

**THE IMPACT OF MICRO FINANCE BANKING
ON POVERTY REDUCTION IN RURAL AREA
(A CASE STUDY OF GAA AKANBI MICRO FINANCE BANK)**

BY

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HND/23/BFN/FT/0036**

**BEING A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF BANKING
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**IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
HIGHER NATIONAL DIPLOMA (HND) IN BANKING AND FINANCE
MANAGEMENT**

MAY, 2025.

CERTIFICATION

This research work has been read and approved as meeting the requirements of Department of Banking and Finance, Institute of Finance and Management Studies (IFMS), Kwara State Polytechnic, Ilorin, and was carried out by **OLORUNNISHOLA QUDUS ISHOLA** with Matriculation Number **HND/23/BFN/FT/0036** It was discovered to meet up with the standard required for the award of Higher National Diploma (HND) in Banking and Finance.

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DEDICATION

This project is wholeheartedly dedicated to Almighty Allah, who made all things possible.

This project is also dedicated to late mother; **MRS. SHAKIRAT OLORUNNISHOLA**, may her soul rest in perfect peace (Amin).

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My gratitude goes to Almighty Allah, the creator of heaven and earth, the beginning and the end, who has given me the inspiration and ability that money cannot buy, for keeping me alive and give me knowledge and opportunity to complete this programme successfully and for seeing me through my years in the Kwara State polytechnic.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

According to Banda M. (2002) Micro-Finance is about Providing Financial Services to the poor who are traditionally not served by the conventional financial institution. In Nigeria. The formal financial system provides services about 35% of economically active population while the remaining 65% are excluded from the access to financial services. The small and medium scale enterprises falls among the 65% who are not catered for finally. The finance need of most of these small and medium scale enterprises are catered for the informal financial sector via non – governmental organization (N.G.O) friend money, other relatives as well as credit union.

In order to enhance financial flow to the poor Nigerians who want to start – up a small and medium scale business, the government has in the past initiative a series of public finance micro – credit programme and policies targeted at the poor. Some of such programme well Agricultural Credit Guarantee Scheme (ACGS). People Bank of Nigeria (PBN), Community Bank (CB), Non – Micro-Finance bank etc. All these are aimed at empowering Nigeria and local productions.

Micro-Finance is the main source of funding micro enterprises in Nigeria, Africa and even in other developing regions. The study is aimed at undertaking a primary surveying of Micro-Finance institution in Nigeria, it will also examine the frame work of Micro-Finance institution and also observed how the operation of Micro-Finance are carried – out.

Institutions have helped in controlling poverty in rural area with regard to this research work. It will work make a critical education of Micro-Finance institution and wind examination of rural area (concentration on level at poverty) and how the operations of the institution have helped in finding poverty.

1.2 STATEMENT OF THE PROBLEM

The following are the problems that necessitated this choice of this topic:

- i. Conceptual framework of micro – finance and Micro-Finance institute in Nigeria.
- ii. Reason for the establishment of Micro-Finance Bank
- iii. Regulation bodies and regulatory guideline that guide the operation of Micro-Finance Institution in Nigeria.
- iv. Meaning and features of a rural area setting
- v. Rate of poverty in the rural area
- vi. Reason for increasing rate of poverty in rural area
- vii. Impact of Micro-Finance Banks in eradication of poverty in the rural area.
- viii. Different and draw back encountered by microfinance banks while performing their function of poverty eradication.

Solution to the problems of Micro – Finance Institution.

1.3 RESEARCH QUESTIONS

1. will this research work will increase their scope of service and profitability?
2. The research will also assist the Micro-Finance Banks in identifying their problems and profer likely dwellers; rural dweller?

- i. will this project also assist and educate the rural dweller on how to increase their saving and productivity?
- ii. will this research work also eradicate poverty in rural area by educating the dweller in the effective use of banks?

Finally, Local and State Government will benefit from this research work through the overall increase in standard of living in the rural area and state at large.

1.4 AIMS AND OBJECTIVES OF THE STUDY

The purpose of this research work is to examine the impact of Micro-Finance Bank in eradicating poverty in the rural area. On other hand, the aims and objectives of the study are as follow.

