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Financial Inclusion for the Poor: Assessing Microfinance and Cooperative Schemes in Achieving SDG 1 in Jigawa State, Nigeria

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Abstract

This research examines the role of microfinance institutions (MFIs) and cooperative societies in promoting financial inclusion and alleviating poverty in Jigawa State, Nigeria, in line with Sustainable Development Goal 1 (SDG 1): No Poverty. Utilising a mixed-methods approach, which encompasses household surveys, focus group discussions (FGDs), and key informant interviews (KIIs), the study analyses the availability, efficiency, and challenges associated with financial inclusion approaches in selected rural areas. Quantitative results indicate that access to credit, participation in cooperatives, and financial literacy have a significant impact on improvements in household earnings, business growth, and food security. Nevertheless, various obstacles remain, including low levels of financial literacy, gender-based exclusion, high interest rates, and infrastructure deficits such as poor road networks and limited mobile banking access. Qualitative data indicate that women and youth continue to be disproportionately marginalised from formal financial services, even though they actively engage in informal savings and lending programs. The research concludes that although MFIs and cooperatives present potential as mechanisms for reducing poverty, their effectiveness remains inconsistent without additional investments in education, digital infrastructure, and inclusive financial policies. Targeted reforms that combine both credit and non-credit services, promote gender equality, and enhance institutional support are critical for deepening financial inclusion and realising SDG 1 in Nigeria's rural north.

Keywords: Financial inclusion, microfinance, cooperative societies, poverty alleviation, SDG 1, rural finance, Jigawa State, gender inequality, financial literacy, Nigeria.

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1. Introduction

The elimination of poverty is one of the most urgent challenges facing global development in the 21st century. This issue is acknowledged in the Sustainable Development Goals (SDGs), established by the United Nations in 2015, with Goal 1 (SDG 1) dedicated to "ending poverty in all its forms everywhere" by 2030. Beyond mere economic deprivation, poverty encompasses restricted access to essential services, including healthcare, education, clean water, job opportunities, and social inclusion (Magaji, 2007). In numerous developing nations, including Nigeria, poverty is a multifaceted issue, with rural areas disproportionately impacted due to systemic barriers and inadequate service provision (Aluko & Magaji, 2020).

The National Bureau of Statistics (NBS, 2023) reports that more than 60% of Nigerians live below the poverty line, with northern states such as Jigawa facing the highest rates of poverty. Jigawa State, situated in the northwestern region of Nigeria, has a predominantly agrarian economy, high illiteracy rates, inadequate infrastructure, and limited access to formal employment opportunities. In impoverished communities, the majority of people's livelihoods depend on small-scale agriculture, informal trading, and seasonal labour (Magaji & Yisa, 2023). These activities are highly susceptible to climate-related shocks, market fluctuations, and weak institutional support (Magaji, 2001).

In this challenging socioeconomic environment, the problem of financial exclusion intensifies poverty (Musa, Ismail, & Magaji, 2024). A considerable portion of the rural populace lacks access to formal banking services, credit options, and safe savings methods (Magaji & Haruna, 2011). Many low-income households are barred from economic opportunities due to insufficient collateral, a lack of financial knowledge, and geographical distances from banking facilities (Okoroafor, Magaji, & Eze, 2018). This financial exclusion not only hinders business development but also restricts households' ability to face emergencies, invest in education, or build up productive resources (Magaji, 2008).

Consequently, financial inclusion has emerged as a vital facilitator of poverty reduction. It signifies the availability and utilisation of affordable financial services—such as savings accounts, loans, microinsurance, mobile money, and credit facilities—designed to meet the needs of low-income individuals. Internationally, financial inclusion is increasingly recognised as a cross-cutting strategy for attaining various SDGs, including SDG 1 (No Poverty), SDG 5 (Gender Equality), and SDG 8 (Decent Work and Economic Growth). In Nigeria, both governmental and non-governmental entities have launched various financial inclusion initiatives to address this developmental disparity. Among the most effective approaches to financial inclusion in rural Nigeria are microfinance institutions (MFIs) and cooperative societies. These community-oriented financial systems provide alternatives to traditional banks by offering small loans (microcredit), collective savings programs, and informal insurance options (Magaji & Aliyu, 2007). MFIs, frequently backed by governmental initiatives and development partners, focus on empowering low-income individuals—particularly women and youth—by allowing them to initiate or expand small enterprises, pay educational expenses, and enhance food security. Conversely, cooperative societies function based on mutual trust and cooperation, aggregating member contributions to extend credit and support local investments in agriculture, commerce, and housing.

