THE ACCESSIBILITY OF CREDIT LOANS FROM FINANCIAL INSTITUTIONS BY PRIVATE HEALTHCARE FACILITIES IN TANZANIA

Upendo Jaka, BBA

MSc (Health Economics and Policy) Dissertation
Muhimbili University of Health and Allied Sciences
October,2024

Muhimbili University of Health and Allied Sciences

School of Public Health and Social Sciences

THE ACCESSIBILITY OF CREDIT LOANS FROM FINANCIAL INSTITUTIONS BY PRIVATE HEALTHCARE FACILITIES IN TANZANIA

By

Upendo Jaka

A Dissertation Submitted in (Partial) fulfillment of the Requirements for the Degree of Master of Science (Health Economics and Policy) of

Muhimbili University of Health and Allied Sciences
October, 2024

CERTIFICATION

The undersigned certify that they have read and hereby recommend for acceptance by Muhimbili University of Health and Allied Sciences a dissertation entitled; **"The Accessibility of Credit Loans from Financial Institutions by Private Healthcare Facilities in Tanzania'',** in (partial) fulfillment of the requirement for the degree of Master of Science (Health Economics and Policy) of Muhimbili University of Health and Allied Sciences.

_____

Dr. George Ruhago

(Supervisor)

_____

Date

_____

Alphoncina Kagaigai

(Co-Supervisor)

_____

Date

DECLARATION AND COPYRIGHT

I, **Upendo Jaka** declare that this **dissertation** is my own original work and that it has never been presented and will not be presented to any other University for a similar or any other degree award.

Signature…… **Date**……

This dissertation is a copyright material protected under the Berne Convention, the copyright Act 1999 and other international and national enactments, in that behalf, on intellectual property. It may not be reproduced by any means, in full or part, except for the short extracts in fair dealing, for research or private study, critical scholarly review or discourse with an acknowledgement, without the written permission of the Directorate of Postgraduate Studies, on behalf of both the author and the Muhimbili University of Health and Allied Sciences.

ACKNOWLEDGEMENT

I would like to thank the Almighty God for giving me the strength, knowledge, ability, and opportunity to undertake this research and manage to complete it satisfactorily. Graduating from Muhimbili University with a Master of Science has been a dream come true.

Second, I would like to thank my supervisors, Dr. George Ruhago and Madam Alphoncina Kagaigai. They have been inspirational and supportive, not only during the writing of this thesis but throughout the entire period of my study for a Master of Science in Health Economics and Policy (MSc HEP).

I would like to extend my gratitude to the study participants; private healthcare facilities, financial institutions, together with different associations of private healthcare facilities, special thanks to the Christian Social Services Commission (CSSC) through their Executive Director Mr. Peter Maduki for prior contribution and input towards this study. Thankfully thought to the Chief Executive Officer APHFTA (Association of Private Health Facilities in Tanzania) for precious support during this study, Mr. Samuel Ogillo.

Finally, I would like to thank everyone who supported me during this educational journey, my classmates, officemates, family members, and friends.

DEDICATION

I dedicate this dissertation to my late Mother Mwalimu Paula Karol Jaka who passed away during my study, to my lovely husband Kelvin Mnyawami and my elder sister Dr. Hyasinta Jaka-Liwa, MD (PhD) for their encouragement and support during the entire period of my study at Muhimbili University of Health and Allied Sciences.

ABSTRACT

Background: Private healthcare facilities were established to supplement government efforts in strengthening the delivery of quality health services and enhancing health outcomes. In developing countries, the growth of private healthcare facilities is hindered by limited access to finance, with little to no capital available. Despite the presence of financial institutions that could provide loans to private facilities, there is currently limited evidence on the factors that facilitate or impede access to these credit loans.

Objective of the study: To assess the factors affecting the accessibility of credit loans from the financial institutions by the private health facilities in Tanzania.

Methods and Materials: This study employed an exploratory qualitative design to address the research objectives. Key informant interviews were conducted among respondents from the financial institutions and the private health facilities. The study was conducted in Dar es Salaam region across the financial and private health facilities located in all the five districts. The interviews conducted were as well complimented with a document review. A thematic analysis method was used to analyze the qualitative data using NVIVAL software.

Results: Private healthcare facilities have marginal access to credit loans from financial institutions, influenced by both supply-side and demand-side factors. The documentary review revealed that a small proportion of private healthcare facilities obtain credit loans, while capital equipment and the expansion of services/business are the most frequently sought loan purposes. Additional factors hindering access to loans were also identified.

Conclusion and recommendation: The study findings indicate that the ability of private healthcare facilities to obtain credit loans depends on both supply and demand-side factors. There is lack of awareness and understanding of where the private health facilities should obtain loans as well as the conditions for borrowing. Therefore, awareness campaigns and entrepreneurship training programs focusing on financing support has to be conducted among the establish credit loans with terms and conditions that meet the requirements of private healthcare facilities, and encourage expertise in the health sector.

TABLE OF CONTENT

CERTIFICATION i
DECLARATION AND COPYRIGHT ii
ACKNOWLEDGEMENT iii
DEDICATION iv
ABSTRACT v
TABLE OF CONTENT vi
LIST OF TABLES ix
LIST OF FIGURES x
LIST OF ABBREVIATIONS xi
DEFINITION OF TERMS xii
CHAPTER ONE 1
1.0 INTRODUCTION 1
1.1 Background 1
1.2 Problem statement 3
1.3 Conceptual Framework 4
1.4 Study Rationale 5
1.5 Research Questions 5
1.5.1 General Research Question 5
1.5.2 Specific Research Questions 5
1.6 Objectives 6
1.6.1 General Objective 6
1.6.2 Specific objectives 6
CHAPTER TWO 7
2.0 LITERATURE REVIEW 7
2.1 Introduction 7
2.2 Overview of the preferred credit loans for private healthcare facilities 7
2.3 Demand side factors affecting the accessibility of credit loans by private healthcare facilities 8
2.4 Supply side factors affecting the accessibility of credit loans by private healthcare facilities 9

CHAPTER THREE 11
3.0 METHODOLOGY 11
3.1 Introduction 11
3.2 Study Design 11
3.3 Area of the study/study setting 11
3.4 Study Population 12
3.5 Sampling technique and Sample size 12
3.6 Data collection 13
3.7 Tools and process on data collection 13
3.8 Data Quality Management 14
3.8.1 Validity 14
3.8.2 Trustworthiness 14
3.9 Analysis of Data 15
3.10 Ethical matters 15
3.11 Limitations of study and mitigation strategy 16
CHAPTER FOUR 17
4.0 RESULTS 17
4.1 Introduction 17
4.2 Demographic Details of the Study Participants 17
4.3 Types of Private Healthcare Facilities and Financial Institutions involved in study 18
4.4 The preferred credit loans for private healthcare facilities from financial institutions 20
4.5 Demand Side Drivers facilitating consumption of Preferred Credit Loans 25
4.6 Supply-Side Drivers facilitate the Private Healthcare Facilities to Demand Credit Loans 30
CHAPTER FIVE 37
5.0 DISCUSSION 37
5.1 Introduction 37
5.2 The preferred credit loans for private healthcare facilities from financial institutions 37
5.3 Demand Side Factors contribute to the consumption of Preferred Credit Loans by Private Healthcare Facilities 38
5.4 Supply side factors that facilitate private healthcare facilities to demand Credit Loans from Financial Institutions in Tanzania 39

CHAPTER SIX 41
6.0 CONCLUSION AND RECOMMENDATION 41
6.1 Conclusion 41
6.2 Recommendation 41
REFERENCE 43
APPENDICES 46
Appendix 1: Consent form 46
Appendix 2: Quantitative tool 1 48
Appendix 3: Quantitative tool 2 49
Appendix 4: Qualitative tool 1 51
Appendix 5: Qualitative tool 2 53

LIST OF TABLES

Table 1: Participants' demographics 17

Table 2: List of interviewed Private Healthcare Facilities 18

Table 3: List of interviewed Financial Institutions 19

Table 4: Reasons for requesting Preferred Credit Loans 20

Table 5: Type of Preferred Credit Loans 21

Table 6: Proportional of Private Healthcare Facilities customers against total number of customers for the year 2022 & total loans for the year 2022 23

Table 7: Codes, sub-themes, and themes used in thematic analysis 24

Table 8: Codes, sub-themes, and themes used in thematic analysis 29

LIST OF FIGURES

Figure 1: Conceptual framework showing the relationship between study variables adapted from Theodore P. et all 4

Figure 2: Composition of health Facilities within Dar es Salaam Region (HFR Portal Ministry of Health. 12

LIST OF ABBREVIATIONS

APHFTA	Association of Private Health Facilities in Tanzania
BOA	Bank of Africa
BOT	Bank of Tanzania
COVID-19	Corona Virus Disease
CSSC	Christian Social Services Commission
FBOs	Faith Based Organizations
FI	Financial Institutions
GDP	Growth Domestic Products
ICU	Intensive Care Unit
IFC	International Finance Corporation
MELSAT	Medical Laboratory Scientists Association of Tanzania
MoH	Ministry of Health
MSMEs	Micro, Small, Medium Enterprises
MUHAS	Muhimbili University of Health and Allied Sciences
NGOs	Non-Governmental Organizations
NMB	National Microfinance Bank
PRINMAT	Private Nurses and Midwives of Tanzania
PST	Pharmaceutical Society of Tanzania
TSHS	Tanzanian Shillings
UHC	Universal Health Coverage
USAID	United States Agency for International Development
WHO	World Health Organization

DEFINITION OF TERMS

Credit Loans - an official financial support extended by a lending institution to assist an enterprise that requires an operating capital (1).

Financial Institutions - an entity which dealing with banking business, limited to its size, its permitted activities or according to its location as commended by terms and conditions of its license(2).

Private healthcare facility - is an organization or individual that are neither directly controlled nor owned by the state (government) which are involved in the provision of health services(3).

Credit Policy - An internal document intended for guidance in the lending process within a financial institution.

