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The Role of Informal Credit Groups (ICGs) on the Economy of Rural Areas in Cross River State, Nigeria

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ABSTRACT

This study explores the role of Informal Credit Groups (ICGs) on the economy of rural areas in Cross River State. The study employ the survey design to collect both quantitative and qualitative data from 567 respondents from 63 informal credit groups across various rural communities in Cross River State.

Using frequency counts, mean ranking, percentages, standard deviation and ANOVA (Analysis of Variance) with Least Significant Difference (LSD) multiple comparison test to analyse data collected using questionnaire and interview schedule, among other findings, the study revealed that Informal Credit Groups attached high sense of responsibility and preference to married patrons as basis for collateral and its management. Respondents were more prominent in the usage of rotatory savings followed by fixed savings as forms of informal credit system; the relationship between the influence of patrons' marital status and Informal Credit Groups' usage among the various categories of Informal Credit Groups showed a significant usage in rotatory and fixed savings; higher demands and family responsibilities were found to be motivating factors for Informal Credit Groups' patronage among married patrons; Result based on patrons response indicates that factors such as: fear (3.20), extortion (3.16%) and exploitation from executives (3.14), poor management (3.04), could constitute challenges to the effective patronage and utilization of ICGs in Cross River State. Recommendations that can improve the operations of Informal Credit Groups, alleviate poverty and foster rural development were made.

Keywords: Informal Credit Groups (ICGs); Economy, Rural dwellers, Savings, Cross River State.

INTRODUCTION

According to [38], the rural areas and its people are the economic backbone of most developing countries. Depending on a country's level of advancement in the economic sphere, the rural dwellers

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contribute to the over-all economic growth by supplying food, labor and raw materials to the urban centers [16]. Despite these significant contributions, the rural dwellers have remained poor with approximately 3.1 billion people, which if measured in monetary terms reveals that about 1.4 billion rural people live with less than 1.25 USD per day [34]; [4]; [16]; [35] Given the enormous human potentials and natural resources available to rurality, the prevalence of poverty has been described as paradoxical [22]; [7]; Armstrong, Lekezwe and Siebrits, 2010; Anyanwu, 2005). Again, the stringent processes placed on obtaining credit facilities by the formal credit systems, income inequality, lack of collateral, and opportunity marginalization that the rural dwellers suffer have left them with the option of devising some strategies to tackle their challenges. Thus, they resort to seeking credit facilities from informal credit groups.

Informal credit gropus is defined by [31] to include local providers of funds for the people by the people. This definition takes into cognizance the principle of self-help which calls for a co-operative spirit borne out of felt-need with the determination to initiate a peculiar financial group by utilizing resources within to assist one another with total reliance on the ties that bind them together. It covers all financial activities that operate outside the official formal financial sector even though their activities are not recorded and regulated [20]; [21]; [6]. In the Africa context, ICGs was categorized to include: rotatory savings and credit associations, fixed savings and credit associations, mobile bankers and individual money lenders [2]. Each of these categorizations operates within a variety of needs and peculiarities of users [13]; [18]; [36].

The operations and practice of ICGs remain the same in Low and Medium Income Countries (LMICs). Though, a partly modified practice is common especially among users who tend to adopt a combination of ICGs categorization. The evolution of ICGs is embedded in man's history and it accompanies its benefits to man. This connotes that the history and the benefits of ICGs are espoused.

Informal Credit Groups is attractive to rural dwellers because it provide them the opportunity to easily access credit, improves their business, and engage in active farming and other economic ventures. Stout body of literatures [13], [19]; [17]; [15]; [23]; [14] have shown the prevalence of the existence of informal credit system especially across LMICs. However, there is paucity of evidence that relate the challenges, dynamics and specific benefits on the economy of rural dwellers. The categorization of ICGs has left those who patronize it with the challenge of choice and a better type of ICS which could deliver the much needed expectation that they need, and also be able to justify why the informal credit system was an option. Hence, we explored ICGs using categories, extent, factors that influence its usage and the challenges of utilizing ICGs in Cross River State.

