

Effect of Thrift & Credit Society and Business Growth of Microfinance Banks in Enugu Metropolis, Enugu State, Nigeria

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Abstract

This study investigates the effect of Thrift and Credit Societies (TCS) on the business growth of microfinance banks within Enugu Metropolis, Enugu State, Nigeria. The research aims to evaluate how TCS membership influences the customer base growth of microfinance institutions and to assess the relationship between daily contributions by TCS members and the financial mobilization of these banks. Using a quantitative approach, the study analyzed data with statistical tools, revealing that TCS members' accounts significantly impact the growth of the customer base for microfinance banks ($R^2 = 0.942$, $t = 31.040$, $p < 0.05$). Additionally, a positive correlation was found between TCS daily contributions and the financial mobilization of microfinance banks ($r = 0.815$, $p < 0.05$). These findings suggest that TCS play a crucial role in the financial ecosystem by enhancing customer base growth and contributing to the financial resources of microfinance banks. The study provides insights into how microfinance institutions can leverage TCS memberships and contributions to bolster their growth and financial stability.

Keywords: *Thrift and Credit Societies (TCS), Microfinance Banks, Business Growth, Customer Base Growth & Financial Mobilization.*

INTRODUCTION

1.1 Background of the Study

A cooperative can be characterized as a group of people that pool their resources to solve certain socioeconomic problems, which may include income-generating activities. A cooperative can also be described as a self-help organisation. Microcredit refers to extremely small loans made available to low-income borrowers who form cooperatives. Alternatively, it can be defined as tiny loans made available to poor or extremely low-income sections in society with no collateral to secure the loans. Ayoola (2020) stated that "micro-credit is an extension of an unsecured, commercial-type loan at an interest to a poverty stricken borrower who owns less than 0.5 acre of land and relies heavily on wage income." Microcredit programmes are set up in the following ways: space loans are disbursed in a group setting to disadvantaged borrowers, with some non-credit help available. Non-credit help includes skills training, marketing aid, and courses in social empowerment. Financial institutions or donor organisations target landless, assetless, or non-collaborative borrowers with credit facilities in order to ensure the success of projects.

Contributing to the development of a co-operative and thrift society, often known as a credit and thrift co-operative or a thrift and loan cooperative. All such cooperatives perform practical functions. The primary function is to increase access to credit at key moments, or, more bluntly, financial intermediation. These co-operatives primarily strive to make it easier for people (particularly those with low incomes) to save, hence increasing the amount of money available for lending to members. Loans and credits are offered to members under far more traditional and simple terms than those used by commercial banks and other financial institutions (Oluyomobo, 2019). The thrift and credit co-operative was among the first cooperatives to be established worldwide, as well as in Nigeria.

Furthermore, in order to protect their members' contributions and savings, these cooperative societies decided to work with microfinance banks, which provide legal financial platforms for them to manage their members' finances. The collaboration, in turn, contributes significantly to the business growth of microfinance banks, as members of thrift and credit organisations are instantly converted to bank customers by opening individual savings accounts for them. Additionally, they will work with the society to provide soft loans to members in need.

Against this backdrop, this seminal study seeks to investigate the effect of thrift and credit society on the commercial growth of microfinance banks in Enugu Metropolis, Enugu State, Nigeria.

1.2 Statement of the Problem

Prior to the formation of microfinance banks, many people, particularly rural inhabitants, were unable to acquire loans from other financial institutions, which may have slowed rural development. This was due to a number of issues, including high interest rates and a lack of collateral necessary by commercial banks before loans could be provided, which prompted the development of microfinance banks to solve these economic imbalances. If the banking industry is unable to meet the demands of Nigerians, particularly the rural poor, this demonstrates that there is a gap that must be filled, which can be accomplished through government intervention by

establishing more microfinance banks in Nigeria to aid in the alleviation of poverty among rural dwellers.

Another issue identified is that most prospective borrowers of microfinance banks are unable to repay their loans on time. This may be due to the country's high poverty rate. Furthermore, microfinance banks in Nigeria have a number of obstacles that can jeopardise their operations, growth, and ability to properly serve their target clientele. These issues are the result of a combination of regulatory, operational, economic, and social considerations. Here are some of the major issues faced by microfinance banks in Nigeria: To begin with, microfinance banks in Nigeria face significant funding challenges. Limited access to money limits their ability to provide loans and other financial services to their clients. Microfinance banks frequently serve low-income clientele with weak credit histories and fluctuating cash flows. This makes accurate risk assessment and management difficult. Inadequate risk management techniques can result in high default rates and possibly financial instability, both of which thrift and credit societies can effectively address.

Thus, the study looked into the impact of thrift and credit societies on the business growth of microfinance banks in Enugu Metropolis, Enugu State, Nigeria.

