Nigerian Agricultural Policy Research Journal (NAPReJ) Agricultural Policy Research Network (APRNet)
Vol. 10, Special Issue. Website:http:// www.aprnetworkng.org ©2022

ISSN 2536-6084 (Print) & ISSN 2545-5745 (Online)

Analysis of Impact of Financial Inclusion on Rural Farming Households in Nigeria: A Review

G. O. Agada, A. I Achike, N. A Chukwuone, J. E. Omeje
Department of Agricultural Economics, University of Nigeria, Nsukka, Enugu State, Nigeria.

Contact: +2347031107786, odiniya05@gmail.com

A R T I C L E I NFO

ABSTRACT

Keywords:

Financial Inclusions,

Rural Farming Households,

Agriculture,

Microcredit,

Rural,

Stakeholders,

Welfare

The smallholder agricultural sector in Nigeria occupies a substantial position in the country's economy. Available evidence indicates that rural farming households who have remained in the vicious cycle of poverty constitute about 90% of the farming population. Thus, the rural farming households require financial interventions to improve their agricultural production and overall welfare. However, this agricultural segment is seemingly facing a challenge regarding inaccessibility to the required finances with which to obtain the necessary input for attaining the desired farm boost and yield. Therefore, this review is focused on investigating the how financial inclusion could impact positively on rural farming households in Nigeria. Literature search was conducted systematically to collect recent research evidence to support the study. Summarily, it was found that financial inclusion has significant potential to enhance agricultural performance and welfare among rural farmers.

INTRODUCTION

The bourgeoning global population and subsequent upsurge in the demand for food will apparently remain on the increase. This trend has culminated in a focus on food security, advancement in agricultural activities, and the role of financial institutions in increasing farmers' access to finance (Omali, 2021). Intensifying smallholder agriculture through financial inclusion of the rural farmers and their access to wide range of financial services and support will apparently increase the speed at which farm productivity and food security is boosted and poverty is alleviated. In this regards, financial inclusion has piqued the interest of scholars, policymakers, and development practitioners because of its potentialities to impact positively on economic growth and the accomplishment of long-term development goals (Klapper, 2016; Demirgüç-Kunt et al., 2020).

Financial Inclusion (FI) is a process or scenario that facilitates members of the economy's access to, availability of, and use of formal financial systems (Kama and Adigun, 2013). In other words, it a process in which all members of the economy can easily open bank accounts, afford to obtain credit, and use financial system products or facilities with ease. Of course, adults achieve financial inclusion when they have simple access to a wide choice of financial products that are tailored to their specific requirements and are available at reasonable prices (Central Bank of Nigeria [CBN], 2012). The concept of financial inclusion has evolved since 2003, when United Nations (UN) Secretary-General Kofi Annan stressed the importance of establishing an inclusive financial sector to provide underprivileged individuals with access to sustainable financial services such as savings, credit, and insurance, and viewed financial inclusion as a necessary prerequisite for shared prosperity (United Nations, 2006). Financial inclusion is now commonly seen as a right of all people to social inclusion, improved quality of life, and a tool for enhancing the poor's economic ability and capacities in a country (Banco Centraldo Brazil, 2010). In fact, the World Bank Group proposed the global goal of universal access to basic transaction services as a key step toward full financial inclusion in October 2013—a world where everyone has access to and can use financial services, but must also take advantage of opportunities and reduce vulnerability (World Bank, 2013).

Although discussions regarding financial inclusion tilts more to account ownership, financial inclusion goes beyond account ownership (Centre for Inclusive Growth, 2016; Demirgüç-Kunt *et al*., 2020). To enhance development and achievement of the sustainable development goals (SDGs), individuals require direct link, and most importantly, adoption of a wide range of financial services and products. These financial products and services, for example, include payments, savings, credit and insurance. Of course, three factors influence the level of financial inclusion including usage, obstacles (quality), and access (Camara and Tuesta, 2014).

Despite the fact that the usage of formal account is the major thrust of financial inclusion, the share of people who do not have official accounts and financial services and who instead rely on cash payments is still substantial globally and high in developing countries. Many accounts globally are dormant and not in use. About 13.7 percent of account in financial institutions globally were inactive in 2017 (World Bank, 2018). About a billion adults globally still make utility payments using cash even when they have formal accounts (Demirgüç-Kunt *et al*., 2020). In Nigeria, the situation is worse and far below the government target as regards usage of financial services. According to available data, 38 percent, 36 percent, 3 percent, 2 percent, and 5 percent of Nigerian adults had access to payments, savings, credit, insurance, and pension services in 2016, compared to 56 percent, 46 percent, 29 percent, 25 percent, and 26 percent in 2017 respectively (EFlnA, 2020). Nigeria may not achieve the financial inclusion strategy targets if the low level of account usage persists. If financial inclusion targets are not achieved, economic development and some SDGs such as End excessive poverty (SDG 1), Lower hunger and promote food security (SDG 2) linked to financial inclusion may not be achieved in Nigeria.

Usage of account and hence financial inclusion is lowest among smallholder farmers despite their role in food production and achievement of food security in Nigeria. The majority of these farmers reside in rural areas where only 34 percent of the population are banked while 44 percent are financially excluded (EFInA, 2020). Only 26 percent of smallholder farmers in Nigeria are financially included, 48 percent are financially excluded while only 18 percent reported that they have used their bank account for farm business transactions (Anderson *et al*., 2017; EFlnA, 2020). Besides, over 97 percent of those who receive their income in cash are both small-scale farmers and entrepreneurs (farming, non-farming, and services) (EFInA, 2018). Given the importance of financial inclusion in building resilient and productive livelihoods, the fact that 80% of farmers in Nigeria are considered as smallholders and that they produce 99% of food consumed in the country (Anderson *et al*., 2017), enhancing the usage of financial accounts and thus financial inclusion of smallholder farmers would help enhance agricultural productivity, food security, economic development and achievement of the SDGs. Therefore, to expedite the achievement of financial inclusion and hence economic development and the SDGs, this review paper looked into what previous research efforts on the impact of financial inclusion on rural farming households in Nigeria.

