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REGULATORY AND SUPERVISORY FRAMEWORKS: THEIR ROLE IN SHAPING THE ETHICAL CONDUCT AND PERFORMANCE OF CREDIT COOPERATIVES IN ENUGU STATE, NIGERIA.

By

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Abstract

This study investigates the role of regulatory and supervisory frameworks in shaping the ethical conduct and performance of credit cooperatives in Enugu State, Nigeria. Adopting a descriptive survey design, primary data were collected through questionnaires from a sample of credit cooperatives operating in Enugu State, Nigeria. The study examines the effectiveness of regulatory oversight, level of compliance with ethical standards, and the relationship between regulatory oversight, ethical conduct, and financial performance outcomes. Descriptive statistical tools and correlation analysis were employed for data analysis. Findings reveal a significant positive correlation between the effectiveness of regulatory oversight and compliance with governing frameworks among credit cooperatives. However, no significant differences were found in the level of adherence to ethical standards across various operational and governance structures. Additionally, strong associations were identified between regulatory oversight, ethical conduct, and financial performance metrics, highlighting the interconnectedness of these factors within the sector. The study concludes by offering recommendations to strengthen regulatory oversight, promote ethical behavior, and enhance the sustainability of credit cooperatives in Enugu State. These findings contribute to the growing body of knowledge on governance and sustainability in cooperative organizations and provide insights for policymakers, regulators, and credit cooperative stakeholders.

Keywords*: Regulatory, Supervisory Frameworks, Ethical Conduct, Performance & Credit Cooperatives.*

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Introduction

Credit cooperatives, also known as cooperative societies or microfinance institutions, are vital components of the financial landscape in many developing regions, including Enugu State, Nigeria. These cooperatives serve as essential sources of financial services for individuals and small businesses, particularly in areas where formal banking infrastructure is scarce or inaccessible. In Enugu State, where the majority of the population relies on agriculture and small-scale entrepreneurship for livelihoods, credit cooperatives play a pivotal role in fostering economic development, poverty alleviation, and financial inclusion (Gabor & Brooks, 2020).

However, the effective functioning of credit cooperatives hinges not only on their internal governance structures but also on the regulatory and supervisory frameworks within which they operate. Regulatory and supervisory mechanisms are designed to ensure the stability, soundness, and ethical conduct of financial institutions, safeguarding the interests of depositors, borrowers, and the broader financial system (Okafor et al., 2023). In the case of credit cooperatives, which often cater to vulnerable and marginalized segments of society, the need for robust regulatory oversight is particularly critical to prevent exploitation, fraud, and mismanagement (Gitonga & Miano, 2020).

Despite the recognized importance of regulatory and supervisory frameworks in shaping the behavior and performance of financial institutions, including credit cooperatives, there remains a dearth of empirical research specifically examining their impact within the context of Enugu State, Nigeria. Existing studies tend to focus more broadly on financial regulation at the national level or on the microfinance sector as a whole, overlooking the nuances and peculiarities of credit cooperatives operating at the sub-national level.

Moreover, while ethical conduct is widely acknowledged as a fundamental pillar of financial governance, its relationship with regulatory oversight and performance outcomes in credit cooperatives has not been adequately explored in the Nigerian context. Understanding how regulatory frameworks influence the ethical behavior of credit cooperatives, and in turn, their financial performance, is essential for policymakers, regulators, practitioners, and researchers seeking to strengthen the resilience and sustainability of the microfinance sector in Enugu State.

Therefore, this study seeks to fill this research gap by conducting a comprehensive investigation into the regulatory and supervisory frameworks governing credit cooperatives in Enugu State, Nigeria, and their role in shaping ethical conduct and performance outcomes. By examining the regulatory landscape, assessing the ethical behavior of credit cooperatives, and analyzing their financial performance, this research aims to generate actionable insights and recommendations for enhancing the effectiveness of regulatory oversight, promoting ethical standards, and fostering the long-term viability of credit cooperatives as engines of inclusive economic growth and development in Enugu State, Nigeria.

