



SDI FINAL EVALUATION FORM 1.1

PART 1:

Journal Name:	British Journal of Economics, Management & Trade
Manuscript Number:	2014_BJEMT_15107
Title of the Manuscript:	Creation of Microfinance Banks in Nigeria:-What is their Main Object?
Type Of Article:	Review Article

PART 2:

FINAL EVALUATOR'S comments on revised paper (if any)	Authors' response to final evaluator's comments
<p>I have read what the authors wrote under 1.3 and my comments are made in the body of the work. The “unorganized “ in line 210 is not in reference to their individual behaviour, rather it alludes to the absence of a structured organization such as now exist in the Nigerian Financial System.</p> <p>The comment in red is yours. And I add that informal institutions may be unregulated but definitely not unorganised. They have structured organizations in their own right. Your statement to the effect that MFBs attempt to compete with commercial banks refers. Provide empirical evidence and name the MFBs concerned.</p> <p>. Our position is that MFBs which should be called MFIs and, should not be allowed to behave like Commercial banks in their craze for excess profits.</p> <p>The comment in red is yours. I add, “should not be allowed” sounds regulatory and so you appear to be making a case for firming up the regulatory activities of the CBN towards the MFBs. Think about this. Furthermore, what is your idea of “excess profit”?</p> <p>On the comparison between MFBs and banks, note that All MFBs are MFIs; not all MFIs are MFBs. Have you ever thought about this?</p> <p>It is not ethical to name MFBs that compete for Universal Banking operations. This comment is yours. If that is so, how in concrete terms do they compete for Universal Banking operations? Is the remedy a name-change or enforcement of relevant rules? Think about it.</p> <p>The review article took off from questioning the main objective of the creation of MFBs. It went through the shift by MFIs from their “expected” objectives of “social mission” to “profit maximization craze”. It made a detour to the issue of appellation, connected it with that of attempted competition of MFBs with conventional banks. The review article cited the Grameen bank as a model although it later criticized the bank in the Grameen bank. The review article compared MFIs (MFBs) with conventional banks and referred to unidentified loophole exploited by nameless MFBs. The review article is without explicitly stated specific objectives and when we arrived at the discussion, the section was like a continuation of literature review as the discussion was not tied to specific objectives the article set out to achieve. The article failed to show how would a change in name bring about a change in grassroots financial intermediation as opposed to advocating for stricter and closer supervisory activities by the relevant authorities?</p>	<p>Thanks for your observation. The vexatious description of Informal Institutions as “unorganised” has been corrected. The Word “Unorganised” has been deleted from the text.</p> <p>The statement that MFBs attempt to compete with commercial banks was espoused from an accepted and published article in Moruf (2013).</p> <p>Definitely. The substance of our objective is to make a case for firming up the regulatory activities of CBN in this sector. Our recommendations did not mince words on this; and it is believed, you will agree with this, especially as recent global financial crisis has been traced to inadequate or insufficient/light regulation (see Chowdbury, 2010).</p> <p>This is correct; hence there is need for a clear distinction between an MFB and an MFI. The name change enhances the distinction.</p> <p>The name change, which we strongly advocate, is to be embedded in enhanced rules that will need strict enforcement.</p> <p>Thanks for your views, which like other opinions, are debatable; and we shall appreciate the Reviewer's formal participation in the debate. This way, others can benefit from his superior knowledge of Microfinance.</p>