



RESEARCH ARTICLE

THE ROLE OF FINANCIAL INCLUSION IN STIMULATING RURAL ENTREPRENEURSHIP IN ABIA CENTRAL DISTRICT, NIGERIA

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ABSTRACT

This paper looks at the usefulness of financial inclusion in aiding entrepreneurship in the underserved communities in Umuahia South, Umuahia North, Ikwuano, Isiala Ngwa South and Isiala Ngwa North that make up Abia Central District. Despite the efforts of the key financial institutions or players and the Central Bank of Nigeria, the improvement is still uneven. Recent reports indicate some improvement, with formal financial inclusion growing from 56 percent in 2020 to 64 percent in 2023 (EFInA A2F 2023). Despite this, the exclusion rate still stands at 36 percent as of the first half of 2024, falling short of the Central Bank of Nigeria's target of achieving 95 percent financial inclusion by 2024. That suggests that there are still majority of business owners who do not have access to financial information and products. This study employed survey format to point out the extent of financial inclusion in the study area, to assess how it affects the growth of business in the underserved areas and to find out the factors influencing their effectiveness. The outcomes show that there is a strong relationship between the accessibility of banking services, loan or credit facilities and financial products and entrepreneurial development in the underserved communities. Suggestions or recommendations from this study include intensifying efforts to educate business owners in the underserved communities about financial processes and programs, easy access to credit facilities, and the use of financial digital tools, to achieve even economic growth.

Keywords: Digital banking, credit availability, rural entrepreneurship, financial inclusion, and Abia Central District

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1.0. INTRODUCTION

Nigerian underserved communities, such as Umuahia South, Umuahia North, Ikwuano, Isiala Ngwa south and Isiala Ngwa North in Abia Central District, are said to be rich in agricultural resources and entrepreneurial drive, but they still battle with mainstream economic development. Often, these areas come across difficulties that negatively influence their involvement in official financial organisations, despite having a wealth of unrealized potential for development and innovation.

The World Bank (2022) argues that increasing underserved populations' access to dependable and reasonably priced financial services is essential to their empowerment, especially in rural areas. A potent instrument for opening economic prospects, encouraging self-employment, and assisting small businesses is financial inclusion, which includes accessibility of credit facilities, savings, insurance, and digital payment systems. This paper looks at the various ways in which financial inclusion promotes entrepreneurship in underserved communities in Abia Central, placing emphasis on the ways in which financial access can improve livelihoods and promote regional growth.

Ensuring that there is absolute inclusion when it comes to financial usage, policies, and opportunities is regarded as financial inclusion. Rural dwellers of Abia Central District have had limited options to launch their own enterprises and promote local economic development because of low formal finance system involvement (Okechukwu & Onyishi, 2018).

To address these issues, commercial banks and the Central Bank of Nigeria have launched a few financial inclusion programs (Central Bank of Nigeria, 2023). However, serious structural problems like poor internet connectivity, high financing costs, and a lack of financial literacy continue to make it difficult for many would-be rural business owners to get started. The main aim of this paper is to look at the extent to which financial inclusion impacts rural entrepreneurship in the district to offer practical policy recommendations grounded in empirical evidence.



2.0. STUDY AREA

The study was conducted in the Abia Central District of Nigeria, which includes five Local Government Areas (LGAs): Umuahia North, Umuahia South, Ikwuano, Isiala Ngwa North, and Isiala Ngwa South. The district's rural economy, which is based on agriculture, retail trade, and small-scale manufacturing, sets it apart.

3.0. MATERIALS AND METHODS

3.1. Research Design

This study examined the relationship between financial inclusion and rural entrepreneurship using a descriptive cross-sectional research design and a mixed-methods approach. To understand the intricate relationship between financial access and the expansion of entrepreneurship, this design allowed for the simultaneous collection of quantitative and qualitative data.

3.2. Sampling Technique and Sample Size

The technique of stratified random sampling was utilized to guarantee fair representation in every LGA. Registered rural business owners from nearby cooperative societies and business groups made up the sampling frame. Using proportionate sample, 150 respondents were chosen from this population based on the degree of economic activity in each LGA.

3.3. Data Collection Instruments

A systematic questionnaire with closed-ended questions divided into five sections was used to gather data. They are: Socio-demographic information; financial services awareness and utilization; availability of credit; financial instrument use (such as mobile banking); and results of entrepreneurship (e.g., income level, business growth)

Qualitative insights were obtained through key informant interviews with executives from financial institutions, cooperative leaders, and local government representatives.



