UNIVERSITY OF CAPE COAST

EVALUATION OF WOMEN GROUP LENDING SCHEME OF BONZALI RURAL BANK, TAMALE

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BY

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Dissertation submitted to the Department of Accounting of the School of Business, College of Humanities and Legal Studies, University of Cape Coast in partial fulfilment of the requirements for the award of Master of Business Administration Degree in Accounting.

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DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is as a result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature………………………………......... Date……………………

Name: Mohammed Iddrisu

Supervisor's Declaration

I hereby declare that preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature…………………………… Date……………………….

Name: Prof. Edward Marfo-Yiadom

ABSTRACT

Micro financial institutions step in to lend to group of people where the entire group is considered responsible for default by any member. In places where group loans have been practiced, there have been mixed results with some groups repaying their loans whiles others fail to pay. The study therefore sought to evaluate women group lending scheme at Bonzali Rural Bank (BRB) in Tamale. The objectives of the study were to determine the characteristics and motivations of women in the group lending scheme, examine the factors that influence the repayment rate of women groups and to assess the benefits of group lending to the group members. Data were collected from all the 88 women groups. Both primary and secondary data were used. The primary data was collected using questionnaires which was administered to the group representatives. Data was analyzed using descriptive statistics and represented by measures of central tendency. Frequencies and percentages were used to analyzed the characteristics of respondents such as age, educational attainment and religion. The study found out that most women repay their loans in order to get bigger loans in future (dynamic incentives). Other reasons include: it provides capital for their businesses; it improves their financial well-being and to preserve their reputation. It was recommended that the BRB should improve on the business advices offered to the women since the successes of the women groups have a positive impact on the repayment of loans.

KEY WORDS

Group lending

Microfinance

Microcredit

Borrowing

Credit

Women groups

Rural Banks

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DEDICATION

To my two lovely sons, Mohammed Irbard Wunnam and Mohammed Fareed Namzooya

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LIST OF ACRONYMS

UNIFEM	United Nations Development Fund for Women
UNCDF	United Nations Capital Development Fund
ACCION	Americans for Community Cooperation in Other Nations
FINCA	Foundation for International Community Assistance
UNDP	United Nations Development Programme.
SUM	Special Unit for Microfinance *(SUM)* of the UNDP
BRD	Bonzali Rural Bank
CIDA	Canadian International Development Agency

CHAPTER ONE

INTRODUCTION

Microfinance has been providing credit facilities numerous individuals and organization. This chapter seeks to analyse the background to the study, the problem of the statement, significance of the study and organization of the study.

Background to the Study

The Government of Ghana has since independence in 1957 undertaken number of development interventions to reduce poverty among its citizens, for example, Free Compulsory Universal Basic Education (FCUBE), School Feeding Programme, Economic Recovery Programme (ERP), Structural Adjustment Programme (SAP) and Women in Development Fund (WDF). According to the Ghana Statistical Service 2007 as cited in African Development Fund, Human Development Department (OSHD, 2008) on Ghana Country Gender Profile, the level of poverty fell from 51.7 percent in 1991/92 to 39.5 percent in 1998/99 and further to 28.5 percent in 2005/06. Notwithstanding these reductions in the level of poverty over the years, the Ghana Poverty Reduction Strategy GPRS Report (2003) noted that the progress however, masks the uneven decline in poverty and incidents of growing and deepening poverty in some geographical areas. The evidence suggests that the vulnerability and exclusion among some geographical groups, socio-economic groups, gender and age groups may have worsened. Thus, a lot more still needs to be done to achieve the goal of poverty reduction.

Microcredit schemes may take three different forms or a composite of all the three forms namely, the capacity building approach, the channelling approach and the institutional approach. The capacity building approach focuses on the very poor, the landless, the powerless, the voiceless or the 'assetless', especially women. The aim is to raise awareness, organize the clients and build their confidence to enable them believe in their own ability to transform their lives and to develop savings culture. The channelling approach may be used by rural banks and non-governmental organizations to assist the 'not-so-poor' or productive poor. These groups may have the courage to take some minor risks but may lack financial support because of the lack of collateral security.

Microcredit schemes are schemes that lend small amounts to the poor in a developing country. The loan may be as low as $1, but they are directly targeted at the needs of those people and reflect the circumstances they operate in. These loans are often offered by Non-Governmental Organizations (NGO's) as the commercial financial institutions are not prepared to work in this way, they generally regard the poor as high risk, as they cannot offer any security for the loans.

The Northern Region of Ghana has been found to have a high concentration of poverty in Ghana. Out of the 18.2% total population that live in extreme poverty in Ghana, 53.7% live in Northern Ghana, which commands only 17.2% of the total Ghanaian population. This is an indication that, the poor in Ghana is concentrate in the Northern savannah ecological belt. In 2006, five out of ten in northern region is said to be poor (Ghana Statistical Service, 2006).

Among the population of the North, women are the greater victims of poverty (Emmanuel, 2010). Poverty has been reduced since 1991, but the northern region had not received a commensurate share of the reduction in poverty. As a result, many non-governmental organisations (NGOs) and MFIs have design programs and policies that are meant to fight poverty among the people of the north especially women. One of such is Bonzali Rural Bank. The bank has two branches in Tamale which uses group lending as a tool to reducing poverty among women in the northern region. Most women have not been able to expand their businesses and poverty levels remain high after nearly a decade of implementation. It is for this reason that this study seeks to evaluate the repayment performance of women lending schemes in Microfinance delivery.

Statement of the Problem

Group lending is one of the methodologies used by many Rural Banks in Ghana and beyond to improve repayment performance. Group lending is believed to solve the problem of moral hazard and information asymmetry associated with poor repayment performance. High repayment performance is important for Banks sustainability and continues lending to the poor. Group lending has been used as one of the strategies to improve repayment performance especially among women groups in Rural Banks. There continue to be active debate in academic literature as to whether repayment performance of micro credit group borrowers tends to be high and the reason.

The problem is whether women group lending schemes have high repayment performance in BRB lending approach. Most women use local information to form their groups, this therefore makes borrowers have better information on their partners' risk than the lending institution does. Borrowers fail to repay BRB after lending. A study by Varian (1990) revealed that borrowers in group mutually monitor each other's projects to ensure the success of financed projects and therefore leads to repayment of group loans. Based on this, both empirical and theoretical studies have assumed that groups consist of members of equal risk and that they use their information to achieve group performance. Nevertheless, available literature shows mixed results. The influence of group lending schemes on repayment performance cannot be underestimated. However, there has been inadequate literature if not completely non-existent on how women group lending schemes influence repayment performance in the Ghanaian Financial Market. The scanty literature on the study motivated the researcher to evaluate women group lending schemes of Bonzali Rural Bank in Rural Bank service.

Purpose of the Study

The purpose of the study is to evaluate women group lending scheme of Bonzali Rural Bank in the Northern Region, Tamale.

Research Objectives

Specifically, the study seeks to:

1. Determine the characteristics of women group lending scheme of Bonzali Rural Bank.
2. Determine the factors that motivate women groups in group lending scheme at Bonzali Rural Bank.
3. Examine the factors that influence the repayment rate of women group lending scheme at Bonzali Rural Bank.
4. Assess the benefits of group lending to women groups at Bonzali Rural Bank.

Research Questions

1. What are the characteristics of women group lending scheme of Bonzali Rural Bank?
2. What are the factors that motivate women groups in group lending scheme?

3. What are the factors that influence repayment rate of women groups at Bonzali Rural Bank?
4. What are the benefits of the group lending scheme to women groups at Bonzali Rural Bank?

Significance of the study

The findings of the study are of great use to the government, civil society groups, state agencies, policy makers and researchers in dealing with issues of finance, access to credit and group lending schemes. This study will provide relevant data which can be used by relevant stakeholders to develop new policies or make reforms on the existing ones on how to improve the living standards of poor women through group lending schemes.

This study will help Micro Financial Institutions to better understand group lending approach and its impact to the women groups especially at Bonzali Rural Bank and to scholars and the academicians, it adds to the already existing literature on women lending schemes of the group lending approach in microfinance service delivery.

Delimitations of the study

The study considered women lending groups and its characteristics and influence on repayment rate at Bonzali Rural Bank in Tamale, Northern Region of Ghana. The variables to be investigated are microfinance issues, women group lending scheme and its viability.

Limitations of the study

The study is limited to the experiences of women group dealing with the two branches of Bonzali Rural Bank in Tamale. Various women groups were selected based on their present activities with the Bonzali Rural Bank to take part in the enquiry. A non-probability sampling procedure was adopted to select women groups needed for the study. Chances are that the results may not be held valid in other geographical areas. It is anticipated that some members of the beneficiary women groups may feel reluctant to give information about themselves and their businesses. However, these limitations were overcome through transparency in the data collection process and procedure.

Organization of the study

The research work is organized in five (5) chapters. Chapter one consists of the general introduction of the work, consisting of the background of the study, problem statement, research questions, research objectives, significance of the study and limitations of the study. Chapter two consists of the literature review carried out in this work. Chapter three focuses on the methodological framework and profile of the study area. Chapter four covers the data presentation and discussion of findings. Chapter five is the final chapter of the research and contains the summary of the principal findings, conclusions and recommendations for government and policy making.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter aims at reviewing important literatures related to the research topic. It consists of both theoretical and empirical review. In theoretical review the researcher defines the concepts and terms according to how different authors have defined them and empirical literature review provided the different findings from different researcher who has done similar study.

Theoretical Review

Social Dimension in Development Theory

Traditionally, development initiatives have been synonymous with raising people's incomes and employment opportunities, increasing their consumption and helping them build assets and accumulate savings. Poverty reduction programs were considered to deal primarily with helping borrowers obtain tangible, material gains. Quantifiable results were envisaged as the foremost and principal measure of assessing poverty mitigation and program success. Until a few years ago, the social dimension was not regarded as an important planning and evaluation level of development cooperation. Although initial steps towards operationalizing socio-economic impacts were developed by the research community as part of the 'basic-needs approach' of the seventies, the social dimension has been the focus of project evaluation only since the public debate on the effectiveness of development projects began, and the legitimacy of the entire area of development cooperation policy was questioned. A significant step towards establishing the nexus between the economic and social impact was the rendition of the 'multidimensional view of poverty' by the

United Nations Development Program particularly while preparing the National Human Development reports (Neubert, 2000).

