EFFECT OF FINANCIAL INCLUSION ON SMALL AND MEDIUM ENTERPRISES PERFORMANCE IN ABUJA

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Abstract

The study examined the effect of financial inclusion on small and medium enterprises performance in Abuja. The study adopted a quantitative survey research methodology. The sample for the study consisted of two hundred and twenty-eight (228) randomly selected owner-managers of SMEs in north-central, Nigeria. Multiple Regression Model using the Statistical Package for Social Sciences (SPSS) version 21.0 were utilized for the analysis of data. The study revealed a positive and significant relationship between financial inclusion and SMEs performance in north- central, Nigeria. More specifically, all the dimensions of financial inclusion (availability, usage and quality of bank services) were revealed to have positive and significant relationships with the measure of SMEs performance. Based on the findings above, it was concluded that availability, usage and quality of bank services and product enhances SMEs performance. The managerial implications of these findings were also discussed.

Keywords: financial inclusion, SMEs Performance, Financial Services, North- central, Nigeria.

Introduction

The role of Small and medium enterprises (SMEs) to the development of any economy cannot be overemphasized. SMEs play an increasingly important role in employment creation, resource allocation, economic growth etc. In addition, being innovative in nature, SMEs act as provider of raw materials to large organizations and ability to determine and meet customer need effectively (Mahmood & Hanafi, 2013). According to Etuk, Etuk and Michael (2014), SMEs constitute substantial sources of employment prospects and wealth creation. While the people benefit in terms of employment opportunities and income generation, the government also benefits by generating significant revenue in form of taxes and other levies. SMEs help in economic growth and development through provision of industrial raw materials and production of primary and intermediate goods and products. Consequently, the central role SMEs play in the global economy generally necessitates broadening and extending understanding of the mechanisms and processes underlying SME performance.

It cannot be overemphasized that Nigeria is currently undergoing serious economic challenges due to dwindling oil revenue. Like in developed economies, SMEs have been considered by developing economies as an engine of economic growth and development. For instance, according to Etuk, Etuk and Michael (2014), SMEs constitute the largest sources of employment opportunities and wealth creation in Nigeria. Data provided by National Bureau of Statistics (2016) suggests that SMEs contributes about 64.24 percent of employment in Nigeria. The sector also contributed about 46.54 percent to national GDP (Zhiri, 2017). In addition, SMEs is also one of the major sources of revenue for the government through taxes.

Despite the significant contribution of SMEs to individuals, government and the economy at large, SMEs in Nigeria are not performing as well as they are ought to do. In terms of profitability and contribution to Gross Domestic Product (GDP), SMEs in Nigeria seem to be behind other business sectors (Yusuf and Dansu, 2013). According to Connect Nigeria (2015), most SMEs in Nigeria even die within less than five years of existence and about only ten percent survive, thrive and grow to maturity due to low profitability. Likewise, recent empirical studies show that return on revenue of SMEs recorded the lowest in 2016 compared previous years (Agwu & Emeti, 2016). In the context of the global economic crisis and recession, it is believed that the number of SMEs in Nigeria making losses could dramatically increase. It has been generally argued that one of the major reasons for the continuous decline in performance of SMEs is because of their inability to gain access to credit facilities.

Many studies have been conducted on the influence of access to finance, particularly the effect of microfinance institutions on performance of SME. However, there are scare empirical studies on the effect of financial inclusion, a multi-dimensional concept which leads to access to finance on SMEs' performance. Majority of research studies on this topic are foreign based and inconclusive such as Maripally and Bridwell (2017), who studied financial inclusion and its impact on poverty reduction, Rasheed, Law, Chin and Habibullah (2016) who examined financial inclusion and financial development and Kim (2016) who associated financial inclusion, income inequality and economic growth. Only few studies were conducted in Nigeria that specifically examines financial inclusion and SMEs performance (e.g: Hadiza & Philip, 2017). Even the few Nigerian-based empirical studies were mostly concerned with credit to private sector, total deposit in rural branches of commercial banks, loan of rural branches of commercial banks and loan to agriculture. Moreover, these few studies were based on secondary data. Thus, while there are few empirical studies on financial inclusion in the Nigerian context (Mbutor & Uba, 2013; Seck, Naiya & Muhammad, 2017), none of these empirical studies combined financial inclusion determinants such as access, usage and quality that are relevant for the focused expansion and development of financial products and services and their effect on SME performance. Thus, a gap exists in the literature in term of both depth of variables used and time of analysis in Nigeria context. The current study therefore attempts to fill this research gap by examining the effect of financial inclusion on small and medium enterprises performance in Abuja.