The independent variables that formed the focus this study are awareness of financial services, access to credit facilities, use of financial tools (e.g., mobile banking, mobile money), and proximity to financial institutions. On the contrary, the dependent variable was rural entrepreneurial development, operationalized by indicators such as business growth, employment generation, and expansion of product or service offerings.

3.4. Method of Data Analysis

IBM SPSS Statistics Version 26 was used to code and analyze the data gathered from the 150 respondents. Three main steps were taken in the analysis:

- i. Descriptive statistics: Used to compile responses pertaining to financial inclusion indicators as well as the sociodemographic traits of respondents.
- ii. Pearson Correlation Analysis: Used to evaluate the direction and degree of the association between financial inclusion factors and the growth of rural entrepreneurship.
- iii. Multiple Regression Analysis: This method was used to investigate how the independent variables—financial services awareness, credit availability, financial tool use, and proximity to banking institutions—predict the dependent variable, which is entrepreneurial development.

All inferential analyses were tested at a significance level of $p < 0.05$.

Table 1: Descriptive Statistics of Key Variables (n = 150)

Variable	Mean	Standard Deviation	Minimum	Maximum
Awareness of Financial Services	3.98	0.74	2.00	5.00
Access to Credit	3.25	0.92	1.00	5.00
Financial Tools Usage	3.47	0.81	1.00	5.00
Proximity to Banking Institutions	2.63	1.03	1.00	5.00
Entrepreneurial Development	4.12	0.68	2.00	5.00



Table 2: Relationship between Awareness of Financial Services and Entrepreneurial Development

Variables	1	2	3	4	5
1. Awareness of Financial Services	1				
2. Access to Credit	.462**	1			
3. Financial Tools Usage	.518**	.396**	1		
4. Proximity to Banking Inst.	.289**	.334**	.367**	1	
5. Entrepreneurial Development	.613**	.572**	.597**	.378**	1

Note: $p < 0.01$

Table 3: Influence of Financial Inclusion Variables on Rural Business Expansion

Dependent Variable: Entrepreneurial Development

Model	R	R ²	Adjusted R ²	Std. Error	F-value	Sig. (p)
Full Model	0.719	0.517	0.505	0.478	44.26	0.000***

Note: *** $p < 0.001$

Table 4: Effect of Financial Awareness, Credit Access, and Digital Banking on Entrepreneurship

Predictor	Unstandardize d B	Std. Error	Beta (β)	t- value	Sig. (p)
(Constant)	1.014	0.228	—	4.447	0.000
Awareness of Financial Services	0.316	0.071	0.342	4.451	0.000
Access to Credit	0.274	0.067	0.288	4.090	0.000
Financial Tools Usage	0.309	0.068	0.335	4.544	0.000
Proximity to Banking Institutions	0.112	0.059	0.137	1.897	0.060

Source: Author's Analysis (2025).

Table 5: Summary of Study Variables and Measurement Techniques

Variable	Description	Measurement	Type
Awareness of Financial Services	Knowledge of loans, savings, insurance, mobile banking,	5-point Likert scale	Independent
Access to Credit	Loan availability, interest rates, conditions	Binary (Yes/No) and scale ratings	Independent
Financial Tools Usage	Frequency of mobile banking, POS, online transfers	Frequency scale	Independent
Proximity to Financial Institutions	Distance to nearest bank or ATM	Distance bands in kilometers	Independent
Entrepreneurial Development	Revenue growth, business expansion, new job creation	Composite index	Dependent

Source: Author's Analysis (2025).



Ethical Considerations

Ethical approval was obtained from the appropriate university ethics committee. Participants gave informed consent and were assured of anonymity and confidentiality.

4.0. RESULTS AND DISCUSSIONS

This study investigated the impact of financial inclusion on rural entrepreneurship in Abia Central District, Nigeria. Quantitative and qualitative analyses were employed to assess the role of four financial inclusive indicators: awareness of financial services, access to credit, use of financial tools, and proximity to financial institutions. Findings reveal that all four indicators positively influence rural entrepreneurial development, albeit to varying degrees.