The World Bank has been at the forefront in development-related initiatives on a global scale. According to a World Bank 2016 group report of the Social Development Task Group of the Bank, during the fifty years in which it has been in existence, the consent for this is the gradual shift in the development paradigm from building tangible, physical assets to developing human and social capital. When development professionals mention society, social policy, social capital, social change and social impact, they do not signify isolated individuals and stand-alone institutions; they connote a complex and intricate web of interactions that occur both within the population and also external to it. The 'social dimension' is thereby a cross-section of a range of elements that play a vital role in the world of development cooperation. Out of the major factors that influence the social sphere, the economic, cultural and political dimensions play the most prominent roles by overlapping with the social aspect and bringing about the social change in question.

The socio-economic area of overlapping, for instance, encompasses matters that can be physically defined and in which economic circumstances are examined, with the non-economic variables being taken into account. The focus is on the distribution of resources through rights and status or power and macro and sectoral policies and the consequent implications for individual social groups. The socio-cultural area of overlapping, on the contrary, concerns the non-physical features that relate to a society's system of values and are thought of, or represent its unique cultural identity. Issues relevant to ethnicity, gender, religion, traditions, customs, etc. form the focal point of this dimension. In the socio-political realm, areas of concern pertain to matter relevant to the civil society, issues raised by human rights affairs, and post-conflict scenarios, The World Bank (1997).

Adverse Selection Theory

According to Ghatak and Guinnane (1999), adverse selection arises when borrowers have characteristics that are unobservable to the lender but affect the probability of being able to repay the loan. A lender can try to deal with this information problem directly, by trying to assess these characteristics, or indirectly by offering loan terms that only good risk taker will accept. The typical method for separating good risks from bad risks is to ask the borrower to pledge collateral. Risky borrowers are likely to fail more often and lose their collateral. If the bank offers two different contracts, one with high interest rates and low collateral and the other with the opposite, risky borrowers will select the former and safe borrowers the latter. But poor people by definition do not have assets that make useful collateral, meaning that lenders have no effective way to separate good risks from bad.

Group lending deals with adverse selection by drawing on local information networks to achieve the equivalent of gathering direct information on borrowers and using differences in loan terms to separate good from bad borrowers. Many researchers have examined the effect of group-liability on the selection of members (Varian, 1990; Aghion & Gollier, 1998; Ghatak, 1999). Most of these studies use an adverse-selection framework where borrowers know the characteristics of each other's projects relevant to their creditworthiness, but the bank does not (Ghatak & Guinnane, 1999).

While all borrowers prefer to have safe partners because of lower expected joint-liability payments, safe borrowers' value safe partners more than risky borrowers because they repay more often, and as a result more likely to realize the gain of having a safe partner (Ghatak & Guinnane, 1999). This implies that in equilibrium, borrowers end up with partners of the same type. As a consequence, the bank can screen borrowers by varying the degree of joint liability. This is because risky borrowers have risky partners and, hence, will prefer a contract with less group liability than will a safe borrower.

Conceptual Review

Microfinance and Microcredit

Microcredit is often used to describe institutions like the Grameen Bank which focuses on getting loans to the rural poor for poverty eradication and social change. Microfinance comes into being with the view that more people can get not only credit but other financial services from MFIs to help improve their micro enterprises. The change from microcredit to microfinance means a change in focus towards giving poor people and communities' access to wide range of financial services and towards the commercial sustainability of MFIs (Beatriz, Armendariz & Morduch, 2010).

According to Daley-Harris (2002), microfinance is defined as the provision of loans, savings, insurance, transfer service and other financial products targeted at low-income people. Microcredit on the other hand is the extension of small loans to very poor people that allow them to care for themselves and their households. Microcredit is a component of microfinance, in that it involves the provision of credit to the poor, whilst microfinance add on non-credit financial services such as savings, insurance, pensions and payment services.

Background of Rural Banks

Rural Banks were first established in Ghana in 1976 to provide banking services to the rural population, providing credit to small scale famers and businesses and supporting developmental projects, with the first being Agona Nyakrom in Central Region. By 2002, 115 rural banks were established. They are supervised by the clearing bank Apex Rural Bank under the regulation of the Bank of Ghana which owns shares in the Banks (Brydon, 1996).

The Rural Bank (RB) has developed innovative products and services for its target groups and established efficient delivery channels which bring services as close as possible to the communities that are being served. The bank also plays an important regional development role by facilitating the creation of new jobs and by contributing to poverty alleviation.

Rural Banks (RBs) operate as commercial banks under the banking law of Ghana. However, they cannot undertake foreign exchange transactions and their operations are limited to specific geographical areas. Rural Banks were first established to mobilize savings in rural areas not served by commercial and development banks. Rural Banks, which operate as unit banks, are owned by members of the community through purchase of shares (Gallardo, 2002).

Bonzali Rural Bank

Bonzali Rural Bank (BRB), founded in 1990, is the biggest rural bank in Northern Ghana, one of Ghana's poorest regions, and provides financial services to micro and small enterprises and other low-income groups and individuals. In 1998 the bank entered the microfinance market with a special unit, supported by the NGO Action Aid International. Today, BRB has various branches, including two which solely focus on microfinance operations, which make up more than half of the loan portfolio. The bank applies the group lending methodology.

As part of the group loan methodology, the bank design women group loan for small and medium scale enterprise (SMEs) or group of 5 to maximum of 10 who require additional capital to augment or facilitates their business activities. Repayment periods varies from weekly, bi-weekly or monthly. The groups operate and undergo training for at least two months before benefiting under the group loan scheme.

Group Lending

Group-based lending is an innovative and promising mechanism for delivering credit to the poor. Group lending persuades members in a group to undertake the responsibility of screening, monitoring and ensuring that loans were paid back which will otherwise have fallen on the leader (Ghatak & Guinane, 1999). According to Beinpuo (2004), group lending in Ghana serves as a way of allowing banks to mobilize savings from numerous numbers of clients. Households or people interested in obtaining loans self-select themselves into groups with an average membership between five to ten people. Credit secured could either be given to the individuals within the group or the group as a whole to share among themselves. This system of joint responsibility allows group members to screen and monitor one another to ensure that loans are paid on time. Group based lending also provide non-financial services known as social intervention services which includes training in business development, vocational training, organizational help and improve health, literacy and leadership training.

Dellien, Burnett, Gincherman and Lynch (2005) discussed key differences between the group lending and individual lending programs. First, because time and effort are invested in building social networks that enable groups to select members who are creditworthy under group lending, the role of loan officers is to provide structure, training on loan processes and administrative support. Under individual lending, loan officers bear principle responsibility for loan decisions; they screen, and monitor their clients as well as come up with mechanisms of enforcing repayment.

Secondly, the principal incentives for repayment of group loans is joint liability, group reputation, credit rating and future access to credit for each member, all of which are directly contingent on each member upholding their obligations. On the other hand, individual lending programs use a variety of incentives such as collateral requirements, co-signers and guarantors to promote repayment and repayment discipline is created by strict enforcement of contracts. Each of the two lending programs has its strengths and weaknesses. Armendariz and Morduch (2000) observe that group meetings facilitate education and training useful for clients with small experience and improve financial performance of their businesses. Other researchers (Godquin, 2004 & Madajewicz, 2011) argue that group lending helps mitigate the risks associated with information asymmetry: for instance, because group borrowers are linked by joint liability, if one of them switches from safe to risky project (moral hazard), the probability that her partner will have to pay the liability rises. This gives group members the incentive to monitor each other. The reduction in group members' default through peer pressure and social ties has also been discussed (Guttman, 2007, Dixon et al., 2007 & Al-Azzam et al., 2011). However, Maria

(2009) points out that group monitoring may be rendered ineffective where social ties are loose, and the cost of monitoring each other high.

Group lending is not without setbacks. Savita (2007) argues that group lending is associated with additional costs including group formation costs, training borrowers on group procedures, higher degree of supervision and a higher frequency of instalment payments. These costs increase interest rates of such microcredit loans leading to enhanced repayment risk. Other researchers argue that joint liability in group lending penalizes good credit risk customers (Gine & Karlan, 2010), could hinder optimal utilization of borrowed funds by clients (Madajewicz, 2003) and might even jeopardize repayment since the incentive of future credit is no longer present in the event that one member fails to pay (Besley & Coate, 1995).

Individual lending programs also present several benefits. For instance, Armendariz and Morduch (2000) found that the guarantor exerts sufficient social pressure on the client to repay MFI loans in Russia and Eastern Europe. However, Laure and Baptiste (2007) argued that the guarantee mechanism, especially personal guarantees, is only meaningful if the borrower has assets that can be pledged as surety, if the institutional framework permits the actual transfer of ownership of the pledge from the borrower to the creditor easily and if the pledged assets are not very liquid. The duo contends that these three conditions are not met in many developing countries. In particular, Kenya has a rigid judicial system with a large number of pending cases which may hinder timely transfer of pledge and most MFI borrowers may not even have “that small collateral”. Another benefit of individual lending is that it spares borrowers the negative effects such as time spent in group meetings and loss of privacy when they discuss their financial situation and investment projects with the peers who could oppose such projects (Maria, 2009) in the process impeding their individual growth (Gine & Karlan, 2010).

Given the strong arguments advanced in favour of both individual and group lending, MFIs find it confusing making a choice between the two lending programs. We believe that the choice should be informed, in principle, by each firm's philosophical orientation. The provision of microcredit services has been explained by three philosophical arguments (Armendariz & Morduch, 2000).

