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Agent Banking and Financial Inclusion:

The Nigerian Experience

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Abstract

Financial inclusion is aimed at ensuring that all adults have unhindered access to tailor-made products that meets their financial needs at affordable cost within their vicinity. This study investigated the extent to which bank agents have contributed in driving the inclusive growth agenda of the Federal Government of Nigeria. A maximum of 275 questionnaires were administered on bank officials across the 6 geopolitical zones of Nigeria using a random sampling technique. The 182 returned questionnaires were analyzed using multivariate regression approach employing SPSS. The study found among others that geographical spread of bank agents and the development of tailor-made financial products will engender financial growth among the active poor in the rural communities. It therefore recommended among others, the need for the Central Bank of Nigeria to deepen inclusive growth by licensing more agent banks especially in the rural areas across the six geo-political zones of the country.

Key Words: Agent Banking, Financial Inclusion, Financial Services, GDP

Introduction:

According to the Financial Inclusion Strategy Report (NFIS, 2012), the goal of inclusive growth is accomplished when users of financial products have access to a broad range products created according to their needs and provided at affordable costs. Some of the products include payments, savings, credit, insurance and pensions. "Policy makers have not rested on their oars in pursing inclusive growth agenda of the government. The reason being that countries pursing aggressive inclusive growth achieve higher economic growth than those with lower inclusive growth rating", (Mbutor O. Mbutor and Ibrahim A. Uba, 2013). "Studies have shown that ardent users of these financial services are likely to be more industrious, consume more and invest more", (Narva Ashraf, Dean S. Karlan and Wesley Yin , 2006). Also it is noteworthy to mention that high business risk and lack of trust which is a major hindrance to effective financial service delivery in the informal sector have resulted to low productivity. To stem the tide, government at all levels need to make policies that will encourage enterprises in the informal sector to have access to credits for investment in the sector in order to stimulate financial and economic growth. One way to achieve growth in the informal sector is the introduction of incentives to even out any additional costs and provide tailor made products and services that meets the needs and provide value for its users.

As the most populous African nation, Nigeria still plays a second fiddle to some of its contemporaries in the area of financial inclusion. According to the National Financial Inclusion Strategy summary report (NFIS, 2012) the CBN as financial system regulator in Nigeria has recognized financial inclusion as a major window to accomplishing its objectives of inclusive growth under its mandate. In view of this, the apex bank is determined to establish a financial inclusion strategy that is implementable and accomplishable. Promoting and encouraging inclusive growth will assist the CBN in achieving its core mandates. In the African region, policy makers should focus on the need for better access to finance and credit for micro, medium and small scale businesses to drive economic growth and generate employment for its citizens in the region. According to Brain Kuwik (2014) "Out of 50 million Africans, micro, small and medium enterprises (MSMEs) generate 58 percent employment and contribute 33 percent to gross domestic products. Sixty percent out of the total enterprises contributing to the GDP operate in the informal sector, while 80 – 90 percent are micro enterprises". NFIS report (2012) revealed that one of the veritable platforms used to bridge the wide gap between the informal sector and regulated formal financial sector is the introduction of agent banks across the length and breadth of the rural communities in the six geopolitical zones of the country. This is in line with the Vision 2020 agenda of the Federal Government of Nigeria which is premised on a safe, efficient and inclusive financial system where savings and investment rates will more than double, NFIS report (2012). In faraway Asia, the Omani government argues that the economy's strong fundamentals and diversification efforts were the main drivers to the achievement of a growth of 3.7% in 2009, while acknowledging that GDP contraction in the same year was due to the 44% drop in oil prices (Oman Islamic Finance Report, 2015). The Financial Inclusion Strategy Summary Report (2012) identified agents as part of the veritable channels for driving inclusive growth in emerging economics of the world. According to the same report some of the stakeholders in pursuit of an inclusive growth agenda together with the CBN includes other financial institutions, like insurance, regulators, technology/telecommunications firms, public institutions and development partners/experts. In order to empower the various agents licensed by the Central Bank, reduce cost of service or product delivery, expand geographical coverage, and achieve high inclusive economic growth, there is need to collaborate with mobile money operators as well as technology and telecommunication firms. The CBN operating manual for the control of agent banking and its relationship with other stakeholders defined an agent as "an entity that is employed by a financial institution to offer specific financial services on the behalf of its principal using the agent's facilities". Enhancing Financial Innovation Access (EFIA) defined agent banking services as "the provision of financial services independent of the usual bank branches, frequently using non-bank retail agents and depending modern technologies such as card reading, point-of-sales (POS) terminals or mobile phones for on-line real time transaction processing. A banking agent as a retail or postal platform is engaged by a licensed deposit money bank or a mobile money operator to offer a variety of services to customers.
Over the years, Nigeria with a population of about 170 million had gone through tremendous economic expansion. Her Gross Domestic Product (GDP) peaked at $492 billion making Nigeria the country with the highest Gross Domestic Product (GDP) in Africa as at December, 2013, (Atuanya, 2014). Despite the huge growth in GDP, 46.3% of the population or 32 million Nigerians do not have access to financial services. In order to meet their banking needs, the unbanked and under-banked Nigerians often seek inefficient informal ways which are mostly riskier and costlier to operate than the regulated formal sector (Atuanya, 2014). Following from the above, this study investigated (using empirical evidence) how bank agent can stimulate financial inclusive growth in Nigerian financial landscape. The main research question will be to determine "to what extent agent banking can deepen or drive financial inclusive growth agenda of the government?

