



ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

Salient features behind Informal Financial Institutions:

**The Case of Edget Behibret Equb and Ras ZeSilasse Former
Students Iddir**

By
Yonas Bessir

June, 2017
Addis Ababa
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**A Thesis Submitted to St. Mary's University School of Graduate Studies in
Partial Fulfillment of the Requirements for the Degree of Master of Business
Administration (General)**

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Elias Nour (PhD). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Name

St. Mary's University, Addis Ababa

Signature

___ **June, 2017**

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

Advisor

Signature

St. Mary's University, Addis Ababa _____ June, 2017

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LIST OF ABBREVIATIONS

FFI	Formal financial institution
IFI	Informal financial institution
ROSCA	Rotating saving and credit association
SSA	Sub-Saharan Africa

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ABSTRACT

Although Ethiopia's formal financial sectors are undeveloped, it has a rich tradition in local, community-based revolving savings and credit associations and insurance societies. 'Equb' and 'Iddir' respectively offer a source of credit and insurance outside the formal sector. They are entrenched in Ethiopian society. The social institutions in Ethiopia equb and iddir are widely used in both rural and urban areas within different cultures in the country. Ethiopia has low rates of financial inclusion but it has a large untapped market for financial services. The objective of this research was to assess the factors behind wider acceptance of informal financial institutions in Ethiopia the case of EdgetBehibretequb and RasZesilasie former studentsiddir. This descriptive study depended more on qualitative data from the written documents of the iddir and equb and interview results from the administrators of the informal financial institutions. SPSS was also used as a tool to analyze the quantitative data collected from members of the institutions by using questionnaires. The findings revealed that the factors like reliability of the institutions, their saving aspect, convenient time, strong network and dissemination of information, need for social attachment, taking personal conditions into account, fast delivery of benefits and the structure and procedures simplicity contribute much to the wider acceptance of the informal financial institutions. The result suggests that both the iddir and the equb should improve their services for the future to be fit with the dynamic world and transmitted to the next generation. Other formal and informal financial institutions have much to learn from the RasZesilasie former studentsiddir and EdgetBehibretequb. Another implication of the study is that the formal institutions need to make researches in order to adopt the acceptable features.

Key words: *Formal financial institutions, Informal financial institutions, iddir, equb*

CHAPTER 1

INTRODUCTION

The first chapter deals with the introduction of the research. It highlights some concepts about the informal financial institutions in Ethiopia. It also provides a background overview of the Ras Zesilase's Former Students Mutual Support iddir and Edget Behibret equb. Both are located at Wolkite town (150 kms from Addis Ababa on the road to Jimma). The chapter indicates the statement of the problem, aim of the study, its significances, design, methodology, scope of the study and then finally ended with stating the organization of the research.

1.1 Background of the study

As human beings are social animals they create various institutions that facilitate their social interactions, mutual support and their lives a community at various levels. "Different social, religious and political institutions... serve the society in different ways including maintaining its identity, history and cultures and passing its values, moral understandings and customs from generation to generation", and "traditional institutions have their own established values, principles, customs and very strict ritual practices"(Yimer .et.al, 2015)

Catherine Butcher (2007) notes that "informal institutions permeate the life of all societies, including those of Ethiopia, to provide practical and psychological support. In addition, a large number of organizations built around collective action exist." She states that "various forms of collective action are a response to the high levels of risk experienced in Ethiopia" because isolation reinforces the need for rural communities to be self-sufficient and fall back on their own resources while at the same time enabling cultural customs, norms and practices to continue, with positive or negative consequences for communities or groups within the community."

Sub-Sahara Africa has a long tradition of "group saving in the form of traditional Rotating Savings and Credit Associations (ROSCA)" and this system enables each participant to make "a regular contribution to a common fund, which at each meeting is lent out to a different member of the group until each member has profited from the fund once."(Michaela,2012). These

rotating savings and credit associations are almost the same with Ethiopian traditional equb which is defined as:

“a Traditional saving and credit institution with a rotating fund. It is a system of saving whereby people form groups and pay periodically a fixed amount of money, which will be collected in a common pool, so that, in rotation, each member of the group can receive one large sum, i.e., the sum of money paid by all in one period. It has saving and credit aspect, involves borrowing and lending activity where by all members borrow from each other for varying periods of time” (Terefe,2005)

Although Ethiopia has one of the undeveloped formal financial sectors in the world, it has a rich tradition in local, community-based revolving savings and credit associations and insurance societies. ‘equb’ and ‘iddir’ respectively offer a source of credit and insurance outside the formal sector but much entrenched in Ethiopian society. The social institutions in Ethiopia equb and iddir are widely used in both rural and urban areas within different cultures in the country. These social associations are formed by people who have relatively closer bond such as neighbourhood, school alumni, etc. and who are willing and able to join the social institution as a result of prior social interactions.

Ethiopians use equb and iddir which are very relevant and easy to be accessed by the wider society and the level of their usage in different linguistic, ethnic and religious communities show the acceptance of the two major informal financial institutions. equb is an institution formed by a group of people to collect some amount of periodic contribution from members in a regular amount and time interval (weekly, monthly, etc) and provide the money collected to individual members based on lots. This encourages saving and improves the financial resources of members.

Iddir is an institution established among neighbors or workers by collecting some amount of money to support members during some bad encounters, such as death of member’s families or join hands in the celebrations of good moments such as weeding programs. Equb and iddir can be characterized as local or informal financial institutions which contribute much for the social life of the people. The concept and the operation of the institutions is much deeper than stated above and it is explained widely in this research.

As Dejene Aredo (2003) states, “*iddirs* have spread throughout Ethiopia so rapidly that it is now unthinkable to imagine a village without *iddir* with the exception of remote areas.” He remarks that “*iddir* is the most widespread association but its composition, system, approach and size may differ from place to place” and notes the high level of participation in *iddir* which he considers as “community oriented and mostly religiously and ethnically heterogeneous unless the vicinity is homogenous.”

This research focuses on an *iddir* called Ras zesilase former Students *iddir*. It was formed on September 8, 1992 E.C (i.e. September 2007) by the former students of the oldest and the first elementary school in wolkite town. The *equb* which is examined in this research is Edget Behibret *equb* which is established by merchants in wolkite town.

1.2 Statement of the Problem

The poor in Sub-Saharan Africa “are often hesitant to take credits as they are more risk-averse or lack market opportunities or entrepreneurial skills to generate enough profit to pay back their loans” (Michaela, 2012). Ethiopia has low rates of financial inclusion but it has a large untapped market for financial services. Only 22% of Ethiopian adults have a transaction account as compared to 75% in neighboring Kenya, and 34.2% in Sub-Saharan Africa. The report further reveals that in Sub-Saharan Africa, almost a third of account holders or 12 percent of all adults reported having a mobile money account.

Similarly, less than 1% of Ethiopian adults reported having a debit card in 2014, as compared to 34.7% in Kenya and 17.9% in SSA. In spite of low penetration of financial services in Ethiopia, there is a large untapped market of borrowers and savers that are not using formal financial services. For instance, in 2014, 48% of Ethiopian adults reported saving or setting money aside, yet only 14% saved formally at financial institutions. During the same period, 44% of Ethiopian adults reported that they borrowed money, but only 7% borrowed from financial institutions. Anecdotal data suggests that most of the informal saving and borrowing happens at the traditional saving and borrowing clubs like *iddir* and *equb*. (World Bank,2016).

The level of trust in *equb* and *iddir* is so high that it is rare for *equb* members to lose their contributions. Both *equbs* and *iddirs* stay for a very long time. Although *equbs* and *iddirs*

provide the benefits expected by all their members, there are instances of default on the part of some members. Yet there are many businesspersons who get their capital from equbs in order to start business, for expansion and growth. The reason why such persons give primacy to membership to equb and obtain capital there-from rather than the formal financial sector like the Banks and micro finance institutions is an issue that should be examined. Likewise, iddirs are widely accessed and accepted associations rather than the acquisition of life and/or other insurance from the formal sector, i.e., insurance companies. The factors that attract members to equbs and iddirs and a relatively high acceptance of these traditional institutions are issues that have inspired the researcher to conduct this research.

1.3 Research Questions

The specific research questions raised for the problem stated are:

1. How are equbs and iddirs formed and managed?
2. What initiates people to join these groups?
3. What benefits do the members acquire from equb and iddirs as compared to formal financial institutions?

1.4 Objectives of the Study

1.4.1 General Objective

The overall objective of this research was to assess Salient features behind informal financial institutions in Ethiopia the case of Edget Behibret equb and Ras zesilasie former students helping iddir.

1.4.2 Specific objectives

This research has the following specific objectives:

- Describing the formation and management of the informal financial institutions in Ethiopia.
- To assess the factors that initiates peoples to join the informal institutions.
- Assessing the benefits members acquire from equb and iddirs as compared to formal financial institutions

1.5 Definition of Terms

Equb : “is a Traditional saving and credit institution with a rotating fund. System of saving where by people form groups and pay periodically a fixed amount of money, which will be collected in a common pool, so that, in rotation, each member of the group can receive one large sum, i.e., the sum of money paid by all in one period.” (Terefe,2005)

Iddir: “is one of the informal local institutions in Ethiopia established voluntarily by the community and involved in self-help and other social activities. iddir is established primarily to provide mutual aid in burial matters but also to address other community concerns” (Pankhurst, 2003).

ROSCA: Rotating saving and credit associations(abbreviated): "an association Formed by a group of individuals who agree to make regular contributions to a fund which is given, in whole or in part, to each contributor in rotation".(Girma.B,1978)

1.6 Significance of the research

This research can contribute to the literature in the subject matter in the informal sector of Ethiopian financial institutions especially iddir and equb because it is one of the topics that are not studied frequently. The research also shows the lessons that the formal sector can draw from the informal sector and the findings that equbs and iddirs could examine which might help to improve their operation from the specifically selected and studied equb and iddir. Since the research is made on the social institutions in the society it can also be relevant to general readers. The research has recommendations that can help in the improvement of equbs and iddirs in the modern and dynamic world. The recommendations can also be indicatives for the formal financial institutions to learn from the experience of the informal financial institutions.

1.7 Ethical standards followed

Ethical Considerations can be specified as one of the most important parts of the research. The following principles of ethical considerations were used to conduct this research:

- ✓ Respect for the dignity of research participants was prioritized.
- ✓ Research participants were not subjected to harm in any ways by any means.
- ✓ Full consent was expected to be obtained from the participants prior to the study.

- ✓ The protection of the privacy of research participants and adequate level of confidentiality of the research data were ensured.
- ✓ Any deception or exaggeration about the aims and objectives of the research were avoided and any type of communication in relation to the research was done with honesty and transparency.
- ✓ Any type of misleading information, as well as representation of primary data findings in a biased way will be avoided.

