FINANCIAL INCLUSION AND QUALITY OF LIFE IN NIGERIA

*BASSEY OGBO EDONUGOM, **EDUNO EDEDET BASSEY

*DEPARTMENT OF ECONOMICS UNIVERSITY OF CALABAR, NIGERIA

**DEPARTMENT OF ECONOMICS, AKWA IBOM STATE UNIVERSITY, NIGERIA

ABSTRACT

Studies on financial inclusion have been of great interest to policy makers in the developing world because of the effect of financial inclusion in the economic growth and development process globally. A study on the link between financial inclusion and quality of life is scarce in the literature in developing countries, thus this study becomes imperative. It is against these back ground that this study investigated the link between financial inclusion and quality of life in Nigeria from 1981 to 2022. The study adopted the Auto Regressive Distributed Lag Model (ARDL) to analyze the time series. The findings of the short-run ARDL result indicated that number of commercial bank branches (NCBBR) has a positive and insignificant effect on quality of life, bank loans to rural areas (BLRA) has a negative and insignificant effect on quality of life, present value of SMEO has a positive and significant effect on quality of life, previous value of SMEO has a negative and significant effect on quality of life, secondary school enrollment rate (SSER) has a positive and significant effect on quality of life, present value of per capita income has a negative and insignificant effect on quality of life, previous value of per capita income has a positive and significant effect on quality of life, and inflation rate has a negative and insignificant effect on quality of life. Based on the findings, the study recommended that the government should put more efforts in providing financial products and services so as assists in improving the quality of life by providing more economic opportunities to the populace to improve their livelihoods so that they can have access to the basic needs of life such as quality education, good health and nutrition, government loans and grants that will improve their welfare and standard of living. Furthermore, the government should continue to provide financial incentive to the small scale businesses so as to increase the productive capacity of the entrepreneurs which help increase their outputs, investments and income which will assist in improving the quality of the populace and which can go a long way in lifting many people out of the poverty line by helping them to have access to the basic needs of life such as education, good health and increase in their income.

Keywords: Financial inclusion, Quality of life, ARDL, Nigeria.

Corresponding Author:

[3]Ene Edet Ene

Department of economics university of calabar, nigeria

[4]Nyiputen Ishku Rimantangu

Department of economics, federal university wukari, taraba

state, Nigeria.[3]meetene29@gmail.com

[4]ishakurimantanung@gmail.com

1. INTRODDUCTION

Due to its increased perceived significance as an engine of economic growth, financial inclusion has recently gained more attention. It would be possible to create a sizable depository of savings, investible funds, and income by granting access to hundreds of millions of people, particularly those engage in small scale enterprises subsector who are currently denied financial services, thus, this would reduce poverty.

Globally, experts, development organizations, and policymakers have been debating financial inclusion extensively. The rationale behind this is the belief that it might be a useful instrument for fostering economic expansion, particularly with regard to lowering poverty, generating wealth, jobs, and welfare as well improving the quality of life of the people. It's been proposed that financial inclusion of individuals and businesses aims to integrate the unbanked segment of the society into the formal financial system so they can obtain financial services including credit and insurance, as well as savings, payments, and transfers (Kiprop, 2013).

The standard of living that a society, a country, a household, or an individual experiences can be referred to as their quality of life. Access to financial services by individuals and businesses in the society will tend to raise people's quality of life through improvements in life expectancy, literacy rates, and infrastructure provision in an economy. While economic growth is necessary for an economy to flourish, an efficient financial sector is also necessary so as to facilitate an improvement in the quality of life of the populace.

In general, finance has continued to be the primary issue facing businesses in Nigeria. The inability to obtain loans and the high cost of capital have impeded business growth and development, impeding their ability to contribute as much as possible to the economy (Udoh and Ene, 2015). From 2011 to 2015, the total amount of bank loans small scale businesses in Nigeria accounted for slightly over 0.1 percent of all bank credits to the private sector; only N159.75 billion of the N135.9 trillion total loans disbursed to the economy during that period (CBN, 2015). In contrast, 51.9 percent of all bank credits in Taiwan, one of the Asian Tigers, go to SMEs. Adebiyi (2018) reports that according to Global Findex data from 2014, Nigeria's financial inclusion rate was 41 per cent, but Kenya's was 75 per cent. The financial inclusion rates of South Korea, Taiwan, Hong Kong, and Singapore are 94 per cent, 94 per cent, 94 per cent, and 96 per cent, respectively. This demonstrates that Nigeria lags behind the rest of the world in terms of financial inclusion.Therefore, in order to address the core focus of this study, this study seeks to find answers to the following research questions: What is the effect of financial inclusion on quality of life in Nigeria?

