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ECONOMIC ASSESSMENT OF FINANCIAL INCLUSION AMONG RURAL FARMERS IN NSUKKA LOCAL GOVERNMENT AREA, ENUGU STATE

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Abstract

Rural farmers are highly vulnerable to financial exclusion. This study assessed financial inclusion among rural farmers in Nsukka local government area of Enugu State, Nigeria. A multistage sampling technique and primary data was used for this study. Farmers were interviewed using a well-structured questionnaire. The results showed that the level of financial inclusion among rural farmers in Nsukka, Enugu state, is still low, as only 46.7% of the respondents are financially included. There was no relationship between the socio-economic characteristics of the respondents and their access to formal financial institution products but there was a relationship between their socio-economic characteristics and usage to formal financial institution products. Constraints to financial inclusion among the rural farmers include: Bank procedures, Technicality, Language barriers, Lack of collateral security, High interest rate, Far distance to financial institutions, among others. The study recommended that the government should strengthen strategic efforts to make finance available to all farmers so as to increase production and improve living standards of rural farmers.

***Keywords*:** *Farmers, financial inclusion, economic growth, development*

Introduction

According to the World Bank, financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way (World Bank, 2019). Organization for Economic Cooperation and Development and the International Network on Financial Education (OECD/INFE, 2012) opines that financial inclusion entails the promotion of affordable, timely and appropriate access to a range of regulated financial products and services, and the expansion of their use by all segments of society through the implementation of personalized and innovative actions that include education and financial knowledge aimed at promoting well-being , economic and social inclusion.

Financial inclusion is aimed at getting the unbanked, to be banked in financial institution for increased savings and financial security. It does not only target the unbanked, but also the under banked. The under-banked may have bank account(s), but may not be utilizing the financial services and products of their banks. They are classified as under banked because financial inclusion is a measure of accessibility and usage of financial products and services, hence opening an account is not a composite degree to financial inclusion, but a totality of accessibility and usage of financial products and services, is what actually defines financial inclusion (Uma, Rupa, Madhu, 2013).

The Global Findex (2017) report showed that rural populations who are mainly farmers are more financially excluded than urban population. Through financial inclusion, the savings and investments of the rural population can be enhanced and this can result to increase in agricultural production, boost to agricultural processing and storage and other value chain activities, in order to reduce food insecurity and meet the increasing demand for food (Akinlo, 2014).

Access to finance is fundamental to economic growth and development. This is why financial inclusion has been gaining increased

concerns globally. Access to financial services in the rural area in particular will go a long way in empowering small scale farmers and women as well as boost agricultural production, since agriculture is the main source of livelihood in the rural areas. Financial inclusion can enable rural farmers and the poor to manage their household cash flows, increase saving, afford health care, education, start up new agricultural activities, plan and invest for the future (Akinlo, 2014). This is why financial inclusion is very important in economic development as it has been identified as an enabler to various Sustainable Development Goals (SDGs). Financial inclusion has continued to assume increasing recognition across the globe among policy makers, researchers and development-oriented agencies. Its importance derives from the promise it holds as a tool for economic development, particularly in the areas of poverty reduction, employment generation, wealth creation and improving welfare and general standard of living.

Great strides have been made toward financial inclusion and 1.2 billion adults worldwide now have access to an account since 2011 (Global Findex, 2017). Yet, there is still a gap in financial inclusion between the urban and rural population, as the urban population are more financially included. In Nigeria, the Central Bank of Nigeria (CBN) has steered various efforts to bridge the financial inclusion gaps, by setting up the National Financial Inclusion Strategy, and also promoting financial policies to enhance financial inclusion. Also, 53 percent of adults were financially excluded in 2008, this figure reduced to 46.3 percent in 2010 according to findings from the "Enhancing Financial Innovation and Access (EFInA)" development group.

Financial inclusion is important for improving the living conditions of poor farmers, rural non-farm enterprises and other vulnerable groups. Financial exclusion, in terms of lack of access to credit from formal institutions, is detrimental to small and marginal farmers and the vulnerable urban poor. This is because limited access to credit means low skill, low productivity, low efficiency and high vulnerability to the risk of small and marginal farmers, especially the rural landless and urban poor (Levine,

2005). Complicating these issues also is the great number of concerns for how the realities of rural life interacting in such financially excluded conditions mean, for rural farmers.

