UNIVERSITY OF ZIMBABWE

FACULTY OF COMMERCE

GRADUATE SCHOOL OF MANAGEMENT

TITLE:

Effectiveness of the National Financial Inclusion Strategy (2016-2020) in enhancing access to financial services by Micro, Small and Medium Enterprises operating in Harare, Zimbabwe

PROGRAMME:

A Dissertation submitted in partial fulfilment of the requirements for the degree of Master of Business Administration

By:

STUDENT NAME: TAWANDA CHIVARO (R069097Q)

2020

SUBMISSION DATE:

SUPERVISOR: DR ARNOLD CHIDAKWA

Dedication

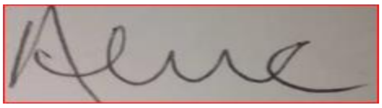
Dedicated to my loving wife Precious Laina Chivaro and our two sons Takudzwa and Tadiswa. My family, friends, work colleagues, class mates and my supervisor Dr Arnold Chidakwa, I appreciate the support and encouragement during the course of my studies. May God bless you all.

Declaration

I, Tawanda Chivaro, do hereby declare that this dissertation is a result of my individual effort, investigation, study and research, except to the extent that I have acknowledged in the references and citations. This work has never been submitted in part or in full to any University or College as part of any programme or degree.

Student's Signature………………………………… Date 22/06/2021…………………………

This dissertation has been submitted for examination with my approval as the University Supervisor.



21/06/2021

Supervisor's Signature………………………………… Date…………………………

Dr Arnold Chidakwa

Acknowledgements:

I wish to extend my gratitude to my wife Precious for the support and encouragement during the course of my studies. Without your support completion of the programme would have been a challenge given that the last lap was done in the period of the global pandemic of COVID-19.

I want to express great appreciation to my supervisor Dr A. M. Chidakwa, who assisted me greatly during the course of my dissertation, through a rigorous review and guidance. It would be unfair not to acknowledge the Graduate School of Management staff and lecturers for the support, teaching and guidance rendered during the studies.

Abstract

Although several policy frameworks and strategies have been put in place, access to finance and financial services by MSMEs remains low. The role of Small and Medium Enterprises (SMEs) in the Zimbabwean economy has been a subject of debate. SMEs account for at least 60% to the country's Gross Domestic Product (GDP), create jobs, promote innovation and serve as growth engines. Despite these contributions, the sector is faced with many challenges including limited access to finance, markets and technology among others. In 2016, the Government of Zimbabwe launched the National Financial Inclusion Strategy (NFIS) that sought to address challenges faced by SMEs in accessing finance. Against this, the current study investigated the effectiveness of the NFIS by assessing SMEs' awareness of the strategy, available products and services as well as constraints that SMEs continue to face. Primary data were collected through questionnaires targeting managers and owners of SMEs in Harare from 116 SMEs registered with the Small and Medium Enterprises Association of Zimbabwe (SMEAZ). Distribution of the questionnaires was done online using google forms which allowed emailing of the questionnaires to the targeted respondents. Convenience sampling was also used given the national lockdown which restricted access to potential respondents to support the simple random sampling. The data was analysed using both descriptive and inferential statistics. Correlation analysis was the main inferential statistical tool used to analyse the data. The study revealed that, of the three variables, available financial products and services and barriers to finance access had a statistically significant association with financial inclusion of SMEs. The study recommended that all support institutions for SMEs be integrated into one adequately resourced entity, establishment of a fund for entrepreneurs, financial institutions to concentrate on innovative products that meet needs of SMEs, reforms to know you customer (KYC) requirements government consistency in financial policies and capacitation of SMEs through training in financial management.

Keywords: Access to finance (financial inclusion), SMEs, NFIS,

List of Acronyms or Abbreviations

SMEs- Small and Medium Enterprises

MSMEs- Micro, Small and Medium Enterprises

NFIS- National Financial Inclusion Strategy

RBZ- Reserve Bank of Zimbabwe

SMEAZ- Small and Medium Enterprises Association of Zimbabwe

SMEDCO- Small and Medium Enterprises Development Corporation

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1. CHAPTER ONE – INTRODUCTION

Introduction

The Micro, Small and Medium Enterprises (MSMEs) sector plays an important role in Zimbabwe's socio-economic development. The sector accounts for more than 60% of the country's national output and employs approximately 90% of the population (IMF, 2018) The sustainable development of this sector, however, continues to be stalled by various challenges including limited access to financial services (Munyoro *et al.*, 2018). The Government of Zimbabwe has, nevertheless, responded by introducing the Zimbabwe National Financial Inclusion Strategy (NFIS) for the period 2016 to 2020 (RBZ, 2016b). This study, therefore, assessed the effectiveness of the NFIS in promoting access to financial services by MSMEs.

This chapter covers the background to the study, the research problem, research objectives and questions. It will later detail the research hypothesis, the rationale of the study as well as its scope. The chapter concludes with an outline of the dissertation.

1.1 Background to the study

1.1.1 Overview

The financial inclusion of Micro, Small and Medium Enterprises (MSMEs) has attracted global significance given that MSMEs play a critical role in the economic development of global economies (Terzi, 2015). Global focus on financial inclusion has its roots in the work of the United Nations Capital Development Fund (UNCDF) in the late 1990s which later focused on promotion of access to wider variety of financial services after successfully supporting microcredit institutions (UNCDF, 2020). Globally, financial inclusion has been a topic of discussion at various fora and the World Bank has significantly prioritised the promotion of financial inclusion in its Universal Financial Access (UFA) 2020 agenda (World Bank, 2020). The UFA 2020 seeks to reduce financial exclusion by targeting twenty-five countries globally which account for 73% of financially excluded economic agents. The key drivers to the agenda are expansion of digital payments instruments, diversification of financial access points and scaling up social transfers through a robust payments and Information and Communication Technology (ICT) infrastructure, a well regulated environment and the strengthening of political will (World Bank, 2020).

Financial services may be regarded as a key economic development enabler (Hussain, Salia and Karim, 2017). Financial inclusion is therefore argued to be a driver to economic growth, better livelihoods as well as economic stability (SADC, 2016). In contrast, limited access to financial services tends to perpetuate poverty and deindustrialisation (Chitokwindo, 2014). It is note-worthy that globally, economies face differing circumstances regarding financial inclusion progress. However, on average the global number of adults owning an account increased to 69% in 2017 from 62% in 2014 (Demirguc-Kunt *et al.*, 2018).

In Nigeria, a National Financial Inclusion Strategy was designed with the objective of increasing the level of financial inclusion to 70% by 2020 (Aro-Gordon, 2016). The Malaysian Central Bank introduced a Financial Inclusion Framework in 2011 to cover a decade in order to advance an inclusive financial system (BNM, 2011). Zambia on the other hand introduced a National Financial Inclusion Strategy for the period 2017 to 2022 with the target of increasing the overall level of financial inclusion from 59% in 2015 to 80% by 2022 with a focus on finance for SMEs and the agriculture sector being one of the focus areas (Ministry of Finance (Zambia), 2017).

In Zimbabwe, MSMEs were 43% financially excluded in 2012 and only 18% of the MSMEs sector was served by formal institutions as well as accessing formal non-bank products (Finmark Trust, 2012). In 2014 the Zimbabwean adult population was estimated to be 23% financially excluded (RBZ, 2016b). The decline in the percentage of the financially excluded adult population appears not to be associated with an increase in the level of access to finance by SMEs. The anomaly questions whether the NFIS has been successful in improving access to finance by SMEs, which was the driving motive for this study.

The significance of MSMEs in Zimbabwe is first evidenced by the enactment of the Small and Medium Enterprises Act (Chapter 24:12) as far back as 1983 with the main objective of facilitating the establishment and development of MSMEs. The Act provides for establishment of the MSMEs Fund, MSMEs Advisory Council and the Small and Medium Enterprises Development Corporation (SMEDCO) (GoZ, 2011). The MSMEs Fund which is under the supervision of the SMEDCO Board provides direct funding to MSMEs as well as wholesale finance to Micro Finance Institutions (MFIs) registered with the RBZ. It is the appreciation of the role played by SMEs that has led the government to promote access to finance by SMEs.

Zimbabwe has identified the MSMEs sector as one of the gaps in the thrust for higher financial inclusion (RBZ, 2016b). In that regard, the MSMEs sector was specifically targeted in the National Financial Inclusion Strategy (NFIS). The broad dimensions of financial inclusion namely, access, usage and quality form an integral part of the pillars of the NFIS. The NFIS, anchored on four pillars of financial innovation, financial capability, financial consumer protection and microfinance was promulgated in 2016 with the goal to increase the overall access to financial services to 90% by 2020 (RBZ, 2016b). Zimbabwe has also actively subscribed to membership to the Alliance for Financial Inclusion, which is a global network organisation for countries and states with the common goal of expanding financial inclusion (RBZ, 2016b). The membership to the international organisation enables Zimbabwe to learn from other global experiences, thereby perfecting its financial inclusion strategies.

1.1.2 Definition of SMEs in Zimbabwe

Globally the definition of MSMEs has many and varied classifications. Table 1.1 shows the definitions by classification of the number of employees (head count) annual turnover or sales and the value of net assets in different countries.

Table *1*:*1* Classifications of SMEs

Region/country	Indicator	Micro	Small	Medium
European Union	Headcount		Less than 50	50 to less than 250
	Annual Turnover		Less than US$11,104,500	Less than US$55,522,500
	Balance Sheet		Less than US$11,104,500	US$11,104,500 to less than US$47,749,350

Great Britain	Headcount		Less than 200	
	Annual Turnover		Less than US$2,469,800	
Indonesia	Headcount	Less than 3	5 to 9	20 to 90
	Balance Sheet		Up to US$13,596.82	US$33,992 to less than US$679,841
Nigeria	Headcount	Less than 10	10 to 49	50 to 199
	Balance Sheet	Less than US$12,900	US$12,900 to less than US$129,000	US$129,000 to less than US$1,290,000
South Africa	Headcount	Less than 10	10 to 49	50 to 200
	Turnover	Up to US$289,500	US$289,500 to less than US$1,447,500	US$1,447,500 to less than US$2,895,000
	Balance Sheet	Up to US$104,220	US$104,220 to less than US$260,550	US$260,550 to less than US$1,042,200
Zambia	Headcount	10 and less	11 to 50	51 to 100
	Turnover	Up to US$8,175	US$8,175 to less than US$13,625	US$13,625 to less than US$16,350
	Balance Sheet	Less than US$4,360 kwacha	US$4,360 to less than US$10,900	US$10,900 to less than US$27,250
Zimbabwe	Headcount	5 and less	6 to 30	31 to 75
	Turnover	Up to US$30,000	US$30,000 to less than US$500,000	US$500,000 to less than US$1,000,000
	Balance Sheet	Up to US$10,000	US$10,000 to less than US$250,000	US$250,000 to less than US$500,000

Source: Adapted from Ibor, Offiong & Mendie (2017), Small and Medium Enterprises Act (24:12)

Table 1.1 shows that the classification of SMEs in terms of turnover limits tends to be associated with the stage of economic development of a country or region. Developed nations have higher limits those developing or emerging economies. The International Labour Organisation (ILO) classifies micro-enterprises as those with up-to ten employees, while small enterprises have more than ten up-to one hundred employees, and medium enterprises have more than one hundred and less than 250 employees (ILO, 2018). The ILO acknowledges however, that this classification varies from country to country.

Zimbabwe’s Small and Medium Enterprises Act (Chapter 24:12) (Section 2, p3) defines a micro- enterprise, small enterprise or medium enterprise as a, ‘business enterprise, whether corporate or unincorporated which together with its branches and subsidiaries is managed by one person or jointly by two or more persons and employees between five and seventy five full-time paid employees, with an annual turnover of between thirty thousand and one million united states dollars and a gross value of assets excluding immovable properties of between ten thousand and two million united states dollars’. The limits of classification into micro, small or medium vary among different sectors including agriculture, manufacturing, construction, mining, and services to take into account the differences in nature of operations in each sector (GoZ, 2011).

The Zimbabwe Revenue Authority (ZIMRA) defines SMEs as enterprises formally registered and employing not more than seventy five people, while the Government of Zimbabwe defines SMEs entities employing not more than one hundred employees (Tinarwo, 2016). The ZIMRA definition is inconsistent with the Act in that it only recognises formally registered entities as SMEs and is silent as to turnover and the value of assets making it a one-sided view of the SMEs.

MSMEs are defined with reference to three main aspects namely; number of employees, annual turnover and net assets or capital investments (Sitharam & Hoque, 2016). The three have been generally accepted as proxies for size. The definition of SMEs would be more meaningful if reference would be made to the behaviour and functions of the enterprises as opposed to the above characteristics (Tinarwo, 2016). This would entail a definition that takes into account the functions of the SMEs. For the purposes of this study SMEs are defined per the Act in order to take into account all enterprises that can be categorised as SMEs, however with the maximum number of employees limited to 100 employees.

1.1.3 The roles of MSMEs

MSMEs have globally played an important role in boosting economies (Chiwara, 2016; Ibor, Offiong & Mendie, 2017; Manchisi, 2018&Terzi, 2015). They promote inclusive development through their production structures that include the larger sections of the society and employing many (Chiwara, 2016&Aro-Gordon, 2016). MSMEs contribute to global economies due to their size, flexibility and scale of operation which enable then to adapt to the ever changing business environments. Nerwande (2015) argues that the failure by large corporations to generate significant employment and industrial development might also have contributed to most African governments focusing on the SMEs as a solution to economic development. It is for this reason that many countries are pursuing financial inclusion strategies in order to promote inclusive growth, access to finance and innovation (Lee, Sameen and Cowling, 2015).(Ibor, Offiong and Mendie, 2017) Other researchers maintain that MSMEs contribute to economic growth and prosperity through their innovativeness (Ibor, Offiong & Mendie, 2017; Lee, Sameen & Cowling, 2015; Osano & Languitone, 2016).

Further, the innovativeness of SMEs complements large firms (Hussain, Salia & Karim, 2017) through provision of services to consumers and value chain activities such as provision of inputs to other business (Munyoro, Mupfumira, Langton & Dube, 2018). The complementary role of SMEs was observed in India's manufacturing sector flexibility where SMEs contributed through entrepreneurial orientation and flexibility in human resources practices. On the other hand large firms contributed to manufacturing sector flexibility through technical capabilities, integration and flexible procurement (Mishra, 2016). The significance of flexibility agree with the observation that SMEs have a higher contribution towards employment in developing countries than large firms because of their labour intensive production processes (Manchisi, 2018). The SMEs' sector is regarded as the source of potential future big corporates (Nyoni and Bonga, 2018), for instance in America such giants as Facebook and Google were bred from the SMEs sector (Munyoro *et al.*, 2018).

MSMEs are also critical in that they increase employment in the economy (Ibor, Offiong & Mendie, 2017; Ndiaye *et al.*, 2018; Terzi, 2015; and Tinarwo, 2016). Employment creation is closely linked to poverty reduction as noted by (Rasheedt, Siddiqui, Mahmood, Khan, 2019) The World Bank estimates that 80% of the new jobs are expected to be created by SMEs, with formal SMEs contributing 60% of total employment and 40% of national income in emerging economies between 2018 and 2030 (World Bank, 2019). Employment is therefore key in that it gives citizens the spending power that is key in revenue generation for the nation. Employment can also be argued to have an impact on poverty reduction as MSMEs are generators of both primary and secondary income for households (Ibor, Offiong and Mendie, 2017). In Zimbabwe MSMEs accounted for 76% of total employment, whereas the region ranged between 75% and 95%, with South Africa at 79%, Botswana at 83%, Zambia at 92% and Mozambique is at 94% (SADC, 2016). The levels of employment accounted for by the MSMEs sector supports the argument that the sector is key for economic development for Zimbabwe

MSMEs have another role of creating industries and being the main actors in local economic activities, thus driving economic growth and development for example in Turkey SMEs accounted for 99.9% of all businesses, (Terzi, 2015) and (Ibor, Offiong and Mendie, 2017). However despite the role SMEs play in economies, globally it is estimated that 40% of total formal SMES have an annual financing gap of US$5.2 trillion which is equivalent to 1.4 times of the current global level of SME lending (World Bank, 2019). It is important to note that this level of financing gap is expected to be higher if informal SMEs are taken into account. It is for this reason that the financial inclusion of MSMEs is very critical so as to reduce the financing gap.

Most MSMEs are owned by individuals or groups of individuals. It is, therefore, difficult to separate the owner’s level of financial inclusion from that of the business. There is a direct relationship between the financial inclusion of MSMEs and that of the owners (Ibor, Offiong and Mendie, 2017).

1.1.4 The roles of SMEs in Zimbabwe

SMEs in Zimbabwe play all of the roles highlighted in the preceding section. There is a reasonable supply of support institutions for SMEs development and support in Zimbabwe. The Small to Medium Enterprises Association of Zimbabwe (SMEAZ) supports SMEs through facilitating access to markets and funding, providing training, lobbying and advocacy for SMEs concerns. The association's Manufacturing, Value Addition, Import Substitution and Exports (MVAISE) programme aims to increase SMEs productivity in line with the Industrialisation and Local Content policies (SMEAZ, 2018). In addition, the Government of Zimbabwe has recognised the need to financially include the youths and women and their businesses which are mainly SMEs. The Zimbabwe Women's Microfinance Bank was formed in 2017 to financially include the unbanked and under-banked women given that women are estimated to be 52% of the population (ZWMB, 2020). Further, the Empower Bank was formed to provide social and financial products and services to the youths (Empower Bank, 2020). These two vulnerable groups are key in the financial inclusion of SMEs.

