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## **Is Micro-financing a Viable Tool for Poverty Alleviation?: An Assessment of a Leading Microfinance Bank in Nigeria**

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### **Abstract**

*Is micro-financing a viable poverty alleviation tool for its clients? We reflected on this question and conducted a longitudinal study using the 2011 Poverty Probability Index (PPI) to measure the household poverty of LAPO Microfinance Bank clients. The bank's non-financial services were also examined to determine their benefits for clients. Using a multistage sampling technique, 1000 clients across the six geo-political zones in Nigeria were selected for the study. We found that clients' poverty likelihood index (PPI) declined from 11.62% at baseline to 9.86% at post-assessment. Poverty differentials by some socio-demographic disaggregates were observed. Compared to urban and peri-urban clients, rural resident clients had higher poverty likelihood. Disaggregated by geo-political zones, poverty likelihood was higher in northern Nigeria compared both to other zones and the national poverty likelihood. Female clients (12.32%) had higher poverty likelihood than males (9.73%). However, among all these categories, poverty likelihood declined in the post-assessment phase. Premised on the outcome of economic disruption experienced during the lockdown, we observed that clients who assessed only one loan cycle had higher poverty likelihood than their counterparts. We advanced two interrelated positions. The first relates to an inverse relationship between the number of loans accessed and poverty likelihood while the second argues that businesses at the early stage are worst affected during economic disruptions but can leverage on microfinance infrastructure to keep afloat. While our study advances the understanding of microfinance infrastructure and poverty alleviation in Nigeria, we recommend a continuous flow of loans and provision of non-financial services to clients. We also recommend that operating environment be made favourable for providers to keep impacting lives through microfinance financial and non-financial services.*

**Keywords:** Microfinance, Nigeria, LAPO Microfinance Bank, Financial and Non-Financial Services, Poverty Probability Index

## **Background**

Literature shows that poverty, financial development and economic growth correlate (Honohan, 2004; Odhiambo, 2010). Financial development, economic growth as well as financial inclusion, have been achieved through the instrumentality of microfinance institutions, especially in most developing countries. Financial inclusion is key in poverty alleviation as it provides individuals access to a range of affordable financial products and services (CBN National Financial Inclusion Strategy, 2012). In Nigeria, the Enhancing Financial Innovation and Access (EFInA) (2016; 2014) showed that 41.6% (40.1million) of 96.4 million adults were financially excluded. Disaggregated by sex, 42.7% of females (21.4million) compared to 35.8% of males (15.6 million) of the population were financially excluded.

Microfinance is established for low-income economically viable individuals to provide them with microloans, savings, insurance and transfer services. It is also a small loan; savings mobilization and training offered to the poor to enable them create self-employment by starting their businesses to generate income (Morduch, 1999; Simeyo *et al.*, 2011). According to the Central Bank of Nigeria (CBN) Revised Regulatory and Supervisory Guideline (2012), a microfinance bank relates to any licensed company by the Central Bank of Nigeria empowered to provide financial services such as loans, deposits, savings, local funds transfer and other financial and non-financial services to its clients. Microfinance, championed by the Grameen Bank through its advocate, Professor Mohammed Yunus, gained prominence in the 1970s. Since then, it has helped millions of individuals and afforded many a way out of poverty, especially in the developing world. The removal of collateral and institutionalization of guarantors afforded the active poor easy access to financial and non-financial services including credit, health care, health information, insurance against floods and other disasters.

The micro-credit offered without collateral is generally different from those of conventional commercial banks. Services such as insurance, funds transfer and other ancillary non-financial services targeted at low-income clients are offered by microfinance institutions (Central Bank of Nigeria, 2011). There are no demands for extensive documentations, no stringent operational methodology, and no requirement for tangible collateral (Ehigiamusoe, 2000). Additionally, microfinance is also characterized by the following features: Group lending; Individual lending (in some cases); Small loans and deposits; Loans given mainly for small scale business activities; Targets poor clients/households (active poor); Targets female entrepreneurs; Operational simplicity; Low interest rate; Services provided for unbanked and under-banked; De-emphasizes tangible guarantors. Although many microfinance institutions face a lot of financial constraints including investor borrowing, access to grants and equity, volatile operating environment and sustainability challenges, questions have been raised on whether microfinance is actively serving the interest of the poor in countries like Nigeria. This is because the extent of microfinance outreach to the poor and its impact in

countries like Nigeria is sketchy. Scholars have expressed concerns and the need for an impact evaluation studies (Toby & Akani, 2014). This is because impact studies are vital for determining the effectiveness of organizations' programmes and interventions on beneficiaries (Nduka, 2015) whose outcomes/impact varies. Succinctly, Nduka (2015: 36) expressed that:

...Impact evaluation examines both indicators and variables that not only measure propensity in terms of material and tangible assets (increased income; greater employment; enhanced savings; access to more resources; patterns of change in expenditure and consumption, etc.) but also assesses improvements in essential healthcare, sanitation and basic hygiene, empowerment, literacy rate, nutrition and reduction in infant mortality...

Impact evaluations/assessments are decision-making data for microfinance used to determine mission attainment. It is also a source of reliable evidence to donors, investors, government and other relevant stakeholders. Impact evaluations appraise programmes/projects relevance either as a whole or in parts. It is also used to estimate the extent to which a product/service or program/policy affect the people or group they were designed for. In other words, it shows the extent to which a group of people or beneficiaries' lives have been affected by such interventions, products or policies (Karlan & Goldberg, 2007). Scholars (Karlan & Goldberg, 2007) posited that impact assessments are conducted for the following reasons:

- a) To help organizations, just like market research, to understand its clients' needs and therefore, design better processes and products, leading to clients' retention and loyalty, and increased profitability.
- b) To assist programme managers or policymakers compare the cost of improvements in lives or health viz-a-viz other intervention.
- c) To help organizations determine what works best for clients and what best practice to adopt.
- d) To help organizations determine how different programme/product design affects clients.

This study is significant because understanding and measuring the impact of services provided for microfinance clients is one of the core elements in the financial market, given that it helps providers know the effect of their services on clients. It also help funders understand how impactful their investments are because microfinance have gone beyond just increasing clients base to understanding if clients are truly benefitting from services offered to them. This study is also useful for academics. This is because it helps them postulate theories and models on microfinance services (Ledgerwood, 2013).

The Poverty Probability Index (PPI), a poverty assessment tool that contains ten (10) questions on household characteristics and asset ownership was used in this study to compute a household's likelihood to be poor. On

poverty assessment tools, Ledgerwood (2013: 18) posited that *poverty assessment tools include short, country-specific surveys with indicators that have been identified as the best predictors of whether a given set of households is very poor, according to the legislative definition of extreme poverty applicable to the country in question.*

Although arguments abound in literature over the concept and methodology of impact studies, this study did not just focus on institutional performance as most impact evaluation studies do, but it was client-centered because they are the focal point in micro-financing. Corroborating this, Karlan & Goldberg (2007) averred that *microfinance have always focused on measuring process and institutional measures such as default and client retention as performance gauge. However, this does not denote an actual impact measure as it does not correlate with clients' welfare outcomes except when those process and institutional measures correlate with client welfare.* This study, therefore, was informed by the need to provide a clear understanding of how LAPO Microfinance Bank's financial and non-financial services impact its clients. Specifically, the study assessed the impact of LAPO Microfinance Bank financial services on clients living conditions using the Poverty Probability Index (PPI) and explored LAPO Microfinance Bank non-financial services and their benefits to clients.

## **Materials and methods**

### ***Study design***

The study was longitudinal, utilizing both qualitative and quantitative methods to assess the impact of LAPO Microfinance Bank (LAPO MFB) financial and non-financial services on clients. The reviewed 2011 Poverty Probability Index (PPI) tool for Nigeria, a standardized tool for measuring poverty, was used in the study.

### **Study setting**

The study was conducted across the six (6) geopolitical zones in Nigeria (North-east, North-west, North-central, South-east, South-south and South-west).

### ***Study population and inclusion criteria***

The population of this study comprised LAPO Microfinance Bank clients who have assessed at least one loan in the past one year that preceded the study.

### **Sampling and sample size**

Sample size comprised 1000 clients. The study utilized the multistage sampling technique. First, we delineated the sixteen zones of LAPO Microfinance Bank (LAPO MFB) on a cluster basis across the six geopolitical areas in Nigeria. Purposively, eight of these zones in twelve States in Nigeria were selected to represent ethnic diversity with different credit cultures and demands (Table 1).