Statement of the Problem

Credit cooperatives are recognized as pivotal institutions in providing financial services to individuals and small businesses in Enugu State, Nigeria, especially in areas where formal banking infrastructure is lacking. Existing regulatory and supervisory frameworks are in place to oversee the operations of financial institutions, including credit cooperatives, aiming to ensure stability, integrity, and consumer protection within the financial sector. It is widely acknowledged that ethical conduct is fundamental for the sustainability and trustworthiness

of financial institutions, including credit cooperatives. Adherence to ethical standards fosters member trust, enhances institutional reputation, and contributes to financial stability.

However, despite the presence of regulatory frameworks and the understanding of the importance of ethical conduct, several critical questions remain unanswered. Firstly, the effectiveness of regulatory oversight concerning credit cooperatives in Enugu State needs to be examined. There is a lack of clarity regarding how effectively these regulations are implemented and enforced. Understanding the efficacy of regulatory oversight is crucial for identifying gaps and improving regulatory practices to better serve the needs of stakeholders.

Furthermore, the extent to which credit cooperatives in Enugu State comply with ethical standards in their operations is uncertain. Empirical evidence regarding the level of adherence to ethical principles, such as transparency, fairness, and accountability, is lacking. Investigating compliance with ethical standards is necessary to assess institutional integrity and member trust.

Additionally, the relationship between regulatory frameworks, ethical conduct, and financial performance in credit cooperatives requires deeper exploration. It remains unclear how regulatory oversight and ethical behavior influence financial performance metrics such as profitability, sustainability, and outreach. Understanding this relationship is essential for ensuring the long-term viability and sustainability of credit cooperatives in Enugu State.

Addressing these questions is crucial for several reasons. Firstly, it can inform policymakers and regulators about necessary reforms and interventions to strengthen the regulatory framework. Improving regulatory effectiveness can enhance financial stability, protect stakeholders, and promote the sustainable growth of credit cooperatives. Secondly, identifying factors influencing ethical conduct within credit cooperatives can guide the development of targeted interventions and capacity-building initiatives to promote a culture of integrity and transparency. Strengthening ethical standards can bolster member trust, attract investment, and mitigate risks associated with unethical practices. Finally, examining the relationship between regulatory oversight, ethical conduct, and financial performance is essential for ensuring the long-term viability and sustainability of credit cooperatives. Insights gained from this research can guide strategic decision-making, risk management practices, and resource allocation to enhance financial resilience and improve outcomes for both members and communities served by credit cooperatives in Enugu State, Nigeria.

Objectives of the Study

The main objective of the study is on regulatory and supervisory frameworks – their role in shaping the ethical conduct and performance of credit cooperatives in Enugu State Nigeria. The specific objectives of the study are:

i. To assess the effectiveness of regulatory oversight in governing credit cooperatives in Enugu State, Nigeria.
ii. To evaluate the level of compliance with ethical standards within credit cooperatives operating in Enugu State.
iii. To analyze the relationship between regulatory oversight, ethical conduct, and financial performance outcomes in credit cooperatives in Enugu State.

Research Questions

The study will provide answers to the following research questions:

i. How effective is the regulatory oversight in ensuring compliance with governing frameworks among credit cooperatives in Enugu State, Nigeria?

ii. What is the extent of adherence to ethical standards within the operations and governance structures of credit cooperatives in Enugu State?
iii. What is the nature of the relationship between regulatory oversight, ethical conduct, and financial performance metrics such as profitability and sustainability among credit cooperatives in Enugu State?

Statement of Hypotheses

The following hypotheses in null form (H_0) will guide the study:

H_{01}: There is no significant relationship between the effectiveness of regulatory oversight and compliance with governing frameworks among credit cooperatives in Enugu State, Nigeria.

H_{02}: There is no significant difference in the level of adherence to ethical standards within the operations and governance structures of credit cooperatives in Enugu State.

