

FACULTY OF COMMERCE
DEPARTMENT OF INTELLIGENCE AND SECURITIES



A project submitted to the Department of Intelligence and Securities, Faculty of Commerce, Bindura University of Science Education, Bindura, Zimbabwe, in partial fulfilment of the requirements of the Bachelor of Commerce (Honours) Degree in Financial Intelligence

BY

Rumbidzai Chipfuya

B1542904

DECEMBER

2019

RELEASE FORM

REGISTRATION NUMBER: B 1542904

DISSETATION TITTLE: Impact of fraud on the growth of Micro finance institution in Zimbabwe, a case study of Symdunes Financial Services (PVT) Limited (2014 to 2017).

DEGREE TITTLE: Bachelor of Business Studies (Honours) Degree in
Financial Intelligence

Permission is granted to the Bindura University of Science Education Library and the department of Intelligence and Securities to produce copies of this Dissertation in an effort it deems necessary for academic use only.

Signature of author.....

Date signed.....

APPROVAL FORM

The undersigned certify that they have read and recommend to Bindura University of Science Education for acceptance, a research project by **B1542904** entitled; **Impact of fraud on the growth of Micro finance institution in Zimbabwe, a case study of Symdunes Financial Services (PVT) Limited (2014 to 2017)**, submitted in partial fulfilment of the requirements of the Bachelor of Business Studies (Honours) Financial Intelligence.

.....

Signature of student

...../...../.....

Date

.....

Signature of Supervisor

...../...../.....

Date

.....

Signature of Chairperson

...../...../.....

Date

DEDICATION

The love in our family flows strong and deep, leaving us memories to treasure and keep. Gratitude is not the only greatest of virtues, but the parents of all others. I would like to dedicate this dissertation to my mother Mrs. J Mutevani, special gratitude goes to my daughter Tariro. I would also want to honor my supervisor Mr. Chikomba for visionary support and scrutiny throughout my academic endeavors. Above all, I would want to dedicate this dissertation to the Lord Jesus Christ- the same yesterday, today and forever, for strengthening me in times of trial, guiding and comforting me throughout my academic endeavor's.

ABSTRACT

The study sought to identify fraud in the Microfinance institutions and how to combat it using Symdunes Financial Services as a case study. The specific objectives of the study were to identify types of fraud that occur in Microfinance institutions, determine the impact of fraud on the operation the Micro finances, explore the effectiveness of fraud control, and recommend preventive measures to combat fraud. Theoretical, conceptual and empirical literature was presented to help the understanding of the issues understudy. The research approach that directed the research was pragmatism which involved positivism and constructivist research approaches. In line with the objectives the study used both qualitative and quantitative research approaches. The study adopted descriptive survey design that included the depth interview and questionnaire survey methods. The target population for depth interviews was Symdunes Financial Services employees whereas management was drawn for the questionnaire survey. A sample size of 40 employees was used for the questionnaire survey whilst the sample for the interviews was 7 managers. Judgemental sampling was used for the interviews and stratified random sampling was employed to select survey respondents. There is evidence of great impact of fraud and various types of frauds are experienced at Symdunes Financial Services. Employees pointed out bribery is the major type of fraud experienced. This is a sign of weak control measures and risk management. A huge number of employees professed that bankruptcy is the major impact of fraud. When fraud is committed it causes loss on the third party. Employees suggested that fraud places emotional and physiological burdens on the fraud victims. They feel the current fraud preventive measures in Micro finance are not effective. It is recommended that top management need to hold themselves and others accountable to see that measures implemented in order to combat fraud are efficient. Fraud controls are required to be effectively designed and implemented.

ACKNOWLEDGEMENTS

I would like to thank the Lord Almighty for guiding and leading me throughout the course of this dissertation.

Contents

RELEASE FORM.....	ii
APPROVAL FORM.....	iii
DEDICATION	iv
ABSTRACT.....	v
CHAPTER 1	xi
GENERAL ORIENTATION.....	xi
1.0 Introduction.....	xi
1.1 Background of the study.....	xi
1.2 Statement of the problem	xiii
1.2 Research Objectives	15
1.3 Research Questions	15
1.4 Assumptions of the study.....	15
1.5 Significance of the study	16
1.7 Delimitations (Scope) of the study	17
1.8 Limitations of the study	17
1.9 Definitions of key terms.....	18
CHAPTER 11	20
LITERATURE REVIEW	20
2.0 Introduction	20
2.1 Conceptual Framework.....	20
2.2 Theoretical Frame work	28
2.3 Empirical Evidence	31
2.4 Gap Analysis.....	32
2.5 Chapter Summary	32
CHAPTER III	33

RESEARCH METHODOLOGY.....	33
3.0 Introduction	33
3.1 Research Design	33
3.1.1 Descriptive Survey Research Design	33
3.1.2 Justification of Descriptive Survey Research Design	34
3.2 The Research Subjects	34
3.2.1 Target population	35
3.2.2 Sampling Techniques	35
3.2.3 The sample size	36
3.3 Research Instruments	36
3.3.1 Questionnaires	36
3.3.2 Interviews	37
3.4 Data Collection Procedures	38
3.5 Validity and Reliability of data Instruments	38
3.6 Ethical consideration	39
3.7 Data Analysis and Presentation	39
3.8 Chapter Summary	40
CHAPTER IV	41
DATA ANALYSIS, PRESENTATION AND DISCUSSION	41
4.0 Introduction	41
4.1 The Response Rate	41
4.1.1 Questionnaire Analysis	41
4.1.2 Interview response rate	42
4.2 Demographics of respondents	42
4.2.1 Gender	42
4.2.2 Age	43
4.2.3 Work Experience	44
4.2.4 Departments of Respondents	45

4.3	Types of Fraud in the Microfinance Institutions	45
4.4	Impact of fraud on growth of Microfinance Institutions	47
4.4	Extent to which fraud has affected the capital base of Symdunes	50
4.7	Chapter summary	51
CHAPTER V		52
SUMMARY, CONCLUSION AND RECOMMENDATIONS		52
5.0	Introduction	52
5.1	Summaries of Chapters	52
5.2	Summary of Findings	53
5.2	Conclusions	53
5.3	Recommendations	54
5.3	Area of further study	56
REFERENCES.....		57
Appendix 1.....		60

CHAPTER 1

GENERAL ORIENTATION

1.0 Introduction

This chapter provides orientation to the study which focuses on the impact of fraud on growth of Microfinance institutions. The purpose is to investigate the fraud and impediment to growth of microfinance institutions in Zimbabwe using Symdunes Financial Services as a case study. In this chapter, the researcher will outline the background of the study, the statement of the problem, research objectives, research questions, and significance of the study, assumptions, delimitations, limitations, and definition of terms and also the summary of chapter.

1.1 Background of the study

Generally fraud is a worldwide criminal phenomenon that has been in existence for long and if left unchecked may cause businesses or economies to suffer severe damages, often in the form of monetary losses. Fraud as an intentional act by one or more individuals among management, employees or third parties which results in a misrepresentation of financial statement. If allowed to go unattended its increase may pose risks to the stability and the survival of financial institutions (Adeniji, 2004), Fraud in Microfinance business in Zimbabwe is generally bringing untold hardship on owners, staff, and customers as most failures are associated with large scale frauds and the end result is bankruptcy (Okoro, 2003).

Anduoli (2013), outlines micro financing as provision of financial services to people who are living in poverty. Microfinance Institutions (MFIs) are known for their positive impact on growth and development of nations through financing micro projects. Deribie *et al* (2012), pointed out that, microfinance is a tool for economic development through its financing of micro projects for the poor members of the society. The poor are particularly excluded from financial systems throughout the world (Anduoli, 2013). Therefore micro finance was developed out of the need to solve this problem of the exclusion of the poor from formal financial systems.

According to Charles (2003), Microfinance Institutions were constituted to extend loans to the poor to enable them to start and nurture enterprises. The concentration on giving financial services such as micro loans to the poor helps to improve standards of living and empowerment of the poor. Mostly the access to microfinance helps to alleviate poverty by enabling various livelihood strategies which generate incomes, creating jobs, allowing children to go to school, enabling families to obtain health care and empowering poor people to make choices that best served their needs.

Helms (2006), pronounced that, banks were not owned by the poor people but by the government and the private rich people. Journal of social sciences (2013), coined that it began as a result of social groups of people who had clubs that were responsible of collecting savings among themselves. However the efforts of the groups by that time were not very visible due to a number of factors that were eroding the economy of Zimbabwe. The potential of the business was suppressed by hyperinflation, high unemployment levels, acute foreign currency and the industrial shrinkage.

Many studies have been carried out to establish the factors that affected the growth of MFIs the world over. The majority of the studies focused on factors such as corporate governance, business ethics and risk management in such financial institutions. However it appears impact of factors such as fraud, competition from bank owned subsidiaries, lack of expertise and focus has not been fully explored in most African countries.

Despite of the factors that have been disturbing the activities that are now being visible under the microfinance sector of Zimbabwe, the Reserve bank monetary policy (2007), highlighted that there was a need to give attention to some rural areas for their financial inclusion. ZAMFI (2007), indicated that, social welfare is not acceptable and the microfinance can be used as a tool to alleviate poverty of the poor people. Efforts have been made in Zimbabwe after the meltdown of the economy in 2008, and the past years. The situation is slowly recovering and the demand of the micro financial assistance is very high and the researcher has noted that there is fraud within the micro sector. Against this background, the study pays attention of the impact of fraud on development of Microfinance Institutions in Zimbabwe.

1.2 Statement of the problem

Microfinance institutions generally have been suffering from fraud since their evolution. This has been seen to affect their growths and sustainability of this nature of financing business may possibly lead to distress. The failure to identify the immediate and remote causes of continuous cases of frauds in Micro Finance institutions in Zimbabwe is one of the problems to be brought to endure in this study. Olorunsegun (2010), exposed that fraud, is a major challenge to the entire

banking industry such that globally no bank is immune to it and in all facets of life. The banking public presumes accountability, fairness, transparency in their day operation for effective intermediation. Fraud is a major cause of slow and unsatisfying growth micro financing a business showing potential element of success and the development of economies. Avoiding fraud has and will always be a long and difficult task that requires skills, resources, investigation and prosecution of fraud.

Though there were known cases of fraud in the Zimbabwean sector, one major question still remain unanswered which is, “What is the nature and different ways through which fraud is being fueled in the microfinance institutions?” Thus this study hinges on attempting to establish the extent to which fraud has becoming a major hindering factor in the development of MFIs blocking the achievement of financial objectives and how best this economic enemy can be arrested in Zimbabwe.

