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SME Supply Chain Finance: The Role of Micro Finance Banks Activities in Abuja (FCT)-Nigeria

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***Abstract*— This study sets out to assess Micro Finance Banks' activities and SMEs Supply Chain Finance in the Federal Capital Territory(FCT), with the twin objectives of assessing if Micro Finance Banks activities in the FCT meets the supply chain obligations of SMEs and to determine whether the growth and survival of SMEs in the FCT are independent of the activities of Micro Finance Banks. The methodology adopted for the study is descriptive survey design and at the end, the study found that, MFBs activities have a negative relationship with SMEs supply chain finance meaning; the activities of Micro Finance Banks are not related to SMEs meeting their supply chain obligations in the FCT, Abuja. While on the other hand, it is found MFBs activities has positive relationship with the growth and survival of SMEs, meaning; the activities of Micro Finance Banks are not independent of the growth and survival of SMEs in FCT. It is therefore recommended that; the Federal Government/CBN should direct MFBs to prioritise SCF services to SMEs sector, lower interest rates to single digit, and ensure adequate monitoring on intervention initiatives, while SMEs should also acquire relevant business skills.**

***Index Terms*— SMEs, Supply Chain Finance and Micro Finance Banks Activities.**

I. INTRODUCTION

In today's globalized society, financial institutions play a critical role in allocating financial resources. While in some instances their activities have been damaging to SME survival in Nigeria, research has shown that banks can be powerful agents of change as a large majority of companies most especially SMEs depend on their services (Bos-Brouwers, 2010). The opportunity for SMEs to meet their supply chain obligations to enable them grow and/or survive is largely supported by financial institutions activities especially in granting credits. Hence, they play a pivotal role in every link of the supply chain. They have the potential to take advantage of their hub position as a product, information and financial flow distribution centres to enhance SME supply chain finance.

Supply chain finance is in most cases implemented in supply chains that do have a large, financially strong enterprise that often buys from many small, financially less strong suppliers such as SMEs (Popa, 2013). In such instance, supply chain relationships, wherein the large firm which is much stronger is more dominant by far SMEs that supply the buyer (large company) and are often not paid on time. There are instances where the supplier's invoice is paid as late as four months late or more. Normally, SMEs do not have strong financial reserves, hence this becomes costly and dangerous. Under this circumstance, what started out as a mere liquidity squeeze can stunt the growth of such SME or may even leads to non-survival if it does not get help from a financial institution.When such a circumstance of third party being introduced, both the buyer and supplier(SMEs) can now free up their working capital and maintain a high cash flow. In this instance, the financial institution pays the invoice to the supplier and credits the buyer for the same amount. Based on the credit standing of the buyer the bank charges an interest rate on the invoice value owed by the buyer (Revell, Stokes & Chen,2010). Or in the alternative, the financial institution offers loans to SMEs to augment their working capital challenge which is essentially supply chain obligations.

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II. STATEMENT OF THE PROBLEM

Financial institutions play a critical role in allocating financial resources. While in some instances their activities have been damaging to SME survival in Nigeria, research has shown that banks can be powerful agents of change as a large majority of companies most especially SMEs depend on their services (Bos-Brouwers, 2010). Against this background, the consistently repeated conception of SMEs about their problems regarding access to finance is a priority area of concern, which if not properly addressed, can endanger the survival and growth of the SMEs sector. In some cases, even where credit is available, the entrepreneur may be constrained because the lending conditions may require collateral for the loan and interest rate charged may be high. These interests are in most cases highly exorbitant and unaffordable by the supply chain players. The Micro Finance Banks as financial institutions are established to support SMEs Growth and Survival through access to finance; the researcher is therefore interested in investigating how far they have fared in supporting supply chain financing among SMEs in the Federal Capital Territory.

III. OBJECTIVES OF THE STUDY

This study sets out to assess Micro Finance Banks' activities and SMEs Supply Chain Finance in the Federal Capital Territory(FCT). The research hopes to achieve the following objectives:

a) To assess if Micro Finance Banks(MFBs) help SMEs to meet their supply chain obligations in the FCT.

b) To determine whether the growth and survival of SMEs in the FCT are independent of activities of Micro Finance Banks.