DETERMINANTS OF FINANCIAL INCLUSION

Relatively few studies have explored the variables that impact financial inclusion in Nigeria. Akatun (2018) estimated the factors of financial inclusion and its influence on poverty in rural Nigeria. Probit and Multinomial logit (MNL) models, propensity score matching (PSM) method and endogenous switching regression (ESR) were applied. The findings revealed that the likelihood of formal financial inclusion is higher with receipt of financial advice, ownership of mobile phone, desire to learn new technologies, money management habit, and secondary and higher education. The researcher further reported that FI made positive and significant impact on poverty reduction among the rural farmers. Average treatment effect on the treated (ATT) from PSM was ₦12,608.34 Naira (41.34 USD). ESR result was consistent with that of PSM and shows that FI significantly reduces poverty. The study recommended the deployment of financial advice through mobile phone messages, strengthening of agent banking in rural sector, enhancing investment in education, and provision of off-farm economic opportunities to rural people to enhance financial inclusion and poverty reduction/alleviation.

In a study on the conducive environment for financial inclusion, the Economist Intelligence Unit (EUI) of the United States of America (2019) reported that the 2019 Global Microscope examined the strategies employed by governments and regulators across the whole world to improve financial inclusion among their people. The index was solely concerned with regulatory and policy context, and did not take into account financial inclusion results. The EUI (2019) Global Microscope report added a gender lens to assist policymakers fully appreciate just how various financial inclusion measures affect women as well as how policymakers might address the financial inclusion gender disparity. Despite the fact that total connectivity to the financial system has improved, the World Bank's Global Findex (2015) indicated that the gender gap in financial account access has widened in Microscope nations over the last ten years. In this version of the Microscope, 11 different gender-focused metrics were introduced to investigate how nations are encouraging financial inclusion for both men and women. Legal constraints have restricted women's access to financial services. Based on the World Bank's Women, Business, and the Law 2019 report, women in the average economy have three-quarters of the entitlement that men have. Many of these legal disparities, along with de facto hurdles connected to facilitators like national IDs, the Internet, and mobile phones, were examined in the 2019 Global Microscope.

Customers' increased awareness and excellent financial infrastructure, for example, had a favourable impact on financial inclusion, according to Bayero (2015). According to Babajide et al. (2015), financial inclusion is a crucial predictor of the economy's overall unit of production. David-West (2016) investigates Nigeria's route to computerized financial inclusion through the use of Firstmonie, First Bank's mobile money app, to acquire a greater knowledge of the limitations of mobile money activities in Nigeria. According to Odior and Banuso (2012), a cashless policy benefits the Nation’s economy. Although substantial headway has been achieved in enhancing Nigeria's financial inclusion, Kama and Adigun (2013) found that poor financial education, insufficient infrastructure, and poor financial technology employed by financial institutions are the key obstacles to complete financial inclusion in Nigeria. Adeola and Evans (2017) looked at the influence of financial inclusion and advancement on Nigeria's economic heterogeneity from 1981 to 2014. They discovered that financial inclusion offered a favourable and considerable influence on economic diversification when assessed in terms of financial access and consumption. These researches indicate that Nigeria experiences certain difficulties in reaching total financial inclusion, and there is conflicting information on the economic impact of financial inclusion.

EFFECTS OF FINANCIAL INCLUSION ON AGRICULTURE

Fawowe (2020) measured the impact of financial inclusion on agricultural productivity using nationwide representative data in recent research on smallholder farmers in Nigeria. The research discovered that financial inclusion has a favourable and statistically remarkable influence on agricultural productivity, regardless of how it is measured.

Olaniyi (2017) captured the long- and short-run variations of the link involving financial inclusion and agriculture in Nigeria in his study, which used annual data from 1981 to 2014 and the ARDL bounds testing approach. The findings disclosed that financial services used had substantial short- and long-term implications on agriculture, showing that boosting financial inclusion is crucial for long-term agricultural development in rural regions. Access to finance, on the contrary, has a negligible influence on agricultural growth. While providing access to money to peasant farmers may offer numerous advantages, the message was that it was more important to consider how the money was used in rural settings and how it affected the outcomes that mattered to us. According to the study, more conventional and un-conventional financial service companies need to return to the land and invent in the Nigerian agricultural arena to increase financial inclusion while simultaneously significantly alleviating poverty and fostering agricultural growth in Nigeria.

Obisesan and Adeyonu (2018) looked into smallholder arable crop farmers' financial inclusion in Nigeria. For the aim of the research, primary data was gathered. The Logit regression model was employed in this investigation, as well as descriptive statistics. The mean age of the participants was 43.67 years, and males heavily involved in food crop cultivation more than females, according to the findings. Despite the fact that 64.16 percent of respondents live in a community with banks, only 27.65 percent are banked. The main barriers to opening a bank account are dread of insolvency (90.57 percent), dearth of needed forms of identification (31.13 percent), long process (29.72 percent), and proximity to the closest bank (50.94 percent). The co-operative is a key source of credit also as a means of saving. Although farmers were unaware of the agricultural insurance program, over a half of them were eager to enrol. Age, labour expenses, and the planting of improved varieties had an adverse and substantial influence on desire to engage, whereas awareness, years of formal education, credit access, and membership in an association all had a major positive consequence. As a result, the study recommended that financial institutions contemplate expanding its operations to arable crop farmers and creating an atmosphere that allows Nigerian farmers to become financially included.

