



## SAVINGS PATTERN OF COOPERATIVE THRIFT AND CREDIT SOCIETY MEMBERS IN IJEBU-NORTH LOCAL GOVERNMENT AREA OF OGUN-STATE, NIGERIA

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### ABSTRACT

The study investigated savings patterns of cooperative thrift and credit society (CTCS) members in Ijebu-North Local Government Area of Ogun state. Data were collected through a well-structured questionnaire administered on CTCS members using multi-stage sampling techniques. Both descriptive and inferential statistics were used to achieve the research objectives. The results showed that more than half (58.3%) of cooperative members were females, with an average of 4 persons per households, and an average age of 36 years old with secondary level of formal education. The findings indicated that majority of CTCS had 21 membership strength with an average of 13 years existence. Results on mode and savings patterns revealed that monthly savings (53.3%) ranked 1<sup>st</sup> followed by quarterly savings while half-year savings were ranked least. F-statistic 12.741 confirms appropriateness of the overall regression equation at 1% level of significant. The adjusted R<sup>2</sup> estimated at 0.78 revealed that 78% of the variation in saving pattern of CTCS members was explained by the explanatory variables. Amount of loan collected, age of establishment of cooperative, number of loans application and number of loans granted significantly determined the CTCS members' saving pattern. Policy implication is for CTCS members to get involved in regular savings monthly and be better equipped to manage their finances effectively.

**Keywords:** Annual, Income, CTCS, Loan, Repayment, Savings pattern,

### INTRODUCTION

Cooperative thrift and credit societies (CTCS) have emerged as pivotal institutions in fostering financial inclusion and economic development, particularly in rural areas of Nigeria. These societies play a vital role in mobilizing savings and providing credit facilities to their members, thereby promoting community-based financial resilience and empowerment (Adebanjo *et al.*, 2019). Understanding the savings patterns of CTCS members is essential for assessing the effectiveness of these institutions in fulfilling their objectives and contributing to the socio-economic development of their respective communities. The savings and repayment patterns of cooperative thrift and credit society members at the international level contribute to the global understanding of microfinance and financial inclusion. Studies conducted by international organizations such as the World Bank and the International Monetary Fund (IMF) provide insights into cross-country comparisons, best practices, and global trends in cooperative finance. For example, the World Bank's Global Findex database tracks financial inclusion indicators, including savings behavior, across countries (Karlan *et al.*, 2018). At the national level, research focuses on the specific dynamics of cooperative thrift and credit societies within individual countries. National governments and regulatory authorities often commission studies to assess the performance, regulatory environment, and impact of cooperative financial institutions. For instance, studies conducted by central banks provide valuable insights into savings mobilization and repayment behavior among cooperative society members within a national context (Okurut *et al.*, 2017). Okurut *et al.*, (2017) investigated the determinants of savings mobilization and repayment among cooperative societies in Uganda, providing insights into factors influencing members' savings and loan repayment behaviour. Similarly, Adeyemo and Olagunju (2018) examined savings mobilization and loan repayment performance of cooperatives in Oyo State, Nigeria, shedding light on the challenges and opportunities facing cooperative finance at the state level. One of the key findings of research on savings



and repayment patterns of cooperative thrift and credit society members in Nigeria is the significant role of socio-economic factors in shaping financial behavior. Adebayo *et al.*, (2019) found that socio-economic characteristics such as age, gender, education level, and household income influence loan repayment among cooperative societies in Ogun State, Nigeria. Understanding these socio-economic dynamics is crucial for designing targeted interventions to enhance the financial resilience and inclusivity of cooperative societies across the country. Adebayo and Olagunju (2021) opined that Cooperative thrift and credit societies play a crucial role in mobilizing savings and providing credit facilities to their members, particularly in rural and underserved areas of the country. Understanding the savings behavior and repayment patterns of CTCS members is essential for assessing the effectiveness of these institutions in fulfilling their objectives and contributing to poverty reduction and sustainable development agendas (Ajayi, 2023). Despite the importance of savings for ensuring financial sustainability and enabling credit provision, many members struggle to save regularly due to various socio-economic factors such as low-income levels, lack of financial literacy, and competing financial demands (Adeoye, 2023). Access to credit is essential for meeting various financial needs, including business investment and household expenses, inadequate repayment performance poses a significant risk to the financial stability of cooperative societies (Ezugwu, 2023). Challenges such as loan defaults, late repayments, and loan diversion hinder the effective utilization of funds within CTCSs and undermine their ability to provide continued support to members. Fasoranti (2023) opined governance structures, lack of transparency and inadequate supervision can lead to mismanagement of funds, embezzlement, and internal conflicts, all of which adversely affect members' trust and confidence in cooperative institutions.

