

WOMEN'S ACCESSIBILITY TO CREDIT FROM SELECTED COMMERCIAL BANKS FOR POVERTY REDUCTION IN SOUTHEAST NIGERIA.

ABSTTACT

The study examined women's accessibility to credit from selected commercial banks for poverty reduction in south-east Nigeria. Hypothesis tested was that socio-economic variables do not significantly influence women's access to credit. Primary data were obtained from three commercial banks. Three bank officers and 95 women were administered with questionnaire to obtain information. Descriptive and logit analytical tools were used to analyse the data. The field data showed that apart from banks, the women sourced credit from nine other sources such as relatives, cooperatives, and women associations. In granting loans, the banks considered mostly ownership of account with bank, character of borrower and experience in the business. Apart from farming, the women invested the loan on trading on manufactured goods, palm oil and kernel processing and operating maternity homes. The respondents had 65% access to bank loan with repayment performance of 90.26%. The logit regression analysis showed that socio economic factors significantly influenced the women's access to credit.

Key Words: Women Access ,Repayment Performance ,Poverty Reduction.

WOMEN'S ACCESSIBILITY TO CREDIT FROM SELECTED COMMERCIAL BANKS FOR POVERTY REDUCTION IN SOUTHEAST NIGERIA.

1.0 Introduction

Agricultural production in Nigeria is progressively on the decline in terms of its contribution to the country's Gross Domestic Product and satisfying the nation's food requirement despite the fact that over 70% of the population are engaged in agriculture and agro-allied enterprises. Thus it is unable to fulfill its most basic and traditional role of being the source of food for the nation and raw materials for the industries, therefore, the continued rise in food importation (Odigbo, 2000).

To address this distortion, government has formulated policies and programmes aimed at enhancing food production, rural development and poverty reduction. Thus in recognition of the fact that most women reside in the rural country side and represents as much as 60% of the agricultural labour force (Jaycox, 1989; Eze, 1991) and produce most of the country's food, the government expects women to play essential roles in revamping the agricultural sector, and to realize this, credit is essential.

Nigerian women constitute a diverse group which despite differences in culture and class are bound together by a commonality of issues and experiences that are rooted in the discrimination they face at all levels and stages of their lives (UNDP, 2000). Women have been in the vanguard of initiating and recognizing related movements for economic, political and socio-cultural issues. It is this concerted and sustained action by them that resulted in the recognition and worldwide discussion of gender issues and problems. Though policy makers have targeted population in their health and nutrition programmes to women especially their reproductive roles, they have neglected women as productive agents. This is gradually changing since the 1995 Beijing and the subsequent world conferences on women in Nairobi, Kenya. New research on women showed their indispensable roles as farm managers and workers all over the world (Eze, 2006). This is in spite of the women's limitations arising from gender, economic activities, educational attainments, ownership of assets and household activities.

Moreover, they lacked storage facilities and adequate production inputs to help them counter the effects of pests and diseases in their agricultural activities.

Income in the hands of women contribute more to household food security and children nutrition than income controlled by men. And since women are known to be involved in agriculture and other informal sectors of the rural economy of developing nations (Quisumbing et al, 1995; World Bank, 2002), it is imperative that these activities require some capital which most women lack. This is because of the seasonality of agriculture and their low scientific knowledge. Also these women are poor, working under drudgery, hazardous and unhygienic conditions, with very little or no access to credit. The need for additional income makes them sell off their production surpluses which places serious limitations on their economic potentials. Awoniyi and Ayandiji (2008) maintained that while men readily seek for and obtain credit to overcome some of these problems, the women suffer greater disability in accessibility, ownership and control of productive assets and other factors of production. Farm credit make available new production techniques such as improved inputs, adoption of new technologies and expansion of business size, thereby increasing the farmers productivity. Increase in productivity levels of the farmers lead to increase in quantity and quality of produce and consequently increases their farm income which invariably enhances their purchasing power and therefore reduces poverty in their midst (Berret, 1999). Also Pitt and Khandker (1994) reported that credit provided to women is more likely to achieve positive outcomes than credit given to men and concluded that credit has a significant effect on the well-being of poor households and has greater effect when women are the beneficiaries.

