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The Nigerian Unorganized Rural Financial Institutions and Operations: A Framework for Improved Rural Credit Schemes in a Fragile Environment

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ABSTRACT The Nigerian's financial system is dualized: The formal and the informal (unorganized) financial markets. In this regards, the paper investigates the various institutions, modus operandi and the extent of financial intermination in different social settings. Empirical results shows that traditional savings and credit associations (TRASCAs) are prevalent in semi-urban and rural areas among semi-skilled and unskilled workers and traders, while daily Saving Enterprises (DSEs) and Professional Money Lending Scheme (PMLs) strive in semi-urban and urban centers among artisans, traders and skilled workers. The performance analysis of these unorganized financial markets possibly reflects strong savings propensities and more robust lending activities. Given the failure of most government rural financial intermediation programmes, the paper therefore suggest that money market development policies should be tailored to suit the peculiarities (economic, social, etc.) of the target population, in order to foster the development of dependable rural financial market.

1. INTRODUCTION

In Nigeria, like in many African countries, successive governments have implemented various agricultural and rural credit schemes as a means to address perceived shortage of rural credit, stimulate rural employment and productivity. Under these schemes, institutional resources, programme efforts and government energies were devoted, through parastatal – based top – bottom interventions, to implement mostly supply –led financial development strategies –that is, the channeling of government-supplied funds to rural entrepreneurs and small farmers (Graham, 1992; Yaron, 1992). The supply-led credit approach continued to hold sway into the 1980s, as a derivative of the top-down, state-driven and parastatals-led developments models that characterized post-independence development thinking and practice in the country.

The institutions include the establishment of Development Finance Institutions (DFLs), the Nigerian Agricultural and Co-operative Bank (NACB), Nigeria Bank for Commerce and Industry (NBCI) and People's Bank for Nigeria (PBN) as well as special banks for the local areas, viz the Community Banks (CBs), while schemes include the mandatory lending to the agricultural sector by commercial and merchant banks, the rural banking scheme of Central Bank of Nigeria, the Nigerian Agricultural Credit Guarantee Scheme, the Nigerian Agricultural Insurance Scheme, National Agricultural Land Development authority and perhaps the Family Economic Advancement Programme (FEAP) and National Economic Empowerment Development Strategies (Needs)

Inspite of the above efforts with less than expected achievements, rural borrowers still encounter difficulties in accessing credit from formal financial institutions. Because the institutions were not designed to function as "true" financial intermediaries that mobilize deposits to make loans, they had no obligation to operate under financial viability constraints, neither were they driven by commercial financial performance criteria. Several factors including the chronic dependency on government funds, the lack of competition, bureaucratic obstacles and limited accountability contribute to bring about bad loans, extremely inefficient operations, loan recovery problems, political patronage and eventual collapse or unsustainability of their credit facilities (Yaron, 1992). This is an indication that these informal financial intermediaries apparently play unique roles, do unique things or do things in unique fashion and/or use unique principle and strategies (Eboh, 1995b; Ebo, 2000). The main objective of this paper therefore is to discuss the various institutions, schemes, and practices of rural informal savings and credit associations noting the varying challenges and lessons for better performance.

2. CONCEPTUAL ISSUE

Conceptualizing of RFIs: Rural Financial Institutions (RFIs) are generally classified into two major institutions: Formal Rural Financial Institutions (FRFIs) and Informal or Unorganized Informal Rural Financial Institutions (IRFIs). This distinction is necessary in view of the scope of this study. It is also necessary in order to explain the observed relationship between these institutions. The activities of IRFIs cover all financial transactions that take place outside the functional scope of banking and other financial sector regulations in the country. These activities are often "unrecorded and unregulated" but legal (Soyibo, 1994, 1996).

According to the World Bank 1999, the unorganized financial institutions and scheme includes:

Professional money lenders, part-time money leaders such as estate owners, traders, small-holder farmers, relations and friends: esusu or isusu collectors; credit unions and cooperative societies, etc.