Credit Quest (CQ) - a credit risk management system that streamlines the lending process. It offers portfolio management, financial statement analysis, underwriting, and executive reporting.

SME - Small and Medium Enterprises, mostly formalized undertakings engaging between 5 and 49 employees or with capital investment from Tshs.5 Million to Tshs.800 Million(18).

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background

Credit Loan is an official financial support extended by a lending institution to assist an enterprise that requires an operating capital. It includes term loans, overdraft services, letter of credit etc.(1). Credit Loans are essential in ensuring business growth and development. Private healthcare facility is an organization or individual that are neither directly controlled nor owned by the state (government) and are involved in health services provision (2). They can be categorized into profit oriented and not for profit oriented, formal and informal organization, domestic and international enterprises, non-funded or partially funded by government with different levels such as dispensaries, health centers, hospitals, specialized clinics and pharmacies (4). Private healthcare facilities are classified as micro, small or medium enterprises as they face many same restraints and prospects like other forms of commercial enterprises (5). Apart from supplementing government efforts in expanding health care coverage, private healthcare facilities were established to strengthen quality and efficiency of health services delivery as one among the WHO health system building blocks.

Globally, private healthcare facilities cite their inability to acquire finances as one of the crucial obstacle to their advancement and growth (6). Countries with complications on legal or regulatory system, stagnant growth seen to small and medium enterprises compared to big enterprise firms; on which common major barriers to their growth is unable to access finances (7). Whereas numerous healthcare facilities wish to access finances so that to increase their outreach and improve services, on the other hand in many countries, financial institutions are not intrigued lending to health sector; always prefers lending to more familiar businesses, such as those in manufacturing and trading sectors while shy-away to deal with health related issues which they perceive it as public good and not a business prospect (8).

In sub-Saharan countries despite the importance of financing to private healthcare facilities, many healthcare businesses struggle to access financing. There is disengagement between commercial banks, microfinance institutions, investors, and health-related

businesses that need funding (9). While many banks and private investors are motivated to catalyze increased access to finance, they lack industry expertise and are dis-incentivized to engage in potentially risky investments. These lenders have concerns about regulation and the responsibility of public sector, they are unfamiliar with the health business models, and they perceive more risk to engage. They are also not confident that they will be able to recoup their investments. Financial institutions are reluctant to engage with private health entities that are perceived to have limited business experience and lack appropriate financial documentation or sustainable business models. As a result, private health care entities have not been able to access the commercial capital they need to meet growing demand for their products and services (10).

In Tanzania, private healthcare facilities are actively involved in the delivery of health services for the welfare of Tanzanians. The MoH clearly calls for building PPPs in health sector so that to benefit with more delegation, cooperation and partnerships, which will decrease replication and rivalry. Implementation of HSSP V July 2021 – June 2026, aimed to continue strengthening health systems to sustain achievements made in improving reproductive, maternal, and newborn, children, and adolescent health as well as results attained in the control of communicable and non-communicable diseases on which these private healthcare facilities are involved in provision. Moreover, there are increase in national strategies involvement for private health sector, with good example on participation towards disease-specific vertical health programs within the Ministry of Health for diseases such as HIV/AIDS, Malaria, Tuberculosis, Neglected Tropical Diseases and others. In addition to each Health Sector Strategic Plans, the Tanzanian government recognized the importance of involving the private health sector in different key policy documents and identified future gaps to better leverage the private health care facilities (8).

Report shows that in Tanzania, financial sector has extended rapidly, with substantial growth in private lending; however, the banking system has limited access to financing opportunities for the private health sector. Generally, it has been shown banking investments in health businesses amounted to less than one percent of bank loan portfolio (11). Available literature suggests that, the majority of private health care facilities were established through personal savings and loans from family and friends. In a few cases,

some were able to secure loans to initiate private practice since they had requisite collateral (11). The majority of private facilities are incapable of growing to fulfill community demands with crucial services for high-burden diseases such as HIV/AIDS, TB, and RCH since they had limited funds to invest or upgrade their facility by acquiring new advanced equipment. Therefore, this study aimed at exploring the demand and supply side factors that hinder the accessibility of credit loans by private healthcare facilities in Tanzania.

1.2 Problem statement

The private healthcare facilities' strengthening is an important strategy for improving quality service delivery and improve health outcomes. Tanzania has a mixed health systems (private and public) of which over fifty per cent of health services delivery is by the private healthcare facilities with a variety of health and related products and innovations. Precise and attractive environment, can improve supply and demand for of private and health care services provided by private health sector can significantly improve in terms of scope, scale, quality and efficiency. The changes are driven by population growth, increased life expectancy, disease burdens and patients' demand for quality health services (12).

Financial institutions have a key role in the expansion and improved quality of private health services though providing long-term financing to private healthcare facilities. Access to reliable financial credits to private healthcare facilities, facilitates the industry growth as well as economic development(13). In Tanzania, financial institutions are instrumental is supporting the private sector small and medium enterprises (14). However, numerous private healthcare facilities struggle to access finances, hence depending on self-capital injection, which most of the time is not reliable in the growth and delivery of their services(7,15).

Different initiatives such as the lending window offered by the National Health Insurance Fund (NHIF) and the presence of a multi-donor guarantee fund provided by the Medical Credit Fund (MCF) to Financial Institutions aimed to increase lending to the private health sector and to improve private healthcare facilities' financial wellness (8). However, there are still bottlenecks in accessing credit loan from financial institutions. Some reports have

shown Tanzania's financial institutions are unfavorable to financing the private health sector. Unlikely other sectors, financial institutions have been looking into the health sector as an un-bankable sector with more business risks; and most of the time viewed as a public good, not a prospective business(16).

Therefore, the study aims to explore the factors that facilitates or hinders accessibility of credit loans by private healthcare facilities from financial institutions. Evidence from the study will cover the current knowledge action gap.

1.3 Conceptual Framework

Several factors may affect the accessibility of loans by private healthcare facilities, these factors can be grouped into supply-side and demand-side factors. In the conceptual framework illustrated in the figure below, we explore the interplay between these supply which may include the availability of capital, lending criteria, interest rates, Regulatory Environment, and demand side factors including financial health, operational needs, market conditions, management capacity, demonstrating how they collectively impact the accessibility of credit loans for private healthcare facilities. Understanding these relationships is crucial for identifying barriers and opportunities within the lending landscape, ultimately supporting better access to financial resources for healthcare providers.

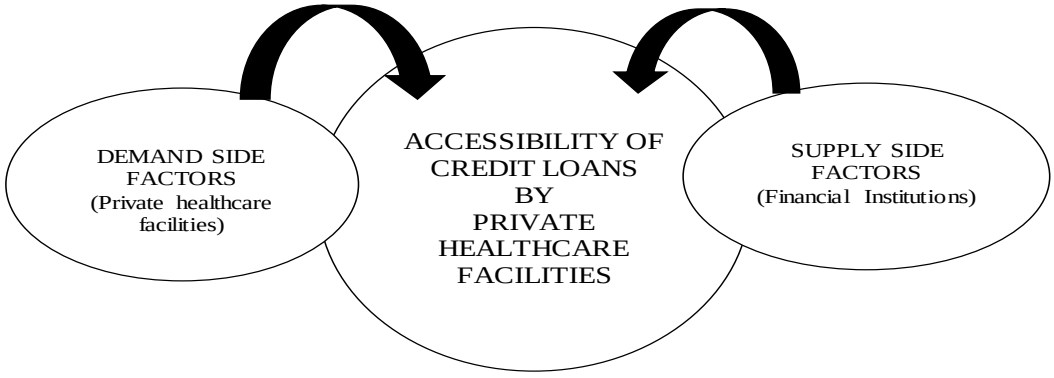


Figure 1: Conceptual framework showing the relationship between study variables adapted from Theodore P. et all(17).

1.4 Study Rationale

This study aimed to assess the demand and supply side factors affecting the accessibility of credit loans by private healthcare facilities in Tanzania. It relooked on financial capital accessibility, availability; factors that lead to the consumption and supply of those credit loans. The evidence from the study has a significant policy implication for the government to work with private healthcare facilities in expanding priority services as key dimensions to succeed the universal health coverage. It will assist policymakers from both financial and health sectors in coming up with collaborative techniques for achieving health business simulations.

Moreover, the study expected to be useful to policymakers of different financial institutions through regulators (BOT) to develop accessible credit loans for private healthcare facilities to magnify coverage, and toughen quality and proficiency of health services to better health status in Tanzania.

1.5 Research Questions

1.5.1 General Research Question

What are the factors affecting the accessibility of credit loans from financial institutions by private health facilities in Tanzania?

1.5.2 Specific Research Questions

i. What are the preferred credit loans by the private healthcare facilities from the financial institutions in Tanzania?

ii. What are the demand side factors contributing to the consumption of preferred loans by private healthcare facilities in Tanzania?

iii. What are the supply-side factors facilitating the private healthcare facilities to demand credit loans from the financial institutions in Tanzania?

1.6 Objectives

1.6.1 General Objective

To assess the factors affecting the accessibility of credit loans from the financial institutions by the private health facilities in Tanzania.

1.6.2 Specific objectives

i. To identify types of preferred credit loans by the private health facilities from the financial institutions in Tanzania.

ii. To explore the demand side factors contributing to the consumption of the preferred credit loans by private health facilities in Tanzania

iii. To explore the supply side factors facilitating the private healthcare facilities to demand credit loans from the financial institutions in Tanzania

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter review literatures that are relevant to the private healthcare facility lending and the factors affecting the accessibility and use to credit loans globally and particularly in Tanzania.

2.2 Overview of the preferred credit loans for private healthcare facilities

For several decades, the availability of loans for SMEs has drawn the worldwide attention of academicians and policy makers. The Asian Development Bank and OECD's study titled “Enhancing Financial Accessibility for SMEs” suggests that higher-growth economies still have the potential to increase loan availability. To improve access to financing for businesses, various government initiatives have been implemented. These interventions include mandatory requirements for banks and interest rate subsidies for financial institutions. For instance, in India and Bangladesh, annual lending targets for SMEs have been established, while in the Philippines, the central bank mandates that banks allocate 8% of their loan portfolio to SMEs and 2% to medium-sized enterprises.(18).

