

Chapter One

Introduction

1.1 Background to the Study

Across countries, significant numbers of individuals are excluded from the formal financial sector, thereby limiting their capacity to improve their livelihoods.¹ According to a recent survey conducted by EFINA, approximately 28.8 million adult Nigerians are financially excluded, predominantly in the North and rural areas.² The exclusion from financial services perpetuates socio-economic disparities by constraining the upward mobility of marginalised populations and impeding their ability to overcome poverty.³ This phenomenon is primarily described as financial exclusion, which arises when individuals are unable to access or effectively use formal financial services due to structural and socio-economic barriers.⁴ Financial inclusion, a contrasting term to financial exclusion refers to the accessible and responsible use of affordable financial products and services such as transactions, payments, savings, credit and insurance by individuals and businesses to meet their needs.⁵

¹ Shannon Mccrocklin, 'Financial Exclusion Vs Financial Inclusion in Sub-Saharan Africa' (25 November 2019) <<https://www.geopoll.com/blog/financial-exclusion-inclusion/>> accessed 12 November 2024.

² EFINA, 'Access to Financial Services in Nigeria 2023 Survey: Key Highlights' (December 2023) <[https://a2f.w-content/uploads/2023/12/A2F-2023-Event-Day-Presentation-Version 2.pdf](https://a2f.w-content/uploads/2023/12/A2F-2023-Event-Day-Presentation-Version%202.pdf)> accessed 8 January 2025.

³ Mccrocklin (n 1).

⁴ WorldRemit, 'The impact of global financial inclusion and exclusion: A data driven exploration of access to financial services' (2024) <<https://www.worldremit.com/en/resources/global-financial-inclusion-and-exclusion.worldbank.org/en/topic/financialinclusion/overview>> accessed 12 November 2024.

⁵ World Bank Group, 'Financial Inclusion Overview' (2025) <<https://www.worldbank.org/en/topic/financialinclusion/overview>> accessed 12 November 2024.

In Nigeria, where a considerable number of the population still remains unbanked or under-banked, achieving financial inclusion is a critical component of economic development.⁶ Access to credit and financial inclusion are very much interconnected,⁷ and both contribute significantly in strengthening the financial system's structure and efficiency, thereby promoting economic growth.⁸ Before recent efforts to promote financial inclusion, the Nigerian economy was largely cash-based, with significant proportion of the narrow money stock in the form of currency outside the banking system.⁹

Financial exclusion among marginalised groups in Nigeria has historical,¹⁰ socio-economic¹¹ and cultural roots.¹² This exclusion disproportionately affects vulnerable groups including women, rural residents, low-income individuals, ethnic minorities and people with

⁶ Emeka Ene and Udom Inemesit, 'Impact of Microfinance Promoting Financial Inclusion in Nigeria' (2015) 3(2) Journal of Business Theory and Practice 139-158, DOI:10.22158/jbtp.v3np/139 <<https://www.scholink.org/ojs/index.php/jbtp/article/download/383/357>> accessed 12 November 2024.

⁷ Manohar Velpuri and others, 'Improving Access to Credit in Property Markets Using Block-chain-FIG Proceedings' (2017) <https://www.fig.net/resources/proceedings/fig_proceedings/fig2017/papers/ts01i/TSoII_velpuri_aman_shqrma_et_al_8515.pdf> accessed 13 November 2024.

⁸ Hamad Omar Bakar and Zunaidah Sulong, 'The Role of Financial Inclusion on Economic Growth: Theoretical and Empirical Literature Review Analysis' (2018) 7(4) Journal of Business and Financial Affairs, DOI:10.4172/2167-0234.1000356 <https://www.researchgate.net/profile/aunaidah-sulong/publication/330338652_The_Role_of_Financial_inclusion_on_Economic_Growth_Theoretical_and_Empirical_Literature_Review_Analysis/links/5f8eafec92851c14bcd56230/The-Role-of-Financial-inclusion-on-Economic-Growth-Theoretical-and-Empirical-Literature-Review-Analysis.pdf> accessed 13 November 2024.

⁹ Jamad Omar Bakar and Zunaidah Sulong, 'The Role of Financial Inclusion on Economic Growth: Theoretical and Empirical Literature Review Analysis' (2018) 7(4) Journal of Business and Financial Affairs, DOI:10.4172/2167-0234.1000356 <https://www.researchgate.net/profile/aunaidah-sulong/publication/330338652_The_Role_of_Financial_inclusion_on_Economic_Growth_Theoretical_and_Empirical_Literature_Review_Analysis/links/5f8eafec92851c14bcd56230/The-Role-of-Financial-inclusion-on-Economic-Growth-Theoretical-and-Empirical-Literature-Review-Analysis.pdf> accessed 13 November 2024.

¹⁰ Kama Ukpai and Mustapha Adigun, 'Financial Inclusion in Nigeria: Issues and Challenges' (2013) 15 <<https://www.cbn.gov.ng/out/2014/rsd/occasional%20paper%20no.%2045%20issues%20and%20challenges.pdf>> accessed 9 January 2025.

¹¹ Yahaya Safiyanu Umma and Yusuf Sani Gambo, 'Socio-Economic Determinants of Financial Inclusion in Niger State, Nigeria' (2022) 3(1) FUOYE Journal of Finance and Contemporary Issues 159-170, 160 <<https://www.fjfc.fuoys.edu.ng/index.php/fjfc/article/download/47/39/48#:~:text=The%20empirical%20findings%20revealed%20that,age%20has%20a%20negative%20impact>> accessed 14 November 2024.

¹² Ukpai and Adigun (n 10) 27- 28.

disabilities.¹³ The country's colonial past between 1900 and 1960 established financial systems that served colonial interests, neglecting indigenous economic structures.¹⁴ In other words, the origin of modern banking in Nigeria lies in its colonial past.¹⁵ The colonial conquest of Nigeria and the virtual transplantation of European banking practices marked the origin of banking in the country.¹⁶ In summary, it can be said the early banks were established by colonial entrepreneurs to serve their colonial interests and those of the colonial administrative authorities.¹⁷ Post-colonial economic development prioritised urban areas leaving rural communities behind.¹⁸ The financial system adopted by the government was found to be unsuitable to the Muslim community in Northern Nigeria because not only was the conventional financial system inconsistent with their Sharia requirements, the products and services offered also failed to meet the needs of the Muslim majority in the Northern region.¹⁹ As a result of these, majority of Muslims in the region excluded themselves from the mainstream financial system in the country.²⁰ Based on data published by Enhancing Financial Innovation and Access (EfInA) in 2018, the North-West and North-East regions of Nigeria recorded high financial exclusion rates of approximately 70% and 62%, respectively, while the South-South and South-West regions demonstrated considerably lower exclusion

¹³ Nitin Kumar, 'An Empirical Analysis of Financial Inclusion across Population Groups in India' (2012) 11(1) IUP Journal of Bank Management 97 <<https://dacemirror.sci-hub.se/journal-article/9f2890809c18db098248c3e3b3dc338d/kumar2013.pdf>> accessed 14 November 2024.

¹⁴ Chibuike Ugochukwu Uche, 'Banking Developments in Pre-Independence Nigeria: A Study in Regulation, Control and Politics' (PhD thesis, University of London 1997) 105 <<https://etheses.lse.ac.uk/1470/1/U105686.pdf>> accessed 16 November 2024.

¹⁵ Ibrahim Junaid Goldface-Irokalibe, 'Law of Banking in Nigeria' (2nd edn, Malthouse Press Limited 2020) 22.

¹⁶ *ibid.*

¹⁷ Kingsley Ikem Igweike, 'Law of Banking and Negotiable Instruments' (African First Publishers Limited 1999) 1.

¹⁸ Ngozi Okonjo-Iweala, 'Reforming the Unreformable: Lessons from Nigeria' (MIT Press 2012) 3.

¹⁹ Muhammad Tijani, Besar Bin Ngah and Fahd Mohammed Al-Shaghdarl, 'Financial Exclusion in Northern Nigeria: A Lesson from the Developed Countries' (2022) 7(01) AFEBI Islamic Finance and Economic Review 45-62 <<https://www.journal.afebi.org/index.php/article/view/565/295>> accessed 20 November 2024.

²⁰ Tijani, Ngah and Al-Shaghdarl (n 19).

levels at 23% and 19% respectively highlighting a regional disparity in access to formal services.²¹

Cultural and religious beliefs significantly limit women's access to credit in Nigeria, particularly in regions where traditional gender roles are prevalent. In many societies, prevailing cultural norms assign women the primary role of managing domestic responsibilities, thus leading to their exclusion from financial decision-making processes.²² A study conducted in Kano, Nigeria, revealed that 77.88% of women entrepreneurs cited religious affiliation as a major constraint in accessing credit with many believing that bank loans contradict their religious teachings.²³ Additionally, cultural beliefs foster a lack of trust in financial institutions among women, causing them to avoid loans altogether.²⁴ The intersection of these cultural and religious factors creates an environment where women face substantial barriers to obtaining credit.²⁵

²¹ Central Bank of Nigeria, 'Financial Inclusion Newsletter' (2020) <<https://www.cbn.gov.ng/out/2020/ccd/newsletter%20cbn%20march%202020>> accessed 21 November 2024.

²² Musa Abdullahi Sakanko, 'Financial inclusion and women participation in gainful employment: An empirical analysis of Nigeria' (2020) 2(1) Indonesian Journal of Islamic Economics Research 1-14, 2 DOI:10.18326/ijier.v2il.3517 <https://www.researchgate.net/publication/34786-1358_Financial_inclusion_and_women_participation_in_gainful_employment_an_empirical_analysis_of_Nigeria/fulltext/5feeb33ba6fdccdb81eafbc/Financial-inclusion-and-women-participation-in-gainful-employment-an-empirical-analysis-of-Nigeria.pdf> accessed 21 November 2024.

²³ Rabi Bashir and Abubakar Hamidi Danlami, 'Gender accessibility to credit among entrepreneurs: Empirical evidence from women entrepreneurs in Kano Metropolis' (2022) European Journal of Government and Economics 97-112, 110 <https://revistas.udc.es/index.php/ejge/article/download/ejge.2022.11.1.8198/g8198_pdf/30492> accessed 21 November 2024.

²⁴ Madein Oluwatoyin, 'Nigerian Women Entrepreneurs' Strategies for Financial Inclusion: A Generic Qualitative Inquiry' (2020) Walden Dissertations and Doctoral Studies 9970 <<https://scholarworks.waldenu.edu/dissertations/9970>> accessed 22 November 2024.

²⁵ World Bank, 'Closing Gaps, Increasing Opportunities: A Diagnostic on Women's Economic Empowerment in Nigeria' (2022) <<https://openknowledge.worldbank.org/entities/publication/23e718e4-5ab8-5fea-ae47-b378917820a9>> accessed 21 November 2024.

Despite being a signatory to several international treaties such as the World Programme of Action Concerning Disabled Persons,²⁶ The Standard Rules on the Equalisation of Opportunities for persons with Disabilities,²⁷ and the United Nations Convention on the Rights of Persons' with Disabilities²⁸ which collectively underscore the global commitment to disability rights, persons with disabilities in Nigeria remain increasingly excluded from the main stream financial system.²⁹ Article 1 of the Convention on the Rights of Persons with Disabilities (CRPD) describes persons with disabilities as:

[T]hose who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others.

Approximately, 29 million Nigerians live with disabilities, ranging from visual, hearing, physical, and intellectual impairments to communication challenges.³⁰ A significant number of them encounter social, cultural, political and economic obstacles that hinder their full inclusion in the society.³¹ Persons with disabilities (hereafter “PWDs”) are often financially excluded due to some circumstances beyond their control, leaving them in the poverty zone.³² Many banks and lending agencies lack tailored services that accommodate the unique needs of PWDs, such as accessible banking facilities and financial products designed for their

²⁶ WPA (1982).

²⁷ Standard Rules (1993).

²⁸ UNCRPD (2006).

²⁹ Kole Shettima and Erin Sines, ‘Make way for disability rights agenda in Nigeria’ MacArthur Foundation (18 January 2023) <<https://www.macfound.org/press/perspectives/make-way-for-the-disability-rights-agenda-in-nigeria>> accessed 14 November 2024. Kingsley Imandojemu, Nathaniel Toyosi Akinlosu and Joseph Ndidi Odigbe, ‘Financial Inclusion and people with disabilities (PWDs) in Nigeria: A disaggregated analysis’ (2018) 42(4) CBN Bullion 60-82, 61 <<https://idc.cbn.gov.ng/bullion/vo42/iss4/6/>> accessed 22 November 2024.

³⁰ *ibid.*

³¹ Rosa Maria Martinez and Varalakshmi Vemuru, ‘Social inclusion of persons with disabilities in Nigeria: Challenges and opportunities’ (29 September 2020) <<https://blogs.worldbank.org/en/nasakilza/social-inclusion-persons-disabilities-nigeria-challenges-and-opportunities>> accessed 14 November 2024.

³² Josephine Adejoke Adebayo, Olumide Olusegun Adegbuyi and Bankole Fisayo Andrew, ‘Financial Inclusion and Entrepreneurs in Nigeria: A Case for the Vulnerable Groups’ (2020) 10(1) University of Ibadan Law Journal 146-172, 147 <<https://journal.ui.edu.ng/index.php/uilr/article/download/1051/889>> accessed 16 November 2024.

circumstances.³³ The lack of attention to persons with disabilities by financial service providers has led the group to being the world's largest unbanked minority.³⁴ Financial exclusion has also been exacerbated by socio-economic factors including high illiteracy rates, lack of formal education, unemployment, low income and limited access to technology, all of which further hinder financial participation of certain groups.

As of 2023, Nigeria's financial inclusion rate stands approximately at 74%, reflecting improvements from 68% in 2020 but still indicating that around 26% of the population lacks access to formal financial services as reported by the EFINA Access to Finance (A2F) survey findings.³⁵ While this marks progress, Nigeria's rate lags behind several other African countries because besides the fact that majority of the adults lack access to financial services and products, the majority of the funds within the Nigerian economy stays outside the banking system.³⁶ Kenya for instance boasts of a financial rate of 83% driven largely by the success of M-Pesa--a mobile money service which have transformed access to financial services for many Kenyans.³⁷ Similarly, South Africa has achieved a financial rate of around 80%, benefiting from a well- established regulatory environment that supports diverse financial products. In contrast countries like Cameroon and Egypt report lower rates of

³³ World Bank, 'Disability Inclusion in Nigeria: A Rapid Assessment' (2020) <<https://documents1.worldbank.org/curated/en/780571593336878236/pdf/Disability-Inclusion-in-Nigeria-A-Rapid-Assessment.pdf>> accessed 14 November 2024.

³⁴ Centre for Financial Inclusion, 'Panel discussion: Key to the future, financial inclusion and opportunity for all' (3 December 2023) <<https://www.un.org/disabilities/documents/idpd2013financialinclusionpanel.pdf>> accessed 14 November 2024.

³⁵ Access to Finance, 'Nigeria closer to 2024 financial inclusion target but gaps persist' (21 March 2024) <<https://a2f.ng/nigeria-closer-to-financial-inclusion-target-but-gaps-persist/>> accessed 15 November 2024.

³⁶ Yusuf Hashim, and others, 'Financial Inclusion in Nigeria' (2021) 2(2) FUDMA Journal of Management Sciences 117-125, 118 <https://www.academia.edu/93798580/Financial_inclusion_in_Nigeria> accessed 15 November 2024.

³⁷ CRE, 'Infographic #3: Financial Inclusion in Africa' (25 October 2023) <<https://www.cre.vc/news-slider/infographic-financial-inclusion-in-africa/>> accessed 15 November 2024.

around 59% and 65% respectively highlighting ongoing challenges in these regions regarding access to formal financial services.³⁸

Several international instruments play a crucial role in guiding and supporting financial inclusion efforts in Nigeria. The Maya Declaration 2011³⁹ adopted by many countries including Nigeria, commits nations to creating an enabling environment for financial inclusion through innovative regulatory frameworks that enhance access to financial services for all segments of the society.⁴⁰ The Maya Declaration represents the first global, measurable commitment by developing and emerging nations to enhance financial inclusion and thereby unlock the economic and social potential of the 2 billion unbanked individuals worldwide.⁴¹ For Nigeria, the Maya Declaration has served as a catalyst for the development and refinement of the National Financial Inclusion Strategy (NFIS), encouraging the Central Bank of Nigeria (CBN) and other stakeholders to adopt innovative regulatory frameworks, expand access points and promote digital financial services.⁴² The Declaration also emphasises peer learning and transparency, requiring countries to share their experiences and

³⁸ Kingsley Isitua Obiora and Peterson Ozili, 'Comparative Analysis of Financial Inclusion in Nigeria: Sub-Saharan Africa and the World' (2024) 22(3-4) Perspectives on Global Development and Technology, 217-238 <https://mpr.ub.uni-muenchen.de/121549/1/MPRA_paper_121527.Pdf> accessed 13 November 2024.

³⁹ The Maya Declaration was launched in September 2011 during the Third AFI Global Policy Forum held in Riviera Maya, Mexico. Nigeria became a signatory the same year.

⁴⁰ Alliance for Financial Inclusion, '2024 MAYA DECLARATION PROGRESS REPORT' (August 2024) <<https://www.afi-global.org/wp-content/uploads/2024/08/2024-Maya-Declaration-Progress-Report.pdf>> accessed 13 November 2024.

⁴¹ Alliance for Financial Inclusion (AFI), 'A Quick Guide to the Maya Declaration on Financial Inclusion' (15 June 2012) 2 <https://www.afi-global.org/sites/default/files/publications/afi_maya_quick_guide_withoutannex_i_and_ii.pdf> accessed 25 June 2025.

⁴² Nwanneka Ezechukwu, 'Revisiting Nigeria's approach to Regulating Mobile Payments' (7 April 2020) 1 <<https://www.afronomicslaw.org/print/pdf/node/1065>> accessed 25 June 2025.

challenges, which has supported Nigeria in benchmarking its progress and identifying gaps in its financial inclusion agenda.⁴³

Additionally, the Denarau Accord for Women's Financial Inclusion 2016⁴⁴ emphasises the importance of integrating gender considerations into financial inclusion strategies, encouraging countries to implement policies that enhance women's economic empowerment through improved access to financial resources. The Denarau Accord urges countries to set national targets for women's financial inclusion, collect gender-disaggregated data, and design policies that address barriers women face in accessing financial inclusion.⁴⁵ For Nigeria, the Denarau Accord has influenced the CBN and other stakeholders to prioritise gender in financial inclusion policies, develop women-focused financial products, and strengthen data collection on women's access to credit.⁴⁶ This aligns with Nigeria's broader efforts to empower women economically and reduce gender disparities in the financial sector.

Furthermore, the Sustainable Development Goals (SDGs) 2015⁴⁷ particularly Goal 1 (No Poverty), Goal 5 (Gender Equality) and Goal 8 (Decent Work and Economic Growth) underscores the necessity of ensuring equal access to financial services for all segments of the society as a means to reduce poverty and promote sustainable economic growth.⁴⁸ Nigeria as a signatory to the SDGs, has integrated these targets into its national development plans

⁴³ Alliance for Financial Inclusion (AFI), 'A Quick Guide to the Maya Declaration on Financial Inclusion' 2 (n 41).

⁴⁴ The Denarau Accord was established in 2016 during the Alliance for Financial Inclusion (AFI) global policy forum held in Denarau, Fiji.

⁴⁵ Alliance for Financial Inclusion, 'Denarau Action Plan: Gender and Women's Financial Inclusion' (2016) <<https://www.afi-global.org/old/global-voice/maya-declaration/denarau-action-plan/>> accessed 25 June 2025.

⁴⁶ See 'The Framework for Advancing Women's Financial Inclusion in Nigeria' by the CBN (2020) <https://www.cbn.gov.ng/out/2020/dfd/framework%20for%20advancing%20women's%20financial%20financial%20inclusion%20in%20nigeria_final_5mb.pdf> accessed 25 June 2025.

⁴⁷ SDGs were adopted in 2015 as part of the 2030 Agenda for Sustainable Development by all United Nations member states.

⁴⁸ UNDP, 'What are the Sustainable Development Goals?' (2015) <<https://www.undp.org/sustainable-development-goals>> accessed 13 November 2024.

and financial inclusion strategies.⁴⁹ The SDGs provide both a moral and policy imperative for Nigerian authorities and financial institutions to address barriers faced by women, rural dwellers, low-income groups, ethnic minorities and PWDS in accessing credit and other financial services. Collectively, these international commitments provide operational guidance for Nigeria's ongoing efforts to improve access to credit for marginalised groups.

Banks and Non-bank financial institutions (NBFIs) are pivotal in enhancing access to credit for marginalised populations. The significance of banks in modern market economy cannot be undervalued.⁵⁰ The banking system plays a vital role in fostering economic growth by extending credit to support both investment and consumption, the two core functions of the banking sector.⁵¹ Traditionally, banks facilitate the transfer of money, lend money and help implement monetary policies.⁵² Non-bank financial institutions, including Microfinance banks and Fintech companies have tailored financial services to underserved communities.⁵³ For instance, the Microfinance Policy, Regulatory and Supervisory Framework⁵⁴ established by the Central Bank of Nigeria aims to increase women's access to financial services by at least 5% annually.⁵⁵ These institutions offer essential financial products designed to empower

⁴⁹ See 'Nigeria SDGs Report by the Office of the Senior Assistant to the President on Sustainable Development Goals (OSSAP-SDGs)' (December 2024) <<https://ngfrepository.org.ng:8443/jspui/bitstream/123456789/6374/1/NIGERIA%20sdg%20Progress%20Report%20-202024.pdf>> accessed 25 June 2025.

⁵⁰ Eni Eja Aloba, '*Business Law and Practice*' (1st edition, Princeton & Associates Publishing Co. Ltd 2021) 844.

⁵¹ *ibid* 845.

⁵² Lissa Lynn Broome and Jerry William Markham, 'Regulation of Bank Financial Service Activities Cases and Materials' (4th edn West, A Thomson Reuters Business 2011) 2.

⁵³ Abdullah Omar and Kazuo Inaba, 'Does financial inclusion reduce poverty and income inequality in developing countries' (2020) 9(37) *Journal of Economic Structures* 1-25, DOI: 10.1186/s4008-020-00214-4 <https://www.researchgate.net/publication/340981304_Does_finacial_inclusion_reduce_poverty_and_income_inequality_in_developing_countries_A_panel_data_analysis> accessed 16 November 2024.

⁵⁴ Central Bank of Nigeria, 'Guidelines for the Regulation and Supervision of Microfinance Banks' (2020) <<https://www.cbn.gov.ng/out/2020/fprd/mfb%20regulations%20draft%20merged.pdf>> accessed 8 January 2025.

⁵⁵ Dai-Won Kim, Jung Suk Yu and Kabir Hassan, 'Financial Inclusion and Growth in OIC Countries' (2017) 43(C) *Research in International Business and Finance* 1-14, DOI:10.1016/j.ribaf.2017.07.178 <<https://www.sciencedirect.com/science/article/abs/pii/S0275531917304798>> accessed 8 January 2025.

low-income individuals.⁵⁶ However, despite their potential, many banks and NBFIs face significant challenges in reaching financially marginalised groups. Stringent lending criteria, lack of collateral among borrowers and insufficient financial literacy hinder effective credit delivery.⁵⁷ Furthermore, historical reliance on informal credit systems complicates access to formal financial services. Many individuals resort to traditional borrowing methods within their communities due to distrust or lack of awareness regarding available banking options.⁵⁸

Although financial inclusion in Nigeria has been significantly influenced by various legal frameworks and regulatory initiative, case law challenges still exist. Specific landmark cases directly addressing financial inclusion are limited. Judicial rulings reinforcing women's rights to inherit property have indirectly supported financial inclusion by enabling women to access credit and financial services. In recent court rulings such as *Anekwe v Nweke*⁵⁹ and *Ukeje v Ukeje*,⁶⁰ the judiciary affirmed the inheritance right of women which has facilitated greater financial access for women, enabling them to compete with their male counterparts.⁶¹

However, despite these legal frameworks and international commitments such as the Maya Declaration 2011, United Nations Sustainable Development Goals 2015 and the Denarau

⁵⁶ Terrence Kairiza, Kiprono Philemon and Vengesai Magadzire, 'Gender Differences in financial inclusion amongst entrepreneurs in Zimbabwe' (2017) *Small Business Economics* 48(1) 259-272, DOI: 10.1007/s11187-016-9773-2 <https://www.researchgate.net/publication/305381961_Gender_differences_in_financial_inclusion-amongst_entrepreneurs_in_zimbabwe> accessed 8 January 2025.

⁵⁷ Folorunsho Ajide, 'Financial Inclusion in Africa: Does it Promote Entrepreneurship?' (2020) 12(4) *Journal of Financial Economics Policy* 687-706 <https://www.researchgate.net/publication/337313249_Financial_inclusion_in_Africa_Does_it_promote_entrepreneurship> accessed 8 January 2025.

⁵⁸ Sarah Hendricks, 'The Role of Financial Inclusion in Driving Women's Economic Empowerment' (2019) 29(8) *Development in Practice* 1029-1038, DOI:10.1080/09614524.2019.1660308 <https://www.researchgate.net/publication/337038516_The_role_of_financial_inclusion_in_driving_women%27s_economic_empowerment/fulltext/5dc2229192851c8180303abb/The-role-of-financial-inclusion-in-driving-womens-economic-empowerment.pdf> accessed 9 January 2025.

⁵⁹ 2014) 9 NWLR (Pt 1412) 393 at 421-422.

⁶⁰ (2014) 11 NWLR (Pt 1418) 384 at 408.

⁶¹ See the case of *Obusez v Obusez* (2001) 5 NWLR (Pt 706) 506.

Accord for Women's Financial Inclusion 2016 earlier discussed, gaps remain in their implementation and effectiveness. For instance, while the Microfinance Policy Regulatory and Supervisory Framework aims to enhance access for women and other marginalised groups, its impact has been limited due to inadequate focus on vulnerable populations and challenges in regulatory enforcement.⁶²

According to the EFInA survey, the percentage of financially included individuals in Nigeria has increased from 68% in 2020 to 74% in December 2022, largely attributed to innovations in fintech and the rise of digital assets.⁶³ However, despite the growth in access, certain demographic gaps persist. The financial inclusion rates among women increased from 60% in 2020 to 70% by 2023,⁶⁴ yet 47% of women remain financially excluded. Additionally, approximately 50% of persons with disabilities are excluded from formal financial services while nearly 49% of low-income individuals lack access. Rural residents face even greater challenges with 37% excluded compared to just 17% in urban areas.

The impact of banks and non-bank financial institutions has been pivotal in advancing financial inclusion particularly for underserved populations. Microfinance banks for example have emerged as crucial players by offering tailored financial products such as small loans and savings accounts to low-income earners. The Central Bank of Nigeria's initiatives including the National Financial Inclusion Strategy has facilitated a notable increase in

⁶² Ichraf Ouechtati, 'The Contribution of Financial Inclusion in Reducing Poverty and Income Inequality in Developing Countries'(2020) 10(9) Asian Economic and Financial Review 1051-1061, DOI:10.18488/journal.aefr.2020.109.1051.1061 <https://www.researchgate.net/profile/Ichraf-ouechtati/publication/346138076_The_contribution_of_Financial_Inclusion_in_Reducing_poverty_and_income_inequality_in_Developing_countries/links/606b5bcd92851c91b1a6b9dc/The-contribution-of-financial-inclusion-in-reducing-poverty-and-income-inequality-in-developing-countries.pdf> accessed 10 November 2024.

⁶³ Access to Finance, 'Nigeria closer to 2024 financial inclusion target but gaps persist' (21 March 2024) <<https://a2f.ng/nigeria-closer-to-2024-financial-inclusion-target-but-gaps-persist/>> accessed 10 November 2024.

⁶⁴ *ibid.*

formal inclusion from 56% in 2020 to 64% in 2023. This increase is primarily attributed to the rising use of non-bank financial services, which grew from 5% to 12% over the same frame.

However, despite these advancements, approximately 26% of Nigerians equivalent to about 28.8 million adult Nigerians remain financially excluded, highlighting that significant gaps persist especially among disadvantaged groups such as women, rural residents and people with disabilities. Obstacles such as distrust in financial institutions, high cost of banking services, limited access to physical banking facilities and low digital literacy further exacerbate these challenges.

1.2 Statement of the Problem

The foregoing highlights existing gap in the literature concerning financial inclusion for marginalised groups. While there is a growing body of literature examining financial inclusion, there is limited research on the effectiveness of current legal frameworks governing banks and NBFIs in facilitating access to credit these vulnerable populations.⁶⁵ This lack of focus on legal aspects presents an opportunity for further investigation into how regulations can be optimised to enhance financial inclusion. Also, existing literature often overlooks successful practices employed by banks and NBFIs that could serve as models for improving access to credit. While some studies highlight effective credit initiative globally,

⁶⁵ Jabir Ibrahim Mohammed, Lord Mensah and Agyapomaa Gyeke-Dako, 'Financial Inclusion and Poverty Reduction in Sub-Saharan Africa' (2017) 19(1) African Finance Journal 1-22 <https://www.researchgate.net/publication/319044622_Financial_inclusion_and_poverty_reduction_in_Sub_Saharan_Africa/links/59b7c273aca2722453a65357/Financial-inclusion-and-poverty-reduction-in-Sub-Saharan-Africa.pdf> accessed 21 November 2024.

there is insufficient exploration of how these practices can be adapted within Nigeria's unique socio-economic landscape.⁶⁶

While the contributions of banks and non-bank financial institutions are commendable, there is still a long way to go in achieving comprehensive financial inclusion. Addressing these barriers is crucial not only for individual empowerment but also for achieving a broader economic stability and growth. Therefore, it is imperative for stakeholders including government bodies, financial institutions and Non-Governmental Organisations' and fintech companies to collaborate on targeted initiatives aimed at enhancing access to credit for marginalised groups.

This study aims to fill these knowledge gaps by investigating the role of banks and non-bank financial institutions in improving access to credit for financially marginalised groups in Nigeria. By analysing existing legal frameworks and identifying effective strategies employed by these institutions, this research seeks to contribute valuable insight into enhancing financial inclusion efforts. Furthermore, exploring successful credit initiatives can provide practical recommendations for adapting best practices within Nigeria's context. Ultimately, this study aspires to inform policymakers and stakeholders about effective approaches to facilitate a more inclusive financial landscape that empowers marginalised populations.

⁶⁶ Adamu Magaji Abubakar, and others, 'Driving faster financial inclusion in developing nations' (2020) <<https://papers.ssrn.com/sol3/papers.cfm?abstract=id=3672310>> accessed 21 November 2024.

1.3 Aim and Objectives of the Study

The aim of this study is to analyse the legal frameworks governing banks and non-bank financial institutions in Nigeria to determine their effectiveness in improving access to credit for financially marginalised groups.

The objectives are to:

- i. assess the extent to which the current legal framework influences the lending practices of banks and non-bank financial institutions towards financially marginalised groups in Nigeria.
- ii. evaluate the effectiveness of current initiatives by banks and non-bank financial institutions aimed at improving credit access for marginalised populations.
- iii. identify successful credit initiatives that can serve as a model for enhancing access to credit for financially marginalised groups in Nigeria.

1.4 Research Questions

This study is guided by the following questions:

1. How does the current legal framework shape the lending practices of banks and non-bank financial institutions towards financially marginalised groups in Nigeria?
2. How effective are the initiatives implemented by banks and non-bank financial institutions in facilitating access to credit for financially marginalised groups in Nigeria?
3. What initiatives can be adopted to improve access to credit for financially marginalised populations in Nigeria?

1.5 Methodology

This study is an analytical legal work that employs critical thinking skills. It utilises a doctrinal approach of qualitative methodology, focusing on reading, understanding and interpreting written contents. The primary tool for this study is content review conducted through both physical and digital library resources. This study relies on both primary and secondary sources of law. The primary sources of law relied upon include statutes such as the Constitution of the Federal Republic of Nigeria 1999,⁶⁷ Central Bank of Nigeria Act (CBN) 2007),⁶⁸ Banks and other Financial Institutions Act (BOFIA) 2020,⁶⁹ Credit Reporting Act 2017,⁷⁰ Secured Transactions in Movable Assets Act 2017,⁷¹ Cooperative Societies Act 2004 and the Nigeria Deposit Insurance Corporation Act (NDIC) 2023.⁷² The secondary sources relied upon include law articles, journals, textbooks, online sources and written opinion of experts on the subject matter. In addition to these statutory provisions, key legal cases and judicial perspectives on credit access for marginalised groups are examined.

1.6 Significance of the Study

This study is significant in several respects. It deepens understanding of the role of legal and regulatory frameworks in enhancing access to credit for financially marginalised groups in Nigeria particularly, disadvantaged women, rural dwellers, low-income earners, persons with disabilities, small-scale businesses and ethnic minorities. By critically examining existing laws, regulations and policy instruments governing credit delivery and financial inclusion, such as those issued by the Central Bank of Nigeria and other regulatory bodies, the study

⁶⁷ CFRN (1999) as amended.

⁶⁸ CBN (2007).

⁶⁹ BOFIA (2020).

⁷⁰ CRA (2017).

⁷¹ STMA (2017).

⁷² NDIC (2023).

exposes gaps, inconsistencies and implementation challenges that continues to hinder inclusive access to finance. This study identifies barriers that hinder access to financial services, thereby addressing critical gaps in existing literature. The findings will benefit a wide range of stakeholders. For policy makers and legislators, the study provides empirical and legal insights to guide the formulation and amendment of laws and policies aimed at strengthening financial inclusion and consumer protection. For both banks and non-bank financial institutions, it highlights areas where regulatory compliance and institutional practices can be improved to better serve marginalised populations. For development agencies and advocacy groups, the research offers a framework for designing targeted interventions that promotes equitable access to credit for persons who are often excluded from formal financial services due to socio-economic and geographical barriers. Additionally for academics and legal researchers, the study contributes to the growing body of literature on the intersection between law and finance in Nigeria. Ultimately, this study aims to promote economic empowerment and social inclusion by identifying how legal system can facilitate broader access to credit. Enhanced access to financial resources will not only improve the livelihoods of marginalised groups but also contribute to national economic growth, poverty reduction and the realisation of Nigeria's financial inclusion objectives.

1.7 Scope of the Study

This study investigates the barriers to credit access faced by financially marginalised groups in Nigeria particularly disadvantaged women, rural dwellers, low-income earners, persons with disabilities, small-scale businesses and ethnic minorities. It focuses on the experiences and challenges these groups encounter when interacting with banks and non-bank financial institutions across various regions of Nigeria. The research analyses developments and data

from the past decade (2010-2020), particularly in relation to the Central Bank of Nigeria's National Financial Inclusion Strategy (NFIS). Key areas of focus include the legal frameworks that govern access to credit for marginalised groups, the role of financial institutions in both facilitating or hindering access to credit and the socio-economic factors that impact financial inclusion.

1.8 Limitations of the Study

This section outlines the key constraints encountered during this study. These limitations arise from various factors including the legal framework, availability of resources and external conditions such as electricity supply issues.

The first limitation to be considered is the scarcity of literature authored by legal professionals specifically addressing this research topic. While there is a wealth of economic and financial analyses available, the lack of legal scholarship restricts a comprehensive understanding of the regulatory frameworks and legal challenges that influence financial inclusion efforts.

The second limitation is that while the study aims to provide insights into the Nigerian context, findings may not be generalisable to other jurisdictions with different legal frameworks or socio-economic conditions.

The third limitation is the dynamic legal environment. The legal landscape is constantly evolving and changes in legislation or judicial rulings during the research process may impact the relevance of the findings.

The fourth limitation is electricity supply issues. The frequent collapses of Nigeria's national power grid pose significant challenges to conducting research that relies on consistent access to electricity for data collection and analysis.

The fifth limitation is availability of case laws. There is a limited number of landmark cases specifically addressing access to credit by marginalised groups which restricts the depth of the analysis regarding judicial perspectives.

1.9 Definition of Terms

This section delineates key terms integral to the study, providing precise definitions to facilitate a clear understanding of their application throughout.

1.9.1 Banks: They are financial establishments engaged in activities such as accepting deposits, providing loans, and offering other financial services to individuals and businesses.

1.9.2 Credit: This refers to all forms of deferred payment, where goods and services are received or rendered now, and paid for later. The recent buy-now, pay-later service is an example.

1.9.3 Digital Financial Services: These encompass financial operations delivered through technologies such as mobile phones and internet platforms without requiring physical visits to financial institutions.

1.9.4 Financial Exclusion: This refers to a situation where individuals are unable to access formal financial services due to their peculiar conditions such as low-income, social status or lack of financial literacy.

1.9.5 Financial Inclusion: In contrast to financial exclusion, this denotes a condition in which individuals and businesses can access affordable financial services in a fair and sustainable manner.

1.9.6 Financial Intermediaries: This refers to banks and non-bank financial institutions that facilitate access to credit and other financial services.

1.9.7 Marginalised Groups: This term refers to categories of people who are excluded or disadvantaged in accessing formal financial services due to factors such as limited financial education, low-income or geographical isolation.

1.9.8 Non-Bank Financial Institutions (NBFIs): These are financial entities that do not hold a full banking licence and cannot accept traditional deposits, but provide various financial services, especially to the underserved.

1.9.9 Unbanked and Underbanked Populations: These refer to individuals with limited or no formal relationship with financial institutions. The unbanked have no access to bank accounts or credit while the underbanked maintain minimal contact with financial institutions, but rely primarily on informal or alternative financial services.

1.9.10 Women: In the context of this study, women refer specifically to those who are financially disadvantaged due to low-income, limited education or rural residence. This include women engaged in informal or subsistence economic activities, whose access to credit and formal financial services is often constrained by socio-economic, cultural and institutional barriers. The term does not refer to all women in Nigeria but to those who are systematically excluded from financial opportunities.

1.10 Structure of the Study

This research begins with an introductory chapter that outlines the background of the study, statement of the problem, research objectives both general and specific, research questions, significance of the study, research methodology, limitations of the study, structure of the work and the operational definition of terms. In Chapter 2, a literature and theoretical review is conducted to explore the existing body of knowledge surrounding the role of banks and non-bank financial institutions in improving access to credit for the financially marginalised groups in Nigeria, while also identifying gaps in current literature and developing a relevant theoretical framework to guide the analysis. Chapter 3 examines the legal and institutional frameworks that govern access to credit for financially marginalised groups in Nigeria with focus on key legislations such as the Secured Transactions in Movable Assets Act (STMA) 2017, Credit Reporting Act (CRA) 2017, Central Bank of Nigeria Act 2007 (CBN), and Banks and other Financial Institutions Act 2020 (BOFIA). In Chapter 4, findings are presented regarding the role of banks and non-bank financial institutions in improving access to credit for financially marginalised groups in Nigeria. The chapter analyses successful strategies from other jurisdictions that can serve as potential solutions to improve access to credit for the vulnerable populations in Nigeria. Chapter 5 assesses the critical issues discussed in chapters 1 to 4, with conclusion on the statement of problem, and recommendations for addressing the gaps highlighted in the study.

Chapter Two

Literature Review

2.1 Conceptual Analysis

This section examines key concepts that are essential for understanding the role of banks and non-bank financial institutions in improving access to credit for the financially marginalised groups in Nigeria.

2.1.1 Financial Inclusion

The concept of 'financial inclusion' originated from the microcredit movement of the 1970s and gained widespread usage in the early 2000s.⁷³ It has become a key objective for many international standard-setting organisations and is acknowledged by numerous stakeholders as a facilitator of several United Nations Sustainable Development Goals (SDGs), especially SDG 1 (No Poverty) and SDG 8 (Decent work and Economic growth).⁷⁴

In the Nigerian context, an ideal state of financial inclusion means that adult Nigerians have convenient access to a wide variety of formal financial services that address their needs.⁷⁵ According to Ozili, financial inclusion involves providing and ensuring access to financial services for all segments of the population, especially the poor and marginalised groups.⁷⁶ Dev further explains that financial inclusion is about delivering banking services at

⁷³ CGAP, 'What is Financial Inclusion?' (2020) <<https://www.cgap.org/financial-inclusion>> accessed 24 January 2025.

⁷⁴ *ibid.*

⁷⁵ Central Bank of Nigeria, 'Financial Inclusion' (2024) <<https://www.cbn.gov.ng/dfd/Financialinclusion.html>> accessed 17 January 2025.

⁷⁶ Peterson Ozili, 'Impact of Digital Finance on Financial Inclusion and Stability' (2018) 18(4) *Borsa Istanbul Review* 3, DOI: 10.10.j.bir2017.12.003 <https://www.researchgate.net/publication/322100618_Impact_of_Digital_Finance_on_Financial_Inclusion_and_Stability> accessed 17 January 2025.

affordable costs to large portions of disadvantaged and low-income communities.⁷⁷ A United Nations report describes financial inclusion as the sustainable delivery of affordable financial services that integrates the poor into the formal economy.⁷⁸

However, the last three definitions of financial inclusion given above primarily focus on the starkly poor, suggesting a narrow perspective of financial inclusion. These definitions are too limited and do not accurately reflect what financial inclusion really entails. On a broader scale, the World Bank describes financial inclusion as the process through which individuals and businesses gain access to beneficial and affordable financial services tailored to their needs, provided in a responsible and sustainable manner.⁷⁹ Likewise, Mckinsey defines financial inclusion as ensuring that everyone has access to financial services that support wealth creation, such as savings, credit, loans, equity and insurance.⁸⁰ The last two definitions of financial inclusion given above, seem to reach a consensus that financial inclusion is not just about serving the poorest segment of the society, but rather about accessibility to financial products by everyone, affordability of those financial services and sustainable delivery; that is, financial services must be delivered responsibly and sustainably. The benefits of financial inclusion are substantial and include reducing poverty, increasing shared prosperity for all and most importantly, developing a society where everyone has equal rights to financial resources.

⁷⁷ Mahendra Dev, 'Financial Inclusion: Issues and Challenges' (2006) *Economic and political weekly* 41, 4310-4313, DOI: 10.2307/4418799 <https://www.researchgate.net/publication/262126673_Financial_Inclusion_Issues_and_Challenges> accessed 17 January 2025.

⁷⁸ United Nations, 'Digital Financial Inclusion: International Telecommunication Union (ITU), Issue Brief Series, Inter-agency Task Force on Financing for Development' (July 2016) <https://www.un.org/esa/ffd/wp-content/uploads/2016/01/Digital-Financial-Incluouon_ITU_IATF_Issue-Brief.pdf> accessed 17 January 2025.

⁷⁹ World Bank, 'Financial Inclusion' (2025) <<https://www.worldbank.org/en/topic/financialinclusion>> accessed 17 January 2025.

⁸⁰ Mckinsey & Company, 'What is financial inclusion?' (7 August 2023) <<https://www.mckinsey.com/featured-insights/mckinsey-explainers/what-is-financial-inclusion>> accessed 17 January 2025.

2.1.2 Access to Credit

The English Consumer Credit Act of 1974 defines credit as encompassing a cash loan as well as any other type of financial accommodation.⁸¹ In Webster's Dictionary, credit is defined as the ability to acquire goods without making an immediate payment; allowing for deferred payment over time.⁸² Black's Law Dictionary also defines credit as time allowed to the buyer of goods by the seller, in which to make payment for them.⁸³

In the Australian case of *Herbert v R*,⁸⁴ McTiernan J defines the word credit in the following terms:

In commercial and financial affairs, the word 'credit' may signify the financial agreement in a transaction or the reputation for solvency and honesty which entitles a person desirous of incurring a debt or liability to do so on the terms that payment is to be deferred. In its form or meaning it includes the delivery of goods or advancing of money with trust that the debtor will have the means to pay at a future date.

Section 103(e) of the American Federal Truth-in-Lending Act (1968) defines credit as the right given by a creditor or debtor to postpone the repayment of a debt or to take on debt and delay its repayment.

⁸¹ See section 9(1) of the English Consumer Credit Act.

⁸² Ajai Olawale, 'Consumer Credit, Sales and Services Transactions Law in Nigeria' (Criterion Educational Foundation 2011) 57.

⁸³ *ibid.*

⁸⁴ (1941) 64 CLR 461.

Credit is an agreement between a lender and a borrower that permits the borrower to receive funds, goods or services immediately with the promise to repay at a later date.⁸⁵ Additionally, it covers an individual's borrowing history.⁸⁶

From the definitions provided above, it can be deduced that the following are the constituting elements of credit. The first is that it is a two-party contract between a debtor requesting a loan and the creditor extending the loan, who also has the right to demand payment. The second is futuristic payment, wherein the borrower promises to pay back at a specified date. The third element is that the relationship relies on trust; the creditor depends on the debtor's ability and willingness to repay their debt.

In Nigeria, the concept of credit goes beyond financial transactions because it is seen as a reflection of trust and community.

Access to credit means the capability of individuals or businesses to secure loans.⁸⁷ Access to credit has also been defined as responsible lending accessible to everyone, including historically underserved borrowers, aimed at beneficial purposes such as starting a business.⁸⁸

The first definition of access to credit appears broad because it encompasses all individuals and businesses without specifying any particular demographic or purpose. In contrast, the second definition appears narrow because it specifically focuses on underserved populations compared to the first which applies universally to all groups of people. In summary, while

⁸⁵ Evelyn Waugh, 'What is Credit?' (27 January 2024) <<https://www.experian.com/blogs/ask-experian/credit-education/faqs/what-is-credit/>> accessed 27 March 2025.

⁸⁶ *ibid.*

⁸⁷ Credit Nigeria, 'What is Credit?' (2024) <<https://creditnigeria.com/what-is-credit/>> accessed 17 January 2025.

⁸⁸ Stephen Schwarcz and Theodore Leonhardt, 'Scoping and Defining Financial Inclusion, Access to Credit and Sustainable Finance' (2021) <<https://scholarship.law.duke.edu/lcp/vol84/iss1/2/>> accessed 18 January 2025.

the first definition provides a general understanding of the concept, the second delves into specific aspects of inclusivity.

2.1.3 Financial Marginalisation

Marginalisation refers to the set of processes by which certain individuals and groups experience systematic disadvantages in their interactions with dominant social, political and economic institutions.⁸⁹ These disadvantages stem from various factors such as class status, social group identity (including kinship, ethnicity, caste and race), political affiliation, gender, age and disability.⁹⁰ Nayak and Berkes described that marginalisation as a complex, multidimensional concept that cannot be understood simply as a state of being (e.g, a condition of low-income or food insecurity); but rather as a process unfolding over time, involving multiple interconnected elements that interact with social and economic conditions, political standing and environmental health.⁹¹

Marginalisation often referred to as social marginalisation occurs when individuals or groups have diminished ability to perform activities or access fundamental services and opportunities.⁹²

⁸⁹ Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, 'IPBES Global Assessment on Biodiversity and Ecosystem Services: Unedited Craft Glossary' (31 May 2019) <https://files.ipbes.net/ipbes-web-prod-public_files/ipbes_global_assessment_glossary_unedited_31may.pdf> accessed 18 January 2025.

⁹⁰ *ibid.*

⁹¹ Praterp Kumar Nayak and Fikret Berkes, 'Whose Marginalisation: Politics around Environmental Injustices in India's Chilika Lagoon's' (July 2010) 15(6) Local Environment 553-567, DOI: 10.1080/13549839.2010.487527 <https://www.researchgate.net/publication/232934256_Whose_Marginalisation_Politics_around_Environmental_Injustices_in_India's_Chilika_Lagoon> accessed 18 January 2025.

⁹² LibertiesEU, 'What is Marginalisation: Definition and Coping Strategies' (5 October 2021) <<https://www.liberties.eu/en/stories/marginalisation-and-being-marginalised/43767>> accessed 18 January 2025.

From the definitions provided above, it is glaring that marginalisation encompasses various forms of exclusion including social, political and economic aspects.

Financial marginalisation, however, falls under the economic category. There is no explicit definition of the concept financial marginalisation in existing literature; rather it is inferred from discussions of related concepts such as financial exclusion and economic marginalisation. The KPMG report highlights how access to finance can help integrate marginalised groups into the formal financial system, thus alleviating their socio-economic challenges.⁹³ According to Kumar, financial marginalisation was linked to financial exclusion, resulting from factors such as poor wages, lack of financial literacy and geographical isolation, which hinders access to essential financial services for economic disadvantaged groups. Friedline characterises financial marginalisation as lack of access to credit and routine banking which precludes participation in the economy for marginalised groups contributing to enduring wealth gaps.⁹⁴

A critical aspect to addressing financial marginalisation involves integrating unbanked adults that is; those who lack access to formal financial services and usually do not possess a bank account or any type of formal financial account.⁹⁵ The ultimate goal of the digital agency relationship between the financial inclusion principal and the digital agent is to integrate

⁹³ KPMG, 'Financial Inclusion: A Tool for Mitigating Marginalisation' (September 2018) 2-3 <<https://assets.kpmg.com/content/dam/kpmg/in/pdf/2018/09/financial-inclusion-marginalisation.pdf>> accessed 18 January 2025.

⁹⁴ Terri Friedline and others, 'Exclusion and Marginalisation in Financial Services: Frontline Employees as Street-Level Bureaucrats' (29 January 2020) 3 <<https://poverty.umich.edu/files/2020/01/Friedline-Oh-Klemm-Kugiya-2020-Exclusion-and-Marginalisation-in-Financial-Services-1.pdf>> accessed 18 January 2025.

⁹⁵ Pascaline Dupas and others, 'Banking the unbanked: Evidence from three countries' (2018) 10(2) *American Economic Journal: Applied Economics* 257-297, DOI:10.1257/app.20160597 <<https://pubs.aeaweb.org/doi/pdfplus/10.1257/app.20160597>> accessed 31 January 2025.

individuals into the formal financial sector.⁹⁶ Some of the characteristics of the digital technology to be employed include the expectation that it should be accessible to unbanked adults, tailored to their needs and capable of enabling them to conduct transactions in very small amounts and at a low cost; and lastly, delivered through a digital transaction platform.⁹⁷

2.2 Theoretical Framework

Ozili, the most prominent theorist on financial inclusion propounded about thirteen theories which he further categorised into three groups which are: theories of financial inclusion on beneficiaries which covers perspectives on who benefits from financial inclusion outcomes;⁹⁸ theories of financial inclusion on funding which covers who should fund financial inclusion expenditure for the people⁹⁹ and theories of financial inclusion delivery which covers who should deliver financial services to the people.¹⁰⁰ The systems theory is considered most relevant to this study because it provides a holistic understanding of how different components of the financial system interact to promote access to credit and other financial services.

2.2.1 Systems Theory of Financial Inclusion

⁹⁶ Peterson Ozili, 'Digital Agency Theory of Financial Inclusion: A Theory of Digital Financial Inclusion' (2024) 9 <https://www.Peterson-Ozili/publication/381670258_Digital_agency_theory_of_digital_inclusion/links/66adfae28f7e1236bc32c958/Digital-Agency-Theory-of-financial-inclusion-A-Theory-of-Digital-Financial-Inclusion.pdf> accessed 31 January 2025 .

⁹⁷ Ozili, 'Digital Agency Theory of Financial Inclusion: A Theory of Digital Financial Inclusion' (n 96) 10.

⁹⁸ Peterson Ozili, 'Theories of Financial Inclusion' (2020) SSRN Electronic Journal DOI:10.2139/SSRN.3526548, 10-11 <https://www.researchgate.net/profile/Peterson-Ozili/publication/338852717_Theories_of_Financial_Inclusion/links/6132dfc82b40ec7d8be3823d/Theories-of-Financial-Inclusion.pdf?origin=publication_detail&_tp=eyJjb250ZXh0Ijp7ImZpcnN0UGFnZSI6InB1YmxpY2F0aW9uIiwicGFnZSI6InB1YmxpY2F0aW9uRG93bmVWQjIJCjwcmV2aW91c1BhZ2UiOiJwdWJsaWNhdGlvb2I9fQ> accessed 10 February 2025.

⁹⁹ *ibid* 13.

¹⁰⁰ *ibid* 9.

Systems theory is a well-established interdisciplinary framework that originated with Ludwig Von Bertalanffy in the 1940s. Ludwig's theory provided a general framework explaining how different components of a system interact as a whole and emphasised the importance of viewing systems holistically rather than in isolation.¹⁰¹ According to Ozili, the systems theory is categorised as a theory of financial inclusion beneficiaries. This theory postulates that financial inclusion outcomes can be accomplished through existing sub-systems that depend on financial inclusion being achieved as a prerequisite before services can be provided.¹⁰² Once financial inclusion occurs, it typically generates positive spillover effects on these sub-systems and the broader economic system, while also addressing the needs of the individuals who become financially included.¹⁰³ The terminologies 'financial inclusion outcomes' and 'existing sub-systems' are crucial in understanding what the systems theory of financial inclusion entails.¹⁰⁴ Financial inclusion outcome refers to the reason(s) why a person wants to be financially included while the existing sub-systems are the establishments within a wider economic system that enables individuals achieve their financial inclusion outcomes.¹⁰⁵ In other words, financial inclusion outcomes are the motivation that drives individuals to access financial services while the sub-systems are the mediums or components within a larger economic system that enables individuals to achieve their financial inclusion outcomes or objectives.

¹⁰¹ Mentas Abiertas Psicología S.L, 'General systems theory of Ludwig Von Bertalanffy' (23 June 2022) <<https://mentesabiertaspsicologia.com/blog-psicologia/general-systems-theory-of-ludwig-von-bertalanffy?>> accessed 5 February 2025.

¹⁰² Peterson Ozili, 'Systems theory of financial inclusion' (2025) 4 <https://www.researchgate.net/profile/Peterson_Ozili/publication/379958330_Systems_theory_of_financial_inclusion> accessed 28 March 2025.

¹⁰³ *ibid* 5.

¹⁰⁴ *ibid*.

¹⁰⁵ Ozili, 'Systems theory of financial inclusion' (n 102) 4-6.

