



## INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS AND MANAGEMENT

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## MICROFINANCE IN CAPE COAST METROPOLIS: A BASELINE SURVEY

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### ABSTRACT

The success of the intervention partly depends on research to assess the impact for future directions in the microfinance landscape. In Ghana most studies on baseline surveys have focused on outreach and performance indicators that focus on how well clients are doing with a few from the institutional point of view which can be used as a basis for future research. The success of the microfinance industry does not only depend on impact assessment from client perspective but also on availability of institutional database for future research. With Cape Coast as the study area in Ghana, the paper attempts to establish and provide some baseline data from the institutions. The study interviewed 18 MFIs and data analysis was purely descriptive. Results indicate that Rural and Community Banks (RCBs) have low capitalization and it is time for RCBs to go listed on the stock market. Credit Unions (CUAs) have high capitalization and it is believed that establishment of apex bank for CUA will be in the right direction. Women clients far outweigh men clients as supported by the literature except the case of S&Ls. The paper breaks new ground in concluding with establishing Apex body for CUAs and advocating for RCBs get listed on a hybrid Stock Exchange. MFIs are encouraged to make information available to research institutions in order to facilitate research in the industry. Apex bodies need to collaborate with research institutions by making funds available for more empirical work and orientation of MFIs on the need for research in microfinance.

### KEYWORDS

Cape Coast Metropolis, Credit Unions, Microfinance, Rural and Community Banks.

### INTRODUCTION

Microfinance is the provision of financial and non-financial services to low income groups and the vulnerable in society. In recent times the concept has become a new development tool for poverty alleviation by generating employment, increasing income and creating wealth. Even though microfinance has become popular over the last three decades, it has been with us for years. For example the concept of microfinance is not new in the Ghanaian context. It has always been common practice for people to save or take small loans from individuals and groups within the context of self-help in order to engage in small retail businesses or farming ventures. Anecdotal evidence suggests that the first credit union in Africa was probably established in Northern Ghana in 1955 by the Canadian Catholic missionaries that were there at the time. However, *Susu*<sup>1</sup>, which is one of the current microfinance schemes in Ghana, is thought to have originated in Nigeria and spread to Ghana from the early 1900s. Over the years, the microfinance sector has thrived and evolved into its current state thanks to various financial sector policies and programmes such as the provision of subsidized credits, establishment of Rural and Community Banks (RCBs), the liberalization of the financial sector and the promulgation of PNDC Law 328 of 1991, that allowed the establishment of different types of Non-Bank Financial Institutions (NBFIs), including savings and loans companies, finance houses, and credit unions (Bank of Ghana, 2007). Due to regional differences in most countries, regional comparison of microfinance activities might not be all that appropriate in a particular country. Therefore, regional, district and community level studies may provide a deeper understanding and broader picture about microfinance activities. It is in this direction that the current study focuses on Cape Coast to explore the dynamics of delivery issues peculiar to the metropolis.

In Ghana, Ghana Microfinance Institutions Network (GHAMFIN) continues to champion research and capacity building in the sub-sector. The Ministry of Finance and Economic Planning (MoFEP) collaborates with MFIs to undertake research at the macro level and a few micro analyses. To promote microfinance activities in Ghana further research need to be undertaken at the local community levels because most initiative undertaken by government and development partners can be brought to the public domain through data availability. It must be acknowledged that in Africa SME finance is constrained by lack of data and policy making for the sector is severely constrained by the lack of data that would allow a better understanding of the problems and performance of on-going initiatives (Isern et al, 2009),

Most studies on baseline survey have focused on outreach and performance indicators that focus on how well clients are doing with a few from the institutional point of view which can be used as a basis for future research. At the institutional level, data gathering and dissemination are weak within and between institutions. The lack of common benchmarks, methods for measuring and information sharing further inhibits the performance of the sub-sector. The success of the microfinance industry therefore does not only depend on impact assessment from client point of view but also on availability of institutional database for future research. Country wide research and data collection is very useful but has some limitations. For one, there is a greater disparity in demographic characteristics that could affect the performance of microfinance institutions (MFIs) operating in these regions. Secondly, national and regional comparisons may be misleading. In this regard district level analysis could give a true picture of MFIs activities and even client performance within the microfinance sub-sector. The main objective of this current study is to document some data on MFIs in Cape Coast Municipality. Among the specific objectives of the paper are to:

1. Provide information on MFIs operating in Cape Coast
2. Establish the delivery mechanisms of MFIs in Cape Coast
3. Identify the main challenges of data collection and research in microfinance in Cape Coast Metropolis
4. Propose some ways of deepening and collaborating research between MFIs and research institutions.

