

Assessing the Impact of Nirsal Microfinance Bank Facility on Small and Medium Enterprises in Lokoja Local Government Area Kogi State, Nigeria

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ABSTRACT

The study determined the impact of NIRSAL Microfinance Bank's facility on SMEs growth in Lokoja LGA. The it adopted a survey research design using primary data. The population of the study consists of 250 SMEs that have accessed the NIRSAL Microfinance Bank facility in Lokoja LGA. The study used a sample size of 154 SMEs which was drawn using the Taro Yamane formula. Simple random sampling was engaged to draw respondents. Questionnaires were administered to the SMEs, while interviews were conducted with selected stakeholders. Data generated were analyzed with the aid of tables, frequencies, and percentages, including pie charts bar charts, chi-square and correlation analysis. Findings of the study revealed that the bank's facilities have considerably enhanced the growth of SMEs in terms of increased income creation, employment generation, and expansions but with some challenges in assessing the facility; such as application process difficulties and delay in funds disbursement, as revealed by findings. Consequently, recommendations were made, which include: streamlining the application process by creating an online portal and offering step-by-step guidance, addressing fund disbursement delays through automation and clear timelines, improving customer service with training and feedback mechanisms, and tailoring financial offerings to different SME development stages to enhance growth and increase job creation in Lokoja local government area.

Keywords: Growth; Microfinance; NIRSAL Microfinance bank; Small and Medium Scale Enterprises (SMEs)

INTRODUCTION

Microfinance Banks have evolved into the backbone of Nigeria's economy, playing instrumental roles in fostering financial inclusion and grassroots development. In Nigeria, these entities have been transformative forces, empowering local communities and steering economic progress. The critical importance of nurturing these sectors through supportive policies and strategic investments becomes evident. This concerted effort is essential for ensuring a more inclusive and prosperous future for all stakeholders in the ecosystem.

Despite the worthy contributions and growth potential of SMEs, they persistently grapple with myriad of challenges. These challenges encompass deficient infrastructure, constrained market access, technological limitations, an unskilled workforce, burdensome taxation, a complex regulatory environment, and restricted access to finance and credit facilities, (Pachure,2018). According to Brown (2017), these hurdles impede the SMEs capacity to expand operations, invest in productivity-enhancing technologies, and generate

employment opportunities. Consequently, SMEs as significant economic segment contributes merely 7% to export earnings, implying a limited propensity for economic development.

While microfinance banks are visible in certain regions of the country, the reality is that a substantial untapped gap remains in the Nigerian economy for financial institutions catering to SMEs, particularly in rural, under banked and unbanked communities. Despite the existence of over one thousand microfinance banks (MFBs) designed to address these needs, a staggering 80% of them are inadequately capitalized. Consequently, these banks struggle to facilitate easy access to credit and other financial services for SMEs, grappling with liquidity and operational challenges, (Ifelunni, 2020).

In response to these formidable challenges, the Nigerian Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) has introduced the NIRSAL Microfinance Bank. This strategic intervention aim to provide targeted financial support, credit facilities, and specialized financial services designed specifically for the unique needs of SMEs, with a particular focus on the agricultural sector. The NIRSAL Microfinance Bank, operating under the license granted by the Central Bank of Nigeria (CBN), stands as a prominent financial institution established in Nigeria. One of the primary outcomes of the facilities provided by NIRSAL Microfinance Bank SMEs in Nigeria is the facilitation of improved access to financing. SMEs, commonly encountering challenges in securing loans from conventional financial institutions, discover tailored financial products from NIRSAL Microfinance Bank. These offerings, such as working capital loans and asset financing, are meticulously crafted to address the specific needs of SMEs, offering vital support for their day-to-day operations and expansion endeavors. This enhanced access to finance empowers SMEs to invest in critical areas such as infrastructure, technology, and skilled personnel, thereby fostering growth and competitiveness.

Another crucial aspect of NIRSAL Microfinance Bank's impact on SMEs lies in its approach to risk mitigation. Historically, the perceived risks associated with lending to SMEs have dissuaded many financial institutions from engaging in such ventures. NIRSAL Microfinance Bank effectively addresses this challenge through innovative risk-sharing mechanisms. By distributing the risk between the microfinance bank and other financial entities, NIRSAL Microfinance Bank makes it more enticing for traditional lenders to extend credit to SMEs. This not only boosts the confidence of financial institutions but also motivates SMEs to actively seek and utilize credit for strategic business initiatives, (Clark, 2018)

Financial inclusion stands as a central pillar in the mission of NIRSAL Microfinance Bank, and its implications for Small and Medium Enterprises (SMEs) are profound. The microfinance bank strategically extends its services to underserved and rural areas, ensuring that SMEs across the country, regardless of their geographical location, have access to formal financial services. This inclusivity proves particularly vital for SMEs operating in remote or marginalized regions, providing them with the financial tools and resources essential for their sustained growth. By bridging the gap between traditional banking and SMEs in far-flung areas, NIRSAL Microfinance Bank contributes significantly to fostering a more equitable and accessible financial landscape.

