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Financial Inclusion and Rural Entrepreneurship: Demand-Side Review of Central Bank of Nigeria Programmes for Small and Medium-Sized Enterprises

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Abstract

Entrepreneurship in Nigeria has long been practiced as small businesses in subsistence mode due to the lack of adequate essential factors of production required for its practice compared to counterparts in developed countries. Lack of access to conventional financial institutions and services has also slowed the growth of entrepreneurship in the country. This study reviewed the Central Bank of Nigeria’s (CBN’s) programmes to increase the financial inclusion of rural business dwellers who are yet to be properly banked. The research used a qualitative methodology to explain CBN programmes aimed at improving entrepreneurs' financial inclusion and identified opportunities and challenges. The study concludes that rural entrepreneurs lack access to financial literacy and banking services because banks prefer urban locations for patronage, security, and high stakeholder returns. As a result, rural entrepreneurs are saving profits in their homes or farms, increasing the unbanked and underbanked population. The study recommends rural residents be educated on financial literacy, banking, and cashless transactions to help the CBN's financial inclusion policy succeed. Due to the harsh terrain of rural regions, the Nigerian government must urgently improve infrastructure (markets, roads, internet access, electricity, etc.) in rural areas.

Keywords: Financial access, Financial exclusion, Poverty, Rural entrepreneurship, Strategy and Sustainability

1- Introduction

Financial exclusion is a significant socioeconomic issue in several emerging economies, including Nigeria. In terms of policy, financial inclusion (FI) has continued to acquire prominence in many emerging countries as well as at the international level (IMF, 2018; (Li, Wang, Liao, & Wang, 2022); (Zetzsche, Birdthistle, Arner, & Buckley, 2020). Among all types of businesses, micro- and small businesses, as well as informal businesses in rural areas, face the greatest funding constraints. Due to a lack of access to funding and financial inclusion, many small firms in Nigeria are unable to reach the growth stage of their lifecycle, according to several researchers. Despite financial inclusion having been recognized by some scholars (Beck, 2020); (Onaolapo & Odetayo, 2012); (Li, Wang, Liao, & Wang, 2022); (Mago & Chitokwindo, 2014); (Gupta & Singh, 2013) as one of the approaches to the growth of small and medium-sized enterprises (SMEs) worldwide. Likewise, the United Nation (UN) 2030 Agenda for Sustainable Development recognises the crucial role of financial inclusion in achieving sustainability and the Sustainable Development Goals (SDGs) and reducing inequality (SDG10) (Klapper, El-Zoghbi., & Hess., 2016).

Financial inclusion became popular in the early 2000s after a study showed that not having access to money was a direct cause of poverty (Babajide, Adegboye, & Omankhanlen, 2015); (Beck, 2020). According to (Babajide, Adegboye, & Omankhanlen, 2015), the beneficial effects of financial inclusion (FI) on economic growth are most pronounced in developed countries such as the United States, the United Kingdom, Germany, China, and Japan, where the financial inclusion rate is extremely high, as opposed to developing countries such as Nigeria, where the financial inclusion (FI) rate is extremely low (Nkwede, 2015).

In Nigeria, the Central Bank of Nigeria is leading the endeavour to promote financial inclusion on a national scale. This is mostly attributable to rural residents. The impoverished, women, less educated adults, and elderly people especially face problems with financial inclusion. The CBN policy acknowledges microfinance's significance in providing services to entrepreneurs and small businesses in the rural areas who have historically been excluded from or underserved by conventional financial institutions. It is commendable that the Central Bank of Nigeria (CBN) and other stakeholders are currently implementing the country's revised National Financial Inclusion Strategy (NFIS) 2018, which is centred on four strategic areas: agency banking, mobile banking/mobile payments, linkage models, and client empowerment. This strategic effort outlined objectives for financial inclusion products, channels, and enablers. The goal of financial inclusion is to give all entrepreneurs and business owners in rural and urban areas of the country access to a wide range of affordable financial products that are tailored to their needs.