STATEMENT OF THE PROBLEM

In Nigeria and other Low and Medium Income Countries (LMICs), the use of Informal Credit Groups [8]; [5]; [6] and poverty incidence [27]; [34] remains widely documented, but evidence on the role of ICGs on the economy of rural dwellers remains sparsely documented. Here we seek to provide evidence on the factors that can reduce poverty and sustain the livelihoods of rural dwellers in the Nigeria context by exploring the interaction between the activities of informal credit groups and the economic livelihoods of rural areas.
Several studies [6]; [15]; [17] that espoused credit institution's impact on the economy of rural dwellers have slightly ignored the place of ICGs on the livelihoods and coping strategies of rural dwellers. Some of these studies concentrated more on small holders borrowing and debt [13] informal loaning grid [11] access to credit [5]; [8] among others. However, situating the activities of the peculiar context of ICGs within rural dwellers becomes necessary.

In Africa (including Nigeria),[10] , reported that about 75 percent of people live in rural areas and are poor, this makes them to suffer from inadequate financial services, inadequate enterprise creation, insufficient provision of social protection among others. If the situation of rural dwellers remain the same, especially with the report of extant studies [5]; [8] that access to fund and conditionalities placed on accessing credit from formal credit institution by rural dwellers, the prospect of realizing the sustainable development goals (SDGs) (most especially on poverty, decent work and economic growth, reduced inequality, sustainable communities) will be threatened. At the same time, the development gains of making developing countries financially viable and sustaining its livelihood strategy will be reversed. This study is therefore a concerted effort to explore the role ICGs on the economy of rural areas in Nigeria.

RESEARCH METHODS

The study area: This study was carried out in Cross River State of Nigeria. Cross River economy is dominated by agriculture and about eighty percent of the population is rural [3]. Cross River is one of the states in South-South geo-political zone of the Federal Republic of Nigeria. Cross River State has the presence of both formal banks and micro finance banks with most of their branches located in Calabar metropolis, but very few branches are situated in some sub-urban locations (Akamkpa, Ugep, Ikom, Ogoja and Obudu). Data based on baseline study by the researcher reveal that Cross River State has a total of about 127 formal bank branches out of which 58 are microfinance banks. Generally, the presence of bank branches in rural communities is grossly inadequate and not sufficient enough to cater for the financial activities of rural dwellers. Considering that about 70 percent of Nigeria's population lives in the rural areas and coupled with the fact that most bank branches are not situated close to the rural people makes the rural areas/dwellers disadvantaged in accessing and utilizing formal financial institutions. The confirmation of the presence of various categories of Informal Credit Groups in Cross River State informed the choice of the location for the present study.

Research design: This study adopted the survey design to investigate the role of ICGs on the economy of rural areas. The survey design is considered appropriate because it has the advantage of effectiveness in obtaining information about personal perceptions, belief, feelings, motivations, anticipation and future plans as well as past behavior [1]. The survey was carried out through the administration of questionnaire and interview on members of informal credit groups in Cross River State.

Study participants and inclusion process: [2] classified the Informal Credit Groups into ROSCA (Rotatory savings credit associations), FISCA (Fixed savings credit associations), MBs (Mobile bankers) and IMLs (Individual money lenders), the study population therefore constitutes members and Informal Credit Groups classified by [2] operating in the study area. The population represents key players in Informal Credit Groups and is capable of giving relevant information that is useful for the study. The study adopted the snow-ball sampling procedure to identify 63 ICGs that were studied, while simple random sampling techniques was employed to select 9 patrons from each ICGs across various rural communities in Cross River State. Employing the purposive sampling method ensured that reliable data was harvested from respondents directly involved in informal credit groups which enhanced data quality.

Research instruments: The questionnaire was used to collect quantitative data while the interview guide was employed to harvest qualitative data. A triangulated questionnaire comprising 4 sections was used to obtain information from members of the various ICGs selected. Each of the sections was designed to address a particular objective that the study sought to realize. Interview was the second instrument of data collection. The interview was employed to collect qualitative data due to its ability to establish rapport with the subjects and provides a cooperative atmosphere in which truthful information can be obtained. The interview was structured to elicit information about the perceptions of 10 managers of ICGs on their mode of operation, challenges and dynamics of their group.