The main argument of the systems theory is that it considers unbanked adults to be part of a larger system which has many sub-systems.¹⁰⁶ Each sub-system in turn has its own condition that enables financial inclusion to occur for unbanked adults which benefits all parts of the system involved in the financial inclusion process.¹⁰⁷ The sub-systems that create conditions that makes it easier for unbanked adults to achieve financial inclusion are: the digital financial services sub-system, the social sub-system, the institutional sub-system, the financial sub-system, the employment payment sub-system etc. These sub-systems will be discussed briefly.

2.2.1.1 Digital financial services sub-system: This refers to the digital infrastructure and the digital financial service providers that enable the delivery of digital services to customers.¹⁰⁸ For financial services to take place in this sub-system, certain conditions must be met. The first is that the customer must own a device be it a mobile phone or computer with internet access which can be used to make or receive payments and make transfers digitally via a platform.¹⁰⁹ The second is that there must be a digital transactional platform that enables the exchange of money digitally e.g point-of-sale terminals, quick response code etc.¹¹⁰ The third condition is that there should be an Information and Communication Technology (ICT) system that permits unbanked adults to use their identity information to open a formal account remotely.¹¹¹ This third condition is very important because without an enabling ICT, digital financial inclusion will be difficult to achieve.

¹⁰⁶ *ibid* 6.

¹⁰⁷ Ozili, 'Systems theory of financial inclusion' (n 102) 6.

¹⁰⁸ *ibid* 8.

¹⁰⁹ Ozili, 'Systems theory of financial inclusion' (n 102) 8.

¹¹⁰ *ibid*.

¹¹¹ Ozili, 'Systems theory of financial inclusion' (n 102) 8.

2.2.1.2 Social sub-system: This refers to an organised network of relationships that exists between individuals and groups.¹¹² These groups usually a religious one, cultural, social clubs, traditional or ethnic groups are headed by one or more opinion leaders whose belief system be it positive or negative, has a way of either encouraging or discouraging members attitude towards formal financial services.¹¹³ These members in turn also positively or negatively influence family members, close associates, religious groups and community members.¹¹⁴ However, it is important to note that for financial inclusion to take place, there should be positive attitudes towards financial institutions among the social-group that makes up the social sub-system.

2.2.1.3 Institutional sub-system: This refers to both the formal and informal institution sub-system that serves public interest.¹¹⁵ The formal institutional sub-system refers to the organised network of legal, political, regulatory, accountability and anti-graft institutions that are constantly interacting with one another to serve public interest.¹¹⁶ These institutions not only create laws, policies, rules and regulations that enable financial inclusion to take place, but also protect newly banked adults and existing bank customers by safeguarding their rights to use appropriate financial services and their right to be treated fairly in the financial system.¹¹⁷

The CBN is an example of a regulatory institution discussed by Ozili above. It is the apex regulator of the Nigerian banking system established by the CBN Act of 1958 now the CBN

¹¹² *ibid* 10.

¹¹³ Ozili, 'Systems theory of financial inclusion' (n 102) 10.

¹¹⁴ *ibid*.

¹¹⁵ Ozili, 'Systems theory of financial inclusion' (n 102) 11.

¹¹⁶ *ibid*.

¹¹⁷ *ibid*.

Act 2007.¹¹⁸ Section 1 of the CBN Act 2007 covers the establishment of the CBN as an independent body in the discharge of its functions.¹¹⁹ The CBN is the primary banking regulator responsible for the overall management and implementation of the Federal Government of Nigeria's monetary and financial sector policies.¹²⁰ The CBN performs key functions, including maintaining monetary and price stability; issuing legal tender currency; maintaining external reserves to safeguard the international value of the legal tender currency; promoting a sound financial system in Nigeria; and acting as a bank and providing economic and financial advice to the Federal Government.¹²¹

Also, the Economic and Financial Crimes Commission (EFCC) in Nigeria serves as an anti-graft agency within the institutional sub-system described by Ozili above. The EFCC was established in 2003 under the EFCC Act 2004 to investigate, prevent and prosecute economic and financial crimes. The Commission serves as Nigeria's designated Financial Intelligence Unit (FIU) and is responsible for coordinating the various agencies involved in combating money laundering as well as enforcing all laws related to economic and financial crimes in the country.¹²² The EFCC's mandate to investigate and prosecute economic and financial crimes¹²³ directly contributes to protecting newly banked adults and existing bank customers.¹²⁴ The EFCC indirectly supports financial inclusion efforts by creating a more trustworthy financial environment.

¹¹⁸ King James Nkum and Julius Onivehu Beida, *'Law of Banking and Insurance in Nigeria'* (1st edition, Princeton & Associate Publishing Co. Ltd 2024) 122.

¹¹⁹ See section 1(4) of the CBN Act 2007.

¹²⁰ Resolution Law Firm, 'Overview of Banking Regulations in Nigeria' (3 September 2020) <<https://www.mondaq.com/nigeria/financial-services/981632/overview-of-banking-regulations-in-nigeria>> accessed 31 March 2025.

¹²¹ See the CBN Act 2007, s 2.

¹²² See the EFCC Act 2004, s 1(2)(c).

¹²³ See the EFCC Act 2004, s 6(a)-(q).

¹²⁴ Sikirat Shehu, 'EFCC to deepen synergy with local, foreign agencies against graft' (11 December 2023) *Business Day* <<https://businessday.ng/news/article/efcc-to-deepen-synergy-with-local-foreign-agencies-against-graft->> accessed 31 March 2025.

The informal institutional sub-system includes the network of cultural norms, traditions, customs and religious belief system held by informal groups. Advocacy, persuasion and re-orientation are the tools employed to modernise the existing cultural norms, traditions, values, customs, principles and religious belief system held by informal groups.¹²⁵

In many of our communities in Nigeria, there is a strong expectation to save within informal groups, where members contribute regularly towards a common fund. It is locally known as ‘*Ajo/Esusu*’. In some cultures, it is customary to rely on family members for financial support during emergencies rather than seeking formal loans from banks.¹²⁶ Also, local community leaders or respected elders often facilitate access to credit based on trust rather than formal agreements.

2.2.1.4 Financial sub-system: This sub-system is made up of financial institutions, financial markets, financial products and services and financial system infrastructure that enables efficient financial intermediation.¹²⁷ Financial inclusion takes place in this sub-system when the following occurs- when financial institutions reduce documentation and other on-boarding requirements to own a formal account; decrease fees associated with making financial services more accessible to unbanked customers to access the platform; available financial services are tailored to meet the unique needs of customers and are non-discriminatory; and the financial system infrastructure promotes diversity, equity and inclusion (DEI) for all types of customers particularly new customers etc.¹²⁸

¹²⁵ Ozili, ‘Systems theory of financial inclusion’ (n 102) 11.

¹²⁶ Peterson Ozili, ‘Institutional theory of financial inclusion’ (2023) 12-13 <https://download.ssrn.com/23/01/ssrn_id4317602_code1996195.pdf> accessed 1 April 2025.

¹²⁷ Ozili, ‘Systems theory of financial inclusion’ (n 102) 12.

¹²⁸ *ibid*.

2.2.1.5 Employment payment sub-system: This sub-system advocates that for financial inclusion to take place, there is the need for labour policies to make not only the formal employers pay their employees' salaries or wages into their respective formal account, but this should also be extended to the informal employers and employees.¹²⁹ This move will accelerate financial inclusion for unbanked adults who are doing any type of work.¹³⁰

The systems theory of financial inclusion has several advantages.¹³¹ Primarily, it acknowledges the importance of existing economic, financial and social systems or structures within a country.¹³² Secondly, compared to other theories that adopt a micro-perspective, the systems theory offers a macro-perspective on financial inclusion.¹³³ Additionally, the systems theory takes into account how financial inclusion outcomes are influenced by the interactions among the various sub-systems upon which financial inclusion depends.¹³⁴

The systems theory has its drawback. First, the existing sub-systems reflect the surrounding environment and in some cases, these sub-systems may not operate effectively, leading to less than expected financial inclusion outcomes.¹³⁵ Second, the theory overlooks the impact of external factors outside the entire system that could influence financial inclusion results.¹³⁶ Third, it assumes a direct relationship between the financial inclusion outcomes and the sub-systems on which they depend.¹³⁷

2.2.2 Application of Systems Theory

¹²⁹ Ozili, 'Systems theory of financial inclusion' (n 102) 13.

¹³⁰ *ibid.*

¹³¹ Ozili, 'Theories of Financial Inclusion' (n 98) 8.

¹³² *ibid.*

¹³³ *ibid.*

¹³⁴ Ozili, 'Theories of Financial Inclusion' (n 98) 8.

¹³⁵ *ibid.*

¹³⁶ Ozili, 'Theories of Financial Inclusion' (n 98) 9.

¹³⁷ *ibid.*

Nigeria's financial inclusion goals can be effectively achieved and understood through the systems theory of financial inclusion. The holistic approach provided by the systems theory aligns with Nigeria's need to address multiple barriers simultaneously while recognising that financial inclusion is not merely about access to financial services but involves a complex interplay of various support inclusive finance for the global population.

The systems theory emphasises the interconnectedness of different components within the broader economic system. In Nigeria, enhancing digital infrastructure is essential for reaching unbanked populations. The country's push for mobile banking and digital payment platforms is a crucial step in this direction. According to Ozili, achieving financial inclusion has positive spillover effects such as stimulating economic activities, reducing poverty and enhancing overall economic growth on existing sub-systems and the broader economy. Each sub-system plays a crucial role in enabling financial inclusion. For instance, improving digital infrastructure allows for greater accessibility to financial services. Also, community relationships and cultural practices can influence individuals' attitude towards formal financial services.

The systems theory can inform the design and implementation of policies aimed at increasing financial access. Aligning the National Financial Inclusion Strategy (NFIS) with the needs identified within each sub-system can lead to more effective strategies tailored specifically to the Nigerian context. The NFIS serves as a roadmap for achieving financial inclusion in Nigeria. Recognising unbanked adults as part of a larger system with interconnected needs enables stakeholders to develop targeted interventions that address specific barriers faced by these individuals in accessing financial services. For instance, programs could focus on enhancing mobile banking literacy among women in rural areas where traditional banking

access is limited. Since the systems theory emphasises leveraging on existing sub-systems, utilising informal groups like ‘*Ajo*’ and ‘*Esusu*’ as a bridge to formal financial systems that can enhance participation rates among traditionally excluded populations. These informal structures provide a foundation of trust that can facilitate entry into the formal financial sector.

However, government policies, whether intended to be positive or not, inevitably influences financial inclusion, sometimes in unintended ways. For example, the recent capping of agent banker transactions at N1.2 million, while potentially promoting a cashless economy, could have adverse effects on rural dwellers who rely heavily on these agents for financial services.¹³⁸ Furthermore, the CBN recently announced revisions to ATM transaction fees and are scheduled to be implemented starting from March 1, 2025.¹³⁹ More significantly, withdrawals at ATMs of other banks will incur a N100 fee along with an additional surcharge of up to N450 for every N20,000 withdrawn. While the CBN states that these adjustments tackle increasing operational expenses and improve efficiency in the banking sector, the increased costs for using ATMs, particularly those of other banks, could disproportionately impact low-income individuals and those in rural areas who may have limited access to their own bank branches. These highlights a critical point that policies designed to enhance one aspect of the financial system (e.g bank profitability or cashless transaction) can inadvertently shrink financial inclusion if the needs of all sub-systems are

¹³⁸ Tobi Tunji, ‘CBN sets daily cash-out limit for POS transactions at N100,000 per customer’ (December 2023) <<https://nairametrics.com/2024/12/18/cbn-sets-daily-cash-out-limit-for-pos-transactions-at-n100000-per-customer>> accessed 10 February 2025.

¹³⁹ Apex News, ‘CBN announces new ATM transaction fees, effective March 1, 2025’ *Apex Newspaper* (Lagos, 11 February 2025) <https://stories.apexnews-af.com/news/detail/142247b07990a0f3e2abb919884cb94d?country=ng&language=en&entry_id=6ddd4842250211en_ng&request_id=PUSH_a0bc22b0-76d1-48ea-805f-d13bc538ce8c&from=mini_push> accessed 12 February 2025.

not carefully considered. A truly systemic approach requires a balanced perspective, where both the potential benefits and drawbacks of policies are thoroughly evaluated to ensure equitable access to financial services across the entire economy.

Establishing mechanisms for feedback from beneficiaries can also help refine policies and practices, by ensuring they remain relevant and effective in meeting the evolving needs of the population. Encouraging collaboration among various stakeholders including government bodies, financial institutions and community organisations can enhance overall effectiveness in achieving financial inclusion goals.

2.2.3 Sociological Jurisprudence Theory

Sociological jurisprudence developed as a synthesis to the thesis and antithesis which legal positivism and natural law postulations represent.¹⁴⁰ It proceeded on the pedestal that while positive laws are a means of social control, such laws must be constantly fine-tuned to meet the interests and evoke positive changes in the society. Pounds¹⁴¹ was one of the most influential writers on sociological jurisprudence, and he thought of law as a social institution established to satisfy human and social wants. He placed a lot of emphasis on interests which he defined as a demand, desire or expectation which human beings, either individually or in groups or associations, seek to satisfy.¹⁴² Social interests, which Pound recognises as the most important form of interests, are claims, demands or desires in terms of social life and generalised claims of the social group.

¹⁴⁰ Funso Adaramola, '*Basic Jurisprudence*' (2nd edn, Nayee Publishing Company Ltd 2003) 289.

¹⁴¹ Roscoe Pounds was an American jurist, botanist and professor of jurisprudence who lived between 1870 to 1964.

¹⁴² Roscoe Pound, '*Jurisprudence*' (West Publishing Co 1959) 104.

Jhering¹⁴³ was the most influential sociological jurist of his days. He viewed law as an impartial abiter or mediator between competing interests and claims which have to be re-ordered in the interest of the society.¹⁴⁴ He sought a positive correlation between the legal process and the development of the needs of society. He further opined that in the event of a conflict between individual and societal interests, the interest of the society must take precedence over that of the individual.

The sociological school of thought is concerned with social justice and how best it can be achieved in the society. It also believes in the importance of harnessing the techniques of the social services and knowledge of sociological research to build a more effective and enduring science of law.

2.2.3.1 Application of Sociological Jurisprudence Theory

Sociological jurisprudence, with its focus on law as a social institution shaped by and responsive to societal needs and interests, provides a powerful framework for understanding and advancing financial inclusion in Nigeria. The theory emphasises the importance of aligning legal frameworks and policies with the social realities of marginalised groups, who often face systemic barriers in accessing financial services.

The relevance of this theory lies in its emphasis on law as a dynamic social institution that must adapt to meet the real needs of the society, especially marginalised groups. The theory's focus on balancing individual and social interests supports legal reforms aimed at expanding financial access to underserved populations, promoting social justice and economic equality.

Applying sociological theory means shaping laws and policies to reflect the financially

¹⁴³ Rudolf Von Jhering was a German scholar who lived between 1818-1892.

¹⁴⁴ Rufus Dias, '*Jurisprudence*' (4th edn, Butterworths 1985) 506.

marginalised social interests and remove barriers to financial services. This theory also underscores that sustainable financial inclusion requires law to be dynamic and inclusive, constantly evolving through sociological insights to bridge the gap between formal financial structures and the lived experiences of Nigeria's financially marginalised populations.

2.3 Summary of Literature

A Plethora of scholars have written extensively on the issues of financial inclusion, financial institutions, access to credit and financial marginalisation. Below, some notable publications by these authors will be reviewed.

Although numerous scholars have examined financial inclusion in developing countries, limited focus has been given to the specific determinants and challenges of financial inclusion in Nigeria. Ozili¹⁴⁵ successfully addressed this gap by offering an in-depth analysis of financial inclusion in the Nigerian context. He argued that financial inclusion is a growing concern in the country due to an inadequate understanding of what financial inclusion truly entails.¹⁴⁶ His findings revealed that the wealthy and employed populations are more likely to experience financial inclusion compared to individuals who are poor, uneducated or unemployed.¹⁴⁷ The failure of banks to grant loans to ordinary people has led to the growth of other avenues for obtaining credit beyond the formal financial system, thus contributing to the expansion of the shadow banking sector.¹⁴⁸ Ozili identified three factors that promote financial inclusion Nigeria.¹⁴⁹ The first is fintech, which has been around for a decade;¹⁵⁰

¹⁴⁵ Peterson Ozili, 'Financial Inclusion in Nigeria: Determinants, Challenges and Achievements' (March 2020) <https://www.researchgate.net/publication/351762713_Financial_Inclusion_in_Nigeria_Determinants_Challenges_and_Achievements> accessed 21 January 2025.

¹⁴⁶ Ozili, 'Financial Inclusion in Nigeria: Determinants, Challenges and Achievements' (n 145) 2.

¹⁴⁷ *ibid.*

¹⁴⁸ Ozili, 'Financial Inclusion in Nigeria: Determinants, Challenges and Achievements' (n 145) 2.

¹⁴⁹ *ibid* 7-8.

fintech which encompasses new or existing technologies and innovations that challenge traditional methods of conducting financial transactions, has introduced alternative ways of carrying out such transactions with minimal or no human involvement.¹⁵¹ For instance, platforms like PayPal uses fingerprint based authentication for secured transactions.¹⁵² The second, digital finance;¹⁵³ in this category is the electronic card which have existed in Nigeria as far back as 2015 and have gradually evolved into more advanced card products over time including ATMs, dollar cards and others¹⁵⁴ these digital finance products and others such as debit cards, mobile apps have helped increase the level of financial inclusion in Nigeria¹⁵⁵ and the third, Central Bank of Nigeria's (CBN) authority to reject or accept financial innovation by promoters of financial innovation.¹⁵⁶ The CBN being a financial regulator is independent and has the power to accept or reject financial innovation decision.¹⁵⁷ The CBN accesses financial innovations brought before it to ensure they do not present any significant threats to the stability of the financial system.¹⁵⁸

Of all the three areas that he highlighted needed improvement, the one area that stood out was the creation of a regulatory sandbox for financial innovation.¹⁵⁹ If other countries of the world are working towards and clamouring for financial inclusion, Nigeria should not be left out and most certainly should not let some regulatory challenges hold it back. At this point, policies that support the growth of digital innovation should be embraced rather than stifled.

¹⁵⁰ *ibid* 7.

¹⁵¹ *ibid*.

¹⁵² Nordstone, 'Integrating biometric authentication in fintech apps' (10 February 2025) <<https://nordstone.co.uk/blog/integrating-biometric-authentication-in-fintech-app-developers>> accessed 30 March 2025.

¹⁵³ Ozili, 'Financial Inclusion in Nigeria: Determinants, Challenges and Achievements' (n 145) 7-8.

¹⁵⁴ *ibid* 8.

¹⁵⁵ *ibid*.

¹⁵⁶ Ozili, 'Financial Inclusion in Nigeria: Determinants, Challenges and Achievements' (n 145).

¹⁵⁷ *ibid*.

¹⁵⁸ Ozili, 'Financial Inclusion in Nigeria: Determinants, Challenges and Achievements' (n 145).

¹⁵⁹ Ozili, 'Financial Inclusion in Nigeria: Determinants, Challenges and Achievements' (n 145) 9.

One of the many scholars who also wrote on the determinants of financial inclusion in Nigeria is Bayero¹⁶⁰ who emphasised the importance of customer awareness and robust financial infrastructure as positive determinants of financial inclusion. His findings suggest that increasing public knowledge about available financial services can positively affect its usage. Other scholars in this category were Babajide and others,¹⁶¹ whose findings showed that financial inclusion plays a crucial role in determining the overall factors of production within the economy. These findings illustrates how inclusive finance can enhance overall economic performance by enabling more efficient resource allocation.¹⁶²

Kama and Adigun¹⁶³ argued that the principle of financial inclusion has gained increased prominence in recent times, largely due to its recognised role as a catalyst for economic growth.¹⁶⁴ They believed that granting access to financial services to hundreds of millions of men and women around the world who are currently excluded from financial services represent the vast potential for mobilising savings, generating investable funds, stimulating investment and ultimately contributing to global wealth creation.¹⁶⁵ They emphasised that countries have adopted diverse policies to advance financial inclusion, tailored to the unique

¹⁶⁰ Musa Abdullahi Bayero, 'Effects of Cashless Economy Policy on Financial Inclusion in Nigeria: An Exploratory Study' (2015) 172(3) *Procedia-Social and Behavioural Sciences* 49-56, DOI:10.1016/j.sbspro.2015.01.334

<https://www.researchgate.net/publication/272523515_Effects_of_Cashless_Economy_Policy_on_Financial_Inclusion_in_Nigeria_An_Exploratory_Study> accessed 22 January 2025.

¹⁶¹ Abiola Babajide and others, 'Financial Inclusion and economic growth in Nigeria' (July 2015) 5(3) *International Journal of Economics and Financial Issues* 629-637 <https://www.researchgate.net/publication/295656568_International_Journal_of_Economics_and_Financial_Issues_Financial_Inclusion_and_Economic_Growth_in_Nigeria> accessed 22 January 2025.

¹⁶² *ibid.*

¹⁶³ Ukpai Kama and Mustapha Adigun, 'Financial Inclusion in Nigeria: Issues and Challenges' (August 2013) *Occasional Paper* No.45, 15 <<https://www.cbn.gov.ng/out/2014/rsd/occasional%20paper%20no.%2045%20issues%20and%20challenges.pdf>> accessed 15 January 2025.

¹⁶⁴ Kama and Adigun (n 163).

¹⁶⁵ *ibid.*

features of their economies and the specific characteristics of their populations.¹⁶⁶ They observed that in developed countries, targeted legal and policy measures have been introduced to promote initiatives, especially by banks that support the ongoing expansion and sustainability of financial inclusion.¹⁶⁷ They noted that the United Kingdom was among the earliest countries to acknowledge the significance of financial inclusion.¹⁶⁸ Their study was not just confined to past efforts of Nigerian government and the corresponding effects of each initiative; but also extended to recent efforts.¹⁶⁹ The Central Bank of Nigeria has played a leading role in promoting and supporting financial products specifically designed for low-income individuals and those excluded from the financial system.¹⁷⁰ Meanwhile, the government concentrated on implementing interventionist financing schemes and establishing institutions and frameworks aimed at promoting financial inclusion.¹⁷¹ They concluded that the challenges of inadequate financial inclusion is not just limited to developing economies alone; rather, governments should conceive and implement policies aimed at ensuring that majority of the population become financially included.¹⁷²

While many studies have examined the impact of financial inclusion on economic growth, income inequality and poverty reduction, Mbutor and Uba¹⁷³ focused specifically on the relationship between financial inclusion and the transmission of monetary policy.¹⁷⁴ They observed that policy makers are currently demonstrating heightened interest in promoting

¹⁶⁶ Kama and Adigun (n 163) 7.

¹⁶⁷ Kama and Adigun (n 163) 7.

¹⁶⁸ *ibid.*

¹⁶⁹ See section 4.1 on page 16 and section 4.2 on page 20 of Kama and Adigun (n 163).

¹⁷⁰ *ibid* 20.

¹⁷¹ *ibid.*

¹⁷² See section 3.1 of Kama and Adigun (n 163) 7.

¹⁷³ Mbutor Mbutor and Ibrahim Uba, 'The impact of financial inclusion on monetary policy in Nigeria' (November 2013) 5(8) *Journal of Economic and International Finance* 318-326 <https://www.academicjournals.org/app/webroot/article/article1383044040_Mbutor%20and%20Uba.pdf> accessed 22 January 2025.

¹⁷⁴ *ibid* 319.

financial inclusion, largely because evidence shows that countries with greater financial inclusion tend to experience stronger economic growth.¹⁷⁵ They advocated for the CBN to intensify its efforts in advancing financial inclusion, emphasising that it not only fosters economic growth but also improves the effectiveness of monetary policy in Nigeria.¹⁷⁶ They firmly argued that broadening access to formal financial services across all sectors of the economy helps reduce reliance on informal financial systems, thereby enhancing the transmission of monetary policy and promoting financial transparency and stability.¹⁷⁷

Thomas and other scholars¹⁷⁸ contributed to the body of literature on financial inclusion, financial vulnerability and financial technology focusing on the context emerging economies.¹⁷⁹ They recognised the fact that Nigerian banks and financial technology (fintech) companies are making efforts to improve their services and engage more with customers.¹⁸⁰ Nigerian banks aim to ensure that more depositors' funds are within the banking system.¹⁸¹ Additionally, the cashless policy of the CBN is facilitating the shift towards greater financial inclusivity. Their study presented technologies adopted in Nigeria to bridge the gap which includes mobile apps developed to encourage online transactions;¹⁸² Unstructured Supplementary Services Data (USSD),¹⁸³ which relies on GSM technology suitable for areas without access to home Internet or banks; and mobile money technology, also described as agency banking which connects banks with their customers through the assistance of a

¹⁷⁵ See introductory page on 'The impact of financial inclusion on monetary policy' by Mbutor and Uba.

¹⁷⁶ See introductory page on 'The impact of financial inclusion on monetary policy' by Mbutor and Uba.

¹⁷⁷ *ibid* 321.

¹⁷⁸ Thomas Wayne and others, 'Technologies for Financial Inclusion in Nigeria' (2020) Research Agenda Working Paper 2020(4) 40-50
<https://www.researchgate.net/publication/340184476_Technologies_for_Financial_Inclusion_in_Nigeria>
accessed 22 January 2025.

¹⁷⁹ *ibid* 40.

¹⁸⁰ Thomas Wayne and others (n 178) 42.

¹⁸¹ *ibid*.

¹⁸² Thomas Wayne and others (n 178) 43.

¹⁸³ *ibid* 43-45.

mobile money agents.¹⁸⁴ The study highlighted that significant progress has been made by banks and fintech companies to address the issue of financial inclusion which is highly commendable particularly in the areas of agency banking and the use of USSD codes which has broken barriers related to language and internet connectivity.¹⁸⁵

Cardoso is reported to explain that,¹⁸⁶ commercial, merchant and non-interest banks are also at the forefront of driving financial inclusion through the widespread deployment of Automatic Teller Machines (ATMs) at strategic locations including hotels, malls, hospitals, company premises among others. This effort is further reinforced by the introduction of agent banking services, complemented by Point of Sale (POS) devices in remote areas where traditional bank branches are difficult to locate.¹⁸⁷ However, it is important to note that the CBN has recently introduced new regulations that place limits on POS transactions.¹⁸⁸ As of 2024, POS agents are restricted to a daily cash-out limit of N1.2 million and individuals are limited to withdrawing N100,000 per day through POS agents.¹⁸⁹ These measures aim to promote electronic payments and strengthen the cashless economy.¹⁹⁰ These new limits however may impact the effectiveness of POS devices in serving the financial needs of individuals, particularly in rural areas.

¹⁸⁴ Thomas Wayne and others (n 178) 44.

¹⁸⁵ Thomas Wayne and others (n 178) 44.

¹⁸⁶ See Chima Nwokoji, 'As Banks align with CBN monetary policies for economic recovery' *Nigerian Tribune* (Lagos 9 December 2024) 12.

¹⁸⁷ *ibid.*

¹⁸⁸ CBN, 'Circular on cash-out limits for agent banking transactions' (17 December 2024) <<https://www.cbn.gov.ng/Out/2024/CCD/Circular%20on%20Cashout%20limits%20for%20Agent%20Banking%20Transactions.pdf>> accessed 30 March 2025.

¹⁸⁹ Tobi Tunji, 'CBN sets daily cash-out limit for POS transactions at N100,000 per customer' (December 2023) <<https://nairametrics.com/2024/12/18/cbn-sets-daily-cash-out-limit-for-pos-transactions-at-n100000-per-customer>> accessed 10 February 2025.

¹⁹⁰ *ibid.*

According to Ene and Inemesit,¹⁹¹ the central idea behind the creation of microfinance institutions in developing countries, specifically targeted at low-income individuals, is to provide micro, small and medium enterprises (MSMEs) with easy accessibility to finance.¹⁹² They argued that microfinance is not a new concept in Nigeria, as it has existed in the form of *esusu/itutu/adashi* - a rotating contributory savings scheme predominantly utilised by market traders.¹⁹³ Adeola and Evans¹⁹⁴ also argued that microfinance has emerged as an effective institutional tool for improving access to credit among low-income groups.¹⁹⁵ They maintained that microfinance acts as a gateway for poor and low-income households to achieve financial inclusion by offering services such as savings and insurance, which encourage greater participation in the financial system.¹⁹⁶ They concluded that microfinance banks should develop products specifically designed to meet the needs of the poor, emphasising features like quick access, flexible collateral requirements, low-interest rates and reasonable repayment terms.¹⁹⁷

According to Muhammad and others,¹⁹⁸ Islamic microfinance was developed as an innovative option with huge potential of promoting financial inclusion because in developing countries

¹⁹¹ Emeka Ene and Udom Inemesit, 'Impact of Microfinance in Promoting Financial Inclusion in Nigeria' (2015) 3(2) *Journal of Business Theory and Practice* 139-158 <<https://core.ac.uk/download/pdf/268084814.pdf>> accessed 22 January 2025.

¹⁹² Ene and Inemesit (n 191) 139.

¹⁹³ *ibid* 140.

¹⁹⁴ Ogechi Adeola and Olaniyi Evans, 'The Impact of Microfinance on Financial Inclusion in Nigeria' (2017) 51(4) *The Journal of Developing Areas* 193-206 <https://www.researchgate.net/publication/317884501_The_impact_of_microfinance_on_financial_inclusion_in_Nigeria> accessed 23 January 2025.

¹⁹⁵ *ibid* see abstract page.

¹⁹⁶ Adeola and Evans (n 194) 194.

¹⁹⁷ *ibid* 203.

¹⁹⁸ Syahrul Hidayat Muhammad and others, 'Financial Inclusion through Microfinance: Empirical Evidence from Developing Countries' (2023) 1(11) *International Journal of Scientific Research Management (IJSRM)* 5302-5312, DOI:10.18535/ijrm/v1i11.em03 <https://www.researchgate.net/publication/375571495_Financial_Inclusion_through_Islamic_Microfinance_Empirical_Evidence_from_Developing_Countries> accessed 13 February 2025.

many people and businesses lack access to legitimate financial services.¹⁹⁹ The study aimed to assess the role and influence of microfinance in promoting financial inclusion within developing countries.²⁰⁰ To them, the underlying principles of Islamic microfinance institutions which distinguishes it from conventional financial institutions are- the ban of *riba* (interest), sharing of risks and benefits, and the emphasis on sustainable social and economic development.²⁰¹ This reflects a commitment to fairness, inclusion and sharia principles.²⁰² The study discussed factors influencing the relationship between Islamic microfinance and financial inclusion to include- Islamic social instruments such as *zakat*,²⁰³ *waqf*²⁰⁴ and *sadaqah*²⁰⁵ are provided directly to the poor to meet their basic needs before granting access to microcredits;²⁰⁶ empowering low-income individuals by enhancing their skills and providing access to microcredit and related services;²⁰⁷ offering business financing to the poor, promoting community empowerment and delivering training to boost skills and capacities. This can be achieved through active involvement of microfinance institutions and the development of well-considered policies, created through thorough cooperation between government and the public.²⁰⁸ Their study enriched the discourse on inclusive economic development.

¹⁹⁹ *ibid* 5302.

²⁰⁰ *ibid*.

²⁰¹ Muhammad and others (n 198) 5304.

²⁰² *ibid*.

²⁰³ Zakat refers to a mandatory charity which is one of the pillars of Islam requiring eligible Muslims to donate a portion of their wealth to the needy.

²⁰⁴ Waqf is an endowment where assets are donated for religious or charitable purposes, providing long-term benefits to the community.

²⁰⁵ Sadaqah refers to voluntary charity encompassing any act of kindness or donation, monetary or otherwise.

²⁰⁶ Linda Jones, 'Guest Editorial: Poverty Reduction in the Fintech Age' (2018) 29(2) Enterprise Development and Microfinance 99-102, DOI:10.3362/1755-1986.2018.29-2.ED <https://www.researchgate.net/publication/327115569_Guest_editorial_Poverty_reduction_in_the_FinTech_age> accessed 13 February 2025.

²⁰⁷ Andri Soemitra, 'Peran Prmberdayaan Masyarakat Oleh Lembaga Keuangan Mikro Syariah Dalam Perspektif Sustainable Development Goals (SDGs)' (2018) <https://scholar.google.co.id/citations?view_citation&hl=id&user=Pc-fEWYAAAAJ&citation_for_view=Pc-fEWYAAAAJ:5nxA0vEk-isC> accessed 13 February 2025.

²⁰⁸ Muhammad and others (n 198) 5309.

Mubarak and others²⁰⁹ argued that though the Nigerian government has implemented policies aimed at the creation of multiple financial institutions and credit programs, small and medium scale enterprises (SMEs) still face numerous challenges, particularly regarding access to credit.²¹⁰ They contended that when credit is granted, it is insufficient to cover their working capital requirements, let alone expansion and that the charges attached to the loan facilities are frequently exorbitant.²¹¹ Affordable and convenient access to credit would greatly improve the sector's effectiveness, contributing tremendously to economic growth and development.²¹²

Akintayo and others²¹³ in their study revealed that the main factors affecting credit accessibility for SMEs in Osun State are high risk perceptions, high interest rates, credit worthiness, collateral demands and a culture of non-repayment.²¹⁴ Their findings are also in consonance with those of Beck and others,²¹⁵ who reported that high interest rates can put pressure on SMEs' financial resources, including their capacity to fulfil tax obligations, which in turn impacts their creditworthiness.²¹⁶ This also aligns with the findings of Berger

²⁰⁹ Mubarak Sanni, Lukman Adebayo Oke and Idayat Titilayo Alayande, 'Bank Credit Accessibility and Performance of SMEs in Kwara State, Nigeria: A PLS-SEM Analysis' (2020) 9(2) *Copernica Journal of Finance and Accounting* 45-46 <<https://apcz.umk.pl/CJFA/article/download/CJFA.2020.007/26213>> accessed 23 January 2025.

²¹⁰ *ibid* 47.

²¹¹ *ibid*.

²¹² Sanni, Oke and Alayande (n 209) 61.

²¹³ Akintunde Akinremi Akintayo and others, 'Credit Accessibility and Small and Medium Sized Enterprises (SMEs) in Osun State Nigeria' (2024) 16(1) *Global Business Management Review* 1-18 <<https://e-journal.uum.edu.my/index.php/gbmr/article/download/23140/4343>> accessed 23 January 2025.

²¹⁴ *ibid* 9.

²¹⁵ Thorsten Beck and others, 'Financing patterns around the world: Are small firms different?' (September 2008) 89(3) *Journal of Financial Economics* 467-487 <https://pure.uvt.nl/ws/files/1037901/FinancingPatterns_Aug2004-revisions.pdf> accessed 23 January 2025.

²¹⁶ *ibid*.

and Udell,²¹⁷ which indicate that high interest rates can deter SMEs from seeking bank financing, leading to reduced credit accessibility and potential constraints.²¹⁸

Adamu²¹⁹ in his studies highlighted the significant relationship between the educational level and occupation of the respondents- specifically rural women farmers and their access to formal credit because his study revealed that 57.5% of the respondents were unaware of formal credit.²²⁰ He noted that these women encountered significant challenges in obtaining credit facilities, including delays in the disbursement of agricultural loans, failure to meet security or collateral requirements, the diversion of funds by bank management to non-agricultural uses, and banks' inability to effectively reach women farmers at the grassroots level.²²¹ Furthermore, he observed that the fear of not being able to repay loans and the fear of being credit denied hinders women's ability to obtain commercial bank loans.²²² About one third (31.2%) of the respondents sourced information on access to credit from radio programs;²²³ one quarter (28.1%) obtained information from formal credit agents,²²⁴ friends and families who had benefited from credit in the study area (Ogun state), while 21.9% of the respondents sourced information from cooperative societies in the study area.²²⁵ His final submission and conclusion are that banks should be brought closer to the rural communities,

²¹⁷ Allen Berger and Gregory Udell, 'A More Complete Conceptual Framework for SME' (October 2005) 30(11) *Journal of Banking and Finance* 2945-2966 <<http://convegmi.dises.univpm.it/geographybanking/pdf/k1.pdf>> accessed 23 January 2025.

²¹⁸ *ibid.*

²¹⁹ Christopher Olufemi Adamu, 'Analysis of Access to Formal Credit Facilities among Rural Women Farmers in Ogun State, Nigeria' (April 2018) 49(1) *Nigerian Agricultural Journal* <<https://www.ajol.info/index.php/naj/article/download/177508/166864>> accessed 24 January 2025.

²²⁰ *ibid* 109.

²²¹ Adamu (n 219) 110.

²²² Adamu (n 219).

²²³ *ibid* 113.

²²⁴ *ibid.*

²²⁵ Adamu (n 219) 113.

along with advocacy efforts educating rural dwellers about the benefits of credit facilities.²²⁶

All of this however, is hinged upon establishing adult education programs for rural residents, enabling them to read, write and understand policies related to formal credit facilities.²²⁷

Okojie and others,²²⁸ pointed out rural women's access to credit from formal institutions is restricted due to the absence of bank accounts, lack of collateral and insufficient knowledge about the procedures for obtaining bank loans.²²⁹ Similarly, Ijere²³⁰ argued that credit serves as a catalyst that activates other production factors and helps underutilised capacities become functional, thereby boosting production.

2.3.1 Historical Evolution of Financial Services in Nigeria

For there to be a comprehensive understanding of why certain demographic groups in Nigeria are financially excluded from the mainstream financial services, it is pertinent to trace the evolution of financial services in Nigeria. By examining the historical evolution of financial services in Nigeria, this section will identify historical factors that have led to the current challenges of financial inclusion, where a significant portion of the population remains outside of the formal financial system.

The development of financial systems in developing countries, including Nigeria, mirrors their varied political and economic backgrounds.²³¹ A nation's financial system continually

²²⁶ *ibid* 115.

²²⁷ *ibid*.

²²⁸ Christianah Okojie, 'Institutional Environment and Access to Microfinance by self-employed women in the rural areas by Edo State, Nigeria' NSSP Brief No. 14 (September 2009) <<https://ebrary.ifpri.org/digital/collection/p15738coll2/id/519>> accessed 24 January 2025.

²²⁹ *ibid* 6.

²³⁰ Martin Ohaeri Ijere, 'Agricultural Credit and Economic Development' in Ijere M O and Okorie A (eds) 'Readings in Agricultural Finance' (Longman Nigeria Plc 1998) 4-9.

²³¹ World Bank, 'The evolution of financial system' (1989) 47 <<https://documents1.worldbank.org/curated/pt/667381468339905228/pdf/PUB76820REPLACEMENT0WDR01989.pdf>> accessed 13 January 2025.

plays important roles in the effort to achieve socio-economic goals.²³² The financial system offers a framework of financial infrastructure that facilitates the allocation of resources to individuals or entities with potentially higher productivity for investment.²³³ In Nigeria, the financial system is composed of two sectors the formal sector, which includes banks and non-bank financial institutions, and the informal sector, comprising loan associations, local money lenders and similar groups.²³⁴ The formal financial institutions are strictly regulated by bodies such as the Central Bank of Nigeria and the Nigeria Deposit Insurance Corporation, whereas the informal sector is loosely organised and operates without formal regulatory oversight.²³⁵

2.3.2 The Informal Financial Sector

The informal sector includes all financial activities that fall outside the scope of regulatory authorities, relying heavily on personal relationships between the provider and the user.²³⁶ It is well-known in Nigeria that informal finance existed before the establishment of the formal banking system; as such financial practices have been ongoing in the country's heterogeneous societies even before the colonial period.²³⁷ Among the Yoruba people in

²³² Rahul Prabhakar, 'Globalised Finance and National Regulation: The Influence of Internationalisation on Supervisory Consolidation' (18 March 2010) <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1574484>20 accessed 13 January 2025.

²³³ Central Bank of Nigeria, 'The Nigerian Financial System at a Glance' (March 2017) 7 <<https://www.cbn.gov.ng/out/2017/ccd/the%20nigerian%20financial%20system.pdf>> accessed 13 January 2025.

²³⁴ *ibid* 5.

²³⁵ Central Bank of Nigeria, 'The Nigerian Financial System at a Glance' (n 233) 5.

²³⁶ Sydney Chikalipah and Daniel Makina, 'A Survey of Microfinance Institutions and Informal Finance in Africa' (2019) <<https://www.sciencedirect.com/topics/economics-econometrics-and-finance/informal-finance>> accessed 13 January 2025.

²³⁷ Magbeola Nelson Olalekan, 'Informal Financial Sector and Saving-Investment Process in Nigeria: Evidence from five South-Western States' (July 1998) a PH.D Thesis in the Department of Economics University of Ibadan 102 <<https://publication.codesria.org/index.php/pub/catalog/download/2096/3065/8466?inline=1>> accessed 13 January 2025.

south-western Nigeria, the most prevalent form of informal finance is the *esusu/ajo* system.²³⁸ This practice is referred to as *etoto* by the Igbos in the south-east; *isusu* by the Igbo communities in Abia, Anambra, Ebonyi, Enugu and Imo states; *adashi* by the Hausa people in the North; *dashi* by the Nupe people in Kwara and Niger states; and *asun* by the Ishans of Edo state.²³⁹ However, the informal sector is composed of the following: local money lenders, thrifts and savings association, pawn brokers and local cooperative societies which will be discussed briefly below.

Local money lenders are individuals or groups with sufficient wealth enough to lend part of their financial resources to others, typically charging a fee for their service.²⁴⁰ They provide short-term funds for activities such as petty trading, farming and social events within the community, usually at high interest rates and without requiring collateral.²⁴¹ Unlike other informal credit sources, money lenders do not impose specific membership requirements on borrowers.²⁴² Their primary advantage over formal lenders lies in the detailed knowledge they gain about their clients through daily interactions, although this limits the number of clients they can serve.²⁴³ While developments in the financial system have led to the decline of local money lenders in Nigeria, they continue to operate in certain areas.

Credit provided in local thrift may take various forms. Among the Yorubas, it is known as “*esusu*”.²⁴⁴ The most common form is known as “*ajo dida*” which involves people associated

²³⁸ *ibid.*

²³⁹ Oluyomi Ola-David and Evans Osabuohien, ‘*Esusu: Nigeria*’ in Alena Ledeneva ‘*Global Encyclopedia of Informality: Understanding Social and Cultural Complexity*’ (UCL Press Vol 2 2018) 66-67.

²⁴⁰ Central Bank of Nigeria ‘The Nigerian Financial System at a Glance’ (n 233) 11.

²⁴¹ *ibid.*

²⁴² Olalekan (n 237) 30.

²⁴³ *ibid.*

²⁴⁴ Ogunseye, ‘Traditional System of Borrowing in Yoruba land: Gbongan as a Case Study’ (Unpublished LL.M Seminar Paper Obafemi Awolowo University (OAU) 3.

together as a club.²⁴⁵ A uniform sum is contributed monthly and the members in turn collect the sum of these contributions until everyone has had a turn.²⁴⁶ *Esusu* refers to traditional cooperative practices in African communities where groups of people pool their savings and provide informal financial services to one another for mutual advantage.²⁴⁷ These associations are primarily involved in agricultural production and credit provision, serving both as substitutes for and complement modern cooperative organisations.²⁴⁸ Usually, a fixed sum of money is agreed upon to be paid at a set time (usually weekly) and location, under the leadership of a president. The total collected amount is distributed to each member in turns. The “*ajo dida*” is known as “*lolakpeghe*” among the Ogoni people of Rivers State.²⁴⁹ Sometimes the club of persons who participate in a thrift society is an age or peer group. This system is aptly typified by the case of Isua-Akoka in Ondo State.²⁵⁰ *Esusu* clubs are referred to in existing literature as Rotating Savings and Credit Associations (ROSCAs) because their simplest form integrates both savings and credit activities.²⁵¹

Pawn brokers have become less significant as a source of credit in most developed countries; however, pawnshops continue to play an important role in many developing nations.²⁵² Since loans are generated solely against collateral, lenders do not need to spend resources evaluating the borrower’s creditworthiness. Nonetheless, some expertise is necessary to accurately assess the value of the pledged items, which typically include jewelry, ornaments,

²⁴⁵ *ibid.*

²⁴⁶ Olawale (n 82).

²⁴⁷ Ola-David and Osabuohien (n 239) 66.

²⁴⁸ *ibid.*

²⁴⁹ Orage, ‘Traditional Credit Borrowing Practices in Ogoni, Rivers State’ (Unpublished LL.M Seminar Paper Obafemi Awolowo University 1991) 2.

²⁵⁰ Olufemi Ajayi Famiyesin, ‘Credit Granting System and the Attitude to Borrowing in Ilesha’ (Unpublished LL.M Seminar Paper Obafemi Awolowo University (OAU) Ile-Ife 1991) 2.

²⁵¹ Olalekan (n 199) 38.

²⁵² John Jacob Thomas, ‘The Informal Financial Sector: How does it Operate and who are the Customers’ (January 1992) Overseas Development Institute (ODI) Working Paper 61 ISBN 0 85003 178 8, 13 <<https://odi.org/documents/3442/6961.pdf>> accessed 14 January 2025.

gold, silver and other valuable possessions.²⁵³ Several factors contribute to the popularity of pawnshops as a credit source. One key advantage is that if the borrower fails to repay the loan in full, they simply forfeit the pledged item, with no further obligation to pay additional interest.²⁵⁴

The service pledge is known as “*bere*” or “*borekpepe*” among the Ogoni people of Rivers State.²⁵⁵ The Yoruba’s call it “*iwofa*” with “*iwo*” meaning entering into and “*ofa*” refers to a person’s voluntary agreement to enter into a recurring obligation every six days.²⁵⁶ Among the Izon people of Rivers State, this agreement is known as “*dama duo*”. An *iwofa* is someone who works for another periodically as a form of repayment for money lent or interest owed.²⁵⁷ Unlike a slave who is purchased, an *iwofa* is borrowed.²⁵⁸ The *iwofa* system is a contractual agreement between the money lender, called the *oluwa* and the worker/*iwofa* (the service provider), made in the presence of witnesses known as *onighowo* (sponsors).²⁵⁹ In this system, the most common element is that on the extension of a credit to the credit user, the credit giver being a human being usually a child or relative is handed over to the credit giver as a sort of collateral security. Until the credit is repaid, this human pawn will continue to serve the credit giver. If the pawn is a female and the credit giver puts her in the family way, then the obligation is usually regarded as discharged.

Among the three pre-colonial credit systems (*ajo*, *esusu* and *iwofa*), the *iwofa* arrangement was regarded as the most expensive, as it was the sole method for generating large amounts

²⁵³ *ibid* 14.

²⁵⁴ Thomas (n 252).

²⁵⁵ Orage (n 249) 1.

²⁵⁶ Akanmu Adebayo, ‘Pre-colonial Institutional Frameworks for Moneylending and Loan Repayment among the Yoruba’ (1992) Vol 38 *Paideuma: Mitteilungen zur Kulturkunde* Bd, 163-176 <<https://www.africabib.org/http.php?RID=111785065>> accessed 16 January 2025.

²⁵⁷ Olalekan (n 237) 50.

²⁵⁸ Adebayo (n 256).

²⁵⁹ Olalekan (n 237) 51.

of money required to settle debts.²⁶⁰ However, service pledge did not stand the test of time since slave labour has been abolished by the Nigerian Constitution.²⁶¹ Also, it was also considered repugnant to the rule of natural justice, equity and good conscience, for any citizen to be a slave or pawn.

The local cooperative was more or less a cooperative society in the modern sense.²⁶² Here, the contributions of the members need not be equal. The capital sum contributed is usually engaged in trading activities and members can obtain loans in which they are entitled to double or triple the amount contributed by each person.²⁶³ At the end of the year, the profit earned by the cooperative is distributed among the members.²⁶⁴ Among the Ijeshas, this system is known as “*owo modamoda*”.²⁶⁵ The aforementioned traditional systems of borrowing are mainly confined to the predominantly illiterate rural dwellers.²⁶⁶ Cooperative societies, thrift societies and licensed moneylenders have transcended time and are still available and even practiced by the educated individuals.²⁶⁷ However, service pledge is now largely unheard of today because it is considered contrary to natural justice, equity and good conscience, as well as being incompatible with an individual’s constitutional right to liberty.

²⁶⁰ Abiodun Ajayi, ‘Pawnship labour and meditation in colonial Osun division of South-Western Nigeria’ (31 January 2020) 12(1) African Journal of History and Culture (AJHC) <<https://doi.org/10.5897/AJHC2019.0458>> accessed 15 January 2025.

²⁶¹ Olawale (n 208) 61.

²⁶² Y Alli, ‘The system of Borrowing in the Traditional Setting in Ilorin’ (Unpublished LL.M Seminar Paper Obafemi Awolowo University 1991) 3.

²⁶³ Olawale (n 82) 58.

²⁶⁴ Olawale (n 82) 58.

²⁶⁵ O A Famiyesin, ‘Credit Granting System and the Attitude to Borrowing in Ilesha’ (Unpublished Seminar Paper Obafemi Awolowo University, Ile-Ife 1991) 2.

²⁶⁶ Ogunseye, ‘Traditional System of Borrowing in Yoruba land: Gbongan as a case study’ (Unpublished LL.M Seminar Paper Obafemi Awolowo University (OAU 1991) 4.

²⁶⁷ Olawale (n 82) 62.

2.3.3 The Formal Financial Sector

Before delving into the history of formal banking in Nigeria, it is important to discuss the pivotal role played by Elder Dempster & Co which paved the way for the African Banking Corporation (ABC) established in 1892, followed by the Bank of British West Africa (BBWA) in 1894, thus establishing Nigeria's first formal banking institutions.

Before the establishment of both the African Banking Corporation (ABC) and the Bank of British West Africa (BBWA), Elder Dempster & Co- a shipping firm and trade organisation operating between Britain and West Africa was in the forefront of the drive to establish an organised banking system in Nigeria to serve its interest which is to boost its shipping activities thus, facilitating a smoother financial transaction.²⁶⁸ Also, the company's operation particularly its importation of British silver coins necessitated the move to propose banking solutions.²⁶⁹ The initiative was taken by Mr. George William Neville (the local agent of Elder Dempster & Co in Lagos) and Alfred Lewis Jones (a shipping magnate).²⁷⁰ These discussions led Neville to approach the ABC whose main focus is in South Africa to extend its operation to Lagos in 1892.²⁷¹ When ABC struggled in Nigeria, its operations were taken over by Alfred Lewis Jones of Elder Dempster & Co, who facilitated the establishment of BBWA in 1894 to replace ABC.²⁷² The development of formal financial services in Nigeria dates back

²⁶⁸ Coursehero, 'History and evolution of banking in Nigeria' (21 March 2025) 2 <<https://www.coursehero.com/file/137153657/HISTORY-AND-EVOLUTION-OF-BANKING-IN-NIGERAdoc/>> accessed 30 March 2025.

²⁶⁹ Samuel Apenega, 'Law of banking and insurance 1' (2012) 3 <<http://nou.edu.ng/corwarecontent/LAW%20431%20LAW%200F%20BANKING%20AND%20INSURANCE%201.pdf>> accessed 30 March 2025.

²⁷⁰ 'Did you know series: FirstBank's first branch in Nigeria' <<http://www.firstbanknigeria.com/did-you-know-series-firstbanks-first-branch-in-nigeria>> accessed 30 March 2025.

²⁷¹ Vidal Buckle & Co, 'The history of banking in Ghana' (12 April 1999) <<https://www.mondaq.com/antitrust-eu-competition/1300/the-history-of-banking-in-ghana>> accessed 30 March 2025.

²⁷² First Bank Nigeria, 'Over 13 Decades 13 of Leading Banking Services' (2025) <<http://www.firstbanknigeria.com/home/>> accessed 30 March 2025.

to 1892 when modern banking business commenced with the establishment of the African Banking Corporation (ABC).²⁷³ Its operation was taken over in 1894 by the British Bank of West Africa (BBWA), which later transformed into Standard Bank and eventually became the First Bank of Nigeria.²⁷⁴ Due to the countries colonial heritage, these pioneer commercial banks were of foreign origin and as such, their operations favoured the financing of foreign trade and commerce,²⁷⁵ affecting financial activities throughout West Africa from Nigeria.²⁷⁶ This was followed by the establishment of Barclays Bank formed by the mergers among the Colonial Bank, the Anglo-Egyptian Bank and the National Bank of South Africa around 1925.²⁷⁷ However, these banks did not meet the needs of Africans.²⁷⁸ Several other foreign banks and numerous indigenous banks were established thereafter.

The mid-20th century witnessed the rise of indigenous banks fueled by the growing nationalist sentiment and the aspiration for economic self-reliance.²⁷⁹ In 1949, Dr. Nnamdi Azikwe founded the African Continental Bank, an institution with African roots²⁸⁰ after facing discrimination from foreign banks towards him and his business group.²⁸¹ However, the first truly indigenous bank was the National Bank of Nigeria,²⁸² established in 1933. This era experienced the emergence and collapse of numerous indigenous banks, highlighting the

²⁷³ Nigeria Deposit Insurance Corporation, 'Nigerian Banking Law Reports (NBLR)' (2007-2009) Vol 14 xiii <<https://ndic.gov.ng/wp-content/uploads/2020/10/Volume-14.pdf>> accessed 15 January 2025.

²⁷⁴ *ibid.*

²⁷⁵ *ibid.*

²⁷⁶ Chibuike Ugochukwu Uche, 'Foreign Banks, Africans and Credit in Colonial Nigeria 1890-1912' (1999) 52(4) *The Economic History Review New Series*, 669-691.

²⁷⁷ *ibid.*

²⁷⁸ Richard Skalar, *'Nigerian Political Parties: Power in an Emergent African Nation'* (African World Press, 1st edition 2004) 165-166.

²⁷⁹ Flex Finance, 'The Evolution of Banking in Nigeria: A Fascinating Journey' (2020) <<https://ndic.gov.ng/wp-content/uploads/2020/10/Volume-14.pdf>> accessed 15 January 2025.

²⁸⁰ The Industrial and Commercial Bank was the first indigenous bank to be established.

²⁸¹ Skalar (n 278) 166.

