EFFECT OF MICROFINANCE BANKS SERVICES ON THE PERFORMANCE OF MICRO BUSINESSES IN SOUTH-SOUTH NIGERIA

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Abstract
The study examined the effect of Microfinance Banks (MFBs) services on the performance of micro enterprises (ME) in south-south, Nigeria. Specifically, the study examined the effect of loan services and saving services on the performance of micro enterprises (ME) in south-south, Nigeria. The study employed a survey design were a sample of 398 MEs were sampled from a population of 71,467 registered MEs in the region. Data were collected using questionnaire and analyzed using multiple regression analysis with the aid of SPSS. The study revealed that loan service has a significant negative effect on performance while saving services has significant positive effect on performance of micro enterprises (ME) in south-south, Nigeria. Consequently, the study recommends that MEs should only seek loans from MFBs when they are needed for expansion of business operations not ignoring the need to obtain loans with flexible conditions and relatively favourable interest rates. In addition, MEs should continue to take advantage of saving schemes being provided by MFBs to raise capital for financing business expansion operations. By so doing, they will rely less on loans which are obtained at high interest rates for their operations.
Keywords: *Loan Services, Micro Enterprises, Performance, Saving Services.*

INTRODUCTION

The global business landscape has frequently introduced new challenges for businesses striving to stay competitive. They must contend with intense competition from both local and international rivals, which can jeopardize their customer base due to the difficulty of adapting to rapidly evolving market trends. To navigate these challenges and enhance their performance, businesses need to leverage their available resources and capabilities to outpace competitors, gain an advantage, and ensure their survival. This issue affects all types of businesses, as numerous players exist within the same industry. Micro, Small, and Medium Enterprises (MSMEs) are crucial for economic growth, particularly at the grassroots level (Udobi-Owoloja, et al., 2022).

In Nigeria and across Africa, microfinance institutions (MFIs) have become key sources of funding for MSMEs across various sectors working to achieve a competitive edge and ensure their survival by creating value for customers (Ugwuanyi, 2012). They strive to meet measurable goals within set timeframes. The extent to which they achieve these goals through effective resource utilization largely determines their performance (Chang & Chuang, 2016). Micro Enterprises (MEs) dominate the Nigerian business landscape and play a crucial role in the global economy, contributing significantly to Gross Domestic Product (GDP) and employment. Despite their critical importance and the support, they receive from various stakeholders, their performance remains inconsistent. To succeed, especially in an environment characterized by rapid technological change and uncertainty, organizations may need to implement more sophisticated strategies, acquire timely and relevant competitor information, and effectively utilize this information (Odiachia et al., 2021; Trabucchi et al., 2019).

Microfinance institutions are designed to provide small loans to poor individuals, helping them start or grow small businesses and improve their living standards. However, studies have indicated that the services of microfinance institutions are not limited to provision of loans alone but extends to encouraging savings (Ekeocha, et al., 2023), providing monitoring and supervision to beneficiaries (Cupo, et al., 2023) and also advisory services (Takon, et al., 2023). However, this study focused on loans and saving services of MFB which formed the base of microfinance services in this study.

MFB credit financing otherwise called loan services entails the provision of credit facilities for Micro Enterprises (MEs) which are used for business expansion purposes. It is believed that, loans provided at favorable conditions can propel MEs into improved performance when properly utilized. Similarly, saving services of MFBs are the effort made by MFBs to ensure mobilization of excess finance from MEs for the purpose of safekeeping. This is essential in the sense that it provides a pool of resources for future investment and expansion purposes (Ekeocha, et al., 2023).

However, despite all efforts by successive governments through incentives, subsidies, programs and initiatives such as National Economic Reconstruction Fund (NERFUND), the Small and Medium Enterprise Development Agency of Nigeria (SMEDAN), Youth Enterprise with Innovation in Nigeria (YOU WIN) and the Train to Work (TRATOW) initiatives, the performance of micro enterprises in Nigeria has remained abysmal with a meagre growth rate which is estimated to be between 3-5% yearly and an increased mortality rate which the National Bureau for Statistics (NBS) in 2023, pegged at 50-60% annually. Since MFBs were established to cater for this group of firms and considering these facts, it is pertinent to know the extent of effect that the services provided by these MFBs have on performance of MEs.

