ROLE OF FINANCIAL INSTITUTION IN THE DEVELOPMENT OF ENTREPRENEURSHIP IN NIGERIA

(A CASE STUDY OF UNION BANK PLC, ILORIN)

By

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Entrepreneurship plays a critical role in economic development through job creation, innovation, and poverty reduction. In Nigeria, with its high youth unemployment and underemployment, entrepreneurship is increasingly seen as a viable solution to socio-economic challenges. However, one of the major barriers faced by entrepreneurs is limited access to finance. Financial institutions—comprising Deposit Money Banks (DMBs), microfinance banks, development finance institutions, and fintech platforms—are key actors in enabling entrepreneurs to access the capital, services, and advisory support they need.

Thus, in operating our economic system, banks and other financial institutions play many important roles which will be discussed in this paper. However, before going into that, it is necessary to understand the term 'other financial institutions'. These are those other institutions, apart from the traditional banks, who perform finance related functions such as accepting money for saving, giving out loans, managing investments, giving financial advice such as use of funds and providing safety for investment etc. Thus, investment houses, insurance companies, financial houses and unit trusts etc. constitute the other financial institutions (Hisrich, R. D., & Peters, M. P. (2017). These institutions and the banks in modern days, perform more or less similar functions, but in varying degrees of sophistication. This is particularly true in this era of universal banking – which gives a lee way to banks and other financial institutions to engage in any aspect of banking. All these financial institutions and the banks in particular, are important to an entrepreneur, because he will have cause to deal with them for one reason or the other. For instance, he may want to expand his enterprise and for this he may need loans from the bank or he may need to invest in other areas in which case, he may need the services of a finance house or an investment house. Because of all these, the entrepreneur needs to have a knowledge of what these banks and other financial institutions can do for him to make his business grow.

For the overall development of the nation, there is a great role played by entrepreneurship and economic expansion. Entrepreneurship is the process of starting, growing, and running a new business endeavour with the intention of achieving a certain objective. On the other hand, economic expansion describes the rise in a nation's output of products and services. Financial organizations may encourage economic growth and entrepreneurship because they are both related. This paper will look at how financial institutions support entrepreneurship and economic expansion

1.2 Statement of the Problem

Despite the proliferation of financial institutions in Nigeria, entrepreneurs, especially micro and small business owners, continue to struggle with financing constraints. High interest rates, stringent collateral requirements, and limited financial literacy pose substantial challenges.

In Nigeria, entrepreneurship is widely recognized as a critical tool for achieving sustainable economic development, reducing unemployment, and fostering innovation. However, despite numerous governmental and institutional interventions aimed at promoting entrepreneurship, many entrepreneurs continue to face significant constraints—foremost among them being access to financial support.

Financial institutions, which are expected to serve as enablers of business growth by providing capital and financial services, often fall short in adequately supporting Nigerian entrepreneurs. Challenges such as stringent collateral requirements, high interest rates, bureaucratic lending processes, and limited outreach to rural and informal sectors hinder the effective transmission of financial services to entrepreneurs. Moreover, there is a growing concern that financial institutions prioritize low-risk corporate clients over small and medium enterprises (SMEs) and startups, which are generally perceived as high-risk. (World Bank, 2020)

This disconnection between the services provided by financial institutions and the actual needs of entrepreneurs has limited the potential of entrepreneurship to fully contribute to national development goals. Additionally, despite the proliferation of fintech innovations aimed at increasing financial inclusion, many small business owners are still excluded due to technological barriers, digital illiteracy, or regulatory constraints. (CBN, 2021)

Therefore, the fundamental problem lies in the inefficiency, inaccessibility, and inadequacy of financial services to meet the specific needs of Nigerian entrepreneurs. Understanding the role financial institutions play—and the gaps that exist—forms the basis for recommending effective strategies to strengthen entrepreneurship development in the country.

1.3 Research Questions

1. What are the current role of financial institutions in promoting entrepreneurship in Nigeria?
2. What challenges limit entrepreneurs' access to finance?
3. What strategies can be implemented to improve financial support for entrepreneurs?

1.4 Objectives of the Study

1. To examine the roles of financial institutions in supporting entrepreneurial ventures.

2 To evaluate the challenges faced by entrepreneurs in accessing financial services.

3. To assess how financial institutions can better promote entrepreneurship in Nigeria.

1.5 Research Hypothesis

Ho_1: Financial institutions plays an active and current role in promoting entrepreneurship in Nigeria?

Ho_2: There are challenges limiting entrepreneurs' access to finance?

Ho_3: There are strategies that can be implemented to improve financial support for entrepreneurs?

