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Abstract- The inclusion of rural women in the formal banking sector is not considered as a final goal in itself for this study, but it is a necessary condition for the transition of rural women from a state of poverty and destitution to a status of sufficiency. This study aimed to measure the ability of microfinance projects borrowed by rural women from the Gadarif Microfinance institution (GMI) during the study period (2014-2020) with the objective of integrating them into the official banking system.For this purpose, a mixed approach was used in data collection and analysis, including both quantitative and qualitative approaches. The study concluded that aforesaid microfinance projects did not contribute to the integration of rural women into the formal banking sector in Gadaref State - Sudan. This result attributed to many factors namely, the macroeconomic factors related to economic stability and other factors related to banking policies, whether at the level of financial institutions or financial decision-makers, beside other cultural and social factors related to rural women and their local communities.

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I. Introduction

Human experiences have shown that, no real economic and social development can be achieved unless women in general, and rural women in particular, playing tangible roles in it's processes. The interest of the present paper in rural women emanates from many reasons, the most important of which is the marginalization that they are exposed to in rural areas, which leads to a limitation of the roles that they can play in raising financial status of the family and society at large, over and above the important roles that women play in general, such as childbearing, taking care of children, and caring for the family's welfare.

Moreover, the interest in this subject comes from the consensus of many studies indicating the poverty situation in rural areas, including the (World Bank 2008), which believes that out of four people in the world, three of them are poor and live in rural areas and depend largely on agriculture directly or not, and so we can imagine the position of the woman in this situation.

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This paper aims to examine to what extent microfinance projects that are borrowed by rural women from Gadarif Microfinance Institution (MFI) in Gadarif state–Sudan contribute to raising the financial inclusions of them to the formal financial agencies. For this purpose both quantitative and qualitative methods were used, for data collection. These included a questionnaire designed for this purpose and coupled by some qualitative tools such as Focus Discussion Groups (FDG) and direct observation.

II. Literature Review

The basic idea behind microfinance is to provide economic inputs to those in rural areas that are willing to pull themselves out of poverty. This paves the road for the policymakers to think about households to have permanent access to a range of high quality and affordable financial services. This is the first step of integrating poor rural into the formal financial system, this step will prevent traditional harsh financial methods (for instance shaill system that widely spread in rural Gadrif areas) or any other usurious methods.

Accordingly we find that Isangula (2012) adds a new meaning of microfinance represent on the ability of providing an economically effective way to assist and empower poor and socially disadvantaged women, and lastly microfinance may contribute to financial system growth and development overall, especially in rural areas through "integration of financial markets".

Microfinance refers to a movement that envisions a world in which low-income households have permanent access to a range of high quality and affordable financial services. In this regard (Mader, 2016) argued that Microfinance appears as a financial market solution to the social problem of poverty, promising poverty alleviation in a market friendly and cost-efficient way, and is regarded by many today as a key tool in the portfolio of international development policies. Proponents hope that the financial inclusion of poor and low-income population segments will help them cope better with multifaceted problems of poverty, in particular their uncertain and low incomes.

Providing banking services to the population, especially the residents of rural areas, is considered a key step to advance the processes of economic and

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social development. This grave task assumed to be undertaken by the official banking system in the particular country. Considering this matter in depth will note that significant population groups are deprived from bank financing, especially those living in rural areas far from decision-making centers. This observation was supported by Arif, (2014)who stated that: "In developing countries, majority of poor public is not a part of formal financial sector and excludes from financial activities like access to credit, savings and insurance."Sudan and mainly Gadarif state is not exception of it. The list of the deprived people includes different types among them, of course, women, especially those living in rural areas. Rural women represent an important segment among poor this due to their lack of assets such as agricultural land, machinery and equipment.

There is an urgent need to help the rural poor, and of course women, through the expansion of microfinance operations, which would provide the necessary financial and non-financial resources for integrating them into the public banking system, which ultimately pushes them to move away from poverty and destitution. In this regard, it is believed that there is a close relationship between financial inclusion and microfinance, as the latter is a motivating factor for the former.

