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EFFECT OF MICROFINANCE BANKS' FINANCIAL INCLUSION STRATEGIES ON ECONOMIC GROWTH OF NIGERIA (2009-2018)

Ofeimun, Godwin O.[*]

*Department of Accounting and Finance, Faculty of Humanities, Social and Management Sciences, Edwin Clark University, Kiagbodo-Delta State, Nigeria

ABSTRACT: This study ascertained the effect of Microfinance Banks' financial inclusion strategies on economic growth of Nigeria. The motive behind this study is to contribute to the debate on access to finance by the active poor and small and medium enterprises (SMEs) and to close the knowledge gap in literature on the effect of microfinance banks' financial inclusion strategies on the Nigerian economy. This study was carried out to examine the role of micro-financing as a vehicle for promoting economic growth through financial inclusion. This study adopted the ex-post facto research design. The data used for this study were secondary data and obtained from Central Bank of Nigeria (CBN) statistical Bulletin, Annual reports and statements of accounts of microfinance Banks as well as the publications of the National Bureau of Statistics (NBS) for the period 2009 – 2018. The study used the ordinary least square (OLS) regression analysis as the data analytical method. Findings of the study revealed that micro loan disbursed, loan to SMEs have a significant positive effect on economic development in Nigeria. Moreover, the study finds that bank deposit has a negative but insignificant relationship with economic development. The study therefore concluded that financial inclusion strategies by microfinance banks have a great effect in stimulating the economy. The study recommended amongst others that the policies and programmes to influence the establishment of microfinance banks in rural communities should be encouraged to enhance access to credit, encourage banking habits among the rural dwellers, ensure even rural development and growth of small businesses.

Keywords: Financial Inclusion, Economic Development, Micro Loan Disbursed, Small and Medium Enterprises, Per Capita Income.

1. INTROUDCTION

1.1. Background of the Study

Microfinance banks (MFBs) generally provide microfinance and other relevant financial services to the active poor, low income, microenterprises, small and medium enterprises that have difficulty in assessing facilities from formal financial institutions. Bhatt and Tang (2011) defines financial services to include working capital loan, consumer credit, savings, pension, insurance and money transfer services. As credit plays vital role in start-up and expansion of businesses, microfinance has been treated as an important tool for economic growth. In many developing countries, microfinance plays a vital role in providing the active poor (i.e. small farmers, fishermen and micro-entrepreneurs) with access to credit and helping them improve their lives by encouraging entrepreneurial activities Bhatt and Tang (2011).

Microfinance has also proven to be a "potent tool for poverty reduction by helping the poor increase their income, smooth consumption, build assets and reduce their vulnerabilities in times of contingencies and economic shocks (Karlan and Zinman, 2010). The Nigerian government has long recognized the critical role of microfinance in its poverty reduction efforts. As a result, the Central Bank of Nigeria initiated the microfinance policy to create an environment of financial inclusion to enhance capacity of micro, small and medium enterprises (MSMEs) thereby contributing to the economic growth and development of the living standard of the populace. (Central Bank of Nigeria CBN, 2015).

Financial inclusion has become an important global agenda and emerging priority for policy makers and regulators in the financial sector development in ensuring sustainable long-term economic development. The significant development reflects the importance and global recognition of financial inclusion to socioeconomic development and inclusive growth. Sanusi (2011).

Financial inclusion, within the broader context of inclusive development is viewed as an important means to tackle poverty and inequality and to address the sustainable development goals (SDGs) Hanning and Jansen (2010). Financial inclusion is defined as a process that ensures the ease of access, availability and usage of formal financial services. It is a state in which all members of the society have access to a full set of financial services at an affordable price and in a convenient manner (Fadun, 2007).

Inclusive financial sector development is a driver of economic growth which indirectly reduces poverty and inequality, and appropriate, affordable, financial services for poor people can improve their welfare. In advanced economies, financial inclusion is more about the knowledge of fair and transparent financial products, emerging economies, it is a question of both access to financial products and focus on financial literacy.

