

Re-imagining crime prevention through financial inclusion: Credit Associations (CSAs) as Catalysts for Crime Reduction in Makurdi Town

Terhile Jude Ahoo

Department of Sociology, Rev. Fr. Moses Orshio Adasu University, Makurdi

Email: ahoojterhile@gmail.com

ORCID ID: 0009-0003-8836-115X

Michael Christopher Eraye

Department of Sociology,

Federal University of Lafia

Abstract

Persistent insecurity and widespread financial exclusion in Makurdi town of Benue State have continued to exacerbate socio-economic vulnerabilities and drive criminal activities. This study therefore examines the effect of Savings and Credit Associations (SCAs) on crime reduction in Makurdi town. Employing a mixed-methods approach, data were gathered from 386 respondents using surveys and in-depth interviews across diverse wards in Makurdi. Quantitative analysis, supported by regression models, revealed that SCAs have a modest but statistically significant effect on reducing crime ($R^2 = 0.053$, $p < 0.05$), particularly by promoting financial stability and accountability among members. Qualitative insights illuminated the deeper social impacts of SCAs such as fostering mutual trust, reducing financial stress, and discouraging antisocial behaviors such as theft, burglary, and financial fraud. Community narratives affirmed that SCAs not only meet economic needs but also reinforce ethical standards, civic responsibility, and peaceful coexistence. The study concludes that SCAs are pillars of social resilience and informal security. It recommends that government, NGOs, and local leaders should invest in scaling and institutionalizing SCAs as viable instruments for financial inclusion and community-based crime prevention.

Keywords: Savings and Credit Associations, financial inclusion, crime reduction, social cohesion, grassroots development.

Introduction

Access to finance traditionally influences social stability and economic growth. Efficient and inclusive financial systems help to transform the lives of people by reducing poverty and inequality, and facilitate effective movement of resources to boost productivity for small and medium-scale enterprises (Nehra et al., 2020). Globally, the development of the financial sector directly supports poverty reduction by broadening access to finance of the disadvantaged and vulnerable groups (Federico et al., 2021). Major drivers of financial access such as mobile technology and digital technology, agent banking, microfinance and microcredit initiatives have millions of subscribers who are provided affordable, quick and reliable services on payments, savings, credit, and insurances in addition to opportunities for enormous capital accumulation, credit creation, and investment potentials (Njoroge, 2021).

Financial inclusion is recognized in developed societies such as Europe and America as a critical aspect of sustainable development because of its enormous impact on the economy. In Africa, the Corona Virus Disease (Covid-19) pandemic led to an expansion in the use of digital financial services as control measures including social distancing and lockdowns influenced a shift to the use of mobile money services, providing opportunities for people to remit, access finance, save, insure, and make payments without interruption. Mobile money

services, particularly improved bank account ownership, have since been playing greater roles in deepening access to financial services and products in countries like Somalia, South Sudan, Burkina Faso, Ethiopia, South Africa among others.

Reports in Nigeria indicate that crime has remained persistent and has caused the displacement of more than 3.6 million people in the country (United Nations Development Programme [UNDP], 2023). The problem has grown worse as the majority of adults are financially excluded (Enhancing Financial Innovation and Access, 2022). According to Onolapo (2015), Nigerians who have the mindset to go into businesses experience challenges in accessing funds from commercial banks in order to prosecute their vision. This is often influenced by some bureaucratic bottlenecks such as high interest rates on bank loans, requirements for collateral, poor dissemination of information regarding access to funds, and unstable internet services for financial transactions.

Savings and Credit Associations (CSAs) emerged following the need by communities to build an accessible, responsive and effective mechanism for reducing economic vulnerabilities and fostering resilience. Chineka and Mtetwa (2021) noted that SCAs play a significant role in reducing poverty and minimizing criminality at local community levels in developing societies. They are important to households primarily because of its implications for welfare through its role in savings (Shauri, 2014). They are interesting institutions to analyze because they are a social construct, determined entirely by the social relations of the group members.