The literature reveals a notable lack of documentation regarding available loans for private healthcare facilities. Since 1990, the private health sector has been classified as a "frontier sector," characterized by minimal or limited capital availability. This designation has made commercial banks hesitant to extend loans to these facilities. (7,15). Until 1998, where its viability was demonstrated by the IFC’s health sector strategy as a health-sector investment, expecting the commercial banks to provide loans just like other industries but still, lack of capital was a major constraint to its development(7). Other findings suggested that, the private health sector owned by a single facility in developing countries are typically self-financed through business cash flow or capital provided by friends or families. And in other cases where the financial institution can provide loans, the amount tends to be limited thus limiting expansion beyond scale(19).

The evidence from African countries such as Kenya, Tanzania, Senegal and Zambia suggest that, access to capital and high government taxes on imported drugs, medical supplies and equipment are most constraining supply side factor to private facility health service provision(20). The study further revealed that, in all these four countries, there was no specialized financial institution that lend to private healthcare facilities(7,20).

A study conducted in Tanzania indicates that financial institutions' engagement with business enterprises is primarily driven by business objectives rather than a desire to capitalize on specific government and regulatory programs. The nature of this involvement is fundamentally tied to basic banking products; nearly all financial institutions reported offering loan facilities and deposit services, while also expanding their relationships to include SME business training programs (21).

Several studies indicate that credit loans are available for business enterprises, including private healthcare facilities, and play a crucial role in their growth and sustainability. However, the extent to which financial institutions approve these loans for private healthcare facilities remains inadequately documented. This study aims to assess the preferred credit loan options for private healthcare facilities among financial institutions in Tanzania.

2.3 Demand side factors affecting the accessibility of credit loans by private healthcare facilities

The literature revealed that, one among the demand side factors that affect the accessibility of loans by private healthcare facilities is lack of collateral to loans. This is due to the fact that, Medical equipment and facilities can be highly specialized and difficult to sell which lead to low liquidated value if a loan is defaulted(22). A study which was conducted to 61 private health facility in Tanzania by the USAID in 1995 aiming at assessing the easy access to capital at start-up, majority of respondents,93% of for-profit and 83% of not-for-profit reported that they had difficult access to capital for start-up(7,19). This was reported as the major constraint to growth of private healthcare facilities. The study also revealed that the facilities who are seeking to establish private practice are either low-paid practitioners or retired with nominal pensions which limits their accessibility to loans due limited savings (7).

Studies show that demand-side factors play a significant role in the financing of medical equipment, particularly due to the challenge posed by a lack of collateral. Medical equipment is often characterized by low liquidity, as it tends to be highly specialized and tailored for specific medical applications. This specialization means that, unlike more liquid assets, medical equipment cannot easily be converted into cash or used as collateral for loans. Consequently, healthcare providers may struggle to secure financing for necessary equipment, ultimately impacting their ability to deliver quality care (7).

2.4 Supply side factors affecting the accessibility of credit loans by private healthcare facilities

Supply side factors affecting the accessibility and use of credit loans by private facilities includes; high interest rates and the inability of many health care facility such as doctors to secure bank loans due to lack of collateral (23). Other findings from a survey conducted with six banks in Uganda revealed several critical barriers to accessing loans for healthcare financing. The results indicated that the perception of higher risk associated with lending in the healthcare sector significantly impedes loan approval. Loan officers often lack sufficient knowledge of the healthcare market, which further complicates their ability to assess the viability of potential borrowers. Additionally, the issue of inadequate collateral remains a prominent obstacle, as many healthcare providers struggle to offer sufficient assets to secure loans. Together, these factors created a challenging lending environment that hinders the ability of healthcare providers to obtain necessary funding, ultimately affecting the quality and accessibility of medical services in the region. Addressing these barriers is essential for fostering a more supportive financial ecosystem for healthcare investment in Uganda (24,25).

Despite the presence of various private financial institutions in the country, such as Pride, Access Bank, Covenant Bank for Women, NMB, and Bank of Africa (BOA), private healthcare facilities still face significant limitations in accessing loans. This gap highlights a persistent challenge in the financial landscape, indicating that merely having financial institutions does not guarantee improved access to funding for healthcare providers. Therefore, this study aims to examine both supply and demand-side factors that restrict loan accessibility for private healthcare facilities in Tanzania, addressing a crucial area that

has yet to be thoroughly explored. The study findings will assist the government through Ministry of Health to expanding coverage; strengthen quality and efficiency of health services provided by private healthcare facilities so as to improve health status in Tanzania.

CHAPTER THREE

3.0 METHODOLOGY

3.1 Introduction

The chapter emphases on study design, study area, population, sampling size and procedures, tools for data collection, handling and control of data quality, data analysis, and dissemination of results.

3.2 Study Design

This study utilized a qualitative design to gain a comprehensive understanding of how private healthcare facilities access and utilize credit loans. This approach allows for in-depth exploration of the experiences and perspectives of healthcare providers, capturing the nuances of their interactions with financial institutions. Additionally, the qualitative design was complemented by a document review, which served to identify the various preferred loan options offered by different financial institutions specifically for private healthcare facilities. This combination of qualitative methods and document analysis enhances the study's strength, providing both rich contextual insights and concrete information about available financial products.

3.3 Area of the study/study setting

This study was conducted in Dar es Salaam Region where most of the private healthcare facilities and financial institutions' headquarters reside. According to The Economic Survey 2022, provided by the Ministry of Finance and Planning, it reported that Dar es Salaam region had a large number of people in 2022, which was 5,383,728 people. This was equal to 8.7 percent of the total population in mainland Tanzania. The study setting was purposively selected due to number of population which contributed to the availability of important social services and economic opportunities like infrastructures, health services, finances, education, and other opportunities. Moreover, with records provided by BOT most of the head offices of financial institutions were located in Dar es Salaam. The MOH Health Facilities Registration Portal shows that the highest number of health facilities within the country are found in Dar es Salaam with a statistic number of 1,408 health facilities (both private and public) of which nearly 87% are privately owned.

The study units included ten (10) selected financial institutions whose main offices are located in Dar es Salaam Region and ten (10) private healthcare facilities within Dar es Salaam.

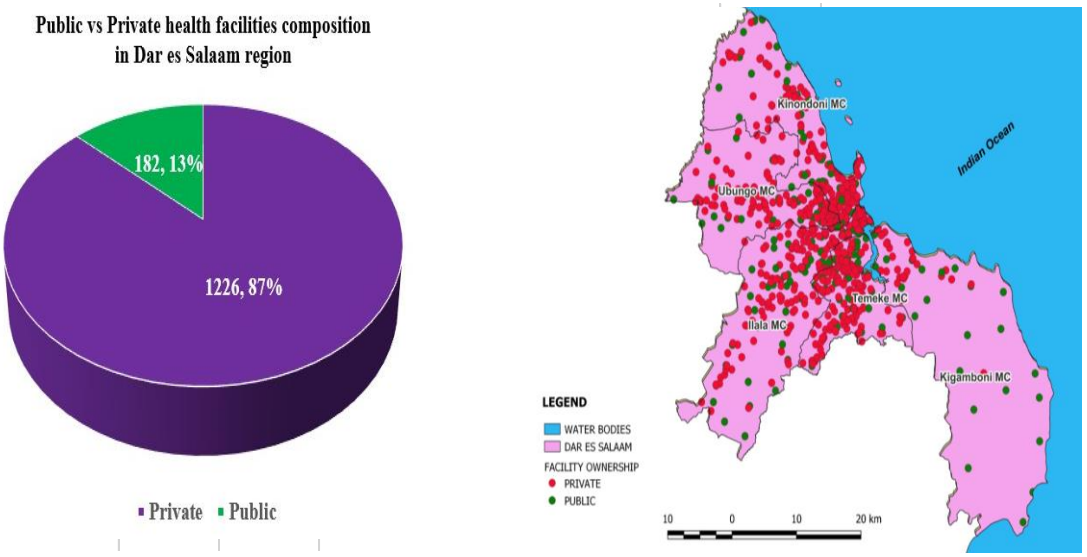


Figure 2: Composition of health Facilities within Dar es Salaam Region (HFR Portal Ministry of Health.

3.4 Study Population

The study included owners of the selected private health facilities, health facilities in charge, or heads of finance departments to understand demand side drivers for accessibility of credit loans. On the other hand, the study included the heads of business/products, customer relationship managers, or credit appraisal managers from the selected financial institutions. Interviewed to get deeper understanding of types of preferred credit loans, demand and supply side factors to the accessibility of credit loans.

3.5 Sampling technique and Sample size

To select the private healthcare facilities and financial institutions to be included in the study, we used the Tanzania Healthcare Referral System and Bank of Tanzania (BOT) Financial Institutions criteria respectively. Purposive random sampling was used to select ten private health facilities from the lowest facility level (dispensary) to the highest facility level (National Referral Hospital) (33). The same technique was used to select ten financial

institutions, at least one from each category of the institution (microfinance banks, community banks, non-financial institutions, development banks, and commercial banks) (34). However, during the interview process, the study found that a community banks offices were located upcountry, hence the sample was replaced by other financial institutions which are commercial banks. Sampling was done from the records of private healthcare facilities obtained from the Health Facility Registry (HFR) while financial institutions were obtained from the List of financial institutions cited by Bank of Tanzania (BOT). From the private healthcare facilities, 14 respondents were purposively selected as key informants while from the financial institutions, 16 key informants were selected for the interview making a total of 30 participants in the study.

