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ANALYSIS OF CHALLENGES FACED AMONG WOMEN IN ACCESSING AND UTILIZING MICROFINANCE SERVICES IN MAKURDI LOCAL GOVERNMENT AREA OF BENUE STATE, NIGERIA

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Abstract

The study analysed challenges faced in accessing and utilizing microfinance services among women in Makurdi Local Government Area of Benue State, Nigeria**.** The population of this study consisted of all women in makurdi L.G.A. A sample size of 400 women was selcted for the study. Data were collected through structured questionnaire and analyzed using descriptive and inferential statistics. The result on the type of financial services women engaged in were loan/credit faculties (x 3.4), business/advisory/training ((x=3.2), savings services (x=3.1) and insurance service (x=3.1) with a grand mean of 3.2. The result on challenges women faced in accessing and effectively utilizing microfinance services were difficult loan processing procedures by microfinance banks/high interest rates by microfinance banks (x =3.3), lack of awareness of the benefits of credit facilities (x=3.0) and inadequate collateral security required from financial institutions (x=3.0) with a grand mean of 3.1. It was found that there were no significant challenges women faced in accessing and effectively utilizing microfinance services with a F-value (1626.277), being statistically significant at 5% ($p<0.05$)**.** The study concludes that, micro-finance has a key role to play in advancing women empowerment in Makurdi LGA. Also, women in Makurdi LGA utilized micro finance banks for various services. It was recommended that, flexible repayment structures that align with women's income patterns should be implemented to ease financial pressure and ensure sustainability

Keywords: women, challenges, accessing, utilizing, microfinance.

1.0 Introduction

Microfinance has emerged as a transformative tool in addressing poverty, fostering financial inclusion and advancing gender equality, particularly in developing economies, where women face systemic barriers to economic participation (World Bank, 2022). Rooted in the pioneering efforts of Muhammad Yunus and the establishment of the Grameen Bank in the 1970s, microfinance has evolved from a small-scale lending model

into a comprehensive financial framework that includes credit, savings, insurance, and capacity-building programs aimed at empowering marginalized populations, particularly women (Yunus, 2019). The ability of microfinance to provide women with access to financial resources, entrepreneurial support, and investment capital has positioned it as a critical driver of economic empowerment and sustainable development (United Nations Women, 2021).

Microfinance institutions (MFIs) play a pivotal role in the financial inclusion landscape, offering tailored financial services to low-income individuals and small business owners who are often excluded from traditional banking systems. Across Nigeria, several formal and informal MFIs operate, ranging from commercial microfinance banks, cooperative societies, self-help groups, and digital micro-lending platforms (Central Bank of Nigeria, 2022). These institutions bridge the financial gap by providing low-interest loans, business development support, financial literacy programs, and savings mechanisms that help women become economically self-reliant (Obasi & Agu, 2023). Notably, Nigeria's National Microfinance Policy emphasizes the importance of MFIs in fostering entrepreneurship, reducing unemployment, and enhancing the economic participation of women (CBN, 2021). However, despite their contributions, many MFIs face challenges such as high operational costs, limited outreach in rural areas, and concerns over loan repayment sustainability (Adebayo et al., 2023).

Women's economic empowerment is a central component of sustainable development, as it enhances household income, improves access to healthcare and education, and fosters broader socio-economic transformation (Organization for Economic Cooperation and Development, 2020; International Finance Corporation,

2020). Empirical studies suggest that women who gain access to microfinance services tend to invest in productive assets, expand their businesses, and increase their decision-making power within their households and communities (Kabeer, 2019). Moreover, financial inclusion through microfinance plays a pivotal role in reducing gender disparities, enabling women to transition from informal economic activities to formal entrepreneurship, thereby strengthening their resilience against economic shocks (Demirgüç-Kunt et al., 2022). However, research indicates that, microfinance alone is not a silver bullet for women's empowerment, as its success depends on complementary interventions such as financial literacy programs, mentorship, and policy support (Banerjee & Duflo, 2019).

Given these complexities, a holistic and multi-dimensional approach to microfinance is essential to maximize its potential for women's empowerment and sustainable development. Integrating microfinance with financial literacy programs, digital banking innovations, entrepreneurship training, and supportive legal frameworks can enhance its long-term impact (World Bank, 2023). Against this backdrop, this research seeks to critically examine the role of microfinance in advancing women's empowerment and fostering sustainable development, while identifying challenges and proposing actionable solutions for optimizing its effectiveness.