Recent researches stress the positive role that access to credit markets can have for improving income generation, food consumption and nutritional status as well as education of the beneficiaries and hence acts as a strategy for poverty alleviation in rural communities of developing nations. But zeller et al (1997) and World Bank (1990) maintained that credit programmes in the past neglects the array of subsistence crops and non-farm enterprise which are special to women and could enhance their living condition if well funded.

The access barriers to the participation of the poor in financial intermediation includes, eligibility requirements, transaction costs in connection with depositing and with-drawing savings, transaction costs of borrowing and debts service payments and collateral and security requirements (Von Pischke, et al, 1983) . Women also face the barrier of being reminded that their place is in the kitchen and child bearing as well as the belief that any investment on women in education is a wasted venture (Eze, 2006). Women were not seen as being able to make any meaningful economic achievement and as such they were denied loan facilities. Eze and Ugochukwu (2004) showed that in as much as women have attained some heights with men in almost every field of life, there is still some level of gender bias against women in the area of credit supply from financial institutions. Moreover, most women lack self esteem and confidence in seeking for institutional financial assistance. Snyder (1990) stated that access to a particular source of credit is the ability to borrow from that source, although for a variety of reasons one may choose not to. The extent of access to credit is measured by the maximum amount one can borrow or ones credit limit. Regrettably, women in the South-east Nigeria lack access to credit to improve their economic activities, hence, the hunger and food insecurity in the region. Most studies on women access to credit were done outside the South-east region of Nigeria particularly in the South-west region and other developing nations. This means there is little or no research on women's accessibility to credit from selected commercial banks for poverty reduction in the southeast Nigeria, hence the decision of the researchers to carry out this study in the region to fill the research gap.

2.0 Objectives of Study

The broad objective of the study was to examine the women's accessibility to credit from selected commercial Banks for poverty reduction in southeast Nigeria. The specific objectives were to;

- (i) identify the various sources of credit available to women,
- (ii) determine the amount of loan accessed by the women,
- (iii) identify and analyse the economic activities the women invested the loan fund,
- (iv) assess the repayment performance of the women,
- (v) identify and analyse the criteria for accessibility to the bank credit.

3.0 Hypothesis of the Study

The hypothesis tested was; socioeconomic factors do not significantly influence women's access to bank credit.

4.0 Materials and Methods

The study was conducted in southeast Nigeria. The region was chosen because women are engaged in several economic activities and there exist commercial banks in the area that are in position to make available credit facilities to the women. The primary occupation of the people is farming and other socioeconomic activities that generates income. Crops such as cassava, yam, vegetable, maize, melon, mango, oil palm, oranges and paw paw are grown while livestock such as goat, cattle, sheep, poultry and Pig are reared in the study area.

Though the research set off to survey five of the big banks in the study area, only three gave valid and research usable data for further analysis. These banks are United bank for Africa Plc, Union bank Plc and First bank of Nigeria Plc. These banks were purposively selected for study because of their wide spread and readiness to make loans available to their customers in the area. The study area-Imo, Enugu and Ebonyi States were also purposively chosen because these states constitutes the agricultural states of the region. A list of borrowers from these banks were obtained from banks customer /credit managers. From this list, women loan applicants and beneficiaries were isolated and used for further analysis. A random sample of women loan beneficiaries was made and used for the study. A random sample of 35 respondents was made from each bank giving a total of one hundred and five (105) women loan beneficiaries. This sample was obtained from a frame of 788 women who applied and obtained loan facilities from these banks in the past seven years. However only ninety five of the women respondents returned valid responses which was used in data analysis. An interview schedule was prepared and used for data collection from both the bank and women respondents. The total number of respondents used for the analysis was ninety eight (95 women and 3 officers of the banks). The objectives of the study were analysed using descriptive statistics while the hypothesis was analysed using the logistic model of the regression analysis which is explicitly stated as follows;

$$\ln Y = \ln \left(\frac{P}{1-P} \right) - \ln(I) \quad (1)$$

$$\ln \left(\frac{P}{1-P} \right) = b_0 + b_1 x_1 + b_2 x_2 + b_3 x_3 \dots b_9 x_9 + u \quad (2)$$

