

The Role of Micro Finance Institution in Social Economic Development in IBS Bank Mogadishu- Somalia

Background

A microfinance institution (MFI) is a business that offers low-income people's financial services. This broadly definition covers a wide range of providers with varying legal setups, goals, operating models, and sustainability levels. In common, they offer financial services to a customer that is more vulnerable and impoverished than those who use regular banks. One definition is that microfinance is the process of lending modest amounts of money without security to assist the poor in starting businesses. (Gebrehiwot, 2010)

Objectives

1. To examine risk assessment of micro finance institutions toward to social economics development.
2. To determine the relationship between micro finance institutions and social economics development Mogadishu-Somalia.

Results

the respondents strongly agreed that microfinance institutions contribute the social economic development. The obtained results from the respondents: - 47.3%, strongly agreed, 16.4% agreed, 7.3%, disagreed 1.8% strongly disagreed.

Conclusion

The study concludes that Microfinance has developed from its initial limited premise of only giving microloans to small firms and disadvantaged entrepreneurs without access to the official financial system, often known as microcredit.

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