In many parts of Africa, SCAs are economically productive in encouraging cooperation and reduction of poverty. Brannen (2010) aver that the associations positively impact on the welfare of individuals and their households especially in aspects of asset expenditure, income generation, education expenses, access to health services, nutritional levels and quality of housing. Members of SCAs may experience reduced stress associated with financial difficulties as they enjoy easy access to funds in the form of loans which are used in catering for dietary, educational, and health needs. Similarly, SCAs are sustainable ways of alleviating poverty as the schemes combine approaches that ensure saving and guarantee taking of loans which in most circumstances are given at very low interest to members (Kesanta & Andre, 2015). The schemes exist to strengthen household economies, reduce vulnerabilities and minimize the potentialities for criminal conduct (United States Agency for International Development [USAID], 2019). Furthermore, SCAs provide a viable opportunity for economic empowerment and assist in managing household risks by smoothing consumption and ensuring food security (Karlan, et al., 2017; Beaman, et al., 2014).

Membership of savings and credit associations has substantially grown in Africa, Nigeria and particularly in Benue State where women make up a significant number of the group (Chineka & Mtetwa, 2021). As a result, the government and private sectors continue to utilize saving and credit schemes as a key approach in facilitating financial inclusion and economic growth at grassroots. In spite of the benefits of savings and credit associations to the society and the efforts made by the government to promote its membership, efforts in addressing crime may not have been adequately explored.

The previous attempts at reducing the rate of crime especially using mechanisms such as Bank Verification Number system, cashless policy, public-private partnership, anti-money laundering initiatives, financial literacy programmes, bank account ownership among others have not yielded the required results probably because they did not directly address the relationship between savings and credit association and crime reduction. For instance, Frisancho and Valdivia (2020) suggested that saving and credit associations positively impact poverty reduction, economic resilience, and investment in productive activities among households. Brannen (2010) reported a complementary relationship between CSAs and the welfare of individuals and their households particularly on their asset expenditure, income

generation, education expenses, and access to health services. Meanwhile, Enoch and Raturu (2021) reported that the improved standard of people living in poverty is improved as a consequence of membership of saving and credit associations.

However, the preliminary studies were not concentrated on the direct links between credit and savings and credit associations and crime reduction, nor were conducted in Makurdi town where the government has persistently encouraged people to register and become members of cooperative societies. Besides, there was a notable increase in armed robbery, cultism, theft, burglary, and financial scams in Makurdi (National Bureau of Statistics, 2023). The implication is that expanding financial inclusion through membership of CSAs could play an essential role in reducing crime in Makurdi town, the Benue State capital. The main objective of the study is therefore to examine the effect of saving and credit associations on crime reduction in Makurdi town, Benue State.

Research hypotheses

H₀: Saving and Credit Associations have no effect on crime reduction in Makurdi town.

Methods

This study was conducted in Makurdi town, the capital of Benue State, Nigeria, where financial exclusion and rising crime rates are prevalent concerns. A mixed method research design was adopted, combining quantitative and qualitative approaches to examine the relationship between savings and credit associations (SCAs) and crime reduction. The study targeted adults in Makurdi, with a total population of approximately 230,000. Using Yamane’s (1967) formula, a sample size of 400 respondents was determined. A multistage sampling technique was used to select participants from various wards and clusters with active SCAs. Data were collected using a structured questionnaire and an interview guide. While descriptive and inferential statistical tools, including regression analysis, were applied to the quantitative data, qualitative responses were analyzed through thematic content analysis to gain deeper insight into the role of SCAs in reducing crime.

Results

Data collected for the purpose of the research is presented and analyzed in this section.