H_{03}: There is no significant association between regulatory oversight, ethical conduct, and financial performance metrics such as profitability and sustainability among credit cooperatives in Enugu State.

Scope of the Study

The study will focus specifically on credit cooperatives operating within Enugu State, Nigeria. While Enugu State will be the primary geographical focus, the study's findings may have broader implications for the microfinance sector in Nigeria and other similar contexts.

The study will also analyze the regulatory and supervisory frameworks governing credit cooperatives in Enugu State, focusing on laws, regulations, and oversight mechanisms established by government agencies or regulatory bodies. It will explore the implementation, enforcement, and effectiveness of these regulatory provisions. It will finally analyze financial performance metrics such as profitability, sustainability, and outreach among credit cooperatives in Enugu State. It will explore factors influencing financial performance outcomes and examine the relationship between regulatory oversight, ethical conduct, and financial indicators.

Significance of the Study

This study holds significance for various individuals and institutions involved in the credit cooperative sector in Enugu State, Nigeria:

Policymakers and Regulators: Policymakers and regulatory authorities can benefit from the study's findings to enhance existing regulatory frameworks governing credit cooperatives. Insights into the effectiveness of regulatory oversight and compliance with ethical standards can inform the development of policies aimed at strengthening governance structures, improving regulatory enforcement, and promoting ethical conduct within the sector.

Credit Cooperative Management and Members: Credit cooperative managers and members stand to gain valuable insights into the importance of adhering to ethical standards and regulatory requirements. The study's findings can help guide decision-making processes within cooperatives, leading to improved governance practices, enhanced member trust, and better financial performance outcomes.

Researchers and Academics: Researchers and academics in the fields of finance, economics, and development studies can use the study's findings to expand knowledge about the dynamics of credit cooperatives in Enugu State. The research may inspire further academic inquiry into regulatory mechanisms, ethical behavior, and financial performance within the

microfinance sector, contributing to the broader literature on financial inclusion and cooperative finance.

Development Organizations and NGOs: Development organizations and non-governmental organizations (NGOs) working to promote financial inclusion and poverty alleviation can utilize the study's findings to design targeted interventions and capacity-building programs for credit cooperatives. By addressing gaps in regulatory oversight and fostering ethical conduct, these organizations can support the sustainable growth and impact of credit cooperatives in Enugu State.

Investors and Donors: Investors and donors interested in supporting microfinance initiatives and community development projects can benefit from the study's insights into the regulatory landscape and operational dynamics of credit cooperatives. The findings may inform investment decisions, risk assessments, and funding strategies aimed at maximizing social impact and financial returns within the microfinance sector.

Local Communities and Stakeholders: Lastly, local communities and other stakeholders served by credit cooperatives, including small businesses, farmers, and entrepreneurs, stand to benefit from improved governance, transparency, and financial stability within the sector. Strengthening credit cooperatives through enhanced regulatory oversight and ethical conduct can contribute to economic empowerment, poverty reduction, and sustainable development at the grassroots level in Enugu State.

Conceptual Review

Regulatory oversight in Governing Credit Cooperatives in Enugu State, Nigeria.

Regulatory oversight in governing credit cooperatives in Enugu State, Nigeria involves a multifaceted framework aimed at ensuring the stability, integrity, and soundness of the cooperative sector. This oversight encompasses various regulatory and supervisory mechanisms established by government agencies or regulatory bodies to monitor, regulate, and enforce compliance with laws, regulations, and standards applicable to credit cooperatives (Hamel, 2021).

In Enugu State, the regulatory framework for credit cooperatives is primarily governed by the Enugu State Cooperative Societies Law, which provides the legal basis for the establishment, operation, and supervision of cooperative societies in the state. Additionally, the regulatory activities are carried out by the Enugu State Cooperative Federation (ESCOFED), which serves as the apex regulatory body for credit cooperatives in the state (Okafor et al., 2023).

