

AN ASSESSMENT OF THE PERFORMANCE OF COOPERATIVE THRIFT AND LOAN SOCIETIES IN KADUNA NORTH LOCAL GOVERNMENT AREA OF KADUNA STATE

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Abstract

The study focuses on the performance of Cooperative Thrift and Credit Societies (CTCS) in savings mobilization. The business proper of the cooperative societies centres on capital formation through mobilization of funds from members and disbursing same to members when necessary. The performance of CTCS in savings mobilization was in terms of ability to attract savings deposit from members. Specifically, the study is designed to assess the socio-economic characteristics of the members; examine savings activities and assess the volume of savings mobilization capacity of the cooperative societies; study the linkage of savings with loan/credit including volume of credit applied, approved, disbursed and repaid by members. Data were obtained from six cooperative thrift and credit societies through questionnaire distribution, oral interview, journals and textbooks. However, in order to test the hypothesis, regression model was estimated. The paper

reveals that the members saved with the cooperative and the amount mobilized was disbursed as credit to members. The amount disbursed was recovered through deduction from members salaries. The viable cooperative thrift and credit societies in the study were very few. However, most of the cooperative societies disbursed funds to members for investment to improve their lives. Income which bears a positive sign is not significant. The non-significance of income appears to be contrary to most authors' literature like the Keynesian absolute income theory that "as a household income increases at any given time, it consumes and saves more". It was recommended that the performance of cooperative thrift and credit societies on savings mobilization depends more on members' participation and knowledge of savings. Therefore, cooperatives should strive to achieve their objectives in this regard. Cooperative societies should give adequate cooperative education to members on the impact of saving with the cooperative.

INTRODUCTION

Cooperative movement in Nigeria dates back to the inception of communal life and was necessitated by the desire to meet the social and economic needs of the people. This period was known as the era of unofficial cooperation. There is no doubt that cooperative that can be a force for socioeconomic development of African countries. According to Nwobi (2006), since the dawn of colonial era; there have been various forms of cooperative societies such as production, consumer, marketing, cooperative thrift and loans, cooperative thrift and credit and many more.

The development qualities of cooperatives and their low performance have generated into various forms of cooperatives. However the indebtedness of income earners necessitated the establishment of cooperative thrift and credit societies. This is the type of cooperative societies whose main objectives are to mobilize funds from its members and disburse same in the form of credits/loan to members in particular for economic purposes.

It is formed among close associates with the aim of encouraging them to make some savings in the cooperatives for the future. The mobilization of the financial resources is done by members paying agreed sum of money periodically into joint pool for the purpose of giving credit to them with interest, unanimously agreed upon at a fixed time of repayment. The mobilized fund is disbursed as credit to members and it can be used to purchase consumable goods at an interest rate specified in the bye law.

According to Agu (2007), credit has been identified as an instrument not only for fostering development but also for improving and expanding production among members of the cooperatives. As economic activities increase and economies become more diversified, savings become inevitable. By this means, they are able to solve rural/urban indebtedness (abject poverty) by achieving their goal through meeting members' needs and creating better opportunities.

In most cooperative societies, people are very conscious of money and assets and continually strive to maximize them in one way or the other. The source of money and assets accumulation is household savings. Savings mobilization is particularly

important because of its impact on investment and development. Several empirical studies have shown out that the rapid development of the Western Economics was the result of an increasing rate of investment (Facet 2000).

The increase in the rate of investment of members is possible by way of proportionate rise in the rate of savings mobilization of the cooperative society. Savings mobilization is therefore the key factor in assessing the performance of the CTCS. The performance of any business organization is judged in relation to its stated objectives. Subsidiary goals and their rankings vary but this primary goal is upheld in practice. Therefore, cooperative performance can only be judged in relation to the total present value of benefits it transfers to members and their performance in savings mobilization depends to a large extent on the members. Savings mobilization in CTCS has to do with the ability of the members of the cooperative to keep resources aside for emergency and for investment purposes. The savings behaviour of people depends primarily on the level of income but should not be seen as a major determining factor for savings.

Statement of the problem

Cooperative thrift and credit societies in savings mobilization are an important requisite of urban finance and of member's welfare. This is not only because it increases the amount of available funds for investment but because of the positive impact it can create on allocative efficiency of members and their credit delivery system. In spite of these obvious benefits, members have not gained substantial savings potential.

The income earners suffer more from the scourge of poverty because they constitute the group that is mostly affected. In most cases, their salaries are fixed not considering the general economic meltdown i.e. increases in cost of living. The cost of living continues to increase which affects their income and savings capability negatively.