In order to address ethical considerations aspect of this research in an effective manner, the researcher considered each of the following points:

- Voluntary participation of respondents in the research is important.
- The use of offensive, discriminatory, or other unacceptable language needs to be avoided in the formulation of Questionnaire/Key informant Interview/members interview.
- Privacy and secrecy of respondents is of a dominant importance.
- Acknowledgement of works of other authors used in any part of the dissertation with the use of APA referencing system.

1.8 Delimitation/scope of the study

The research focuses on only one iddir and one equb in which both are located at Wolkite town. The information needed to be gathered from the respondents of questionnaires was delimited to the research sites. The delimitation was necessary because it would have been difficult to cover iddirs and equbs in a relatively wider location as they are very widespread in Ethiopia.

1.9 limitations on the study

The following factors were limitations to this study:

- a) To get literatures to review and previous studies made in the topic in libraries were very hard and time consuming. The researcher was obliged to depend more on related previous studies made not recently from different internet sources by both Ethiopians and foreigners for literature review.

- b) Most of the iddir administrators were difficult for an interview due to unknown reasons. After exerting much effort to convince the aim of the interview two board members were willing but, again they were reserved on their responses.
- c) The hardest challenge the researcher faced was the questionnaire distribution and collection. The members could not be found easily, even if they were found most of them were not willing to fill questionnaires.

1.10. Organization of the research

This research paper is organized in five chapters

The first chapter contains background information on informal financial institutions equb and iddir, the problem statement and basic research questions raised, the objective of the research, significance of the research, design and methodology of the research preferred that has been used, sample size taken and the techniques used, the sources and tools of data collection used, the procedures followed in data collection, the methods of data analysis, the scope/delimitation of the study and the organization of the research.

Chapter 2 deals with the review of related literature from different secondary sources written on the topics related to the research. The literatures that were reviewed focus on the informal financial institutions iddir and equb meanings and practices in Ethiopia, for the empirical study part memorandum of associations of the informal institutions; annual meeting reports of the informal institutions which helps to answer for some of the research questions raised, comparison of the formal and informal financial sectors were also reviewed and used as a frame work.

Chapter 3 states about the data collection and presentation; the techniques used, and the type and design of the research; the subjects/participant of the study; the sources of data collection; the data collection tools/instruments employed; the procedures of data collection followed; and the methods of data analysis that were used by the researcher and the ethical standards followed.

Chapter 4 summarizes the findings of the study. It is based on the qualitative and the quantitative data results and all data collected from both primary and secondary sources, and it emerges from the discussion and analysis from the data collected and the literature review.

Chapter 5 is comprised of four sections, which include summary of findings drawn from the results discussed under chapter four, conclusions drawn from the summary of findings, limitations of the study that may affect the researcher conclusions; practical recommendations; and hints on the topics to be researched for the future.

CHAPTER 2

LITERATURE REVIEW

In this chapter relevant literatures from different written secondary sources are reviewed. Some of the informal financial and social institutions that are mostly used in Ethiopia are highlighted. The literature review focuses on the two informal financial institutions stated in the preceding section, i.e. equb and iddir. After conceptual review on some literatures on the concept of equb and iddir which includes their definitions, operations, and drawbacks etc...,the chapter presents empirical review on the selected equb and iddir, i.e., the Edget behibret equb and Ras zesilase Former Students iddir. The chapter includes document review of the two selected informal financial institutions.

2.1 Informal institutions in Ethiopia

There are various types of informal institutions in Ethiopia. These include private sector rotating saving and credit groups such as iddir and equb that are initiated and organized by the members themselves, under the premise of financial relations based on reciprocity. “In Ethiopia *iddir, Mahebers, Equb, Debo, Elders’ group, Women’s association, money lenders, friends and relatives, pawnbrokers, money keepers and tradesman* are the most important informal organizations” (Gashayie A. Singh M., 2016) These social associations are formed for different purposes based on ethnic, geographic or demographic classification. (Girma.B, 1978) stated about different types of informal associations (institutions) in Ethiopia, “which represent traditional cooperatives, savings and credit, and insurance institutions”. (Girma.B, 1978).Girma (1978) describes four types of iddir as follows:

- a) *Community Iddir*: The purpose of iddir is providing its members with assistance during different life features when people need supports from others.
- b) *Church Associations (Mahaber)*:These associations are related with the Orthodox Church in Ethiopia which collects money for charitable or communal aid purposes.
- c) *Regional Associations (Mahaber)*:- are like the church associations but, here membership is open to anybody.
- d) *The Equb*: A Rotating Savings and Credit Association in Ethiopia:is formed by a group of voluntary individuals who agreed to contribute a fixed amount for some

period interval continuously which is given, in whole or in part, to each contributor in rotation.

This study focuses on the two informal institutions: Equb and iddir. Equb provides a savings mechanism for the "unbanked" in Ethiopia, both urban residents who choose not to have an account and rural citizens who do not have access to a traditional bank within a reasonable distance from their home. "Ethiopia has one of the lowest bank penetration rates in the world, with less than one bank branch for every 100,000 residents. While equb is a means of savings and may substitute for formal banking and credit, "iddirs" are burial societies that provide a traditional form of insurance. Iddir contributions are used to pay for expenses in the event of the death of a family member. Iddir is the only means, other than personal savings, to pay for these expenses and the contributions are generally small compared to equb, usually around \$1 per month. Some iddirs provide additional coverage, for example in cases of illness, destruction of a member's house or death of livestock."(World bank,2015)

Ethiopia's formal financial system is extremely small and for the most part limited to larger towns. "The traditional systems of equb and iddir are perhaps centuries old, yet continue to play a vital role in Ethiopia's finance. Quantifying the magnitude of funds held in these systems, particularly in equb, is difficult."(World Bank *et.al*). They also stated that However, based on both formal studies and anecdotal information, equb provides an alternative savings and loan structure rooted in tradition, practicality and availability that plays a dominant role for Ethiopian economic growth.

"Insurance penetration in Ethiopia is very low and products are concentrated in general insurance lines of business. In 2014, in Ethiopia, the ratio of total insurance premiums to GDP was 0.46% which is much less than the Sub-Saharan Africa's average of 2.2% during the same period. When disaggregated into life and non-life insurance, the ratio of non-life insurance premium to GDP equals 0.43% while the ratio of life insurance premium to GDP merely stood at 0.03%. The majority of insurance business in Ethiopia is targeted at the corporate market and focused on general insurance business. The corporate focus implies that, to date, insurers have little experience in intermediating products to individuals and cost margins have not yet been tested against the more cost-sensitive retail business. Premiums from the retail sector are almost entirely derived from motor insurance. Currently, there are 17 insurance companies in Ethiopia with 390 branches."(World Bank, 2015).

2.2 Iddir

2.2.1 Definition of Iddir

Iddir is one of the informal local institutions in Ethiopia established voluntarily by members and it is involved in self-support activities and other social activities. “Iddir is established primarily to provide mutual aid in burial matters but also to address other community concerns” (Pankhurst, 2003). As defined above the social institution is established voluntarily for self-help purposes and burial concerns. Girma. B (1978) stated that “the purpose of iddir is to provide members with assistance during illness or unemployment and for weddings, funerals, etc.” Unlike the definition used by Pankhurst (2003), Girma (1978) takes note of the functions of iddirs beyond burials and states their roles in wedding and other ceremonies of sharing happiness.

DejeneAredo stated that iddir can be conceived as “An ubiquitous indigenous insurance institution (found in Ethiopia) that covers different risks such as funeral ceremonies, death of major productive assets (such as draft oxen), medical expenses, food shortages, and so on.”(DejeneAredo, 2010). His definition focuses more on the insurance aspect of iddirs. Mauri defines iddiras:

“Association made up by a group of persons united by ties of family and friendship, by living in the same district, by jobs, or by belonging to the same ethnic group, and has an objective of providing mutual aid and financial assistance in certain circumstances... In practice, the iddir is a sort of insurance program run by a community or a group to meet emergency situations.” (Mauri,1987).

This definition clearly comes with the provision of insurance service as a defining feature of iddir. The author has clearly indicated this feature by including the phrase a “sort of insurance program” in the above definition. Another, key phrase that he uses in his definition is “financial assistance.” This term carries two messages: the first is that the transactions through iddir take place in money and iddir is a group-based mutual support arrangement. The author however does not tell whether financial arrangements are made at the time of shock or before the shock takes place. From the above definitions we can understand that the purpose of iddir is to help the

funeral, weeding and the like programs in the society by assisting the member to be supported by lending the association's equipment and focus on the members social relationship.

2.2.2 Operation of Iddir

As stated by Dejene Aredo. (2003) about iddirs in their not so long history iddirs have spread throughout Ethiopia so speedily that it is now inconceivable to imagine a village without iddir with the exception of remote areas. iddir is the most widespread institution but its composition, system, approach and size may differ from place to place. "But all over iddirs are communities oriented and mostly religiously and ethnically heterogeneous unless the vicinity is homogenous. They have a high level of participation and promote self-esteem as each with his/her minor tasks counts. They are also egalitarian and transparent." Dejene Aredo et al.

As Bisrat indicates, "the organization of iddir is initiated by traditional elders of a community, and membership is open to everyone in the village iddir is run by elected officers who include at least a chairman, secretary and a treasurer." He further states that meetings "are held monthly or bi-weekly and all members are supposed to attend. Non-attendees are fined if the absence is not for emergency reasons." Bisrat.G (1978) and that each member pays a fixed amount of entrance payment which differs from one iddir to another. This collected money is distributed to three different accounts: "capital formation account, caring fund account, and current expense or operating expense account." (Bisrat et.al.)

2.2.3 Features of iddir

Dejene Aredo indicates the features of iddir :

"The dual characteristics of informal insurance arrangements (the motivation altruistic behavior and reciprocity) imply the unity and interactions of opposites with in a single institutional arrangement: the co-existence of nonmarket behavior and market behavior; social networks and individual-to individual interactions; free services rendered by group-leaders and payment of compensations and so on. Furthermore, informal insurance arrangements often exhibit certain distinct features such as: Context-specific and historical determinism; Low or no transaction costs, mainly, due to symmetric information (problems of moral hazards and of adverse selection are insignificant); Limited horizontal expansion (mainly due to problems of adverse selection and of moral hazards); Considerable degree of inclusiveness; Partly because of necessity and social

pressure, individual decisions are circumscribed by the decisions of the community.”(DejeneAredo, 2010)

2.2.4 Types of iddirs

As DejeneAredo (2003) observes there are numerous types of iddirs which include the most common, i.e., the neighborhood iddir formed by people living in the same neighborhood, and secondly the workplace iddir. Yet one can find nowadays different types of iddirs and the number of members may vary “from tens to over a thousand members depending on the area and the network” because in work places, “the number is usually related to the size of the organization iddirs widely differ in objectives, membership size, compensation of members, size of contribution, and of compensation, and so on.” (DejeneAredo et.al).

