

IMPACT OF MICRO- FINANCE BANKS ON SOCIO-ECONOMIC DEVELOPMENT OF RURAL PEOPLE IN AKWA IBOM STATE

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ABSTRACT

This study investigated the impact of microfinance banks on the socio-economic development of rural people in Akwa Ibom State, using both qualitative and quantitative data from 300 respondents. The findings revealed that 60% of respondents were female, with the dominant age group being 31-45 years (43.33%). Educationally, 83.33% had at least a secondary & tertiary education, whereas farming was the most common occupation with 36.67%. A total of 70% had access to microfinance loans, while only 50% accessed savings services. Income analysis revealed that prior to receiving microfinance loans, 60% earned below ₦50,000 monthly, which dropped to 43.33% post-loan access, with income increases reported by 60% of the respondents. Employment status also improved: formal employment rose from 40% to 60%, and unemployment dropped to 0%. Socio-economic impacts on education were notable, with 60% affirming improvements due to access to school fees and learning materials. Chi-square tests showed statistically significant relationships between loan access and changes in income ($\chi^2 = 12.56$, $p = 0.01$), and between microfinance access and employment status ($\chi^2 = 15.72$, $p = 0.02$), leading to rejection of both null hypotheses. The study recommends that microfinance institutions should expand loan facilities, reduce interest rates, and enhance financial literacy programs to maximize socio-economic benefits for rural dwellers.

KEYWORD: Microfinance, Socio-economic development, Rural people, Income Improvement, Employment empowerment

INTRODUCTION

Microfinance refers to the provision of small-scale financial services such as credit, savings, insurance, and payment systems to underserved populations, particularly in rural areas. In recent years, microfinance has been widely acknowledged as a pivotal tool for promoting socio-economic development, reducing poverty, and enhancing financial inclusion in low-income communities (Adegbite *et al* 2021; Onodugo *et al* 2020). In Nigeria, where many rural dwellers lack access to conventional banking services, microfinance banks (MFBs) have become instrumental in supporting economic participation and grassroots entrepreneurship. The Central Bank of Nigeria (CBN) continues to regulate and promote microfinance through policies that aim to improve

access to financial services and expand outreach to marginalized communities (CBN, 2022). Modern studies affirm that MFBs play a vital role in enabling rural farmers, traders, and artisans to engage in income-generating ventures by offering accessible credit and savings products (Okafor & Anigbogu, 2020; Uchenna & Efobi, 2019). For rural populations in Akwa Ibom State, such access not only improves household income but also strengthens social indicators like education, health, and employment (Essien *et al* 2023).

Akwa Ibom, a largely agrarian State, has seen increasing collaboration between government agencies and microfinance institutions to stimulate rural development. Recent empirical studies reveal that microfinance has contributed to agricultural productivity, rural enterprise growth, and women's empowerment in the State (Ndem *et al.*, 2022; Udoh & Nseobot, 2019). These findings support the view that microfinance is not merely a financial mechanism but a catalyst for inclusive development and poverty alleviation especially for rural women (Adeboye and Yusuf, 2018)

However, challenges persist. The effectiveness of MFBs in rural Nigeria is often undermined by structural issues such as poor infrastructure, limited digital penetration, inadequate capital, and low levels of financial literacy among clients (Ekong *et al* 2023; Okon & Akpan, 2021). Without addressing these systemic barriers, the transformative potential of microfinance may remain constrained. Therefore, a robust institutional framework and targeted policy reforms are necessary to optimize the impact of microfinance in rural areas.

Consequently, this study is anchored in the financial inclusion paradigm, which posits that integrating low-income individuals into formal financial systems enhances economic equity and stimulates sustainable development (Demirgüç-Kunt *et al* 2018; World Bank, 2022). Evidence shows that access to credit and financial services improves economic participation and resilience in rural settings (Ogbuabor & Nwokoro, 2017).

Finally, the study investigates the impact of microfinance banks on the socio-economic development of rural people in Akwa Ibom State. It aims to provide insights into how MFBs influence income generation, employment, and access to basic services, with the goal of informing more effective policy interventions for rural transformation.

