ANALYTICAL ROLE OF TRUST IN MICROFINANCE SUCCESS IN EAST AFRICAN COUNTRIES

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Abstract: *East Africa is an emerging market that has the potential to position the sub-Saharan Africa in the global context through the diverse and robust resources. One of the core drivers of economic feasibility and market metrics in the region is the effective development of microfinance across such countries as Uganda, Kenya, and Tanzania. The region's economic environment is characterized with increased value-addition approaches to its agricultural sector and having the significant approaches to instill the relevant success connotations to diversify the industries including the informal sectors. The microfinance borrowers and users have the definite and expanded market in east Africa that conform to the needs of the people and align to the policies in the context of sustainable outcomes. Trust is a crucial virtue in understanding the effectiveness of microfinance in east African countries, including the critical assessment of the challenges and solutions. A publication on the subject requires that the roles of trust among the microfinance institutions and the stakeholders such as consumers and the government agencies are crucial part of the sustainable management practices (Odera, 2013). The focus of the discussion is on the roles of trust in ascertaining the success of microfinance in east African countries.*
Keywords: *Trust, Microfinance, Stakeholders*

Introduction

East African countries such as Kenya, Uganda, and Tanzania are emerging markets with high potential to achieve the highest levels of economic development through the microfinance metrics (Murphy, 2003). In this regard, these countries have diversified their micro-economy and focused on the market segments that embrace agriculture, informal sectors, tourism, fishing, and other related products. These perspectives underscore the frameworks that are followed to make East Africa one of the economic hubs in the African and global perspectives. Part of the challenge is trust in the microfinance as the core source of capital for entrepreneurship ventures in the region (Brown et al., 2011). The economic bloc has strategic policies that enhance trade between the three countries based on tariffs and other policies that improve the appreciation of the core goals and objectives in the long run. The current and long-term trends in East African microfinance environment underline the issues associated with the emerging economies in the region (Kinya Mbaya, 2017). The focus is on the strategic interventions to override the challenges and metrics that define the outdated technologies and the reliance on the microeconomic element through the innovative and disruptive technologies (Epstein & Yuthas, 2011). The frameworks and contexts highlighted define the mechanisms and strategies that define the use of microfinance in shaping the current economic trends in East Africa.

Many financial institutions offering microfinance include the online money lenders, banks, and other informal banking institutions that advance loans and other incentives to the consumers to achieve their set goals and objectives (Mori et al., 2013). In this regard, the focus is on the use of technologies that advance the financial loans and incentives to the consumers and make them advance their business goals and objectives. One of the core aspects of microfinance in East Africa is the use of digital lending platforms and banks to advance the desired products that improve the investment portfolios to millions of users across the region (Brown et al., 2011). For instance, Kenya's informal sector and small business entities have benefited from the loans and other services advanced by banks and other lenders to improve their feasibility in the market metrics (Kinya Mbaya, 2017). Thus, the study explores the approaches and mechanisms that underline the competitiveness and sustainability of the east African countries to use the microfinance products and services, especially on the levels of trust attached to their use (Kipesha & Zhang, 2013). Microfinance situation in east Africa is characterized with trust issues, including the context of security of the loans advanced to the borrowers, and the interest rates that they have to repay (Epstein & Yuthas, 2011). Moreover, the defaulters and the methods used to recover the principals administered are part of the trust mechanism that has characterized the region.

Statement of the Problem

The East African market and economic situation is characterized with increased development of microfinance metrics that spur the economic scenarios and frameworks in the context of sustainable goals and objectives (Murphy, 2003). Thus, the challenge is on the concept of trust and how it shapes the current and future perception of microfinance, including the security, surety, and the trust perspectives between the lenders and borrowers (Kinya Mbaya, 2017). Thus, the east African market suffers from the challenges of trust and contextualizing the inconsistencies with the core values and ideologies of the management perspectives to define the long-term success of microfinance. The trust that the lenders and borrowers have in this segment of economic and capital sourcing have diverse impacts, including the emergence of technologies that tap onto the customer data and information (Brown et al., 2011). One of the core elements of these frameworks is on the mechanisms of adapting to the new approaches and mechanisms that define and contextualize the expected outcomes. The main challenges that define this study are on the suitability of the trust as one of the competitive advantages and determinants of the success of this approach in east Africa (Odera, 2013). Thus, the study explores and establishes the benefits and challenge on the role of trust been the consumers and lenders regarding the microfinance services advanced to the groups and communities.

