EVIDENCE ON THE IMPACT OF THE "SUSU" SCHEME IN GHANA

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ABSTRACT

The study explores the impact of the "susu" scheme, an informal banking mechanism for daily or weekly collection of deposits prevalent on the West African markets, on small businesses in Ghana. Evidence gathered from the analysis of a randomly-drawn sample size of 1,600 small business owner contributors indicates that their average daily/weekly contribution to the scheme is three Ghana cedis (approximately two US dollars) and that majority of them have seen its positive impact on their businesses. Binomial logistic regression analysis results support the contention that the number of years of contribution, the number of years in business, marital status, the number of dependants, gender and the amount contributed daily or weekly are predictors of the positive impact of the "susu" scheme on the business of its contributor.

JEL: G20, G21, G23

KEYWORDS: "Susu", Microfinance; Small business; Impact, Contributors, Ghana

INTRODUCTION

Access to finance has been one of the priorities on the agenda of policy makers worldwide. This is because without credit accessibility economic growth is stifled, culminating in the escalation of poverty with dire social consequences for an economy. Research using firm-level surveys has shown that improvements in the functioning of the formal financial sector abate financing constraints more for small firms (Beck, Demirgu¨c¸-Kunt, Laeven, and Maksimovic, 2006). Research also indicates that access to finance promotes more start-ups (Klapper, Laeven and Rajan, 2006). Improved access to the financial system also enables existing firms to attain a larger equilibrium size by enabling them to take advantage of growth and investment opportunities (Beck, Demirgu¨c¸-Kunt, Laeven, and Maksimovic, 2006).

Making credit available to small business entrepreneurs who are mostly poor for productive economic activities requires the role of formal financial institutions with commercial banks playing the pivotal role. However, over the years, commercial banks have shown a great deal of reluctance to serve the lower end of the economic spectrum-micro and small enterprises (Westley and Shaffer, 1999). It has long been argued that commercial banks have not provided for the credit needs of relatively poor people who cannot provide loan guarantees but who have feasible and promising investment ideas that can result in profitable ventures (Hollis and Sweetman, 1998).

The cumbersome features of formal financial institutions in the delivery of credit have led to the development and growth of a considerable number of microfinance institutions (MFIs). Microfinance is seen as the key innovation of the last 25 years in terms of means of reaching out to the poor and the vulnerable (Montgomery and Weis, 2006). The microfinance concept has emerged as a development tool aimed at providing credit and financial services to the productive poor who lack access to formal financial intermediation and are engaged in small and micro enterprises (Kyereboah-Coleman, 2007).

One of the innovations in microfinance aimed at helping the poor and financially excluded to cultivate the habit of saving and to have access to uncollateralized loans at affordable rates is the 'susu' scheme. "Susu" is seen as a major component of finance for urban poor entrepreneurs in Ghana, particularly apprentices and artisans (Alabi, Alabi and Ahiawodzi, 2007). According to the World Bank (1994) "susu" is believed to be the poor and financially excluded's sole source of getting established for livelihood. Owing to this significant role of the scheme now almost all rural banks, savings and loans companies and commercial banks in Ghana have created "susu" department often called microfinance department devoted to daily collection of small deposits from people who otherwise would not have access to the banks. This has made the "susu" scheme a popular tool for savings mobilization and financial management in Ghana. However, to the best knowledge of the authors, the question of whether or not in the opinion of its contributors, the scheme is making any positive impact on their businesses has not been adequately addressed in the microfinance literature. The only report available on this topic is one published by (Alabi, Alabi and Ahiawodzi, 2007) who studied the impact of the "susu" scheme on micro and small -scale enterprises using 101 organized and unorganized micro and small businesses. They used the number of employees employed and the turnover before and after the "susu" scheme as barometers to measure the impact of the scheme. Although their work provides some insights into the impact of the "susu' scheme on small businesses in Ghana, yet we are of the view that assessing the impact of the scheme from the perspective of its beneficiaries should offer a better understanding of how the scheme is promoting small businesses in Ghana. The current study, therefore, seeks to measure the impact of the "susu" scheme from the perspective of its contributors. The authors seek to find evidence to answer three main questions: (1) what is the average daily or weekly contribution of a "susu" contributor in Ghana? (2) Has the "susu" scheme positively impacted the businesses of its contributors? (3) Are there factors that predict the positive impact of the "susu" scheme on the businesses of its contributors?