Table 1: Responses on SCAs and crime reduction in Makurdi town

S/N	SCAs and crime reduction	Yes	No	I don't know	Mean (x̄)	Standard Deviation (Std.)
1.	Member of any credit and saving scheme	228(59.1%)	154(39.9%)	4(1.0%)	1.61	.509
2.	Savings and credit associations can promote financial stability among members	288 (74.6%)	52(13.5%)	46(11.9%)	1.37	.688
3.	Savings and credit associations can reduce theft	277(71.8%)	72 (18.7%)	37(9.6%)	1.38	.654
4.	Savings and credit associations can reduce burglary	245(63.5%)	125(32.4%)	16(4.1%)	1.41	.570
5.	Savings and credit associations can improve social cohesion	276(71.5%)	86(22.3%)	24(6.2%)	1.35	.593

6.	Savings and credit associations can promote mutual trust in the community	309(80.1%)	49(12.7%)	28(7.3%)	1.27	.587
7.	Savings and credit associations can reduce financial desperation	284(73.6%)	78(20.2%)	24(6.2%)	1.33	.587
8.	Savings and credit associations can encourage small-scale entrepreneurship	338(87.6%)	33(8.5%)	15(3.9%)	1.16	.464
9.	Savings and credit associations can encourage a sense of accountability and responsibility among community members	287(74.4%)	35(9.1%)	64(16.6%)	1.42	.760

Source: Fieldwork, 2024

Table 4.5 above provided the ratings of the different ways SCAs affect crime reduction in the study area. Although data indicated that 59.1% of the respondents hold membership of credit and saving associations, 39.9% are not members, while 1.0% are not sure of their membership status. The ratings established that SCAs encourage a sense of accountability and responsibility among community members (\bar{x} =1.42, STD =0.760), reduce burglary (\bar{x} =1.41, STD =0.570), and reduce theft (\bar{x} =1.38, STD =0.654). The mean scores and standard deviation further unveiled that SCAs promote financial stability among members (\bar{x} =1.37, STD =0.688), improve social cohesion (\bar{x} =1.35, STD =0.593), reduce financial desperation (\bar{x} =1.33, STD =0.587), promotes mutual trust in the community (\bar{x} =1.27, STD =0.587), and encourage small-scale entrepreneurship (\bar{x} =1.16, STD =0.464). The values of the standard deviations are below 2, indicating a consensus in respondents' opinions that SCAs have a significant effect on crime reduction in the study area.

The quantitative data is supported by respondents' views obtained through interviews. According to one of the interviewees:

I am part of a weekly savings and credit scheme that almost all members of this community have joined. I do not keep large amounts of cash at home; I save it in the scheme. And because of that, I have not experienced any incident of theft (IDI, Business woman, 30 years, Wadata).

Saving and credit schemes make it easier for people who may not have access to formal banks to save money. Incidentally, this also helps in curtailing incidents of theft. Another respondent further stated:

As a member of a credit scheme, I know that if this scheme does well, it is the members that will enjoy it. Moreover, the members of this association are also members of this community, so it is the community that will also enjoy it. Therefore, we take this very seriously (IDI, Community Leader, 60 years, Wurukum).

SCAs promote a high sense of accountability and responsibility within members of the group and the larger community. This could minimize the propensity for fraudulent and indeed criminal activities. Furthermore, a respondent said that:

The savings and credit scheme in our community has empowered so many people including myself. The credit that I took seriously reduced the pressure I was facing from not getting funds to buy agro-chemicals. Now, I have bought agro-chemicals for my farm without begging anyone or

stealing (IDI, Civil Society member, 43 years, High Level).

So much relief has been brought into the lives of people due to their membership of SCAs. They do not resort to criminal behaviour to get money to meet needs such as farming, or to pay for healthcare or education.

Test of Hypotheses

H₀: Saving and credit associations have no effect on crime reduction in Makurdi town.

