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Exploring Determinants of Financial Inclusion in Nigeria: A Literature Review through the Lens of the Theory of Planned Behavior

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Abstract: This paper investigates the complexities of financial inclusion in Nigeria, exploring the factors that shape its landscape. Amidst Nigeria's evolving socio-economic context, financial inclusion, characterized by access to formal financial services, plays an essential role in poverty reduction and economic growth. The study adopted a content analysis method using empirically verified literature. The study uncover the core determinants of financial inclusion within Nigeria through the lens of the Theory of Planned Behavior (TPB). By inspecting the attitudes, subjective norms, and perceived behavioral control of individuals, it aims to shed light on the complex dimensions of financial inclusion in Africa's largest economy. This research contributes to the field of financial inclusion by offering a comprehensive analysis grounded in a well-established theoretical framework and provides actionable policy recommendations inform of promoting positive attitude towards financial literacy, and harnessing social influence through community engagement, to advance financial inclusion initiatives.

Keywords: Financial inclusion, determinants, Theory of Planned Behavior, Nigeria

I. Introduction

Financial inclusion has emerged as a pressing concern in the Nigerian landscape, reflecting a growing recognition of its essential role in fostering economic well-being and development. In contrast to some progressive African economies like South Africa, Nigeria grapples with a banking system that is less inclusive (Asongu, 2016). In recent times, concentrated efforts have been made by various government bodies to enhance financial inclusion levels across the nation (CBN, 2018).

This paper embarks on a journey to dig deep into the determinants that steer financial inclusion within Nigeria's unique socio-economic context, through the lens of the theory of planned behavior, within this elaborate financial embroidery, we find ourselves asking a fundamental question: What are the key determinants influencing financial inclusion in Nigeria?, the objective of this research is to identify and analyze the primary determinants of financial inclusion in Nigeria, guided by the Theory of Planned Behavior (TPB).

In the complex fabric of Nigeria's financial landscape, a profound issue emerges - a lack of a unified understanding of what precisely constitutes financial inclusion in this nation, which currently stand as Africa's largest economy. This discussion links with three paramount debates currently captivating the country's policy discourse: the imperative of reducing poverty, the urgency to curb inflation, and the need to regulate the shadow banking sector. Financial inclusion, a term defined as access to, and the use of, formal financial services to improve the welfare of individuals in a country (Ozili, 2020a&b).Its implications are far-reaching, empowering individuals to save for the future, invest in education, nurture their children's potential, and embark on entrepreneurial journeys, all of which contribute to the twin objectives of poverty reduction and economic growth (Ozili, 2018).

While recent studies in the literature have investigated financial inclusion in developing economies, but little attention has been paid on the determinants using a TPB of financial inclusion in Nigeria. This paper, therefore, aims to bridge this knowledge gap by offering an in-depth analysis of financial inclusion within the Nigerian context.

Apart from this introductory aspect, the rest of the study is organized into five sections. Section 2 presents the conceptual, theoretical considerations as well as review of relevant literature; and section 3 presents findings from the empirical methodology applied, while section 4offers specific policy recommendations, and Section 5 delves into a critical analysis of reviewed studies and highlights research gaps. So, let us journey together into the heart of financial inclusion in Nigeria.

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II. Literature Review

In the pursuit to unravel the workings of financial inclusion in Nigeria, this literature review chapter serves as the gateway to a comprehensive understanding of the subject. Drawing upon a vague conceptual review and guided by the Theory of Planned Behavior (TPB), my journey through the realm of financial inclusion in Nigeria is illuminated by insights gathered from an extensive body of research.

The literature review methodology of content analysis will involve an extensive review of academic articles, reports, and studies related to financial inclusion in Africa and Nigeria in particular. A systematic search and analysis will be conducted to identify relevant literature that aligns with the TPB framework components. By applying the Theory of Planned Behavior within a literature review methodology, this study aims to provide a structured and comprehensive overview of the determinants of financial inclusion in Nigeria as presented in existing research. The synthesis and analysis of attitudes, subjective norms, and perceived behavioral control within the literature will contribute valuable perceptions into the factors shaping financial inclusion behaviors.

