

Exploring the Financial Inclusion Gap for Humanitarian Aid Recipients in Nigeria

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DOI: <https://doi.org/10.51244/IJRSI.2025.120500150>

Received: 09 May 2025; Accepted: 13 May 2025; Published: 18 June 2025

ABSTRACT

This study explores the Financial Inclusion Gap for Humanitarian Aid Recipients in Nigeria with a focus on the roles of financial literacy, infrastructure, and trust. Employing a quantitative survey design and stratified random sampling across four diverse Local Government Areas (LGAs) – Lagos Island, Alimosho, Mushin, and Ikorodu – data was collected from 400 respondents using structured questionnaires. Contrary to expectations, the findings revealed that barriers to financial inclusion, including financial literacy, trust, and infrastructural limitations, did not significantly impact the effectiveness of humanitarian aid. The study suggests that systemic factors, such as regulatory policies and financial infrastructure, may play a more crucial role in influencing aid delivery than individual financial behaviours. The implications of this research highlight the need for policymakers and humanitarian organisations to prioritise strengthening financial systems and institutional frameworks to optimise financial inclusion and enhance aid effectiveness in humanitarian contexts.

Keywords: Financial Inclusion, Humanitarian aid and Financial Infrastructure, Financial Literacy

INTRODUCTION

Financial inclusion plays a crucial role in promoting economic stability and reducing poverty, particularly among vulnerable and marginalised populations. For individuals and communities facing socio-economic insecurity, such as recipients of humanitarian aid, access to formal financial services is not merely a convenience but a critical pathway to economic empowerment, self-reliance, and long-term resilience. In Lagos State, Nigeria, which hosts a significant number of humanitarian aid beneficiaries due to its large urban population and socio-economic disparities, many individuals remain excluded from the formal financial ecosystem. This exclusion restricts their ability to access essential financial instruments, including credit, savings, insurance, and digital payment systems, which are vital for managing risks and seizing economic opportunities (Demirgüç-Kunt et al., 2022; Musa, Salisu, & Magaji, 2024).

Despite concerted efforts by the Nigerian government, regulatory authorities, and private financial institutions to enhance financial inclusion through frameworks such as the National Financial Inclusion Strategy, several persistent barriers impede the full integration of aid recipients into the formal financial sector. These barriers include low levels of financial literacy, inadequate financial infrastructure, and widespread distrust in financial institutions. Understanding and addressing these interlinked factors is crucial

for formulating inclusive policies and delivering effective interventions that can bridge the financial divide for humanitarian aid recipients (Magaji & Abubakar, 2010).

One of the most significant constraints to financial inclusion in this demographic is the widespread lack of financial literacy. A considerable proportion of humanitarian aid recipients lack the foundational knowledge necessary to understand financial products and services, resulting in limited utilisation of banks, mobile money, and other formal financial channels. This deficiency undermines their ability to budget, save, invest, or make informed financial decisions. According to Xu and Zia (2021), low financial literacy is correlated with poor financial behaviours, such as excessive reliance on informal lending and reluctance to utilise regulated financial services. Moreover, recipients may be unaware of the benefits of formal inclusion or may misinterpret financial terms, which further exacerbates their exclusion (Igwe, Magaji & Darma, 2021). Therefore, enhancing financial literacy through inclusive and context-specific education programs—delivered in local languages and tailored to community realities—is essential (Magaji & Yahaya, 2012). These programs should be designed to empower individuals with practical financial skills while simultaneously building trust and familiarity with formal institutions. Their success, however, depends on collaborative implementation involving stakeholders such as governments, non-governmental organisations (NGOs), community leaders, and financial service providers.

