

Rural Household's Intention to Use Microfinance in Tanzania

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ABSTRACT

Tanzanian government has been actively implementing financial policies that can improve the living standards of individuals who are not qualified for conventional banking services. However, the adoption rate of microfinance among households in rural areas is low. Therefore, this study examines the direct and indirect effects generated by the constructs of the theory of planned behaviour model, perceived barriers and perceived benefits on rural households' intention to adopt microfinance. Primary data were collected by using questionnaire survey. Structural equation modelling (SEM) was then used to analyse the structural relationships between studied variables. Current results show that perceived benefits, attitude, subjective norms, and perceived behaviour control have direct positive effects on households' behavioural intention. Meanwhile, perceived barrier generates direct negative effects on behavioural intention. The results also show that attitude could mediate perceived benefits' effects on respondents' behavioral intention. However, attitude could not mediate the impact of perceived barriers on behavioral intention. Therefore, policy makers should disseminate the microfinance benefits by engaging people who are important to the respondents, so that favourable attitude among the rural households can be increased. Also, they should educate them on how to utilise the financial services and the possible barriers the users need to face.

JEL Classifications: O16, R21, R22

Keywords: perceived barriers; perceived benefits; attitude; subjective norm; perceived behavioural control; behavioral intention; microfinance

I. INTRODUCTION

Microfinance, which include micro-credit, savings and micro-insurance (Consultative Group to Assist the Poor, 2012) is an economic development approach used by the government to assist households who are not qualified for conventional financial schemes (Ashraf and Ibrahim, 2014; Yuge, 2011). Microfinance has been a successful tool in helping low-income households to accumulate assets, boosting their incomes and eventually improving their standard of living. Despite of the implementation of various financial promotional campaigns activated by private and public sectors, the adoption rate of microfinance among the households was low in developing countries, for example 22% in Tanzania and 24% in Sub-Saharan Africa compared to 50% in the worldwide (Demirgüç-Kunt and Klapper, 2012; Bank of Tanzania, 2013).

In Tanzania, most of the households who are not qualified for conventional banking services live in rural areas (National Bureau of Statistics 2013). Despite of the diverse government efforts to facilitate provision of financial services in the rural areas, yet the poverty level in Tanzania is high (28.2%) compared to other African countries like Uganda and Botswana (FinScope, 2013). Moreover about 90% of the poor people live in the rural areas. Therefore, microfinance could enable rural households to boost their income through improved agricultural output by employing modern farming techniques. In Tanzania agriculture is considered to be the backbone of the economy because it contributes large proportion of the Gross Domestic Product (GDP), employment, raw materials for industries and national food security (Ministry of Agriculture Food Security and Cooperatives 2015).

Formal microfinance services are provided by licensed commercial banks, non-bank financial institutions, savings and credit cooperative societies (SACCO) and financial non-government organizations (NGO) (Triodos Facet 2007). To enable more targeted users to meet the minimum requirements for the financial services, the service providers encourage the potential users to apply microfinance services such as micro-loans in groups, rather than individually. Low adoption of microfinance could be plausibly caused by the following reasons: the fear of losing personal assets if they fail to settle their own or other group member's outstanding loans (termed as perceived barrier) and thereby increases their unfavourable attitude towards the use of microfinance which in turn reduces their intention to adopt microfinance (Bank of Tanzania, 2014; Mahlanza, 2015).

Secondly, limited knowledge of the benefits that could be acquired from the usage of microfinance could cause the rural households to develop unfavourable attitude towards microfinance and this could eventually decrease their intention to adopt microfinance too (FSDT, 2014). Thirdly, social pressure that need to be borne by households as a result of negative opinions given by people who are important to them (termed as subjective norm) may affect the household's intention to adopt microfinance services (Chogo and Sedoyeka, 2015). The lack of basic financial knowledge on how to utilise the microfinance services (termed as perceived behavioural control) to increase their farming or business outputs could reduce the household's adoption intention of microfinance as well (Bank of Tanzania, 2014). Therefore, this study intends to achieve the following objectives in order to address the problems above.

A. Research Objectives

- 1) To examine the direct effects that can be generated by perceived barriers, perceived benefits, attitude, subjective norm, and perceived behavioural control on households' intention to use microfinance in Tanzania; and
- 2) To investigate the mediation effects of perceived benefits and perceived barriers on households' intention to use microfinance through attitude.