After section I which is the introduction, the remaining part of this paper will be devoted to the following: Section II(a) will explore various literatures on financial inclusion and economic growth. Section II(b) will present some stylized facts about financial inclusion and agent banking and review some important concepts. Section III elaborates on the method of data collection and econometric tools used to analyze the data collected. Section IV focuses on data analysis and discussion of the result obtained and finally section V concentrates on the findings, conclusions and recommendations.

Review of related Literatures:

Theoretical Framework

The two major models of agent banking in Nigeria as recommended by the CBN Guideline for the Regulation of Agent Banking and Agent Banking Relationship are (i) **Bank-led model** which is a general agency arrangement where only a bank may act as a principal in forming agent banking relationships; (ii) **Non-bank led model** which is a general agency arrangement where parties other than banks may act as principal in forming agent banking relationships. For the purpose of this study, the bank led model is adopted because of the peculiarity of the data obtained which scope does not include officials of other non-bank financial institutions.

Empirical Reviews

Empirical evidence reveal that widening financial inclusion will reduce the cost of cash management, and defend the strength of the local currency, while promoting a sound financial system in the economy. (Mboto and Uba 2013). (Beck T., Demirgüç-Kunt, A., & Levine, R. , 2007) found that “well developed financial system have strong positive impact on economic growth over a long period”. (Ogunleye, 2009) links financial inclusion to financial stability, stating that the former promotes the later by facilitating inclusive growth. “Financial inclusion is important for ensuring economic inclusion as financial sector development drives economic growth by mobilizing savings and investment in the productive sector” (Johnson and Nino Lazarawa, 2015). Financial inclusion is key to reducing the economic vulnerability of households, promote economic growth, alleviate poverty and improve the quality of lives (Christen, R., Lauer, K., Lyman, T., & Rosenberg, R., 2011). (Hariharian, M. and Marktanner, U, 2015) defined financial inclusion as access to formal financial services such as credit, savings and insurance opportunities. They argued that financial exclusion has a multiple dimension which is a socio-economic phenomenon that results from various factors such as geography, culture, history, religion, socio-economic inequality, structure of the economy and economic policy. In their study, they found that financial inclusion is a key player in the economic growth and development of any nation and contributes significantly to gross domestic product and capital formation and intermediation as well as create employment opportunities. (Subbarao, 2009), posits that financial inclusion is a major requirement for a sustainable and equitable growth. He argued that not many economies move from an agrarian economy to a fully industrialized modern economy without passing through different phases of inclusive growth strategy. His study showed a positive correlation between economic prosperity and wide access to financial services especially amongst the active poor in the rural communities which enable them to save, invest and access credit facilities. Through electronic transfer channels, individuals, companies (organizations) as well as agencies of government can make direct payments into beneficiaries account without passing through a conventional bank. Payments such as social security transfers, pension, credit guarantee funds, subsidies, wages and salaries and other allowances and entitlements can now be made easily through mobile and internet transfers inorder to reduce fraud, pilferage, leakages and more importantly cost of service delivery to both the user and providers of financial products and services. Other notable studies have shown strong relationship between financial inclusion and financial integrity and stability. However, this study will therefore contribute to the body of literatures on financial inclusion by identifying how agent banks and other platforms facilitate inclusive growth agenda of the government. It will assist appropriate regulatory authorities to design policies that will increase the number of bank agents in the country.

