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Impact of Business Ethics on Performance of Selected Microfinance Banks in Ilorin Metropolis, Kwara State, Nigeria

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Abstract. The rise in the spate of failure of banks has become alarming despite several legal and regulatory framework put in place to prevent such. The Nigerian government upgraded the activities of the then Community Banks to Microfinance Banks to checkmate some of the observed lapses. This study examines the relationship between the business ethics of the top executives of microfinance banks in Nigeria and their financial and non financial performance. Using cluster sampling techniques, one hundred and twenty-nine (129) executives from six microfinance banks in Ilorin metropolis, Kwara State, Nigeria, were selected. Data were collected through self-administered questionnaire and analysed through descriptive, comparative, regression analysis and Correlation methods of analysis. The findings revealed that there exist a positive relationship between business ethics and the business performance of the microfinance banks. In specific terms, findings showed that the ethical index had beta-co-efficient of 0.814 while community index and diversity index had 0.55 and 0.180. all the statistics were significant at 95% confidence level.While the environmental index shows an adverse relationship to both financial and non-financial performance, the trio of ethical index, community index and diversity index had significant positive impact on the financial and non-financial performance of the microfinance banks. Based on these findings, it was recommended that the microfinance banks should ensure that they increase their presence in their host communities, reduce environmental footprint, formulate and adhere to stakeholders oriented code of business conduct in order to improve their public image, increase market share and ultimately their profitability.

Keywords: Business; ethics; bank; microfinance; financial services; money deposit bank

1. Introduction

The current trend in the financial sector is to ensure "financial inclusion" as well as checkmate the negative ethical behaviour of the operators in the industry. The situation is particularly of concern when one consider the fact that the existing conventional banks like commercial and merchant banks (money deposit banks) have proven to be grossly inadequate for bankable citizen of the country whose population is estimated to be about 120 million people. Their unethical tendencies equally deserve attention. With the Nigeria's present twenty-four banks and average of five branches for every 100,000 bankable individual, these bank branches are grossly inadequate to serve the population thereby allowing for unethical bahaviours to be committed. This has excluded a large proportion of bankable groups in Nigeria at the mercy of the few money deposit banks (MDBs).

Microfinance activity has existed as an ancient financial intermediation practice in Nigeria and it is culturally rooted dating back to several centuries to support merchandising (Nwanyanwu, 2011). The microfinance arrangement started as an informal activity in the rural area and done through Self-Help Groups (SHGs) or Rotating Savings and Credit Associations (ROSCAs). The savings collectors and co-operative societies are forms of traditional financial intermediation institutions prevalent in the rural areas. The traditional microfinance institutions provide access to credit for the rural and urban, low-income earners. However, the informal financial institutions generally have limited outreach primarily to paucity of loanable funds.

Microfinance provides financial services to excluded banking groups who are not served by the conventional money deposit banks (MDBs). According to CBN (2005), microfinance institutions are characterized by: lack of asset-based collateral; small sizes of loans advanced and/or savings collected and relatively simplicity of operations. No doubt microfinance is targeted at the less priviledge and vulnerable member of the society. To address the failure of the existing microfinance institutions, microfinance banks (MFBs) were established to finance the needs of the poor and low income groups. The weak capital base of existing community banks as well as lack of institutional capacity, existence of huge unserved market are potent reasons for the upgrade and conversion of the Community Banks (CBs) to MFBs

The CBN initiatives to convert CBs to MFBs in Nigeria help to bring the microfinance activities in to the supervisory purview of the CBN (unlike the Community Banks that were supervised by the National Board for Community Banks), to enhance monetary stability, expand the financial infrastructure of the country to meet the financial requirements of the Micro, Small and Medium Enterprises (MSMEs). The policy is also expected to help create a vibrant microfinance sub-sector that could be adequately integrated into the mainstream of the national financial system as well as providing the stimulus for growth and development.

Again, to ensure that these MFBs operate in conformity with the global standards, Nigeria MFBs must imbibe business ethics. How then can ethical behaviours be instituted into the Nigerian microfinance financial system. This study therefore seek to examine the impact of business ethics on the performance of selected Microfinance Banks in Ilorin metropolis.

To achieve the above objective therefore, the pertinent question ask which set out in the form hypothesis is to say that there are no relationship between the ethical behaviours of banks executives and the performance of microfinance banks in Ilorin metropolis.

