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DEPARTMENT OF ACCOUNTING AND FINANCE

IMPACT OF MICRO CREDIT ON HOUSEHOLD INCOME: EVIDENCE FROM CUSTOMERS OF SELECTED RURAL BANKS IN AWUTU SENYA EAST DISTICT

BY

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DECLARATION

I hereby declare that this submission is my own work toward the award of the Master of Science in Accounting and Finance and that to the best of my knowledge, it contains no material previously published by another person, nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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DEDICATION

I dedicate this thesis to God Almighty my creator, my strong pillar, my source of inspiration, wisdom, knowledge and understanding. He has been the source of my strength throughout this journey and on His wings only have I soared. I also dedicate this work to my family, whose unwavering support and encouragement have been my driving force. To my love ones those who believe in the power of continuous learning and growth. Thank you so much.

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ABSTRACT

The study's primary goal is to assess the impact of microcredit on household income of customers of selected rural banks in the Awutu Senya East District. The study adopts the quantitative research approach, descriptive method and the survey strategy. The study employs the simple random sampling to select respondents. The sample size is 398. Primary data are employed which are obtained using the structured research questionnaires. The data are analyzed using descriptive techniques and inferential techniques (specifically the chi square analysis). The study finds that there is no significant association between the gender of a customer and access to obtaining microcredit from the rural banks. The study reveals that the most dominant reasons for obtaining microcredit include starting/expanding of business, for agricultural/farming activities, and for acquisition of assets. The study also reveals that accessibility to microcredit has improved the household income of the participants. Again, the study reveals that some of the most common challenges confronting access to microcredit include lower credit below expectation, high interest rate, and breach of previous terms. The study concludes that indeed microcredit helps to empower households by enhancing their households. Hence, there is the need to work at mitigating the challenges the confront customers in accessing credit to enhance accessibility to make it more appealing to people to help reduce poverty among people.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Microcredit is considered to be a key factor that make significant contribution in the development of people, households, and micro and small scale businesses globally. Especially in developing economies, the role of micro credit cannot be taken for granted. According to Mahmud et al. (2022), even though micro credit has its own downsides and limitations, it has significantly helped synergize and facilitated entrepreneurship which has led to improved income and standard of living of most people, especially the poor and disadvantaged class of most economies around the world. "Microcredit" refers to the small loans that low-income persons might employ to expand their existing businesses or launch new ventures (Bilau and St-Pierre, 2018). It is premised on the idea or argument that low-income households should be granted credit in order to assist them get credit despite their lack of collateral (Félix and Belo, 2019). Microcredit is touted to have the potential to empower people and lift them from poverty or low income through increased access to funding in a stress free or less stress manner. It mostly works by enhancing financial accessibility to people with collateral.

It is worthy of note that the Grameen bank model and the several worldwide summits on microcredit have made it possible to bring attention to the ease with which they can be utilized as well as their efficacy, particularly in regards to difficulties with collateral. Datta and Sahu (2021) note that when looking for funds from traditional banks, the low-income segment of the population is very frequently unable to provide any form of collateral. This is a common problem in most developing economies where low-income group dominate. Thus, the microcredit has become a useful strategy by most countries to minimize poverty.

As one of the developing countries in West Africa, Ghana is faced with a variety of developmental issues. Despite its political stability, it has a significant problem with high levels of unemployment. Numerous governments in both past and current periods have attempted various strategies to address the unemployment via various programmes by establishing new employment possibilities and pushing the private sector to do the same. However, the unemployment rate in Ghana continues to remain excessively high. One of the issues that has mostly come up for discussion is the manner in which individuals or groups can gain access to funds or loans from banks in order to propel them to enter into income-generating endeavours that will assist the private sector in living up to its status as the engine of growth.

Since the country's independence in 1957, numerous governments, non-governmental organisations (NGOs), and donor partners have concentrated their efforts, over the course of many years, on a variety of developmental policy methods in order to implement poverty alleviation programmes. For instance, during its time in power, the National Democratic Congress (NDC) administration in the 1990s devised a programme called "Vision 2020," the goal of which was to reduce the prevalence of poverty throughout the nation by the year 2020. In spite of these efforts, poverty is still prevalent throughout the country. Most people are still in the low-income segment of the population. This has led to the adoption of strategies by both the government and various stakeholders to help improve access to funding to those who have the potential to become entrepreneurs and are clamouring for access to funding that would allow them to participate in enterprises that will generate revenue and eventually lift them out of poverty.

Indeed, one of the strategies that has come up strongly is the microcredit programmes. The government, NGOs, and various financial institutions have over the years embarked on providing microcredit to people, households, and small businesses. This leave room for research into the subject. Particularly in Ghana, the extant studies on microcredit in Ghana focused largely on poverty reduction (e.g. Valead et al., 2018) and women empowerment (e.g. Alhassan and Akudugu, 2012; Ganle et al., 2015; Alhassan et al., 2016; Addae-Korankye and Abada, 2017; Ofori and Kashiwagi, 2022). Studies that investigate microcredit and household income are scanty. Moreover, no study has investigated the impact of microcredit on household income of customers of rural banks in the Awutu Senya East Municipality as far as the research is aware. Given this background, this study examines how microcredit impact the household income of customers of selected rural banks in the Awutu Senya East Municipality.

1.2 PROBLEM STATEMENT

Microcredit has received enormous attention from the global development community as it is considered to be a powerful tool for poverty alleviation strategies in developing countries (Microcredit Summit, 2004). Armendáriz and Morduch (2010) and Maldonado and GonzálezVega (2008) argued that microfinance may keep household production stable and mitigate adverse shocks. Thereby, it may help to prevent school dropout rates for children and increase the family's spending on healthcare. The effects on education and healthcare are critical to sustainable poverty reduction since they affect the quality of human capital formation and the productivity of future generations.

Although the microcredit movement has developed rapidly in Ghana over the last two decades, there has been little research on the wider contribution of microfinance to the livelihood of its clients in Ghana. Most studies in the empirical literature on microcredit impacts on household income are limited to other contexts outside Ghana (e.g. Mahmud et al., 2022; Al-Shami et al., 2018; Félix and Belo, 2019; Datta and Sahu, 2021; etc.). Moreover, the extant studies on microcredit in Ghana focused largely on poverty reduction (e.g. Valead et al., 2018) and women empowerment (e.g. Alhassan and Akudugu, 2012; Ganle et al., 2015; Alhassan et al., 2016; AddaeKorankye and Abada, 2017; Ofori and Kashiwagi, 2022). Studies that investigate microcredit and household income are scanty. Besides, to the researcher's best knowledge and information, no study has examined the impact of microcredit on household income of rural bank customers in the Awutu Senya East Municipality even though rural banks play a major role in the banking sector while the Awutu Senya East Municipality is also a major business hub around the present-day Accra. These leave a research gap worthy of filling. Thus, this study attempts to close this gap by shedding light on the impact of microcredit on household income of customers of selected rural banks in the Awutu Senya East Municipality.

1.3 RESEARCH OBJECTIVES

1.3.1 Main Purpose

The main purpose of the study is to examine the impact of microcredit on household income of customers of selected rural banks in the Awutu Senya East Municipality.

1.3.2 Specific Objectives

The study pursues the following specific objective given regards to the main objective.

1. To ascertain if there is an association between the gender and accessibility to microcredit of customer of selected rural banks in the Awutu Senya East Municipality.
2. To ascertain the purpose for obtaining microcredit facility by customers of selected rural banks in the Awutu Senya East Municipality.
3. To ascertain if access to microcredit has improved the household income level of customers of selected rural banks in the Awutu Senya East Municipality.
4. To ascertain the challenges confronting customers in accessing microcredit from selected rural banks in the Awutu Senya East Municipality.

1.4 RESEARCH QUESTIONS

The study seeks answers to the following research questions.

1. Is there an association between the gender and accessibility to microcredit of customers of selected rural banks in the Awutu Senya East Municipality?
2. What is (are) the purpose(s) for obtaining microcredit facility by customers of selected rural banks in the Awutu Senya East Municipality?
3. Does access to microcredit help to improve the household income level of customers of selected rural banks in the Awutu Senya East Municipality?
4. What are the challenges confronting customers in accessing microcredit from selected rural banks in the Awutu Senya East Municipality?

1.5 SIGNIFICANCE OF THE STUDY

The study will be relevant for the government and its key policy makers. It will help them to have a deeper understanding of the influence of micro credit programmes on household income of beneficiaries from an empirical research perspective. This will help policy makers to develop strategies to enhance the regulation and management to support micro credit programmes such that they can increase their scope affect more people.

The study will again be useful for corporate practitioners, especially financial institutions that provide microcredit programmes to customers. It is envisioned that the outcome will enable corporate practitioners in microcredit business to identify the impact of their activities on the level of household income. This will motivate them to increase their activities which will consequently lead to maximizing returns to their shareholders.

The study will be relevant for the academic circle. It is expected that the study will provide meaningful contribution to academic discourse on the subject of micro credit and household income. Indeed, this will invaluably add to the pool of literature on the subject and serve as reference point for scholarly research in future.

1.6 SCOPE OF THE STUDY

The study focus on discussions which center around microcredit and household income. It pays close attention to discussions on the issues indicated in the research objectives, but not limited to those issues. The study is conducted among customers of selected rural banks in the Awutu Senya

East Municipality; hence, the geographical scope of the study is the Awutu Senya East Municipality (with Kasoa as the municipal capital) which is administratively part of the central region of Ghana. Specifically, the rural banks that are included in the study are Mircofin Rural Bank, Nyarkrom Rural Bank, and Bawjiase Rural Bank. The study is of cross-sectional dimension as the data employed for the study is cross-sectional data, which is collected at a single point in time.

1.7 SUMMARY OF METHODOLOGY

The study employs the quantitative research approach. It also adopt the descriptive method and the survey strategy. The population for the study comprise of customers of selected rural banks in the Awutu Senya East Municipality. Specifically, it comprise the customers of Mircofin Rural Bank, Nyarkrom Rural Bank, and Bawjiase Rural Bank. The simple random sampling techniques is employed to select respondents. The sample size is determined based on the sample determination table proposed by Krejcie and Morgan (1971). Primary data is used and this is a cross-sectional data taken at a single point in time. Data collected from respondents is organized and analysed by means of descriptive analytical technique as well as inferential technique of chi square analysis. The study adopts the SPSS software to analyze the data.

1.8 LIMITATIONS OF THE STUDY

It is worthy of note that this study is without limitations. One major limitation of the study is that it is carried out within the context of a specified municipality (i.e. Awutu Senya East). Again, it uses customers of only three rural banks out of the many rural banks within the municipality. Thus, making general conclusions based on the findings of this study ought to be made with caution.