Again, Beck et al. (2004) has shown that there exists a relationship between the level of financial inclusion and productivity, economic activities cum welfare of the people. Evidence shows that South Africa, Kenya, Tanzania and Uganda with 46percent, 69 percent, 54 percent, and 40 percent of financially included respectively, all ahead of Nigeria's 21%, have poverty figures at 25.11% (SA), 32.28% (K), 38.98% (T), and 40.73% (U) all lower than Nigeria's 43.45% (QuartzAfrica, 2018; Chironga, Grandis, Zouaoui, 2014). Thus, financial inclusion can contribute to poverty reduction, economic and social development, and financial stability (United Nations Conference on Trade and Development, 2014). Consequently, the need to access the level of financial inclusion among rural farmers in Nsukka local government of Enugu state, Nigeria.

Further, across developing countries, literature shows that on the most basic level, high costs and risk are at the core of limited supply of financial services to the low end of the market. The fixed cost of financial service provision (i.e. costs that are independent of the amount of deposit or credit, the number of transactions of a client, or the number of clients served in a branch or by an institution) makes provision to low-income segments of the population more difficult, as these are customers with demand for smaller and/or fewer transactions. Dispersed population in rural areas also makes traditional financial service provision through brick-and-mortar branching less commercially viable outside urban centers (Serrao, Sequeira, Varambally, 2013).

In addition, there are high risks in a financially exclusive nation and the possibilities prohibitively almost impossible to reach out to the low end of the market as, a large share of rural households and economic agents in such an environment or nation will be operating in the informal sector. This problem is exacerbated with tighter Know-Your-Customer (KYC) regulations introduced in the past decade across the globe, in conjunction

with lack of proper identification systems in many low-income countries. On the demand side complications to financial inclusion of; lack of financial literacy, behavioral and intra household constraints especially for savings decisions, but also for decisions surrounding resource allocation of credit resources and for some population groups influenced by religious constraints concerning interest-bearing contracts limit willingness to access formal conventional finance and further complicate the financial inclusion challenge (Beck, 2015).

Rural farmers are highly vulnerable to financial exclusion as a result of illiteracy, prevalence of poverty, distance to bank and risk involved in agricultural production (Beck, Peria, Obstfeld, Presbitero, 2018). An assessment of financial inclusion among rural farmers in Nsukka Local Government of Enugu state, Nigeria, will give an insight to the level of financial inclusion in Nigeria

Materials and methods

The study was carried out in Nsukka Local Government Area (L.G.A), one of the seventeen Local Government Areas in Enugu state of Nigeria. Nsukka LGA has an area of 1,810 km² (Ozor, Ozioko, Acheampong, 2015) and lies within latitudes $6^0$45'N and $7^0$00'N, and longitude $7^0$15'E and $7^0$30'E of the Greenwich meridian (Ofomata, 1995). Nsukka shares boundaries with Igbo-Etiti L.G.A on the South, Uzo-Uwani L.G.A on the West, Udenu L.G.A on the East and Igboeze-North L.G.A on the North, all in Enugu State. Nsukka has a population of 309,633 from the 2006 Nigerian census (Ozor, Ozioko, Acheampong, 2015).

The area is made up of moderately rolling plains and group of hills. It lies within the derived savannah vegetation zone, characterized by incomplete canopy cover which affects soil moisture (Ofomata, 1995). The soils are mainly reddish brown, pale clay and gravel. The climatic conditions are characterized with high temperature ranges from 27^0C - 28^0C. There are two seasons, the wet and dry seasons. The wet season extends from April – October, while the dry season extends from November

– March. The annual rainfall range is 1680mm – 1700mm. Farming constitutes their economic activities, although, some of them engage in petty trading especially in the urban areas. Some domesticate animals such as poultry, goats, sheep, pigs, etc. However, crop production is the main source of their livelihood. The University of Nigeria Nsukka Community is also a part of the Local Government Area (Ozor, Ozioko, Acheampong, 2015).

A multistage sampling technique was implored. In the first stage, three towns were selected, from Nsukka Local Government Area. In the second stage, 20 farmers were randomly selected from the rural areas in the three towns selected. A total of 60 farmers were sampled. Primary data was used for this study. Farmers were interviewed using a well-structured questionnaire. The questionnaire captures the socio-economic characteristics of the farmers' saving behavior, perception of the rural farmers on formal and informal saving, level of access and usage of formal financial institution products, as well as constraints to financial inclusion among rural farmers.