Stylized Facts

To properly lay the foundation for our investigation there is need to examine the financial inclusion projections of the Central Bank of Nigeria using certain indicators as depicted in table 1 below:

Table 1.0: Targets for FI in Nigeria

	Target	2010	2015	2020
% of total adult population	Payment	21.6%	53%	70%
	Savings	24%	42%	60%
	Credit	2%	26%	40%
	Insurance	1%	21%	40%
Units per 100,000 adults	Branches	6.8	7.5	7.6
	MFB Branches	2.9	4.5	5.0
	ATMs	11.8	42.8	59.6
	POS	13.3	442.0	850.0
	Mobile Agents	0%	31.62%	62%
% of population	KYC ID	18%	59%	100%

Source: National Financial Inclusion Strategy summary report (2012).

Payment penetration is benchmarked according to South Africa's current payment of 59%. However the target for 2010 is 21.6%, which will increase to 53% and subsequently to 70% by 2020. The mobile payment platforms introduced into the payment system is expected to increase users to 73 million people by 2020 from 49 million in 2015. Savings is expected to grow from 24% in 2010 to 53% in 2015 and subsequently to 60% in 2020. Through the introduction of National Savings Mobilization programmes coordinated by the CBN in collaboration with commercial and microfinance banks about 63 million Nigerians are expected to embrace a savings culture by 2020. Credit which is benchmarked with South Africa's credit penetration target of 32% and Uganda 37% is expected to increase to 40% by 2020 from 2% in 2010. The 40% credit penetration target will ensure that 42 million people have access to bank credit and this is expected to be achieved with a single digit interest lending rate by 2020 through the effort of savings mobilization drive of the CBN. The savings mobilization drive will amongst others reduce cost of funds for banks, improve credit process and credit bureaus for small value credit as well as promote a robust national identity system. Based on South Africa's 36% target for insurance penetration, it is expected that insured Nigerians will increase from 19 million in 2015 to 42 million in 2020 showing an increase from 21% to 40% between 2015 and 2020. This target is expected to be achieved by regulatory enforcement of compulsory insurance products and the use of insurance agents. Bank branch penetration is benchmarked against Mexico, Indonesia (12%), Kenya (10%). Bank branch penetration is measured per 100,000 bankable adults which is targeted at 6.8 units in 2010, 7.5 and 7.6 units respectively in 2015 and 2020. However for the Micro-Finance Banks, branch penetration is targeted to grow at 8% from 2.9 to 5.0 branches per 100,000 adults, benchmarked against Bolivia. Rural expansion policies both commercial and MFBs is targeted at increased competition for new clients, increased promotional campaigns for shared products and services and licensing of additional micro-finance banks or expansion of areas of coverage for existing ones. Automatic Teller Machine (ATM) penetration is expected to be driven by the cashless policy initiatives of the Federal Government from 11.8 to 42.8 and finally to 59.6 per 100,000 adults between 2010, 2015 and 2020 respectively. For POS penetration 440,000 users was targeted in 2015 which is expected to increase to 890,000 users in 2020. This is benchmarked at South Africa's POS penetration of 850 users per 100,000 adults. To drive this initiative, agent and mobile banking regulations should be supported and pursued vigorously, (NFIS, 2012). Mobile agents are targeted to increase from 0% in 2010 to 31.6% in 2015 and subsequently to 62% in 2020. It is expected that 32,500 network agents will be established in 2015 which must be increased to 65,000 by 2020. To achieve this target, the agent banking regulatory framework should allow agent banks to open entry level accounts and perform a selection of retail transactions as well as risk based tiered Know Your Customers (KYC). The risk-based KYC is expected to increase from 18% in 2010 to 59% in 2015 and subsequently 100% of the entire adult population by 2020. The risk based tiered KYC will enable agent banks and other drivers of the inclusive growth agenda scrutinize their customers to avoid hot money from entering into the financial system.