Financial inclusion is an activity that aims to abolish all forms of financial barriers to assess financial services (Onakoya, 2014). Application of financial inclusion will open the access of the active poor (people who do not have collateral, do not have a regular job, trustworthy and are not able to obtain credit) to financial services (savings, credit, payments and insurance). It means bringing the unbanked people "to financial institutions so that they can enjoy financial services such as the group becomes "bankable people". This activity is the correction to financial exclusion, a financial condition that only benefit a handful of people but in reality, the world is now inhabited by approximately 2.7 Billion adults in the category of "unbanked people".

It is pertinent to state the goals of financial inclusion are

1. Access to a reasonable cost to a wide range of financial services, including savings, deposits, payment and transfer services, credit and insurance to all households
2. Choice and security institutions governed by regulatory and industry performance standards
3. Financial and institutional sustainability, to ensure continuity and certainty of investments
4. Competition to ensure choice and affordability for clients.

Inclusive financial systems are of great benefits to the active poor and other disadvantaged groups as it facilitates broad access to financial services without price or non-price barriers to their use. Without inclusive financial systems, the active poor people would rely solely on their limited savings to invest in their education or become entrepreneurs. Likewise small enterprises would rely on their limited savings and earnings to pursue promising growth opportunities (Fadun, 2007).

A microfinance inclusion strategy will include an analysis of the current status of, and constraints on financial inclusion in a country, a measurable financial inclusion goal, how a country proposes to reach this goal and by when and how it would measure the progress and achievements of the microfinance financial inclusion strategy. In spite of these, however, Nigeria still has a long way to go in its journey towards financial inclusion, which can be reckoned in terms of the following

a. Access – the supply and availability of financial products and services from formal institutions
b. Usage – the levels and patterns of use of different financial products and services
c. Quality – the experience of the customer, demonstrated in attitudes and opinions towards those products that are currently available to them
d. Welfare – the impact of a financial product or service on the lives of consumers including changes in consumption, business activity and wellness (UNDP, 2018).

The CBN and other stakeholders are presently involved in the implementation of the target set to achieve financial inclusion goal by year 2020 in Nigeria. The purpose of the National Financial Inclusion Strategy (NFIS) is to decrease the number of Nigerians that are excluded from financial services from 46.3% to 20% by 2020 and increase the number in Nigeria that are included in the formal sector from 30% in 2010 to 70% by year 2020. (Central Bank of Nigeria, 2018).

EFInA (2018) revealed in terms of financial access, 39.7 Million adults (39.8% of total adults) are formally included, while 36.68 million adults (36.8% of total adults) are financially excluded.

1.2. Statement of the Problem

The evolution of microfinance initiative as established in Nigeria dates back to several decades with the establishment of numerous alleviation programmes such as Agricultural Credit Guarantee Scheme

Funds (ACGSF), National Poverty Eradication Progrramme (NAPEP), Better life for Rural Women, People's Bank and Community Banks amongst others which Federal Government of Nigeria pursued during the period of 1978 – 1999. The central Bank of Nigeria (CBN) in 2005, launched the microfinance policy that provided a road map for the participation of stakeholders in the agenda of microfinance banks' financial inclusion. The policy framework as envisaged by the CBN was to increase the financial inclusion of rural dwellers and operators of micro, small and medium enterprises.

In order to achieve economic growth through the use of microfinance banks' financial inclusion strategies, CBN in 2014 allowed microfinance banks (MFBs) to open at least one branch within each Local Government Area across Nigerian Federation.

According to EFInA (2018), these efforts had resulted in increased access to financial services provided by microfinance banks to customers in Nigeria to the time of three Million.

Also empirical studies such as (Mbutor and Uba, 2013; Migap *et al.*, 2015; Nkwede, 2015) have reported that the institutional and policy frameworks employed by monetary authorities have given an enabling environment for microfinance services to strive.

In spite of the long existence of these institutions and programmes in Nigeria, it has been almost impossible for the rural active poor, low income households and micro, small and medium enterprises (MSMEs) to assess credit from these institutions.