In Jigawa State, these two approaches have been adopted to different extents by rural populations as mechanisms for alleviating poverty. A variety of women's cooperatives, youth credit groups, and smallholder farmer associations have emerged in recent times, often with support from national initiatives such as the National Social Investment Programme (NSIP) or projects led by donors. However, the actual effectiveness, accessibility, and sustainability

of microfinance and cooperative initiatives in diminishing poverty remain inadequately studied, particularly within the local context of Jigawa's Local Government Areas (LGAs).

Therefore, this research aims to critically assess the impact of microfinance and cooperative initiatives on achieving Sustainable Development Goal 1 (SDG 1) in Jigawa State. It examines how these institutions contribute to poverty alleviation, identifies obstacles to their effective operation, and draws lessons for policy and practice. By focusing on the experiences of rural households and utilising both quantitative and qualitative data, the study offers an evidence-driven assessment of how financial inclusion is impacting—or failing to impact—the economic circumstances of low-income individuals in Jigawa State.

Ultimately, this research contributes to the broader dialogue on sustainable development in Nigeria by providing insights into how inclusive financial systems can be utilised to uplift marginalised communities. It also aims to provide policymakers, financial institutions, and community leaders with practical suggestions on enhancing financial access and improving the poverty-reduction capabilities of microfinance and cooperative models in Nigeria's rural northern regions.

2. Literature Review

2.1 Conceptual Definition Financial inclusion refers to the process of guaranteeing access to suitable, affordable, and timely financial products and services—such as savings, loans, insurance, and payments—to all individuals and businesses, especially those who are underserved and disadvantaged (World Bank, 2022). It is recognised as a crucial facilitator of poverty alleviation, economic empowerment, and inclusive growth (Magaji & Saleh, 2010). Financial inclusion empowers low-income individuals by enhancing their ability to save, invest in small businesses, manage their expenses effectively, mitigate risks, and improve their overall well-being (Igwe, Magaji, & Darma, 2021).

Within the Nigerian context, financial inclusion encompasses formal financial institutions, microfinance banks, mobile money providers, and cooperative societies, particularly in rural areas (Magaji, Musa &Dogo, 2023), where the presence of traditional banking is still minimal (Magaji, Nazifi, & Igwe, 2021). Microfinance institutions (MFIs) and cooperative societies have developed as grassroots financial systems that help alleviate financial exclusion by offering microcredit, group savings programs, and soft loans for productive activities.

Sustainable Development Goal 1 (SDG 1) aims to eradicate extreme poverty. Financial inclusion directly supports this objective by providing income-generating opportunities and enhancing financial resilience among low-income populations (UNDP, 2023). By closing the credit gap, financial inclusion fosters access to capital for smallholder farmers, women entrepreneurs, and informal sector participants in states such as Jigawa, which are disproportionately impacted by poverty and underdevelopment.

2.2 Theoretical Framework

This research is based on the Financial Intermediation Theory and the Sustainable Livelihoods Framework (SLF).

The Financial Intermediation Theory posits that financial institutions serve as intermediaries, reducing transaction costs, mitigating risk, and facilitating more efficient credit allocation (Schumpeter, 1911; Gurley & Shaw, 1960). This theory suggests that enhanced access to finance stimulates entrepreneurial activity, productive investments, and sustained income growth. In rural Nigeria, microfinance institutions and cooperatives serve as financial

intermediaries that help overcome market failures by providing services specifically tailored to low-income communities.

The Sustainable Livelihoods Framework (DFID, 1999) perceives poverty as the result of vulnerable circumstances and insufficient access to five essential asset categories: human, social, natural, physical, and financial capital. Financial inclusion is crucial for enhancing financial capital, which in turn facilitates investments in education, healthcare, and income-generating ventures. Cooperatives and MFIs are crucial in helping low-income families diversify their income streams and enhance their resilience against external shocks, such as climate change, inflation, or health crises.