In addition to knowledge barriers, infrastructural limitations also restrict access to financial services. Many aid recipients reside in peri-urban or informal settlements within Lagos State, where banking facilities are scarce or non-existent. Even when digital alternatives like mobile banking exist, inconsistent internet connectivity, high service charges, and limited agent networks deter regular usage (Allen et al., 2022; Eke, Osi, Sule, & Musa, 2023). Infrastructural gaps such as unreliable electricity, underdeveloped road networks, and limited access to mobile technology compound these challenges (Magaji, 2004). As a result, many individuals resort to cash-based transactions, which are often insecure, lack transparency, and hinder opportunities to establish a financial history or build creditworthiness. To mitigate these constraints, it is imperative to invest in expanding financial infrastructure, including mobile banking networks, agent banking systems, and digital connectivity (Abdullahi, Magaji, & Musa, 2024). Innovations in financial technology (FinTech) offer promising solutions by enabling low-cost, scalable financial services that can reach underserved populations (Abdulazeez & Magaji, 2022). However, these solutions must be accompanied by targeted awareness campaigns and customer support services to ensure usability and trust (Magaji & Aliyu, 2007).

Another formidable obstacle to financial inclusion is the pervasive lack of trust in formal financial institutions. Historical experiences with unethical practices, hidden fees, fraud, and poor customer service have led many aid recipients to perceive banks and digital platforms as exploitative or unreliable (Beck et al., 2020). This scepticism drives a preference for informal financial systems, such as savings groups, cooperatives, and moneylenders, which are seen as more transparent, accessible, and community-oriented. To overcome this trust deficit, financial institutions must prioritise customer-centric service delivery, improve transparency in pricing and operations, and establish clear and effective grievance redressal mechanisms. Moreover, partnerships between humanitarian organisations and financial service providers can enhance legitimacy and bridge the trust gap. When trusted NGOs or community-based organisations act as intermediaries, they can vouch for financial products and support users in navigating formal processes (Magaji, Musa, & Dogo, 2023).

Financial inclusion remains an urgent development priority for humanitarian aid recipients in Lagos State. The challenges they face—low financial literacy, inadequate infrastructure, and distrust in formal institutions—are deeply interrelated and require a multifaceted response. Practical financial inclusion efforts must be inclusive, participatory, and tailored to the socio-cultural context of target populations. This includes designing financial literacy programs that are accessible and culturally relevant, expanding financial and digital infrastructure to underserved areas, and rebuilding trust through transparency, community engagement, and partnership models. This paper examines the Financial Inclusion Gap for Humanitarian Aid Recipients in Nigeria, with a focus on the roles of financial literacy, infrastructure, and trust.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Conceptual Review

Financial Inclusion

Financial inclusion refers to the availability, accessibility, and effective use of formal financial services by all segments of the population, particularly individuals and businesses that are underserved or entirely excluded from the conventional financial system. It encompasses a broad range of services, including savings and current accounts, credit facilities, insurance products, and digital payment platforms. The central objective of financial inclusion is to ensure that financial services are not only accessible but also affordable, appropriate, and delivered in a manner that meets the diverse needs of the population, especially the poor, women, rural dwellers, and small businesses (Demirgüç-Kunt et al., 2018).

The significance of financial inclusion lies in its strong link to economic development, poverty alleviation, and social equity. By facilitating access to savings and credit, financial inclusion enables individuals to manage their financial lives more effectively, reducing vulnerability to economic shocks, encouraging productive investment, and supporting consumption smoothing. Moreover, inclusive financial systems contribute to broader macroeconomic stability by deepening financial intermediation, increasing domestic resource mobilisation, and promoting entrepreneurial activities (World Bank, 2022). It also fosters social inclusion by enhancing individuals' ability to participate in the formal economy and reducing reliance on informal or predatory financial arrangements.

Recent technological advancements have played a crucial role in accelerating financial inclusion, particularly in developing countries. Innovations such as mobile money, agent banking, and fintech platforms have bridged physical and operational barriers, enabling millions of people to access financial services through mobile phones and digital applications (Beck et al., 2020). These tools have revolutionised financial delivery by lowering transaction costs, expanding outreach, and enabling real-time access to services, even in remote areas.

Despite these advances, significant challenges persist. Barriers, including low levels of financial literacy, weak regulatory frameworks, a lack of identification documents, and inadequate infrastructure, such as limited internet and mobile network coverage, continue to exclude vulnerable populations from the benefits of formal financial inclusion. Women, youth, and informal workers often face additional socio-cultural and systemic constraints that limit their financial participation. Therefore, achieving full and meaningful financial inclusion requires a multifaceted approach that combines technological innovation with inclusive policy design, consumer protection, financial education, and infrastructure development. Only through such integrated efforts can financial inclusion serve as a true catalyst for inclusive economic growth and sustainable development.