First is the institutional approach, which argues that institutional sustainability is paramount so that MFIs should be able to cover their operating and financing costs with program revenue. The opposing view is the welfare approach, which argues that MFIs can attain sustainability without achieving financial self-sufficiency. Then there is the middle ground view, known as the win-win approach, which argues for balancing the goals of poverty alleviation and financial self-sustainability. However, Hermes and Lensink (2009) have observed that a majority of MFIs are now focusing on financial sustainability and efficiency (the institutional approach) due to increasing competition. Given this observation, it can be argued that the risk of delinquency should play a key role in informing the preference for either group lending or personal lending by MFIs. Empirical investigations have pointed out a number of factors that may affect the likelihood of delinquency on microcredit obligations. Mokhtar et al. (2009) found that training given to borrower, the loan amount advanced and age are significant factors affecting loan default in Malaysia. Similarly, Laure and Baptiste (2007) found loan amount to be a significant variable affecting default in microcredit programs. The interest rate has also been found to be an important factor affecting microcredit loan delinquency (Warui, 2012, Pereira & Mourao, 2012).

A key feature of Rural Banks that is often linked to delinquency risk is the frequent collection of loan instalments. According to Field and Pande (2008), frequent repayments helps them form a habit of saving (this facilitates loan repayment), and improves their trust in loan officers and their willingness to stay on track with repayments. However, frequent repayments increase transaction costs and increase default risk when clients graduate to larger loans since this increases the amount of their cash outlays. Default risk has also been found to increase when loan officers fail to undertake their key roles – screening and encouraging clients, and training them on financial discipline – properly (Dixon et al., 2007).

Another factor that influences delinquency risk is gender. Studies have shown that women often demonstrate stronger willingness to pay than men (Armendariz & Morduch, 2007, Phillips & Bhatia-Panthaki, 2007) largely because they have lower credit opportunities than men and hence must repay their loans to ensure continued access to credit and are easier to monitor since they tend to stay closer to their homes than men.

Warui (2012) documents an increasing trend in level of loan delinquency among MFIs in Kenya. This may be a pointer to increased ineffectiveness of the institutions' various lending programs. Although many studies (e.g., Guttman, 2007, Dixon et al., 2007, Aniket, 2011 & Al-Azzam et al., 2011) have analysed the pros and cons of group and individual lending, data sets are often insufficient to draw meaningful inferences about the most suitable microcredit program.

Group Lending Schemes and Gender Development

Globally, microcredit has risen to prominence at a rapid speed after its large-scale success in the 1970s in Bangladesh with Grameen Bank. Its central idea is that traditional banks find the poor too costly to serve due to their lack of steady income and collateral. Small amounts of affordable credit provided by microfinance institutions are assumed to give the poor an opportunity to develop small businesses and lift themselves out of poverty.

Microfinance is largely directed at women borrowers, due to both social and financial considerations. Poor women are generally the most disadvantaged social group in the context of credit availability. Also, they direct more of their income towards improving life for their whole family compared to men, which translates into stronger overall social impact. In addition, microfinance is commonly seen as a way to empower women within their families and communities.

In the financial aspect, it has been shown that women repayment rate is higher than men, and they are therefore more trustworthy customers for microfinance institutions (Cheston & Kuhn, 2002). One of the prominent characteristics of the Grameen Bank was the use of group lending, which has been celebrated as a major innovation (Sengupta & Aubuchon, 2008), enabling borrowers to borrow without material collateral. In that model, groups of approximately five people are formed voluntarily and the members are given loans in a consecutive order. Having accepted the bank rules, the first two group members receive a loan. If they successfully repay their loans four to six weeks later, the next two receive loans; after another four to six weeks, the last person is offered a loan (Sengupta & Aubuchon, 2008).

A very important aspect of the model is joint liability, which implies that if one member of the group does not repay, others have to pay for her, or otherwise all will be denied further financing (although originally only the latter clause was used by Grameen Bank) (Armendariz & Morduch ,2010). Voluntary group formation reduces the risks of adverse selection and joint liability decreases moral hazard through peer monitoring, as group members are interested in having others repay on time. The group is also a part of a larger village group and repayments are made public for everyone, which significantly adds social pressure to repay. Thus, the model largely rests on using local information, peer support and peer pressure (Armendariz & Morduch, 2010), exploiting social capital in the community (Zephyr & Yunus, 2004).

On the background on its rapid expansion, a number of problems have been voiced in relation with microfinance and group lending. Firstly, empirical studies have had mixed results as to its socioeconomic impact on the borrowers (Armendariz & Morduch 2010). In fact, many have been concerned with the poor entering a circle of debt as a result of microfinance programs, and suffering negative social impacts within their families and communities. Also, the real effect of microfinance on women's empowerment is questioned. Further, the strong shift from subsidized non-profit microcredit to for-profit microfinance institutions has been viewed with criticism, as their interest rates are often very high – along with their steep profits (Armendariz & Morduch 2010, Bateman 2010, Dichter & Harper 2007). The model of group lending has also attracted criticism in connection with its reliance on social capital, which may not always work as planned, and varies greatly between different regions and contexts. This will be discussed further in the next section.

International development practitioners, governments, scholars, and other development experts have paid much attention to microfinance as a strategy capable of reaching women and involving them in the development process. The microfinance industry has made great strides toward identifying barriers to women's access to financial services and developing ways to overcome those barriers.

A 2001 survey by the Special Unit on Microfinance of the United Nations Capital Development Fund (SUM/UNCDF) of 29 microfinance institutions revealed that approximately 60 percent of these institutions' clients were women. Six of the 29 focused entirely on women. Among the remaining 23 mixed-sex programs, 52 percent of clients were women. The study also showed, however, that those programs offering only individual loans or relatively high minimum loan amounts tend to have lower percentages of women clients. These findings affirm the importance of designing appropriate products for women (Washington D.C.: World Bank, 1995).

According to USAID's annual Microenterprise Results Report for 2000, approximately 70 percent of USAID-supported MFIs' clients were women. Considerable variation among the regions was seen, however, with percentages of women clients ranging from 27 percent in the Near East to 87 percent in Asia. In Eastern Europe, where USAID has traditionally supported individual-lending programs, the percentage of women clients dropped as low as 48 percent in 1999 before rising to 54 percent in 2000, when USAID began to support more group-lending programs offering smaller loans.

Although the UNCDF study found that larger programs tend to have lower percentages of women clients, data collected by the Microcredit Summit

Campaign found no significant correlation between the number of very poor clients served by each institution and the percentage of those clients who were women. Microfinance institutions around the world have been quite creative in developing products and services that avoid barriers that have traditionally kept women from accessing formal financial services such as collateral requirements, salaried guarantor requirements, documentation requirements, cultural barriers, limited mobility, and literacy requirement (Hull, Canada: CIDA, 1995).

Nevertheless, in a number of countries and areas few or no institutions offer financial services under terms and conditions that are favourable to women (Susy et al, 2002). Together, these findings confirm that the type of products offered, their conditions of access, and the distribution of an institution's portfolio among different products and services affect women's access to financial services. They also suggest that much more can be done to serve poor women in certain cultural and economic contexts. Research done by UNDP, UNIFEM, and the World Bank, among others, indicates that gender inequalities in developing societies inhibit economic growth and development (Susy et al, 2002).

For example, a recent World Bank report confirms that societies that discriminate on the basis of gender pay the cost of greater poverty, slower economic growth, weaker governance, and a lower living standard of their people (Washington D.C.: World Bank, 1995). The UNDP found a very strong correlation between its gender empowerment measure and gender-related development indices and its Human Development Index. Overall, evidence is mounting that improved gender equality is a critical component of any development strategy (Susy et al, 2002).

Microfinance has come to play a major role in many of these donors' gender and development strategies because of its direct relationship to both poverty alleviation and women. As CIDA recognizes in its gender policy, "Attention to gender equality is essential to sound development practice and at the heart of economic and social progress. Development results cannot be maximized and sustained without explicit attention to the different needs and interests of women and men." (CIDA's Policy on Gender Equality, 2011). As part of its poverty reduction priority, CIDA supports programs that provide "increased access to productive assets (especially land, capital, and credit), processing, and marketing for women." By giving women access to working capital and training, microfinance help mobilizes women's productive capacity to alleviate poverty and maximize economic output. In this case, women's entitlement to financial services, development aid, and equal rights rests primarily on their potential contribution to society rather than on their intrinsic rights as human beings and members of that society (CIDA's Policy on Gender Equality, 2011). It is generally accepted that women are disproportionately represented among the world's poorest people. In its 1995 Human Development Report, the UNDP reported that 70 percent of the 1.3 billion people living on less than $1 per day are women (UNDP, 1995 Human development Report).

According to the World Bank's gender statistics database, women have a higher unemployment rate than men in virtually every country (World Bank, genderstats.worldbank.org). In general, women also make up the majority of the lower paid, unorganized informal sector of most economies. These statistics are used to justify giving priority to increasing women's access to financial services on the grounds that women are relatively more disadvantaged than men.

Although many scholars and development agencies have noted an apparent trend toward the "feminization of poverty," measuring the extent to which this is occurring presents many challenges. Because most methods of measuring poverty assess the level of poverty of the household as a whole, it is likely that poverty experienced by women as a result of discrimination against them within their households is underreported to a great extent (Susy, 2002). In addition, Baden and Milward noted that "Although women are not always poorer than men, because of the weaker basis of their entitlements, they are generally more vulnerable and, once poor, may have less option in terms of escape." (Baden & Milward, 1995). By providing access to financing for income-generating activities, microfinance institutions can significantly reduce women's vulnerability to poverty. A reduction in women's vulnerability can sometimes also translate into empowerment if greater financial security allows the women to become more assertive in household and community affairs (Susy, 2002).