Rural farmers benefit from financial inclusion because it allows them to effortlessly obtain finances, save money, and collect remittances, all of which can be invested in profitable ventures. (Akotey and Adjasi, 2016; Beck et al., 2008; Demirg€uç-Kunt et al., 2008; Honohan, 2008). As a result, financial inclusion is a driver for realizing the Sustainable Development Goals (SDGs) and shared prosperity, especially in wake of the latest global appeal to leave no one behind. Agricultural activities include financial services as part of the value chain. As a result, access to finance allows rural farmers to not only obtain timely delivery of inputs, but also to expand their utilization of inputs and partake in profitable investments and technological uptake. (Olaniyi, 2017). Financial inclusion enhances exposure to financial services such as loans, savings, insurance, and other non-financial goods, allowing farmers to satisfy consumer and social necessities (food, health care, school fees, and burial expenditures) without resorting to redirect cash from agricultural investments (Adeola and Evans, 2017). This procedure has the ability to invest the required capital in agriculture, resulting in enhanced output and capacity. Due to improved exposure to financial services, several of the cash-strapped farmers who monopolise the rural scenery appear to be more ready to embrace productivity-enhancing measures, this might result into high-return, above-subsistence-oriented production techniques that could diversify rural livelihood strategies and enhance rural livelihood strategies (Olaniyi, 2017). Farmers can also borrow at cheap interest rates, undertake prompt investment judgments, optimally deploy productive resources, and grow their productive potential in an inclusive financial system (Adeola and Evans, 2017; Evans and Lawanson, 2017; Olaniyi, 2017; Sarma and Pais, 2011).

In the period 2010–2014, Anifowose and Ladanu (2015) examined the contribution of commercial banks in agricultural growth. That was their contribution to the agricultural sector's overall development. Agriculture is a vital part of the Nigerian economy, and the research study looked into the impact of commercial banks in agricultural growth. The research looked at the work and opinions of eminent academics. Their points of view were varied; some agreed with others, while others disagreed. Some scholars recognized the importance of the agricultural sector in economic development, but they were blind to the reality that it was crucial to expand it. Academics considered the agricultural sector's role, problems, and importance, and concluded that it must be developed if it is to contribute to economic growth. These researchers proceeded to identify important variables, catalysts, or prerequisites for the sector's development, allowing for other elements such as technology and research. The research further looked at the influence of commercial banks as safe-keepers and channelers of finances to underserved industries such as agriculture. Finally, under the regulations of the highest regulatory authority, the central banks, commercial banks were found to be actively involved in farm finance. To support the study's hypothesis that when any of the primary variables that benefit the agricultural sector, namely commercial bank credit, is channelled into this prospective sector, it would expand, improve production, and play a more effective role in economic development.

Adeoye (2018) looked into the state of financial inclusion and gender disparities among a group of Nigerian smallholder horticultural farmers. Financial inclusion of smallholder horticultural farmers in Nigeria, according to the study, is critical for horticultural metamorphosis and value chain development. Women small-scale farmers on the other hand, face greater financial exclusion than their male colleagues, limiting their involvement to the industry. The smallholder household survey conducted by the Nigeria Consultative Group to Assist the Poor (CGAP) in 2016 was used as secondary data. Descriptive statistics and the Blinder-Oaxaca decomposition approach were utilized to analyse the data. According to the results, 30 percent of smallholder horticultural farmers were financially included, with male smallholder horticultural farmers having a higher rate of inclusion (36 percent vs. 23 percent) than females. The Chi2 test revealed that at 1%, there exist a significant gender disparity in financial inclusion.

ISSN 2536-6084 (Print) & ISSN 2545-5745 (Online)

Account ownership in Bank Financial Institutions had the highest absolute gap (12.81%), while account ownership in Non-Bank Financial Institutions had the smallest (1.55%). (NBFI). At a 5% level of significance, the Blinder-Oaxaca Decomposition revealed that gender endowments account for the majority of the mean gender gap (0.12). The decomposed coefficients and the interaction of endowments and coefficients, on the other hand, had a greater impact on narrowing the gender disparities in financial inclusion. Because it is simpler for women smallholders to open accounts at NBFIs, the study recommended that NBFIs, such as Village Savings and Loan Associations (VSLAs), be linked to Bank Financial Institutions to improve financial inclusion.

Udeorah and Vincent (2018) looked into the impact of government and deposit money bank financing on the performance of Nigeria's agricultural sector. The existence of unit root was observed from data available from the Central Bank of Nigeria (CBN). Hence, the outcomes from estimated error correction regression models were adopted. The findings revealed that while government investment through the agricultural credit guarantee scheme fund (ACGSF) had a substantial favourable influence on overall average agricultural yield, crop outcome, and livestock output, government systemic spendings on the agricultural sector had a detrimental impact. On the other hand, bank financing proved insignificant in predicting output from the aggregate agricultural sector, and other examined agricultural sub-sectors. The research also advised devoting greater time and resources to the ACGSF, as well as an intentional decrease in agricultural recurrent spending. A shift in deposit money institutions' attitudes toward agriculture, as well as the development of programs modelled after the ACGSF or perhaps an upgrading of the ACGSF, were also advocated.