It is also important to show the distinction between iddirs in rural areas and those in urban areas although, according to anecdotal reports, some urban residents register as members of rural-based iddirs. In rural areas, iddirs are often dominated by a single form of scheme (community-based iddir) which provides mutual support services (such as financial assistance, material or labor support) mainly, on the occasion of the death of members’ family.

“Written laws are not very common; the size of the contributions and collection (compensation) are relatively small; and they rarely have links with the formal sectors (particularly banks). However, in rural areas there are different as well as mixed forms of iddirs (and others meant for mutual support networks) providing with insurance products of different kind (such as oxen iddirs, and iddirs to cover ceremonial expenses). In urban areas, too, the forms of iddirs are diverse, and are initiated for serving different purposes (insurance, recreation, community development). For example, in Addis Ababa, where there are as many as ten types of iddirs.”(DejeneAredo, 2002)

Community-based iddirs are registered with the relevant government department from which they receive certificates entitling them to rights of legal personalities. It looks that the number and types of iddirs increase with demographic shifts from rural to urban areas. Similarly, it looks that the number of iddir per person or per household increase with the degree of urbanization. Also, in urban areas community iddirs are often linked to the formal sector (e.g. deposit their funds in banks as compared to iddirs in rural areas).

As stated by Dejene Aredo, “In the case of community-iddirs, membership is restricted to household level represented by the head. In both rural and urban areas, women often have separate iddirs which cater to their specific needs.”(Aredo.D,2003). For example, (Dejene

Aredo) states that as a household head he is a member of eight iddir all of which are in Addis Ababa, and his wife is a member of three women's iddirs and two 'mahibers' (religious association akin to iddir). Membership in some of the iddirs (such as "family iddir" and "friends' iddir"), involve both men and women while others are gender restricted.

2.3 Empirical review on the Iddir

2.3.1 Profile of the Iddir

Ras Zesilase Former Students iddir is established in 1992 E.C. and currently it has 400 members of which 315 are male and 85 are female. In its background, the Article of Association states the rationale for establishment of Ras ZeSilase former students iddir by mentioning the need for cooperation among members in times of happy moments and sad moments like death of family members. Besides the iddir envisages to help students who lost their parents due to HIV/AIDS. Currently, the iddir has 110 students who lost their parents to be supported for their education up to the university level. The fund is collected from the members.

2.3.2 Objective of the Iddir

As stated in the Memorandum of Association, the objective of Raszesilase former students mutual helping iddir is to: help each other at the times of happiness and problems by cooperating members' energy and money; strengthen social relationships among members; actively participate in social services; benefit the members by creating additional revenue generating mechanisms and, help parent-less and children in problem.

2.3.3 Management of Ras zesilasie former students helping Iddir

a) Structure of the Iddir

The first structure of the iddir was formed in September 8, 1992 E.C as at the top there is "members general assembly". The members assembly contains two sub divisions that are the "the work executive committee" and "controlling committee" and lastly the third level is under the work executives who contain four positions these are the development committee, anti-aids

and orphan helping committee, credit and saving committee and Rasze park committee. At this level on the revised structure on November 3, 2003 E.C reached 11 sub-committees.

b) Powers and responsibilities of the various management organs

Powers and responsibilities of members' general Assembly

“The general assembly shall appoint the board members we shall receive the modification which is presented to them, executive committee, control committee and shall dismiss the same. It shall review, listen, approve the plans and reports presented by board, executive and control committee.” (Article 1)

Powers and responsibilities of the board members

As stated in Article 2 Most of the activities of the management are performed by the Board members. The responsibilities and powers of the members are stated below. The board members are the higher body of the iddir next to the general assembly and the iddir is administered by the board. It follow-up to executive committee and subsidiary committees, shall support, encourage and lead the general operation of the iddir as supreme. The board is also expected to select the executive, and control committees and cause them to be approved by the general assembly.

The board shall select the lacked executive committee and controlling committee members and cause them to be operated into work and may cause them to be approved in general assembly as it is found necessary. It also review the new members application which shall be presented to it recruited by the executive committee, shall approve by identifying those who can go along with the iddir's vision and objectives. The board executes up on the member who is not presented in the Board's regular and emergency meetings as per the regulation of the iddir's Meeting.

Powers and responsibilities of the Executive Committee

“The executive committee shall have members, Chairman, A/Chairman, Secretary, Casher, Accountant, and the members who shall perform other activities. Management of the Subcommittees whereas, it is a management which shall be administered by the A/Chairman and its accountability shall be to the executive committee. The members of this subcommittee shall be the proceeds of the subcommittees.

The term of one executive committee and other subcommittees are three years and they may be reappointed as it is found necessary for another term. Any member who had been working as a committee of executive committee and sub-committee, control committee when his/her term expire it shall continue where he was as advisor.”(Article 3)

The Inspection committee’s Powers and responsibilities

According to Article 4 of the article of association this committee is formed to control whether the articles of association of the iddir are respected and implemented by the entities and members. It shall control whether the management bodies are discharged their responsibilities and follow up them so that they won’t commit offences and point mistakes correct them and gives comment appoint.

The committee will follow-up whether the iddir’s money is contained duly and implemented only for necessary issues; also examine the iddir’s deposit and withdraw documents in its time. It shall operate other activities which shall be given from the general assembly. Shall present report to the general assembly about the performance. Control committee members are chairman, secretary members.

Powers and responsibilities of the control committee shall be to the general assembly members. The control committee shall operate some activities as supreme like calling meeting of the control committee; shall operate the other activities which shall be given from the general assembly; present report about the performance of the committee to the meeting

2.3.4 Membership of the Iddir

The Ras zesilasie former students helping iddir have its own criteria to be fulfilled for membership application, some of them are stated as follows; the one who receives the regulations of the iddir and who participates up on the activities of the iddir with full interest can be a member. “The one who receives the articles of association of the iddir and who is the former student of Ras Zesilassie School can be a member. A brother and sister shall have the right to be a member to this iddir.” (Article 5.1)

On the sub article 5.2 it is clearly stated that when an individual who is the former student of the Ras zeSilase School desires to be a member he shall present by filling the form which is prepared by the iddir with his application to the executive committee. A new member who enters to the iddir shall only pay Birr 1000 (one thousand Birr) and complete the payment within five months. However, he shall get service from the iddir when he completes the payment.

2.3.5 Rights and obligations of the member

Article 5.3 of the iddir provides the following:

“The managements of the iddir have the right to appoint and to be appointed and a member has the right to give his/her suggestion, ask question, and get the answer of it regarding the iddir. He/she shall have the rights of the iddir. When a husband and wife both of them is equal member of the iddir and when one of it is departed in death the successor shall continue by transferring it into his name.” (Article 5.3)

The same provision further states that any member has the obligation to respect, interpret into practice the rules and regulations of the iddir. When it is monthly payment found necessary he has the obligation to pay different payments.

In cases of failure to comply with obligations, the following measures shall apply:

If any member doesn't pay more than three months it shall be accounted as if he is dismissed from the iddir by his interest and shall be dismissed from the iddir. However, if he wants to be returned he shall present application and shall be a member when the executive committee gives permission of it. It shall be viewed at the growth of the iddir and it can be modified by presenting it through the executive committee after the request of $\frac{3}{4}$ (75%) members is presented. (Article 8)

2.3.6 Contributions and benefits of the Iddir members

Different income resources of the Iddir

The monthly regular contribution from members was Birr 10.00 (Ten) when the iddir was established. As stated in the regular annual meeting of the iddir in January 30, 2007 E.C it is decided to be 20.00 Birr and pay an additional Birr 10.00(ten) if a member dies. But, the iddir has different sources of funds in addition to regular contributions. These sources include income from admission f new members. The registration payment of members was Birr 1000 (one thousand), and it has now been raised to 3,000.00 (Three thousand). Incomes from the Raszesilase park, etc... are also sources of income. Its source of income might also be from

different governmental sectors, donor organizations and individuals. Moreover, there can be income from penalties:

“A member who is not present at the meeting/regular, emergency/ meeting shall pay penalty of Birr 5.00/Five Birr/. Any member who shall not participate in any activities and development work that the iddir provides shall pay penalty of Birr 10/Ten Birr/. Any member, who is in default of monthly contribution shall pay Birr 2.00/Two Birr/.” (Annual Meeting Minutes of the iddir in January 30, 2007 E.C)

2.3.7 Membership Benefits from the iddir

a) Insurance service of the iddir

Article 6.1 of the article of association of the iddir clearly spells the benefits to be provided for the members to some detail. The compensations on different cases are as follows: When any child who was born out of miscarriage passes away the husband or wife who is the member of the iddir shall get the full service of the iddir. The iddir Service payment for the death of the children will be two thousand Birr.

Articles 4.9 and 4.10 of the iddir state that payment of Birr 1000 will be effected to a member in the event of death of a father, mother, sister or brother while Birr 300 will be paid in the event of death of some other person in the house. “Members shall also pay a contribution of 3 Birr each to cover for the dinner expense on the date of the funeral.” (Article 4.11)

“When a member of iddir as per the form he has filled dies 5000 (five thousand) Birr shall be paid from the vault of the iddir and Birr 10 shall be contributed by each member. When a member, or his spouse’s father, mother, brother or sister passed away Birr 700 shall be paid from the vault of the iddir. If house worker, relative or another passes away within house Birr 100.00 (Hundred Birr) shall be paid immediately.” (Article 6.1)

b) Mutual cooperation and care among members

Where the financial resources of the iddir so allow, assistance can be given to the education of minor children upon the approval of the General Assembly if a parent passes away survived by minor children. (Article 7.4) Moreover, support is given to a member who is imprisoned or laid off from work. In this regard Article 6.1 provides “When a member is in prison for one month

and more than one month, or is laid off from work Birr 300 (three hundred) shall be paid to the member or to his/her member of family that is on record in the file” (Article 6.1).

2.4 Equib

2.4.1 Definition

Equib is a traditional saving and credit institution with a rotating fund, system of saving whereby people form groups and pay periodically a fixed amount of money, which will be collected in a common pool, so that, in rotation, each member of the group can receive one large sum.