IV. RESEARCH QUESTIONS

To ascertain these; the researcher seeks to find answers to the following questions:

a) Do Micro Finance Banks help SMEs to meet their supply chain obligations in the FCT?

b) Are the activities of Micro Finance Banks independent of the growth and survivalof SMEs in the FCT?

V. HYPOTHESES

a) The activities of Micro Finance Banks are not related to SMEs meeting their supply chain requirements in the FCT-Nigeria.

b) The activities of Micro Finance Banks are not independent of the growth and survival of SMEs in FCT-Nigeria.

VI. CONCEPTUAL FRAMEWORK

A. Supply Chain Finance(SCF)

Conceptually, supply chain finance will be better defined when one first understands the concept of supply chain. A supply chain is a partnership consisting of suppliers, manufacturers, distributors, retailers and customers;supply chain spans all the functions concerned with obtaining customers need, getting their raw materials requirements, turning them to useful economic products, transporting them to the market place, combining with service to form value package and communicating with customers to complete the exchange process (Koh, Demirbag, Bayraktar, Tatoglu&Zaim, 2007). According to Rosenzweig, Roth & Dean, (2013), Supply Chain Management (SCM) basically is a partnership among entrepreneurs or members of a network aimed at optimising costs and improving channel efficiency towards better and quality service delivery to the ultimate customers.SCM therefore encompasses the planning and management of all activities involved in sourcing for raw materials, procurement, conversion or manufacturing, logistics or transportation and other related activities. Importantly, it also includes coordination and collaboration with channel partners such as suppliers, intermediaries, third-party service providers (including banks), and customers. For a proper management of a supply chain, finance as a working capital asset is required, this can also be called Supply Chain Finance(SCF).

SCF can therefore be defined as financial arrangements in the form of equity or financial contracts used in collaboration of at least two supply chain partners (buyer or seller), debt and facilitated by the focal company with the aim of improving overall financial performance and mitigate the overall risks of the supply chain (Popa, 2013). Another definition of SCF it is; a term describing a set of technology-based solutions that aim to lower financing costs and improve business efficiency for buyers and sellers linked in a sales transaction (Devaray and Wei, 2007). Dyckman (2011) defines Supply SCF as a form of supplier finance in which suppliers can receive early payment on their invoices, it is also known as reverse factoring.

And by providing short-term credit that optimizes working capital and provides liquidity to both parties, SCF offers distinct advantages to all participants. While suppliers gain quicker access to money they are owed, buyers get more time to pay off their balances. On either side of the equation, the parties can use the cash on hand for other projects to keep their respective operations running smoothly.It also encourages collaboration between buyers and sellers. This philosophically counters the competitive dynamic that typically arises between these two parties. After all, under traditional circumstances, buyers attempt to delay payment, while sellers look to be paid as soon as possible.

SCF is still in its developing phase in Nigeria and has a lot of potential left to unlock. There are currently no standards in terms of the terminology used and what each financing model should offer. Depending on the industry in which SCF is implemented the terminology can be differentiated to a large extent, while it is exactly the same financing model in principle. SMEs and Supply Chain Finance

In developing countries, SMEs account for 60% to70% of employment and this percentage is generally much higher in less developed countries (Gbande&Aikor, 2018). The opportunities for SMEs to capitalize on supply chain finance initiatives are boundless. SMEs are the economic engine of developing countries, especially those with employment and income distribution challenges.The ability of SMEs to grow depends highly on their potential to invest in restructuring and innovation; these require financial capital and therefore access to finance and in this case supply chain finance becomes paramount. Against this background, the consistently repeated conception of SMEs about their problems regarding access to finance is a priority area of concern, which if not properly addressed, can endanger the survival and growth of the SMEs sector. In some cases, even where credit is available, the entrepreneur may be constrained because the lending conditions may require collateral for the loan and interest rate charged may be high.

Lack of access to long-term credit for small enterprises forces them to rely on high cost short term finance. High interest rates has locked out most small size entrepreneurs as only large scale borrowers who expect higher returns can bear the high cost of borrowing (Popa, 2013). Most rural entrepreneurs particularly rely on informal credit facility from buyers and sellers of consumer goods like shops and farmers (Gbande&Aikor, 2018). However, where there is no full information about the level of risk and credit worthiness of the entrepreneur, access to supply chain finance from both formal and informal lenders is constrained. Several factors are responsible for this situation in Nigeria, these include; the inability of borrowers to provide accurate information on their financial status; absence of reliable and updated company information and land title registration, weak loan recovery and lack of appropriate collateral; malfunctioning of courts and cumbersome legal and judicial procedures for loan recovery from defaulters. Other factors include, long physical distance to the nearest financial services provider, high cost of the credit, socio-economic and demographic characteristics that make them less creditworthy (Sacerdoti, 2005).