Several studies had examined the relationship between microfinance and women's empowerment, producing mixed findings. Kabeer (2019) argues that access to microfinance contributes to women's ability to make financial decisions, thereby enhancing their role in household and community leadership. Her study in South Asia found that women involved in microfinance programs demonstrated higher levels of business ownership, educational investment for their children, and reduced financial

dependency. However, Kabeer (2019) also acknowledges that these benefits are not uniform, as certain social structures restrict women's ability to independently manage finances, making them dependent on male relatives. Despite the growing body of research on microfinance and women's empowerment, many studies lack a holistic approach that integrates economic, social, and environmental sustainability aspects. Hence, the study intends to fill the gap in knowledge by examining the role of micro finance in empowering women in Makurdi LGA

2.0 **Objectives of the Study:** The broad objective of this study was to analyse challenges faced by women in accessing and utilizing micro finance services in Makurdi L.G.A.

The specific objectives of the study were to:

i. identify the type of micro finance services women engage in, in Makurdi LGA.

ii. identify challenges faced among women, in accessing and effectively utilizing microfinance services.

Hypothesis

(i) There are no significant challenges women faced in accessing and effectively utilizing microfinance services in Makurdi L.G.A.

3.0 Methodology

3.1 The Study Area

Makurdi Local Government Area lies between latitudes 70 00l N and 70 45l N and longitudes 80 00l and 80 32l E in the Northeastern part of Benue State (Figure 1). It is situated within a physiographic zone called the Benue trough, with a mean elevation of 92 meters above sea level. Makurdi is bounded by Gwer West Local Government Area to the west, Gwer East Local Government Area to the South, Guma to the North East and

Doma to the North West. Politically, it falls within the Middle Belt region of Nigeria and has a radius of 16 kilometres from its centre. It is the capital of Benue State and headquarters of Makurdi Local Government Area. It serves as a major link between the Northern and Southern parts of Nigeria. The town has several drainage channels. These channels include river Benue, which bisects the town into South and North banks, and its tributaries including Urudu, Demepe, Kereke, Mu and the smaller ones such as Idye and Kpege. According to 1991 and 2006 censuses, the population of Makurdi were 239, 889 and 297 398. Projected at the growth rate of 0.03%, [Pt= 239,889 (1+0.03)26 = 517,342], Makurdi LGA has a total population of 517,342 persons including male and female in 2017. Makudi has a fast-growing population with a population density of 323 persons per square kilometre, about 8.14% of this entire population represent the population of the State (Denga, 1995). The 2006 figure was 297 398 including male and female, the male figure was 157, 295 while that of females was 140,103, respectively. The population is made up of the Tiv speaking population as the majority, followed by the Idoma and Igede speaking population with other ethnic groups that are relatively few (Agbo, 2022).

Makurdi is home to several microfinance institutions (MFIs), such as Benue State Microfinance Bank, Infinity Microfinance Bank, Susana Microfinance Bank, and LAPO Microfinance Bank, which serve the financial needs of women entrepreneurs, small business owners and traders. Women in the city are actively involved in sectors like agriculture, trade, small-scale manufacturing and other services. However, many of them seem to face challenges in accessing financial resources due to issues such as lack of collateral, high loan interest rates, and socio-cultural barriers.

While microfinance institutions exist in Makurdi, financial access remains a significant challenge, particularly for women in rural and low-income urban areas.

Informal financial structures, like thrift savings groups and cooperative societies, complement the work of formal MFIs, providing additional financial support to women engaged in small and medium-sized enterprises (SMEs). Moreover, economic disruptions caused by farmer-herder conflicts have led to the displacement of many women, increasing their reliance on microfinance loans to rebuild businesses and support households.

Given the concentration of microfinance institutions, a diverse range of entrepreneurial activities, and distinct socio-economic challenges, Makurdi offers an ideal setting for exploring the role of microfinance in women's empowerment and sustainable development. This study aims to assess how microfinance interventions in Makurdi improve women's access to financial services, support business sustainability, and contribute to broader economic development in the region.

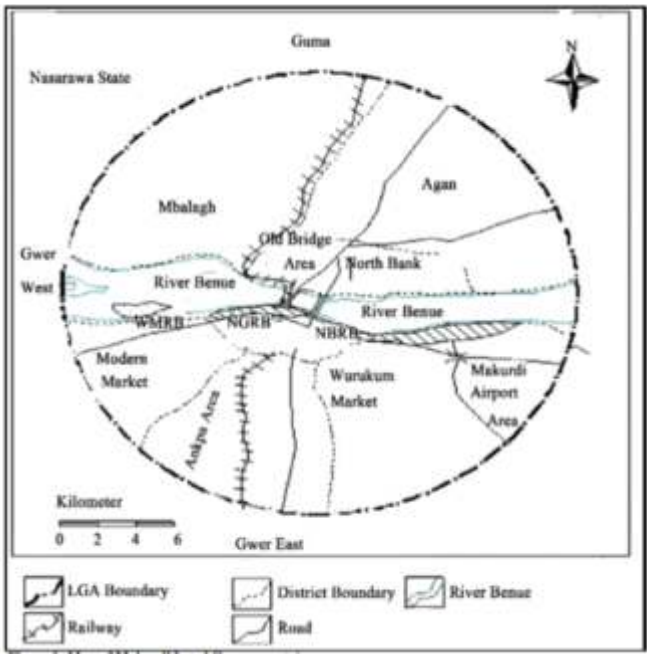


Figure 1: Map of Makurdi Local Government Area (the study area).

