INFLUENCE OF COOPERATIVE SOCIETIES IN PROMOTING FINANCIAL INCLUSION IN THE PREVAILING ECONOMIC HARDSHIP IN NIGERIA

[1]Nwafor Grace Obiageli and [2]Ifeanyichukwu Nwadiogo Oranusi
[1]*Department of Cooperative Economics and Management, Faculty of management Science, Nnamdi Azikiwe University, Awka. E-mail: go.nwafor@unizik.edu.ng*
[2]*Department of Marketing, Faculty of management Science, Nnamdi Azikiwe University, Awka. E-mail: in.oranusi@unizik.edu.ng*

Abstract
The study investigated the influence of cooperative societies in promoting financial inclusion in the prevailing economic hardship in Nigeria. Two hypotheses were formulated and tested at 0.05 level of significance. The Research design adopted for the study was correlational research design. The population of the study comprised members of cooperative societies in Anambra State. The sample of the study comprised 200 members of cooperative societies in Anambra State which was arrived at through multistage sampling technique. The instruments for data collection were two standardized questionnaires. The data collected from the pilot test was tested using Cronbach Alpha. This yielded a reliability coefficient of 0.87 for the first instrument while the second instrument yielded a reliability co-efficient value of 0.85.Pearson Product Moment correlation was used to test the hypotheses. Finding of the study revealed that cooperative societies promotefinancial literacy and digital literacy for financial inclusion among members in the prevailing economic hardship in Nigeria. The researcher therefore recommended among others that Government should provide increased support to cooperative societies through funding, technical assistance, and capacity-building programmes.
Keywords: *Cooperative Societies, Financial Inclusion, Financial Literacy, Digital Literacy, Economic Hardship*

Introduction
Nigeria is a country blessed with enormous human and natural resources. But in spite of its abundant natural resources, the nation has severe economic challenges that have a big impact on its supply chain and overall growth. Currently, Nigeria is struggling with inflation (Adeleye, 2024). The president of Nigeria, Bola Ahmed Tinubu was reported to have acknowledged the economic hardship in the country and has accepted full responsibility for the economic hardship (Angbulu, 2024). The cost of living has significantly increased as a result of inflationary pressures, making it harder for average Nigerians to pay for needs like food, housing, and healthcare. The nation's poverty and inequality have gotten worse due to the growing cost of living, which has reduced individuals' purchasing power. Nigerians' economic hardships, which range from sociopolitical obstacles to infrastructure constraints, have a knock-on impact on the effectiveness and stability of the supply chain,

making matters worse for both enterprises and consumers.Vulnerable families find it difficult to create a safety net against these dangers for a variety of reasons, including low savings rates and weaknesses in the insurance and credit markets (Gash & Grey, 2016). Access to resources, such as reasonably priced and well-designed financial services, is therefore seen to contribute to the development of resilience against economic vulnerabilities. However, not every family has the same level of access to financial services. Economically vulnerable populations face numerous barriers to financial inclusion and are most at risk, often relying on coping mechanisms that lead to long-term financial insecurities and negative developmental outcomes (Gash & Gray 2016). This has increased the need for a solution that would help foster financial inclusion among individuals in the country.

