

# 1                    **Informal Financial Institution and Sustainable** 2                    **Development Goal of Poverty Reduction In Kogi State,** 3                    **Nigeria**

## 4                    **Abstract**

5  
6     *Among the various SDGs, Poverty reduction which is the foremost goal is fundamental,*  
7     *strategic and crucial to the achievement of the other goals in which can be achieved among*  
8     *other ways with an efficient, effective, diverse, indigenous and innovative financial market.*  
9     *With a dualized financial market inherent in Nigerian economy as obtainable in most*  
10    *developing countries, the study seeks to study the role of informal financial institution on the*  
11    *sustainable goal of poverty reduction in Nigeria with particular reference to Kogi State using*  
12    *the Money lender theory as its theoretical Framework. The study sampled 600 respondents*  
13    *using stratified sampling technique carried out by dividing the population into 3 subsets*  
14    *based on the senatorial districts ( East, West, Central) 4 local government areas are*  
15    *randomly selected from each of the senatorial districts, 10 wards were selected from each of*  
16    *the local government area to give a total of 120 stratum. 10 respondents were selected from*  
17    *each of the wards concluded whose response was analyzed using descriptive statistics and*  
18    *Ordinary Least square hence concluded that Non financial institution is a potential voyage*  
19    *toward the actualization of the Sustainable goal of poverty reduction in Kogi state, Nigeria*  
20    *and recommended that Institutional and legal framework be structured to enable non*  
21    *financial institution perform the role of money lender while serving as intermediary between*  
22    *the complex financial institution and the unorganised low income earners alias the masses*  
23    *and those in the social recesses of the society.*

### 24                **1.0 Background of the Study**

25     The Sustainable Development Goals (SDGs), otherwise known as the Global Goals, adopted  
26     on September 25th 2015 are a universal call to action to end poverty, protect the planet and  
27     ensure that all people enjoy peace and prosperity as part of a new sustainable development  
28     agenda. Each goal has specific targets to be achieved over the next 15 years. These 17 Goals  
29     were built on the successes of the Millennium Development Goals, while including new areas  
30     such as climate change, economic inequality, innovation, sustainable consumption, peace and  
31     justice, among other priorities. The goals are interconnected – often the key to success on one  
32     will involve tackling issues more commonly associated with another. The SDGs are an  
33     inclusive agenda. They tackle the root causes of poverty to make a positive change for both  
34     people and planet. (UNDP, 2015)

35 Among the various SDGs, Poverty reduction which is the foremost goal is fundamental,  
36 strategic and crucial to the achievement of the other goals. Eradicating poverty in all its  
37 forms and dimensions, including extreme poverty, is the greatest global challenge and an  
38 indispensable requirement for sustainable development, the first and fundamental goal  
39 among the SDG. Its seven associated targets aims, among others, to eradicate extreme  
40 poverty for all people everywhere, reduce at least by half the proportion of men, women  
41 and children of all ages living in poverty, and implement nationally appropriate social  
42 protection systems and measures for all, including floors, and by 2030 achieve substantial  
43 coverage of the poor and the vulnerable.

44 Poverty and hunger has become an household problem in Nigeria over the past decades  
45 despite the abundant human and material resources inherent in Nigerian economy. The  
46 prevalence of poverty in the country, which has attained an endemic nature is becoming  
47 worrisome. Poverty has made Nigeria to attain an unenviable status such that no  
48 Government (no matter the level), Organisation, Community, Clan or Family can survive  
49 effectively without introducing one kind of poverty reduction effort (Oluwoyo, et al, 2016)

50

51 Poverty can be structural (chronic) or transient. The former is defined as persistent or  
52 permanent socio-economic deprivations and is linked to a host of factors such as limited  
53 productive resources, lack of skills for gainful employment, endemic socio-political and  
54 cultural factors and gender. The latter, on the other hand, is defined as  
55 transitory/temporary and is linked to natural and man -made disasters. Transient poverty is  
56 more reversible but can become structural if it persists

57

58 Poverty as a social problem is deeply embedded wound that permeates every dimension of  
59 culture and society. It includes sustained low levels of income for members of a  
60 community, a lack of access to services like education, markets, health care, financial  
61 institution, lack of decision making ability, and lack of communal facilities like water,  
62 sanitation, roads, transportation, and communications (Phil, 2010)

63

64 Various causes of poverty in Nigeria abound in various empirical literature among which  
65 include low or negative economic growth, inappropriate macroeconomic policies,  
66 deficiencies in the labour market resulting in limited job growth, low productivity and low  
67 wages in the informal sector, and a lag in human resource development. Other factors  
68 which have contributed to a decline in living standards and are structural causes or

69 determinants of poverty include increase in crime and violence, environmental  
70 degradation, retrenchment of workers, a fall in the real value of safety nets, and changes in  
71 family structures and lack of access to capital (Ajakaiye and Adeyeye, 1999; Ogwumike,  
72 2002 and NPC, 2004).

73

74 The orthodox Western views of poverty, reflected in the “Vicious circle” hypothesis  
75 stating that a poor person is poor because he is poor, and may remain poor, unless the  
76 person’s income level increases significantly enough to pull the person in question out of  
77 the poverty trap.

78 Hence to achieve poverty reduction, an inclusive and sustainable developmental strategy is  
79 not negotiable. A development is sustainable only if it can continue into the future. This is  
80 the reason for the adoption of various poverty reduction measures in all policy blue print.

81 One of the major economic goals of Nigeria is a satisfactory and sustainable economic  
82 growth (NEEDS, 2004). Economic growth depends in part on efficient financial market. A  
83 financial market is efficient to the extent it brings about efficient allocation of resources  
84 including credit (Yaron, 1994).

85

86 An efficient, effective, diverse, indigenous and innovative financial market is critical in  
87 any policy effort to pull a person, people and populaces out of the teeming poverty trap  
88 caused by low income level among others. Revamping, restricted and localize financial  
89 market is an engine for an emerging developmental strategy of the century. (Oluwoyo and  
90 Audu, 2017)

91

92 The Nigerian financial market is dualized, like many other developing markets. It consists  
93 of both formal and informal sub sectors. The formal sub sector is made up capital, money,  
94 foreign exchange, insurance, commodity and derivative markets, among others while the  
95 Informal Sector typically consists of unregulated, unsecured, unorganized, small, short  
96 term savings and loans activities largely in the rural areas, households or small  
97 entrepreneurial ventures. It describes those financing activities that are often unrecorded  
98 but take place outside official financial institutions, and consequently unregulated.  
99 Informal finance activities predate the formal financial systems. They are as old as various  
100 communities, and their activities take place outside the functional regulatory sphere of the  
101 monetary authorities but they are often legal activities (Adegoke, 2014)

102 Therefore, informal financial markets are seen as heterogeneous residual of the financial  
103 sector that comprises different bodies, such as unregistered money lenders, unorganized  
104 and non-institutional sources.