II. LITERATURE REVIEW

Microfinance studies in Tanzania tended to focus on solving issues related to the impacts that can be generated by microfinance to studied community, loan repayment behaviours, savings behaviour, and factors that could limit the growth of microfinance institutions (Mukama *et al.*, 2005; Kato and Kratzer, 2013; Kessy and Urrio, 2006; Kipasha, 2013). Most of the previous studies have confirmed the ability of microfinance to enhance agricultural productivity (Girabi *et al.*, 2013). However, because of various factors that include high interest rates and lack of understanding of microfinance benefits deterred some of the Tanzanians rural households' intention to use microfinance services. Ahlen (2012); Mohamed and Ahmed (2015); Morduch and Haley (2002) support the positive impact of microfinance on improving households ability to meet consumption needs, enhance investments, improve living standards and reduction of poverty. Mwatsika (2015) claims that rural communities could be aware of the existence of the formal financial institutions yet they do not utilize services. The non-utilization could probably result from rural community's low level of education, excessive charges by the MFIs and stringent requirements for collateral.

Notwithstanding diverse studies that were carried out about microfinance in Tanzania, however limited studies investigated behavioural factors that could influence household's intention to use microfinance. In order to address the behavioral problems of this study the theory of planned behaviour (TPB) was adapted. TPB can provide explanation on how individual's perceptions influence their actions (Ajzen, 1991). The understanding of the behavioral factors that influence households' intention to use microfinance services provides useful input for policy makers and practitioners to promote the use of microfinance to increase agricultural production. For instance the increased agricultural production facilitate the achievement of the country's vision 2025 of being the middle income country like Malaysia and Indonesia (The United Republic of Tanzania President's Office Planning Commission, 2009).

Various behavioural theories can be used to address current research problems such as theory of reasoned action (TRA), theory of planned behaviour (TPB), and technology acceptance model (TAM) (Ajzen, 1991; Fishbein and Ajzen, 1975; Davis, 1989). TRA explains that an individual will perform certain act if that person has positive intention to perform that act and the behavioural intention is driven by the effects generated by attitude and subjective norms (Fishbein and Ajzen, 1975). The theory assumes that respondents' behaviour is under volitional control and therefore, TRA may not be suitably used as a basic research model if the respondent is constrained by certain factors such as possessing only limited knowledge, skills, money or cooperation from others. As the result, Ajzen (1991) modified TRA by including an additional variable, perceived behaviour control in a new model, theory of planned behaviour (TPB).

The TPB model has been used in various research areas that have been carried out worldwide such as adoption of electronic banking; performing entrepreneurial business; and using mobile healthcare services (Krueger Jr. *et al.*, 2000; Shanmugam *et al.*, 2014; Deng *et al.*, 2013). Most of the past studies have confirmed the relationships between TPB's constructs (Kisaka, 2014; Abdul Adis *et al.* 2015.). Therefore, this study is using TPB as the basic theory because the theory can address the problems related to attitude, subjective norm, and perceived behavioural control. Furthermore, limited studies have used TPB to predict households' intention to use microfinance in a developing country rural setting.

Ajzen (1991) encouraged researchers to modify TPB model if the modification can explain the respondents' behavioral intention more comprehensively. Thus, this study modified TPB by adding two variables: perceived barriers and perceived benefits to address current study's research problems (see Figure 1). Both perceived barriers and perceived benefits variables had been tested in different research contexts such as computer security, reading and writing short messages (SMS) driving behaviour and water saving behaviour (Claar and Johnson, 2010; Chuah *et al.*, 2016; Knowlden and Sharma, 2012; Morowatisharifabad *et al.*, 2012). However, limited studies in finance context have tested the direct and indirect effects that can be created by TPB's constructs (attitude, subjective norms and perceived behaviour control), perceived barriers and perceived benefits on behavioural intention.