1.2 Research Objectives

The broad objective of this study is to investigate the impacts of fraud in the Micro Finance sector of Zimbabwe. However, it is set to attain the following specific objectives:

- To examine the emergency and growth of fraud in the Zimbabwean Micro Finance Institutions in particular and in general
- To determine the types, characteristics, techniques and prevalence of frauds and their effects in Zimbabwe.
- To establish possible solutions of combating fraud in the Microfinance Institutions in Zimbabwe in particular.

1.3 Research Questions

- What is the extent to which fraud has affected the development of Microfinance Institutions in Zimbabwe?
- What is the effects of fraud on the Microfinance Institutions in general and in Zimbabwe in particular?
- What are the types and characteristics and prevalence of frauds that occur frauds that occur in the Microfinance Institutions?
- What are the current strategies employed to arrest fraud if any?
- What are the possible solutions of combating fraud in the Microfinance business to be recommended for Zimbabwe in particular?

1.4 Assumptions of the study

The assumptions of this study are that fraud is rampant in the Microfinance Institutions of Zimbabwe hindering development and cherished financial goals.

1.5 Significance of the study

Denscombe (2002), narrated the relevance of a research in terms of contributing to existing knowledge, solving practical needs and being of relevance to current issues. By so doing, this research study will be of great importance to the policy makers which include the security and risk management in fraud management and to the MFI's. The results are very significant for coming up with useful and effective strategies for economic development and the achievement of the microbusiness financial objectives as illustrate below:

- **To RBZ**

Micro financing is one of the major supports of gross domestic product and as such when the social and economic environment is changing negatively so do the rules that govern this sector to keep up with these changes. This research will help to put in place greater control measures by the regulator of Microfinance Institutions in order to protect them and avoid occurrence of the illegal activities.

- **To the Microfinance institutions**

Microfinance institutions can use the findings of this study to prevent and control fraud as a crime to prevent their organizations from being victims of the problem. The management of the microfinance institutions can also use this research to come up with policies that seeks to mitigate against fraud.

- **To Bindura University of Science Education**

The Bindura University of Science Education (BUSE), can use the research as a resource for literature review on the impacts of fraud in the microfinance business by other students wishing to study in the area of fraud as a crime, security in general and financial intelligence in particular

- **To the general public**

This research seeks to serve as an awareness to the general public on the aspect of fraud and the kind of criminal actions that are classified under the term as many people lose money to thieves and fraudsters alike.

- **To the researcher**

The study is significant as it is undertaken in partial fulfillment to the requirements of the Bachelor of commerce (honors) degree in Financial Intelligence offered at Bindura University by the researcher student. Going through the study, the researcher will gain experience on carrying out a detailed research hence it will serve as a good foundation for future work through gaining increased knowledge.

1.7 Delimitations (Scope) of the study

The study of the impact of fraud will confine to the studying the impacts of fraud in general on growth of microfinance institutions in Zimbabwe using Symdunes Microfinance in Rusape town as a case study. Geographically, Rusape urban, Manicaland Province, Zimbabwe was selected because Symdunes has its head office in this town. The period of study will be from August to September 2018. For the purpose of the study the top management and their subordinates will be taken as a sample of the study in as much as they can give their knowledge on fraud and its impacts on the organisation and other like enterprises.

1.8 Limitations of the study

Restricted access to information – due to confidentiality and sensitivity in the area of study, the researcher failed to gather all the required information. To mitigate on this limitation the researcher guarantees the case study firm that whatever information gathered will be for academic purposes only and it will not be shared with any outside parties.

Limited resources- lack of sufficient resources also prevented the researcher from gathering primary and secondary data. To go around this limitation the researcher utilized the available resources.

1.9 Definitions of key terms

For the purpose of this study terms were defined as follows:

Fraud - The Institute of Internal Auditors, the American Institute of Certified Public Accountants and Association of Certified Fraud Examiners (2007) defines fraud as “any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain”.

Fraud - Activities undertaken by an individual or company that are done in a dishonest or illegal manner, and are designed to give an advantage to the perpetrating individual or company (Chapman,2012)

White Collar Crime - Sutherland (1983) defines white collar crime as a crime committed by a person of respectability and high social status in the course of his occupation for example embezzlement and fraud.

Management - Cole (2004) asserts that management is a process by which all the resources with the organization that is human, financial, physical and informational are applied to achieve the objectives of the organization. The actions involved are planning, leading, organizing and control.

Fraud Management –Generally fraud management involve coordinated activities and strategies initiated with the purpose of deterring, preventing, detecting, mitigating, analysing, investigating, policing and prosecuting of fraud incidences.

Financial institution- it refers to a category of stocks containing firms that provide financial services to commercial and retail customers. This sector includes banks, insurance companies, real estates, financial societies and many others.

Policy makers - Individuals who have the authority to set the policy framework of an organization (Chapman, 2012).

1.10 Chapter summary

This chapter looked at the background to the study which identifies the knowledge gap which prompted this study. Statement of the problem reflected on the problem which justifies the need to carry out the study. Objectives and research questions were also outlined giving a guide of the research study. Assumptions, significance of the study, limitations, delimitations of the study, definition of terms and abbreviations were also looked at.

CHAPTER 11

LITERATURE REVIEW

2.0 Introduction

This chapter reviews past scholarly work by others on fraud and growth and its impact of microfinance institutions. The objective of the research is to investigate fraud and its impact on the impediments growth of the microfinance institutions in Zimbabwe. Conceptual aspects of fraud as a crime starts with a generic fraud description and its chosen models will be discussed. Also the types of fraud common and prevalent in the Micro Finance sector and their effects on then in Zimbabwe will be examined. The researcher pay attention to causes of fraud, effects of fraud and possible remedies in curbing fraud. This is followed by a presentation of empirical evidence on the effects of fraud on growth of microfinance institutions by way of previous studies elsewhere across the globe and in Zimbabwe on the same topic. Saunders (2000), describes literature review as the selection of available documents on the topic which contains information, ideas, data and evidence written from a particular stand point to fulfil certain aims or express certain views on the nature of these topics and how it is to be investigated and the effective evaluation of these documents in relation to the research being proposed. Leedy (1997), states that literature review is significant in research because it delivers a theoretical or conceptual framework for the study and enables one to familiarize with the under study subject.

2.1 Conceptual Framework

In this section, the key concepts and key variables relevant to the area of study were expounded.

2.1.1 Concept of Fraud

Fraud has been defined by several people mostly in line with the culture or prescribed social life of the people. It falls under the white collar crimes. Sutherland (1983), defines white collar crime as a crime committed by a person of respectability and high social status in the course of his occupation for example embezzlement and fraud. According to Hornby (2000), fraud is an action or an instance of checking somebody in order to make or obtain goods illegally. The concept of fraud consists of either the use of deception to obtain an unjust or illegal financial advantage and intentional misinterpretation, affecting the financial statement by one or more individuals among management, employees or other parties (Olaoye, 2009). In the same vein, Chapman (2012), defined fraud as activities undertaken by an individual or company that are done in a dishonest or illegal manner, and are designed to give an advantage to the perpetrating individual or company.

In legal terms, fraud is defined as the act of depriving a person dishonestly of something which such an individual would or might be entitled to but, for the action of fraud. Fraud in its verbal meaning can be defined as the act of dishonesty which is intentionally done to gain unlawful advantage. However for any action to establish a fraud, there must be dishonesty intention to benefit the perpetrator. Fraud involves the conversion of stolen property into personal property and it requires manipulation and theft of records and is often go together with disguise of the theft. Onibudo (2007), noted fraud is caused by elements called “WOE” thus for any fraud to occur there must a will, opportunity and exit. It is when the perpetrator have the will to do the fraud, opportunity to commit the fraud and exit route is available from the relevant institutions that are in combat with fraud, fraud only occurs. Furthermore, fraud is a global phenomenon in the present Zimbabwe, youth and elder citizens want to make it possible within a short period of time. Microfinance institutions deal with money and money related businesses thus they have become targets of fraudsters.

2.1.2 Types of Fraud

As obviously estimated, fraud is committed in many forms and guises, and often have insiders (staff) and outsiders fraudulent together to effectively implement the act. The following types which are not in any way completely exhaustive are the most common types of microfinance frauds

Bribery

Bribery is the act of giving or receiving something of value in exchange for some kind of influence or action in return, that the recipient would otherwise not offer. Bribery is defined by Black's Law Dictionary as the offering, giving, receiving, or soliciting of any item of value to influence the actions of an official or other person in charge of a public or legal duty. According to Ngwakwe (2009), bribery is offering to do something for someone for the expressed purpose of receiving something in exchange. Gifts of money or other items of value which are otherwise available to everyone on an equivalent basis, and not for dishonest purposes, is not bribery. Offering a discount or a refund to all purchasers is a legal rebate and is not bribery. For example, it is legal for an employee of a Public Utilities Commission involved in electric rate regulation to accept a rebate on electric service that reduces their cost for electricity, when the rebate is available to other residential electric customers. Giving the rebate to influence them to look favourably on the electric utility's rate increase applications, however, would be considered bribery.

Financial statement fraud

According to Beasley et al (2010), financial statement fraud is deliberate misrepresentation, misstatement or omission of financial statement data for the purpose of misleading the reader and creating a false impression of an organization's financial strength. Public and private businesses commit financial statement fraud to secure investor interest or obtain bank approvals for financing, as justification for bonuses or increased salaries or to meet expectations of shareholders. Upper management is usually at the centre of financial statement fraud because financial statements are created at the management level.

Financial statement fraud is the deliberate falsification of amounts and disclosures in order to mislead users of financial statements (Pickett, 2007). As cited by Kulzick (2004), fraud can involve the alteration of records, the creation of fictitious transactions, the omission of material non-financial information, and a misapplication of generally accepted accounting principles. Financial statement fraud is expensive and common in private companies. According to the Association of Certified Fraud Examiners, the average loss due to financial statement fraud is over \$1 million. Financial statement fraud is committed by one or more persons in top management because of its nature. Frequently, collusion between numbers of persons is found behind such schemes. This type of fraud can be devastating to an organization and the morale

of the employees who have committed much of their lives to an organization. Financial statement fraud can be committed in various ways which include; overstating or understating assets; improper revenue recognition; fictitious revenue; unrecorded liabilities and so on among others.

Embezzlement

Embezzlement is described as a form of fraud which involves the unlawful collection of monetary items such as cash, travelers' cheque and foreign currencies. It could also involve the deceitful collection of bank assets such as motor vehicles, computers, stationeries, equipments and different types of electronics owned by the bank.

Defalcation

Defalcation involves the theft of money that is held in trust by financiers or bankers on behalf of their customers. Defalcation of customers deposits either by conversion or fake alteration of deposit vouchers by either the bank teller or customer is a common form of fraud. Such fraud is usually neatly committed and takes longer time to uncover where the financier or bank teller and customer collude to defalcate. However, this can only easily be exposed during reconciliation of customers' bank account. In addition, defalcation involves colluding with a customer's agent when he/she pays into the customer's account and when tellers steal some notes from the money which are billed to be paid to unsuspecting customers/clients.

