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An analysis of the role of microfinance institutions in achieving financial inclusion in Zimbabwe. A case study of Symdunes financial services.

By

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A dissertation submitted in partial fulfillment of the requirements for the Bachelors Honors Degree in Banking and Finance at Bindura University of Science Education.

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APPROVAL FORM

The undersigned certify that they have read the dissertation and have approved its submission for marking after confirming that it conforms to the departmental requirements of Bindura University of Science Education, the project is entitled “An analysis of the role of microfinance institutions in achieving financial inclusion in Zimbabwe. A case study of Symdunes financial services” submitted by B195758B in partial fulfillment of the requirements of Bachelor of Commerce Honors Degree in Banking and Finance offered by Bindura University of Science Education.

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DEDICATION

I wish to dedicate this dissertation to my awesome God and to my family members.

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I would like to express my gratitude first and foremost to the Almighty God who gave me the courage, guidance and strength during my study research. My credit and gratitude heads to my supervisor whose intellectual guidance made the completion of this dissertation possible. I would also like to express gratitude for the wavering support that I got from my parents who assisted me financially in pursuing this project. I would also like to express my gratitude to my brothers and sister who supported me in completing this project. Last but not least, I give special thanks to my friends for the support I got academically and socially. Lastly l would like to extend my thanks to the Symdunes financial services family for their support in data collection.

ABSTRACT

The study aims to examine the role of microfinance in achieving financial inclusion in Zimbabwe. The research's aims were to identify the challenges faced by Microfinance Institutions in providing services for financial inclusion in Zimbabwe and to make recommendations to MFIs in Zimbabwe on how to increase financial inclusion in Zimbabwe. Symdunes Financial Services Microfinance was the focus of the research. A case study research approach was adopted, with SFS Microfinance serving as the case study. The researcher selected 30 SFS Microfinance staff, including Loan Officers and Managers, 20 prospective marginalized customers, and 40 SFS clients. Stratified random selection was used to choose a sample of 10 workers, 15 marginalized clients, and 30 clients from this target demographic. Questionnaires and interviews were used to gather primary data. The study's findings revealed that microfinance institutions in Zimbabwe had a high and significant influence on the country's level of financial inclusion. Lack of funding, competitiveness, non-performing loans, and a lack of adequate management systems were also recognized as important issues encountered by microfinance institutions in Zimbabwe. In light of the research findings, the researcher advised MFIs to develop ways to help them overcome problems.

ABBREVIATIONS

SFS	Symdunes Financial Services
RBZ	Reserve Bank of Zimbabwe
NGO	Non-governmental organizations
MFI	Microfinance institutions
NFIS	National financial inclusion strategy
ATMs	Automated Teller Machines

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Chapter One

INTRODUCTION

1.0. Introduction

Microfinance aims to make financial services more accessible to underserved communities, notably women and the rural poor, in order to promote self-sufficiency. Because low income populations are perceived as uneconomic or too difficult to reach by the banking sector, microfinance has helped to reach out to this financially excluded minority. This chapter contains background information, a problem statement, study aims, research questions, the importance of investigation, study delimitations, research restrictions, and a summary.

1.1. Background of the Study

1.1.2Financial inclusion worldwide

In order to stimulate comprehensive economic growth and social development, policymakers around the world are actively supporting financial inclusion projects. Financial inclusion has expanded dramatically, with 1.2 billion individuals globally now having access to an account since 2011. However, according to the most current Findex data, 1.7 billion people worldwide nearly one-third of all adults remain unbanked. Women, impoverished rural households, and unemployed persons account for nearly half of those who are financially excluded. According to Hang and Wong (2014), many people remain impoverished, particularly in developing countries. According to recent studies, the microfinance industry has provided loans worth an estimated $114 billion to 139 million low-income and underserved consumers (Microfinance Barometer, 2018).

1.1.3The scope of financial inclusion

There are two ways to broaden the scope of financial inclusion:

(a) Through state-led intervention via constitutional modifications (for example, the Community Reinvestment Act in the United States of America and Zimbabwe's National Financial Inclusion Strategy).

(b) The banking industry has made voluntary efforts to develop a variety of plans to include the vast majority of the social strata in the banking industry's purview.

Despite the efforts traditional banking has made to promote financial inclusion, about 2 billion people are still unbanked. Traditional methods have so fallen short of meeting the demands of this community, and it is crucial to realize that the unbanked share those needs with the included population. The Reserve Bank of Zimbabwe has therefore prioritized financial inclusion highly. The Central Bank of India has likewise put a high priority on financial inclusion, however its primary objective at the present is to guarantee that everyone has at least basic access to a savings account with no frills.

Over the past few decades, financial inclusion has evolved beyond straightforward, small loans to include the fundamental financial services that guarantee a secure financial future for millions of people worldwide. Despite significant efforts to bring financial services to the majority of the low-income population, an estimated 2 billion individuals worldwide remain without access to a basic account. The primary reason provided by 59% of these people is a lack of funds, implying that financial services remain out of reach for individuals on low salaries. Distance from a financial service provider, a lack of essential documents, a lack of confidence in financial service providers, and conviction are all hurdles to opening an account.

1.1.4Consequences of financial exclusion

There are several recognized causes of exclusion from financial facilities. Banks have gradually increased the amount necessary to open an account and tightened their credit-granting standards. People may be denied access to financial services for the reason of alterations in their family's circumstances, such as health or a separation, or because they lack the necessary identification documents to open an account, such as a national ID card, passport, or driver's license, according to Whyley and Kempson (1998). Leyshon and

Thrift (1996) propose a "predictable risk avoidance strategy" in which banks and insurance firms prefer lending to and offering additional services to "low risk" clients while frequently avoiding those who are most in need. Additionally, during the past two decades, the has been withdrawal from impoverished and rural areas' financial infrastructure; for instance, banks have shuttered their branches in Chivhu Town, leaving only CBZ Holdings as the town's only bank. Banks and building societies have closed their doors in remote areas and in less wealthy districts of towns and cities. Because access to local branches is unavoidable in order to use financial products and services, their closure has been linked to an increase in financial exclusion. Despite the development of Internet and telephone banking, people who have been excluded from the financial system are typically the ones who are most unlikely to have exposure to these kinds of facilities.

1.1.5Financial inclusion in Zimbabwe

The majority of people in Zimbabwe today see holding a basic bank account as constituting financial inclusion. This idea has been reinforced by the actions of the majority of financial institutions, who are reluctant to extend other forms of credit to the general public due to a variety of factors, such as high default rates as the economy deteriorates, particularly as a result of the Corona Virus outbreak, and the liquidity crisis, which has rendered many organizations incapable of operating as the level of aggregate demand declines. In terms of financial inclusion, Zimbabwe is currently falling behind. The percentage of the populace using formal financial services increased significantly from 38% to 69% in 2014, according to the FinScope Consumer Survey (2014).A five-year National Financial Inclusion Strategy (NFIS 1), which was launched in 2016 and is currently in its second phase (NFIS 2), has been implemented by the Reserve Bank of Zimbabwe to quicken the pace of financial inclusion. The primary goal of the plan is to provide integrated strategic direction, guidance, and oversight for financial inclusion activities by serving as a road map for public and private sector stakeholders to advance financial inclusion in Zimbabwe. The plan is an important step toward attaining financial inclusion that benefits everyone, especially unbanked people, women, young people, and those who are underserved, and contributes to inclusive and sustainable economic growth and development.

1.1.6As at 31 December 2022, the architecture of the baking sector was as shown below: Table

Table 1.0: Architecture of the banking sector

Type of Institution	**Number**
Commercial Banks	13
Building Societies	5
Savings Bank (POSB)	1
Total Banking Institutions	**19**
Other Operational Institutions Under the Supervision of Reserve Bank	
Credit-only-MFIs	179
Deposit-taking MFIs	8

Development Financial Institutions (SMEDCO, IDBZ, & AFC Land & Development Bank)	3
Total Other Institutions	**179**
Total Number of Institutions	**198**

Source: RBZ banking sector report December 2022.

1.1.7Architecture of the microfinance industry as 31 December 2022

Table 1.1: Architecture of the MFI industry

Deposit Taking Microfinance institutions	8
Credit only microfinance institutions	179

Source: RBZ banking sector report December 2022.

Symdunes financial services can be said to be one of the growing microfinance institutions in the country of Zimbabwe. It currently has nine branches situated around the cities, towns and growth points in Zimbabwe which are offering financial services designed for people from all walks of life. Symdunes Financial services (SFS) offers a wide range of products to suit all kinds of people in line with achieving financial inclusion that include business loans, vendor loans, payday loans, civil servants loans, school fees loans and agric-loans.

1.2 Statement of the Problem.

A considerable proportion of the Zimbabwean population continues to live in poverty, needing a variety of measures, including access to financial resources. Microfinance is a recent phenomenon in Zimbabwe, and impoverished people still have limited access to official financial services. To reduce the incidence of poverty in the country, it is vital to pay attention to the operational performance of the present MFIs and to broaden the scope of outreach. A study based on the role of microfinance institutions in promoting financial inclusion in Zimbabwe was inspired by a number of incidents in the country when MFIs failed to be financially sustainable and went bankrupt (during the COVID19). According to Dhliwayo (2014), microfinance plays an essential role in fostering financial inclusion globally by making credit available, assisting in the creation of jobs, and giving excluded groups access to financial services. The Reserve Bank of Zimbabwe has once more observed that small and medium-sized enterprises (SMES) are being squeezed out of the microfinance market in Zimbabwe because consumption lending is currently outpacing funding for the productive sector.

1.3 Research Objectives

Research objectives are goals one set out to attain during the study (Kumar, 2011).These objectives inform the reader of the achievements the study seeks to attain. The objectives of this study are:

1. To evaluate the effectiveness of microfinance in Zimbabwe.

2. To ascertain the level of financial inclusion in Zimbabwe's geographically distant districts.

3. To identify the problems faced by clients in gain access to the services of microfinance

4. To determine the challenges faced by microfinances in trying to provide financial services.

1.4Reasearch Questions

1. Is microfinance (SFS) a viable option for attaining financial inclusion in Zimbabwe?

2. How far can financial inclusion be attained through microfinance in Zimbabwe's geographically distant areas?

3. What are the problems that microfinance institutions confront while offering financial services?

4. How do microfinance institutions remove barriers to financial inclusion?

1.5 Justification of study

To the academia

The study will contribute to the current texts on microfinance and financial inclusion. It will also broaden understanding and serve as a future referral source for related study**.**

To Symdunes financial services.

The findings of this research can provide lessons for SFS, which provides microfinance services, and will aid in strengthening financial service outreach to underserved groups. In addition, the study will seek to influence publics' opinions about microfinance. In Zimbabwe, there is a widespread misperception regarding microfinance organizations, which are viewed as predatory lenders.

Policy makers.

This study will be extremely useful to the oversight bodies in Zimbabwe who are in charge of developing regulations and supervising the operation of microfinance. The research will aid in tailoring the microfinance business to Zimbabwe's economic climate. The research will also aid in determining the efficacy rate of the National Financial Inclusion Strategy in terms of the microfinance business.

