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COMPARISON OF MICROFINANCE INSTITUTIONS BETWEEN CAMEROON AND FINLAND

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ABSTRACT

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Microfinance has emerged as a powerful tool for poverty alleviation and economic development, providing financial services to marginalized populations who are typically excluded from traditional banking systems.

This research aimed to provide a comprehensive comparison of the microfinance sectors in Finland and Cameroon, two countries with distinct economic, social, and cultural contexts. By examining the historical development, regulatory frameworks, key microfinance institutions, challenges, and opportunities, as well as the impact of microfinance on socio-economic development in both countries, this research sought to identify best practices and lessons that can be applied to enhance the effectiveness of microfinance as a tool for poverty alleviation and economic development.

Additionally, the study aimed to contribute to the existing literature on comparative microfinance research and provide policy recommendations for the continued development of the microfinance sectors in Finland, Cameroon, and other countries.

Key words
Economy, Economic growth, Microfinance, Small and Medium size Enterprise

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1 INTRODUCTION

Microfinance emerged as a response to the financial needs of low-income individuals and small businesses who often lack the necessary collateral or credit history to access traditional banking services (Yunus, 2007). The concept of microfinance can be traced back to the 1970s, when Dr. Muhammad Yunus, an economist from Bangladesh, founded the Grameen Bank. This institution provided small loans, or "microcredit," to impoverished entrepreneurs, enabling them to invest in income-generating activities and break the cycle of poverty (Yunus, 2007).

Since then, the scope of microfinance has broadened to include a wide range of financial services, such as savings accounts, insurance, and payment services. These services are specifically designed to be accessible and affordable for low-income populations (Ledgerwood, 1999). The primary goal of microfinance is to promote economic development, reduce poverty, and empower marginalized communities by providing them with the financial tools necessary to improve their livelihoods (Armendáriz & Morduch, 2010).

Over the past few decades, microfinance has expanded rapidly and has gained significant attention from international development organizations, governments, and the private sector. Many countries have developed microfinance sectors, each with their unique characteristics, regulatory frameworks, and institutions (Mersland & Strøm, 2014). This study aims to provide a comprehensive comparison of the microfinance sectors in Finland and Cameroon, two countries with distinct economic, social, and cultural contexts, in order to gain insights into the factors that contribute to the success or challenges of microfinance in each country.

Finland, a high-income country in Northern Europe, has a well-developed banking system and strong social welfare programs. Despite these strengths, the country has experienced rising income inequality and pockets of poverty in recent years (Salonen & Karjalainen, 2019). Microfinance initiatives in Finland are primarily geared toward promoting entrepreneurship, particularly among women, immigrants, and the youth, as a means to foster social and economic inclusion (Pihkala & Tervo, 2012). Finnish microfinance institutions operate within a regulated environment and often collaborate with banks and public organizations (Niskanen & Niskanen, 2006).

Cameroon, a Central African nation with a lower median income, grapples with underdeveloped finance and social welfare infrastructure (World Bank, 2021). Many citizens lack access to formal financial services, which creates substantial hurdles in alleviating poverty, fostering financial inclusion, and driving economic growth (Asongu & Nwachukwu, 2017). In response, a myriad of microfinance institutions has emerged, offering financial services to low-income individuals and small businesses (Fonchingong, 2009). Despite the widespread adoption of microfinance as a solution, Cameroon's microfinance sector still faces challenges related to regulation, governance, and sustainability (Labie et al., 2015).

By scrutinizing the differences and similarities between the microfinance sectors in Finland and Cameroon, this research aims to pinpoint best practices and valuable lessons to boost microfinance's effectiveness as a poverty alleviation and economic development instrument. Additionally, the study aims to contribute to the existing literature on comparative microfinance research and provide policy recommendations for the continued development of the microfinance sectors in Finland, Cameroon, and other countries.

Microfinance has demonstrated its potential as an instrument for poverty alleviation, financial inclusion, and economic development across diverse contexts (Armendáriz & Morduch, 2010). Despite its success in many countries, the effectiveness and impact of microfinance initiatives may vary significantly, influenced by factors such as socioeconomic conditions, institutional environments, and regulatory frameworks (Mersland & Strøm, 2014). This study aims to address the problem of understanding the differences and similarities between the microfinance sectors in Finland and Cameroon, in order to identify the key factors contributing to their respective successes and challenges.

Finland, a high-income country with a well-developed banking system, faces issues of rising income inequality and pockets of poverty (Salonen & Karjalainen, 2019). According to Statistics Finland (2021), the at-risk-of-poverty rate was 12.1% in 2020, indicating that a significant proportion of the population is still vulnerable to financial hardship. Microfinance in Finland focuses on promoting entrepreneurship and social inclusion among disadvantaged groups, such as women, immigrants, and the youth (Pihkala & Tervo, 2012). However, limited research exists on the effectiveness of these initiatives, and the factors that contribute to their success or failure within the Finnish context.

Cameroon, a lower-middle-income country in Central Africa, faces more severe challenges related to poverty, financial inclusion, and economic development. According to the World Bank (2019), approximately 37.5% of Cameroonians lived below the international poverty line of $1.90 per day in 2014. Additionally, the Global Findex Database (2017) reveals that only 34.6% of the adult population had access to formal financial services, highlighting the pressing need for financial inclusion initiatives in the country. Microfinance has been widely adopted in Cameroon as a tool to address these issues (Fonchingong, 2009). However, the sector has faced numerous challenges related to regulation, governance, and sustainability (Labie et al., 2015), raising concerns about its effectiveness in promoting financial inclusion and poverty alleviation.

Considering the distinct socioeconomic contexts and varying success levels in Finland's and Cameroon's microfinance sectors, a comparative analysis is crucial for comprehending the factors that affect the performance of MFIs and their possible impact on poverty alleviation and financial inclusion. This study aims to tackle this issue by investigating the disparities and commonalities between the microfinance sectors in both countries, thus enriching the existing literature on comparative microfinance research and offering valuable insights for policymakers, practitioners, and researchers.

Moreover, pinpointing best practices, lessons learned, and potential improvement areas in each country's microfinance sector can help guide the design and implementation of more effective microfinance initiatives in Finland, Cameroon, and beyond. This may ultimately result in more successful poverty reduction efforts, increased financial inclusion, and enhanced socioeconomic outcomes for marginalized populations.

This study aims to address the following research questions such as key characteristics and challenges of microfinance in Finland and Cameroon given their distinct contexts, how do regulatory frameworks and governance structures in both countries influence MFIs' performance and impact on poverty alleviation and financial inclusion, what best practices and lessons from Finnish and Cameroonian microfinance initiatives can enhance microfinance effectiveness in other countries.

Thus, identifying key characteristics and challenges of microfinance in Finland and Cameroon, considering their distinct contexts, assess the influence of regulatory frameworks and governance structures on MFIs' performance and impact on poverty alleviation and financial inclusion in both countries and determine best practices and lessons from Finnish and Cameroonian microfinance initiatives to enhance microfinance effectiveness in other countries.

The significance of this study lies in its potential contributions to the field of microfinance and its practical implications for policy and practice in Finland, Cameroon, and beyond. This study adds to the existing literature on comparative microfinance research by providing insights into diverse factors influencing microfinance initiatives in different contexts. The research findings can inform the design and implementation of more effective microfinance policies and programs in both countries and beyond. Moreover, the research helps identify strategies and approaches that effectively address the specific needs and challenges faced by marginalized communities in Finland and Cameroon, comparative analysis which yield insights applicable to other countries seeking to develop or enhance their own microfinance sectors, the benefits of adopting a comparative approach and combining qualitative and quantitative methods for a comprehensive understanding of the microfinance landscape.

This research focuses on the microfinance sectors in Finland and Cameroon. While the findings may be relevant to other countries, the analysis will be primarily based on the specific socioeconomic, cultural, and institutional contexts of these two countries. The research will explore the key characteristics, strengths, and challenges of the microfinance sectors in Finland and Cameroon, as well as the regulatory frameworks, governance structures, and operating environments of MFIs. The study will employ a combination of qualitative and quantitative research methods, including literature review, comparative analysis, case studies, interviews, surveys, and secondary data analysis, to address the research questions and objectives.

2 MICROFINANCE INSTITUTIONS

This section will provide clear and concise definitions of key terms relevant to this research, ensuring a shared understanding among readers. Each term will be defined in the context of its relevance to the research topic, with references to the existing literature.

Microfinance refers to the provision of financial services, including loans, savings, insurance, and other services, to low-income individuals or communities who typically lack access to traditional banking systems. Microfinance institutions (MFIs) aim to empower marginalized populations by providing them with the resources and opportunities to improve their livelihoods and foster economic development (Ledgerwood, 2013).

Poverty alleviation on the other hand is the process of reducing the incidence, depth, or severity of poverty within a population or region. This involves a range of interventions, such as income generation, education, healthcare, and social welfare programs, aimed at improving the living standards and well-being of individuals and communities affected by poverty (World Bank, 2020). Financial inclusion is the process of ensuring that individuals and businesses have access to affordable and appropriate financial products and services that meet their needs, including transactions, payments, savings, credit, and insurance. Financial inclusion is essential for reducing poverty, promoting economic growth, and fostering social equity (Demirgüç-Kunt et al., 2018).

Socioeconomic context is the broader social, economic, and cultural factors that influence individuals and communities, shaping their opportunities, resources, and well-being. This includes aspects such as income, employment, education, social mobility, and inequality, which can interact and contribute to variations in development outcomes and policy effectiveness (OECD, 2019).

Moreover, regulatory frameworks consist of the rules, regulations, and policies that govern the operation and conduct of specific sectors, industries, or activities, such as microfinance. They are established by governmental or regulatory bodies to ensure the stability, integrity, and efficiency of these sectors while protecting the interests of consumers, investors, and other stakeholders (BIS, 2011).

Governance structures are the systems, processes, and institutions through which organizations, such as MFIs, are managed, controlled, and held accountable. They encompass the relationships between stakeholders, including shareholders, management, employees, customers, and regulators, as well as the mechanisms for decision-making, oversight, and performance evaluation (OECD, 2004).