²⁸² The National Bank of Nigeria had an anemic existence as it got liquidated 15 months after to be precise, in 1930.

difficulties of banking in a developing economy, such as limited capital, lack of skilled personnel and regulatory issues.²⁸³ After Nigeria gained independence in 1960, the banking sector entered a new phase of growth and government involvement with the establishment of the Central Bank of Nigeria (CBN)²⁸⁴ to act as the nation's monetary authority and regulator of the banking industry.²⁸⁵ Soon after establishing the CBN, series of reforms were embarked upon during the late 1980s and 1990s focused on strengthening regulatory oversight, maintaining financial stability and fostering transparency and accountability in the banking sector.²⁸⁶ The period saw the establishment of the Structural Adjustment Programme (SAP)²⁸⁷ in 1986 inspired by Bretton Wood's institutions namely the International Monetary Fund (IMF) and the World Bank.²⁸⁸ By 1988, government established the National Deposit Insurance Corporation tasked with implementing certain reforms while also providing the CBN with the formulation of policies.²⁸⁹

The dawn of the 21st century marked the beginning of the digital revolution age, the most transformative period in the Nigerian banking history.²⁹⁰ Information and Communication

²⁸³ Flex Finance, 'The Evolution of Banking in Nigeria: A Fascinating Journey' (n 279).

²⁸⁴ The CBN became operational in 1960 but was established 1958.

²⁸⁵ Flex Finance, 'The Evolution of Banking in Nigeria: A Fascinating Journey' (n 279).

²⁸⁶ Flex Finance, 'The Evolution of Banking in Nigeria: A Fascinating Journey' (n 279).

²⁸⁷ Nwagbara Eucharia Nwagbodo, 'The Story of Structural Adjustment Programme in Nigeria: From the Perspective of the Organised Labour' (October 2011) 1(7) Australian Journal of Business and Management Research 30 <https://www.researchgate.net/profile/Eucharia-Nwagbara/publication/267710087_The_story_of_structural_adjustment_programme_in_nigeria_from_the_perspective_of_the_organised_labour/links/5b8807fe24585151fd1307926/The-story-of-structural-adjustment-programme-in-nigeria-from-the-perspective-of-the-organised-labour.pdf?origin=publication_detail&_tp=eyJjb250ZXh0Ijp7ImZpcnNOUGFnZSI6InB1YmxpY2F0aW9uliwiYm9uRG93bm93bW91c1BhZSU0iJwJsaWNhdGlviJ9fQ>> accessed 24 January 2025..

²⁸⁸ Chinta Sreeramulu Venkata Ratnam, 'Trade Union and Structural Adjustments' (1996) International Labour Office Geneva <<https://www.ilo.org/media/309366/download>> 6 accessed 16 January 2025.

²⁸⁹ Toluwanimi Alexander Ajayi, 'The Evolution of the Nigerian Banking System: Supervision and Current Challenges' (January 2013) <https://www.researchgate.net/publication/270416234_The_Evolution_of_Nigerian_Banking_System_Supervision_and_Current_Challenges> 6 accessed 17 January 2025.

²⁹⁰ Flex Finance, 'The Evolution of Banking in Nigeria: A Fascinating Journey' (n 279).

Technology (ICT) has been marked by the adoption to enhance service delivery and expand access to banking for the unbanked and under banked populations. This era saw the introduction of online banking, mobile banking and digital payment platforms.²⁹¹ Additionally, the growth of fintech companies in Nigeria has driven innovation and competition within the banking sector, resulting in the creation of new financial products and services designed to cater to the diverse needs of customers.²⁹²

Fintech has improved financial inclusion in Nigeria in a number of ways. The first is that fintech companies have enabled millions of Nigerians to access banking services through mobile banking, digital wallets and agency banking. Over twenty million new bank accounts have been opened since 2020 thus increasing the banked population to 63%.²⁹³ Also, platforms such as Quickteller Paypoint use agency banking to reach underserved rural areas.²⁹⁴ The third is that fintech offers low-cost, user-friendly services such as microloans which cater to low-income individuals who were previously denied access to conventional banking services.²⁹⁵ Lastly, fintech bypasses the need for a physical bank branch making financial services accessible in remote areas where traditional banks are absent.²⁹⁶

²⁹¹ Flex Finance, 'The Evolution of Banking in Nigeria: A Fascinating Journey' (n 279).

²⁹² *ibid.*

²⁹³ Vazilegal, 'The Impact of Fintech on Financial Inclusion in Nigeria' (5 February 2023) <<https://admin.vazilegal.com/impact-of-fintech-on-financial-in-nigeria>> accessed 30 March 2025.

²⁹⁴ Dahlia Khalifa, 'How Nigeria can leverage the rise of fintech for economic progress' (4 April 2024) <<https://blogs.worldbank.org/en/psd/how-nigeria-can-leverage-the-rise-of-fintech-for-economic-progress>> accessed 30 March 2025.

²⁹⁵ Osayaba Giwa-Osagie, 'How fintech can stimulate financial inclusion: Challenges and Opportunities' (July 2021) <<https://lexafrica.com/2021/07/how-fintech-can-stimulate-financial-inclusion-challenges-and-opportunities>> accessed 30 March 2025.

²⁹⁶ Khalifa (n 294).

2.3.4 Barriers to Financial Inclusion in Nigeria

However, despite the evolution from the informal or traditional system to the formal or modern financial systems, certain demographic groups for instance women, rural dwellers, low-income earners and persons with disabilities remain financially excluded from the mainstream formal financial services. Financial exclusion is prominent in Nigeria, because a large portion of the money remains outside the formal banking system because the economy is largely cash-based.²⁹⁷ This context sets the stage for the demand and supply-side discussion on barriers to financial inclusion in Nigeria.

The barriers to financial inclusion in Nigeria are divided into demand-side and supply-side factors.²⁹⁸ The demand-side factors describe the reasons why people may not want or be able to access financial services, representing barriers from the perspective of the potential users²⁹⁹ while the supply-side factors describe the reasons why financial institutions may not provide services to certain people or areas, reflecting barriers from the perspective of the financial service provider.³⁰⁰

2.3.4.1 Demand-side Barriers to Financial Inclusion in Nigeria

The first demand-side barrier to be discussed, which is the most common is unawareness. Most people are not informed about the various banking products, services and schemes introduced for their benefit. Consequently, they do not get enrolled in the specific schemes

²⁹⁷ Kama and Adigun (n 163).

²⁹⁸ Naoyuki Yoshino and Peter Morgan, 'Overview of financial inclusion, regulation and education' (2016) Asian Development Bank Institute (ADBI) Working Paper No. 591, 1-313, 7 <https://www.researchgate.net/publication/315647249_Overview_of_Financial_Inclusion_Regulation_and_Education> accessed 7 February 2025.

²⁹⁹ Elizabeth Wangoo, 'The relationship between financial inclusion and economic development in Kenya' (unpublished MBA Thesis University of Nairobi 2013).

³⁰⁰ *ibid.*

designed for them because of factors such as less publicity of the said scheme and illiteracy.³⁰¹ Awareness of financial services has a positive and significant impact on advancing financial inclusion across and among the demand side factors.³⁰²

The second demand-side factor to be discussed is poverty. EFINA's A2F 2013 survey indicates that poverty is a key factor contributing to financial exclusion, with nearly half of unbanked adults lacking a financial account due to having little or irregular income.³⁰³ This leads to the third demand-side barrier which is low and irregular income. A significant portion of unbanked adults have little or irregular income thus making it difficult to maintain accounts or utilise financial services. EFINA's A2F 2020 survey indicates that low and irregular income is a major obstacle to having a bank account.³⁰⁴

The fourth demand-side barrier to be discussed is limited financial literacy. Many individuals lack the understanding of fundamental financial concepts such as interest rate, savings, budgeting, investment and inflation. This consequently hinders their ability to make well-informed financial decisions or take advantage of financial products and services.³⁰⁵ The fifth demand-side barrier is lack of trust. Many individuals, particularly those living in rural areas, do not trust the formal financial institutions because of the lack of understanding of services

³⁰¹ Gourav Kumar, 'Financial Inclusion: Barriers from Supply Side and Demand Side' (2019) 2(14) International Journal of Research in Engineering, Science and Management 313-316, 315 <https://www.ijresm.com/Vol.2_2019/Vol2_Iss4_April19/IJRESM_V2_I4_88.pdf> accessed 10 February 2025.

³⁰² Dorcas Funmilola Oke and Temitope Wasiu Adamson, 'Demand and supply-side determinants of financial inclusion: A case study of micro, small and medium enterprises in southwest Nigeria' (2023) 8(2) Review of Socio-Economic Perspectives 61-73, 69, DOI: 10.19275/RSEP157 <https://reviewsep.com/wp-content/uploads/2023/0516_OKE.pdf> accessed 10 February 2025.

³⁰³ EFINA, 'Explainer: Poverty is a major driver of financial exclusion' (28 March 2024) <<https://efina.org.ng/publication/explainer-poverty-is-a-major-driver-of-financial-exclusion/>> accessed 16 January 2025.

³⁰⁴ EFINA, 'Key Findings: EFINA Access to Financial Services in Nigeria' (2 June 2021) 16 <<https://efina.org.ng/wp-content/uploads/2021/10/A2F-2020-Final-Report.pdf?>> accessed 7 February 2025.

³⁰⁵ Cowrywise, 'Financial Inclusion in Nigeria' (7 May 2023) <<https://cowrywise.com/blog/financial-inclusion/>> accessed 6 February 2025.

offered by these institutions, and previous negative experiences such as the crisis in the banking industry in the 1990s or the preference for informal financial services such as savings through a thrift or community-based savings group.³⁰⁶

Another demand-side barrier to financial inclusion is lack of education. Lower educational attainment and higher illiteracy rates especially among women, limit access to financial services.³⁰⁷ Women without education are less likely to have basic financial skills.³⁰⁸

2.3.4.2 Supply-side Barriers to Financial Inclusion in Nigeria

The first supply-side barrier to be discussed is distance to bank.³⁰⁹ This is the most common barrier in rural areas because most bank branches are located far from where rural residents live. Consequently, it is very difficult for many of them to reach the bank. People struggle to visit the bank, especially because they have to leave their work to open an account. As a result, they remain unbanked.

The second supply-side barrier to be discussed is limited access to financial services. Many people, especially those residing in rural areas or low-income households, lack access to financial institutions like banks, Automatic Teller Machines (ATMs) and other financial service points. This lack of access can restrict their capacity to save, invest and effectively manage their finances.³¹⁰ The third supply-side barrier to be discussed is the cost of banking. Offering financial services or products such as credit card, debit card, cheque book and similar items induces costs on the service provider which they charge from their customers. It

³⁰⁶ Cowrywise, 'Financial Inclusion in Nigeria' (n 305).

³⁰⁷ Consumer Centrix (CCX) Inclusive Business Team, WFID Team and others, 'Towards Women's Financial Inclusion: A Gender Data Diagnostic of Nigeria' (January 2022) 1-40, 14 <https://data2x.org/wp-content/uploads/2022/06/06.21_DataDiagnostics-Nigeria.pdf> accessed 7 February 2025.

³⁰⁸ Consumer Centrix (CCX) Inclusive Business Team, WFID Team and others (n 307).

³⁰⁹ Kumar, 'Financial Inclusion: Barriers from Supply Side and Demand Side' (n 301) 315.

³¹⁰ Cowrywise 'Financial Inclusion in Nigeria' (n 305).

has been found that low-income earners are hesitant to open an account due to requirements such as maintaining a minimum balance, automatic deduction of bank charges, fees for issuing debit cards etc.³¹¹

The fourth supply-side barrier is excessive documentation. Beck Demirguc-Kunt and Martinez Peria estimate that opening a checking account in Nigeria requires a relatively high number of official documents averaging 3.66.³¹² The amount of documentation required can discourage people from opening bank accounts. The fifth supply side barrier is regulatory barriers. Regulations can restrict financial institutions from offering certain services or create barriers for new entrants in the market. This often diminishes the motivation for financial institutions to innovate and provide affordable financial services.³¹³

A significant supply-side barrier to financial inclusion is the mismatch between financial products and services and the actual needs of the people according to Savita Shankar.³¹⁴ Certain terms and conditions of financial products such as the requirement to maintain minimum account balance does not suit the needs of low-income earners.³¹⁵

Gender gap is influenced by both demand-side and supply-side barriers to financial inclusion in Nigeria. Women often have less access to formal financial services compared to men due to several factors such as limited access to education, employment, cultural and social

³¹¹ Kumar, 'Financial Inclusion: Barriers from Supply Side and Demand Side' (n 301).

³¹² Thorsten Beck and others, 'Banking Services for Everyone: Barriers to Bank Access and Use around the World' (2008) 22(3) World Bank Economic Review 397-430, 413 <<https://documents1.worldbank.org/curated/en/263741468147546165/pdf/775770JRN020080services0for0Everyone.pdf>> accessed 6 February 2025.

³¹³ Cowrywise 'Financial Inclusion in Nigeria' (n 305).

³¹⁴ Savita Shankar, 'Financial Inclusion in India: Do Microfinance Institutions Address Access Barriers?' (2013) 2(1) ACRN Journal of Entrepreneurship Perspectives 60-74 <<http://www.acrn.eu/resources/Journals/201302d.pdf>> accessed 6 February 2025.

³¹⁵ Manoharan Bhuvana and Shanmugam Vasantha, 'Drivers of Financial Inclusion to Reach out to the Poor' (2016) 6(4) Arabian Journal of Business and Management Review DOI:10.4172/2223-5833.1000235 <https://www.researchgate.net/publication/34151172_Arabian_Journal_of_Business_and_Management_Review> accessed 13 February 2025.

barriers. According to Aishah Ahmad, the then deputy governor of CBN, there is an estimated 8% gender disparity in financial inclusion in Nigeria.³¹⁶ Women entrepreneurs face barriers that restrict their access to finance and a key factor contributing to gender gaps in access to credit is the unequal ownership of assets that can be used as collateral.³¹⁷

It is important to note that the above discussed barriers have both economic and social consequences. Financial exclusion hinders economic growth and development by restricting individuals and households from accessing loans, savings and investment opportunities. This leads to reduced entrepreneurship, fewer job opportunities and limited access to capital for small businesses.³¹⁸ The social consequence of financial exclusion is that it creates poverty and inequality. When individuals do not have access to basic financial services, they struggle to afford basic amenities like food, housing and healthcare. This results to social exclusion, and limited opportunities for both personal and professional growth.³¹⁹

Though the CBN and other stakeholders have implemented various initiatives to promote financial inclusion, a systemic approach is needed to align responsibilities and ensure sustainability.³²⁰ Tailored strategies that consider the specific needs of different segments of the population are crucial.³²¹

³¹⁶ Cowrywise 'Financial Inclusion in Nigeria' (n 305).

³¹⁷ Ariel Gruver and others, 'From Collateral to Cash flow: Expanding Access to Finance for Nigeria's female Business Owners' (April 2024) <<https://worldbank.org/en/programs/africa-gender-innovation-lab>> 2 accessed 15 January 2025.

³¹⁸ Cowrywise 'Financial Inclusion in Nigeria' (n 305).

³¹⁹ *ibid.*

³²⁰ Kama and Adigun (n 163) 34.

³²¹ *ibid* 40.

2.4 Gaps in Literature

This research fills several important gaps in the literature on financial inclusion in Nigeria. While many studies have focused broadly on developing countries, limited attention has been given to the specific determinants and challenges within the Nigerian context. Building on existing works such as Ozili's, this research provides a detailed examination of how socio-economic factors, informal financial systems and regulatory frameworks interact uniquely in Nigeria. Historical and socio-cultural dimensions are integrated with contemporary issues, including the co-existence of informal saving schemes and formal banking services, which are often overlooked in broader studies. Furthermore, the research addresses a comprehensive range of demand and supply side barriers to financial inclusion, including poverty, financial literacy, lack of trust, access issues, cost, documentation requirements and gender disparities. Additionally, the study explores alternative financial institutions such as microfinance and Islamic finance, emphasising their significance for low-income and marginalised groups. Overall, this research contributes a nuanced, context-specific analysis about the persistent barriers and potential enablers for achieving inclusive financial access in Nigeria.

The next chapter explores the crucial legal and institutional frameworks shaping access to credit in Nigeria, a crucial component of financial inclusion. It provides an overview of essential laws such as the Central Bank of Nigeria (CBN) Act 2007, Banks and Other Financial Institutions Act (BOFIA) 2020, Secured Transactions in Movable Assets Act (STMA) 2017 and Credit Reporting Act (CRA) 2017. Additionally, the chapter analyses the dual institutional framework of credit providers such as commercial banks and non-bank financial institutions such as microfinance banks, cooperative societies and credicorp.

Collectively, these frameworks and institutions underpin the diverse pathways through which credit is made accessible in Nigeria.

Lead City University Ibadan DO NOT COPY

Chapter Three

Legal and Institutional Frameworks

3.1 National Legal Framework

Nigeria's legal landscape influences access to credit through the various established legal frameworks, some of which directly while others indirectly impacts access to credit which happens to be a component of financial inclusion. Directly impacting access to credit are the Central Bank of Nigeria (CBN) Act 2007, Banks and Other Financial Institutions Act (BOFIA) 2020, Secured Transactions in Movable Assets Act (STMA) 2017 and the Credit Reporting Act (CRA) 2017. Indirectly, the Constitution of the Federal Republic of Nigeria 1999 (as amended) provides the foundational legal framework; the Companies and Allied Matters Act (CAMA) 2020 supports business operations; the Nigeria Deposit Insurance Corporation (NDIC) Act 2023 ensures the stability of the banking sector; and the Cooperative Societies Act 2004 supports cooperative societies by offering alternative financial services. These legal frameworks collectively aim to enhance financial inclusion and reduce barriers to accessing credit in Nigeria.

3.1.1 The Constitution of the Federal Republic of Nigeria 1999 (as amended)

The Constitution of the Federal Republic of Nigeria 1999 ("the 1999 Constitution") is the supreme law of the land and serves as the grundnorm³²² upon which every other law in Nigeria derives its validity and legitimacy. This was captured in section 1(1) of the 1999 Constitution which states:

³²² Grundnorm refers to a fundamental rule that forms the basis of a legal system.

This Constitution is supreme and its provisions shall have binding force on all authorities and persons throughout the Federal Republic of Nigeria.

It must however be noted that though the 1999 Constitution does not explicitly address the issue of access to credit, which is an interconnected concept with financial inclusion, it is still the ultimate legal authority that validates the creation and enforcement of laws and policies addressing access to credit. Access to credit can be classified as a socio-economic right³²³ which is largely regarded as non-justifiable because section 6(6)(c) of the 1999 Constitution states that they cannot be enforced by courts and because it falls under rights covered by Chapter II of the 1999 Constitution titled 'Fundamental Objectives and Directive Principles of State Policy'.³²⁴ Rights contained in Chapter II of the 1999 Constitution are classified as second generation socio-economic rights, designed to enable the enjoyment of the first generation rights guaranteed in Chapter IV, which are the civil and political rights. Rights contained in Chapter IV are regarded as fundamental because they have been guaranteed by the fundamental law of the country;³²⁵ that is by the Constitution and are innate to any civilised society.³²⁶ Section 16 2(c) which covers economic objectives emphasises the need for an economic system that promotes equitable distribution of resources and prevents concentration of wealth in the hands of a few group or individuals.

The inclusion of the chapter on Fundamental Objectives and Directive Principles of State Policy was one of the major innovations of the 1979 Constitution.³²⁷ Though the failed

³²³ The 1999 Constitution, s 16 and 17.

³²⁴ *ibid*; The term 'fundamental objectives' is said to mean the directive principles laid down by the policies which are expected to be pursued in the efforts of the nation to realise its national ideals.

³²⁵ See the case of *Uzoukwu v Ezeonu II* (1991) 6 NWLR (Pt 200) 708.

³²⁶ Yinka Olomajobi, *'Human Rights and Civil Liberties in Nigeria: Discussion, Analyses and Explanation'* (2nd edn, Princeton & Associates Publishing Co Ltd 2018) 2.

³²⁷ See chapter II of the 1979 Constitution ss 16 and 17.

attempts of democratic governance in Nigeria disrupted the 1979 Constitution, it provided the socio-economic rights which were retained in the 1999 Constitution.³²⁸ However, with the acknowledgement of socio-economic rights in the 1999 Constitution,³²⁹ there are increasing worries about poverty, widespread unemployment, the declining living standards of the majority, and the growing gaps between the rich and the poor.³³⁰ These issues highlight the fact that Chapter II of the 1999 Constitution,³³¹ which covers social and economic rights, is ineffective and lacks the power to enforce change.³³²

The National Assembly is empowered to legislate on banking and financial matters, establishing a legal framework for credit provision and protection against exploitation by lenders.³³³ Specific laws like the Credit Reporting Act of 2017 complement these constitutional provisions by regulating the collection and sharing of credit information, ensuring that consumers have rights regarding their credit data.

3.1.1.1 Assessment of the Effectiveness of the Constitution of the Federal Republic of Nigeria 1999 (as amended) in Facilitating Access to Credit

When it comes to accessing credit and financial services, women entrepreneurs are not given equal opportunities like their male counterparts which is a gross violation of the provisions of section 42(1)(a) of the Constitution which states that:

³²⁸ Festus Ogun, 'Non-Justiciability of Chapter Two of the 1999 Constitution: A Hindrance to Nigeria's Development' (30 July 2020) <https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID366386-code3699658.pdf?abstractid=366386&mirid=1> accessed 19 February 2025.

³²⁹ The 1999 Constitution, ss 16 and 17.

³³⁰ Yemi Akinseye-George, 'Social and Economic Rights and the Sustenance of Democracy in Nigeria' (2020) <<https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID366386-code3699658.pdf?abstractid=366386&mirid=1>> accessed 17 March 2025.

³³¹ The 1999 Constitution, ss 16 and 17.

³³² Ogun (n 328).

³³³ See item 6 of Part 1 of the Second Schedule of the 1999 Constitution.

- 1) A citizen of Nigeria of a particular community, ethnic group, place of origin, sex, origin or political opinion shall not, by reason only that he is such a person-
- a) be subjected either expressly by, or in the practical application of, any law in force in Nigeria or any executive or administrative action of the government, to disabilities or restrictions to which citizen of Nigeria of other communities, ethnic groups, places of origin, sex, religious or political opinions are not made subject;

In 1989, the United Nations Human Rights Committee provided a general comment under the International Covenant on Civil and Political Rights (ICCPR) defined 'discrimination' in the Covenant as:

[A]ny distinction, exclusion, restriction or preference which is based on any ground such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth, or other status, and which has the purpose or effect of nullifying or impairing the recognition, enjoyment or exercise by all persons, on an equal footing, of all rights and freedoms.³³⁴

The core meaning of freedom from discrimination is equality.³³⁵ It also entails the idea that the state must guarantee equal treatment for all its citizens, irrespective of their social background.³³⁶ Male dominance and Nigeria's entrenched patriarchal system have led to the discrimination against women in both private and public aspects of life.³³⁷ The provision of section 42 of the Constitution has been applied in a number of court cases. In *Mojekwu v Ejikeme*,³³⁸ the issue of gender discrimination was considered. In the case, the appellants brought an action contending that they were entitled to inherit the estate of late Reuben Muojekwu instead of his daughters because he has no male children. They relied on the Oli-Ekpe custom of the Nnewi people. The High Court ruled in favour of the respondents who

³³⁴ The Observatory on the Universality of Rights (OURS), 'Human Rights Committee General Comment No. 18 Non-discrimination' (1989) <<https://www.platform.org/resource/human-rights-committee-general-comment-no-18-non-discrimination>> accessed 24 March 2025.

³³⁵ Olomojobi (n 326) 296.

³³⁶ *ibid.*

³³⁷ *ibid* 308.

³³⁸ (2001) 1 CHR 179a.

were the daughters of the late Reuben Muojekwu. Dissatisfied, the appellants appealed to the Court of Appeal. The Court of Appeal also struck down the custom and held that it is contrary to natural law, equity and good conscience for barring women from inheriting the estate of their father. The Supreme Court held in *Ukeje & Anor v Ukeje*³³⁹ that the Igbo native law and custom that prevents a female from inheriting her late father's estate is null and void because it conflicts with section 42 of the 1999 Constitution. The Supreme Court in the case of *Anekwe & Anor v Nweke*³⁴⁰ held per Ogunbiyi JSC:

...I hasten to add at this point that the custom and practices of Awka people upon which the appellants have relied for their counter claim is hereby out rightly condemned in very strong terms. In other words, a custom of this nature in the 21st century societal setting will only tend to depict the absence of the realities of human civilisation...Any culture that disinherits a daughter from her father's estate or wife from her husband's property by reason of God instituted gender differential should be punitively dealt with.

Beyond gender discrimination, access to credit in Nigeria is influenced by factors such as social-standing, reputation and connections. Well known or influential persons tend to access credit more easily when compared to an ordinary person with reasonable income and a viable business. This reflects an informal bias rooted in socio-economic status which is a clear violation of the provisions of section 42(1) of the 1999 Constitution. This further serves as a pointer that there should be transparency and accountability in lending practices.

If credit is really central to every economy be it a developing or developed economy, making access to credit a recognised and enforceable right would dismantle the systemic exclusion particularly for women and the less privileged populations. However, for this to be effective,

³³⁹ (2014) LPER-22724 (SC).

³⁴⁰ (2014) LPELR-22697 (SC).

it must be accompanied by practical measures such as financial literacy programs and transparent lending practices to prevent informal biases.

3.1.2 Central Bank of Nigeria (CBN) Act 2007

The Central Bank of Nigeria operates under a legal framework established by several enabling Acts and their amendments.³⁴¹ There have been three main Acts governing the CBN: the CBN Act of 1958, the CBN Act of 1991 and the CBN Act of 2007.³⁴² The 1958 Act created the CBN, which began operations on July 1, 1959.³⁴³ The CBN Act of 1958 has been amended several times to adapt to changing economic conditions such as the adoption of the Structural Adjustment Programme (SAP) in 1986 and the Universal Banking Model in 1992.³⁴⁴ The amendments made to the CBN Act of 1958 in 1962 and 1967 were intended to enhance the Bank's authority and effectiveness in carrying out its statutory duties.³⁴⁵

The CBN Act No. 24 of 1991 repealed the 1958 CBN Act with all its amendments.³⁴⁶ This Decree was designed to enhance the efficiency of formulating and implementing monetary policy, enabling the CBN to effectively monitor financial system operators and enhancing its powers.³⁴⁷ The Decree aimed to create a more stable monetary and credit system as well as a more efficient banking sector.³⁴⁸ However, it provided the CBN with limited autonomy, requiring it to report directly to the President and Commander-in-Chief, who retained veto

³⁴¹ Central Bank of Nigeria, 'Central Banking at a Glance: Monetary Policy Department' (2017) <<https://www.cbn.gov.ng/out/2017/ccd/central%20banking%20at%20glance.pdf>>1 accessed 20 February 2025.

³⁴² *ibid.*

³⁴³ *ibid.* 3.

³⁴⁴ King James Nkum and Julius Beida Onivehu, '*Law of Banking and Insurance in Nigeria*' (1st edition, Princeton & Associates Publishing Co Ltd 2024) 99.

³⁴⁵ *ibid.*

³⁴⁶ Central Bank of Nigeria, 'Central Banking at a Glance: Monetary Policy Department' (n 341) 15.

³⁴⁷ Nkum and Onivehu (n 344) 100.

³⁴⁸ *ibid.*

power over monetary and banking policy decisions.³⁴⁹ The Decree also enhanced the CBN's authority to maintain monetary stability by limiting the permissible annual deficit financing and promoting the use of market-based instruments for monetary control.³⁵⁰

The CBN Act 2007, enacted in June 2007, expanded the discretionary powers of the Bank.³⁵¹ However, the Central Bank is required to engage in sufficient consultation and maintain effective collaboration with key stakeholders, especially the government and the National Assembly, to preserve its autonomy over its instruments.³⁵² The Act explicitly affirms the operational independence of the CBN in section 1(3) of the Act³⁵³ which states:

In order to facilitate the achievement of its mandate under this Act and the Banks and Other Financial Institutions Act, and in line with the objective of promoting stability and continuity in economic management, the Bank shall be an independent body in the discharge of its functions.

The above section aligns with international best practices, fosters stakeholder's confidence and supports the successful fulfilment of its mandate.³⁵⁴

Regardless of the various amendments to the CBN Act, it has maintained its principal objectives as stated in section 2 of the Central Bank of Nigeria Act 2007 ("the CBN Act") to include: ensuring monetary and price stability; issuing legal tender currency in Nigeria; maintaining external reserves to protect the international value of the legal tender; promoting a sound financial system in Nigeria; and serving as banker to the Federal Government by

³⁴⁹ Nkum and Onivehu (n 344) 100.

³⁵⁰ *ibid.*

³⁵¹ Central Bank of Nigeria, 'Central Banking at a Glance: Monetary Policy Government' (n 341) 19.

³⁵² *ibid.*

³⁵³ The Central Bank of Nigeria Act 2007.

³⁵⁴ Central Bank of Nigeria, 'Central Banking at a Glance: Monetary Policy Government' (n 341) 21.

providing economic and financial advice.³⁵⁵ It is important to emphasise that the CBN Act 2007 does not directly contain provisions on access to credit to the general public, but rather, it influences access to credit through commercial banks along with other financial entities. The CBN being the apex regulator of the financial sector in Nigeria sets monetary policies and regulations that affect the operations of commercial banks.³⁵⁶ These policies influence the interest rates at which banks lend money, the amount of credit they can extend and the sectors they can lend to.³⁵⁷ The foremost objective of the CBN as encapsulated in section 2(a) of the CBN Act 2007 is ensuring monetary and price stability. Section 35 of the CBN Act 2007 requires the CBN to publish its monetary policy rate which is a key tool in monetary policy management. The Monetary Policy Rate (MPR) is the interest rate at which the CBN lends to commercial banks and serves as a benchmark for commercial banks when setting their own interest rates for deposits and loans to customers.³⁵⁸ To support the goal of price stability and assist the Federal Government's economic policy, the Monetary Policy Committee (MPC) was established under section 12 of the CBN Act 2007. The MPC is responsible for formulating monetary and credit policies.³⁵⁹ Therefore, if the CBN sets the MPR at 13%, commercial banks will typically lend at 13% plus an additional risk premium specific to each bank.³⁶⁰

³⁵⁵ Central Bank of Nigeria Act 2007, s 2; Eni Aja Alobo, *'Business Law and Practice'* (1st edition, Princeton & Associates Publishing Co Ltd 2021) 872.

³⁵⁶ Central Bank of Nigeria Act 2007, s 2; Nkum and Onivehu (n 344) 119.

³⁵⁷ Central Bank of Nigeria, 'Central Banking at a Glance: Monetary Policy Government' (n 341) 31.

³⁵⁸ Cowrywise, 'The concept of Monetary Policy Rate in Nigeria' (14 April 2024) <<https://cowrywise.com/blog/the-concept-of-monetary-icy-rate/>> accessed 24 February 2025.

³⁵⁹ Kalu Aja, 'Understanding the Monetary Policy Rate' (2022) <<https://kaluaja.org/understanding-the-monetary-policy-rate/>> accessed 24 February 2025.

³⁶⁰ *ibid.*

When the CBN raises the MPR, it becomes expensive for commercial banks to borrow money.³⁶¹ Consequently, banks increase the interest rates they charge consumers and businesses for loans.³⁶² The high cost of borrowing discourages spending leading to a decrease in overall demand in the economy.³⁶³ Therefore, adjusting the MPR serves as a tool to manage inflation by affecting borrowing and spending levels within the economy.³⁶⁴ Also, when the CBN raises the MPR, it signals to investors that they can achieve higher returns on investments denominated in the local currency.³⁶⁵ This in turn, attracts foreign investors, boosting demand for the Nigerian currency and leading to its appreciation in value compared to other currencies.³⁶⁶

Another means through which the CBN impacts access to credit is through its power to licence and regulate credit bureaux which helps in collecting customer credit information, thereby facilitating a more viable credit system in Nigeria covered by section 57 of the CBN Act 2007.³⁶⁷

The third means by which the CBN impacts access to credit is by enhancing bank's liquidity. Treasury bills, gold, bullions and securities serve as liquidity sources for banks.³⁶⁸ This is captured by section 29 of the CBN Act 2007 which empowers the CBN to engage in credit operations such as granting credit against specific securities and providing temporary advances to banks. Treasury bills (T bills) are highly liquid instruments that can be easily

³⁶¹ Cowrywise, 'The Concept of Monetary Policy Rate in Nigeria' (n 358).

³⁶² *ibid.*

³⁶³ *ibid.*

³⁶⁴ Cowrywise, 'The Concept of Monetary Policy Rate in Nigeria' (n 358).

³⁶⁵ *ibid.*

³⁶⁶ *ibid.*

³⁶⁷ GRF Dalley & Patners, 'Nigeria: The Central Bank Act 2007-Significant Changes' (2016) <<https://www.grfdalleyandpatners.com/wp/wp-content/uploads/2016/06/CENTRAL-BANK-OF-NIGERIA-ACT-2007-SIGNIFICANT-CHANGES.pdf>> accessed 24 February 2025.

³⁶⁸ Central Bank of Nigeria, 'Central Banking at a Glance: Monetary Policy Government' (n 341) 105.

traded on the secondary market.³⁶⁹ They are considered default-risk-free since it is issued by the sovereign government and provide a steady return, making them a preferred form of liquidity for banks.³⁷⁰ Government securities including treasury bills and bonds are widely accepted as collateral by central banks and can be used by banks to access liquidity through open market operations.³⁷¹ Gold bullion which refers to physical gold which is at least 99.5% pure provides liquidity for banks indirectly by serving as part of the CBN's external reserves.³⁷² When banks face liquidity challenges that is, when a bank is struggling to access sufficient cash or liquid assets to meet its short-term obligations such as allowing customers to withdraw their deposits,³⁷³ the CBN uses these reserves to provide temporary advances or engage in open market operations. Aside the above external reserves which provides liquidity discussed above, others include: balance held at banks outside Nigeria; securities of or guarantees by a government of another country; securities or guarantees issued by foreign governments; securities or guarantees related to international financial instruments; Nigeria's gold tranche with the International Monetary Fund; and allocations of special drawing rights provided by the International Monetary Fund.³⁷⁴

³⁶⁹ Central Bank of Sri Lanka, 'Government Securities Market: Treasury Bills and Treasury Bonds Market' <<https://www.cbsl.gov.lk/en/financial-system/financial-markets/government-securities-market?>> accessed 24 February 2025.

³⁷⁰ Central Bank of Sri Lanka, 'Government Securities Market: Treasury Bills and Treasury Bonds Market' (n 369).

³⁷¹ *ibid.*

³⁷² Forex.com, 'Gold bullion definition' (2025) <<https://www.forex.com/en/glossary/gold-bullion/>> accessed 24 February 2025.

³⁷³ Will Kenton, 'Understanding liquidity risk in banks and business with examples' (22 August 2024) <<https://www.investopedia.com/terms/l/liquidityrisk.asp?>> accessed 24 February 2025.

³⁷⁴ See the CBN Act 2007, s 24.

3.1.2.1 Assessment of the Effectiveness of the CBN Act 2007 in Facilitating Access to Credit

Although the CBN Act 2007 grants the central bank operational autonomy, in practice, the bank's ability to independently adjust the Monetary Policy Rate (MPR) is constrained by external fiscal pressures, notably government borrowing needs and persistent budget deficits. All of these dynamics compel the CBN to maintain higher interest rates to accommodate government financing, which in turn, raises borrowing costs for the private sector. This limitation undermines the bank's capacity to use the MPR effectively as a tool to expand affordable credit access, thereby weakening the Act's intended impact on fostering broad-based economic growth.

An increase in the MPR often reflects the CBN's priority to attract investment by offering higher returns on local currency assets. However, this approach can inadvertently restrict access to affordable credit for individuals and businesses, particularly small and medium enterprises that rely heavily on borrowing to grow. Since credit availability is fundamental to driving economic activity, a persistently high MPR risks stifling domestic demand and slowing economic growth. Therefore, while the CBN's strategy may strengthen the currency and control inflation, it may simultaneously undermine the broader objective of expanding credit access and supporting sustainable development.

3.1.3 Banks and Other Financial Institutions Act (BOFIA) 2020

In a bid to strengthen the regulatory and supervisory framework of the Central Bank of Nigeria in its function within the financial industry, the Banks and other Financial Institutions Act (BOFIA) 2020 was assented to by past President Muhammadu Buhari on

November 13, 2020, repealing the extant BOFIA 1991.³⁷⁵ The BOFIA 2020 has gone through several legal revolutions such as the Banking Decree of (1969, 1979, 1988, and 1989),³⁷⁶ the Banks and other Financial Institutions (BOFI) Decree 25 of 1991 the BOFI Amendment Decree of 1997 and 1998.³⁷⁷ Key revisions in the BOFIA 2020 include amongst others- Licensing and operation of banks;³⁷⁸ establishment of a banking sector resolution fund;³⁷⁹ provisions such as minimum capital ratio;³⁸⁰ restriction of certain banking activities;³⁸¹ creation of a new tribunal dedicated to the enforcement and recovery of eligible loans etc.³⁸²

Several provisions within the Act directly and indirectly impacts access to credit. This includes regulations on insider credit, the establishment of a special tribunal for loan recovery, and measures intended to encourage lending to key sectors.

Section 19(3)(a)-(b) of BOFIA 2020 provides that a bank shall not without prior approval in writing of the CBN, permit to be outstanding unsecured advances, loans or unsecured credit facilities of an aggregate amount in excess of N1,000,000 to its directors or shareholders jointly or severally, a public or private company in which any of its directors is interested or permit to be outstanding to its officers and employees, unsecured loans in excess of one year's emolument or any such amount as may be specified by the bank.

³⁷⁵ Olusola Amadi, 'Banks and Other Financial Institutions (BOFI) Act Amended' (November 2020) 1 <<https://www.cbn.gov.ng/out/2021/ccd/cbn%20update%20november%202020.pdf>> accessed 21 February 2025.

³⁷⁶ Nkum and Onivehu (n 344) 102.

³⁷⁷ *ibid.*

³⁷⁸ BOFIA 2020, s 1.

³⁷⁹ BOFIA 2020, s 74.

³⁸⁰ BOFIA 2020, s 13.

³⁸¹ BOFIA 2020, s 19.

³⁸² BOFIA 2020, s 102; Nkum and Onivehu (n 344) 104.

Section 19(4) of BOFIA 2020 provides that a loan or credit facility granted to a director shall be treated and reported as insider related until it is fully liquidated irrespective of whether such director remains on the board of the bank or not.

Section 19(5) of BOFIA 2020 which was previously unavailable under the BOFIA 1991 provides that a bank is prohibited from lending more than 5% of its paid-up capital to any of its directors and significant shareholders. It further provides that the aggregate of the bank's exposure to all its directors and significant shareholders shall not exceed 10% of its paid-up share capital or such percentage as may be specified by the CBN.³⁸³ The bank further has an obligation to ensure that in giving credit to its directors or significant shareholders, it does so on the same terms that are prevailing for similar transactions with non-directors or shareholders.³⁸⁴ Also, the grant of the credit does not involve more than normal risk of repayment; it follows credit appraisal procedures which are not less stringent than those applicable to comparable transactions with persons who are not directors or shareholders of the bank.³⁸⁵

In relation to the above section, the BOFIA 2020 defines the following keywords: director, significant shareholder and unsecured advances and loans. A director was defined to include the director's spouse, parents, siblings, children, their spouses, a company in which the director serves as a director, shareholder or owns at least 5% of the shares, a company whose

³⁸³ Perchstone and Graeys, 'Banks and other Financial Institutions Act 2020: Highlight of key changes' (28 May 2021) <<https://www.mondaq.com/nigeria/financial-services/1073908/banks-and-other-financial-institutions-act-2020-highlight-of-key-changes>> accessed 21 February 2025.

³⁸⁴ *ibid.*

³⁸⁵ *ibid.*

board or managing director customarily acts on the advice, directions or instructions of the director, as well as any other related parties as may be determined by the bank.³⁸⁶

Also, a significant shareholder was defined as a person who owns at least 5% of the bank's shares, including the combined shareholdings of their spouse, parents, siblings, children, their spouses, and any other related parties as may be determined by the bank.³⁸⁷ Lastly, unsecured advances and loans or unsecured credit facilities were defined to mean advances, loans, or credit facilities made without security.³⁸⁸

The BOFIA 2020 establishes the Special Tribunal for the Enforcement and Recovery of Eligible Loans in chapter E (sections 102-129). The Tribunal's jurisdiction covers cases and issues relating to enforcement and recovery of eligible loans granted by financial services, banks or other financial institutions. It also includes matters connected with or concerning the enforcement of securities or guarantees, as well as the attachment of any assets under eligible loans issued by any bank, specialised bank, or other financial institutions in Nigeria, to their customers.³⁸⁹

The aim of chapter E of BOFIA 2020 is to create an efficient regime for enforcing and recovering eligible loans including actions related to security enforcement, guarantees or asset attachment.³⁹⁰ The Tribunal was designed to expedite loan recovery processes, thereby reducing the incidence of non-performing loans that deter banks from lending.³⁹¹ By

³⁸⁶ BOFIA 2020, s 19(6).

³⁸⁷ *ibid.*

³⁸⁸ BOFIA 2020, s 19(6).

³⁸⁹ BOFIA 2020, s 115(1)(a)-(e).

³⁹⁰ Augusto&Co, 'The Review of the BOFIA 2020' (15 December 2020) <<https://www.agusto.com/publications/the-review-of-the-bofia-2020/>> accessed 21 February 2025.

³⁹¹ *ibid.*

improving the legal framework for loan recovery, it enhances banks' willingness to provide credit to businesses in the real sector.³⁹²

Section 20 of BOFIA 2020 retained the provisions of section 21 of the erstwhile BOFIA 2004 which encourages banks to make investments in Nigerian Micro, Small and Medium Enterprises (MSMEs), technology companies and agricultural businesses.³⁹³ The essence of this provision is to enhance access to credit for these sectors regarded as the real economy, vital for economic growth and job creation.³⁹⁴

3.1.3.1 Assessment of the Effectiveness of BOFIA 2004 in Facilitating Access to Credit

The Special Tribunal for the Enforcement of Eligible Loans composed of experienced legal and banking professionals, was introduced by the BOFIA 2020 to expedite loan recovery processes. However, the reality of the situation is that enforcement can be slowed down by procedural delays, limited awareness of the tribunal and occasional overlaps with other legal processes. Banks on the other hand, remain cautious due to the overall weak credit culture and economic volatility. Though the tribunal compliments the system, it does not fully resolve the loan recovery crisis.

The provision of section 20 aims to enhance financial inclusion by directing credit to the real economy comprising of MSMEs, technology companies and agricultural enterprises that traditionally struggle to access formal financing. However, despite this regulatory encouragement, banks remain hesitant to lend extensively to these sectors due to perceived high risks, lack of collateral and poor credit history among MSMEs and startups. These

³⁹² Augusto&Co (n 390).

³⁹³ KPMG Nigeria, 'BOFIA 2020: Impact on the Financial Services Industry' (April 2021) 3 <<https://assets.kpmg.com/content/dam/kpmg/ng/pdf/tax/bofia-2020-review.pdf>> accessed 21 February 2025.

³⁹⁴ *ibid*.

structural challenges further limit credit expansion. While the provision sets a positive policy tone, actual credit flow to priority sectors is often below potential, requiring stronger incentives, risk-sharing mechanisms and capacity-building efforts to realise its full impact.

3.1.4 Credit Reporting Act (CRA) 2017

The Credit Reporting Act (CRA) 2017 was enacted by the National Assembly of the Federal Republic of Nigeria on May 30, 2017, with the main objectives of promoting access to credit information and assisting credit institutions in better managing some of the risks involved in lending.³⁹⁵ Before the Act became law, the activities of ‘Credit Bureaux’ were regulated under the Guidelines for the Licensing, Operations and Regulation of Credit Bureaux and Credit Bureaux Related Transactions in Nigeria (also referred to as the Guidelines) 2013³⁹⁶ pursuant to section 57 of the CBN Act 2007. Credit reporting in Nigeria originated from the Credit Risk Management System (CRMS) set up under the Central Bank of Nigeria Act No. 24 of 1991 to oversee banks and their lending practices.³⁹⁷ The CRA mandates all banks to submit reports to the CBN on any credit with total outstanding payments of N1 million and above including principal and interest.³⁹⁸ Banks must also conduct inquiries with the CBN before extending credit facilities to borrowers.³⁹⁹ In response to this, three credit bureaus were licensed by the CBN in 2009. They are- the Credit Registry which is known as the largest in

³⁹⁵ Aderonke Alex Adedipe and St Matthew-Daniel Oyeade, ‘Review of the Credit Information Reporting Act 2017’ (8 September 2017) <<https://www.simmons-simmons.com/publications/ckawr5jd73rg0b94lk8w7iq/08092017-review-of-the-credit-information-reporting-act-2017-4frlca>> accessed 26 February 2025.

³⁹⁶ Oladele Oladunjoye and Bisola Ogueifor, ‘A Critical Evaluation of the Credit Reporting Act 2017: Practical Issues Arising’ (22 November 2018) <<https://www.mondaq.com/nigeria/consumer-credit/757320/a-critical-evaluation-of-the-credit-reporting-act-2017-practical-issues-arising>> accessed 26 February 2025.

³⁹⁷ Felicia Nwanne Monye, Ndubisi Nwafor and Benjamin Mukoro, ‘Appraisal of the Nigerian Credit Reporting Act 2017’ (2020) <<https://uwe-repository-worktribe.com/index.php/OutputFile/11469989>> accessed 26 February 2025.

³⁹⁸ *ibid.*

³⁹⁹ Central Bank of Nigeria, ‘Credit risk management system’ (2024) <<https://www.cbn.gov.ng/supervision/crms.html>> accessed 27 February 2025.

Nigeria; the CRC Credit Bureau; and the First Central Credit Bureau. These bureaus form the Credit Bureau Association of Nigeria.⁴⁰⁰

The CRA 2017 in section 1(a)-(f) set out its objectives to include:

- (a) facilitating and promoting access to credit and enhance risk management in credit transactions;
- (b) promoting access to accurate, fair and reliable credit information and protection of the privacy of such information;
- (c) setting standards and conditions for the establishment, regulation and operations of credit bureau;
- (d) promoting fair and competitive credit reporting system;
- (e) promoting responsibility in the credit market by encouraging responsible borrowing, avoidance of over-indebtedness and fulfilment of financial obligations by consumers and discouraging reckless credit granting by credit providers and contractual default by consumers; and
- (f) facilitating credit information sharing.

The CRA 2017 enhances access to credit by compiling and making available credit information about individuals rather than directly providing credit. The CRA 2017 is primarily based on the US credit reporting laws, including the Fair Credit Reporting Act of 1970,⁴⁰¹ the Fair and Accurate Credit Transactions Act of 2003, the Equal Credit Opportunity Act of 1974, and the Credit Repair Organisations Act of 1996.⁴⁰² The CRA 2017 brings together provisions that are comparable to those spread across these various US statutes.⁴⁰³

Section 2(1) of the CRA 2007 provides that no credit bureau can operate without the licence of the CBN. Section 2(2) goes further to provide that an individual seeking to operate as a credit bureau in Nigeria must equally be licensed after applying to the Governor of the CBN in writing. Credit bureaus referred to in the sections above refers to organisations that collect

⁴⁰⁰ Hachi Onubedo, 'How to check my credit score in Nigeria' (7 September 2023) <<https://getoze.com/blog/check-credit-score-nigeria/>> accessed 27 February 2025.

⁴⁰¹ This is the principal statute dealing with credit reporting and it is the statute the CRA 2007 emulates the most.

⁴⁰² It is also known as CROA 1996.

⁴⁰³ *ibid.*

and analyse financial information about individuals and businesses from financial and non-financial organisations, including microfinance institutions and credit card companies.⁴⁰⁴ The information collected in turn helps in creating credit reports and credit scores which are used by lenders to determine the creditworthiness of borrowers.⁴⁰⁵ In Nigeria, the Credit Registry is a credit bureau that operates under the regulation of the CBN.⁴⁰⁶

From the provisions of section 3 of the CRA 2017, it is evident that credit bureau acts as an information router between suppliers and users of credit information because it serves as a center for the collation and dissemination of credit information.⁴⁰⁷ Credit bureaus supply lenders with credit report which has been defined in its interpretation section as an electronic or written report, credit score or statement issued by a credit bureau and which is utilised or collected as a factor in determining a data subject's eligibility for credit or other services or products offered by a party.⁴⁰⁸ While making use of such credit report, certain standards must be complied with; this includes confidentiality, impartiality, accuracy, and the exclusion of sensitive information must be maintained at both the database and report levels, alongside a mandatory contractual agreement with credit information users or, if such consent is not provided with the data subject.⁴⁰⁹ In practice, banks and credit bureaus collaborate to enhance

⁴⁰⁴ World Bank Group, 'Credit bureau' (2016) <<https://www.worldbank.org/en/publication/gfdr/gfdr-2016/background/credit-bureau>> accessed 26 February 2025.

⁴⁰⁵ CreditRegistry, 'What you need to know about Credit Bureaus in Nigeria' (27 February 2023) <<https://www.creditregistry.ng/what-you-need-to-know-about-credit-bureaus-in-nigeria/>> accessed 26 February 2025.

⁴⁰⁶ *ibid.*

⁴⁰⁷ Monye, Nwofor and Mukuro (n 397) 6.

⁴⁰⁸ The CRA 2007, s 27.

⁴⁰⁹ See the CRA 2007, s 3(3).

credit assessment and lending processes. For instance the CRC Bureau is owned by eleven commercial banks and a technical partner and investor- Dun & Bradstreet International.⁴¹⁰

Entities that qualify as credit information providers and supply credit bureaus with credit information include banks and other financial institutions, leasing and insurance companies, cooperative societies and institutions that provide credit to MSMEs, utility companies including but not limited to electricity companies, telecommunication companies, asset management firms, suppliers of goods and providers of services that offer post-paid, deferred or instalment payment options.⁴¹¹

3.1.4.1 Assessment of the Effectiveness of the CRA 2017 in Facilitating Access to Credit

The CRA 2017 has enhanced access to credit in Nigeria in a number of ways. Though the CRA 2017 promotes credit information sharing thus, enabling lenders to assess borrowers' creditworthiness more effectively, reduce the risk of default and encourage responsible lending,⁴¹² its effectiveness depends heavily on the quality and comprehensiveness of data collected by credit bureaus. The practical reality however, is that most credit bureaus struggle with incomplete and outdated information especially for the micro, small and medium enterprises that dominate the Nigerian economy.

⁴¹⁰ Tunde Popoola, 'Involvement of Credit Bureaus in Digitised Microcredit' (17 August 2018) 15 <<https://www.efina.org.ng/wp-content/uploads/2018/12/CRC-EFINA-2-PRESENTATION-AUG-2018.pdf>> accessed 27 February 2025.

⁴¹¹ Kenneth Okwor, 'From ease of doing business to ease in accessing credit' (June 2017) <<https://www.templars-law.com/app/uploads/2017/06/FROM-EASE-OF-DOING-BUSINESS-TO-EASE-IN-ACCESSING-CREDIT.pdf>> accessed 28 February 2025.

⁴¹² Kubi Udofia, 'A critical analysis of credit information under Nigeria's Credit Reporting Act 2017' (December 2017) <<https://www.financierworldwide.com/a-critical-analysis-of-credit-information-sharing-under-nigerias-credit-reporting-act-2017>> accessed 28 February 2025.

A significant barrier to the CRA's impact is the low level of awareness among people about credit reporting and their rights under the Act. This lack of awareness reduces the effectiveness of the CRA's provisions and limits borrowers' engagement in the credit system.

Although the CRA aims to improve risk management in credit transactions, some lenders remain hesitant to extend credit to higher risk segment of the population such as informal businesses and individuals with limited credit history due to concerns about loan repayment and data reliability.

3.1.5 Secured Transactions in Movable Assets (STMA) Act 2017

The Secured Transactions Movable Assets ("STMA") Act of 2017 was enacted by the National Assembly of the Federal Republic of Nigeria on May 30, 2017. The Act aims to address some major challenges faced by Micro, Small and Medium scale Enterprises (MSMEs) face in obtaining credit, mainly because they typically lack immovable assets as collateral.⁴¹³ Historically, Nigerian financial institutions have preferred immovable assets such as land as loan security rather than movable assets like vehicles or equipment. This preference is due to the regulated nature of land and the existence of established registries that record all land transactions.⁴¹⁴ STMA 2017 aimed to change this by allowing movable assets to be used as collateral thereby enhancing financial inclusion and stimulating responsible lending to MSMEs.⁴¹⁵ The Act took into consideration the concerns of both

⁴¹³ Tejumade Adetona, 'Enabling Access to Credit in Nigeria: The Secured Transactions in Movable Assets Act 2017' (December 2017) <<https://www.aellex.com/wp-content/uploads/2017/12/ENABLING-ACCESS-TO-CREDIT-IN-NIGERIA-THE-SECURED-TRANSACTIONS-IN-MOVABLE-ASSETS-ACT-2017-2.pdf>> accessed 2 March 2025.

⁴¹⁴ Merit Okafor, 'Secured Transactions in Movable Assets Act 2017: Impact on finance transactions' (13 April 2025) <<https://businessday.ng/news/legal-business/article/secured-transactions-in-movable-assets-act-2017-impact-on-finance-transactions/>> accessed 3 March 2025.

⁴¹⁵ See the STMA 2017, s 1(c).

lenders and borrowers who in this case are the MSMEs, thereby creating a balance between their interests.⁴¹⁶

Section 1 of the STMA 2017 outlines its objectives which include:

- a) promoting financial inclusion in Nigeria;
- b) encouraging responsible lending to micro, small and medium enterprises;
- c) improving access to credit secured by movable assets;
- d) enabling the perfection of security interests in movable assets; and
- e) establishing a collateral registry along with provision for its management and operations.

