Microfinance Institutions Regulation in Africa Major Economies: A Comparative Analysis

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Abstract
This papers undertakes a comparative analysis of microfinance institutions regulations in African major economies. We found out that microfinance institutions are basically divided into 3 types namely formal, semi-informal and informal. The formal institutions are regulated and supervised by the central Banks and other approved regulators. However, semi-formal institutions like NGO's MFI'S are not strictly regulated while the informal are not regulated at all.It is conclusively agreed that all microfinance institutions requires a level of regulation through banking law, special law and self-regulation. The regulator however need to strike a balance in regulation mixing financial development with need to sustain the activities of the MFI's Regulations therefore, should be the responsibility of the government, central banks, donors, private investors and international financial institutions.Furthermore,regulations requires sufficient competences and enforcement of prudential guidelines to achieve proper regulation that will grow the MFI's, reduce poverty in African and protect depositors while making the MFI's sustainable
Keywords: African countries, Microfinance Institutions, Poverty Reduction, Prudential guidelines.

1. INTRODUCTION

The majority of the African population lives on income meagerly above one dollar per day. The poverty rate has been so entrenched, that despite the abundant resources for the African continent, the citizens can be described to be poor.

In order to ameliorate the effect of these poverty, a lot of financing option has been made starting from the 20th century (Jegede 2011)

As the poverty rate continues unabated to the 21st century, various financing options were been adopted to reduce poverty rate. One of the major financing option for the economy of these African countries is the small and medium enterprises which form the main crust of the economy contributing about 70% of the GDP and employing over 75% of these poor, impoverished and poverty stricken population both in the rural and urban centers of the continent.

Microfinance has been determined to be a face-saving financing option in the latter part of the 21st century, so that the poor in every part of the continent can have access to finance and reduce the scourge of poverty ravaging the continent.

CBN (2011) defined Microfinance as the provision of a broad range of financial services such as savings, loan, payment services, money transfers and insurance to poor and low income person, household or micro enterprises through microfinance institutions.

Most African microfinance institutions in order to effectively remain active take deposits from their members which they use for credits (Mamiza 2011).

However, there is need to protect the microfinance sector of the various economies in African, leading to a variety of regulation by regulatory authorities in these countries. In addition, the depositors funds which is an essential part of the microfinance industry requires adequate security, so that the poor who are having the opportunity of saving meagerly can have their money as at when due.

This paper examines these matters in Egypt, Kenya, Nigeria, and South Africa, Besides any regulatory differences, these countries' macroeconomic perspectives and institutional development are also considered. Based on their experiences, it is hoped a regulatory environment might be identified which best would suit MFIs at Specific levels of development.

The remainder of the paper is organised as follows. The next section covers the Microfinance Industry,

Section 3 shows the rationale behind regulation generally and in Africa. Section 4 draws a comparative analysis on regulation of MFIs in Africa, Section 5 looks at the policy implication in regulation and section 6 concludes the paper.

2A THE MICROFINANCE INDUSTRY AND INSTITUTIONS:

The Microfinance industry is an economy sector that has come to stay in the continent and it has various institutions driving it operations as classified below:

- Formal institutions e.g. Microfinance banks, rural banks and deposit money banks, microfinance dept.
- Semi-formal institutions such as non-governmental organizations NGO and co-operatives
- Informal institutions such as rotating savings and credit associations ROSCA, daily savings collectors, money lenders and shopkeepers.

The effectiveness of microfinance institutions is premiered on some principles which is the hallmark of using microfinance as a poverty reducing tablets for the sickness of poverty ravaging the continent.
These basic principles covering microfinance practices includes

- Microfinance services must fit the needs and preference of clients
- Poor households and communities need access to a variety of financial services, not just loans
- Microfinance is a powerful instrument against poverty
- Microfinance means building financial systems that serve the poor
- Financial sustainability is necessary to reach significant number of people
- Interest rate ceilings can damage poor people access to financial services
- Credit is not always appropriate
- The role of governments is as an enabler, not as a direct provider of financial services
- Donor subsidies should complement, not compete wit private sector capital
- Lack of institutional and human capacity is a key determinate of the effectiveness of micro financing.

Without micro financing, the continuity of poverty reduction will be a mirage since access to finance for consumption and microenterprises is expected among other things to be a double bottom line in microfinance (woller, dunfor and Woolworth 1998).