Adding to what mentioned above, we conclude that the integration of rural women into official banking system in an attempt to push them to benefit from banking services this is what we called financial inclusion. For example the (World Bank, 2021) expand the concept of financial inclusion to include the following topics: access to a full range of financial products and services that are useful, affordable, sustainable, and responsibly delivered. These services include credit, savings, payments, and insurance, including through digital finance. On the other hand Mishra etl, (2017) give a comprehensive definition to the same concept arguing that: "Financial Inclusion refers to a situation where people, in general, have connection with the formal financial institutions through holding saving bank account, credit account, and insurance policy etc. It may help the person to have affordable access to financial services like formal savings, credit, payments, insurance, remittance etc."

Based on the foregoing, we come to the following conclusion: The process of financial inclusion is an attempt to bring within the range of the organized financial system the weaker and vulnerable sections of society. In other words, by mobilizing the poor rural women, organizing them into groups, building their capacity for self-management and supply them with a wide range of services including credit, savings, insurance and business development(Microfinance).The inevitable result is the integration of rural women into the banking system, which means realizing the principle of financial inclusion. The previous theoretical narrative gives some insights into the potential impact of microfinance as a tool for promoting financial inclusion among rural women who suffer from poverty and deprivation.

We must bear in mind the difficult conditions that the Sudanese economy is going through, which has resulted in many problems that have hindered the economy from performing the economic and social roles that guarantee real development, and that require government intervention that pushes the integration of weak and disadvantaged groups in the society in this process, and here comes the role of microfinance as an effective tool confirms this fact (Baza Ufo, etl 2017) as he argued that: Financial exclusion is a great part of social exclusion and needs the government action.

In Gadarif state the problems of integrating rural women in the formal financial system is partly attributable to the low level of banks and financial institution branches outreach in rural areas. The lack of branches of the bank /institution in remote rural areas is due to the lack of the necessary infrastructure, such as the lack of electricity in some rural areas, which pushes institutions/banks to operate power generators that need diesel fuel, and this increases the costs of providing banking services, which reduces the openness of these banks towards the rural areas , this represent one of the sources of loss for these institutions, and all of this harmed the experience of the horizontal expansion of commercial banks in the rural areas of Gadaraf State, which led to the closure of the branches of many commercial banks in some rural.

III. A Geographical Background about the Area of the Study

Gadarif State located in eastern Sudan and falls between longitudes 33° 30‘ and 36° 30‘ to the East and latitudes 12° 40‘ and 15° 46‘, with total area of e around 71,000 km^2. The State is bordered by Ethiopia from the east and south and by the states of (Kassala) and Khartoum from the North, Gezira from the west and (Sinnar) State from the South. Rainfall in the State ranges between 500-900 mm from north to south, falling mainly between July and October. Because of the seasonality and variability of rainfall and the Basement Complex underlying rock, the State suffers acute water deficit. According to the 2008 Population Census, the total population is about 1.4 million and with one of the highest annual growth rates in the country standing at 3.9%. Over two-thirds of the population is classified as rural or nomadic. The state is characterized by ethnic diversity. Moreover, Gadarif is characterized by its much higher child population, higher fertility rates, higher birth rates, higher average family size, annual growth rate and higher dependency ratio (Abdallah 2017).

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a) The Objectives

1. Attempting to bridge the applied studies gap in the issue of financial inclusion in general and the inclusion of rural women in the formal banking sector in particular.
2. Clarify women's needs for safe and low-cost banking services.
3. Determining the obstacles that face the integration of rural women in the banking sector and presenting proposals to ensure the inclusion of rural women based on the applied study.

b) The Methodology

It is clear that the issue of this study is intertwined by many economic and social factors, thus one analysis method alone cannot capture it. In this regard, the researcher believes that the field of this paper (The role of Microfinance in integrating Rural Women in Gadarif State in to the formal banking system) encourages the use of both qualitative and quantitative approaches, then using the two approaches may help in obtaining data of the highest quality and more reliable results.