According to Agu *et al.* (2016), "although all the programmes were directed at improving the productionbase for sustainable growth, most of the efforts at purveying micro credit to alleviate poverty were largely inappropriate, urban structured from the stand point of the realities of (who is the poor) – understanding the poor.

Motivated by the appalling economic developmental state of the Nigerian economy in the face of increased financial inclusion efforts, this study therefore focuses on the investigation of how microfinance banks' financial inclusion strategies have contributed to economic growth of the economy. Many of the reviews from literature are works using different variables and methods. For instance, Nkwede (2015) used real gross Domestic Product (GDP) as dependent variable and multiple regressions model while Agu *et al.* (2016) used Access to finance as dependent variable and survey research design as methodology. Also these previous studies cover various time frames and used different measures for financial inclusion.

Empirically the debate on the relationship between financial inclusion and economic growth is still on-going and previous studies have used other variables of financial inclusionstrategies, none to the best of my knowledge has considered a new paradigm, of loan to rural dwellers, micro, small and medium enterprises and bank deposits as pragmatic strategies of financial inclusion.

This forms the novelty of my study and the gap it contributes to filling in the body of extant literature.

This study makes a clear departure from previous studies by using the Per Capital Income (PCI) of the populace as proxy for economic growth while focusing on financial inclusion variables that have much impact on the active poor and small businesses in the rural areas.

1.3. Objectives of the Study

The broad objective of the study is to examine the effect of microfinance banks' financial inclusion strategies on economic growth in Nigeria. Specifically, the study seeks to

1. Assess the effect of microfinance banks' loan to rural dwellers on economic growth.
2. Determine the effect of microfinance banks' loans to MSMEs on economic growth.
3. Examine the effect of microfinance banks' deposits by rural dwellers on economic growth.

1.4. Research Questions

The study would provide answer to the following research questions

1. How had microfinance banks' loan disbursements to rural dwellers affected economic growth in Nigeria?
2. How had microfinance bank loans to SMEs affected economic growth in Nigeria?
3. How had microfinance banks deposits by rural dwellers affected economic growth in Nigeria?

1.5. Research Hypothesis

In order to answer the research questions and achieve the research objectives, the study has postulated the following hypotheses in the null form

Ho_1 There is no significant positive relationship between microfinance banks' loans to rural dwellers and economic growth in Nigeria.

Ho_2 There is no significant positive relationship between microfinance banks loans to SMEs and economic growth in Nigeria

Ho_3There is no significant positive relationship between microfinance banks' deposits by rural dwellers and economic growth in Nigeria.

2. REVIEW OF RELATED LITERATURE

2.1. Concept of Microfinance Bank

The establishment of microfinance banks according to (Central Bank of Nigeria CBN, 2015) is to provide diversified, affordable and dependable financial services to the active poor, mobilize savings for intermediation, create employment opportunities and increase the productivity of the active poor in the country. The microfinance policy regulatory and supervisory framework (MPRSF) was laughed in 2005 and in September 2013, the policy was reviewed to reposition the activities of the MFBs for improved performance as well as to provide appropriate machinery for tracking the activities of other non-bank financial service providers in the microfinance subsector of the Nigerian economy. The microfinance policy for Nigeria is expected to expand the financial position of the country in order to meet the financial requirements of the active poor, low-income groups and micro entrepreneurs. Serving these target groups is very important for three reasons:

1. It brings to the active poor through provisions of increased self-employment opportunities, the active poor, improved educational and nutritional level of family members and better access to basic goods and services.
2. The micro-entrepreneurs constitute a target group to which microfinance institutions would supply profitable services.
3. It provides better economic opportunities for both clients and financial institutions that tend to boost economic growth and development of the macro-economy (Ugwuanyi, 2006).

Microfinance banks have been involved in the implementation of programmes designed to facilitate access of the financially exclude active poor to financial services. According to CBN statistical bulletin, 2018, we have 1012 microfinance banks spread all over Nigeria. During the year, the formally included segment increased from 46.9 Million to 48.4 Million adults in 2018.

In 2017, microfinance banks have given out total loams and advances of ₦190,490.05 Billion to individuals and micro, small and medium enterprises and garnered total deposits from customers of about N182,100.72 Billion.