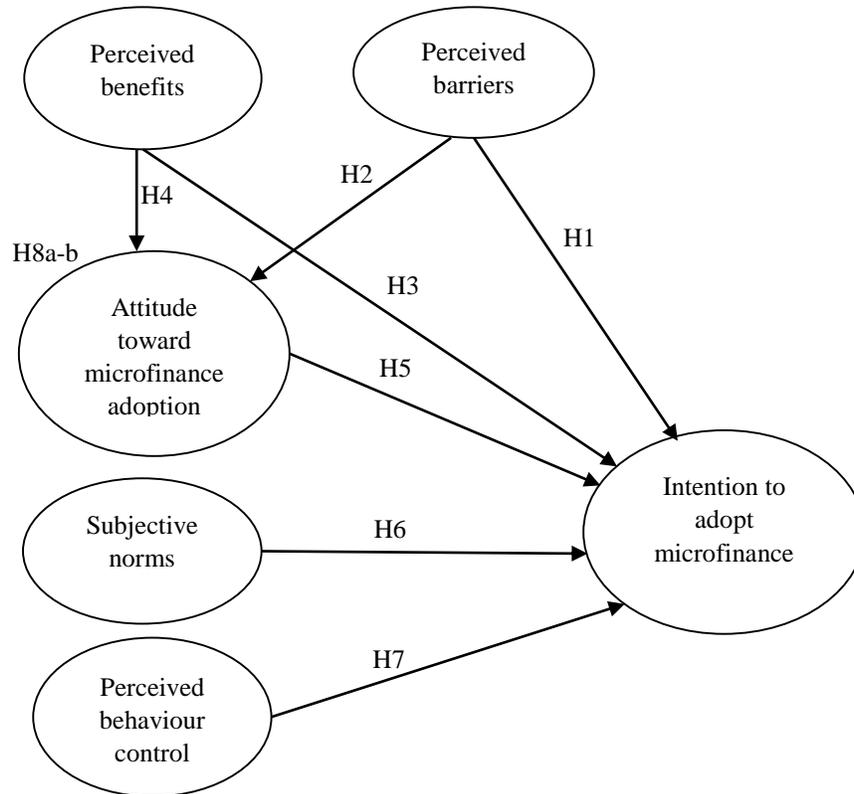
A. Conceptual Model and Hypotheses

Figure 1 presents the theoretical model that was developed for this study based on the theory of planned behaviour (TPB). The research model indicates the constructs that influence rural households' intention to use microfinance services. To examine the direct relationship between the independent constructs (perceived barriers, perceived benefits, attitude, subjective norm, and perceived behavioural control and dependent construct (behavioural intention) five hypotheses were developed (H1, H3, H5, H6, and H7). Furthermore, the mediation effect was investigated through developing two hypotheses (H8a and 8b). Therefore, seven hypotheses were developed to achieve two research objectives of this study. However, it was necessary to develop other hypotheses (H2 and H4) to complement the mediation analysis, but they had no direct impact on the dependent variable.

In current study, perceived barriers represents household's belief about the probable negative consequences such as perceived tangible and intangible costs that a person need to bear if microfinance is adopted. This variable can generate direct and indirect effects to behavioural intention. If respondents strongly believe that negative consequences may follow up as the result of their engagement in microfinance, their behavioural intention could be directly affected. Studies in different research contexts had confirmed the direct and negative relationship between perceived barriers and behavioural intention (Cacciotti and Hayton, 2014; Jebarajakirthy and Lobo, 2014; Leung *et al.*, 2012; Shariff, Amran, and Goh, 2012; Shinnar, Giacomini, and Janssen, 2012). In the meantime, indirect effects of perceived barriers can happen as well. Respondents' attitude could become more negative if they may need to endure more perceived barriers and this will eventually reduce their intention to adopt microfinance

(Ifelunin and Elizabeth 2013). This is supported by the studies carried out by Arnaut (2015); Jebarajakirthy and Lobo (2014); Malebana (2015).

Figure 1
Research model



Note: H1-7: hypotheses (Direct relationships); H8a-8b: Hypotheses (Mediation)

In summary, we hypothesize that:

- H1: Perceived barriers can generate direct negative effect on the households' intention to adopt microfinance.
- H2: Perceived barriers can generate direct negative effect on the households' attitude.

From H1 and H2, we predict that:

- H8a: The relationship between perceived barriers and households' intention is mediated by households' attitude.

The term perceived benefits is referring to households' perception about the probable positive outcome that can be gained as the result of microfinance adoption. Past

studies suggest that perceived benefits could generate direct and positive relationship on behavioural intention (Lin *et al.*, 2013; Ng *et al.*, 2009; Shanmugam *et al.*, 2014; Tanadi *et al.*, 2015). This implies that individuals' lack of understanding of the benefits which could be generated from the use of certain financial products or services would lead to decline of the behavioral intention. In addition, past studies also suggest that the effect of perceived benefits on behavioural intention could be mediated by individuals' attitude toward the studied subject (Liu *et al.*, 2012; Wani and Malik, 2013; Lee, 2009; Shanmugam *et al.*, 2014). Rural households' believe about the ability of microfinance to accomplish financial needs and availability of variety of financial services in Tanzania would develop favourable attitude and subsequently enhance their intention to use microfinance. Therefore, this study predicts that:

H3: Perceived benefits can generate direct positive effect on the households' intention to adopt microfinance.