In order to provide solution to the stated research problem, the following research questions need to be answered:

i. To what extent does availability of bank services and products affects SMEs performance in Abuja?
ii. To what extent does usage of bank services and products affects SMEs performance in Abuja.
iii. To what extent does quality of bank services and products affects SMEs performance in Abuja.

The main objective of the study is to examine the effect of financial inclusion on small and medium enterprises performance in Abuja. The specific objectives are:

i. To determine the extent to which availability of bank services and products affects SMEs performance in Abuja.
ii. To determine the extent to which usage of bank services and products affects SMEs performance in Abuja.
iii. To determine the extent to which quality of bank services and products affects SMEs performance in Abuja.

In order to realize the objectives of the study, the following hypotheses all formulated in null form will be tested:

H_{01}: Availability of bank services and products does not significantly affects SMEs performance in Abuja.

H_{02}: Usage of bank services and products does not significantly affects SMEs performance in Abuja.

H_{03}: Quality of bank services and products does not significantly affects SMEs performance in Abuja.

The finding of this study when completed would be of enormous value to financial service institutions, entrepreneurs/business owners and scholars/researchers:

Financial Service Institutions: The study will be conducted with the aim of providing guidance to financial service institutions, providers of formal financial service and product in Nigeria on strategies that would enhance their utilization of formal financial services and product. The management of financial institutions may also use the findings from this proposed study to develop more appropriate strategies to increase the scope of financial inclusion services, especially for SMEs often financially excluded.

Entrepreneurs/business owners: the central role SMEs play in the global economy generally necessitates broadening and extending understanding of the mechanisms and processes underlying SME performance. Such knowledge will be valuable in supporting sustainability and growth among SMEs. The study is expected to assist entrepreneurs/business owners in making decision in respect of formal financial services and products and also for providing insight on the importance of financial inclusion in enhancing the business performance. This study will also provide necessary platform for financial inclusion development organizations to design appropriate strategies and programmes to advance and stimulate the effective use of formal financial services and product among SMEs, especially those within the rural areas, who are often left out of the benefit of formal financial services and products.

Finally, the research study and the ensuing findings may provide the necessary theoretical background for the understanding of the effect of financial inclusion on SMEs performance. Moreover, other future researchers interested in similar variables and issues as those highlighted in the current study, may find this study very useful for identification of research gaps. In order words in the finance academic field, future scholars can use the findings of this study as a reference point if the researcher is researching on financial inclusion and related topics.

The scope of the research study may be defined with respect to the subject matter, study area, sample and time period The study examines the effect of financial inclusion on SMEs performance in Abuja. It will focus on selected SMEs from Abuja Metropolis. The scope of variables for the study includes a discussion of the availability, usage and quality of bank services and products that affects growth and profitability of the selected SMEs in Abuja.

Due to the vast nature of SMEs sector, the study was limited to SMEs in Abuja environment. The nature of the questionnaire items could restrict some of the respondent from answering some of the questionnaires. To avoid suspicion the researcher will present an introduction letter obtained from the university and explain to the respondents the aim of the research. Securing the variable time of the respondents to respond to the questionnaires could be a big task, however, the researcher give the respondent adequate time to respond appropriately to the questionnaires and encourage the respondents on the benefits and significance of the research study.

Literature Review

Concept of SMEs Performance

The definition varies from sector to sector, country to country depending on the purpose for which it is sought. In Nigeria, SMEs are generally defined as businesses with turnover of less than N100mm per annum or less than 300 employees (Oyeyinka, 2010). This sector of the economy is considered to be the backbone of the Nigeria economy (CBN, 2014) absorbing majoring of the minimum wage earners. The sector is also noted a provider of goods and services, and a driver in promoting competition and innovation, enhancing the enterprise culture necessary for private sector development and industrialization. Despite these numerous potentials of SMEs, the sector is faced with various challenges and constraints that inhibit or constrain its growth. These include among others, unfavorable policy environment, access to financial resources, inadequate access to skills and technology, limited access to infrastructure, inadequate business skills, limited linkages with large enterprises and limited access to information, and lack of knowledge about customer's needs(Baseline Survey, 1999 and Sessional Paper No. 2 of 2005).