The regulatory oversight in governing credit cooperatives in Enugu State encompasses various aspects, including:

Registration and Licensing: Credit cooperatives are required to be registered with ESCOFED to operate legally in Enugu State. The registration process involves the submission of necessary documents and compliance with specific requirements outlined in the Cooperative Societies Law. Upon successful registration, the credit cooperative is issued a certificate of registration or license, indicating its legal status and enabling it to commence operations (Lowa, 2020).

Supervision and Monitoring: ESCOFED is responsible for supervising and monitoring the activities of credit cooperatives in Enugu State. This oversight ensures that the cooperatives operate in accordance with the law, adhere to sound financial practices, and protect the

interests of their members. ESCOFED conducts regular inspections, audits, and assessments of credit cooperatives to assess their financial health, compliance with regulations, and overall governance (Mmari, 2019).

Prudential Regulations: To safeguard the financial stability and integrity of credit cooperatives, regulatory authorities in Enugu State establish prudential regulations. These regulations prescribe standards and guidelines regarding capital adequacy, risk management, loan portfolio quality, liquidity management, and financial reporting. Credit cooperatives are expected to comply with these regulations to ensure the safety and soundness of their operations (Melak et al., 2018).

Consumer Protection: Regulatory oversight in Enugu State includes measures to protect the interests of credit cooperative members. This involves ensuring transparency in the provision of financial services, fair treatment of members, disclosure of terms and conditions, and resolution mechanisms for disputes (Rebelo et al., 2017). Regulatory authorities may establish and enforce rules related to interest rates, fees, and charges imposed by credit cooperatives to prevent exploitation or unfair practices.

Capacity Building and Training: Regulatory bodies in Enugu State may also focus on capacity building and training programs for credit cooperative members and staff. These initiatives aim to enhance the knowledge and skills of cooperative members in financial management, governance, risk mitigation, and compliance. By promoting professionalism and good governance practices, regulatory authorities contribute to the overall development and sustainability of credit cooperatives (Drona & Walsh, 2018).

Enforcement and Disciplinary Actions: In instances of non-compliance or misconduct, regulatory authorities have the power to take enforcement actions against credit cooperatives (Sathyamoorthi et al., 2016). These actions may include issuing warnings, imposing fines, suspending licenses, or revoking registrations. Such measures are intended to maintain discipline within the sector and protect the interests of members.

Level of Compliance with Ethical Standards within Credit Cooperatives Operating in Enugu State.

Compliance with ethical standards within credit cooperatives refers to the extent to which these cooperatives adhere to established ethical principles and guidelines in their operations and decision-making processes. Ethical standards encompass a set of principles that guide the behavior and actions of credit cooperatives, ensuring they operate in an honest, fair, and responsible manner (Sheriff & Ezekiel, 2018).

Compliance with ethical standards is essential for credit cooperatives as it helps build trust and confidence among their members, employees, and stakeholders. It ensures that the cooperative's activities are conducted with integrity, transparency, and accountability. By adhering to ethical standards, credit cooperatives demonstrate their commitment to acting in the best interests of their members and promoting the collective well-being of the cooperative community (Peter et al., 2021).

Ethical standards within credit cooperatives typically encompass a range of areas, including governance practices, financial management, member relations, employee conduct, social responsibility, and environmental sustainability. These standards may be defined by industry associations, regulatory bodies, or internal codes of conduct developed by the credit cooperatives themselves (Adams et al., 2022).

Compliance with ethical standards involves implementing policies, procedures, and practices that align with the defined ethical principles. It requires a commitment to ethical decision-making, ethical behavior, and ethical leadership throughout the organization. Credit cooperatives must establish mechanisms for monitoring and enforcing compliance, such as internal audits, regular assessments, and reporting systems for ethical concerns (Apata & Yusuf, 2020).

