WOMEN IN TRADITIONAL BANKING IN AFRICA: THE NIGERIAN EXPERIENCE

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Abstract
This paper examines the traditional form of financial intermediaries in Africa, while focusing on the informal means by which the Nigerian women cope with lingering economic challenges. While exploring the various characteristics of this scheme known differently as 'Ajo' (Yoruba), 'Adashe' (Northern Nigeria) and 'Esusu'(Igbo), the paper argues that more low-income earning people (including market women, artisans, and small business owners) have continued to shun the services offered by formal financial institutions for the more informal sector. Some of the reasons advanced for this increasingly popular 'esusu' practice include access to funds to kick-start small businesses and to borrowings at emergencies, as a way of increasing savings as well as achieving a communual goal. A total of 285 respondents drawn from 8 markets in two urban centres- Ibadan in Oyo State and Warri in Delta State- constituted our sample for the study. In recognition of the vital role of communication in human interactions, this paper seeks to establish what communication channels exist between women 'esusu' contributors and their collectors. Our data indicate that interpersonal networks(including friendship/family/socio-economic groups) are the most predominant channels of communication, influence and persuasion. On the basis of this, the paper concludes that because of the peculiarities of this largely-unbanked group, attempts must be made to engage them using communication channels that they consider more credible and accessible.

Keywords: Nigeria, Women, Traditional Banking

Introduction

Nigeria is currently going through an economic crunch. Her present economic plight dates back to the oil boom era (1971-77). Predating that period, the mainstay of the country's economy was agriculture, which earned her virtually all her foreign exchange. In 1971, the share of agriculture in GDP stood at 48.23 percent; but this declined to almost 21 percent by 1977 (Ekpo & Umoh, 1994). However, with the discovery of oil in commercial quantity in Nigeria in the mid 1950s, agriculture was relegated to the back ground, even as its export potentials declined from 20.7 percent in 1971 to 5.71 percent in 1977.(Ekpo, 1994.) Today, Nigeria operates a mono-economy, with oil bringing in about 90% of her total export earnings.

Nigeria earned so much revenue from her oil export in the early 70s that her problem, to quote one of the country's former Head of State, "was not money, but how to spend it". The country wallowed in profligacy as oil money poured into its treasury. As Ekpo and Umoh (1994) noted this era heralded, what they termed as some "primitive accumulation' tendencies, which culminated in 'corruption, theft, real estate speculation, outright looting of government treasury aand other fraudulent practices'. Then came the global oil glut and the consequent fall in oil prices, a situation that has persisted till today and worsened in recent times.

The drastic fall in foreign exchange earnings implies a drastic cut in importation of raw materials and spare parts with dire consequences on the production sector of the economy, among others. The manufacturing industry, now suffers from under capacity utilisation. This in turn means rising cost, resulting in decline in the standard of living.

In a bid to arrest the country's economic decline, successive administrations in the country designed economic strategies and introduced a series of monetary policies. First, it was 'a comprehensive economic reform package in 1986, which was aimed at changing and re-aligning aggregate domestic expenditure and production patterns so as to minimise dependence on imports,; enhance the non-oil export base, and bring the economy back on a steady path of balance growth.' (Ekpo & Umoh, 1994). Since this did not appear to offer enough solution, recourse was made to a series of guided deregulation programmes (from 1994-1998). While some successes were recorded, they also introduced a number of emerging concerns with serious consequences for the economy. These include high inflation rates, increased unemployment, and poverty across the nation, to mention a few. This was also the Second-Tier Foreign Exchange Market (SFEM), which was followed by the Foreign Exchange Market (FEM) designed to make foreign exchange more accessible. This operated side by side with Bureau De Change, and the Debt Equity Swap, all in a bid to find a realistic value for the naira, which was believed, in economic circles, to be grossly over-valued at that time.

The sum total of Nigeria's economic condition depicted above is that the country has been going through hard times, even as Nigerians themselves and especially the vulnerable ones as women and artisans, have been grappling with alternative ways of surviving in such harsh economic environment..