2. Literature Review

Past studies have attempted to look at causes of unethical behaviours in the banks. In all of these studies, environment was adjudged as critical causative factor. Organizations whether small or large depend on the environment they operate in order to survive. The continued existence of any cautious enterprise lies on the stakeholders in and around the enterprise. Primarily, there are two kinds of environment. The first are the controllable one which is often referred to as the internal environment while the uncontrollable is often referred to as the external environment. The ability to influence both the internal as well as the external environment determines the level of efficiency and effectiveness achieved.

3. Conceptual Framework

The terms ethic is derived from the Greek word **ethos** which means “character”. Scholars like Ogbo, Okechukwu and Ukpere (2013) are of the opinion that ethics is now believed to be the benchmark for choosing to “do the right thing” in business practices. It has continued to be labeled as important factor for any business that may want to survive in the current global market. Towards this end, ethics has been integrated as a major corporate strategy in achieving organizational competitiveness and long term growth. In a general approach, ethics can be referred to as the study of morality, which examines the significance and objectives and establishes moral norms and evaluation. It is a study of moral obligation involving the

distinction between right and wrong. Closely related is the concept of business ethics which defines right or wrong in the workplace – value management.

Ethics can also be referred as well-founded standards of right and wrong that prescribes what human ought to do, usually in terms of rights, obligations, benefits to society, fairness, or specific virtues (Adeyanju, 2014). This align with Aron (2005), who was of the opinion that ethics is a continuous efforts of studying our moral beliefs, our moral conduct and striving to ensure that we, and the institution we help to shape, live up to standards that are reasonable and solidly-based.

4. Component of Business Ethics

Business ethics is an amalgamation of the principles that guides the actions of management with respect to their stakeholders. This stakeholders include the shareholders, employees, creditors, host communities as well as the society at large. As such, Vieira (2013) further categorized business ethics into ethical index, community index, environmental index as well as diversity index.

Environmental index deals with the corporate outlook or position towards limiting the environmental footprint of the business in the society. This may involve active involvement the research, or promotion and usage of renewable energy, product recycling, green foods and reduction of emission into the society. While some of this may be legally required and non-compliance often met with sanctions, regulations are really enough to stem the adverse level of the environmental footprint o most business. Thus, companies that engage in, and publishes environmental and sustainaibility report are more often than not likely to get business from eco-friendly businesses.

The community index relates to how the presence of the business is felt in the host communities. This usually may involve developmental projects in the communities, sensitsation and trainings, recruitment of qualified individulas from the community as well as partnership and sponsorship of projects in the community. When the presence of the business in the community is high, there is the likelihood that most organisation in the community will be willing to transact with the business thus increasing revenue and market share.

The diversity index deals with the ethical stance of the business on equal opportunity employment. It examines whether the business employs, promote and remunerate its staff without recourse to gender, religion or cultural affiliations. While this may not have direct impact on its financial performance, it impact on its non financial indices such as staff turnover. Furthermore, ethical organisations may chose not to trade with businesses with history of discrimination.

The ethical index involves the organization culture and moral codes towards such issue as fraud, bribery, conflicts of interest, creative accounting among others. It symbolizes the moral culture of the organisations, how it adheres to its code of conduct and communicates same to its employee. This is usually codified in its code of conduct and may also includes it policy on whistleblowing and protection of whistleblowers, use of and trading with organization using child or forced labours among others. Unethical organization run the risk of suffering reputational damages, as well as legal damages where applicable. This may result in loss of market share, profitability and in extreme circumtsances, outright liquidation.

5. Code of Conduct in Nigeria Banks

The Chartered Institute of Banking in Nigeria in conjunction with the Central Bank of Nigeria laid down a ground breaking “Code of Conduct in the Nigerian Banking Industry” (the Code) which also accommodate microfinance banks. The Code was documented in a publication 2014 to set standards for ethical and professional behaviour in the Nigerian banking industry. The code expect adherence by all cadre of staff and operators in the sector without exception.

According to Okwoli, Abubakar and Abubakar (2013), microfinance banks are now well regulated activity, one due to the fact that its activities revolve around the issue money-Its

availability, its real term value and the quantity of its supply to the individual as well as corporate entities. Banking in contemporary Nigeria has become very complex with all the attendant problems of a depressed economy, the negative exchange rate, the severe competition for an inelastic and over cautious clientele, the increasing volume of problem loans, the astronomically rising cost of funds and interest rates, the lack of product differentiation and a largely disoriented work force. All these dictate that these retail bankers must be dedicated, honest, and vigilant and be prepared to make sacrifices that will make their banks grow.