Table 2: Regression analysis on Saving and credit associations have no effect on crime reduction in Makurdi town

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change statistics		
					R square change	F change	
1	.229 ^a	.053	.032	.674	.053	2.614	
		Sum of squares	Df	Mean square	F		
2	Regression	9.494	8	1.187	2.614	.000 ^b	
	Residual	171.169	377	.454			
	Total	180.663	385				
Independent variables			Unstandardized Coefficients		Standardized Coefficients	T	Sig.
			B	Std. Error	Beta		
	(Constant)		1.129	.157		7.201	.000
	Savings and credit associations can promote financial stability among members.		.174	.051	.175	3.397	.001
	Savings and credit associations can reduce theft.		.110	.059	.105	1.861	.063
	Savings and credit associations can reduce burglary.		-.046	.073	-.039	-.638	.524
	Savings and credit associations can improve social cohesion.		.062	.065	.054	.951	.342
	Savings and credit associations can promote mutual trust in the community.		.041	.062	.036	.664	.342
	Savings and credit associations can reduce financial desperation		.060	.061	.051	.979	.328
	Savings and credit associations can encourage small-scale entrepreneurship.		-.136	.081	-.092	-1.685	.093
	Savings and credit associations can encourage a sense of accountability and responsibility among community members.		-.108	.051	-.120	-2.123	.034

a. Dependent Variable: Savings and credit association can reduce crime in Makurdi town
 b. Predictors: (Constant).

Data in Table 2 above shows that savings and credit associations have a statistically significant but modest effect on crime reduction in Makurdi town. The regression analysis showed an R value of 0.229 and an R-square of 0.053, indicating that approximately 5.3% of

the variation in crime reduction could be explained by the predictors related to savings and credit associations. Among the predictors, promoting financial stability among members had a significant positive effect ($\beta = .175, p = .001$), while encouraging a sense of accountability and responsibility showed a significant negative relationship ($\beta = -.120, p = .034$). Other variables such as reducing theft, burglary, and improving social cohesion were not statistically significant. Overall, the null hypothesis was rejected, suggesting that savings and credit associations do have an effect on crime reduction in Makurdi town, albeit limited. From the in-depth interviews conducted to back-up the quantitative data, one of the interviewees stated that:

We gather here every Sunday and contribute from five hundred naira and above. After the contribution, credits are given to members who need and deserve credit. During contributions, we drink together and resolve whatever differences we perceive among ourselves. Issues affecting the community are also discussed (IDI, Community leader, 68 years, North Bank).

SCAs ensure togetherness and development among members of the community. This is done through the contributions, distribution of credit, resolution of conflicts, and promoting social cohesion. According to one business woman:

My daughter was seriously sick and needed immediate medical treatment. I reluctantly went to the Chairman of our savings and credit group and he made a call to one of the Excos and then went into his room and brought out thirty thousand naira and gave it to me. If I didn't get that money that day, I could have done anything to get it from any source (IDI, Business woman, 32 years, Modern Market).

Timely financial support is provided through savings and credit associations. It goes a long way in preventing drastic and desperate actions aimed at securing funds. Another respondent had this to say:

One woman took a credit from the community credit scheme and used it to start her small business of selling household food items. She is doing very well in her business now. Besides, the man who sells local gin and cigarettes to us in this community is still in business because of our local contribution (IDI, youth leader, 29 years, Akpehe).

Savings and credit associations encourage entrepreneurial activities as they make funds readily available for small scale start-ups and sustenance, thereby reducing the propensity to criminality. Another interviewee underscored the impact of savings and credit associations towards encouraging a sense of accountability and responsibility among members of the community. He stated that:

The savings we do here reduces the way people would have indulged in crimes like stealing, kidnappings and the likes. The good thing is that it is members of this community that also handle the activities of the association so it makes them responsible and accountable for its success or failure (IDI, Community Leader, 55 years, Wadata).

The participation of community members in the governance of SCAs makes them financially stable, united and it improves the commitment to sustain ethical standards within the community.

