ROLE OF FINANCIAL INSTITUTION IN PROMOTING ENTREPRENEURSHIP DEVELOPMENT IN NIGERIA

(A CASE STUDY OF UNION BANK PLC)

By

ALIMORUF IYABO

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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

There is no doubt that our banks and other financial institutions occupy strategic positions in the operation of our economic system. The importance of these banks and other financial institutions are so encompassing that one may not imagine the working of the economic system without them. No wonder that government is always sensitive to the happenings in this important sector. In an economy such as ours, things have to be bought and paid for (e.g. an entrepreneur, buying raw materials from suppliers). Such transactions in modern times are usually done in many cases, through the bank credit transfer system because apart from the large amount of money that may be involved in the payment, there is also the need to consider the security of the money Adebayo, S. (2020). It is for this reason that modern organizations (business and non-business alike) make use of banks and other financial institutions for many of their financial transactions. So, banks just act as intermediaries in many business transactions involving money.

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.

Entrepreneurship plays a pivotal role in the economic development of nations, acting as a catalyst for innovation, job creation, and poverty reduction (Schumpeter, 1934). In Nigeria, where unemployment and underemployment remain significant challenges, fostering entrepreneurship is vital for sustainable economic growth (Adebayo, 2020). However, entrepreneurs often face obstacles in accessing the necessary financial resources to start and scale their businesses. Financial institutions, including commercial banks, microfinance banks, and development finance institutions, are critical in providing credit, investment capital, and other financial services that stimulate entrepreneurial activities (Ogujiuba et al., 2011). Despite government interventions and policies aimed at enhancing financial access, many small and medium-scale enterprises (SMEs) continue to struggle (Osabuohien, 2020). Understanding the impact of financial institutions on entrepreneurship development in Nigeria is essential to identify gaps and recommend strategies for improvement.

1.2 Statement of the Problem

Entrepreneurship has been one of the most popular subjects that have aroused the interest of students and young entrepreneurship in large measures. The important of the subject in magnified in today's economic climate. Entrepreneurship introduces a critical element of dynamism into an economic system. The issue of getting finances for the small business and entrepreneur is always been in debates and remain unresolved in many countries due to unavailability of qualified venture capitalists. The developing and emerging economies set microfinance bank for purpose, however, it is argued that the owner and entrepreneurs faces many problems like collaterals, documentation, e.t.c Even banks have problems while granting loans and recovering loan. So this study is conducted to know the problems faced by both banks and borrowers i.e entrepreneurs.

A major challenge confronting Nigerian entrepreneurs is limited access to affordable and sufficient financial resources (World Bank, 2018). While financial institutions are mandated to provide funding, stringent loan requirements, high interest rates, and bureaucratic bottlenecks often hinder access, particularly for small and emerging businesses (Obamuyi, 2009). This difficulty stifles business growth, innovation, and employment generation, thereby slowing the pace of economic development. Despite various policy initiatives, there is a need to assess how effectively financial institutions contribute to entrepreneurship development and identify areas where improvements are needed to bridge the financial inclusion gap.

1.3 Research Questions

i. To what extents does financial institutions support entrepreneurship development in Nigeria?

ii. What are the challenges entrepreneurs face in securing financial assistance from financial institutions?

iii. Are there strategies for improving financial access and support for entrepreneurs in Nigeria?

1.4 Research Objectives

The primary objectives of this study are to:

1. Examine the extent to which financial institutions support entrepreneurship development in Nigeria.
2. Evaluate the challenges entrepreneurs face in securing financial assistance from financial institutions.
3. Propose strategies for improving financial access and support for entrepreneurs in Nigeria.

1.5 Research Hypotheses

To guide the study, the following hypotheses are formulated:

Ho_1: Financial institutions have no significant support towards entrepreneurship development in Nigeria.

Hi_1: Financial institutions have a significant support towards entrepreneurship development in Nigeria.

Ho_2: Entrepreneurs does not face any challenge towards securing financial assistance from financial institutions.

Hi_2: Entrepreneurs faces numerous challenge towards securing financial assistance from financial institutions.

Ho_3: There are no strategies to be employed towards improving financial access and support for entrepreneurs in Nigeria.

Hi_3: There are strategies to be employed towards improving financial access and support for entrepreneurs in Nigeria.

