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Customer Acquisition Strategies and Performance of Microfinance Institutions. A Rwandan View Point And Experience

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ABSTRACT
Creating persistent customer relationships has been a challenge for MFIs in Rwanda due to the growing competition caused by emergence of foreign banks that attract customers through striking promotional rewards. This study sought to achieve the objectives of finding out the customer acquisition strategies implemented by MFIs in Rwanda, analyzing the level of performance of Microfinance institutions in Rwanda, the relationship between customer acquisition strategies, and performance of MFIs in Rwanda, and establishing the threats faced by Rwandan MFIs in implementation of customer acquisition strategies.The qualitative and quantitative approaches are applied, and target population was 103 employees from employees of CLECAM Ejo Heza and CPF Ineza while the sample size was 51 respondents. The findings indicated that the 56.9% respondents were males, while 43.1% of respondents were females. Findings on the customer acquisition strategies in CLECAM Ejo Heza and CPF Ineza indicated table 7.1 that show there is an increase in the visibility of MFIs on social media confirmed by 84.4%. CLECAM Ejo Heza and CPF Ineza in Muhanga District become a master at managing online reviews such as engage with banking customers through email marketing, TV advertisement confirmed by 60.8%. CLECAM Ejo Heza and CPF Ineza are engaging with the happiest customers to drive referrals (transfers) like developing a customer referral program confirmed by 70.6% respondents. Findings on the level of performance of CLECAM Ejo Heza and CPF Ineza were presented on table 4.7 that confirmed that loan portfolio quality measure repayment rates, portfolio quality ratios, and loan loss ratios confirmed by 82.4%; productivity represents the volume of output for given inputs of business confirmed by 84.3%; and productivity and efficiency in MFIs serve to compare performance overtime and show improvements confirmed by 80.4%. The effect of customer acquisition confirmed on the table 4.17 that shows customer acquisition strategies influence on r^2= .601 as high level for the performance of CLECAM Ejo Heza and CPF Ineza within R-Square change of 0.361. CLECAM Ejo Heza and CPF Ineza should organize the special training to staff for handling the issue of lack of the specialized skills to address tax and financial accounting.

KEY WORDS: *customer acquisition strategies, performance, microfinance*

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I. INTRODUCTION

Customer acquisition in the financial sector is a very useful aspect for the growth and performance of banking institutions. To increase the acquisition of customers for banking institutions means increasing deposits, savings and borrowings in the customers. Thus, an assumption can be made that financial institutions have acquired an increase of customers number outperform those that have less numbers (Ahmad and Buttle, 2002). Furthermore, the banking institution especially MFI that fails to win and retain their customers always have the issues of lessening market share, incomes and stockholder value. This has opposing effects on its financial performance. So, microfinance institutions need to acquire number of customers to achieve the competence, but the need to acquire more customers for banking institutions may diverge from one institution to another (Zopounidis, 2012).

Titko, and Lace, (2010) say that the viable supremacy and survival of banking institutions lie on the degree of their abilities to acquire the customers. This suggests that the financial institutions have to strive hard for acquiring the customers, and unceasingly encouraging the potential customers to join the bank. On the other hand, they have customers who are always looking for value for their cash where their choice to join a financial institution is mainly to benefit the best services.

According to Strategic Direction report (2007) strengthening the desirable relationship between the financial institution and its customers, necessitates quality service that satisfactorily meets and exceeds customer expectations. Satisfaction in this context therefore is looked as a crucial concern for both customers and financial institutions. Hence, the commercial banks target only high income people and they do not need to have big numbers of low income customers as this is became an opportunity to MFIs for attracting these customers through mobilization. Hence, the plans used to attract customers including provision of striking promotions, advertisement through social media, creating stable customer relationships, among many others (Alison, *et al.,* 2015).

The financial institutions have acquired customers by using different measurements included by the number of savings accounts, number of term deposits accounts, and number of debtors/borrowers. The reason to adopt these measurements are to give an indication that a customer was acquired and actually banking with the financial institutions. The banks that have obtained many active customers are assumed to financially outperform those that have not (Loguel, 2016). Much of literatures exist on the financial sector where most of them talk about commercial banks in particular which create the gap knowledge to microfinance institutions. Hence, this study intends to analyse how customer acquisition strategies influence the performance of microfinance institutions in Rwanda.