The main priority for any lender or creditor is to invest, monitor their investment, perfect their security interest and recover their return. On the other hand, most MSMEs primarily seek easy access to credit by using their assets, which are mainly movables, as collateral.⁴¹⁷

Section 3 of the Act addresses the establishment of security interests. A security interest is a property right over a collateral created through an agreement that guarantees payment or performance of an obligation, whether or not it is explicitly called security by the parties.⁴¹⁸

Simply put, a security interest is a legal right that a debtor grants to a creditor over the debtor's property, allowing the creditor to claim the property if the debtor fails to fulfil the secured obligations.⁴¹⁹ Importantly, a security interest is not limited strictly to the collateral itself but also extends to any identifiable or traceable proceeds of the collateral regardless of whether it was described in the security agreement or not.⁴²⁰ The security agreement must identify both parties and should clearly express the parties' intention and includes details

⁴¹⁶ Okafor (n 414).

⁴¹⁷ *ibid.*

⁴¹⁸ Adetona (n 413).

⁴¹⁹ Paul Taylor, 'What is a Security Interest?' (16 July 2019) <<https://lawpath.com.au/blog/what-is-a-security-interest>> accessed 3 March 2025.

⁴²⁰ *ibid.*

such as the item, category, type, year of manufacture or any other description that sufficiently identifies the collateral.⁴²¹ Additionally, it must state that a security interest is taken over all the present and future assets of the grantor.⁴²²

It must however be noted that a security interest is not restricted only to physical assets but also includes any identifiable or traceable proceeds derived from the collateral regardless of whether or not it is described in the security agreement.⁴²³

The STMA 2017 in section 10 provides for the establishment of the National Collateral Registry which shall be responsible for the following:⁴²⁴

- a) receiving, registering and storing information about security interests in movable assets;
- b) providing access to persons who may seek information on security interests from the Collateral Registry;
- c) performing such other functions as may be prescribed by regulations made under the Act.

The creation of the Registry is an avenue for creditors to determine whether there are encumbrances on collateral.⁴²⁵ The Collateral Registry is overseen and managed by a Registrar appointed by the Governor of the Central Bank of Nigeria.⁴²⁶ Although the Act does not explicitly require notifying subsequent creditors about existing charges on the collateral, the information in the Registry is publicly accessible. According to section 22 of the Act, any person has the right to obtain search results upon payment of fees as prescribed by regulations issued under the Act.⁴²⁷ Searches can be conducted using the grantor's unique

⁴²¹ Section the STMA 2017, s 6(1)(a).

⁴²² Section the STMA 2017, s 6(1)(b).

⁴²³ Adetona (n 413).

⁴²⁴ The STMA 2017, s 11.

⁴²⁵ Adetona (n 413).

⁴²⁶ The STMA 2017, s 10(3).

⁴²⁷ Adetona (n 413).

biometric identifier and the collateral's serial number.⁴²⁸ It is the creditor's responsibility to diligently inquire with the Registry, especially when the grantor or borrower does not provide information.⁴²⁹

In the event that a borrower defaults, the act provides that the creditor may enforce their rights under the security agreement or resort to an appropriate legal remedy.⁴³⁰ The collateral may either be repossessed subject to legal proceedings or without legal proceedings if the grantor has already agreed to surrender the security agreement, the creditor is authorised to take possession of it.⁴³¹ If the collateral is not easily movable or storage facilities are not readily accessible, the creditor has the power to render the collateral inoperative.⁴³² The Act also creates a Mediation and Dispute Resolution Panel, stipulating that in case of any dispute, the parties must first seek resolution through this panel.⁴³³

From the above discussed provisions, the Secured Transactions in Movable Assets Act 2017 directly impacts access to credit in Nigeria by facilitating the use of movable assets as collateral. The provisions of the Act boost the confidence of lenders by providing a clear framework for creating, registering and realising security interests thereby reducing lending risks.⁴³⁴ The establishment of a National Collateral Registry further streamlines this process, making it easier for both lenders and borrowers to engage in secured transactions.⁴³⁵

⁴²⁸ The STMA 2017, s 22(3).

⁴²⁹ Adetona (n 413).

⁴³⁰ The STMA 2017, s 40.

⁴³¹ The STMA 2017, s 40(3).

⁴³² The STMA 2017, s 42.

⁴³³ See the STMA 2017, s 41.

⁴³⁴ Okafor (n 414).

⁴³⁵ *ibid.*

3.1.5.1 Assessment of the Effectiveness of the STMA 2017 in Facilitating Access to Credit

The success of the STMA depends heavily on the effective implementation of the National Collateral Registry and awareness among MSMEs and lenders. Without widespread adoption and operational efficiency, the intended benefits may be limited. Also, the traditional preference for immovable assets and the risk aversion among financial institutions may slow the shift towards movable asset lending despite the legal framework.

Beyond collateral, many MSMEs face challenges such as poor financial records and governance, which the Act does not directly address but which affects credit access. The Act's exclusion of certain assets like land and some specialised movable assets such as ships, may limit its reach to some businesses.

3.1.6 Nigeria Deposit Insurance Corporation Act 2023

The Nigerian Deposit Insurance Corporation Act 2023 ("the NDIC") was enacted by the National Assembly of the Federal Republic of Nigeria on May 26, 2023 to repeal the NDIC Act No. 16 2006.⁴³⁶ Section 1(2)(a) and (b) of the NDIC Act 2023 provides that the corporation shall be a body corporate with perpetual succession and a common seal and can sue and be sued in its corporate name. Section 2 of the NDIC Act 2023 outlines its specific objectives, which include:

- (a) safeguarding depositors by ensuring an orderly process for compensation if their insured institutions fail or are unable to fulfil payment obligations;
- (b) promoting the stability of the financial system through robust surveillance as a vital part of the financial safety-net; and
- (c) boosting public trust and overall financial system stability.

⁴³⁶ See the NDIC Act 2023 A 461.

Section 7 of the Act states that the NDIC is governed by a Board of Directors also known simply as the Board. The composition of the Board includes the Chairman, who is the Permanent Secretary of the Federal Ministry responsible for finance; the Managing Director; two Executive Directors; one representative from the Central Bank of Nigeria, specifically the Director of Banking Supervision; the Director-General of the Securities and Exchange Commission; and one independent director.

The NDIC Act 2023 indirectly impacts access to credit by insuring deposits because its role is more of creating an environment conducive for financial stability and business operations. The primary function of the NDIC as provided in the Act is to insure deposits in licensed banks and other financial institutions.⁴³⁷ It is important to note that the NDIC itself does not offer credit facilities or make provisions specifically aimed at enhancing access to credit.

The Act in section 5(1) states that:

Notwithstanding any provision contained in any other law, no person other than the Corporation shall insure deposit liabilities, or guarantee payments to depositors of insured institutions.

The Act introduces deposit insurance which is a system designed to safeguard depositors from losing their insured deposits if a bank fails to fulfil its obligations to the depositors.⁴³⁸ One of the means through which banks create credit is through deposits made by bank customers. Deposit here refers to the funds typically cash that bank customers place into various types of account be it the savings, current and fixed deposits held at financial

⁴³⁷ NDIC Act 2023, s 4(a).

⁴³⁸ Emily Osuji, 'Nigeria Deposit Insurance Corporation: Origin, Evolution and Contribution to Financial Sector Stability' (IADI Africa Regional Committee Conference, Uganda, September 2019) <<https://dpf.or.wp-content/uploads/2020/04/NDIC-Origin-Evaluation-and-Contribution-to-Financial-Sector-Stability-Emily-Osuji-converted.pdf>> accessed 23 February 2025.

institutions.⁴³⁹ These deposits are insured by the NDIC up to specified limits, providing protection to depositors in the event of a bank failure.⁴⁴⁰ In essence, the more deposit a bank has, the more it can lend to its customers. This is because deposits are primary sources of fund for banks to extend loans. Therefore, a bank's ability to create credit is constrained by the amount of cash it holds.⁴⁴¹

People now save more in banks due to the safety net provided by NDIC through its Deposit Insurance Scheme whose mandate is to serve as a risk minimiser by insuring deposits, supervising banks, facilitating the resolution of a failing or failed bank in a timely and efficient manner, and overseeing bank liquidation processes.⁴⁴²

Section 21(1) of the NDIC Act 2023 states that:

All licensed banks and other financial institutions in Nigeria authorised to engage in the business of receiving deposits shall insure their deposit with the corporation.

The above section mandates compulsory membership for various types of banks including: Non-Interest Banks, Merchant Banks, Commercial Banks, Microfinance Bank and Primary Mortgage Bank.

3.1.6.1 Assessment of the Effectiveness of the NDIC 2023 in Facilitating Access to Credit

Since banks create credit primarily through customer deposits, the NDIC's role as a protector of depositors' funds is critical and should be lauded. By guaranteeing deposits up to specified

⁴³⁹ Julia Kagan, 'Bank Deposits' (20 May 2023) <<https://www.investopedia.com/terms/b/bank-deposits>> accessed 25 March 2025.

⁴⁴⁰ See the NDIC Act 2023, s 2.

⁴⁴¹ Mohan Lal Jhingan, '*Money, Banking, International and Public Finance*' (7th rev edn, Vrindah Publications (P) Ltd 2006) 162.

⁴⁴² NDIC, 'Mandate, Power and Functions' (2025) <<https://ndic.gov.ng/about/mandate-power-and-functions>> accessed 26 March 2025.

limits, the NDIC enhances depositors' confidence, which encourages more savings in banks. This increased deposit base strengthens banks' liquidity positions, enabling them to extend more credit to the economy. However, while the NDIC's deposit insurance function indirectly supports credit creation, it does not directly address the structural barriers to credit access such as high collateral requirements, interest rates and economic volatility. The NDIC does not provide credit facilities, nor does it implement policies specifically aimed at enhancing credit availability. Moreover, the N5 million insurance coverage limits may not fully reassure large depositors or significantly influence credit flows in all sectors.

3.1.7 Nigerian Cooperative Societies Act 2004

The Nigerian Cooperative Societies Act 1993, which was re-enacted as the Nigerian Cooperative Society Act 2004 is the legal instrument that provides for the establishment, regulation, management and operations of the cooperative societies in Nigeria.⁴⁴³ Section 2(1)(a) of the Act provides that no society may be registered unless the liability of the society is limited. The implication of this is that the member's liability will be limited to the extent of their involvement in the cooperative society.⁴⁴⁴

Cooperatives play an essential role in facilitating access to credit, particularly in rural areas, by helping disadvantaged groups to organise for social and economic benefit.⁴⁴⁵

⁴⁴³ Alobo (n 355) 1024.

⁴⁴⁴ *ibid* 1023.

⁴⁴⁵ Eleazar Onucha, '*Principles of Cooperatives Enterprise*' (Express Publishing Company Limited 1986) 8.

The state however permits the registration of societies with or without limited liability.⁴⁴⁶

Section 2(1)(b) of the Act makes provision for its objectives which is:

promotion of the socio-economic interests of its members in accordance with co-operative principles, and established for the purpose of facilitating the operation of those principles.

The Act in section 30 forbids the granting of loans to persons who are not members of the society. This is because the primary purpose of a cooperative society is to address the needs of its members rather than to maximise profits like investor-driven businesses hence, it can be concluded that it is a member driven society.⁴⁴⁷ The economic purpose of cooperation is to fulfil the shared needs of members through their collective efforts, thereby removing the profit margins typically earned by middlemen.⁴⁴⁸ Section 33 of the Act limits the society's freedom to invest by specifying the approved areas for cooperative fund investment. These include investments in a cooperative bank or any other bank approved by the society's management committee; in securities issued and guaranteed by the Federal Government; and in any other investments authorised by the society's Committee.

The Cooperative Societies Act 2004 in Nigeria provides access to credit through several mechanisms. The first is through its membership requirement. Loans are generally restricted to members ensuring that only those who are part of the society can access credit.⁴⁴⁹ The second is its regulatory framework. Cooperative societies must register and obtain a licence

⁴⁴⁶ Onucha (n 445).

⁴⁴⁷ Aloba (n 355) 1023.

⁴⁴⁸ *ibid.*

⁴⁴⁹ The Cooperative Societies Act, s 32.

to engage in deposit taking and credit giving activities ensuring they operate within legal boundaries.⁴⁵⁰

The third is its loan terms and conditions. Cooperative societies set their own loan terms including interest rates and repayment periods which are outlined in their by-laws.⁴⁵¹ The fourth is its security requirements. Loans may require collateral which can be savings or other forms of security to ensure repayment.⁴⁵²

The Cooperative Societies Act 2004 facilitates access to credit by providing a structured framework for cooperative societies to operate and offer financial services to their members.

3.1.7.1 Assessment of the Effectiveness of the Cooperative Societies Act 2004 in Facilitating Access to Credit

The Cooperative Societies Act establishes a clear legal framework that limits loan access strictly to members, ensuring that credit is directed to those within the cooperative community, which aligns with cooperative principles of mutual benefit and socio-economic development.

By mandating registration and regulation, the Cooperative Societies Act promotes accountability and structured operations, which enhances members' confidence in borrowing and lending with cooperatives.

The Act's limitation on investment options helps safeguard cooperative funds, potentially reducing risk and protecting members' savings.

⁴⁵⁰ See the National Cooperative Financing Agency Regulations, s 4.

⁴⁵¹ See the Nigerian Financial Intelligence Unit (NFIU) Staff Multi-Purpose Cooperative Society Ltd (NFIUCOOP BYE-LAW 2020), s 15.

⁴⁵² See the Nigerian Cooperative Societies Act 2004 (implied), s 30.

3.1.8 Companies and Allied Matters Act (CAMA) 2020

Former President Muhammadu Buhari enacted the CAMA 2020, which repeals and replaces the Companies and Allied Matters Act 1990⁴⁵³ (the Repealed Act) on August 7, 2020. The CAMA 2020 is Nigeria's most important legislation in the past thirty years, introducing new measures that promote the ease of doing business and minimise regulatory obstacles.⁴⁵⁴

Section 1(2)(a)-(b) of CAMA 2020 provides that the Commission shall be a body corporate with perpetual succession and a common seal; capable of suing and being sued in its corporate name.

It is important to note that CAMA 2020 does not directly provide access to credit but rather creates an enabling environment for businesses to encourage lending by improving legal framework. CAMA provides a structured legal framework for the incorporation and operation of banks, ensuring they are established and managed according to laid out guidelines. Banks operating in Nigeria must first be incorporated as a company under CAMA in line with section 36 of the Act. CAMA requires that registration must be followed by a licence.⁴⁵⁵

3.1.8.1 Assessment of the Effectiveness of CAMA 2020 in Facilitating Access to Credit

A significant way the CAMA 2020 has facilitated access to credit is through its provision on incorporation and registration. Banks operating in Nigeria must initially be registered as a company under the CAMA 2020 before they can carry on banking business. This is also in line with section 2(1) of the BOFIA 2020 which states that no person shall carry on any

⁴⁵³ Cap C20, Laws of the Federation of Nigeria 2004.

⁴⁵⁴ See CAMA 2020 A iii.

⁴⁵⁵ Nkum and Onivehu (n 344) 115.

banking business in Nigeria except it is a company duly incorporated in Nigeria and holds a valid banking license.

The landmark provision of CAMA 2020 which allows for private companies to be formed by a single shareholder has significantly lowered the entry barriers for Small and Medium Enterprises (SMEs), which constitute a large portion of Nigeria's economy but often face difficulties in formal registration and access to credit. By enabling sole proprietors to incorporate as companies, CAMA encourages entrepreneurship, leading to increased demand for business loans as more businesses will seek capital for expansion or startup.⁴⁵⁶

The introduction of electronic signature in section 101 of CAMA 2020 streamlines document authentication processes which in turn facilitate smoother financial transactions and cross-border deals, making it easier for businesses to secure funding from both local and international investors.⁴⁵⁷ Among Nigerian fintech startups, Cowrywise has leveraged electronic signatures to facilitate the execution of investment agreements.⁴⁵⁸

Section 374 of CAMA 2020 imposes stricter disclosure requirements on both public and private companies. Enhanced transparency reduces information asymmetry between borrowers and lenders, enabling financial institutions to better assess creditworthiness and risk. This improvement is critical in a market where lack of reliable financial information has traditionally hindered lending to SMEs. By fostering greater accountability, CAMA helps build lender confidence, which is essential for expanding credit access.

⁴⁵⁶ Nkum and Onivehu (n 344) 115.

⁴⁵⁷ Banwo & Ighodalo, 'Companies and Allied Matters Act 2020: Reforming Provisions that Impact the Nigerian Business Community' (10 August 2020) <<https://banwo-ighodalo.com/resources/companies-and-allied-matters-act-2020-reforming-provisions-that-impact-the-nigerian-business-community>> accessed 25 February 2025.

⁴⁵⁸ Cowrywise, 'Terms of Service' (16 April 2025) <<https://cowrywise.com/terms>> accessed 20 May 2025.

3.2 Institutional Frameworks

In Nigeria, access to credit is facilitated through a dual framework of bank and non-bank financial institutions (NBFIs). The key players in the banking institutions are the CBN and the NDIC while the NBFIs encompasses a wide range of entities such as credit bureau agencies, guarantee companies and government commissions. These institutions collectively contribute to economic growth by providing diverse channels of accessing credit.

3.2.1 Central Bank of Nigeria (CBN)

The central bank is the apex bank in a country and goes by different names depending on the country. For example, it is called the Reserve Bank of India in India, the Bank of England in England, the Federal Reserve System in America, the Bank of France in France, the Riksbank in Sweden.⁴⁵⁹ In Japan, it is known as the Bank of Japan (BOJ) while in China it is referred to as the People's Bank of China (PBC).⁴⁶⁰

The central bank is a non-profit, government-owned institution responsible for managing and regulating the country's monetary system.⁴⁶¹ The CBN has also been said to be a government owned bank responsible for controlling and supervising the entire monetary and financial system of a country.⁴⁶² Though the central bank has a wide range of responsibilities, including issuing legal tender currency, formulating and implementing monetary policy to maintain price stability, and acting as a lender of last resort, its main responsibility is

⁴⁵⁹ Jhingan (n 441) 173.

⁴⁶⁰ Peter Rose and Sylvia Conway Hudgins, *'Bank Management & Financial Services'* (McGraw- Hill, 9th edition 2013) 52.

⁴⁶¹ Central Bank of Nigeria, 'Central Banking at a Glance: Monetary Policy Department' (n 341) 31.

⁴⁶² Louis Ejike Onwudinjo, 'Critical Appraisal of the Central Bank of Nigeria (Amendment) Act 2007: A Panacea for Stronger Central Banking in Africa' (2022) 6(6) International Journal of Research and Innovation in Social Science (IJRISS) 469-476, 469 <<https://ideas.repec.org/a/bcp/journal/v/6y2022i6p469-476.html>> accessed 20 February 2025.

monetary policy which focuses on regulating the supply and cost of money and credit within the financial system to support the country's economic objectives.⁴⁶³ By managing the expansion of money and credit, central banks worldwide aims to ensure steady economic growth, maintain low unemployment and keep inflation under control.⁴⁶⁴ However, these objectives are not always successfully attained, as evidenced by economic challenges such as the 2008 global financial crisis.⁴⁶⁵

Central banks are different from commercial banks in their role.⁴⁶⁶ The central bank is the highest authority in Nigeria's monetary and banking system whereas a commercial bank is merely one component of the money market.⁴⁶⁷

The central bank operates as a non-profit organisation that implements the government's economic policies while commercial banks are profit-driven entities.⁴⁶⁸ The central bank is government-owned but commercial banks are owned by shareholders.⁴⁶⁹

The central bank regulates credit based on the needs of the business sector and the overall economy, whereas commercial banks generate credit to fulfil the specific requirements of the business.⁴⁷⁰

Lastly, there is only one central bank in each country, with branches located in key regions, while numerous commercial banks operate hundreds of branches both domestically and

⁴⁶³ Rose and Hudgins (n 460) 52.

⁴⁶⁴ Central Bank of Nigeria, 'Central Banking at a Glance: Monetary Policy Department' (n 341).

⁴⁶⁵ Central Bank of Nigeria, 'Central Banking at a Glance: Monetary Policy Department' (n 341).

⁴⁶⁶ See chapter 17 of 'Money, Banking, International Trade and Public Finance' by Mohan Lal Jhinghan 173-174.

⁴⁶⁷ *ibid.*

⁴⁶⁸ See chapter 17 of 'Money, Banking, International Trade and Public Finance' by Mohan Lal Jhinghan 173-174.

⁴⁶⁹ *ibid.*

⁴⁷⁰ See chapter 17 of 'Money, Banking, International Trade and Public Finance' by Mohan Lal Jhinghan 173-174.

internationally.⁴⁷¹ There are over 20 commercial banks currently operating in Nigeria going by the list provided by the CBN as at 26 April 2024 and examples are Access Bank Plc, Citibank Nigeria Ltd, Ecobank Nigeria Plc, Fidelity Bank Plc etc.⁴⁷²

Monetary policy refers to the specific measures taken by a Central Bank to regulate and control the cost, volume, direction and availability of credit within an economy to achieve certain macro-economic objectives. It is through monetary policy that the CBN provides and creates credit.⁴⁷³ The goals of monetary policy are derived from the legal framework laid out in the Central Bank's establishing Acts.⁴⁷⁴ These broad objectives include maintaining price stability and non-inflationary growth, reducing unemployment levels, sustaining a healthy balance of payments, increasing savings, and ensuring credit flows to priority sectors of the economy.⁴⁷⁵

To support the goal of price stability and align with the Federal Government's; economic policy, the Monetary Policy Committee also referred to as the MPC was established.⁴⁷⁶ The MPC is composed of the Governor of the Bank, who serves as the Chairman; the four Deputy Governors of the Bank; two members of the Bank's Board of Directors; three members appointed by the President; and two members appointed by the Governor.⁴⁷⁷

The CBN Act 2007 in section 12(3) explicitly stated that the primary responsibility of the MPC is formulating monetary and credit policy. It must however be noted that monetary

⁴⁷¹ See chapter 17 of 'Money, Banking, International Trade and Public Finance' by Mohan Lal Jhinghan 173-174.

⁴⁷² Central Bank of Nigeria, 'List of Deposit Money Banks as at 26 April 2024' (2024) <[https://www.cbn.gov.ng/Out/2024/CCD/LIST%20OF%20DEPOSIT%20MONEY%20BANKS%20AS%20AT%2026TH%20APRIL,%202024%20\(1\).pdf](https://www.cbn.gov.ng/Out/2024/CCD/LIST%20OF%20DEPOSIT%20MONEY%20BANKS%20AS%20AT%2026TH%20APRIL,%202024%20(1).pdf)> accessed 12 March 2025.

⁴⁷³ Central Bank of Nigeria, 'List of Deposit Money Banks as at 26 April 2024' (n 472) 33.

⁴⁷⁴ *ibid* 37.

⁴⁷⁵ Central Bank of Nigeria, 'List of Deposit Money Banks as at 26 April 2024' (n 472) 37.

⁴⁷⁶ The CBN Act 2007, s 12.

⁴⁷⁷ The CBN Act 2007, s 12(2)(a)-(e).

policy can either be expansionary or contractionary.⁴⁷⁸ It is expansionary when the monetary policy implemented by the Central Bank leads to an increase in the supply of money in the system while it is contractionary when the actions of the apex bank reduces the quantity of money supply available in the country.⁴⁷⁹

The monetary policy tools or instruments employed by the CBN to control credit includes: Open Market Operations (OMO), bank rate or discount rate policy, reserve requirement, monetary policy rate, special directive and moral suasion will be discussed.

OMO which is a quantitative method of credit control involves the Central Bank buying and selling securities, bills and bonds issued by government and private financial institutions.⁴⁸⁰ Essentially, it refers to transactions exclusively in government securities and bonds.⁴⁸¹ The primary purposes of Open Market Operations are two folds.⁴⁸² Firstly, to influence the reserves of commercial banks to regulate their credit-creating capacity and secondly, to impact market rates in order to control the amount of credit extended by commercial banks.⁴⁸³ To decrease money supply, the CBN sells securities, while it purchases securities to increase money supply.⁴⁸⁴

The bank rate also known as discount rate is the interest rate set by the central bank at which it rediscounts high-quality bills of exchange and government securities held by commercial banks.⁴⁸⁵ The bank rate represents the cost charged by the central bank when it provides

⁴⁷⁸ The Central Bank of Nigeria, 'Central Banking at a Glance: Monetary Policy Department' (n 341) 35.

⁴⁷⁹ *ibid.*

⁴⁸⁰ Jhingan (n 441) 183.

⁴⁸¹ *ibid.*

⁴⁸² *ibid.*

⁴⁸³ Jhingan (n 441) 183.

⁴⁸⁴ Central Bank of Nigeria, 'Central Banking at a Glance: Monetary Policy Department' (n 341) 39.

⁴⁸⁵ Jhingan (n 441) 179.

rediscounting facilities to banks through the window discount.⁴⁸⁶ The central bank controls credit by adjusting the bank rate.⁴⁸⁷ The central bank lowers the bank rate when economic expansion and increased credit is needed and increases the bank rate when credit needs to be restricted.⁴⁸⁸ When the former happens, borrowing from the central bank becomes cheap and easy and as a result, commercial banks advance loans to customers at a lower rate.⁴⁸⁹ Likewise when the latter happens, borrowing becomes costly and as a result, commercial banks raise their lending rates to customers.⁴⁹⁰

The reserve requirement was initially proposed by Keynes in his *Treatise on Money* and was later implemented by the United States Federal Reserve System in 1935.⁴⁹¹ This requirement mandates that deposit money banks hold a portion of their deposit liabilities otherwise known as reserves, either as vault cash or as deposits with the central bank.⁴⁹² This practice limits the amount of loans banks can extend to the domestic economy, thereby reducing the money supply.⁴⁹³ Any funds held by commercial banks beyond these required reserves are called excess reserves that enable commercial banks to create credit.⁴⁹⁴

Special directives are special instructions issued by the central bank to commercial banks and other financial institutions guiding their lending policies.⁴⁹⁵ The central bank directs commercial banks on which sectors of the economy should be considered first when it comes to giving out credit. For instance, if the government is focused on agricultural and

⁴⁸⁶ Jhingan (n 441) 179.

⁴⁸⁷ *ibid.*

⁴⁸⁸ Jhingan (n 441) 179.

⁴⁸⁹ *ibid.*

⁴⁹⁰ *ibid.*

⁴⁹¹ Jhingan (n 441) 186.

⁴⁹² Central Bank of Nigeria, 'Central Banking at a Glance: Monetary Policy Department' (n 341) 39.

⁴⁹³ *ibid.*

⁴⁹⁴ Jhingan (n 441) 186.

⁴⁹⁵ Aloba (n 355) 867.

industrialisation development, the central bank will encourage commercial banks to prioritise loans to farmers and industrialists.⁴⁹⁶

Moral suasion is a method used by the central bank based more on persuasion rather than legal enforcement.⁴⁹⁷ It typically involves the central bank making a courteous appeal to commercial banks regarding lending policies they should adapt to either expand or restrict money supply.⁴⁹⁸ If banks do not comply with this appeal, the central bank may then resort to enforcing its directives through legal means.⁴⁹⁹

3.2.1.1 Assessment of the Effectiveness of the CBN in Facilitating Access to Credit

The CBN plays a pivotal role in facilitating access to credit through its monetary policy instruments and regulatory oversight. From the above, it is evident that the CBN uses the various monetary policy tools discussed above to regulate the supply of credit in the economy.

The establishment of the Monetary Policy Committee (MPC) further institutionalises the formulation of monetary and credit policies to meet macroeconomic objectives. CBN's special directives and moral suasion help guide commercial banks to prioritise economic goals, thus facilitating targeted credit access. However, despite regulatory efforts, access to credit for micro, small and medium enterprises (MSMEs) remains limited, with only a fraction of these businesses able to secure bank loans, indicating gaps in credit distribution effectiveness. Also, non-performing loans (NPLs) remain a significant challenge affecting

⁴⁹⁶ Aloba (n 355) 867.

⁴⁹⁷ *ibid.*

⁴⁹⁸ Aloba (n 355) 867.

⁴⁹⁹ *ibid.*

banks' willingness to lend and the overall credit culture, despite CBN's initiatives like the credit protection clause.

3.2.2 Credit Bureau Agencies

Though credit bureaus are often referred to as credit reporting agencies because they provide information about individuals credit worthiness,⁵⁰⁰ they are actually one of the two main types of credit reporting institution with the other being credit registries.⁵⁰¹ They gather information from a broad range of financial and non-financial organisations including microfinance institution, to offer detailed consumer credit information along with additional services like credit scoring to private lenders.⁵⁰²

Unlike credit registries which are public institutions overseen by banking regulators or central banks, credit bureaus are privately owned and operated companies.⁵⁰³ The establishment of credit bureaus in Nigeria dates back to the late 1980s and early 1990s when the banking industry were experiencing a wave of financial distress due to predatory lenders hopping from one bank to the other borrowing without making repayments on the borrowed sums.⁵⁰⁴ In a bid to combat this repeated patterned behaviour, the central bank saw the need to create a central data base with everyone's credit information.⁵⁰⁵ This subsequently led to the establishment of the Credit Bureau of Nigeria which obligates banks to update its lists of

⁵⁰⁰ Finezza, 'Know the difference between credit bureau and credit rating agency' (4 February 2022) <<https://finezza.in/blog/know-difference-between-credit-bureau-credit-rating-agency/>> accessed 13 March 2025.

⁵⁰¹ World Bank Group, 'Credit Bureau' (2016) <<https://www.worldbank.org/en/publication/gfdr/gfdr-2016/background/creditbureau#:~:text=It%20collects%20information%20from%20a,credit%20scores%20to%20private%20lenders>> accessed 13 March 2025.

⁵⁰² World Bank Group, 'Credit Bureau' (n 501).

⁵⁰³ *ibid.*

⁵⁰⁴ Irorun, 'Who are the credit bureau and what do they do?' (15 August 2024) <<https://irorun.com/blog/who-are-the-credit-bureau-and-what-do-they-do>> accessed 13 March 2025.

⁵⁰⁵ *ibid.*

borrowers.⁵⁰⁶ It is important to note that not all countries use credit bureaus as such; their services are only applicable to the countries they are situated in.⁵⁰⁷

There are three major credit bureaus in Nigeria that enhance access to credit by providing credit information of individuals to lenders.⁵⁰⁸ The oldest credit bureau in Nigeria is the CreditRegistry (CR services) established 2003.⁵⁰⁹ The FirstCentral credit bureau which was established May 2005 was initially incorporated as XDS Credit Bureau and the CRC Credit Bureau was established 2008 under the laws of the Federal Republic of Nigeria and licensed by the CBN.⁵¹⁰ In as much as credit bureaus provide credit information of individuals, they do not make the decision of whether or not credit will be extended to an individual.⁵¹¹ Their job is to simply collect and synthesise information lenders will use in making an informed decision.⁵¹²

The credit bureau serves several functions some of which will be discussed. The first is maintaining and storing of credit information of borrowers which typically includes accurate information regarding an individual's credit background, including their record of payment, existing debts, and credit limits.⁵¹³ Information provided can also include whether or not the loan was paid in due time as well as cases of bankruptcy and court order.⁵¹⁴ This information is provided on request to enable lenders make informed decision regarding the

⁵⁰⁶ Irorun (n 504).

⁵⁰⁷ Irorun (n 504).

⁵⁰⁸ Onubedo (n 400).

⁵⁰⁹ Irorun (n 504).

⁵¹⁰ *ibid.*

⁵¹¹ Corporate Financial Institute (CFI) Team, 'Credit Bureau' (2020) <<https://corporatefinanceinstitute.com/resources/commercial-lending/credit-bureau/>> accessed 13 March 2025.

⁵¹² *ibid.*

⁵¹³ CreditRegistry, 'What you need to know about credit bureaus in Nigeria' (27 February 2023) <www.creditregistry.ng/what> accessed 13 March 2025.

⁵¹⁴ Irorun (n 504).

creditworthiness of the prospective borrower.⁵¹⁵ Credit bureaus serve as a storehouse of collected credit information which is subject to update and such information is not subject to loss, theft or alteration.⁵¹⁶ The second is risk management. By providing accurate credit information, credit bureaus help lenders manage risk more effectively.⁵¹⁷ This further reduces the likelihood of lending to high risk borrowers thereby lowering non-performing loans.⁵¹⁸

The third function of credit bureaus is preparing credit scores and credit reports. A credit report is a comprehensive summary of an individual's credit history and current credit status.⁵¹⁹ It includes details such as the person's name, date of birth, phone number, unique identification number, types of credit accounts, credit limits and balances, payment history, credit performance, credit score and other public records.⁵²⁰ In contrast, a credit score as defined by the CRC, is a three-digit number ranging from 300 to 850 that represents the level of risk a lender or creditor faces when extending credit to a potential borrower.⁵²¹ A lower credit score indicates a higher risk of default, while a higher score suggests lower risk.⁵²² The credit score categorises a customer's credit status as excellent, good, average or poor.⁵²³

⁵¹⁵ Irorun (n 504); The CRA 2017, s 9(3)(a).

⁵¹⁶ Irorun (n 504).

⁵¹⁷ Osita Enwe, 'Liabilities for inaccurate and false information supplied to a credit bureau in Nigeria' (3 September 2021) <<https://srjlegal.com/liabilities-for-inaccurate-and-false-information-supplied-to-a-credit-bureau-in-nigeria>> accessed 25 March 2025.

⁵¹⁸ *ibid.*

⁵¹⁹ Kehinde, 'What is a credit report and why is it important' (18 October 2020) <<https://www.creditregistry.ng/what-is-credit-report-and-why-is-important/#:~:text=They%20ascertain%20your%20creditworthiness%20by%20conducting%20credit,you%20money%20and%20at%20what%20interest%20rates>> accessed 13 March 2025.

⁵²⁰ Kehinde (n 519).

⁵²¹ CRC Credit Bureau Limited, 'CRC Score (individual)' (2025) <<https://crrccreditbureau.com/product/crc-score-individual/#:~:text=The%20CRC%20Score%20is%20a,credit%20score%20in%20the%20world>> accessed 13 March 2025.

⁵²² *ibid.*

⁵²³ *ibid.*

Credit bureau data tends to be more detailed and better suited for evaluating and monitoring the credit worthiness of individual clients.⁵²⁴

From the above, it can be deduced that credit bureaus has eased and provided access to credit thus facilitating financial inclusion by enabling lenders to offer credit to a broad range of individuals and businesses including those with limited credit in several ways however, the most important is its provision of credit assessment contained in credit reports and credit scores. Credit bureaus helps lenders assess the borrower's creditworthiness more effectively thus reducing the risk of lending to high-risk borrowers, making lenders more comfortable extending credit to eligible individuals and businesses.⁵²⁵

The CBN mandates that financial institutions enter into data exchange agreements with a minimum of two credit bureaus and acquire credit reports from them prior to approving loans.⁵²⁶

3.2.2.1 Assessment of the Effectiveness of the Credit Bureau Agencies in Facilitating Access to Credit

In an economy where credit is properly prioritised, credit bureau agencies serve as a fundamental institution that streamlines and facilitates access to credit. By reducing information asymmetry between lenders and borrowers, credit bureaus enhance the efficiency of lending decisions, promote responsible borrowing and ultimately support financial stability and economic growth.

⁵²⁴ World Bank Group (n 501).

⁵²⁵ *This Day Live*, 'How credit bureaus enhance access to consumer credit' (Lagos, 12 October 2024) <<https://www.thisdaylive.com/index.php/2024/08/12/how-credit-bureaus-enhance-access-to-consumer-credit/>> accessed 13 March 2025.

⁵²⁶ CBN, 'Circular to Banks and Other Financial Institutions on Data Exchange Agreements with at least two licensed Credit Bureaus in Nigeria' (2010) <<https://www.cbn.gov.ng/OUT/2010/CIRCULARS/BS/CIRCULAR%20TO%20ALL%20BANKS%20AND%20OFIS%20ON%20DATA%20EXCHANGE%20AGREEMENTS.PDF>> accessed 18 March 2025.

Despite its steady growth, credit bureau coverage is still relatively low with only about 15.6% of the adult population covered as of 2023.⁵²⁷ This limited penetration means a large segment of potential borrowers remains outside the credit information ecosystem, restricting lenders' ability to make fully informed credit decisions. Moreover, public awareness that their credit behaviour is tracked or that credit score exists is relatively low which undermines the bureaus' role in promoting responsible borrowing and repayment discipline.

Despite the Central Bank of Nigeria's mandate requiring all banks and financial institutions including microfinance banks to submit credit data to licensed credit bureaus, the effectiveness of these agencies is constrained by significant gaps in data coverage and enforcement. Notably, the financial transactions of many microfinance institutions are not fully captured by credit bureaus, limiting the breadth and depth of data available for comprehensive data reporting. This gap restricts lenders' ability to assess the creditworthiness accurately, especially for the large segment of borrowers who rely on microfinance services. Though the Central bank mandates data submission and the use of credit reports in lending decisions, enforcement remains uneven and problematic.

These limitations reduce the potential of credit bureaus to fully smoothen access to credit to reduce non-performing loans across Nigeria's diverse financial landscape.

⁵²⁷ Rerportlinker, 'Forecast: Private credit Bureau Coverage in Nigeria' (2024) <<https://www.reportlinker.com/dataset/e80e4d17e454c80eab6465b09ae8f6f2734465a>> accessed 21 May 2025.

3.2.3 The Nigerian Consumer Credit Corporation (Credicorp)

In Nigeria, convenient access to credit is crucial for individuals to meet their financial objectives.⁵²⁸ Credicorp is at the forefront of efforts to make consumer credit more accessible, empowering Nigerians to take control of their financial futures.⁵²⁹

Credicorp, a Development Finance Institution (DFI) backed by the federal government, is set to revolutionise the Nigerian credit sector and positively impact the lives of many Nigerians for generations. Their mandate is to democratise consumer credit access for Nigeria's working population.⁵³⁰ Credicorp sets to achieve its mandate via three pillars with the first being, strengthening its infrastructure by ensuring that economically active citizens have a comprehensive credit score.⁵³¹ The second involves providing funding and credit guarantees to financial institutions dedicated to broadening access to consumer credit access as well as promoting a cultural shift that is, educating the public on responsible consumer credit as a means to improve quality of life and guiding financial institutions on effective consumer credit underwriting as a strategy for growth.⁵³²

Credicorp doesn't work in isolation but partners with key players such as fintech companies, consumer protection agencies such as the FCCPC, National Identity Management Commission (NIMC), and National Insurance Commission (NAICOM), to achieve its goals.⁵³³ In collaboration with the CBN, Credicorp helps create a stable environment for

⁵²⁸ Eseose Animhiaga, 'What you need to know about Credicorp' (3 June 2024) <<https://blog.lendsqr.com/what-you-need-to-know-about-credicorp/>> accessed 13 March 2025.

⁵²⁹ *ibid.*

⁵³⁰ Credicorp, 'Nigerian Consumer Credit Corporation' (2024) <<https://www.credicorp.ng/about>> accessed 13 March 2025.

⁵³¹ *ibid.*

⁵³² Credicorp n (530).

⁵³³ Animhiaga (n 528).

consumer credit, ensuring that regulations both promote expanded credit access and maintain financial stability.⁵³⁴ Credicorp also works with financial institutions by providing credit guarantees and promoting responsible lending practices to minimise risks and encourage more lending.⁵³⁵ Also, credit registries work closely with Credicorp to provide every economically active Nigerian with a reliable credit score, assisting lenders in evaluating borrowers' creditworthiness.⁵³⁶

To transform credit accessibility for the average Nigerian, Credicorp aims to address key structural challenges including limited credit information, difficulties in accessing creditworthiness based on income and high borrowing costs that makes it difficult for Nigerians to access credit and in order to achieve this, Credicorp collaborates with credit registries to enhance the credit scoring system, providing banks with reliable data to assess the creditworthiness effectively.⁵³⁷ In addition, Credicorp seeks to enhance existing systems such as the Global Standing Instruction (GSI) and the movable collateral registry to safeguard capital and improve lending efficiency.⁵³⁸ Their second goal is to stimulate the market by recognising that both capital and policy are essential for growing the consumer credit sector. Accordingly, Credicorp, provides wholesale lending and support to financial institutions with aligned objectives to inject funds into the market.⁵³⁹ Credicorp also partners with policymakers to foster a favourable environment for consumer credit by advocating for policies that promote responsible lending and borrowing.⁵⁴⁰ Finally, Credicorp offers credit guarantees, which lower lending risks for financial institutions, encouraging them to extend

⁵³⁴ Animhiaga (n 528).

⁵³⁵ *ibid.*

⁵³⁶ Animhiaga (n 528).

⁵³⁷ *ibid.*

⁵³⁸ Animhiaga (n 528).

⁵³⁹ *ibid.*

⁵⁴⁰ Animhiaga (n 528).

credit to a wider range of consumers, including those with limited credit histories or collateral.⁵⁴¹ This approach helps broaden loan accessibility for more people.⁵⁴²

3.2.3.1 Assessment of the Effectiveness of Credicorp in Facilitating Access to Credit

President Bola Ahmed Tinubu, who had the vision to eradicate the cash and carry lifestyle of Nigerians, established Credicorp in 2024. Within just a year of its establishment, significant progress has been made, as credit has been provided to over 40,000 Nigerians since receiving funding.⁵⁴³ The buy now pay later model introduced to Nigeria, is not strange in developed economies where individuals can get vehicles, solar energy, education, medical care and pay later with their income overtime. Though this initiative aims to improve the quality of life of Nigerians by moving away from the need to pay for everything upfront with cash, much effort is required to ensure its sustainability.

For credit to thrive in any society, especially Nigeria, a robust and reliable credit reporting system is essential as it forms the cornerstone of effective lending and borrowing. Credit information providers particularly banks who are meant to submit data such as credit history, outstanding balances and payment habits of individuals to credit bureaus periodically are currently not doing an optimal job. Despite the legal mandate requiring banks to report all borrowers to credit bureaus, many reports do not reach all credit registries creating significant data gaps and loopholes that borrowers exploit. This incomplete reporting undermines the effectiveness of the credit reporting system and contributes to rising loan

⁵⁴¹ Animhiaga (n 528).

⁵⁴² *ibid.*

⁵⁴³ Samson Akintaro, 'Only 13% of Nigerians have records with credit bureaus' (9 May 2025) <<https://nairametrics.com/2025/05/09/only-13-of-nigerians-have-records-with-credit-bureaus-credicorp-ceo/>> accessed 20 May 2025.

defaults, especially with the surge in digital lending platforms. There are thousands of laws in Nigeria, but the problem is always with enforcement.

Also since every Nigerian has a unique National Identity Number (NIN), institutions like Credicorp can and will achieve great success if the data collected by the National Identity Management Commission (NIMC) goes beyond basic personal data such as name, address and gender to include sensitive information like each individual's credit history which is very much possible with the NIMC's partnership with financial institutions. With such integrated data, when an individual applies for credit, lenders would only need the applicant's NIN to access their credit information. However, this requires a fully digitised, secure data base and an accessible online portal for prospective lenders.

3.2.4 National Credit Guarantee Company (NCGC)

In Nigeria's busy markets and commercial areas, many business owners face a common challenge which is accessing customised financing to grow their businesses. To address this issue, credit guarantee schemes are essential.⁵⁴⁴ These schemes act as tools to lower the risks that financial institutions encounter when lending to businesses.⁵⁴⁵ A third party such as a government agency or specialised institutions, guarantees a portion of the loan, helping lenders recover some of their losses if borrowers default.⁵⁴⁶

⁵⁴⁴ Olasupo Olusi, 'Credit Guarantee Instruments: A path to financial inclusion and economic growth for Nigeria' *BusinessDay* (Lagos, 20 January 2025) <<https://businessday.ng/backpage/article/credit-guarantee-instruments-a-path-to-financial-inclusion-and-economic-growth-for-nigeria/#:~:text=As%20Nigeria%20works%20toward%20becoming,diversification%2C%20and%20foster%20sustainable%20growth>> accessed 13 March 2025.

⁵⁴⁵ *ibid.*

⁵⁴⁶ *ibid.*

The NCGC is a yet to be established institution set to begin operation May 2025 to improve access to credit for businesses and individuals.⁵⁴⁷ This initiative launched by the President, Bola Ahmed Tinubu is open to the general public as opposed to Credicorp which initially extended credit to working class Nigerians in federal parastatals.⁵⁴⁸ This initiative is in fulfillment of one of the economic campaign policies of the President which is expanding credit access to boost economic growth.⁵⁴⁹ The initiative aims to boost confidence in the financial system, increase access to credit and provide support to under-served groups including women and youth.⁵⁵⁰

The new institution will work together with important government agencies like the Bank of Industry, the Nigerian Consumer Credit Corporation, the Nigerian Sovereign Investment Agency, the Ministry of Finance as well as private sector and multilateral organisations.⁵⁵¹

3.2.4.1 Assessment of the Effectiveness of the NCGC in Facilitating Access to Credit

No definite assessment can be given about the newly established institution set to begin operation May 2025. As of now, the NCGC is still in its launch phase, with its promise to expand access to credit especially for underserved groups like women and youth. Women in Nigeria are constantly classified as forming part of the underserved groups when it comes to accessing credit. This is often due to socio-economic barriers such as lack of collateral,

⁵⁴⁷ *Africanews*, 'Nigeria will establish a National Credit Guarantee Company in May 2025 to improve access to credit for businesses and individuals' (Brazzaville, 2 January 2025) <<https://www.africanews.com/2025/01/02/nigeria-to-launch-credit-guarantee-firm-to-boost-economy/#:~:text=Nigeria%20will%20establish%20a%20National,improve%20living%20standards%20in%20Nigeria>> accessed 13 March 2025.

⁵⁴⁸ *ibid.*

⁵⁴⁹ *ibid.*

⁵⁵⁰ Isaac Anyaogu, 'Nigeria to expand credit access to citizens' (1 January 2025) <<https://www.reuters.com/world/africa/nigeria-expand-credit-access-citizens-2025-01-01>> accessed 13 March 2025.

⁵⁵¹ Anyaogu n (550).

illiteracy, distrust in formal financial service providers among women. Though there are varying percentages according to sources, the consensus is that a very small section of Nigerian women have access to formal credit.

3.2.5 The Nigerian Deposit Insurance Corporation (NDIC)

The history of the NDIC dates back to 1983, when the Board of the Central Bank of Nigeria set up a committee to review the operations of the country's banking system. This committee recommended creating a Depositors Protection Fund.⁵⁵² As a result, the NDIC was established Decree No. 22 of June 15, 1988 with the purpose of maintaining the stability of the banking system and economy by offering financial guarantees to depositors of financial institutions that accept deposits. The corporation subsequently commenced operations in March 1989.⁵⁵³

The Corporation is jointly owned by the Federal Government and the Central Bank of Nigeria (CBN), holding 60% and 40% of shares respectively.⁵⁵⁴ According to the Decree,⁵⁵⁵ licensed banks were mandated to pay 15% of their total deposit liabilities as premium to the NDIC.⁵⁵⁶ In exchange, the Corporation offers coverage of up to N50,000 per depositor in the case of a bank failure.⁵⁵⁷ The NDIC also provides deposit insurance for microfinance banks (MFBs) and primary mortgage institution (PMI), with a maximum of N200,000 per depositor for MFBs and PMIs.⁵⁵⁸ In 2015, the NDIC introduced Pass-Through Deposit Insurance (PTDI) for subscribers of Mobile Money Operators (MMO) in Nigeria guaranteeing the payment of

⁵⁵² Osuji (n 438).

⁵⁵³ *ibid.*

⁵⁵⁴ Nkum and Onivehu (n 344) 125.

⁵⁵⁵ The NDIC Decree No. 22 of 1988.

⁵⁵⁶ Nkum and Onivehu (n 344) 125.

⁵⁵⁷ *ibid.*

⁵⁵⁸ *ibid.*

N500,000 in the case of a Deposit Money Bank (DMB) failure, where MMOs hold a pool account.⁵⁵⁹

Section 3 of the NDIC Act 2023 confers the following functions on the NDIC.

- (a) Guaranteeing, as stipulated by this Act, the deposit liabilities of financial institutions licensed or authorised to accept deposits from the public, in accordance with the Banks and Other Financial Institutions Act;
- (b) Supervising insured institutions, in coordination with the Central Bank of Nigeria, to reduce risk of failure;
- (c) Resolution of failed insured institutions with the Central Bank of Nigeria;
- (d) Ensuring the prompt, efficient and orderly liquidation of failed insured institutions.

As regards liquidation, the NDIC uses two methods in managing bank liquidation which are the paying off method and the purchase and assumption method.⁵⁶⁰ The paying off method entails compensating depositors up to the insured maximum limit using funds collected from insurance premiums paid by insurance banks while the purchase and assumption method involves re-organising the bank and organising a take-over or merger partner who assumes the deposit liabilities of the failed bank, thus safeguarding customers' deposit.⁵⁶¹

The Deposit Insurance Scheme of the NDIC fulfils five key functions.⁵⁶² The first function is to build confidence by its very existence and through credible mechanisms designed to handle financial crises.⁵⁶³ It safeguards depositors from losing their insured deposits during a crisis and indirectly protects insured institutions from bank runs, thereby contributing to the

⁵⁵⁹ Nkum and Onivehu (n 344) 125-126.

⁵⁶⁰ *ibid* 126.

⁵⁶¹ *ibid*.

⁵⁶² Elizabeth Ihuoma Igwe and Adolphus Toby, 'Deposit Insurance and Credit Risk of Nigeria Banking System: A Time Series Analysis' (2021) 2(6) *Journal of Global Economics and Business* 1-30, 2 <<https://journalsglobal.com/index.php/jgeb/article/download/56/59>> accessed 25 February 2025.

⁵⁶³ *ibid*.

stability of associated institutions.⁵⁶⁴ The second function of deposit insurance is to protect insured deposits from claims by other stakeholders in the bank. By virtue of its authority, it enforces the rights of depositors on their insured deposits.⁵⁶⁵

The third function is that it makes available sufficient liquidity to cover the insured deposits through its deposit insurance funds to ensure prompt payment of insured sums when needed.⁵⁶⁶ The fourth function of deposit insurance is to support other financial safety net institutions involved in the effort to secure and enhance the stability of the financial system.⁵⁶⁷ Lastly, deposit insurance helps in promoting competition by leveling the playing ground for smaller banks, allowing them to attract deposits more easily and is linked to the increased utilisation of deposits and facilitates broader access to lending services.⁵⁶⁸

3.2.5.1 Assessment of the Effectiveness of the NDIC in Facilitating Access to Credit

The NDIC plays a vital role in maintaining financial stability and protecting depositors by insuring deposits up to specified limits and managing bank failures. However, its direct impact on facilitating access to credit is limited. While the NDIC's deposit insurance scheme enhances depositors' confidence and promotes financial system stability, it does not influence banks' lending decisions or credit policies, which remain at the discretion of individual banks.

⁵⁶⁴ Igwe and Toby (n 562).

⁵⁶⁵ Samuel Henderson Talley, 'Deposit protection and the spread of deposit insurance: Some guidelines for developing countries' (30 June 1994) Washington: The World Bank <<https://documents.worldbank.org/en/publication/documents-reports/documentdetail/190571468781531830/deposit-protection-and-the-spread-of-deposit-insurance-some-guidelines-for-developing-countries>> accessed 25 February 2025.

⁵⁶⁶ NDIC, 'Deposit Insurance Scheme' (2025) <<https://ndic.gov.ng/deposit-insurance/deposit-insurance-fund/>> accessed 17 March 2025.

⁵⁶⁷ Joseph Akinyemi Opala, 'Effect of financial stability on the stability of deposit taking SACCOs in Nairobi County' (Unpublished Thesis, University of Nairobi 2014).

⁵⁶⁸ Igwe and Toby (n 562) 3.

The insurance coverage limits such as N50,000 for banks and N200,000 for microfinance and mortgage institutions, may restrict depositors' confidence for larger sums indirectly affecting the volume of deposits banks can mobilise for lending.

In a nutshell, the NDIC's contribution to credit facilitation is indirect by safeguarding deposits and stabilising the banking system.

3.3 Credit Providers

Credit providers in Nigeria encompass a diverse range of institutions that facilitate access to financial resources for individuals and businesses. These include commercial banks, cooperative societies, fintech companies and microfinance banks. Each of these providers plays a distinct role in expanding credit accessibility, addressing different segments of the population and their economic needs.

3.3.1 Commercial Banks

Commercial banks are organised financial institutions that deal with the business of credit that is borrowing and lending of money which happens to be its two major characteristics.⁵⁶⁹ They have also been defined as financial intermediaries between savers and investors.⁵⁷⁰ Commercial banks accept deposits and provide a variety of banking and financial products.⁵⁷¹ They primarily generate income by issuing loans such as mortgages, auto loans, business loans and personal loans and earning interest on them.⁵⁷²

⁵⁶⁹ Aloba (n 355) 851.

⁵⁷⁰ Financial intermediaries refer to institutions like commercial banks that create and issue financial claims against itself and uses the funds obtained to acquire and hold financial claims against others.

⁵⁷¹ Aloba (n 355).

⁵⁷² *ibid.*

The functions of commercial banks are categorised into two types that is the primary and secondary functions.⁵⁷³ One of the primary functions of commercial banks is accepting deposit. Deposits serve as the primary source of funds for commercial banks to lend to borrowers.⁵⁷⁴ The bank accepts deposit in the form of savings, current and fixed deposits.⁵⁷⁵ Individuals with savings and fixed deposits account earn interests but usually those with fixed deposits locked for a specific period enjoy higher interest rates while those with individuals with current deposits earn no interest whatsoever but enjoy easy access to their funds when compared with fixed deposit users and savings deposit users with limited withdrawal limit.⁵⁷⁶ The second primary function of a commercial bank is providing loans and advances. Offering loans and advances to individuals and businesses is another critical function of commercial banks because that is its primary source of making profit.⁵⁷⁷ The common practice is for banks to keep a small portion of deposits as reserves and lend out the rest to borrowers in the form of loans, cash credit, overdrafts and similar facilities.⁵⁷⁸ It is important to note that when bank customers receive credit or loans from banks, they are not given physical cash; instead, the funds are credited directly to their bank accounts.⁵⁷⁹

⁵⁷³ BYJU'S, 'Functions of Commercial Banks: Primary and secondary functions' (2020) <<https://byjus.com/commerce/functions-of-commercial-banks/#:~:text=The%20main%20purpose%20of%20commercial%20banks%20is%20to%20provide%20financial,important%20purpose%20of%20commercial%20banks>> accessed 12 March 2025.

