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Developing a Microfinance Practices Framework to Address Barriers: An Analysis of Effective Implementation Among Credit Committee Personnel in Selected Cooperatives in Cavite

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Abstract

This dissertation explores the barriers to implementing microfinance practices among cooperatives in Cavite, Philippines, with focus on credit committees. While cooperatives play a vital role in financial inclusion and local economic growth, challenges such as limited funding, weak governance, and outdated financial practices hinder their effectiveness. Employing quantitative research method, with descriptive correlation data analysis approach, the study gathered data from 400 credit committee personnel. The study finds that reliance on member contributions, governance deficiencies, and inadequate financial technology adoption limit operational efficiency and competitiveness. To address these issues, the study proposes a seven-component framework emphasizing governance reforms, capacity building, financial technology integration, product diversification, funding expansion, financial literacy, and robust evaluation systems. Aligned with national financial inclusion goals and the Sustainable Development Goals (SDG), these recommendations aim to strengthen cooperatives, enhance financial stability, and promote sustainable economic development.

Keywords: microfinance practices framework, credit committee personnel, cooperatives, financial technology adoption, operational efficiency

INTRODUCTION

Microfinance has become a critical tool for financial inclusion, economic growth, and poverty reduction, initially offering credit to underserved populations and evolving to include savings, insurance, and remittances. Institutions like Grameen Bank have pioneered microcredit for low-income individuals, and in developing regions like Asia, Latin America, and Africa, microfinance has expanded to support entrepreneurship (Cai et al., 2023). In the Philippines, microfinance has significantly contributed to the economic stability of small-scale entrepreneurs and low-income households (Janiczak-Serafico, 2020). By 2022, over 6,000 institutions operated nationwide, with nearly half being cooperatives, which had a strong community-based structure and trust from members often considered "nonbankable" (Annan et al., 2024). Despite this growth, cooperatives face challenges such as inadequate funding, weak governance, and limited expertise in risk assessment and loan management, which hinder their ability to scale operations effectively (CDA, 2022).

While much research has focused on microfinance's role in poverty alleviation and financial inclusion, few studies address the operational challenges faced by credit committees in cooperatives, particularly regarding loan processing, risk assessment, and repayment collection (Brau & Woller, 2020; Dichter & Harper, 2020). This study aims to fill that gap by examining the challenges in Cavite cooperatives, focusing on governance, transparency, and decision-making issues. Cooperatives use different governance structures, with credit committees crucial for loan approvals and financial oversight, but internal challenges like capital constraints and inadequate risk management practices limit their effectiveness (Armendáriz & Morduch,

2020). This research seeks to explore whether these governance and capital issues affect microfinance practices in Cavite cooperatives, offering insights to enhance cooperative efficiency and contribute to financial inclusion, poverty reduction, and economic development in the Philippines.

LITERATURES

Impact of Demographic Profiles on Microfinance Practices. Older personnel bring valuable experience in financial systems and risk management, enhancing decision-making within credit committees and improving microfinance efficiency (Morduch, 2020). Women's participation leads to higher repayment rates and stronger community benefits, as they typically use loans productively, enhancing financial stability (Kabeer, 2021). Educated members possess greater financial literacy and strategic planning skills, improving microfinance performance (Ledgerwood, 2021). Chairpersons and secretaries play key roles in operational efficiency and transparency (Armendáriz and Morduch, 2020), while the cooperative type influences microfinance strategies, with agricultural cooperatives needing specialized products and credit cooperatives focusing on loan management (Brau & Woller, 2020). Smaller cooperatives face resource constraints, and larger ones struggle with coordination, but tailored interventions can address these challenges (Brau and Woller, 2020). Additionally, frequent credit committee meetings improve decision-making and operational effectiveness, fostering timely financial adjustments (Dichter and Harper, 2020).

On Microfinancing. Microfinance, particularly through Grameen Bank (GB) in Bangladesh, has been recognized as a tool to alleviate poverty, especially for marginalized populations. While studies on its impact have been mixed, qualitative analyses, like the Modified Household Economic Portfolio Model (M-HEPM), show that microfinance improves borrowers' financial activity and economic progress (Aslam et al., 2020). Grameen Bank's modern recognition, starting in the 1970s with Muhammad Yunus, has significantly empowered women, who constitute the majority of borrowers, boosting their self-confidence and economic independence (Del Sarto et al., 2023; Rahman, 2021). Group-based credit programs, such as those from Grameen Bank, have particularly benefited women by increasing their decision-making power and independence (Pitt and Khandker, 2021). The "joint liability" model, where borrowers act as guarantors for each other, ensures high repayment rates and financial discipline, fostering community relationships and reducing risks while promoting savings (Helms, 2020). Such innovations, combined with policies supporting financial inclusion and gender-focused microfinance, ensure the sustainability and effectiveness of microfinance programs.

Challenges in Implementation of Microfinance Practices of Credit Committee Among Cooperatives. Microfinance implementation through cooperatives faces significant challenges, particularly concerning governance and financial constraints. Sarker and Zaman (2021) identify governance issues such as lack of board independence, regulatory compliance, transparency, and weak risk management practices, which impact microfinance institutions' (MFIs) performance in terms of outreach, sustainability, profitability, and social impact. Limited access to capital, often due to reliance on member contributions and difficulty securing external funding, further hampers cooperatives' ability to expand their programs and serve more borrowers. Additionally, weak governance, including political interference and lack of accountability, leads to unfair loan distribution and erodes trust within the cooperative. These challenges are compounded by limited access to training programs, particularly in rural areas, which makes it difficult for staff to improve their skills and knowledge (Raju, 2023). Addressing these issues is essential for enhancing the effectiveness and sustainability of microfinance cooperatives.

Limited Access to Capital. Microfinance within cooperatives offers significant potential for

financial inclusion and poverty alleviation, but its effectiveness is limited by inadequate access to capital. Cooperatives often rely heavily on member contributions, which are insufficient to meet growing demand for microloans, as highlighted by Dupas and Robinson (2021), who emphasize the barriers to financial inclusion in Kenya. Limited access to external funding, coupled with the challenges of securing adequate capital for small businesses, compounds this issue (Baylosis & Dizon, 2021). Furthermore, the internal financial constraints of cooperatives, such as reliance on share capital and accumulated profits, hinder their ability to expand and effectively serve borrowers. The increased regulatory requirements and a lack of policy interventions, including financial literacy programs and credit guarantee schemes, also limit the ability of cooperatives to compete with other financial institutions (Baylosis & Dizon, 2021). Additionally, micro and small-sized cooperatives face even greater challenges due to poor management, limited financial and managerial resources, and high external influence, which increase operating costs and reduce their competitiveness (Jumawan, 2022). Addressing these issues is essential for the long-term success and sustainability of cooperatives.