In a developing nation like Nigeria, the standard of living is low. The low standard of living is manifested quantitatively and qualitatively in the form of low income (poverty), inadequate housing, poor health, high death rate and infant mortality, low life expectancy and in many cases a general sense of malaise and hopelessness. In most cases where savings are made, the contribution may not be enough to provide credit requirement of the members. However, the attitude of committee members in keeping improper records of the cooperative societies contributes to members' lukewarm attitude towards savings, which results in lack of confidence amongst members.

Most income earners are not financially buoyant that they cannot engage in meaningful economic activities. They experience social, economic, political problems on daily basis. Malnutrition, crime and other social vices like child right violation exist among the people. This, however, leads to high infant mortality rate since some families cannot afford hospital bills and balanced diet. Children resort to hawking during school hours in order to supplement the income of their parents. Poverty and hunger have become the order of the day in such nations.

Considering the high interest rate charged by formal financial institutions and

collateral securities demanded before loan can be disbursed, the people cannot embark on any meaningful economic activities. The formal financial institutions are highly rigid due to the system of direct controls under which the financial system operates stratification of financial series for potential clients. In their deposit liabilities and lending, the financial system caters for medium and high income earners and broadly discourages transactions with the low income earners. The receipt of credit facilities is often dictated by economic status rather than effective need. The promotion of savings mobilization in the country, and Kaduna North L.G.A in particular is hampered by lack of government action to promote innovative competition among financial institutions.

The above scenario, therefore, makes it imperative for increased efforts to identify a financial institution that understands the socio-economic profiles of the people with savings products that can effectively mobilize and plough back mobilized funds to the economically weak in the society. Cooperative thrift and credit society by its nature and antecedents appear to be such an institution.

Objectives of the study

The broad objective of the study is to assess the performance of Cooperative Thrift and Credit Societies (CTCS) in savings mobilization in Kaduna North of Kaduna State. Other objectives are:

1. study the socio-economic characteristics of members and loan repayment;
2. examine savings activities and assess the volume of savings mobilized;

3. examine the factors affecting savings mobilization capability of the societies;
4. study the linkage of saving with loans/credit including volume of credit applied, approved, disbursed and repaid by members;.
5. identify the problems facing both members and cooperative thrift and credit societies; and
6. make policy recommendations based on the findings.

Research Hypothesis

In order to ensure that a good and thorough research work is carried out, the researcher decided to test the following hypotheses which are in null focus:

H₀ The socio-economic characteristics of the members do not have significant effect on prepayment

H₀₁ The linkage of credit to savings deposit does not have any significant effect on savings mobilization.

Theoretical framework

Savings means refraining from spending. It involves putting resources aside for the rainy day/emergency and for investment purposes. Savings literature is a wash theory on factors affecting savings behaviour of people particularly relating to the primacy of income. Wright (2000) notes that there is an agreement among economists that income and/or wealth is the main driving force behind consumption, and thus saving. But there is equally a considerable disagreement as to which income should be applied. For example, the Keynesians used

current/absolute income, Friedman used permanent income over the life-cycle of household and Dusembery focused on relative income (Schmidt and Seven 1996).

Nwankwo (2007), states that the Keynesian's absolute income theory is simple. As a household's income increases at any given time, it consumes and saves more. Friedman's permanent income theory is based on two concepts; the transitory income is a temporary income change which leads to an increase in savings rather than consumption. The permanent income is the income that household feels sure of getting.

The permanent income increases a household's consumption without changing its savings level, and can even decrease the savings level. Modigliani and Blumberg's Life Cycle income theory holds that the consumption patterns of a household depend on the stage of its lifecycle. Thus the propensity to save depends on age and differs systematically across age-specific cohorts. Dusembery's relative income theory is based on the inelasticity of consumption patterns relative to a change in income, and concludes that consumption patterns relative to a change in income, and concludes that consumption is always relative to the household's income; credit makes it possible for people to keep their consumption level up while their income goes down.

Reasons for Savings

Life cycle Needs: People often need large sums of money to deal with life cycle events such as birth, death and marriage, education and home making and the need to leave something behind for one's heirs.

Emergencies: People also save in order to cope with impersonal emergencies such as

floods, fire and with personal emergencies such as illness, accident, bereavement, desertion and divorce.

Consumption Smoothing: For poor people, savings in small amounts to help accumulate lump sums that are useful in cushioning low cash period. People especially the poor aware of the lean seasons and always save to ensure that they can afford to meet day-to-day living expenses during lean months.

Opportunities: People may have opportunities that require large sum of money such as starting or running business acquiring productive assets (including Land and housing) or buying life enhancing consumer durables such a fans, television and refrigerators.