Financial inclusion has developed into a potent framework that reduces risks and acts as a buffer against adversity to help people build financial resilience. Approximately 1.7 billion adults do not currently have access to formal financial services, according to the World Bank (Demirgüç-Kunt *et al.* 2018). With over 75% of the adult population living in developing nations, mostly in South Asia and Sub-Saharan Africa including Nigeria, these financially excluded people are mostly found in these regions. Gash and Grey (2016) stated that more inclusive financial institutions, according to policy makers and other stakeholders, enable people, particularly the most disadvantaged, to save, borrow, accumulate assets, mitigate risk, and subsequently create resilience. Cooperative societies have been suggested to be an effective means for mitigating the pressures of prevailing economic hardship in Nigeria. According to Attah *et al.* (2018), cooperative societies are efficient means of raising members' standards of life by using their limited resources to increase output and foster community development.Cooperative societies, which are based on the ideas of self-help, mutual aid, and democratic governance, are essential for promoting resilience in communities and economic empowerment (Musa & Bello, 2023). These cooperatives give people a place to combine their resources, share risks, and carry out economic activity as a group. Cooperative societies improve the financial well-being of their members. The need to enhance digital financial literacy is on the rise because it is thought to mediate the relationship between financial inclusion and literacy and enhance the efficacy of both (Lyons *et al.*, 2020; Morgan *et al*., 2019). Vogels and Anderson (2019) suggested that it is imperative that individuals possess the information and abilities necessary to conduct digital financial transactions and to use digital devices like tablets, smartphones, and cellphones in order to engage in the digital economy. It is unclear if cooperative societies could offer these training for its member given the fact that Nigeria is presently grappling with economic uncertainties. It is therefore against this backdrop that the researcher conducts this study to determine the influence of cooperative societies on financial inclusion in prevailing economic hardship in Nigeria.

Statement of the Problem

Nigeria is currently experiencing significant economic hardship, characterised by high inflation rates, unemployment, and a depreciating currency. These economic challenges have severely impacted the cost of living, reducing the purchasing power of Nigerian households. As prices for essential goods and services continue to rise, many Nigerians find it increasingly difficult to afford basic necessities. The economic hardship is worsened by extreme high rates of unemployment, high rates of maternal and child mortality, high levels of illiteracy, poor access to sanitary conditions and healthcare facilities, and a lack of resources (Enwa, 2022). This situation has led to many families skipping meals. Consequently, a large number of people have resorted to borrowing money to meet their daily needs. This trend has led to a vicious cycle of debt, further exacerbating the economic hardship faced by many families.The high cost of living, driven by persistent inflation, has left many Nigerians with diminished financial stability. The decline in purchasing power means that even those with regular incomes struggle to maintain their standard of living. The widespread economic hardship has highlighted the urgent need for effective financial solutions to support vulnerable populations.Cooperative societies have a significant role to play in alleviating the economic condition of citizens. These societies can promote financial inclusion by providing access to credit, savings, and other financial services to those who are often excluded from traditional banking systems. However, these assertions are merely theoretical and have not been empirically ascertained. It is this gap that the study filled by conducting an empirical study on the influence of cooperative societies on financial inclusion in prevailing economic hardship in Nigeria.

Aim and Objectives of the Study

The study is aimed at investigating the influence of cooperative societies on financial inclusion in prevailing economic hardship in Nigeria. Specifically, the study:

1. Ascertained the influence of cooperative societies in promoting financial literacy for financial inclusion among members in prevailing economic hardship in Nigeria.
2. Examined the influence of cooperative societies in promotingdigital literacy for financial inclusion among members in prevailing economic hardship in Nigeria.

Hypotheses

The null hypotheses were tested at 0.05 level of significance:

1. Cooperative societies do not promoting financial literacy for financial inclusion among members in prevailing economic hardship in Nigeria.
2. Cooperative societies do not promotedigital literacy for financial inclusion among members in prevailing economic hardship in Nigeria.

Conceptual Clarifications

Cooperative Societies

The International Cooperative Alliance (ICA) defined a cooperative as "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise." A cooperative is a firm that is freely owned and managed by its members and run for their benefit on a non-profit or cost basis (Musa & Bello, 2023). It is a commercial enterprise that strives to unite the concepts of ownership, control, and service consumption, which are the three distinguishing characteristics that set cooperatives apart from other enterprises.Cooperative societies can improve financial inclusion, alleviate poverty, and promote long-term economic growth (World Bank, 2018). Ojo and Adekunle (2017) and Ahmed *et al*. (2019) found that cooperative organisations in Nigeria improve revenue production, loan availability, and financial stability.

