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Assessment of the Effectiveness of Credit Facilities as an Intervention in Satisfying Family Needs among Staff of Ahmadu Bello University, Zaria

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Abstract

This study assessed the effectiveness of credit facilities in satisfying family needs among staff of Ahmadu Bello University, Zaria. Three objectives were formulated for the study. Descriptive research design was used for the study. 150 academic and non-academic staff of the university were randomly selected and used for the study. A self-structured questionnaire was used to collect data from the respondents. Mean and standard deviation were used to answer the research questions. The findings showed, that majority (70%) of the staff of Ahmadu Bello University, Zaria, access either formal, informal or digital facilities as a means of intervention in satisfying family needs. Various needs such as education, food, housing, security, emergencies were rated very important. The effectiveness of credit facilities in satisfying family needs showed that credit facilities were moderately effective in addressing key family needs. Majority of the respondents agreed that these facilities helped with children's education expenses (83.4%); health emergencies (62.6%) and prompt handling of financial emergencies (66.0%). Perceptions were mixed regarding improvement in overall family well-being (53.3%), ability to pay without compromising other needs (45.4%), and financial stability (45.4%) showing critical considerations. Most respondents disagreed that credit facilities enabled saving alongside repayment (81.3%) or investment in income-generating activities (58.0%). The study concluded that formal, informal and digital credit facilities played a distinctive role by positively impacting family needs as the credit types allowed for immediate consumption, covered emergencies expenses as well as creating a general well-being of the family. It was recommended that, the management of Ahmadu Bello University, Zaria should organize periodic financial management workshops to help staff compare credit options to avoid over-indebtedness. Also, the management of Ahmadu Bello University should organize financial literacy programs to enable staff have understanding of interest rates, repayment schedules and loan terms which most times are not clear to the credit facilities clients

Keywords*:* Credit facilities, family satisfaction, priority household needs, financial arrangements,

Introduction

The Nigerian economy has experienced significant challenges in recent years due to rising living costs, inflation, unemployment and other macroeconomic pressures, resulting in inadequate household income to meet essential needs. In contrast, households experienced greater financial stability over the past two decades when economic conditions were more favourable. According to Obiotiku (2024), many Nigerian families are at a financial crossroads, with basic necessities becoming increasingly unaffordable and the care of sick and elderly family members placing

additional financial strain on households. Similarly, the National Bureau of Statistics (NBS, 2025) reported that worsening economic instability has intensified financial hardship among Nigerian households, including staff of Ahmadu Bello University. Natala, (2025) states that over 20% of Nigerians have no savings after meeting regular financial obligations, exposing households to persistent financial stress as subsequent expenses arise. Consequently, financially constrained households increasingly adopt various coping strategies to supplement income and meet essential needs. One such strategy is the utilisation of credit facilities

Credit facilities are financial arrangements that enable individuals, households, businesses and organisations to access borrowed funds for meeting financial obligations. Natan and Uche (2021) defined credit facilities as the provision of funds or services without immediate payment, thereby creating an obligation for future repayment. Access to credit has been recognised as a key driver of economic growth and household welfare in developing countries such as Nigeria (Osondu-Oti et al., 2024). According to Osunkunle et al. (2024), access to credit enables households to acquire productive assets and capital, thereby enhancing income-generating capacity. Likewise, Nwangongwu et al. (2022) observed that credit facilitates and investment in both physical and human capital, promotes economic growth, wealth creation and improved household welfare. Credit also enables households to finance education, acquire property and equipment, strengthen financial resilience and improve overall well-being. Credit facilities may be classified as formal, informal or digital.

Formal credit facilities are structured, regulated financial arrangements provided by banks and other licensed financial institutions. These facilities enable borrowers to access funds within approved credit limits as required, thereby improving financial flexibility and cash flow management (Malkova, 2024; Alabi et al., 2016). Natan and Uche (2021) described formal credit facilities as financial arrangements through which regulated institutions provide funds for specified purposes. Such facilities are governed by financial regulations that promote transparency, accountability and borrower protection. Loan approval typically requires documentation, including proof of income, identification and collateral where applicable, while lenders also assess borrowers' credit histories to determine creditworthiness and lending risk. A favourable credit history generally attracts more favourable borrowing terms and higher credit limits (Abdelzaher, 2019; Atamja et al., 2025).