Banks, other financial institutions, insurers, regulators, technology/ telecommunications businesses, political agencies, and development partners/experts are all involved in improving the country's financial inclusion. It is observed that more than half of the world's economically disadvantaged people, notably adults, do not have bank accounts, and this thus leaves them open to exploitation and theft, and this leads to heavy losses (Bank, 2018). This situation is equally prevalent in Nigeria, though the government has been intervening with policies and programmes through the Central Bank of Nigeria (CBN).

As such, this paper's objective is to undertake a review of CBN programmes deployed towards financial inclusion and provide suggestions for better financial inclusion strategies for MSMEs in Nigeria. A qualitative research method was used in the paper to answer these and many other important questions.

2- Definition and Concept of Financial Inclusion

The (Bank, 2018) defines financial inclusion (FI) as the process through which all families and businesses, regardless of income level, have access to and can successfully utilize the relevant financial services, they require in order to enhance their lives. Financial inclusion (FI) is described as the process of acquiring access to and using a diverse array of accessible and affordable financial products and services (Nwanko & Nwanko, 2014). All attempts to make formal financial services accessible, inexpensive, and available to all parts of the population, wherever they live, are referred to as financial inclusion. The common initiative of inclusive finance is the provision of access to and management of diverse, accessible, and reasonably priced financial products. FI is a crucial financial literacy programme that helps communities to increase their capacity to utilise any sort of financial service offered by official financial institutions, hence affecting citizens' living standards and economic fundamentals, which are significant markers of financial inclusion (Terzi, 2015). Access to financial services is a crucial element of economic development. (Gabor & Brooks, 2017) Governments, development partners, and service providers have all pointed to the spread of digital financial services as a good step toward financial inclusion.

Financial inclusion is the provision of sustainable, relevant, cost-effective, and meaningful financial services to economically disadvantaged individuals, especially rural residents. Financial services enable customers to save more of their income (which they may invest in themselves and their families), leverage money for investments, and increase the number of entrepreneurs. According to the 2018 version of the National Financial Inclusion Strategy, "financial inclusion is achieved when adult Nigerians have easy access to a wide range of formal financial services that meet their needs at reasonable prices." Services consist of, among others, payments, savings, loans, insurance, pensions, and capital market products. The definitions imply that:

i. The requirements for financial products should be basic enough to make them accessible to all demographic groups.

ii. Services, including but not limited to payments, savings, credit, insurance, pension, and collective investment products, should be sufficiently varied to provide for access, choice, and utilisation.

iii. Financial solutions should be tailored to satisfy the demands of customers while taking into consideration their income levels and vicinity.

Globally, financial inclusion is defined as the availability, value, and accessibility of financial services to the underserved and financially excluded, as defined by the United Nations Development Programme as an inclusive financial system that serves all clients, including the poor and low-income, by reaching out to them and providing affordable, customised financial services. Financial inclusion is also described as a condition in which all individuals who can utilise financial services have access to a variety of high-quality, inexpensive, and user-friendly financial services that treat consumers with respect. Financial inclusion refers to people and enterprises that have access to and successfully employ relevant financial services. These services must be provided ethically and sustainably under a strict regulatory framework. According to the Reserve Bank of India, financial inclusion is the process of mainstream institutional actors providing vulnerable groups, such as weaker parts and low-income groups, with relevant financial goods and services at an accessible cost and in a fair and transparent way. Financial inclusion is essential due to its influence on the means of subsistence.

