



COMPARATIVE EVALUATION OF LOAN ADMINISTRATION PRACTICES AMONG POULTRY FARMERS: EVIDENCE FROM MICROFINANCE BANKS AND COOPERATIVES IN ANAMBRA STATE, NIGERIA

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Abstract

In Sub-Saharan Africa, especially Nigeria, agriculture remains a major source of employment and rural livelihood, yet timely and affordable credit remains a serious constraint to farmers, particularly in labour-intensive enterprises such as poultry production. This study compared credit administration to poultry farmers by microfinance banks and cooperative societies in Anambra State, Nigeria. Specifically, it examined administrative practices such as interest rate, collateral requirements, processing time and loan size; compared loan application management and timeliness of disbursement; assessed farmers' satisfaction with procedures; and identified constraints to accessing agricultural credit from both sources. A multistage sampling technique was used to select 83 poultry farmers from a sampling frame of 180 farmers trained under the World Bank Value Chain Development Initiative. Primary data were collected using structured and validated questionnaires. Data were analysed using frequency, percentages, mean and t-test. Findings showed that cooperative societies had shorter waiting periods of 8 days compared to 14 days for microfinance banks. Farmers who accessed credit from cooperatives recorded higher satisfaction with waiting time ($\bar{x} = 4.33$), timeliness of communication ($\bar{x} = 4.26$) and processing duration ($\bar{x} = 4.28$). In contrast, microfinance bank beneficiaries experienced longer processing periods of over one month, higher interest rates of 25% and stricter collateral requirements. A significant difference existed between the credit administration practices of microfinance banks and cooperatives ($t = 10.15$; $p \leq 0.001$). Cooperatives also recorded higher credit disbursement of ₦67.1 million and repayment rate of 94.5%, compared with ₦22.4 million and 76.9% for microfinance banks. The study concludes that cooperatives are more efficient in credit administration and should be strengthened to improve agricultural financing and farmers' welfare.

Key words: Credit administration, Cooperative societies, Microfinance banks, Poultry farmers, Anambra State, Loan

Introduction

Poultry farming involves the domestication of birds like chickens, ducks, quails, turkeys, and geese, to raise them for meat, eggs, and other products, including feathers and manure (Aminu, & Hermanns, 2021 and Stiles, 2017). Poultry meat and eggs are highly desirable in all parts of the country due to its importance to human health. It has been documented that just two eggs a day are sufficient to meet 17.2% of an adult person's protein needs as well as essential vitamins and trace elements (FAO, 2013). Poultry meat contains more protein than beef (Anosike, Rekwot, Owoshagba, Ahmed, & Atiku, 2018), and Mazmanyany, 2023). Poultry farming is one of the most commercialised livestock enterprises in Nigeria, characterised by high working capital requirements due to recurrent expenditures on feed, vaccines, day-old chicks, labour, and biosecurity measures. Inadequate and delayed access to credit is a major constraint to poultry production efficiency and profitability in Nigeria (Adewuyi et al., 2024).

Credit is the transaction between two parties in which one lender supplies money or goods and services or securities in return for promised future payments by the other (the debtor or borrower) (Nosiru, 2013). Agricultural credit is widely recognised as a critical determinant of agricultural productivity, technological adoption, and rural economic transformation in developing economies (Adewuyi et al., 2024). In Nigeria, where agriculture accounts for a significant share of employment and rural livelihoods, access to timely and affordable credit remains a major constraint for farmers, particularly those in labour-intensive subsectors such as poultry production (Adeyonu et al., 2024). Agricultural finance broadly encompasses financial services provided by formal and informal institutions such as microfinance banks and cooperative societies, which aim to bridge the credit gap faced by smallholder farmers (Balana, & Oyeyemi, (2022) .