105 Informal financial institutions are often called different nomenclature by different tribes  
106 and societies: “*Esusu*” or “*Ajo*” (Yoruba), “*Isusu*” or „*Utu*’ (Igbo), “*Osusu*” (Edo),  
107 “*Etibe*” (Ibibio), “*Adashi*” (Hausa), “*Dashi*” (Nupe), “*Oku*” (Kalabari) in Nigeria. Other  
108 developing countries also called it different names: “*Susu*” in Ghana, “*Tortine*” in Niger,  
109 “*Dajanggi*” in Cameroon, “*Tontine*” in Benin “*Gamiayah*” in Egypt, “*Chilemba*” in  
110 Uganda and Cameroon, “*isusu*’ in the West Indies, and “*Bangalore*” in India.

111 Informal financial sub sector plays a complementary function to its formal counterpart by  
112 servicing the lower end of the market, including community based organizations such as  
113 cooperatives, microfinance institutions, rotatory savings and credit associations  
114 (ROSCAS), self-help groups and other similar institutions. Informal financial institutions  
115 face stiff competition from the financial institutions in the formal sector particularly the  
116 microfinance banks( Chude and Chude, 2016)

117 Though, the precise size of informal financial market relative to the formal financial  
118 system is unknown, the informal financial market is still crucial given that it is principally  
119 the major source of financing for the poor and low income rural populace (Oloyede,  
120 2008).

121 Nevertheless, informal financial markets contribute around 85 percent of the total rural  
122 savings and credits in Nigeria, including money-lenders, daily-collectors, traders and  
123 indigenous credit institutions based on cooperative principles called „*Esusu*“(Adegoke,  
124 2014)

125 Interbank competition can exert an effect on a borrower's decision to apply for a loan.  
126 Recent contributions show that in a dual system with formal and informal finance, poor  
127 borrowers are more likely to access the formal sector when bank competition increases  
128 (Madestam, 2014). In addition, competition can affect the demand for loans by reducing  
129 the costs of credit through its impact on interest rates or on other elements of loan  
130 contracts such as collateral requirements (Hainz et al., 2013).

131 The failure of formal financial institutions such as banks to serve poor borrowers is due to  
132 a combination of high risks, high costs and consequently low returns associated with such  
133 businesses. To lower these risks, banks screen potential borrowers to establish the risk of  
134 default; they create incentive for borrowers to fulfill their promises to repay; and they  
135 develop various enforcement strategies to encourage repayment, to the extent of available

136 information. Scarcity of information results in information asymmetries between  
137 borrowers and lenders (Varghese, 2005). In order to address this problem, banks often  
138 attach collateral requirements to loans. Unfortunately, conventional collateral  
139 requirements usually exclude poor borrowers, who seldom have sufficient forms of  
140 conventional title.

141 Informal lenders have often, innovatively succeeded in limiting loan default. For instance,  
142 by lending to Self Help Groups (SHGs), the joint liability and social collateral thus created  
143 ensure strict screening and monitoring of members (Mosley 1996; Nathan, 2004).

144 Informal financial sector provides avenue for savings and credit facilities for farmers in  
145 rural areas and for low-income householders and as well as small and medium enterprises  
146 (SMEs) in urban areas informal sector. Informal financial sector is made up of the  
147 institutions that are not integrated with the formal financial sector and virtually out of the  
148 control of the legal framework. They are poorly developed and managed to the extent that  
149 they are limited in reach. (Chude and Chude, 2016)

150 The informal sector brings to bear critical information on the creditworthiness of potential  
151 borrowers and relationship with the community that can promote timely repayment. The  
152 formal sector meanwhile can offer considerably more funds for lending than the informal  
153 lenders –a symbiotic relationship.. (Adegoke, 2014)

154 Informal finance providers as identified by Buckley (1997) include supplier’s credit,  
155 money lenders and rotational savings scheme.

156 Iganiga and Asemota (2008) identifies NGOs, money lenders, friends, relatives, savings  
157 collectors, rotating savings and credit association, credit unions and cooperative societies  
158 as main providers of rural finance in

159 Oloyede (2008) identified the informal financial providers as the rotating savings and  
160 credit association, money lenders, daily contribution scheme, social club and cooperative,  
161 thrift and credit association

162 Berko (2001) investigated that the primitive means of informal financing institutions were  
163 the slavery, forced human labour, child Marriage and the practice of “Iwaga” in Yoruba  
164 area in which a borrower uses his own wife or daughter as collateral for the loan.  
165 According to him, these dehumanizing of human race practices had been phased out in  
166 Nigeria because of religion and civilization. Umebali (2002) sees informal credit

167 institutions to include all classes of credit, savings associations and markets operating  
168 outside the formal financial system guidelines. They gained their popularity as a result of  
169 non cooperative attitudes of some conventional banks and other non-banking financial  
170 institutions in giving loans to the less privileged or poor. These institutions are often made  
171 up of heterogeneous savers and lenders which include but are not limited to: Local  
172 Savings Scheme.

173 Informal finance programme has been viewed as a unique programme for the reduction of  
174 vulnerability, and hence the achievement of the Millennium Developmental Goals  
175 (Adamu, 2007).

176 From the foregoing, each financial institution has several strengths and weaknesses. There  
177 is no unique financial institution that can provide adequate financial services to borrower  
178 Hence, it is on this backdrop that the study seeks to study the role of informal financial  
179 institution on the sustainable goal of poverty reduction in Nigeria with particular reference  
180 to Kogi State while proving response to the following research question;

- 181 1. What is the nature of financial inclusiveness in the subject area ?
- 182 2. What are the Constraint to Credit Facility in Formal Financial Institution?
- 183 3. How is the credit assessed from Informal Financial Institution utilized?
- 184 4. What is the cost of obtaining capital in the informal financial institution?
- 185 5. What is the route constraint to the growth of Informal Financial Institution in  
186 achieving the sustainable developmental goal of poverty reduction ?

## 187 **2.0 Literature Review**

### 188 **2.1 Feature of Informal Finances Market**

189 The following are the feature of informal financial market in Nigeria as identified by  
190 USAID (1989) and Adegoke, A (2014) and other literatures;

191 (i) **Organizational Structure:** The organization structured is not stereotyped, not  
192 uniformed and it is indigenously based on the goals seek to be achieved.  
193 They typically have arrangement that facilitates mobilization of savings and giving of  
194 credits as well as implementation of compliance among members. This may be based on  
195 the association constitution, whether written or unwritten. The leadership of the  
196 institutions is generally by election. The positions that members usually contest for are

197 President, Vice-President, Secretary, Assistant Secretary, Treasurer, Financial Secretary  
198 and Public Relations Officer, among others. These officers are usually tenured and are not  
199 paid salaries, but they enjoy some benefits such as ability to influence credits for their  
200 friends and associates. This is, particularly important during the period when there is  
201 shortage of loanable funds (USAID, 1989 and Adegoke, 2014)

202 (ii) **Membership:** There is typically no barrier to entry and exist. The frequency of  
203 contributing periodically is usually the basis of sharing proceeds and the yardstick of  
204 measuring commitment to the association. membership of informal financial institutions is  
205 usually purpose-based and driven by collective interest. This interest could be  
206 professional, communal or trade related. Hence, ownership is collective and the leadership  
207 rotates among key active members

208 (iii) **Modus Operandi:** Commonly, many informal financial institutions have explicit  
209 basis of admitting members. It is either the prospective member belongs to the profession,  
210 community or trade association. The schedule of meeting is regularly agreed upon. The  
211 procedure of accessing loan and eligibility criteria are often clearly stated. This also  
212 includes the nature and method of sanctions for a contributor and loan defaulter, and their  
213 guarantors. Interest on loan as well as sharing formula for surplus are commonly agreed  
214 upon. The tenure and procedure of becoming a leader is also known among members  
215 (Adegoke, 2014).

