

ABSTRACT

There are several micro-credit lending institutions in Tanzania extending financial services to low income earners. Many folks take up small and easily repayable loans with the desire to improve on their welfare, and that of their family members. This study examined the impact of microfinance on community welfare with Arusha Municipality as a case study. Combinations of purposive and convenient sampling methods were used to select the Microfinance Institution and the clients for the study. The main data collection methods were in-depth interviews and questionnaire. It was found out that; the use of microfinance improves the welfare of people and that of their household members in general. Among other things it has helped them to improve their petty trading, hence increase in their income, and subsequently led to good health and education for their families and acquisition of assets. Based on the findings it was recommended that; the management of MFIs should stretch further to rural areas so as to be able to serve the needs and wants of the rural business men.