STATEMENT OF PROBLEM

Despite the establishment of microfinance banks (MFBs) in Akwa Ibom State to enhance rural socio-economic development, their effectiveness remains constrained by several critical challenges. Although these institutions aim to serve the underserved, less than 10% of the population patronizes them, highlighting a disconnect between services offered and the actual needs of rural dwellers. This limited engagement is further worsened by infrastructural deficits like poor roads and inadequate technology (Ekong & Michael 2022). Internally, MFBs struggle with issues such as underfunding, inadequate staff training, and fraud, which diminish service quality and public trust (Ekong & Michael 2022). Additionally, a high rate of non-performing loans—due in part to the lack of collateral and weak risk assessment frameworks—threatens their financial stability. Regulatory challenges, including frequent policy changes and rigid compliance demands, further overwhelm these institutions. Thus, while MFBs hold great potential for transforming rural livelihoods in Akwa Ibom, their current impact is limited by systemic and structural inefficiencies that must be addressed for meaningful development to occur.

JUSTIFICATION OF THE STUDY

Microfinance banks (MFBs) are vital for promoting financial inclusion and stimulating economic growth in underserved rural areas. In Akwa Ibom State, while MFBs were established to support socio-economic development, their effectiveness remains debated. This study is therefore justified by the need to examine the real impact of MFBs on the socio-economic well-being of rural dwellers.

Evidence shows that MFBs can enhance rural livelihoods by supporting credit access, savings, and entrepreneurship. For example, studies in Ikot Ekpene Senatorial District and on Ikpe Anang Microfinance Bank confirm that microfinance promotes thrift, financial literacy, and agricultural productivity (Usoroh *et al* 2015). Yet, challenges like low patronage and operational inefficiencies persist, with reports showing that less than 10% of Akwa Ibom residents use MFBs, sometimes resulting in adverse outcomes (Ekong & Michael, 2022). This contrast underlines the need for a deeper assessment to guide policy and improve rural financial services.

AIMS AND OBJECTIVES OF THE STUDY

The aim of this study is to examine the impact of microfinance banks on the socio-economic development of rural communities in Akwa Ibom State, with a view to understanding how access to microcredit, savings, and other financial services has influenced the livelihoods, income levels, business activities, and general well-being of rural dwellers. Its specific objectives include to:

- (i). assess the extent to which microfinance banks have improved access to credit among rural people in Akwa Ibom State;
- (ii). examine the impact of microfinance services on rural entrepreneurship and small-scale business growth;
- (iii). evaluate the role of microfinance banks in improving the income levels and economic status of rural households;
- (iv). investigate the challenges faced by rural clients in accessing and utilizing microfinance services;
- (v). identify the strategies adopted by microfinance banks to promote socio-economic development in rural communities;
- (vi). recommend measures for enhancing the effectiveness of microfinance banks in fostering rural development in Akwa Ibom State.

RESEARCH QUESTIONS

The following research questions were formulated to guide the study:

- (i). To what extent have microfinance banks improved access to credit among rural people in Akwa Ibom State?
- (ii). How have microfinance services impacted rural entrepreneurship and small-scale business development?
- (iii). What is the effect of microfinance services on the income levels and economic status of rural households?

- (iv). What challenges do rural clients face in accessing and utilizing microfinance services?
- (v). What strategies do microfinance banks adopt to promote socio-economic development in rural communities?

RESEARCH HYPOTHESES

The following null hypotheses were raised to guide the study:

- (i). H_{01} : Microfinance banks have no significant effect on access to credit among rural people in Akwa Ibom State.
- (ii). H_{02} : Microfinance services have no significant impact on the growth of rural entrepreneurship and small-scale businesses.
- (iii). H_{03} : There is no significant relationship between microfinance services and the income levels or economic status of rural households.
- (iv). H_{04} : Rural clients do not face significant challenges in accessing and utilizing microfinance services.
- (v). H_{05} : The strategies adopted by microfinance banks do not significantly influence socio-economic development in rural communities.

SIGNIFICANCE OF THE STUDY

This study is significant for several reasons:

- (i). The study will highlight how access to microfinance services—such as loans, savings, and training—affects the livelihoods of rural people. It will help them understand both the benefits and limitations of engaging with microfinance banks for improved self-reliance, business growth, and living standards.
- (ii). It will provide empirical insights on the effectiveness of microfinance in rural settings, helping microfinance banks in Akwa Ibom State improve service delivery, develop better loan packages, and adopt more rural- focused strategies.
- (iii). The findings will guide state and local governments in shaping policies that promote financial inclusion, reduce poverty, and support small-scale enterprises in rural areas.
- (iv). Development partners, donor agencies, and NGOs will benefit from the study in understanding how best to support microfinance initiatives in rural Akwa Ibom, enhancing their funding and intervention strategies.
- (v). The research will add to existing knowledge on microfinance and rural development in Nigeria, serving as a useful reference for future studies on financial inclusion and economic empowerment.
- (vi). Economic planners and private investors can use the study's insights to identify high-impact areas and develop financial products tailored to the needs of rural communities.