1.6. Scope of the Study

This study focuses on the role of financial institutions in the development of entrepreneurship across Nigeria, with special attention to small and medium-sized enterprises (SMEs) in Ilorin, Kwara State and Union Bank, Ilorin.

1.7 Significance of the Study

This research will contribute to academic discourse on financial systems and entrepreneurship, while also providing policy recommendations for stakeholders in Nigeria's economic development.

1.8 Definition of Key Terms

- **Entrepreneurship**: The process of designing, launching, and operating a new business (Hisrich & Peters, 2017).
- **Financial Institutions**: Organizations such as banks, credit unions, and microfinance banks that provide financial services.
- **Microfinance**: Financial services provided to low-income individuals or groups who lack access to conventional banking services (Yunus, 2003).
- **SMEs (Small and Medium Enterprises)**: Businesses with limited scale in terms of employees and revenue.

1.9 Organization of the study

For the purpose and nature of the research work we intend to divide the research work into five (5) chapters. Chapter one consist of introduction of the study, the significance and limitation of the study, definition of terms and it concludes chapter one with the organization of the study while the chapter two is where the literature review was been broken down to sub-headings to reflect on the research topic where we look into the concepts regarding the book, certain theories were considered including some empirical evidence. Chapter three is the research methodology, the research design, sources of data, the method of data analysis and techniques used in gathering of information and analyzing.

Chapter four explain the data presentation, data analysis and the interpretation on the research topic. Finally the chapter five deals with the summary, conclusion recommendations of the research work in detail.

CHAPTER TWO

LITERATURE REVIEW

2.1 Conceptual Framework

Entrepreneurship and financial institutions are two fundamental components of a dynamic and growing economy. While entrepreneurship drives innovation and job creation, financial institutions enable the mobilization and allocation of financial resources that fuel entrepreneurial ventures. This section explores the meaning, theoretical underpinnings, and real-world relevance of both concepts.

2.1.1 Concept of Entrepreneurship

Entrepreneurship involves the ability to recognize opportunities, mobilize resources, and create value through innovative business ventures. It is a process that transforms creative ideas into economic goods and services. In Nigeria, entrepreneurship is seen as a major driver of employment generation and sustainable economic development. Entrepreneurship is the process of identifying opportunities, gathering resources, and launching new business ventures with the objective of creating value. Entrepreneurs are individuals who take calculated risks to innovate, organize production, and deliver goods or services.

According to Hisrich, Peters, and Shepherd (2017), entrepreneurship involves creativity, risk-taking, resource coordination, and vision. Schumpeter (1934) conceptualized the entrepreneur as an innovator who disrupts economic equilibrium through the introduction of new products, processes, and markets.

2.1.1.1 Types of Entrepreneurship

1. Innovative Entrepreneurship: Focuses on new inventions and disruptive innovations.

2. Imitative Entrepreneurship: Builds on existing business models and ideas.

3. Social Entrepreneurship: Seeks to solve social problems using business methods.

3.Serial Entrepreneurship: Involves launching multiple ventures over time.

2.1.1.2 Role of Entrepreneurship in Development

1. Employment generation

2. Wealth creation
3. Poverty alleviation
4. Economic diversification

2.1.2 Concept of Financial Institutions

Financial institutions refer to entities that provide financial services to clients or members. They include Deposit Money Banks (DMBs), microfinance banks, development finance institutions, cooperative societies, and emerging fintech platforms. Their role is pivotal in financial intermediation, credit allocation, risk management, and advisory support. Financial institutions are establishments that provide financial services, such as loans, deposits, insurance, and investment products. They are the backbone of financial intermediation in an economy.

Mishkin (2016) defines financial institutions as intermediaries that connect savers with borrowers, enhancing the flow of funds to productive uses. These institutions include:

1. **Deposit Money Banks (DMBs)**: Offer savings accounts, loans, and credit facilities.
2. **Microfinance Banks:** Provide financial services to underserved and low-income populations.
3. **Development Finance Institutions (DFIs):** Government-supported entities that fund strategic sectors like agriculture and manufacturing.
4. **Insurance Companies:** It helps businesses manage risks.
5. **Fintech Firms:** Use digital platforms to deliver financial services efficiently.

