Rural-Urban Differentials in Levels and Correlates of Financial Inclusion among Nigerian Women

Yemi Adewoyin and Nkem Adeyemi-Adewoyin

Introduction

Financial inclusion simply entails extending structured financial services to the adult population. Its basic measure is the ownership of a bank account in the traditional mode or via a mobile device. Globally, about 1.7 billion adults are yet unbanked in spite leaps and progress in the percentage of adults with a bank account. Global financial inclusion was 51% in 2011, 62% in 2014 and stands at 69% according to latest reports (Demirguc-Kunt et al., 2018). In spite of this progress, there persists a significant global gender gap in financial inclusion. While 65% of men have bank accounts, only 58% of women do (Demirguc-Kunt et al., 2018). In Nigeria, the percentages were 46 and 33 for men and women respectively in 2019 (Enhancing Financial Innovation and Access, 2019). With the recognition that financial inclusion is critical to achieving seven of the 17 Sustainable Development Goals, including those on poverty, hunger, good health and well-being, and inequalities (World Bank, 2018), a number of studies have investigated the determinants of financial inclusion and sought to provide pathways for improving same. These studies are however few in Nigeria and much fewer are those on women's financial inclusion.

Women's financial inclusion becomes important in view of women's role in social and economic development at the household level. Having a bank account increases the women's propensity to save; obtain appropriately-priced credit facilities to expand their businesses; create assets and generate more income; have a say in household decision making, especially over their own health and that of their children; and ultimately combat poverty. Okonjo-Iweala (2016) further shows that including more women in the financial system could increase a country's gross domestic product by between 10 and 12 percent. And according to the Innovation for Poverty Action (IPA), providing women with effective and affordable financial tools to save, borrow money, and make and receive payments is sacrosanct for women's empowerment and poverty reduction (IPA, 2017). With widespread poverty in Nigeria, where 40.1% of the population are poor and live on less than \$1.1 a day (National Bureau of Statistics, 2020), scaling up women's financial inclusion provides an avenue for combating poverty and improving the population's socioeconomic status.

Major factors associated with financial inclusion established in the literature are gender, education, age, income, religion, residential area, employment status, marital status, household size, degree of trust in financial institution, financial literacy, internet connectivity, documentation required to open bank accounts and the distance to the nearest financial services outlet as well as deposit and lending rates. While these factors broadly affect the ownership of bank accounts, knowing how they vary between places matters for addressing policies aimed at scaling-up financial inclusion among women. The Alliance for Financial Inclusion (2017) for instance suggest that, compared to rural women, urban women are most likely to be financially included. Fadun (2014) also argued that rural women are more likely to have limited access to mobile phones and financial awareness, and are less likely to use formal financial services when compared with urban women. As the literature is replete with evidence to show marked differences in sociodemographic and economic outcomes between urban and rural areas, this study hypothesizes that the determinants of financial inclusion do not have uniform outcomes among urban and rural women but are rather different based on the locational attributes of both places.

Materials and Methods

Data Source and Study Population

Data for this study was sourced from the 2018 Nigerian Demographic and Health Survey (NDHS). As financial inclusion is about adult decision making and adult age in Nigeria is from 18, only the 36,601 women aged 18-49 in the NDHS sample were included in the study.

Variable Description

The main outcome variable for the study was financial inclusion. This implies the ownership of a bank account. In the women individual recode file of the NDHS datasets, bank account ownership was captured as variable (V) 170. The two options available for ownership of a bank account in the datasets were Yes and No. The options were adopted as captured in their binary form. To measure the outcome variable along the rural-urban divide, type of place of residence, captured as V25 in the NDHS datasets was employed. The two types of place of residence recognized in the datasets were urban and rural. These were also adopted as captured. Other sociodemographic variables employed in the study were age, region of residence, education, religion, ownership of mobile phone, wealth, marital status, partner's education, respondent's employment status, media exposure and household decision making.

Data Analysis

The study employed a multi-level analysis using univariate, bivariate and multivariate statistical techniques. The description of the study population was carried out at the univariate level using frequency and percentages. The analysis was carried out at the national level and further disaggregated by place of residence to urban and rural. The bivariate Chi-Square test statistics was used to analyse the association between the employed sociodemographic variables and the ownership of bank account to determine the dimensions of the association in both urban and rural areas. Because the outcome variable had binary responses, the multivariate statistical technique of binary logistic regression was employed to determine how each of the sociodemographic variables were associated with financial inclusion in the study area.