There exist studies in the area of microfinance bank services and performance (Takon et al., 2023 who focused only on MEs in Cross River state; Cupo et al., 2023 was conducted in Cavite; Ekeocha, et al., 2023 focused on rural dwellers in the south eastern part of Nigeria; Udobi-Owoloja, et al., 2022, was conducted in Lagos state; Garba, 2019 was conducted in Makurdi, Ahungwa et al., 2018 focused on financial performance). To the best of the researcher's knowledge, no study on MFBs has been conducted using the same approach and area of coverage, with similar variables. These gaps identified above as well as the need to provide a more recent and reliable implications informed this current study with the specific objectives of examining the effect of microfinance bank services of loan and savings on performance of micro enterprise in south-south, Nigeria.

LITERATURE REVIEW

Microfinance Banks

Microfinance banks refers to institutions that specialize in making very small loans available to very poor persons in developing countries. Instead of using collateral to assure repayment, these lenders harness social pressure within (David, 2021). Most microfinance institutions focus on offering credit in the form of small working capital loans, sometimes called microloans or microcredit. Overtime, it has metamorphosed into what many terms as financial inclusion which involves the provision of banking service such as savings, insurance, payment services, funds transfer and credits to everyone especially the marginalized, households and businesses with low incomes (Nana et. al., 2019).

Microfinance banks play an important role in lending. Microfinance banks, in their intermediation role, lend their deposits mobilized to the deficit economic unit on a short, medium, or long-term basis. This aids them in achieving their profitability principles and other goals for which they have been established. A great deal has been written about the lending activities of various Microfinance banks. Some opinions discussed the factor responsible for banks' willingness to extend large amounts of credit to certain sectors of the economy, while others discussed the impact of such credit extension on productivity and output (Udoka & Offiong, 2016). United Nations (2006) used microfinance to describe the provision of financial services to consumers who are excluded from traditional financial systems due to their poor socio-economic background. Microfinance banks are thus financial institutions that offer a wide range of financial services including loans, savings, payment services, money transfer, and insurance to SMEs, consumers, and others (Imoisi & Godstime, 2014). Microfinance banks are considered instruments in Nigeria that aid in the alleviation of poverty and the breaking down of ever-increasing barriers among low-income earners and SMEs. Microfinance banks in Nigeria operate as vanguards for economic development by providing critical financial support to the above-mentioned groupings.

Microfinance Banks (MFBs) are companies licensed by the Central Bank of Nigeria (CBN) to carry on the business of providing financial services such as savings and deposits, loans, domestic funds transfer and non-financial services to microfinance clients, and these services are targeted to individuals and small businesses who lack access to conventional banking and related services and economically active poor, low-income households, the un-banked and underserved people, particularly vulnerable groups such as women, youths and the physically challenged, informal sector operators, and micro-entrepreneurs (Samuel et al, 2022).

Loan Service

According to Nasteha and John (2017) microcredit is a service for poor people that are unemployed, entrepreneurs who are not bankable. Dean and Jonathan (2011) viewed microcredit as the provision of small loans to very small businesses, typically self- run enterprises with few if any employees in other to fight poverty and promote economic growth. Microcredit has emerged at the European level as a crucial policy tool to fight against social and financial exclusion, promote self-employment and support microenterprises (Cristina & Nicola, 2020).

Ignatius (2017) viewed microcredit as short-term lending of very small amounts of money at low interest rates to new and existing microenterprises and persons to either start or improve their business operations. Microcredit not only increases the income levels of the poor, but it also has the tendency of raising their standard of living as measured through the human development index (HDI). It provides financial assistance to the poor, especially in rural areas where banking services are lacking, thereby freeing them from the vagaries of unconventional loan sharks who charge prohibitive interest rates along with other very stringent conditions (Atsu & Ojong, 2014). Microcredit is the name given to extremely small loans made available to poor borrowers. Alternatively, it can be conceptualized as small loans made available to the low or extremely low-income groups in the society without any collateral to secure such loans (Adesina et al. (2021).