Forgeries

This form of fraud involves the deceitful copying and use of customer's signature to draw huge amounts of money from the customer's account without prior agreement of the customer. Such forgeries may be targeted at savings accounts, deposit accounts, current accounts or transfer instruments such as drafts. Onibudo (2007), highlighted that most of such forgeries are committed by internal staff or by outsiders who act in conspiracy with employees of the bank who usually are the ones who release the specimen signatures being forged.

Unofficial borrowing

This is form of fraud, usually occurs when employees borrow from treasuries or till tellers informally. This kind of unofficial borrowing are usually done in exchange of something or even nothing at all. Such borrowings are prevalent during the end of the month especially when salaries have not been paid. Some of the unofficial borrowings can be used for quick business lasting for hours or even a day and then the borrowed money can be replaced without evidence that it was taken from the vaults.

Impersonation

Impersonation is a form of fraud that involves assuming the role of another person with the intent of deceitfully committing fraud. In addition impersonation involves fraudulent obtaining new cheque books by third parties which are used to commit fraud. Such cases of fraud can be successfully usually when the perpetrators connive with the employees of the bank or microfinance institution who can readily make available the specimen signatures of the unsuspecting customers.

Fake Payments

This is a form of fraud that involves the teller introducing a false cheque into his/her cage. It is common in banks and is done with or without the collaboration of the customer.

2.1.3 Causes of fraud

Poor and weak internal controls

Pickett (2010), posits that internal controls are the mechanisms, rules and procedures implemented by a company to ensure the integrity of financial and accounting information, promote accountability and prevent fraud. The mechanisms are interlocking set of activities that are layered onto the normal operating procedures of an organization, with the intention to safeguard assets, minimizing errors, and ensuring that operations are conducted in an approved manner. Another way of looking at internal controls is that these activities are needed to prevent the risks to which the firm is subject to.

Weak internal controls frequently slow down the natural process flow of a business, which can reduce its overall efficiency. The development of a system of internal control requires management to balance risk reduction with efficiency. This process can sometimes result in management accepting a certain amount of risk in order to create a strategic profile that allows a company to compete more effectively, even if it suffers occasional losses because controls have been deliberately reduced. A system of internal controls tends to increase in comprehensiveness as a firm increases in size. This is needed, because the original founders do not have the time to maintain complete oversight when there are many employees and/or locations

Generally poor internal controls in a financial system may be regarded as one of the major loops that causes fraud and are manifested through inadequate supervision of junior employees. In most occasions junior employees with fraudulent tendencies who are not well supervised would get the feeling that the environment is safe for the perpetration of fraud. Poor management controls may also manifest in ineffective supervision of processes, which a fraudulent

Inexperienced Personnel

Benson and Edwards (2006), examine that inexperienced personnel maybe also susceptible to committing unintentional fraud by falling for numerous tricks of say, external fraudsters and even fraudulent bank employees. Inexperienced personnel are unlikely to notice any fraud attempts and take necessary precautionary measures to checkmate the fraudster or set the detection process in motion.

Lack of Job rotation

Job rotation is a technique where employees are moved between two or more jobs in a planned manner with the objective of exposing the employees to different experiences and to equip them with a variety. Generally, the longer an employee stays on a job, the more proficient he is likely thought to become, however there is an argument suggesting an operator who has spent so long on a particular job may be encouraged to think that no one else can uncover his fraud. This often happens when employees due to performing the same job over a long period

initiate procedures to circumvent stated internal controls and procedures of the microfinance institutions to facilitate perpetration of fraud against the organisation. The existence of this kind of situation in a bank is clear evidence of poor management and such situations encourage fraudulent practices.

Unsuitable working conditions

Adeyemo (2012), asserts that poor salaries and poor conditions of service may also have the probability to cause and encourage fraud. Employees that are poorly paid are often tempted to fraudulently convert some of the employers' monies to their own use in order to meet their personal and social needs. This temptation is even stronger on microfinance employees who on daily basis have to deal with cash and near cash instruments. Where a staff feels short-changed in terms of promotion and other financial rewards, they become frustrated and such frustration could lead to fraud as such employee would attempt to compensate himself in his own way (Nweze, 2008).

2.1.4 Theories of Crime Prevention

Fraud can occur at various levels in an organization therefore it is important to establish appropriate preventive and detective techniques. The Fraud Examiners Manual states that "fraud prevention requires a system of rules, which in their aggregate, minimize the likelihood of fraud occurring while maximizing the possibility of detecting any fraudulent activity that may transpire. The potential of being caught most often persuades likely perpetrators not to commit the fraud. As a result, the existence of a thorough control system is essential to fraud prevention. The key aspects are the potential of being proactive rather than reactive. As the important elements of a fraud prevention program are discussed within a company, repetition and reinforcement are necessary because they are so critical to the success of a preventive program. Fraud prevention is much more than just a good business practice; it is a requirement today.

Control activities are the policies and procedures that help ensure management directives are carried out. These control activities help to ensure that necessary actions are taken to address risks to achievement of the entity's objectives. Control activities occur throughout the organization, at all levels and in all functions and include a range of activities as diverse as

approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets, and segregation of duties (Higgins, 2012). In general there are some control activities which can be used by Microfinance Institutions in fraud control; these include proper authorization processes, segregation of duties, and adequate documentation of transactions, physical controls over assets and records and independent internal checks (COSO 1992).

Mostly it is impractical for every transaction to be individually authorized by top management. Therefore, most businesses organisations including banks should set levels of authority for employees and policies on who may authorize what. Normally employees in banks will usually authorize a transaction with their signature, initials or an electronic equivalent. However as forging authorizations is common when conducting frauds, the authorization process has to be monitored and audited at regular intervals. Authorizations should be recorded as they occur to allow an audit to be effective. A system that does not record that a certain authority has been given cannot be properly investigated if a problem occurs. It is important to a bank that authorization policies are detailed and published and employees must know where their authority begins and ends. In this regard transactions that exceed the level of authorization may be classified as suspicious and examined. (Millichamp, 2004).

Puttick et al., (2003), asserts that the basic idea underlying segregation of duties is that no employee or group should be in a position to commit systemic errors or fraud in the normal course of duties. Segregating duties is an effective deterrence against occupational fraud, especially if combined with rotation of those duties. Including other people in functions makes collusion necessary, or makes the fraud far more difficult to commit alone. Having to include or bypass another person in order to commit a fraud should deter most would-be fraudsters. This policy increases the perception of detection, the belief that you will be caught, and reduces the opportunity to commit the fraud. This is also one of the easiest methods of fraud control to implement in a bank.

Millichamp (2004), argue that adequate documentation of transactions entails the availability of a paper trail or its electronic version .He further states that for a transaction to be investigated, there needs to be paper trail and it needs to be detailed and consistent. In this vein documents circulating in the bank should contain all of the information needed to properly record and authorize the transaction, and they should be entered into the records as quickly as possible. The paper trail should contain sufficient information for every person associated to a

transaction to prove that they conducted their part properly and had the required authorization to do so. (COSO, 1992)

Physical control over assets and records entails the physical custody of assets and involves procedures designed to limit access to authorized personnel only. Physical security in a bank setup does not only involve protecting assets from third parties but it also includes protecting assets from employees. Examples of physical controls that banks may often employ are maintaining an asset register of all physical assets, maintaining regular backups of all electronic information, separate recording and handling duties involving assets other than stock, restricting access to physical assets to employees with proper authorization and a need to deal with those assets, restricting access to records to employees with proper authorization and a need to access them and use a system of passwords to restrict access to the computer system and install access logs and audit trails to record entries into the system. (Millichamp; 2004)

Millichamp (2004), asserts that independent internal checks are done on transactions to ensure that transactions are being done with the proper authority, are being recorded properly, and are accurate. It is important for the bank to conduct peer audits with employees from outside the influence of the people being checked this ensure independence. Rotating this role will also reduce the chances of collusion developing between the fraudster and the person checking the transactions.

2.2 Theoretical Frame work

Sekran (2003), states that conceptual models of theories demonstrate how theories makes logical sense of the relationships which exists among the several factors that have been identified as significant to the problem. According to Saunders (2003), theoretical framework is used in research to outline possible courses of action or to present a preferred approach to an idea or thought. A theoretical framework is that which holds or support a theory of a research study. In this study theoretical framework will act like a map and it will give coherence to empirical inquiry which will examine related literature and studies on causes, effects and impacts of fraud. This study is guided by three theories namely, Differential association theory by Edwin Sutherland, Organisational Culture Theory, Rationale Choice Theory by Ronald Clarke Dereck Conish and Occupational Theory by Lou and Wang.

2.2.1 Differential association theory

The Sutherland theory of differential association explains that crime is learned, it is not genetic and that it is learned from intimate personal groups. Kulzick (2004), asserts that most of the times people are not born dishonest but they copy certain behaviors from people they spend most of their time with. In this case it means that the management and general employees of a company may not originally think of indulging in various fraudulent activities such as embezzlement, financial statement fraud, bribery; and so on. According to this particular theory, when they face certain challenges of survival in a very competitive environment they want to please their desires and through interaction with other fraudsters, they end up committing fraud in the microfinance companies.

2.2.2 Organisational culture theory

The Organisational culture theory is pertinent in the study as it expounds the presence of fraud in Micro Finance Institutions. This theory is not focused on the motives or background of the employee but in the culture and structure of Symdunes Financial Services in which the agent is working. Graaf (2003), hypothesizes that this theory is based on the assumptions that is it that a certain group of culture leads to a certain mental state that mental state leads to fraudulent or criminal behavior. Failure to employ proper machinery of governance in the Microfinance companies, not faulty character, leads to Microfinance employees to act corruptly and commit fraud. Klitgaard (1988), states that, once an organizational culture has weak internal controls which leads to fraud every person who comes in contact with it also runs a risk of committing fraud. This theory accounts in the context of fraud in the organisation for instance, when fraud reports within all Microfinance Institutions are analysed and assessed it will show that fraud is no longer being perpetrated by an individual seeking personal gains but with group behavior rooted in established arrangements and extreme practices that have to be located within the structure and culture of microfinance institutions. Therefore, for internal audit to deal with fraud and other white collar crimes, it will focus on group dynamics.

2.2.3 Rational Choice theory

The basic premise of rational choice that aggregate social behavior results from the behavior of individual choices. The Rationale Choice Theory was propounded by Ronald Clake and Dereck Conish. It assumes that an individual has preferences among the available choice alternatives that allow them to state which option they prefer. Preferences are assumed to be complete. The rational agent is assumed to take control of available information, probabilities of events, potential costs and benefits in determining preferences and to act consistently in choosing the self-determining best choice of choice. Foley (2003), posits that the concept of rationality represents the relations of modern capitalist society one-sidedly. The burden of rational-actor theory is the assertion that ‘naturally’ constituted individuals facing existential conflicts over scarce resources would rationally impose on themselves the institutional structures of modern capitalist society, or something approximating them. But this way of looking at matters systematically neglects the ways in which modern capitalist society and its social relations in fact constitute the ‘rational’, calculating individual. The well-known limitations of rational-actor theory, its static quality, its logical antinomies, its vulnerability to arguments of endless retreat, its failure to develop a progressive concrete research program, can all be traced to this starting-point.