2.1 The Concept of Microfinance in Cameroon

The microfinance sector in Cameroon has experienced significant growth since its inception in the early 1990s, following the decentralization and liberalization of the financial sector (Chowdhury et al., 2019). This expansion has led to a diverse range of microfinance institutions (MFIs) operating in the country, which includes non-governmental organizations (NGOs), credit unions, and community-based financial institutions. These organizations strive to provide access to financial services for underserved populations that are typically excluded from the formal banking system.

The key characteristics of microfinance in Cameroon are essential to understand, as they directly impact the sector's effectiveness in addressing financial inclusion and poverty alleviation. Microfinance in Cameroon primarily targets low-income individuals and microenterprises, necessitating smaller loan sizes that cater to the needs and capacities of these borrowers (MIX, 2021). Small loans enable borrowers to invest in income-generating activities or meet emergency expenses without incurring unsustainable debt burdens (Karlan & Morduch, 2010).

MFIs in Cameroon often employ group lending models, which involve extending loans to a group of individuals who share the responsibility of repayment (MIX, 2021). This approach mitigates the risk associated with lending to low-income borrowers who may lack collateral, credit history, or a stable income. Group lending also encourages social cohesion and peer support, enhancing borrowers' repayment discipline and financial management skills (Armendáriz & Morduch, 2010).

Flexibility in repayment schedules is a defining characteristic of microfinance in Cameroon, with MFIs offering tailored repayment plans that consider the specific needs and cash flow patterns of borrowers (MIX, 2021). This flexibility enhances borrowers' ability to manage their loan repayments effectively, reducing the risk of over-indebtedness and default (Field et al., 2013).

In addition to providing credit, MFIs in Cameroon focus on promoting savings among their clients, encouraging financial resilience and asset accumulation (MIX, 2021). By facilitating savings, MFIs help low-income households build a financial buffer against income shocks, unforeseen expenses, and other financial risks (Dupas & Robinson, 2013).

Microfinance in Cameroon has evolved considerably since its inception, reflecting the sector's adaptability to the specific needs of the country's underserved populations. The main characteristics of microfinance in Cameroon – small loan sizes, group lending models, flexible repayment schedules, and an emphasis on savings mobilization – have contributed to the sector's growth and impact in addressing financial inclusion and poverty alleviation. However, challenges remain, and further research and policy interventions are needed to ensure the continued development and effectiveness of the microfinance sector in Cameroon.

2.1.1 Regulatory frameworks of Microfinance in Cameroon

The Central African Banking Commission (COBAC) is responsible for the supervision and regulation of microfinance institutions in the CEMAC region, including Cameroon. COBAC has established regulations and directives that are designed to create an enabling environment for microfinance institutions while ensuring financial stability, customer protection, and adherence to anti-money laundering (AML) and combating the financing of terrorism (CFT) standards (Banque des Etats de l'Afrique Centrale, 2019).

In Cameroon, MFIs are required to obtain a license to operate, which involves meeting a set of stringent criteria. These criteria include proof of legal registration, the submission of a detailed business plan, meeting minimum capital requirements, and demonstrating management capacity and technical expertise. Furthermore, MFIs must also demonstrate their commitment to promoting financial inclusion and ensuring the well-being of their customers (COBAC, 2015).

Prudential norms established by COBAC regulate the capital adequacy, liquidity, risk management, and governance of MFIs in Cameroon. These norms aim to maintain the stability and sustainability of the sector while protecting the interests of clients. They include requirements such as maintaining a minimum capital adequacy ratio, liquidity coverage ratios, and the establishment of an effective risk management framework (COBAC, 2015).

MFIs in Cameroon are required to submit periodic financial reports to COBAC and the National Credit Council, which includes audited financial statements, as well as data on their lending activities, portfolio quality, and capital adequacy ratios. These reporting requirements are intended to enhance transparency, accountability, and risk management in the sector (COBAC, 2015).

Consumer protection measures implemented by the regulatory authorities in Cameroon include requirements for transparent pricing and disclosure of loan terms, the establishment of complaint resolution mechanisms, and guidelines on responsible lending practices. These measures aim to protect borrowers from predatory lending practices, ensure responsible financial service provision, and promote financial literacy among clients (COBAC, 2015).

Cameroon's regulatory authorities collaborate with regional and international organizations to strengthen the regulatory framework and share best practices. These collaborations include partnerships with the World Bank, the International Monetary Fund (IMF), the Alliance for Financial Inclusion (AFI), and other relevant agencies. These partnerships aim to improve the regulatory environment and promote the development and effectiveness of the microfinance sector in Cameroon (COBAC, 2015).

Despite the regulatory efforts in place, the microfinance sector in Cameroon continues to face challenges, including weak institutional capacity, high levels of non-performing loans, and governance issues. Addressing these challenges requires the implementation of robust regulatory measures, capacity building for MFIs, and the development of innovative products and services tailored to the unique needs of the market.

Hence, the regulatory framework for microfinance in Cameroon comprises various components aimed at creating an enabling environment for MFIs while ensuring financial stability, customer protection, and adherence to international standards. The regulatory efforts are essential for fostering the growth and effectiveness of the microfinance sector in addressing financial inclusion and poverty alleviation.

2.1.2 Challenges facing the Microfinance Sector in Cameroon

Despite the significant strides made in recent years, the microfinance sector in Cameroon continues to grapple with a multitude of challenges. These challenges impede the growth and effectiveness of microfinance institutions (MFIs) in the country and hinder their ability to adequately serve the financially underserved populations.

Many MFIs in Cameroon suffer from weak institutional capacity, which is characterized by a lack of proper governance structures, inadequate management practices, and limited staff capacity. This weakness is reflected in the high operational costs and inefficiencies that plague many institutions, ultimately leading to diminished financial performance and a reduced ability to reach potential clients (Atemnkeng & Tchakounté, 2018).

A significant challenge faced by the microfinance sector in Cameroon is the high non-performing loan (NPL) ratio, which has negative implications for both the financial health of MFIs and the availability of credit for borrowers. High NPL ratios can be attributed to several factors, such as weak credit risk assessment practices, inadequate monitoring of borrowers, and macroeconomic factors that affect the ability of clients to repay loans (Baye & Tamba, 2019).

Access to capital remains a critical challenge for many MFIs in Cameroon. Limited access to funding sources constrains the growth and expansion of MFIs, making it difficult for them to increase their outreach to underserved populations. The inability to access capital is compounded by the high operational costs and weak institutional capacity of many MFIs, which deter potential investors and limit opportunities for collaboration with other financial institutions (Nkamnebe & Udeh, 2019).

The lack of reliable infrastructure in many rural areas of Cameroon poses a significant challenge for MFIs. Limited access to electricity, telecommunication networks, and transportation facilities can hinder the ability of MFIs to reach potential clients, expand their operations, and efficiently manage their loan portfolios. Moreover, poor infrastructure negatively impacts the overall economic conditions in these areas, making it more difficult for borrowers to engage in productive activities and repay loans (Atemnkeng & Tchakounté, 2018).

Financial illiteracy remains a pervasive problem in Cameroon, particularly among the low-income populations that MFIs aim to serve. Limited financial knowledge and awareness which can lead to poor financial decision-making and mismanagement of resources by clients, increasing the risk of loan default and undermining the sustainability of MFIs. This challenge highlights the importance of financial education initiatives aimed at improving the financial capabilities of potential borrowers and fostering a more informed and responsible use of financial services (Baye & Tamba, 2019).

Despite the regulatory frameworks in place, the microfinance sector in Cameroon is challenged by issues such as inconsistencies in the application of regulations, limited capacity of regulatory bodies to monitor and enforce compliance, and the presence of unregulated informal financial service providers. These challenges can undermine the stability and integrity of the microfinance sector, hinder investor confidence, and limit the potential for collaboration with other financial institutions (COBAC, 2015). The rapid expansion of the microfinance sector in Cameroon has led to increased competition among MFIs, particularly in urban areas where the market is becoming saturated. This heightened competition can drive MFIs to engage in aggressive lending practices, reduce their due diligence efforts, and increase their exposure to credit risks, thereby exacerbating the challenges of high NPL ratios and weak institutional capacity (Atemnkeng & Tchakounté, 2018).

The rise of digital financial services presents both opportunities and challenges for the microfinance sector in Cameroon. While digital innovations can help MFIs overcome some of the infrastructural barriers and extend their outreach to underserved populations, they also introduce new risks and complexities that need to be managed effectively. Adapting to the digital age requires MFIs to invest in technological infrastructure, develop new skills and capabilities, and implement robust cybersecurity measures to protect clients' data and privacy (UNCTAD, 2018).

By addressing these challenges, the microfinance sector in Cameroon can enhance its ability to provide much-needed financial services to underserved populations, foster financial inclusion, and contribute to the nation's overall development objectives. This will necessitate ongoing collaboration and coordinated efforts from MFIs, regulators, policymakers, and other stakeholders to ensure the continued growth, stability, and effectiveness of the sector.

2.2 The concept of Microfinance in Finland

Microfinance in Finland is a relatively small and emerging sector compared to other countries. As a high-income nation with a comprehensive social welfare system, financial inclusion and access to mainstream financial services are generally high (European Commission, 2017). However, microfinance has gained increasing importance in Finland, particularly as a tool for supporting entrepreneurship and small business development among vulnerable and marginalized groups, including immigrants, the long-term unemployed, and individuals with limited credit history (Mankiw & Bannier, 2016).

Microfinance institutions (MFIs) in Finland often operate as social enterprises or non-profit organizations, driven primarily by social objectives rather than profit maximization. These institutions aim to foster financial inclusion and support the economic integration of vulnerable groups by providing tailored financial products and services, including small loans, financial education, and business development support (Nytkin et al., 2017).

Finland's microfinance landscape is characterized by strong public-private partnerships, with government agencies and private sector organizations collaborating to support the development and growth of the sector. Key stakeholders include the Finnish Ministry of Employment and the Economy, Finnvera (a state-owned financing company), and various private banks and non-profit organizations that provide funding, guarantees, or other forms of support to MFIs (European Commission, 2017).