Weak Governance and Transparency. The effectiveness of microfinance in cooperatives is often undermined by poor governance and transparency, with political interference within credit committees being a significant concern. Villanueva and Alip (2021) highlight that such interference can lead to unfair loan distribution based on personal or political affiliations, eroding trust and hindering the program's impact. Additionally, a lack of transparency within credit committees fosters suspicion and can create opportunities for corruption and mismanagement, diverting resources away from those in need (Labayen & Layugan, 2021). Mismanagement, inadequate leadership, and failure to adhere to governance guidelines exacerbate these issues, with the appointment of individuals based on popularity rather than experience further weakening the governance structure (Labayen & Layugan, 2021). Jumawan (2022) emphasizes the role of internal leadership in shaping cooperative policies and operations, noting that poor leadership and a lack of accountability lead to mismanagement and operational inefficiencies. Overall, weak governance and transparency within cooperatives, including issues such as bias, embezzlement, and conflicts of interest, critically hinder their performance and sustainability (Nay-ud, 2022).

Lack of Expertise. Another key challenge faced by cooperatives is the lack of teamwork skills among individuals, which can be improved by collaborative efforts within the cooperative structure, enhancing skills in areas such as production, marketing, and trading (Cancelik et al., 2020). Additionally, cooperatives have long struggled with a shortage of trained personnel, stemming from the lack of institutions focused on cooperative sector training and the underperformance of many cooperatives, discouraging capable individuals from joining (Cooperative Development Authority, 2020). Internal operational issues, such as poor management, limited expertise in business strategy, and inadequate documentation, further hinder cooperative success. In Cavite, for example, many cooperative officers and staff lack the technical, economic, and professional skills necessary to implement effective strategies (Jumawan, 2022). To address these challenges, the CDA offers management and training programs designed to build entrepreneurial, managerial, and technical capabilities, ensuring cooperatives' viability and growth, especially in economically disadvantaged sectors.

On Microfinance Practices of Credit Committee among Cooperatives. Credit committees are central to the success of microfinance within cooperatives, overseeing loan products, application processes, and repayment structures. Gonzalez and Minguez-Vera (2021) highlight that cooperatives offer diverse loan options, from small business financing to microloans, tailored to members' economic activities. Effective governance, regulatory compliance, and risk management are critical in ensuring institutional performance. A fair and

transparent approval process, incorporating group guarantees and peer monitoring, helps mitigate risk. Once approved, loans are disbursed efficiently, and repayment schedules are structured based on financial capability. Credit committees provide support to ensure successful repayment, reinforcing responsible lending and financial sustainability.

On Loan products and services. The provision of efficient financial products and services is essential for strengthening the cooperative sector, improving access to financial services, and ensuring profitability and sustainability. Financial cooperatives offer affordable credit with capped interest rates, and loan products vary to meet local needs, such as income generation, education, and emergencies (MJ Segovia-Vargas, 2023). Group lending builds social capital and peer monitoring, leading to higher repayment rates, while individual lending provides more borrower autonomy (Attanasio et al., 2020). Additionally, some cooperatives offer non-financial services like financial literacy and business development support. In Iloilo, Microfinance Institutions (MFIs) offer health, education, and micro-insurance services, partnered with providers like MicroEnsure Philippines and AA Insurance Agency Comp to mitigate credit default risks. Stiglitz and Weiss (2021) emphasize the importance of credit scoring mechanisms in addressing challenges like adverse selection and moral hazard, ensuring better loan accessibility and financial inclusion.

On Loan application and approval process. The loan application and approval process is crucial for responsible lending and maximizing microfinance impact. Digitalization has enhanced efficiency and accessibility for both borrowers and lenders, streamlining evaluations of financial status, business plans, and social networks while ensuring transparency (Calvão & Ongena, 2020). Behavioral factors, such as cognitive biases and emotional influences, also affect decision-making in loan processing (Bhattacharya & Manchanda, 2020). Loan applications must meet regulatory requirements, including completed forms and interviews, with specific conditions for new members and those with delinquency records (Foos et al., 2020). Effective credit risk management strategies, like those used in Nueva Eija, contribute to high client satisfaction and financial inclusion, underscoring the importance of the application process in microfinance success (Vicencio, 2022).

On Loan disbursement and repayment. The study by Banerjee et al. (2020) underscores the importance of loan repayment in maintaining the sustainability of savings and credit cooperatives, emphasizing effective repayment strategies such as flexibility and borrower engagement to reduce liquidity risks. The study highlights the role of financial literacy in improving repayment behavior, as borrowers are more motivated to repay to protect pledged assets. It also points to the dangers of multiple borrowing and over-indebtedness, which can undermine repayment efforts, stressing the need for better credit management and financial education. Similarly, Jumawan (2022) identifies liquidity issues exacerbated by loan delinquency, noting that effective credit management practices, including monitoring and intervention, are essential for ensuring timely loan payments and the continued operation of microfinance cooperatives.

METHODS

Population and Sampling. The study focused on 80 out of 111 registered microfinance cooperatives in Cavite, selected based on specific criteria: registration with the Cooperative Development Authority, provision of loan services, a minimum of 5 credit committee members, and operation within the designated area under R.A 9520, Article 11. A purposive, nonrandom sampling method was employed to select 400 respondents, with five participants from each cooperative. The sample included members (25%), secretaries and chairpersons (20% each), treasurers (15%), and others (20%), ensuring a diverse representation of roles within the cooperatives. This approach ensured the sample was both relevant and reflective of the cooperative sector, enhancing the reliability and validity of the study's findings.

Instrumentation. The study utilized primary data collected through a survey questionnaire with

100 items, divided into three sections: Demographic Profile, Barriers to Effective Implementation of Microfinance Practices, and Microfinance Practices among credit committee personnel. The first section gathered information on respondents' background, including age, sex, experience, education, position, cooperative type and size, income, and training programs attended. The second and third sections, measuring barriers and microfinance practices, used a four-point Likert scale to assess the extent to which various factors affect microfinance implementation and effectiveness. Validity of the questionnaire was ensured through expert reviews by content, language, and finance research specialists, while reliability was assessed using test-retest procedures and Cronbach's alpha for internal consistency. This process ensured that the instrument was both valid and reliable for the study.