Savings Services

According to Balasubramanian et al. (2012) micro-savings consist of a small-time deposit account offered to low-income people as an incentive to store funds for future use. In the past, microfinance focused almost exclusively on credit; savings were the "forgotten half" of financial intermediation. The availability of deposit services, sometimes purely stand-alone savings accounts, but often linked to credit, either as a compulsory condition of having a loan, or sometimes part of a combined intervention in which a group saves, and then members are allowed to borrow from their shared savings resource. The types of micro-savings services thus vary, are offered by various types of providers, and function both as protection (to ameliorate the impact of shocks) and promotion (to build an asset base) (Ibitomi 2020).

Savings is a common word used by individuals on daily basis. It simply means putting something aside for future use or what will be considered as deferred expenditure (Amu & Amu, 2012). Savings, according to Scott (2003), are surplus income or spending that is not consumed. According to Weath (2009) economists distinguish between two different reasons why people save. The first is the precautionary motive: since income is unpredictable in the future, it makes sense for risk-averse individuals to hold off on spending their entire income right away. This way, a reserve will be ready to cover consumption in the event that income is less than anticipated. The life-cycle motive is the second motivation. Most people have retirement plans, and in order to finance their expenses in retirement, they must set aside money from their working-life earnings. It is clear and undisputable fact that savings are of great value to a nation's growth and development. Mobilizing savings is necessary if any society must proceed into self-sustaining economic growth (Bannerman, et al., 2017).

Performance

Performance refers to the outcomes of firms' business activities (Kotane et al. 2017). When a company/business accomplishes something that meets its objectives, as a result, it is said to have achieved performance. Sani et al. (2015) defined performance as the efficiency of a business as to how companies value their stakeholders like customer, society and even government. In the same light, Wu (2009) also coined performance as the potential to which the suggested targets are achieved using resources in an economical manner in the internal /external setting (stockholders, competitors, society). A strong goal can only be achieved if firms succeed more than rivals in fulfilling the requirements of the customer. Performance is linked to the company's opportunity to generate income and growth overall goals (Haghighinasab et al., 2015). Performance can be measured using various indicators (growth, profitability, financial, nonfinancial, among others).

The efficiency of business operations and the popularity of SMEs' goods and services on the market are related. As a powerful purchasing incentive, customers will always favor novelty goods and services. To compete in the market, these goods and services will need to undergo drastic and ongoing development. Innovation is inextricably linked to gaining a competitive edge (Rybárová et al., 2019). A suitable performance measure has not been agreed upon by researchers. While Watson (2010) uses three metrics—namely, I success or failure rates, where failure is defined as the closure of a business, (ii) return measures, specifically the return on equity (ROE), and (iii) the return on assets—to assess the performance of SMEs, other researchers have used other metrics (ROA). The researcher also stated that in order to assess the performance of SMEs, methodologies should be impartial and verifiable, relevant and faithfully depict reality, trustworthy and free from bias, and simple and sparse.

Empirical Review

Loan Services and Performance

Elkanah (2023) investigated 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 in 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.

Oluwamayokun et al. (2021) systematically analyzed literature between January 2007 and April 2019 from the Web of Science and Scopus databases on the influence of MFBs on the growth of smallholder agriculture in Nigeria. Using the Boolean search criteria of (microfinance bank), followed by (microfinance bank and farm), then (microfinance bank and farm and Nigeria), 10 articles were identified. After deleting duplicates, five articles were left. The articles were examined using the VOS viewer, which yielded three clusters with 14 terms, 60 linkages and total link strength of 90. This review found out that MFBs favorably benefited the growth of smallholder agriculture in Nigeria. However, obstacles such as farmers' location, degree of awareness, interest rate, credit rationing and corruption among the MFB official constitutes hurdles in the availability and accessibility of loans. In a different Nigerian study, Ubesie et al. (2019) used an ordinary least squares (OLS) regression model to assess the impact of deposit money banks' credit allocation to the agricultural, industrial, building and construction, wholesale, and retail trade on economic growth in Nigeria from 2008 to 2017. They discovered that the credit allocation by deposit money banks to the agricultural sector had no discernible impact on economic growth in Nigeria.