Zimbabwe has been faced with the problem of brain drain, coupled with the closure of large corporates with over three million people estimated to be living in the diaspora (Njanike, 2019). SMEs have been playing a moderating role of minimising brain drain by absorbing those seeking better opportunities through entrepreneurship. Their small businesses have become a source of livelihood. The Zimbabwe National Statistics Agency reported that in 2015, 82% of the surveyed enterprises had less than four employees, 57% operated as sole proprietorships while 63% operated as household enterprises and approximately 13% had operated for more than thirty years (ZIMSTAT, 2015). Zimbabwe has an economically active population with approximately 54%, of the population between fifteen and sixty five years of age (ZIMSTAT, 2017). The importance of financially including SMEs is key, especially so that, the separation between the enterprise and the owner in SMEs is one of the challenges limiting access to finance.

SMEs play a role of acting as a service base to allow for the attraction of bigger firms to a locality (Mtisi, Dube & Dube, 2017) and fostering a culture of enterprise (Munyoro *et al.*, 2018) . SMEs can start off as informal in a location and gradually formalise. The presence of SMEs in a location tends to attract service businesses such as supermarkets and convenience shops. As more business are attracted to a locality even bigger are eventually attracted.

1.1.5 Barriers and Challenges to Financial Inclusion of MSMEs and the NFIS

MSMEs face many barriers that constrain efforts to financially include them. Some of these barriers are gender, location, income levels and volatility of incomes, high administrative costs, high collateral requirements, lack of experience with financial intermediaries, type of activity, high transaction costs, poor or non-existent credit history, poor access to financial markets, unreliable infrastructure, lack of education, inadequate technical skills and level of financial literacy (Ibor, Offiong and Mendie, 2017; Terzi, 2015&Aro-Gordon, 2016). Additionally efforts to financially include SMEs in developing countries is hindered by corruption, technological challenges and poor infrastructure among other things (Rasheed *et al.*, 2019). It is the existence of these barriers that nations have come up with National Financial Inclusion Strategies (NFISs) with the one of the goals being to stimulate business and entrepreneurial activities (Rasheed *et al.*, 2019; Terzi, 2015).

The NFIS in Zimbabwe is anchored on the need to ensure an inclusive approach providing the basis for coordination between public and private sectors of the economy. The NFIS was launched with the target of increasing the level of access to affordable and appropriate financial services from 69% in 2014 to 90% in 2020 and to increase the proportion of banked adults from 30% to 60% over the same period. The strategy recognises the continued gaps in the inclusion of marginalised groups such as MSMEs.

The NFIS pays special attention to the SMEs sector highlighting some of the barriers to financial inclusion of the sector. Low income levels, irregular income to support consistent loan repayments, lack of product and service awareness, information asymmetries about funding options at the disposal of SMEs and high product costs were the barriers to financial inclusion identified within the SMEs sector (RBZ, 2016b).

The strategies to improve the financial inclusion of SMEs outlined in the NFIS include capacitation programmes, promotion of value chain financing, formal registration of SMEs, financial consumer education and awareness programs, capacity building programs for banks to be able to support SMEs, promotion of usage of moveable assets as collateral and ensuring availability of a wide range of financial products and services among others (RBZ, 2016b). It is against this background that the study sought to assess the extent of effectiveness of the NFIS in promoting financial inclusion of SMEs.

1.1.6 The State of Financial Inclusion in Zimbabwe focus on MSMEs

The access to high quality and a wide range of financial products and services is influenced by the available financial institutions. The banking sector in Zimbabwe is formally recognised and the number of institutions can be tracked over time. The research used the architecture of the banking sector, illustrated in Table 1.2 below, as a basis of understanding the extent to which SMEs have access to formal financial institutions and products and services.

Table *1*:*2*: Architecture of the Banking Sector

Type of Institution	**2020**	**2009**	**% change**
Commercial Banks and Merchant Banks	13	21	(38%)
Building Societies	5	4	25%
Savings Banks	1	1	0%
Total Banking Institutions	19	26	27%
Other Institutions under the Supervision of the Reserve Bank			
Development Financial Institutions	2	2	0%
Deposit-taking Microfinance Institutions	6	0	100%
Credit-only Microfinance Institutions	206	95	117%
Total	**233**	**123**	**89%**

Source: Monetary Policy Statement RBZ (2020), (2009)

The growth in the number of financial institutions especially Micro Finance Institutions (MFIs) in Table 1.2 shows the importance attached to financially include SMEs. In 2009 the banking sector had a total of one hundred and twenty three financial institutions. The number has grown by 89% to 233 in 2020. The increase is attributed to the significant rise in the number of microfinance institutions, which has more than doubled over the period 2009 to 2020. It is, however, not known with authenticity whether the growth in the number of financial institutions has also resulted in an increase in access to their services by SMEs.

1.1.7 Efforts to improve access to finance by MSMEs implemented in Zimbabwe

Major policies have been implemented in Zimbabwe since 1983 in order to support the growth of SMEs as summarised in Table 1.3.

Table *1*:*3:* **SMEs support policies**

Year	SMEs Policies
1983	Small Enterprises Development Corporation Act
2002	Ministry of Small and Medium Enterprises was established to support SMEs
2008	Ministry of SMEs incorporated Cooperative Development and renamed Ministry of Small and Medium Enterprises and Cooperative Development
2002-2007	The SMEs ministry put in place the SME Policy and Strategy Framework 2002-2007
2011-2016	Framework revised for 2011-2016
2013	Microfinance Act allowing the registration of deposit taking microfinance banks
2015	Licensing of the first deposit taking Microfinance bank in Zimbabwe
2014-2018	Formulating policies to create an enabling environment- SME Act (Chap 24:12), Revised Policy and Strategic Framework 2014-2018 launched 25 June 2015

Source: Majoni, Matunhu and Chaderopa (2016); Mataruka (2015)

As shown in the table above, the policy initiatives are evidence of the importance placed on SMEs in Zimbabwe. Most of the policies are aimed at improving access to finance by SMEs, reinforcing the importance of access to finance by SMEs. Currently, a total of 233 microfinance institutions are operational, including 6 deposit taking ones in order to reach out to the SMEs among other financially disadvantaged economic players.

In March 2019, the Professional Small to Medium Enterprises Chamber of Commerce and Industry was launched. The main objectives of the institution is to support SMEs through professionalising the SMEs sector as well as assisting in networking and business linkages (PSCCI, 2019). Other institutions such as the SMEs Association of Zimbabwe, The Zimbabwe Chamber of Small to Medium Enterprises (ZCSMEs) also support SMEs through various initiatives. It can, therefore, be argued that it is not the shortage of support institutions that is a challenge to SMEs access to finance but the capacitation and resourcing of the institutions to be able to fully support the SMEs.

The following policy frameworks have also been implemented by the RBZ which support the financial inclusion of SMEs as articulated in the 2020 monetary policy statement.

1.1.7.1 Financial Consumer Protection Framework- 2017

In June 2017, the RBZ issued the Financial Consumer Protection Framework (FCPF) applicable to all banking and non-banking financial institutions. The objectives of the framework include promotion of consumer rights, development of a grievance redress mechanism, ensuring fairness and equity in business practices and to boost customer confidence in the banking sector. The FCPF strives to increase access, usage, quality and deepen financial services. One of the principles of consumer protection contained in the FCPF is financial education and awareness. This is critical in empowering customers on how to access financial products and services. The FCPF is equally important for SMEs in that it is part and parcel of the efforts to financially include them (RBZ, 2017).

1.1.7.2 Agency Banking Prudential Standards

In September 2016, the RBZ issued the Agency Banking Prudential Standards (ABPS) with the objective of deepening financial inclusion through operationalising agent banking so as to promote low cost transacting. Agency banking refers to the provision of banking services through agents and third parties contracted by banking institutions. The ABPS are significant to SMEs in that, low cost financial products and services delivered though agents help in enhancing access with affordability (RBZ, 2016a). As observed by Bizah, Gumbo and Magweva (2017), the cost of utilising an agent is two-fold. In pursuit of their profitability, agents can provide services that are not suitable to the SMEs. On the other end, the cost of administering small transactions can push the product price high.

Despite the various policy efforts highlighted above, the financial inclusion of the SMEs sector has remained low regardless of the economic growth and employment creation role played by the sector(Mangudya, 2017). Given the significance of the contribution of SMEs, there is need to assess whether the policies being implemented are being successful in enhancing access to finance by SMEs. However, in February 2020 by the Reserve Bank of Zimbabwe indicated that significant progress had been made in various areas of financial inclusion with reference to the above polices (Mangudya, 2020). An analysis of the data provided however data provided, as shown in the table below, seemed to indicate that access to finance in form of loans to SMEs has remained low between December 2016 and September 2019 as evidenced by marginal changes (Mangudya, 2020).

Table *1*:*4* Financial Inclusion Indicators: Access to Loans by SMEs

Indicator	Dec-16	Dec-17	Dec-18	Jun-19	Sep-19
% of loans to SMEs over total loans	3.57	3.75	3.94	3.15	2.9
Value of loans to SMEs ($ million)	131.69	146.22	169.96	178.92	230.06
Number of SMEs with bank accounts	71,730	76,524	111,498	81,369	112,634

Source: RBZ (2020)

Given that SMEs contribute around 60% to the country’s GDP, it would be expected that the percentage of loans to the SMEs sector would be much higher. In South Africa twenty eight percent (28%) of total loans as at the end of 2017, represented funding to SMEs, while Malaysia had 51%, China 65%. In 2018 Ukraine, Turkey, Korea and China had 51%, 32%, 81% and 65% respectively as percentages of total funding to SMEs (OECD, 2020). The data shows that the percentage of loans to SMEs over the period to September 2019 was lower than 5%. However, the drive to push for SMEs to have bank accounts seems to have been successful give that the number of accounts almost doubled in less than three years.

The research was therefore done to investigate the effectiveness of the NFIS (2016-2020) in enhancing access to finance by SMEs. The research focused on the awareness of the NFIS among SMEs, the financial products and services available as well as the factors that continue to militate against SMEs access to finance. These aspects are part of the pillars to the NFIS, with the financial inclusion of SMEs being one of the key objectives of the NFIS.

1.2 Research Problem

Although several policy frameworks and strategies have been put in place, access to finance and financial services by MSMEs remains low (See Table 1.4). MSMEs continue to face challenges in accessing banking services despite being potential sources of Zimbabwe's inclusive development (Antonio, 2019; Mazambani, 2018&Tome & Chaumba, 2019). The potential strategic importance of the MSMEs in transforming Zimbabwe's economic fortunes cannot be over-emphasized. However, the sector's capacity to contribute to this transformation remains constrained given that MSMEs have largely remained financially excluded. It is against this background that the current study seeks to critically evaluate the effectiveness of Zimbabwe's financial inclusion package focusing on the challenges that continue to militate against the SMEs' ability to access finance, the range of financial products and services available as well as the awareness of the NFIS among SMEs.

1.3 Research Objectives

The aim of the research is to: Investigate the effectiveness of the national financial inclusion strategy in enhancing access to financial services by MSMEs.

1.3.2 Sub-Objectives

The study will, therefore, seek to:

a. Establish the level of awareness of the financial inclusion strategy among the MSMEs
b. Investigate the financial products and services available to MSMEs
c. Establish the factors that continue to militate against the MSMEs' access to financial services
d. Draw policy conclusions.

1.4 Research questions

1.4.1 Main Question

The research sought to answer the question:

Has the national financial inclusion strategy been effective in improving access to financial services by MSMEs?

1.4.2 Sub-questions

a. Are MSMEs aware of the financial inclusion strategy?

b. Are the available financial products and services enhancing access to finance by MSMEs?

c. What factors continue to militate against the MSMEs' access to financial services?

d. What should be done to improve access to financial services by MSMEs?

1.5Hypothesis

1.5.1 Main hypothesis

The research was based on the following main hypothesis:

H_0: The NFIS is statistically significantly, positively associated with access to finance by MSMEs (financial inclusion)

Specific Hypothesis

H1: Awareness of the financial inclusion strategy is statistically significantly, positively associated with access to finance by MSMEs
H2: Available financial products and services are statistically significantly, positively associated with access to finance by MSMEs
H3: Finance access barriers are statistically significantly negatively associated with access to finance by MSMEs

1.5 Rationale of the study

The research focused on investigating the effectiveness of the NFIS in improving access to finance by MSMEs. The MSMEs sector was given importance in the NFIS in view of its contribution to the economy. The study was carried out to assess whether the barriers highlighted in the NFIS had been eliminated. The study also sought to establish whether financial institutions were being innovative to meet the needs of SMEs. Further, the research sought to proffer recommendations to the policy makers, financial institutions and the MSMEs. Finally, the research intended to come up with a model for enhancing financial inclusion of MSMEs in Zimbabwe. This is specifically important given that the current NFIS ends this year, 2020. The research was therefore important in contributing to future national financial inclusion strategies that the government may intend utilise.

The research sought to test quantitatively the nature of the significance of relationship between the selected three variables and access to finance. This is very important in that it forms the basis for review of the NFIS against the 90% financial inclusion target by 2020. The study is also critical in that it is in line with vision 2030. The economy may achieve sustainable economic development given the strategic importance of the MSMEs as sources of growth in Zimbabwe. Access to finance is a key enable for the growth and performance of MSMEs (Osano and Languitone, 2016; Rasheed *et al.*, 2019).

The study made a methodological contribution by deviating from the norm of analysing the mean response when analysing Likert scaled responses. The study used the mode as the measure of central tendency in the analysis of data. Additionally the sampling method used was a combination of random sampling followed by purposive and convenience sampling. The combination of sampling methods was done to increase the response rate given the general extended national lockdown which was in force during the period of data collection.

The study also contributed to literature by collecting secondary data on the types of financial products and services available to SMEs. Information was obtained from banks and financial institutions websites as well as the RBZ policy documents. The study went on to assess the access and usage of the products and services

1.5.1 Research gap

The effectiveness of the NFIS seems not clear given that MSMEs appear to continue to have limited access to financial services and capital. In their research, Gambe and Sandada (2018) surveyed 118 MSMEs in Mashonaland East to determine the effectiveness of selected national financial inclusion strategies from a broader perspective. Their study focused on effectiveness of the strategies in influencing financial inclusion or access to finance.

A number of other studies have attempted to explain the factors that influence access to finance by SMEs. Osano and Languitone, (2016) considered the structure of the financial sector, the awareness of funding opportunities, collateral requirements and small business support services in Mozambique. Mashizha and Sibanda, (2017) studied access to finance represented by product utilisation. Their independent variables were financial knowledge and financial product awareness. In Nigeria Aminu, Noor and Shariff (2015) studied access to finance with the independent variable being elements of strategic orientation.

Mudamburi (2019) used the Pecking Order and Credit Rationing theories to study the ideal source of capital between debt and equity for SMEs. The findings indicated that, given the dollarized economy, SMEs had to rely more on internal capital and equity injections. It is evident from literature that most studies have tended to focus on factors affecting access to finance, with limited evaluation of the strategies in place. This study sought to evaluate the effectiveness of the NFIS mainly in relation to the issues it sought to address of availability, access and usage of financial products. Although assessing access to finance, the study sought to confine the independent variable to the elements of the NFIS.

1.6 Scope of research

The research will focus on business managers, owners and key employees representing the sample MSMEs within Harare Metropolitan Province. Harare is preferred for the investigation given its proximity to a wide variety of financial services providers.

Few researches have been to evaluate the effectiveness of the NFIS in enhancing access to finance by SMEs in Zimbabwe. This limits literature on local conceptual models. A lot of literature on financial inclusion and access to finance by SMEs in Zimbabwe and globally is available. The research thus combined a number of conceptual frameworks to come up with a model to evaluate the effectiveness of the NFIS in enhancing the financial inclusion of SMEs in Zimbabwe. A large sample (350) was used to increase the reliability of the investigation.

1.7 Dissertation Outline

The research is divided into five chapters. The first chapter being the introduction. The second chapter covers literature review, while the third chapter details the research methodology. The fourth chapter presents the results of the research and its findings and lastly the fifth chapter will put forth recommendations and a conclusion of the research.

1.8 Chapter Summary

The chapter introduced the concept of financial inclusion as envisaged in National Financial Inclusion Strategy and the focus on financially including MSMEs. It went further to detail the objectives of the research as well as the research questions. The chapter later expanded on the significance of the research, which is, to investigate the effectiveness of the NFIS in financially including MSMEs. The chapter was concluded with an outline of how the overall research is structured. The next chapter will focus on a review of both theoretical and empirical literature in the area of financial inclusion of MSMEs.

2. CHAPTER TWO- LITERATURE REVIEW

2.1 Introduction

The chapter focuses on the explanation of the phenomenon of financial inclusion as it relates to the MSMEs sector starting off at the global level and drilling down through regional to local level. The major themes of the literature review will be financial products and services available to MSMEs, factors that continue to militate against MSMEs access to financial services and the levels of awareness of financial inclusion strategy among MSMEs. Attention was also drawn to countries that have implemented national financial inclusion strategies.

2.2 Search strategy

The study was conducted through the searching of literature from various online databases. The main search strategy adopted for the study was Boolean Searching (Portland State University, 2018). The most common search conjunction in the search "equation" that was used was **AND** because it populates results that are inclusive of all terms in the search equation as opposed to **OR** and **NOT**. This was used in searching the University of Zimbabwe E-Resources and other online databases. Keyword and subject heading searching were also used in searching online databases. An extensive review of financial institutions websites as well as their reports was also done in order to identify the products and services available from financial institutions

2.3 Definition of Financial Inclusion

2.3.1 Financial Inclusion

Financial inclusion has been defined by various scholars and institutions in many ways. Terzi (2015) defined financial inclusion as including answers to the questions on access, ease of access and the services accessible. Aro-Gordon (2016) agrees with the above definition but, however, emphasizes access by vulnerable or low-income groups and at affordable cost with the core concerns of poverty eradication and inclusiveness. The same sentiments are echoed in the Zambia NFIS (Ministry of Finance (Zambia), 2017). Affordability should, however, not be assumed to entail ignoring risk management practices. Additional dimensions of reliability and flexibility, embedding access for the excluded as well as broadening of access for those already financially included leads to broadening social safety nets (Dabla-norris, Deng, Ivanova, Karpowicz, Vanleemput & Wong, 2015).