A total of 1000 clients were proportionally selected across the branches and unions in these zones; and questionnaires were randomly distributed.

**Table 1: Delineation of study areas by geopolitical zones, LAPO MFB Zones and states data collection and analysis**

Geopolitical Areas	LAPO MFB Selected Zones	Selected States Within the Zones
South South	Calabar Edo	Cross River Rivers Edo
South East	Enugu	Enugu Anambra
South West	Lagos West Oyo	Ogun Lagos Oyo
North Central	Middle Belt	Kogi
North East	North East	Bauchi
North West	North West	Kebbi Zamfara

**Data collection and analysis**

Prior to initiating data collection, the authors conducted a pilot study. This preliminary investigation was conducted with the recognition of the pivotal role that pilot studies play. The pilot study had several specific objectives. Firstly, it sought to evaluate the feasibility of the study and identify any potential weaknesses in the research design. Secondly, it aimed to assess the effectiveness of the study instrument in eliciting the intended information, while also scrutinizing the comprehensibility of the format. Additionally, the pilot study aimed to determine the appropriateness of the selected validated tools for the specific target population. It also examined the suitability of the data collection method and lastly, assessed the time required for respondents to complete the questionnaire and measuring respondents’ willingness to actively participate in the study. The pilot demonstrated that the study was feasible and the method suitable. It also demonstrated that the instrument was appropriate and comprehensible, and that respondents were willing to complete the instrument.

Quantitative data was collected with closed-ended questionnaires. The questionnaire was designed in English language and took an average of 10 minutes to complete. Respondents were assured of confidentiality. Voluntariness, benefits, non-maleficence and withdrawals were explicitly explained to respondents. The survey tool contained questions enlisted in the reviewed 2011 Poverty Probability Index (PPI) tool for Nigeria. The PPI is a standardized tool for measuring poverty. Data on clients’ living conditions were gathered and then compared to the national standard for measuring poverty likelihood in Nigeria. The PPI items comprised the following:

- i. Number of household members
- ii. Number of separate rooms occupied by household members

- iii. Type of roof
- iv. Type of toilet facility
- v. Household ownership of gas cooker, stove (electric, gas table or kerosene) or microwave
- vi. Number of mattresses owned by household
- vii. Television owned by household
- viii. Number of mobile phones owned by household
- ix. Household ownership of a motorbike or a car or other vehicle
- x. Type of agricultural activities practised by the household including ownership of sprayers, wheelbarrows or sickles.

Non-financial services were evaluated using content analysis of the reports between 2017 and 2019 to gain insights and determine if LAPO Microfinance Bank's non-financial services were beneficial to clients. Quantitative data was analyzed using the SPSS version 26.

### ***Ethical considerations***

The study rigorously adhered to ethical considerations, prioritizing principles such as autonomy, voluntariness, and informed consent. Prior to participation, all individuals received comprehensive information about the research procedures, objectives, potential risks, and benefits. They were assured of their voluntary involvement and the freedom to withdraw from the study at any given point. To strictly maintain confidentiality, identifiable personal information was not collected. The study was meticulously designed to ensure participants' safety and prevent any harm, discomfort, abuse, or anxiety. While direct benefits to participants were not guaranteed, they were apprised of the potential policy implications of the study's findings, which could contribute to broader societal benefits.

### **Results and discussion**

#### ***Clients demographic characteristics***

As shown in Table 2, males ( $\geq 25\%$ ) constituted a quarter of the sample and the majority of the respondents ( $\geq 38\%$ ) were between the ages of 31-40. A greater percentage ( $>70\%$ ) of the clients had a low level of educational qualification. More than 10% have spent an average of 10 years and above with the bank. The dominant enterprise operated by clients was trading engaged in by 7 out of every 10 clients. Although a greater percentage of respondents began their clientele with LAPO Microfinance Bank (LAPO MFB) between 1 to 2 years before this study, the clients' loan cycle revealed that nearly half (48.01%) of the respondents had taken 4 or more loans. They also operated various kinds of savings with over 90% having regular savings.