The IRFIs are not only as old as rural communities, they are also arranged around social-cultural activities of particular communities. They are also flexible in operation, while enforcement of contracts, which in most cases are "unwritten" is usually based on group trust and other indigenous legal and social institutions. The operation of these institutions is more prevalent in rural and semi-urban areas. Their activities revolve round cash and to a lesser extent in-kind. They have wide ranging operational scope and features. Some are community or group based, while others are organized around individuals. Some mobilize savings while others mobilize savings and do lending too. Some are engaged in only lending (see World Bank, 1994; Aryeetey, 1994; Soyibo, 1994; Bagachwa, 1994; Akanji, 1998).

Inspite of this diversity, the informal financial activity remains small and the smallness in scale of operation is common factor all over Africa. Other factors common to these institution are free entry, free exit into the financial business, where lending is done mainly on personal recognition. However, deposit taking and lending are often done among kit and kinsmen with a lot of peer pressure for maintaining compliance.

Soyibo (1994) identified two types of IRFIs activities based on cash and kind. The resources utilized are derived from pooled resources. The in-cash transaction is the most common in the urban areas where in-kind transactions are often carries out in the rural-agro based environment. IRFIs tend to satisfy three functions which are provision of consumption loan, insurance and investment. The money lender model, extract economic surplus provided by peasant labour, capital and possibly land (Von Pischke, 1991) and this is why IRFIs has been strongly criticized as exhibiting exploitative price paid in credit either in cash or in kind (Hoff and Stiglitz, 1990).

These unorganized, unregulated and legalized rural financial institutions in Africa go by such names as Etibe (Ibibio), Esusu (Yoruba), Adashi (Tiv), in Nigeria, "Gamiayah" in Egypt, "Susu" in Ghana, "Tortine" in Niger and Cameroon.

3. FORMS OF INFORMAL FINANCIAL INSTITUTIONS/SCHEMES

The concept of informal financial sector describes those financing activities that are often unrecorded but take place outside official financial institutions, and consequently unregulated. Informal finances are activities predates the formal financial systems. They are as old as various communities, and the activities take place outside the functional regulatory ambit of the monetary authorities but legal.

Over the years various forms of informal financial institutions and schemes has evolved as a result of product repackage as obtain in the formal financial institutions and schemes. The following are the most common:

(A) Traditional Savings and Credit Associations (TRASCAs): The traditional savings and credit association could be rotating or non-rotating. The rotating TRASCAs consisted of members who agreed to make regular fixed cash contributions into a common fund or pot at regular intervals. The pot was then handed out in whole or in part (cash or kind) to each contributor in pre-determined order of rotation or turns. Comparatively, the non-rotating TRASCAs operated upon a core participant who agreed to save regularly on contractual terms; with the savings used for member and/or non-member loans on interest basis. The savings fund was generated through a variable cash contribution system whereby individual members were free to make deposits over and above the set minima, according to his/her financial ability during the meeting period. Savings/deposits by individual members were pooled and kept by the treasurer at home or in an account with a formal financial intermediary at the end of a pre-agreed period, mostly one year, the fund was shared among members according to their contributions; and with interest amounts in proportion to the total savings/deposits contribution by the member.

Both the rotating TRASCAs and non-rotating TRASCAs do exhibit risk-consciousness in the size and growth of membership. Since the degree of social cohesion between members diminishes as the size of the group increases, both types of associations avoided membership size considered to be "too small" or "too big". If the rotating TRASCAs are unduly small, the per capita benefits of joint savings or co-operation could be too small to repay the efforts of joining and also that it would be more devastating to a small group if a member dropped out. On the other hand, if the group is too large, members would wait too long for their turns, benefits would become thinly spread, interpersonal communication and moral bonds become thinner with potential increase in moral hazard (Eboh, 2000). Also, because each member of a large group losses very little by the non-co-operation or default of one other, there is little incentive to pressurize the defaulted member (Shipton, 1992). The crucial nature of size factor as a principal risk man against instrument among TRASCAs was underscored by the fact that new admissions were decided only collectively and unanimously.