Modern banking in Nigeria

Cash, as a monetary mechanism, is prone to security risk. Thus, the need to keep cash and other valuables, so far, has given rise to the banking industry. However, banking operations have widened in scope to include, among others, various accounts, bills, foreign exchange transactions, mortgage and trusteeship. Besides these operations, banks are expected to serve as a financial refuge for their customers.

However, modern banking system in Nigeria has of recent, been a subject of intense criticisms from members of the public and the press. Banks are accused of making huge profits at the expense of their customers. Bank loans continue to be tied to collateral securities and the provision of guarantors. Even though interests paid on loans have fallen drastically and bank account opening deposits have continued to soar, access to needed funds by most of the vulnerable groups is still a major challenge.

In addition, even though banks, on their part, have devised various means of reducing customers' waiting time and assuring customer satisfaction by offering incentives such as house savings, kids' saving schemes and loans and saving insurance, this concern has not been adequately addressed. Coupled with this is the increasing computerisation of the industry. Operations such as the counting, entries, transfers, balancing are virtually computerised. The level of these devices in the MICR- the magnetic ink character recognition- is aimed at checking fraud as well as quickening the pace of cheque clearance. Despite these improvements, the sector laments that most of the largely unbanked Nigerians (especially women) have continued to shun formal banking institutions (Agwuegbo, 2010) in preference to the most popular traditional banking schemes, known differently as Ayo in Western Nigeria, Adashe in Northern Nigeria and Esusu in the Eastern part of the country.

Traditional banking in Nigeria

The urge to save for the "rainy day", the need to meet financial exigencies when they arise-as they often do-and the desire to do so with minimum effort, discomforts and delays have combined to give a tremendous boost to traditional savings (banking) systems in Africa (Apampa, 2014).

Traditional banking, a feature of traditional economic system, but not peculiar to them dates back to early attempts at social organisation. The Esusu Society, otherwise known as, though operated slightly differently from, the Slate Club of England (Fadipe, 1970: 256) and the aid credit/mutual societies (Otite and Ogionwo, 1985:56), is a voluntary mutual help association.

Traditional culture is replete with pressures of having to cater for the needs of one's families-nuclear and extended. The need to bail out self or one's relations calls for some measure of social and economic security made difficult by the vagaries of traditional economies, hence the recourse to small, affordable savings through the itinerant banker as a means of some form of capital accumulation. The esusu, as Fadipe (1970: 256) has noted, is of a particularly great convenience to traders, enabling them to anticipate, by several months, the saving up of a given amount of capital. In case of emergency or misfortune, such as the death of a father or mother whose funeral may otherwise require huge borrowing, an individual, who is a member of an esusu club may approach the Olori ajo (literally translated as the head of the contribution gathering) and ask to be allowed to be the next to take his/her share from the pool. Ajo is a variant of the esusu club; one in which withdrawal takes place in turns. Such requests are often granted except when there is an earlier equally, or even more urgent request. This saves the individual the embarrassment of "pawning" himself or some close relative to meet pressing financial obligations.

In most parts of Nigeria, men or women on foot or bikes have constituted themselves into mobile one-person banks with the sole purpose of mobilising savings. As Ode and Mba (1990:29) have observed, this traditional savings system defies the modern banking institutions and draws patronage from a wide spectrum of professionals, petty businessmen and women, caterers, fashion designers/tailors beer parlour operators, hair dressers, photographers, mechanics as well as other artisans.

Method

A total of 285 respondents drawn from 8 markets in two urban centres- Ibadan in Oyo State and Warri in Delta State- constituted our sample for the study. For Ibadan 163 samples were drawn from Bodija, Dugbe, Gbagi and Agbeni markets. The remaining 122 respondents for the study came from Ogbe-Ijaw main, Igbudu, Okere and Pessu markets in Warri.

Sampling Technique

In all the four markets that fell into our sample in Warri and Ibadan, all the stalls were numbered. Though the remaining three markets in Ibadan, namely Dugbe, Gbagi and Agbeni were not so numbered, Council officials to whom the market women pay their stall rental fees had numbers of the stalls written on sheets of paper, cut out and dropped in a shopping bag, which was then thoroughly mixed. The contents of the bag were repeatedly thoroughly mixed after each pick had been done.