This mainly objective of this study is to examine the impact of financial inclusion on quality of life in Nigeria. The paper is Reviews related literature. The methodology isdiscussed in the third section. Section four comprises results and discussion of findings, and finally, section five draws conclusions based on the findings and recommends the way forward.

2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

CONCEPTUAL LITERATURE

(A) FINANCIAL INCLUSION

Financial inclusion (FI) is the process through which all people and businesses, regardless of income level, have access to and are able to use the necessary financial services to enhance their lives, according to the World Bank (2018). Financial inclusion, according to CFI (2018), is a condition in which people have access to a comprehensive range of financial services at reasonable costs, conveniently, and with dignity. Customers must be able to access these services responsibly, safely, and sustainably in a setting that is suitably regulated (Demirguc- Kunt, Klapper, Singer, & Oudheusden, 2015).Policymakers at the national and international levels are recognizing financial inclusion as a critical development agenda item and giving it the attention it requires. According to Ene and Inemesit (2015), the core of financial inclusion is attempting to guarantee that each person has access to a variety of suitable financial

Structured into five sections. After thisintroductory section, section two

Services and that they are able to comprehend and utilize such services.

The process by which all households and companies, regardless of income level, have access to and are able to effectively use the relevant financial services they need in order to improve their lives is referred to in the context of this study as financial inclusion.

(B) QUALITY OF LIFE

The ability of people, homes, and societies to obtain the necessities of life, which allows them to raise their standards of living and general well-being, is known as quality of life. Diener (2009) defined subjective well-being (SWB) as the overall assessment of an person's value of lifespan. The three components of the notion have been characterized as follows: (1) a cognitive assessment of one's life as good (life satisfaction); (2) experiencing happy emotions; and (3) feeling comparatively low levels of negative moods. Quality of life, or QOL, is a widely used term with various philosophical, political, and medical connotations. (Fallowfield, 2009). Observations regarding quality of life include the following: How a person evaluates the quality of several facets of their life. In one of the first geographical studies in this subject, conducted over 30 years ago, these assessments covered one's sensitive responses

to lifetime events, character, feeling of lifetime contentment and contentment, and gratification with job and individual associations. (Diener et al, 1999).

EMPIRICAL LITERATURE

FINANCIAL INCLUSION AND QUALITY OF LIFE

Patrick (1966) proposed several pathways connecting financial development to wealth creation, highlighting the significance of financial inclusion in relation to incomes, poverty, income disparity, and living standards generally. More financial development and inclusion have been shown to play a significant influence, as supported by a number of other research (Park and Mercado Jr 2015, Brune, Goldberg and Yang, 2011, Allen, Carletti, Cull, Qian, Senbet, & Valenzuela, 2012). According to Patrick's (1966) supply-leading model, individuals who are financially excluded can change the composition of their wealth portfolio from low-yielding and inefficient assets like traditional consumer durables, grain, and livestock to more profitable and productive financial assets that are more liquid.

Masiyandimay, Mlambo, and Nyarota (2017) aimed to determine the degree of financial inclusion in Zimbabwe, its determinants, and whether or not the country's financial inclusion levels affect the country's ability to obtain services related to basic income, food, health, and education. When access to and usage of banking services alone are taken into account, they calculated an overall financial inclusion rate for adult Zimbabweans of 58% and 33%, respectively. The main factors influencing financial inclusion are financial literacy, income, and the location of financial institutions.Concerning the relationship between financial inclusion and livelihood indicators, they discovered that increased financial inclusion encourages households nationwide to have access to basic income, food, health care, and education; the differential impact of inclusion widens when banking is taken into account rather than total inclusion. They suggested that in order to lower poverty and access vulnerabilities, the nation needed to implement robust financial inclusion policies.