B. Micro Finance Banks Activities

Microfinance banks (MFBs) are strategically positioned to expand the financial frontier and stimulate the exploitation and development of economic opportunities in the informal sector and SMEs through the provision of traditional and even non-traditional banking services such as technical and managerial assistance, sale of output and input purchase financing, machinery and equipment leasing and community development financing. To achieve sustainable economic development, the following are imperative; financial empowerment of rural and urban dwellers, improving the standard of living of the economically active poor, catalyze rural transformation and foster the growth of Small and Medium Enterprises (SMEs). The microfinance banks are therefore the cornerstone in the promotion of rural development through financial inclusion and financial literacy, deposit mobilization and credit delivery to finance microenterprises, boosting small-scale enterprises/agriculture by financing them or by acting as channels for on-lending funds to beneficiaries, generating employment and promoting entrepreneurship and providing skills.The Federal Government, through the CBN, floated the N220 billion Small and Medium-Scale Enterprises Fund (SMED). This fund is being accessed by MFBs for onward lending to Micro, Small and Medium enterprises. The role of MFBs inclusive of the new initiatives rolled out by Federal Government in 2013 to boost financial inclusion strategy includes: deposit mobilization and provision of savings culture, credit extension to customers, employment generation and promotion of entrepreneurship.

VII. EMPIRICAL FRAMEWORK

Narasimhan& Kim (2002) examined the effect of Supply chain finance on the relationship between diversification and a firm's competitive performance. The survey method adopted was descriptive design methodology. The study compared the main and interaction effects of supply chain finance and diversification on performance, they showed that supply chain finance strategy modifies the relationship between diversification and performance. Additionally, they argued that coordinated use of supply chain finance and diversification strategies has a significant effect on firm performance.Rosenzweig (2013) examined the supply chain finance's effect on the business performance in the consumer products sector in their study and considered the competitive capabilities which affect the relationship. They reached the conclusion that supply chain finance is directly related with the business performance. Okeke(2016) assessed commercial banks activities and SME supply chain finance in Plateau state. His findings revealed that the obstacles to SMEs access to bank loans include their lack of collateral and less reliable projects and that commercial bank activities are related to SMEs meeting their supply chain obligations and are not unrelated to the growth and survival of SMEs in Plateau State. He then recommended that banks should properly acknowledge the significance of SMEs as a clientele and to that extent, financing their supply chain for long term growth and survival deserves adequate attention from the banks and that SMEs need to enhance their linkages with banks under business associations, so that together as a group they can have sufficient voice to make proposals to the banks so as to improve their access to finance. The methodology adopted for the study was descriptive survey design.In another similar study, Frohlich& Westbrook (2001) examined the effect of supply chain finance on performance. The study classified the supply chain finance in five classes (supplier, customer, inward, periphery and outward-facing) according to the integration intensity of the company towards the customer direction and the supplier direction. They found that outward-facing companies which were defined as the most comprehensive finance level of supply chain, have better performance in many criteria than the other companies in other classes after examining the performance differences between these five classes.

The gap this study has tied to close is that, all the above reviewed empirical works have not examined Microfinance banks activities in relationship to supply chain finance which is more considered as the bank for the SMEs.

VIII. THEORETICAL FRAMEWORK

A. Financial Growth Theory

This study is anchored on the financial growth theory. Berger and Udell (1998) propose a financial growth theory for small businesses where the financial needs and financing options change as the business grows, becomes more experienced and less informally opaque. They further suggest that firms lie on a size/age/information continuum where the smaller/younger/more opaque firms lie near the left end of the continuum indicating that they must rely on initial insider finance, trade credit and/or angel finance. The growth cycle model predicts that as firm grows, it will gain access to venture capital (VC) as a source of intermediate equity and mid-term loans as a source of intermediate debt. At the final stage of the growth paradigm, as the firm becomes older, more experienced and more informationally transparent, it will likely gain access to public equity (PE) or long-term debt.

