



SDI Review Form 1.6

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 the Article	Review Article

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This journal's peer review policy states that **NO** manuscript should be rejected only on the basis of '**lack of Novelty**', provided the manuscript is scientifically robust and technically sound.

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PART 1: Review Comments

	Reviewer's comment	Author's comment (if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)
Compulsory REVISION comments	<p>Your definition regarding the differences between MFIs and 'conventional' banks in lines 11-13 is debatable. Do you mean that 'conventional' banks do not create social capital? Regarding the statement in line 13, note that MFIs are not limited to micro credit; they also are involved in community organizing services that aid their intermediations activities; they also build capacities through credit plus approach. Note also that customer relations (line 16) in the MFIs are guided by statutory stipulations. What is social capital; what is a bank? By the way, what research problem has this study set out to solve? With did that reference in line 89 say? You should be clear about what you are focussing on: are you insinuating that the regulatory authorities overseeing the activities of the MFIs are not up to their responsibilities or that because of the appellation bank, MFIs are exceeding their bounds? You should be ready with examples of the MFIs that have flouted what rules? Lines 97-99 make no meaning! They are either out of place or need revising. If lines 99-101 build on 97-99, and I think they do, they suffer same fate as 97-99. Let me ask you again: are you out to compare the functions of MFIs and those of conventional banks? Are you suggesting that MFIs should not be called banks? Is your argument that the CBN is lax on its supervisory role of MFIs? Let us know. In line 210, you allude that the financial institutions are 'unorganized'. This is</p>	



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	<p>not the whole truth. The informal sources exhibit a massive degree of organized behaviour in spite of the fact that they are not regulated by the authorities. In line 207 where you first made reference to FRFIs, you did not define the term; in lines 236-239, you stated that the CBN incorporated the IFRIs into FRFIs resulting in microfinance banks. I say no. If the R in both acronyms refers to rural, remember that microfinance banks operate in both rural and urban settings. So the simplistic approach term may not hold. In line 285, the financial market may be unregulated but not unorganized.</p> <p>In line 332 you attempt to distinguish between MFIs and conventional banks. However, you do not sound convincing. Whether the profit maximization motive is primary or secondary for either of them, the fact remains that it is an objective. Remember that if they do not operate at a profit, then they will not exist a day longer. You are yet to bring out the differences between MFIs and conventional banks. Starting from line 338, you defined social capital. Note that MFIs leverages on social capital in marketing their financial goods and services. Conventional banks do same and additionally use tangible collateral. We should therefore understand social capital as a means to an end and not an end in itself in the context of financial intermediation by banks and MFIs. Both MFIs and banks are social institutions to the extent that their goods and services are targeted for human beings in the society. You are yet to bring out the differences between MFIs and conventional banks. In lines 352-353 you go again on appellation. And I ask: what is a bank? Lines 377-378 clearly distinguished MFIs from conventional banks. However, here you tend to distinguish 'microfinance</p>	
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	<p>and formal financial products’ Your argument in lines 378-382 is not clear. If SMEs are included in the financing mandate of MFIs, does that effectively exclude them from obtaining services from conventional banks? In lines 384-385 you stated that some MFIs assume that their licence enables them for universal banking operations. I ask, name the MFIs; to what extent does that assumption translate to reality? Lines 385-386 refer: do you mean that ‘the poor’ cannot grow their enterprises through the instrumentality of the services of the MFIs and then graduate to a larger enterprise. In lines 403-404, you stated that MFIs are not conventional banks; that has been said before. And that is correct. However, Microfinance banks are banks; conventional banks are banks. They have their distinguishing characteristics. You have not shown anything as claimed in line 409. You have not answered the question: What is a bank? How does microfinance bank fail the stipulations?</p> <p>The article is based on a superficial understanding of the MFIs vis-à-vis conventional banks. The arguments hold no water.</p>	
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<u>Minor</u> REVISION comments	Your punctuations are in need of some revision. Your references also need revision. Do not ask your readers to see a particular reference, rather state what the reference says.	
<u>Optional/General</u> comments	The title of the manuscript is non-directional and uninspiring. I do not have to suggest an alternative so the whole work makes little meaning to me.	

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