2.1.2.1Functions of Financial Institutions

1. Mobilization of savings
2. Allocation of capital
3. Risk management
4. Facilitation of payments

2.1.3 Financial Institutions and Entrepreneurship Development

The link between financial institutions and entrepreneurship development is based on the provision of financial resources and services that support business growth. Access to credit, financial advice, and financial literacy programs are key services provided by financial institutions. These services enable entrepreneurs to scale up operations, enhance productivity, and contribute to economic development. The relationship between financial institutions and entrepreneurship is interdependent and mutually beneficial: Entrepreneurs depend on financial institutions for credit, payment systems, and financial planning. Financial institutions benefit from entrepreneurs through loan interests, service fees, and increased customer base. When institutions actively support entrepreneurship, they fuel economic development. Conversely, when access to finance is limited or restrictive, entrepreneurship stagnates.

2.1.4 Role of Financial Institutions in Entrepreneurship Development

According to Olowe, Moradeyo, and Babalola (2013), financial institutions significantly impact entrepreneurship by offering credit, investment advice, and risk mitigation services. Their study of SMEs in Lagos State revealed that access to credit increases the likelihood of business survival. Nwankwo, Ewuim, and Asoya (2012) also noted that development finance institutions like the Bank of Industry (BOI) and NIRSAL provide tailored support to entrepreneurs in agriculture and manufacturing. The following are roles played by financial institution in entrepreneurship development

1. Provision of Capital: Financial institutions are vital sources of funding for entrepreneurs at all stages—startup, expansion, and scaling. Through loans, overdrafts, and investment capital, they provide the financial backbone entrepreneurs need to kick-start or grow their businesses.

2. Risk Mitigation and Financial Products: Banks and insurance-based institutions offer risk management tools such as business insurance, credit guarantees, and hedging services. These tools help entrepreneurs reduce exposure to business uncertainties, making it easier to operate sustainably.

3. Financial Advisory and Support Services: Financial institutions often provide advisory services that help entrepreneurs make informed decisions. This includes business planning, financial forecasting, investment analysis, and market research support.

4. Promotion of Financial Inclusion: Through microfinance banks, fintech platforms, and mobile banking, financial institutions extend services to underserved and rural entrepreneurs. This promotes inclusive economic growth and brings informal businesses into the formal economy.

5. Encouragement of Innovation and Technology: Access to credit enables entrepreneurs to invest in research, modern equipment, and technology. This leads to innovation, productivity, and competitiveness in local and global markets.

6. Employment and Wealth Creation: By supporting businesses financially, institutions indirectly promote job creation and income generation. Entrepreneurs can hire more workers, increase output, and contribute to national GDP.

7. Development of Entrepreneurial Ecosystem: Financial institutions collaborate with government and private sectors in establishing incubators, grants, and startup funds, thereby nurturing a conducive environment for entrepreneurship to thrive.

2.1.5 Challenges Faced by Entrepreneurs

Despite these benefits, several studies highlight persistent barriers. Adebisi and Gbegi (2015) reported that high interest rates and collateral demands are major deterrents for small businesses. Micro, small, and medium enterprises (MSMEs) often lack the financial documentation required by traditional banks. Furthermore, according to the Central Bank of Nigeria (2021), less than 5% of Nigerian entrepreneurs have access to formal bank loans, revealing a significant financial inclusion gap.

Despite the critical role of financial institutions in supporting entrepreneurship, several challenges hinder effective collaboration and growth. These challenges are particularly pronounced in developing economies:

1. Limited Access to Credit: Many entrepreneurs, especially in the informal sector, lack the collateral or credit history required by formal financial institutions. This often excludes them from accessing loans, even when they have viable business ideas.

2 .High Interest Rates: The cost of borrowing is often prohibitively high, especially for startups and small enterprises. High interest rates discourage entrepreneurs from taking loans or make repayment burdensome, leading to business failure.

3. Bureaucratic Lending Processes: Cumbersome application processes, long approval timelines, and complex documentation requirements deter entrepreneurs from seeking financial support from traditional banks.

4. Inadequate Financial Literacy: Many entrepreneurs lack the financial knowledge and skills needed to prepare viable business proposals, manage finances effectively, or meet loan requirements. This gap reduces their chances of securing funding.

5. Risk Aversion by Financial Institutions: Financial institutions may be reluctant to fund new or untested ventures due to high perceived risks. This is especially true in sectors lacking established performance benchmarks or formal regulatory structures.

6. Geographic and Digital Access Gaps: Entrepreneurs in rural or underserved regions may lack access to financial institutions or digital banking infrastructure. This limits their ability to engage with lenders or benefit from fintech services.

7. Policy and Regulatory Barriers: Ineffective or unclear financial regulations, poor enforcement of credit laws, and corruption can discourage investment and hinder the growth of entrepreneurship

2.1.6. Innovations and the Rise of Fintech

Recent developments in financial technology have provided alternative sources of funding. Platforms like Paystack, Flutterwave, and Carbon are helping to bridge the gap by offering credit without collateral. According to a PwC (2020) report, Fintechs in Nigeria are increasing access to financial services and disrupting banking traditional norms. Innovation and financial technology (fintech) have significantly transformed the landscape of entrepreneurship and financial intermediation.