Financial Inclusion

In an effort to combat financial exclusion and its connection to poverty, the idea of financial inclusion rose to popularity in the early 2000s. It currently plays a significant role in the global development agenda and is thought to help achieve a number of the Sustainable Development Goals of the UN (World Bank Group, 2021).Financial inclusion seeks to eliminate obstacles from the supply (financial institutions) and demand (individuals) sides to guarantee that all individuals and enterprises may efficiently access and use reasonably priced financial services that satisfy their needs.Barajas *et al.* (2016) stated that ensuring that all individuals and businesses, regardless of income or socioeconomic level, have access to relevant and reasonably priced financial goods and services is known as financial inclusion.Financial inclusion is defined as equitable access to inexpensive financial services for all members of society (Arner *et al*., 2020; Corrado & Corrado, 2017). Grohmann *et al*. (2018) opined that financial inclusion include account ownership, savings, borrowing, and insurance through formal institutions. Financial inclusion has several benefits, including job development, income growth, educational possibilities, and resistance to economic shocks, risk diversification, and pension building. Ozili, (2018) asserted that positive results lead to increased economic development, poverty reduction, lower socio-economic inequality, and better financial well-being at individual and macroeconomic levels.

Financial Literacy

Financial literacy is defined as the knowledge, skills, and ability to make independent, informed financial decisions regarding financial planning, wealth accumulation, debt management, and pension planning, ultimately leading to financial well-being (Arner *et al.*, 2020; Shen *et al.*, 2018). It encompasses not only understanding financial services but also the ability and confidence to apply this knowledge to make effective financial decisions. A person's financial literacy is often indicated by their understanding of risk diversification, inflation, compound interest, and numeracy related to interest rates (Stolper & Walter, 2017). To effectively use financial services, individuals should have at least a basic understanding of these four dimensions. Understanding risk diversification involves knowing the difference in risk between investing in a single stock and a diversified portfolio. Inflation knowledge includes understanding how price and income increases affect purchasing power. Grasping compound interest means understanding cumulative interest on savings, while numeracy related to interest rates involves calculating interest payments on loans (Lusardi & Mitchell, 2014). Grohmann *et al*. (2018) studied how financial literacy affects financial inclusion, taking into consideration differences in financial depth and access to financial infrastructure. This study found that financial literacy improves financial inclusion in all circumstances, regardless of financial infrastructure, institutional features, or nation. Financial literacy can compensate for financial depth at lower levels and complement it at higher ones (Grohmann *et al.,* 2018). According to Shen *et al*. (2018), there is a favourable correlation between financial literacy and inclusion. Shen *et al.* found that digital financial services and internet usage mitigate the favourable relationship between financial literacy and inclusion. The authors revealed that internet usage encourages the use of digital financial services, making them more accessible and facilitating financial inclusion.

Digital Literacy

Digital literacy according to UNESCO (2018) is defined as the ability to access, manage, understand, integrate, evaluate, and create information safely and appropriately through digital devices and networked technologies for participation in economic and social life. Individuals who lack the skills to properly understand and use digital devices and networked technologies are considered digitally illiterate. To be considered digitally literate, one must have proficiency across four key dimensions: information processing skills, communication skills, problem-solving skills, and software skills for content manipulation (Eshet-Alkali & Amichai-Hamburger, 2004). Digital skills are strongly influenced by socio-demographic factors such as age, education, employment status, numeracy skills, and technological complexity (European Commission, 2020; Mushtaq & Bruneau, 2019). These differences in digital proficiency have led to a digital divide, exacerbating inequality across communities (Radovanović *et al.,* 2020). Bridging this divide is essential, as enhanced digital literacy promotes digital inclusion, enabling more individuals to access technology and empowering communities socially. Nwafor (2023) opined that cooperatives act as facilitators, creating a collaborative ecosystem that encourages networking and resource sharing among rural women technopreneurs. Cooperative societies give access to contemporary infrastructure and technology, therefore closing the digital gap in distant locations. Rural women may discover and exploit multiple digital opportunities thanks to dependable internet access and advanced technical tools, resulting in the creation of tech-driven businesses (Nwafor, 2023).