c) Source of Data

For this and concerning the quantitative method the questionnaire was the main tool, the total number of beneficiaries were Fife Hundreds and Seventy Five women (575) spread over Gadarif State localities namely: Eastern Gallabat, Western Gallabat, Alrahad, Allgureisha and Rural Central Gadarif.

d) Study Population

i. *Quantitative Method*

The total population of this study amounted to Five hundred and Seventy Five (575) women benefited from microfinance projects that borrowed from Gadarif Microfinance Institution (GMI) through the period (2014-2020) and spread on five localities in Gadarif State, namely: Eastern Gallabat, Western Gallabat, Algureisha, Alrahad and Central rural Gadarif. Simple random sampling method was used to select Two Hundred and Thirty Six (236) women as a sample size of beneficiaries .To collect quantitative data, survey questionnaires were administered to the selected women.

ii. *Qualitative Method*

The sample size was determined intentionally (Purposive sample), as the number of women in each group ranges between 8 and 12 beneficiaries of microfinance. In their selection, the considerations of age, occupational and educational diversity within each group were taken into account. The groups of women were selected from the following localities: Rural Central Gadarif, Western Gallabat, and Alrahad.

e) Tools of Data Analysis

Concerning the quantitative data a simple regression method were conducted to test the relationship between microfinance loans (projects) and its impact on integrating rural women into the formal banking system (financial inclusion). On the other hand and to interpret the statistical indicators a qualitative analysis were adopted depending on the Focus Group Discussion (FGD) method was adopted for the groups of women in the various localities of Gadarif State.

IV. Finding and Discussion

a) Quantitative Analysis: The Model

To achieve the objective of the study, which is to answer the question: Did microfinance projects borrowed by rural women from Gadarif Microfinance Institution (GMI) contribute in integration rural women into the formal banking sector? A simple linear regression model was selected and applied to cross-sectional data collected by questionnaire from rural women in the aforementioned localities of the state who received microfinance projects from (GMI) in the period covered by this study (2014-2020). To test this model, the study followed steps:

i. *First*

Basically, the Ordinary Least Squares (OLS) method and the simple linear regression method were used, to identify the impact of Microfinance on the Integrating Rural Women in the formal banking sector for this some statistical indicators were relied on as follows:

1. (Beta) coefficient to find out the direction of the relationship between the dependent variable (Integration of Rural Women into the formal banking system) and the independent variable (Microfinance).
2. The Coefficient of Determination (R^2) to identify the percentage by which the explanatory variable (Microfinance) explains changes in the dependent variable (Integration of Rural Women into the formal banking system in Gadarif State)
3. (F) Test to identify the significance of the regression model, and the significance level (0.05) was relied upon to judge the significance of the effect, where the calculated level of significance was compared with the value of the adopted significance level (0.05), in theory it is expected to increase the significance of the model whenever the significance index was less than (0.05) and vice versa.

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Table (1): Results of Simple Linear Regression between Microfinance and the Integration of Rural Women in the Formal Banking Sector in Gadarif State (sample size: 121)

Dependent Variable	Regression Coefficient((β)	Calculated significance level of (t)	Significance
Microfinance	-0.13	(1.36)	0.177
Statistical Indicators			
Constant			1.79
Correlation Coefficient(R)			0.127
Determinant Coefficient (R^2)			0.016
Error of the Estimate			0.165
Adjusted R			0.007
Calculated (F) Value			1.84
Calculated significance level of (F)			0.177

Source: The Researcher Basing on the Study Questionnaire 2021

Based on the results of the statistical analysis in Table (1) related to measuring the impact of microfinance (the independent variable) on the integration of rural women into the formal banking sector (the dependent variable), we can refer to the following:

1. There is a relationship between the independent variable and the dependent variable, but it is not consistent with the hypothesis of the study, as a result of the negative sign of the coefficient of the independent variable (-0.13), in addition to that, this relationship is not statistically significant.
2. The low significance of the model and this is evident through the relatively weak calculated (t) value, where the calculated significance level (0.177) was greater than the approved significance level (0.05).

ii. *Second*

From Table (2) bellow which represent the One-way analysis of variance of the model, it can be clarified that microfinance has no effect on the integration of rural women into the formal banking sector:

Table (2): One-Way Analysis of Variance for the Study Hypothesis

Independent Variable	Source	Sum of Squares	Degree of Freedom	Mean of Squares	Calculated (F) Value	Level of Significance
Microfinance	Regression	0.05	1	0.05	1.84	0.177
	Residuals	3.063	112	0.027		
	The Sum	3.113	113			

Source: The Researcher Basing the Study Questionnaire 2021

Based on the results of tables (1) and (2), we conclude the following:

1. The (F) ratio value amounted to (1.84) where its level of significance is (0.177), which is greater than the level adopted in this study 0.05. Therefore, this results indicate that there is no statistically significant relationship between the independent variable (Microfinance) and the dependent variable (Inclusion of Rural Women in the Official Banking Sector.
2. The value of the correlation coefficient (R) reached (0.127), meaning that the correlation of Microfinance with the variable (Inclusion of Rural Women in the Official Banking Sector) is very weak because it is closer to zero.
3. The value of the coefficient of determination (R^2), which amounted to (0.016), and this means that the total of what Microfinance explains of changes in the dependent variable (the inclusion of rural women in the formal banking sector) does not exceed (1.6%), and this percentage is so low that it confirms weak explanatory power of the independent variable on the dependent variable.
4. The statistical indicator (F) ratio showed a result indicating the weakness of the overall significance of the model and the inability of its independent variable to explain the change in the dependent variable. Since the value of the statistical significance level of (0.177) is greater than (0.05), and therefore the result is not significant, that is, the independent variable does not explain the variance in the dependent variable, so according to the data on the study sample and taking into account the time period covered by the study that relied on it in the study, we come to the following conclusion: Microfinance cannot be relied upon as the only tool for integrating rural women in Gadarif State into the formal banking sector. This conclusion can be

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supported by relying on the results of the descriptive analysis in the table (3) that derived from the study questionnaire:

Table (3): Analysis of the Phrases of the Dimension of Integrating Rural Women into the Formal Banking Sector in Gadarif State

The phrase	Yes	The Percentage	NO	The Percentage
Do you live in an area where there are commercial banks	16	13.2	105	85.8
Do you have a bank account	25	20.8	95	79.2
If you are unable to pay the installments of the microfinance, do you find support from the financing institution?	34	28.3	86	71.7
If the funding commensurate with the size of the activity you practice?	67	55.4	54	44.6

Source: The Researcher Basing on the Study Questionnaire 2021

The result presented in table (3) supports the findings of the simple linear regression model that the microfinance projects that were borrowed by rural women in Gadarif State from (GMI) did not succeed in integrating women into the official banking system. Basing on the descriptive data mentioned in the above table, we find that the overwhelming majority of rural women, with a rate ranging between 70%-85%, agreed that they live in areas where commercial banks are not available, do not have bank accounts and do not find any cooperation from the financiers, whether they are banks or microfinance institutions Including (GMI).

On the other hand, the poor results of the model mentioned above can be attributed to number of reasons among them:

1. The specificity of social phenomena, which are characterized by their data as being of a non-experimental nature, so the possibility of the emergence of standard problems in the mathematical models is very much, so some errors may appear during monitoring and other problems related to approximation. Moreover data collection through the questionnaire is encountered by the non-response of some respondents, and in the end some standard problems appear in particular the problem of variance, which results in weakness in some indicators of the model, for example, a weakness appears in the significance test because it depends in its calculation on the variance.
2. An additional reasons that weakened the indicators of the model is the absence of economic and social variables that were not included in the model, perhaps due to the inability to express them quantitatively, not being aware of them or the lack of data of special quality about them. This leads us to the conclusion that microfinance is not the only factor in integrating rural women into the official banking system in Gadarif State, where we must take into account cultural, social and other variables related to economic performance at the national level.

b) The Qualitative Analysis

i. *Financial Inclusion of Rural Women*

The rural women who were surveyed gathered that the idea of opening bank accounts was a desire that always haunts them, but this desire increased after the experience of microfinance, because banks and institutions always urge their clients to open bank accounts to facilitate loan repayments and projects financing. There is a consensus among rural women that the issue of integration into the activities of the official banking system is a necessary issue and dictated by the urgent need for the normal development of their commercial and financial activities.