Our sampling procedure was eased by the strict compartmentalisation of the markets on the basis of the line of goods available for sale. Fadipe (1970) has recognised this rigid structuring of both local and central markets. Thus, according to him:

> beer sellers are to be found together, so are palm-oil sellers, yam flour sellers, the sellers of firewood, dried fish sellers, dealers in fresh meat, sellers of calabashes (both worked and unworked) dealers in shea butter, cooked foods of various kinds, clothes and garments markets. There is at least about two acres of space devoted to the stalling of goats, sheep as well as poultry, guinea fowls, pigeons, ducks and the like.

He noted that this feature of the organisation is so marked that various parts of the market are referred to as iso oti (the stalls of beer dealers), iso alaso (the stalls of the cloth dealers), and so on. Taking a cue from this arrangement, our sample markets were classified thus: for hardware and clothes, Ogbe-Ijaw main market (Warri), and Dugbe/Gbagi (Ibadan); for cosmetics and provisions, Igbudu and Pessu market (Warri), and Agbeni market (Ibadan) were selected. While for food stuff, Bodija (Ibadan) and Okere markets (Warri) provided our sample.

Data analysis and discussion of findings

The data for this study were computed, using cumulative frequencies and simple percentages. This mode of analysis was considered adequate for our type of data and the inferences drawn from them.

Research questions

In our bid to probe into the variables that influence women's patronage of traditional banking, we attempted to find answers to the underlisted research questions:

1. To what extent do people at the grass root use esusu contributors and their collectors?
2. To what extent is the operation of indigenous banking system influenced by age and education?
3. What motivates women's patronage of traditional banking?
4. What communication channels exist between women esusu contributors and their collectors?
5. To what extent do women's family obligations affect the regularity of their contributions?

In answer to our research questions, it was established that not only did all the women surveyed participate in esusu, the data also revealed that 56 (70.9%) of Ibadan women and 37 (32.2%) of our Warri women utilise the services of traditional bankers for convenience or ease of operation of the system. Some 47 (40.8%) of the women in Ibadan and 23 (29.1%) of Warri women pointed to the possibility of small savings offered by traditional banking; the fact that there is hardly any lower ceiling for the amount that can be contributed. In other words, a total of 47.1% and 36.1% of respondents in Ibadan and Warri respectively based their preferences for esusu on the convenience it offers and the possibility of savings even for the low income group. However, while as many as 23 (20.0%) of Ibadan respondents attribute their preference to "loan" facilities in esusu, no single respondent in Warri was aware of this possibility. This disparity is due to the fact that in Ibadan, particularly at Dugbe, Gbagi and Agbeni markets, women take their total contribution four or five days into the month and pay back daily, a facility that is not available in Warri.

One interesting fact about traditional banking is that rather than receive interest on her savings, the contributor actually pays interest, which is the equivalent of a day's contribution. Our data confirm this point as 261 (91.6%) of all the women in the sample claim that they receive no interest in their savings. The remaining 24 (8.4%) fall into the non-response category as no respondent answered in the affirmative. We, therefore, sought to find out why anyone would want to embark on this seemingly unprofitable venture.

Table 1: Why continue with *esusu* without interest?

Reasons	Ibadan		Warri		Total	
	Number	%	Number	%	Number	%
Convenience	86	70.5	68	41.7	54	54.0
Offer assistance	16	13.1	67	41.1	83	29.1
No Response	7	5.7	10	6.1	17	6.0
Bandwagon effect	13	10.7	0	0	13	4.6
Total	122	100.0	163	100.0	285	100.0

The data in Table 1 show that the most compelling reason respondents advanced for engaging in esusu, in spite of having to pay rather than earn interest, is that it is very convenient. Some 86 (70.5%) of Warri and 68 (41.7%) of Ibadan women surveyed indicated that esusu is a less cumbersome and a less time-consuming mode of saving. These reasons are understandable considering the nature of their occupation/business, which requires their constant presence in their stalls and the fact that as many as 89 (31.2%) of all the women have no formal education.

