

Microfinance Institutions Challenges In Poverty And Unemployment Reduction In Ghana

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Abstract— *Microfinance Institution is a very important tool for Poverty reduction, Employment creation, and Economic Development in Ghana and most parts of the world. It targets the low-income individuals who are mostly in the rural communities through innovative products such as savings, microloans and lending in groups. The entire financial system has a challenge and so micro-finance is not an exception. This article investigates the challenges that microfinance institutions faced in trying to reduce poverty and create employment for the poor. Primary and Secondary sources of data were used. With the Primary data, interviews were conducted. The data were collected through interview guides and questionnaires with some selected microfinance management and customers. The respondents were purposively selected to respond to the questions. With secondary data, relevant related literature was reviewed to bring out the important issues on this subject matter. The results were analyzed using Statistical Packages for Social Sciences. The researcher found out that, some of the challenges micro-finance institutions faced are: Poor regulation and supervision, inadequate knowledge and skills and panic withdrawals. Again, the results revealed that Microfinance Institutions have a strong positive impact on poverty reduction and employment creation in the country.*

Keywords— *Microfinance Institutions, Challenges, Poverty Reduction, Employment Creation, Ghana.*

1. INTRODUCTION

Though microfinance institution in Ghana has a lot of challenges, yet still the importance of the institutions are overwhelming. This is because MFI plays a key role in the financial intermediation process and in the lives of the poor individuals who comprise the majority of the Ghanaian population (PHC 2010). Microfinance also helps to alleviate poverty among low-income individuals. The stakeholders of the institution thus Governments, donors' agencies, financial regulators, Policymakers, researchers, management and customers all agreed to the fact that microfinance contributes to poverty and unemployment reduction but as to how the poverty will be reduced by the institution is still a matter of concern to all hence the need for this article to investigate how poverty is reduced through MFIs. Okoampah Ayeh said one of the key challenges facing the microfinance sector in Ghana is lack of adequate funding for investing in infrastructure and granting of quality loans. In the Ghanaian context, most microfinance institutions are established with the aims and objectives of targeting the productive poor through socio-economic empowerment, creation of employment, mobilization of internal resources, awareness creation, income-generating activities and the generation of self-employment targeting the rural poor. Microfinance is one of the few effective instruments for reducing unemployment and poverty over the years in Ghana. According to Mr Settor Amediku, the deputy head of financial stability department at the Bank of Ghana that, as at the year 2000 Ghana made only eight (8) saving and loans companies but by December 2010, the number increased to nineteen (19). Currently, there are over five hundred (500) microfinance, savings and loans in the country. This, therefore, shows that Ghana will soon achieve the objective of microfinance which include increasing the outreach, impact and sustainability. So, therefore, stakeholders must help the institution to achieve these objectives. Again, for unemployment to be reduced, the active poor needs a productive job which will lead to high incomes. Three major things through employment to alleviate poverty must be undertaken which are: generating employment, increase employability and the labour market very effective and efficient. Ghana Government has given due attention for the micro-finance sector, by understanding that micro-finance institutions are important avenues to address local economic development, poverty reduction, support to small and medium enterprises, employment creation and increasing the standard of living of the Ghanaians. Hence the need for microfinance proper regulations and supervision to have long term sustainability and profitability and to be able to create more employments for all working-age which will intend to reduce the poverty levels in the country.

1.1 Evolution of Microfinance in Ghana

Microfinance in Ghana is not a new concept. The people of Ghana started their savings since time immemorial by taken smaller loans from individuals and groups in a form of helping businesses, petty trading, farming, food processing, service provision, street vending and other ventures within the country. In 1955 the Canadian Catholic Missionaries who came and settled in Northern Ghana established the first Credit Union there and that was the first Credit Union to be established in Africa according to available evidence. In the 1990s Susu which is also one of the widespread methods of microfinance currently is also said to have originated

from Nigeria to Ghana. In all, microfinance in Ghana has gone through four stages like any other microfinance across the world. The following are the four stages:

1.1.1 Stage one:

In the 1950s, the government provides subsidized credit. Starting from the 1950s, the government of Ghana provides clients with credit at a subsidized price, when it was assumed that lack of money is a serious problem and a reason why most people are poor in Ghana. So to eliminate poverty in Ghana, subsidized credit was provided by the government to interested customers and individuals.