TRASCAs most often are highly localized, relatively homogenous and delimitation of membership profile along gender, age, neighbourhood or occupational criteria made it possible for members to have other forms of contact and relationships outside those involving financial intermediation. This feature facilitates social sanctions and group pressure that is often needed to enforce members' regular participation and discourage savings delinquency and loans default. Group homogeneity tended also to diminish the possibilities of wide disparities in status and financial abilities of members. Since members interacted frequently in social and economic spheres within the community and enjoy social proximity and personal knowledge of one another, the problem of information asymmetry and transaction (screening, monitoring and enforcement) costs that so often beset formal finance are insignificant.

(B) Daily Savings Enterprises (DSEs): This is one of the modern unorganized financial schemes, existing both in the rural and urban areas. Evidence about this form of financial scheme is more prevalent in semi-urban areas. It is usually referred to as mobile banking system. It is a type of personalized banking involving the money collector (banker) and his or her clients. The mode of operation is very simple. It requires the collector (banker) to design a card backed up with a big note book which carries the name of savings collecting agency it address and the name of the collector (and, if possible, his or her passport photograph). The card and the notebook also carry the name, village or ward, local government area and passport photograph of the depositor. It also contains 31 or 8 separate boxes relating to the days of the month or markets (See Fig. 1). The operation of the system involves the following:

(i) the card is handed over by the collector to the client
(ii) the client and the collector agree on a daily or weekly or marketly amount to be paid as savings
(iii) at the end of the month (or as agreed upon), the collector would return the amount contributed less a charge for the service. The collector and client would then endorse the portions provided for collectors' signature together with the amount paid to the client. All details of the transaction would be entered on the card and notebook and dated. The notebook acts as a backup in the event of missing card.

On the whole, the arrangement do work well, especially when the collector is highly meticulous and trusted and he or she must have a good reputation in order to alley the fear of his or her absconding with other people's savings. Flexibility and simplicity are the major attributes of this financial scheme. The collector must be familiar with the rural economy and the calendar of activities of the clientele. This enables the collector in scheduling activities appropriately. For instance, it could be agreed that savings be deposited one or twice a week, corresponding to market days, though it can be spread over longer period. Contributors are mainly teachers, junior staff of ministries and unemployed ladies and housewives and retired civil servants.

Name of Firm: ……………………..........	Name of Depositor: ……………………...
Address of Firm: …………………..........	Village/Ward: ……………………………..
Name of official/Collector: ……….….....	Local Government Area: ………………...
Year: ………………………………..........	Passport of Depositor: …………………..

January	Date	1	2	3	4	5		31	Total (₦)	Charge (%)
	Amount (₦)									
	Amount Received by Depositor (₦)	Date: ……. Depositor's Signature: ….. Collector's Signature: ……								
February	Date	1	2	3	4	5		31	Total (₦)	Charge (%)
	Amount (₦)									
	Amount Received by Depositor (₦)	Date: ……. Depositor's Signature: ….. Collector's Signature: ……								
December	Date	1	2	3	4	5		31	Total (₦)	Charge (%)
	Amount (₦)									
	Amount Received by Depositor (₦)	Date: ……. Depositor's Signature: ….. Collector's Signature: ……								

Fig. 1. Daily serving card

This type of financial system has the following advantages:

(i) transactions can be agreed upon in less than a minute,
(ii) transactions require no form filling,
(iii) transactions take place in the customers' home grounds on days convenience to them and with a collector who is known and trusted,
(iv) it operations do not require the client to be able to read and write; and
(v) the savings pooled by the banker can be loaned to a client for investment without the conditions and process always encountered in formal financial institutions.