In poultry farming, credit scarcity impairs the ability of farmers to purchase quality feed, improved breeds, vaccines, and technologies essential for increased productivity and income (Ilesanmi et al., 2024; Adeyonu et al., 2024; Ibidapo & Ogunsipe, 2024). Despite the proliferation of credit institutions in Nigeria, smallholder poultry farmers continue to face persistent barriers in accessing institutional credit that is timely, adequate, and responsive to agricultural production cycles, which limits their capacity for expansion, technological adoption, and resilience against market shocks. Little is known about how effectively poultry farmers receive credit from financial institutions, and the performance of microfinance banks (MFBs) compared to cooperative societies in credit administration especially in south eastern Nigeria due to their high involvement in poultry farming and the numerous micro credit institutions available in the region. Thus, this study aims to compare the administration of agricultural credit to poultry farmers by microfinance banks and cooperative societies in Anambra State, Nigeria, with specific objectives which include to: compare the key terms and

administrative practices (interest rate, collateral requirement, processing time, loan size) of credit extended by microfinance banks and cooperative societies to poultry farmers; examine and compare the management of loan application and the timeliness of disbursement; assess farmers' satisfaction with administrative procedures; and identify the constraints faced by poultry farmers in obtaining agricultural credit from microfinance banks and cooperative societies in the study area.

Materials and Methods

This study was carried out in Anambra State. Anambra State is located in south-eastern Nigeria. A Multi-stage sampling technique was used with the following stages:

Stage I: A purposive selection of two (2) LGAs with significant poultry farming activity and the presence of microfinance banks and cooperative societies providing agricultural credit. The two LGAs selected were namely: Awka north and Awka south LGAs.

Stage II: Three cooperative societies and one microfinance bank were randomly selected from each of the LGA, to make a total of six (6) cooperative societies and two (2) microfinance banks.

Stage III: Eight (8) poultry farmers who are members of the selected cooperative societies and have accessed credit were randomly selected from each cooperative society to make a total of 48 farmers. Also, twenty-four (24) poultry farmers from each microfinance were randomly selected to make a total of 48 poultry farmers. This gave a total sample size of 96 poultry farmers. However, only that of 43 and 40 poultry farmers who accessed credit from cooperative societies and microfinance banks, respectively provided adequate information for analysis.

The study was conducted using primary data, which were collected through the administration of structured and validated questionnaire. Structured questionnaire administered to poultry farmers captured socio-economic characteristics, credit terms (interest rate, collateral, loan size, processing time) and repayment performance. A structured interview schedule with credit officers of selected microfinance banks and cooperative societies was used to capture institutional perspectives on administration, challenges, and criteria for loan approval, disbursement and recovery. Data collected were analyzed using descriptive statistics such as, means, percentage and frequency count while independent t-test was used to make deductions by observing the differences in the credit administration between the two microfinance institutions.

Results and Discussion

Socio-economic characteristics of poultry farmers

The results in Table 1 show that poultry production is dominated by males among cooperative farmers (86%) and microfinance bank farmers (72.5%). This suggests a male-dominated industry and is consistent with the findings of Anosike et al. (2018) who noted that 65% of poultry egg producers in Yobe State were males, Sulaiman, Tafida, Nazifi & Inuwa (2023) that poultry production in Kano metropolis is male dominated (70%).

The average age of cooperative poultry farmers (52 years) was slightly higher than that of microfinance bank clients (46 years). This indicates that cooperative members are relatively older and possibly more experienced. This aligns with Onyeneke et al. 2020 who found that the average age of poultry farming household head was 47 years. Majority of the farmers were married (90.7% cooperative; 75% microfinance). Marriage, often associated with household stability and joint labour, could enhance the capacity to manage poultry enterprises effectively. This agrees with Vihi et al. (2024), who noted that majority (89%) of poultry farmers in Jos South, Plateau State were married

