

**Analysis of impeding factors in accessing microfinance services in Tanzania's
rural areas: the case of karate district, Arusha region**

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The study focused on identification and analysis of key factors that makes rural households remain unattractive and not credit accessible by the formal micro credits. The study came up to investigate the problem through the narrow and few MFIs existing in the district of which hundred responsive questionnaires formed part of the research findings. In addressing the study, specific research object were used along with research propositions that proved valid. Accessibility of the poor to microfinance services still remain a big problem as the micro credit conditions are inflexible in accommodating rural potentials to serve as the traditional collateral. In this effect MFIs lack policy and regulatory framework that recognize rural potentials to be compatible with credit requirements. The study confirmed that marginally Community Based financial institutions (SACCOS) have played a role of outreach. Sustainable rural outreach calls for innovation of suitable rural financial products. Establishment of Community Banks is of paramount importance, which can serve best interest of the poor rather than the commercial financial institutions which are of more profit motive.