⁵⁷⁴ *ibid.*

⁵⁷⁵ *ibid.*

⁵⁷⁶ Indusind, 'Unraveling the differences between savings account and fixed deposit' (20 May 2024) <<https://www.indusind.com/iblogs/fixed-deposit/unravelling-the-differences-between-savings-account-and-fixed-deposit/>> accessed 24 March 2025.

⁵⁷⁷ BYJU'S, 'Functions of Commercial Banks: Primary and secondary functions' (n 573).

⁵⁷⁸ *ibid.*

⁵⁷⁹ *ibid.*

3.3.1.1 Facilitative Roles of Commercial Banks in Accessing Credit

The secondary roles of commercial banks which support their primary functions in facilitating credit accessibility will be discussed. An overdraft facility allows customers to overdraw from the amount in their current account up to an agreed limit.⁵⁸⁰ This facility is usually granted to reliable and respectable customers for a short period, with interest charged in the overdrawn amount.⁵⁸¹

Another key function is the agency role where commercial banks buy and sell government securities, stocks and shares of private companies on behalf of their customers. They also provide their customers with easy and economical remittance of funds from one place to another.⁵⁸² All of these and other agency functions performed by commercial banks attract certain commissions paid by the customer.⁵⁸³

Additionally, commercial banks offer general utility services such as providing their customers with the facility of lockers or safety vaults so they can keep their valuables in safe custody; providing letters of credit to customers who need to certify their credit worthiness and also advising their customers on issues relating to commerce, trade and industry.⁵⁸⁴ Lastly, commercial banks also participate in discounting bills of exchange which are written agreements that acknowledge a specified amount of money to be paid at a future date for goods purchased.⁵⁸⁵

⁵⁸⁰ Geeksforgeeks, 'Functions of Commercial Banks: Primary and Secondary Functions' (23 July 2025) <<https://www.geeksforgeeks.org/functions-of-commercial-bank-primary-functions-and-secondary-functions/>> accessed 13 March 2025.

⁵⁸¹ *ibid.*

⁵⁸² Geeksforgeeks (n 580).

⁵⁸³ *ibid.*

⁵⁸⁴ *ibid.*

⁵⁸⁵ BYJU' S, 'Functions of Commercial Banks: Primary and secondary functions' (n 573).

3.3.1.2 Factors Limiting the Ability of Commercial Banks to Effectively Provide Credit

At this juncture, the limitations on commercial banks to providing credit will be discussed.⁵⁸⁶

The first is the amount of cash. The power of a bank to extend credit is dependent on the amount of cash it possesses as deposits.⁵⁸⁷ In essence, the larger the cash a bank has the larger the amount of credit it can extend.⁵⁸⁸ The second factor restricting commercial banks' ability to provide credit is the availability of sufficient securities, such as bills, stocks, shares or other types of assets, its ability to effectively convert illiquid wealth into liquid wealth through the issuance of demand deposits and the management of liquid assets.⁵⁸⁹ Therefore, if the public does not have adequate securities, banks will be unable to extend credit.⁵⁹⁰

The third factor is the minimum legal reserve ratio. This ratio, which specifies the required amount of cash reserves relative to deposits set by the central bank, plays a crucial role in determining the banks' capacity to create and extend credit.⁵⁹¹ A higher minimum legal reserve ratio reduces the bank's capacity to create credit while a lower ratio increases it.⁵⁹²

The fourth factor is the economic climate. Banks base their lending decisions on economic conditions.⁵⁹³ During economic booms, investment opportunities rise and business owners are more likely to take loans from banks, leading to an expansion of credit during such periods.⁵⁹⁴

Alternatively, during the period of economic depression when businesses activities are low

⁵⁸⁶ See chapter 15 of 'Money, Banking, International Trade and Public Finance' by Mohan Lal Jhingan 162-164.

⁵⁸⁷ *ibid* 162.

⁵⁸⁸ See chapter 15 of 'Money, Banking, International Trade and Public Finance' by Mohan Lal Jhingan 162.

⁵⁸⁹ See chapter 15 of 'Money, Banking, International Trade and Public Finance' by Mohan Lal Jhingan 162-163.

⁵⁹⁰ *ibid*.

⁵⁹¹ Mohan Lal Jhingan, 'Money, Banking, International Trade and Public Finance' (7th edn, Vrindah Publications (P) Ltd 2006) 163.

⁵⁹² *ibid*.

⁵⁹³ Jhingan, 'Money, Banking, International Trade and Public Finance' (n 591).

⁵⁹⁴ *ibid* 163.

and slow, business owners do not take out loans.⁵⁹⁵ The fifth factor is the credit control policy of the central bank. The central bank influences the level of cash reserves held by banks through tools such as Open Market Operations (OMO), discount rate policy and directive policy.⁵⁹⁶ Accordingly, all of these affect the power of commercial banks to extend credit to its customers.

It is safe to conclude that credit creation is the most important purpose of commercial banks.⁵⁹⁷

3.3.1.3 Assessment of the Effectiveness of Commercial Banks in Facilitating Access to Credit

The effectiveness of commercial banks is constrained by several factors.

When banks face liquidity constraints due to insufficient liquid assets or reduced customer deposits, they struggle to provide loans, especially during financial distress or economic downturns. During liquidity crises, banks may be forced to sell assets at depressed prices, impairing their capital base and forcing them to shrink their loan portfolios. This in turn reduces credit availability, particularly for smaller borrowers who rely heavily on bank loans.

Collateral requirements also limit credit access. Commercial banks typically require borrowers to provide adequate securities such as property, stocks or other assets to secure loans. This practice mitigates credit risk but excludes many potential borrowers, especially small businesses and individuals who are lacking sufficient collateral.

⁵⁹⁵ Jhingan, 'Money, Banking, International Trade and Public Finance' (n 591).

⁵⁹⁶ *ibid* 164.

⁵⁹⁷ BYJU' S, 'Functions of Commercial Banks: Primary and secondary functions' (n 573).

Economic conditions play a crucial role in shaping credit availability. During periods of economic growth or boom, investment opportunities increase and demand for credit arises as individuals and businesses seek funds for expansion and consumption. Conversely, during economic recessions or depression, business activities slow down and both borrowers and banks become risk averse.

3.3.2 Cooperative Societies

The term cooperative is derived from a combination of Latin words which together is ‘co-operative’.⁵⁹⁸ The word ‘co,’ means ‘with,’ and opera means ‘work,’ which results in ‘cooperative’ or ‘working together’.⁵⁹⁹ Hence, a cooperative society can be described as a voluntary group of individuals connected by a strong bond, who come together to achieve their mutual benefit.⁶⁰⁰ Alternatively, cooperative society can be seen as an independent association of people who voluntarily unite to fulfil their shared economic, social and cultural needs and ambitions through an enterprise that is collectively owned and democratically managed.⁶⁰¹

The origin of cooperative societies dates back to 1884 with the founding of the Rochdale Society of Equitable Pioneers in England.⁶⁰² Their goal was to pool capital from members to start a profit-oriented business aimed at providing financial benefits and improving the social

⁵⁹⁸ Aloba (n 355) 1022.

⁵⁹⁹ *ibid* 1022-1023.

⁶⁰⁰ See the Nigerian Cooperative Societies Act 2004, s 54.

⁶⁰¹ The International Cooperative Alliance (ICA), ‘What is a cooperative?’ (2024) <<https://ica.coop/en/cooperatives/what-is-a-cooperative>> accessed 17 March 2025.

⁶⁰² Nurudden Abba Abdullahi, ‘Cooperative Societies and Microenterprise Financing in Nigeria: A Literature Approach’ (2018) 9(1) Journal of Finance, Accounting and Management 1-22, 5 <https://www.researchgate.net/profile/Nuruddeen-Abdullahi-2/publication/343725915_Cooperative_Societies_and_Microenterprise_Financing_in_Nigeria_A_Literature_Approach/links/6492a182b9ed6874a5c36f1b/Cooperative-Societies-and-Microenterprise-Financing-in-Nigeria-A-LiteratureApproach.pdf> accessed 17 March 2025.

and economic well-being of its members.⁶⁰³ However, the global origin of thrifts cooperative can be traced to the credit society established by Herman Schluge-Delitzsch in 1851, which offered credit facilities to indebted peasant farmers in Germany.⁶⁰⁴ In Nigeria, the first formal cooperative society was the Gbedun Cooperative Produce Marketing Society Ltd, established in 1937 under the Cooperative Societies Ordinance No. 6 of 1935, which was modeled on the Indian Cooperative Societies Act of 1912.⁶⁰⁵ The formation of cooperative societies is often driven by the increasing need for credit and improved access to basic necessities and trade goods.⁶⁰⁶

Cooperative thrift and credit societies are the most popular types of cooperative society that exists in Nigeria because there is hardly any state in the Federation where it is not found.⁶⁰⁷ In forming this society, members mobilise funds among themselves. Credit is then extended to members on a single digit interest from the mobilised funds.⁶⁰⁸ Examples of credit cooperatives include the National Cooperative Financing Agency of Nigeria (CFAN) which is the apex body for all financial cooperatives in Nigeria. CFAN coordinate credit unions and state cooperative financing agencies.⁶⁰⁹ Another example is the CBN Coop which is a

⁶⁰³ See 'International Cooperative Alliance (ICA)' 2015 <www.ica.coop.org>; <<http://ica.coop/en/whats-coop/cooperative-identity-values-principles>> accessed 19 March 2025.

⁶⁰⁴ Ryland Taylor, 'Credit Unions and Cooperative Banking in Developed and Developing Countries' (1974) 45(2) *Annals of Public and Cooperative Economics* 105-118 <<http://doi.org/10.1111/j.1467-8292.1974.tb00784.x>> accessed 19 March 2025.

⁶⁰⁵ Ebenezer Tunde Yebisi, 'The Nigerian Cooperative Societies Act 2004: A Bridge still far' (2014) 2(2) *Asian Journal of Humanities and Social Sciences* 38-39 <https://iglobaljournals.org/GJSFR_Volume/2/3-The-Impact-of-co-operative-society.pdf> accessed 10 March 2025.

⁶⁰⁶ Rasaki Olufemi Kareem, and others, 'The Impact of Cooperative Society on Capital Formation: A case study of Temidire Cooperative and thrift society Ijebu-Ode, Ogun State, Nigeria' (2012) 12(11) *Global Journal of Science Frontier Research Agriculture and Veterinary Sciences* <https://globaljournals.org/GJSFR_Volume12/3-The-Impact-of-Co-Operative-Society.pdf> accessed 18 March 2025.

⁶⁰⁷ Aloba (n 355) 1031.

⁶⁰⁸ *ibid.*

⁶⁰⁹ National Cooperative Financing Agency of Nigeria, 'About CFAN' (2025) <<https://www.cfan.coop/about-cfan/>> accessed 11 March 2025.

cooperative society by the CBN staff providing financial services such as thrift and credit schemes to its members.⁶¹⁰

Cooperative societies are organisations established to address the credit needs of the urban and rural households.⁶¹¹ Credits taken from cooperative societies is used to finance rent, education, car purchase, housing, domestic purposes, others etc.⁶¹²

3.3.2.1 Credit Facilitation Roles and Key Features of Cooperative Societies

Cooperative societies play a vital role in credit facilitation by providing accessible financial services that support economic empowerment.

Cooperative societies are member-owned and democratically controlled, thus ensuring that decision making processes prioritise the interests of their members.⁶¹³ Also, cooperative societies offer loans at reasonable interest rates with flexible repayment terms protecting their members from predatory lending practices.⁶¹⁴

In addition, loans offered by cooperative societies are typically processed within one to two weeks which is comparatively faster when compared to the lengthy processes in commercial

⁶¹⁰ The CBN Coop, 'About' (2020) <<https://thebncoop.com/about>> accessed 11 March 2025.

⁶¹¹ Abdullahi (n 602) 2.

⁶¹² See table 4 of 'The lending policy of cooperative societies and its effect on construction of housing in Akure' (2021) 8(2) Journal of Estate and Property Management 001-012 <<https://www.internationalscholarsjournals.com/articles/the-lending-policy-of-cooperative-societies-and-its-effect-on-construction-of-housing-in-akure.pdf>> accessed 11 March 2025.

⁶¹³ Corpzo, 'Credit co-operative societies' (12 February 2024) <<https://www.corpzo.com/credit-cooperative-societies>> accessed 11 March 2025.

⁶¹⁴ Julius Olujimi, and others, 'The lending policy of cooperative societies and its effect on construction of housing in Akure' (2021) 8(2) Journal of Estate and Property Management 001-012 <<https://www.internationalscholarsjournals.com/articles/the-lending-policy-of-cooperative-societies-and-its-effect-on-construction-of-housing-in-akure.pdf>> accessed 11 March 2025.

banks.⁶¹⁵ Moreover, members of cooperative societies have limited liability which is usually restricted to their capital contribution.⁶¹⁶ Lastly, cooperatives promote thrift, savings and financial literacy among members contributing to sustainable economic development.⁶¹⁷

The key features of a cooperative society that sets it apart from other institutions providing credit will be discussed. One of the key features of cooperative societies is their voluntary membership. Cooperative societies are built upon the cornerstone of voluntary membership and emphasises that individuals with joint interests possess the right to become members.⁶¹⁸ Since membership of the society is voluntary and based on choice, members are also free to leave the society whenever they wish.⁶¹⁹ The financial foundation of a cooperative society is built upon the collective contribution of its members.⁶²⁰ Once a cooperative society has been properly registered, it can easily raise capital and obtain grants from the government.⁶²¹

Additionally, upon registration, a cooperative society becomes a separate legal entity from its members as such it possesses rights and is subject to duties the same way a natural person.⁶²² This principle is incorporated in section 42 of CAMA and was established in the case of *Salomon v Salomon & co.*⁶²³ Section 6 of the Cooperative Societies Act 2004 outlines the consequences of registration, which include:

⁶¹⁵ Caleb Ayedun, and others, 'Cooperative societies, Housing Provision and Poverty Alleviation in Nigeria' (2017) 5(1) Covenant Journal of Research in the Built Environment (CJRBE), 69-81, 75 <<http://eprints.covenantuniversity.edu.ng/9269/1/494-888-1-SM.pdf>> accessed 11 March 2025.

⁶¹⁶ BYJU' S, 'Cooperative society: Characteristics and types' (2020) <<https://byjus.com/commerce/cooperative-society/>> accessed 11 March 2025.

⁶¹⁷ Olujimi (n 614).

⁶¹⁸ Aishwarya Agrawal, 'The Objectives of Cooperative Society' (27 September 2023) <<https://www.startupfino.com/blogs/objectives-of-cooperative-society/#:~:text=Unlike%20profit%2Ddriven%20enterprises%2C%20Cooperative,and%20contribute%20positively%20to%20society>> accessed 11 March 2025.

⁶¹⁹ Alobo (n 355) 1028.

⁶²⁰ Agrawal (n 618).

⁶²¹ Alobo (n 355) 1028.

⁶²² Ifedayo Akomolede, 'Fundamentals of Nigerian Company Law' (Niyak Print & Publications 2008) 34.

⁶²³ (1897) A C 22, 66.

- (a) The society becomes a body corporate under its registered name, possessing perpetual succession and a common seal;
- (b) It is vested with the authority to-
 - (i) Own movable and immovable property of any kind;
 - (ii) Enter into contracts;
 - (iii) Initiate and defend legal actions and proceedings; and
 - (iv) Undertake all actions necessary to fulfil the objectives of its constitution.

Unlike other financial institutions, cooperatives are not formed to maximise profit but rather to provide services to their members which ranges from credit to consumer goods and input resources.⁶²⁴ The primary purpose of a cooperative society is to serve the interest of its members.⁶²⁵ Annually cooperative societies convene an Annual General Meeting (AGM), where members partake in the election process of the managing committee tasked with overseeing the society's affairs, thus reflecting its democratic nature. The society is overseen by a group called the Board of Directors, who serve as the elected representatives of the society.⁶²⁶ By its democratic nature, each member is entitled to a vote during elections of the society.⁶²⁷

3.3.2.2 Assessment of the Effectiveness of Cooperative Societies in Facilitating Access to Credit

While cooperative societies mobilise funds from members, it must be pointed out that their capital base is often limited when compared to commercial banks. This restricts the volume and size of loans they can offer, especially in times of increased demand or economic

⁶²⁴ Agrawal (n 618).

⁶²⁵ *ibid.*

⁶²⁶ Aloba (n 355) 1028-1029.

⁶²⁷ Cemal Karakas, 'Cooperatives: Characteristics, activities, status, challenges' (2019) <https://www.europa.eu/RegData/etudes/BRIE/2019/635541/EPRS-BRI_2019635541-EN.pdf> accessed 11 March 2025.

downturns. Also, their limited access to external funding and technical assistance hampers their growth and capacity to compete with formal financial institutions.

The flexible terms of loan repayment by members often time result in an increase in loan defaulters. As such, their poor recovery rates deplete the cooperative's funds, thus limiting its ability to extend credit to other members. With the rise of digital lenders, some cooperatives have adapted with moving trends by leveraging technology while others struggle to maintain relevance and attract members in a rapidly evolving financial landscape.

3.3.3 Financial Technology Companies (Fintech)

'Fintech' is a financial services industry term used to describe all forms of technology applied for the delivery of financial services to businesses and households.⁶²⁸ It is the union of technology and finance.⁶²⁹ Fintech has also been defined as technology-driven innovation in financial services that can lead to new business models, applications, processes or products significantly impacting financial markets and institutions that offer financial services.⁶³⁰

The drive behind fintech's growth in Nigeria was the introduction of cashless policy in 2012 by the CBN aimed at cutting down the amount of physical cash in circulation.⁶³¹ Fintech companies in Nigeria have contributed significantly to improving access to credit through its innovative strategies. One of the most significant fintech innovations is the emergence of

⁶²⁸ CBN, 'Fintech evolution and development in Nigeria: Lessons from other jurisdictions' (December 2022) 5 <<https://www.cbn.gov.ng/Out/2023/RSD/OCCASIONAL%20PAPER%20NO%2076%20-%20Fintech%20Evolution%20and%20Development%20in%20Nigeria.pdf>> accessed 15 March 2025.

⁶²⁹ Liudmila Zavilokina, Mateube Dolata, and Gerhard Schwabe, 'Fintech: What's in a name?' (37th International conference on information systems, Dublin, 2016) 1-20 <https://www.researchgate.net/publication/318268448_FinTech_-_What's_in_a_Name> accessed 15 March 2025.

⁶³⁰ Financial Stability Board (FSB), 'Financial Innovation' (22 October 2024) <<https://www.fsb.org/work-of-the-fsb/financial-innovation-and-structural-change/financial-innovation/>> accessed 25 March 2025.

⁶³¹ Afriwise, 'The impact of fintech on financial inclusion in Nigeria' (28 September 2022) <<https://www.afriwise.com/blog/the-impact-of-fintech-on-financial-inclusion-in-nigeria>> accessed 14 March 2025.

mobile banking and digital wallets.⁶³² These mobile applications allow individuals to access essential financial services such as storing money, making payments, and obtaining credit, all without requiring a traditional bank account.⁶³³ Platforms such as Opay, Paga, Moniepoint, Fairmoney, Quickteller enables users to access financial services.⁶³⁴ The second innovation introduced by fintech is the digital lending platforms. The platforms previously mentioned have leveraged the widespread use of mobile phones to provide basic financial services to even the most remote areas through the use of USSD codes.⁶³⁵ These digital lending platforms have successfully met the credit needs of Nigeria's unbanked and under banked populations.⁶³⁶

Another example is the peer to peer (P2P) lending platforms, which directly connect borrowers with lenders, bypassing traditional financial institutions. These platforms provide access to credit that might otherwise be unavailable due to lack of collateral or credit history.⁶³⁷ But using algorithms to evaluate creditworthiness, P2P lending platforms offer loans to individuals and small businesses.⁶³⁸ The fourth innovation introduced by fintech is the buy now, pay later (BNPL) services. Fintech companies are now using BNPL to offer credit to micro, small and medium enterprises (MSMEs), helping them access financing for inventory and build their credit histories.⁶³⁹ BNPL has become a significant lending

⁶³² Sowmya and Srinath, 'Impact of digital wallets and fintech services on customer satisfaction' (2023) 10(8) Journal of Emerging Technologies and Innovative Research (JETIR) <<https://www.jetir.org/papers/JETIR2308423.pdf>> accessed 26 March 2025.

⁶³³ *ibid.*

⁶³⁴ Siao, 'How Fintech empowers the unbanked' (5 July 2024) <<https://siao.ng/how-fintech-empowers-the-unbanked/>> accessed 14 March 2025.

⁶³⁵ Siao (n 634).

⁶³⁶ *ibid.*

⁶³⁷ Siao (n 634).

⁶³⁸ Siao (n 634).

⁶³⁹ Folasade Agbejule and Elizabeth Maunee Kiamba, 'BNPL in Nigeria: Emerging fintech innovation for MSMEs' (23 November 2022) <<https://www.cgap.org/blog/bnpl-in-nigeria-emerging-fintech-innovations-for-mses>> accessed 14 March 2025.

mechanism for Nigerians especially for MSMEs and self-employed individuals who would not otherwise have access to credit.⁶⁴⁰

3.3.3.1 Peer to Peer lending Platforms in Nigeria and their Services

Peer to peer (P2P) lending, sometimes called marketplace lending, serves as an intermediary bridging the gap between borrowers in need of financial support and investors looking to grow their money.⁶⁴¹ There are several P2P lending platforms in Nigeria some of which are, Lidy, Kuda, Fint, Kiakia etc.⁶⁴²

Kiakia is a leading Nigerian fintech that operates a P2P lending marketplace through an innovative, web-based platform.⁶⁴³ It connects individual lenders with consumers and micro, small and medium enterprises (MSMEs), enabling them to negotiate loan terms and transact in a secure, transparent environment.⁶⁴⁴ Kiakia offers both secured and unsecured loans to credible borrowers in a mutually profitable environment.⁶⁴⁵

Kiakia provides fast access to personal and business loans ranging from N10,000 to N100,000,000, with flexible repayment terms spanning from 30 days up to 24 months through online platform.⁶⁴⁶ To assess the loan, borrowers must meet some requirements. The borrower must have a valid means of identification, a bank account with bank verification number (BVN), proof of income from a workplace or business, a working email address,

⁶⁴⁰ *ibid.*

⁶⁴¹ Medium, 'Navigating Peer to Peer lending: The Kiakia Experience' (21 November 2023) <<https://medium.com/@kiakia/navigating-peer-to-peer-lending-the-kiakia-experience-78c819328d90>> accessed 19 May 2025.

⁶⁴² Jisort, 'List of lending companies in Nigeria' (31 December 2023) <<https://jisort.com/blog/list-of-lending-companies-in-nigeria/>> accessed 19 May 2025.

⁶⁴³ Kiakia, 'Seamless and quick access to credit' (2020) <<https://www.kiakia.co/>> accessed 19 May 2025.

⁶⁴⁴ *ibid.*

⁶⁴⁵ *ibid.*

⁶⁴⁶ 3io Studio, 'Kiakia P2p' (2019) <<https://3iostudio.com/project/kiakia-p2p>> accessed 19 May 2025.

must reside in Nigeria and be 21 years of age and above.⁶⁴⁷ These requirements ensure responsible borrowing and lending practices.⁶⁴⁸ Though there is no official Kiakia loan app, their lending platforms are accessible through their website.⁶⁴⁹

To qualify for a loan, the prospective borrower must create an account and fill in their personal information via the Kiakia website (kiakia.co), complete the loan application form and indicating the loan amount, upload necessary documents such as proof of income and valid means of identification, submit the loan application and wait for the loan approval.⁶⁵⁰ When approved, the loan is disbursed to the borrower's bank account within a short period. The interest rate charged ranges from 5.6% to 24%.⁶⁵¹ The maximum amount of loan accessible to first-time borrowers is N200,000.⁶⁵²

Also, to qualify as an investor/lender on the Kiakia platform, such individual must have a legitimate source of income and be prepared to lend it out to carefully pre-selected and pre-approved borrowers on the Kiakia platform.⁶⁵³ Investors can lend amounts ranging from a minimum of N50,000 to a maximum of N2,500,000.⁶⁵⁴

Since its launch in 2016, Kiakia has facilitated, structured and disbursed over N4.5 billion to businesses and individuals throughout Nigeria.⁶⁵⁵ In 2019, Kiakia received the IFINCA award

⁶⁴⁷ Subbase, 'Kiakia Loan Requirements in Nigeria and how to apply' (5 May 2024) <<https://subbase.com.ng/blog/kiakia-loan-requirements-in-nigeria-and-how-to-apply/>> accessed 19 May 2025.

⁶⁴⁸ *ibid.*

⁶⁴⁹ *ibid.*

⁶⁵⁰ Subbase (n 647).

⁶⁵¹ *ibid.*

⁶⁵² *ibid.*

⁶⁵³ Odinaku Anudu, 'Fintech start-up, Kiakia, launches P2P lending investment mobile app' (25 May 2020) *Business Day* <<https://businessday.ng/interview/entrepreneur/article/fintech-start-up-kiakia-launches-p2p-lending-investment-mobile-app/>> accessed 19 May 2020.

⁶⁵⁴ *ibid.*

⁶⁵⁵ Sharon Kimati, 'Nigerian fintech kiakia launches P2P lending investment app' (16 June 2020) <<https://www.fintechfutures.com/p2p-lending/nigerian-fintech-kiakia-launches-p2p-lending-investment-app>> accessed 19 May 2025.

(Inclusive Finance Nigeria Conference and Awards) for being the best peer to peer lending platform in Nigeria, having successfully facilitated lending and investment worth billions of naira.⁶⁵⁶

As with any form of lending, there is a risk that borrowers may default on their loan repayment. While the Kiakia platform minimises this through credit scoring and risk assessment, it remains a concern.⁶⁵⁷ Another limitation of the P2P platforms is that they are not heavily regulated like traditional banks because they do not take deposits, as such; they are not subject to many banking regulations.⁶⁵⁸

3.3.3.2 Assessment of the Effectiveness of Fintech in Facilitating Access to Credit

Fintech companies are among the most effective facilitators of access to credit in Nigeria, particularly by reaching underserved populations through innovative digital solutions, although significant credit gap exists.

3.3.4 Microfinance Banks (MFBs)

Microfinance banks in Nigeria were established in response to the recognised need to create a strong economic environment in the country. This goal requires implementing targeted programs aimed at reducing poverty by empowering individuals, primarily through improving their access to production resources, especially credit.⁶⁵⁹ The United Nations declaration of 2005 as the international year of microcredit led to the establishment of

⁶⁵⁶ Anudu (n 653).

⁶⁵⁷ Medium (n 641).

⁶⁵⁸ *ibid.*

⁶⁵⁹ Oyetola Muyiwa Atoyebi, 'The legal framework for establishing a microfinance bank in Nigeria' (22 July 2024) <<https://omaplex.com.ng/the-legal-framework-for-establishing-a-microfinance-bank-in-nigeria>> accessed 14 March 2025.

microfinance banks in Nigeria.⁶⁶⁰ Prior to the establishment of MFBs, informal financial systems and community banks were insufficient to meet the financial needs of low-income individuals and small businesses.⁶⁶¹

Microfinance banks are specialised financial institutions authorised by the CBN to offer financial services such as savings and deposit, loans, domestic fund transfer and non-financial services to microfinance clients.⁶⁶² MFBs play a vital role in the country's economic development by providing financial services to individuals and businesses that are frequently neglected by conventional banks.⁶⁶³ They offer microloans which are short-term loans offered to persons such as manufacturers, traders or small retailers, women entrepreneurs and individuals with minimum wages or less because their aim is to offer financial services to people, especially those at the grassroots.⁶⁶⁴

As of 2024, the leading MFBs committed to providing financial services to small and medium sized enterprises (SMEs) and entrepreneurs in Nigeria are: Moniepoint MFB, Lapo MFB, Kuda MFB, Accion MFB, Assets MFB etc.⁶⁶⁵

⁶⁶⁰ *ibid.*

⁶⁶¹ Remy Mejeha and Ifeanyi Nwachukwu, 'Microfinance Institutions in Nigeria' (14 August 2008) MPRA Paper No. 13711 <<https://mpra.ub.uni-muenchen.de/13711/>> accessed 25 March 2025.

⁶⁶² Adeola Oyinlade & Co, 'How to establish a microfinance bank in Nigeria' (9 July 2024) <<https://www.legal500.com/developments/thought-leadership/how-to-establish-a-microfinance-bank-in-nigeria/#:~:text=In%20conclusion%2C%20a%20Microfinance%20Bank,Author:%20Adeola%20Oyinlade%20&%20Co%20>> accessed 14 March 2025.

⁶⁶³ ADVANS, 'Microfinance banks in Nigeria: A catalyst for financial inclusion' (23 August 2024) <<https://www.advansnigeria.com/insights/microfinance-banks-in-nigeria-a-catalyst-for-financial-inclusion/#:~:text=Microfinance%20banks%20in%20Nigeria%20are,the%20nation's%20financial%20inclusion%20agenda%20>> accessed 14 March 2025.

⁶⁶⁴ Indeed Editorial Team, 'What is Microfinance: With features, benefits and types' (4 March 2025) <<https://in.indeed.com/career-advice/career-development/what-is-microfinace>> accessed 25 March 2025.

⁶⁶⁵ Taiwo Temitope-Adesope, 'Top 15 Microfinance banks in Nigeria, 2024' (20 February 2024) <https://www.google.com/amp/s/nairacompare.ng/blogs/general/top-15-microfinance-banks-in-nigeria-2024%3fhs_amp=true> accessed 14 March 2025.

There are some certain characteristics of microfinance banks that set it apart from commercial banks in the area of provision of access to credit. The first is its target audience. MFB's primarily serve low-income earners, small businesses and rural residents who are often excluded from traditional banking services.⁶⁶⁶ The second is its minimal or no collateral requirement which is one of the most defining features of a MFB. It doesn't require traditional forms of collateral.⁶⁶⁷ This in turn makes the loan approval process faster.⁶⁶⁸

The third is its loan structure often tailored to accommodate flexible repayment options. MFBs have put in place various options for making repayments which could be daily, weekly, or monthly to accommodate the borrowers' cash flow.⁶⁶⁹ The fourth factor is its group delivery methodology. MFBs carry out non-banking activities related to microfinance business development, including facilitating the formation of cooperatives and groups.⁶⁷⁰ Loan recipients are encouraged to form groups or cooperative society based on their type of business, such as fish sellers' association.⁶⁷¹ Some advantages of this approach are that loanees are not required to provide guarantees since loans are granted based on trust, and the group applies pressure on its members to repay their loans promptly to maintain eligibility for future borrowing.⁶⁷² The fifth is its cost efficient rate of interest. MFBs offer microloans

⁶⁶⁶ ADVANS (n 663).

⁶⁶⁷ IIFL Finance, 'Microfinance: Types, Loans, Features and Advantages' (19 November 2024) <<https://www.iifl.com/blogs/personal-finance/what-is-microfinance>> accessed 14 March 2025.

⁶⁶⁸ IIFL Finance (n 667).

⁶⁶⁹ Fibe Research Team, 'Microcredit: Understanding- meaning, features, examples and more' (8 November 2023) <<https://www.fibe.in/blogs/microcredit-understand-meaning-features-example/>> accessed 14 March 2025.

⁶⁷⁰ Kamaldeen Lawal, 'Micro-credit Policy and Institutions' (2017) 5-6 <https://nou.edu.ng/coursewarecontent/CRD%20332%20MICROCREDIT_0.pdf> accessed 14 March 2025.

⁶⁷¹ Lawal (n 670).

⁶⁷² *ibid.*

to boost a borrower's income via entrepreneurship.⁶⁷³ As such, its repayment comes at a pocket friendly interest rate to make repayment easier.⁶⁷⁴

3.3.4.1 Assessment of the Effectiveness of Microfinance Banks in Facilitating Access to Credit

Microfinance banks in Nigeria have played a crucial role in improving access to credit for low income earners and SMEs, who are frequently excluded by traditional banks because of strict collateral demands and high interest rates. Their effectiveness lies in offering minimal collateral loans, flexible repayment schedules, and group lending methodologies that foster trust and peer pressure for repayment. However, despite these advantages, there are uneven distribution of MFBs, with a concentration in the South west and sparse presence in the Northern region which restricts access for many economically poor Nigerians.

Having examined the legal and institutional frameworks that facilitate access to credit in Nigeria alongside their effectiveness, the next chapter addresses the core research questions concerning how legal frameworks influence lending practices, the effectiveness of initiatives implemented by financial institutions and initiatives that can be adopted to enhance access to credit for financially marginalised groups in Nigeria.

⁶⁷³ Fibe Research Team (n 669).

⁶⁷⁴ *ibid.*

Chapter Four

Presentation of Findings

4.1 Lending Practices of Banks towards Financially Marginalised Groups in Nigeria

For the purpose of this research, financially marginalised groups have been defined in chapter 1 to include disadvantaged women, rural residents, low-income earners, small-scale businesses, ethnic minorities and Persons With Disabilities (PWDs). Specifically, women face gender inequality; PWDs encounter discrimination; low-income earners struggle with poverty; rural residents deal with geographical isolation; small-scale businesses face financial constraints and ethnic minorities experience social inequality. These barriers perpetuate their social exclusion from formal financial systems and limit their economic participation.

Lending today is one of the most important roles of banks due to its direct effect on the economic growth of the country.⁶⁷⁵ Lending involves providing money or property to another party with the expectation that it will be repaid, usually with interest.⁶⁷⁶ Lending forms the core of banking operations, and therefore its management requires a high level of skill and expertise from bank management.⁶⁷⁷

Loans, which are the result of lending activities, will be discussed briefly. A loan is a sum of money borrowed by individuals or groups from banks or other financial institutions to handle

⁶⁷⁵ Sylvester Ozigbo and Elizabeth Eloho Osevwe-Okoroyibo, 'Bank Lending and Corporate Governance in Nigeria: A Critical Appraisal' (2008) 2(3) Journal of Business and Management Studies 1 <https://www.researchgate.net/publication/364917346_BANK_LENDING_AND_CORPORATE_GOVERNANCE_IN_NIGERIA_A_CRITICAL_APPRAISAL> accessed 3 April 2025.

⁶⁷⁶ Razorpay, 'Lending and Lenders: A Comprehensive Guide' (13 November 2023) <<https://razorpay.com/learn/business-banking/lending-and-lenders/>> accessed 3 April 2025.

⁶⁷⁷ Adedoyin and Sobodun, 'Commercial Banks Lending Activities in Nigeria' (1996) 9(3) Nigerian Financial Review 62 <<https://pdfs.semanticscholar.org/1170/c67dd85d87270a924a23d408728bcb40dda0.pdf>> accessed 3 March 2025.

either planned or unexpected financial needs.⁶⁷⁸ It has also been described as an amount of money given to an individual on the agreement that it will be repaid at a future date, either with or without interest.⁶⁷⁹ From the definitions of loans given, every loan arrangement must contain the following attributes: principal, interest rate, date and term of repayment.⁶⁸⁰ Principal refers to the amount of money loaned or borrowed.⁶⁸¹ Interest rate is the percentage charged or paid for borrowing money, usually expressed as an annual rate based on the principal amount.⁶⁸² The date of repayment refers to the date on which the principal amount must be returned⁶⁸³ while the term of repayment refers to the duration over which a borrower is expected to fully repay the original principal amount along with any accrued interest. Also, a loan is short-term if it is repaid within a year or less while a long term loan is one repaid over a period longer than a year.⁶⁸⁴

Loans however, are of two types, that is, secured and unsecured loan.⁶⁸⁵ A secured loan is one where the borrower offers assets, such as movable property, as collateral to guarantee the loan.⁶⁸⁶ Typically, the value of these assets exceeds the loan amount and can be seized by the lender if the borrower fails to repay according to the agreed terms.⁶⁸⁷ In contrast, an unsecured loan does not require the borrower to pledge any assets as collateral.⁶⁸⁸ Since

⁶⁷⁸ Corporate Finance Team, 'Loan' (2020) <<https://corporatefinanceinstitute.com/resources/commercial-lending/loan/>> accessed 8 April 2025.

⁶⁷⁹ Central Bank of Nigeria, 'Loans' (2018) 3 <<https://www.cbn.gov.ng/OUT/2018/CPD/LOANS.PDF9>> accessed 8 April 2025.

⁶⁸⁰ *ibid.*

⁶⁸¹ *ibid.*

⁶⁸² Central Bank of Nigeria, 'Loans' (n 679).

⁶⁸³ *ibid.*

⁶⁸⁴ *ibid.*

⁶⁸⁵ Study.com, 'What is a loan: Definition and Types' 5-6 (21 November 2023) <<https://study.com/academy/lesson/what-is-a-loan-definition-types-advantages.html>> accessed 8 April 2025.

⁶⁸⁶ Central Bank of Nigeria, 'Loans' (n 679) 5.

⁶⁸⁷ *ibid.*

⁶⁸⁸ *ibid.* 6.

unsecured loans carry greater risk for lenders, they generally come with higher interest rates compared to secured loans.⁶⁸⁹

4.1.1 Principles of Bank Lending in Nigeria

Commercial banks adhere to certain cardinal principles when granting loans.⁶⁹⁰ These key principles include safety, liquidity, profitability, the purpose of the loan and the principle of diversification of risks.⁶⁹¹ Together, these principles help ensure that lending decisions are sound, balanced and align with both the bank's interests and those of its customers.

The first principle is liquidity. This is an important consideration because banks are essentially intermediaries for short-term funds⁶⁹² and only make use of depositors' money for business.⁶⁹³ The implication of this is that depositors are entitled to their funds on demand and at a short notice.⁶⁹⁴ Hence, banks lend money for a short period.⁶⁹⁵ Banks lend based on the security of assets that can be quickly sold and converted into cash on short notice.⁶⁹⁶ For instance, goods and commodities are easily marketable, whereas fixed assets such as land, buildings and specialised plants and equipment can only be sold after some time.⁶⁹⁷ Therefore, banks consider liquidity to be as important as the safety of funds and prefer to grant loans secured by assets that can be easily sold without significant loss.⁶⁹⁸

⁶⁸⁹ Central Bank of Nigeria, 'Loans' (n 679) 6.

⁶⁹⁰ Leelavathy, 'Credit Management' (2008) <<https://tnou.ac.in/NAAC/SSR/C1/1.1.5/BBM-23.pdf>> 7 accessed 3 April 2025.

⁶⁹¹ *ibid.*

⁶⁹² *ibid.*

⁶⁹³ Abdullahi Araga, 'Bank Lending and Loan Administration' (2011) 11 <<https://nou.edu.ng/coursewarecontent/BFN%20405.pdf>> accessed 3 April 2025.

⁶⁹⁴ *ibid.*

⁶⁹⁵ *ibid.*

⁶⁹⁶ Araga (n 693) 12.

⁶⁹⁷ Leelavathy (n 690) 8.

⁶⁹⁸ *ibid.*

Moving on, the second principle concerns safety. This principle of lending is considered the most important because banks must ensure that the borrower can repay the principal along with interest.⁶⁹⁹ The loan repayment depends on two key factors: the borrower's ability to pay and their willingness to pay.⁷⁰⁰ The former is determined by the borrower's tangible assets and the success of his business, while the latter relies on the borrower's honesty and character.⁷⁰¹ It is the bank's responsibility to carefully evaluate that the business for which the loan is requested is viable and that the borrower has the capacity to manage it successfully.⁷⁰² Most importantly, the bank depends on the security provided by the borrower's tangible assets to safeguard the funds.⁷⁰³ Furthermore, for the advance to be secured, the character, integrity and reliability of the borrower must be sound.⁷⁰⁴ The source of the repayment proposed by the borrower must be proven and ensured to be certain, because it is of paramount importance.⁷⁰⁵

Subsequently, the third principle is profitability. Loans and advances are provided to customers not merely as a formality but with the primary goal of generating income for the bank,⁷⁰⁶ since banks operate as profit-making businesses.⁷⁰⁷ The income earned is used to pay interest to depositors, cover employees' salaries, meet various operational expenses, and

⁶⁹⁹ NHCK, 'Principles of Bank Lending' (4 June 2020) <<https://nhck.in/wp-content/uploads/2020/06/04/4.-PRINCIPLES-OF-BANK-LENDING.pdf>> accessed 3 April 2025.

⁷⁰⁰ Leelayathy (n 690) 7.

⁷⁰¹ *ibid.*

⁷⁰² *ibid.*

⁷⁰³ Leelayathy (n 690).

⁷⁰⁴ Abolade Francis Akintola and Samson Ogundipe, 'Financial Statement Analysis and Bank Lending in Nigeria' (2020) 8(1) The International Journal of Business & Management DOI: 10.24940/theijbm/2020/v8/i1/BM2001-008 <<https://www.researchgate.net/publication/342442320>> accessed 6 April 2025.

⁷⁰⁵ *ibid.*

⁷⁰⁶ Araga (n 693) 13.

⁷⁰⁷ Akintola (n 704) 331.

distribute dividends to shareholders.⁷⁰⁸ This income comes from the interest charged on loans given to customers.⁷⁰⁹ The interest rates charged by banks are influenced by the current market rates as well as the benchmark rate set by the central authority, that is, the monetary policy rate of the CBN.⁷¹⁰ In addition, variations in the interest rate charged by banks depend on the risk involved in lending to an individual.⁷¹¹ An individual with high reputation is typically charged a lower interest rate than an average person.⁷¹² The sound principle of lending prioritises safety and liquidity over seeking higher profits. This means the bank will not extend loans to unreliable borrowers with questionable repayment ability, even if they offer to pay a high interest rate, because such loans often become irrecoverable, ultimately harming the interests of the bank and its depositors.⁷¹³ The bottom line is that, in order to ensure sufficient profit, banks only employ their funds in genuine sources that will give fair and steady returns.⁷¹⁴

The fourth principle is the purpose of the loan. The bank when lending its funds enquires from the borrower the purpose for which the money will be put to, to ensure the loan granted will be used for productive purposes such as financing, trade, commerce and industry.⁷¹⁵ Bank loans are generally not approved for speculative or unproductive uses, such as funding social events and ceremonies, pleasure trips or for the purpose of repaying an existing loan.⁷¹⁶

⁷⁰⁸ Leelavathy (n 690) 8.

⁷⁰⁹ Araga (n 693) 13.

⁷¹⁰ *ibid.*

⁷¹¹ Leelavathy (n 690) 8.

⁷¹² *ibid.*

⁷¹³ *ibid.*

⁷¹⁴ NHCK (n 699) 4.

⁷¹⁵ Leelavathy (n 690) 8.

⁷¹⁶ *ibid.*

Finally, the fifth principle is of diversification of risks. This is another fundamental principle of sound lending.⁷¹⁷ Banks not only carefully select borrowers who will be recipients of their loans, but also take tangible assets as security to safeguard their interests.⁷¹⁸ Although banks generally feel secure granting loans backed by tangible assets, there are still certain risks involved.⁷¹⁹ For instance, natural calamities unplanned for such as floods or earthquakes; political disturbances in some parts of the country such as the state of emergency declared in Rivers state and periods of economic depression in which prices of goods and commodities fall sharply are some of the associated risk involved with lending.⁷²⁰ To protect their interests from unforeseen risks, banks adhere to the principle of diversification of risks, guided by the well-known saying ‘do not keep all your eggs in one basket’ which means that banks should avoid concentrating loan advances among a few large firms or within limited industries, cities or regions.⁷²¹ Instead, loans should be distributed across a broad geographic area and among a diverse range of individual customers from various trades and industries.⁷²² By adopting this approach, banks effectively spread out the risks associated with lending. For example, if a few major borrowers experience difficulties or if certain industries or sectors face adverse conditions, the bank’s overall financial position remains secure and stable.⁷²³

⁷¹⁷ Leelavathy (n 690) 9.

⁷¹⁸ *ibid.*

⁷¹⁹ Leelavathy (n 690) 9.

⁷²⁰ *ibid.*

⁷²¹ Leelavathy (n 690) 9.

⁷²² *ibid.*

⁷²³ *ibid.*

4.1.2 The 5 Cs of Lending

This encompasses the key characteristics that lenders thoroughly assess to determine the overall creditworthiness of prospective borrowers, namely character, capacity, capital, collateral and condition.⁷²⁴

Firstly, character is a very important factor in the bank lending process. When evaluating a person's creditworthiness, the foremost consideration is the character of the person concerned.⁷²⁵ Character encompasses several personal qualities, including honesty, integrity, consistency and promptness in meeting obligations and repaying debts. It also includes a sense of responsibility, good habits, as well as the reputation and goodwill the individual holds in the eyes of others.⁷²⁶ Character can also be assessed through consideration of the previous relationship of the individual customer with the bank; the quality of guarantor the borrower brings forward, that is, whether the individual is the type that is trustworthy and willing to liquidate the loan with minimum trouble.⁷²⁷ Another cardinal thing to be noted is that, although infants or anyone under the age of 18 years should not be given credit facilities by a bank, they can borrow only for the purpose of buying necessities and for the payment of fees for apprenticeship.⁷²⁸ If a person possesses all these qualities without any doubt or suspicion in the mind of others, they will undoubtedly be considered to have an excellent character.⁷²⁹

⁷²⁴ National Institute of Credit Administration (NICA), 'Banking and Finance Industry Credit Risk in Nigeria' (19 June 2024) <<https://www.icanigeria.net/banking-and-finance-industry-credit-risk/>> accessed 6 April 2025.

⁷²⁵ Leelayathy (n 690) 5.

⁷²⁶ *ibid.*

⁷²⁷ Akintola (n 704) 322.

⁷²⁸ *ibid.*

⁷²⁹ *ibid.*

Secondly, capacity is regarded as the most critical of the 5 Cs of credit because it represents the primary source of repayment for a loan.⁷³⁰ Banks do not view collateral as the main means of repayment; instead, they focus on the borrower's cash flow, which quantitatively measures the individual's capacity to repay the debt.⁷³¹ Every loan requires a primary source of repayment as well as backup source because banks cannot perfectly assess a borrower's character and ability to repay.⁷³² Also, the alternative sources of repayment should not always rely solely on selling the collateral.⁷³³

Thirdly, capital refers to the borrower's own funds invested in the business. Though banks are the depositories of public money and lend borrowed funds, they do not lend money to an entrepreneur without an adequate fund of his own.⁷³⁴ This ensures that if the business enterprise fails, the bank can still recover its funds provided the borrower's capital is adequate.⁷³⁵

Fourthly collateral means the asset(s) pledged to secure a loan.⁷³⁶ Most commercial loans provided by banks are secured by accounts receivable, inventory, equipment or real estate.⁷³⁷ It must be noted that collateral serves as a secondary source of repayment only utilised if the primary source of repayment is unavailable.⁷³⁸ To repay the loan through collateral, the assets must be liquidated, meaning they need to be converted into cash.⁷³⁹

⁷³⁰ John Baiden, 'The 5 Cs of Credit in the Lending Industry' (2011) 14 <https://ssrn.com/sol3/papers.cfm?abstract_id=1872804> accessed 6 April 2025.

⁷³¹ *ibid.*

⁷³² *ibid.*

⁷³³ *ibid* 15.

⁷³⁴ Leelavathy (n 690) 6.

⁷³⁵ *ibid.*

⁷³⁶ Baiden (n 730) 25.

⁷³⁷ *ibid.*

⁷³⁸ *ibid.*

⁷³⁹ Baiden (n 730) 25.

Finally, the term condition refers to national, international and local economic factors, as well as the circumstances of both the industry and the bank itself.⁷⁴⁰ Conditions affect both the borrower and the lender and should be closely monitored in terms of changes in the overall economic trends, developments within the borrower's industry trends, the financial institution's current level of loan losses, and the specific conditions and terms associated with the loan.⁷⁴¹

4.1.3 Effectiveness of Bank Lending Practices Applicable to Financially Marginalised Groups in Nigeria

In a developing economy like Nigeria, characterised by high unemployment rate even among educated youths, entrepreneurship has proven to be a vital pathway for alleviating poverty and achieving self-reliance. However, entrepreneurship requires capital which many budding entrepreneurs with productive and viable ideas often lack.⁷⁴² Financial institutions, particularly retail banks which serve a large customer base with diverse products and rely heavily on technology⁷⁴³ which ought to provide capital to individuals and small businesses, being the engine of growth of the economy have been largely ineffective in fulfilling their mandate mainly due to the high risk-return profile of many of the MSMEs.⁷⁴⁴ This however, is not the case when it comes down to big corporations, who are able to source capital or finance in general, but banks and other financial institutions literally queue to meet the finance needs of the big corporates.⁷⁴⁵ In 2021 for instance, out of the N71.71 trillion

⁷⁴⁰ Baiden (n 730) 22.

⁷⁴¹ *ibid.*

⁷⁴² Kolapo Omidire, 'Prospects for the Law in Resolving the Challenges of Retail Banking in Nigeria' (17th Inaugural lecture, Federal University of Oye-Ekiti delivered 20th June 2024) 3.

⁷⁴³ Hugh Croxford, Frank Abramson and Alex Jablonowski, *The Art of Better Retail Banking* (John Wiley & Sons Ltd, England 2005) 1.

⁷⁴⁴ Omidire (n 742) 4.

⁷⁴⁵ Adeola Abass Jabar and Isreal Seriki Akindewo, 'Corporate debt profile and financial performance of listed consumer goods firms in Nigeria' (2023) 11 (6) 1-19, 5 Archives of Business Research

advanced by banks to its customers, N12.48 trillion approximately 17.4% went to the oil and gas sector; N12.16 trillion (16.96%) went to manufacturing; while N7.08 trillion (9.87%) went to the general service sectors.⁷⁴⁶

Though retail banking typically does business with small businesses and individuals rather than corporations,⁷⁴⁷ factors such as credit history, collateral, risk profile of such businesses are considered. Alternatively, young entrepreneurs seek credit from informal channels in the form of the ever-increasing army of digital lenders through online loan apps that only requests for the borrower's name, BVN and access to their contacts in the event they default.⁷⁴⁸ While these lenders fill a critical gap, their high interests and aggressive collection practices raise concerns about sustainability and borrower's welfare.

On the issue of collateral, valuable assets owned by people, such as landed property which ought to suffice as collateral for loans acceptable by financial institutions for lending are unacceptable due to lack of registration.⁷⁴⁹ Only 3% of Nigeria's landmass is appropriately registered, and perforce, only about 3% of the properties in the country have acceptable title documents to banks for collateral purposes.⁷⁵⁰ The situation of low-end individuals not likely to secure credit from commercial banks has been aptly described by de Soto thus:

DOI:10.14738/abr.116.14771 <https://www.researchgate.net/publication/371568850_Corporate-Debt-Profile_And_Financial_Performance_Of_Listed_Consumer_Goods_Firms_In_Nigeria> accessed 28 May 2025.

⁷⁴⁶ National Bureau of Statistics, 'Selected Banking Sector Data (Q1-Q4 2021)' <<https://nigerianstat.gov.ng/elibrary/read/1241238#:~:text=The%20volume%20of%20payment,%20payment%20transactions%20made%2C%20N238>> accessed 28 May 2025.

⁷⁴⁷ Omidire (n 742) 13.

⁷⁴⁸ Olumuyiwa Olowogboyega, 'If you got a bank loan from a Nigerian bank last year, I've got news for you' (9 July 2021) <<https://www.notadeepdive.com/p/if-you-got-a-bank-loan-from-a-nigerian>> accessed 29 May 2025.

⁷⁴⁹ Omidire (n 742) 21.

⁷⁵⁰ Peter Adeniyi, 'Improving Land Sector Governance in Nigeria' (World Bank Report 2013) 12 <<https://thedocs.worldbank.org/en/doc/a91b90185037e5f11e9f99a989ac11dd-0050062013/related/Nigeria-Synthesis.pdf>> accessed 28 May 2025.

...most of the poor already possess the assets they need to make a success of capitalism, but they hold these resources in defective forms. Houses built on land whose ownership rights are not adequately recorded, unincorporated businesses with unidentified liability, industries located where financiers and investors cannot see them, [and] because the rights to these possessions are not adequately documented, these assets cannot readily be turned into capital, cannot be traded outside of narrow local circles where people know and trust each other, cannot be used as a share against an investment.⁷⁵¹

This structural deficiency means that many potential borrowers are invisible to formal financial institutions. The overall effectiveness of bank lending to financially marginalised groups therefore remains limited. Despite the critical need for capital among MSMEs, banks' risk aversion and systemic issues like poor land registration significantly reduces access to affordable credit. This limited access in turn stifles entrepreneurship and perpetuates poverty cycles among marginalised populations. Addressing these challenges requires concerted efforts to improve land registration systems, implement government-backed credit guarantee schemes to reduce banks' perceived risks and fostering partnerships between banks and fintechs to leverage technology in better assessing credit worthiness.

4.2 Lending Practices of Non-Bank Financial Institutions in Nigeria

For the purpose of this research, non-bank financial institutions in Nigeria actively involved in accelerating or providing access to credit include cooperative societies, fintech companies, credit guarantee companies and credit corporations.

⁷⁵¹ See Hernando de Soto, 'Excerpts from the Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else' Brigham-Kanner property Rights Conference Journal 6, cited by Philemon Omede, 'A Tale of Two Markets: How Lower-end Borrowers are Punished for Bank Regulatory Failures in Nigeria' (2020) 43(1) Journal of Consumer Policy 519-542, 529 <https://www.researchgate.net/publication/3381285_A_Tale_of_Two_Markets_How_Lower_end_Borrowers_Are_Punished_for_Bank_Regulatory_Failures_in_Nigeria> accessed 28 May 2025.

