

MICROFINANCE BANK AND ENTREPRENEURSHIP DEVELOPMENT IN AN EMERGING MARKET

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Abstract

We determine how Microfinance Banks (MFBs) impacts on entrepreneurship development in Nigeria. Data were collected through structured interview from entrepreneurs, Microfinance Bank managers and Regulators. The finding revealed that non-financial services of Microfinance Banks contribute to the survival of entrepreneurs and there is indication that Microfinance Banks enhance the productivity of entrepreneurship. This finding supports the evidence from the Central Bank of Nigeria (CBN) that there is an increase in total assets, Investment and Deposit Liabilities of MFBs in recent times. Beside this, respondents claimed that influence and control over entrepreneurs financing by Microfinance Banks should be view as partially effective. This result suggest that although Microfinance Banks in Nigeria are trying their best, there is need to put more effort in order to meet total demand of financing the entrepreneurs in Nigeria. We recommend that MFBs should assist their clients by providing training on credit utilization and the government should urgently tackle the problem of infrastructure development and maintenance.

Keywords: Loan, Regulator, Bank Managers, Entrepreneur, Government, Structured Interview

1. INTRODUCTION

Entrepreneurial organization in the private and public sectors has been the subject of increased attention in the developed countries over the last four decades (Georgellis et.al, 2000). Looking at the Schumpeterian view that careful management alone does not address the requirements of a competitive system (Georgellis et.al, 2000), previous studies focused on innovation as offering the best prospect of theorizing an entrepreneurial organization. However, this paper examines the relationship between Microfinance Bank and entrepreneurship development in a emerging market such as Nigeria. This because a vibrant entrepreneurial climate provides new jobs, increases competitiveness, and produces novel goods and services, also economic growth hinges upon entrepreneurship. However, in order to create a set of attitudes and skills in the populace that is conducive to entrepreneurship, a dearth of entrepreneurial and managerial skills is a major impediment that developing economies such as Nigeria is facing (NISER, 2004, Nwanyanwu, 2011).

Moreover, the importance of Microfinance Banks (MFBs) to entrepreneurial development made the Central Bank of Nigeria adopt it as the main source of financing entrepreneurship in Nigeria. Despite this, finance is still considered as one of the major hindrances to entrepreneurial development in Nigeria ((Acha, 2008). The government and Non-Government Organizations (NGOs) have been engaging a number of programme and policies to encourage entrepreneurship in Nigeria. However, unemployment rate still rising alarmingly. This may be likely due to a low level of development,

especially in terms of number of jobs, wealth and value creation. This is because 65% of the active populations, who are majorly entrepreneurs, are not being able to accesses loan from other financial institutions (Udom, 2003). The author revealed that the establishments of Microfinance institutions in the country were not able to adequately address the gap in terms of credit, savings and other financial services.

Furthermore, Microfinance Bank has proven to be one of the ways of bridging the resource gap created in the Nigerian economy, there are still some undesirable problems experienced against its proper execution (Bamisile, 2006, Adeyemi, 2008). The indispensable role of financing the growth of entrepreneurship development and the adoption of Microfinance Bank as the main source of financing entrepreneur in Nigeria therefore makes it imperative to study the extent to which Microfinance can enhance the survival of entrepreneurship.

Against this background, it is pertinent to examine the relationship between Microfinance Bank and entrepreneurship, to assess the growth of entrepreneurship influenced by the financing capacity of Microfinance Banks and to ascertain the role of non-financial services of Microfinance banks on the performance of entrepreneurship. The research questions is that to what extent does microfinance enhanced the entrepreneurship development and how does the growth of entrepreneurship influenced by the financing capacity of Microfinance Banks?

The reminder of the study is organized as follows. Section two provides the literature review necessary to establish the gap for this study. Section

three discusses methodology, while the data analyses are described in Section 4. Finally, Section 5 and 6 provides conclusion and recommendation for the study respectively.

2. LITERATURE REVIEW

2.1. Concept of Microfinance and Entrepreneurship

Entrepreneurship remains one of the most reviewed topics in literature especially as its impact on all kind of economics cannot be overlooked. Worldwide, they are accepted as the engine of economic growth and for promoting equitable development and major advantage of the sector is its employment potentials at low capital cost (Nwankwo, 2008). The author further argues that labour intensity of the small scale enterprises constitutes over 90% of total enterprises in cost of the economies it is credited with generating the highest rate of employment growth and account for major share of industrial production and exports. The rapid expansion of small scale enterprises in economies of developed countries in the 1980s and 1990s has created a widespread conviction that small, new ventures are the most important source of entrepreneurship and as dynamic and innovative factor, they contribute directly to economic growth. (Piety and Rekowski, 2008).