Several arguments have been made for and against targeting women on the grounds of efficiency and sustainability. Proponents of targeting women on the grounds of sustainability cite women's repayment records and cooperativeness (Susy, 2002). A collective wisdom has emerged that women's repayment rates are typically far superior to those of men. Lower arrears and loan loss rates have an important effect on the efficiency and sustainability of the institution. Many programs have also found women to be more cooperative and prefer to work with them for that reason as well. The experience of Sinapi Aba Trust, Opportunity International partner's in Ghana, demonstrates a clear difference in men and women's repayment records in its Trust Bank program, a group-lending methodology similar to village banking (Mike, 2000). In spite of the large number of institutions serving exclusively or predominantly women while maintaining high levels of financial sustainability, some people argue that institutions that place a priority on serving women also have a tendency to place social goals ahead of efficiency, leading to poorer financial performance.

Based on his experience at Micro Rate, Damian von Stauffenberg offers one hypothesis along these lines: “In our experience, on average 60–70% of borrowers of MFIs are female. We sometimes see higher percentages of women borrowers but in those cases portfolio quality tends to suffer. Why this is so being not entirely clear, but one hypothesis is that MFIs which concentrate exclusively on women may place ideological goals ahead of technical competence (Susy, 2002).

Although it is true that some socially driven institutions may choose to offer additional social services to their clients who may make them less profitable than those institutions focusing solely on profitable financial service delivery, there appears to be no reason that portfolio quality should have to suffer or that social objectives and technical competence cannot go hand in hand. In fact, a deeper understanding of the social context and forces in which microfinance operates can allow for more effective risk management and more appropriate product and process design that may improve portfolio quality in the long run (Susy, 2002). In its survey, however, SUM/UNCDF did not find any clear correlation between outreach to women and financial self-sufficiency. The report states, “If anything, in this very limited pool, the institutions with higher levels of self-sufficiency served proportionally more women than institutions less self-sufficient.” (Deshpanda, 2001). A related belief is that group-lending programs that reach women and poorer clients are less sustainable than institutions reaching higher-level clients with individual loans, yet this concern has been thoroughly addressed by Gary Woller in his comparative analysis of village banking institutions and individual lending institutions for the Micro-Banking Bulletin. His conclusion is that the answer to the question 'Can village banking institutions become self-sufficient?' is 'Yes!' Not only that, VBIs [village banking institutions] can reach levels of self-sufficiency achieved by solidarity group and individual lenders" (Gary Woller, 2000).

Programs that serve a significant number of men are more likely to use methodologies that require collateral and more extensive monitoring procedures to help reduce the risk of default, while programs designed to serve primarily women tend to replace formal monitoring procedures with social guarantees (Susy, 2002). Generally, MFIs are able to balance costlier procedures with larger loans, while many institutions targeting women have relied on client capacity for self-monitoring and cooperation to reach out to women who otherwise might have been excluded because of the small amount of capital they require.

Advantages of group Lending

In group-based lending programs, monitoring, screening and the enforcement of payment are transferred from credit agents to members of the group. The financial intermediary reduces recurrent lending transaction costs by replacing a multiple of small loans to individuals with a large group loan (Bhatt & Adams 1988). Stiglitz and Varian (1990) argued that the involvement of clients in the screening of loan application and monitoring of borrowers enable group members to utilize, at a lower cost, their information regarding the reputation, indebtedness and wealth of the loan applicant and about his or her efforts to ensure the repayment of the loan than when it is than solely by the MFIs.

Zeller (1994) revealed that the indebtedness of peers in the formal market serves as a major determinant of credit rationing for members of formal group and informal lenders. This therefor make group members stress sensitive information the same as informal lenders. Furthermore, group may also have a comparative advantage in enforcement of loan repayment. In addition, most rural communities in developing countries like Ghana have limited legal systems in rural areas. This therefor gives formal lenders limited options to ensure that borrowers failing to pay repay back loans. MFIs agents that do not live within the same vicinity with borrowers have little leverage and perhaps also little incentive in actually going to a village and seizing collateral.

Group members can easily employ social sanctions or seize physical collateral from the defaulters (Besley & Coate, 1995). Group members also appear to be in a much better position to assess the reasons for member's default, and to offer insurance services and assistance to members who are experiencing shocks beyond their control.

A research conducted by Ghatak and van tassel (1999) showed how group lending can take advantage of the inside information that only borrowers have about each other to draw in relatively safer borrowers and thus mitigate the problem of adverse selection. A study by Varian (1990) revealed that borrowers in group mutually monitor each other's projects to ensure the success of financed projects, whiles Stiglitz (1990) showed that monitoring in group lending helps alleviates the moral hazard issues involved in lending to clients with no collateral.

A study conducted by Banerjee, Besley, and Guinnane (1994) revealed that in group-based lending members are held responsible for repaying the defaulting members' loans. This therefore makes the burden of moral hazard problem between borrowers and the lenders falls on members. The study also showed that with an increasing cost of monitoring, a group monitored can impose high penalties on the borrowing member creating stronger incentive for choosing a safer project.

Disadvantages of group lending

Group lending despite its numerous advantages have some problems associated with it as a practice by MFIs. Savita (2007) argues that group lending associated with additional cost including group formation cost, training borrowers on group procedures, high degree of supervision and a high degree of instalment payments. These cost increases interest rate of such loans leading to enhance payment risk. Other researchers argue that joint liability in group lending penalizes good credit risk customers (Gine & Karlan, 2010), this could hinder optimal utilization of borrowed funds by clients (Madajewicz, 2003) and might have jeopardize repayment since the incentive of future credit is no longer present in the event that one member fails to pay (Besley & Coate, 1995).

Besley and Coate (1995) focused on group lending under limited contract enforcement and the threat of seizure of assets and social sanctions. Without the threat of social sanctions, group lending may add little if any superiority over individual lending. According to Armendariz and Morduch (2006) group base lending can induce moral hazards or more risk-taking behaviour instead of reducing it. Moreover, improving the information flow between members can make matters even worse. Gine et al. (2011) examine two periods of mass defaults in Southern India and concluded that strict adherence to joint liability led strategic default.

Also, bad clients can "free ride" off good clients causing default rates to rise. In other words, a client does not repay the loan because she believes that another client will pay it for her, and the bank is near indifferent because it still gets its money back. Group liability is costly for clients that are good risk takers because they are often required to repay the loans of their peers. This may lead to higher dropout and more difficulty in attracting new clients. Finally, as groups mature, clients typically diverge in their demand for credit (Ghatak & Guinnane, 1999).

According to Susy (2002), the shift from individual liability loans to group liability has accelerated as the microfinance community learns about some of the pitfalls of individual liability lending. Despite this, group liability lending is also characterized with a myriad of challenges. Clients dislike the tension caused by group liability. Excessive tension among members is not only responsible for voluntary dropouts but worse still, can also harm social capital among members which is particularly important for the existence of safety nets.

More importantly, the situation of the women groups working with the Bonzali Rural Bank in Tamale is unknown; and this is a reason behind the desire to carry out this study.

Empirical Review

Wydick (1999) analysed the effects of peer monitoring, group pressure and social ties on the provision of intra-group insurance, mitigation of moral hazard within borrowing groups, and group repayment performance. The study revealed that neither social ties nor group pressure have an effect on repayment rates but on the other hand he finds that peer monitoring plays a positive role. However, Godquin (2004), using power of social ties, group homogeneity, social intermediation, dynamic incentives and loan characteristics (loan size and loan duration) on group's repayment performance revealed otherwise. She largely found mixed results for these variables depending on whether she uses a pooled or a split sample.

Sharma and Zeller (1997) endogenously formed groups and a high degree of credit rationing improve repayment performance. However social ties, measured as a proportion of relative members in the group, had a negative impact on repayment. An investigation was carried out by Zeller (1998), on the impact of intragroup risk pooling and social cohesion on repayment rates. His result shows that the repayment rate increases with more diversification in the group's joint assets portfolio up to a point. Social cohesion measured as the number of common characteristics among group members like social class, ethnicity, neighbourhood, friendship and kinship was found to improve the repayment rate.

A survey conducted by Paxton, Graham and Thraen (2000), using one hundred and forty groups in Burkina Faso, revealed that the domino effect was a significant determinant of repayment problems. This effect means that as more members of a group experience repayment problems, the ability and willingness of the other members to cover the full repayment diminishes. The domino effect was attributed to the methodology used in the disbursement of loans. Loans were administered to individuals in a group but repayment was made by joint liability as well as sectorial liability (the entire village is blocked from future loans upon default by a single group).

Wenner (1995) in his study used 25 Costa Rican credit groups to examined the determinants of repayment performance of these groups. He found evidence that the use of inside information on character attributes, such as credit worthiness in credit groups reduces the incidence of default by individuals. Repayment performance was better in groups engaged in active screening of their members. According to Wenner the above conclusion should be interpreted with caution. Of the two measures of screening used, only one; the existence of a written code of conduct supported this conclusion. The other proxy, informal screening, according to reputation, surprisingly and unexpectedly affected delinquency in a highly significant, positive way. The explanation could lie in the fact that this proxy captures some aspects of social ties. Wenner's analysis also suggests that, savings mobilization which act as a kind of intra-group insurance, and more isolated communities are linked with better performance.

A study conducted by Sharma and Zeller (1997), using a sample of 128 groups in Bangladesh, also observed the positive impact of relatively remote communities. It was realized that even communities with higher than average rate of poverty had a positive impact on repayment rates. It was therefore concluded that the more remote a village, the less buoyant the local economy and the less alternative source of credit available. Observations reveals that informal mutual self-help networks and insurance groups create a greater negative impact of repayment performance of groups examined. The repayment rates are especially high in groups which were initiated by the group members and consist of risk adverse women with marginal land holdings. On the other hand, a high proportion of relatives within a group and high loan amount have a negative impact on group performance. Sharma and Zeller (1997) added that the success of group lending cannot just be attributed to innovations that reduce the cost of screening, monitoring and enforcing loan contract, but also to perception of the long-lasting nature of the program by the intended borrowers in small rural communities.