1.9 ORGANIZATION OF THE STUDY

The study comprise of five different chapters. Chapter one is the main introduction which covers the background, problem statement, research objectives and questions, as well as significance, scope, limitations, and organization of the study. Chapter two presents the literature review made up of conceptual literature review, theoretical literature review, and empirical literature review. Chapter three entails the methodological techniques to be employed in conducting the study. Chapters four looks at the data analysis and discussions. Finally, Chapter five covers the summary and conclusions arrived at and the recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter focuses on the literature review. It is divided into four sections, namely, conceptual review, theoretical framework, empirical review, and conceptual framework. The definition and overview of concepts are in the conceptual review. The theoretical review focuses on the relevant theories supporting the study. The empirical review concentrates on discussion of findings from studies carried out by other researchers. The conceptual framework summarizes the linkages in the key variables for easy understanding.

2.1 CONCPETUAL REVIEW

2.1.1 Concept of Micro Credit

Armendáriz de Aghion and Morduch (2015) observe that micro credit is a means of reducing poverty among the poor. The authors emphasize that micro credit is a way of delivering loans to poor individuals and is often suggested to be a way out of poverty. Awumbila (2011) agrees with Armendáriz de Aghion and Morduch (2015) when he posits that micro credit is acknowledged by far as the most resourceful means of enhancing people's economic lives and reducing poverty among them thereof. UN (2005) argue on micro credit in similar lines as Armendáriz de Aghion and Morduch (2015) and Awumbila (2011) that it entails the disbursement of small collateral-free loans to poor people in order to enhance income generation and poverty reduction. Usually, banks, micro-finance and other institutions disburse the funds.

Elucidating on the core objective of micro credit, Armendáriz de Aghion and Morduch (2015) have succinctly indicate that micro credit builds on the premise that financial services are needed to make investments in human capital, to smooth out consumption and to overcome unexpected shocks. It can be seen as a solution to include previously excluded poor groups, without access to credit, to the financial market so that they may rise out of poverty by themselves. Micro credit makes a positive economic cycle possible. A micro credit granted to a borrower is invested, which generates an income. The profit accruing from the income generated then offsets the poverty of the beneficiary. The loan can then be repaid to the micro-finance institution, and the borrower may then access another micro credit and eventually increase purchasing power and social recognition. Dobra (2017) argues that micro credit not only opens up the opportunity for self-employment, but also contributes to the improvement of the situation for the entire household. Furthermore, micro credit positively affects the social situation of poor individuals by promoting self-confidence and expanding the capacity to play a more important role in society. Poor people use the profits made from the income generating activities to take care of their health needs, education, feeding, buying clothes, among others, which make the condition of the beneficiaries better than they were without the micro credit.

Findings by Maheswaranathan and Kennedy (2019) also fall in line with the earlier assertions of Armendáriz de Aghion and Morduch (2015), UN (2005), Awumbila (2011) and Dobra (2017) that micro credit is a unique innovation of credit delivery technique to enhance income-generating activities. The programme extends small loans to poor people for self-employment activities, thus allowing the clients to achieve a better quality of life through profits gained from the income generating activities. The Micro-Credit Summit (1997) similarly asserts that micro credit is the best anti-poverty tool for the poorest, especially vulnerable groups like women. Maheswaranathan and Kennedy (2019) have even gone far to assert that giving poor people credit can help them break their vicious cycle of poverty and improve their living standards.

According to Maheswaranathan and Kennedy (2019), micro credit involves giving small loans for people who need money for self-employment projects that can generate income for urgent family needs such as health problems, clothes, food and education. Micro credit is therefore, a means to help improve people's quality of life by lending them a small amount of money for a short period of time. Mohammad (2008) and Police (2009) all agree with the above that micro credit means a small loan made available to poor people.

2.1.2 Concept of Microfinance

Microfinance as a concept has multiple definitions, and different researchers have defined the concept to fit certain conditions. Microfinance, according to Akoto-Sampong (2011), is a financial arrangement that provides financial services to people and small businesses, mostly in agriculture, commerce, dressmaking, and hairdressing, in the form of savings and credit/loan. Individuals and small businesses helped by microfinance often acquire money or revenue from the activities indicated above to pay off their debts to the microfinance. Boateng, Boateng, and Bampoe (2015) give a microfinance definition that is similar to Akoto-Sampong (2011). According to Boateng,

Boateng, and Bampoe (2015), microfinance is the provision of financial services to low-income individuals and businesses in order to combat poverty among those who find it difficult to get cash from commercial banks and other large financial organizations. However, according to Qian-Qian, Man, and Xiao-Lin (2015) and Hadia, Geoff, and David (2014), eliminating poverty on a longterm basis through the provision of financial support through microfinance necessitates the sustainability of microfinance organizations.

Microfinance, in the views of Robinson (2001), is a development technique used in rural regions to enhance output and eliminate poverty by providing services such as money transfers, lending facilities, micro-insurance, savings, and small leasing. Microfinance is the provision of financial assistance to small company owners in order to help them maintain and develop their enterprises. Microfinance, as per Ledgerwood (1999), is a financial and social intermediation service utilized by the government to help people, groups, and small businesses compete more effectively in the market. Microfinance is a way for economically empowering women in order to better their lives. The use of microfinance to assist rural agriculture and industries improves the economic and social well-being of the people who live there.

According to Eniola and Entebang (2015), the ability of small and medium enterprises to reduce debt and increase equity finances is linked to their growth. Microfinance institutions were established to help small enterprises and individuals survive and develop their operations. It is quite difficult to obtain financing for a rural firm. In order to alleviate poverty in rural regions, the government enacts policies such as the development of microfinance institutions (MFIs) to allow the seamless flow of funds to individuals and small businesses, particularly in rural areas (Bansal and Yaron, 2004).

2.1.3 Convergence between Micro Credit and Microfinance

From the foregone analysis of the plethora of literature on micro credit and microfinance, there seems to be a converging point on what constitutes micro credit and microfinance. First, both concepts both concepts entail giving small amount of income and/or support from a bank, microfinance or other institutions to low income people. Second, the low income or poor people have to use the income/support to engage in income generating activities. Third, the profits generated from the income generating institutions is supposed to improve the living standards of the poor people thereby making them better off than they were without the credit facility. Hence, for the purpose of this study, micro credit and microfinance are used interchangeably.

2.1.2 Historical Background of Microfinance

A greater understanding of a notion necessitates research into the concept's historical context. Microfinance, in the view of Eoin (2005), is one of the emerging concepts in modern financial and economics research. BNP Paribas (2007) notes that, the word microfinance was first used in development studies in the 1970s. Governments and aid organizations created microfinance institutions to replace rural credit subsidization programs because rural credit subsidization schemes generally resulted in high loan default rates (Kagan, 2021; Addae-Korankye, 2020).

Microfinance programs were widely employed in the 1980s, with Grameen Bank joining in to give modest loan services to consumers who could not satisfy the strict processes in the commercial banking sector (Robinson, 2001). In the 1990s, the number of microfinance organizations globally increased. The focus of financial institutions has shifted to the provision of loans to people and small businesses in order to support the efforts and commitment of the poor and disadvantaged to reduce poverty and improve their standard of living (Suesse and Wolf, 2020).

2.1.3 Microfinance Interventions Models

MFIs employ a variety of tactics to gain access to clients. Models of MFI are used to describe how these techniques are implemented. Grameen Bank has given fourteen types of models for giving financial intentions to MFIs, according to Fotabong (2011). In this paper, some of the fourteen interventions are explored.

2.1.3.1 Rotating Savings and Credit Associations

Fotabong (2011) noted that, rotating savings and credit organizations are made up of a group of individuals who make monthly contributions with the goal of giving a lump amount to a member at a regular interval. These types of savings are popular among family members, friends, and workplace groups in many regions of the world. In the majority of cases, the contribution and payment rates are fixed. Rotating savings and credit associations, according to Yunus (1999), are regarded as help-each-other associations.

2.1.3.2 The Grameen Solidarity Group

This is a concept with a participation of four to seven people, in which the organization obtains loans to help the members financially (Yunus, 1999). In terms of debt repayment, all group members collectively guarantee the loan. Banks provide additional loans to members based on their capacity to repay their debts on time. The majority of loan payments are paid on a weekly basis (Ledgerwood, 1999). This solidarity group strategy has been tried and proved to help clients reduce the rate and quantity of loans they fail on. This technique has aided financial organizations like Grameen Bank in recovering debts given to its customers (Berenbach and Guzman, 1994). In addition, the solidarity group concept fosters mutual confidence between financial institutions and their clients. Because of the collective guarantee system put in place by this model, consumers' capacity to enjoy higher social benefits and supports is enhanced. The trust built by the solidarity group model as a consequence of the guarantee system acts as a platform for the group members to get more social support (Yunus, 1999).

2.1.3.3 Village Banking Model

Felipe et al. (2011) noted that the village banking concept entails bringing together members of the community, particularly low-income women, as groups led by largely non-governmental organizations in order to enhance their living conditions and level of life. The goal of these organizations is to give financial assistance to their members in the form of financial education and capacity development on saving and wise financial management, as well as loan facilities. Around the middle of the 1980s, this type began to operate. The membership of a village banking model typically ranges from 25 to 50 people. Members' ability is being created so that they may run tiny financial institutions, determine their own lending criteria, and organize task forces to recover loans provided to members (Burritt, 2006; Westley, 2004). Global Development Research Centre (2005) revealed that the major type of collateral for the village banking concept is moral and community cohesiveness.

MFIs provide finances and other financial support to village banks, (Ledgerwood, 1999). The MFIs provide capital to the village banks in the form of loans. Village banks then provide financial assistance to its members in the form of soft loans. Members of village banks save at no interest in the village banks, so that the banks may continue to give financial help to current and new members (Felipe, Connie and Xavier, 2011).

2.1.4 The Effects of Microfinance

Hamada (2010) indicated that MFIs provide financial services to impoverished individuals and small enterprises in order to increase their earnings and income while also increasing their net wealth, hence improving their well-being. Similarly, Banerjee and Jackson (2017) argue that when microfinance funds are well-structured, they increase the recipients' economic status and, as a result, reduce poverty. In the views of Mecha (2017), MFIs' supply of loan facilities to people and businesses only increases revenue if the borrowers have a greater income and a wider range of investments. This demonstrates that MFI credit facilities disproportionately benefit those in the middle and upper income categories. MFI loan facilities provide underprivileged people with opportunity to enhance their assets and income.

MFIs have a positive effect on the financial and social environment (Banerjee and Jackson, 2017; Bangoura et al., 2016). MFIs saving and loan facilities help the poor accrue sufficient revenue to suit their needs and, in the long run, reduce poverty levels among the poor, particularly among women. This is owing to the fact that MFIs help people, organizations, and small businesses to better handle the financial and operational challenges that come with life and company management. According to the research analysis above, the impact of microfinance is favorably realized when MFI operations are tailored around the needs of the individuals they serve. The next sections go into further depth on the impact of microfinance on the poor and vulnerable in our community.

