

## **CHAPTER ONE**

### **1.1 INTRODUCTION**

The desire of the government to extend the services of the banking system to the rural area had to the introduction of micro finance banks.

Micro finance banks are owned and managed by a community, or group of communities for the purpose of providing or group and other financial services to its members largely on the basis of self recognition and credit worthiness.

Ajayi (1998) usually micro finance banks consists of the people in the community in which or neighbor people in the community in which such banks was established or suitable.

Hence, the need for proper control so as to present liquidity and related problem as exist in the banking industry.

This, it become expedite the credit policies and control in any organization by properly put in place. They are registered and regulated by the apex bank in the country i.e CBN.

In Nigeria the origin of bank lending could be traced to the activities of traditional financial intermediaries. These intermediaries developed as a consequence of the credit need of the rural populaces. It is not with the basis occupation was peas and farming and craft and this sustained the information Nigeria company.

## **1.2 STATEMENT OF THE PROBLEM**

Customer's inability to make payment on the credit on the credit facilities collected from their banks.

Management lapses are not adhering to both the common of lending and credit policies of banks. In ability of the banks to meet up with the present reform in banking sector.

The compensation began payment by the insurance programme (Nigeria deposit insurance cooperation) put in place by government cannot adequately cushion the effect of the losses.

This work source pursuance preliminary losses and economic dislocation each time, there is bank failure dishes since it still always result into a loss of job and capital incurred by investors.

These co-operate insolvency usually had to loss of confidence in the banking in industry

Problem of credit facilities also face Micro Finance banks because they operate within their domain

### **1.3 RESEARCH QUESTIONS**

It many also be useful to professional bodies in their report and seminar presentation lastly. It will also serve useful piece of both management luggage in such.

Therefore, questions which are to be asked that can this present surge in co-operate failure.

### **1.4 SCOPE OF THE STUDY**

The effect of government policy on the performance of Micro Finance Banks in Ilorin.

Therefore, the following research questions were formulated

1. Is there policy of the government that affects the performance of Micro Finance Banks
2. How has the bank able to manage government policies toward achieving its co-operate goals
3. Does the operation system of the Micro Finance Banks reliable
4. Do Micro Finance Banks and commercial banks similar in their rate of interest due to government policy?
5. Do government policies have significant relationship between the qualification for staff and banking industries?

## **1.5 OBJECTIVE OF THE STUDY**

Micro Finance Banks into Nigeria banking relationship between the qualification for staff and banking industries;

- i. To promote emergency of an effective and integrated national fiancé system that responds to the need for the whole economy at their grass roots.

- ii. To include discipline into banking habit among the masses of low income workers in Nigeria mainly the rural dwellers.
- iii. To enhance development of production activities in rural area. An improvement of economic status of small dwellers
- iv. To enhance development of production activities in rural area. An improvement of economic status of small producers
- v. To enhance development of production activities in rural areas. An improvement of economic status of small producers.
- vi. To promote rural development by operating finance and banking services
- vii. To foster the spirit of community and use of economic assets are maintenance of such facilities and organization basis in the view of the above objective micro finance banks system in clearly designed micro to include grassroots community economy setup.

If the nation diversifying the economic resources according to this (200 budget financial policy)

## **1.6 RESEARCH HYPOTHESIS**

These are tentative statement assuring certain characteristics of the research under study Ho; government policies have negative effects on the performance of Micro Finance Bank Hi: Government policies have positives effects on the performance of micro finance banks.

## **1.7 SIGNIFICANCE OF THE STUDY**

The need of determine the effect of government policy on the performance of micro finance bank is very important because considering the present and past failure in micro finance banks operations

This project work tends to throw light in the credit policy and also examine the ways in which it can properly control so as to avoid distrest in micro finance banks in failure.

It will serve as a guide to banks customers who will wish to seek credit fatalities from micro finance banks.

It may also be useful to professional bodies in their report and seminar perforation lastly of will also serve useful piece of both management luppaga in such.