Where

Y	=	access and non-access to credit (dummy variable, access to credit = 1 and zero to non-access to credit)
P	=	probability of access to credit
1-P	=	probability of non-access to credit
Ln	=	natural logarithm function
b ₀	=	constant
b ₁ – b ₉	=	logistic regression coefficients
x ₁	=	age of the respondents
x ₂	=	number of years spent at school
x ₃	=	amount paid as interest
x ₄	=	household size
x ₅	=	economic activities of respondents (dummy variable, 1= farming, zero = other activities)
x ₆	=	loan conditions (dummy variable, 1 = collateral, zero = no collateral,)
x ₇	=	input cost (N)
x ₈	=	savings (N)
x ₉	=	experience in business
u	=	stochastic error term.

The logistic regression model expresses the qualitative dependent variable which in this study is dichotomous, as a function of several independent variables, both qualitative and quantitative (Gujarati, 1998, Fox, 1984). Since P is the probability of access to credit and 1-P is the probability of non-access to credit, the ratio P/ (1-P), known as the odds ratio, is the odds in favour of access to credit. The natural logarithm of the odds ratio is called the logit model which is estimated through the method of maximum likelihood since we have data on individual observations (Gujarati, 1998). For this model, the coefficient of multiple determination, R- Squared (R²) is not a reliable measure of goodness of fit and it is not suited for the dichotomous dependent variable, but rather the model gives a chi-squared value in place of R².

5.0 Results and Discussion

The field result (Table 1) showed that 71% of the respondents were between 35 and 55 years old while only 12% were aged between 55 and 65 years. The mean age of the respondents was 44 years. The result shows that majority 84% of the women attained between 7 and 18 years in formal education. The mean educational attainment was 11 years. Majority 65% of the respondents had household size of between 1 and 10 with a mean of nine persons.

Table 1. Socioeconomic characteristics of the respondents

Variables / categories	Frequency	Percentage
Age 25-35	16	16.84
35-45	38	40.00
45-55	30	31.58
55-65	11	11.58
Mean age 44years		
Educational attainment		
1-6	14	14.74
7-12	47	49.47
13-18	33	34.74
19-23	1	1.05
Mean educational attainment 10.82 years		
Household size		
1-10	62	65.26
11-20	33	34.74
Mean household size 8.97 persons		
business experience		
1-5	13	13.68
5-10	31	32.63
10-15	27	28.42
15-20	24	25.26
Mean 10.83		

Source: Field data, 2008

An average household size of nine persons is outside the nationally recommended of 6 persons and could be a hindrance to loan repayment when sickness, feeding, festivities and educational funding fall due. Ugochukwu et al, (2003) reported that household size of seven tends to increase the amount of credit diverted to non-agricultural activities but world bank (1990) stressed that investment in human capital supported by working capital loans contributes to the reduction of poverty.

It was found that most (61%) of the respondents had between 5 and 15 years experience in their business. The mean years of experience was eleven years. The women's level of experience is an important factor as it is a major determinant of their managerial acumen.

Table 2: Sources of credit available to the respondents

Sources of credit	Proportion of households with access
Relatives, social clubs and friends	0.220 (0.416)
Cooperatives	0.186 (0.396)
Women associations	0.142 (0.310)
Nigerian Agricultural, cooperative and rural development bank	0.130 (0.310)
Local Government Area	0.018 (0.135)
Non-governmental organizations	0.061(0.289)
State Governments loan scheme	0.037 (0.189)
Fadama	0.139 (0.343)
Isusu thrift association	0.246(0.487)

Figures in brackets are standard deviations

Source: Field data, 2008

Table 2 shows that more of the respondents (0.246) had access to isusu thrift associations credit followed by relatives, social clubs and friends. The least source of credit to the women was the local government Areas. Women Associations was another source of women's access to credit which they invest in their economic and other household activities.

Fadama is an agricultural and agro-allied credit programme meant to encourage dry season farming in selected states of Nigeria only a proportion (0.139) of the households had access to this source of credit.

Table 3: Factors banks consider before granting a loan facility.