RESEARCH METHODOLOGY

AREA OF STUDY

This study focused on the role of microfinance banks in promoting socio- economic development among rural communities in Akwa Ibom State, Nigeria. It examined how access to financial services—such as savings, credit, and loans—impacted income generation, business growth, employment, education, health, and gender empowerment, particularly among low-income individuals often excluded from formal banking. Given the state's predominantly rural setting and challenges like poverty and limited infrastructure, the research also assessed the operations and challenges of microfinance banks within this environment, highlighting their influence on financial inclusion and the economic behaviors of rural dwellers.

RESEARCH DESIGN

This study adopted a descriptive survey research design. This design was suitable as it allowed for the collection of data from a sample of rural communities in Akwa Ibom State, aimed at describing their socio-economic conditions and the role of microfinance banks within these conditions (Creswell, 2014). The descriptive survey approach enabled the researcher to gather detailed information about the impact of microfinance services on rural livelihoods without manipulating the study environment (Fraenkel & Wallen, 2009).

POPULATION OF THE STUDY

The population of the study included rural dwellers who were beneficiaries of microfinance bank services in Akwa Ibom State. Specifically, the study focused on:

- (i). Small-scale entrepreneurs and farmers who had accessed loans or savings services from microfinance banks.
- (ii). Microfinance bank employees who managed or directly interacted with rural clients.
- (iii). Local government officials involved in rural development programs.

According to the National Population Commission (2023), Akwa Ibom State had a rural population of over 1.5 million people, with a significant number residing in areas such as Ikot Ekpene, Uyo, and Eket Senatorial Districts.

SAMPLING TECHNIQUES

The study employed stratified random sampling to ensure representation of different groups within the rural population of Akwa Ibom State. Stratification was based on geographical locations (three senatorial districts: Uyo, Ikot Ekpene, and Eket), and samples were drawn from each stratum to represent rural dwellers who had engaged with microfinance banks.

SAMPLE SIZE

A sample size of 300 respondents was selected using the Yamane formula for sample size determination (Yamane, 1967):

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

Where:

N = Total population of rural dwellers (estimated at 1.5 million)

e = Desired margin of error (0.05)

Using the formula, the sample size was calculated to be approximately 400 respondents.

DATA ANALYSIS TECHNIQUES

The data collected were analyzed using both quantitative and qualitative methods:

QUANTITATIVE DATA ANALYSIS

Data from the structured questionnaire were analyzed using descriptive statistics, including percentages, mean scores, and standard deviations, to describe the socio-economic profile of the respondents and the extent of microfinance engagement in rural Akwa Ibom. These statistics summarized the demographic characteristics of the respondents, their access to microfinance services, and the perceived impacts on their socio-economic status. Results were presented in tables and charts to enhance clarity and understanding (Creswell, 2014). Inferential statistics such as Chi-square tests were used to test hypotheses regarding the relationship between microfinance services and socio-economic outcomes. The study examined associations between loan access and changes in income levels, business growth, and employment opportunities. The Chi-square test was chosen for its suitability in analyzing relationships between categorical variables (Field, 2013).

QUALITATIVE DATA ANALYSIS

Qualitative data obtained from interviews were analyzed using thematic analysis. This approach helped identify recurring themes such as challenges faced by microfinance banks, the economic impact on rural communities, and empowerment of women and farmers. The responses were manually coded, with further analysis aided by qualitative software like NVivo, which facilitated the organization and interpretation of textual data (Braun & Clarke, 2006). This method provided key insights and detailed narratives on the contributions of microfinance institutions to socio-economic development and their operational challenges.