The remainder of the paper is organized as follows. Section 2 reviews the relevant literature on the "susu" scheme and sets up hypotheses to be tested. Data collection, research methodology and empirical model are described in Section 3. Section 4 provides analysis and interpretations of the empirical findings and Section 5 concludes the paper.

LITERATURE REVIEW

"Susu" as one of the microfinance schemes in Ghana is thought to have originated from Nigeria and spread to Ghana in the early twentieth century (Asiama and Osei, 2007). It is an informal financial identification for daily or weekly collection of deposits which is prevalent on the West African markets (Alabi, Alabi and Ahiawodzi, 2007). In Ghana, for example, it is now common to find that large numbers of individual "susu" collectors have established offices (kiosks) at various points in cities and towns where their clients can actually walk in to make deposits and engage in other transactions (Aryeetey, 2008).

"Susu" can be described as a form of banking because it is a system of trading in money which involves regular and periodic collection of fixed amount of deposits that are made available to the owners after a specified period of time or when required or to borrowers within the scheme at a fee. Interest on deposits is almost non-existent (Aryeetey, 2008). Borrowing under the "susu" scheme does not require collateral; it relies on a guarantee system to reduce risks associated with 'clean lending' (Alabi, Alabi and Ahiawodzi, 2007). Lending is for short periods (Aryeetey, 2008). The essence of the "susu" scheme is to help contributors (who are mostly small business owners) to protect their daily earnings from competing claims and ensure working capital to restock supplies at the end of the month.

To provide customized service, most "susu" collectors begin mobilizing daily deposits around noon each day which provides the clients with an opportunity to transact business and earn some income before saving. This strategy offers convenience for the rural and urban poor women whose income is too low to deposit large amounts of money with the formal banking institutions (World Bank Group, 1999).

In terms of collection of daily or weekly deposits, the scheme uses two main methods: independent/private (non-salaried) collectors and salaried/commissioned staff. Under the independent (non-salaried) collector's method, the collector undertakes daily door-to-door collection of agreed fixed amount from clients for a cycle, usually one month. In each cycle, the collector's reward for rendering this service is a day's deposit of each client. For example, if in each day a client contributes one Ghana cedi then at the end of the contribution cycle the collector will subtract one Ghana cedi (approximately US$ 0.67) from the contributor's total deposits as service fee. The major risk inherent in dealing with private collectors is possibility of the collectors absconding with contributions. However, evidence suggests that the private collectors have been found to be more aggressive in reaching out to more potential savers since their profit is contingent on the number and per capita daily contribution of their clients. Under the salaried/commissioned staff deposit collection, the collecting agents are full-time employees of the MFI who undertake the door-to-door collection for and on behalf of the MFI for basic salary. This is the practice at most banks (CHORD, 2000).

Basu, Blavy and Yulek (2004) identify four different types of "susu" institutions that have influenced the operations of MFIs in Ghana. These are "Susu" Collectors; "Susu" Associations; "Susu" Clubs and "Susu" Companies. The "Susu" Collectors offer a saving vehicle by collecting daily amounts voluntarily saved by their clients which they return at the end of the month, minus one day's amount as a commission. The "susu" associations are either (i) Rotating Savings and Credit Associations (ROSCAs), collecting savings from their members and allocating them to each member in turn, or (ii) Accumulating Associations, which allow regular contributions to be accumulated to cover the lump sum costs of such special future events as funerals. The "Susu" Clubs combine the modus operandi of "susu" collectors and "susu" associations operated by a single agent in which members commit to save a pre-defined amount over the medium-term (50 to 100-week cycles) and pay commissions on each payment and fees when they are advanced the targeted amount before the end of the cycle. The "Susu" Companies are more recent (late 1980s) and registered. In addition to savings collected using traditional "susu" collectors, "susu" companies provide loans after a minimum saving period.

The 'susu' scheme cuts across a wide range of socio-economic or occupational groups such as farmers, petty traders, artisans, food processors and salaried workers. For many petty traders, market women, apprentices and artisans, "susu" is alleged to be their trusted and reliable source of starting, sustaining and growing their businesses (Alabi, Alabi and Ahiawodzi, 2007). These groups are generally within the low income bracket and many of them are women (CHORD, 2000).