GONZALEZ- VEGA (1998), in a study opined that majority of the microfinance institutions customers are poor and often without collateral to support their credit request. Since microfinance institutions are poorly funded and sometimes resort to donor funds and subsidies (including intervention funds), the need to regulate them is highly essential if poverty must be reduced and the majority of the poor Africans must be reached with services, and make them financially stable

Microfinance sector regulation amongst other things is expected to

- Establish proper standards for operation of microfinance banks sector
- Establish a revered code of good corporate governance
- Help improve managerial process for microfinance institutions
- Help fulfill the purpose of microfinance institutions in poverty reduction and financial sustainability for it citizens.

(B) INDUSTRY CLASSIFICATION OF MICROFINANCE INSTITUTIONS IN AFRICA

Despite the avalanche of borrowers, increased annual asset growth and loan growth, microfinance institutions are distinctively classified in each of these countries. They are clearly divided into formal, semi-formal and informal institutions.

Although, the informal microfinance institutions are the most numerous, they are individually very small and service few clients.

The semi-formal interest is not for profit making in most cases but for service and humanitarian purpose while the formal ones are business and profit oriented.

TABLE 1: TABULAR CLASSIFICATION OF MICROFINANCE PROVIDER

COUNTRY	INFORMAL INSTITUTIONS	SEMI FIRMAL INSTITUTIONS	FORMAL INSTITUTIONS
EGYPT	individual money lender	NGO's- MFI	Banks and service companies
KENYA	SACCOS, ROSCAS	NGO,s AND NGO,s MFA's SACCOS	commercial banks and non - banks financial institutions
NIGERIA	ROSCAS, ESUSU, CREDIT AND COOPERATIVES, SELF HELP GROUP	NGO, NBMFB CO-OPERATIVE SOCIETIES	NNFB's, NBMFB, Government Microfinance Institutions, SME'S Intervention funds, commercial banks
SOUTH AFRICA	ROSCAS,stokvels, mashinisas, burial societies	non profit MFI's ASCAS	dmall entreprises foundation, investment holdings, MFB's

Source: Own compilation.

3 (A) REGULATION OF MICROFINANCE SECTOR IN GENERAL

The need for regulation of any financial institutions rests on the need to protect depositors from the loss of their hard earned money saved for future use. It is also to strengthen the financial system and establish continuous confidence in these institutions.

If microfinance institutions are to be continuously viable satisfying the client's needs, there must be a close-tight regulation that will see the institution as a financial entity that requires daily monitoring. In summary, the need to continuously ensure microfinance institutions positive reputation that prevents unwholesome fraudulent activities are issues that requires close monitoring through regulation. This could dutily be done through increasing transparency in financial accounting and transaction reporting leading to increased financial and operational sustainability which reduces poverty (Rhyne 2002)

(B) THE NEED FOR MICROFINANCE REGULATION IN AFRICA:

This paper examines the regulation of the microfinance sector in Africa major economies using major countries like Kenya (Representing Eastern African) Nigeria (West African) South African (southern African) and Egypt (Northern African). Giving consideration to the regulatory differences, poverty reduction is also considered since the whole essence of microfinance viz-a-viz. it regulation is to reduce poverty.

Microfinance institutions have established the fact that the poor also need the financial institutions, products and services to help them reduce poverty. This implies that with the level of patronage of these microfinance institutions, the poor if well banked with commensurable products can move ahead and make meaningful progression from the poor life.

Sanabbel (2010) reported that Egypt is the largest microfinance market in terms of outreach in the Arab region. As at 2010, the Egyptian market consist of about 2million active clients and a gross loan portfolio of US $ 500 million. In addition, giving consideration to gross loan portfolio they were better by morocco which has 45% of the market share compared to Egypt 21%. This implies that comparatively the Arab African world is also well involved in microfinance promoting the need to have an all-inclusive regulation for this market.

Gerhard K. Wetzee et. Al (2005) noted that over the period 1992 to 2004, South African has trodden a path of microfinance development and has established microfinance regulatory council (MFRC). In a survey by MFRC, it was well established that there was an astronomical growth in terms of customer base and loan accounts for Microfinance institutions. The report indicated that by 2012 there were 175 million loan accounts with R.42 billion loan booked compared to 3.7 million lenders at the end of November 2000.

The statistics from South African is very intimidating compared to the total population which implies that the astronomical growth of microfinance bank in African is the only remedy for reducing poverty since more 60% of the population are involved with microfinance industry in one way or the other.