3.6 Data collection

Data collection was mainly done using a qualitative method while complemented by desk review to identify the available preferred loans for private healthcare facilities. Additionally, the secondary data assisted in identifying preferred credit loans by the private health facilities from the financial institutions. Data extracted through desk review of different documents was framed around three themes originating from the study objectives. First what is the preferred credit loans, second examining demand side factors that contributes to the consumption of the preferred loans and finally, the supply side factors that facilitate the private healthcare facilities to demand credit loans from the financial institutions in Tanzania. Documentary review included a review of Private healthcare facilities acceptance credit offer letters obtained during the year 2022 while on financial institutions side, the study managed to review Audited financials ended 2022,Loans portfolio review for the year ended 2022 and Internal Credit Policies. The qualitative data was collected through Key Informants Interviews (KII) with key personnel within the study areas who have rich information were interviewed.

3.7 Tools and process on data collection

Interview guide with well-structured questions was used to explore their experience, views and opinions about the accessibility and use of credit loans. The questions were generated based on those three study objectives.

The interview guide was constructed in English language. Thereafter, translated into Swahili (local language) for easy understanding of the subject under investigation. To maintain its content, the responses from the interview guide were translated back into English. The procedure was well understood and received the right answers from respondents, as they were being approached by using familiar language. In obtaining the quantitative data, a checklist used as a guiding document during the review. This helped to obtain answers to first objective, to identify types of preferred credit loans by the private health facilities from the financial institutions in Tanzania.

3.8 Data Quality Management

3.8.1 Validity

It refers to the extent/degree in which a questionnaire measures what is supposed to be measured. Including the accuracy, soundness and effectiveness. Validity is classified into internal and external validity. External includes the generalization of study findings to the entire population. The quantitative tool for this study which intended to identify types of preferred credit loans by the private health facilities from the financial institutions was developed to ensure that it captures all necessary information that clearly address the specific objectives of the study.

3.8.2 Trustworthiness

This included credibility, dependability, confirmability and transferability(26). These criteria considered as follows;

Credibility; the respondents were introduced to the study by the investigator so that they become aware of the subject under investigation to be able to provide their views. Continued engagement provided an opportunity to have sustained engagement with the respondents during the interview.

Dependability; Ensuring dependability, the study was developed through a systematic search of literature concerning private health sector lending by financial institutions. This proposal prepared with the aid of supervisor to obtain the final version.

Confirmability; The study-demonstrated confirmability by triangulating data sources. Codes and categories obtained before analysis. Rich quotes provided directly from participants.

Transferability; The study delivered sufficient information settings, participants, and methods for data collection. This will allow sharing of information across research worldwide and determine similar findings collected.

3.9 Analysis of Data

A thematic approach was used to analyze qualitative data. All recorded audios were transcribed precisely followed by an English translation. Before undergoing data analysis, the researcher solicitously reviewed the narratives. With exhausting thematic codes, recurring concerns, and designs, data were identified from respondents. These data were managed by using NVIVO Software. Its process was carried out through the following stages;

Stage one was a general understanding of dialogue through reading scripts and making connections with research goals.

Stage two subthemes were obtained from addressed questions, the process tangled consortium of each question from the interview guide with a detailed purpose and overall subject.

Stage three categorization of responses are from matching subthemes and themes. For assorted and irrelevant statements to study topics were not used. Subthemes and themes were used to describe the findings after relating to research questions.

Data obtained from the documentary review were presented using tables.

3.10 Ethical matters

Ethical approval was obtained from Muhimbili University of Health and Allied Sciences (MUHAS) Ethical Review Board. Permission to conduct this study was also obtained from the management of financial institutions and private healthcare facilities that were visited.

Consent sought and obtained from the selected study participants before the interview. Participants were willing to participate or decline to be interviewed and those interviewed

were free to end the interview at any point. No any form of incentives was given to participants who took up as part in this study. Confidentiality was observed throughout the study.

Permission to record information through audio recording and writing during the interview process was requested from respondents. Moreover, the information produced was stringently used for research purposes only. Therefore, the participation of respondents to this study had no comprised risk.

3.11 Limitations of study and mitigation strategy

Risk of bias: Since this study included the head of the private health service facilities especially the persons who are responsible for fundraising and managing loans, there was a risk to get biased information from the respondent giving their perception of issues rather than facts. To mitigate this bias first, the researcher clearly explained the subject matter with its importance so that they understood what they were asked about. Study participants also involved from different levels to counter the bias.

CHAPTER FOUR

4.0 RESULTS

4.1 Introduction

This chapter presents the study findings obtained from the interviews conducted with the selected financial institutions and selected private healthcare facilities key informants. Further, information for Quantitative part extracted from desk review is summarized and reported.

4.2 Demographic Details of the Study Participants

The study was conducted in Dar es Salaam, and it included participants who are owners, service in charge, finance managers, and finance officers of the selected private health facilities; while on selected financial institutions participants were Relationship Managers, Credit Administration Managers, Credit Appraisal Managers, Portfolio Manager, Head of Credit, and Credit Officer. Table 1 below presents the majority characteristics of 30 study respondents, of which 47% (n=14) were aged between 36-45 years, 60% (n=18) were Males and the majority, 43% (n=13) had bachelor's degree as the highest level of education.

Table 1: Participants' demographics

Variable	Frequency (N=30)	Percentage (100%)
Age (years)		
30 - 35	12	40.00
36 - 45	14	47.00
46+	4	13.00
Sex		
Male	18	60.00
Female	12	40.00
Level of education		
Diploma	6	20.00
Bachelor degree	13	43.00
Masters	11	37.00

4.3 Types of Private Healthcare Facilities and Financial Institutions involved in study

Table 2: List of interviewed Private Healthcare Facilities

S/N	Name of the facility	Type of PHF	KII
1	Msisiri Dispensary	Dispensaries	Facility in charge (1)
			Finance officer (1)
2	St. Clara		Owner (1)
			In charge (1)
3	Sanitus Hospital	Health Centers/Private Retail pharmacy	Chief Executive Officer (1)
			Finance controller (1)
4	Nakiete Pharmacy		Owner (1)
			Finance controller (1)
5	Kairuki Hospital	Designated hospitals	Co-Owner (1)
6	Edwards Michaud		In charge (1)
7	Kinondoni Hospital	Referral Hospital	Owner (1)
8	Massana Hospital		Finance controller (1)
9	JD Pharmacy	Private Pharmaceutical included Wholesale	Finance Manager (1)
10	Samiro Pharmaceuticals Limited		Finance Officer (1)

Table 3: List of interviewed Financial Institutions

S/N	Category of FI	Name of FI	KII
1	Commercial Bank	NMB Bank	Relationship Manager (1)
2	Commercial Bank	Tanzania Commercial Bank	Credit Administration Manager (1)
			Credit Appraisal Manager (1)
3	Commercial Bank	DCB Commercial Bank	Senior Credit Officer
4	Commercial Bank	KCB Bank (T) Limited	Manager, Credit Analyst
			Relationship Manager-Retail
5	Commercial Bank	Mkombozi Commercial Bank	Chief Commercial Officer
			Ag. Head of Credit
6	Commercial Bank	NBC Bank	Credit Analyst-SME
			Relationship Manager-Education & Health
7	Development Bank	TIB Development Bank	Portfolio Manager (1)
8	Microfinance	Afya Microfinance	Head of Credit (1)
			Credit Officer (1)
9	Microfinance	Access Microfinance Bank (T) Limited	Relationship officer
10	Non- Bank Financial Institution	Maendeleo Bank	Chief Commercial Officer (1)
			Credit Manager (1)

For Private healthcare facilities, the study used the Tanzania Healthcare Referral System criteria to guide the sampling process on which records of private healthcare facilities were obtained through the Health Facility Registry (HFR) under the Ministry of Health while for Financial Institutions, financial institutions were obtained through the list of financial institutions cited by Bank of Tanzania (BOT). A total of ten (10) private healthcare facilities were included in the study (Table 2 above). Ten (10) financial Institutions included in the study (Table 3 above)

4.4 The preferred credit loans for private healthcare facilities from financial institutions

In understanding the preferred credit loans for private healthcare facilities from financial institutions, the study found that entirely categories of Private Healthcare facilities have finance requirements to fulfil to their premises. They are willing to request for credit loans so at to expand their services and business in general but also to meet short term obligations occurred during their daily operations. At the same time, study found that financial institutions provides financial assistance to Private Healthcare facilities the same way like other sectors. Most of financial institutions characterized Private Healthcare facilities like other traders hence terms and conditions for lending it's not different with other sectors.

"…Most of these facilities who wants credit loans are SMEs, therefore their lending terms and conditions a like others. To date we managed to reach nearly 15 facilities…" ***Respondent No.5***

Table 4: Reasons for requesting Preferred Credit Loans

S/N	Reasons for Preferred Credit Loans	Frequency number of Private Health Facilities	Percentage
1	Start up the service and business	4	40%
2	Purchasing Equipment	7	70%
3	Construction purposes	8	80%
4	Covering requirements of daily operation activities- working capital loans	9	90%
5	Improving their facility premises/services or businesses	10	100%

The study also managed to review relevant documents to get insight into credit loans preferred by private healthcare facilities. These included reviews of loan agreement letters obtained during the year 2022 by Private healthcare facilities. The documents were reviewed to understand type of preferred credit loans extended to these health facilities. The reviewed documents revealed that, majority of private healthcare facilities obtain credit loans from financial institution mainly for; (i) improving their services or businesses, (ii) daily operations activities, (iiii) improving their facility premises, (iv) purchasing equipment, (v) construction purposes and (vi) working capital loans. However, a low proportion was found to demand loans for non-funded credit loans, group loans and personal loans.

4.4.1 Type of credit loans demanded by Private healthcare facilities

The study finding shows that ten interviewed private healthcare facilities prefer Equipment loans while 90% and 80% of the facilities prefer construction loans and working capital requirement respectively with low proportion seen towards non-funded credit loans, group loans and personal loans.