Kalu et al. (2018) looked into financial inclusion in Nigeria's agricultural industry. The study was based on survey data collected from 600 retrieved questionnaires delivered to farmers in Nigeria's rural and urban locations. The study used the pecking order theory to design the adequacy gap index and the timeliness gap index to quantify the penetration gap index theory of financial inclusion. Because small scale farmers rely on rain-fed agriculture, the appropriateness and timeliness gap metrics indicated that various formal lending organizations were incapable of satisfying their credit demands, resulting in credit being delivered insufficiently and late. The penetration gap index revealed that financial inclusion in the agricultural sector in Nigeria is still limited. It was advised that the government strengthen its attempts to address the credit needs of farmers in order to guarantee financial inclusion (adequacy and timeliness). Michael (2016) studied whether farmers having more access to financial services may assist Nigeria achieve long-term development. As a consequence, the study gathered and assessed the opinions of 105 farmers in Ogun State, Nigeria, using a survey research design. According to the report, financial inclusion in the Nigerian agriculture industry may be utilised to promote long-term growth. More financial institutions should be placed in rural regions, as well as financial discipline, according to the report, as methods to promote financial inclusion in the agricultural sector.

INFLUENCE OF FINANCIAL INCLUSION IN RURAL SOCIETIES

Employing a descriptive study and content analysis, Nwankwo and Nwankwo (2014) investigated the long-term viability of financial inclusion for Nigerian living in remote areas. The study discovered that the long-term viability of financial inclusion for Nigeria's rural dwellers remained the mainstay of any country's economic growth. Furthermore, the study discovered that absence of adequate implementation of financial inclusion in rural regions, Nigeria's economy will not be able to expand swiftly. According to the findings, partnership involving DMBs, MFBs, and telecommunication service operators for improved financial services arbitration should be promoted; to ensure the accomplishment of the CBN's financial inclusion objective, rural residents must be enlightened on the necessity of banking; also, considering certain rural residents opt to hold their funds in their homes, it is necessary to educate them on the importance of banking.

Oluwatayo (2013) conducted research on Banking the Unbanked in Rural Southwest Nigeria: Showcasing Mobile Phones as Mobile Banks among Farming Families. According to the study, the use of information and communication technology has transformed the Nigerian economy. The latest development is the advent of wireless and e-banking into the financial sector, which has made banking more accessible to numerous previously unbanked Nigerians. The study looked at how wireless telephones have improved financial activities in remote southwest Nigerian farming households. A representative selection of 360 agricultural families in Ekiti and Osun provided the statistics for the research. According to a descriptive assessment of statistics on participants' demographic status, farmers are getting older (mean lifespan 55 years) and yet just one-third (34.7 percent) have a postsecondary study. Purchase of recharge voucher that are afterwards turned into

ISSN 2536-6084 (Print) & ISSN 2545-5745 (Online)

money was the top popular service among respondents who used services conducted on their mobile phones. Age, decades of academic schooling, cooperative affiliation, family number, and political influence are all relevant predictors of wireless telephone adoption as mobile banks (electricity).

In the rural communities of Benue State, Nigeria, Ocholi and Amodu (2013) compared the performance of Deposit Money Banks, Banks of Agriculture, and Microfinance Banks from 2010 to 2012. Information was gathered from 180 respondents through a multiple stage selection strategy. A standardized questionnaire was presented to randomly chosen participants that had received farm loans from these institutions. The dataset was analysed using descriptive techniques. The data indicated a substantial degree of engagement with regards to savings deposits gathered and loans provided. With respect to savings mobilization, the Deposit Money Bank was the most successful (11,825,000). Following that were the Bank of Agriculture (3,471,000) and the Micro Finance Bank (429,000). Deposit Money Bank received the most funding for rural agriculture (54.24 percent), trailed by Bank of Agriculture (45.18 percent), and Micro Finance Bank received the least (0.58 percent). Increased financial resources should be made available to Rural Banking Institutions by the State and Donor Agencies resuscitate operations, particularly amid their adverse money flow periods, according to the study. Rural financial establishments need to focus on aggressively mobilizing deposits and retrieving debts in order to achieve self-sustaining.

EFFECTS OF FINANCIAL INCLUSION ON ECONOMIC GROWTH

Pertaining to Onaolapo (2015), comprehensive financial arrangements are emerging a policy problem among advanced and underdeveloped nations because they are seen as a viable instrument for poverty reduction and economic expansion. The study investigated the influence of financial inclusion on Nigeria's economic advancement (1982-2012). The information for the study came mostly through auxiliary sources such as the Central Bank of Nigeria's (CBN) Statistical Bulletins, the Federal Office of Statistics (FOS), and the World Bank. Regional Network, Credit to Rural Region, Request Deposit, Liquidity Margin, Asset Adequacy, and Gross Domestic Product are among the bank parameters used. The Ordinary Least Square (OLS) method was employed to link information extracted over a thirty-year interval, between 1982 through 2012 (STATA 10). Loan to Rural Areas (LRA) Agricultural Guaranty Fund (ACGSF) was found to be significantly related to Per Capital Income (PCI) (at 5%) (tstat2.82, p>t=4.85), whereas Financial Deepening (FDI) and Broad Money (FD2) were as well found to be remarkedly related to Economic Growth (Using GDP) with t-stats=3.61, 4.85, p>t=0.0013 and 0.000, independently. Loans to Rural Areas (LRA) and Small-Scale Enterprise (LSSE) as substitute for financial broker influenced Deposits from Rural Areas (DRA) as a proxy for financial inclusion, with t-stats=2.2 and 2.9 and p-values=0.03 and 0.007. The cumulative outcomes of the regression analysis showed that inclusive Bank financial actions strongly impacted poverty alleviation (R^2=0.74) but fractionally ascertained national economic advancement and Financial Intermediation via improved Bank Branch Networks, Loan to Rural Areas, and Loan to Small Scale Enterprises, provided about 50% connectedness among factors on either flank of the formula. These findings are used to make policy recommendations.