1.3 Objectives of the Study

The main objective of the study was to investigate the Effect of thrift & credit society and business growth of microfinance banks in Enugu metropolis, Enugu State, Nigeria. The specific objectives include:

- i. Determine the effect of TCS members' account on customer base growth of microfinance banks in Enugu metropolis, Enugu State, Nigeria
- ii. Ascertain the relationship between TCS daily contribution and financial mobilization of microfinance banks in Enugu metropolis, Enugu State, Nigeria

1.4 Research Questions

The following research questions were formulated:

- i. What is the effect of TCS member's account on customer base growth of microfinance banks in Enugu metropolis, Enugu State, Nigeria?
- ii. What is the relationship between TCS daily contribution and financial mobilization of microfinance banks in Enugu Metropolis, Enugu State, Nigeria?

1.5 Statement of Hypotheses

The following null hypotheses were formulated for this study:

- i. TCS members' account has no significant effect on customer base growth of microfinance banks in Enugu Metropolis, Enugu State, Nigeria.
- ii. There is no significant relationship between TCS daily contribution and financial mobilization of microfinance banks in Enugu Metropolis, Enugu State, Nigeria.

1.6 Significance of the Study

The study examines the impact of Thrift & Credit Society (TCS) on the business growth of Microfinance Banks. This research will help the parties listed below.

Researcher: The study will contribute to the existing literature on microfinance and financial inclusion. It can give actual information to support or refine existing hypotheses about the interplay between informal and formal financial institutions. The study also adds to the academic discussion on microfinance, financial intermediation, and economic development. Its findings can serve as a foundation for future research and investigation of related themes.

Regulators: The study's conclusions will be useful to politicians, regulators, and financial practitioners alike. Understanding how TCS influence MFB business growth can help lead the development of more effective laws, regulations, and strategies for creating a favourable climate for both types of institutions.

Microfinance banks: Its findings have the potential to create positive change, supporting financial inclusion, long-term company growth (fund mobilisation and the creation of high-quality loans), and educated microfinance decision-making.

Client (Customer): The establishment of successful thrift and credit societies will aid in the reduction of poverty among rural inhabitants and the active poor.

1.7 Scope of the Study

The study investigated the effect of thrift & credit societies and business growth of Microfinance banks in Enugu metropolis, Enugu State, Nigeria. This study covered both independent variables and dependent variables. The independent variables include; TCS members' account and TCS daily contribution while dependent variables include customer base growth and financial mobilization. The research was carried out in Enugu, State, Nigeria.

REVIEW OF RELATED LITERATURE

2.1 Conceptual Review

2.1.1 Thrift & Credit Cooperative Society

In general, a cooperative is an association of people who pool their resources on a mutual basis to tackle specific socioeconomic problems, including income-generating activities. A cooperative can also be described as a self-help organisation. These alliances can be formed by both manufacturers and consumers. Typically, one or two persons take the initiative to start such cooperatives. These initiators then act as advocates for the co-operative, recruiting new members. Frequently, the initiators become the primary drivers of these projects and reap the profits as managers of these enterprises. Cooperative societies in Nigeria have three levels: primary, secondary, and tertiary. Primary societies function at the community level, secondary societies at the local government level, and tertiary or apex co-operative organisations at the state level (Okafor, 2017).

According to Kareem, Arigbabu, Akintaro, and Badmus (2012), there is barely any workplace in Nigeria today, especially government establishments, where a cooperative society is not in operation. It is highly effective since money transactions are carried out in collaboration with employers of labour on behalf of their employees. For example, staff savings into co-operatives are removed at the source, and loan repayment is done through deductions from staff paychecks

as requested by the society's operators (Godwin 2011). In the same line, there exist cooperative organisations that have been established through private initiative, i.e., a group of people seeking a similar economic aim and hope to enhance their economic situation over time.

However, the subject of this discussion is the co-operative and thrift society, commonly known as the credits and thrift co-operative or the thrift and loans co-operatives. All such cooperatives perform practical functions. The primary function is to increase access to credit at key moments, or, more bluntly, financial intermediation. These co-operatives primarily strive to make it easier for people (particularly those with low incomes) to save, hence increasing the amount of money available for lending to members. Loans and credits are offered to members under far more traditional and simple terms than those used by commercial banks and other financial institutions (Oluyomobo, 2019). The thrift and credit co-operative was among the first cooperatives to be established worldwide, as well as in Nigeria. According to Agbo (2020), it served as the foundation for capital formation in Nigeria's Lower Cross River Region.

2.1.2 Components of Thrift and Credit Societies

Thrift & Credit association Members' Accounts: These are individual accounts held by members of a thrift and credit association. These accounts are used to save money, make deposits, and perhaps use society-provided credit services. Members contribute monies to their accounts, which can then be used for a variety of financial activities, including lending and investing (Oladejo, 2018).

Thrift and Credit Society's Daily Contributions: These are the regular deposits made by members into their accounts on a daily basis. Members contribute a certain amount of money each day to build up their savings over time. These contributions constitute a pool of funds that the society administers and uses for lending and other financial activities (Nweze, 2021).

2.1.3 Business

Business refers to an innovative body or organisation that engages in professional activities. They can be commercial, industrial, or other. It can be used by both for-profit and non-profit organisations. Business can also be defined as an economic activity that involves the exchange, acquisition, sale, or manufacture of goods and services with the goal of making a profit and meeting consumer demands (Wright, 2018). Typically, a business starts with a business concept (the idea) and a name. Depending on the nature of the business, substantial market research may be required to assess whether converting the idea into a business is possible and whether the business can provide value to customers (Absanto, 2013).