However, the unwillingness or inability of the formal financial institutions (commercial Banks) to provide financial services to the urban and rural people, coupled with the unsustainability of government sponsored development financial schemes contributed to the growth of private sector-led micro finance in Nigeria. Before the emergence of formal microfinance institutions, informal microfinance activities flourished all over the country. Informal microfinance is provided by traditional groups that work together for the mutual benefits of their members. These groups provide savings and credit services to their members. The informal microfinance arrangements operates under different names: "esusu" among the Yorubas, "efoto" for the Igbos in the East and "adashi" in the North of the Hausas (Acha, 2009, Ojo, 2007).

2.2. Microfinance Banks in Nigeria

Microfinance banks were founded because of the perceived deficiencies in the existing financing schemes for the poor and small businesses. They were licensed to begin operations in 2007 and existing community banks and NGO microfinance institutions that met the conditions spelt out by CBN for licensing were allowed to transform into Microfinance Banks. To qualify for a microfinance license an existing community bank was required to increase its paid-up capital from N5m to N20m. Unlike the community banking policy framework which compulsorily confined all community banks to unit banking, the microfinance banking guideline permitted the branching of microfinance banks within a state. For the microfinance banks intending to open branches within a state their paid-up capital was put at N1 billion (CBN, 2000). Another point of divergence between the community banks and their microfinance successors is in those which the regulatory guideline allows to own them. In addition,

individuals, group of individuals, community development associations, private corporate entities which could own community banks, foreign investors and commercial banks, foreign investors could also own Microfinance Banks. However, changes in the policy framework establishing Microfinance Bank were due to the perceived failure of the existing Microfinance framework (Mohammed and Hassan, 2009).

2.3. Entrepreneurship Development

Entrepreneurs are characterized by the need to be independent, to create value, to contribute to family and society, to become rich or quite often, not to be unemployed (UNDP, 2010). Potential entrepreneurs display initiative and ambition, have business sense and foresight, and are decisive. They are agents of change who accelerate the generation, application and spread of innovative ideas. Entrepreneurship is the process of using initiative to transform business concept to new venture, diversify existing venture or enterprise to high growing venture potentials (Acha, 2009).

2.4. The Challenges of Microfinance Banks in Nigeria

The failure of community banking scheme and many previous government's micro financing schemes was predicated on the challenges they faced. Many of these challenges are still bedeviling microfinance banking. This section discusses some of these; one of the most fundamental difficulties Microfinance Banks in Nigeria have is absence of basic infrastructure. Unfortunately, these banks are also forced to incur additional costs to provide themselves with electricity and water. The absence of good roads especially in the rural areas also distorts their outreach (Bamisile, 2006). Also Nwachukwu (2008) found the main problems of microfinance institutions as follows:

a) Nonproductive loans and procedural delays for productive loans: Since most of the poor and needy are illiterate and prefer loans for consumption rather than productive purpose, majority of the poor find it hard to get loans.

b) Inflexibility and delay: The rigid systems and procedures for sanctioning loans and disbursing them to the beneficiaries result in a lot of delay in time for the borrowers, which de-motivate them.

c) Social obligation, not a business opportunity: They believed that microfinance has been seen as a social obligation rather than a potential business opportunity.

d) Lack of training: In most of the cases, it has been found that members of a group take up a certain economic activities for their sustenance which are not preceded by relevant training. After the pioneering efforts of the last few years by the government, Banks and NGOs the microfinance scene is reaching the take-off point.

2.5. Prospects of Microfinance Banking in Nigeria

A lot of opportunities exist in the Microfinance subsector in Nigeria is unarguable. Some scholars are unanimous revealed that there exist a large untapped market for Microfinance Banks. Olaitan (2006), Oluyombo, and Ogundimu, K. M (2006)

posited that about 70% of the Nigerian population are engaged in the informal sector or agricultural production. Going by the country's population of over one hundred and fifty million people we can deduce that about one hundred and five million are in this sector. Contrarily, Mohammed, and Hassan (2009) argue that Microfinance Banks in Nigeria only serve less than one million people against the over 40 million that require their services. The gap in this subsector was further demonstrated by CBN (2005) when it showed that microcredit facilities in Nigeria account for about 0.2 percent of GDP and less than one percent of total credit to the economy.

2.6. Role of the Entrepreneur in Economic Development in Nigeria

These theories consider differences in attitudes and abilities among individuals as critical issues in determining why some small firms grow and others do not. Two schools of thought, the Austrian School and the Classical Economist were the first to acknowledge the role of the entrepreneur in small business development; they recognize the entrepreneur as an individual with special characteristics. Knight (1921) describes an entrepreneur as someone that has the willingness and superior ability to make decisions, raise capital and assume the risk of failure. In the same vein, Schumpeter (1951) argued that an entrepreneur has the superior ability to perceive new market opportunities and author believed the entrepreneur as an innovator.

Consequently, this study contributes to the literature by highlighting on the relationship between the activities of Microfinance Banks on the entrepreneurship development in Nigeria.