For Kenya, the 2013 report of the microfinance industry shows asset of 353.2 KES billion which is an amazingly growth from 226.7 KES billion recorded in year 2010. The number of active borrowers also increased considerably with figures at 832,794 from 789,533 observed in 2011. The loan portfolio increased considerably to 48.1 KES billion from 42.5 KES billion in 2011.

What is more interesting is that women represent a large borrower. (65.6% of the entire sector borrowing) which indicate that women involvement in micro financing is a basic ingredient of the growth of the sector since they are the owner of the home front and are more tasked with poverty reduction. Nigeria with it robust development in commercial banking coupled with recent recapitalization of it major banks has also given strong attention to it microfinance development. CBN 2013 stated with a net asset of 967.2 million in1992 through it community bank, it has evolve in microfinance bank as at 2013 with total asset worth 237837.6 million. It loan portfolio grew astronomically from 135.8 million in 1992 to 94,055.6 million in 2013 with reporting banks moving from 753 to 825 within the same period. The loan to deposit ratio grew from 23.4% to 74.5% which implies more and more loans are accessed for these period. At a period the number of microfinance banks grew to around 1000.

On profitability, Egyptian microfinance sector is more profitable followed by Nigeria, South African and Kenya.

Sectorally, using sex as a standard, Egypt with it million active borrowers have more women also as active participant in microfinance institutions despite establishing that the Egyptian market continues to be underserved.

The same exist in other African countries, Nigeria women share of microfinance is 92% (CBN 2013) which implies it is a female dominated sector.

As a result of all this statistics, in term of participants, it is well accepted that more than 70% of the total population of African needs microfinance services. This necessitated the increasing need for microfinance regulation in the continent.

4 COMPARATIVE ANALYSIS OF REGULATION AND SUPERVISION OF MFIs IN AFRICA.

The diversity of MFI as found in the table of classification of provider suggest a diversified regulation and supervision. Although MFI regulation varies in each of these countries, the standards and direction are the same.

This implies that the purpose of regulation is the same as to help the stability of these institutions while reducing poverty through their many activities.

To efficiently do a comparative analysis there is need to look at regulation using yardsticks like

1 Countries regulatory standard
2 Approaches to regulations
3 Ownership structures and governance tool
4 Reporting and risk management.

4.1 Countries regulatory standards:

The various countries have shown differing but similar regular standards. This can be seen in light of body registering the MFIs, the regulators and supervision methods. This is tabularly presented below.

TABLE 2: TABLE SHOWING EACH COUNTRYS REGULATORY STANDARDS

Countries	Registration	Administration and registration and other issues	Regulators	Supervision method
EGYPT	NGO'S are governed by NGO law (law 84 of 2002) and supervised by mss (more than 350 NGOs) Banks are governed by banking law (Law 88 of 2003) and supervised by CBE (FOUR BANKS) service companies offering MF service are registered and do it on behalf of banks (two banks)	SFD (social fund for development are responsible for planning and co-ordination between relevant stakeholders, and promoting SMC'S by assisting them in obtaining financing and service	Cental bank of Egypt, NGO'S regulated by ministry of social solidarity	Off-site and outsite
KENYA	Microfinance institution are registered under eight(8) different Acts 1 NGO co-ordination Act 2 Building societies Act 3 trustee Act 4 societies Act 5 co-operative societies 6 companies Act 7 banking Act 8 kenya post office saving bank KPOSB Act	Association of microfinance institutions registers participants in the industry	Central bank of Kenya using. The microfinance Amendment Act 2013	Supervision by rural finance dept of central bank
NIGERIA	The central bank of Nigeria regulate all MFBS but all MFB'S must be register as a company and NGO'S with CAC	The central banks also manages all affairs of the banks through other financial institutions dept.	Central bank of Nigeria	Offsite and outsite
SOUTH AFRICA	Using Act 1992 Allows for small lending) replaced in 1999 All provider must register with micro-finance regulatory council MFRC) COMMERCIAL banks and private companies also register with MFRC to provide micro financing	MFRC control the various lenders	South African banks	Random on-site and off-site inspections from the MFRC

Source: Own compilation.