2.1.4 Business Growth

Business growth is a natural process of adaptation and development that takes place in favourable situations. A business firm's growth is analogous to a human being's progression from infancy, childhood, adulthood, and maturity. Many businesses began tiny and grew steadily to become large. However, corporate growth is not a uniform process. The rate and pattern of growth vary by firm. It entails expanding sales, assets, net profits, and the opportunity to use the experience curve to lower the per unit cost of products supplied, hence boosting profits. (Absanto, 2013).

2.1.5 Components of Business Growth

The dimensions of business growth are covered below:

Customer Base Growth: Customer Base Growth refers to the rise in the number of customers or clients that a business or organisation serves over a given time period. It represents the growth of the entity's reach and impact in its target market. In the context of a thrift and credit organisation, customer base expansion refers to an increase in the number of members joining the organisation to take benefit of its saves and credit services (Lloyd, 2016).

Financial mobilisation is the process of gathering and aggregating funds from a variety of sources, including deposits, investments, and loans. Financial mobilisation in a thrift and credit society entails soliciting deposits from members and maybe other sources, which are then used to provide loans and credit services to members while also supporting the society's financial activities (Kevin, Louis, & Mark 2000).

2.1.6 The Impact of Thrift and Credit Cooperative Society on Business Growth of Microfinance Banks in Nigeria

The impact of Thrift and Credit Cooperative Societies (TCS) on the commercial growth of Microfinance Banks (MFBs) is a complex and important subject of research in the field of financial intermediation. TCSs, also known as Savings and Credit Cooperatives (SACCOs) or Credit Unions, play an important role in providing financial services to marginalised and low-income people and communities. This article will investigate the impact of TCSs on the business growth of MFBs, citing relevant scholarly literature to back up the topic.

TCSs are informal financial organisations that help their members save, gain access to credit, and achieve financial inclusion (ILO, 2018). MFBs, on the other hand, are formal financial institutions that cater to comparable customers, providing a variety of financial services such as microloans, savings accounts, and insurance products (Ledgerwood, 1999).

Several investigations have found that TCSs play an important role in promoting MFB development. TCSs act as mediators, channeling member savings into the broader financial system, thereby increasing the capital available for MFBs to make loans (Ojima, 2017). TCSs help to provide a reliable pool of deposits for MFBs to use in their lending operations by creating a culture of saves and encouraging financial discipline.

Furthermore, TCSs promote financial literacy and inclusion, preparing a client population that is better aware and equipped to use MFB services (Chung, 2023). As TCS members gain financial independence, their demand for more advanced financial services supplied by MFBs, such as business loans for entrepreneurial activity, tends to increase (Dzisi, 2017).

To summarise, the influence of TCSs on the business growth of MFBs is a complex and varied issue. While TCSs help MFBs grow by boosting savings, financial awareness, and demand for advanced financial services, they also face competition and regulatory constraints. The interaction of these informal and formal financial institutions must be carefully considered in order to maximise their benefits while minimising any downsides.

2.2 Theoretical Framework

2.2.1 Thrift and Credit Cooperative Society (TCS) Theory

The theory of thrift and credit cooperation society promotes the idea of individuals banding together to form cooperative societies for the purpose of saving and lending. These organisations seek to provide financial support and assistance to their members, particularly those from low-income households, by encouraging good saving practices and giving access to affordable loans.

Friedrich Wilhelm Raiffeisen (1818–1888), a German cooperative theorist, is widely identified with the theory of thrift and credit cooperation society. Raiffeisen pioneered the notion of credit cooperatives in the mid-nineteenth century, focusing on the utilisation of shared savings and lending to alleviate poverty and give financial stability to rural communities.

Raiffeisen felt that poverty might be reduced by empowering individuals via collective action. His thesis claimed that by pooling their resources and forming cooperative societies, people may reap the benefits of joint labour. This included encouraging regular deposits among members, developing credit facilities, and providing loans to support productive activities and lessen reliance on predatory lenders.

Raiffeisen's work established the cooperative movement, which has since extended globally. Today, the philosophy of thrift and credit cooperation society continues to influence many cooperative models and financial organisations that seek to provide inexpensive and inclusive financial services to individuals and communities worldwide.

Furthermore, the TCS theory recognises the symbiotic relationship between TCSs and formal financial institutions, specifically Microfinance Banks (MFBs). TCSs can act as middlemen, channeling member funds into the larger financial system and helping to build a stable pool of deposits for MFBs. The interaction between TCSs and MFBs demonstrates their complementary functions in financial intermediation.

Thus, our investigation is based on this theory.

2.3 Empirical Review

The following studies were reviewed to establish an empirical link between thrift and credit cooperative societies and business growth of the microfinance sector

TCS members' account and Customer base growth

Okpara (2018) investigated the link between the introduction of microfinance banks and the development of rural communities in Nigeria. Data were collected through two sets of questionnaires distributed to selected microfinance institutions in Nigeria's south-east. The study received answers from five microfinance banks. The survey responses were statistically analysed using the Chi-squared method. The study found a substantial link between the introduction of microfinance banks and the development of rural communities in Nigeria. As a result, the study suggests that microfinance institutions be developed in rural regions to aid rural development in Nigeria.