IX. RESEARCH METHODOLOGY

This study adopts a descriptive survey design which follows quantitative methodology. The population for the study is in two folds; (i) the total number of 2,825 SMEs in the FCT (source: NBS/SMEDAN Survey Report, 2017) and (ii) the total number of 47 Micro Finance Banks in the FCT (Source: Htpps:///www.cbn.gov.ng(as at June, 2021). The Sample size for the SMEs is determined using probability sampling method (specifically systematic sampling) where in the list of 2,825 SMEs, every 50th SME is picked (2,825/50 = 56.5 Approx. 57). For the MFB, the total population of 47 is adopted as sample size.

Data was collected using questionnaires which were administered to the banks' marketing staff and for the SMEs; their Chief Executive Officers. The questionnaires applied the modified Likert scale where 5=Strongly Agree, 4= Agree, 3= Undecided, 2= Don't Agree and 1= Disagree and this contained questions relating to the study variables: Micro Finance Banks activities and SME supply chain finance. Data collected is analysed with SPSS version 21 using both descriptive and inferential statistics. Descriptive statistics of frequency distribution and percentage were used to analyse the research questions. After which inferential statistics of Chi-Square(X2) was used to test the stated hypotheses.

X. DATA ANALYSIS, RESULTS AND FINDINGS

Out of the 57 questionnaires issued out, 55(96.49%) were retuned by the SMEs owners while, for the MFB staff, 40 were returned out of the 47(85.1%). Demographic information from the SMEs revealed that 50% are privately owned, 20% are joint ventures, 20% are limited liability companies while 10% are of the other forms of ownership. Furthermore, 40% of the SMEs are manufacturing companies, 25% are into wholesaling, 30% are into retail business and. 5% into other businesses. Similarly, 5% of the SMEs have been in business for 1-2 years, 10% for 3-4 years, 30% for 4-5 years and 55.5% for 5 years and above.

Table 1: SMEs views on Micro Finance Bank Activities

Variable	Frequency	Percentage(%)
SMEs views on Micro Finance Banks and Supply Chain Finance obligations.		
SME Supply Chain Financing is a priority of MFBs		
Strongly Agree	3	5.5
Agree	5	9.1
Undecided	1	1.8
Disagree	41	74.5
Strongly Disagree	5	9.1
MFBs have clear vision and policies to support SME supply chain finance		
Strongly Agree	10	18.2
Agree	7	12.7
Undecided	0	0
Disagree	30	54.6
Strongly Disagree	8	14.5
High interest rate prevents SMEs from accessing Supply Chain Finance		
Strongly Agree	41	74.5
Agree	4	7.3
Undecided	0	0
Disagree	3	5.5
Strongly Disagree	7	12.7
Credit acquisition is tied to a firm's ability to possess collateral		
Strongly Agree	42	76.3
Agree	3	5.5
Undecided	1	1.8
Disagree	5	9.1
Strongly Disagree	4	7.3
Most SMEs tend to rely on personal resources for financing their businesses.		
Strongly Agree	28	50.9
Agree	6	10.9
Undecided	0	0
Disagree	18	32.7
Strongly Disagree	3	5.5

Source: Field Survey Report, 2021.

Table 1 above shows the frequency and percentage distribution of views of SMEs owners on Micro Finance Banks and Supply Chain Finance obligations. The data shows that out of the 55 owners of SMEs surveyed 3 (5.5%) strongly agreed that SME Supply Chain Financing is a priority of MFBs, 5 (9.1%) agreed, 1 (1.8%) could not decide, 41 (74.5%) disagreed and 5 (9.1%) strongly disagreed. On whether MFBs have clear vision and policies to support SMEs finance, 10 (18.2%) strongly agreed, 7 (12.7%) agreed, 30 (54.6%) disagreed and 8 (14.5%) strongly disagreed. Also, 41 (74.5%) strongly agreed, 7 (12.7%) agreed, 3 (5.5%) disagreed and 7 (12.7%) strongly disagreed that high interest rate prevents SMEs from accessing Supply Chain Finance. Similarly, 42 (76.3%) of the respondents strongly agreed that credit acquisition is tied to a firm's ability to possess collateral, 3 (5.5%) agreed, 1 (1.8%) were undecided, 5 (9.1%) disagreed and 4 (7.3%) strongly disagreed. Lastly, in their response to the assertion that most SMEs tend to rely on personal resources for financing their businesses, 28 (50.9%) strongly agreed, 6 (10.9%) agreed, 18 (32.7%) disagreed while 3 (5.5%) disagreed. These responses show that majority of the SMEs owners were not convinced that Micro Finance Banks are fulfilling their obligations towards SMEs Supply Chain Finance probably because the policies or policies' implementation of MFBs do not actually favour SMEs.