2.1.4 Occupational fraud theory

This theory was put forth by Lou and Wang (2009). It states that for fraud to occur, four aspects should be present: opportunity, incentive, a person’s ability, and rationalization. This theory posits that a person’s personal traits and abilities play a significant role on whether or not fraud could happen, even when the other elements, opportunity, rationalization and pressure are present. This theory explains that an incentive to commit fraud in a financial institution can present itself when there are weak internal controls. Nevertheless, without the right individual with the right abilities to identify an opportunity to commit fraud and to be able to fully exploit it, fraud can never occur. In addition to this, this theory has been supported by various scholars (Hansen, 2009, Crawford & Weirich, 2011 & Hogan et al, 2008) who found that in financial institutions, most frauds are committed by middle level management that is composed of individuals who have experience on the job and who are smart enough to identify loopholes and take advantage of them. The fraud diamond theory explains the traits of people with abilities to commit fraud as: (i) the person must be smart to understand and exploit the internal

control weaknesses; (ii) the individual's position in the financial institution can fuel the ability to exploit or create the opportunity to commit fraud; (iii) the person has the ability to coerce other parties to conceal or commit fraud, thus a person with a very persuasive personality; (iv) the person has great confidence and a strong ego; (v) the individual is able to deal well with stress; and (vi) the individual can lie consistently and effectively

2.3 Empirical Evidence

In this particular section, the researcher will be looking on the information that has been researched by other scholars, their topics, objectives, samples, methodology and their findings.

Saunders (2003), asserts that empirical evidence is important to any research as it focuses on past studies on the topic under study and also it tries to place the study on the body of knowledge. Saunders (2003), further states that empirical evidence is based on observation and experience and it is grounded on previous research work. In this study the researcher examined related previous studies in Zimbabwe and African context in the following phenomenon.

According to Biegelman and Bartow (2006), one of the best ways to reduce fraud is by removing the source of the fraud. When a company terminates an employee who has committed fraud, a risk is removed and that improves the company. This theory refers to the benefits that an organization receives when it takes a proactive approach to fraud detection and investigation. As simple as that may sound in theory, it is often hard to do in practice. It requires a business to take a zero tolerance and hard core approach to fraudulent behavior by its employees, partners and vendors. The company is best served when a dishonest employee is removed before he or she moves up the corporate ladder, where far more damage can be done. If a business is going to have a zero tolerance for fraud, it may apply to all employees. As soon as a high level executive who commits any kind of fraud is not held accountable, the entire program has lost credibility.

Effects of Fraud on corporate companies in Nigeria were researched by Obanda (2010). Obanda (2010), in his study revealed that fraud can increase the amount of operating cost and increases audit costs for a company or corporate body which is because of the additional cost to be incurred for installing the necessary machinery for its prevention, detection and protection

of assets. More so, devoting too much time to safeguarding company asset from fraudulent perpetrators distracts management. Adepoju and Alhassan (2010), commented that this unproductive distraction of resources reduces outputs and leads to low a profit which in turn hinders the growth of the company. It also leads to a diminishing effect on the asset quality of the company. Moreover, financial loss is another effect that may be impacted by fraudulent practices in a company. The money lost to a fraud perpetrator is the same amount some company losses in the event of fraud which will be hard to recover from the reduced profits and encountered losses. This study seeks to go beyond in terms of costs incurred due to fraud.

2.4 Gap Analysis

Saunders (2003), that empirical evidence is important to any research as it focuses on past studies on the topic understudy and also it tries to place the study on the body of knowledge. Saunders (2003), furthermore states that empirical evidence is based on observation. The empirical literature on combating fraud in Microfinance Institutions is vast and diverse. Previous researchers on the studies they carry out dwelled much on the causes of fraud and also ways to combat fraud. The researcher found out that many researchers had confined their observations towards fraud only in the banking system since it was regarded that micro finance business is done to assist the poor people in the society. In this case less effort has been made to research on the impacts of fraud but rather on how to combat it. The researchers overlooked the idea of fraud in the microfinance business because micro credit is usually done at a small scale yet whenever a monetary transaction is done there is the potential that fraudulent acts can exist.

2.5 Chapter Summary

This chapter had a detailed analysis of both theoretical and empirical evidence Ideas from different authors were examined to find out the overall mater after synthesize their thoughts. After the author finds text book knowledge he finds it necessary to do the field research. The next chapter will be looking on the research methodology

CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

This chapter provides the methodology used in an attempt to address the objectives of the study. The chapter commences with a discussion on the research paradigms that guide the study. After presenting the philosophical positions of the study, the research design is discussed. Thereafter, statistical procedures for data preparation and analysis are described. The chapter concludes by discussing the measures employed to enhance reliability and validity.

3.1 Research Design

A research design is defined as a set of philosophical assumptions, methods and procedures that are utilised in an attempt to provide insights into a research problem (Creswell 2009). This study adopted the descriptive research design. A descriptive research design utilises scientific methods and procedures to collect and analyse data in an attempt to answer the research problem (Shiu *et al.*, 2009). The research design will help the researcher to plan his work so that its validity is enhanced and to have an in-depth analysis and understand various research prior implementations to ensure an increased efficiency and flexibility of the research outcomes.

3.1.1 Descriptive Survey Research Design

The research was carried out using the descriptive research design approach. Van der Wal (1996), viewed it as a research design that ‘attempts to obtain a complete and accurate description of the situation. The suitability of using descriptive research design is it allowed the researcher to collect data qualitatively using research instruments such as questionnaires and interviews. The design supported the research to present and analyses quantitatively through the use of tables, graphs and charts. The intent of descriptive research design to

maximise accuracy and minimise systematic error. Robson (2002), explained that descriptive research is used to portray an accurate profile of persons, events or situations. Schindler (2003), share the same view and adds that descriptive survey research design is appropriate for data derived from using the two methods mentioned above. On this basis, the survey design approach is relevant to this research as it allowed the researcher to gather views from a variety of people such as management and employees.

Descriptive survey research design attempts to describe and explain conditions of the present by using many subjects and questionnaires to fully describe a phenomenon. Therefore, human judgment maybe used by the research to reach conclusions on the research findings. The research will also conduct an in-depth surveys through questionnaires with the small number of the intended target respondents to investigate on the impacts of fraud on the performance of banks in Zimbabwe. Descriptive research design is concerned with the conditions or relationships that exist, opinions that are held processes that are going on and effects that are evident (Best and Khan 1993).

3.1.2 Justification of Descriptive Survey Research Design

The advantage of using descriptive research design was to assist the researcher to make an assessment on the viability effects that fraud causes to microfinance banks. The survey method gave a room for the researcher to accommodate a larger sample and also to tap into factors and relationships not directly measurable. Furthermore, descriptive survey method supported the collection of more information that made it possible for the information to be used for other purposes. The researcher used the descriptive research design because it relies on both primary and secondary data. The researcher to converted qualitative data into numerical indices and used statistical techniques to generalize findings from a sample of respondents.

3.2 The Research Subjects

The subjects are the research participants. For the descriptive survey the subjects were the Symdunes employees in Rusape. Most respondents had experience and knowledge of the impacts of fraud. The senior management team of the only selected microfinance institution were also subjects of the experience survey.

3.2.1 Target population

A population is defined by Welman et al (2011), as a group of entities with a common set of characteristics. The target population refers to the specified elements or entities that hold the data required to address and/or investigate the stipulated research issue (Malhotra, 2010). For this study, the target population was defined as the senior managers for the in-depth interviews and for the descriptive survey were 40 employees of Symdunes, micro financier in Zimbabwe. The respondent consists of Human Resources personnel, Accountants, Internal auditors and Loans officers.

3.2.2 Sampling Techniques

A sampling technique is a method used to come up with the sample size being used by the researcher in coming up with a sample that have approximately the same characteristics as closely as possible (Crawshaw and Chambers; 2001). In this study the researcher used convenience, stratified random sampling and simple random sampling in selecting the research sample.

Crawshaw and Chambers (2001), assert that convenient sampling is a technique which allows the study of readily available and accessible respondents. The researcher will use convenience sampling in selecting the three target banks based on the issues of access for the purpose of the research. The researcher used convenient sampling because it is less expensive, simple and not time consuming. However, convenient sampling might have the disadvantage that the readily available and accessible respondents may not fully represent or have the characteristics required.

Kumar (2011), postulated that, in stratified random sampling, the researcher attempts to stratify the population in such a way that the stratum population is homogeneous with regard to the characteristics on which it is stratified. The researcher subdivided his population into strata basically on the basis of some characteristics identified and from each of these smaller homogenous groups (strata), he draws at random a predetermined number of units. For example, in the formulation of questionnaires, the researcher used stratified random sampling hence categorizing or stratifying the population on the basis of branches and

employment category thus, management and credit officers or senior loans officers. The researcher adopted a stratified random sampling because it is a good representative of the population and is regarded as an improvement over the earlier techniques of sampling. Stratified random sampling technique is also an objective method of sampling that encourages observations to be used for inferential purpose, the researcher used this type of sampling to select questionnaire respondents.

3.2.3 The sample size

The sample size refers to the elements of the population which are included in a study (Malhotra 2007). McDaniel and Gates (2010), point out that determining a sample size depends on several factors, including financial (costs), statistical (analysis methods) and managerial issues. With respect to the in-depth interviews, respondents were interviewed until technical saturation was reached. In respect of the in-depth interviews respondents were interviewed until technical saturation was reached. In a qualitative study, Guest, Bunce and Johnson (2006), define technical saturation as the point at which recurrence of previously generated data occurs. In this study, technical saturation was deemed to be reached by the fifth interview as no new information emerged from the interviews. For the quantitative study, the sample size was deliberately pitched at 40 in order to enhance the statistical power of the data set.

3.3 Research Instruments

Kothari (2004), refers an instrument in research as a tool or equipment used to collect data for example, questionnaires, interviews and observation. In this study the researcher used questionnaires and interviews in carrying out the research.

3.3.1 Questionnaires

A questionnaire is a document containing questions designed to solicit information appropriate for analysis. The researcher distributed the questionnaires to the targeted population. Sanders et al (2003), describes a questionnaire as a general term that includes all techniques of data collection in which each person is then asked to answer the questions that are in a predetermined order. Questions were mainly pre-coded, for respondents to answer and saved

time. They, also gave the respondents more time to consider their responses and they may also be assured confidentiality by not writing their names and it guaranteed more honest responses. For the purpose of the study, 40 questionnaires were self-administered.