Model specification

Double hurdle model

Double-hurdle model was formulated by Cragg in 1971. The model assumes that farming household heads make two sequential decisions with regard to formal financial inclusion access and the extent of use. The model was particularly adopted because it allows for the joint modelling of the decision to be formally financially included and extent of use of the formal financial institutions product(s). The first hurdle of the model corresponds to a Probit model. The Probit model constrains the estimated probabilities to be between 0 and 1; 1, if farmer has access to a formal financial institution product and 0 if otherwise. The second hurdle involves an outcome equation, which uses a truncated regression model (that closely resembles the Tobit's model) to determine the constraints influencing the access and use of formal financial institution products by the farmer. Truncation is relevant to the study because some of the farmers may not be formally

financially included. In other words, this stage uses observations only from farmers who reported positive to being formally financially included (Cragg, 1971).

The general equations for the first and second hurdle respectively are given below;

$Yi = b0 + b1X1 + b2X2 + b3X3 + b4X4 + b5X5 + b6X6 + b7X7 + b8X8 + b9X9 + e$ ----------(1)

$Zi = b0 + b1X1 + b2X2 + b3X3 + b4X4 + b5X5 + b6X6 + b7X7 + b8X8 + b9X9 + e$ ----------(2)

Where Yi = Dependent variable (1 if farmer has access to formal financial institution products and 0 if otherwise)

Where Zi = Dependent Variable (usage of the formal financial institution products by the farmer)

Where X1….X9 are independent variable;

X1 = Age (years)

X2 = Gender

X3= Family labour (Potentially available family labour force)

X4 = Annual income (naira)

X5= Access to formal financial institutions (access = 1; no access = 0)

X6= farm size (The size of the farm, in hectares)

X7= Farmer's perception about formal and informal (positive perception 1 and 0 otherwise)

X8 = Farming experience (in years)

X9= Distance from farm to financial institution/bank (km)

E = error term

Likert rating scale

The Likert scale was developed in 1932 by Rensis Likert. It is used extensively for attitude measurements (Uzoagulu, 2011). It works by presenting a set of statements about an issue and requesting respondents to indicate whether they strongly agree, agree, are undecided, disagree, or strongly disagree. These responses are assigned values, and the total value is calculated through the summation of the values. The five-point scale will

be used in this order: Very High Access (VHA) = 5, High Access (HA) = 4, considerable Access (CA) = 3, Low (L) = 2, Not at all (NAT) = 1; the four-point scales will be used in this order: Highly available (HA) = 4, Available (A) = 3, Lowly available (LA) = 2, Not at all (NAT) = 1; Highly affordable (HA) = 4, Affordable (A) = 3, Lowly affordable (LA) = 2, Not affordable (NA) = 1; Very often (VO) = 4, often (O) = 3, Lowly used (LU) = 2, Not at all (NAT) = 1. The mean score of the respondents based on the 4-point scale will be 4 + 3 + 2 + 1 = 10, 10/4 = 2.50 and; 5+4 + 3 + 2 + 1 = 15, 15/5 = 3.0 for the 5-point scale. This total value represents the respondent's rating of a particular issue, and could be in favour or against the issue depending on the cut-off mark. The cut-off is 3.0 on the five-point scale and 2.5 on the four-point scale. Based on these, any mean score below 2.5 (for the 4-point scale) or 3.0 (for the 5-point scale) will be regarded as not important.

Results and discussion

Socioeconomic Characteristics of Respondents

The socioeconomic characteristics of the respondents were described in table 1. The socioeconomic characteristics used in this study include, age, sex, marital status, household size, educational level, source of income, farm experience, farm size, and Annual income (Naira).

Table 1: Socioeconomic characteristics of respondents

Personal characteristics	Frequency	Percentage	Mean
Age (years)			
25-35	15	25.4	
36-45	16	27.1	
46-55	20	33.9	
56-65	4	6.8	
66 and above	4	6.8	
Sex			
Male	35	58.3	
Female	23	38.3	

Marital status			
Single	41	69.5	
Married	18	30.5	
Household Size			5.877
1 – 3	4	8.8	
4 – 6	38	66.6	
7 – 9	12	21.1	
10 – 12	2	3.6	
Educational level			
None	7	11.7	
Primary	13	21.7	
Secondary	24	40.0	
Tertiary	5	8.3	
Source of income			
Farm	35	60.3	
Off-farm	20	34.5	
Both	3	5.2	
Farm experience (Years)			11.362
1 – 5	3	5.2	
6 – 10	25	43.1	
11 – 15	18	31.0	
16 – 20	7	12.1	
Above 20	4	6.8	
Farm size (hectares, Ha)			0.175
0.01 - 0.10	22	36.7	
0.11 - 0.20	18	30.0	
0.21 - 0.30	10	16.7	
0.31 - 0.40	3	5.0	
0.41 - 0.50	1	1.7	
Above 0.50	2	3.3	