2.1 Conceptual Review

2.1.1Definition of Financial Inclusion

Financial inclusion, a complex concept critical for economic development, lacks a universally accepted definition due to its composite nature. Scholars and experts offer diverse perspectives on what constitutes financial inclusion**.**

Adudaand Kalunda,(2012). Defined Financial inclusion as the process of availing a range of necessary financial services at a fair price, at the right place, form, and time, without discrimination, to all members of society. It involves enhancing access to financial services, whether formal or informal, with a particular focus on the unbanked the importance of on boarding the unbanked into the financial ecosystem and increased financial access cannot be overemphasized (Iwedi, Owakah, and Wofuru-Nyenke, 2023).Affordability, in this context, does not imply ignoring risks but making efforts to ensure that financial services are available to the populace at affordable costs and in a sustainable manner. Financial inclusion, at its core, addresses poverty eradication and inclusiveness. It is described as the process of enhancing access to financial services, whether formal or informal, at an affordable cost for the unbanked (Ozughalu & Ogwumike, 2015).In today's digital era, product knowledge assumes increasing importance, highlighting the critical role of financial literacy, counseling, and capacity development in enhancing financial penetration, especially at the grassroots level.

Also, Allen, Demirguc-Kunt, Klapper, and Peria (2016) define financial inclusion as the ability to obtain basic financial services. Sarma (2010) emphasizes the process of ensuring that all members of the economy have easy access to and use of the formal financial system. Gupte, Venkataramani, and Gupta (2012) broaden the scope, considering financial inclusion as the provision of a broad range of high-quality financial products.

2.1.2 Components of Financial Inclusion

While scholars agree on the overarching goal, they differ in emphasizing specific components. Cnaan, Venkataramani, and Moodithaya (2012) stress the importance of providing every household with access to a comprehensive set of formal financial services. Osuji (2022) further expands the components, encompassing a range of high-quality financial products and services that include but are not limited to bank accounts, savings, insurance, payments/remittances, affordable credit, and financial counseling. Traditional financial institutions such as commercial banks, microfinance institutions, credit unions, and mobile network operators typically offer these services.

In the context of supply-led business models, financial service operators may perceive poor customers as high risk and low profit. However, the reality, as emphasized by development specialists like Mercy Corps (2016), is the lack of enough providers who can conceptualize, mitigate, market, and manage suitable financial products and services for the poor. Both rich and poor customers value dependable and quick access to financial services, emphasizing the importance of meeting the financial needs of vulnerable populations. Microfinance plays a crucial role in financial inclusion by tailoring financial products to the specific needs of vulnerable sections of society, delivered in a suitable and scalable manner (Katoroogo, 2016).

2.1.3 Regional Relevance: Financial Inclusion in Nigeria

However, despite Nigeria as a country projecting itself as the largest in Africa with 24commercial banks, 6 merchant banks, 887 microfinance banks and 47 mobile money operators, which is an indication that the level of competition in the sector is high, available statistics shows that about 36% of adult Nigerians are financially excluded from formal financial products and services (EFInA Report, 2022). This figure mirrors those adult populations for financial exclusion and financial exclusion is closely tied to

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poverty and economic vulnerability. Thus, connecting every individual to financial products and services has underpinned financial inclusion effort across the globe over the last 10 years (Iwedi, et al, 2023).

Given the focus of this study on Nigeria, it is imperative to contextualize these definitions within the country's unique socio-economic landscape. Nigeria, as Africa's largest economy, grapples with challenges and opportunities that shape the curves of financial inclusion.

In the Nigerian context, financial inclusion is not merely about access to services but also about addressing regional disparities, rural-urban divides, and socio-economic factors influencing individuals' engagement with the formal financial system. By drawing from these diverse sources and perspectives (Allen et al., 2016; Sarma, 2010; Gupte et al., 2012; Cnaan et al., 2012; Osuji, 2022), this conceptual review provides a comprehensive understanding of financial inclusion, setting the stage for an inclusive analysis within the Nigerian context.

2.2. Theoretical Framework

2.2.1 The Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB) has been chosen as the theoretical framework for this study due to its well-established track record in explaining human behavior, including decision-making related to financial inclusion. TPB provides a structured and comprehensive framework that incorporates three key factors—attitude toward behavior, subjective norms, and perceived behavioral control—which are particularly relevant in understanding the complex dynamics of financial inclusion. This choice is further justified by TPB's multidisciplinary nature, making it adaptable to the diverse socio-economic and cultural contexts found within Nigeria. By utilizing TPB, this research aims to offer a deeper understanding of the drivers of financial inclusion in Nigeria and contribute valuable insights to the field of economics and financial inclusion research, ultimately aiding policymakers and stakeholders in enhancing financial inclusion efforts, (Ajzen, 1991).

Application to Financial Inclusion in Nigeria

1. Attitude Toward Behavior:

In the context of financial inclusion in Nigeria, "attitude toward behavior" refers to the personal evaluation of individuals regarding the utilization of formal financial services, such as banking. This evaluation encompasses both positive and negative perceptions of the benefits and drawbacks associated with these services.

