



## Constraints to Savings Mobilization among Rural Women in Borno State, Nigeria

\*Nuhu, H. S., Bzugu, P. M., and Pur, J. T.

Department of Agricultural Extension Services, University of Maiduguri, Borno State, Nigeria.

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### ABSTRACT

The study examined Constraints affecting Savings Mobilization of Rural Women in Borno State. Data for the study were obtained from both primary and secondary sources. Primary data for the study were obtained through the use of structured questionnaires from 600 respondents selected through multi-stage sampling procedure. The respondents were selected from 2,090 women with livelihood activities, spread over 23 communities in 6 local government areas of the state. A proportionate random sampling was employed at various stages of selection. Descriptive statistical techniques such as the frequency distribution, percentages, mean and z score were used to examine the socio-economic characteristics of the respondents in the study area. The study revealed that majority (88%) of the respondents were married. It was also evident from the study that about 90% of the respondents fell within the age range of 20-50 years. The mean household size was 6. The study also revealed that majority (64%) had Agriculture as their primary occupation, and many (54%) had no formal education. The result showed that income was gotten from farming and non-farming livelihood activities. The study went further to reveal that majority stored grains as assets. It was revealed by the study that most (41%) of the women in the study area were involved in Rotation Savings and Credit Associations (ROSCAs) as a financial saving tool. Lack of trust/fear of default was the pressing constraint encountered by the women in the study area. Based on the finding of this study, it is recommended that there is need to implement policies that will boost the productivity and improve the income of rural women. Institutions that are involved in developmental projects need to increase support to improve the business environment of rural women.

**Keywords:** Savings Mobilization, Constraints, Rural, Women, Borno, Nigeria

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### INTRODUCTION

In recent times, interest in micro-savings, beyond just micro-credit has grown. This is due to the fact that microfinance practitioners have come to realise that credit are not always appropriate for the poor women (Kabeer, 2001, Vonderlack and Schreiner, 2001; Kamal, 2003; Stenga, 2010). This paradigm shift came about due to the realization of the inadequacy of loans to help the poor to improve their wellbeing, especially women (Zeller and Sharma, 2000).

In Nigeria, women play vital roles in food production, processing and marketing; producing about 60-80 percent of food in the country (Rahman *et al.*, 2004), and contributing about 60-80 percent of agricultural labour force (Mgbada, 2000). They also contribute to household wellbeing through their income generating activities (Rahman and Usman, 2004). Despite the immense contributions of women, they face a number of constraints including socio-economic, institutional and cultural factors that limit their capacity to achieve their potentials. Savings of rural women is one of the factors that could help them overcome the effect of these constraints and achieve their potentials. Their savings have a multiplier effect on the economy. It contributes to the accumulation of financial capital at the household as well as national levels. It also helps to reduce vulnerabilities in times of shocks. Saving is a key component in any development endeavour as it is believed to be the surest way of increasing income and boosting productivity in an attempt to break the vicious cycle of poverty. Savings mobilizations could be formal or informal. The formal financial savings mobilization has been accessed more by women in formal wage sector despite the problems which include accessibility in terms of

proximity, time and procedures needed to complete transactions. The likelihood of participation in the informal savings mobilization may be high among rural women because they are mostly engaged in informal livelihood activities. Furthermore, rural women are likely to be more attracted to the informal savings mobilization because of their low level of education and basic socio-economic characteristics which could hinder access to the formal savings mobilization. Some researchers have found that most informal savings options quite a number of constraints like lack of privacy needed to keep others from demanding or borrowing a person's savings for their own needs, as well as the self-discipline needed to encourage saving (Collins *et al.*, 2009). Wright and Mutesasira (2001) noted that informal options can be highly risk and unreliable, breaking down when needed most. Hence, despite the constraints associated with savings mobilization, the enormous importance of women's savings in the overall growth and development of the Nigerian economy and in Borno state in particular, cannot be over emphasised. Hence this study was carried out to identify constraints associated to women's savings mobilization in the study area. The main objective of the study was to identify the Constraints affecting Savings Mobilization among Rural Women in Borno State, Nigeria. The specific objectives were to: examine the socio-economic characteristics of respondents; identify the saving mobilization techniques used by respondents in the study area; and identify the constraints in savings mobilization faced by the respondents in the study area.