II. RESEARCH PROBLEM

Customer acquisition and management is assumed to be a significant factor for the performance of MFIs. The capacity of customers to save and make deposits help the organization to mobilize cheap fund to invest in short-term and long-term loans. Hence, the commercial banks want to acquire the customers might be determined by the specific characteristics of customers that are targeted whereas MFIs target all categories of customers (Verrinder *et al.,* 2015). Customer acquisition and management has been challenging to capture new customers for financial markets because the market for financial products has increasingly became crowded now than ever. The quite challenging is for Microfinance institutions to acquire new customers because they are not as aggressive in their advertising strategies as commercial banks which have more resources and trust in the communities. So, it is quite attractive to know how MFIs acquire customers in a very competitive atmosphere to endure activities and achieve on the performance (Grayson, 2016).

Financial analysis of microfinance institutions in Rwanda highlights that there has been anarchical creation of MFIs between 2003 and 2005. This generated worries at all levels because of non-compliance with regulations into force by MFIs, given that they started to operate without prior authorization by the monetary authority, unprofessional hostile competition such as customer acquisition strategies, and poor internal organization that led to undiscovered mismanagement and loss of confidence (Innocent, M., 2012). For creating persistent customer relationships has been a challenge for MFIs in Rwanda due to the growing competition caused by emergence of foreign banks that attract customers through striking promotional rewards that are temporary (Access to Finance Rwanda, 2017). In this context, this research paper analyzed the extent to how customer acquisition strategies are affecting the MFIs performance.

III. PURPOSE OF THE STUDY

It is to investigate the extent to which customers in Rwanda customer acquisition strategies affect MFIs performance in Rwanda. The high extent of customer acquisition obviously reveal that the financial institution has been able to mobilize enough savings and deposits that can allow them to provide loans at an attractive rate to the esteemed customers to enhance financial performance. This study also aims at establishing a link between customer acquisition and performance of the microfinance institutions in the study area. Correlating customer acquisition strategies with financial performance reveals whether acquisition of customers is a key determinant of financial performance particularly for microfinance institutions in Rwanda. Specifically the study seeks to achieve the following objectives

i. To find out the customer acquisition strategies implemented by MFIs in Rwanda
ii. To analyse the level of financial performance of Microfinance institutions in Rwanda
iii. To analyse the relationship between customer acquisition and financial performance of Microfinance institutions in Rwanda
iv. To establish the threats faced by Rwandan MFIs in implementation of customer acquisition strategies

IV. LITERATURE REVIEW

4.1 Customer acquisition strategies in Banking Sector

Customer acquisition has been one of the major challenges facing banks. Banks have very few profitable customers to source and many banks competing. During acquisition of customers, it is normal practice to target the mass market in the hope that some of them become customers without giving a thought that end of the day most of the customers may turn out to be non-profitable ones (Farquhar, 2004).

Customer acquisition is the process by which you bring new clients or customers to your business is customer acquisition. The goal, for any company, is to create sustainable and systematic customer acquisition strategies that keep up with industry trends. Regardless of the size of your business, this is a very important aspect of running a business besides helping you turn a profit. It also acts as evidence of traction for your business to the outside world of partners, investors, influencers, and prospects (Ladhari *et al.*, 2011).

Increase your visibility on social media

Today's banking consumers typically begin their investigation online. But it won't take much time for them to make a decision. According to a local search study, 53 percent of users typically visit a business within 48 hours of search. If you can build a high-quality social media presence, your bank can achieve greater visibility in the eyes of those searching for new institutions and providers.

Become a master at managing online reviews

Online customer reviews can impact your search engine performance, affect your brand reputation, and determine your ability to win new customers. According to finance industry research, online reviews are five times more influential than TV advertisements and six times more influential than social media advertisements. This makes online reviews management an important component of any successful customer acquisition banking strategy.

Understand the multichannel experience

For a banking customer acquisition strategy to work, you must first understand which channels are most relevant to your target customer. After all, you don't want to waste your time and money on the wrong channel or customer acquisition tactic. There isn't a single correct answer here. Like in other sectors, consumers may switch from one channel to another on their way to making a purchase decision. Digital channels are important, but branches still play a big role. Recommendations from friends and family can be very influential, but so can traditional marketing and brand-building tactics.

Demonstrate thought leadership through content

Great thought leadership content is a great way to capture your potential customer's attention and trust. You're in an industry that's always changing, so there are always numerous financial topics you can talk about. Don't just aim to sell, though. Create compelling educational and meaningful content that shows you're an industry leader.