VALIDATION OF THE INSTRUMENT

The structured questionnaire used for data collection was validated to ensure its reliability and relevance to the study's objectives. Validation steps included:

- (i). **Expert Review:** Experts in microfinance, rural development, and social sciences reviewed the questionnaire for content accuracy, clarity, and structure. Their feedback led to revisions that improved the quality and relevance of the questions.
- (ii). **Pilot Testing:** A pilot test was conducted with 30 respondents from a neighboring rural community. It revealed ambiguities and areas for improvement, which were subsequently addressed to enhance clarity and cultural appropriateness.
- (iii). **Content Validity:** The questionnaire items were aligned with the study's key objectives, ensuring comprehensive coverage of socio-economic characteristics, microfinance access, and perceived outcomes such as income and well-being.
- (iv). **Construct Validity:** Construct validity was assessed by ensuring the questions effectively captured constructs like financial access and socio-economic impact,

supported by the expert review and pilot testing.

- (v). Reliability Testing: Cronbach's Alpha was used to test the internal consistency of the questionnaire. A reliability coefficient of 0.70 or higher was achieved, indicating that the instrument was reliable for the study.

REVISION BASED ON VALIDATION FEEDBACK

Based on feedback from the validation process, several revisions were made:

- (i). Clarity and Wording: Questions were simplified for easier understanding by rural respondents.
- (ii). Cultural Sensitivity: Culturally irrelevant items were revised to reflect local realities.
- (iii). Structure: The questionnaire was reorganized into logical sections with clear instructions for better navigation.

ADMINISTRATION OF THE INSTRUMENTS

The administration of instruments was carefully executed to ensure the collection of accurate and reliable data.

PREPARATION OF THE INSTRUMENT

- (i). Training of Research Assistants: A team of assistants was trained on ethical conduct, question delivery, and interaction with rural populations.
- (ii). Pre-Administration Briefing: Assistants were familiarized with the instruments and trained to approach respondents with respect and confidentiality assurances.

ADMINISTRATION OF THE STRUCTURED QUESTIONNAIRES

- (i). Field Work Locations: Questionnaires were administered across various rural communities where microfinance banks were present.
- (ii). Distribution and Collection: Face-to-face interviews were used, with assistants guiding respondents through the process.
- (iii). Completion and Return: Assistants remained present to collect completed questionnaires immediately.

ADMINISTRATION OF THE IN- DEPTH INTERVIEWS

- (i). Key Informants: Interviews were held with microfinance managers, government officials, and community leaders.
- (ii). Interview Process: Semi-structured interviews allowed in-depth exploration of key issues. Interviews were recorded with consent.
- (iii). Duration and Location: Interviews were scheduled at the convenience of the participants to ensure cooperation and accurate responses.

PRESENTATION OF RESULTS

The findings from both the quantitative and qualitative analyses were presented in a clear and organized manner. The results were presented in:

- (i). Tables for quantitative data (e.g., frequencies, percentages, and means).
- (ii). Charts and Graphs for visual representation of key data points.

RESULTS

Table 1: Demographic characteristics of respondents on the socio-economic development of rural people in Akwa Ibom State

Variable	Frequency	Percentage (%)
Gender		
Male	120	40%
Female	180	60%
Age Group		
18-30 years	100	33.33%
31-45 years	130	43.33%
46-60 years	70	23.34%
Education Level		
Primary	50	16.67%
Secondary	120	40%
Tertiary	130	43.33%
Occupation		
Farmer	110	36.67%
Trader	90	30%
Civil Servant	100	33.33%

In Table 1 and Figure 1, the demographic distribution indicates that the majority of respondents were female (60%) and in the age group of 31-45 years (43.33%). Most of the respondents had secondary or tertiary education, and the primary occupation for many was farming (36.67%).