In answering the above objectives, the following research questions are posed: 1. what is the delivery mechanisms with regards to target client, collateral requirements, products and services availability, and terms of repayment? When were MFIs established in the metropolis? What categories of MFIs operate in the metropolis? The paper proceeds with literature review on microfinance in Africa and Ghana; section three presents methods for the study; section four presents and discusses results whilst section five concludes with the way forward.

### LITERATURE REVIEW

#### THEORETICAL ISSUES

The theory of finance posits that low income groups in the economy lack access to finance from the formal traditional banks for several reasons. One, the informal sector entrepreneurs do not have enough information about available products offered by the formal commercial banks (the issue of information asymmetry). Moreover, imperfect information significantly increases default risks caused by adverse selection, moral hazard, and strategic default (Stiglitz, 1990; Ghatak, 1999), which make formal banks reluctant to offer services to the poor who cannot supply sufficient collateral to secure their loans. Two, due to high

<sup>1</sup> According Annim, 2011, *susu* is small and very regular cash deposits made by individuals to a trusted person of which withdrawals can be made at anytime but subject to a proportional fee that is based on the duration of the transaction.

transaction costs (eg. Dusiki, 2008) most low income group (who constitute majority of the informal sector) do not possess the required collateral to secure loans for productive ventures.

As a consequence, poor households tend to be excluded from formal financial services which in turn prevents the poor from investing in various profitable projects, smoothing consumption, and improving their ability to cope with various unexpected shocks (Okten and Osili, 2004; Conning and Udry, 2007). Theoretically, the poor has the potential for paying higher interest rates making them potential users of microfinance product since MFIs charge higher rates than traditional commercial banks.

#### MICROFINANCE IN AFRICA

Microfinance targets women in most countries. ADB (2007) in a study in the Philippines on microfinance projects found that 92% of beneficiaries were women in microenterprises. Two indicators usually used to assess MFIs performance are number of borrowers and savers and their penetration rates. According to MIX<sup>2</sup> and CGAP<sup>3</sup> report (2008), in Africa and as of 2007 there were 10 countries that topped in terms of penetration rates for borrowers and savers. Even though average loan size is also an important indicator, microfinance in general is expected to reach out to more clients (savers and borrowers) thus making these two indicators very important. In Africa, Ethiopia has the highest number of borrowers (1,427,000) whereas Kenya has the highest number of savers (3,172,000). Ghana ranks second (902,000) in terms of savers but fourth in terms of borrowers (315,000). Ghana's position according to MIX and CGAP analysis of the microfinance market in Africa as of 2008 makes Ghana an important player in the microfinance landscape.

In Ghana the microfinance sub-sector is categorized into five. They are RCBs, CUAs, S&Ls, FNGOs and *Susu* (both individual and companies). RCBs are purely formal and re regulated the Bank of Ghana (BoG) and ARB Apex Bank Limited. They are unevenly distributed across the country with the southern part having majority and the north minority. According to the ARB Apex Bank Limited, there are 131 RCBs with more than 600 branches spread across the country. Unfortunately the distribution of RCBs is skewed against the northern part of Ghana (Peprah and Muruka, 2010). The number of credit unions increased to 409 in 2009 from 371 in 2008 (CUA, 2010). S&Ls are also purely formal regulated by the BoG. S&Ls are established under the Non-Bank Financial Institutions Law (NBFL). The number of S&Ls is not known. However it is believed that there about 14 S&Ls in Ghana. FNGOs target women and teach employable skills after which they give them seed money to go into micro and small enterprise. Lending rates vary from institution to institution and across categories. In Ghana *susu* businesses are noted for charging the highest interest rates whereas credit union charge the lowest. FNGOs usually give grants to targeted clientele. Lending rates are either charged on reducing balance basis or straight line basis here too depending on the type and institutional policy.