Table 5: Type of Preferred Credit Loans

S/N	Type of preferred credit loans	Frequency number of Private Health Facilities	Percentage
1	Overdraft Loans/Working Capital Loans	8	80%
2	Equipment loans	10	100%
3	Construction loans	9	90%
4	Group Loans	2	20%
5	Personal loans	2	20%
8	Non-funded Credit Loans	4	40%

"…Many take loans for equipment, and others for the improvement of their facilities. While others are taking loans to assist in pushing operational costs for a certain period while they put things right. But most of the time these credit loans are used to assist in improving services, repairs, and other things for facilities…" ***Respondent No. 07***

4.4.2 Repayment tenure and repayment methods of preferred Credit Loans

The findings revealed that, private healthcare facilities prefer credit loans with repayment tenure ranging from one to five years. This has been witnessed with statistic of preferred credit loans obtained. Normally, working capital loans are utilized within a year while other type of credit loans are utilized between two to five years. Furthermore, interviewed private healthcare facilities showed to prefer reducing balance methods rather than the remaining methods i.e. straight-line methods and bullet payment methods.

*"…I wanted a loan to increase over-the-counter medicines, I was given 35 million shillings and I returned it well within three years. I stayed another year in 2022 and took it again, so am servicing the loan and am repaying it on time according to what we agreed…"…"****Respondent No.1*****Credit loans borrowing by private healthcare facilities**

The review of audited financial reports and loans portfolio review for the year ending 2022 from the selected financial institutions revealed that the average rate showed that there are number of private healthcare facilities who are customers to financial institutions; Moreover, an aggregate of credit loans granted to private healthcare facilities customers were slightly fewer compared to total customer loans. However, a hundred percent has been seen under Afya Microfinance; a private company established by the Association of Private Health Facilities in Tanzania (APHFTA) that originated intending to improve health services in Tanzania by providing affordable loans to Private Health Providers only.

Table 6: Proportional of Private Healthcare Facilities customers against total number of customers for the year 2022 & total loans for the year 2022

(Data used ended 2022 from financial institutions)

Financial Institutions	**Percentage (%) number of Private Healthcare Facilities customers against total number of customers for the year 2022**	**Percentage (%) amount of credit loans granted to Private Healthcare Facilities customers against total loans for the year 2022**	**Does the Institution have specific credit loans for Private Healthcare Facilities?**	**If yes, list them;**
Maendeleo	0.50	0.53	No	
DCB	0.08	0.03	No	
Access	0.49	0.14	No	
NBC	0.07	0.03	Yes	
Mkombozi	0.31	0.17	No	
KCB	0.05	0.18	No	
TCB	0.02	0.40	No	
NMB	0.03	0.25	Yes	Afya Loan
TIB	0	0.05	None	
Afya Microfinance	100	100	Yes	*Individual loans *Health facilities/Equipment loans *Addos Solidarity Group Loans *Salary Loans*Health management Information System Loans (HMIS Loans)

From the interviews, the study found that private healthcare facilities are willing to seek finances from financial institutions. However, this is contrary to what we found from the documents reviewed by financial institutions. Most of these financial institutions have no specific credit loans that ensemble private healthcare facilities, their records classify them as other business sector. Furthermore, most of these financial institutions have low or no marketing strategies on lending to not only private healthcare facilities, but also health sector in general.

Table 7: Codes, sub-themes, and themes used in thematic analysis

Theme	Sub theme	Codes
Demand Side Drivers	Categorization of Preferred Financial Institutions	Saccos Banks Microfinance Medical Credit Fund NHIF
	Specific circumstances of financial needs	Daily operation activities Business/service Expansion Improvement of facilities Need for capital Meeting customers' service expectations Increase stock of supplies Competition within the industry
	Consumer confidence in financial institutions	Best interest rate Customer services Personal preferences Special treatments Turnaround time (TAT)
	Accessibility of credit loans	Established services Service/business experience Collaterals/securities Guarantors
	Existence of different types of credit loans	Equipment loans Group Loans Construction loans Personal loans Overdraft Loans/Working Capital Term Loans Invoice Discounting Contract Financing Bank Guarantees Saccos loans Asset-based Medical suppliers
	Challenges faced by Private Healthcare Facility	Lack of collateral/guarantor Financial illiteracy Failure to secure loans

4.5 Demand Side Drivers facilitating consumption of Preferred Credit Loans

The study visited ten (10) health facilities out of them seven (07) possessed credit loans while three (03) of them had no any credit loan from financial institutions. The findings revealed that there are factors facilitating the consumption of preferred credit loans by private healthcare facilities from financial institutions. According to the interviewed study participants, factors influencing private healthcare facilities to access and use preferred credit loans; include the categorization of preferred financial institutions, specific circumstances of financial needs, consumer confidence in financial institutions, accessibility of credit loans and existence of different types of credit loans.

The categorization of preferred financial institutions

The majority of private healthcare facilities reported that they consume preferred credit loans from different categorization of preferred financial institutions. The presence of different financial institutions give them preferences on accessing credit loans from either Commercial Banks, Development Banks, Community Banks, and Microfinance. One of Private healthcare facility had this to say;

"…We have been able to get loans from two banks, CRDB and NMB, for example at CRDB we are continuing as a continuation because in 2017 I took a loan against a FIXED deposit, and the bank gave me 40% like TZS 40,000,000/- and I was able to return it…" ***Respondent No.1***

As other respondent cemented;

"…Yes, sometimes we take loans from banks. However, there are times when we have access to the loans that were provided by NHIF. Accessibility and repayment of those loans from NHIF was easy at our side that's why we prefer to take it…" ***Respondent No. 07***

Specific circumstances of financial needs

Private healthcare facilities confirmed that they normally prefers credit loans from financial institutions with the intention of financing business activities. These include financing of daily operation activities, expansion of their business/service, improvement of their facilities, and at times, the need for capital injection. Moreover, they consume these

preferred credit loans to meet customers' service expectations, increase the stock of supplies, and encounter competition within the industry. The participant enticed that;

"*…You must make sure medicines are available…if you do not have many different medicines, it means you will sell NOTHING, so when a customer comes he wants a certain medicine...a certain medicine he misses... he wants a certain medicine... a certain medicine he misses it. Therefore, you will only have to borrow to buy sufficient medicines, so that when your customers come they will not miss the medicines…. Also at other times, these medicines are sold at a high price, so if you do not have money, you will be stuck…"****Respondent No.11***

Consumer confidence in financial institutions

The majority of respondents from private healthcare facilities mentioned having confidence in financial institutions as among the factors influencing them to consume available preferred credit loans. These include issues regarding loan processing turnaround time (TAT), provision of best interest rate, the essence of good customer services, personal preferences, and other distinctive handling. One of them had to say this;

*"…They have cheap interest, but I also think they advised me very well when I had an interest in borrowing. I have not thought of leaving my bank, even though many banks try to advertise themselves with services similar to my bank...."****Respondent No.11***

The other respondent enticed;

*"…They have a very good service and they are quick to provide loans. When you need a loan, they will give you their Relationship Officer who will sit down with you and discuss your needs and explain what to do…."****Respondent No.19***

Requirement for accessibility of Credit Loans

The participants were asked to explain the process/procedures/steps/requirements needed to access credit loan/s from the financial institutions. The interviewed participants reported that in consuming credit loans from financial institutions, there must be a well-established

service/facility, experience in operating a business/service, existence of credit loan collaterals/securities, and having guarantor. As one respondent reported;

"…It depends on the customer's discipline, it depends on the management... in terms of the requested amount... how the collateral is... we also look at the guarantee…" ***Respondent No.8***

One of them had that to say;
"*…Well, there are many things we look at... we look at the performance of the business... if the business is alive and performing well... or if the center does not have many patients... the sales are few…..etc.…"* ***Respondent No.9***

Types of preferred credit loans

Most of the private healthcare facilities cited that types of preferred credit loans as other factor which contribute to consumption of credit loans. They described that there are presence of different types of credit loans by mentioning the existence of Equipment loans, Group Loans, Construction loans, Personal loans, Overdraft Loans/Working Capital, Term Loans, Invoice Discounting, Contract Financing, Bank Guarantees, Saccos loans, Asset based and Medical suppliers. One of the respondents reported that;
"…Yes, I have borrowed a loan from the Bank; that loan was used to assist us in our daily operations. Buying enough stock of medicines, paying emergency costs arise during business operations and other…" ***Respondent No.11***

"…For us, we procure loan from these large stores who sell Medical facilities...Nowadays Medical suppliers lend a lot of equipment to facilities. They tell me to borrow Full Blood picture which is TZS 12 Million.... but I told them to wait…" ***Respondent No.10***

Challenges Faced by Private Healthcare Facilities

Private healthcare facilities explained that there are also challenges towards consumption of the preferred credit loans from financial institutions. They pointed out that, most of them had financial illiteracy towards their services and businesses. They mentioned a lack of ability to secure loans; and that the granted money should be used for the intended reason

rather than allocating it to other issues. Moreover, respondents mentioned the presence of a lack of collaterals, securities, guarantees, and guarantors being a major challenge towards acquiring credit loans. A respondent who is own Private healthcare facility had that to say;

"…Many of us lack loans due to absence of securities or guarantors. The business exists but when you get there at the financial institutions, they always want you to have something to guarantee your loan request... whether it's a house or a car or anything of value, that's why we are often unable to get a loan…" ***Respondent No.13***

As one respondent cemented,

"…We are doing very good business but most of us do not have a well understanding on financial issues…..borrowing understanding…when to get loans….how to get loans….utilization of loans…… You can say let's go and borrow for the sake of increasing efficiency at work, but you end up paying maybe back debts, salaries, electricity, and other things that are not productive…" ***Respondent No.17***

Table 8: Codes, sub-themes, and themes used in thematic analysis

Theme	Sub theme	Codes
Supply Side Drivers	Purpose of acquiring loan	Business/service expansion Improvement of facilities Need for capital Daily operation activities
	Existence of loans package to support private healthcare facilities	Private health facilities Dispensaries Pharmacies Health Centers Hospitals
	Presence of Preferred credit loans by Private healthcare facilities	Equipment loans Group Loans Construction loans Personal loans Overdraft Loans/Working Capital Term Loans Invoice Discounting Contract Financing Bank Guarantees Saccoss loans Asset based Medical suppliers
	Tenure of preferred credit loans	6 months 12 months 18 moths 4 years 5 years
	The accessibility of different Interest rates	No designed interest rate Interest rate charged are the same for all customers Affordable interest rate 18 to 20 percent 2% per month
Supply Side Drivers	Compliance with credit loans terms	Diversification of fund Borrower character Late payment of NHIF Global pandemic-covid Poor management
	Eligibility of Credit loans requirements	Established services Business/service experience Capacity of customer Collaterals

4.6 Supply-Side Drivers facilitate the Private Healthcare Facilities to Demand Credit Loans

The findings revealed that there are factors that facilitate private healthcare facilities to demand credit loans from financial institutions. Among drivers that push to supply, include the purpose of acquiring the loan, the existence of loan packages to support private healthcare facilities, the presence of preferred credit loans by private healthcare facilities, tenure of preferred credit loans, and the accessibility of different interest rates, and compliance with credit loan terms and eligibility of credit loans requirements.