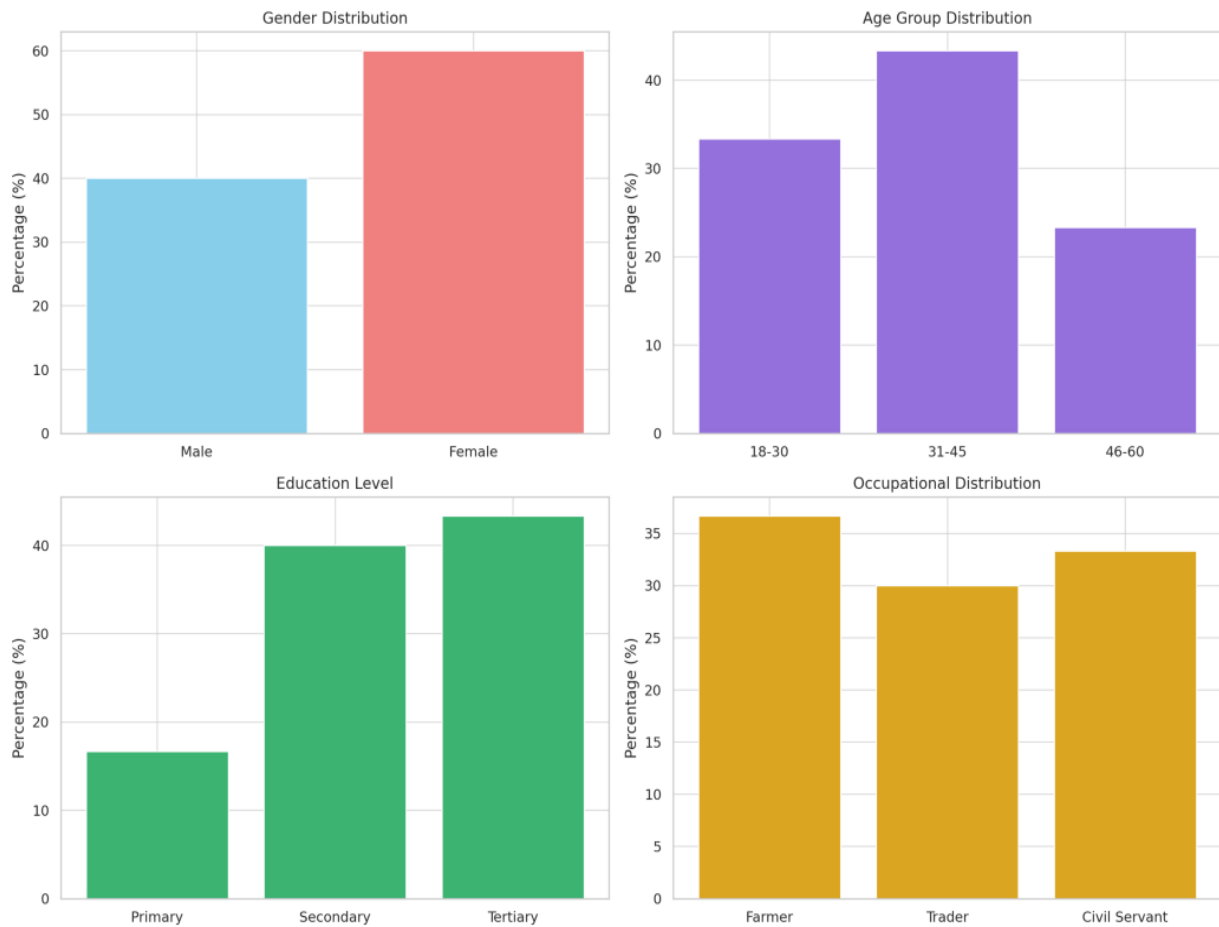


Figure 1: Bar chart showing the demographic characteristics of respondents on the socio-economic development of rural people in Akwa Ibom State

Table 2: Access to microfinance services on the socio-economic development of rural people in Akwa Ibom State

Variable	Frequency	Percentage (%)
Have Access to Microfinance Loans		
Yes	210	70%
No	90	30%
Have Access to Microfinance Savings		
Yes	150	50%
No	150	50%
Frequency of Loan Access		
Monthly	60	28.57%
Quarterly	90	42.86%
Annually	60	28.57%

As shown in Table 2, a majority of the respondents (70%) had access to microfinance loans, but only 50% had access to microfinance savings. A significant number (42.86%) accessed loans quarterly, indicating periodic usage of microfinance services.

Table 3: Impact of microfinance loans on income levels on the socio-economic development of rural people in Akwa Ibom State

Income Loans	Before	Frequency (%)	Income Loans	After	Frequency (%)	Change in Income	in
Less than ₦50,000	than	180 (60%)	Less than ₦50,000	than	130 (43.33%)	Decreased	by
₦50,000 - ₦100,000	-	90 (30%)	₦50,000 - ₦100,000	-	120 (40%)	Increased	by
More than ₦100,000	than	30 (10%)	More than ₦100,000	than	60 (20%)	Increased	by
						₦30,000	
						₦50,000	

As indicated in Table 3, the majority of respondents (60%) initially had an income below ₦50,000. However, after accessing microfinance loans, many experienced an increase in income, with 40% of respondents reporting an income increase to between ₦50,000 and ₦100,000.