Challenges/Motivation to Achieving Financial Inclusion Targets

The major challenge for clients in driving the inclusive growth is focused on the stringent KYC requirement as well as lack of adequate identification systems. Others include financial illiteracy, poor infrastructures, internet fraud and insecurity. For the providers of financial services, lack of implementation or enforcement of existing regulations, fraud and insecurity, undercapitalization, high risk profile of borrowers in the rural communities, and high rising cost of distribution channels are the main challenges. To mitigate these challenges, CBN is expected to vigorously pursue its branchless banking initiatives and encourage adequate shared service execution amongst banks. It should also give providers of financial products the required support to design and develop products that meets the needs of the rural communities which aims at increasing their per capita income and by extension GDP, economic growth and development of the nation. Some of the factors that will motivate providers of financial service in the inclusive growth drive amongst other benefits include:

(i) Attraction of new customers
(ii) Enhanced usage of banking services by existing customers to reduce cost.
(iii) Product and financial innovation in order to attract new customers or increase the use of financial products by existing customers.

The bottom line to the array of benefits for the financial service provider is improved performance at reduced cost in service delivery especially when bank agents are used as platforms to drive the inclusive growth objectives. For the user of the financial product, their benefits will result in higher standard of living, increased per capita income and better remuneration. The economy will witness a boost in its gross domestic product culminating to financial and economic growth and development.

Models of Financial Inclusion in Nigeria

The financial inclusion guideline identified several models which can be deployed in driving financial inclusive growth in Nigeria, they include (i) the Branch Model (ii) The Retail Agent Led Model; (iii) The Mobile Payment Model (iv) The Linkage Model and (v) Client Empowerment Model. The different models with their strengths and weaknesses target the different markets and segments of the population. However the preferred model according to the guideline is the combination of all the models mentioned above which is geared towards leveraging on existing global best practice to increase financial inclusion to target levels. To maximize their full potentials and expected benefits both providers and users of bank products must pursue inclusive growth agenda on the platform of mobile technology to reduce cost of service delivery.

Banking Agent

A banking agent is a retail or postal outlet contracted by a financial institution or a mobile network operator to process clients' transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients deposit, withdraw, and transfer funds, pay their bills, inquire about an account balance, or a direct deposit from their employer. Banking agents can be pharmacies, supermarkets, convenience stores, lottery outlets, post offices, and many more. Bank agents can offer a number of banking services, including cash deposits and withdrawals, fund transfers, bill payments, loan disbursement and repayments, payment of benefits and salaries, and collection of account and loan applications. However, agents are limited to cash-only transactions and cannot access applications. Agent banking is all driven by technology and transactions can be made via mobile phone, a point of sale (POS) system, or internet banking, and must be reflected immediately on the bank's side in the core banking system (Keeler, 2011). Following the roll out of the agent banking model, deposit money banks have been able to contract varied retail entities. These entities, such as security companies, courier services, pharmacies, supermarkets and post offices act as third party agents to provide cash-in -cash-out transactions and other services in compliance with the laid down guidelines.

The role of banking agents is to help deposit money banks decongest banking halls by providing "complementary", often more convenient channel for customers to use. Other financial institutions, especially in developing markets, use agents to reach an "additional" client segment or geography. There are three categories of bank agents according to the CBN namely (i) super-agents, (ii) sole-agents, and (iii) sub-agents. These agents differ in their mode of operations, capital/registration requirement, ownership and management, area of coverage, reporting lines and disclosures as well as control and monitoring. Establishment of an agent requires the financial institution to carry out due diligence on such firm to ascertain its suitability for such sensitive task. It also requires the financial institution to specify the permissible activities to be carried out by such agent within its category. Such entity must be a legitimate or legal entity, a going concern registered and carrying on business in Nigeria for more than 12 months. The mode of operation is that the financial service providers (banks and mobile money operators) deploy agent facilities and manpower in rural communities to sell financial products and services which may include monitoring and enforcing repayment of credits on commission basis.

Method of Data Collection/Analysis and Model Specification:

This study employed both primary and secondary data. The questionnaires were administered on bank employees and Managers as well as some agent bank owners and officials scattered across the six geopolitical zones of the country. Out of the 275 questionnaires administered through random sampling method, 182 were returned and analyzed using multivariate regression approach. ANOVA test established the significance of the model. The reliability test established the internal consistency of the constructs used in the research instrument. The t-statistics was used to measure the internal significance of the individual variables. The multivariate regression was used because of the categorical data obtained from the random sampling questionnaires distributed in the study.

