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## EFFECT OF MICROFINANCE BANKS' SERVICES ON PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES IN JALINGO METROPOLIS

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### Abstract

*The focus of this study is to investigate the effect of Microfinance Banks' services on performance of small and medium scale enterprises in Jalingo metropolis, Taraba State, Nigeria, the study adopted a survey research design in which copies of the questionnaires were distributed to the small and medium scale enterprises respondents in Jalingo metropolis that enjoyed the microfinance Bank services, the population of this study constitute 79 SMEs that enjoyed the services of the microfinance Bank Jalingo, Taraba State, small enterprises = 45, medium enterprises = 34, the sample size 65 SMEs was used as questionnaires, small enterprises = 43 and medium enterprises = 22, ordinary least square regression analysis was used to analyzed the data, the findings revealed that Microfinance credit has a significant or positive effect on the performance of small and medium scale enterprises in Jalingo, Taraba State, the study recommended that Microfinance services providers and policy development partners could consider including non-financial services to the SMEs, such as Microfinance insurance services in the Microfinance packages and more entrepreneurs training and Advisory services to the SMEs.*

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**Keywords:** Microfinance, Microfinance Bank, SMEs Performance, Service.

### 1.0 Introduction

Small and medium scale enterprises (SMEs) offered wide benefits such as innovation and aggregate productive growth (Tarfasa, Ferede, Kebede & Behailu 2016), the major characteristics of small and medium scale enterprises (SMEs) worldwide is that they are generally managed by their owners, Adamu (2005). According to SMEDAN and Central Bank of Nigerian (2013), an SME is defined in terms of employment i.e., as one with employees between 10 and 300, Small and medium enterprises are defined by their size, SMEs are defined in terms of their characteristics; these characteristics include the amount of capital invested, the number of employees, business turnover, the management style, location, and the market share (Wairimu & Mwilaria 2017).

Small and medium scale enterprises (SMEs) is acknowledged to have huge potential for employment generation and wealth creation in any Economy, Yet in Nigeria, the small and medium scale enterprises (SMEs) has stagnated and remain relatively small in terms of its contribution to Gross domestic product (GDP) and to gainful employment, little or no improvement in the saving culture

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of the people living in poverty, Even with the coming of microfinance Bank things are still the same, this is discovered from the examination carried out by the (central Bank of Nigeria 2010).

Microfinance Banks provide non-financial service such as insurance services, advisory services, managerial, technical training and pre loans training, rendered as support services to small and medium scale enterprises (SMEs) performance, but this services are yet to be ascertained in Nigeria,

Generally, Microfinance is known as a provision of a wide range of financial services such as microfinance credit, microfinance non-financial services, microfinance savings scheme, deposit, and payment services to people living in poverty and low-income household who are excluded from conventional financial services for lack of collateral together with non-financial services, the idea of creating Micro Finance Banks (MFBs) is to provide an easy accessibility of SMEs to finance/ fund particularly those which cannot access formal Bank loans, (Gyimah & Boachie 2018).

Thus, the motivation of this study, Nigeria is a developing economy and small and medium scale enterprises (SMEs) is one of the major factor of development, if they are provided with more funds. That can boost our Economy toward providing employment opportunities, increasing our GDP, increasing wealth and poverty reduction.

A bulk of studies on the effect of Microfinance Banks' services on performance of SMEs have been conducted in developed countries like India, Indonesia, Cieslik and Eugene (2012), Choudhury (2018), Sudaryo and Purinamasari (2017), and developing countries like Quaye, Eugene and Joseph (2016) while some indigenous ones include Aladejebi (2019), Babagana (2010) and Usman and Omodolapo (2017), this study therefore, sought to fill the gap by carrying out a study to find out the major determinants of performance of small and medium scale enterprises apart from microfinance credit services which have been mentioned by almost all the reviewed studies, Non-financial services of microfinance Bank also play an important role in determining the performance of small and medium scale enterprises, they are; microfinance insurance services, microfinance Training services, microfinance workshops services, microfinance seminars services and microfinance advisory services

To this end, the following specific research questions are to chart the direction of this study.