In Nigeria, fintech startups such as Flutterwave, Paystack, and Carbon have revolutionized payments and credit access. These firms have helped streamline transactions, empower small businesses, and attract international investments. Their success stories also inspire new waves of digital entrepreneurship, further contributing to economic growth.

While fintech offers numerous advantages, it also poses regulatory challenges. Issues such as cybersecurity, consumer protection, and regulatory arbitrage must be managed carefully to ensure financial system stability and user trust.

Fintech represents the intersection of technology and financial services, leveraging digital platforms, big data, and artificial intelligence to streamline access to finance and enhance financial inclusion.

1. Democratization of Financial Services: Fintech firms have disrupted traditional banking by offering decentralized, efficient, and user-friendly financial services. Mobile money, online banking, and peer-to-peer lending platforms have brought banking to previously unbanked and underbanked populations, especially in rural and informal sectors. Entrepreneurs can now access credit, manage payments, and track expenditures using mobile apps with minimal bureaucratic processes.

2. Lower Transaction Costs and Improved Efficiency: Digital platforms reduce transaction costs by automating lending decisions, eliminating the need for physical branches, and minimizing human error. This enables quicker disbursement of funds, which is critical for startups and SMEs operating in dynamic environments.

3. Data-Driven Credit Assessment: Fintech uses alternative data sources (such as mobile phone usage, social media behavior, and transaction histories) to assess creditworthiness. This approach increases financial access for informal entrepreneurs who may lack traditional credit scores or collateral.

2.2 Theoretical Framework

2.2.1 Schumpeter's Innovation Theory

Joseph Schumpeter emphasized that economic development is driven by entrepreneurial innovation, often facilitated by access to finance (Schumpeter, 1934).

Financial institutions thus play a catalytic role by supplying the credit necessary for innovation. Schumpeter (1934) argued that the core of economic development lies in the innovations introduced by entrepreneurs. He viewed entrepreneurs as disruptors of the status quo who introduce new products, production techniques, and markets, thereby driving cycles of economic change and progress. In his view, innovation is not merely invention but the commercialization of invention. Financial institutions, by providing necessary capital, play a crucial role in supporting these innovations. Without access to credit and investment, many entrepreneurial ideas would remain dormant. For example, the rise of the Nigerian tech sector was enabled in part by financial institutions willing to fund digital startups.

2.2.2 Financial Intermediation Theory

The Financial Intermediation Theory, as presented by Diamond (1984), emphasizes the role of financial institutions in overcoming barriers between savers and borrowers. These barriers include information asymmetry, high transaction costs, and risk exposure. Financial institutions reduce these inefficiencies by screening borrowers, monitoring loan usage, and providing mechanisms for risk sharing and mitigation. In practice, this means banks and microfinance institutions assess the viability of business proposals, determine creditworthiness, and tailor financial products to entrepreneurial needs. In developing economies like Nigeria, such intermediation is crucial in reaching entrepreneurs who operate in informal markets and lack traditional forms of collateral.

2.2.3 Resource-Based Theory

The Resource-Based Theory (RBT) posits that access to unique and valuable resources gives firms a competitive advantage. In the entrepreneurial context, these resources include not just skills, networks, and knowledge, but also financial capital. Financial institutions serve as gatekeepers to such capital. By offering venture capital, equity investment, and tailored loan packages, these institutions enable entrepreneurs to acquire assets, scale operations, and differentiate themselves in the market. Practical examples include DFIs like the Bank of Industry (BOI) in Nigeria, which targets high-impact sectors with favorable loan conditions to empower emerging businesses.

2.3 Empirical Review

Over the years, several empirical studies have examined the significant role financial institutions play in the development and growth of entrepreneurship, particularly in developing economies. These studies generally agree that financial access, microcredit availability, financial literacy, and institutional support are critical in fostering entrepreneurial activities.

Beck, Demirgüç-Kunt, and Maksimovic (2018) conducted a cross-country analysis using firm-level panel data to assess the effect of financial constraints on firm growth. Their study found that access to external finance is strongly associated with higher firm growth, particularly among small and medium enterprises (SMEs). They concluded that robust financial systems reduce constraints and enhance entrepreneurship development.

Similarly, Ayyagari, Demirgüç-Kunt, and Maksimovic (2018) used firm-level survey data from over 70 countries to analyze how financing constraints impact business operations. Their findings indicated that firms with better access to finance reported higher levels of investment, expansion, and employment creation. This suggests that financial institutions play a crucial role in overcoming growth barriers faced by entrepreneurs, especially in developing regions.