Data Gathering Procedure. The study's data collection process involved several steps to ensure high-quality responses and address non-responses. The researcher obtained permission from cooperative managers and designed the survey in consultation with the dissertation adviser, ensuring clarity through pre-testing. Questionnaires were distributed via direct delivery or mail, with personal visits to encourage participation. An informed consent form was included for voluntary participation and confidentiality. Follow-up strategies such as phone calls, emails, and visits were used to increase response rates, with non-responses replaced by alternative respondents from the same cooperative to maintain sample representativeness. The researcher monitored questionnaire completion and ensured confidentiality, securely storing anonymized data for analysis.

Data Analysis. The study utilized various statistical tools to analyze relationships between variables. Frequency and percentage calculations were used to summarize demographic profiles, while the arithmetic and weighted mean assessed microfinance practices and the relative importance of factors like governance and capital access. The t-test compared the means of two independent groups, such as cooperatives of different sizes, to determine significant differences in practices. One-way ANOVA compared multiple groups to identify variations in microfinance practices across categories like income level and governance structure. Pearson's r was employed to evaluate the strength and direction of the linear relationship between continuous variables, such as capital access and microfinance effectiveness. Finally, regression analysis modeled the influence of independent variables like governance or capital access on microfinance practices, helping to predict their impact on effectiveness. These methods collectively enabled a thorough analysis of the factors affecting microfinance practices in cooperatives.

RESULTS

Table 1

Frequency and Percentage Distribution of Credit Committee Personnel Respondents in Terms of Age

Age	Frequency	Percent	Rank
21 – 25 years old	12	3.0	4
26 – 30 years old	20	5.0	3
31 – 35 years old	116	29.0	2
36 – 40 years old	136	34.0	1
41 years old and above	116	29.0	2
Total	400	100.0	

Table 1 shows that majority of credit committee personnel respondents were aged 36-40 (34.0%), followed by 31-35 years old and 41 years and above, each comprising 29%, while 5% were 26-30 years old and 3% were 21-25 years old. The higher proportion of respondents in the 36-40 age group suggests an aging committee with experienced members, which is likely to have established professional skills and a better understanding of financial products and risks. This aligns with research indicating that age enhances financial institutions' decision-making capabilities (Huang et al., 2020).

Table 2 reveals that 55.0% of the credit committee personnel are female, while 45% are male, indicating a gender balance in decision-making roles. Gender diversity in these roles can lead to improved organizational presentation and decision-making.

Table 2
Frequency and Percentage Distribution of the Credit Committee Personnel in Terms of Sex

Sex	Frequency	Percentage	Rank
Male	180	45.0	2
Female	220	55.0	1
Total	400	100.0	

Studies suggest that diverse teams often produce more innovative outcomes, which could positively impact the committee's financial practices by incorporating a broader range of perspectives. Additionally, gender diversity in decision-making has been linked to enhanced performance and risk management (Nielsen and Huse, 2020), and it can also improve community relations by fostering trust among individuals who feel represented and involved in cooperative governance (Post et al., 2021; García et al., 2022).

Table 3
Frequency and Percentage Distribution of the Credit Committee Personnel Respondents in Terms of Number of Years of Experience

Number of Years of Experience	Frequency	Percentage	Rank
Less than a year	0	0.0	-
1 – 10 years	64	16.0	2
More than 10 years	336	84.0	1
Total	400	100.0	

Table 3 shows that 84.0% of the credit committee personnel have more than 10 years of experience, while 16.0% have between 1 and 10 years of experience, with none having less than a year of experience. This significant level of experience provides the committee with deep expertise, allowing them to better manage microfinance scenarios, adjust to regulatory changes, and implement best practices (Khan et al., 2022). Experienced employees are more adaptable to new practices and regulatory changes (Dyer and Singh, 2021), and their wisdom can serve as mentorship, preparing less experienced members and ensuring the sustainability of cooperative activities.

Table 4
Frequency and Percentage Distribution of the Credit Committee Personnel Respondents in Terms of Highest Educational Attainment

Educational Attainment	Frequency	Percent	Rank
High School Graduate	0	0.0	-
Vocational/Technical Course	0	0.0	-
College Graduate (bachelor's degree)	292	73.0	1
Post – Graduate Degree (Master's/Doctorate)	108	27.0	2
Total	400	100.0	

Table 4 reveals that 73.0% of the credit committee personnel hold a bachelor's degree, while 27.0% have earned a Post Doctorate. Higher educational attainment is linked to better analytical skills, which are crucial for evaluating credit risk and making informed decisions (Meyer and Klasen, 2020). The majority of respondents with at least a Bachelor's degree, combined with the 27.0% holding postgraduate qualifications, form a strong educational foundation. This level of education is beneficial for developing effective microcredit systems, creating efficient microfinance structures, and fostering continuous learning, which can lead to innovative service delivery and improved operational efficiency (Schmidt et al., 2022; Lund et al., 2021).

Table 5
Frequency and Percentage Distribution of the Credit Committee Personnel Respondents in Terms of Position

Position	Frequency	Percent	Rank
Member	100	25.0	1
Secretary	80	20.0	2
Chairperson	80	20.0	2
Treasurer	60	15.0	3
Others	80	20.0	2
Total	400	100.0	

Table 5 indicates that 25.0% of respondents are Members, with Secretaries, Chairpersons, and individuals in other positions each representing 20.0%, and 15.0% serving as Treasurers. The majority of respondents are Members, followed by those in key roles such as Secretaries and Chairpersons. Clear role differentiation within committees is crucial for streamlining

decision-making and enhancing accountability (Mintzberg, 2020). This structure helps foster better collaboration, conflict management, and governance in financial management (Bennett et al., 2021; Friedman and Miles, 2022).

Table 6
Frequency and Percentage Distribution of the Credit Committee Personnel Respondents in Terms of Types of Cooperatives

Types of Cooperatives	Frequency	Percentage	Rank
Agricultural Cooperative	0	0.0	-
Credit Cooperative	328	82.0	1
Multi – Purpose Cooperative	72	18.0	2
Consumer Cooperative	0	0	-
Others	0	0	-
Total	400	100.0	

Table 6 shows that 82.0% of the credit committee personnel belong to Credit Cooperatives, while 18.0% are in Multi-purpose Cooperatives, with no members in agriculture, consumer, or other types of cooperatives. The dominance of credit cooperatives suggests a focus on specialization, which can improve service delivery and member involvement (Birchall, 2021). Specialization can also lead to better financial literacy programs tailored to members' needs and foster opportunities for cooperation between cooperatives to enhance service offerings and share best practices (Kumar et al., 2022).

