In recent years, microfinance has come to the forefront of international development. Many different actors – public, private, and not-for-profit – have emerged in order to meet the growing demand for financial services by the rural and urban poor in the developing world. Financial non-governmental, non-profit organizations (FNGOs) are one such actor. Since their inception in the 1980s, these organizations’ main microfinance product offered to the poor has been microlending – the giving of small loans to poor entrepreneurs in order to help them break the bondages of poverty. Yet, in the 21st century there has been a clear shift away from such simple microcredit provision toward more complex solutions involving savings and insurance. This has been accompanied by the growing commercialization of the microfinance sector. This paper looks to microfinance in Ghana in order to understand why this shift has happened and how it has affected micro-lending organizations in the country and abroad.

Results of this analysis may suggest that financial NGOs are not sustainable solutions to poverty mitigation under current regulatory law. Financial NGOs in Ghana and abroad may have to look to more creative and innovative ways to sustain their operations in order to keep on providing financial services to the rural and urban poor.