6. Theoretical Review

In any decision making activities, there are usually conflicts between good and bad or decide against unethical or non-righteous acts (Badi & Badi, 2015). It is pertinent to mention that there are two connected issues relating to the idea of a theory of ethics in business. According to Paul & Nina (2010), the first is the fact that ethical ideas are veritable tools for decision making or as a way to depict, explain or reflect the decision we make independently of theory. The other issue is the question of what exactly a theory of ethics tells us about right and wrong.

Paul & Nina (2010) posited that one can distinguish a range of different elements in an ethical decision or choice by: the personality features that prompt an individual to make a certain choice**;** the nature of the rationale or motive for the choice; the outcome that result from the choice; the situation of those attached by the choice. Each of these facts has created a focus of emphasis of ethical theories which could be classified as:

Virtue ethics whose emphasize is the attempt to understand the rightness or wrongness of an individual action is misplaced, and that it makes more sense to look at the idea of a good life, considered overall, that is, by looking at specific features of their personality which is what leads them to live the good life (Paul & Nina, 2010). Based on this, the theory identified some character trait like honesty, integrity, kindness, fairness and prudence. The flaw of this theory was that there is no consensus among theorists regarding what a good virtue is all about.

The utilization ethics is premised on the fact that actions that are judged as right, good or wrong on the basis of the consequences. The theory is based on the principles: a decision is morally right if it produces greatest good for the greatest number involved; a decision is morally right if the net benefit after considering the cost helps the greatest compared to other choices; a decision is morally right if the indirect and direct future benefits of such decision are greatest for each individual and if the benefits are exceeding compared to other alternatives. A shortfall of this theory lies in its failure to adequately explain what counts as basic value against which all actions are to be evaluated. (Paul & Nina, 2010).

The deontological theory which was which developed by Kant to mean that ethical systems are better measured by the rules rather than the end results. Kant stressed that importance of the basic rules or principles govern the decisions (Badi & Badi, 2012). Kant proposed that an act is considered morally right when people act from the stand point of duty. To Kant, motives rather than the consequence of an action make them right or wrong.

Kant therefore argued that to act in the morally right way, one must act purely from duty begins with an argument that the highest good must be both good in itself and good without qualification To Kant, an act is only good when it is intrinsically good and "good without qualification" and "good without qualification"

The Agency theory basically distinguishes between the providers of corporate funds and an agent entrusted to manage the affair of the firm. According to Jensen and Meckling as cited in Ekere (2016) and Lanis et al (2011) agency is a contract under which one or more persons (the principals) engage another person (the agent) to perform some services on their behalf which involves the delegation and concentration of control on the board of directors (agent). In an agency relationship, the owners (shareholders)) of the business are the principals and the

managers are the agents and the welfare of the principal is affected by the choices of the agent.

The leeway to agency problems is to control them more through closer monitoring, stronger incentive system and bonds, or to integrate vertically with suppliers or customers

In contrast, shareholder theory is premised on the motive of business organization (profit maximization). It simply means that anyone that owns a piece of the company is a shareholder. The main motive behind the mind of the shareholder is to maximize profit (Nilson & Westerberg, 1997; Ikpefan & Ayeni, (2012). A major defect about this theory is that it does not look at the environment where the business operates holistically. It neglects major stakeholders such as the customers, the employees as well as the government.

The stakeholder theory regard an individual or group who can affect or who can be affected by the actions, decisions, policies and practices or goals of an organization as stakeholder and important to the business of the entity. The cornerstone of the stakeholder theory is the decisions by the management of the company from time to time, strategies adopted for implementation of these decisions for meeting the requirements of the maximum number of stakeholders regarding their monitory and non-monitory considerations by ethical means over the years, the stakeholders have adopted different strategies.

The role of the executives and that of the directors of the MFBs as business drivers in the area of helping to provide the interpersonal, decisional and informational supports for the business makes the agency and deontological theories more appropriate for this work as opined by Mintzberg (Muma, Smith & Somers, 2006). This study would therefore be anchored on these two theories.