Adding another layer of positive impact on SMEs is the unwavering commitment of NIRSAL Microfinance Bank to financial education. Through targeted initiatives, the microfinance bank actively promotes financial literacy among SME owners, imparting them with the knowledge and skills required for sound financial management. This educational outreach goes beyond basic borrowing and lending concepts, encompassing critical areas such as budgeting, investment strategies, and risk management. Consequently, SMEs are better equipped to navigate the complexities of the business environment, make informed financial decisions, and enhance their overall financial health.

In bolstering Small and Medium Enterprises (SMEs), NIRSAL Microfinance Bank emerges as a catalyst for broader economic development in Nigeria. The success and prosperity of SMEs contribute significantly to

job creation, income generation, and poverty alleviation. The impact of these enterprises transcends individual financial success, positively influencing societal well-being and enhancing the quality of life for individuals and communities alike. By empowering SMEs, NIRSAL Microfinance Bank plays a pivotal role in fostering a resilient and dynamic economic ecosystem. In 2020, NIRSAL Microfinance Bank loans to SMEs in Nigeria with Lokoja inclusive were 10.6 billion naira, 2021, 11.3 billion, and 12.5 billion in 2022, (Central Bank of Nigeria annual report, 2023).

The effects of NIRSAL Microfinance Bank facilities on SMEs in Nigeria are extensive and transformative. Through avenues such as enhanced access to financing, risk mitigation, financial inclusion, and targeted financial education, NIRSAL Microfinance Bank empowers SMEs to surmount challenges and unlock their full potential. Serving as a key driver of economic growth and inclusivity, NIRSAL Microfinance Bank stands as a beacon, showcasing the positive impact that strategic financial initiatives can have on SMEs and the nation as a whole. Thus, a comprehensive understanding of the impact of this microfinance initiative is crucial for effectively evaluating its effectiveness in supporting the growth and development of SMEs, particularly in the Lokoja local government area of Kogi State.

The specific objectives of the study are:

1. To determine the impact of NIRSAL Microfinance Bank facility on SMEs income generation in Lokoja Local Government Area.
2. To assess the impact of NIRSAL Microfinance Bank facility on SMEs on employment generation in Lokoja Local Government area.
3. To determine the relationship between NIRSAL microfinance bank facility and SMEs expansion in Lokoja local government area.
4. To determine the level of ease in accessing NIRSAL Microfinance Bank loan in Lokoja Local Government Area.

LITERATURE REVIEW

Conceptual frame work and classification

Small and medium enterprises

According to (Ikpor, 2017), small and medium-sized companies (SMEs) are a diversified range of firms engaging in a variety of activities across the country. These include craftsmen who make local agricultural implements, coffee and tailor shop owners, iron fabricators, roadside mechanics, small transportation companies, internet cafés, and medium-sized automobile parts makers. SMEs can serve domestic or worldwide markets and operate at various geographical levels. There is no common acknowledged classification of small and medium-sized businesses (SMEs). The definition varies depending on the country. This is due to differences in socioeconomic characteristics across countries (Etuk 2020). In 1998, the Nigerian Small and Medium Industries Equity Investment Scheme (SMIEIS) defined SMES as firms with a total capital outlay between ₦1.5 million and ₦200 million. This figure includes working capital but excludes the cost of land. According to Nigeria's National Council on Industry, a small and medium-sized firm (SME) is one that employs at least ten and no more than 300 people.

Ikpor (2021) further mentions that the European Union defines SMEs as businesses with no more than 250 people and a total revenue of no more than €50 million. It also believes that the enterprise's stake in another enterprise(s) should not exceed 25 percent. A medium enterprise is defined by the World Bank (2016) as one that employs no more than 300 people and has a maximum annual revenue of \$15 million. According to the World Bank, a small firm has less than fifty employees and an annual turnover of no more than \$3 million. As a result, it defines small businesses as those with a maximum of ten employees and a revenue of

\$100,000 per year.

Concept of Microfinance Banking

Microfinance Banking include providing financial services customized to the needs of low-income individuals, such as micro-entrepreneurs, such as small loans, accepting small savings deposits, and delivering easy payment services (USAID, 2010). It serves the economically engaged poor who are underserved or not served at all by traditional banking institutions. Microcredit is frequently characterized as a loan amount as a percentage of the average per capita income. In Nigeria, for example, with a per capita GDP of N42,000 or about \$300 in 2003, loans up to N50,000, or about \$350, would be termed microloans, whilst microsavings are savings accounts with balances less than N8,400, or less than 20% of the average annual income per capita.

The Central Bank of Nigeria (CBN,2015) defines microfinance as the provision of financial services to economically active poor and low-income households, such as credit, savings, microloans, micro insurance, and payment transfers, allowing them to engage in income-generating activities. Furthermore, (Ojo, 2017) defines microfinance as minor financial services offered to rural or informal small-scale operators for farming, fishing, commerce, housing construction, and other productive activities. Microfinance institutions seek to fill holes in the financial market and system by meeting the financing requirements of underserved populations that cannot obtain formal borrowing. These target users are mostly from the informal sector, working in small-scale farming, commercial/trading, and industrial operations.