Humanitarian Aid

Humanitarian aid refers to the organised and coordinated provision of essential assistance to populations affected by acute crises, including natural disasters (such as floods, earthquakes, and droughts), armed conflicts, forced displacement, pandemics, and other emergencies that threaten human lives and livelihoods (OCHA, 2021). This assistance typically includes the delivery of life-saving goods and services such as food, clean drinking water, temporary shelter, healthcare, sanitation, education, and protection services. The overarching aim of humanitarian aid is to save lives, alleviate human suffering, and preserve human dignity, particularly in situations where local systems and infrastructure are overwhelmed or incapacitated.

Humanitarian action is guided by key principles enshrined in international humanitarian law and ethics—namely, humanity, neutrality, impartiality, and operational independence. These principles ensure that aid is delivered based solely on need, without discrimination, and is free from political, religious, or ideological

interference (IFRC, 2020). The commitment to these principles is essential for maintaining access to affected populations, especially in conflict zones or politically sensitive environments.

A wide range of actors are involved in the humanitarian ecosystem, including United Nations agencies, international and local non-governmental organisations (NGOs), donor governments, and civil society groups. These actors collaborate to assess needs, mobilise resources, and deliver aid effectively. However, the implementation of humanitarian interventions is often hindered by numerous challenges, including insecurity in conflict areas, damaged infrastructure, limited logistical capacity, bureaucratic obstacles, and chronic funding shortages (UNHCR, 2022). These factors can delay aid delivery and limit the reach and impact of humanitarian programs.

In recent years, there has been growing recognition of the need to link immediate humanitarian response with longer-term development goals. While humanitarian aid is inherently short-term and needs-driven, integrating it with sustainable development strategies can enhance resilience and reduce future vulnerability. This approach, often referred to as the "humanitarian-development nexus," emphasises the importance of building local capacity, supporting livelihoods, and investing in systems that promote recovery and long-term stability. Effective humanitarian responses thus require not only speed and coordination but also foresight and collaboration with development and peacebuilding actors to ensure that affected communities can transition from relief to self-reliance.

Theoretical Review

Financial Intermediation Theory

Financial Intermediation Theory emphasises the crucial role played by financial intermediaries—such as commercial banks, microfinance institutions, credit unions, pension funds, and investment firms—in improving the efficiency and functionality of financial markets. These institutions serve as critical conduits between savers, who have excess funds, and borrowers, who require capital for productive investment (Magaji, Darma, & Igwe, 2021). In essence, financial intermediaries help to channel resources from surplus economic units to deficit units, thereby fostering optimal capital allocation across sectors and regions. Their existence and functions are fundamentally justified by the presence of market imperfections, particularly high transaction costs, information asymmetries, and issues of risk management (Diamond, 1984; Gurley & Shaw, 1960).

One of the central propositions of the theory is that intermediaries reduce transaction costs associated with lending and borrowing by exploiting economies of scale, standardising financial products, and utilising specialised expertise. Individual savers may lack the resources or information necessary to evaluate potential borrowers effectively. In contrast, intermediaries possess both the infrastructure and incentive to conduct due diligence, monitor creditworthiness, and enforce repayment contracts. Additionally, they mitigate problems of adverse selection and moral hazard by screening loan applicants and implementing mechanisms to reduce the risk of default.

Furthermore, financial intermediaries enhance liquidity and risk-sharing by pooling diverse funds and spreading exposure across a broad base of borrowers and investment instruments. Through mechanisms such as maturity transformation—borrowing short-term from depositors and lending long-term to borrowers—they also help reconcile the conflicting preferences of savers and investors, thereby increasing the availability of credit in the economy.