The average household size was relatively small (5 persons for cooperative members and microfinance), indicating a moderate family size. Larger households may support farm labour needs but also increase consumption pressure. Education levels showed that cooperative farmers mostly had OND/NCE (51.2%), while microfinance farmers had higher formal education (42.5% with HND/B.Sc.). This suggests that more educated farmers requested for loans from microfinance banks probably due to their more formal procedures and record-keeping requirements, whereas cooperatives may accommodate farmers of lower educational backgrounds. A similar pattern was reported by Adeyonu et al. (2024), who found that education level significantly affects farmers' preference for microfinance institutions over cooperatives due to the literacy demands of loan documentation. Farming experience was generally high among cooperative members ($\bar{x}$ = 13.9 years) compared to microfinance bank farmers ($\bar{x}$ = 12.6 years). This implies that cooperatives tend to attract more experienced farmers, possibly because membership and access to benefits often require a track record of commitment and credibility. The result is consistent with Ogunyinka and Omoniye (2024), who noted that experience enhances farmers' ability to obtain cooperative trustworthiness.

Table 1: Socio-economic characteristics of poultry farmers

Variable	Cooperative; n = 43			Microfinance; n = 40		
	Freq.	%	Mean (Std. Dev.)	Freq.	%	Mean (Std. Dev.)
Sex						
Male	37	86		29	72.5	
Female	6	14		11	27.5	
Age in years						
<= 30.00				3	7.5	
31.00 - 40.00				8	20	
41.00 - 50.00	15	34.9	52.0 (5.5)	16	40	46.1 (9.5)
51.00 - 60.00	26	60.5		12	30	
61.00+	2	4.7		1	2.5	
Marital Status						
Single				5	12.5	
Married	39	90.7		30	75	
Divorced						
Widow	1	2.3		2	5	
Widower	3	7		3	7.5	
Household Size						
<= 5.00	23	53.5		23	57.5	
6.00 - 8.00	20	46.5	5.4 (1.4)	17	42.5	4.9 (1.8)
Educational Level						
No formal education						
Primary School						
Secondary School	15	34.9		9	22.5	
OND/NCE	22	51.2		14	35	
HND/B.Sc	6	14		17	42.5	
Farming experience in years						
<= 5.00	2	4.7		10	25	
6.00 - 15.00	26	60.5		19	47.5	12.6 (8.6)
16.00 - 25.00	14	32.6	13.9 (5.5)	8	20	
26.00+	1	2.3		3	7.5	

Source: Computed from Field Survey, 2024.

Figures in parentheses are the standard deviation

Management of Loan Application and Timeliness in Disbursement of Credit

The result in Table 2 showed disparities between Cooperative societies and Microfinance bank in aspects of loan application and disbursement processes. The average waiting time of 8 days for cooperatives compared to 14 days for microfinance banks implies that cooperative members had to wait for about 8 days for their loan application to get attention compared to those of the microfinance bank that had to wait for 14 days. This corroborates the findings of Chilokwu et al. (2025), who reported that cooperative societies in Anambra State maintained shorter credit queues ($\bar{x}$ = 6.7 days) than microfinance banks ($\bar{x}$ = 12.8 days) due to reduced bureaucratic protocols and reliance on peer verification. Regarding processing duration, 81.4% of cooperative members reported receiving disbursements within fifteen days to one month, whereas 52.5% of microfinance clients waited up to over a month. The higher processing delay in microfinance banks may be attributed to bureaucratic documentation, collateral verification, and credit risk assessments. Adesina and Ajayi (2021) similarly found that the average credit processing time in microfinance institutions exceeded 10 days due to administrative bottlenecks.

Furthermore, farmers who accessed credit from Cooperative societies overwhelmingly perceived the institution as efficient (97.7%), emphasizing the streamlined application process, compared to 65% for microfinance bank. Regarding documentation clarity and ease of filling the required documentation, Cooperative farmers (41.9%), found the documentation clear and the documentations easy to fill while a majority of Microfinance farmers (52.5%) found the documentation but not easy to fill the required documents, hinting at challenges in clarity and completeness leading to delays. This finding corroborates the finding of Olowookere et al. (2023) *that* complex procedures and unclear documentation made loans harder to access and complete successfully.