Zeller (1998), using 146 groups in Madagascar, emphasized the importance of risk pooling and information inter-group insurance in deriving the success of a group. He also concluded that gains in the repayment rates due to risk diversification diminish at the margin. This was as a result of increased cost of coordination, monitoring and moral hazard that come with greater heterogeneity in groups. The social cohesion index used by Zeller, counts the number of common demographic and social characteristics among group members is found to be significantly linked with the repayment rate. The analysis, however, confirms that clear internal rules of conduct, group size, communities characterized by a relative high degree of monetization, the presence of several agricultural inputs retailers and a lower exposure to covariate risks significantly improve repayment performance. This is because the latter characteristics mentioned are more likely to prevail in less remote villages.

Wydick (1999) using 137 groups in Guatemala, analysed the effect of social ties, peer monitoring and group pressure on the provision of inter-group insurance. In addition, the mitigation of moral hazard and overall group repayment performance was also studied. According to the study the success of group lending appears to be driven by peer monitoring and inter-group insurance. Findings from the study reveal that the potential of social sanctions plays a secondary and supporting role. This is because in rural groups, the group willingness to exert peer pressure on defaulting members, nonetheless, seems to be of primary importance in deterring moral hazard behaviour. Additional findings from the study showed that borrowing groups appear to function both as miniature insurance networks and as juries thus helping those with verifiable claims of hardship to repay loans, whiles threatening lazy and risky borrowers with expulsion from the groups. The institution's ability to harness previously existing social ties has virtually no effect on borrowing group performance. Group characteristics before their inception by strong friendship bonds seem more compassionate towards defaulting members. Wydick concludes that in other to reduce problems related to asymmetric information in credit markets, group lending may be less effective in areas where social ties are strong.

Mknelly and Kevane's (2003) study of a microfinance intervention in Burkina Faso underscored the importance of achieving homogeneity in socio-economic status. Their study found that loan sizes were positively correlated with socio-economic class. Unequal sizes of loans affected repayment performance. Members who have taken small loans were reluctant to be jointly liable for much larger loans taken by their peers. Socio-economic homogeneity among groups is expected to enhance intimacy, cooperation and consensual decision-making. However, it has been argued that heterogeneous groups are not without merit. They mitigate covariant risks and also improve group performance when better-off service users assist poorer service users with loan repayment.

One of the earliest empirical papers by Wenner (1995) studied group lending as a means of transmitting information on borrower creditworthiness. He found that groups using a written internal code of regulations for screening and limited access to alternative credit options have a better repayment performance. From the above reviews it can be summarized that the major determinants of repayment performance could be summarized as monitoring from group members and financial institutions, group savings, social ties, dynamic incentives and peer pressure. The degree or impact of the above-mentioned characteristics can either positively or negatively affects repayment rates.

Chapter Summary

The purpose of the above literature review was to evaluate women group lending scheme of bonzali rural bank, tamale. Perspectives of different scholars and researchers were presented so as to establish what had already been done that was relevant for the study. On both the theoretical and empirical side, the literature revealed that women group lending scheme is an important credit scheme in Ghana. The concepts of group lending scheme were also analysed.

CHAPTER THREE

RESEARCH METHODS

Introduction

The chapter presents the methods and technique used in collecting data and analyzing data. It consists of the profile of the study area, research design, the target population, sample size determination and sample techniques, data collection procedure, data analysis and ethical consideration.

Research Design

This study adopted the case study design to explore how women group lending scheme of Bonzali Rural Bank affects loans repayments. The study employed quantitative approach. The study was conducted within seven weeks. This duration of the study was affirmed by Cowell (2014) who suggested that cross-sectional research design is a method that is used to gather data over short and fixed period of time on a population. Sarantakos (2005) also suggests that cross-sectional research design enables researchers to collect a huge amount of data from a large number of people on a wide diversity of respondents. This makes it useful for students who are yet to develop the skills, or to obtain the time and resources required to execute more sophisticated research designs.

Cross-sectional research design can be cost-effective. However, as the size of the sample or the number of variables increase, so does the cost of executing the study. The cross-sectional research design was chosen because the sampled variables that are being studied are simply being observed as they are without making any attempt to control or manipulate them. Despite the advantages of cross-sectional research, it has some shortcomings. For instance, cross-sectional research designs do not allow researchers to measure facts about time in terms of exposure and effect (Manheim, 1977).

Study Area

The study area selected for the study was Tamale Metropolis. The area was selected due to the fact that, the bank has two separate branches located in the heart of the city and therefore, majority of the clients of the Bonzali Rural Bank are residents and sees the bank as theirs. It is without doubt that the largest branch of the Bank is located in Tamale, Northern Region and the headquarters at Kumbungu as well as other branches across the Region. More importantly, the study targets women groups operating under the Bunzali Rural Bank in the Tamale metropolis for the relevant data for the study.

The Tamale Metropolis is one of the 26 districts in the Northern Region. It is located in the central part of the Region and shares boundaries with the Sagnarigu District to the west and north, Mion District to the east, East Gonja to the south and Central Gonja to the south-west. The Metropolis has a total estimated land size of 646.90180 sqkm (GSS-2010). Geographically, the Metropolis lies between latitude 9º16 and 9º 34 North and longitudes 0º 36 and 0º 57 West. See Figure 3. Map of the Tamale Metropolis (appendix II).

Target Population

The target population for this study were women lending groups operating with Bonzali Rural Bank in the Northern Regional Capital, Tamale. The targeted population was on women group which were 88 which were benefiting from the group loan scheme of the Bonzali Rural Bank were targeted for the study.

Sampling Procedure

A sample was chosen for the study because it would be virtually impossible to study the entire population due to constraints of time and costs. However, the sample must be representative of the population from which it is drawn. In other to determine the sample size, the researcher used krejcie-morgan-sample-size-table. A total number of 88 women groups benefiting from the group loans. A representation from each group were considered. A minimum of three members of each group were involved in the sample. Therefore, data was collected from 254 women belonging to 88 different women groups. In other words, the unit of analysis for the study was all the 88 women groups which were represented by three members from each group. The selection of women groups for the study was based on a purposive sampling but the individual women selected to complete the sample size was based on a convenient sampling process. Women who were available and willing to answer the research questionnaires were considered.

Data Collection Instruments

The study used both primary and secondary data to achieve the intended objectives. The primary data was collected through structured survey questionnaires. According to Mugenda and Mugenda (2003) questionnaires are commonly used to obtain important information about the population. Each item in the questionnaire was developed to address a specific objective, research question or hypothesis of the study (Mogenda and Mogenda, 2003).

Asamoah (2005) used questionnaire to study microfinance schemes in the Eastern Region of Ghana and his result were considered valid. Morduch (2000) also used questionnaire to study microfinance schemes in China. Also, questionnaire as well as examination of relevant documents was used in a comparative study of group and individual lending in Mongolia (2011).

Base on the above, this research work employed survey questionnaires to collect data from selected women from the women groups benefiting under the group loan scheme at the Bonzali Rural Bank. Unstructured interviews were also used to close the gaps in the data collection process as well as examination of the records of the Bank (BRB).

Pilot Testing

A pilot study was conducted using questionnaires. These questionnaires were pre-tested prior to the main study. Data collected during the pilot study was used in the final data analysis. The purpose of the pilot study was to ensure validity and reliability of the questionnaires. Mogenda and Mogenda (2003) asserted that, the accuracy of data to be collected largely depended on the data collection instruments in terms of validity and reliability.

Data Processing and Analysis

The data collected from the field was first cross-checked to ensure that all questions were answered by respondents accurately. Due to the nature of accounting software adoption and its usage, the issue of common method bias was dealt with by explaining the discipline of the research to the respondents. Before any data analysis is done, the Harman's Single Factor Analysis will be used to test whether common method bias exist. The quantitative data was analyzed using Statistical Package for Service Solution (SPSS) version 21. SPSS was used to generate the Frequencies and percentages. Descriptive statistics such as graphs, tables, percentages and frequencies were used to present the quantitative data.

Chapter Summary

The study used description cross-sectional research design to evaluate of women group lending scheme of bonzali rural bank, tamale to help increase performance. Simple random sampling was used for this study. Both closed and opened ended questionnaire based on the objectives used for the data collection as instrument. the data was analysed using Statistical Package for Social Science

(SPSS). The major limitation of the study was that, it was difficult to make general conclusion based on a particular phenomenon.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter presents the analysis and findings of the study. It contains the background information of respondents such as marital status, age, educational level as well as religious affiliation. The purpose of the study was to determine the characteristics and motivations of women lending groups in group lending approach, examine the factors that influence the repayment rate of women lending groups as well as assess the benefits of the group lending scheme to women groups. The chapter also contains answers to the research questions and tables which was used in analyzing the data collected. SPSS has been used in producing the results in the analysis.

Background information of respondents

Table 1: Characteristics of Respondents

Variables	Frequency	Percent
Marital status		
Married	129	50.8
Single	21	8.3
Separated	24	9.4
Divorced	44	17.3
Widow	36	14.2
Age (years)		
Below 30 years	12	4.7
31-40years	105	41.3
41-50years	102	40.2
51-60years	24	9.4
61-70years	11	4.3
Educational level		
Noformal education	40	15.7
Basic education	150	59.1
Secondary	64	25.2
Religiousaffiliation		
Islam	160	63.0
Christianity	94	37.0

Source: Field Survey (2019)

From Table 1, out of 254 respondents, majority of them representing 129 (50.8%) were married, 21 (8.3%) were single, 24 (9.4%) were separated, 44 (17.3%) were divorced whereas 36 (14.2%) were widows. These means most of the women participating in the group lending approach of the Bonzali Rural Bank in Tamale were married. Most of the married women take advantage of the products offered by the bank to establish and expand their businesses to support their families.