Method of data analysis: The categories, extent and challenges of ICGs usage among rural dwellers were analysed using frequency counts, mean ranking, percentages, standard deviation and tables [26]; [30]. while ANOVA (Analysis of Variance) with Least Significant Difference (LSD) multiple comparison test were considered suitable to analyse the factors that influence the use of ICGs among rural dwellers. These statistical tools were considered appropriate because such tools helped to show at a glance the trend of the data and the related variables particularly when presented on tables (Kothari, 2014). Data on the dynamics of informal credit groups operations were analysed qualitatively using verbatim reports from interview responses and field observation. The combination of both quantitative and qualitative analysis were enabled the researcher to triangulate views of respondents interviewed orally with data derived from the questionnaire responses to show affirmation or negation of opinion.

RESULTS AND DISCUSSIONS

CATEGORIES AND EXTENT OF INFORMAL CREDIT GROUPS (ICGS) USAGE:

Table 1 shows the distribution of patrons by categories of Informal Credit Groups they patronize or engage in. Based on the forms of ICGs (ROSCA, FISCA, etc.) prevalent in rural Cross River State, rural dwellers were more engaged in rotatory saving (84.83%) and fixed saving (61.02%). While there was low level of patronage among rural dwellers on ICGs patronage for mobile bankers (19.40%) and individual money lenders (40.39%). This suggests the communal nature of rural dwellers and why they are prone to high level of group cohesiveness.

Table 1: Categories of informal credit groups (IGSs) engaged in by rural dwellers

Informal credit system	Responses	Frequency	Percent
Rotatory saving	Yes	481	84.83
	No	86	15.17

	Total	567	100.00
Fixed saving	Yes	346	61.02
	No	221	38.98
	Total	567	100.00
Mobile bankers	Yes	110	19.40
	No	457	80.60
	Total	567	100.00
Individual money lenders	Yes	229	40.39
	No	338	59.61
	Total	567	100.00

Source: Field data (2023)

Data in Table 2 further revealed the extent of Informal Credit Groups usage in the study area. The ICS mostly used by the respondents is the rotatory savings (Ranked 1st) with an R.I.I score of 0.73; this is followed by fixed savings (Ranked 2nd) with an R.I.I score of 0.69. This shows a high frequency in use since the values ranked above the 0.60 R.I.I score. However, the mobile banking and individual money lending systems scored below the 0.60 R.I.I scores (0.56-ranked 3rd; and 0.36-ranked 4th respectively).

It can be deduced that there is a low usage of these two systems among the respondents. **Table 2: Relative importance index on the level of Informal Credit Groups usage**

	Ranking						
Informal Credit Groups	1	2	3	4	Total	*R.I.I	Rank
Rotatory savings	65	106	200	192	563	0.73	1
Fixed savings	139	102	78	244	563	0.69	2
Mobile banking	149	243	61	114	567	0.56	3
Individual money lending	466	17	9	71	563	0.36	4

Source: Field data (2023) * R.I.I: Relative Importance Index

Based on data in Table 1 and 2, respondents were more prominent in the usage of rotatory savings followed by fixed savings as forms of informal credit system. This result reveals the preference for group cohesion and affinity, which is a typical characteristic of rural dwellers. It was also noted that patrons' preference for ICGs categories differed according to their types of occupation. Respondents that were farmers favoured fixed savings because of the seasonality of farming activities especially when the need arose to clear and cultivate their farms and also buy fertilizers and seedlings for planting. According to respondents, this approach to ensure effective farming has assisted them to remedy the failure they usually face when they rely or depend on the government and other agencies/organizations that on a few instances came to their aid but sadly after the farming period was over. For instance one of the patrons noted thus;

> I save with this group so that during the farming season I can get my money in bulk in order to pay those who will clear and cultivate my farm, buy yams to plant, and also do other things necessary (A female respondent from Edor).

