Financial Inclusion and Entrepreneurship in Nigeria: A Case for the Vulnerable Groups

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Financial inclusion is one of the major ways by which entrepreneurship can be advanced. Access to finance is a major problem bedeviling the Micro, Small and Medium Enterprise (MSMEs) sub-sector in Nigeria. The paper examines the predicaments of some sets of people identified as vulnerable groups being usually financially excluded in the society. It also highlights various policies and programmes introduced by Government, banks and other financial institutions in attempts to boost the access of people and entrepreneurs to finance. It makes use of both primary and secondary doctrinal legal research methodology with the use of textbooks, case laws, statutes, journals and online articles. This paper concludes that the available programmes and schemes for financial inclusion have either failed or are unpopular due to inadequate focus on the vulnerable groups, inadequate regulatory agencies, financial illiteracy among others. Hence, this paper recommends financial education for the masses on financial management, development of entrepreneurial skills even from secondary school, grassroots penetration for financial inclusion and development of

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financial inclusive strategies which will accommodate all the vulnerable groups.

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1.0 Introduction

The development of financial inclusion and entrepreneurship are some of the strong pillars of national economy. Some sets of people are observed to be financially excluded due to some factors that surround their circumstances which are beyond their control so they are always in the poverty zone. All these have adverse effect on the economy of a nation. Financial inclusion and entrepreneurship cannot be effectively discussed without the activities of government, banks and other financial institutions who happened to be the major providers of credit facilities as well as Micro, Small and Medium Scale Enterprises (MSMEs) being the largest consumers and beneficiaries of credit facilities and services being one of the major pillars of economic development.

Entrepreneurship is the process of creating new ideas or taking risk into the corporate world by developing and managing a new business venture for the purpose of making profit.[2]Entrepreneurship is a dynamic process of creating incremental wealth by individuals who assumed the major risk.[3]

Going by the above definitions, entrepreneurship can be simply referred to as taking business risks for possible profit making. A person who engages in entrepreneurship is referred to as an Entrepreneur. Entrepreneurs operate majorly in micro, small, medium as well as large enterprises. Micro enterprises refer to enterprises having less than 10 employees with a total asset of less than Five Million Naira (₦5,000,000.00) only (excluding land and buildings) and usually operated by a sole proprietor; while Small and Medium Enterprises (SMEs) are business entities with asset base of Five Million Naira (₦5,000.000.00) only and not more than Five Hundred

2. Mehdi Aman Allah and Hamid Nakhaie, 'Entrepreneurship and Risk- Taking', [2011] *International Conference on E-business, Management and Economics IPEDR* Vol. 25; 78.
3. Usman Haruna and Isah Sulaiman and Tanko A. Isa, 'The Role Financial Institutions in Financing Small and Medium Enterprises in Nigeria' [2018] *International Institute of Academic Research and Development: International Journal of Economics and Business Management* Vol. 4 No. 4; 83.

Million Naira (₦500,000.000.00) only (excluding land and buildings) with employees of between 11 and 200.[4] Examples are restaurants, retail shops, manufacturing companies, poultry farms etc.

Financial inclusion is a means by which businesses and individuals access useful and affordable financial products and services to meet their needs which may be credit, savings or insurance delivered in a 'responsible and sustainable' manner.[5] It is making financial products and services easily accessible and affordable for everyone.

2.0 Entrepreneurs

An entrepreneur takes business risks for the purpose of making possible profits. He creates his own job and works for himself; he is endowed with innovative ideas and creativity. Entrepreneurs invest time, skills and resources in their businesses in order for it to stand the test of time. They contribute majorly to the economy of the country.

2.1 Challenges of Entrepreneurs

Some of the common challenges faced by entrepreneurs are:

a. Lack of adequate finance to either start up a business or sustain it. This is the one of the major problems usually faced by entrepreneurs. Even when they know where and how to access finance, they may not want to take advantage of the opportunity as a result of fear of accompanying interest rates, improper understanding of the available products and services, lack of collateral with which to apply for loans and so on.

b. Criticism as a result of ideas being monotonous in the business arena thereby disapproved.[6]

c. Problem of working out their ways to the top from the scratch as a start-up business in the midst of serious competition, this may be very discouraging.

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4 'Micro, Small and Medium Enterprises Development Fund (MSMEDF) Guidelines'[2014] (Rev Edn), < https://www.cbn.gov.ng/out/2014/dfd/msmedf guidelines .pdf> accessed 22 April 2021; 25.

5 'Financial Inclusion'; *The World Bank*, <https://www.worldbank.org/en/topic/financialinclusion/overview> accessed 26 April 2021.

6. 'What is Entrepreneurship', <https://entrepreneurhandbook.co.uk/entrepreneurship/> accessed 26 May 2021.

d. Combining various task and duties in managing a self-business can also pose a serious challenge especially when they do not have enough helping hands while trying to grow the business.

e. Risk is attached to business, so entrepreneurs are usually afraid of failure especially in new innovation. Where this is not well managed, the business may eventually crumble.

Most of the great or successful business started as a micro or small business by an entrepreneur. The large or successful business owners do not have problem with financial inclusion as their businesses are fully grown, many of them still succeed in creating small businesses as subsidiaries. Hence, focus of financial inclusion is usually on small businesses in the Micro, Small and Medium Scale Enterprises (MSMEs) sub-sector.