Table 7
Frequency and Percentage Distribution of the Credit Committee Personnel Respondents in Terms of Size of the Cooperative

Size of the Cooperative	Frequency	Percent	Rank
Less than 10 members	0	0	-
11 – 30 members	0	0	-
31 – 49 members	188	47.0	1
50 – 100 members	212	53.0	2
Total	400	100.0	

Table 7 reveals that 53.0% of the cooperatives have 50–100 members, while 47.0% have 31–49 members, with no cooperatives having fewer than 10–30 members. The size of a cooperative can influence resource allocation and operational efficiency, with larger cooperatives benefiting from economies of scale, while smaller ones may offer more individualized services (Bae and Lawler, 2022). Larger cooperatives might require more formalized governance structures for decision-making (Cheng et al., 2022), while smaller ones are often nimbler and more responsive to member needs, fostering a sense of community and involvement (Lund et al., 2023).

Table 8
Frequency and Percentage Distribution of the Credit Committee Personnel Respondents in Terms of Average Monthly Income

Average Monthly Income	Frequency	Percentage	Rank
Less than 50,000 php	156	39.0	1
50,000 php – 100,000 php	140	35.0	2
101, 000 php – 200,000 php	56	14.0	3
201,000 php – 400,000 php	48	12.0	4
More than 400,000 php	0	0.0	-
Total	400	100.0	

Table 8 shows that 39.0% of credit committee personnel earn less than 50,000 PHP, 35.0% earn between 50,000 and 100,000 PHP, 14.0% earn between 101,000 and 200,000 PHP, and 12.0% earn between 201,000 and 400,000 PHP, with none earning more than 400,000 PHP. The income distribution is relatively narrow, with the majority earning less than 50,000 PHP. Understanding income levels is crucial for developing financial products and services that meet the needs of cooperative members. By tailoring offerings to members' financial capacities, cooperatives can achieve better results and enhance engagement and participation (Reeder and Colins, 2022).

Table 9
Frequency and Percentage Distribution of the Credit Committee Personnel Respondents in Terms of Number of Training Programs attended related to Microfinance

Number of Training Programs	Frequency	Percentage	Rank
None	0	0.0	-
1 – 2 programs	31	7.75	3
3 – 5 programs	124	31.0	2
More than 5 programs	245	61.25	1
Total	400	100.0	

Table 9 shows that 61.25% of credit committee personnel attended more than five programs related to microfinance practices, 31.0% attended 3–5 programs, and 7.75% attended 1–2 programs, with none attending no programs. Ongoing training is essential for the committee's ability to adapt to market changes

and regulatory shifts (González et al., 2022). In microfinance organizations, a higher number of training programs correlates with better service performance. Continuous professional development also enhances employee retention and job satisfaction, fostering a more committed workforce.

Table 10
Frequency and Percentage Distribution of the Credit Committee Personnel in Terms of Frequency of Credit Committee Meetings

Frequency of Credit Committee Meetings	Frequency	Percentage	Rank
Weekly	4	1.0	5
Bi - weekly	44	11.0	3
Monthly	160	40	2
Quarterly	187	46.75	1
Others	5	1.25	4
Total	400	100.0	

Table 10 reveals that 46.75% of credit committees hold meetings quarterly, 40% meet monthly, 11% meet bi-weekly, 1.25% hold other meetings, and 1% meet weekly. Regular meetings are essential for achieving goals and addressing issues promptly. According to Smith et al. (2023), cooperatives with consistent communication are better at strategic planning and management. Frequent meetings allow committee members to share best practices and strengthen team cohesion (Dyer and Singh, 2021).

Table 11
Overall Mean Rating of the Respondents in the Barriers of Effective Implementation in Microfinance Practices in Terms of Limited Access to Capital

Domain	Overall Mean	Verbal Description
Limited Access to Capital	2.46	Disagree
Weak Governance and Transparency	3.49	Disagree
Lack of Expertise	2.80	Agree
Loan Products and Services	3.97	Strongly Agree
Loan Application and Approval Process	3.91	Strongly Agree
Loan Disbursement and Repayment Process	3.85	Strongly Agree
Average	2.46	Disagree

Table 11 highlights respondents' strong agreement on several key factors impacting microfinance practices in cooperatives. They emphasized the importance of a well-defined governance structure, transparent decision-making, accountability mechanisms, regular financial reporting, and clear financial transaction policies. Respondents also raised concerns about the lack of conflict-of-interest management and inadequate handling of government-related complaints. Additionally, there was a noted need for improved transparency in fund allocation and board member election procedures. While respondents disagreed that financial audits were inaccessible, they collectively agreed on the need for stronger governance practices, as reflected in an overall weighted mean of 3.49. These findings align with research highlighting the importance of governance, transparency, and accountability in microfinance (Hassan et al., 2022; Jahan et al., 2021; Nafis et al., 2023; Bashir et al., 2023; Khan & Mahmood, 2022; Sadiq et al., 2022).

Respondents also strongly agreed on the critical role of expertise in improving microfinance practices, particularly in product development, risk management, and financial analysis, with an overall weighted mean of 2.80. They emphasized the need for improved training on developing microfinance products, assessing risk, and credit scoring, although some areas such as financial forecasting and loan portfolio management were slightly less prioritized. Furthermore, respondents highly rated the cooperative's loan products, application processes, and disbursement practices, noting the flexibility, transparency, and accessibility of loan terms. These practices were aligned with literature emphasizing the need for product customization, risk management, and clear loan agreements (Mersland et al., 2020; Hossain & Rahman, 2021; Ahsan et al., 2023). The cooperative's strong loan disbursement and repayment practices were rated with a high weighted mean of 3.85, underscoring its effective microfinance operations.

Table 12 presents the results of an Analysis of Variance (ANOVA) test to examine whether the barriers to the effective implementation of

microfinance practices differ based on the credit committees' age bracket.

Table 12
Test of Difference on the Barriers of Effective Implementation of Microfinance Practices when grouped according to Age

Indicators	F-test Value	p-value	Decision	Interpretation
Limited Access to Capital	1.514	0.197	Fail to Reject	Not Significant
Weak Governance and Transparency	1.470	0.211	Reject	Significant
Lack of Expertise	1.631	0.640	Fail to Reject	Not Significant

The analysis shows no significant differences in barriers such as limited access to capital (p = 0.197), weak governance and transparency (p = 0.211), and lack of expertise (p = 0.640), as all p-values exceed the 0.05 significance level (Johnson and Nino, 2022). This indicates that age does not significantly impact the perceived barriers to microfinance implementation among credit committee personnel, consistent with findings by Lee and Morales (2023), who conclude that age is not a significant factor in these perceptions at the 0.05 significance level.