Similar findings were made by Dupas and Robinson (2013), who discovered that more financial access for Kenyan women micro-entrepreneurs results in higher company investment and incomes down the road. In an effort to address the endogeneity issue, Burgess and Pande (2004) instrumented rural bank branching with policy variations on bank branching between 1977 and 1990 for India. Their findings suggest that, through deposit mobilization and credit provision acting as mediating channels, increased financial inclusion in rural areas reduces poverty in rural areas while leaving urban areas

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unchanged. The findings suggest that improving financial inclusion for the underprivileged does not always exclude banked communities and people from growth. Banks, the marginalized, and inclined populations may all benefit from this tactic.

In SAARC countries, Barik, Sharma, and Lenka (2018) looked at how financial inclusion affected people's standards of living from 2004 to 2015. Using Principal Component Analysis (PCA) and the IMF database, the study has created a financial inclusion index that assesses the usability, accessibility, and availability of financial services and products in SAARC nations. GDP per capita, which is derived from the World Bank database, has been used as a stand-in variable to gauge the level of life of individuals. According to the study, financial inclusion significantly raises people's standards of living when it comes to fully modified ordinary least squares (FMOLS) and dynamic ordinary least squares (DOLS) models. Additionally, the analysis shows a long-term correlation between GDP per capita and financial inclusion. Moreover, the research findings indicated that there exists a reciprocal relationship between financial inclusion and GDP per capita.

The majority of marginalized and impoverished peoples are also kept out of the banking system, according to current literature. Financially excluded groups mostly include women, self-employed individuals,

farmers, unorganized laborers, and retirees. This viewpoint makes it clear that marginalized people's active involvement in the financial inclusion movement is essential to their empowerment since it offers them a semblance of social protection. There are numerous benefits to integrating everyone with the official financial system. According to Laha and Kuri (2015), increasing financial inclusion can help the underprivileged and impoverished people's financial situation and way of living. According to researchers (Kuri and Laha, 2011; Burgess and Pande, 2005), the "social banking" era (between 1977 and 1990) saw a major decrease in rural poverty as a result of bank branch development into previously unbanked rural areas.

Summary of Literature and Research Gap

Accordingly, from the review of previous studies, a study on the relationship between financial inclusion and quality of life has not been carried out by any scholar within and outside Nigeria. Based on this perceived gap, this present study investigated the link between financial inclusion and quality of life in Nigeria between 1981 and 2022 using the Auto regressive distributed lag model (ARDL).

2.2 THEORETICAL FRAMEWORK

SEN'S CAPABILITY APPROACH

An additional significant contribution to Sen and his colleagues' work on the Capability

Method (CA) has had a significant influence on the quality of life field (Sen, 1985). The method is based on evaluations of wellbeing (or QoL), assessments of fairness and equality, and the degree to which communities or nations have progressed toward achieving a standard of living that is acceptable for various populations. Its main emphasis is on the practical means by which individuals can have meaningful lives. In light of this, CA places greater emphasis on the social and environmental factors that promote wellbeing than it does on personal experience.

The fundamental ideas of the strategy are Capabilities and Functions. Functions are defined as beings and doings that pertain to a person's status; for example, being well-fed and literate are considered indicators that a person is functioning well in these areas. According to Sen (1985, 2004), capabilities are defined as actual opportunities and freedoms (referring to an individual's autonomy in seizing these opportunities) to realize functionings. In other words, to be able to obtain resources (opportunity) and act freely in order to become well-fed or read. This theory is relevant to this study since the access to financial services by financial institutions in the country could enhance the quality of life of the populace in terms of improving their livelihoods, access to the basic needs of life (food, clothing, housing, education), reduction in poverty, among others

thus helping to improve the quality of life of the citizenry.

3. RESEARCH METHODOLOGY

MODEL SPECIFICATION

Sen's capability approach serves as the foundation for the quality of life equation. Functions and Capabilities are the two main ideas that underpin the strategy. According to Sen (1985), functions are defined as beings and doings that pertain to an individual's status. Having certain qualities, like being well-fed and literate, is considered evidence that an individual is functioning well in these areas.

In this model, literacy rate and personal income is derived from Sen's capability approach, inflation rate and SMEs outputs are control variables while financial inclusion measured by number of commercial banks branches and banks loans to rural areas are the variable of interest.