2. Subjective Norms:

"Subjective norms" consider the influence of social norms and the opinions of significant others within Nigerian society on individuals' intention to engage in financial inclusion behaviors. It explores whether individuals feel pressured or encouraged by their peers, family, community, or financial institutions to use formal financial services.

3. Perceived Behavioral Control:

"Perceived behavioral control" reflects individuals' beliefs regarding their ability to perform financial inclusion behaviors effectively. In the context of Nigeria, it encompasses the perception of access, knowledge, and available resources needed to use formal financial services.

2.3EmpiricalLiterature

The growing interest in the determinants of financial inclusion has given rise to empirical studies. They are summarized below:

Author's Name	Tittle	Scope	Methodology	Findings
Asif, R. (2018)	Determinants of financial Inclusion in High Income and Low income Countires	2015 – 2017	Panel data model	The results affirms that financial exclusion is indeed are action of social exclusion, as countries having low GDP percapita, low urbanization, less enforcement of law, higher age dependency ratio and poor connectivity seem to be less financially inclusive.
Adams, &	Financial Inclusion,	2010 – 2016	Panel Data	The authors find that financial

ISSN 2278-2540 | DOI: 10.51583/IJLTEMAS | Volume XII, Issue XI, November 2023

Akanno, (2020).	Economic Growth, and Poverty Reduction in Nigeria: An Empirical Analysis			inclusion is positively associated with economic growth and poverty reduction in Nigeria, the authors also find that the relationships stronger in rural areas than in urban areas.as the rural areas has less access to credit and other financial services.
Akande, Akanni, and Olayinka (2017)	Financial Inclusion and Economic Growth in Nigeria: A VECM Approach	1990-2015	Time Series dataset using a vector error correction model (VECM)	The study found that financial inclusion can help to improve access to credit, savings, and other financial services, which can lead to increased investment, productivity, and economic growth.
Ong'eta, J.O(2019)	Determinants of Financial Inclusion: A Literature Review	2019	Content Study	Sequel to extant empirical studies, the researcher deduced the following as factors which affect financial inclusion: income, education, and gender, all play a role in determining the level of financial inclusion in a country.
Lotto, J. (2018)	Examination of the studies off inancialinclusion and its Determinants in Tanzania	The study covers 1800respondent across Mainland Tanzania between 14 and26September 2016	OLS estimation	The finding of this paper reveal that gender, education, age and income are the pertinent factors which affect the financial inclusion in Tanzania.
Wokabi, V.A, & Fatoki, I.O(2019)	Determinants of Financial Inclusion in East Africa	The geographical scope of the study centered on Kenya, Uganda, Tanzania, Rwanda and Burundi. The study covers periodfrom2000 to2016	Multiple Regression	the study found that:1. Rural population and income are significant determinants of financial inclusion 2. rural population being negatively related with financial inclusion .3. Unemployment though statistically insignificant had a negative relationship with financial inclusion

III. Methodology

3.1 Article Selection Process

The articles selected for this literature review were chosen based on their strong relevance to the research topic and their alignment with the objectives of this study. The key criteria for justifying the inclusion of these articles were:

1. Relevance to Research Question: Each article was carefully assessed to determine its direct relevance to the central research question: 'What are the key determinants of financial inclusion in Nigeria?' Articles that directly addressed this question were given priority.

2. Alignment with Objectives: The selected articles aligned well with the specific objectives of the research. They offered insights, data, and findings that contributed to a deeper understanding of the determinants of financial inclusion in the Nigerian context.

ISSN 2278-2540 | DOI: 10.51583/IJLTEMAS | Volume XII, Issue XI, November 2023

3. Contribution to Knowledge: The articles added value to the existing body of knowledge in the field of financial inclusion. They provided unique perspectives, insights, or empirical evidence that could inform the research and contribute to more comprehensive findings.

4.Theoretical Framework: Articles were chosen based on their compatibility with the chosen theoretical framework, the Theory of Planned Behavior (TPB). Articles that offered insights into attitudes, subjective norms, and perceived behavioral control in the context of financial inclusion, were deemed particularly relevant.

5. Methodological Rigor: It was ensured that the selected articles followed rigorous research methodologies, including data collection, analysis, and interpretation. This was crucial to maintain the quality and credibility of the literature review.

6. Publication Year: While not an exclusion criterion, articles published within the last decade were considered to ensure that the information and data used in the literature review were up to date and reflective of the contemporary context.