- i. What is the effect of microfinance credit on the performance of small and medium scale enterprises (SMEs) in Taraba State?
- ii. What is the effect of microfinance saving culture scheme on the performance of the small and medium scale enterprises (SMEs) in Taraba State?
- iii. What is the effect of microfinance non-financial services on the performance of small and medium scale enterprises (SMEs) in Taraba State?

## 2.0 Literature Review

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This section seeks to capture the relevant concepts of this paper. It also seeks to discuss the review of empirical literature and relevant theories of the study.

## **Conceptual Framework**

### **The Concept of Microfinance**

Microfinance is the provision of financial services adapted to the needs of low income people especially the provision of small loans, acceptance of small savings deposits, and simple Payments services needed by microfinance and small entrepreneurs and other people living in poverty, Microfinance is about providing financial services to the active people living in poverty who are traditionally not served by the conventional financial institutions, the concept of microfinance was perceived as the provision of financial and non-financial services Babajide (2011). Microfinance refers to a collection of financial services, including credit, advance, money, and insurance cover, accessible by poverty stricken industrialists and small commercial proprietors who have no security and wouldn't otherwise meet the requirements for an average Bank loan (Central Bank of Nigeria 2005).

Microfinance is about providing financial services to the small and medium enterprises SMEs, who mainly constitute the 65% excluded from access to financial services of conventional Banks, the launching of microfinance policy, regulation, and supervisory framework guideline by the Central Bank Nigeria is a major land mark in the history of microfinance credit delivery service in Nigeria, one of the policy thrusts was the emergence of large number of private-sector initiated Microfinance Banks (MFBs) across the country, either through converting existing community Banks, transforming the existing NGO-MFBs or promoting fresh microfinance operators, the basic concept underlying the emergence of microfinance Banks is community oriented (Central Bank of Nigeria 2005).

### **Microfinance credit services**

In the development of SMEs, accessing credit is becoming increasingly an important factor, it is argued that credit increase income levels, employment opportunities especially to the youth and thus, reduce poverty, Moreover, being able to access credit facilities, the people living in poverty get to solve their cash flow problems and more importantly engage in activities such as the improvement of business activities that in turns lead to an increase in output (Kihara 2017).

Microfinance credit is an important aspect of microfinance, and it has been described as the premise of microfinance Banks these are funds that are given to small enterprises or individuals business owners over a period of time, the terms microfinance loan and microfinance credit are used by SMEs to increase their working capital which leads to

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an increase in turnover and growth in terms of profit, and size of the firm (Al-Absi 2016).

Access to finance is not the only key factor to small and medium scale enterprises (SMEs) growth globally but is the most important factor that will help to boost the growth of SMEs.

### **Microfinance saving culture scheme**

The efforts of smoothening consumption are not possible if there is nowhere money can be safely stored as well as being able to access capital sufficient in starting small businesses, when one does not have any source of income or in the case of an emergency, people have an option of choosing between exhausting their savings and borrowing, Saving accounts that are aimed at cultivating a culture of savings among the people living in poverty are offered by many larger microfinance Banks (MFBs) (Abor & Quartey 2010).

### **Microfinance non-financial services**

The non-financial services of the microfinance Bank services play an important effect on the performance of small and medium scale enterprises, which are the insurance services, training and workshop services.

### **Microfinance insurance services**

Microfinance also has been in the lime light upon safe guarding small and medium scale enterprises from the extreme risks that characterizes their everyday lives, microfinance insurance, loans and savings help in ironing out income or cash flow fluctuations ensuring that consumption levels are maintain even during thin periods, Many group lending programs normally offers an insurance of guarantee scheme where each member is expected to give a certain percentage of the loan amount to the insurance fund. If a member dies, they will have used it to clear amount dues and assist the deceased family members (Aladejebi 2019).

### **Microfinance training services**

Many writers have portrayed microfinance as means of SMEs financial self-sustainability, micro financing for the people living in poverty are design to make their microfinance enterprises even more economically paying thus contributing to financial and empowerment in their families, the client are also train on how to manage the loan collected and how to make their investment successful (Mathur 2012).