With regards to the ages of the respondents, 12 (4.7%) were aged below 30 years, 105 (41.3%) were aged between 31 – 40 years, 102 (40.2%) were aged between 41 – 50 years, 24 (9.4%) were aged between 51 – 60 years whiles the remaining 11 (4.3%) were 61 years and above. From the data, very few young women representing 4.7% take part in the group lending activities. Majority of the women who were benefiting from the group loans of the bank were 31 years and above representing 95.2% of the respondents.

Majority of the respondents had basic education as their educational level representing 150 (59.1%) whereas 40 (15.7%) and 64 (25.2%) having no formal education and secondary level education respectively. Educational level plays an important role in once ability to access credit facility from a bank. The ability of a person to provide accurate information to convince bankers to grant a loan facility often required that the person be formally educated. However, the Bonzali Rural Bank often provide officers to undertake documentations and to help the women perform various banking activities.

Most of the respondents were Muslims representing 63.0% whiles the remaining 37.0% were Christians. Religion plays an important role in shaping people's values and beliefs. Most of the women believe that it is a religious duty to pay back loans when collected and there is no doubt that this play a role in the repayment performance of the loans.

Loan Characteristics

Table 2 indicates the amount of loan received by respondents who benefited from the group loans from Bonzali Rural Bank. Most of the respondents representing 117 (46.1%) received an amount of 301 – 500 Ghana cedis as loan, 18 (7.1%), 71 (28.0%), and 48 (18.9%) received less than GHc100, GHc100 – GHc300 and GHc501 and above respectively. The findings confirmed the definition of microcredit by Daley-Harris (2002) which involves the extension of small loans to very poor people. This indicates that most of the respondents who assessed loans were within 301 to 500 Ghana cedis.

Table 2: Loan Amount Received

Amount	Frequency	Percent
Less than Ghc100	18	7.1
Ghc100-Ghc300	71	28.0
Ghc301-Ghc500	117	46.1
Ghc501 and above	48	18.9
Total	254	100.0

Source: Field survey (2019)

Collateral

Table 3 illustrates some of the conditions in terms of collateral regarding loans taken. From Table 4, majority of the respondents indicated that there was no collateral taken before they were given any loan facility. This represents 83.5% of the respondents with the remaining 16.5% having to provide collateral before any loan facility was granted. This confirmed Ghatak and Guinnane (1999) definition of poor people as people that do not have assets to make useful collateral. Majority of the respondents needed no collateral since most of them had assess to loan facilities due to membership in the group.

Table 3: Collateral Availability before Loan Assessment

Response	Frequency	Percent
Yes	42	16.5
No	212	83.5
Total	254	100.0

Source: Field survey (2019)

Duration of repayment

Table 4 illustrates that duration for repayment of loans taken. From Table 5, it can be shown that 10 (3.9%), 87 (34.3%), 139 (54.7%) and 18 (7.1%) had to pay their loans within 1 – 3 months, 4 – 6 months, 7 – 9 months and others respectively. The study indicate that majority of the respondents were given a maximum of 9 months to repay their loans.

Table 4: Duration for loan repayment

Duration	Frequency	Percent
1-3months	10	3.9
4-6months	87	34.3
7-9months	139	54.7
Other	18	7.1
Total	254	100.0

Source: Field Survey (2019)

Duration of Interest Rate Charged

Table 6 indicates the interest rate duration on loans taken by respondents. From Table 6, it can be seen that 204 (80.3%) of the respondents indicated that the interest rate on their loans were charged monthly, 39 (15.4%) of them were charged per loan cycle whiles 11 (4.3%) were charged per annum.

Table 5: Duration of Interest Rate Charged

Duration of interest rate	Frequency	Percent
Monthly	204	80.3
Per loan cycle	39	15.4

Per Annum	11	4.3
Total	254	100.0

Source: Field survey (2019)

Loan Cycle Completed

Table 6 indicates the number of loan cycles that respondents had completed. From Table 7, it can be shown that majority of the respondents have completed 4 – 5 loan cycles representing 149 (58.7%), followed by 1 – 3 loan cycles which also represents 91 (35.8%) whereas 14 (5.5%) of them having gone through other loan cycles. This indicate that, majority of the women have been benefitting from the loan facilities offered by the Bonzali Rural Bank.

Table 6: Loan Cycle Completed

Loan cycle completed	Frequency	Percent
1-3cycles	91	35.8
4-5cycles	149	58.7
Others	14	5.5
Total	254	100.0

Source: Field survey (2019)

Motivations of Women

Table 7 indicates the motivation of the respondents for the repayment of the loans. From Table 8, it can be shown that most of the respondents disagreed to paying their loans because of losing their saving representing 160 (63.0%), 14 (5.5%) also strongly disagreed whereas 80 (31.5%) agreed to this statement. Furthermore, 249 (98.0%) of the respondents were motivated to repaying their loans so as to get bigger loans in the future whiles 5 (2.0%) of them disagreed. The findings confirmed the earlier study cited by Vigenina (2004), which indicate that, borrowers with satisfactory repayment records may get access to further loans of increasing volume. More so, 88 (34.6%), 148 (58.3%) and 18 (7.1%) of the respondents strongly agreed, agreed and disagreed to being motivated to repayment of their loans since it provides them with capital for their business. 148 (58.3%) of the respondents agreed to repaying their loans to maintain their reputations, 75 (29.5%) also strongly agreed to repaying due to their reputations while 31 (12.2%) of them also disagree to repaying their loans due to keeping their reputations. Lastly, 71.7% were not motivated to repay their loans as a result of having easy access to credit whereas 28.3% were motivated to repay their loans to have easy access to credit.

The average response rating of the motivating factors for repayment of loans indicates that respondents were highly motivated to repayment of their loans since it served as a means of getting a higher loan in the future (mean = 3.60, STD = .53). Respondents were also motivated to repay their loans because it served as a source of capital for their business (Mean = 3.28, STD = .59). Moreover, respondents repaid their loans as a result of not wanting their reputation to be destroyed in their communities (mean = 3.17, STD = 0.62) whiles this was followed by improvement in their financial well-being (mean = 3.13, STD = .73). The last but one motivating factor for the repayment of loans was the factor of not losing their saving (mean = 2.26, STD = .55) and lastly, repayment of loans is the least motivating factor (mean = 2.13, STD = .65).

Table 7: Motivation for Repayment of Loan Assessed

Items	SD	D	A	SA	MEAN	STD
I repay my loan because I do not want to lose my savings	14 (5.5)	160 (63.0)	80 (31.5)	0 (0.0)	2.26	.55
I repay to get bigger loans in future	0 (0.0)	5 (2.0)	92 (36.2)	157 (61.8)	3.60	.53

It provides me capital for my business	0 (0.0)	18 (7.1)	148 (58.3)	88 (34.6)	3.28	.59
It improves my financial well-being	6 (2.4)	36 (14.2)	132 (52.0)	80 (31.5)	3.13	.73
I do not want to destroy my reputation	0 (0.0)	31 (12.2)	148 (58.3)	75 (29.5)	3.17	.62
It gives me easy access to credit	39 (15.4)	143 (56.3)	72 (28.3)	0 (0.0)	2.13	.65

Source: Field survey (2019)

Loan Officer's Visitations

Table 8 indicates the duration that loan officers take to visit respondents who have taken loans. Table 9 indicates that, loan officers visit respondents weekly representing 61.8% of the respondents whiles 38.2% of them are visited every two weeks. This shows that loans officers visit respondents within the week to follow up on the loans that respondents have.

Table 8: Loan Officer's Visitation

Duration	Frequency	Percent
Weekly	157	61.8
Every two weeks	97	38.2
Total	254	100.0

Source: Field Survey, 2019

Majority of the respondents representing 60.6% agreed that the loan officers visit the group more often with a few of the respondents representing 39.4% disagreeing to it. Most of the respondents representing 71% added that, the loan officers put pressure on members who were late in repaying their loans. Moreover, 52% of the respondents disagreed to the fact that loan officers develop internal code of conduct to punish defaulting group members with 48% of the respondent agreeing.

Fifty-seven per cent of the respondents (57%) disagreed that the group members were willing to put pressure on a member who was late in repaying the loan, with 43% of the respondents agreeing to it. Majority of the respondents representing 80% disagreed that the group members were compelled to pay the loan in groups representing 21% agreed to it. With the code of conduct or principles to punish a defaulting group member, 31% of the respondents agreed and a majority of the respondents disagreed to it. Moreover, majority of the respondents representing 71% agreed to seeking mediation from other members to solve dispute between group members with a few of the respondents representing 29% disagreeing. Also, majority of the respondents representing 61% added that the group rejected those who wanted to join with a few of the respondents disagreeing. Again, 52% of the respondents agreed to visit group members in at least a week with 48% of the respondents going contrary. With regards to the formation of the groups, majority of the respondents representing 65% said it was by self-selection, followed by those formed by the credit officer representing 17%, other means representing 11% and 6.3% of the respondents indicated that the group was formed from an already existing non – financial service.

Monitoring is a factor that influences the repayment of the loans, from the results the level of monitoring in the repayment of loan was high and also the loan officers had no power to punish a defaulting group member, this indicate that there are checks and balances in terms of punishing defaulters. Group pressure is a factor that influences the repayments of loans. The group members had an influence in terms of the operation, management and selection of participants to join the group.

