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Micro Financing and Life in Rural Nigeria: Evidence from Edo North and Central of Nigeria

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Abstract:
This study examines the impact of micro financing on life in the rural areas using Edo North and Central Regions of Nigeria as a case study. The objective of the study is to examine the impact of micro financing on poverty alleviation, unemployment, living standards and small and medium enterprises growth. A structured questionnaire was used to collect data and the collected data were analyzed using the maximum likelihood estimation (MLE) technique of the ordered logistic regression. The results of the analysis show that micro financing in the region has a significant positive effect on poverty alleviation; and small medium enterprises growth; a negative and significant effect on unemployment and a negative but insignificant effect on poor living standards. The study recommends that: governments should continue to encourage micro financing institutions through more tax incentives so that their capacity to reduce poverty and able to contribute meaningfully to the achievement of the Sustainable Development Goals (SDGs) of reducing poverty can be enhanced; to foster employment generation by small and medium enterprises, governments should look for ways to encourage SMEs by channeling more financial assistance through microfinancing institutions to them with more liberal terms; governments and financing institutions should mainstream on providing more technical assistance to SMEs to enhance their ability to better living standards; to boost growth among SMEs, the firms should also look closely at financing growth through internal sources such as retained earnings.

Keywords*: Micro financing, Poverty alleviation, SMEs, Living standards, MFIs*

1. Introduction

Microfinance banks have become a major source of subsistence to entrepreneurship in many sectors of the Nigerian economy where unemployment and poverty have not only been very high but on the upward trend with unemployment rate rising from about 7.4% in 2011 to about 24.7% in 2013, government had to focus on credit delivery to the poor, small and medium enterprises (SMEs) (Umanhonlen, Okoro & Umanhonlen, 2018). This has continued to be worrying been very high (still in the neighborhood of about 18.8% and underemployment at about 21.2%) (PriceWaterHouseCoopers, 2018). In a similar manner, entrepreneurship has been described as a panacea for poverty reduction (Olayinka, Olusegun & Babatunde, 2015).

Very often, targeted entrepreneurial activities are thought to be effective in achieving desired results. Oyedele, Ogunlade and Adeleke (2018) noted that women-owned businesses are one of the fastest growing entrepreneurial populations in the world, making significant contributions in innovating, employment and wealth creation.

One problem commonly identified with the policy of entrepreneurial development is the access to finance (Nwanyanwu, 2011; Oyedele et al., 2018). The significance of microfinance cannot be overstated, 2005 was declared as the year of micro credit to underscore the importance of microfinance in meeting the Millennium Development Goals (Duru & Ogbe, 2013).

Ojo (2009) noted that the issue of sustainable development in Nigeria has been a growing concern to all, this is because the huge amount of money the government has been investing in this platform over the years has not yielded meaningful results.

Wang (2013) notes that one of the responses to the challenges facing SMEs is the lack of financing options for SMEs are the introduction and development of microfinance. Microfinance has the ability to strengthen SMEs and encourage best practices among operators of SMEs.

Given the need to address the twin problems of unemployment and poverty in Nigeria serious efforts have been called for in the quest to stimulate SMEs to empower them to deliver on their potentials. A conclusion by Ocasio (2002) is that a prevalent finding in the literature is that access to microfinance benefits the poor and contributes to poverty alleviation.

Morduch and Harley (2002) noted that poverty reduction have become the object of unprecedented attention and the millennium goals (now sustainable development goals – SDGs)focus on poverty reduction, and microfinance has proven to be an effective and powerful tool for poverty reduction but like many other development tools, it has insufficiently penetrated the poorer strata of society; there is vast evidence to support the positive impact of microfinance on poverty reduction. Mahmud, Arby, Hussain and Sattar (2016) concluded that microfinance plays an important role in reducing poverty and enhancing standards of living in developing countries, greatly increasing the income of poor households and boosting their standards of living.

