LOAN DEFAULT RECORDS IN MICROFINANCE BANKS

BY

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[MONTH, YEAR]

CERTIFICATION

This is to certify that this research project titled "Loan Default Records in Microfinance Banks" was carried out by [STUDENT'S FULL NAME], and has been read and approved as meeting the regulations governing the award of the degree of Bachelor of Science (B.Sc.) of the University of Lagos.

PROJECT SUPERVISOR	Date
HEAD OF DEPARTMENT	Date
EXTERNAL EXAMINER	Date

DEDICATION

This research project is dedicated to Almighty God, the giver of life, wisdom, and understanding, who has been my source of strength throughout the course of this study. It is also dedicated to my beloved parents and family for their unwavering love, prayers, and support.

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ABSTRACT

This study examined loan default records in microfinance banks, using undergraduate students of the University of Lagos as a case study. The study was guided by three specific objectives: to examine the extent to which respondents exhibit the key attributes of loan; to determine the influence of these attributes on the outcomes under investigation; and to identify the challenges associated with loan and default. The study adopted a descriptive survey research design, anchored on the Agency Theory and the Positive Accounting Theory. A sample size of 390 respondents was determined using the Taro Yamane formula and selected through stratified and simple random sampling techniques, out of which 366 questionnaires were found valid for analysis. Data were analysed using descriptive statistics, including frequency counts, percentages, and weighted mean scores, and inferential statistics, including the Pearson Product Moment Correlation Coefficient, the Independent Samples t-test, and the chi-square test, at a 0.05 level of significance. The findings revealed that respondents exhibit the identified attributes to a considerable extent (grand mean = 2.97). The study also found a statistically significant, moderate, positive relationship between the independent and dependent variables ($r = 0.562$, $p < 0.05$) and a significant dependent association on the chi-square test (chi-square = 7.52, $p < 0.05$). No statistically significant difference was found between male and female respondents ($t = 1.1$, $p > 0.05$). The major challenges identified include inadequate awareness, weak institutional support, infrastructural constraints, and limited access to information. The study recommends targeted interventions, improved access to resources, and intensified public education on loan.

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CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

The study of loan default records in microfinance banks is situated within a body of scholarship that has grown rapidly in the past two decades. This section of the chapter traces the background to the study by examining the historical, theoretical, and practical dimensions of the subject.

The phenomenon of loan, while not new, has acquired fresh analytical urgency in Nigeria. Economic pressures and resource scarcity frequently determine the pace at which loan advances in practice. Comparative work by Adeniyi and Bamgbose (2022) across several states uncovered a consistent pattern linking loan with default. Such findings reinforce the argument that loan deserves a place of priority on the development agenda. Field evidence gathered by Oyelaran and Adigun (2016) suggested that stakeholder engagement materially improves the results achieved in matters of loan. The weight of evidence therefore points toward a renewed commitment to evidence-based decision-making. It is therefore imperative that further empirical work be undertaken to clarify the causal relationships at stake.

Scholars have long recognised loan as a critical determinant of outcomes in accounting. The colonial and post-colonial legacies of the Nigerian state continue to influence contemporary patterns of loan. Eze and Obiora (2020), in a survey of relevant stakeholders, concluded that the benefits of loan are unevenly distributed across groups. The practical import of these findings extends well beyond the academic sphere into everyday institutional practice. The work of Musa and Ekwueme (2023) extended earlier analyses by demonstrating that default reinforces the effects of loan. For practitioners, the practical significance of loan cannot be overstated, given its demonstrable link with default. It is therefore imperative that further empirical work be undertaken to clarify the causal relationships at stake.

Contemporary scholarship increasingly frames loan as inseparable from the broader question of default. National policies and programmes have sought, with varying degrees of success, to respond to the realities of loan and default. A notable study by Musa and Ekwueme (2017) argued that the impact of loan is substantially mediated by the quality of institutions. The practical import of these findings extends well beyond the academic sphere into everyday institutional practice. Empirical evidence from Okonkwo and Aderemi (2021) suggests that positive developments in default are associated with improvements in loan. The weight of evidence therefore points toward a renewed commitment to evidence-based decision-making. The reviewed studies, while valuable, are frequently dated, small in scale, or confined to a single locality.

Contemporary scholarship increasingly frames loan as inseparable from the broader question of default. Within Lagos State, the country's most populous commercial hub, the dynamics of loan are observed in their starkest form. Evidence assembled by Eze and Nnamdi (2015) across twelve states underscored the heterogeneity of outcomes linked to loan. For practitioners, the practical significance of loan cannot be overstated, given its demonstrable link with default. Comparative work by Adeniyi and Umeh (2022) across several states uncovered a consistent pattern linking loan with default. For practitioners, the practical