3. METHODOLOGY OF THE STUDY

3.1. Sources of Data

Data were obtained through the use of structured interview. The questions were done in simple and clear language to avoid ambiguity. The structured interviews were intended to generate responses that assist this study to address the research questions. 400 respondents were interviewed; this comprises 200 Entrepreneurs, 100 Micro-finance Bank Managers and 100 Micro-Finance Regulators (CBN). In order to support the evidence from the respondents that were interviewed secondary data

were also collected from Central Bank of Nigeria (CBN).

3.2. Sample of the Study

Four hundred respondents were chosen based on the following; stratified random sampling technique was used because the stakeholders on the issue of Micro-finance and Entrepreneurship include entrepreneurs, Micro-finance Managers (MFMs) and regulators of Micro-finance which is Central Bank of Nigeria (CBN). Nigeria is divided into six Geo-Political Zone; the stakeholders are more in the South-Western part of Nigeria than the other Geo-Political Zone. Chosen four-hundred respondents are based on the concentration of each of the stakeholders in each Geo-Political zone. The distributions of respondents across the geo-political zone in Nigeria are shown below.

Table 1. Illustrate the Distribution of the respondents from the Interview across Geo-Political Zone in Nigeria

<i>Geo-Political Zone</i>	<i>Entrepreneurs</i>	<i>Micro-finance Managers (MFMs)</i>	<i>Micro-finance regulators (CBN)</i>
North-Central	25	15	15
North-East	10	5	5
North-West	30	15	15
South-East	45	20	20
South-South	35	15	15
South-West	55	30	30
Total Sample	200	100	100

4. RESULTS OF THE DATA ANALYSIS FOR THE STUDY

In this section we describe the analysis of the data collected through structured interview questions from the respondents across Nigeria. In addition, the study support the results by showing the data collected from Central Bank of Nigeria (CBN) indicating the entrepreneurs' structures and Micro-finance Bank activities.

4.1. Results of the Data Collected Through Structure Interview

Below are the Tables showing structured interview questions and the analysis of the data from the respondents across Nigeria.

Table 2. What do you think is the role of microfinance bank in the survival of entrepreneurs?

<i>Responses</i>	<i>No of Respondents</i>				
	<i>Managers(MFBs)</i>	<i>Entrepreneurs</i>	<i>Regulators(CBN)</i>	<i>TT</i>	<i>%</i>
Advisory service	10	20	10	40	10
Pre-loan training	10	10	10	30	7.5
Group membership	10	5	6	21	5.2
All of the above	70	165	74	309	77.3
Total	100	200	100	400	100

Table 2 shows that 40 respondents (10%) of the respondents indicate that advisory service is being provided in their banks, 30 respondents (7.5%) believe in Pre-loan training, 21 respondents (5.2%)

percent show in Group membership and 309 respondents (77.3%) percent indicate that all the above service such as advisory service, pre-loan training, group membership are role of microfinance

Bank. This finding suggests that all of the non-financial services of microfinance mention above contribute to the survival of entrepreneurs in Nigeria.

Table 3. To what extent do microfinance banks enhance the survival of entrepreneurship development?

Responses	No of Respondents				
	Managers (MFBs)	Entrepreneurs	Regulators(CBN)	TT	%
High	50	35	20	105	26
Moderate	45	120	65	230	58
Low	5	45	15	65	16
Total	100	200	100	400	100

From Table 2 above 16% of the respondents are of the opinion that microfinance banks enhance the survival of entrepreneurship development is low, 58% of the respondents are of the view that microfinance banks enhance the survival of entrepreneurship development is moderate and 26% indicate that it is high. This evidence show that majority of respondents have the opinion that Microfinance Banks are moderate in enhancing the survival of entrepreneurship development in Nigeria.

Table 4. How would you rate the level of microfinance banks contribution on entrepreneurship development in Nigeria?

Responses	No of Respondents				
	Managers(MFBs)	Entrepreneurs	Regulators	TT	%
Excellent (100-80%)	20	20	10	50	12
Very Good(79-61%)	5	10	13	28	7
Good (60-41%)	75	165	74	314	79
Poor (40-0%)	-	5	3	8	2
Total	100	200	100	400	100

In Table 4 fifty (12%) percent of the respondents are of the view that microfinance banks contribution on entrepreneurship development in Nigeria is excellent, twenty-eight (7%) percent believe that it is very good, three hundred and fourteen (79%) percent indicate that it is good and eight (2%) percent rated it as poor. Based on the above findings, it shows that microfinance banks enhance contribution of entrepreneurship development in Nigeria is good.

Table 5. To what extend do that microfinance banks contribute to the survival of entrepreneurship development?