Concept of Financial Inclusion

Financial inclusion is viewed as the ability of some individual to access and use basic financial services like savings, loans and insurance designed in a manner that is reasonably convenient, reliable and flexible. According to Nwanko and Nwanko (2014), the traditional idea of financial inclusion is the provision of access to and usage of diverse, convenient, affordable financial services. Access to and use of financial services is one of the major drivers of economic growth (Sharma, 2016). Financial Inclusion covers sustainable, relevant, cost effective and meaningful financial services for the financially underserved population especially rural dwellers. World Bank (2012) described financial inclusion as the range, quality and availability of financial services to the underserved and financially excluded. According to Financial Action Task Force (FATF) (2011), financial inclusion is about providing access to an adequate range of safe, convenient and affordable financial services to

disadvantaged and other vulnerable groups, including low income, rural and undocumented persons, who have been underserved or excluded from the formal financial sector. It is also, on the other hand, about making a broader range of financial services available to individuals who currently only have access to basic financial products. Centre for Financial Inclusion (2013) also described financial inclusion as a state in which all people who can use financial services have access to a complement of quality financial services, provided at affordable prices, in a convenient manner and with dignity for the clients. Clark (2013) asserted that financial inclusion helps people to diversify or increase income stream in the house, provides liquidity/cash flow; absorbs shock of adversity by building assets which enables client to cope with loss through consumption smoothing, thus avoiding the sale of productive assets. It increases income when the credit is used for an income-generating activity and that activity generates returns in excess of the loan installment repayments, while it builds asset when the credit-financed investment does not generate a significant net profit but create an asset since the investment remains with the clients (Nwanko & Nwanko, 2014).Access to safe, affordable credit and other financial services by the poor, vulnerable groups, disadvantaged areas and lagging sectors is recognized as an essential condition for accelerating economic growth, reducing income disparities and poverty. According to Agarwal (2014), easy access to a well- functioning financial system, by creating equal opportunities, enables economically and socially excluded people to integrate better into the mainstream and actively contribute to development and protects them against economic shocks crisis. So, financial inclusion means to bring disadvantaged and vulnerable sections of the society within the ambit of formalized and standardized financial system because "financial Inclusion is the process of ensuring access to financial services (basic banking, insurance, post office scheme, Micro finance, mortgage, etc., timely and adequate credit) where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost" (Rangarajan, 2008). According to Kumar and Sheel (2015) the achievement of full financial inclusion is indicated by the five A's of availability, awareness, affordability, adequacy and accessibility.

Financial Inclusion and SMEs Performance

Financial inclusion has been acknowledged by many researchers (Pallavi & Bharti, 2013; Stephen & Sibert, 2014) as one of the medium for the development of SMEs. Consequently, various government agencies particularly Central Bank of Nigeria (CBN) (2015) have been advocating financial inclusion as a means to grow SMEs. As noted above, financial inclusion is a system that ensures easy access of SMEs to financial services in any economy. In the same view, Aduda and Kalunda (2012) maintained that financial inclusion is the process of ensuring easy access to financial products and services needed by all sections of the society in general, but particularly, the vulnerable, weaker sections and low income groups, fairly, transparently at an affordable cost in mainstream institutional players. Understood in this sense, financial inclusion has continued to assume increasing interest among policy makers, researchers and development oriented agencies, across the globe.