Given the high level of financial inclusion and the small size of the target market in Finland, the microfinance sector is relatively limited in terms of coverage and scale. The number of MFIs operating in the country is small, and the overall volume of microcredit is significantly lower than in countries with larger low-income or financially excluded populations (Mankiw & Bannier, 2016). This limited market coverage may present challenges for the sustainability and growth of the sector, as well as opportunities for further expansion and innovation.

In contrast to many developing countries, where microfinance is often used to support consumption or basic needs, the primary focus of microfinance in Finland is on promoting entrepreneurship and small business development. Microloans are typically used to finance start-up costs, working capital, or investment in fixed assets, and are often accompanied by non-financial support services such as business mentoring, training, or networking opportunities (Nytkin et al., 2017).

The microfinance sector in Finland has been gradually developing innovative financial products and services to better cater to the unique needs of the target groups. These include flexible repayment schedules, grace periods for start-up businesses, and loans designed specifically for immigrants or women entrepreneurs. This focus on product innovation allows MFIs to differentiate themselves in the market and expand their reach to previously underserved segments (Kaasinen, 2016).

MFIs in Finland frequently collaborate with other financial institutions to increase their reach and improve the efficiency of their operations. For instance, partnerships with commercial banks can provide MFIs with access to essential banking infrastructure, such as payment systems, while simultaneously increasing the banks' outreach to underserved populations. These collaborations often result in mutually beneficial outcomes and can enhance the overall effectiveness of the microfinance sector in the country (Hietalahti & Linden, 2018).

The use of digital technologies in the Finnish microfinance sector has been steadily increasing. MFIs are integrating digital tools and platforms, such as mobile banking applications, online loan applications, and peer-to-peer lending platforms, to enhance service delivery and reduce transaction costs. These technological advancements not only enable MFIs to reach a wider customer base but also contribute to greater efficiency, transparency, and overall customer satisfaction (Nytkin et al., 2017).

Impact measurement is a critical aspect of microfinance operations in Finland, given the sector's strong focus on social objectives. MFIs in the country increasingly prioritize monitoring and evaluating the social, economic, and environmental impact of their activities on beneficiaries. This emphasis on impact measurement allows MFIs to better understand their effectiveness, demonstrate their value to stakeholders, and continuously improve their operations (Peltonen, 2018).

Also, the legal and regulatory environment in Finland is considered supportive of the microfinance sector. The Finnish government recognizes the importance of microfinance in promoting entrepreneurship and has introduced policies and initiatives to encourage the development of the sector. Regulatory frameworks are in place to ensure the stability and integrity of MFIs, while still allowing for flexibility and innovation in service delivery. As a member of the European Union, Finland also benefits from EU-wide policies and initiatives aimed at fostering the growth and sustainability of the microfinance sector (European Commission, 2017).

Capacity building and networking play a significant role in strengthening the Finnish microfinance sector. Numerous programs and initiatives have been developed to support the professional development of MFI staff, as well as to facilitate knowledge sharing and collaboration among sector stakeholders. This focus on capacity building and networking contributes to the overall resilience and adaptability of the microfinance sector in Finland, promoting its long-term sustainability and growth (Kaasinen, 2016).

Microfinance in Finland is characterized by its social enterprise and non-profit orientation, strong public-private partnerships, limited market coverage, focus on entrepreneurship, innovative product offerings, collaboration with other financial institutions, integration of technology, emphasis on impact measurement, supportive legal and regulatory environment, and a commitment to capacity building and networking. By understanding these unique characteristics and addressing the challenges facing the sector, stakeholders can contribute to the further development and expansion of microfinance in Finland, ultimately promoting financial inclusion and socio-economic development for marginalized and underserved populations.

2.2.1 Regulatory frameworks of Microfinance in Finland

Microfinance in Finland operates within a regulatory framework that balances financial stability, consumer protection, and innovation. This framework fosters a supportive environment for microfinance institutions (MFIs) while ensuring that they adhere to ethical practices and responsible lending. This section provides an overview of the key regulatory frameworks affecting microfinance in Finland, including national legislation, European Union (EU) regulations, and self-regulatory codes of conduct.

Finnish national legislation plays a significant role in shaping the microfinance sector, particularly through the Act on Credit Institutions (610/2014) and the Consumer Protection Act (38/1978). The Act on Credit Institutions sets out the licensing and supervisory requirements for MFIs, ensuring their financial stability and adherence to risk management principles. The Consumer Protection Act, on the other hand, focuses on the transparency and fairness of lending practices, safeguarding the interests of borrowers, and promoting responsible lending (Finlex, 2014; Finlex, 1978).

As a member of the European Union, Finland is subject to EU-wide regulations and directives that impact the microfinance sector. Key regulations include the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD IV), which set out the prudential requirements for banks and MFIs, and the Payment Services Directive (PSD2), which regulates payment services providers, including MFIs that offer such services. These regulations contribute to the harmonization of financial regulation across the EU and create a level playing field for MFIs operating in different member states (European Commission, 2013; European Commission, 2015).

In addition to national legislation and EU regulations, Finnish MFIs are encouraged to adhere to self-regulatory codes of conduct that promote ethical practices and transparency. The European Code of Good Conduct for Microcredit Provision, developed by the European Commission, is a key example of such a code, providing a set of standards and guidelines for MFIs across the EU. The code covers various aspects of microfinance operations, including governance, risk management, reporting, and client protection, helping to improve the overall quality and sustainability of the sector (European Commission, 2017).

The regulatory framework for microfinance in Finland is characterized by a combination of national legislation, EU regulations, and self-regulatory codes of conduct, which together foster a supportive and stable environment for MFIs while ensuring that they operate responsibly and transparently (European Commission, 2017). This comprehensive regulatory framework is essential in building trust and confidence among clients and stakeholders, ultimately contributing to the long-term sustainability and growth of the microfinance sector in Finland.

2.2.2 Challenges of Microfinance in Finland

This section examines the main issues facing microfinance institutions (MFIs) in Finland, including market saturation, funding constraints, regulatory complexity, social impact measurement, and financial inclusion gaps ("The Financial Sector's Contribution to Pro-poor Growth," 2007).

Obtaining adequate and sustainable funding remains a significant challenge for many Finnish MFIs. The reliance on public funding and grants exposes these institutions to potential financial instability, especially during periods of economic downturn or government budget cuts (Kaasinen, 2016). The development of alternative funding sources, such as private investments, crowdfunding, or peer-to-peer lending, could enhance the financial stability of MFIs.

The complex regulatory environment in Finland, including national legislation and European Union (EU) directives, may pose challenges for MFIs, especially smaller ones with limited resources. Navigating the various requirements and ensuring compliance with these regulations can be resource-intensive and may divert focus from the core activities of MFIs (European Commission, 2017).

Demonstrating and quantifying the social impact of microfinance activities remains a challenge for MFIs in Finland. Existing measurement tools and methodologies often lack uniformity, making it difficult to compare the effectiveness of different MFIs or assess the overall impact of the sector

(Peltonen, 2018). The development of standardized measurement frameworks could enhance the transparency and accountability of MFIs, attract more funding, and enable better decision-making. Although microfinance has contributed to increased financial inclusion in Finland, certain gaps persist, particularly among vulnerable and marginalized populations. Ensuring that these groups have access to affordable and appropriate financial services remains a challenge, requiring the development of targeted interventions and outreach strategies (Hietalahti & Linden, 2018).

2.3 The Concept of Microfinance and Poverty Alleviation

Microfinance has emerged as an essential tool in poverty alleviation efforts across the globe. This financial service offers access to credit, savings, and other financial products to low-income individuals and groups, particularly those who are underserved or excluded from formal financial institutions (Yunus, 2007). This section discusses the connection between microfinance and poverty alleviation, focusing on the ways in which microfinance empowers individuals, stimulates economic growth, and fosters social development.

Microfinance plays a crucial role in empowering low-income individuals by providing them with the financial resources to start or expand small businesses, invest in education or healthcare, and enhance their overall quality of life. By offering affordable and accessible credit, microfinance enables these individuals to break the cycle of poverty and build a solid foundation for their economic well-being (Morduch, 1999).

Microfinance contributes to economic growth by supporting the development of micro, small, and medium-sized enterprises (MSMEs). MSMEs are vital engines of economic growth and job creation, particularly in developing and emerging economies. By providing financial support to MSMEs, microfinance fosters entrepreneurial activity, stimulates local economies, and promotes inclusive growth (Ayyagari, Demirgüç-Kunt, & Maksimovic, 2011).

In addition to its direct economic impact, microfinance has significant social benefits. One notable example is the empowerment of women, who are often the primary beneficiaries of microfinance services. By providing women with access to credit and financial services, microfinance enables them to gain financial independence, enhance their social status, and contribute to the well-being of their families and communities (Kabeer, 2005). Furthermore, microfinance can play a role in improving access to essential services such as healthcare and education, thus contributing to overall social development (Armendáriz & Morduch, 2010).

3 COMPARATIVE ANALYSIS OF MICROFINANCE IN FINLAND AND CAMEROON

The comparative analysis of microfinance in Finland and Cameroon can be underpinned by several theoretical frameworks that explain the differences and similarities between the microfinance sectors in both countries. These theories can help us better understand the specificities of microfinance practices, regulatory environments, and the impact on poverty alleviation in these two distinct contexts. In this section, we will discuss four relevant theories that contribute to the understanding of microfinance systems in Finland and Cameroon.

3.1 The Financial Systems Approach

The financial systems approach, as a theoretical framework, posits that the structure and organization of financial systems are critical determinants of the development, functioning, and performance of microfinance institutions (MFIs) (Levine, 2002). By analyzing the differences between market-oriented, bank-based, and informal financial arrangements, this theory helps explain the variations in microfinance practices, outreach, and impact across countries. In the context of Finland and Cameroon, this approach can provide valuable insights into how distinct financial systems influence the microfinance sector's evolution and effectiveness.

