WORKING CONDITIONS OF MICROFINANCE INSTITUTIONS IN ETHIOPIA

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ABSTRACT

The development of Microfinance in Ethiopia was viewed as an identification of considerable levels of unrealized demand and potential market growth for financial services and a shift by the NGO sector and government from relief assistance to sustainable development which crisscrosses at the point of institutionalization of microfinance provision. The main objective of the study is to evaluate the working condition of MFIs in Ethiopia and to provide possible suggestions and recommendations for the improvement of MFIs in Ethiopia. The researcher uses random sampling and from the 31 MFIs registered in the National Bank of Ethiopia the researcher takes a sample of 20 (twenty) microfinance institutions. The collected data were analyzed using descriptive statistics and STATA software has been used.

The regulatory framework and directives issued by NBE has defined entry requirements that have to be fulfilled by those who are interested to be engaged in Microfinance business. In Ethiopia there are different types of loans, broadly these are individual loans and group based loans. The collateral used for the different loans are also different and this creates an opportunity for the different parts of the society to have an alternative option.

KEY WORDS: Collateral, Ethiopia, Loan Methodology, MFIs, Regulatory requirement.

REFERENCES


Microfinance directive No. MFI/15/2002: Minimum Liquidity requirements.


Microfinance directive No.MFI/21/2012: Requirements for Persons with Significant influence in a microfinance Institution.

Microfinance directive No.MFI/23/2013: Requirements for Licensing and Renewal of Microfinance Business.

Microfinance directive No.MFI/24/2013: Investment in Equities of Allied Activities Directives.