Daily savings enterprises are not common in a typical village setting in Nigeria. It is however, practiced in some urban and semi-urban as daily savings outlets. However, its importance in rural banking schemes cannot be overemphasized. Besides savings, this scheme can provide credit services, especially, to long-standing and reliable clients and also a source of employment to several people.

(C) Professional Money Lending Schemes (PMLs): Financial intermediation is the mobilization of capital from savers to the deficit areas of the economy. Professional moneylenders are individuals with enough capital mobilized from different sources including their personal savings to meet other people financial needs. It is very common in semi-urban areas where civil servants habit with persist delay of salaries and constant strike. It is a typical sole-proprietorship where the lender dictates the pace and term of the credit.

The operation involve in this type of informal financial scheme include:

(i) the borrower approached the lender in his home or office and the term of the credit is reached.
(ii) interest paid on certain amount is usually fixed and varies from one lender to another. Usually, 25 percent for every ₦1, 000 borrowed.
(iii) at the end of every 30 days (one month) the borrower is expected to pay the specific interest and part of the capital.
(iv) collateral securities accepted include landed property documents, electronics, certificates, cheque books and a guarantor.
(v) at the end of the transaction, agreement form may be signed by both parties including the guarantor.

Some lenders specialized in buying durable items like motorcycle and vehicle, which, they give out on "balance and carry" basis, with the cost price being, multiplied by 2. Thus, making the borrower to pay 2 times the amount of the item.

Loans granted by these lenders are mostly small-sized quick maturing, rapidly accessible, self-proliferating, profusely spread and flexibly rescheduled. They often restrict their loans to sub-annual duration, mostly in the range of 1-3 months.

Table 1: Forms of Informal Financial Institutions/Schemes

Financial Institutions	*Ownership Structure*	*Financial Intermediate Activities.*
(1) Traditional Savings & Credit Association (TRASCAs):		
(a) Rotating TRASCAs	Group of individuals	Mainly savings/depositsSavings
(b) Non-rotating TRASCAs	Group of individuals	/deposits and credit
(2) Daily savings Enterprises (DSEs)	Individual & group of individuals	Savings
(3) Professional money lending scheme (PMLs)	Individual and group of individuals.	Mainly credit

Source: Iganiga, (2000)

Moneylenders have been criticized for charging rather high interest rate and thereby hindering economic development of the rural and semi-urban populace by limiting their access to credit. Moreso, they are indifferent to the purpose of the borrowing and by lending for consumption activities (like burial ceremonies), they put the poor in more problems (Ojo, 1995, 1996).

Generally, the various forms of informal financial institutions and schemes have been strongly criticized as exhibiting exploitation price paid on credit either in-cash or in-kind (Hoff and Stiglitz, 1990). This belief of high exploitation and the fact that they are limited in their operations, unorganized and uncoordinated. But all the same, these informal financial institutions transactions are complementary to the formal transactions, particularly for those who found banks borrowing requirements too cumbersome.

4. METHODOLOGICAL ISSUE

A. Methodology: The method adopted in this study is a derivation of the works of Umoh, (1998) and Eboh (2000) on similar issues. The study aims at eliciting information about the various types of unorganized financial institutions their modus operandi and survival strategies in Benin City and Ekpoma, an urban and semi urban/rural areas respectively. By virtue of the geographical location of Benin been an outlet to the Eastern region, Benin City assumes prominence as a commercial nerve – center of the state habited by the Edos (the native), the Ibos, Yorubas and the Hausas including foreigners like the Ghanaians, Gambians and others majority of the people in the metropolis are traders, craft makers, transporters, artisans farmers and civil servants. While Ekpoma exhibits the trails of semi-urban and rural areas.