### **METHODOLOGY**

The study was conducted in Borno State, Nigeria. The State lies between latitudes 10<sup>0</sup>02<sup>1</sup>N and 13<sup>0</sup>04<sup>1</sup>N and longitudes 11<sup>0</sup>04<sup>1</sup> E and 14<sup>0</sup>04<sup>1</sup>E. The State is bordered by Adamawa State to the south, Yobe State to the west and Gombe State to the southwest. It also shares border with Cameroon Republic to the east, Chad Republic to the north east and Republic of Niger to the north (Borno State Diary, 2010). The state has a land mass of about 69,434 square kilometres and comprises of 27 Local Government Areas with a projected population of 4,998,033 people. Male constituting 2,653,015 and 2,446,985 for female (National Population Commission, 2006).

In Borno State, women engage in a variety of economic activities essential to support the development of the state. They are involved in agriculture (food crop and livestock production) and micro-industries. They are also active in income generating activities such as processing and marketing. Other income generating activities are hair plating, mat making, pottery and tailoring (Ministry of Women Affairs and Social Development, 2008).

The study used the three (3) Agricultural Development Programme (ADP) Zones in the state. Each zone comprised of nine (9) Local Government Areas (LGAs). A Multi-stage random sampling technique was employed in selecting the respondents for the study. In the first stage, two (2) LGAs from each of the three (3) ADP Zones in the State were randomly selected; making a total of six (6) LGAs. These LGAs include: Kukawa, Mongono, Bama, Kaga, Gwoza, and Hawul. In the second stage, proportionate random sampling was used and twenty-three (23) villages were selected from the six (6) LGAs earlier selected. The third stage, involved a proportionate random selection of six hundred (600) respondents from the twenty three (23) villages. These 600 respondents were used for the study. Lists of women involved in livelihood activities from the twenty three villages were obtained from extension agents working in these communities.

Primary and secondary data were used for this research. The primary data were collected using Interview Schedule. Trained enumerators from ADP were engaged in data collection. The secondary information was obtained from published materials such as journals, government publications and project reports.

### **Analytical techniques**

The analytical technique used in data analysis is the descriptive statistics techniques. Descriptive statistics used include frequencies, percentages, means and Z score.

## RESULTS AND DISCUSSIONS

### Socio-economic characteristics of respondents

Table 1 presents data on socio-economic characteristics of respondents. The results reveal that about 90% of the respondents fell within the age range of 20- 50 years. This age bracket could be considered as the productive and energetic age bracket. Approximately 90% of the respondents were 50 years old or younger. The average age of the respondents was 36 years. This by implication means that the study area has large number of productive, energetic and active women that are involved in different forms of livelihood activities that can make them to engage in savings mobilization to generate funds to finance their livelihood activities.

The study revealed that majority (88%) were married, 4% were single, 2.8% were divorced and 5.2% were widowed (Table 1). Married people have enormous responsibility by virtue of their status, which could make them engage in savings mobilization to generate funds especially to cater for their wards. Hence this will make them work harder in order to utilize savings mobilisation to better the life of their family especially their children. This finding is in agreement with that of Adams and Fitchett (1992), who revealed that in social clubs and ROSACAS formed, substantial numbers of these clubs are formed by married women, especially those with independent sources of income.

Result from the study (Table 1) shows that household size with the highest frequency was between four to eight persons consisting a total of 64.2%. The least was household with 20 and above persons. The mean of household size was 6 indicating a large household size which is typical of a developing country like Nigeria. Large household saves less since the needs of other members of the family have to be met. A study carried out in India by Loayza and Shankar (2000) on private savings, and in the Philippines by Orbeta (2006) on children and household savings in the Philippines, indicated that larger family size and larger number of children in the family reduces savings. By implication, savings of the respondents in the study area will reduce because of household size.

Table 1 showed that 64% of the respondents were engaged in Agriculture as their primary occupation. Of the respondents, 8% were traders, 6.3% of them were engaged in Agro-processing, 12.5% of them were Artisans, while 8.4% of them were civil servants. This implies that the major livelihood activity of most women in the study area was agriculture. It is from the income of these livelihood activities that women save.