H4: Perceived benefits can generate direct positive effect on the households' attitude.

From H3 and H4, current authors summarize the effects as follows:

H8b: The relationship between perceived benefits and intention to adopt microfinance is mediated by households' attitude.

The attitude shows the degree to which a household has favourable appraisal about their participation in microfinance services. The following researchers suggest that attitude could generate direct and positive relationship on behavioural intention: Alam, Janor, Zanariah, Wel, and Ahsan (2012); Putit and Johan (2015); Shah Alam and Sayuti (2011); Tsordia and Papadimitriou (2015). Therefore, households' intention to use microfinance would be higher if they favour the adoption of microfinance.

H5: Households' attitude toward the adoption of microfinance can generate direct positive effect on their intention to adopt microfinance.

Subjective norm reflects the perceived social pressure that households need to undertake if they are interested to use microfinance. The social pressure could be from family members, friends, siblings or community members who could influence respondents' intention to perform certain behaviour. According to past researchers, if respondents are willing to align their behaviour according to other people's opinion, the relationship between subjective norm and behavioural intention would be positively related (Alsmady, Rahman, and Muhammad, 2014; Ashraf and Ibrahim, 2014; Mishra, 2014; Tsordia and Papadimitriou, 2015). As the current respondents lack knowledge on how microfinance could assist them to increase the business outputs, they may need to refer to other people who are important to them before adopting the microfinance. Furthermore, Tanzanians are practicing collectivist culture. Based on that premise, this study predicts that:

H6: Subjective norm can generate direct positive effect on households' intention to adopt microfinance.

Perceived behaviour control refers to households' perception of the feasibility to use microfinance given the presence or absence of indispensable resources and opportunities. This implies that respondents would have higher intention to use microfinance if they have requisite resources such as knowledge, skills, or cooperation from other people or public or private agencies. The relationship between perceived behaviour control and behavioral intention had been confirmed in different research contexts such as Islamic banking services, Internet stock broking, and commercial zakat service (Amin *et al.*, 2014; Heikal and Khaddafi, 2014; Gopi and Ramayah, 2007; Rezaie and Abadi, 2012; Alam *et al.*, 2012). Hence, the current study hypothesizes that households' behavioural intention will increase when they have the necessary resources and/or could become more knowledgeable about microfinance.

H7: Perceived behaviour control can generate direct positive effect on households' intention to adopt microfinance.

III. RESEARCH METHODOLOGY

Majority of Tanzanians (70.9%) live in rural areas and most of them are engaged in agricultural activities (National Bureau of Statistics 2013). Therefore, this study is targeting the rural households, aged 18 years and above that own an average 0.9 to 3 hectares of land (Rugumamu, 2014; Wolter, 2008) and have not adopted microfinance scheme. Respondents were selected from five geographical zones: coastal, northern, southern highland, lake zone and central zone because majority of the rural households lived in the areas (National Bureau of Statistics, 2014).

This study adopted quantitative research approach because it permits testing of the proposed research hypotheses through inferential statistics and the generalization of the study results among the rural households. The total population of rural households in Tanzania that engage in farming activities and aged 18 years or more was 8,788,143 (National Bureau of Statistics, 2014). The minimum sample size of 400 respondents was determined through the Yamane (1967) formula where its assumptions were met in this study that include random sampling and homogeneity of population elements.

Stratified and multistage probability sampling techniques were used because the population in each zone could be equitably selected as the study's respondents. In the first stage of sampling process, population is divided into five geographical zones in Tanzania mainland. In the subsequent stages, multistage sampling technique is used to select the representative regions, districts, wards and villages located in each zone. In the final stage, 600 respondents were selected from five villages by using simple random technique.

Questionnaires were administered by using drop-off and pick-up (DOPU) method. The method can provide higher response rate because the questionnaires were physically distributed to and collected from respondents on the same or following day. Other distribution methods such as postage mails or emails could not be suitable for this study because the infrastructure and communication system in rural areas were not well developed. Five hundred thirty six questionnaires were collected and 47 questionnaires were voided due to the missing data. Nevertheless, the amount of useable answered questionnaire is sufficient for statistical analysis tests (Schlomer *et al.*, 2010; Chandio, 2011).