Without robust governance mechanisms in place, cooperative societies may struggle to effectively address the savings and repayment needs of their members. Additionally, socio-economic disparities among CTCS members exacerbate the challenges related to savings and repayment patterns. Factors such as education level, employment status, and access to financial resources influence members' ability to save regularly and repay loans on time. Marginalized groups, including women, youth, and rural dwellers, often face greater barriers to savings mobilization and loan repayment due to limited access to financial services and opportunities (Ekerete and Umoren, 2022). Based on the above, the study investigated the pattern of savings among members of cooperative thrift and credit societies in Ijebu division Ogun state. Kolandrael and Nigatu (2017) claimed that Cooperative Thrift and Credit Societies, also known as Credit Unions or Cooperative Banks in some regions, are financial cooperatives owned and operated by their members. These institutions provide a range of financial services, including savings, credit, and other financial products, primarily to their members. The main objective is to promote thrift, provide credit at reasonable rates, and offer financial stability and support to their members. The concept of cooperative thrift and credit societies dates to the mid-19th century. Marx and Seibel (2022) said the first known cooperative bank was established in Germany by Friedrich Wilhelm Raiffeisen, aimed at providing financial services to rural communities. The model quickly spread across Europe and later to other parts of the world, adapting to local needs and regulations. Cooperative thrift and credit societies are vital financial institutions that promote savings, provide affordable credit, and support community development. Their member-driven approach, focus on financial inclusion, and community orientation distinguish them from traditional financial institutions while they face challenges such as regulatory complexities and capital constraints, their potential for fostering economic stability and promoting sustainable development makes them an essential component of the global financial landscape (Nwachukwu and Odigie, 2019).

Thrift and Credit Society is a safe and profitable saving institution. It encourages saving by making people realize the economic and social benefits of thrift and the disadvantages of excessive and unproductive expenditure (Nwachukwu and Odigie, 2019; Oladejo *et al.*, 2021). Chilokwu Okechukwu *et al.*, (2024) examined the credit management and financial performance of cooperative thrift and credit societies (CTCS) in Njikoka Local Government Area, Anambra State. The study was carried out to; identify the nature of credit management practices in CTCS in the study area, assess the influence of



credit standards (collateral) on member loan repayment of CTCS under study and to explore the extent to which debt recovery techniques have on numbers of loan application of CTCS in Njikoka Local Government Area. Descriptive survey research design was used. The population of the study consists of 120 cooperative members of CTCS. 92 members were sampled using Taro Yamene's formula. The data used was a primary data collected through structured questionnaire. The data collected was analysed arithmetic mean and the hypothesis was tested using Ztest with the aid of Statistical Package for Social Sciences (SPSS). The findings revealed that Credit management and financial performance of cooperative thrift and credit societies are effective in Njikoka Local Government Area, Anambra and that Low credit standards (collateral) have significant influence on member loan repayment of CTCS in the study area. Cooperative Thrift and Credit Societies are usually formed by people belonging to the same craft, trade or work in the same organization.

The money saved is given out as loans to its members usually twice or thrice of the member's total savings, and the society charges a low rate of interest. By making credit available in this way, members of such societies are protected from the clutches of greedy money lenders who charge high interest rate, A Cooperative Credit Society does not operate with profit motive (Bamiro and Idowu, 2020). However, when profits are made, they are used for extending interest free loans to members. Thrift and Credit Societies are the fastest growing type of Cooperative in Nigerian because it closely follows the financial self-help tradition prevalent in all Nigerian Communities. Thus, large sums of money will be accumulated through proper organization and management of Thrift and Credit Societies. The harnessing of the fund would provide the strongest base for Cooperative financing, especially when it is linked with government policies on micro- credit. OECD (2023) states that Thrift and Credit Cooperative Society is an organization that is established mostly in workplace for the employees with the aim of enabling them to save some percentage of their salaries (normally deducted at source) and borrow when in financial difficulty. Promotion of thrift is the main feature of the Thrift and Credit Cooperative Societies (BEA, 2023) People, regardless of how low their income can set apart in savings small amount of their earnings, when they are given incentive to save and provide with a safe and convenient savings device. This study aims to describe the pattern of savings, loan disbursement time lag and repayment patterns and to analyze the factors affecting the saving behaviour of CTCS members in the study area.