2.1.4.1 Income Level of Beneficiaries

Through the supply of income, the microfinance industry has long held out promise for a better future for the world's poorest people (Morduch and Haley, 2002). Given the urgency of the battle against extreme poverty, the growth of microfinance institutions (MFIs) in developing nations, as well as the financial services provided by MFIs, has helped to reduce poverty and income disparity in developing countries (Bangoura, Mbow, Lessoua and Diaw, 2016). MFIs, accordingin the views of Armendáriz and Morduch (2010), Valdivia and Karlan (2006), and Karlan and Valdivia (2011), provide impoverished individuals with access to capital, allowing them to sustain or start new businesses. Microfinance institutions provide a favorable platform in financial systems to better involve the poor in the economy and help the decrease of inequality among individuals (Crépon, Devoto, Duflo, and Parienté, 2015). Microfinance institutions have a favorable and substantial influence on access to credit, durable consumption, and the yield of income-generating activities, (Banerjee, Duflo, Glennerster, and Kinnan, 2015). Microfinance is thus seen as an important instrument for breaking the poverty cycle, which is characterized by low earnings, poor savings, and low investment (Mecha, 2017).

2.1.4.2 Standard of Living of Beneficiaries

Microfinance, in the views Mahmood, Arby, Hussain, and Sattar (2016), improves people's lives, raises living standards such as health, education, food, and other social benefits, and alleviates poverty. Furthermore, Khan and Rahaman (2007) discovered that microfinance is an excellent means of disseminating valuable knowledge on how to enhance health, education, legal rights, sanitation, and other aspects of living standards that are important to the poor. Many micro-credit schemes have primarily targeted one of society's most disadvantaged groups: women who live in homes with few or no assets. Many studies have found that offering chances for self-employment has considerably enhanced women's security, autonomy, self-confidence, and status within the home (Chirkos, 2014).

A number of poor people in developing nations, particularly women, do not have access to basic financial services that are required to manage their life. The poor are denied access to financial services, leaving them with only the inappropriate informal options. However, Weber (2006) posited that the true purpose of microfinance is to assist the weakest members of civil society, which in this situation are the impoverished. A rural micro-entrepreneur may require transportation, communications, power, water, storage facilities, and a legal system for enforcing contracts and resolving disputes, among other things. Attempts to relieve poverty have been made all around the globe through microfinance programs, which attempt to assist the poor in accumulating their own wealth and investing it in job-generating industries (Sharma, Singh and Porwal, 2014; Mawa, 2008).

2.1.4.3 Access to Healthcare among Beneficiaries

In the views of Marmot and the Commission on Social Determinants of Health (2007), the link between social determinants of health and health is recognized to lead to health inequalities, with persons of lower socioeconomic level having worse health. Moreover, Pronyk, Hargreaves, Kim, Morison, Phetla, Watts,... and Porter (2006) revealed that poverty has an influence on people's health, including their capacity and willingness to seek health and engage in health-promoting behaviors. Microfinance, on the other hand, has proven to be one of the few poverty alleviation interventions that has aided poverty-stricken individuals improve their domestic economic condition through creation of jobs, the growth in micro enterprises, and enhanced access to education and healthcare (Ofori-Adjei, 2007).

Microfinance, in the views of World Health Organization (2008), is one instance of an initiative that can provide a significant boost by reducing poverty and its related vulnerabilities, such as the underlying drivers of health inequalities. This is because the microfinance model, with its established capacity to reach the poor, is an innovative instrument that may be utilized to enhance healthcare delivery to the poor, particularly in rural regions (Saha and Annear, 2014). Microfinance institutions have played a key role in advancing the healthcare agenda by lowering poverty-related healthcare costs (Leatherman and Dunford, 2010).

2.1.4.4 Employment of Beneficiaries

There is widespread agreement that promoting microfinance as an anti-poverty tool in developing countries is important. Such emphasis has been placed on the critical and necessary role that financial institutions, such as microfinance, may play in the generation of jobs in the economy (Dauda, 2013). Small businesses require funding to continue operations, invest in technology, and expand their enterprises. Microfinance thus becomes a critical instrument for assisting businesses in expanding their operations and providing additional jobs to the impoverished and rural populations (Asian Development Bank, 2020). Noreen, Imran, Zaheer, and Saif (2011) posited that, microfinance plays an important role in assisting disadvantaged individuals with soft loans to start businesses, consequently providing jobs for business owners and their employees.

Microcredit from microfinance institutions had a considerable influence on the number of microenterprises and the number of people engaged in them, according to Dingcong, Orbeta, and Capones (2007), indicating that the program was meant to help the entrepreneurial poor.

2.1.5 Best Practices in the Provision of Microfinance

When MFIs follow best business practices, they improve their performance and their influence on communities. Bansal and Yaron (2004) conducted a research on the success of financial institutions that provide microfinance services to people, organizations, and businesses. In the views of Lensink, Mersland, Vu, and Zamore (2018), good cost management in MFIs improves operations and allows them to provide better financial services to their consumers. Another crucial best business practice is MFIs' capacity to sensitize and operationalize the notion of sustainability among their employees (Remer and Kattilakoski, 2021).

MFI best practices that increase revenues and profits include MFIs' ability to recognize client needs and create financial items to fit those needs, proficiently recover loans that have been disrupted to clients, and MFIs' products are impactful towards community members (Garca-Pérez, FernándezIzquierdo, and Muoz-Torres, 2020). In the views of Social Investment Fund (2015), MFIs must do customer profiling and target the vulnerable and needy in society who are productive but needs financial assistance to boost their output. MFIs typically highlight economic activities such as commerce, fishing, farming, animal husbandry, catering, and rural industrialisation (Social Investment Fund, 2015).

According to Nkuah, Tanyeh, and Gaeten (2013), Quaye and Hartarska (2016), and Asiama and Osei (2007), MFIs must hire skilled and experienced staff to manage their operations, and they must receive frequent training and capacity development to enhance their skills and efficiency. Moreover, Nkuah, Tanyeh, and Gaeten (2013) noted that such professionals are capable of devising strategies that bring innovation to MFIs' financial services and products. Furthermore,

Andrews, Boyne, and Walker (2006) state that one of the important best practices concepts for MFIs is to have strong institutional frameworks. MFIs also use best practices like as investing in productive companies, as well as stocks and insurance policies (Steel and Charitonenko, 2003). It is critical for MFIs to guarantee that the credits they provide to consumers are used appropriately. MFIs guarantee that customers make the most use of their loan/credit facilities by providing regular training in company growth, money management, and time management (Datar, Epstesin and Yuthas, 2008). Customers who are generally impoverished can benefit from such training by increasing their profit margins and lowering their costs. Sievers and Tomlinson (2006) indicated that, training allows borrowers to return their debts in a timely and appropriate manner.

Petrikova (2008) identifies goods based on market research as one of the cardinal principles when identifying best practices of MFIs. Market research is utilized to uncover obstacles in the local economy, and plans are created to help clients in the long run. This might include new products like home renovation loans and microleasing, as well as regular revisions to existing financial products.

2.1.6 Challenges in Microfinance Operations

Improving MFI performance necessitates a thorough understanding of and management of the obstacles that come with providing financial services. Rahman, Tan, Hew, and Tan (2008) revealed that weak institutional capacity, insufficient capital, an unfavorable policy environment, poor market structure, and unpredictable weather patterns affecting crop production are some of the obstacles impeding MFI operations and their ability to recover loans disbursed to customers. Transaction costs associated with loan distribution to poor productive individuals, groups, and small businesses are significant, according to Bansal and Yaron (2004), limiting MFIs' capacity to disburse credit to a large number of people and customers' ability to efficiently repay their loans on time. Another issue that MFIs face across the world is funding (Rahman et al., 2008).

Kooi and Tucker (2003) point out that funding MFIs can sometimes be though donor and government financial assistance. This practice help MFIs to subsidize borrowings for clients in order to avoid market discriminatory practices. This affects the operations MFIs in terms of survival because it leads to MFIs lending without conducting due diligence on clients. It also does not incentivize savings, and many clients abuse the processes and default payment. As this of funding discourages MFIs from charging interest on loans, it makes it difficult for them to extend their operations and provide financial support to a large number of productive consumers (Amonoo, Acquah and Asmah, 2003).

Inadequate social, economic, and physical infrastructure in rural regions, which serve as MFIs' primary market, limits their capacity to enhance their operations as costs rise and MFIs are unable to use technology to boost efficiency (Kooi and Tucker, 2003). According to Amonoo, Acquah, and Asmah (2003), MFIs' operation is being suffocated by a high default rate and a rise in the number of non-performing loans.

2.2 THEORETICAL REVIEW

2.2.1 Financial Intermediation Theory

Based on the nature of the topic the study adopted the financial intermediation theory of banking. Werner (2016) noted that the financial intermediation theory of banking posits that banks (including microfinance) collect deposits and then lend the deposit out to borrower, just like any other non-bank financial intermediaries. Allen and Santomero (1997) acknowledged that the financial intermediation theory is one of the traditional theories of intermediation that are premised on transaction costs and asymmetric information. In the views of Scholtens and Wensveen (2003), financial intermediation theory in the current dispensation is based on the idea that intermediaries are designed to minimize transaction costs and informational asymmetries in the financial sector due to advancement of information technology, deregulation deepening of financial markets. John G. Gurley and Edward S. Shaw are accredited with the formulation of financial intermediation theory in the 1960s. They based their financial intermediation theory on the theory of informational asymmetry and the theory of agency. John G. Gurley and Edward S. Shaw noted that the high cost of transaction, lack of complete information in useful time; and the method of regulation influence the adoption of the financial intermediaries (Andrieş and Cuza, 2009). Other scholars who have worked on the financial intermediation theory are George J. Benston and Clifford W. Smith, Jr.

The financial intermediation theory plays important role in the economy by raising the level of investment and savings and increasing the efficiency in the allocation of financial funds in the economic system. The adoption of the financial intermediation theory will help the study to critically analyze the role of microfinance in providing funds to poor and vulnerable people. The financial intermediation theory will provide amply information on the credit mobilization and disbursement by microfinance institutions and the easiness of poor to access these credit facilities.

The financial intermediation theory will be beneficial to the study by analyzing the role of financial intermediaries such as microfinance in the mobilization of deposits from the general public, devising means of making surplus on the deposit and developing financial products in the form of credit facilities to customers especially the poor. The financial intermediation theory has been subjected to some criticism since its inception in the 1960s. In the views of Scholtens and Wensveen (2000) the notion that concept of participation costs is important in the financial intermediation theory as against risk management cannot be practically true. This is makes it necessary for the theory of financial intermediation to be further developed to understand presentday phenomena in the financial services sector.