Most of the women who were surveyed were not able to open bank accounts. According to the questionnaire, the women who were unable to open bank accounts reached a rate of 79% from the total surveyed women. One of them said that even the accounts that we were able to open are accounts for agricultural associations. Also, the Focus Discussion Group (FGD) sessions proved that few rural women have bank accounts. However, there are a number of obstacles that limit rural women financial inclusion let us summarize them as follows:

1. The interest on loans in (GMI) for example is very high as it amounts 24% per annum , basing on this facts the losers will be the poor rural women who pay excessive interest rates with all its imaginable impacts such as; business failure, over indebtedness and worsened poverty . In the early years of microfinance, rural women did not take this into consideration for two reasons:

a. The economic conditions were favorable as a result of economic stability, which led to the boom in commercial activities.

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b. There were no other options presented with regard to their access to finance.

2. The finance that women receive as microfinance is very small (small amounts given for short time at very high interest rate), and therefore even if it is operated, its returns will be so low that it is not possible to open bank accounts.
3. Economic instability (inflation) erodes the savings of rural women (even though they are modest) as money loses its value and the erosion will increase as it deposited in bank accounts (some women managed to open savings accounts, but due to considerations of economic instabilityt,hey think that the experience was not helpful).
4. Commercial banks are concentrated in urban areas and this is a fact supported by (Ghosh J. 2013) as he stated: "MFIs did not spread their lending out, but rather tended to concentrate in certain geographical areas, thereby generating saturation and excess competition in the local market. Partly, this was because the microloans that were used by borrowers to engage in small productive activities resulted in too many competing producers for relatively limited markets for local goods and services"

Concerning our case study (GMI) the geographical concentration of microfinance activities in Algadarif the capital city of the state is not just an accident: it is also because the institution focuses on the easiest targets by prioritizing of urban areas because of its higher population density and more economic activity this beside the cheap cost of loans management.

5. Account opening procedures are complex.
6. The inappropriate treatment that rural women find from the employees of commercial banks.
7. The customs and traditions (especially of rural communities) sometimes do not accept women's frequent visits to commercial banks.
8. There are severe restrictions on families because banks are associated in the minds of the public with imprisonment for the inability to fulfill financial obligations.

V. Concluding Remark

There are a number of difficulties facing the integration of rural women into the formal banking system, and they are divided into two types: The first relates to the demand side that concern with rural communities in general and rural women in particular, and the second is the supply side factors and those more related to banking service providers and other relevant official bodies such as policy makers. The above-mentioned economic and non-economic considerations may be one of the justifications that limit the integration (Inclusion) of rural women into the official banking system. Thus, traditional methods such as (shaill)[1] or any other usurious methods may prevalent, which are fraught with many risks and characterized by cruelty. In the following, we will briefly review these factors:

1. Limited access to finance due to weak capabilities and lack of financial awareness and culture.
2. In many rural societies in Gadarif State especially in the area covered by the study, women are not financially independent, in addition to their lack of sufficient information about available official products and services.
3. It is noted that there are many social obstacles in the culture of some societies covered by the study, which are still regressive, where these societies have more educational opportunities for males than females, moreover women are also deprived from working outside home or owning a small business or even a mobile phone.
4. Financial institutions and banks do not consider women, especially rural women, as an opportunity to obtain a greater market share. Rather, the prevailing belief is that their investments are risky.
5. Geographical obstacles, as most of the rural women who were included in this study live in remote rural areas where there are no branches of commercial banks or microfinance institutions, and it is difficult to reach them during the rainy season due to the blockage of roads due to the lack of suitable infrastructure.
6. Even if we accept the availability of some electronic financial services in some commercial banks appeared in the recent years in Gadarif state, the issue of poor mobile phone network coverage in the poorest areas remains inevitable. Moreover illiteracy and ignorance in dealing with modern banking techniques among rural women Increases underutilization of rural women and consequently their financial inclusion
7. Poverty, lack of income, low banking culture and incomplete supporting documents, the spread of the culture of late payments all these cause the deterioration of rural people's relations with banks.
8. One the most important observation is that rural women although they are poor and marginalized, but they have an economic awareness (their firm belief that economic instability is one of the most important barriers in integration into the banking system).
9. There is a general shortcoming on the supply side of microfinance, which is represented in the failure to involve rural women in choosing projects that are in line with their physical and mental capabilities, in