Adesina (2021) analysed the impact of microfinance banks and cooperative societies on small and medium-sized firms in Southwest Nigeria. This study collected primary data using a self-administered structured questionnaire sent to respondents in the study area. The initial stage in analysing the data collected from these various commercial firms was to code the questionnaire and then create a master data sheet in Microsoft Excel. Descriptive statistics and the chi-square test were employed to examine hypotheses. The findings revealed that financial services, advising services, and lending terms offered by microfinance banks and cooperative societies have a substantial impact on the business development of SMEs in South West Nigeria. The survey concluded that when SME owners request for a loan, little or no collateral is required. The study proposed that microfinance banks and cooperative societies should design and sell their financial services to SMEs in a way that actually tries to improve their products and services, inevitably leading to development.

Oleka (2021) seeks to investigate the impact of microfinance banks on rural development in Nigeria. Questionnaires were distributed to a sample of microfinance institutions in Nigeria's South-South region to collect data. The survey received replies from three microfinance banks in the region. The survey results were statistically evaluated using Pearson Product Moment Correlation. The study's findings show that microfinance institutions play an important role in the development of rural communities.

TCS daily contribution and financial mobilization

Godly and Wilfred (2011) examined the role of credit and thrift co-operatives in Nigeria as a possible source of capital formation and employment. Unemployment poses a significant challenge in Nigeria and many other emerging countries. In Nigeria, unemployment affects both professionals and non-professionals, as well as fresh school graduates, seasoned professionals, tradesmen, and unskilled workers. Unemployment in Nigeria has serious effects, both social and private. They include increased crime rates, lost potential productivity, poverty, and lost tax income as a result of government, professional studentship, and family instability. In Nigeria, as in other developing countries, job losses among household heads have had a severe impact on some homes, resulting in family fragmentation. Unemployment may explain the rising trend of female-headed households in Nigeria. Inadequate investment capital is a key contributor to unemployment in Nigeria. The Harrod-Domar (neo-classical) hypothesis promotes savings as a source of capital production for investments, resulting in employment creation. This study identifies co-operative credit and thrift groups as legitimate sources of capital generation required for investment purposes. The thrift cooperative, like a microfinance organisation, also provides direct employment for people involved in its management or coordination.

Oladejo (2018) conducted a study on the influence of cooperative societies as a microcredit delivery channel in selected western Nigerian states, with the goal of identifying the role of cooperatives in the Nigerian government's new microcredit strategy. Cooperative societies have a good impact as a microcredit distribution channel and vehicle for poverty alleviation, according to studies conducted over the years. The updated microfinance policy framework (2021) recognized existing informal financial institutions such as credit unions and financial cooperatives, but it focused on MFBs because they are regulated and supervised by the Central Bank of Nigeria

(CBN). Appraising the impact of cooperative societies on loan delivery at a time when the government is reticent to channel funds for cooperative development, resulting in the collapse of microfinance schemes in Nigeria, is critical. The data gathered from the questionnaires were sorted, modified, and coded in a table. The data were presented and analysed using both descriptive and inferential statistics. The sample size was determined using the purposive sampling technique. The 300 Cooperative Societies were chosen in a straightforward manner such that all geopolitical zones in each state were appropriately represented, while the 600 members were chosen at a rate of two members per Cooperative Society. The hypothesis on the cross-sectional view of SMEs members and leaders of cooperative societies on its impact as a microcredit distribution channel in the six selected states of south-west Nigeria was tested using analyses of variance (ANOVA) and the t-test. The mean differences were significant at 5%. The t-calculated value of 3.93, which is higher than the tabulated value of 2.25, indicates that leaders' perceptions differ significantly from those of members. Ogbu and Usman's (2020) study examined the relationship between cooperative thrift and loan societies as a tool for rural development in Oji River Local Government Area, Enugu State, Nigeria. This article looked at cooperative thrift and loan societies as a strategy for rural development in the Oji River local government area of Enugu State, Nigeria. The paper was led by three precise aims, which corresponded to three research issues. Data were collected from both primary and secondary sources. Primary sources include organised questionnaires and field encounters with respondents, whereas secondary data come from textbooks, journals, internet publications, and so on. The sample size is 92, calculated from a population of 120 using the Krejcie and Morgan (1970) formula. The data was examined using frequency counts and percentages, and hypotheses were evaluated using chi-square (χ^2) inferential statistics. The findings revealed, among other things, that the societies function as a vehicle for rural development by encouraging thrift savings, which helps members improve. It again acted as a mechanism for extending credit and loans for development purposes. The study also identified poor management of cooperative organisations, nonpayment of loans, and member dishonesty as important concerns. The article advocated for improved cooperative society management, tight loan supervision to encourage members to become more accountable for debt repayment, and enough cooperative society finance.

