ₦56.9million for the same period (see Table 3). The sharp rise in deposit from 2005 (see Table 4) was triggered by the aggressive deposit mobilization of microfinance institutions (CBN, 2008), pushing the deposit from ₦36,365 million to ₦95,876 million in year 2005 and 2010 respectively. It is evident therefore, that the loan and advances given by these microfinance institutions to their various communities for the years 2005 – 2010 was not a reasonable proportion of the funds mobilized from them, showing that the rural people were being cheated in the use of their financial resources.The implication of this scenario is that cheap funds were sourced from the grassroots populace without an equivalent disbursement in forms of loans and advance to the same community where the deposits were mobilized.

Table 3: Total Sectoral Loan Disbursement By Selected Microfinance Institutions In Southwestern Nigeria (2005-2010)

Sectoral	**2005 ₦m**	**2006 ₦m**	**2007 ₦m**	**2008 ₦m**	**2009 ₦m**	**2010 ₦m**	**Total ₦ m**	**% of Total**
Transport & Commerce	3400	10,860	9530	12,310	13,860	15,020	64,980	30.5
Manufacturing & Food processing	1039	4498	5428	5835	6580	8320	31,520	14.8
Agriculture & Forestry	860	2880	2650	3240	3560	4840	18,030	8.5

Real Estate & Construction	590	750	1080	820	1680	2660	7,580	3.6
Mining & Quarrying	469	680	730	772	1064	1845	5560	2.6
Other	6865	12,050	11,640	12,,275	18,340	24,180	85,350	40.0
Total	13,223	31,718	30,878	35,252	45,084	56,865	213,020	100

Source: Authors' calculation

Table 4: Total Deposit Mobilization By Selected Microfinance Institutions In Southwestern Nigeria (2005-2010)

Year	**Total Amount* ₦m**
2005	36,465
2006	52,312
2007	60,096
2008	75,430
2009	81,970
2010	95,876

Source: Author's calculation

* Total Amount is made up of (1) Demand Deposit (2) Savings Account and (3) Time Deposit

Tables 5 and 6 below clearly show the trends of sampled microfinance institutions' outreach and sustainability in Southwestern Nigeria. Outreach (OUTR) and Sustainability (OSS) were taken to be the dependent variables, and were regressed on time (observations) variable. The results were shown in Table 5 and Table 6. The result in Table 5 shows that there has been an increase in the trends of outreach of the sampled microfinance institutions in Southwestern Nigeria in the periods under this study. The slope of the variable indicated 0.03940. This indicated that 3.94% change in Microfinance Outreach is attributed to trend. The probability statistics of time (t) is 0.05095 and it is significant at 5 percent level. Since the p-value (0.05) is equal to 0.05, the null hypothesis is rejected and the alternative hypothesis is accepted that there has been increase in the trend of outreach microfinance institutions in Nigeria.

Table 5 Result of Trend of Microfinance Institutions' Outreach (OUTR) in Southwestern Nigeria
Dependent Variable: OUTR

Explanatory Variable	GLS
Constant	6.97939 (0.00001)
Trend	0.03940 (0.05095)
No of observation	446
Number of groups	80
Time series length: Min.	4
Max.	6
Durbin Watson	2.356

Source: Author's Calculation

For trend in Sustainability (OSS), the result is presented in Table 6. The result in Table 6 shows a positive trend of sustainability of the sampled microfinance institutions in Southwestern Nigeria. The slope of the variable indicated 0.31736. This implies that 31.7% change in Microfinance Sustainability is attributed to trend.The probability statistics of time (t) is 0.00001, while its coefficient is positive and it is significant at 5 percent level. Also, since the p-value (0.05) is less than to 0.05 and 0.01, the null hypothesis is rejected and the alternative hypothesis is accepted that there has been increase in the trend of sustainability microfinance institutions in Nigeria.

Table 6 Result of Trend of Microfinance Institutions' Sustainability (OSS) in Southwestern Nigeria
Dependent Variable: OSS

Explanatory Variable	GLS
Constant	-1.12811
	(0.00001)
Trend	0.31736
	(0.00001)
No of observation	417
Number of groups	80
Time series length: Min.	3
Max.	6
'Within' Variance	2.26173
'Between' Variance	0.212318

Source: Authors' Calculation

Discussions and Conclusion

This study had investigated the trend of outreach and sustainability of microfinance institutions in Southwestern Nigeria as a major policy tool for promoting access to financial services, poverty alleviation and financial systems development. Institutional sustainability is the paradigm that compels the microfinance industry. The perception of institutional sustainability as a measure of success is related to cost-effectiveness, breadth of outreach, increasing productivity of field workers, and charging high interest rates (Woller, 2002). The result of this paper revealed that there has been an increase in the trends of outreach and sustainability of the sampled microfinance institutions for the study period. However, the main core area of the rural people (agriculture) was neglected for the six years period because loan and advances to agriculture occupies the fourth position and less than ten percent of the total loans disbursed. Based on the contribution to the proportional change in the variations in sustainability, loan delivery method (group-based) is most important determinant of sustainability. This implies that for microfinance institutions to improve their sustainability, they must emphasize the identified determinants starting with loan delivery method. Microfinance institutions are encouraged to increase their outreach by providing relatively small loans. The small loan sizes can reach more clients and therefore achieve a greater outreach. However, this will require the microfinance institutions to have in place effective governance systems to promote efficiency.

Research Limitations and Recommendations for Further Research

Taking cognizance of the existing studies of microfinance institutions in Nigeria, the study has reviewed trends of outreach and sustainability of microfinance instititutions in Southwestern Nigeria. In the course of undertaken this study some difficulties were encountered. First, most of the microfinance institutions were not keeping the data in the required format. Therefore, a lot of time was spent re-organising the data. Second, because data required were panel data, repeated visits had to be made to the selected microfinance institutions. These were expensive and time consuming. Based on the limitations of this study identified above, there is a need to ensure that microfinance institutions keep adequate and up-to-date records of their activities. Such adequate and readily made available records would enable efficient research in microfinance institutions. Also, similar study conducted in other geopolitical zones of the country to see if the findings are different from those of the current study.

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