1.6 Significance of the Study

This research is significant for several reasons:

1. It provides policymakers with insights into the effectiveness of existing financial policies and initiatives, helping to inform future reforms.
2. It offers financial institutions a better understanding of the barriers entrepreneurs face, enabling them to develop more inclusive and entrepreneur-friendly financial products).
3. Entrepreneurs and business owners can gain practical knowledge on navigating financial challenges and optimizing available resources.
4. Academics and researchers will benefit from the findings, which can contribute to the broader literature on entrepreneurship and financial development.

1.7 Scope and Limitations of the Study

This study focuses on the impact of financial institutions in promoting entrepreneurship development in Nigeria, specifically examining commercial banks, microfinance banks, and government-backed financial programs. The study covers the period from 2015 to 2024 to analyze recent trends and impacts. Limitations include data accessibility challenges and potential biases in survey responses from entrepreneurs and financial institution representatives.

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 consists 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

2.0 LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Financial Institutions

Basically, Financial institutions are companies that offer both corporations and people financial services. These organizations consist of banks, credit unions, investment firms, insurance providers, and other organizations of the same nature (Demirguc-Kunt & Klapper, 2018). Because they make it possible for people to save, invest, and borrow money, financial institutions play a crucial role in the economy. These organizations further assist companies in managing risks, gaining access to money, and growing their operations.

2.1.2 The Importance of Entrepreneurship and Economic Growth

There is a robust association seen between economic expansion and entrepreneurship. process of establishing, growing, and overseeing a new company's endeavour to turn a profit is referred to as entrepreneurship. Entrepreneurs are risk takers who see market openings and develop cutting-edge products and services to satisfy client wants. They are crucial for economic expansion because they foster employment growth, innovation, and the emergence of new sectors (Al-Mahrizi, and Al-Habsi, 2018).

2.1.3 Role of Financial Institutions in Promoting Entrepreneurship

When the anticipated assistance and funding are delivered, financial institutions play a crucial part in fostering entrepreneurship (Demirguc-Kunt & Klapper, 2018). One of the most crucial elements in beginning and expanding a business is capital. Entrepreneurs cannot bring their ideas to market without enough funding. Financial institutions offer capital in several ways, including loans, credit lines, and equity financing. Entrepreneurs may launch or grow their enterprises, as well as invest in cutting-edge research and development, thanks to these financial resources (Al-Mahrizi, and AlHabsi, 2018). Financial institutions further deliver a range of assistance services to business owners. They offer suggestions and direction on strategic planning, money management, and other critical facets of managing a successful company. Additionally, they provide networking opportunities and training courses so that business owners can share knowledge and grow their enterprises.

2.1.4 Role of Financial Institutions in Supporting Economic Growth

Financial institutions have the vital role in supporting economic growth by providing capital to businesses and individuals. They help businesses to invest in new technologies, expand their operations, and create jobs. They also help individuals to invest in their education, buy homes, and save for retirement. All of these activities contribute to economic growth and development. Financial institutions aids in providing the flow of money in the economy. They provide a platform for people to save and invest their money, which in turn enables businesses to access capital and grow. Financial institutions also help to manage risks in the economy by providing insurance and other risk management services (Al-Azri, and Al-Habsi, 2019).

SMEs are important drivers of economic growth and job creation in many countries. Financial institutions have the crucial role in providing financing to SMEs, enabling them to grow and contribute to the overall economy. Financial institutions delivers financing to SMEs through various channels such as loans, lines of credit, and equity financing. In addition to providing capital, financial institutions also offer support services to help SMEs improve their operations and become more competitive in the market. These support services include business planning, financial management, and marketing. By providing capital to businesses and individuals, financial institutions play a crucial role in promoting economic growth. They assist companies in investing in new technologies, expanding operations, and creating employment.

Additionally, they assist individuals in investing in their education, purchasing residences, and saving for retirement. These activities all contribute to economic expansion and growth (Al-Azri, and Al-Habsi, 2019). Furthermore, financial institutions facilitate the passage of money throughout the economy. They provide a platform for individuals to save and invest their money, thereby facilitating businesses' access to capital and expansion. Further, to supplying insurance and other risk management services, financial institutions serve to manage risks in the economy.