Kiros Habtu also defines equib in line with the definition above:

“Equib- is an informal institution established voluntarily to collect a specific amount of money from the members on a specific date to be paid on round and lottery basis to the members. The members know each other and thus trust each other to make the equib function smoothly” (Kiros, 2012)

2.4.2 Operation of Equib

Terefe (2005) states that equib has a saving and credit aspect, and it involves borrowing and lending activity where by all members borrow from each other for changing periods of time. Equib is formed for various purposes such as; starting or expanding businesses, personal consumption purposes that need expending large sum of money at one time or simply for saving. Being a member of equib can be held as collateral to borrow from individuals outside the equib. Interestingly enough, equib also benefits members in many sides such as delivery of credit and information sharing.

“Equibs vary in size of members and amount of capital they have but serve people with various socio-economic statuses. Bigger equibs with higher capital mostly conduct business oriented operation. Bigger equibs usually are act as formalized institutions and they are likely to have written-by-laws.” (Terefe,2005)

2.4.3 Operation of RoSCA

Equib and ROSCA operate in the following manner.

“A group of individuals meet together on a regular basis (say once a month or once a week) and contribute some fixed amount of money, decided either mutually or by the leader of the RoSCA, into a ‘pot’ every time they meet. At the end of each meeting, one member of the group is selected to receive the pot¹. This can be done either randomly or by bidding this process continues till every member of the group receives the pot of money once. Obviously, those

members who have already received the pot earlier cannot receive the pot again, though they still have to contribute to the pot. When every member of the group has received the pot of money once, the group is disbanded, or can be started again with different members, different contributions and a possibly different duration between subsequent meetings” (<https://www.microfinancegateway.org/sites/default/files/mfg-en-case-study-explaining-participation-in-rotating-savings-and-credit-associations-roscas-evidence-from-indonesia-2004.pdf>, last seen at 14, December,2016)

2.5 Empirical review on Edget Behibret equb

2.5.1 Profile of Edget Behibret equb

Edget Behibret equb was established in 1998 E.C in wolkite Town which is located 150 kms southwest of Addis Ababa. It is formed with the aim of supporting business people to have better access to finance and thereby expand their businesses. The equb started with 123 members, each member making a weekly contribution of Birr 1,020 and with a total payout of Birr 123,000 to the lot winner. This equb increased its members from 123 in 1998 to 150 in 2003 and its total pot increased from Birr 123,000 to Birr 420,000 during the same period. In line with an increase in the pot size, weekly contributions from members also increased to Birr 2,856. The number of members, size of contribution and total payout remained the same for the last six years (from 2003 to 2009 EC, i.e. 2011 to 2017)

2.5.2 Management and weekly operations of the equb

“The equb is managed by two individuals elected by members: the manager (commonly referred in Amharic as ‘*ye-equb sebsabi ena dagna*’) and the Secretary (commonly referred in Amharic as ‘*ye-equb tsehafi*’). The contract agreement states that:

“The manager is responsible for the money collection every Sunday on the specified collection time and will pay the collected money in cash or cheque to the pot winner. The manager will decide and complete any tasks that should be performed by the equb and also monitors members who stop paying the weekly contribution for more than three consecutive collection days and advises a lawyer in order to take legal actions, if deemed necessary.” Article 9

The responsibility of the secretary is clearly stated in Article 10 of the equb agreement. The secretary should always come early before the collection time and discuss with the manager and submit the daily cash balance to the manager. In the absence of the manager, the secretary

assumes the role of a manger and acts on the manager's behalf. The secretary is tasked to file the documents of the equb and remind members to pay their weekly contribution.

Article 11 of the equb agreement states weekly operations:

“The winner of the pot for the week will be selected randomly by one member who will pick a random name from the pot and should show the name of the pot winner to the members. The other names will be checked by the members present at the site. There needs to be at least 10 members to conduct the lottery draw; if the number of members attending the session is less than 10 then the pot winner selection will be transferred to the next Sunday.” (Article 11)

2.5.3 Disciplinary measures

As stated on Article 21, members should pay their respective contribution weekly. If a member fails to pay the weekly contribution after the payout (winning the pot early) guarantors' of the individual will be liable collectively and individually. “If any member fails to pay the weekly amount on time, then he/she will be penalized by an additional payment of 10% of the amount he/she failed to pay.” (Article 10) If a member insults or makes inappropriate remarks on equb collectors during the payment collection time, he /she will be punished birr 200; if money is lost due to the disturbance created by the behavior of this person, he/she will be liable for the lost money.

2.5.4 Rights of the members

Members of the equb acquire different rights some of them are stated below:

“A member who has any doubt on the equb can raise her/his ideas to the manager. But if 25% of the members come with a complaint on the operation and management of the equb, they can initiate a general assembly by collecting a petition.” (Article 11)

If the pot winner fulfills the guarantee requirements, he/she can take his/her money. “The pot winner can also be a guarantee for himself/herself if it is believed that the member is reliable” (Article 13) “A member who wins the pot can sell or transfer his/her lottery prize to another member if the lottery winner chooses to do so ” (Article 19)

2.6 Comparing Formal and Informal Financial Sectors

Literature review reveals that the informal financial sector has some features which make it more appealing to large segment of the society. Below is a review of some of the major factors that makes the informal financial sector more appealing.

1. **Small scale facility:** The IFI provide saving and credit facility for small and lower income households, and enterprises also mobilizes rural and small savings while the FFI ignore them in favor of a large scale and literate clients which can satisfy their stringent loan conditions. (Germedis, 1991)
2. **Structure of simplicity:** The FFI has administrative procedures which are complex and beyond the understanding of rural masses however the IFI has usually simple and straight forward procedures. (ibid)
3. **Working time:** The IFI operate at convenient times but, the formal banks operate in a fixed regular working times. (ibid)
4. **Documentation process:** In the IFIs' to access credit is simple, non-bureaucratic, little dependent on literacy and written documents while relatively the reverse is on FFIs'.
5. **Speed of disbursement:** The IFIs' have less probability of rejection and delay of the disbursements but, FFIs' pass long and complex process.
6. **Collateral Need:** The IFI collateral requirements for loans are to local conditions and borrowers capacity. While, the FFI needs collateral requirements that can be mortgaged.
7. **Closeness:** The IFI are aware of problems that members may face therefore they can help with repayment and debt rescheduling is possible. But, the FFIs' don't have close contact.
8. **Information Network:** The IFI has dense and effective information network at the grass root level but, The FFI are unable to gain insight into the activities of their clients.
9. **Dissemination of information:** the IFI use the regular meetings as forum for dissemination of information. Unlikely the FFIs' don't use it.
10. **Fund Availability:** The FFIs' regularly has loanable funds available and subsidized by government and may also receive grants and others support from donor agencies but the funds are subject to seasonal fluctuations. the reverse is for IFIs'. (Germidis,1991)

In the next chapter, this paper will analyze if the factors mentioned above are valid reasons for wider acceptance to informal financial sector. This paper also explores other factors that make the informal financial sector more acceptable, or otherwise. This paper will use the framework discussed above to probe and validate the wider acceptance of informal financial institutions.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter deals with the methodology of the research. It specifically focuses on the research design selected, the total population and the sample that were taken, the sampling technique implemented, sources and tools of data collection selected, the data collection mechanisms used by the researcher, the procedures followed by the researcher to collect data, the Ethical standards followed, and the plan for the methods of analyzing the collected data.

3.1 Research design

The research is designed to be **descriptive** which aims to describe the factors behind the informal financial institutions that contribute to the wide acceptance of equbs and iddirs and focus on the selected iddir and equb.

3.2 The total population

The total population of this research is the Administrators and the members of the informal financial institutions. Specifically the equb involves the Manager and the secretary as an administrator and 150 members were also considered, The iddir involves General assembly, board, committee and sub-committee members as administrators and included in the 400 members were also considered.

3.3 The research site

The research is made on the two informal financial institutions which are Raszesilase former students iddir and Edget Behibret equb. Both institutions are located at Wolkite town which is 150 km southwest of Addis Ababa in the road to Jimma in southern Nations and nationalities Region Gurage zone. The Ras Zesilase's former student's iddir have 400 members in it and general assembly, board, two committees under the board and eleven sub committees under one of the committees. The Edget Behibret equb is a Merchants equb with a total sum of 420,000.00 ETB and has 150 members.

3.4 Sample and sampling techniques

Convenience sampling technique was used for the research in order to collect questionnaires from members. All office holders in the iddir and the equb that were relevant to the research questions and the data sought were targeted as respondents because of the different nature of their functions. The administrators of the institutions were selected by targeting the data they have on their hands and the members were expected to fill a questionnaire. The researcher aimed to collect questionnaires responded on the meeting and payment dates in which most members could be present, but most members send their friends and children to pay their weekly and monthly contributions instead of coming to the office so it was very challenging to capture as much respondents as expected. Because of these problems the researcher was obliged to give some questionnaires to an individual member in order to come with their closer member responses. The data collected from the respondents was kept very highly confidential because of its sensitive nature and all ethical standards of a research were conducted by the researcher.

To triangulate and complement data collected from the questionnaire and key informant interviews with administrators of equb and iddir, the researcher interviewed additional 10 members from the EdgetBehibretequb and 14 members from RasZesilasie former students iddir. Semi structured questionnaire was designed to guide these interview sessions. This interview was necessitated to double check the authenticity and impartiality of the views from administrators and the interview was fully qualitative in nature. The number of sample respondents was decided based on a subjective judgment of “how many responses will be enough to get a clear and unbiased picture on the subject?” The sample size is deemed sufficient by the researcher as the responses got quite repetitive towards the end which is a good signal that the sample size was enough for the qualitative interviews. The samples taken from the equb and the iddir are 30 and 35 respectively.

3.5 Source and tools of data collection

The researcher used both primary and secondary data collection tools. The primary data were collected by using a semi-structured interview with the key informants'. The secondary data during the field research involved document analysis. However, the documents are not the only inputs, and the researcher used some questions in the interview and questionnaire to prove the

reliability of the documents. The researcher collected the secondary data from the article of associations and contract agreement of the selected informal financial institutions, different manuals and procedures from the formal financial institutions, and also from browsers of the institutions.

3.6 Procedures of data collection

The data collection procedure started from developing the interview and questionnaire questions, and then continued the process by asking the willingness of the respondents for an interview and filling the questionnaire, selecting the medium and place for an interview, having an appointment for conducting the interview. Respondents were informed of the aim of the interview clearly and informed that their responses will be secured, while conducting the interview the researcher carefully listened and take notes of the respondents' responses. After collecting the necessary data, the full statements of respondents were written immediately after the interview. The collected data was finally organized in the structure which helps to come with some findings, conclusion and recommendations.

3.7 Methods of data analysis

The methods that were used to describe the qualitative data collected by interviewing the key informants and document reviewing were stated by grouping similar and responses based on their supporting or contradicting nature and analyzing the data collected in the order to answer the basic research questions. The data collected from the members of the informal financial institutions members through questionnaire is analyzed by using the data processed by SPSS. Firstly the data collected were fed to the software and then come with different outputs that are considered as necessary for this research and analyzed carefully to come with some findings.