Each questionnaire was prepared in two languages: English and Swahili (the national language in Tanzania). Each studied variable's item was measured by using 5-point Likert scale; ranging from strongly disagree (1) to strongly agree (5). Pretest was carried out to ensure that the statement used to measure each item in current study's questionnaire could reflect the original intended measurement. According to Presser *et al.* (2004), sample size of between 20 to 50 respondents is adequate for pretesting. Therefore, fifty academic and financial industry experts were employed to suggest improvement on each item statement's lengthiness, formatting, and wording.

Following the pretest, minor amendments were made and amended questionnaires were distributed for the main study. The main study's quantitative data were analysed by using two stages approach (Anderson and Gerbing, 1988). First, confirmatory factor analysis (CFA) was used to validate measurement model by assessing the unidimensionality, validity and reliability of latent variables. Then, structural model was built up by using IBMAMOS version 21.0 to test and confirm the hypotheses, subsequent the validation of the measurement model.

Furthermore, bias corrected bootstrap method was employed to assess the mediation effects (H8a and H8b) because of its strong statistical power and it does not impose strict assumptions about normality of the data distribution (Preacher and Hayes, 2008; Fritz *et al.*, 2012). According to Schleider, Patel, Krumholz, Chorpita, and Weisz (2015), mediation effect would occur if the lower and upper boundary determined at 95% confidence interval do not include zero.

IV. RESULTS AND DISCUSSIONS

A. Respondents' Demographic Profiles

The respondents profile indicates about 98% of the participants who were within the productive age of 18 to 64 years. In terms of gender distribution, the proportion of female respondents (59%) was slightly higher than males (41%). This demonstrates that rural population consists of more females compared to men (Food and Agricultural Organization, 2014). The results indicate the majority of the respondents were married (68%) and few of them were single (32%). Moreover, about 89% of the participants had non-tertiary education level and 11% had tertiary education. The results reflect the highest level of education achieved by the majority of the individuals in the rural area.

B. Structural Equation Modelling

In order to achieve the objectives of the current study, the structural equation modelling (SEM) with two stages approach was used.

1. Assessment of measurement model

Table 1 indicates that the fit indices for initial measurement model were below the acceptable threshold (Schumacker and Loamx, 2010; Kline, 2011). Poor model fit was detected as a result of the low factor loading scores (below 0.5) shown by five measurement items (Awang, 2015; Fornell and Larcker, 1981).

Table 1
Fitness indices of the measurement model

Particulars	GFI	SRMR	RMSEA	CFI	NNFI	Chi-square/df
Recommended criteria	>0.90	<0.08	<0.08	>0.90	>0.90	<3
Initial model-index values	0.898	0.048	0.056	0.899	0.885	2.538
Final model -index values	0.914	0.042	0.059	0.924	0.908	2.705

Note: GFI: Goodness of fit index; SRMR: Standardized root mean square residual; CFI: comparative fit index
RMSEA: Root mean square of error approximation; NNFI: Non-normed fit index

To improve the unidimensionality and model fit, five iterations were run to improve the model fitness by deleting the low factor loading items. The unidimensionality is achieved when all measurement items achieve the acceptable factor loading (Awang 2015). The deletion process started with an item that had the lowest factor loading, then re-run the model until the unidimensionality was achieved. In summary, the five items: each from perceived behaviour control, behavioural intention and perceived barrier and two items from perceived benefits were deleted from the final measurement model. Following the elimination of the five items that had poor factor loading, the unidimensionality was achieved (loading scores exceed 0.5) and the modified measurement model had desirable goodness of fit to the data (Figure 2).

Construct validity is achieved if the studied measurement items could reflect the respective latent variable accurately. In confirming the construct validity, convergent and discriminant validity tests were carried out. The convergent validity was tested by computing the scores of average variance extracted (AVE) and composite reliability (CR). The results shown in Table 2 indicates that the respondents had provided consistent responses for all measurement items used to measure each variable as the AVE and CR scores were higher than the threshold values of 0.5 and 0.7 respectively (Bagozzi *et al.*, 1992; Hair *et al.*, 2014; Alallwan *et al.*, 2017).

