



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>One could clearly identify the gap between OBJECTS of setting up MFB with the PRACTISE by operators and the mode of implementation of their regulatory framework by CBN. Compelling MFB to totally operate along the Grameen Bank model will not lead to better efficiency or sustainable operations as they differ in their history and their context (depth of poverty, outreach and culture). Changes to be recommended to achieve better focus on the active poor that could be sustainable could be:</p> <ul style="list-style-type: none">a. Intensive supervision and enforcement of the revised regulatory framework as provided in the CBN guidelines.b. Stiffer penalties for non-compliance by operators of the revised regulatory framework.c. Regular review of the performances of the players; the outcomes and the provisions of the regulatory framework to incorporate new changes in the operating socio economic environment <p>It should be noted that several models of MFB practise that proved successful abound across the world e.g: The Village Banks of Latin Americas, India and Africa; Bank Rakyat of Indonesia and so forth are all modified forms of MFB tailored to suit their circumstances.</p> <p>Consequently, rather than questioning the object of creating MFB in Nigeria the title could be modified to reflect the real import of the paper: need to sanitise the operations of MFB in Nigeria. My suggestion for the Titles: Review of Microfinance Banking in Nigeria: need for paradigm shift Or Microfinance Banking in Nigeria: the journey so far. OR Microfinance Banking in Nigeria: Are they on track?</p>	<p>Many thanks for this comment. We have adopted items a-c in our recommendations. The comment on the Title is very appropriate; however, its adoption will tend to subsume the argument that the fiat conversion from community banks to microfinance banks may not have changed the initial profit maximisation objective for their formation. Our belief is that this initial objective of profit maximisation cannot be wished away, and since there is need for special attention to the financing needs of SMEs and MSMEs, the converted community banks should be allowed to maintain their present name; but to operate as tightly regulated second tier conventional banks in line with the original intentions for their formation. This implies a set of new regulations for the real MFIs that are meant to serve the poor.</p> <p>The current Title of the paper encapsulates our thinking.</p> <p>(I will like to request BJEMT to link me with this evaluator for the purpose of friendship and sharing of ideas)</p>