The definition of microfinance according to (Robinson, 2014) is “small-scale financial services, mainly credit and savings, provided to people who work in agriculture, fishing, herding, operating small or micro enterprises where goods are produced, recycled, repaired, or sold, providing services, working for wages or commissions, earning income from renting out small amounts of land or machinery and tools, and to other individuals and groups at the local levels of developing countries, both rural and urban centers).”

Theoretical review

The Financial Inclusion Theory:

The Financial Inclusion Theory, developed by Prahalad (2006) is a transformative framework aimed at addressing the disparities in financial access among marginalized populations, particularly in developing nations. This theory highlights the critical need to provide affordable and accessible financial services such as savings accounts, credit, insurance, and payment systems to all individuals. The overarching goal is to empower individuals economically, reduce poverty, and foster sustainable development.

Key components of the Financial Inclusion Theory include ensuring access to financial services, making these services affordable and suitable, promoting financial literacy and education, and leveraging innovation and technology. By enabling individuals to manage their finances effectively and make informed decisions, financial inclusion paves the way for economic empowerment and social progress.

The merits of the Financial Inclusion Theory are far-reaching. It facilitates economic growth by unlocking the potential of marginalized populations, leading to increased productivity and entrepreneurship. Moreover, financial inclusion plays a crucial role in poverty reduction, allowing individuals and families to build assets and access credit for income-generating activities. As efforts to implement and refine financial inclusion strategies continue the promise of a more equitable and inclusive financial system becomes increasingly attainable.

Pecking Order Theory

The Pecking Order Theory, developed by Myers and Sanders in 1984, suggests that firms' (usually SMEs) financing requirements are met in a hierarchical order. The initial source of funds is internally generated. As the amount of funds required increases, the next source is debt financing. Further increases in the need for funds lead to sourcing external equity. This implies a negative relationship between profitability and external borrowing by small firms. The debt-equity mix of a firm should thus heavily depend on the hierarchical financing decisions over time.

This theory maintained that business organizations always prefer to use internal funds. If internal funds are not available, the organization prefers to use debt as an external source of funds before considering equity financing which is known as debt-equity mix.

Holmes and Kent (1991) found that SMEs adhere strictly to the pecking order due to the difficulty they face in acquiring externally generated finance. SMEs rely heavily on private markets, thus limiting their financing sources. These restrictions on the types of finance available to SMEs, coupled with small firms' insistence on first using internal sources of capital (Holmes and Kent, 1991), create a unique structure for small businesses.

Contract Theory

According to Wikipedia (2015), this theory was first formally explained by Kenneth Arrow. It studies how economic actors construct contractual arrangements in the presence of asymmetric information. Information asymmetry arises when one of the two parties engaged in a business transaction has more or different information than the other. In such a situation, one party does not have adequate information about the other party, resulting in inaccurate decision-making. This circumstance leads to potential adverse selection and moral hazard problems in the credit market.

Adverse selection is associated with a problem arising from asymmetric information that occurs prior to the transaction. Here, a lender may decide not to lend money even though the borrower has the ability to make loan repayments as expected, just because the lender does not have enough information about the borrower to aid in decision-making.

On the other hand, moral hazard is a problem of asymmetric information that occurs post-transaction. The borrower might engage in activities that are unknown yet undesirable from the lender's point of view, making it less likely that the loan will be paid back. For these reasons, formal financial institutions insist on collateral as a prerequisite for providing loan money to SMEs. The disbursement of loan money without securing adequate collateral is considered too risky.

Stiglitz and Weiss (1981) have opined that information asymmetry is a significant reason why SMEs find it difficult to acquire adequate loans. According to them, capital does not always flow to small firms because of adverse selection and moral hazard, two factors that are known to have a devastating negative impact on small enterprises.

Empirical Review

Abubakar (2023) studied the impact of Nirsal Microfinance Bank in boosting Small and Medium Enterprises (SMEs) in Jimeta, Adamawa State, Nigeria. The study looks into the closure of microfinance institutions in Nigeria as a result of their inability to fulfill their mandates or potential beneficiaries' failure to access and repay loan monies. The study assessed the level of investment and improvement in SME

operations using primary data collected via questionnaires issued to entrepreneurs engaged in the NIRSAL loan scheme between 2021 and 2022 and structured on a four-point Likert scale. The findings suggested that Nirsal Microfinance Bank's lending strategy greatly increased economic activity and SMEs' access to capital. Furthermore, the majority of respondents believed that the loan application and approval processes at Nirsal Microfinance Bank are fast enough to fulfill their demands. According to the report, the bank was founded to create jobs, increase skills in rural communities, and give smallholder farmers and SMEs with access to inexpensive funding. Recommendations were given to improve the pace of loan processing for SMEs and to assist new business beginnings (Abdulazeez, 2023).