## **METHODOLOGY**

### **Area of the Study**

The study area was Ijebu North Local Government Area (LGA) which is one Local Government Areas in Ogun State, Nigeria. The LGA falls within the Ijebu division, which is one of four (4) administrative divisions in Ogun state. Ogun state is bounded in the West by Republic of Benin, in the South by Lagos State and shares boundary with Oyo State in the North and Ondo State in the East. The State has an estimated land of ~~about~~ 16,409.26 square kilometers. The estimated total population of Ogun State is 9,379,500 (NBS, 2024). The study area is located in the low land, semi deciduous forest belt with undulating topography while the overall altitude ranges between 122m-152m above sea level. The main economic activities are farming, saw milling and transportation services. The wet season is characterized by high annual rainfall between 1,200mm and 1,500mm between March and October of every year. The mean annual temperature ranges between 23°C - 32°C. These climatic conditions favour production of arable like, permanent crops cocoa, kolanut and pig, fowls, sheep production among other livestock.

### **Methods of Data Collection**

Primary data were utilized for the study and were obtained from a well-structured questionnaire that captured the relevant information. Both descriptive and inferential statistics were used to achieve the research objectives. Descriptive statistics include frequency table and percentages to analyze the pattern of savings, loan disbursement time lag and repayment pattern while regression analysis was used to analyse the factors affecting the saving behaviour of CTCS members. Multi-stage sampling technique



was utilized for the selection of respondents for the study. In, the first stage, Ijebu-division was purposively selected among four (4) divisions in Ogun State for being the division with the highest number of LGAs. In the second stage, Ijebu-North Local Government Area was selected purposively for having the highest number of cooperative societies, particularly the CTCS in the division. In the third stage, four (4) communities with the highest population and CTCS were purposively chosen from the LGA. At the last stage, three (3) CTCSs were randomly selected, and five (5) members were sampled from each selected cooperative society. The total sample members for the study were sixty (60) used as sample size.

### Analytical Technique

Factors affecting savings behaviour of CTCS members were analyzed using linear regression

### Models Specification

$Y = F(X_1 X_2 X_3 X_4 X_5 X_6 U)$  ----- (1) Where:

Y = Amount of loan repaid (Naira)

X<sub>1</sub> = Amount of loan collected

X<sub>2</sub> = Annual net income

X<sub>3</sub> = Age of establishment of the society (years)

X<sub>4</sub> = Members in society (numbers)

X<sub>5</sub> = Society existence (years)

X<sub>6</sub> = Level of education (years)

U = error term

## RESULTS AND DISCUSSION

### Socio-economics Characteristics of CTCS Members

Table 1, showed that majority of interviewed CTCS were females (58.3%) while only (41.7%) were males, indicating a predominance of females involving in CTCS. The results also elucidated the age distribution of the members, revealed that 30% of respondents were under 30 years, 41.7% were aged 31-40 years, 28.3 were over 40 years; indicating that most members were still active, agile, and fell within the youthful age with an average age of 36 years. This finding corroborates the assertions of Oladejo *et al.*, (2021), who noted that a significant percentage of members (80%) fall within this age range. The findings further revealed that 25% of respondents had a household size of 3 or fewer, 30% had a household size ranging from 3 to 5, 26.7% had between 6 and 8 family members, and 18.3% had 9 or more, yielding an average household size of 4 people. This finding was inconsistent with findings of Oluwaseun, 2023, who report average family size of 6. The results revealed that CTCS had an average membership size of 21 members. About educational attainment, the results showed that 63.4% of the members had secondary education and above, implying that majority of the CTCS members had formal education meaning that they were literate and they have ability to participate formally in the societies Findings is consistent with (Yunus, 2017; Ajayi, 2023), who asserted that individuals with higher educational levels have significant impact on members and their enterprises. The findings also identified that 13.3% had being members of cooperatives for less than 5 years, 43.3% had joined cooperatives between 5 and 10 years ago, while 20.0% and 23.3% had been CTCS members for over 11 years, while 68.3% of the sampled CTCS were established over 11 years ago.