## **1.8 SCOPE OF THE STUDY**

**CREDIT:** This is the ability is borrow money on the promise of future payment

**FAILED BANK:** A bank which is distrered and has management and control take by the bank is respond positively on the remedial the take by the CBN is bard out distressed banks and other financial installations.

**MICRO FINANCE BANK:** these are financial institution for the saving and credit need of small producing of economy though the loan.

**INTEREST RATE:** It is the gross profit margin pain on the principle amount that is borrower. This usually determined by monetary authority.

**INSOLVENCY:** This is a situation whereby a bank is unable to pay its debt. It signals to the collapse of the bank or not having enough money to pay what you owe. It leads to bankruptcy.

**LIQUIDITY:** A term used to describe the extent to which a business can pay its debt as they fall due as collateral security, the state of owing things of value that can easily be exchange for cash.

## **1.9 PLAN OF THE STUDY**

The research work is divided into five chapters for clarify purpose chapter one consist of introduction, statement of problem, objective of the study, research hypothesis, research questions, significant of the study, scope and limitation of the study, definition of terms and plan of the study.

Chapter Two discusses the literature review, introduction, conceptual review, theoretical review and empirical review

Chapter three highlight research methodology, source of data purpose of the study, sample size, method of data collection and method of data analysis,

Chapter four discusses the data presentation, analysis and interpretation of data.



Chapter Five which is the last chapter talks about summary, conclusion and recommendations, summary of report, conclusion and recommendation.

## **CHPATER TWO**

### **2.0 LITERATURE REVIEW**

The aims or objectives of the project will not be achieved or obtain knothole macro reference to view orators arties and personalize who made reason able contributors to above subject matter.

Moboginje (2006) said that the rules for esefe rules brining like acceptor various types of deposited, issue reasonable debenture to interior parents to are former from member of the public.

Ajayi (2008) credit controls are very sensitized and important aspects of credit conform. It is conserved with the past approval and monitoring of credit fealitia to ensure that credit out by the bank of customer remain satisfactory during the period of the credit.

Opadokun (2007) descriptors research or that almost of describing research, the characteristics subject most of the ready work in descriptors.

Kochand midonald (2006) identified some of the controls that should be considered by the bank management.

Gray (2008) defines descriptive research as the collector of data in order to data analysis of nay answer research question concern any the cuireat states of the subject of the system.

## **2.1 CONCEPTUAL FRAMEWORK**

**Micro finance banks into Nigeria system prof-charles soludo (2005) include:**

- i. To promote rural development by operatory fronanceded banking services.
- ii. To enhance development of production activities in rural areas.
- iii. Improvement of economic of small scale producers.
- iv. To include dosorplnie into banking habits
- v. To faster the spirits of community and use of economize assets.

## **2.2 THEORETICAL FRAMEWORK**

The practices of micro finance of Nigeria are culturally rooted and date back several centuries. The traditional Micro Finance institution provides access to credit the rural and urban low income earning. They are mainly the informal self-help group (SHGS) or rotating saving and credit association (ROSCAS) types other providers of Micro finance services include saving collectors and co-operative societies (CBN 2005) the informal financial institution generally, have limited outreach due to paucity of loan able to funds.

In order to enhance the flow of finance service to Nigeria rural area, government has in the past initiated a series of publicity financial micro/rural programmes where the rural banking programme

Although the efforts have resulted in the increased level of credit distribution and gives in agricultural production and other activities, the effects were short lived due to the unattainable nature of the programme.

## **2.3 EMPIRICAL REVIEW**

From the empirical review of can be stated the government polisia has usually brought about effect on the performances of Micro Finance Banks in our societies.

Today, many increase reported as a result of government po on the Micro Finance Banks performances result in availability of capital acceptability non-access to the clearing houses.

However, Micro Finance Banks are more has unit bank and are not expected to operate from more than one office.

Those impact include, inability of customers to make payment in the credit facility mobility in the bank to meet up with other banking sector, where as roles of performance by Micro Finance Banks was revealed in the literatures review among which include protection of credit facilities, mobilization of funds, promotion of grass roots development, enlightenment campaign at educating and at rural dispellers.