- i. Examine the conceptual framework of Micro-Finance institution in Nigeria.
- ii. Enumerate the feature and the meaning of rural setting
- iii. Discussing the rate of poverty in rural area
- iv. Highlighting the reason for the increasing rate of poverty in the rural area.
- v. Expatriating the roles impact of Micro-Finance Bank in eradicating poverty in rural area.
- vi. Examining the problems encountered by Micro-Finance Institution and the likely solution.

1.5 STATEMENT OF HYPOTHESES

Since Gaa' Akanbi Community Bank finds it difficult to meet up with the ₦2million naira capital base for the opening of Micro-Finance bank as stipulated by the CBN, it entered into signing of memorandum of understanding and Kulende Community Bank

and the result of the merger led to a new Micro-Finance bank called Gaa' Akanbi Micro-Finance Bank.

The memorandum of understanding also agreed that Kulende community bank will be a subsidiary and a branch of the Gaa' Akanbi capital base. Gaa' Akanbi Community Bank has the larger share, and since commencement of operation as a Micro-Finance bank in December, 2007 from Kulende Community Bank has been operation or a branch of the new Gaa' akanbi Micro-Finance bank under the same management.

1.6 SIGNIFICANCE OF THE STUDY

The research work is descriptive in nature and to describes the impact in law of Micro-Finance Bank in eradicating. Poverty in rural area. The research work is also beneficial to the Micro-Finance bank because it will examine the reasons of Micro-Finance Banks critically and prefer solution the problems.

Thus, this research work will therefore help in the overall economic Development. It will also encourage rural dwellers on the effective utilization of the Micro-Finance banks nearer to them. Because this project will educate the general public on the use of Micro-Finance bank efficiently and effectively.

1.7 SCOPE OF THE STUDY

This research work focuses on impact of micro-finance bank in eradicating poverty in rural areas. But because of the existence of some limiting factors the research work delimitates the study with special emphasis on Gaa – Akani Micro-Finance Bank as the case study and the examination of Gaa – Akanbi community as the rural area under study as sample population.

A result of this research work is an historical case study and investigate based research.

1.7.1 LIMITATION OF THE STUDY

In carrying out the research work, some of the limitation of the problems encountered were.

- Financial constraints, because the research work is personally financed by the researcher.
- Inadequate material to guide in carrying out the research work.
- Unenthusiastic attitude of some of the respondent in divulging useful information about the research topic.
- Serious rubbing of minds and brainstorming by the researcher before unanimously putting down points on the research.
- Problems of generalization of the final finding of the research to all rural areas in Nigeria.

However, despite all the limitation encountered during the research, effort where made to ensure that the limitations did not serve as an obstacle or hindrance toward the successful completion of this research work.

1.8 DEFINITION OF TERMS

The major terms used in this research are define below

- Micro – Finance they provide financial services to the poor who are traditionally not serve by conventional banks.
- Micro – credit – The firm of soft loan provision by micro – finance bank.
- Micro – credit plus – An additional services rendered by more finance bank together with provision of micro credit, which include skill acquisition programme, business advice, etc.

- Community bank – These are unit banks owned and manage by the owner communities they were establish to cater for the rural dweller who do not have access to conventional banks.
- Small and Medium scale Enterprises (SME) an enterprises with a minimum asset base of ₦200 millions excluding land and working capital and have the minimum number of staff not than 10 and more than 300 persons.
- Collateral – A Asset collected by Bank as security

1.9 PLAN OF THE STUDY

Chapter four is provide information on brief introduction of the study chapter, interpretation and analysis of data, presentation of data result according to research question, presentation of result according so research hypothesis, generalization and the procedure for processing collection data.

CHAPTER TWO

LITERATURE REVIEW

2.0 REVIEW OF LITERATURE

The need for the establishment of community bank (now Micro-Finance bank) was felt as a result of the inability of the commercial bank to serve the rural areas and the in – Accessibility of the poor and low income earners. In order to enhanced financial flow to the poor Nigeria who want to start up a small and medium scale business. The government has in the past initiated a series of public finance micro – credit programme and were Agriculture Credit Guarantee scheme (ACGs), People Bank of Nigeria's (PBN), all these aimed at empowering Nigeria and local productions.