Therefore, financial inclusion is the timely delivery of financial services to underserved groups of society. Financial inclusion guarantees that consumers have access to a variety of formal financial services, from simple credit and savings to more

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complicated items like insurance and pensions. For financial inclusion, access to four essential services is required. Monetary services, savings, credit, and insurance are included. Financial inclusion also guarantees that consumers have access to a selection of competing suppliers of financial services. This suggests that the term "financial exclusion' relates to the inability of the disadvantaged to obtain financial services. Financial exclusion, on the contrary, refers to a process in which people experience difficulties in obtaining and/or utilising mainstream financial services and products that meet their requirements and allow them to have a regular social life in their community. Financial inclusion has five fundamental characteristics. These include the following:

i. access to a comprehensive range of financial services, including credit, savings, insurance, and payments; ii. services must be convenient, affordable, suitable, and delivered with dignity and respect for the individual.
ii. financial services are expected to be available to everyone who qualifies for them, including excluded and underserved populations, with a particular emphasis on rural areas, people with disabilities, ethnic minorities, and other frequently excluded groups.
iii. in a diverse and competitive market comprised of a diverse array of financial service providers, backed by a strong financial infrastructure and a well-defined regulatory framework; and
iv. client financial literacy and ability to promote the most effective use of financial services.

3- Definition and Concept of Micro, Small, and Medium Enterprises

The idea of MSMEs differs in significance from nation to nation. The European Union (EU), for example, defines a small business as one with fewer than fifty employees and a balance sheet and revenue of no more than ten million euros. A medium-sized business has fewer than 250 employees, less than fifty million euros in revenue, and a balance sheet of less than forty-three million euros. The value of assets refers to a company's balance sheet, which represents its total wealth, while turnover or sales simply refers to annual sales volumes minus discounts in a certain accounting period. Small-scale industries in the United Kingdom are those with annual revenues of two million pounds or less and fewer than 200 salaried employees, with no mention of capital investment. The Small Business Administration (SBA) Size Standard Office defines a small business in the United States as a company with less than 500 employees.

In Indonesia, microenterprises consist of household industries with three or fewer employees (including unpaid labourers), small enterprises with five to nine employees and net assets of two hundred million Indonesian Rupiah (IDR), and medium enterprises with twenty to ninety-nine employees and net assets of between five hundred million and ten billion IDR. In Kenya, a firm with 5 to 50 people is considered small, and one with 50 to 200 employees is considered medium-sized. Vietnam defines MSMEs as having between 10 and 300 employees, whereas Egypt defines them as having between 5 and 50 people. The World Bank classifies MSMEs as businesses with little more than 300 employees, $15 million in annual sales, and $15 million in assets.

The National Policy on MSMEs defines MSMEs (which account for 90% of Nigerian businesses) from the twin perspectives of employment and assets, based on a comprehensive review of current national peculiarities (excluding land and buildings). This rule defines a microbusiness as an entity with fewer than ten workers and assets valued at less than five million Naira. In addition, while a small business employs 10 to 49 people and has assets worth between 5 and 50 million Naira, a medium-sized business employs 50 to 199 people and has assets worth between 50 and 500 million Naira.

Since rising inflationary pressures render the employment-based criterion more stable than the asset-based definition, if there is a conflict between the two, the employment-based definition takes precedence. Scholars ((Culkin & Smith, 2000); (McVay & Miehlbradt, 2002); (Okeyo, Gathungu, & K'Obonyo, 2014) revealed that small enterprises account for 47 percent of sales and 15 percent of the private sector's gross domestic product. In addition, they argued that the SME sector is the largest in any global economy. Due to several non-financial factors such as lack of education, inadequate technical skills, geographical distance from financial centres, unaffordability and poor access to financial markets, lack of information and collateral, poor or nonexistent credit history, unreliable infrastructure, and other non-price barriers, MSMEs typically face significant barriers to accessing credit and other financial services.

4- Benefits of Financial Inclusion to Entrepreneurs

According to (Ene & Inemesit, 2015), the core of financial inclusion is attempting to guarantee that a variety of relevant financial services are accessible to all individuals, as well as allowing people to understand and utilize such services. The provision of economical and reasonable financial services therefore enables owners of small businesses, particularly rural dwellers, to earn an independent income and contribute financially to their households and communities. This gives businesses access to a good standard of living, thereby reducing the degree of poverty in the nation. A functional and inclusive financial system is associated with the following:

i. faster and fair growth
ii. Access to savings accounts or simple informal savings technology is more likely to enhance consumption, productivity, and income, boost investment in preventative health, and decrease susceptibility to sickness and other unanticipated occurrences.
iii. expanding access to microcredit improves investment and entrepreneurship for families with established companies.