Johnston and Morduch (2008) find that low-income households often apply loans to household needs, including school fees, medical treatment, daily consumption needs, and social and holiday expenses. Female entrepreneurs tend to allocate a greater share of profits for family and child welfare, and that there is a strong relationship between female entrepreneurial activity and children's welfare (Kessey, 2005). Women have a predisposition to use profits to meet family needs rather than to reinvest (Downing, 1990; Clark, 1991). "Women have been shown to spend more of their income on their households; therefore, by helping women increase their incomes, you are improving the welfare of the whole family" (Cheston and Kuhn, 2002 p.9). This suggests that personal factors of "susu" contributors should correlate with the positive impact of "susu" interventions. The paper, therefore, includes the number of dependants, marital status, and gender of the contributor as predictors of the positive impact of the "susu' scheme on contributor's business. This leads to the following hypotheses:

> *H_1: Unmarried "susu" contributors should experience the positive impact of the "susu" scheme on their businesses*

H_2: The number of dependents of "susu" contributor should be negatively related to the positive impact of "susu" on business
H_3: Male "susu" contributors should experience the positive impact of "susu" on their businesses

The number of years a business has been in existence should influence the possible positive impact of the "susu" scheme because stage models of the firm theorists (Dodge and Robbins, 1992) argue that older firms will adopt a more professional management style, and more sophisticated control systems. It is, therefore, expected that contributors with more experience in business should be efficient and effective in the management of the proceeds from the "susu" scheme; hence, possible positive impact. This variable has also been used as a proxy for the time the firm may have known its customers and the firm's quality and reputation (Petersen and Rajan, 1997). It is expected that there will be a positive relationship between the age (AGE) of the contributor's business and the positive impact of the "susu" scheme. This leads us to this hypothesis:

H_4: The number of years in business is positively associated with the positive impact of the "susu" scheme on business

It has already been stated that the "susu" scheme helps its contributors to protect their daily earnings from competing claims and ensure working capital to restock supplies at the end of the month. It is, therefore, reasonable to propose that the number of years of contribution, amount contributed and the ability to contribute everyday or every week should correlate with the positive impact of the "susu" on the contributor's business. This leads to the following hypotheses:

H_5: The number of years of contribution should be positively correlated with the positive impact of "susu" on business
H_6: Amount contributed should be positively related to the positive impact of "susu" on business
H_7: Ability to contribute everyday or every week should be positively related to the positive impact of "susu" on business

DATA AND METHODOLOGY

Data for the study have been collected through a cross-sectional "susu" survey undertaken by the authors using questionnaire as the data collection instrument. The use of sample survey strategy offers some advantages: representativeness of the findings; ease of data standardization, aggregation and synthesis; and ability to cope with non-attribution problem (Montgomery, Debapriya and David, 1996). A sample size of 1,600 contributors has been used in the study. This sample has been chosen based on the ability to reach the "susu" contributors. The sampling procedure is simple random sampling in which "susu" contributors at various commercial centres in Ghana are interviewed at random. Market centers are places with a large density of enterprises, especially those operated by women (World Bank Group, 1999). The questionnaire is administered to respondents after they have indicated that they are "susu" contributors. The 'susu' scheme cuts across a wide range of socio-economic or occupational groups such as farmers, petty traders, artisans, food processors (CHORD, 2000). Thus, respondents in the survey are petty traders, artisans, food processors, retailers, and dealers.

In order to analyze the dichotomous variable of whether or not a "susu" contributor is likely to experience the positive impact of the "susu" scheme on his or her business, the appropriate econometric tool is a binomial logit model (Kim and Yoon, 2004). The following binomial logit model is, therefore, constructed to relate the probability of "susu" positive impact on business to explanatory factors: number of years of contribution (CONTYRS); number of years in business (YRSINBUS); marital status

(MSTATUS); number of dependants(NDEPENDANTS); amount contributed daily or weekly(AMTCONT); and gender (GENDER). Summarily, the model is expressed as:

$$\Pi_{jn} = F(X'_{jn}\beta), \quad (1)$$

Where Π_{jn} is the probability that *n*th "susu" contributor will experience the positive impact of the "susu" scheme on his or her business, X'_{jn} is a vector of explanatory variables, β is a vector of coefficients to be estimated, *F* represents the cumulative logistic distribution function. Expanding equation (1), the logistic regression equation becomes:

$$\Pi \text{ impact} = \alpha_0 + \beta_1 CONTYRS + \beta_2 YRSINBUS + \beta_3 MSTATUS + \beta_4 NDEPENDANTS + \beta_5 AMTCONT + \beta_6 ABILITYCONT + \beta_7 GENDER + \mu \quad (2)$$