According to Hussein and Thirlwall (1999) the determinants of savings may be categorized as those affecting the capacity to save and those relating to the willingness to save. The capacity to save is assumed to depend on economic variables such as income, age, cooperative experience, marital status, gender and education.

The increase in the rate of investment was made possible by way of an almost proportionate rise in the rate of savings. Such savings is there, the key factor in achieving a high rate of investment (Nwankwo 2007). Cooperative by their nature and characteristics has the capability and capacity to change members' behaviour including perceptions towards thrift and savings.

Credit Administration in Cooperatives
The main objectives of every cooperative thrift and credit society are: To cultivate the habit of thrift savings among members and to provide credit facilities to the members

of the society for productive purposes and for handling emergency situations.

Loans Approval

Instead of patronizing usurious money lenders, members apply for loans for their cooperative thrift and credit society as a way of assistance to their individual business. This is recognized in cooperative laws and regulations No. 44 and the following provision made; Okechuku (2003).

In a society whose objectives includes the making of loans to members, A member who desires to obtain a loan shall submit an application in writing to the committee members stating the amount and the purpose for which the loan is required, the terms for which it is asked, whether he is desired to repay it by installments, and the names of the proposed sureties and other security which is offered.

At the committee meeting, the committee shall consider the application if satisfied with the trust worthiness of the applicant, the sufficiency of the security offered and the prospects of the advantages to the borrower in the way of increased production, economy or otherwise, may approve the loan.

A member of committee who applies for loan or who is proposed as surety for loan must withdraw while the relevant application is being considered. The purpose of each loan must be approved by the committee, and loan must be applied to that purpose only. It shall be lawful for the committee to refuse to grant a loan solely that the applicant is in arrears with compulsory savings or share installments or other dues or payment to the society or has defaulted previously.

The maximum interest on each loan shall be fixed, from time to time, by the general meeting depending on the rate of interest charged by the source of the fund. Except where loan amount is below applicant's share capitals or savings, two sureties are required.

Loan Repayment

Loan issued to members could be repaid in two ways: Installmental repayments, where the loan amount and interest are repaid in piece meal within a stipulated period of time (usually six or twelve months). Full repayment at once; here members are allowed to take loan for a period of time agreed upon to refund fully when due with all interest as accrued.

The Concept of Thrift and Credit Society

Thrift and credit society (CTCS) is formed among close associates with the aim of encouraging them to make some savings for the future (Umehali 2004). He further expresses that unlike in banking, paper work is minimized, everyone knows each other and there is trust. Every member is disposed to obtain loan from the society. Onuoha (1998), states that thrift is the avoidance of spending and an ability to use money providently. Nwankwo (1994) reported that cooperative thrift and credit societies is analyzed with respect to trends of collected savings deposits, membership size, cost of mobilizing savings and local use of mobilized funds. The membership of the association collects the fund weekly or monthly and disburses to its members only for economic use. Such use includes; investment, farming, trading and other eventualities. This type of cooperative is commonly found among artisans, farmers' traders in rural areas and salary/wage earners in establishments.

Objectives of Cooperative Thrift and Credit Societies

Okonkwo (2001), asserts that the main objective or aim of credit cooperative is to give loans to members, to help them carryout their different businesses and also solve their financial needs. This objective is clearly stated in the bye-laws of the Cooperative society. He maintains that the aim of cooperative thrift and credit society is to provide a remedy for rural/urban indebtedness. Peasants in the rural areas anywhere in the world live in poverty from year to year, often saddled with debts. The salary earners out of necessity, they borrow from usurious merciless money lenders at excruciating high rate of interest at times, one hundred percent (%) interest. They often mortgage their lands, trees which will be used by the money lenders in case the borrower fails to repay the loan. The solution to this misery is the formation of credit cooperative societies. Ezeh and Ijioma (2007), observes that the main objective of thrift and credit cooperative societies is to save money through regular thrift contribution and to lend the money to members in turn at a minimum interest rate for definite purposes.

Need for a Credit Society

Nwobi (2006), and Nwankwo (2004), observe that there are several reasons why credit society is needed especially in this part of the world; these include:

People find it difficult to get loans from banks and other Financial Houses. The collateral security demanded by these institutions cannot be afforded by many people. The rate of interest charge by banks and other financial houses are high compared with what is charged by credit societies. People find it difficult to save for all their needs. They may at times need

extra money to settle some pressing need like hospital bills, rents, repairs of automobiles etc.