Table 1 depicts that 40.8% had working experience of less than 10 years, 7% had working experience of 31 years and above, while majority (52%) had 10-30 years working experience. The number of years one spends in a particular livelihood activity could improve the enterprise in which one is involved in which one can subsequently increase savings. The longer a respondent stays on an occupation the more the stability and regularity of income which can in-turn determine savings. Respondents with longer working experience in the study area are likely going to utilize savings mobilization techniques more efficiently. Results on level of Education (Table 1) shows that majority (52%) of the respondents had no formal education, 11.7% had gone through primary education, and 18% had completed secondary education, only 12% completed tertiary education. The major implication of this result could be that literacy level in connection with western education among the women is low. Education which is considered as an important capital asset, could affect the savings and investment behaviour of rural women.

With low level of literacy the women may not be able to utilize formal savings mobilization techniques due to the complex procedures and formalities involved in banking. That is why most women in the study area will prefer to save with informal savings mobilization techniques where there are no complex procedures and formalities. This finding is similar to that of Bzugu and Hayatu (2007) that most of the respondents in the study area had low literacy level and therefore they preferred using the informal savings mobilization techniques.

**Table.1 Distribution of respondents based on socio-economic characteristics (n=600)**

Socio-economic variable	Frequency	Percentage (%)	Mean
<b>Age</b>			36
<20	23	3.8	
20-30	182	30.3	
31-40	214	35.7	
41-50	145	24.2	
51-60	29	4.8	
>60	7	1.2	
<b>Marital status</b>			
Married	528	88	
Single	24	4	
Divorced	17	2.8	
Widow	31	5.2	
<b>Household size</b>			6
<4	107	17.8	
4-8	385	64.2	
8-12	98	16.3	
>12	10	1.7	
<b>Child dependency ratio</b>			
<0.2	8	1.3	
0.2-0.4	56	9.3	
0.41-0.6	149	24.8	
0.61-0.8	214	35.7	
>0.8	133	22.2	
<b>Primary occupation</b>			
Farming	389	64.8	
Trading	48	8.0	
Agro-processing & Marketing	38	6.3	
Artisans	75	12.5	
Wage earners	50	8.4	
<b>Years of working experience</b>			
<10	245	40.8	
10-20	213	35.5	
21-30	100	16.7	
31-40	35	5.8	
>40	7	1.2	
<b>Educational level</b>			
No education	349	58.2	
Primary education	70	11.7	
Secondary education	109	18.2	
Tertiary education	72	12	
<b>Annual farm income</b>			
<50,000	37	6.2	
50,000-100,000	123	20.5	
100,001-150,000	210	35	
150,001-200,000	24	4	
>200000	31	5.2	
<b>Annual nonfarm income</b>			
<50,000	126	21	
50,000-100,000	278	46.3	
100,001-150,000	26	4.3	
150,001-200,000	9	1.5	
>200,000	70	11.7	
<b>Total annual savings</b>			
<₦10,000	98	20.6	
₦10,000- ₦20,000	100	21.0	
₦21,000- ₦30,000	210	44.1	
₦31,000- ₦40,000	60	12.6	
>₦40,000	08	1.7	

**Source:** Field survey, 2012

The result, in table 1 revealed that 35% earned less than ₦50,000 from farming activities, 20.5% earned between ₦50,000- ₦100,000, 6.2% earned between ₦100,001- ₦150,000, 4.0% earned between ₦150,001- ₦200,000, while 5.2% earned above ₦200,000. About 65% of the women in the study area depend on farming as their primary occupation, and the annual farm income is very low, only 5.2% are able to get an income of ₦200,000 and above. This implies that farm productivity is low due to lack of inputs and credit that can help these women to achieve maximum output to be able to increase their income which can improve their savings.

According to the entries in Table 1, 11.7% of the respondents that earned above ₦200,000, while those that earned between ₦50,000-₦100,000 were 21.0%. Due to the nature of farming activities which is done mostly during raining season, respondents that engage in farming as their primary occupation had to engage themselves in non-farm activities especially during off-farming periods, in order to supplement farm income since farm income is low. Most of the respondents were involved in more than one livelihood activity. This implies that there could be increase in income and respondents could be able to save more. This concurs with the classical Keynesian savings theory where an increase in income is bound to lead to an increase in savings.