Model Specification

Financial Inclusion (FI) was expressed implicitly and explicitly as a function of agent banking variables.

FI = f(AGBGSP, AGBSEV, AGBBAR, AGBPRM)……………………….,,,,(1)

FI $= \beta_o + \beta_1 AGBGSP + \beta_2 AGBSEV + \beta_3 AGBBAR + \beta_4 AGBPRM + U_t$…… (2)

Explanation of the Variables

AGBGSP = Agent banking geographical spread

AGBSEV = Agent banking services

AGBBAR = Agent banking barriers, illiteracy is used as a proxy for agent banking barrier.

AGBPRM = Agent banking promotion, enlightenment campaign is used as a proxy for agent banking promotions.

Estimation Technique

The study analyzed the data obtained from the survey using multivariate regression approach. ANOVA test established the significance of the model. The reliability test established the internal consistency of the constructs used in the research instrument. The t-statistics was used to measure the internal significance of the individual variables. The multivariate regression was used because of the nature of the data obtained from the survey (that is categorical data).

Analysis and Discussion of Empirical results

Table 4.1 Reliability test

Construct	No. of items	Cronbach's Alpha
Agent banking	17	0.730
Agent banking geographical spread	4	0.512
Agent banking services	4	0.614
Agent banking Barriers	3	0.575
Agent banking campaign and promotion	2	0.536

Table 4.1 above shows the reliability test for the agent bank constructs used in the study. Analysis of the result reveals that the agent banks constructs have significant cronbach's Alpha result of between 0.5 – 0.7. This further shows that the result will yield the same outcome in repeated survey and the instrument for the study is observed to be internally consistent and therefore statistically suitable for the study results.

Agent Banking Services and Financial Inclusion

As shown in the model summary result (Appendix table 4.1a) agent banking services jointly explain 29.2 percent of the variance in financial inclusion. The ANOVA result (Appendix table 4.2b) shows the regression model established a significant relationship between agent bank services and financial inclusion. This is evident from the F-statistic result (15.763; $p<0.01$) significant at 1 percent significance level.

Table 4.2 Coefficients [a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.905	.235		3.852	.000
Account processing	.179	.080	.190	2.242	.026
Loan Repayment	.294	.068	.321	4.300	.000
Utility Payment	.217	.081	.212	2.667	.008
Funds transfer	-.084	.081	-.074	-1.043	.299

a. Dependent Variable: Financial inclusion

The evidence from table 4.2 shows there is a significant relationship between agent banking services and financial inclusion. All agent banking services reveal significant relationship with financial inclusion except for funds transfers. Specifically, account processing reveals significant relationship with financial inclusion at 5 percent significance level. The model result suggests that loan repayment has the highest impact on financial inclusion, followed by utility payment services offered by the agent banks and then account application processing services rendered by the banks. However funds transfer reveals an insignificant inverse relationship with financial inclusion in the rural areas.

Agent Banking financial development activities and financial inclusive growth

Financial development activities of the agent banking explain 17.4 percent of the variations in financial inclusive growth as shown in the model summary result of table 4.2a (see Appendix)

The ANOVA result (F-statistic =8.202; $p<0.01$) provides statistical evidence of a significant relationship between agent banking financial development activities and financial inclusive growth at 1 percent level of significance, (see Appendix 4.2b).

Table 4.3 Coefficients [a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.380	.346		6.884	.000
Business transactions	-.080	.126	-.047	-.636	.526
Savings mobilization	.247	.124	.153	1.994	.048
Cash withdrawal	.343	.115	.240	2.979	.003
Cash Deposits	.234	.109	.177	2.153	.033

a. Dependent Variable: Financial inclusive growth

Table 4.3 revealed an inverse relationship between agent banking business transactions and financial inclusive growth though insignificant. Savings mobilization and cash withdrawal operations reveal significant effect on financial inclusive growth. Higher savings mobilization and cash withdrawal lead to corresponding higher level of financial inclusive growth. A significant positive correlation is observed between savings mobilization and financial inclusive growth at 5 percent level. A percentage increase in savings mobilization could significantly increase financial inclusive growth by 15.3 percent holding other variables at constant. Cash withdrawal suggests significant relation with financial inclusive growth at 1 percent significant level. Analysis of the co efficient estimate for cash withdrawal shows that cash withdrawal has a significant positive correlation effect with financial inclusive growth at 24 percent. Higher cash deposits will lead to higher financial inclusive growth. This is evident with the significant direct relationship between cash deposit and financial inclusive growth at 5 percent significant level. Detailed investigation of the result suggests that a percentage increase in cash deposits has the potential of increasing level of financial inclusive growth by 17.7 percent all things being equal.