Where
Π impact= probability of a "susu" contributor experiencing its positive impact on business
Bk= are unknown parameters to be estimated
μ= the stochastic error term

Description of the variables used in the study has been presented in Table 1 below:

Table 1: Description of Variables

Variable	Description
Dummy for impact: Dependent variable	=1: "Susu" contributors with positive impact on business; =0: otherwise
Dummy for ability to contribute everyday/week (ABILITYCON)	=1: Ability to contribute everyday/week; =0: otherwise
Dummy for gender (GENDER)	=1: Male; =0: Female
Dummy for marital status (MSTATUS)	=1: married; =0: Female
Number of dependants (NDEPENDANTS)	=Continuous variable
Years in Business (YRSINBUS)	=Continuous variable
Number of years of contribution (CONTYRS)	=Continuous variable
Amount of contribution (AMTCONT)	= Continuous variable

This table provides a description of the variables used in the study.

The impact of the "susu' scheme is measured from the perspective of the respondents. The respondents are asked to indicate whether or not in their opinion the scheme has made any positive impact on their businesses. Thus, positive impact or no positive impact is the predicted variable. Where a respondent indicates that the scheme has positively impacted his or her business, the value of "1" is assigned; otherwise "0" is assigned.

The independent variables are years of contribution (YRSCONT); years in business (YRSINBUS); marital status (MSTATUS); number of dependents (NDEPENDANTS); amount contributed (AMTCONT); and gender of respondents (GENDER). The variables MSTATUS, ABILITYCONT and GENDER are dummy variables. If a respondent is married "1" is assigned; otherwise "0" is assigned. If a respondent is able to contribute daily or weekly "1" is given; otherwise "0" is given. If a respondent is a male the value "1" is assigned; otherwise "0" is given.

EMPIRICAL RESULTS

The descriptive statistics of categorical and continuous data and the results of the logistic analysis have been presented in Tables 2, 3 and 4 respectively.

Table 2 displays the descriptive statistics of the categorical data. It shows that of the 1,600 respondents, 683 and 917 are male and female respectively; 898 are married whilst 702 are single; 947 are able to contribute to the scheme every day or every week whilst 653 are unable to. Table 3 also shows the descriptive statistics of the continuous data. The average number of years of contribution is 3 years; the number of years in business is 7 years; average number of dependants is 2 and the average amount of contribution is GH¢3 (approximately US$ 2).

Table 2: Descriptive Statistics of Categorical Data

		Frequency
Gender of Respondents:	Male	683
	Female	917
Marital status:	Single	702
	Married	898
Ability to contribute	NO	653
everyday/weekly	Yes	947

This table provides the descriptive statistics of the categorical data

Table 3: Descriptive Statistics of Continuous Data

Variable	**Mean**	**Standard Deviation**
Number of Years of contribution	3 years	1.442
Number of years in business	7 years	6.231
Number of dependants	2 dependants	2.046
Amount contributed	GH¢3 (approximately US$2)	1.508

This table provides the descriptive statistics of the continuous data.

Table 4: Logistic Regression Analysis of Determinants of Positive Impact of "Susu" Scheme on Small Businesses in Ghana

Variable	B	Wald	Sig.	Exp(B)
CONTYRS	0.446	15.323	.000**	1.562
YRSINBUS	-0.068	9.598	.002**	.934
MSTATUS(1)	0.872	13.991	.000**	2.392
NDEPENDANTS	0.196	4.295	.038*	1.216
GENDER(1)	0.836	11.852	.001**	2.308
AMTCONT	0.512	25.599	.000**	1.669

This table shows the results of the logistic regression equation: Π *impact=* $\alpha_0 + \beta_1 CONTYRS + \beta_2 YRSINBUS + \beta_3 MSTATUS + \beta_4 NDEPENDANTS + \beta_5 AMTCONT + \beta_6 ABILITYCONT + \beta_7 GENDER$. *The first figure in each cell is the regression coefficient. The second figure in each cell is the wald-statistic. ** and * indicate significance at the 1 and 5 percent levels respectively. The number of observations is 1,600. Notes: CONTYRS, number of years of contribution; YRSINBUS, number of years in business; MSTATUS (1), marital status of "susu" contributor (1=married); NDEPENDANTS, number of dependants of contributor; GENDER (1), gender of "susu" contributor (1=men); AMTCONT, amount contributed daily or weekly.*