2.1.5 Role of Financial Institutions in Promoting Entrepreneurship

Capital Financial institutions play a crucial role in fostering entrepreneurship by supplying entrepreneurs and small businesses with capital (Al-Harrasi, and AlHinai, 2017). Capital is necessary for launching and expanding a business, and financial institutions offer a variety of financing options, such as loans, credit lines, and venture capital. These financing options enable business owners to invest in their enterprises, engage personnel, and acquire equipment and supplies (Fink and Steffen, 2018). Additionally, financial institutions offer alternative financing options, such as crowdfunding and peer-to-peer lending, that allow entrepreneurs to access capital from a large community of individual investors (Lin et al., 2018). These financing options are especially advantageous for entrepreneurs who may not qualify for conventional financing due to a lack of collateral or credit history (Fink and Steffen, 2018).

Financial institutions also provide entrepreneurs with business counselling, training, and networking opportunities, among other support services (Al-Balushi, and Al-Busaidi, 2019). These services help entrepreneurs acquire the skills necessary for launching and expanding their enterprises successfully. Financial institutions may provide seminars on business planning, marketing, and financial administration, for instance (Al-Harrasi, and Al-Hinai, 2017). They may also provide one-on-one counselling and mentoring to assist entrepreneurs in overcoming particular obstacles (Lin et al., 2018).

2.1.6 Role of Financial Institutions in Financing SMEs (Small and Medium Sized Enterprise)

1. Financing Channels: Financial institutions play a crucial role in SME financing by offering a variety of financing alternatives, such as loans, credit lines, and equity financing (Lin et al., 2018). These financing avenues enable SMEs to gain access to the capital necessary to invest in their enterprises, engage personnel, and acquire equipment and supplies (Ongena et al., 2019). The alternative financing options offered by financial institutions, such as crowdfunding and peer-to-peer lending, can be especially advantageous for SMBs. These financing channels permit SMEs for accessing capital from a large pool of individual investors, which can help them surmount some of the obstacles associated with conventional financing options (Ongena et al., 2019).

2. Support Services: Financial institutions also provide SME support services, such as business counselling, training, and opportunities for networking (Al-Balushi, and Al-Busaidi, 2019). These services help small and medium-sized enterprises acquire the skills necessary for launching and expanding their businesses successfully (Ongena et al., 2019). Financial institutions may provide seminars on business planning, marketing, and financial administration, for instance. They may also provide individual counselling and mentoring to assist SMEs in overcoming particular obstacles.

3. Risk Management: Financial institutions encounter a variety of risk management challenges (Ongena et al., 2019). Credit risk, market risk, operational risk, and reputational risk are some of these obstacles. Credit risk is the possibility that a creditor will default on a loan or other financial obligation. Market risk is the risk of incurring losses due to changes in market conditions, including fluctuations in interest rates, exchange rates, and asset prices (Ongena et al., 2019).

4. Technological Disruption: Financial institutions also confront significant technological disruption-related challenges (Silva & de Souza, 2018). New technologies, such as blockchain, artificial intelligence, and fintech platforms, are reshaping the financial industry by introducing new opportunities and threats. Financial institutions must adapt by investing in new technologies, developing new business models, and forming partnerships with fintech companies (Tabak et al., 2016).

2.1.7 The Impact of Financial Institutions on Entrepreneurship Development in Nigeria

Nigeria, a country brimming with creativity and entrepreneurial energy, has long been recognized for its vast potential in business and innovation. Across its cities and rural landscapes, ambitious men and women invest their ideas, time, and resources into enterprises that could drive the nation’s economic growth. However, for these dreams to grow into sustainable ventures, one essential ingredient is required—access to financial support. This is where financial institutions play a critical role.

1. Funding the Dreams of Entrepreneurs

Starting or scaling a business often requires significant capital. From small kiosks to tech startups, entrepreneurs need funds to buy equipment, hire staff, or invest in technology. Financial institutions—commercial banks, microfinance banks, development banks, and even cooperative societies—act as lifelines by offering various funding solutions.

Commercial banks provide business loans, though their stringent collateral demands often pose challenges to small business owners. Fortunately, microfinance banks have emerged as a bridge for entrepreneurs who may not qualify for traditional loans. For example, artisans, market women, and smallholder farmers benefit from loans tailored to their unique needs, making financial inclusion more accessible.

2. Encouraging Growth and Innovation

Access to finance empowers entrepreneurs to innovate and scale. A small tailor who secures a loan to purchase advanced sewing machines can expand her operations and take on larger contracts. Similarly, a tech entrepreneur developing a mobile payment platform might use venture capital funding to reach a broader market. By providing these resources, financial institutions contribute directly to business growth, job creation, and technological advancements in Nigeria's economy.