These components and aspects underscore the suitability of this study in the target market, through the critical assessment of the trends and emerging issues. In this regard, an understanding of how technology, automation, innovation, cashless transactions, and mobile money through branchless mechanisms have enhanced or lowered trust levels is crucial. The emerging issues underline he technological frameworks and how they define the necessities and frameworks for improving or lowering trust on the microfinance products and services in the context of the individual borrowers and lenders (Kinya Mbaya, 2017). The growth of microfinance in east Africa is characteristic of borrowed concepts

and emergence of mobile banking and branchless banks, which underscore the current and future goals and objectives. These issues are characteristic of the mechanisms and strategic that has rocked the market and redefined the trust in the region to underscore the economic indicators and stimulation programs (Epstein & Yuthas, 2011). Through the emerging platforms, technologies, and practices, it is possible to understand the consistencies of the sustainable growth mechanisms and strategies that define the management practices and define the impacts and roles of trust in the long run.

Justification of the Study

Trust is central to the understanding of the success of microfinance, including having the perspectives and approaches the determine the lending potential for the individuals, groups, and communities. The trust is a two-way concept, including the lenders and borrowers to instill the successful background in the long run. These aspects are crucial in defining and managing the long-term expectations through the trust in interaction of the clients, borrowing groups, and the loan officers (Odera, 2013). Moreover, it defines the metrics, approaches, and mechanisms that improve the performance of many financial institutions to achieve the common business investment goals (Brown et al., 2011). Therefore, the study's objective is on the roles of trust in the success of financial institutions in east Africa through the framework of sustainable growth and development and achieving potential and feasible interactions among the stakeholders (Kipesha & Zhang, 2013). Thus, it is integral that the discussion highlights the roles of trust and create the models and frameworks that define its significance in the society to advance the current and future goals and objectives.

Moreover, the information accrued defines the metrics, approaches, and models that can improve the success of microfinance in east Africa and globally. It is necessary to understand how trust leads to success of this subject, including the relationship, interaction, and trustworthiness between the lenders, borrowers, and the institutions (Mori et al., 2015). Moreover, the loan officers and the clients or institutions are effectively interconnected through the relevant microfinance trust metrics and frameworks. These factors underline the consistencies and approaches that improve the understanding of strategic challenges that impact the financial institutions and how they have overcome them through trust (Epstein & Yuthas, 2011). More businesses and individuals have enrolled to the banking components through microfinance to achieve their short and long-term goals and financial needs. The business keeps flourishing in the perspective of how they influence the outcomes and frameworks. Thus, it is crucial that the financial management practices underscore the significance of trust as part of the sustainable goals and objectives and create the framework for understanding the growth and development in east Africa.

It is a question of how trust is constructed and sustained in the concept of having the right correlation and working environment between the institutions, clients, and loan officers to achieve the anticipated goals and objectives. These factors cumulatively define the integral components and sustainable outcomes in the long run (Kipesha & Zhang, 2013). Trust is an integral tool that enhance the solutions that many microfinance institutions (MFIs) face, including the loss of loans and increasing number of defaulters (Kinya Mbaya, 2017). Consequently, the concern is on the metrics and frameworks of sustainable goals and objectives. The MFIs depend on trust to improve their social impacts

and financial sustainability to communities and target business, which form integral part of the sustainable goals (Odera, 2013). Exploring this study gives the platform for understanding the significance of trust in the context of sustainable business ventures and financial markets and the impacts that the microfinance sector have on the social perspectives (Epstein & Yuthas, 2011). Thus, trust is the foundation of the success of core business goals and objectives that define the existence of microfinance institutions in east Africa and its overarching outcomes and frameworks.

Review of Literature

Various economic outlook reports and publications underscore the significance of microfinance in east Africa, including the past and the future trends and projections. At the heart of these aspects is the benefit of trust on the microfinance to achieve their expected roles in the community development. The region's GDP has steadied over the past decades based on the emerging and expanding markets for the locally produced products and the informal sector. Besides, the microfinance sector has played significant role in advancing the needs and objectives of the economy and communities to instill the social change metrics and approaches (Kinya Mbaya, 2017). Consequently, it is possible to advance the current and future goals in the context of how the trust is a tool to facilitate transactions, mobile money transfers, and the performance of the economy. For instance, microfinance is reported to be one of the leading stimulators of the East African economy, who's GDP grew at the rate of 5.7% in 2011. However, this was a downward trend from the 2010 statistics, based on the global dynamics and frameworks (Epstein & Yuthas, 2011). Despite the dip in this period, the region's GDP has benefitted from the mushrooming microfinance sector, which has targeted social change interventions and financial sustainability for its users and clients.