216 (v) **Savings Mobilization:** This is typical flexible to suit the relative income level of its  
217 members. It could be on daily, market days, weekly, fortnightly or monthly as the case  
218 may be. Different members might have different schedule of savings mobilization  
219 depending on the agreement and convenience

220 vi) **Loan Approvals and Disbursement:** The procedure and eligibility of loan are  
221 commonly agreed upon. Sometimes it is done immediately members contribute on the  
222 meeting day, or it may be Deferred to some other days, after determining the total balance  
223 available for lending. The approval is usually done by the President and disbursed by the  
224 Treasurer with financial records kept by the Financial Secretary. Some of these  
225 associations have bank accounts, to avoid keeping money at home. When informal  
226 financial institutions have functioning bank account, the money mobilized is a part of  
227 money supply and thus, can be influenced by monetary policy. However, some  
228 associations are wary of documentation processes at the bank and the possible delay in  
229 transactions as well as fear of bank failures. Therefore, they may not have bank account,  
230 and decide to collect contribution and distribute or keep it at home. Under such situations,

231 which are often the case, such activity is done outside the banking system and may hamper  
232 effectiveness of monetary policy (Adegoke, 2014)

233 **Vii) Credit Rationing:** The players in the informal financial sector do not have adequate  
234 loanable funds with which to satisfy and meet the demand of the many borrowers. In the  
235 case of too many prospective borrowers contending for limited funds, the lenders are  
236 under pressure to ration the available magnitude for them. ( Chude and chude, 2016)

237

## 238 **2.2 Various Forms of Informal Financial Institution**

239 **a. Susu or Esusu Collectors:** They provide access to credit as well as the possibility to  
240 save and withdraw money for a small fee. In the susu arrangement, a saver agrees to  
241 deposit a specific amount determined in consultation with the collector for an agreed  
242 period of time (usually a month). At the end of the period, the Susu collector renders the  
243 accumulated savings to the client, keeping one day's savings as commission. ( Chude and  
244 chude, 2016)

245 **2) Tontines:** These are another prominent means to pool resources, whereby a group of  
246 individuals agree to regularly pay small amounts into a common fund - the tontine – which  
247 is then loaned for a month, without interest, to one of the members. Typically, these  
248 people share similar interests or common relationships, which strengthen social control  
249 and ensure the functioning of the scheme. ( Chude and chude, 2016)

250 **3) Hawala:** This is a traditional means of transferring funds across borders and within  
251 countries, whereby funds are transferred by means of a network of hawala brokers  
252 (hawaladars) who charge a fee or an exchange rate spread in exchange for their services.  
253 The strength of the hawala system is that it is fast, cheap, confidential and easily available.  
254 ( Chude and chude, 2016)

255 **4) Stokvel:** This is a common group saving scheme in South Africa, is similar to the  
256 Tontines schemes: members meet monthly and deposit a certain amount of money into a  
257 common fund. The accumulated amount is then paid out to one of the members on a  
258 rotating basis. The First National Bank in South Africa offers special stokvel bank  
259 accounts for group savings and as of 2002, about 12 percent of the population was  
260 member of a stokvel. ( Chude and chude, 2016)

261 **5) Cooperative Societies:** These are group of people coming together with a common  
262 interest in which they mobilize deposit among each other based on the financial capacity  
263 of the individual members. The member who request for loan will pay with a reduced  
264 interest while the total money accrued from all the interest annually is shared to member  
265 based on their financial stake or contribution. It is one of the commonly accepted means of  
266 saving in the informal sector. Most cooperative societies are duly registered with the local  
267 authorities. It differs from Tontines in that the contribution of members is not uniform.  
268 They give out both short term loan usually called emergency loan with repayment period  
269 less than two quarter while and medium term loan of less than 2 years.

270 **6) Funeral insurance arrangements:** These are a common product of community-based  
271 informal insurance associations within what is called a burial society, aimed at ensuring  
272 that sufficient funds are available to cover funeral expenses. An estimated 28 percent of  
273 the population in South Africa and 21 percent in SACU is part of a burial society based on  
274 the contributions of its voluntary subscribers.

275

## 276 **2.3 Theoretical Literature Review**

277 There are two major perspective to theory on micro financing which includes ‘‘the  
278 residual’’ and the dualism’’ paradigm.

### 279 **2.3.1 Residual Paradigm**

280 The residual paradigm believed that the inefficiencies generated within the formal  
281 financial system and the improper way of adaptation of world,,s formal financial condition  
282 led to the existences of informal finance. They argue that informal finance stems from the  
283 excessive regulation of the Formal Financial Institution through the use of direct credit  
284 policies, interest rate ceilings and preferential allocation of credit which created distortion in  
285 the economy. This paradigm originated from the works of MCKinnon (1973) and Shaw  
286 (1973). The distortion led to high cost of fund to the poor, rural dwellers, small scale  
287 entrepreneurs and other disadvantaged groups thereby accentuating the development of the  
288 Informal Financial Institutions.

289 Thus, the informal sector plays a role as provider of residual finance. The net impact that  
290 the two sectors will have on the national economy will depend on the volume of residual

291 financing done by the informal sector in relation to total financing requirements. Residual  
292 finance can be seen as additional finance available to investors in excess of what is offered  
293 by the formal sector. Therefore, increased demand for informal credit is the result of a  
294 growing use of formal credit, due to a growing economy

295 Nevertheless, formal and informal finance may also compete with one another. In such a  
296 case the availability and terms on which financial services of the two types are available  
297 will determine the choice of sectoral source. If there is improvement in one sector, one  
298 could expect clients to switch from the other source to this one. Thus, the quantity of  
299 credit in a particular informal sub-market is the difference between the total demand for  
300 loans of that type, and that part of total demand supplied by the formal sector. As formal  
301 loans of this type become more easily available on more favourable terms than those in the  
302 informal market, formal loans will displace informal loans (Ghate, 1990). Likewise,  
303 financial sector repression, as was the case in Mozambique, causes many market  
304 participants to move to the informal sector because the formal sector ceases to provide  
305 satisfactory services (Larson *et al.*, 1994)

306 McLeod (1994) argues that formal finance should complement informal finance, except if  
307 it is better able to compete. As an economy evolves, individual incomes rise and medium  
308 and large-scale business activities begin to proliferate. Therefore, a demand for all sorts of  
309 financial services appears, which creates opportunities for establishing specialised  
310 FFI. Nevertheless, pre-existing demands for low-income households and small-scale  
311 businesses remain. New FFI might still not be able to serve this demand better than  
312 existing informal arrangements. Banks should simply be doing that what they are good at  
313 doing. Aryeetey (1992a) confirms that the informal sector could play an effective  
314 complementary role to services offered by established FFIs and new innovative credit  
315 schemes.