Patrons who are traders on the other hand, had preference for rotatory savings as a form of Informal Credit Groups. This was due to the frequency with which they may require money for their business and other financial transactions which are necessary for the success of their businesses. This finding is not limited to only the occupational divide of patrons. Some patrons were not particular about the category of ICGs they patronize or use. However, rotatory savings had a very high relative importance index (0.73) in its favour, and this gives it high preference by patrons among all the categories of Informal Credit Groups in the study area.

FACTORS THAT INFLUENCES INFORMAL CREDIT GROUPs USAGE

The influence of patrons' age on ICGs usage:

One-way Analysis of Variance (ANOVA) was applied as the statistical tool to establish the influence of patrons' age on their ICGs usage. Summaries of the results are presented in Tables 3 and 4. Table 3 shows the variables involved while Table 4 presents the result of the one-way analysis of variance. Data in Table 4 indicate that at .05 level of significance and degrees of freedom 5 and 561, the critical F-ratio was 2.23. The calculated F-ratios obtained in establishing the influence of age on usage of four types of ICS were as follows: usage of rotatory saving, $F = 10.36$ ($p<.05$); usage of fixed savings, $F = 2.44$ ($p<.05$); usage of mobile bankers, $F = 2.62$ ($p<.05$); usage of individual money lenders, $F = 3.55$ ($p<.05$). The calculated F-ratios were seen to be greater than the critical F-ratio with their significant values less than .05 level of significance as used in the study. With these results, it can be established that age significantly influences the usage of all the categories of ICS (rotatory savings, fixed savings, mobile bankers and individual money lenders) in the study area.

Table 3: Descriptive statistics of influence of age on ICS usage

Informal credit system	Age range	N	Mean	Std. Deviation
Rotatory saving	Less than 20 yrs	12	2.50	1.57
	20-30 yrs	68	1.99	1.40
	31-40 yrs	153	1.44	1.06
	41-50 yrs	197	1.40	0.95
	51-60 yrs	97	1.06	0.24
	61 yrs and above	40	1.25	0.78
	Total	567	1.44	1.02
Fixed saving	Less than 20 yrs	12	3.00	1.04
	20-30 yrs	68	2.50	1.31
	31-40 yrs	153	2.25	1.19
	41-50 yrs	197	2.16	0.96
	51-60 yrs	97	2.16	0.84
	61 yrs and above	40	2.18	0.84
	Total	567	2.25	1.06

Mobile bankers	Less than 20 yrs	12	3.50	0.80
	20-30 yrs	68	2.69	1.25
	31-40 yrs	153	3.07	1.06
	41-50 yrs	197	2.91	0.93
	51-60 yrs	97	2.82	0.83
	61 yrs and above	40	2.75	0.90
	Total	567	2.91	1.00
Individual money lenders	Less than 20 yrs	12	1.50	1.17
	20-30 yrs	68	2.81	1.27
	31-40 yrs	153	2.90	1.25
	41-50 yrs	197	2.80	1.19
	51-60 yrs	97	2.55	1.23
	61 yrs and above	40	2.70	1.32
	Total	567	2.75	1.24

Source: Field data (2023)

Having obtained significant F-ratios, a post hoc test was carried out using Least Significant Difference (LSD) multiple comparison test. This was to ascertain the groups which the significance occurred by pair-wise comparison of the six categories of age brackets. The results are presented in Table 5. **Table 4: One-Way Analysis of Variance (ANOVA) of influence of age on ICS**

Informal credit system	**Source of variation**	**SS**	**Df**	**MS**	**F**	**Sig.**
Rotatory saving	Between Groups	49.32	5	9.863	10.36*	.000
	Within Groups	534.21	561	.952		
	Total	583.53	566			
Fixed saving	Between Groups	13.44	5	2.687	2.44*	.033
	Within Groups	618.00	561	1.102		
	Total	631.43	566			
Mobile bankers	Between Groups	12.85	5	2.571	2.62*	.024
	Within Groups	550.74	561	.982		
	Total	563.59	566			
Individual money lenders	Between Groups	26.88	5	5.375	3.55*	.004
	Within Groups	849.56	561	1.514		
	Total	876.44	566			