Factors considered	Frequency*	Percentage
Ownership of account with bank	98	100.00
Character of borrower	96	97.96
Collateral or security	90	91.84
Personal/third party guarantee	84	85.71
Type of business	58	59.18
Experience in business	87	88.76

*Frequency added up to 98 because of the inclusion of the 3 bank staff interviewed.

*Multiple responses were recorded.

Source: Field data, 2008.

Table 3 indicates that all the prospective borrowers had an account with the bank and must have maintained the account for a minimum period of six months before applying and being considered for a loan facility. Ninety eight percent of the respondents the stated that the borrower's character was given prominence while only fifty nine percent of them stated that the type of business for which the application was made was considered in approving the loan facility.

Table 4. Distribution of the respondents according to economic activities.

Economic Activities	Frequency	Percentage
Farming	36	38.26
Maternity	7	7.37
Cold room/Refrigeration	2	2.11
Palm oil and kernel processing	15	15.79
Processing and preservation of food items	10	10.53
Supermarket Business	6	6.32
Trading on manufactured goods	14	14.74
Tailoring and fashion design	5	5.26
Total	95	100.00

Sources: Field data 2008.

Thirty eight percent of the respondents invested in farming particularly food crops. Sixteen percent were engaged in palm oil and kernel processing while fifteen percent invested in trading on manufactured goods. Seven percent of the respondents were found to be professional medical personnel who invested in maternity business. Table 4 shows that apart from farming the women surveyed were engaged and invested in various other economic activities as a means of income to assist the households in reducing poverty.

Table 5: The amount of loan applied for, amount obtained, interest charged and percentage access to loan facility by the respondents (2001-2007).

Year	Amount Requested(₦)	Amount Obtained (₦)	Interest charged (₦)	Percentage access
2001	4,693,800	2,867,700	40,749.74	61.31
2002	7,678,000	3,864,975	54,882.65	50.34
2003	5,580,700	3,352,554	47,606.27	60.07
2004	8,515,600	4,477,003	63,573.44	52.57
2005	10,975,000	7,215,000	102,453	65.74
2006	18,420,200	12,130,000	172,246	65.85
2007	16,515,000	13,120,000	186,304	79.44
Total	72,378,100	47,029,232	667,815.09	64.98

Source: Field data 2008

(\$1 = ₦117.50)

The field data showed that the mean amount requested for by the respondents was ₦108, 839.25 while only N70, 720.65 was approved and accessed by them per annum. An average of ₦1004.23 was paid as interest charges per annum by the respondents. It was observed that apart from an interest rate charge, the banks also charge such fees as processing, commitment and management fees. Table 5 showed that in 2001, 61% the total amount requested was obtained and in 2002, 50% of the amount rested was obtained. The highest disbursement was in 2007 where 79% of the total amount applied for was accessed by the respondents. The overall result showed that 65% of the total amount applied for by the respondents' during the seven year period was obtained. This amounts to the respondents' credit limit with the banks.

According to Snyder (1990) the extent of access to credit is measured by the maximum amount one can borrow or one's credit limit. This result implies that women's access to credit was good in the study area. However, when this figure is compared to the total population of women who seek for credit and could not have access to them, this figure becomes insignificant. Moreover these loan beneficiaries are those who own and are operating an account with the banks surveyed, the millions of women who do not even have access to banks whatmore owning, and operating an account with any of them are skimmed out of access to bank loans. It was observed that most women do not have access to banks and its facilities because of their lack of self esteem, poor financial base, rigors involved in the processing, documentation and disbursement of the loans as well as opening and operating bank accounts. It was observed that none of the respondents indicated having pledged any collateral for the loan accessed.

Table 6: Loan Repayment Performance of the respondents.

Year	Amount Repayable(₦)	Amount Repaid (₦)	Default Amt (₦)	Percentage Repayment
2001	2,910,44.74	2,832,740.73	77,709.01	97.33
2002	3,919,857.65	3,748,951.86	170,905.79	95.64
2003	3,400,160.27	3,047,563.65	352,596.62	89.63
2004	4,540,576.44	4,281,763.83	258,812.86	94.30
2005	7,317,453.00	7,084,026.25	233,426.75	96.81
2006	12,302,246.00	10,894,869.06	1,407,376.94	88.56
2007	13,306,304.00	11,162,658.43	2,143,645.57	83.89
Total	47,697,047.09	43,052,573.81	4,644,473.28	90.26

Source: Field data 2008.