**Table 1:** Distribution of Profile of the Respondents

Variables	Category	Frequency	Percentage	Cumulative frequency	Average
Sex	Male	25	41.7	41.7	
	Female	35	58.3	100.0	
Age (years)	≤30	18	30.0	30.0	36 years
	31-40	25	41.7	71.7	
	41-50	12	20.0	91.7	
	51-60	5	8.3	100.0	
Marital status	Single	15	25.0	25.0	
	Married	45	75.0	100.0	
Household size	< 3	15	25.0	25.0	4 persons
	3-5	18	30.0	55.0	
	6-8	16	26.7	81.7	
Membership strength	9 & above	11	18.3	100.0	21 members
	≤30	19	31.7	31.7	
	31-50	24	40.0	71.7	
	51-70	10	16.7	88.4	
Educational level (years)	71 & above	7	11.6	100.0	
	No formal education	5	8.3	8.3	
	Primary education	14	23.4	31.7	
	Secondary education	24	40.0	71.7	
Years for Being Cooperative member	Tertiary education	17	28.3	100.0	8 years
	< 5	8	13.3	13.3	
	5-10	26	43.3	56.6	
Years of Cooperative Existence	11-15	12	20.0	76.6	13 years
	16 & above	14	23.3	100.0	
	5-10	19	31.7	31.7	
	11-15	11	18.3	50	
	16-20	13	21.7	71.7	
Total	20 & above	17	28.3	100.0	
		<b>60</b>	<b>100</b>		

**Source:** Field Survey, 2024

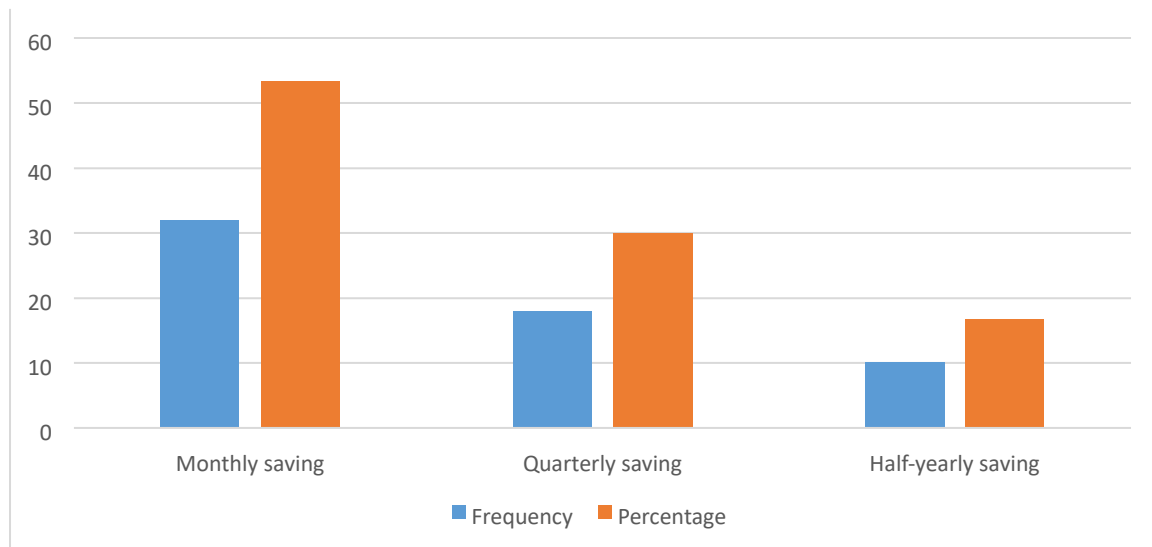
### Mode of Savings Adopted by CTCS and the Saving Pattern of Members

The table below revealed that 53.3% of members save on monthly basis, making this the most common saving pattern and ranking first among the options. Monthly saving is typically the preferred method among members because it aligns well with regular income cycles, such as monthly salaries or pensions. This regularity allows members to build up their savings incrementally and consistently, which is crucial for financial stability and planning. According to Idowu and Ogunbanjo (2019), frequent and regular savings are often associated with better financial outcomes, as they promote a disciplined approach to managing money and prevent spending of available funds impulsively. 30.0% of members saved on a quarterly basis and it was ranked 2nd most popular saving pattern. The choice to save quarterly allows members to contribute larger amounts at a time, which can be beneficial for meeting specific financial goals, such as paying for education or making significant investments. As noted by Ezugwu (2023), saving patterns that align with income flows can improve financial management and reduce the stress associated with irregular income. About 16.7% of members save on a half-yearly basis, ranking this saving pattern as third. Although it is the least common among the options, half-yearly saving is still an important choice for some members. By saving half-yearly, members can accumulate funds over a longer period and make substantial deposits twice a year (Shefrin & Thaler, 2018).