### **Small and Medium Scale Enterprises Performance**

The small and medium Industries Equity Investment Scheme (SMIEIS), as cited in Khan (2020) defines small and medium enterprises (SMEs) as enterprises with a total capital employed of not less than ₦ 1.5million, but not exceeding ₦ 200million including working capital, but excluding cost of Land and staff strength of not less than 10 and not more than 300, Small and medium scale enterprises (SMEs) are defined in terms of their Characteristics, these characteristics include the

amount of capital invested, the number of employees, business turnover, the management style, location, and the market share in most economy, with a high rate of job growth, it is estimated that small and medium scale enterprises (SMEs) constitute 90 percent of total enterprises (World Bank 2013). The main determinants of performance of SMEs includes microfinance credit services, microfinance saving services, microfinance non-financial services which are, microfinance insurance and microfinance training and workshops services. (Wairimu & Mwiliria 2017).

Microfinance credit is another way of increasing the performance of SMEs as it encourage them to make saving from which they will be allowed to borrow according to their savings, this benefit both the SMEs and lending institution as the microfinance Bank have funds to loan to the borrowers and the burden that comes with the loans, Kihara (2017). In the less developed Nations SMEs are synonymous as they are the major drivers of the economy by availing funds for many start-ups and those small enterprises wishing to expand their businesses, SMEs are the fore front in poverty eradication around the world, because it boost the Gross Domestic Product of a Nation, Thompson (2014).

### **Empirical Review**

#### **The effect of Microfinance credit on the performance of Small and medium scale enterprises (SMEs).**

Literatures have documented the effect of Microfinance Banks' services on performance of small and medium scale enterprises from different economies both home and abroad.

Ngeno (2019), studied the influence of credit lending terms of microfinance institution on financial performance of small and medium enterprises in Kenya, Methodology- chi-

square and correlation technique and regression analysis, secondary data was used to collect data, the study concluded that performance is measure by all return on capital employed, net profit margin and revenue, the study recommended that, if it is necessary for small and medium enterprises to borrow from microfinance institution, they should seek other sources of financing for their enterprises.

Choudhury (2018), studied the struggles of rural micro, small and medium enterprises for Bank finance role of district industries centers in India, Methodology- chi-square, both primary and secondary data were used to collect data. The study concluded that registration status has no association with the satisfaction level of borrowers with respect to their source of finance, this has therefore not been successful in influencing Bank borrowers experience and registration status has an influence overtime taken, the study recommended that registration also was seen to have no influence on the average aggregate difficulty scores experienced in getting loan from Bank.

Sudaryo and Purinamasari (2017), studied the strategy development of micro, small and medium business performance in small and medium enterprises (SMEs) in cibaduyut shoe Bandung, Indonesia, Methodology statistical difference test average, primary data was use to collect data, the study concluded that small and medium enterprises (SMEs) of shoes cibaduyut Bandung is yet Bankable and BFI require small businesses to be able to comply with the alias of Bankable Bank, the



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study recommended that small and medium enterprises (SMEs) of shoes cibaduyut Bandung have problem of obtaining capital which is the fundamental problem of small businesses.

Omodolapo (2017), studied the impact of microfinance Banks on small and medium enterprises development in Oyo State in Nigeria ,the study concluded that microfinance is an effective developmental financial scheme which can contribute to the development and growth of small and medium enterprises sector in Oyo State, the credit facilities of micro finance Bank should be directed towards the activities that will aid development, the study recommended that there is need for development of a regulatory and supervisory frame for all forms of operation of microfinance institutions in Nigeria, in Lagos in particular so as to assist the development of small and medium enterprises industries and mobilize saving for the purpose.

Cedric (2017), studied the role of microfinance institution in the growth of small and medium size enterprises in Cameroon, Methodology-multiple regression and primary data was used to collect data, the study concluded that microfinance institutions play its role in providing funds for small and medium enterprises (SMEs) and their interest rate on loan is a hindrance in terms of accessing debt capital, the study recommended that small and medium enterprises (SMEs) owners should develop techniques to improve their credit worthiness, develop a balance score card for their businesses and implement separates entities between the business resources and their personal resources.

