

PROPOSAL ON
IMPACT OF MICROFINANCE INSTITUTIONS ON ECONOMIC DEVELOPMENT
(A CASE OF NIGERIA POLICE MICROFINANCE BANK (NPMB))

BY

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1. Background of the Study

Microfinance institutions (MFIs) play a critical role in providing financial services to low-income individuals and small enterprises that lack access to traditional banking. These institutions have emerged as vital tools for fostering economic development by empowering the financially excluded population. This study focuses on the Nigeria Police Microfinance Bank (NPMB) to evaluate its contributions to economic development in Nigeria.

2. Statement of the Problem

Despite the increasing presence of MFIs in Nigeria, economic hardship, poverty, and financial exclusion remain prevalent. There is a need to investigate whether institutions like the NPMB are achieving their objective of enhancing economic development, particularly in underserved communities.

3. Objectives of the Study

- i. To assess the role of NPMB in improving access to finance for small businesses and low-income earners.
- ii. To evaluate the impact of microfinance services on clients' income and business sustainability.
- iii. To identify challenges facing NPMB in fulfilling its developmental mandate.

4. Research Questions

- i. How has NPMB improved access to credit for its clients?
- ii. What measurable impact has NPMB had on client income and livelihood?

iii. What challenges does NPMB face in implementing microfinance programs?

5. Research Hypotheses

H₀: Microfinance services provided by NPMB do not significantly impact the economic development of its clients.

H₁: Microfinance services provided by NPMB significantly impact the economic development of its clients.

6. Significance of the Study

This research will provide insights into the effectiveness of microfinance institutions in fostering economic development. It will also aid policymakers and stakeholders in improving microfinance policies and strategies.

7. Scope of the Study

The study is limited to clients and operations of the Nigeria Police Microfinance Bank within a selected geographical location in Nigeria.

8. Methodology

The study will adopt a descriptive research design. Data will be collected through structured questionnaires administered to selected NPMB clients. The sample will be determined using stratified random sampling. Data will be analyzed using statistical tools including percentages and chi-square tests.

9. Expected Outcomes

The study aims to:

- i. Provide empirical evidence on the contribution of NPMB to economic development.
- ii. Reveal operational challenges limiting the effectiveness of microfinance institutions.
- iii. Suggest recommendations to enhance the performance of NPMB and similar institutions.