

**Perceptions, Knowledge and Effects of Loan Insurance Fund (LIF)
Evidence from Clients and Staff of Pride Tanzania**

**By
Sethiel Lyimo Allan**

**Masters of Business Administration (Human Resources Management)
University of Dar es Salaam, 2007**

Microfinance Institution (MFI) is an organization that offers finance services to the very poor. MFIs emerged to serve the financial needs of these poor the community. The main objective of this study was to assess the perception of MFIs' clients on loan insurance fund. To meet the study objectives, data was collected from three branches of PRIDE Tanzania, namely, Kariakoo, Buguruni and Magomeni. Questionnaires were distributed to PRIDE Tanzania clients as well as officials. Questionnaires were coded into statistical package known as SPSS and analyzed. Collected data and descriptive analysis was conducted and presented in tabular formats. Research hypotheses were tested using chi-square statistics. The study shows that, there are mixed results on the perception and benefits of LIF to clients. Other perceives LIF is used as collateral especially when client fails to repay loan, while, others perceived that LIF do not help at all, instead, PRIDE is benefiting by holding/locking their money during the period of the loan. The study concluded that, MFI s clients have positive perception about LIF, however, the problem that arises is the way LIF is locked for certain period as well as delaying in disbursing LIF when loan is fully repaid. The study recommends that PRIDE Tanzania should train their credit officers about LIF to enable clients to have proper information and knowledge about LIF and its benefits. Lastly, PRIDE Tanzania should try to reduce the restrictions to LIF to some extent whereby clients access certain amount of deposit he/she has deposited.