

PROJECT PROPOSAL
ON
IMPACT OF INFORMATION TECHNOLOGY ON FINANCIAL
PERFORMANCE OF MICROFINANCE BANKS IN KWARA
STATE (A CASE STUDY OF BALOGUN FULANI
MICROFINANCE BANK LTD)

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1. Background of the Study

This study investigates the impact of Information Technology (IT) on the financial performance of microfinance banks in Kwara State, using Balogun Fulani Microfinance Bank Ltd as a case study. The banking industry globally has adopted IT to enhance efficiency, reduce costs, and improve customer service. Microfinance banks, although lagging in IT adoption, are gradually integrating digital tools such as mobile banking, internet banking, and Management Information Systems (MIS) to remain competitive and improve their service delivery.

2. Statement of the Problem

While IT has revolutionized commercial banking, microfinance banks still face significant challenges in effectively utilizing IT tools. Balogun Fulani Microfinance Bank has adopted some IT services, but there is limited evidence showing how this adoption has impacted financial performance. This study aims to fill this gap by examining the influence of IT on revenue generation, operational efficiency, customer satisfaction, and financial reporting.

3. Objectives of the Study

- i. To examine the effect of IT on the financial performance of Balogun Fulani Microfinance Bank.
- ii. To investigate the relationship between IT-based customer service and customer satisfaction.
- iii. To evaluate the influence of MIS on operational efficiency.
- iv. To assess the contribution of mobile banking to customer outreach and deposit mobilization.
- v. To determine the impact of internet and SMS banking on revenue generation.
- vi. To explore the correlation between staff IT literacy and financial performance.
- vii. To analyze how IT affects the accuracy of financial reporting.

4. Research Questions

- i. What is the impact of IT on the financial performance of Balogun Fulani Microfinance Bank?
- ii. How does IT-based customer service affect customer satisfaction?
- iii. What is the influence of MIS on operational efficiency?
- iv. To what extent does mobile banking affect outreach and deposits?
- v. How do internet and SMS banking services affect revenue?
- vi. What is the relationship between staff IT literacy and financial performance?
- vii. How does IT affect the accuracy of financial reporting?

5. Research Hypotheses

HO0: IT has no significant impact on financial performance.

HO1: No significant relationship exists between IT-based customer service and customer satisfaction.

HO2: MIS does not significantly influence operational efficiency.

HO3: Mobile banking does not significantly affect outreach and deposits.

HO4: Internet and SMS banking do not significantly improve revenue.

HO5: Staff IT literacy does not significantly affect financial performance.

HO6: IT does not significantly affect financial reporting accuracy.

6. Significance of the Study

This study will benefit microfinance bank managers, policymakers, IT vendors, and researchers. It provides empirical evidence on the benefits and challenges of IT adoption, helping stakeholders make informed decisions about digital investments and strategies.

7. Scope of the Study

The study is limited to Balogun Fulani Microfinance Bank in Kwara State, focusing on IT tools such as mobile banking, MIS, internet banking, and SMS banking from 2020 to 2024.

8. Methodology

A descriptive survey design will be employed. Primary data will be collected through questionnaires distributed to employees and customers of Balogun Fulani Microfinance Bank. Data analysis will include descriptive and inferential statistics using SPSS or STATA.

9. Expected Outcomes

The study is expected to show that IT significantly impacts the financial performance of microfinance banks. It aims to identify which IT tools contribute most to performance and recommend strategies for effective IT implementation in the sector.