Table 13
Test of Difference on the Barriers of Effective Implementation of Microfinance Practices when grouped according to Sex

Indicators	F-test Value	p-value	Decision	Interpretation
Limited Access to Capital	0.093	0.760	Fail to Reject	Not Significant
Weak Governance and Transparency	0.033	0.855	Reject	Significant
Lack of Expertise	1.241	0.266	Fail to Reject	Not Significant

Table 13 presents the results of an Independent T-test examining whether barriers to the effective implementation of microfinance practices differ based on the credit committees' sex. The analysis reveals no significant differences in barriers such as limited access to capital (p = 0.760), weak governance and transparency (p = 0.266), and lack of expertise (p = 0.640), with p-values greater than the 0.05 significance level. This indicates that gender does not influence the perception of these barriers, supporting findings by Davis and Chen (2023) and Gupta and Kumar (2021) that male and female practitioners face similar challenges in microfinance. Furthermore, the lack of significant differences in views on governance and expertise aligns with Raza and Ahmed (2020) and Jackson et al. (2022), suggesting that both male and female members recognize the importance of strong governance and the need for training. Thus, the results conclude that gender does not significantly affect the barriers to successful microfinance implementation (Lee and Morales, 2023).

Table 14
Test of Difference on the Barriers of Effective Implementation of Microfinance Practices when grouped according to Number of Years of Experience

Indicators	F-test Value	p-value	Decision	Interpretation
Limited Access to Capital	0.706	0.401	Fail to Reject	Not Significant
Weak Governance and Transparency	1.723	0.190	Reject	Significant
Lack of Expertise	1.843	0.175	Fail to Reject	Not Significant

Table 14 shows the results of an Analysis of Variance (ANOVA) test examining whether the barriers to effective implementation of microfinance practices differ based on the number of years of experience of credit committee members. The p-values for barriers like limited access to capital (p = 0.401), weak governance and transparency (p = 0.190), and lack of expertise (p = 0.175) are all above the 0.05 significance level, indicating no significant difference in perceptions based on experience. This suggests that regardless of their years in position, credit committee members share similar views on these barriers. These findings align with Raza and Ahmed (2020) and Jackson et al. (2022), who highlight the common concern for governance and the need for training across experience levels. Therefore, at the 0.05 significance level, credit committee members, regardless of experience, perceive the same barriers, underscoring the importance of providing specialized training and support to all members.

Table 15 presents the results of an Analysis of Variance (ANOVA) test examining whether credit committee members' highest educational attainment affects their perceptions of barriers to the effective implementation of microfinance practices. The p-values for barriers such as limited access to capital (p = 0.501), weak governance and transparency (p = 0.534), and lack of expertise (p = 0.763) are all above the

0.05 significance level, indicating no significant differences based on educational background.

Table 15
Test of Difference on the Barriers of Effective Implementation of Microfinance Practices when grouped according to Highest Educational Attainment

Indicators	F-test Value	p-value	Decision	Interpretation
Limited Access to Capital	0.454	0.501	Fail to Reject	Not Significant
Weak Governance and Transparency	0.387	0.534	Reject	Significant
Lack of Expertise	0.091	0.763	Fail to Reject	Not Significant

This aligns with Garcia and Lopez (2021), who found that educational attainment does not influence the recognition of operational difficulties in microfinance, and Chang et al. (2022), who highlighted that governance issues are common across all educational levels. Furthermore, Thompson et al. (2020) emphasized the shared recognition of training and development needs, which is consistent with the findings. Therefore, there is no significant difference in how barriers to microfinance are perceived based on educational attainment, suggesting the need for tailored training and support for all committee members (Nguyen and Tran, 2023).

Table 16
Test of Difference on the Barriers of Effective Implementation of Microfinance Practices when grouped according to Position

Indicators	F-test Value	p-value	Decision	Interpretation
Limited Access to Capital	1.974	0.098	Fail to Reject	Not Significant
Weak Governance and Transparency	6.236	0.000	Reject	Significant
Lack of Expertise	0.677	0.608	Fail to Reject	Not Significant

Table 16 presents the results of an Analysis of Variance (ANOVA) test examining whether credit committee members' positions influence their perceptions of barriers to effective microfinance implementation. Barriers such as limited access to capital (p = 0.098) and lack of expertise (p = 0.608) show no significant difference based on position, aligning with Lewis et al. (2020), who noted these issues are common across various roles in microfinance. However, there were significant differences in perceptions of weak governance and transparency (p = 0.000), with members in different positions having varying views on these matters. This supports Zhang and Chen's (2023) finding that hierarchical roles affect perceptions of governance and highlights the need for tailored governance systems. Therefore, while perceptions of capital access and expertise are consistent across positions, transparency and governance issues require focused interventions based on committee members' roles.

Table 17
Test of Difference on the Barriers of Effective Implementation of Microfinance Practices when grouped according to Type of Cooperative

Indicators	F-test Value	p-value	Decision	Interpretation
Limited Access to Capital	2.766	0.097	Fail to Reject	Not Significant
Weak Governance and Transparency	0.001	0.979	Fail to Reject	Not Significant
Lack of Expertise	0.001	0.972	Fail to Reject	Not Significant

Table 17 presents the Analysis of Variance (ANOVA) results on whether the type of cooperative affects the barriers to effective microfinance implementation. The barriers, including limited access to capital (p = 0.097), weak governance and transparency (p = 0.979), and lack of expertise (p = 0.972), show no significant differences across cooperative types, with p-values greater than the 0.05 level of significance. These findings align with Taylor and Green (2021), who found that issues such as capital access, governance, and expertise are common across all types of cooperatives. Patel and Kumar (2020) support the notion that these barriers are shared across different cooperative forms, suggesting the need for standardized solutions. Therefore, the study concludes that credit committees in various cooperative types perceive similar barriers, highlighting the importance of implementing uniform training and support programs to address these shared challenges.

Table 18
Test of Difference on the Barriers of Effective Implementation of Microfinance Practices when grouped according to Size of Cooperative

Indicators	F-test Value	p-value	Decision	Interpretation
Limited Access to Capital	1.077	0.300	Fail to Reject	Not Significant
Weak Governance and Transparency	13.242	0.000	Reject	Significant
Lack of Expertise	1.103	0.294	Fail to Reject	Not Significant

Table 18 presents the Analysis of Variance (ANOVA) results on whether the size of the cooperative affects the barriers to effective microfinance implementation. The findings show no significant differences in barriers such as limited access to capital (p = 0.300) and lack of expertise (p = 0.294), indicating that cooperatives of different sizes face similar challenges in these areas, aligning with Adamu and Hassan (2022). However, there was a significant difference regarding weak governance and transparency (p = 0.000), suggesting that credit committee members in cooperatives of varying sizes have different views on these issues. Larger cooperatives, in particular, often face more complex governance structures and transparency problems, as noted by O'Brien and Xu (2023). This highlights the need for customized governance frameworks, as suggested by Rivera and Chang (2021), to address the unique challenges faced by cooperatives of different sizes. Therefore, while barriers related to capital access and expertise are widely shared, variations in governance and transparency necessitate tailored interventions (Johnson and Smith, 2022).