316 Thus, integration can only be achieved if various segments are linked in such a way that  
317 they complement each other on those aspects where they have comparative advantage,  
318 while having access to the resource base of the entire financial market as a result of  
319 functional linkages. If various segments fail to complement each other in the delivery of  
320 financial services, unrelated niches develop, which implies that large sections of the real  
321 economy are left with inadequate financial services. Such considerable gaps in financial  
322 services are detrimental for overall financial sector development (Aryeetey *et al.*, 1997).

323 Furthermore, Bouman and Houtman as cited in Fischer (1994) argue that the rural  
324 economies of many Asian and African countries require the financial system to generate  
325 turnover of small loans with low risk and low transaction cost, but the banks of formal  
326 institutions do not have the managerial capacity to small loans since the local lenders  
327 (informal institutions) are already involved in providing such services. In line with this  
328 position, Ardener and Fitchette (1992) believed that informal institutions are better than  
329 the formal institutions in supplying short term credit/loans to the poor, more closer to their  
330 client and are thus in a better position to give recipe to changing financial needs than the  
331 formal.

### 332 **2.3.2 Dualism Paradigm**

333 The dualism paradigm believes that IFI exist as a result of other motives beyond the  
334 purely economic. According to this school of thought, IFI exist due to subordinate role it  
335 plays to the FFI thus creating market segmentation. In their view the occurrence of market  
336 segmentation is not due to regulation but because of the fact that the IFI serve in  
337 redistributing income among community members and provide a form of social security  
338 by meeting their fluctuating liquidity While it is costly in formal institution to acquire  
339 information about clients, informal utilizes local personal information resulting into a  
340 weak legal system which inhibits contract enforcement thereby results in credit rationing  
341 of potentials borrower without collateral. The market segmentation can be filled by  
342 informal agent as the collateral is replace by reputation, group responsibility and  
343 interlinked transaction.

## 344 **2.4 Empirical Literature**

345 According to Khandker (1998) using statistical method on assessment of impact of  
346 Informal finance among three Bangladesi programs found that every additional takas lent to  
347 a woman add additional of 0.18 taka to annual household expenditure. Similarly, in an  
348 updated study using panel data in Bangladesh, Khandker (2005) found out that each  
349 additional 100 taka of credit to women increase total annual household expenditures by  
350 more than 20 taka. These studies showed overwhelming benefit of increase in income and  
351 reduction of vulnerability.

352 Hulme and Mosley, (1996) while acknowledging the role of microfinance can have in  
353 helping to reduce poverty, concluded from their research on microfinance that “most

354 contemporary schemes are less effective than they might be”. They stated that microfinance  
355 is not a panacea for poverty – alleviation and that in some cases the poorest people have  
356 been made worse-off by microfinance.

357 Dunn and Arhucle (2001) used an analysis of covariance to examine loans to micro  
358 entrepreneurs for 305 households in Peru. The study uses data at two points in time and  
359 looked at changes in borrowers relative to control group who have not received micro-  
360 credit. ‘The study suggests that there are significant differences between the borrowers and  
361 the control of group in terms of enterprise revenue, productivity, fixed assets and  
362 employment creation for other people.

363 Toh and Urata (1994) examined how Japan’s public and private sectors support small and  
364 medium-size enterprises (SME’s). Their findings based on a survey of 107 firms revealed  
365 that it accounted for about 35-60 percent growths in the productivity of the (SME’s).  
366 Similarly, Kim and Nugent (1994) evaluated the effectiveness of private and collective  
367 technical, marketing and financial support systems for the Republic of Korea’s small and  
368 medium-sized enterprises and entrepreneurs. They observed that financial assistance was  
369 the most critical form of support for Korean SME’s and that government intervention in  
370 finance was very pervasive. The Korean government had made extensive use of parastatal  
371 finance institutions, targeted credit (micro-credits) and credit guaranteed schemes.

372 Ghazala (2006) found positive effects of informal financial institutions such as micro-  
373 credit programmes on the welfare of the people. The study showed that the programme  
374 reduced poverty through microfinance and thrift societies. It also increased women  
375 empowerment, improved savings and purchase of agricultural inputs and ensured easy  
376 access to loans with considerably lower interest rates.

377 Zaman (1999) emphasised the importance of Informal Financial Institutions on socio-  
378 economic development with reference to Rotational Savings Credit Association (ROSCA).  
379 He found that loans provided by the ROSCA increased people’s income and stimulated  
380 building of assets. It also improves the economic condition of subsistence rural farmers  
381 through easy availability of finance for adequate storage facilities to protect their farm  
382 products from seasonal price dangle. This enables the farmers to store their product until  
383 the prices are reasonable enabling farmers to reap the reward of high profits.

384 A study by World Bank (1989) found an increasing patronage of IFI's in Bolivia and  
385 Niger, highlighting their importance to the socio-economic lives of the people in the two  
386 countries. It reported that adults in Bolivia participated much in IFI's by putting on the  
387 average contribution of one sixth of their salaries. Also, in rural Niger, about 389 village  
388 households in 1986 indicated that credit especially from ROSCA accounted for 84% of the  
389 total loans they collected.

390 Goodland et al (1999) also reported that IFI's contributed in equitable distribution and  
391 utilisation of local resources most especially in-come raw materials because credit taken  
392 was used to finance income generating activities with return in excess of the loan taken,  
393 thus ensuring economic stability and reducing people among the people.

394 According to Khandker (1998), in his studies using statistical method on assessment of  
395 impact of Informal finance among three Bangladesi programs found that every additional  
396 takas lent to a woman add additional of 0.18 taka to annual household expenditure.

397 Using panel data in Bangladesh, Khandker (2005), found out that each additional 100 taka  
398 of credit to women increase total annual household expenditures by more than 20 taka.  
399 These studies showed overwhelming benefit of increase in income and reduction of  
400 vulnerability. On the other hand, some authors have challenged the positive effects of  
401 Informal Financial Sector on poverty alleviation.

402 Bauchi (2000) study in Gwer- West of Benue, Nigeria found that IFI's through ROSCA  
403 promoted economic situation of its members and society at large.

## 404 **2.5 Theoretical Framework**

405 The theory of Money lender will be adopted as theoretical framework for the study.  
406 Specifically, moral hazard at the investment stage prevents banks from extending  
407 sufficient funds. By contrast, the informal sector is able to monitor borrowers and induce  
408 investment by offering credit to a group of known clients where social ties and social  
409 sanctions prevent borrowers from deliberately misusing their loan. Banks have unlimited  
410 funds but are unable to prevent opportunistic behavior. Informal lenders can control the  
411 use of credit but may instead be capital constrained hence find that informal finance raises  
412 investment, disciplines borrowers, and facilitates banks' rent extraction. By ensuring  
413 prudent behavior, informal lenders are able to extend funds when banks cannot. This  
414 advantage cuts three ways. Additional informal credit increases the investment of bank-