However, the unwillingness or inability of these formal institution to provide financial services to the urban and rural poor couple with the sustain ability of government sponsored development (financial scheme contributed to the growth of private sectors led contributed to the Nigeria). Before the emergence of formal Micro-Finance institution. informal Micro-Finance flourished all over the country. An informal Micro-Finance service is provided by group that work together for the mutual benefit of their member these growth provide saving and credit service to their member this informal Micro-Finance arrangement will discussed in detail under the regulate of Micro-Finance institution.

In 2006, the Government of Nigeria through the Central Bank of Nigeria (C.B.N) gave the directive that all community bank and some of the semi – formal micro – finance organization should be corporate to be a formal Micro-Finance bank. In addition,

CBN also prepare a guideline for micro – finance institution to regulate the establishment operations and other activities of the micro – finance institutions (MFIS).

It is important for the policy makers to realize that Micro-Finance institution being grass root embarked, they often encapsulate the whole range of local, social, economic, political, and cultural norms and they transmit all these in their operation that is they cover the local economic, political and cultural name of the community they operate in the (MFI) operation.

Inspite of the fact that that a long time ago , micro credit institution and Micro-Finance institution that target the poor most Nigeria still do not have reasonable access to finance institution and resources for investment particularly in rural area and among the urban.

Therefore, the adequate access to financial institution that would enable the poor to save, have them more valuable to economic down turn (World Bank 2002). This led to the establishment of the recent Micro-Finance Banks. Recently what the Central Bank of Nigeria (CBN) has started doing to mainstream Micro-Finance is a significant move toward altering the financial architecture of Nigeria and also will go in a way to eliminate Micro-Finance as sufficient to eliminate distorting and discriminatory financial policies, change institution adding new and general establishing, the basis for greater efficiency in both molestation and allocation of scarce financial resources in the rural area and even in the while economic.

2.1 CONCEPTUAL FRAMEWORK

Micro-Finance is described as banking for the poor. Micro-Finance programmes provide loans, savings and other financial services to low income earners and poor people for use in small and medium business. People living in poverty like every one else, need a diverse range of financial instruments to run their business, stabilize consumption and shield themselves against risk. A poor person can use it or her micro loan provided to him by a Micro-Finance Bank to start a small business (such as selling chicken eggs or repairing bicycles etc) and work his or her way out of poverty.

Micro-Finance is the provision of small loans that are repayable within short period of time. Micro-finance Institutions on the other hand are bodies of financial organizations whose services are to provide loan, saving (Accepting Deposit) safe keeping of valuable and other financial services to their clients. Their clients are basically low income individuals and households with minimal assets that can be used as collateral. Conceptually, micro-finance also includes financial products and services targeted at the poor (Micro 2004). The target is the differentiating factor that distinguishes.

Micro-Finance from other financial services and also differentiates Micro-Finance institutions from other financial institutions. Micro-Finance Services include the following services: micro – credit provision, micro saving and other deposit instruments, micro insurance, micro leasing, money transfer and payment services. The focus of the financial institution is not only on the provision of credit to the poor. It also includes the additional feature of integrating credit with other development activities such as community

organization and development, leadership and skill acquisition training entrepreneurship development financial management social mobilization, health education etc.

In summary, Micro-Finance is all about providing system to about 35% of the economically active population where the remaining 65% are excluded from the access to finance service. As stated earlier at the beginning of the study, the small medium enterprises fall among the 65% (Including the poor) who are not catered for financially.

Finally, Micro-Finance banks were established to enhance the accessibility to finance service. They are generally referred to as semi – formal, non – governmental and community development organization involved in rural development (2001)

2.2 THEORETICAL FRAMEWORK

The major reason for the establishment of Micro-Finance banks is to cater for the financial needs of the people concentrated in the rural and urban areas, though the bank concentrate more on the poor in the rural area. As a result of this point and other point stated earlier while defining more finance bank, the major and primary reason for more finance is to assist the poor in financing their micro business (i.e. small scale business).

On this note, the need for Micro-Finance stems from the fact that the poor lack access to conventional finance institution and this reason will be classified and observed from both the demand point of view and supply point of view.

A demand side reason

A lack of conventional collateral to secure loans from commercial bank.

Their future to meet minimum terms and condition required for opening and operating different bank account.

A physical condition and their location in distant urban centers.

Inappropriate service provision, document and tools for micro enterprises.

B – supply side reason

- The cost of servicing the poor scattered over several settlement and rural area high.
- Administering small loans high unit cost
- High risk covariance among the enterprises of the poor only a small proportion of than their. This is due to the fact that they are usually primary sector activities which and subject to high risk such as to dependence of agriculture productivity on wealth's condition.