Methodology

The study adopted the correlational research design. A correlational study design is a research approach that is used to investigate the relationship between two or more variables. The fundamental goal of correlational investigations is to identify whether or not there is a statistical link between variables and the nature of that relationship. The study was conducted in Anambra State, Nigeria. Anambra State is situated in the southeastern region of Nigeria and was established in 1991, after being carved out of the former Anambra State. The capital and largest city of Anambra State is Awka. The state shares borders with Delta State to the west, Imo State to the south, Enugu State to the east, and Kogi State to the north. Anambra State has a population of over 4 million people and is predominantly inhabited by Igbo-speaking people, reflecting the rich cultural heritage of the region. The State's diverse and vibrant culture contributes to its unique identity and societal cohesion. The population of the study comprised members of cooperative societies in Anambra State. A multistage sampling approach was used to collect cross-sectional data from cooperative society members in the State. Respondents were selected using a stratified sample procedure, followed by random sampling. In the initial step, sample areas were selected, which included the Awka South and North Local Government Areas. The second stage entailed determining the number of cooperative societies and their members. In the third stage, 100 participants were chosen at random from each of the LGAs. A total of 200 cooperative society members were randomly selected to complete the questionnaires.

The instrument for data collection was two structured questionnaires developed by the researcher. The first instrument was titled “Questionnaire on Influence of Cooperative Societies for Financial Inclusion (QICSFI)”. It contains 28 items spread over two clusters, 1 and 2. Cluster 1 contains 16 items on influence of cooperative societies in fostering financial literacy for financial inclusion. Cluster 2 contains 12 items on influence of cooperative societies in fostering digital literacy for financial inclusion. The second instrument was a “Questionnaire on Economic Hardship (QEH)”. The questionnaire contains 10 items on economic hardship. Both instruments were structured on a four-point rating scale of Strongly Agree (SA), Agree (A), Disagree (D) and Strongly Disagree (SD). The instruments were validated by three experts in the Department of Cooperative Economics and Management, Nnamdi Azikiwe University, Awka. Reliability: To ascertain the reliability of the instrument it was subjected to a pilot test on 20 members of Cooperative Societies in Enugu State. The data collected from the pilot test was tested using Cronbach Alpha. This yielded a reliability coefficient of 0.87 for the first instrument while the second instrument yielded a reliability co-efficient value of 0.85.The instrument was administered by the researcher with the help of four research assistants. The research assistants were briefed on the mode of the instrument administration. The instrument was administered to the respondents at their weekly meetings. The instrument was administered on the spot and the respondents were allowed enough time to fill out the questionnaire upon which the instrument was retrieved but in a situation where that was not possible, the researcher or assistant booked an appointment with the respondent for the date of retrieval of the instrument. This process lasted for two weeks. Out of the 200 copies of the questionnaire administered 185 copies were retrieved in good condition and used for the analysis of data. Data was subjected to inferential analysis, using the Statistical Package for Social Sciences (SPSS 20.0) using Pearson Correlational Statistics. The co-efficient "r" obtained was used to ascertain how each of the independent variables correlate the dependent variable. In interpreting the values of the null hypotheses, when p-value is less than or equal to .05 ($p \leq .05$), the null hypothesis was rejected. On the other hand, when the p-value is greater than .05 ($p > .05$), the null hypothesis was not rejected.

Results and Discussion

Hypothesis 1

Cooperative societies do not promote financial literacy for financial inclusion among members in prevailing economic hardship in Nigeria.

Table 1: Summary of Pearson Correlation Analysison Influence of Cooperative Societies in Promoting Financial Literacyfor Financial Inclusion among Members in Prevailing Economic Hardship inNigeria

Correlation

		Influence of CS in Promoting Financial Literacy	Economic Hardship	Remark
Influence of CS in Promoting Financial Literacy	Pearson Correlation	1	.825**	Significant
	Sig, (2-tailed)		.000	
	N	185	185	
Economic Hardship	Pearson Correlation	.825**	1	
	Sig, (2-tailed)	.000		
	N	185	185	