Informal credit facilities consist of financial arrangements established outside formal legal and institutional frameworks. These arrangements remain common in many developing economies, particularly in rural communities, where lending is often based on family relationships, social networks, trust and reciprocity (Abdelzaher, 2019). Unlike formal credit, informal lending is largely unregulated and operates with flexible lending conditions determined by mutual agreement between lenders and borrowers. Interest rates vary considerably and may, in some cases, be relatively high, increasing borrowers' financial burden (Ozoh et al., 2022).

A major distinguishing characteristic between formal and informal credit facilities is the cost of borrowing. Malkova (2024) reported that informal credit generally attracts higher interest rates than formal credit, particularly for loans obtained from moneylenders. However, some informal sources, including family members, friends and rotating savings groups, often provide interest-free loans, while cooperative societies typically charge interest rates below 10% (Abdelzaher, 2019). Rapid advances in information and communication technology have accelerated the growth of digital credit facilities as an important component of modern financial systems. According to Xiao (2024), digital credit has reduced dependence on conventional financial institutions by improving access to financial services through digital platforms. Digital credit facilities integrate internet technology with financial services, creating a financial model distinct from traditional banking systems (Xiao, 2024). Lin and Zhang (2022) observed that digital credit, commonly referred to as financial

technology (FinTech), has transformed household financial management and influenced various aspects of economic activity. Digital credit facilities include online loans, mobile lending platforms, digital payment services and internet-based insurance products, all of which enable households to meet financial needs more conveniently (Lin & Zhang, 2022).

Family needs are the essential requirements necessary for the well-being, stability and quality of life of household members. These needs are generally categorised as basic and non-basic. Basic needs include food, clothing and shelter, which are indispensable for survival, whereas non-basic needs contribute to improved living standards but may vary according to household socioeconomic status and income level (Ntsalaze & Ikhide, 2016; Jalili et al., 2025; Roman et al., 2025). According to Jalili *et al*. (2025), household needs are extensive, whereas available financial resources are often limited, necessitating the use of interventions such as credit facilities to bridge resource gaps. Against this background, the present study assessed the effectiveness of credit facilities as an intervention for satisfying family needs among staff of Ahmadu Bello University, Zaria.

Statement of the Problem

Nigeria's persistent economic challenges, including rising inflation, unemployment, declining purchasing power and inadequate household income, have made it increasingly difficult for many families to meet their basic needs. The removal of fuel subsidies and the resulting increase in the cost of living have further worsened household financial conditions, reducing the ability of many families, including staff of Ahmadu Bello University, Zaria, to maintain a reasonable standard of living (Obiotiku, 2024). In response to these financial pressures, many households have increasingly relied on credit facilities to supplement income and meet essential family needs. Although credit facilities are intended to ease financial constraints, evidence suggests that access to credit does not necessarily result in improved household welfare or satisfaction of family needs. The effectiveness of credit facilities in addressing the financial challenges faced by households remains unclear, particularly among university staff. Despite the growing reliance on credit facilities, there is limited empirical evidence on their effectiveness in satisfying family needs among staff of Ahmadu Bello University, Zaria. This knowledge gap necessitated the present study, which assessed the effectiveness of credit facilities in satisfying family needs among staff of Ahmadu Bello University, Zaria.

Research Questions

The study answered the following questions:

1. What are the forms of credit facilities used by staff of Ahmadu Bello University, Zaria in satisfying needs?
2. What are the family needs of staff of Ahmadu Bello University, Zaria?
3. How effective are credit facilities as an intervention in satisfying family needs among staff of Ahmadu Bello University, Zaria?