In conclusion, this research work with the belief that research will not be the first, it not the last rather. It will increase the population or number of research work in the impact of government policies and Micro Finance Banks along the line of study will be exhibited by some other research in the nearest future.

## **2.4 RESEARCH GAP**

Limited studies on specific policies: there is a need for more research on the impact of specific government policies on Micro Finance Bank financial performance in Nigeria.

Insufficient analysis of regulating framework: the regulatory and supervising framework policy of the central bank of Nigeria (CBN) requires further examination to determine its effectiveness in enhancing Micro Finance Bank performance

Poverty reduction and Micro Finance Bank role in poverty reduction, more research is needed to understand the extent to which government policies support the goal.

Case studies on Specific Micro Finance Bank: in depth analysis of specific Micro Finance Banks, such as Lapo Micro Finance Bank limited, can provide valuable insights into the impact of government policies on the financial performance.

Assessment of non-financial service: Research on the benefits of non-financial services offered by microfinance banks, such as training and business support, can help identify areas for improvement.

## **CHAPTER THREE**

### **3.0 RESEARCH METHODOLOGY**

It will not be early to research into very industrial small scale business and their sources financial within the population.

As a research of the population of this research were will cover the fire local government of Kwara State where small scale business are well practical and managed.

### **3.1 SOURCES OF THE DATA**

**Introduction:** A research design is a scientifically development and programme which direct and growth the researcher in the conduct of this research in order to obtain information on small scale business france in different economy of the chosen study (LAPO Microfinance Bank).

### **3.2 POPULATION OF THE STUDY**

The population of the study include all staff and management member of Microfinance Banks and their customer particularly those who operate small scale business in metropolis.



### **3.3 SAMPLE SIZE**

The target population of the study consists of all staffs and management of Kwara Enthiese Design place in Kwara State. However die to limit time and resources sample the respondent where chosen purpose sample. Lichinqu was used to select five (5) sectors of the company out of existing of Kwara Ethnoi Design plc Ilorin

Back term and caser (1981) a over one hundred percent is goal enough for making reference of the entire population.

A dial with respondent personal data such as name of the nganisation, sex status, length of services and post held whole section B consist of question items relating to the subject matter of the study and to be answer by the respondent by lock coltor, strongly agreed, strongly disagreed, disagree in the appropriate Colum.

### **3.4 METHOD OF DATA COLLECTION**

Data will be gathered for this research work by the use of the two available source of data, which are primary and secondary data.

**PRIMARY SOURCE:** This work will source its data from primary data source which also known as first hand data source. Through more costly, primary data source will be used to get data from this irogin.

**SECONDARY SOURCE:** To compliment Primary data source Secondary source data also known as second hand source government and its agent publication and journal will also be used for the purposes of the study.

### **3.5 LIMITATIONS OF THE STUDY**

1. **INSUFFICIENCY OF TIME:** This can be referred to as the time by the research to gather information on the project work which is not enough
2. **LACK OF ENOUGH FUNDS:** Inadequate finance or funds also limited the ability of the research in gathering the necessary information data.
3. **INADEQUATE DATA:** This also limits the study of the research work.
4. **IGNORANCE:** On the part of the researcher also limit the gathering of information.

## **CHAPTER FOUR**

### **4.0 DATA PRESENTATION, ANALYSIS, TESTING OF HYPOTHESIS, INTERPRETATION OF RESULT**

#### **4.1 DATA PRESENTATION AND ANALYSIS**

There, data deals with analysis of data selected during the research survey the data was analysis and presented based on the research question where grouped together according to this rehance of its reach question from which they are drawn. The performance of response on each major item was connected to simple percentage from the interpretation of data was made the research question where tasted in the high of the response of the questionnaire passed to the respondents.

A total thirty (50) questionnaire were distributed to staff of Lapo Microfinance Bank limited the entire questionnaire were followed and returned.

The analysis employed in simple percentage as the research attempts, together all related response as basic of final decision.

## SECTION A

### RESPONDENT OF SEX

SEX	FREQUENCY	PERCENTAGE
MALE	60	75
FEMALE	20	25
TOTAL	25	100

**Source:** Research Survey 2025

Table 4.2.1 Above short that 60 (75%) of the respondent are major whole 30 (25%) of the respondent are female.