Together, these frameworks underscore the importance of financial access in fostering sustainable livelihoods and alleviating poverty, particularly in structurally disadvantaged regions like Jigawa State.

2.3 Empirical Review

Research on financial inclusion has consistently highlighted its effectiveness in mitigating poverty, particularly in low-income and agrarian communities. Numerous studies in Nigeria and similar developing nations have demonstrated that access to financial services—primarily through microfinance institutions (MFIs) and cooperatives—can enhance income generation, promote savings behaviour, and foster economic resilience.

Ayanlade and Radeny (2023) discovered that increased access to microcredit and group savings through MFIs in rural Nigeria significantly improved household income, especially among female-headed households. Their research also highlighted positive spillover effects on education and food security, suggesting that financial inclusion offers multiple benefits in poverty alleviation. Likewise, Okoye and Obeta (2021) documented that cooperative societies in Southeastern Nigeria led to higher business ownership and financial literacy among rural women, thereby empowering their decision-making capacity in both domestic and economic spheres.

In Northern Nigeria, Usman and Gambo (2024) assessed the results of cooperative-based financial inclusion in the Hadejia Valley of Jigawa State. Their results indicated that access to credit via farmers' cooperatives increased crop yields, diversified livelihoods, and decreased reliance on predatory informal lending. However, the study also highlighted inadequate institutional frameworks and financial illiteracy as challenges to maximising these benefits.

A more recent examination by Yusuf and Abdullahi (2025) evaluated the performance of microfinance banks in Kano, Katsina, and Jigawa states. Utilising panel data from 2018 to 2024, they found that while MFIs positively impacted enterprise development, high interest rates, subpar repayment structures, and limited outreach in remote areas hindered the overall effect. Their research suggested targeted subsidies for rural MFIs and the integration of digital banking solutions to improve service delivery.

On a global scale, Demirgüç-Kunt et al. (2018), using the Global Findex Database, established that individuals with access to essential financial services were more inclined to save, invest in education, and manage economic hardships. They stressed that digital advancements—such as mobile banking and agent networks—are closing the access gap in remote and underserved areas.

In a more localised study, Bello and Sulaiman (2022) examined the microfinance landscape in Kano and Jigawa, yielding mixed outcomes. While microcredit increased economic participation among youths, defaults on repayment, weak collateral enforcement, and

insufficient financial management training undermined long-term sustainability. Gender disparities were evident, with female borrowers often facing exclusion due to a lack of collateral, cultural barriers, and fewer social connections to cooperative networks.

A study conducted in 2024 by Tanko and Ismaila, which focused on cooperative societies in Bauchi and Jigawa states, revealed that members of well-organised cooperatives were more likely to possess productive assets, enrol their children in school, and participate in community development initiatives. Nonetheless, the research also pointed out the ongoing challenges of insufficient technical expertise among cooperative leaders and the limited availability of digital financial tools.

From a policy perspective, the Central Bank of Nigeria (CBN, 2022) indicated that some progress has been made in meeting national financial inclusion goals, with overall access increasing to 64% by 2021. However, significant regional disparities still exist: states like Jigawa, Kebbi, and Yobe report formal financial inclusion rates below 40%, primarily due to inadequate road infrastructure, low mobile connectivity, and insufficient integration between microfinance institutions (MFIs) and the national banking systems.

Additionally, the UNDP (2023) noted that financial inclusion in northern Nigeria is unevenly distributed, with the youth, rural women, and internally displaced persons (IDPs) facing the most significant levels of exclusion. The report emphasised the need for inclusive financial policy formulation, capacity building, and the involvement of community-based structures, such as cooperatives and Village Savings and Loan Associations (VSLAs), to effectively reach marginalised populations.

2.4 Literature Gap

While existing literature supports the connection between financial inclusion and poverty alleviation, several gaps persist, especially within Jigawa State, Nigeria. Most existing studies tend to rely on generalised state-level data that fail to capture local disparities and rarely combine microfinance and cooperative initiatives, despite their complementary roles in rural financing. Many studies focus narrowly on credit and overlook other essential services, including savings, mobile banking, and financial literacy. Furthermore, there is a lack of emphasis on how factors such as gender, youth, and social dynamics influence access to financial services, and qualitative perspectives on user experiences are often missing. Several studies utilise outdated pre-pandemic data, overlooking recent changes in financial behaviours. This study addresses these gaps through a mixed-methods, SDG-linked framework that evaluates both the effects and lived experiences of financial inclusion initiatives in selected Local Government Areas (LGAs) of Jigawa State.