Table 19

Test of Difference on the Barriers of Effective Implementation of Microfinance Practices when grouped according to Average Monthly Income

Indicators	F-test Value	p-value	Decision	Interpretation
Limited Access to Capital	2.378	0.069	Fail to Reject	Not Significant
Weak Governance and Transparency	7.910	0.000	Reject	Significant
Lack of Expertise	0.303	0.823	Fail to Reject	Not Significant

Table 19 presents the Analysis of Variance (ANOVA) results, showing no significant differences in the barriers to effective microfinance implementation when credit committee personnel are grouped by their average monthly income, particularly for limited access to capital (p = 0.069) and lack of expertise (p = 0.823). This aligns with Adamu and Hassan (2022), suggesting that these barriers are universally perceived across different income levels. However, there was a significant difference in the perspectives regarding weak governance and transparency (p = 0.000), indicating that credit committee members from varying income backgrounds perceive these issues differently. O'Brien and Xu (2023) emphasize that governance systems may be influenced by the economic levels of the members, and Wang and Lee (2021) highlight the need for tailored interventions to address the distinct challenges faced by credit committee personnel from diverse socioeconomic backgrounds. Thus, while capital and expertise barriers are similarly recognized, variations in governance and transparency necessitate focused interventions.

Table 20

Test of Difference on the Barriers of Effective Implementation of Microfinance Practices when grouped according to Number of Training Programs

Indicators	F-test Value	p-value	Decision	Interpretation
Limited Access to Capital	2.457	0.063	Fail to Reject	Not Significant
Weak Governance and Transparency	5.509	0.001	Reject	Significant
Lack of Expertise	0.794	0.498	Fail to Reject	Not Significant

Table 20 presents the results of the Analysis of Variance (ANOVA) test, indicating no significant differences in the barriers to effective microfinance implementation, particularly regarding limited access to capital (p = 0.063) and lack of expertise (p = 0.498), when grouped by the number of training programs attended. This suggests that credit committee personnel, regardless of training participation, view these barriers similarly. However, significant differences were observed in the perspectives on weak governance and transparency (p = 0.001), indicating that the number of training programs attended influences how governance issues are perceived. Wang and Lee (2021) highlight the need for tailored training programs to address these differences, emphasizing that while barriers related to capital and expertise are consistently perceived, governance challenges require focused interventions.

Table 21 reveals no significant differences in the barriers to effective microfinance implementation, particularly in terms of limited access to capital (p = 0.842) and lack of expertise (p = 0.636), when grouped by the frequency of meetings attended. This suggests

that these barriers are perceived similarly regardless of meeting frequency. However, a significant difference was observed in views on weak governance and transparency (p = 0.004), indicating that meeting frequency influences perceptions of governance.

Table 21
Test of Difference on the Barriers of Effective Implementation of Microfinance Practices when grouped according to Frequency of Meetings

Indicators	F-test Value	p-value	Decision	Interpretation
Limited Access to Capital	0.353	0.842	Fail to Reject	Not Significant
Weak Governance and Transparency	3.924	0.004	Reject	Significant
Lack of Expertise	0.637	0.636	Fail to Reject	Not Significant

Regular meetings can offer additional opportunities for training and understanding governance issues, which may help address these differences. Lopez and Chang (2022) argue that enhanced training and consistent participation can mitigate governance concerns, leading to better outcomes and operational efficiency.

Table 22
Test of Difference on the Microfinance Practices of Credit Committees among Cooperatives when grouped according to Age

Indicators	F-test Value	p-value	Decision	Interpretation
Loan Products and Services	1.514	0.197	Fail to Reject	Not Significant
Loan Application and Approval Process	1.470	0.211	Fail to Reject	Not Significant
Loan Disbursement and Repayment Process	0.631	0.640	Fail to Reject	Not Significant

Table 22 reveals no significant differences in credit committee members' perspectives on microfinance practices, such as loan products and services (p = 0.197), loan application and approval process (p = 0.211), and loan disbursement and repayment process (p = 0.640), when grouped by age bracket at a 0.05 level of significance. This suggests that age does not influence how committee members perceive these practices. Perceptions become more equitable through training and exposure, highlighting the importance of ongoing professional development for effective governance. The findings align with Garcia and Wong (2023), who emphasized the success of training programs in equipping committee members with necessary skills. Rodriguez and Kim (2022) also stress the value of continuous training and engagement to ensure committee members are well-equipped to handle microfinance operations.

Table 23
Test of Difference on the Microfinance Practices of Credit Committees among Cooperatives when grouped according to Sex

Indicators	F-test Value	p-value	Decision	Interpretation
Loan Products and Services	3.975	0.047	Reject	Significant
Loan Application and Approval Process	10.894	0.001	Reject	Significant
Loan Disbursement and Repayment Process	0.278	0.598	Fail to Reject	Not Significant

Table 23 reveals that there is no significant difference in credit committee personnel's perspectives on the loan disbursement and repayment process (p = 0.598) when grouped by sex at a 0.05 level of significance. However, significant differences were found in their assessments of loan products and services (p = 0.047) and the loan application and approval process (p = 0.001), leading to the rejection of the null hypothesis. This suggests the need for gender-sensitive strategies in microfinance practices, as men and women may prioritize different aspects of microfinance, with men focusing on the lending process and women emphasizing social impact (Adams and Yu, 2022). Khan and Patel (2021) highlight the potential influence of gender on perceptions of financial services, while Garcia and Thompson (2022) emphasize the importance of tailoring services to meet the distinct needs of different gender groups. These findings underscore the significance of inclusive approaches in microfinance to enhance effectiveness and member satisfaction (Kim and Roberts, 2023).

Table 24
Test of Difference on the Microfinance Practices of Credit Committees among Cooperatives when grouped according to Number of Years of Experience

Indicators	F-test Value	p-value	Decision	Interpretation
Loan Products and Services	1.938	0.165	Fail to Reject	Not Significant
Loan Application and Approval Process	3.705	0.055	Fail to Reject	Not Significant
Loan Disbursement and Repayment Process	0.435	0.510	Fail to Reject	Not Significant

Table 24 shows that there is no significant difference in credit committee personnel's

perspectives on microfinance practices, including loan products and services (p = 0.165), loan application and approval process (p = 0.055), and loan disbursement and repayment process (p = 0.510), when grouped by their years of experience at a 0.05 level of significance. This suggests that cooperative training programs are effective in aligning perspectives across committee members with varying levels of experience, fostering consensus and shared understanding (Garcia and Patel, 2023). The findings emphasize the importance of ongoing professional development to ensure that all committee members, regardless of experience, can contribute effectively to discussions on microfinance operations (Kim and Wright, 2023).