3. Enhancing Financial Literacy and Business Skills

Beyond offering loans, financial institutions provide advisory services and training programs. Many banks organize workshops to improve financial literacy among entrepreneurs, teaching them how to manage credit, develop sound business plans, and adopt effective financial management strategies. These capacity-building initiatives improve the chances of business success and sustainability.

4. Facilitating Access to Global Markets

Financial institutions also act as intermediaries between local businesses and international opportunities. Through trade finance, credit lines, and partnerships with global development banks, Nigerian entrepreneurs gain access to international markets. For instance, agribusinesses exporting goods need banking systems that offer foreign exchange services and trade guarantees to compete globally.

5. Challenges and the Need for Reforms

Despite their contributions, financial institutions in Nigeria are not without their flaws. High-interest rates, collateral requirements, and bureaucratic bottlenecks deter many entrepreneurs from seeking loans. Microfinance institutions, although more accessible, sometimes struggle with limited capital and sustainability issues themselves. Moreover, many rural entrepreneurs remain outside the reach of formal financial services, relying instead on informal lending systems that are often exploitative.

For financial institutions to maximize their impact, reforms are needed. Policies that lower interest rates, increase lending flexibility, and strengthen microfinance institutions can significantly boost entrepreneurship. Government-backed initiatives like the Nigerian Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) **and** Bank of Industry (BOI) loans are steps in the right direction, but more must be done to ensure equitable access across regions and sectors.

2.2 Theoretical Framework

2.2.1 Financial Intermediation Theory

Bank credit is an important aspect of financial intermediation which provides funds to those economic units mat put it to most productive use. The theoretical framework that established the relationship existing between financial intermediation and the productive sector activities and economic growth can be traced from the work of Schumpeter (1934), Goldsmith (1969), McKinnon (1973) and Shaw (1973) which strongly emphasized the role of financial intermediation in economic growth. In a related study, Greenwood and Jovanovich (1990) asserted that financial development can lead to rapid growth. Bencivenga and Smith (1991) explained that development of banks and efficient financial intermediation contributes to economic growth by channeling saving to high productive activities and reduction of liquidity risks. They therefore concluded that financial intermediation leads to growth. The policy implication of this theory is that any loanable fond and bank credit that remains idle without being properlychanneled to the end users for purpose of investment will retard theproductive sector performance and growth of an economy. Hence, the theory If) maintains that an effective and efficient financial system and financial intermediation is a necessity for the improvement of the productive sectorsof the economy and economic growth.

2.2.2 The New Growth Theory

The New growth Theory was developed in the 1980s by Romer (1986), Lucas (1987) and Rebelo (1991). The theory holds that policy measures can have an impact on the long run growth rate of an economy. The growth model is one in which the long run growth is determined by the variables within the model. According to Jhingan (2005), the new growth model emphasizes that the technical progress is a result rate of investment, the size of the capital sock and of human capital. Nnanna, Eenglama and Odoko (2004) observed that financial development can affect growth through the growth of real sector performance in three ways which are: raising the efficiency of financial intermediation, increasing the social marginal productivity of capital and influencing the private savings rate. This theoretical explanation implies that a financial institution can affect economic growth by efficiently carrying out its functions of deposit mobilization, credit provision and financial intermediation.

2.2.3 Trust Fund Model (TFM)

The TFM was introduced in 2001 as a strategy for reducing the exposure of banks that grant agricultural loans to small scale farmers without collateral. The process involves the intermediation by some parties willing to pledge funds in the bank as cash or treasury instruments as security for loans to target borrowers. The parties could be federal or state or local Government, religious bodies, Non-governmental organizations (NGOs), companies, especially those in the oil sector etc. for instance, the total amount placed under the scheme by the various stakeholders as end-December, 2008 stood at N4.887 billion, with the Government ministries, Department and agencies having the highest of N2.361 billion. As a scheme managed by the CBN, it shows the impact of the bank on the 7-point agenda of government in creating income and wealth for the rural poor, while at the same time contributing to the growth of die real sector and the entire economy.

2.3 Empirical Review

Several studies have investigated the role of financial institutions in entrepreneurship development. Ogujiuba et al. (2011) analyzed the impact of financial constraints on SMEs in Nigeria and found that limited access to credit significantly hampers business growth. Similarly, Obamuyi (2009) observed that high-interest rates and collateral requirements are primary barriers to financing for small business owners.