Idachaba et al (2022) examined the impact of micro finance lending on the performance of Small and Medium Scale Enterprises in Nigeria. The study covered a period between 2012-2021. The study employed ex-post facto research design. Various pre and post estimation test was conducted. The study also conducted unit root test to ascertain the stationarity of the variables in used, the unit root result showed that the variables were stationary at both level and 1st difference order of integration. Based on the unit root result, the study employed ARDL method to test the hypotheses. E-View 10.0 statistical software was used to run the analysis. Findings revealed that micro finance banks loans to SMEs have positive and significant effect on performance of SMEs in Nigeria, interest rate has positive and insignificant effect on performance of SMEs in Nigeria while exchange rate has negative and significant effect on performance of SMEs in Nigeria. The study concluded that micro finance lending is a major driver of performance of SMEs in Nigeria. The study recommended among others that Interest rate should be reduced to accommodate more borrowings from the micro finance institutions (MFIs) to encourage domestic production and also, CBN should mandate MFIs to increase their loans to SMEs so as to avail them with enough funds for expansion, lastly, Government should put in place appropriate mechanism that would encourage domestic production of goods and service which would lead to increase in export for us to generate more foreign exchange earnings.

In a related study by Udobi-Owoloja et al (2022), Conduct a study to investigates the relationship of Micro-Finance Banks' (MFB) credit with the growth of MSMEs in Lagos state, Nigeria. Three hundred copies of structured questionnaires were administered to a purposively selected sample of MSMEs owners/managers that had accessed loans from MFBs in Lagos state. Two hundred and ninety copies of the research questionnaire were retrieved and analyzed with descriptive statistics and Pearson chi-square statistics. The results show that credit facilities from MFBs are not only positively related to the productivity of MSMEs but also significantly contribute to their expansion. Furthermore, the non-monetary services of MFBs are related to the growth of MSMEs. This study concludes that credit facilities from MFBs are positively related to the growth of MSMEs in Lagos State. The study recommends that funds should be made available to MSMEs at a business-friendly lending interest rate. Muhammed et al. (2022) assess the role of microfinance banking on performance of SMEs and poverty alleviation in Gombe State, Nigeria. Data for the study were collected through primary sources from the customers of the three (3) sampled microfinance banks operating in Gombe state through the administration of questionnaire. A total of three hundred and ninety-three (393) copies of the questionnaire were distributed to the respondents. Any mean above the cut-off point indicates agreement with the statement and vise-versa. Also, the inferential statics used is chi-square test to test the stated hypotheses of the study. From the analysis of the data the study concluded that the poor at the grass root level benefits from the services of microfinance banks in Gombe state. Also, the level of outreach and quality of services provided by microfinance banks in Gombe state is commendable. Likewise, the services of the microfinance banks have positive impacts on the micro business performance. It was therefore, recommended that more awareness programs should be organize to encourage people to access more credit facilities from the bank. Also, businesses should be encouraged to patronize the services of microfinance bank as evidence provides that services rendered by microfinance banks make business to generate more profit.

Savings Services and Performance

Nakabugo et al., (2022) conducted a study on microfinance services and government regulations: Reflections on performance of small holder coffee entrepreneur in Uganda. A structured questionnaire was administered with a sample size of 400 small holder coffee entrepreneur. The study revealed that saving mobilization have a statistically positive effect on the performance of small holder coffee entrepreneurs in Uganda's central region. The study recommends that MFIs should consider lowering the credit interest rates, removing harsh penalties for default and irregular savings and providing sufficient farm inputs for coffee farmers. The researcher conducted the study in Nigeria and not Uganda, because of the geographical differences the result may likely differ. Also, Shipefi (2022) analysed the impact of microfinance institutions' products on the growth of SMEs in Katutura. The objectives of the study were to establish if there is a significant relationship between microfinance savings and the SMEs' growth as well as to identify other factors enhancing SMEs' growth. The study employed a survey research strategy in which 87 SMEs were utilised as a sample size. A structured questionnaire was used as a research instrument to collect the primary data from SMEs, situated at Soweto Market, Soweto Taxi Rank and Wanaheda Industrial Stalls. Data were analysed using descriptive, inferential analysis which entail the use of Chi-square and simple percentages. The results revealed that there is a significant relationship between microfinance savings and SMEs' growth. SMEs. The study recommended the MFIs to start diversifying their products offering and also to offer products that are tailored to meet the needs of the SMEs. The choice of chi-square as a technique of analysis makes the findings scientifically weak as it does not show the direction and extent of the effect of one variable on the other.