1.1.2 Stage two:

In the 1960s and 1970s, the provision of microcredit through the Non-Governmental Organization (NGOs). Microcredit was provided to the poor through the Non-Governmental Organizations in the 60s and 70s. This was done to encourage self-sufficiency and sustainability of microfinance institutions because; during those periods' sustainability and financial self-sufficiency were not in any way seen to be very important.

1.1.3 Stage three:

In the 1990s, Formalization of microfinance institutions began. This formalization of the microfinance institution leads to the introductions of more institutions.

1.1.4 Stage four:

The final stage was in the mid-1990s were microfinance institutions were commercialized. The commercialization of these institutions then began to gain importance with the mainstream microfinance and its institutions moving into the financial system.

1.2 Statement of Problem

Ghana Microfinance Institutions like any other country is not without challenges. The country's MFIs is faced with numerous challenges such as poor financial regulations, unsustainability, increase in poverty, high unemployment level, more illiteracy rate, high population growth rate especially among the rural poor people living in low-income communities where they lack access to financial services or Formal Banking Systems. There has been a problem of the active poor people savings/deposit in Ghana for a long period. This has led to the movement of most of the rural active poor people from rural to urban communities in search of jobs and shelter and also able to save their little earnings to have improved living standards. These movements bring the problem of overcrowding in the cities and these posed a further threat to national security (Hernando 2013). According to the Ghana Living Standard Survey fifth round report, the poor households also need savings account across the country in both urban and rural areas. Over 70 percent of adults in Ghana are lacking access to financial services and do not have a basic bank account (GLSS 5 Report). Again, poor people also need employment to be working and gain income and not always remain in poverty. Unemployment and poverty keep alarming in the country hence the need for this study to identify what are the causes and effects of this problem in Ghana. The research is carried out based on the above background and the major objective of this article is to determine microfinance institutions challenges in unemployment and poverty reduction in Ghana.

1.2.2 Regulatory Framework in Ghana

The establishment of the regulatory framework is an important aspect of microfinance institutions and this leads to sustainability and improvement in the standard of living of the poor people in Ghana.

Regulations of MFIs was introduced to protect customers' savings and small deposits, offer training and capacity building to the institutions and to ensure financial soundness and stability. Despite this, the poor people are believed to have limited access to financial services such as loans, savings/deposits, insurance and other financial services that are been provided by formal banking institutions. The reason being that the poor cannot provide the needed collateral security expected by the formal banks and also the banks find it very difficult to recover the high cost involved in dealing with the poor clients. The Rural and Community banks are regulated by the Banking Act (2004 Act 673), the Savings and Loans are also regulated by the Nonbank Financial Institutions (NBFIs) Law 1993 (PNDCL 328). Programmes that are currently addressing the sub-sector in Ghana include the Financial Sector Improvement Project (FINSIP), Financial Sector Strategic Plan (FINSSP), the Rural Financial Services Project (RFSP), The United Nations Development Programme (UNDP), Microfinance project, the Social Investment Fund (SIF), the Commonly Based Rural Development Programme (CDRDP), Rural Enterprise Project (REP) and Agricultural Services Investment Project (ASSIP), (Asiama, 2007). The Bank of Ghana is the sole regulator of microfinance institutions in the country currently.