The lending practices of cooperative societies (co-ops) will be discussed. Lending is a function which co-ops are interested in because it is the practice that gives them the highest profit and is vital in helping members out of financial crisis.⁷⁵²

The first is the member-centric nature of co-ops. Since co-ops are member-centered and controlled, to qualify for a loan, such an individual must be an active member,⁷⁵³ and must have the required amount in his or her savings account. If all of these criteria are satisfied, the potential borrower becomes eligible to three times their savings.⁷⁵⁴

The second is interest rate. Co-ops are self-help financial organisations aimed at enhancing the financial well-being of their members by providing low-interest loans.⁷⁵⁵ These loans are intended to support enterprise development, growth and sustainability among members. The interest rate charged is often as low as 1.5%, compared to what is charged by commercial banks.⁷⁵⁶

The third is the issue of collateral. Co-ops are not charity-homes that give financial support freely; rather, they are business ventures that generate revenues from their different

⁷⁵² Adewusi, Segun Owolabi and Ayodele, 'Loan Administration in Nigeria Cooperative Societies' (1 July 2008) <<https://repository.run.ng/bitsreams/50c4b7a8-141a-444a-b249-23c6d628cff8/download#:~:text=Granting%20of%20loan%20advances%20to,per%20share%20capital%20of%20member>> accessed 7 April 2025.

⁷⁵³ Oluyomi Awofeso and Adefolake Ademuson, 'Social Capital and Cooperative Society Lending in Ibadan, Oyo state, Nigeria' (2019) 17(2) *The Nigerian Journal of Sociology and Anthropology* 41-55, 42, DOI:10.36108/NJSA/9102/71(0230) <https://www.ssoar.info/ssoar/bitstream/handle/document/68983/ssoar-nigjsoca-2019-2-awofeso_et_al-Social_Capital_and_Cooperative_Society.pdf?sequence=1&isAllowed=y&Inkname=ssoar-nigjsoca-2019-2-awoso_et_al-Social_Capital_and_Cooperative_Society.pdf> accessed 7 April 2025.

⁷⁵⁴ *ibid* 48.

⁷⁵⁵ Olayinka Akanle and Dauda Aderemi Busari, 'Cooperative Societies in the Development Discourse of Ibadan, South-Western Nigeria' (2014) 12(2) *The Nigerian Journal of Sociology and Anthropology* 48-65 DOI:10.36108/NJSA/4102/12/(0240) <<https://www.internationalscholarsjournals.com/articles/the-lending-policy-of-cooperative-societies-and-its-effect-on-construction-of-housing-in-akure.pdf>> accessed 7 April 2025.

⁷⁵⁶ Awofeso and Ademuson (n 753) 42.

operations.⁷⁵⁷ Loans given are secured by collateral, but it is purely different from what is obtainable in commercial banks. Co-ops often take a member's total savings in the society as collateral.⁷⁵⁸

The lending practices of fintech companies in Nigeria will be discussed.

Fintech companies in Nigeria typically have a number of criteria that must be complied with. The first is eligibility criteria. Fintech companies look into the employment status of the intending borrower to serve as proof of income, minimum age requirement (which is 18), marital status and documents such as the national ID card or voter's card.⁷⁵⁹ The second is interest rate. Most fintech companies offer higher interest rates than traditional banks,⁷⁶⁰ usually because they don't request collateral to issue loans.⁷⁶¹

The third criterion is the loan amount. The initial loan amount is usually small typically between N2,000 to N50,000 and increases based on repayment history and creditworthiness.⁷⁶² Borrowers must understand all associated fees to avoid hidden charges.⁷⁶³ The fourth is the repayment period, which usually ranges from 7 days to 90 days.⁷⁶⁴ Penalties apply for late repayments.⁷⁶⁵

⁷⁵⁷ Julius Olujimi and others, 'The Lending Policy of Cooperative Societies and its effect on construction of housing in Akure' (2021) 8(2) Journal of Estate and Property Management 001-012 < <https://www.internationalscholarsjournals.com/articles/the-lending-policy-of-cooperative-societies-and-its-effect-on-construction-of-housing-in-akure.pdf> > accessed 7 April 2025.

⁷⁵⁸ *ibid.*

⁷⁵⁹ Micheal Ezeadichie, 'What you should know before taking a loan from a Nigerian fintech' (15 November 2024) <<https://www.africonomy.ng/what-you-should-know-before-taking-a-loan-from-nigerian-fintech/>> accessed 7 April 2025.

⁷⁶⁰ *ibid.*

⁷⁶¹ *ibid.*

⁷⁶² Ezeadichie (n 759).

⁷⁶³ *ibid.*

⁷⁶⁴ *ibid.*

⁷⁶⁵ Ezeadichie (n 759).

4.2.1 Effectiveness of Non-Bank Financial Institutions (NBFIs) Lending Practices to Financially Marginalised Groups in Nigeria

When compared to commercial banks, non-bank financial institutions such as cooperative societies, fintechs and microfinance banks prioritise individual access to credit. They achieve this by adopting more inclusive lending criteria. Cooperative societies often provide quick, collateral free loans to their members, leveraging savings-based guarantees rather than formal collateral, thereby enhancing credit accessibility at the grassroots level. Although fintechs charge higher interest rates to offset risks, borrowers frequently prefer them due to their fast and convenient digital application processes, which contrast with the slower, more stringent procedures of commercial banks. Additionally, microfinance banks further enhance credit accessibility by offering flexible loan products tailored to low-income earners. Collectively, these NBFIs lending practices effectively bridge the credit gap for underserved populations in Nigeria, promoting financial inclusion where traditional banks fall short.

4.3 Initiatives Implemented by Banks in Facilitating Access to Credit for Financially Marginalised Groups in Nigeria

The Central Bank of Nigeria (CBN) has launched several initiatives to improve access to credit for the financially marginalised groups. Some of their initiatives include the National Financial Inclusion Strategy (NFIS) and Gender-focused initiatives. While many other initiatives exist, this research focuses on these key initiatives due to their significant impact and the availability of detailed data.

4.3.1 The National Financial Inclusion Strategy (NFIS) Initiative

The CBN launched the National Financial Inclusion Strategy (NFIS) in 2012 with the aim of reducing the proportion of Nigerians excluded from financial services from 46.3% to 20% by

2020. Additionally, the strategy seeks to increase the number of Nigerians participating in the formal financial sector from 30% to 70% by the same year.⁷⁶⁶ The objective of the NFIS is to increase access to and usage of financial services across Nigeria.⁷⁶⁷ It also emphasised affordability, accessibility and appropriateness of financial products tailored to meet diverse needs.⁷⁶⁸

The NFIS goal in Nigeria is being pursued through a wide range of coordinated interventions with key priorities on the following:⁷⁶⁹

- a) Transforming the existing Know Your Customer (KYC) regulations into a simplified, risk-based, tiered framework that enables individuals lacking formal identification to access financial services.
- b) Developing and implementing a regulatory framework for agent banking to allow financial institutions extend banking services to the currently unbanked populations across the country.
- c) Establishing and enforcing a National Financial Literacy Framework aimed at boosting public awareness and understanding of financial products and services, thereby promoting sustainable usage.
- d) Rolling out a comprehensive Consumer Protection Framework to safeguard clients' interests and maintain confidence in the financial sector.
- e) Continuing the promotion of Mobile-Payment System and other cashless policy initiatives to reduce costs and enhance convenience in financial transactions.
- f) Implementing Credit Enhancement Schemes and Programs to support micro, small and medium enterprises, including:
 - a) The Micro, Small and medium Enterprises Development Fund, with 60% earmarked for on-lending through microfinance

⁷⁶⁶ Central Bank of Nigeria, 'National Financial Inclusion Strategy' (2013) vi <<https://www.cbn.gov.ng/out/2013/ccd/nfis.pdf>> accessed 12 April 2025.

⁷⁶⁷ Central Bank of Nigeria, 'National Financial Inclusion Strategy (Revised)' (October 2018) 1 <<https://www.cbn.gov.ng/out/2019/ccd/national%20financialinclusion%20strategy.pdf>> accessed 11 April 2025.

⁷⁶⁸ Central Bank of Nigeria, 'National Financial Inclusion Strategy (Revised)' (n 767).

⁷⁶⁹ Solomon Olajide Fadun, 'Financial Inclusion, Tool for Poverty Alleviation and Income Redistribution in Developing Countries: Evidence from Nigeria' (2014) 5(3) Academic Research International Journal 137-146, 143

<https://www.researchgate.net/publication/348151967_Financial_Inclusion_Tool_for_Poverty_Alleviation_and_Income_Redistribution_in_Developing_Countries_Evidence_s_from_Nigeria> accessed 16 April 2025.

banks and institutions targeting women entrepreneurs and clients.

- b) The Nigerian Incentive-based Risk Sharing System for Agricultural Lending (NISRAL).
- c) Entrepreneurship Development Centres (EDCs).
- d) Restructuring and refinancing facilities aimed at SMEs.
- e) The SME Credit Guarantee Scheme.

From the above, it can be inferred that the NFIS is based on four key strategic areas of agency banking, mobile banking/mobile payment, linkage models and client empowerment.⁷⁷⁰ Additionally, four priority areas were established to develop guidelines and frameworks, which include Tiered Know Your Customer (T-KYC) regulations, Agent Banking regulations, the National Financial Literacy Strategy and Customer Protection.⁷⁷¹

There are several stakeholders involved in the implementation of the NFIS. There is the public institution and in this category are the federal ministries, National Identity Management Commission (NIMC), government agencies and programs; Financial Services Providers such as the Deposit Money Banks, Microfinance Banks, Insurance Companies etc; Other financial Institutions such as mobile money operators and other fintech companies; Development partners that is, Non-Governmental Organisations and foundations and Regulatory institutions such as Central Bank of Nigeria (CBN), Nigerian Communications Commission (NCC), NDIC, Security and Exchange Commission (SEC), National Insurance Commission (NAICOM) and National Pension Commission (PenCom).⁷⁷² The users of the initiatives are adult Nigerians, entrepreneurs, businesses and the general public.⁷⁷³

It is important to note that the NFIS was revised in 2018 due to the following reasons:⁷⁷⁴

⁷⁷⁰ Central Bank of Nigeria, 'National Financial Inclusion Strategy (Revised)' (n 767) v.

⁷⁷¹ *ibid.*

⁷⁷² Central Bank of Nigeria, 'National Financial Inclusion Strategy (Revised)' (n 767) 6-7.

⁷⁷³ *ibid* 2.

⁷⁷⁴ Central Bank of Nigeria, 'National Financial Inclusion Strategy (Revised)' (n 767) 4.

- 1) To incorporate lessons learnt from Nigeria's socio-economic developments since 2012;
- 2) To conduct a review at the mid-point of the strategy's implementation period;
- 3) Since Nigeria is a signatory to the Maya Declaration and has adopted some best practices in financial inclusion, the NFIS has to be reviewed to reflect the updated strategies.

Microfinance banks are the key players in the implementation of the NFIS, particularly in the area of providing access to credit to underserved populations such as the MSMEs and rural communities, due to their proximity and tailored products.⁷⁷⁵ Microfinance banks have embraced the Tiered Know Your Customer (T-KYC) regulations introduced under NFIS to simplify account opening and credit access for low-income clients.⁷⁷⁶ This regulatory innovation reduces documentation barriers, enabling more Nigerians to access credit facilities.⁷⁷⁷

Agent banking has also been another critical channel through which microfinance banks extend credit services. By leveraging agent networks, microfinance banks have reached remote and underserved areas where physical bank branches are scarce.⁷⁷⁸ This model reduces transaction costs and improves convenience for borrowers, thereby increasing credit uptake among marginalised groups.⁷⁷⁹

4.3.2 Gender-focused Initiatives

⁷⁷⁵ Proshare, 'CBN directs MFBs to implement resolutions on the revised National Financial Inclusion Strategy' (2 July 2019) <<https://www.proshare.co/articles/cbn-directs-mfbs-to-implement-resolutions-on-the-revised-national-finacial-inclusion-strategy?menu=Regulators&classification=Reads&category=Regulators&utm=>> accessed 15 April 2025.

⁷⁷⁶ 'National Financial Inclusion Strategy (Revised)' (n 767) 51.

⁷⁷⁷ Central Bank of Nigeria, 'Three Tiered KYC Requirements' (2013) 2 <<https://www.cbn.gov.ng/out/2013/ccd/3%20tiered%20kyc%20requirements.pdf>> accessed 16 April 2025.

⁷⁷⁸ Marteen Froeling and others, 'LAPO Agent Banking: Increased Reach and Client Diversity' (4 May 2020) 9 <<https://www.ifc.org/content/dam/ifc/doc/mgrt/lapo-agent-banking-increased-reached-and-client-diversity.pdf>> accessed 17 April 2025.

⁷⁷⁹ *ibid* 10.

Gender-focused initiatives have been put in place by some banks to facilitate access to credit for women. For instance, the Access Bank W initiative, launched in July 2014, is a pioneering gender-focused programme designed to accelerate the growth of female entrepreneurs in Nigeria by providing sustainable tools for financial inclusion and empowerment.⁷⁸⁰ Prior to its establishment, Access bank laid its foundation by introducing the Gender Empowerment Marketing (GEM) program in 2006.⁷⁸¹ Their effort was supported by an on-lending facility from the International Finance Corporation (IFC), which trained over 750 female entrepreneurs and facilitated businesses with N2.5 billion in financing.⁷⁸² The initiative targets women-owned micro, small and medium-sized enterprises (MSMEs), young female professionals and mass affluent families specifically professionally qualified women in the upper-middle-class to upper-class segments.⁷⁸³ The initiative serves as a comprehensive platform offering women access to loans, credit facilities and mentoring- all aimed at fostering a stronger and more sustainable society.

The W Power Loan which was designed specifically for female-owned businesses with at least 50% female ownership.⁷⁸⁴ There are two types of loans granted by the W Power Loan with the first being term loan which is meant for asset acquisition and infrastructure upgrades.⁷⁸⁵ Such loan is used to purchase machinery, equipment and all other fixed assets

⁷⁸⁰ Access Bank, 'The "W" Initiative' (2025) <<https://www.accessbankplc.com/sustainable-banking-our-community-investment/the-w-initiative>> accessed 16 April 2025.

⁷⁸¹ Nume Ekeghe, 'Bridging Financial Inclusion Gap' (5 June 2024) *This Day* <<https://www.thisdaylive.com/index.php/2024/06/05/bridging-financial-inclusion-gap/?amp>> accessed 16 April 2025.

⁷⁸² *ibid.*

⁷⁸³ Kit Institute, 'Strengthening Access Bank's W-Initiative' (2025) <<https://www.kit.nl/institute/project/strengthening-access-banks-w-initiative/>> accessed 16 April 2025.

⁷⁸⁴ Access Bank, 'W Power Loan' (2025) <<https://ghanaweb.accessbankplc.com/personal/borrow/w-power-loan>> accessed 16 April 2025.

⁷⁸⁵ Access Bank, 'W Power Loan' (n 784).

needed for business.⁷⁸⁶ The other loan is the working capital loan used for purchasing raw materials or for settling other daily operating expenses.⁷⁸⁷ The loan amount disbursed by this initiative ranges between N1 million to N100 million. However, it must be noted that the W Power loan is only available to businesses that have been registered with CAC and operational for at least one year.⁷⁸⁸

The interest rate on the W Power Loan was structured in such a way to favour women entrepreneurs, with rates as low as 20% per annum for businesses 100% owned and managed by women, and slightly higher rates for businesses with lower female ownership by active female participation.⁷⁸⁹ Access Bank also collaborated with entities like the Lagos State Employment Trust Fund (LSETF) to provide matching funds and reduce interest rates to 10% per annum for women-owned SMEs, making credit more accessible and affordable for startups and small businesses owned by women in Lagos state.⁷⁹⁰

Furthermore, the introduction of the W-branded debit card has increased financial inclusion among women, facilitating easier access to banking services and credit products.⁷⁹¹ The Access bank initiative is not solely for providing credit for businesses; it also provides health-related loans and business education. Through the initiative, women have quick access to health-related loans.⁷⁹² Women can access the Maternal Health Service Support (MHSS) within 48 to 72 hours to cover fertility, childbirth, pediatric care and other specialised

⁷⁸⁶ *ibid.*

⁷⁸⁷ *ibid.*

⁷⁸⁸ Access Bank, 'W Power Loan' (n 784).

⁷⁸⁹ *ibid.*

⁷⁹⁰ Access Holdings, 'Access Bank: Galvanising Women's Economic Empowerment in Africa' (9 May 2022) <<https://theaccesscorporation.com/2022/05/09/access-bank-galvanising-womens-economic-empowerment-in-africa/>> accessed 16 April 2025.

⁷⁹¹ Hope Moses-Ashike, 'Access Bank introduces specialised debit cards for women' *BusinessDay* (Lagos, 8 December 2022) <<https://www.google.com/amp/s/businessday.ng/news/article/access-bank-introduces-specialised-debit-cards-for-women/%3famp>> accessed 16 April 2025.

⁷⁹² Access bank, 'The "W" initiative' (n 780).

medical treatments.⁷⁹³ The loan application can be made by the women themselves, or through their spouses or third parties ensuring timely support for critical health needs.⁷⁹⁴ The Womenpreneur Pitch-a-ton launched in 2019 provides financial grants and business education, complementing loan products by enhancing women's capacity to secure and manage credit effectively.⁷⁹⁵ In its inaugural edition, the programme offered a complimentary mini-MBA certification to 50 women entrepreneurs in Nigeria, along with financial grants worth N9 million awarded to the top three applicants.⁷⁹⁶

As of April 2025, Access bank has supported over four million women-owned businesses and individuals, providing more than N370 billion through its W Initiative, demonstrating its strong commitment to promoting financial inclusion and gender equality.⁷⁹⁷ The Access bank W initiative, which facilitates access to credit for women by offering specialised loan products with favourable terms, is not just open to Nigeria but also to other African countries such as Ghana, Rwanda and Zambia.⁷⁹⁸

The second bank led initiative that facilitates access to credit in Nigeria is the Central Bank of Nigeria's Micro, Small and Medium Enterprises Development Fund (MSMEDF). Established on 15 August 2013, the MSMEDF was created to acknowledge the vital role played by the Micro, Small and Medium Enterprises (MSME) sector in the economy.⁷⁹⁹ The

⁷⁹³ *ibid.*

⁷⁹⁴ *ibid.*

⁷⁹⁵ Access bank, 'Womenpreneur Pitch-a-ton' (2025) <<https://ghanaweb.accessbankplc.com/personal/inclusive-banking/womenpreneur-pitch-a-ton>> accessed 16 April 2025.

⁷⁹⁶ *ibid.*

⁷⁹⁷ Hope Moses-Ashike, 'Access Bank empowers 4m women with N370bn in W initiative' *BusinessDay* (Lagos, 1 April 2025) <<https://businessday.ng/companies/article/access-bank-empowers-4m-women-with-n370bn-in-w-initiative/>> accessed 16 April 2025.

⁷⁹⁸ Kit Institute (n 868).

⁷⁹⁹ Central Bank of Nigeria, 'Micro, Small and Medium Enterprises Development Fund (MSMEDF)' (2014) <<https://www.cbn.gov.ng/DFD/msmes/msmedf.html>> accessed 17 April 2025.

Fund, which began with a seed capital of N220 billion,⁸⁰⁰ aims to provide low-interest financing to the MSME sector through Participating Financial Institutions (PFIs), mainly banks and microfinance institutions.⁸⁰¹ Other objectives of the Fund include improving MSMEs' access to financial services, boosting productivity and output of microenterprises, increasing employment, generating wealth and fostering inclusive economic growth.⁸⁰²

A key feature is its prescribed 50:50 on-lending ratio, which requires PFIs to allocate half of the funds to micro enterprises and the other half to small and medium enterprises.⁸⁰³ The MSMEDF comprises of two components: the commercial and developmental component.⁸⁰⁴ The commercial component of the Fund, making up approximately 90%, is disbursed as Wholesale Funding with a ratio of 60% allocated to women and 40% to men.⁸⁰⁵ In addition, 2% of this wholesale component is specifically reserved for economically active Persons with Disabilities (PWD).⁸⁰⁶ Also, 10% of the Fund is earmarked for start-up businesses.⁸⁰⁷

Eligible enterprises under the Fund include microenterprises engaged in agricultural value chains, cottage industries, artisanship, renewable energy, trade and general commerce.⁸⁰⁸ For SMEs, eligible activities extend to manufacturing, educational institutions and other income-

⁸⁰⁰ Central Bank of Nigeria, 'Micro, Small and Medium Enterprises Development Fund (MSMEDF) Guidelines' (2014) 3 <<https://www.cbn.gov.ng/out/2014/dfd/msmedf%20guidelines%2020%20.pdf>> accessed 17 April 2025.

⁸⁰¹ Central Bank of Nigeria, 'Micro, Small and Medium Enterprises Development Fund (MSMEDF) Guidelines'.

⁸⁰² *ibid.*

⁸⁰³ *ibid.*

⁸⁰⁴ Central Bank of Nigeria, 'Micro, Small and Medium Enterprises Development Fund (MSMEDF) Guidelines' (n 800) 3.

⁸⁰⁵ *ibid.*

⁸⁰⁶ Central Bank of Nigeria, 'Micro, Small and Medium Enterprises Development Fund (MSMEDF) Guidelines' (n 800) 3.

⁸⁰⁷ *ibid.*

⁸⁰⁸ *ibid.* 6.

generating ventures prescribed by the CBN.⁸⁰⁹ It must be noted that only 10% of the commercial component is allowed for trade and commerce, to prioritise productive sectors that drives employment and economic diversification.⁸¹⁰

The PFIs eligible for participation are Microfinance Banks, Non-Governmental Organisations-Microfinance Institutions (NGO-MFIs), Financial Cooperatives, Finance Companies, Development Finance institutions (Bank of Agriculture & Bank of Industries) and Deposit Money Banks (DMBs).⁸¹¹ Each PFI has conditions to satisfy to be eligible for wholesale funding, but those of Microfinance Banks and Deposit Money Banks will be discussed.⁸¹²

To qualify for funding, a Microfinance Bank must meet the following criteria:⁸¹³

- a) Provide the most recent examination report from the CBN or NDIC.
- b) Submit audited or management accounts for the past two years.
- c) Have an Acceptable Risk Management Framework in place.
- d) Demonstrate a strong Corporate Governance Culture, reflected by adherence to ethical standards, clear separation between ownership and management and limited non-performing insider-related loans.
- e) Show proof of membership in a recognised apex association with current payment of annual dues.
- f) Comply with timely submission of monthly returns to the CBN, as required by the Revised Microfinance Policy, Regulatory and Supervisory Framework for Nigeria.
- g) Fulfil any additional requirements that the CBN may introduce from time to time.

⁸⁰⁹ Central Bank of Nigeria, 'Micro, Small and Medium Enterprises Development Fund (MSMEDF) Guidelines' (n 800) 7.

⁸¹⁰ *ibid*.

⁸¹¹ Central Bank of Nigeria, 'Micro, Small and Medium Enterprises Development Fund (MSMEDF) Guidelines' (n 800) 7.

⁸¹² See chapter two of 'Micro, Small and Medium Enterprises Development Fund (MSMEDF) Guidelines' by the Central Bank of Nigeria.

⁸¹³ *ibid* 8.

For a Deposit Money Bank (DMB) to be eligible, the following conditions must be satisfied:⁸¹⁴

- a. Enter into a MOU with the CBN.
- b. Accept full responsibility for all credit risks associated with the loans they will provide.
- c. Authorise the CBN to directly deduct any outstanding loan balance from the account maintained with the bank.
- d. Allocate ten (10) per cent of the accessed SME fund specifically for financing start-up business.

It must be noted that on-lending to clients is determined based on the assessment conducted by the PFIs.⁸¹⁵ Regarding loan terms, the facility offers a maximum tenor of one year for microenterprises and up to five years for SMEs, with option of a moratorium.⁸¹⁶ The Fund provides wholesale funding to the PFIs at an interest rate of 6%, the maximum lending rate to borrowers is capped at 9% per annum, inclusive of all charges.⁸¹⁷ However, the interest rate is subject to periodic review and adjustment by the Steering Committee of the Fund.⁸¹⁸

The CBN accepts the following types of collateral as security for loans provided by PFIs, excluding DMBs covering up to 75% of the loan value.⁸¹⁹ They are:

- a) Financial Assets such as pledge of Treasury Bills, Placements, Bonds etc.
- b) Guarantee from at least two board members or trustees, or from high net worth individuals acting as third-party guarantors.
- c) Any other forms of collateral that the CBN may approve periodically.

⁸¹⁴ Central Bank of Nigeria, 'Micro, Small and Medium Enterprises Development Fund (MSMEDF) Guidelines' (n 800).

⁸¹⁵ Central Bank of Nigeria, 'Micro, Small and Medium Enterprises Development Fund (MSMEDF) Guidelines' (n 800).

⁸¹⁶ *ibid* 11.

⁸¹⁷ Central Bank of Nigeria, 'Micro, Small and Medium Enterprises Development Fund (MSMEDF) Guidelines' (n 800) 11.

⁸¹⁸ *ibid*.

⁸¹⁹ *ibid*.

In order to qualify as a beneficiary of the Fund, borrowers which include women entrepreneurs, microenterprises and SMEs, Persons With Disabilities (PWD), and Start-up businesses must submit an application to the designated PFIs.⁸²⁰ The PFIs are responsible for assessing the economic and financial viability of these applications before forwarding eligible ones to the CBN.⁸²¹ Importantly, the CBN must approve the applications and disburse the funds directly into the PFIs' correspondent bank accounts on behalf of successful applicants.⁸²²

Beneficiaries are required to use the funds strictly for the intended purpose, comply fully with the Fund's terms and conditions, and make their projects and records available for inspection by both the CBN and PFIs.⁸²³

From the above, it can be deduced that both the Access bank W initiative and the MSMEDF are initiatives tailored to address the gaps in addressing credit of women, men, persons with disabilities and rural dwellers.

Though most of the initiatives discussed above are CBN-led initiatives, the NFIS and MSMEDF were implemented and utilised by banks and other financial institutions to facilitate access to credit for financially marginalised groups in Nigeria.

⁸²⁰ Central Bank of Nigeria, 'Micro, Small and Medium Enterprises Development Fund (MSMEDF)' (n 900).

⁸²¹ *ibid.*

⁸²² *ibid.*

⁸²³ Central Bank of Nigeria, 'Micro, Small and Medium Enterprises Development Fund (MSMEDF)' (n 900) 18.

4.3.3 Effectiveness of the Initiatives Implemented by Banks in Facilitating Access to Credit to Financially Marginalised Groups in Nigeria

Since the launch of the NFIS in 2012, the number of Nigerians with access to bank accounts and credit has increased, thus indicating success in terms of reach.⁸²⁴ The agency banking introduced by the NFIS has been very effective, especially in urban and south-west regions. Despite its introduction however, large segments of the population particularly in the North and among women, remain excluded showing persistent regional and gender disparities.⁸²⁵ Though the NFIS introduced measures to reduce credit risks and transactional cost through agency banking, the affordability of credit remains a challenge for the poor, as many still face high interest rates and collateral requirements.⁸²⁶ The implication of this is that the strategy's focus on affordability has not fully translated into cheaper or easier credit for the financially marginalised. Though the NFIS has promoted various credit enhancement schemes and linkages between banks, government and microfinance institutions, ensuring financial products meet the real needs of the marginalised remains limited.⁸²⁷ Many bank accounts opened under the NFIS are inactive, suggesting that access does not always lead to meaningful usage.⁸²⁸ Limited financial literacy, infrastructure gaps and inconsistent policy implementation all undermine the long-term sustainability of improved access to credit for marginalised groups.⁸²⁹

⁸²⁴ Stephen Aro-Gordon, 'Implementation of Financial Inclusion Strategy in Nigeria' (2017) 8(2) *SDMIMD Journal of Management* 27-43, 34, DOI.10.18311/sdmind/2017/17876 <<https://informaticsjournals.co.in/index.php/sdmimd/article/view/17876/15282>> accessed 22 April 2025.

⁸²⁵ *ibid.*

⁸²⁶ Sona Osakwe, 'How is Nigeria's national inclusion strategy going' *BusinessDay* (28 April 2021) <<https://businessday.ng/opinion/article/how-is-nigerias-national-financial-inclusion-strategy-going/>> accessed 22 April 2025.

⁸²⁷ *ibid.*

⁸²⁸ Osakwe (n 826).

⁸²⁹ *ibid.*

The Access Bank W initiative has empowered millions of women across Nigeria and other African country by providing tailored loan products such as the W power loan and the quick access health loans, demonstrating its extensive reach.⁸³⁰ The initiative's target audience being women entrepreneurs at various stages, including startups and SMEs reflects its broad accessibility.⁸³¹ The competitive interest rate offered by the initiative has greatly reduced the cost burden on women entrepreneurs, thus making credit more attainable.⁸³² Beyond credit provision, the initiative equips women with essential business skills and financial literacy. Over 725,000 women have been trained through the W Academy, thus enhancing their ability to manage loans sustainably and grow their businesses.⁸³³

The MSMEDF of the CBN is still very much active and an ongoing financial inclusion effort. As of mid-2021, about N85 billion had been disbursed to 746 beneficiaries, leaving significant funds still available.⁸³⁴ This however indicates underutilisation and limited reach relative to the large MSME population.⁸³⁵ Though accessibility to the funds is channeled through PFI, uptake by the PFIs has been lower than expected due to challenges like collateral requirements, risk aversion and limited rural banking infrastructure.⁸³⁶ The repayment of the fund is critical for sustainability. However, the removal of earlier incentives

⁸³⁰ Hope Moses-Ashike, 'Access Bank empowers 4m women with N370bn in W initiative' (n 797).

⁸³¹ Hope Moses-Ashike, 'Access Bank empowers 4m women with N370bn in W initiative' (n 797).

⁸³² Access Holdings, 'Access Bank: Galvanising Women's Economic Empowerment in Africa' (n 790).

⁸³³ UNEP Finance Initiative, 'Driving Inclusive Growth through Responsible Banking: From Principles to Practice: Responsible Banking case study Series' (March 2025) <https://www.unepfi.org/wordpress/wp-content/uploads/2025/03/PRB_CS_Access-Bank.pdf> accessed 23 April 2025.

⁸³⁴ Hope Moses-Ashike, 'CBN'S N220bn MSMED fund creates more opportunities for borrowers' *BusinessDay* (Lagos, 15 June 2021) <[https://businessday.ng/banking/article/cbns-n220bn-msmed-fund-creates-more-opportunities-forborrowers/#:~:text=The%20International%20Finance%20Corporation%20\(IFC,access%20to%20expand%20their%20businesses](https://businessday.ng/banking/article/cbns-n220bn-msmed-fund-creates-more-opportunities-forborrowers/#:~:text=The%20International%20Finance%20Corporation%20(IFC,access%20to%20expand%20their%20businesses)> accessed 21 April 2025.

⁸³⁵ *ibid.*

⁸³⁶ Kamakhya Singh, 'Evaluating MSME Development Fund of Nigeria: Modifications brought in by revisions were necessary but are they sufficient' (24 January 2016) <<https://www.linkedin.com/pulse/evaluating-msme-development-fund-nigeria-brought-revisions-singh/>> accessed 21 April 2025.

for PFIs to quickly repay and access more funds may impact motivation and sustainability of fund utilisation.⁸³⁷ In terms of affordability, the MSMEDF provides loans at interest rate of 9% per annum, which is relatively affordable compared to commercial banks rate in Nigeria.⁸³⁸ The scheme also provides zero- interest wholesale funding to PFIs for start-ups, further reducing cost and making credit more accessible to vulnerable groups.⁸³⁹ Even though this scheme favours women entrepreneurs, they still rely heavily on personal savings due to difficulties in accessing formal credit, thus indicating that the MSMEDF alone has not fully bridged the financing gap.⁸⁴⁰ Another important factor is that only 24% of rural women have formal bank accounts, compared to 54% of men.⁸⁴¹

4.4 Initiatives Implemented by Non-Bank Financial Institutions (NBFIs) in Facilitating Access to Credit to Financially Marginalised Groups in Nigeria

Although cooperative societies in Nigeria operate under the oversight and regulation of State Ministries of Commerce to register and supervise cooperatives at the state level, there are no widely publicised named initiatives launched solely by these ministries.⁸⁴² In essence, there are no cooperative-led initiatives under the supervision of the State Ministry of Commerce. This, however, does not change nor take away the fact that coops still provide quick,

⁸³⁷ *ibid.*

⁸³⁸ Hope Moses-Ashike, 'CBN's N220bn MSMED fund creates more opportunities for borrowers' (n 834).

⁸³⁹ Hope Moses-Ashike, 'CBN's N220bn MSMED fund creates more opportunities for borrowers' (n 834).

⁸⁴⁰ Oluwatoyin Madein, 'Nigerian Women Entrepreneurs Strategies for Financial Inclusion: A Generic Qualitative Inquiry' (2020) Walden Dissertation and Doctoral Studies 6 <<https://scholarworks.waldenu.edu/cgi/viewcontent.cgi?article=11241&context=dissertations>> accessed 21 April 2025.

⁸⁴¹ Access to Finance, 'NFIS: CBN targets rural areas, MSMEs as financially-included adult population hits 64 percent' (21 March 2022) <<https://a2f.ng/nfis-cbn-targets-rural-areas-msmes-as-financially-included-adult-population-hits-64-per-cent/>> accessed 21 April 2025.

⁸⁴² Enhancing Financial Inclusion & Access (EFINA), 'Understanding Co-operatives in Nigeria: Qualitative Report' (April 2012) 15 <<https://www.efina.org.ng/wp-content/uploads/2018/12/Understanding-Co-operatives-in-NigeriaQualitative-Report.pdf>> accessed 20 April 2025.

collateral-free loans to members, filling the gaps left by formal banks.⁸⁴³ State Ministries still have departments dedicated to coops that register and supervise them by law.⁸⁴⁴ It is also important to understand that because; cooperative society's schemes are usually operated at the local or community level.⁸⁴⁵ They do not usually launch large-scale, publicly recognised schemes like the CBN-backed programs as seen in the banking sector.⁸⁴⁶

There are also no fintech-led initiatives in Nigeria specifically branded to provide access to credit for the financially marginalised groups. Instead, what exists are fintech platforms such as Carbon,⁸⁴⁷ Fairmoney, Lidya⁸⁴⁸ and Credit Direct⁸⁴⁹ that uses technology and alternative data to provide microloans and digital credit to underserved populations like women, rural residents and low-income earners. This clearly highlights the fact that fintech's impact on financial inclusion in Nigeria is driven by platform services rather than formal named initiatives.

Though the NBFI sector is primarily regulated by the CBN, when compared to its banking sector counterpart, regulated by multiple bodies such as the CBN, BOFIA, NDIC, it can be deduced that the regulatory intensity of the NBFI differs from those of the banking sector.

⁸⁴³ *ibid.*

⁸⁴⁴ *ibid.*

⁸⁴⁵ Mande Samala and Lawal Kmaldeen, 'Cooperative marketing societies and its challenges for sustainable Economic Development in Lagos Nigeria' (2014) 4 (6) IOSR Journal of Research & Method in Education (IOSR-IJRME) 24-31, 28 <<https://www.iosrjournals.org/iosr-jrme/papers/Vol-4%20Issue-6/Version-3/E04632431>> accessed 30 April 2025.

⁸⁴⁶ *ibid.*

⁸⁴⁷ Trade Lenda, 'Fintech Innovation and Financial Inclusion in Nigeria: The Increasing Access' (12 November 2024) <<https://www.linkedin.com/pulse/fintech-innovation-financial-inclusion-nigeria-increasing-access-wmfax>> accessed 20 April 2025.

⁸⁴⁸ Edlyn Cardoza, '5 instant lending platforms in Nigeria to watch out for in 2023' (13 December 2022) <<https://ibsintelligence.com/ibsi-news/5-instant-lending-platforms-in-nigeria-to-watch-out-for-in-2023/>> accessed 20 April 2025.

⁸⁴⁹ Fintech Magazine Africa, 'Credit Direct Redefines Financial Access in Nigeria with Groundbreaking Digital Solutions' (1 April 2025) <<https://fintechmagazine.africa/2025/04/01/credit-direct-redefines-financial-access-in-nigeria-with-groundbreaking-digital-solutions/>> accessed 20 April 2025.

This applies to the extent to which their respective credit schemes or initiatives will be publicised.

4.5 Why Initiatives Adopted to Improve Access to Credit to Financially Marginalised Population in Nigeria may not be Effective

It is pertinent to discuss reasons why initiatives already implemented in Nigeria are ineffective. There are several identified factors responsible for this.

The first is limited financial literacy. Despite having many educated and literate Nigerians, a high percentage of the population lacks the necessary skills to effectively manage their financial affairs.⁸⁵⁰ As a result, many miss out on opportunities offered by the financial products and services that could improve their well-being.⁸⁵¹ This raises the question- what is financial literacy? Financial literacy is the understanding of various aspects of personal finance and the ability to make informed decisions about money.⁸⁵² It involves skills such as budgeting, knowing how much to save, recognising favourable loan terms, understanding factors that affect credit and identifying options for retirement savings.⁸⁵³ It is only when the vast majority of the Nigerian populations are financially literate, that they can fully participate in the formal financial system.⁸⁵⁴

⁸⁵⁰ Central Bank of Nigeria, 'Financial Literacy' (2015) <<https://www.cbn.gov.ng/FinInc/FinLit/>> accessed 28 April 2025.

⁸⁵¹ Central Bank of Nigeria, 'Financial Literacy' (n 850).

⁸⁵² Jason Fernando, 'Financial Literacy: What it is and why it is so important to teach teens' (29 June 2024) <<https://www.investopedia.com/terms/f/financial-literacy.asp>> accessed 28 April 2025.

⁸⁵³ *ibid.*

⁸⁵⁴ Central Bank of Nigeria, 'Financial Literacy' (n 850).

Financial literacy is an entrepreneur's understanding of financial concepts and products, being prepared to take calculated financial risks, seizing business opportunities confidently, knowing where to source funding, and taking necessary actions to ensure the success of their business.⁸⁵⁵ Around the world, many countries promote financial literacy as a powerful tool to reduce or eliminate poverty, recognising it as a crucial factor for driving entrepreneurial growth and achieving individual financial success.⁸⁵⁶

Financial literacy has also limited the effective use of fintech platforms designed to expand credit access, as many potential users are unfamiliar with digital financial tools or distrust technology-led services.⁸⁵⁷ It is important to note that to address the issue of financial literacy; the CBN developed the Financial Literacy Framework (FLF) in 2013. This framework was designed to serve as a blueprint for implementing financial literacy programs throughout Nigeria and to play a central role in the National Financial Inclusion Strategy.⁸⁵⁸ Later that same year, the framework was revised and renamed the National Financial Literacy Framework (NFLF), which was officially launched in 2016 for a number of reasons:⁸⁵⁹

- a) The NFLF adopts a multi stakeholder approach to promoting financial literacy across Nigeria;

⁸⁵⁵ Adele Atkinson and Flore-Anne Messy, 'Measuring financial literacy: Results of the OECD/International Network on Financial Education (INFE) Pilot Study' OECD Working Papers on Finance, Insurance and Private Pensions No 15 (2012) 6 <https://www.oecd.org/content/dam/oecd/en/publications/reports/2012/03/measuring-financial-literacy_g17a210b/5k9csfs90fr4-en.pdf> accessed 29 April 2025.

⁸⁵⁶ United Nations, 'United Nations millennium declaration resolution adopted by the general assembly (A/55/L.2) 2000' (2018) 4<<https://www.cambridge.org/highereducation/books/international-human-rights-law-documents/4D2F8FE875C0FADD99FBADC996342779/united-nations-millennium-declaration-2000/556D71D437E8CB33BBD3030E3FCD38F5>> accessed 29 April 2025.

⁸⁵⁷ Chibuna Iroakazi Ezinwa and Sunday Ade Bello, 'The Impact of Fintech on Financial Inclusion in Southern Nigeria' (2025) International Journal of Research and Scientific Innovation Society (IJRISS) 256-273, DOI:<https://dx.doi.org/10.47772/IJRISS.2025.902> <https://www.researchgate.net/publication/389459812_The_Impact_of_Fintech_on_Financial_Inclusion_in_Southern_Nigeria> accessed 29 April 2025.

⁸⁵⁸ Central Bank of Nigeria, 'National Financial Literacy Framework' (October 2015) xi <<https://www.cbn.gov.ng/out/2016/cfpd/financial%20literacy.pdf>> accessed 29 April 2025.

⁸⁵⁹ *ibid*.

- b) It provides a detailed and comprehensive guide for developing and implementing of financial literacy initiatives across various sectors within the Nigerian financial industry;
- c) It integrates key insights from the EFINA Access to Finance and the National Baseline Survey on Financial Literacy, both conducted in 2014, along with extensive contributions from other relevant stakeholders.

The fact that the NFLF has not undergone any significant revision aside from the one in 2013, which was eventually launched 2016, reflects its limited responsiveness to changing realities especially given Nigeria's rapidly evolving financial landscape. Financial literacy has been said to be a determinant of financial inclusion,⁸⁶⁰ yet, only 38% of adult Nigerians are financially literate.⁸⁶¹ Women constitute 75% of the rural population in Nigeria.⁸⁶² Women also constitute a large part of the illiterate population, making them unable to access formal financial services that require a certain level of financial literacy.⁸⁶³

The NFLF has been criticised for a number of reasons. The first is that the NFLF, being outdated, does not recognise the Nigerian Communications Commission (NCC) and mobile

⁸⁶⁰ Olayinka David-West and OlubANJI Adetunji, 'Financial Literacy is a Stronger Determinant of Financial Inclusion' (March 2024) Lagos Business School <<https://www.lbs.edu.ng/wp-content/uploads/2024/03/Financial-Literacy-is-a-stronger-determinant-of-Financial-Inclusion.pdf>> accessed 29 April 2025.

⁸⁶¹ Timi Joel, 'Cowrywise Campus Ambassadors Program: The Case for Financial Education in Nigeria's Tertiary Curriculum' (5 July 2024) <<https://cowrywise.com/blog/financial-education-in-nigerias-tertiary-curriculum/#:~:text=According%20to%the%20Central%20Bankalso%20the%20nation's%20economic%20progress>> accessed 28 April 2025.

⁸⁶² John Chukwudi Anyanwu, 'Poverty of Nigerian Rural Women: Incidence, Determinants and Policy Development' (1998) 17(4) Journal of Rural Development 65-67 <[https://jsda-africa.com/Jsda/2020%20v22%20No%203%20Fall/PDF/Rural%20Poverty%20Among%20Women%20in%20Nigeria%20\(2\).pdf](https://jsda-africa.com/Jsda/2020%20v22%20No%203%20Fall/PDF/Rural%20Poverty%20Among%20Women%20in%20Nigeria%20(2).pdf)> accessed 29 April 2025.

⁸⁶³ Olukemi Ajibike Aluko and Kike Mbada, 'Rural Poverty among Women in Nigeria' (2020) 22 Journal of Sustainable Development in Africa 82 <[https://jsda-africa.com/Jsda/2020%20v22%20No%203%20Fall/PDF/Rural%20Poverty%20Among%20Women%20in%20Nigeria%20\(2\).pdf](https://jsda-africa.com/Jsda/2020%20v22%20No%203%20Fall/PDF/Rural%20Poverty%20Among%20Women%20in%20Nigeria%20(2).pdf)> accessed 29 April 2025.

network operators as key stakeholders to financial literacy in Nigeria.⁸⁶⁴ Also, there is still no agency actively charged with furthering financial literacy.⁸⁶⁵

The second is limited rural outreach. Many banking institutions in Nigeria often concentrate their operations in urban and semi-urban areas, where infrastructure and economic activities are most robust leaving rural communities under-served.⁸⁶⁶ Many rural areas in Nigeria lack adequate physical bank branches, making it difficult for residents to access credit facilities provided by these formal institutions.⁸⁶⁷ A significant issue is that many rural dwellers are not even aware of the existence of these bank-led credit initiatives or schemes, largely due to limited outreach and insufficient information campaigns targeted at the intended beneficiaries. This gap exists because what mostly thrives mostly in rural areas are credit schemes from religious groups, the village and age-grade associations, gender-based groups, traders' association and cooperative societies.⁸⁶⁸ Even when rural residents are aware of these bank-led credit initiatives, they often face hurdles such as complex application processes, high collateral requirements and bureaucratic delays which discourage participation and limit the effectiveness of these programs.⁸⁶⁹

⁸⁶⁴ Vivian Okafor, 'A Holistic Approach to Achieving Financial Inclusion in Nigeria' (11 February 2024) 4 <https://www.gelias.com/images/Newsletter/A_Holistic_Approach_to_Achieving_Financial_Inclusion_in_Nigeria.pdf> accessed 29 April 2025.

⁸⁶⁵ *ibid.*

⁸⁶⁶ Anthony Nwadiubu and Ifeanyi Onuka Onwuka, 'Does Microcredit Reach the Poor and Most Vulnerable Era of Pandemic: Evidence from Nigeria' (2021) 45 *Savings and Development* <<https://savingsanddevelopment.scholasticahq.com/article/29788>> accessed 1 May 2025.

⁸⁶⁷ Muhammad Aliero Haruna and Sani Ibrahim Saifullahi, 'An Analytical Review of Financial Intermediation in the Rural Areas of Nigeria' (2012) 323-333 <<https://mpr.ub.uni-muenchen.de/87567/>> accessed 1 May 2025.

⁸⁶⁸ Chidozie Onyedikachi Anyiro, 'The Effect of Social Capital on Access to Microcredit among Rural Farming Households in Abia State Nigeria' (2015) 15(1) *Agrosearch* 59-75, 59, DOI:10.4314/agrosh.v15i1.4 <https://www.researchgate.net/publication/283754387_The_effect_of_social_capital_on_access_to_micro_cred_it_among_rural_farming_households_in_Abia_State_Nigeria> accessed 1 May 2025.

⁸⁶⁹ Maureen Mobuogwu, 'Rural Land and Credit Access in Nigeria' (July 2013) <<https://gatesopenresearch.org/documents/3-951/pdf>> accessed 1 May 2025.

The third is regional and gender disparities. Regional disparities are pronounced in Nigeria's financial landscape. The northern regions, in particular, face significant infrastructural deficits and lower penetration when compared to the southern regions.⁸⁷⁰ These infrastructural challenges make it difficult for credit initiatives to reach rural and remote populations, who are often the most financially excluded.

The gender gap in credit access is not just about numbers; it also reflects differences in the types of credit products that are available and accessible.⁸⁷¹ Women are more likely to rely on informal sources of credit, which often come with limited amounts, further perpetuating financial vulnerability.⁸⁷² The one-size-fits-all-approach offered by most credit initiatives fails to adequately consider the unique needs of each segment of the population and regions in the nation.⁸⁷³

From the above, it can be deduced that for bank-led credit initiatives, for the financially marginalised populations in Nigeria to be effective, improving financial literacy, expanding rural outreach and addressing regional and gender gaps is the way forward.

Notwithstanding the foregoing, successful initiatives that have been applied by both developed and emerging economies to improve access to credit for financially marginalised groups that Nigeria can adopt will be discussed.

⁸⁷⁰ Stanley Nwocha, 'FG Targets Universal Financial Access, Unveils Aso Accord on Economic and Financial Inclusion' (30 April 2024) <<https://statehouse.gov.ng/news/fg-targets-universal-financial-access-unveils-aso-accord-on-economic-and-financial-inclusion>> accessed 29 April 2025.

⁸⁷¹ Adedeji Afolabi and Ifeoluwa Akinlolu, 'Evaluation of women's access to building credits from banks in Nigeria' (2021) 16 (4) Banks and Bank Systems 45-60, 53, DOI:<https://dx.doi.org/10.21511/bbs.16> accessed 29 April 2025.

⁸⁷² Gender Center for Excellence, 'Understanding Nigerian Women's Access to Credit and Loans: Gender-Disaggregated Data Analysis of the Nigerian Lending Market' (9 May 2022) <<https://www.rockpa.org/understanding-womens-access-to-credit-and-loans-new-report-by-gender-center-for-excellence/>> accessed 29 April 2025.

⁸⁷³ *ibid.*

For instance, the United Kingdom (UK), as one of the first countries that recognised the importance of financial inclusion, identified the need for financial literacy and basic understanding of financial concepts as essential factors for successfully increasing financial inclusion.⁸⁷⁴ To achieve this, the government collaborated with potential service providers to develop plans for significantly expanding free, face-to-face financial advice, especially in areas with high levels of financial exclusion.⁸⁷⁵ Specifically, the government played an active role in supporting models of money advice outreach designed to reach individuals who typically do not seek such services.⁸⁷⁶ Additionally, a £120 million Financial Inclusion Fund was established to help expand access to financial services.⁸⁷⁷ Furthermore, the Financial Inclusion Taskforce was officially launched in February 2005 to oversee the progress in financial inclusion efforts and provide appropriate recommendations.⁸⁷⁸ From the foregoing, the United Kingdom embraced the financial literacy initiative to improve access to credit among its financially marginalised populations, not leaving out its young populations as well.

Another successful initiative that has been employed by the developed economies is the legislative initiative like those in France. While the French Law on Exclusion,⁸⁷⁹ introduced in July 1998, provides a broad framework to combat social exclusion and supports financial policies, the concrete legal right to a bank account is explicitly guaranteed by Article L312-1

⁸⁷⁴ Ukpai Kama and Mustapha Adigun, 'Financial Inclusion in Nigeria: Issues and Challenges' (August 2013) Occasional Paper No.45, 8
<https://www.cbn.gov.ng/out/2014/rsd/occasional%20paper%20no.%2045%20issues%20and%20challenges.pdf> accessed 2 May 2025.

⁸⁷⁵ Kama and Adigun (n 874).

⁸⁷⁶ *ibid.*

⁸⁷⁷ Kama and Adigun (n 874).

⁸⁷⁸ *ibid.*

⁸⁷⁹ Loi n 98-657 du 29 juillet 1998 d'orientation relative a la lute contre les exclusions (France) [1998] JORF 175 (31 July) <<https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000000206894>> accessed 23 June 2025.

of the French Monetary and Financial Code.⁸⁸⁰ This article ensures that any individual or legal entity domiciled in France has the right to open a bank account, and if refused by a bank, can seek intervention from Banque de France to have an account opened. Furthermore, the legislation includes measures to promote responsible lending and protect consumers from over-indebtedness, while aiming to maintain access to credit.⁸⁸¹ Similarly in Belgium, the Belgian Banking Bill of 2003, which came into effect in October 2003, established minimum standards for bank accounts and mandated a set number of free face-to-face transactions.⁸⁸² Both Belgium and France have laws that not only require banks to maintain a minimum number of branches in rural areas but also specify the basic types of transactions that must be offered and set limits on the fees that can be charged.⁸⁸³

In the United States of America, the Community Reinvestment Act (CRA), enacted in 1977, is another example of legislative action. The CRA requires banks to provide credit services across their entire service areas and prohibits them from focusing solely on affluent neighbourhoods.⁸⁸⁴ Before the enactment of the Act, banks refused to lend to people with low and moderate-income, which led to economic disinvestment and urban decay.⁸⁸⁵ The CRA

⁸⁸⁰ Code monétaire et financier art L312-1 (France)
<<https://www.legifrance.gouv.fr/codes/id/LEGAIArtI000006417287/>> accessed 23 June 2025.

⁸⁸¹ Bernard Bayot, Lise Disneur and Elaine Kempston, 'Legislative Action by Government to Promote Financial Inclusion' (June 2018) <<https://www.finance-watch.org/wp-content/uploads/2018/06/2-Legislative-action-by-governments-to-promote-financial-inclusion.pdf?>> accessed 2 May 2025.

⁸⁸² Srinivasan, 'Role of Banks in Promoting Financial Inclusion' (28 November 2009) <https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2365209_Code2162791.pdf?abstractid=2365209&mirid=1> accessed 2 May 2025.

⁸⁸³ *ibid.*

⁸⁸⁴ Srinivasan (n 882).

⁸⁸⁵ Eugene Ludwig, James Kamihachi and Laura Toh, 'The Community Reinvestment Act: Past Successes and Future Opportunities' (2022) <https://www.frbsf.org/wp-content/uploads/cra_past_successes_future_opportunities1.pdf?> accessed 2 May 2025.

further encouraged banks to open branches, expand services and adopt more flexible credit standards in underserved areas.⁸⁸⁶

A good example from emerging economies is the initiative adopted in Kenya. The mobile money initiative known as the 'M-Pesa' is highly successful. The 'M' stands for mobile, and 'Pesa' is the Swahili term for cash money.⁸⁸⁷ In short, M-Pesa stands for mobile cash money. The M-Pesa allows the unbanked Kenyans with mobile phones to make financial transactions, including savings, money transfer, bill payments and even loan access.⁸⁸⁸ By 2021, 83.7% of Kenyans had access to formal financial services through bank accounts and mobile money, a significant increase from 26.7% in 2006.⁸⁸⁹ M-Pesa provides access to micro-credit anytime and anywhere within network reach.⁸⁹⁰ The Kenyan mobile money serves as a leading example for other African countries, demonstrating how technology can transform access to financial services.⁸⁹¹

Access to financial services is fundamental to financial inclusion and plays a crucial role in enhancing credit accessibility for the financially marginalised populations in Nigeria.

The next chapter provides an assessment of the issues considered in this study, highlighting well-supported conclusions about the obstacles and potential opportunities for financial

⁸⁸⁶ *ibid.*

⁸⁸⁷ Kama and Adigun (n 874) 13.

⁸⁸⁸ Micheal Ezeadichie, 'Financial Inclusion through Payment Innovation: A Case Study of M-Pesa' (15 August 2024) <<https://www.africonomy.ng/financial-inclusion-through-payment-innovation-a-case-study-of-m-pesa/>> accessed 3 May 2025.

⁸⁸⁹ Ezeadichie (n 888).

⁸⁹⁰ Njuguna Ndung'u, 'A Digital Financial Services Revolution in Kenya: The M-Pesa Case Study' (2021) <<https://aercafrica.org/old-website/wp-content/uploads/2021/03/AERC-MPesa-Case-Study.pdf>> accessed 3 May 2025.