2.2.2 Welfarists' theory

In keeping with the research's theme, the study also utilised the welfarists' theory. According to Nyamsogoro (2010) and Abinet (2015), the welfarists' theory emphasizes that micro credit was formed to ameliorate poverty by providing subsidized credits that will embolden the poor and disadvantaged of the economically productive poor by offering microcredit products and services to as many of people as potential in order to aid them in coming out of poverty. The welfarists' approach gauges micro credit institution /microfinance institution (MFI) performance in terms of outreach and places less emphasis on financial viability.

However, the International Bank for Reconstruction and Development and the World Bank (2009) argue that reaching out to the poorest is more cost inefficient since it reduces MFI profit margins, necessitating donor assistance. Stressing financial viability may result in a trade-off in outreach breadth and mission drift by lending to the wealthier and less risky consumers and charging higher interest rates on loans (Drake and Rhyne, 2002; Aubert et al, 2009; Copestakes, 2007). They recommend that social aims (impact) be prioritized, and that the government, donors, and social investors fill up any gaps in MFI funding operations (Woller, 2002).

This technique has been challenged on the grounds that donor funds are unreliable and affected by political interests; if financial sustainability is ignored, the quality of the revolving fund may deteriorate and the provision of microfinance services may be jeopardized. Schriener (2000) noted that MFIS may be able to help the needy, but their capacity to provide ongoing financial assistance may be harmed if they are not financially stable.

2.3 EMPIRICAL REVIEW

2.3.1 Gender and Accessibility to Microcredit

Aterido et al. (2016) studied gender disparities in the use of official and informal financial services by people in nine Sub-Saharan African countries. The study evaluated people' access to financial credits using each country's 2013 Finscope surveys, which included up to 7,600 participants and were conducted between 2004 and 2009. Using probit regression and adjusting for individual level variables, the study found no gender difference in individual usage of formal banking services such as micro finance.

Ghosh and Chaudhury (2019) used global Findex household-level database for the year 2017 to evaluate the presence of gender gap in financial inclusion for India. The empirical findings suggest that women are significantly more likely to be financially included as compared to their male counterparts. Using Fairlie Decomposition technique, this paper also found the statistical evidence which reveals that gender has significant positive effect to on access to finance such as microfinance.

Ghosh and Vinod (2017) used data from India's National Sample Survey Organization to evaluate gender differences in access to financial services in rural and urban areas in 2013. According to the report, a person has access to finance if they have gotten at least one cash loan from a formal financial organization. Using a multivariate regression model to investigate gender differences in access and use of finance, the study discovered that female headed households in India are 8% less likely to access formal financial credit services and 6% more likely to access informal financial credit services than male headed households.

In researching the disparities in loan availability across vulnerable groups of society, especially women. Female entrepreneurs, according to Rajeev et al. (2010), have less access and face higher rates of interest than their male counterparts, even when they are engaged in comparable economic activities. The study looked at data from the 59th round of India's National Sample Survey Organization, which comprised 196,055 firms, with women running 11% of them. The research found a statistically significant difference in loan availability by gender. They observed that female businesses faced higher loan rates than male entrepreneurs on average (25 percent versus 22 percent).

2.3.2 Purpose for Obtaining Microcredit

Haji (2013) investigated the role microfinance organizations played in reducing poverty in Zanzibar's south district. The study's data collecting and analysis strategy was a mixed techniques approach. It took place in Zanzibar's South District. In order to evaluate the breadth and depth of each participant's contributions in their various operational domains, the research concentrated on 50 individuals who answered all the survey questions and one MFI. According to data gathered from microfinance organizations and their consumers, customers utilize micro credit to finance small business.

Okibo and Makanga (2014) looked into how microfinance in Kenya affected the country's poverty rate. As a case study, the study employed PAWDEP in the Kiambu District. It was meant to include both client perceptions of poverty alleviation and the loan facilities offered by the MFI. 430 respondents were chosen for the study using the stratified sample method, and data were analyzed using logistic regression. The study discovered that customers utilized micro credit to acquire assets and to enter to farming.

Mtamakaya et al. (2018) investigated the link between MFI involvement and client and family wellness in Moshi, Tanzania, using social determinants of health. According to the findings of the study, impoverished female participants in the program who had access to microfinance had an easier time gaining access to fundamental services like education and healthcare in their communities. This was true for the local economy as well. The findings of the study demonstrate that customers utilize micro credit to finance education and healthcare.

In another study, Noreen et al. (2011) examine the impact of microfinance on the eradication of poverty in India. Concepts including housing, food security, spending by households, and assets owned by households were all used in this study. A sample of 384 consumers from four distinct microfinance companies was selected using the multi-stage cluster sampling technique. The results suggested that microfinance programs have a positive and notable effect on people's access to essential services. According to the report, microfinance considerably improves the educational options available to kids.

2.3.3 Microcredit and Household Income

Choman (2021) investigated the impact of microfinance on poverty alleviation in Welmera district, Oromia Special Zone Surrounding Finfine, Oromia Regional State, Ethiopia. Both random and purposive sampling techniques were used for data collection. Three hundred and fifty-seven respondents were selected from twelve different villages for the data collection. The study used a binary logistic regression to identify impact of microfinance on income level of respondents. The finding revealed that most of the respondents' income improved after they joined the microfinance program.

A research by Samer et al. (2015) looked at the impact of Malaysian microfinance on family income. Stratified random sampling was utilized to acquire data from 780 consumers in a crosssectional survey. Employing the binary logistic regression, the study reveals that microfinance has a beneficial influence on the household income of women borrowers, according to multinomial logistic findings.

Bangoura et al. (2016) looked examined the relationship between microfinance and impoverished people's income and poverty levels. The study demonstrates a negative and substantial association between the degree of microfinance and poverty/income inequality, using a mixed research technique. They show that poverty and income inequality decrease in countries with high microfinance intensity, which makes sense given that microloans fund entrepreneurs' productive activities.

Mahmood, Arby, Hussain, and Sattar (2016) investigated the effect of microfinance in reducing poverty and raising the living standards of disadvantaged Pakistani households. According to a poll of 400 people, microfinance loan had a good influence on impoverished people's income production and consumption levels, with the impact on productive activities being greater than consumption.

Stewart et al (2010) pursued a quantitative research on the effects of microfinance on poverty reduction of beneficiaries. The study employed the cross-sectional survey strategy to obtain data from a sample of 350 respondents. The binary logistic regression was employed to analyze the data. The study revealed that microfinance has a favorable influence on impoverished people's income and savings levels. Microfinance, on the other hand, boosts consumers' spending and wealth building. Both microcredit and microsavings have a typically good influence on impoverished people's health, as well as their food security and nutrition, albeit the latter effect is not universal.

Ali and Alam (2010) used quantitative and qualitative methodologies to study the performance of Pakistan's microfinance business and the influence of microcredit on various poverty levels. The study found that microcredit aids in the reduction of poverty for many types of disadvantaged individuals and has a favorable impact on their levels of income.

Khan and Rahaman (2007) used a mixed research strategy to study the impact of microfinance on the impoverished in Bangladesh. The study discovered that microfinance had a favorable influence on the poor's level of living and lifestyle. Microfinance has not only helped impoverished people get out of poverty, but it has also helped them gain self-sufficiency. MFIs help impoverished people in Bangladesh not just by reducing poverty and increasing their living conditions, but also by providing significant human development programs.

Idowu and Oyeleye (2012) investigated the influence of microfinance banks on poverty reduction in a number of Oyo State Local Government Areas. The data was collected from 150 microfinance bank clients using stratified and purposive sampling procedures. The data was evaluated using Foster Greer Thorbecke, and the findings demonstrated that microfinance banks have a favorable influence on impoverished people's living standards. Furthermore, there was a positive and substantial association between loan amount, asset acquisition, and profit after loan. Furthermore, Van Rooyen et al. (2012) discovered that microfinance has an effect on income level of beneficiaries.

Various studies have revealed similar and inconsistent outcomes on the link between microfinance and reduction in poverty using access to basic services as a poverty indicator. Choman (2021) investigated the impact of microfinance on poverty alleviation in Welmera district, Oromia Special Zone Surrounding Finfine, Oromia Regional State, Ethiopia. Both random and purposive sampling techniques were used for data collection. Three hundred and fifty-seven respondents were selected from twelve different villages for the data collection. The study used a binary logistic regression to identify impact of microfinance on income level of respondents. The finding revealed that most of the respondents' standard of living in terms of access to basic services like healthcare improved after they joined the microfinance program.

Mtamakaya et al. (2018) investigated the link between MFI involvement and client and family wellness in Moshi, Tanzania, using social determinants of health. A multistage random sample strategy was employed to collect data from 900 women for the study. The study reported that microfinance has a positive impact on access to healthcare.

Khandker (2005) uses a panel data approach or framework to explore the relationship between microfinance and poverty for a sample size of 1,789 households taken from 87 villages in 29 Thanas in Bangladesh. According to the findings of the study, impoverished female participants in the program who had access to microfinance had an easier time gaining access to fundamental services like education and healthcare in their communities. This was true for the local economy as well. The findings of the study demonstrate that there is evidence of a general drop in the level of poverty at the community level.

Noreen et al. (2011) conducted another study on the influence of microfinance on the reduction of poverty in India. This study used concepts such as the education of children, housing, the security of food, expenditure by households, and assets owned by households. Using a method known as multi-stage cluster sampling, a group of 384 clients from four different microfinance organizations was chosen as the sample. The findings point to a good and noteworthy impact that microfinance programs have on access to basic services. The study reveal that microfinance significantly have positive impact on the educational opportunities available to children. Furthermore, Van Rooyen et al. (2012) discovered that microfinance has an effect on the capacity of household access to basic service, predominantly education and healthcare.

Stewart et al. (2010) pursued a quantitative research on the effects of microfinance on poverty reduction of beneficiaries. The study employed the cross-sectional survey strategy to obtain data from a sample of 350 respondents. The binary logistic regression was employed to analyze the data. The study revealed that microfinance has a typically good influence on impoverished people's access to basic services such as healthcare which aid in improving their longevity.

Haji (2013) examined the contribution of microfinance institutions to poverty reduction at south District in Zanzibar. The study used a mixed methods approach in data collection and analysis. It was conducted in South District of Zanzibar. The study focused on 50 participants that responded to all questions and one MFI surveyed in order to assess its breadth and depth of its contributions in its respective operational areas. Following the information collected from both microfinance institutions and their clients, it was revealed that MFIs have changed the life of poor people in a positive way. MFIs' clients have increased their income which has improved the status of asset ownership on the beneficiaries.