TABLE 1: TOP TEN AFRICAN COUNTRIES IN BORROWERS AND SAVERS BY PENETRATION RATES

Countries	Borrowers (thousands)	Savers (thousands)	Penetration rates	
			Borrowers (%)	Savers (%)
Kenya	877	3,172	2.6	9.0
Togo	90	344	1.5	6.0
Senegal	221	654	1.8	5.0
Mali	216	409	1.5	3.0
Ghana <sup>4</sup>	315	902	1.4	4.0
Burkina Faso	120	523	1.0	4.0
Cameroon	135	400	0.8	3.0
South Africa	632	783	1.3	2.0
Uganda	216	482	0.7	2.0
Ethiopia	1,427	732	2.0	1.0

SOURCE: MIX MARKET AND CGAP, 2008

The penetration rate expresses number of borrowers or savers as a percentage of the country's population. In terms of penetration rates, Kenya is performing well in the microfinance sub-sector. Ghana rank sixth and fifth in terms of borrowers' and savers' penetration rates respectively in Africa. The implication is that microfinance is gaining roots in Ghana like India, Bangladesh and other Asian countries.

#### MICROFINANCE INSTITUTIONS IN CAPE COAST

The study focused on typical microfinance institutions in Cape Coast including Rural and Community Banks (RCBs), Savings and Loans Companies (S&Ls), *Susu* Companies (SCs), Credit Unions and Financial Non-governmental Organizations (FNGOs). The number of microfinance institutions continues to increase in number especially those in the informal sector unfortunately there is no data on growth of MFIs in the municipality. *Susu* businesses in general in Ghana are not properly regulated. As a result it is difficult to get the accurate number of individuals and companies that are in *susu*. In recent times in Cape Coast *susu* companies in the informal sector have been unfolding as a result of poor performance and mistrust. Lack of employment in most parts of Ghana has compelled many young men to engage daily money collection (*Susu*) as a necessity but not opportunity.

## METHODOLOGY

### THE STUDY AREA: CAPE COAST METROPOLIS

The Cape Coast Metropolis is bounded on the south by the Gulf of Guinea, west by the Komenda -Edina -Eguafo -Abrem (KEEA) Municipal, east by the Abura-Asebu-Kwamankese (AAK) District and north by the Twifu-Hemang-Lower Denkyira THD) District. The Metropolis covers an area of 122 square kilometres and is the smallest metropolis in the country. The capital, Cape Coast, is also the capital of the Central Region.

In 1984, the population of the then Municipal area was 7.5% of the Central Region's population, but this declined slightly to 7.4 in the 2000 Population and Housing Census. Giving this rate of growth of the population, it is projected that the Metropolis' area share of the Region's population would not change significantly in the few years ahead. Cape Coast Metropolis with its 82,291 inhabitants has a disproportionate share of the Municipal in terms of both landmass and population. According to the 2000 Population and Housing Census (PHC) by Ghana Statistical Service (GSS, 2000) male-female ratio was 57,367 males and 60,741 females. Regional figures the 2010 population and housing census has not been made available for comparison against the 2000 figures thus the analysis is based on 2000 figures.

The key developmental problems facing the Municipality, relates to the low-income levels of majority of the population. This low-income situation results from the lack of diversified employment opportunities forcing many people into informal sector activities such as petty trading, small-scale manufacturing, fishing and agriculture. This makes microfinance an important sector in the metropolis. The low incomes in the Municipality may then be attributable to low returns from agriculture, poor status of socio-economic infrastructure, and particularly agricultural support services such as credit facilities and extension services to support the farmers and fishermen. Again the poverty profile of Ghana indicated that the poverty is still pervasive in the Central region of which Cape Coast is part. For

<sup>2</sup> The Microfinance Information Exchange (MIX) is the premier source of microfinance data and analysis. MIX has the mission of promoting microfinance transparency through integrated performance information on microfinance institutions, investors, networks and service providers associated with the industry. MIX provides objective data and analysis with the goal of strengthening the microfinance sector.

<sup>3</sup> Consultative Group to Assist the Poorest (CGAP) is an independent policy and research center dedicated to advancing financial access for the world's poor. It is supported by over 30 development agencies and private foundations who share a common mission to alleviate poverty. CGAP is housed at the World Bank.

<sup>4</sup> The Ghana data uses the 2000 Population and Housing Census figures

example according to Bhasin and Annim (2005), the declines in poverty have been concentrated mostly in Western, Greater Accra, Volta, Ashanti and Brong Ahafo regions whilst some regions including Central, Northern, Upper East and Upper West have experienced increases in poverty.