1.3 Microfinance and Poverty Reduction

Microfinance is seen as a key development instrument not only in reducing poverty but also for financial inclusion in most of the world. Though microfinance started in Ghana in the early 1950s, in the form of Susu in the Northern Region part of Ghana through the activities of the Canadian missionaries, in the 1970s, Mohammed Yunus formally founded the Grameen Bank which is the first microfinance bank to be established. In the 1990s microfinance popularly gain global attention which led to the organization of a summit in 1997 with thousands of delegates and hundreds of countries attended the summit. Quaraishi, (2007) at the summit said; hundred million of the poorest people will be reached with financial services that they lack such as credit and savings for self-employment and other financial services was agreed by the delegates by 2005. In December 2003, at the UN General Assembly, the year 2005 was announced the international year of microcredit. The then UN Sectary General (Kofi Annan) of Ghana after the announcement said; "The International Year of Microcredit 2005 underscores the importance of microfinance as an integral part of

our collective effort to meet the Millennium Development Goals. Sustainable access to microfinance will surely help to alleviate poverty by generating income, creating jobs, allowing children to go to school, enabling families to obtain health care, and empowering people to make the choices that best serve their needs. The great challenge before us is to address the constraints that exclude people from full participation in the financial sector. Together, we can and must build inclusive financial sectors that help people improve their lives”.

2.0 RELATED LITERATURE REVIEW

2.1 Microfinance Meaning

Microfinance is an institution that provides financial services that are small and micro to their clients or customers like micro-savings, micro-credit, micro-insurance, to low-income households and individuals. According to Hartarska (2005) microfinance is defined as the provision of small scale financial services to low-income people. Again, the effective tool used to fight poverty among the low-income individuals by providing financial services to them and those who do not have access or who are neglected by the traditional banks and other financial institutions are defined as microfinance (Dokulilova et al, 2009).

2.2 Meaning of poverty

Poverty according to World Bank (2000, p. 52) is defined as lack of food and shelter, being sick and cannot afford to see doctor, lacking access to school and being illiterate; that is not understanding, knowing how to recite, read and write with understanding, being unemployed and being afraid of the future. Poverty again is powerlessness, no representation and lacking freedom from servitude and not having hope for the future. However, the World Health Organization (WHO, 2012) described Poverty is an anything that is associated with the undermining range of human attributes which include health. The poor people are exposed to more environmental health and personal health risks; they are lacking nourishment, not having information or have low information and also lacking access to health care facilities. They, therefore, have a very high risk of sicknesses. Vulnerability and disability. In Ghana, Poverty is defined as many dimensions which are characterized by low income, malnutrition, ill-health, illiteracy, and insecurity. Sense of powerlessness and exclusion (GSS, 2007).

2.3 Empirical review

In the impact assessment of microfinance institutions interventions in Ghana and South Africa, Afrane (2002) found that microfinance programmes resulted in significant improvements in terms of increased business incomes, improved access to life-enhancing facilities and the empowerment of people, particularly women. However, Adjei et al. (2009) researched with Snapi Aba Trust Microfinance in Ghana to examine the role of microfinance in asset building and poverty reduction. They conclude that the beneficiaries can purchase durables, provide better education to their children and cater for the health care expenses of their households. They also reveal that participation in the microfinance credit enabled the customers to have investment and savings deposits and to become welfare schemes members that provide insurance for them to pay off their debts in times of ill health or death. While Littlefield, Morduch and Hashemi (2003) conclude in their study that there is an increase in income and assets, and there is a decrease in the vulnerability of microfinance clients. Besides, Asemelash (2002) in Ethiopia confirmed a positive and a significant impact of microfinance on the customers/beneficiaries of the microfinance program as compared to non-beneficiaries of the program. Their study showed that microfinance institution has a positive and significant impact on the incomes, the asset buildings, and access to schools going including attending medical facilities in the study area.

3.0 RESEARCH METHODOLOGY

The methodology of this study on microfinance institution’s challenges in unemployment and poverty reduction in Ghana is the descriptive and analytical research design. The data for the study was obtained from the primary source by conducting interviews. Secondary data was also used as a source of information and were collected from microfinance books, official documents, journals, published and unpublished dissertations and the internet. There are more than 500 licensed microfinance Institutions in Ghana. Out of this total population of institutions, 80 respondents were selected as the sample size for this study. Quantitative analytical tools were used to assess the challenges of microfinance in unemployment and poverty reduction in the country. While qualitative indicators are used to assess the socio-economic empowerment of the active rural poor through the microfinance program.