Annual income (Naira)			85,942.308
Less than 50,000	24	40.0	
50,100 - 100,000	22	36.7	
100,100 - 150,000	1	1.7	
150,100 - 200,000	3	5.0	
Above 200,000	1	1.7	

Source: Field Survey, 2019

About 33.9% of the respondent's age were between 46-55years, 27.1% were between 36-45 years, 25.4% were between 25-35 years, 6.8% were between 56-65 years and 6.8% were 66 years and above. This means that respondents were still in their active productive ages which could make them to be selected for financial inclusion. According to EFInA 2016 report, 53.5% of the 18 to 25 age brackets are financially excluded, and the highest level of formally included are in the 36 to 45 age bracket.

The respondents were male dominated as 58.3% of the rural farmers were males, while 38.3% were females. This may imply that the farmers in the study area are dominated by men probably due to social and cultural constraints faced by women. This finding is in line with the study by Triki & Faye (2013) which states that when it comes to inclusion in more complex credit markets, the financing gap is most acute in rural areas. The Global Findex 2017 report also showed that women are more financially excluded.

The respondents were mainly single as 69.5% were single while 30.5% were married. Since a greater percentage of the farmers were single, they may tend to be financially included possibly been that singles may be more adventurous than married people. The household size showed that 66.6% of the respondents had household size of 4-6 persons, 21.1% had 7-9 persons, 8.8% had 1-3 persons and 3.6% had 10-12 persons. The average household size was 6 persons. This implies that respondents had relatively moderate household size.

The Educational level of the respondents showed that 40.0% of the respondents attended secondary education, 21.7% had primary education, and 11.7% had no formal education while 8.3% had tertiary education. This, therefore, implies that majority of the respondents were literate.

As represented in Table 1.1, 60.3% of the respondents sourced their income from farm production, 34.5% sourced from off-farm while 5.2% sourced from both farm and off-farm production activities. This, therefore, implies that majority of the respondents obtained their income from farm/farming activities.

The respondents Farm experience showed that 43.1% of the respondents had farm experience of 6-10 years, 31.0% had 11-15 years, 12.1% had 16-20 years, 6.8% had above 20 years while 5.2% had 1-5 years. The average farm experience was 11years. This implies that respondents had relatively high farm experience. The distribution of respondent's farm size showed that 36.7% of the respondents had farm size of 0.01-0.10 ha, 30.0% had 0.11-0.20 ha, 16.7% had 0.21-0.30 ha, 5.0% had 0.31-0.40 ha, 3.3% had above 0.50 ha while 1.7% had 0.41-0.50 ha. The average farm size was 0.175 ha. This implies that respondents had relatively small farm size probably because most of them do not have sufficient fund to increase investment.

The average annual income of respondents was 85,942.31 Naira. As revealed by the Table 1.1, 40.0% of the respondents had annual income of less than 50,000 Naira, 36.7% had 50,100-100000 Naira, 5.0% had 150,100-200000 Naira, while 1.7% had 100,100-150,000 and above 200,000 Naira respectively. This implies that respondents had relatively low income probably because most of them have no access to finance.

Savings behavior of Rural Farmers

To ascertain the saving behavior of the rural farmers, information on farmer's ownership of bank account, type of account, bank products used, reason for opening bank account, frequency of saving in the bank account (average frequency to deposit savings in the account), access to loan,

membership of informal saving group, access to loan from informal savings group, preferred method of saving and family budget, were asked.

Table 2 Savings behavior of Rural Farmers

Variables	Frequency	Percentage
Ownership of bank account	28	46.7
Type of account		
Savings	20	33.3
Products of the bank used		
ATM	12	20.0
Loan	2	3.3
Saving in the account	1	1.7
Accessed more than one bank product	5	8.3
Reasons for opening the account(s)		
Saving money	25	41.7
Frequency of saving money in account		
Never	3	5.0
At least once a month	3	5.0
I put in money when I can	9	15.0
Others	2	3.3
Loan request		
Yes	1	1.7
No	18	30.0
Accessed bank loan		
Yes	1	1.7
Membership to informal savings group		
Yes	45	75.0
No	11	18.3