Poverty is the number one goal of the seventeen Sustainable Development Goals (SDGs), and a great majority of the world is poor. Many strategies have been adopted to fight poverty, all of which have proved ineffective; however, the world appears to have found one promising strategy – microfinance (Zachariah, Azeez, Olayide & Olaniyan, 2017)

As observed by Ocasio (2012), there is agreement amongst academic development community about the fact that we still know very little about the impact of microfinance, the general agreement about what is known about microfinance can be unequivocally stated thus: the field operations of microfinance institutions have far surpassed the research capacity to analyze them, meaning that the excitement about the use of microfinance for poverty reduction is not backed up with sound facts derived from concerted rigorous research.

To underscore the role of microfinancing in the fight against poverty and unemployment, Okafor (2016) noted that the regulations of the Central Bank of Nigeria (CBN) led to the establishment of the microfinance policy framework which birthed microfinance banks in 2005 in Nigeria with the aim of providing jobs, creating wealth, empowering the poor and thereby alleviating poverty in the country.

Agreeing with Ocasio (2012), with the current level of poverty, unemployment and poor living standards, Ogwumike and Ozughalu (2018) concluded that over 70% of children in Nigeria were in poverty (with over 23% in extreme poverty in 2018). This suggests that after about 13 years of the implementation of the microfinance policy framework with its objective of poverty alleviation, not much has been achieved in this regard. It is therefore expedient to search for empirical evidence to exploring the impact of microfinancing in various communities, hence this study. The study aims at examining the impact of microfinancing on poverty, unemployment, SMEs growth, poor living standards in Edo North and Central Regions of Nigeria. The general null hypothesis of this study is that microfinancing has no significant effect on living in Edo North. The following are the stated null hypotheses to guide the conduct of this study:

- H_i: Microfinancing has no significant effect on poverty alleviation in Nigerian rural areas.
- H_{ii}: Microfinancing has no significant effect on unemployment in Nigerian rural areas.
- H_{iii}: Microfinancing has no significant effect on poor living standards in Nigerian rural areas
- H_{iv}: Microfinancing has no significant effect on SMEs growth in Nigerian rural areas.

2. Review of Related Literature

2.1. Conceptual Review

Microfinancing, also known as micro credit refers to the type of banking service provided to unemployed or low-income individuals or groups who otherwise would have no access to financial services. It refers to the provision of a broad range of financial services such as deposits, loans, payment services, money transfers and insurance products for microenterprises and small businesses to enable them raise their income levels and improve their living standards (Akinlo & Oni, 2012). Core principles of micro financing are:

The poor needs access to appropriate financial services; the poor has the capacity to repay loans, pay the real cost of loans and operate savings; microfinance is an effective tool for poverty alleviation; microfinancing can and should be undertaken on a sustainable basis; microfinance institutions must aim to provide financial services to an increasing number of disadvantaged people; microfinance programme must developed performance standards that will define and govern the microfinance industry toward greater reach and sustainability (Babajara, 2010).

Beck (2015) defined microfinancing as an attempt to provide financial services to households and micro-enterprises that are excluded from traditional commercial banking service. Egboro (2015) recognizes microfinance as an important tool for poverty reduction and socio development in many developing countries. Abubakar, Zainol and Abdullahi (2015) simply defined microfinance as lending small amount of money for enterprise development and attainment of income above poverty line.

Poverty means the lack of income or shortage of assets, the lack of competence, and disempowerment (Hussain & Bhuiyan, 2014). Bhuiyan (2014) noted that poverty canbe categorized into two: absolute and relative. Absolute poverty is the absence of resources to meet physical needs for survival; relative poverty is the result of comparing the economic status of a particular group or region to the status of other groups or region. In simplified terms, poverty is a state where an individual is unable to cater adequately for his or her basic needs of food, clothing and shelter (Ashamu & Ayomodele, 2015). Poverty alleviation therefore refers to all measures employed to reduce poverty level among people in a region.

Unemployment refers to labour force minus employed persons (Maqbool, Mahood, Satter & Bhalli, 2013). In simple terms therefore unemployment means a situation in which those who are willing and able are unable to find employment. This may sometimes be defined differently from underemployment which is a condition in which people in a labour force are employed at less than full-time or regular jobs or at jobs inadequate with respect to their training or economic needs. It is often referred to as a form of unemployment (Marian-Webster Dictionary).