3.1 The study Area

This research was conducted in Ghana. That is some selected microfinance institutions across the country. The areas selected were convenient to the researcher due to the possibility of acquiring data easily. The accessibility of the areas under the study leads to the collection of reliable and relevant data within given limited resources in terms of time and money.

3.2 Sources of Data

The data of the study was obtained from both primary and secondary sources. The primary data were collected with the use of pre-tested and well-structured interview guides and questionnaires administered to selected microfinance institutions management and customers. While from the secondary source, relevant information was obtained from books, libraries, brochures, dissertations and through the internet.

3.3 Sampling Techniques

With regards to the selection of respondents for the conduct of the survey, the study employed purposive and convenient sampling techniques. Convenient sampling which is also called the judgement sampling includes the selection of the samples haphazardly the respondents that are very easy to obtain a sample from since the process of the sample selection continues up to the time required data sample size selected has been realized (Saunders et al 2009). This method was adopted with regards to the selection of respondent who can provide the correct data for the study. The researcher makes sure that all filled questionnaires and interview guide are properly handled and returned for appropriate data entry and analysis.

4.0 ANALYSIS OF THE FINDINGS

Table 1: Gender of Respondents

It is very important to consider gender issues in any research of this kind. The researcher takes note of the sex of the respondents both the employers, employees and the customers. The below table shows the statistics of the respondents.

Gender	Frequency	Percentage
Male	58	72.5
Female	22	27.5
Total	80	100

Source: Field Data, 2018

From the field responses, out of the total sample size of 80 respondents', the frequency of the male respondent is 58 which constitute 72.5 percent while the female respondents' frequency is 22 representing 27.5 percent of the total interview. This implies that the number of male management and customers in the MFIs far exceeds that of females. It was an observer that, microfinance in Ghana was constituted by the majority of men.

Table 2: Age of Respondents

The ages of the respondents were categorized according to four groups. From the findings, the respondents were made up of more youth than the aged. More of them were under age forty. This means that the working population and the customers of the institution are both young and energetic. The following table explains further the age categories of the respondents.

Class	Frequency	Percentage
15-25	19	23.75
25-35	31	38.75
35-45	26	32.5
45-Above	4	5
Total	80	100

Source: Own Field Research, 2018

According to the responses from the field, age range 25 - 35 represents the highest frequency of 31. This constitutes 38.75 percent of the total population interviewed. The respondents in this class are those actively involved in the running of the MFIs in the country. The next actively involved are the age group 35-45 with a frequency 26 representing 32.5 percent of the interviewed people. With age group 15 - 25 years having a frequency of 19 and 23.75 percent of the population, most of them are part-time workers and are school going student who helps the institution in weekends collections or works during free times. Some of these workers are those who most of the times lead the institution to bankruptcy and collapse. The remaining respondents are the age group 45 and above with only frequency of 4 and 5 percent out of the sample size. We observe that the age 15 to 25 are less involved in the operations of the institution likewise the aged age 45 and above. The actively involved are the youth who are 40 years and below who fall between 25 to 40.

Table 3: Level of Education

The educational background of respondents was asked to know the literacy level of the respondents. It also helps to know the skills level of the respondents. It is believed that the higher the level of education, the higher the knowledge and understanding of the concepts of microfinance and hence better result and the lower the level of education, the lower the understanding and knowledge. All things being equal. The table below indicated the educational qualification of the respondents from the data collected.