### RESPONDENT BY AGE

AGE	FREQUENCY	PERCENTAGE
21-25	10	12.5
21-25	14	17.5
31-35	16	20
36-40	13	16.3
4 ABOVE	17	33.7

TOTAL	80	100
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**Source:** research survey 2025

Table 4.2 Above shows that are between 21-25 has a frequency of a 10 (12.5%) or as problem between 14 (17.5%) shows that age between 31-35 is 16 (20%) shows that age between 36-40 has a frequency of 13 (16%) shows that the frequency of respondent between the age of 41 above as 27 (33.7%).

## **TABLE**

### **RESPONDENT BY EDUCATION QUALIFICATION**

<b>QUALIFICATION</b>	<b>FREQUENCY</b>	<b>PERCENTAGE</b>
SSCE	18	22.5
OND/NCE	26	32.5
BSC/HND	24	30
OTHER	12	15
TOTAL	80	100

**Source:** Research Survey 2025

Table 4.2.4 Above shows that 18 (22.5%) of the respondent has SSCE 26 (32.5%) of the respondent have OND/NCE, 24 (30%) of the respondent has BSC/HND, 12 (15%) of respondent and others

## **INTERPRESENTATION OF RESULT**

The result showed that the government policy affect the performance of Microfinance Banks through the capital problem and acceptability of money banks.

Those trading will be recommend that there should be proper training of banks personnel especially with credit officers of bank help to know the reability of loan and also the management need to properly appraise their internal credits policies contained in their manual before granted to their customer

The study further investigated have Microfinance Banks grant loan their customer and the service they vender= to costuney like computer literate.

It is reported in the table on the government policy affect the performance of Microfinance Banks 25% of the respondent in the study area show position although to new government policy in Microfinance Banks.

## **CHAPTER FIVE**

### **5.0 SUMMARY, CONCLUSION AND RECOMMENDATION**

The study investigated the effect of government policy on the performance of Microfinance Bank in tirm.

Twenty (20) research question were set out to guide the decision of the study of some related literature.

Copies of questionnaire were used for data collection and how they granted to their taking about the environment that are the used for working, like computers, E. banking, money countes and trained staffs. Courses all staff in operate trop staff was a well as customers, who operated in both current and sarmps account makes in both srmps and current from the Lapo Microfinance Banks as sample.

The questionnaire was the instrument used to trade out its effect of government policy on the performance of Microfinance banks. The research concept explained the concept and objective of Microfinance banks and have



Microfinance banks is begin introduce to Nigeria by Prof Chailes Soludmi (2018).

The investigation helped the government to know their ability to operate between the Microfinance banks and the central bank of Nigeria.

## **5.1 SUMMARY**

The study attempted to access the effect of government policy on the performance of microfinance banks as well as its performance in economic development of the country.

## **5.2 CONCLUSION**

The result of findings related that government policy affect the performance of microfinance bank through the capital bank problem in this continece and an acceptability of money banks.

It has also reliable that many Microfinance banks were able to manage government policies towards accusingly its co-operate goals as a result of mobilization of funds, provision of facilities etc.

It was also showed that the government policy of enable source microfinance banks operation to be reliable

The result showed that high rate of interest change on loans and overall needs to be checked in order to give room for customer that have credit to benefits from the loan schemes

Similarly, the result also shows that government policy fognify relationship, between the question and the following banking industry.

### **5.3 RECOMMENDATION**

These recommendations are based on the response required from questionnaire administrated.

Secondly, for the purpose of the rthdy, one personal observation of research as related to have the role of central banks of Nigeria on microfinance bank in Nigeria.

The study of microfinance personnel credit officers should encourages and this will help in knowing the visibility and reliability of a loan.

Microfinance banks should be given access to claiming can be allow to participate in foreign exchange market fully

The management need to properly appraise their internal credit policy contain in their manual before credit are begin granted to customers.

Finally, the national board of Nigeria deport insurance co-operation should with their further insurance that all the deposit of microfinance banks in respects of the amount.

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