7. Empirical Review

Ikpefan and Ayeni (2012), carried out a study on the impact of ethics and professionalism in the Nigerian Banking Industry. The study revealed that many Nigerian Banks and Bankers are aware of the Code of Ethics and Professionalism in the Nigerian Banking industry. The study concluded that many banks are distressed due to unethical practices.

Khaoula and Ayed (2013) examined the effect of board of directors on corporate tax planning of selected companies listed on the Tunisian Stock Exchange Market from 2000 to 2007 and concluded that adhering to corporate governance rules is a sure way of protecting banks against unethical practices. Ekene (2016) on his part examined the effect of Board of directors characteristics on corporate tax aggressiveness of quoted financial service companies in Nigeria. The study concluded that there exists a significant relationship between board characteristics and tax aggressiveness of quoted financial service companies in Nigeria.

Ayozie (2013) observed that banking sector commands the height and most critical of the Nigerian economy. This no doubt raises the interest in the ethical challenges facing this segment (microfinance) of the Nigerian banking sector. These unethical practices are reflected in various forms and levels in the banks.

Enofe, Ekpulu, Onobun & Onyeokweni (2015) examined ethical challenges facing banks and how this has been of influence to their performance. They observed cases of gross dissatisfaction among customers in service delivery. The study noted that beyond this poor service quality most banks failed woefully to offer statisfactory explanation or remedy to these customers who have been short-changed. Enofo et al. (2015) therefore recommended that the CBN should imposed heavy sanctions against erring CEOs. of these banks to deter rising tide in unethical practices. For cases in MFBs this position may also be very approporiate.

Adeyanju (2014) in a study investigated causes of bank failure emphasized on the need to enforce compliance banks with the codes of ethics and professionalism. The study found out that bank failure resulted from a combination of ethical breaches (mostly insider dealings), microeconomic instability, deficiency in bank regulations and supervision. The study prescribed strict legal enforcement and sanctions

to ensure mandatory adherence ethical and professional practices in the banks. This study however did not take to account of the role of bank staff other than those at director or executive level.

The Central Bank of Nigeria (2006) in a study conducted by its research team highlighted the depth of involvement of staff and other stakeholders in infractions in banks which culminated in distress or outright failure of some of the Nigerian banks and indeed a large number of microfinance banks in the country.

On the whole, findings various studies conducted indicated that unethical breaches is very prevalent in our banking industry and has been major source of distress and instability. Studies also suggested that efforts should be made to inculcalce more ethical conduct in banks' activities. The studies also suggested that sanctions be imposed on erring executives as appropriate.

8. Ethical Issues In The Nigerian Banking Sector

The Nigerian Deposit Iinsurance Corporation (2014) report identified some of the followings as the common types of unethical practices; suppression of cash/cheques; diversion of fund; opening and operating fictitious accounts; outsider/insider fraud; management fraud; forgeries of customers signatures

A major feature of modern bank (which is also applicable to microfinance banks) is the separation of ownership (financiers) from, the management (agents). Unethical agents use cosmetic management by hiding their losses to buy time and remain in business thereby searching for a way out. This is as posited by NDIC among may include: making less provisions than required through "ever greening" of risk assets; recognizing uncollectible interest as income even when more tax is going to be paid; postponement of accrual of expenditure; dipping into distributed profits or general assets; putting up luxury and boutique premises to give an impression of "doing well"; introduction of exceptional items into profit and loss.

Evidence from practice in most of the banks which also include MFBs (and particularly from world class organisations) revealed that decision making in business environment is heavily influenced by the ethical traits of the executive (Elegido, 1996). These ethical traits also serve as the criteria with which the public see and judge the executives. To this effect, for business of microfinance banking, the public perceptions of the executives is indeed the basis for building trust for the company. Agaist this background, the common ethical traits would include the following: integrity; trust; emphathy; responsive; entrepreneurial; innovative; obeidence; honesty and keeping promises.

The study proposed that an MFB that institute business ethic in the mode of encouraging integrity, responsiveness and empathy, building trust as well as keeping promises to its stakeholders is most likely to elicit customers' loyalty and trust. These character traits would also help to attract trust from the staff and build their commitment. All of these would no doubt ensure business growth for the microfinance bank concermed.