Level of Education	Frequency	Percentage
Secondary School / SHS	4	5
Diploma / HND	39	48.75
Bachelor	30	37.5

Masters	6	7.5
PhD	1	1.25
Total	80	100

Source: Primary Data, 2018

The academic qualification of the respondents from the researcher's field data collection of the managers and customers/beneficiaries of the microfinance institution was shown in the above table. The distribution of the population points out that 39 of the respondents representing 48.75 percent of the population have completed Higher National Diploma (HND) followed by 30 respondent representing 37.5 percent of the people interviewed who have also graduated from the university with degree qualifications. Again, 6 of the respondents representing 7.5 percent of the total interviewed graduated with a Master's degree while 5 percent of the respondents are Secondary School graduates and only 1.25 percent had a PhD. The researcher observed during the study that, upon the academic qualification of the respondents, most of them still lack knowledge and understanding of the concepts of microfinance. This makes the operations very difficult and making some of the institutions unsustainable. They operate based on experience and support from other staffs of different banks.

Table 4: Marital Status

Marital Status	Frequency	Percentage
Married	45	56.25
Singled	21	26.25
Separated	7	8.75
Living Together	5	6.25
Divorced	2	2.5
Total	80	100

Source: Primary Data, 2018.

From the responses, 56.25 percent of the respondents are married and 26.25 percent of the population interviewed are singled. 8.75 percent got separated while 6.25 percent are living together with partners but are not formally married. Only 2.5 percent of the respondent said they have divorced. We observed that married couples are more with the highest percentage of 56.25.

Table 5: Workers Experience

The table below indicates the number of years the respondents have work or been with the microfinance institutions. It is believed that the more years one has with an institution, the more the experience acquired and the less the years of work, the lower the experience all things being equal.

Number of Years	Frequency	Percentage
One (1) Year	12	15
Two (2) Years	25	31.25
Three (3) Years	23	28.75
Four (4) Years	11	13.75
Five (5) Years and More	9	11.25
Total	80	100

Source: Field Data, 2018.

Table 6: Loans received from MFI

Table 6 below illustrates the number of customers who benefited from the loans offered by the Microfinance Institution in Ghana. Out of 80 respondents, 55 said they are beneficiaries from the loans while the remaining 25 said they are not beneficiaries. Different customers use these loans for different purposes and the income generated from it too was used for a variety of purposes. Some were able to pay back the loans and others default evidence from the findings.

Loans Received	Yes	No	Total
Frequency	55	25	80
Total	55	25	80

Source: Own Research, 2018

7. Uses of loans from MFIs

The loans that were received from the microfinance by the 55 respondents was used appropriately by the majority of the respondents. From the interviewed, some of the customers attested to the fact that they use the loans to start a new business altogether. They said without the loans from the microfinance program they cannot start anything new on their own. Microfinance helps them to establish a business and also employ few workers to help in the running of the businesses said the beneficiaries. Aside from starting a new business by some of the clients, other beneficiaries also use the loans to expand their businesses. Other branches were opened and some increase the number of their products and services. They said this increase their profit level and their living standards.

Table 8: The Role of Microfinance Institution in Ghana

Microfinance in Ghana plays a very important role in the country’s economy. All the stakeholders of the institution attested to this and is an undeniable fact. The management of the institutions, and customers all indicated in their responses that, microfinance has a great impact and plays a significant role in the economic and socio-cultural development of the country. Below are the responses from the findings.

No	Role of Microfinance Institutions	Frequency	Percentage
1	Create job opportunities to reduce unemployment in the country	13	16.25
2	Through the employments created MFIs helps to reduce poverty	11	13.75
3	Support SMEs with training and capital	8	10
4	Providing their customers with a credit	5	6.25
5	Provisions of products and services to the poor customers	6	7.5
6	Delivery of financial and financial services	4	5
7	Help the poor with star-up capital to start a new business	2	2.5
8	Microfinance intuitions help low-income people with income-generating activities	3	3.75
9	Help in the expansion of customers businesses with credit	2	2.5
10	Helps in Socio-Economic development and growth of Ghana.	6	7.5
11	Increase in the living conditions and standards of the poor.	4	5
12	Microfinance help to increase the banking population in the country	2	2.5
13	Helps in women and youth empowerment	8	10
14	Improves the growth and development of SMEs through building their capacity.	3	3.75
15	Microfinance provides customers with money transfer and micro insurances services.	3	3.75

Source: Primary data, 2018

Based on the responses from the field data collection, respondents indicated that Microfinance Institution role in Ghana cannot be overemphasized and the above were some of the factors they mentioned. The researcher found out that, microfinance helps a lot from the above roles that they play in the Ghanaian economy.