Out of the 1,600 "susu" contributors who participate in the study, 1,539 representing 96.2% indicate that they have seen some positive impact of the "susu' scheme on their businesses. Only 61 representing 3.8% of the sample indicate that they have not seen any positive impact of the scheme on their businesses. This finding is significant in the sense that it underscores the importance of the "susu" scheme to the development of small businesses in Ghana. Over the years, the economic activities of the poor but economically productive small business owners in Ghana have been hampered by their lack of access to the formal financial institutions because of their prohibitive operating procedures. Specifically, collateral requirement that has been the fulcrum around which the lending wheels of formal financial institutions revolve has succeeded in warding off small business owners, bogging them down in the quagmire of mediocrity. It is, therefore, refreshing that these small business owners who have turned to the "susu" scheme as their best alternative have experienced its positive impact on their operations. Policy makers can, therefore, marshal their resources towards the operations of the "susu" scheme as it has the potential of not only inculcating in small business owners the habit of saving and financial management but also contributing immensely to poverty reduction and its concomitant ramifications for the Ghanaian economy. Streamlining the operations of the scheme, flushing out the unscrupulous collectors who capitalize on the gullibility of poor small business owners mostly women, will engender confidence in the system, thereby attracting many small business owners to the scheme. This will culminate in improved access to finance which will promote more start-ups (Klapper, Laeven and Rajan 2006) and also enable existing firms to attain a larger equilibrium size by enabling them to take advantage of growth and investment opportunities (Beck, Demirgu¨c¸-Kunt, Laeven, and Maksimovic, 2006).

Table 4 reports the binary logistic analysis of the determinants of the positive impact of the "susu" scheme on small businesses. The predictive power of the model, measured by Cox & Snell R Square and Nagelkerke R Square, lies between 66% and 88%. Evidence in Table 4 supports the argument that married "susu" contributors are more likely to experience the positive impact of the scheme on their businesses than unmarried contributors. Therefore, hypothesis H_1 is rejected. Marriage involves a lot of financial obligations. Thus, inability of a couple to manage their finances well can plunge them in poverty with catastrophic consequences. Since the "susu" scheme offers the financially excluded the opportunity to save, the possible explanation of the positive relationship between the married respondents and the positive impact of the "susu" scheme is that married couples, especially those with children, are more prudent in their financial management and would ensure that their "susu" contributions are galvanized to support their business operations in order to sustain themselves.

The number of dependants of contributors appears to have a weak positive relationship with the propensity to see the positive impact of the "susu" scheme on business. In other words, an increase in the number of dependants of a contributor positively correlates with the propensity to experience the positive impact of the "susu" scheme on business. Therefore, hypothesis H_2 is rejected. The interpretation is that, all things being equal, most small business owners in Ghana who contribute to the "susu" scheme do not channel their contributions to fulfilling their domestic and social obligations. Instead, they use the funds to support their operations. This suggests that small business owners in Ghana who contribute to the "susu" scheme are able to draw a line of demarcation between their businesses and their domestic and social obligations. This finding is heartwarming because written on the tombs of many extinct small businesses is the canker of intermingling of personal funds and business funds (Yilmazer and Schrank, 2006).

Table 4 shows that male "susu" contributors (the predicted sex) are more likely to see the positive impact of "susu" on their operations than their female counterparts. Therefore, hypothesis H_3 is accepted. This implies that male contributors to the "susu" scheme are more likely to use their contributions to support their businesses than their female counterparts. This finding dovetails into the available evidence that female microfinance clients are more likely to spend their income on their families than to reinvest it in their businesses (Downing, 1990; Clark, 1991).

The number of years in business (AGE) has been found to be inversely related to the positive impact of the "susu" scheme on business. Thus, hypothesis H_4 is rejected. One possible interpretation is the theory of business life cycle. Firms that operate in declining industries should not experience any positive impact of the scheme on their operations. On the other hand, the inverse relationship between the number of years of contribution and the positive impact of "susu" on business could be interpreted in the light of stage models of the firm theory (Dodge and Robbins, 1992) which argues that older firms will adopt a more professional management style, and more sophisticated control systems. It is possible that as small businesses grow and find their bearings, the "susu" contributions of their owners are not for supporting their businesses but for meeting their domestic obligations. This last interpretation seems more likely than the first because female entrepreneurs, for example, have been found to have a predisposition to use profits to meet family needs rather than to reinvest (Downing, 1990; Clark, 1991). A strong and significant positive relationship has been found between the positive impact of the "susu" scheme on small business and the number of years of contribution, suggesting that the more time contributors contribute to the scheme the higher the likelihood that they will experience its positive impact on their businesses. Therefore, hypothesis H_5 is accepted. This finding is in line with the conventional wisdom that the impact of any programme or policy is felt when it is practiced for some time. This suggests that small business owners in Ghana must be encouraged to maintain consistency in their contribution in order to experience the positive impact of the scheme on their business operations.