By addressing these structural inefficiencies, financial intermediaries promote greater financial stability, deepen financial inclusion, and support macroeconomic development. Their role is especially vital in emerging economies, where underdeveloped capital markets and limited financial literacy often constrain direct financing. Efficient intermediation thus not only stimulates entrepreneurship and innovation but also facilitates long-term investments, job creation, and poverty reduction. In this way, Financial Intermediation

Theory provides a theoretical foundation for understanding the integral role of intermediaries in modern financial systems and their contribution to sustained economic growth and resilience.

Empirical Review

David et al. (2025) examine the role of AI-driven financial technologies in bridging the financial inclusion gap, particularly for the 1.7 billion adults worldwide who lack access to banking services. The study highlights how AI can offer cost-effective and efficient financial services, improving accessibility for underserved populations. It examines current financial inclusion trends, key AI technologies, successful case studies, and the challenges that hinder the widespread adoption of these initiatives. While AI has the potential to create a more inclusive financial system, significant barriers, including digital literacy and infrastructure limitations, remain. This research is relevant for understanding how technological advancements can enhance financial inclusion for humanitarian aid recipients.

Khan and Sahu (2024) analyse the macroeconomic and socioeconomic determinants of financial inclusion in India, utilising time-series data from 1996 to 2022. Employing a nonlinear autoregressive distributed lag (NARDL) approach, the study examines the impact of GDP per capita growth, remittance inflows, and income distribution on financial inclusion, as measured by the expansion of bank branches and ATMS. Findings indicate that positive remittance inflows and increased income share of the bottom 20% enhance financial inclusion, with more substantial long-term effects. Conversely, declining GDP growth hurts financial inclusion, particularly in the short term. This study is relevant for understanding the structural barriers to financial inclusion in humanitarian contexts, highlighting the roles of economic disparities and accessibility of financial infrastructure.

Saluja et al. (2023) conducted a systematic literature review using the PRISMA approach to examine barriers and interventions for women's financial inclusion, analysing 67 studies published between 2000 and 2020. The study identifies six key barriers, including patriarchal structures, psychological factors, low income, limited financial literacy, restricted financial accessibility, and ethnic background. It also highlights six major interventions: government and corporate programs, microfinance, formal savings accounts, cash and asset transfers, self-help groups, and digital inclusion. The findings emphasise the complexity of financial exclusion and the need for multifaceted solutions. This research is relevant as it sheds light on systemic obstacles that may similarly affect humanitarian aid recipients, reinforcing the importance of tailored financial inclusion strategies in vulnerable communities.

Megersa (2021) examines the role of financial inclusion in mitigating the impact of humanitarian crises on refugees, highlighting its potential to provide essential financial products, including savings, remittances, loans, and insurance. The study highlights a shift in humanitarian aid distribution from emergency cash transfers to digital payments, creating new opportunities for displaced populations to access formal financial services. However, a key finding is the limited availability of resources explicitly addressing financial inclusion in refugee response contexts, as most toolkits and guidance notes focus on broader operational issues. The review, presented as an annotated bibliography, compiles relevant toolkits, reports, and articles from humanitarian and development agencies. This research is relevant as it highlights the need for more targeted resources and strategies to promote financial inclusion among refugees, particularly through digital financial solutions.

Dhawan and Zollmann (2023) challenge the widely held belief that financial inclusion fosters refugee self-reliance, arguing that access to financial services alone is insufficient without fundamental rights such as freedom of movement and work. Based on in-depth interviews with refugees in Kenya and Jordan, the study finds that digital financial services for refugees often function as isolated, restrictive tools rather than empowering financial solutions. Instead of facilitating economic independence, these services align with broader political efforts to confine and control refugee transactions. The study raises critical concerns about the role of humanitarian funding in financial service interventions and questions their actual impact on

refugee livelihoods. This research highlights the structural and policy barriers that limit the effectiveness of financial inclusion efforts for displaced populations.

METHODOLOGY

Research Design

This study employs a quantitative research design with a survey approach to investigate the impact of financial inclusion on humanitarian aid distribution in selected Local Government Areas (LGAs) of Lagos State. The quantitative approach is ideal for collecting measurable and generalisable data, while the survey method enables the gathering of structured data through questionnaires administered to recipients of humanitarian aid. This design allows the researcher to analyse trends, identify barriers, and measure socio-economic outcomes related to financial inclusion and humanitarian assistance.