Fatogun (2022) conducted a study investigating the impact of microfinance banks on the survival of SMEs, with a focus on how both financial and non-financial services provided by these banks enhance SMEs' survival. Data collection was carried out through a questionnaire, and analysis was conducted using linear regression analysis with SPSS version 25.0. The findings revealed a positive impact of microfinance banks on SME survival, particularly attributed to the provision of financial (credit facilities) and non-financial (education) services. Consequently, the study concludes that the provision of these services by microfinance banks promotes SME survival and growth. It further suggests that SME survival and growth are closely associated with the financial and non-financial support from microfinance banks. To support SMEs, the study recommends that policymakers and regulatory authorities empower microfinance banks to continue providing these essential services, facilitating SME productivity, growth, and ultimately, survival (Fatogun, 2022).

Ogidi and Pam (2021) conducted a study investigating the influence of financial inclusion on SMEs' growth in Nigeria. The research utilized a descriptive research design, distributing questionnaires to 150 SMEs, with 100 questionnaires returned for analysis. The data collected was presented in tables, and hypotheses were tested using chi-square statistics. The findings of the study revealed that most SMEs in Plateau state, Nigeria, have access to loan facilities. Moreover, the study indicated that the knowledge and acceptance of financial inclusion by customers have a positive impact on the growth of SMEs. Based on these findings, the study recommended that deposit money banks should actively engage in credit creation and make credit available to SMEs at lower interest rates. Additionally, it was suggested that creating a conducive environment to encourage SMEs in Nigeria should be a priority (Ogidi& Pam, 2021)..

Adeosun and Shittu (2021) conducted a study examining the formation of SMEs and its influence on economic growth in Nigeria from 1990 to 2019. The researchers gathered secondary data and employed error correction models and Johansen co-integration techniques to analyze for a long-run relationship. The findings indicated that the establishment and growth of SMEs lead to the creation of employment opportunities, subsequently positively affecting the Gross Domestic Product (GDP) and contributing to the overall growth of the Nigerian economy.

Ibrahim and Hauwa (2020) conducted a study on the role of Nirsal Microfinance Bank in promoting Agricultural, Small and Medium Enterprises (SMEs) in Bida Metropolis, Nigeria. The research explored the closure of microfinance banks in Nigeria due to their inability to fulfill their mandates or the failure of potential beneficiaries to access and repay lending funds. Utilizing a mix of primary and secondary methods, questionnaires were distributed to entrepreneurs enrolled in the NIRSAL-AGSMEIS loan scheme between 2019 and 2020, structured along a five-point Likert scale. Secondary data, including CBN Annual Bulletins and training data from the Federal Polytechnic, Bida, were also reviewed. Findings indicated a significant increase in economic activities and funding levels of SMEs through the Nirsal Microfinance Bank loan Scheme. However, respondents expressed dissatisfaction with the speed of loan application and approval processes at Nirsal Microfinance Bank. The study concluded that the bank was introduced to create jobs, enhance citizens' skills in rural communities, and provide smallholder farmers and SMEs with access to affordable funds and credit. Recommendations were provided to improve the efficiency of loan processing

for SMEs and to support new business startups (Mikugi, 2020).

Udobi-Owoloja, (2020) investigated the impact of bank credit facilities on the performance of agro-based SMEs in Nigeria from 1982 to 2018. The regression analysis of the collected secondary data revealed that access to credit facilities has a positive influence on agro-based SMEs in Nigeria. However, the study also found that poor infrastructure has a negative impact on these SMEs, subsequently affecting the Gross Domestic Product (GDP) in the long term. Based on these findings, the study recommended that adequate funding and a conducive environment should be provided for agro-based SMEs in Nigeria to foster their growth and ultimately contribute positively to the economy.

Bhola (2020) conducted a study on the impact of Microfinance Banks on the growth of SMEs in Nigeria. Out of the fifty (50) questionnaires distributed, forty-one (41) were analyzed using Pearson's Chi-square statistic. The results revealed that financial institutions play a significant role in enhancing the growth of Micro, Small, and Medium Enterprises (MSMEs) in Lagos State, despite the low level of entrepreneur patronage of microfinance banks due to high interest rates. Additionally, the study established that the stringent lending conditions imposed by banks serve as a major obstacle to entrepreneurs' willingness to utilize loan services offered by banks.

Ofeimun, (2019) conducted a study on the effect of microfinance banks on small businesses in Nigeria. The data for this study was gathered from the Microfinance banks and Central Bank of Nigeria (CBN) annual reports spanning the period from 1990 to 2015. The study utilized ordinary least square regression as the primary technique for analysis, with normality and multicollinearity tests employed to assess the characteristics of the data. The study's findings revealed a significantly positive relationship between microloans disbursed and the spread of microloans with small business growth in Nigeria over the period under review. In conclusion, the study suggests that micro financing of small businesses by microfinance banks has a considerable impact on stimulating the economy. As a recommendation, the study suggests focusing on lending to preferred sectors such as agriculture and mining to further stimulate economic growth in Nigeria. Richard, (2018) conducted a research study investigating the impact of microfinance on Micro and Small Enterprises (MSEs) in Ogun State, Nigeria, focusing on whether microfinance bank services assist MSEs and improve their trade volume. Using a purposive and stratified sampling method with 408 MSE respondents, the study employed simple regression analysis to test the research problems. Findings revealed a negative relationship between intermediary financial services (credit disbursement) and MSEs, while a positive relationship was found between microcredit and business expansion. The research suggests that businesses accessing microcredit have experienced average growth in business expansion. Recommendations include increasing the size of loans and adjusting interest rates for MSEs by microfinance banks, as well as government oversight to ensure these institutions effectively meet the needs of MSEs. This study offers insights into the impact of microfinance on MSEs in Ogun State, Nigeria, emphasizing the necessity for tailored financial services and government intervention to support the growth and development of these enterprises.