Responses	No of Respondents				
	Managers(MFBs)	Entrepreneurs	Regulators(CBN)	TT	%
A large extend	45	27	16	88	22
A little extend	55	163	66	284	71
Not all	-	10	18	28	7
Total	100	200	100	400	100

The Table 5 illustrate that, 88 respondents representing 22% show that microfinance banks contribute to the survival of entrepreneurship development to a large extend and two hundred and eighty-four respondents representing 71% argue that microfinance banks contribute to the survival of entrepreneurship development to a little extend. However, twenty-eight which is 7% indicate that micro-finance bank does not contribute to the survival of entrepreneurship. This result suggests that the micro finance bank contribute a little in the survival of entrepreneurship.

Table 6. Does micro finance bank has the capability to influence the expansion capacity of entrepreneurs?

Responses	No of Respondents				
	Managers (MFBs)	Entrepreneurs	Regulators(CBN)	TT	%
Yes	53	44	25	122	31
No	-	42	10	52	13
To some extend	47	114	65	226	56
Total	100	200	100	400	100

Out of 400 which is the total number of respondents, 122 representing 31% indicate that microfinance bank have the capability to influence the expansion capacity of entrepreneurs. While 52 respondents representing 13% did not believe, however, 226 respondents representing 56 % are of the opinion that micro finance to some extend have the capability to influence the expansion capacity of entrepreneurs in Nigeria.

Table 7. How does the injection of microfinance funds into small business operations affect the productive capacity of entrepreneurs?

<i>Responses</i>	<i>No of Respondents</i>				
	<i>Managers (MFBs)</i>	<i>Entrepreneurs</i>	<i>Regulators (CBN)</i>	<i>TT</i>	<i>%</i>
Skills training	5	14	20	39	9
Profitability	35	25	10	70	18
Acquisition of modern Equipment	55	151	55	261	65
All of the above	5	10	15	30	8
Total	100	200	100	400	100

From the above Table 7 there is evidence that 9 percent agreed injection of microfinance funds into small business operations affect the productive capacity of entrepreneurs in the area of skill training, 18 percent believe that it is Profitability, 65 percent responded that it is acquisition of modern

equipment. However, 8 percent show that skill training, profitability and acquisition of equipment are all attributed to the injection of microfinance funds into small business operations affect the productive capacity of entrepreneurs.

Table 8. What is your opinion on productivity level of entrepreneurs with the involvement of microfinancing?

<i>Responses</i>	<i>No of Respondents</i>				
	<i>Managers(MFBs)</i>	<i>Entrepreneurs</i>	<i>Regulators (CBN)</i>	<i>TT</i>	<i>%</i>
Excellent (100-81%)	12	15	10	37	9
Very Good (79- 61%)	19	25	16	60	15
Good (60-41%)	60	150	56	266	67
Poor (40-0%)	7	10	18	35	9
Total	100	200	100	400	100

In Table 8 9% of the respondents are of the view that productivity level of entrepreneurs with the involvement of microfinancing is excellent, 15% indicate that it is very good, 67% believe that it is

good and 9% percent rated it to be poor. This affirms that productivity level of entrepreneurs with the involvement of micro financing is good in Nigeria.

Table 9. Which category of business do microfinance banks support in entrepreneurship development?

<i>Responses</i>	<i>Category</i>				
	<i>Managers (MFBs)</i>	<i>Entrepreneurs</i>	<i>Regulators</i>	<i>TT</i>	<i>%</i>
Sole Proprietorship	8	20	10	38	9.5
Family Business	2	-	-	2	0.5
Partnership	10	20	10	40	10
All of the above	80	160	80	320	80
Total	100	200	100	400	100

Table 9 shows that thirty-eight of the respondents indicate 9.5 % of the respondents are of the view that sole proprietorship and two respondents believe that it is family business showing 0.5%. Forty respondents indicate that partnership (10%) are being supported by

microfinance banks, three hundred and twenty respondents (80%) are of the view that is sole proprietorship, family business and partnership are supported by microfinance banks in entrepreneurship development.

Table 10. To what extent do you consider the operations of microfinance on the entrepreneur's productivity?

<i>Responses</i>	<i>No of Respondents</i>				
	<i>Managers (MFBs)</i>	<i>Entrepreneurs</i>	<i>Regulators(CBN)</i>	<i>TT</i>	<i>%</i>
70% and above	30	50	25	105	26
50% and above	55	140	57	252	63
35% and above	15	10	18	43	11
Others specify	-	-	-	-	-
Total	100	200	100	400	100

Table 10 illustrate that 105 respondents (26%) agree that productivity level of entrepreneurs that are involve with microfinancing is 70% and above; while 252 respondents (63%) are of the view that productivity is 50% and above and 43 respondents

(11%) agree that productivity level is 35% and above. From this result, it can be deduced that productivity level of entrepreneurs who are involve in business with micro finance banks is 50% and above.