1.6. Delimitation of study

This research aims to determine the significance of microfinance in accomplishing financial inclusion in Zimbabwe. The study, however, will be done on Symdunes financial services (SFS) and its clients, making it the sole population sample that represents the whole population. It will not investigate alternative financial solutions designed to promote financial inclusion.

1.7. Limitations of the Study

Access to information

Due to concerns about confidentiality breaches, the majority of microfinance institutions won't be willing to share information with researchers. In order to address this, the researcher will state that the data will be utilized just for study and will not be released to anyone else, as well as relying on publicly available annual reports.

Financial constrains

The researcher will travel to the microfinance institution's branches to interview the personnel who are located in different areas hence it will be costly.

Sampling

The research will be limited since only a sample of microfinance workers, clients and management will be interviewed and given questionnaires in order to collect primary data. To satisfy this constraint and avoid sample mistakes, the student will construct an objective questionnaire and interview procedures for the respondents.

1.8. Definition of key terms

Microfinance

Microfinance is commonly defined as the process of ensuring access to financial services at an affordable cost to vulnerable groups, such as low-income persons (Bhanot, Bapat, & Bera, 2012).

Financial inclusion

The World Bank (2014) defined financial inclusion as the proportion of individuals and firms that use financial services.

Consumptive lending

Lending which predominantly comprises of salary based loans. (The Herald, 20 May 2015)

Financial inclusion

Financial inclusion is defined by the Zimbabwe Financial Inclusion Strategy (2016-2020) as the effective utilization of a broad range of high-quality, reasonably priced, and easily accessible financial services offered in a fair and transparent manner through formal regulated companies.

1.9. Chapter Summary

This chapter emphasized the significance of caring out this research and the present situation of financial inclusion in Zimbabwe. The background of the study, the problem statement, the study's aims, the research questions, its limitations, delimitations, and importance, as well as assumptions and definitions of key terms, were all discussed in this chapter. The study's literature review will be covered in the next chapter.

Chapter 2

Literature review

2.0. Introduction

This chapter reviews various authors' perspectives on the subject under investigation and presents the literature and concepts connected to financial inclusion and microfinance institutions. In order to draw conclusions for the current research, it is important to investigate the effects of microfinance on financial inclusion, the difficulties it faces in delivering financial services, the causes of financial exclusion, and microfinance policies.

2.1. The history of Microfinance

Microfinance has developed as a strategy for economic growth. It alludes to offering financial services to clients with low incomes, such as the impoverished and the self-employed. One effective strategy for battling poverty is microfinance. The various microfinance institutions (MFIs) offer financial products to low-income families and households, which they employ to increase their income, increase their assets, and protect themselves from external shocks (Helms, 2006). Microfinance refers to the development of inclusive financial systems that incorporate specific services intended to meet the needs of the underprivileged as well as include them in the mainstream financial system. As a way to encourage financial inclusion and grow microbusinesses, microfinance has become widely available throughout the developed and developing worlds since the 1970s (Lashley, 2002:46).

Microfinance can be traced back to the Grameen Bank in Bangladesh, which was formed in 1976 by Nobel Prize winner Muhamed Yunus. Yunus pioneered the notion of microcredit, which is the practice of making small loans to people who would not otherwise have access to credit. This was the first time an organized system of microfinance was developed, and it immediately gained hold as a means of promoting economic development in poor countries.

Microfinance has grown all over the world since the Grameen Bank and has become a key factor in the fight against poverty. Microfinance institutions began to appear in several countries throughout the 1990s, providing small loans and other financial services to people who would not have had access to them otherwise. These MFIs frequently collaborate with local governments, non-governmental organizations (NGOs), and international organizations to provide much-needed financial services to those in need.

Microfinance is now a worldwide phenomenon, with over 1500 MFIs operating in over 100 countries. Millions of people who would not otherwise have access to credit, savings, insurance, or other financial services are now able to do so thanks to MFIs. Microfinance has also shown promise in reducing poverty and promoting economic development in emerging countries. It is an ever-changing field with the potential to make a significant difference in the lives of individuals who are financially excluded.

2.2. Financial inclusion

The practice of ensuring that all people and projects have access to a wide range of financial services, such as banking, credit, and insurance, is referred to as financial inclusion (World Bank, 2014).Financial inclusion is a significant policy aim in many countries since it may help to reduce poverty, improve economic development, and maintain financial stability. Financial inclusion may be accomplished through a variety of measures, including expanding access to financial services, providing financial education, as well as encouraging the adoption of digital finance services. Governments, financial institutions, and other stakeholders may all help to promote financial inclusion.

2.3. Reasons behind financial exclusion

Individuals or households that are financially excluded don't have access to financial resources like banking, loans, or insurance. This lack of access can be attributed to a variety of issues, including economic, social, and political concerns (Bouman, 2016).Economic issues may include excessive service costs, a lack of access to physical financial institutions, and a lack of financial understanding. People in rural areas, for example, frequently lack access to banks and other financial services, resulting to greater expenses and reduced financial inclusion (Muller et al, 2017).Additionally, persons with low financial understanding or literacy may be unable to obtain financial services, leading to increased financial exclusion (Dutta and Ghosh, 2017).

Cultural norms and values, prejudice, and lack of trust are examples of social issues. For example, women in many regions of the world are frequently excluded from financial services due to cultural norms and values (Kumar and Patil, 2017).

Government rules and laws that limit access to financial services are examples of political influences. Government banking rules, for example, can make it difficult for individuals in certain nations to obtain financial services (Muller et al, 2017).Furthermore, government regulations may restrict credit availability, resulting to additional financial exclusion (Dutta and Ghosh, 2017).

2.4. Reasons for rural financial exclusion

Rural financial exclusion is defined as individuals and businesses in rural regions not having accessibility to financial resources such as banking and credit (World Bank, 2017). Rural financial exclusion is a global concern that affects both developing and industrialized countries. This may lead to increased disparities between rural and urban areas, as well as between income categories.

• Lack of financial infrastructure, rural communities frequently lack the infrastructure required to access financial services such as banks and ATMs. This lack of infrastructure is a key obstacle to receiving financial services since it inhibits rural individuals' capacity to receive banking services.

- Expensive financial services, offering financial services in rural areas can be costly due to greater operating costs associated with operating in remote locales. This can involve greater transportation, technology, and staff expenditures.
- Low levels of financial knowledge, particularly among rural communities, might further restrict access to financial services.
- Lack of faith in financial institutions, which exists in some rural communities as a result of previous experiences or cultural views. This can make people hesitant to use financial services.
- Low income, particularly in rural regions, can make it difficult for individuals and businesses to receive financial services.

2.4.1. Financial exclusion trends

Recent trends in financial exclusion have been seen an increase in the prevalence of financial exclusion among certain groups of people. This is especially true for those who are low income, elderly or living in rural areas. This has been exacerbated by a range of factors, including the country's current economic crisis and high levels of poverty (Bwanya, 2016).As such the majority of Zimbabweans are unable to access banking services such as savings accounts, loans and insurance products (Kanyemba, 2017).

The financial exclusion trend in Zimbabwe is further compounded by the prevalence of informal banking systems, such as 'stockvels', which are used to save and borrow money among members of local communities (Moyo, 2017). These informal banking systems are often unreliable and lack the necessary safeguards to protect consumers (Kanyemba, 2017). Furthermore, the populace lacks knowledge about finance, which has led to the incidence of financial exclusion (Moyo, 2017).

In response to this crisis, the Zimbabwean government has introduced a range of initiatives to promote financial inclusion such as the introduction of mobile banking services and the establishment of a national financial literacy program (Kanyemba, 2017).However , these measures have had limited success and financial exclusion remains a major concern in the country.

2.6. Challenges faced by rural people in accessing financial services

Rural people frequently confront several barriers to banking services. These include limited access to financial infrastructure and technology, a lack of financial knowledge, and high service charges (Konan, 2010). Poor rural infrastructure, such as insufficient roads and telecommunications, inhibits the availability of banking and financial services (Chakraborty and Sharma, 2013). Furthermore, lack of financial literacy among rural populations is a significant obstacle to receiving financial services (Konan, 2010). Rural customers are frequently uninformed of the products and services available and may be unaware of the repercussions of using them. Furthermore, the cost of services tends to be greater in rural areas due to a lack of competition, thereby limiting access to financial services (Chakraborty and Sharma, 2013).

2.7. Regulatory Issues

Financial inclusion in Zimbabwe is a complex and dynamic process that is subject to a variety of regulatory issues. The country has made some progress in recent years in expanding access to financial services, but much work is yet to be done. The major regulatory issue is the lack of an overarching legal framework for financial inclusion in Zimbabwe. Currently, there is no single law or regulation that governs the provision of financial services in the country. This has created a lack of clarity and consistency in terms of the legal obligations of financial service providers, as well as in terms of consumer protection. This lack of clarity has been a major impediment to financial inclusion in Zimbabwe (Moyo, 2017).

The other major regulatory issue is lack of consumer protection legislation. Currently, there is no comprehensive consumer protection legislation in place, meaning that consumers are not adequately protected from predatory practices. This has been a major factor in Zimbabwe's limited financial inclusion, as people are unwilling to use financial services if they are not adequately protected (Moyo, 2017).

Moreover, lack of appropriate financial infrastructure. Currently, there is lack of basic infrastructure such as ATMs, point of sale terminals and mobile banking services which are essential for financial inclusion. This lack of infrastructure has been a major factor in Zimbabwe’s limited financial inclusion, as it has made it difficult for people to access and use financial services (Moyo, 2017).

2.8Theoretical Framework

2.8.1The Accessibility theory

The theory posits that financial services should be made available to all individuals, regardless of their income level, gender or demographic characteristics (Morduch, 1999). This theory emphasizes the need to make financial services more accessible to individuals who are otherwise excluded from the formal system.

2.8.2The Behavioral Theory

Individuals' financial habits, according to the idea, may be modified by providing them with proper financial instruction and accessibility to financial services (Selim and Sarma, 2014). This theory seeks to understand how certain behaviors such as saving and borrowing and influenced by the availability of financial services and how individuals can be encouraged to use those services.

2.8.3The social inclusion theory

This theory contends that financial inclusion is an important part of social inclusion, as access to financial services can help individuals overcome barriers to economic participation (Alderman el, 2012). This theory emphasizes the need to ensure that all individuals have access to financial products in order to promote economic equality and reduce poverty.

2.8.4The market expansion theory

This theory argues that financial inclusion can lead to increased can lead to increased economic activity and growth in the formal financial sector (Rajan, 2005). This theory suggests that increased access to financial services can lead to increased demand for those services, which in turn can lead to greater economic growth.

2.8.5 The financial inclusion and development theory

This theory suggests that financial inclusion can lead to economic development by providing individuals with access to financial services and credit (Bhattacharya et al, 2017). This theory suggests that financial inclusion can lead to improved economic outcomes, such as increased income and employment, which can in turn lead to overall economic development.

2.9. Empirical Evidence

The empirical review is concerned with various academic research that are linked to the issue under consideration that pertains to microfinance in financial inclusion. Some nations have conducted research on the subject under discussion, with a variety of results.