4.1. Assessment of Demographic Characteristics of Respondents

Table 6: Demographic Characteristics of Respondents

Attribute	Categories	No. of Respondents	Percentage (%)
Age	Under 25	6	4.0
	25–34	60	40.0
	35–44	73	48.7
	44–55	10	6.7
	55 and above	1	0.6
Gender	Male	94	62.7
	Female	56	37.3
Educational Level	Primary Education	4	3.0
	Secondary Education	13	8.7
	Tertiary Education	135	90.0
Primary Occupation	Farmers	31	20.7
	Artisans	31	20.7
	Traders	47	31.3
	Public/Civil Servants	13	8.7
	Service Providers	28	18.7
Local Government Area	Ikwuano	38	25.5
	Isiala Ngwa North	22	14.5
	Isiala Ngwa South	16	11.0
	Umuahia North	66	44.1
	Umuahia South	8	4.8

Source: Author's Analysis (2025).



The analysis of demographic characteristics of respondents presented in Table 6 reveal differences based on percentages. The sample comprised 150 rural entrepreneurs, predominantly aged 35–44 years (48.7 percent), followed by those aged 25–34 years (40 percent). A majority were male (62.7 percent) and had tertiary education (90 percent). Their primary occupations included trading (31.3 percent), farming (20.7 percent), and artisanal work (20.7 percent). Most respondents were in Umuahia North (44.1 percent), with smaller proportions in Ikwuano, Isiala Ngwa North, and other LGAs within the district (Table 1).

4.2. Assessment of Financial Inclusion across Occupational Categories

Table 7: Financial Inclusion Indicators across Occupational Categories

Category	No. of Respondents	Awareness of Financial Services	Access to Credit	Financial Tools Usage	Proximity to Banking Institutions	Entrepreneurial Development
Farmers	31	25 (82.0%)	7 (22.0%)	14 (45.3%)	3 (9.3%)	15 (48.6%)
Artisans	31	24 (79.0%)	4 (12.0%)	16 (50.7%)	4 (14.0%)	12 (39.3%)
Traders	47	41 (88.0%)	17 (37.3%)	14 (28.7%)	23 (49.3%)	22 (46.6%)
Public/Civil Servants	13	12 (90.0%)	2 (18.7%)	5 (40.7%)	3 (23.3%)	5 (41.5%)
Service Providers	28	24 (85.0%)	9 (30.4%)	11 (38.7%)	4 (12.7%)	12 (43.5%)

Source: Author's Analysis (2025).

Table 7 indicates that all occupational categories had a comparatively high degree of financial services awareness, with traders (88 percent) and public/civil workers (90 percent) having the highest levels. Strong awareness levels were also observed by farmers (82 percent), and craftspeople (79 percent). However, getting credit was still quite difficult, especially for farmers (22 percent), and craftspeople (12 percent). Service providers had the second-highest credit access rate (30.4 percent), after traders (37.3 percent).

Traders indicated lower use of financial instruments (28.7 percent), whereas farmers (45.3 percent) and craftspeople (50.7 percent) showed higher engagement. Farmers (9.3 percent) and service providers (12.7 percent) indicated restricted closeness to financial institutions,



whereas traders (49.3 percent) and public/civil servants (23.3 percent) claimed the highest access.

These discrepancies matched disparities in the results of entrepreneurial development. The highest entrepreneurial development scores were obtained by farmers (48.6 percent) and traders (46.6 percent), suggesting that other elements such as awareness and tool utilization may have aided their company's expansion even though they had restricted access to some financial services. At 39.3 percent, artisans had the lowest rate of entrepreneurial development, which reflected the combined effects of restricted banking proximity and poor financing availability.

4.3. Evaluation of Access to Credit and Business Expansion

The regression analysis ($\beta = 0.288$, $p < 0.001$) shows that availability of credit facilities had a significant impact on entrepreneurial growth. In the analysis, Traders (37.3 percent) and service providers (30.4 percent) had the highest credit access levels and the highest entrepreneurial development ratings (46.6 percent and 43.5 percent, respectively), which is in line with occupational data. In the other hand, farmers (22 percent) and craftspeople (12 percent) had the lowest rates of funding availability and business development (39.3 percent and 48.6 percent, respectively).

These findings show that availability of loan supports employment creation, inventory control, income stability, and business expansion. Qualitative input, however, showed that many entrepreneurs continue to encounter obstacles such as exorbitant credit rates, onerous collateral requirements, and drawn-out bureaucratic lending procedures.