Table 11. How does non-financial services of microfinance banks affects entrepreneurship business performance?

Responses	No of Respondents				
	Managers (MFBs)	Entrepreneurs	Regulators(CBN)	TT	%
Greatly	53	15	17	85	21
Partially	47	135	73	255	64
Not at all	-	50	10	60	15
Total	100	200	100	400	100

The above Table indicates that eight-five respondents representing 21% agree that non-financial service of microfinance banks affect entrepreneur's business performance greatly, two hundred and fifty-five respondents representing 64% show non-financial service of microfinance banks affect entrepreneur's business performance partially. However, sixty respondents representing

15% believe that non-financial service of microfinance banks doesn't affect entrepreneurship business performance.

The above finding suggests that non-financial services by microfinance banks may likely affect entrepreneurship activities in a partial level in their performance.

Table 12. Influences and control over entrepreneurial financing by microfinance banks should be viewed as:

Responses	No of Respondents				
	Managers (MFBs)	Entrepreneurs	Regulators(CBN)	TT	%
Effectively	57	30	15	102	25.5
Partially effective	43	152	65	260	65
Ineffective	-	18	20	38	9.5
Total	100	200	100	400	100

In Table 12 one hundred and two respondents representing 25.5% are of the opinion that Influences and control over entrepreneurial financing by microfinance banks should be viewed as effective. While two hundred and sixty respondent representing 65% indicate that influences and control over entrepreneurial financing by Microfinance Banks should be viewed as partially effective. Nevertheless, thirty-eight respondents show that the influence and control over entrepreneurial financing by microfinance banks is ineffective.

4.2. Results of the Data Analysis from the Central Bank of Nigeria

Table 14. Showing the Structure and Limits for Borrowers

Enterprise	%	% Enterprise Groupings		Loan Maximum per Application
		Others	Female	
Micro	50	20	30	500,000
SMEs (Financed by other PFIs)	50	20	30	5,000,000
SMEs (funded by DMBs & DFIs)		40	60	5,000,000

Micro, Small and Medium Enterprises Development Fund Guidelines 2014 (CBN)

On-lending to clients shall be based on the assessment by the Participating Finance Institution (PFIs). The structure and limits for borrowers are as shown in the table above. The facility shall have a maximum tenor of one (1) year for micro enterprises and up to five (5) years for SMEs with option of moratorium. PFIs shall access the fund as many times as possible upon full repayment.

The table above shows the maximum loan amount per cycle of wholesale lending as indicated above or 50% of Shareholder's Fund unimpaired by losses for MFBs and Finance Companies.

Table 13. Indicates the Classification of SMEDAN for National Policy on SMEs

1	Micro enterprises	Less than 10	Less than 5
2	Small enterprises	10-49	5- less than 50
3	Medium enterprises	50-199	50- less than 5000

Source: SMEDAN, 2014

The National Policy on SMEs adopts a classification based on the dual criteria: of employment and assets (excluding land and buildings) as shown in the table above.

Table 15. Provides the maximum loan amount per cycle of lending

S/No.	Financial Institution	Facility Limit
1	Unit Microfinance Bank	N10 million
2	State Microfinance Bank	N50 million
3	National Microfinance Bank	N500 million
4	NGO-MFIs	N10 million
5	Financial Cooperatives	N10 Million
6	Finance Companies	N10 Million

Micro, Small and Medium Enterprises Development Fund Guidelines 2014 (CBN)

Table 16. Describes the Microfinance Banks' Annual Report from 2009-2013 (N' Million)

Item	2009	2010	2011	2012	2013
Number of Licensed CBs/MFBs	828	801	873	879	820
Number of Reporting CBs/MFBs	828	801	474	566	820
Number of Non-Reporting CBs/MFBs					
Capital and Reserves	45,258.60	43,997.50	20,094.80	53,282.13	72,963.74
Total Assets	158,795.90	170,338.90	117,872.10	222,766.59	270,896.14
Deposit Liabilities	72,750.60	75,739.60	58,375.90	132,154.70	135,918.73
Loans & Advances (Net)	55,818.90	52,867.50	50,928.30	96,971.56	129,026.97
Investments	7,750.60	8,674.20	8,959.80	14,529.43	14,703.04
Average Loan/ Deposit Ratio	76.73	69.80	85.85	87.85	94.90
Percentage Change (%)					
Number of Reporting Banks	11	-3	-41	19	45
Capital and Reserves	35.66	-2.79	-54.33	165.15	36.94
Total Assets	37.93	7.27	-30.80	88.99	21.61
Deposit Liabilities	24.40	4.11	-22.93	126.39	2.85
Loans & Advances (Net)	32.82	-5.29	-3.67	90.41	33.06
Investments	5.96	11.92	3.29	62.16	1.19
Sectorial Distribution of Loans & Advances					
(i) Agriculture and Forestry	5,957.80	5,102.90	4,679.22	4,511.68	4,803.12
(ii) Mining & Quarrying	491.98	520.40	329.44	490.52	603.25
(iii) Manufacturing	2,624.97	2,172.80	1,728.85	2,318.02	2,937.27
(iv) Real Estate and Construction	2,411.45	2,257.40	1,725.45	4,047.36	2,616.01
(v) Commerce	25,036.66	23,333.77	32,873.24	48,811.69	50,008.04
(vi) Transportation/Communication	3,357.01	2,642.10	3,241.71	3,245.49	3,401.44
(vii) Others	20,554.89	16,957.00	12,118.47	21,848.46	48,257.09