2.2. Concept of Financial Inclusion

While several definitions of financial inclusion exist with focus on the extent of individual's involvement in banking activities, it may be necessary to point out that financial inclusion involves more than mere bank customer relationship. Mbutor and Uba (2013) define financial inclusion as strategies aimed at increasing the number of people with accounts in banks and other formal financial institutions – savings, current and credit. It also pursues the promotion of the use of formal payment media, including cheques, ATM cards, internet payments, mobile payments and others by the populace. Further, Chakrabarty (2010) defines financial inclusion as the process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low income groups at an affordable cost in a fair and transparent manner by mainstream institutional players. Banks and financial services players largely are expected to mitigate the supply side processes that prevent the poor and disadvantaged social groups from gaining access to the financial system. He emphasizes that financial inclusion promotes thrift and develop culture of savings and also enables efficient payment mechanism strengthening the resource base of the financial institutions which benefits the economy as resources become available for efficient payment.

(EFInA, 2018) defines financial inclusion as the provision of a broad range of high quality financial products such as savings, credit, insurance, payments and pensions which are relevant, appropriate and affordable for the entire adult population and especially for the low income segment.

An inclusive financial sector is characterized by the diversity of financial service providers, the level of competition between them and the regulatory environment that ensures the integrity of the financial sector and access to financial services for all. Evidence worldwide shows that access to financial services contributes to both economic growth and wealth creation and is therefore a key component for tackling the poverty trap in Nigeria. Access to affordable, safe, reliable and appropriate financial services provides the necessary lubricant for economic growth and contributes to poverty reduction. Billions of naira circulates through the informal sector which could be a source of resource mobilization resulting in a positive impact on the country's economic growth and development.

(EFInA, 2018) revealed in their survey in Nigeria that of about 180 million population, we have 99.6 million adults of which 36.6 million (36.8%) are financially excluded; 39.7 million persons are financially included. Out of the financially excluded figure of 36.6 million, 55.9% are women while 40.1% are men.

Also EFInA. access to financial services in their survey revealed that 25.5 million adults save at home; if for example, just 50 percent of these adults were to save ₦1000 per month in the formal sector, then up to ₦153, billion would be mobilized annually, this indicates there is a significantly large untapped market for normal formal saving products.

In support of the above claims according to Central Bank of Nigeria (2018) about 83.9 percent of the money in circulation in the country is still outside the banking system. Banks will therefore need to come up with innovative ways of tapping into those markets segments to mobilize the huge pool of funds that is in the informal sector. (EFInA, 2018) also reveals that access to financial services varies in different geopolitical zones in Nigeria as reflected below.

Financial Access Performance Across Geo-Political Zones

North West	**2014**	**2016**	**2018**
Total Adult Population	**21M**	**22M**	**23M**
Formally Included	35%	24%	27%
Informal Only	9%	6%	11%
Financially Excluded	56%	70%	62%
North Central	**2014**	**2016**	**2018**
Total Adult Population	14M	14M	14M
Formally Included	49%	48%	50%
Informal Only	19%	14%	19%
Financially Excluded	33%	39%	31%
South West	**2014**	**2016**	**2018**
Total Adult Population	20M	21M	22M
Formally Included	63%	78%	64%
Informal Only	13%	4%	17%
Financially Excluded	25%	18%	19%
North East	**2014**	**2016**	**2018**
Total Adult Population	11M	12M	12M
Formally Included	26%	25%	34%
Informal Only	5%	14%	12%
Financially Excluded	68%	62%	55%
Aouth South	**2014**	**2016**	**2018**
Total Adult Population	15M	16M	16M
Formally Included	52%	55%	60%
Informal Only	15%	14%	17%
Financially Excluded	33%	21%	23%
South East	**2014**	**2016**	**2018**
Total Adult Population	12M	12M	12M
Formally Included	63%	59%	60%
Informal Only	11%	13%	11%
Financially Excluded	25%	28%	29%