415 rationed borrowers. Access to (agency-free) informal capital also improves borrowers'  
416 return to investment. Therefore, informal funds discipline borrowers by lowering the  
417 relative payoff following default, making it incentive compatible to increase bank lending  
418 (the disciplinary effect). Finally, by channeling bank funds informal lenders allow banks  
419 to reduce agency costs arising from lending directly to borrowers. Specifically, when  
420 extending money to poor borrowers, banks share rent to avoid credit misuse. Lending  
421 through informal lenders that are sufficiently rich not to be tempted by diversion means  
422 that banks need not share any rent (the rent-extraction effect). In contrast to the previous  
423 argument, informal finance thus limits borrowers' access to bank capital. The extent to  
424 which the disciplinary or the rent-extraction effect dominates depends on the allocation of  
425 bargaining power in the bank market. If banks are competitive, informal finance acts as a  
426 disciplinary device and expands overall credit provision. Borrowers obtain capital from  
427 both financial sectors, with poor informal lenders accessing banks for additional funds.  
428 Intuitively, when the surplus of the bank transaction accrues entirely to the banks' clients,  
429 the residual return to an investment increases if banks extend credit to both the informal  
430 lender and the borrower. By contrast, informal finance serves as an instrument of rent  
431 extraction if the bank is a monopolist. Sufficiently wealthy informal lenders become  
432 borrowers' only source of credit, credit that the informal sector acquires from the bank. As  
433 high interest rates increase the monopoly bank's payoff and the borrowers' incentive to  
434 default, poor bank customers earn a floor surplus above their outside option to limit  
435 diversion of bank funds. When the informal lender's outside option exceeds the offered  
436 floor utility, the bank avoids sharing rent if it contracts exclusively with the informal  
437 lender. (Madestam, 2009) These findings may explain evidence from China indicating that  
438 informal finance is more important as the bank market becomes less competitive (Cull and  
439 Xu, 2005; Ayyagari et al., 2008; Cheng and Degryse, 2008). The theory's predictions are  
440 also in accordance with Gine's (2007) observation that poor borrowers in rural Thailand  
441 are ' more likely to access the informal sector alone when bank market power increases.  
442 While financial sector coexistence increases efficiency, welfare is unequally distributed if  
443 informal lenders accumulate wealth. Informal finance lifts borrowers out of poverty if the  
444 disciplinary effect prevails, as richer informal lenders extend more funds and thus improve  
445 borrower incentives. Borrowers are worse off if the rent-extraction effect dominates,  
446 however, as they are left completely in the hands of informal lenders, rather than obtaining  
447 the bank's contractual rent. Meanwhile, poor lenders are better off disciplining borrowers,  
448 as they receive more bank funds and higher incentive rent, whereas richer lenders prefer

449 the segmented outcome as it preserves their market power. If wealthy informal lenders and  
450 bankers have more say over bank market structure than poor borrowers, these results  
451 are consistent with Rajan and Ramcharan's (2008) finding that banking in the early  
452 twentieth century United States was more concentrated in counties with rich landowners  
453 who often engaged in lending to farmers. These landlords frequently had ties with the  
454 local bank and were, as the model predicts, against bank deregulation. (Madestam, 2009)

455 The theory is the coexistence of formal and informal finance in underdeveloped credit  
456 markets. Formal banks have access to unlimited funds but are unable to control the use of  
457 credit. Informal lenders can prevent non-diligent behavior but often lack the needed  
458 capital. The model implies that formal and informal credit can be either complements or  
459 substitutes. The model also explains why weak legal institutions raise the prevalence of  
460 informal finance in some markets and reduce it in others, why financial market  
461 segmentation persists, and why informal interest rates can be highly variable within the  
462 same sub economy. The theory also establishes that entrepreneurial and informal lender  
463 assets are complements for low levels of wealth and substitutes when informal assets  
464 increase. Intuitively, when neither the informal lender nor the entrepreneur is not enough  
465 such that best investment is realized, the two complement each other in drawing on formal  
466 sector funds. If the informal lender debt capacity does not constrain investment, the  
467 entrepreneur's preference for formal funds implies that she substitutes away from informal  
468 to formal funds. Equivalently, formal and informal lenders complement each other in  
469 providing external finance for low levels of wealth, while acting as substitutes when the  
470 informal sector is wealthier. ( Chude and chude, 2016)

### 471 **3.0 Methodology**

472 The study sampled 600 respondents using stratified sampling technique. This will be  
473 carried out by dividing the population into 3 subsets based on the senatorial districts (  
474 East, West, Central) 4 local government areas are randomly selected from each of the  
475 senatorial districts, 10 wards were selected from each of the local government area to give  
476 a total of 120 stratum. 10 respondents were selected from each of the wards. Data  
477 collected was analyzed using descriptive statistics and Logit Regression Model. The  
478 Maximum Likelihood (ML) method is used to obtain estimates for the specified Logit  
479 probability model. The justification for using ML method is due to the fact that neither the  
480 ordinary least squares (OLS) nor the weighted least square (WLS) is helpful or adequate

481 for estimating the Logit model. The parameter estimates of the specified Logit model are  
 482 not directly interpretable with respect to magnitudes of effect but only interpretable with  
 483 respect to the direction of effect on probability. The model is known to produce results  
 484 that can be easily interpreted and the method is simple to analyze in economics  
 485 applications. Furthermore, Logit model is one of the most popular binary response model  
 486 used in empirical analysis.

487 The functional relation of the model is stated thus;

488  $POV = F ( HS, YR, ES, AIFI, AFI)$

489  $IFIG = F( LR, EDU, LFA, SFI, SR, RP)$

490  $Pov = \delta_0 + \delta_1 Hs + \delta_2 Yr + \delta_3 Es + \delta_4 AIFI + \delta_5 AFI \dots\dots\dots 1.1$

491  
 492  $IFIG = \beta_0 + \beta_1 LR + \beta_2 EDU + \beta_3 LFA + \beta_4 SFI + \beta_5 SR + \beta_6 RP \dots\dots\dots 1.2$

EDU	Level of education (This is measured by the total number of years the entrepreneur spent in educational attainment)
Hs	Household Size (this is the number of member in a household Unit)
Yr	Income of the respondents ( This is measured in Naira monthly)
Es	Employment Status of the respondents ( Binary : 1 if Employed 0 if otherwise)
AIFI	Access to informal financial institution (Binary : 1 if access is positive 0 if otherwise)
LR=	Lending Rate (This is the cost of capital borrowed)
EDU	Level of education (This is measured by the total number of years the entrepreneur spent in educational attainment)
LFA	loanable fund available (The is the amount of capital an IFI is willing and able to lend out)
SFI	Support from Financial Institution ( Binary: 1 if Support is receive from Formal financial institution, 0 if otherwise)
RP	Repayment plan (Binary: 1 if repayment plan is convenience, 0 if otherwise)
Pov	Poverty Level
IFIG	Informal Financial Institution Growth

493

494 **4.0 Presentation and Interpretations of Result**

495 This section entails the presentation of result gotten from the respondents in a logical  
 496 manner to ensure easy conceptualization of findings.