Fundamental assumptions of the financial systems approach revolve around the interaction between financial institutions, markets, and instruments. It postulates that the organization and operation of financial systems can either facilitate or impede the allocation of resources, risk management, and information processing, ultimately impacting the economic growth and development of a country (Levine, 2002). In the context of microfinance, this means that financial systems can directly influence the accessibility, efficiency, and overall success of MFIs.

However, the financial systems approach has its potential weaknesses. One major limitation is its focus on macro-level factors, which may not fully capture the nuances of microfinance operations at the local or regional levels. This could lead to an oversimplification of the complexities associated with the implementation and governance of MFIs (Mersland & Strøm, 2010). Moreover, this approach may neglect the importance of non-financial factors, such as social, cultural, and political contexts, which can also play a significant role in shaping microfinance practices and outcomes.

Despite these limitations, the financial systems approach offers several strengths as a theoretical framework. First, it acknowledges the critical role of financial systems in determining the success of microfinance initiatives, emphasizing the importance of creating an enabling environment for MFIs to thrive (Levine, 2002). This can be particularly relevant in the comparison of Finland and Cameroon, where differences in the financial systems may significantly affect the growth and sustainability of their respective microfinance sectors. Second, this approach promotes a holistic understanding of the interactions between various financial actors and institutions, fostering a more comprehensive analysis of the microfinance landscape.

The relevance of the financial systems approach to the research context of comparing microfinance in Finland and Cameroon lies in its ability to elucidate the underlying factors that drive the disparities and similarities between the two countries' microfinance sectors. By examining the impact of the respective financial systems on the operation and performance of MFIs, researchers can identify the challenges and opportunities for microfinance development in both contexts. Moreover, the insights derived from this approach can potentially contribute to the formulation of targeted policies and strategies aimed at enhancing the effectiveness of microfinance as a tool for financial inclusion and poverty alleviation (Van Lieshout et al., 2010).

In conclusion, the financial systems approach offers a valuable theoretical framework for understanding the differences and similarities in the microfinance sectors of Finland and Cameroon. While acknowledging its potential weaknesses, this approach provides a solid foundation for analyzing the role of financial systems in shaping the development, functioning, and performance of MFIs in both countries. The insights derived from this framework can contribute meaningfully to the research topic and inform policymaking and practice in the field of microfinance.

3.2 Institutional theory

Institutional theory serves as a compelling theoretical framework for examining the microfinance sectors in Finland and Cameroon. It is founded on the premise that institutions, including the formal and informal rules, norms, and practices that govern social behavior, play a critical role in shaping organizational structures and outcomes (Scott, 2008). This theory provides valuable insights into how MFIs operate and interact with their environment, helping to explain variations in microfinance practices and performance across different institutional contexts.

The fundamental assumptions of institutional theory emphasize the interplay between organizations and their institutional environments. It posits that organizations are not only influenced by the prevailing institutional arrangements, but they also actively contribute to shaping these arrangements through a process of institutionalization (DiMaggio & Powell, 1983). In the context of microfinance, this implies that MFIs are both shaped by and contribute to the development of the formal and informal rules and norms governing their operations and relationships with stakeholders.

One potential weakness of institutional theory is that it may overemphasize the role of institutions in determining organizational outcomes, leading to an underestimation of the importance of agency and strategic choice (Oliver, 1991). This limitation could result in an incomplete understanding of the complexities involved in the development and functioning of MFIs, particularly with regard to their decision-making processes and responses to external challenges. Additionally, institutional theory may not fully account for the effects of context-specific factors, such as local socio-cultural or political conditions, which could also significantly impact microfinance practices and outcomes.

Nevertheless, institutional theory has several strengths that make it a valuable framework for studying microfinance in Finland and Cameroon. First, it highlights the role of institutions in shaping the microfinance landscape, emphasizing the need for a comprehensive analysis of the rules, norms, and practices that govern the operation and performance of MFIs (Scott, 2008). This focus can help to identify the institutional factors that may be driving the differences and similarities between the two countries' microfinance sectors. Second, institutional theory encourages a nuanced understanding of the reciprocal relationship between organizations and their environments, fostering a more dynamic perspective on the development of microfinance practices and policies.

The relevance of institutional theory to the research context of comparing microfinance in Finland and Cameroon lies in its ability to elucidate the institutional factors that influence the functioning and performance of MFIs in both countries. By examining the institutional arrangements that shape the microfinance sectors, researchers can gain a deeper understanding of the challenges and opportunities facing MFIs in different contexts. Moreover, the insights derived from this theoretical framework can inform the design of targeted policies and strategies aimed at promoting financial inclusion and poverty alleviation through microfinance initiatives.

In summary, institutional theory provides a robust and comprehensive framework for understanding the microfinance sectors in Finland and Cameroon. Despite its potential limitations, this theoretical perspective offers valuable insights into the role of institutions in shaping the development, functioning, and performance of MFIs. By exploring the interplay between MFIs and their institutional environments, researchers can contribute meaningfully to the analysis of microfinance practices and policies in both countries.

3.3 The poverty alleviation model

The poverty alleviation model serves as an indispensable theoretical framework for analysing microfinance initiatives in Finland and Cameroon. This model posits that microfinance institutions (MFIs) can play a crucial role in reducing poverty by providing financial services to low-income individuals and microenterprises, thereby fostering economic growth, employment, and social development (Yunus, 2003). This model emphasizes the importance of financial inclusion in poverty reduction strategies and underscores the potential contributions of MFIs to both economic development and social equity.

The fundamental assumptions of the poverty alleviation model revolve around the concept of financial inclusion. This model contends that access to financial services is essential for improving the livelihoods of low-income individuals, who often lack access to formal banking systems and face significant barriers to obtaining credit (Yunus, 2003). By providing microcredit, micro savings, and other financial services, MFIs can empower these individuals to invest in income-generating activities, increase their assets, and break the cycle of poverty.

A potential weakness of the poverty alleviation model is that it may overestimate the capacity of microfinance to combat poverty on its own. Critics argue that microfinance is not a panacea for poverty reduction, as it does not directly address other structural factors contributing to poverty, such as inadequate infrastructure, poor governance, and limited access to education and healthcare (Banerjee & Duflo, 2011). Moreover, some studies have found that the impact of microfinance on poverty alleviation varies significantly across different contexts, with mixed results regarding its effectiveness in improving the well-being of clients (Morduch, 1999).

However, the poverty alleviation model has several strengths that make it a valuable framework for studying microfinance in Finland and Cameroon. First, it highlights the importance of financial inclusion in poverty reduction efforts, which is particularly relevant for low-income populations in both countries who may struggle to access formal banking services. Second, the model offers insights into the potential mechanisms through which MFIs can contribute to poverty alleviation, such as by facilitating entrepreneurship, promoting financial literacy, and strengthening social networks among clients (Yunus, 2003).

The relevance of the poverty alleviation model to the current research context lies in its ability to illuminate the potential role of microfinance in addressing poverty in Finland and Cameroon. By examining the ways in which MFIs can contribute to financial inclusion and poverty reduction, this theoretical framework can provide valuable insights into the design and implementation of microfinance initiatives in both countries. Furthermore, the poverty alleviation model encourages researchers to consider the broader socioeconomic and political factors that may influence the success of microfinance efforts, contributing to a more nuanced understanding of the challenges and opportunities facing MFIs in different contexts, (Akinyoade et al., 2017).

In conclusion, the poverty alleviation model provides a robust theoretical framework for examining microfinance initiatives in Finland and Cameroon. Despite its potential limitations, this model offers valuable insights into the role of financial inclusion in poverty reduction efforts and the potential contributions of MFIs to socioeconomic development. By exploring the relationship between microfinance and poverty alleviation, researchers can gain a deeper understanding of the dynamics shaping the microfinance sectors in both countries and develop targeted strategies to enhance their impact on poverty reduction.

3.4 Cultural Dimensions Theory

Cultural dimensions theory, developed by Geert Hofstede, (Hofstede, G. (2001). is a valuable framework for studying the potential influences of national culture on microfinance initiatives in Finland and Cameroon. This theory posits that societies differ along six dimensions, which include individualism-collectivism, power distance, uncertainty avoidance, masculinity-femininity, long-term orientation, and indulgence-restraint (Hofstede, 1980, 2001). By examining the cultural values and practices that underlie these dimensions, this theoretical framework can help researchers explore the ways in which culture may shape the design, implementation, and impact of microfinance initiatives in different contexts.

The fundamental assumptions of cultural dimensions theory are that societies exhibit distinct cultural characteristics, which can be systematically compared using the six dimensions proposed by Hofstede (1980, 2001). This theory suggests that cultural differences can influence a wide range of societal phenomena, including economic behaviour, decision-making, communication, and interpersonal relationships. By analysing these dimensions, researchers can gain insights into the cultural factors that may contribute to the success or failure of microfinance initiatives, as well as the ways in which these factors may interact with other contextual variables, such as institutional arrangements and socioeconomic conditions.

A potential weakness of cultural dimensions theory is that it may overgeneralize or oversimplify cultural differences by reducing them to a small set of dimensions. Critics argue that this approach can lead to cultural stereotyping and may fail to account for the complexities and nuances of culture (McSweeney, 2002). Moreover, some studies have questioned the validity and reliability of Hofstede's data, as well as the applicability of his dimensions to diverse cultural contexts (Schwartz, 1994). Nevertheless, cultural dimensions theory has several strengths that make it a useful framework for analysing microfinance initiatives in Finland and Cameroon. First, it offers a systematic approach for comparing national cultures, enabling researchers to identify potential similarities and differences in cultural values and practices that may influence the design and operation of microfinance institutions (MFIs) in both countries. Second, the theory provides a foundation for understanding the ways in which culture may affect various aspects of microfinance, such as client behaviour, risk assessment, and loan repayment (Hofstede, 1980, 2001).

The relevance of cultural dimensions theory to the current research context lies in its capacity to illuminate the potential role of culture in shaping microfinance initiatives in Finland and Cameroon. By examining the cultural factors that may influence the success or failure of MFIs, this theoretical framework can help researchers develop a deeper understanding of the challenges and opportunities facing microfinance in different cultural contexts. Furthermore, the cultural dimensions theory encourages researchers to consider the ways in which culture may interact with other contextual factors, such as the legal and regulatory environment, to influence the dynamics of microfinance markets.