9. Methodology

The design survey method was used for this study since the questions aimed at examining the view of respondents as it relates to innate ethical values. The population of the study comprise of top executive staff of the fifteen (15) microfinance banks in Ilorin. For the purpose of this study however, two microfinance banks were selected from Ilorin East, West and South which constitute the metropolis. The choice of these two MFBs is by convienence sampling. Each of the chosen MFBs are selected because of their location within Ilorin metropolis.

Table 1: **Selected Microfinance Banks in Ilorin Metropolis, Kwara State, Nigeria**

Ilorin South	Ilorin East	Ilorin West
Balogun Fulani MFB	Balogun-Gambari MFB	APEKS MFB
Bluecon MFB	Kwacofocus MFB	KCMB MFB

Source: Authors'Survey (2017)

Structured lickert scaled questionaires were administered to all the sixty-two top executive and sixty-seven directors of the selected banks due to the relatively low population size. A total of one hundred and twenty-nine (129) copies of the questionairres were administered while one hundred aand twenty-one {121} were returned. Of this, a total of one hundred and ten (110) were properly completed and found useful for the study.

9.1 Questionnaire Design

The questionnaire utilised had three (3) sections. The first part contains demographic questions including age, sex, rank, job tenure as well as whether or not the respondent has supervisory roles. The second part is an eighteen (18) questions four level ethical index scale adapted from the works of Vieira(2013). This was the ethical index, diversity index, environmental index as well as community index. The third part measures the level of business performance using financial and non-financial indicators.The questionnaire adopted five-point likert scale system consisting of the following responses: Strongly agree (5points); Agree (4points); Indifferent (3points); Disagree (2points) and Strongly Disagree (1point).

The highest and least scores possible were analysed below. The maximum point and least point indicates the highest point and lowest point possible for each scale. The range is the difference between the maximum and the least point while the mid way is half of the range. The cut off was set as the difference between the maximum point and the mid-way point. Thus, scales above the cut off indicates agreement with the lickert scale.

Table 2: Table Showing the distribution of questionaires

Scale	No of Questions Questions Questions	Maximum point possible	Least point possible	Range	Mid-way point	Cut-off point
Financial Performance	5	25	5	20	10	15
Non-Financial Performance	5	25	5	20	10	15
Community Index	5	25	5	20	10	15
Diversity Index	7	35	7	28	14	21
Environmental Index	5	25	5	20	10	15
Ethical index	9	45	9	36	18	27

***Source**: Authors' Survey (2017)*

9.2 The Study Model

The model was adapted from the works of Vieira(2013). It measures the effect of the four ethical index scale on financial and non-financial performance of the banks.

The study employed a multiple regression model which was derived as follows:

Performance= f(Business Ethics)

P= f(BE)…… (1)

BE= (CI, DI, EI, EthI)……..(2)

P=(FP,NFP)……(3)

Substituting (2) into (1)

$P= \alpha+\beta_1 CI+ \beta_2 DI+ \beta_3 EI +\beta_4 EthI + e$ ..... (4)

Substituting for the independent variable components

$FP= \alpha+\beta_1 CI+ \beta_2 DI+ \beta_3 EI +\beta_4 EthI + e$..... (5)

$NFP = \alpha + \beta_1 CI + \beta_2 DI + \beta_3 EI + \beta_4 EthI + e$..... (6)
A priori expectation with respect to equation 5 and 6 is stated below:
$\beta_1 > 0$, $\beta_2 > 0$, $\beta_3 > 0$, and $\beta_4 > 0$.

Where:
FP = Financial Performance
NFP = Non-Financial Performance
CI = Community Index
DI = Diversity Index
EI = Environmental Index
EI = Ethical Index
α = Constant tem
e = error term
β_1, β_2, β_3, β_4 = Coefficients of Community Index, Diversity Index, Environmental Index and Ethical Index respectively.

10. Discussion of Result and Findings

The result showed that the respondents were majorly males which represent about 66% (156 respondents), while the rest were females. The age distribution as a function of sex is given below:

Table 3: Demographic Data

Gender	31-40yrs	41-50yrs	51-60yrs	Total
Male	11 (13%)	43 (52%)	29 (35%)	83 (100%)
Female	4(15%)	18 (67%)	5 (18%)	27 (100%)
Total	15(14%)	61 (55%)	34 (31%)	110 (100%)

Source: *Field Survey, (2017)*

The result further shows that all of the respondents were above 30years of age.This was expected as it will require significant experience before attaining senior level for management positions targeted in this study. Furthermore, all the respondents have at least a first degree or Higher National Diploma with almost all the executives having professional certification and higher degrees. All the respondent were either married or widowed.