497 **Table 4.1 Socioeconomic Characteristics of Respondents**

AGE	Frequency	Percentage
20-29	185	30.83333
30-39	143	23.83333
40-49	132	22
50-59	101	16.83333
60 and above	39	6.5
<b>Sex</b>		<b>0</b>
Male	289	48.16667
Female	311	51.83333
<b>Marital status</b>		<b>0</b>
Single	110	18.33333
Married	289	48.16667
Divorced	201	33.5
<b>Educational level</b>		<b>0</b>
No Formal Education	322	53.66667
Formal Education	278	46.33333
<b>Occupation</b>		
Farming	123	20.5
Civil Service	133	22.16667
Private Firm	100	16.66667
Artisan	111	18.5
SMEs	133	22.16667
<b>Income distribution</b>		<b>0</b>
less than N10,000	222	37
N10,001-N20,000	120	20
N20,001-N30,000	101	16.83333
N30,001-N40,000	82	13.66667
N40,000 and above	75	12.5

498

499 Source; Field Survey, 2017

500 The table above shows the socioeconomic characteristics of the respondents. The result show that  
501 most of the respondents are within the age bracket of 20-29yrs with 30.8%. The sex distribution of  
502 the respondents' shows female has the modal frequency with 51%. The marital status of the  
503 respondent shows that 48% of the respondents are married. The educational qualification of the  
504 respondents portray that 53% of the respondents have no formal education. The occupation of the  
505 respondents also portray that a 22% of the respondents are in civil service. It further shows that  
506 20.5%, 16.6% . 18.5% and 22.1% are involve in Farming, private firm, artisan, SMEs respectively.  
507 Conclusively, the income distribution of the respondents shows an average monthly income of  
508 N18,025.

509

510

511 **Table 4.2 Access to Financial Service**

Access to Financial Service	Frequency	Percentage
Informal Financial Institution	322	53.66667
Formal Financial Institution	278	46.33333

512 Source; Field Survey, 2017

513 Choice of financial service shows spatial distribution of respondent with most (53%) of  
 514 the respondent showing preference for informal financial institution as against 46% show  
 515 a relatively lower preference for formal financial institutions.

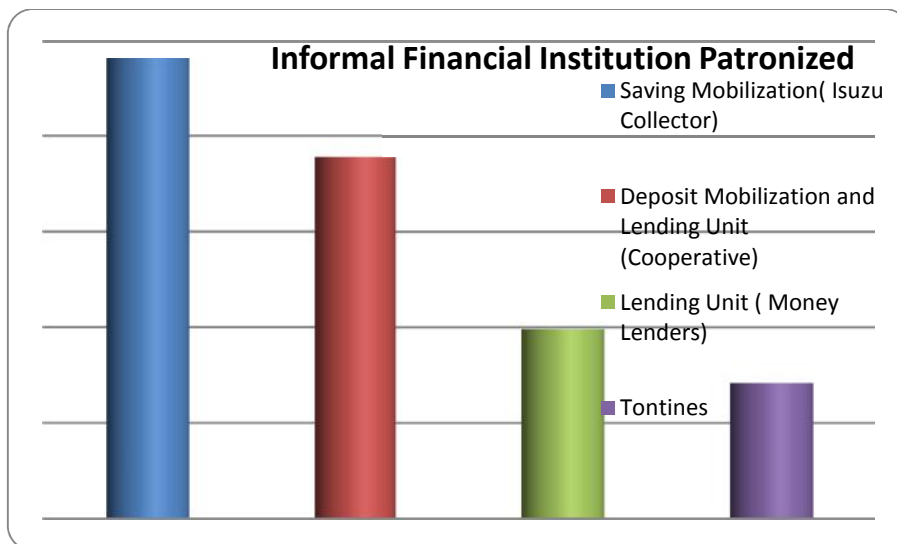
516 **Table 4.3: Informal Financial Institutions patronized**

Informal Financial Institution	Frequency	Percentage
Saving Mobilization( Isuzu Collector)	241	40.16
Deposit Mobilization and Lending Unit (Cooperative, Association)	189	31.5
Lending Unit ( Money Lenders)	99	16.5
Tontines	71	11.83

517 Source; Field Survey, 2017

518 The table above shows that Esusu (AJO) is the most adopted informal financial institution with 40%  
 519 of the respondents being a participant, 31% being a participant of Cooperative societies, 16.5%  
 520 patronizing money lenders, Tontines with 11%.

521 **Figure 4.1 : Bar chart Of Informal Financial Institution Patronized**



522

523 Source; Field Survey, 2017

524

525 **Table 4.4 Utilization of Credit accessed from IFIs**

526

Items	Frequency	Percentage
Invest	89	14.83333
Build a house	44	7.333333
Health Bills	89	14.83333
Educational fees	189	31.5
Unforeseen contingency	100	16.66667
Buy a Car	89	14.83333

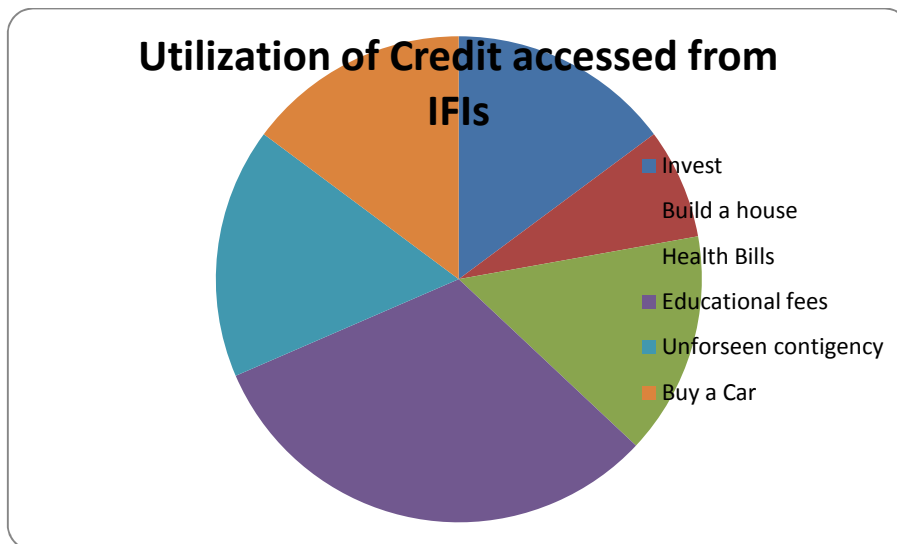
527

Source; Field Survey, 2017

528

529 **Figure 4.2 Utilization of Credit accessed from IFIs**

530



531

532

533 Source; Field Survey, 2017

534

535 Result above shows that a significant fraction of the respondents used the loan accessed  
 536 from informal Financial institution to invest 14%, 7% to build houses, 14% for health  
 537 bills, 31% for educational fees, 16% for unforeseen contingency while only 14% purchases  
 538 car with the loan.