Nkwede (2015) used Nigeria as a practical scenario to explore the impact of financial inclusion on African economic expansion. The analysis used inferred time series financial inclusion statistics from Nigeria, which covered the years 1981 through 2013. In order to estimate the contributions of the variables, multiple regression models based on the Ordinary Least Square approach were used. Even after adjusting for additional macroeconomic external factors, financial inclusion has demonstrated a considerable detrimental effect on Nigerian economic development throughout the years. As a consequence, the findings were ascribed to a significant incidence of financial exclusion among bankable adult residents in Nigeria and Africa as a whole, according to the research. However, the study recommended a highly inclusive financial structure in Nigeria (and Africa), placing emphasis on the rural folks, as “growth is good, sustained high growth is better, and sustained high growth with financial inclusion is the best of all,” particularly in emerging economies.

Between 1980 and 2012, Mbutor and Uba (2013) studied the influence of financial inclusion on Nigerian fiscal policy. As a result of the study's findings, which were based on descriptive analysis and a log-linear model based on OLS, it was concluded that increasing financial inclusion would increase fiscal policy efficacy. The coefficient for the amount of bank divisions, on the other hand, has the incorrect indication, which is described by the reality that when banks open divisions, they are more concerned with profit than with financial inclusion, which is a legislative goal, resulting in underused hubs of

ISSN 2536-6084 (Print) & ISSN 2545-5745 (Online)

branches and multiple spots that are deemed unfavourable to stabilize sheets.

Between 1982 and 2012, Onaolapo (2015) investigated the impact of financial inclusion on Nigerian economic advancement. The study's data was mostly gathered from secondary sources like the Central Bank of Nigeria's (CBN) Statistical Bulletins, the Federal Office of Statistics (FOS), and the World Bank. Regional Network, Credit to Rural Region, Request Deposit, Liquidity Margin, Asset Adequacy, and GDP were among the bank parametric data used. The Ordinary Least Square (OLS) method was adopted to link data extracted over a 30-year period, from 1982 to 2012. Loan to Rural Areas (LRA), Agricultural Guaranty Fund (ACGSF), and per capital income (PCI) were equally noteworthy at the 5% threshold, according to the study's findings. Economic growth was also influenced by financial deepening (FDI) and broad money (FD2). Loans to rural areas (LRA) and small-scale enterprise (LSSE) as proxies for financial intermediation influence deposits from rural areas (DRA) as a proxy for financial inclusion. Furthermore, the overarching outcomes of the regression analysis indicated that comprehensive Bank financial operations hugely affected poverty eradication and yet minimally defined national economic expansion and financial facilitation via augmented bank division systems, credit to remote regions, and credit to small sized ventures, owing to approximately 50percent interdependency among factors on either hemisphere. As a result, the study recommended that low-cost deposit and borrowing windows be established for the poor and other income groups previously labelled "unbankable."

In their study, Joseph and Varghese (2014) looked at the impact of financial inclusion on the growth of developing countries. In order to analyse the current status of financial inclusion and associated influence on the growth of the Indian economy, they examine at five government-owned bank organizations and five non - government banks. For the period under consideration of their study, descriptive statistics were used to analyse bank proliferation trend in regards of amount of bank locations, offsite and onsite ATM, debit card and credit card usage. Secondary data was primarily gathered from reports, tabloids, scientific papers, journal articles, electronic-Journals, books, and periodicals. According to their findings, debit card usage has expanded dramatically throughout the research timeframe, with banks concentrating primarily on rural and semi-municipal regions. They observed, nevertheless, despite many decades following the country's inclusive banking measures, such as cooperative activity, bank nationalization, and the establishment of geographic rural banks, the number of individuals who have access to the banking system's goods and services remained highly restricted. They concluded from their research that financial inclusion adds significantly to the development of emerging economies and that there is still room for more inclusive expansion.

In their study "Relevance of Financial Inclusion for Developing Nations- an Analytical Study," Sharma and Kukreja (2013) stated that financial inclusion provides the route to inclusive development. Financial inclusion needs not begin or stop with the establishment of no-frills bank accounts; rather, conventional financial entities need gain the poor's confidence and compassion through developing solid partnerships alongside community-based financial businesses and cooperatives. Financial inclusion has not produced the anticipated outcomes, and there is still a significant way to go, yet it is undeniably important and has a positive impact.

IMPACT OF FINANCIAL INCLUSION ON INCOME AND POVERTY

Notwithstanding years of remarkable gains in decreasing poverty and increasing affluence, a huge segment of the world's poorest inhabitants, notably in Asia, Africa, Latin America, and the Caribbean, continues to struggle to reach a minimal quality life (Omar & Inaba, 2010; 2020). Advancement in eliminating severe poverty appears to be inconsistent in various regions due to the spatial and region-specific variables. Well over 50 per cent of the globe's poorest people live in Sub-Saharan Africa, according to the World Bank (2019). Asia is home to 42.7 percent of the planet's underprivileged, despite the fact that the continent as a whole has a solid track record of reducing overall poverty thanks to enormous development in developing big economies. Latin America and the Caribbean have the world's second-largest proportion of improvised people (4.4 percent). In Nigeria, 69 percent of the population is poor, with daily earnings of below $1.90. Poverty reduction in rural communities is slowing due to the prevalence of excessive revenue disparity, which is seen as a major barrier to economic growth. o that purpose, the World Bank established targets to eradicate absolute poverty before 2030 and increase equitable affluence among the lowest 40% of each nation 's population by lowering revenue disparity (Inaba, 2020).

As a result, due to its ability to disrupt the poverty pattern and reduce income disparity, financial inclusion has climbed on the worldwide

ISSN 2536-6084 (Print) & ISSN 2545-5745 (Online)

transformation agenda and attracted attention. Because actual-world banking institutions are beyond egalitarian, a greater focus on financial inclusion is being placed, reflecting its radical revolutionary capacity to speed inclusive development. Financial inclusion is a key topic for the World Bank because of its wide-ranging implications. Financial inclusion is a statutory priority and a fundamental goal in the United Nations member countries' development agendas (Sahay et al. 2015).