The use of questionnaires was a cheap method for the researcher. Also it allowed confidentiality and the respondents were at liberty to provide information. Questionnaires gave the researcher less workload since they required less time for administration. The use of questionnaire also provided a wide range of data in a relatively short period of time. They also allowed greater uniformity on how questions were presented. However the researcher faced a challenge the questionnaires took more than the expected time to reach the intended respondents.

Kothari (2004), defined that a questionnaire consists of a number of questions printed or typed in a definite order on a form or set of forms .Questionnaires were used in this study as a research instrument and was delivered by hand post to the respondents. Kothari (2004), examines the advantages of using questionnaires which influenced this researcher to choose this tool when conducting this research.

The researcher used semi structured questionnaires which were easy for respondents to complete as well for the researcher to analyse the findings scientifically in an objective manner. Questionnaires are economical in cost and time. Furthermore the fact that questionnaires are impersonal, they enabled the respondents to give honest answers and also respondents had plentiful time to answer questions at their own convenient times. Application of questionnaires to a large sample can also enable the results to be dependable and reliable.

It must be noted that use of questionnaires has certain drawbacks which must be addressed. Generally there is a lack of control over who fills in the questionnaires as another individual other than the intended respondent may end up filling the questionnaire. Furthermore the lack of contact or interaction between the researcher and respondents may not give room for clarification and verification of facts and also there is inbuilt inflexibility because of the difficulty of amending the approach once questionnaires have been dispatched.

3.3.2 Interviews

Kothari (2004), examines that the interview method of collecting data involves presentation of oral-verbal stimuli and reply in terms of oral-verbal responses. In this study the researcher used personal interviews in order to gather qualitative data which is crucial in any research.

Interviews were carried out in order to counter the weaknesses of questionnaires as a research instrument and was beneficial through harnessing of the following advantages of using interviews as a research instrument.

It is justified in the research to use interviews because they enabled the researcher to provide clarifications on points as well to the key concepts to the interviewee. Through use of interviews the researcher managed gather visuals such as nods or smiles (facial expressions) which can be a valuable tools in promoting complete responses. Furthermore the researcher encouraged the respondents to be accurate in their answers. Control was exercised on the data being collected and also the researcher benefited from the flexibility of interviews enabled appraisals to be done on the validity of the responses.

Generally the following were noted as the disadvantages of using interviews which the researcher guided against. Due to high costs an agreement was made that limited representation of respondents was done. Some of these weaknesses, the researcher tried to create a free environment when asking questions and also to avoid showing own perspective of the respondent's answer.

3.4 Data Collection Procedures

Permission sought from branch managers of the targeted micro finance to carry out the research and an introductory letter accompanied with questionnaires was hand delivered to the respondents. Reminders were sent to the respondents before the date of submission and the questionnaires were collected after seven days. In order to increase the response rate, follow-up calls were made so as to remind the interviewees of the date, venue and time of the interviews.

3.5 Validity and Reliability of data Instruments

Validity is defined as the ability of a measuring instrument to measure what is intended to be measured (Gupta, 2011). To asses validity for the qualitative the participants confirmed the summarised transcripts and the subsequent themes as a true reflection of the views they had expressed during interviews. To assess validity of the quantitative study, content and

convergent validity were tested. According to Leedy and Ormrod (2001), the measuring instrument is valid in so far as measures what it sets out to measure.

Reliability refers to the ability of a measurement procedure to produce consistent results if repeated under similar conditions (Yusoff, 2011). To ensure reliability of the qualitative study the interview transcripts were checked to assess the integrity of the transcription process. To assess reliability of the quantitative study the study employed the Cronbach's alpha coefficient. A high alpha value of 0.7 or higher implies a high internal consistency of the test whereas an alpha value below 0.7 implies that the measurement items are not reliable (Blunch, 2008).

The researcher ensured content validity of the measuring instruments which were interview schedule and questionnaire schedule through validation of such instruments by the supervisor. In order to reinforce the reliability and validity of the questionnaires, the researcher undertook a pilot study so as to allow possible problems to be corrected before undertaking the study. The researcher was therefore guided by the objectives of the study, the research questions and the key concepts, when formulating the interview questions and the questionnaire to ensure that the instrument suitability of what it was supposed to measure.

3.6 Ethical consideration

Leedy and Ormrod (2005), state that whenever human beings undertake an investigation. As such participants will provide protection from undue physical or psychological harm, informed consent to participate and the right to withdraw from the study at any time and right to privacy.

3.7 Data Analysis and Presentation

The data analysis encompasses two data strands from qualitative and quantitative surveys. First, the analysis of qualitative data is discussed and then the approaches utilised for quantitative data are presented. Mouton and Marais (1994), define analysis as a process aimed at resolving a complicated problem by means of fragmenting data into smaller segments for analysis. Data presentation entails graphical, pie chart, tubular and visual display of data for easy understanding.

The gathered data from the study was subject to both quantitative and qualitative analysis .The Scientific Package for Social Sciences (SPSS) version 16.0 was used to analyse the data gathered quantitatively. Microsoft excel package was used as the major tool for tabular and graphical presentations. In addition, other forms of presentation such as bar graphs, pie charts and percentages of actual figures were used to draw up conclusions. Conclusions will be drawn from the data presented and recommendations would also be made from the conclusions established.

3.8 Chapter Summary

This chapter focused on the research methodology, research design, research philosophy, research strategy, research purpose, research population, sampling frame, research subjects, research instruments, data collection tools, data presentation and analysis, research procedures and validity. The following chapter focused more on detailed data presentation and analysis of results.

CHAPTER IV

DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.0 Introduction

This chapter presented and analysed the data that was gathered during the course of the study. The research results came from self-administered questionnaires used for the descriptive survey. The results sought to exhibit the extent to which research objectives and research questions have been attended to. The researcher presented the data using descriptive statistics such as graphs, tables and SPSS output.

4.1 The Response Rate

4.1.1 Questionnaire Analysis

The response rate of the respondents to self-completion questionnaires which were administered are shown below:

Table 4.1 Questionnaire response rate **n=30**

Respondents	Questionnaires Administered	Questionnaires Returned	Response Rate as Percentage (%)
Internal auditors	10	7	70
Loans officers	10	8	80
Accountant	10	9	90
Human resources	10	6	60
TOTAL	40	30	75

Out of the 40 questionnaires sent out, 30 were completed and returned. This meant that the percentage response rate was 75%. Therefore a general response rate of 75% for this project

can be viewed as reasonable enough to aid research analysis. A sample response rate which is above of 50% is representative of the whole population (Bryman & Ema, 2003).

4.1.2 Interview response rate

Table 4.2 Interview response rate

Type of research instrument	Interviews Scheduled	Interviews done	Interviews not done	Response rate (%)
Interviews(Managers)	7	6	1	85.7

Source: Primary data

The researcher conducted interviews at Symdunes Micro finance Institution. The target number was five of the top managers. Out of the 7 interviews scheduled with the senior management, 6/7(85.7%) of the interviews were successfully conducted with only 1/7(14.3%) not done since the manager had a busy work schedule when the field research was carried out. Fairly, the response rate from both interviews was quite impressive due to good working relations during attachment at the organization.

4.2 Demographics of respondents

4.2.1 Gender

Table 4.3 Gender of Respondents

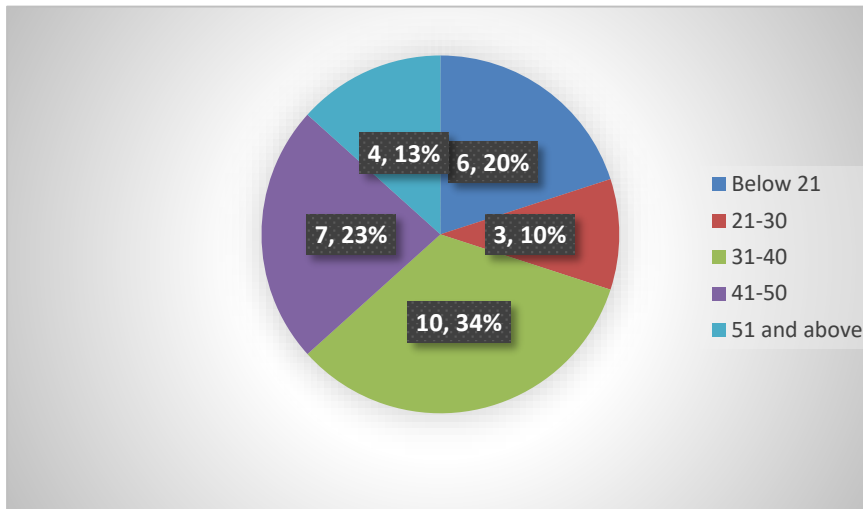
Gender	Frequency	Percentage (%)
Male	12	40
Female	18	60
Total	30	100

Source: Survey Data, 2019

The table above shows that the majority number of the respondents were males (n=18; 60.0%) and females (n=12; 40.0%). This denotes a more number of male employees probably explained by the historical imbalances where the male child was accorded more opportunities to learn than the opposite number.

4.2.2 Age

Figure 4.1 Age of respondents



Source: Survey Data 2019

The figure 4.1 above shows that the majority of the respondents are between 31 – 40 years old (n= 10; 40%). They are closely followed by the 41-50 (n=7, 30%) and below 21 (n=6, 23.3%) age groups highlighting that the respondents are middle aged and economically active.