Small and medium enterprises refer largely to businesses in the informal sectors of the economy. They are usually of low capital, employing a relatively very small work force and with low turnover. They are usually defined in different ways by different institutions and for different purposes. For tax exemption purposes small businesses are defined as those whose annual turnover does not exceed ₦25 million by the Finance Act of 2020. Thus, the definition of SMEs is usually in terms of turnover and staff strength (SME Corporation of Malaysia Secretariat, 2013). The Central Bank of Nigeria (CBN) defined small and medium scale enterprises for the purpose of ₦200 billion small and medium

enterprises credit guarantee scheme (SMECGS) as an 'enterprise that has asset base (excluding land) of between ₦5 million -₦500 million and labor force of between 11 and 300 (Central Bank of Nigeria, 2010).
Living standards could mean different things to different people. From a narrow economic view point, it means the average income in the community, and from a broader sense it means welfare or quality of life (Dippelsman, 1997). In simple terms, living standards is the level of wealth, comfort, ability to acquire material goods and available necessities in a country, that is, the access one has to quality living.

2.2. Theoretical Framework

This study is anchored on the following theories:

2.2.1. Theory of Financial Management

Small businesses do not have the same features as large businesses. The uniqueness of small businesses creates a new set of problems in financial management. Ang (1991) observed that modern corporate financial management theories were developed with large businesses in mind, not small businesses, and that in the stylized theoretical firm is assumed to have access to the external capital market for both debt and equity capital, the shareholders have limited liabilities and often own diversified portfolio. For small businesses, these are not largely expected thus, 'can we not expect extant theory of corporate finance to still be applicable' is relevant a question that may be asked to practitioners/researchers who are interested in the application of finance to small businesses. The inclusion of the unique features of small businesses expands the issue of agency in so many ways; including: allowing alternative organizational forms like sole proprietorship and partnership leads to a new level of agency issues; solutions to agency problems such as monitoring and bonding are relatively more expensive and unaffordable to small business; and outside stakeholders of small business face several information problems (Ang, 1991). Al-Shami, Majid, Rashid and Hamid (2014) noted that the terms of a given loan are important determinants of the clients' wellbeing improvement and their businesses performance. They noted that flexibility of loan disbursement which includes the facilities of easy access to services, timely responsiveness and adequate information about terms of service are important determinants for improving clients' wellbeing.

2.2.2. Pecking Order Theory

Because of information asymmetry firms will favour financing option that minimize dilution of control and consequently choose internal sources before debt and equity (Esho & Verhoef, 2018).
Empirical support for the perking order postulate among SMEs has been inconclusive. Frank and Goyal (2003) found no support for the theory, Chan, Jung and Chen (2011) and Lopez-Gracio and Sogorb-Mira (2008) found significant support for the theory.

Sogorb-Mira and Lopez-Gracia (2003) observed that SMEs often suffer the problem of asymmetric information such as adverse selection and moral hazard, and they are affected by the typical problems studied in the pecking order theory.

2.3. Empirical Review

2.3.1. Microfinancing and Poverty Alleviation

Poverty alleviation is a subject that so significantly occupies the policies of governments and policy makers all over the world, especially now that most unrests and insecurities are to blame on prevailing and endemic poverty in most regions of the world.