In conclusion, cultural dimensions theory provides a robust and insightful theoretical framework for examining the role of culture in microfinance initiatives in Finland and Cameroon. Despite its potential limitations, this theory can contribute meaningfully to the analysis of cultural factors that may shape the design, implementation, and impact of MFIs in both countries. By exploring the relationship between culture and microfinance, researchers can gain valuable insights into the ways in which cultural dimensions may affect the performance and effectiveness of microfinance initiatives, as well as the strategies that may be employed to enhance their impact in different cultural contexts.

4 RESEARCH METHODOLOGY

This research comprised of both quantitative and quantitative approach to provide a holistic understanding of the microfinance landscape in these countries. This research employed a comparative cross-sectional design. This design was chosen as it allows for the collection of data at one point in time from respondents in both countries using structured questionnaires. The cross-sectional design is effective for describing the current state of affairs and is particularly useful for studies aimed at understanding perceptions, as it provides a snapshot of the respondents' views at a particular point in time. The comparative aspect of the design allowed for the examination of differences and similarities in the perceptions of microfinance between the two countries.

This study was conducted in Cameroon and Finland, representing two distinct socio-economic contexts. Cameroon, a developing country in Central Africa, has a growing microfinance sector that plays a crucial role in its economic development. On the other hand, Finland, a developed country in Northern Europe, has a well-established microfinance sector that contributes significantly to its robust economy. The choice of these countries provided a comparative perspective on the perceptions of microfinance, allowing for an exploration of how different socio-economic contexts might influence the operation and perception of microfinance institutions.

The research sources comprised mainly of primary data collected through interviews and questionnaires, secondary data acquired from books, written articles as well as e-libraries.
The questionnaire was designed to ensure content validity. The questions were based on the research objectives and the existing literature on microfinance. Each question was carefully crafted to accurately measure the constructs it was intended to measure. Expert review was also sought to validate the questionnaire and ensure that it was fit for purpose.

The reliability of the questionnaire was ensured by pre-testing the questionnaire on a small sample. This pre-test allowed for the identification and rectification of any issues or ambiguities in the questionnaire. Necessary adjustments were made based on the feedback received to ensure the consistency and stability of the questionnaire. The reliability of the questionnaire was further confirmed through the use of reliability tests such as Cronbach's alpha.

The study adhered to ethical guidelines for research. Informed consent was obtained from all respondents, ensuring that they were aware of the purpose of the study and their rights as participants. Their confidentiality and anonymity were ensured, with all data being reported in aggregate form, and no individual responses being identifiable. The study did not involve any harm to the respondents, and all data was collected and stored securely to protect the privacy of the respondents.

5 DATA COLLECTION AND ANALYSIS

Primary data was collected using structured questionnaires. The questionnaires were designed to gather data on the respondents' perceptions of various aspects of microfinance. The primary data allowed for the collection of real-time, firsthand information from respondents, ensuring that the data was relevant and specific to the study's objectives. Secondary data was also reviewed from relevant literature, reports, and publications on microfinance in the two countries to supplement the primary data and provide a broader context for the study.

Two separate questionnaires were designed for respondents in Finland and Cameroon. Each questionnaire contained sections on demographic profile of respondents, key characteristics of microfinance, challenges of microfinance, regulatory frameworks and governance structures of microfinance, impact of microfinance on poverty alleviation, and microfinance and performance. All questions were closed-ended and used a Likert scale for responses, allowing for quantifiable data that could be easily analysed. The questionnaires were administered through both online and offline methods to ensure a wide reach and to accommodate the preferences and accessibility of the respondents.

A stratified random sampling technique was used to select respondents in each country. This technique ensured that the sample was representative of the population, taking into account various strata or subgroups within the population. The sample size was determined based on the population size, desired level of precision, and the expected response rate. A larger sample size was chosen to increase the reliability of the results and to allow for a more detailed analysis of the data.

The data analysis chapter of this research study presents a comprehensive examination of the perceptions of microfinance in Cameroon and Finland. The analysis is based on survey responses collected from participants in both countries, focusing on several key dimensions: the key characteristics of microfinance, the challenges associated with microfinance, the regulatory framework for microfinance, the impact of microfinance on poverty alleviation, and the performance of microfinance institutions. Using a range of statistical techniques, including descriptive statistics and independent samples t-tests, the analysis aims to identify patterns, trends, and differences in the perceptions of microfinance in the two countries. The findings from this analysis will contribute to a deeper understanding of the microfinance landscape in Cameroon and Finland, and provide valuable insights for policymakers, practitioners, and researchers in the field.

5.1 Presentation of the demographic profile of respondents

This table shows the respondents according to their age range, gender, education levels and their occupation.

Table 1. Demographic profile of respondent

		N	Percent
Age Range	Below 20	20	18%
	21-30	28	25%
	31-40	39	34%
	41-50	9	8%
	Above 50	18	16%
Gender	Male	64	56%
	Female	50	44%
Highest level of Education	High School	29	25%
	Bachelor's Degree	46	40%
	Master's Degree	30	26%
	Doctorate Degree	9	8%
Occupation	Employed	19	17%
	Self-employed	29	25%
	Unemployed	39	34%
	Student	15	13%
	Retired	12	11%

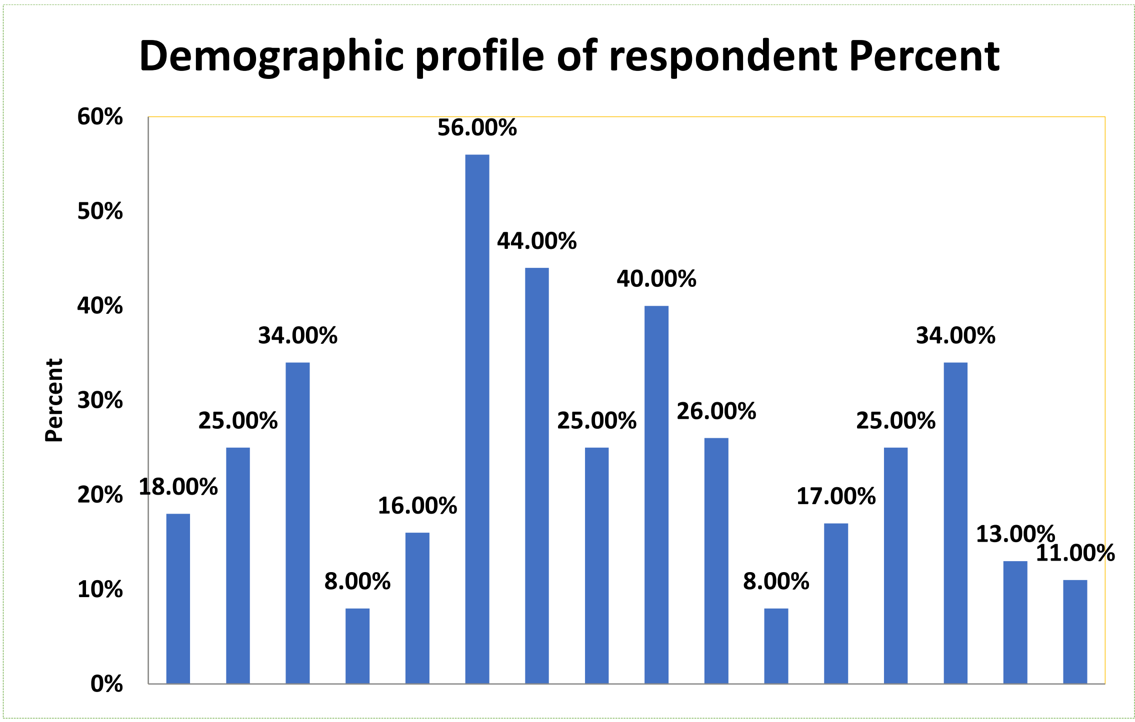

Figure 1. Demographic profile of respondent

The research study focuses on understanding the key characteristics, challenges, regulatory frameworks, and governance structures of microfinance in Cameroon and Finland, with an aim to assess its impact on poverty alleviation and performance. The demographic profile of the respondents provides a comprehensive understanding of the diverse backgrounds of the individuals participating in the study.

The age distribution of the respondents reveals that the majority (34%) fall within the 31-40 age range, followed by those in the 21-30 age range (25%). This suggests that the study primarily engaged with individuals who are likely to be in the active stages of their careers, potentially having more exposure to microfinance activities. The least represented age group is the 41-50 range, constituting only 8% of the respondents.

In terms of gender, the sample is relatively balanced, with males representing 56% of the respondents and females 44%. This gender distribution allows for diverse perspectives in the study, considering the potential gender differences in experiences and perceptions of microfinance.

The respondents' education levels indicate a highly educated sample, with 40% holding a bachelor’s degree and 26% a master’s degree. This suggests that the respondents are likely to have a good understanding of financial concepts, which could influence their interactions with microfinance institutions.

The occupation distribution shows a high percentage of unemployed respondents (34%), followed by self-employed (25%) and employed (17%) respondents. This is particularly relevant to the study's focus on microfinance, as these groups might be the primary targets of microfinance initiatives aimed at poverty alleviation and financial inclusion.

Overall, the demographic profile of the respondents provides a diverse range of perspectives, which is crucial for a comprehensive understanding of the microfinance landscape in Cameroon and Finland. The findings from this study can contribute to the existing body of knowledge on microfinance, offering insights that can inform policy and practice in these countries.

5.2 Presentation of results

The research study aims to understand the key characteristics of microfinance in Cameroon and Finland, focusing on the accessibility, interest rates, service variety, community impact, and operational transparency of microfinance institutions (MFIs). The data presented in table 2 below provides a comprehensive overview of the respondents' perceptions of these characteristics.

Many respondents (51%) agreed that MFIs are easily accessible, suggesting a positive perception of the reach and availability of microfinance services in their respective countries. However, the perception of the reasonableness of interest rates was less positive, with 52% of respondents disagreeing that the rates are reasonable. This indicates a potential area of concern, as high interest rates could limit the affordability and accessibility of microfinance services, particularly for low-income individuals.