Source: Field data (2017) *p<.05; df=5&561; critical= 2.23

Table 5 shows that with regards to rotatory savings, the comparison of the age bracket of less than 20 years with those between 20 and 30 years showed insignificant mean difference. This showed that respondents in the two categories did not significantly differ in their usage of rotatory savings. The comparison of the age less than 20 with other age brackets: 31 to 40; 41 to 50; 51 to 60 and 60 years and above all showed significant mean difference that is positive. This means that first comparison group which is made up of those below the ages of 20 years significantly differed from other age brackets in their usage of rotatory savings, which means that they use it more. The comparison of those between the age of 20 and 30 years with other age brackets also showed that they significantly differed in their usage of rotatory savings. The comparison of those within the ages of 31-40 years with those that were 41 to 50 and 61 years and above showed no significant difference in their usage of rotatory savings, but showed significance with the age bracket of 51 to 60 years.

Table 5: Least Significant Difference (LSD) multiple comparison test of influence of age on ICS usage

Informal credit system	Comparison group (I)	Comparison group (J)	Mean Difference (I-J)	Sig.
Rotatory saving	Less than 20 yrs	20-30 yrs	.515	.093
		31-40 yrs	1.05556*	.000
		41-50 yrs	1.09898*	.000
		51-60 yrs	1.43814*	.000
		61 yrs and above	1.25000*	.000
	20-30 yrs	31-40 yrs	.54085*	.000
		41-50 yrs	.58428*	.000
		51-60 yrs	.92344*	.000
		61 yrs and above	.73529*	.000
	31-40 yrs	41-50 yrs	.043	.680
		51-60 yrs	.38259*	.003
		61 yrs and above	.194	.262
	41-50 yrs	51-60 yrs	.33916*	.005
		61 yrs and above	.151	.373
	51-60 yrs	61 yrs and above	-.188	.305
Fixed saving	Less than 20 yrs	20-30 yrs	.80882*	.000
		31-40 yrs	.09247	.414
		41-50 yrs	.08995	.509
		51-60 yrs	.07990	.668
		61 yrs and above	-.00251	.985
	20 -30 yrs	31-40 yrs	-.01256	.945

		41-50 yrs	-.01005	.959
		51-60 yrs	.09247	.144
		61 yrs and above	.32500	.121
	31 -40 yrs	41-50 yrs	.83756*	.001
		51-60 yrs	.83505*	.000
		61 yrs and above	.74510*	.000
	41 -50 yrs	51-60 yrs	.82500*	.003
		61 yrs and above	.33756*	.000
	51-60 yrs	61 yrs and above	.33505*	.004
Source: Field data (2017) * The mean difference is significant at 0.05 level of significance.				

The comparison of those who were 41 to 50 years with those who were 51 to 60 years showed significant difference but there was no significant difference with those who were 61 years and above.
The comparison of those who were 51 to 60 years with those who were 61 years and above also showed no significant difference in their usage of rotatory savings.

Data in Table 5 further indicate that with regard to fixed savings, the comparison of patrons who fell within less than 20 years with those in other age brackets: 31-40, 41-50, 51-60 and above 60 years all showed insignificant mean difference. However, the comparison was significant for those within the 20-30 years age bracket. The same result is applicable to comparison of patrons whose age bracket fell within 20-30 years with those of other age brackets: 31-40, 41-50, 51-60 and above 60 years. This implies that the group which is made up of patrons who are below the age of 20 years did not significantly differ from other age brackets in the usage of fixed savings as a form of ICGs, which means they do not use it more than other groups. The same result is applicable to the comparison of patrons whose age bracket was within 20-30 years and patrons who were more than 30 years of age.