Therefore, the empirical model for this can be expressed as:

$$HDI = f(NCBB, BLRA, SMEO, LTR, PCI, INF) \qquad (3.1)$$

The econometric form of equation 3.4 can be specified as

$$HDI_t = a_o + a_1 NCBB_t + a_2 BLRA + a_3 SMEO + a_4 LTR_t + a_5 PCI_t + a_6 INF_t + U \qquad (3.2)$$

The logarithmic form of the model is specified as:

$$HDI_t = a_o + a_1 \log(NCBB_t) + a_1 \log(BLRA_t) + a_3 \log(SMEO_t) + a_4 (LTR_t) + a_5 \log(PCI_t) +$$

a4(INF) t U

$$(3.3)$$

Where:

HDI = Human development index being used as a measure of quality of life

NCBB = Number of commercial banks branches

BLRA = Banks loans to rural areas measured in millions of naira

SMEO = Small and medium enterprises outputs measured in millions of naira

LTR = Literacy rate measured by using secondary school enrollment rate in percentage

PCI = Per capita income (in US dollars) used as a proxy for relative income

INFL = Inflation rate measured in percentsge

U = Stochastic Error term

a_o = constant term; and a_1 to a_5 coefficients of the various explanatory variables.

The a priori expectations of the parameters a_1 to a_4 with the dependent variable are;

$a_1>0$, $a_2>0$, $a_3>0$, $a_4>0$, $a_5>0$, $a_6><$

Description of variables and a priori expectation:

The human development index (HDI):The United Nations Development Programme created the HDI, the most recent composite index (UNDP, 1990). The human development index is its main focus. It takes both non-income and income aspects into account. The variables of the index are three: income,

lifespan, and knowledge. Literacy is a measure of knowledge, while life expectancy at birth (e0) measures longevity.

Number of commercial banks branches: These are the total number of branches of all commercial banks in the country. The higher the number, the higher will be the level of financial inclusion, hence increase in the investments of SMEs leading to improvements in the quality of life.

Banks loans to rural areas (BLRA): Banks loans to rural areas comprises of the loans granted to the rural populace by commercial banks. A rise in the number of loans will tend to increase SMES outputs in the rural areas, hence improvement in quality of life.

Small and medium enterprises outputs (SMEO):Small and medium enterprises outputs are the products of the Small and medium enterprises sub-sector of the economy. A rise in SMEs outputs will increase employments and income leading to improvements in the quality of life

Secondary school enrollment rate (SSER):This is the rate of enrollment of pupils into secondary schools in a country. A rise in the Secondary school enrollment rate will lead to improvement in human capital with attendants effect on employments, income, outputs resulting to improvement in the quality of life, consequently the coefficient of secondary school enrollment rate will be positive.

Per capita income (PCI):This is the income per person in a country. A rise in income

perperson in an economy will result to increase in consumption expenditures, leading to expansion in investments, employments, income therefore improving the quality of life of the people..

Inflation rate (INFL): This is the persistent increase in the prices of goods and services in the economy. An increases in prices of goods and services leads to low demand of goods which will reduce outputs, employment and income leading to a reduction in the quality of life. Thus the coefficient of inflation is negative.

3.3   Sources of data collection

The World Bank, National Bureau of Statistics, Central Bank of Nigeria Statistical Bulletin from various years, journals, text books, and other secondary sources provided the data for this 41-year (1981–2022) study. For the following reasons, it was determined that the data collected were suitable for this study: Before they were released by the appropriate organizations, they had already been authenticated by professional and other regulatory bodies.

3.5 Limitations of the study

This study was limited by lack of copious current literature on the subject matter to enhance a more robust research work. That notwithstanding, it is believed that the study has achieve its objectives and answer the research questions appropriately.

4. DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS.

Presentation and analysis of descriptive data

Presentation and analysis of descriptive statistics and correlation matrix

TABLE 1: Descriptive statistics
Sample: 1981 2022

	BLRA	HDI	INFL	NCBBR	PCI	SMEO	SSER
Mean	82.46767	0.441463	19.60693	3303.610	1348.482	6299.338	32.95376
Median	11.25190	0.430000	12.20000	2407.000	992.7453	1243.263	28.84042
Maximum	988.5879	0.580000	76.75887	5809.000	3200.953	26607.54	56.20540
Minimum	0.022500	0.360000	0.223606	869.0000	270.0275	12.49394	17.10584
Std. Dev.	203.5915	0.070766	17.63531	1693.873	880.1753	8384.625	9.708918
Skewness	3.326573	0.355427	1.736546	0.259177	0.419633	1.137552	0.565622
Kurtosis	13.46540	1.703614	5.161169	1.497069	1.759863	2.819892	2.067281
Jarque-Bera	262.7228	3.734298	28.58557	4.317799	3.830608	8.897915	3.672369
Probability	0.000000	0.154564	0.000001	0.115452	0.147297	0.011691	0.159425
Sum	3381.174	18.10000	803.8842	135448.0	55287.77	258272.9	1351.104
Sum Sq. Dev.	1657981.	0.200312	12440.17	1.15E+08	30988346	2.81E+09	3770.524
Observations	41	41	41	41	41	41	41

Source: Researcher's computation, 2024

The descriptive statistics of the variables as shown in table 4 indicates that the mean values of BLRA, HDI, INFL NCBBR, PCI, SMEO and SSER are 82.46767, 0.441463, 19.60693, 3303.610, 1348.482, 6299.338 and 32.95374 respectively. The maximum values of BLRA, GFCF, HDI, INFL, LFPR, NCBBR, PCI, SMEO and SSER are 988.5879, 0.580000, 76.75887, 5809.000, 3200.953, 26607.54 and 56.20540 respectively. The minimum values of BLRA, GFCF, HDI, INFL, LFPR, NCBBR, PCI, SMEO and SSER are 0.022500, 0.360000, 0.223606, 869.0000, 270.0275, 12.49394 and 17.10584 respectively. The skewness of the variables revealed that all the variables ate positively skewed. According to the kurtosis result, BLRA, and INFL are more than 3 hence there are leptokurtic in their distribution while the other variables are platykurtic in nature since there are less than 3. The high Jarque-bera values indicates that the variables are normally distributed.

Presentation and analysis of Econometric Data

Lag length selection

The study used VAR lag order choice to choose the lag lengths. The outcomes of the analysis reported in tables below suggest the maximum lag length of two at five per cent level of significance forthe quality of life equation.

TABLE 2:

VAR Lag Order Selection Criteria
Endogenous variables: BLRA NCBBR SMEO SSER PCI INFL
Exogenous variables: C HDI
Date: 04/09/24 Time: 06:33
Sample: 1981 2022
Included observations: 37

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-1392.704	NA	3.81e+25	75.92996	76.45242	76.11415
1	-1234.412	248.1339	5.35e+22	69.31956	71.40940*	70.05633*
2	-1189.031	56.41931*	3.92e+22*	68.81250*	72.46972	70.10184

* indicates lag order selected by the criterion
LR: sequential modified LR test statistic (each test at 5% level)
FPE: Final prediction error
AIC: Akaike information criterion
SC: Schwarz information criterion
HQ: Hannan-Quinn information criterion

Unit root result

TABLE 3:

Phillips - Perron unit root results

Variables	PP Level (PP 1st Diff)	PP Critical value level (PP Critical value 1st diff) at 5%	Decision
SMEO	-0.261861 (3.714703)	-3.523623 (-3.526609)	1(1)
NCBBR	-0.926236 (-5.125664)	-2.938987 (-2.943427)	1(1)
BLRA	-3.993488	-2.935001	1(0)
INFL	-3.318352	-2.935001	1(0)
HDI	1.093199 (-6.654903)	-2.935001 (-2.936942)	1(1)
SSER	-1.352583 (-7.960256)	-2.935001 (-2.936942)	1(1)
PCI	-1.199603 (-3.866732)	-2.935001 (-2.936942)	1(1)

Source: Researcher's computation, 2024.

According to the estimated result on table 3, the Phillip Perron result indicate that all the variables were stationary at first difference except bank loans to rural areas (BLRA) and inflation rate (INFL) which were stationary at level using 5 per cent level of significance.