Credit societies are seen as the body that promotes thrift from people's point of view, and it is also a very effective way by which workers can democratically pool and control their financial resources. In the words of Berko (2002), credit societies in rural areas fill the gap created by the non-availability of banks in the rural areas. Eze and Ijioma (2007) express that cooperative thrift and credit societies teach the people the principles of savings and investment. The problems of most people in most economically under developed countries are how to inculcate the habit of savings to avoid indebtedness and money lenders exploitation (Nwankwo 2004).

Problems of Cooperative Thrift and Credit Society

According to Okonkwo (2001) and Nwobi (2006), only one major problem is facing the credit society that is, the problem of overdue loan. This problem hinders the progress of the cooperative society in achieving its objective which is mobilization of fund and disbursing same to members. However, the effect of the problem includes: the funds of the cooperative society are tied in the hands of those overdue debtors. Other members who want loans cannot have theirs.

They do not attend meetings because they feel disappointed.

The mobilization of funds through the payment of shares and thrift saving cease as soon as members refuse to pay and the cooperative society becomes moribund. There will be period of dormancy.

It can as well liquidate or wind up the activities of cooperative society.

Efobi (1986) observes that most members of cooperative societies lack cooperative education and this result to members' inability to comprehend the procedures for loan application. He further states that members of cooperative society misappropriate the loan granted to them and thus unable to repay the loans as at when due. He notes that loan able funds are scarce and this makes credit administration difficult.

Amahalu (2005) states that low membership size and general poverty of the members of cooperative society cause a problem in fund raising among cooperative societies in Nigeria.

Epetimehin (2007) observes that a major limitation is that under severe inflationary trends, the members are not likely/ willing to save money which is needed by their household with the cooperatives. In addition, that under capitalized body like the cooperatives is facing additional disadvantages in surviving and prospering in an environment that includes commercial, political and public policy risks. Savings mobilization is indispensable for cooperative thrift and credit societies to achieve its goal. Without savings and credit disbursement, such cooperative society will be edged out by the aggressive private enterprises.

Methodology Area of study

The study area for the research is Kaduna state which was created in 1991. Kaduna state is situated at the centre of Northern Nigeria. It has a political significance as the former administrative headquarters of the North during the colonial era. The state shares boundaries with Niger state to the

West, Zamfara, Kastina and Kano to the North, Bauchi and plateau state to the East and Federal Capital Territory Abuja and Nassarawa state to the south.

The state has an estimated land area of 1190 square kilometres, (Canback Global income distribution Database) and an estimated population of about 6.1 million persons (Kaduna state website, 2006). The city, located on the Kaduna River, is a trade centre and a major transportation hub for the surrounding agricultural areas with its rail and road junction. The symbol of Kaduna is the crocodile called Kada in the native Hausa language.

Kaduna state experiences a typical tropical continental climate with distinct seasonal regimes, oscillating between cool to hot dry and humid to wet. These two seasons reflect the influences of tropical continental and equatorial maritime air masses which sweep over the entire country.

However, in Kaduna state, the seasonality is pronounced with the cool to hot dry season being longer, than the rainy season. Again, the spatial and temporal distribution of the rain varies, decreasing from an average of about 1530mm in Kafanchan-Kagoro areas in the southeast to about 1015mm in Ikara Makarfi districts in the northeast. It has high evaporation during the dry season.

Generally, the soil and vegetation are typical redbrown to redyellow tropical ferruginous soils and savannah grassland with scattered trees and woody shrubs. The soil in the upland areas is rich in red clay and sand but poor in organic matter.

Kaduna state produces yam, cotton, groundnut, tobacco, maize, beans, guinea corn, millet, ginger rice and cassava. The

major occupation of the people is animal rearing and poultry farming include cattle, sheep goats and pigs in which made some sense for the study in terms of credit mobilization in the production of these agricultural products.

Population of the study

The registered Cooperative Thrift and Loan Societies in Kaduna North L.G.A of Kaduna State were twenty two (22) but as at the time of the study, only six (6) were viable. The six CTCS have a total membership of three hundred and forty (340).

Sampling procedure and Sample Size

The Cooperative Thrift and Loan Societies include; Ministry of Commerce and Industry, 102 membership; Kaduna General Hospital, 135 members; NEPA Kaduna Staff, 17 members; National Commission for Museums and Monuments, 32 members; Kaduna Poly thrift and credit, 131 members; and National Achieves 23 members.

The selected Cooperative Thrift and Loan Societies have a population size of 340 members, out of which a sample size of 184 was drawn. This was done using Taro Yamane formula (see Madu, 1998).

$$\text{Sample size} = N/1 +$$

$$N(e)^2 N = 340/1 + 340$$

$$(0.05)^2 n = 184$$

approximately

Where n = sample size

N = Total population

e = acceptable error limit (5%)

Bowler's formula (see Madu 1998) shown below was used to obtain sample size from each CTCS

$$nh = \frac{n N_h}{N}$$

Where nh = number of membership of CTCS

n = sample size N_h = membership size in each CTCS

N = population size

Two sets of questionnaire were administered; one was given to the Secretary (6) and the other administered randomly to selected members. That is 184 + 6 = 190. Six copies of questionnaire were discarded bringing the total to 184.

