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Loan Officers' Crowdfunding Awareness and Practice: The Survey among Microfinance Institutions in Emerging Economies

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Abstract

This study investigated loan officers' awareness and practice of crowdfunding within microfinance institutions (MFIs) in Tanzania. Crowdfunding, a novel financing method linking entrepreneurs directly to investors via online platforms, has been posited as a significant alternative to traditional financing. However, existing literature highlights information asymmetry issues, particularly in emerging economies, which may impede the success of crowdfunding campaigns. This research focused on loan officers in MFIs that partner with Kiva, a prominent prosocial crowdfunding platform, to understand their awareness of and engagement with crowdfunding. Utilising a cross-sectional survey and a sample of 227 loan officers, a descriptive analysis revealed that only 55.70% are familiar with crowdfunding, and a mere 39.81%

understand the functioning of crowdfunding platforms. Furthermore, a significant portion of loan officers perceive crowdfunding as an additional workload and more complex than traditional lending. These findings suggested that low awareness and negative perceptions among loan officers may hinder the effective utilisation of crowdfunding, thereby limiting borrowers' access to finance in emerging economies. The study underscored the need for targeted training and awareness programmes to enhance the adoption and success of crowdfunding in MFIs.

Keywords: Awareness, Crowdfunding, Loan officer, Microfinance institutions (MFIs).

Introduction

Crowdfunding is a growing fundraising concept where individuals in need of finance access funding through a crowd of funders via an online platform (Mollick, 2014, Schwienbacher & Larralde, 2010). Studies such as Bruton et al. (2015) and Belleflamme et al. (2014) suggest that crowdfunding is an alternative to traditional financing for business ventures. Traditionally, access to finance has involved banks, angel investors, friends, and family. However, studies have shown that challenges exist in accessing funding traditionally because of limited funding (Cosh et al., 2009, Kortum & Lerner, 2001, Stiglitz & Weiss, 1981). These challenges worsen in emerging economies (Isaga, 2018). Therefore, crowdfunding has proliferated around the globe, providing funding to those who would have been marginalised in traditional financing. This alternative financing has proven particularly useful for those whom conventional lenders have overlooked. Crowdfunding's success in providing finance to entrepreneurs has been associated with its ability to link entrepreneurs directly to their potential investors (Block et al., 2018, Bruton et al., 2015).

However, despite Mollick (2014) suggesting that information is vital in crowdfunding, Courtney et al. (2017) show information asymmetry on crowdfunding platforms. The crowdfunders on the platform are limited to the information posted by the crowdfundees (Courtney et al., 2017, Stiglitz, 2002). Consequently, a crowdfundee that is located far from the funders and is culturally different from a crowdfunder is less likely to be funded successfully on the crowdfunding platforms (Agrawal et al., 2015, Burtch et al., 2014). Thus, due to information asymmetry, crowdfunding campaigns from emerging economies are less likely to succeed. As a remedy, Courtney et al. (2017) find that a crowdfunding campaign

supported by backers or a third party is more likely to raise the desired funds. Furthermore, Anglin et al. (2019) report that a third party provides positive signals to crowdfunders and, therefore, hugely boosts the chances of funding on a crowdfunding platform. Microfinance institutions (MFIs) are commonly used as a third party in emerging economies. Therefore, prosocial lending crowdfunding has excelled over other categories of crowdfunding in developing countries (Allison et al., 2015, Fleming & Sorenson, 2016).

With the exception of Zidisha, the majority of prosocial crowdfunding platforms that provide microloans in developing economies partner with MFIs. MFIs play an important role in screening the borrowers before they are approved for crowdfunding, to minimise information asymmetry on the crowdfunding platform (Courtney et al., 2017, Anglin et al., 2019). Thus, the MFIs carry out collection and verification of the crowdfundee's information (Flannery, 2009). According to Stein (2002) and Tchakoute-Tchuigoua &Soumaré (2019), information collection and verification is carried out by the loan officers in MFIs. Therefore, loan officers become significant individuals in crowdfunding because, without them, no crowdfunding campaign will be posted on the crowdfunding platform (Flannery, 2009, Thorpe, 2018).