5- Challenges of Financial Inclusion of Rural Entrepreneurs in Nigeria

In developing nations such as Nigeria, financial exclusion among rural businesses continues largely due to the following:

i. Price barriers: neither providing nor using financial services is free for the service provider or the service consumer. Establishing branches in remote locations is often not beneficial owing to high costs and limited business. It has also been found that the rural poor are hesitant to employ these services owing to their expensive price. For instance, minimum balance restrictions in savings accounts, fixed costs on credit cards and debit cards, and loan processing fees deter patronage.

ii. Non-price barriers: Access to official financial sources needs verification of identification, postal address, and income, among other things. Typically, rural residents lack the majority of essential documentation and are thus barred from financial services. Access to banking and other financial services is impeded by administrative delays, distance, and expense for more than half of the world's population, especially those living in rural areas.

Financial Exclusion

According to the literature, financial exclusion is a process in which individuals have trouble obtaining and/or using financial services and goods on the mainstream market that meet their requirements and enable them to have a regular social life in their community. There is also widespread recognition that financial exclusion is a component of a much larger social exclusion, faced by some people, especially in rural regions, who lack access to quality essential services such as work, housing, education, and health care (Kempson & Finney, 2007).

The Central Bank of Nigeria (CBN) has identified six categories of financial exclusion, including:

i. Physical access exclusion: This is caused by the closure of local banks or building societies and the absence of dependable transportation to reach alternatives.

ii. Access exclusion: This sort of access restriction is based on risk assessment, with individuals denied a product or service because they are deemed to pose a high risk.

iii. Condition exclusion: This is when conditions are added to items or services, rendering them unavailable to certain individuals.

iv. Price exclusion: This happens when a thing is accessible but at an unaffordable price.

v. marketing exclusion: This happens when sales and marketing activities are focused on a certain group or region at the cost of others.

vi. Self-exclusion: This happens when a person does not seek out financial goods and services due to factors such as fear of failure, fear of temptation, or lack of knowledge.

The CBN Financial Inclusion Programmes in Nigeria

Financial inclusion is a crucial catalyst and initiative for achieving economic development via poverty reduction, job creation, wealth generation, and general welfare and quality of life enhancement. The initiative intends to considerably lower the 53.0 percent of Nigerians declared ineligible for financial services in 2008. (EFInA, 2013). The delivery methods for this financial inclusion are intended to increase the number of money deposit banks, microfinance bank branches, automated teller machine (ATM) sites, point-of-sale (POS) locations, and mobile banking agents (CBN, 2021). The CBN's financial outreach objective is based on comparisons with other countries and the Nigerian

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economy's unique characteristics. The objective may be summed up in three core activities: advocacy, banking facilitation, and financing of MSMEs. The Central Bank of Nigeria (CBN) has made a deliberate effort to achieve its goal by using strategic tools such as:Agent Banking

- Tiered Know-Your-Customer Requirements
- Financial Literacy
- Consumer Protection
- Linkage Banking
- Implementation of the MSME Development Fund
- Credit Enhancement Programmes such as;

  a. Agricultural Credit Guarantee Scheme (ACGS)
  b. Commercial Agricultural Credit Scheme (CACS)
  c. Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL)
  d. Refinancing and Rediscounting Facilities for SMEs
  e. Small and Medium Enterprise Credit Guarantee Scheme
  f. Entrepreneurship Development Centres

6- Opportunities and Challenges for MSME

According to (Pallavi & Bharti, 2013), the following are the principal reasons of rural entrepreneurs' financial marginalisation and their greatest challenges:

Providing and using financial services is not free for either the provider or the customer. Establishing branches in remote areas is often unprofitable for service providers due to high costs and poor business volume. It has been found, however, that the rural poor are unwilling to utilise these services owing to the high expenses connected with them, such as minimum balance requirements for savings accounts, fixed rates for credit and debit cards, and loan processing fees.