Financial inclusion aims at drawing the unbanked entrepreneurs into the formal financial services net so they have the opportunity to access the whole gamut of appropriate financial services. The CBN believes that "financial inclusion is achieved when adult Nigerians have easy access to a broad range of

formal financial services that meet their needs at an affordable cost" (CBN, 2015). Such financial services include, but not limited to: payments, savings, loans, and insurance and pension products. Financial inclusion, which in this paper will be construed as access to appropriate, fair and affordable financial services, varies widely across the globe. In Nigeria, a total of 39.2 million adults, representing 46.3 per cent of adult population, were exclude from financial services in Nigeria as at 2010, out of which women, young adults (under 45years) and adults with no formal education accounted for 54.4 percent, 73.8 percent and 34 percent respectively (EFInA, 2013).

In Nigeria, financial inclusion is likely to keep expanding in the recent times, supported by economic development and initiatives of the CBN and other policymakers. These initiatives (CBN, 2015) include nation-wide sensitization campaigns to enlighten the public on financial inclusion, geospatial mapping of financial Access Points, in collaboration with the Bill & Melinda Gates Foundation, to develop a business case for service providers on expanding access points to unbanked and under-served areas was completed.

Theoretical Review

The connection between financial inclusions and SMEs performance can be understood in the context of the finance growth theory. The crux of the finance growth theory (Bagehot, 1973) is that financial inclusion creates a productive environment for SMEs to strive and growth. This theory supports financial stability which is a condition where the financial intermediation process functions smoothly. And according to Spatt (2013), the success of SMEs depends on the level of financial inclusion, composition and stability of the financial institutions. The study also adopted the theory of social inclusion. The theory assumes that the inclusion of every citizen into the financial system equally and with discrimination. Further the theory assumes that to reduce poverty and increase wellbeing, financial inclusion is the tool to achieve that. Sen (1981) proposed exclusion in poverty terms by looking at it in terms of relative deprivation of basic needs. Social inclusion therefore provides the capability to maximize SME performance form access to a wide array of financial services.

Empirical Review

Kim (2016) examined whether financial inclusion, expressed as financial accessibility, has a positive effect on reducing income inequality and found that financial inclusion improves the relationship between income inequality and economic growth. Musau et al (2017) examined the effect of financial inclusion on liquidity risk of commercial banks in Kenya. Study found that bank availability had a negative and significant effect on liquidity risk .Bank accessibility was found to have a positive insignificant effect on liquidity risk. Bank usage had a positive significant effect on liquidity risk. Okoye, Erin and Modebe (2017) examined the effect of financial inclusion on economic growth and development in Nigeria over the period 1986-2015 using the Ordinary Least Squares technique. The study shows that credit delivery to the private sector has not significantly supported economic growth in Nigeria and financial inclusion has promoted poverty alleviation in Nigeria through rural credit delivery. Rasheed et al (2016) analyzed the effect of financial inclusion can help to promote financial

development. Using panel data of 97 countries during 2004-2012, the study found that the impact of financial inclusion on financial development is positive and significant. Nkwede (2015) examined financial inclusion and economic growth in Africa, using Nigeria as a case study. Data for the study covered the period 1981 to 2013. The study shows a negative relationship between financial inclusion and growth of Nigerian economy. He attributes the finding to high level of financial exclusion of adults from financial services. Onaolapo and Odetayo (2012) studied financial inclusion in Nigeria from the perspective of microfinance banks using a survey design method. They find that access to financial services through microfinance institutions by less privileged people promotes employment generation, reduction in poverty and overall economic growth. From the reviews studies, it can be seen that even though empirical studies on financial inclusions are numerous, the relationship between financial inclusions and SMEs performance is relatively scarce.

Methodology

This research uses a survey research design which collected primary data from the research population, through administration of a well-structured questionnaire which was considered to be appropriate data collection instrument for the study. The purpose of using primary data was to generate data about the opinion and perceptions of SMEs owner-managers on effectiveness of financial inclusion on SMEs performance. The population of the study consists of the registered 427 SMEs in North-Central, Nigeria which was obtained from Abuja City Chamber of Commerce, Industry, Mine and Agriculture as at 2018. The sample size 207 was determined by the use of the Taro Yemen's formula.

However, as suggested by Uhegbu (2010), the researcher deemed it appropriate to add a 10% margin of this sample size figure to take care of wrongly filled and unrecovered administered questionnaires. Hence, 228 copies of questionnaires were randomly distributed. Only the owner-managers were selected to provide responses to the study. The parameters used as measure of SMEs performance (dependent variable) were profitability and sales growth using seven items contained in the questionnaire. The financial inclusion (independent variable) was measured on extent of availability, usage and quality of bank services using four items contained in the questionnaire.