CHAPTER 4

RESULTS AND DISCUSSION

This chapter deals with the analysis and interpretation of the data collected from both primary and secondary sources. This section analyses: (i) selected data from meeting reports, memorandum of association, and contract agreements, (ii) primary data from key informants interviews, and (iii) data collected by using questionnaires from members of both informal financial institutions. The analysis from all sources of data are categorized and presented in thematic areas.

4.1 Demography of the respondents

Table 1 Gender distributions of respondents in the institutions

		sex of the respondents		Total
		Male	Female	
Type of informal institution	EQUB	18	12	30
	IDDIR	29	6	35
Total		47	18	65

Source: SPSS result

As indicated in the table above, the membership of both the equb and iddir analyzed for this study are dominated by men. Men represent 60% of the total equb membership and 78.75% of the iddir membership while women cover the remaining balance. The male dominance in equb can be explained by the fact that men are likely to own a business than their women counterparts. While the gender gap in this particular iddir may mirror the unequal distribution of school enrollments about two decades ago (the iddir constitutes members who have been students of a primary school- RasZesilassie- twenty years ago).

Table 2 Respondents year of joining the iddir

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	When established	28	43.1	80.0	80.0
	1992-2002	5	7.7	14.3	94.3
	2002-present	2	3.1	5.7	100.0
	Total	35	53.8	100.0	
Missing	System	30	46.2		
Total		65	100.0		

Source: SPSS result

As shown in the above table most of the iddir members (80%) joined the iddir right from the very beginning while the remaining 20% has joined the iddir from 1992-2002

Table 3 Years stayed in business of the equb members

	Frequency	Percent	Valid Percent	Cumulative Percent
<5	4	6.2	12.9	12.9
6-10	21	32.3	67.7	80.6
Valid 11-15	4	6.2	12.9	93.5
>15	2	3.1	6.5	100.0
Total	31	47.7	100.0	
Missing System	34	52.3		
Total	65	100.0		

Source: SPSS result

Majority of the equb members have work experiences in trade more than five years the rest 12.9% of the members stayed in the business for less than five years.

Table 4 Type of informal institution * age of the member Cross tabulation

		age of the member				Total
		<20 years	21-30	31-40	>40	
type of informal institution	EQUB	7	12	9	2	30
	IDDIR	1	5	9	20	35
Total		8	17	18	22	65

Source: SPSS result

As shown in the above table it can be clearly understood that majority of the equb members lie at the ages below 40 and it is good to remember they are merchants who seek to earn money for the iddir majority of them are above the age of 40 which could be the result of the demand iddir is high on aged people.

4.2 Initiation and formation of the Institutions

As from the interview the iddir is initiated by the former students of the school a former student and his friends and recruited few influential persons in the city and started to initiate others to join the iddir. The interested and qualified applicants registered and choose leaders to administer the iddir. The leaders selected were respected elder persons who are not engaged in a very busy regular works.

When we come to the initiator of the equb is indirectly the same person founder of an equb before the formation of the Edget Behibret equb when he died in a natural death the members

were insecure so they need a person to collect handle and finish that equb. After many debates the present manager was finally selected. The criteria for selecting him were : He was successful business man which increases his reliability; His father was Damo (Damo is not the name of his father it is an appellation name given to persons who are very influential, respected, involved in many traditional arbitrations and helping and changing the lives of many poor people from his wealth in the Guraghe society) the members respect for his father was one of the major reasons and his hard working personality and leadership skills seen in many temporary committees made him to be selected. After the successful completion of the previous equbthe manager’s friends initiated him to collect a new equb in his own and he goes in the same way of the iddir.

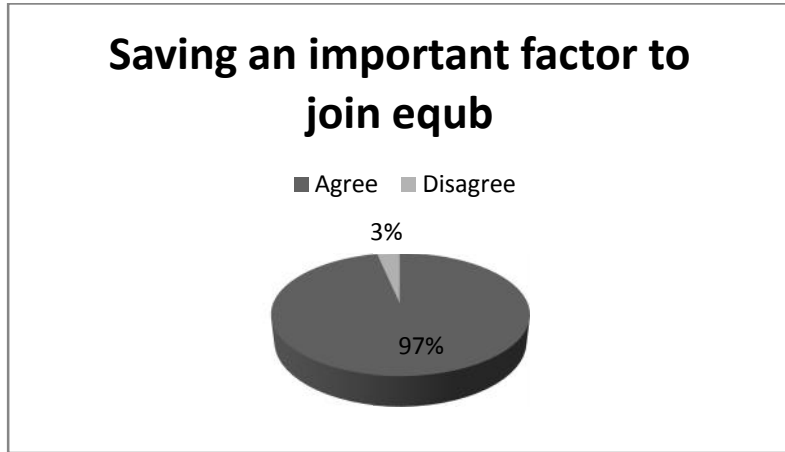
4.3 Factors for wider acceptance of equb and Iddir

The data gathered from questionnaires and interviews indicated that the following are factors for the wider acceptance of equb and iddir.

a) Goal oriented saving

One of the major reasons that people join equb is to discipline themselves in such a way that they will have a goal oriented saving. Out of the 30 questionnaire respondents, 96.7% of them replied that ‘saving’ is an important factor to join equb while only 3.3% said that saving is not a factor to join equb. The key informant interview also revealed that some members changed their habits of chewing chat and heavy drinking so as to meet the requirements of goal oriented saving. This resulted from the need for saving which in turn requires reducing unnecessary expenses of the individual. Members also try to reduce costs and started a good saving habit as a weekly payment needs a high commitment. As the equb manager stated “some drivers stopped buying food from restaurants and started carrying homemade food so as to reduce their expenses while on the journey.”

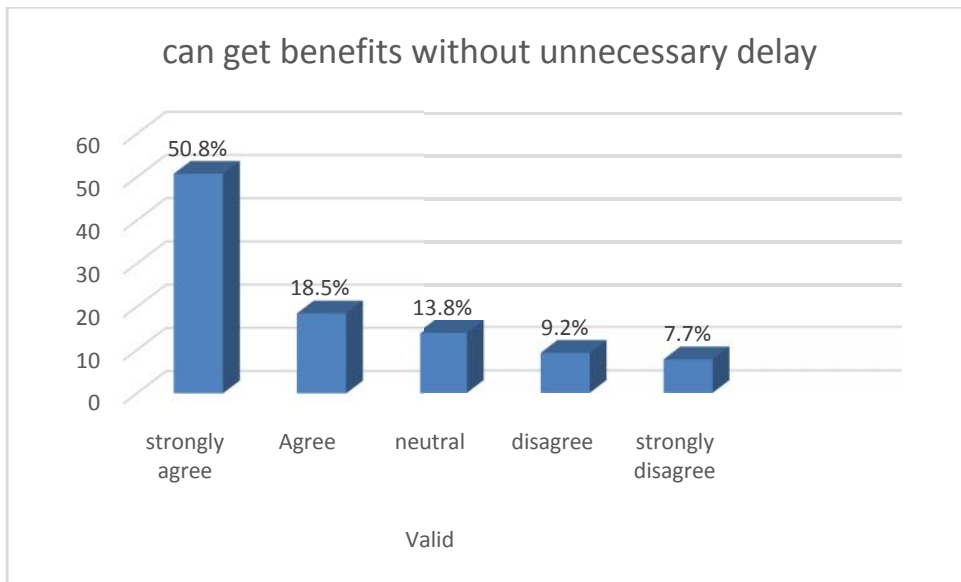
Figure 1: respondents using the equb for saving



Saving is also an important factor to join iddir but this factor is relatively less relevant for iddir when compared to iqub. About 94% of respondents said that saving is an important factor to join iddir as compared to 97% replying that saving is a driving factor to join equb signaling the fact that saving is a more driving factor to join equb than to join iddir. As ranked in the table below, saving is the single most important factor to join equb while it is the second most important factor to join iddir.

b) Speed of Disbursement

Figure 2: respondents' response on the speed of disbursement



As indicated in the table above, a significant proportion of Iqub and iddir members (69%) agree or strongly agree to the notion that equb and iddir allows members to get benefits without unnecessary delay. Usually formal financial institutions like banks and insurance companies take a significant amount of time to process payment. For instance, insurance companies usually take weeks to effect payout to life insurance subscribers in the event of death as they require lots of documentation from the administrative offices (death certificate, legal documents, proof of kinship with the deceased, etc...) while iddir disburses payment to beneficiaries immediately.

As equb and iddir are largely formed by a small circle of persons with relatively high level of trust, they usually disburse payments to beneficiaries with reasonable period of time without a need to go through heavy bureaucratic procedures. The key informant interview with the manager of Edget Behibret equb revealed that all members who win the pot in a lottery base or by sale of a pot took their money as soon as they fulfill their guarantee arrangements without any problem and delay. There were no postdated cheque and cheque without sufficient money given to the members. It clearly shows that the Administrators were truly serving the members with the an expedited speed of disbursement.

c) Social attachment

Maintaining social attachment is one of the major significant reasons to join equb and iddir. 83% and 86% of respondents mentioned social attachment as a factor for joining equb and iddir, respectively. This is in line with the usual practice that iddir and equb are formed by a small circle of trust groups. Formation of these informal associations by small trust groups allows members to get support from their association when they are in need of help and also allows lowering administrative procedures during payment disbursement.

The social attachment is more significant in iddirs. From the key informant interviews it is mentioned mostly in the society when the number of people who come for your funeral increases your respect among others will increase and the reverse for few numbers of peoples. The assumption is whether you are too close with the member or not you as a member are expected to attend the funerals of members. Another attitude of the members is that it makes others to fear attacking them since they are rounded by many relatives.

In the case of equb, members who faced liquidity crisis or cash flow problem due to fire accident, theft, or other incidents that affects the operation of their business will get priority to buy the equb pot. On the contrary, formal institutions like banks are unlikely to lend money to a business struggling with a cash flow problem.

The financial status of equb members may vary widely. For instance, in EdgetBehibretequb, there are members that have 5 pots implying that these members are able to pay 5 times the regular paying members. In numerical terms a person with five spots will make a weekly contribution of Birr 14,280 (Fourteen thousand two hundred eighty birr). This allows rich members to help out struggling members. The equb Administrator communicated and negotiated with 5 rich members to sale their pot to the developing members. This clearly shows the social attachment among the members and it is difficult to imagine getting such type of support from the formal sectors.