It should therefore be kept in mind that the real target of Micro-Finance bank are the enterprising poor who financed for several reason that are productive and service as the main reason for the establishment of micro – finance institution.

2.3 EMPIRICAL REVIEW

The Geographical features of rural area in Nigeria (according to encyclopedia – Encarta) shows that most of rural area in Nigeria serve as a source of living for the rural dwellers.

On the note, the major activities of rural dwellers is agriculture. Te people in rural area involve in radius form of agriculture by exploiting their national resources, there are major forms of agriculture, are hunting, crop farming animal (reading and craftsmanship like weaving etc.

Previously conducted research work has shown that average Nigeria is considered poor when his manual income is below 240,000 for annum and when his/her standard of living is below the average standard.

The rate of poverty in rural area is any high compared with the rate in urban area due to socio – economic factors which are discussed in the next section of the chapter.

The reason why the level of poverty in the rural area is high can be traced to the following:

- i. Health level of illiteracy – The level of education is low in rural area is dispensed among the features of a rural area are small as a result of this high level of illiteracy the level of poorly increase drastically.
- ii. Unavailability of industries and company – The highest rate of commercial enterprises located in rural area are small and medium scale enterprises (SME) the most common manufacturing activities are craftsmanship, like weaving and calving.
- iii. Unavailability of Finance to Small and Medium – Enterprises which result to ineffectiveness and inefficiency in their operation. The little available entrepreneur in rural area have low access to finance that could assist them to promote or produce or operate in large scale.
- iv. High rate of unemployment in rural area also stand as a reason for the increasing rate of poverty in rural area unemployment in rural area occur when the able and willing labour force of community are not working.

- v. Most of their agriculture activities are in scale size (that is they produce majority for self consumption and not for commercial purpose) because of the low or unavailability of fund to produce in large scale.

Generally it has been observed that 65% of the population living in rural area are poor and the remaining 35% which are not considered as poor because of the connectivity to the urban area or people in urban area (Okoye 2001 Enugu Forum).

Impact of Micro-Finance institution towards eradicating poverty in rural area.

2.4 GAPS IN LITERATURE

To understand the importance of Micro-Finance as an instrument of economic development and poverty reduction, the united nation general assembly designed year 2005 international year of micro credit. This has given a new global and national impetus to Micro-Finance programme.

From the definition concept operation and rate of Micro-Finance bank it has been observed that the objective of the Micro-Finance bank is centre on poverty alleviation and financing of small and medium scale enterprises (SMEs).

Most economic categorized as less developed countrys, (LDCs) suffer from a vicious cycle of poverty lack of investment obviously leads to low saving and the cycle repeats itself.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 RESEARCH METHODOLOGY

The research methodology on the topic intend to use both secondary and primary sources of gathering information, the primary source include the materials from internet, material from related past project and research works and also academic textbooks.

The method of analyzing, interpreting and presenting the information covered and descriptive and also internal statistical analysis.

3.1 INTRODUCTION TO METHODOLOGY

This deal with the method and process through which data are collected and how the various method assisted in the data analysis of this research work.

Basically, there are two methods of data collection that are used for this project. They are primary and secondary methods. The primary data is by personal interview or the use of questionnaire (which could be administered and inducted randomly among the consumers of the bank that cut across various section of employment).

The secondary data is from relevant material obtained from the bank Gaa' akanbi Micro-Finance bank, the secondary data also include the Central Bank of Nigeria and other related material form the internet.

3.2 RESEARCH DESIGN

Prior of the distribution of the questionnaire, it was access ducted and amended due to some spellings and typographical error. The amended questionnaire was printed and distributed to the respondents appropriately.

3.3 POPULATION OF THE STUDY

The population used for this research work comprise of the staff of Gaa' akanbi Micro-Finance bank, its customer, residence of the community and some students.

3.4 SAMPLING SIZE AND SAMPLING TECHNIQUE

The sampling technique should be use of random sampling method.

Sample used way restricted within the banking industry. The sampling technique random sampling by receiving sample from Gaa' akanbi Micro-Finance bank, its customers and students.

Philosophers of the questionnaire were given to the staff of Gaa' akanbi Micro-Finance bank while sixteen copies were distributed among its customer and some student.