Kessy and Urio (2006) conducted research on poverty reduction in a Tanzanian region, using both primary and secondary data, taking observations from 352 medium and small enterprises (MSEs) and found that these institutions operations have brought positive changes in the lives of people. Back and Levine (2003) found no evidence of a significant relationship between small and medium enterprises and poverty reduction. Cudia (2014) studied the Philippines using logistic regression, and concluded that the probability of a Filipino living in poverty when engaged in entrepreneurial activities will decrease. Olayinka et al. (2015) studied six recognized local government areas in Lagos State, using a sample of 500 entrepreneurs and found that there exists a significant and positive relationship between entrepreneurship and poverty reduction in Nigeria. Ali and Ali (2013) studied Somalia Benadir region using correlation design and found that a weak positive relationship exists between entrepreneurship development and poverty reduction. Goel (2016) studied rural districts in Gujarat, India and using a sample of 520 respondents, found that poverty gap and square poverty gap are reduced through microfinancing, based on paired t-test analysis. Ali, Rashid and Khan (2014) studied Pakistan, using annual time series data between 1972 and 2007 found that small scale industries (whose financing is the primary objective of microfinance institutions) have a negative and strong impact on poverty level in Pakistan. This finding has been supported by the findings by Thaddeus (2012) and Salami (2013). Jegede, Kehinde and Akinlabi (2011) also studied Nigerian environment, and from F-test and t-test, found that microfinance institutions play a significant role in alleviating poverty by increasing income and changing economic status of those who patronize them. Based on this review, our apriori expectation is that microfinancing plays an important role in alleviating poverty in Nigerian rural areas.

2.3.2. Microfinancing and Unemployment Reduction

Dahir (2015) studied eradication of poverty in Mogadishu, Somalia, using questionnaire and descriptive statistics found that microfinancing plays a vital role in creating employment opportunities, among others. Alalade, Amusa and Adekunle (2013) used OLS on data from Ogun State of Nigeria and concluded that another significant impact of microfinance relates to employment generated in the enterprises that are financed thereby. Awojobi (2014) studied the empowerment of women through microfinancing found results that showed a significant improvement in women employment as a result of participating in microfinancing programmes.

From the foregoing review, our apriori expectation is that microfinancing, plays a significant role in reducing unemployment rate in the rural areas of Nigeria.

2.3.3. Microfinancing and Living Standards

Another area that is commonly investigated is the impact of microfinancing on living standards, Khan and Rahaman (2007) investigated the Chittagong District of Bangladesh, and using multiple regression analysis, concluded that there is a noticeable and positive impact of microfinance activities on living standards among the poor people in the society. Saleen and Zeman (2011) studied the people of Di Khan in Pakistan and found strong evidence of a relationship between microfinancing and living standards measured by access to better education, better healthcare facilities and better financial position. Ali, Ali and Subhan (2015) also studied Pakistan (the Malakand Division) using data obtained through the questionnaire and estimated using the multiple regression method, found that microfinancing made statistically significant impact on the quality of life. Subedi, Dubey Chaudary, Kaur and Shrestha (2016) studied Chitre village in Nepal using questionnaire collected data, and found that living standards was statistically significant with the duration of MFI involvement, sufficiency of loan amount, among others. Okafor (2016) examined the contribution of MFI activities in Nigeria and used annualized data from 1999 to 2012, and found that MFI activities do not have a positive significant impact on living standard in Nigeria. Also, Sarumathi and Mohan (2011) found that though reducing poverty level has a positive correlation with living standards but such reduction in poverty does not lead to higher living standards among women in the Pondicherry Region on the east coast of Tamil Nadu, India.

Awojobi (2014) however studied the empowering of women in Nigeria through microfinance and found that it is apparent that while access to financial services does make vital contributions to the economic productivity and social well-being of poor women and their households, it does not automatically empower them. Duru and Ogbe (2013), using evidence from Nigeria found that beneficiaries of microfinancing services enjoy increase in income, and improvement in living standards. Also studying rural households' wellbeing in Oyo State of Nigeria, Zachariah (2017) found that the living standards of group members have improved following increased cash flow of households. This position is supported by Obi (2015).

Based on this review, our apriori expectation is that microfinancing has a negative impact on poor living standards in the rural areas of Nigeria.