Reasons for joining informal savings group		
Personal benefit	14	23.3
Economic pressures	30	50.0
Previously made loan application to informal savings group		
Yes	40	66.7
No	13	21.7
Accessed loan from informal savings group		
Yes	39	65.0
No	9	15.0
Preferred method of saving		
Banks	14	23.3
Informal savings group	35	58.3
Family budget		
Yes	17	28.3
No	38	63.3

Source: Field Survey, 2019

About 46.7% of the respondents had bank account. This shows there is need to strengthen measures to increase financial inclusion in the study area. A greater proportion (33.3%) of the respondents had savings bank account. This may be because it allows most farmers to access their money easily. The findings showed that 20.0% of the respondents had access to ATM, 8.3% accessed more than one bank product, and 3.3% had access to loan while 1.7% accessed savings products. While 41.7% of the respondents opened account to save their money, only 5.0% saved frequently. This may be due to lack of sufficient funds. Only 1.7% of the respondents with bank account had requested for loan from banks. Most of the respondents were members of informal saving groups as 75.0% of the respondents were members of informal saving groups while 18.3% were not

members of informal saving groups. While, 50.0% of the respondents had other reasons for joining membership of informal saving groups, 23.3% had personal reasons for joining informal saving groups. Also, 66.7% of the respondents applied for loan from informal saving groups while 21.7% did not apply for loan from informal saving groups. The findings also showed that 65.0% of the respondents that applied for loan from informal saving groups were able to access the loan, while 15.0% were not able to access the loan from informal saving groups. It agrees with the assertion that in Sub-Saharan Africa, 60-70% of the population lives in rural areas, with the majority engaged in agriculture. Yet most of this population does not have access to formal financial services (CGAP, 2010). Most of the respondents preferred saving in informal saving group to banks, as 58.3% of the respondents preferred saving with informal saving groups, while 23.3% preferred saving with bank. This may be due to the less complexity and ease of accessing informal saving groups. Also, 63.3% of the respondents did not usually prepare family budget while 28.3% had family budget.

Perception of the rural farmers to formal and informal saving

The perception of the rural farmers to formal and informal saving was analyzed using a 5-point Likert rating scale. The scale was graded as Strongly Agree=5, Agree=4, Neutral=3, Disagree=2, Strongly Disagree=1. The mean score based on the 5-point scale was, 5 + 4 + 3 + 2+ 1 = 15/5= 3. Any mean above 3 indicates that the farmers strongly agrees or agrees, mean below 3, indicates that the farmer disagrees or strongly disagrees.

Table 3: Perception of the rural farmers to formal and informal saving

Farmer's Perceptions	Mean	Std. Deviation
Saving in informal saving group is less complicated than saving in the bank	3.2931	1.10832
Accessing cash in informal saving group is easier than accessing cash in the bank	3.5000	1.20307

Accessing loan in informal saving groups is easier than accessing loan in the bank	3.3793	0.83409
The bank charges are more than charges in informal saving groups	4.0545	1.44553
The process of becoming a member of informal saving groups is less rigorous than opening a bank account	4.4815	0.60628
The interest rate accrued in saving in informal saving group is higher than that accrued saving in the banks	2.1379	1.24883
The interest rate on loan in informal saving group is less than that of banks	3.6964	1.00760
Saving in informal saving group is more secured than saving in the bank	3.7963	1.32294
Communication (Language) is easier in informal saving groups than in banks	4.8621	0.47566
Distance to informal saving group is shorter than distance to bank	3.5255	0.45071
Requirement for opening an account in bank is more complicated than that of informal saving group	3.7500	0.94713

Field Survey, 2019

The perception of the farmers on formal and informal saving was represented in Table 3. It showed that most of the farmers disagreed that the interest rate accrued in saving in informal saving group is higher than that accrued in saving in the bank. They agreed that; saving in informal saving group is less complicated than saving in the bank, accessing cash in informal saving group is easier and less stressful than accessing cash in the bank, accessing loan in informal saving groups is easier and less stressful than accessing loan in the bank, the bank charges is more than charges in informal saving groups, the process of becoming a member of informal

saving groups is less rigorous than opening a bank account, saving in informal saving group is more secured than saving in the bank, the interest rate on loan in informal saving group is less than that of banks, communication (language) is easier in informal saving groups than in banks, distance to informal saving group is shorter than distance to bank, requirement for opening an account in bank is more complicated than that of informal saving group.