Ensuring a high level of compliance with ethical standards is crucial for the long-term success and sustainability of credit cooperatives. It helps maintain the cooperative's reputation, attracts new members, and strengthens relationships with stakeholders (Uzonwanne, (2015). Compliance also mitigates risks associated with unethical behavior, such as fraud, conflicts of interest, or reputational damage (Awotide, et al., 2015).

To promote compliance with ethical standards, credit cooperatives can provide training and education on ethical conduct to their members and employees. They can establish clear communication channels to address ethical concerns and provide guidance on ethical decision-making (Cuevas & Buchenau, 2018). Collaboration with regulatory authorities and industry associations can also support compliance efforts by sharing best practices, providing guidance, and enforcing ethical guidelines.

Hence, compliance with ethical standards within credit cooperatives is essential for fostering trust, accountability, and the sustainable growth of the cooperative movement. It involves adhering to established ethical principles, implementing appropriate policies and procedures, and promoting a culture of ethical behavior throughout the organization. By prioritizing compliance with ethical standards, credit cooperatives can enhance their reputation, strengthen member relationships, and contribute to the overall well-being of their communities.

Relationship between Regulatory Oversight, Ethical Conduct, and Financial Performance Outcomes in Credit Cooperatives in Enugu State.

The relationship between regulatory oversight, ethical conduct, and financial performance outcomes in credit cooperatives in Enugu State is intricate and multifaceted, with each factor influencing and shaping the others in significant ways.

Regulatory Oversight and Ethical Conduct:

Regulatory oversight plays a crucial role in shaping the ethical conduct of credit cooperatives by establishing and enforcing standards, rules, and guidelines governing their operations. Regulations related to governance, transparency, risk management, and member protection set the framework within which credit cooperatives operate (Diminah et al., 2018).

Effective regulatory oversight creates incentives for credit cooperatives to uphold ethical standards and comply with regulatory requirements. Oversight mechanisms such as inspections, audits, and sanctions provide accountability and deterrence against unethical behavior (Diminah et al., 2018).

Conversely, inadequate or lax regulatory oversight may create opportunities for ethical lapses and misconduct within credit cooperatives. Weak enforcement of regulations or regulatory capture can undermine ethical behavior and erode member trust, leading to negative financial performance outcomes.

Ethical Conduct and Financial Performance:
Ethical conduct is closely linked to financial performance outcomes in credit cooperatives. Adherence to ethical standards such as transparency, fairness, accountability, and member protection fosters trust, loyalty, and satisfaction among members, leading to increased member deposits, loan repayments, and business referrals (Ahaotu, 2017).

Credit cooperatives that prioritize ethical behavior are likely to experience lower incidences of fraud, delinquency, and loan defaults, resulting in improved asset quality, lower credit losses, and higher profitability. Ethical conduct contributes to the long-term sustainability and resilience of credit cooperatives by enhancing their reputation, brand image, and market competitiveness (Emenike & Obiora, 2015).

Conversely, ethical lapses or misconduct can have detrimental effects on financial performance outcomes. Instances of fraud, corruption, or mismanagement can lead to reputational damage, member attrition, legal liabilities, and financial losses, undermining the financial stability and viability of credit cooperatives.

Regulatory Oversight and Financial Performance:

Regulatory oversight also influences financial performance outcomes in credit cooperatives by shaping their operational environment and risk management practices. Stringent regulatory requirements can enhance financial stability, risk management, and governance practices, thereby contributing to improved financial performance (Jimoh, 2012).

Effective regulatory oversight can promote market confidence, attract investment, and foster growth opportunities for credit cooperatives by ensuring a level playing field, enforcing fair competition, and protecting stakeholders' interests (Dzingai & Fakoya, 2017).

Conversely, excessive regulatory burdens, inconsistent enforcement, or regulatory uncertainty may hinder financial performance by increasing compliance costs, limiting operational flexibility, and constraining innovation and growth initiatives.

Theoretical Framework
This study is theoretically underpinned on Agency Theory.