Methodology

Research Design

The descriptive cross-sectional survey design was adopted to assess the effectiveness of credit facilities in satisfying family needs among staff of Ahmadu Bello University, Zaria. The design was appropriate because it enabled the collection of quantitative data from a representative sample.

Population of the Study

The study was conducted at Ahmadu Bello University (ABU), Zaria, Kaduna State, Nigeria. The University is a large federal institution comprising 18 faculties, 110 academic departments and 33 centres, with a workforce distributed across academic, administrative, research and support units (Ahmadu Bello University, 2026). Its large and heterogeneous workforce provides a suitable context for examining credit utilisation among university employees.

The target population consisted of all academic and non-academic staff of Ahmadu Bello University, Zaria. According to an official report by the Public Affairs Directorate of Ahmadu Bello University, the University had over 8,000 academic and non-teaching staff as of October 2025 (Ahmadu Bello University, 2025). This population comprises employees across the University's faculties, departments, research centres, institutes and administrative units. Accordingly, the study adopted 8,000 staff as the estimated target population.

Sample and Sampling Technique

A sample of 150 staff was selected from the estimated population of staff of Ahmadu Bello University, Zaria. The sample size was not derived using a formal mathematical sample-size formula; rather, it was determined pragmatically with consideration of the scope of the study, accessibility of respondents, available time and resources, and the need to obtain sufficient observations for the planned statistical analyses. The sample of 150 respondents was therefore considered feasible for the study while providing representation across the major organisational units of the University.

Following the determination of the sample size, a multistage sampling procedure was employed to select the respondents. At the first stage, the University was stratified into its major organisational units, comprising faculties, departments, research centres and institutes, to ensure broad representation. At the second stage, respondents were allocated proportionately among the selected units based on their relative staff populations. At the final stage, simple random sampling was used to select individual staff members within each selected unit. This procedure was adopted to ensure representation of staff across different organisational structures and employment categories within the University.

Instrument for Data Collection

Data were collected using a structured questionnaire designed by the researcher. The instrument consisted of three sections. Section A contained items on the forms of credit facilities accessed by respondents, including formal, informal and digital credit facilities. Responses were measured on a four-point frequency scale of Rarely Access (1), Occasionally Access (2), Frequently Access (3), and Very Frequently Access (4). Section B assessed the importance of family needs associated with respondents' utilisation of credit facilities. The items covered different household and family financial needs and were rated on a four-point importance scale of Not Important (1), Fairly Important (2), Important (3), and Very Important (4). Section C assessed the effectiveness of credit facilities in satisfying the family needs of respondents. The items examined the extent to which credit utilisation contributed to outcomes such as improvement in family well-being, meeting basic family needs, addressing health emergencies, financing children's education, maintaining financial stability, saving while repaying credit, investing in income-generating activities and managing financial emergencies. Responses were measured using the four-point response scale provided for the effectiveness items in the questionnaire. The questionnaire was administered directly to the respondents by the researcher with the assistance of two trained research assistants. A total of 150 copies of the questionnaire were distributed, properly completed and retrieved, representing a 100% response rate.

Data Analysis

Data collected were analysed using descriptive and inferential statistics. Frequencies, percentages and means were used to describe respondents' access to credit facilities and the importance of family needs, while multiple regression analysis was used to determine the factors associated with the effectiveness of credit facilities in satisfying family needs. Statistical significance for the regression analysis was assessed at the 5% level ($p<0.05$).

Results

Table one indicates that staff of Ahmadu Bello University, Zaria generally make limited use of credit facilities, with most respondents reporting rare or occasional access. Borrowing from friends was the most commonly used credit source, with 56.0% of respondents accessing it occasionally and 10.0% frequently. Among institutional sources, cooperative societies were the most utilized, with 36.0% reporting occasional use and 24.0% frequent or very frequent use. In contrast, microfinance credit facilities (52.0% rarely used), bank overdrafts (42.7% rarely used), and digital loan applications (73.3% rarely used) recorded relatively low utilization, with digital credit facilities being the least accessed overall. These findings suggest a greater reliance on informal sources of credit than institutional or digital credit facilities.