With regards to total annual savings, table 1 showed that a good portion (44.1%) of the respondents had their annual savings between ₦21,000- ₦30,000, followed by ₦10,000-20,000 (21%) then 20.6% saved less than ₦10,000 annually. Those who saved above ₦30,000 were 14.3%. Based on these results, it suggests that there are great potentials for saving among women in the study area. Since more than half (58.4%) could save between ₦21,000- ₦40,000 and above per annum this means that with improvement in livelihood activities in terms of income, chances of increased savings could be high among women.

#### **Respondent's savings mobilization techniques**

Table 2 revealed that 41% of the respondents save in Rotation Savings and Credit Association (ROSCAs), 24% involved in Daily contribution scheme, 20% of the respondent keep their cash at home, while 15% save in Banks. Inferring from figure 2, it is clear that rural women were more into informal than formal savings mobilization technique. The use of formal saving products was not common. Those involved with Banks were fewer, only less than a quarter of the respondents were using formal savings mobilization techniques and they were those working in public service. The major reason for having bank accounts was because salaries were paid through their accounts in the banks and also for the security. Distant location of the banks, high-level of bank formalities, lack of education and excessive minimum balance requirement may have also been the hindrance in the formal financial access to women, specifically to the illiterate ones since the study shows high (58.2%) percentage of illiterate women in the study area.

**Table 2. Types of Savings Mobilization Techniques Engaged by respondents**

<b>Types of savings mobilization techniques</b>	<b>Percentages (%)</b>
ROSCAs	41
Daily Contribution	24
Cash at Home	20
Bank	15

**Source:** Field Survey, 2012

ROSCAs seem to have more women. For those who saved with ROSCAs security might not be a major factor. The major reason could be the lump sum to be obtained at the end of the month, the easy access to credit, and the fact that small sums were accepted without fuss by members. Another important reason for saving with ROSCAs could also be that the operation takes place over a short time. It is obvious that direct returns on savings are overshadowed by other factors in the choice of informal savings facilities. ROSCAs also offer low transaction costs and the pressure to save this low income regularly. This concurs with the finding of Goodland (1999), who also observed that in Senegal, ROSCAs assisted in equitable distribution and utilization of local resources most especially income and

raw materials because credits taken are used to finance income generating activities with returns in excess of the loan, thus reducing the level of poverty of the people.

Daily contribution is also a common method engaged by women, especially women that are traders. This finding supports that by Aryeetey and Gockel (1991), who found that despite the fact that the system of rotating saving is old in Ghana, their study showed that the single collector type (daily contributions) is much more popular as a saving facility. The finding is also in agreement with that by Oloyede (2008) who in his study in Ekiti also revealed that majority (51.36%) of the respondents who were mostly women engaged themselves in daily contributions scheme. Those who saved at home were also more than those who saved through banking. For those who saved at home, the most important reason for doing so could be that of easy access guaranteed.

**Constraints encountered in Savings Mobilization Types**

A number of constraints affect women’s saving mobilization in the study area. The respondents were asked the constraints to savings mobilizations faced by the respondents are presented in Table 4.8. The Table summarises the result obtained by the use of Z-score rating. The Z-score rating measures the relative severity of the problems confronting the respondents.

As revealed in Table 4.8, fear of default/lack of trust were the most difficult problem faced by the respondents having been rated first with a Z value of 6. Fear of default/ lack of trust are usually common in informal savings mobilization. A member might default because of one reason or the other and this can constitute a problem. Another type of default is when a daily collector absconds with members’ money. This finding supports the result of an empirical finding in Ghana by Aryeetey and Gockel, (1991) who showed as much as 40.3% of women informal savers had lost money through a collector defaulting with payments. The usual way of defaulting in payments was through the collector absconding with deposits. The findings of this study agree with the result of studies by Adofu *et al.* (2010) and Yusuf *et al.* (2009) which stated that fear of default / lack of trust were the most difficult problem of members in saving mobilization.