Engage with your happiest customers to drive referrals

In banking, recommendations from family and friends are powerful customer acquisition drivers. It therefore makes sense to develop a customer referral program. This incentivizes your best and happiest customers to refer their friends and family to your business. It's a low-cost, high-ROI banking customer acquisition strategy. (The acquisition costs for these referred customers will also be lower than normal acquisition.)

Invest in customer-centric transformation

Customer experience more so than digital strengths, rewards program, or coverage options could be the key for banks that prioritize customer acquisition. By providing an effective, easy, meaningful, and effortless experience, your bank can attract more customers without inflating customer acquisition costs. Your entire organization, from the C-suite to the frontline, must therefore focus on becoming more customer-centric. Reengineer your sales, service, and marketing strategies based on customer feedback (Zablah *et al.*, 2005).

4.2 Microfinance Institution Performance

According to Copeland *et al.*, (2004) performance means a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The financial performance is as a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. Donors, practitioners and consultants often determine the efficiency, viability and outreach of micro finance operations by calculating performance indicators (Barres *et al.*, 2005). The performance indicators are loan portfolio quality, productivity and efficiency, financial viability, profitability/sustainability, leverage and capital adequacy and scale, outreach and growth.

Loan Portfolio Quality

Loan portfolio quality provides information on the percentage of non-earning assets which in turn decrease the revenue and liquidity position of MFI. Various ratios are used to measure loan portfolio quality and to provide information about the portfolio, even though all are referred to as portfolio quality ratios. The ratios are divided in three areas: repayment rates, portfolio quality ratios, and loan loss ratios (Ledgerwood, 1999).

Productivity and efficiency ratios

MFIs can establish whether or not they are optimising their use of resources by calculating and comparing productivity and efficiency ratios. Productivity represents the volume of output for given inputs or simply the volume of business that is generated of given resources or assets. Efficiency shows how good at managing costs are the MFIs (Ledgerwood, 1999).

Financial Viability

Financial viability refers to the ability of MFI to cover costs with earned revenue where to be financially viable, MFI cannot rely on donor funding to subsidize on its operations. To determine financial viability, self-sufficiency indicators. There are usually two levels of self-sufficiency against which MFIs are measured: operational self-sufficiency and financial self-sufficiency.

Profitability or Sustainability Ratios

The structure of an MFI’s balance sheet is taken into account to be able to measure sustainability or profitability ratios. The MFI’s net income is expressed in relation to the structure of its balance sheet. Sustainability ratios indicate to investors and managers that they are or they are not earning an expected return on the funds invested in the microfinance institution (Ledgerwood 1999).

Leverage and Capital Adequacy

Leverage expresses the extent to which MFI uses borrowed money in relation to its level of equity. It shows of how many additional funds can be outsourced from money lenders sources for every amount of funds owned by an MFI. Capital adequacy shows the MFI amount of capital relative to its assets.

Scale and Depth of Outreach Indicators

Many MFIs collect not only data related to financial performance indicators but they also collect data on their client base and the scale of their activities including the number of clients served and the types of instruments, the depth of outreach including categories of clients reached and their level of poverty (Ledgerwood, 1999).

4.3 Effect of Customer Acquisition strategies on performance of MFIs

Swati Vashishtha *et al,* (2016) study new customer acquisition by a retailer: a conceptual paper. The Indian retail market is rising and so is the challenge to attract a customer. Customer has unlimited retail options to look for his desired product and make the purchase decision. Getting a new customer or a potential buyer is certainly important to enhance profitability. Consequently there is a need to understand the efforts employed by the retailer to acquire a new customer. This manuscript was written with the purpose to understand the retailer’s efforts towards new customer acquisition through a secondary data review of past research work. Based on the review various variables have been identified to determine the perception of a retailer towards new customer acquisition. The impact of these concepts on new customer acquisition needs further deliberation and research. The study proposes a model that would through an empirical deliberation find the gap between dimensions of retailer’s perception of new customer acquisition and the consumer’s dimensions of store choice. However, the future research needs to test the model and to know the customers response towards these efforts made by the retailers and to ascertain the success of these efforts from the point of view of the retailer.