The study used regression model and both the dependent and independent variables were specifically spelt out. The model for this study was used to assess the impact of financial inclusion variables on performance of SMEs. The model is represented as follows:

SME Performance = f (financial inclusion: availability, usage and quality of bank services).

$$Y = \beta_0 + \beta_1 X1 + \beta_2 X2 + \beta_3 X3 + e$$

Where;

Y = SME Performance

X_1 = Availability of Bank services

X_2 = Usage of Bank services

X_3 = quality of Bank services

β_0 = is the constant term

β_1, β_3, = are the coefficients of the independent variables
e = is the error term of the equation

The questionnaire contained three sections and all the questions were in closed – ended form. The items adapted from the previous works of some scholars have been proven to be valid based on their Content Validity Index. The cronbach alpha value for each of questionnaire variables was above 0.797, therefore meeting acceptance standards for research (Pallant, 2001). The perceptual responses were based on a 5 point Likert Scale adopted for this study, thus: Strongly Disagree – 1; Disagree – 2; Undecided – 3; Agree – 4; and Strongly Agree – 5.

The data collected was analyzed using descriptive statistics while the hypothesis of the study was tested using inferential techniques. Descriptive statistics were used to present the results of respondents' perceptions in the form of frequency tabulations, percentages, mean scores and standard deviation. Simple linear regression was used to predict the performance of SMEs through testing the hypothesis about the impacts of financial inclusion on SMEs performance using the Statistical Package for Social Science (SPSS) version 21.

Results and Discussion

Descriptive statistics such as mean, percentages and frequencies were employed in the study to measure demographic characteristics of respondents. This section first presents the return rate of questionnaires, followed by the demographic characteristics and frequency distribution of the respondents that were used in the study. These include their age group, gender, level of education and Marital status.

In order to achieve the required sample size, 228 copies of questionnaires with cover letter were distributed among respondents; in which, 16 copies of questionnaires were not returned or not fit for analysis and finally 214 correctly completed questionnaires were analysed. This number represents 93.86% return rate of the copies of questionnaires as shown on table 4.1 below.

Table 1: Return Rate of Questionnaire

	Questionnaire Distributed	Questionnaire Retrieved	Questionnaire Usable
Frequency	228	219	214
Percentage	100.00	96.05	93.86

Source: Research Survey Data, 2018

Age of Respondents

In this study, age of the respondents was considered to be important in finding the effects of financial inclusion on SMEs performance in Abuja.

Table 4.2: Age of the Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-30 years	36	16.82	16.82	16.82
	31-40 years	85	39.72	39.72	56.54
	41-50 years	56	26.17	26.17	82.71
	51- and above	37	17.29	17.29	100.00
	Total	214	100.0	100.0	

Source: Research Survey Data, 2018

The results in table 4.2 above reveals that 31-40 year group constituted 39.72% of respondents and was highest number of respondents followed by 41-50 with 26.17% and then 51- and above years which made up 17.29 of the respondents. The lowest number of respondents was within the 20-30 years which made 16.82 of employees. This implies that majority of the respondents were mature and responsible enough to recognize their financial services need in their respective businesses.

Gender of Respondents

The study involved gender distribution of respondents in order to answer the questionnaires provided as shown on table.

Table 3: Gender of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	178	83.18	83.18	83.18
	Female	36	16.82	16.82	100.00
	Total	214	100.0	100.0	

Source: Researcher Survey Data, 2018

Table 3 above depicts that 83.18% and 16.82% of respondents of male and female respectively answered the questionnaires distributed. The result indicates that the entrepreneurs are mostly Males. This possibly means that there is a bigger gender gap among SMEs owner in Abuja.

Level of Education of Respondents

In this study, level of education of the respondents was considered to be important in the ability of the respondents to understand the study variables, and finding the effect of effects of financial inclusion on SMEs performance in Abuja.