Study Area

The study is conducted in Lagos State, Nigeria's commercial centre, with a high concentration of financial institutions. Despite this, access to financial services remains limited for low-income and marginalised groups. The four LGAs selected for this study—Lagos Island, Alimosho, Mushin, and Ikorodu—represent varying socio-economic and infrastructural characteristics:

1. Lagos Island: A financial district with residual underserved populations.
2. Alimosho: The most populous LGA, facing challenges related to infrastructure and financial access.
3. Mushin: Dominated by informal economic activities with limited formal financial services.
4. Ikorodu: A fast-growing peri-urban area with inadequate access to financial infrastructure.

These areas were selected for their diversity in population size, financial access levels, and economic activities.

Determination of Sample Size

The total population of the selected LGAs is 3,985,300 (2022 estimates). The sample size was calculated using Yamane's (1967) formula with a 5% margin of error, resulting in a sample size of 400 respondents:

$$n = \frac{N}{1 + N(e^2)} = \frac{3,985,300}{1 + 3,985,300(0.05^2)} \approx 400$$

Sampling Procedure

A stratified random sampling technique is employed to ensure proportionate representation across all four LGAs. Given the heterogeneity of the population, stratification enhances the reliability and generalizability of findings. The 400 respondents are proportionally distributed based on each LGA's share of the total population using the formula:

$$n_i = \left(\frac{N_i}{N}\right) \times n$$

The resulting allocation is:

1. Lagos Island: 32 respondents
2. Alimosho: 196 respondents
3. Mushin: 94 respondents
4. Ikorodu: 78 respondents

Respondents will be randomly selected within each stratum to reduce bias and ensure equal representation.

Questionnaire and Measurement of Variables

The questionnaire will be structured around the study's dependent and independent variables:

1. Humanitarian Aid Effectiveness: Measured through indicators like access to aid, timeliness of disbursement, reduction in corruption or leakages, and improvements in financial stability.
2. Gaps to Financial Inclusion: Captured through items assessing financial literacy, infrastructural limitations (e.g., mobile connectivity, distance to financial service points), and trust or perceptions about digital financial services.

The instrument is designed to elicit quantitative responses that can be analysed statistically.

Ethical Considerations

The study will strictly adhere to ethical research protocols to protect the rights and dignity of participants. The primary considerations include:

1. Informed Consent: Participants will be briefed on the purpose, procedures, and voluntary nature of the study. Verbal or written consent will be obtained.
2. Confidentiality and Anonymity: All personal data will be anonymised. Responses will be used solely for academic purposes.
3. Non-Maleficence: The study will avoid causing any physical, psychological, or social harm to participants.
4. Ethical Approval: The research will secure ethical clearance from an accredited ethics review board before fieldwork begins.

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION OF RESULTS

Data Presentation

This section presents the demographic and socio-economic characteristics of the respondents, offering a comprehensive overview of the surveyed population. A total of 400 respondents across the four selected Local Government Areas (LGAs) in Lagos State participated in the study, with the distribution reflecting the stratified sampling approach: Lagos Island (32 respondents), Alimosho (196 respondents), Mushin (94 respondents), and Ikorodu (78 respondents). The data collected provides key insights into respondents' financial inclusion status, digital financial service adoption, barriers to financial inclusion, regulatory environment, and socio-economic well-being. These variables are crucial for understanding the impact of financial inclusion on the effectiveness of humanitarian aid and will serve as the basis for further descriptive and inferential statistical analyses.

Demographic Characteristics of Respondents

Table 4.1 – Gender			
		Frequency	Percent
Valid	Male	206	51.5
	Female	194	48.5
	Total	400	100

Source: Author (2025)

Table 4.1 presents the gender distribution of the respondents. The sample is relatively balanced, with 206 respondents (51.5%) identifying as male and 194 respondents (48.5%) identifying as female. This near-equal representation ensures a diverse perspective on financial inclusion and the effectiveness of humanitarian aid,

allowing for a more comprehensive analysis of potential gender-related differences in access to and utilisation of financial services.