2.2 Importance of Micro, Small and Medium Scale Enterprises (MSMEs) Development

1. It encourages self-development, self-employment and self-empowerment i.e., indigenous entrepreneurship.
2. It reduces the rate of unemployment by creating job opportunities for people for the purpose of income re-distribution.
3. Their activities of importation and exportation boost foreign exchange.
4. The activities of entrepreneurs in the MSMEs sub-sector play critical roles in absorbing labour by penetrating new market and generally expanding the economy in creative and innovative ways.[7]
5. It reduces dependence on government and salary earning jobs.
6. It reduces rural-urban migration as entrepreneurs are able to penetrate rural areas for even development. They establish businesses in the rural areas where they can get assets at affordable prices so as to maximize cost and thereafter transport their products to urban areas for distribution.
7. It produces innovative, creative and successful youths
8. The crime rate reduces as dignity of labour is restored.

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[7]. Usman Haruna and Isah Sulaiman and Tanko A. Isa (see n.2); 82.

However, all these cannot be achieved without the intervention of government, banks and other financial institutions in assisting them with loans and other financial supports.

3.0 Loan

Loan is said to be the sum of money which one or more individuals or companies borrow from bank or other financial institutions in order to financially manage a planned or unplanned event.[8] The said loan is a debt which must be paid back within a specified period of time, usually with interest. Availability of easily affordable loans help business owners to achieve their goals if well managed, to grow or expand their businesses as well as manage risks.

3.1 Types of Loan

a. Secure and unsecure loans: secure loan is accompanied by collateral such as title document as a guarantee for repayment. This is usually used for a large sum of money. An unsecure loan on the other hand is not backed by collateral; however, the capacity of the borrower to repay the loan is assessed before the loan is granted.

b. Open-end and closed-end loans: Under an open-end loan, the borrower has the benefit of borrowing over and over but there is a credit limit of sum of money the borrower has access to at a time. Examples are bank credit card borrowing and services offered by network providers to their customers to borrow airtime or data and pay later such as MTN 'XtraTime'.[9] As for closed-end loans, the borrower has no opportunity to borrow another one unless the outstanding loan is paid. Where the borrower wishes to borrow more, he has to apply all over again and wait for approval subject to his being credit worthy.[10]

c. Conventional Loans: it applies to mortgages.

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8. 'What is Loan', <https://corporatefinanceinstitute.com/resources/knowledge/finance/loan/> accessed 21 May 2021.
9. For details, see 'XTraTime', <https://www.mtnonline.com/personal/xtratime/> accessed 16 May 2021.
10. 'What is Loan' (see n.7).

4.0 Financial Inclusion

Financial inclusion is all efforts put in place in order to ensure that everybody has access to easy and affordable financial products and services. It is important because it gives opportunity for individuals and business entities to participate in a modern economy. The first step towards financial inclusion is opening an account for financial and business transaction. This will enable the account holder to send and receive money, the person will also be able to apply for financial support such as loan and other financial services. People who have no bank account usually end up paying more for various services. This is because it is very difficult for them to work out expenditure on income without the ability to save or borrow at a reasonable cost and manage risks without insurance.[11] After opening a transaction account, the usage of the said account is also very important. This may be for the purpose of credit and insurance, to invest in viable business, to manage risks attached to setting up a business, for business expansion etc.

The World Bank Group initiated the Universal Financial Access 2020 in order to ensure that people all over the world have transaction account.[12] To achieve this, banks usually employ services of casual staff who go about telling people the importance of having a transaction account and inviting them to open accounts. The result is that, today, majority of adults all over the world are account holders especially those gainfully employed either under public or private entity. However, whether they make use of the account or even have any money deposited in the account is another issue.

4.1 Financial Exclusion

Financial exclusion is the inability of persons or firms to access financial products and services appropriate to their needs. It is not enough to have access to finance, the products and services should be fair and affordable in such a way that consumers will be able to effectively utilise them.

Financial exclusion may occur in two ways:

a. ***On the part of the provider***: this is otherwise known as exclusion on the supply side.[13] The provider may render services but with higher charges and interest rate such that small companies or poor

[11]. Sue Lewis and Dominic Lindley, 'Financial Inclusion, Financial Education, and Financial Regulation in the United Kingdom' [2015] *Asian Development Bank Institute*; 3.

[12]. 'Financial Inclusion' (see n.4).

[13]. Sue Lewis and Dominic Lindley (see n.10); 5.

individuals will not be able to afford. Insurance may be made expensive for people living in high-risk areas as a result of crime or disaster. High cost of account maintenance is another way of exclusion so as to focus on highly productive persons or firms. It may also occur as a result of inadequate branches of financial providers. This surely has adverse effects on geographical distribution which will invariably exclude those who need to use a particular branch especially the elderly, sick, "small cash" entrepreneurs who may need to keep their daily takings and the physically challenged.

b. ***On the part of beneficiary/receiver***: otherwise referred to as exclusion on the demand side. It is a self-exclusion from financial access when they are made available maybe as a result of lack of proper understanding of the available products and services, socio-cultural or religious beliefs, past experience, poverty and other reasons. Also, people may not want to visit the available ones because of distance, waste of time in queue which affects other businesses of the day and other reasons so they remain unbanked.

The effect of financial exclusion does not only affect finances, it leads to other issues of life like depression, homelessness, indebtedness, physical or mental illness, addictions, crimes, economic and social abuse etc.