Okibo and Makanga (2014) investigated the effects of microfinance on poverty reduction in Kenya. The study focused on PAWDEP located in Kiambu District as a case study. It intended to cover credit facilities provided by the MFI and clients perception on poverty reduction. The study employed the stratified sampling approach to select 430 respondents and analyzed data using the logistic regression technique. The study found that after the household became microfinance customer, their capacity of asset ownership improved significantly.

2.3.4 Challenges in Obtaining Microcredit

Mira and Kennedy (2013) research was to identify the barriers that impede the acquisition of funding by female entrepreneurs in Kenya, with a particular emphasis on those operating within the Central Business District of Nairobi. The present study employs a descriptive research methodology to investigate the study cohort and establish the relationship between the dependent and independent variables. The cohort under consideration comprises 1,439 enterprises led by female entrepreneurs operating in the domains of construction, fashion, culinary arts, advisory services, and personal care products. Each group's sample size comprises 144 individuals, which accounts for 10% of the total population. To obtain primary data, the selected female-owned enterprises were provided with self-administered questionnaires. Descriptive statistics such as frequency, ratios, means, and standard deviations are employed for data assessment. Qualitative data can be collected through the use of open-ended questions and subsequently analysed using a qualitative data form.

The research indicated that numerous factors contribute to the difficulty faced by women-owned businesses in obtaining loans. These factors encompass the absence of security measures, lack of established financial history, and limited knowledge pertaining to financial management. The difficulty for women in accessing financial resources can be attributed to several factors, including inadequate information, limited skill and education levels, insufficient security, and prevailing social and cultural norms.

Justice and Blackson (2016) research investigated the level of difficulty experienced by smallscale farmers in accessing financial resources for agricultural purposes within the Gassol Local Government Area (LGA) of Taraba State, Nigeria. A sample of 140 farmers from four towns located in two districts of the Gassol Local Government Area (LGA) was selected through a random process to participate in the research. Descriptive statistical methods are employed to ascertain the significance of numerical data. The findings indicated that a significant proportion of farmers, specifically 70%, participated in a regional microfinance initiative known as "bada kaka." The study revealed certain challenges that small-scale farmers encounter in accessing loans within Taraba State. The research identified several issues, including inadequate colatoral, exorbitant interest rates, and insufficient guidance on loan procurement.

Kanayo, Jumare and Nancy (2013) examined the challenges encountered by customers of microfinance institutions in Nigeria. The study employed descriptive analysis as a means of gaining insight into the challenges. The empirical evidence indicated that customers face high interest rate and high collateral requirement.

2.4 CONCEPTUAL FRAMEWORK

The selection of a framework for the study is give the pictorial guide of how the main variables of the study are interrelated. The main independent variable in the study is micro credit. The dependent variable include income level of beneficiaries. The conceptual framework indicates that once a person benefit from a micro credit scheme; it will have effect on the income level of the beneficiary's household income respect of asset acquisition, healthcare needs, and educational needs. Thus, the framework depicts the connection between access to microcredit and how the indicators of household income are impacted.

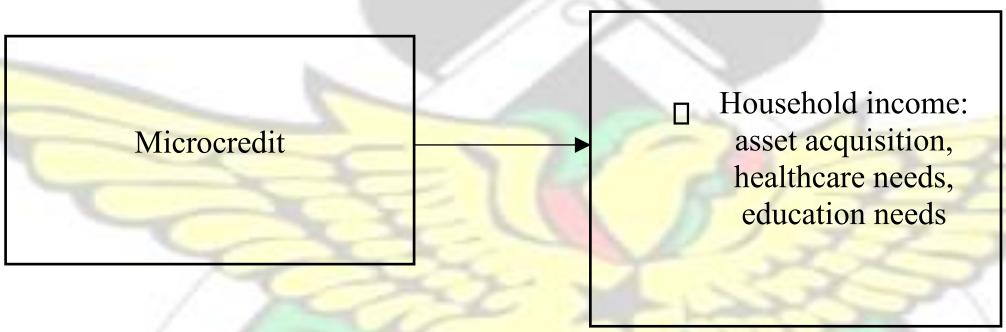

Figure 2.1 Conceptual framework

Source: Author's construction (2023)

2.5 SUMMARY

This chapter has discussed the review of relevant literature on the subject of investigation. It started by looking at the conceptual literature, followed by the theoretical literature and empirical literature. The main concepts investigated are microcredit and household income. Microcredit is defined as the disbursement of small collateral-free loans to poor people in order to enhance income generation and poverty reduction. Household income is defined as the disposable income of the household for a given period. Two theories are considered to support the study which are the financial intermediation theory and the welfarist theory. On the empirical side, some scores of studies indicate that microcredit has a beneficial impact on household income whereas others indicate otherwise. Some of the studies that reveal microcredit has beneficial or positive impact on household income include Mahmud et al (2022), Choman (2021), Samer et al. (2015), Bangoura et al. (2016), and Mahmood et al. (2016). Some of the studies that indicate microcredit does not necessarily exert positive impact on household income include Magezi and Nakano (2020), Pomi (2019), and Thanh et al. (2019).

CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION

The chapter provides discussion on the methods adopted for the study. It is composed of second different sections. Sections one and two present the research design and population respectively. Section three addresses the sampling technique and sample size whilst section four tackles data collection. Sections five, six, and seven presents data analysis, validity and reliability, and ethical considerations respectively.

3.1 RESEARCH DESIGN

The study employs the positivist philosophy since it seeks to test how financial literacy affect the investment behaviour of study participants. The positivist position is that if something is not measurable, then it cannot be known to be certain. Thus, this study uses the positivist paradigm since it pursues the objectives through measurable techniques.

The study adopts the explanatory research method to investigate the role of microfinance in poverty alleviation. The rationale for employing the explanatory method is due to the goal of the study which is to determine whether the dynamics of microfinance activities have explanatory power in the changes in poverty reduction.

Further, the study adopts the survey strategy. This strategy is considered as more appropriate for the study since it is more economical and allows speedy collection of data on a dispersed group of respondents as in the case of the current study. Again, the survey strategy is adopted in line with the strategies employed by some prior studies which use participants within a similar context (e.g. Agbola et al., 2017; Mokuolu, 2018; Samer et al., 2015).

The study also utilizes the quantitative research approach in line with the research approach adopted by other similar scholars (e.g. Ullah et al., 2020; Nukpezah and Blankson, 2017; Agbola et al., 2017; Mokuolu, 2018; Samer et al., 2015). The quantitative approach is also adopted due to it strength of using more scientific method of data collection and analysis which make generalization of its finding possible as argued by some scholars (e.g. Carr, 1994; Powers and Powers, 2015).

3.2 POPULATION OF THE STUDY

The population of the study is the customers of the rural banks in the Awutu Senya East Municipality. Specifically, this include the customers of Mircofin Rural Bank, Nyarkrom Rural Banks, and Bawjiase Rural Bank. Per information obtained from the banks, the total elements that make up this population is 65,214.

3.3 SAMPLING AND SAMPLE SIZE

The study adopts the simple random sampling technique to select respondents. This is employed to ensure all the elements in the population has equal chance of participating in the study. The sample size used for the study is 398 respondents. The study adopts Gomez and Jones (2010) formula for sample size determination shown in equation 1 below.

$n= N/ [1+N*e^2]$ …………………………. equation (1)

Where:

n= sample size

N= target population (65,214 customers) e=

error margin set at 5%

From the formula, the sample size is determined as below:

n= 65214/ ([1+65214*0.05^2]) = 397.5 = 398

3.4 DATA COLLECTION

3.4.1 Data Sources

The study uses field data obtained from primary sources. The data are obtained from the individual customers of the selected rural bank in the Awutu Senya East Municipality.

3.4.2 Data Collection Methods

Given that primary data are used for the study, the structured research questionnaire is adopted as the research instrument to collect data. The data collection is done through the managers and officers in charge of the bank's micro credit scheme at the various branches. This is done to facilitate speedy collection of data due to the officers' familiarity with the customers of the bank's group microfinance scheme. Besides, the bank has the database of contacts of the customer who patronize the microfinance scheme which makes it easy to identify and administer the questions to them. The data collection travelled over a two-week period.

3.5 DATA ANALYSIS

According to Emery and Couper (2003), raw data obtained from a study is useless unless it is transformed into information for decision-making. The researcher reduces the raw data into a manageable size, developed summaries and applied statistical inferences. The data are edited to detect and correct possible errors and omissions that are likely to occur, and to ensure consistency across respondents. Both descriptive and inferential analytical techniques (chi square analysis) are employed. The chi square analysis is employed to analyze the first objective whereas the descriptive analysis is employed to analyze the second, third, and fourth objectives as well as the background information of the respondents. The SPSS software is employed to aid the analysis.

3.6 VALIDITY AND RELIABILITY

Validity of the research instrument emphasizes on the extent to which it measures what it seeks to measure (Joppe, 2000). In this regard, the research instrument is initially sent to three branch managers of the rural banks under to test the clarity of the questions and this informed some pertinent changes. Subsequently, the research instrument is tested on 15 customers of the bank to further validate the extent to which the questions contained in the instrument appropriately suit the research objectives. The reliability of the data is ensured by using measures employed by previous studies (Thanh et al., 2019; Mugabi, 2010) to ensure that the measures are consistent with literature. Specifically, these studies employed the Cronbach's alpha test to check the internal consistency of the scale and reported 0.74 which is higher than the minimum acceptable level of 0.60 as suggested by Chalu and Mzee (2018). Hence, the reliability of the data is guaranteed. As a further test, the researcher performs a reliability test on the data using the Cronbach alpha test. The test reveals an reveals Cronbach value of 0.73 which is within the acceptable boundary of 0.60.

3.7 ETHICAL CONSIDERATIONS

The researcher ensures that ethical guidelines of research are not overlooked. During the data collection, the respondents are made to declare their consent before participating in the study. Notwithstanding the declaration of consent to participate in the study, the respondents are made aware that they can exit from the study if it becomes necessary to do so since participation is voluntary. In order not to endanger the respondents on the basis of information provided, anonymity of respondents is upheld while also ensuring that information obtained are held with high confidentiality. Besides, data obtained are used for this study only.

3.8 SUMMARY

The chapter provides detailed presentation on the methods or techniques employed to conduct the study. It begins with the research design where the research approach, strategy and method adopted for this study have been discussed. Then the population is explained in the subsequent section. It follows with the sampling and sample size. Subsequent to the sampling and sample size are the data and data collection technique, data analysis technique, data validity and reliability, and the ethical considerations put in place during the conduct of the study.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSIONS

4.0 INTRODUCTION

This chapter presents the results and discussions. It is made up of seven sections. The first two sections presents the response rate and the background information of respondents. The third section looks at the analysis on gender and access to microcredit. The fourth section looks at the analysis on purpose for obtaining microcredit. The fifth section shows the analysis on microcredit and household income. The sixth section looks at the analysis on challenges in accessing microcredit. The last section presents the discussion of findings.