Table 4.2 - Age Group			
		Frequency	Percent
Valid	18-25	87	21.8
	26-35	78	19.5
	36-45	85	21.3
	46-55	67	16.8
	56 and above	83	20.8
	Total	400	100

Source: Author (2025)

Table 4.2 illustrates the age distribution of the respondents. The largest age group falls within the 18-25 years category, accounting for 21.8% (87 respondents) of the sample, followed closely by those aged 36-45 years (21.3%) and 56 and above (20.8%). The 26-35 age group comprises 19.5% (78 respondents), while the 46-55 age group represents 16.8% (67 respondents). This distribution represents a diverse sample of respondents across various age brackets, allowing for a nuanced analysis of how financial inclusion and humanitarian aid effectiveness differ across age groups.

Table 4.3 - Educational Level			
		Frequency	Percent
Valid	No formal education	115	28.7
	Primary education	108	27
	Secondary education	89	22.3
	Tertiary education	88	22
	Total	400	100

Source: Author (2025)

Table 4.3 presents the educational attainment of the respondents. The majority, 28.7% (115 respondents), have no formal education, highlighting a significant proportion of individuals who may face challenges in accessing and utilising financial services due to literacy barriers. Respondents with primary education make up 27% (108 respondents), while those with secondary education account for 22.3% (89 respondents). Meanwhile, 22% (88 respondents) have attained tertiary education, indicating a relatively minor group with advanced educational qualifications. This distribution highlights the significance of financial literacy initiatives in promoting financial inclusion, particularly among individuals with lower educational backgrounds.

Table 4.4 - Employment Status			
		Frequency	Percent
Valid	Unemployed	99	24.8
	Self-employed	111	27.8
	Employed (formal sector)	94	23.5
	Employed (informal sector)	96	24
	Total	400	100

Source: Author (2025)

Table 4.4 presents the employment status of respondents, providing insights into their economic engagement. The most significant proportion, 27.8% (111 respondents), is self-employed, indicating a significant reliance on informal entrepreneurial activities for livelihood. 24.8% (99 respondents) are unemployed, indicating potential economic vulnerability and a reliance on humanitarian aid. Those employed in the formal sector constitute 23.5% (94 respondents), while 24% (96 respondents) work in the informal sector. The near-equal distribution between formal and informal sector employment highlights the diverse nature of income generation among respondents, suggesting that financial inclusion strategies should account for both structured employment and informal economic activities.

Table 4.5 - Household Size

		Frequency	Percent
Valid	1-3 people	136	34
	4-6 people	128	32
	7 and above	136	34
	Total	400	100

Source: Author (2025)

Table 4.5 presents the distribution of household sizes among respondents, highlighting variations in family structure. The data shows that 34% (136 respondents) live in small households of 1–3 people, suggesting a significant proportion of nuclear or single-person households. Similarly, 34% (136 respondents) belong to large households with seven or more members, reflecting the extended family living arrangements common in many Nigerian communities. Meanwhile, 32% (128 respondents) fall within the moderate household size of 4–6 people. The relatively balanced distribution across all household sizes suggests that financial inclusion and humanitarian aid strategies should be tailored to accommodate the varying financial needs and dependency levels of both small and large households.

Data Analysis, Test of Hypotheses, and Interpretation of Results

This section presents the analysis and interpretation of the survey data, with a focus on the relationship between financial inclusion and the effectiveness of humanitarian aid. The analysis involves both descriptive and inferential statistics. Descriptive statistics summarise key characteristics of the respondents, while inferential analysis, including multiple linear regression, is used to examine the impact of financial inclusion on humanitarian aid delivery. The findings provide insights into access to financial services, digital financial adoption, barriers to financial inclusion, regulatory support, and the socio-economic well-being of aid recipients. The results are interpreted in line with the study objectives, highlighting key patterns and trends that inform policy recommendations and practical implications for humanitarian aid distribution in Lagos State.