B. Data and Data Collection: Data used in this paper were obtained from separate studies of representative informal savings and credit associations in two communities (Benin City and Ekpoma) both of Edo State. The selection of traditional saving and credit association was based on gender composition and operational strategy for financial intermediation. Hence twenty traditional savings and credit associations were selected at random based on all-male, all-female and admixture of male and female and individual holdings. While the gender tendencies of these groups reflect social preferences, they also indicate the gender stereotyping that characterizes in that rural area. Such that associations were relatively more homogenous in age, occupation, residence and ethnicity, gender stood out as the most critical factor by which to assess heterogeneity.

Information and data were obtained through group-level and individual interviews with the lenders and members, respectively of various association and clients of these institutions selected also at random from small business sectors like vendors, barbers, house-wife, traders, transporters, etc. The information elicited group-level information including operational characteristics and the mix of services volume of savings/deposits and extended loans, techniques and practice adopted in mobilizing deposits/ savings and extending loans and patronizing clients. The data were subjected to descriptive analysis and simple percentages in a tabular form.

5. RESULTS AND DISCUSSION

In this section, empirical evidence of the potentials of the various types of informal financial institutions and schemes are presented and discussed.

5.1 Results of the Ownership of the Various Financial Institutions Identified

The Tables 2 to 4, give the result of the interview held with the various head and members of 20 informal financial institutions sampled in Benin City and Ekpoma, representing urban center and semi-urban/rural areas respectively. Thus 10 in each geographical location in the ratio of 4:3:3 for Traditional Saving and Credit Associations (TRASCAs), Daily Saving Enterprises (DSE) and professional lending schemes respectively.

Table 2: Ownership Structure of Traditional Saving and Credit Associations (TRASCAs)

Types of Ownership	*Benin City-Urban*		*Ekpoma – Semi-Urban/Rural*	
	Number	*%*	*Number*	*%*
Individual	2	20	1	10
Group of individuals	8	80	6	60
Other financial Institutions	0	0	3	30
Government Agency	0	0	0	0
Non governmental Organisations	0	0	0	0
Total	10	100	10	100

Source: Field Survey 2005

Table 3: Ownership Structure of Daily Enterprises (DSEs)

Types of Ownership	*Benin City-Urban*		*Ekpoma – Semi-Urban/Rural*	
	Number	*%*	*Number*	*%*
Individual	7	70	5	50
Group of individuals	3	30	3	30
Other financial Institutions	0	0	2	20
Government Agency	0	0	0	0
Non governmental Organisations	0	0	0	0
Total	10	100	10	100

Source: Field Survey 2005

Table 4: Ownership structure of lending schemes

Types of Ownership	*Benin City Urban*		*Ekpoma – Semi-Urban/Rural*	
	Number	*%*	*Number*	*%*
Individual	9	90	7	70
Group of individuals	1	10	1	10
Other financial Institutions	0	0	3	0
Government Agency	0	0	0	0
Non governmental Organisations	0	0	2	20
Total	10	100	10	100

Source: Field Survey 2005

In Benin City, group ownership dominates the ownership structure of traditional savings and credit associations (80 percent). This is followed by individual (20 percent), while non for other types of ownership. In Ekpoma, a semi-urban area though group ownership dominates (60 percent), but, new trend appears where by other financial institutions like Uda, and Ujoelen Community Banks own 30 percent followed by individual ownership (10 percent).

In the daily savings enterprises, in Benin City, sole proprietorship dominates (70 percent) followed by group ownership (30 percent). While in Ekpoma, the ownership structure is fairly distributed with individual ownership also dominating (30 percent). This is closely followed by group ownership by 30 percent and other financial institutions with 20 percent.

Ownership structure of professional lending schemes in Benin City shows that individual ownership dominates (90 percent) and this is followed by group ownership of 10 percent. Also, Ekpoma still displays some heterogeneity in the ownership structure with sole proprietorship leading with 70 percent, followed by non governmental organisation with 20 percent. These non governmental agencies include clubs like Lion club, Urgue club and others.