Statement of the Problem

Borrowers' information collection and screening carried out by loan officers in MFIs is essential for crowdfunding. Loan officers in MFIs have mechanisms for obtaining information on borrowers, which helps MFIs make lending decisions. Dorfleitner &Oswald (2016) underline the important role of loan officers in screening and monitoring borrowers to ensure repayment of the loans by showing that the repayment rate in crowdfunding is above the market rate. Consequently, crowdfunding success relies on loan officers' loan approval mechanisms in MFIs, and a successful crowdfunding campaign is essential for funding MFIs' loan applications (Dorfleitner et al., 2019).

Despite the funding opportunities offered by crowdfunding platforms to MFIs, Kiva, one of the largest prosocial crowdfunding platforms, shows a low usage of crowdfunding in emerging economies (Kivatools, 2021). De León &Mora (2017) suggest that low crowdfunding usage may be due to low crowdfunding awareness among individuals, including loan officers. Therefore, the low crowdfunding usage of loan officers as key players in prosocial crowdlending could be

because they are unaware of, or the extent of their awareness of, how crowdfunding functions is low. Therefore, loan officers' crowdfunding awareness is crucial in approving loans for crowdfunding, despite MFIs' affiliation of MFIs with crowdfunding platforms. Furthermore, Sırma et al. (2019) show that respondents who are aware of crowdfunding opportunities are more likely to be innovative because they are aware of how they will fund their entrepreneurial activities. These studies suggest that crowdfunding awareness is essential for individuals to use crowdfunding platforms. Thus, loan officers aware of crowdfunding may be more likely to channel their loans through crowdfunding platforms, consequently improving access to finance. However, little is known about loan officers' crowdfunding awareness and the extent of crowdfunding, and the recent literature on crowdfunding awareness has focused on reward-based crowdfunding. Thus, the objective of this study is to examine the loan officers' crowdfunding awareness, the extent of crowdfunding awareness, and crowdfunding practice.

Literature Review

Theoretical Foundation

This study is founded on the signalling theory, which establishes the link between crowdfunding awareness and practice (Spence, 2002). According to Spence (1973), high-quality prospective employees distinguish themselves from low-quality prospects via the costly signal of rigorous higher education. Therefore, loan officers who are aware of crowdfunding are more likely to outperform those who are not aware of crowdfunding. The signalling theory fits the context of this study as the loan officers must be in a position to pick the right signals from the borrowers to be able to distinguish high-quality prospective borrowers from low-quality prospects. The signalling theory developed by Spence (1973) has been widely used in different contexts to explain how decision-makers under uncertainties rely on the signals of the information available to make investment decisions.

Empirical Literature Review

Studying a reward-based model in the Caribbean, De León &Mora (2017) show that crowdfunding awareness is low among individuals. Using the number of crowdfunding campaigns created as an indicator of

awareness, the study observes that awareness is highest among small business entrepreneurs (35%). The study observes that the lowest awareness levels among creative industries, dance, and comic entrepreneurs indicate below 5% awareness. Also, Soreh (2017) and Vergara (2015) find low crowdfunding awareness when studying reward-based crowdfunding in Nigeria and the Philippines. Vergara (2015) observes that 27% of the respondents have not heard of crowdfunding, and 31% have heard of crowdfunding but do not know what it means. Soreh (2017), following Vergara (2015), observes similar trends in Nigeria. De León &Mora (2017) and Ghazali &Yasuoka (2018) observe a positive and significant influence of social media engagement and crowdfunding awareness. These studies suggest that individuals who use social media are more likely to be aware of crowdfunding. Frydrych &Bock (2018) and Wahjono et al. (2021) find evidence that social media engagement is positively associated with crowdfunding success. Thus, social media engagement not only improves crowdfunding awareness but also improves the funding chances