Table 1: Response on forms of credit facilities used by staff of Ahmadu Bello University, Zaria

Forms of credit facilities	Rarely access	Occasionally access	Frequently access	Very frequently access
Overdraft	64(42.7)	41(27.3)	19(12.7)	26(17.3)
Cooperate society	60(40.0)	54(36.0)	17(11.3)	19(12.7)
Microfinance	78(52.0)	41(27.3)	12(8.0)	19(12.7)
Loan apps	110(73.3)	25(16.7)	0(0.0)	15(10.0)
Friends	51(34.0)	84(56.0)	15(10.0)	0(0.0)
Family members	80(53.3)	55(36.7)	0(0.0)	15(10.0)

The results in Table 2 indicate that education and food were the highest priority household needs, with 80.0% of respondents rating each as very important. Healthcare (68.7%) and housing (62.7%) were also considered very important by the majority of respondents. Transportation (42.7% important; 36.0% very important) and security (45.3% very important) received moderate to high priority. Conversely, savings, social events and vacations received relatively lower priority, with most respondents rating them as fairly important or not important, suggesting that households prioritized immediate basic needs over financial security, social well-being and leisure activities.

Table 2: Response on family needs of staff of Ahmadu Bello University, Zaria

Family needs	Not important	Fairly important	Important	Very important
Education	0(0.0)	15(10.0)	15(10.0)	120(80.0)
Health care	15(10.0)	4(2.7)	28(18.7)	103(68.7)
Housing	15(10.0)	3(2.0)	38(25.3)	94(62.7)
Food	8(5.3)	22(14.7)	0(0.0)	120(80.0)
Transportation	26(17.3)	6(4.0)	64(42.7)	54(36.0)
Social events	43(28.7)	56(37.3)	48(32.0)	3(2.0)
Security	19(12.7)	27(18.0)	36(24.0)	68(45.3)
Vacation	68(45.3)	61(40.7)	18(12.0)	3(2.0)
Clothing	23(15.3)	10(6.7)	93(62.0)	24(16.0)
Savings	33(22.0)	42(28.0)	53(35.3)	22(14.7)
Emergencies	34(22.7)	36(24.0)	36(24.0)	44(29.3)

Table 3 presents the regression analysis examining response on effectiveness of credit facilities in satisfying family needs among staff of Ahmadu Bello University, Zaria. The regression model was statistically significant ($F = 9.243$, $p < 0.05$) and explained 48.9% ($R^2 = 0.489$) of the variation in satisfaction with credit facilities. Employment status, rank and marital status had significant negative effects on satisfaction. Credit facilities significantly improved respondents' ability to meet basic family needs ($B = 0.185$, $p = 0.007$), pay for family needs without compromising other essential expenses ($B = 0.423$, $p = 0.001$), and save while repaying loans ($B = 0.209$, $p = 0.014$). However, perceived financial stability ($B = –0.489$, $p = 0.001$) and the ability to respond promptly to financial emergencies ($B = –0.098$, $p = 0.033$) had significant negative effects on satisfaction, indicating that credit facilities did not necessarily enhance overall financial security.

Table 3: Response on effectiveness of credit facilities in satisfying family needs among staff of Ahmadu Bello University, Zaria

Coefficients	Coefficient	Std. Error	T Value	P Value
(Constant)	2.476	0.505	4.902	0.001
Gender	-0.052	0.089	-0.586	0.559
Employment status	-0.454	0.117	-3.871	0.001
Rank	-0.076	0.032	-2.376	0.019
Marital status	-0.242	0.109	-2.225	0.028
Improved my family overall well being	-0.087	0.074	-1.176	0.241
Address health emergencies	0.118	0.066	1.802	0.074
Meet my family basic needs	0.185	0.068	2.732	0.007
Children’s education expenses	0.063	0.075	0.835	0.405
Pay without compromising other needs	0.423	0.069	6.165	0.001
Feel more financially stable	-0.489	0.090	-5.402	0.001
Could save money alongside repaying the loan	0.209	0.084	2.485	0.014
Invest in income generating activities for my family	-0.026	0.065	-0.399	0.690
Overall, it was a good financial decision	-0.066	0.095	-0.697	0.487
Helped me handle financial emergencies promptly	-0.098	0.045	-2.155	0.033
R square	0.489			
F value	9.243			