4.2 Approaches to MFI regulation

Although the pattern and standard of regulation differs by countries, the overall objectives of regulation is the same in each of these countries. This is to establish a clear and transparent regulatory framework that will help develop the microfinance sector and produce a strategy to develop a market based financial system while protecting the consumer and their deposits,(World bank 2011). The regulation purview is expatiated using three approaches namely: self-regulation, banking law and special law regulation

4.2.1 SELF REGULATION OF MFI'S (SRO)

The self-regulation concentrates the regulation of MFI'S on the companies and institutions themselves. This comes through umbrella body of the various organizations.

Self-regulation wise, Egypt has a dual SROs namely Egypt microfinance network EMFN and Egypt micro enterprise fiancé EMF. However the EMFN is newly established and still in the early stages of development which affects its credulity and MFI'S compliance to threats of sanctions. Egypt can summarily be said to lack a critical mass of said to lack a critical mass of MFI'S undergoing successful self-regulation (USAID 2001) for Kenya the self-regulation of MFI'S has not been effective despite the association of microfinance institutions self-regulatory effort. The hub of formal regulators like ministry of finance and central bank of Kenya has overshadowed the MFI's

Nigeria seems to be more proactive as far as self-regulation is concerned as there are various bodies who are self-regulators. From the association of microfinance banks NAMFB'S is to the association of non-microfinance institutions of Nigeria including the charted institutions of bankers of Nigeria, these bodies registers the microfinance institutions and make representations to the CBN in order to fortune the standard of regulations.

The apex associations of these institution banks promotes high self-regulation, uniform standards, transparency and good corporate governance. The associations are evolving and serve platforms for capacity building product development and marketing

The South African experience has been impressive with development finance institutions partnering various associations to create framework for self-regulations for the South African microfinance industry. The community has formed various associations and established committee to create statements of sound practice (Khula 2011). This is expected to raise the bar of self-regulation in South African

4.2.2 BANKING LAW REGULAITION

The banking law regulation are simply regulation from in which MFI'S are regulated using existing law. The regulation approach for these countries are on-site or off-site by the government regulatory authorities

The Egypt microfinance industry is regulated by the (CBE) and operate under the banking law. Law no 88 of 2003. Kenya is regulated by the central banks of Kenya using the BOFIA and Amended microfinance Act of 2011. South Africa is regulated by the central bank of south African using banking supervision dept. and the banks Act 2008

To make banking law regulation effective the regulators imposes a lot of compliance request from these institutions. The regulators simply monitors MFI's activities and their proper and effective utilization of funds through rending of reforms. The regulators promote risk management under a statutory framework which further helps the proper functioning of the MFI'S (Greuing et al 1999).

Although people have express concern if the general banking regulation is a good yardstick for regulating MFI's (Randhawa 1999 and the point newspaper 2002) both concluded that existing financial and general regulation can be modified to suit MFIs through tiered banking.

In addition there is need for appropriate regulatory structure should be created which allows for flexible amendments of the laws to cope with dynamics of the microfinance sectors.

4.2.3 SPECIAL LAW REGULATION

Regulation of micro finance can also be done by creating a special legislation for the industry. These has been practiced in Kenya, Nigeria and South Africa. The off shoot of creating special regulation is that attention is focused on model building rather than prudential regulation (Mugwanya 2000). In addition, this comes with increased and the likely hood of political interference.

Summarily, each regulatory approach has its pros and cons but placing MFI'S under the banking legislation seems more effective than special legislation. a touch if self-regulation will work effectively with banking law regulation without any special conflict that could arise between the banking law and special regulation if both are adopted

4.3 OWNERSHIP AND GOVERNANCE

Since the essence of regulation is to protect depositor fund. a regulation standard created for the ownership structure will go a long way to establish international standard that financial institution should be run by a certified fit and proper person (world bank 2011). in addition ownership and governance if well practiced helps compliance level. it is a fact that many of these MFI'S will go into quick oblivion if the regulators get it wrong as far as ownership and governance are concerned.

4.3.1 OWNERSHIP

A clear ownership structure is a good indication of regulation. Proper ownership structure add value to the organization with more access to financial resources and protection from government undue interference and take over.

In Egypt majority of the MFIs are owned by NGOs and by far the banks while the interest of private owners MFIs is just evolving. for Kenya the regulation level allow more private ownership if MFIS with saving and credit co-operative SACCOS) having more institution and front office numbering 400 with the institution taking about 80% of MFIs service offered in Kenya.

Nigeria ownership structure is a mixture of privately established micro finance banks and other NGO-MFIs while only few state backed MFIs exist to reduce poverty level in the country.