Table 4: Correlation Analysis

Variables	Financial Performance(r)	Non-Financial Performance(r)
Community Index	0.96*	0.92*
Diversity Index	0.94*	0.90*
Environmental Index	0.92*	0.88*
Ethical Index	0.98*	0.93*

* denotes significance at 99%

Source: *Authors' Computation, (2017)*

The result shows that there is a strong positive correlation betwe;en the ethical indices and business performance. While the correlation was slightly stronger with financial performance, all the r-statistics were significant at a confidence level of 99%

Hypothesis 1

Ho_1: There is no relationship between the ethical behaviours of executives on microfinance banks on performance.

Table 5: Regression Analysis

Variables	β	T	p-value
Community Index	0.550	11.636	<0.001
Diversity Index	0.180	3.993	<0.001
Environmental Index	-0.528	-11.475	<0.001
Ethical Index	0.814	15.361	<0.001
Constant	0.081	-0.861	0.391

Dependent Variable: Financial Performance
Source: Authors' Computation 2017

The regression analysis shows that except for the environmental index, all the other indices had significant positive impact on the financial performance of the banks. The community index did not conform with the a priori expectation as it was negatively cosigned with financial performance of the banks. However, the ethical index had beta-coeeficient of 0.814 while community index and diversity index had 0.55 and 0.180. all the statistics were significant at 95% confidence level. The null hypothesis was thus rejected and it was concluded that business ethics have significant positive imoact on financial performance

Hypothesis 2

Ho_2: Business ethics of management of microfinance banks has no significant impact on performance.

Table 6: **Regression Analysis**

Variables	B	T	p-value
Community Index	0.658	6.096	<0.001
Diversity Index	0.208	2.026	0.045
Environmental Index	-0.598	-5.688	<0.001
Ethical Index	0.586	4.846	<0.001
Constant	0.69	3.226	0.002

Dependent Variable: Non-Financial Performance
Source: Authors' Computation 2017

The regression analysis shows that except for the environmental index once again, all the other indices had significant positive impact on the non-financial performance of the banks. The community index did not conform with the a priori expectation as it was negatively cosigned with non-financial performance of the business. However, the other indice had significant positive impact at 95% confidence level. The null hypothesis was thus rejected and it was concluded that business ethics have significant positive impact on non-financial performance of the banks.

11. Conclusion and Recommendations

Result from analysis of the data collected showed that business ethics significantly influences both financial and non financial performance of MFBs. The level of contributions to the community development (community index) as well as the diversity of the banks toward equal opportunity employment had significant impact on business performance. This is probably due to the fact that diversity increases the idea base of firms and reduces staff turnover which thus enables the banks to retain their experienced hands and continuous patronage from the community.

The ethical index also showed significant positive influence on the performance of the banks. The results obtained were in agreement

with those of Tribo et al(2005), Vieira(2013), Kenneth and Chukwuma(2015) who all found evidence linking business ethics and business performance.

However, the environmental index shows a negative impact on profitability. This may probably be adduced to the fact that most of the banks do not go above the legally required level of CSR and further see such charges as unavoidable reductions to profitability. Furthermore, most of the banks do not have active programs to reduce their environmental footprint as this is further deemed as going against the shareholders' wealth maximization objective. This stance is in abeyance of the stakeholders theory which posit that businesses should put into consideration all stakeholders (both narrow and wide) and not only shareholders when formulating business strategy.

The result obtained indicates that where management adhere to ethical policies as formulated by the board and encourage other staffs to do same through communication and examples, there will be an increase in the level of performance.

Based on the findings, the study concluded that the employment of ethical management practices in microfinance Banking would enhance the overall corporate performance. The study thus recommended that management formulate ethical policies that will be geared towards satisfying the interest of all stakeholders and adhere to the policies in order to provide examples for the lower cadres. Microfinance banks should also strive to ensure that their host communities positively feel their impact as this will in turn endear them to the communities and increase their market share and ultimately profitability.

Management of microfinance banks can do this by identifying and documenting its ethical policies to enable staff have an understanding and conduct themselves to best practices; the policies must make provisions for rewards and sanctions. High moral practices should be encouraged as it would lead to ethical behaviours and practices.

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