2.3.4. Microfinancing and SMEs Growth

It is often argued and advocated that the much-needed economic growth and wealth generation at the grassroots can be significantly enhanced through growth in SMEs, and that this can be achieved by microfinancing. Babajide (2012) used a sample of 502 randomly selected enterprises in Nigeria and through multiple regression analysis found that strong evidence exists that microfinancing does not significantly enhance growth among small and micro enterprises in Nigeria. Omondi and Jangongo (2018) studied SMEs in Kisumu County of Kenya, using descriptive research design and from a sample of 135 respondent proprietors of enterprises and found a relationship between microfinancial services and financial performance. Ashamu (2014) studied microfinance institutions in Lagos, Nigeria and from a sample of 110 SMEs, concluded that it is rather the growth of the informal sector activities that has led to a phenomenal growth in microfinance institutions in Nigeria. Angeles, Calara and de Guzman (2019) studied the growth of micro-enterprises in the Philippines using dataset from 582 micro-enterprises, employed correlation, regression and mediation analysis and found that the impact of access to finance on growth of microenterprises is heightened when micro financing is maximized. Nyabende and Atambo (2016) studied SMEs in Kisii town in Kenya, and using descriptive survey research design found that the financing by microfinance institutions has strong effects on the growth of SMEs in the town.

Based on this review, our apriori expectation is that microfinancing has positive effect on the growth of SMEs in Edo North region of Nigeria.

3. Data and Methods

This study employs the descriptive research design; data are collected from a sample of 1059 respondents using the questionnaire method. The sample is selected by simple random sampling procedure. The data collected from the questionnaire are analyzed using the STATA 14 statistical package. To estimate the parameters of our models, the ordered logistic regression, of the maximum likelihood estimation (MLE) technique, is employed. This is because the responses are ranked and these formed the basis of our descriptive, correlation and regression analyses. The models used in this study are specified thus:

$POVA = \beta_0 + \beta_1 MCFG + \mu_0$ (i)

$UMPT = \beta_0 + \beta_2 MEFG + \mu_0$ (ii)

$RSTL = \beta_0 + \beta_3 MCFG + \mu_0$ (iii)

$SMEG = \beta_0 + \beta_4 MCFG + \mu_0$ (iv)

Where: MCFG = Microfinancing; POVA = Poverty alleviation, UMPT = Unemployment rate; PLST = Poor living standards; SMEG = growth.
β_0 = Intercept; μ_0 = Error term, β_1- β_4 = Parameters of models
Apriori expectations:$\beta_1,\beta_4>0$; β_2, $\beta_3<0$

4. Result and Discussion

S/No	LGA	Copies Administered	Copies Retrieved	% Retrieval
1	Etsako-West	100	98	98
2	Etsako-East	100	95	95
3	Etsako-Central	100	97	97
4	Owan-West	100	96	96
5	Owan-East	100	99	99
6	Akoko-Edo	100	96	96
7	Esan-West	100	95	95
8	Esan-Central	100	93	93
9	Esan-North-east	100	97	97
10	Esan-South-east	100	95	95
11	Igueben	100	98	98
	Total	1100	1059	96.27

Table 1: Analysis of Responses to Questionnaire
Source: Field Survey (2021)

The table shows an average retrieval rate 96.27%. retrieval was highest in Owan-east where retrieval was 99%; this was followed by Etsako-west and Igueben Local Government Areas with 98% each. Least retrievals were recorded in Esan-central with 93%, followed by Etsako-east, Esan-west and Esan-South-east with 95% each. The seeming high rate of response appears to have been the interest microfinancing.

Table 2 represents the descriptive statistics of the variables employed in the models of the study. The p-values of the X^2 and the Kurtosis of all the variables (being less than 0.05) show that the variables are significantly normally distributed. The table indicates that the most highly ranked variable is small and medium enterprises growth (with a mean ranking of about 2.83). This is probably because of the easier access of SMEs to microfinancing compared to financing from the regular deposit money banks (DMBs). SMEs is followed by microfinancing (with a mean rating of about 2.78 and poor living standards (with a mean rating of about 2.77). The least rated variable is poverty alleviation (with a mean rating of less than 2.50). This may be as a result of the perceived endemic persistent nature of poverty in the land.