Purpose of Acquiring Loan

The participants explained that among supply-side factor that facilitates the private healthcare facilities to demand credit loans is the purpose of acquiring loans. Most of the interviewees mentioned that private healthcare facilities acquire credit loans with the intention to expand business/service operations, improve their facilities, necessity for capital, and fulfillment of daily operation activities. As one respondent said,

"...They often like to take cash loans to improve their facilities, because they often need drugs at their facilities, they need equipment... sometimes capital to run the facilities... Renovation sometimes their laboratories have to ...due to what are the requirements...of the Ministry of Health..." ***Respondent No. 9***

As one respondent cemented,

"...There is an infrastructure that needs special requirements. For example, if you operate a laboratory, it should be constructed with marble….A reception should be a way to look like…while a pharmacy must have cabinets etc….therefore, for the few mentioned, there are need for capital injection…" ***Respondent No. 20***

"…PURPOSE OF THE LOAN
The purpose of the loan shall be legal, moral, and within the policy of TCB. TCB Bank has Encouraged Facilities, which are allowed to all customers, and some Discouraged Facilities, which are prohibited regardless of the customer type…" ***Internal Credit Policy***

"…FACILITY STRUCTURE

a) *The bank will not provide facilities that would allow the diversion of funds to activities other than stated in the Credit Application.*
b) *Short-term trade facilities should be structured such that tenor is in line with the customer's net working capital cycle (stock days + debtors days – creditor days).*
c) *Permanent increases in core trading assets resulting from long-term sales growth or the finance of investment in fixed assets will need to be supported by longer-term financing repaid from profits generated over many operating cycles…"* ***Internal Credit Policy***

Existence of credit loan packages to support Private Healthcare Facilities

The findings revealed that the supply-side factor that facilitates private healthcare facilities to demand credit loans is the existence of credit loan package which support private healthcare facilities. The participants were asked to mention the type of private healthcare facilities that normally demand credit loans; according to the interviewed study participants replied by mentioning a high number of pharmacies, dispensaries, and health centers; with a minor number of other types of facilities. As one interviewee explained,

*"…Most of our credit customers are not from referrals hospitals or these big hospitals…. mostly are these dispensaries and pharmacies..."****Respondent No.8***

As one of respondent said,

*"…Yeah…..it is for pharmacy…and dispensaries……. For these big ones... those who don't have much challenge to get loans..... Because they are well established, they can access loans from commercial banks... they have potential and are viable... But these few are the challenges and the ones who struggle are the ones who save many patients... the patients many of whom are in remote areas…"****Respondent no. 9***

"…SECTORAL LIMITS;

(i) The Board will upon recommendation by Management approve a target Sectorial distribution of lending assets by the percentage of the total portfolio. These targets will be established within the Sectorial categories used by the BOT having regard to the bank's

experience of lending to each sector, the Sector's percentage of GDP, and the Sector's economic prospects. The sectoral limits should be reviewed and approved by the Board from time to time.

(ii) The Bank's strategy on each sector/sub-sector will be communicated to the Business by the Credit Department from time to time…" ***Internal Credit Policy***

Tenure of Preferred Credit Loans

The findings revealed that the supply-side factor that facilitates private healthcare facilities to demand credit loans is the tenure of preferred credit loans. The findings showed that most credit loans are provided with lifetime repayment of between 6 months, 12 months, 18 months, 4 years, and 5 years. Moreover, the study showed that few are repaid between 5 to 10 years. One of the respondents reported that;

*"... Normally they return within 6 months to 12 months...But there are those big customers who are starting from 20,000,000 and above, we give them up to 18 months...So the turnaround is from 3 months on average to 12 months..."****Respondent No.5***

"...LOAN REPAYMENT

a) *Repayment may either be through equated instalments or a bullet payment. Loans which are structured in such a manner that repayment is through bullet payments should be carefully assessed to determine the source of repayment in line with the proposed repayment period, KYC policy and Anti-Money Laundering guidelines.*
b) *The borrower's repayment capacity should be supported by projections with clear and reasonable assumptions.*
c) *Interest should be collected monthly or at least quarterly…"* ***Internal Credit Policy***

The accessibility of different interest rates

According to the interviewed study participants, the convenience of different interest rates has been seen as one of the supply-side factors that facilitate private healthcare facilities to demand credit loans. Some financial institutions have seen to have designed interest rates to fit private healthcare facilities while others have the same interest rate charged to all customers. Moreover, other financial institutions choose to use straight-line methods while others use reducing balance methods. Further, the study showed a charged interest rate that

is between 18% to 20% per annum while 2% is charged per month. As one respondent explained,

"…Our interest rate is very affordable 2 percent (2%) per month. If a customer borrows for example, a pharmacy borrows 1,000,000/- its interest is 20 thousand (20,000) per month….which is very affordable…" ***Respondent No. 9***

"…PRICING
Line Management (Corporate Banking, Treasury, and Branch Services) are accountable for pricing. In deciding on pricing, the business shall take cognizance of:-

a) The current base rate
b) Prevailing market trends
c) Competition
d) Cost of funds
e) Carry cost
f) Risk associated with that credit…" ***Internal Credit Policy***

Compliance with Credit Loan Terms

Participants were asked to mention credit loan terms and conditions that facilitate private healthcare facilities to demand credit loans from financial institutions. According to the interviewed study, participants replied that in facilitating private healthcare facilities to demand credit loans must comply with different terms and conditions. These include not diversifying the provided credit loans, having good borrower character, ensuring early repayment from NHIF, preparedness for global pandemics, and ensuring a well-organized business or service management.

"…Maybe things have changed on the ground, so you find yourself with other things that make you now even if your initial plan is implemented, you start to fail, and you start to lag to start paying the debt…" ***Respondent No. 07***

"... It is because there is a challenge that many are complaining that NHIF is delaying their payments. Also.... during the COVID period, we got little settlement challenges…" ***Respondent No. 9***

"…CREDIT APPLICATION

a) *All credit proposals must be documented/captured in the Credit Quest (CQ) for full analysis of all risks and mitigates thereof.*
b) *All credit applications must set out the terms and conditions which apply to the facilities proposed including but not limited to: the amount of facility; purpose; maturity or expiry dates of facilities; products made available; repayment terms; pricing, fees, economic loss and economic profit; security documentation required; conditions precedent; financial and non-financial covenants; cash flow projections for term lending with structured repayment program; risk triggers and action plan; environmental and social risk impacts; and its impact; complete and correct details relating to Customers / Guarantors data; and any other relevant risks and issues.*
c) *All credits should undergo credit referencing (from the credit reference bureau) to assess the track record and borrowing history/information…"* ***Internal Credit Policy***

Eligibility of Credit loans requirements

Respondents were asked to explain the factors considered by financial institutions in setting up credit loan/s for the health sector; the reasons behind how they set up loans, and advances. Most of the respondents from financial institutions mentioned eligibility for credit loan requirements as a supply factor that facilitate private healthcare facilities to demand credit loans. The interviewed study participants explained that eligibility involves already established services, the experience of operating a business or services, the capacity of the facility, and pledged collaterals. The participant enticed that;

"…It depends on the client's discipline, it depends on the management... in terms of the requested amount... how the securities are... we also look at the guarantee…" ***Respondent No.8***

"... there are many things we look at... we look at the performance of the business... if the business is alive and performs well... or the center does not have many patients... the sales are few..." ***Respondent No.9***

"…*TYPES OF CREDIT ACCOMMODATION*

This section contains general information and descriptions of major on- and off-balance sheet credit accommodations that the bank offers to its customers. Specific credit terms and conditions for each product (e.g. tenor, pricing, and repayment) will be described in the product manuals. The product manuals are an integral part of the credit policy…"- ***Internal Credit Policy***

CREDIT POLICY

In accessing credit loans from financial institutions, there is a guideline document that governs the principles for the effective management of credit loans (i.e guidelines that are set for lending, monitoring, and repayments of these credit loans) within the financial institutions, and this document is known as Credit Policy. Through documentation review within different financial institutions, it revealed that in the process of provision of credit loans, this document sets out the policy rules for the assessment and management of credit loans. The purpose of the policy is to provide provisions for credit loan management to maximize the bank's risk-adjusted rate of return by maintaining a credit loan portfolio within acceptable parameters. This document is well-detailed on types of credit loans provided by financial institutions, and the repayment tenure of those loans, it shows the base rate on credit loan interest and also explains lending terms and conditions like collaterals, sectorial performance, etc.

This policy intends to identify and manage credit loans by laying principles and minimum standards to which all credit loan portfolios must comply. The policy covers and applies to financial institution lending products and any new lending products, established or offered in the future. This document was formulated with the assistance of relevant directives, circulars, regulations, acts, and guidelines issued by the Bank of Tanzania (BOT); normally can be revised and updated within an agreed time or when needed.