The Municipal area has a wide range of traditional banking facilities. These include all the major commercial banks in the country, namely: The Barclays Bank of Ghana Limited, Ghana Commercial Bank Limited, Standard Chartered Bank Ghana Limited, SG-SSB Bank Limited, Agricultural Development Bank Limited, National Investment Bank, UT bank, HFC Bank Limited, Prudential Bank Limited and Zenith Bank (Ghana) Limited.

#### DATA AND METHOD OF ANALYSIS

The data for the study was obtained using structured questionnaires. In all cases of managers of the various institutions were interviewed and endorsed the questionnaires they answered for the purpose of credibility reliability of the data collected. Final year microfinance students administered the questionnaires after they have presented introductory letters from the Department of Economics signed by the Head of Department. The analytical technique used was basically descriptive. The data were input into Microsoft Excel to generate the ratios, averages and percentages for interpretation. The scope of the study was limited to typical microfinance institutions including RCBs, CUs, S&Ls, FNGOs and Susu Companies. Traditional commercial banks operating in the Metropolis were excluded from the current study because they were not willing to give the needed data.

#### RESULTS AND DISCUSSION

This section presents results and discusses the findings of the survey. Profile of MFIs, lending methodologies, outreach and capitalization issues are dealt with. The first part of this section discusses the age and lending methodologies of selected MFIs. The section proceeds with outreach of MFIs in terms of borrowers (women and men) and savers and MFIs capitalization, loan sizes and interest rates charged by the MFIs. It concludes with the challenges in conducting research within the microfinance sub-sector.

#### AGE AND LENDING METHODOLOGIES OF MFIS

Profile of MFIs in Cape Coast Metropolis is presented on table 3. Of the four rural banks operating in Cape Coast, the oldest is Kakum Rural Bank while the youngest is Twifo-Hemang Rural Bank. The oldest credit union is Monument (Cape Coast Castle) Credit Union and the youngest is Mustard Seed Credit Union. Even though Mustard Seed is the youngest in Cape Coast it has opened more branches than any other credit union in the metropolis. Rural and Community Banks and Savings & Loans Companies in Cape Coast use the individual and group lending methodologies. However credit unions use the individual lending approach only. The rationale for individual lending methods are that credit unions are established by the co-operative laws and by-laws (see for example Co-operative Societies Decree No. 252 of 1968 and Bye-Laws and Articles of Association for Ghana Co-operative Credit Unions). In practice members that form credit unions constitute a form of guarantee which does not need any physical collateral security and again the Section 23(a) of the bye-laws indicate that: *Loans shall be secured by the borrower's own savings and if necessary the savings of one or more members.* Section 23(b) goes on to say that: *the guarantors shall indicate the amount of their savings to be pledged as security for a loan.* This makes it possible for credit unions to grant individual loans. With the exception of credit unions all other MFIs in Cape Coast take physical collaterals. S&Ls in Cape Coast give collateralized and guaranteed loans. They request for documents covering movable and immovable property including land title documents, vehicle ownership certificates, business registration documents, guarantees from employers (in the case of salaried workers) and other third party guarantors. There was limited data on FNGOs as they were not prepared to answer some part of the questionnaires sent to them.

TABLE 3: PROFILE AND LENDING METHODS OF SOME MFIS IN CAPE COAST

Name of MFI	Year of Est.	No. of Branches	Lending method	Collateral
Kakum Rural Bank	1983	Two	Individual and group	Yes
Mfantseman Comm Bank	1997	One	Individual and group	Yes
Assinman RB	2006	One	Individual and group	Yes
Twifo-Hemang RB	1984	One	Individual and group	Yes
First National Bank	2008	Two	Individual and group	Yes
ProCredit S&L	2009	One	Individual	Yes
Monument Credit Union	1973	One	Individual	No
ECG credit Union	2005	One	Individual	No
Progressive Women	1993	One	Individual	No
IRS Credit Union	1996	One	Individual	No
UCC Credit Union	1998	One	Individual	No
Oguaa Teachers CU	1974	One	Individual	No
Mustard Seed CU	2006	Three	Individual	No
Methodist CU	N/A	One	Individual	No