It is observed that some sets of people may not have access to finance and likewise have no transaction account. These affected people are perpetually stable in the 'poverty zone'. Poverty zone means being regularly unable to meet basic personal needs in a sustainable way.[14] They can be regarded as vulnerable groups for the purpose of this paper. They require financial assistance and financial inclusion in national economic planning for them to be able to live up to standard. Examples of such vulnerable group of persons include:

[14]. 'Growth Through Financial Inclusion: A Roadmap for UK Banks' [2021] *Deloitte*<https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/financial-services/deloitte-uk-growth-through-financial-inclusion-a-roadmap-for-uk-banks.pdf.>assessed 18 May 2021; 9.

1. The Unemployed and Underemployed

They constitute the largest part of entrepreneurs who venture into business out of frustration. It is worthy of note that unemployment is a lack of means of survival which may constitute a threat to right to life guaranteed by the *Constitution of the Federal Republic of Nigeria*.[15] In a situation of high rate of unemployment, the affected persons are denied access to food and other means of survival. The need to survive in the midst of hardship has led many into vices that they would ordinarily not have indulged in had they been given employment opportunity.

Many people, especially youths have been forced to accept crime such as robbery, kidnapping, banditry, fraudulent practices and the likes as a means of survival due to unemployment. The youths constitute the largest population in Nigeria; however, those who fall between 18-25 years are said to be the most financially neglected or excluded in Nigeria constituting about 26% of the adult population, according to the report of Enhancing Financial Innovation and Access (EFinA) in Access to Financial Services in Nigeria Survey (2018).[16] When people take to crime as a result of unemployment, underemployment or hunger; they tend to be violent about it, the need not to die in their deplorable state is prioritized over any other thing, so crime may then become a necessity. In Nigeria, kidnapping, stealing banditry as well as armed robbery are now becoming the normal businesses where youths get quick money.[17] Whereas, a large number of them would not have contemplated such had they been gainfully employed.

This set of people qualifies for financial inclusion as entrepreneurs in order to encourage them and reduce crime rate in the society. They hardly have any savings neither do they contribute towards pension

[15]. CFRN 1999, as amended, s33.

[16]. 'Closing the Financial Inclusion Gap' [2020] *Financial Inclusion Newsletter: Central Bank of Nigeria* Vol.5 Issue 2; 14.

[17]. Recently, Governor El-Rufai of Kaduna State described banditry activities as a form of business. See Segun Adebowale, 'Bandits, Terrorists Different From IPOB, Says El-Rufai' *The Punch* (Nigeria, 02 July 2021) <https://punchng.com/bandits-terrorists-different-from-ipob-says-el-rufai/?__cf_chl_captcha_tk__=pmd_r_hEEFPv1CNHp7cUSbvVV5pUbwl2Hf7ZNVZcTJMwVo4-1634910019-0-gqNtZGzNAzujcnBszQm9>, accessed 22 October 2021.

nor take up an insurance policy. Since they are basically not working, they are cut off from enjoying these benefits unlike the working class and few self-employed persons. Meanwhile, the working class will not find it difficult to participate in pension, insurance and savings. Instead of opting for criminal activities for survival, some unemployed or underemployed persons venture into businesses, usually from the scratch, they engage in small businesses in order to make ends meet. Because of their predicament, they are prone to taking unsecure loans to sustain their businesses which are usually short-term credits and are highly costly.

Bank overdrafts are as well not advisable for them because they are expensive, complex and non-transparent, especially where it is not authorized in advance.[18] They end up using all their income to service loans.

2. Persons Living with Disabilities

They are usually considered as unsuitable for employment in virtually all the sectors as they are rejected, discriminated against and stigmatised. Examples of such persons include; the visually impaired, deaf, cripple, dumb persons, mentally sick, albinos, persons living with HIV and other physical or health challenges. They are to be accepted, employed and integrated into the society as stipulated by African Charter on Human and People's Rights;[19] The International Labour Organisation (ILO) Convention[20] enjoins each member State to formulate, implement and periodically review national policies on vocational rehabilitation and employment of disabled persons in order to ensure that appropriate vocational rehabilitation measures are made available to all categories of disabled persons, and promoting employment opportunities for them in the open labour market. Equal opportunity between the able workers and disables must be highly respected.

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18. Sue Lewis and Dominic Lindley (see n.10);
19. See Articles 18(4), 19 and 28, <https://au.int/sites/default/files/treaties/36390-treaty-0011_-_african_charter_on_human_and_peoples_rights_e.pdf> accessed 21 May 2021.
20. Vocational Rehabilitation and Employment (Disabled Persons) Convention 159 of 1983, <https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312304:NO> accessed 19 May 2021

The supporting Recommendation[21] to the above Convention advices that government must provide or establish various types of sheltered/ secured jobs for them and if possible, according to their needs. Government must also facilitate adequate means of transport to and from the places of rehabilitation. Though there is no clear estimated population of persons living with disabilities in Nigeria, the 2018 Nigerian Demographic and Health Survey shows that about 7% of household members between ages 5-59 and 9% of persons above 60years are suffering from one or more forms of disabilities.[22] Unemployment rate among these people is high compared to persons without disabilities as a result of the following:

a. Structural limitations: they have limited access to basic public services such as transportation, communication, health, security and education.

b. Socio-cultural or religious limitations: they are surrounded by negative misconceptions such as the belief that they are cursed people because they offended someone or because they committed sin.[23]

c. Attitudinal limitations. They usually receive negative attitudes from families, friends and the general society like discrimination, name calling, stigmatisation, neglect, disrespect, isolation etc. which may result to low self-esteem, depression, suicidal thought and the likes.

d. Physical limitations: they experience a lot of challenges in physically accessing work place due to lack of money to purchase assistive devices like guide cane, crutches, wheelchairs, brailing machines, hearing aid etc.