Table 25

Test of Difference on the Microfinance Practices of Credit Committees among Cooperatives when grouped according to Highest Educational Attainment

Indicators	F-test Value	p-value	Decision	Interpretation
Loan Products and Services	0.059	0.809	Fail to Reject	Not Significant
Loan Application and Approval Process	7.685	0.006	Reject	Significant
Loan Disbursement and Repayment Process	0.026	0.871	Fail to Reject	Not Significant

Table 25 reveals that there is no significant difference in the credit committee's perspectives on microfinance practices, including loan products and services (p = 0.809) and loan disbursement and repayment process (p = 0.871), when grouped by their highest educational attainment at a 0.05 level of significance. However, significant differences were found in the loan application and approval process (p = 0.006), indicating that educational attainment influences perceptions of this procedure. This underscores the importance of considering educational diversity when designing cooperative training programs and operational protocols to improve understanding of complex financial processes, ultimately enhancing the effectiveness of microfinance practices (Sanchez and Kim, 2022; White and Thompson, 2023).

Table 26 shows that there is no significant difference in the credit committee's perspectives on microfinance practices, including loan products and services (p = 0.594) and loan disbursement and repayment process (p = 0.566), when grouped by their position at a 0.05 level of significance.

Table 26

Test of Difference on the Microfinance Practices of Credit Committees among Cooperatives when grouped according to Position

Indicators	F-test Value	p-value	Decision	Interpretation
Loan Products and Services	0.697	0.594	Fail to Reject	Not Significant
Loan Application and Approval Process	3.321	0.011	Reject	Significant
Loan Disbursement and Repayment Process	0.739	0.566	Fail to Reject	Not Significant

However, significant differences were found in the loan application and approval process (p = 0.011), suggesting that committee members in different roles have varying perspectives on this aspect of microfinance operations (Yeboah and Asare, 2020). This discrepancy could be attributed to differing tasks and responsibilities, with some members focusing on regulatory aspects and others on the applicant experience. These findings highlight the importance of promoting open discussions to align views and improve decision-making and operational processes across roles.

Table 27

Test of Difference on the Microfinance Practices of Credit Committees among Cooperatives when grouped according to Type of Cooperative

Indicators	F-test Value	p-value	Decision	Interpretation
Loan Products and Services	0.481	0.488	Fail to Reject	Not Significant
Loan Application and Approval Process	0.494	0.482	Fail to Reject	Not Significant
Loan Disbursement and Repayment Process	1.332	0.249	Fail to Reject	Not Significant

Table 27 reveals that there is no significant difference in the credit committee's perspectives on microfinance practices, including loan products and services (p = 0.488), loan application and approval process (p = 0.482), and loan disbursement and repayment process (p = 0.249), when grouped by the type of cooperative at a 0.05 level of significance (Ibrahim and Bauer, 2021). These results suggest a level of agreement among committee members from different types of cooperatives, highlighting uniformity in their views on key procedures like loan offerings, application, and repayment. This consistency can improve

microfinance operations by promoting unified strategies and policies, fostering trust and transparency, and ensuring efficient governance and service delivery within cooperatives.

Table 28
Test of Difference on the Microfinance Practices of Credit Committees among Cooperatives when grouped according to Size of Cooperative

Indicators	F-test Value	p-value	Decision	Interpretation
Loan Products and Services	6.588	0.011	Reject	Significant
Loan Application and Approval Process	1.696	0.194	Fail to Reject	Not Significant
Loan Disbursement and Repayment Process	1.385	0.240	Fail to Reject	Not Significant

Table 28 reveals that there is no significant difference in the credit committee's perspectives on microfinance practices, including the loan application and approval process (p = 0.194) and loan disbursement and repayment process (p = 0.240), when grouped according to the size of the cooperative at a 0.05 level of significance (Lee and Kim, 2020). However, there is a significant difference in perspectives on loan products and services (p = 0.011), indicating that microfinance strategies should be tailored to meet the unique needs of different-sized cooperatives. Larger cooperatives, with more resources, may adopt different tactics compared to smaller cooperatives, which may prioritize more individualized care and community focus.

Table 29
Test of Difference on the Microfinance Practices of Credit Committees among Cooperatives when grouped according to Average Monthly Income

Indicators	F-test Value	p-value	Decision	Interpretation
Loan Products and Services	2.457	0.063	Fail to Reject	Not Significant
Loan Application and Approval Process	5.509	0.001	Reject	Significant
Loan Disbursement and Repayment Process	0.794	0.498	Fail to Reject	Not Significant

Table 29 shows that there is no significant difference in the credit committee's perspectives on microfinance practices, including loan products and services (p = 0.063) and loan disbursement and repayment process (p = 0.498), when grouped according to their average monthly income. However, there is a significant difference in their perspectives on the loan application and approval process (p = 0.001), suggesting that income levels influence views on this aspect of microfinance. Employees from different socioeconomic backgrounds may have varied financial experiences and challenges, which shape their opinions on loan procedures. These findings highlight the importance of tailoring educational programs to address the unique needs of committee members based on their income levels (Davis and Wright, 2022).

Table 30
Test of Difference on the Microfinance Practices of Credit Committees among Cooperatives when grouped according to Number of Training Programs

Indicators	F-test Value	p-value	Decision	Interpretation
Loan Products and Services	0.216	0.806	Fail to Reject	Not Significant
Loan Application and Approval Process	0.178	0.837	Fail to Reject	Not Significant
Loan Disbursement and Repayment Process	0.656	0.519	Fail to Reject	Not Significant

Table 30 reveals that there is no significant difference in the credit committee's perspectives on microfinance practices, including loan products and services (p = 0.806), loan application and approval process (p = 0.837), and loan disbursement and repayment process (p = 0.519), when grouped according to the number of training programs attended. This indicates that the number of programs attended does not influence their views on these practices. Stewart and Lee (2021) suggest that the consistency in perspectives may result from a uniform approach to microfinance training within the cooperative setting, ensuring all members, regardless of the number of programs attended, share similar opinions on these practices. This consistency is crucial for the development and implementation of effective microfinance initiatives (Roberts and Clark, 2023).