(\$1 = ₦ 117.50)

The findings of the study (Table 6) showed that on the average, the repayment rate was 90.26% with a total amount of ₦47, 697, 047. 09 accessed as loan, ₦43, 052,573.81 was repaid while ₦4, 644,473.28 was the amount of default representing 9.74%. This implies that the women were able to invest in economic activities that gave good returns on capital invested, hence their ability to repay the loan with minimal default. The loanees ability to repay their loans has positive implication on poverty alleviation among the households surveyed.

In the logistic model analysis, the presence of multi-collinearity was tested between the explanatory variables and none was detected hence we entered all the variables and estimated the logit regression equation.

Table 7: Logistic analysis of factors influencing access to bank credit

Variables	Logit regression coeff.	T-values
Age of respondents	-0.0348	- 48.643*
Educational attainment	0.1703	98.560*
Amount of interest paid	- 0.0434	- 22.231*
Household size	0.04795	- 48.782*
Economic activities invested in	0.02485	30.403*
Condition for loan (collateral)	0.0007	64.513*
Input cost	0.0005	35.959*
Savings	- 0.6564	- 26.401*
Experience in business	0.03895	51.223*
Constant	1.2632	25.521*
Chi squared cal	66.102	
Chi squared tab	53.670	

*Significant at 1% probability level

Source: Field data, 2008.

The result of the logistic analysis (Table 7) showed that the chisquared calculated was greater than chisquared tabulated at 1% level of probability and concluded that the factors indicated actually influenced women's access to credit from the selected banks. We therefore rejected the null hypothesis that stated that socio-economic factors do not influence the women's accessibility to credit from among the selected banks. All the variables tested were significant at 1 % level of probability.

The age of the respondents showed a negative relationship with access to credit. This is not surprising because as the age of respondents increases, the more risk averse they become and the less their productivity. Educational attainment of borrowers has positive relationship with access to bank's credit. Education generally improves access to good things of life including credit. An enlightened borrower is not frightened with the bottlenecks associated with the process of borrowing or opening a

bank account. The negative relationship between interest charged and access to credit shows that interest charges are disincentive to access to credit among the women surveyed.

There is a positive relationship between household size and women's access to credit. However, large household size implies large number of people to cater for in the household, though in farming households they are sources of cheap labour in the farm. The negative relationship that existed between access to credit and saving is not surprising because most women save little of cash and save more in form of material things such as jewelries and wrappers. This finding is in line with Eze (2006) in a similar study in Imo State, Nigeria.

The experience of the Women in their businesses had a positive relationship with access to bank credit. This result is not surprising because of the repayment performance of the respondents. They must have been so experienced in their business that they could manage it so efficiently and effectively as to release enough profit to repay both principal and interest charges on the loan borrowed.

It is recommended that both the bank regulatory authorities and the banks should work out incentives for improving women access to banks and its credit, strengthen the banks capacity to lend, expand their existing financial networks and promote attractive opportunities for good saving habit among the respondents.

ACKNOWLEDGEMENT

The authors acknowledge with thanks our university research committee and the Vice Chancellor for granting us the research grant with which this study was carried out.