Variable	Obs	Mean	Std. Dev.	Min	Max	Pr(Kurtosis)	Prob>chi2
MCFG	1059	2.7802	1.0177	1	5	0.0000	0.0001
UMPT	1059	2.6659	1.0671	1	5	0.0010	0.0028
PLST	1059	2.7694	1.2966	1	5	0.0000	0.0000
SMEG	1059	2.8297	1.1013	1	5	0.0000	0.0000
POVA	1059	2.4978	0.9547	1	4	0.0000	0.0000

Table 2: Descriptive Statistics
Source: Researcher's Computation Using Stata 14

	MCFG	POVA	UMPT	PLST	SMEG
MCFG	1.0000				
POVA	0.2305	1.0000			
UMPT	-0.1808	0.3392	1.0000		
PLST	-0.0516	0.0216	-0.0676	1.0000	
SMEG	0.1034	0.2272	0.3551	0.0007	1.0000

Table 3: Correlation Matrix
Source: Researcher's Computation Using STATA 14

Table 3 shows that microfinancing has mixed correlation with the dependent variables. The table shows that while microfinancing is positively correlated with poverty alleviation and SMEs growth, it is negatively correlated with unemployment and poor living standards. The table also shows that no two variables are perfectly or nearly perfectly correlated; this indicates the absence of the problem of multicollinearity in the models.

	Model			
	1	2	3	4
Obs	1059	1059	1059	1059
X^2-Stat	22.76(0.0000)	12.13(0.0005)	1.29(0.2560)	4.48(0.0344)
Pseudo R^2	0.0169	0.0083	0.0010	0.0033
Coeff	0.4004	-0.2884	-0.0945	0.1731
Std Err	0.0847	0.0830	0.0833	0.0819
Z-Value	4.73	-3.47	-1.14	2.11
p-value	0.000	0.001	0.256	0.035

Table 4: Regression Results
Source: Researcher's Computation Using STATA 14

Table 4 shows that except for one model in which the p-value of the X^2-value is more than 0.05% level of significance all others show significance of the models in explaining the causal relationships between the studied variables. The table however shows that (as indicated by the Psuedo $R^{2)}$ in all the models the explanatory variable, MCFG, accounts for only a very little change in the dependent variables that is 1.69%, 0.83%, 0.1% and 0.33% respectively of the dependent variables (POVA, UMPT, PLST and SMEG). This is probably because there are many other variables which are also significant in explaining changes in these dependent variables. The specific casual relationships between the variables are discussed below.

4.1. Poverty Alleviation (POVA)

with a coefficient of 0.4004, the results show that microfinancing has a positive impact on poverty alleviation, the p-value of 0.0000 shows that the positive impact is also significant. This leads to rejecting the null hypothesis (H_1) that microfinancing has no significant effect on poverty alleviation in Nigerian rural areas. The result does conform to our apriori expectation. This finding is consistent with the findings of Kessy and Urio (2006);Jegede et al. (2011) and Olayinka et al. (2015) but not consistent with the findings by Back and Levine (2003); Thaddeus (2012); Salami (2013) and Ali et al. (2014). The difference in findings may be as a result of institutional effect, and other support programmes from governments.An implication of this is that policy makers should be able to formulate policies that will ensure that people who have access to microfinance are genuinely rural dwellers with business ideas., and have sustainable economic activities.

4.2. Unemployment (UMPT)

With a coefficient of -0.2884, the results show that microfinancing has a negative impact on unemployment, the p-value of 0.0001 shows that the negative impact is also significant. This leads to the rejection of the hypothesis (H_2) that microfinancing has no significant effect on unemployment in Nigerian rural areas. The result does conform to our apriori expectation. This finding is consistent with the findings of Alalade et al. (2013); Awojobi (2014) and Dahir (2015). The agreement in findings may be as a result of the fact that jobs are usually created in the process of financing SMEs for both the entrepreneurs and the others needed to support the entrepreneurs in running the enterprises. An implication is that more should be done to finance economic activities such small scale production activities.