The Reserve Bank Of Zimbabwe (RBZ) defines financial inclusion as encompassing four dimensions of access, usage, quality and welfare which has a slight departure from other definitions which do not emphasise the welfare dimension, which focuses on fairness and transparency of the provision of financial services (RBZ, 2016b). while SADC has defined it as the provision to all population segments of financial products and services ensuring availability, accessibility and affordability (SADC, 2016).

This research therefore considers financial inclusion as a systematic process aimed at ensuring ease of access and usage of basic and high-quality financial services for those historically excluded and deepening of access to those already included in a reliable, efficient, timeous manner that is affordable and sustainable.

2.3.2 Financial Inclusion Strategy and National Financial Inclusion Strategy

The purpose of a financial inclusion strategy at a national level is to ensure the reaching and serving with financial services of all segments of the population that are excluded (Bank of Mozambique, 2019). The stability of the financial sector and development of the private sector are other key issues that motivate a national financial inclusion strategy (Ministry of Finance [Zambia], 2017) In Nigeria the NFIS sought to mobilise greater household savings, expand class of entrepreneurs, tackle poverty, promote inclusive development, achieve millennium development goals (MDGs), and to leverage capital for investments (Ibor, Offiong and Mendie, 2017). National financial inclusion strategies are therefore targeted at specific outcomes with a detail of deliberate actions to be undertaken.

2.3.3 Financial Exclusion

Financial inclusion strategies have to be done taking into consideration the six types of financial exclusion namely; physical access exclusion, product or service access exclusion, condition exclusion, price exclusion, marketing exclusion and self-exclusion (Ibor, Offiong and Mendie, 2017). These types of exclusion were considered key in that they influence the effectiveness of the strategic measures in the NFIS. Of great concern, is self-exclusion for which no amount of intervention or strategic measures can overcome.

2.4 Underpinning theory (theories)

The study is anchored on the financial intermediation and the information asymmetry theories. The theory of financial intermediation is concerned with the role of financial institutions as agents responsible for bringing together the deficit spending units and the surplus spending units. Deficit spending units are those that require financial resources which they cannot finance on their own hence require to borrow. Surplus spending units are those that have excess financial resources than their spending needs and therefore can afford savings (Aro-Gordon, 2016&Werner, 2016). The access to finance for SMEs can be explained by the extent to which banks are able to lend from the funds available for surplus spending units. The desire to borrow by SMEs will also explain the level of demand of finance by the deficit units being the SMEs.

The theory of information asymmetry is closed linked to the financial intermediation theory. In the process of extension of credit or giving access to finance the bank and the borrowing SME do not have the same level of information and consequently two problems of adverse selection and moral hazard characterise the relationship (Bizah, Gumbo and Magweva, 2017; Osano and Languitone, 2016). Adverse selection occurs when adverse results or inefficiencies are as a result of imperfect information (Osano and Languitone, 2016) for example when a financial institution, due to limited information, ends up supporting a risky project which is more likely to fail and the borrower defaulting. On the other hand, moral hazard occurs when financial institutions support projects but due to the size of the projects, fail to follow-up resulting in the diversion of borrowed funds from their core purpose. The asymmetry of information between banks and SMEs appears to be the main challenge in promoting access to finance in Sub-Saharan Africa (Osano and Languitone, 2016).

2.5 Importance of Financial Inclusion of SMEs

SMEs in Zimbabwe are faced with the risk of failing and a few maturing into large enterprises due to many challenges including access to finance together with other challenges such as low foreign direct investment, high country risk, illegal capital outflows, and low customer confidence (Majoni, Matunhu and Chaderopa, 2016 and Sachikonye and Sibanda, 2016). Access to finance is further constrained by liquidity challenges faced by Zimbabwe which result in high interest rates, short loan tenors and limited loan amounts and contributing to the premature death of SMEs (Majoni, Matunhu and Chaderopa, 2016).

Most SMEs are informal in nature and their operations are associated with illegal businesses and consequently are considered by most financial institutions as un-bankable and this is further compounded by failure to provide collateral to secure borrowings (Janasi, 2013) . This is contrary to the argument that informal SMEs, if financially included, they are a potential of economic growth (Shumba, 2016 andMatombo *et al.*, 2016). It is therefore imperative that financial institutions realise the significance of the informal sector and find ways to tap into the sector for businesses.

The financial inclusion of SMEs is critical in that the bringing in of more participants in the formal financial services and products access is able to mobilise and generate deposit and savings that leads to financial stability more economic growth (Mataruka, 2015).

Financial inclusion of SMEs is also important in that it catalyses the widening and deepening of access to a variety of financial products and services which increases the chances of meeting the varying demands and needs of SMEs given the differing characteristics of SMEs (Mutungwe, 2016 andMataruka, 2015).

The efficient allocation of resources to productive sector is key in an inclusive economic growth. Although done at a small scale operations of SMEs are capable of driving economic growth and development given that for example in 2012 it was estimated that SMEs in Zimbabwe contributed to over 60% of the country's Gross Domestic Product (GDP) employing about 5.8 million people (Majoni, Matunhu and Chaderopa, 2016). Financial inclusion provides a platform for efficient allocation of resources (Mataruka, 2015) by ensuring that the increased consumers of financial products and services influence the allocation of financial resources.

2.6 Discussion of key variables/ dimensions

Access to Finance

Access to finance has been a topical issue among academics, researchers and policy makers given that it is a significant element in the growth and survival of SMEs as it allows for productive investments that contribute to the national economy as well as poverty alleviation (Osano and Languitone, 2016). Finance can be accessed either internal or externally. External finance is regarded as key in driving start-up businesses (Osano and Languitone, 2016) and (Aminu, Noor and Shariff, 2015). However the lack of external finance for SMEs is felt in limitation of international markets competitiveness, limited business expansion and limited chances of value chain linkages with larger firms (Osano and Languitone, 2016)

The liquidity constraints faced by Zimbabwe have limited the flow of new investments into the financial services sector resulting in limited ability of the sector to provide access to finance in the economy (Bizah, Gumbo and Magweva, 2017). Some of the challenges that have negatively impacted on access to finances by SMEs in Zimbabwe through creation of liquidity constraints include the decline in agricultural activity and productivity, sustained trade deficits, limited foreign direct investments, a huge national external debt overhang, continued power shortages affecting industry production, high non-performing loans in the banking sector among others, especially in the face of the growth of many SMEs post the 2000 to 2001 land reform programme (Sachikonye and Sibanda, 2016) .

A study by Mohammed and Obeleagu-nzelibe found out that access to finance and concessional taxation were the major causes of SMEs failure in Nigeria as access to finance was a major obstacle for SMEs development (Aminu, Noor and Shariff, 2015). Access to finance is therefore influenced by a number of factors namely awareness of the financial products and services available, the factors that militate against access as well as the range of suitable products and services available as discussed in the next section.

2.7 Theoretical and Empirical Review of financial Inclusion and SMEs

2.7.2 Challenges faced by SMEs in accessing financial services

The challenges faced by SMEs in accessing financial services can be categorised into, shortcomings of SMES, shortcomings of lending institutions and government policy or regulatory shortcomings (Sachikonye and Sibanda, 2016).

2.7.2.1 Challenges facing SMEs in accessing finance

2.7.2.1.1 Lack of viable business plans

SMEs struggle to get access to finance due to unavailability or lack of viable business plans or clear financial plans (Osano and Languitone, 2016). This is further worsened by operating in highly competitive industries. Mudavanhu, Bindu, Chiguswa & Muchabaiwa (2011) in (Sachikonye and Sibanda, 2016) found out that eighty five percent (85%) of SMES failed within the first five years of operation. Aminu, Noor and Shariff (2015) share the same view when they opined that the growth and development of SMEs in developing countries is adversely affected by limited access to finance. Lack of viable business plans further worsens uncertainties that are associated with SMEs making financial institutions more reluctant to offer finance to SMEs (Aminu, Noor and Shariff, 2015; Matombo, Chinzou, Chirodza, Mapakame & Kaseke, 2016). The growth of SMEs is further constrained by limited, or dilapidated infrastructure which is unable to cater for the needs of the SMEs for example at the Glenview complex it was noted there was no proper storage facilities for raw materials and finished products (Majoni, Matunhu and

Chaderopa, 2016). The limited growth limits resources at the exposure of SMEs which ultimately affects planning and long-term commitment.

2.7.2.1.2 Lack of adequate collateral

Some SMEs struggle to get access to finance due to lack or unavailability of adequate collateral to secure the funding (Sachikonye and Sibanda, 2016; Matombo *et al.*, 2016; Ibor, Offiong and Mendie, 2017&Mutambara, 2016) . Collateral is required to offer the financial institutions/ banks a safety net against risks associated with lending. In their study in Kenya they established that the majority of respondents had to a greater extent agreed that lack of collateral limited access to credit. (Mwangi and Cheluget, 2018). The study also found out that access to credit and ultimately finance had improved the economic status of the surveyed SMEs.

2.7.2.1.3 Absence of proper financial records and informality

As observed by Sachikonye and Sibanda (2016) most SMEs are family owned resulting in limited or no separation of personal from business finances. SMEs tend to have limited or non-existent or incomplete financial records (Mashizha, Sibanda and Maumbe, 2019). The absence of proper documentation of business records can also be attributed to lack of the awareness of the benefits of using banking products (Ibor, Offiong and Mendie, 2017; Matombo *et al.*, 2016). As further observed by Majoni, Matunhu and Chaderopa (2016) and Mashizha, Sibanda and Maumbe (2019) financial management skills were closely linked to performance of SMEs and it is for this reason they that SMEs also struggle to get access to finance. The lack of manpower and managerial capacity tends to result in poor internal controls and governance systems (Sachikonye and Sibanda, 2016) and all this tend to limit access to finance. The informality of SMEs tend to limit them from accessing of regulatory support and infrastructure in place for their benefit (Ndiaye *et al.*, 2018)

2.7.2.1.4 Start-Ups with no track record

Financial institutions are reluctant to offer finance/ credit to businesses starting up or those with no track record as a way of mitigating risk of default. In exceptional circumstances finance is offered where there is a strong business case (Sachikonye and Sibanda, 2016). In a study in Kenya it was noted that respondents agreed that a credit profile was done prior to credit awarding which had a bearing on access to finance by SMEs (Mwangi and Cheluget, 2018). Janasi (2013) noted that the history of the development of SMEs can be attributed to the Economic Structural Adjustment Programmes, the Land Reform Programme and the general economic downturn that resulted in massive job losses and corporate closures (Majoni, Matunhu and Chaderopa, 2016), which led to people turning to set up informal businesses as a way to sustain a living with the government turning to support the SMEs in the wake of corporate closures as an alternative to revive the ailing economy through the establishment of the Ministry of Small and Medium Enterprises in 2002.

Start-ups are also faced with social capital challenges which limit their access to finance. Social capital theory states that in as much as start-ups may be able to identify opportunities, the may lack the social connections and networks to exploit the opportunities(Munyoro, Chikombingo and Nyandoro, 2016). Given that developed nations face other challenges such as corruption and infrastructural challenges, social networks are critical in access to resources.

2.7.2.1.5 High loan default rates

The problem of high default rates is prevalent in developing nations (Matombo *et al.*, 2016).

SMEs have been associated with diversion of borrowed funds from their intended business purposes to other undisclosed uses. The result of the diversion has been challenges in repaying loans and consequently defaults which make financial institutions unwilling to support SMEs financially (Sachikonye and Sibanda, 2016)

2.7.2.2 Shortcomings of lending institutions

The supply side of access to finance as represented mainly by banks or financial institutions is faced by challenges that limit their capability to offer access to finance to SMEs.

2.7.2.2.1 Limited branch network

The distribution of financial institutions tends to follow economically active populations concentration. Most financial institutions tend to have more branches in urban centres. The reach of the branch network entails that those that are financially excluded, the unbanked, remain excluded (Noor, 2017)

2.7.2.2.2 Comparatively high cost of products and unattractive deposit conditions

One of the major barriers to financial inclusion of SMEs has been the high cost of financial products and services including the bank charges with little incentive to deposit (Mataruka, 2015; Ndiaye *et al.*, 2018& Sachikonye and Sibanda, 2016). Osano and Languitone, (2016) agree with the assertion and add that high overhead costs that are faced by banks are passed on to customers through financial products charges such as bank charges and interest rates. In 2018 the average deposit interest rate in Zimbabwe was 2.5% while in South Africa, Zambia, Namibia and Mozambique had 7%, 6.8%, 5.9% and 13.6% respectively. Zimbabwe's deposit interest rate was the lowest compared to its peers in the region and just above Botswana which had a deposit interest rate of 1.5% (World Bank, 2018a)

2.7.2.2.3 Complicated and cumbersome procedures to open enterprise accounts

SMEs are faced with traditionally cumbersome and lengthy processes requiring a number of documents for them to be able to open bank accounts. This has resulted in many of the owners of SMEs opting to open personal accounts that the use for business purposes.(Mataruka, 2015; Mutungwe, 2016&Sachikonye and Sibanda, 2016) This is more pronounced in informal SMEs who are hindered by the policy requirements with regards to formal registration and the minimum requirements of opening a bank account (Matombo *et al.*, 2016)

2.7.2.2.4 Unfavourable loan terms (pricing and tenor)

Most financial facilities available to SMEs tend to be for the short term at relatively high interest rates, making borrowing unattractive to the SMEs (Ndiaye *et al.*, 2018) and (Sachikonye and Sibanda, 2016). Factors such as availability of loanable funds and the prevailing inflation rates on the other hand influence the tenor and interest rates. The information asymmetries that exist between the banks and the SMEs as well as the costs associated with processing and issuing numerous, small amount loans keeps banks away from lending to SMEs. It is for this reason that although SMEs may desire to access loans from formal institutions, the cost and terms drives them away.

2.7.2.2.5 Limited understanding of the nature of SMEs

The approaches to product and service development have been primarily based on a model that treats the SMEs with a blanket group approach. However SMEs differ in the characteristics and needs thus limiting the usage of existing products and services (Sachikonye and Sibanda, 2016).

2.7.2.3 Government policy and regulatory shortcomings

2.7.2.3.1 Limited credit reference bureaus/ credit reporting

The existence of a robust credit reference and reporting system is essential in ensuring that firms have a credit history. In Zimbabwe the Credit registry although functional is still to be comprehensive to cover most SMEs (Mangudya, 2017). The challenge is compounded by the fact that many SMEs operate informally or use informal sources of finance which cannot be tracked. Credit reference is important in that banks prefer to offer loans and finance to firms that appear to use credit responsibly and sustainably (Chijoke, 2015).

2.7.2.3.2 The Zimbabwe Revenue Authority stance to revenue collection

The Zimbabwe Revenue Authority (ZIMRA) has been accused of using a heavy handed approach in tax collection. This has resulted in many SMEs facing viability challenges (Sachikonye and Sibanda, 2016). SMEs view taxes as expenses that eat into their revenues and cash flows and try to paying taxes including paying bribes. The penalties that they face from ZIMRA tend to cripple them given that some can barely afford to raise finance for their survival (Munyoro, Mupfumira, Langton and Dube., 2018) It is therefore this heavy handed approach to taxation that seems to create operational challenges for SMEs.

2.7.2.3.3 Perceived country risk

Zimbabwe is faced with a perception of high-country risk which has impacted negatively through liquidity constraints through capital flight as well as limited capital inflows into the economy in general and more importantly to financial services sector thereby effectively limiting its ability to support SMEs.

2.7.3 Financial products and services available to SMEs

SMEs in Zimbabwe are able to access a wide range of generic and tailored products and services from both banking and non-banking institutions. The study however concentrated on products and services available from formal banking institutions and microfinance institutions given that a survey approach was adopted. Collection of data on informal products and services is a challenge especially given the sensitivity associated with illegal activities and tax evasion in Zimbabwe hence the reason for focusing on formal financial products and services.

2.7.3.1 Products and services from Banking Institutions (Commercial, Savings and Building Societies)

Commercial banks in Zimbabwe provide a number of products and services (CABS, 2020; FBC Bank, 2020; Met Bank, 2020; NMB Bank, 2020&Standard Chartered Bank, 2020). The products and services can be categorised as follows:

2.7.3.1.1 SME Loans

Banks in Zimbabwe offer collateral based loans to SMEs through their SME Banking divisions with strict qualification criteria. Banks acknowledge the profitability of lending to SMEs but are sceptical given the risks in the sector (Dambazaa and Krugerb, 2018) The loans can be secured against property. Some of the factors considered are minimum turnover limits set by bank, operational existence of applicant in excess of set period, company documents, financial statements, business proposals and cash flow projections. The loans are generally at market determined interest rates and the amounts vary from one bank to the other for instance Standard Chartered Bank offers loans ranging between ten thousand dollars and one million dollars while the CABS SME loan scheme ranges from five thousand dollars to fifty thousand dollars (CABS, 2020) and (Standard Chartered Bank, 2020). Loans from banks and Microfinance institutions appear to be a common source of funding for SMEs, hence the demand for loan products and their increased usage (Mashizha and Sibanda, 2017)

The lending products also include vehicle and asset finance, working capital, cluster, overdraft facilities and agricultural trade loans. The agricultural trade loans are focused on financing crop production, providing working capital and funding capital expenditure for SMES in agriculture. Business overdrafts are common in most banks as a way of bridging gaps in cash flow for SMEs that are faced with fluctuating cash inflows.

2.7.3.1.2 Trade Facilities

A number of trade facilities are available to SME at various commercial banks covering both export and import finance. The services include export invoice financing, preshipment export financing, advice on credit bills and export credit letters. On import finance the services include customs bonds and guarantees, import financing, letters of credit, shipping guarantees, proforma invoice financing.