Usman and Alaezi (2016), studied the role on construction of small and medium enterprises (SMEs) in Economic development in Nigeria, Methodology – exploratory design. The study concluded that construction of SMEs should be able to meet the socio Economic and political need of Nigerians, construction of SMEs have perform below expectation in Nigeria, the study recommended that construction of SMEs operators should developed skills and innovation in enhancing Economic development as well as monitoring and supervision mechanism should be intensified by Government and professional bodies, Government should support and encourage construction of SMEs transformation for Economic development.

Quaye, Eugene, Alfred and Joseph (2014), studied bridging the SMEs financing gap in Ghana, the role of microfinance institutions, in Ghana, methodology- quantitative analysis technique, both primary and secondary data were used to collect data, the study concluded that there are indeed the existence of SMEs financing gap in the country as most of them were denied access to credit by commercial Banks and other financial

institutions, the operation of microfinance institution are having positive impact on SMEs and some risk mitigation tool used by microfinance institution in granting loan to SMEs which includes provision of collateral inform of land and other valuable asset, the study recommended that small and medium enterprises financing gap can further be bridged by microfinance institution and other stake holders which includes provision of support services to SMEs by microfinance institution such as training services in credit

Management as well as the need for microfinance institution is to improve services delivery such as faster loan approval times.

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**The effect of Microfinance saving culture scheme on the performance of small and medium scale enterprises (SMEs)**

The ability to save through the microfinance Bank matters because MFB is mostly driven by the amount of money save by small and medium scale enterprises before microfinance credit can be given to them, some studies consulted have this to say about microfinance saving culture scheme and how it affects small and medium scale enterprises performance.

Aladejebi (2019), studied the impact of microfinance Bank on the growth of small and medium enterprises in Nigeria, methodology- Likert scale ranging and primary data was used to collect data, the study concluded that portrays of the microfinance Banks largely impact SMEs in Lagos, it is important that all microfinance Banks adopted training techniques to educate their customers, the study showed a poor prevalent of microfinance Banks training among the respondents, the study recommended that the savings among SMEs are encourage because of the high interest rate and microfinance Banks to conduct training for SMEs, women are able to have access to loans (credit).

Kihara (2017), studied the effect of micro finance services on financial performance of small and medium enterprises of Nairobi Kenya, Methodology- regression analysis. Secondary data were used to collect data, the study concluded that microfinance insurance and microfinance training significantly affect small and medium enterprises in Nairobi's country financial performance, the study recommended that small and medium enterprises owners and managers can utilized micro credit as a source of finance which they can used to expand their enterprises, small and medium enterprises

owners and managers should always save some money with microfinance institutions since cash saving can be used to secure micro credit, owners and managers should use microfinance insurance services to transfer risks and small and medium enterprises should attend microfinance training to get skills.

Anggadwita and mustafid (2013), identification of factors influencing performance of small and medium enterprises (SMEs) in Indonesia, methodology- correlation technique analysis, both primary and secondary data were used to collect data. The study concluded that each factors has a significant correlation to the performance of SMEs, entrepreneurial aspect has the higher influence because the success of business was determined by the owner characteristics, the study recommended that the study was limited only to examine the internal factors of SMEs, the external factors of SMEs can also be examining.

Babagana (2010), studied the impact assessment of the role of microfinance Banks in promoting small and medium enterprises growth in Nigeria, methodology – primary data was use to collect data, the study concluded that microfinance Banks have contributed to the promotion of small and medium enterprises growth in Nigeria, the study recommended that Government should further encourage the activities of microfinance Banks (MFBs) by creating an enabling environment so that they further support SMEs growth.

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### **The effect of Microfinance non-financial services on the performance of small and medium scale enterprises (SMEs)**

The non-financial services provided by microfinance Banks' has a great effect on the performance of small and medium scale enterprises which are inform of insurance services, training and workshop services, during the training and workshops, microfinance Banks' recommend solutions to the challenges of business owners that could eventually help their businesses to grow (Sorpong, Gyimah and Osci 2018 ).

Other studies view on the microfinance non-financial services and the performance of small and medium scale enterprises.