Discussions

The study examined the effect of saving and credit associations on crime reduction in Makurdi town. Findings showed that most respondents in the study area belong to credit and saving associations. This finding affirms the recent study by Chineka and Mtetwa (2021) who reported that in Africa, membership of savings and credit associations have substantially grown. These associations are essentially composed of women who happen to be the most economically disadvantaged groups. Findings also revealed that savings and credit associations encourage a sense of accountability and responsibility among members in the study site. The finding is supported by Khandker (2005) whose study in Bangladesh found that in institutions similar to savings and credit associations, members demonstrate a sense of responsibility with their finances owing to the lending practices of the group and peer pressure. The result also agreed with Ksoll et al (2016) that members of such associations exhibit improved financial behaviours by saving regularly and repaying loans on time. Indeed, savings groups ensure that members develop a strong sense of financial discipline and accountability as a result of meeting regularly and monitoring the activities of peers. This is usually as a result of the group's structure and collective accountability.

Similarly, findings established that SCAs improve social cohesion and promote mutual trust in the community. This is corroborated by Mwangi and Ouma (2012) who stated that in Kenya, Savings and Credit Cooperative Societies (SACCOs) build trust and social cohesion, leading to increased responsibility among members as they rely on each other for financial support. Further affirming the finding, Karlan (2009) had reported that the associations foster a sense of collective responsibility and trust because they require members to meet regularly. Membership of savings groups enhances trust and cooperation among members. The constant meetings and interactions which are necessary for savings and loan activities promote an environment of trust and improved social networks, thus limiting incidents of crime.

The study also found that SCAs reduce financial desperation. It has been reported that through savings and credit groups, household income is significantly improved and economic stability is achieved, thus reducing financial desperation (Brannen, 2010). Also, Karlan et al (2017) agreed that membership of SCAs lead to enhanced household welfare, ensuring higher levels of savings, improved access to credit, and effective financial management during events of financial shocks. These schemes minimize the potential of individuals engaging in criminal behaviour. Findings further showed that SCAs reduce incidents of burglary and theft. In agreement, Gichane et al (2020) stated that the presence of these groups enhance social cohesion, monitoring of activities of each other, and thus deter engagement in criminal activities such as theft and burglary.

Findings from the study further indicated that SCAs encourage small-scale entrepreneurship. Karlan et al (2017) confirmed that the associations provide financial resources that are critical to assist individuals in establishing and expanding their small business enterprises. They also enable members to invest in other small-scale business activities that facilitate better economic conditions for individuals, and thus reduce the temptation to carry out crimes. Gichane et al (2020) also agreed that the groups make available to members the necessary capital they require to start businesses, resulting in improved economic conditions and community development.

The test of hypothesis confirmed that saving and credit associations have a significant effect on crime reduction in Makurdi town. These associations ensure that financial resources

are available, social cohesion and trust among community members is promoted and there are improved economic conditions, and reduced incidents of criminal activities.

Conclusion and recommendations

Savings and Credit Associations (SCAs) play significant roles in the promotion of financial stability, encouraging entrepreneurship, enhancing social cohesion, reducing financial desperation, and fostering accountability and responsibility among members of the society. In turn, these factors contribute to a reduction in criminal behaviours such as theft, burglary, and financial scams in Makurdi town, Benue State. Although the statistical analysis showed a modest but significant impact of SCAs on crime reduction, qualitative insights from community members highlighted the critical role of these associations in improving livelihoods, trust, and harmonious coexistence. It is thus concluded that expanding financial inclusion through SCAs can be a viable grassroots strategy for addressing socio-economic vulnerabilities and minimizing crime in Makurdi town.

Therefore, considering that SCAs have been found to be beneficial to economic stability and security, the study recommends that community leaders, religious leaders and non-governmental organizations such as Enhancing Financial Innovation and Access (EFInA), Grooming Center, and Civitas Auxillium Foundation which are interested in financial inclusion and community development issues should work harmoniously towards establishing new savings and credit schemes, as well as strengthening and expanding existing ones in Makurdi town. Finally, Makurdi local government authority and security agencies should recognize SCAs as part of community policing and crime prevention frameworks. Their roles should be strengthened in building trust, monitoring members' behaviour, and resolving disputes peacefully to enhance their capacity to deter criminal tendencies among members.