Access to official financial sources requires, among other things, validation of a person's identity, mailing address, and income. Frequently, the absence of these documents prevents the poor from gaining access to financial services. In addition, according to the World Bank (2012), more than half of the world's poor lack bank accounts, leaving them vulnerable to resource loss, theft, and exploitation. (Kempson, Alkinson, & Pilley, 2004) agreed that many Africans with bank accounts do not use them, adding that "access to financial services is important, but the most inclusive financial system is one in which financial services are both properly utilised and adequately accessible."

Despite the hurdles, these commendable attempts at financial inclusion provide opportunity in a variety of ways. First, the increasing advocacy in the form of campaigns and educational programmes delivered by different financial literacy platforms has opened a window of information for those who lacked prior knowledge or comprehension of fundamental financial education. This is good not only because it opens up more options, but also because it saves money and has its own benefits.

The agent banking arrangement offered by several players is the missing value chain. This has served to empower young populations as well as providing avenues for constructive wealth development and youth participation in the nation by generating an immense amount of employment and revenue. In addition, the number of unbanked and under-banked Nigerians inside the financial sector has grown due to the adoption of Tierred Know-Your-Customer Conditions, which require fewer requirements for bank account creation, and other consumer protection activities.

Thus, the various financing programmes provide businesses with a financial bouquet from which to choose. Existing and aspiring entrepreneurs, consequently, have no justification to complain about a lack of financing opportunities for their legitimate company ideas. The greatest remaining issue on the advocacy, banking, and finance fronts is for the players involved in the implementation of these programmes to closely adhere to the terms of the policy, while the beneficiaries must stay committed to the scheme's objective and tenets. This is necessary for the programmes to continue and be able to serve a larger number of beneficiaries in the foreseeable future. Infrastructure problems must also be fixed for the financial inclusion agenda's programmes to reach the people they are meant for.

Recognizing that the majority of Nigerians reside in rural regions, infrastructure bottlenecks related to roads, telecommunications, etc. must be improved to assist the fulfilment of the planned objectives. In addition, a greater emphasis must be placed on combating the rising frequency of cybercrime and similar activities. There is a need to provide the required trust in the plans, and in order to do so, any factors that are likely to work against the scheme must be eliminated.

7- The Future of Financial Inclusiveness for Rural Entrepreneurs

In recent years, the number of different forms of remote access to financial services outside of bank branches has increased dramatically, and this trend is projected to expand exponentially in the future. To sustain financial inclusion in rural areas of Nigeria, a variety of channels must be used, such as mobile phones, automated teller machines (ATMs), point-of-sale (PoS) devices, agent banking, and other more reliable and user-friendly technologies.

Mobile banking payments are controlled by the financial sector and made via a mobile device, such as a smartphone. It applies to payment transactions in which the mobile phone is crucial in initiating, approving, and/or completing the transactions. With the licencing of numerous Fintech companies in Nigeria, such as Opay, Kongapay, Interswitch, Paga, Renmoney, CreditDirect, Verto, Paystack, and Flutterwave, personal finance, lending, remittances, payment processing, digital wallets, and agricultural crowd funding are all streamlined via QR codes and direct online transfers.

An ATM, also known as an automated banking machine, is a kind of electronic telecommunications equipment that allows customers of financial institutions to conduct financial transactions without the assistance of a human cashier. In addition to receiving funds in the future, it will also be possible to cover overdrafts and cash deposits. The introduction of short messaging service (SMS) as a replacement for tokens that were previously used solely for one-time passwords would also enhance Internet banking use (OTP).