Vulnerable groups can improve their economic situation if they have complete access to finance. Disparities in access to finance, according to Karpowicz (2014), are a predictor of revenue disparity. As additional individual get access to credit, banks' density decreases, lowering intermediation costs and allowing the poor to obtain credit at a lower cost. People can also provide for their own basic needs as they earn more money. Honohan (2004) argues that extensive banking networks are associated with decreased poverty levels. Appropriate financial services may increase the livelihoods of the poor by improving the supply of productive services, creating savings possibilities, and facilitating capital building within the impoverished. Furthermore, access to finance through a formal institution protects lower-income groups from informal moneylenders. As a result, well-functioning microcredit programs are required to assist the poor in increasing their income.

According to Omar and Inaba (2020), financial inclusion is a fundamental component of social involvement, and it is notably effective in eliminating poverty and earnings disparity by allowing disadvantaged people to advance. The study investigated the effect of financial inclusion on poverty reduction and earnings disparity reduction, as well as causes and contextual impacts of financial inclusion in 116 third world nations. The research was conducted utilising uneven yearly panel data from 2004 to2016. A novel metrics of financial inclusion was created for this purpose, based on a wide range of financial sector community engagement metrics, and it was discovered that per capita revenue, internet subscriber proportion, age reliance proportion, rising prices, and earnings disparity all have a substantial influence on the degree of financial inclusion in emerging nations. Furthermore, overall outcomes of the study showed that financial inclusion in emerging economies improves poverty levels and earnings disparity.

Babajide et al. (2014) attempted to figure out how Foreign Direct Investment (FDI) affects economic growth in low-income African nations. with reduced per capita income. Panel data was utilized for 39 African nations, with 20 of them being poor. The findings revealed that FDI has a major influence on host African nations' economic growth by increasing host sector development and progressively lowering dependency on foreign capital, resulting in higher per capita earnings, quality education, lifestyle conditions, and overall economic welfare. However, the study recommended that host economies guide the FDI influx sector and guarantee regulations are in existence to promote domestic investment development in these areas. As a result, existing proactive factors will gradually close, resulting in economic development.

With a focus on 37 developing Asian economies, Park and Mercado (2015) investigated the variables that influence financial inclusion as well as the importance of financial inclusion in decreasing poverty and earnings disparity. They discovered that higher per capita earnings, code of conduct, and demographic features all improved financial inclusion, whereas a greater age-reliance proportion dramatically decreased it. Primary school graduation and literacy levels in underdeveloped Asia have little influence on financial inclusion. Furthermore, Furthermore, there is proof that financial inclusion diminishes poverty and earnings disparity where additional explanatory variables are considered.

By establishing a novel financial inclusion metric for 151 economies, Park and Mercado (2018) employed basic factor assessment and a cross-sectional methodology to analyze overall cross-country effect of financial inclusion on deprivation and earnings disparity throughout national income classes. According to the findings, more financial inclusion is linked to stronger economic development and reduced poverty levels, albeit primarily for premium and intermediate income nations, never for intermediate and poor economies. They found no substantial influence of financial inclusion on earnings disparity in any income class, however.

IMPACT OF FINANCIAL INCLUSION ON FOOD SECURITY

The share of persons who are omitted or neglected by the formal banking system is concentrated in low- and middle-income nations rural areas, where poverty is also concentrated (Demirguc-Kunt et al., 2015). Remote households in these nations earn a living through a variety of agricultural and non-agricultural economic activities (Barrett et al., 2001). Considering the rural perspective which includes elevated payment prices in environments with poor population size as well as difficulty of analysing the vulnerability portfolio of agrarian clientele, formal banking establishments have found it challenging to offer their services to rural populations on a long-term basis with their current business model. As an outcome, local financial businesses are still divided, with multiple unofficial financial resource players coexisting, and informal financial service providers tending to dominate due to their informational advantages (FAO, 2016).

The establishment of the Maya Declaration in 2011 was a significant step forward in making financial inclusion a policy focus in numerous emerging regions, particularly for the poor and vulnerable. Financial inclusion is characterised as "secure and equal access to financial services" by the 2030 Agenda for Sustainable Development, which recognizes it as a "powerful enabler" for eradicating starvation, establishing food security, enhancing nutrition, and supporting long-term development (Baborska et al., 2018). Food security was formally acknowledged as a fundamental right by the United Nations in the Universal Declaration of Human Rights more than half a century ago (1948). “Food security exists when all people, at all times, have physical and economic access to sufficient, safe, and nutritious food that meets their dietary needs and food preferences for an active and healthy life,” according to the Rome Declaration on World Food Security (1996). We believe that individuals will judge their tangible and economic accessibility of food based on their ability to utilize suitable banking services and ways this will impact their earnings and meal intake.

Financial services are instruments that might possibly aid in the management of family revenue for holdings and expenditures. The efficiency with which this can be accomplished may be determined by their unique characteristics as well as the household's ability to access an adequate suite of financial services. This might improve family members' food security by giving them more trust in their financial means to get food when they desire it. Utilising financial services, on the other hand, may entail large expenditures for the family, which may be difficult to maintain and may eventually result to a worsening in the household's food security position. Household members, for example, save for a life-threatening blow at the price of any successful ventures, or, after the shock has come, resort to a highly expensive crisis borrowing remedy (Demirguc-Kunt et al. 2017).