Agent banking Barriers and financial inclusion

The result of the model summary(Appendix 4.3a) shows that 9.2 percent of the variance in financial inclusion was significantly and jointly explained by the included agent banking barriers consisting stringent registration condition, illiteracy level among the unbanked populace and undercapitalization of rural banking agents. Evidence from the ANOVA result (Appendix 4.3b) indicates the estimated model for agent banking barriers is statistically significant at 1 percent significance level. This further shows the model adequately explains that variables.

Table 4.4 Coefficients [a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.817	.223		8.135	.000
Registration condition	.249	.091	.234	2.733	.007
Illiteracy level	-.167	.086	-.160	-1.944	.054
Undercapitalization	.148	.075	.161	1.965	.051

a. Dependent Variable: Financial inclusion

The result above shows an increase in the level of inclusive growth in the rural area irrespective of the stringent requirement for registration as a bank agent in Nigeria.

Undercapitalization appears to have a general consensus among the populace as a significant barrier to agent banking and reveals significant relationship with financial inclusion 1 percent significance level. However there appears a positive correlation between undercapitalization and financial inclusion at 5 percent significance level. This shows that financial inclusion still improves in the rural communities despite the hindrances associated stringent registration condition for agent banking and undercapitalization of the most agent banks in meeting up with customers' loans. The result of the estimate for illiteracy on the part of the unbanked populace reveals a significant inverse relationship with financial inclusion at 5 percent significance level. Further analysis of the result shows that increases in illiteracy would significantly hinder financial inclusion by 16 percent other variable held constant.

Promotional activities of agent bank and financial inclusion

Agent banking promotional activities jointly explains 4 percent of the variance in financial inclusion as shown in model summary in table 4.4a. (Appendix) The analysis of the ANOVA result (F-statistic =3.339; p<0.01) shows that promotional activities of agent banking correctly explain the variance in financial inclusion at 5 percent significance level. Thus financial inclusive model is assumed statistically different from zero. (See Appendix).

Table 4.5 Coefficients [a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.998	.235		8.499	.000
Product campaign	.257	.100	.211	2.574	.011
Financial training	-.105	.101	-.086	-1.047	.297

a. Dependent Variable: Financial inclusion

The estimated coefficient in table 4.5 revealed a significant correlation (r=0.211) between enlightenment campaign on the products in agent bank and financial inclusion at 1 percent significance level. The detailed result shows that increases in enlighten campaign on the product available on agent banking will significantly increase the inclusion of excluded banking populace. Further evidence from the study shows that financial training of the employees of the agents' banks has not significantly contributed to financial inclusion as expected.

Agents banking and financial inclusive growth

The model summary of the result (Appendix table 4.5a) shows that agent banking constructs (Agent banking promotion and awareness, Agent banking geographical spread, Agent banking barriers, Agent banking services) jointly and significantly explains 28.2 percentage of the variance in financial inclusive growth. The result of the F-statistic (17.379; p< 0.01) indicates the model is statistically significant at 1 percent level. Hence the null hypothesis of the included constructs are equal to zero is rejected for the model as shown in appendix table 4.5b

Table 4.6 Coefficients [a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.055	.351		3.003	.003
Agent banking geographical spread	.145	.045	.238	3.199	.002
Agent banking services	.148	.037	.324	3.952	.000
Agent banking barriers	-.008	.045	-.014	-.176	.861
Agent banking promotion and awareness	.069	.046	.106	1.482	.140

a. Dependent Variable: Financial inclusive growth

Empirical result of the estimated model (table 4.6) shows that agent banking geographical spread and services have the most significant relationship with financial inclusive growth at 1 percent level while agent banking barriers and promotion revealed insignificant relationship with financial inclusive growth. The correlation coefficient for agent banking geographical spread shows that higher agent banking geographical spread will result to higher financial inclusive growth. The result above shows that the more bank products and services are made available to the rural communities, the higher the financial inclusive growth. Although agent banking barriers indicates an inverse relationship with financial inclusive growth it is not statistically significant. Agent banking promotion and awareness creation indicates a direct relationship with financial inclusive growth but not significant.