The key informant interview also revealed that the manager of the equb helped many members as a mediator to sale and buy different products. The members propose the manager to find someone from the equb who wants to buy their unsold products and the manager mostly helped them to communicate and negotiate with a buyer who has interest on their products. Members also use equb as a platform to exchange business ideas. Moreover, the close social attachment of equb members allows the informal institution to operate smoothly. EdgetBehibretequb reported that it has been in operation for the last 10 years without facing a major problem.

Most of the members took their money with a personal guarantee from within the equb or outside. On the other hand, few types of collateral were collected in order to minimize the equb's risk. But, as seen from the term end reports, there were no collaterals sold by the equb; Even there is no member who accuse the equb and accused by the equb too. Peoples with only business ideas make their dreams possible; majority of the beneficiaries buy transport and other types of cars and started to generate revenue immediately; some of the members develop their cafeteria and hotels to higher level and the others used it as working loan. There are two persons who closed their bank loans by taking from the equb.

e) Information Network

The informal institutions need good information network for their existence. 87% of the equb and nearly the same 88% of the iddir respondents mentioned that the information network of both the equb and the iddir respectively is strong and one factor that initiates members to join the institutions. From the interview with the key informants of the equb we can see that if a member who wins the pot is not present at the office, the manager immediately calls to the person or meet in person to inform that he/she is the winner of the pot for the week. The administrators show their confidence on the strength of the information network by promising to compensate 40,000 (forty thousand birr) if the informing was not applied.

From the key informant interview it is found that both the institutions use almost the same information dissemination the main and major information dissemination medium is oral and rarely in a written form in a regular weekly meeting time and the absentees will take the information from the present members or when they need details or comments they can meet through a telephone call to the manager or meet in person if possible.

The members' information is not hidden from the administrators of the institutions even if they don't report to the equb and the iddir. As the documents of the equb revealed members who face an accident due to different factors could be given a pot sale with an agreement of members. Unlikely it is difficult to get these from the formal sector.

e) Structure and procedures of the Iddir

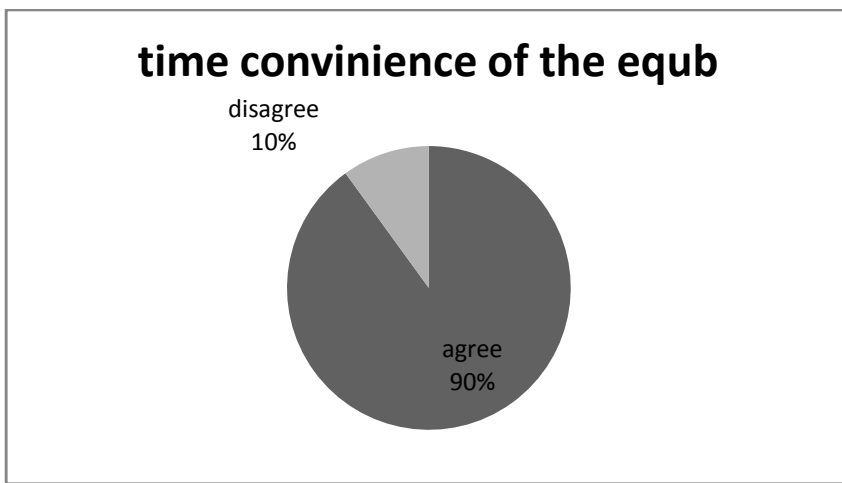
As per the collected data 66.7% of the equb and very closely 68.57% of the iddir respondents agreed on the simplicity of the structure and procedures. Even if majority of the members agreed on the procedure and structure simplicity when it is compared to the other factors it is the least accepted factor. The procedures to be followed and the structure of both the institutions can be said simple to access. The iddir is designed to be multi-functional which aimed to involve in many revenue generating and aiding programs other than burial supports. The delegation of executing power to the sub-committees reduced the procedures to be followed to get the services from the iddir and the distributed responsibility created accountable persons for their acts. As the

key informants mentioned, the procedures and rules of the iddir is distributed to all members of the iddir in a written form but most of the rules regulations and procedures of the iddir even if they don't read the articles and amendments they get the information orally.this is also mentioned by the equb key informants.

f) Working time convenience

The working time of the equb is convenient for members to access as mentioned in the document review the working time of the equb is Sunday 4:00-5:00 am local time which is work off day and after religious ceremonies. The respondents' response highly supported it as shown in the pie chart below.

Figure 3: responses on the time convenience of the equb



The iddir respondents agreed nearly to the equb respondents as 88.57% of the respondents agreed on the time convenience of the iddir operation.

g) Personal conditions taken into account

As stated by the key informants of the equbs some personal problems that can be solved by will get a solution as early as possible because, when damage happened to a member most of the members are willing to cooperate and to give him/her priority to take a pot by sale as stated by the administrators. When a member's property or business is damaged or in danger by the agreement of members it could get mercy for the remaining payment to be filled from the reserve

amount of money of the equb and some money could also be funded. The formal sector unlikely the damage on the borrowers property or business increases the risk of the non-performing loan so the institution will not be willing to fund additional money to revive and also it could not tolerate if the payment time passes. Finally it could take a legal action on the personal property of the borrower. The respondents result show that 83.3% of the equb and more than the equb 85.7% of the iddir respondents put the consideration of their personal problems as a factor that initiated them to join and accept the institutions.

h) Hard work, implementation and reliability of the institutions.

These three factors are related to each other because the applicability of the written benefits and procedures need the hard work of the administrators and these results in the increased reliability of the institutions. As the member respondents of the equb 63.3% agreed on the applicability of the written benefits and 76.7% believe that the administrators are working hard. As a result shows much more than the agreed respondents on the applicability of written benefits 90% of respondents trust the equb. The respondents reacted less on the applicability of the written benefits. It could be related with the key informant interview about the procedure simplicity they mentioned in both institutions commonly that most of the members don't read the written documents they believe that they know the way and benefits in common knowledge.

When we see the member respondents of the iddir the percentage of respondents agreed increased to 88.6% on the applicability of the written benefits and 91.4% believe that the administrators are working hard. As a result shows 97.1% of respondents trust the iddir which conveys the highly trusted nature of the iddir.

i) Benefits of administrators

After stating the commitments the administrators engaged in, it will be mandatory to mention the benefits they acquire in return to their services. Commonly in both institutions the administrators get non-financial benefits like respect from the members and the society and mental satisfaction from what they have done in the iddir. In addition to that the equb administrators earn financial benefits. As a usual rule in most equbs' the manager will be rewarded one free total sum first. In this equb the manager takes Birr 420,000.00 which was used for finishing his commercial building so it was good money to invest. As the manager stated he also was using the reserve

money for his personal cash shortage problems but he was sure on returning so he always have cash in hand to rotate for his own business. Finally he returned all the money but within the time he took the money he was able to get much advantages and he said “It was the pillar for my current wealth.”(Ato.Biruk)

j) Other initiating factors that contribute for the acceptance

From the key informant interview some additional factors were found which contribute to the acceptance of these institutions.

Philanthropic activities of the iddir: This iddir is helping some children to learn, who are orphans and from parents with a very low income. These poor members also be benefited from the membership is that they are not expected to contribute individually since the iddir contributed. The major example is the iddir bought a bond for “Great Ethiopian Renaissance Dam” so individual members were not expected to contribute but, this doesn’t discourage those who can support from their own as much as they can; Another major contributions were the “*Bozebar*” clean water project for wolkite city and the “*Wolkite stadium*” building. These and the like activities initiated many people to join and make the members to be proud and stay in the iddir.

Pull and push factors: As the equb key informants mentioned as push factor for the formal sector is most people fear to borrow money even if peoples see someone’s life changed. The fear of interest charges and the legal action taken to their properties make them insecure. But, it is rare to hear that equbs’ take someone’s property because of failure to pay. As a pull factor that initiates peoples to join equb is the change in life of a benefited member which is nearer to them and see as visible evidence.

Fund Availability: As stated by Gedmidis (1996) unlike the formal sector the IFIs mostly face troubles on the normal supply of funds. But, this equb tried to solve the problem of fund unavailability. In the revised amount each member should pay that an amount of birr 2,856.00 (two thousand eight hundred fifty six only) (of which the 56 birr is 2% of the 2,800.00 as a reserve amount) from the total of 150 members Birr 8,400 (Eight thousand four hundred birr will be collected. If we divide the amount to 2,800 we will get 3, which means it covers the payment of three persons per week and when we take it to the total 150 weeks of the equb period a total of

birr 1,260,000.00 will be used as a reserve amount. This reserve amount with a little money contribution will strengthen the liquidity and saves from failure to pay if there are members who stop to pay without considering their down payments before.

It is found from the key informant interview that Theiddir is financially strong and it has never experienced fund unavailability in the past times. Unlike the characteristic of most of the informal institutions this iddir could get income from different governmental sectors, donor organizations and individuals. The iddir also have different sources of income by involving in to different business activities other than regular contributions of members and related collections like Income from Equipment rental, the Raszesilase park, and the commodity shop contribute much to the financial strength of the iddir.

4.4 Ranking of the factors that are significant for the members

In the two factors ranking tables below calculated by taking an assumption of respondents who responded (marked on the questionnaire), the agree and strongly agree assumed that they agree on the factors listed and the remaining as a disagreement then merged to two columns with their percentages (computed as 1 which represents 100).

Table 5: factor ranking of the equb

	FACTOR	THE EQUB FACTOR SIGNIFICANCE				
		AGREE	PERCENTAGE	DISAGREE	PERCENTAGE	TOTAL
1	using the institution for saving	29	97%	1	3%	100%
2	the reliability of the institution	27	90%	3	10%	100%
3	convenience of the working time	27	90%	3	10%	100%
4	the network and dissemination of information	26	86.7%	4	13.3%	100%
5	personal conditions taken into account	25	83.3%	5	16.7%	100%
6	need to stay for the social attachment	25	83.3%	5	16.7%	100%
7	the administrators hard working	23	76.7%	7	23.3%	100%
8	can get benefits without unnecessary delay	21	70%	9	30%	100%
9	structure and procedure simplicity	20	66.7%	10	33.3%	100%
10	listed benefits are applicable	19	63.3%	11	36.7%	100%

Source: SPSS result

As shown in Table 5 the most significant factor that initiates members to join and benefited from the equb is its service to the respondents as saving institution. As understood from different literatures. The Ethiopian equb have the same features with the ROSCA which is majorly aimed

for saving and credit. The benefits of equb that are ranked as second and third are the reliability of the institutions and convenience of working time respectively. The outcomes unexpectedly indicated that the personal consideration of members' problems and the social attachment are in the middle of the table. The last two factors ranked as the 9 and 10 are the simplicity of the procedures and the structure and the applicability of the listed benefits.