Marcel, *et al.,* (2015) study customer relationship management and firm performance: revisiting the case of the Camccul microfinance institutions. Customer Relationship Management (CRM) has become a comprehensive strategy of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. It is a mutually beneficial relationship built upon a foundation of trust and loyalty through marketing, customer service, and relationship programs. This study re-examines the link between CRM and the performance of Microfinance Institutions in the Republic of Cameroon. The fierce competition of MFIs in today’s business environment has forced them to seek long-term profitable relationship with customers and retain them. We used a multiple regression model to regress some measure of performance on variables representing CRM practices namely, customer satisfaction, and computerized management of customer relationship, customer retention, and financial bonding. The main finding of this study is that contrarily to a previous study the computerized management of customer relationship so far does not have positive impact on performance

V. CONCEPTUAL FRAMEWORK

Commencing with a review of extant literature, we develop a framework connecting the bank service quality, customer relationship management, switching barriers and loyalty rewards as factors of customer acquisition. In defining customer acquisition strategies, we follow study of Keiningham et al., (2007) to explain the word as customers' stated continuation of a business relationship with a firm. Thus, customers' continuation of an account relationship with MFIs. The focal point of our framework is to examine the main effects of each of the four independent variables on performance of MFIs. The conceptual framework is shown in figure 1 as follows

VI. STUDY METHODOLOGY

In respect of this study, the qualitative and quantitative approaches are applied. It is qualitative approach where it shows the quality of data to be collected for better understanding of the current phenomenon under investigation from MFIs of Muhanga District. In terms of quantitative, the study shows statistical analysis to the customer acquisition strategies implemented by MFIs in Rwanda, to analyze the relationship between customer acquisition and financial performance of Microfinance institutions in Rwanda using SPSS software version 20.0. The population was 103 employees from both CLECAM Ejo Heza and CPF Ineza

6.1 Sample size and Sampling technique

The sample size of this study is 51 respondents from both selected MFIs in Muhanga District. For selecting sample, the study employed stratified and random sampling techniques.

6.2 Data Analysis Procedures

The research adopted qualitative research which was primarily exploratory research. It was used to gain an understanding of underlying reasons, opinions, and motivations. It provided insights into the problem or helps to develop ideas or hypotheses for potential quantitative research. Qualitative research is also used to uncover trends in thought and opinions, and dive deeper into the problem. Qualitative data collection methods vary using unstructured or semi-structured techniques. Descriptive Statistical was used to describe the extent to how customer acquisition influences financial performance of MFIs. It is in that case descriptive statistical shows the frequency, percentages, and cumulative percentage. Linear regression analysis was used in analysis

VII. RESULTS AND DISCUSSIONS

The results and discussion for the analysis of customer acquisition strategies on performance of microfinance institutions in Rwanda done in four sections included by analysis of customer acquisition strategies used by CLECAM Ejo Heza and CPF Ineza, analysis of MFIs performance, and effect of customer acquisition strategies on MFIs performance, and discussion of research findings**.**

Gender distribution of respondents in CLECAM Ejo Heza and CPF Ineza in Muhanga District. The 56.9% respondents were males, while 43.1% of respondents were females. **D**istribution of respondents by ages where the 45.1% of respondents were aged between 21 and 30 years; the 31.4% of respondents were between 31 and 40 of years. The respondents who have the ages between 41 and 50 years were the 13.7% of respondents. The 9.8% of respondents had 51years and above. The 56.9% of respondents were married while the 43.1% respondents were the single who worked with MFIs. These categories of people were stable to work with the funds management of CLECAM Ejo Heza and CPF Ineza.

The respondents' experiences in CLECAM Ejo Heza and CPF Ineza determined by 15.7% of respondents had less than 1year of experience in customer acquisition. The 54.9% of respondents are between 2-3years of experience while the 29.5% respondents had the experience between 4-6years of experiences.

7.1 Analysis of Customer Acquisition Strategies used in CLECAM Ejo Heza and CPF Ineza

Table 1: customer acquisition strategies used in CLECAM Ejo Heza and CPF Ineza

Customer acquisition strategies of CLECAM Ejo Heza and CPF Ineza	SA		A		N		D		SD	
	fi	%	fi	%	fi	%	fi	%	fi	%
Increase the visibility of MFI on social media	24	47.1	19	37.3	4	7.8	3	5.9	1	2.0
Become a master at managing online reviews	18	35.3	13	25.5	17	33.3	2	3.9	1	2.0
Understand the multichannel experience	19	37.3	21	41.2	7	13.7	3	5.9	1	2.0
Demonstrate thought leadership through content	14	27.5	25	49.0	7	13.7	3	5.9	2	3.9
Engage with the happiest customers to drive referrals	15	29.4	21	41.2	9	17.6	4	7.8	2	3.9
Invest in customer-centric transformation	21	41.2	17	33.3	6	11.8	6	11.8	1	2.0