Garba (2019) assessed the influence of Microfinance banks on the development of SMEs located in Markurdi, Nigeria. Employing snowball sampling, primary data was collected from 282 SME owners who had utilized credit facilities from a microfinance bank. The results of the regression analysis indicated a positive correlation between the provision of loans by Microfinance Banks (MFBs) and the growth and expansion of SMEs in Markurdi. In a similar vein, Mutuma and Omagwa (2019) examined the impact of microfinance services on the performance of SMEs in Meru, Kenya. Utilizing a sample size of 93 SMEs, questionnaires were distributed to business owners and managers. The findings from the descriptive statistics and multiple regression analysis affirmed that microfinance services, particularly loan facilities, significantly influence the growth of SMEs in Kenya.

Adebiyi, and Banjo, (2017) conducted an assessment of SMEs performance in Lagos, Nigeria. The primary data from 192 out of 250 SMEs were subjected to analysis using Pearson correlation and regression analyses. The findings revealed a significant and positive correlation between SMEs' access to credit and their performance. However, it was noted that the majority of SMEs rely on personal savings, family, and friends for funding. The study also emphasized the importance of training, seminars, and workshops for SMEs owners' development. Similarly, Abdulrahman and Olofin (2017) suggested that deposits, infrastructure, and loans have a positive impact on the growth of SMEs in Nigeria.

Nnabu, and Egbeoma (2017), investigated the impact of bank credit on unemployment reduction in Nigeria from 1992 to 2014. The study utilized secondary data sourced from the CBN Statistical Bulletin and the National Bureau of Statistics. The regression analysis results indicated that access to credit by SMEs does not lead to a reduction in the unemployment rate in Nigeria. This is attributed to the high lending interest rates charged by banks, which discourage MSMEs owners from seeking credit. In summary, the study concluded that both savings and bank credit are insufficient to promote the growth of SMEs or to reduce the unemployment rate in Nigeria.

METHODOLOGY

Study Area

The study area for this research work is Lokoja LGA in Kogi State of Nigeria. Lokoja Local Government Area (LGA) is a significant area in Kogi State, Nigeria, serving as the state capital. According to the 2006 national population census, Lokoja LGA has a population of approximately 209,437 people, with a diverse mix of ethnic groups including the Igala, Ebira, Nupe, Yoruba, and Hausa, among others. This diversity contributes to the cultural richness and vibrancy of the area, with residents practicing various religions such as Christianity, Islam, and traditional beliefs.

Economically, Lokoja LGA thrives on agriculture, trade, and transportation. The fertile land in the area supports the cultivation of crops like yam, cassava, maize, and rice, contributing significantly to the agricultural output of Kogi State. Lokoja is also known for its bustling markets and trading activities, acting as a commercial hub for both the local population and neighboring communities.

In terms of Small and Medium Enterprises (SMEs) composition, Lokoja LGA hosts a variety of businesses ranging from retail stores, restaurants, and small-scale manufacturing ventures. These SMEs play a vital role in the local economy, providing employment opportunities and contributing to the overall economic growth of the area. Additionally, the presence of microfinance institutions and support programs for SMEs in Lokoja further enhances the entrepreneurial ecosystem, facilitating business growth and development.

Overall, Lokoja LGA is a dynamic and diverse area with a significant population, thriving agricultural sector, vibrant commercial activities, and a growing community of SMEs that contribute to its economic vitality.

Population and Sampling Technique

The study's population consists of all Small and Medium Enterprises (SMEs) in Lokoja LGA who has utilized the services of NIRSAL Microfinance Bank. According to a confidential report from NIRSAL Microfinance Bank, there are approximately two hundred and fifty (250) SME operators in Lokoja who have accessed their facilities, representing the population for this study.

To determine the required sample size for the study, the Taro Yamane formula was used:

$$n = \frac{N}{1+N(e)^2}$$

Where:

n = sample size

N = population size

e = margin of error or error margin

1 = constant value

This formula allows for the calculation of an appropriate sample size based on the population size and desired margin of error.

Sample Size

$$n = \frac{250}{1+250(0.05)^2} = \frac{250}{1+250(0.0025)} = \frac{250}{1+0.625} = \frac{250}{1.625} = 154$$

Therefore, the study utilized a sample size of 154 SMEs, selected through the Taro Yamane formula. Furthermore, participants in this study were chosen using a simple random sampling technique, aimed at ensuring a fair representation of study variables.