Nandee and Ramana (2019), studied the role and performance of micro, small and medium enterprises in India, Methodology- secondary data was used to collect data, the study concluded that MSEs in India have a very important role to play where the output

could be measured in tangible and in tangible ways as well, it could also be thought that MSMEs occupy a pivotal role post liberation.

Gaudence, Mulyungi and Mungana (2018), studied the effect of financial literacy on loan repayment among small and medium enterprises of microfinance institution in Ino zamilingo Umuenge SACCOS in Nyaruguru district in Rwanda, methodology- correlation and regression analysis, both primary and secondary data were used to collect data, the study concluded that a high positive correlation between book keeping, budgeting, More over R-squared was 77.2% meaning that financial literacy factors accounted for greater percentage of loan payment variation, the study recommended that SACCOS should initiate more financial training to reach all members to attend such training and the SACCOS should also employ high qualified trainers to offer quality training to the members not strict condition for SMEs to access finance.

Wairmu and Mwilaria (2017), studied the Microfinance institution social intermediation and micro, small and medium enterprises in Kenya, Methodology- secondary data were used to collect data, the study concluded that training was the most sought services followed by group liability, microfinance participation and networking, the study

Recommended that MSMEs should continue seeking for social intermediation services especially net working to improve their competitiveness and create a competitive advantage over their competitors, boosting their survival.

Cieslik and Dianne (2012), studied the impact of geographic diversification on export performance of small and medium sized enterprises (SMEs), in United State of America, methodology- chi-square, the study concluded that the importance of SMEs to export for home region especially if the region is an integrated grouping such as Europe, the study recommended that SMEs sales outside the home region to consider their involvement in intra home regional trade as an important explanatory variable.



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In line with above review the following hypotheses were stated.

HO<sub>1</sub>: Microfinance credit does not have any effect on the performance of small and medium scale enterprises (SMEs) in Taraba State.

HO<sub>2</sub>: The microfinance saving culture scheme does not have any effect on the performance of small and medium scale enterprises (SMEs) in Taraba State.

HO<sub>3</sub>: Microfinance non-financial services do not have any effect on the performance of small and medium scale enterprises in Taraba State.

The following includes the relevant theories that try to explain the effect of microfinance Banks' services on performance of small and medium scale enterprises (SMEs) which are pecking order theory, trade-off theory and jointly liability theory, the two underpinning theories in this study are, financial inclusion theory and microfinance credit theory.

Financial inclusion refers to the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular, at an affordable cost, in a fair and transparent manner, by mainstream institutional players, this theory is relevant to this study because an inclusive financial sector provides 'access' to credit for all people and firms, insurance for all insurable people and firms, savings and payment services for everyone (United Nations 2006), inclusive finance require that everyone who is eligible should use each of the services,

Microfinance credit theory was propagated by Dondo (1999), according to the theory, the concept of lending to group instead of lending to individuals is viewed as the solution to default rate which is common in these institutions as well the problem that arises due to information asymmetry as it's the main cause of adverse selection, adverse selection problem arises where the lender is unable to separate the safe borrowers from risky borrowers.

This theory is relevant to this study because it gives information to microfinance Bank which is the independent variable in this study which as a result of the information obtain, help the Bank experienced growth due to ability to screen the borrowers separating risky ones from safe ones, their management have increase their operations to include other financial activities like deposit taking, insurance services and training services which have boost the firm's incomes (Kihara 2017).

## Methodology

The research design adopted for this study is the survey research, this is due to the fact that the data is primary in nature and the study seeks to described the situation as it is currently, the population for this study was made up of all the small and medium scale enterprises in Jalingo metropolis that enjoyed the microfinance Banks' services, the population consist 79 SMEs tha enjoyed MFB services, small=45 while medium=34, sample size of 65 was used and sample random sampling technique was employed, the questions asked were adapted from the works of prior researchers such as Omodolapo (2017), Aladejebi (2019), the questionnaires has a likirt scale responses of strongly

agree, agree, undecided strongly dis agree, disagree, with each of them been coded as 5,4,3,2,1 and 1 respectively.