References

- Beaman, L., Karlan, D. & Thuysbaert, B. (2014). Saving for a (not so) rainy day: A randomized evaluation of savings groups in Mali. *Tech. Rep., National Bureau of Economic Research*.
- Brannen, C., (2010). *An impact study of the Village Savings and Loan Association (VSLA) program in Zanzibar, Tanzania*. Middletown. Wesleyan University Press
- Chineka, T.S. & Mtetwa, E. (2021). Savings and credit schemes (SCSs): Towards an informal sector poverty alleviation strategy for Zimbabwe. *African Journal of Social Work, 11(6)*, 403-411.
- Enhancing Financial Innovation and Access (EFInA) (2022). *Access to financial services 2022 survey*. EFInA.
- Enock, B. & Raturu, A. (2021). The role of savings and credit cooperative society in poverty reduction in Ntungamo Municipality: A case study of Kajara People's Cooperative Savings and Credit Society Ltd. *International Journal of Innovative Science and Research Technology, 6(3)*, 462-469.
- Federico, D., Grazioli, R., Milioli, M.A., Notte, A. & Poletti, L. (2021). *Financial and social inclusion in Europe*. EIF Working Paper, No. 2021/72, European Investment Fund (EIF), Luxembourg.
- Frisancho, V. & Valdivia, M. (2020). Savings groups reduce vulnerability, but have mixed effects on financial inclusion. *CAF – Working Paper, 12*.
- Gichane, M. W., Sullivan, K. A., Shayo, A. F., Kanema, S., Vissoci, J. R. N., & Staton, C. A. (2020). Socioeconomic and health effects of Village Savings and Loan Associations in South Africa: a systematic review. *International Journal for Equity in Health, 19(1)*, 1-14.

- Karlan, D. (2009). Microfinance games. *American Economic Journal: Applied Economics*, 1(2), 140-153.
- Karlan, D., Savonitto, B., Thuysbaert, B. & Udry, C. (2017). Impact of savings groups on the lives of the poor. *Proceedings of the National Academy of Sciences*, (114), 3079–3084.
- Kesanta, J. & Andre, B., (2015). Impact of women empowered through community scss on the wellbeing of their families: A study from Mgubwe, Tanzania. *Interdisciplinary Journal of Best Practices in Global Development. Southern Adventist University*, 1(1), 4.
- Khandker, S.R. (2005). Microfinance and poverty: Evidence using panel data from Bangladesh. *The World Bank Economic Review*, 19(2), 263-286.
- Ksoll, C., et al. (2016). Impact of village savings and loan associations: Evidence from a cluster randomized trial. *Journal of Development Economics*, 120, 70-85
- Mwangi, M., & Ouma, S.A. (2012). Social Capital and Access to Credit in Kenya. *American Journal of Social and Management Sciences*, 23(2); 764-812
- Nehra, P., Berwal, K. & Bhall, R. (2022). Measuring financial inclusion among Asian countries. *Journal of Positive School Psychology*, 6(7): 3060-3071
- Njoroge, J.M. (2021). *Relationship between agency banking and the financial deepening in Kenya* (A Masters' thesis, University of Nairobi).
- Onaolapo, A.R. (2015). Effects of financial inclusion on the economic growth of Nigeria. *International Journal of Business and Management Review*, 4(2)1-19.
- Shauri, Y.H. (2014). *An assessment of savings and credits groups on poverty reduction: A case of rural households in North Unguja* (Masters Dissertation, The Open University of Tanzania).
- United Nations Development Programme (2023). *Assessing the impact of displacement on IDPs and host communities in Nigeria*. UNDP.
- United State Agency for International Development [USAID] (2019). *Savings groups plus: A review of evidence*. USAID.