In our research questions 2, we sought to determine the extent to which age and education influenced the operation of traditional banking system. Our data revealed that a total of 105 (36.8%) of the women are under 30 years, while 180 (63.2%) are aged 30 and above. What this data indicate is that there are more older market women than are young ones, although the percentage of the young women (36.8%) is quite substantial considering the fact that many of the younger women are likely to be at school. Similarly, a total of 196 (68.8%) of the women have received some formal education, while only 31.2% have not been to school at all. The findings showed that both literate and non-literate market women utilise the services of traditional banking. One fact that can also be deduced here is that literate women, possibly school leavers who prefer self-employment to white collar jobs, or cannot even obtain one, now have recourse to small-scale businesses and to traditional banking for financing such businesses. One conclusion that can be drawn from this is that patronage of traditional banking cuts across age groups as well as educational levels.

Our next research question attempted to establish the variables that motivate women's patronage of traditional banking. Above, we have tried to identify some of these variables as convenience, assistance, the attractions it offered to low income earners and the possibility of advances. In addition to these, as many as 154 (54.0%) of the women are willing to recommend the system to meet financial obligations of their friends, colleagues and children to finance their business. Some 63 (22.1%) of them will recommend it to meet certain obligations; another 35 (12.3%) of the women will recommend the system for payment of fees, while only 15 (5.3%) will recommend “esusu” to their friends, colleagues and children to prepare for festivals or buy aso ebi, a ceremonial uniform for festivities.

Table 2: Communication channels/sources of information and influence

Communication Channels	Number	Percentage
Socio-Economic/Religious Groups	148	52.0
Family (Neutral & Extended)	86	30.2
Non-response	51	17.8
Total	285	100

In recognition of the vital role of communication in human interactions, our next research question sought to establish what communication channels exist between women esusu contributors and their collectors. Our data in Table 2 above indicates friendship/family network as the predominant channel of communication. A total of 234 (82.2%) of the women point in the direction of friends, family members, fellow market women as sources of knowledge of their collectors. The remaining 51 (17.8%) of the women fell into the non-response category. Also in the case of a breach, recourse was made to this network. Esusu, as a business transaction, is never advertised in the media print or electronic. Information about it is disseminated through interpersonal networks.

In our last research question, we sought to establish the extent to which women's family obligations will tend to affect the regularity of their contributions. Table 3 below throws more light on this research question.

Table 3: Reasons for Irregularity of contribution

Reasons	Ibadan		Warri		Total	
	Number	%	Number	%	Number	%
Obligation on children	5	10.9	12	23.6	17	19.3
Lack of sales	38	82.6	5	11.9	43	48.9
Unexpected expense	3	6.5	25	59.5	28	31.8
Total	46	100.0	42	100.0	88	100.0

The above data reveal that for Ibadan women, obligations to children and unexpected expenses have very little influence on regularity of contribution as only 10.9 and 6.5 respectively claim that these variables influence the regularity of their contribution. What does significantly affect the regularity of the contribution of Ibadan women is lack of sales as 38 (82.6%) point at this variable as exerting a significant influence. In Warri, however, the picture is different. Lack of sales does not seem to exert any appreciable influence as only 5 (11.9%) cite this variable as influencing the regularity of their contribution. The inference that can be drawn from these data is that unlike their Ibadan counterparts, who enjoy "loan" facilities as established in our research question I, the Warri women are more committed to their contribution as what is contributed is what is collected at the end of the month. However, what seemed to significantly affect the regularity of Warri women's contribution are unexpected expenses. Thus, while 3 (6.5%) of Ibadan women cite this variable as influencing the regularity of their contribution, 25 (59.5%) of Warri women attribute the irregularity of their contribution to this variable.

Conclusion

The foregoing analysis of data and discussion of findings of this study reveal that women at the grassroots have devised a means of coping with the prevailing economic condition by resorting to the indigenous banking system, otherwise referred to as esusu. The women's preference for this system has been established and highlighted. The two most important variables that tended to inform this preference are convenience and easy loan facilities. Modern banking operations seem to offer less attraction to the women at the grassroots, whose level of sophistication and needs have not been sufficiently identified and catered for by the system.

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