Source: *Data from field, (2020)*

Findings on the customer acquisition strategies used in CLECAM Ejo Heza and CPF Ineza. According to the perceptions from respondents from both MFIs *"CLECAM Ejo Heza and CPF Ineza*" indicated that there is an increase in the visibility of these MFIs on social media like build a high-quality social media presence, post regularly on your social media profiles, Share high-quality content about what's happening in the industry like trends, security practices, investment opportunities and simplifying access for potential banking customers and making it easy for current customers to encourage referrals to your business as customer acquisition were confirmed by more than 84.4% of respondents. Some of the respondents also confirmed that CLECAM Ejo Heza and CPF Ineza in Muhanga District become a master at managing online reviews such as engage with banking customers through email marketing, TV advertisement, social media ads, business social media posts and also active in protecting bank brand reputation as confirmed by 60.8% of respondents from these MFIs. For stimulating customer acquisition, CLECAM Ejo Heza and CPF Ineza in Muhanga District used to understand the multichannel experience such as all digital like online, mobile, online video; TV, Email, Newspaper, radio, magazine, outdoor, and etc. as more than of 78.4% of respondents. CLECAM Ejo Heza and CPF Ineza demonstrate thought leadership through content such as talking about new areas of investment opportunities, online banking safety practices, emerging digital tools and trends and pack the content with search-engine-friendly keywords and calls-to-action the customers as 76.5% respondents. CLECAM Ejo Heza and CPF Ineza are engaging with the happiest customers to drive referrals (transfers) like developing a customer referral program by starting a newsletter campaign as confirmed by 70.6% respondents as the great way to leverage that, nurturing these MFIs relationships with happy customers and empowering them to refer their business to others. These MFIs invest in customer-centric transformation by providing an effective, easy, meaningful, and effortless experience, and also CLECAM Ejo Heza and CPF Ineza attract more customers without inflating customer acquisition costs as confirmed by 74.5% of responden

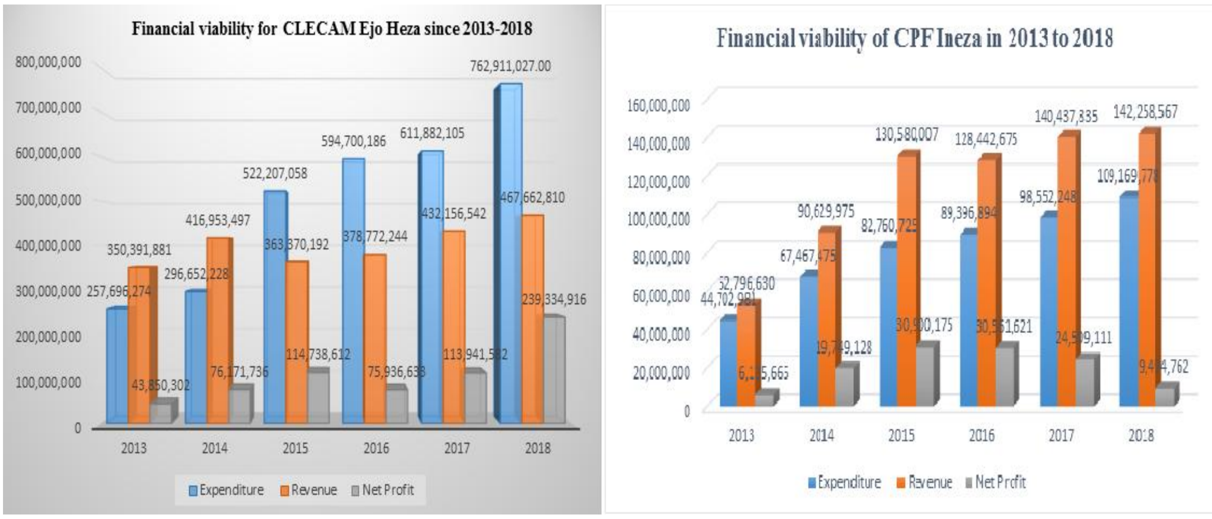
7.2 Analysis of the performance of CLECAM Ejo Heza and CPF Ineza