Central Bank of Nigeria Annual Economic Report (2014)

According to table 16 above, the total assets of MFBs increased from N222, 766.10million in 2012 to N270, 896.14Million in 2013, representing an increase of 21.61 percent. The major components of the total assets in 2013 were loans and advances N129, 026.97million and Investment N14, 703.04 million representing 47.63 percent and 5.43 percent. The sectorial allocation of loans advances (credit) between commerce and agriculture and Agriculture and forestry showed an increase from N48, 811.69million in 2012 to N50, 008.04million in 2013 and N4,511.65million in 2012 to N5,803.12million in

2013. An increase in microfinance banks' lending to others sectors increased from N21, 848.46million in 2012 to N48, 257.09million in 2013. The table show that most of the entrepreneurs were into commerce (trading) and other services.

In addition, finance is well known determinant of the growth of entrepreneurship and development activities, hence the establishment of microfinance banking system has a proved financial succor to these activities. From the table above, microfinance loan was found to be improving, thus implying that microfinance has a relationship with entrepreneurship development in Nigeria.

Table 17. Showing the summary of Microfinance Banks' Annual Report 2009-2013 (N' Million)

Capital and Reserves	45,258.60	43,997.50	20,094.80	53,282.13	72,963.74
Total Assets	158,795.90	170,338.90	117,872.10	222,766.59	270,896.14
Deposit Liabilities	72,750.60	75,739.60	58,375.90	132,154.70	135,918.73
Loans & Advances (Net)	55,818.90	52,867.50	50,928.30	96,971.56	129,026.97
Investments	7,750.60	8,674.20	8,959.80	14,529.43	14,703.04
Average Loan/ Deposit Ratio	76.73	69.80	85.85	87.85	94.90

Central Bank of Nigeria Annual Economic Report (2014)

The table above shows summary of investments and loan/deposit ration activities from 2009 to 2013 in millions of naira. 2013 activities show an improvement over the previous years.

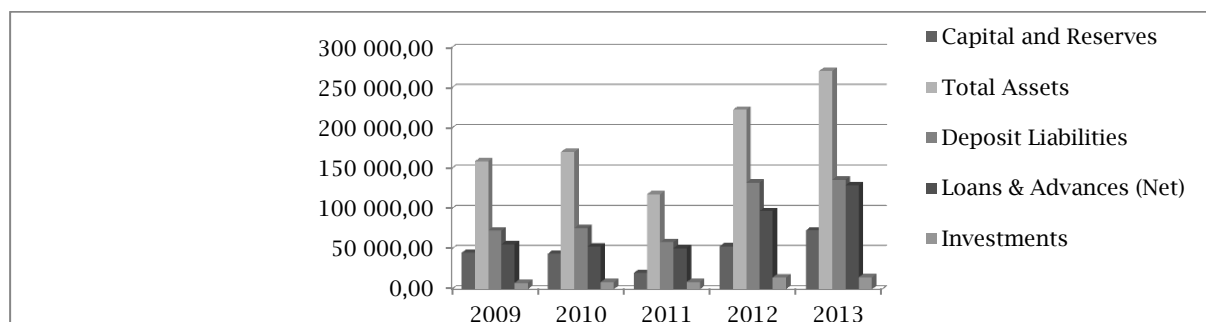
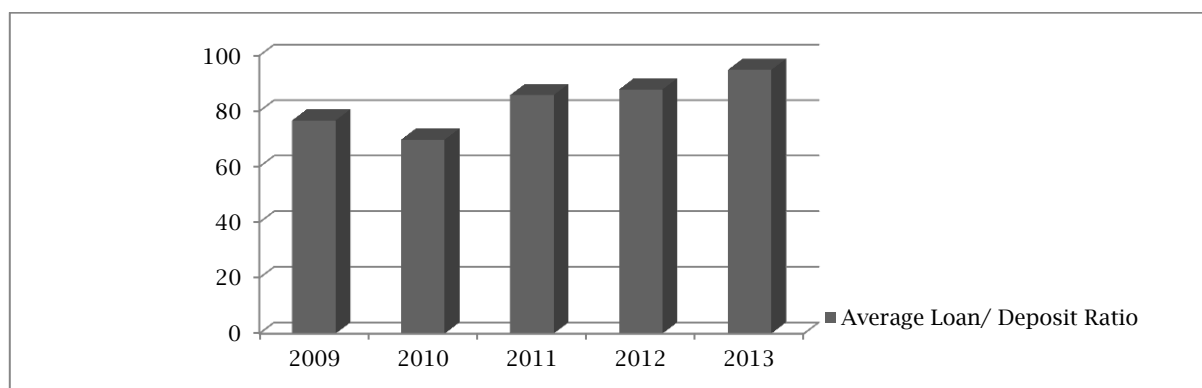
Figure 1. Illustrate the Microfinance Banks' Annual Report 2009-2013 (N' Million)