Nkurunziza (2020), focusing on the Kenyan manufacturing sector, adopted a longitudinal case study approach to investigate the impact of credit on firm growth. The study showed that businesses with consistent access to credit experienced better performance and sustainability. However, the study also emphasized the importance of financial literacy, noting that access to finance alone was not sufficient for entrepreneurial success without the necessary skills to manage it effectively.

In Ghana, Osei-Assibey, Bokpin, and Twerefou (2022) examined the gendered impact of microfinance institutions (MFIs) on entrepreneurship. Their empirical investigation revealed that microcredit had a positive effect on entrepreneurial outcomes, particularly among women, who used such funds for startup capital, inventory acquisition, and business expansion. The study supports the notion that inclusive financial services tailored to the needs of underrepresented groups can significantly promote entrepreneurship.

Honohan and King (2022), using cross-sectional data from the World Bank, analyzed the broader effect of financial access on entrepreneurship across several countries. Their regression analysis demonstrated a positive correlation between financial access and the rates of new business formation and self-employment. The study underscored the need for policy frameworks that promote financial inclusion to stimulate entrepreneurship.

Finally, Obamuyi (2019), in a Nigerian context, conducted surveys and interviews with small business owners and microfinance providers. The study found that although microcredit schemes were growing, high interest rates, lack of collateral, and limited financial literacy among borrowers undermined their effectiveness. This points to the need for financial institutions not only to provide funds but also to offer education and support services to entrepreneurs.

In summary, the reviewed empirical studies consistently highlight that financial institutions contribute significantly to entrepreneurship development through credit provision, financial advisory services, and financial inclusion. However, they also stress the need for complementary services such as financial education, fair lending terms, and institutional reforms to maximize the impact of financial services on entrepreneurial growth.

2.4 Gaps in the Literature

While many studies confirm the importance of financial institutions in entrepreneurship, there is a limited understanding of how Fintech innovations and public-private partnerships can be leveraged for inclusive growth. There is also a need for region-specific studies that consider local economic dynamics and informal sector participation.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter deals with the methods employed in carrying out the research work. It highlights the various sources of data collection, research instrument, sample and sampling techniques. The major source of this research works constitute the use of journal and publications as well as some text books. This study adopts a descriptive survey research design to gather data on the role of financial institutions in entrepreneurship development in Nigeria.

3.2 Research Design

The research design enables the researcher to answer the basic research questions. According to Saunders (2019) showed that the choice of the research design depends on the objectives of the study, the available data sources, the cost of obtaining the data and availability of time. A qualitative and a quantitative approach of data collection was applied so as to compensate each methods weakness with strength from the other approach.

3.2 Population of the Study

Population refers to all people in a given geographical region. In research, the meaning of population goes beyond human being alone. According to Fagbohungbe (1993), population is refers to all objects of particular types, shapes, color or characters that is being considered in a research work as respondent.

For this research work, the population consists of registered entrepreneurs and managers of small and medium-sized enterprises (SMEs) in Ilorin, Kwara State. The total population to be considered is the total of Sixty (60) entrepreneurs in Ilorin, Kwara Sttate and twenty (20) Staffs of Union Bank, Ilorin branch.

3.3 Sample and Sampling Technique

Sample refers to the fractions of the populations from which information about the population as a whole could be drawn. A sample of Sixty (60) entrepreneurs was selected using a random sampling to ensure representation across sectors and regions and 20 staffs of Union Bank Plc, Ilorin.

3.4 Method of Data Collection

The method employed for the collection of data in this research work is the questionnaire. The questionnaire would cover questions relevant to the research objectives. However, a close ended question would be formulated and distributed to the respondents who are staffs of of Union Bank Plc, Ilorin as well as entrepreneurs in Ilorin. Since the method employed for data collection (questionnaire) is a standard instrument of gathering data, it will give accurate and unbiased data for effect and efficient analysis.

3.5 Method of Data Analysis

Data collected will be analyzed using descriptive statistics, such as mean and standard deviation, to summarize the data. Inferential statistics, including regression analysis, will be used to test the research hypotheses and assess the relationships between financial institutions and entrepreneurial outcomes.

3.7 Limitation of the Methodology

The research is an historical and case study research which has been constrained by a lot of factors such as:

Time factor: the time given to the research in carrying it out is very limited and as well clash with the lecture timing which brings in challenges during the interview precisely.

Finance: finance being the bedrock of everything also proves to be another challenge in the gathering of information necessary for the research, such as transportation, printing and so on.