2.7.3.1.3 Business Current and Savings accounts

Access to a bank account is the basic function of banks. Through SME Banking desks in various banks SMEs are able to open and use both transactional and savings accounts upon meeting the account opening requirements. The main benefits of the accounts include ability to receive and make payments, internet banking on demand, access to other banking services such as cheques, mobile money, telegraphic transfers, access to foreign currency and loans. Mashizha and Sibanda (2017) found out that the majority of SMEs were using savings accounts as a way of maintaining records of their business.

2.7.3.1.4 Treasury Facilities

SMEs are able to access treasury services from banks. The services include which settlement of transactions in foreign currency and purchase and foreign currencies commonly referred as foreign exchange. The services are telegraphic transfers processing, foreign notes purchase or sale. The banks usually provide concessionary for clients with high transaction volumes. The services are also available to non-account holders who can get the services over-the counter to do currency swops, process telegraphic transfers and to order drafts.

2.7.3.1.5 Automated domestic payments

Banks through Paynet offer automated domestic payments that allow SMEs to pay salaries as well their various creditors. The Direct Payment System allows SMEs to efficiently and securely process payment instructions but retaining control in the hands management. The service is key for SMEs in that it frees staff to focus more on productive tasks as automations reduce the manual processes.

2.7.3.1.6 Cash Management Services

Banks through arrangements with SMEs are able to offer cash delivery or pick-up services reducing the need to travel to and from the bank. Additional liquidity management services such as account sweeps, Real Time Gross Settlement, stop order payments can also be arranged.

2.7.3.2 Products and services from Micro Finance Institutions

MFIs have been a source of finance for SMEs due to limited or lack of collateral which constraints their ability to borrow from commercial banks. The challenge however has been that SMEs have tended to default on their loan repayments to MFIs (Janasi, 2013)

2.7.3.3 Products and services from Development Finance Institutions

In Zimbabwe the SMEDCO also provides finance to SMEs under the supervision of the Ministry of Women Affairs, Cooperatives, Small and Medium Enterprises Development. The products and service available from SMEDCO include working capital loans, order financing, provision of infrastructure and general SME loans. It is important to note that the requirements of the loan products include an application fee of $100, company documents, bankable business plans, cash flows projections, financial statements and bank statements. The interest rate on the loans with a tenure of twelve to twenty four months is 4% per month which translates to 48% annually (SMEDCO, 2020). These interest are relatively high given that general lending rates in the region in 2018 were for Botswana, Eswatini, Mozambique, Namibia, South Africa, Zambia at 6.5%, 10.3%, 23%, 10.1%, 10.1% and 9.8% respectively (World Bank, 2018b). If the commercial lending rates are significantly lower than the annual SMEDCO lending rate it make the loan products unattractive to the SMEs.

Deposits both fixed and call, Negotiable Certificates of Deposits(NCDs), Treasury bills, Agro Bills, Banker's Acceptance, safe custody and guarantees are other products available from Development financial institutions (Agribank, 2020), although their usage maybe be limited among SMEs due to the requirements.

2.7.4 Awareness of the NFIS among SMEs in Zimbabwe

It appears there is limited literature about the level of awareness of the NFIS in Zimbabwe among SMEs, however a number of studies have indirectly studied awareness of the NFIS through analysis of financial literacy and factors contributing or limiting it such as (Mashizha, Sibanda and Maumbe, 2019&Mashizha and Sibanda, 2017). Low levels of financial literacy were also noted by (Tshabalala, 2019), among women entrepreneurs and SMEs in Bindura.

One of the barriers to financial inclusion in Zimbabwe is the lack of information on the available financial products and services which if further worsened by poor financial literacy (Mataruka, 2015&Mashizha, Sibanda and Maumbe, 2019). The lack of awareness of most financial products leads to low usage of the products (Mutengezanwa, 2018). It was however observed that although SMEs appeared knowledgeable about financial products, the was no link between the knowledge and participation in the formal financial services which also resulted in limited accounting in the formal financial system of finances generated in the SMEs sector (Mashizha, Sibanda and Maumbe, 2019).

In a study that investigated financial literacy among SMEs in Harare and Mashonaland Central Provinces it was found out that there appeared to be low levels of financial literacy among SMEs (Mashizha, Sibanda and Maumbe, 2019). The findings are consistent with Mashizha and Sibanda (2017) who found that most SMEs were not aware of most financial products and services. This is evidence that there is low awareness of the NFIS given that financial inclusion strategies focus on access, usage and quality of financial products and services.
Awareness of financial products and services and the NFIS explains the level of demand for financial products (Mashizha and Sibanda, 2017), which in turn influences the extent of financial inclusion of SMEs as more financially literate entrepreneurs tend to utilise more financial products and services. Mashizha and Sibanda (2017) noted that only 16.9% of the respondents to their survey were aware of more than five financial products. This is an affirmation that SMEs are still financially excluded as they also noted that 75% did not have any insurance. It is however important to also note that lack of innovation,

limited product accessibility and low confidence in the financial products also contributed to low levels of financial inclusion of SMEs.

2.7.5 Contradictions in financial inclusion and access to finance by SMEs

In Sibanda, Hove- Sibanda and Shava (2013) it was found out that access to finance although it had a positive impact to the performance of SMEs, the impact was statistically insignificant. The departure is significant in this research in that it informs findings and recommendations on the importance of other non-finance factors in the performance and growth of SMEs.

Morgan and Pontines, (2017) also noted that although financial inclusion is beneficial it can result in a number of challenges. Sub-prime lending, which is the lowering of asset quality through relaxation of lending terms in order to financial include the unbanked exposes the banks to crises. Additionally greater financial inclusion that is associated with expansion of individual borrowings may result in unexpected losses in the face of extreme events for instance the COVID-19 global pandemic, which may cripple the financial system as well as resulting in more pronounced banking crises.

Financial inclusion has also been associated with agent banking or outsourcing of services by banks which may result in reputational risk for the banks. Agents are prone to complicity in moral hazard and adverse selection given that the ultimate cost of their decisions are borne by the principal banks and institutions (Morgan and Pontines, 2017).

2.7.6 Research /hypothesis

The study was based on the following hypotheses

H0: The NFIS is statistically significantly, positively associated with access to finance by MSMEs (financial inclusion)

Specific Hypothesis

H1: Awareness of the financial inclusion strategy is statistically significantly, positively associated with access to finance by MSMEs

H2: Available financial products and services are statistically significantly, positively associated with access to finance by MSMEs

H3: Finance access barriers are statistically significantly negatively associated with access to finance by MSMEs

The research is based on the hypothesis that the NFIS is positively associated with access to finance by SMEs. The sub hypothesis are based on the key elements of the NFIS, being awareness of the NFIS, the barriers affecting the SMEs sector as well as access and usage of the various financial products and services.

2.7.7 Conceptual Framework

The study was based on the following conceptual framework on access to finance

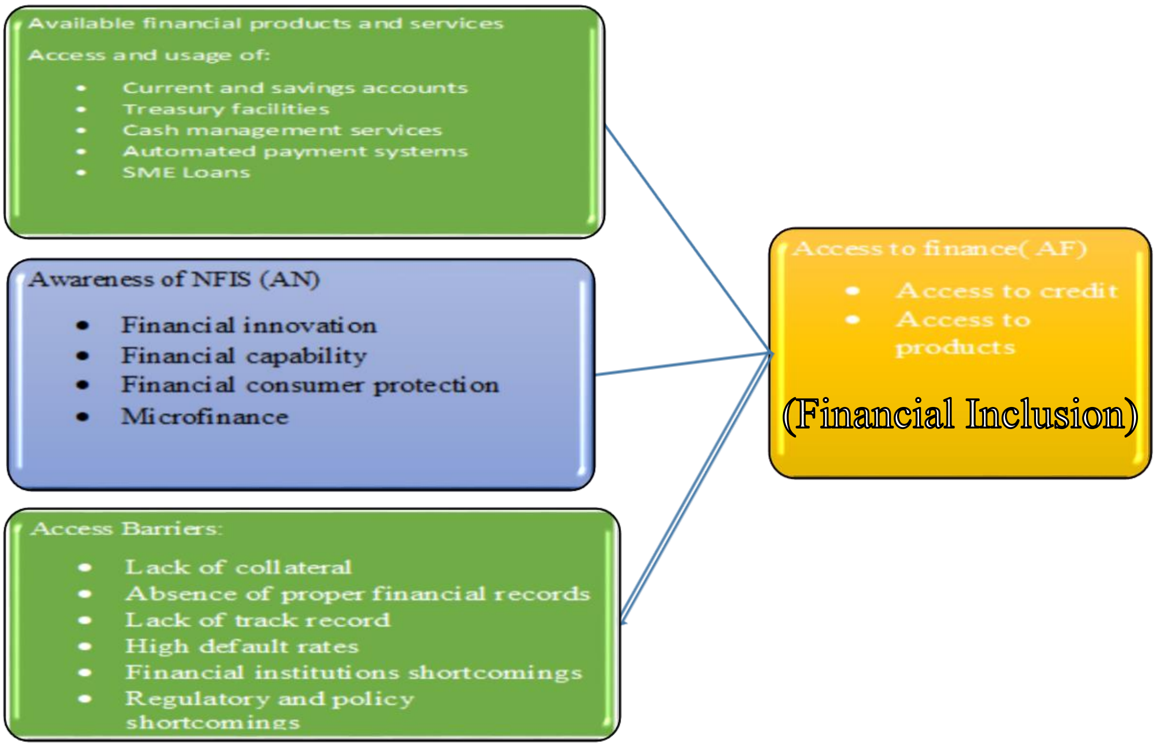

Figure *2.1* **Conceptual Framework**

Source; Author (2020)

The conceptual framework was adapted from various authors as shown in the table below, but mainly borrowing from Noor's 2016 model.

Table 2:5 **Conceptual Framework Empirical Bases**

Authors	**Year of Publication**	**Country**	**Independent variable**	**Dependent Variable**
Wambugu & Cheluget	2018	Kenya	a. Financial Literacy • Financial Management • Debt Literacy • Savings Literacy • Investment Literacy	Credit Access by SMEs

			b. Financial Innovation • Size of financial firms • Employee education • Research and development • Availability of finance c. Financial Inclusion • Availability • Awareness • Affordability • Adequacy • Accessibility	
NOOR	2016	Zimbabwe	demand-side, supply-side and infrastructural factors	Financial Inclusion
(Hussain, Salia and Karim, 2017)	2017	UK	Financial literacy Access to finance	Access to Finance Firm growth

Source; Author (2020)

Financial inclusion or access to finance is a variable that has been used both as a dependent variable or an independent variable, it is mostly used as an independent variable when analysing SMEs performance, profitability or growth (Ndiaye *et al.*, 2018)

2.8 Chapter Conclusion

The chapter considered the importance of financial inclusion of SMES, highlighting the challenges from three dimensions of the SMEs, financial institutions and the government or policy perspectives that seem to continue to inhibit the financial inclusion of SMEs. The chapter went on to analyse the product and services available to SMEs from banks as well as the level of awareness of financial product and services and the NFIS among SMES. After an extensive review of literature a conceptual framework for the study was proposed to guide in the next chapter which will focus on the research methodology.

CHAPTER THREE: RESEARCH METHODOLOGY

Introduction

This chapter discusses the methodology that was applied to yield the empirical results of this study. The research methodology relates to the research design, methods, approaches and procedures applied in carrying out an investigation into a phenomenon (Kivunja & Ahmed, 2017). The areas covered in this chapter include: the recap of research aim, objectives and questions, research design; target population, sampling design, research instruments, data collection procedures and data analysis procedures and ethical considerations.

Methodology covers on how the research process was carried out. Keeves (1997) notes that research methodology relates to the research design, methods, approaches and procedures applied in carrying out an investigation into a phenomenon. This study took the research methodology as encompassing the above four aspects of design, methods, approaches and procedures. The areas covered in this chapter include: the recap of research aim, objectives and questions, research design; target population, sampling design, research instruments, data collection procedures and data analysis procedures and ethical considerations.

3.1 Recap of research aim, objectives and questions

The study seeks to assess the “Effectiveness of the National Financial Inclusion Strategy (2016-2020) in enhancing access to financial services by Micro, Small and Medium Enterprises operating in Harare, Zimbabwe.” To achieve this main objective, the study was guided by the following sub objectives:

a) To establish the level of awareness of the financial inclusion strategy among the MSMEs.

b) To investigate the financial products and services available to MSMEs.

c) To establish the factors that are militating against the MSMEs' ability to access financial services.

d) To provide policy recommendations on how to enhance the strategic measures to improve access to financial services by MSMEs.

Below is a brief discussion of the research philosophy.

3.2 Research philosophy

The research adopted a positivist approach. Research philosophy is defined as the creation of a research background, knowledge and nature of the research; it can be explained using the research paradigm (Saunders and Thornhill, 2016). Research paradigm means the broad framework that covers on the perceptions, beliefs and understanding derived from various theories and practices which are used in doing a research (Bradley, 2013). The research adopted a positivist paradigm to capitalise on its objectivity which is key in the credibility of research findings and general applicability to a wider population. A positivism philosophy was adopted for the purposes of this research as it provides an objective view towards the "Effectiveness of the National Financial Inclusion Strategy (2016-2020) in enhancing access to financial services by Micro, Small and Medium Enterprises operating in Harare, Zimbabwe." Positivism follows a scientific process of hypothesis development, testing and decision on the acceptability or non-acceptability of the same. The philosophy is thus regarded as objective. A positivism philosophy uses quantitative data which is believed to be very reliable due to the process of hypothesis setting, testing and ability to codify results into models for prediction such as regression models. (Antwi and Kasim, 2015). The data collected thorough the positivism philosophy was preferred due to its objectivity given it is usually used for scientific deductions and in testing existing theories (Sekaran, 2014).

3.3 Research Design

According to Marcezyk, DeMatteo and Festinger (2015), a research design is a plan that guides the researchers in executing their studies. Creswell (2014) provides for three possible research designs including exploratory, descriptive and explanatory. Each design is suitable under different circumstances depending with the research methodology adopted (qualitative or quantitative research methodology). This study adopted a descriptive cross-sectional design that enabled the researcher to scrutinise, illustrate and document aspects of circumstances on the subject under investigation as they logically occurred (Ngechu, 2016). A number of items were developed on each variable to enable scrutiny across the variables. The chosen design aimed at for the collecting of accurate data to provide an account and depiction of situation. In collecting responses for this study there was no investigational manipulation or any arbitrary selection of groups. A descriptive cross sectional survey design attempts to gather quantitative data from a subset of the entire population to describe the phenomena to find out individual's perception, attitude, and behaviour pertaining to the elements that relate to the "Effectiveness of the National Financial Inclusion Strategy (2016-2020) in enhancing access to financial services by Micro, Small and Medium Enterprises operating in Harare, Zimbabwe" (Mugenda & Mugenda, 2016). A descriptive cross-sectional research design was chosen because it allowed for the statistical generalisation of the study results to the population.

3.4 Research approach

This study adopted a quantitative research approach. Quantitative research techniques attempted to measure reality based on empirical data, formal propositions, quantifiable measures of variables and hypotheses testing. Quantitative research approach is objective and conclusions are arrived at after quantifying responses (Salant and Dillman, 2014). A quantitative research approach was adopted for its confirmatory role, narrow angle lens view and isolation of causal effects (Apuke, 2017). A quantitative research approach allowed the research to confirm or disconfirm the theoretical views on financial inclusion of SMEs. Additionally the approach takes a narrow lens view by focusing on a few specific hypotheses. The view was ideal in that it allowed the research to isolate casual effects. The use of correlation analysis in quantitative research allow for the isolation of casual effects among variables. Kimberly (2013) also gave the benefits of using the quantitative approach as compared to qualitative approach and among the benefits the researcher identified the objectivity as the main factor. The research collected primary data in order to gain a deeper understanding of the effectiveness of the NFIS in financially including MSMEs.

3.5 Research Strategy

There are many research strategies that a study can select and these range from case studies, action researches, surveys, experiments, ethnography, and grounded theory to archival retrieval (Creswell, 2014, Kothari, 2015 and Sekaran, 2014). Rahi (2017) argues that research strategy is concerned with defining the systematic process of data collection and interpretation in order to answer the research question. Survey research methodology is one of the strategies suitable for the positivist paradigm (Kivunja and Ahmed, 2017). This study adopted a survey research strategy as it is impossible to do a census or cover everyone in the target population given that this study is being done in 6 months only. It is close to impossible for a study to cover all SMEs in Harare and include everyone in the SMEs. Therefore, this study only considered MSMEs registered with the SMEs Association of Zimbabwe as the basic unit of analysis.

3.6 Study population

A study population is a set of all units of analysis in one's problem area. Population refers to a set of people, elements, events, groups or households that are under investigation (Bryman & Bell, 2017). A study population is a group of individuals to which the researcher would like to generalize the results gathered (Mugenda & Mugenda, 2016). Basing on the above definitions, the study population of this research consisted 178 registered Micro, Small and Medium Enterprises operating in Harare, Zimbabwe, and registered by the Small and Medium Enterprises Association of Zimbabwe on their website. The number of SMEs in Zimbabwe is a matter of debate given that the sector has both formal and informal SMEs that are geographically dispersed with limited statistics being available due to resources constraints. This made it difficult to have a comprehensive list of SMEs. The study however considered mainly formally registered SMEs in order to improve the reliability of the research findings given that the survey was conducted during period of extended national lockdown. The population was made up of SMEs operating in Harare. Harare is the capital and administrative city of Zimbabwe and for that reason most economic activities are concentrated within the city and its surroundings.

A study of SMEs in Harare was therefore desirable due to its proximity to the researcher. Harare offers a higher concentration of financial services providers, which gives the highest possible access to financial services. In order to evaluate the effectiveness of the NFIS in improving access to finance by SMEs a location with high access to financial services was chosen for the study. A survey approach was selected in collecting data, because the target population size for this study was too big and not feasible to collect data from everyone. The survey approach enabled the researcher to collect data using the Likert scale structured questionnaire.