Regarding the variety of financial services offered by MFIs, the respondents' views were more balanced, with 45% agreeing that MFIs offer a variety of services, and 33% disagreeing. This suggests that while some MFIs may offer a range of services, there may be a perception that others do not provide sufficient variety to meet the diverse needs of their clients.

In terms of the impact of MFIs on local communities, 44% of respondents disagreed that MFIs have a significant impact, while 37% agreed. This mixed perception may reflect variations in the effectiveness and reach of microfinance initiatives across different communities, or differing expectations of what constitutes a 'significant' impact.

Finally, transparency in the operations of MFIs was another area of concern, with 52% of respondents disagreeing that MFIs are transparent. This finding underscores the importance of transparency in building trust and confidence among microfinance clients and the wider community.

Overall, these findings highlight both strengths and potential areas for improvement in the microfinance sectors of Cameroon and Finland. They contribute to the broader understanding of microfinance, providing insights that can inform policy and practice to enhance the effectiveness and impact of microfinance initiatives.

Table 2. Key Characteristics of Microfinance

	Dis		Nue		Agr		Total	
	N	% Dis	N	% Nue	N	% Agr	N	% Total
Microfinance institutions are easily accessible.	34	30%	22	19%	58	51%	114	100%
The interest rates of microfinance institutions are reasonable.	59	52%	11	10%	44	39%	114	100%
Microfinance institutions offer a variety of financial services.	38	33%	25	22%	51	45%	114	100%
Microfinance institutions have a significant impact on local communities.	50	44%	22	19%	42	37%	114	100%
Microfinance institutions are transparent in their operations.	59	52%	23	20%	32	28%	114	100%
TOTAL	240	42%	103	18%	227	40%	570	100%

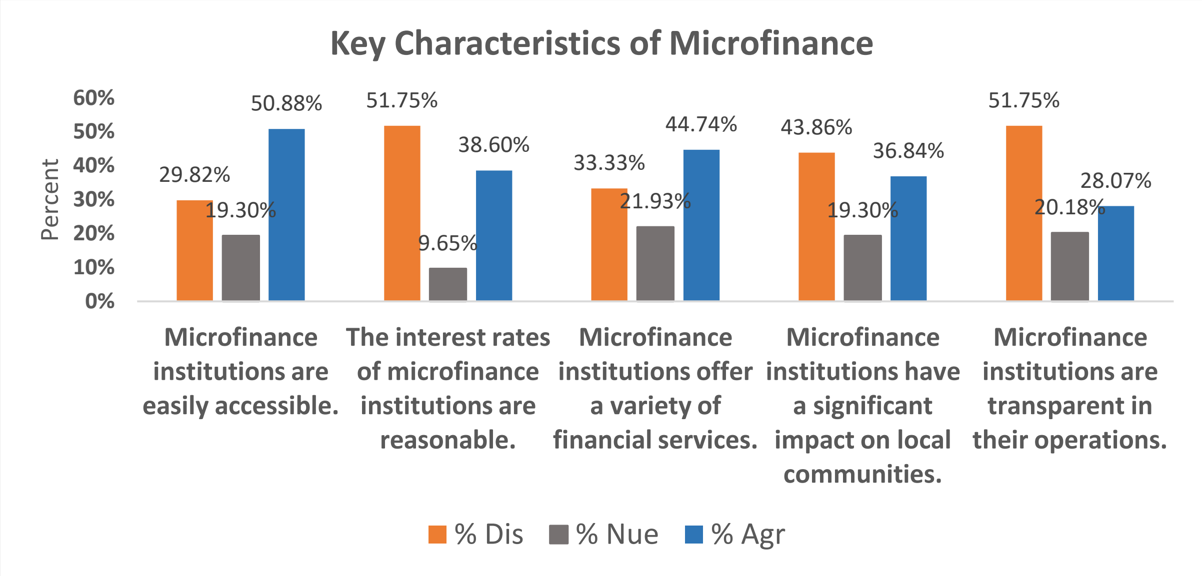

Figure 2. Key Characteristics of Microfinance

The research also seeks to identify and understand the challenges of microfinance in Cameroon and Finland. Table 3 and figure 3 below presents the respondents' perceptions of various potential challenges, including access barriers, high interest rates, lack of awareness, regulatory issues, and loan repayment problems.

A significant proportion of respondents (49%) agreed that there are substantial barriers to accessing microfinance, indicating that despite the perceived accessibility of microfinance institutions (MFIs), there may be other obstacles hindering individuals from utilizing these services. These barriers could include stringent eligibility criteria, complex application processes, or limited awareness of available services.

The perception of high interest rates was even more pronounced, with 65% of respondents agreeing that the interest rates of MFIs are high. This finding aligns with the earlier observation regarding the reasonableness of interest rates, further emphasizing the need for MFIs to review their pricing strategies to ensure affordability and accessibility.

Most respondents (54%) disagreed that there is a lack of awareness about microfinance, suggesting that microfinance is relatively well-known among the respondents. However, it is important to note that awareness does not necessarily translate into usage or understanding of microfinance services, and there may still be a need for further education and outreach efforts.

Regarding regulatory challenges, the respondents' views were fairly balanced, with 48% agreeing and 39% disagreeing that MFIs face regulatory challenges. This suggests that while some MFIs may be experiencing difficulties navigating the regulatory landscape, others may be managing effectively.

Table 3. Challenges of Microfinance

	Dis		Nue		Agr		Total	
	N	% Dis	N	% Nue	N	% Agr	N	% Total
There are significant barriers to accessing microfinance.	41	36%	17	15%	56	49%	114	100%
The interest rates of microfinance institutions are high.	25	22%	15	13%	74	65%	114	100%
There is a lack of awareness about microfinance.	62	54%	29	25%	23	20%	114	100%
Microfinance institutions face regulatory challenges.	44	39%	15	13%	55	48%	114	100%
Microfinance institutions struggle with loan repayment issues.	39	34%	13	11%	62	54%	114	100%
TOTAL	211	37%	89	16%	270	47%	570	100%

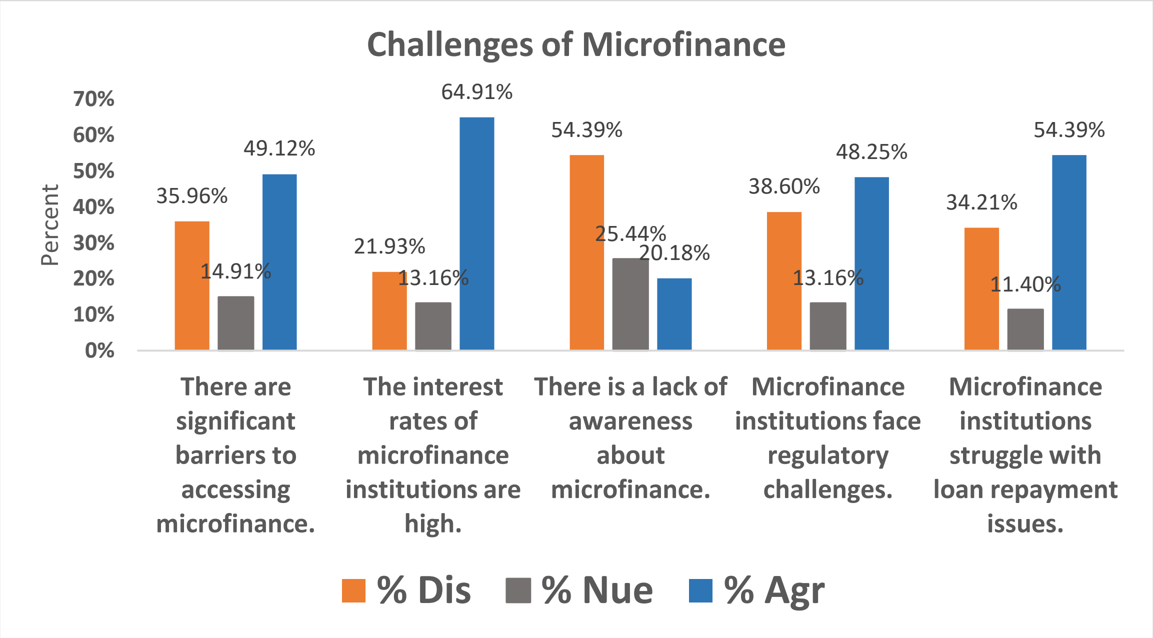

Figure 3. Challenges of Microfinance

More than half of the respondents (54%) agreed that MFIs struggle with loan repayment issues. This could reflect challenges related to borrowers' ability to repay loans, potentially due to factors such as high interest rates, economic conditions, or individual financial circumstances.

Overall, these findings highlight several key challenges facing the microfinance sectors in Cameroon and Finland. They provide valuable insights that can inform efforts to address these challenges and enhance the effectiveness and impact of microfinance initiatives.

Regarding how the regulatory frameworks and governance structures of microfinance in Cameroon and Finland plays a role in the successful operation of microfinance activities. Table 4 and figure 4 below presents the respondents' perceptions of these aspects, focusing on the clarity and effectiveness of the regulatory framework, the effectiveness and transparency of governance structures, and the regularity of updates to the regulatory framework.

The respondents were evenly split in their views on whether the regulatory framework for microfinance is clear and well-defined, with 44% agreeing and 44% disagreeing. This suggests that while some respondents find the regulatory framework clear, others may find it ambiguous or complex. This could potentially impact the ease of compliance for microfinance institutions (MFIs) and the accessibility of services for clients.

Regarding the effectiveness of governance structures of MFIs, a majority of respondents (51%) disagreed that they are effective. This indicates a potential area of concern, as effective governance is crucial for the successful operation and accountability of MFIs. However, a majority of respondents (59%) agreed that the regulatory framework for microfinance supports the growth of the sector. This suggests that despite potential issues with clarity, the regulatory framework is perceived to be supportive of the development and expansion of microfinance services.

In terms of transparency of governance structures, the respondents' views were more balanced, with 47% agreeing that the governance structures are transparent, and 38% disagreeing. This suggests that while some MFIs may be perceived as transparent in their governance, others may need to improve their transparency to build trust and confidence among stakeholders.