In terms of loan amounts, Cooperative poultry farmers obtained loans between N500,000 – N 5,000,000 with an average loan amount of N 2,800,000 and average of 10% interest rate while the microfinance sector poultry farmers obtained loans between N1,000,000 and N1,500,000 with an average loan amount of N1,300,000 and average interest rate of 25%. This indicates that the cooperative is more favourable to the poultry farmer for as they provide more loan amount and a better interest rate for the poultry farmer. This shows that microfinance institutions offer higher but costlier loans (average interest rate of 25%) compared to cooperatives (10%). This aligns with Oke and Aluko (2023), who reported that microfinance banks in Nigeria often charge higher interest due to operational costs and risk premiums, while cooperatives rely on mutual trust to maintain low rates. Therefore, Microfinance banks, although offering larger loan amounts, impose higher interest rates and longer delays, which may discourage smaller farmers from accessing credit.

Table 2: Management of loan application and disbursement

	Cooperative., n = 43			Microfinance., n = 40		
	Freq.	%	Mean (Std. Dev.)	Freq.	%	Mean (Std. Dev.)
Average waiting time on queue during credit application (hours)			8 days			14 days
Satisfaction with the clarity and timeliness of communication						
Very satisfied	6	14		5	12.5	
Satisfied	36	83.7		24	60	
Dissatisfied	1	2.3		11	27.5	
Duration for application processed and disbursed						
1-7 days	1	2.3				
8-14 days	6	14				
15 – 30days	35	81.4		19	47.5	
Above 30 days	1	2.3		21	52.5	
Rating of institution's ability to handle applications without delays						
Efficient	42	97.7		26	65	
Not efficient	1	2.3		14	35	
Perception of the clarity and ease of fulfilling the required documentation						
Documentation was clear and easy to fill	18	41.9		15	37.5	
Documentation was clear but not easy to fill	11	25.6		21	52.5	
Documentation was not clear and not easy to fill	14	32.6		4	10	
Average Loan Amount (NGN)						
<NGN500,000	12	27.9		7	17.5	
NGN500,000 - NGN1,000,000	9	20.9		29	72.5	
NGN1000000 - NGN1500000	5	11.6	2800000	6	15	1300000

NGN1500000 - NGN2000000	7	16.3	
NGN2500000 - NGN3000000	4	9.3	
NGN3000000 and above	6	14.0	
Interest rate (Average)		10.0	25.0

Source: Field Survey, 2024.

Farmers' Satisfaction with loan administrative procedures

The result on Table 3, shows farmers' satisfaction with loan administrative procedures. Farmers who obtained loans from Cooperatives expressed high satisfaction with the average waiting time on the queue ($\bar{x} = 4.33$, Std. Dev = 0.47), suggesting efficient process comparing to that of microfinance with a mean satisfaction score of ($\bar{x} = 3.28$, Std. Dev = 0.99). Similarly, the cooperative poultry farmers appreciated the clarity of documentation and timeliness of communication ($\bar{x} = 4.26$, Std. Dev = 0.58), highlighting effective and transparent communication channels established by the Cooperative societies which is better than the microfinance banks with a mean satisfactory score of ($\bar{x} = 3.43$, Std. Dev = 0.90).

Furthermore, the duration credit disbursed also had high satisfaction index among Cooperative farmers ($\bar{x} = 4.28$, Std. Dev = 0.59), indicating a efficient processing system which is also better than the mean score of ($\bar{x} = 3.15$, Std. Dev = 1.21) for the microfinance banks. This was also reflected in their satisfaction with the interest rates among the poultry farmers that obtained loan from Cooperatives with a satisfactory mean score of ($\bar{x} = 4.07$, Std. Dev = 0.26), showcasing contentment with the financial terms offered, while that of Microfinance banks came in at a bit less satisfactory index than the Cooperatives at a mean score of ($\bar{x} = 3.75$, Std. Dev = 0.49).