Method of Data Analysis

Descriptive statistical tool of measurement of data was used in analyzing the data collected through the questionnaire. Such tools include tables, frequency tables and percentage to describe the data. Performance of CTCS in savings mobilization was in terms of ability to attract savings deposit from members.

Two regression models were estimated. The estimation technique involved the linear regression technique using the ordinary least square (OLS) approach. The use of the OLS is informed by the fact that under the normality assumption for e_i, the OLS estimator is normal distributed and are said to be best unbiased linear estimator (BLUE) (see Gujarati, 1995).

The two models are explicitly specified as follows;

$$S = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + \dots + e_i \text{ (explicit)}$$

$$L = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4$$

$$+ \dots + e_i \text{ (implicit)}$$

The dependent variables in the two models are;

S (model 1) is the amount of savings deposit by the members in the Cooperative which stands proxy for savings mobilization.

L (model 2) is the amount of loan/obtained by the members from the Cooperative.

The X_s are the independent or explanatory variables, which would include X₁ (gender), X₂ (marital status), X₃ (educational background), X₄ (income), X₅ (family size), X₆ (Cooperative Experience).

Data Presentation and Analysis i) Socio-Economic Characteristics of the Members

The distribution of the responding members by gender is presented in the table below

The distribution of the responding members by gender is presented in the table below

Table 1: Distribution of Respondents by Sex

Gender	Kaduna General Hospital	Kaduna Poly	Ministry of Commerce and Industry	National Museums & Monuments	National Achieves	NEPA Kaduna Staff	Total	% of Total
Male	13	59	34	12	8	7	133	72.0
Female	6	12	21	5	5	2	51	28.0
Total	19	71	55	17	13	9	184	100.00

Source: Field Survey, 2013

Table 1 shows that majority of the respondents were males. This constitutes 72% of the membership. Female respondents constitute 28%. This implies that more male gender join the

cooperative society than their female counterparts. As the head of the household, men join CTCS to save and to avoid indebtedness. Also to take care of their family.

ii) *Distribution of Marital Status of Members*

Marital status of the cooperative society shows the members that are single, married, divorced and widowed

The distribution of the responding members by marital status is presented in the table below.

Table 2: Distribution of Marital Status of Respondents

Marital status	Society A	B	C	D	E	F	Total	% of Total
Single	2	3	2	-	-	3	10	5.4
Married	17	62	50	17	10	6	162	88
Divorce	-	2	-	-	-	-	2	1.0
Widowed	-	4	3	-	3	-	10	5.4
Total	19	71	55	17	13	9	184	100%

Source: Field Survey, 2013

Table shows that majority of the respondents were married which constituted 88%, followed by single and widowed 5.4% respectively. This implies that members are responsible and their wives and children can assist the business.

iii) *Age*

This shows the age bracket of the members of the cooperative society. The distribution of respondents by Age is presented in the table below:

Table 3: Distribution of Respondents by Age

Marital status	Society A	B	C	D	E	F	Total	% of Total
20-29	-	2	5	3	3	1	14	8.0
30-39	8	23	21	2	2	3	59	32.0
40-49	9	36	20	8	4	3	80	43.0
Above 50	2	10	9	4	4	2	31	17.0
Total	19	71	55	17	13	9	184	100%

Source: Field Survey, 2013

Table 3 shows that greater percentage of the respondents within the age bracket of 40-49 which is 43%, followed by age bracket 30-39 years presenting 32%, above 50 years, 17% and 20-19 years, 8%. This implies that the respondents who belong to CTCS have reached the age of reasoning and can take visible decision and also operate business efficiently hence they are energetic

iv) *Educational Background*

This indicates the academic qualification of the members of cooperative society.

Distribution of respondents by educational background is presented below:

Table 4: Distribution of Respondents by Educational Background

Education Background	Society A	B	C	D	E	F	Total	% of Total
SSSCE/WA EC	2	2	1	5	1	2	31	17.0
NEC/OND	5	5	15	6	4	2	49	27.0
HND/B.Sc/B.Ed	10	1	20	4	8	3	93	50.0
M.Sc	2	2	4	2	-	2	11	6.00
Total	19	7	5	1	1	9	184	100%

Source: Field Survey, 2013
Table 4 shows that majority of the respondents educational background was HND/B.Sc/B.ED which

has 50%, followed by NCE/OND, 27% and SSCE/WAEC, 17% and M.Sc degree 6%. This means that the majority of the members are educated hence they are working. They can take viable decision

Family Size

This shows the family size of the respondents

The distribution of respondents by family size as shown in the table below.