**Table 2:** Distribution of Respondents based on Mode of Savings and Saving Pattern

No of Savings	Frequency	Percentage %	Ranking
Monthly savings	32	53.3	1 <sup>st</sup>
Quarterly savings	18	30.0	2 <sup>nd</sup>
Half-yearly savings <b>Total</b>	10	16.7	3 <sup>rd</sup>
	<b>60</b>	<b>100</b>	

Source: Field Survey, 2024



**Figure 1** Saving Pattern among Members of Sampled Cooperatives

#### Factors Affecting the Saving Behaviour of CTCs Members

The regression analysis examined the factors influencing the savings behaviour of Cooperative Thrift and Credit Societies (CTCs) members revealed significant insights into how various financial and demographic factors impact the members' ability and propensity to save. The adjusted R-square of 0.781 suggested that the explanatory variables included in the model explained 78.1% variation in the dependent variable. The F-value of 12.741 was statistically significant, indicating that the overall regression model is a good fit and that the independent variables collectively influence the savings behaviour of CTCs members. The amount of loan collected ( $t = -1.717^*$ ), suggested that, as amount of loan collected by members increases, their savings behaviour tends to decrease. This could be interpreted to mean that members who take larger loans may have a reduced capacity to save, possibly because they are focused on repaying the loans rather than accumulating savings. This finding aligns with the theory that high debt levels can limit disposable income and, consequently, the ability to save (Anderloni & Vandone, 2018). Age of establishment ( $t = -2.252$ ), number of loans application ( $t=2.124$ ), and numbers of loan granted ( $t= 2.165$ ) significantly determined the saving behaviour of CTCs members at 5%. The age of establishment indicated that older cooperatives are associated with lower savings behaviour among their members. This might be due to complacency or the established practices within. The number of loan applications showed significant positive influence and suggested that members who apply for higher volume of loans tend to save more. This finding is consistent with (Shefrin & Thaler 2018). The number of loans granted has a positive sign indicated that CTCs, who granted higher number of loans, has its members having higher tendency to save more. This could be because receiving loans might enhance members' ability to generate more income, thereby providing more opportunities to save.

**Table 3:** Factors Affecting Savings Behaviours of CTCs Members

Variables	Coefficient	t-value
(Constant)		5.876
Amount of loan collected	-0.178	1.717*
Members' annual net income	-0.127	-1.190
Age of establishment	-0.441	-2.252**
Number of loan application	0.055	2.124**
Number loan granted	0.298	2.165**
Duration of payment	0.175	1.355
<i>Adjusted R square = 0.781</i>		
<i>F-value = 12.741</i>		

**Source:** Field Survey, 2024, Significant at \*\*\*, \*\*, \*, 1%, 5% & 10% respectively

### CONCLUSION AND RECOMMENDATION

The study therefore concluded that more members of CTCS are youth with secondary education and had been members of CTCS for 8 years with their cooperative societies being in existence for 13 years. In addition, members' saving behaviour followed monthly pattern with the amount of loan collected, age of cooperative existence, number of loans application, and numbers of loan granted significantly influenced the saving behaviour of CTCS members.

The study therefore recommended that literacy is crucial for enabling members to make informed decisions about savings and borrowing. Members should be encouraged to get involved in regular savings monthly and be better equipped to manage their finances effectively. CTCS should organize regular workshops and seminars on financial literacy, providing one-on-one financial counseling sessions can also offer personalized guidance, helping members to address their specific financial challenges and goals. Members of CTCS have diverse financial capacities and goals; to cater for these differences, society should introduce more flexible and tailored financial products to encourage more individuals to save and borrow responsibly. CTCS should enhance effective communication channels and foster member engagement that will allow member feedback system to gather input and suggestions for improvement that can help the society address concerns and enhance its services.

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