3. Methodology

This research employs a mixed-methods approach to investigate the role of microfinance institutions (MFIs) and cooperative societies in promoting financial inclusion and alleviating poverty in Jigawa State, in alignment with Sustainable Development Goal 1 (No Poverty). The mixed-methods strategy facilitates a comprehensive understanding by integrating the broad scope of quantitative data with the detailed insights from beneficiaries and stakeholders.

3.1 Research Area

The research was conducted in three Local Government Areas (LGAs) of Jigawa State—Dutse, Hadejia, and Gumel—chosen purposively due to their vibrant microfinance and cooperative activities, high levels of rural poverty, and geographical diversity. Jigawa State,

located in the Northwestern region of Nigeria, is mainly agrarian, characterised by widespread informal economic activities and a significant prevalence of poverty.

3.2 Research Design and Method

The study employed a convergent parallel mixed-methods approach, where both qualitative and quantitative data were collected simultaneously and analysed separately prior to comparison. This methodology facilitated the validation and refinement of quantitative findings by incorporating qualitative input.

3.3 Population and Sampling

The target population consisted of rural inhabitants affiliated with registered microfinance institutions (MFIs) and cooperative societies, as well as relevant stakeholders, including local officials, MFI personnel, and cooperative leaders. A multistage sampling method was utilised:

Stage One: Three local government areas (LGAs) were purposively selected for this study.

Stage Two: In each LGA, two communities with operational MFIs or cooperatives were randomly chosen.

Stage Three: From each identified community, 30 beneficiaries (totalling 180) were randomly selected for survey distribution.

For the qualitative aspect, six focus group discussions (FGDs) were conducted—two in each LGA, consisting of cooperative members, women's groups, and youth associations. Additionally, nine key informant interviews (KIIs) were carried out with MFI managers, cooperative leaders, and local government officials.

3.4 Data Collection Instruments

Structured questionnaires were used to gather respondents' socio-demographic information, access to financial services, poverty status, and perceptions of impact.

FGD guides examined issues such as obstacles to financial access, gender inclusion, community confidence in institutions, and changes in economic behaviour.

Interview guides were employed to collect institutional viewpoints from key informants regarding program implementation, challenges faced, and sustainability.

All instruments underwent pre-testing in a neighbouring LGA (Kaugama) for reliability and contextual relevance. Enumerators fluent in Hausa and trained in research ethics conducted the field research.

3.5 Data Analysis

Quantitative data from the questionnaires were coded and analysed using SPSS (Version 26). Descriptive statistics (frequencies, means, percentages) were calculated to summarise respondent characteristics and indicators of financial inclusion. A binary logistic regression model was used to identify predictors of poverty reduction outcomes related to financial access.

To gain deeper insight into the factors influencing financial inclusion and their effects on poverty alleviation, a binary logistic regression model was developed. The dependent variable was financial inclusion, characterised as whether a respondent had access to at least one formal financial service (such as a loan, savings account, or microinsurance) from either a microfinance institution (MFI) or a cooperative society (coded as 1 for "yes" and 0 for

"no"). The model incorporated various independent variables believed to affect financial inclusion, including education level, gender, access to mobile phone banking, household income level, cooperative membership, and financial literacy.

Model Specification: Let PP be the probability that a respondent is financially included. Then the logistic regression model is:

$$\log(P1-P)=\beta0+\beta1Education+\beta2Gender+\beta3MobileBanking+\beta4IncomeLevel+\beta5CoopMembership+\beta6FinancialLiteracy\log\left(\frac{P}{1 - P} \right) = \beta_0 + \beta_1 \text{Education} + \beta_2 \text{Gender} + \beta_3 \text{MobileBanking} + \beta_4 \text{IncomeLevel} + \beta_5 \text{CoopMembership} + \beta_6 \text{FinancialLiteracy}$$

Qualitative information gathered from Focus Group Discussions (FGDs) and Key Informant Interviews (KIIs) was transcribed and examined using thematic content analysis. Recurring themes were identified, categorised, and interpreted to reflect community narratives, institutional obstacles, and coping mechanisms.