2.9.1Ogechi et al (2019): The impact of microfinance in promoting financial inclusion in Nigeria

Ogechi et al. (2017) performed research in Nigeria to investigate the role of microfinance in increasing financial inclusion in Zimbabwe. Another purpose of the research was to see if microfinance facilitated financial inclusion in Nigeria. Ogechi et al. (2017) executed their study primarily using secondary data, as they only used annual data from the Central Bank of Nigeria statistical bulletin on total commercial bank loans and advances, the number of microfinance institutions in Nigeria, GDP, and lending rates. They concluded that microfinance and financial inclusion are interrelated by a series of long-run relationships, and that microfinance has a positive and significant long-term impact on the level of financial inclusion, but a beneficial yet insignificant short-run impact on financial inclusion. According to the report, interest rates and microfinance are important drivers of financial inclusion in Nigeria. They also observed that effective microfinance drivers are required to increase financial inclusion.

2.9.2Emeka (2015). The impact of MFI in promoting financial inclusion in Nigeria.

Emeka (2015) was inspired by the large number of rural residents who remained unbanked despite efforts by the Nigerian Central Bank to urge banks and other financial institutions to expand their financial services to the destitute in rural areas. The study attempted to investigate the effect of microfinance in Nigeria, as well as to establish if advances as well as loans acquired from microfinance businesses in Nigeria enhanced the living conditions of the working poor and those living in rural areas. Other objectives included assessing whether there was a rise in deposits made by the economically disadvantaged poor, whether job opportunities were developed, and whether productivity increased as a result of access to inexpensive and diverse financial services provided by microfinance banks in Nigeria. Emeka (2015) discovered that MFIs helped considerably to the promotion of financial inclusion in Nigeria, as well as that the rates of interest imposed by microfinance institutions on advances have an adverse and minor connection with rural clients in the nation, and so the government and other governing bodies must regulate and monitor the interest rates imposed by microfinance institutions in the country.

2.9.3Shankar (2013), financial inclusion in India: do microfinance institutions address access barriers?

Shankar (2013) explored if microfinance organizations in India properly remove barriers to financial service access. The research intended to ascertain if MFIs in India sufficiently handled both the supply and demand sides of financial inclusion, as well as the geographical spread of MFIs in India. Shankar's research relies on primary sources of data in the form of interviews. In order to investigate why MFI services were unavailable in other economically active underprivileged areas of India, 103 field workers were employed and interviewed. According to the interviews, most of the customers were interested in using MFI financial services but were unable to do so due to a lack of proper documentation, others had no economic activities, and others failed to attend weekly group meetings, resulting in their inability to access MFI financial services. Shankar observed in his research that MFIs handle both demand and supply side restrictions.

2.9.4Mohamed (2015) conducted research on the challenges that Mogadishu's microfinance institutions face in addressing poverty. The study's purpose consisted of looking into the role played by microfinance institutions in poverty alleviation as well as the challenges that MFIs confront in Mogadishu. The survey research strategy and primary data gathering methods were used by the researcher. SPSS was used to evaluate the data collected through questionnaires. The study revealed that MFIs had a positive impact on poverty reduction among the unfortunate. As problems for MFIs, inadequate donor funds, insufficient government aid, weak regulation, and consumers' lack of understanding of the phrase and concept of microfinance were noted. The study also showed that strategic strategies targeted at developing and enhancing the microfinance industry were required.

2.9.5 Nasir (2013) conducted study on the issues that microfinance encounters. The study's title was "Microfinance in India: Contemporary Issues and Challenges." Nasir (2013) attempted to provide an overview of the current difficulties and issues affecting MFIs in India. Nasir (2013) observed an imbalance in the functioning of MFIs in India since MFIs lacked product variety, held the greatest rates of interest, and placed less attention on business lending. Microfinance problems were uncovered, prompting Indian MFIs to disregard the fundamental aims of microfinance organizations. Nasir (2013) then urged the government to establish a separate regulatory framework to regulate the operations of microfinance institutions in India. This would ensure the standard of microfinance institutions, which would subsequently allow effective consumer training (service awareness), assuring the delivery of essential services in rural India.

2.9.6 Mutambanadzo et al. (2013) conducted research to investigate the challenges that Zimbabwean microfinance has in delivering services to the poor and informal sector in a dollarized economy. The study aimed to uncover MFI concerns as well as financing sources. Mutambanadzo et al. (2013) conducted their investigation using a survey research technique and primary data. Top executives and managers from 17 licensed MFIs in Bulawayo were questioned and given a questionnaire. The study revealed that financial concerns, insufficient use of management information systems (MIS), and insufficient governance structures were important challenges for microfinance companies in Zimbabwe. The biggest problem influencing MFIs in delivering products to those who are poor and informal economy, according to the study's results, is a lack of funds. Mutambanadzo et al. (2013) called for MFIs to be effectively regulated in order for them to have suitable systems of governance that allow them to attract capital.

2.9.7Kenubeh (2015) performed research on the challenges encountered by Ethiopian microfinance authorities. The study's goals were to identify and highlight significant challenges that administrators of Ethiopian microfinance institutions face. Kenubeh (2015) used a questionnaire study method for primary research. Questionnaires were used to collect primary data, and descriptive statistical techniques were used to evaluate the results. The study revealed that MFIs' problems emanated from both within the organization framework and from the sector's clients. The research also showed that strategic strategies targeted at developing and enhancing the microfinance industry were required.

2.9.0Research gap

There was formerly no substantial investigation examining microfinance's impact to financial inclusion. According to Cull et al (2009:8), while there are differing perspectives on the opportunities and restrictions of microfinance, there are areas of agreement, notably on the need for financial services that may assist a significant percentage of people who do not have access to banks. This underscores the importance of microfinance institutions in promoting financial inclusion, especially in environments where a substantial portion of the populace is neglected. Because providing financial services on an episodic basis does not represent financial inclusion, the possibility of microfinance for financial inclusion must be examined further. As a result, financial inclusion is defined in this research as ongoing access to a wide range of financial services at a reasonable and convenient cost.

This implies that microfinance providers must consistently provide specified sorts of services, such as savings, and that this aspect must be investigated.

2.9.1Chapter Summary

The literature review served as an excellent foundation for carrying out contextual analysis. It aided in bringing to light the study problem provided in Chapter 1. The subsequent chapter will go through the research approach that was employed to carry out the study.

Chapter Three

Research Methodology

3.0. Introduction

The scope of the study was restricted to Symdunes Financial Services in Zimbabwe, namely Chivhu town. This chapter will focus on the data collection methods. There are two types of data collection: qualitative and quantitative. The chapter will describe the data sources to be used in the study, the sampling criteria, the research tools, and the data collection technique.

3.1. Research design

A research design is a structure that guides data collecting and analysis (Creswell, J. W., 2014). Bryman and Bell (2015) define research design as a strategy for answering a research topic. It comprises the research technique and procedures. It involves both quantitative and qualitative methodologies and may include surveys, interviews, focus groups, experiments, or a mix of the methods. A research design should also describe the criteria for assessing the validity and reliability of the study's conclusions, as well as the tactics for conveying the findings (Bryman and Bell, 2015). When planning a research study, it is critical to consider the research design. Oppenheim (2012) identified four types of research designs which are descriptive, explanatory, conclusive and casual study designs.

The researcher employed a case study research design for this investigation. According to (Pandey and Pandey, 2015), a case study research design is one that works with occurrences that may be unknown. Depending on the type of content, this research design can be both quantitative and qualitative. According to Best and Khan (1993), the case study research approach, while considered qualitative, is also used in quantitative research. As a result, a case can be a group, a person, a neighborhood, an incident, an aspect of a population, a town, or a city, hence, for a research project to be deemed a case study, the entire population must be viewed as a single entity.

A case study research design in the microfinance sector under examination helps the researcher to obtain more data needed for the aim of the study in line with the major activities of the organization. The case in its particular complexity is the focus of the research in a case study approach, rather than the entire population of instances. As a result, while analyzing the role of microfinance in achieving financial inclusion, a case study research methodology is the perfect technique in researching regions where little is known about a specific topic or when you want to gain a general understanding of the microfinance industry.

3.2. Target Population and sampling

Castillo (2009) defines population as a well-defined collection of or items recognized to share comparable features. A population is the sum of all components, issues, or individuals that have one or more common characteristics. Due to time and financial constraints, it is impossible to investigate the complete population, hence a sample size must be taken from the targeted group to give the requisite results. Employees, potential clients, and clients of Symdunes financial services are the study's target group. The study was carried out in 9 branches of the company, with the intended sample of thirty workers, including fifteen from management and fifteen credit officers, and an average of thirty clients each branch. Sounders et al. (2011) define a sample as "a compilation of all instances in the target population from which a sample is gathered." A sample is a listing that categorizes all parts of the population so that an estimate may be drawn without having to analyze every single one of the population's components.

3.3Sample Population

A case study method was employed to obtain data for the study. The case study centered on a registered microfinance institution, Symdunes Financial Services, one of Zimbabwe's growing microfinance firms. Within Symdunes financial services, the research primarily targeted 15 top management staff, 15 credit officers, 20 prospective marginalized clients, and 40 clients. The population chosen for the research is shown in Table 3.1 below.

Category	Target Population	Sample size
Senior management	15	10
Credit officers	15	10
Clients	270	30
Marginalizes potential clients	20	15

Table 3.1 Total population

Source: Primary data

3.4. Sampling Techniques

Stratified sampling

Stratified sampling is employed when the population is separated into different segments that are of interest. Strata are formed to guarantee that each category has been included in the group being studied, and an assortment is selected from each stratum. Stratified sampling was adopted in this study since the population of interest is made up of microfinance employees, microfinance consumers, and prospective customers.

3.5 Sources of data

The research will employ primary as well as secondary sources of data to obtain complete study data.

3.6Primary data

Primary data is information gathered and analyzed by researchers through interviews, surveys, questionnaires, and observations (Craig, 2011).Data collection methods also include focus groups and questionnaires. For this study, questionnaires and interviews will be employed. The reliability of data acquired using this method is credible since the data is obtained directly from the target population and issues related to data quality are monitored. However, it takes more time and money to complete.

3.7Secondary data

This data was previously collected and analyzed and is now available from other sources. Secondary data can be found in library textbooks, electronic journals, and on the internet. The study will also make use of monetary policy announcements, RBZ publications, and newspaper stories. Secondary data is abundant, allowing for in-depth data analysis. It also saves time and money because data collection in recorded form is easier. However, there is no control over the quality of data because certain data sources have restricted access due to confidentiality.

3.8.0Data collection instruments

3.8.1. Interviews

Interviews are a quantitative data gathering strategy that entails asking person's questions in order to get insights into their experiences, perspectives, and opinions (Kreuger and Casey, 2000). Godfed (2019) describes interviews as an extended dialogue between partners that tries to obtain in-depth knowledge about a specific topic or subject, and through which a phenomenon can be analyzed in terms of the meanings interviews bring to it. The researcher employ a semi-structured interview, which is a more flexible variation of the structured interview since it provides for greater depth by giving the interviewer the chance to explore and expand on the interviewee's comments. The interviews will be made in form of oral questioning the respondents either individually or as a group. They can be contacted face to face or over the telephone. The interview approach was used because it permits higher degree of confidence in the respondents. According to Godfed (2019), the problem with interviews is that what people say in interview would indeed be shaped to some degree by the questions they had been asked, the conventions about what can be spoken about, by what time they think the interviewer wants, by what they believe he/she would approve or disapprove of hence as a result interviewees would only give what they are prepared to reveal about their perceptions of events and opinions. These perceptions, however might be subjective and therefore change over time according to circumstances.