**Table 2: Percentage distribution of clients' demographic variables**

<b>Variable</b>	<b>Baseline (%)</b>	<b>Post-Assessment (%)</b>
<b>Gender</b>		
Male	25.38	24.08
Female	74.62	75.92
<b>Marital Status</b>		
Single	4.99	3.44
Married	86.95	92.87
Previously Married (Separated, divorced, widowed)	8.05	3.7
<b>Age</b>		
<= 30	15.19	7.26
31 - 40	37.92	42.80
41 - 50	31.19	33.89
51 and above	15.7	16.05
<b>Educational Level</b>		
No formal	18.75	16.56
Primary	24.47	30.57
Secondary	46.18	46.37
Tertiary	10.6	6.5
<b>Years with LAPO MFB</b>		
1-2	41.79	39.36
3-5	25.08	23.31
6-10	19.16	26.24
>10	13.97	11.08
<b>Enterprise Type</b>		
Shop/Trade	73.60	76.82
Services (Tailoring, food vending, hair dressing)	14.98	15.03
Agriculture	6.12	5.73
Others (Craftsmanship, civil servant, etc)	5.3	2.42
<b>Number of Loans Taken</b>		
1	22.43	17.20
2	16.11	16.69
3	13.46	16.82
4 or more	48.01	49.30
<b>Loan Duration</b>		
1 to 3	2.85	2.68
1 to 6	36.29	19.36
1 to 8	53.82	72.87
1 to 10	3.36	1.66
1 to 12	.41	.25
6 to 8	2.45	2.93
3 to 24	.82	.25
<b>Types of Savings Operated by Clients</b>		
Regular	97.15	97.96
Union Purse	35.17	37.45
My Pikin	29.97	27.77
Others (Festive, savings plan, individual current, etc)	3.98	3.58

***Clients' poverty probability likelihood***

Clients living conditions were ascertained using the 2011 PPI. About 12% of LAPO Microfinance Bank clients lived below <\$1.90/day at the baseline survey. During the post-assessment survey, their poverty likelihood declined to 9.86%. In other words, the aggregate poverty likelihood among the surveyed clients at baseline, based on the 2011 PPI poverty line of \$1.90/day, was 11.62% but this declined when these same clients were reassessed. Compared to the corresponding poverty likelihood rate in Nigeria (16.7%), LAPO MFB is reaching a lower proportion (11.62%) of the poor. However, among clients reached by the bank, there is an impact of its loan products and services as the post-assessment survey witnessed a decline in poverty from 11.62% to 9.86%. Similarly, rating these same clients using the <\$3.10/day threshold, 33.08% poverty likelihood at baseline compared to 30.01% poverty likelihood at post-assessment was observed.

**Table 3: Clients' poverty probability likelihood at baseline and post assessment survey**

Scale (2011 PPI)	Baseline (%)	Post- Assessment (%)
\$1.90/day	11.62	9.86
\$3.10/day	33.08	30.01

***Poverty probability likelihood by sex***

In this study, female clients' poverty likelihood was greater than males (Table 4). This is perhaps because females were more likely to be poorer than males as they tend to bear a disproportionate burden of poverty in society.

**Table 4: Poverty Likelihood by Sex**

Sex	Male (%)	Female (%)
Baseline	9.73	12.34
Post-assessment	9.21	10.07

However, their poverty likelihood declined from 12.34% at baseline to 10.07% in the post-assessment. When assessed by \$3.10/day, it also declined from 34.40% at baseline to 30.47% at the post-assessment.

***Poverty probability likelihood by area***

Spatial variability, shown in Table 5 below, was observed in poverty likelihood across the different areas of residence. Regardless of clients' area of residence, poverty likelihood declined in the post-assessment phase. Approximately, 15.51% of LAPO MFB clients in the rural areas lived below <\$1.90/day 2011 PPI line at the baseline relative to 13.10% at the second phase of the study. When measured with <\$3.10/day 2011 PPI line, there were 39.31% of rural



clients below this threshold at baseline compared to 34.82% at the post-assessment survey.

**Table 5: Poverty probability likelihood by area**

Area	\$1.90/day		\$3.10/day	
	Baseline (%)	Post-Assessment (%)	Baseline (%)	Post-Assessment (%)
Urban	4.67	3.85	21.26	14.69
Peri-urban	9.03	7.05	29.36	26.91
Rural	15.51	13.10	39.31	34.82

Although poverty likelihood among the rural dwellers declined at the post-assessment phase from 15.51% to 13.10% based on the \$1.90/day 2011 PPI benchmark, rural residents had higher poverty likelihood than urban and peri-urban residents both at baseline and post-assessment survey. This is not uncommon as rural dwellers generally have higher poverty prevalence than urban or peri-urban dwellers. At baseline, urban residents had a poverty likelihood of 4.67% and 3.85% at the post-assessment survey based on the \$1.90/day 2011 PPI.