3.7 Sampling

The target population for this study consisted of all the registered Micro, Small and Medium Enterprises operating in Harare, Zimbabwe. However, the study used both random sampling, convenience sampling and purposive sampling making use of the SMEs Association of Zimbabwe database. The database has 178 SMEs from various sectors operating in Harare. The researcher used both random and convenience sampling in order to collect data from respondents who have adequate information on the subject under investigation, also those who are ready and willing to participate in this study.

Simple Random Sampling

The research generated a sampling frame from 178 SMEs operating in Harare and registered by the Small and Medium Enterprises Association of Zimbabwe. The units of analysis were the owners, managers and other official representatives of SMEs. The research used a sample size calculator to determine the number of SMEs to randomly select from the database assuming that the database of registered SMEs was the population. The number of SMEs required was calculated based on a 95% confidence level with a 5% confidence interval to give a sample size of 116 SMEs. The formula used to determine the sample size is illustrated in formula (3.1)

$SS = Z^2 pq(NE^2(N-1) + Z^2 pq)$……………………….(3.1)

Where SS is the required sample size, z is z value at 95 % confidence level (1.96), the population in the target population estimated to have characteristics being measured (50 %);q is 100 − p = 50 %, N is the total population and E is the margin of error

Targeting three individuals per SME, the sample size was determined to be 348, rounded off to 350. The sampling frame for this study consisted of the lists of owners and permanent employees from the 116 registered Micro, Small and Medium Enterprises with SMEAZ (Kothari, 2015). It is from the sampling frame that the researcher sampled out a few respondents to participate in the survey. Table 3.1 provides the sample size and distribution of the respondents in the sample:

Table 3.1: Sampling Table

MMSE in Harare, Zimbabwe	**Sample Size**
SME owners and managers	350
Total	**350**

Source: Raw Data, 2020

Convenience Sampling

Convenience sampling was used to augment the random sampling. The researcher identified individual owners and managers of SMEs within his social network as well as classmates and asked them for the willingness to participate in the survey so as to enhance the overall response. The respondents were also chosen for their proximity to the research. Although not a scientific approach, the sampling technique was chosen to support the random sampling.

3.8 Data Collection

The study used mainly primary data sources. Data collection method is a technique or way of collecting, measuring and analysing research data on set variables which are under study in an organized way (Walker, 2016; Maholtra, 2011). Data collection allows the study to give answers to set research questions and hypotheses. The primary data were collected using a semi-structured questionnaire that had both closed and open-ended questions formulated in line with set objectives of the study.

The closed-ended questions facilitated the collection of factual information to aid in analysing the research data. The closed ended questions in the questionnaire were based on a 5-point Likert-Scale: 1= Strongly agree; 2= Agree; 3= Neutral; 4= Disagree; 5= Strongly disagree. The researcher emailed the questionnaires to Micro, Small and Medium Enterprises owners and managers using a google forms and an online link to the questionnaire. The researcher used follow-up emails to solicit for responses. Calls were made to respondents who had supplied their contacts for follow-up. In order to enhance the response rate, the questionnaire was made available online on various social media platforms including Facebook, LinkedIn and WhatsApp. Secondary data were obtained from external sources through document analysis technique. Secondary data were collected from documented records and from various published sources, the internet and websites of relevant organizations and institutions. Secondary data was used mainly to corroborate the findings of the study.

3.9 Reliability and Validity

This study ensured that data collected for this research was both reliable and valid.

3.9.1 Reliability

Reliability is the extent to which data collection techniques or analysis procedures yield consistent findings (Salant and Dillman, 2014). Effort was made to collect data from informed sources who had a better appreciation of the issues under study. A questionnaire with the same wording and structures was administered on all respondents. Standardised questionnaire instrument ensured "repeatability" or "consistency" of the investigation outcomes such that even if it was to be administered to a different group it would still solicit the same information. The instrument had the same structure and questions and respondents gave same information which enabled easy comparability of information. Closed ended questions in the questionnaire instrument provided a trend that clearly produced a person’s opinion that could easily be cross referenced to ensure reliability and consistency of findings. A pilot study was carried out before collecting final data using 6 questionnaires and the questionnaire instrument was reviewed before collecting final data. In the pilot study, the questionnaires were administered to 2 research experts, 2 respondents from the target population and 2 from the researcher's classmates. A pilot study was conducted to test and appraise the questionnaire instruments for internal consistency, and ability to elicit the required information using Cronbach's alpha test. Results from the pilot study indicated that the questionnaire was both valid and reliable for this research as shown in the table below.

Reliability Statistics

Cronbach's Alpha	N of Items
.905	55

A Cronbach's alpha of 0.7 is generally considered ideal (Taber, 2018). The pilot study with a Cronbach's Alpha statistic of 0.905 showed that the instrument was reliable to be used for data collection

3.9.2 Validity

One of the important requirements of a successful and accurate research study is that all findings gathered should be valid (Salant and Dillman, 2014; Yin, 2008; Bryman and Bell, 2017). This means that research instruments should measure what they are supposed to measure for them to be valid, such that the research findings can therefore be generalisable to the study population. This was done by making constant references to the research questions and objectives when designing the questionnaire instrument. The study ensured that the sample was a representative of the study population by covering all sectors and both SME owners and managers to ensure validity.

A) Internal validity

Internal validity looks on whether the findings gathered in the research are genuine (Saunders, Lewis & Thornhill, 2016). In this study, the respondents were given the same questionnaire instrument with same questions under similar conditions to level out any confounding effects and random errors. The questionnaires were short and care was taken to remove ambiguities.

B) External validity

External validity refers to the extent to which the findings of a study can be generalised to situations and samples other than those used in the study (Cooper and Schindler, 2016). Standardisation, counter-balancing, and randomization reduced threats to external validity. Standardised questionnaires with same structure and questions were used in this study. The final sample represented all groups across gender, educational level and age in the target population. The researcher can safely state with confidence that the findings can be generalized to similar settings and are a representative of the target population.

3.10 Data Analysis

3.10.1 Data Preparation

Responses collected were numbered sequentially for the purposes of data capturing. Items on the questionnaire were coded according to section. Demographics section had eight items which were coded A1 to A8. The first variable, Awareness of the NFIS among SMEs had eight items which were coded B1 to B8. The second independent variable, Available financial products and services, had eighteen items that were coded C1 to C18. The last independent variable was, Factors limiting access to financial services, which had eighteen items. The items were coded D1 to D18. The dependent variable, Access to financial services, had three items that were coded E1 to E3. The last section of the questionnaire related to policy recommendations and had seven items which were coded F1 to F8. The individual items were used to create sixty two variables in SPSS. Demographic data was categorised as nominal data, while the rest of the Likert Scaled variables were categorised as ordinal data. Policy recommendations were categorised as nominal data to allow descriptive analysis only. Responses to each item were given sequential numerical codes from between 1 and 9 depending on the number of responses on each item in the demographics section. Other Likert scaled questions had responses numerically coded from 1 to 5.

As data was received each response was entered in SPSS directly. When all the responses had been captured in SPSS, the first step was data cleaning. The research used a neutral response where responded had skipped a question but proceeded to answer other questions. Using SPSS the research proceeded to analyse data for missing values. All the 202 responses finally used had no missing values.

3.10.2 Data Analysis

After the preparation of data for processing, both descriptive and inferential statistics were used to aid in data analysis. Data gathered in the demographics section was analysed using frequencies, with pie charts and tables being used to aid the visual description. The tables and pie charts were all extracted from SPSS. Editing of the charts to enhance labels was done in SPSS. The Statistical Packages for Social Sciences (SPSS) was also used to aid in inferential statistical data analysis. The first step was to summarise the data collected to a form that made analysis easier. Given that each independent variable had a number of individual items; SPSS was used to compute new variables. The mean response was used to compute the new variables. The eight items measuring awareness of the NFIS were computed into one variable. The same was done for the other two independent variables where eighteen items were summarised into one new variable each. The three items measuring the dependent variable were also computed into one variable, access to financial services.

The computed new variables were then used for inferential statistical analysis starting with a normality test. The normality test was done on the data to determine the type of tests to be conducted on data. A normality test is done to determine whether data follows a normal distribution or not (Keeves, 1997). The normality test indicated that the data did not follow a normal distribution; hence non-parametric tests were applied in data analysis. Spearman's correlation analysis was used to determine the significance of the association between the independent variable and the dependent variables. While correlation analysis was used to test the hypotheses of the study, regression analysis was used to propose a financial inclusion model. A Regression model, summarised in equation (3.2) was used to quantify the relationship between the dependent and independent variables underlying the issues under study.

$$\mathbf{Y=\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad \mathbf{(3.2)}$$

Where: Y represents the dependent variable (access to financial services by Micro, Small and Medium Enterprises operating in Harare, Zimbabwe); β_0 is a constant term; X_1- awareness of the financial inclusion strategy; X_2- the financial products and services available to MSMEs; X_3- the factors that continue to militate against the MSMEs' access to financial services and ε is the error term. The regression model adopted for the research was a multiple linear regression model. The research instrument was developed on the basis of three independent variables and one dependent variable. The model captured all the variables. The regression model was adapted from the work of Osano and Languitone (2016) who studied access to finance as the dependent variable with structure of financial sector, awareness of funding opportunities, collateral requirements, and small business support services as the independent variables.

3.11 Ethical considerations

The researcher used internationally recognized codes of conduct for conducting an educational research. The first step that was to acquire authority from the owners of the Micro, Small and Medium Enterprises operating in Harare, Zimbabwe through telephone calls and emails. Once approval was granted the researcher proceeded to distribute questionnaire to targeted respondents to collect data. The researcher also sought informed consent by informing the all the participants of the nature of the study, purpose and data collection methods. The roles of the participants were explained to them before administering the questionnaires to solicit maximum cooperation. However, the researcher was honest, truthful and respected confidentiality and anonymity by making sure that the questionnaires did not solicit for names and addresses. The information collected was not used for other purposes other than for the research purposes. Respondents were protected from harm in that the study did not include sensitive questions that could cause embarrassment or discomfiture safeguarding participants against risk. Respondents were free to withdraw from the research at any stage.

3.12 Chapter summary

This chapter covered the research philosophy, design, approach and strategy, population of the study, sampling, data collection and data analysis methods used in the research. The different types of data sources used were also explained and how they were used in this study. This chapter went on to provide the way the data was analysed, reported and how research instruments and data were validated to ensure both reliability and validity. Lastly it covered on ethical considerations with which the research and the data were handled. The following chapter will present the findings of the study which are the answers to the research questions and objectives that were raised in chapter one detailing them in relation to the literature that was reviewed previously in Chapter 2.

CHAPTER FOUR- PRESENTATION AND DISCUSSION OF RESULTS

4.1 Introduction

The chapter presents research results by starting with analysis of the response rate followed by descriptive analysis of the socio-demographic characteristics of respondents. Thereafter a descriptive analysis of the variables is done followed by reliability and normality tests. The data collected is subjected to correlation analysis and regression analysis. The chapter ends with a discussion of the results with reference to literature. The chapter will use data analysis to draw conclusion on the hypothesis proffered in this research.

4.2 Response Rate

The total number of questionnaires distributed to emails was 350.

Table 4.1: Response Rate Analysis

Distributed Questionnaires	Responded	Unusable Responses	Usable Responses	Response Rate
350	210	8	202	57%

The response rate was fair given the current environment of national lockdown and social distancing. Health concerns have significantly affected the willingness of respondents to complete hard copies of questionnaires. Only a few respondents accepted to complete hard copies of questionnaires after the researcher complied with all social distancing and sanitisation measures. In addition, the majority of SMEs in the informal sector has been on lockdown since 30 March 2020 up-to the time of conclusion of data collection. The response rate of 57% therefore entail that the findings were mainly limited to SMEs in the categories studied. More so, SMEs that had access to internet connectivity and capabilities to operate virtually or from remote locations (work from home capabilities) seems to have been the main respondents. The response rate was improved through sending of follow-up emails to the respondents.

4.3 Socio-Demographic Characteristics of respondents

4.3.1. Gender

Of the 202 usable responses 26% were females while 74% were males as illustrated in Figure 4.1 below. The research was done under conditions of restricted movements. Given the current economic challenges, respondents with access to internet and emails tend to be concentrated in the male category. Males appear to be more mobile during periods of restricted movements, while females tend to be confined to the homes and relying more on mobile data.

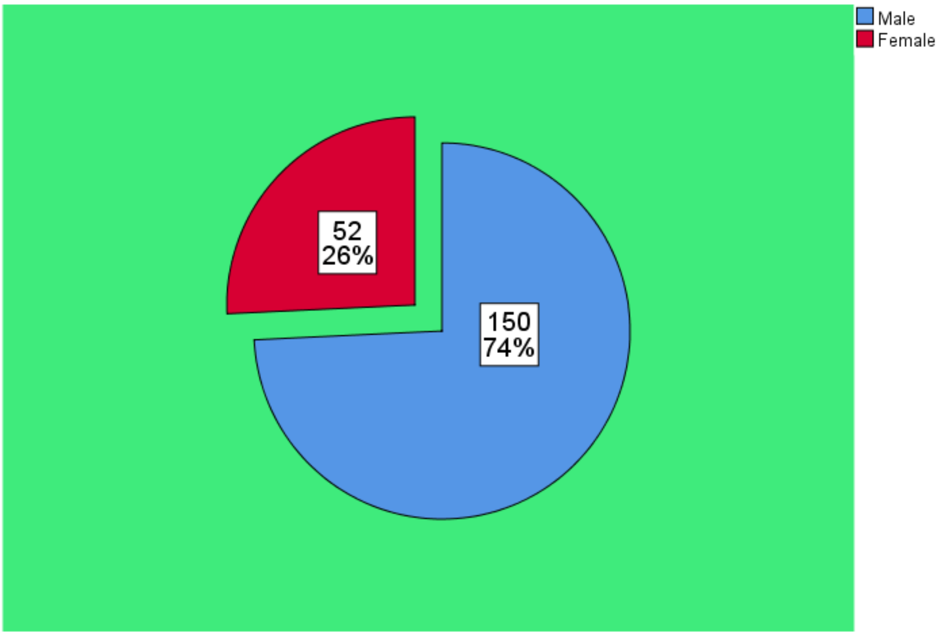

Figure 4.1: Gender of Respondents

4.3.2 Age of respondents

The majority of the respondents were in the age range of between 25 and 44 years. The two age ranges accounted for 85% of the respondents. This is the age range that is economically active. The SMEs sector provides employment to the majority of the working population hence the age of respondents agrees to this position. The SMEs sector is also contributing towards young entrepreneurs as evidenced by 3% of the respondents who were aged below 25 years.

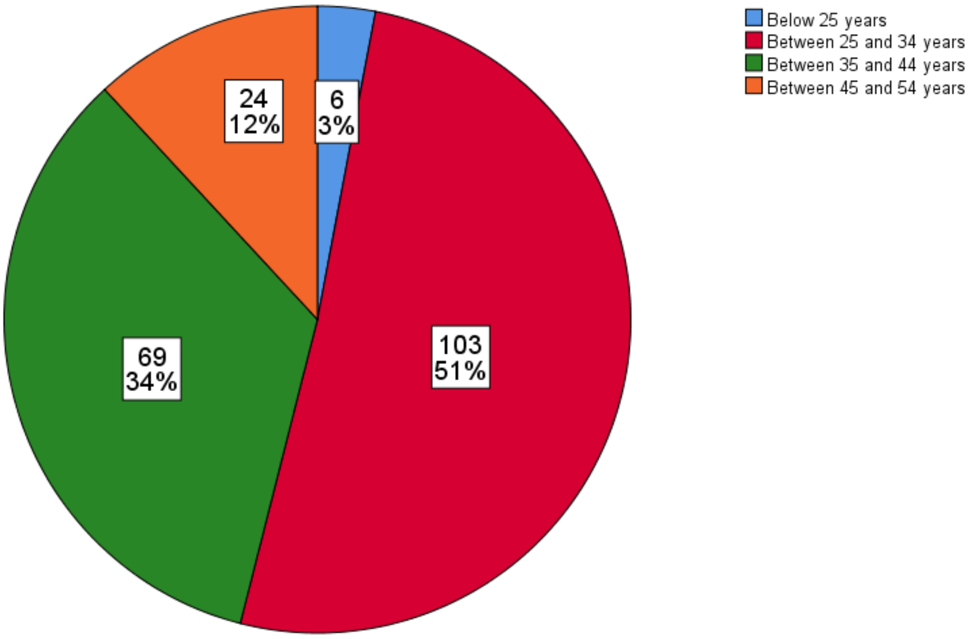

Figure 4.2: Age of respondents

4.3.3. Educational Level of Respondents

The respondents' highest level of education enabled them to objectively answer the questionnaire. As shown in the table below, 62% of the respondents had a postgraduate degree or a higher qualification. None of the respondents had advanced level as their highest level of education. The level of education is in line with the general recruitment basis that is focused on qualification. The higher, the qualifications, the more likely one are to be employed in formal business setup irrespective of the size of the business.

Table 4.2: Educational Levels of Respondents

Level Of Education	Frequency	Percent
Undergraduate degree or diploma or certificate	76	38
Post graduate degree and above	126	62
Total	202	100

4.3.4. Position

The research sought to establish position in the SMEs on basis of being a manager, owner or both and other official representative. Figure 4.3 shows that 14% of the respondents were both owners and managers, and 31% were other official representatives of their SMEs. Managers of SMEs can therefore be deemed to be 51% or alternatively owners could be deemed to be 31%. The objectivity of responses was deemed to be high given that managers and owners represented above 50% of the respondents.