3.8.2. Document Analysis

Document analysis is a quantitative data gathering strategy that involves reviewing existing documents such as reports, policies, or other written materials to get insights into a topic or issue (Kreuger and Casey, 2000).

3.8.3Questionnaires

A questionnaire is made up of a series of questions that are printed or typed in a specific order on a form or set of forms (Kothari, 2004). According to Abawi (2013), a questionnaire is a data collection instrument composed of a sequence of questions and other prompts designed to elicit information from respondents. The questionnaires will be emailed to the respondents, who will be expected to read and comprehend the questions and respond in the spaces provided. The respondents must respond to the questions on their own.

Advantages of using questionnaires

- Questionnaires allow collection of both subjective and objective data in a large sample of the study population in order to obtain results that were statistically significant.
- It is a good tool for protection of the privacy of the selected individuals who will answer the questions.
- Information can be gathered from different people with different opinions.

Disadvantages

- Some correspondents may delay making the research process longer.
- Other respondents may ignore or refuse to co-operation.

3.8.4Ways used to minimize the disadvantages associated with questionnaires

Communicating the true purpose of the questionnaire helped in minimizing the disadvantages associated with questionnaires .For one to have outstanding results using a questionnaire to collect data, simple and clear ways in communicating with respondents should be adopted to enhance cooperation and ensuring that respondents understands the demands of the questionnaires by giving guidelines or help when needed.

3.9Reliability of data collection Instruments

Kumar (2011) defines research instrument reliability as the ability of the research to deliver similar results when utilized repeatedly in similar settings. The accuracy, stability, and predictability of a research instrument are all indicators of its reliability. The researcher will employ pilot testing, in which questionnaires related to the topic of study will be randomly delivered to a few people first, and a few questions from the interview questions will be asked. Peer-to-peer assessments will also be used by the researcher. According to Marion (2007), the peer-review process is essential to scholarly research. It is a procedure that involves putting research techniques and findings to the scrutiny of people who are experts in the field; the process is intended to prevent the distribution of irrelevant findings. To ensure validity and reliability, the study will also be scrutinized by the project supervisor.

3.9.1Ethical Considerations

According to Picardi et al. (2014), ethics is a subject that incorporates human behavior as well as the motivations and decisions that influence one's conduct. Respect for the privacy of participants and the confidentiality of data provided by persons are examples of ethical dilemmas. According to Arifin (2018), ethical considerations include things like properly telling respondents about the goal of the study, keeping their responses private, and keeping their names anonymous. To protect anonymity and secrecy, pseudonyms will be utilized. In this study, the researcher will ensure that the information submitted by correspondents is only used for academic purposes.

3.9.2 Chapter Summary

This chapter looked at research paradigms. The chapter also discussed the research approach that was employed for the study, which include both quantitative and qualitative approaches. The research design was also outlined. Furthermore, the chapter summarizes how the data was obtained, the instruments to utilize for data collection, and the validity of the instruments. The chapter also discussed ethical factors taken into account when carrying out the research. The following chapter will look at data presentation, analysis, and discussion.

Chapter Four

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0. Introduction

It should be noted that the purpose of this study is to investigate the role of microfinance institutions in achieving financial inclusion in Zimbabwe, with Symdunes financial services serving as a case study; thus, this chapter seeks to analyze and evaluate research findings from questionnaires and interviews conducted by the author of the study in accordance with the research objectives stated in chapter one. The researcher utilized bar graphs, pie charts, and tables to illustrate data on the relevance of microfinance in attaining financial inclusion in Zimbabwe. The questionnaire and interview data was analyzed with IBM SPSS Statistics software and Microsoft Excel.

4.1.1Response rate

The response rate, according to Zikmund (2003), is the sum of the number of those who completed the questionnaires and interviews. The response rate compares the number of completed surveys to the number of disseminated questionnaires. The sample population consisted of 10 Symdunes financial services personnel, 15 marginalized potential clients, and 30 Symdunes financial services clients. The response rate is shown in Table 4.1 below.

4.1.2Questionnaire response rate

The researcher used questionnaires to collect primary data. Fifty five surveys were issued to the targeted respondents which included 10 employees, 15 potential marginalized clients, thirty clients within Symdunes financial services. The response rate to the questionnaires distributed is presented on table 4.1 below.

4.1.3Analysis of questionnaires response rate

	Questionnaire distributed	Questionnaire respondents	Response rate percentage
Employees	10	9	90
Marginalized potential clients	15	14	93
Symdunes clients	30	30	100
Total	55	53	96

Table 4.2

Source Primary data

In accordance with the table above, 55 questionnaires were distributed to a selected sample of Symdunes personnel, marginalized potential clients, and Symdunes clients. The highest response rate ever recorded was 100%. Of the 55 surveys issued, 53 were completed successfully, generating a 96% response rate. According to Jackson (2011), a response rate of 70% or more denotes a satisfactory response rate from surveys. The substantial number of responses can be attributed to the nature of the questions posed, which shielded sensitive information such as respondents' identities.

Table 4.3: Interview response rate

Respondents	Interviews scheduled	Interviews conducted	Response rate
Symdunes employees	10	10	100%

Ten interviews with managers were arranged based on the interviews that were performed. The interviews had a high success rate because the purposes of the interviews were clearly communicated with a strong focus on secrecy, and the researcher scheduled appointments to conduct the interviews. The researcher solely questioned managers because they were the only ones who had access to the company's information.

4.3.1Data presentation and analysis

This segment presents the questionnaire scrutiny of the data gathered by the researcher. The researcher provided the demographic data gathered from the study on the impact of microfinance on financial inclusion.

4.3.2Gender and Respondents

This segment provides the percentage of males and females who returned the questionnaires. From Table 4.1 above, of the 55 surveys administered 53 were retuned for microfinance employees it exhibited that 3 were females and 6 were males, on the clients within Symdunes financial services it showed that 12 were females and 18 were males and on the marginalized potential clients 6 were females and 8 males. From the statistics derived, it showed that males contributed 60% and 40% were answered by women.

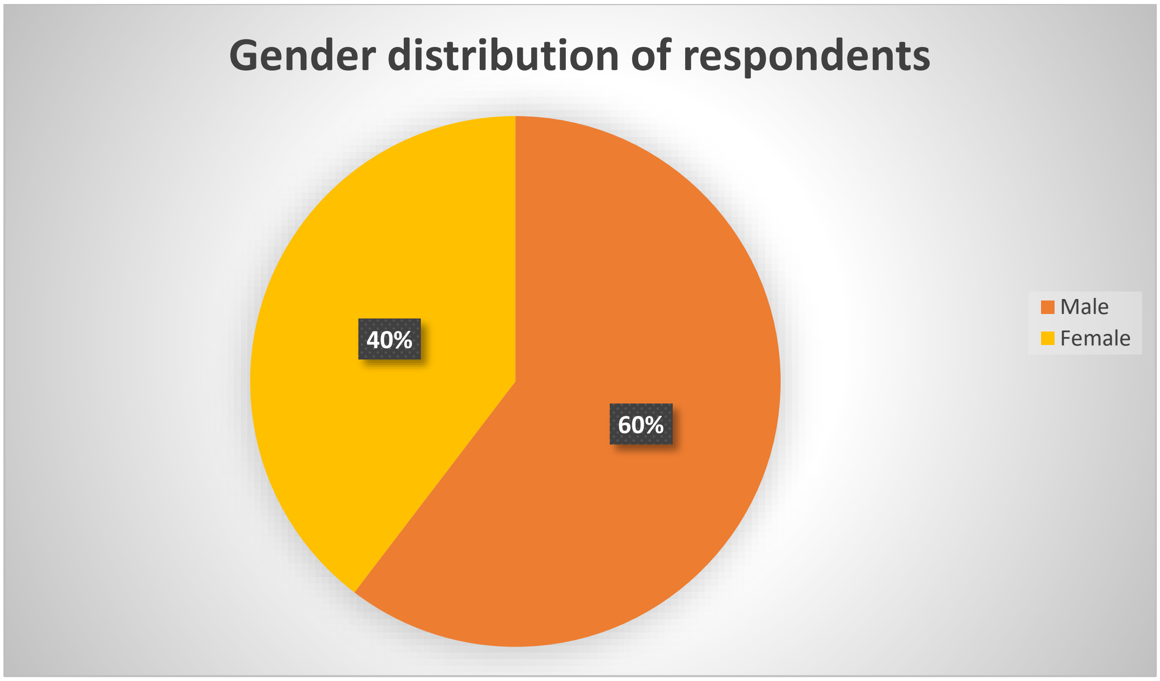


Figure 1.1 Gender distribution of respondents

Source: primary data

The findings indicated that males outnumber females in microfinance programs, implying that women are financially excluded from microfinance, although accounting for 40% of the population. Females constitute the bulk of the Zimbabwean population, according to the NFIS 1 (2016-2020), however they are financially hindered from accessing financial services. As a result, the researcher's findings support the NFSIS 1 (2016-2020) viewpoint. The supremacy of males implies that since men are the heads of the family, they borrow on behalf of their families hence women find no need to access microloans. Also most women of the population are unemployed hence they are not able to access financial services. The result also indicated that Symdunes financial services is dominated by males since the majority of its employees were males.

4.3.4Age of respondents

The analysis of age distribution was done using the age ranges between 18-30 years, 31-40 years, 41-50 years and those above 50 years.

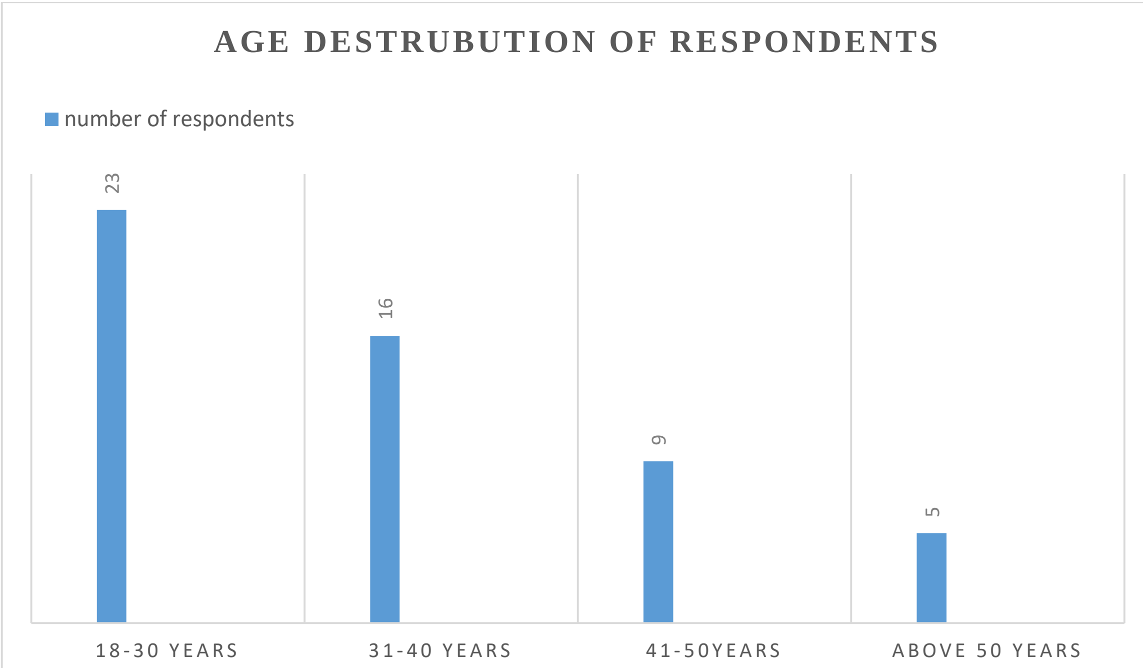


Figure 4.2 Age distribution of respondents

Source: primary data

The age spectrum of 18 to 30 years has the highest percentage of respondents (23), indicating that this is the most active age group. 16 respondents are in the 31 to 40 year age range, 9 are in the 41 to 50 year age range, and 5 are beyond the age of 50. According to these findings, people between the ages of 18 and 30 are the most active in using microfinance services. The results also demonstrate that those over 50, who are considered to be elderly, are financially unable to obtain financial services. The risk-takers in the active category are the ones who use microfinance services most frequently.