⁸⁹¹ Ndung'u n (890).

inclusion. The chapter ends with recommendations for policy makers, financial institutions and other stakeholders to promote more equitable credit access going forward.

Chapter Five

Conclusion

5.1 Summary of Findings

This research was undertaken to critically examine the role of banks and non-bank financial institutions in enhancing access to credit for financially marginalised groups in Nigeria. The primary objective was to assess the effectiveness of current legal and institutional frameworks in facilitating access to credit for vulnerable populations, including women, rural residents, low-income earners, ethnic minorities, small-scale businesses and people with disabilities.

Credit, which was the main theme of the research and serves as the lifeblood of any economy, developed or developing, is often inaccessible to certain groups due to factors such as economic status, educational background, geographical location and gender. While banks and non-bank financial institutions have introduced various initiatives to address these disparities, significant gaps and barriers persist, necessitating a critical evaluation of existing efforts to promote more inclusive financial access.

The research began by bringing to the forefront the issue of financial exclusion in Nigeria, presenting compelling statistical evidence to illustrate the scale and persistence of the problem. According to EFINA, approximately 28.8 million Nigerians are financially excluded, predominantly in the North and rural areas. This exclusion is deeply rooted in historical, socio-economic, cultural and legal factors including colonial banking legacies, urban-focused development and prevailing religious and gender norms. Women's perception of credit, especially in the North, is shaped by cultural and religious beliefs that limit their engagement with formal financial institutions and foster mistrust of credit products. The legal landscape governing financial inclusion is multifaceted, involving various statutes and regulatory bodies; yet there are limited landmark cases that directly address financial inclusion, with most progress occurring indirectly through cases related to women's rights. Banks and non-bank financial institutions, such as microfinance banks and fintech companies, play a vital role in expanding access to credit, but they continue to face obstacles like strict lending criteria, lack of collateral, low financial literacy and limited trust among marginalised groups. Socio-economic factors such as high illiteracy rates, unemployment and limited access to technology further exacerbate financial exclusion. Legal frameworks and regulatory initiatives such as the National Financial Inclusion Strategy and BOFIA 2020 exist to

promote inclusion, yet their impact is restricted due to enforcement gaps and insufficient targeting of vulnerable populations.

Despite the remarkable evolution and modernisation of Nigeria's financial sector, from pre-colonial informal systems like *esusu*, local money lenders and cooperative societies, through the establishment of colonial and indigenous banks, to the digital revolution with fintech innovations, genuinely inclusive access to financial services remains elusive for significant segments of the population. The literature reviewed underscores that financial dualism persists, with formal and informal sectors operating side by side, each shaped by historical, cultural and socio-economic factors. The informal systems remain resilient because they are deeply embedded in community trust and social networks, providing accessible and culturally relevant solutions where formal institutions fall short. However, the expansion and technological advancement of the formal sector have not translated into universal financial inclusion. Reviewed studies and national surveys (such as those by EFINA) consistently highlight that women, rural dwellers, low-income earners and persons with disabilities are disproportionately excluded from formal financial services. Demand-side barriers such as lack of awareness, poverty, irregular or insufficient income, distrust of formal institutions and low educational attainment prevent many from accessing or utilising modern financial products. On the supply side, the concentration of financial institutions in urban areas, the physical distance to bank branches and limited access to service points in rural regions further entrench exclusion. The reviewed literature emphasises that although regulatory reforms and technological innovations have expanded the variety and reach of financial products, these advancements have not deeply addressed the deep-rooted structural, socio-economic and cultural obstacles to inclusion. As a result, large segments of the population

continue to rely on informal financial mechanisms, which, while adaptive and essential for survival, cannot fully substitute for the security, scale and developmental benefits offered by formal financial inclusion. Without targeted interventions that address both demand- and supply-side barriers such as improving financial literacy, building trust, expanding rural infrastructure and designing inclusive policies, the modernisation and evolution of Nigeria's financial sector will continue to fall short of achieving genuine, inclusive access for all.

A comprehensive examination of Nigeria's legal and institutional frameworks in chapter three revealed their critical role in shaping access to credit and advancing financial inclusion. Key statutes such as the Central Bank of Nigeria (CBN) Act 2007, Banks and Other Financial Institutions Act (BOFIA) 2020, Secured Transactions in Movable Assets Act (STMA) 2017, Credit Reporting Act (CRA) 2017 and the Nigeria Deposit Insurance Corporation (NDIC) Act 2023 directly influence credit availability, while broader laws like the 1999 Constitution, the Companies and Allied Matters Act (CAMA) 2020 and the Cooperative Societies Act 2004 provide indirect support. Although the 1999 Constitution underpins the legal system, it does not recognise access to credit as an enforceable socio-economic right; also structural inequalities, especially gender discrimination and socio-economic bias, undermine its guarantees of equality. The CBN as the apex monetary authority, influences credit flows through monetary policy and regulation, but high interest rates driven by fiscal pressures often limit affordable lending. Credit reporting mechanisms established under the CRA 2017 and managed by credit bureaus aim to improve transparency and lending confidence, yet suffer from poor data coverage, weak enforcement and low public awareness. The STMA 2017 allows MSMEs to use movable assets as collateral, but entrenched lending practices and limited awareness hinder its impact. Newer institutional

efforts, such as the Nigerian Consumer Credit Corporation (Credicorp) and the National Credit Guarantee Company (NCGC), seek to expand access through credit guarantees and structural reforms, although the latter remains in its early stages. Commercial banks continue to dominate credit provision but are constrained by liquidity issues, collateral demands and economic uncertainty which restrict their reach to marginalised populations. Cooperative societies while effective within their member networks, offer limited scalability. While Nigeria's legal and institutional frameworks provide a solid foundation, significant challenges in enforcement, policy implementation and socio-economic inequality persist. Addressing these issues through stronger enforcement mechanisms, inclusive financial policies and targeted reforms is essential to achieving broader and more equitable access to credit.

Lending by banks as seen in chapter four, is guided by principles such as liquidity, safety, profitability, purpose of the loan and risk diversification and is also accessed through the 5 Cs of lending: character, capacity, capital, collateral and conditions. Despite these structured frameworks, commercial banks tend to favour large corporations while excluding small businesses and vulnerable individuals due to perceived credit risks and collateral constraints. In contrast, non-bank financial institutions like cooperative societies and fintech platforms adopt more inclusive approaches, offering accessible credit through simplified processes and digital tools, although some charge high interest rates. Several credit initiatives such as the National Financial Inclusion Strategy, Access Bank's W Initiative and the Micro, Small and Medium Enterprises Development Fund, have made efforts to improve inclusion, but their reach and impact remain limited due to factors like outdated financial literacy strategies, insufficient rural outreach, gender and regional disparities and inconsistent implementation.

The analysis also identifies reasons why current initiatives may not be effective and draws lessons from successful international models in countries such as the UK, US, France, Belgium and Kenya. These models underscore the importance of legislative support, digital innovation and grassroots financial education in bridging the credit gap. Enhancing financial literacy, expanding rural access, tailoring products to local realities and strengthening institutional coordination are proposed as key steps towards making credit more inclusive and impactful for Nigeria's marginalised populations.

Through an in-depth analysis of both legal frameworks and institutional lending practices, it is evident that while Nigeria has established multiple mechanisms to foster financial inclusion, significant disparities in access to credit persist. Laws such as Banks and Other Financial Institutions Act (BOFIA), the Secured Transactions in Movable Assets Act (STMA) and the Credit Reporting Act (CRA) were specifically designed to open the financial space to a broader segment of the population, including those previously excluded. However, the practical impact of these legal instruments is severely undermined by weak enforcement, limited institutional coordination, bureaucratic inertia and a lack of synergy between regulatory bodies and credit providers. These shortcomings disproportionately affect vulnerable and marginalised groups who often lack formal financial documentation, acceptable collateral or sufficient credit history needed to qualify under conventional lending conditions.

One of the most critical challenges revealed in this study is the persistent urban and gender bias embedded in the current architecture of financial service delivery. Despite national strategies such as the National Financial Inclusion Strategy (NFIS) and targeted credit

enhancement programs like the MSME Development Fund and Access Bank's W Initiative, many rural populations remain out of reach. This exclusion is largely due to poor rural banking infrastructure, complex account-opening procedure and ineffective financial literacy efforts. Women, in particular, continue to rely on informal lending networks due to mistrust of formal systems and a lack of tailored financial products that consider their unique constraints and responsibilities. These realities call into question the inclusivity of policies that do not fully adapt to local socio-economic dynamics.

Furthermore, the dominance of commercial banks in the credit ecosystem presents additional limitations. Their operations are often guided by rigid collateral requirements and risk-averse lending practices, which stifle innovation and restrict credit to more secure, corporate clientele. Conversely, non-bank financial institutions (NBFIs), such as cooperative societies and fintech companies, demonstrate a more flexible and responsive model. These institutions, by leveraging savings-based lending, alternative data, digital platforms and peer-to-peer structures, have made commendable progress in extending credit to underserved populations. However their scalability and sustainability remain in question. Fintechs for example, are criticised for predatory interest rates and inadequate borrower protection, while cooperatives often face governance and transparency challenges. Thus, although NBFIs fill crucial gaps, they are not yet equipped to serve as viable alternatives to the formal banking system without further institutional strengthening.

The research also exposed deficiencies in the supporting infrastructure for credit delivery namely, the poor state of land titling and property registration. Without legal proof of ownership, millions of Nigerians are unable to leverage their assets as collateral, rendering the STMA practically ineffective for many informal entrepreneurs. Additionally, the outdated

financial literacy framework and fragmented implementation of consumer education campaigns limit the ability of low-income individuals to make informed credit decisions or engage with formal financial providers. The lack of a central coordinating agency to drive nationwide financial literacy initiatives further compounds the issue, leaving gaps in outreach, particularly in northern regions and among women.

In response to these challenges, this research has contributed by offering a nuanced, evidence-based critique of existing legal and institutional mechanisms, while highlighting alternative models that show promise. By systematically evaluating both strengths and limitations of banks and NBFIs, this study provided a framework for understanding how lending institutions can evolve towards greater inclusivity. The findings advocate reforms that can not only improve policy design but also emphasise implementation fidelity and local adaptability. For instance, simplifying collateral requirements, digitising land records, expanding agent banking in rural areas and creating gender-sensitive lending products are concrete pathways towards more equitable credit access.

Moreover, the research recommended that financial literacy efforts should be updated and aligned with Nigeria's digital financial landscape, incorporating local languages and culturally relevant delivery channels. This includes partnerships with mobile network operators, community-based organisations and religious or traditional leaders to foster trust and uptake among excluded populations. The study also called for the institutionalisation of impact monitoring mechanisms that assess how credit initiatives are affecting the lives of the targeted beneficiaries over time not just in terms of account openings, but in measurable outcomes like business growth, household income and poverty reduction.

Ultimately, inclusive access to credit is not a static goal but an ongoing process that requires an adaptive and equity-driven financial ecosystem. Policymakers, regulators and financial service providers must work collaboratively to align the legal framework with the lived realities of marginalised Nigerians. This means rethinking success not just in quantitative terms, but also in how financial systems empower individuals to participate meaningfully in economic life. The findings in this work serve as a foundation for future research and policy discourse, offering both diagnostic insights and practical strategies for bridging Nigeria's enduring credit gap.

5.2 Conclusion

This study has illuminated the complex interplay between legal frameworks, institutional practices and socio-economic realities shaping access to credit for the financially marginalised groups in Nigeria. While significant strides have been made through statutes such as BOFIA, STMA and CRA, and the emergence of innovative non-bank financial institutions, systematic barriers remain deeply entrenched. Urban and gender biases, weak enforcement, infrastructural deficits and limited financial literacy continue to exclude vulnerable populations from the formal financial sector. The reliance on informal systems underscores the persistent gaps left by formal institutions.

To advance genuine financial inclusion, a multifaceted approach is essential particularly, one that combines legal reforms with practical, context-sensitive interventions. Enhancing enforcement, simplifying collateral processes and digitising land records will directly address structural challenges. Strengthening non-bank financial institutions alongside commercial

banks can broaden outreach but requires oversight to ensure sustainability and borrower protection.

Ultimately, achieving inclusive credit access demands continuous adaptation of Nigeria's financial ecosystem to meet the diverse needs of its population. It calls for a collaborative commitment from policymakers, regulators and providers to build a responsive and inclusive financial ecosystem that empowers all Nigerians to participate fully in the economy.

5.3 Recommendations

Based on the findings of this research, several gaps have been identified, which necessitate the following recommendations:

1. Implementation of comprehensive legal and regulatory reforms to streamline asset documentation.

It is advised that policymakers simplify and strengthen the legal processes for registering and documenting assets. By making asset documentation more accessible and reliable, particularly for rural and informal populations, more persons would be able to use their assets as collateral for loans. This would directly increase their eligibility for credit and reduce risk for lenders, breaking a major barrier to financial inclusion.

2. Mandate and enforce the reporting of credit information to credit bureaus.

It is recommended that the Central Bank of Nigeria (CBN) should require banks and financial institutions to submit credit information to credit bureaus, and also enforce strict compliance with these requirements. This would ensure that credit histories are comprehensive and accurate, making it easier for borrowers to build credible credit profiles.

Enforcement mechanisms such as penalties for non-compliance should be established to guarantee effective implementation.

3. Expansion of financial literacy and capacity-building initiatives for marginalised groups.

It is advised that banks, non-bank financial institutions, government agencies and private establishments collaborate on targeted financial literacy programs. Such collaboration will facilitate the education of marginalised populations regarding credit products, asset registration, responsible borrowing and digital financial services. Improved financial literacy would empower individuals to make informed decisions, increase successful loan applications and foster trust in the formal financial system.

4. Promotion of the use of alternative credit assessment methods.

It is recommended that financial institutions adopt alternative credit scoring models that leverage data beyond traditional collateral or formal employment records. By utilising information such as utility payments, mobile phone usage and cooperative membership, lenders can better evaluate the creditworthiness of marginalised individuals, thereby expanding access to credit for those previously excluded.

5. Establishment of a strong national database system to identify and support vulnerable populations.

It is advised that the government should invest in a robust and secure national database to accurately identify and track vulnerable and marginalised groups. This would enable more targeted delivery of financial products, social interventions and subsidies, ensuring that support reaches those who need it most and facilitating data-driven policy decisions. A practical approach would be the establishment of a unique, integrated database or the

harmonisation of existing systems such as Nigeria's National Identification Number (NIN) and Bank Verification Number (BVN). The United States' Social Security Number (SSN) system serves as a useful model in this regard, and should serve as a good example. The SSN functions as a unique nine-digit identifier linked to an integrated national database that stores essential personal information such as name, date of birth, citizenship status and work history. This centralised system enables efficient tracking of individuals for employment verification, tax processing, benefit distribution and identity validation across government and private sectors. Adopting a similar integrated approach, either by creating a unique national database or harmonising existing identity platforms-would better identify vulnerable populations, deliver targeted support efficiently and make informed policy decisions based on reliable data.

6. Intensive and sustained public awareness campaigns for government-led initiatives aimed at financially marginalised groups.

It is advised that government agencies, in partnership with financial institutions and civil society organisations such as Non-Governmental Organisations (NGOs), dedicate significant resources and energy to mass sensitisation efforts similar to the campaigns witnessed during the Ebola outbreak in 2014 and the COVID-19 pandemic in 2020. This should include regular outreach in marketplaces, on radio stations and through community leaders to ensure that information about credit schemes, financial inclusion programs and support services reaches the intended beneficiaries. By adopting a multi-channel approach and prioritising grassroots engagement, more members of marginalised groups would become aware of and benefit from available opportunities, thereby closing the gap between policy creation and actual impact.

7. Simplifying and expanding access to credit cards and digital financial products.

It is recommended that the CBN and financial institutions streamline the issuance process for credit cards and similar digital financial products, drawing lessons from advanced economies. By making these products more accessible, especially with lower entry requirements and simplified application processes, more individuals could participate in the formal credit system, build credit histories and access a wider range of financial services.

8. Enactment of a comprehensive Financial Inclusion Act.

It is recommended that lawmakers consider passing a dedicated Financial Inclusion Act to provide a comprehensive legal framework for all stakeholders. Such an Act should set minimum standards, assign institutional responsibilities and ensure accountability in the drive towards universal financial access, thereby making financial inclusion a binding national priority rather than a series of fragmented initiatives.

5.4 Contribution to Knowledge

This research makes a significant contribution to knowledge by offering a comprehensive legal perspective within the ongoing financial inclusion debates in Nigeria. It critically examines the persistent gaps and inadequacies in Nigeria's current regulatory and institutional frameworks that hinder effective credit access for financially marginalised groups. By identifying weaknesses such as fragmented enforcement, urban and gender biases and lack of targeted legal instruments, the study advocates for concrete reforms, including the enactment of a Financial Inclusion Act and stronger enforcement mechanisms.

Furthermore, this work bridges theory and practice by thoroughly analysing Nigerian laws alongside comparative international initiatives from countries such as the UK, US, France, Belgium and Kenya. This comparative approach not only highlights best practices but contextualises their applicability within Nigeria's unique socio-economic and cultural landscape.

5.5 Suggested Area of Further Research

This section outlines key areas where focused scholarly inquiry can provide valuable evidence to refine policies, improve enforcement and adopt innovative approaches. In particular, comparative analyses with other African countries known for successful inclusion efforts present promising opportunities to draw lessons adaptable to Nigeria's unique socio-economic and regulatory context. An important area for further research is a comparative study of financial inclusion between Nigeria and Kenya, which offers a unique opportunity to explore how different legal, institutional and technological approaches affect access to credit for financially marginalised groups. While both countries face challenges such as rural exclusion, gender disparities and limited financial literacy. Kenya's innovative mobile money platforms like M-Pesa and more cohesive regulatory frameworks provide a leading example in Africa. Such research would examine Kenya's agile laws, enforcement mechanisms and culturally adapted financial literacy programs alongside Nigeria's evolving and fragmented frameworks. This comparison would shed light on best practices and policy lessons that Nigeria can adapt to its socio-economic context.

Bibliography

Books

Ajai O, '*Consumer Credit, Sales and Services Transactions Law in Nigeria*' (Criterion Educational Foundation 2011).

Akomolede I, '*Fundamentals of Nigerian Company Law*' (Niyak Print & Publications 2008).

Alobo E E, '*Business Law and Practice*' (1st edition, Princeton & Associates Publishing Co Ltd 2021).

Broome L L and Markham J W, '*Regulation of Bank Financial Service Activities Cases and Materials*' (4th edn West, A Thomson Reuters Business 2011).

Croxford H, Abramson F and Jablonowski A, '*The Art of Better Retail Banking*' (John Wiley & Sons Ltd, England 2005).

Dias R, '*Jurisprudence*' (4th edn, Butterworths 1985).

Germidis D, Kessler D and Meghir R, '*Financial Systems and Development: What Role for the Formal and Informal Financial Sectors?*' (Paris: OECD Development Centre, 1991) ISBN: 92-64-13472-7.

Goldface-Irokalibe I J, '*Law of Banking in Nigeria*' (2nd edn, Malthouse Press Limited 2020).

Igweike K I, '*Law of Banking and Negotiable Instruments*' (African First Publishers Limited 1999).

Ijere M O, '*Agricultural Credit and Economic Development* in Ijere M O and Okorie A (eds) '*Readings in Agricultural Finance*' (Longman Nigeria Plc 1998).

Jhingan M L, '*Money, Banking, International Trade and Public Finance*' (7th edn, Vrindah Publications (P) Ltd 2006).

Nkum K J and Onivehu J B, '*Law of Banking and Insurance in Nigeria*' (1st edition, Princeton & Associates Publishing Co Ltd 2024).

Okonjo-Iweala N, '*Reforming the Unreformable: Lessons from Nigeria*' (MIT Press 2012).

Ola-David O and Osabuohien E, 'Esusu: Nigeria' in Alena Ledeneva (ed), '*The Global Encyclopaedia of Informality: Understanding Social and Cultural Complexity*' (UCL Press Vol 2 2018).

Olomojobi Y, '*Human Rights and Civil Liberties in Nigeria: Discussion, Analyses and Explanations*' (2nd edn, Princeton & Associates Publishing Co Ltd 2018).

Onucha E, '*Principles of Cooperatives Enterprise*' (Express Publishing Company Limited 1986).

Osayameh, '*Practice of Banking: Lending and Finance*' (Vol 2, FA publishers 1996).

Pound R, '*Jurisprudence*' (West Publishing Co 1959).

Rose P and Hudgins S C, '*Bank Management & Financial Services*' (9th edn, McGraw- Hill 2013).

Skalar R, '*Nigerian Political Parties: Power in an Emergent African Nation*' (1st edition African World Press, 2004).

Internet Sources

Access Bank, 'The "W" Initiative' (2025) <<https://www.accessbankplc.com/sustainable-banking-our-community-investment/the-w-initiative>> accessed 16 April 2025.

Access Bank, 'W Power Loan' (2025) <<https://ghanaweb.accessbankplc.com/personal/borrow/w-power-loan>> accessed 16 April 2025.

Access bank, 'Womenpreneur Pitch-a-ton' (2025) <<https://ghanaweb.accessbankplc.com/personal/inclusive-banking/womenpreneur-pitch-a-ton>> accessed 16 April 2025.

Access Holdings, 'Access Bank: Galvanising Women's Economic Empowerment in Africa' (9 May 2022) <<https://theaccesscorporation.com/2022/05/09/access-bank-galvanising-womens-economic-empowerment-in-africa/>> accessed 16 April 2025.

Access to finance, 'NFIS: CBN targets rural areas, MSMEs as financially-included adult population hits 64 percent' (21 March 2022) <<https://a2f.ng/nfis-cbn-targets-rural-areas-msmes-as-financially-included-adult-population-hits-64-per-cent/>> accessed 21 April 2025.

Access to Finance, 'Nigeria closer to 2024 financial inclusion but gaps persist' (21 March 2024) <<https://a2f.ng/nigeria-closer-to-2024-financial-inclusion-target-but-gaps-persist/>> accessed 10 November 2024.

Access to Finance, 'Nigeria closer to 2024 financial inclusion target but gaps persist' (21 March 2024) <<https://a2f.ng/nigeria-closer-to-financial-inclusion-target-but-gaps-persist/>> accessed 15 November 2024.

Adedipe A A and Oyebade S M D, 'Review of the Credit Information Reporting Act 2017' (8 September 2017) <<https://www.simmons-simmons.com/publications/ckawr5jd73rg0b94lk8w7iq/08092017-review-of-the-credit-information-reporting-act-2017-4fr1ca>> accessed 26 February 2025.

- Adeola Oyinlade & Co, 'How to establish a microfinance bank in Nigeria' (9 July 2024) <<https://www.legal500.com/developments/thought-leadership/how-to-establish-a-microfinance-bank-in-nigeria/#:~:text=In%20conclusion%2C%20a%20Microfinance%20Bank,Author:%20Adeola%20Oyinlade%20&%20Co>> accessed 14 March 2025.
- Adetona T, 'Enabling Access to Credit in Nigeria: The Secured Transactions in Movable Assets Act 2017' (December 2017) <<https://www.aelex.com/wp-content/uploads/2017/12/ENABLING-ACCESS-TO-CREDIT-IN-NIGERIA-THE-SECURED-TRANSACTIONS-IN-MOVABLE-ASSETS-ACT-2017-2.pdf>> accessed 2 March 2025.
- Adewusi, Owolabi S and Ayodele, 'Loan Administration in Nigeria Cooperative Societies' (1 July 2008) <<https://repository.run.ng/bitsreams/50c4b7a8-141a-444a-b249-23c6d628cff8/download#:~:text=Granting%20of%20loan%20advances%20to,per%20share%20capital%20of%20member>> accessed 7 April 2025.
- ADVANS, 'Microfinance banks in Nigeria: A catalyst for financial inclusion' (23 August 2024) <<https://www.advansnigeria.com/insights/microfinance-banks-in-nigeria-a-catalyst-for-financial-inclusion/#:~:text=Microfinance%20banks%20in%20Nigeria%20are,the%20nation's%20financial%20inclusion%20agenda>> accessed 14 March 2025.
- Afriwise, 'The impact of fintech on financial inclusion in Nigeria' (28 September 2022) <<https://www.afriwise.com/blog/the-impact-of-fintech-on-financial-inclusion-in-nigeria>> accessed 14 March 2025.
- Agbejule F and Kiamba E M, 'BNPL in Nigeria: Emerging fintech innovation for MSMEs' (23 November 2022) <<https://www.cgap.org/blog/bnpl-in-nigeria-emerging-fintech-innovations-for-mses>> accessed 14 March 2025.
- Agrawal A, 'The Objectives of Cooperative Society' (27 September 2023) <<https://www.startupfino.com/blogs/objectives-of-cooperative-society/#:~:text=Unlike%20profit%2Ddriven%20enterprises%2C%20Cooperative,and%20contribute%20positively%20to%20society>> accessed 11 March 2025.

- Agusto&Co, 'The Review of the BOFIA 2020' (15 December 2020) <<https://www.agusto.com/publications/the-review-of-the-bofia-2020/>> accessed 21 February 2025.
- Akintaro S, 'Only 13% of Nigerians have records with credit bureaus' (9 May 2025) <<https://nairametrics.com/2025/05/09/only-13-of-nigerians-have-records-with-credit-bureaus-credicorp-ceo/>> accessed 20 May 2025.
- Alao O, 'BOFIA 2020: What's New?' (15 October 2021) <<https://www.mondaq.com/nigeria/financial-services/1122226/bofia-2020-whats-new>> accessed 10 April 2025.
- Aja K, 'Understanding the Monetary Policy Rate' (2022) <<https://kaluaja.org/understanding-the-monetary-policy-rate/>> accessed 24 February 2025.
- Ajayi T A, 'The Evolution of the Nigerian Banking System: Supervision and Current Challenges' (January 2013) <https://www.researchgate.net/publication/270416234_The_Evolution_of_Nigerian_Banking_System_Supervision_and_Current_Challenges> 6 accessed 17 January 2025.
- Alliance for Financial Inclusion (AFI), 'A Quick Guide to the Maya Declaration on Financial Inclusion' (15 June 2012) 2<https://www.afi-global.org/sites/default/files/publications/afi_maya_quick_guide_withoutannex_i_and_ii.pdf> accessed 25 June 2025.
- Alliance for Financial Inclusion, 'Denarau Action Plan: Gender and Women's Financial Inclusion' (2016) <<https://www.afi-global.org/old/global-voice/maya-declaration/denarau-action-plan/>> accessed 25 June 2025.
- Amadi O, 'Banks and Other Financial Institutions (BOFI) Act Amended' (November 2020) 1 <[https://www.cbn.gov.ng/out/2021/ccd/cbn%20update%20\(november%202020\).pdf](https://www.cbn.gov.ng/out/2021/ccd/cbn%20update%20(november%202020).pdf)> accessed 21 February 2025.

- Animhiaga E, 'What you need to know about Credicorp' (3 June 2024) <<https://blog.lendsqr.com/what-you-need-to-know-about-credicorp/>> accessed 13 March 2025.
- Anyaogu I, 'Nigeria to expand credit access to citizens' (1 January 2025) <<https://www.reuters.com/world/africa/nigeria-expand-credit-access-citizens-2025-01-01>> accessed 13 March 2025.
- Apenega S, 'Law of banking and insurance 1' (2012) 3 <<http://nou.edu.ng/coursewarecontent/LAW%20431%20LAW%200F%20BANKING%20AND%20INSURANCE%201.pdf>> accessed 30 March 2025.
- Araga A, 'Bank Lending and Loan Administration' (2011) 11 <<https://nou.edu.ng/coursewarecontent/BFN%20405.pdf>> accessed 3 April 2025.
- Atoyebe O M, 'The legal framework for establishing a microfinance bank in Nigeria' (22 July 2024) <<https://omaplex.com.ng/the-legal-framework-for-establishing-a-microfinance-bank-in-nigeria>> accessed 14 March 2025.
- Banwo & Ighodalo, 'Companies and Allied Matters Act 2020: Reforming Provisions that Impact the Nigerian Business Community' (10 August 2020) <<https://banwo-ighodalo.com/resorces/companies-and-allied-matters-act-2020-reforming-provisions-that-impact-the-nigerian-business-community>> accessed 25 February 2025.
- Barone A, 'How Banking Works, Types of Banks and How to Choose the Best Bank for You' (28 March 2023) <www.investopedia.com/terms/b/bank.asp> accessed 7 November 2024.
- British High Commission Abuja and British Deputy High Commission Lagos, 'Nigeria: New data from EFInA shows financial inclusion growth' (10 June 2021) <<https://www.gov.uk/government/news/nigeria-new-data-from-efina-shows-financial-inclusion-growth>> accessed 7 November 2024.
- BYJU' S, 'Cooperative society: Characteristics and types' (2020) <<https://byjus.com/commerce/cooperative-society/>> accessed 11 March 2025.

- BYJU' S, 'Functions of Commercial Banks: Primary and secondary functions' (2020)
<<https://byjus.com/commerce/functions-of-commercial-banks>> accessed 12 March 2025.
- Cardoza E, '5 instant lending platforms in Nigeria to watch out for in 2023' (13 December 2022)
<<https://ibsintelligence.com/ibsi-news/5-instant-lending-platforms-in-nigeria-to-watch-out-for-in-2023/>> accessed 20 April 2025.
- CBN, 'Circular on cash-out limits for agent banking transactions' (17 December 2024)
<<https://www.cbn.gov.ng/Out/2024/CCD/Circular%20on%20Cashout%20limits%20for%20Agent%20Banking%20Transactions.pdf>> accessed 30 March 2025.
- CBN, 'Circular to Banks and Other Financial Institutions on Data Exchange Agreements with at least two licensed Credit Bureaus in Nigeria' (2010)
<<https://www.cbn.gov.ng/OUT/2010/CIRCULARS/BSD/CIRCULAR%20TO%20ALL%20BANKS%20AND%20OFIS%20ON%20DATA%20EXCHANGE%20AGREEMENTS.PDF>> accessed 18 March 2025.
- CBN, 'Fintech evolution and development in Nigeria: Lessons from other jurisdictions' (December 2022) 5
<<https://www.cbn.gov.ng/Out/2023/RSD/OCCASIONAL%20PAPER%20NO%2076%20-%20Fintech%20Evolution%20and%20Development%20in%20Nigeria.pdf>> accessed 15 March 2025.
- CBN, 'Framework for Advancing Women's Financial Inclusion in Nigeria' (2020)
<https://www.cbn.gov.ng/out/2020/dfd/framework%20for%20advancing%20women's%20financial%20inclusion%20in%20nigeria_final_5mb.pdf> accessed 25 June 2025.
- Centre for Financial Inclusion, 'Panel discussion: Key to the future, financial inclusion and opportunity for all' (3 December 2023)
<<https://www.un.org/disabilities/documents/idpd2013financialinclusionpanel.pdf>> accessed 14 November 2024.
- Central Bank of Nigeria, 'Central Banking at a Glance: Monetary Policy Department' (2017) 1
<<https://www.cbn.gov.ng/out/2017/ccd/central%20banking%20at%20glance.pdf>> accessed 20 February 2025.

- Central Bank of Nigeria, 'Credit risk management system' (2024)
<<https://www.cbn.gov.ng/supervision/crms.html>> accessed 27 February 2025.
- Central Bank of Nigeria, 'Financial Inclusion' (2024)
<<https://www.cbn.gov.ng/dfd/Financialinclusion.html>> accessed 17 January 2025.
- Central Bank of Nigeria, 'Financial Inclusion Newsletter' (2020)
<<https://www.cbn.gov.ng/out/2020/ccd/newsletter%20cbn%20march%202020>> accessed 21 November 2024.
- Central Bank of Nigeria, 'Financial Literacy' (2015) <<https://www.cbn.gov.ng/FinInc/FinLit/>> accessed 28 April 2025.
- Central Bank of Nigeria, 'Guidelines for the Regulation and Supervision of Microfinance Banks' (2020)
<<https://www.cbn.gov.ng/out/2020/fprd/mfb%20regulations%20draft%20merged.pdf>> accessed 8 January 2025.
- Central Bank of Nigeria, 'Guidelines on Mobile Money Services in Nigeria' (2015)
<<https://www.cbn.gov.ng/2015/bpsd/guidelines%20on%20mobile%20money%20services%20in%20nigeria.pdf>> accessed 8 January 2025.
- Central Bank of Nigeria, 'List of Deposit Money Banks as at 26 April 2024' (2024)
<[https://www.cbn.gov.ng/Out/2024/CCD/LIST%20OF%20DEPOSIT%20MONEY%20BANKS%20AS%20AT%2026TH%20APRIL,%202024%20\(1\).pdf](https://www.cbn.gov.ng/Out/2024/CCD/LIST%20OF%20DEPOSIT%20MONEY%20BANKS%20AS%20AT%2026TH%20APRIL,%202024%20(1).pdf)> accessed 12 March 2025.
- Central Bank of Nigeria, 'Loans' (2018) 3
<<https://www.cbn.gov.ng/OUT/2018/CPD/LOANS.PDF9>> accessed 8 April 2025.
- Central Bank of Nigeria, 'Micro, Small and Medium Enterprises Development Fund (MSMEDF)' (2014) <<https://www.cbn.gov.ng/DFD/msmes/msmedf.html>> accessed 17 April 2025.
- Central Bank of Nigeria, 'Micro, Small and Medium Enterprises Development Fund (MSMEDF) Guidelines' (2014) 3
<<https://www.cbn.gov.ng/out/2014/dfd/msmedf%20guidelines%2020%20.pdf>> accessed 17 April 2025.

- Central Bank of Nigeria, 'National Collateral Registry' (August 2017)
 <<https://www.cbn.gov.ng/out/2017/ccd/ncr%20maiden%20newsletter.pdf>> accessed 19 April 2025.
- Central Bank of Nigeria, 'National Financial Inclusion Strategy' (2013) vi
 <<https://www.cbn.gov.ng/out/2013/ccd/nfis.pdf>> accessed 12 April 2025.
- Central Bank of Nigeria, 'National Financial Literacy Framework' (October 2015) xi
 <<https://www.cbn.gov.ng/out/2016/cfpd/financial%20literacy.pdf>> accessed 29 April 2025.
- Central Bank of Nigeria, 'The Nigerian Financial System at a Glance' (March 2017)
 <<https://www.cbn.gov.ng/out/2017/ccd/the%20nigerian%20financial%20system.pdf>> 7
 accessed 13 January 2025.
- Central Bank of Nigeria, 'Three Tiered KYC Requirements' (2013) 2
 <<https://www.cbn.gov.ng/out/2013/ccd/3%20tiered%20kyc%20requirements.pdf>> accessed
 16 April 2025.
- Central Bank of Nigeria, 'Credit risk management system' (2024)
 <<https://www.cbn.gov.ng/supervision/crms.html>> accessed 27 February 2025.
- CGAP, 'What is Financial Inclusion?' (2020) <<https://www.cgap.org/financial-inclusion>> accessed
 24 January 2025.
- Chikalipah S and Makina D, 'A Survey of Microfinance Institutions and Informal Finance in Africa'
 (2019) <[https://www.sciencedirect.com/topics/economics-econometrics-and-
 finance/informal-finance](https://www.sciencedirect.com/topics/economics-econometrics-and-finance/informal-finance)> accessed 13 January 2025.
- Consumer Centrix (CCX) Inclusive Business Team, WFID Team and others, 'Towards Women's
 Financial Inclusion: A Gender Data Diagnostic of Nigeria' (January 2022) 1-40, 14
 <https://data2x.org/wp-content/uploads/2022/06/06.21_DataDiagnostics-Nigeria.pdf>
 accessed 7 February 2025.
- Corporate Financial Institute (CFI) Team, 'Credit Bureau' (2020)
 <<https://corporatefinanceinstitute.com/resources/commercial-lending/credit-bureau/>>
 accessed 13 March 2025.

- Corporate Finance Team, 'Loan' (2020) <<https://corporatefinanceinstitute.com/resources/commercial-lending/loan/>> accessed 8 April 2025.
- Corpzo, 'Credit co-operative societies' (12 February 2024) <<https://www.corpzo.com/credit-cooperative-societies>> accessed 11 March 2025.
- Coursehero, 'History and evolution of banking in Nigeria' (21 March 2022) 2 <<https://www.coursehero.com/file/137153657/HISTORY-AND-EVOLUTION-OF-BANKING-IN-NIGERAdoc/>> accessed 30 March 2025.
- Cowrywise, 'Terms of Service' (16 April 2025) <<https://cowrywise.com/terms>> accessed 20 May 2025.
- Cowrywise, 'The concept of Monetary Policy Rate in Nigeria' (14 April 2024) <<https://cowrywise.com/blog/the-concept-of-monetary-icy-rate/>> accessed 24 February 2025.
- CRC Credit Bureau Limited, 'CRC Score (individual)' (2025) <<https://crccreditbureau.com/product/crc-scoreindividual#:~:text=The%20CRC%20Score%20is%20a,credit%20score%20in%20the%20world>> accessed 13 March 2025.
- CRE, 'Infographic #3: Financial Inclusion in Africa' (25 October 2023) <<https://www.cre.vc/news-slider/infographic-financial-inclusion-in-africa/>> accessed 15 November 2024.
- Credicorp, 'Nigerian Consumer Credit Corporation' (2024) <<https://www.credicorp.ng/about>> accessed 13 March 2025.
- Credit Nigeria, 'What is Credit?' (2024) <<https://creditnigeria.com/what-is-credit/>> accessed 17 January 2025.
- CreditRegistry, 'What you need to know about Credit Bureaus in Nigeria' (27 February 2023) <<https://www.creditregistry.ng/what-you-need-to-know-about-credit-bureaus-in-nigeria/>> accessed 26 February 2025.

David-West O and Adetunji O, 'Financial Literacy is a Stronger Determinant of Financial Inclusion' (March 2024) Lagos Business School <<https://www.lbs.edu.ng/wp-content/uploads/2024/03/Financial-Literacy-is-a-stronger-determinant-of-Financial-Inclusion.pdf>> accessed 29 April 2025.

Detail Solicitors, 'Review of the Collateral Registry Act and Prospects for Credit Access Expansion in Nigeria' (2 August 2017) <<https://www.detailsolicitors.com/review-of-the-collateral-registry-act-and-prospects-for-credit-access-expansion-in-nigeria/>> accessed 19 April 2025.

EFInA, 'Access to Financial Services in Nigeria 2023 Survey: Key Highlights' (December 2023) <<https://a2f.wp-content/uploads/2023/12/A2F-2023-Event-Day-Presentation-Version2.pdf>> accessed 8 January 2025.

EFInA, 'Explainer: Poverty is a major driver of financial exclusion' (28 March 2024) <<https://efina.org.ng/publication/explainer-poverty-is-a-major-driver-of-financial-exclusion/>> accessed 16 January 2025.

EFInA, 'Key Findings: EFInA Access to Financial Services in Nigeria' (2 June 2021) 16 <<https://efina.org.ng/wp-content/uploads/2021/10/A2F-2020-Final-Report.pdf?>> accessed 7 February 2025.

Enhancing Financial Inclusion & Access (EFINA), 'Understanding Co-operatives in Nigeria: Qualitative Report' (April 2012) 15 <<https://www.efina.org.ng/wp-content/uploads/2018/12/Understanding-Co-operatives-in-NigeriaQualitative-Report.pdf>> accessed 20 April 2025.

Ekeghe N, 'Enhancing Access to Credit' (30 November 2022) <<https://www.thisdaylive.com/index.php/2022/11/30/enhancing-accesscs-to-redit/>> accessed 19 April 2025.

Enwe O, 'Digital Financial Services: A contract within contract under the Nigerian Law' (3 July 2022) <<https://srjlegal.com/digital-financial-services-a-contract-within-contract-under-the-nigerian-law/>> accessed 9 January 2025.

- Enwe O, 'Liabilities for inaccurate and false information supplied to a credit bureau in Nigeria' (3 September 2021) <<https://srjlegal.com/liabilities-for-inaccurate-and-false-information-supplied-to-a-credit-bureau-in-nigeria>> accessed 25 March 2025.
- Ezeadichie M, 'Financial Inclusion through Payment Innovation: A Case Study of M-Pesa' (15 August 2024) <<https://www.africonomy.ng/financial-inclusion-through-payment-innovation-a-case-study-of-m-pesa/>> accessed 3 May 2025.
- Ezeadichie M, 'What you should know before taking a loan from a Nigerian fintech' (15 November 2024) <<https://www.africonomy.ng/what-you-should-know-before-taking-a-loan-from-nigerian-fintech/>> accessed 7 April 2025.
- Ezechukwu N, 'Revisiting Nigeria's approach to Regulating Mobile Payments' (7 April 2020) 1 <<https://www.afronomicslaw.org/print/pdf/node/1065>> accessed 25 June 2025.
- Fernando J, 'Financial Literacy: What it is and why it is so important to teach teens' (29 June 2024) <<https://www.investopedia.com/terms/f/financial-literacy.asp>> accessed 28 April 2025.
- Fibe Research Team, 'Microcredit: Understanding- meaning, features, examples and more' (8 November 2023) <<https://www.fibe.in/blogs/microcredit-understand-meaning-features-example/>> accessed 14 March 2025.
- Fintech Magazine Africa, 'Credit Direct Redefines Financial Access in Nigeria with Groundbreaking Digital Solutions' (1 April 2025) <<https://fintechmagazine.africa/2025/04/01/credit-direct-redefines-financial-access-in-nigeria-with-groundbreaking-digital-solutions/>> accessed 20 April 2025.
- Financial Stability Board (FBS), 'Financial Innovation' (22 October 2024) <<https://www.fbs.org/work-of-the-fsb/financial-innovation-and-structural-change/financial-innovation/>> accessed 25 March 2025.
- Finezza, 'Know the difference between credit bureau and credit rating agency' (4 February 2022) <<https://finezza.in/blog/know-difference-between-credit-bureau-credit-rating-agency/>> accessed 13 March 2025.

- First bank Nigeria, 'Did you know series: FirstBank's first branch in Nigeria' (2025) <<http://www.firstbanknigeria.com/did-you-know-series-firstbanks-first-branch-in-nigeria>> accessed 30 March 2025.
- First bank Nigeria, 'Over 13 Decades of Leading Banking Services' (2025) <<http://www.firstbanknigeria.com/home/>> accessed 30 March 2025.
- Fiveable, 'Access to Credit' (2025) <<https://library.fiveable.me/key-terms/intermediate-macroeconomic-theory/access-to-credit>> accessed 17 January 2025.
- Flex Finance, 'The Evolution of Banking in Nigeria: A Fascinating Journey' (2020) <<https://ndic.gov.ng/wp-content/uploads/2020/10/Volume-14.pdf>> accessed 15 January 2025.
- Forex.com, 'Gold bullion definition' (2025) <<https://www.forex.com/en/glossary/gold-bullion/>> accessed 24 February 2025.
- Friedline T, and others, 'Exclusion and Marginalisation in Financial Services: Frontline Employees as Street-Level Bureaucrats' (29 January 2020) 3 <<https://poverty.umich.edu/files/2020/01/Friedline-Oh-Klemm-Kugiyi-2020-Exclusion-and-Marginalisation-in-Financial-Services-1.pdf>> accessed 18 January 2025.
- Froeling M and others, 'LAPO Agent Banking: Increased Reach and Client Diversity' (4 May 2020) 9 <<https://www.ifc.org/content/dam/ifc/doc/mgrt/lapo-agent-banking-increased-reached-and-client-diversity.pdf>> accessed 17 April 2025.
- Geeksforgeeks, 'Functions of Commercial Banks: Primary and Secondary Functions' (23 July 2025) <<https://www.geeksforgeeks.org/functions-of-commercial-bank-primary-functions-and-secondary-functions/>> accessed 13 March 2025.
- Gender Center for Excellence, 'Understanding Nigerian Women's Access to Credit and Loans: Gender-Disaggregated Data Analysis of the Nigerian Lending Market' (9 May 2022) <<https://www.rockpa.org/understanding-womens-access-to-credit-and-loans-new-report-by-gender-center-for-excellence/>> accessed 29 April 2025.

- Giwa-Osagie O, 'How fintech can stimulate financial inclusion: Challenges and Opportunities' (July 2021) <<https://lexafrica.com/2021/07/how-fintech-can-stimulate-financial-inclusion-challenges-and-opportunities>> accessed 30 March 2025.
- Gobat J, 'What is a Bank: Finance & Development' (March 2012) <<https://www.imf.org/external/pubs/ft/fandd/2012/03/basics.htm>> accessed 7 November 2024.
- GRF Dalley & Patners, 'Nigeria: The Central Bank Act 2007: Significant Changes' (2016) <<https://www.grfdalleyandpatners.com/wp/wp-content/uploads/2016/06/CENTRAL-BANK-OF-NIGERIA-ACT-2007-SIGNIFICANT-CHANGES.pdf>> accessed 24 February 2025.
- Gruver A and others, 'From Collateral to Cash flow: Expanding Access to Finance for Nigeria's female Business Owners' (April 2024) 2 <<https://worldbank.org/en/programs/africa-gender-innovation-lab>> accessed 15 January 2025.
- IIFL Finance, 'Microfinance: Types, Loans, Features and Advantages' (19 November 2024) <<https://www.iifl.com/blogs/personal-finance/what-is-microfinance>> accessed 14 March 2025.
- Indeed Editorial Team, 'What is Microfinance: With features, benefits and types' (4 March 2025) <<https://in.indeed.com/career-advice/career-development/what-is-microfinance>> accessed 25 March 2025.
- Indusind, 'Unravelling the differences between savings account and fixed deposit' (20 May 2024) <<https://www.indusind.com/iblogs/fixed-deposit/unravelling-the-differences-between-savings-account-and-fixed-deposit/>> accessed 24 March 2025.
- International Finance Corporation (IFC), 'Nigerian Credit Infrastructure Reform: A Snapshot of Progress and Recommendation for Next Steps' (2 February 2024) <<https://www.ifc.org/en/insights-reports/2024/nigerian-credit-infrastructure-reform-snapshot-of-progress-and-next-steps?>> accessed 1 May 2025.

Irorun, 'Who are the credit bureau and what do they do?' (15 August 2024) <<https://irorun.com/blog/who-are-the-credit-bureau-and-what-do-they-do>> accessed 13 March 2025.

Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, 'IPBES Global Assessment on Biodiversity and Ecosystem Services: Unedited Craft Glossary' (31 May 2019) <https://files.ipbes.net/ipbes-web-prod-public-files/ipbes_global_assessment_glossary_unedited_31may.pdf> accessed 18 January 2025.

Jisort, 'List of lending companies in Nigeria' (31 December 2023) <<https://jisort.com/blog/list-of-lending-companies-in-nigeria/>> accessed 19 May 2025.

Joel T, 'Cowrywise Campus Ambassadors Program: The Case for Financial Education in Nigeria's Tertiary Curriculum' (5 July 2024) <<https://cowrywise.com/blog/financial-education-in-nigerias-tertiary-curriculum/#:~:text=According%20to%the%20Central%20Bankalso%20the%20nation's%20economic%20progress>> accessed 28 April 2025.

Kagan J, 'Bank Deposits' (20 May 2023) <<https://www.investopedia.com/terms/b/bank-deposits>> accessed 25 March 2025.

Kagan J, 'How do commercial banks work, and why do they matter?' (3 April 2024) <<https://www.investopedia.com/terms/c/commercialbank.asp#:~:text=Importance%20of%20Commercial%20Banks,public%20rushes%20to%20withdraw%20funds>> accessed 12 March 2025.

Karakas C, 'Cooperatives: Characteristics, activities, status, challenges' (2019) <[https://www.europa.eu/RegData/etudes/BRIE/2019/635541/EPRS-BRI\(2019\)635541-EN.pdf](https://www.europa.eu/RegData/etudes/BRIE/2019/635541/EPRS-BRI(2019)635541-EN.pdf)> accessed 11 March 2025.

Kehinde, 'What is a credit report and why is it important' (18 October 2020) <<https://www.creditregistry.ng/what-is-credit-report-and-why-is-it-important/#:~:text=They%20ascertain%20your%20creditworthiness%20by%20conducting%20credit,you%20money%20and%20at%20what%20interest%20rates>> accessed 13 March 2025.

- Kenton W, 'Understanding liquidity risk in banks and business with examples' (22 August 2024) <<https://www.investopedia.com/terms/l/liquidityrisk.asp?>> accessed 24 February 2025.
- Khalifa D, 'How Nigeria can leverage the rise of fintech for economic progress' (4 April 2024) <<https://blogs.worldbank.org/en/psd/how-nigeria-can-leverage-the-rise-of-fintech-for-economic-progress>> accessed 30 March 2025.
- Kiakia, 'Seamless and quick access to credit' (2020) <<https://www.kiakia.co/>> accessed 19 May 2025.
- Kimati S, 'Nigerian fintech kiakia launches P2P lending investment app' (16 June 2020) <<https://www.fintechfutures.com/p2p-lending/nigerian-fintech-kiakia-launches-p2p-lending-investment-app>> accessed 19 May 2025.
- Kit Institute, 'Strengthening Access Bank's W-Initiative' (2025) <<https://www.kit.nl/institute/project/strengthening-access-banks-w-initiative/>> accessed 16 April 2025.
- KPMG, 'BOFIA 2020: Impact on the Financial Services Industry' (April 2021) <<https://assets.kpmg.com/content/dam/kpmg/ng/pdf/tax/bofia-2020-review.pdf>> accessed 8 January 2025.
- KPMG, 'Financial Inclusion: A Tool for Mitigating Marginalisation' (September 2018) 2-3 <<https://assets.kpmg.com/content/dam/kpmg/in/pdf/2018/09/financial-inclusion-marinalisation.pdf>> accessed 18 January 2025.
- KPMG Nigeria, 'BOFIA 2020: Impact on the Financial Services Industry' (April 2021) 3 <<https://assets.kpmg.com/content/dam/kpmg/ng/pdf/tax/bofia-2020-review.pdf>> accessed 21 February 2025.
- KPMG Nigeria, 'The sea is history: The Companies and Allied Matters Act 2020 aspires to optimise corporate regulation in Nigeria' (August 2020) <<https://assets.kpmg.com/content/dam/kpmg/ng/pdf/tax/the-sea-is-history%E2%80%93the-companies-and-allied-matters-act-2020-aspires-to-optimise-corporate-rgulation-in-nigeria.pdf>> accessed 26 February 2025.

- Lawal K, 'Micro-credit Policy and Institutions' (2017) <https://nou.edu.ng/coursewarecontent/CRD%20332%20MICROCREDIT_0.pdf> 5-6 accessed 14 March 2025.
- Leelavathy, 'Credit Management' (2008) 7 <<https://tnou.ac.in/NAAC/SSR/C1/1.1.5/BBM-23.pdf>> accessed 3 April 2025.
- LibertiesEU, 'What is Marginalisation: Definition and Coping Strategies' (5 October 2021) <<https://www.liberties.eu/en/stories/marginalisation-and-being-marginalised/43767>> accessed 18 January 2025.
- Ludwig E, Kamihachi Jand Toh L, 'The Community Reinvestment Act: Past Successes and Future Opportunities' (2022) <https://www.frbsf.org/wp-content/uploads/cra_past_successes_future_opportunities1.pdf> accessed 2 May 2025.
- Martinez R M and Vemuru V, 'Social inclusion of persons with disabilities in Nigeria: Challenges and opportunities' (29 September 2020) <<https://blogs.worldbank.org/en/nasikilza/social-inclusion-persons-disabilities-nigeria-challenges-and-opportunities>> accessed 14 November 2024.
- Mccrocklin S, 'Financial Exclusion Vs Financial Inclusion in Sub-Saharan Africa' (25 November 2019) <<https://www.geopoll.com/blog/finacial-exclusion-inclusion/>> accessed 12 November 2024.
- Mckinsey & Company, 'What is financial inclusion?' (7 August 2023) <<https://www.mckinsey.com/featured-insights/mckinsey-explainers/what-is-financial-inclusion>> accessed 17 January 2025.
- Medium, 'Navigating Peer to Peer lending: The Kiakia Experience' (21 November 2023) <<https://medium.com/@kiakia/navigating-peer-to-peer-lending-the-kiakia-experience-78c819328d90>> accessed 19 May 2025. Medium, 'Navigating Peer to Peer lending: The Kiakia Experience' (21 November 2023) <<https://medium.com/@kiakia/navigating-peer-to-peer-lending-the-kiakia-experience-78c819328d90>> accessed 19 May 2025.

- Mentes Abiertas Psicología S.L, 'General systems theory of Ludwig Von Bertalanffy' (23 June 2022) <<https://mentesabiertaspsicologia.com/blog-psicologia/general-systems-theory-of-ludwig-von-bertalanffy?>> accessed 5 February 2025.
- Mobuogwu M, 'Rural Land and Credit Access in Nigeria' (July 2013) <<https://gatesopenresearch.org/documents/3-951/pdf>> accessed 1 May 2025.
- Monye F N, Nwafor N and Mukoro B, 'Appraisal of the Nigerian Credit Reporting Act 2017' (2020) < <https://uwe-repository-worktribe.com/index.php/OutputFile/11469989>> accessed 26 February 2025.
- National Bureau of Statistics, 'Selected Banking Sector Data (Q1-Q4 2021)' <<https://nigerianstat.gov.ng/elibrary/read/1241238#:~:text=The%20volume%20of%20e%2Dpayment,%2Dpayment%20transactions%20made%2C%20N238>> accessed 28 May 2025.
- National Collateral Registry, 'About the Registry' (2018) <<https://www.ncr.gov.ng/home/about>> accessed 19 April 2025.
- National Cooperative Financing Agency of Nigeria, 'About CFAN' (2025) <<https://www.cfan.coop/about-cfan/>> accessed 11 March 2025.
- National Institute of Credit Administration (NICA), 'Banking and Finance Industry Credit Risk in Nigeria' (19 June 2024) <<https://www.icanigeria.net/banking-and-finance-industry-credit-risk/>> accessed 6 April 2025.
- NDIC, 'Deposit Insurance Scheme' (2025) <<https://ndic.gov.ng/deposit-insurance/deposit-insurance-fund/>> accessed 17 March 2025.
- NDIC, 'Mandate, Power and Functions' (2025) <<https://ndic.gov.ng/about/mandate-power-and-functions>> accessed 26 March 2025.
- NHCK, 'Principles of Bank Nigeria Lending' (4 June 2020) <<https://nhck.in/wp-content/uploads/2020/06/04/4.-PRINCIPLES-OF-BANK-LENDING.pdf>> accessed 3 April 2025.