Table 2: Findings on the performance of CLECAM Ejo Heza and CPF Ineza

Determinants of performance of CLECAM Ejo Heza and CPF Ineza	SA		A		N		D		SD	
	fi	%	fi	%	fi	%	fi	%	fi	%
Loan portfolio quality to measure repayment rates, portfolio quality ratios, and loan loss ratios	24	47.1	18	35.3	5	9.8	3	5.9	1	2.0
Productivity represents the volume of output for given inputs of business	18	35.3	25	49.0	4	7.8	3	5.9	1	2.0
Productivity and efficiency in MFI serve to compare performance overtime and show improvements	25	49.0	16	31.4	6	11.8	3	5.9	1	2.0
Financial viability is measured through operational self-sufficiency and financial self-sufficiency	12	23.5	21	41.2	11	21.6	6	11.8	1	2.0
Profitability/Sustainability is measured in MFI using the percentage return on assets (ROA) and a return on equity (ROE)	22	43.1	19	37.3	5	9.8	4	7.8	1	2.0
Leverage is calculated in MFIs using the ratio of its debt to equity	15	29.4	23	45.1	5	9.8	6	11.8	2	3.9
Capital adequacy in MFIs indicates sufficient level of capital necessary to provide cover for potential losses	4	7.8	26	51.0	8	15.7	10	19.6	3	5.9
Scale, outreach and growth comparing different periods, and looking at the changes over the years	22	43.1	16	31.4	6	11.8	5	9.8	2	3.9

Source: *Data from field, (2020)*

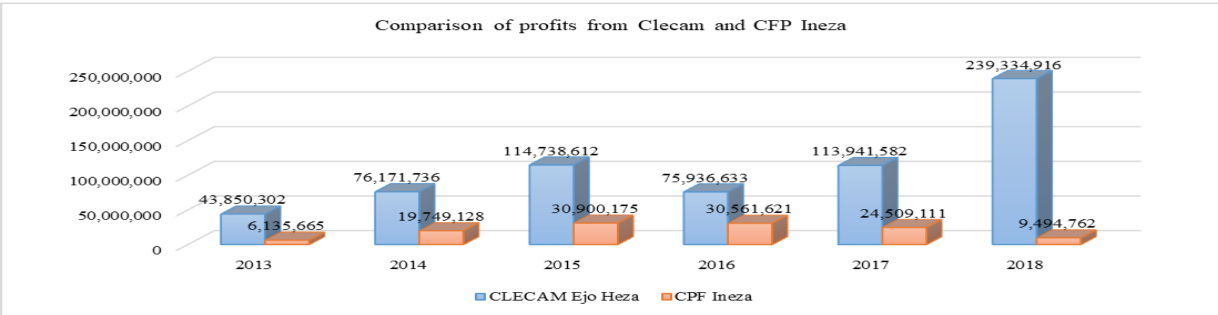
Determinants of financial performance of CLECAM Ejo Heza and CPF Ineza where loan portfolio quality to measure repayment rates, portfolio quality ratios, and loan loss ratios confirmed by 82.4%; productivity represents the volume of output for given inputs of business confirmed by 84.3%; and productivity and efficiency in MFIs serve to compare performance overtime and show improvements confirmed by 80.4%. The financial viability is measured through operational self-sufficiency and financial self-sufficiency confirmed by 64.7% of respondents; the profitability/sustainability is measured in MFIs using the percentage return on assets and a return on equity confirmed by 80.4%; the leverage is calculated in MFIs using the ratio of its debt to equity confirmed by 74.5%; capital adequacy in MFIs indicates sufficient level of capital necessary to provide cover for potential losses confirmed by 58.8%; scale, outreach and growth comparing different periods, and looking at the changes over the years confirmed by 74.5% of respondents in CLECAM Ejo Heza and CPF Ineza.



Source: ***Annual financial reports of CLECAM Ejo Heza and CPF Ineza (2013-2018)***

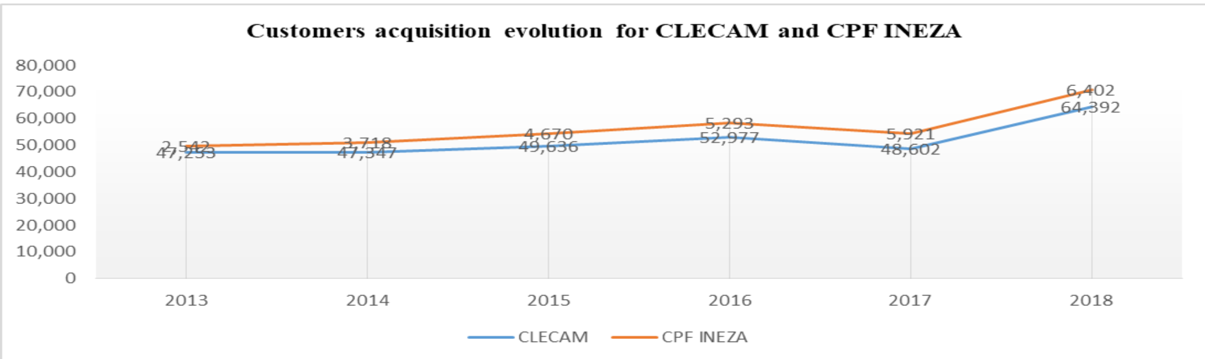
Figure 1. Comparison of financial viability evolution between CLECAM Ejo Heza and CPF Ineza