4.3.4Period of employment

The study also aimed to determine how long the respondents had worked for the microfinance organization. Reviewing the length of employment will help determine how much experience the chosen sample has in the microfinance sector. According to the data, 22.2% of respondents had less than one year of job experience, 22.2% had between one and two years of work experience, 22.2% had between three and five years of work experience, and 33.3% had over five years of work experience. From the findings by the researcher it shows that microfinance institution engage in hiring and firing since most of their employees have less than five years of work experience which might be one of the factors contributing to financial exclusion since employees are always changing hence this might slow down the process of achieving financial inclusion. Summary of the findings to the employment period are shown in Table 4.2.1 below.

Period of employment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 year	2	22.2	22.2	22.2
	1-2 years	2	22.2	22.2	44.4
	3-5 years	2	22.2	22.2	66.7
	above 5 years	3	33.3	33.3	100.0
	Total	9	100.0	100.0	

Table4.2.1 Period of employment

Source Primary data

4.3.5Level of education

The educational level was gathered to determine the intellectual capability and aptitude of Symdunes financial services staff in carrying out their tasks. It was discovered that 70% of Symdunes personnel have a bachelor's degree, 10% have a diploma, and 10% have a postgraduate degree. These findings demonstrated that SFS staff are academically competent in providing precise and reliable information about the role of microfinance in attaining financial inclusion in Zimbabwe. The degree of education is summed up in Figure 4.4 below.

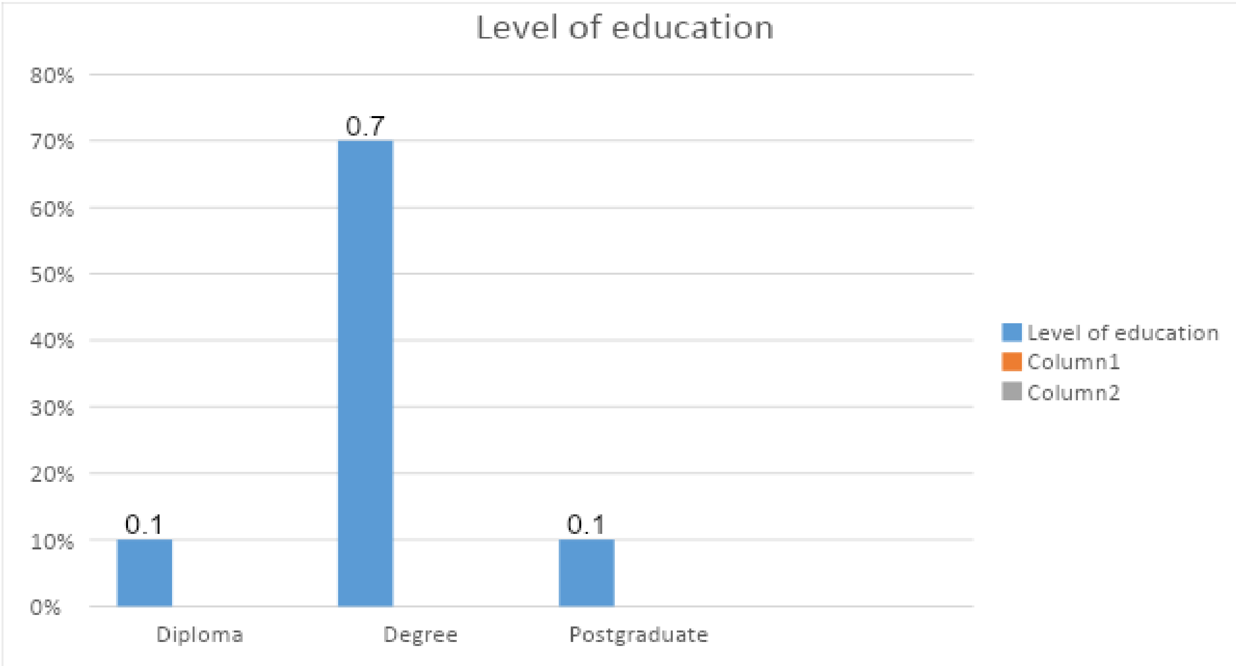


Figure 4.4 Level of Education

Source Primary data

4.4.0 Nature of Microfinance clients

Four of the nine Symdunes branches serve urban consumers, while the remaining six serve semi-urban clientele. There were no branches in remote regions to service rural customers. In urban areas, microfinance institutions remain dominant (Industry study, 2015). Symdunes only benefit individuals who live in semi-urban, urban, or accessible isolated places. Rural populations are increasingly financially excluded. The interview findings are provided in Table 4.4.1 below.

Nature of clients

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Urban	4	40.0	40.0	40.0
	Semi-urban	6	60.0	60.0	100.0

	Total	10	100.0	100.0	

Table 4.4.1 Nature of clients

Source primary data

Microfinance institutions are hesitant to create branches in remote locations such as rural areas since the majority of rural Zimbabweans lack a source of income or economic activity in which to invest their loans. As a result, they are regarded as high-risk consumers since they may fail to repay the principal and interest levied by microfinance firms. Other reasons for the lack of MFIs in rural regions include the expenses of establishing branches, including as infrastructure construction, education costs for remote clients, and personnel deployment costs to rural areas.

4.4.1 Impact of microfinance in promoting financial inclusion in Zimbabwe

The researcher asked respondents their level of agreement on these acts that affected access to financial services in Zimbabwe to analyze the role of microfinance in encouraging financial inclusion in Zimbabwe. The initiatives highlighted were financial literacy, the provision of low-cost financial services, regional coverage, collateral security flexibility, and financial service awareness. The results are shown below.

4.5.1Microfinance Institutions provision of financial services at affordable interest rates

. The poll asked respondents about their level of agreement on the concept of microfinance businesses offering low-cost financial services. Table 4.4 summarizes the findings.

Table 4.4 Summary on impact of affordable interest rates on financial inclusion

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very little extent	1	11.1	11.1	11.1

	Large extent	5	55.6	55.6	66.7
	Little extent	3	33.3	33.3	100.0
	Total	9	100.0	100.0	

Table 4.4

Source; Primary data

As shown in the data in Table 4.4 above, 55.6% of respondents strongly agreed that the low interest rates offered by MFIs have a positive impact on financial inclusion in Zimbabwe, 33.3% of respondents agreed to a lesser extent and 11.1% indicated that low interest rates have a very small impact on financial inclusion.

According to the results, Symdunes Financial Services and other microfinance institutions' low interest rates have a positive effect on Zimbabwe's ability to achieve financial inclusion because a majority of respondents 55.6% said that low interest rates play a significant role in financial inclusion. The majority of those who are financially disadvantaged due to high bank interest rates are now able to obtain financial services because to the low interest rates levied by microfinance organizations, which has the effect of financially empowering them.

4.5.2Microfinance geographic coverage and financial inclusion in Zimbabwe

It was also noted that Symdunes Financial Services and other microfinance organizations in Zimbabwe reach out to rural communities. Participants were then asked to rate how much they agreed with the activity's influence on financial inclusion. Figure 4.5 below displays the impact's outcomes.

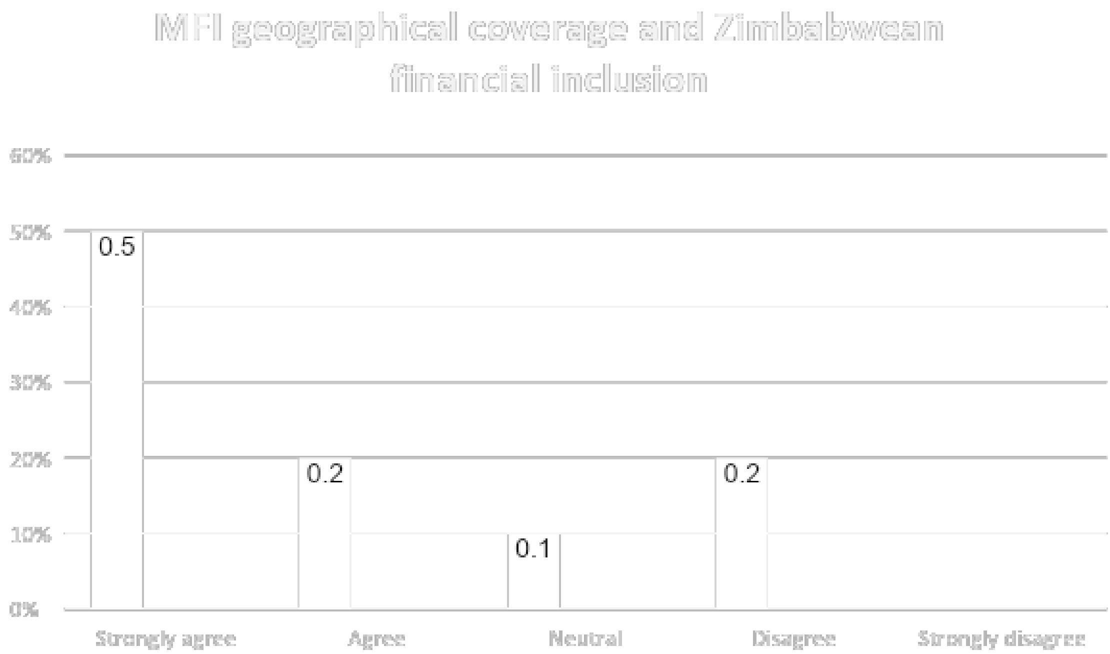


Figure4.5

Source: Primary data

Geographic coverage of MFIs and financial inclusion in Zimbabwe, Figure 4.5

According to figure 4.5 above, more than half of respondents emphasized that financial inclusion in Zimbabwe was significantly and highly impacted by the geographic coverage activity carried out by microfinance institutions. 20% of respondents agreed, 10% were impartial, 50% strongly agreed, and 20% disagreed.

The findings of this study demonstrate that the microfinance institution under investigation's initiative to build branches in rural regions has a large and considerable influence on the degree of financial inclusion in Zimbabwe. By opening branches in various locations, microfinance organizations are able to eliminate geographic obstacles that prevent rural residents from easily accessing low-cost financial services.