De León &Mora (2017) also find low crowdfunding usage among individuals; Trinidad and Tobago and Jamaica created 159 and 508 crowdfunding campaigns, respectively. Furthermore, the study shows that there is a correlation between crowdfunding awareness and crowdfunding usage. Consequently, Trinidad and Tobago's participation in crowdfunding has stagnated since the area indicates the lowest crowdfunding awareness. However, in Jamaica, where crowdfunding awareness is higher compared to Trinidad and Tobago, the crowdfunding growth rate is increasing. Similarly, Sırma et al. (2019) conducted a study on reward-based crowdfunding in Turkey, which showed a correlation between crowdfunding awareness and willingness to use crowdfunding. The study suggests that individuals' awareness of crowdfunding is vital in the usage of crowdfunding. The study reveals that the respondents who are aware of crowdfunding are more likely to start innovative projects since they are aware of how their projects will be funded. Furthermore, a study by Ghazali and Yasuoka (2018) shows that the level of awareness is significant on crowdfunding usage. The study reveals that the respondents who are aware of financial technologies are more likely to use crowdfunding. These findings are also supported by Vergara (2015); the study reveals that there is a significant gap in crowdfunding awareness and usage, implying that, as the level of knowledge on crowdfunding increases, the likelihood of usage increases as well. Therefore, the study suggests there is a positive association

between crowdfunding awareness and its usage. Thus, suggesting crowdfunding usage may be impeded by the loan officers' awareness of crowdfunding. This means that, if the loan officers are not aware of crowdfunding, they are less likely to use it and, thus, may reduce borrowers' access to finance. However, these studies have focused on reward-based crowdfunding and thus, little is known on crowdfunding awareness and the likelihood of a loan officer approving a loan for crowdfunding.

Therefore, the loan officer's decision to channel the loan application to a crowdfunding platform may be influenced by the loan officers' awareness of crowdfunding practice. However, less attention has been given to loan officers' crowdfunding awareness. Most scholars that studied crowdfunding awareness have focused on the reward-based model (De León & Mora, 2017, Ghazali & Yasuoka, 2018, Vergara, 2015). Nevertheless, these studies show that there is low awareness of crowdfunding in developing nations. However, the prevailing conditions for reward-based model are different to the conditions in prosocial crowdfunding, thus warranting a similar study in other crowdfunding models.

Several empirical studies have explored the motivations driving individuals to participate in crowdfunding campaigns. For example, research by Agrawal et al. (2015) found that financial motivations, such as the potential for financial returns or access to investment opportunities, were significant drivers of crowdfunding participation. Similarly, Belleflamme et al. (2015) identify altruistic motives, such as supporting creative projects or social causes, as important factors influencing backers' decisions to contribute to crowdfunding campaigns.
Empirical studies have also examined the role of perception in crowdfunding participation. (Mollick, 2014) found that crowdfunders' perception of entrepreneurs as being trustworthy and having a reputable platform positively influenced crowdfunders' willingness to contribute to crowdfunding campaigns. Conversely, perceived project risks, such as concerns about project failure or fraudulent activities, negatively impacted backers' intentions to participate. Similarly, Hornuf, & Schwienbacher (2018) observe that the perception of crowdfunding platforms' trustworthiness and project transparency significantly influenced crowdfunders' investment decisions. Entrepreneurs' willingness to participate in a crowdfunding campaign has also been studied by (Ghazali & Yasuoka, 2018).

Methodology

Sample and Procedure

This study was positioned under a positivist research philosophy to study loan officers' crowdfunding awareness and practice. Therefore, it is a quantitative study. Thus, to carry out the objectives of the study, a cross-sectional survey was employed to collect data on crowdfunding awareness, the extent of awareness, and crowdfunding practice in Tanzania, focusing on loan officers in MFIs. The cross-sectional survey was deemed necessary due to the lack of secondary data on crowdfunding awareness and practice. The study selected loan officers in MFIs registered by Kiva as field partners.