Finally, to check for the validity and the extent of the research instrument and also ensure the robustness of the findings the cronbach Alpha was used to measure the internal consistence of measurement scales and reliability of research instrument, the hypotheses formulated in this study was tested with the used of ordinary least square regression analysis and data analysis was done via the use of SPSS23 software.

The model of specification used in this study was based on the hypotheses of the study, this statistical model is presented below, microfinance Banks' services on SMEs performance which is proxy by performance while the microfinance credit, microfinance saving culture scheme, microfinance non-financial services,  $P = a_0 + a_1mfc + a_2mfs + a_3mfn + \mu$

$\mu$ =error term,  $A_{prior} = a_1 > 0, a_2 > 0, a_3 > 0$  this is express as  $P = (mfc, mfs \text{ and } mfn)$

$P$ =Performance

$Mfc$ =microfinance credit

$Mfs$ =microfinance savings

$Mfn$ =microfinance non-financial services

$\mu$ =error term

$P = a_0 + a_1 + mfc + a_2mfs + a_3mfn + \mu$ .

#### 4.0 Result and discussion

**Table 1**

		<b>cronbach Alpha</b>
Variable items	Questions	Cronbach Alpha
Microfinance credit	5(Q1, Q2, Q3, Q4, Q5)	0.931
Microfinance saving culture scheme	5(Q6, Q7, Q8, Q9, Q10)	0.9172
Microfinance non-financial services	5(Q11, Q12, Q13, Q14, Q15)	0.3686

Source SPSS 21 extract

A critical look at table 1 reveals the extent of internal consistency of the scales

And questions, put forward to respondents on the average, the cronbach Alpha fall

Within 73% and according to the George and Mallery (2003), this suggest this

Acceptability of the research instrument since the Alpha are greater than 60% rule of

Thumb for acceptability of research instrument.

The answer obtained from the regression model analysis was 0.739 which shows high Correlation, which means that, there is a positive and significant relationship between SMEs performance and microfinance credit, microfinance saving culture scheme and Microfinance non-financial services.

### Hypothesis Testing

The T-ratios from the model 1 regression result was used to test the hypotheses, the study adopted the 5% level of significance in determining the acceptability or otherwise of the hypotheses where the probability is lower than 5% the null hypotheses are accepted.

HO<sub>1</sub>: Microfinance credits does not have any effect on the performance of small and medium enterprise in Jalingo Metropolis, Taraba State

### Model Summary<sup>b</sup>

Model	R	Adjusted R Square	Std. Error of the Estimate	Change Statistics					
				R Square Change	F Change	df1	df2	Sig. Change	FDurbin-Watson
1	.399 <sup>a</sup>	.159	.096	1.08975	.159	2.506	4	.053	2.145

The results in the above tables shows that there is a weak effect at R (0.399) between the micro finance credit and the performance of SMEs the coefficient of determinant  $R^2 = 0.159$  this implies that the explanatory variables for 5 of the variation is the dependent variable performance of small medium enterprise.

### ANOVA<sup>a</sup>

Model		Sum Squares	of Df	Mean Square	F	Sig.
1	Regression	11.904	4	2.976	2.506	.053 <sup>b</sup>
	Residual	62.940	53	1.188		

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Total	74.845	57
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a. Dependent Variable: MCL

b. Predictors: (Constant), ST, ML, TR, MFC

The results shows that the degree on the effect of micro finance credit on the performance of SMEs its revealed that F-value of 2.506 is not significant at  $p > 0.05$  this implies that statistically, micro finance credit effect on the performance of SMEs is insignificant at F (4, 53) The results also indicated that the effect of micro finance credit on the

Performance of SMEs and its level of significance based on the results in the Anova results shows that the insignificant level of 0.053 is greater than 0.05 we reject the null hypotheses and accept the alternative hypotheses which state that Microfinance credit have effect on the performance of SMEs.

HO<sub>2</sub>: Microfinance saving culture scheme does not have any effect on the performance of small medium enterprise in Jalingo metropolis, Taraba State.