The Research Ethics Committee of the University of Abuja granted ethical approval. Consent was obtained from all participants, ensuring confidentiality, voluntary participation, and the right to withdraw at any time. Participant names and identifying information were omitted from data records to safeguard their privacy.

Despite efforts to achieve representativeness, the findings may not wholly represent the range of experiences in LGAs of Jigawa that were not sampled. Additionally, self-reported information may be influenced by recall bias. Nevertheless, the integration of various methods and viewpoints helped to improve the validity and reliability of the results.

4.0 Results and Discussion

This section outlines the key findings of the research based on the analysis of both quantitative and qualitative data acquired from selected communities in Dutse, Hadejia, and Gumel LGAs of Jigawa State. The results are examined under major thematic areas corresponding with the study objectives and are supported by relevant literature.

Table 1: Socioeconomic Characteristics of Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	86	48
	Female	94	52
Education Level	No formal education	52	29
	Primary education	69	38
	Secondary and above	59	33
Main Occupation	Farming	79	44
	Petty Trading	58	32
	Artisan/Other	43	24
Financial Group Membership	Cooperative Only	71	39
	MFI Only	48	27
	Both	61	34

These statistics illustrate a population that is mainly rural, economically disadvantaged, and semi-literate, characteristic of financial exclusion areas in northern Nigeria. The survey participants (n = 180) were composed of 52% females and 48% males. The average age of respondents was 39 years, spanning from 21 to 65 years. Approximately 67% had completed primary education or less, while 29% had received no formal education at all. A majority of participants (76%) were involved in agriculture and small-scale trading, and 88% were members of either a cooperative society or a microfinance institution (MFI).

4.1 Financial Access and Utilisation

Of the respondents, 68% reported accessing credit at least once in the last two years through MFIs or cooperatives. About 43% of respondents utilised their loans for agricultural inputs, 26% for enhancing petty trade, and 14% for household necessities. Nevertheless, only 21% claimed to have formal savings accounts, with most depending on group-based savings systems (ajo/esusu). The usage of mobile money was relatively low at 9%, indicating gaps in both infrastructure and digital literacy.

Focus group discussions (FGDs) revealed that factors like group trust, accessibility, and flexibility were essential reasons why rural inhabitants favoured cooperatives over banks:

“The cooperative understands us better. They do not require collateral like banks, and we make payments weekly or monthly, based on our agreement.”

—Female participant, Hadejia FGD

4.2 Impact on Livelihoods and Poverty Alleviation

Quantitative findings showed that 61% of respondents experienced an increase in household income after joining a cooperative or accessing credit from an MFI. Additionally, 54% reported enhanced food security, while 46% mentioned improved access to healthcare or education for their children. However, 39% of respondents continued to face challenges with loan repayment, primarily due to seasonal fluctuations in their income.

Key informants confirmed this mixed result. An MFI manager in Gumel noted:

"Our loans assist them in enhancing their businesses, but inadequate financial training and market shocks often complicate repayment."

4.3 Barriers to Effective Financial Inclusion

Thematic analysis from Key Informant Interviews (KIIs) and Focus Group Discussions (FGDs) identified several ongoing barriers that impede the effectiveness of microfinance and cooperative programs in promoting financial inclusion across the study regions in Jigawa State. These obstacles, although diverse, were consistently raised by respondents across all genders, ages, and occupations.

Low Financial Literacy: A common issue highlighted by respondents was the lack of sufficient financial literacy. Many members of cooperatives and microfinance clients had minimal understanding of how to manage loans, save regularly, or plan for future investments. This was especially evident in the experiences shared by rural women and youth groups who admitted to using loans intended for agribusiness on personal expenses or social obligations. A cooperative officer in Dutse LGA stated: "Most of our members take loans and then find it hard to repay because they have not kept records or budgeted effectively. They do not distinguish between business and family expenses." This mismanagement frequently led to loan defaults, strained group relationships, and a decline in trust in the financial system.

Gender Inequality: Despite their high participation in cooperative activities, women continue to face significant structural obstacles in accessing credit and financial services. Cultural limitations on land ownership, mobility, and decision-making authority severely restrict their economic independence. As one female participant from a women's cooperative in Gumel remarked: "Even if we are in the group, we cannot borrow without our husband's consent or a guarantor. Some women hesitate to ask or do not even attempt." This social dynamic limits women's full involvement in income-generating activities and exacerbates gender-based economic exclusion, undermining the potential effects of financial inclusion efforts on poverty alleviation.