Baborska et al., (2018) evaluated the influence of utilizing solo, pairings, and the complete spectrum of three institutional banking services; cash reserves, loans, and purchases on individual food security in 88 low- and intermediate economies. It drew on the Global Findex repository as well as the Food Insecurity Experience Scale (FIES), both of which were all part of the 2014 Gallup World Survey, which captures data at the personal basis and compares it globally. The person’s likelihood of suffering food insecurity due to challenges in obtaining food, as measured by FIES, was the outcome variable of interest. The study employed a range of pairing strategies to examine the consistency of anticipated impacts, including entropy levelling, pairing on propensity ratings, and completely interactive horizontal pairing. Depending on the type of service used, the results indicated mixed food security effects. Savings account usage declined dramatically, whereas credit usage climbed tremendously, and the adoption of institutional payment systems had no influence on the chance of suffering food poverty.

CONCLUSION

The review revealed that some appreciable efforts have been made by researchers to look into the influence of financial inclusion on rural farmers. Particularly, efforts have been made to look at the causal effects of financial inclusion on agriculture, poverty and food security status of rural farming households. However, in the Nigerian context, there is still a gap in literature on the subject matter. The key policy concern remains how smallholder farmers could benefit more from financial inclusion, the complementary products (credit, savings and insurance) which is very crucial. Overall, government policies aimed at promoting financial inclusion should be holistic in nature by expanding the scope of the use of financial services and also advocate for designs that offer complementary schemes or bundles of financial services to the rural farming households in Nigeria.

REFERENCES:

Adeola, O. and Evans, O. (2017). Financial inclusion, financial development, and economic diversification in Nigeria. *The Journal of Developing Areas*, 51(3): 1-15.

Adeoye, I. (2018). Financial Inclusion and Gender Disparity among selected Smallholder Horticultural Farmers in Nigeria. Proceedings of the 36th Annual Conference of Horticultural Society of Nigeria (Hortson), Lafia 2018.

Akatun, U. (2018). Determinants of Financial Inclusion and Its Impact on Poverty among Rural

Anderson, J., Marita, C., Musiime, D., & Thiam, (2017). National survey and segmentation of smallholder households in Nigeria: understanding their demand for financial, agricultural, and digital solutions. CGAP Working Paper. http://www.cgap.org/publications/national-survey-and-segmentation-smallholder-households-nigeria.

Anifowose, O. L. & Ladanu, W.K. (2015). The Role of Commercial Banks in Agricultural Growth in Nigeria. *International Journal of Entrepreneurial Development, Education and Science Research*, 3(2), 59-61.

Babajide, A. A., Adegboye, F. B., & Omankhanlen, A. E. (2015). Financial inclusion and economic growth in Nigeria. *International Journal of Economics and Financial Issues*, 5(3): 629-637.

Baborska, R., Hernandez-Hernandez, E., Magrini, E. & Morales-Opazo, C. (2018). The impact of financial inclusion on rural food security experience: a perspective from low-and middle-income countries. *Munich Personal RePEc Archive MPRA* Paper No. 89249, 1-28

Banco Centraldo Brazil, (2010). Report on Financial Inclusion:A report of the financial inclusion project in Brazil.

Barrett, C. B., Reardon, T., & Webb, P. (2001). Nonfarm income diversification and household livelihood strategies in rural Africa: concepts, dynamics, and policy implications. *Food policy*, 26(4), 315-331.

Bayero, M. A. (2015). Effects of Cashless Economy Policy on financial inclusion in Nigeria: An exploratory study. *Procedia-Social and Behavioral Sciences*, 172: 49-56.

Camara, N., & Tuesta, D. (2014) Measuring financial inclusion: a multidimensional index. BBVA Research Working Paper No 14/26, Madrid.

Central Bank of Nigeria, CBN (2012). National Financial Inclusion Strategy: Abuja, CBN.

Centre for Inclusive Growth (2016). Financial inclusion: beyond bank account ownership. Accessed on June 2 2020 from https://www.mastercardcenter.org/action/financial- inclusion-beyond-bank-account-ownership/

David-West, O. (2016). The path to digital financial inclusion in Nigeria: Experiences of Firstmonie. *Journal of Payments Strategy & Systems*, 9(4), 256-273.

Demirg€uç-Kunt, A., Honohan, P. and Beck, T. (2008). Finance for All: Policies and Pitfalls in Expanding Access, World Bank.

Demirgüç-Kunt, A., Klapper, L. & Singer, D. (2017). Financial Inclusion and Inclusive Growth: A Review of Recent Empirical Evidence. Policy Research Working Paper 8040, World Bank, Washington, DC.

Demirgüç-Kunt, A., Klapper, L., Singer,D., Ansar, S., and Hess, J. (2020). The Global Findex Database 2017: Measuring Financial Inclusion and Opportunities to Expand Access to and Use of Financial Services. The World Bank Economic Review, 34(Supplement), S2–S8 doi: 10.1093/wber/lhz013.

Demirguc-Kunt, S., Klapper, L., Singer, D. & Van Oudheusden, P. (2015). Global Findex Database 2015: Measuring financial inclusion around the world. World Bank Group.

Enhancing Financial Inclusion and Access, EFInA (2018). EFInA Access to Financial Services in Nigeria 2018 Survey. Lagos, EFInA.

Evans, O. & Adeoye, B. (2016). Determinants of Financial Inclusion in Africa: A Dynamic Panel Data Approach, *University of Mauritius Research Journal*, 22, 1-24.

Fawowe, B. (2020). The effects of financial inclusion on agricultural productivity in Nigeria. *Journal of Economic Development*, 22(1).

Food and Agriculture Organization of The United Nations. (2016). Innovative risk management strategies in rural and agricultural markets: The Asian experience. Rome, Honohan, P. (2004). Financial Development, Growth and Poverty: How close are the links? Washington, DC: World Bank.

Honohan, P. (2008), Cross-country variation in household access to financial services. *Journal of Banking and Finance*, 32(11):2493-2500.

Joseph J., and Varghese T. (2014). Role of Financial Inclusion in the Development of Indian Economy. *Journal of Economics and Sustainable Development*, 5(11).