Table 2: Micro Finance Bank views on SMEs Supply Chain Finance

Variable	Frequency	Percentage(%)
MFBs views on SMEs Supply Chain Finance		
My bank provides credit facilities to large firms to meet their supply chain finance obligations with SMEs		
Strongly Agree	25	55.6
Agree	5	11.1
Undecided	0	0
Disagree	15	33.3
Strongly Disagree	0	0
My bank support SMEs with credit facilities to meet their supply chain finance obligations.		
Strongly Agree	10	22.2
Agree	5	11.1
Undecided	0	
Disagree	20	55.6
Strongly Disagree	5	11.1
Default rate of loans made to SMEs are higher than those made to large enterprises		
Strongly Agree	30	66.7
Agree	10	22.2
Undecided	0	0
Disagree	5	11.1
Strongly Disagree	0	0
SMEs lack capacity to meet collateral requirements to access credit facilities from our bank.		
Strongly Agree	25	55.6
Agree	10	22.2
Undecided	0	0
Disagree	5	11.1
Strongly Disagree	5	11.1
SMEs do not have accounting and management skills to qualify for loans to meet their supply chain finance obligations		
Strongly Agree	20	44.5
Agree	10	22.2

Undecided	0	0
Disagree	10	22.2
Strongly Disagree	5	11.1

Source: Field Survey Report, 2021.

In Table 2 above, 45 staff of MFBs expressed their views on different aspects of SMEs Supply Chain Finance. The frequency and percentage distribution of their responses show that 25 (55.6%) strongly agreed that their bank provides credit facilities to large firms to meet their supply chain finance obligations with SMEs (suppliers), 5 (11.1%) agreed and 15 (33.3%) disagreed. The responses also show that 10 (22.2%) of the respondents strongly agreed their bank support SMEs with credit facilities to meet their supply chain finance obligations, 5 (11.1%) agreed, 25 (55.6%) disagreed and 5 (11.1%) strongly disagreed. On whether the default rate of loans made to SMEs are higher than those made to large enterprises, 30 (66.7%) strongly agreed, 10 (22.2%) agreed and 5 (11.1%) disagreed. Furthermore, 25 (55.6%) of the respondents strongly agreed that SMEs lack capacity to meet collateral requirements to access credit facilities from our bank, 10 (22.2%) agreed, and 5 (11.1%) each disagreed and strongly disagreed, respectively. Lastly, in their response to the assertion that SMEs do not have accounting and management skills to qualify for loans to meet their supply chain finance obligations, 20 (44.5%) strongly agreed, 10 (22.2%) each agreed and disagreed, respectively and 5 (11.1%) strongly disagreed. The overall responses show that majority of the respondents have firm believe that MFBs dutifully fulfil their obligation in supporting SMEs stating that it is rather the SMEs that lack the capacity and competence in accessing the MFBs finance facilities.

XI. TEST OF HYPOTHESES

The general assumption under Chi-square is that there is a large number of respondents in each cell. Having small cells (cells with less than 5 respondents) makes the p-value of the chi-squared test inaccurate; and the more cells with small values there are, the worse the problem. The standard rule is that every cell should have a frequency of at least 5. Given the data presented above, table 1 had 11 cells (44%) with values less than 5 out of the total 25 cells. Similarly, Table 2 had 7 cells (28%) with values less than 5 (missing values) out of the total 25 cells. Basing analysis on these data values will result to more cells with expected count less than 5 leading to highly inaccurate test results. To do away with cells with small values, the data categories were grouped into two. ‘Strongly agreed’ and ‘agreed’ values were grouped together and tagged (Agreed2) while ‘undecided,’ ‘disagreed’ and ‘strongly disagreed’ values were also grouped together and tagged ‘Disagreed2.’ This produced a 2 x 5 table for each of the two variables upon which the chi-square tests were conducted.