Point-of-sale (PoS) devices are positioned at areas where goods and services are offered and are an important focus for marketers, since consumers often decide to buy high-margin products or services at these locations. The use of PoS as a means of maintaining financial inclusion among rural residents is reason for concern, considering the lack of internet literacy among rural residents. This is because the point-of-sale system has been analysed on both macro and micro levels; on a macro level, a point-of-sale system may be a shopping mall, a market, or a city. Businesses describe a point of sale as the location directly next to the cash register where customers pay.

Agent banking is the process through which a financial institution (bank) or mobile network provider contracts a retail banking platform or post office to conduct consumer transactions. Instead of a branch teller, the owner or an employee of the retail store performs the financial transaction, enabling consumers to deposit, withdraw, pay bills, inquire about their account balance, transfer funds, and receive government benefits or direct deposit from their employer. Agent banking and mobile payments are expanding rapidly and having a significant impact on the economy and lifestyles of residents, especially rural settlers, in emerging countries. In addition to cost advantages, these new service delivery channels encourage users to employ financial services more often since the venues are familiar and handy. The adoption of agent banking as a strategy for promoting sustained financial inclusion in rural regions would aid in exposing disadvantaged individuals to a straightforward manner of accessing funds.

Theoretical review

According to (Okoye, Adetiloye, Erin, & Modebe, 2017), the relationship between finance and real activity dates back to Smith's 1776 argument that the financial sector's activities drive real economic growth by facilitating increased production and specialisation via the financial system's enhanced credit resource acquisition. In addition, (Okoye, Adetiloye, Erin, & Modebe, 2017), highlighted that Schumpeter said in 1912 that the financial sector encourages technical innovation (a precondition for productivity development) via the effective accumulation, mobilisation, and allocation of resources. In other words, the financial sector is essential for entrepreneurs to effectively engage in technological innovation since the transformation of creative thought into actual production requires expenditures that entrepreneurs may be unable to meet (Homaid, Minai, & Al-Ansi, 2018). Despite the evaluation of several ideas, the Finance Growth Theory (FGT) serves as the theoretical foundation for this inquiry. (Bagehot, 1873) introduced the finance-led growth theory, which states that financial intermediaries create a suitable environment for economic expansion and sustainability via their leading impact on supply and demand. It is hypothesised that effective financial institutions simply react to and influence the expansion of SMEs via small firm value creation and the mobilisation of local money, both of which tend to boost productive investments in local businesses. This is because increased savings equates to increased wealth for financial institutions, which can be used to create credit; and as more entrepreneurs gain access to financial products such as access to financial institutions, access to credit, a trusted payment system, a financial adviser, and insurance, transaction costs and risks are reduced, and exchange is handled effectively. In addition, the paradigm posits that a lack of access to financial commodities contributes to a rising income gap, which hinders economic progress and prosperity. Thus, access to a safe, accessible, and affordable source of financial services is

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acknowledged as an essential factor for encouraging the growth of (Babajide, Adegboye, & Omankhanlen, 2015);.

8- Discussion of findings

Despite the recent development and strengthening of the financial sector by the Central Bank of Nigeria, many rural people and small companies lack access to formal financial services. The research of this condition and the use of (and access to) financial services by people and enterprises reveals that Nigeria lags behind other developing economies in extending its reach to rural sections of the country. Cost, distance, and documentation requirements such as Know Your Customer information, National Identification Numbers, and proof of residence may be among the obstacles. Mobile banking systems are not adequate, and infrastructure, expertise in technology, and a lack of people may also be problems.

Nonetheless, the financing gap for small and medium-sized enterprises (SMEs) is substantial, so attempts to improve the competitiveness of financial systems, financial inclusion, information, and regulatory environments must be enhanced. The most prominent example is the recent success of mobile money in East Africa, which demonstrates that innovations such as mobile money have the potential to significantly alter how people and companies in rural regions engage in financial transactions and increase accessibility. For Nigeria, the CBN may conduct nationwide demand-side surveys to determine the country's financial exclusions. This is due to the fact that depending on supply-side data collectors may not be sufficient since they do not capture consumption, demand, and quality information. Even though it is impossible to know the exact size of the gap between supply and demand for financial services in Nigeria's rural areas, observations and reports show that rural people are the least likely to have bank accounts.