Table 10: Challenges of Microfinance Institution in Ghana

The study aimed at determining the challenges that the institution faced and how the owners/managers are affected by them in their operations. From the researchers’ findings, the respondents mentioned challenges such as regulations and supervision from regulators, credit defaulters from customers, lack of support from the government, high-interest rates and Ghana cedi depreciation as the main challenges they faced. The below table indicates the remaining challenges according to the findings from the respondents.

No	Challenges	Frequency	Percentage
1	The danger of Risk; (credit default risk, systematic risk)	8	10
2	Regulations and supervisions issues; (National, formal, semi-formal and informal institutions)	10	12.5
3	The problem of capacity building; (human capacity, infrastructure and funding)	5	6.25
4	Targeting the vulnerable and the marginalized; (the people with disability, women and the youth)	5	6.25
5	Credit delivering mechanism	4	5
6	Lack of consumer protection	5	6.25

7	Inadequate understanding of the definition, concepts and terminologies of MFI by employees and customers	6	7.5
8	Categorization of Microfinance Institutions	5	6.25
9	Data/ information gathering and dissemination (national data, institutional data and clientele data)	4	5
10	The problem of Collaboration and coordination of the institutions	5	6.25
11	Classifying target groups	3	3.75
12	Inadequate research monitoring and evaluation	3	3.75
13	Lack of support from the government	6	7.5
14	The collapse of other microfinance institutions in the country is a big challenge; which leads to panic withdrawal	7	8.75
15	High-interest rate / Depreciation of the Ghana cedi.	4	5

Source: Primary Data, 2018.

From the findings, management and customers stated the above as challenges that the microfinance faced in Ghana which in one way or the other hinders the operations of the institutions. Problems with regulation and supervision are seen as the greatest challenge with the highest percentage of 12.5 followed by the credit defaulters and panic withdrawal from customers of 10 percent and 8.75 respectively as seen in the above table. Lack of support from the government of Ghana is also a big challenge facing the institution and inadequate understanding of the definitions and concepts of microfinance by employees and customers constituting 7.5 percent each.

5. WAYS TO REDUCE POVERTY IN GHANA

There are so many ways to reduce poverty in Ghana which is referred to as the solutions to Ghana poverty according to some respondents. Some of the ways include: Jobs/employment creation, women empowerment and the girl child education, the minimum wages and salaries should be increased, reduction in minimum capital requirement by Bank of Ghana Regulators, encouraging the establishment of more microfinance institutions in the system, tax exemption from some of the institution, providing very good health care facilities especially delivering services, making the spending's of government transparent, there should be good sanitation portable and clean drinking water in all communities in Ghana, a nutritious and well-balanced diet for children especially the infants in home and schools, gender equality making and unmaking inequalities and finally managing sovereign debt.

5.1 Types of Business in Ghana MFIs

There are different types of business in Ghana that are engaged in the microfinance program. These businesses according to the customers of the institutions get credit from the microfinance program which helps them to build the businesses by putting it into good standing. Some of the businesses mentioned by the respondents during the field survey include Dressmaking, Barbering, Petty trading, Food selling, metal works, Bread Baking, Books and stationary, Farming, Leatherworks, manufacturing, Transport owners and other small and medium enterprises. We ascertained that the credit collected are put into different uses by different clients.