The indicators of financial viability of CLECAM Ejo Heza and CPF Ineza were clear that the expenditures in CLECAM were more than those of CPF INEZA. Profits also were more in CLECAM than in CPF INEZA as compared in the figure above and this indicates the financial viability of those MFIs in Muhanga District.



Source: ***Annual financial reports of CLECAM Ejo Heza and CPF Ineza (2013-2018).***

When comparing profits rate in CLECAM and those of CPF INEZA, It was clear that CLECAM presented high profits since 2013 to 2018 than CPF INEZA as figure above indicated.



Source: ***Annual financial reports of CLECAM Ejo Heza and CPF Ineza (2013-2018)***

The figure above illustrates how the customer's acquisition evolution is in CLECAM and CPF Ineza. It was found that CLECAM has high evolution of customer acquisition than CPF Ineza.

7.3 Analysis of the effect of customer acquisition strategies and performance of CLECAM Ejo Heza and CPF Ineza

Table 3. The effect of customer acquisition on performance of CLECAM Ejo Heza and CPF Ineza

Customer acquisition and performance of CLECAM Ejo Heza and CPF Ineza	SA		A		N		D		SD	
	fi	%	fi	%	fi	%	fi	%	fi	%
Determination of interest rate in MFIs enhance the productivity and efficiency	16	31.4	21	41.2	7	13.7	2	3.9	5	9.8
Deposit mobilization strategies stimulate the profitability / sustainability	13	25.5	18	35.3	14	27.5	2	3.9	4	7.8
Loan recovery strategies influence loan portfolio quality	14	27.5	22	43.1	10	19.6	1	2.0	4	7.8
Saving products are channel of financial viability for MFIs	21	41.2	16	31.4	9	17.6	0	00.0	5	9.8
Government policy and economic situation affect customer acquisition in MFIs as channel of performance	12	23.5	24	47.1	9	17.6	2	3.9	4	7.8

Source: *Data from field, (2020)*

The findings on the relationship between customer acquisition and financial performance of MFIs where the determination of interest rate in MFIs enhance the productivity and efficiency as confirmed by 72.5%; deposit mobilization strategies stimulate the profitability / sustainability confirmed by 60.8%; loan recovery strategies influence loan portfolio quality confirmed by 70.6%; Saving products are channel of financial viability for MFIs confirmed by 72.5%; government policy and economic situation affect customer acquisition in MFIs as channel of performance confirmed by 70.6% of respondents.