Ndagi (2023) discusses the significance of daily contribution collectors in the expansion of micro, small, and medium-sized businesses in Zaria metropolis. The study investigated the effects of DCCs on the growth of MSMEs in terms of employee count and annual sales turnover. The survey was done in the Zaria metropolis, which includes the Zaria and Sabon Gari Local Government Areas and has a population of 17,532 MSMEs operators. Random samples of 391 MSMEs operators who were DCC clients were drawn from the population using Yaro Yamens' formula for determining sample size. The questionnaire instrument was used to collect data from respondents. A series of questionnaires was distributed to samples of MSMEs operators who use DCCs. Another set of 13 questionnaires was distributed to DCCs to assess validity and reliability. The acquired data was then analysed using descriptive statistics, the Pearson product moment correlation coefficient, and t-test statistics to test the hypotheses. The study discovered that regular visits for savings collection were the primary reason why MSMEs operators saved money using DCCs. The correlation coefficient data reveal that DCCs helped MSMEs grow by increasing the number of

employees and annual sales turnover. The T-test statistic confirms the conclusion by indicating that there is a substantial association between DCCs and MSMEs in terms of staff count, however the relationship is unclear in terms of yearly sales turnover. As a result, the study advocated encouraging and strengthening daily savings collecting trips. Furthermore, the government (at all levels) should look for and implement long-term funding solutions to help MSMEs. This is because MSMEs have contributed to employment generation and annual sales turnover, therefore relieving poverty among the teeming people of Nigeria.

Ogbonna and Kaine's (2023) study focuses on the impact of credit and thrift cooperative organisations on savings mobilisation and farmer poverty status in Imo State, Nigeria.

The study examined how credit and thrift cooperative societies affect savings and poverty among farmers in Imo State, Nigeria. Data was acquired from 162 credit and thrift cooperative members and non-members using a multistage random sample technique and a structured questionnaire. The acquired data was analysed using descriptive statistics, poverty indicators, the z-test, and a multiple regression model. The results indicated that farmer cooperatives have access to credit facilities ($X = 3.86$). Additionally, 33.33% of the cooperators saved on a monthly basis. Furthermore, members and non-members of credit and thrift cooperative organisations had poverty lines of ₦13,827.35 and ₦12,814.08, respectively. The annual savings of credit and thrift cooperative members differed significantly from those of non-members. Membership in a credit and thrift cooperative association lowered farmers' poverty levels. It was suggested that appropriate government and non-government institutions support and educate farmers about the benefits of creating and joining credit and thrift cooperative groups.

2.4 Gaps in Empirical Literature

The studies reviewed above revealed that no research has been conducted on the relationship between thrift and credit cooperative societies and microfinance bank company growth. As a result, this study will serve as a model for other research.

METHODOLOGY

3.1 Research Design

This study used a descriptive research design to enable the researcher to determine the nature of prevailing conditions without manipulating the subjects.

3.2 Area of the Study

The study will be carried out in the Microfinance Banks in Enugu Metropolis, Enugu State, Nigeria

3.3 Sources of Data

The data used for this research was obtained, specifically from two sources namely; primary and secondary data.

3.3.1 Primary Data

In collecting primary data for the work, two devices were employed thus: questionnaire. The researcher questionnaire will be administer to the respondents to ascertain the necessary information aid to the achievement of the research purpose.

3.3.2 Secondary Data

Secondary data are facts that the researcher collected from already existing sources. In this study, secondary data were collected from textbooks, journals, and internet (Ezigbo, 2017)

3.4 Population of the Study

The target population of the study will consist of management, senior and junior staff of Selected Microfinance Bank in Enugu State, Nigeria. The total population for the study will be two hundred and thirty-one (231). The selected Microfinance banks were Enugu: Preeminent Microfinance Bank Limited; **Umuchinemere Procredit Microfinance Bank Nigeria Limited**; Urban Microfinance Bank Limited; Ohha Microfinance Bank Limited; Greenbank Microfinance Bank Limited. The population for the study included Selected Microfinance Bank in Enugu Metropolis which was bonafide members of the National Association of Microfinance Banks in Nigeria (NAMB). Therefore, the study limited population to all management, senior and junior staff of each of these organizations, namely:

Table 3.1 Population Distribution

Microfinance Banks	Staff Categories				
	Mgt.	Senior	Junior	Total	%
1. Preeminent MFB	5	10	26	41	18
2. Ohha MFB	5	10	30	45	19
3. Umuchinemere Procredit MFB	10	14	29	53	23
4. Urban MFB	7	9	25	41	18
5. Greenbank Microfinance Bank	5	10	36	51	22
Total	32	53	146	231	100

Source: Administrative desk office, 2024

Table 3.1 study shows that five banks which will be selected from Enugu Metropolis, which the study deemed to be representative of the Microfinance Banks.

3.5 Determination of Sample Size

In order to determine the sample size for the purpose of questionnaire distribution, Taro Yamane's formula was adopted to determine the accurate sample size for the study.

The formula is stated thus:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = Sample Size
 N = Total Population(231)
 e = error margin, (5%)
 Therefore, substituting accordingly gives n as

$$n = \frac{231}{1 + 231 (0.05)^2}$$

$$n = \frac{231}{1 + 0.58} = \frac{231}{1.58}$$

$$n = \underline{146}$$

The below result showed that 146 employees from the selected microfinance banks in Enugu Metropolis, were the sample size incorporated in this study.

