

Factors hindering outreach growth microfinance industry in Tanzania.

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Studies of microfinance industry in Tanzania have shown that financial structures are dualistic in nature, based on a set of institutions comprising the formal financial sectors and formal financial institutions. This study sets out to examine factors hindering outreach growth of microfinance in Tanzania. The methodology used is based on quantitative data analysis and qualitative methods, interviews, questionnaires and observations on collecting data from the management staff, clients and non-clients of selected financial institutions. The study draws experiences from PRIDE Tanzania as a micro finance institution: and NBC and NMB as financial institutions. Major findings observed from the study show that the general public knowledge, competition among loan providers, inadequate infrastructures, inexperienced staff, and high interest rates charged on clients are challenges facing microfinance industry in Tanzania. The conclusion reached is that microfinance industry is significant in poverty reduction and in improving standards of living of people by providing financial services to urban and rural clients. Major recommendations are that measures should be taken by microfinance industry and other players to ensure that various products are offered by these institutions to attract and avoid client drop ups- Financial institutions should find a way to reduce the interest rates charged to their clients, provide training to their credit officers on customer care, and lastly enhancing sustainability of entrepreneurial skills Government should ensure there is a conducive environment for small traders to survive in business rather than chasing them and destroying their business while they have borrowed money from microfinance industry.