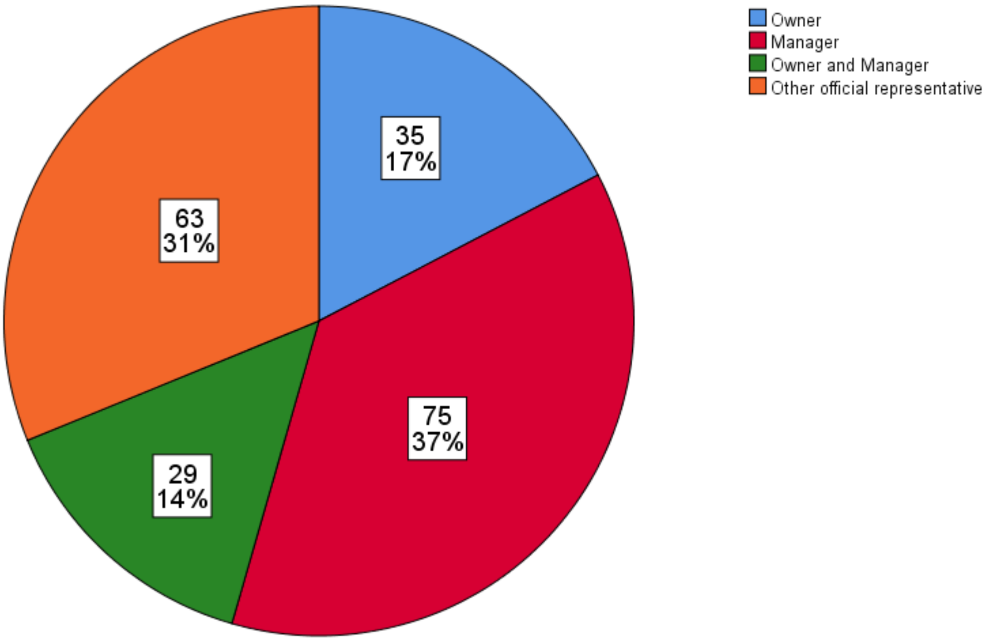

Figure 4.3: Positions of Respondents

4.3.5 Experience in the SMEs Sector

The level of experience in the SMEs sector is critical in determining the ability to objectively respond to the survey. It is interesting to note that of the responses received, none had experience over 20 years. This is generally attributable to the age distribution of respondents as well as the failure rate of SMEs as noted in the literature review. The figure below shows that 77% of the respondents had less than 10 years' experience in the SMEs sector while 23% had experience between 10 and 20 years.

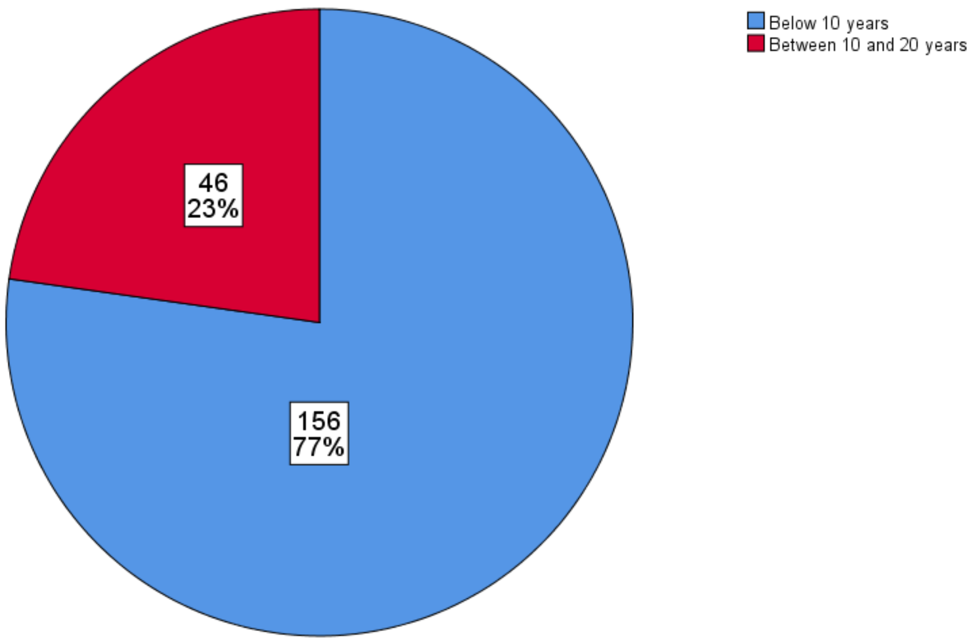

Figure 4.4: Experience in the SME Sector

4.3.6. Number of Employees

The number of employees in the organisation is one of the ways of categorising among micro, small and medium enterprises. The respondents with 10 or less employees were 40 %, while those with 11 to 50 employees were 23%. Respondents from SMEs with 51 to 100 employees were 37%. The figure below shows the distribution of respondents as well as the categorisation.

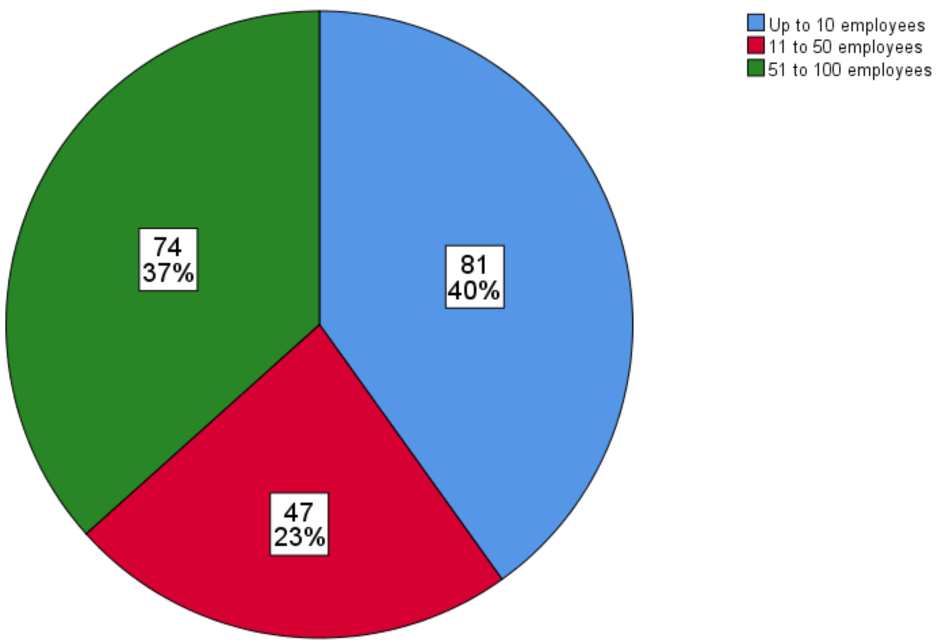

Figure 4.5: Number of Employees

Eight (8) respondents that indicated a number of employees that were above 100, were categorised as unusable responses as the organisation they represented were not SMEs according to the definition adopted for this study.

4.3.7 SMEs Sector of Operation

The table below shows the distribution of respondents across sectors.

Table 4.3: Analysis of SMEs Sectors

Sector	Frequency	Percentage (%)
Agriculture	35	17
Construction, Energy, Engineering and Mining	11	5
Wholesale and Retail	46	23
Consulting and Services (Incl ICT)	29	14
Arts and Crafts	5	3
Auto, Transport and Logistics	11	5
Other	65	33
Total	202	100

The distribution of respondents was concentrated in sectors that were gazetted by the government to be essential services. These are the sectors that have largely remained operational during the lockdown. Agriculture, wholesale & retail, Consulting services &ICTs accounted for 54% of the respondents.

4.3.8 Registration Status of SMEs

In line with the response rate, only 14% of the respondents acknowledged that their SMEs were not formally registered. No respondents acknowledged that registration was in progress. About 86% of the respondents indicated that their SMEs were formally registered. The higher proportion of respondents, being from registered SMEs is in line with the national lockdown rules that only allowed formally registered institutions to be operational between the periods 30 March 2020 to the time of conclusion of the data collection on 15 August 2020

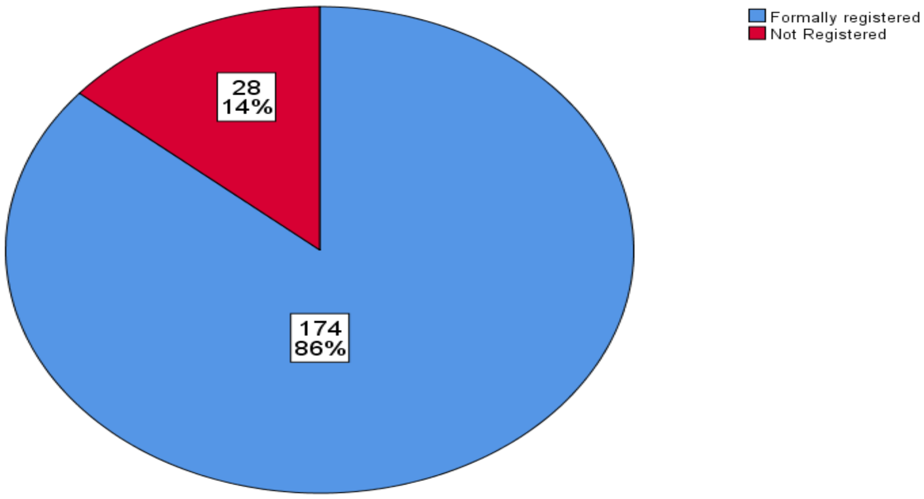

Figure 4.6: Registration Status

This distribution is at variance with other studies where it has been observed that the Zimbabwean economy is highly informal (Matombo *et al.*, 2016). The variance is attributed to conditions that existed during data collection which limited access to the informal sector.

Descriptive Analysis of Variables

4.3.9 Awareness of the National financial inclusion strategy

Responses on questions aimed at assessing the level of awareness of the NFIS have been summarised in Table 4.4. The table shows the percentage of respondents that gave a particular response on each item of the variable.

Table 4.4: Awareness of the NFIS among SMEs

Item	Strongly Agree	Agree %	Neutral %	Disagree %	Strongly Disagree %	Total %
SMEs are aware of the NFIS	0	20	30	36	14	100
The NFIS positively influences access to finance	14	41	12	25	8	100
The NFIS has been	9	29	34	20	8	100

unsuccessful in removing financial services access barriers						
SMEs are benefiting NFIS	4	29	20	39	8	100
Financial institutions are providing innovative products to meet SMEs finance needs	0	46	28	20	6	100
Financial institutions provide high quality financial products and services to SMEs.	3	30	31	22	14	100
Information about financial products and services is readily available from financial institutions	0	43	31	21	5	100
SMEs can get their grievances against financial institutions easily resolved	3	17	25	40	15	100

Source: Raw Data (2020)

In order to identify the level of awareness of the National financial inclusion strategy among SMEs, the measure of dispersion, the mode of each item on the questionnaire was used in analysis of data. Thirty six percent (36%) indicated that SME were not aware of the National Financial Inclusion Strategy, while an additional 14% strongly agreed with the assertion. Only 20% were in disagreement while the remainder was neutral.

The study found out that 55% agreed that the National financial inclusion strategy positively influences access to finance by SMEs, 33% disagreed while 12% was indifferent with the assertion. While 38% agreed, 34 % were neutral and 28% disagreed that the National Financial Inclusion strategy had been successful in removing barriers to the financial inclusion of SMEs. The study found out that 39% of the respondents disagreed, 8% strongly disagreed, 33% collectively agreed while 20% were neutral with the assertion that SMEs are benefiting from the national financial inclusion strategy.

Forty-six percent (46%) indicated that financial institutions are providing innovative products to meet SMEs finance needs while, 28% were indifferent and 26% disagreed. Thirty two percent (31%) of respondents could neither agree nor disagree with the assertion that financial institutions provide high quality financial products and services to SMEs, 3% strongly agreed, 30% agreed, 22% disagreed while 14% strongly disagreed.

On availability of information about financial products and services from financial institutions, 43% of the respondents agreed that information was readily available, 31% was neutral and 26% disagreed. The study found out that 40% indicated that SMEs did not get their grievances against financial institutions easily resolved, while 15% strongly agreed and only 20% agreed. Despite the positive influence of the NFIS on access to finance the results indicated low awareness of the NFIS among SMEs.

4.3.10 Available Financial Products and services

The study asked to comment on the availability of a number of financial services to SMEs. Table 4:5 summarises the responses on financial services available.

Table 4.5: Available financial services

Item	**Strongly Agree %**	**Agree %**	**Neutral %**	**Disagree %**	**Strongly Disagree %**	**Total %**
Microfinance loans are available to all MSMEs.	8	26	3	55	8	100
MSMEs have access to the available financial products and services.	3	29	34	23	11	100
MSMEs are getting microfinance loans without collateral	0	6	20	47	27	100
MSMEs are getting microfinance loans at lower interest rates	0	6	24	45	25	100

MSMEs are getting loans at better terms from microfinance institutions than from other financial institutions	0	14	27	40	19	100
Deposit products are readily available for SMEs from financial institutions	0	29	29	36	6	100
Collateralised loans are available for SMEs	6	61	20	10	3	100
Non-collateralised loans are available for SMEs	0	17	29	43	11	100
Letters of credit are readily available for SMEs	0	9	37	43	11	100
SMEs are readily able to access working capital loans	0	21	28	40	11	100
My business uses debit/credit cards to make payment	6	35	14	31	13	100
SMEs have a high usage and access to mobile banking	5	57	18	17	3	100
SMEs are readily able to access investment loans	0	17	23	54	6	100
Financial institutions have limited access to SMEs due to limited branch network	0	38	20	39	3	100
Large banks are the main players in SME financing	0	11	37	46	6	100
Microfinance institutions are the main players in SME financing	17	52	26	5	0	100
Development finance	3	8	38	48	3	100

institutions are the main players in SME Financing						
Small banks are the main players in SME financing	8	30	35	25	2	100

Source: Raw Data (2020)

Products and services available to SMEs were analysed on the basis of modal response on each item on the variable. Respondents generally agreed that a number of the products and services were not readily available or accessible to SMEs. Sixty one percent of the respondents agreed that collateralised loans were available for SMEs. Mobile banking usage and access was agreed to be available to SMEs by 57% of the respondents. The respondents tended to agree that Micro-finance institutions were the main players in the finance of SMEs with 69% agreeing, 5% disagreeing and 26% being neutral. In detailed responses some indicated that it was not the primary role of large banks to finance SMEs. This agreed with the finding that 59% indicated that micro-finance institutions were not offering loans at any better terms, while 27% were indifferent. The role of micro-finance institutions of financially including SMEs seemed to be overshadowed by unattractive terms which make them appear targeted for the informal sector. Most banks now have SMEs banking units but at terms no better than micro-finance institutions.

A neutral response on the role of small banks in facilitating access to finance by SMEs was given by 35% of the respondents. Interest rates were also noted to be a challenge in terms of access to finance by SMEs. SMEs reported that loans were not available at lower interest rates whether from Microfinance institutions or from large banks. Investments loans, working capital loans, non- collateralised loans and letters of credit were products that were not readily available to SMEs. The branch network of banks was confirmed to be not a challenge concerning access to finance by SMEs.

4.3.11 Access to finance barriers

A total of eighteen questions were asked to assess the factors that continue to militate against SMEs' access to financial services. The responses are as summarised in Table .46.

Table 4.6 Factors militating against SMEs' access to financial services

Item	Strongly Agree %	Agree %	Neutral %	Disagree %	Strongly Disagree %	Total %
Poor record keeping, is a factor that continues to militate against the MSMEs' access to financial services.	12	57	17	11	3	100
Poor preparation of financial statements is a factor that continues to militate against the MSMEs' access to financial services.	12	60	11	14	3	100
Poor financial management is a factor that continues to militate against the MSMEs' access to financial services.	18	57	9	14	2	100
Start-up SMEs with no track record find it difficult to access finance from banks	29	49	11	8	3	100
The process to open an account with a financial institution is cumbersome.	23	34	23	18	2	100
Failure to access financial products and services is attributed to not owning an account.	18	31	26	19	6	100
The cost of financial products and services make them unattractive to SMEs.	20	54	18	6	2	100
Banks lend to SMEs after seeing other banks lend to SMEs	8	39	44	3	6	100
The quality of MSMEs' financial statements influences rejection of	12	45	29	11	3	100

credit applications by financial institutions						
The quality of business plans influences rejection of credit applications by financial institutions	5	44	40	8	3	100
The heavy handed approach of tax authorities promotes informality of SMEs	34	37	23	6	0	100
SMEs recognise the importance of using financial statements.	0	34	38	17	11	100
SMEs do not have the requisite skills and competencies to prepare the business plans.	5	29	23	29	14	100
SMEs do not have the requisite skills and competencies to prepare financial records	9	32	23	26	10	100
Poor preparation of financial statements negatively affects the financial inclusion strategy of MSMEs.	14	55	20	8	3	100
Poor record keeping negatively affects the financial inclusion strategy of MSMEs.	9	60	18	13	0	100
Poor financial management negatively affects the financial inclusion strategy of MSMEs.	6	63	20	11	0	100
The expected benefits of the financial inclusion strategy for MSMEs has been limited by the above factors.	11	48	24	17	0	100

Source: Raw Data (2020)

The survey indicated that the barriers to access to finance were the major contributor to limited finance access by SMEs. The mode as a measure of dispersion was used to identify the factors that continue to limit access to finance by SMEs. Of the eighteen items listed on the questionnaire respondents generally agreed with the assertions except for the importance of using financial statements and the lending behaviour of banks. Although 34% of the respondents agreed that SMEs understood the importance of using financial statements, 38% were indifferent, while 28% disagreed with the assertion. It could not be concluded as to whether banks tend to lend to SMEs after noticing other banks do, as 44% of the respondents were indifferent while only 47% agreed with the assertion and 9% disagreed.

Poor record keeping, poof preparation of financial statements and poor financial management were identified as factors that continued to militate against SMEs access to finance and contributed negatively to the financial inclusion strategy for SMEs. Owning an account was only attributed to failure to access financial products by 49% of the respondents in total.