REFERENCES

- Awoniyi O.A. and A Ayandiji (2008) “Effect of Gender differentials in access to credit facilities on productivity among rural Households”. In Umeh T.C, C.R. Obinne and Wurola Lawal (eds) *Prospects and Challenges of adding Value to Agricultural Products Proceedings of the 22nd Annual National Conference of Farm Management Association of Nigeria* held at University of Agriculture Makurdi, Nigeria. 7th – 11th Sept. PP 178 -186.
- Berret C.B (1999) *Food Security and Assistance Programme. Handbook of Agricultural Economics*. Elsevier Sciences, Amsterdam.
- Eze C.C. (2006) “Determinants of Women Access to Credit from selected Commercial Banks in Imo State, Nigeria “
International Journal of Natural and Applied Science, 2 (2) PP 136 – 141
- Eze C.C. (1991) Economics of Cocoyam Production by Smallholder Farmers in Ihitte / Uboma Local Government Area of Imo State, Nigeria. Unpublished M.Sc Thesis University of Nigeria, Nsukka, Nigeria
- Eze C.C. and Ugochukwu A. I (2004) “Evaluation of Women Access to Agricultural Credit in Imo State Nigeria”. *Journal of Association for the Advancement of Modeling and Simulation Techniques in Enterprises*, France. Vol 25 no 3 PP 61-66.
- Fox J (1984) *Linear Statistical Models and Related Methods*, New York, John Willey and Sons
- Gujarati N (1998) *Basic Econometrics* 2nd edition New York, Mc Graw Hill Company PP 32 – 33

Jaycox E (1989) "The African Mother and Burdens". *Daily star* Printing and Publishing Company Ltd Enugu, Engugu State, Nigeria P.5

Odigbo, I (2000) "Mechanization of Nigerian Agricultural Industry. Pertinent notes, Pressing Issues, Pragmatic Solutions". Proceedings of a Public lecture organized by the *Academy of science, International Conference Center. Abuja, Nigeria.*

14

Pitt, M.M. and S.R Khandker (1994) *Household and intrahousehold impacts of the Grameen Bank and Similar targeted credit programmes in Bangladesh.* Brown University Province R.I. and World Bank, Washington D.C. USA.

Quisumbing, A. R, L. R Brown, H.S. Felstein, H.S Hadda and C. Pena (1995) *Women: The Key to food security, food policy report.* The international food policy Research institutes Washington D.C.

Snyder, .M (1990) *Women: The Key to Ending Hunger.* The Hunger project papers. No 8. pp4

Ugochkwu, A.I .E.C Matthews – Njoku and N.G. Benchendo (2003) "Performance evaluation of women farmer cooperative societies in Owerri Agricultural zone of Imo State, Nigeria". *Journal of Agriculture and social research.* vol 3, No 2, pp97 – 107.

United Nations Development Programme, (2000) "Problems of Women in Africa" www.un.org.pkpadoc.int

Von Pischke J.D., D.W. Adam and G. Donald (eds) 1983) *Rural financial Markets in developing countries. Their use and Abuse* Baltimore, Md. USA. John Hopkins University press.

World Bank (2002) *World Development Report* Washington D.C.U.S.A

World Bank (1990) *World Bank Development Report for 1990.* Oxford University press.

Zeller M. G. Schrieder, J. Von Braun and F Heidhues (1997) *Rural Finance for food Security for the poor implications for research and policy.* Food policy Review 4: International food policy Research institute Washington D.C. U.S.A.

ABOUT THE LEAD AUTHOR DR. C.C Eze: Born in 1961, married with children Graduated his Ph.D in 1996 as an Agricultural Economist working experience span from banking, research and lecturing in the university. Currently a senior lecturer and Associate Dean post graduate school of his university. He has published over 40 articles both locally and internationally.

AUTHORS NAMES AND ORGANIZATION

1. Dr. Eze, Christopher Chiedozie
Department of Agricultural Economics
Federal University of Technology
PMB 1526, Owerri, Imo State, Nigeria
chrisceze2003@yahoo.com
chrisenze@futongr.com (2348033807761)

2. Dr. Ibekwe Christian U.
Department of Agricultural Economics
Federal University of Technology Owerri
Nigeria (2348035519853)

3. Mr. Korie, Cornelius Onyebuchi
Department of Agricultural Economics
Federal University of Technology Owerri
PMB 1526 Owerri, Nigeria.
cornelkorie@yahoo.co.uk (2348039337474)

Number of words 3390

AFFIRMATION STATEMENT

We affirm that this work titled “women’s Accessibility to credit from selected commercial Banks for poverty reduction in south east Nigeria is an original work of the authors and no part of it has been published or presented elsewhere for publication or any other similar thing.

Signed
Dr. C.C. Eze (Lead author)
Dr. U.C. Ibekwe
O.C. Korie