Source: Field survey, 2010

#### BORROWERS AND SAVERS OF MFIS IN CAPE COAST

MFIs in Cape Coast reach out to more women than men Credit Unions have higher women outreach (82.3%) followed by RCBs (71.6). This finding corroborates with a lot of studies (see for example Rafique, 2006; Asian Development Bank, 2007) for example the first microfinance project pioneered by Professor Mohammed Yunus targeted poor women and since then microfinance has targeted women for many reasons. It is believed that women have high repayment rates, are credit worthy and fear indebtedness. S&Ls target more men than women (31.5%). One plausible reason is that S&Ls operate like traditional commercial banks in that they require physical and liquid collateral which men have control of. This gives more men opportunity to access credit from S&Ls. Table 3 shows that there are more savers than borrowers across all MFIs in Cape Coast. This confirms MIX Market and CGAP (as shown on table 1) that in Africa there are more savers than borrowers yet the level of savings is low. Probably the amounts saved by these savers are low or they only save in order to qualify for loans. It is not the number of savers that matters but the amount they save. In it has been documented that savings capacity in sub-Saharan Africa and Ghana's level of savings even fall below that of sub-Saharan Africa (Brownbridge, Gockel and Harrinton, 2000). To encourage more savings there should be proper incentives for savers to increase the amounts they save and not only to qualify for loans. In terms of savers credit unions reach out to more clients (44.8%) than any other MFI in Cape Coast. RCBs



TABLE 3: MFIS BORROWERS AND SAVERS IN CAPE COAST

MFIs Type <sup>5</sup>	Women	Men	Total	Average <sup>6</sup>	Savers <sup>7</sup>
Rural and Community Banks	2114(71.6%)	840	2954	739	11,944
Credit Unions	5288 (82.3%)	1140	6428	918	14,228
Savings and Loans Companies	2950 (31.5%)	6420	9370	2,343	2,803
Non-governmental Organizations	N/A	N/A	N/A	N/A	N/A
Susu Companies	1650(72.8%)	618	2268	454	2752
Total					

Source: Field survey, 2010

Among the credit unions, savings is compulsory as well as share holdings. In some cases credit unions put restrictions on savings withdrawals. One pitfall of the study is that credit and savings amounts were not obtained from the institutions. These figures if they were obtained could give a useful insight into microfinance delivery in Cape Coast.

### CAPITALIZATION OF MFIS

Table 4 shows the capitalization (average and total) of selected MFIs in Cape Coast. The capital size of MFIs in Cape Coast varies across type of MFIs. In the Metropolis, credit unions have total capitalization of 1,079,634 Ghana cedis (average of 154,239 Ghana cedis). Probably the large number of CUs is contributing to the higher capitalization in the microfinance market in Cape Coast. This is why CUs serve a large number of borrowers (9,370) as can be seen from table 3. The next category of MFIs with the highest capitalisation is FNGOs (600,000 Ghana cedis). Unfortunately, only one FNGO responded to the questionnaires out of a number of them operating in Cape Coast. This is not surprising because FNGOs receive donor support from abroad for target groups basically women. If just one FNGO has capital size of 600,000 Ghana cedis (more than half of the total capital of CUs), then one can imagine the total capital size of all FNGOs if they had provided us with the data. Data management in the sub-sector could be seen as major issue of concern. This underscores the need for making data available for research in the microfinance sub-sector. S&Ls and Susu businesses (individuals and companies did provide any data about their capitalization. This is one of the challenges that research in the financial sector (either formal informal) faces. S&Ls in Cape Coast complained that they have to consult their head offices before they can provide such data according their policies.

TABLE 4: CAPITALIZATION OF MFIS IN CAPE COAST

Capital (Ghana cedis)	Number of Institutions				
	RCBs	CUs	S&Ls	SUSU Co.	FNGO
Less than 10,000	1	2	0	2	N/A
10,000-50,000	1	3	0	1	N/A
50,000-100,000	1	0	0	1	1
More than 100,000	1	2	3	1	0
Average capital Size	185,239	154,233.40	N/A	17,506	600,000
Total Capital	740, 956	1,079, 634	N/A	87,530	600,000

Source: Field survey, 2010

### LOAN SIZE AND LENDING RATES

Average loan size has been used as one of the indicators of reaching out to more clients. Average loan size indicates reaching out to poorer clients. The lower the amount the more the assurance that MFIs are reaching out to poorer clients. Loan size varies from one MFI to another and also according to difference categories. Table 5 presents the average loan sizes and lending rates from three categories of MFIs that provided data on the variables. CUAs serve clients with the highest minimum and maximum loan balances as compared to RCBs and susu. This is probably as a result of their high capitalization and also the lower rates that they charge.