a. Dependent Variable: Satisfaction

Discussions

The findings show that credit facility utilisation among staff of Ahmadu Bello University, Zaria was generally low, although borrowing from friends (56.0%) and cooperative societies (36.0% occasional use) constituted the most frequently utilised sources of credit. In contrast, digital loan applications (73.3% rarely used), microfinance loans (52.0% rarely used) and bank overdrafts (42.7% rarely used) recorded limited utilisation. The predominance of borrowing from friends highlights the importance of informal credit facilities as a major source of financial support during periods of economic hardship. Informal credit facilities are generally characterised by flexible repayment conditions, minimal documentation and strong social trust, making them more accessible than institutional sources (Abdelzaher, 2019). Conversely, the low utilisation of institutional credit

facilities may be attributed to lending conditions such as collateral requirements, credit history and administrative procedures, which reduce access for many potential borrowers (Malkova, 2024; Alabi et al., 2016). The poor patronage of digital credit facilities may reflect concerns over high interest rates, short repayment periods and unfavourable lending conditions, consistent with the observations of Ozoh et al. (2022). These findings suggest that although credit facilities remain an important coping mechanism, accessibility and affordability continue to influence utilisation patterns.

Education and food emerged as the highest priority household needs, with 80.0% of respondents rating each as very important, followed by healthcare (68.7%) and housing (62.7%). The prioritisation of these essential needs reflects the financial pressures experienced by households, where available resources are directed primarily towards survival and human capital development. Similar findings were reported by Obiotiku (2024), who reported that worsening economic conditions have compelled many Nigerian households to concentrate expenditure on essential needs. Transportation and security also received relatively high priority, reflecting their importance for employment, mobility and household welfare. Conversely, savings, social events and vacations received relatively low priority, indicating that limited disposable income constrains long-term financial planning and expenditure on social and recreational activities. The National Bureau of Statistics (2025) similarly revealed that many Nigerian households have little or no savings after meeting essential expenses. Reduced investment in savings may weaken household financial resilience, while limited participation in social and recreational activities may adversely affect family cohesion and psychological well-being. Osondu-Oti et al. (2024) noted that credit contributes meaningfully to household welfare only when borrowing conditions are favourable and funds are channelled towards productive or welfare-enhancing activities. The significant effects of employment status, rank and marital status further indicate that socio-economic characteristics influence the extent to which households benefit from credit facilities, as differences in income levels and financial responsibilities affect repayment capacity and overall satisfaction. Collectively, the findings suggest that while credit facilities remain valuable for addressing immediate household needs, improvements in accessibility, affordability and lending conditions are necessary to enhance their contribution to sustained household welfare.

Conclusion and Recommendations

The study concludes that credit facilities remain an important financial coping mechanism among staff of Ahmadu Bello University, Zaria, although utilisation is generally low and largely concentrated in informal sources due to their accessibility and flexibility. Household expenditure is primarily directed towards essential needs, particularly education, food, healthcare and housing, reflecting the prevailing economic realities faced by staff. While credit facilities contribute to satisfying family needs by supporting essential household expenditure and enabling savings alongside loan repayment, their effectiveness in improving long-term financial stability remains limited. It was therefore recommended that:

1. Financial institutions and policymakers should simplify lending procedures, reduce collateral requirements and provide affordable lending terms to improve access to credit facilities.
2. Financial institutions should develop credit products with flexible repayment terms that are tailored to support essential household needs.
3. The management of Ahmadu Bello University should organise regular financial literacy programmes on responsible credit utilisation, debt management, savings and investment to enhance the long-term welfare of staff.

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