Conclusion:

- The level of illiteracy among the unbanked rural communities is high and therefore constitutes a major setback to the inclusive growth agenda of the government.
- The geographical spread of agent banking products and services in terms of transactions, savings mobilization, cash deposit and withdrawal revealed a significant positive effect on financial inclusive growth.
- Evidence from the study shows that agent banking services which include processing account applications, loan repayment and fund transfer services among agent customers play a significant role in financial inclusive growth.
- This study also concludes that enlightenment campaign on the products available in bank agents will significantly increase the inclusion of the excluded banking populace and thus will facilitate financial inclusion in the rural communities.

Policy Recommendations

Sequel to the study analysis, findings and conclusions the following recommendations have been proffered by the study;

- that financial inclusive policies be targeted towards improving the literacy level of the rural populace especially on the availability and usage of agent banking products and services at their disposal.
- that more efforts should be geared towards licensing of more bank agents by the central bank in order to increase the geographical spread of agent banking activities in the remote areas as this will significantly enhance financial inclusive growth.
- that commercial banks should develop more user-friendly products that will deepen the inclusive growth agenda of the Federal Government. Policy formulation and implementation for financial inclusion by the monetary authorities should be channeled at increasing quality and tailor-made products and service delivery in the rural communities.
- This study also recommends that more enlightenment campaign and other promotional programmes be employed by banking agents and most importantly there should be a means of translating the promotional messages in the local dialect to enhance a better understanding and appreciation by the agent bank prospective customers in the rural areas.

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Appendix

4.1a Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.540[a]	.292	.273	.88638

a. Predictors: (Constant), Fundstrnsf, PytUtility, LoanRepyt, Acct.Process

Table 4.2a Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.417[a]	.174	.153	1.15765

a. Predictors: (Constant), CashDepo, Above100txns, Above500m, CashWdrl

Table 4.3a Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.303[a]	.092	.075	.99988

a. Predictors: (Constant), Undercapitalization, IlliteracyUnbank, RegCondition

Table 4.4 a Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.201[a]	.040	.028	1.03003

a. Predictors: (Constant), FinTraining, CampaignPdts

Table 4.5a Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.531[a]	.282	.266	1.23430

a. Predictors: (Constant), Agent banking promotion and awareness, Agent banking geographical spread, Agent banking barriers, Agent banking services

Source; Author's survey, 2016

Table 4.1b ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	49.539	4	12.385	15.763	.000[b]
	Residual	120.207	153	.786		
	Total	169.747	157			

a. Dependent Variable: TenPercShare

b. Predictors: (Constant), Fundstrsf, PytUtility, LoanRepyt, ProccAcct

4.2b ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	43.968	4	10.992	8.202	.000[b]
	Residual	209.063	156	1.340		
	Total	253.031	160			

a. Dependent Variable: Financial inclusive growth

b. Predictors: (Constant), SashDepo, Above100txns, Above500m, CashWdrl

Table 4.3b ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16.274	3	5.425	5.426	.001[b]
	Residual	160.963	161	1.000		
	Total	177.236	164			

a. Dependent Variable: Financial inclusion

b. Predictors: (Constant), Undercapitalization, IlliteracyUnbank, RegCondition

Table 4.4b ANOVAa

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.084	2	3.542	3.339	.038[b]
	Residual	168.693	159	1.061		
	Total	175.778	161			

a. Dependent Variable: TenPercShare

b. Predictors: (Constant), FinTraining, CampaignPdts

Table 4.5b ANOVAa

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	105.906	4	26.477	17.379	.000[b]
	Residual	269.660	177	1.524		
	Total	375.566	181			

a. Dependent Variable: Financial inclusive growth

b. Predictors: (Constant), Agent banking promotion and awareness, Agent banking geographical spread, Agent banking barriers, Agent banking services

Source; Author's survey, 2016