In spite of the foregoing, the comparison of patrons who were within 31-40 years of age with those of other age brackets: 41-50, 51-60, and above 60 years; patrons who were within 41-50 years with other age brackets: 51-60, 61and above; as well as the comparison between patrons whose ages were within 51-60 years with those who were above 60 years of age indicated a significant difference in usage of fixed savings as a form of ICGs. This implies that patrons who are older in age (above 30 years) use fixed savings more than younger patrons (below 30 years).
Data in Tables 3,4 and 5 collectively reveal the descriptive statistics, ANOVA (one way analysis of variance) and LSD (Least Significant Difference) multiple comparison test of influence of age on ICGs usage in establishing the influence of age on usage of the four categories of informal credit system. Patrons' age was significant in influencing their usage in all the four categories: rotatory savings, fixed savings, mobile bankers and individual money lenders. This result shows that age is a restriction to entry and membership in the various categories of ICGs. This restriction on age ranges from 14 years to few years above 70 years of age. This shows that entry into economic venture among rural dwellers is early enough (14 years) and exit from economic venture is a few years above 70.

Consequently, LSD multiple comparison test of the influence of age on the usage of ROSCA and FISCA as forms of ICGs reveals inconsistency in patrons' age and their usage. The result further indicates that age has an influence on respondents' income demand and spending attitude. This can be seen in the differences in age comparison as contained in Table 5. For instance, there is a significant difference among patrons whose ages were between 31-40 years with those of other age brackets: 4150, 51-60 years and above 60 years. The same significance was shown in the comparison of patrons whose ages were between the age bracket of 41-50 years with those of other age brackets: 51-60 years and above as well as the comparison of patrons whose ages were within 51-60 years with those who were above 60 years. This finding also suggests that patrons' ages determine the category of Informal Credit Groups they patronize. While older patrons were found to patronize fixed savings, younger patrons were more attracted to rotatory saving. This finding reveals the impatient nature of younger patrons to fix their income for some number of months. This could help us to understanding the spending behaviour of rural youths in order to enhance their saving culture and harmonize their economic potentials which are necessary to addressing the problem of low income among rural youths. This can increase their participation in rural development activities in Cross River State.

The influence of patrons' marital status on ICGs usage:

One-way Analysis of variance (ANOVA) was applied as the statistical tool to establish the influence of patrons' marital status on their ICGs usage. Summaries of the results are presented in Table 6. Both the descriptive statistics of the variables involved and the result of one-way analysis of variance are summarized and presented in Table 6.

Table 6 shows that at .05 level of significance and degrees of freedom 2 and 564, the critical F ratio was 3.02. The calculated F-ratios obtained in establishing the influence of marital status on ICS usage were as follows; usage of rotary savings, $F = 6.46$ ($p<.05$); usage of fixed savings, $F = 3.89$ ($p<.05$); usage of mobile bankers, $F = 2.52$ ($p>.05$); usage of individual money lenders, $F = 0.92$ ($p>.05$). The calculated F-ratios were seen to be greater than the critical F-ratio in rotary savings and fixed savings, leading to the conclusion that patrons' marital status significantly influences their usage of rotatory and fixed savings. However, the calculated F-ratios were seen to be less than the critical F-ratio in mobile bankers and individual money lenders. With this result, it was inferred that marital status does not significantly influence the usage of mobile bankers and individual money lenders as forms of ICS.

Having obtained significant F-ratios in rotatory savings and fixed savings, a post-hoc test was carried out using Least Significant Difference multiple comparison test. This was to ascertain what the group the significance occurred among the three categories of marital status: divorced, single and married. The result is presented in Table 7.

Table 6: Descriptive statistics and One-Way analysis of Variance (ANOVA) of influence of marital status on ICS usage

Informal credit system	Marital status	N	Mean	Std. Deviation		
Rotatory saving	Married	460	1.37	0.93		
	Divorced	5	2.20	1.64		
	Single	102	1.72	1.27		
	Total	567	1.44	1.02		
Fixed saving	Married	460	2.19	1.01		
	Divorced	5	2.20	1.64		
	Single	102	2.51	1.18		
	Total	567	2.25	1.06		
Mobile bankers	Married	460	2.92	0.96		
	Divorced	5	3.80	0.45		
	Single	102	2.81	1.15		
	Total	567	2.91	1.00		