#### Model Summary<sup>b</sup>

Model	R	Adjusted R Square	Std. Error of the Estimate	Change Statistics						
				R Square Change	F Change	df1	df2	Sig. Change	Durbin-Watson	
1	.285 <sup>a</sup>	.081	.55213	.081	1.172	4	53	.334	1.869	

a. Predictors: (Constant), MS, TI, TV, STM

b. Dependent Variable: TM

The results in the above tables shows that there is weak effect at R (0.285) between the Microfinance saving culture scheme and the performance of SMEs the coefficient of determinant  $R^2 = 0.081$  this implies that the explanatory variables for 5% of the variation is the dependent variable performance of small medium enterprise.

#### ANOVA<sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.430	4	.357	1.172	.334 <sup>b</sup>
	Residual	16.157	53	.305		
	Total	17.586	57			

a. Dependent Variable: TM

b. Predictors: (Constant), MS, TI, TV, STM

The results shows that the degree on the effect of micro finance saving culture on the performance of SMEs its revealed that F-value of 1.172 is significant at  $p > 0.05$  this implies that statistically, Microfinance saving culture scheme effect on the performance of SMEs is insignificances at  $F(4,53)$  The results also indicated that the effect of Micro finance saving culture on the performance of SMEs and its level of significance based on the results in the Anova results shows that the insignificant level of 0.334 is greater than 0.05 therefore, we reject the null hypotheses and accept the alternative hypotheses which state that Microfinance saving culture scheme have effect on the performance of SMEs

HO<sub>3</sub>: Microfinance non-finance services do not have any effect on the performance of small medium enterprise in Jalingo metropolis, Taraba State.

#### Model Summary<sup>b</sup>

Model	R	Adjusted Square	Std. Error of the Estimate	Change Statistics				Durbin	
				R Square Change	SquareF Change	df1	df2	Sig. e	F-Chang Watso n
1	.818 <sup>a</sup>	.669	.644	.81682	.669	26.759	4	53	.000 2.103

a. Predictors: (Constant), MIC, M, T, TOT

b. Dependent Variable: MB

The results in the above tables shows that there is strong relationship at R (0.818) between the micro finance non-finance service and the performance of SMEs the coefficient of determinant  $R^2 = 0.669$  this implies that the explanatory variables for 5% of the variation is the dependent variable performance of small medium enterprise.

#### ANOVA<sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	71.414	4	17.854	26.759	.000 <sup>b</sup>
	Residual	35.361	53	.667		
	Total	106.776	57			

a. Dependent Variable: MB

b. Predictors: (Constant), MIC, M, T, TOT

The results show that the degree on the effect of micro finance non-finance service on the performance of SMEs revealed that F-value of 26.759 is significant at  $p < 0.05$  this implies that statistically, micro finance non-finance service on the performance of SMEs

is significances at  $F(4, 53)$  The results also indicated that the effect of micro finance non-finance service on the performance of SMEs and its level of significance based on the results in the Anova results shows that the significant level of 0.000 is less than 0.05 we accept the null hypotheses which State that Microfinance non-financial services do not have any effect on the performance of SMEs.



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## Conclusion and Recommendations

The general objective of the study was to investigate the effect of microfinance bank services on the performance of Small and Medium Enterprise in Jalingo, metropolis using three variables of microfinance credit, microfinance saving culture scheme and non- financial services.

The study concluded that microfinance credit/loan has a positive or significant effect on the performance of SMEs, the study concluded that microfinance saving culture scheme has a positive or significant effect on the performance of SMEs because it enhances acquisition of asset, mitigate risk that SMEs are exposed to, most respondents confirmed that it improved their business performance.

The study concluded that microfinance non-financial services such as insurance services, training services and advisory services has insignificant effect on the performance of SMEs, meaning that some of this services are not provided by the microfinance Banks. On the basis of the foregoing conclusions, the study presents the following recommendations to the SMEs business community, policy makers, lenders and scholars for review and consideration. Investors and managers of SMEs should consider Sources of business financing as an important determinants of performance.

The government and development partners could consider channeling more funds for micro financing programs to bring on board many unemployed people that are currently out of reach of the programs as this will help spur economic development and alleviate,

The study recommends that microfinance service providers and policy development partners could consider including non-financial services such as microfinance-insurance scheme in the microfinance training and advisory services.

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