Table 5: Distribution of family size by respondents

Family Size	Society A	B	C	D	E	F	Total	% of Total
1-5	9	28	30	7	5	3	82	44.00
6-10	8	40	13	9	8	6	84	46.00
Above 10	2	3	12	1	-	-	18	10.00
Total	19	71	55	17	13	9	184	100%

Source: Field Survey, 2013

Table 5 above shows that the family size of 6-10 dominates with 46%, followed by 1-5 44% and above 10 household size 10%. The members have moderate household size with an average of 8 members. Household size is expected to influence the expenditure profile of the respondents and hence their savings decision.

vi) Income

This shows the level of income of the members of the cooperative societies. The distribution of respondents by income as presented in table below:

Table 6: Distribution of Monthly income of members

Income Range	Society A	B	C	D	E	F	Total	% of Total
10,000 - 20,000	2	14	12	2	2	-	33	18.00
21,001 - 30,000	12	32	20	10	6	-	81	44.00
31,001 - 40,000	2	20	13	3	2	-	42	23.00
Above 41000	3	50	10	2	3	9	28	15.00
Total	19	71	55	17	13	9	184	100%

Table 6 shows that monthly income rang of N21,001-N30,000 were 44%, followed by N31,001 – N40,000 23% N10,001 – N20,000, 18%. This implies that most respondents monthly income were poor with average income of N25,000 and this may affect the savings mobilization of the cooperative society.

vii) Cooperative Experience

The distribution of the respondents based on cooperative experience is shown in table 7.

Table 7: Distribution of Respondents by Cooperative Experience

Cooperative Experience	Society A	B	C	D	E	F	Total	% of Total
Large Extent	8	40	13	9	8	6	84	46.00
Moderate	9	28	30	7	5	3	82	44.00
Low	2	3	12	1	-	-	18	10.00
Total	19	71	55	17	13	9	184	100%

Source: Field Survey, 2013

The table 7 shows that 46% of the respondents have cooperative experience to a large extent, 44% moderate and 10% low cooperative experience. This indicates that the members understand the need for engaging in saving.

Savings Activities

Mode of Savings

This presents how the respondents save with the CTCS. The distribution of mode of savings by the respondents is presented below

Distribution of Respondents by Savings

This table below shows the amount of savings by members.

Table 8: Distribution of Volume of Savings with CTCS

Saving Range	A	B	C	D	E	F	Total	% of Total
2007	260,139	3390	250,000	50,000	64,100	25,000	832,637.10	9.4%

10,001 -20,000	8	20	13	2	3	5	57	28.0
21,001 -30,000	4	22	8	2	4	-	40	22.0
31,001 -40,000	2	13	9	7	2	2	35	19.0
41,001 -50,000	2	12	3	3	1	-	21	11.0
Above 50,000	3	4	22	3	3	2	37	20
Total	19	71	55	17	13	9	184	100%

Source: Field Survey, 2013

The table shows that the volume of savings of members with the cooperative society were 28%, N10,001 – N20,000, followed by 22%, N21,001 – N30,000, 20% for above N50,000 and 19% for N31,001 – N40,000. The least is 11% which implies that the members' savings with the CTCS is not high and it can affect their performance business wise.

Savings Performance by the Cooperative Societies

The distribution of savings performance of the societies by the responding members.

Table 9: Distribution of total volume of savings of the Cooperative Societies within past 4 years

Year	Society A	B	C	D	E	F	Total	% of Total
2007	260,139	3390	250,000	50,000	64,100	25,000	832,637.10	9.4%

2008	284,248	59,5141	204,959	61,875	60,540	80,740	128,750	13,305	3 rd
2009	714,015.16	10,00831	333,601.11	24,0181	901,4530	120,680	249,945	2,6376	2 nd
2010	403,262	60,000	245,612	96,213	598,2054	101,050	135,315.88	5,2	1 st
Total	529,102	23,79362	103,417	44,8269	274,613	327,470	975,490	1,0	

Source: Field Survey, 2013

The 2010 had the highest saving and came first, followed by 2009 second and 2008 came third. The fourth and the last one was 2007.

Loans and/Or Credit

This table shows the volume of loan/credit approval/disbursed in the past 4 years (2007-2010) as presented below.