H01: The activities of Micro Finance Banks are not related to SMEs meeting their supply chain requirements in the FCT, Abuja

Table 3: Chi-Square Tests Statistics

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	81.940a	4	.390
Likelihood Ratio	79.717	4	.385
Linear-by-Linear Association	73.398	1	.065
N of Valid Cases	10		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 25.2.

From the results in Table 3, a Chi-square value of 81.940 and 4 degree of freedom with a probability value of 0.390 was found. The p-value (asymp. sig. or probability) of 0.390 which is greater than the alpha level of significance of 0.05 indicates that there is no evidence of association between the activities of Micro Finance Banks and SMEs meeting their supply chain requirements in the FCT, Abuja. The result provides enough evidence to accept the null hypothesis which states that the activities of Micro Finance Banks are not related to SMEs meeting their supply chain requirements in the FCT, Abuja.

H02: The activities of Micro Finance Banks are not independent of the growthand survival of SMEs in FCT, Abuja.

Table 4a: Chi-Square Tests Statistics

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	35.000a	4	.006
Likelihood Ratio	34.066	4	.006
Linear-by-Linear Association	33.124	1	.028
N of Valid Cases	10		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 15.

Table 4b: Symmetric Measures

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.837	.036
	Cramer's V	.837	.036
	Contingency Coefficient	.956	.360
N of Valid Cases		10	

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

From the results in Table 4a, a Chi-square value of 35 and 4 degree of freedom with a probability value of 0.006 was found. The p-value (asymp. sig. or probability) of 0.006 which is less than the alpha level of significance of 0.05 indicates that there is evidence of association between the activities of Micro Finance Banks and the growth and survival of SMEs in FCT, Abuja. The Phi and Cramer's V in Table 4b are both tests of the strength of association and they indicate that the strength of association between the variables is high (i.e. 0.837 which is higher than the standard minimum value of 0.71). The result provides enough evidence to reject the null hypothesis which states that the activities of Micro Finance Banks are not independent of the growth and survival of SMEs in FCT, Abuja.

XII. DISCUSSION OF FINDINGS

From the above analysis and results, it is found that, MFBs activities have a negative relationship with SMEs supply chain finance meaning; the activities of Micro Finance Banks are not related to SMEs meeting their supply chain obligations in the FCT, Abuja. This finding is in disagreement with the findings of Okeke (2016) and Rosenzweig (2013) which found that commercial banks activities and bank credit is directly related to supply chain finance respectively. On the other hand, it is found MFBs activities has positive relationship with the growth and survival of SMEs, meaning; the activities of Micro Finance Banks are not independent of the growth and survival of SMEs in FCT. This finding aligns with the findings of Okeke (2016) and Kim (2006) which found that supply chain finance in critical to the growth and survival of SMEs.

XIII. CONCLUSION

This study sets out to assess Micro Finance Banks' activities and SMEs Supply Chain Finance in the Federal Capital Territory(FCT), with the twin objectives of assessing if Micro Finance Banks activities in the FCT meets the supply chain obligations of SMEs and to determine whether the growth and survival of SMEs in the FCT are independent of the activities of Micro Finance Banks.

The methodology adopted for the study is descriptive survey design and at the end, the study found that, MFBs activities have a negative relationship with SMEs supply chain finance meaning; the activities of Micro Finance Banks are not related to SMEs meeting their supply chain obligations in the FCT, Abuja. While on the other hand, it is found MFBs activities has positive relationship with the growth and survival of SMEs, meaning; the activities of Micro Finance Banks are not independent of the growth and survival of SMEs in FCT.

In addition, the study also reviewed the concept of supply chain finance, micro finance bank activities, empirical work related to the study and a relevant theory.

XIV. RECOMMENDATIONS

i. The Federal Government of Nigeria should direct the Central Bank of Nigeria(CBN) to specifically include supply chain finance as one of the priority financial services or products of the Micro Finance Banks to SMEs with affordable terms.

ii. The CBN should as a matter of incentive advice the Micro Finance Banks to lower their interest rate charges to SMEs to single digit.

iii. In addition, MFB should review its policy on loan guarantee to the provision of on provision of collateral free loans.

iv. Government should further ensure that, interventionist schemes benefit the SMEs directly through persistent monitoring and evaluation.

v. SMEs should deliberately improve on their accounting and management skills by exposing the owners to capacity building programmes or hiring competent professionals.

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