3.5 METHOD OF DATA COLLECTION (INSTRUMENT)

Both the primary and the secondary sources of data were used in the instrument of collection of data in this research work.

Primary data was collected using questionnaire while the secondary source was from journals, textbook, internet and write up which are related to this research topic.

3.6 METHOD OF DATA ANALYSIS

The researcher collected the data and analyzed using table, percentage as well as cul – square to test the hypothesis stated in chapter one. The method used in testing the reliability of the questionnaire is the split method. The first batch encompasses the sixteen(16) copies of the questionnaire distribution to the customer of the Gaa' akanbi Micro-Finance bank and some students while the second batch was distributed on my behalf by a staff.

Despite the stress for the collection of the questionnaire fifteen copies were received from the respondent (First Batch) while the whole of the five copies (second batch) was fully received. The total received questionnaire were twenty out of twenty one which copies the 95% (approximately) of the issued questionnaire received and used for the research work.

3.7 LIMITATIONS TO METHODOLOGY (OPTIONAL)

The secondary data is from relevant material obtained from the bank Gaa' akanbi Micro-Finance bank, the secondary data also include the central bank of Nigeria and other related material from the internet

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter basically is meant to present analyzed on answering the researcher question. The response given to our question by the respondent which the questionnaire are given to has been represented on data using percentages.

The hypothesis were tested using chi-square method of data analysis. However of the twenty – one questionnaire administered, twenty was successfully returned while is 95% responses and was considered adequately for this survey.

4.2 PRESENTATION OF DATA OF TABLE SECTION A PERSONAL DATA

TABLE 1

SEX DISTRIBUTION

Variable	No of respondents	Percentage of respondents
Male	13	65%
Female	7	25%
Total	20	100%

Source: researcher survey 2025

From the above table, it could be inferred that fourteen people (respondents) were mates while female respondent were seven making a total of 20 respondents.

TABLE 2**EDUCATIONAL QUALIFICATION**

Variable	No of respondents	Percentage of respondents
S.S.C.E	0	0%
O.N.D	11	55%
B.SC/HND	8	10%
MSC/PhD	1	5%
Total	20	100%

Source: researcher survey 2025

From the above table, no respondent below the national diploma (OND), however, all respondent or OND holders, 8 are degree holder while one of the respondent is a master degree holder.

4.3 PRESENTATION AND ANALYSIS OF DATA ACCORDING TO RESEARCH QUESTION

SECTION B – Table showing the frequency of Yes or No answer of the respondent to the question in the questionnaire.

TABLE 3

QUESTION 1: Is it necessary to established the more finance bank?

Variable	No of respondents	Percentage of respondents
Yes	17	85%
No	3	15%
Total	20	100%

Source: researcher survey 2025

The talk above depict that it is necessary to establish Micro-Finance banks.

QUESTION 2: Are Micro-Finance bank widely spread within the geographical region of the country?

TABLE 4

Variable	No of respondents	Percentage of respondents
Yes	1	5%
No	19	95%
Total	20	100%

Source: research survey 2025

From the above table, only 5% out of the 100% agreed that Micro-Finance banks are widely spread while 95% agreed that the reverse is the case.

QUESTION 3: Can the introduction of the Micro-Finance bank bridge the gap between the rich and poor?

TABLE 5

Variable	No of respondents	Percentage of respondents
Yes	20	100
No	0	0
Total	20	100%

Source: research survey 2025

From the above table, it was generally agreed that the natural dweller believe that the establishment of the Micro-Finance bank can breach the gap between the rich and poor.

QUESTION 4: It is true that majority of the rural dwellers are poor?

TABLE 6

Variable	No of respondents	Percentage of respondents
Yes	16	80
No	4	20%
Total	20	100%

Source: research survey 2025

From the above table it is crystal clear that majority of the rural dweller are poor.

QUESTION 5: Is the level of poverty in the rural area increasing?

TABLE 7

Variable	No of respondents	Percentage of respondents
Yes	7	35%
No	13	65%
Total	20	100%

Source: research survey 2025

From the above table 65% of the respondents agreed that local of poverty in the rural area is decreasing.

QUESTION 6: Does the Micro-Finance bank in your community have any impact in eradicating poverty in your community?