4.6Microfinance service awareness and financial inclusion in Zimbabwe

Additionally, the respondents were surveyed on how they felt about the Zimbabwean microlending industry's promotion of financial literacy. According to the majority of respondents, financial inclusion in Zimbabwe has been significantly affected by financial awareness. With regard to the activity's influence on financial inclusion, 44.4% of the participants agreed to a great extent, while the remaining 44.4% agreed to a large extent. Only 11.1% of people disagreed with this opinion. Table 4.6 following provides a summary of the study's conclusions.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	large extent	4	44.4	44.4	44.4
	little extent	4	44.4	44.4	88.9
	very little extent	1	11.1	11.1	100.0
	Total	9	100.0	100.0	

Table 4.6 microfinance service awareness and financial inclusion

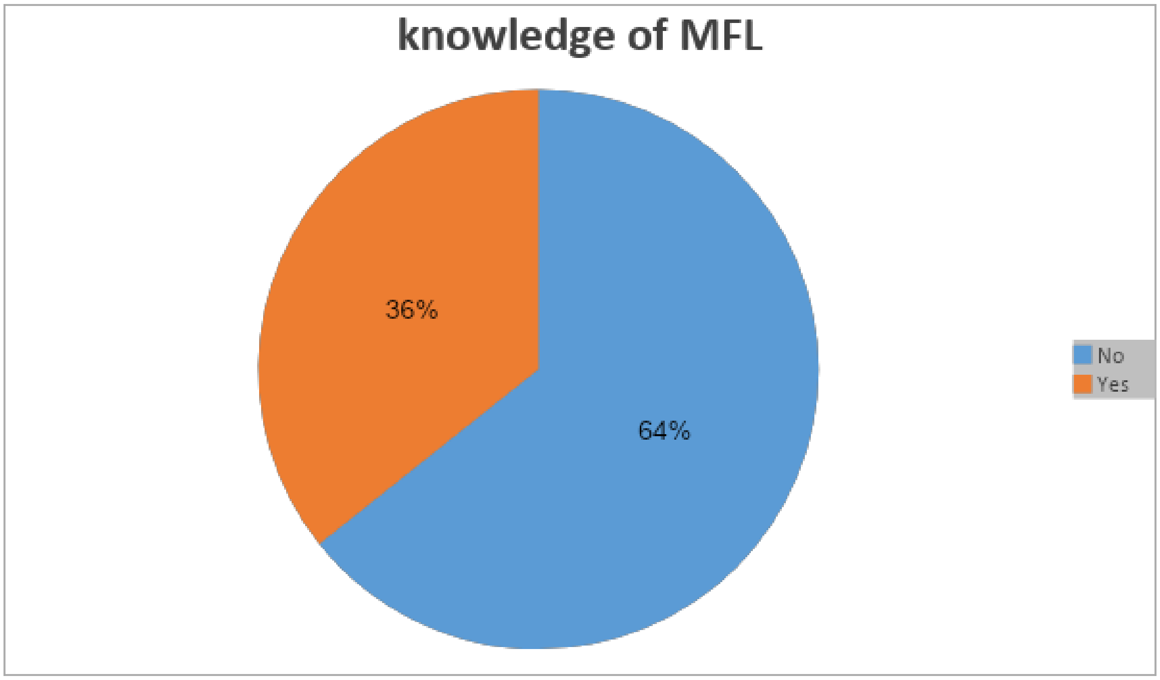
Source: primary data

According to the study's results from the table above, financial inclusion has a favorable relationship with financial service awareness since it was mentioned the most frequently. Most of the financially excluded are made aware of the availability of financial help at reasonable rates thanks to Symdunes Financial Services' marketing of financial services through advertising and education on the uses of loans.

4.7Knowledge of MFIs

When asked if they were aware of any microfinance institutions in their surroundings, (64%) respondents said no, while (36%) said they were aware of at least one. This finding demonstrates that the majority of individuals are ignorant of MFIs. Therefore, it is necessary to inform the people of Zimbabwe about the existence and social significance of MFIs. The results are shown in Figure 4.7.

Figure 4.7 Knowledge of Microfinance institutions



Source: Primary data

4.7.1The number of respondents who have tried to access microfinance services

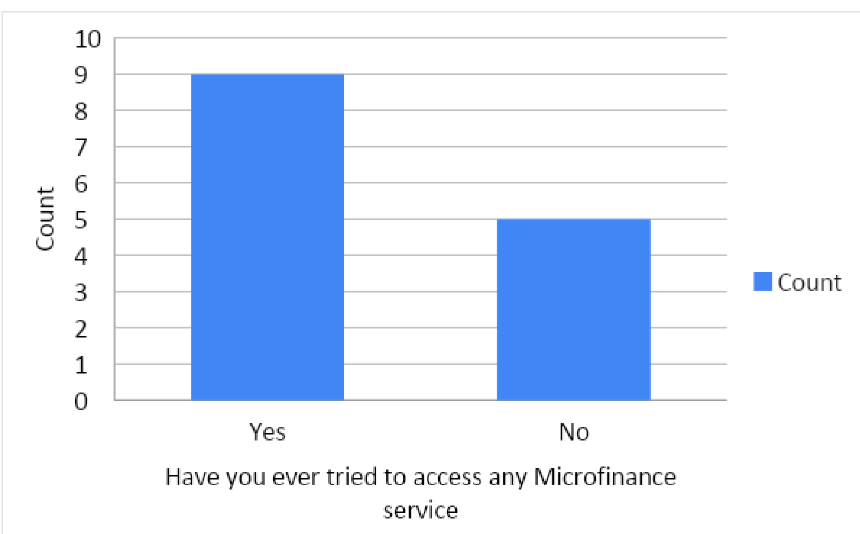


Figure4.7.1Access to MFIs by the financially excluded

Source: Primary data

Nine of the fourteen participants who completed the survey and provided feedback have attempted to get financial services, while five have not. The aforementioned graph shows that the majority of Zimbabwe's economically excluded people require financial aid and lists a number of obstacles stopping them from doing so. The remaining five respondents said that their own anxieties had prevented them from attempting to acquire financial services. Financial services are desperately needed by a larger portion of the financially excluded population.

4.7.2Challenges faced by microfinance in trying to provide financial services

Participants were asked to rate their agreement with each challenge in order to assess the success of microfinance organizations in fostering financial inclusion, which was a second goal of the study. The results are outlined below.

4.7.3Lack of funding

The main issue identified in the surveys given to microfinance staff was a lack of funds. 11.1% of respondents and 66.6% of respondents strongly agreed that finding funds was a problem for most microfinance organizations. The findings are consistent with the NFIS 1 of 2016 to 2020, which indicates that microfinance institutions require sufficient liquidity in order to offer financing for individuals who are unable to get money from banks. Lack of funds was also mentioned by Mutambanadzo (2013) as the main issue microfinance was experiencing. In his research, Dahir (2015) expressed the opinion that one of the difficulties confronting microfinance is a lack of sufficient equity capital to enhance loanable funds. The results are displayed below.

Lack of funding

	Frequency	Percent	Valid Percent	Cumulative Percent

Valid	Strongly disagree	1	11.1	11.1	11.1
	disagree	1	11.1	11.1	22.2
	agree	1	11.1	11.1	33.3
	strongly agree	6	66.7	66.7	100.0
	Total	9	100.0	100.0	

Table4.7.3

Source primary data

4.7.4Non-performing loans

The study's results also revealed that 55.5% of respondents thought that non-performing loans, which are those where clients defer or do not totally repay, were a problem for microfinance. Non-performing loans are a difficulty for microfinance organizations as they work to achieve financial inclusion, yet 33.3% of respondents disagreed with this statement, and the remaining 11.1% were neutral. According to Mutambanadzo (2013), who concurs with the researcher, non-performing loans pose a problem for microfinance since they cause company failure and a lack of loan monitoring. The reason behind the non-performing loans challenge is failure to follow up on loan default by other loan officers, this was highlighted by management in the interviews conducted. Table 4.7.4 gives summary of the responses from questionnaires.

Non-performing loans

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	1	11.1	11.1	11.1
	Disagree	3	33.3	333	44.4
	Agree	5	55.6	55.6	100.0
	Total	9	100.0	100.0	

Table4.7.4

Source primary data.

4.7.6Lack of effective management systems

According to 22.2% of survey participants, there is no issue with microfinance businesses' management practices. Despite the researcher's assurance that the data would only be used for academic purposes, 55.6% of the respondents highly agreed, while 22.2% expressed ambivalence, maybe out of fear that the information would be revealed to their superiors. Respondents suggested that an efficient system capable of handling large transactions be built to alleviate the issue. Since they now rely on manual processes and Excel spreadsheets to conduct transactions, microfinance institutions are having trouble developing an efficient system. The table below provides a summary of the findings.

Lack of effective management system

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	2	22.2	22.2	22.2
	Neutral	2	22.2	22.2	44.4
	Strongly agree	5	55.6	55.6	100.0
	Total	9	100.0	100.0	

Table4.7.6

Source primary data.

4.7.7Competition

Competition was viewed as a big difficulty for microfinance enterprises, with 55.5% agreeing and supporting the idea that it is a challenge.33.3% of those polled were against. According to the respondents, there has been a large influx of new companies into the microfinance industry, which has boosted rivalry, and commercial banks have also been identified as a source of competition. The viewpoint was similar to that of (Santosh, 2018). He emphasized that the microfinance industry in Nepal was subjected to unhealthy competition, which harmed microfinance organizations. The results are summarized in Table 4.7.7.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	1	11.1	11.1	11.1
	Disagree	3	33.3	333	44.4
	Agree	5	55.5	55.5	100.0
	Total	9	100.0	100.0	

Table4.7.7

Source primary data.

4.8.0Demand side barriers to financial inclusion

The study made an effort to evaluate the difficulties customers were having in using microfinance for financial services. Below is a presentation of the challenges' conclusions.

4.8.1Lack of collateral security

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	4	13.3	13.3	13.3
	Agree	19	63.3	63.3	76.7
	Neutral	1	3.3	3.3	80.0
	Disagree	3	10.0	10.0	90.0
	Strongly disagree	3	10.0	10.0	100.0

	Total	30	100.0	100.0	

Table4.8.1

Source: primary data

In the 30 surveys that consumers submitted, the majority of them identified a lack of collateral security as the main obstacle preventing them from obtaining financial services. Based on the data in the table above, 76.7% (23 clients) of the respondents stated that their biggest obstacle to getting loans was a lack of collateral security because microfinance stipulates that the collateral must be worth three times the loan amount the applicant is requesting. As a result, they are unable to achieve this criteria since their assets are insufficient. However 20% of the respondents were not in favor of the assertion. According to Matavire (2013), one of the barriers to getting financial services is a lack of collateral security. Business start-ups have the difficulty of a lack of certainty in obtaining financial support since they have no track record of when the evaluation procedure will be completed. The majority of customers lack assets that may be utilized as collateral for their loans, which is an issue because security is a crucial need for loan applications, according to Mishi et al. (2012).