In the Kariobangi light industry in Nairobi, Kenya, Chole (2017) studied the impact of services provided by microfinance institutions on the performance of micro and small businesses. To find out how microfinance institutions affect MSE performance in the study area, the researcher used a questionnaire as the instrument for data collection. Descriptive statistics like frequencies, modes, means, and standard deviations, as well as inferential statistics like linear regression and the Chi-Square test, were used to analyze the data. The results showed that while training services had no beneficial effect, microfinance institutions' saving and lending programs had a good impact on MSE performance in Kariobangi Light Industries. However, due to geographical differences and other circumstances, the study was carried out in Nairobi, Kenya's Kariobangi Light Industry, which cannot be considered a representative of MFBs in South-South, Nigeria.

In their 2021 study, Chandrarathna and Sumanasiri examined the effects of microfinance services which includes microcredit, micro savings, and micro insurance services on the success of women entrepreneurs in Sri Lanka, with a particular focus on the Colombo district. The sample for this study consisted of 240 female entrepreneurs who have received microfinance services in the Colombo district. A 5-point Likert scale questionnaire has been used to gather information about the relationship between microcredit, micro savings, micro insurance, and entrepreneurial success. By using Google Forms to distribute the questionnaire, the necessary data were gathered. The data that was gathered was analyzed using the statistical software program SPSS. All of the hypotheses were approved since it was determined that there are substantial correlations between women's entrepreneurship in the Colombo District and all of the measurement items within the categories of microcredit, micro savings, and micro insurance.

When given access to microcredit, rural women entrepreneurs can play a critical role in the State's economic development, as investigated by Hambolu et al. (2021). The study examined the pace at which rural women's entrepreneurial performance in Oyo State was impacted by microsavings from microfinance institutions. There were two study questions posed, two hypotheses developed, and they were both tested at the significant 0.05 level. The study is predicated on two theories: Dunford Chris' traditional theory of microfinance and Gary Becker's human capital theory of entrepreneurship, which holds that all human behavior is based on the economics of self-interest of individuals who act freely within the competitive market. Personal interviews and tagged questionnaires served as the data collection tool. According to the study, there are considerable differences between rural women entrepreneurs' responses, depending on age grade, about how much microcredits influence their entrepreneurial performance. Furthermore, the second study showed that compared to married women, single women entrepreneurs gave a greater rating to the impact of micro savings on their success. Nonetheless, micro savings for business purposes helps rural women entrepreneurs—married or single—maintain their enterprises through hard times financially. The finding of the study is not representative of MFBs in South-South Nigeria as it was limited to women entrepreneurs in Oyo state.
Luka (2022) conducted a study on effect of microfinance banks services on performance of small and medium scale enterprises in Jalingo metropolis Metropolis. The study adopted the survey research design with a sample of 65 SMEs. The study concluded that microfinance saving culture scheme has a positive effect on the performance of SMEs because it enhances acquisition of asset, mitigating risk that SMEs are exposed to. In a similar vein, Alabi et al. (2022) carried out a study on the influence microfinance banks financial intermediation activities on the performance of small-scale food manufacturing businesses in Lagos and Oyo state, Nigeria. The study adopted a correlative descriptive survey. A sample size of 747 from small-scale food manufacturing business from Lagos and Oyo state. The study revealed that microfinance banks have not perform to their fullest and have not played a concrete financial intermediation function regarding the provision of saving scheme for SMEs that would improve their

performance. The study recommends that there is a need for both private organizations/ individuals and the government to assist microfinance banks in improving the performance and growth of small-scale businesses.

