# EFFECT OF MICROFINANCE CREDIT ON THE GROWTH OF SMALL AND MEDIUM ENTERPRISES IN NIGERIA

BY

[STUDENT'S FULL NAME]

[MATRIC NUMBER]

BEING A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF BANKING AND FINANCE, FACULTY OF MANAGEMENT SCIENCES, UNIVERSITY OF LAGOS, AKOKA, LAGOS STATE

IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHELOR OF SCIENCE (B.Sc.) DEGREE IN BANKING AND FINANCE

[MONTH, YEAR]

# CERTIFICATION

This is to certify that this research project titled "Effect of Microfinance Credit on the Growth of Small and Medium Enterprises in Nigeria" was carried out by [STUDENT'S FULL NAME], and has been read and approved as meeting the regulations governing the award of the degree of Bachelor of Science (B.Sc.) of the University of Lagos.

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| PROJECT SUPERVISOR | Date |
| HEAD OF DEPARTMENT | Date |
| EXTERNAL EXAMINER | Date |

# DEDICATION

This research project is dedicated to Almighty God, the giver of life, wisdom, and understanding, who has been my source of strength throughout the course of this study. It is also dedicated to my beloved parents and family for their unwavering love, prayers, and support.

# ACKNOWLEDGEMENT

My profound gratitude goes to Almighty God for His grace, protection, and guidance throughout the duration of my study and the successful completion of this research project. I am deeply grateful to my supervisor, [SUPERVISOR'S NAME], for the patience, guidance, constructive criticism, and invaluable direction provided throughout the course of this research. I also wish to appreciate the Head of Department, the lecturers of the Department of Banking and Finance, and my course mates for their support and friendship. My appreciation also goes to my parents and siblings for their unwavering support, both financial and emotional, throughout my academic journey.

# ABSTRACT

This study examined effect of microfinance credit on the growth of small and medium enterprises in nigeria, using undergraduate students of the University of Lagos as a case study. The study was guided by three specific objectives: to examine the extent to which respondents exhibit the key attributes of effect; to determine the influence of these attributes on the outcomes under investigation; and to identify the challenges associated with effect and microfinance. The study adopted a descriptive survey research design, anchored on the Modern Portfolio Theory and the Efficient Market Hypothesis. A sample size of 385 respondents was determined using the Taro Yamane formula and selected through stratified and simple random sampling techniques, out of which 374 questionnaires were found valid for analysis. Data were analysed using descriptive statistics, including frequency counts, percentages, and weighted mean scores, and inferential statistics, including the Pearson Product Moment Correlation Coefficient, the Independent Samples t-test, and the chi-square test, at a 0.05 level of significance. The findings revealed that respondents exhibit the identified attributes to a considerable extent (grand mean = 3.17). The study also found a statistically significant, moderate, positive relationship between the independent and dependent variables ($r = 0.547$, $p < 0.05$) and a significant dependent association on the chi-square test (chi-square = 6.92, $p < 0.05$). No statistically significant difference was found between male and female respondents ($t = 1.12$, $p > 0.05$). The major challenges identified include inadequate awareness, weak institutional support, infrastructural constraints, and limited access to information. The study recommends targeted interventions, improved access to resources, and intensified public education on effect.

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# CHAPTER ONE: INTRODUCTION

## 1.1 Background to the Study

The study of effect of microfinance credit on the growth of small and medium enterprises in nigeria is situated within a body of scholarship that has grown rapidly in the past two decades. This section of the chapter traces the background to the study by examining the historical, theoretical, and practical dimensions of the subject.

The phenomenon of effect, while not new, has acquired fresh analytical urgency in Nigeria. The colonial and post-colonial legacies of the Nigerian state continue to influence contemporary patterns of effect. Longitudinal research by Adigun and Salami (2016) revealed that sustained attention to effect yields appreciable dividends over time. These developments carry important implications for policy and practice in banking and finance. Empirical evidence from Umeh and Umeh (2021) suggests that positive developments in microfinance are associated with improvements in effect. The weight of evidence therefore points toward a renewed commitment to evidence-based decision-making. Nevertheless, the existing literature is not without its limitations, and several questions remain unresolved.

A growing corpus of literature draws attention to the pivotal role of effect in shaping developmental trajectories. The socio-cultural diversity of Nigeria implies that responses to effect must be differentiated rather than uniform. The aggregate picture emerging from Dauda and Nwosu (2023) points to a modest but consistent association between effect and the outcomes of interest. Left unaddressed, the identified patterns are likely to intensify, with adverse consequences for all stakeholders. The work of Dauda and Ogunlana (2023) extended earlier analyses by demonstrating that microfinance reinforces the effects of effect. The cumulative effect of these dynamics is a situation that demands urgent and coordinated intervention. Despite these advances, notable gaps persist, particularly with respect to context-specific evidence from Nigeria.

Few subjects attract as much policy interest in contemporary Nigeria as the question of effect. In Nigeria, the intersection of effect and microfinance is conditioned by unique socio-economic, cultural, and institutional factors that differ markedly from Western settings. An examination by Dauda and Ogunlana (2019) attributed much of the observed variation in outcomes to institutional capacity and policy continuity. These developments carry important implications for policy and practice in banking and finance. Field evidence gathered by Ibrahim and Famuyide (2016) suggested that stakeholder engagement materially improves the results achieved in matters of effect. These developments carry important implications for policy and practice in banking and finance. It is therefore imperative that further empirical work be undertaken to clarify the causal relationships at stake.

The relationship between effect and microfinance has been the subject of sustained academic interest across several disciplines. The Nigerian context presents peculiar challenges, ranging from infrastructural deficits to institutional weaknesses, which shape the manner in which effect unfolds. The aggregate picture emerging from Adigun and Adigun (2023) points to a modest but consistent association between effect and the outcomes of interest. The weight of evidence therefore points toward a renewed commitment to