The effect of socioeconomic characteristics on access and usage of formal financial institution products

A double hurdle model was used to analyze the effect of socio-economic characteristics on the access and usage of formal financial institution products by rural farmers. In the first step to ascertain access to financial institution by rural farmers, age, sex, experience, farm size, annual income were used as the independent variable.

Table 4: Effect of socioeconomic characteristics on access to formal financial institution

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Age	-1.571	1.307	1.444	1	.229	.208
	Sex	-1.014	2.637	.148	1	.700	.363
	Farm experience	-.234	.267	.768	1	.381	.792
	Farm size	-15.014	8.726	2.961	1	.085	.000
	Annual income	.000	.000	.091	1	.763	1.000
	Constant	13.843	7.432	3.469	1	.063	1027894.937

Source: Field survey, 2019

The result in table 4 shows that there was no significant relationship (2 Log likelihood = 6.890[a]; $p \leq 0.05$) with 28.6% (R^2) between some socio-economic factors and access to formal financial institutions. This implies that social economic variables listed do not determine access to formal financial institutions.

Table 5: Effect of socioeconomic characteristics on usage of formal financial institution products

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	34.394	2.634		13.057	.000
	Age	.174	.721	.041	.241	.811
	Sex	-3.472	1.683	-.388	-2.063	.046
	Farm experience	.039	.169	.040	.231	.819
	Farm size	8.220	8.451	.183	.973	.337
	Income	-5.708E-6	.000	-.105	-.620	.539
	F-value	1.035				
	R^2	0.126				
	Std. Error	4.43683				

The result in table 4 showed that there was a significant relationship (F=1.035; p≤0.05) with some socioeconomic factors and use of formal financial institution (R^2=12.6%). Specifically, sex (t= -2.063; p≤0.05) is the only socioeconomic factors that has significant and negative relationship with use of formal financial institution services. This negative relationship of sex with the use of formal financial institution products indicates that sex can affect the use of formal financial institution services.

Constraints to financial inclusion among rural farmers

The study ascertained factors that are constraints to financial inclusion. Constraints to financial inclusion is bared in table 6.

Table 6: Constraints to financial inclusion among rural farmers

Constraints	Frequency	Percentage
Lack of collateral security	52	86.7
Untimely credit disbursement	41	68.3
High interest rate	49	81.7
I have no savings in my account	46	76.7
Far distance to financial institutions	47	78.3
Complex banking procedures	45	75.0
Inaccessibility to credit information	39	65.0

One is not always given the full amount applied	42	70.0
Communication barriers	42	70.0
Rural infrastructure	44	73.3
Language barriers	54	90.0
Network issues	38	63.3
Not yet guarantee against fraud/mistake	41	68.3
Technicality	59	98.3
Bank procedures	59	98.3

Source: Field Survey, 2019

The result in table 6 showed that the constraints to financial inclusion among the rural farmers include: Bank procedures (98.3%), Technicality (98.3%), Language barriers (90.0%), Lack of collateral security (86.7%), High interest rate (81.7%), Far distance to financial institutions (78.3%), No savings account (76.7%) among others. The result agrees with the study by Hansen (2019) which states that constraint such as distance to a bank are common barrier to basic financial inclusion in especially rural situations.

Conclusion and recommendation

The level of financial inclusion among rural farmers in Nsukka, Enugu state, is still low, as only 46.7% of the respondents are financially included. However, the respondents had a reasonably good perception of the advantages and disadvantages of formal and informal saving. There was also, as revealed by the study, no relationship between the socio-economic

characteristics of the respondents and their access to formal financial institution products; however, there was a relationship between their socio-economic characteristics and usage to formal financial institution products. This study also shows that the constraints to financial inclusion among the rural farmers include: Bank procedures, Technicality, Language barriers, Lack of collateral security, High interest rate, Far distance to financial institutions, among others. Based on these findings, the following recommendations are made:

- The government should strengthen strategic efforts to make finance available to all farmers both, males and females so as to, increase production and improve living standards of rural farmers.
- Financial institutions and lending agencies should lower interest rates so that farmers can obtain loans. The processes involved in acquiring them should be made more convenient. This will help business individuals and farmers – especially in rural areas – acquire these facilities necessary for higher efficiency in their enterprises.
- Government and international development agencies should collaborate and establish financial outlets in rural areas to make it easier for farmers assess.
- The informal saving groups should endeavour to keep the funds safe, make it available to farmers at a considerable rate. This can help farmers carry out more production more efficiently.
- Public institutions should create awareness and sensitization campaign in towns and communities about the importance of providing funds to farmers with little or no interest rate attached.

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