TABLE 8

Variable	No of respondents	Percentage of respondents
Yes	18	9%

No	2	10%
Total	20	100%

Source: research survey 2025

From the above table, it is clear that the existence of Micro-Finance bank in various communities has a large impact in eradicating poverty in the community.

4.4 PERSENTATION AND ANALYSIS OF DATA ACCORDING TO TEST HYPOTHESE

The alternative (H_1) and the non (H_1) hypothesis will be tested using the chi-square in order to confirm the validity of their statements.

However, the summary of "Yes" and "No" will be tabulated below and figures obtained will be furtherly used or the calculation of the chi-square.

$$F_e(a) \quad \frac{79 \times 20}{120} = 13.2$$

$$F_e(b) \quad \frac{41 \times 20}{120} = 6.8$$

$$F_e(c) \quad \frac{79 \times 20}{120} = 13.2$$

$$F_e(d) \quad \frac{4 \times 20}{120} = 6.8$$

$$F_e(e) \quad \frac{79 \times 20}{120} = 13.2$$

$$F_e(f) \quad \frac{41 \times 20}{120} = 6.8$$

$$F_e (g) \quad \frac{79 \times 20}{120} = 13.2$$

$$F_e (h) \quad \frac{41 \times 20}{120} = 6.8$$

$$F_e (i) \quad \frac{79 \times 20}{120} = 13.2$$

$$F_e (j) \quad \frac{41 \times 20}{120} = 6.8$$

$$F_e (k) \quad \frac{79 \times 20}{120} = 13.2$$

$$F_e (l) \quad \frac{41 \times 20}{120} = 6.8$$

None less the outcome of the above are going to be used on the below table in order to obtained the calculated value of the Chi – square.

TABLE 9

SUMMARY OF YES AND NO ANSWER

YES	NO	TOTAL
17	33	20
1	19	20
20	0	20
16	4	20
7	13	20

18	2	20
Total: 79	41	120

CALCULATION

CELL	F_o	F_e	F_o – F_e	(F_o – F_e)²	<u>(F_o – F_e)²</u> F_e
A	17	13.2	3.8	14.44	1.094
B	3	6.8	-3.8	14.44	2.124
C	1	13.2	-2.2	148.84	11.280
D	19	6.8	12.2	46.24	21.890
E	20	13.2	6.8	46.25	3.504
F	0	6.8	-6.8	46.24	6.800
G	16	13.2	2.8	7.84	6.594
H	4	6.8	-2.8	7.84	1.53
I	7	13.2	6.2	38.44	2.912
J	13	13.2	6.2	23.04	5.653
K	18	13.2	4.8	23.04	1.746
L	2	6.8	-4.8	23.04	3.338
					2x
					62.138

Thus, X = 62.138

However, the tabulated value of the chi-square (χ^2) is determined as the level of significance in relation to degree of freedom.

$$\begin{aligned}\text{Level of significance} &= 1/21 \times 100/1 \\ &= 5\% \text{ (approximately)}\end{aligned}$$

Since the level of significance is 5% i.e. 0.04 Thus (x^2) 3.384+1

4.5 ANALYSIS OF OTHER DATA DEGREE OF FREEDOM?

To calculate the degree of freedom the data of the summary of "Yes" "NO" answer table will be used.

FROM TABLE 9

TABLE 8

Yes	No	Total
17	33	20
1	19	20
20	0	20

Yes	No	Total
16	4	20
7	13	20
18	2	29
79	41	29

Degree freedom (Y) is calculated as this

$$Y = (C-I) (V - I)$$

Their C = number of columns

R = number of rows

$$Y = (2 - 1) (6 - 1)$$

$$Y = 1 \times 5$$

$$Y = 5$$

However the two chi-square are X^2_2 and X^2_1 will be compared in order to make decision.

Accept H_0 if are $X^2_t > X^2_2$

Accept H_i if are $X^2_2 > X^2_t$

Moreover, the above completion, the chi-square calculated is greater than tabulated value of the chi-square

$$X^2_0 > X^2_t \text{ i.e. } 60.138 > 3.841$$

Therefore, accept the alternative hypothesis and reject the null hypothesis

CONCLUSION

Since $60.138 > 3.89$, it is this established that Micro-Finance banks in Nigeria will about a position impact in eradicating poverty in the rural area.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

The finding in the research work can be reduced from the conclusion rained at the end of chapter four of this research, which station that at the end of end of chapter four of this research, which station that the Micro-Finance banks in Nigeria will bring about a positive import in eradicating poverty in the rural areas based on the data discovered that the primitive motive of any Micro-Finance bank in Nigeria is to eradicate poverty (making use of he principle of generalization in research).