Weak Infrastructure: Deficiencies in infrastructure—such as poor road access, a shortage of banking agents, inconsistent electricity supply, and inadequate mobile network coverage—were highlighted as major obstacles. These circumstances hinder the accessibility and effectiveness of digital financial services, like mobile money, point-of-sale (POS) systems, and mobile banking applications. A young participant from a farming group in Ringim remarked: "Our village has no bank, and the phone network is weak. Sometimes we have to travel to the next town just to withdraw or send money." Such logistical challenges increase transaction costs, discourage financial involvement, and perpetuate informal, cash-based economies that are less resilient to disruptions.

High Interest Rates: Additionally, the significant burden of high borrowing costs, especially from microfinance institutions (MFIs), was noted as a serious issue. Numerous participants expressed concerns about interest rates that ranged from 25% to 30% annually, which they deemed exploitative and counterproductive. For many smallholder farmers and small-scale traders, these rates diminished their profits and disincentivised them from taking loans. A market vendor in Hadejia expressed: "How can I borrow ₦50,000 and pay back ₦65,000 in such a short timeframe? It is preferable to endure than to fall into that trap." In comparison, cooperative societies offered more favourable terms; however, they often faced challenges due to limited capital, erratic member contributions, and weak governance structures.

These obstacles—spanning individual knowledge gaps to structural and institutional barriers—hinder the capacity of microfinance and cooperative initiatives to promote inclusive financial systems in Jigawa State. Addressing these issues requires a comprehensive approach that encompasses financial literacy education, gender-sensitive programming, investment in rural infrastructure, effective regulatory oversight, and the development of financial products tailored to the needs of underserved groups.

4.4 Logistic Regression Analysis

Table 2: Logistic Regression Results

Predictor Variable	B Coefficient	Sig. (p-value)	Odds Ratio (Exp(B))
Education Level	0.865	0.004 **	2.375
Gender (Male = 1)	0.221	0.218	1.248
Mobile Banking Access	1.090	0.001 **	2.974
Household Income Level	0.648	0.015 *	1.912
Cooperative Membership	1.174	0.000 **	3.235
Financial Literacy Score	0.792	0.008 **	2.207
Constant	-1.184	0.032 *	0.306

*Significant at 0.05 level
**Significant at 0.01 level

Interpretation of Results: The analysis utilising logistic regression indicates that various factors have a significant impact on the probability of financial inclusion:

Education Level (p = 0.004): Individuals with formal education have more than double the likelihood (OR = 2.375) of accessing financial services compared to those without formal education. Education enhances comprehension of financial products and builds trust in financial institutions.

Mobile Banking Access (p = 0.001): The ability to utilise mobile phones for banking is strongly linked to financial inclusion. Individuals who use mobile banking are nearly three times more likely (OR = 2.974) to achieve financial inclusion. This emphasises the increasing importance of digital platforms in addressing geographical limitations.

Household Income Level ($p = 0.015$): A higher income correlates positively with inclusion, as those with more stable earnings are in a better position to fulfil loan criteria or engage in savings.

Cooperative Membership ($p < 0.001$): This is identified as the most significant factor, with cooperative members being over three times more likely (OR = 3.235) to gain financial inclusion. Cooperatives act as vital channels for financial access in rural areas.

Financial Literacy ($p = 0.008$): Individuals possessing higher scores in financial literacy are noticeably more likely (OR = 2.207) to utilise financial services effectively.

Gender ($p = 0.218$): Although male participants showed a higher likelihood of financial inclusion, this finding was not statistically significant, suggesting that gender alone does not account for access; however, accompanying qualitative data highlight that cultural norms continue to impede women's involvement.

The model demonstrates that in Jigawa State, financial inclusion is significantly affected by education, cooperative membership, access to digital financial platforms, and financial literacy. Initiatives designed to enhance access must focus on these areas, particularly among the most marginalised groups, including women, the uneducated, and individuals lacking access to digital resources and tools. Strengthening cooperative structures, expanding mobile banking facilities, and providing targeted financial education can help bridge the inclusion gap and advance poverty alleviation in line with SDG 1.