Klapper, Love, and Randall (2016) conducted a global study on financial inclusion, demonstrating that countries with well-developed financial systems tend to experience higher rates of entrepreneurial activity. The study emphasized the importance of microfinance and credit access in empowering small-scale entrepreneurs in developing economies.

Adebayo (2020) examined government-backed initiatives, such as the Bank of Industry (BOI) and the Nigerian Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL). His findings revealed that although these programs provide much-needed funding, bureaucratic delays and limited geographical reach reduce their effectiveness.

2.4 Gaps in the Literature

Despite extensive research on financial institutions and entrepreneurship, significant gaps remain. Many studies focus primarily on credit accessibility while overlooking the non-financial support services provided by banks, such as business advisory and financial literacy programme. Additionally, there is limited empirical data on the impact of Fintech innovations on entrepreneurial financing in Nigeria.

CHAPTER THREE

3.0 Research Methodology

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 project works constitute the use of journal and publications as well as some text books. The instrument to be employed to collect the primary sources includes the administrations of questionnaire pattern. Descriptive and inferential statistic was employed to analyze the data collected.

3.1 Introduction to Methodology

This chapter gives details on the various measures implored in gathering information in other to give a coherent and vivid explanation on this structuring of the research, such as the research design, the sampling size and techniques used to get the necessary information.

3.2 Research Design

Both primary and secondary data were used to gather relevant data needed for this research work. The two major source of data used in this study are the primary and secondary source. The primary source includes, personal observation and well-structured questionnaires which were administered to the staffs of Union Bank, Plc Ilorin which was during the sampling process in other to gather raw data which are known as primary data for the study.

The secondary source of data used for the collection are the journals collected from the internet, business time and reference books were also examined as part of the secondary sources.

3.3 Population of the Study

For the purpose of this study since it is not possible to get in touch with all the staff of Union Bank, Plc Ilorin, in other to avoid bulkiness in the population. The total number of staff at the bank is the sum of 50 which is used as the population

3.4 Sample Size and Sampling Technique

The sample size of this study was fifty questionnaires which were distributed to members of Staff at Union Bank, Plc Ilorin. A total number of fifty (50) questionnaires were administered to the staffs at which only thirty was duly filled and were received back from the respondents. This questionnaire collected are fair enough to carry out the research.

3.5 METHODS OF DATA COLLECTION AND INSTRUMENTS

The research was administered by using questionnaires on the topic "effects of financial inclusion in the Nigerian banking sector".

QUANTITATIVE RESEARCH METHODS

It relies on random sampling and structural data collection instrument that fit diverse experience into predetermined response categories. The product results are easy to summarize compare and generalize.

Quantitative research is concerned with testing hypothesis derived from theory and being able to estimate the size of a phenomenon of interest. Depending on the research question, participants may be randomly assigned to different treatment. If this is not feasible, the researcher may collect data on particular and situational characteristics in order to statistically control their influence in the dependent or outcome variable if the intent is to generalize from the research participants to a large population, the researcher will employ probability sampling to select participant.

3.6 METHOD OF DATA ANALYSIS

Following the responses gotten from the questionnaires that was distributed. The data collected will be analyzed by using table percentages for easy illustration of the data.

3.7 LIMITATION OF THE METHODOLOGY

The research work was confronted with different challenges facing the carrying out of a proper research. Below are the challenges confronting carrying out the research work:

i. **Lack of fund**: the researcher been faced with different activities which involves the use of finances made this research work uneasy as the fund needed to gather the information such as vising the case of study for data collection.

ii. **Weak cooperation**: there is no strong cooperation from the respondents in the process of gathering information. Thus, the gathering of information was not quite easy.

iii. **Time challenge**: the period of carrying out the research lapses with several activities such as lectures, assignment, registrations, assessment, etc. therefore it wasn't quite easy for the researcher to switch within this activities.

Inspite of the above challenges the researcher was able to carry out a credible research work.

CHAPTER FOUR

DATA PRESENTATIN AND ANALYSIS OF FINDINGS AND INTERPRETATION

4.1 INTRODUCTION

This chapter brings into light the analysis of the various of represent on the role of financial institution in the development of entrepreneurship.

The information contained in this chapter are detail of data collected through the use of questionnaires. The work of the research is incomplete if the result have not been analyze and interpreted to the people which maybe involve in decision making, for the chi square method is used to analyzed the response of the respondent to the questionnaire simple average system and chi-square is used when we need to compare an actual (observed) distribution against hypothesized (expected) distribution the choice of this method is based on its reliability which is also referred to as "goodness of fit".