Finally, half of the respondents (50%) agreed that the regulatory framework for microfinance is regularly updated, indicating a perception of responsiveness and adaptability in the regulatory environment. Overall, these findings highlight both strengths and potential areas for improvement in the regulatory and governance aspects of the microfinance sectors in Cameroon and Finland. They provide valuable insights that can inform policy and practice to enhance the effectiveness and impact of microfinance initiatives.

Table 4. Regulatory Frameworks and Governance Structures of Microfinance

	Dis		Nue		Agr		Total	
	N	% Dis	N	% Nue	N	% Agr	N	% Total
The regulatory framework for microfinance is clear and well-defined.	50	44%	14	12%	50	44%	114	100%
The governance structures of microfinance institutions are effective.	58	51%	12	11%	44	39%	114	100%
The regulatory framework for microfinance supports the growth of the sector.	31	27%	16	14%	67	59%	114	100%
The governance structures of microfinance institutions are transparent.	43	38%	17	15%	54	47%	114	100%
The regulatory framework for microfinance is regularly updated.	41	36%	16	14%	57	50%	114	100%
TOTAL	223	39%	75	13%	272	48%	570	100%

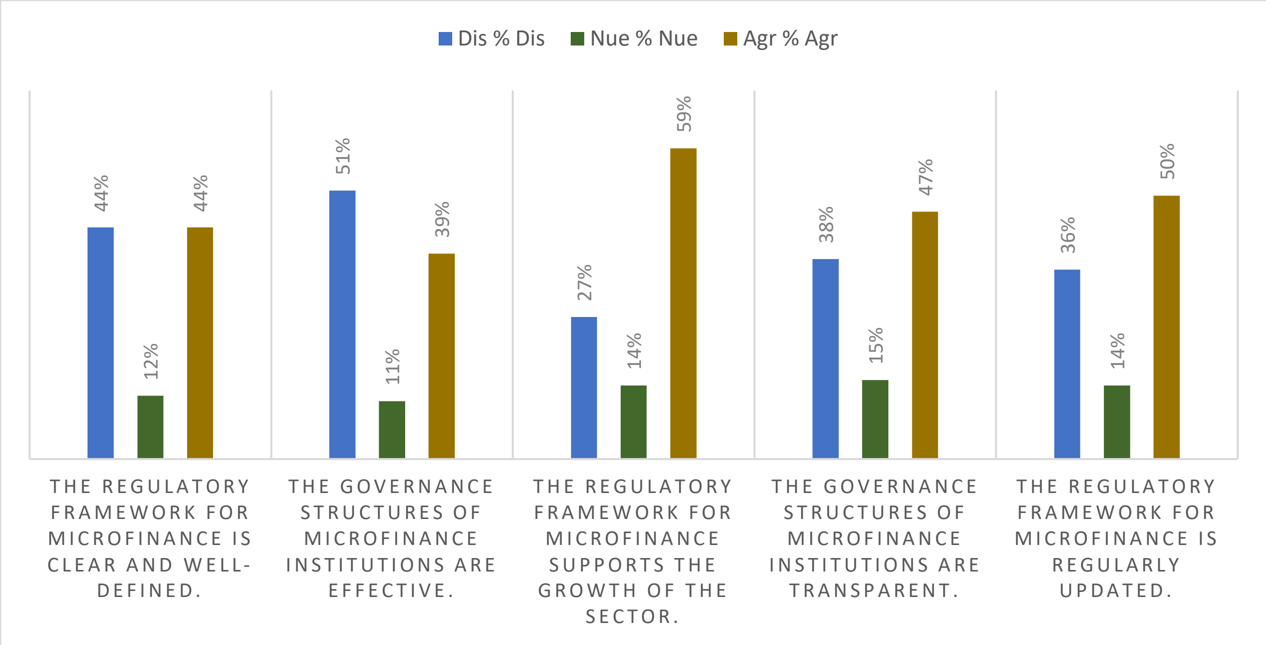

Figure 4. Regulatory Frameworks and Governance Structures of Microfinance

As regards the impact of microfinance on poverty alleviation in Cameroon and Finland. Table 5 and figure 5 below presents the respondents' perceptions of various aspects of this impact, including the role of microfinance institutions (MFIs) in poverty alleviation, the impact on respondents' financial situation, business growth, access to financial services, and standard of living as seen below.

Table 5. Impact of Microfinance on Poverty Alleviation

	Dis		Nue		Agr		Total	
	N	% Dis	N	% Nue	N	% Agr	N	% Total
Microfinance institutions play a significant role in poverty alleviation	35	31%	22	19%	57	50%	114	100%
Microfinance services have improved my financial situation	39	34%	27	24%	48	42%	114	100%
Microfinance services have helped me start or grow a business	33	29%	17	15%	64	56%	114	100%
Microfinance services have increased my access to financial services	46	40%	19	17%	49	43%	114	100%
Microfinance services have improved my standard of living	38	33%	28	25%	48	42%	114	100%
TOTAL	191	34%	113	20%	266	47%	570	100%

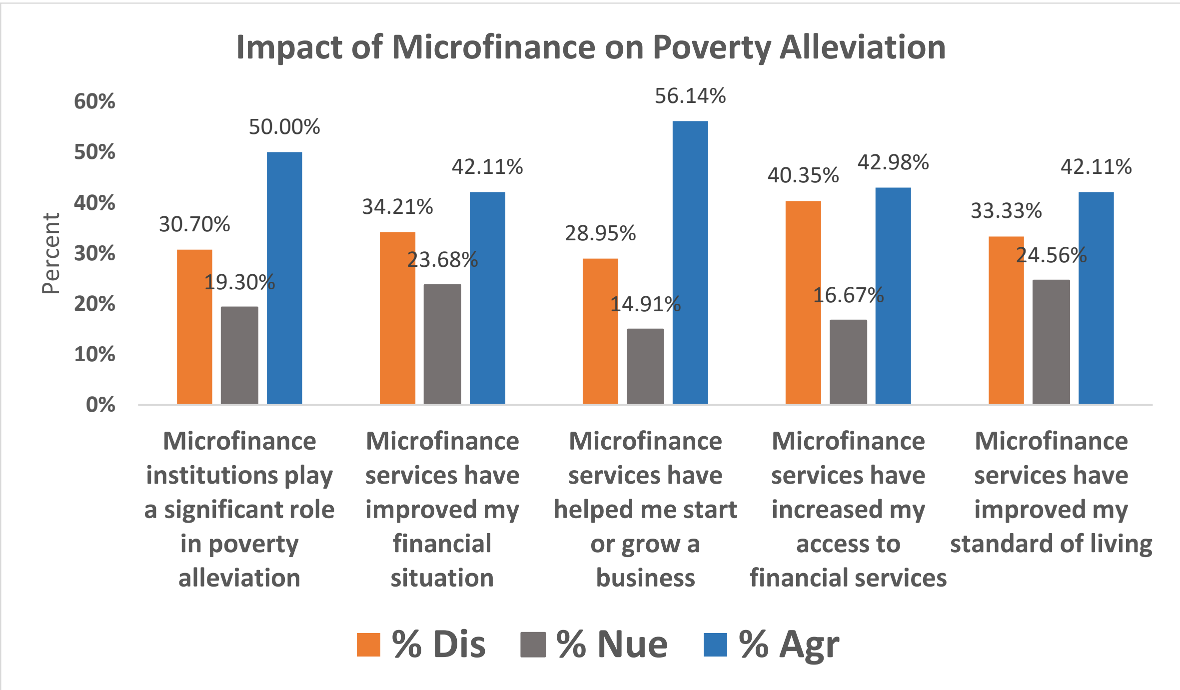

Figure 5. Impact of Microfinance on Poverty Alleviation

Half of the respondents (50%) agreed that MFIs play a significant role in poverty alleviation, indicating a positive perception of the contribution of microfinance to reducing poverty. However, a substantial proportion (31%) disagreed, suggesting that there may be varying experiences and perceptions of the effectiveness of microfinance in addressing poverty.

In terms of the impact on respondents' financial situation, the views were more mixed, with 42% agreeing that microfinance services have improved their financial situation, and 34% disagreeing. This suggests that while microfinance may have a positive impact on some individuals' financial circumstances, it may not be universally effective or accessible.

A majority of respondents (56%) agreed that microfinance services have helped them start or grow a business. This finding underscores the potential of microfinance to support entrepreneurship and economic development, which are key aspects of poverty alleviation.
Regarding access to financial services, the respondents' views were fairly balanced, with 43% agreeing that microfinance services have increased their access, and 40% disagreeing. This suggests that while microfinance may have expanded financial inclusion for some individuals, others may still face barriers to access.

Finally, the respondents were evenly split in their views on whether microfinance services have improved their standard of living, with 42% agreeing and 33% disagreeing. This indicates that the impact of microfinance on living standards may vary widely among individuals, potentially reflecting differences in the quality, accessibility, or appropriateness of services.

These findings highlight the potential of microfinance to contribute to poverty alleviation, while also pointing to areas for improvement. They provide valuable insights that can inform efforts to enhance the effectiveness and inclusivity of microfinance initiatives in Cameroon and Finland.
Evaluating the performance of microfinance institutions (MFIs) in Cameroon and Finland in terms of outreach, financial sustainability, impact on clients, service quality, and innovation and adaptability.

Table 6 presents and figure 6 below presents the respondents' perceptions of these aspects of performance. Most respondents (55%) agreed that MFIs are performing well in terms of outreach, indicating a positive perception of the reach and accessibility of microfinance services. However, a substantial proportion (30%) disagreed, suggesting that there may be challenges or limitations in the outreach efforts of some MFIs.

In terms of financial sustainability, the views were more mixed, with 42% agreeing that MFIs are performing well, and 43% disagreeing. This suggests that while some MFIs may be financially sustainable, others may be struggling to achieve financial stability, which is crucial for their long-term viability and ability to serve their clients.

Regarding the impact on clients, the respondents' views were fairly balanced, with 46% agreeing that MFIs are performing well, and 39% disagreeing. This indicates that while some MFIs may be effectively meeting the needs of their clients and positively impacting their lives, others may need to improve their client impact.