4.1 RESPONSE RATE

The survey targeted a sample of 398 respondents, hence, questionnaires were sent to all the 398 respondent. Over the course of the survey, 350 questionnaires were received as validly answered questionnaires. This equates to 88% of the total respondents. According to Remler and Van Ryzin, (2021), a response rate of 70% is considered desirable for analysis and reporting. Hence, the response rate of 88% was considered as okay for the analysis.

Table 4.1: Response rate

Rate	Frequency	Percentage
Responded	350	88
Not Responded	48	12
Total	**398**	**100**

Source: Field survey (2023)

4.2 DEMOGRAPHIC INFORMATION

Table 4.2 presents the demographics of the respondents. The educational qualifications statistics of the customers of rural banks in Kasoa show that the majority of the respondents have at most Senior High School (42.9%) and have a Diploma (28.9%). Only a small proportion of the respondents have a Postgraduate (13.7%) or First degree (14.6%) qualification. These statistics could suggest that rural banks are serving customers from a range of educational backgrounds, with a focus on serving those with lower educational qualifications. It is possible that these customers may face greater challenges accessing credit and other financial services from mainstream banks, which may require higher educational qualifications as a condition for accessing their products and services. The statistics on the profession/vocation of rural bank customers in Kasoa show that the respondents are from a range of professions/vocations.

Farmers represent the largest group, making up 22.9% of respondents, followed by skilled trade people at 23.1%, and artisans at 16.6%. Healthcare providers and self-employed individuals each represent around 12-15% of respondents, while educational workers make up the smallest group at 9.7%. These statistics suggest that rural banks are serving a diverse group of customers from various professions/vocations, with a focus on serving those in rural areas who may face challenges accessing credit and other financial services from mainstream banks. The high proportion of farmers and artisans could suggest that rural banks are playing an important role in supporting rural livelihoods by providing financing for agricultural activities and small businesses.

Table 4.2: Demographics of respondents

Variable Description	Characteristics	Frequency	Percentage
Educational Qualification	SHS and below	150	42.9
	Postgraduate	48	13.7
	Diploma	101	28.9
	First degree	51	14.6
Profession/Vocation	Educational workers	34	9.7
	Healthcare providers	45	12.9
	Artisans	58	16.6
	farmers	80	22.9
	self employed	52	14.9
	Skilled trade people	81	23.1

Gender	Male	142	40.6
	Female	208	59.4
Marital Status	Single	93	26.6
	Married	112	32
	Divorced	72	20.6
	Separated	35	10
	Widow/widower	38	10.9
Nationality	Ghanaian	320	91.4
	Foreigner	30	8.6
Household size	Below 3 people	108	30.9
	3-5 people	140	40
	Above 5 people	102	29.1
Age	18- 30 years	226	64.6
	31 - 40 years	97	27.7
	41 - 50 years	21	6.0
	51 – 60 years	6	1.7

Source: Field survey (2023)

The statistics on gender suggest that the majority of customers of rural banks are female, with 59.4% of respondents identifying as female and 40.6% as male. This could be due to various reasons, such as women being more involved in small businesses and agriculture in rural areas, which are common sectors that access credit from rural banks. It could also be due to initiatives and programs that aim to increase women's access to financial services, which may have been successful in rural areas. The statistics on marital status of rural bank customers suggest that a significant proportion of the customers are not married. More specifically, about 26.6% of the customers are single, 20.6% are divorced, 10% are separated and 10.9% are widowed. This indicates that rural banks are serving a diverse group of customers who have different marital status. It also suggests that the customers may have different financial needs and goals depending on their marital status, and rural banks may need to tailor their services to meet these diverse needs.

The table shows that the vast majority (91.4%) of customers of the rural banks are Ghanaians, while only a small percentage (8.6%) are foreigners. This suggests that the rural banks are primarily serving the local population rather than foreigners, which is consistent with their mandate to provide financial services to rural communities in Ghana. The table further indicate the household size of customers of rural banks. About 40% of the customers have households with 35 people, while 30.9% have households with below 3 people, and 29.1% have households with above 5 people. This information is relevant as it can inform the type and amount of credit that rural banks may offer to customers based on their household size and needs. The statistics on age show that a majority of the customers of rural banks in this study fall within the age range of 1830 years old (64.6%). The next largest group is between 31-40 years old (27.7%). A very small percentage of customers fall within the age range of 41-60 years old. This suggests that rural banks may be more popular among younger people in Ghana, and could also indicate that older people may not have as much need or desire for credit from rural banks.

4.3 GENDER AND ACCESSIBILITY TO MICROCREDIT

This section presents the analysis of the first objective of the study which seeks to ascertain if there is an association between the gender of a customer and accessibility to microcredit facility. To achieve this objective, an analytical test of independence is performed to establish whether or not there an association between the gender (male or female) of a customer and access to obtaining microcredit from the rural banks. That is to say an analytical test of independence is performed to establish whether the null hypothesis (H_0) that there is no association between the gender of a customer and access to microcredit is valid or the alternate hypothesis (H1) that there is an association between the gender of a customer and access to microcredit is valid. In this regard, a chi square test is performed to establish if there is an association or otherwise.

From Table 4.3, it is seen that the calculated chi square (chi2) value is 0.230 [df = 1, p-value = 0.631] whilst the critical chi square value is 3.841 [df = 1, sig.= 0.05]. Based on the result of the chi square test, the calculated chi square value of 0.230 is less than the critical chi square value of 3.841 (i.e. p-value of 0.631 is greater than α (sig.value) of 0.05), hence there is no strong evidence to reject the null hypothesis. Thus, we fail to reject the null hypothesis. Therefore, it is inferred from the outcome of the test that there is no significant association between the gender of a customer and access to obtaining microcredit from the rural banks.

Table 4.3: Cross tabulation for gender and access to microcredit

	Observed Frequency		
	Given access to microcredit	Denied access to microcredit	Total
Male	94	37	131
Female	133	59	192
Total	227	96	323

	Expected Frequency		
	Given access to microcredit	Denied access to microcredit	Total
Male	92.07	38.93	131

Female	134.93	57.07	192
Total	227	96	323
Chi2	0.230		
Critical value	3.841		
df	1		
p-value	0.631		

Sig. level: 0.05

Source: Field survey (2023)

4.4 PURPOSE FOR OBTAINING MICROCREDIT

The second objective of the study is to ascertain the purpose for obtaining microcredit by customer of rural banks. To achieve this objective, the mean and relative importance index (RII) of responses to factors are computed and used for the analysis. The results are presented in Table 4.4.

The results of the RII estimation shows that although customers obtain microcredit for several purposes, the most dominant purpose for obtaining microcredit by the customers of rural banks in the Awutu Senya East District is to use it to start a new business or embark on expansion of existing business which recorded RII of 0.78 [m=3.88]. Secondly it is found that microcredit is obtained by the customers to engage in farming or agricultural activities, which recorded RII of 0.74 [m =3.72]. The results further reveal that microcredit is obtained by customers to enable acquire assets such as house, ies and equipment replacement, with RII of .74 [m=3.74] each.

The results further reveal that microcredit is obtained by customers for the purposes of acquiring assets as well as catering for the children’s education, which has RII of 0.74 (m=3.71) each. Other purpose for obtaining microcredit revealed by the study is to cater for healthcare needs, which has an RII of 0.73 (m=3.63). Again, the study reveal that the least purpose for obtaining microcredit by the customer is to acquire household assets, which has an RII of 0.72 (m=3.61). Thus, in effect, the study reveals that the most dominant purpose that drive customers to obtain microcredit from the rural banks is to start new business or expand an existing business. However, the three most dominant purpose revealed by the study include starting/expansion of business, for agricultural/Farming activities, and for acquisition of assets.

Table 4.4: Purpose for obtaining microcredit

Variable	Mean	SD	RII	Rank
Starting/Expansion of business	3.88	1.32	0.78	1
Agricultural/Farming activities	3.72	1.31	0.74	2
Acquire assets e.g. house	3.71	1.17	0.74	3
Children's education	3.71	1.41	0.74	3
Healthcare	3.63	1.20	0.73	5
Household assets	3.61	1.33	0.72	6

Source: Field survey (2023)

4.5 MICROCREDIT AND HOUSEHOLD INCOME

The third objective of the study is to ascertain if access to microcredit has improved the income level of customers of rural banks in the Awutu Senya East District. The descriptive analytical approach is adopted to analyze this objective based on a frequency, percentage, and the Likert scale ranging from 1 meaning strongly disagree to 5 meaning strongly agree.

First of all, the 227 respondents who indicated they have had access to microcredit in prior periods were asked to indicate if access to microcredit has improved their household income. This is presented in Figure 4.1. Of the 227 respondents, a whopping 210 respondent, representing 93% answered in the affirmative that microcredit has improved their household income whilst 17 respondents, representing only 7% gave a negative response.

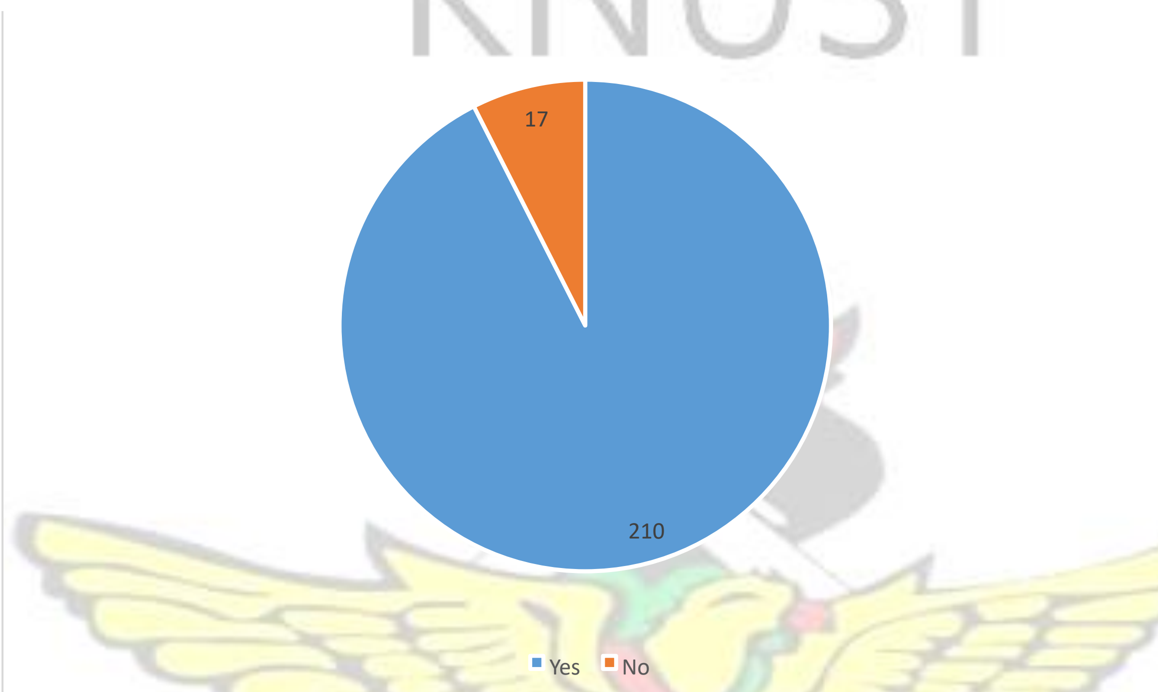

Figure 4.1: Opinions of respondents on improvement in household after access to microcredit

Source: Field survey (2023)

Subsequently, the 210 respondents who answered in the affirmative were asked to indicate the extent to which they agree or disagree that the increase in household income has led to an improvement in their asset acquisition, children's education needs, and household healthcare needs. This is presented in Table 4.5. As a rule of thumb, an item or statement with a positive mean value above 3 is indicative of agreement that it has improved whereas a mean value less than 3 is indicative of disagreement that it has improved.