Table 2
Construct validity and reliability

Particulars	PB	Att	SN	PBC	PBE	BI
AVE	0.50	0.59	0.51	0.51	0.56	0.58
CR	0.80	0.88	0.80	0.76	0.79	0.73

Note: Att: Attitude; SN: Subjective norms; PBE: Perceived benefits; BI: Behavioural intention; PB: Perceived barriers; PBC: perceived behaviour control

Discriminant validity test was carried out to confirm whether the measurement items of each studied variable differs from the items used to measure other variables. Table 3 shows that the square root of AVE for each variable is larger than inter-construct correlation scores with other corresponding constructs (Kline, 2011; Fornell and Larcker, 1981). Thus, the results demonstrate that discriminant validity is achieved.

Figure 2
Final measurement model

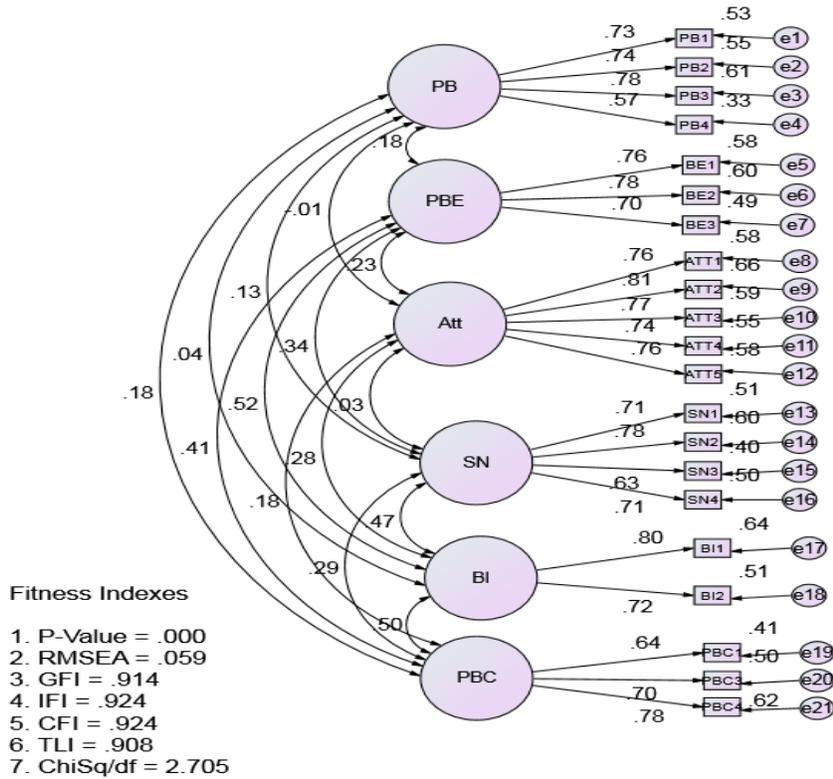


Table 3
Discriminant validity

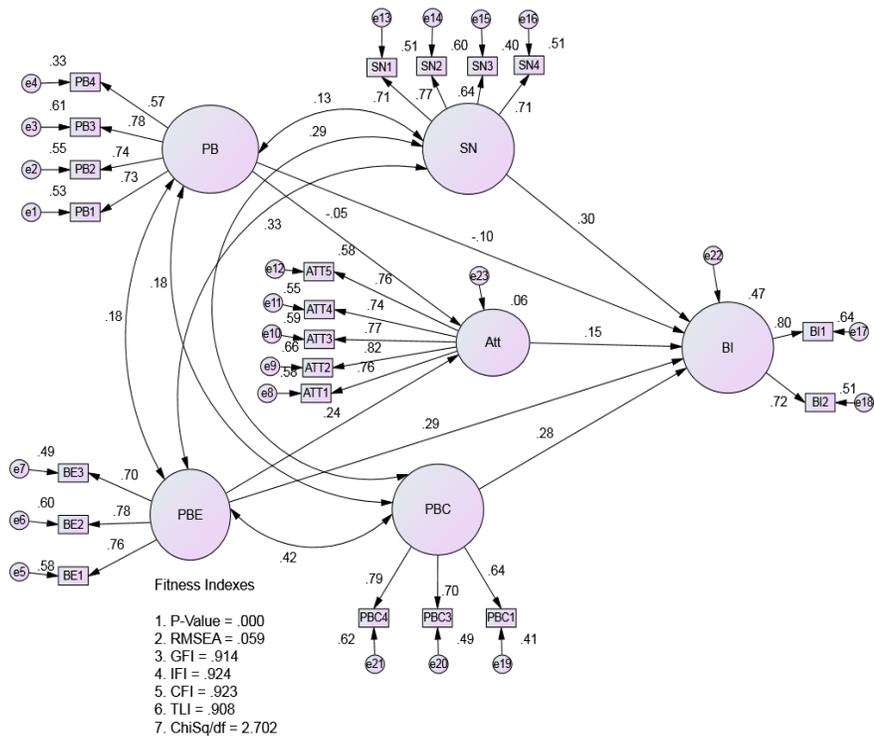
Construct	PB	Att	SN	PBC	PBE	BI
Perceived barriers (PB)	0.710*					
Attitude (Att)	-0.007	0.770*				
Subjective norms (SN)	0.126	0.029	0.711*			
Perceived behaviour control (PBC)	0.178	0.185	0.286	0.713*		
Perceived benefits (PBE)	0.185	0.226	0.335	0.414	0.747*	
Behavioural intention (BI)	0.040	0.278	0.465	0.500	0.523	0.759*