However, effort has been made to ensure that the above limitation do not have another effect on the completion and quality of the research work

CHAPTER FOUR

DATA PRESENTATIN AND ANALYSIS OF FINDINGS AND INTERPRETATION

4.0 Introduction

This chapter presents the results from the data collected from respondents and analyzes the findings in line with the research questions.

4.2 Data Analysis and Interpretation

The section of the project consists of the analysis, simple average system were be used to analysis the response of the respondent to the questionnaire with respect to impact of financial institution of the development of entrepreneurship in Nigeria, a case study of Union Bank Plc, Ilorin.

TABLE 1: Distribution of respondent

Sex	No of respondent	Percentage %
Male	35	43.75
Female	45	56.25
Total	80	100

Source: Researcher's Field work, 2025

The table 1 show about that 43.75% are male while the remaining 45 respondents representing 56.25% are female. This show that female dominate the sampled population of the research work

TABLE 2: Distribution of respondent by marital status

Marital Status	No of respondent	Percentage %
Single	40	50
Married	40	50
Total	80	100

Source: Researcher's Field work, 2025

Table 2 shows that about forty respondents with 50% of the population and an equal population are married.

TABLE 3: Distribution of respondent by education background

Level of education	No of respondent	Percentage %
O'level	40	50
N.C.E/ND	15	18.75
BA/BSC/HND	15	18.75
MSc. and Above	10	12.5
Total	80	100

Source: Researcher's Field work, 2025

Table 3 shares that 40 respondents with 50 % of the population had O'level as their highest qualification, 15 respondents with 18.75% has NCE/ND, 15 respondents with 18.75% has BA/BSc/HND as their highest qualification and the remaining 10 respondents with 12.5% has MSc. And above

TABLE 4: Distribution according to occupation

Occupation	No of respondent	Percentage %
Bank Staff	20	25
Entrepreneurs	60	75
Total	80	100

Source: Researcher's Field work, 2025

Table 4 above shows that 20 respondents with 25% are bank staffs and the highest respondent of 60 with 75% are Entrepreneurs. This shows that the research will gather more data from the entrepreneurs as well.

Table 5: Distribution of respondent by duration of service or business

Period	No of respondent	Percentage %
0-5 years	20	25
6-10 years	15	18.75
11-15 years	20	25
15 and above	25	31.25
Total	80	100

Source: Researcher's Field work, 2025

Table 5 above illustration shows that about 25% of the respondents have been working from 0-5 years, while 18.755% of the respondents have been for about 6-10 years, 25% of the respondents have been working from 11-15 years and the remaining 31.25% of the respondents have been working for 15 years and above.

SECTION 2: BANK STAFFS

TABLE 6: Does your bank provide financial products specifically targeted at entrepreneurs?

Option	No of respondent	Percentage %
Yes	20	100
No	-	-
Total	20	100

Source: Source: Researcher's Field work, 2025

Table 6 shows that the total respondent agreed that their bank (Union Bank) provide financial products specifically targeted at entrepreneurs.

TABLE 7: What type of financial support is commonly provided to entrepreneurs?

Option	No of respondent	Percentage %
Loan	0	0
Grants	0	0
Advisory role	0	0
All of the Above	20	100
Others	0	0
Total	20	100

Source: Researcher's Field work, 2025

Table 7 shows that the bank provides various ranges of financial support to entrepreneurs ranging from granting of loan, grants, playing advisory role and so on to the entrepreneurs as all respondents agreed to this.

TABLE 8: What challenges do banks face when providing financial services to entrepreneurs?

Option	No of respondent	Percentage %
High default rate	0	0
Lack of collateral	0	0
Poor business records	0	0
Regulatory restrictions	0	0
All of the Above	20	100
Total	20	100

Source: Researcher's Field work, 2025

Table 8 reveals that about Union Bank plc, Ilorin faces several problems in the process of providing financial services to entrepreneurs such as high default rate, lack of collateral from entrepreneurs, poor business records as well as certain regulatory restrictions on them as the respondents selects all of the above in the response.

TABLE 9: How often does your bank organize training or workshops for entrepreneurs?

Option	No of respondent	Percentage %
Monthly	0	0
Quarterly	0	0
Annually	20	100
Never	0	0
Total	20	100

Source: Researcher's Field work, 2025

According to the response from the respondent in table 9 it can be deduced that the total respondent from the staff of Union Bank Plc pick out that the bank organizes training annually for entrepreneurs as the total 20 respondents with 100% choses annually.