In this research work, we have food to examine the impact of Micro-Finance banks towards the eradication of poverty in the rural area taking a case study of Gaa' akanbi micro finance.

The first chapter of the research dealt with the introduction of the research work, it also encompass the general background information, objective of the study, statement of problems and hypothesis. This chapter also include the limitation of the study as well a definition of some terms as analysis of the data collected.

Chapter four on dealt with the presentation of data on table, re-statement of hypothesis, while the hypothesis were tested using chi-square and the tail of chapter four discussion and conclusion were made respectively and appropriately.

The last chapter five is the concluding part of the whole research work. It comprises the summary however, shows at a glance the content of the research work, while in the cause of the research work.

The recommendation is chapter five service is a researcher contribution to the subject of the study, which is the Micro-Finance as tools to eradicate poverty in rural area,

5.2 CONCLUSION

In conclusion this research work we wish to trace the establishment of Micro-Finance bank in Nigeria has really created a positive impact in the eradicating of poverty in the rural area, it has also (in addition to eradicate poverty) made finance service accessible to the poor in rural area. Additionally, since the Micro-Finance banks have been re-centralized to the tune of ₦20 million and ₦1 billion for community Micro-Finance and the state Micro-Finance bank respectively. They will go in the long way to cater for the medium scale enterprise and the other poor individuals in the rural region.

In view of the impact of Micro-Finance in the eradicating of poverty in the rural area, we therefore implore the Micro-Finance banks to build up their capability so as to set up with the challenge ahead. We also implore the wealthy private individual to set up Micro-Finance banks so that the finance bank can be widely spread. And to enhance more financial services delivery to the small and medium scale entrepreneurs together with the poor.

5.3 RECOMMENDATIONS

The following recommendation will assist the Micro-Finance banks to further reduce the level of poverty on rural area, coupled with the present development.

- i. it recommended that the regulatory agents like central bank of Nigeria (CBN), the Nigeria Deposit Insurance Corporation (NDIC) security and exchange commission (SEC) to build or increase the capacity of cope with the challenges ahead.

- ii. The government should also assist the Micro-Finance banks and other commercial banks by establishing a well finding national credit guarantee fund that will act a buffer for credit facilities from bank and other financial institution.
- iii. The Micro-Finance bank should often send their manager in the area credit finance towards poverty education and also to meet my subsequent challenges that can arise during the process of eradicating poverty in rural area.
- iv. The Micro-Finance bank should strictly adhere the guidance set for the operation. This will guide them to appropriate interpretation in the process of implantation.
- v. Finally, in order to ensure that Micro-Finance banks have effective impact on poverty eradication in the rural area the following policy intervention by the government will be suggested.

QUESTIONNAIRES

Department of Banking and
Finance,
Kwara State Polytechnic,
P.M.B 1375,
Ilorin.

Dear Sir /Ma,

I am a final year student of the above named institution and department under a research on **"THE IMPACT OF MICRO-FINANCE BANKING ON POVERTY REDUCTION IN RURAL AREA"** using your bank as a case study.

I shall therefore be very grateful, if you could do me a favour in completing the attached questionnaire as objectively as possible, please be assumed that any information even in this regards ill be treated confidentiality and use only for the purpose of this academics.

Yours faithfully,

SECTION A

TOPIC: THE IMPACT OF MICRO-FINANCE BANKING ON POVERTY REDUCTION IN RURAL AREA

1. **Name:** _____
2. **Sex:** Male
Female
3. **Age:** Below 25 years age
25 to 35 years age
Above 35 years age
4. **Nature of employment**
Student
Employee
Self employment
5. **Educational Qualification**
SSCE
OND
BSC/HND
MSC/PH.D

Section B: Tick

1. It is necessary to establish a Micro-Finance bank

Yes

No

2. Are Micro-Finance bank widely, spread within the geographical region of the country.

Yes

No

3. Can the introduction of the Micro-Finance bank breach the gap between the rice and the poor.

Yes

No

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