539

540 **Table 4.3 Lending Rate of Respondents**

LENDING RATE	NO. OF RESPONDENTS	PERCENTAGE (%)
01.00 -4.99	145	24.16667
5.00- 9.99	190	31.66667

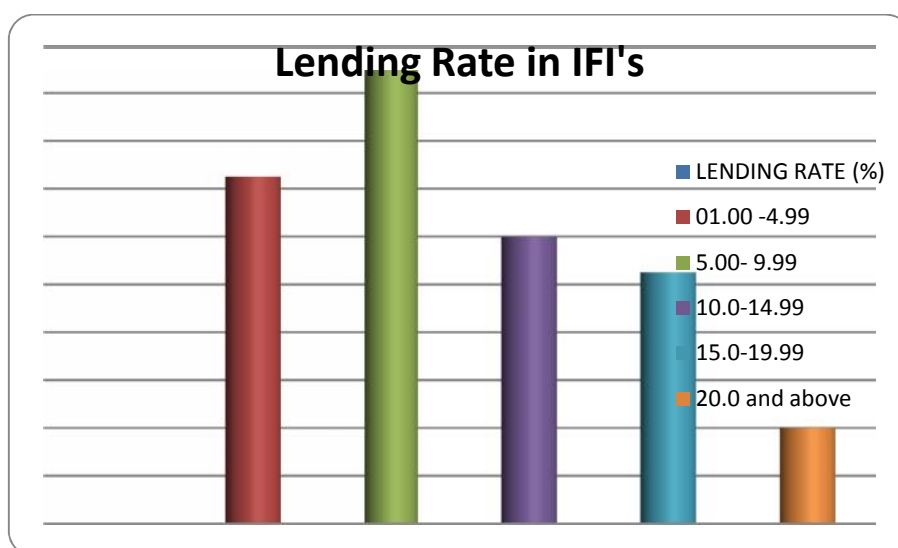
10.0-14.99	120	20
15.0-19.99	105	17.5
20.0 and above	40	6.666667
	600	

541 Source; Field Survey, 2017

542

543 The table above shows the cost of obtaining capital by various respondents. It shows that a  
 544 significant fraction constituting 31% of the respondent obtain capital between 5.00 to  
 545 9.99% interest rate, 24% of the respondents obtain loan at less than 4.99% while other at a  
 546 rate higher than10%. While Yelwa et al (2015) observed that majority of the respondents  
 547 in the informal financial institutions got the soft loan between 3.00-3.99%.

548 **Figure 4.3 Lending Rate in IFI's**



549

550 Source; Field Survey, 2017

551 **Table 4.5 Constraint to Credit Facility in Formal Financial Institution**

552

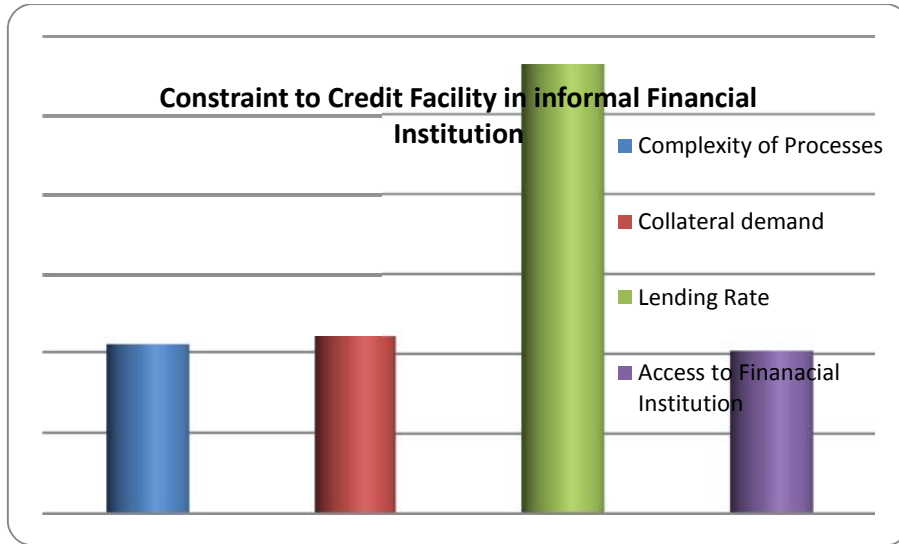
Respondents	Frequency	Percentage
Complexity of Processes	105	17.5
Collateral demand	111	18.5
Lending Rate	282	47
Access to Financial Institution	102	17

553 Source; Field Survey, 2017

554

555 The table above shows the constraint to the accessibility of credit facility in the formal  
 556 financial institution. It revealed that the lending rate prevalent in the formal institution is the  
 557 major detriment to the access to credit facility hence they opt to informal financial  
 558 institution. The Monetary Policy Ratio in formal financial institution is higher compared to  
 559 the average lending rate in informal financial institution.

560 **Figure 4.4 Constraints to Credit Facility Informal Financial Institution**



561

562 Source; Field Survey, 2017

563 **4.2 Logit Regression Output**

564  $Pov = 0.26 + 0.34Hs + 0.36Yr + 0.41Es + 0.39AIFI + 0.12AFI \dots 1.3$   
 565  $(0.1) \quad (0.11) \quad (0.12) \quad (0.02) \quad (0.03) \quad (0.06)$   
 566  $2.6 \quad 3.09 \quad 3.0 \quad 20.5 \quad 13.0 \quad 2.0$

567

568  $R^2 = 0.65$

569

570  $IFIG = 0.02 + 0.89LR + 0.41EDU + 0.66LFA + 0.44SFI + 0.22SR + 0.66RP \dots 1.4$   
 571  $(0.002) \quad (0.44) \quad (0.012) \quad (0.05) \quad (0.02) \quad (0.16) \quad (0.02)$   
 572  $10 \quad 2.02 \quad 34.1 \quad 13.2 \quad 22 \quad 1.375 \quad 33$

573

574  $R^2 = 0.68$

575

576 **4.3 Interpretations of Result and Summary of Findings**

577 The result shows that household size as negative correlation with the poverty level among  
 578 the respondents while income and employment Status of the respondent was also found to

579 have a significant effect on the poverty level of the respondent. The result further shows  
580 that both accesses to informal and Formal institution loan reduce the poverty level. This is  
581 converse to findings of Oleka and Eyisi (2014) stating that informal financial institutions  
582 have no much influence on poverty alleviation in Nigeria but conforms to the findings of  
583 Yelwa et al (2015) who noted that informal financial sector operators has a positive and  
584 significant impact on growth in the region.

585 The education status of the respondent shows a negative influence on growth of IFI  
586 against the prior expectation. It further shows that education status of the respondent has  
587 no significant effect on IFI. This affirms the indigenusness of IFI to accommodate all  
588 participants irrespective of education status and devoid of the regular ambiguity and  
589 technicality inherent in the Formal financial institution. The result further shows a positive  
590 and significant effect of stock of loanable fund on the growth of development of IFI. It  
591 implies that the amount of loanable fund at the disposal of informal financial institution  
592 has a great impact on the prowess of IFI to meet the financial obligation of its members.

593 The income of the respondents has a negative correlation with the growth of IFI. This  
594 implies as the income of participant increase it lead to a decline in growth of IFI. This  
595 means that IFI will strive more within a relative poor population. As household income  
596 increases they tend to shift to FFI as source of financial needs. Hence IFI is seen as  
597 substitute to FFI instead complementary.

598 Result shows that support from formal financial institution has no significant effect on the  
599 growth of IFI in Nigeria. This might be due to no linkage or support of FFI and  
600 dichotomy between the two. Saving rate affect the growth of IFI as the increase in mps  
601 of the respondent increase stock of loanable fund available.

602 A conducive repayment plan was seen to have a positive effect on the growth of IFI as  
603 found in the result presented above. His result also corresponds with the work of Mamudu,  
604 (2013), which identified an inverse relationship between lending rate and SMEs  
605 development in Ghana.