Table 10: Distribution of responding members by volume of loan approved/disbursed in the past 4 years (2007-2010)

Range	Society A	B	C	D	E	F	Total	% of Total
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Below 100,000	510	4	4	3	4	29	16.00
100,001 - 200,000	41	-	5	3	2	15	8.00
200,001 - 300,000	537	30	3	5	2	84	46.00
Above 300,000	523	21	5	2	1	56	30.00
Total	1957	57	13	9	184	100%	

The table above shows the volume of loan approved and disbursed to members of the Cooperative 46% had N200,001 – N300,000, 30% above N300,000, below N100,000, 16% and 100,001 – N200,000 had 8%.

ii) Loan Repayment

The amount of loan repaid by members of the co-operative society. Distribution of the amount of loan repayment by the respondents is presented below;

Table 11: Distribution of Loan Repayment by Members (2007-2010)

Loan Payment	2007	2008	2009	2010	Total	% of Total
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Full	43	20	60	45	168	91.00
Part	-	2	7	5	13	7.00
None	-	-	1	2	3	2.00
Total	43	22	68	51	184	100%

Source: Field Survey, 2013

Table 11 shows that 91% of the respondents repaid their loan fully, 7% part payment and 2% non payment. This indicates the most of the loan disbursed were repaid by members.

iii Conditions for Loan Approval/Disbursement

Distribution of responding members by the conditions for loan/credit approval/disbursement.

Table 12: Distribution of Respondents according to conditions for loan approval/disbursement

Conditions	No of Respondents	% of Respondents
Membership	137	71.00
Surety	22	12.00
Good Personal character	15	8.00
Collateral security	-	-
Amount of savings	16	9.00
Total	184	100

Sources: Field Survey, 2013

Table 12 shows that 71% of the conditions for loan approval/disbursement is membership, 12% is surety, 9% is

amount of savings and 8% good personal character.

iv Loan Recovery Measures

This shows the means of loan recovery from members.

Table 13: Distribution of Respondents according to loan recovery measures adopted by CTCS

Measures	Frequency	% of Respondents
Compel surety to pay	34	18.00
Take defaulting member to arbitration panel	20	11.00
Expel defaulting member	-	-
Deductions from member's savings/gratuity	-	71.00
Total	184	100

Source: Field Survey, 2013

The table shows that 71% of the respondents adopt deductions from members saving/gratuity, 18% Compel Surety to pay and 11% take defaulting member to Arbitration panel.

Assessment of Performance i Perception of Regarding of savings Members Perception of adequacy of savings facilities as presented in table 14

Table 14: Distribution of Respondents according to perception regarding the adequacy of the savings

Members	Society A	B	C	D	E	F	Total	% of
---------	-----------	---	---	---	---	---	-------	------

								Total
Very adequate	12	3	3	1	8	4	105	57.00
Adequate	7	2	1	4	5	3	65	35.00
Inadequate	-	5	6	1	-	2	14	8.00
Indifferent	-	-	-	-	-	1	-	-
Total	19	7	5	1	1	9	184	100%

Source: Field Survey, 2013

The table shows that 57% of the respondents on perception were very adequate, 35% adequate, 8% inadequate and 1% indifferent. This indicates that members perception about savings was moderate

[Assessment of Problems militating Against Performance](#)

I Problems against CTLS Performance
Distribution of responding members by the problems militating against the cooperative society as presented below;

Table 15: Distribution of Respondents according to the problems militating against CTLS performance

Problems	No of Respondents	% of Respondents
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Inadequate fund	164	89.00
Lack of commitment	6	3.00
Poor management	-	-
Misappropriate of fund	-	-
Over due loan	14	8.00
	184	100

Sources: Field Survey, 2013

The table shows that majority problems of the CTLS is inadequate fund 89%, followed by over due loan 8%, and lack of commitment 3%.

Factors affecting savings mobilization To determine the factors affecting savings mobilization capability of the cooperative societies, to test hypothesis one (1), the researchers adopted the use of regression model. It is already argued that the capability of the cooperative society to mobilize savings depends on the willingness of the members to deposit their savings in the cooperative. Hence, the measurement of factors influencing savings in the cooperative societies is achieved by examining the effect of socio-economic characteristics of members and other factors on their savings deposits. The result of the regression analysis is presented in table 16

Table 16: Coefficient^a

Model	Unstandardized Coefficients	T	Sig.
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	B	Std. error		
(Constant)	-104515.8	79783.888	-1.310	.192
Income	5.403E.02	.038	1.418	.158
Education	38716.633	3683.396	10.511	.000
Marital status	-171570.3	24998.762	-6.863	.000
Gender	38546.399	24685.958	-1.561	.120
Family size	14410.653	5152.367	2.797	.006
Age	-203.545	887.660	-.229	.819
Coop Exp	2236.108	4823.088	464	.643

Result of Findings and Estimate of Analysis

Socio-economic characteristics of the members.