Agency theory is a foundational concept in economics and organizational theory that explores the relationship between principals (owners/shareholders) and agents (managers) within an organization. It posits that when principals delegate decision-making authority to agents, there is a potential for conflicts of interest to arise due to differing goals and incentives between the two parties. In the context of credit cooperatives, agency theory provides valuable insights into governance dynamics, accountability structures, and the alignment of interests between members (principals) and management (agents).

Relevance to the Study
Governance Dynamics: Agency theory helps explain the governance mechanisms within credit cooperatives, where members collectively own and control the organization but delegate day-to-day management to elected or appointed managers. Understanding the agency relationship sheds light on issues such as board oversight, managerial discretion, and the delegation of authority within credit cooperatives in Enugu State.

Accountability Structures: Agency theory highlights the importance of accountability structures in mitigating agency problems and ensuring that agents act in the best interests of

principals. In the context of credit cooperatives, effective governance mechanisms, transparency requirements, and regulatory oversight serve to align the interests of members with those of management, thereby reducing the risk of opportunistic behavior or agency costs.

Alignment of Interests: Agency theory underscores the need to align the interests of principals and agents to achieve organizational goals and maximize value creation. In credit cooperatives, this alignment is crucial for fostering member trust, enhancing financial performance, and promoting the socio-economic objectives of the cooperative sector. By examining the alignment of interests between members, management, and regulatory authorities, the study can provide insights into how governance structures, regulatory frameworks, and ethical conduct influence financial performance outcomes in credit cooperatives in Enugu State.

Empirical Review

Okafor et al. (2023) carried out a study on enhancing Cooperative Thrift and Loan Scheme for Increased Agricultural Production in Udi Local Government Enugu State, Nigeria. This study assessed ways of enhancing cooperative thrift and loan scheme for increased agricultural production in Udi local government area of Enugu state. To achieve this, the study ascertained the effect of cooperative credit on member's agricultural production, determined the effect of cooperative savings on member's agricultural input, and examined the extent to which access to loan to cooperative members increase their standard of living. Data were obtained from Eight functional and active cooperative in the area. The researcher adopted a descriptive research design and made use of survey to make generalization based on findings of the study and also adopted a judgmental sampling technique, Taro Yamane formula was used to determine the same size of 120, the data obtained were analysed using simple percentage frequency distribution tables and likert scale. The stated hypothesis was tested using Pearson's product- moment correlation analysis. Evidence from the study revealed that cooperative thrift and loan scheme plays a significant role on the agricultural production of members.

Okafor (2016) investigated the performance of thrift and credit in Nnewi South Local Government Area, Anambra State, using the convenience sampling technique to select a sample size of 100 members, 100 questionnaires, and a total of 83 was duly filled and retrieved from the respondent. After rigorous data analysis, the researcher discovered that, in addition to the traditional purposes of thrift and societies, which include thrift savings and loans, it offers other socioeconomic benefits for its members. It was established that full-time hired labor is critical to the advancement of society, yet monthly compensation for hired employees becomes a serious issue.

Anyaeji (2016) investigated the impact of savings and credit cooperative organizations, as well as measures for mobilizing savings, in the Aguata local government region. The researcher used descriptive statistics as well as the mean model 5-point Likert scale to assess. The study's findings demonstrated that SACCOs have a substantial favorable influence on members' saving options, the promotion of members' savings spirit, the deduction in members' family funds, and the avoidance of frivolous consumption.

Nwana (2015) examined cooperative society credit mobilization and its influence on rural development. The research was conducted in Anambra state's Njikoka local government area. The data was mostly acquired by questionnaires, and descriptive statistics were used in the

study. Despite the problems they confront, the results suggest that cooperatives have a good influence on rural development through mobilized finance.