Bowley's stratified sample size formula was used to determine sample size of accommodated from each of the selected microfinance banks.

Distribution of Employees in Selected Microfinance Banks in Enugu metropolis

Bank	Employees	Stratified Sample Size
Preeminent Microfinance Bank Ltd.	41	24
Umuchinemerem Procredit Microfinance Bank	53	37
Urban Microfinance Bank Ltd.	41	24
Ohha Microfinance bank Ltd.	45	26
Greenbank Microfinance Bank Ltd.	51	35
Total	231	146

Source: Field Survey, 2024

3.6 Sampling Technique

The study used an easy sampling technique - It is a sampling strategy, also known as convenience sampling, that selects participants or subjects based on their availability and accessibility to the researcher. In this sample method, the researcher chooses individuals or products that are convenient or easily accessible to them, without using a random or systematic selection process (Brown, 2010).

3.7 Method of administering the research instrument

The major research tool was a questionnaire. A structured questionnaire will include a variety of items based on the five (5) research questions used to drive the study. All items in the questionnaire were rated on a five-point scale devised by Professor Rensis Likert (1908-1981): (a) strongly agree, (b) agree, (c) undecided, (d) disagree, and (e) severely disagree.

3.8 Validity of the Instrument

The most important criterion is validity, which demonstrates how well an instrument measures what it was designed to assess. To verify the instrument's face and content validity, the questionnaire was properly structured, and pre-tests were conducted on each topic. The instrument was given to five management professionals from business and academics who modified and corrected it so that it could measure what it was supposed to.

3.9 Reliability of the Instrument

To ensure that the instrument was reliable, a test-retest technique was used, with 20 copies of the questionnaire distributed to microfinance banks. These were then gathered and redistributed for the second time. The re-test resulted in a reliability coefficient of $r = 0.62$ based on Spear and rank order correlation coefficients (3.10). Method for Data Presentation and Analysis

The study's data were presented in tables as frequencies and percentages, and they were analysed using inferential statistics. Hypothesis one was investigated using simple linear regression, using Pearson's product moment. The correlation coefficient was utilised to test Hypothesis 2.

These were computed with the computer aided Microsoft Special Package for Social Science (SPSS Version 23.00). Statistically, the formulae for the tools are presented below:

The formulae are

Regression Equation $(y) = a + bx$

Slope $(b) = (\sum XY - (\sum X)(\sum Y)) / (\sum X^2 - (\sum X)^2)$

Intercept $(a) = (\sum Y - b(\sum X)) / N$

Where, x and y are the variables.

b = The slope of the regression line

a = The intercept point of the regression line and the y axis.

N = Number of values or elements

X = First Score

Y = Second Score

$\sum XY$ = Sum of the product of first and Second Scores

$\sum X$ = Sum of First Scores

$\sum Y$ = Sum of Second Scores

$\sum X^2$ = Sum of square First Scores

Pearson product moment correlation coefficient for sample data is denoted by " r ". The formula for Pearson correlation coefficient r is given by

$$r = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{[n \sum x^2 - (\sum x)^2] [n \sum y^2 - (\sum y)^2]}}$$

Where,

r = Pearson correlation coefficient

x = Values in first set of data

y = Values in second set of data

n = Total number of value

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The data obtained from the field were presented and analysed with descriptive statistics to provide answers to the research questions while the corresponding hypotheses were tried out with Simple linear regression and Pearson’s Correlation at 0.05 alpha level

4.1 Distribution of Return Rates

	Frequency	Percent	Valid Percent	Cumulative Percent
Returned	125	83.3	83.3	83.3
Not Returned	21	16.7	16.7	100.0
Total	146	100.0	100.0	100.0

Source: Field Survey, 2024

The above table showed that out of the 146 questionnaires shared to respondents, 125 questionnaires were properly filled and returned, representing 83.3 percent return rate, while 21 questionnaires were not returned or not properly filled, which represents 16.7 percent of the total questionnaires shared.

Hypothesis 1

TCS members’ account has no significant positive effect on customer base growth of microfinance banks in Enugu Metropolis, Enugu State, Nigeria.

Table 4.2 Thrift and credit and members’ account

	Options	AS	A	U	D	SD	Total
1	Thrift & credit society	40(32%)	68(54%)	4(3%)	8(6%)	5(4%)	125
	Thrift& credit society use members’ account to know their potential customers						
2.	The account of TCS Members increases the capital based of thrift and credit society	55 (44%)	55(44%)	5(4%)	5(4%)	5(4%)	125
	Monthly Account						
3	Customer based growth is an indication that the thrift society are doing well	100(80%)	10(8%)	4(3%)	4(3%)	7(6%)	125
4	Satisfaction of customer may encourage new customer which increase customer based of thrift and credit society	69(55%)	35(28%)	5(4%)	8(6%)	8(6%)	125
	Total	488	353		8	9	858

Source: Field Survey, 2024

Item 1 of table 4.2 Indicates that 40(32%) of the respondents strongly agreed with the Statement that Thrift& credit society use members’ account to know their potential customers. 68(54%) agreed, 4(3%) were undecided, 8(6%) disagree that Thrift& credit society use monthly account to know their potential customers while 5 (4%) of the respondents strongly disagreed with the statement.