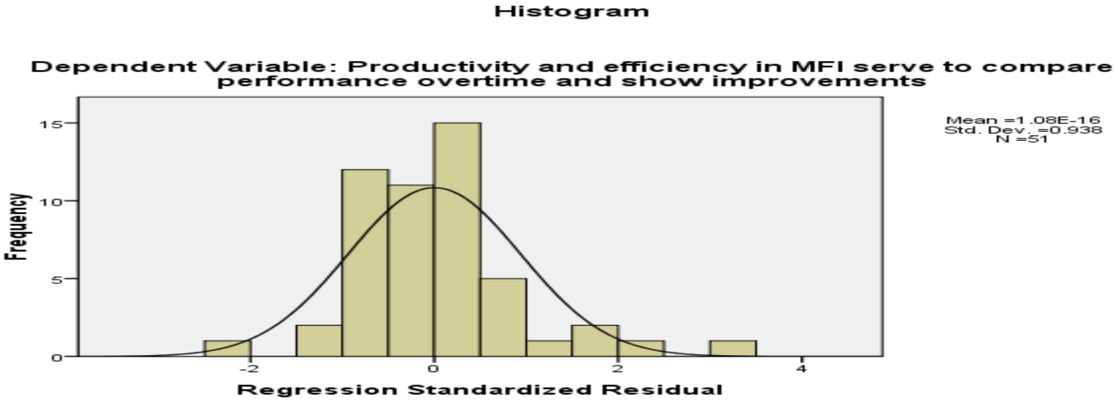
Table 4. Coefficients

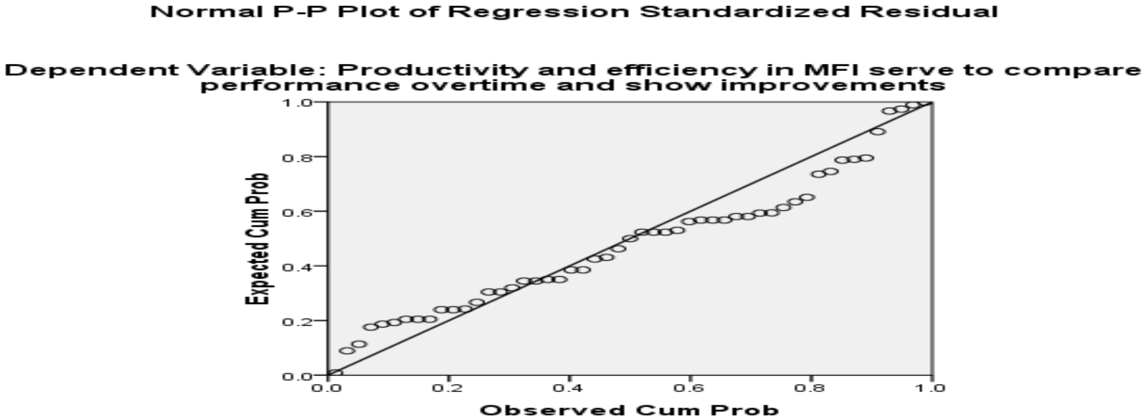
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.286	.434		.658	.514
	Increase the visibility of MFI on social media	.363	.137	.350	2.642	.011
	Become a master at managing online reviews	.037	.149	.037	.245	.808
	Understand the multichannel experience	.298	.162	.288	1.841	.072
	Demonstrate thought leadership through content	.197	.128	.198	1.539	.131
	Engage with the happiest customers to drive referrals	-.152	.156	-.161	-.969	.338
	Invest in customer-centric transformation	.065	.145	.071	.447	.657

a. Dependent Variable: *Productivity and efficiency in MFIs serve to compare performance overtime and show improvements*

Using the linear regression equation, the general results for analysis of customer acquisition and performance of MFIs show that:

$Y = 0.286 + 0.363 X_1 + 0.037 X_2 + .0.298 X_3 + 0.197 X_4 - 0.152 X_5 . + 0.065X_6 + \varepsilon$; As explained by the linear regression equation, it is clear that one unit change of X_1, X_2, X_3, X_4, X_5, and X_6 lead to change times 0.363; .037; .298; .197; -.152; and .065 of dependent variable respectively. In the other case, if all independent variable indicators are zero, the dependent variable equals to the constant (.286).





VIII. CONCLUSION AND RECOMMENDATIONS

Conclusion

Customer acquisition is found to be a process through which MFIs obtain people who join the financial institution and demand a wide range of financial services that include mainly savings, deposits, and different types of loans. Managers in CLECAM Ejo Heza and CPF Ineza use various techniques to attract customers and manage customer prospects created through marketing activities. Customer acquisition is a result of advertising and customer relationship management which influence performance. During the study, we found some threats faced by MFIs in implementation of customer acquisition strategies such as lack of specialized skills to address tax and financial accounting, external reporting as well as social impact transparency to investors and other stakeholders imply dealing with ever changing reporting standards, issue in loan disbursement related frauds and loan repayment related frauds sometime appeared in CLECAM Ejo Heza and CPF Ineza. Based to the findings, the problem of the study was solved, the research objectives were achieved, research questions were answered and problem of the study was solved, by saying that there is significant effect of customer acquisition strategies on performance of MFIs in Rwanda

Recommendations

The researcher found some challenges in the selected MFIs and he suggested some ways to resolve those challenge in CLECAM Ejo Heza and CPF Ineza where they should organize the special training to staff for handling the issue of lack of the specialized skills to address tax and financial accounting. They should publish the annual financial reports on public for resolving the issue related to external reporting as well as social impact transparency to investors and other stakeholders imply dealing with ever changing reporting standards, they should do the special follow up to borrowers in case of loan disbursement related frauds and loan repayment related frauds.

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