The microfinance has become the mainstream aspect of the economic growth and development in east Africa through the limitless opportunities and digital lending platforms. The east African region boast one of the fastest growing market destinations, including the Rwandese information technology, Ugandan agricultural sector, and Kenyan financial and microfinance sectors, which drive the sustainable outcomes (Kipesha & Zhang, 2013). Besides, service and industry have been the main aspects of economic growth in Kenyan and Ethiopia, including tourism in Tanzania. These industries and sectors of the economy have benefited from the microfinance services and products that target informal segments to drive growth especially in the rural settings. Communities in the informal sector have benefitted from the microfinance services, including loans and other products advanced to them through the trust and the economic and regulatory perspectives that promote the effective working relationships. Thus, trust stands the test of time and creates the framework for sustainable goals and objectives, which influence the set goals and objectives. These elements are central to the management practices and concepts in the management of the contemporary aspects (Kinya Mbaya, 2017). Trust in the rural settings and businesses to repay the loans without defaulting is crucial for advanced uniform economic growth in the rural and urban settings.

Problems and Solutions

Benefits

The trust among the stakeholders in the microfinance sector has advanced the mechanisms and strategies that improve the outcomes through compliance to the policies. Some of the benefits that this aspect has accrued include improvement in agricultural sector, which has been undergoing technological evolutions to achieve the smart farming goals. Therefore, the microfinance sector makes it possible to achieve the basic elements of sustainable marketing metrics and frameworks, which underline the significance of trust among the individual stakeholders to improve the common goals (Kinya Mbaya, 2017). The financial institutions have a shared economic model that is considered the benchmark for advancing the loans to the individual communities and other agencies. In this regard, the outcomes are predetermined on the shared goals about a given sector such as informal businesses, rural development blueprints, and agricultural sector in the context of sustainable development goals (Mehta et al., 2011). Trust is central to determining the behavior, dynamics, and the types of products and amount of loans that the clients get. Moreover, the history of banking and the securities involved, including the government policies are crucial ingredients in establishing trust in a country, project, or businesses that are supported through the microfinance interventions.

Trust is advanced through the mechanisms and strategies that such financial institutions as African Development Bank and World Bank, which have the guidelines for supporting various business ventures and their consistencies with the global sustainable development goals (Mori et al., 2015). Thus communities are part of the long-term goals and objectives and thus depend on trust to create and sustain the needs and objectives in the context of long-term development. The economic impacts of the presence of trust in the microfinance in east Africa is evident on the widening local market and investment portfolios as many communities join in advancing core aspects of their wellbeing and sustainability (Brown et al., 2011). Most MFIs target their clients through the structured economic considerations and how they influence the current and future outcomes, such as livestock investment (Mahmoud, 2008). However, trust forms the foundation of sustainable outcomes and expanding the use of the microfinance products such as loans to enhance economic growth and development. Trust means the loan officers and the clients can transact even on the online platforms without having to be physically present (Epstein & Yuthas, 2011). For instance, in such countries as Kenya, the growth of online banking apps and platforms and the mobile money companies have eased the processes of acquiring loans used to expand business practices and activities in the long run.

The improved microfinance success and management mechanisms underscore the metrics and approaches on the roles that trust and other features play in enhancing the improved management of financial resources advanced to the clients. Both the client and the MFIs need to trust each other for the sustainable relationship and effective economic development in the context of long-term goals and objectives (Murphy, 2003). In east Africa, the government has created the favorable policies and environment for the microfinance agencies to achieve the expected routines and mechanisms, hence the suitability of trust in the potential of the customers to repay and service the loans advanced. Additionally, the trust means the customers' business plans and proposals can be accepted by the MFIs on the perspective that they are feasible, sustainable, and valuable to the policies and mechanisms for the organization. Consequently, the prior history defines the current and future mechanisms of using the trust as the foundation of instilling the needed

perspective of financial produces that the MFIs advance to their esteemed clients on the context that they will have viable business activities that conform to the set standards.