4.8.2Poor performance of business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	1	3.3	3.3	3.3
	Agree	14	46.7	46.7	50.0
	Neutral	4	13.3	13.3	63.3
	Disagree	10	33.3	33.3	96.7
	Strongly disagree	1	3.3	3.3	100.0
	Total	30	100.0	100.0	

Table4.8.2

Source primary data

The other major challenge faced by clients from the private sector is that of poor performance of business which 50% of the clients agreed to. 36.6% were not in agreement with this view. This indicates that small businesses and vendors were being limited by poor performance of their businesses which would make it difficult in the repayment of the loan amount and interest. Good performance would mean the ability to repay the loan and interest. Therefore if business' performance is poor then microfinance will not offer loan due to fear of default risk.

4.8.3Complicated loan application process

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	15	50.0	50.0	50.0
	Disagree	6	20.0	20.0	70.0
	Neutral	6	20.0	20.0	90.0
	Strongly agree	2	6.7	6.7	96.7
	Agree	1	3.3	3.3	100.0
	Total	**30**	**100.0**	**100.0**	

Table4.8.3

Primary data

The majority of the clients did not agree to the notion that the loan application process by Symdunes financial services is complicated since 70% of the respondents were not in agreement. This was due to the fact that the requirements needed for loan application and the paperwork filled is easy and clear to do hence this factor has a negative relationship with access to microfinance services. 10% agreed that they faced complications in the application process.

4.8.4High interest rates

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	6	20.0	20.0	20.0
	Agree	15	50.0	50.0	70.0
	Neutral	2	6.7	6.7	76.7
	Disagree	6	20.0	20.0	96.7
	Strongly disagree	1	3.3	3.3	100.0
	Total	30	100.0	100.0	

Table 4.8.4

Source primary data

According to Table 4.8.4, 70% of respondents believed that high interest rates were a barrier to getting financial services. Because of non-performing loans, microfinance organizations can charge higher interest rates to compensate for individuals who would have defaulted. The high interest rates are also owing to the Reserve Bank of Zimbabwe's need to charge at least 200% interest on an annual basis. According to Mago and Chitokwindo (2014), financially excluded persons are subjected to exorbitant interest rates levied by informal lenders in the banking sector. However, 23.3% of respondents disagreed, arguing that high interest rates are not a barrier to receiving financial services in Zimbabwe.

4.8.5Failure to find a guarantor

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	7	23.3	23.3	23.3
	Agree	12	40.0	40.0	63.3
	Neutral	6	20.0	20.0	83.3
	Agree	3	10.0	10.0	93.3
	Strongly disagree	2	6.7	6.7	100.0
	Total	30	100.0	100.0	

Table4.8.5

Source primary data

Some respondents also pointed out that failure to find a guarantor has also acted as a barrier for them in accessing financial services as 63.3% of them supported the notion since they will not be having a source of income or economic activity like most of the rural residence thus requiring a guarantor to represent them. 16.7% of them were not in agreement with this view. These barriers are most common in geographically remote areas where individuals will not have any economic activity hence they will be required to get a guarantor who would then apply for the loan on their behalf.

4.8.6 How do microfinance breakdown the barriers to financial inclusion

Many of the respondents to the researcher's interviews and questionnaires identified several ways that microfinance can lower the barriers to financial inclusion, including by offering training services, financial advisory services, and simple access to financial products, as well as by opening more branches in remote areas to lower the distance barriers and also by introducing agents in remote areas. The following graph displays the data:

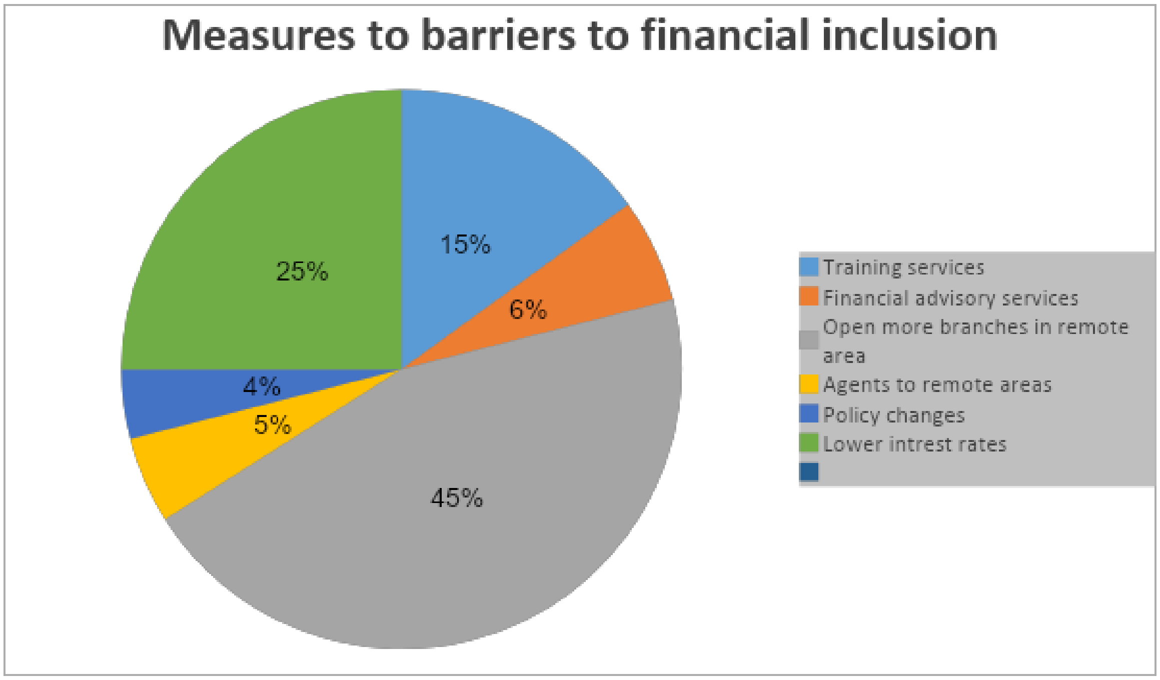


Figure9.1.0Measures to barriers to financial inclusion

Source: Primary data

According to the research, 45% of respondents think that microfinance institutions should establish more locations in isolated areas, such as rural areas, to ease supply-side restrictions on getting financial services over long distances. By constructing new branches, the distribution channels for financial items will be widened.25% asked for interest rates to be lowered so that everyone could afford financial services.15% of respondents suggested that uneducated customers be given financial literacy training by microfinance organizations so they may access financial services. First-time customers should get basic financial education from microfinance organizations. Miru et al. (2017) suggested that in order for people to use the services of financial institutions, there is a need to teach them about financial literacy because the majority of people do not possess it. Since opening new branches may be expensive, 5% suggested that microfinance have agents in outlying areas. This will help to reach the financially excluded in outlying areas such rural villages. Some microfinance initiatives, such Symdunes financial services, which only cater to currently employed government employees, were mentioned by respondents as needing to be changed to include retirees.

4.9Discussion of research findings

The main objective of the study was to assess how microfinance affected financial inclusion in Zimbabwe. By evaluating the effects of microfinance operations in Zimbabwe, the primary objective was to determine the efficacy of MFIs' impact on financial inclusion. The acknowledged actions were the provision of financial services at cheap interest rates, financial service awareness, geographic reach, and adaptability of collateral security.

The study found that the level of financial inclusion is significantly and significantly impacted by microfinance organizations. The actions of microfinance companies and their social standing significantly improved Zimbabweans' access to fundamental financial services. These results are in line with those of Ogechi et al. (2017), who found that microfinance institutions in Nigeria had a positive and substantial long-term impact on financial inclusion.

The study's findings also showed that Zimbabwe's financial inclusion had a significant and positive influence on microfinance institutions' operations of providing financial products at low interest rates. These results are different from those of Emeka (2015), who claimed that the impact of microfinance interest rates on financial inclusion was minimal and negatively impacted consumers.

The researcher also wanted to figure out what obstacles people had accessing financial services. The researcher found that limits were faced by microfinance businesses based on the conclusions of the respondents. The challenges identified were a lack of funding, improper documentation, competition, ineffective management systems, and non-performing loans. The results supported Mutambanadzo's (2013) assertion that a lack of money is the primary issue preventing microfinance firms from serving the poor and unorganized sector.

The study wanted to determine what challenges customers have while attempting to obtain financial services. A lack of collateral security, a difficult loan application process, a lack of a source of income, high interest rates, the inability to find a guarantor, and subpar business performance are some of the factors that respondents found limited clients' access to financial services. Lack of collateral security was identified as the main obstacle to obtaining financial commodities like loans. The data also showed strategies for removing them, including, among other things, the opening of additional offices around the nation, the use of agents to reach outlying areas, and legislative changes.

9.2Chapter summary

This chapter presented the data collected from the respondents as well as the interpretations of the data. Tables, bar graphs and pie chats were used to present the data collected. IBM SPSS statistics software was used to analyze data. The next chapter will focus on summary of the research as well the recommendations for microfinance institutions to better manage the microfinance sector and also the suggestion for future research.

Chapter Five

Summary, conclusions, findings and recommendations

5.0Introduction

The presentation, interpretation, and analysis of data were the main topics of the preceding chapter. An overview of the researcher's study results and conclusions is what this chapter seeks to do. All stakeholders who will be touched by the study are addressed in the chapter's last section with suggestions.

5.1Summary

The goal of the study was to evaluate the contribution of microfinance on financial inclusion in Zimbabwe. The research also aimed to offer advice to microfinance organizations in an effort to promote financial inclusion both nationally and in geographically remote areas. The backdrop of the study and the issue statement were highlighted in the introduction chapter. The chapter included a list of goals. The study's goals were to assess the efficiency of microfinance in Zimbabwe, ascertain the degree of financial inclusion in the country's physically isolated locations, and analyze the viability of using microfinance to maintain financial inclusion in Zimbabwe. There were also presentations on the study's delimitations, limits, and research topics. The literature on microfinance institutions and financial inclusion, as well as evaluations from other writers' perspectives, were provided in Chapter 2. The chapter also emphasized the difficulties in achieving financial inclusion. The third chapter focused on the research technique used and the main and secondary data sources that were used in the study. The tools utilized to acquire the data were questionnaires and interviews. The third chapter also provides an overview of the data sources, sample standards, research tools, and ethical issues. The data collected were evaluated in chapter four. Data was acquired through interviews and questionnaires given to microloan borrowers, employees, and potential clients from underrepresented groups.

5.2Major findings

According to the results of the management and employee interviews conducted with microfinance organizations, Symdunes financial services exclusively cater to urban and semi-urban customers. Because most rural areas lack any economic activity in which to invest the cash, microfinance organizations are reluctant to provide services to the rural population. Rural financial exclusion is a result of failing to comply with conditions for microfinance, such as evidence of residency and guarantor requirements.

The term "financial inclusion" describes the availability of a variety of financial services to everyone, including credit, insurance, and savings remittances. Few microfinance companies provide remittances, insurance, and savings, which are considered to be add-on services to credit and not standalone products. Most microfinance companies simply offer credit. According to an assessment of the research, microfinance companies prioritize their financial success over the social goal of financial inclusion.

The study found that the operations of microfinance and MFIs generally had a significant impact on financial inclusion in Zimbabwe by removing barriers to financial inclusion in geographically remote areas, providing affordable rates, and raising awareness of financial services, while the flexibility of collateral security was found to have a minimal impact on financial inclusion.