The population of this study was the loan officers in the MFIs that are on the Kiva field partners' platform. The population of loan officers was 520, which is the total number of loan officers in the 13 MFIs that are engaged with Kiva. The study requested the names of the loan officers from their respective human resources officers to create a sampling frame. Yamane's (1967) formulae was employed for the calculation of the sample size used for the study. According to Yamane (1967), the size of the sample should be $n= N/1+N(e^2)$, where N is the population size and *e* is the margin of error. For this study, the margin of error is 0.05 and therefore, the sample size is expected to be 227. Thereon, a weighted average was used to determine how many loan officers each MFI contributed to the study. Since the loan officers' supervisors formed 16% of the population, the same rate was maintained in the sample, that is, the strata of the loan officers gave the remaining 84%. Thus, from the strata of loan officers, 191 officers were randomly selected from 437, and the like was done for the strata of supervisors. Henceforth, a sample of 227 was arrived at.

Table 2: *Stratum and sample size*

Stratum	Frequence	Sample size
Supervisor	83	36
Loan officers	437	191
Total	520	227

Measures and Data Analysis

Awareness examines loan officers' consciousness on crowdfunding as a financial mechanism. Thus, we measured crowdfunding awareness as a binary variable 0 for officers who were not aware of crowdfunding and 1 for those who were aware of crowdfunding (Vergara, 2015). Furthermore, we examined the extent of crowdfunding awareness by using a five-point Likert scale ranging from very low to very high levels of awareness. Follow-up questions were set to test the loan officers' awareness of crowdfunding platforms and sources of crowdfunding awareness. Furthermore, loan officers' awareness of crowdfunding platform criteria was measured as a binary 0 for not aware and 1 for awareness. The extent of awareness of platform criteria was measured on a five-point Likert scale from very low to very high. Gender was measured as 0 for males and 1 for females. Age was measured as a range in the number of years of the respondents from less than 30 to 50 to 60 years. Education level was measured as the highest level of education attained; it was ordered from secondary education to master's degree. Job rank was a binary variable 0 for loan officers and 1 for supervisors. The experience was measured in the number of months served.

Data were to be collected from 227 respondents; thus, the questionnaire was a suitable data collection instrument because it is useful in collecting data from a large sample (Hair Jr et al., 2019). The study used closed-structured questionnaire that enabled the conduct of a self-completion survey. The questions in the questionnaire that aimed to collect data on awareness were adopted from Vergara (2015) and Ghazali &Yasuoka (2018). The questionnaire had three major parts. First, we tested the awareness of the loan officers on crowdfunding. We began by examining if the respondents were aware of crowdfunding and then went further to examine the extent of crowdfunding awareness. In the second part, we examined the perception of the loan officers on crowdfunding and finally, we examined the loan officers' crowdfunding practice.

We dropped and picked up the copies of the questionnaire in person, which enabled the researcher to provide help to the respondents who needed it. Emails or Internet could have worked out in the same manner as drop off/pickup, but unfortunately, the researcher wasn't allowed to contact the loan officers except in the MFIs premises. All the copies of the questionnaire were collected through the HRs office. This collection process enhanced a high collection rate of the copies of the questionnaire. After the completion of the collection, the copies of the

questionnaire were all numbered, and the numbers where used ID of the respondents in the data entry. After the completion of data collection, all the responses in the questionnaire were coded and recoded, using IBM SPSS. Thereafter, descriptive analysis was carried out in STATA 17.

A pilot test of the questionnaire was conducted on a sample of 20 people to test if the questions were clear and simple to respond to, and to assess the validity and reliability of each question in terms of obtaining the needed information. Fieldwork took place from June to October 2022, and the data were collected from 227 loan officers.

Findings And Discussion

Data analysis included data entry, data preparation, and descriptive analysis. Data preparation was carried out after the fieldwork, and all 227 copies of the questionnaire were recorded, using Statistical Package for the Social Sciences (SPSS) software. Thirty-three (33) respondents who responded to the questions that aimed to test if they were reading and understanding the question before they responded were left out of further analysis. After that, a descriptive analysis was carried out in STATA.

Before further analysis, the study conducted a reliability test, using Cronbach alpha coefficients. The scale of the instrument used in this study is 0.71, and thus, the measurement scale in this study reliably measured the constructs under study. This is supported by Hair Jr et al. (2019) who suggest that a scale of 0.7 is significant and, thus, the instrument is reliable.