Source: Ministry of Land and Survey (2013).

To gather pertinent and precise evidence regarding the research questions, an empirical quantitative approach utilizing a Structured Survey Questionnaire was employed. The Structured Survey Questionnaire was used for collecting primary data needed for the study and the questionnaire was structured such that respondents were required to tick all their preferred options on particular questions/items. Respondents' responses were scored on a 5-point Likert scale, ranging from "Strongly agree" (5) to "Strongly disagree" (1), with "Agree" (4), "Neutral" (3), and "Disagree" (2) as intermediate options with open-ended questions to capture a broad spectrum of respondents' opinions and perspectives.

Techniques of Data Analysis

The data for the study were analysed using both descriptive and inferential statistics. Objectives 1 and 2 were analysed using mean and standard deviation. Hypothesis was tested using F-test in multiple regression.

Model Specification

The model can be specified as:

$WE = \beta_0 + \beta_1 LVP + \beta_2 TMFS + \beta_3 CAMF$

WE = Women Empowerment (composite score based on the effect of Micro Finance Banks)

LVP = long-term viability, and profitability (measures extent and frequency of the effect of micro finance on long-term viability, and profitability of women businesses)

TMFS = Type of Micro Finance Services (measures the type of micro finance services that affect women's empowerment)

CAMF = Challenges in accessing Micro Finance (measures the challenges in accessing Micro Finance services)

$\beta 0$ = Intercept term.

$\beta 1, \beta 2, \beta 3$ = Coefficients of the independent variables.

ϵ = Error term.

A Priori Expectations

In the model, we expect the coefficient of $\beta 1$ to be less than 0. This indicates that as lack of access to credit facilities in micro finance banks increases, women empowerment and long-term viability, and profitability decreases. On the other hand, we expect the coefficients of $\beta 2$ and $\beta 3$, to be greater than 0, meaning that as women empowerment, types of Micro Finance Services , long-term viability, and profitability increases, assess to credit facilities in micro-finance also increase. This can be stated algebraically as:

$\beta 1, < 0, \beta 2, > \beta 3 > 0$

4.0 Results and Discussion

4.1 Types of micro finance services women had engaged in

The types of micro finance services women had engaged in, in Makurdi LGA were presented in Table 1. Table 1 shows that (56.7%) of the respondents agreed that the type of micro finance services women in Makurdi L.G.A had engaged in most were micro finance Banks that offers Loan/credit facilities, while 33.1% were neutral. However, 7.6% disagreed, and 2.5% strongly disagreed. Besides, 33.3% of the respondents agreed that other micro finance services women had engaged in, in Makurdi L.G.A were saving services, about 47.3% remained neutral, while 19.3% disagreed, and none strongly disagreed. Furthermore, 24.4% of the respondents strongly agreed that the type of micro services women had engaged in, in Makurdi L.G.A were business/advisory/training services, about 29.5% agreed, while 10.7% remained neutral. However, 21.9% disagreed, and 13.5% strongly disagreed. In terms of Insurance services, 20.4% of the

respondents agreed, while 76.6% remained neutral. However, 3.1% disagreed and none strongly disagreed. Since both the individual and cluster means are above the decision point of 3.0, it implies that the respondents agreed that some of the micro services women engaged in, in Makurdi LGA were saving services, loan/ credit facilities, business/advisory/training services and insurance services.

These services, collectively help individuals build a stable financial foundation and navigate economic challenges. This findigs agrees with Okoh (2021) who stated that microloans are the core service of most microfinance institutions. These small loans are typically designed to help entrepreneurs and small business owners start or expand their businesses. The loan amounts vary but are often tailored to meet the needs of very low-income borrowers. Repayment schedules are also structured to accommodate the borrower's financial situation. Adebayo (2024) affirmed that microfinance institutions offer savings accounts to promote the habit of saving among their clients. Many of these accounts have low minimum balance requirements and are designed to be accessible to people who might not otherwise have access to formal banking.