Table 31
Test of Difference on the Microfinance Practices of Credit Committees among Cooperatives when grouped according to Frequency of Meetings

Indicators	F-test Value	p-value	Decision	Interpretation
Loan Products and Services	1.527	0.194	Fail to Reject	Not Significant
Loan Application and Approval Process	0.342	0.850	Fail to Reject	Not Significant
Loan Disbursement and Repayment Process	3.047	0.017	Reject	Significant

Table 31 shows that there is no significant difference in the credit committee's perspectives on loan products and services (p = 0.194) and loan application and approval process (p = 0.850) when grouped according to the frequency of meetings, indicating a shared understanding of these practices. However, there is a significant difference regarding the loan disbursement and repayment process (p = 0.017), suggesting that more frequent meetings lead to differing opinions on this aspect of microfinance. These divergent views may reflect how frequent meetings influence the committee's understanding and management of microfinance procedures. These findings highlight the importance of regular meetings in enhancing communication and comprehension, particularly about loan disbursement and repayment, which is crucial for improving cooperative operations and efficiency.

Table 32

Test of Relationship between Barriers of Effective Implementation and Microfinance Practices of Credit Committee among Cooperatives

Group	Pearson r-coefficient	p-value	Decision	Interpretation
Barriers of Effective Implementation of Microfinance Practices	-	-	-	-
Microfinance Practices of Credit Committee among Cooperatives	0.012	0.807	Fail to Reject	Not Significant

Table 32 indicates that there is no significant relationship between the barriers to effective microfinance implementation and the microfinance practices of credit committee personnel among cooperatives (p = 0.807), suggesting that the perceived barriers do not significantly affect microfinance practices in these cooperatives. This finding contrasts with some previous research, such as Kamukama and Natamba (2021), which suggests that high levels of perceived barriers correlate with low performance in microfinance practices. The results imply that other factors beyond the identified barriers may be influencing the effectiveness of microfinance operations. While barriers to implementation can hinder microfinance performance, they do not appear to directly impact the practices of credit committees. This highlights the need for further investigation into internal and external factors, such as corporate culture, training, economic conditions, and community support, to improve cooperative microfinance programs (Kamukama, 2021; Natamba, 2021).

Proposed Microfinance Practices Framework. The proposed microfinance practices framework aims to address key barriers in the implementation of microfinance services within cooperatives by consolidating challenges into a strategic roadmap with four key pillars: governance, capacity-building, technology modernization (fintech), and financial inclusion. These pillars work together to ensure long-term sustainability and operational efficiency, with governance reforms enhancing transparency and accountability, capacity-building initiatives empowering personnel to manage risks and optimize financial performance, fintech adoption improving operational speed and accuracy, and financial inclusion efforts ensuring underserved sectors have access to tailored financial products. The primary objective of this framework is to establish a member-focused and sustainable microfinance environment that fortified cooperative operations and improve their capacity to successfully serve their communities. By integrating these components, cooperatives can achieve sustainable growth and resilient microfinance operations that adapt to evolving challenges.

1. **Strengthened Governance and Accountability Mechanisms.** The framework strengthens internal governance structures by enhancing transparency and financial health, addressing governance issues through clear role definitions within credit committees and implementing stringent internal controls and regular audits. Formal governance policies ensure clear decision-making and accessible financial reports for all members. Regular credit committee meetings provide ongoing oversight, enabling early identification and resolution of emerging issues, which helps build member confidence.

2. **Capacity Building for Credit Committee Personnel.** The framework proposes ongoing

capacity-building programs for credit committee members, focusing on financial analysis, risk management, and regulatory compliance. These programs, including mentorship opportunities, equip members with essential knowledge to evaluate loans and manage financial risks. As a result, improved decision-making leads to more effective loan disbursements and reduced defaults.

3. **Adoption of Financial Technology (Fintech).** Fintech adoption modernizes cooperative operations by automating loan management processes, such as approval, disbursement, and repayment monitoring. Technologies like integrated loan management systems and mobile banking improve loan tracking and accessibility, while data analytics enhance creditworthiness evaluations, reducing default rates.

4. **Development of Tailored Loan Products and Services.** Tailored lending products with lower interest rates and flexible repayment terms were developed to meet the diverse financial needs of cooperative members, particularly in small businesses and agriculture. Formal feedback systems ensured the relevance of these services, leading to increased member involvement and loan uptake.

5. **Strategic Partnerships and Diversified Funding Sources.** Cooperatives should form strategic alliances with financial institutions, government organizations, and private investors to reduce reliance on member contributions. These partnerships provide access to more capital and expertise, allowing cooperatives to expand loan portfolios and offer more affordable financial products.

6. **Financial Literacy and Member Education Programs.** By emphasizing continuous financial literacy workshops on budgeting, loan terms, interest rates, and default consequences, cooperatives can empower members, encourage responsible borrowing, and boost participation in governance. This approach can lead to higher loan repayment rates and lower default rates.

7. **Monitoring and Evaluation (M&E) Mechanism.** Establishing a robust monitoring and evaluation system with Key Performance Indicators (KPIs) to assess member satisfaction, operational efficiency, loan repayment rates, and financial sustainability will enable cooperatives to conduct regular evaluations and adjust their procedures to meet the evolving needs of their members.

DISCUSSION

The study found that respondents are experienced and well-educated, with most having over 10 years of experience in credit committee roles, and the cooperatives they represent tend to have moderate membership sizes. However, cooperatives face challenges such as heavy reliance on member contributions, lack of diversified funding, inadequate accountability, and knowledge gaps in financial analysis and regulatory compliance, which hinder effective microfinance practices. Although cooperatives offer flexible loan terms, improvements in the loan approval and disbursement processes are needed, with respondents favoring automated systems for better efficiency. No significant differences in barriers were found based on demographic factors, but variations in microfinance practices were observed in areas like loan products and processes based on age, sex, income, and meeting frequency. Importantly, no direct relationship was found between the identified barriers and the implementation of microfinance practices, suggesting that cooperatives adapt despite challenges. Finally, the potential for collaboration with the public, non-governmental, and commercial sectors remain underutilized, which could provide cooperatives with additional funding and expertise.

Based on the study's findings, it is recommended that cooperatives diversify their funding sources by partnering with local and

international financial institutions, applying for government grants, and attracting external investors to reduce reliance on member contributions. They should implement regular internal audits and engage external auditors to ensure transparency and compliance. Ongoing training programs in financial analysis, risk management, and regulatory compliance should be provided to credit committee personnel. Financial technology tools, such as automated reporting systems and mobile banking apps, should be integrated to enhance efficiency and accessibility. Cooperatives should design loan products tailored to start-ups, small businesses, and agriculture, with flexible repayment terms and reduced interest rates. Collaboration with other cooperatives and microfinance organizations is also encouraged to share resources and improve services. Finally, regular financial literacy training for members is essential to improve financial decision-making, reduce defaults, and support long-term sustainability.

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