4.3. Poor Living Standards (PLST)

with a coefficient of -0.0945, the results show that microfinancing has a negative impact on poor living standards, the p-value of 0.256 shows that the negative impact is however not significant. This leads to the acceptance of the hypothesis (H_3) that microfinancing has no significant effect on poor living standards in Nigerian rural areas. The result does conform to our apriori expectation. This finding is consistent with the findings of Khan and Rahaman (2007); Saleen and Zeman (2011); Sarumathi and Mohan (2011); Awojobi (2014); Ali et al. (2015) and Subedi et al. (2016), but not consistent with the finding by Okafor (2016). The differences in findings may be as a result of differences in the perception and therefore measurement of living standards.

4.4. SMEs Growth (SMEG)

With a coefficient of 0.1731, the results show that microfinancing has a positive impact on SMEsgrowth, the p-value of 0.0035 shows that the positive impact is also significant. This leads to rejecting the null hypothesis (H_4) that microfinancing has no significant effect on SMEs growth in Nigerian rural areas. The result does conform to our apriori expectation. This finding is consistent with the findings of Babajide (2012); Omondi and Jagongo (2018); Angeles et al. (2019); Nyabende and Atambo (2016) and Ashamu (2014). The consensus in findings may be as a result of the fact that SMEs can hardly find financing through the regular banking system. This suggests that organized borrowers, such as cooperative groups should be focused on. Such borrowers normally employ borrowed funds for intended purposes and the multiplier effects are more wide-reaching.

5. Conclusion

The study examined the impact of microfinancing on poverty alleviation, unemployment, poor living standards and SMEs growth in rural Nigeria, using Edo North as a case study. The major limitation of the study is the reliability and validity of generated data (the source being very highly susceptible to subjectivity and leading to possible deliberate falsification of responses by respondents). This was mitigated by the calculation of the Cronbach's Alpha (which was 0.76), and this was high enough.

This apart, the major conclusion of this study is that micro financing significantly impacts life in Edo North region of Nigeria. This is based on the following specific findings:

- Microfinancing has a significant positive impact on poverty alleviation in the region.
- Microfinancing has a significant mitigating effect on unemployment in the region.
- Microfinancing has a negative though insignificant effect on poor living standards in the region.
- Microfinancing has a significant enhancing effect on the growth of SMEs in the region.

6. Recommendations

Based on the conclusion above, the following recommendations are made to enhance the positive contributions of microfinancing in the largely unbanked rural sector of Nigeria.

- The federal and state governments should encourage microfinancing institutions through more liberal tax incentives so that their capacity to reduce poverty can be enhanced to contribute more meaningfully to the achievement of the Sustainable Development Goals (SDGs) of reducing poverty.
- To foster employment generation by small and medium enterprises, governments should look for ways to encourage them by channeling more financial assistance through microfinancing institutions with more liberal terms to SMEs.
- To enhance the ability of microfinancing to improve living standards, governments and financing institutions should mainstream on providing more technical assistance to SMEs.
- Also, to boost the growth of SMEs the firms should also look closely at financing growth through internal sources such as retained earnings.

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Appendix

S/n	Question	SA	A	UD	D	SD
		5	4	3	2	1
7	I have received a significant financial assistance from my Microfinance bank.					
8	I have received much technical advice from my Microfinance bank					
9	I have significantly improved out of the poverty level since I started dealings with my Microfinance bank					
10	I have improved my ability to afford my basic needs since I started dealings with my Microfinance bank					
11	I have been able to increase the number or workers working with me since I started dealings with my Microfinance bank					
12	I am more able to pay my workers since I started dealings with my Microfinance bank					
13	My capacity to afford goods and services has improved since I started dealings with my Microfinance bank					
14	With microfinancing from my microfinance bank, I find it easier to acquire needed fixed assets					
15	I am able to increase operations with external assistance from my microfinance bank					
16	My microfinance bank provides extra technical assistance needed to boost operational efficiency					

Table 5

Notes: SA= Strongly Agreed (5) A = Agreed (4) UD = Undecided (3)
D = Disagreed (2) SD = Strongly Disagreed (1)