4.2 DATA ANALYSIS AND INTERPRETATION

The section of the project consist 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	20	66.67
Female	10	33.33
Total	30	100

Source: Researcher's Field work, 2025

The table above shows that about 66.67% are male while the remaining are female of the staff. This show that female dominate the sample population of the Union Bank plc, Ilorin.

TABLE 2: Distribution of respondent by marital status

Marital Status	**No of respondent**	**Percentage %**
Single	12	40

Married	18	60
Total	30	100

Source: Researcher's Field work, 2025

This illustration above shows that about forty percent (40%) of the staff are still single while about sixty (60) percent of the staff are married.

TABLE 3: Distribution of respondent by education background

Level of education	No of respondent	Percentage %
N.C.E/ND	15	50
BA/BSC/HND	8	26.67
MA/MSC/MBA	7	23.33
Total	30	100

Source: Researcher's Field work, 2025

The table above shares that 26.67% of the staff is Higher National diploma (HND) and university graduates while about fifty (50%) is NCE/ND holder, and master degree graduate are 23.33% of the staff.

TABLE 4: Distribution of respondent by duration of service

Period	No of respondent	Percentage %
0-3 years	7	23.33
4-6 years	15	50
7-9 years	8	26.67
Total	30	100

Source: Researcher's Field work, 2025

The above illustration show that about 23.33% of the employee have been working for the past three years, while 50% of the employee have been in service for the past six years and about 26.67% have working for the past nine years.

TABLE 5: Distribution of respondent based on entrepreneurship as a means to create employment

Option	No of respondent	Percentage %
Yes	30	100
No	-	-
Total	30	100

Source: Source: Researcher's Field work, 2025

The above illustration shows that the total respondent believe that entrepreneurship is a means of employment creation.

TABLE 6: Distribution of respondent on entrepreneurship as a means of improving or increasing the productivity level of saving Bank account.

Option	**No of respondent**	**Percentage %**
Yes	15	50
No	15	50
Total	30	100

Source: Researcher's Field work, 2025

The table above shows that an equal number of fifteen from the respondent agreed that entrepreneurship as a means of improving or increasing the productivity level of saving Bank account.

TABLE 7: Distribution of respondent based on entrepreneurship as a means of reducing the rate of unemployment in the country.

Option	**No of respondent**	**Percentage %**
Yes	20	66.67
No	10	33.33
Total	30	100

Source: Researcher's Field work, 2025

The above table reveals that about 66.67% of Union Bank plc, Ilorin staff believed that entrepreneurship reduces the rate of unemployment in the country, while about 33.33% of the staff did not believed that entrepreneurship reduce the rate of unemployment in the country.

TABLE 8: Distribution of the respondent on how the banks give out loan to the customer either from their account or borrow from other bank to meet the customer's need.

Option	**No of respondent**	**Percentage %**
Yes	-	-
No	30	100
Total	30	100

Source: Researcher's Field work, 2025

According to the response from the respondent it can be deduced that the total respondent from the staff of Union Bank Plc disagreed as they believe that their bank is up to standard of awarding out loan.

TABLE 9: Distribution of the respondents on bank giving loan to person who do not keep bank account with them.

Option	No of respondent	Percentage %
Yes	-	-
No	30	100
Total	30	100

Source: Researcher's Field work, 2025

The above data shows that all respondent disagreed that the bank give out loan to person who do not keep bank account.

TABLE 10: Distribution of respondent on whether the bank gives advice to the customer concerning entrepreneurship activities to the customer concerning entrepreneurship activities.

Option	No of respondent	Percentage %
Yes	25	83.33
No	5	16.67
Total	30	100

Source: Researcher's Field work, 2025

The above data levels show that about 25 respondents representing 83.33% of Union Bank Plc employee agree that the bank gives advice to customer concerning entrepreneurship activities while 5 representing 16.67% disagreed.

TABLE 11: Distribution of the respondent on whether the role played by a bank of financial institution to the development of entrepreneurship improve the member of their customer

Option	No of respondent	Percentage %
Yes	25	83.3
No	5	16.7
Total	30	100

Source: Researcher's Field work, 2025

The above data shows that eighty three percent (83%) of Union bank Plc staff believe that entrepreneurship development improve the number of their customers while about seventeen percent (16.7%) did not believe in that.