** Correlation is significant at the 0.05 level (2-tailed).

***Source:** Field Study, 2024*

Data presented on Table 1 indicates the correlation coefficient (r) as .825 with a p-value = 0.000. Since the P value of 0.000 is less than .05 ($P<.05$), it means that the influence of cooperative societies in promoting financial literacy for financial inclusion among members in prevailing economic hardship in Nigeriais statistically significant. This means that Cooperative societies promote financial literacy for financial inclusion among members in prevailing economic hardship in Nigeria. Thus, the null hypothesis was rejected. This finding is in agreement with Musa and

Bello (2023) who revealed that cooperative helps members to become financially viable. Cooperative societies offer financial education to their member which helps them in making proper financial decision during the period of economic hardship. This is why Grohmann *et al*. (2018) reported that financial literacy improves financial inclusion in all circumstances, regardless of financial infrastructure, institutional features, or nation. Shen *et al*. (2018) stated that there is a favourable correlation between financial literacy and inclusion.

Hypothesis 2

Cooperative societies do not promotedigital literacy for financial inclusion among members in prevailing economic hardship in Nigeria.

Table 2:Summary of Pearson Correlation Analysison Influence of Cooperative Societies in Promoting Digital Literacyfor Financial Inclusion among Members in Prevailing Economic Hardship in Nigeria
Correlation

		Influence of CS in Promoting Digital Literacy	Economic Hardship	Remark
Influence of CS in Promoting Digital Literacy	Pearson Correlation	1	.711**	Significant
	Sig, (2-tailed)		.001	
	N	185	185	
Economic Hardship	Pearson Correlation	.711**	1	
	Sig, (2-tailed)	.001		
	N	185	185	

*** Correlation is significant at the 0.05 level (2-tailed).*
***Source:** Field Study, 2024*

Data presented on Table 2 indicates the correlation coefficient (r) as .711 with a p-value = 0.001. Since the P value of 0.001 is less than .05 (P<.05), it means that the influence of cooperative societies in promoting digital literacy for financial inclusion among members in prevailing economic hardship in Nigeriais statistically significant.This means that cooperative societies promotedigital literacy for financial inclusion among members in prevailing economic hardship in Nigeria. Thus, the null hypothesis was rejected. This finding is in line with Nwafor (2023) who reported that cooperatives act as facilitators, creating a collaborative ecosystem that encourages networking and resource sharing among rural women technopreneurs. This means that cooperative societiesoffer its member's access to contemporary infrastructure and technology which facilitates digital and financial inclusion. Mushtaq and Bruneau (2019) stated that digital literacyis strongly influenced by socio-demographic factors such as age, education, employment status, numeracy skills, and technological complexity. Shen *et al*. discovered that digital financial services and internet usage reduce the positive connection between financial literacy and inclusion. The authors discovered that internet use promotes the adoption of digital financial services, increasing their accessibility and boosting financial inclusion.

Conclusion

The researcher concludes based on the finding that cooperative societiespromote financial inclusion among its members in prevailing economic hardship. Cooperative societies are veritable association that promotes financial and digital literacy which fosters financial inclusion among its members. It therefore imperative that policy makers put into consideration measures to optimally leverage the opportunities provided by cooperative societies in facilitating financial resilience among citizens in Nigeria amidst the economic hardship being experienced in the country.

Recommendations

Based on the findings of the study, the researchers make the following recommendations:

1. Government should provide increased support to cooperative societies through funding, technical assistance, and capacity-building programmes. This will enable cooperatives to expand their reach and enhance their services to members.
2. Government and financial institutions should work with cooperative societies to create and implement comprehensive digital literacy programmes. These training programmes should be adapted to cooperative members' individual needs, assuring their ability to efficiently use digital financial services.
3. Management of cooperative societies should integrate financial education into the activities of cooperative societies. This can include workshops, seminars, and training sessions focused on financial planning, budgeting, and investment strategies. Financial education empowers members to make informed decisions and improve their financial well-being.
4. Government in collaboration with management of cooperative societies should help cooperative members have access to low-cost digital devices and internet connection. This can be accomplished through subsidies, collaborations with tech corporations, or community-based projects that enable shared access to technology.

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