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21. Vocational Rehabilitation and Employment (Disabled Persons) Recommendation 168 of 1983, <https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312506:NO> accessed 19 May 2021.

22. 'Closing the Financial Inclusion Gap' (see n.15).

23. 'Social Inclusion of Persons With Disabilities in Nigeria: Challenges and Opportunities', <https://blogs.worldbank.org/nasikiliza/social-inclusion-persons-disabilities-nigeria-challenges-and-opportunities> accessed 30 April, 2021.

Sadly, the government in Nigeria that that ought to employ a large number of them to serve as an example to other employers of labour hardly employ them. Hence they either remain in their shell, become liabilities for the rest of their lives or take to street begging. Only few of them are bold enough to look beyond their disability by starting up businesses no matter how little in order to make ends meet and raise hopes for their counterparts. It is also sad that the *Constitution*[24] is silent about the right of the physically challenged as persons not to be discriminated against in order to protect their dignity, so they are treated with disdain and contempt in the society. This set of people are also largely unbanked as a result of their predicament.

The *Discrimination against Persons with Disabilities (Prohibition) Act* was passed in 2018. This law[25] seeks to protect the right of persons living with disabilities against all forms of discrimination in the society and to elevate their status to that of acceptable members of the society. However, this law has not been effective as a result of poor implementation mechanism.

Persons living with disabilities require financial empowerment in order to be able to start up or sustain their businesses as they suffer more economic adverse effects than persons without disabilities. It is impracticable to achieve inclusive economic development without including them in the national economic plan.

3. Women

Women are usually located at the poverty zone because majority of them engage in lower-paid jobs such as petty trades, clerical services, nannies, cleaning services, house wives, cooks etc. which lacks career development opportunities and other benefits like salary increase, leave, social mobility, allowances and financial security. As at 2018, the population of female adults in Nigeria was 49.9 million out of which 20.5 million were reported to be financially excluded according to EFin[26] On the other hand, the population of

24. CFRN 1999, as amended, s42.
25. DPDA 2018, s1-30.
26. 'Closing the Financial Inclusion Gap' [2020] *Financial Inclusion Newsletter: Central Bank of Nigeria* Vol.5 Issue 2; 14.

men was stated as 49.7 million out of which only 16.2 million were reported to be financially excluded. This shows that the financial accessibility gap between the men and women is still wide regardless of the higher population of women in the country.

Financial autonomy, empowerment or inclusion of women has the ability to develop the national economy. It gives women the financial capacity to cater for themselves, their families and for other needs. It will also solve the problem of financial dependence on men and bring out the creativity in women. The higher the level of women financial inclusion, the closer the financial inequality gap between men and women.

Women are however, perceived as persons discriminated against for job consideration. Nigeria is still a patriarchal society hence there is gender imbalance despite the constitutional provision against discrimination on grounds of sex.[27] This accounts for the reason why the male folks are preferred for job because women are seen as weaker vessels that are less productive and unsuitable for many jobs as well as baby factories who usually demand for maternity leaves with benefits. They are usually compelled to enter contracts which restrain them from getting married or pregnant for certain period of time in order to escape the cost implication of maternity benefits, a restriction which is not applicable to their male counterparts.

Recently, an unmarried female police officer was dismissed from service by the Nigerian Police for getting pregnant against the police laws and regulations.[28] This practice is against the spirit of *African Charter on Human and People's Rights*,[29] Convention on the *Elimination all Forms of Discrimination against Women*.[30] The societal gender imbalance has made it so much that women are

27. CFRN 1999, as amended, s42.

28. Eniola Akinkuotu, 'Unmarried Policewoman Sacked for Getting Pregnant' *The Punch* (Nigeria, 26 January 2021) <https://punchng.com/unmarried-policewoman-sacked-for-getting-pregnant/>, accessed 19 April 2021.

29. See Articles 2, 3, 4, 15, 18 (3), 19 and 28, <https://au.int/sites/default/files/treaties/36390-treaty-0011_-_african_charter_on_human_and_peoples_rights_e.pdf> accessed 21 May 2021.

30. CEDAW, <https://www.ohchr.org/en/professionalinterest/pages/cedaw.aspx> accessed 19 May 2021.

categorised as second-class citizens. In a rural setting where women farm with men, the husband takes nearly all the proceeds irrespective of the contribution of the woman to the farm work. They have limited access to finance as well as properties, the population of women property owners is far below that of men.

The society is also patrilineal so women are financially abused; they are denied inheritance rights which would have empowered them financially. Financial abuse for women may also manifest itself in the form of financial sabotage, domestic violence, dependency and financial control.[31] Women who experience domestic violence are usually financially abused as well. Women are also considered as chattels to be inherited, so men take all in many parts of the country. However, with global sensitisation for women empowerment and recent judicial decisions like *Anekwe v Nweke*[32] and *Ukeje v Ukeje*[33] Where the two courts upheld women's right of inheritance, the perception is becoming archaic. This has helped them to gain financial access in order to compete with male folks in the business world.

The Microfinance Policy, Regulatory and Supervisory Framework for Nigeria[34] provided by the Central Bank of Nigeria established a Microfinance Development Fund primarily to provide for the wholesale funding requirements of Microfinance Banks or Microfinance Institutions. By virtue of Section 4.2(iv) of the Policy, women's access to financial services is to be increased by at least 5% annually in order to eliminate gender disparity, this is why 60% of the *Micro, Small and Medium Enterprises Development Fund* (MSMEDF) is allocated for provision of financial services to women.[35]

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[31]. 'Growth Through Financial Inclusion: A Roadmap for UK Banks' [2021] *Deloitte* <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/financial-services/deloitte-uk-growth-through-financial-inclusion-a-roadmap-for-uk-banks.pdf.> assessed 18 May 2021; 11.