- Nigeria Deposit Insurance Corporation, 'Nigerian Banking Law Reports (NBLR)' (2007-2009) Vol 14 xiii <<https://ndic.gov.ng/wp-content/uploads/2020/10/Volume-14.pdf>> accessed 15 January 2025.
- Nordstone, 'Integrating biometric authentication in fintech apps' (10 February 2025) <<https://nordstone.co.uk/blog/integrating-biometric-authentication-in-fintech-app-developers>> accessed 30 March 2025.
- Nwocha S, 'FG Targets Universal Financial Access, Unveils Aso Accord on Economic and Financial Inclusion' (30 April 2024)<<https://statehouse.gov.ng/news/fg-targets-universal-financial-access-unveils-aso-accord-on-economic-and-financial-inclusion>> accessed 29 April 2025.
- Office of the Senior Assistant to the President on Sustainable Development Goals (OSSAP-SDGs), 'Nigeria SDGs Report' (December 2024) <<https://ngfrepository.org.ng:8443/jspui/bitstream/123456789/6374/1/NIGERIA%20sdg%20Progress%20Report%20-202024.pdf>> accessed 25 June 2025.
- Okafor M, 'Secured Transactions in Movable Assets Act 2017: Impact on finance transactions' (13 April 2025) <<https://businessday.ng/news/legal-business/article/secured-transactions-in-movable-assets-act-2017-impact-on-finance-transactions/>> accessed 3 March 2025.
- Okafor V, 'A Holistic Approach to Achieving Financial Inclusion in Nigeria' (11 February 2024) 4 <https://www.gelias.com/images/Newsletter/A_Holistic_Approach_to_Achieving_Financial_Inclusion_in_Nigeria.pdf> accessed 29 April 2025.
- Okojie C, 'Institutional Environment and Access to Microfinance by self-employed women in the rural areas by Edo State, Nigeria' NSSP Brief No 14 (September 2009) <<https://ebrary.ifpri.org/digital/collection/p15738coll2/id/519>> accessed 24 January 2025.
- Okwor K, 'From ease of doing business to ease in accessing credit' (June 2017) <<https://www.templars-law.com/app/uploads/2017/06/FROM-EASE-OF-DOING-BUSINESS-TO-EASE-IN-ACCESSING-CREDIT.pdf>> accessed 28 February 2025.

- Oladunjoye O and Ogueifor B, 'A Critical Evaluation of the Credit Reporting Act 2017: Practical Issues Arising' (22 November 2018) <<https://www.mondaq.com/nigeria/consumer-credit/757320/a-critical-evaluation-of-the-credit-reporting-act-2017-practical-issues-arising>> accessed 26 February 2025.
- Olowogboyega O, 'If you got a bank loan from a Nigerian bank last year, I've got news for you' (9 July 2021) <<https://www.notadeepdive.com/p/if-you-got-a-bank-loan-from-a-nigerian>> accessed 29 May 2025.
- Onubedo H, 'How to check my credit score in Nigeria' (7 September 2023) <<https://getoze.com/blog/check-credit-score-nigeria/>> accessed 27 February 2025.
- Osakwe S, 'How is Nigeria's national inclusion strategy going' (28 April 2021) <<https://businessday.ng/opinion/article/how-is-nigerias-national-financial-inclusion-strategy-going/>> accessed 22 April 2025.
- Ozili P, 'Systems theory of financial inclusion' (2025) 4 <https://www.researchgate.net/profile/Peterson_Ozili/publication/379958330_Systems_theory_of_financial_inclusion> accessed 28 March 2025.
- Perchstone and Graeys, 'Banks and other Financial Institutions Act 2020: Highlight of key changes' (28 May 2021) <<https://www.mondaq.com/nigeria/financial-services/1073908/banks-and-other-financial-institutions-act-2020-highlight-of-key-changes>> accessed 21 February 2025.
- Popoola T, 'Involvement of Credit Bureaus in Digitised Microcredit' (17 August 2018) 15 <<https://www.efina.org.ng/wp-content/uploads/2018/12/CRC-EFINA-2-PRESENTATION-AUG-2018.pdf>> accessed 27 February 2025.
- Prabhakar R, 'Globalised Finance and National Regulation: The Influence of Internationalisation on Supervisory Consolidation' (18 March 2010) <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1574484> 20 accessed 13 January 2025.
- Proshare, 'CBN directs MFBs to implement resolutions on the revised National Financial Inclusion Strategy' (2 July 2019) <<https://www.proshare.co/articles/cbn-directs-mfbs-to-implement-resolutions-on-the-revised-national-financial-inclusion->

strategy?menu=Regulators&classification=Reads&category=Regulators&utm> accessed 15 April 2025.

Razorpay, 'Lending and Lenders: A Comprehensive Guide' (13 November 2023) <<https://razorpay.com/learn/business-banking/lending-and-lenders/>> accessed 3 April 2025.

Reportlinker, 'Forecast: Private credit Bureau Coverage in Nigeria' (2024) <<https://www.reportlinker.com/dataset/e80e4d17e454c80eab6465b09ae8f6f2734465a>> accessed 21 May 2025.

Resolution Law Firm, 'Overview of Banking Regulations in Nigeria' (3 September 2020) <<https://www.mondaq.com/nigeria/financial-services/981632/overview-of-banking-regulations-in-nigeria>> accessed 31 March 2025.

Schwarcz S and Leonhardt T, 'Scoping and Defining Financial Inclusion, Access to Credit and Sustainable Finance' (2021) <<https://scholarship.law.duke.edu/lcp/vol84/iss1/2/>> accessed 18 January 2025.

Shettima K and Sines E, 'Make way for disability rights agenda in Nigeria' MacArthur Foundation (18 January 2023) <<https://www.macfound.org/press/perspectives/make-way-for-the-disability-rights-agenda-in-nigeria>> accessed 14 November 2024.

Siao, 'How Fintech empowers the unbanked' (5 July 2024) <<https://siao.ng/how-fintech-empowers-the-unbanked/>> accessed 14 March 2025.

Singh K, 'Evaluating MSME Development Fund of Nigeria: Modifications brought in by revisions were necessary but are they sufficient' (24 January 2016) <<https://www.linkedin.com/pulse/evaluating-msme-development-fund-nigeria-brought-revisions-singh/>> accessed 21 April 2025.

Soemitra A, 'Peran Prmberdayaan Masyarakat Oleh Lembaga Keuangan Mikro Syariah Dalam Perspektif Sustainable Development Goals (SDGs)' (2018) <https://scholar.google.co.id/citations?view_citation&hl=id&user=Pc-fEWYAAAAJ&citation_for_view=Pc-fEWYAAAAJ:5nxA0vEk-isC> accessed 13 February 2025.

- State of Connecticut Department of Banking, 'ABC's of Banking' (2025) <<https://portal.ct.gov/dob/consumer/consumer-education/abcs-of-banking-banks-and-our-economy>> accessed 7 November 2024.
- Study.com, 'What is a loan: Definition and Types' (21 November 2023) <<https://study.com/academy/lesson/what-is-a-loan-definition-types-advantages.html>> accessed 8 April 2025.
- Subbase, 'Kiakia Loan Requirements in Nigeria and how to apply' (5 May 2024) <<https://subbase.com.ng/blog/kiakia-loan-requirements-in-nigeria-and-how-to-apply/>> accessed 19 May 2025.
- Talley S H, 'Deposit protection and the spread of deposit insurance: Some guidelines for developing countries' (30 June 1994) Washington: The World Bank <<https://documents.worldbank.org/en/publication/documents-reports/documentdetail/190571468781531830/deposit-protection-and-the-spread-of-deposit-insurance-some-guidelines-for-developing-countries>> accessed 25 February 2025.
- Taylor P, 'What is a Security Interest?' (16 July 2019) <<https://lawpath.com.au/blog/what-is-a-security-interest>> accessed 3 March 2025.
- Temitope-Adesope T, 'Top 15 Microfinance banks in Nigeria, 2024' (20 February 2024) <https://www.google.com/amp/s/nairacompare.ng/blogs/general/top-15-microfinance-banks-in-nigeria-2024%3fhs_amp=true> accessed 14 March 2025.
- The CBN Coop, 'About' (2020) <<https://thecbncoop.com/about>> accessed 11 March 2025.
- The International Cooperative Alliance (ICA), 'What is a cooperative?' (2024) <<https://ica.coop/en/cooperatives/what-is-a-cooperative>> accessed 17 March 2025.
- The Observatory on the Universality of Rights (OURS), 'Human Rights Committee General Comment No. 18 Non-discrimination' (1989) <<https://www.platform.org/resource/human-rights-committee-general-comment-no-18-non-discrimination>> accessed 24 March 2025.

- Timi-Koleolu S and Adetunmibi P, 'Revised Banking Law in Nigeria-Bofia 2020' (3 December 2020) <<https://www.mondaq.com/Nigeria/financial-services/1009052/revised-banking-law-in-nigeria-bofia-2020>> accessed 13 November 2024.
- Trade Lenda, 'Fintech Innovation and Financial Inclusion in Nigeria: The Increasing Access' (12 November 2024) <<https://www.linkedin.com/pulse/fintech-innovation-financial-inclusion-nigeria-increasing-access-wmfax>> accessed 20 April 2025.
- Tunji T, 'CBN sets daily cash-out limit for POS transactions at N100,000 per customer' (18 December 2023) <<https://nairametrics.com/2024/12/18/cbn-sets-daily-cash-out-limit-for-pos-transactions-at-n100000-per-customer>> accessed 10 February 2025.
- Udofia K, 'A critical analysis of credit information under Nigeria's Credit Reporting Act 2017' (December 2017) <<https://www.financierworldwide.com/a-critical-analysis-of-credit-information-sharing-under-nigerias-credit-reporting-act-2017>> accessed 28 February 2025.
- UNDP, 'What are the Sustainable Development Goals?' (2015) <<https://www.undp.org/sustainable-development-goals>> accessed 13 November 2024.
- United Nations, 'Digital Financial Inclusion: International Telecommunication Union (ITU), Issue Brief Series, Inter-agency Task Force on Financing for Development' (July 2016) <https://www.un.org/esa/ffd/wp-content/uploads/2016/01/Digital-Financial-Inclusion_ITU_IATF_Issue-Brief.pdf> accessed 17 January 2025.
- United Nations, 'United Nations millennium declaration resolution adopted by the general assembly (A/55/L.2) 2000' (2018) 4<<https://www.cambridge.org/highereducation/books/international-human-rights-law-documents/4D2F8FE875C0FADD99FBADC996342779/united-nations-millennium-declaration-2000/556D71D437E8CB33BBD3030E3FCD38F5>> accessed 29 April 2025.
- Vazilegal, 'The Impact of Fintech on Financial Inclusion in Nigeria' (5 February 2023) <<https://admin.vazilegal.com/impact-of-fintech-on-financial-in-nigeria>> accessed 30 March 2025.

- Velpuri M and others, 'Improving Access to Credit in Property Markets Using Block-chain: FIG Proceedings' (2017)
https://www.fig.net/resources/proceedings/fig_proceedings/fig2017/papers/ts01i/TSo1I_velpuri_aman_shqrma_et_al_8515.pdf accessed 13 November 2024.
- Venkata Ratnam C S, 'Trade Union and Structural Adjustments' (1996) International Labour Office Geneva <https://www.ilo.org/media/309366/download> 6 accessed 16 January 2025.
- Vidal Buckle & Co, 'The history of banking in Ghana' (12 April 1999)
<https://www.mondaq.com/antitrust-eu-competition/1300/the-history-of-banking-in-ghana>
 accessed 30 March 2025.
- Waugh E, 'What is Credit?' (27 January 2024) <https://www.experian.com/blogs/ask-experian/credit-education/faqs/what-is-credit/> accessed 27 March 2025.
- World Bank, 'Disability Inclusion in Nigeria: A Rapid Assessment' (2020)
<https://documents1.worldbank.org/curated/en/780571593336878236/pdf/Disability-Inclusion-in-Nigeria-A-Rapid-Assessment.pdf> accessed 14 November 2024.
- World Bank, 'Closing Gaps, Increasing Opportunities: A Diagnostic on Women's Economic Empowerment in Nigeria' (2022)
<https://openknowledge.worldbank.org/entities/publication/23e718e4-5ab8-5fea-ae47-b378917820a9> accessed 21 November 2024.
- World Bank Group, 'Credit Bureau' (2016) <https://www.worldbank.org/en/publication/gfdr/gfdr-2016/background/creditbureau#:~:text=It%20collects%20information%20from%20a,credit%20scores%20to%20private%20lenders> accessed 13 March 2025.
- World Bank Group, 'Financial Inclusion Overview' (2025)
<https://www.worldbank.org/en/financialinclusion/overview> accessed 7 November 2024.
- World Bank, 'The evolution of financial system' (1989) 47
<https://documents1.worldbank.org/curated/pt/667381468339905228/pdf/PUB76820REPLACEMENT0WDR01989.pdf> accessed 13 January 2025.

WorldRemit, 'The impact of global financial inclusion and exclusion: A data driven exploration of access to financial services' (2024) <<https://www.worldremit.com/en/resources/global-financial-inclusion-and-exclusion.worldbank.org/en/topic/financialinclusion/overview>> accessed 12 November 2024.

3io Studio, 'Kiakia P2p' (2019) <<https://3iostudio.com/project/kiakia-p2p>> accessed 19 May 2025.

Journals

Adamu C O, 'Analysis of Access to Formal Credit Facilities among Rural Women Farmers in Ogun State, Nigeria' (April 2018) 49(1) Nigerian Agricultural Journal <<https://www.ajol.info/index.php/naj/article/download/177508/166864>> accessed 24 January 2025.

Adebayo J A, Adegbuyi O O and Andrew B F, 'Financial Inclusion and Entrepreneurs in Nigeria: A Case for the Vulnerable Groups' (2020) 10(1) University of Ibadan Law Journal 146-172, 147 <<https://journal.ui.edu.ng/index.php/uilr/article/download/1051/889>> accessed 16 November 2024.

Adebayo A, 'Pre-colonial Institutional Frameworks for Moneylending and Loan Repayment among the Yoruba' (1992) Vol 38 Paideuma: Mitteilungen zur Kulturkunde Bd 163-176 <<https://www.africabib.org/http.php?RID=111785065>> accessed 16 January 2025.

Adedoyin and Sobodun, 'Commercial Banks Lending Activities in Nigeria' (1996) 9(3) Nigerian Financial Review 62 <<https://pdfs.semanticscholar.org/1170/c67dd85d87270a924a23d408728bcb4odda0.pdf>> accessed 3 March 2025.

Adeola O and Evans O, 'The Impact of Microfinance on Financial Inclusion in Nigeria' (2017) 51 (4) The Journal of Developing Areas 193-206 <https://www.researchgate.net/publication/317884501_The_impact_of_microfinance_on_financial_inclusion_in_Nigeria> accessed 23 January 2025.

Afolabi A and Akinlolu I, 'Evaluation of women's access to building credits from banks in Nigeria' (2021) 16 (4) Banks and Bank Systems 45-60, 53, <DOI:[https://dx.doi.org/10.21511/bbs.16\(4\).2021.05](https://dx.doi.org/10.21511/bbs.16(4).2021.05)> accessed 29 April 2025.

Ajayi A, 'Pawnship labour and meditation in colonial Osun division of South-Western Nigeria' (31 January 2020) 12(1) African Journal of History and Culture (AJHC) <<https://doi.org/10.5897/AJHC2019.0458>> accessed 15 January 2025.

Ajide F, 'Financial Inclusion in Africa: Does it Promote Entrepreneurship?' (2020) 12(4) Journal of Financial Economy Policy 687-706 <https://www.researchgate.net/publication/337313249_Financial_inclusion_in_Africa_Does_it_promote_entrepreneurship> accessed 8 January 2025.

Ajayi A, 'Pawnship labour and meditation in colonial Osun division of South-Western Nigeria' (31 January 2020) 12(1) African Journal of History and Culture (AJHC) <<https://doi.org/10.5897/AJHC2019.0458>> accessed 15 January 2025.

Akanle O and Busari D A, 'Cooperative Societies in the Development Discourse of Ibadan, South-Western Nigeria' (2014) 12(2) The Nigerian Journal of Sociology and Anthropology 48-65, DOI:1.36108/NJSA/4102/12/(0240) <<https://www.internationalscholarsjournals.com/articles/the-lending-policy-of-cooperative-societies-and-its-effect-on-construction-of-housing-in-akure.pdf>> accessed 7 April 2025.

Akintola A F and Ogundipe S, 'Financial Statement Analysis and Bank Lending in Nigeria' (2020) 8(1) The International Journal of Business & Management DOI: 10.24940/theijbm/2020/v8/i1/BM2001-008 <<https://www.researchgate.net/publication/342442320>> accessed 6 April 2025.

Aluko O A and Mbada K, 'Rural Poverty among Women in Nigeria' (2020) 22 Journal of Sustainable Development in Africa 82 <[https://jsd-africa.com/Jsda/2020%20v22%20No%203%20Fall/PDF/Rural%20Poverty%20Among%20Women%20in%20Nigeria%20\(2\).pdf](https://jsd-africa.com/Jsda/2020%20v22%20No%203%20Fall/PDF/Rural%20Poverty%20Among%20Women%20in%20Nigeria%20(2).pdf)> accessed 29 April 2025.

Anyanwu J C, 'Poverty of Nigerian Rural Women: Incidence, Determinants and Policy Development' (1998) 17(4) Journal of Rural Development 65-67 <<https://jsd->

[africa.com/Jsda/2020%20v22%20No%203%20Fall/PDF/Rural%20Poverty%20Among%20Women%20in%20Nigeria%20\(2\).pdf](http://africa.com/Jsda/2020%20v22%20No%203%20Fall/PDF/Rural%20Poverty%20Among%20Women%20in%20Nigeria%20(2).pdf)> accessed 29 April 2025.

Anyanwu C, 'The Central Bank of Nigeria and its Development Functions: A Review of Current Initiatives' (2011) 49(4) CBN Economic and Financial Review 193-216, 197 <<https://dc.cbn.gov.ng/efr/vol49/iss4/26/>> accessed 13 April 2025.

Anyiro C O, 'The Effect of Social Capital on Access to Microcredit among Rural Farming Households in Abia State Nigeria' (2015) 15(1) Agrosearch 59-75, 59, DOI:10.4314/agrosh.v15i1.1.4 <https://www.researchgate.net/publication/283754387_The_effect_of_social_capital_on_access_to_micro_credit_among_rural_farming_households_in_Abia_State_Nigeria> accessed 1 May 2025.

Aro-Gordon S, 'Implementation of Financial Inclusion Strategy in Nigeria' (2017) 8(2) SDMIMD Journal of Management 27-43, 34, DOI.10.18311/sdmind/2017/17876 <<https://informaticsjournals.co.in/index.php/sdmimd/article/view/17876/15282>> accessed 22 April 2025.

Awofeso O and Ademuson A, 'Social Capital and Cooperative Society Lending in Ibadan, Oyo state, Nigeria' (2019) 17(2) The Nigerian Journal of Sociology and Anthropology 41-55, 42, DOI:10.36108/NJSA/9102/71(0230) <https://www.ssoar.info/ssoar/bitstream/handle/document/68983/ssoar-nigjsoca-2019-2-awofeso_et_al-Social_Capital_and_Cooperative_Society.pdf?sequence=1&isAllowed=y&Inkname=ssoar-nigjsoca-2019-2-awoso_et_al-Social_Capital_and_Cooperative_Society.pdf> accessed 7 April 2025.

Babajide A, and others, 'Financial Inclusion and economic growth in Nigeria' (July 2015) 5(3) International Journal of Economics and Financial Issues, 629-637 <https://www.researchgate.net/publication/295656568_International_Journal_of_Economics_and_Financial_Issues_Financial_Inclusion_and_Economic_Growth_in_Nigeria> accessed 22 January 2025.

- Bakar H O and Sulong Z, 'The Role of Financial Inclusion on Economic Growth: Theoretical and Empirical Literature Review Analysis' (2018) 7(4) Journal of Business and Financial Affairs, DOI:10.4172/2167-0234.1000356 <https://www.researchgate.net/profile/aunaidah-sulong/publication/330338652_The_Role_of_Financial_inclusion_on_Economic_Growth_Theoretical_and_Empirical_Literature_Review_Analysis/links/5f8eafec92851c14bcd56230/The-Role-of-Financial-inclusion-on-Economic-Growth-Theoretical-and-Empirical-Literature-Review-Analysis.pdf> accessed 13 November 2024.
- Bashir R and Danlami A H, 'Gender accessibility to credit among entrepreneurs: Empirical evidence from women entrepreneurs in Kano Metropolis' (2022) European Journal of Government and Economics 97-112, 110 <https://revistas.udc.es/index.php/ejge/article/download/ejge.2022.11.1.8198/g8198_pdf/30492> accessed 21 November 2024.
- Bayero M A, 'Effects of Cashless Economy Policy on Financial Inclusion in Nigeria: An Exploratory Study' (2015) 172(3) Procedia-Social and Behavioural Sciences 49-56, DOI:10.1016/j.sbspro.2015.01.334 <https://www.researchgate.net/publication/272523515_Effects_of_Cashless_Economy_Policy_on_Financial_Inclusion_in_Nigeria_An_Exploratory_Study> accessed 22 January 2025.
- Beck T and others, 'Banking Services for Everyone: Barriers to Bank Access and Use around the World' (2008) 22(3) World Bank Economic Review 397-430, 413 <<https://documents1.worldbank.org/curated/en/263741468147546165/pdf/775770JRN020080services0for0Everyone.pdf>> accessed 6 February 2025.
- Beck T and others, 'Financing patterns around the world: Are small firms different?' (September 2008) 89(3) Journal of Financial Economics 467-487 <https://pure.uvt.nl/ws/files/1037901/FinancingPatterns_Aug2004-revisions.pdf> accessed 23 January 2025.
- Berger A and Udell G, 'A More Complete Conceptual Framework for SME' (October 2005) 30(11) Journal of Banking and Finance 2945-2966 <<http://convegna.dises.univpm.it/geographybanking/pdf/k1.pdf>> accessed 23 January 2025.

- Bhuvana M and Vasantha S, 'Drivers of Financial Inclusion to Reach out to the Poor' (2016) 6(4) Arabian Journal of Business and Management Review DOI:10.4172/2223-5833.1000235 <https://www.researchgate.net/publication/34151172_Arabian_Journal_of_Business_and_Management_Review> accessed 13 February 2025.
- Dev M, 'Financial Inclusion: Issues and Challenges' (2006) Economic and political weekly 41, 4310-4313, DOI: 10.2307/4418799 <https://www.researchgate.net/publication/262126673_Financial_Inclusion_Issues_and_Challenges> accessed 17 January 2025.
- Dupas P and others, 'Banking the unbanked: Evidence from three countries' (2018) 10(2) American Economic Journal: Applied Economics 257-297, DOI:10.1257/app.20160597 <<https://pubs.aeaweb.org/doi/pdfplus/10.1257/app.20160597>> accessed 31 January 2025.
- Ene E and Inemesit U, 'Impact of Microfinance Promoting Financial Inclusion in Nigeria' (2015) 3(2) Journal of Business Theory and Practice, 139-158, DOI:10.22158/jbtp.v3np/139 <<https://www.scholink.org/ojs/index.php/jbtp/article/download/383/357>> accessed 12 November 2024.
- Ezinwa C I and Bello S A, 'The Impact of Fintech on Financial Inclusion in Southern Nigeria' (2025) International Journal of Research and Scientific Innovation Society (IJRISS) 256-273, DOI:<https://dx.doi.org/10.47772/IJRISS.2025.902> <https://www.researchgate.net/publication/389459812_The_Impact_of_Fintech_on_Financial_Inclusion_in_Southern_Nigeria> accessed 29 April 2025.
- Fadun S O, 'Financial Inclusion, Tool for Poverty Alleviation and Income Redistribution in Developing Countries: Evidence from Nigeria' (2014) 5(3) Academic Research International Journal 137-146, 143 <https://www.researchgate.net/publication/348151967_Financial_Inclusion_Tool_for_Poverty_Alleviation_and_Income_Redistribution_in_Developing_Countries_Evidence_from_Nigeria> accessed 16 April 2025.
- Jabar A A and Akindewo I S, 'Corporate debt profile and financial performance of listed consumer goods firms in Nigeria' (2023) 11 (6) Archives of Business Research 1-19, 5,

DOI:10.14738/abr.116.14771

<https://www.researchgate.net/publication/371568850_Corporate-Debt-Profile_And_Financial_Performance_Of_Listed_Consumer_Goods_Firms_In_Nigeria> accessed 28 May 2025.

Hashim Y, and others, 'Financial Inclusion in Nigeria' (2021) 2(2) FUDMA Journal of Management Sciences 117-125, 118
<https://www.academia.edu/93798580/Financial_inclusion_in_Nigeria> accessed 15 November 2024.

Hendricks S, 'The Role of Financial Inclusion in Driving Women's Economic Empowerment' (2019) 29(8) Development in Practice 1029-1038, DOI:10.1080/09614524.2019.1660308<https://www.researchgate.net/publication/337038516_The_role_of_financial_inclusion_in_driving_women%27s_economic_empowerment/fulltext/5dc2229192851c8180303abb?The-role-of-financial-inclusion-in-driving-womens-economic-empowerment.pdf> accessed 9 January 2025.

Hidayat M S and others, 'Financial Inclusion through Microfinance: Empirical Evidence from Developing Countries' (2023) 1(11) International Journal of Scientific Research Management (IJSRM) 5302-5312, DOI:10.18535/ijrm/v1i11.em03
<https://www.researchgate.net/publication/375571495_Financial_Inclusion_through_Islamic_Microfinance_Empirical_Evidence_from_Developing_Countries> accessed 13 February 2025.

Jones L, 'Guest Editorial: Poverty Reduction in the Fintech Age' (2018) 29(2) Enterprise Development and Microfinance 99-102, DOI:10.3362/1755-1986.2018.29-2.ED
<https://www.researchgate.net/publication/327115569_Guest_editorial_Poverty_reduction_in_the_FinTech_age> accessed 13 February 2025.

Imandojemu K and Akinlosotu N T and Odigie J N, 'Financial inclusion and people living with disabilities (PLWDs) in Nigeria: A disaggregated analysis' (2018) 42(4) CBN Bullion 60-82, 61 <<https://idc.cbn.gov.ng/bullion/vo42/iss4/6/>> accessed 22 November 2024.

- Kairiza T, Philemon K and Magadzire V, 'Gender Differences in financial inclusion amongst entrepreneurs in Zimbabwe' (2017) 48(1) Small Business Economics; Differences in financial inclusion amongst entrepreneurs in Zimbabwe' (2017) 48(1) Small Business Economics 259, DOI: 10.1007/s11187-016-9773-2 <https://www.researchgate.net/publication/305381961_Gender_differences_in_financial_inclusion-amongst_entrepreneurs_in_zimbabwe> accessed 8 January 2025.
- Kim D W, Yu J S and Hassan M K, 'Financial Inclusion and Growth in OIC Countries' (2017) 43(C) Research in International Business and Finances 1-14, DOI:10.1016/j.ribaf.2017.07.178 <<https://www.sciencedirect.com/science/article/abs/pii/S0275531917304798>> accessed 8 January 2025.
- Kumar G, 'Financial Inclusion: Barriers from Supply Side and Demand Side' (2019) 2(14) International Journal of Research in Engineering, Science and Management 313-316, 315 <https://www.ijresm.com/Vol.2_2019/Vol2_Iss4_April19/IJRESM_V2_I4_88.pdf> accessed 6 February 2025.
- Kumar H, 'Financial Inclusion of Marginalised Communities' (July-August 2019) 10(4) International Journal of Management (IJM) DOI: <https://doi.org/10.7605/OSFJO/XG8K6412-420>, 412 <https://iaeme.com/MasterAdmin/Journal_uploads/IJM/VOLUME_10_ISSUE_4/IJM_10_04_041.pdf> accessed 18 January 2025.
- Kumar N, 'An Empirical Analysis of Financial Inclusion Across Population Groups in India' (2012) 11(1) IUP Journal of Bank Management 97 <<https://dacemirror.sci-hub.se/journal-article/9f2890809c18db098248c3e3b3dc338d/kumar2013.pdf>> accessed 14 November 2024.
- Mbutor M and Uba I, 'The impact of financial inclusion on monetary policy in Nigeria' (November 2013) 5(8) Journal of Economic and International Finance 318-326 <https://www.academicjournals.org/app/webroot/article/article1383044040_Mbutor%20and%20Uba.pdf> accessed 22 January 2025.
- Mohammed J I, Mensah Land Gyeke-Dako A, 'Financial Inclusion and Poverty Reduction in Sub-Saharan Africa' (2017) 19(1) African Finance Journal 1-22

<https://www.researchgate.net/publication/319044622_Financial_inclusion_and_poverty_reduction_in_Sub_Saharan_Africa/links/59b7c273aca2722453a65357/Financial-inclusion-and-poverty-reduction-in-Sub-Saharan-Africa.pdf> accessed 21 November 2024.

Muhammad S H and others, 'Financial Inclusion through Microfinance: Empirical Evidence from Developing Countries' (2023) 1(11) International Journal of Scientific Research Management (IJSRM) 5302-5312, DOI:10.18535/ijrm/v1i11.em03 <https://www.researchgate.net/publication/375571495_Financial_Inclusion_through_Islamic_Microfinance_Empirical_Evidence_from_Developing_Countries> accessed 13 February 2025.

Nayak P K and Berkes F, 'Whose Marginalisation: Politics around Environmental Injustices in India's Chikila Lagoon's' (July 2010) 15(6) Local Environment 553-567, DOI: 10.1080/13549839.2010.487527 <https://www.researchgate.net/publication/232934256_Whose_Marginalisation_Politics_around_Environmental_Injustices_in_India's_Chilika_Lagoon> accessed 18 January 2025.

Nwadiubu A and Onwuka I O, 'Does Microcredit Reach the Poor and Most Vulnerable Era of Pandemic: Evidence from Nigeria' (2021) 45 Savings and Development <<https://savingsanddevelopment.scholasticahq.com/article/29788>> accessed 1 May 2025.

Nwagbodo N E, 'The Story of Structural Adjustment Programme in Nigeria: From the Perspective of the Organised Labour' (October 2011) 1(7) Australian Journal of Business and Management Research 30 DOI:10.52283/NSWRCA.AJBMR.20110107A03 <https://www.researchgate.net/profile/Eucharia-Nwagbara/publication/267710087_The_story_of_structural_adjustment_programme_in_nigeria_from_the_perspective_of_the_organized_labour/links/5b8807fe24585151fd1307926/The-story-of-structural-adjustment-programme_in_nigeria-from-the-perspective-of-the-organised-labour.pdf?origin=publication_detail&_tp=eyJjb250ZXh0Ijp7ImZpcnNOUGFnZSI6InB1YmxpY2F0aW9uliwicGFnZSI6InB1YmxpY2F0aW9uRG93bmxvYWQLCJwcmV2aW91c1BhZZUOiOiJwdWJsaWNhdGlviJ9fQ> accessed 24 January 2025.

- Obiora K I and Ozili P K, 'Comparative Analysis of Financial Inclusion in Nigeria, Sub-Sahara Africa and the World' (2024) 22(3-4) Perspectives on Global Development and Technology, 217-238 <https://mpira.ub.uni-muenchen.de/121549/1/MPRA_paper_121527.Pdf> accessed 13 November 2024.
- Oke D F and Adamson T W, 'Demand and supply-side determinants of financial inclusion: A case study of micro, small and medium enterprises in southwest Nigeria' (2023) 8(2) Review of Socio-Economic Perspectives 61-73, 69, DOI: 10.19275/RSEP157 <https://reviewsep.com/wp-content/uploads/2023/0516_OKE.pdf> accessed 10 February 2025.
- Oke B A, 'The Evolution of the Nigerian Financial System: Problems, Challenges and Prospects' (1989) 27(2) CBN Economic and Financial Review 35-45, 37 <<https://dc.cbn.gov.ng/cgi/viewcontent.cgi?article=1851&context=efr>> accessed 9 February 2025.
- Olujimi J and others, 'The Lending Policy of Cooperative Societies and its effect on construction of housing in Akure' (2021) 8(2) Journal of Estate and Property Management 001-012 <<https://www.internationalscholarsjournals.com/articles/the-lending-policy-of-cooperative-socieries-and-its-effect-on-construction-of-housing-in-akure.pdf>> accessed 7 April 2025.
- Omar A and Kazuo Inaba K, 'Does financial inclusion reduce poverty and income inequality in developing countries?' (2020) 9(37) Journal of Economic Structures 1-25, DOI:10.1186/s4008-020-00214- <https://www.researchgate.net/publication/340981304_Does_finacial_inclusion_reduce_poverty_and_income_inequality_in_developing_countries_A_panel_data_analysis> accessed 16 November 2024.
- Omede P, 'A Tale of Two Markets: How Lower-end Borrowers are Punished for Bank Regulatory Failures in Nigeria' (2020) 43(1) Journal of Consumer Policy 519-542, 529 <https://www.researchgate.net/publication/3381285_A_Tale_of_Two_Markets_How_Lower_end_Borrowers_Are_Punished_for_Bank_Regulatory_Failures_in_Nigeria> accessed 28 May 2025.

- Omojolaibi F, 'Financial Inclusion, Governance and Economic Progress in Nigeria: What Happens to the Welfare of the Poor?' (2017) 6(7) Oman Chapter of Arabian Journal of Business and Management Review 73, DOI: 10.12816/0036845 <[https://www.arabianjbmr.com/pdfs/OM-VOL-6-\(7\)/3.pdf](https://www.arabianjbmr.com/pdfs/OM-VOL-6-(7)/3.pdf)> accessed 13 November 2024.
- Ouechtati I, 'The Contribution of Financial Inclusion in Reducing Poverty and Income Inequality in Developing Countries'(2020) 10(9) Asian Economic and Financial Review 1051-1061, DOI:10.18488/journal.aefr.2020.109.1051.1061
<https://www.researchgate.net/profile/Ichraf-ouechtati/publication/346138076_The_contribution_of_Financial_Inclusion_in_Reducing_poverty_and_income_inequality_in_Developing_countries/links/606b5bcd92851c91b1a6b9dc/The-contribution-of-financial-inclusion-in-reducing-poverty-and-income-inequality-in-developing-countries.pdf> accessed 10 November 2024.
- Ozigbo S and Osevwe-Okoroyibo E E, 'Bank Lending and Corporate Governance in Nigeria: A Critical Appraisal' (2008) 2(3) Journal of Business and Management Studies 1
<https://www.researchgate.net/publication/364917346_BANK_LENDING_AND_CORPORATE_GOVERNANCE_IN_NIGERIA_A_CRITICAL_APPRAISAL> accessed 3 April 2025.
- Ozili P, 'Impact of Digital Finance on Financial Inclusion and Stability' (2018) 18(4) Borsa Istanbul Review 3, DOI: 10.1016/j.birs.2017.12.003
<https://www.researchgate.net/publication/322100618_Impact_of_Digital_Finance_on_Financial_Inclusion_and_Stability> accessed 17 January 2025.
- Ozili P, 'Theories of Financial Inclusion' (2020) SSRN Electronic Journal 10-1 DOI:10.2139/SSRN.3526548, <https://www.researchgate.net/profile/Peterson-Ozili/publication/338852717_Theories_of_Financial_Inclusion/links/6132dfc82b40ec7d8be3823d/Theories-of-Financial-Inclusion.pdf?origin=publication_detail&_tp=eyJjb250ZXh0Ijp7ImZpcnN0UGFnZSI6InB1YmxpY2F0aW9uIiwicGFnZSI6InB1YmxpY2F0aW9uRG93bmVYQWQiLCJwcmV2aW91c1BhZ2UiOiJwdWJsaWNhdGlviJ9fQ> accessed 31 January 2025.
- Safiyanu U Y and Yusuf S G, 'Socio-Economic Determinants of Financial Inclusion in Niger State, Nigeria' (2022) 3(1) FUOYE Journal of Finance and Contemporary Issues 159-170, 160

<<https://www.fjfcf.fuoye.edu.ng/index.php/fjfcf/article/download/47/39/48#:~:text=The%20empirical%20findings%20revealed%20that,age%20has%20a%20negative%20impact>>
accessed 14 November 2024.

Sakanko M A, 'Financial inclusion and women participation in gainful employment: An empirical analysis of Nigeria' (2020) 2(1) Indonesian Journal of Islamic Economics Research 1-14, 2, DOI:10.18326/ijier.v2i1.3517 <https://www.researchgate.net/publication/34786-1358_Financial_inclusion_and_women_participation_in_gainful_employment_an_empirical_analysis_of_Nigeria/fulltext/5feeb33ba6fdccdc81eafbc/Financial-inclusion-and-women-participation-in-gainful-employment-an-empirical-analysis-of-Nigeria.pdf> accessed 21 November 2024.

Samala M and Kmaldeen L, 'Cooperative marketing societies and its challenges for sustainable Economic Development in Lagos Nigeria (2014) 4 (6) IOSR Journal of Research & Method in Education (IOSR-IJRME) 24-31, 28 <<https://www.iosrjournals.org/iosr-jrme/papers/Vol-4%20Issue-6/Version-3/E04632431>> accessed 30 April 2025.

Sanni M and others, 'Bank Credit Accessibility and Performance of SMEs in Kwara State, Nigeria: A PLS-SEM Analysis' (2020) 9(2) Copernica Journal of Finance and Accounting 45-46 <<https://apcz.umk.pl/CJFA/article/download/CJFA.2020.007/26213>> accessed 23 January 2025.

Shankar S, 'Financial Inclusion in India: Do Microfinance Institutions Address Access Barriers?' (2013) 2(1) ACRN Journal of Entrepreneurship Perspectives 60-74 <<http://www.acrn.eu/resources/Journals/201302d.pdf>> accessed 6 February 2025.

Tijani M, Ngah B B and Mohammed A F, 'Financial Exclusion in Northern Nigeria: A Lesson From the Developed Countries' (2022) 7(01) AFEBI Islamic Finance and Economic Review 45 <<https://www.journal.afebi.org/index.php/article/view/565/295>> accessed 20 November 2024.

Uche C U, 'Foreign Banks, Africans and Credit in Colonial Nigeria 1890-1912' (1999) 52(4) The Economic History Review New Series 669-691 <<https://doi.org/10.1111/1468-0289.00142>> accessed 31 January 2025.

Yoshino N and Morgan P, 'Overview of financial inclusion, regulation and education' (2016) Asian Development Bank Institute (ADBI) Working Paper No 591 1-313, 7
<https://www.researchgate.net/publication/315647249_Overview_of_Financial_Inclusion_Regulation_and_Education> accessed 7 February 2025.

Lecture

Omidire K, 'Prospects for the Law in Resolving the Challenges of Retail Banking in Nigeria' (17th Inaugural lecture, Federal University of Oye-Ekiti delivered 20th June 2024) 3

Newspaper Publications

Africanews, 'Nigeria will establish a National Credit Guarantee Company in May 2025 to improve access to credit for businesses and individuals' (Brazzaville, 2 January 2025)
<<https://www.africanews.com/2025/01/02/nigeria-to-launch-credit-guarantee-firm-to-boost-economy/#:~:text=Nigeria%20will%20establish%20a%20National,improve%20living%20standards%20in%20Nigeria>> accessed 13 March 2025.

Anudu O, 'Fintech start-up, Kiakia, launches P2P lending investment mobile app' (25 May 2020) *Business Day* <<https://businessday.ng/interview/entrepreneur/article/fintech-start-up-kiakia-launches-p2p-lending-investment-mobile-app/>> accessed 19 May 2020.

Ekeghe N, 'Bridging Financial Inclusion Gap' (5 June 2024) *This Day*
<<https://www.thisdaylive.com/index.php/2024/06/05/bridging-financial-inclusion-gap/?amp>> accessed 16 April 2025.

Ekeghe N, 'Enhancing Access to Credit' (30 November 2022) *This Day*
<<https://www.thisdaylive.com/index.php/2022/11/30/enhancing-access-to-credit/>> accessed 19 April 2025.

Moses-Ashike H, 'Access Bank empowers 4m women with N370bn in W initiative' *BusinessDay* (Lagos, 1 April 2025) <<https://businessday.ng/companies/article/access-bank-empowers-4m-women-with-n370bn-in-w-initiative/>> accessed 16 April 2025.

Moses-Ashike H, 'Access Bank introduces specialised debit cards for women' *BusinessDay* (Lagos, 8 December 2022) <<https://www.google.com/amp/s/businessday.ng/news/article/access-bank-introduces-specialised-debit-cards-for-women/%3famp>> accessed 16 April 2025.

Moses-Ashike H, 'CBN'S N220bn MSMED fund creates more opportunities for borrowers' *BusinessDay* (Lagos, 15 June 2021) <[https://businessday.ng/banking/article/cbns-n220bn-msmed-fund-creates-more-opportunities-forborrowers/#:~:text=The%20International%20Finance%20Corporation%20\(IFC,access%20to%20expand%20their%20businesses](https://businessday.ng/banking/article/cbns-n220bn-msmed-fund-creates-more-opportunities-forborrowers/#:~:text=The%20International%20Finance%20Corporation%20(IFC,access%20to%20expand%20their%20businesses)> accessed 21 April 2025.

Olusi O, 'Credit Guarantee Instruments: A path to financial inclusion and economic growth for Nigeria' *BusinessDay* (Lagos, 20 January 2025) <<https://businessday.ng/backpage/article/credit-guarantee-instruments-a-path-to-financial-inclusion-and-economic-growth-for-nigeria/#:~:text=As%20Nigeria%20works%20toward%20becoming,diversification%2C%20and%20foster%20sustainable%20growth>> accessed 13 March 2025.

This Day Live, 'How credit bureaus enhance access to consumer credit' (Lagos, 12 October 2024) <<https://www.thisdaylive.com/index.php/2024/08/12/how-credit-bureaus-enhance-access-to-consumer-credit/>> accessed 13 March 2025.

Other Sources

Abubakar A M, and others, 'Driving faster financial inclusion in developing nations' (2020) <<https://papers.ssrn.com/sol3/papers.cfm?abstract=id=3672310>> accessed 21 November 2024.

Adeniyi P, 'Improving Land Sector Governance in Nigeria' (World Bank Report 2013) 12 <<https://thedocs.worldbank.org/en/doc/a91b90185037e5f11e9f99a989ac11dd-0050062013/related/Nigeria-Synthesis.pdf>> accessed 28 May 2025.

Akinseye-George Y, 'Social and Economic Rights and the Sustenance of Democracy in Nigeria' (2020) <https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID366386-code3699658.pdf?abstractid=366386&mirid=1> accessed 17 March 2025.

- Alliance for Financial Inclusion, '2024 MAYA DECLARATION PROGRESS REPORT' (August 2024) <<https://www.afi-global.org/wp-content/uploads/2024/08/2024-Maya-Declaration-Progress-Report.pdf>> accessed 13 November 2024.
- Alli Y, 'The system of Borrowing in the Traditional Setting in Ilorin' (Unpublished LL.M Seminar Paper Obafemi Awolowo University 1991) 3.
- Atkinson A and Messy FA, 'Measuring financial literacy: Results of the OECD/International Network on Financial Education (INFE) Pilot Study' OECD Working Papers on Finance, Insurance and Private Pensions No 15 (2012) 6 <https://www.oecd.org/content/dam/oecd/en/publications/reports/2012/03/measuring-financial-literacy_g17a210b/5k9csfs90fr4-en.pdf> accessed 29 April 2025.
- Baiden J, 'The 5 Cs of Credit in the Lending Industry' (2011) 14 <https://ssrn.com/sol3/papers.crm?abstract_id=1872804> accessed 6 April 2025.
- Bayot B, Disneur L and Kempston E, 'Legislative Action by Government to Promote Financial Inclusion' (June 2018) <<https://www.finance-watch.org/wp-content/uploads/2018/06/2-Legislative-action-by-governments-to-promote-financial-inclusion.pdf?>> accessed 2 May 2025.
- Elijah A, 'Consumer Credit Granting System and Attitude to Borrowing among the Izons' (Unpublished LL.M Seminar Paper Obafemi Awolowo University 1991) 8-9.
- Famiyesin O A, 'Credit Granting System and the Attitude to Borrowing in Ilesha' (Unpublished LL.M Seminar Paper Obafemi Awolowo University (OAU) Ile-Ife 1991) 2.
- Haruna M A and Saifullahi S I, 'An Analytical Review of Financial Intermediation in the Rural Areas of Nigeria' (2012) 323-333 <<https://mpa.ub.uni-muenchen.de/87567/>> accessed 1 May 2025.
- Mejeha R and Nwachukwu I, 'Microfinance Institutions in Nigeria' (14 August 2008) Munich Personal RePEc Archive (MPRA) Paper No. 13711 <<https://mpa.ub.uni-muenchen.de/13711/>> accessed 25 March 2025.

- Ndung'u N, 'A Digital Financial Services Revolution in Kenya: The M-Pesa Case Study' (2021) <<https://aercafrica.org/old-website/wp-content/uploads/2021/03/AERC-MPesa-Case-Study.pdf>> accessed 3 May 2025.
- Ogun F, 'Non-Justiciability of Chapter Two of the 1999 Constitution: A Hindrance to Nigeria's Development' (30 July 2020) <https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID366386-code3699658.pdf?abstractid=366386&mirid=1> accessed 19 February 2025.
- Ogunseye, 'Traditional System of Borrowing in Yoruba land: Gbongan as a Case Study' (Unpublished LL.M Seminar Paper Obafemi Awolowo University (OAU) 1991) 3.
- Opala J A, 'Effect of financial stability on the stability of deposit taking SACCOs in Nairobi County' (Unpublished Thesis, University of Nairobi 2014).
- Orage, 'Traditional Credit Borrowing Practices in Ogoni, Rivers State' (Unpublished LL.M Seminar Paper Obafemi Awolowo University 1991) 2.
- Osuji E, 'Nigeria Deposit Insurance Corporation: Origin, Evolution and Contribution to Financial Sector Stability' (IADI Africa Regional Committee Conference, Uganda, September 2019) <<https://dpf.or.wp-content/uploads/2020/04/NDIC-Origin-Evaluation-and-Contribution-to-Financial-Sector-Stability-Emily-Osuji-converted.pdf>> accessed 23 February 2025.
- Ozili P, 'Institutional theory of financial inclusion' (2023) 12-13 <https://download.ssrn.com/23/01/ssrn_id4317602_code1996195.pdf> accessed 1 April 2025.
- Srinivasan, Role of Banks in Promoting Financial Inclusion (28 November 2009) <https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_1D2365209_Code2162791.pdf?abstractid=2365209&mirid=1> accessed 2 May 2025.
- Thomas J J, 'The Informal Financial Sector: How does it Operate and who are the Customers' (January 1992) Overseas Development Institute (ODI) Working Paper 61 ISBN 0 85003 178 8 <<https://odi.org/documents/3442/6961.pdf>> 13 accessed 14 January 2025.
- Ukpai K and Adigun M, 'Financial Inclusion in Nigeria: Issues and Challenges' (August 2013)
- Occasional Paper No.45

<<https://www.cbn.gov.ng/out/2014/rsd/occasional%20paper%20no.%2045%20issues%20and%20challenges.pdf>> 15 accessed 15 January 2025.

UNEP Finance Initiative, Driving Inclusive Growth through Responsible Banking: From Principles to Practice Responsible Banking case study Series' (March 2025) <https://www.unepfi.org/wordpress/wp-content/uploads/2025/03/PRB_CS_Access-Bank.pdf> accessed 23 April 2025.

Wangoo E, 'The relationship between financial inclusion and economic development in Kenya' (unpublished MBA Thesis University of Nairobi 2013).

Wayne Thomas and others, 'Technologies for Financial Inclusion in Nigeria' (2020) Research Agenda Working Paper 2020(4) 40-50 <https://www.researchgate.net/publication/340184476_Technologies_for_Financial_Inclusion_in_Nigeria> accessed 22 January 2025.

Zavilokina L, Dolata M, and Schwabe G, 'Fintech: What's in a name?' (37th International conference on information systems, Dublin, 2016) 1-20 <https://www.researchgate.net/publication/318268448_FinTech_-_What's_in_a_Name> accessed 15 March 2025.

Thesis

Madein O, 'Nigerian Women Entrepreneurs Strategies for Financial Inclusion: A Generic Qualitative Inquiry' (2020) Walden Dissertation and Doctoral Studies 6 <<https://scholarworks.waldenu.edu/cgi/viewcontent.cgi?article=11241&context=dissertations>> accessed 21 April 2025.

Olalekan M N, 'Informal Financial Sector and Saving-Investment Process in Nigeria: Evidence from five South-Western States' (July 1998) a PH.D Thesis in the Department of Economics University of Ibadan <<https://publication.codesria.org/index.php/pub/catalog/download/2096/3065/8466?inline=1>> 102 accessed 13 January 2025.

Oluwatoyin M, 'Nigerian Women Entrepreneurs' Strategies for Financial Inclusion: A Generic Qualitative Inquiry' (2020) Walden Dissertations and Doctoral Studies 9970 <<https://scholarworks.waldenu.edu/dissertations/9970>> accessed 22 November 2024.

Uche C U, 'Banking Developments in Pre-Independence Nigeria: A Study in Regulation, Control and Politics' (PhD thesis, University of London 1997) 105 <<https://etheses.lse.ac.uk/1470/1/U105686.pdf>> accessed 16 November 2024.

Bio-data

A. Personal Data

1. Full Name: Ayokunmi Comfort THOMAS

E-mail address: kunmithomas22@gmail.com

Mobile Number: 08138448190

2. Date and Place of birth: 4TH January, 1999, Ibadan

3. Nationality: Nigerian

4. Name and Address of Next of Kin: Mrs Kehinde Thomas, No. 8,
Unique Estate, Odo- Ona Kekere, Arapaja, Ibadan

B. Educational Background (with Dates and Qualifications)

Lead City University, Ibadan

Bachelor of Laws (LL.B)

2018-2022

Jsay Prevarsity	General Certificate of Education Advanced Subsidiary Level and Advanced Level (GCE AS & A Level)	2016-2017
Molete Baptist College	Senior School Certificate	2009-2015
Baptist Primary School	First School Leaving Certificate	2003-2009

C. Work Experience with Dates

Oyo State High Court	NYSC Legal assistant	March 2023- December 2023
Biodun Abdu- Raheem & Co	Legal intern	August-September 2022
Sunday Salawu & Co	Legal intern	July-August 2019

D. Awards

Professor Jide Owioye Prize for the Best Graduating in Nigerian Foreign Policy (2022)

Ambassador Olu Saanu Prize for the Best Graduating Student in Diplomacy (2022)

E. Publication

A. Thomas and K. Omidire, 'Improving the Institutional and Legal Frameworks for Consumer Credit in Nigeria for the Benefit of Individuals and Small & Medium Enterprises' (accepted for publication in the Journal of the Department of Jurisprudence and Public Law, Faculty of Law Kwara State University 2025).

F. Certifications

Graduate Member Institute of Personality Development and Customer Relationship Management (2022)

Jobberman Soft-Skills Training (2023)

CompTIA Project + (2022)

G. Personal Skills

Good communication skill

Good organisational skill

Strong research skill

Good presentation skill

H. Referees

Prof. K.B. Omidire

Faculty of Law

Federal University, Oye-Ekiti

08030808593

Prof Wasiu Babalola

Faculty of Law

Atiba University, Oyo

0803702633

AP. O. Adelakun

Faculty of Law

Lead City University, Ibadan

08028809033

Signature

Date

University Compliance Form

This is to certify that this project by **Ayokunmi Comfort THOMAS** with matric number **LCU/PG/003944** in the Department of Law, Faculty of Law, Lead City University, Ibadan, Oyo State is in full compliance with the approved University's guidelines.

Signature

Date

Lead City University Ibadan DO NOT COPY

Plagiarism Result

Lcu Library

THOMAS_Ayokunmi_Comfort LCU Library

-  Quick Submit
-  Quick Submit
-  Lead City University

Document Details

Submission ID

trn:old::1:3424195309

Submission Date

Nov 25, 2025, 8:27 AM GMT+1

Download Date

Nov 25, 2025, 8:46 AM GMT+1

File Name

THOMAS_Ayokunmi_Comfort-Final_Thesis_for_Plagiarism_Test.docx

File Size

194.5 KB

183 Pages

39,381 Words

229,930 Characters



Page 1 of 207 - Cover Page

Submission ID trn:old::1:3424195309

Lead City

Plagiarism Result



Page 2 of 207 - Integrity Overview

Submission ID trnoid::1:3424195309

17% Overall Similarity

The combined total of all matches, including overlapping sources, for each database.

Filtered from the Report

- Bibliography
- Quoted Text
- Small Matches (less than 10 words)

Match Groups

-  **520 Not Cited or Quoted 16%**
Matches with neither in-text citation nor quotation marks
-  **29 Missing Quotations 1%**
Matches that are still very similar to source material
-  **0 Missing Citation 0%**
Matches that have quotation marks, but no in-text citation
-  **0 Cited and Quoted 0%**
Matches with in-text citation present, but no quotation marks

Top Sources

- 14%  Internet sources
- 6%  Publications
- 10%  Submitted works (Student Papers)

Integrity Flags

0 Integrity Flags for Review

No suspicious text manipulations found.

Our system's algorithms look deeply at a document for any inconsistencies that would set it apart from a normal submission. If we notice something strange, we flag it for you to review.

A Flag is not necessarily an indicator of a problem. However, we'd recommend you focus your attention there for further review.

Lead City University