4.5 Discussion of Findings

The results support the idea that financial inclusion via cooperatives and microfinance institutions (MFIs) plays a vital role in alleviating poverty in rural Jigawa, especially when services are inclusive and responsive to local needs. The importance of education and financial literacy in encouraging successful financial behaviour is consistent with research conducted by Ayanlade & Radeny (2023) and Bello & Sulaiman (2022). However, the minimal adoption of mobile payment and savings solutions reveals challenges related to infrastructure and capacity.

Having dual membership in MFIs and cooperatives appears to provide the most considerable effect, indicating that combined financial services can lead to improved outcomes compared to separate models. Nonetheless, high interest rates, income instability due to seasonal factors, and cultural limitations—particularly for women—restrict the depth of these impacts.

5. Conclusion and Recommendations

5.1 Conclusion

This research evaluated the role of microfinance institutions (MFIs) and cooperative societies in promoting financial inclusion and alleviating poverty in Jigawa State, Nigeria, with a focus on their contribution to Sustainable Development Goal 1 (No Poverty). Through a mixed-methods strategy, the findings suggest that both MFIs and cooperatives have significantly enhanced household incomes, improved food security, and encouraged enterprise growth among rural communities. Access to credit, financial literacy, and membership in both formal and informal financial networks emerged as strong indicators of positive livelihood effects.

The research also uncovered ongoing challenges that hinder the full effectiveness of financial inclusion efforts. These challenges include high interest rates, insufficient financial literacy, obstacles related to gender, weak digital infrastructure, and a lack of diverse financial products (particularly in savings and insurance). While microfinance institutions (MFIs) are

better organised and provide structured financial services, their stringent loan requirements and high costs restrict their reach. Cooperatives, while more adaptable and community-focused, frequently lack professional management and financial resources. The regression and qualitative analyses indicate that successful poverty alleviation necessitates not only access to credit but also a comprehensive ecosystem that includes financial education, institutional trust, gender inclusivity, and infrastructural support. To genuinely promote SDG 1 in Jigawa, efforts need to be more localised, integrated, and inclusive.

5.2 Recommendations

1. Enhance Financial Literacy Initiatives

Government bodies, microfinance institutions (MFIs), and non-governmental organisations (NGOs) should establish ongoing community-centred financial education initiatives that emphasise budgeting, loan management, saving habits, and digital finance. These initiatives should primarily focus on women and youth, who are often the most marginalised financially.

2. Encourage Integrated Financial Approaches

Promote partnerships between MFIs and cooperative societies to deliver combined services that encompass credit, savings, insurance, and business training. Such integrated models will enhance flexibility and broaden outreach by utilising the trust established by community organisations.

3. Subsidise Interest Rates and Broaden Microinsurance Options

Policymakers should implement subsidised lending options for rural borrowers in collaboration with development banks or through government grants. Affordable microinsurance products—such as crop, health, or life insurance—should also be encouraged to help build resilience against unforeseen events.

4. Advanced Infrastructure for Digital Finance

Investing in mobile network infrastructure and digital banking agents in rural local government areas (LGAs) will facilitate greater mobile money usage, decrease transaction costs, and provide real-time access to savings, payments, and microloans.

5. Encourage Gender-Inclusive Financial Products

A specific focus should be given to addressing financial exclusion based on gender by simplifying collateral requirements, supporting cooperatives led by women, and providing group lending opportunities specifically aimed at female entrepreneurs.

6. Build Capacity for Cooperative Governance

Local cooperatives should receive support and training in areas such as record-keeping, transparency, and credit management to improve their governance practices and sustainability.

7. Assess and Evaluate Financial Inclusion Efforts

State and local authorities should create a collaborative monitoring system that regularly assesses the effectiveness, impact, and challenges of financial inclusion initiatives, particularly in underserved LGAs.

In conclusion, financial inclusion through MFIs and cooperative models presents significant potential for alleviating poverty in Jigawa State. However, to address the remaining

challenges, a focused and inclusive approach must be undertaken to enhance accessibility, institutional assistance, and financial capacity among low-income individuals, ensuring that no one is overlooked in the quest to attain Sustainable Development Goal 1.

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