In terms of service quality, a higher proportion of respondents disagreed (47%) than agreed (40%) that MFIs are performing well. This suggests that service quality may be an area of concern, potentially reflecting issues related to the affordability, appropriateness, or reliability of services. The respondents were evenly split in their views on whether MFIs are performing well in terms of innovation and adaptability, with 46% agreeing and 38% disagreeing. This suggests that while some MFIs may be effectively innovating and adapting to changing circumstances and client needs, others may be less agile or innovative.

Overall, these findings highlight both strengths and potential areas for improvement in the performance of the microfinance sectors in Cameroon and Finland. They provide valuable insights that can inform efforts to enhance the effectiveness, sustainability, and client impact of microfinance initiatives.

Table 6. Microfinance and Performance

	Dis		Nue		Agr		Total	
	N	% Dis	N	% Nue	N	% Agr	N	% Total
Microfinance institutions are performing well in terms of outreach.	34	30%	17	15%	63	55%	114	100%
Microfinance institutions are performing well in terms of financial sustainability.	49	43%	17	15%	48	42%	114	100%
Microfinance institutions are performing well in terms of impact on clients.	45	39%	17	15%	52	46%	114	100%
Microfinance institutions are performing well in terms of service quality.	54	47%	14	12%	46	40%	114	100%
Microfinance institutions are performing well in terms of innovation and adaptability.	43	38%	19	17%	52	46%	114	100%
TOTAL	225	39%	84	15%	261	46%	570	100%

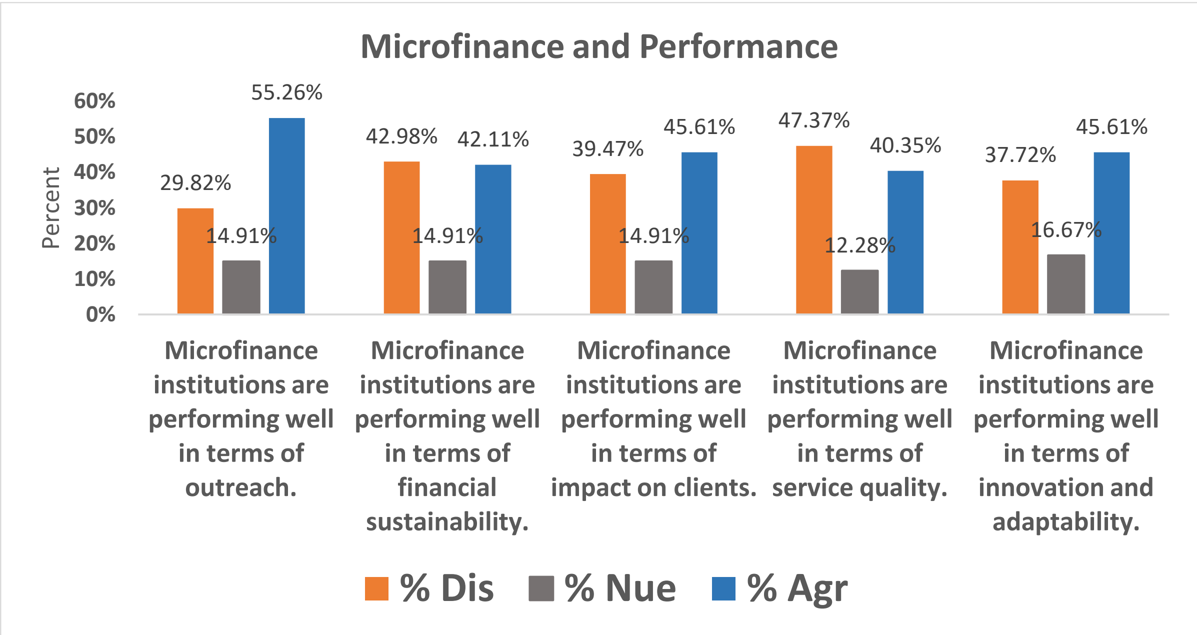

Figure 6. Microfinance and Performance

5.3 Verification of hypotheses

The research study aims to compare the perceptions of microfinance in Cameroon and Finland across several dimensions: key characteristics, challenges, regulatory framework, poverty alleviation, and performance. The table 7 below presents group statistics for these dimensions, including the number of respondents (N), mean scores, standard deviations, and standard error of the mean for each country.

Table 7. Descriptive Statistics

	Country	N	Mean	Std. Deviation	Std. Error Mean
Key Characteristics	Cameroon	62	2.8065	1.295	0.164
	Finland	52	3.0154	1.245	0.173
Challenges	Cameroon	62	3.3806	1.224	0.155
	Finland	52	2.7692	1.296	0.180
Regulatory Framework	Cameroon	62	2.7065	1.343	0.171
	Finland	52	3.6731	1.313	0.182
Poverty Alleviation	Cameroon	62	3.2258	1.356	0.172
	Finland	52	3.1	1.296	0.180
Performance	Cameroon	62	2.6742	1.302	0.165
	Finland	52	3.6038	1.297	0.180

In terms of key characteristics, the mean score for Finland (3.0154) is slightly higher than that for Cameroon (2.8065), suggesting that respondents in Finland may have a slightly more positive perception of the key characteristics of microfinance. However, the standard deviations indicate a relatively high level of variability in responses within both countries, suggesting diverse perceptions among respondents.

For challenges, the mean score for Cameroon (3.3806) is significantly higher than that for Finland (2.7692), indicating that respondents in Cameroon perceive more challenges associated with microfinance. This could reflect differences in the microfinance landscape, regulatory environment, or socio-economic conditions between the two countries.

Regarding the regulatory framework, the mean score for Finland (3.6731) is notably higher than that for Cameroon (2.7065), suggesting that respondents in Finland may have a more positive perception of the regulatory framework for microfinance. This could reflect differences in the clarity, effectiveness, or responsiveness of regulatory frameworks in the two countries.

In terms of poverty alleviation, the mean scores for Cameroon (3.2258) and Finland (3.1000) are relatively close, suggesting similar perceptions of the impact of microfinance on poverty alleviation in both countries. However, the standard deviations again indicate a high level of variability in responses within both countries.

Finally, for performance, the mean score for Finland (3.6038) is significantly higher than that for Cameroon (2.6742), indicating that respondents in Finland perceive better performance of microfinance institutions. This could reflect differences in the outreach, financial sustainability, client impact, service quality, or innovation and adaptability of microfinance institutions in the two countries.

Overall, these findings highlight both similarities and differences in the perceptions of microfinance in Cameroon and Finland. They provide valuable insights that can inform efforts to enhance the effectiveness and impact of microfinance initiatives in different contexts.

6 SUMMARY AND CONCLUSION

Chapter six serves as the culmination of this research study, providing a comprehensive summary of the findings, conclusions, recommendations, and suggestions for further studies. It also acknowledges the limitations of the study. This chapter synthesizes the insights gained from the analysis of microfinance perceptions in Cameroon and Finland, drawing on the rich data collected through the survey. It aims to distil the key findings into meaningful conclusions, propose actionable recommendations for various stakeholders, and identify potential avenues for future research. By acknowledging the limitations of the study, it also encourages a critical and nuanced understanding of the findings. The ultimate goal of this chapter is to contribute to the ongoing discourse on microfinance, providing valuable insights that can inform policy and practice, stimulate further research, and ultimately enhance the effectiveness and impact of microfinance initiatives.

Based on the findings of the study, there was no significant difference in the perception of key characteristics of microfinance between respondents in Cameroon and Finland. Respondents in Cameroon perceived significantly more challenges associated with microfinance compared to those in Finland. The regulatory framework for microfinance differed as it was perceived more positively by respondents in Finland compared to those in Cameroon and there was no significant difference in the perception of the impact of microfinance on poverty alleviation between respondents in Cameroon and Finland. Respondents in Finland perceived better performance of microfinance institutions compared to those in Cameroon.

The study provides valuable insights into the perceptions of microfinance in Cameroon and Finland. The findings suggest that while there are similarities in how respondents in both countries perceive the key characteristics of microfinance and its impact on poverty alleviation, there are significant differences in their perceptions of the challenges associated with microfinance, the regulatory framework, and the performance of microfinance institutions.

Respondents in Cameroon perceived more challenges associated with microfinance, which could reflect the unique socio-economic and regulatory contexts in the country. On the other hand, respondents in Finland had a more positive perception of the regulatory framework and the performance of microfinance institutions, suggesting that the microfinance sector in Finland may be more mature or better regulated.

These findings underscore the importance of context in shaping perceptions of microfinance. They suggest that to enhance the effectiveness and impact of microfinance initiatives, it is crucial to understand and address the specific challenges and opportunities in each context. This includes improving the regulatory framework, enhancing the performance of microfinance institutions, and addressing the barriers to accessing microfinance services.

Given the more positive perception of the regulatory framework in Finland, there may be lessons that Cameroon can learn from Finland's regulatory approach. Policymakers in Cameroon could consider reviewing and strengthening the regulatory framework for microfinance to enhance transparency, accountability, and effectiveness in the sector. Microfinance institutions in Cameroon could consider strategies to address these challenges, such as offering more flexible loan terms, providing financial education to clients, and leveraging technology to improve access.

The perceived performance of microfinance institutions was higher in Finland than in Cameroon. Microfinance institutions in Cameroon could consider measures to enhance their performance, such as improving service quality, innovating their product offerings, and adopting best practices from successful microfinance models in other countries, like Finland.

This research was cross-sectional, capturing data at a single point in time. Future research could employ a longitudinal design to track changes in perceptions of microfinance over time. This could provide valuable insights into how microfinance institutions evolve and how their impact on poverty alleviation and economic development changes over time. The research did not specifically consider cultural factors that might influence perceptions of microfinance. Future research could explore how cultural norms, values, and beliefs influence the acceptance and allow for a more comprehensive understanding of the global perceptions of microfinance and could reveal interesting regional differences, providing valuable insights for microfinance institutions seeking to tailor their services to specific cultural contexts.

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