Note: * represents the square root of AVE for each variable.

2. Model fit indices

The structural model yielded after achieving acceptable model fit status is shown on Figure 3. The examined model fit indices were within the required threshold as follows: GFI= 0.914; SRMR= 0.05; RMSEA = 0.059; CFI= 0.923; NNFI= 0.908; and Chi-square/df = 2.702. Thus, the results imply that current theoretical model fits well to the observed sample data.

Figure 3
Final structural model



3. Confirmation of direct effect hypotheses

Table 4 presents the results of seven direct hypotheses tested in this study. The findings show that six hypotheses (H1, H3, H4, H5, H6, and H7) are supported and hypothesis H2 is not supported. To elaborate, perceived barriers and behavioral intention (H1) are confirmed to be statistically significant negative related. In other words, when the perceived barrier is high, households' intention to adopt microfinance will decrease. The finding is consistent with the following past studies', Jebarajakirthy and Lobo (2014); Liu *et al.* (2012).

Table 4
Path coefficients and hypothesis testing: Direct relationship

H	IV	Path	DV	Estimate (Std)	S.E.	C.R	Remarks
H1	PB	---->	BI	-0.101*	0.029	-1.964	Supported
H2	PB	---->	Att	-0.05	0.042	-0.934	Not Supported
H3	PBE	---->	BI	0.291***	0.052	4.467	Supported
H4	PBE	---->	Att	0.240***	0.062	4.286	Supported
H5	Att	---->	BI	0.154**	0.037	3.066	Supported
H6	SN	---->	BI	0.296***	0.037	5.048	Supported
H7	PBC	---->	BI	0.285***	0.054	4.455	Supported

Note: Level of Significance: *** p<0.001, ** p<0.01, and * p<0.05. H: Hypothesis; IV: independent variable; DV: dependent variable; C.R: Critical ratio; S.E: standard error; Att: Attitude; SN: Subjective norms; PBE: Perceived benefits; BI: Behavioural intention; PB: Perceived barriers; PBC: perceived behaviour control

The confirmation of H3 shows that perceived benefits and behavioral intention is statistically positive related and the results support studies carried out by Lee (2009) and Shanmugam; Savarimuthu, and Wen (2014). Therefore, if the benefits of using microfinance are well disseminated, respondents' intention to adopt microfinance will increase. The research findings support H4 that perceived benefits significantly influence the households' attitude towards microfinance and the result is consistent with studies carried out by Lin, Hsu, and Chen (2013); Shanmugam *et al.* (2014); Liu *et al.* (2012). If the households' believe that the use of microfinance can improve their business's outputs, they will favour the use of microfinance.

Table 4 also shows that attitude can affect respondents' behavioural intention, reflected by the support of hypothesis H5. Consistent with the past studies' results (Heikal and Khaddafi, 2014; Sayid and Echchabi, 2013), households' intention to adopt microfinance will increase if favourable attitude towards the microfinance scheme can be formed. Confirmation of hypothesis H6 also supports that subjective norm has positive significant influence on respondents' behavioural intention. The result is consistent to past studies' findings (Karlan and Zinman, 2011; Alqasa, 2014; Amin *et al.*, 2014; Putit and Johan, 2015). The result implies that social pressure plays a significant role on influencing households' behavioural intention. According to H7, perceived behaviour control could positively affect the change of respondents' intention to adopt microfinance. The finding supports studies carried out by Alam *et al.* (2012); Phan and Zhou (2014); Prabandari and Sholihah (2014); Safeena *et al.* (2013) – households' intention to adopt microfinance could increase if their knowledge about microfinance increases.