TABLE 5: LOAN SIZES AND LENDING RATES

MFIs	Minimum Loan amount (Ghana cedis)	Maximum Loan amount (Ghana cedis)	lending rate per annum
RCBs	50	3000	40-48%
CUAs	630	5000	up to 36%
Susu	N/A	3000	40-60%

Source: Field survey, 2010

Even though susu businesses offer the highest lending rates in the metropolis, they seem to offer equally maximum loan sizes as RCBs despite comparable lower rates from RCBs. One plausible reason is that susu businesses can be approached any time and there no bureaucracies making them more customer friendly than RCBs. Again, in spite of their high rates, borrowers prefer making business with them because they are always there for clients.

### WHAT ARE THE CHALLENGES OF RESEARCH IN THE MFI SUB-SECTOR?

The field survey could not capture most information on the questionnaires. Answering questions on capital size is somewhat unpleasant to most MFIs especially S&Ls and RCBs in the municipality. Susu businesses were also not prepared to declare their capital sizes. Students who went to the field were turned off several times despite the fact that they were introduced by a letter from the head of department. This left most questions unanswered. Savings and Loans Companies especially were reluctant to provide answers to the questions since most of the indicated they had to seek permission from head office. In some cases officers responsible for the answering the questions did not have time at all to provide the responses thus frustrating the field staff. Furthermore, the informal financial service providers basically the susu operators feared that their activities may be exposed to tax officers for taxation thus refusing to answer vital parts of the questionnaire. Again because most these informal financial operators have not duly registered their businesses they were reluctant to also answer the questions. Where data was provided they were not adequate or inconsistent in some cases. However, care was taken in order not to affect the results presented in this study.

<sup>5</sup> The study concentrated on registered MFIs. The names of the MFIs interviewed have not been disclosed because permission has not been granted from these institutions to that effect.

<sup>6</sup> Average number of borrowers is derived by total borrowers (men and women) divided by number of institutions interviewed.

<sup>7</sup> The number of savers represents both male and females. The institutions could not provide us with men and women savers separately.

## CONCLUSION AND THE WAY FORWARD

The objective of the paper was to assess the delivery mechanism and issues of MFIs in the Cape Coast Metropolis. The basis was to provide some database for further research and also to track performance. The study focused on traditional MFIs in Cape Coast and excludes commercial banks that are into micro financing because comparing these MFIs with traditional banks is like 'apple and orange comparison'. On the average RCBs have lower capitalization in microfinance market in Cape Coast. Is it time for RCBs to go for initial public offers (IPOs) and get listed on the stock market to increase capitalization?. The answer is no! It is rather proposed that a hybrid of stock market or mini stock market specially designed for the Rural Banking sector will can be more relevant than the main stock market. The reason is that how many RCBs will qualify to get listed on the Ghana Stock Exchange when data management is a key problem? Lieberman et al (2008) has confirmed that "Going public" launches microfinance institutions (MFIs) into a new frontier, presenting challenges but also providing new opportunities for the institutions and the clients they serve. Going public by getting listed on the stock exchange has the potential of increasing market capitalization thus serving more clients with bigger loan sizes. RCBs in Ghana can learn the experiences of Bank Rakyat Indonesia (BRI), BRAC Bank in Bangladesh, Banco Compartamos in Mexico and Equity Bank in Kenya for their exceptional growth, financial performance and outreach as a result of going public. It is proposed that merger of RCBs could also be an alternative way of increasing capitalization and enjoy economies of scale and scope. Smaller MFIs especially RCBs can merge and pool resources to take advantage of economies of scale.

With high capitalization of CUs there is the need for effective prudential regulation and also credit unions need apex bank to manage their funds well for them. The notion that microfinance does not require collateral is no longer a reality in some countries. MFIs in Cape Coast take physical collateral. It is about time these MFIs devise alternative collateral security strategies such as social capital. Strengthening the group lending mechanism could be a way forward for effective microfinance services in Ghana. The right to information bill which is still parliament needs to be passed into a law. Even among the supervised formal financial sector access to information for research still remains a problem in Ghana despite several attempts from Bank of Ghana compelling banks and financial institutions to make information available.

The current data base will be updated each year to generate panel dataset to provide more reliable information for research. As a way forward, MFIs are to open up in terms of data collection and collaborate with research institutions to conduct empirical research and also make data available for students interested in microfinance research.

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