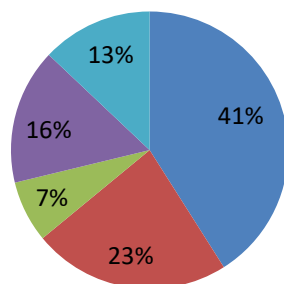
Data Sources and Data Collection Instrument

The data used for the study were sourced from primary sources, utilizing a structured 5-point Likert scale questionnaire. The purpose was to assess SMEs' perspectives on various aspects of NIRSAL Microfinance Bank Facility in Lokoja LGA. The responses to these Likert scale statements were utilized to measure SMEs' performance metrics, including income generation, employment creation, business expansion, and facility accessibility.

RESULT PRESENTATION AND ANALYSIS

Figure 1: Responses from SMEs in Lokoja on Whether NIRSAL MFB Facility Has Helped in Generating Employment within Their SMEs

■ Strongly Agree ■ Agree ■ Neutral ■ disagreed ■ Strongly disagreed



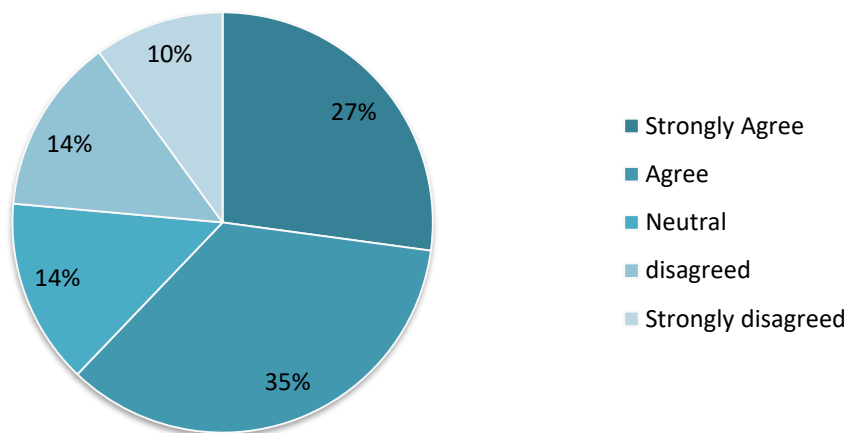
Source, field Survey, 2024

The data on the extent of agreement among SMEs in Lokoja regarding whether the NIRSAL MFB Facility has helped in generating employment within their SMEs provides valuable insights. A substantial portion, 41.01%, strongly agrees that the facility has indeed helped in generating employment. Additionally, 23.02% agree with this sentiment, indicating a combined majority of 64.03% who perceive a positive impact on employment generation.

There is a smaller portion, 7.19%, that remains neutral on the matter. This could suggest a level of uncertainty or a need for more evidence of the facility’s impact on employment among this group of SMEs. A notable proportion, 15.83%, disagree with the statement, indicating that a minority of respondents feel the facility has not helped in generating employment within their SMEs. Finally, 12.95% strongly disagree with the statement, indicating a significant portion of SMEs who feel the facility has no impact on employment generation.

Overall, the majority of SMEs (64.03%) perceive that the NIRSAL MFB Facility has helped in generating employment within their businesses, indicating a positive impact on job creation. The findings is consistent with Ogidi and Pam (2021). However, there is still a need to address the concerns of those who disagree or strongly disagree, potentially through further analysis of their feedback and targeted improvements to the facility’s offerings.

Figure 2: Responses from SMEs in Lokoja on Whether NIRSAL MFB Facility Has Supported Their Expansion Plans.



Source, field Survey, 2024

The data on the extent of agreement among SMEs in Lokoja regarding whether the NIRSAL MFB Facility has supported their expansion plans provides insightful findings. A combined total of 62.59% (27.34% strongly agree and 35.25% agree) of SMEs perceive that the facility has indeed supported their expansion plans.

However, it is notable that 14.39% of respondents remain neutral on the matter. This could suggest a level of uncertainty or a need for more evidence of the facility’s impact on their expansion plans among this group of SMEs.

Additionally, 23.74% of respondents (13.67% disagree and 10.07% strongly disagree) indicated that the NIRSAL MFB Facility has not supported their expansion plans.

This breakdown indicates a positive perception among SMEs in Lokoja regarding the impact of the NIRSAL MFB Facility on supporting their expansion plans. However, there are notable some that suggest otherwise. The result contradicts the submission of Bhola (2020) about the contribution of NIRSAL to business expansion.