Source: EFInA Access to Financial Services in Nigeria 2014/ 2016/ 2018 survey

2.3. Concept of Economic Growth

The earliest concept of development was interpreted in terms of per capita output. Economic growth is an increase in real national output over a period of time. In other words it is a sustained (continuous) rise in actual national output (output of goods and services) over a successive long period. It is an increase in the production of economic goods and services compared from one period of time to another. It can be measured in nominal or real (adjusted for inflation) terms Abedi (2011). Traditionally, aggregate economic growth is measured in terms of gross national product (GNP) or gross domestic product (GDP), although alternative metrics are sometimes used. Economic growth is also an increase in per capita income over time. In other words it is a continuous rise in actual output of goods and services per person in country overtime. The key takeaways of economic growth are A. It is an increase in the production of goods and services in an economy. B. increases in capital goods, labour force, technology and human capital can all contribute to economic growth. C. Economic growth is commonly measured in terms of the increase in aggregated market value of additional goods and services produced using estimates such as GDP.

2.4. Theoretical Framework

This study anchors on Endogenous finance growth theory. This theory propounded by Joseph Alois Schumpeter in 1939 explained the long run growth rate of an economy on the basis of endogenous factors. The Schumpeterian model emphasized technical progress resulting from the rate of investment, the size of finance and the stock of human capital. This model lays emphasis on the achievement of economic growth from within a system as a direct result of internal processes or activities in the different sectors of the economy. The Endogenous finance growth theory argues that improvement of an economy can be done through a nation's human capital which will lead to economic growth and development. This means that bolstering an economy to supply more finance to the active poor and micro, small and medium enterprises will be an effective way to stimulate economic growth and reduce poverty. This also underpins the submission by Rewilak (2013). His report reveals that finance may cause growth which may in the long run reduce poverty. Other exponents of the theory that may increase growth (supply led hypothesis) include Mckinnon (1973). They all suggest that finance may increase growth by promoting technological innovations and state that before any growth may be achieved or technological progress made, the availability of finance is imperative (Rewilak, 2013).

2.5. Empirical Review

There is a plethora of literature on studies about microfinance and financial inclusion strategies for economic growth. These studies come with diverse results. Taking an insight from Nigeria, Nkwede (2015) investigated the influence of financial inclusion and economic growth in Africa from 1981 to 2013 using multiple regression models anchored on ordinary least square technique in estimating the contributions of the variables. While controlling for other macroeconomic exogenous variables; the results show that financial inclusion has significant negative impact on the growth of Nigerian economy over the years. The researcher attributes the research to high level of financial exclusion of bankable adult citizens in Nigeria in particular and Africa in general. The researcher suggests more inclusive financial system in Nigeria (and Africa) with focus on the rural populace because "growth is good, sustained high growth is better and sustained high growth with financial inclusiveness is best of all" especially in the developing economy.

Agu *et al.* (2016) in a study sought to investigate microfinance institutions (MFIs) as a vehicle for empowerment of the rural women and the urban poor. Part of the efforts of most governments seems to be geared towards narrowing the income gap between the urban and the rural sectors through breaking the cycle of unemployment, economic stagnation and poverty The specific objectives of the study sought to: (i) determine how rural women and the urban poor could be organized to benefit from microcredit of the microfinance institutions and (ii) examine how to reduce or eliminate the inherent challenges associated with accessing microcredit from microfinance institutions. The study is a survey study comprised of rural women of Nachi and Amokwe towns both in Udi Local Government Area of Enugu State, while the urban poor were drawn from Achara Layout and Maryland towns in Enugu South Local Government Area, also of Enugu State. Data used in the study was collected through primary and secondary sources. The data was analyzed using descriptive statistical techniques. The findings of the study revealed that organization of the rural women and the urban poor into membership-based organizations such as street vendors, garment makers, shoe makers, waste pickers, construction day labourers etc could facilitate access to micro credits. The researchers recommended that the "decent work for all" campaign by United Nations

Development Programme (UNDP) through special initiatives on the economic empowerment of working poor women in the informal sector of the economy should form an alliance with growing international movement of working poor women. This should be seen as dependable ally of decent work for all campaign. It is concluded that there is need for advocacy so that the playing ground can be level even for the poorest of the poor women.