Theory of Financial Deepening

According to Griffith-Jones et al. (2013) countries with deep financial markets are characterized by strong private domestic lending including significant consumption credit extension that add a boost to local production and consumption. They also asserted that recent developments of deepening financial markets especially in Africa help micro and small enterprises (MSEs) growth if channel into the sector. Financial deepening is evidenced in increasing size of financial system and its role and pervasiveness in the economy. In monetary policy perspective, growing diversification of business organizations and household financial portfolios is especially relevant as they are the one most affected by the developments in the financial markets (Visco, 2007).

It was Shaw (1973), who advanced this theory and it is used to link access to credit facilities and the degree in which the entity performs. The assumption of this theory is that financial deepening is required condition for the economy to realize growth (Bakang 2015). It is also assumed that through financial deepening, an economy is able to ensure that credit is available for enterprises to borrow. The theory argues that when there is soundness and efficiency in the financial sector, the level of availability liquidity would be higher beside the saving mobilized of the enterprises (Mohan 2006). In line with these sentiments, Sricanth (2013), all small entities enjoy largely from credit facilities there receive from MFIs. Given the fact that majority of smaller firms do adequate lack collaterals, banks find this hard to advance credit to them. This is in addition to these smaller firms being perceived as being highly risky (Karimo & Ogbonna 2017). Thus, to fill these gaps, MFI has emerged strongly to advance credit facilities to smaller entities continuity and growth (Obafemi et al 2016). Micro financing is one way of enhancing financial deepening hence ensuring that credit facilities are available for small businesses needed for day-to-day operations. The model will help guide the understanding of the first research question. This study is underpinned by Financial Deepening theory. It is also assumed that through financial deepening, an economy is able to ensure that credit is available for enterprises to borrow. The theory argues that when there is soundness and efficiency in the financial sector, the level of availability liquidity would be higher beside the saving mobilized of the enterprises.

METHODOLOGY

The study adopted the cross-sectional research design. The population of the study consist of all registered Micro Enterprises in South-South, Nigeria. According to the National Bureau of Statistics (NBS) joint report with the Small and Medium Enterprises Development Agency (SMEDAN) in 2021, there are a total of 71,467 registered Micro Enterprises (MEs) distributed in the six states of the region. Data was collected with the aid of a questionnaire from a sample of 398 owner/managers of MEs in South-South, Nigeria. The sample figure was gotten using the Taro Yamane sample size determination formula. The questionnaire items were adapted from the works of Rahman (1999) and Mbah and Maduafor (2022) and designed using likert scale ranging from "strongly agree" to "strongly disagree" The data were analyzed using the multiple regression analysis with the aid of Statistical Package for Social Sciences (SPSS).

$$\mathbf{PRF = \beta_0 + \beta_1 LOS + \beta_2 SAS + e} \quad - \quad - \quad - \quad - \quad - \quad - \quad \mathbf{(i)}$$

Where: PRF = Performance, LOS = Loan Service, SAS = Saving Services, e = Error term (5% = 0.05), β_0 = Intercept, $\beta_1\beta_2$ = Coefficient of independent variables.

RESULTS AND DISCUSSIONS

The study distributed a total of 438 copies of the questionnaire which is a 10% increase in the sample size to provide for attrition. Out of the 438 distributed, a valid response of 399 representing 91% was retrieved and used for the analysis subsequently.

Table 1: Correlations

		LOS	SAS	PRF
LOS	Pearson Correlation	1	.048	.041
	Sig. (2-tailed)		.415	.486
	N	399	399	399
SAS	Pearson Correlation	.048	1	-.053
	Sig. (2-tailed)	.415		.374
	N	399	399	399
PRF	Pearson Correlation	.041	-.053	1
	Sig. (2-tailed)	.486	.374	
	N	399	399	399

Source: SPSS Output, 2024

One of the basic assumptions of running Ordinary Least Squares (OLS) regression, is the absence of multicollinearity among the independent variables and hence the need to conduct a correlation analysis. Loan Services (LOS) showed a weak and positive relationship with Saving Services (SAS) which stood at 0.048 which is insignificant at 5% level of significance. LOS showed a weak but positive relationship with Performance (PRF) which stood at 0.041 and is insignificant at 5% level of significance. Also, SAS showed a weak and negative relationship with PRF which stood at -0.053. All the variables under study satisfy the assumption of multicollinearity as though none of the independent variable is strongly related to another.