Umebali, Aguyi and Umuahia (2014) examined the performance of thrift and credit cooperative societies (CTCS) in the Ikeduru local government Area of IMO state, Nigeria. The study's objectives are to measure the volume of members' savings made between 2008 and 2011, establish if members repay loans successfully, and identify challenges affecting the CTCS in Ikeduru L.G.A. The study used descriptive and inferential statistics to examine the routing objectives. The findings show that just 0.3% of the total population in Ikeduru L.G.A. was a member of thrift and credit societies (CTCS). The amount of loans given was insufficient for business development. The research's goal is to determine the influence of a group, such as a cooperative society, on entrepreneur growth in the studied region. The study used a descriptive analytic approach with data from both primary and secondary sources. Members of cooperative thrift and credit organizations in the research are stronger entrepreneurs than non-members.

Methodology

The study adopts a descriptive survey design. Primary data is collected through the use of questionnaires. Judgmental sampling technique is employed to select eight agricultural cooperative societies out of the total operating in Enugu State, Nigeria. Ninety-two members are selected for the study based on accessibility and functionality.

The study adopted simple descriptive statistical tools such as frequency distribution scale and simple percentage for data analysis while correlation analysis was conducted to explore the relationship between regulatory and supervisory frameworks, ethical conduct, and performance of credit cooperatives in Enugu State, Nigeria.

Results

Table 1: Descriptive statistics on the effectiveness of regulatory oversight in governing credit cooperatives in Enugu State, Nigeria.

Category	Frequency (f)	Percentage (%)
Highly Effective	25	27.2
Moderately Effective	45	48.9
Slightly Effective	15	16.3
Not Effective	7	7.6
Total	92	100

Source: *Field Survey, 2024*

Table 1 shows the distribution of responses regarding the effectiveness of regulatory oversight in governing credit cooperatives in Enugu State. It indicates that 27.2% of respondents perceive the oversight to be highly effective, 48.9% consider it moderately effective, 16.3% view it as slightly effective, and 7.6% believe it is not effective.

Table 2: Descriptive Statistics of the level of compliance with ethical standards within credit cooperatives operating in Enugu State.

Category	Frequency (f)	Percentage (%)
High Compliance	35	38.0
Moderate Compliance	42	45.7
Low Compliance	15	16.3
Total	92	100

Source: *Field Survey, 2024*

Table 2 illustrates the distribution of responses regarding the level of compliance with ethical standards within credit cooperatives in Enugu State. It shows that 38.0% of respondents perceive high compliance, 45.7% indicate moderate compliance, and 16.3% report low compliance.

Test of Hypotheses

$H0_1$: There is no significant relationship between the effectiveness of regulatory oversight and compliance with governing frameworks among credit cooperatives in Enugu State, Nigeria.

Table 3: Correlation

Variables	Correlation Coefficient (r)	Interpretation
Regulatory Oversight vs. Compliance with Governing Frameworks	0.58	Moderate positive correlation

Source: *SPSS Output, 2024*

Table 3 which depicts the correlation coefficient (r = 0.58) suggests a moderate positive correlation between the effectiveness of regulatory oversight and compliance with governing frameworks among credit cooperatives in Enugu State. Therefore, we reject the null hypothesis ($H0_1$) and conclude that there is a significant relationship between regulatory oversight effectiveness and compliance with governing frameworks.

$H0_2$: There is no significant difference in the level of adherence to ethical standards within the operations and governance structures of credit cooperatives in Enugu State.

Table 4: Correlation

Variables	Correlation Coefficient (r)	Interpretation
Level of Adherence vs. Governance Structures of credit Cooperatives	0.52	Moderate positive correlation

Source: *SPSS Output, 2024*

Table 4 shows correlation coefficient (r = 0.52) suggests a moderate positive correlation between the level of adherence to ethical standards within the operations and governance structures of credit cooperatives in Enugu State. Therefore, we reject the null hypothesis ($H0_2$) and conclude that there is a significant difference in the level of adherence to ethical standards within the operations and governance structures of credit cooperatives in Enugu State.

$H0_3$: There is no significant association between regulatory oversight, ethical conduct, and financial performance metrics such as profitability and sustainability among credit cooperatives in Enugu State.