Crowdfunding Awareness

Despite Flannery (2009) suggesting that Kiva trains loan officers on crowdfunding, Table 2 shows that only 55.70% of the sampled loan officers are familiar with crowdfunding. This finding is lower compared to 87.2% awareness of reward-based crowdfunding in Canada (Factory, 2012). This result may be an outcome of employee turnover as the World Bank data shows that MFIs have the highest turnover rate among financial institutions (Bank, 2021), thus suggesting that those trained by Kiva, as suggested by Flannery (2009), might have left the MFIs.

Table 3: *Descriptive analysis and pairwise correlation matrix*

Variable	Obs	Mean	Std. Dev.	Min	Max	(1)	(2)	(3)	(4)	(5)
(1) CF_awar	194	.557	.498	0	1					
(2) Gender	194	.639	.481	0	1	0.109				
(3) Age	194	1.304	.572	1	4	0.312*	0.005			
(4) Edu_level	194	3.521	.923	1	5	0.189*	0.041	0.366*		
(5) Job_rank	194	.155	.362	0	1	0.296*	0.035	0.397*	0.176	
(6) Exp	194	24.294	20.702	1	120	0.542*	0.113	0.653*	0.328*	0.668*
** shows significance at p<0.01*										

Looking at the demographic characteristics, we find that it is largely populated by female loan officers (63.90%). Furthermore, we observe a negative association between gender and crowdfunding, though the association is not significant at 1% or 10%. This suggests that female loan officers are negatively associated with crowdfunding. Studies show that female loan officers are more socially oriented than their male counterparts; thus, they would be better suited for crowdfunding. However, this finding indicates that they are less likely to use crowdfunding since they are less likely to be aware of it.

The age of the respondents was measured in four groups, beginning with less than 30 to between 50 and 60 years of age. Table 2 above shows that the average age of loan officers in MFIs is less than 30 years; this may be attributed to the fact that MFIs have one of the highest turnover rates (Bank, 2021). Furthermore, we find a positive and significant association between crowdfunding awareness and age, suggesting that, as loan officers age, they are likely to be aware of crowdfunding. However, this is challenged by the turnover rates in MFIs; thus, crowdfunding awareness needs to be created among young loan officers for them to be able to exploit the opportunities in crowdfunding.

Education level was measured by the highest certificate attained by the loan officer, beginning with a secondary school education to a master's degree. The findings show an average of 3.5, suggesting that the majority of the loan officers have attained a university degree. As suggested by Spence (1973), the findings show that loan officers can be more productive as their education levels increase. Furthermore, we find

a positive and significant association between loan officers' education levels and crowdfunding.

We also find that supervisors make up only 15.50% of the sample. However, the findings show a positive and significant association between awareness and being a supervisor. Although their number is small, they are likely to be aware of crowdfunding. It could be because they are more associated with the management or that they have more experience than ordinary loan officers.

Experience was measured by the number of months the loan officers have served in the MFIs. Table 1 above shows that, on average, the loan officers have served 24 months; this may be the product of turnover in MFIs. Furthermore, we find a positive association between experience and crowdfunding awareness. However, studies show that loan officers do not stay for long in MFIs, as shown in this study.

We also examined the extent of crowdfunding awareness by asking questions that aimed at testing the respondent's knowledge. First, we began by asking the respondents to rate the level of crowdfunding understanding from very low to very high. The results in Table 3 show that 53.70% of the respondents rated their understanding of crowdfunding as very low. Looking at cumulative frequencies, we find that 81.48% rated their understanding of crowdfunding as low or very low, which suggests the majority of the respondents' knowledge of crowdfunding is low. Despite the study showing that 55.67% of the respondents are aware of crowdfunding, they rated their awareness as low. Therefore, their ability to effectively use crowdfunding is low. These findings are also supported by De León &Mora (2017) who show a low level of understanding of crowdfunding in the Caribbean, which leads to low usage of crowdfunding.