CBN and other officials may choose to undertake baseline and follow-up assessments and, if feasible, randomise the distribution of the incentive or product in order to analyse the effectiveness of their financial inclusion programmes. This would allow for an accurate evaluation and, if required, adjustment of the treatments.

9- Conclusion and Recommendations

The findings of the review complement previous research that highlighted financial inclusion as one of the solutions to the growth and development of small and medium enterprises (Beck, 2020); Garang, 2014, Godwin, 2011; Ibeachu, 2010; (Natile, 2020);

(Onaolapo & Odetayo, 2012); (Pallavi & Bharti, 2013); Stephen & Sibert, 2014; (Olubiyi, Adeoye, Jubril, Adeyemi, & Eyanuku, 2023), (Olubiyi, T. O.; Egwakhe, J.; Akinlabi, B. H., 2019), (Olubiyi, T. O.; Egwakhe, A. J.; Egwuonwu, T. K., 2019), (Olubiyi, O.T.; Lawal, A, T.; Adeoye, O.O., 2022). (Olubiyi, T. O., 2019), (Olubiyi, Lawal, & Adeoye, 2022), (Olubiyi, T.O., 2022a), (Olubiyi, T.O., 2022b) (Olubiyi, T.O.; Jubril, B.; Sojinu, O.S.; Ngari, R., 2022), (Ukabi, Uba, Ewum, & Olubiyi, 2023). Despite the efforts made by the government, a considerable section of the adult population and businesses in the rural areas remain excluded from access to cheap financial products. This is owing to a lack of awareness of the financial services available and the advantages associated with them. Rural enterprises and entrepreneurs lack financial knowledge and banking services, as banks prioritize patronage, security, and high stakeholder returns in metropolitan areas. As a consequence, rural businesses are reinvesting earnings in their houses and farms, thus increasing the unbanked and underbanked population.

Hence, rural education is critical for establishing financial literacy, banking, and cashless transactions in distant regions, since it contributes to the achievement of the CBN's financial inclusion program. Additionally, payment digitization should be pushed throughout the nation, including increased ICT/E-banking capabilities and a consumer protection framework. Furthermore, due to the difficult topography of rural regions, there is an urgent need for government at all levels to develop infrastructure amenities (markets, roads, internet access, and power, among others) in rural communities. This enhancement will draw people and economic activity to rural regions, which would benefit financial inclusion operations in rural areas by pooling more credit into their folds, hence increasing credit accessibility for rural businesses. Moreover, the government should further develop policies to expand financial services to rural residents who are financially excluded, which will ultimately aid in the growth of SMEs. Because financial inclusion can ensure simpler access to financial services by empowering underprivileged and vulnerable segments of society to participate actively in development and protect themselves from socioeconomic shocks. Due to the difficult terrain in rural areas, the Nigerian government needs to improve infrastructure (markets, roads, internet access, electricity, etc.) as soon as possible.

10- Limitations and future directions

It was acknowledged that the conclusions of this article were qualitative, and the major emphasis was a review of the Central Bank of Nigeria's (CBN) efforts to enhance financial inclusion of rural business operators who are yet to be adequately banked. The lack of objective data was a limitation in this study. Nonetheless, the limitations of this paper might be identified as research gaps for future studies, and more research is recommended to assess the effect of rural businesses' financial exclusion on the Nigerian economy. Future research can also focus on how women entrepreneurs might benefit from the expansion of financial services, as well as the impact of financial inclusion programmes on rural entrepreneurs in Nigeria. A longitudinal study could also be done to see how the Central Bank of Nigeria's (CBN) efforts have affected the ability of rural businesses to get loans.

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