Table 5: Correlation

Aspect	Correlation Coefficient (r)	Interpretation
Regulatory Oversight vs. Ethical Conduct	0.65	Strong positive correlation
Regulatory Oversight vs. Financial Performance	0.48	Moderate positive correlation
Ethical Conduct vs. Financial Performance	0.72	Strong positive correlation

Source: *SPSS Output, 2024*

The table 5 above presents correlation coefficients indicating the relationship between regulatory oversight, ethical conduct, and financial performance outcomes in credit cooperatives in Enugu State. There is a strong positive correlation between regulatory oversight and ethical conduct (r = 0.65), indicating that as regulatory oversight increases, ethical conduct tends to improve. Similarly, there is a moderate positive correlation between regulatory oversight and financial performance (r = 0.48), suggesting that stronger regulatory oversight is associated with better financial performance. Additionally, there is a strong positive correlation between ethical conduct and financial performance (r = 0.72), implying that credit cooperatives with higher ethical standards tend to have better financial performance.

Summary of Findings

The findings revealed several key insights:

i. There was a moderate positive correlation between the effectiveness of regulatory oversight and compliance with governing frameworks. As regulatory oversight increased, credit cooperatives tended to exhibit higher levels of compliance.

ii. There was no significant difference in the level of adherence to ethical standards within the operations and governance structures of credit cooperatives. This suggests that adherence levels were consistent across different groups.

iii. Strong positive correlations were found between regulatory oversight and ethical conduct, ethical conduct and financial performance, and regulatory oversight and financial performance. This indicates that stronger regulatory oversight is associated with improved ethical conduct and better financial performance among credit cooperatives.

Conclusion

In conclusion, this study has shed light on the role of regulatory oversight, ethical conduct, and financial performance in credit cooperatives in Enugu State, Nigeria. The findings highlight the importance of robust regulatory frameworks in promoting compliance with governing frameworks and fostering ethical behavior within the sector. While adherence to ethical standards was consistent across different operations and governance structures, the study emphasizes the shared commitment to ethical principles among credit cooperatives. Furthermore, the study reveals strong associations between regulatory oversight, ethical conduct, and financial performance, indicating that effective regulatory oversight contributes to improved financial outcomes. These insights have significant implications for policymakers, regulators, and credit cooperative stakeholders, providing guidance for

strengthening governance mechanisms and promoting ethical practices to ensure the long-term sustainability of the sector. By creating an enabling regulatory environment that supports ethical behavior and financial stability, stakeholders can contribute to the growth and development of credit cooperatives as important institutions for economic empowerment and community development in Enugu State and beyond.

Recommendations

Based on the findings of the study, the following recommendations are proposed:

i. Given the positive correlation between regulatory oversight and both compliance with governing frameworks and ethical conduct, it is recommended that policymakers and regulators focus on strengthening the regulatory oversight mechanisms in place for credit cooperatives. This can include regular monitoring, conducting comprehensive audits, and enforcing stricter penalties for non-compliance. By enhancing regulatory oversight, the credibility and trustworthiness of credit cooperatives can be bolstered, leading to improved ethical behavior and better financial performance.

ii. Although the study found consistent adherence to ethical standards across different operations and governance structures, it is important to continue promoting ethical practices within the sector. This can be achieved through the development and dissemination of industry-wide codes of conduct, training programs on ethical behavior, and the establishment of mechanisms for reporting and addressing ethical violations. Fostering a culture of ethics and integrity will further enhance the reputation and sustainability of credit cooperatives, attracting more members and strengthening their position in the market.

iii. Given the significant associations between regulatory oversight, ethical conduct, and financial performance, it is crucial to prioritize financial sustainability within credit cooperatives. Policymakers, regulators, and credit cooperative stakeholders should focus on improving financial management practices, including effective risk management, prudent lending standards, and accurate financial reporting. Additionally, providing access to financial literacy programs and capacity-building initiatives can empower credit cooperative members to make informed financial decisions, leading to improved financial performance and long-term sustainability.

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