The study found that seventy four percent (74%) of the respondents agreed that the cost of financial products and services were contributing to their non-utilisation by SMEs, 8% disagreed while 18% were indifferent. The survey results showed that 71% of the respondents agreed that the heavy-handed approach by tax authorities contributed to the informality of SMEs while 23% were indifferent and 6 % disagreed.

The study found out that poor record keeping and preparation of financial statements were factors that militated against SMEs access to financial services. On the other hand the majority of respondents were indifferent or disagreed with the assertion that skills and competencies to prepare financial records were a challenge. These two opposing views created a dilemma for this research. It can therefore be concluded that SMEs investigated believed that they had the skills and competences to prepare financial statements and records.

4.3.12 Overall Access to finance by SMEs

The study sought to establish whether the existence of the national financial inclusion had increased awareness among SMEs, increased the range of financial products and service and eliminated SMEs sector specific barriers in order to enhance their access to finance. Three items were assessed access to finance when starting a business, access to finance in the industry and well as whether the NFIS had resulted in improved access to finance by SMES as shown in Table 4:7. On the first item, 77% of respondents indicated that access to finance was a major challenge when starting a business while 23 % was either neutral or disagreed. On the second item 80% indicated that access to finance remained a major challenge in their respective industries. The remaining 20 % did not agree with the assertion. Lastly, 57% of the respondents indicated that the NFIS had not improved access to finance by SMEs. A neutral response by 31% found seemed to indicate limited awareness of the NFIS.

Table 4.7 Overall access to financial services by SMEs

Item	**Strongly Agree %**	**Agree %**	**Neutral %**	**Disagree %**	**Strongly Disagree %**	**Total %**
Access to finance was the most difficult thing in starting the business	28	49	14	6	3	100
Access to financing for firms in your industry is considered very difficult	28	52	12	5	3	100
The National Financial Inclusion Strategy has not improved MSMEs access to finance	8	49	31	6	6	100

Source: Raw Data (2020)

4.4 Reliability Analysis

The results of data analysis shows that the responses received in this study were true and unbiased. In order to determine how reliable the responses were, each construct of the questionnaire was tested using the minimum generally acceptable Cronbach's Alpha coefficient of 0.7 (Taber, 2018). The table below indicates the overall reliability statistics of the instrument.

Table 4.8: Reliability Statistics

Reliability Statistics	
Cronbach's Alpha	N of Items
.900	62

The overall Cronbach's alpha statistic was 0.900, which is considered very good. The instrument therefore was generally reliable and valid in measuring financial inclusion of SMEs

4.5 Normality Tests

The data collected consisted of four variables namely awareness among SMES of the financial inclusion strategy, financial products and services available to SMEs, barriers to financial inclusion of SMEs as the independent variables, with the dependent variable being access to finance (financial inclusion). The data was subjected to a Shapiro-Wilk normality test using SPSS. In order to analyse the data, SPSS was used to summarise the Likert scale data as shown in the table below.

Table 4.9: Likert Scale summarisation

Variable	Number of items (on Likert scale)	Summarised items for SPSS Analysis
Awareness(B9)	8	1
AFPS(C19)	18	1
Barriers (D19)	18	1
Access to finance(E4)	3	1

The formula that was used to summarise the Likert Scale data was, Target variable= (Item1+item2 +…+item n)/n, where n is the number of items on the questionnaire on a particular variable.

The figure below summarises the normality test, which indicates that the data did not follow a normal distribution hence given that the p-value (sig) is less than 0.05 and the statistic is less than 0.96, non-parametric tests will be used in the further analysis of the data.

Table 4.10: Normality Test Results

Tests of Normality						
	Independent Variables					
	B9		C19		D19	
	Shapiro-Wilk		Shapiro-Wilk		Shapiro-Wilk	
Dependent Variable	Statistic	Sig.	Statistic	Sig.	Statistic	Sig.
E4	0.611	0.000	0.741	0.000	0.650	0.000
	0.601	0.000	0.650	0.000	0.611	0.000
	0.841	0.001	0.649	0.000	0.772	0.001
	0.639	0.000	0.551	0.000	0.650	0.000
	0.879	0.004	0.639	0.000	0.649	0.000
	0.649	0.000	0.611	0.000	0.655	0.000
	0.650	0.000	0.649	0.000		
	0.766	0.000	0.649	0.000		
a. Lilliefors Significance Correction						

Source: Raw Data SPSS Analysis (2020)

4.6. Correlation Analysis

In order to test the hypotheses proffered in this study a correlation analysis was done using the Spearman's correlation coefficients. The figure below summarises the Spearman's correlation coefficients among the three independent variable and access to finance (E4) the dependent variable.

Table 4.11: Correlation Analysis

Correlations						
			B9	C19	D19	E4
Spearman's rho	B9	Correlation Coefficient	1.000			
		Sig. (2-tailed)				
	C19	Correlation Coefficient	.470**	1.000		
		Sig. (2-tailed)	0.000			
	D19	Correlation Coefficient	.174*	.194**	1.000	
		Sig. (2-tailed)	0.013	0.006		
	E4	Correlation Coefficient	**0.133**	**0.047**	**-.534****	**1.000**
		Sig. (2-tailed)	**0.058**	**0.006**	**0.000**	
		N	202	202	202	202
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						

Source: Raw Data SPSS Analysis (2020)

Statistical significance of relationships is when **p value is less than 0.05**.

Awareness of the National financial inclusion strategy

H1: There is a positive statistically significant association between awareness of the national financial inclusion strategy and access to finance by SMEs

The results of the survey show that there is a weak positive statistically insignificant association between awareness of the national financial inclusion strategy (B9) and access to finance by SMEs(E4) given that $r=0.133$ and $p=0.058$, ($p>0.05$).

Decision: The hypothesis (H1) is rejected. Although there is a positive association, it is not statistically significant

Available Financial Products and services

H2: There is a positive statistically significant association between available financial products and services and access to finance by SMEs

The results of the survey show that there is a weak positive statistically significant association between range of financial products and services (C19) and access to finance by SMEs(E4) given that r=0.047 and p=0.006, (p<0.05).

Decision: The hypothesis (H2) is accepted.

Access to finance barriers

H3: There is a negative statistically significant association between barriers to finance access and access to finance by SMEs

The results of the survey show that there is a strong negative statistically significant association between barriers to finance access (D19) and access to finance by SMEs (E4) given that r=-0.560 and p=0.000, (p<0.05).

Decision: The hypothesis (H3) is accepted

H0: The results of the correlation analysis therefore indicate that the NFIS is positively associated with access to finance by SMEs. The association is weakened by factors limiting access which have a negative correlation.

4.7. Regression Analysis

A regression model proposed for this study in the previous chapter was shown in the regression equation given below:

$$\mathbf{Y=\beta_0 + \beta_1 X_1 +\beta_2X_2 +\beta_3X_3 +\varepsilon \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots.. (4.1)}$$

Where: Y represents the dependent variable (access to finance by Micro, Small and Medium Enterprises operating in Harare, Zimbabwe); β0 is a constant term; X1- awareness of the financial inclusion strategy; X2- the financial products and services available to MSMEs; X3- the factors that continue to militate against the MSMEs' access to financial services and ε is the error term.

Table 4.12: Regression Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.704[a]	0.496	0.488	0.510
a. Predictors: (Constant), D19, B9, C19				

The model's adjusted R squared represents the explanatory power of the model. The results indicate that 48.8% of changes in access to finance (finance inclusion) are attributable to changes in available financial products and the reduction of access of barriers. The explanatory power of the model is low, indicating the need for future researches to investigate other variables.

Table 4.13: Analysis of Variance Results

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	50.691	3	16.897	64.924	.000[b]
	Residual	51.532	198	0.260		
	Total	102.223	201			
a. Dependent Variable: E4						
b. Predictors: (Constant), D19, B9, C19						

The ANOVA analysis shows that the model is capable of predicting the relationship between the variables since the F value of 64.924 is positively and sufficiently large. The significance ($p=0.000$) and is within the limit of $p<0.05$.

Table 4.14: Regression Coefficients

Coefficients[a]								
Model				Standardized Coefficients	t	Sig.	Collinearity Statistics	
				Beta			Tolerance	VIF
1	(Constant)	5.218	0.288		18.127	0.000		
	B9	0.052	0.064	0.049	0.805	0.422	0.650	1.538
	C19	0.264	0.105	0.158	2.517	0.013	0.644	1.552
	D19	-0.886	0.064	-0.724	-13.831	0.000	0.928	1.077
a. Dependent Variable: E4								

Based on the coefficients above the model can be refined as follows:

Access to finance = 0.288 +0.158 AF -0.724 C +0.049 AW……………………… (4.2)

Where: 0.288 is a constant term; AF- the financial products and services available to MSMEs; C- the factors that continue to militate against the MSMEs' access to financial services and AW is awareness of the NFIS. Although statistically insignificant, AW was included into the proposed final regression model to enhance the predictive power of the model.

4.7. Discussion of Results

Awareness of the national financial inclusion strategy among SMES

Awareness of the NFIS is an aspect of financial literacy. The study sought to understand awareness of the strategy as a way of ascertaining the extent to which the policy has been successful in enhancing access to finance by SMEs. The study found that the NFIS had been unsuccessful in eliminating factors limiting access to financial services. The finding on the success level of the NFIS indicates some awareness of the NFIS among SMEs. The study noted that the majority of SMEs had owners and managers who had below ten years' experience in the SMEs sectors they operated in. Mutengezanwa (2018) noted that low level of financial literacy were associated with SMEs with less than one year in business and it was more pronounced in wholesale, retail, manufacturing, construction and agricultural sectors. Prior Studies conducted in Harare and Bindura indicated that the level of financial literacy were low among SMEs (Mashizha, Sibanda and Maumbe, 2019&Mashizha and Sibanda, 2017).

Only 33% agreed that financial institutions were offering high quality services. This is an indication of low awareness given the range of products and services offered by financial institutions. As shown in chapter there are a number of financial services at the disposal of SMEs in financial institutions. The major challenge however seems to be on the appropriateness of the services (Demirguc-Kunt *et al.*, 2018; Chitokwindo, 2014).

The results of the study indicate that access to information on available financial products and services was a challenge to SMEs. This agrees to (Ngoma, 2019; Mashizha, Sibanda and Maumbe, 2019). The study findings indicated low levels of awareness of the NFIS among SMEs. Limited access to information reduces the awareness of both the financial services available as well as the beneficial strategies aimed at SMEs in the NFIS (RBZ, 2016b).

Financial products and services available to SMEs

The study findings indicate that SMEs, although they had access to microfinance loans, the cost was higher than other financial institutions. Terms of the loans were not more favourable than loans from other financial institutions. These findings are in agreement with (Matombo *et al.*, 2016&Osano and Languitone, 2016). The cost of microfinance products is higher due to the risk associated with lending to SMEs (Bizah, Gumbo and Magweva, 2017) because of the high default rates (Mutambara, 2016). Although microfinance services are available from the many institutions their satisfactory service remains a challenge

The study indicates that collateralised loans were readily available to SMEs while non-collateralised loans were not readily available. The problem of collateral security has been a major challenge affecting SMEs' access to finance (Ngandani, 2013). Sachikonye and Sibanda (2016), in their analysis of over 50 research articles observed that collateral was a major impediment to access to finance by SMEs. The findings also converge with the findings of (Osano and Languitone, 2016 &Chiwara, 2016) which noted that collateral requirements remained a major impediment to SMEs access to finance. This further agrees with the observation that SMEs tended to rely on savings, loans and borrowings from family and friends in order to mitigate the effects of collateral requirements (Mutengezanwa, 2018)

Letters of Credit and working capital loans were not readily available to SMEs. This is in agreement with (World Bank, 2019) which observed that SMEs in developing countries face limited support in form of working capital loans. As observed by (Ndiaye *et al.*, 2018&Ngoma, 2019) financial support availability is key in financial inclusion of SMEs.

Microfinance organisations were identified as the major players in the financing of SMEs in line with their core mandate of providing funding to SMEs (Mashizha and Sibanda, 2017&Janasi, 2013) The numbers of Microfinance institutions indicated in chapter one are indicative of the role the institutions are playing in enhancing access to finance by SMEs. However this contradicted Tshabalala (2019) who observed that Micro Finance Institutions(MFIs) were not offering a satisfactory service to women entrepreneur's in SMEs

Factors militating against SMEs access to finance

The success of SMEs depends on their access to finance (Nerwande, 2015). The study therefore sought to investigate those factors that continued to militate against SMEs access to financial services. Poor record keeping, poor financial management, poor preparation of financial statements, poor quality of financial statements, poor quality of business plans, high cost of financial services, cumbersome process to open an account and absence of track record in start-ups are the factors that continue to militate against access to finance by SMEs. The study noted that less than 50% of the respondents believed that SMEs lacked the skills to prepare financial records. Rather it is the quality of the records and financial statements that limited their access to finance. Quality of financial statements is a function of resources committed to capacitation of the reporting and other internal controls functions (Nyoni and Bonga, 2018 &Njanike, 2019).

The heavy handed approach by the tax authority remains one of the factors limiting access to finance by SMEs. Due to the costs associated with non-compliance with taxation regulations SMEs tend to avoid taxation by direct tax avoidance, paying bribes (Munyoro *et al.*, 2018)or not formally registering their businesses. The consequence of not formally registering businesses is a limitation to access to finance.

The study found out that account opening remains a cumbersome process for SMEs especially given the Know Your Customer (KYC) regulations by the Reserve Bank. This is in agreement with the findings of Mutungwe (2016) who noted that account opening was a challenge to SMEs. This can be attributed to the challenges of being start-ups with no track record hence inability to meet some of the documentary requirements.

Additionally the transaction costs of using financial institutions were found out to be still high for SMEs. The findings confirm earlier findings of (Sachikonye and Sibanda, 2016&Tinarwo, 2016), which noted that the cost of financial products and services were comparatively high for SMEs. However the access to banks was found to be no longer a challenge contradicting the findings of (Noor, 2017), The growth in the number of financial institutions illustrated in Table 1:2- Architecture of the banking sector, agrees with this position

Financial inclusion of SMEs

The study findings indicate that access to finance remains a major challenge for SMEs as noted by (Dambaza and Krugerb, 2018; Sachikonye and Sibanda, 2016; Demirguc-Kunt *et al.*, 2018&Tinarwo, 2016). Access to finance is key for the growth and survival of SMEs Access to finance is a support function which is dependent of the state of the financial sector and government willingness and capacity as well as the risk attached to supporting the sector. As observed by Nyoni and Bonga, (2018) access to finance is just but one of the numerous critical success factors of SMEs. Nevertheless the study focused on the financial inclusion of SMEs, mainly because finance is deemed to be one of the major constraints to growth of SMEs (Hussain, Salia and Karim, 2017&(Njanike, 2019), including those in the informal sector (Shumba, 2016)

4.8. Final Conceptual Framework

The results of the survey indicate that available financial products and services and access barriers are statistically significant in influencing the access to finance (financial inclusion) by SMEs. Based on the results of the correlation and regression analysis the final conceptual framework is represented in Figure 4:8.

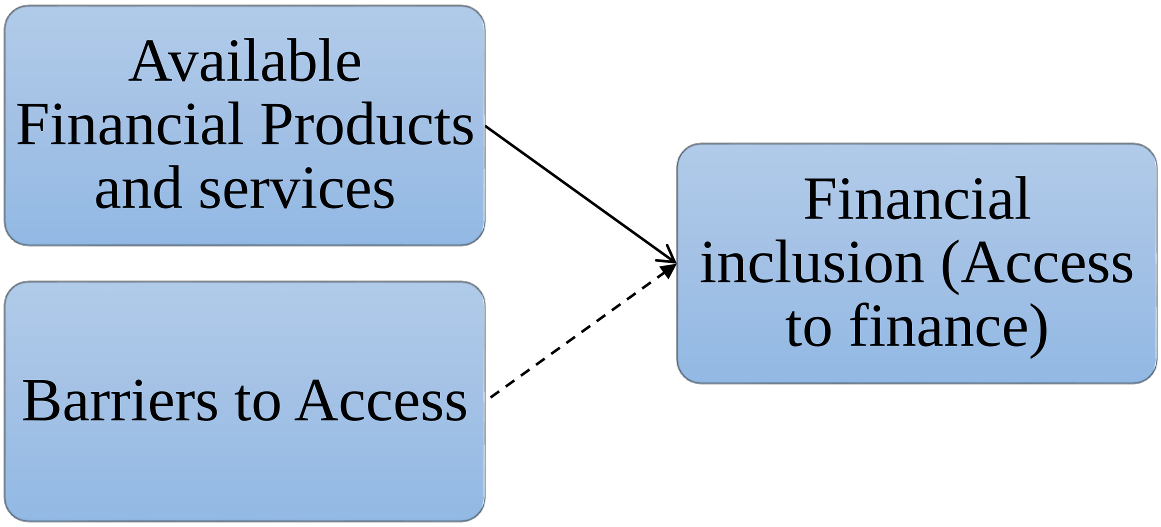

Figure 4:*7* Final Conceptual Framework

4.9. Chapter Summary

The chapter analysed the data collected during the survey. The chapter began with a descriptive analysis of the data. Inferential analysis through a normality test was done followed by non-parametric tests focusing on correlation analysis to evaluate the hypotheses proposed in this research. A discussion of the results with reference to literature was done before winding up the chapter with final conceptual framework for financial inclusion of SMEs. The results of the study indicated that the NFIS had significant association with access to finance by SMEs but has however has been unsuccessful in enhancing access to finance by SMEs. Available financial products and services had a weak positive association while the access barriers had a strong negative association with access to finance. The next chapter will present recommendations to enhance access to financial services by SMEs based on the findings of the study.

CHAPTER 5 – RECOMMENDATIONS

5.1 Introduction

This chapter focuses on the policy recommendations based on the findings of the study. The chapter will first summarise the key findings of the study followed by recommendations to SMEs. Recommendations to financial institutions and government policy makers will come before a discussion on areas for future studies. The chapter will close off with a conclusion to the whole study.