Item 2 of table 4.2 Indicates that 55(44%) of the respondents strongly agreed with the Statement that the account of TCS Members increases the capital based of thrift and credit society. 55(44%) agreed, 5(4%) were undecided, 5(4%) disagree that Monthly account of customer increases the capital based of thrift and credit society while 5 (4%) of the respondents strongly disagreed with the statement

Item 3 of table 4.2 Indicates that 100(88%) of the respondents strongly agreed with the Statement that Customer based growth is an indication that the thrift society are doing well. 10(8%) agreed, 4(3%) were undecided, 4(3%) disagree that Customer based growth is an indication that the thrift society are doing well while 7 (6%) of the respondents strongly disagreed with the statement

Item 4 of table 4.2 Indicates that 69(55%) of the respondents strongly agreed with the Statement that satisfaction of customer may encourage new customer which increase customer based of thrift and credit society. 35(28%) agreed, 5(4%) were undecided, 8(6%) disagree that satisfaction of customer may encourage new customer which increase customer based of thrift and credit society while 8 (6%) of the respondents strongly disagreed with the statement

Hypothesis One

Ho: Thrift and credit society members account has no significant effect on Customer base growth of microfinance banks in Enugu metropolis, Enugu State, Nigeria

Hi: Thrift and credit society members account has a significant effect on Customer base growth of microfinance banks in Enugu metropolis, Enugu State, Nigeria

Table 4.2a Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.942 ^a	.887	.886	.33083	.510

a. Predictors: (Constant), Thrift and credit society members account

b. Dependent Variable: Customer base growth

Table 4.2b ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	105.450	1	105.450	963.483	.000 ^b
	Residual	13.462	123	.109		
	Total	118.912	124			

a. Dependent Variable: Customer base growth

b. Predictors: (Constant), Thrift and credit society members account

Table 4.2c Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.259	.051		5.058	.000
	Thrift and credit society members account	.847	.027	.942	31.040	.000

a. Dependent Variable: Customer base growth

R = 0.942

R² = 0.887
 F = 963.483
 T = 31.040
 DW = 0.510

Interpretation

The regression sum of squares (105.450) is bigger than the residual sum of squares (13.462), indicating that the model cannot explain a larger portion of the variation in the dependent variable. The significant value of the F statistics (0.000) is less than 0.05, indicating that the variation explained by the model is not random.

R, the correlation coefficient, has a value of 0.942, indicating a positive association between Thrift and Credit Society member accounts and customer base expansion. The coefficient of determination, R square, indicates that the model accounts for 88.7% of customer base growth.

The linear regression model has a low estimate error of about.33083. The Durbin-Watson value of 0.510, which is not more than 2, implies that there is no autocorrelation.

The Thrift and credit society members account coefficient of 0.942 suggests a statistically significant positive relationship between value creation and business growth (t = 31.040). As a result, the null hypothesis should be rejected while the alternative hypothesis is accepted. Thus, thrift and credit society members' accounts have a substantial effect on the customer base growth of microfinance banks in Enugu city, Enugu State, Nigeria.

Hypothesis 2

There is no positive relationship between thrift and credit society’s daily contributions and financial mobilization of microfinance banks in Enugu metropolis, Enugu State, Nigeria.

Table 4.3 Daily contribution and financial mobilization

	Options	AS	A	U	D	SD	Total
5	Daily contribution	80	30	5	4	6	125
	Daily contributions of members assist them in solving their basic problem	(64%)	(24%)	(4%)	(3%)	(5%)	
6.	Daily contribution of member help them in cultivating the attitude of saving	68	40	3	10	4	125
		(54%)	(32%)	(2%)	(8%)	(3%)	
	financial mobilization						
7	Through daily contribution thrift & credit society mobilize fund	75(60%)	30(24%)	4	6	10(8%)	125
				(3%)	(5%)		
8	Thrift & credit society financial based is on their daily contribution of their members	70(56%)	32	6(5)	8(6)	9(7)	125
			(26%)				

	Total	488	353		8	9	858
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Source: Field Survey, 2024

Item 5 of Table 4.3 shows that 80 (64%) of respondents strongly agreed with the statement that daily contributions from members help them solve their basic problems. 30 (24% agreed), 5 (4% were undecided), 4 (3% disagreed) that members' daily contributions help them solve their basic problems, and 6 (5%) strongly disagreed.

Item 6 of Table 4.3 shows that 68 (54%) of respondents strongly agreed with the statement that members' daily contributions help them cultivate a saving attitude. 40 (32%) agreed, 3 (2%) were undecided, 10 (8%) disagreed that members' daily contributions help them cultivate a saving attitude, and 4 (3%) strongly disagreed with the statement.

Item 7 of Table 4.3 shows that 75 (60%) of respondents strongly agreed with the statement that through daily contributions thrift and credit societies mobilise funds. 30 (24%) of respondents agreed, 4 (3%) were undecided, 6 (5%) disagreed, and 10 (8%) strongly disagreed with the statement.