Individual money lenders	Married	460	2.78	1.24		
	Divorced	5	2.80	1.64		
	Single	102	2.60	1.27		
	Total	567	2.75	1.24		
Informal credit system	**Source of variation**	**SS**	**df**	**MS**	**F**	**Sig.**
Rotatory saving	Between Groups	13.06	2	6.53	6.46*	.002
	Within Groups	570.47	564	1.01		
	Total	583.53	566			
Fixed saving	Between Groups	8.60	2	4.30	3.89*	.021
	Within Groups	622.84	564	1.10		
	Total	631.43	566			
Mobile bankers	Between Groups	4.99	2	2.50	2.52	.081
	Within Groups	558.60	564	0.99		
	Total	563.59	566			
Individual money lenders	Between Groups	2.86	2	1.43	0.92	.398
	Within Groups	873.58	564	1.55		
	Total	876.44	566			
Source: Field data (2023); *p<.05; df=2&564; critical F = 3.02						

Table 7 shows that with regard to rotatory savings, the comparison of the group of married respondents with that of divorced respondents showed insignificant mean difference, indicating that there is no significant difference between the two groups in their usage of rotatory savings. Comparison of married and single respondents showed significant mean difference of -.348 (p<.05). The negative value showed that the difference occurred in favour of the second comparison group which is the single, indicating that the latter significantly differ in their usage of rotatory savings from the married ones. However, comparison of divorced and single respondents showed no significant mean difference.

Table 7: Least Significant Difference (LSD) multiple comparison test of influence of marital status on ICS usage

Informal credit system	Comparison group (I)	Comparison group (J)	Mean Difference (IJ)	Sig.
Rotatory saving	Married	Divorced	-.83261	.066
		Single	-.34829*	.002
	Divorced	Single	.48431	.294
Fixed saving	Married	Divorced	-.01087	.982
		Single	-.32067*	.005
	Divorced	Single	-.30980	.520

Source: Field data (2023); *The mean difference is significant at 0.05 level of significance.

With regard to fixed savings, the comparison of group of married respondents with divorced respondents showed insignificant mean difference, indicating that there is no significant difference between the two groups in their usage of fixed savings. Comparison of married and single respondents showed significant mean difference of -.321 ($p<.05$). The negative value showed that the difference occurred in favour of the group which is the single, indicating that they significantly differ in their usage of fixed savings from the married ones. Comparison of divorced and single respondents also showed no significant mean difference.

The influence of patrons' marital status on their usage of the various categories of Informal Credit Groups was shown to be significant in the use of rotatory and fixed savings as patrons' marital status influenced the choice of ICGs category they patronized. However, the result was insignificant in their usage of mobile bankers and individual money lenders. This suggests that patrons' marital status is a significant indicator of administrative relevance to the group. For instance, respondents noted that:

> …we see married patrons as being trustworthy to keep our belongings because their family serves as social insurance for our money and property…

The multiple comparison of the various dimensions of marital status (single, married and divorce) and ICGs categories (rotatory and fixed savings) as seen in Table 7 was a pair wise comparison to show which dimension of marital status is preferred or identical in their usage of rotatory and fixed savings. While single patrons differed with married patrons in their usage of rotatory savings, the comparison of divorced and single patrons was insignificant in their usage of all the forms of informal credit groups. This is an indication that financial quest and demand among married people is higher than unmarried people which is noticeable in the level of ICGs patronage and utilization among patrons in Cross River State. This further buttresses the point that higher demands and family

responsibilities are motivating factors for Informal Credit Groups' patronage among married patrons. This finding, however, does not exclude single patrons from having quests and demands for financial facilities but the ratio cannot be compared with patrons that are married.

CHALLENGES OF UTILIZING OF INFORMAL CREDIT GROUPS:

Data in Table 8 show the mean rating and ranking of the responses regarding the challenges of effective patronage and utilization of Informal Credit Groups among their patrons. Mean value was employed to rate responses of patrons on the perceived factors that may affect their utilization of such systems. Summaries of the results are presented below:

Table 8: Mean ranking of responses on the challenges of effective patronage and utilization of ICS