***Poverty probability likelihood by zonal disaggregation***

Poverty likelihood was explored for various zones as shown in Table 6 below. Although there was a decline in poverty likelihood in the post-assessment survey compared to the baseline, however, variations were found as some zones were more likely than the others to be poor. Lagos West zone was least likely to be poor during the two-time study period compared to all the other zones. On the other hand, North East and North West had a higher likelihood of poverty more than any other zone. North East and North West also had higher poverty likelihood compared to a national likelihood of 16.7%. This is not unconnected to the prevailing poverty rate in northern Nigeria.

**Table 6: Poverty probability likelihood disaggregated by zone**

LAPO Zones	\$1.90/day		\$3.10/day	
	Baseline (%)	Post-assessment (%)	Baseline (%)	Post-assessment (%)
Calabar	5.86	5.32	25.55	22.76
Edo	4.22	3.53	16.37	15.00
Enugu	4.81	3.37	20.84	14.79
Lagos West	3.07	1.48	17.53	10.14
Middle Belt	15.92	10.32	39.90	33.89
North East	24.45	21.45	58.30	55.45
North West	32.63	31.10	66.80	66.17
Oyo	8.90	9.46	30.27	33.56

**Poverty probability likelihood by number of loans taken**

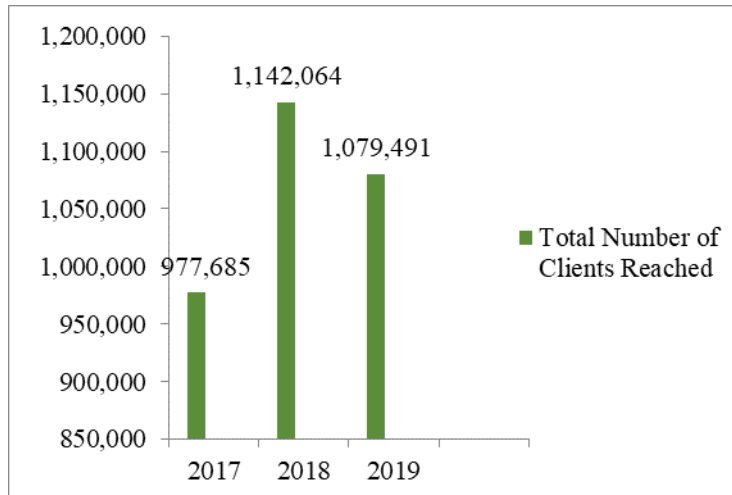
Although poverty likelihood declined for most clients in the post-assessment survey, findings showed that clients who had taken 4 or more loans had a lesser likelihood of being poor compared to clients that had accessed loans only once, twice or three times. This is the same both on a scale of \$1.90/day and \$3.10/day 2011 PPI (Table 7). On the other hand, we observed that poverty likelihood among clients who accessed loans once and twice went slightly higher in the post-assessment survey compared to clients who had accessed loans three times and above. This was not unexpected as the economic disruptions and lockdowns affected many businesses. Clients who had taken loans once or twice were relatively new clients and most likely new entrepreneurs. We, therefore, postulated that there is an inverse relationship between the number of loans accessed and poverty likelihood. In other words, poverty likelihood declines when the number of loans accessed increases. We also advanced that businesses at the early stage are worst affected during economic disruptions or health emergencies but can leverage on microfinance infrastructure to keep afloat.