Table 9: Factors that influence repayment

Items	Yes	No
Does the loan officer visit your group?	154 (60.6)	100 (39.4)
Does the loan officer put pressure on a member who is late in repaying her loan?	179 (70.5)	75 (29.5)
Does the loan officer develop internal code of conduct to punish a defaulting group member?	123 (48.4)	131 (51.6)
Are group members willing to put pressure on a member who is late in repaying her loan?	109 (42.9)	145 (57.1)
Do group members feel practicing such pressure is difficult?	41 (16.1)	213 (83.9)
Does group members feel moral obligated to pay group loan?	52 (20.5)	202 (79.5)
Does the group have internal code of conduct/general principles to punish a defaulting group member?	79 (31.1)	175 (68.9)
Have you visited a group member in the past week?	132 (52.0)	122 (48.0)
If you cannot make a loan repayment can you borrow from a member to repay?	172 (67.7)	82 (32.3)
Do group members seek mediation from others to solve a dispute between group members?	181 (71.3)	73 (28.7)
Has the group ever rejected someone who wanted to join?	156 (61.4)	98 (38.6
Are there people who would like to join the group but cannot?	184 (72.4)	70 (27.6)

Source: Field Survey, 2019

Benefits of group loans

Majority of the respondents representing 226 (89.0%) benefitted from the loans since it improves their financial status while 28 (11.0%) disagrees that it brought improvement in their financial status. Similarly, 97.7% of the respondents also benefitted from having access to the loans despite having no collateral for the loans that they were given. 8 (3.1%), 93 (36.6%), 141 (55.5%) and 12 (4.7%) of the respondents strongly agree, disagree, agree and strongly agree respectively to the statement that group loans give members easy access to credit. 178 (70.0%) of the respondents disagreed whereas 76 (30.0%) of the respondents agree that members get the amounts that they request in group loans.

The average response rate of the benefit of the loans to the group members indicates that the respondents did not provide collateral for the loan (mean= 3.49, STD = 0.55). Secondly, the financial situation of the respondents is improved by the group loans (mean = 3.35, STD = 0.67). Thirdly, the group loans give the respondents access to credit from the union (mean = 2.62, STD = 0.63). Lastly, the respondents get the amount of money they request for in group loans (mean = 2.12, STD = 0.79).

Table 10: Benefits of group loans

Items	SD	D	A	SA	Mean	STD
Group loans improves members financial situation	0 (0.0)	28 (11.0)	109 (42.9)	117 (46.1)	3.35	.67
Group loans gives members easy access to credit	8 (3.1)	93 (36.6)	141 (55.5)	12 (4.7)	2.62	.63
Group loan offers members business advice	46 (18.1)	151 (59.4)	57 (22.4)	0 (0.0)	2.04	.64
Members do not have to provide collateral for the loan	0 (0.0)	6 (2.4)	18 (46.5)	130 (51.2)	3.49	.55

Members gets the amounts they request for in group loans	56 (22.0)	122 (48.0)	66 (26.0)	10 (3.9)	2.12	.79
Members do not have to wait for long when they apply for loan	71 (28.0)	148 (58.3)	35 (13.8)	0 (0.0)	.86	.63

Source: Author's computation

In the statistical results presented below, the estimated amount of profit before the group loan and the profit after the loan can be described with respect to mean and standard deviation. The average value of profit before the group loan from a sample size of 254 is the mean of 1.26 with a degree of variation from the mean to be Std Deviation of .448 (M=1.26, SD=.448) and the average profit after loan from a sample of 254 is the mean 2.44 with a degree of variation from the mean to Std Deviation of .631 (M=2.44, SD=.631). In conclusion, there is significant difference in the profit before group loan (M=1.26, SD=.448) and profit after group loan (M=2.44, SD=.631). This indicates how beneficial group loans are to the beneficiary women under Bonzali Rural Bank.

Table 11: Mean difference

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Estimate monthly profit before your loan	1.26	254	.448	.028
	Estimate monthly profit after your loan	2.44	254	.631	.040

Source: Author's computation

Chapter Summary

This chapter discussed the findings in line with the objectives, the evaluation of Women Group Lending Scheme of Bonzali Rural Bank, Tamale. These objectives were to determine the characteristics of women group lending scheme of Bonzali Rural Bank which was analysed using tables and frequencies. The study also examined the factors that influence the repayment rate of women group lending scheme of Bonzali Rural Bank and also to assess the benefits of group lending to women groups in microfinance. Descriptive and inferential statistics were used in the analysis.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Introduction

This chapter contains the summary of the major findings of the work, the conclusions made, recommendations and suggestions for further research.

Summary

The research work was carried out in the Northern region of Ghana precisely Tamale. The main purpose of the study was to determine the characteristics and motivations of women groups in group lending approach of Bonzali Rural Bank in Tamale. The study also examined the factors that influence the repayment rate of women lending groups in the group lending approach. Lastly, the study assessed the benefits of the group lending to women groups in the microfinance service delivery.

The study generated relevant information from women group which was used in addressing the research questions on the characteristics and motivations of women groups in group lending approach, the factors that influence repayment rate of women groups and finally, the benefits of group lending to women groups in microfinance service delivery.

The study relied on both primary and secondary data collected from women groups benefiting from the group loan scheme at Bonzali Rural Bank. Convenient sampling was used to select respondents within groups to respond to the set questionnaires. The Statistical Package for Social Science (SPSS) was used to analyze the data.

A number of theories were reviewed in order to support the study. The said theories include but not limited to poverty lending approach and financial lending approach. Poverty lending approach focuses on reducing poverty through credit and services provided by institutions that are funded by donor and government subsidies and other concessionary funds. Savings is not a significant part of poverty lending approach but some mandatory savings are usually required before assessing loans. Financial lending on the other hand focuses on commercial financial intermediation among poor borrowers and savers. The main objective of this approach is to serve the poor as well as achieve institutional self-sustainability by way of making profit without being dependent on subsidies. Also, adverse selection as one of the theories arises when borrowers have characteristics that are unobservable to the lender but affects the probability of being able to repay a loan.

Findings from the study revealed that repayment performance of women groups seems to be encouraging. From the findings, majority of the women representing 50% were Married and only 8.3% were Single. The rest were either Separated, Divorced or Widowed. 105 women representing 41.3% aged 31-40 years and 102 representing 40.2% aged 41-50 years. This indicates that over 80% of the women who benefits from the group loan aged 31-50 years and are mostly married women. In terms of educational background, 59.1% had basic education, 25.2% had secondary education and the rest had no formal education. Since the area is a Muslim dominated area, majority of the women were believers of the Islam.

Table 4 revealed that, majority of the women representing 83.5% did not present any form of collateral before they were given the loan. All they needed to do was to be part of a group. The results also indicated that, most of the women have been benefiting from the loans for long since 64.2% of the women have completed 4 or more loan-cycles with the bank. On motivation for repayment, table 8 indicates that, 98% of the women said their motivation for repaying was to get bigger loans in the future. Also, on the issue of capital, 88% of the women agree that the loans were their source of capital for their businesses and therefore serves as motivation to them.

The study identified five factors that influence loan repayment namely, monitoring, group pressure, screening, social ties and dynamic incentives. Monitoring is a factor that influence repayment of loans, from the results the level of monitoring in the repayment of loan was high. Regular repayment schedules and regular visits by the loan officer also enhances repayment in groups. This indicates that there are checks and balances in terms of punishing defaulters. From table 10, 42.9% of the respondents said group members were willing to put pressure on members to repay however this was not a major factor since the percentage of respondents who disagree were more. On the issue of loan officer, 70.5% of the respondents say loan officer put pressure on members who are late in repaying and this helps improve repayment performance. Also, 67.7% of the members said they could borrow money from a group member to make repayment whiles 32.3% disagree.

The ability of individuals to get access to bigger loans as a measure of dynamic incentive yielded a positive result. Most of the respondents said they repay their loans in other to get access to bigger loans in future. The ability of group members to reject someone from the group and how groups were formed were used as a measure for screening. The study indicated that some members who wanted to join their group were rejected and therefore, the fear of being rejected as a member of the group enhances repayment.

Social ties were measured using visitations among group members within groups, as well as mediation and borrowing from friends to make repayment. Both visitations and mediations influenced repayment, mediation was the higher influencing factor.

Conclusions

The group lending approach of the Bonzali Rural Bank played a major role in alleviating poverty among women groups in Tamale. The singular guarantee base on which members were granted loans were group guarantee. The practice of the Bonzali Rual Bank had benefited the women in so many ways which includes, source of capital to their businesses thereby improving the financial capability of beneficiary women. The group loans also gave members easy access to credit, offered members business advice which helped in developing women businesses as well as improve their entrepreneurial skills. The factors that influence the repayment rate of the women group borrowing scheme include, monitoring, group pressure, screening, social ties and dynamic incentives.

One of the highly motivating factors for group loan repayment is dynamic incentive. That is, majority of the respondents (98%) said they were motivated to repay their loan so as to get bigger loans in the future. Generally, Majority of the members were positive about the future of their groups.

Recommendations

- The BRB should improve on the business advices given to the women on their businesses since the success of their business have a consequential effect on their loan repayments.

- The regulatory authority (Bank of Ghana) should consider adopting a policy that seek to lessen the cost of borrowing to rural banks and other microfinance institutions that supports women businesses and entrepreneurs.
- The Micro financial institutions more especially the Rural Bank should motivate group members who are able to settle their loans in time by given them bigger loans when requested for, since it is the highest motivating factor for repayment. Also, loan officers should improve on their visitations to constantly remind members to make payments at the right time.
- Commercial Banks and other rural banks should consider venturing into the group lending since it has the tendency of improving repayment performance and inducing business profitability among small scale business.

Suggestions for Further Research

This study collected data only from the Tamale branch of the Bonzali Rural Bank operating in the Northern Region of Ghana which is an urban set up. It is recommended that more studies should be conducted on the other branches operating in the rural areas of the region so as to understand the effect of group lending to the rural poor.