4.2.3 Academic Qualifications

Table 4.3 Academic Qualifications of respondents

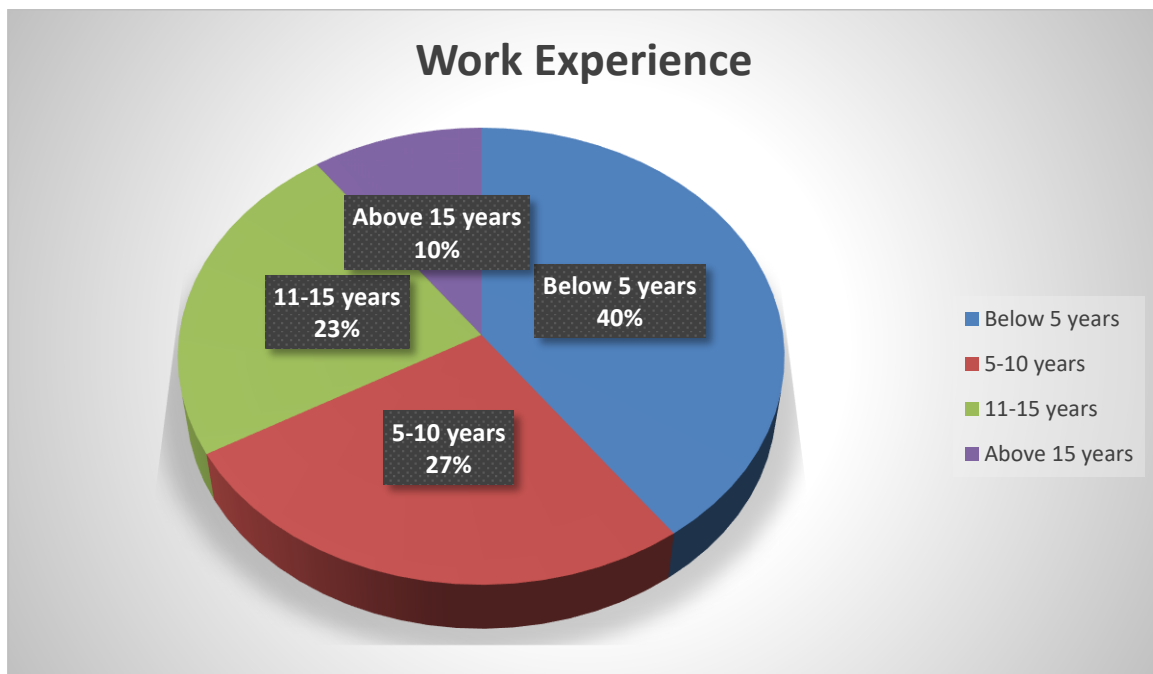
	Frequency	Percent	Valid Percent	Cumulative Percent
None	2	6.7	6.7	6.7
A Level	3	10.0	10.0	16.7
Diploma	7	23.3	23.3	40.0
Undergraduate	13	43.3	43.3	83.3
Masters	5	16.7	16.7	100.0
Total	30	100.0	100.0	

Source: Survey data, 2019

The table above shows that the majority of the subordinates are educated and have an undergraduate qualification (n=13; 43.3%). This is followed by the category of subordinates who have a diploma qualification (n=43; 29%). The category of subordinates who have Masters Qualification constitutes 16.7% of the respondents. This is closely followed by the subordinates with an A level qualification (n=3; 10%). The subordinates who doesn't have a qualification comprise of 6.7 % of the target population highlighting that the majority of the respondents are educated.

4.2.3 Work Experience

Figure 4.2 Work experience of respondents

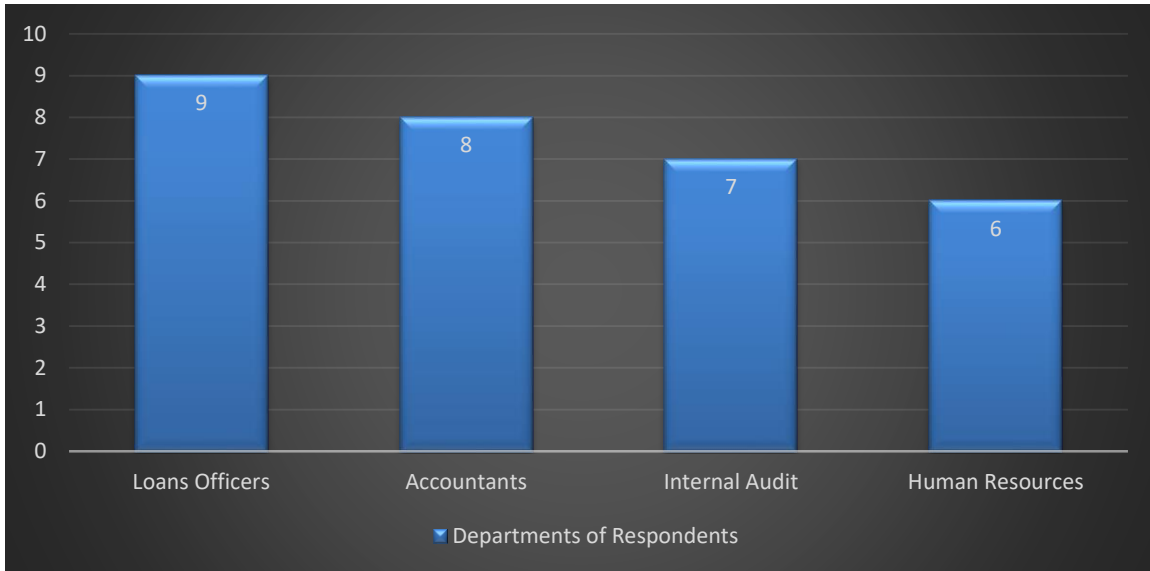


Source: Survey Data, 2019

The figure 4.2 highlights that the majority of the respondents have worked for a few years for SYMDUNES microfinance (n=12; 40%). This is closely followed by those who has 11 years and above (n=10; 33.3%) working in the microfinance institution. 26.7 % of the target population consists of subordinates who has worked for 5-10 years in the microfinance institution.

4.2.4 Departments of Respondents

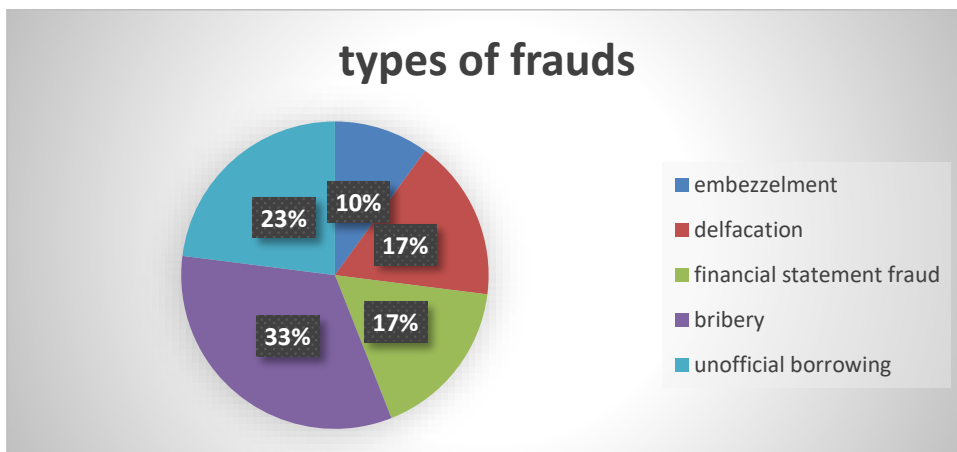
Figure 4.3 Departments of the Respondents



4.3 Types of Fraud in the Microfinance Institutions

The following results relate to questions on the types fraud in the Microfinance Institution
The following results relate to questions on the types of fraud experienced at Symdunes
Micro finance Institution which include the major types of fraud and other considered types
of fraud suggested by the respondents in this study

Figure 4.4 Types of frauds in the Micro finance



Source: Primary data, 2019

In Symdunes Financial Services, in this case Symdunes Micro finance Institution, there are various types of frauds experienced. As illustrated by fig 4.1, the Microfinance mainly experiences bribery; financial statement fraud; unofficial borrowing; defalcation as well as embezzlement. In accordance with this research, bribery has the highest prevalence that is 33.3%, unofficial borrowing follows at 23%. Another type of fraud experienced in Symdunes Financial Services is defalcation with a percentage of 17%. Financial statement fraud also occurs in Symdunes Financial Services as evidenced by 17%. Embezzlement is also experienced in Symdunes Financial Services and in this case at 10%. Apart from the mentioned, it was observed from interviews that forgeries of receipts was once experienced before the introduction of computers. Two out of 7 respondents supported this fact. 4 of the respondents out of seven in a conducted interviews emphasized that the major causes of fraud are weak fraud policies; loopholes in the organization which presents an opportunity to the fraudster to engage in fraudulent activities; weak audit team and compromised independence of external auditors.

Relating to the open question on the other fraudulent activities in the Symdunes Financial Services the majority of the respondents 56.6% did not answer the open question. This is an indication that they were not aware of the other forms of fraudulent activities or it was a sign of lack of confidence. Rather 44.4 % of the target population suggested the following fraudulent activities.

A total of 10% mentioned embezzlement as a form of fraud experienced at Symdunes Micro finance. Embezzlement is described as a form of fraud which involves the unlawful collection of monetary items such as cash, travelers' cheque and foreign currencies. It could also involve the deceitful collection of firm's assets such as motor vehicles, computers, stationeries and equipments. This is supported by Sutherland (1983) who defines white collar crime as a crime committed by a person of respectability and high social status in the course of his occupation for example embezzlement.

A sizeable figure 13.3 % suggested forgeries as a type of fraudulent activity. This form of fraud involves the deceitful copying and use of customer's signature to disburse amounts of money from the customer's account without prior agreement of the customer. Such forgeries may be targeted at vendor's loans, school fees loans, and business loans. Onibudo (2007), highlighted that most of such forgeries are committed by internal staff or by outsiders who act in conspiracy

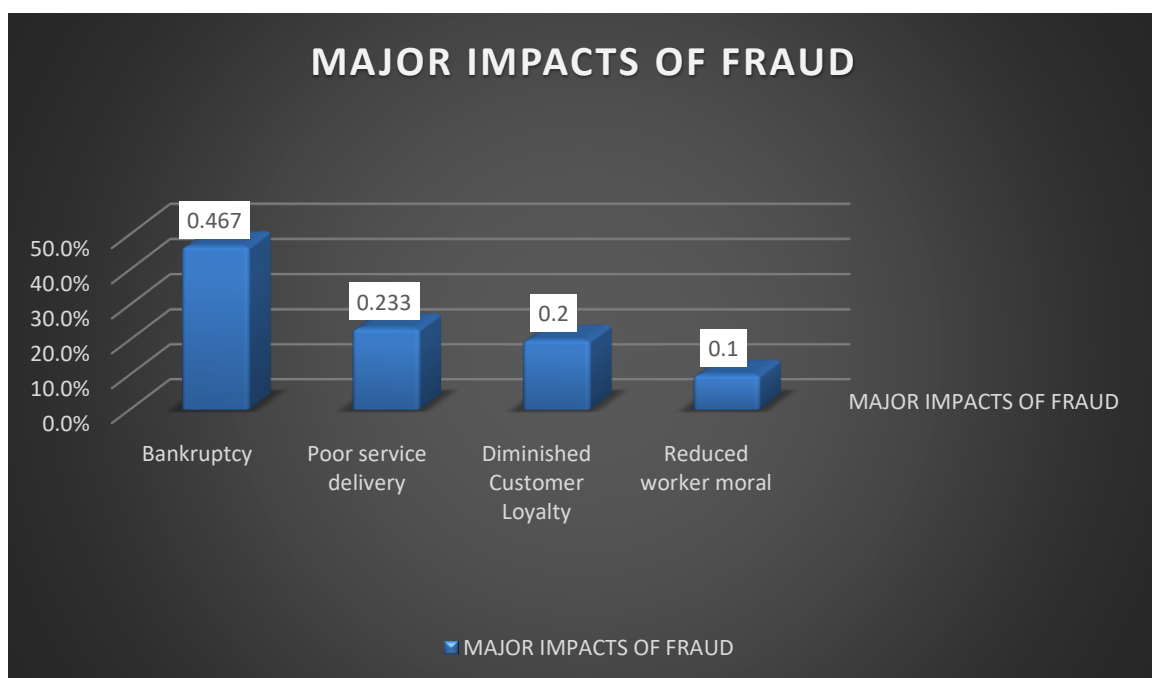
with loans officers of who usually are the ones who assess and the approval of loan disbursements. They also suggested impersonation as one of the types of fraud they experience. Impersonation is a form of fraud that involves assuming the role of another person with the intent of deceitfully committing fraud. Such cases of fraud can be successfully usually when the perpetrators connive with the microfinance institution.