**Table 7: Poverty probability likelihood by number of loans taken**

Scales	Baseline (%)				Post Assessment (%)			
	Number of Loans Taken				Number of Loans Taken			
	1	2	3	4 or more	1	2	3	4 or more
<b>\$1.90/day</b>	16.19	14.99	12.65	8.55	16.89	14.58	9.54	6.43
<b>\$3.10/day</b>	41.93	38.28	35.38	27.49	42.19	39.78	29.53	23.56

**LAPO Microfinance Bank (MFB) Non-financial Services**

We examined LAPO MFB's non-financial services over a three year period between 2017 and 2019. This is because impact studies assess non-financial variables and microfinance institutions also provide non-financial services to their clients (Nduka, 2015; Central Bank of Nigeria, 2012). Various ranges of services that LAPO MFB availed its clients included health and social empowerment, business management and skills development, etc. As analyzed, this helped to cushion the deleterious effect of poverty on clients. Poverty is not only a function of lack of funds but more profoundly the consequences of debarment from opportunities such as skills acquisition, decision-making skills and education which reinforce the cycles of poverty, and, affect access to chances that are vital to breaking out of poverty. As shown in Figure 1, a total of 1,079,491 clients were reached in 2019. Out of this, 103,596 were screened for various diseases, 2,170 were referred while 2,133 were followed up; 38,563 received information to help prevent diseases and maintain good health and 326,390 benefitted from bulk Short Message Service (SMS) on health information.



**Figure 1:** Total Number of Clients Reached, 2017-2019

The social education programme reached a total of 39,483 clients (Table 8), with topics such as male preference, education for all women, widowhood rites, inheritance, teenage pregnancy, domestic violence, divorce and separation, self-esteem, decision making, women's rights and rape. About 1,734 clients received training on micro-business management, 1,570 were trained on financial literacy and bulk SMS on financial literacy were sent to 561,000 clients. Legal aid training and services reached 2,852 clients, with information on curbing and resolving abuses as well as linkages for support to victims. A total of 88,978 Information, Educational and Communication materials that target behavioral change in the area of sanitation, malaria, divorce and separation, domestic violence, inheritance, etc. were distributed. The bank also hosted television and radio programmes where clients share their stories and experiences with the bank. Cross-cutting issues in development such as poverty, gender inequality, political participation, transparency and governance were discussed during the programme. These form crucial components for behavioral change and advocacy.

**Table 8: Non-financial services and total number of clients beneficiary**

SERVICES	Number of Clients Beneficiary		
	2017	2018	2019
Screened for various diseases	186,128	189,350	103,596
Referred after screening	-	3,376	2,170
Followed up after screening	-	2,530	2,133
Bulk SMS on health information	-	310,002	326,390
Information to help prevent diseases and maintain good health	94,099	79,072	38,563
Social education programmes with topics like male preference, education for all women, widowhood rites, etc	82,465	68,448	39,483
Trained on Micro Business Management	3,069	2652	1,734
Trained on financial literacy	3,228	2,525	1,570
Bulk SMS on financial literacy sent out	300,000	484,000	561,000
Legal aid trainings and services with information on preventing and redressing abuses as well as linkages for support to victims	3,448	3,485	2,852
Information, Communication and Educational materials that targeted behavioural change in the area of Sanitation, Domestic Violence, Hepatitis, cervical cancer etc. were distributed	478,327	131,174	88,978

Given the low coverage of key interventions by the Primary Health Care (PHC) system in Nigeria, which has resulted in the persistence of a high disease burden, LAPO MFB outreaches become a critical health access points to clients. Specifically, with the provision of health screening and referral services to clients, awareness on health and social education increased. Part of the outcomes was socially empowered and healthy clients whose knowledge and informed health decisions improved. These clients attested that before LAPO MFB interventions, they were ignorant of their health status and self-medicated on several occasions. For instance, a certain client of St Teresa union, married, resident in Benin City and a trader at New Benin Market, was happy to know the cause of malaria and was made to understand the danger that could be associated with malaria attack and how it can be prevented. Initially, this client confirmed that she self-medicated by patronizing patent medicine stores. Through LAPO MFB outreaches, she also realized that her blood pressure was high, and was referred to see a doctor. Subsequently, her health status improved and she was able to maximize her time for her business.

