

Factors Affecting the Sustainability of Growth of Micro-Finance Institutions in Zimbabwe

Abstract

Microfinance institutions (MFIs) play an important role in developing nations. The number of MFIs operating in Zimbabwe were gradually increasing against a background of unstable trends. The study sought to establish the factors that affect the sustainability of their growth. A descriptive survey research design was adopted. Out of the one hundred and seventy two MFIs which were operational in Harare, a sample of twenty three was used. The study participants comprised of middle managers, senior managers and the clients of the selected MFIs. The questionnaire was used as the main data collection tool. Literature was reviewed which looked mainly at other studies done in the related area. The study found that there were several factors that affected the sustainability of the growth of MFIs in Zimbabwe, some of them emanating mainly from the economic situation in the country. The study recommended the establishment of an effective credit rating bureau, suitable government policies, among others. The study recommended further studies to be done looking at the applicability of MFI lending models used in other countries to the Zimbabwean context.