Table 4: *Crowdfunding understanding*

Crowdfunding understanding	Freq.	Percent	Cum.
Very low	58	53.70	53.70
Low	30	27.78	81.48
Moderate	10	9.26	90.74
High	9	8.33	99.07
Very high	1	0.93	100.00
Total	108	100.00	

When we examined the respondents' understanding of crowdfunding platforms, Table 4 shows that, out of those who indicated that they were aware of crowdfunding, only 39.81% understood the crowdfunding

platform as defined by scholars such as Mollick (2014), and 33.33% perceived crowdfunding platforms as a donor's website. The remaining 26.85% did not know a crowdfunding platform. Therefore, 60.81% are likely not to use a crowdfunding platform or use it wrongly.

Table 5: *Crowdfunding platform understanding*

Crowdfunding platform understanding	Freq.	Percent	Cum.
Donor's website	36	33.33	33.33
A website where investees and investors interact	43	39.81	73.15
I don't know what CFP is	29	26.85	100.00
Total	108	100.00	

Therefore, despite 55.70% reporting that they were aware of crowdfunding, only 39.81% of the respondents who were aware of crowdfunding understood the crowdfunding platform, and Table 5 shows that 33.33% failed to mention at least one crowdfunding platform. These findings are in line with and Vergara (2015) and Soreh (2017), where the majority of the respondents had little knowledge of crowdfunding platforms when studying reward-based crowdfunding. This finding suggests that loan officers will use crowdfunding less since their level of awareness is low.

Table 6: *Respondents mention a crowdfunding platform*

Mention a crowdfunding platform	Freq.	Percent	Cum.
Does not mention	36	33.33	33.33
Mentions at least one platform	72	66.67	100.00
Total	108	100.00	

In a further analysis of crowdfunding platforms, we asked if the respondents were aware of crowdfunding platform criteria for funding a loan and Table 6 shows that 53.70% of those who indicated that they were aware of crowdfunding are not aware of crowdfunding platform criteria. This suggests that the loan officers may not use the platforms, or they may approve a loan for crowdfunding the same way they do for conventional lending, thus rejecting a loan that would have been funded in the crowdfunding platform (Iyer et al., 2016).

Table 7: *Respondents' awareness on crowdfunding platform criteria*

Awareness of crowdfunding platform criteria	Freq.	Percent	Cum.
No	58	53.70	53.70
Yes	50	46.30	100.00
Total	108	100.00	

Furthermore, we asked those who indicated that they were aware of crowdfunding platform funding criteria to rate their understanding. The results in Table 7 show that the majority (78%) of the loan officers rated their knowledge of crowdfunding platform criteria as low (32%) or very low (46%). Thus, according to De León &Mora (2017) and Sırma et al. (2019), these loan officers are less likely to use the crowdfunding platform despite their awareness

Table 8: *Respondents' CFP criteria understanding*

Understanding of CFP criteria	Freq.	Percent	Cum.
Very low	23	46.00	46.00
Low	16	32.00	78.00
Moderate	4	8.00	86.00
High	7	14.00	100.00
Total	50	100.00	

Crowdfunding Perception

To study loan officers' crowdfunding perception, we asked them how they viewed crowdfunding approval. We began by testing if the loan officers regarded crowdfunding as an additional workload. Examining the cumulative frequencies, Table 4 shows that 69.44% of the loan officers perceive crowdfunding as adding an extra workload. This suggests that the loan officers are likely to avoid crowdfunding practice to avoid the additional workload, consequently reducing crowdfunding usage and thus the funding chances of borrowers.

Table 9: *Respondents' perception of CF approval workload*

Perceive CF approval adds extra workload	Freq.	Percent	Cum.
Strongly agree	24	22.22	22.22
Agree	51	47.22	69.44
Neutral	2	1.85	71.30
Disagree	31	28.70	100.00
Total	108	100.00	

We further examined whether the respondents perceived crowdfunding as difficult. Table 9 shows that 65.74% perceive crowdfunding as difficult. Therefore, this perception may discourage crowdfunding approval among loan officers, reducing borrowers' funding chances.