TABLE 10: On a scale of 1–5, rate the impact of your institution's financial services on the success of small businesses

Option	No of respondent	Percentage %
1 (Very low)	3	15
2	4	20
3	6	30
4	4	20
5 (Very High)	3	15
Total	20	100

Source: Researcher's Field work, 2025

The response gotten from the respondents in table 10 shows that 3 respondents with 15% rated their impact as 1, 4 respondents with 20% select 2, 6 respondents with 30% selects 3, while 4 respondents with 20% selects 4 and the remaining 3 respondents with 15% selects 5.

Section 2: For Entrepreneurs

TABLE 11: Have you ever accessed financial support from a bank or financial institution?

Option	No of respondent	Percentage %
Yes	60	100
No	0	0
Total	60	100

Source: Researcher's Field work, 2025

The data collected in table 11 shows that levels show that the total 60 respondents representing 100% of the selected entrepreneurs says they have accessed financial support from financial institution before

TABLE 12: What type of financial support did you access?

Option	No of respondent	Percentage %
Loan	30	50
Grants	15	25
Equipment Leasing	10	16.67
Others	5	8.33
Total	60	100

Source: Researcher's Field work, 2025

Table 12 above shows that 30 respondents with 50% have access Loan support from financial institution, 15 respondents with 25 % have accessed grants, 10 respondents with 16/67% have access equipment leasing from financial institution and the remaining 5 respondents have access other support. This shows that the financial institution offers different services and support to entrepreneurs.

TABLE 12: What type of financial support did you access?

Option	No of respondent	Percentage %
Loan	30	50
Grants	15	25
Equipment Leasing	10	16.67
Others	5	8.33
Total	60	100

Source: Researcher's Field work, 2025

Table 12 above shows that 30 respondents with 50% have access Loan support from financial institution, 15 respondents with 25 % have accessed grants, 10 respondents with 16/67% have access equipment leasing from financial institution and the remaining 5 respondents have access other support. This shows that the financial institution offers different services and support to entrepreneurs.

TABLE 13: What challenges did you face in accessing financial services?

Option	No of respondent	Percentage %
Collateral demands	10	16.67
High interest rates	15	25
Complex procedures	30	50
Lack of awareness	5	8.33
Total	60	100

Source: Researcher's Field work, 2025

Table 13 shows that 10 respondents with 16.67% faces the challenges of collateral demands from financial institution, 15 respondents with 25 % have issues with the high interest rate from financial institution, 30 respondents with 50% says the challenges they face from financial institution is of the complex procedure involved and the remaining 5 respondents says they are not very much aware of the existence of the various accessibility of aids from financial institutions. This shows that the entrepreneurs have different challenges they faced in the process of getting financial support.

TABLE 14: How would you rate the level of support banks give to entrepreneurs?

Option	No of respondent	Percentage %
Supportive	30	50
Neutral	15	25
Unsupportive	15	25
Total	60	100

Source: Researcher's Field work, 2025

Table 14 shows that 30 respondents with 50% believe the banks are support, 15 respondents with 25 % say their support is neutral in their view, the remaining 15 respondents with 25% says they are unsupportive.

TABLE 15: Have you received any financial literacy or business training through a bank or financial institution?

Option	No of respondent	Percentage %
Yes	50	83.33
No	10	16.67
Total	60	100

Source: Researcher's Field work, 2025

The data collected in table 15 shows that 50 respondents with 83.33% have received financial literacy or business training through a bank or financial institution while 10 respondents with 16.67% have not.

4.3 Analysis of Findings

Based on the findings, it was seen that financial institutions are active towards the provision and aiding of the entrepreneur in Nigeria through the various scheme they have in place for them such as training, granting of loans, grants and playing a financial advisory role to the entrepreneurs making it appear that they are a pillar behind most entrepreneur. However according to the research findings, the financial institution faces several challenges limiting the thorough assistance to the entrepreneur as most default the loan and most not have collateral to stand for the loans.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

The development of entrepreneurship in Nigeria is closely linked to the effectiveness of financial institutions in providing access to funding, financial advisory services, and business development support. This study highlights that while financial institutions, especially banks, have initiated several programs aimed at supporting entrepreneurs, significant challenges remain. These include stringent collateral requirements, high interest rates, inadequate awareness, and bureaucratic bottlenecks that hinder access to funds.

5.2 Conclusion

The synergy between entrepreneurship and financial institutions is critical for economic transformation. Entrepreneurs generate business ideas and drive innovation, while financial institutions ensure the availability of capital and financial services. A supportive financial system is essential for unlocking entrepreneurial potential, especially in developing economies like Nigeria. Entrepreneurs in Nigeria often struggle to secure adequate financial backing, especially at the start-up stage, due to perceived risks by financial institutions. On the other hand, bank staff acknowledge the importance of supporting entrepreneurs but are often constrained by institutional policies and regulatory frameworks.