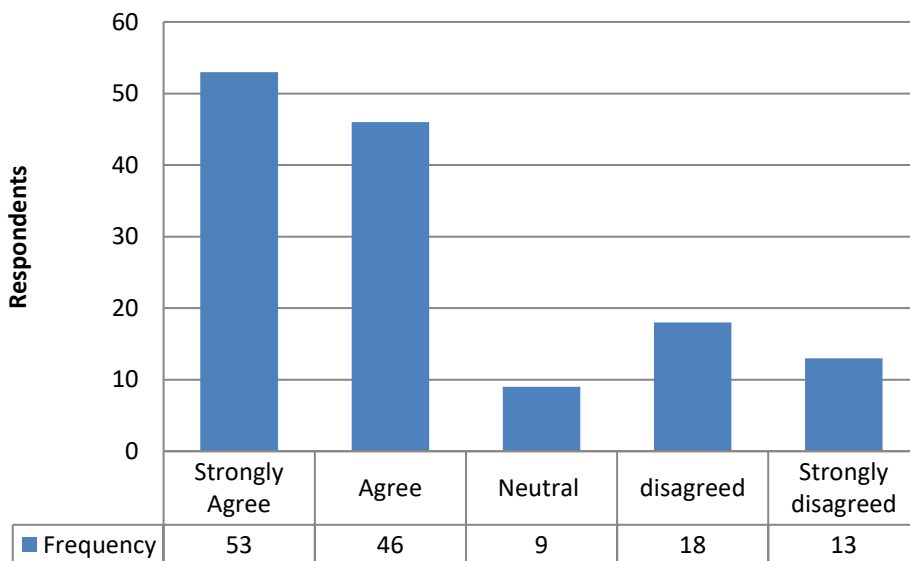
Table 1: Analysis of Responses from SMEs in Lokoja on the Application Process for NIRSAL Microfinance Bank Facility.

Extent of agreement	Frequency	Response Rate (%)
Strongly Agree	29	20.86
Agree	35	25.18
Neutral	9	6.47
disagreed	23	16.55
Strongly disagreed	43	30.94
Total	139	100

Source, field Survey, 2024

The data from SMEs in Lokoja regarding the application process for the facility offered by NIRSAL Microfinance Bank indicates diverse opinions. Forty-five point zero four percent of respondents (20.86% strongly agree and 25.18% agree) found the application process to be straightforward. However, a significant portion had negative views: 16.55% disagreed with the statement, indicating challenges with the process, while 30.94% strongly disagreed, suggesting substantial difficulties experienced during the application. Additionally, 6.47% of respondents remained neutral, indicating uncertainty or a lack of a strong opinion. These results highlight a need for improvements in the application process to ensure a smoother experience for SMEs in Lokoja. As equally observed by Garba (2019) and Mutuma (2019). Addressing the challenges highlighted by the 47.49% who disagreed or strongly disagreed could enhance accessibility and efficiency, potentially fostering better utilization of the facility by local SMEs.

Figure 4: Analysis of Responses from SMEs in Lokoja on Delays in Receiving Funds from NIRSAL Microfinance Bank

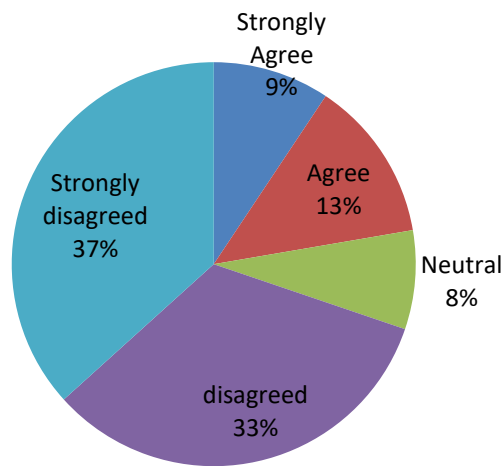


Source, field Survey, 2024

The data reveals varied perceptions among SMEs in Lokoja regarding delays in receiving funds from NIRSAL Microfinance Bank. Among the respondents, 71.22% (38.13% strongly agree and 33.09% agree) reported experiencing delays in receiving funds. A smaller portion disagreed, with 12.95% indicating no delays in fund disbursement and 9.35% strongly disagreeing, suggesting that a smaller proportion did not encounter delays. Additionally, 6.47% of respondents remained neutral, indicating uncertainty or a lack of a strong opinion.

These findings indicate that a majority of SMEs in Lokoja faced delays in receiving funds from NIRSAL Microfinance Bank. Addressing the concerns highlighted by the 71.22% who agreed or strongly agreed about delays could enhance the efficiency of fund disbursement processes, ultimately improving the overall satisfaction of SMEs with the bank’s services.

Figure 5: Analysis of Responses from SMEs in Lokoja on Customer Services Provided by NIRSAL Microfinance Bank



Source, field Survey, 2024

The data reveals mixed perceptions among SMEs in Lokoja regarding the customer service provided by NIRSAL Microfinance Bank: 22.3% of respondents (9.35% strongly agree and 12.95% agree) found the customer service satisfactory. A significant portion had negative views, with 33.09% disagreeing and 36.69% strongly disagreeing, suggesting significant dissatisfaction. Additionally, 7.91% of respondent’s remained neutral, indicating uncertainty or a lack of a strong opinion.