TAXATION & EXEMPTIONS:

In providing credit loans, financial institutions consider the taxation and exemption factors during the determination of credit loan setting especially on pricing. Most financial institutions determine the pricing of their loans under optimizing incomes in consideration of the following cost factors: cost of funds; cost of reserves with the Bank of Tanzania; tax implications; administrative expenses; extent of lending risk; amount of business generated by the client; competitive conditions and limitations set by law. In a free market economy, financial institutions will usually set lower interest rates on loans, which cost less to process and/or with lower risk, specifically loans for clients with better credit ratings. The relationship is therefore mutually beneficial to the financial institutions and borrower. Conversely, an undesirable client may be offered higher interest rates because of the deteriorating relationship and the eagerness of the bank to exit the relationship with the customer. Since the pricing of all lending products is based on a going concern basis, a financial institution shall ensure that all credit extensions are profitable. A minimum spread, or income, over the total cost of funds plus related expenses, shall be made on all facilities extended. Management shall determine variances over this minimum in charging the interest rates to clients based on the category, size, product type, and risk associated with the loan.

However, there are exemptions given to financial institutions that allow them to extend credit loans according to a type of sector/financial situation with alignment to specific international & government initiatives. The Bank of Tanzania (BOT) normally directs these exemptions; for the time being, there are exemptions toward lending to the agricultural sector, women, and youths. Therefore the accessibility of credit loans also depends on existence of issues regarding taxation and exemptions.

CHAPTER FIVE

5.0 DISCUSSION

5.1 Introduction

This chapter discusses the study findings in relation to relevant literature on demand and supply side factors that affecting the accessibility of credit loans by private healthcare facilities in Tanzania.

5.2 The preferred credit loans for private healthcare facilities from financial institutions

The study found that financial institution has a major role in ensuring the availability, accessibility, and use of finances in the health sector. The study done on the Roles of Financial Institutions in supporting the Health Sector in Tanzania revealed that; these credit loans includes Overdraft Loans/Working Capital Loans, Equipment loans, Construction loans and Non-funded Credit Loans which emanates from financial institutions intend to improve facilities, cover daily operation activities, maintain competition within the industry, and sometimes enhance business capital (27). Moreover, a study done by Florent in Tanzania, found that the majority of private healthcare facilities demonstrate a greater differential in value survive competitive advantage and customer satisfaction through the available NHIF loan program (28). Most of them enjoy possessing modern types of equipment, renovating buildings, and expanding health services. In year 1998, International Finance Corporation demonstrated that financial institutions started providing loans to private health sector, and a major concern was working capital (7,15). The findings further suggest that these loans were not provided for startups, however there were directed to the facilities that are new to business to expand their coverage (19). The findings address the existing gap in available credit loans for private healthcare facilities in Tanzania. However, most available credit loans are specific for any business enterprise, that is, there are few financial institution which provide specific credit loans for healthcare facilities.

5.3 Demand Side Factors contribute to the consumption of Preferred Credit Loans by Private Healthcare Facilities

Evidence from the field interviews showed that, the major demand side factors that contribute to the consumption of the preferred credit loans by private healthcare facilities in Tanzania includes; the categorization of preferred financial institutions, specific circumstances of financial needs, consumer confidence in financial institutions, accessibility of credit loans and existence of different types of credit loans. This was similarly reported in the study done by Nahed Monsef ; the study reported that as witnessed by rapid changes in the advancement of medical, and healthcare investments, rise of unique patients' needs; there is growing demand for funding encouragements to meet patients requirements and continuous to manage and support daily activities which requires financial capacity (29). This has been seen when the participants expressed the importance of financing towards improvements of their facilities and meeting patients service expectations. A well explanation on awareness of financial inclusion was noticed.

However, the results of this study are different from those results reported by a study conducted by USAID in 1995, the majority of respondents that are, 93% of for-profit and 83% of not-for-profits had difficult access to capital for start-ups as the major constraint to the growth of private healthcare facilities. The study also revealed that those who are seeking to establish private practice are unable to meet available terms and conditions of financial institutions regarding borrowings as most of them lack collaterals, or guarantors since medical equipment has low liquidity as they are recognized as highly specialized. While other study observed in Uganda and Tanzania, despite the financial institution having credit loans available for SMEs, including private healthcare facilities in the country, their demand for financial facilities is still limited (24),(30). This corroborate with findings when participants explained challenges faced on fulfilment of some terms and conditions of financial institutions on procuring credit loans. Most of them explained challenges towards lack of collateral or guarantors, and presence of financial illiteracy.

5.4 Supply side factors that facilitate private healthcare facilities to demand Credit Loans from Financial Institutions in Tanzania

The study showed that there are supply-side factors that facilitate private healthcare facilities to demand credit loans from the financial institutions in Tanzania. These include the purpose of acquiring the loan, the existence of loan packages to support private healthcare facilities, the presence of preferred credit loans by private healthcare facilities, tenure of preferred credit loans, the accessibility of different interest rates, and compliance with credit loan terms and eligibility of credit loans requirements.

This was similarly reported in the study done on Loan and Advances of a Commercial Bank (31); this study described that credit policies of financial institutions have a simultaneous effect on the demand for credit loans; the supply of these loans to businesses corresponds to changes in lending standards. The studies further reported that it is crucial in banking those loans and advances are made to customers. Even though lending involves risks associated, any financial institution must develop a rigorous method of lending to reduce those risks. This corroborate with findings of this study as most of financial institution participants explained that their lending policies are developed to meet customer's needs and facilitate them with well accessibility of those credit loans. Other similarly study done on the Influence of Lending Terms on the Loan Performance of Microfinance Institutions in Kisii County; reported that a spike in the loan standards caused an increase in lending output. Based on statistics, there is a positive association between loan principles (supply-side factors) and loan performance (32). The study shows that borrowers in collaboration with credit officers should be allowed to provide their propositions on the type of credit loan standards.

The results of this study are different from those results reported by a study done in 2019 titled A Critical Analysis of Effects of Loan Conditions on Accessibility to Loans by Small Businesses in Tanzania (37) which found that banks created terms and conditions that were strict in procedures that affected customers in accessing loans from financial institutions. The study showed that customers differed in their conceptualization of the difficulty and easiness of the bank provisions. This corroborates with findings when participants complained on some requirements needed towards process of acquiring loans from financial institutions.

5.6 The Knowledge Gaps of the Study

The existing gaps in the availability of credit loans for private healthcare facilities in Tanzania are highlighted by several key issues. First, while financial institutions provide various loan types, many are not tailored specifically for the healthcare sector, limiting options for healthcare providers. Additionally, there is a persistent challenge in accessing capital, particularly for startups, as many institutions require collateral that healthcare facilities often lack. Despite the availability of loans, factors such as financial illiteracy and stringent lending conditions further hinder access. Furthermore, demand-side factors, such as varying consumer confidence and specific financial needs, reveal that healthcare providers face obstacles in meeting the terms set by financial institutions. Overall, these gaps indicate a need for more specialized financial products and supportive measures to enhance access to credit for private healthcare facilities

CHAPTER SIX

6.0 CONCLUSION AND RECOMMENDATION

6.1 Conclusion

The results show that the private healthcare facilities' ability to obtain credit loans is influenced by both supply and demand side factors. The financial institutions stated that they offer various credit loan options to suit various purposes and requirements; however, it is not evident that private health institutions are requesting these loans. However, most of these financial institutions have no specific credit loans that enable private healthcare facilities; their records classify them as other business sectors. Furthermore, for the interviewed financial institutions were shown to have low or no marketing strategies for lending to not only private healthcare facilities but also the health sector in general.

It was disclosed that private health facilities face several obstacles in obtaining credit loans, including inadequate financial literacy, absence of collateral, and guarantors. For private health facilities to have easy access to credit loans, it is necessary to address the supply and demand side issues.

6.2 Recommendation

- The government through Ministry of Health should expanding coverage; strengthen quality and efficiency of health services provided by private healthcare facilities by creating a good health-financing environment through strengthening regulations and financial laws to improve health status in Tanzania.
- The government through Financial Institutions, Ministry of Finance and Ministry of Health should sensitize the private healthcare facilities through awareness campaigns and entrepreneurship trainings programs on financing support towards health sector specifically to private healthcare facilities.
- Financial Institutions should set up credit terms and conditions, together with credit loans that will suit the private healthcare facilities requirements and if necessary to provide concessional loans.
- Due to advancement of technology and demand of health services, it is time now for the Ministry of finance to insist on financial institutions emphases to encourage expertise regarding health sector funding.

- The financial institutions and private healthcare facilities should develop a business incubators & work together as partners concerning funding issues.

REFERENCE

1. Study WB. Private Health Sector Assessment in Tanzania.
2. Parliament of the United Republic of Tanzania. the Banking and Financial Institutions Act, 2006. Banking. 2006;(December):1–59.
3. World Health Organization. The Private Health Sector: An Operational Definition. 2019;1–5.
4. Davalbhakta S, Sharma S, Gupta S, Agarwal V. Private Health Sector in India-Ready and Willing , Yet Underutilized in the Covid-19 Pandemic : A Cross-Sectional Study. 2020;8(October):1–8.
5. Version D. Small and Medium Enterprises Across the Globe. 2007;
6. Thomson S, Thomson S, Foubister T, Figueras J, Kutzin J. Addressing Financial Sustainability in Health Systems Addressing financial sustainability in health systems. 2009;(January).
7. Smith M. Access to Financing : A Constraint to Private Health-Sector Development. 2003;(November).
8. PLUS S. Tanzania Private Health Sector Lending. 2016;
9. Ifeagwu SC, Yang JC, Parkes-ratanshi R, Brayne C. Health financing for universal health coverage in Sub-Saharan Africa : a systematic review. 2021;7.
10. Krech R, Kickbusch I, Franz C, Wells N. Banking for health : the role of financial sector actors in investing in global health. 2018;1–9.
11. Chee G. TANZANIA PRIVATE HEALTH. 2012;2012(September).
12. Edition C. Tracking universal health coverage 2021 Global Monitoring Report. 2021;
13. Mbowe WE, Shirima FR, Kimolo D. Role of Financial Innovation in Enhancing MSMES Access to Credit: An Empirical Investigation on Tanzania. Appl Econ Financ. 2020;7(3):126.