Items	N	Mean	Std. Deviation	Rank
Level of education	567	3.50	0.81	12th
Level of compliance	567	2.91	1.09	7th
Extent of repayment	567	3.00	1.07	6th
Exploitation	567	3.14	0.86	3rd
Extortion	567	3.16	0.90	2nd
Organization	567	3.02	1.13	5th
Management	567	3.04	1.09	4th
Fear	567	3.20	0.87	1st
Trust	567	2.93	0.97	8th
Member relocation	567	1.63	0.88	9th
Death of members	567	1.56	0.86	10th
Sickness	567	1.57	0.81	11th
Source: Field data (2023); Cutoff Mean =2. 0				

Result based on patrons response indicates that factors (with their mean value in brackets) like fear (3.20), extortion (3.16%) and exploitation (3.14) from executives, poor management (3.04), lack of organization (3.02), extent patrons repay their loans or contributions (3.00), level of members compliance (2.91) and trust among members (2.93) have a mean value that is greater than the cut-off mean value of 2.50. This shows that such factors could constitute challenges to the effective patronage and utilization of informal credit system among patrons in Cross River State. However, based on data in Table 8, it was further revealed that patrons relocation (1.63), death of a member (1.56), sickness of a member (1.57) and member level of education (1.50) have a mean value that is less than the cut-off mean value of 2.50. This shows that they were not considered as factors that could challenge effective patronage and utilization of informal credit system among rural dwellers.

Relying on patrons' responses in Table 8, various challenges that hinder their effective patronage and utilization of the various forms of Informal Credit Groups were established. The mean cut-off value of 2.50 implicated patrons' relocation, death and sickness as factors that could hinder patrons' utilization of ICGs. This finding, however, brings to bear already existing measures employed by informal credit groups to secure their funds and ensure social security of members' deposit. Kinship

ties and communal existence, for instance, serve as collateral for loan facilities to patrons. Cases of patrons' death or illness are natural occurrences and inevitable, which impact has at various instances limited the usage of the various forms of ICGs. In such cases, the family of the sick or dead patron is usually contacted, and his or her investments while alive or during illness are used as reimbursement to the group. This investment could include the patron's farm and whatever financial gains and benefits within the group that is accrued to the deceased or sick patrons.

Other factors including level of education, level of compliance, extent of repayment, exploitation, extortion, organization, management, fear and trust all had cut-off mark that is less than 2.50. This finding further confirms that there exists various stringent rules and mechanisms adopted by informal credit groups to safeguard and ensure that members comply with financial rules and obligations governing receiving loans and other transactional demands.

CONCLUSION AND POLICY IMPLICATION

In recent times the abysmal failure and neglect of rural areas by the government couple with development disparity between urban and rural areas has resulted in the creation of informal credit arrangement which has helped to support/harness rural economy improve rural livelihoods, arrest poverty and build strong ties of social relationships hinged on financial transaction among rural dwellers.

Based on the foregoing conclusion, the following recommendations are made:

i. Choosing the leadership and administration should not be based on certain socio-economic characteristics of patrons. This will not only assist in bringing out potentials of patrons that could be relevant in ensuring proper organization, administration and management of informal credit groups, but will also utilize some untapped resources in patrons that are necessary for proper coordination of the group and for other contexts including rural community development.

ii. Patron's gender and age saving context and preference should be understood. This is necessary in understanding individual motivations for saving so that the problem of patrons defaulting in loan repayment and contributory remittance can be addressed.

iii. The organization of informal credit groups should be understood because it has the tendency to foster group integration. Thus, if the activities of informal credit groups are monitored through capacity building and training, it will not only control the challenges that informal credit groups encounter, but will also equip them with inter-group integration and relational potentials.

iv. Government and non-governmental organisations' support through the provision of credit facilities can help to address the problem of limited credits opportunity available to rural dwellers which in turn could boost economic activities and improve the living condition of rural people.

v. Studies on intergroup relation and cohesion as well as group dynamics are complicated issues this therefore make drawing inferences on the subject matter very complex and inexhaustible. There were other variables that needed a broader and closer look, which the present study undermined, due to the scope and limitation of the work. Based on this, it is suggested that a direct investigation on the relationship between informal credit groups and

rural development could bring about findings that can enhance and boost rural development programs and activities.

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