Table 4: Level of Education of the Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Primary school certificate	52	24.3	24.3	50
	Secondary school certificate	88	41.12	41.12	91.12
	Bachelor's degree/OND/NCE/HND	43	20.09	20.09	25.7
	Masters' degree	12	5.61	5.61	5.61
	Doctoral degree	19	8.88	8.88	100
	Total	214	100.0	100.0	

Source: Research Survey Data, 2018

In terms of educational qualification, table 4 indicates that majority (41.12%) of the respondents were Secondary school certificate holders. Respondents who had attained a primary school certificate level of education were 24.3%. Those with secondary school certificate were 41.12%. Bachelor's degree/OND/NCE/HND holders were 20.09%. Only 8.8 percent had a doctorate degree. This indicates a high level of education amongst the respondents since level of education indicates literacy and ability of the respondent to make informed managerial decisions.

Marital Status of Respondents

This study also considers marital status as important variable understanding the effects of financial inclusion on SMEs performance in Abuja.

Table 5: Marital Status of the Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	47	21.96	21.96	21.96
	Married	145	67.76	67.76	89.72
	Divorced	22	10.28	10.28	100.00
	Total	214	100.0	100.0	

Source: Research Survey Data, 2018

On the marital status perspective, table 5 revealed that out of 214 respondents 47 (21.96%) are single while 145 (67.76%) are married. Separated status is 10.28% (22 respondents). This shows that majority of the respondents sampled were married. The high number of the married suggests that majority of the respondents are responsible to some extent, hence could strive for achievement on their job so as to satisfy their family.

Regression Analysis

The data collected from the sampled SMEs were subjected to simple regression analysis to answer the objective of the study as outlined in the conceptual framework. The conceptual framework had outlined the independent variables (availability, usage and quality of bank services) to be presumably affecting the dependent variable SMEs' performance. The tables below show the results of the regression analysis between the independent and dependent variable.

Table 9: Result of multiple regression between SMEs performance and the combined effect of the availability, usage and quality of bank services

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.629[a]	.587	.554	.163	2.206

a. Predictors: (Constant), availability, usage and quality of bank services

b. Dependent Variable: SMEs Performance

The three independent variables (availability, usage and quality of bank services) that were studied, explain only 55.4% of SMEs Performance in Abuja as represented by the adjusted R^2. This therefore means the three variables (availability, usage and quality of bank services) contribute to 55.4% of SMEs performance in Abuja, while other factors not studied in this research contributes 44.6%.

Table 10: Summary of One-Way ANOVA results of the regression analysis between SMEs performance and predictor variables of availability, usage and quality of bank services

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	61.257	2	30.63	205.351	.000[b]
	Residual	31.471	211	0.149		
	Total	92.728	213			

a. Dependent Variable: SMEs Performance

b. Predictors: (Constant), Availability, Usage and Quality Of Bank Services

From the ANOVA statistics in table 14, the processed data, which are the population parameters, had a significance level of 0.00 which shows that the data is ideal for making a conclusion on the population's parameter. The F calculated at 5% Level of significance was 205.351. Since F calculated is greater than the F critical (value = 3.04), this shows that the overall model was significant i.e. there is a significant relationship between SMEs performance and its determinants (availability, usage and quality of bank services).

Table 11: Regression coefficients of the relationship between firm value and the three predictive variables

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.646	.311		2.014	.012
	Usage of bank services	.586	.105	.527	4.242	.000
	Quality of bank services	.460	.163	.398	3.125	.000
	Availability of bank services	.324	.113	.242	2.051	.001

a. Dependent Variable: SMEs Performance

To establish the effect of availability of bank services, usage of bank services and quality of bank services on SMEs Performance, a multiple linear model of the form $Y = \beta_0 + \beta_1 X1 + \beta_2 X2 + \beta_3 X3$ was used. Where; Y= SME Performance, X1 = Availability of Bank services, X2 = Usage of bank services, X3 = quality of bank services, $\beta 0$ = is the constant term, β_1, β_2, β_3 = are the coefficients of the independent variables. This is translated into $Y = .646 + .324X1 + .586X2 + .460X3$. This implies that

an increase in availability of bank services by 1 unit increases SMEs Performance by 0. .324units, an increase in usage of bank services by 1 unit increases SMEs Performance by 0.586 units and an increase in quality of bank services by 1 unit increases SMEs Performance by 0.460 units.