Item 8 of Table 4.3 shows that 70 (56%) of respondents strongly agreed with the statement that the financial basis of thrift and credit societies is their members' daily contributions. 32 (26%) agreed, 6 (5%) were undecided, 8 (6%) disputed that the financial basis of thrift and credit societies depends on their members' daily contributions, and 9 (7%) severely disagreed.

Hypothesis Two

Ho: There is no significant positive relationship between thrift and credit society daily contribution and financial mobilization of microfinance banks in Enugu metropolis, Enugu State, Nigeria

Hi: There is a significant positive relationship between thrift and credit society daily contribution and financial mobilization of microfinance banks in Enugu metropolis, Enugu State, Nigeria

Table 4.4a Descriptive Statistics

	Mean	Std. Deviation	N
Thrift and credit society daily contribution	1.9680	1.26323	125
Financial mobilization	2.0400	1.20081	125

Table 4.4b Correlations

		Thrift and credit society daily contribution	Financial mobilization
Thrift and credit society daily contribution	Pearson Correlation	1	.841**
	Sig. (2-tailed)		.000
	N	125	125
Financial mobilization	Pearson Correlation	.841**	1
	Sig. (2-tailed)	.000	
	N	125	125

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.4a displays descriptive information for thrift and credit societies on a daily basis as well as financial mobilisation. The table displays a mean response of 1.9680 and standard deviation of 1.26323 for thrift and credit society savings, as well as a mean response of 2.0400 and standard deviation of 1.20081 for financial mobilisation, with 125 respondents. A detailed analysis of the standard deviation numbers reveals a considerable discrepancy in the scores for the two variables. This suggests that the variability of data points for the dependent and independent variables is roughly equal.

Table 4.4b shows the Pearson correlation coefficient between Thrift and credit society daily contributions and financial mobilisation. The correlation coefficient is 0.841. This statistic reveals a significant correlation at the 0.05 level (2-tailed), implying a strong positive association between Thrift and credit society daily contributions and financial mobilisation ($r = .841$). The estimated correlation coefficient exceeds the table value of $r = 0.196$ with 123 degrees of freedom ($df. = n - 2$) at alpha level for a two-tailed test ($r = .841, p < .05$). As a result, the computed $r = .841$ exceeds the table value of 0.196. We found a strong positive correlation between thrift and credit society daily contributions and money mobilisation of microfinance banks in Enugu city, Enugu State, Nigeria ($r = .841, P < .05$).

4.2 Discussion of Findings

Hypothesis 1 was investigated using linear regression, and the results showed that thrift and credit society members' accounts have no effect on the customer base expansion of microfinance banks in Enugu Metropolis, Enugu State, Nigeria. $\{R = 0.942, t = 31.040, p < .05\}$ Therefore, the null hypothesis is rejected. This study is consistent with Adesina (2021) findings, which demonstrated that financial services, advising services, and credit terms offered by microfinance banks and cooperative societies have a considerable positive impact on the business development of SMEs in South West Nigeria.

Hypothesis 2 was tested using Pearson r correlation, and the results showed that there is no positive relationship between thrift and credit society's daily contributions and financial

mobilisation of microfinance banks in Enugu metropolis, Enugu State, Nigeria ($r = .841, p < .05$), thus rejecting the null hypothesis. The finding is also consistent with Ogbonna and Kaine (2023) findings, which demonstrated that financial services, advisory services, and credit terms provided by microfinance banks and cooperative societies have a substantial impact on the business development of SMEs in South West Nigeria.

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Finding

Thus the findings revealed that;

- i. Thrift and credit society members' accounts do have any significant effect on customer base growth of the selected microfinance banks in Enugu metropolis, Enugu State, Nigeria $\{R^2 = 0.942, t = 31.040, p < .05\}$
- ii. There is positive relationship between thrift and credit society's daily contributions and financial mobilization of microfinance banks in Enugu metropolis, Enugu State, Nigeria $\{r = .815, p < .05\}$.

5.2 Conclusion

The study concluded that TCS members' accounts have a substantial effect on the customer base growth of microfinance banks in Enugu metropolitan, Enugu State, Nigeria, whereas daily contributions have a large impact on the financial mobilisation of microfinance banks in Enugu metropolis, Enugu State, Nigeria. TCS members' accounts can help microfinance banks expand their customer base, and everyday donations from cooperative members helps in financial mobilisation.

5.3 Recommendations

Based on the study's findings and conclusions, microfinance banks should conduct a market research to understand the preferences, needs, and behaviors of TCS members can guide MFBs in designing products and services that resonate with this segment in order to grow their customer base and also mobilize fund.

5.4 Contribution to Knowledge

1. **Understanding of TCS-MFB Interaction:** The study adds to our understanding of the interplay between TCSs and MFBs. While it was widely assumed that TCS actions had a direct positive influence on MFBs' client base, revenue creation, profitability, and cash mobilisation, the study proved this. It gives actual evidence that these correlations are as simple as previously believed. This helps to provide a more realistic perspective on the potential effects of TCS-MFB collaborations and emphasizes the importance of more context-specific analysis.

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