14. Makanile D, Dickson P. Determinants of lending behaviour of commercial banks in Tanzania. Int J Res Bus Soc Sci (2147- 4478). 2022;11(2):260–9.

15. IFC. Annual Report. 1998;

16. Global D, Advisors D. INFLECTION POINT :

17. Stank TP, Esper TL, Crook TR, Autry CW. Creating Relevant Value Through Demand and Supply Integration. 2012;33(2):167–72.

18. Bank AD. Financing Small and Medium-Sized Enterprises in Asia and the Pacific: Credit Guarantee Schemes.

19. Rannan-Eliya B and. The role of the private sector in health financing and provision. 1993.

20. Bhuwanee K, Musau S, Cogswell H. Beyond Production : Using Health Financing Information to Inform Decisions that Improve Health Systems. 2018;(April).

21. Ackah AJ, Vuvor S, Lovstal SE. The Challenges faced by Small & Medium Enterprises (SMEs) in Obtaining Credit in Ghana . 2011;

22. Berman P. Assessing the Private Sector : Using Non-Government Resources to Strengthen Public Health Goals Methodological Guidelines.

23. World Bank Group. Ghana Access to Finance. Ghana Access to Financ. 2016;

24. Delivering quality health services.

25. Kruk ME, Gage AD, Arsenault C, Jordan K, Leslie HH, Roder-DeWan S, et al. High-quality health systems in the Sustainable Development Goals era: time for a revolution. Lancet Glob Heal. 2018;6(11):e1196–252.

26. Brayer JM. A guide to using CSMP. Proc IEEE. 2008;66(7):814–814.

27. Roles Of Financial Institutions In Supporting The Health Sector In Tanzania Roles Of Financial Institutions In Supporting The.

28. Evaluation Of Nhif Loan Program Contributions.

29. Monsef N, Suliman E, Ashkar E, Hussain HY. Healthcare services gap analysis : a supply capture and demand forecast modelling , Dubai. BMC Health Serv Res [Internet]. 2023;1–10. Available from: https://doi.org/10.1186/s12913-023-09401-y

30. Kruk ME, Gage AD, Arsenault C, Jordan K, Leslie HH, Roder-dewan S, et al. The Lancet Global Health Commission High-quality health systems in the Sustainable Development Goals era : time for a revolution. 2018;6(November):1196–252.

31. Rahman A. A Study on Loan and Advances of a Commercial Bank.

32. Kennedy JM, Student P. Influence Of Lending Terms On Loan Performance Of Microfinance Institutions In Kisii County (Case Study ; Kenya Women Microfinance Bank). 2021;3(7):21–44.

33. https://hfrs.moh.go.tz/

34. Https: //www.bot.go.tz

APPENDICES

Appendix 1: Consent form

Muhimbili university of Health and allied sciences

School of Public Health and Social Sciences

The accessibility and use of loans by private health care facilities in Tanzania

NOTE: *Do not continue in case the respondent is not willing to participate, interview should read in front of the respondent incase he/she do not know how to read.*

Introduction **Serial No: ……**

My name is UPENDO JAKA a Master Degree student at Muhimbili University of Health and Allied Sciences (MUHAS). I am conducting a study to assess the accessibility and use of loans by private health care facilities in Tanzania. The aim is to assess factors affecting the accessibility of loans by private health care facilities from the financial institution. In addition, the study intends to provide more insights about financial requirements from private health care facilities.

Procedures:

You will be asked study questions based upon assessing the accessibility and use of loans by private health care facilities in the country. This activity will assure presence of confidentiality in which the findings will not be personal associated with you (informant). However, you will be free to participate or not to participate; moreover, you are allowed to ask questions and/or to contribute towards study before and/or during participation time. Expectation to run this interview within 30 to 35 minutes.

Risks associated: There will be no risks you may counter due to your participation in this study.

Confidentiality: Guaranteed on discretion during interviewing and disclosure of information provided. The interview will be conducted independently with other participants.

Compensation: No special remunerations towards participation; Nevertheless, you will benefit from the accomplishments that will be taken by policy makers from financial and health sectors to come up with collaborative techniques in achieving health business simulations.

Whom to contact for any queries: In case you find any query regarding this study, you may communication with the principle investigator for this research study Ms. Upendo Jaka through her mobile number: +255 758 737 962 or supervisor Dr. George Ruhago 0769 772 772. Moreover, for any question regarding your rights as participants in this study, you may contact the Chairperson of the Research and Publications Committee through; Muhimbili University of Health and Allied Sciences, P.O. Box 65001, United Nations Road, Dar es Salaam, Tanzania PO Box 9653, Dar es Salaam, Tel +2552150302-6.

Study participant: I have read the subjects matter of this form and understood it; I do agree to participate in this study.

Participant Full Name: _____

Signature: _____

Date: _____

Interviewer signature: _____

Date: _____

Appendix 2: Quantitative tool 1

Identifying the preferred loans for Private healthcare facilities from financial institution

1.	Region	
2.	District	
3.	Date of the interview	
4.	BOT Criteria • Commercial Banks • Development Banks • Community Banks • Microfinance Banks • Non-Financial Institution	
5.	Number of customers for past year	
6.	Number of customers who are Private Healthcare Facilities for past 1 year	
7.	Does the Institution has the specific credit loans for Private Healthcare Facilities?	
8.	If yes, list them;	
9.	Total number of credit loans granted to Private Healthcare Facilities for past 1 year	
10.	Total number of credit loans of the entire financial portfolio.	

Appendix 3: Quantitative tool 2

Identifying the preferred loans for Private healthcare facilities from financial institution

1.	Region	
2.	District	
3.	Date of data collection	
4.	Category of Private Healthcare facility • Dispensaries • Health centres, • Private retail pharmacies, • Designated hospitals, • Referral hospitals • Private pharmaceutical wholesalers	
5.	The main purpose of acquiring a credit loan by a private healthcare facility	
	• Start up the service and business	
	• Expansion of the service and business	
	• Other reasons	
6.	Type of credit loans acquiring a credit loan by a private healthcare facility	
	• Personal loans	
	• Group Loans	
	• Equipment loans	
	• Construction loans	
	• Overdraft Loans/Working Capital Loans	
	• Short/Long term loans	
	• Invoice Discounting/ Contract Financing Loans	
	• Bank Guarantees/Letter of Credit	

7.	Repayment tenure of preferred Credit Loans	
	• Within a year	
	• 1 year-3 years	
	• 3+ years – 5years	
	• 5+years-10 years	
8.	The types of credit loan repayment methods;	
	• Reducing balance methods	
	• Straight Line methods	
	• Bullet payment	
9.	How many times did you request loans	

Appendix 4: Qualitative tool 1

INTERVIEW FOR FINANCIAL INSTITUTION

Interview with Head of business/financial products and Credit Appraisal Managers

DEMOGRAPHIC INFORMATION	
Region	
District	
Name of the Institution	
Date of KII	Title/position of personnel whose information is being collected
Name/code of interviewer	Working experience
Highest level of education	Gender

1. Does your bank have clients from the private healthcare facilities?
   [***Probe on;*** *request for statistical number, locations, and years in relation…..if possible*]
2. What type of private healthcare facilities normally demand credit loans from your institution?
   [***Probe:*** *based on the type of providers as per MoH classification i.e. faith based providers, private providers, large or small healthcare providers etc.*]
3. What types of credit loans do private healthcare providers mainly prefer? Why do you think such loans are preferred?
   [***Probe on;*** *how frequently do they get financial applications from the health sector? What are commonly requested facilities? Are the requests accepted or not? If yes, why? If no, why?*]
   [***Probe on*****:** *interest rate, facility tenure and other charges, if it is necessary to have a special facility for the health sector, if there is any ad debt/s available from the health sector, why &how*]
4. Describe if there are other financial services that are available for private healthcare facilities at your institution. [**Probe on** *other banking services set for Private Healthcare Facilities*]

5. What are the factors considered by financial institutions in setting up credit loan/s for health sector?

   [***Probe on:*** *reasons behind how they set up loans, advances, etc., do they expect to relook at the provision of financial services specifically to the health sector*]

6. Please explain if there are any challenges encountered by Financial Institutions while providing services such as loans to the Private Healthcare Facilities.

   [***Probe for*** *operational, political, technical, and economic challenges*]

7. In your own opinion, what measures could be taken to utilize opportunities available in expanding access to financial services by Private Healthcare Facilities.

Appendix 5: Qualitative tool 2

INTERVIEW FOR PRIVATE HEALTHCARE FACILITIES

Interview with owner/service in charge/head of finance department

(Beneficiaries and Non-Beneficiaries of financial loans)

Part A: Demographic details

DEMOGRAPHIC INFORMATION	
Region	
District	
Date of KII	Title/position of personnel whose information is being collected
Name/code of interviewer	Working experience
Highest level of education	Gender

1. Have you ever demanded financial services/loans from any financial institutions for your Private Healthcare Organization?
   [***Probe on;*** *If yes, ask for the purpose of the loan. If no, ask what the initial business capital was and where they get daily working capital]*
2. What type of financial institutions did you contact when you needed the financial services/credit loans?
   [***Probe on*** *type of financial institution contacted. If it was commercial banks, microfinance, public-owned or private etc.* (Classify them according to BOT)]
3. Why did you choose such a financial institution in 3 above?
   [***Probe on;*** *interest rate, convenience, customer care service, process of processing the loan etc.*]
4. Can you explain the process/procedures/steps/requirements needed in order to obtain the loan from the Financial Institution?
5. Are there any reasons as to why you did not opt for another Financial Institution?
6. Have you borrowed from more than one (1) Financial Institution?
7. Can you tell me your experience from different institutions (if he has borrowed from more than one (1) institution)? [***Probe on*** *difference in interest rate, how he/she was treated, customer care. etc.*]
8. Can you please explain if there are any challenges faced with FI while processing your loan application?