Discussion of Findings

The main purpose of this study was to examine the effects of financial inclusion on SMEs performance in Abuja. Three hypotheses were derived from the literature review, tested and confirmed with regression analyses, this study quantitatively found significantly strong support for the hypotheses raised, as demonstrated in the results above;

The regression results indicate that the alternative hypothesis one which stated that availability of bank services significantly affects SMEs performance in Abuja was tested and confirmed. This finding is in line with the conclusion of Aduda and Kalunda (2012). This result implies that the more SMEs have financial services close to them and are being exposed to; the better would be their performance. The regression results also indicate that the alternative hypothesis two that stated that usage of bank services significant affect SMEs Performance in Abuja was tested and confirmed. The findings were supported by research of Ibor, Offiong and Mendie (2017) who also established the effect of financial inclusion on micro, small and medium enterprises (MSMEs) performance in Nigeria. This result demonstrates that usage of bank services is an essential to capital acquisition and the effective utilization for survival and growth. This implies that SMEs owners need to ensure that quality of financial services usage is improved. Usage of bank services ensure that SMEs learn how to successfully operation their business effectively and efficiently to reduce the costs of operation and achieve maximum wealth creation. The regression results also indicate that the alternative hypothesis three that stated that quality of bank services and products significantly affects SMEs performance in Abuja was tested and confirmed. The finding was also in supported by research of Ibor et al (2017) who also established the effect of financial inclusion on micro, small and medium enterprises (MSMEs) performance in Nigeria.

Conclusions and Recommendations

Objective one was to establish the extent to which availability of bank services and products affect SMEs performance in Abuja. The degree to which availability of bank services and products affect SMEs performance were 0.324. This finding suggested that quality of bank services, availability of bank services and product had a positive effects SMEs performance. Therefore, the null hypothesis one was not supported.

Objective two was to assess the extent to which usage of bank services affects SMEs Performance in Abuja. The regression analysis indicated that among the respondents, there was a statistically significant positive effect of usage of bank services on SMEs performance ($r = 0.586, n = 214\, p < .01$). Thus, null hypothesis two was not supported.

Objective three was to establish the extent to which quality of bank services affects SMEs performance in Abuja. The degree to which the two variables were affect each other was 0.460. This finding suggested that quality of bank services had a positive effects SMEs performance. Therefore, the null hypothesis one was not supported.

The overall objective of the study was to establish the effect of financial inclusion on SMEs performance in Abuja. The results of the study revealed that financial inclusion has a significant effect on SMEs performance. The findings of the study yielded a number of important insights, thereby helping to advance theory and inform practice on the importance of financial inclusion activities. The study advanced discussions on the validity of establishment financial inclusion policy to transform Nigeria's industrial sector into the global economy by providing financial and business support services to existing and new industries to attain modern capabilities to produce goods that are competitive in both domestic and external markets. Overall, in conclusion, this study confirms that there is significant effect between financial inclusions on SMEs performance in Abuja. Specifically, this study concludes that, first; availability of bank services and products has a significant effect on SMEs performance. Second; usage of bank services has a significant effect on SMEs Performance in Abuja. And, lastly, quality of bank services has a significant effect on SMEs Performance in Abuja.

The study established that the extent of financial inclusion have a significant effect on SMEs Performance in Abuja. It is recommended that financial inclusion be given strong policy backings increase the capacity of financial institutions to render for services to SMEs in Nigeria. Financial institutions can achieve high returns on bank branches set up in rural area which in turn can stimulate economic growth through increase in agricultural product. Additionally, this study recommends that the CBN should increase its drive for pursuing financial inclusion as it not only helps with improves the performance of SMES, but also stimulates economic growth and development in Nigeria.

This particular study focused on Abuja alone. A key recommendation is that future studies be conducted on Nigeria as a whole. Also the same study should be undertaken with other sector of economy of which are not used in this study, for example further study could determine the role information technology play in facilitating financial inclusion among rural farmers in particular. The longevity of the effects of financial inclusion on SMEs Performance was not measured, further study and research are needed on the effects financial inclusion has on SMES performance in a longitudinal study.

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