Based on the regression result presented in the model, it can be seen that not all the entered regression variables were significant. According to the model summary the entire entered variable explains 62% of the variation in savings and this is significant at 1% level of probability.

An examination of the estimate of the variables indicates that income has positive sign is not a significant factor determining in saving. Indeed what determines the amount of deposit of a member with the cooperatives is largely what he agrees to at the time he entered the society. More so, whoever joins thrift and credit cooperative knows that the major activity of the society is savings mobilization; hence every member makes an effort to perform this obligation.

Education is significant at 0.01 level. It has positive sign which suggests that the more educated members are, the more they are likely to save. Marital status was not

significant. However, it has a negative sign indicating that non-married respondents are saving more than married members. This could explain the fact that cooperative society will inculcate in non-married into the society to encourage more savings.

Gender has a negative sign and is not significant at 1% level. Male members are expected to save for the future as the head of the household.

Family size has a positive relationship with the savings and it is expected to influence income and expenditure profile of the members and hence their saving decisions with the cooperative society.

Age has a negative sign. As age increases, savings decreases because more money is required for maintenance which suggests that age of the members of the cooperative does not influence their savings mobilization. It is not significant with savings. This suggests that younger members save more with the cooperative.

Cooperative experience has a positive sign. The positive sign suggests that the more cooperative experienced member are the more disposed they are to making large deposit in the cooperative society.

Summary of Findings

1. The viable cooperative thrift and credit societies in the study area are very few. However, most of the cooperative societies disburse fund to members for investment to better their lives.
2. Income which bears a positive sign is not a significant to save. Income appears to be contrary to most authors literature like the Keynesians

absolute income theory as a household income increase at any given time, it consumes and saves more.

Agbonifoh et al (2000), which said that factors such as income is an important factor that influences savings decision.

3. Education, family size and cooperative experience has a positive sign and has a direct relationship with savings in the cooperative.
4. Marital status, gender and age have a negative sign which means that the variables have indirect relationship to savings in the cooperative
5. The volume of savings of the members of the cooperative society is between savings range of N10,000 - N20,000 at 28% which indicates that the members' savings with the cooperative is not enough and this can affect their performance drastically.
6. The mode of savings of the cooperative society is monthly at 98% which suggests that it helps them to meet up with their social and economic needs.

Conclusion

The capability of the cooperative societies to mobilize savings depends on the willingness of the members to deposit with the cooperative. Indeed what determines the amount of deposit a member makes is largely what he agrees to, at the time he joins the cooperative society. More so whoever joins thrift and credit cooperative society knows that the major activity of the society is savings mobilization; hence

every member makes an effort to perform this obligation.

However, the performance of cooperative thrift and credit society in savings mobilization was in terms of ability to attract savings deposit from members in the cooperative stands proxy for savings mobilization they performed well in repayment.

Recommendations

- 1) Cooperative societies should offer government cooperative education to members on the importance of savings mobilization
- 2) Married members should be encouraged to save for the future of their family.
- 3) Younger members should be encouraged to save more with the cooperative; hence age is not a significant barrier to save.
- 4) Female members save more with the cooperative therefore men should be adequately educated on the need for savings.
- 5) Committee members should change their attitude towards members by encouraging them to save.
- 6) The performance of cooperative thrift and credit societies in savings mobilization depends more on members' participation and knowledge of savings.
- 7) The amount of savings deposited by the members of the cooperative should determine the amount of

savings mobilization by the cooperative societies

- 8) Cooperative thrift and credit societies should stand out as a measure to cure rural/urban indebtedness thereby meeting the financial needs of its members with little or no interest rate
- 9) Any member who demands for credit in the cooperative should save more with the cooperative society
- 10) The performance of cooperative thrift and credit societies on savings mobilization depends more on members' participation and knowledge of savings. Therefore, the cooperative should strike to achieve their objectives in this regards.

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1) Kaduna Poly CTCS

$$\frac{184 \times 131}{340} = 71$$

2) Kaduna General Hospital CTCS

$$\frac{184 \times 135}{340} = 19$$

3) Ministry of commerce and industry
CTCS

$$\frac{184 \times 102}{340} = 55$$

4) Nation Achieves CTCS

$$\frac{184 \times 23}{340} = 13$$

5) NEPA Kaduna Staff CTCS

$$\frac{184 \times 17}{340} = 9$$

6) National Commission for Museums and Monuments CTCS

$$\frac{184 \times 32}{340} = 17$$

Ndukwe, Oko