4. Confirmation of indirect effect hypotheses

Table 5 shows that the mediation effect of attitude on the relationship between perceived benefits and households' intention to adopt microfinance is statistically significant at confidence interval of 95%. Therefore, hypothesis (H8b) was supported and consistent with the studies of Lin *et al.* (2013) and Shanmugam *et al.* (2014). On the other hand,

hypothesis (H8a) was not supported. Plausibly this is because the policy makers have been active in disseminating the benefits of using microfinance and less active in alerting the potential users of the barriers that they need to undertake.

Table 5
Path coefficients and hypothesis testing: Indirect relationship

Hypothesis	Path	Estimate	C.R	BC-LB	BC-UB	Remark
H8a	PB ---> Att---> BI	-0.008	-0.889	-0.029	0.008	Not supported
H8b	PBE ---> Att---> BI	0.037	2.056	0.012	0.089	Supported

Note: BC: bias correction; LB: lower boundary; UB: upper boundary; C.R: Critical ratio; PB: Perceived barriers; BI: Behavioural intention; Att: Attitude

V. DISCUSSION OF MAIN RESULTS, IMPLICATIONS AND CONCLUSION

The results show that perceived benefits play a significant role in affecting households' intention to adopt microfinance directly and indirectly. As rural areas' infrastructure and communication systems were not well developed, policy makers should ensure that information related to the benefits of microfinance could reach the respondents. In this context, it may be wise to involve people who are important to the respondents. The support of the positive effect generated by subjective norm on behavioural intention (reflected by the confirmation of H6) shows that households would adopt microfinance if they receive positive comments about microfinance from their family members and social community. For example, awareness campaign about the microfinance benefits can be conducted through village assemblies and disseminated by trained agents or merchants. On top of affecting the households' behavioural intention directly (H3), such promotion method could increase the respondents' favourable attitude towards microfinance (H4) as well. In other words, attitude can mediate the effects of perceived benefits on behavioural intention (H8b).

On the other hand, perceived barriers can affect the change of behavioural intention directly (H1) and may not be able to change the respondents' attitude (H2). Possibly, this is because the households are alert that if certain barriers exist, their intention to adopt microfinance will directly decrease. However, as the barriers that they need to face upon adopting the microfinance are not well published, they may not be able to respond on how barriers could affect their attitude. Therefore, households could not respond significantly on the mediation effect of attitude on the relationship between perceived barriers and behavioural intention (see the result of H8a in Table 5).

To enhance the direct impact, policy makers should reduce the: waiting time to access the microfinance services; loan's interest rates; and the possible fear of losing cash or personal assets pledged as collateral. Nurturing positive attitude toward microfinance should be exercised because the support of H5 shows that the relationship between attitude and behavioural intention is statistically significant. After reducing the barriers, policy makers should publicise it so that households would become favourable towards microfinance and eventually increasing their adoption intention.

The organised public financial training should be carried out through mass media (such as newspapers, radios, and television), organised seminars, credit-linked training programs and village assembles. The financial trainings would equip the households with knowledge on how to utilise the financial services that could eventually increase their intention to adopt microfinance, which is supported by the significant result of H7.

In summary, perceived benefits, perceived barriers, attitude, subjective norm, and perceived behavioural control could play significant roles in affecting household's behavioural intention. To form favourable attitude towards the adoption of microfinance, policy makers should disseminate the benefits of the financial services more effectively and be more transparent in disclosing the possible barriers that the targeted users may need to bear.

Generally, this study has enriched the theory of planned behaviour in finance by incorporating additional variables: perceived barriers and perceived benefits, and measuring the mediating effects that could be played by attitude. Moreover, the mediation effects were tested by using bias corrected bootstrap method which is a sophisticated technique that produced more accurate results about the true mediation effects relative to normal theory approaches used by most of the past studies (Sobel, 1982; Hayes, 2009; Baron and Kenny, 1986).

VI. RESEARCH LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

The conclusion drawn in this study is based on cross sectional data, in which data was collected over a single period. As a result, it might limit the application of this study findings in future if certain factors have changed such as respondents' level of education. Therefore, continuous studies should be carried out constantly. This study focused on the effect that can be generated by behavioural factors on households' intention to adopt microfinance in a rural setting. Hence, this could limit the generalization of the present study findings among the households in urban setting because their perception could be different. Current authors recommend future researcher to replicate the present research model for different settings.

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