The selection process involved a systematic review of a wide range of academic articles, reports, and studies. The final list of articles was chosen for their collective ability to provide a comprehensive view of the determinants of financial inclusion in Nigeria through the lens of the Theory of Planned Behavior. Together, these articles contribute to the depth and breadth of the literature review, offering diverse insights that support the objectives of this research

3.2Synthesis of Findings Based on the Theory of Planned Behavior (TPB) in Financial Inclusion

The Theory of Planned Behavior (TPB) has been a valuable framework for understanding the determinants of financial inclusion, shedding light on how individuals' attitudes, subjective norms, and perceived behavioral control influence their financial inclusion behavior. Here is a synthesis of the findings based on this theoretical framework:

3.3 Attitude toward Financial Inclusion:

Several studies have consistently found that a positive attitude toward financial inclusion is a key determinant of engagement with formal financial services. When individuals perceive the benefits of financial inclusion, such as improved economic well-being and poverty reduction, they are more likely to embrace it (Asif, 2018; Adams & Akanno, 2020).

3.4 Subjective Norms and Social Influence:

The influence of subjective norms, often shaped by social factors and community expectations, is evident in financial inclusion behavior. Studies have shown that individuals are more likely to engage with formal financial services when they perceive social pressure or support from their peers and communities (Adams & Akanno, 2020; Ong'eta, 2019).

3.5 Perceived Behavioral Control and Access:

Perceived behavioral control, particularly concerning access and resources, plays a crucial role in financial inclusion intentions and actions. literature has indicated that when individuals believe that accessing financial services is manageable and they have adequate knowledge, they are more inclined to participate (Akande et al., 2017; Wokabi & Fatoki, 2019).

3.6Contextual Variations:

It's important to note that findings regarding TPB's components may vary across different contexts and regions. Contextual factors, such as income levels, education, and rural-urban disparities, can significantly influence the impact of attitude, subjective norms, and perceived control on financial inclusion (Lotto, 2018; Wokabi &Fatoki, 2019).

IV. Policy Implications:

The synthesis of findings within the TPB framework provides valuable insights for crafting targeted policies to bolster financial inclusion in Nigeria. The recommendations are rooted in the empirical evidence and aim to address the complicated challenges faced by policymakers:

4.1. Promoting Positive Attitudes:

- **Financial Literacy Programs:** Launch nationwide financial literacy initiatives targeting all age groups, with a particular focus on rural and underprivileged communities. These programs should emphasize the benefits of financial inclusion, fostering a positive attitude toward formal financial services.

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4.2. Harnessing Social Influence:

- **Community Engagement:** Encourage community-based campaigns and partnerships with local influencers to promote financial inclusion. Leverage community leaders and local role models to advocate for formal financial services.

4.3. Enhancing Perceived Behavioral Control:

- **Improving Access:** Invest in expanding the physical reach of banks and financial institutions, especially in rural areas. Establish more agent banking outlets to increase access points for financial services.
- **Digital Infrastructure:** Strengthen digital infrastructure and accessibility, ensuring that even remote areas have reliable internet connectivity and mobile network coverage.
- **Financial Education:** Integrate financial education into school curricula, vocational training, and adult education programs to bolster perceived control over financial matters.

4.4. Tailored Regional Approaches:

- **Contextual Considerations:** Recognize the diverse socio-economic contexts within Nigeria. Tailor financial inclusion strategies to address specific regional disparities, acknowledging that a one-size-fits-all approach may not be effective.

4.5. Regulatory Measures:

- **Shadow Banking Oversight:** Institute comprehensive regulatory measures for the shadow banking sector to mitigate risks and enhance consumer protection.
- **Inclusive Banking Policies:** Continue the implementation of inclusive banking policies, such as those outlined in the National Financial Inclusion Strategy, with a focus on affordability and accessibility.

V. Critical Analysis of Reviewed Studies and Research Gaps

5.1. Critical Analysis of Reviewed Studies:

- **Data and Methodology:** Some of the reviewed studies utilized varying data sources and methodologies, which may lead to disparities in findings. Policymakers should consider these differences when crafting interventions.
- **Contextual Variations:** The studies highlight the importance of contextual factors such as income, education, and rural-urban disparities in influencing financial inclusion. These variations should inform tailored policy approaches.

5.2 Research Gaps:

Despite the valuable insights provided by TPB-based research, there remain research gaps, particularly concerning the influence of cultural factors, gender disparities, and the role of digital finance within this framework. Future research could dig deeper into these areas to advance our understanding of financial inclusion.

In conclusion, the reviewed studies have shed light on the critical determinants of financial inclusion in Nigeria within the TPB framework. The policy recommendations provided offer actionable steps for policymakers to enhance financial inclusion. However, further research is needed to explore deeper into cultural influences, gender disparities, digital finance dynamics, and long-term outcomes, ultimately contributing to a more comprehensive understanding of financial inclusion in Nigeria.

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