

Informal Financial Institutions and Poverty Reduction in the Informal Sector of Offa Town, Kwara State: A Case Study of Rotating Savings and Credit Associations (ROSCAs)

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ABSTRACT The paper is a report of an empirical study on the extent of poverty in the informal sector of Offa town, Kwara State, Nigeria and the role of an informal financial institution (Rotating Savings and Credit Associations ROSCAs) in reducing poverty among the people. Using a set of household data, P-alpha-class poverty measure and a multiple regression analysis. Questionnaire was administered to 500 informal sector operators, who are members of ROSCAs in Offa town. The study found that the informal financial institution plays an important role in reducing poverty among the people.