Overall, the study concludes that while financial institutions play a vital role in entrepreneurial development, their impact is currently under-optimized. A more inclusive, flexible, and supportive financial ecosystem is necessary to fully unleash the potential of entrepreneurs in Nigeria. Financial institutions are essential for entrepreneurial development in Nigeria. Despite their presence, access remains a major bottleneck due to structural and operational challenges.

5.3 Recommendations

1. **Review of Loan Policies:** Financial institutions should revise their lending policies to reduce collateral demands and simplify procedures for micro, small, and medium-sized enterprises (MSMEs).
2. **Creation of Specialized Entrepreneurial Funds:** Banks should collaborate with government agencies to create tailored loan products and intervention funds dedicated to start-ups and early-stage businesses.

3. **Capacity Building and Financial Literacy:** Regular training sessions and workshops should be conducted for entrepreneurs to improve their financial literacy, business planning, and fund management skills.
4. **Improved Risk Assessment Mechanisms:** Financial institutions should adopt alternative credit scoring systems that consider cash flow and character, not just collateral, in evaluating loan eligibility.
5. **Public-Private Partnerships:** Government should partner with financial institutions to provide guarantees or risk-sharing schemes that encourage lending to entrepreneurs.
6. **Digital and Mobile Banking Solutions:** Institutions should expand digital platforms to reach underserved entrepreneurs, especially in rural areas, providing easy access to credit and financial services.
7. **Monitoring and Evaluation:** There should be regular monitoring of the impact of financial support on entrepreneurial performance to ensure accountability and program improvement.

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Here is a structured questionnaire tailored to assess the **role of financial institutions in the development of entrepreneurs in Nigeria**, with different sections directed at **bank staff** and **entrepreneurs**.

Questionnaire Title:

The Role of Financial Institutions in the Development of Entrepreneurs in Nigeria

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Section A: General Information (For All Respondents)

1. Age:
   ☐ 18–25 ☐ 26–35 ☐ 36–45 ☐ 46 and above
2. Gender:
   ☐ Male ☐ Female
3. Educational Qualification:
   ☐ SSCE ☐ OND/NCE ☐ HND/B.Sc ☐ M.Sc and above
4. Occupation:
   ☐ Bank Staff ☐ Entrepreneur
5. Years of Experience:
   ☐ 0–5 years ☐ 6–10 years ☐ 11–15 years ☐ Over 15 years

Section B: For Bank Staff Only

Access to Finance

6. Does your bank provide financial products specifically targeted at entrepreneurs?
   ☐ Yes ☐ No
7. What type of financial support is commonly provided to entrepreneurs?
   ☐ Loans ☐ Grants ☐ Advisory Services ☐ Others (please specify): ___________

8. What are the main criteria for an entrepreneur to access a loan in your institution?

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9. What challenges do banks face when providing financial services to entrepreneurs?
   ☐ High default rate ☐ Lack of collateral ☐ Poor business records ☐ Regulatory restrictions
10. How often does your bank organize training or workshops for entrepreneurs?
    ☐ Monthly ☐ Quarterly ☐ Annually ☐ Never
11. On a scale of 1–5, rate the impact of your institution's financial services on the success of small businesses:
    ☐ 1 (Very Low) ☐ 2 ☐ 3 ☐ 4 ☐ 5 (Very High)

Section C: For Entrepreneurs Only

Financial Access and Support

12. Have you ever accessed financial support from a bank or financial institution?
    ☐ Yes ☐ No
13. What type of financial support did you access?
    ☐ Loan ☐ Grant ☐ Equipment Leasing ☐ Others: ____________
14. What challenges did you face in accessing financial services?
    ☐ Collateral demands ☐ High interest rates ☐ Complex procedures ☐ Lack of awareness
15. How would you rate the level of support banks give to entrepreneurs?
    ☐ Very Supportive ☐ Supportive ☐ Neutral ☐ Unsupportive ☐ Very Unsupportive
16. Have you received any financial literacy or business training through a bank or financial institution?
    ☐ Yes ☐ No
17. To what extent has access to finance from banks helped grow your business?
    ☐ Very High ☐ High ☐ Moderate ☐ Low ☐ No Impact
18. What areas do you think financial institutions should improve to support entrepreneurs better?

Section D: Suggestions and Opinions (For All Respondents)

19. In your opinion, what role should financial institutions play in entrepreneurial development in Nigeria?

20. What recommendations would you give to improve financial support for entrepreneurs?

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