Another client attested,

...During the branch council meeting, a hepatitis test was conducted on me and I was shocked to know I had the disease. I have never done such a test before. But I was very happy after the nurse counseled and referred me, and assured me it can be treated. I was given treatments... (*Male Client; Haske Union, Barnawa Branch*)

Evidence from clients who were referred and followed up showed that diagnosing a disease is not sufficient but referral and constant follow up is a critical aspect of health care. This helped to ensure recovery and re-integration of clients back into their business activities. Accordingly, a client stated,

During one of our union meetings, different medical tests were conducted in our union and when I tested my sugar level, it was high. The staff counselled me and gave me a referral paper. After a few months of lifestyle change and treatment, my result became normal. (*Male Client; Okuwaju Union, Nyanya Branch*)

On the other hand, a client who was followed up over her high blood sugar had this to say:

I was tested and referred for high blood sugar. I received counselling on diet and was referred to a General Hospital. LAPO has been following up on me and I told them how I was placed on drugs which helped reduce my blood sugar. I am still on my medications and I appreciate LAPO for coming to my aid. (*Female Client; True Vine Union, Oke-Aro Branch*)

Constant health check not only saves time but money and other psychological effects of diseases and sickness. LAPO's roles in these help in ensuring a sustainable livelihood and improved lives.

A client said,

Since I registered in LAPO, I have been a beneficiary of the test screening during the union meetings. Since then, I have never visited the hospital apart from child delivery because prevention is better than cure. God bless LAPO. (*Female Client; Soyeya Union, Nyanya branch*)

### **Conclusion and recommendations**

That the greater percentage (>70%) of the clients had a low level of educational qualification is an indication that the organization serves the population at the bottom of the pyramid. In our findings, more than 10% have spent an average of 10 years and above with the bank. This avers that microfinance clients tend to stay and grow with the institution when it offers arrays of product that have utility and bring certain kinds of benefits to them. As the dominant enterprise operated by clients was trading, it implies that LAPO Microfinance Bank (LAPO MFB) targets the economically active poor who can work and create value from the support they receive from the bank. Also, the continuous flow of finances to clients signifies clients' retention and loyalty.

Microfinance's unique services make it suitably fit for poverty alleviation, among those who were previously considered unbanked. The PPI results show that indeed microfinance is a viable poverty alleviation tool. Alliance for Financial Inclusion (AFI) (2017) stated that *“the poor, especially women, are very enterprising. They engage in a wide range of economic activities such as vending, weaving, farming and food processing. In carrying out their businesses, they are often confronted with a lack of access to affordable credit. The situation is further compounded by the fact that they do not possess title deeds on land, stocks and other forms of acceptable collateral securities. Poor Women are therefore constrained...in their poverty and financial distress.”* The unique gendered dimension of microfinance services also makes it a viable tool for self-empowerment, especially for women in developing countries like Nigeria.

Despite the lack of conclusion by critics on the usefulness of microfinance on clients and disagreement over the visibility of its impacts (Vaessen et al, 2012; Copestake & Williams, 2011), microfinance appears to be not only a source of poverty alleviation but a tool for development and well-being enhancement for microfinance services beneficiaries. Evidence from LAPO MFB shows, therefore, that microfinance is a viable poverty alleviation tool that also helps to enhance the well-being of those previously referred to as the unbanked, now known as the economically active poor (Robinson, 2001). Ehigiamusoe (2000) posited that sometimes, assessors may neglect substantial changes in the lives of clients such as basic things like change in dress or the ability to contribute to household decision-making. Accordingly,

...An assessment of the impact of microfinance should be carried out with a thorough understanding of the beneficiaries. This is necessary as a substantial change in the condition of the poor may escape the attention of assessors and traditional measurement tools and techniques. While an additional dress may represent a significant improvement in the life of a poor female borrower, that could easily escape an undiscerning assessor. While the primary effect of microfinance includes enhanced employment for the borrowers and in some cases, their hired assistant; increase in volume of activities and income...Enhanced income for borrowers, in most cases, translate to enhanced nutritional status for the borrower and members of their household...Another visible effect of enhanced income is higher self-esteem and increased “say” in the affairs of the family units and the larger communities.. (Pp 52-53)

To this extent, poverty likelihood decline among clients is implied to have improved clients' household status. Moreover, insights from non-financial services offered to clients clearly show that beyond the provision of credits, microfinance can offer services that could help reduce the deleterious effect of

poverty and ensure that clients channel their loans to economic activities rather than consumption. Conclusively, LAPO MFB clearly shows that the microfinance infrastructure provides some positive economic outcomes, engenders financial inclusion and fosters poverty reduction among its clients. We recommend that microfinance institutions ensure continuous flow of credits and other non-financial services to abate poverty and improve clients' lives. We also recommend that policymakers ensure a favorable operating environment for microfinance institutions to keep making impacts through their services.

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