Kalu, U. I., Nnaemeka, A. O. & Mba, A. J. (2018). Financial Inclusion in the Agricultural Sector in Nigeria: An Index of Penetration. *International Journal of Economics and Financial Issues*, 8(5), 35-44.

Kama, U & Adigun, M (2013). Financial Inclusion in Nigeria: Issues and Challenges. Occasional Paper No 45: central Bank of Nigeria Abuja; Nigeria. Understanding Ownership and Use of Formal Accounts". Policy Research Working Paper 6290. Washington D. C., the World Bank

Karpowicz, I. (2014). Financial Inclusion, Growth and Inequality: A Model Application to Colombia. Washington D.C.: International Monetary Fund.

Klapper, L (2016). Financial inclusion has a big role to play in reaching the SDGs. Accessed on June 2 2020 from https://blogs.worldbank.org/developmenttalk /financial-inclusion- has-big-role-play-reaching-sdgs.

Mbutor, O.M. & Uba, I.A. (2013). The impact of financial inclusion on monetary policy in Nigeria. *Journal of Economics and International Finance*, 5(8), 318-326. Available from: http://www. academicjournals.org/JEIF.

Michael, O.B. (2016). Achieving sustainable economic development in Nigeria through financial inclusion in the agriculture sector. *Journal of Global Economics*, 4(2), 1-5.

Nkwede, F. (2015). Financial inclusion and economic growth in Africa: Insight from Nigeria. *European Journal of Business and Management*, 7(35), 71-80. Available from: http://www.iiste.org.

Nwankwo, O., & Nwankwo, O.N.O. (2014). Sustainability of financial inclusion to rural dwellers in Nigeria: Problems and way forward. *Research Journal of Finance and Accounting*, 5(5), 24-31. Available from: http://www.iiste.org.

Obisesan, A & Adeyonu, A. (2018). Financial Inclusion of Arable Crop Farmers in Nigeria. 30th International Conference of Agricultural Economists, WANCOUVER.

Ocholi, A. & Amodu, M. Y (2013). A Comparative Analysis of the Performance of Selected Rural Banks in Enchancing Agricultural Development in Benue State, Nigeria: 2010-2012. *Journal of Agriculture and Veterinary Science*, 4(5), 15-23.

Odior, E. S., & Banuso, F. B. (2012). Cashless banking in Nigeria: Challenges, benefits and policy implications. *European Scientific Journal*, 8(12).

Olaniyi, E. (2017). Back to the Land: The Impact of Financial Inclusion on Agriculture in Nigeria. *Iranian Economic Review*, 21(4), 885-903.

Oluwatayo, I. (2013). Banking the unbanked in rural southwest Nigeria: Showcasing mobile phones as mobile banks among farming households. *Journal of Financial Services Marketing*, 18, 65 – 73.

Omali, T. U. (2021). Review of Geospatial Information Technology for the Implementation of Financial Inclusion to Farmers in Nigeria. World Academics Journal of Management, 9(4), 44-50

Omar, M. A. & Inaba, K. (2020). Does financial inclusion reduce poverty and income inequality in developing countries? A panel data analysis. *Journal of Economic Structures*, 9(37), 1-25.

Onaolapo, A. R. (2015). Effects of Financial Inclusion on the Economic Growth of Nigeria (1982- 2012). *International Journal of Business and Management Review*, 3(8), 11-28.

Park C. &Mercado, R. V. (2015). Financial inclusion, poverty, and income inequality in developing Asia. ADB Economics Working Paper Series 426/2015. Manila, Philippines.

Park, C. & Mercado, R. V. (2018). Financial inclusion: new measurement and cross-country impact assessment. ADB Economics Working Paper Series 539/2018. Manila, Philippines.

Rhyne, E. (2012). Money Management, Financial Inclusion and Banking the Unbanked. Centre for Financial Inclusion. Accessed on March 10, 2017 from http://www.swiftinstitute.org/wpcontent/uploads/2013/02/Elisabeth-Rhyne-Money-Management-Paper.pdf.

Sahay, R., Cihak, M., N'Diaye, P. M., Barajas, A., Mitra, S., Kyobe, A., Mooi, Y. N. & Yousefi, S. R. (2015). Financial inclusion: can it meet multiple macroeconomic goals? IMF Staff Discussion Notes 15/17, International Monetary Fund. https ://www.imf.org/exter nal/pubs/ft/sdn/2015/sdn15 17.pdf

Sarma M., & Pais, J. (2011). Financial inclusion and development, *Journal of International Development*, 23, 613-628.

Sharma A, & Kukreja S. (2013). An analytical study: Relevance of financial inclusion for developing nations, research invents. *International Journal of Engineering and Science*; 2(6),15–20.

Udeorah, S. F. & Vincent, M. O. (2018). Agriculture financing and performance of the agricultural sector in Nigeria, 1981-2015. *International Journal of Research in Computer Application and Management*, 8(1), 1-8.

United Nations. (2006). Building Inclusive Financial Sectors for Development. New York: United Nations.

World Bank (2018). Financial Inclusion. Available at: https://www.worldbank.org/en/topic/financialinclusion/overview

World Bank (2019) Poverty and shared prosperity 2016: taking on inequality. World Bank Group, Washington, DC.

World Bank, (2013). Universal Financial Access Is Vital to Reducing Poverty, Innovation Key to Overcoming the Enormous Challenge, Says President Jim Yong Kim. Press release, 1 October. https://www.worldbank.org/en/news/press-release/2013/10/11/universal-financial-access-vital-reducing-poverty-innovation-jim-yong-kim

Zins, A., &Weill, L., (2016). The determinants of financial inclusion in Africa. *Review of Development Finance*, 71, 1-12. http://dx.doi.org/10.1016/j.rdf.2016.05.001