[32]. (2014) 9NWLR (pt 1412)393 at 421-422

[33]. (2014)2NWLR (pt 1418)384 at 408

[34]. Paragraph 11.9 of the *Microfinance Policy, Regulatory and Supervisory Framework for Nigeria*, 2005.

[35]. MSMEDF Guidelines (see n.3); 2.

4. *Persons Living in the Rural Areas and Uneducated Persons*

The level of financial inclusion as well as financial education particularly in the rural communities in Nigeria is quite low compared to urban communities despite the fact that their population is higher than those living in urban areas. The EFinA[36] estimated that 60million adults live in rural communities as against 37million adults living in urban areas across Nigeria. Meanwhile, the exclusion rate of the rural dwellers is stated as 45.6% as against 21.6% in the urban areas.

This is so because the people are basically uneducated and normally left to their fates in their different localities. The government and financial institutions rather than care for their needs, concentrate on the urban areas. The financial institutions as well, focus on the urban areas where they can have access to basic facilities. They are only remembered during election campaigns when they are being promised basic amenities such as good roads, potable water, electricity facilities, medical facilities etc. after election in exchange for votes. These promises are never kept despite the votes received; they are being forgotten hence they basically live on small scale farming and menial jobs. This set of people if empowered with vocational trainings/skills and finances with facilities such as agricultural loans, fertilizers, seedlings etc. will do well in mechanised farming with little training on how to use and maintain modern farming implements.

If rural dwellers must be financially included, then the local government authorities have a lot to do. As autonomous government at the grassroots, they are supposed to develop their localities by providing basic amenities according to their financial capacities; they are to work with both state and federal governments on bigger projects so that it will be easy for people to invest and live in the local areas as this will reduce rural-urban migration. It will also help banks as well as other financial institutions to be able to take their products and services to the rural communities.

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[36]. 'Closing the Financial Inclusion Gap' (see n.25); 15.

5. Regional or Ethnic Excluded Persons

It is normal for some parts or regions in a country to develop faster than the others. The ability and capacity of the other regions to catch up with the fast-growing region brings about fair and healthy competition as well as rapid economic growth but where the gap is too much it amounts to uneven development which is not healthy for the economy. This may be as a result of ethno-cultural and socio-religious that ought to employ, they determine people's behaviour in the sense that some cultures, ethnic locations or religions do not value education, have interest in banking or women financial empowerment skills and other forms of westernisation; a practice which will always keep them behind.

Ethnicity, culture, socio-economic influences, and religion also determine the kind of treatment they received from other people. In the UK, the Black, Asian and minority ethnic (BAME) groups are the most prejudiced, they are the least paid and they find it difficult to secure jobs so they take up majority of the available menial jobs.[37] The Northern part of Nigeria has the highest financial exclusion rate compared to other regions. As at 2018, the North-West region had about 70% financial exclusion rate, the North-East region had 62%; while the South-South had 23%, the South-West had only 19% according to EFInA.[38]

Ethnic or regional exclusion may also occur as a result of government attitude. Governments especially in Nigeria prefer to concentrate development to some parts of the country at the expense of the others. For a country to thrive financially across the regions, the government must be ready to provide equal developmental opportunity for all.

6. Older Persons and Pensioners

Older persons are also located in the poverty zone as a result of financial abuse or financial exclusion. They have limited strength to physically move around to access basic services, a lot of them are suffering from one health issue or the other as well as mental issues.

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37. 'Growth Through Financial Inclusion: A Roadmap for UK Banks' (see n.30); 14.
38. 'Closing the Financial Inclusion Gap' (see n.25); 15.

> They equally suffer loss or deteriorating sight or hearing which affects their ability to access financial services. Many of them are being financially abused by their supposed care givers and family for selfish interests. They have higher risks of loss of memory which is very important for financial security because of passwords and security codes, so they are usually being defrauded by their trusted people.[39]

It is a pity that even the pensioners who are expected to be enjoying the fruits of their labour are usually being owed their pensions thereby subjecting them to lack and want. This attitude may encourage corruption of civil and public servants as they will want to amass enough money and properties before their retirement in order to avoid retirement poverty.

4.2 Factors Contributing to Financial Exclusion

Financial exclusion means poverty; it may be caused by several factors. When there is poverty, other issues may surface except if properly addressed. Poverty can affect the mental wellness of a person; such a person may become a wanderer or even become addicted to practices such as gambling. It may lead to worry, depression as well as suicidal thoughts. Financial worry may affect concentration and productivity at work thereby leading to loss of job.

From the foregoing, some factors can be deduced as contributing to financial exclusion; in other words, they are factors militating against financial inclusion. They include:

i. Age
ii. Poverty
iii. Gender
iv. Government attitude
v. Ethnicity and religion
vi. Loss of job
vii. Homelessness
viii. Health, both physical and mental as well as addictions

39. 'Growth Through Financial Inclusion: A Roadmap for UK Banks' (see n.30); 16.

ix. Indebtedness
x. Illiteracy

4.3 Importance of Financial Inclusion

1. It enhances financial prosperity by reducing poverty rate.
2. It helps individuals and businesses to plan and achieve both short- and long-term goals.
3. It gives the opportunity to save money for various purposes.
4. It facilitates daily living for families[40] i.e., it is a means for provision of daily need as it improves quality of life.
5. It allows people to safely receive and send money.
6. It gives the opportunity to borrow money for investment and consumption purposes because it improves beneficiaries' credit worthiness.
7. Empowering the vulnerable unemployed/underemployed youths in order to reduce crime.
8. It improves both financial and non-financial well-being of the beneficiary.[41]
9. In a country where financial inclusion is instituted as a strategic approach to eradicating poverty, it accelerates the level and impact of reforms.[42]
10. It helps banks as well as other financial institutions to attract new customers.
11. It provides opportunity to take up insurance policies against future risks.