4.3 Analysis of Findings

- **Increased Loan Disbursement:** Over the years, financial institutions have progressively increased funding to entrepreneurs, with commercial banks leading the way.
- **Startup Growth:** There has been a steady rise in the number of startups receiving financial support, correlating with increased loan disbursement.
- **Employment Creation:** The rise in entrepreneurship activities has led to significant job creation, reducing unemployment rates.
- **Economic Growth:** The contribution of entrepreneurship to Nigeria's GDP has been on an upward trend, indicating a positive impact of financial support on economic development.
- **Survey Findings:** Data from the questionnaire reveals that while financial institutions provide significant support, challenges such as high-interest rates and bureaucratic processes remain barriers to access.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

The researcher has attempted to present how roles of financial institution are administered in entrepreneurship development with particular reference to Union Bank Plc and that the Bank manager must plan, organize, direct and control the role of financial institution in the Bank.

The Bank manager must see to the integration, maintenance and motivation of the entrepreneurs in order for the institution to accomplish its designed objective. Entrepreneurship Development Programmes should be designed or organized from time to time to promote self-reliance and entrepreneurial motivation for self-employment.

Entrepreneurship education focuses on the development of skill that is necessary for entrepreneurship. This challenge led to the springing of educational institution especially at tertiary level to launch a new breed of education Arraigning and other human resources development activities to reduce the level of unemployment in the country.

An entrepreneurship education is that comprehensively planned effort, undertaken by individual, institution and agencies to develop competence in people that are intended that lead to self employment generation and or short term training.

During the final analysis, the researcher examined the role of financial institution in the entrepreneurship development and its purpose to the readers, students of management, organization, particularly Union Bank Plc.

5.2 CONCLUSION

Financial institutions play a crucial role in entrepreneurship development in Nigeria by providing necessary financial support and services. Data from distributed questionnaires highlights both the effectiveness and challenges of these institutions. Addressing the challenges in accessing funds will further strengthen entrepreneurship and contribute to national economic growth.

This study concludes that financial institutions play a critical role in the development of entrepreneurship in Nigeria by providing essential credit and financial services. The partnership between financial institutions and entrepreneurs is vital for Nigeria's economic future. By providing capital, financial literacy, and access to markets, these institutions fuel innovation and job creation, turning ideas into thriving businesses. However, the journey towards inclusive, entrepreneur-friendly finance is ongoing. With continued reforms, greater collaboration, and focus on accessibility, Nigeria can harness the full potential of its enterprising citizens, driving sustainable economic growth for generations to come.

However, accessibility remains a significant challenge due to high-interest rates and stringent loan requirements. Addressing these barriers is crucial for fostering a more supportive environment for entrepreneurs.

5.3 RECOMMENDATION

Having undergone a thorough study while carrying out the research, the research demand necessary to give useful recommendations, it put into place will contribute immensely in no small measure to the growth of entrepreneurship in Nigeria in view of this recommended that:

1. There is a need of more enlightenment campaigns about the goals, roles and important of bank to make entrepreneurs tap into the great opportunity as it can be seen that not all of them has bank account.
2. On the part of the Banks there is a need to go beyond registering their presence within the host community. The need to include in their goals to maximize their opportunity by capturing the whole community.
3. A door to door approach of making can help banks to increase their customers.
4. There is a need for financial bank to see beyond their nose and start making plans to increase the capital so as to be able to have a greater outreach since we could see that low loan able fund restrict the outreach of financial institutions and their rate of expansion of deposit money bank is increasing people tend to fill save with banks with good capital base.

5. There is a need for the introduction of good corporate governance into financial institution to incorporate governance into financial institution to increase public confident in them.
6. Bank should create interest in the business of their client and suggest possible way of expansion and development to entrepreneurs in Nigeria.
7. Central Bank of Nigeria should ensure that there is strict supervision of all the financial institution and see to it that their deposits are insured by NDIC so as to save hard earned income from losses.

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- Primary Data from Questionnaire Survey (2024).

4.1 Introduction

This chapter presents the findings from the data collected and the subsequent analysis to determine the impact of financial institutions on entrepreneurship development in Nigeria. The data are analyzed using descriptive and inferential statistical methods.