The amount contributed by a "susu" client positively relates to his or her likelihood of seeing the positive impact of the scheme on his or her business. Therefore, hypothesis is H_6 is accepted. This is understandable because the higher the amount a person contributes to the "susu" scheme the higher the savings he or she accumulates at the end of the contribution cycle. Small business owners who contribute more should accumulate huge working capital for their operations. Raising huge working capital opens up the business to a lot of opportunities for growth and innovation (Beck, Demirgu¨c¸-Kunt, Laeven, and Maksimovic, 2006). No association has been found between contributor's ability to contribute to the "susu" scheme daily or weekly and the propensity to experience its positive impact on contributor's business. Therefore, hypothesis H_7 is rejected. This implies that it is not possible for one to predict the probability of a "susu" contributor seeing the positive impact of the scheme on his or her business by whether or not he or she is able to contribute to the scheme daily or weekly.

CONCLUSION

The study seeks to find evidence to answer three main questions: (1) what is the average daily or weekly contribution of a "susu" contributor in Ghana? (2) Has the "susu" scheme positively impacted the businesses of its contributors? (3) Are there factors that predict the positive impact of the "susu" scheme on the businesses of contributors? The study has demonstrated that the average daily or weekly contribution of a "susu" contributor is three Ghana cedis (GH¢3). Evidence abounds from the study that many of the small business owners in Ghana who have signed up to the "susu" scheme have seen its positive impact on their businesses. The nature of the "susu" scheme makes it an ideal vehicle for deposit mobilization in an economy like Ghana where inflation has always been a headache for policy makers. The scheme has the potential to assist the Central Bank and the Government of Ghana in their interventions aimed at controlling inflation and empowering the poor and financially excluded in the economy. This, therefore, calls for some preponderant attention to be given to the scheme. Over the years, the canker of some "susu" collectors absconding with the contributions of contributors has been rampant and this has abated the enthusiasm and confidence of existing contributors and, to a very large extent, warded off potential contributors to the scheme.

The swift arrest, prosecution and retrieval of contributors' deposits from such unscrupulous "susu" collectors will rid the scheme of 'filth', regenerate interest, enthusiasm and confidence in, and attract more contributors to, the scheme which will lead to economic growth and development. In addition, strengthening institutions like Bank of Ghana and Ghana Cooperative "susu" Collectors Association (GCSCA) for effective monitoring and supervision of private "susu" operators will go a long to make the scheme much more efficacious and responsive to the needs and aspirations of its contributors. Intermittent workshops and seminars aimed at building the capacities of private "susu" operators, equipping them with best banking practices and effective financial management skills will enrich the potential of the "susu" scheme as the best vehicle for accomplishing financial inclusion in the Ghanaian economy. Furthermore, the Government of Ghana must show commitment towards the rigorous enforcement of the non-bank financial institutions law in order to ensure best practices in the "susu" scheme. For enterprise development and promotion much campaign is needed to sensitize owners of small businesses who have not signed up to the scheme to do so immediately. This will improve access to finance for their businesses which will contribute to economic growth and development.

Binomial logistic regression analysis results support the contention that the number of years of contribution, the number of years in business, marital status, the number of dependants, gender and the amount contributed daily or weekly are predictors of the positive impact of the "susu" scheme on the business of its contributor. One policy implication of this finding is that "susu" operators must encourage their contributors to maintain consistency in their contributions for an appreciable time so that they can experience the positive impact of the scheme. Another implication is for "susu" operators to encourage their clients to contribute larger amounts to the scheme so that they can experience its greater positive impact on their business operations.

It is intellectually imperative to point out the notable weaknesses of this study. One obvious weakness is the possible respondent bias inherent in the responses to the questions posed to respondents. Another weakness is the inability of the study to measure the degree of impact of the "susu" scheme on the businesses of its contributors. Also, econometrically, measuring the impact of a scheme from the perspective of its subscribers may be too simplistic. Notwithstanding these weaknesses, the findings of the study, undoubtedly, expand the frontiers of the microfinance literature.

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