South African ownership structure differ by the lending technology and degree of formality. Banks post office, NGO and common bond institutions are major owners of microfinance in South African.

Private investors and owners seems to have an edge in MFIs ownership in African countries. The few supporting NGO MFIs with these private owners requires adequate regulation so that depositor's money can be well secured. Surprisingly donors and social investors have little care above the management of these MFI's

4.3.2 GOVERNANCE

The ownership patter reflects a level if governance majority of the African countries have good governance structure built in duty of care and duty of loyalty (oteri 1995). the governance issue has been so entrenched that countries like Kenya Egypt and Nigeria has created code of conduct for corporate governance while Egypt and south Africa have also created governance bodies which is impacting on the running of the MFIS. Governance structure deals eighth needed corporate governance and these are well structured with strong boards and executive that played defined role in the management if MFIS

4.4 REPORTING AND RISK MANAGEMENT

Good regulatory and supervisory practice is supported by quality financial reporting and risk management. Some MFIs show high degree of reporting transparently. Risk management has been clearly defined in lager MFIs but still low in others. Risk management and reporting are covered under the following: Capital adequacy minimum capital, flexibility in interest rates disclosure and audibly with internal controls.

4.4.1 MINIMIUM CAPITAL AND CAPITAL ADEQUACY RATIO

The minimum capital requirement of any MFI's is a functions of the regulators directors and it helps build depositors investors management and other lending institution confidence. Egypt minimum capital is divided to the type of service offered without any formalities benchmark. Kenya has also created a capital based requirement expected to be reviewed overtimes as the need arises. Nigeria with a recent amended microfinance laws structured it capital base to 2billion, 100 million and 20 million for national state and unit microfinance respectively South African minimum capital requirement is 50million rand.

The capital adequately ration CAR protects depositors as MFI'S grow in size and expand credit risk. The average CAR for these countries is 12% Nigeria benchmarks its CAR at 15% while the other Countries revolves round 10 and 20% CAR. CAR if well managed will reduce the problem of non-performing loans.

4.4.2 FLEXIBILITY IN INTEREST RATE

The flexibility in interest rate selling varies country wise. Informal institutions are unregulated hence set their own interest rate. The formal MFI'S in Egypt, Kenya, Nigeria and South African have flexible interest rates. On the average, Egypt effective rate is Kenya 38% Nigeia 48% and South African 36%

4.4.3 DISCLOSURE AND AUDITING

Formal and semi-formal MFI'S have their disclosure and reporting requirements enforced by their regulators and must provide them with annual or quarterly audited financial statements according. The central auditor. It also requires disclosure to other bodies like NDIC (Nigeria) , Kenya KDIC, SFD (Egypt) and SARB and MFRC (South African). The disclosure requirement also force MFI'S to reserve and write offs.

Despite the avalanche of other semi-regulators, the central banks in Nigeria, South African and Kenya requires up to date information in statements of income, balance sheet, cash flow, changes in equity fund and requires approval for would be directors and managers before they can be involved in MFI'S operations.

4.4.4 INTERNAL CONTROLS

MFI"S are expected among other thing s to ensure proper establishment and implementation of internal controls. Nigeria through the amended act specifies the duties of internal control department benchmark the job requirements. Kenya through the microfinance Act specified the requirement for internal controls establishment. Same goes for Egypt and South African

In all, various attempts to install internal controls is to monitor risks, minimize fraud and regularities and control employee can be correlated operational system.

5 POLICY IMPLICATION

The level of regulation of MFI'S portrays the importance attached to the industry in each of these countries. However, the extent of prudential regulation depends on the risk this institution posed or the challenges experience in the formative year of establishment.

Nigeria has amended the microfinance Act to align with current realities and to overcome the problem faced in the transition to microfinance banks. Kenya as at 2013 has update it Acts to correct anomalies. The same hoes to South Africa and Egypt who are evolving with more regulators and standards to tackle challenges faced with the industry.

To this extent, regulatory policy should not hamper MFI'S activities but rather enhance their operations.

However too little and too much regulators are both harmful for MFI'S but a concise judgment of the pros and cons of various regulatory proposals should be undertaken before introducing the regulations. Policy makers should seek to develop clearer and flexible policies and reduce the interference of the politicized interest groups.

The implications of regulatory policies are further views as it affects government, central banks, private investors and donors.