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APPENDIX

Appendix I: Sampling Table

Table 3.1

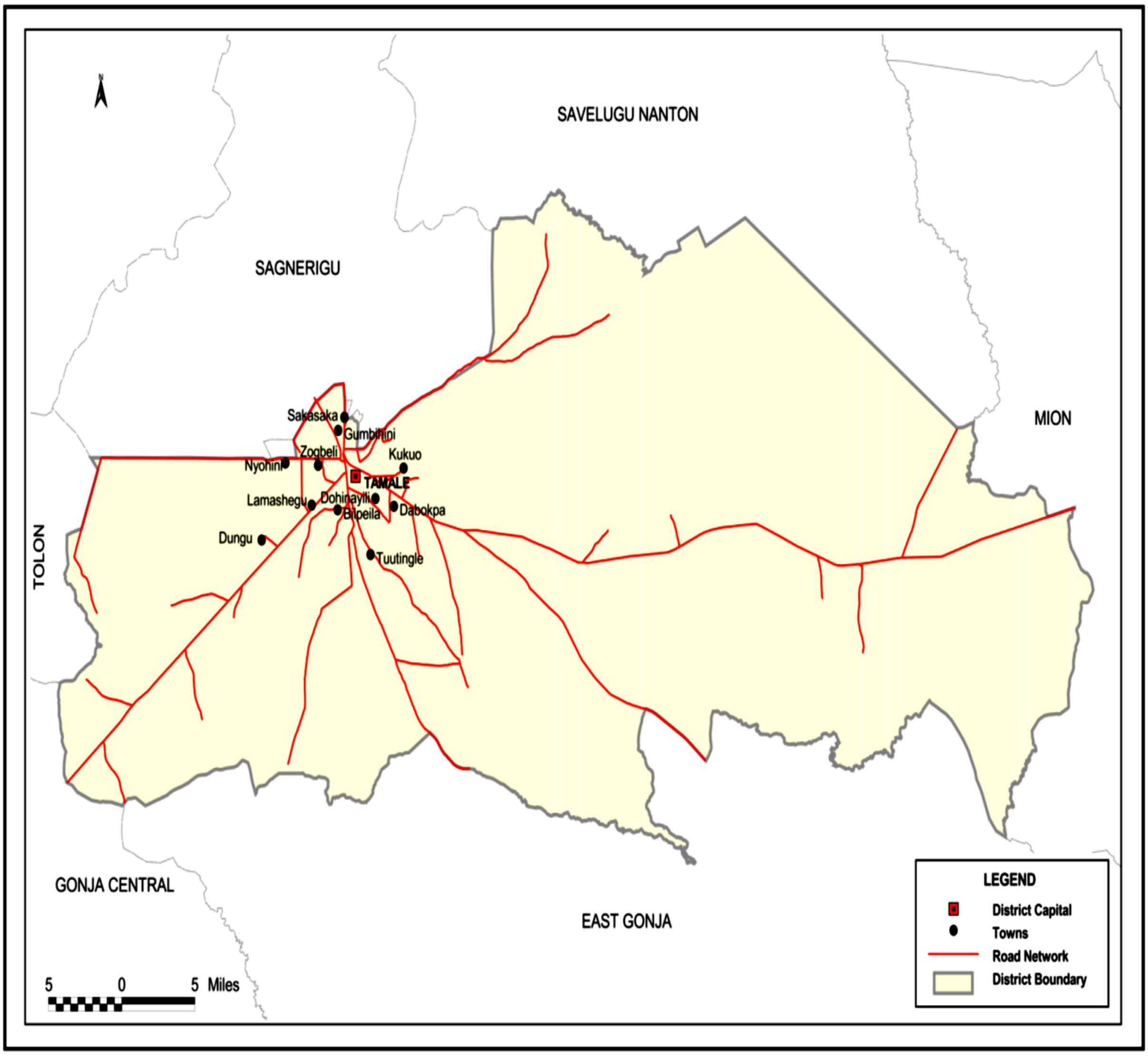
Table for Determining Sample Size of a Known Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384

Note: N is Population Size; S is Sample Size *Source: Krejcie & Morgan, 1970*

Appendix II (Map of Tamale)

MAP OF TAMALE METROPOLITAN ASSEMBLY



UNIVERSITY OF CAPE COAST

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING

QUESTIONNAIRE ON EVALUATION OF WOMEN GROUP LENDING SCHEME IN MICROFINANCE SERVICE DELIVERY AT BONZALI RURAL BANK.

Dear Sir/Madam,

I am a student of the University of Cape Coast, conducting a research on **Evaluation of women Groups lending scheme of Bonzali Rural Bank (BRB)** as part of the requirement for the Master of Business Administration (Accounting). I would be very grateful if you could take few minutes of your time to complete this questionnaire for me.

Please be assured that any information you provide will be confidential and would be used for academic purpose only.

SECTION A: DEMOGRAPHIC INFORMATION (TO BE ADMINISTRED TO INDIVIDUALS WITHIN GROUPS)

1. Marital status

   (1) Married [ ] (2) Single [ ] (3) Separated [ ]

   (4) Divorced [ ] (5) Widow [ ]

2. Age at last birth day

   (1) Below 30 years [ ] (4) 51-60 years [ ]

   (2) 31-40 years [ ] (5) 61-70 years [ ]

   (3) 41-50 years [ ] (6) 71+ [ ]

3. Educational level.

   (1) No formal education [ ]

(2) Basic education [ ]

(3) Secondary [ ]

(4) Tertiary [ ]

4. Religious Affiliation.

(1) Islam [ ]

(2) Christianity [ ]

(3) Traditional Religion [ ]

(4) Other please specify……………………..

SECTION B LOAN CHARACTERISTICS

6. How much did you received as loan?

(1) Less than Ghc100 [ ] (2) Ghc100-Ghc300 [ ]

(3) Ghc301-Ghc500 [ ] (4) Ghc501 and above [ ]

7. Did you present any form of collateral before you were given the loan?

(1) Yes [ ] (2) No [ ]

8. What requirement do you meet before you were given the loan?

(1) Guarantor [ ] (2) Group membership [ ] (3) Personal property [ ]

(4) Other please specify…………………

9. How many months were you given to repay the loan?

(1) 1-3months [ ] (2) 4-6months [ ]

(3) 7-9months [ ] (4) other please specify……

10. How is the interest rate charged?

(1) Monthly [ ] (2) Per loan cycle [ ]

(3) Per Annum [ ] (4) Other please specify….

11. How many loan cycles have you completed?

(1) 1-3time/s [ ] (2) 4-5times [ ] (3) Other please specify…….

SECTION C MOTIVATIONS FOR REPAYMENT

To what extend do the following motivations influence the repayment of your loan. Tick appropriately using a 4 point Likert scale where 1= Strongly Disagree, 2= Disagree, 3= Agree and 4= Strongly agree.

	Strongly disagree	Disagree	Agree	Strongly Agree
12. I do not want to lose my savings	1	2	3	4
13. I want to get access to bigger loans in feature	1	2	3	4
14. It provides me capital for my business	1	2	3	4
15. It improves my financial well-being	1	2	3	4
16. I do not want to destroy my reputation in the community	1	2	3	4
17. It gives me easy access to credit	1	2	3	4

SECTION D (BENEFITS OF GROUP LOAN)

18. What is the impact of the group loans on your business?

(1) Positive [ ] (2) negative [ ] (3) Neutral [ ]

19. Which of the following best estimate your monthly profit before your group loan?

(1) Below Ghc100 [ ] (2) Ghc101-ghc200 [ ]

(3) Ghc201-ghc300 [ ] (4)Above Ghc300 [ ]

20. Which of the following best estimate your monthly profit after the loan?

(1) Below Ghc100 [ ] (2) Ghc101-ghc200 [ ]

(3) Ghc201-Ghc300 [ ] (4) Above Ghc300 [ ]

SECTION E (FACTORS THAT INFLUENCE LOAN REPAYMENTS)

MONITORING

21. Does the loan officer visit your group?

(1) Yes [ ] (2) No [ ]

22. How frequent are you visited by the loan officer?

(1) Weekly [ ] (2) Every two weeks [ ]

(3) Monthly [ ] (4) Other please specify…………

23. Does the loan officer put pressure on a member who is late in repaying her loan?

(1) Yes [ ] (2) No [ ]

24. Does the loan officer develop internal code of conduct to punish a defaulting group member?

(1) Yes [ ] (2) No [ ]

GROUP PRESSURE

25. Are group members willing to put pressure on a member who is late in repaying her loan?

(1) Yes [ ] (2) No [ ]

26. Do group members feel practicing such pressure is difficult?

(1) Yes [ ] (2) No [ ]

27. Do group members feel moral obligation to pay group loans?

(1) Yes [ ] (2) No [ ]

28. Does the group have internal code of conduct/general principles to punish a defaulting group member?

(1) Yes [ ] (2) No [ ]

SOCIAL TIES

29. How many group members have relatives in the group?

(1) Majority of members [ ] (2) About half of members [ ] (3) Few [ ]

30. Have you visited a group member in the past week?

(1) Yes [ ] (2) No [ ]

31. If you cannot make a loan repayment can you borrow temporary from a member to pay it?

(1) Yes [ ] (2) No [ ]

32. Do group members seek mediation from others to solve a dispute between group members?

(1) Yes [ ] (2) No [ ]

SCREENING

33. How was the group formed?

(1) Already existing for non-financial service [ ]

(2) Self-selection [ ]

(3) Formed by the credit officer [ ]

(4) Other specify [ ]

34. Has the group ever rejected someone who wanted to join?

(1) Yes [ ] (2) No [ ]

35. Are there people who would like to join the group but cannot?

(1) Yes [ ] (2) No

SECTION F (BENEFITS OF GROUP LOANS)

To what extent do you agree or disagree to the following benefit of the women group loan scheme. Where 1= Strongly Disagree, 2= Disagree, 3= Agree and 4= Strongly Agree

	Strongly Disagree	Disagree	Agree	Strongly Agree
36. It improves members financial situation	1	2	3	4
37. It gives members easy access to credit	1	2	3	4
38. It offer members business advice	1	2	3	4
39. Members do not have to provide collateral to get loan	1	2	3	4
40. Members get the amount of loan they requested for	1	2	3	4
41. Members do not have to wait for long when they apply for loan	1	2	3	4

42. How do you foresee the future of your group for the next five years?

(1) Bright [ ] (2) Bad [ ] (3) Not sure [ ]

43. What should be done to make group borrowing better?

(1) Demand individual collateral [ ]

(2) Give equal amount of credit to all members [ ]

(3) Other please specify…………………………….