Results

Sociodemographic Characteristics of Study Population

The national sample comprised more women within the ages of 18 and 19 (20.0%), in union (69.1%), adherents of the Islamic faith (49.7%), who had at least secondary education (40.0%), from rich households (40.3%), and who were mostly employed (64.7%). Nearly 70% of the women had access to either radio or TV, 54.3% owned a mobile phone, and in 47.8% of the households, the respondents' husbands made most of the household decisions. More than 59% of the population resided in rural areas while only 20.7% had a bank account. When the general characteristics were disaggregated by place of residence into urban and rural, the patterns of distribution of the respondents' age, marital status, religion, employment status, media access, and household decision making were similar between urban and rural dwellers. The characteristics however differed considerably with respect to education, wealth, ownership of mobile phone and bank accounts. While urban dwellers were more educated, had more educated spouses, and were wealthier, rural respondents had a higher percentage of phone ownership – 56.1% as against 51.5% among urban residents, and had a higher percentage of financial inclusion (22.2%) compared to urban residents (18.5%).

Sociodemographic Dimensions of Financial Inclusion

The sociodemographic characteristics of the 2,727 and 4,843 women who had bank accounts in urban and rural Nigeria respectively were further analysed. Women within the 18-19 age group, in union, who practiced Islam, who were employed, had access to radio and TV, and from households where their husbands made the decisions were found to be more financially inclusive than other sociodemographic categories in both urban and rural Nigeria. While urban women with secondary education, whose spouses had secondary education and from rich households were more financially inclusive, women with no education, whose husbands were not educated and from poor households were more financially inclusive in the rural areas. Women who resided in urban areas of South-West Nigeria had a higher percentage of financial inclusiveness (34.6%) than urban women from other regions. Women in urban South-East had the lowest proportion of inclusiveness (8.8%). The South-East region also had the poorest level of financial inclusiveness among its rural women (3.3%) while rural women in the North-East region were more inclusive (31.4%). The Chi-Square test analysis of the distribution shows that while age, marital status and household decision making were not statistically significant ($P < 0.05$) in their association with financial inclusion in urban Nigeria, only age and wealth were not significant among rural women.

Correlates of Financial Inclusion among Urban and Rural Women in Nigeria

In the urban regression model, age, wealth, employment status, media access and household decision making were associated with lower odds of being financially inclusive. Religion and education were however associated with increased likelihood of having a bank account. Among rural women, age and education were found to increase the odds of having a bank account while religion, wealth, employment status, media access and household decision making lowered the odds. When the statistical significance of the relationships is considered, women with no education, relative to those with a higher education, were more likely to have a bank account. Working women, women with media access, and from households with more male decision making were less likely to have a bank account when compared with women who were unemployed, had no media access, and with equal decision-making power with their husband. Religion, husband's education and wealth were not significant predictors of financial inclusion among urban women but were statistically significant ($P < 0.05$) in determining financial inclusion among rural women.

Table 1: Summary of the Regression Models on the Predictors of Financial Inclusion by Place of Residence

Spatial Unit	**Urban**		**Rural**	
Variables	**Odds Ratio**	**Standard Error**	**Odds Ratio**	**Standard Error**
Age				
18-19	0.975	0.20	1.019	0.10
20-24	0.981	0.12	1.062	0.08
25-29	0.900	0.10	1.014	0.08
30-34	0.990	0.10	0.946	0.08
35-39	0.934	0.10	1.058	0.08
40-44	1.023	0.11	1.001	0.08
45-49	RC		RC	
Religion				
Catholic	1.966	0.47	0.791	0.30
Other Christian	1.062	0.47	0.490**	0.29
Islam	1.082	0.47	0.648	0.29
Traditional/Others	RC		RC	
Highest Education				
No education	1.379**	0.12	1.327**	0.12
Primary	1.107	0.11	1.171	0.12
Secondary	1.120	0.08	1.202	0.11
Higher	RC		RC	
Partner Highest Education				
No education	1.112	0.12	1.261**	0.09
Primary	1.098	0.11	1.209**	0.09
Secondary	1.002	0.08	1.012	0.08
Higher	RC		RC	
Wealth Status				
Poor	0.993	0.10	0.690**	0.07
Middle	0.954	0.08	0.789**	0.07
Rich	RC		RC	
Employment Status				
Employed	0.621**	0.06	0.401**	0.05
Unemployed	RC		RC	
Access to Radio/TV				

Yes	0.186**	0.09	0.185**	0.06
No	RC		RC	
Household Decision Making				
Feminine	0.968	0.11	0.828	0.10
Masculine	0.864**	0.07	0.887**	0.06
Equal	RC		RC	

**Significant at $P < 0.05$, RC – Reference Category