Table 6: Factor ranking of the iddir

	FACTOR	THE IDDIR FACTOR SIGNIFICANCE				
		AGREE	PERCENTAGE	DISAGREE	PERCENTAGE	TOTAL
1	the reliability of the institution	34	97.14%	1	2.86%	100%
2	using the institution for saving	33	94.28%	2	5.72%	100%
3	the administrators hard working	32	91.43%	3	8.57%	100%
4	convenience of the working time	31	88.57%	4	11.43%	100%
5	the network and dissemination of information	31	88.57%	4	11.43%	100%
6	need to stay for the social attachment	31	88.57%	4	11.43%	100%
7	listed benefits are applicable	31	88.57%	4	11.43%	100%
8	personal conditions taken into account	30	85.71%	5	14.29%	100%
9	can get benefits without unnecessary delay	24	68.57%	11	31.43%	100%
10	structure and procedure simplicity	24	68.57%	11	31.43%	100%

Source: SPSS result

As shown in table 6 the most significant and preferred factor for members of the iddir is their trust on the iddir and the secondly and thirdly ranked factors are the iddir used as a saving institution and the hardworking administrators. The unexpected result is the members need for the social attachment which is ranked sixth.

Both the responses of the equb and the iddir members' responses clearly show that most of the members of both of the institutions agree on the availability and the importance of all factors for the informal institutions.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

This chapter presents conclusions drawn from the study results and the recommendations. The implications of the research are discussed and suggestions are made on areas of further study. Some useful recommendations for all the stakeholders are proposed by this study at the end of the chapter to enlighten and enable them to craft viable solutions with regard to the problem statement based on the research findings.

5.1 Conclusion

As discussed in the previous chapters, informal institutions such as equb and iddir have an acceptance by the society. Many people in Ethiopia prefer iddir to a formal life insurance. On the other hand, a significant proportion of the society depends on equb as a source of finance to start or expand their business. This does not, however, mean that equb and iddir are invariably better than the formal sector, because such conclusions cannot be valid for large scale investments and persons without the social bond that is related with equb and iddir.

The salient features of iddir and equb can be attributed to many factors, such as; i) enabling goal oriented saving, ii) reliability of these informal iii) working time convenience, iv) allowing information exchange, v) strengthening social attachment, vi) institutions relatively fast disbursement of benefits/pay outs, and vii) less bureaucratic procedures, and A significant proportion of respondents agreed that the factors mentioned above are significant factors to join equb or iddir.

In spite of the misperception that informal institutions do not have a formal and strong management, the equb and iddir contacted for this study have a well-structured management system. In the case of equb, the management uses stringent procedures and systems to avoid the risk of default by some members which will eventually leads to liquidation of the equb before every one has the chance to take their respective lots. The rules on the benefits, obligations, dispute settlement, grievance redress mechanism, etc are clearly articulated in the articles of

association of both the iddir and equb. The management of both the institutions approached for this study works in a way that helps the institutions to sustainably grow. The administrators of the equb get financial rewards (eg. one free equb lot) and non-financial benefit (eg. respect by the society, becoming an information hub for their group, etc...) while most of the iddir administrators get only the non-financial benefits for their contributions.

Iddir can be compared with the life insurance products of formal insurance companies. Iddir has some salient features which are more appealing to the wider segment of the society: i) iddirs are managed and owned by the society which gives them better acceptance and reliability. ii) members use the iddir as a commitment and saving mechanism because of the monthly payment; iii) disburses payment immediately, usually within 24 hours of the death of the deceased; iv) it allows a strong social attachment among members; v) it has less administrative hurdles such as submitting death certificate is not required; vi) the documents used in the iddir are simple to understand and written in Amharic, and vii) (unlike the case for the insurance companies) iddir provides material supports for funeral and wedding events;

5.2 Recommendations

- a) The FFIs could learn much from the equb and the iddir like to work and serve the lower economic class and consideration of the illiterates because the large untapped market in Ethiopia by the formal institutions. But, it needs additional research to implement.
- b) The equb and the iddir should give the benefits for members for the future as now.
- c) The equb and iddir should keep up doing well on the factors that are salient for initiating members to join. factors that initiate members to join the

5.3 Suggestions for future studies

- a) Features that formal financial sectors could learn from the informal sector.
- b) How theequbs and iddirs can be improved to compete financially with the formal sector?

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Appendices

ANNEX 1

INTERVIEW QUESTIONS

St. Mary's university, school of graduate studies

General MA- Business Administration

INTERVIEW QUESTIONS WITH THE EQUB ADMINISTRATOR

1. How was the equb established and who was /werethe initiator/s?
2. What do you think about the structure and procedures in terms of simplicity or complexity?
3. How is the information network of the equb and how information is disseminated?
4. What are the benefits of equb (if any) regarding access to finance as compared to the formal sector?
5. What are the core factors that make members come to equb as compared to the formal sector?
6. What activities has the equb performed in the past years as compared with the expectations of the members?
7. What are your commitments in administration and what have you benefited from it?

St. Mary's university, school of graduate studies

General MA- Business Administration

INTERVIEW WITH THE IDDIR ADMINISTRATORS

1. How was the iddir established and who was /were the initiator/s?
2. What do you think about the structure and procedures in terms of simplicity or complexity?
3. How is the information network of the iddir and how information is disseminated?
4. What are the benefits of iddir (if any) regarding access to finance as compared to the formal sector?
5. What are the core factors that make members come to iddir as compared to the formal sector?
6. What activities has the iddir performed in the past years as compared with the expectations of the members?
7. What are your commitments in administration and what have you benefited from it?

ANNEX 2

QUESTIONNAIRES

St. Mary's university, school of graduate studies

General MA- Business Administration

Questionnaire to Members of RasZesilase former students helping Iddir

Dear Respondent you are kindly requested to participate on a research study for partial fulfillment of Master Degree program in Business Administration. The study intended to assess the factors behind the wider access of informal financial institutions in Ethiopia the case of one equb in Wolkite town and RasZesilase former students helping iddir. This questionnaire is prepared to gather opinion of members on factors that are reasons to access these informal institutions and your genuine response is of high importance for the research success.

Kindly respond to the below listed questions after proper reading of the instruction provided. Please bear in mind that all your answers are going to be used only for this study purpose and will be kept strictly confidential.

Part 1

Instruction: please put out a tick mark (✓) in the check box corresponding to the choice that most represents you.

1. When you join the iddir?

When it is established (1992) after it is established 1992-2002 from 2002-present

2. Age <20 20-30 30-40 >40

3. Gender male female

Part 2

Instruction: please put out a tick mark (✓) in the box corresponding to the choice that most represents your opinion.

Measurement scale

1= Strongly Agree 2= Agree 3= Neutral 4= Disagree 5= Strongly Disagree

Initiating Factors	1	2	3	4	5
I'm using the iddir as a saving					
The iddir is reliable					
The working time of the iddir is convenient					
The information Network and Dissemination is good					
The administrators work hard					
All of the benefits listed on the documents are applicable.					
My personal conditions will be taken into account					
I want to stay in the iddir because of the social attachment.					
I can get my benefits without unnecessary delay.					
The Institution procedures and structure are easy and understandable					

Part 3: Open ended questions

4. List If you have any other reason than the table above to join the iddir _____

5. What benefits do you or someone closer get from the iddir? _____

6. Do you believe that you can get all the services from the formal sector? If yes, why don't you leave the iddir and access the benefits there? _____

7. What changes has the iddir made in your life or what you expect for the future?

THANK YOU

St. Mary's university, school of graduate studies

General MA- Business Administration

Questionnaire to Members of Edget behibret Equb

Dear Respondent you are kindly requested to participate on a research study for partial fulfillment of Master Degree program in Business Administration. The study intended to assess the factors behind the wider access of informal financial institutions in Ethiopia the case of one iddirs in Wolkite town and Edget behibret equb. This questionnaire is prepared to gather opinion of members on factors that are reasons to access these informal institutions and your genuine response is of high importance for the research success.

Kindly respond to the below listed questions after proper reading of the instruction provided. Please bear in mind that all your answers are going to be used only for this study purpose and will be kept strictly confidential.

Part 1

Instruction: please put out a tick mark (√) in the check box corresponding to the choice that most represents you.

1. Age <20 20-30 30-40 >40
2. Gender Male Female
3. How many years you stayed in trade <5 5-10 10-15 >15 years

Part 2

Instruction: please put out a tick mark (√) in the box corresponding to the choice that most represents your opinion.

Measurement scale

1= Strongly Agree 2= Agree 3= Neutral 4= Disagree 5= Strongly Disagree

No	Initiating factor	1	2	3	4	5
1	I'm using the equb as a saving					
2	The equb is reliable					
3	The working time of the equb is convenient					
4	The information Network and Dissemination is good					
5	The administrators work hard					
6	All of the benefits listed on the documents are applicable.					
7	My personal conditions will be taken into account					
8	I want to stay in the equb because of the social attachment.					
9	I can get my benefits without unnecessary delay.					
10	The Institution procedures and structure are easy and understandable					

Part 3: Open ended questions

4. List If you have any other reason than the table above to join the equb _____

5. What benefits do you or someone closer get from the equb?_____

6. Do you believe that you can get all the services from the formal sector? If yes, why don't you leave the equb and access the benefits there? _____

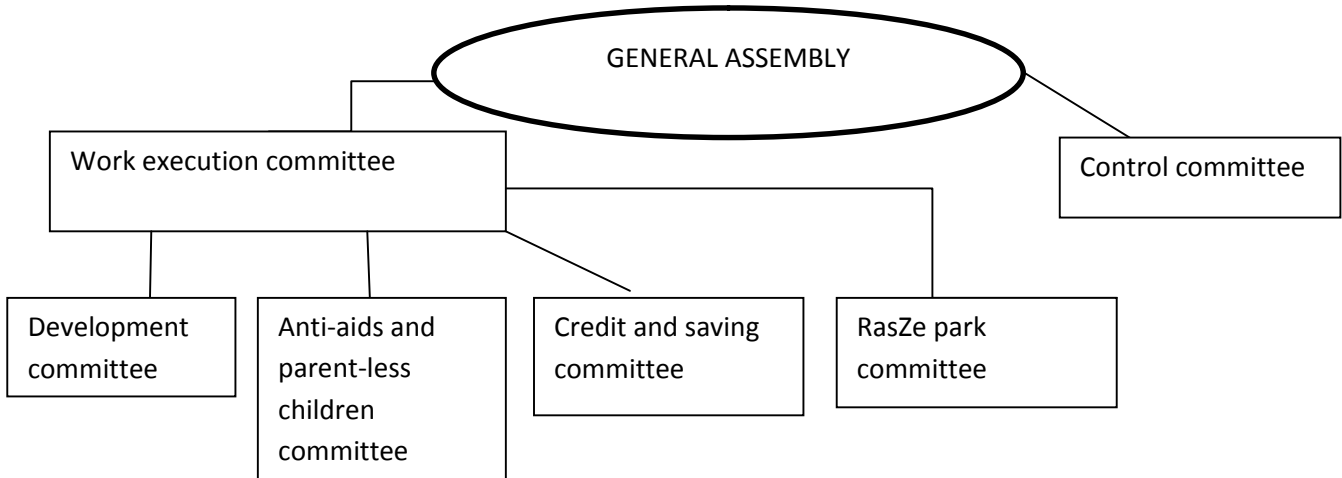
7. What changes the equb made in your business or personal life or you expect in the future?_____