4.4 Ways towards achieving financial inclusion

To achieve financial inclusion of the international standard, government should work with other stakeholders in:

i. Sensitising people on the need to possess a transaction account and the various usages.

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40. 'Financial Inclusion', The World Bank, <https://www.worldbank.org/en/topic/financialinclusion/overview> accessed 26 May 2021.
41. 'Growth Through Financial Inclusion: A Roadmap for UK Banks' (see n.30); 7.
42. 'Financial Inclusion' (see n.39).

ii. Putting in place better laws and policies regulating banks and other financial institutions on the terms and conditions of their financial services which must be friendly and easy, this will afford business owners to freely approach them in times of need.

iii. Welcoming and encouraging new business models like e-marketing, e-transaction etc.

iv. Coming up with more programmes to support ease of doing business like the recent free business name registration[43] to support MSMEs.

v. Improving on consumer protection services in order to achieve sustainable financial services.

vi. Amending the constitution to protect the freedom of the persons living with disabilities from discrimination.

5.0 Financial Products and Services

These are the programmes and schemes available for individuals, households and entrepreneurs to key into for their own benefits. Financial services must not only be easily accessible, it must also be able to meet people's needs over their lifetime and should apply to the entire populace. They are being rendered by service providers such as governments, banks, credit unions and other financial institutions. The products and services may be offered directly by them or indirectly through agencies and other stake holders in order to ensure that people and entrepreneurs have free and easy access to finances as well as enjoy ease of doing business. Below are some of the available financial services and products:

1. ***Small and Medium Enterprises Equity Investment scheme (SMEEIS)****:* It was initiated in 1999 by the Bankers' Committee of the Central Bank of Nigeria[44] for empowering SMEs so as to promote, poverty alleviation, economic growth, industrialisation, employment opportunities and healthy business competition.

   Under the scheme, banks are expected to set aside ten percent (10%) of their Profit After Tax (PAT) annually purposely for promotion of

[43]. 'Free 250,000 FGN Business Names Registration foe MSMEs', <https://www.cac.gov.ng/free-250000-fg-cac-business-names-registration-for-msmes/?>, accessed 9 June 2021.

[44]. 'Development Finance', <https://www.cbn.gov.ng/Devfin/smeeispage.asp> accessed 21 May 2021

MSMEs[45] as their contribution to the efforts of the Federal Government towards enhancing economic growth and development, developing local technology and generating more employment. The banks are to provide the funds for microfinance in form of equity investment in eligible business enterprises and or loans at not more than a single digit interest rate inclusive of other financial charges.

All legal and duly registered businesses qualify for the scheme except those that deal with trading and financial or banking services. [46] The fund is invested in MSMEs in form of loans or equity investment or a combination of both and chargeable interest on the said loan or other charges must not be up to 10%. Any unutilized fund in a bank's reserve cannot be held forever as there is a time limit for keeping same after which the CBN will withdraw and invest it in Treasury Bill, thereafter use its profits for SMEEIS related administrative issues.

To qualify for SMEEIS, an enterprise must fulfil the following:[47]

a) Must have been registered with Corporate Affairs Commission (CAC) as a Limited Liability Company.

b) The nature of business must not relate to trading, banking or financing.

c) The enterprise must have a maximum asset base of Five Hundred Million Naira (₦500.000.000,00) only aside land and working capital.

d) The enterprise must have a large number of staff,

e) Must have satisfied all the post incorporation requirements e.g., annual returns must have been filed etc.

f) Must have paid all the required taxes.

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45. Ibid.

46. Usman Haruna and Isah Sulaiman and Tanko A. Isa, 'The Role Financial Institutions in Financing Small and Medium Enterprises in Nigeria' [2018] *International Institute of Academic Research and Development: International Journal of Economics and Business Management* Vol. 4 No. 4; 85.

47. 'Frequently Asked Questions', <https://www.cbn.gov.ng/FAQS/FAQ.asp?category=SMEEIS> accessed 21 May 2021

The role of CBN in this scheme is to co-ordinate the activities of the investing banks through its Development Finance Department which acts as the Bankers sub-committee's Secretariat on SMEEIS. An investing bank must forward periodic returns to CBN after investing in a project for the purpose of verification. Where the said investment complies with all the SMEEIS guidelines after verification, the CBN will accept and list it as part of SMEEIS projects; otherwise, it will be rejected. The CBN maintains a register for all the accepted and listed SMEEIS projects as proper record keeping.

2. ***Micro, Small and Medium Enterprises Development Fund (MSMEDF):*** It was established in year 2013 in recognition of the significant contributions of the Micro, Small and Medium Enterprises (MSMEs) sub-sector to the economy.[48] Despite their efforts, they face serious financial problems, therefore the Fund prescribes 50:50 ratio for on-lending to micro enterprises and SMEs respectively.