Additionally, farmers in the Cooperative sector were satisfied with the collateral requirements ($\bar{x} = 4.30$, Std. Dev = 0.46), suggesting that the Cooperative sector's loan administrative procedures are accommodating and reasonable, while that of Microfinance despite being acceptable but fall short of the satisfactory level of Cooperatives with ($\bar{x} = 3.65$, Std. Dev = 0.66). These findings comform with that of Yusuf, Agbontafara & Yusuf (2020) that poultry farmers in Ogun State shows that prefer credit from cooperative societies because formal sources such as microfinance bank require bureaucratic procedures, collateral conditions indicating that formal credit systems (like microfinance/banks) involve more burdensome documentation and processes.

Table 3: Farmers' satisfaction with loan administrative procedures

Satisfaction	Cooperative		Microfinance Bank	
	Mean	Std. Dev	Mean	Std. Dev
Average waiting time on queue	4.33**	0.47	3.28**	0.99
Documentation clarity and timeliness of communication	4.26**	0.58	3.43**	0.90
Duration of credit disbursement	4.28**	0.59	3.15**	1.21
Interest rate	4.07**	0.26	3.75**	0.49
Collateral requirement	4.30**	0.46	3.65**	0.66

Source: Field Survey, 2024

Perception of Credit Administration between Microfinance banks and Cooperatives

The independent samples t-test result in Table 4 clearly indicates that farmers perceived the loan administration practices of cooperative societies to be significantly better than those of microfinance banks. The observed t-value of 10.15, which is statistically significant at $p \leq 0.001$, provides strong empirical evidence to reject the null hypothesis of no difference in perception between the two institutions. This implies that the disparity in farmers' perceptions is not due to chance but reflects a real and substantive difference in how credit is administered by cooperative societies and microfinance banks.

From the result, farmers who accessed credit from cooperative societies recorded a substantially higher mean perception score ($\bar{x} = 4.25$) compared with those who obtained credit from microfinance banks ($\bar{x} = 3.43$). The positive mean difference of 0.82 suggests that cooperative societies outperform microfinance banks across critical loan administration dimensions, including waiting time, documentation clarity, processing duration, interest rate, and collateral requirements.

The superiority of cooperative societies in loan administration, as perceived by farmers, is consistent with earlier studies which emphasize that cooperatives are more flexible, socially embedded, and responsive to farmers' needs than formal financial institutions. For instance, Adeyemo (2012) observed that agricultural cooperatives in Nigeria tend to offer simpler loan procedures, reduced collateral demands, and faster loan disbursement compared to microfinance banks, thereby enhancing farmers' satisfaction and continued patronage. Similarly, Ajani and Tijani (2009) reported that farmers generally prefer cooperative credit sources because they combine financial services with social trust, peer monitoring, and mutual accountability, which reduce transaction

costs and administrative bottlenecks.

In contrast, microfinance banks are often perceived as rigid and bureaucratic in their loan administration processes. Despite their mandate to serve the financially excluded, several studies have documented that microfinance banks in Nigeria frequently impose high interest rates, strict collateral requirements, and prolonged loan processing periods that are poorly aligned with the seasonal nature of agricultural production (Okorie, 1986; Ololade & Olagunju, 2013). These constraints may explain the relatively lower mean perception score recorded for microfinance banks in this study. The present finding therefore reinforces the argument that institutional design and operational orientation significantly influence farmers' perceptions and satisfaction with credit delivery mechanisms

The significant difference revealed by the t-test has important implications for agricultural finance policy and practice. First, it underscores the comparative advantage of cooperative societies in delivering farmer-friendly credit services. Second, it highlights the need for microfinance banks to reform their loan administration systems by simplifying procedures, reducing approval delays, and aligning repayment schedules with agricultural production realities. Without such reforms, microfinance banks may continue to lose relevance among smallholder poultry farmers