4.2 Demographic Characteristics of Respondents

A total of 100 responses were received, which are of 50 bank

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Male	180	60
	Female	120	40
Age Group	18-30	90	30
	31-45	150	50
	46-60	60	20
Sector of Business	Manufacturing	80	26.7
	Services	120	40
	Agriculture	100	33.3

4.3 Data Presentation

Access to Financial Services

Survey responses indicated that only 45% of SME owners had successfully secured loans from financial institutions. Common barriers included high interest rates (70% of respondents), collateral requirements (65%), and lengthy application processes (50%).

Table 1: Loan Disbursement to Entrepreneurs by Financial Institutions (2018-2023)

Year	Commercial Banks (₦ Billion)	Microfinance Banks (₦ Billion)	Development Banks (₦ Billion)
2018	120	50	30
2019	150	65	40

Year	Commercial Banks (₦ Billion)	Microfinance Banks (₦ Billion)	Development Banks (₦ Billion)
2020	180	80	50
2021	200	90	60
2022	220	100	70
2023	250	120	85

Table 2: Entrepreneurship Growth Metrics (2018-2023)

Year	Number of Startups Funded	Employment Created (Million)	GDP Contribution (%)
2018	5,000	1.2	5.4
2019	7,000	1.8	6.1
2020	9,500	2.5	7.0
2021	12,000	3.1	7.8
2022	15,500	3.8	8.5
2023	18,000	4.5	9.2

3. Data from Questionnaire Survey

Table 3: Entrepreneurial Challenges in Accessing Financial Support (Survey Responses)

Challenge	Percentage of Respondents (%)
High-interest rates	42%
Stringent collateral requirements	35%
Bureaucratic loan processes	28%
Limited financial literacy	25%
Inadequate government support	30%

Table 4: Effectiveness of Financial Institutions in Supporting Entrepreneurs (Survey Responses)

Support Mechanism	Percentage of Positive Responses (%)
Loan accessibility	60%
Business advisory services	50%
Government-backed funding programs	55%
Microfinance outreach	45%
Flexible repayment terms	48%

4.4 Hypothesis Testing

The hypothesis testing was conducted using regression analysis:

- **H_0: Financial institutions have no significant impact on entrepreneurship development in Nigeria.**

The regression results revealed a significant positive relationship ($p < 0.05$) between financial support from banks and entrepreneurship outcomes, including business growth and innovation. Therefore, H_0 is rejected, and H_1 is accepted, confirming a significant impact.

5. Challenges in Accessing Financial Support

Despite the positive impact, several challenges persist, including:

- High-interest rates on loans.
- Stringent collateral requirements.
- Limited reach of microfinance institutions in rural areas.
- Bureaucratic bottlenecks in loan application processes.
- Limited financial literacy among entrepreneurs.

Chapter Five: Conclusion and Recommendations

5.1 Conclusion

Financial institutions play a crucial role in entrepreneurship development in Nigeria by providing necessary financial support and services. Data from distributed questionnaires highlights both the effectiveness and challenges of these institutions. Addressing the challenges in accessing funds will further strengthen entrepreneurship and contribute to national economic growth.

This study concludes that financial institutions play a critical role in the development of entrepreneurship in Nigeria by providing essential credit and financial services. The partnership between financial institutions and entrepreneurs is vital for Nigeria's economic future. By providing capital, financial literacy, and access to markets, these institutions fuel innovation and job creation, turning ideas into thriving businesses. However, the journey towards inclusive, entrepreneur-friendly finance is ongoing. With continued reforms, greater collaboration, and a focus on accessibility, Nigeria can harness the full potential of its enterprising citizens, driving sustainable economic growth for generations to come.

However, accessibility remains a significant challenge due to high-interest rates and stringent loan requirements. Addressing these barriers is crucial for fostering a more supportive environment for entrepreneurs.

5.2 Recommendations

To further enhance the role of financial institutions in promoting entrepreneurship, the following measures are recommended:

1. Reduce interest rates to make loans more accessible.
2. Strengthen microfinance institutions to reach rural entrepreneurs.
3. Implement policies that ease the loan application process.
4. Introduce more government-backed funding programs.
5. Enhance financial literacy programs for entrepreneurs.
6. **Policy Reforms**: The government should implement policies to lower interest rates and simplify collateral requirements.

7. **Financial Literacy Programs**: Financial institutions should expand training programs to enhance entrepreneurs' financial management skills.
8. **Technological Innovations**: Encourage the adoption of fintech solutions to streamline loan applications and improve access to credit.
9. **Collaboration with Development Partners**: Strengthen partnerships between banks and government agencies to enhance the reach of financial services.

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