From the analysis, it could be observed that semi-urban/rural areas are more discriminatory and near evenly spread in ownership of the identified unorganized financial institutions.

Table 5: Category of Clients (members inclusive) of Traditional Savings and Credit Associations (TRASCAs)

Clients	*Benin City – Urban*		*Ekpoma – Semi-Urban/Rural*	
	Number of Reporting Associations	*%*	*Number of Reporting Associations*	*%*
Farmers	1	25	4	100
GSM Operators (boots)	4	100	2	25
Traders	4	100	4	100
Barbers/Hair Dressers	1	25	1	25
Fashion Designers	1	25	1	25
Transporters	4	100	4	100
Civil Servants	4	100	2	25
Others	1	25	1	25

Source: Field Survey 2005

5.2 Clients (Members Inclusive) of TRASCAs, DSEs and PMLs

Tables 5-7 shows actual clients (membership inclusive) of the identified informal financial institutions. In the two zones, representing urban and rural areas.

Traditional savings and credit associations (TRASCAs) reported that 25 percent of the associations identified farmers, hair dressers, fashion designers are clients and hence their members, while at Ekpoma, semi-rural urban and rural areas, the whole sampled associations (100 percent) reported that farmers are their major clients. This is not unconnected with the village setting. The same variation applies to GSM operators and civil servants (See Table 5).

Table 6 shows that no firms reported that farmers are their clients. Only 33.3 percent of the reporting enterprises identified. GSM operators patronize them at Ekpoma as against 100 percent in Benin City. Zero firms reported civil servants as their client in Ekpoma, while 33.3 percent of the firms acknowledged their presence in Benin City.

Professional lending schemes recorded the highest disparity between urban and rural areas in terms of patronage by various occupational disciplines. Only 33.3 percent of the lenders acknowledged the presence of farmers as their clients in Benin City, while 66.7 percent of them signified this in Ekpoma. The same disparity applies to other professions except for traders and transporters.

Table 6: Category of clients of daily savings Enterprises (DSEs)

Clients	*Benin City – Urban*		*Ekpoma – Semi-Urban/Rural*	
	Number of Reporting Enterprises	*%*	*Number of Reporting Enterprises*	*%*
Farmers	-	-	-	-
GSM Operators (boots)	3	100	1	33.3
Traders	3	100	2	66.7
Barbers/Hair Dressers	3	100	3	100
Fashion Designers	3	100	3	100
Transporters	3	100	3	100
Civil Servants	1	33.3	-	-
Others	2	66.7	1	33.3

Source: Field Survey 2005.

Table 7: Category of clients of professional money lenders

Clients	*Benin City – Urban*		*Ekpoma – Semi-Urban/Rural*	
	Number of Reporting Lenders	*%*	*Number of Reporting Lenders*	*%*
Farmers	1	33.3	2	66.7
GSM Operators (boots)	1	33.3	1	33.3
Traders	3	100	3	100
Barbers/Hair Dressers	1	33.3	1	33.3
Fashion Designers	1	33.3	2	66.7
Transporters	3	100	3	100
Civil Servants	3	100	2	66.7
Others	1	33.3	1	33.3

Source: Field Survey 2005.

Table (5-7) show the various occupational distribution and the most preferred unorganized financial institutions in different geographical setting, while farmers and relatively few numbers of civil servants preferred Traditional Saving And Credit Associations (TRASCAs), traders, transporters, barbers, fashion designers, GSM operators, etc, prefer Daily Saving Schemes. This is not unconnected with the nature and duration of their income.

5.3 Financial Intermediation and Performance of TRASCAs, DSEs and PMLs

The results of the level of financial intermediation functions and performance for the identified informal financial institutions are presented thus:

Table 8 shows that in absolute terms, the savings/deposits mobilized by TRASCAs in Benin City stood at ₦593,000 and ₦931,000 for Ekpoma, which is higher due to the popularity of TRASCAs among rural areas as shown by the numbers of clients 75 for Benin City and 105 for Ekpoma. Daily Savings Enterprises, DSEs exhibit different pattern. In absolute terms DSEs mobilize ₦612,000 and ₦419,000 in Benin City and Ekpoma respectively and average numbers of client stood at 225 for Benin City and 135 for Ekpoma.