Figure 2. Describes the Average Loan/Deposit Ratio from 2009-2013 (N' Million)



The chart above shows summary of investments and loan/deposit ratio activities from microfinance banks capital and reserves, total 2009 to 2013 in millions of naira. 2013 activities assets, deposit liabilities, loan and advances (net), show an improvement over the previous years.

Table 18. Provides the summary of Microfinance Banks' Annual Report 2009-2013 in percentage Change (%)

	2009	2010	2011	2012	2013
Number of Reporting Banks	11	-3	-41	19	45
Capital and Reserves	35.66	-2.79	-54.33	165.15	36.94
Total Assets	37.93	7.27	-30.8	88.99	21.61
Deposit Liabilities	24.4	4.11	-22.93	126.39	2.85
Loans & Advances (Net)	32.82	-5.29	-3.67	90.41	33.06
Investments	5.96	11.92	3.29	62.16	1.19

Central Bank of Nigeria Annual Economic Report (2014)

The above Table indicate the summary of investments and loan/deposit ration activities from microfinance banks capital and reserves, total 2009 to 2013 in percentage changes. assets, deposit liabilities, loan and advances (net),

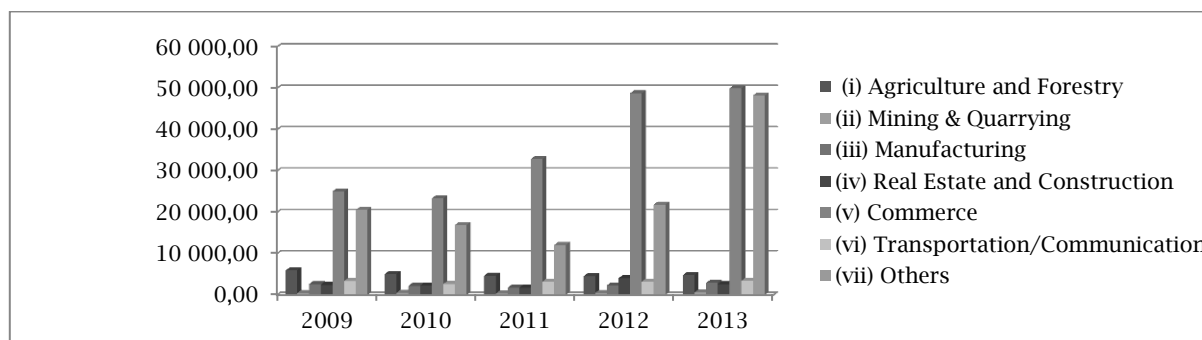
Table 19. Indicate the Summary of Microfinance Banks on Sectorial Distribution of Loans & Advances from 2009-2013 (N' Million)

Item	2009	2010	2011	2012	2013
(i) Agriculture and Forestry	5,957.80	5,102.90	4,679.22	4,511.68	4,803.12
(ii) Mining & Quarrying	491.98	520.40	329.44	490.52	603.25
(iii) Manufacturing	2,624.97	2,172.80	1,728.85	2,318.02	2,937.27
(iv) Real Estate and Construction	2,411.45	2,257.40	1,725.45	4,047.36	2,616.01
(v) Commerce	25,036.66	23,333.77	32,873.24	48,811.69	50,008.04
(vi) Transportation/Communication	3,357.01	2,642.10	3,241.71	3,245.49	3,401.44
(vii) Others	20,554.89	16,957.00	12,118.47	21,848.46	48,257.09

Central Bank of Nigeria Annual Economic Report (2014)

The table above shows summary of agriculture and forestry, mining & quarrying, manufacturing, real estate & construction, commerce, transportation/communication, and others sector distribution of loans & Advances in millions of naira by microfinance banks from 2009 to 2013 in millions of naira.

Figure 3. Provides the Summary of Microfinance Banks on Sectorial Distribution of Loans & Advances from 2009-2013 (N' Million)



The above chart illustrates the effect of Microfinance Banks on agriculture and forestry, mining & quarrying, manufacturing, real estate & construction, commerce, transportation/communication. Also with distribution of loans and advances in millions of naira by Microfinance Banks from 2009 to 2013 in millions of naira, this suggest that Microfinance Banks have a strong significant relationship with entrepreneurship such as mining and quarrying, manufacturing, agriculture, real estate construction transportation, commerce and communication in Nigeria.