5.1 IMPLICATION FOR GOVERNMENT

The government of any country remains the ultimate regulator (Tirole 1994). It regulates the industry considering the country's macroeconomic policies, financial system development and developments in the microfinance industry.

The government is expected to be an impartial regulator who does not mix politics with financial system. Any attempt to do this may back fire for the government and stiffed economic growth. The basic work of the government is to provide enabling environment through infrastructures that will maintain the growth of MFI's and reduce the cost of doing business. It could also help create and maintain a reporting standard and develop institutional mechanism that support agencies and agencies that sees to the growth of the industry.

Government interventions should be minimal as the market force is expected to be the hub of the microfinance activity.

Government needs to develop policies that can help the MFI's take advantage of the formal financial markets. It should also have a level of control on the informal sector through non-prudential disclosure to protest donor and clients from fraudulent activities of the unregulated MFI's.

5.2 IMPLICATION FOR CENTRAL BANKS

The central banks as a regulator is expected to be an unbiased umpire with flexible standard that should not be compromised. It is expected among other things to create a viable departments that sees to the running of microfinance institutions headed by experts and supported by professionals who have hands on experience in regulating MFI'S. Also sufficient training and development programmes should be undertaken to meet the dynamics of the industry. Nigeria has started a microfinance certification programme while other countries have diverse training programme. This should be a focus point for the central banks to build and develop capacities for the industry.

In addition, conditions for granting and withdrawal of license for the banks should be intermittently reviewed to meet with industry realities. Furthermore, regulation and supervision should not be limited to off-site reports but adequate on-site with set standards for supervision. This will surely keep the MFI'S on their toes.

As a result the central banks should ensure adequate compliance while non-compliance should be strictly punished with sanctions while the prudential guidelines should be adequate to sustain the MFI'S activities. In all, regulation, supervision and monitoring by the central banks is expected to generate and encourage rapid growth of the industry with utmost transparence that cannot be questioned or ridicule worldwide.

5.3 IMPLICATION FOR PRIVATE INVESTORS

Albeit, the high risk of the microfinance industry the avoidance of the industry has been a concern to major world financial institutions including the world banks (World Bank 2001)

However there is a current change of heart by private investors who now sees the industry as a goldmine from Egypt to Kenya, Nigeria and South African a surge in private ownerships of MFI'S in the last 30 years has made private investors and owners take about 75% of the industry while NGO account for 20% and the state owned MFI's takes a paltry 5%.

This participation is expected to be encouraged since it will further change ownership structure, reduce funding cost on the state, brought active governance and enhance outreach and effectiveness in lending operations

5.4 IMPLICATIONS FOR DONORS

Donors are expected to liaise with regulatory institutions to focus on building institutional capacity (including training facilities). A carefully designed system should link the donors, shareholders, managers and the board of directors.

5.5 IMPLICATIONS FOR WORLD FINANCIAL INSTITUTIONS

The various world's financial institutions like WORLD BANK, IMF, AFBD, should encourage capacity building and do more research work to encourage the growth and development of MFI'S. They are also to partner with various governments on development of proper regulatory principles that ensures depositors protection.

6 CONCLUSION

This paper examined the supervisory and regulatory policies for MFI's in Africa using some selected countries. It is well established that direct regulation using banking law is very functional in all countries of study. In addition, countries like Nigeria, South Africa and Kenya have established and maintain special law and self-regulation which has also helped the growth of the MFI's. Egypt still need to do more on this. It is noteworthy to see that other regulatory bodies are used in some of these countries even though their effectiveness are questioned.

MFI's ownership and governance structure also needs addressing as many NGO-MFI's lack formal structure. However in the narrow definition of governance we can find good governance in large MFI's in Nigeria, South Africa and Kenya. The ownership and governance structure must be well scrutinized due to arbitrary lending to connected parties such as director's family members and conies should be addressed as this has be devilled countries like Nigeria and South Africa. It can also be concluded that Nigeria and South Africa maintain prudential capital and liquidity reserves. However there is need to work more on better disclosure and reporting while credit bureau and rating agencies which are more liberalize to do their work and help the MFI's operations.

Summarily, regulation is more than creating the legal book but constant supervision of the MFI's, constant dialogue with MFI's stakeholders. A conscientious effort must be made to ensure that the effect of proper regulation is seen in the development of MFI's with attendant reduction in poverty level of Africans while the MFI's are taking advantage using financial opportunity to help the poor and the unbanked.

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