It can also be observed from the table that the loan granting abilities of these institutions also vary. In Benin City TRASCAs and PMLs were ₦96,000 and ₦1,836,000 respectively as against ₦115,000 and ₦1,116,000 for DSEs and PMLs respectively in Ekpoma. These also

Table 8: Financial Intermediation and Performance of TRASCAs, DSEs and PMLs (2004)

Financial intermediation indicators	*Benin City*			*Ekpoma*		
	*TRASCAs**	*DSEs*	*PMLs*	*TRASCAs**	*DSEs*	*PMLs*
Number of reporting institutions	4	3	3	4	3	3
Total number of clients (members including) in 2004	75	225	178	105	135	63
Average total amount of savings /deposit mobilization in 2004						
Savings/deposits mobilized per institution in 2004***	₦593,000	₦612,000	**	₦931,000	₦419000	**
Average total amount of loan extended in 2004*	₦148,250	₦204,000	**	₦232,750	₦130666	**
Loan volume per institution in 2004***	₦96,000	**	₦1836000	₦115,000	**	₦1116000
Ratio of loan volume to savings volume in 2004***	₦24,000	**	₦612,000	₦28,750	**	₦372000
	0.162	**	**	0.124	**	**

* TRASCAs: This include both Rotating and Non-Rotating Types
** Not applicable (PMLs most often do not mobilize deposits from individuals or group, while DSEs do not grant loans).
*** Computed by the authors.
Source: Field Survey, 2005.

confirmed the popularity of TRASCAs in rural areas and PMLs in urban areas. This findings reinforces other evidence (see Adams and Ghate, 1992, Umoh, 1998 and Eboh, 2000).

The fact that these institutions were able to mobilize funds running into millions of naira shows great potentials in the financial system. Given the failure of most rural banks and the so-called micro-credit schemes possibly due to their non acceptability by the rural population, one may then point at the unorganized financial scheme as one of the reliable strategies to adopt in developing the rural financial markets.

6. CONCLUDING REMARKS

This paper has described and analysed the organisation, functioning and financial intermediation activities of unorganized financial institutions in Nigeria. These include: Traditional Savings and Credit Associations (Rotating and non Rotating), Daily Savings Enterprises (DSEs) and Professional Money Lending Schemes (PMLs).

To survive economically, Nigeria has one option only, and that is to invest in, mobilize and develop the rural sector. It is pertinent to mention that Nigeria's rural transformation may not come through the same path as those of industrialized countries. This is because the conditions that exist in those countries are different from those of Nigeria. The country, therefore, has to chart its rural transformation course. It has to device its own techniques for viable rural financial markets based on empirical findings, which this paper has exposed. Pointing out that traditional Savings and Credit Associations (rotating and non Rotating) are more prevalent in the semi-urban and rural areas among farmers and other unskilled, semi-skilled workers and traders. While Daily Savings Enterprises and Professional Money Lending Schemes do better in urban areas. Hence, money market development policies should reflect these characteristics.

The performance analysis of these unorganized financial markets possibly reflects strong savings propensities and more robust lending activities among these organisations. Hence, the complementarity link between formal and informal financial sectors should be encouraged through;

(a) more research be done in the area of informal financial sector.
(b) Develop more market instruments aimed at helping the TRASCAs, DSEs and PMLs evolve into more visible agents of rural finance and to increase their dept of influence.
(c) Develop support mechanisms to guarantee loans from informal sector and provide insurance against risk.
(d) Institute institutions, technical capacity building and programme reorientation to assist TRASCAs, DSEs and PMLs to "upgrade" and the formal banking to "step-down".

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