From Table 4.5, it is found that the highest mean value of the four items under the variable ‘ownership of asset’ is 3.85 whilst the lowest mean value is 3.73. On the variable ‘healthcare needs’, the highest mean value among the three items is 3.86 whilst the lowest mean value is 3.46. with regards to the variable ‘educational needs’, the highest mean value among the four items is 3.93 whilst the lowest is 3.64. From the results, it is seen that all the items under the three variables satisfy the condition of agreement that there has been improvement in the items. The result is indicative that accessibility to microcredit has improved the household income of the participants.

Table 4.5: Descriptive results on improvement in household income

	N	Min	Max	Mean	SD
Ownership of assets					
Access to microcredit has enabled our household to own a house/easily pay rent now	210	3	5	3.85	0.67
Access to microcredit has enabled our household to own household assets like fridge, Tv, etc. now.	210	3	5	3.81	0.62
Access to microcredit has enabled our household to have access to electricity now.	210	3	5	3.78	0.75
Access to microcredit has enabled our household to own productive asset(s). e.g. farm land, shop, car etc.	210	3	5	3.73	0.74

Healthcare					
Access to microcredit has enabled our household to bear medical expenditure at hospital now	210	3	5	3.46	0.71
Access to microcredit has enabled our household to register for health insurance now	210	3	5	3.86	0.75
Our household can buy drugs from drug stores now	210	1	5	3.53	1.21
Education					
Access to microcredit has enabled me to pay tuition fees for my children now	210	3	5	3.89	0.79
Access to microcredit has enabled me to purchase school books for my children	210	3	5	3.64	0.72
Access to microcredit has enabled me to purchase school uniforms for my children	210	3	5	3.93	0.81
Access to microcredit has enabled me to send all my children to school now	210	3	5	3.83	0.73

Source: Field survey (2023)

4.6 CHALLENGES OF MICROCREDIT ACCESSIBILITY

The fourth objective of the study is to ascertain the challenges confronting customers in accessing microcredit from rural banks. Table 4.7 shows the results of the responses of the customers. It can be observed that the first most common challenge faced by the customers is the lower credit below expectation, with a frequency of 107 responses (30.6%). This indicates that the customers' expectations regarding the amount of credit they can access from the rural banks are not being met. Thus, indicating that customers may not have sufficient information about the loan products offered by the rural banks, their terms and conditions, and eligibility criteria. This can make it difficult for them to determine the best loan product for their needs and understand the requirements for accessing credit.

The second most common challenge is the high interest rate, with a frequency of 91 responses (26%). This implies that the interest rate charged by the rural banks are perceived as high by the customers, which can make borrowing from the banks unaffordable for some customers. From the customers' perspective, the high interest rates charged by rural banks may be perceived as unfair or unreasonable, especially if they have limited financial resources or limited access to alternative sources of credit. Customers may feel that the interest rates charged are not commensurate with the level of risk involved, or that the fees and charges associated with the loans are too high. This finding is in-line with the studies of Mira and Kennedy (2013).

In an economy where inflation is high and there is limited access to credit, rural banks may face higher costs of funds and greater credit risk, which can contribute to higher interest rates and collateral requirements. In Ghana, for example, the high policy rate and inflation rate creates challenges for rural banks, as they may face higher borrowing costs and greater credit risk when lending to customers. These factors can contribute to higher collateral requirements and interest rates, as rural banks may need to offset these risks in order to maintain the sustainability of their operations.

Table 4.6: Challenges of Micro-credit Accessibility

Challenges	Frequency	Percent
high collateral requirement	34	9.7
high interest rate	91	26
lower credit below expectation	107	30.6
longer processing time	57	16.3
Breach of terms of previous loans	61	17.4

Source field survey (2023)

The next common challenge is the high collateral requirement, with a frequency of 34 responses (9.7%). This suggests that the customers may not have sufficient assets to offer as collateral for the loans they want to access from the rural banks. Some customers may not have enough assets to offer as collateral for the loans they want to access from the rural banks. This can limit their ability to access credit, as the banks may require collateral as a security measure. Justice and Blackson (2016) study found similar results. Some customers may have limited financial capacity, which can make it difficult for them to meet the high collateral requirements or pay the high interest rates charged by the rural banks.

The longer processing time is also a significant challenge faced by customers, with a frequency of 57 responses (16.3%). This can indicate that the customers may need the funds urgently and the longer processing time can delay their plans or make them turn to other sources of funds. The loan processing system of some rural banks may be inefficient, leading to longer processing times, which can be a barrier to accessing credit for some customers.

Finally, the frequency of responses indicating a breach on terms of previous loans is 61 (17.4%). This suggests that some customers may have had difficulties repaying their previous loans from the rural banks, which can make it harder for them to access future loans. Breach of loan repayment terms can make it challenging to acquire new loans for several reasons. Firstly, lenders may view the borrower as a higher credit risk, which means that they may be less likely to approve a new loan application. This is because the borrower has demonstrated that they may not be reliable when it comes to making timely loan repayments. Secondly, a borrower who has breached loan repayment terms may have damaged their credit score, which can further reduce their chances of obtaining a new loan. A low credit score indicates to lenders that the borrower has a history of late or missed payments, which makes them a higher credit risk. Finally, some lenders may have policies in place that prohibit them from lending to individuals who have a history of defaulting on loans or breaching repayment terms. This means that even if the borrower's credit score has not been significantly impacted, they may still be unable to obtain a new loan from certain lenders.

4.7 DISCUSSION OF FINDINGS

4.7.1 Gender and Microcredit Accessibility

The first objective seeks to ascertain if there is an association between the gender of a customer and accessibility to microcredit facility. The study reveals that there is no significant association between the gender of a customer and access to obtaining microcredit from the rural banks. This means that a customer’s gender do no play a role in him/her obtaining microcredit from the rural banks. It is interesting to note that the outcome of the current study is consistent with the results of the study conducted by Aterido et al. (2016) which examined the gender disparities in the use of official and informal financial services by people in nine Sub-Saharan African countries. In that study, the authors found no gender difference in individual access to microfinance credit from formal official and informal financial services. Additionally, the results of the current study support the result of the work of Al-Mamu and Mazumder (2015) where gender is found to have no influence of accessibility to microcredit financial service providers.

However, unlike the studies by Aterido et al. (2016) and Al-Mamu and Mazumder (2015) which the results of the current study is in agreement with, the outcome of the current study deviate from other notable studies. One of such works is the study by Ghosh and Chaudhury (2019). In their work, it emerged that gender has significant positive effect to on access to credit from financial institutions. The result of the current study is also inconsistent with the work of Ghosh and Vinod (2017) where females are found to have more access to microcredit compared to their malle counterpart. Also, the result of the current study do not support the work of Rajeev et al. (2010) which revealed that credit facilities are more accessible to female businesses compared to male businesses.

4.7.2 Purpose for Obtaining Microcredit

The second objective of the study seeks to ascertain the purpose for obtaining microcredit by customers of rural banks. The study reveals that the most dominant purpose that drive customers to obtain microcredit from the rural banks is to start new business or expand an existing business. However, the three most dominant purpose revealed by the study include starting/expansion of business, for agricultural/Farming activities, and for acquisition of assets. It is important to note that the current outcome is in harmony with the finding of the study by Haji (2013) which reports that the most dominant reason why customers obtain microcredit is to utilize the microcredit to finance small businesses. Again, the result of the present result study agrees with the findings of Okibo and Makanga (2014) that look into how microfinance in Kenya affected the country's poverty rate, in which the study sought to investigate the rationale for obtaining microfinance. In that study, it emerged that some of the most dominant reasons for taking microcredit is to utilized the microcredit to acquire assets and to enter to farming. This is in tandem with the outcome of the current study where asset acquisition and agricultural activities are discovered as part of the most dominant purposes for obtaining microcredit.

In sharp contrast, the current result disagrees with the finding of the study by Mtamakaya et al. (2018) investigated the link between MFI involvement and client and family wellness in Moshi, Tanzania. In that study, it emerged that customers usually acquire microcredit to finance education and healthcare of their household, unlike the current study where microcredit is largely obtained to finance start up or existing business, asset acquisition, or agricultural activities. The result of the current study also contradict the outcome of the study by Noreen et al. (2011) which revealed that the prime motive behind obtaining microcredit is to cater for the educational needs of children of the customers.

4.7.3 Microcredit and Household Income

The third objective of the study is to ascertain if access to microcredit has improved the household income level of customers of rural banks. The study reveals that accessibility to microcredit has improved the household income of the participants. Thus, giving indication that microcredit enhances the household income of customers. This result is consistent with the results of the study by Mahmud et al (2022) which reveals that an overwhelming proportion of the study participants expressed satisfaction toward microcredit programs for uplifting their living-standard on economic indicators.

Again, the result of the current agrees with the study by Choman (2021) which examine the effects of microfinance on reducing poverty. In that study, the author find that respondents income level increased after enrolling and gaining access to microcredit from financial institutions.

Additionally, the outcome of this study is consistent with the results of Samer et al. (2015) which shows that microcredit helps to improve the household income of borrowers.

The current result also support the finding of the study by Bangoura et al. (2016) which investigated the link between microfinance and impoverished people's income and poverty levels, where the study revealed microfinance helps to improve the income levels of participants. Just like the work of Bangoura et al. (2016), the study also support the result of the research by Mahmood et al. (2016) which finds that access to microcredit has a good influence on the income level of impoverished people.