Rather 10% suggested that unofficial borrowing is the most type of fraud experienced at Symdunes Financial Services This is form of fraud, usually occurs when employees borrow from treasuries or till tellers informally. This kind of unofficial borrowing are usually done in exchange of something or even nothing at all. Such borrowings are prevalent during the end of the month especially when salaries have not been paid. Some of the unofficial borrowings can be used for quick business lasting for hours or even a day and then the borrowed money can be replaced without evidence that it was taken from the vaults.

4.4 Impact of fraud on growth of Microfinance Institutions

The following results relate to questions on the impact of fraud on the operation of Symdunes Financial Services.

Figure 4.5 Impacts of fraud in Symdunes Financial Services



Source: Primary data, 2019

The figure 4.3 above highlights that fraud has major impacts on the Symdunes Financial Services. It tends to cause bankruptcy in organizations. In other terms this means insolvency of the organization. This is affirmed by the majority of respondents 46.7 % who pointed out bankruptcy to be the major impact of fraud at t. When fraud is committed, it causes loss on the third party. The organization would lose funds it intended to use on other productive activities such as managing its bars; clinics and schools. Bankruptcy causes the local authority to fail paying up employee wages not on time. On the contrary a sizeable figure 23.3% highlighted that poor service delivery is the major impact of fraud while 20% indicated that diminished customer loyalty is the major impact of fraud at the council. A paltry figure 10% felt reduced worker moral is the major impact of fraud at Symdunes Micro finance. The qualitative data from the depth interviews highlighted some other impacts of fraud are liquidation as well as loss of workers with experience.

Relating to the open question on the impacts of fraud in the Symdunes Financial Services the majority of the respondents 33.3% did not answer the open question on the other impacts of fraud. This is an indication that they were not aware of the impacts of fraud or it was a sign of lack of confidence or knowledge pertaining to the area of study. Rather (66.7%) of the target population the suggested the following impacts of fraud:

Some of the respondents (23.4%) suggested that public criticisms is the most of the impacts of fraud. They also think fraud places emotional and physiological burdens on the fraud victims. A total of (10%) of the employees pointed out that fraud destroys the good reputé of Micro finance institutions. Despite the amount of money that Symdunes Financial Services put into risk management, be it operational, investment, or political risk, there is one area they have traditionally only mentioned in passing, that of reputational risk to the Symdunes Financial Services. The effect of fraud in foreign banking industry are felt by all, if not as a customer, then, as a citizen of nation. The effect of fraud has a chain reaction on the community as a whole because this industry constitutes a vital position in a community. Every part of the economy, especially the Micro finance sector is punctuated with fraud. Thus, its, success or failure goes a long way to determine the success of the community.

A small figure (6.7%) suggested that fraud leads to increased operating expenses. Usually when a fraud occurs it may cause the business to engage external auditors or change of security

systems in order to prevent repetition of such crimes thus the organisation will end using a lot of money and its operating expenses will increase.

Generally, the 16, 7% of the employees mentioned that fraud causes business to suffer damages in the form of monetary loss. This is affirmed by Adeniji (2004) who pointed out that fraud is a worldwide phenomenon that has been in existence for long and it upsurges every day and is a deliberate act that causes a business or economy to suffer damages, often in the form of monetary losses. According to the Banking Fraud Investigations Department (2014), a division of the Central Bank of Kenya, shows that 525 cases of fraud were leading to a loss of \$8.5 million by various financial institutions in the first quarter of 2014. This is a clear indication that fraud can cause a business to suffer in the form of monetary loss. They also felt fraud causes damage to credibility.

A small figure (6.7%) of the target population highlighted that fraud cause's misrepresentation of financial statements. Adeniji (2004) defined fraud as an intentional act by one or more individuals among management, employees or third parties which results in a misrepresentation of financial statement. Generally, employees stated that the fear now is that the increase rate of fraud in the Symdunes Financial Services if not stopped might pose certain threats to the stability and the survival organisation and the performance of the industry as a whole. Nwankwo (2005) highlighted that no area of the economy is immune from fraudsters. A research conducted by Samociuk, Iyer and Doody shows that there is not a single financial organization that is immune to fraud, and that the typical organization loses 5-7% of its annual revenues to fraud (Samociuk, Iyer and Doody, 2010).

A paltry 3.3% of the respondents felt that fraud causes solvency and liquidity problems. The number of fraud that occurs in Symdunes Financial Services is so alarming with the overall effect on poor organisational performance. The amount of money lost to fraudsters is large; such amounts taken out of the coffers of the Micro finance do not generate any income but rather result to insolvency and liquidity problems. They also felt that fraud causes the trust and understanding among staff to be reduced. Trust among co-workers, managers, and other members is built, confirmed, weakened, or destroyed every day. Trust increases slowly over time through repeated interactions—but can dissolve in moments from just one bad criminal activity. Trust is a key component in a healthy work environment. Team members work

together collaboratively. Job satisfaction, morale, and job retention are high. Absenteeism is low because trust buffers high stress levels.

4.4 Extent to which fraud has affected the capital base of Symdunes

The following results relate to questions on the extent to which fraud has affected the liquidity position of Symdunes Micro finance Institution concerning the capital base.

Table 4.4 Extent to which fraud has affected capital base of Symdunes financial services

RESPONSES	VARIABLES						CONSTRUCT MEAN
	There is influence of fraud on capital base for Symdunes		The overall trend of the influence of fraud on the capital base for Symdunes is constant		The influence of fraud on capital base for Symdunes is a major problem		
	N	%	N	%	N	%	
Strongly agree	16	53.3	18	60	19	63.3	-
Agree	9	30	3	10	7	23.3	-
Not sure	-	-	2	6.7	2	6.7	-
Disagree	3	10	3	10	3	10	-
Strongly disagree	2	6.7	4	13.3	1	3.3	-
Total	30	100.0	30	100.0	30	100.0	-
Mean	2.3733		2.1600		2.0467		2.177
Standard Deviation	1.60764		1.54607		1.57726		

Source: Survey data, 2019

A total of 25 respondents (83.3%) indicated that there is an influence of fraud on capital base of Symdunes Microfinance. This highlights that fraud impacts on the capital base of Symdunes Financial Services. A less significant figure n=5, 16.7% did not agree on the notion that there is an influence of fraud on the capital base.

A total 21 respondents highlighted that the overall trend of influence is constant. The table shows that 25 of the respondents, 86.6 indicated that the influence of fraud on capital base for Symdunes is a major problem.

All the average mean for the influence on capital base of Symdunes are above 2.00 implying that fraud is a major problem at Symdunes. The construct mean of 2.17 also confirms fraud influence the capital base at Symdunes.

4.7 Chapter summary

This chapter dealt with data analysis, presentation and discussion. Data from the descriptive survey was analysed through descriptive statistics and also by using the SPSS package. The findings were presented as frequencies, table and figures. Narrative discussion was done to explain the findings of the study. Chapter V which follows present a summary of the research findings and conclusions and recommendations. Lastly the study spells out an intended area of further research

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the chapter summaries, summary of findings, conclusion of the study, recommendations for policy and practice and suggestions for further research forwarded by the researcher. The main objective of this study was to investigate the impact of fraud on growth in the micro finance.

5.1 Summaries of Chapters

The main focus of this study was to investigate the impact of fraud on the growth of the Micro finance fraud using Symdunes Financial Services as a case study.

Chapter one briefly outlined the background of the study which covered a brief history of the Micro finance in question and the problems being faced that encouraged the researcher to conduct the study. The problem statement, main research question impact of fraud was also looked at. The sub-research questions, objectives underlying the research, justification, assumption, purpose and delimitation of the study were outlined. Limitations of the research like time constraints and how these were curbed to uphold the research quality were highlighted and it ended up by summarizing the same.

Chapter two resided on appraising literature related to the problem understudy in line with the research objectives in respect to impact of fraud on growth of the Micro finance Institution. Chapter three outlined the research methodology incorporated by the researcher. It focused on the research design where the researcher employed the descriptive exploratory research design since these were considered to be most suited for a case study and complement each other. Target population for the purposes of the study was looked at. The researcher used stratified as well judgmental sampling techniques. These were considered to produce a sample

most representative of the target population under study. The chapter outlined the sample size for the research, data sources utilized and the research instruments. The validity and reliability of the research findings and also the data presentation and analysis tools were articulated. A summary of the chapter was then given.

5.2 Summary of Findings

The mainstream of employees pointed out that bribery is the major type of fraud experienced at Symdunes Financial Services. Workers feel that financial statement fraud is the major type of fraud experienced in the firm. Employee's highlighted embezzlement also occurs in the institution. Apart from the mentioned, it was observed from qualitative data derived from the interviews that forgery of receipts was once experienced. The employees supported this fact and highlighted that the major causes of fraud are weak fraud policies; loopholes in the organization which presents an opportunity to the fraudster to engage in fraudulent activities; weak audit team and compromised independence of external auditors. They also suggested defalcation, unofficial borrowing, and impersonation and so on.

Most of the employees think fraud has impact on the growth. A significant number approved the notion that fraud cause bankruptcy in organisations. This an indication that when fraud is committed it causes loss on the third party and growth to become a deposit taking institution may be compromised. They also think fraud leads to diminished customer loyalty and reduce worker moral. The qualitative data also reveal that managers interviewed recognize the impact of fraud in the Micro finance and they expressed that fraud can cause liquidation and loss of experienced workers. Generally, the employees suggested that fraud places emotional and physiological burdens on the fraud victims. They also think fraud destroys the reputation and damage credibility of the Micro finance institutions. Employees feel fraud causes increased operating expenses. A significant number of employees professed that the employed current anti-fraud preventive measures are not effective.

5.2 Conclusions

The main thrust of the study was on the impact of internal fraud on the growth of Micro finance institutions. The research objectives were achieved providing the research was a success. The

study came up with the following conclusion, Symdunes Micro finance institution the case under study should pay more attention to the causes of fraud because as the research has indicated the Micro financier is experiencing several forms of fraud so it means if they do not consider identifying these causes in time the business will soon become vulnerable and end up being a bad shape. Mechanisms should be laid down to prevent fraud before loses its client base of customers. Issues like bribery fraud, which is committed by people associated with the, also needs to be considered. A less weighty figure of employees did not answer the open question on measures that can be put in place to curb fraud.