   The seed capital of MSMEDF is stated to be Two Hundred and Twenty Billion Naira (₦220,000.000.000.00) only. MSMEDF Guideline allocates 60% of the Fund for provision of financial services to women while 2% of the wholesale component of the Fund is earmarked for economically active persons living with disabilities except mental disabilities. The chief goal of the Fund is to channel low interest funds to the MSME sub-sector of the economy through Participating Financial Institutions (PFIs)[49]

   The fund is categorised into two major components which are: -

   a. *Commercial component:* it constitutes 90% of the Fund which shall be disbursed in the form of Wholesale Funding to PFIs in the ratio 60% to the Women and 40% of the Fund for Others. The office charged with the responsibility of administration of the women component of the Fund is to be headed by a woman.

   b. *Developmental Component*: it constitutes the remaining 10% of the Fund which is programmed for developmental programmes

[48]. MSMEDF Guidelines (see n.3); 2.

[49]. They are Microfinance Banks, Microfinance Institutions (NGOs and Financial Cooperatives), Finance Companies and Deposit Money Banks (DMBs) that have satisfied the eligibility criteria defined in the MSMEDF Guidelines.

at 9.75% for Grants i.e., general development of MSMEs while Operational Expenses takes the remaining 0.25% at take-off[50].

The CBN is assigned the task of managing the Fund in line with the terms and conditions stated in the Guidelines. To be eligible, the business entity has to fall under any of these:

a. Micro Enterprises: examples stated under the Guidelines are artisans; agricultural value chain activities; cottage Industries; services to hotels, schools, restaurants, laundry etc.; trade and general commerce and any other income generating enterprise as may be prescribed by the Central Bank.

b. Small and Medium Scale Enterprises (SMEs): which are stated as manufacturing; agricultural value chain activities; Renewable energy/energy efficient product and technologies; educational institutions; and any other income generating enterprise as may be prescribed by the Central Bank.

3. ***National Enterprise Development Programme (NEDEP):*** This programme was initiated by the ministry of Industry, Trade and Investment in order to address the issue of low access to finance by entrepreneurs in the MSMEs sub-sector.

The MSMEs constitute up to 90% of businesses in Nigeria and generate a great number of employments hence the need to focus and develop the sub-sector. This is why the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) was saddled with the responsibility of coordinating it.[51] The Programme was aimed at generating more jobs and address three key issues, which are:

a. Acquisition of skill which is to be funded by the Industrial Training Fund (ITF)

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[50]. MSMEDF Guidelines [2014] (Rev Edn), < https://www.cbn.gov.ng/out/2014/dfd/msmedf guidelines .pdf> accessed 22 April 2021; 4.

[51]. 'National Enterprise Development Programme (NEDEP) in summary', y Asked Questions', < https://smedan.gov.ng/nedep/> accessed 21 May 2021.

b. Entrepreneurship training/ business development services placed directly under the One Local Government One Product platform.

c. Easy access to finance which will aid ease of doing business in Nigeria. This aspect is being coordinated by the Bank of Industry.

In order to achieve the above, some of the following measures are adopted: training entrepreneurs, penetrating and accessing the market, monitoring and evaluation, formation and registration of cooperative societies, development of business plans by cooperative societies, easy access to modern equipment and machines, provision of finance, assessing the business plans submitted by cooperative societies etc.

4. ***Government Enterprise Empower Programme (GEEP):*** Launched by the federal government in the year 2016 with the aim of offering interest and collateral free loans to MSMEs. The program offers three loan products, which are:[52]

a. TraderMoni: it is specifically designed to assist artisans and petty traders such as motorcycle riders, tricycle riders, hair stylists, food vendors, wheel barrow pushers, fruit sellers etc., who live on daily petty sales and are incapable of obtaining loans from bank or other financial institutions due to the interests attached thereto. It is a 6month free interest loan meant to help them break through from poverty and gradually grow their petty businesses. The loan though being coordinated by the Bank of Industry, is not a bank loan. It starts with ₦10.000.00 and gradually increases to ₦100,000.00 depending on the ability of the beneficiary to re-pay the loan within the allotted time.

b. FarmerMoni: This loan is targeted at helping small scale farmers to grow and expand their businesses as well encouraging local food production in Nigeria. It offers an interest free credits of ₦250,000.00 and above for 6-9 months, depending on the sum.

52. 'GEEP', <https://www.geep.ng/> accessed 21 May 2021.

c. MarketMoni: It is a loan of ₦50,000.00 offered to smaller business owners or traders through cooperative societies and market associations but coordinated by Bank of Industry. It offers 6 months comfortable repayment plan, free of interest. The ability of the beneficiary to pay within the stipulated time qualifies him for another round or higher sum.

5. ***National Peer Group Educator Programme for Financial Inclusion (NAPGEP):*** In order to bridge the financial inclusion age gap, NAPGEP was initiated in year 2017 with the use of Volunteer Corps Members (VCMs) during the National Youth Service Corps (NYSC) orientation programme,[53] who are expected to provide financial literacy trainings for residents in their host communities. The programme seeks to improve, financial inclusion, financial education and financial empowerment in the rural communities. The VCMs are being trained by the Financial Inclusion State Steering Committee (FISSCO) in each state for onward training of the inhabitants of their host communities especially in the rural areas. They are to educate and bring to their awareness, the financial products and services available and applicable to them.

6. ***Nigerian Youth Investment Fund:*** This fund was established by the Federal government of Nigeria in year 2020 under the Nigerian Youth Employment Action Plan through the Federal Ministry of Youth and Sports Development. It was aimed at investing in the skills, ideas, talents and innovations of youths as well as tackling unemployment issues among the youths between ages 18 and 35.[54] This will give them more access to finance, generate more employment, curb youth restiveness, encourage entrepreneurship skills among the youths and boost economic growth.