Since the variables in the small and medium enterprises outputs equation and quality of life equation are of mixed order of integration, the autoregressive distributed lag model (ARDL) was adopted to estimate the time series in the study.

4.2.4 ARDL Bound Test Result

Table 4: ARDL Bound test
Null Hypothesis: No long-run relationships exist

Test Statistic	Value	K
F-statistic	1.162516	6

Critical Value Bounds

Significance	I0 Bound	I1 Bound
10%	2.12	3.23
5%	2.45	3.61
2.5%	2.75	3.99
1%	3.15	4.43

Source: Researcher's computation, 2024

From the ARDL bound test result presented in table 4, there is no evidence of a long run relationship amongst the variables considered in the quality of life equation. This is due to the fact that the value of F-statistic (1.162516) is less than the critical value at 5 per cent level in both the upper (3.61) and lower (2.45) bounds. Therefore, the null hypothesis of absence of no long run relationship is uphold and the study proceeds with the estimation of only the short run equations as presented below;

TABLE 5:

ARDL short-run relationship

Dependent Variable: HDI
Selected Model: ARDL(1, 2, 2, 2, 1, 2, 0)

Sample: 1981 2022

	Cointegrating Form			
Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(NCBBR)	0.000006	0.000005	1.241038	0.2290
D(BLRA)	-0.000011	0.000010	-1.117920	0.2769
D(SMEO)	0.000003	0.000002	1.730738	0.0989
D(SMEO(-1))	-0.000018	0.000003	-6.225922	0.0000
D(SSER)	0.001656	0.000651	2.544048	0.0193
D(PCI)	-0.000007	0.000009	-0.740785	0.4674
D(PCI(-1))	0.000023	0.000008	2.944533	0.0080
D(INFL)	-0.000062	0.000068	-0.907896	0.3747
CointEq(-1)	-0.184105	0.068304	-2.695375	0.0048

Source: Researcher's computation using E-views, 2024.

The short run result for the quality of life equation is represented on table 5 above. From the result, number of commercial bank branches (NCBBR) relates positively with quality of life index (HDI) under the evaluation period. This is because a 1 per cent increase in NCBBR instigate a 0.077881 per cent increase in HDI under the evaluation period. However, bank loans to rural areas (BLRA) another measure if financial inclusion relates negatively with quality of life under the evaluation period. This is because a 1 percent increase in BLRA leads to 0.000006 percent increase in HDI.

Also from the short-run result of the quality of life equation, present value of small and medium enterprises outputs (SMEO) has a positive relationship with HDI under the evaluation period. This is because a 1 per cent increase in present value of small and medium enterprises outputs (SMEO) increase HDI by 0.000003 per cent. On the contrary, previous value of SMEO has an inverse relationship with HDI under the evaluation period since a 1 percent increase in previous value of SMEO leads to 0.000018 reductions in HDI under the evaluation period.

However, present value of per capita income per capita income (PCI) and inflation rate (INFL) all have negative relationships with HDI under the evaluation period. This implies that a 1 per cent increase in present value of per capita income (PCI) and inflation rate (INFL) leads to 0.000007 and 0.000062 per cents reductions in HDI under the evaluation period.. However, secondary school enrollment rate (SSER) and previous value of per capita income have positive relationships with HDI under the evaluation period since a 1 percent increase in SSER and previous value of per capita income leads to 0.001656 and 0.000023 percent's increases in HDI.

Also from the result, present value of small and medium enterprises outputs (SMEO), previous value of small and medium enterprises outputs (SMEO (-1)), secondary school enrollment rate (SSER), and previous value of per capita income (PCI (-1)) are statistically significant at 5 and 10 per cent levels of significance since their p-values of 0.0989, 0.0000, 0.0193 and 0.0080 are less than 0.05 and 0.10 respectively. But, number of commercial bank branches (NCBBR), bank loans to rural areas (BLRA), present value of per capita income (PCI) and inflation rate (INFL) are not statistically significant at 5 per cent level of significance since their p-values of 0.2290, 0.2769, 0.4674 and 0.3747 are greater than 0.05 respectively.