[1] Informal (traditional) financing system common in rural areas where formal banking services are not available and is unfair and in which the applicant for financing is exposed to exploitation

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addition to the lack of follow-up, lack of training and even the feasibility study that is demanded by the finance Institutions, including of course (GMI) mostly unreal (fictitious). For these reasons some projects often fail and deviate, and these are the first indicators of the failure of banking integration (Inclusion of rural women in the formal banking system).

Finally, one of the most important missing links with regard to integrating rural women into the banking system is how to bridge the gap between rural women and banks, and the solution is in their assessment of the presence of (Mobile Banks) that roam remote villages and localities and carry out all banking operations such as: Withdrawing, depositing, delivering loans, projects, and receiving installments....etc. This is in addition to follow-up the existing projects and introducing advices to the rural beneficiaries, and thus the problem of slow microfinance procedures will be solved automatically.

VI. Recommendations

1. Encourage the horizontal expansion of the branches of commercial banks and microfinance institutions in rural areas.
2. Expanding the spread of mobile banking services.
3. Simplify the procedures for opening bank accounts for rural residents in general and women in particular.
4. Establishing mobile banking branches that are supposed to carry out all operations: depositing, receiving installments, providing advice, evaluating the productive and financial position of the financed projects and writing periodic reports about them.
5. Exempting banks and Microfinance institutions operating in rural areas from fees and taxes.
6. Raising awareness and banking culture among the inhabitants of rural areas in general and rural women in particular, in order to counter the false belief prevailing among them that commercial banks were created to meet the needs of the wealthy classes.
7. Paying the salaries of employees in official and private institutions in rural/urban areas through bank accounts and encouraging them to pay bills for water, electricity, any other goods and services through smart banking services.
8. Overcoming the problem of rural women's lack of documents by assisting the official authorities to expedite the procedures for obtaining them.

VII. Conclusion

Attempting to integrate rural women into the formal banking sector is not a goal in itself, but it seems to be a necessary condition for achieving economic and social development that leads to improve the conditions of rural women and their ability to be independent by increasing their self-confidence to bear the consequences of the development process at the family and community levels.

This study tried to investigate the ability of microfinance projects borrowed by rural women in Gadarif state to integrate them into the formal banking sector. The study assumed that rural women, by virtue of their interactions with the (GMI), and their access to loans in the form of projects, may be able to achieve the principle of financial inclusion. To realize the objectives of the study, a combination of quantitative and qualitative approaches was used to collect and analyze data.

The study concluded that microfinance projects did not contribute to the integration of rural women into the formal banking sector in Gadarif State. This was clearly shown in the results of the simple linear regression model, which showed weakness in its indicators and inconsistency with the study's assumption. This result is conclusively supported by the result of the analysis of the questions about the integration of rural women in the banking sector in the questionnaire, which confirmed the wide gap between rural women and financial inclusion. On the other hand, the results of the qualitative analysis confirmed the lack of financial inclusion among rural women for many reasons related to the economic instability at the macroeconomic level, the lack of banking awareness, the crowdedness of banking institutions in the state capital (Algadarif city) away from the rural areas, along with other cultural and social factors.

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3. Focus Discussion Group with group of beneficiaries from Al- Rahad locality June 12th 2021.
4. Interview with Dr. Ibraheem Abdulmuttalib the general secretariat of Gadarif Microfinance Institution (GMI).
5. Interview with Mr. A'atif Abbas the officer of Gadarif Microfinance Institution (GMI) - Alrahad office, Alhawata.

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