Women and those that borrow money for the first time are disproportionately affected by these obstacles. Despite these limitations, entrepreneurs with strong credit histories saw noticeably improved commercial results.

4.4. Awareness and Financial Service Usages

Financial service knowledge was positively correlated with entrepreneurial growth in a statistically significant way ($r = 0.613$, $p < 0.01$). The highest levels of financial knowledge were seen among traders (88 percent) and public/civil professionals (90 percent) and were



associated with entrepreneurial results of 41.5 percent and 46.6 percent, respectively. The idea that knowledge of financial options, including savings products, cooperative loans, and micro-insurance, helps capital access and risk reduction was reinforced by the high level of awareness that persisted even among farmers (82 percent) and service providers (85 percent). According to these results, focused financial literacy initiatives may boost rural entrepreneurship, particularly when combined with easier access to services.

4.5. Use of Financial Tools, Digital Banking and Proximity to Financial Institutions

Entrepreneurial growth was strongly correlated with the use of digital financial tools, including banking applications and mobile money ($\beta = 0.335$, $p < 0.001$). Financial tool utilization was highest among artisans (50.7 percent) and farmers (45.3 percent), who also reported respectable entrepreneurial achievements (39.3 percent and 48.6 percent, respectively). Conversely, traders reported the lowest use of financial tools (28.7 percent), which may have constrained additional entrepreneurial advantages even if they had high awareness and access to financing. According to these findings, those who use digital tools have improved financial control and operational efficiency, even though tool use is still unequal and frequently caused by low digital literacy, network problems, unstable electricity, and mistrust of digital platforms. This aligns with EFINA (2023), which identifies capacity and infrastructure deficiencies as the primary obstacles to digital financial inclusion in rural Nigeria.

The data indicate that proximity to financial institutions still plays a moderate but positive function, even though the statistical effect was weaker ($\beta = 0.137$, $p = 0.060$). Traders got one of the best results for entrepreneurial development (46.6 percent) and the greatest proximity rating (49.3 percent). In contrast, service providers (12.7 percent) and farmers (9.3 percent) depended more on awareness and tool utilization to achieve business performance due to their limited proximity. These results corroborate Smith's (2023) conclusion that, while not the only factor influencing entrepreneurial success, geographic access to banking services affects account ownership, deposit behavior, and participation in credit and savings programs.



4.6. Integrated Model Interpretation

The four financial inclusion variables—awareness, credit access, financial tool usage, and proximity—collectively account for more than 51% of the variation in rural entrepreneurial development, according to the combined regression model's R^2 value of 0.517. This lends credence to the main idea that entrepreneurship in rural areas is greatly increased by increasing financial inclusion. Financial awareness and physical closeness to institutions were the next most influential factors, followed by credit availability and financial tool use.

The following policy recommendations are put forth to support rural entrepreneurship in Abia Central District:

- Extension of digital infrastructure to support mobile and agent banking in underserved areas.
- Interest rate ceilings for rural microfinance loans to lower cost barriers.
- Subsidized credit schemes aimed at women and youth to promote inclusive access.
- Capacity-building programs to improve digital and financial literacy for entrepreneurs.

The potential of rural entrepreneurship in the area can be unlocked by combining these interventions to close the gap between the availability and efficient use of financial services.

5.0. SUMMARY AND CONCLUSION

This study underscores the pivotal role of financial inclusion in stimulating rural entrepreneurship in Abia Central District, Nigeria. Enhanced access to credit, savings instruments, and digital financial tools has contributed significantly to business growth, income stability, and employment generation among rural entrepreneurs. The positive correlation between financial inclusion indicators and entrepreneurial outcomes confirms that inclusive financial systems can drive local economic development.

Despite these gains, challenges such as high transaction costs, limited digital literacy, and weak infrastructural support continue to hinder the full realization of financial inclusion benefits. These barriers disproportionately affect vulnerable groups, particularly women, youth, and first-time entrepreneurs.



To optimize the developmental impact of financial inclusion, policymakers and stakeholders must prioritize targeted financial literacy programs, expand subsidized and accessible credit facilities, and invest in rural digital infrastructure. Such interventions will not only empower rural entrepreneurs but also contribute to broader goals of poverty reduction, inclusive growth, and sustainable rural development (Demirgüç-Kunt et al., 2018; Central Bank of Nigeria, 2023).

Competing Interest

The author declares that no conflicting interest exist in this paper.

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