Onalapo and Odetayo (2012) did a study on financial inclusion and microfinance banks in Nigeria and disclosed that access to finance via microfinance strategy especially by poor and vulnerable group is a prerequisite for poverty reduction, employment creation, social cohesion and overall economic development for the Nigerian nation. While using survey approach in their study, their findings also show that the commonest reasons for saving with microfinance banks were consumption, investment in education and start a business; whereas, those with better education save more money for investment than the less educated ones. They concluded that microfinance institution is inevitable in a globally competitive environment like Nigeria. In line with prior studies, the conclusion of Onalapo and Odetayo (2012) are in tandem with the results of Ellis (2010) in Kenya who applied the same approach and discovered that reasonable number of people in Kenya save and borrow for household's investment, consumptions and day to day transactions.

Onakoya (2014) attempts to understand how Islamic microfinance as a financial inclusion strategy can be applied in alleviating poverty and maintain sustainable development in Nigeria. It analyses the principles of Islamic finance and conceptualizes its operational details to see the linkage between the real economies and sustainable development. The survey conducted in Ogun State, a sub national government of Nigeria reveals that notwithstanding the current upsurge in religious tension in Nigeria, religion is not a hindering factor to the implementation of Islamic microfinance. It also showed that Islamic microfinance in concert with the right fiscal and monetary policies framework, will contribute positively to poverty alleviation in Nigeria.

Interestingly Dacanay *et al.* (2011) conducted an empirical investigation with international perspective on financial development for eighty countries. Using the index of financial inclusion developed by Sarma and Pias (2010); results indicate that microfinance outreach has a significant positive relationship to financial inclusion; there is a significant positive relationship between financial developments; index of financial inclusion of micro financial industry has a moderate significant relationship with the financial development index and gross domestic products. Drawing their conclusions, they argue that there is a chain of relationship between microfinance, financial inclusion and financial development. They recommended for articulation of financial inclusion index of all countries to enable each country access the depth of their financial system.

Another study on financial inclusion in Bengal state in India by Bandyopadhyay (2010) (2012) focuses on some socio-economic indicators like occupation, literacy and land holding patterns in rural areas, rural indebtedness and people’s opinions about banking services. The results of the studies revealed that those variables were tested to be positively related to financial inclusion measures of poverty reduction. Looking through the extant literature, an empirical study by Burgess and Pandey (2007) provides further evidence that financial inclusion by opening branches of commercial banks via state led policies, is associated with poverty reduction in the rural unbanked location of Ghana. More closely, the work of Ruize (2003) shows that financial development is associated with market based financial systems, while the study on microfinance interventions in financial inclusion in a rural district by Barman *et al.* (2009) indicates that as much as financial inclusion is seen as a very good strategy, it also leads to increased indebtedness to non-institutional or informal sources.

Fadun (2007) examines financial inclusion as a tool for alleviating poverty and redistributing income in developing countries, with special reference to Nigeria. It explores the financial inclusion efforts made at the global level, and highlights the financial inclusion strategy developed in Nigeria to decrease the number of Nigerians that are excluded from financial services. The findings indicate that financial inclusion constitutes important tool for alleviating poverty and redistributing income in developing countries, particularly in Nigeria. The implication for practice is that continuous efforts on the part of stakeholders in financial sector is necessary to decrease the number of people that are excluded from financial services, thereby alleviating poverty and facilitate income redistribution in developing countries.

Nwankwo and Nwankwo (2014) critically examine the sustainability of financial inclusion to rural dwellers in Nigeria using descriptive study and content analysis. The study observed that the sustainability of financial inclusion to rural dwellers in Nigeria remains the mainstream for economic growth in any country. The implication of this study is that economy cannot grow fast without proper implementation of financial inclusion to rural areas in Nigeria. The study recommended that the promotion of collaboration between Deposit Money Banks (DMBs), Microfinance Banks (MFBs) and Communication services providers for enhanced intermediation of financial services should be encouraged; there is need to educate rural dwellers on the importance of banking as it would facilitate the success of CBN financial inclusion policy and that since some of the rural dwellers preferred to keep money under their pillows at home, there should be proper enlightenment to change their orientation on financial inclusion in Nigeria.