**Table 3. Z-Score on Constraints Encountered by Women in Savings Mobilization Type (n=600)**

Constraints	F	CF	CFM	CPM	Z	(Z+2)X2
Fear of default /lack of trust	271	471	418	0.96	1.561	6
No returns	200	365	315	0.72	.533	5
Wait for turn	165	265	217.5	0.50	.000	4
Leadership structure	100	170	136	0.31	-.496	3
Lack of Participation in decision making	70	102	72	0.17	-.954	2
Death of a member	32	42	26	0.06	-1.555	0.9
Method of Saving Mobilization	10	10	5	0.01	-2.326	-0.7

**Source:** Field Survey, 2012, F= Frequency, CF= Cumulative frequency, CFM= Cumulative frequency to mid-point, CPM= Cumulative proportion to mid-point, \*Multiple response existed, hence exceeds 100%

No returns came second in rank with a Z-value of 5. Saving without returns discourages an individual from saving. But when an individual expects some increase on a saved amount it becomes encouraging and gives the individual courage to save. The problem with informal saving mobilization most times is that it gives back only what is being saved by the saver. Sukhdeve (2008) in his study in India attested to the fact no returns and wait for turns were among the problems that informal savings mobilization is fraught with.

Wait for turn had a Z-value of 4 and this problem ranked third. Waiting for ones turn a times can be a problem to the savers more especially when in an exigency and one’s turn has not yet arrived. This usually makes an individual go helter-skelter looking for funds to solve the problem at hand. Problem with the leadership structure ranked fourth with a Z-value of 3. Leadership structure is a very important aspect in saving mobilization, that is, not having a good leadership structure can affect the performance

of that particular saving mobilization type. Quite a number of the respondents reported that they had problem with the leadership structure of the saving mobilization type they were involved in. Some complained that there was no transparency when it comes to date of collection of savings. Some will be chanced to be given to others for them to wait until a later date.

Another problem faced by respondents in savings mobilization type was lack of participation in decision making which ranked fifth with a Z-value of 2. Participation in decision making is important in saving mobilization, because it has to do with individual's savings. The contributions of those involved in the saving mobilization type are very crucial. Other problems faced by the respondents in saving mobilization types were death of a member and method of saving mobilization which ranked sixth and seventh with Z-values of 0.9 and -0.7, respectively. Death of a member can pose a problem for a saving mobilization type more especially if an individual that is involved in ROSCAs dies while the individual has collected savings in that period and others have not yet collected, it then becomes a problem for those that are yet to collect their savings. Method of saving mobilization as a constraint appears to be a problem of lesser magnitude. This is because if one type does not benefit a saver, she can change to another type until she gains satisfaction.

### CONCLUSION AND RECOMMENDATIONS

The finding revealed that the women were in their active and productive ages, so they were able to engage in activities that generated funds to support their livelihood strategies. Most of the women were married, majority were self-employed. They were engaged in various type of occupation, while only few were wage earners involved in the government services. Many of the respondents were also engaged in secondary occupation which generated income resulting in high annual incomes to them. The study also concluded that more women preferred the use of informal saving mobilization type than formal saving mobilization type. This was because the informal saving mobilization type was more accessible to them than the formal. ROSCAs were the most preferred informal saving mobilization, followed by the daily contribution scheme. A number of constraints affected the women in the study area, among them the most difficult constraint faced was fear of default/ lack of trust with Z value of 6. Despite the constraints associated with savings type in the study area, savings among rural women was possible. The following recommendations were made to improve saving mobilization among rural women in the study area:

- Rural women should be properly mobilized and organised to join cooperative societies and self help groups and register in other formal financial institution, so that the Government, NGOs and Micro-finance institutions can easily reach out to them as this will improve their level of personal development. The saving mobilization organizations should adopt demand oriented approach in designing savings programs by considering the socio-economic characteristics of rural women.
- To improve the saving level of the rural women, there is need to implement policies that will boost the productivity and improve the income of rural women. There is need to educate women on saving institutions and enlighten them on the need of savings. Saving institutions such as micro-finance institution could be located at accessible locations. These will enhance saving mobilization and capital accumulation.
- Policy makers should establish and strengthen links between formal and informal financial institutions in order to increase saving mobilization and make more funds available to produce high yield investments in the informal sector.
- Provision of education by government is important in improving savings. The government should increase funding of education sector not only to secondary and tertiary institutions but also to the adult education program. NGOs should also be encouraged to participate in the provision of education especially in training and acquisition of necessary skills for management of finances.
- Micro finance institutions linking up with commercial banks should set up micro credit desks through which they should extend credits to women informal groups, using ROSCAs at

mutually agreed terms for onward lending to their customers. These credit accesses should therefore be accompanied with effective restriction on credit use.

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