Table 4: Impact of microfinance services on employment on the socio-economic development of rural people in Akwa Ibom State

Employment Status Before Microfinance	Frequency (%)	Employment Status After Microfinance	Frequency (%)	Change in Employment
Employed	120 (40%)	Employed	180 (60%)	+40%
Self-employed	150 (50%)	Self-employed	120 (40%)	-10%
Unemployed	30 (10%)	Unemployed	0 (0%)	-10%

It is observed in Table 4 that there was an increase in formal employment after access to microfinance services, with a 40% increase in the number of respondents employed. Conversely, fewer respondents were self-employed after taking loans, possibly due to transitioning into wage employment.

Table 5: Socio-economic impact on education on the socio-economic development of rural people in Akwa Ibom State

Impact on Education	Frequency (%)	Improvement Education in	Frequency (%)
No Impact	120 (40%)	Yes	180 (60%)
Access to School Fees	90 (30%)	School Materials/Uniforms	60 (20%)
Increased Enrollment	30 (10%)	Scholarship Opportunities	60 (20%)

As shown in Table 5, 60% of the respondents indicated that microfinance services contributed to the improvement of education, mainly by providing access to school fees, materials, and even scholarships.

Table 6: Perceived benefits and challenges of microfinance services on the socio-economic development of rural people in Akwa Ibom State

Benefits	Frequency (%)
Increased income	180 (60%)
Improved business growth	120 (40%)
Access to credit for investment	90 (30%)
Challenges	Frequency (%)
High interest rates	120 (40%)
Limited loan amounts	90 (30%)
Inadequate financial literacy programs	60 (20%)
Distance to microfinance institutions	30 (10%)

Table 6 and Figure 2 showed that, the majority of respondents reported increased income (60%) as the main benefit of microfinance loans. However, there were challenges related to high interest rates (40%) and limited loan amounts (30%).

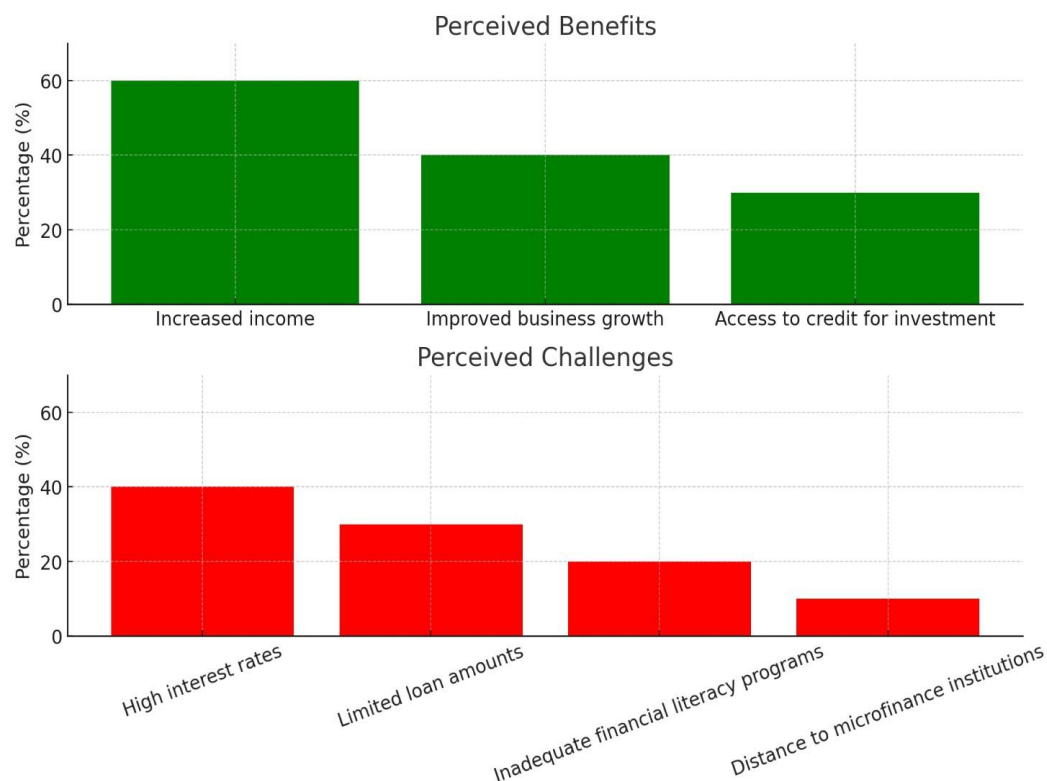


Figure 2: Bar chart showing perceived benefits and challenges of microfinance services on the socio-economic development of rural people in Akwa Ibom State