3. METHODOLOGY

3.1. Research Design

The method of study is structured into research design, sources of data used, method of data collection and model specification. This study adopted the ex-post facto research design. The ex-post research design is considered suitable for this study because it is a suitable for true experimental research and be used to test hypothesis about cause and effect or correlational relationships. Secondary data for analysis were sourced from CBN statistical bulletin and the publications of the National Bureau of Statistics (2018). The data covered a period of 10 years.

3.2. Model Specification

To achieve the objectives of this study, the following functional and explicit model is formulated.

PCI = F (MLRD, LMSE, BDEP), this model now gives rise to the equation.
PCI = $Bo + B_1$MLRD+B_2LMSE+B_3BDEP.
Where
PCI = Per capita income.
MLRD = Micro loan to rural dwellers.
LSME = Loans to small and medium enterprises.
BDEP = Bank deposits by rural dwellers.

3.3. Decision Rule

The decision rule is to reject the null hypothesis and accept the alternative if P<0.05, otherwise accept the null hypothesis if P>0.05.

3.3.1. Estimation Results and Discussion of Findings

Table 1. Correlation table

	PCI	MLRD	LSME	BDEP
PCI	1.000000			
MLRD	0.374	1.000000		
LSME	0.354	0.265	1.000000	
BDEP	0.656	-0.254	-0.232	1.000000

Source: An extract from the result output analyzed with E-View 7.0

The table shows the relationship among the variables. PCI is observed to correlate positively with MLRD

(r=0.337), LSME (r=0.354) and BDEP (0.656). Further, the table also indicates that MLRD is positively correlated with LSME (r=0.265) but negatively correlated with BDEP (r=-0.254). LSME is also observed to have a negative relationship with BDEP (r=-0.232).

3.3.2. Analysis of Findings

Findings of the study using results of the regression estimates are discussed below:

Table 2. Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.36092	0.56704	1.5752	0.5449
MLRD	0.53497	0.04768	0.1111	0.0431
LSME	0.01758	0.03209	0.5812	0.0056
BDEP	-0.06475	0.48584	-0.1613	0.4328

. **Source:** Author's Analysis of Financial Statement (2019)

The regression table shows the relationship between individual microfinance financial inclusion strategies and economic development. MLRD is found to have a positive and significant association with the level of economic growth at 5% significant level (*MLRD =0.53497, t-Statistic=0.1111).* The result met our *a priori* expectation and is in tandem with Agu *et al.* (2016) and Ruize (2003).

Further, the coefficient of the variable LSME is observed to be positive and significant (*LSME = 0.01758, t-Statistic=0.5812).* This indicates that economic growth is significantly influenced by loan to SMEs. The result met our *a priori* expectation and is consistent with previous studies such as Onalapo and Odetayo (2012) and Nkwede (2015).

The regression result on BDEP shows a negative association but not statistically significant at 5% (*BDEP=-0.06475 t-Statistic=0.1613).* This position did not meet our *a priori* expectation although it agrees with studies such as Ellis (2010), and Burgess and Pandey (2007).

4. CONCLUSION AND RECOMMENDATIONS

The study investigated the effect of microfinance banks financial inclusion strategies on economic development in Nigeria. The study adopted the ex post facto research design. and used data from CBN and NDIC annual reports for the period 2009 to 2018.

Findings of the study revealed that micro loan disbursed, loan to SMEs have a significant positive effect on economic development in Nigeria. Moreover, the study finds that bank deposit has a negative but insignificant relationship with economic development. The study therefore concluded that financial inclusion strategies by microfinance banks have a great effect in stimulating the economy. The study recommended amongst others that the policies and programmes to influence the establishment of microfinance banks in rural communities should be encouraged to enhance access to credit, encourage banking habits among the rural dwellers, ensure even rural development and growth of small businesses.

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