The culture and the beliefs in east Africa is based on the context of the best interest between the parties involved, hence definite concept and framework in the understanding of the long-term investment outcomes. Trust makes it possible to ascertain the possibility of the market viability, feasibility of the investments, and the sustainability of the loans and other products advanced to change the lives of the communities. The focus is also based on the concepts of shared prosperities, especially on the social change and economic sustainability among the individual MFIs and their wide range of consumers and clients (Kipesha & Zhang, 2013). Thus, the microfinance has occupied the central part of the economic development and growth in the diverse sectorial frameworks in east Africa, courtesy of trust mechanisms and metrics (Epstein & Yuthas, 2011). Trust, therefore, is the foundation of the success of the east African economy on the metrics of structured engagement and mechanisms, which endear the MFIs to their clients' needs and to spur the economic growth in the long run. Consequently, trust creates the desire to take risk among the MFIs and also instill the potential of the lenders to get their financial products to explore the business opportunities, hence the growth in the informal sectors such as fashion and design, agriculture, and others.

Challenges

Trust can be an instrument of destruction for the sustainable development of microfinance sector, including the ability of the individual lenders to recover their loans from the clients. Thus, trust can be deciding on the initial perspectives, especially when the business ventures are not feasible on the context of their relevance to the prevailing economic metrics (Murphy, 2003). Some of their business ventures that seek the loans for their startups or expansions have limited resources to understand the feasibility of the business ventures. However, they use the trust mechanism and strategies to get loans from the MFIs, hence defaulting in the long run. Moreover, the private sector has been targeted with poor eco gnomic metrics that can help the MIFs to understand the risks associated with trusting on the customers' business goals and objectives (Epstein & Yuthas, 2011). In the long run, the situation is anchored on the missteps associated with trusting a business proposal that do not have the significant goals that relate to the values and beliefs of the individual organizations. In the long run, the outcomes are determined by the demerits of the trust and the poor relationship between the lenders and the clients.

Trust is built on quick sand, especially on countries in east Africa that are heavily dependent on the subsistence agriculture and poor economic policies that can spur growth (Mehta et al., 2011). Many MIFs are obsessed with growth and competition amongst themselves, hence end up incurring losses when the loans are defaulted. For instance, the mobile lenders such as Safaricom in Kenya and other financial institutions have limited policies that can make them hold the defaulters accountable and recover their loans. Thus, issuance of loans ate usually based on the mutual consent and goodwill between the lenders and the clients. The harsh economic realities can shade more light on the inconsistencies with this approach, hence highlighted the demerits and challenges associated with this mechanism (Epstein & Yuthas, 2011). It is necessary for the individual companies to understand the limitations of trust and how they limit the performance and effectiveness in the long run. The trust issues and the associated outcomes and mechanisms make it possible

for the organization to come up with set goals and objectives, which define current and future goals.

Recommendations and the Future Studies

Microfinance agencies need to use more than just trust as the foundation of advancing the financial products and create the platforms for critical assessment of the business and investment viabilities. In this regard, organizations have the mechanisms and strategies that underscore the performance aspects and mechanisms, hence the use of current and future goals, through the framework of measured outcomes that limit the lending eligibility (Murphy, 2003). The main focus of the financial institutions that offer microfinance services is to diversify the economy and open opportunities for social and economic change towards sustainability. However, these institutions thrive on economic models that enhance the application of trust mechanisms and concepts in the perspective of the needed goals and objectives (Epstein & Yuthas, 2011). East Africa is an emerging economy that has the foundation of sustainable growth based on the target of informal sectors, hence the need to reduce the restrictions and other approaches that can hurt the progress of the individual organizations.

Consequently, the future study should address the current and future goals through the use of trust alongside other metrics and approaches that improve the sustainability of the ventures. Trust is necessary part of expansion, despite the challenges envisioned in the region. However, more mechanism should include the involvement of the government and other policymakers to instill more elements of trust on advancing the growth and development in the region (Mori et al., 2013). The outcomes envision the approaches and strategies that improve sustainable economic development and the benefits of trust in the growth of east African economy. Moreover, understanding the limits to trust and employing other eligibility mechanisms can be the onset of achieving the needed goals and objectives, which are part of the long-term goals (Epstein & Yuthas, 2011). These factors make it essential for the management practices to instill the valuable issues of trust and improving policing that set the effectiveness of the products and services that the MFIs advance their clients and to achieve the long-term goals.

It is necessary to have the diverse approaches of assessing the advancement criteria to reduce the challenges and demerits that are associated with this mechanism. In the long run, it is anticipated that the east African region is more benefiting from the MFI products and this is evident in the rural economic growth and other elements to ascertain the set outcomes and frameworks. The identified outcomes underline the needed changes and challenges associated with this product and service concept in the economic perspectives and frameworks.

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