## 606 **5.0 Conclusion and Recommendation**

607 Based on the findings above it can hence be concluded that Non financial institution is a  
608 potential voyage toward the actualization of the Sustainable goal of poverty reduction in

609 Kogi state, Nigeria if the following recommendation are duly and diligently taken into  
610 consideration;

611

- 612 1. Institutional and legal framework should be structured to enable non financial  
613 institution perform the role of money lender while serving as intermediary between the  
614 complex financial institution and the unorganised low income earners alias masses.
- 615 2. The government should create special fund to be manage by CBN, towards supporting  
616 the operation of the informal financial institutions in Nigeria as this will serve go along  
617 way at boosting the productivity of those in the social recesses of the society who are  
618 major participant in the sectors
- 619 3. Effective use of micro finance banks as second-tier regulatory body charged with  
620 registration and supervision of viable informal financial institutions as this may result  
621 to organizational.
- 622 4. A carefully crafted reform policy should be aggressively undertaken in the sector to  
623 entail registration of IFI, supervision of its activities, compliance with international  
624 accounting standard and relative support from regulatory authority.

## 625 **Reference**

- 626 Adamu, G. (2007), Role of Microfinance Institutions in Actualization of MDGs. Paper  
627 delivered at the induction ceremony of Institute of Chartered Economists of Nigeria  
628 (ICEN) in Port Harcourt.
- 629 Ardener, B., & Burman, J. (1995). The economics of microfinance (1st Edition) (Vol. First  
630 Edition): Massachuttes Institute of Technology
- 631 Aryeetey, E. (1997). The Characteristics of Informal Markets in Sub-Saharan Africa:  
632 Journal of African Economics, 4 (1)47-56
- 633 Aryeetey, e., Amoah, b. N., Duggleby, t., Hettige, h. & Steel, W.F. (1994). Supply and  
634 demand for finance of small enterprises in Ghana. Discussion Paper No.  
635 251. Technical Department, Africa Region, World Bank, Washington, D.C, 126 pp.
- 636 Ayyagari, Meghana, Asli Demirguc,-Kunt and Vojislav Maksimovic. 2008. Formal versus In-  
637 formal Finance: Evidence from China. Research Working Paper WPS 4465 World Bank.
- 638 Bauman, W. J., & Hautman, S. (1988). "Entrepreneurship, Management, and the Structure  
639 of Payoffs", Cambridge, Massachusetts: MIT Press.
- 640 Berko, K. P. (2001). "Wealth Creation, Poverty Reduction and Social Justice – A World  
641 Council of Churches Perspectives", Paper on Conference on Religion and  
642 Globalization, Chiang Mau, Thailand, July – August.

- 643 Chen, Xiaoqiang and Hans Degryse. 2008. The Impact of Banks and Non-Bank Financial  
644 Institutions on Local Economic Growth in China. mimeo Tilburg University
- 645 Chude, N and D. Chude (2016) Gap thesis and the survival of informal financial sector in  
646 Nigeria International Journal of Commerce and Management Research Volume 2;  
647 Issue 4; April 2016; Page No. 12-17
- 648 De Soto, Hernando. 2000. The Mystery of Capital: Why Capitalism Triumphs in the West and  
649 Fails Everywhere Else. London: Bantam Press
- 650 Dunn, A., & Archule, R. (2001) Financial System and Development; what role for formal  
651 and informal sector? Paris, OECD.
- 652 Ghate, P.B. (1990). Interaction between formal and informal financial sectors. United  
653 Nations' International Conference on Savings and Credit for development, Denmark,  
654 28-31 May, 29 pp.
- 655 Ghazala, M (2006) Rural, Informal and Micro-Finance: Sustainable Rural and Urban  
656 Development: <http://go.worldbank.org/B8COGHMQXL>
- 657 Goodland, A.(1999). Rural Finance,Policy Series 1. United Kingdom: Chatham
- 658 Gine, Xavier. 2007. Access to Capital in Rural Thailand: An Estimated Model of Formal vs. '  
659 Informal Credit. Research Working Paper WPS 3502 World Bank
- 660 Cull, Robert and Lixin Colin Xu. 2005. "Institutions, Ownership, and Finance: The Determinants  
661 of Profit Reinvestment Among Chinese Firms." *Journal of Financial Economics* 77(1):117-  
662 146
- 663 Iganiga BO, Asemota A. The Nigerian Unorganized Rural Financial Institutions and  
664 Operations. *Journal of Social Sciences*. 2008; 17(1):63-71. 4
- 665 Khandker, S., & Khan, J. O. (1998). *Fighting Poverty Microcredit*. Dhaka, Bangladesh:  
666 University Press Limited
- 667 Larson, D.W., ZAQUE, F. & GRAHAM, D.H. (1994). Why users prefer informal financial  
668 market services: the case of Mozambique. *Economics and Sociology Occasional Paper*  
669 No. 2102. Selected paper prepared for presentation at XXII Conference of the  
670 International Association of Agricultural Economists (IAAE) Harare, Zimbabwe,  
671 August 22-29, 6 pp.
- 672 Madestam: *Informal Finance: A Theory of Moneylenders* Published by Berkeley Electronic Press  
673 Services, 2009
- 674 Mamudu, H. (2013). *Great expectations: Microfinance and poverty reduction in Asia and Latin*  
675 *America*
- 676 *National Economics Empowerment and Development Strategy NEEDS (2004) the*  
677 *development challenges facing Nigeria*. Abuja: National Planning Commission
- 678 Oleka, C. and N. Eyisi (2014) "The Effect of Informal Financial Institutions on Poverty Alleviation  
679 in Nigeria" *Journal of Economics and Sustainable Development* ISSN 2222-2855 (Online)  
680 Vol.5, No.6, 2014
- 681 Oloyede B. *Principles of Money and Banking*, Ado: Forthright Educational Publishers,  
682 2008.

- 683 Phil Bartle. "Factors of Poverty; The Big Five." Seattle Community Network. Web. 21  
684 May 2010. <<http://www.scn.org/cmp/modules/emp-pov.htm>>.
- 685
- 686 Rajan, Raghuram G. and Rodney Ramcharan. 2008. Landed Interests and Financial  
687 Underdevelopment in the United States. mimeo University of Chicago.
- 688 Toh, S., & Urata, C. (1994). The Economics of Rotating Savings and Credit Associations;  
689 Evidence from the Jamaica partner: *Journal of Development Economics*, 60, 173–  
690 194
- 691 Umehali E.E (2002) "Agric Business and financial Analysis", Enugu: Computer Edge  
692 Publishers. World Bank (1996), Nigeria, Poverty in the Midst of Plenty: The  
693 challenge of Growth with Inclusion Washington, D.C.: World Bank.
- 694 Yaron, I. (1994) "What makes Rural Financial Institutions Successful?" Research  
695 Observer 9 (1) Pp k4970 the World Bank, Washington DC.
- 696 Yelwa, M., Hussainatu, A., Yahya, Zakari, A. & Awe, E (2015) "Socio-Economic Impact of Informal  
697 Financial Sector and Inclusive Growth: Empirical Evidence from North Central-Nigeria"  
698 *Applied Economics and Finance* Vol. 2, No. 4; November 2015
- 699 Zaman, H.(1999). Assessing the Impact of Micro-credit on Poverty and Vulnerability in  
700 Bangladesh. World Bank policy Research Working Paper No. 2145.