6. DISCUSSIONS OF THE FINDINGS

It shows from the foregoing that: Microfinance institution plays a very significant role in the socio-economic development of Ghana through some challenges are facing the institution. Some of these challenges among other are credit default from customers, improper regulation and supervision, high-interest rate, high minimum capital requirement, lack of government and donor support, inappropriate reporting standards, panic withdrawal due to the collapse of other banks. Again, the study found out that, microfinance program in Ghana help to create employment by issuing loans to the befitting customers.

Additionally, the study observed that, the income that the clients of the microfinance program gained help the poor to increase their living standards and condition. This in a way help reduce their poverty levels. The youth in Ghana continuously complained about unemployment in the country increasing and the poor people becoming poorer. Through microfinance and their programs, most of the poor people gain employment and are now working as self-employed and making ends meet.

Despite the above, to reduce the challenges of the institutions, the government and donors should support the microfinance program with funds, there should be currency appreciation, proper monitoring and supervision from Bank of Ghana, capacity building of the employers and employees by ministries of Finance and Economic Planning of the country (policy-making body), and there should proper training on good reporting standards by the regulators.

More so, for more employment to be created, there should be a reduction in minimum capital requirement by Bank of Ghana Regulators so that more microfinance institutions can be established to increase jobs, tax exemption for some of the institutions, customers should pay the loans given to them so that other clients can also benefit from the program.

Finally, if the government, policymakers, donors, management and all other stakeholders of microfinance institution would support the institution, the mission and vision of the institutions will be achieved in the country.

7. SUMMARY

Microfinance role in Employment creation and Poverty reduction cannot be sufficiently stated and are overwhelming amazing if given a conducive environment in a country. The institution encourages self-independent, create employment for the poor through the credit given which intend to reduce the poverty level of the clients. Also, the small and medium enterprises who are beneficiaries from the MFIs to some extent export their goods, effectively and efficiently utilize local raw materials in the country and this has impacted positively and significantly to the economic development of Ghana. For these potentials of microfinance to be effectively harnessed, the government must encourage more microfinance into areas where it is lacking, support them with funds, encourage more entrepreneurs by creating social amenities such as water, good roads and encourage technical education. Furthermore, policies should be reviewed on business ventures like excessive payment of levies which have a negative influence on the income levels because that discourages potential entrepreneurs. More so, we realized that microfinance in Ghana does not get all the necessary support needed from most of the stakeholder such as government ministries (Mofep), Department and Agencies as well as from other Banks and Institutions. The above was from the respondent's responses from some of the challenges they are facing in Ghana as microfinance institution operators and customers.

8. CONCLUSION

Following the findings stated above, the researcher can conclude that the importance of microfinance institution in employment creation and poverty reduction in a country cannot be overemphasized. Most of the interviewed respondents attested to the fact that the credit from the institution is very beneficiary to them and without microfinance program by their doorsteps they would not have been able to start any business on their own let alone expand the businesses nor able to pay their children's school fees, making a deposit, improving their household consumption which all increase their standard and condition of living. In Furtherance of the above, it can be concluded that, through the micro-credit from the institution, many poor clients have benefited from the program especially those in the rural communities. Also, women who are supposed to be targeted are rather few in most cases in the microfinance program. Targeting the majority of women is a key concern in designing any microfinance program since women and children are the most vulnerable and constitute the poor class and also have less access to credits.

9. RECOMMENDATIONS

Policy recommendation

Based on the major findings from the research, some policy recommendations are made to improve microfinance role in unemployment and poverty reduction. Some of the policy recommendations are:

- ❖ Capacity building and intensive training of the management
- ❖ Loan provision and support to the institutions
- ❖ Currency depreciation should be managed
- ❖ Educational system improvement
- ❖ The customer and their savings should be protected
- ❖ There should be an Interest rate control and price control mechanism.

The researcher believes that, if the policymakers take the above into consideration, microfinance in the country would forever be effective and efficient and the collapse rate will be reduced for the betterment of mother Ghana's economy.

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