Interestingly, unlike the studies above, the result of the current study contradicts the findings of the study by Magezi and Nakano (2020). In that study, the authors examine whether microcredit can contribute to an increase in the household income of rural households in Tanzania, where it emerged that the provision of microcredit does not have a positive impact on household income. Thus, indicating that offering microcredit does not increase the household income of people. This is quite interesting, as one would have thought that getting microcredit facility would helped to enhance the income capacity of households.

4.7.4 Challenges in Obtaining Microcredit

The fourth objective of the study is to ascertain the challenges confronting customers in accessing microcredit from rural banks. The study reveals that the first most common challenge confronting customers in accessing microcredit facility is the lower credit below expectation, followed by high interest rate and breach of previous terms as the second and third most common challenges respectively. The results further shows that longer processing time is the fourth most common challenge affecting the customers in accessing microcredit.

From the results obtained, it is observed that the current outcome support the findings of Justice and Blackson (2016) that investigated the level of difficulty experienced by small-scale farmers in accessing microcredit facility for agricultural purposes, which reveal that high interest rate is one of the most common challenges affecting customers accessibility of microcredit. Additionally, the current result support the finding of Kanayo, Jumare and Nancy (2013) examined the challenges encountered by customers of microfinance institutions in Nigeria, which also reveal high interest rate among the most challenging factors faced by customers in accessing microcredit. The study employed descriptive analysis as a means of gaining insight into the challenges. The empirical evidence indicated that customers face high interest rate and high collateral requirement.

However, the result of this study is inconsistent with the finding of the study by Mira and Kennedy (2013). In their study, the authors research on the barriers that impede the acquisition of microcredit by female entrepreneurs in Kenya, where it emerged that limited skill and education levels, insufficient security, and prevailing social and cultural norms are the most common challenge affecting customers accessibility of microcredit facility.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.0 INTRODUCTION

This section presents the summary of the overall studies. The chapter is made up of five main sections. Summary of the findings is presented, followed by conclusion, recommendations, the recommendations for further studies, and limitations of the study.

5.1 SUMMARY OF FINDINGS

The first objective seeks to ascertain if there is an association between the gender of a customer and accessibility to microcredit facility. The study reveals that there is no significant association between the gender of a customer and access to obtaining microcredit from the rural banks. This means that a customer's gender do no play a role in him/her obtaining microcredit from the rural banks.

The second objective of the study seeks to ascertain the purpose for obtaining microcredit by customers of rural banks. The study reveals that the most dominant purpose that drive customers to obtain microcredit from the rural banks is to start new business or expand an existing business. However, the three most dominant purpose revealed by the study include starting/expansion of business, for agricultural/Farming activities, and for acquisition of assets.

The third objective of the study is to ascertain if access to microcredit has improved the household income level of customers of rural banks. The study reveals that accessibility to microcredit has improved the household income of the participants. Thus, giving indication that microcredit enhances the household income of customers.

The fourth objective of the study is to ascertain the challenges confronting customers in accessing microcredit from rural banks. The study reveals that the first most common challenge confronting customers in accessing microcredit facility is the lower credit below expectation, followed by high interest rate and breach of previous terms as the second and third most common challenges respectively. The results further shows that longer processing time is the fourth most common challenge affecting the customers in accessing microcredit.

5.2 CONCLUSION

The study's primary goal is to assess the impact of microcredit on household income of customers of selected rural banks in the Awutu Senya East District. The study adopts the quantitative research approach, descriptive method and the survey strategy. The study employs the simple random sampling to select respondents. The sample size is 398. Primary data are employed which are obtained using the structured research questionnaires. The data are analyzed using descriptive techniques and inferential techniques (specifically the chi square analysis). The study finds that there is no significant association between the gender of a customer and access to obtaining microcredit from the rural banks. The study reveals that the most dominant reasons for obtaining microcredit include starting/expanding of business, for agricultural/farming activities, and for acquisition of assets. The study also reveals that accessibility to microcredit has improved the household income of the participants. Again, the study reveals that some of the most common challenges confronting access to microcredit include lower credit below expectation, high interest rate, and breach of previous terms. The study concludes that indeed microcredit helps to empower households by enhancing their households. Hence, there is the need to work at mitigating the challenges the confront customers in accessing credit to enhance accessibility to make it more appealing to people to help reduce poverty among people.

5.3 RECOMMENDATIONS

Rural banks can explore alternative collateral requirements, such as group guarantees or nontraditional assets, to expand access to credit for borrowers who lack traditional collateral assets. Banks can also work with local governments or non-governmental organizations to establish collateral support programs, such as crop insurance or land title registration.

Rural banks should provide financial literacy training and education to their customers, particularly to those who are new to banking or may have limited access to financial services. Banks can also develop mobile-based financial education tools or collaborate with other organizations to offer financial literacy programs in local communities.

Rural banks should collaborate with government agencies or non-governmental organizations to provide targeted support to small businesses, particularly those in the agriculture, health, and education sectors. Banks can also develop loan products that are tailored to the specific needs of small businesses, such as flexible repayment terms or grace periods.

Rural banks should establish effective loan monitoring and enforcement systems to ensure that borrowers comply with the terms and conditions of their loans. Banks can also establish credit bureaus or credit registries to track borrowers' credit histories and reduce the incidence of loan defaults.

5.4 RECOMMENDATIONS FOR FURTHER STUDIES

Exploring the impact of social networks on credit access: This study did not examine the impact of social networks, such as family or community networks, on credit access. Future studies can investigate the role of these networks in facilitating access to credit and identify strategies to leverage them to expand access to credit for underserved populations.

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APPENDIX

SURVEY INSTRUMENT

TOPIC:

IMPACT OF MICRO CREDIT ON HOUSEHOLD INCOME: EVIDENCE FROM

CUSTOMERS OF SELECTED RURAL BANKS IN AWUTU SENYA EAST DISTRICT

Dear Respondent,

I am a postgraduate student of the School of Business, Kwame Nkrumah University of Science and Technology. I am currently conducting a study on the above-stated topic. The response to the questionnaire would be helpful to the business community and academics. I therefore respectfully entreat you to be part of this research by completing the attached questionnaire. Please be assured that this is purely an academic exercise and the information you provide will be used solely for this work. Kindly note that participation is voluntary and you are at liberty to opt to exit from the study should it become necessary to do so. For further clarification, kindly contact the researcher on Tel: ……….. or email:………………. Thank you.

Section A: **Demographic Information of Participants**

1. Indicate your Gender:
   a. Male [ ]
   b. Female [ ]

2. Indicate your Age:
   a. 18- 30 years [ ]
   b. 31 - 40 years [ ]
   c. 41 - 50 years [ ]
   d. 51 – 60 years [ ]
   e. > 60 years [ ]

3. Indicate your Highest Educational Level:
   a. No formal education [ ]
   b. SSSCE/MSLC/Basic [ ]
   c. Tertiary [ ]

4. Indicate your marital status:
   a. Married [ ]
   b. Single [ ]
   c. Divorced/Widowed [ ]

5. Indicate your household size (number of your household members):
   a. Less than 3 people [ ]

b. 3-5 people [ ]
c. More than 5 people [ ]

Section B: Accessibility to Microcredit

6. Have you ever applied to your rural bank for microcredit facility? **a.** Yes [ ]

   b. No [ ]

7. If no to 6, what is the reason?

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

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

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

8. If yes to 6, did you receive the microcredit or was it approved for you? **a.** Yes [ ]

   b. No [ ]

9. If no to 8, what was the reason?

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

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

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

10. If yes to 8, was the microcredit easily accessible?

    a. Yes [ ]

    b. No [ ]

11. How long did it take the bank to process your microcredit facility?

    a. Less than one week [ ]

    b. One week [ ]

c. Two weeks [ ]

d. Three weeks [ ]

e. One month [ ]

f. More than one month [ ]

Section C: Purpose for Obtaining Microcredit

12. What is the most predominant purpose for which you acquire microcredit facility from your bank? Please indicate with (√) the extent to which you agree or otherwise to the following as the purpose for which you obtain microcredit from the rural bank. 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; and 5 = Strongly agree

Variable	1	2	3	4	5
For starting or expansion of business					
For acquiring an asset e.g. house					
To cater for healthcare needs					
To cater for children's education needs					
To purchase household assets					
For agricultural/farming					
Other (please specify)					

Section D: Micro-credit and Household Income

13. In your opinion, has micro credit increased your household income level after borrowing from your rural bank in the last two years?

a. Yes

b. No

14. If no to Question 8, why do you say so?

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15. If Yes to Question 8, to what extent do you agree that the improvement in your household income has helped to improve the household's income in terms of assets acquisition, healthcare accessibility, and educational accessibility? Please indicate the level of agreement (on a scale of 1-5) to the following statements where 1 represent high disagreement and 5 represent high agreement.

No.	Asset Acquisition	5 Point Likert Scale				
1.	Access to microcredit has enabled our household to own a house/easily pay rent now	**1**	**2**	**3**	**4**	**5**
2.	Access to microcredit has enabled our household to own household assets like fridge, Tv, etc. now.	**1**	**2**	**3**	**4**	**5**
3.	Access to microcredit has enabled our household to have access to electricity now.	**1**	**2**	**3**	**4**	**5**
4.	Access to microcredit has enabled our household to own productive asset(s). e.g. farm land, shop, car etc.					
	Healthcare	**1**	**2**	**3**	**4**	**5**
5.	Access to microcredit has enabled our household to bear medical expenditure at hospital now	**1**	**2**	**3**	**4**	**5**
6.	Access to microcredit has enabled our household to register for health insurance now	**1**	**2**	**3**	**4**	**5**
7.	Our household can buy drugs from drug stores now	**1**	**2**	**3**	**4**	**5**
	Education	**1**	**2**	**3**	**4**	**5**
8.	Access to microcredit has enabled me to pay tuition fees for my children now	**1**	**2**	**3**	**4**	**5**
9.	Access to microcredit has enabled me to purchase school books for my children	**1**	**2**	**3**	**4**	**5**
10.	Access to microcredit has enabled me to purchase school uniforms for my children	**1**	**2**	**3**	**4**	**5**
11.	Access to microcredit has enabled me to send all my children to school now	**1**	**2**	**3**	**4**	**5**

Section C: Challenges faced by Customers in Accessing Micro credit

16. Do you face challenges in accessing microcredit facility from rural bank? a. Yes

b. No

17. If no to question 17, why do you say so?

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18. If yes to question 17, which of the following challenges do you see as the most predominant challenge in accessing microcredit? Please indicate by ticking the applicable one.

Challenges	**Response (Please tick)**
High collateral requirement	
High interest rate	
Lower credit below expectation	
Longer processing time	
Breach of terms of previous loans	

End of Questionnaire