Table 2: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.263[a]	.513	.511	1.243	1.933

a. Predictors: (Constant), SAS, LOS
b. Dependent Variable: PRF

Table 3: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	167.344	2	.934	13.605	.000[b]
	Residual	158.863	396	1.544		
	Total	326.207	398			

a. Dependent Variable: PRF
b. Predictors: (Constant), SAS, LOS

Table 4: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.296	.271		4.792	.000		
	LOS	-.053	.058	-.055	-7.445	.000	.993	1.007
	SAS	.054	.121	.031	6.924	.000	.993	1.007

a. Dependent Variable: PRF

Source: SPSS Output, 2024

The result, as shown in the tables above revealed an R-square value of 0.513 which signifies that 51.3% of the variation in performance (PRF) is explained by the combination of loan services and saving services. The remaining 48.7% variation could be explained by other factors or variables not included in this study. The f-statistics stood at 13.605 and also the probability of the f-statistics was found to be significant at 5% level of significance (p 0.000<0.05) which therefore, indicates that the model is fit to measure the association between the variables under study.

Test of Hypotheses

From the regression table above, the result indicates a significant effect of loan service (LOS) on performance as seen in the p-value of 0.000 which is less than 0.05 level of significance and hence the study has no sufficient ground to reject the null hypothesis leading to the acceptance of the alternative one which states that loan service has significant effect on performance of micro enterprises in South-south, Nigeria. Similarly, the result revealed a significant effect of saving service on performance as seen in the p-value of 0.000 which is less than 0.05 level of significance and as such the study accepts the null hypothesis which states that saving services has significant effect on performance micro enterprises in South-south, Nigeria.

Discussion of Findings

This study examined the effect of microfinance bank services on the performance micro enterprises in South-south, Nigeria. Firstly, the study found a negative and significant effect of loan services on performance micro enterprises in South-south, Nigeria which could imply that loans provided to these micro enterprises did not fulfil the intended need of improving their operations. This could be attributed to diversion of loans to needless areas, chasing fruitless expansion opportunities and/or unfriendly interest rates which has made it difficult for them to repay and those that struggle to eat into their capital. This finding is in disagreement with the findings of Kanu and Nwadiubu (2021) who found insignificant effect of commercial bank loans on performance. However, the study is in agreement with the works of Joe (2019) and Khandker (2018) who both found positive effect of MFBs loans on serving bargaining power of entrepreneurs.

Also, the study found a positive and significant effect of saving services on performance micro enterprises in South-south, Nigeria which could imply that saving facilities provided to these MEs has provided them avenues to save for expansion activities and subsequently improve performance. This finding is in agreement with that of Chandrarathna and Sumanasiri (2021) and Chole (2017) who found significant effect of saving services on performance.

CONCLUSION AND RECOMMENDATIONS

Based on its findings, the study concludes that MFB loans are obtained by these MEs at unfavorable conditions such as high interest rate and short repayment periods which has lowered their chances of turnover and dug into their initial capital when repaying. Secondly, the study concludes that saving services provided to MEs in south-south Nigeria, has improved their performance in that it provided them avenue to pool reasonable amount of finance together which they could use for expansion activities. However, this improvement has been whittled down by the negative effect of loan services being accessed by these MEs. Based on this, the study recommends as follows:

i. MEs should only seek loans from MFBs when they are needed for expansion of business operations not ignoring the need to obtain loans with flexible conditions and relatively favourable interest rates.
ii. MEs should continue to take advantage of saving schemes being provided by MFBs to raise capital for financing business expansion operations. By so doing, they will rely less on loans which are obtained at high interest rates for their operations.

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