4.3. Discussion of the Findings for the Study

In Table 2 there is evidence from the respondents that non-financial service of Microfinance Bank contribute to the survival of entrepreneurship development in Nigeria. In addition, Table 3 and 4 also indicates that Microfinance Banks are moderate in enhancing the survival of entrepreneurship development and the rate of contribution is good. The respondents show that Microfinance Banks have the capability to influence the expansion of entrepreneurship. Moreover, the respondents believe that the injection of fund from Microfinance Banks to entrepreneurship are used in acquisition of equipments and the level of productivity of entrepreneurs are good. This result suggests that the acquisition of modern equipments enhanced the productivity level of Entrepreneurship and the productivity level is 50% above.

Furthermore, Table 9 provides the evidence from the respondents that Microfinance Banks are supporting sole proprietorship, family business and partnership. This finding indicates the Microfinance Banks does not discriminate and Microfinance Banks always support difference categories of entrepreneurship business in Nigeria. The respondents also indicate that non-financial services by microfinance banks may likely affect entrepreneurship activities in a partial level in their performance. Beside this, respondents claimed that influence and control over entrepreneurs financing by Microfinance Banks should be view as partially effective. This result shows that although Microfinance Banks in Nigeria are trying their best, there is need to put more effort in order to meet total demand of financing the entrepreneurs in Nigeria.

Beside this, the Central Bank of Nigeria (CBN) Annual Economic Report (2014) as shown in table 4.16 above, the total assets of MFBs increased from N222, 766.10million in 2012 to N270, 896.14Million in 2013, representing an increase of 21.64 percent. The major components of the total assets in 2012 were loans and advances N129, 026.97million, Investment and Deposit Liabilities representing 33.06 percent, 1.19 percent respectively. Sectorial allocation of loans advances (credit) among others, commerce and agriculture showed an increase and most of the entrepreneurs were into commerce (trading) and other services.

Finance is well known determinant of the growth of entrepreneurship and development activities, hence the establishment of Microfinance Banking system have assisted the entrepreneurial activities. From table 4.16, Microfinance loan was found to be improving, thus implying that

microfinance has a relationship with entrepreneurship development in Nigeria.

5. CONCLUSION

Based on the finding on the finding from this study there is evidence that Microfinance Banks enhances the expansion capacity of entrepreneurship development in Nigeria. The study also assesses the impact of microfinance on entrepreneur's productivity there is indication that Microfinance Banks enhance the productivity of entrepreneurship. In addition, the non - financial service of Microfinance Banks and business performance the respondents believe that this services enhance the survival of entrepreneurs in Nigeria. Moreover, respondents agreed that regular participation in Micro financing enhanced their business. This finding supports the evidence from the Central Bank of Nigeria (CBN) that there is an increase in total assets of MFBs to 21.64 percent in 2013. Also Investment and Deposit Liabilities increase to 33.06 percent, 1.19 percent respectively. In Furthermore, sectorial allocation of loans advances (credit) among others, commerce and agriculture showed an increase and most of the entrepreneurs were into commerce (trading) and other services in 2013. Microfinance loan was found to be improving, consequently, this imply that microfinance has a significant relationship with entrepreneurship development in Nigeria.

6. RECOMMENDATIONS

We recommend that in order to encourage technology acquisition for small business expansion, Micro-finance Banks (MFBs) can categorize their loans into low and high interest loans. The conventional loans to clients can be maintained as high interest loans, while loans for capital assets or technology acquisition should be low interest loans, which can be secured by a mortgage over the fixed asset so acquired by the micro-borrower. To achieve this, the Microfinance Banks (MFBs) can be recapitalized. Micro-fiance Banks (MFBs) should increase the duration of their clients' asset loans, or spread the repayment over a longer period of time, or increase the moratorium. This will enable the clients to have greater use of the loan over a longer period for the acquisition of capital assets and technology.

In terms of policy to support services MFBs should assist their clients by providing training on credit utilization and provide information on government programmes to entrepreneurs operators in the country. MFBs can partner with relevant technology enterprise development organizations/skills training institutions to provide client-focused skills training to their clients.

Moreover, the government should urgently tackle the problem of infrastructure development and maintenance. These include electricity, water and efficient transportation system which impact greater on entrepreneurship development. The bureaucratic bottleneck involved in small business registration should also be removed.

Finally, the government should establish relevant well adapted and appropriately structured institutions and organizations to provide support

for entrepreneurs in such aspect as; procurement, supply and distribution of raw material, supply of local/imported machines for use on concessional terms, training in several technical grades, and create favourable market conditions.

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