The error correction mechanism coefficient of -0.184105 satisfies all the three criteria for its acceptability, i.e. it must be negative, fractional and statistically significant. It shows that the speed of adjustment is slow since about 18.41 per cent of the short run disequilibrium is corrected each period in the long run.
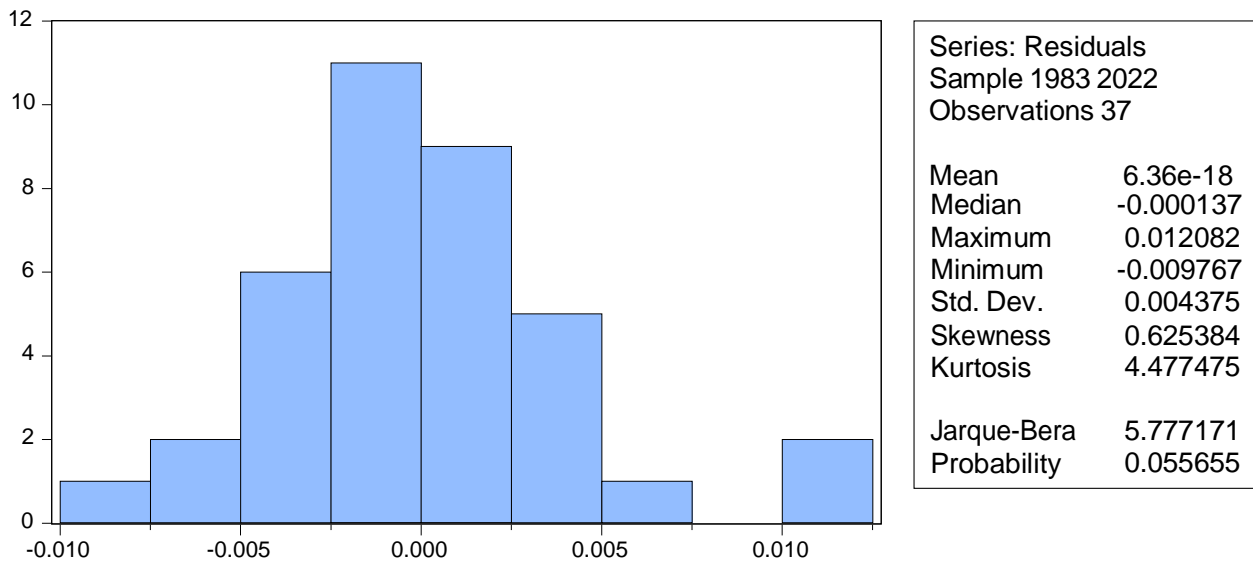
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FIG.1: Normality test

Source: Researcher's computation using E-views, 2024.

The result in figure 1 shows the normality test for the small and medium enterprises equation. The null hypothesis asserts that the distribution is uniformly distributed if the p-value is not significant and is bigger than the selected level of significance of 5 per cent. As a result, the null hypothesis that the distribution is normally distributed is accepted because the p-value of the Jargue – Bera (0.055655) is greater than the 5 per cent significant level.
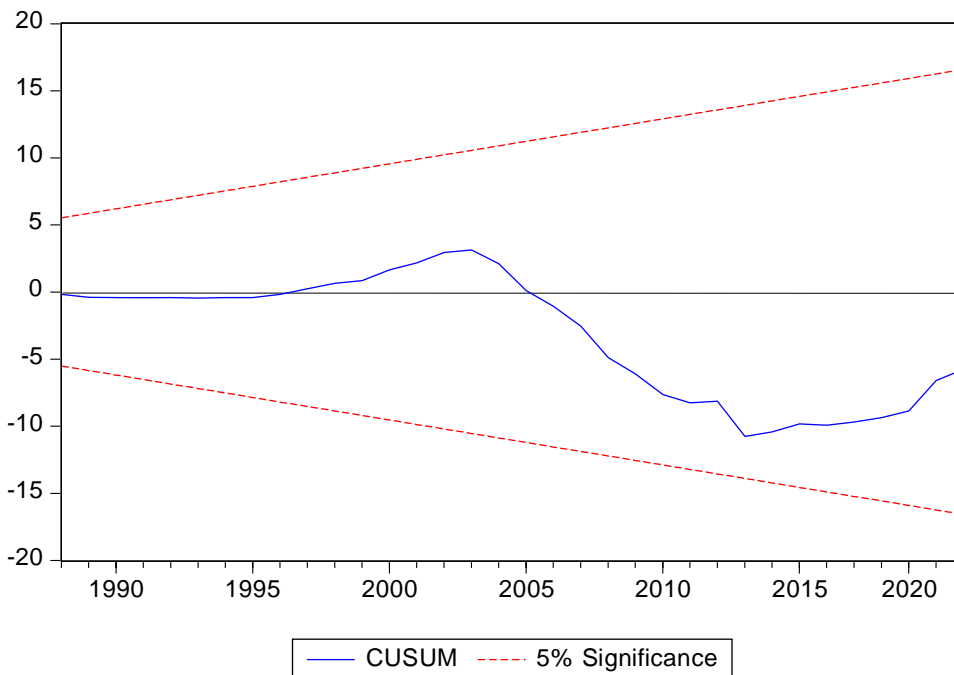