5.3 Recommendations

The study makes the following recommendations:

Fraud Controls

Fraud controls are required to be effectively designed and implemented; however, it should be noted that any system of fraud risk management and internal control is designed to provide reasonable assurance that fraud will not eventuate. Although clearly desired, it does not guarantee that fraud will not occur; rather, its objective is to reduce the risk of fraud to an acceptable low level.

Internal control systems

Symdunes Financial Services need to strengthen their internal control systems to be able to detect and prevent fraud and fraudulent activities and to protect its assets.

Regulatory and Supervisory Bodies

The regulatory and supervisory bodies of Symdunes Financial Services in Zimbabwe need to improve their supervision using all tools at their disposal to appropriately check and curtail the incidence of fraud and fraudulent practices in the Symdunes Financial Services

Security Controls

One way preventing fraud is by ensuring that additional security devices are incorporated, not only within the council premises. This not only helps reduce their vulnerability to forgeries and other fraudulent acts but also makes early detection of such nefarious acts easy.

Pre-employment screening

In recruiting key personnel who are to handle certain sensitive operations, it is important that the Symdunes Financial Services make concerted efforts at conducting a proper background check on the status and nature of the employee in his or her neighborhood, as this would help them establish the probability of the employee engaging in fraudulent activities

Training Programs

With regards to lack of knowledge on the part of the subordinates about fraud prevention, the Symdunes Financial Services should sponsor their subordinates and managers to attend workshops and annual conferences on fraud awareness. The workers should be enlightened on the prevention of fraud through workshops, seminars and meetings. The research suggested that the current measures at the local authority are not effective in curbing it becomes expedient that these banks should train their staff competently to understand the preventing measures of fraud occurrence.

The Government

The Government, in every society, plays a key role in financial and other crime prevention. In this regard, the relevant institutions established to fight fraud including the ministry governing the Symdunes Financial Services among others, should ensure the enforcement of various legal provisions in the fight against fraud in Zimbabwe.

Fraud policy

Organisations should implement a fraud policy dealing directly with fraud backgrounds and employees to create a higher level of awareness for both management and the workforce. This would then provide a clear framework along with justice should such an issue arise.

Institutionalised fraud policy leads to minimising, if not eliminating, occurrence of such problems or conflicts through the use of fraud awareness training programs. A fraud policy manual should be compiled, clearly stating the job descriptions and responsibility areas

Commitment of top management

Senior management need to hold themselves and others accountable to see that anti-fraud measures on curbing fraud are successfully implemented with the organisation. It is critical that the reasons are identified for embarking on fraud prevention and are connected with the achievement of departmental objectives. They need to create awareness of the need for fraud prevention and identify sustainable reasons for engaging into this process.

5.3 Area of further study

REFERENCES

- Accountants and Association of Certified Fraud Examiners (2007). Managing the Business Risk of Fraud: A Practical Guide.
- Adeniji, A. (2004). Auditing and investigation. Lagos Landmark Publisher
- Adeyemo K.A (2012). 'Fraud in Nigerian banks, nature, deep-seated cause, aftermaths and probable remedies'. *Mediterranean Journal of Social Sciences*, vol 3(2).
- Adeyemo, K. A. (2012). 'Frauds in Nigerian Banks: Nature, Deep-Seated Causes, Aftermaths and Probable Remedies':Mediterranean Journal of Social Sciences, 3(2):279-289.
- Akindele, R.I. (2011) 'Fraud as a Negative Catalyst in the Nigerian Banking Industry; Journal of Emerging Trends in Economics and Management Sciences (2) (5):357-363.
- Akinyomi, O.J. (2012). 'Examination of fraud in the Nigerian Banking Sector and its prevention':Asian Journal of Management research volume 3 (1):184-192.
- Association of Certified Fraud Examiners (1999), Report on the Nation Occupational Fraud and Abuse. Retrieved from <http://www.efenet.com/summary> on 12/10/13.
- Borg, W.R and Gall, M.D, (1989). Educational Research, Longman, New York.
- 'Cole G.A. (2004) Strategic Management 2nd Edition
- COSO (1992), Internal Control-Integrated Framework, The Committee of Sponsoring Organizations of the Treadway Commission, Inyo County, CA.
- Crawshaw, J and Chambers, J. (2001). A concise course on advanced level statistics 4th Edition; Stanley Thormes (Publishers) ltd, UK
- Criminal law Codification and Reform Act [Chapter 9, 23]
- Denscombe, M., (2002). The Good Research Guide for small-scale social research projects.Philadelphia: Open University Press.
- Ekechi, A.O. (1990): "Frauds and forgeries in banks, causes, types and prevention", Seminar in bank audit organized by Institute of chartered accountant of Nigeria. Lagos
- Foley, D. K. (2003) Rationality and Ideology in Economics. lecture in the World Political Economy course at the Graduate Faculty of New School UM, New School
- Higgins, H.N. (2012) Learning internal controls from a fraud case at Bank of China; American Accounting Association volume 27 (4)

Idolor, E. J. (2010), Bank Fraud in Nigeria: Underlying Causes, Effects and Possible Remedies, African Journal of Accounting, Economics, Finance and Banking Research volume 6(6):62-80.

Idowu, A. (2009) An Assessment of fraud and its Management in Nigeria Commercial Banks; European Journal of social sciences volume (10) number (4)

Ikechi, K.S and Okay, O.E. (2013) “The nature, extent and economic impacts of fraud on bank deposits in Nigeria”. Interdisciplinary Journal of Contemporary Research in Business Volume 4, Number 9:253-265.

Leedy, P.D. & Ormrod, J.E. (2001). Practical research: planning and design. 7th edition. Upper

Levanti T (2006): Litigation Sacs Committee: New York S.S.C.P.

Levanti, M. (2001). Prevention of Fraud. Crime Prevention Paper 17. London.

Levi M (2001): Prevention of Fraud: Crime Prevention Paper 17: London

Millichamp, A.H, (1996). Auditing 7th Edition. Martins the Printers Limited. Great Britain. The Institute of Internal Auditors, the American Institute of Certified Public

Olorunsegun, S. (2010). The impact of electronic banking in Nigeria banking system (critical appraisal of unity bank plc) unpublished MBA project.

Puttick, G. (2003) The Principles and Practice of auditing 8th Edition; Juta and Company Lansdowne

RBZ Policy Statement (2013) Fidelity Printers

Reserve Bank of Zimbabwe Publications (2006). Monetary Policy Review Statement. July 2006.

Saunders, M., Lewis, P., and Thornhill, A., 2007. Research Methods for Business Students (4th Ed.). Prentice Hall: London

Singleton, T. W., Singleton, A. J., Bologna, J. & Lindquist, R. J. (2006). Fraud Auditing and Forensic Accounting, 3rd edition, John Wiley & Sons, New Jersey.

Skalah, S.L., Alois, M.A. and Sellar, G. (2005). Fraud: An Introduction.

Sutherland, Edwin H. (1983) “White-Collar Criminality”; American Sociological Review 5: 1-12.

Wells (2002). The Encyclopedia of Fraud: Obsidian Press, pp. 105-119

Wells J. (2006), Fraud Encyclopaedia, USA, Association of Certified Fraud Examiners

Zimbabwe National Statistic Agency (2013) Quarterly Digest of Statistic, Printflow; Harare

Okoro, G (2003). An investigation of fraud in banks. An unpublished thesis of university of Lagos.

Nwankwo, G.O (2005). Bank management principles and practices. Malthouse Press Ltd;
Lagos Nigeria

Appendix 1

BINDURA UNIVERSITY OF SCIENCE EDUCATION



To whom it may concern

REF: Request for completion of a Questionnaire

I am a final year student at the above mentioned institution studying toward the completion of a Bachelor of Commerce (Honours) Degree in Financial Intelligence. In partial fulfilment of program, it is the university's requirement for me to carry out a research on a relevant area of +study. My research topic is impact of fraud on the growth of Microfinance Institutions

Attached to this letter is a questionnaire that will help me in data gathering. The information obtained will be treated with confidentiality and will be solely used for academic purposes.

I will be grateful if you can assist me.

Yours faithfully

Rumbidzai Chipfuya

INSTRUCTIONS:

- Indicate by way of a tick (✓) the relevant answers and provide information in the spaces provided where necessary.
- Please do not write your name on the questionnaire.

SECTION A: Demographic data

1. Indicate your gender

Male [] Female []

2. Indicate your age range

Less than 21 []

21-30 years []

31-40 years []

41-50 years []

Above 51 years []

3. Years in employment

Below 5 years []

5-10 years []

10-15 years []

Above 15 years []

4. Indicate your department

Human resources []

Accounting []

Loans officers []

Internal audit []

SECTION B:

5. Which of the following fraudulent activities are prevailing at Symdunes Financial Services?

embezzlement []

unofficial borrowing []

defalcation []

Bribery []

Financial statement fraud []

6. Other than the above, what other forms of fraud that occur at Symdunes Financial Services?

.....
.....
.....

7. What would you consider to be the major impact of fraud at Symdunes Financial Services?

Bankruptcy []

Poor service delivery []

Diminished customer loyalty []

Reduced worker moral []

8. Other than the above, what would you consider to be the other impacts of fraud at Symdunes Financial Services?

.....
.....
.....

SECTION C: Extent to which fraud has affected the capital base of Symdunes

9. Is there an influence of fraud on capital base of Microfinance Institution?

- Strongly agree
- Agree
- Not sure
- Disagree

10. The overall trend of the influence of fraud on the capital base is constant? 1

- Strongly agree
- Agree
- Not sure
- Disagree

11. Is fraud on capital base of your microfinance institution is a major problem to the development of Symdunes Micro finance Institution?

- Strongly agree
- Agree
- Not sure
- Disagree

12. Is there current fraud prevention measures at Symdunes Financial Services?

Yes []

No []

Not Sure []

13. How effective are the current fraud prevention measures at Symdunes Financial Services?

Not effective [] Less effective []

Effective [] Very effective []

14. What other measures can be put in place to control fraud in Symdunes Microfinance Institutions?

.....
.....
.....
.....

Thank you for your assistance

Appendix 2

Interview guide

- What is the extent to which fraud has affected the development of Microfinance Institutions in Zimbabwe?
- What are the effects of fraud on the Microfinance Institutions in general and in Zimbabwe in particular?
- What are the types of frauds that occur in the Microfinance Institutions?
- What are the current strategies employed to arrest fraud if any?
- What are the possible solutions of combating fraud in the Microfinance business to be recommended for Zimbabwe in particular?