Table 4: Perception of loan administration between microfinance banks and cooperatives

Institution	N	Mean	Std. Dev.	Mean Diff	t-value	p-value	Decision
Cooperative Societies	43	4.25	0.47	0.82	10.15	0.000	Significant
Microfinance Banks	40	3.43	0.91				

Source: Field Survey, 2024

Constraints faced by poultry farmers in obtaining loan

The constraints faced by farmers when obtaining loans from both the Cooperative societies and Microfinance banks is presented in Table 5. The result showed that farmers who sourced for credit from cooperative societies and microfinance banks encountered common challenges, with some variations in intensity. Interest rate posed to be a significant constraint among farmers who obtained credit from microfinance banks with ($\bar{x} = 2.60$, Std. Dev = 0.38). Conversely, interest rate didn't seem to be a significant constraint among farmers who obtained credit from Cooperatives with a mean of ($\bar{x} = 2.40$, Std. Dev = 0.21). Similar to interest rate, the duration of approval process proved to be a significant constraint for poultry farmer who took credit from

Microfinance banks at a mean of ($\bar{x}$ = 2.55, Std. Dev = 0.78) and once again didn't pose a significant constraint for the farmers who accessed credit from Cooperatives with a mean of ($\bar{x}$ = 2.02, Std. Dev = 0.15)

Top among the constraints for poultry farmers accessing credit from Microfinance banks is insufficient loan amount as the farmers found the amount of credit offered too low, ($\bar{x}$ = 2.78, Std. Dev = 0.83). Contrarily, the poultry farmers who accessed credit from Cooperative didn't see this as a major constraint ($\bar{x}$ = 2.07, Std. Dev = 0.26).

Both institutions experienced significant constraints due to the lack of farmer support, with Microfinance farmers perceiving this challenge as particularly severe ($\bar{x}$ = 3.05, Std. Dev = 0.45). Cooperative farmers also faced this issue ($\bar{x}$ = 2.51, Std. Dev = 0.51), indicating a need for improved support systems for agricultural borrowers. Farmers who accessed loan from both institutions reported challenges related to inflexible repayment terms, indicating a need for flexible and adaptable repayment structures to accommodate the farmers' financial capabilities with ($\bar{x}$ = 2.70, Std. Dev = 0.79) and ($\bar{x}$ = 2.50, Std. Dev = 0.07) for microfinance bank and cooperative beneficiaries respectively. The results show that lengthy approval process ($\bar{x}$ = 2.55), insufficient loan amounts ($\bar{x}$ = 2.78), and inflexible repayment ($\bar{x}$ = 2.70) are major bottlenecks in microfinance banks, echoing the result of longer waiting times (14 days). This finding aligns with Adesina & Ajayi (2021), who observed that bureaucratic bottlenecks, documentation delays, and institutional congestion contribute to inefficiency in microfinance systems. Similarly, Chilokwu et al. (2025) reported that cooperative societies overcome these delays through member screening and internal risk-sharing mechanisms, leading to faster loan turnaround.

Table 5: Constraints faced for obtaining loan

Constraints	Cooperative		Microfinance	
	Mean	Std. Dev	Mean	Std. Dev
Lack of Collateral	2.20	0.63	2.20	0.65
High Interest Rates	2.40	0.21	2.60**	0.38
Lengthy Loan Approval Process	2.02	0.15	2.55**	0.78
Limited Access to Credit	2.00	0.43	2.48	0.82
Inadequate Financial Literacy	2.28	0.45	2.15	0.36
Unclear Loan Requirements	2.40	0.05	2.40	0.55
Insufficient Loan Amounts	2.07	0.26	2.78**	0.83
Lack of Farmer Support	2.51**	0.51	3.05**	0.45
Inflexible Repayment Terms	2.50**	0.07	2.70**	0.79
Discrimination	2.30	0.17	2.00	0.39