5.2 Main Study Findings

The study found out that the NFIS had not been successful in eliminating challenges limiting the financial inclusion of SMEs and hence access to financial services remained a challenge. Awareness of the NFIS among SMEs was noted to be low. SMEs were not accessing or utilising fully the financial services available from financial institutions. A number of factors continue to militate against SMEs' access to financial services which include the cost of services, poor record keeping, and taxation challenges among others. It is against these results that the research puts forth recommendations in the following sections.

5.2 Recommendations to SMEs (Owners and Managers)

The study findings indicate access to finance by SMEs is still being significantly militated by poor record keeping, poor financial management, poor preparation of financial statements, poor quality of financial statements, poor quality of business plans, high cost of financial services, cumbersome process to open an account and absence of track record in start-ups. SMEs should improve on their bookkeeping and internal controls practices. In this era of digitalisation and technologies SMEs should make use of relatively low cost off the shelf record keeping packages such as Quick Books. SMEs should also take advantage of the high unemployment levels to engage individuals with skills and experience in bookkeeping.

SMEs should pursue other options to finance operations. SMEs have been relying mostly on savings, borrowings from family and friends. These options are usually not sufficient in the face of huge projects, which can easily be covered by bank finance. Internally generated working capital through savings should be pursued by SMEs. The option require SMEs to engage in improved financial management. SMEs can form association and co-operatives to advance crowd-funding schemes based on their saving capacities. Investment in financial management skills should be done by SMEs so as to realise their full potential of internally generating capital.

5.3 Recommendations to financial Institutions

The findings of the study indicate that there is limited uptake or access and usage of the financial products available to SMEs. It is generally agreed that confidence in the banking sector has been a challenge. Low confidence in the banking sector has led to more informal transactions as well as cash based transacting. In order to win back confidence of SMEs, financial institutions should go beyond mere financial innovation to financial innovation with suitability, flexibility and adaptability. Their innovative financial products should be targeted to specific market segments rather than generic products and services. The SMEs sector has both formal and informal characteristics, as such the financial products and services should be able to tap to both segments. In order to tap into cash deposits by informal SMEs, financial may use mobile banking units that move from one informal market to the other to solicit for business and bring depositing convenience to the informal traders.

Microfinance products have been targeted at SMEs to increase their access to finance. Given that as of January 2020, Zimbabwe had a total of 233 registered microfinance institutions it is recommended that Micro-finance institution offer flexible micro financing products. These products will be able to offer finance access to SMEs with seasonal income.

Additionally, there is need to establish a fund for entrepreneurs administered by the ministry responsible for SMEs and SMEDCO with disbursements through Empower

Bank and the Zimbabwe Women's Microfinance Bank. Currently support facilities available target to finance operations of SMEs. Little is committed to research and development. Given the potential of SMEs to be the source of bigger corporates, financing innovative ideas becomes key. Through SMEDCO the fund should be accessible to SMEs for them to develop prototypes and commercialise their ideas.

5.4 Policy Recommendations to the Government

Government should institute polices that significantly target to reduce the barriers to access to finance that are faced by SMEs coupled by policy consistency. The NFIS makes reference to the need to enhance capacitation of SMEs. The ministry responsible for SMEs in conjunction with the Ministry Of Higher and Tertiary Education should consider putting in place short financial management courses for SME owners. The courses should be structured such that they are highly affordable. These will enhance financial literacy as well as enhancing level of awareness of financial services among SMEs.

Regulation of the financial services sector needs to be loosened in order to accommodate SMEs but at the same guaranteeing confidence in the financial system. Know your customer (KYC) requirements could be softened by integration of identity databases such as the National Identity, Company Registry, Zimbabwe Revenue Authority, Central Vehicle Registry, Title Deeds Registry and Courts Registry. The integration will allow reduction or KYC requirements for SMEs when engaging financial institutions to access products and services.

While the study noted that Micro- finance institutions were the main players in offering finance to SMEs, the cost was still deemed high. The government should therefore integrate its SMEs support wings. Currently the government has among others the Empower Bank, Women's Bank, and SMEDCO. If these were to be integrated to, say, the SMEs Bank of Zimbabwe resources would be freed form duplication of structures and committed to SMEs funding. The current infrastructure used by these institutions as well as their business networks such as agents would enable easier reach and service delivery. Policy coordination of a single funding mechanism is more effective and well-coordinated to address the concerns of the constituent vulnerable groups. The integrated bank will thus have women, the youths and other vulnerable groups as targeted products within its portfolio. A larger institution is more likely to be able to offer services at a lower cost by spreading costs over a large customer base. However, due to size the entity may end up with inefficiencies such as slower decision making and affecting it overall performance.

Financial literacy education programs for SMEs, training on financial management, business planning and cash flow handling. Such training can be done through trade fairs, National television and radio broadcast programmes. The importance of these are that over and above enhancing access to finance, they promote SMEs capacity building. Capacitated SMEs have the potential to sustainably grow

5.5 Areas for future study

The predictive power of the regression model suggested in the study is 48.8% as shown in Table 4:12. A study with an increased number of variables in the same area is a possibility for future research to determine other factors accounting for the 51.2%. The study used a quantitative methodology. Future studies, utilising the qualitative methodology can also be determine any new themes and factors affecting the financial inclusion of SMEs.

Data was collected from owners and managers of SMEs in Harare. Future research can also attempt to collect data from financial institution as well as the government concerning the financial inclusion of SMEs. The researches could also cover a bigger geographical area or a bigger sample.

5.7 Conclusion

The study recommended that the greatest impact to financially include SMEs through an effective NFIS can be made through addressing the barriers to access to finance and availing financial services that meet the requirements of SMEs. It was hypothesised that awareness has a statistically significant positive association with access to finance by SMEs. The results of this study indicated that awareness was the major challenge in financially including formalised SMEs as it appears that most of them are aware of financial products and services available. It was further hypothesised that the availability of financial products and services had a positive, statistically significant association with access to finance by SMEs. The results of the study did not confirm this hypothesis. It can be concluded that this was so because the majority of respondents are formalised SMEs whose challenges in accessing finance are not materially influenced by available products and services but by other factors which need to be investigated.

The range of available financial products and services has a week influence on financial inclusion of SMEs pointing towards the need to investigate SMEs confidence in the financial institutions to increase uptake of the various products. The results of the study indicate that SMEs continue to have huge challenges in accessing finance and financial services. Access to start-up capital and finance for sustaining operations have remained significant challenges to SMEs. Awareness of the NFIS among SMEs was noted to be low. Although there is a wide range of financial services available to SMEs from financial institution, their uptake has remained low. It is for these findings that it is concluded that the NFIS has therefore been largely unsuccessful in enhancing access to finance by SMEs operating in Harare.

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APPENDIX 1- QUESTIONNAIRE

QUESTIONNAIRE

My name is **Chivaro Tawanda**; I am pursuing an academic research on "Effectiveness of the National Financial Inclusion Strategy (2016-2020) in enhancing access to financial services by Micro, Small and Medium Enterprises operating in Harare, Zimbabwe" Your participation in this survey is entirely voluntary throughout the survey and you are free to withdraw at any stage of the survey. Kindly note that, this questionnaire is anonymous and is treated with high level of confidentiality during and after the research. Your ability to answer all the questions comprehensively and to the best of your knowledge is highly appreciated. I look forward to your great support in this questionnaire survey.

GENERAL INFORMATION

This questionnaire is designed to collect information on "Effectiveness of the National Financial Inclusion Strategy (2016-2020) in enhancing access to financial services by Micro, Small and Medium Enterprises operating in Harare, Zimbabwe." The information gathered is used for academic purposes only and is treated with utmost confidence throughout this stage. You are therefore requested to participate in this questionnaire survey as honestly and objectively as possible.

Please tick in boxes provided and fill in the blank spaces provided for those questions where elaborate answers are required. Use the space at the end of this questionnaire if you need more space for your responses.

SECTION A: GENERAL INFORMATION ABOUT THE RESPONDENT AND THE ORGANISATION.

This section seeks to cover general information concerning yourself and your organisation thus gender, age range, your highest level of education attained, your position, your work experience, the number of employees in your organisation and the economic subsector your organisation operates in:

1. Gender(*please tick where appropriate*):

Male ☐ Female ☐

2. Age (*please tick where appropriate*):

Below 25 years ☐
Between 25 and 34 years ☐
Between 35 and 44 years ☐
Between 45 and 54 years ☐
55 years and above ☐

3. Highest Level of Education Attained (*please tick where appropriate*):

Advanced level & below ☐
Undergraduate degree or College Diploma/Certificate ☐
Postgraduate degree & above ☐

4. Position in your organisation (*please tick where appropriate*):

Owner ☐
Manager ☐
Owner and Manager ☐
Other official representative ☐

5. What is your work experience in the SMEs sector in years? (*please tick where appropriate*):

Below 10 years ☐
Between 10 and 20 years ☐
Above 20 years ☐

6. How many people are currently employed in your organisation? (*please tick where appropriate*):

Up-to 10 employees ☐
From 11 to 50 employees ☐
From 51 to 100 employees ☐
Above 100 employees ☐

7. What sector is your organisation? (*please tick where appropriate*):

Agriculture ☐
Construction, Energy, Engineering and Mining ☐

Wholesale and Retail
Consulting and Services (Incl. ICT)
Arts and Crafts
Auto, Transport & Logistics
Other
Specify………………………………………………………

8. What is the registration status of your organisation? (*please tick where appropriate*):

Formally registered
Not registered
Registration in process

SECTION B: THE LEVEL OF AWARENESS OF THE FINANCIAL INCLUSION STRATEGY AMONG THE MSMEs

This section seeks to assess your awareness of the financial inclusion strategy among the MSMEs. Indicate your response against each of the following questions which relate to the level of awareness of the financial inclusion strategy among the MSMEs on a scale of 1-5 as highlighted below:

1= Strongly agree; 2= Agree; 3= Neither agree nor disagree; 4= Disagree; 5= Strongly disagree.

CODE	DESCRIPTION	1	2	3	4	5
B1	SMEs are aware of the Zimbabwe National financial inclusion strategy for period 2016 to 2020					
B2	The Financial inclusion strategy positively influences access to finance by SMEs.					
B3	The National Financial inclusion strategy has been unsuccessful in removing barriers to the financial inclusion of SMEs					
B4	SMEs are benefiting from the national financial inclusion strategy.					
B5	Financial institutions are providing innovative products to meet SMEs finance needs					
B6	Financial institutions provide high quality financial products and services to SMEs.					
B7	Information about financial products and services is readily available from financial institutions					
B8	SMEs can get their grievances against financial institutions easily resolved					

SECTION C: THE FINANCIAL PRODUCTS AND SERVICES AVAILABLE TO MSMES.

This section seeks to assess the financial products and services that are available to MSMEs. Indicate your response against each of the following questions which relate to the financial products and services available to MSMEs on a scale of 1-5 as highlighted below:

1= Strongly agree; 2= Agree; 3= Neither agree nor disagree; 4= Disagree; 5= Strongly disagree.

CODE	DESCRIPTION	1	2	3	4	5
C1	Microfinance loans are available to all MSMEs.					
C2	MSMEs have access to the available financial products and services.					
C3	MSMEs are getting microfinance loans without collateral					
C4	MSMEs are getting microfinance loans at lower interest rates					
C5	MSMEs are getting loans at better terms from microfinance institutions than from other financial institutions					
C6	Deposit products are readily available for SMEs from financial institutions					
C7	Collateralised loans are available for SMEs					
C8	Non-collateralised loans are available for SMEs					
C9	Letters of credit are readily available for SMEs					
C10	SMEs are readily able to access working capital loans					
C11	My business uses debit/credit cards to make payment					
C12	SMEs have a high usage and access to mobile banking					
C13	SMEs are readily able to access investment loans					
C14	Financial institutions have limited access to SMEs due to limited branch network					
C15	Large banks are the main players in SME financing					
C16	Microfinance institutions are the main players in SME financing					
C17	Development finance institutions are the main players in SME Financing					
C18	Small banks are the main players in SME financing					

SECTION D:THE FACTORS THAT CONTINUE TO MILITATE AGAINST THE MSMES' ACCESS TO FINANCIAL SERVICES.

This section seeks to establish the factors that continue to militate against the MSMEs' access to financial services. Indicate your response against each of the following questions which relate to the factors that continue to militate against the MSMEs' access to financial services on a scale of 1-5 as highlighted below:

1= Strongly agree; 2= Agree; 3= Neither agree nor disagree; 4= Disagree; 5= Strongly disagree.

CODE	**DESCRIPTION**	**1**	**2**	**3**	**4**	**5**
D1	Poor record keeping, is a factor that continues to militate against the MSMEs' access to financial services.					
D2	Poor preparation of financial statements is a factor that continues to militate against the MSMEs' access to financial services.					
D3	Poor financial management is a factor that continues to militate against the MSMEs' access to financial services.					
D4	Start-up SMEs with no track record find it difficult to access finance from banks					
D5	The process to open an account with a financial institution is cumbersome.					
D6	Failure to access financial products and services is attributed to not owning an account.					
D7	The cost of financial products and services make them unattractive to SMEs.					
D8	Banks lend to SMEs after seeing other banks lend to SMEs					
D9	The quality of MSMEs' financial statements influences rejection of credit applications by financial institutions					
D10	The quality of business plans influences rejection of credit applications by financial institutions					
D11	The heavy handed approach of tax authorities promotes informality of SMEs					
D12	SMEs recognise the importance of using financial statements.					
D13	SMEs do not have the requisite skills and competencies to prepare the business plans.					
D14	SMEs do not have the requisite skills and competencies to prepare financial records					
D15	Poor preparation of financial statements negatively affects the financial inclusion strategy of MSMEs.					
D16	Poor record keeping negatively affects the financial inclusion strategy of MSMEs.					
D17	Poor financial management negatively affects the financial inclusion strategy of MSMEs.					
D18	The expected benefits of the financial inclusion strategy for MSMEs has been limited by the above factors.					

SECTION E: THE LEVEL OF ACCESS TO FINANCIAL SERVICES BY MSMEs'.

This section seeks to establish the overall level of MSMEs' access to financial services. Indicate your response against each of the following questions which relate to the overall level of MSMEs' access to financial services on a scale of 1-5 as highlighted below

1= Strongly agree; 2= Agree; 3= Neither agree nor disagree; 4= Disagree; 5= Strongly disagree.

CODE	DESCRIPTION	1	2	3	4	5
E1	Access to finance was the most difficult thing in starting the business					
E2	Access to financing for firms in your industry is considered very difficult					
E3	The National Financial Inclusion Strategy has not improved MSMEs access to finance					

SECTION F: POLICY RECOMMENDATIONS ON HOW TO ENHANCE THE STRATEGIC MEASURES TO IMPROVE ACCESS TO FINANCIAL SERVICES BY MSMES.

This section seeks to establish policy recommendations on how to enhance the strategic measures to improve access to financial services by MSMEs. Indicate your response against each of the following questions which relate to policy recommendations on how to enhance the strategic measures to improve access to financial services by MSMEs on a scale of 1-5 as highlighted below:

1= Strongly agree; 2= Agree; 3= Neither agree nor disagree; 4= Disagree; 5= Strongly disagree.

CODE	DESCRIPTION	1	2	3	4	5
F1	Proper record keeping policy recommendations improve MSMEs' access to financial services.					
F2	Proper preparation of financial statements policy recommendations improve MSMEs' access to financial services.					
F3	Good financial management policy recommendations improve MSMEs' access to financial services.					
F4	Ability to properly keep records must be checked before SME registration as a strategic measure to significantly improve MSMEs' access to financial services.					
F5	Ability to prepare financial statements must be checked before SME registration as strategic measure to significantly improve MSMEs' access to financial services.					
F6	Good financial management practices must be checked before SME registration as a strategic measure to significantly improve MSMEs' access to financial services.					

F7	MSMEs are aware of other specific policies that will help in enhancing financial inclusion?					

63. Any other information you may wish to provide concerning “Effectiveness of the National Financial Inclusion Strategy (2016-2020) in enhancing access to financial services by Micro, Small and Medium Enterprises operating in Harare, Zimbabwe” ……………………………………………………………………………………….…………
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64. **Contact Details (Optional- Not Mandatory)**

Name ………………………………………………………………..

Company …………………………………………………………..

Address ……………………………………………………………

City/Town …………………………………………………………

Email Address………………………………………………………

Phone Number ………………………………………………………..

Thank you for taking your time to complete this questionnaire. Your opinion is valued to us and is important in helping shape SME policy in Zimbabwe.

THANK YOU

APPENDIX 2- GSM SUPPORT LETTER

GRADUATE SCHOOL OF MANAGEMENT

UNIVERSITY OF ZIMBABWE

TREP Building
Mt Pleasant
Harare, Zimbabwe

Email: info.uzgsm@gmail.com
Tel: 263-0242- 333521/2

30th June 2020

TO WHOM IT MAY CONCERN

Dear Sir/Madam

RE: ACADEMIC REFERENCE LETTER FOR MR TAWANDA CHIVARO (R069097Q)

This letter serves to confirm that Mr Chivaro is a bona fide Master of Business Administration (MBA) student at the Graduate School of Management (GSM), University of Zimbabwe (UZ). He is carrying out a research in partial fulfillment of the requirements of the MBA degree programme.

We kindly request you to provide him with the information he needs to complete his research. Please note that only aggregated data will be used in the final analysis. Please also note that the Graduate School of Management upholds high levels of confidentiality and ethical standards in conducting research, and therefore, the information that you provide will be used for academic purposes only and will not be disclosed to third parties.

Yours faithfully,

GRADUATE SCHOOL OF MANAGEMENT UNIVERSITY OF ZIMBABWE

DR W. P. MKUMBUZI
DIRECTOR, GRADUATE SCHOOL OF MANAGEMENT
/bm