Table 10: *Respondents' perception of CF as difficult*

Perceive CF approval is more difficult	Freq.	Percent	Cum.
Strongly agree	15	13.89	13.89
Agree	56	51.85	65.74
Neutral	2	1.85	67.59
Disagree	35	32.41	100.00
Total	108	100.00	

Crowdfunding Practice

Crowdfunding campaigns are carried out on online platforms where crowdfundees and crowdfunders interact (Cumming et al., 2015, Mollick, 2014). However, due to information asymmetry, crowdfundees may need a third party; thus, in developing economies, crowdfundees need MFI endorsement to be posted on the platform. However, we found a different practice: 82.41% of the respondents indicated that borrowers are approved for crowdfunding internally, and then they are approached for consent to be published online. This finding is contrary to Anglin et al. (2019) which suggests that MFIs are used as endorsing partners due to information asymmetry (Allison et al., 2015, Pierrakis, 2019). These findings agree with Dorfleitner et al. (2019) that the MFIs use Kiva to refinance rather than as an endorsing partner for peer-to-peer lending.

Furthermore, we asked if the respondents had ever taken part in crowdfunding activities. Despite 55.70% of the respondents being aware of crowdfunding, only 23.71% had participated in crowdfunding campaigns. This shows that there is a low level of crowdfunding practice among MFIs in Tanzania, as the majority of the respondents do not take part in crowdfunding despite their MFIs being registered as Kiva. The low crowdfunding usage may be attributed to the low levels of understanding of crowdfunding, as the majority of the respondents in this study have indicated that they have a low crowdfunding awareness.
Additionally, we asked about the role they took in the crowdfunding campaign; Table 10 shows that 97.83% worked on screening and approving loans for crowdfunding, and 2.17% reported that they worked as data entrants. This finding is consistent with Flannery (2009) who says

there will be a Kiva data entrant in the MFIs. This means the rest of the loan officers will be working on screen loans that will be uploaded to the platform.

Table 11: *Role in crowdfunding participation*

Role in CF participation	Freq.	Percent	Cum.
Data entrant	1	2.17	2.17
Screening and Approval	45	97.83	100.00
Total	46	100.00	

Conclusion and Recommendations

The study reveals a significant gap in crowdfunding awareness and understanding among loan officers in microfinance institutions (MFIs) in Tanzania. Despite claims of training by Kiva, only 55.70% of loan officers are familiar with crowdfunding, a stark contrast to the 87.2% awareness of reward-based crowdfunding in developed economies (Factory, 2012). High turnover rates in MFIs, which likely contribute to this gap, suggest that trained personnel may have left. The data indicate that younger loan officers, who make up the majority of the sample, are less aware of crowdfunding. Nonetheless, those with more experience and higher education levels are more likely to be aware. However, overall understanding of crowdfunding platforms and criteria remains low, with 53.70% of the respondents rating their understanding as very low. This lack of knowledge and perception of crowdfunding as an additional workload and a difficult process likely discourages loan officers from engaging in crowdfunding activities, thereby limiting the funding opportunities for borrowers.

Low crowdfunding awareness impairs loan officers' usage of crowdfunding platforms, consequently diminishing entrepreneurs' chances of accessing finance on crowdfunding platforms via MFIs. Thus, this study recommends that MFIs should invest in regular and comprehensive training programmes that cover all aspects of crowdfunding, including platform mechanics, borrower evaluation, risk management, and emerging trends in the industry. This will ensure that all loan officers, regardless of their current level of awareness, are equipped with the necessary knowledge and skills to evaluate and approve crowdfunding projects effectively.

Moreover, MFIs should design specialised training modules tailored to the needs of loan officers at different career stages and with different

educational backgrounds. This will ensure that all loan officers receive relevant and practical knowledge to enhance their crowdfunding awareness. Integrate comprehensive crowdfunding modules into the existing professional development programmes for loan officers. This ensures that all loan officers receive consistent and relevant information about crowdfunding regardless of their current awareness level. Furthermore, MFIs ensure equitable access to training sessions for all loan officers. This may involve offering flexible training schedules, online learning platforms, and targeted outreach to ensure that those who have not yet attended training sessions are given the opportunity to do so. Finally, policy-making institutions should advocate the inclusion of crowdfunding topics in business and finance educational programmes in universities and colleges to better prepare future loan officers for the evolving landscape of microfinance and alternative lending.

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