Table. Determination of NIRSAL microfinance bank facility on SMEs income in Lokoja

Response option	Observed N	Expected N	Df	P	Sig level	Remarks	
SA	45	27.8	4	30.748	0.000	0.05	Significant
A	39	27.8					
N	28	27.8					
D	10	27.8					
SD	17	27.8					
Total	139						

P<0.05

In Table 15, the calculated chi-squared value is 30.748 with 4 degrees of freedom and a P-value of 0.00, falling below the significance level (α) of 0.05 ($P < 0.05$). Consequently, the study established that NIRSAL microfinance bank facility indeed contributed to increase in SMEs income in Lokoja.

Table: Assessing the impact of NIRSAL microfinance bank facility on employment generation in Lokoja Local Government Area.

Response option	Observed N	Expected N	Df	P	Sig level	Remarks	
SA	47	27.8	4	40.101	0.000	0.05	Significant
A	45	27.8					
N	14	27.8					
D	18	27.8					
SD	15	27.8					
Total	139						

In Table 16, the calculated chi-squared value is 40.101 with 4 degrees of freedom and a P-value of 0.00, indicating statistical significance below the alpha threshold of 0.05 ($P < 0.05$). This Suggest that the NIRSAL microfinance bank facility indeed have a significant impact on employment generation in Lokoja Local Government Area.

Table 17: the relationship between NIRSAL microfinance bank facility and expansion of SMEs in Lokoja local government area.

Pair variable	N	Mean	r.	Alpha value	Sig value
Bank facility	139	10.88	-	0.05	0.562
Expansion of SMEs		10.33			

Table 17 displays the Pearson Moment correlation analysis results, examining the relationship between NIRSAL microfinance bank facility and the expansion of SMEs (Small and Medium Enterprises) in Lokoja local government area.

The Bank facility variable, with 139 data points and a mean value of 10.88, the Pearson correlation coefficient (r) is reported as -0.050. This indicates a weak negative correlation between the amount of bank facility provided by NIRSAL Microfinance Bank and the expansion of SMEs. However, the correlation coefficient is very close to zero, suggesting a negligible linear relationship.

The alpha value, set at 0.05, establishes the significance level for the analysis. The significance value (Sig value) associated with the correlation coefficient is 0.562, which is greater than the alpha level. Therefore, the correlation between bank facility and SME expansion is not statistically significant at the 0.05 level.

Table 18: Examine the degree of accessibility of NIRSAL Microfinance Bank facility in lokoja local government area.

Pair variable	N	Mean	r.	Alpha value	Sig value
Impediments	139	10.45	0.052	0.05	0.546
Accessibility of funds.		8.91			

The presented table displays the Pearson Moment correlation analysis concerning the association between

impediments within NIRSAL Microfinance Bank facilities and the accessibility of funds.

For the “Impediments” variable, comprising 139 observations with a mean of 10.45, the Pearson correlation coefficient (r) is 0.052. This value suggests a very weak positive correlation between impediments in NIRSAL Microfinance Bank facilities and the accessibility of funds.

The alpha value, set at 0.05, determines the significance threshold. The associated significance value (Sig value) for the correlation coefficient is 0.546, surpassing the alpha level. Thus, the degree of ease in assessing NIRSAL Microfinance Bank facility is low and not statistical significance at the 0.05 significance level.

These results suggest that SMEs in Lokoja are not satisfied with services provided by NIRSAL Microfinance Bank. The result agrees with the observation of Abubakar (2023) about the services of microfinance bank to SMEs.

CONCLUSION

In conclusion, the data gathered from SMEs accessing the NIRSAL MFB facility in Lokoja indicates a positive impact on the local business landscape. The facility serves a diverse range of businesses at various stages of development, from start-ups to more established enterprises. This suggests that it plays a crucial role as a support system for both budding entrepreneurs and seasoned business owners in the area.

The findings also reveal a positive perception among SMEs regarding the facility’s impact on their financial outcomes. majority believes that the NIRSAL MFB Facility has increased their income and positively affected revenue generation. These results align with the facility’s objectives of income creation and business growth, indicating that it is fulfilling its intended purpose in Lokoja local government area

Furthermore, the result highlights the facility’s positive role in fostering SME growth, expansion, and job creation. A majority of respondents feel that the facility significantly contributes to their SME’s growth and has helped in generating employment within their businesses.

However, challenges such as application process difficulties and delay in fund disbursement as observed by the study, require attention. Addressing these issues is crucial to ensure the smooth operation of the NIRSAL MFB facility to SMEs. Overall, the results suggests that NIRSAL MFB facility in Lokoja is instrumental in supporting economic development by providing financial assistance, facilitating business expansion, and creating employment opportunities. Further analysis and potential enhancements to the facility’s offerings are necessary to ensure its continued positive impact on the local business community.

RECOMMENDATION

Based on the findings drawn from the study, the following recommendations were made, which include: streamlining the application process by creating an online portal and offering step-by-step guidance, addressing fund disbursement delays through automation and clear timelines, improving customer service with training and feedback mechanisms, and tailoring financial offerings to different SME development stages to support growth and job creation in Lokoja.

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