THANK YOU

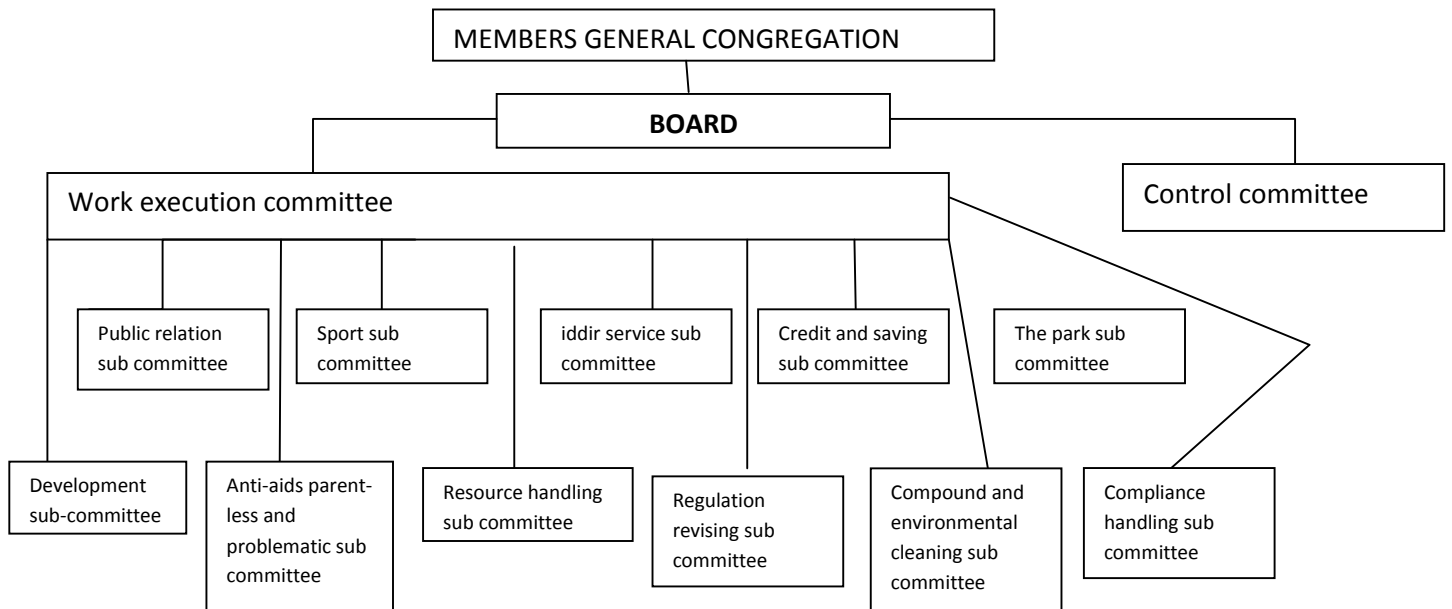
ANNEX 3

STRUCTURE OF RAS ZESILASIE FORMER STUDENTS IDDIR

The first structure of the iddir in 1992 E.C



The iddir then revised its structure on November 3, 2003 E.C to another form like below



ANNEX 4

RESULT FROM SPSS

GENDER DISTRIBUTIONS OF RESPONDENTS IN THE INSTITUTIONS

Count

		sex of the respondents		Total
		Male	female	
type of informal institution	EQUB	18	12	30
	IDDIR	29	6	35
Total		47	18	65

type of informal institution * age of the member Crosstabulation

Count

		age of the member				Total
		<20 years	21-30	31-40	>40	
type of informal institution	EQUB	7	12	9	2	30
	IDDIR	1	5	9	20	35
Total		8	17	18	22	65

respondents year of joining the iddir

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	When established	28	43.1	80.0	80.0
	1992-2002	5	7.7	14.3	94.3
	2002-present	2	3.1	5.7	100.0
	Total	35	53.8	100.0	
Missing	System	30	46.2		
Total		65	100.0		

years stayed in business of the equb members

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<5	4	6.2	12.9	12.9
	6-10	21	32.3	67.7	80.6
	11-15	4	6.2	12.9	93.5
	>15	2	3.1	6.5	100.0
	Total	31	47.7	100.0	
Missing	System	34	52.3		
Total		65	100.0		

using the institution for saving * type of informal institution Crosstabulation

Count

		type of informal institution		Total
		EQUB	IDDIR	
using the institution for saving	strongly agree	26	27	53
	Agree	3	6	9
	Neutral	1	1	2
	Disagree	0	1	1
Total		30	35	65

Respondents trust in the institution * type of informal institution Crosstabulation

Count

		type of informal institution		Total
		EQUB	IDDIR	
the reliability of the institution	strongly agree	16	21	37
	Agree	11	13	24
	Neutral	2	1	3
	Disagree	1	0	1
Total		30	35	65

the network and dissemination of information * type of informal institution Crosstabulation

Count

		type of informal institution		Total
		EQUB	IDDIR	
the network and dissemination of information	strongly agree	19	19	38
	Agree	7	12	19
	Neutral	4	3	7
	strongly disagree	0	1	1
Total		30	35	65

the administrators hard working * type of informal institution Crosstabulation

Count

		type of informal institution		Total
		EQUB	IDDIR	
the administrators hard working	strongly agree	12	17	29
	Agree	11	15	26
	Neutral	3	3	6
	Disagree	3	0	3
	strongly disagree	1	0	1
Total		30	35	65

personal conditions taken into account * type of informal institution Crosstabulation

Count

		type of informal institution		Total
		EQUB	IDDIR	
personal conditions taken into account	strongly agree	15	15	30
	Agree	5	15	20
	Neutral	10	3	13
	Disagree	0	1	1
	strongly disagree	0	1	1
Total		30	35	65

can get benefits without unnecessary delay * type of informal institution Crosstabulation

Count

		type of informal institution		Total
		EQUB	IDDIR	
can get benefits without unnecessary delay	strongly agree	16	17	33
	Agree	5	7	12
	Neutral	3	6	9

	Disagree	3	3	6
	strongly disagree	3	2	5
Total		30	35	65

structure and procedure simplicity * type of inofrmal institution Crosstabulation

Count

		type of inofrmal institution		Total
		EQUB	IDDIR	
structure and procedure simplicity	strongly agree	17	16	33
	Agree	3	8	11
	neutral	7	6	13
	disagree	3	2	5
	strongly disagree	0	3	3
Total		30	35	65

using the institution as saving

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	53	81.5	81.5	81.5
	Agree	9	13.8	13.8	95.4
	neutral	2	3.1	3.1	98.5
	disagree	1	1.5	1.5	100.0
	Total	65	100.0	100.0	

the reliability of the institution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	37	56.9	56.9	56.9
	Agree	24	36.9	36.9	93.8
	neutral	3	4.6	4.6	98.5
	disagree	1	1.5	1.5	100.0
	Total	65	100.0	100.0	

conviniene of the working time

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	41	63.1	63.1	63.1
	Agree	17	26.2	26.2	89.2
	Neutral	4	6.2	6.2	95.4
	Disagree	1	1.5	1.5	96.9
	strongly disagree	2	3.1	3.1	100.0
	Total	65	100.0	100.0	

the network and dissemination of information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	38	58.5	58.5	58.5
	Agree	19	29.2	29.2	87.7

Neutral	7	10.8	10.8	98.5
strongly disagree	1	1.5	1.5	100.0
Total	65	100.0	100.0	

the administrators hard working

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	29	44.6	44.6	44.6
Agree	26	40.0	40.0	84.6
Valid neutral	6	9.2	9.2	93.8
disagree	3	4.6	4.6	98.5
strongly disagree	1	1.5	1.5	100.0
Total	65	100.0	100.0	

Applicability of listed benefits are applicable

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	33	50.8	50.8	50.8
Agree	17	26.2	26.2	76.9
Valid Neutral	9	13.8	13.8	90.8
Disagree	3	4.6	4.6	95.4
strongly disagree	3	4.6	4.6	100.0
Total	65	100.0	100.0	

personal conditions taken into account

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	30	46.2	46.2	46.2
Agree	20	30.8	30.8	76.9
Valid Neutral	13	20.0	20.0	96.9
Disagree	1	1.5	1.5	98.5
strongly disagree	1	1.5	1.5	100.0
Total	65	100.0	100.0	

need to stay for the social attachment

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly agree	41	63.1	63.1	63.1
Agree	15	23.1	23.1	86.2
Valid neutral	7	10.8	10.8	96.9
disagree	1	1.5	1.5	98.5
strongly disagree	1	1.5	1.5	100.0
Total	65	100.0	100.0	

can get benefits without unnecessary delay

	Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	strongly agree	33	50.8	50.8	50.8
	Agree	12	18.5	18.5	69.2
	neutral	9	13.8	13.8	83.1
	disagree	6	9.2	9.2	92.3
	strongly disagree	5	7.7	7.7	100.0
	Total	65	100.0	100.0	

structure and procedure simplicity

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	33	50.8	50.8
	Agree	11	16.9	67.7
	neutral	13	20.0	87.7
	disagree	5	7.7	95.4
	strongly disagree	3	4.6	100.0
	Total	65	100.0	

convenience of the working time * type of informal institution Crosstabulation

Count

		type of informal institution		Total
		EQUB	IDDIR	
convenience of the working time	strongly agree	22	19	41
	Agree	5	12	17
	neutral	2	2	4
	disagree	1	0	1
	strongly disagree	0	2	2
Total		30	35	65

listed benefits are applicable * type of informal institution Crosstabulation

Count

		type of informal institution		Total
		EQUB	IDDIR	
ty listed benefits are applicable	strongly agree	13	20	33
	Agree	6	11	17
	neutral	5	4	9
	disagree	3	0	3
	strongly disagree	3	0	3
Total		30	35	65

need to stay for the social attachment * type of informal institution Cross tabulation

Count

		type of informal institution		Total
		EQUB	IDDIR	
need to stay for the social	strongly agree	20	21	41

attachment	Agree	5	10	15
	neutral	4	3	7
	disagree	1	0	1
	strongly disagree	0	1	1
Total		30	35	65