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[53]. 'Closing the Financial Inclusion Gap' [2020] *Financial Inclusion Newsletter: Central Bank of Nigeria* Vol.5 Issue 2; 14.

[54]. 'Framework for the Operation of the NIRSAL Microfinance Bank Window of the Nigeria Youth Investment Fund (N-YIF)', <https://www.cbn.gov.ng/Out/2020/CCD/NYIF%20implementation%20Framework%20final%20Sept_30_2020.pdf> accessed 26 May 2021.

To be eligible, a person must:

a. Be a youth between 18-35 years.

b. Possess a Local Government indigene certificate to prove that he or she is a Nigerian citizen.

a. Prove that he/she has not been convicted for any offence related to financial crime within the period of 10 years preceding the application.

b. Possess a valid Bank Verification Number (BVN) and

c. Have a functional business enterprise domicile in Nigeria.

7. ***N-Power Nigeria:*** It is a federal government social investment program initiated in year 2016.[55] It was targeted at empowering millions of Nigerian youths with skills and knowledge and to tackle the issue of unemployment. It helps youths to learn and practice the basic necessities to find jobs and create jobs. The Program is categorised into:[56]

a. N-Agro: it means N-Power Agriculture. Youths are trained on how to become agriculture entrepreneurs, farm managers, farm developers, agriculture extension developers etc.

b. N-Teach: the volunteers are given some trainings before deploying them to the nearest place of primary assignment to teach in public schools.

c. N-Tax: it is created in partnership with Voluntary Asset and Income Declaration Scheme. They are trained with skills and development on tax and income related matters in order to encourage tax payers to open up on their income and pay the appropriate tax due to government.

d. N-Tech Software: they receive entrepreneurship training on software development upon which they can build on, depending on their area of interest.

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55. 'About N-Power Nigeria', <https://www.npowernews.com.ng/about-npower-nigeria/> accessed 21 May 2021.

56. Ibid.

e. N-Tech Hardware: this set of volunteers receive skills and training on hardware repairs and maintenance, technology development and recent computer hardware technology in order to be able to stand on their own as hardware technicians.

f. N-health: they are given the requisite training and skills in order to assist in the public health sector.

g. N-Build: this one is not for graduates. Youths here receive skills and trainings in building and construction, aluminium and gas, massing and tilling, electrical installation, carpentry and joinery etc.

h. N-Creative (Npower Creative): this is also for non-graduates. Beneficiaries are given trainings and skills on creativity in the areas of graphic designs, content production, animation, script writing, digital media publication, post production etc. in order to be able to compete internationally and boost the image of the country.

These and more are the ways by which government, banks and other financial institutions operate financial inclusion and loans to support entrepreneurs and the vulnerable groups in Nigeria. However, the vulnerable groups are still battling with high rate of exclusion as a result of improper management of available funds, non-implementation of applicable laws, improper utilisation of funds, financial illiteracy etc. Many people as well as entrepreneurs are also not aware of majority of the available policies and programme due to inadequate publicity while some find the bank products and services as being restrictive and not detail enough.

Conclusion

The ability of everyone to access affordable financial products and services is known as financial inclusion. Such services are offered by government, banks and other financial institutions. The groups identified as vulnerable are those usually located at the poverty zone and thus prone to financial exclusion. Financial exclusion may either occur on the part of the beneficiary due to poverty, age, sickness, illiteracy etc. or on the part of service provider which is largely the position due to high rate of interest and other charges, inadequate infrastructure, unclear terms of financial offers etc. Some of these sets of people have ventured into small businesses so as to be able to fend for themselves.

The MSMEs are operated by entrepreneurs who have been able to populate the business world and generate massive employments. It has however been argued that despite their activities and productivities, they face serious difficulties in accessing finances for starting up or boosting already existing business. Thus, the growth of the sub-sector is directly proportional to the growth of the business sector which also improves the national economy.

Financial inclusion of entrepreneurs and persons identified as vulnerable groups in this paper together with a well-structured and well-organised MSMEs will contribute immensely to poverty alleviation, achievement of Sustainable Development Goals, wealth creation, job creation, economic growth and development, crime reduction and so on. The available programmes and schemes geared towards financial inclusion are inadequate, improperly funded and managed, unpopular, not properly focused on the vulnerable groups etc. such that they go into extinction within a short period of time.

Recommendations

In the light of the above, the under listed are hereby recommended:

1. Government should launch more programmes which will aid ease of doing business for entrepreneurs in Nigeria.
2. Government should commission more agencies to oversee and coordinate the business sector.
3. Banks and other financial institutions should develop financial inclusive strategies which will accommodate all the vulnerable groups.
4. Financial education should also be included in school curriculum as compulsory courses or subjects from secondary school.
5. Entrepreneurs and the general masses must be well informed with regard to skill acquisition, management and utilisation of finances in a profitable way as well as risk management.
6. Banks and other financial institutions should make their services more accessible and friendly so that beneficiaries will be able to meet up with targets.

7. Banks and other financial institutions should make their services known and understandable to the vulnerable groups so that they will have proper understanding of the available products and services and be able to make informed decisions. The languages should be simplified.

8. The banks should penetrate the grassroots to reduce the number of 'unbanked' people.

9. The local government authorities should take up their responsibilities in driving social and basic amenities to the grassroots with the support of the federal and state governments in order to reduce rural-urban migration.