Table 1: The types of micro finance services women had engaged in, in Makurdi LGA (n=400)

S/N	Item Statement	SA 5	A 4	N 3	D 2	SD 1	-	Std.
1	Loan/credit facilities	0(0.0)	223(56.7)	130(33.1)	30(7.6)	10(2.5)	3.4	0.7
2	Saving services	0(0.0)	131(33.3)	186(47.3)	76(19.3)	0(0.00)	3.1	0.7
3	Business/advisory/training services	96(24.4)	116(29.5)	42(10.7)	86(21.9)	53(13.5)	3.2	1.3
4	Insurance services	0(0.0)	80(20.4)	301(76.6)	12(3.1)	0(0.0)	3.1	0.4
	Total Score	96	550	659	204	63		0.8
	Average Mean						3.2	

Symbol Keys: SA-Strongly Agree; A= Agree; N-Neutral; D=Disagree; SD-Strongly Disagree
Source: Field Survey (2025).

4.2 Challenges women faced in accessing and effectively utilizing microfinance services

Challenges women faced in accessing and effectively utilizing microfinance services is presented in Table 2.

Table 2 shows that 42.0% of the respondents agreed that Lack of awareness of the benefits of credit facilities is one of the challenges women faced in accessing and effectively utilizing microfinance services, while 32.1% remained neutral. However, 7.1% disagreed and 18.8% strongly disagreed. Regarding inadequate collateral security required from financial institutions, 17.3% of the respondents strongly agreed, while 29.8% agreed. However, 7.6% remained neutral, 26.0% disagreed and 19.3% strongly disagreed. In terms of Difficult loan processing procedures by microfinance banks/ High interest rate by micro-finance banks, 20.9% of the respondents strongly agreed, while 38.7% agreed. However, 10.4% remained neutral, 16.3% disagreed and 13.7% strongly disagreed.

Since both the individual and cluster means were above the decision point of 3.0, it implies that lack of awareness of the benefits of credit facilities, inadequate collateral security required by financial institutions and difficult loan processing procedures by microfinance banks/ High interest rate by micro-finance banks were challenges faced among women in accessing and effectively utilizing microfinance services.

In earlier report, Kasali (2006) stated that as laudable as the government programmes are towards financing of small enterprises, micro-finance banks introduced stringent conditions day in, day out as they are not willing to release funds to micro-entrepreneurs. As micro-enterprises expand in size, the characteristics of loans they require become increasingly difficult for the informal credit sources to satisfy, yet they remain too small for the formal lenders (Aryeetey, 1996).

Table 2: challenges faced among women in accessing and effectively utilizing microfinance services (n=400)

S/N	Variables	SA 5	A 4	N 3	D 2	SD 1	-	Std.
1	Lack of awareness of the benefits of credit Facilities	0(0.0)	165(42.0)	126(32.1)	28(7.1)	74(18.8)	3.0	1.1
2	Inadequate collateral security required from financial institutions	68(17.3)	117(29.8)	30(7.6)	102(26.0)	76(19.3)	3.0	1.4
3	Difficult loan process procedures by microfinance banks/ High interest rate by micro-finance banks	82(20.9)	152(38.7)	41(10.4)	64(16.3)	54(13.7)	3.3	1.3
	Total Score	150	434	197	194	204		1.7
	Average Mean						3.1	

Symbol Keys: SA-Strongly Agree; A= Agree; N-Neutral; D=Disagree; SD-Strongly Disagree;

Source: Field Survey (2025).

Hypothesis 1: This hypothesis stated that there were no significant challenges women faced in accessing and effectively utilizing microfinance services.

This hypothesis was tested using simple linear regression analysis as shown in Table 3 below: The results presented in Table 3 revealed that there was a strong and significant relationship between the challenges women faced in accessing and effectively utilizing microfinance services and women empowerment in Makurdi [$R = .898$, $R^2 = .806$, $F = 1626.277$; $P < 0.05$]. The findings further showed that the challenges women faced in assessing micro finance service accounted for approximately 80.6% ($R^2 = .806$) of the total variance observed in women empowerment. Based on this result, the null hypothesis was rejected and the alternative hypothesis accepted.

Table 3: Simple linear regression analysis of the relationship between the challenges women faced in accessing and effectively utilizing microfinance services and women empowerment

Variable	R	R^2	Df	F	B	P
Challenges accessing Micro finance services Women empowerment	.898	.806	392	1626.277	.898	.000

5.0 Conclusion and Recommendations

5.1 Conclusion

The study concludes that, micro-finance has a key role to play in advancing women empowerment in Makurdi LGA. Also, women in Makurdi LGA utilized micro finance

banks for various services.

5.2 Recommendations

It was recommended that, flexible repayment structures that align with women's income patterns should be implemented to ease financial pressure and ensure sustainability.

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