Gaps to Financial Inclusion among Humanitarian Aid Recipients

Table 4.8a presents a model summary examining the relationship between barriers to financial inclusion (BFI) and the effectiveness of humanitarian aid (HAE). The R-value of 0.066 indicates a weak positive correlation between barriers to financial inclusion and the effectiveness of humanitarian aid. The R-squared value of 0.004 indicates that only 0.4% of the variation in humanitarian aid effectiveness is explained by barriers to financial inclusion, meaning the explanatory power of the model is extremely low. The adjusted R-squared value (-0.008) further confirms that after adjusting for the number of predictors, the model does not significantly explain variations in humanitarian aid effectiveness. The standard error of the estimate (2.69413) remains high, indicating substantial unexplained variation.

Table 4.6a - Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.066 ^a	.004	-.008	2.69413
a. Predictors: (Constant), BFI				

Table 4.8b provides the ANOVA results, which test the overall significance of the model. The F-statistic value of 0.348 and the corresponding p-value of 0.884 suggest that the model is not statistically significant at the 5% level ($p > 0.05$). The regression sum of squares (12.612) is significantly smaller than the residual sum of squares (2,859.785), further reinforcing the notion that barriers to financial inclusion do not significantly predict humanitarian aid effectiveness.

Table 4.6b - ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.612	5	2.522	.348	.884 ^b
	Residual	2859.785	394	7.258		
	Total	2872.397	399			
a. Dependent Variable: HAE						
b. Predictors: (Constant), BFI						

RESULTS

Table 4.8c presents the regression coefficients, which evaluate the specific impact of various financial inclusion barriers on the effectiveness of humanitarian aid. The results show that none of the examined variables are statistically significant ($p > 0.05$), indicating that financial literacy, trust issues, and infrastructural barriers do not meaningfully impact aid effectiveness in the selected LGAs.

Specifically:

1. The coefficient for financial literacy ($B = 0.053$, $p = 0.659$) shows a positive but statistically insignificant relationship with aid effectiveness.
2. Limited financial knowledge, which hinders the use of digital financial services ($B = -0.111$, $p = 0.261$), is negatively associated with aid effectiveness; however, this relationship is also insignificant.
3. Negative experiences with digital platforms, such as fraud or failed transactions ($B = -0.073$, $p = 0.787$), do not significantly influence humanitarian aid outcomes.

Moreover, all Variance Inflation Factor (VIF) values are close to 1, indicating that multicollinearity is not a significant issue in the regression model.

Overall, the regression analysis supports the conclusion that financial inclusion barriers do not significantly impact the effectiveness of humanitarian aid ($p = 0.884$). Since none of the predictors yield statistically significant results, it can be inferred that factors like financial literacy, institutional trust, and infrastructure challenges do not independently shape the delivery or impact of humanitarian assistance in these areas.

These findings challenge the commonly held view that individual financial knowledge and trust in financial systems are critical to effective aid delivery. Instead, they suggest that external institutional factors—such as the operational frameworks of aid organisations—may buffer or bypass the limitations posed by financial inclusion barriers, ensuring that humanitarian assistance reaches beneficiaries regardless of their financial literacy or trust in digital systems.

CONCLUSION, RECOMMENDATIONS

The study revealed that while financial literacy, infrastructure, and trust are commonly perceived as barriers to financial inclusion, they did not significantly hinder the effectiveness of humanitarian aid delivery in the

selected local government areas (LGAs) of Lagos State. The findings suggest that systemic factors, such as regulatory policies and financial infrastructure, may exert a more substantial influence on aid effectiveness than individual financial behaviours. This highlights the importance of considering broader institutional frameworks when designing strategies to enhance financial inclusion within humanitarian contexts.

Based on these findings, it is recommended that policymakers and humanitarian organisations prioritise strengthening financial systems and infrastructure to improve aid delivery. This includes investing in robust digital financial infrastructure, streamlining regulatory processes to enhance accessibility, and ensuring that aid distribution mechanisms are not overly reliant on individual financial literacy or trust levels. Furthermore, targeted interventions that address systemic barriers, such as enhancing mobile network coverage and reducing transaction costs, should be implemented to ensure that humanitarian aid recipients can effectively access and utilise financial services, thereby optimising aid effectiveness.

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