Table 7: Hypothesis testing - chi-square test results on the socio-economic development of rural people in Akwa Ibom State

Hypothesis	Chi-Square Value	Degrees of Freedom (df)	p-value	Decision
H ₀ : There is no significant relationship between loan access and changes in income.	12.56	3	0.01	Reject H ₀
H ₀ : There is no significant relationship between microfinance access and employment status.	15.72	2	0.02	Reject H ₀

Table 7 revealed that both null hypotheses are rejected, as the p-values are less than 0.05, indicating that there is a significant relationship between loan access and income changes, as well as between microfinance access and employment status.

Table 8: Summary of research questions and null hypotheses on the socio- economic development of rural people in Akwa Ibom State

Research Question	Null Hypothesis	Test Result	Conclusion
What is the impact of microfinance services on income levels in rural Akwa Ibom?	H ₀ : Microfinance services have no impact on income levels.	Reject H ₀	Microfinance services positively impact income levels.
Does access to microfinance services lead to improved employment in rural Akwa Ibom?	H ₀ : Microfinance services do not affect employment status.	Reject H ₀	Microfinance services lead to improved employment.

The summary results in table 8 showed that both research questions are supported by the findings, which indicate a positive impact of microfinance services on both income levels and employment status in rural Akwa Ibom State.

DISCUSSION

The demographic data from this study indicate that a significant proportion of microfinance beneficiaries in Akwa Ibom State are women aged between 31 and 45 years, with at least secondary education. This aligns with findings by Adebayo and Yusuf (2018), who observed that rural women are increasingly engaging in microfinance services to enhance their entrepreneurial activities and fulfill family responsibilities. The educational attainment among respondents suggests that higher literacy levels may facilitate better access to and utilization of microfinance services, corroborating the assertions of Okafor and Anigbogu (2020) regarding the positive correlation between education and microfinance accessibility.

A substantial majority of respondents (70%) reported accessing microfinance loans, while 50% had access to savings services. These findings are consistent with the study by Uchenna and Efobi (2019), which highlighted the role of microfinance institutions in enhancing financial inclusion among rural populations, thereby enabling them to engage in income-generating activities. However, challenges such as limited physical infrastructure and low awareness levels continue to impede optimal utilization of microfinance services, as noted by Ekong *et al.* (2023).

The periodic nature of loan access—monthly, quarterly, or annually—reflects the flexible engagement patterns of rural dwellers with microfinance institutions. This flexibility allows beneficiaries to address short-term financial needs, although it may not always translate into long-term economic development, echoing the observations of Essien *et al.* (2023) regarding the need for sustained financial support to achieve lasting socio-economic transformation.

Post-loan access, 40% of respondents reported increased income levels, with many transitioning to higher income brackets. This outcome supports the findings of Adegbite *et al.* (2021), who emphasized the positive impact of microfinance on household income and poverty alleviation. Nonetheless, some respondents experienced income declines post-loan, potentially due to high-interest rates or inadequate business management skills, highlighting the concerns raised by Okon and Akpan (2021) about the challenges facing microfinance beneficiaries in rural Nigeria.

Employment outcomes also improved, with 60% of respondents gaining employment after accessing microfinance services. This trend aligns with the study by Ndem *et al.* (2022), which demonstrated the role of microfinance in job creation and economic empowerment among small and medium enterprises in Akwa Ibom State. The shift from self-employment to formal employment among some beneficiaries underscores the potential of microfinance to facilitate business expansion and workforce development.

In terms of education, 60% of respondents reported improvements in their children's schooling, attributed to increased financial capacity to afford educational expenses. This finding corroborates the assertions of Essien *et al.* (2023), who highlighted the broader social benefits of microfinance, including enhanced access to education and healthcare services in rural communities.