Additionally, it was shown that microfinance organizations had difficulties while attempting to offer customers financial services. According to the research, there is a lack of sufficient paperwork, funding, non-performing loans, competitiveness, and an efficient management system. The main issue facing microfinance organizations in their lending operations has been highlighted as a lack of funds.

According to the results of the surveys, microfinance is seen as having a beneficial influence on attaining financial inclusion in Zimbabwe since it has removed certain obstacles to it, such as the exclusion of lending to the informal sector and sellers in the past. This satisfied the study's goal of determining if microfinance was successful in promoting financial inclusion in Zimbabwe.

Additionally, the researcher was interested in learning how microfinance may remove obstacles to financial inclusion. The study discovered that the barriers can be overcome by adding more branches in outlying regions, implementing the agent system in rural areas to expand their reach, and offering financial service awareness and training services to inform the economically disadvantaged about what microfinance is really all about.

5.3Conclusion

The researcher comes to the conclusion that microfinance organizations have helped to advance financial inclusion in Zimbabwe. By removing the obstacles to financial inclusion, microfinance initiatives have given those who are financially excluded access to financial services. The study also came to the conclusion that despite the efforts microfinance institutions (MFIs) make to promote financial inclusion, obstacles still remain that are hindering their success. Additionally, microfinance institutions are removing supply-side obstacles, such as low levels of motivation and financial knowledge, which are obstacles to financial inclusion. This is helping to advance financial inclusion. Since rural regions are where the majority of the financially excluded live, microfinance banks must establish additional branches, particularly in isolated locations like rural districts.

5.4.0 Recommendations to Microfinance Institutions in Zimbabwe

Microfinance institutions are in great demand, which suggests that they are essential to the development of financial inclusion in Zimbabwe. As a result, they must be encouraged to reach out to the country's economically excluded people.

5.4.1Adoption of technology

Since the majority of microfinance institutions still use antiquated methods of credit granting, such as in-person applications for loans, the MFI industry is still technologically behind. This is a waste of time and will cost the rural households money in transportation expenses. Consequently, it is necessary to use technologies that will increase the effectiveness of the microfinance organizations. In this digital age, the technology will also be highly helpful to MFIs since it expands their reach quickly and affordably. The adoption of technology will make services like order finance available to the disadvantaged people. Although this requires large capital to be made possible

5.4.2Diversification

Microfinance organizations only provide credit as a range of goods. Microfinance must thus be creative and diversify their portfolios. As a result, the institutions will be able to provide more goods including insurance, savings, and remittances. This would increase financial inclusion in Zimbabwe by enabling everyone to access basic financial services.

5.4.3Training services

MFIs should implement financial literacy programs that inform their clients about the financial services they offer since some of their clients lack financial literacy and are unable to receive financial services as a consequence. These training programs may take the shape of client-led seminars designed to increase clients' awareness of microfinance services and aid the population's literacy rate. In order to accommodate everyone, these initiatives should also be extended to the geographically disadvantaged areas. As the majority of the public in Zimbabwe does not aware about the financial services provided by MFIs, this would aid in promoting financial inclusion by lowering demand-side obstacles to financial inclusion.

5.5.0Recomentations to Government and policy makers

5.5.1Government financial support

As mentioned above, MFIs actively support financial inclusion in Zimbabwe. However, because of financing issues, it is recommended that the government implement measures to draw in possible investors and donors. Government should implement regulations that are advantageous to investors, and they should also provide infrastructure in physically inaccessible locations to draw investment.

5.5.2Creation of an effective credit bureau

To guarantee that all the data pertaining to borrowers is accurately collected, the government should see to it that an efficient credit bureau is established. A credit bureau is an agent that gathers information on credit scores from various people and provides it to lenders in exchange for a fee. This will guarantee that everyone has access to fundamental financial goods.

5.6Suggestion for further studies

The study used SFS as a case study to examine the role microfinance institutions play in achieving financial inclusion in Zimbabwe. Future studies must pay close attention to the responsibilities performed by the government and policymakers in achieving financial inclusion in Zimbabwe.

5.7Chapter Summary

The study's summary, suggestions, key findings, and conclusion were all included in this chapter.

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APPENDIX1

SYMDUNES FINANCIAL SERVICES

(Registered micro-financier) All correspondences must be addressed to:

63 Chimoio Street CBD
Rusape

Cell: 0712 756 227 Tel: 08644124346
02252051530

E-mail:symdunes@gmail.com

29 April 2023

Dear Courage Munhira

REF: PERMISSION TO CONDUCT RESEARCH

This letter serves to permit you to undergo a research study as per request. We however restrict you from complying confidential information from our branches. Moreover, names of clients shall remain confidential, our lending policy and loan forms shall not leave the office, and you are also not permitted to take photos or photocopy confidential company documents.

This letter shall be your ticket to all our branches.

All the best on your research

Regards

Elliot Njeke

SYMDUNES FINANCIAL SERVICES
CHIVHU BRANCH
2 9 APR 2023
Huge Variety Centre, Main Street, Chivhu
CELL: 0715 834 939/ 054 212 3123
EMAIL: chivhu@symdunes.co.zw

APPENDIX 2

Interview Guide for Microfinance service provider

BINDURA UNIVERSITY OF SCIENCE EDUCATIONUNIVERSITY

FACULTY OF COMMERCE

DEPARTMENT OF BANKING AND FINANCE

Dear respondent

My name is B190758B, a final year student in B.com Honors Degree in Banking and Finance at Bindura University of Science Education. I am carrying out a research on the role of Microfinance Institutions in achieving financial inclusion in Zimbabwe. A case study of Symdunes Financial Services in partial fulfilment of my studies. I will be grateful if you could take some of your valuable time to respond to this questionnaire. All your responses will be treated with confidentiality and will be used for academic purposes only.

You can contact me on 078 4248 599 or email me on crgmunhira@gmail.com for queries and inquires.

Yours faithfully

B190758B

Questions

1) What type of clients do you serve?
2) Which products do you offer?
3) Are there any products that you do not offer that members ask for? If yes, what are the problems preventing their launch?
4) What are the requirements in offering credit to your clients?
5) Which loans do you offer most?
6) Have you ever come across a situation where by a financially excluded person could not access microcredit?
7) If yes, approximately how often do you come across such cases?
8) What are the main reasons for their failure to access microcredit?
9) Are there any measures that you have put in place as an organization in order to accommodate the financially excluded?

APPENDIX 3

Questionnaire for Microfinance Staff

My name is (B190758B), a final year student in B.com Honors Degree in Banking and Finance at Bindura University of Science Education. I am carrying out a research on the role of Microfinance Institutions in achieving financial inclusion. A case study of Symdunes financial services in partial fulfilment of my studies. I will be grateful if you could take some of your valued time to respond to this questionnaire. All your responses will be treated with confidentiality and will be used for academic purposes only.

Name of branch ....

Position held ……………………………………………

Number of clients handled …....................................

1.Indicate your age (tick)

18-30years	31-40years	41-50years	above 50years

2.Gender (tick)

Male	Female

3.Period of employment

Less than 1 year	1-2 years	3-5 years	above 5 years

4.Nature of Clients (tick)

Urban	Semi-urban	Rural

5.What type of clients do you serve?

Informal sector	Formal sector	Both

6. Which products do you offer?

a. Savings b. Insurance c. Credit d. Remittances

7. Are there any products that you do not offer that members ask for? If yes, what are the constraints preventing their launch

....

8.What are the requirements in offering credit to your clients?...

....

9. To complete this part of questionnaire read and then rate each statement according to the following scale

1strongly agree 2 Agree 3 Neutral 4 Disagree 5 Strongly Disagree

Challenge being faced	Strongly Agree	Agree	Disagree	Strongly Disagree	Neutral
Lack of funding					
Non-performing loans					
Lack of effective management system					
Competition					

If there are other challenges please specify them…………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…….

10. To what extent do you think the below activities of your organisation has impacted financial inclusion in Zimbabwe?

MFI activity has an impact on financial inclusion in Zimbabwe. Indicate from the following

Strongly Agree   Agree   Neutral   Disagree   Strongly disagree

Microfinance Activity	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
Provision of financial services at affordable price (interest rates)					
Awareness of financial services to the marginalised population					
Geographical exposure					
Collateral security flexibility					

11. From the feedback that you get from your clients and your own experience, how do you rate your client's feedback on the products and services that you offer?

a. Highly satisfied   b. Satisfied   c. Unsatisfied

12. As a microfinance institution what are the challenges you are facing in trying to provide financial services?

…………………………………………………………………………………………………
…………………………………………………………………………………………………

…………………………………………………………………………………………………
…………………………………………………………………………………………………
………..

13. As in your own opinion , how can the challenges mentioned above be overcome?

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…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
………………

14.What can you suggest can be done by microfinance in order to promote financial inclusion in Zimbabwe?...
....
....
....
....
....
....

APPENDIX 4

Questionnaire for Microfinance Clients

My name is B190758B, a final year student in B.com Honors Degree in Banking and Finance at Bindura University of Science Education. I am carrying out a research on the role of Microfinance Institutions in achieving financial inclusion in Zimbabwe. A case study of Symdunes Financial Services in partial fulfilment of my studies. I will be grateful if you could take some of your valued time to respond to this questionnaire. All your responses will be treated with confidentiality and will be used for academic purposes only.

Please note :Tick your answer

Demographic Information

a.Indicate your age

18-30 years

31-39 years

40-50 years

Above 50 years

b. Indicate your Gender

Male Female

c. Level of education

None Secondary University 1st degree

Primary College Post graduate

Occupation...

Questions

Have you ever applied for a loan? Yes No

1.If yes what was the purpose of the loan. Indicate by ticking.

a. To start a new business
b. To expand a business
c. To purchase assets
d. Other expenses

2.How as a client did you access the loan?

a. With ease
b. Moderate
c. With difficulty

2. How do you view the interest rates?

a. High
b. Medium
c. Low

3.How are the activities of the microfinance satisfying you?

a. Satisfied
b. Neutral
c. Dissatisfied

4.What has been the impact of microfinance in providing financial services to you as a client?

a. Positive impact
b. No impact
c. Negative impact

5.Do you think microfinance institutions are playing a positive role in promoting financial inclusion?

Justify

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
.

6.What are the challenges you are facing in accessing financial services from microfinance institutions?

i. ……………………………………………………………………………………
…..
ii. ……………………………………………………………………………………
…..

iii. …………………………………………………………………………………………
……….

iv. …………………………………………………………………………………………
…………...

v. …………………………………………………………………………………………
…………...

vi. …………………………………………………………………………………………
…………...

vii. …………………………………………………………………………………………
…………...

7.Which financial products do you have access to?

a. Savings
b. Insurance
c. Credit
d. Remittances

8. Are there any products that your MFP is not offering which you might want to access? If yes, please specify....................................... ....

9. Do you access credit as an individual or as a group?

a. Individual b. Group

10.How many microfinance institutions have you dealt with?

1 2 3 4 Above 4

11. What are your suggestions or recommendations to microfinance providers?

i. ....
....

ii. ....
....

iii. ....
....

PLAGIARISM REPORT

Turnitin Originality Report

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