Source: Field Survey, 2024

**Mean > 2.5 = Serious constraints

Credit information from microfinance banks and cooperative societies

Table 6 presents credit information from both institutions. From the secondary data collected, the results showed that the cooperative societies disbursed an average of ₦62,100,000 in loans annually, with an average of 55 beneficiaries per annum. For the microfinance banks, an average of 13 farmers benefited from the institution's credit, with an average of ₦ 2,400,000 disbursed annually. Cooperative society's annual disbursed volume of ₦67.1 million compared to ₦22.4 million by microfinance banks, indicates a threefold higher aggregate credit flow. Despite slightly lower mean loan size cooperatives reached a higher number of farmers.

The interest rate charged on loan given by cooperative societies was relatively low (ranged from 1- 10%) with an average rate of 10% per annum when compared to those of microfinance banks which ranged from 21-30% with average of 25% per annum. This low interest rate charged by cooperative societies accounted for a large number of loan application as well as high repayment rates recorded by cooperative as against microfinance banks.

The result showed a mean repayment rate of 94.5% for the cooperatives which implies that almost all beneficiaries repay loans given to them as against repayment rate of 76.9% for the microfinance banks. One of the reasons for this relatively low repayment of loans to the microfinance banks may be the high interest rate charged on them, which the farmers may find difficult to cope.

Table 6: Credit Information of Cooperatives and Microfinance Banks

Information	Cooperative Societies		Microfinance Bank	
	Frequency	%	Frequency	%
Loan Volume Disbursed				
500,000 and below	7	12.7	-	-
501,000 – 1,000,000	19	34.5	-	-
1,001,000 – 1,500,000	16	29.1	7	53.8
1,501,000 – 2,000,000	10	18.2	4	30.8
2,001,000 – 2,500,000	3	5.5	2	15.4
Total Amount Disbursed	67,100,000		22,400,000	
Mean (N)	1,220,000.00		1,723,076.92	
Interest Rate				
1 – 10	55	100	-	-
11 – 20	-	-	-	-
21 – 30	-	-	13	100
Mean	10		25	

Repayment Rate	48	94.5	10	76.9
Source: Field Survey, 2024				

Conclusion and Recommendation

The study showed that cooperative societies outperform microfinance banks in the administration of credit to poultry farmers in Anambra State. It was established that cooperative societies exhibited shorter waiting times, faster loan processing, lower interest rates, and more flexible collateral requirements. Cooperatives also extended credit to a higher number of farmers, although with lower credit volume. Farmers who accessed credit from cooperatives also reported higher satisfaction levels and better repayment performance. Microfinance banks were constrained by bureaucratic procedures, longer waiting periods and rigid lending policies, which reduced the farmers’ satisfaction level. The study showed that cooperative societies were more effective in carrying out their credit delivery functions in terms of interest rate, waiting time, disbursement duration and collateral requirement than microfinance banks in the study area.

Based on the findings, the following are recommended.

1. Microfinance institutions should streamline their loan application and approval processes, reducing waiting times and bureaucratic hurdles. Implementing digital solutions or mobile-based applications could expedite these processes and enhance overall efficiency.
2. Microfinance institutions should review their interest rate structures to make them more competitive and affordable for farmers. Lowering interest rates can significantly reduce the financial burden on farmers, making loans more accessible and manageable.
3. Both Cooperative and Microfinance sectors should offer flexible repayment terms, allowing farmers to tailor their repayment schedules according to their agricultural cycles. This flexibility can ease the financial stress on farmers, ensuring timely repayments.
4. Microfinance institutions should adopt cooperative models, where member reputation and peer validation supplement formal collateral requirements, thereby shortening loan approval cycles and increase client satisfaction.

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