FIG. 2: Stability test

Source: Researcher's computation using E-views, 2024.

The CUSUM results in figures 2 shows the model is stable over time. This is evidenced by the swing of the blue line within the CUSUM bound at the 5 per cent level of significance.

Test of hypotheses

Ho: Financial inclusion does not have significant effect on quality of life in Nigeria.

From the short-run Auto Regressive Distributed Lag Model result, it indicates that financial inclusion has an insignificant effect on quality of life in Nigeria in the short - run period. This means that we accept the null hypothesis which says that financial inclusion does not have significant effect on quality of life in Nigeria.

Discussion of findings

From the results, financial inclusion has no significant effect on quality of life in the short-run period under the evaluation period. This imply that financial inclusion is not a key factor in boosting the quality of life in Nigeria. This outcome may be due to the low level of financial inclusion in Nigeria compare to countries like Kenya. It may also be because of the lack of access to financial services such as loans by many small and medium enterprises in the country which has prevented them to expand their businesses and improve their quality of life This result is not in consonance with the results of Masiyandimay, Mlambo and Nyarota (2017), Dupas and Robinson (2013) and Barik, Sharma and

Lenka (2018) who all found a significant effect of financial inclusion on quality of life.

5. CONCLUSION AND RECOMMENDATION

Conclusion

This study examined the nexus between financial inclusion, SMES growth and quality of life in Nigeria from 1981 to 2022. Findings from the study revealed that financial inclusion is a key factor in enhancing SMES growth in Nigeria. This assertion depicts that assess to financial services by the small and medium scale enterprises in the country can go a long way in promoting their growth.

Also it was revealed from the findings that SMEs growth is a key factor in the quality of life in Nigeria. This outcome may be due to the increase in the productive capacity of the SMEs entrepreneurs over the years which has resulted in increase in outputs, investments and income which have assisted in improving the quality of lives of the owners and the employees in the SMEs sub-sector and which goes a long way in lifting many people out of the poverty line by helping them to have access to the basic needs of life such as education, good health and increase in their income.

The study also revealed that financial inclusion is not a key factor in boosting quality of life in Nigeria. This outcome could be due to the low level of financial inclusion in Nigeria compare to other countries in Africa

such as Kenya. The study therefore, concludes that there is an significant effect of financial inclusion on SMEs growth in Nigeria, SMEs growth do have a significant effect on quality of life in Nigeria and financial inclusion do not have significant effect on quality of life in Nigeria.

Recommendations

Based on the findings, the following recommendations becomes imperative:

The insignificant effect of financial inclusion on quality of life may be due to the low rate of financial inclusion in Nigeria compare to countries like Kenya and other countries in Africa. Thus, it calls for more government efforts in providing financial products and services so as assists in improving the quality of life by providing more economic opportunities to the populace to improve their livelihoods so that they can have access to the basic needs of life such as quality education, good health and nutrition, government loans and grants that will improve their welfare and standard of living.

Furthermore, the significant effect of SMEs growth on quality of life in Nigeria implies that the government should continue to provide financial incentive to the SMEs sub-sector so as to increase the productive capacity of the SMEs entrepreneurs which help increase their outputs, investments and income which will assist in improving the quality of the populace and which can go a long way in lifting many people out of the

poverty line by helping them to have access to the basic needs of life such as education, good health and increase in their income.

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