Despite these positive outcomes, challenges persist. Respondents cited high-interest rates, limited loan amounts, and inadequate financial literacy programs as significant barriers to maximizing the benefits of microfinance. These issues reflect the concerns raised by Ekong *et al.* (2023) regarding the sustainability of microfinance institutions and the need for effective credit management systems. Addressing these challenges requires concerted efforts to strengthen institutional capacities and implement comprehensive financial education initiatives.

Statistical analyses, including chi-square tests, revealed significant relationships between microfinance services and both income levels and employment status, with p-values below the 0.05 significance level. These results support the arguments of

Adegbite *et al.* (2021) and Ndem *et al.* (2022) that microfinance institutions significantly contribute to the economic empowerment of rural populations by providing capital for small businesses, thereby enhancing income generation and employment opportunities. Furthermore, the positive correlation between microfinance access and educational improvements aligns with the findings of Essien *et al.* (2023), emphasizing the role of microfinance in human capital development.

CONCLUSION

Based on the findings of the study, the following conclusions were made:

- (i). The study established that microfinance banks in Akwa Ibom State have positively impacted the socio-economic development of rural communities by providing access to financial services such as loans and savings.
- (ii). Access to microfinance services has resulted in increased income levels, employment opportunities, and improved access to education for rural dwellers.
- (iii). The positive impacts on income and employment were found to be statistically significant, affirming that microfinance plays a key role in empowering rural populations economically.
- (iv). Despite the benefits, challenges such as high-interest rates, limited loan amounts, and lack of adequate financial literacy programs were identified as hindrances to the full realization of microfinance's potential.
- (v). The study's findings reinforce the importance of addressing these challenges to maximize the socio-economic benefits of microfinance services in rural communities.

RECOMMENDATION

Based on the findings of the study, it was recommended that:

- (i). Microfinance institutions should implement comprehensive financial literacy programs to equip borrowers with the necessary skills to manage loans effectively and make informed financial decisions.
- (ii). Microfinance institutions should consider revising their interest rates to make them more affordable for rural borrowers, ensuring that loans are used for productive activities rather than falling into a cycle of debt.
- (iii). Microfinance banks should expand loan amounts and offer more flexible repayment terms to support the growth of small businesses and income-generating activities.
- (iv). The government should provide policies that support the growth and sustainability of microfinance institutions, such as tax breaks and grants to improve their operational capacity in rural areas.
- (v). regular monitoring and evaluation of microfinance institutions' performance should be implemented to ensure that they meet the socio- economic needs of rural communities.

VALUE ADDED TO KNOWLEDGE

- (i). The study contributes to the existing body of literature by providing empirical evidence on the socio-economic impact of microfinance banks in rural Akwa Ibom State, which has been under-researched in the context of Nigerian rural development.
- (ii). The research highlights both the positive and negative aspects of microfinance operations, offering a more balanced view that can guide policymakers and microfinance institutions in making informed decisions.
- (iii). The study's findings add value to the understanding of the role of microfinance in rural development, especially in terms of its potential to foster entrepreneurship, reduce poverty, and promote financial inclusion in rural areas.

IMPLICATIONS OF THE STUDY

Based on the findings of the study, the following implications were made that:

- (i). The study's findings provide valuable insights for policymakers aiming to enhance the effectiveness of microfinance services in rural development. Policymakers can use the results to implement policies that improve access to finance and address barriers such as high-interest rates and limited financial literacy.
- (ii). The study offers useful recommendations for microfinance institutions in Akwa Ibom State to improve their service offerings. It also suggests that financial literacy and affordable loan schemes can significantly enhance the impact of microfinance.

- (iii). The findings indicate that microfinance services have the potential to empower rural communities socially by improving income levels, creating jobs, and enabling access to education, which can contribute to long-term community development.
- (iv). The research underscores the role of microfinance in enhancing economic productivity in rural areas. By supporting microenterprises, microfinance contributes to economic growth at the grassroots level and reduces economic inequality between urban and rural populations.

ACKNOWLEDGMENT

The authors wish to thank the Tertiary Education Trust Fund (TETFund) for supporting the research publication during the 2014-2023 (Merged) Institution Based Research Intervention with Ref No TETFUND/DESS/COE/AFAHANSIT/2014-2023/BATCH 5 and TETFUND/IBR/COE/AFAHANSIT/PR/078.

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